Contemplated acquisition of Proton OnSite

27 February 2017

“Acquiring the world's largest manufacturer of PEM hydrogen electrolysers”

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Key transaction details and transaction rationale

Transaction in brief

Overview of the contemplated acquisition of U.S.-based Proton OnSite

- Nel has entered into a term sheet to acquire the Connecticut U.S.-based hydrogen technology company Proton OnSite
- Purchase price of USD 70 million on an enterprise value basis
- Purchase price consideration will be divided into:
  - USD 20 million in cash
  - Remainder in new shares of Nel, paid in equal instalments after 12 months and 24 months at an agreed share price of NOK 2.72
- Term sheet between Nel and Proton OnSite's shareholders is non-binding, and the contemplated acquisition will be subject to successful negotiation of a mutually agreed share purchase agreement
- Closing of transaction will be subject to ordinary closing conditions to be agreed, including the receipt of any public approvals required

Proton OnSite transaction rationale

Nel will become the **world's largest** producer of electrolysers with a global outreach

Nel will get **strong foothold in the U.S. hydrogen market** accelerating Nel's growth ambitions

Complementing Nel's current business with **several areas of synergies**

Nel will **cover relevant sizes and technologies** in the rapidly growing worldwide hydrogen market

Nel will **more than double its revenue** and be a player with industry leading scale

Strong cultural fit combining two organizations with stellar track-record in the hydrogen industry

Optimally positioned to benefit from global opportunities arising within energy storage and hydrogen fueling

Nel will be able to offer any type of electrolyser in any market

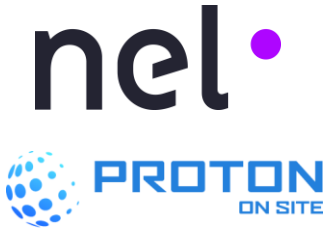
ALKALINE ATMOSPHERIC	ALKALINE PRESSURIZED	PEM
✓	✓	✓

“Proton OnSite will fast-track Nel into the PEM electrolyser market”

“Nel will be a one-stop-shop completely independent of technology preference, and the combined sales teams will be a global force to recon with”

Two companies with strategic and geographical fit

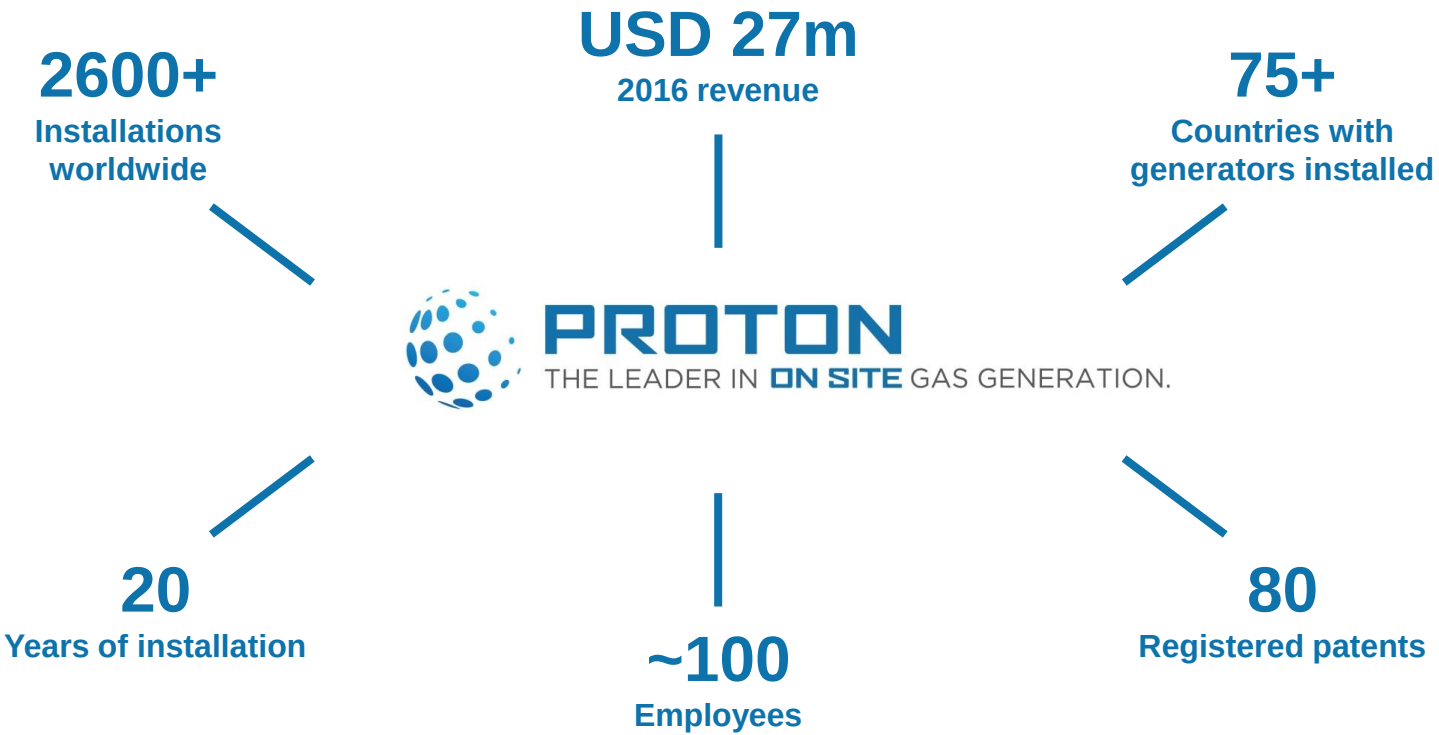
Several synergistic areas to benefit from



- Complementary sales organisation and market reach
- Provide strong foothold in the U.S. and new markets
- Complementary product offering, full range of electrolyser technologies
- Extending range of product offering (XS, S, M, L, XL, XXL, XXXL)
- Accelerating technological development
- Cost reduction through sourcing synergies
- Financial muscles to support ambitious development roadmap
- Few areas with overlap both along product and market dimension

Proton OnSite in brief

Proton OnSite in numbers



This is Proton OnSite

World leading PEM hydrogen production technology

- Headquarters in Wallingford, Connecticut, U.S.
- World leader in Proton Exchange Membrane (PEM) hydrogen production technology
- Established in 1996, spin out of United Technologies Aerospace Systems (formerly Hamilton Sundstrand Division)
- 20 year track record of commercial success in industrial markets
- Fully developed product offering, recently announced the world’s largest megawatt PEM electrolyser deal

1 MW PEM electrolyser (containerised solution)

Proton OnSite key capabilities

- Complete product manufacturing & testing
- Containerization and hydrogen storage solutions
- Turnkey product installation
- World-wide sales and service

PEM cell stacks

Complete systems

Storage solutions

Power plants

Heat treating

Semiconductors

Laboratories

Government

Key product overview

H-Series

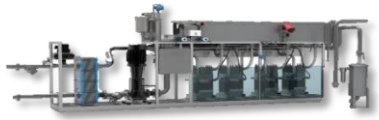
Net production rate: 2-6 Nm3/hr

C-Series

Net production rate: 10-30 Nm3/hr

M Series

1 MW Process Skid



Net production rate: 100-200 Nm3/hr

2 MW Process Skid

Net production rate: 300-400+ Nm3/h

S-Series

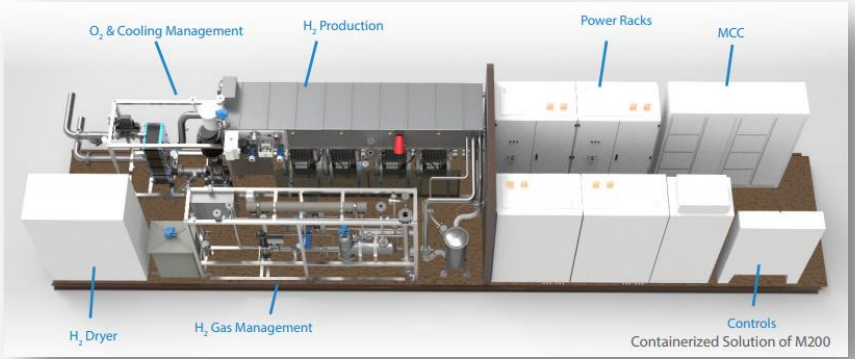
Net production rate: 0.53-1.05 Nm3/hr

Lab Gas Generators

- Proton OnSite offers a wide range of products, which are sold to approximately 75 countries worldwide
- Customers range from industrial companies to laboratory institutes
- Proton Onsite additionally offers services, including installation training, service at delivery and maintenance kit

The PEM megawatt (MW) electrolyser

Announced the world's largest megawatt PEM deal



Key fact sheet	M Series
Net production rate (Nm3/hr)	100 – 400+
Purity	99.9995%
Output Pressure	15 barg (218 psig) / 30 barg (435 psig)
Key features:	0-100% variable output, > 99% availability
	Cold start less than 5 minutes
	Full ramp up/ramp down in seconds
	Indoor or outdoor options
	Instantaneous response to variable requirements
	Sense demand and automatically adjust production accordingly

- Announced the world's largest megawatt PEM electrolyser deal in December 2016, three systems to be delivered in 2017, possibilities for additional ten systems over next 18 months – total deal value for the 13 units in excess of USD 20m
- Growing market, opportunities for additional systems to be sold in different markets
- Several near-term opportunities for order wins
- Proton OnSite is going into 2017 with a prospective pipeline for its PEM electrolyser system

Proton OnSite target markets

Energy Storage

Hydrogen Fueling

Industrials

Laboratory

Energy Storage

- Renewable energy being installed at increasing rates, driven by growing demand for power and the need to reduce CO2 emissions
- However, intermittent power disruptions are common when dealing with renewable resources
- Energy Storage eases intermittent power disruptions by storing excess power generated by renewable resources at times of low demand and distributing the power in periods of heightened demand
- As an energy carrier, hydrogen enables daily to seasonal storage, creating a reliable source of dispatchable green energy
- PEM electrolysis has the response time of a battery and the storage capacity of pumped hydro, providing an interface to turn excess energy generated at times of low demand into hydrogen, which can be converted back into electricity when needed

Value proposition

✓	Safe
✓	Cost-effective
✓	Reliable
✓	Space saving
✓	Convenient

Related Proton OnSite products

H2 / H4 / H6

C10 / C20 / C30

M Series

Hydrogen Fueling

- As rollout of FCEV (Fuel Cell Electric Vehicles) continues, fueling infrastructure is growing at a rapid pace and so is the demand for hydrogen production
- Converting energy from renewable sources into hydrogen via PEM water electrolysis enables green, carbon-free, hydrogen production that can be used in running FCEV's

Proton OnSite: Brentwood, DC example

- Supported by the Department of Energy and the National Renewable Energy Laboratory, Proton OnSite equipment is operated by the National Park Service
- Featuring a novel and compact equipment arrangement, the fueling station allows for easy siting and accelerated commissioning
- Has delivered electrolyser technology integrated into hydrogen fueling station in the Washington DC area

Value proposition

✓	Reliable
✓	Green
✓	Safe
✓	Reduces carbon footprint
✓	Cost-effective

Related Proton OnSite products

S20/S40

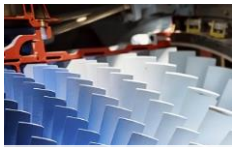
C10 / C20 / C30

M Series

Industrials

- Hydrogen demanded to satisfy the need of industrial processes is increasing
- Proton OnSite's space-saving hydrogen generators are safe, reliable and easy to permit, install and operate

Target markets


Power plant


Semiconductor


Meteorology


Material processing


Chemical processing


Leak detection


LFL[1)] detectors

Value proposition

✓	Safe
✓	Cost-effective
✓	Reliable
✓	Space saving
✓	Convenient

Related Proton OnSite products


H2 / H4 / H6


C10 / C20 / C30


M Series

1) Lower flammability limit

Laboratory

- Lab professionals seek safe, reliable and simple gas sources
- Delivered gases can be cumbersome, costly and disruptive
- Proton OnSite's hydrogen, nitrogen and zero air generators are easy to install and operate, enabling customers to get the gas they need, when and where they need it

Several application areas


Gas chromatography


LCMS


ICP-MS


Total organic carbon analyzer


Auto sampling


Differential scanning calorimeter


Total hydrocarbon analyzer


Thermal gravimetric analyzer

Value proposition

✓	Safe
✓	Cost-effective
✓	Reliable
✓	Space saving
✓	Convenient
✓	Broad product capabilities

Related Proton OnSite products


G200/400/600


G4800


N341M

Proton OnSite key financials

Proton OnSite key figures

(USD million) USGAAP	2016 (unaudited)	2015	2014
Operating revenue	27.2	27.8	23.7
Cost of revenues	21.0	18.6	16.3
Gross Profit	6.1	9.2	7.3
Operating expenses	9.0	9.2	13.1
Loss from operations	-2.8	-0.1	-5.8
Consolidated net loss	-3.2	-0.9	-6.3
Net cash flow from operating activities	-0.6	-4.4	-4.9
Cash balance at end of period	1.9	1.3	1.2

Note that Proton OnSite leases its office- and production premises from HWorld. HWorld has no other operating revenue other than the operating lease income from Proton OnSite. HWorld is in historical accounts determined to be a variable interest entity in which Proton OnSite has provided certain financial support. As such, Proton OnSite has consolidated the accounts of HWorld in the historical figures. HWorld will not be a part of the contemplated transaction. The effect of removing HWorld from the consolidated P&L is not significant, as an illustration Proton OnSite's 2016 and 2015 revenue adjusted for HWorld is approx. USD 27.2 million and USD 27.8 million with a corresponding net loss of approx. USD -3.7 million and USD -1.4 million.

- 2016 gross profit levels were impacted by a concentration of revenue from lower margin projects, effect not expected to continue into 2017
  - Lower margin lab equipment sale to China will be reduced going forward
- 2016 has focused on preparing for the launch of the new Megawatt product
- 2017 will be the first year with financial impact from the Megawatt product
- Megawatt is Proton OnSite's largest focus area going forward, and is expected to comprise a substantial share of the company's growth

Appendix

Proton OnSite executive management

Robert J. Friedland
President and Chief Executive Officer

Mr. Friedland is the Chief Executive Officer and a founder of Proton OnSite .He has held several senior positions at the company since its inception. Earlier in his career, Mr. Friedland was with United Technologies Aerospace Systems (formerly the Hamilton Sundstrand division) where he held various positions.

Sheldon A. Paul
Chief Financial Officer

Sheldon A. Paul joined Proton OnSite in August, 2008 as Vice President of Finance and Administration, and was later promoted to Chief Financial Officer in September, 2013. Prior to joining Proton Onsite, Mr. Paul developed and managed a private consulting practice providing CFO services to medium sized privately held companies.

John A. Zagaja
Senior Vice President of Engineering

John Zagaja is Senior Vice President of Engineering at Proton OnSite where he has overall responsibility for technology development and product design. Mr. Zagaja joined Proton OnSite in 2014 and has prior worked 32 years at United Technologies Aerospace Systems, where he has held various positions in Engineering and Program Management.

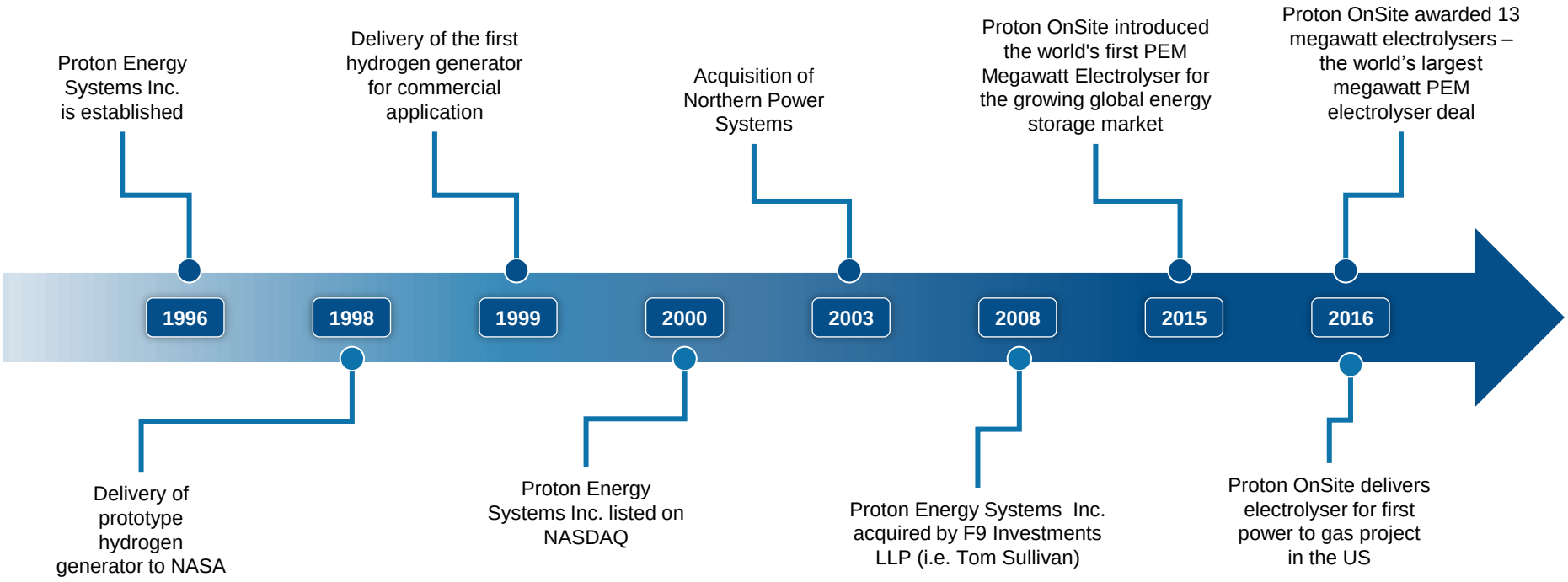
David T. Bow
Senior Vice President of Sales and Marketing

David Bow was appointed Senior Vice President of Sales and Marketing on 2 June, 2014. Prior to joining Proton OnSite, Mr. Bow held the position as Senior Vice President of Global Commercial Development in Cosa+Xenatu Corporation.

James E. Dayton
Vice President of Manufacturing Operations

James E. Dayton was appointed Senior Vice President of Manufacturing Operations in 2015. Prior to joining Proton OnSite, Mr. Dayton held the similar positions between 2013-2015 in Doosan Fuel Cell America, Inc. and ClearEdge Power (formerly UTC Power). Between 1999-2013, Mr. Dayton worked at UTC Power as Manager of Operations- Transportation, Space and Defense.

Proton OnSite company history



Proton OnSite project references

COMPANY: Not disclosed
MARKET: Power plant
REGION: Venezuela

- Proton OnSite S series hydrogen generators
- Proton OnSite provided two S40 generators, which they needed to keep their two gas turbine generator packages operational at the plant site
- The unit eliminated the need for delivered gases

COMPANY: Aguirre Thermo Electric
MARKET: Power plant
REGION: Puerto Rico

- Proton OnSite H series hydrogen gas generator
- Only requiring water and electricity to produce ultrapure hydrogen gas on-site
- The unit eliminated the need for delivered gases

COMPANY: Riverhawk Co.
MARKET: Material processing
REGION: United States

- Proton OnSite H series hydrogen gas generator
- Wanted a hydrogen generator that could improve process control by storing pressurized hydrogen that is generated at its point of end use, to carry out brazing and annealing processes
- Proton OnSite provided Riverhawk with refillable storage units with usable volumes

COMPANY: PMC Rubber Chemicals
MARKET: Chemical processing
REGION: India

- Proton OnSite C series hydrogen generator
- The unit works automatically, when required in the operation
- Maintenance is minimal with no chemical handling necessary
- PMC Rubber's selected method of choice for gas sourcing due to its benefits of convenience and consistency