

Strong growth and increased gross margin

April – June 2022

- Net sales SEK 57.3m (28.2), growth of 103% compared to previous year
- Gross profit SEK 25.6m (9.8) with a gross margin of 44.6% (34.8)
- Operating loss SEK -24.6m (-21.7)
- Income after tax SEK -17.3m (-25.9)
- Operating cash flow SEK -29.6m (5.6)
- Diluted earnings per share SEK -0.32 (-0.48)

January – June 2022

- Net sales SEK 87.3m (57.9), growth of 51% compared to previous year
- Gross profit SEK 35.4m (19.4) with a gross margin of 40.6% (33.6)
- Operating loss SEK -53.2m (-45.7)
- Income after tax SEK -41.8m (-42.4)
- Operating cash flow SEK -71.8m (-5.5)
- Diluted earnings per share SEK -0.78 (-0.79)

Significant events in and after the end of the period

- Order for marine fuel cell module from Siemens Energy as part of extended cooperation
- U.S. order for fuel cell system for mobile microgrid using reformed methanol
- Megawatt order worth approximately SEK 47m through 2023 from European aviation start-up
- Fuel cell system from PowerCell in the world's first prototype hydrogen-electric hauler, built by Volvo Construction Equipment
- Megawatt fuel cell system order for towboat worth approximately SEK 37m

Key performance indicators

SEK million, unless other stated	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	2021
Net sales	57.3	28.2	87.3	57.9	159.8
Gross profit	25.6	9.8	35.4	19.4	49.0
Gross margin, %	44.6	34.8	40.6	33.6	30.7
Operating income before items affecting comparability	-24.6	-21.7	-53.2	-44.4	-80.5
Operating income	-24.6	-21.7	-53.2	-45.7	-81.7
Net income	-17.3	-25.9	-41.8	-42.4	-75.1
Earnings per share (basic and diluted), SEK	-0.32	-0.48	-0.78	-0.79	-1.50
Shareholder equity ratio, %	68.7	74.7	68.7	74.7	73.6
Operating cash flow	-29.6	5.6	-71.8	-5.5	-66.3

The CEO's comments

The strong development confirms that we are well positioned for further growth

During the quarter, we signed several major orders, which demonstrates that our technology and customer offering is leading and that the market for hydrogen-electric solutions is growing. The improved gross margin shows that we have the ability to scale up volumes while industrializing our offering and processes as well as establishing operational excellence.

Sales improved 103 percent to SEK 57.3m from the same quarter last year. It is gratifying to see how the business mix continues to improve with more orders from commercial customers in different industries. The trend is also clear that orders are becoming larger on average with extended commercial commitments that run over a longer period of time.

We see an increasing number of customers identifying hydrogen-electric solutions as key to reducing CO₂ emissions and creating climate-friendly operations. This development is accelerating as we rapidly approach 2030 and awareness of the urgent need to reduce emissions is raised.

Several major orders signed

We have made a significant development of our business model by signing a number of major orders as well as the first orders where clients buy megawatt capacity instead of stand alone fuel cell stacks. This transition is an important step for us to create a recurring, stable business.

In early June we announced a strategic order from a European aviation start-up, worth a total of about SEK 47m through 2023. We will deliver fuel cell systems with a total capacity of several megawatts as well as engineering services and laboratory testing. This cooperation is important since the aviation industry is a technology leader and applications developed for the aviation industry can then be transferred to other industries. A few weeks ago, we signed a multi-megawatt fuel cell system order from U.S. based Maritime Partners, worth approximately SEK 37m for delivery in 2023. The orders show that we have developed a leading fuel cell technology which we have successfully industrialized for large and demanding applications.

I'm also proud of the announcement that Volvo Construction Equipment has built the world's first hydrogen-electric and entirely emissions-free

articulated hauler prototype, powered by our fuel cell system. This launch is a good example of the fine Swedish industrial tradition to cooperate in order to create testbeds and mature the whole value chain.

Well positioned for continued growth

The strong gross margin amounted to 44.6 percent in the quarter, part of the improvement is attributable to a positive product mix. However, the improved gross margin shows our ability to scale up volumes while industrializing our offering and processes. We continue to invest in our organization to shorten lead times and further stabilize operations and delivery capabilities which impact operating expenses and profitability. As we are in a growing market, it is likely that both sales and margins will continue to fluctuate from one quarter to another.

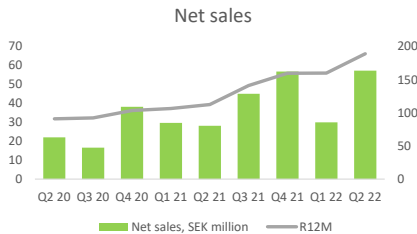
The awareness of the need of a rapid transition to a fossil-free world is growing quickly. More and more industries get in touch with us as they realize that we offer a mature, commercial and sustainable technology that works in many different applications. We see a growing interest in our solutions from the aviation, marine and off-road industries where range, uptime and fast refueling is critical to their business. The strong development in the quarter together with the growing customer interest confirms that we are well positioned for further growth.

Richard Berkling
CEO



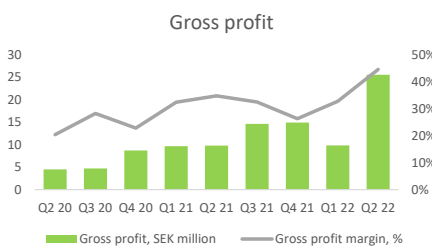
Financial performance April to June

Net sales



Sales in the quarter increased 103% to SEK 57.3m (28.2) compared to the same period last year. Most customer segments showed strong growth with the majority of the sales generated by the aviation and marine industries. The business mix continued to improve with more commercial customers as well as products and services which have a higher value add. Royalty fees of SEK 2.9m from Robert Bosch GmbH is reported as net sales in this quarter.

Gross profit and operating income/loss



Gross profit amounted to SEK 25.6m (9.8). The gross margin was 44.6% (34.8) and the stable development over the past quarters continued. Part of the increased margin is a consequence of a favorable product mix in the period. Gross profit was also positively impacted by the inclusion of royalty fees from Robert Bosch GmbH.

Operating expenses amounted to SEK 48.3m (37.2), which reflects the investments in recent quarters in preparing the organisation for continued growth. We have increased our resources in production, as well as in sales and marketing. There has also been investments in product and technology development to secure the continuous development of our offering. Expenses were also impacted by increased activities following easing of Covid restrictions. The operating loss in the second quarter was SEK -24.6m (-21.7).

+44.6%

Gross margin April - June 2022

Net income

Net financial items amounted to SEK 7.3m (-4.2) and mainly related to revaluation effects in bank accounts denominated in foreign currency, primarily EUR. Net loss in the second quarter was SEK -17.3m (-25.9).

Cash flow

Cash flow was SEK -41.3m (-2.9) impacted by the operational result and an increase in working capital, primarily in account receivables following strong sales. It is a deliberate decision to keep a higher level of inventory to prepare for growth and increased production output. Securing components is particularly important to us in these times where supply chain challenges are common. The comparison period was impacted of an advance payment for a customer order.

Financial position

PowerCell's financial position and liquidity are satisfactory. Cash and cash equivalents SEK 256.7m at 30 June 2022.

Financial performance January to June

Net sales

Sales year to date increased with 51% to SEK 87.3m (57.9) compared to the same period last year. Most customer segment showed strong growth with the majority of the sales generated by the aviation and marine industries. The business mix continued to improve with more commercial customers as well as products and services which have a higher value add. Royalty fees of SEK 2.9m from Robert Bosch GmbH is reported as net sales.

Gross profit and operating income/loss

Gross profit amounted to SEK 35.4m (19.4). The gross margin was 40.6% (33.6) and the stable development from 2021 continued. Part of the increased margin is a consequence of a favorable product mix in the period. Gross profit was also positively impacted by the inclusion of royalty fees from Robert Bosch GmbH.

Operating expenses amounted to SEK 90.8m (73.0), which reflects the investments in recent quarters in preparing the organisation for continued growth. We have increased our resources in production, as well as in sales and marketing. investments in product and technology development to secure the continuous development of our offering. Expenses was also impacted by increased activities following easing of Covid restrictions. The operating loss in the first six months was SEK -53.2m (-45.7).

Net income

Net financial items amounted to SEK 11.3m (3.3) and mainly related to revaluation effects in bank accounts denominated in foreign currency, primarily EUR. Net loss in the first six months was SEK -41.8m (-42.4).

Cash flow

Cash flow was SEK -87.8m (-21.1). impacted by the operational result and an increase in working capital, in both inventory and accounts receivables. It is a deliberate decision to keep a higher level of inventory to prepare for growth and increased production output. Securing components is particularly important to us in these times where supply chain challenges are common. Account receivables end of June were high following the strong sales in the end of the period. The comparison period reflects a period for PowerCell with less operations and also include a large advance payment for a customer order.

Other information

Employees

At 30 June 2022, the Group had 100 (70) employees measured as full-time equivalents, FTE.

The share

The share is listed on Nasdaq First North Growth Market under the ticker PCELL. At 30 June 2022 the total number of outstanding shares were 52,142,434. PowerCell holds no treasury shares.

Ownership per 30 June 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

Financial calendar

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 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, 15 July 2022

Magnus Jonsson

Chairman

Dirk De Boever

Director

Helen Fasth Gillstedt

Director

Riku-Pekka Hägg

Director

Kajsa Ryttberg-Wallgren

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, China and Norway.

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	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	2021
Net sales	3	57,294	28,162	87,289	57,911	159,757
Costs of goods and services sold		-31,720	-18,365	-51,873	-38,469	-110,723
Gross profit		25,574	9,797	35,416	19,442	49,034
Selling and administrative costs	4	-24,903	-16,633	-47,316	-31,834	-69,084
Research and development costs		-23,383	-20,566	-43,514	-41,207	-80,197
Other operating income	7	729	7,389	8,173	12,621	26,760
Other operating costs	8	-2,619	-2,356	-5,947	-3,390	-6,954
Portion of profit after tax from associated companies recognized in accordance with the equity method		-	658	-	-34	-34
Operating income before items affecting comparability		-24,602	-21,711	-53,188	-44,402	-80,475
Items affecting comparability	6	-	-	-	-1,256	-1,256
Operating profit (loss) after items affecting comparability		-24,602	-21,711	-53,188	-45,658	-81,731
Net financial items		7,272	-4,189	11,308	3,292	6,616
Profit (loss) after financial items		-17,330	-25,900	-41,880	-42,366	-75,115
Income tax	17	17	22	38	-13	31
Profit (loss) for the period		-17,313	-25,878	-41,842	-42,379	-75,084
Other comprehensive income:						
Items that may be reclassified to profit or loss						
Exchange differences from foreign operations		-23	4	-1	12	-47
Other comprehensive income for the period		-23	4	-1	12	-47
Total comprehensive income for the period		-17,336	-25,874	-41,843	-42,367	-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	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	2021
Earnings per share, basic	5	-0.32	-0.48	-0.78	-0.79	-1.50
Earnings per share, diluted	5	-0.32	-0.48	-0.78	-0.79	-1.50

Condensed balance sheet - Group

SEK thousand	2022-06-30	2021-06-30	2021-12-31
ASSETS			
Non-current assets			
Intangible assets	9,335	1,276	864
Right of use assets (leasing)	38,698	43,009	40,376
Tangible fixed assets	34,164	34,382	35,958
Financial assets	140	47	93
Total non-current assets	82,337	78,714	77,291
Current assets			
Inventories	66,768	41,895	37,899
Current receivables	96,283	35,577	73,631
Cash and cash equivalents	256,667	399,529	332,507
Total current assets	419,718	477,001	444,037
TOTAL ASSETS	502,055	555,715	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	-272	-195	-271
Retained earnings (including profit (loss) for the year)	-291,156	-220,766	-252,432
Total equity attributable to Parent Company shareholders	344,726	415,193	383,451
LIABILITIES			
Non-current liabilities, interest-bearing	27,286	32,396	29,299
Non-current liabilities	30,534	30,523	30,525
Current liabilities, interest-bearing	8,160	7,493	7,916
Current liabilities	91,349	70,110	70,137
Total liabilities	157,329	140,522	137,877
TOTAL EQUITY AND LIABILITIES	502,055	555,715	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		-	-	-	-41,842	-41,842
Other comprehensive income for the period		-	-	-1	-	-1
Total comprehensive income for the period		-	-	-1	-41,842	-41,843
Transactions with shareholders						
Share-based compensation to employees		-	-	-	3,118	3,118
Closing balance 30 June 2022		1,147	635,007	-272	-291,156	344,726
Opening balance 1 January 2021		1,147	635,007	-207	-178,387	457,560
Profit (loss) for the period		-	-	-	-42,379	-42,379
Other comprehensive income for the period		-	-	12	-	12
Total comprehensive income for the period		-	-	12	-42,379	-42,367
Transactions with shareholders						
Share-based compensation to employees		-	-	-	-	-
Closing balance 30 June 2021		1,147	635,007	-195	-220,766	415,193

Condensed cash flow - Group

SEK thousand	Note	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	2021
Cash flow from operating activities						
Operating profit (loss)		-24,602	-21,711	-53,188	-45,658	-81,731
Adjustments for non-cash items		10,126	7,959	14,685	12,019	30,393
Interest paid		-237	-262	-480	-528	-1,017
Paid income tax		-	-	-203	-	203
Cash flow from operating activities before changes in working capital		-14,713	-14,014	-39,186	-34,167	-52,152
Cash flow before changes in working capital						
Increase/decrease of inventories		-11,625	-2,232	-28,435	-2,070	-7,251
Increase/decrease of current receivables		-27,569	-1,437	-25,058	-4,666	-41,243
Increase/decrease of current liabilities		24,288	23,327	20,877	35,365	34,308
Total changes in working capital		-14,906	19,658	-32,616	28,629	-14,186
Cash flow from operating activities		-29,619	5,644	-71,802	-5,538	-66,338
Cash flow from investing activities						
Acquisitions of tangible and intangible assets		-9,372	-7,165	-11,572	-11,443	-17,889
Change in financial assets		-	658	-	-34	-34
Cash flow from investing activities		-9,372	-6,507	-11,572	-11,477	-17,923
Cash flow from financing activities						
Repayment of leasing liability		-2,275	-2,068	-4,470	-4,111	-7,520
Cash flow from financing activities		-2,275	-2,068	-4,470	-4,111	-7,520
Decrease/increase of cash and cash equivalents						
Opening cash and cash equivalents		290,269	406,403	332,507	416,846	416,846
Effects of exchange rate changes on cash and cash equivalents		7,664	-3,943	12,004	3,809	7,442
Closing cash and cash equivalents		256,667	399,529	256,667	399,529	332,507

Condensed income statement – Parent Company

SEK thousand	Note	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	2021
Net sales		57,324	28,157	87,319	57,445	158,959
Costs of goods and services sold		-31,720	-18,365	-51,873	-38,451	-110,684
Gross profit		25,604	9,792	35,446	18,994	48,275
Selling and administrative costs		-24,620	-16,311	-46,293	-30,884	-66,833
Research and development costs		-23,568	-20,795	-43,880	-41,718	-80,986
Other operating income		729	7,691	8,222	13,106	27,464
Other operating costs		-2,625	-2,350	-5,965	-3,399	-7,049
Operating income before items affecting comparability		-24,480	-21,973	-52,470	-43,901	-79,129
Items affecting comparability		-	-	-	-1,256	-1,256
Operating profit (loss) after items affecting comparability		-24,480	-21,973	-52,470	-45,157	-80,385
Net financial items		7,515	-3,253	11,806	3,708	2,133
Profit (loss) after financial items		-16,965	-25,226	-40,664	-41,449	-78,252
Income tax		23	47	46	47	93
Profit (loss) for the period		-16,942	-25,179	-40,618	-41,402	-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	2022-06-30	2021-06-30	2021-12-31
ASSETS			
Non-current assets			
Intangible assets	9,335	1,276	864
Tangible fixed assets	34,158	34,371	35,949
Financial assets	1,330	4,526	1,252
Total non-current assets	44,823	40,173	38,065
Current assets			
Inventories	66,768	41,895	37,899
Current receivables	102,754	40,217	76,605
Cash and cash equivalents	251,708	396,015	329,785
Total current assets	421,230	478,127	444,289
TOTAL ASSETS	466,053	518,300	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	-171,319	-97,317	-96,278
Profit (loss) for the period	-40,618	-41,402	-78,159
Total non-restricted equity	343,570	416,788	381,070
Total equity	344,717	417,935	382,217
LIABILITIES			
Non-current liabilities	30,000	30,000	30,000
Current liabilities	91,336	70,365	70,137
Total liabilities	121,336	100,365	100,137
TOTAL EQUITY AND LIABILITIES	466,053	518,300	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 15 July 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.

Revenue from external customers

SEK thousand	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	2021
Hardware	13,642	25,560	31,756	50,777	133,921
Services	17,560	197	21,591	1,228	5,606
Royalty fees	2,904	-	2,904	-	-
Projects according to percentage of completion	23,188	2,405	31,038	5,906	20,230
Total	57,294	28,162	87,289	57,911	159,757

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

Sweden	367	206	607	267	1,374
Germany	24,579	20,114	39,626	41,877	107,579
Great Britain	5,270	2,553	5,752	2,912	22,410
Netherlands	19,942	2,710	21,915	6,992	13,729
Other	7,136	2,579	19,389	5,863	14,665
Total	57,294	28,162	87,289	57,911	159,757

From January 2022, royalty fees are reported as net sales instead of other operating income.

4. Related party transactions

No significant transactions have taken place with related parties.

5. Earnings per share

SEK	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	2021
Earnings per share, basic	-0.32	-0.48	-0.78	-0.79	-1.50
Earnings per share, diluted	-0.32	-0.48	-0.78	-0.79	-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	-16,942	-25,179	-40,618	-41,402	-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	52,142,434	52,142,434
Adjustment for the calculation of earnings per share, diluted	52,142,434	52,142,434	52,142,434	52,142,434	52,142,434

6. Items affecting comparability

Thousand SEK	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	2021
Costs related to the new brand PowerCellution	-	-	-	-1 256	-1 256
Total	-	-	-	-1 256	-1 256

7. Other operating income

Thousand SEK	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	2021
Currency exchange gains	1,199	1,964	5,025	2,805	5,177
Grants	1,316	5,425	2,729	9,816	21,060
Royalty fees and other	-1,786	-	419	-	523
Total	729	7,389	8,173	12,621	26,760

From January 2022, royalty fees are reported as net sales instead of other operating income.

8. Other operating cost

Thousand SEK	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	2021
Currency exchange losses	-2,619	-2,356	-5,947	3,390	-6,681
Loss disposal of fixed assets	-	-	-	-	-273
Total	-2,619	-2,356	-5,947	3,390	-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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