Nel ASA

Interim report

Highlights of the quarter

- Nel ASA (Nel) reported revenues in the fourth quarter 2016 of NOK 50.6 million, sequentially up from NOK 24.4 million in the third quarter, and 35.6 million in the fourth quarter of 2015, representing the strongest quarterly performance in 2016.
- The operating earnings impacted by activations of the full 2016 non-cash costs related to the company's stock option- and share incentive program of NOK 10.2 million, resulting in a negative EBIT of NOK 16.0 million (-5.4).
- The cash balance at the end of the quarter was NOK 225.5 million, a sequential increase of NOK 1.8 million due to solid quarterly performance and a favourable working capital development.
- Awarded a NOK 19.8 million grant for deployment of hydrogen production and two fueling stations in Bergen, in addition to a contract for building the first fueling station.
- Awarded a EUR 1.1 million grant for H2Station® technology development.
- Awarded a contract with ASKO for hydrogen production and fueling solution in Trondheim.
- Awarded a contract with Instituto Mexicano del Petróleo (IMP), a research institute, for the delivery of a Nel A-150 electrolyser plant.

Subsequent events

- Entered into an agreement with SunPower to build and operate the first solar-driven hydrogen production plant in the US.
- Entered into a Letter of Intent (LoI) with Hexagon Composites ASA and PowerCell Sweden. AB to establish a joint venture (JV) for the development of integrated hydrogen projects.
- Awarded a contract by Icelandic Hydrogen for three H2Station® hydrogen fueling stations and a Nel C-series electrolyser.

Key figures

KEY FIGURES *(Unaudited figures in NOK million)*	**2016** Q4	**2015** Q4	**2016** Q1-Q4	**2015** Full year
Operating revenue	50.6	35.6	114.5	99.9
Total operating costs	66.6	40.9	169.8	118.2
EBITDA	-13.1	-1.2	-44.9	-2.7
EBIT	-16.0	-5.4	-55.3	-18.3
Pre-tax profit	-24.1	-16.1	-62.6	-27.8
Net profit	-18.5	-12.7	-55.8	-21.7
Net cash flow from operating activities	11.0	-14.1	-40.1	-37.8
Cash balance end of period	225.5	313.0	225.5	313.0

Financial development

Nel reported revenues in the fourth quarter 2016 of NOK 50.6 million, sequentially up from NOK 24.4 million in the third quarter 2016 and from NOK 35.6 million in the fourth quarter of 2015, representing the strongest quarterly performance in 2016.

The operating earnings were impacted by activations of the full 2016 non-cash costs related to the company´s stock option- and share incentive program of NOK 10.2 million, resulting in a negative EBIT of NOK 16.0 million (-5.4). The 2017 costs for the stock option- and share incentive program are expected at an average of approximately NOK 3.0 million per quarter.

The underlying project-development pipeline is strong, and the company continues to experience a high activity level for its prospects and ongoing tender processes. The planned high activity level within business development in new markets like California, investments, and preparation for production ramp-up is continuing as expected.

Reported pre-tax profit was negative NOK 24.1 million (-16.1), while the net loss for the quarter was NOK 18.5 million, compared to a loss of NOK 12.7 million in the same quarter last year.

Total assets were NOK 770.7 million at the end of the fourth quarter 2016, compared to NOK 815.6 million at the end 2015. Total equity was NOK 676.0 million. Thus, the equity ratio was 88 percent.

Net cash flow from operating activities in the fourth quarter 2016 was NOK 11.0 million, compared to negative NOK 14.1 million in the same quarter last year. Net cash flow from investment activities was negative NOK 9.2 million (-0.1). Net cash flow from financing activities was NOK 0.0 million, compared to NOK 102.4 million in the corresponding quarter last year. Nel's cash balance at the end of the fourth quarter was NOK 225.5 million.

Full year revenues ended at NOK 114.5 million, up from NOK 99.9 million in 2015, while the EBIT ended at minus NOK 55.3 million (-16.3). Net profit for 2016 was minus NOK 55.8 million (-21.7) and the net cash flow from operating activities ended at minus NOK 40.1 million (-37.8).

Strategy

Nel is a global, dedicated hydrogen company, delivering optimal solutions to produce, store and distribute hydrogen from renewable energy. The company serves industries, energy and gas companies with leading hydrogen technology. Since its foundation in 1927, Nel has a proud history of development and continual improvement of hydrogen plants. Our hydrogen solutions cover the entire value chain from hydrogen production technologies to manufacturing of hydrogen fueling stations, providing all fuel cell electric vehicles with the same fast fueling and long range as conventional vehicles today.

The company has three divisions, covering the entire hydrogen value chain: Nel Hydrogen Electrolyser, Nel Hydrogen Fueling, and Nel Hydrogen Solutions.

Nel Hydrogen Electrolyser

Production of electrolysers for hydrogen production

Nel Hydrogen Electrolyser is a world-leading supplier of hydrogen production plants based on alkaline water electrolyser technology. The company dates back to 1927, when Norsk Hydro developed large-scale electrolyser plants, providing hydrogen for use in ammonia production with fertiliser as the end-product. Since then, the electrolyser technology has been improved continuously, and Nel Hydrogen Electrolyser has accumulated unique experience and knowledge about hydrogen fueling stations and power-to-gas systems.

Traditionally, hydrogen is used as an input to a number of industrial applications, including as industrial feedstock, to provide a protective atmosphere, and for other purposes. Relevant sectors include food production, chemicals/refining, metallurgy, glass production, electronics, generator cooling, and the production of polysilicon for use in PV solar panels.

Looking ahead, hydrogen will increasingly be utilised as an energy carrier, both to maximise the utilisation of renewable energy and, subsequently, as a sustainable fuel for zero-emission FCEVs. With the commercial introduction of FCEVs already taking place, Nel Hydrogen Electrolyser intends to supply the hydrogen fueling, energy storage and power-to-gas markets.

The water electrolyser market currently accounts for only a small fraction of the total hydrogen market, but is expected to grow significantly in the coming years, primarily driven by increased fueling and energy storage demand. By 2020, 40 percent of renewable electricity is expected to take the form of wind and solar power (Source: IEA).

A number of energy storage projects have been initiated worldwide, and Nel Hydrogen Electrolyser expects this development to be a main driver of demand for hydrogen energy storage in the medium term. The sector has specific interest in Nel Hydrogen Electrolyser, because the market growth is making Nel Hydrogen Electrolyser's portfolio of large-scale products increasingly relevant.

Nel Hydrogen Electrolyser started commercial sales of electrolysers in the 1970s, and has sold more than 850 electrolyser units to a broad range of industries across Europe, South America, Africa and Asia. The company has production facilities in Notodden, Norway, and has a global reach through its in-house sales apparatus and extensive network of agents.

Nel Hydrogen Electrolyser's water electrolysis and atmospheric pressure technologies are considered world-class. The company's long experience in the electrolysis field and sustained research and development efforts over the past 90 years give it a unique technological platform.

The company's Nel A electrolysers are widely respected for their robustness, reliability and energy efficiency. The products set a benchmark for competitors. When the products' flexibility, ease-of-use, high capacity and safety record are added to the list, the solutions are simply unmatched.

Nel has also launched the new containerised Nel C-range electrolysers, thereby offering a low-cost, turn-key solution, representing the world's smallest footprint for containerised, high capacity electrolysers.

The new configurations – Nel C-150 and Nel C-300 – are containerised and will be offered in addition to the existing industrial Nel A-range of electrolysers. The new products will have an output capacity of either 150 and 300 Nm^3/hr respectively, which is equivalent to about 330 or 660 Kg/day. The standard gas output pressure will be 200 bar, which makes these products ideal for producing renewable hydrogen integrated with hydrogen fueling stations for cars, busses or other utility vehicles.

In addition, the company is developing the RotoLyzer®, a pressurised, compact electrolyser, which utilises a vertical, rotating cell pack, providing full operational flexibility, while allowing for low production costs. This opens up new market segments for Nel Hydrogen Electrolyser, and provides an ideal solution for hydrogen

fueling stations where space is limited, or integration with renewable energy sources. The technology is patented and has been verified through extensive testing.

Nel Hydrogen Fueling

Production of hydrogen fueling stations

Nel Hydrogen Fueling (former H2 Logic) is a leading manufacturer of H2Station® hydrogen fueling stations that provides FCEVs with the same fast fueling and long range as conventional vehicles today. Since incorporation in 2003, Nel Hydrogen Fueling has invested significantly in R&D, bringing H2Station® to a level where products are offered to the early market for roll-out of larger networks of hydrogen fueling stations.

Today, Nel Hydrogen Fueling is one of few global leaders on fast fueling for FCEVs. H2Station® technology is in operation in several European countries, providing hydrogen fueling for fuel cell electric vehicles from major car manufacturers.

Nel Hydrogen Fueling was among the first to achieve fast fueling of hydrogen in compliance with the SAE J2601 standard required by the major car manufacturers. In Denmark, Nel Hydrogen Fueling has delivered H2Station® technology for the entire Danish network of hydrogen fueling stations, operated in collaboration with leading oil, energy and gas companies.

Aside from providing fast fueling, H2Station® technology has a long proven track-record of reliable operation with more than 99 percent availability – one among the highest recorded in the world for a scattered network of 24-hour public available hydrogen fueling stations. The ambition is to keep this position and act as a preferred supplier of H2Station® for international infrastructure operators such as oil, energy and gas companies.

Nel Hydrogen Solutions

Established to utilise market opportunities across the Nel group

Nel Hydrogen Solution offers efficient system integration, project development and sales across segments and is the only provider of integrated solutions along the entire value chain:

- **Hydrogen fueling networks.** There is a growing demand for hydrogen fueling networks, following the introduction of commercial Fuel Cell Electrical Vehicles from leading car manufacturers. Nel has the technology and experience to efficiently build several renewable hydrogen fueling networks.
- **Renewable hydrogen.** Nel offers a complete turnkey hydrogen production and fueling solution. Starting from 100kg/day and larger, Nel provide the solution that suits your needs. H2Station® combining fueling of cars, busses and trucks, will help grow business and grant fast return on investment for station owner. Nel provides turn-key installation, offering multiple operation and maintenance services for our customers.
- **Storage solutions.** Hydrogen will play a major part in the future energy society, as intermediate energy storage in renewable energy systems. Nel's high performance, scalable electrolyser technology stores surplus energy from solar and wind power, allowing energy suppliers stable and flexible delivery of electricity. When required, Nel also integrate equipment components from

other leading global suppliers, into your customised Nel solution.

Nel Hydrogen Solutions aims to be the preferred business partner for the hydrogen industry in California, Japan and Germany for the development of hydrogen solutions across the value chain, from hydrogen fueling stations networks to large-scale renewable hydrogen production plants. Nel Hydrogen Solutions leverages on the experience from delivering and operating the entire Danish hydrogen network, in collaboration with leading oil-, energy- and gas companies.

Nel Hydrogen Solutions will also be responsible for the deployment of equipment to Uno-X Hydrogen and the building of a network of hydrogen fueling stations that will enable fuel cell electric vehicles to operate between all the major cities in Norway within 2020.

Developments

Nel Hydrogen Electrolyser

Nel Hydrogen Electrolyser experienced a strong quarter with revenues of NOK 23.4 million before year-end eliminations. The division also entered into an agreement with Instituto Mexicano del Petróleo (IMP), a research institute, for the delivery of a Nel A-150 electrolyser plant. With this agreement, Nel Hydrogen Electrolyser celebrates delivery to as many as 60 different countries worldwide.

With the agreement with IMP, Nel Hydrogen Electrolysers reach a new milestone as it marks delivery to a customer in the 60th country. But more importantly, it also represents a new exciting end-use of the electrolyser technology, which can potentially have a large impact on future business of Nel Hydrogen Electrolyser.

The Nel A-150 will play an important role in IMP's research project for Mexico's national oil company, Pemex. The facility will be used to explore how hydrogen can increase the efficiency of oil extraction. Including add-on services, the total project value for Nel Hydrogen Electrolyser has a total value exceeding EUR 1 million. The electrolyser plant will be delivered in the second half of 2017.

Nel Hydrogen Electrolyser is progressing with the commercialisation of the RotoLyzer® electrolyser, targeting a commercial unit of 10 Nm^3/h by 2018, and a commercial scale prototype operational in 2017.

Nel Hydrogen Fueling

During the fourth quarter 2016, Nel Hydrogen Fueling continued the production ramp-up of the H2Station®, a hydrogen fueling station that triples the fueling capacity, while reducing the footprint to one third of the current generation.

The H2Station® builds on the operational legacy of the former CAR-100, which is used in multiple countries across Europe and has a documented high performance with better than 99 percent availability.

In addition, the division continued the preparations for the January 2017 launch of a multipurpose hydrogen fueling station, which includes up to three separate dispensers connected to one fueling module.

The new H2Station® offers customers a modular, flexible and scalable fueling solution. The station can operate up to three hydrogen dispenser and can fuel hydrogen cars, buses, trucks, forklifts, and even trains. It also has the world's most compact footprint and is based on years of R&D and operational experience in the field, where it is renowned for providing high fueling reliability for customers.

The new multipurpose H2Station® offers fast fueling with long range, according to international standards. It can also be expanded based on customers' need for hydrogen, and is prepared for increase of hydrogen storages and addition of dispensers when utilization is increased.

The new Herning facility continues to be developed on budget. The investment activities expected in connection with take over and plant rebuild, amounts to NOK 40 million in the second half of 2016. The total investments are estimated at NOK 85 million.

The factory will have an annual capacity to manufacture hydrogen fueling stations sufficient to support 200 000 new Fuel Cell Electric Vehicles (FCEV) annually. When ramp-up and plant optimisation is complete, the facility will have a name-plate production capacity of up to 300 fueling stations per year. This will ensure further product improvements over time as well as other scale benefits.

In October, a Nel Hydrogen Refueling company was awarded two R&D grants totalling EUR 1.1 million from the Danish EUDP program for continued development of the H2Station® hydrogen technology.

Nel Hydrogen Solutions

The fourth quarter of 2016 was characterised by preparations for the first quarter 2017 announcements of the Grant Funding Opportunity (GFO) by the Energy Commission in California. The target is to reach 100 hydrogen fueling stations by 2020, of which half have already received funding. The current GFO award is expected to cover 20 stations, to be developed in 2017.

To ensure a successful market entry in California, Nel has both a direct and indirect market penetration strategy:

- Direct: established U.S. subsidiary Everfuel Inc. to apply directly for funding, and have "feet on the ground" and intend to attract additional investors as visibility improves.

- Indirect: offer Nel's own leading H2Station® solutions to other GFO applicants; having received confirmation that several operators included Nel equipment in their proposal

California also represents an opportunity within hydrogen production, as 33 percent of the hydrogen must be renewable, compared with today's situation with no renewable hydrogen available on the market.

Nel and SunPower Corp. (Nasdaq: SPRW) have also agreed to develop the first renewable hydrogen production plant in the USA. The parties are still evaluating different sites for this initial project.

Nel and SunPower will jointly develop, operate, maintain, and market the renewable hydrogen produced at the plant. The parties target to develop the project during 2017 and start marketing renewable hydrogen (Ex Works/at the plant) at a price of less than 4 USD/kg.

Both the technical solution that Nel is developing together with SunPower, as well as the partnership itself, will have great potential going forward.

During the quarter, Uno-X Hydrogen AS, a Nel joint venture, was awarded a grant of NOK 19.8 million from the Norwegian public enterprise Enova SF, for an expansion of the Norwegian hydrogen network with one hydrogen production facility and two hydrogen fueling stations in Bergen.

The grant marks an important next step in establishing a network of hydrogen fueling stations that will enable wide-spread use of hydrogen vehicles in and between the major cities in Norway by 2020. The support is also a positive signal from the government in recognising hydrogen as an important zero-emission fuel for the Norwegian transport sector.

The awarded funds will be allocated towards establishing two centrally located hydrogen fueling stations in the Bergen region.

Nel Hydrogen Solutions was also awarded a contract by ASKO, Norway's largest grocery wholesaler, for the delivery of a new solar-powered hydrogen production facility and fueling station solution in Trondheim, enabling ASKO forklifts and delivery trucks to be fueled with locally produced renewable hydrogen.

The solar-powered facility will enable ASKO to fuel their forklifts and delivery trucks with locally produced hydrogen, and offers a zero-emission solution for their trucks covering short and long distances.

The dedicated solar facility will produce energy for Nel's turn-key C-150 containerized electrolyser with the total production capacity of more than 300 kg of hydrogen per day. The H2Station® will be installed with three separate dispensers, two dispensers at 350 bar dedicated for forklifts and trucks, and one dispenser at 700 bar dedicated to cars. The installation will take place during the second half of 2017 at ASKO's facility at Tiller in Trondheim.

The hydrogen production plant is expected to be operational in the autumn of 2017, together with the H2Station® and combined forklift fueling solution. The delivery truck dispenser will be in place before the first hydrogen-fueled ASKO trucks from Scania are expected to be deployed during the autumn of 2018.

Nel also announced that the company has entered into Letter of Intent (LoI) with Hexagon Composites ASA and PowerCell Sweden AB to establish a joint venture (JV) for the development of integrated hydrogen projects. The joint venture will initially focus on opportunities in the maritime and marine segments as well as projects to leverage renewable energy resources.

This cooperation is strategically important, as we will be working with global market leaders and utilising each party's respective technologies and competencies to develop new hydrogen solutions. The JV will be equally owned by the three parties and will initially focus on projects within marine applications. Over time, however, the JV may also evaluate projects within other application areas.

The JV is aimed at creating a one-stop-shop for customers wanting to utilize hydrogen technologies across the value chain: From renewable hydrogen production, to storage, distribution and dispensing, to generating electricity via fuel cells. The jointly-owned entity will manage and develop the projects to ensure that technologies from the JV-partners are effectively integrated into complete and optimal solutions for the customer.

Together with Nel's leading technology for hydrogen production and fueling, the three companies are positioned to deliver unparalleled customer value in the form of a zero-emission power solutions.

Hexagon Composites ASA is a global market leader for storage and transport of gases under high pressure, while PowerCell is a leading fuel cell company in the Nordics developing and producing environmentally friendly power systems for stationary and mobile customer applications.

After the closing of the quarter, Nel Hydrogen Solutions was awarded a contract by Icelandic Hydrogen for three H2Station® hydrogen fueling stations and a Nel C-series electrolyser.

Initially Icelandic Hydrogen will establish three hydrogen fueling stations connected to central renewable hydrogen electrolysis production, and aiming at a continuous long-term expansion of the network along with FCEV deployments to meet a growing hydrogen fuel demand. Icelandic Hydrogen is a newly established joint venture ("JV") between the major Icelandic oil retail company Skeljungur HF (owning 90%) and Nel ASA (owning 10%), the purpose of the JV is to establish a network of hydrogen fueling stations and renewable hydrogen production in Iceland.

Skeljungur is a stock exchange listed, major oil retail company operating in Iceland and the Faroe Islands, with more than 75 service stations throughout the countries and more than 200 employees. Skeljungur will provide the JV with locations for hydrogen fueling and retail operational expertise. Nel will provide both hydrogen production and fueling equipment as well as operational experience from more 30 hydrogen fueling station installations across Europe.

The contract has a total value of more than EUR 4 million. The target is to start shipping equipment towards the end of 2017 and install during 2018.

Risks and uncertainty factors

Nel is exposed to risk and uncertainty factors, which may affect some or all of the company's activities. Nel has financial risk, market risk as well as operational risk and risk related to the current and future products. There are no significant changes in the risks and uncertainty factors compared to the descriptions in the Annual Report for 2015.

Other

In addition to the activities related to hydrogen, Nel continues to evaluate opportunities for its former healthcare business, including, but not limited to, possible mergers, acquisitions and strategic partnerships.

Outlook

Nel is at the forefront of the hydrogen industry as a pure play company with market leading technology, a strong management team, a solid balance sheet and is positioned to play a leading role in a fast moving industry.

The company has the following upcoming news flow and outlook for its segments:

Nel Hydrogen Electrolyser

- All-time high level of sales leads, both in traditional and new markets.
- Strong interest in new containerised turn-key solution.

Nel Hydrogen Fueling

- Ramp-up of H2Station® production 2017 and launch of a multipurpose hydrogen fueling station, which includes up to three separate dispensers connected to one fueling module.
- New Herning facility on budget.

Nel Hydrogen Solutions

- Well-positioned for the Californian market, both related to fueling stations and renewable hydrogen production.
- Development of the first renewable hydrogen production plant in the USA with SunPower Corp.
- Leveraging in the JV with Hexagon Composites ASA and PowerCell Sweden AB for the development of integrated hydrogen projects.

Responsibility statement

We confirm to the best of our belief that the financial statements for the second half of 2016, which have been prepared in accordance with IAS 34 – Interim Reporting, give a true and fair view of the company's assets, liabilities, financial position and results of operation.

Oslo, 14 February 2017

The Board of Directors

Øystein Stray Spetalen	Martin Nes	Anne Marie Gohli Russell
Board member	Chairman	Board member
(Sign)	(Sign)	(Sign)
Eva Dugstad	Jan Christian Opsahl	Kristin Hellebust
Board member	Board member	Board member
(Sign)	(Sign)	(Sign)
Mogens Filtenborg	Jon André Løkke	
Board member	CEO	
(Sign)	(Sign)	

Condensed interim financial statements

Statement of comprehensive income (unaudited)

PROFIT & LOSS *(condensed figures in NOK thousands)*	**2016** Q4	**2015** Q4	**2016** Q1-Q4	**2015** Q1-Q4
Operating Income				
Sales income	41 952	28 221	98 446	88 539
Other operating income	8 677	7 341	16 032	11 386
Total operating revenue	**50 629**	**35 561**	**114 479**	**99 925**
Operating expenses				
Cost of goods sold	29 856	15 461	60 841	42 116
Total cost of goods sold	**29 856**	**15 461**	**60 841**	**42 116**
Operating costs				
Wages and social costs	23 091	12 579	60 266	29 891
Depreciation physical fixed assets	727	2 403	3 073	2 818
Depreciation intangible assets	2 173	1 737	7 358	12 694
Write-down physical fixed assets	0	52	0	52
Other operating costs	10 793	8 714	38 253	30 613
Total other operating costs	**36 784**	**25 485**	**108 950**	**76 068**
Total operating costs	**66 639**	**40 946**	**169 790**	**118 184**
Operating profit (loss)	**-16 010**	**-5 384**	**-55 312**	**-18 259**
Financial income	1 098	2 312	3 599	5 185
Financial expenses	660	-238	1 759	1 420
Share of profit and loss associate and joint venture	-8 557	-13 286	-9 165	-13 286
Net financial income/expense	**-8 119**	**-10 736**	**-7 325**	**-9 521**
Profit (loss) before taxes	**-24 129**	**-16 120**	**-62 637**	**-27 780**
Tax costs	-5 640	-3 390	-6 808	-6 049
NET PROFIT (LOSS)	**-18 488**	**-12 730**	**-55 829**	**-21 731**
Items that may subsequently be reclassified to profit or loss				
Currency translation differences	3 804	16 302	-17 182	20 220
Other comprehensive income	**3 804**	**16 302**	**-17 182**	**20 220**
TOTAL COMPREHENSIVE INCOME	**-14 684**	**3 571**	**-73 011**	**-1 511**
Basic EPS *(figures in NOK)*	**-0.03**	**-0.02**	**-0.08**	**-0.04**
Diluted EPS *(figures in NOK)*	**-0.03**	**-0.02**	**-0.08**	**-0.04**

Statement of financial position (unaudited)

BALANCE SHEET	Note	2016	2015
(condensed figures in NOK thousands)		Q4	Year end
ASSETS			
Intangible assets			
Technology		57 854	46 645
Customer relationship		27 861	31 569
Goodwill		317 629	332 958
Total intangible assets		**403 344**	**411 172**
Land, buildings and real estate			
Land, buildings and real estate		44 778	15 829
Total land, buildings and real estate		**44 778**	**15 829**
Other fixed assets			
Fixtures and fittings, tools, etc.		1 025	700
Total other fixed assets		**1 025**	**700**
Financial fixed assets			
Long term receivables		15 009	
Other financial fixed assets		300	7 297
Total financial fixed assets		**15 309**	**7 297**
Total fixed assets		**464 456**	**434 998**
Current assets			
Inventories		36 266	15 023
Trade receivables		34 974	40 361
Other receivables		3 312	10 717
Financial current assets		0	1 507
Cash and cash equivalents		225 467	313 042
Total current assets		**300 019**	**380 650**
TOTAL ASSETS		**764 475**	**815 649**
EQUITY AND LIABILITIES			
Equity			
Share capital		136 736	136 120
Share premium/Other paid equity		619 329	602 910
Treasury shares		-1 377	
Retained earnings		-81 032	-8 022
Total equity		**673 655**	**731 008**
Provisions			
Deferred tax liability		14 317	21 027
Total provisions		**14 317**	**21 027**
Other long term liabilities			
Other long term liabilities		13 050	14 641
Total other long term liabilities		**13 050**	**14 641**
Liabilities			
Accounts payable		16 790	16 760
Tax payable		370	375
Social security, VAT etc. payable		1 347	3 185
Dividends payable		0	0
Other current liabilities		44 946	28 652
Total current liabilities		**63 453**	**48 972**
TOTAL EQUITY AND LIABILITIES		**764 475**	**815 649**

Statement of changes in equity (unaudited)

Statement of changes in Equity and Number of Shares: *(figures in NOK/numbers)*	Share capital	Share premium	Other reserves	Curr. conv effects	Other equity	Total equity	Number of shares
As at 1st January 2014	**1 632**	**45 016**	**-310**		**-37 662**	**8 675**	**8 159 873**
Allocation of comprehensive loss		-37 972	310		37 662	0	
Shares owned by company					-2 085	-2 085	
Transaction cost		-5 342			0	-5 341	
Increase of capital 15.4.14	20 000	30 000				50 000	100 000 000
Increase of capital 20.10.14	35 385	79 615				115 000	176 923 077
Increase of capital 13.11.14	10 769	24 231				35 000	53 846 154
Consideration					1 200	1 200	
Comprehensive income 1.1.-31.12.2014					-6 511	-6 511	
As at 31th December 2014	**67 786**	**135 548**	**0**		**-7 396**	**195 938**	**338 929 104**
						0	
Transaction cost		-3 220				-3 220	
Increase of capital 12.01.2014	10 000	55 000				65 000	50 000 000
Increase of capital 02.02.2014	2 000	11 000				13 000	10 000 000
Comprehensive income 1.1.-31.3.2015					-639	-639	
As at 31st March 2015	**79 786**	**198 328**	**0**		**-8 035**	**270 078**	**398 929 104**
Increase of capital 12.06.2015	10 260	58 997				69 258	51 301 852
Increase of capital 26.06.2015	29 630	170 370				200 000	148 148 148
Transaction costs rel. to increase of capital Q2		-4 321				-4 321	
Comprehensive income Q2 2015					-7 641	-7 641	
As at 30th June 2015	**119 676**	**423 374**	**0**		**-15 676**	**527 374**	**598 379 104**
Increase of capital 14.7.2015	4 444	25 556				30 000	22 222 222
Increase of capital 19.8.2015	6 000	61 500				67 500	30 000 000
Transaction costs rel. to increase of capital Q3		-6 573				-6 573	
Net profit Q3 2015					-720	-720	
Currency translation differences Q3 2015				3 918		3 918	
As at 30th September 2015	**130 120**	**503 857**	**0**	**3 918**	**-16 396**	**621 499**	**650 601 326**
Increase of capital 17 December 2015	6 000	105 000				111 000	30 000 000
Transaction costs rel. To Increase of capital Q4		-4 457				-4 457	
Shares owned by company		-2 085			2 085	0	
Consideration			1 200		-1 200	0	
Gain sale shares owned by company		-605				-605	
Net profit Q4 2015					-12 730	-12 730	
Currency translation differences Q4 2015				16 301		16 301	
As at 31st December 2015	**136 120**	**601 710**	**1 200**	**20 220**	**-28 241**	**731 008**	**680 601 326**
Transaction costs rel. increase in capital Q4		-500				-500	
Net profit Q1 2016					-9 746	-9 746	
Currency translation differences Q1 2016				-6 167		-6 167	
As at 31st March 2016	**136 120**	**601 210**	**1 200**	**14 052**	**-37 987**	**714 595**	**680 601 326**
Increase of capital 16.6.16	616	7 003				7 619	3 076 926
Net profit Q2 2016					-15 565	-15 565	
Currency translation differences Q2 2016				-2 324		-2 324	
As at 30 June 2016	**136 736**	**608 213**	**1 200**	**11 728**	**-53 552**	**704 325**	**683 678 252**
Net profit Q3 2016					-12 030	-12 030	
Currency translation differences Q3 2016				-12 495		-12 495	
As at 30 September 2016	**136 736**	**608 213**	**1 200**	**-766**	**-65 582**	**679 801**	**683 678 252**
Net profit Q4 2016					-18 488	-18 488	
Options and share program			9 916			9 916	
Treasury shares					-1 377	-1 377	
Currency translation differences Q4 2016				3 804		3 804	
As at 31 December 2016	**136 736**	**608 213**	**11 116**	**3 038**	**-85 447**	**676 655**	**683 678 252**

Statement of cash flow (unaudited)

CASH FLOW STATEMENT	**Note**	**2016**	**2015**	**2016**	**2015**
(condensed figures in NOK thousands)		Q4	Q4	Q1-Q4	Q1-Q4
Cash flow from operating activities					
Pre-tax profit (loss)		-24 129	-18 779	-62 637	-27 780
Interest costs, reversed		141		629	-503
Interests income, reversed		-534		-2 399	-2 303
Ordinary depreciation		2 900	4 141	10 431	15 512
Impairment of subsidiaries		2 231		2 231	
Impairment of fixed assets		0	52	0	52
Change in provisions		-721	848	4 110	-1 168
Change in inventories		-4 947	-4 499	-21 243	-1 392
Change in trade receivables		4 615		5 387	-20 972
Change in trade payables		10 751		30	5 547
Change in other short-term receivables and other short-term liabilities		20 691	4 178	23 367	-4 803
Net cash flow from operating activities		*11 000*	*-14 060*	*-40 094*	*-37 809*
Cash flow from investment activities					
Proceeds from sale of fixed assets		0	0	0	0
Acquisitions of fixed assets		-1 170	-116	-31 773	-581
Acquisition of intangible assets		-185	0	-9 786	0
Payment of loan given toassociated company/JV		-7 800		-15 600	
Acquisitions of subsidiaries / financial fixed assets		0		-200	-83 182
Proceeds from sale of subsidiaries		0		15	
Net cash flow from investing activities		*-9 155*	*-116*	*-57 344*	*-83 763*
Cash flow from financing activities					
Interest paid		-141		-629	472
Interest received		534		2 399	2 303
Gross cash flow from share issues		0	106 543	7 619	355 758
Transaction costs connected to share issues		0		-500	-18 571
Proceeds from new loan		-103		2 208	1 118
Payment of long term liabilities		-306	-4 183	-1 234	-4 962
Net cash flow from financing activities		*-16*	*102 360*	*9 863*	*336 118*
Net change in cash and cash equivalents		*1 829*	*88 185*	*-87 575*	*214 546*
Cash and cash equivalents		**225 467**	**313 043**	**225 467**	**313 043**

Notes to the interim financial statements

1. Presentation

The financial information is prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). This financial information should be read together with the financial statements for the year ended 31st of December 2015 prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

The accounting policies used and the presentation of the Interim Financial Statements are consistent with those used in the latest Annual Financial Statements.

The preparation of the Interim Financial Statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent liabilities at the date of the Interim Financial Statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the Interim Financial Statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

2. Going concern

The financial statement is presented on the going concern assumption under International Financial Reporting Standards as adopted by the EU.

As per the date of this report the company has sufficient working capital for its planned business activities over the next twelve-month period.

3. Significant estimates and judgements

The preparation of condensed interim consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses

a. Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the condensed interim financial statements:

Revenue recognition:

In 2016 the group has started production of the 0-series of the CAR-200 fueling station. Based on the nature of the agreements with the customers, Nel has assessed that these meets the criteria to fall within the scope of IAS 11 – Construction contracts. This revenue is thus recognised in proportion to the stage of completion of each contract activity.

b. Estimates

The estimates and underlying assumptions are reviewed on an ongoing basis, considering the current and expected future market conditions. Changes in accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4. Segments

NEL operates within two business segments, Hydrogen fueling stations and Hydrogen Electrolysis solutions. Through its subsidiary NEL Hydrogen A/S (formerly H2 Logic A/S) based in Herning, Denmark, the group offers H2Stations® for fast fueling of fuel cell electric vehicles as well as services in relation to the supply of these stations. Through its subsidiary NEL Hydrogen AS, based in Notodden, Norway, the group offers hydrogen plants based on water electrolysis technology for use in various industries.

	Hydrogen Fueling stations			Hydrogen Electrolysis solutions			Other/ Elimination			Total		
	2016	2016	2015	2016	2016	2015	2016	2016	2015	2016	2016	2015
(figures in NOK million)	Q4	Q1-Q4	Full year	Q4	Q1-Q4	Full year	Q4	Q1-Q4	Full year	Q4	Q1-Q4	Full year
Total operating revenue	27.4	71.1	41.0	23.4	44.3	58.9	-0.2	-0.9	0.0	50.6	114.5	99.9
Total operating cost	34.1	87.2	35.2	20.6	52.3	58.3	11.9	30.3	24.7	66.6	169.8	118.2
Operating profit	-6.7	-16.1	5.9	2.9	-8.0	0.6	-12.2	-31.2	-24.7	-16.0	-55.3	-18.2
Net Financial income (expence)	0.3	-0.4	-11.3	-2.4	-0.7	0.2	-6.0	-6.2	1.6	-8.1	-7.3	-9.5
Pre- tax profit (loss)	-6.4	-16.5	-5.4	0.5	-8.7	0.8	-18.2	-37.4	-23.1	-24.1	-62.6	-27.7
Total Assets	414.2	414.2	350.8	161.9	161.9	139.3	195.1	195.1	325.5	771.1	771.1	815.6
Total Liabilities	40.6	40.6	39.2	3.8	3.8	25.2	46.4	46.4	20.2	90.8	90.8	84.6

*NEL Hydrogen A/S (formerly H2 Logic A/S) was acquired by NEL ASA at the end of Q2 2015. Measured from the transaction date total profit related to NEL Hydrogen A/S included in the consolidated statement of comprehensive income in the first and second quarters 2015 amounts to zero

5. Goodwill

The table below shows the movements in goodwill during Q4 2016

	Amount (NOKm)	
	2016 Q4	2015 Full year
Goodwill as of 1 January	333.0	60.8
Acquisition of H2 Logic 2015		256.5
Other acquisitions in 2015		0.6
Write down Goodwill Hyme (under liquidation)	(0.5)	
Currency translation differences	(14.9)	15.1
Goodwill as of 31 December/31 December	317.6	333.0

a. Related party transaction

Nel ASA has paid NOK 0.1 million in management fees to Ferncliff in the period.

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Nel ASA

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