

Fourth quarter and full year report 2021



Fourth quarter, October-December 2021 (last year's figures in brackets)

- Net sales amounted to 56,791 (38,150) thousand SEK
- Operating income amounted to -23,869 (-29,543) thousand SEK
- Income after tax amounted to -23,285 (-50,324) thousand SEK
- Operating cash flow amounted to -20,766 (-33,826) thousand SEK
- Diluted earnings per share amounted to neg (neg) SEK

Accumulated, January-December 2021 (last year's figures in brackets)

- Net sales amounted to 159,757 (103,528) thousand SEK
- Operating income, before items affecting comparability, amounted to -80,475 (-97,749) thousand SEK
- Operating income amounted to -81,731 (-103,386) thousand SEK
- Income after tax amounted to -75,084 (-116,622) thousand SEK
- Operating cash flow amounted to -66,338 (-3,863) thousand SEK
- Diluted earnings per share amounted to neg (neg) SEK
- The board proposes that no dividend will be paid for the fiscal year 2021 .

Financial highlights

Thousand SEK	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net sales	56,791	38,150	159,757	103,528
Operating income before items affecting comparability	-23,869	-29,543	-80,475	-97,749
Operating income	-23,869	-29,543	-81,731	-103,386
Income after tax	-23,285	-50,324	-75,084	-116,622
Basic and diluted earnings per share, SEK	Neg	Neg	Neg	Neg
Net debt/equity ratio, %	73,6%	81,0%	73,6%	81,0%
Operating cash flow	-20,766	-33,826	-66,338	-3,863

Definitions, please see page 16.

Important events during the fourth quarter, October-December 2021

- PowerCell to launch new business area to facilitate customers' transition to hydrogen-electric solutions
- PowerCell receives order for a fuel cell system valued at MSEK 7 from German company H2FLY
- PowerCell to invest in solar cells and electrolyzers to create industrial testbed and own hydrogen production
- PowerCell delivers the largest serial produced order in PowerCell's history in the form of 12 PS-100 fuel cell systems

Important events after period-end

- PowerCell joins European development project on fuel cell technology of the future

Strong sales growth with significant improvement in operating income

PowerCell Sweden reports total sales of MSEK 56.8 for the fourth quarter of 2021, an increase of 49% year-over-year and a new sales record for an individual quarter. The increase in sales and improved gross margin also mean that we can report an improved operating income of MSEK -23.9 compared with MSEK -29.5 in 2020.

During the fourth quarter of 2021, demand remained favorable with large-scale deliveries to the emerging hydrogen-electric aviation industry, to which we delivered the largest serial produced order in PowerCell's history in the form of 12 PS-100 fuel cell systems. During the quarter, we continued to scale up our systems production in order to capitalize on the growth that we currently see in the market. In accordance with what we anticipated previously this year, growth is increasing to such extent that sales to Robert Bosch GmbH have declined as a percentage of total sales, from 60% for full-year 2020 to 19% in the fourth quarter of 2021.

Operating income before items affecting comparability was MSEK -23.9 (-29.5) for the fourth quarter. The improved operating income was mainly due to increased sales and a better gross margin. Despite the fact that the sharp increase in sales resulted in higher accounts receivable, the operating cash flow for the period was stronger year-over-year at MSEK -20.8 compared with MSEK -33.8 a year earlier.

For the full year 2021, we noted a growth of 54%, with the second half being particularly strong. It is important for PowerCell to demonstrate that we can leverage growth and achieve economy of scale effects when growing sales. To grow sales while at the same time increase costs and losses is otherwise a fate that is commonplace for technology-intensive, fast-growing companies that are active in emerging markets in connection with technology shifts. We have talked a lot about the need to accelerate our growth at the same time as we strengthen our abilities in order to improve margins, industrial stability and productivity. Operating income for the fourth quarter follows the trend seen in the previous quarter, confirming the progress in our internal ability to balance growth with productivity. During the quarter, we also received royalty revenues for the first time, as a result of our licensing agreement with Robert Bosch GmbH regarding the S3 for the automotive segment. In this context, it's important to note that we have no possibility to assess how often these payments will take place in the future or how large they will be.

PowerCell is transitioning from being a promising technology company to becoming one of the players that can sustainably generate value in the emerging hydrogen-electric economy. Through a lot of hard work by our fantastic people and by challenging ourselves, we succeeded in 2021 to improve our industrial stability and to increase our internal productivity in both production and technological development, at the same time as we enhanced the product offering in our core segments. Accordingly, we are ready for a continued journey of growth, where the challenge and the opportunity are that the market demands shorter cycles from order to delivery – because both maturity and expertise in the market are increasing at an ever faster pace.

Richard Berkling
CEO, PowerCell Sweden AB

Income and financial position

THE GROUP

Total sales and results for the fourth quarter 2021

Sales for the period October to December 2021 amounted to 56,791 (38,150) thousand SEK. Although sales to Robert Bosch GmbH continues to be good, it is the increased sales of fuel cell systems to other segment which explains the sharp increase in total sales. Other operating income for the period, which mainly consists of grants, amounted to 7,483 (2,053) thousand SEK. Also included under other income is a 520 thousand SEK royalty payment from Robert Bosch GmbH, which constitutes the first royalty payment following the licensing agreement regarding the S3 stack for the automotive segment.

Operating income before and after items affecting comparability amounted to -23,869 (-29,543) thousand SEK for the period October to December 2021. The improvement in operating income both before and after items affecting comparability is mainly attributable to higher sales and improved gross margin. The improvement in gross margin is explained by the fact that for the second quarter in a row, the company continued to improve productivity in the production. In this context, it should also be noted that gross margin improved despite a reservation for inventory obsolescence of 9,118 thousand SEK linked to components for the S2 stack. The improvement in 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 587 thousand SEK during the quarter.

Total sales and results accumulated January – December 2021

Sales for the period January to December 2021 amounted to 159,757 (103,528) thousand SEK. While sales of fuel cell stacks to Robert Bosch GmbH remained healthy, it is above all sales to other product segments which is behind the sharp increase in total sales. Sales to the aviation segment has been particularly strong during the year. Operating income before items affecting comparability for the January–December 2021 period amounted to -80,475 (-97,749) thousand SEK.

Operating income after items affecting comparability for the January–December 2021 period amounted to -81,731 (-103,386) thousand SEK. Items affecting comparability comprised of expenses related to the launch of the new product brand 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 fourth quarter 2021

The operating cash flow for the period amounted to -20,766 thousand SEK compared to -33,826 thousand SEK for the same period last year. The increase in sales led to an increase in accounts receivable but the cash flow for the period is nevertheless stronger than that for the same quarter last year.

The Group's financial position and liquidity are satisfactory. Cash and cash equivalents at December 31, 2021 amounted to 332,507 thousand SEK.

Investments for the fourth quarter 2021

Total investments of -3,534 (-4,403) thousand SEK, of which tangible fixed assets -3,280 (-4,113) thousand SEK.

THE PARENT COMPANY

Sales and operating income for the fourth quarter 2021

Sales for the October–December 2021 period amounted to 56,791 (37,885) thousand SEK. Although sales to Robert Bosch GmbH continues to be good, it is above all the increased sales of fuel cell systems to the other segment which explains the sharp increase in total sales. Other operating income for the period, which mainly consists of grants, amounted to 7,554 (2,789) thousand SEK. Also included under other income is a 520 thousand SEK royalty payment from Robert Bosch GmbH, which constitutes the first royalty payment following the licensing agreement regarding the S3 stack for the automotive segment.

Operating income for the period October to December 2021 before and after items affecting comparability, amounted to -23,261 (-28,382) thousand SEK. The improved operating income both before and after items affecting comparability is attributable to higher sales and improved 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 83 (59) employees measured as full-time equivalents, FTE.

The share

The share is listed on First North Growth Market at Nasdaq Stockholm (PCELL, ISIN code: SE 000 642 5815, LEI code 549300751J7TGOK3VC02). The share capital of PowerCell amounts per December 31, 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 December 30, 2021*

	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 December 30, 2021 a holding of a total of 17,387,359 PowerCell shares corresponding to an ownership of 33.35%. The company has no means of establishing the underlying ownership of this holding.

Dividend

The board proposes that no dividend will be paid for the 2021 fiscal year.

Annual General Meeting

The Annual General Meeting for PowerCell Sweden AB will be held by on May 3, 2022, either in person or by postal ballot. More details will be announced in connection with the publication of the notice. The Company's Annual Report is scheduled to be published no later than April 5.

Upcoming reports

Interim report Q1, April 28, 2022

Interim report Q2, July 15, 2022

Interim report Q3, October 20, 2022

Gothenburg, February 11, 2022

Magnus Jonsson
Chairman of the Board

Dirk De Boever
Director of the Board

Helen Fasth Gillstedt
Director of the Board

Riku-Pekka Hägg
Director of the Board

Göran Linder
Director of the Board

Uwe Hillmann
Director of the Board

Annette Malm Justad
Director of the Board

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			
		Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net sales	3	56,791	38,150	159,757	103,528
Cost of goods and services sold		-41,838	-29,419	-110,723	-77,748
Gross profit		14,953	8,731	49,034	25,780
Selling and administrative costs	4	-22,792	-17,493	-69,084	-59,187
Research and development costs		-20,833	-21,747	-80,197	-73,117
Other operating income	7	7,483	2,053	26,760	15,371
Other operating costs	8	-2,680	-924	-6,954	-5,694
Portion of profit after tax from associated companies recognized in accordance with the equity method		-	-163	-34	-902
Operating income before items affecting Comparability		-23,869	-29,543	-80,475	-97,749
Items affecting comparability	6	-	-	-1,256	-5,637
Operating profit (loss) after items affecting comparability		-23,869	-29,543	-81,731	-103,386
Net financial items		562	-20,770	6,616	-13,137
Profit (loss) before tax		-23,307	-50,813	-75,115	-116,523
Income tax	22	-11	-11	31	-99
Profit (loss) for the period		-23,285	-50,324	-75,084	-116,622
Other comprehensive income:					
Items that may be reclassified to profit or loss					
Exchange differences from foreign operations		-49	-129	-47	-176
Other comprehensive income for the period		-49	-129	-47	-176
Total comprehensive income for the period		-23,334	-50,453	-75,131	-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:

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

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

Amounts in Thousand SEK

	Dec 31, 2021	Dec 31, 2020
ASSETS		
Non-current assets		
Intangible assets	864	1,083
Right of use (leasing)	40,376	44,862
Tangible fixed assets	35,958	26,959
Financial assets	93	-
Total non-current assets	77,291	72,904
Current assets		
Inventories	37,899	39,825
Current receivables	73,631	35,117
Cash and cash equivalents	332,507	416,846
Total current assets	444,037	491,788
TOTAL ASSETS	521,328	564,692

Amounts in Thousand SEK

	Dec 31, 2021	Dec 31, 2020
EQUITY AND LIABILITIES		
Equity attributable to Parent Company shareholders		
Share capital	1,147	1,147
Other contributed capital	635,007	635,007
Reserves	-271	-207
Retained earnings (including profit (loss) for the year)	-252,432	-178,387
Total equity attributable to Parent Company shareholders	383,451	457,560
LIABILITIES		
Non-current liabilities, interest-bearing	29,299	35,131
Non-current liabilities	30,525	30,457
Current liabilities, interest-bearing	7,916	7,273
Current liabilities	70,137	34,271
Total liabilities	137,877	107,132
TOTAL EQUITY AND LIABILITIES	521,328	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		-	-	-	-116,622	-116,622
Other comprehensive income for the period		-	-	-176	-	-176
Total comprehensive income for the period		-	-	-176	-116,622	-116,798
Transactions with shareholders						
Option proceeds		6	9,081	-	-	9,087
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		-	-	-	-75,084	-75,084
Other comprehensive income for the year		-	-	-64	-	-64
Total comprehensive income for the year		-	-	-64	-75,084	-75,148
Transactions with shareholders						
Share-based compensation to employees	9	-	-	-	1,039	1,039
Closing balance at December 31, 2021		1,147	635,007	-271	-252,432	383,451

**CONDENSED CONSOLIDATED CASH FLOW
STATEMENT**

Amounts in Thousand SEK	Note	Financial period			
		Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Cash flow from operating activities					
Operating profit (loss)		-23,869	-29,543	-81,731	-103,386
Adjustments for non-cash items		17,603	1,913	30,393	11,296
Interest paid		-248	-281	-1,017	-1,158
Paid income tax		203	-	203	-
Cash flow from operating activities before changes in working capital					
		-6,311	-27,911	-52,152	-93,248
Cash flow before changes in working capital					
Increase/decrease of inventories		-7,917	6,803	-7,251	3,485
Increase/decrease of current receivables		-11,114	4,343	-41,243	89,602
Increase/decrease of current liabilities		4,576	-17,061	34,308	-3,702
Total changes in working capital					
		-14,455	-5,915	-14,186	89,385
Cash flow from operating activities					
		-20,766	-33,826	-66,338	-3,863
Cash flow from investing activities					
Acquisitions of tangible and intangible assets		-3,534	-4,113	-17,889	-10,501
Change in financial assets		-	-290	-34	-290
Cash flow from investing activities					
		-3,534	-4,403	-17,923	-10,791
Cash flow from financing activities					
Repayment of leasing liability		-1,582	-1,724	-7,520	-6,547
Option proceeds		-	-	-	9,087
Cash flow from financing activities					
		-1,582	-1,724	-7,520	2,540
Decrease/increase of cash and cash equivalents					
		-25,882	-39,953	-91,781	-12,114
Opening cash and cash equivalents		357,811	477,297	416,846	440,948
Effects of exchange rate changes on cash and cash equivalents		578	-20,498	7,442	-11,988
Closing cash and cash equivalents					
		332,507	416,846	332,507	416,846

CONDENSED PARENT COMPANY INCOME STATEMENT

Amounts in Thousand SEK	Note	Financial period			
		Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net sales		56,791	37,885	158,959	103,139
Cost of goods and services sold		-41,837	-29,429	-110,684	-77,761
Gross profit		14,954	8,456	48,275	25,378
Selling and administrative costs		-22,010	-16,474	-66,833	-57,680
Research and development costs		-21,009	-22,229	-80,986	-73,763
Other operating income		7,554	2,789	27,464	16,068
Other operating costs		-2,750	-924	-7,049	-5,694
Operating income before items affecting comparability		-23,261	-28,382	-79,129	-95,691
Items affecting comparability		-	-	-1,256	-5,637
Operating profit (loss)		-23,261	-28,382	-80,385	-101,328
Total profit (loss) from financial items		-4,592	-21,387	2,133	-12,879
Profit (loss) after financial items		-27,853	-49,769	-78,252	-114,207
Tax on profit (loss) for the period		23	-	93	-
Profit (loss) for the period		-27,830	-49,769	-78,159	-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

	Dec 31, 2021	Dec 31, 2020
ASSETS		
Non-current assets		
Intangible assets	864	1,083
Tangible fixed assets	35,949	26,946
Financial assets	1,252	3,462
Total non-current assets	38,065	31,491
Current assets		
Inventories	37,899	39,825
Current receivables	76,605	38,976
Cash and bank	329,785	413,465
Total current assets	444,289	492,266
TOTAL ASSETS	482,354	523,757

Amounts in Thousand SEK

	Dec 31, 2021	Dec 31, 2020
EQUITY AND LIABILITIES		
Restricted equity		
Share capital	1,147	1,147
Total restricted equity	1,147	1,147
Non-restricted equity		
Share premium reserve	555,507	555,507
Retained loss	-96,278	16,890
Profit (loss) for the period	-78,159	-114,207
Total non-restricted equity	381,070	458,190
Total equity	382,217	459,337
LIABILITIES		
Non-current liabilities	30,000	30,000
Current liabilities	70,137	34,420
Total liabilities	100,137	64,420
TOTAL EQUITY AND LIABILITIES	482,354	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 February 10, 2022.

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.

	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Revenue from external customers				
Hardware	44,666	32,804	133,921	86,563
Services	4,007	1,907	5,606	2,642
Projects according to percentage of completion	8,118	3,439	20,230	14,323
Total	56,791	38,150	159,757	103,528

Revenue from external customers per country, based on where customers are located:	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Sweden	981	4,222	1,374	5,124
Germany	43,918	22,011	107,579	64,603
Great Britain	5,694	2,765	22,410	5,389
China	-	688	1,761	3,738
Netherlands	4,957	3,710	13,729	14,648
Other	1,241	4,754	12,904	10,026
Total	56,791	38,150	159,757	103,528

4 Related party transactions

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

No significant transactions have taken place with related parties. A long term incentive program including management and key employees have been implemented during the quarter. See note 9.

5 Earnings per share

	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
SEK				
Earnings per share, basic	neg	neg	neg	neg
Earnings per share, diluted	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	-27,830	-49,769	-78,159	-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
Adjustment for the calculation of earnings per share, diluted	52,142,434	52,244,943	52,142,434	52,242,877

6 Items affecting comparability

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

7 Other operating income

	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Currency exchange gains	2,017	993	5,177	3,082
Grants	4,943	1,060	21,060	12,289
Royalty fees	523	-	523	-
Total	7,483	2,053	26,760	15,371

8 Other operating cost

	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Currency exchange losses	-2,407	-924	-6,681	-5,694
Loss disposal of fixed assets	-273	-	-273	-
Total	-2,680	-924	-6,954	-5,694

9 Share based compensation to employees

The general meeting of PowerCell decided to implement a performance-based long-term incentive program for certain senior executives and key persons in the Company ("LTI 2021"). The motives for the Board's proposal of LTI 2021 are to reinforce the Company's ability to retain existing workforce and recruit key personnel to the Company. The program (including the emission of additional warrants to cover cost for social security) includes maximum 513,312 warrants, corresponding to equal number of shares, and may entail a maximum dilution of approximately 0,97 percent.

The board appointed 11 participants, of maximum 28, in November 2021. As the cost of the program is accrued during the length of program, a cost of 1,366 thousand SEK (including social security of 327 thousand SEK) has been accrued during the fourth quarter. This cost has been estimated based on an external MonteCarlo valuation of the warrants, where each warrant has been valued to 151.08 SEK at year end.

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.