

Third quarter 2021



The pictures show possible designs for various fuel cell-based stationary power solutions based on components from PowerCell Sweden and the company's partner Hitachi Energy. The top picture shows a stationary solution of several megawatts while the bottom one shows a so-called megawatt container, a portable solution for power generation at, for example, construction sites.

Third Quarter, July-September 2021 (last year's figures within brackets)

- Net sales amounted to 45,055 (16,587) thousand SEK
- Operating income, before items affecting comparability, amounted to -12,205 (-22,327) thousand SEK
- Operating income amounted to -12,205 (-27,964) thousand SEK
- Income after tax amounted to -9,421 (-23,822) thousand SEK
- Operating cash flow amounted to -40,034 (73,657) thousand SEK
- Diluted earnings per share amounted to neg (neg) SEK

Accumulated, January-September 2021 (last year's figures within brackets)

- Net sales amounted to 102,966 (65,378) thousand SEK
- Operating income, before items affecting comparability, amounted to -56,607 (-68,207) thousand SEK
- Operating income amounted to -57,863 (-73,844) thousand SEK
- Income after tax amounted to -51,799 (-66,299) thousand SEK
- Operating cash flow amounted to -45,572 (29,961) thousand SEK
- Diluted earnings per share amounted to neg (neg) SEK

Financial highlights

Thousand SEK	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
Net sales	45,055	16,587	102,966	65,378
Operating income before items affecting comparability	-12,205	-22,327	-56,607	-68,207
Operating income	-12,205	-27,964	-57,863	-73,844
Income after tax	-9,421	-23,822	-51,799	-66,299
Basic and diluted earnings per share, SEK	Neg	Neg	Neg	Neg
Net debt/equity ratio, %	75,2%	79,9%	75,2%	79,9%
Operating cash flow	-40,034	73,657	-45,572	29,961

Definitions, please see page 14.

Important events in July-September 2021

- Karin Lidén appointed as new CFO of PowerCell Sweden AB
- PowerCell extends cooperation with ZeroAvia on hydrogen-electric aviation and secures order valued at approximately MSEK 11
- PowerCell secures MSEK 13 order from Bosch for initial development of a down-scaled fuel cell system for refrigerator units
- ENGV new distributor for PowerCell Sweden AB in Australia and New Zealand
- PowerCell Sweden AB is reorganizing its management to meet an expected increase in growth and demand

Important events after period-end

- PowerCell to launch new business area to facilitate customers' transition to hydrogen-electric solutions

Strong sales growth with a significant improvement in operating income

PowerCell Sweden reports total sales of MSEK 45 for the third quarter of 2021, an increase of 171% year-over-year and a new record for an individual quarter in terms of both sales and growth. The increase in sales and improved gross margin also mean that we can report a clear improvement on operating income, MSEK -12 compared with MSEK -28 last year. Growth was driven by increased demand in all product segments.

In the third quarter of 2021, demand remained healthy with favorable growth in all product segments. The disruptions in our supply chains that we reported for the second quarter have been managed and we saw a high level of productivity in our production, which provides increased business margins. Although Bosch sales remain significant, these sales as a share of total sales have reduced, in line with our previous assessment, in favor of higher growth in our other product segments.

Operating income before items affecting comparability was MSEK -12.2 (-22.3) for the third quarter and operating income amounted to MSEK -12.2 (-28). The improved operating income was mainly due to increased sales and an improved gross margin. The substantial increase in sales led to an increase in accounts receivable, which impacted operational cash flow that amounted to MSEK -40 (73.7) for the period. However, a comparison with the preceding year is misleading, as we received 15% of Bosch proceeds, totaling MEUR 7.9, in the third quarter of 2020, that had until then been withheld pursuant to German tax regulations.

In previous quarterly reports, we have stated that we need to succeed at accelerating growth while also improving margins, industrial stability and productivity by enhancing our internal capabilities. The figures for the third quarter show that we made progress, but also that we still have some way to go. As such, we took further steps in the third quarter. One such step was in July when we received an order from Robert Bosch GmbH concerning the product development of a down-scaled fuel cell system for refrigerator units. The assignment involves an expansion of the partnership with Robert Bosch GmbH and an opportunity to utilize our technological position to enter the volume segment in refrigerator units, telecom masts and base stations. At the end of September, we took the next step when we announced that we were to reorganize our management to meet an expected increase in growth and demand. This re-organization will bring an intensified focus on product sales and on industrial stability, which is necessary if we are to scale up in an appropriate way. After quarter-end, we took a third step at the start of October when we launched the new business area Transition Services that will make it easier for customers to explore the potential with hydrogen-electric solutions. By making it easier for our customers to transition to emission-free, fuel cell-based solutions, we expect Transition Services to also strengthen our core business connected to PowerCell's product sales.

A trend that was noted during the year, and which has accelerated during the third quarter, is how our customers have increased their level of ambition in terms of sustainability work and how, by adopting concrete and increasingly challenging targets, they want to contribute to a more sustainable society. PowerCell Sweden has a strong offering with solutions that help our customers to achieve their targets. In a world where an increasing number of companies need to transition all the faster, there are worse positions to take. As mentioned, we are on a growth journey, but this is only the beginning.

Richard Berkling
CEO, PowerCell Sweden AB

Income and financial position

THE GROUP

Total sales and income for the third quarter 2021

Sales for the period July to September 2021 amounted to 45,055 (16,587) thousand SEK. The total sales figure is mainly due to increased sales to all product segments and to continued strong sales of fuel cell stacks to Robert Bosch GmbH. Other operating income for the period, which mainly consists of grants, amounted to 6,655 (4,247) thousand SEK.

Operating income before and after items affecting comparability amounted to -12,205 (-22,327/-27,964) thousand SEK for the period July to September 2021. The improvement in operating income both before and after items affecting comparability is attributable to higher sales and improved gross margin. The improved financial net is mainly attributable to a re-evaluation of bank assets in Euro at period-end. The currency effects related to the re-evaluation of the Bosch payment on a Euro account amounted to 3,015 thousand SEK during the quarter.

Total sales and income accumulated January – September 2021

Sales for the period January to September 2021 amounted to 102,966 (65,378) thousand SEK. While sales of fuel cell stacks to Robert Bosch GmbH remained healthy, sales to other product segments increased both in absolute terms and measured as a share of total sales. Operating income before items affecting comparability for the January–September 2021 period amounted to TSEK -56,607 (-68,207).

Operating income after items affecting comparability for the January–September 2021 period amounted to TSEK -57,863 (-73,844). Items affecting comparability comprised of expenses related to the launch of the new product label PowerCellution. The improved operating income both before and after items affecting comparability was due to increased sales and an improved gross margin.

Liquidity and cash flow for the third quarter 2021

The operating cash flow for the period amounted to -40,034 thousand SEK compared to 73,657 thousand SEK for the same period last year. The main reason for the negative cash flow was the increase in accounts receivable associated with the increase in sales. Cash flow for the third quarter of 2020 was impacted by the payment of 15% of the Bosch proceeds, totaling MEUR 7.9, that, after the transaction in April 2019, had until then been withheld pursuant to German tax regulations.

The Group's financial position and liquidity are satisfactory. Cash and cash equivalents at September 30, 2021 amounted to 357,811 thousand SEK.

Investments for the third quarter 2021

Total investments of -2,912 (-2,601) thousand SEK, of which tangible fixed assets -2,912 (-2,601) thousand SEK.

THE PARENT COMPANY

Sales and operating income for the third quarter 2021

Sales for the July–September 2021 period amounted to TSEK 44,724 (16,588). The total figure was due to increases in all product segments and continuing significant sales of fuel cell stacks to Robert Bosch GmbH. Other operating income for the period, mainly consisting of grants, amounted to TSEK 6,804 (4,245).

Operating income for the period July to September 2021 before and after items affecting comparability, amounted to -11,968 (-21,987/-27,624) thousand SEK. The improved operating income both before and after items affecting comparability is attributable to higher sales and stronger gross margin.

Significant risks for the group and the parent company

Through its operations, PowerCell is exposed to risks and uncertainties. For an extensive information of the most significant risks, please see the risk section on pages 24-25 and 34-36 in the Annual Report for 2020.

Personnel

At quarter-end, the Group had 75 (57) employees measured as full-time equivalents, FTE.

The share

The share is listed on First North at Nasdaq Stockholm (PCELL, ISIN code: SE 000 642 5815, LEI code 549300751J7TGOK3VC02). The share capital of PowerCell amounts per September 30, 2021 to SEK 1,147,133.55 and is divided into 52,142,434 shares with a par value of SEK 0.022.

Ownership per September 30, 2021*

	No of shares	Ownership
Bosch GmbH	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 September 30, 2021, a holding of a total of 18,029,369 PowerCell shares corresponding to an ownership of 34.7%. The company has no means of establishing the underlying ownership of this holding.

Upcoming reports

Full Year and Q4 report, February 11, 2022

Annual General Meeting 2022, May 3, 2022

Gothenburg, November 12, 2021

Richard Berkling, CEO

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

FINANCIAL REPORTS

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in Thousand SEK	Note	Financial period				
		Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Net sales	3	45,055	16,587	102,966	65,378	103,528
Cost of goods and services sold		-30,417	-11,898	-68,886	-48,329	-77,748
Gross profit		14,638	4,689	34,080	17,049	25,780
Selling and administrative costs	4	-14,458	-13,637	-46,292	-41,694	-59,187
Research and development costs		-18,156	-14,654	-59,364	-51,370	-73,117
Other operating income	7	6,655	4,247	19,277	18,273	15,371
Other operating costs	8	-884	-2,800	-4,274	-9,725	-5,694
Portion of profit after tax from associated companies recognized in accordance with the equity method		-	-172	-34	-740	-902
Operating income before items affecting Comparability		-12,205	-22,327	-56,607	-68,207	-97,749
Items affecting comparability	6	-	-5,637	-1,256	-5,637	-5,637
Operating profit (loss) after items affecting comparability		-12,205	-27,964	-57,863	-73,844	-103,386
Net financial items		2,762	4,161	6,055	7,633	-13,137
Profit (loss) before tax		-9,443	-23,803	-51,808	-66,211	-116,523
Income tax	22	-19	-19	9	-88	-99
Profit (loss) for the period		-9,421	-23,822	-51,799	-66,299	-116,622
Other comprehensive income:						
Items that may be reclassified to profit or loss						
Exchange differences from foreign operations		-10	13	2	-46	-176
Other comprehensive income for the period		-10	13	2	-46	-176
Total comprehensive income for the period		-9,431	-23,809	-51,797	-66,345	-116,798

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:

Amounts in SEK		Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Earnings per share, basic	5	neg	neg	neg	neg	neg
Earnings per share, diluted	5	neg	neg	neg	neg	neg

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

Amounts in Thousand SEK

	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
ASSETS			
Non-current assets			
Intangible assets	1,113	1,221	1,083
Right of use (leasing)	41,192	46,487	44,862
Tangible fixed assets	35,295	24,870	26,959
Financial assets	70	-	-
Total non-current assets	77,670	72,578	72,904
Current assets			
Inventories	39,157	46,628	39,825
Current receivables	64,637	39,832	35,117
Cash and cash equivalents	357,811	477,297	416,846
Total current assets	461,605	563,757	491,788
TOTAL ASSETS	539,275	636,335	564,692

Amounts in Thousand SEK

	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
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	-205	-78	-207
Retained earnings (including profit (loss) for the year)	-230,186	-128,064	-178,387
Total equity attributable to Parent Company shareholders	405,763	508,012	457,560
LIABILITIES			
Non-current liabilities, interest-bearing	30,666	36,480	35,131
Non-current liabilities	30,524	30,858	30,457
Current liabilities, interest-bearing	7,404	7,231	7,273
Current liabilities	64,918	53,754	34,271
Total liabilities	133,512	128,323	107,132
TOTAL EQUITY AND LIABILITIES	539,275	636,335	564,692

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in Thousand SEK

Attributable to shareholders of the Parent Company

	Note	Share capital	Other contributed capital	Reserves	Retained earnings incl. profit (loss) for the year	Total equity
Opening balance at January 1, 2020		1,141	625,926	-31	-61,765	565,271
Profit (loss) for the period		-	-	-	-66,299	-66,299
Other comprehensive income for the period		-	-	-47	-	-47
Total comprehensive income for the period		-	-	-47	-66,299	-66,346
Transactions with shareholders						
Option proceeds		6	9,081	-	-	9,087
Closing balance at September 30, 2020		1,147	635,007	-78	-128,064	508,012
	Note	Share capital	Other contributed capital	Reserves	Retained earnings incl. profit (loss) for the year	Total equity
Opening balance at October 1, 2020		1,147	635,007	-78	-128,064	508,012
Profit (loss) for the period		-	-	-	-50,323	-50,323
Other comprehensive income for the year		-	-	-129	-	-129
Total comprehensive income for the year		-	-	-129	-50,323	-50,452
Closing balance at December 31, 2020		1,147	635,007	-207	-178,387	457,560
	Note	Share capital	Other contributed capital	Reserves	Retained earnings incl. profit (loss) for the year	Total equity
Opening balance at January 1, 2021		1,147	635,007	-207	-178,387	457,560
Profit (loss) for the period		-	-	-	-51,799	-51,799
Other comprehensive income for the year		-	-	2	-	2
Total comprehensive income for the year		-	-	2	-51,799	-51,797
Closing balance at September 30, 2021		1,147	635,007	-205	-230,186	405,763

**CONDENSED CONSOLIDATED CASH FLOW
STATEMENT**

Amounts in Thousand SEK	Note	Financial period				
		Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Cash flow from operating activities						
Operating profit (loss)		-12,205	-27,964	-57,863	-73,844	-103,386
Adjustments for non-cash items		770	3,100	12,789	9,383	11,296
Interest paid		-241	-277	-769	-877	-1,158
Cash flow from operating activities before changes in working capital						
		-11,676	-25,141	-45,843	-65,338	-93,248
Cash flow before changes in working capital						
Increase/decrease of inventories		2,737	920	667	-3,318	3,485
Increase/decrease of current receivables		-25,455	90,936	-30,125	85,259	89,602
Increase/decrease of current liabilities		-5,640	6,942	29,729	13,358	-3,702
Total changes in working capital						
		-28,358	98,798	271	95,299	89,385
Cash flow from operating activities						
		-40,034	73,657	-45,572	29,961	-3,863
Cash flow from investing activities						
Acquisitions of tangible and intangible assets		-2,912	-2,601	-14,355	-6,387	-10,501
Change in financial assets		-	-	-34	-	-290
Cash flow from investing activities						
		-2,912	-2,601	-14,389	-6,387	-10,791
Cash flow from financing activities						
Repayment of leasing liability		-1,827	-1,672	-5,938	-4,823	-6,547
Option proceeds		-	-	-	9,087	9,087
Cash flow from financing activities						
		-1,827	-1,672	-5,938	4,264	2,540
Decrease/increase of cash and cash equivalents						
		-44,773	69,384	-65,899	27,838	-12,114
Opening cash and cash equivalents		399,529	403,476	416,846	440,948	440,948
Effects of exchange rate changes on cash and cash equivalents		3,055	4,437	6,864	8,511	-11,988
Closing cash and cash equivalents						
		357,811	477,297	357,811	477,297	416,846

CONDENSED PARENT COMPANY INCOME STATEMENT

Amounts in Thousand SEK	Note	Financial period				
		Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Net sales		44,724	16,588	102,168	65,254	103,139
Cost of goods and services sold		-30,397	-11,899	-68,847	-48,332	-77,761
Gross profit		14,327	4,689	33,321	16,922	25,378
Selling and administrative costs		-13,939	-13,443	-44,823	-41,205	-57,680
Research and development costs		-18,260	-14,678	-59,978	-51,535	-73,763
Other operating income		6,804	4,245	19,909	13,279	16,068
Other operating costs		-900	-2,800	-4,298	-4,770	-5,694
Operating income before items affecting comparability		-11,968	-21,987	-55,869	-67,309	-95,691
Items affecting comparability		-	-5,637	-1,256	-5,637	-5,637
Operating profit (loss)		-11,968	-27,624	-57,125	-72,946	-101,328
Total profit (loss) from financial items		3,017	4,432	6,725	8,508	-12,879
Profit (loss) after financial items		-8,951	-23,192	-50,400	-64,438	-114,207
Tax on profit (loss) for the period		23	-	70	-	-
Profit (loss) for the period		-8,928	-23,192	-50,330	-64,438	-114,207

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 PARENT COMPANY BALANCE SHEET

Amounts in Thousand SEK

	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
ASSETS			
Non-current assets			
Intangible assets	1,113	1,222	1,083
Tangible fixed assets	35,284	24,853	26,946
Financial assets	4,550	6,194	3,462
Total non-current assets	40,947	32,269	31,491
Current assets			
Inventories	39,157	46,628	39,825
Current receivables	67,578	41,067	38,976
Cash and bank	356,353	474,544	413,465
Total current assets	463,088	562,239	492,266
TOTAL ASSETS	504,035	594,508	523,757
Amounts in Thousand SEK			
	Sep 30 2021	Sep 30, 2020	Dec 31, 2020
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	-97,317	16,890	16,890
Profit (loss) for the period	-50,330	-64,438	-114,207
Total non-restricted equity	407,860	507,959	458,190
Total equity	409,007	509,106	459,337
LIABILITIES			
Non-current liabilities	30,000	30,000	30,000
Current liabilities	65,028	55,402	34,420
Total liabilities	95,028	85,402	64,420
TOTAL EQUITY AND LIABILITIES	504,035	594,508	523,757

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 November 12, 2021.

All amounts are stated in thousand SEK 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 the Powercell Group Annual Report 2020. 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.

	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Revenue from external customers					
Hardware	38,479	12,863	89,256	53,760	86,563
Services	371	-	1,599	734	2,642
Projects according to percentage of completion	6,205	3,724	12,111	10,884	14,323
Total	45,055	16,587	102,966	65,378	103,528

Revenue from external customers per country, based on where customers are located:	Jan-Sep 2021	Jan-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Sweden	127	11	394	902	5,124
Germany	21,784	11,969	63,661	42,592	64,603
China	750	-	1,761	3,051	3,738
Netherlands	1,496	-	8,488	-	14,648
Other	20,898	4,607	28,662	18,833	15,415
Total	45,055	16,587	102,966	65,378	103,528

4 Related party transactions

Since December 19, 2014, PowerCell Sweden AB (publ) is listed on Nasdaq First North Growth Stockholm. Principal shareholder at September 30, 2021 is Bosch GmbH with 11.2 percent of the shares.

No transactions have taken place with related parties.

5 Earnings per share

	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
SEK					
Earnings per share, basic	neg	neg	neg	neg	neg
Earnings per share, diluted	neg	neg	neg	neg	neg

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	-8,928	-23,192	-50,330	-64,438	-114,207
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Number

Weighted average number of ordinary shares at the calculation of earnings per share, basic

	52,142,434	52,005,622	52,142,434	52,005,622	52,005,622
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Adjustment for the calculation of earnings per share, diluted

	52,142,434	52,245,178	52,142,434	52,242,133	52,242,877
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6 Items affecting comparability

	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Costs related to severance pay and change of CEO	-	-5,637	-	-5,637	-5,637
Costs related to new brand PowerCellution	-	-	-1,256	-	-
Total	-	-5,637	-1,256	-5,637	-5,637

7 Other operating income

	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Currency exchange gains	364	542	3,170	7,044	3,082
Grants	6,291	3,705	16,107	11,229	12,289
Total	6,655	4,247	19,277	18,273	15,371

8 Other operating cost

	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Currency exchange losses	-884	-2,800	-4,274	-9,725	-5,694
Total	-884	-2,800	-4,274	-9,725	-5,694

Definitions

Solidity

Equity in relation to total assets.

Earnings per share

Profit after tax in relation to the number of shares.

PowerCell Sweden AB in brief

The business is conducted in the parent company in Sweden and through subsidiaries in Germany and China. PowerCell Sweden AB (publ) 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.

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 Stockholm with G&W Fondkommission as Certified Adviser.

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The English version is an in house-translation. In case of any discrepancy, the Swedish text will prevail.