

Improved business mix and stable gross margin

Quarter 1, 2022

- Net sales SEK 30.0m (29.7), in line with last year
- Gross profit SEK 9.8m (9.6) with a gross margin of 32.8% (32.4)
- Operating loss SEK -28.6m (-23.9) mainly due to increased sales and marketing activities
- Income after tax SEK -24.5m (-16.5)
- Operating cash flow SEK -42.2m (-11.2)
- Diluted earnings per share SEK -0.45 (-0.31)

Significant events in and after the end of the period

- PowerCell joins European development project on fuel cell technology of the future.
- PowerCell receives order for marine fuel cell module from Siemens Energy as part of extended cooperation.

Key performance indicators

SEK million, unless other stated	Q1 2022	Q1 2021	2021
Net sales	30.0	29.7	159.8
Gross profit	9.8	9.6	49.0
Gross margin, %	32.8	32.4	30.7
Operating income before items affecting comparability	-28.6	-22.7	-80.5
Operating income	-28.6	-23.9	-81.7
Net income	-24.5	-16.5	-75.1
Earnings per share (basic and diluted), SEK	-0.45	-0.31	-1.50
Shareholder equity ratio, %	72.9	78.8	73.6
Operating cash flow	-42.2	-11.2	-66.3

The CEO's comments

Improved business mix in the quarter gives us a solid foundation for growth

It is satisfying to see that our business mix improved significantly in the quarter. Sales were generated by a larger number of commercial customers and consisted of fuel cell systems and Transition Services. At the same time, we see a stable gross margin development. This, together with the strong megatrend to create a fossil-free world, gives us a solid foundation for our continued growth journey.

Sales in the quarter of SEK 30.0m were in line with the same period last year. However, the change in the business mix demonstrates that hydrogen-electric technology is establishing itself as a part of the solution to reduce CO₂ emissions in many different applications. Last year, sales to a large extent consisted of fuel cell stack deliveries to Robert Bosch GmbH and in this quarter we report sales of mainly fuel cell systems and Transition Services to an increasing number of commercial customers in different industries. We also see a trend that orders are becoming larger on average and extended commercial commitments over a longer period of time.

Last year, we put effort in industrializing our processes and improving efficiency. The gross margin in the quarter of 32.8 percent and its stable development over the past quarters prove that the efficiencies we gained in 2021 have been maintained. It is a good development that has only been possible thanks to our dedicated and motivated employees.

However, as we are in a growing and maturing market, it is likely that both sales and margins will continue to fluctuate from one quarter to another.

Investments to further grow sales

In order to improve our sales development, we have increased our production capacity as well as the sales and marketing activities including an expansion of the teams. We have also strengthened our R&D organization to secure the continuous development of our technology and products. These activities are important steps in preparing for higher volumes although they impacted profitability in the quarter and the operating loss amounted to SEK -28.6m (-23.9).

During 2022 we will continue to build our organization and I see further potential to increase the efficiency in our operations and build PowerCell's industrial stability and productivity. A

key target for us it to maintain our short lead-times to build strong customer relations and secure a position as preferred supplier.

During the quarter PowerCell joined Camelot – the European development project on future fuel cell technology – to accelerate our long-term technological development.

As proof of how our business is maturing, we signed an agreement with Siemens Energy in early April extending our cooperation in fuel cell-based propulsion and power generating systems for marine applications. This agreement is the next step in translating the strategic partnership, previously communicated, into industrialized, commercial product offerings in the market.

Growing commercial interest

The higher energy prices as well as the need for stable supply of energy have increased the focus on how to solve the future need for power. We see a clear change in the market where interest in fuel cells and hydrogen is increasing in several industries, not the least within the aviation industry. We are in an early stage of a transition where customers go from buying fuel cell stacks to purchasing megawatt capacity.

PowerCell has created a strong position in a key market which is driven by the urgent need to reduce CO₂ emissions. We will continue to enhance our

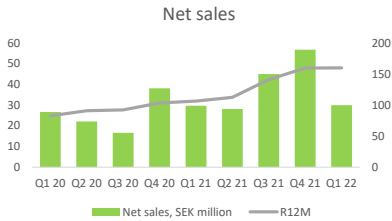
product offering as well as our industrial stability and efficiency in a maturing commercial market for hydrogen-electric solutions. I look forward with confidence to PowerCell's continued growth journey.

Richard Berkling
President and CEO



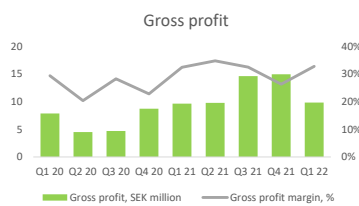
Financial performance Q1

Net sales



Sales in the quarter were SEK 30.0m (29.7), in line with the same period last year. However, both customer and product mix have changed significantly from last year. Sales in the first quarter 2022 mainly consisted of fuel cell systems and transition services, while sales in the same period last year were dominated by fuel cell stack deliveries to Robert Bosch GmbH. This also means that PowerCell continues to increase the value add in sales.

Gross profit and operating income/loss



Gross profit amounted to SEK 9.8m (9.6). The gross margin was 32.8% (32.4) and has showed a stable development over the past quarters. This demonstrates that efficiencies gained in operations during 2021 have been maintained.

Operating expenses amounted to SEK 38.4m (33.6), impacted by increases in both sales and marketing activities and resources, as well as investments in R&D competencies. There has also been a transition from consultants to employees in the quarter.

Operating loss in the first quarter was SEK -28.6m (-23.9).

Net income

Net financial items amounted to SEK 4.0m (7.5) and consist mainly of revaluation effects from bank accounts denominated in foreign currency, primarily EUR.

Net loss in the first quarter 2022 was SEK -24.5m (-16.5).

+32.8%

Gross margin Q1 2022

Cash flow

Cash flow in the quarter was SEK -46.6m (-18.2), impacted by an increase in working capital, mainly due to inventory build-up after the end of 2021 when inventory was at a low level.

Financial position

PowerCell's financial position and liquidity are satisfactory. Cash and cash equivalents SEK 290.3m at 31 March 2022.

Other information

Employees

At 31 March 2022, the Group had 91 (61) employees measured as full-time equivalents, FTE.

The share

The share is listed on Nasdaq First North Growth Market under the ticker PCELL. At 31 March 2022 the total number of outstanding shares were 52,142,434. PowerCell holds no treasury shares.

Ownership per 31 March 2022*

	No of shares	Ownership
Bosch Group	5,848,531	11.2%
Others	46,293,903	88.8%
Total	52,142,434	100.0%

* Source: Euroclear

Note: The German Clearing Bank, Clearstream Banking, had on 31 March 2022 a holding of a total of 17,960,979 PowerCell shares corresponding to an ownership of 34.45%. The company has no means of establishing the underlying ownership of this holding.

Annual General Meeting

The Annual General Meeting will be held on 3 May 2022. More details are available on the Company's website powercell.se/en/general-meetings.

Financial calendar

Interim report Q2, 15 July

Interim report Q3, 20 October

Interim report Q4 and full year 2022, 9 February 2023

Annual report, 24 March 2023

Risks and uncertainties

Through its operations PowerCell is exposed to risks and uncertainties. For extensive information of the most significant operational and financial risks, please see pages 24-25 and pages 34-36 in the Annual Report for 2021.

The conflict in Ukraine has created great uncertainty about the development of the world economy. PowerCell has a very limited business and exposure to Russia and Ukraine and is not directly affected of the conflict. However, the indirect consequences can be extensive and lead to disruptions in the supply chain and increased costs. PowerCell is currently unable to assess how the company may be affected by the conflict in the short and medium term. PowerCell follows the continued development of the conflict carefully.

For PowerCell, the pandemic has periodically had a specific impact on the level of activity in China and on the supply chain, but overall has not had any significant impact on sales or profitability. PowerCell follows the continued development of the pandemic.

This report has not been reviewed by the Company's auditor.

Gothenburg, 28 April 2022

Magnus Jonsson

Chairman

Dirk De Boever

Director

Helen Fasth Gillstedt

Director

Riku-Pekka Hägg

Director

Göran Linder

Director

Uwe Hillmann

Director

Annette Malm Justad

Director

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Every care has been taken in the translation of this interim report. In the event of discrepancies, the Swedish original will supersede the English translation. The addition of the totals presented may result in minor rounding differences.

About PowerCell

PowerCell develops and produces fuel cell stacks and fuel cell systems for stationary and mobile applications with a world class energy density. The fuel cells are powered by hydrogen, pure or reformed, and produce electricity and heat with no emissions other than water. As the stacks and systems are compact, modular and scalable, they are easily adjusted to any customer need. The business is conducted in Sweden, Germany and China.

PowerCell was founded in 2008 as an industrial spinout from the Volvo Group. The share (PCELL) is since 2014 subject to trade at Nasdaq First North Growth Market.

PowerCell's Certified Adviser is G&W Fondkommission, Kungsgatan 3, SE-111 43 Stockholm, Sweden. E-mail ca@gwkapital.se, phone +46 (0) 8 503 000 50.

Condensed income statement - Group

SEK thousand	Note	Q1 2022	Q1 2021	2021
Net sales	3	29,995	29,749	159,757
Costs of goods and services sold		-20,153	-20,104	-110,723
Gross profit		9,842	9,645	49,034
Selling and administrative costs	4	-22,413	-15,197	-69,084
Research and development costs		-20,131	-20,641	-80,197
Other operating income	7	7,444	5,231	26,760
Other operating costs	8	-3,328	-1,034	-6,954
Portion of profit after tax from associated companies recognized in accordance with the equity method		-	-693	-34
Operating income before items affecting comparability		-28,586	-22,689	-80,475
Items affecting comparability	6	-	-1,256	-1,256
Operating profit (loss) after items affecting comparability		-28,586	-23,945	-81,731
Net financial items		4,037	7,481	6,616
Profit (loss) after financial items		-24,549	-16,464	-75,115
Income tax		20	-35	31
Profit (loss) for the period		-24,529	-16,499	-75,084
Other comprehensive income:				
Items that may be reclassified to profit or loss		-	-	-
Exchange differences from foreign operations		22	7	-47
Other comprehensive income for the period		22	7	-47
Total comprehensive income for the period		-24,507	-16,492	-75,131

Profit (loss) for the period and total comprehensive income are, in their entirety, attributable to shareholders of the Parent Company.

Earnings per share, calculated on profit (loss) for the year attributable to Parent Company shareholders of ordinary shares:

SEK	Note	Q1 2022	Q1 2021	2021
Earnings per share, basic	5	-0.45	-0.31	-1.50
Earnings per share, diluted	5	-0.45	-0.31	-1.50

Condensed balance sheet - Group

SEK thousand	2022-03-31	2021-03-31	2021-12-31
ASSETS			
Non-current assets			
Intangible assets	727	1,314	864
Rights if use (leasing)	40,262	45,014	40,376
Tangible fixed assets	35,938	29,075	35,958
Financial assets	116	-	93
Total non-current assets	77,043	75,403	77,291
Current assets			
Inventories	54,709	39,662	37,899
Current receivables	72,521	38,614	73,631
Cash and cash equivalents	290,269	406,403	332,507
Total current assets	417,499	484,679	444,037
TOTAL ASSETS	494,542	560,082	521,328
EQUITY AND LIABILITIES			
Equity attributable to Parent Company shareholders			
Share capital	1,147	1,147	1,147
Other contributed capital	635,007	635,007	635,007
Reserves	-249	-200	-271
Retained earnings (including profit (loss) for the year)	-275,402	-194,886	-252,432
Total equity attributable to Parent Company shareholders	360,503	441,068	383,451
LIABILITIES			
Non-current liabilities, interest-bearing	28,899	34,286	29,299
Non-current liabilities	30,529	30,498	30,525
Current liabilities, interest-bearing	8,154	7,662	7,916
Current liabilities	66,457	46,568	70,137
Total liabilities	134,039	119,014	137,877
TOTAL EQUITY AND LIABILITIES	494,542	560,082	521,328

Condensed statement of changes in equity - Group

SEK thousand	Note	Attributable to shareholders of the Parent Company				Total equity
		Share capital	Other contributed capital	Reserves	Retained earnings incl. profit (loss) for the year	
Opening balance 1 January 2022		1,147	635,007	-271	-252,432	383,451
Profit (loss) for the period		-	-	-	-24,529	-24,529
Other comprehensive income for the period		-	-	22	-	22
Total comprehensive income for the period		-	-	22	-24,529	-24,507
Transactions with shareholders						
Share-based compensation to employees		-	-	-	1,559	1,559
Closing balance 31 March 2022		1,147	635,007	-249	-275,402	360,503
Opening balance 1 January 2021		1,147	635,007	-207	-178,387	457,560
Profit (loss) for the period		-	-	-	-16,499	-16,499
Other comprehensive income for the period		-	-	7	-	7
Total comprehensive income for the period		-	-	7	-16,499	-16,492
Transactions with shareholders						
Share-based compensation to employees		-	-	-	-	-
Closing balance 31 March 2021		1,147	635,007	-200	-194,886	441,068

Condensed cash flow - Group

SEK thousand	Note	Q1 2022	Q1 2021	2021
Cash flow from operating activities				
Operating profit (loss)		-28,586	-23,945	-81,731
Adjustments for non-cash items		4,558	4,060	30,393
Interest paid		-243	-266	-1,017
Paid income tax		-203	-	203
Cash flow from operating activities before changes in working capital		-24,474	-20,151	-52,152
Cash flow before changes in working capital				
Increase/decrease of inventories		-16,809	163	-7,251
Increase/decrease of current receivables		2,512	-3,230	-41,243
Increase/decrease of current liabilities		-3,412	12,036	34,308
Total changes in working capital		-17,709	8,969	-14,186
Cash flow from operating activities		-42,183	-11,182	-66,338
Cash flow from investing activities				
Acquisitions of tangible and intangible assets		-2,200	-4,277	-17,889
Change in financial assets		-	-693	-34
Cash flow from investing activities		-2,200	-4,970	-17,923
Cash flow from financing activities				
Repayment of leasing liability		-2,195	-2,043	-7,520
Cash flow from financing activities		-2,195	-2,043	-7,520
Decrease/increase of cash and cash equivalents				
Opening cash and cash equivalents		332,507	416,846	416,846
Effects of exchange rate changes on cash and cash equivalents		4,340	7,752	7,442
Closing cash and cash equivalents		290,269	406,403	332,507

Condensed income statement – Parent Company

SEK thousand	Note	Q1 2022	Q1 2021	2021
Net sales		29,995	29,288	158,959
Costs of goods and services sold		-20,152	-20,086	-110,684
Gross profit		9,843	9,202	48,275
Selling and administrative costs		-21,672	-14,573	-66,833
Research and development costs		-20,313	-20,922	-80,986
Other operating income		7,492	5,415	27,464
Other operating costs		-3,340	-1,049	-7,049
Operating income before items affecting comparability		-27,990	-21,927	-79,129
Items affecting comparability		-	-1,256	-1,256
Operating profit (loss) after items affecting comparability		-27,990	-23,183	-80,385
Net financial items		4,290	6,960	2,133
Profit (loss) after financial items		-23,700	-16,223	-78,252
Income tax		23	-	93
Profit (loss) for the period		-23,677	-16,223	-78,159

In the Parent Company there are no items recognized as other comprehensive income, which is why total comprehensive income corresponds to profit (loss) for the year.

Condensed balance sheet – Parent Company

SEK thousand	2022-03-31	2021-03-31	2021-12-31
ASSETS			
Non-current assets			
Intangible assets	727	1,315	864
Tangible fixed assets	35,930	29,061	35,949
Financial assets	1,276	3,462	1,252
Total non-current assets	37,933	33,838	38,065
Current assets			
Inventories	54,709	39,662	37,899
Current receivables	75,723	43,055	76,605
Cash and cash equivalents	288,252	403,862	329,785
Total current assets	418,684	486,579	444,289
TOTAL ASSETS	456,617	520,417	482,354
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	1,147	1,147	1,147
Total restricted equity	1,147	1,147	1,147
Non-restricted equity			
Share premium reserve	555,507	555,507	555,507
Retained loss	-172,878	-97,317	-96,278
Profit (loss) for the period	-23,677	-16,223	-78,159
Total non-restricted equity	358,952	441,967	381,070
Total equity	360,099	443,114	382,217
LIABILITIES			
Non-current liabilities	30,000	30,000	30,000
Current liabilities	66,518	47,303	70,137
Total liabilities	96,518	77,303	100,137
TOTAL EQUITY AND LIABILITIES	456,617	520,417	482,354

Notes to the consolidated statements

1. General

PowerCell Sweden AB (publ) (PowerCell), Corp. Id. No 556759-8353 is a Parent Company registered in Sweden and domiciled in Gothenburg, with address Ruskvädersgatan 12, 418 34 Gothenburg, Sweden.

The Board has approved this Interim consolidated financial statement for publication on 28 April 2022.

All amounts are stated in SEK thousand unless stated otherwise. Amounts in brackets refer to the comparative year.

2. Accounting policies

PowerCell applies IFRS as endorsed by the EU. The accounting policies and definitions adopted are consistent with those described in PowerCell's Annual Report 2021.

This Interim financial statement has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The Parent Company applies RFR 2 Accounting for legal entities and the Swedish Annual Accounts Act.

3. Net sales

Revenue

When income from external parties is reported to the CEO, they are valued in the same way as in the Group's statement of comprehensive income. Sales are reported as revenue when control of the goods is transferred to the customer, which normally coincides with its delivery. The majority of the revenue reported was sold at one point.

Revenue from external customers			
SEK thousand	Q1 2022	Q1 2021	2021
Hardware	17,854	25,217	133,921
Services	4,291	1,031	5,606
Projects according to percentage of completion	7,850	3,501	20,230
Total	29,995	29,749	159,757

Revenue from external customers per country, based on where customers are located

Sweden	241	61	1,374
Germany	15,047	21,764	107,579
Great Britain	482	360	22,410
Netherlands	1,973	4,281	13,729
Other	12,252	3,283	14,665
Total	29,995	29,749	159,757

4. Related party transactions

No significant transactions have taken place with related parties.

5. Earnings per share

SEK	Q1 2022	Q1 2021	2021
Earnings per share, basic	-0.45	-0.31	-1.50
Earnings per share, diluted	-0.45	-0.31	-1.50

Performance measures used in the calculation of earnings per share

Profit/loss attributable to the shareholders of the Parent Company used in the calculation of earnings per share, basic and diluted

Profit (loss) attributable to Parent Company shareholders, thousand SEK	-23,677	-16,223	-78,159
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Number

Weighted average number of ordinary shares at the calculation of earnings per share, basic	52,142,434	52,142,434	52,142,434
Adjustment for the calculation of earnings per share, diluted	52,142,434	52,142,434	52,142,434

6. Items affecting comparability

Thousand SEK	Q1 2022	Q1 2021	2021
Costs related to the new brand PowerCellution	-	-1,256	-1,256
Total	-	-1,256	-1,256

7. Other operating income

Thousand SEK	Q1 2022	Q1 2021	2021
Currency exchange gains	3,827	833	5,177
Grants	1,536	4,398	21,060
Royalty fees	2,081	-	523
Total	7,444	5,231	26,760

8. Other operating cost

Thousand SEK	Q1 2022	Q1 2021	2021
Currency exchange losses	-3,328	-1,034	-6,681
Loss disposal of fixed assets	-	-	-273
Total	-3,328	-1,034	-6,954

Definitions

Shareholder Equity ratio, %

Equity in relation to total assets

Earnings per share

Profit after tax in relation to the number of shares.

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