



Growth of 68% and positive cash flow

January – March 2023

- Net sales SEK 50.5m (30.0), growth of 68% compared to the same quarter previous year
- Gross profit SEK 19.1m (9.8), an increase of 94%, and gross margin 37.9% (32.8)*
- Operating income SEK -26.2m (-28.6)
- Income after tax SEK -24.2m (-24.5)
- Operating cash flow SEK 11.6m (-42.2)
- Diluted earnings per share SEK -0.45 (-0.45)

Significant events in and after the end of the period

- Agreement signed with SEAM for deliveries of hydrogen solutions for two ships that will operate in Norway, for the Norwegian Road Administration, valued at EUR 19.2 million.
- PowerCell joined the Newborn project, part of the EU's Clean Aviation Joint Undertaking, to develop next generation aviation fuel cells.
- PowerCell announced its intention to establish a local presence in the US to meet the strong interest from American customers.
- PowerCell held its Annual General Meeting on April 19, 2023.

Key performance indicators

SEK million, unless other stated	Jan-Mar 2023	Jan-Mar 2022	2022
Net sales	50.5	30.0	244.7
Gross profit	19.1	9.8	113.0
Gross margin*, %	37.9	32.8	46.2
Operating income	-26.2	-28.6	-75.0
Net income	-24.2	-24.5	-58.2
Earnings per share (basic and diluted), SEK	-0.45	-0.45	-1.09
Shareholder equity ratio, %	64.9	72.9	70.2
Operating cash flow	11.6	-42.2	-120.5

*As from 1 January 2023, PowerCell presents certain indirect costs related to the production as Costs of goods and services sold. Previously, these costs were presented as Selling and administrative expenses. The change impacts the gross margin negatively with 5,5 percentage points in the first quarter 2023. The operating income is not affected. The change is made prospectively as from 1 January 2023 which means that the comparative periods has not been adjusted. Please refer to page 12, note 2 "Accounting policy" for further details.



The CEO's comments

Record marine order confirms our strong market offer

We continued our good progress in the quarter with strong growth and a high, stable gross margin of 37.9 percent. Our most important commercial success in the quarter was the contract covering deliveries of hydrogen solutions to two ships that will operate in Norway. This is the world's largest hydrogen project to date in the marine industry and our contract is worth a total of EUR 19.2 million.

Sales improved 68 percent to SEK 50.5 million in the quarter, driven by good development in the Aviation and Marine customer segments.

The signing of the Norwegian contract is a confirmation of the general trend of an increased number of industrial OEM project tenders. It is encouraging to see how our products are being designed into commercial applications rather than R&D projects, laying the foundation for coming serial deliveries.

The gross margin increased to 37.9 (32.8) percent, despite changed presentation of certain indirect production costs, which negatively impacted gross profit by SEK 2.8 million. We also saw a positive operating cash flow of SEK 11.6 million which is very encouraging, even though we had large increases in accounts receivables due to the Norwegian contract. This strong development clearly shows the positive effects of our investments in industrialization. Our Industrial Innovation offering ensures that we grow efficiently with standardized technology platforms and with an ability to customize value creating features, optimized for our customers' applications. This is one of our contributions to accelerate and mature the emerging hydrogen electric industry.

Norwegian ferries powered by green hydrogen

The Norwegian contract includes deliveries of hydrogen solutions for two ships that will operate Norway's longest ferry route for the Norwegian Road Administration. Our Marine System 200 enables the ferries to produce about 13 MW of power in total. The ferries will be powered by green hydrogen and reduce CO₂ emissions significantly. We are also negotiating a long-term service agreement, which will provide us with future recurring revenue. The contract is a confirmation that we have leading products and solutions, adapted to demanding marine applications where reliability, high power density and a compact format are important.

Next generation aviation fuel cell systems

PowerCell has established itself as an industry leader also in the highly demanding aviation segment. In the quarter, we joined the Newborn project, part of EU's Clean Aviation Joint Undertaking. The project will develop an aerospace-

certified 300 kW fuel cell propulsion system, powered by hydrogen. We also expect to be able to apply this new product platform to other customer segments with high demands on durability and reliability. The project confirms PowerCell's industry leadership and ability for continuous innovation.

Sustainability for long-term value creation

We have significantly increased our ambition levels in the area of sustainability with, for example, expanded reporting and clear goals. For us, sustainable business is a prerequisite for being a long-term, value-creating player. Now we are about to join SBTi and set scientifically based emission targets in line with the Paris agreement for our operations.

Strong megatrends supported by supranational initiatives

The global sustainability megatrend where more and more industries are moving towards zero emissions continues to grow. The transition to emission-free energy is accelerating, and hydrogen electric solutions are established as important driving forces for this transition. The strong development is supported by supranational initiatives such as the US Inflation Reduction Act and the EU Green Deal. We foresee a strong development in the US in the next few years in the hydrogen area and have therefore taken the decision to initiate an establishment there during the year.

Growing faster, with more control

We continue to accelerate our growth journey and with a positive cash flow in the first quarter 2023. It is encouraging to see that there is an increased interest for long-term partnerships from OEMs. We have succeeded in establishing ourselves as a leading player and that's why I am confident in our ability to grow profitably in the long term.

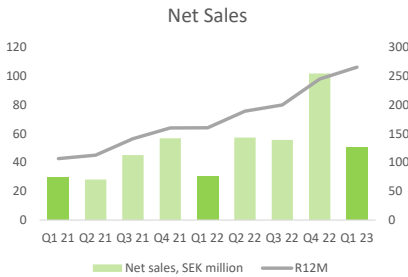


Richard Berkling
CEO



Financial performance January to March

Net sales



Sales in the quarter increased 68% to SEK 50.5m (30.0) compared to the same period last year. The Aviation and Marine customer segments showed the strongest growth. Increased sales of services are the largest change in the product mix. Royalty fees of SEK 1.6m from Robert Bosch GmbH is reported as net sales in the quarter.

Gross profit and operating income/loss



Gross profit amounted to SEK 19.1m (9.8), an increase of 94%, with a gross margin of 37.9% (32.8). The increased sales of services had a positive impact on profitability.

In the first quarter 2023, PowerCell have changed presentation of certain indirect material and labor costs, such as warehouse personnel, transportation and warranty costs, etc. of SEK 2.8m in COGS instead of in S&A. This effects the gross margin with about 5.5 percentage points and a comparable gross margin versus last year would be 43.4% (32.8). Further reading on page 12, note 2 “Accounting policies”.

Operating expenses increased 13.1% to SEK 48.2m (42.5). The increase is lower than the revenue growth and indicates the ability to gain operational leverage. The operating income in the quarter was SEK -26.2m (-28.6).

+37.9%

Gross margin January - March 2023

Net income

Net financial items amounted to SEK 2.0m (4.0) and mainly related to revaluation effects in bank accounts denominated in foreign currency, primarily EUR. Net income in the first quarter was SEK -24.2m (-24.5).

Cash flow

Operating cash flow was SEK 11.6m (-42.2) and total cash flow was SEK 8.4m (-46.6), impacted by decreased working capital, in both account payables and receivables. Inventory increased during the quarter in line with the decision to keep a higher level of inventory to prepare for growth and increased production. Securing components is especially important to us in these times where supply chain challenges are common.

Financial position

PowerCell’s financial position and liquidity are satisfactory. Cash and cash equivalents amounted to SEK 207.2m on 31 March 2023.



Other information

Employees

At 31 March 2023, the Group had 127 (91) employees measured as full-time equivalents, FTE.

The share

The share is listed on Nasdaq First North Growth Market under the ticker PCELL. At 31 March 2023 the total number of outstanding shares were 52,142,434. PowerCell holds no treasury shares.

Ten largest owners per 31 March 2023

Name	Number of shares	Votes and capital
Robert Bosch	5,848,531	11.22%
BlackRock	2,621,413	5.03%
Avanza Pension	1,542,128	2.96%
Legal & General	668,131	1.28%
Unisuper	524,410	1.01%
green benefit AG	522,125	1.00%
Eurizon Capital	392,787	0.75%
CPR Asset Management	392,451	0.75%
PIMCO	384,763	0.74%
Swedbank Robur Funds	365,509	0.70%
<i>Total 10 largest owners</i>	<i>12,798,446</i>	<i>24.55%</i>
<i>Other</i>	<i>39,343,988</i>	<i>75.45%</i>
Total	52,142,434	100.00%

Source: Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority (Finansinspektionen).

Financial calendar

Interim report Q2 2023, 14 July

Interim report Q3 2023, 19 October

Interim report Q4 and full year 2023, 8 February 2024



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 52-53 and pages 62-64 in the Annual Report for 2022.

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.

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

Gothenburg, 26 April 2023

Magnus Jonsson

Chairman

Nicolas Boutin

Director

Helen Fasth Gillstedt

Director

Riku-Pekka Hägg

Director

Kajsa Ryttberg-Wallgren

Director

Uwe Hillmann

Director

Annette Malm Justad

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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 is a world leader in hydrogen electric solutions. With decades of experience, we use our expertise to accelerate the transition to an emission-free, more sustainable world. We target industries such as aviation, marine, off-road, on-road and stationary power generation. With our cutting-edge products we help our customers to reach net zero emissions already today.

We are headquartered in Gothenburg, Sweden with sales globally. PowerCell is listed on Nasdaq First North Growth Market Stockholm.

To read more about our products and services, visit powercellgroup.com.

G&W Fondkommission is our Certified Adviser on Nasdaq First North Growth Market, e-mail: ca@gwkapital.se, phone: +46 8 503 000 50.



Condensed income statement - Group

SEK thousand	Note	Jan-Mar 2023	Jan-Mar 2022	2022
Net sales	3	50,521	29,995	244,691
Costs of goods and services sold		-31,391	-20,153	-131,668
Gross profit		19,130	9,842	113,023
Selling and administrative costs	4	-25,998	-22,413	-98,559
Research and development costs		-22,240	-20,131	-92,329
Other operating income	7	4,701	7,444	21,807
Other operating costs	8	-1,763	-3,328	-18,961
Operating income before items affecting comparability		-26,170	-28,586	-75,019
Items affecting comparability	6	-	-	-
Operating profit (loss) after items affecting comparability		-26,170	-28,586	-75,019
Net financial items		1,998	4,037	16,801
Profit (loss) after financial items		-24,172	-24,549	-58,218
Income tax	6	20	45	45
Profit (loss) for the period		-24,166	-24,529	-58,173
Other comprehensive income:				
Items that may be reclassified to profit or loss				
Exchange differences from foreign operations		8	22	37
Other comprehensive income for the period		8	22	37
Total comprehensive income for the period		-24,158	-24,507	-58,136

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	Jan-Mar 2023	Jan-Mar 2022	2022
Earnings per share, basic	5	-0.45	-0.45	-1.09
Earnings per share, diluted	5	-0.45	-0.45	-1.09



Condensed balance sheet - Group

SEK thousand	2023-03-31	2022-03-31	2022-12-31
ASSETS			
Non-current assets			
Intangible assets	7,662	727	8,173
Right of use assets (leasing)	35,872	40,262	34,842
Tangible fixed assets	32,983	35,938	34,817
Financial assets	210	116	6,863
Total non-current assets	76,727	77,043	84,695
Current assets			
Inventories	94,094	54,709	75,485
Current receivables	100,394	72,521	116,909
Cash and cash equivalents	207,155	290,269	196,857
Total current assets	401,643	417,499	389,251
TOTAL ASSETS	478,370	494,542	473,946
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	-226	-249	-234
Retained earnings (including profit (loss) for the year)	-325,302	-275,402	-303,046
Total equity attributable to Parent Company shareholders	310,626	360,503	332,874
LIABILITIES			
Non-current liabilities, interest-bearing	25,155	28,899	24,123
Non-current liabilities	30,575	30,529	30,558
Current liabilities, interest-bearing	7,215	8,154	7,342
Current liabilities	104,799	66,457	79,049
Total liabilities	167,744	134,039	141,072
TOTAL EQUITY AND LIABILITIES	478,370	494,542	473,946



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 2023		1,147	635,007	-234	-303,046	332,874
Profit (loss) for the period		-	-	-	-24,166	-24,166
Other comprehensive income for the period		-	-	8	-	8
Total comprehensive income for the period		-	-	8	-24,166	-24,158
Transactions with shareholders						
Share-based compensation to employees		-	-	-	1,910	1,910
Closing balance 31 March 2023		1,147	635,007	-226	-325,302	310,626
Opening balance 1 January 2022		1,147	635,007	-271	-252,432	383,451
Profit (loss) for the period		-	-	-	-24,529	-24,529
Other comprehensive income for the period		-	-	22	-	22
Total comprehensive income for the period		-	-	22	-24,529	-24,507
Transactions with shareholders						
Share-based compensation to employees		-	-	-	1,559	1,559
Closing balance 31 March 2022		1,147	635,007	-249	-275,402	360,503



Condensed cash flow - Group

SEK thousand	Note	Jan-Mar 2023	Jan-Mar 2022	2022
Cash flow from operating activities				
Operating profit (loss)		-26,170	-28,586	-75,019
Adjustments for non-cash items		7,780	4,558	37,693
Interest paid		-223	-243	-684
Paid income tax		-696	-203	493
Cash flow from operating activities before changes in working capital		-19,309	-24,474	-37,517
Cash flow before changes in working capital				
Increase/decrease of inventories		-18,204	-16,809	-41,609
Increase/decrease of current receivables		23,539	2,512	-48,646
Increase/decrease of current liabilities		25,596	-3,412	7,266
Total changes in working capital		30,931	-17,709	-82,989
Cash flow from operating activities		11,622	-42,183	-120,506
Cash flow from investing activities				
Acquisitions of tangible and intangible assets		-1,067	-2,200	-17,717
Change in financial assets		-	-	-6,677
Cash flow from investing activities		-1,067	-2,200	-24,394
Cash flow from financing activities				
Repayment of leasing liability		-2,136	-2,195	-8,464
Cash flow from financing activities		-2,136	-2,195	-8,464
Decrease/increase of cash and cash equivalents		8,419	-46,578	-153,364
Opening cash and cash equivalents		196,857	332,507	332,507
Effects of exchange rate changes on cash and cash equivalents		1,879	4,340	17,714
Closing cash and cash equivalents		207,155	290,269	196,857



Condensed income statement – Parent Company

SEK thousand	Note	Jan-Mar 2023	Jan-Mar 2022	2022
Net sales		50,521	29,995	243,838
Costs of goods and services sold		-31,391	-20,152	-131,661
Gross profit		19,130	9,843	112,177
Selling and administrative costs		-25,511	-21,672	-95,746
Research and development costs		-22,450	-20,313	-93,084
Other operating income		4,700	7,492	21,856
Other operating costs		-1,734	-3,340	-18,803
Operating income before items affecting comparability		-25,865	-27,990	-73,600
Items affecting comparability		-	-	-
Operating profit (loss) after items affecting comparability		-25,865	-27,990	-73,600
Net financial items		2,227	4,290	16,814
Profit (loss) after financial items		-23,638	-23,700	-56,786
Income tax		23	23	93
Profit (loss) for the period		-23,615	-23,677	-56,693

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	2023-03-31	2022-03-31	2022-12-31
ASSETS			
Non-current assets			
Intangible assets	7,662	727	8,173
Tangible fixed assets	32,982	35,930	34,814
Financial assets	2,100	1,276	8,753
Total non-current assets	42,744	37,933	51,740
Current assets			
Inventories	94,094	54,709	75,485
Current receivables	105,522	75,723	121,833
Cash and cash equivalents	203,512	288,252	192,893
Total current assets	403,128	418,684	390,211
TOTAL ASSETS	445,872	456,617	441,951
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	-221,661	-172,878	-166,878
Profit (loss) for the period	-23,615	-23,677	-56,693
Total non-restricted equity	310,231	358,952	331,936
Total equity	311,378	360,099	333,083
LIABILITIES			
Non-current liabilities	30,000	30,000	30,000
Current liabilities	104,494	66,518	78,868
Total liabilities	134,494	96,518	108,868
TOTAL EQUITY AND LIABILITIES	445,872	456,617	441,951



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 26 April 2023.

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 2022.

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.

Change of presentation of cost

As from 1 January 2023, PowerCell presents certain costs, previously presented as Selling and administrative costs as Costs of goods and services sold.

The change has no impact on the reported operating income and has been made prospectively from 1 January 2023. The comparative periods have not been adjusted.

For the first quarter 2023, the gross margin would be increased by 5.5 percentage points should the same presentation of the costs be applied as in previous periods. The comparable gross margin versus last year is 43.4% (32.8).



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	Jan-Mar 2023	Jan-Mar 2022	2022
Hardware	21,535	17,854	83,887
Services	16,802	4,291	57,133
Royalty fees	1,606	-	15,182
Projects according to percentage of completion	10,578	7,850	88,489
Total	50,521	29,995	244,691

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

Sweden	515	241	2,694
Germany	8,725	15,047	92,176
Great Britain	16,399	482	30,267
Netherlands	5,155	1,973	44,874
US	16,873	2,949	42,366
Other	2,854	9,303	32,314
Total	50,521	29,995	244,691

From Q2 2022, royalty fees are reported as net sales instead of other operating income.

4. Related party transactions

No significant transactions with related parties have taken place in the period.



5. Earnings per share

SEK	Jan-Mar 2023	Jan-Mar 2022	2022
Earnings per share, basic	-0.45	-0.45	-1.09
Earnings per share, diluted	-0.45	-0.45	-1.09

Performance measures used in the calculation of earnings per share

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

Profit (loss) attributable to Parent Company shareholders, thousand SEK	-23,615	-23,677	-56,693
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Number

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

6. Items affecting comparability

Thousand SEK	Jan-Mar 2023	Jan-Mar 2022	2022
Items affecting comparability	-	-	-
Total	-	-	-

7. Other operating income

Thousand SEK	Jan-Mar 2023	Jan-Mar 2022	2022
Currency exchange gains	1,811	3,827	16,410
Grants	2,746	1,413	4,974
Royalty fees and other	144	2,204	423
Total	4,701	7,444	21,807

From Q2 2022, royalty fees are reported as net sales instead of other operating income.

8. Other operating cost

Thousand SEK	Jan-Mar 2023	Jan-Mar 2022	2022
Currency exchange losses	-1,763	-3,328	-18,961
Total	-1,763	-3,328	-18,961



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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