



## First quarter, January-March 2019 (last year's figures within brackets)

- Net sales amounted to 9,226 (7,814) thousand SEK
- Operating income amounted to -17,804 (-19,087) thousand SEK
- Income after tax amounted to -20,238 (-19,274) thousand SEK
- Operating cash flow amounted to -9,773 (-9,922) thousand SEK
- Diluted earnings per share amounted to -0.4 (-0.4) SEK

## Financial Highlights

Thousand SEK	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Net sales	9,226	7,814	60,513
Operating profit (loss) before items affecting comparability	-17,804	-19,087	-60,893
Operating profit (loss)	-19,912	-19,087	-60,893
Income after tax	-20,238	-19,274	-61,862
Basic earnings per share, SEK	-0.4	-0.4	-1.2
Diluted earnings per share, SEK	-0.4	-0.4	-1.2
Net debt/equity ratio, %	43.4%	64.6%	58.6%
Operating cash flow	-9,773	-9,922	-99,981

*Definitions, please see page 20.*

## Important events in January-March 2019

- Received an order for two MS-100 fuel cell systems from a global construction equipment manufacturer, for a joint fuel cell feasibility study
- Received a follow-on order for fuel cell stacks from a leading European vehicle manufacturer at a value of 5.3 MSEK
- Received an order for two MS-30 fuel cell systems from a global automotive Tier 1 supplier
- Organized an Annual General Meeting at the company's premises in Gothenburg where Helen Fasth Gillstedt was elected new member of the Board of Directors

## Important events after period end of first quarter

- Announced that the company had been informed that Nikola Motor does not intend to use PowerCell's fuel cell stacks once they start serial production, following PowerCell's rejection of what PowerCell viewed as unacceptable business terms for a continued cooperation
- Signed a joint development and licensing agreement with the German automotive supplier Robert Bosch GmbH, regarding PowerCell S3 for the automotive segment initially worth MEUR 50
- Received a follow-on order for S2 stacks from a Chinese vehicle integrator worth 3.8 MSEK
- Received an order for stack tests from a leading German car manufacturer worth 2 MSEK

## A strategic choice strengthening our position



The first quarter 2019 turned out to be a quarter characterized by intense negotiations with Robert Bosch GmbH to finalize our cooperation regarding the PowerCell S3 fuel cell stack for the automotive industry.

This is a cooperation that combines the best of two worlds – our leading fuel cell technology with Bosch's outstanding position within the automotive industry. This is not the only initiative we have ongoing to capitalize on in the automotive business. The German project Auto-Stack Industrie, where PowerCell together with BMW, Daimler, Ford and Volkswagen develops a fuel cell stack for serial production, continues according to plan. We will also continue to sell our PowerCell S2 stack to customers looking for a range extender for their battery vehicles.

Our sales during the quarter increased with 18 percent compared to the same quarter last year and we also saw a positive development for gross margin and cash flow.

The somewhat slower trend for increases in sales is attributable to normal fluctuations in product mix and timing of orders and is not reflecting any changes in the underlying demand for our products and technology. A positive product mix is also the reason for the improvement of the gross margin year over year.

Following a rejection of what PowerCell viewed as unacceptable business terms for a continued cooperation, PowerCell was informed after the period-end that Nikola does not intend to use PowerCell's fuel cell stacks once they start a serial production.

### Increasingly needed technology

During the quarter, significant news was released that will have a huge impact on PowerCell and the technology we develop. I am referring to the new regulations for emissions of carbon dioxide for heavy-duty commercial vehicles that the EU decided on in the middle of February. For the first time ever, these emissions will be regulated, and we are not talking small figures: by 2025 the emissions from heavy-duty trucks and buses will have to decrease by 15 percent compared to 2019 and the target set for 2030 is a reduction by 30 percent. Similar targets for cars and vans were agreed by the EU last fall, and here the challenge is even bigger – the target for 2030 is to reduce emissions with 37.5 percent. There is not much suggesting that these demands will be met without a far-reaching electrification – there is nothing suggesting that today's battery technology alone will be able to achieve it. The challenges are far too great.

Heavy-duty commercial vehicles for example, require a technology that offers higher energy density, longer range, better uptime, higher degree of efficiency and shorter refilling times. Fuel cells and hydrogen is such a technology.

### Cooperation with Bosch

Bosch GmbH, with whom we signed a term sheet in December last year, has arrived at the same conclusion. We have now established our co-operation including a joint development and

licensing agreement. Bosch is the world's single largest automotive supplier with vast global development and production facilities and with basically every automotive OEM as their customer. For the needed changeover for heavy-duty vehicles Bosch views the fuel cell technology as decisive. Our cooperation with Bosch is a strategically important decision as it provides us with both joint development resources for our technology, and a fast track to a broad and global commercialization of our S3 technology platform. It's challenging for a small supplier to single-handedly take on the automotive segment – given the long lead-times, the scale and the tight margins, it requires a lot of capital and vast resources. We concluded that we will be much more successful in further developing and commercializing our S3 technology platform together with Bosch than we would have been in a stand-alone scenario. Bosch also has numerous factories across the world where production can take place, and which subsequently can help us meet the requirements for local production mandated by several countries, including China.

The development efforts taking place within the German project Auto-Stack Industrie, ASI, where PowerCell is a joint partner together with BMW, Daimler, Ford and Volkswagen, will continue as before and is not part of the cooperation with Bosch. The same applies for the PowerCell S2 stack which has a big market for use as range extender (REX), with customers that are looking for ways to extend the driving range of battery vehicles or to operate in areas with limited access to charging stations.

### **Improved opportunities**

The cooperation with Bosch has brought Powercell in a very interesting position. We now have a more than half a billion SEK in cash available. We can utilize improvements of the S3 technology platform resulting from our joint development cooperation with Bosch. We will also be able to benefit from our common platforms and volume production advantages and foresee very exciting opportunities within the Stationary and Marine segments as well as other product segments. The agreement with Bosch is combining the best of two worlds – our leading technology and their global resources and customer base. It is a cooperation that, in short, will provide us with an even better possibility to realize our mission: save the planet.

Per Wassén

President and CEO PowerCell Sweden AB

# Income and financial position

## THE GROUP

### Total sales and income for the first quarter 2019

Sales for the period January to March 2019 amounted to 9,226 (7,814) thousand SEK. The increase is mainly attributable to increased deliveries of PowerCell S3 fuel cell stacks.

Other operating income for the period, which mainly consists of grant funding, amounted to 7,732 (2,794) thousand SEK. The increase is attributable to an increased activity level within the German project Auto-Stack Industrie.

Operating loss before items affecting comparability amounted to -17,804 (-19,087) thousand SEK for the period January to March. The improvement in operating loss before items affecting comparability was attributable to an improvement in gross profit driven by increased sales and a favourable product mix.

The increased total cost for research and development is explained by the increased activity level within projects with grant funding.

### Liquidity and cash flow

The operating cash flow for the period amounted to -9,773 thousand SEK compared to -9,922 thousand SEK for the same period last year.

The Group's financial position and liquidity are satisfactory. Cash and cash equivalents at March 31, 2019 amounted to SEK 87.0 million.

### Investments

Total investments of 1,024 (10,855) thousand SEK were made in the laboratory and the production facilities during the period.

## THE PARENTAL COMPANY

### Sales and operating income for the first quarter 2019

Sales for the period January to March 2019 amounted to 9,226 (7,814) thousand SEK. The increase is mainly attributable to increased deliveries of PowerCell S3 fuel cell stacks.

Other operating income for the period, which mainly consists of grant funding, amounted to 7,732 (2,794) thousand SEK.

Operating loss before items affecting comparability was -17,767 (-18,809) thousand SEK for the period January – March. The improvement in operating loss before items affecting comparability was attributable to an improvement in gross profit driven by increased sales and a favourable product mix.

## **Important events after period end of first quarter**

Signed a joint development and licensing agreement with the German automotive supplier Robert Bosch GmbH, regarding PowerCell S3 for the automotive segment initially worth MEUR 50. The agreement includes a joint development of the S3 and a license whereby Bosch gets the exclusive right to produce and sell the new and improved version of PowerCell S3 for automotive applications such as cars, trucks and buses. Bosch will pay PowerCell MEUR 50 (approx. MSEK 530) for the license and a royalty fee for every product sold.

The MEUR 50 payment will have a positive impact on the operating income for the second quarter 2019. A total of 85 percent of the MEUR 50 will be paid out during the first week of May whereas the remaining 15 percent will be withheld temporarily in accordance with German tax regulations (withholding tax) and be paid out during the third quarter.

# Significant risks in brief for the group and the parental company

Through its operations, PowerCell is exposed to risks and uncertainties. In the next year, the Company intends to continue with the development, the industrialization and the commercialization of fuel cell platforms and modules. The most significant risks and uncertainties for the Group can be divided into operational and financial risks:

## **Operational risks**

### **Market risk**

The Company's products are based on fuel cell technology, which is rather new in a commercial context. This might lead to, in spite of the Company's products exceeding competing technology as regards performance and commercial aspects, that the customers will change their systems at a slower pace than expected.

### **Customer risk**

To date, the Company's operations have primarily comprised product development. In addition to this, the Company has delivered several products that are currently evaluated by customers. Therefore, risks are attributable to the development operations continuing according to plan, with no significant delays, cost increases or other issues. They are also depending on the customers' evaluations being satisfactory and that the Company sales increase in line with the commercialization within the timeframe as deemed probable by the Board of Directors.

### **Supplier risk**

Powercell is dependent on supplies of purchased components being delivered on time and with the right quality. Should problems arise in the deliveries, there is a risk that deliveries to customers will be delayed and a risk that the Group will suffer from both financial and operational problems.

### **Limited resources**

Powercell is a small company with limited resources in terms of management, administration and capital. For the implementation of the strategy, it is important that the resources are used in an optimal manner. There is a risk that the company's resources will not suffice and thus will suffer both financial and operational problems.

### **Growth capability**

The business will grow organically in the future. As the business grows and the workforce grows, Powercell needs to ensure that the company constantly has efficient planning and management processes in order to be able to implement the business plan in a market that is developing rapidly. In order to manage growth, investments and allocation of valuable management resources are required. If Powercell does not manage growth efficiently, this can adversely affect the result.

### **Personnel**

Powercell's future development is dependent on the company's ability to retain and recruit staff with relevant experience, knowledge and commitment. The company is working to mitigate dependence on key personnel through good documentation of routines and working methods. However, there is still a risk that any person who is a member of the executive management, or another key person, terminates his employment with the company, which at least short-term risks risking a material adverse effect on the company's operations, results and financial position.



**Financial risks**

The company is financed by external capital in the form of equity and loans and will remain so until the sales of the products will reach a larger scale. With increasing sales, the company will be exposed to currency risks as the majority of the revenues and costs are expected to be received and paid in currencies other than Swedish Kronor.

## Personnel

At quarter-end, the Group had 39 employees measured as full-time equivalents, FTE (36).

The Group implemented a stock option program for senior executives in June 2018. The program comprises 273,624 options where each warrant gives the right to subscribe to one new share at the subscription price SEK 33.21 during the period May 1, 2020 to May 31, 2020. The dilution from the program amounts to a maximum of 0.5 percent.

## 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 March 31, 2019 to SEK 1,141,113.82 and is divided into 51,868,810 shares with a par value of SEK 0.022.

## Ownership per March 31, 2019\*

	No of shares	Ownership
Midroc New Technology	7,695,220	14.8%
Fouriertransform	7,695,220	14.8%
Finindus	5,444,736	10.5%
Avanza Pension	3,528,713	6.8%
Övriga	27,331,046	53.1%
<b>Totalt</b>	<b>51,868,810</b>	<b>100.0%</b>

\* Source: Euroclear

## Upcoming reports

Interim report Q2, 22 August 2019

Interim report Q3, 31 October 2019

Gothenburg, May 6, 2019

Per Wassén  
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		
		Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Net sales	4	9,226	7,814	60,513
Cost of goods sold		-6,585	-6,103	-37,175
<b>Gross profit</b>		<b>2,641</b>	<b>1,711</b>	<b>23,338</b>
Selling and administrative costs	5	-6,909	-6,432	-30,829
Research and development costs		-20,414	-16,592	-73,857
Other operating income		7,732	2,794	23,080
Other operating costs		-403	-194	-1,316
Portion of profit after tax from associated companies recognized in accordance with the equity method		-451	-374	-1,309
<b>Operating profit (loss) before items affecting comparability</b>		<b>-17,804</b>	<b>-19,087</b>	<b>-60,893</b>
Items affecting comparability	7	-2,108	-	-
<b>Operating profit (loss)</b>		<b>-19,912</b>	<b>-19,087</b>	<b>-60,893</b>
Financial income		185	-	-
Financial expenses		-492	-169	-818
<b>Net financial items</b>		<b>-307</b>	<b>-169</b>	<b>-818</b>
<b>Profit (loss) before tax</b>		<b>-20,219</b>	<b>-19,256</b>	<b>-61,711</b>
Income tax		-19	-18	-151
<b>Profit (loss) for the period</b>		<b>-20,238</b>	<b>-19,274</b>	<b>-61,862</b>
<b>Other comprehensive income:</b>				
<b>Items that may be reclassified to profit or loss</b>				
Exchange differences from foreign operations		6	5	-37
<b>Other comprehensive income for the period</b>		<b>6</b>	<b>5</b>	<b>-37</b>
<b>Total comprehensive income for the period</b>		<b>-20,232</b>	<b>-19,269</b>	<b>-61,899</b>

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		Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Earnings per share, basic	6	-0.4	-0.4	-1.2
Earnings per share, diluted	6	-0.4	-0.4	-1.2

## CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

Amounts in Thousand SEK

	Note	Mar 31, 2019	Dec 31, 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets		2,050	1,143
Right of use (leasing)		51,258	-
Tangible fixed assets		26,601	40,886
Financial assets		1,172	1,623
<b>Total non-current assets</b>		<b>81,081</b>	<b>43,652</b>
<b>Current assets</b>			
Inventories		38,836	32,723
Current receivables		39,889	42,488
Cash and cash equivalents		87,023	98,254
<b>Total current assets</b>		<b>165,749</b>	<b>173,465</b>
<b>TOTAL ASSETS</b>		<b>246,830</b>	<b>217,117</b>

Amounts in Thousand SEK

	Note	Mar 31, 2019	Dec 31, 2018
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to Parent Company shareholders</b>			
Share capital		1,141	1,141
Ongoing new share issue		-	-
Other contributed capital		625,926	625,926
Reserves		-36	-42
Retained earnings (including profit (loss) for the period)		-520,014	-499,776
<b>Total equity attributable to Parent Company shareholders</b>		<b>107,017</b>	<b>127,249</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>		82,213	46,586
<b>Current liabilities</b>		57,600	43,282
<b>Total liabilities</b>		<b>139,813</b>	<b>89,868</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>246,830</b>	<b>217,117</b>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

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Amounts in KSEK

	Note	Attributable to shareholders of the Parent Company					Total equity
		Share capital	Ongoing new share issue	Other contributed capital	Reserves	Retained earnings incl. profit (loss) for	
<b>Opening balance at January 1, 2018</b>		1137	4	625,488	-5	-437,914	188,710
Profit (loss) for the period		-	-	-	-	-19,274	-19,274
Other comprehensive income for the period		-	-	-	5	-	5
<b>Total comprehensive income for the period</b>		-	-	-	-	<b>-19,274</b>	<b>-19,269</b>
<b>Transactions with shareholders in their role as owners</b>							
Registered new share issue		4	-4	-	-	-	-
Option proceeds		-	-	-	-	-	-
<b>Closing balance at March 31, 2018</b>		<b>1,141</b>	-	<b>625,488</b>	-	<b>-457,188</b>	<b>169,441</b>
<b>Opening balance at April 1, 2018</b>		<b>1,141</b>	-	<b>625,488</b>	-	<b>-457,188</b>	<b>169,441</b>
Profit (loss) for the period		-	-	-	-	-42,588	-42,588
Other comprehensive income for the period		-	-	-	-42	-	-42
<b>Total comprehensive income for the period</b>		-	-	-	<b>-42</b>	<b>-42,588</b>	<b>-42,630</b>
<b>Transactions with shareholders in their role as owners</b>							
Registered new share issue		-	-	-	-	-	-
Option proceeds		-	-	438	-	-	-
<b>Closing balance at December 31, 2018</b>		<b>1,141</b>	-	<b>625,926</b>	<b>-42</b>	<b>-499,776</b>	<b>127,249</b>
<b>Opening balance at January 1, 2019</b>		<b>1,141</b>	-	<b>625,926</b>	<b>-42</b>	<b>-499,776</b>	<b>127,249</b>
Profit (loss) for the period		-	-	-	-	-20,238	-20,238
Other comprehensive income for the period		-	-	-	6	-	6
<b>Total comprehensive income for the period</b>		-	-	-	<b>6</b>	<b>-20,238</b>	<b>-20,238</b>

**Transactions with shareholders  
in their role as owners**

Registered new share issue	-	-	-	-	-	-
Option proceeds	-	-	-	-	-	-
<b>Closing balance at March 31, 2019</b>	<b>1,141</b>	<b>-</b>	<b>625,926</b>	<b>-36</b>	<b>-520,014</b>	<b>107,017</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Amounts in Thousand SEK	Financial period		
	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
	Note		
<b>Cash flow from operating activities</b>			
Operating profit (loss)	-19,912	-19,087	-60,893
Adjustments for non-cash items	4,273	9,201	8,792
Interest received	-	-	-
Interest paid	-307	-169	-818
Income taxes paid	-	-	-
<b>Cash flow from operating activities before changes in working capital</b>	<b>-15,946</b>	<b>-10,055</b>	<b>-52,919</b>
<b>Cash flow before changes in working capital</b>			
Increase/decrease of inventories	-6,113	-3,014	-26,326
Increase/decrease of current receivables	7,317	7,905	-16,511
Increase/decrease of current liabilities	4,969	-4,758	-4,225
<b>Total changes in working capital</b>	<b>6,173</b>	<b>133</b>	<b>-47,062</b>
<b>Cash flow from operating activities</b>	<b>-9,773</b>	<b>-9,922</b>	<b>-99,981</b>
<b>Cash flow from investing activities</b>			
Shareholder's contribution	-	-	-1,702
Acquisitions of tangible and intangible assets	-1,024	-10,855	-17,097
Disposals of tangible and intangible assets	1,077	-	-
<b>Cash flow from investing activities</b>	<b>53</b>	<b>-10,855</b>	<b>-18,799</b>
<b>Cash flow from financing activities</b>			
Repayment of leasing liability	-1,510	-219	-1,525
Option proceeds	-	-	438
<b>Cash flow from financing activities</b>	<b>-1,510</b>	<b>-219</b>	<b>-1,087</b>
<b>Decrease/increase of cash and cash equivalents</b>	<b>-11,230</b>	<b>-20,996</b>	<b>-119,867</b>
Opening cash and cash equivalents	98,253	218,121	218,121
<b>Closing cash and cash equivalents</b>	<b>87,023</b>	<b>197,124</b>	<b>98,254</b>

## CONDENSED PARENT COMPANY INCOME STATEMENT

Amounts in Thousand SEK	Note	Financial period		
		Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Net sales		9,226	7,814	60,513
Cost of goods sold		-6,585	-6,103	-37,175
<b>Gross profit</b>		<b>2,641</b>	<b>1,711</b>	<b>23,338</b>
Selling and administrative costs		-7,323	-6,528	-31,677
Research and development costs		-20,414	-16,592	-73,857
Other operating income		7,732	2,794	22,977
Other operating costs		-403	-194	-1,316
<b>Operating profit (loss) before items affecting comparability</b>		<b>-17,767</b>	<b>-18,809</b>	<b>-60,535</b>
Items affecting comparability	7	-2,108	-	-
<b>Operating profit (loss)</b>		<b>-19,875</b>	<b>-18,809</b>	<b>-60,535</b>
<b>Profit (loss) from financial items</b>				
Other interest income and similar items		185	-	-
Interest costs and similar items		-151	-148	-610
<b>Total profit (loss) from financial items</b>		<b>34</b>	<b>-148</b>	<b>-61,145</b>
<b>Profit (loss) after financial items</b>		<b>-19,841</b>	<b>-18,957</b>	<b>-61,145</b>
Tax on profit (loss) for the period		-	-	-
<b>Profit (loss) for the period</b>		<b>-19,841</b>	<b>-18,957</b>	<b>-61,145</b>

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	Note	Mar 31, 2019	Dec 31, 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets		2,050	1,143
Tangible fixed assets		26,601	30,536
Financial assets		3,561	3,560
<b>Total non-current assets</b>		<b>32,212</b>	<b>35,239</b>
<b>Current assets</b>			
Inventories		38,836	32,723
Current receivables		40,617	42,868
Cash and bank		86,247	97,461
<b>Total current assets</b>		<b>165,700</b>	<b>173,052</b>
<b>TOTAL ASSETS</b>		<b>197,912</b>	<b>208,291</b>
Amounts in Thousand SEK	Note	Mar 31, 2019	Dec 31, 2018
<b>EQUITY AND LIABILITIES</b>			
<b>Restricted equity</b>			
Share capital		1,141	1,141
Ongoing new share issue		-	-
<b>Total restricted equity</b>		<b>1,141</b>	<b>1,141</b>
<b>Non-restricted equity</b>			
Share premium reserve		545,988	545,988
Retained loss		-419,392	-358,248
Profit (loss) for the period		-19,841	-61,145
<b>Total non-restricted equity</b>		<b>106,755</b>	<b>126,595</b>
<b>Total equity</b>		<b>107,896</b>	<b>127,736</b>
<b>LIABILITIES</b>			
Non-current liabilities		39,854	39,854
Current liabilities		50,162	40,701
<b>Total liabilities</b>		<b>90,016</b>	<b>80,555</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>197,912</b>	<b>208,291</b>

## 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 consolidated financial statement for publication on May 6, 2019.

All amounts are stated in SEK thousand (KSEK) 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 2018 with the exception of the implementation of IFRS 16 detailed under section New accounting principles 2019. This interim report 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.

#### *New accounting principles 2019*

IFRS 16 *Leases* enters into force for financial year beginning on the January 1, 2019. The standard requires that assets and liabilities attributable to all leases, with a few exceptions, are recognized in the balance sheet. This recognition is based on the view that the lessee has a right to use an asset during a specific period of time and at the same time has an obligation to pay for this right. Reporting for the lessor will, in all significant aspects, be unchanged. The Group has chosen to apply the simplified transition method and no revaluation of comparative figures has been done. Right of use will therefore be valued according to the remaining leasing debt at the opening of 2019. The implementation of IFRS 16 *Leases* have only had minor effects on the Interim report for the first quarter 2019. Therefor no quarterly comparative presentation of the effects is deemed necessary.

#### *New accounting policy regarding Leases as of 1 January 2019*

Powercell only acts in the capacity of lessee. The Group's leases mainly comprise the right-of-use regarding premises and vehicles. The leases are recognised as a right-of-use asset with a corresponding lease liability when the leased asset is available for use by the Group. Short-term leases and leases for which the underlying asset is of low value are exempted.

Each lease payment should be divided between amortisation of the lease liability and a financial cost. The financial cost should be allocated over the lease term, so that each reporting period is charged with an amount corresponding to a fixed interest rate for the liability recognised under each period.

The lease term is determined as the non-cancellable period of the lease, together with periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option, and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

The Group's lease liabilities are recognised at the present value of the Group's fixed lease payments (including in-substance fixed lease payments). Purchase options are included if it is reasonably certain that Powercell will exercise the option to acquire the underlying asset. Penalties for terminating the lease are included if the lease term reflects that the lessee will exercise an option to cancel the lease. Lease payments are discounted with the interest rate implicit in the lease, if this rate can easily be determined. Otherwise, the Group's incremental borrowing rate is applied.

The Group's right-of-use assets are recognised at cost, and include initial present value of the lease liability, adjusted for lease payment made at or before the commencement date and any initial direct expenses. Restoration costs are included in the asset if a corresponding provision for restoration costs exists. The right-to-use asset is depreciated on a straight-line basis over the asset's useful life and the lease term, whichever is the shortest.

#### *Items affecting comparability*

Powercell has chosen to present items affecting comparability separately. These costs of non-recurring items may refer to preparatory actions for initiating a move to the Nasdaq main list. Examples of items included are legal fees and consultations, fees to auditors and other external consultants as well as personnel costs.

#### 4 Net sales

##### **Revenue**

As revenue from external parties are reported to the CEO, it is valued in the same way as in the consolidated statement of comprehensive income. The main part of revenue is recognized at one point in time.

	<b>Jan-Mar 2019</b>	<b>Jan-Mar 2018</b>	<b>Jan-Dec 2018</b>
<b>Revenue from external customers</b>			
Hardware	8,958	7,814	56,278
Services	268	-	4,235
<b>Total</b>	<b>9,226</b>	<b>7,814</b>	<b>60,513</b>

#### 5 Related party transactions

Since December 19, 2014, PowerCell Sweden AB (publ) is listed on Nasdaq First North Stockholm. Principal shareholder at December 31, 2018 is Midroc New Technology, Fouriertransform and Finindus who's participating interest is 40,1%.

The following related party transactions have been performed:	<b>Jan-Mar 2019</b>	<b>Jan-Mar 2018</b>	<b>Jan-Dec 2018</b>
<b>(a) Purchases of services</b>			
André Martin Consulting	13	75	149
<b>Total</b>	<b>13</b>	<b>75</b>	<b>149</b>

The above transactions are deemed to constitute related party transactions, as the principal of the related party company is a member of the Company's Board of Directors. Purchased services during 2017 and 2018 comprise solely consulting services. For an account of Directors' fees, please refer to the Company's Annual Report. Services are purchased from and sold to related parties at arm's length and are in accordance with the current transfer pricing policy. Services are purchased at full cost, and are, too, regulated by the valid current transfer pricing policy.

#### 6 Earnings per share

	<b>Jan-Mar 2019</b>	<b>Jan-Mar 2018</b>	<b>Jan-Dec 2018</b>
<b>SEK</b>			
Earnings per share, basic	-0.4	-0.4	-1.2
Earnings per share, diluted	-0.4	-0.4	-1.2

##### **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	-20,238	-19,274	-61,862
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**Number**

Weighted average number of ordinary shares at the calculation of earnings per share, basic	51,868,810	51,868,810	51,868,810
Adjustment for the calculation of earnings per share, diluted	51,868,810	51,868,810	51,868,810

**Options**

Weighted average number of ordinary shares and potential ordinary shares used as the denominator at the calculation of earnings per share, diluted	-	-	-
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No dilution effect, as the result is negative

**7 Items affecting comparability**

	<b>Jan-Mar 2019</b>	<b>Jan-Mar 2018</b>	<b>Jan-Dec 2018</b>
Costs related to the initiation process to move to Nasdaq main list	2 108	-	-
<b>Summa</b>	<b>2 108</b>	<b>-</b>	<b>-</b>

# 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**

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.