



Continued growth with increased gross margin

October – December 2022

- Net sales SEK 101.8m (56.8), growth of 79% compared to the same quarter previous year
- Gross profit SEK 57.8m (15.0), an increase of 285%, and a gross margin of 56.8% (26.3)
- Operating income SEK 2.7m (-23.9)
- Income after tax SEK 3.6m (-23.3)
- Operating cash flow SEK -37.7m (-20.8)
- Diluted earnings per share SEK 0.06 (-0.53)

January – December 2022

- Net sales SEK 244.7m (159.8), growth of 53% compared to previous year
- Gross profit SEK 113.0m (49.0), an increase of 131%, and a gross margin of 46.2% (30.7)
- Operating loss SEK -75.0m (-80.5)
- Income after tax SEK -58.2m (-75.1)
- Operating cash flow SEK -120.5m (-66.3)
- Diluted earnings per share SEK -1.09 (-1.50)
- The Board of Directors proposes that no dividend will be paid for the fiscal year 2022

Significant events in and after the end of the period

- Agreement signed with ZeroAvia for serial delivery of fuel cell stacks potentially worth up to SEK 1.5 billion.
- Strengthened management team to accelerate the product offering, introducing new roles with Lisa Kylhammar, as SVP Engineering, Karl Samuelsson as SVP Application Development and Andreas Bodén as SVP CTO.
- PowerCell develops next generation aviation fuel cells as part of the EU's Clean Aviation Joint Undertaking, through "Newborn" MW project, that aims to develop climate-neutral aviation.
- PowerCell are in final negotiations on one of the largest hydrogen fuel cell projects in marine industry.
- PowerCell will establish a local presence in the US to meet a strong interest from American customers.

Key performance indicators

SEK million, unless other stated	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net sales	101.8	56.8	244.7	159.8
Gross profit	57.8	15.0	113.0	49.0
Gross margin, %	56.8	26.3	46.2	30.7
Operating income before items affecting comparability	2.7	-23.9	-75.0	-80.5
Operating income	2.7	-23.9	-75.0	-81.7
Net income	3.6	-23.3	-58.2	-75.1
Earnings per share (basic and diluted), SEK	0.06	-0.53	-1.09	-1.50
Shareholder equity ratio, %	70.2	73.6	70.2	73.6
Operating cash flow	-37.7	-20.8	-120.5	-66.3



The CEO's comments

We have established ourselves as a growth company in a sector driven by strong megatrends

PowerCell reported strong double-digit growth and high gross margin in the quarter, supported by successful industrialization of our technology. We have also signed the world's first contract for serial delivery of fuel cell stacks to the aviation industry, which clearly demonstrates the leading industry position we have gained.

In the quarter, sales increased 79 percent to SEK 101.8 million, positively impacted by increased royalty revenue from Robert Bosch GmbH and sales from the ZeroAvia agreement signed in the quarter. Sales increased 53 percent in 2022 to a record high of SEK 244.7 million and is in line with the three year 54 percentage CAGR of organic growth. The gross margin increased in the quarter to an all-time high of 56.8 percent and the profit for the period was positive. This is of course encouraging, however, we continue to expect that we will experience fluctuations between quarters as the underlying market still have a scale-up characteristics.

Strengthened position in the aviation industry

In October, we signed the record agreement valued at up to SEK 1.5 billion with ZeroAvia. We will deliver 5,000 fuel cell stacks, conditioned on ZeroAvia obtaining necessary certifications, which will be used by ZeroAvia to manufacture a hydrogen-electric powertrain for a certified 19-seat, commercial aircraft, by 2025. The order is the largest in our history and clearly shows that our customers have now taken the step to introduce commercial hydrogen-powered products.

Another proof of our strong position in the aviation industry is the invitation to join the EU project called "Newborn", which aims to develop the next generation sustainable MW drivetrain/propulsion aircrafts. PowerCell is clearly driving innovation and sustainability in aviation, which is one of the most demanding segments in the hydrogen industry.

Successful Industrialized Innovation

In 2021, we launched our concept "Industrialized Innovation" and it has already proven itself as a success with the combination of industrialized core technologies and customer specific adaption and integration. We constantly continue our work to develop, improve and adapt our industry-leading offer. As part of this, we have further sharpened our organization and, among other things, welcomed new members to the management team. These changes will accelerate the development of the product offering as well as improve our ability to create value for our customers. I would like to take the opportunity to thank all PowerCell's dedicated

and highly motivated employees for your great efforts in 2022.

Sustainability top on our agenda

PowerCell's business idea and reason for existence is to be part of a solution for a more sustainable world. As a consequence, it is important that we also run our own operations in a sustainable manner. In 2022, we have therefore raised sustainability as a top issue internally and developed a sustainability strategy. As part of the strategy, we have, among other things, joined the UN Global Compact and are preparing a sustainability report based on the Global Reporting Initiative, GRI.

Growth driven by strong megatrends

PowerCell's robust development during 2022 shows that we are in a good position to take advantage of the strong sustainable megatrends as more and more industries are moving towards zero emissions. An increasing number of companies reach out to us since they realize that we offer a mature, commercial and sustainable fuel cell technology that works in many different applications. It is gratifying to conclude that PowerCell has evolved into a leading player in the hydrogen electric industry and a clear growth company.

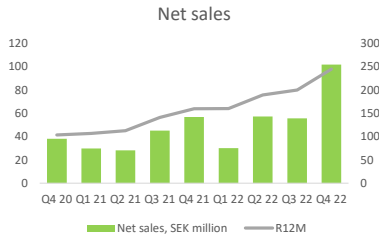


Richard Berkling
CEO



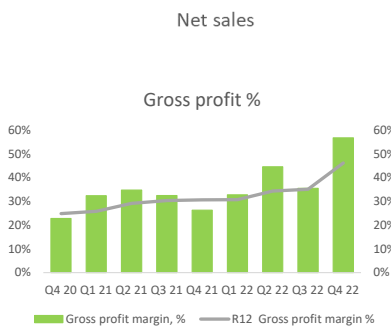
Financial performance October to December

Net sales



Sales in the quarter increased 79% to SEK 101.8m (56.8m) compared to the same period last year. All customer segments showed growth with the strongest contribution from the marine and aviation industries. The revenue in the quarter was generated from product sales, engineering service, revenue recognition from projects and royalty. Royalty fees of SEK 10.8m from Robert Bosch GmbH is reported as net sales in the quarter.

Gross profit and operating income/loss



Gross profit amounted to SEK 57.8m (15.0m), an increase of 285%, with a gross margin of 56.8% (26.3). The product mix in the quarter includes and an increased sales of engineering services and royalty fee, which effects the gross margin positively. The growth in royalty fees from Robert Bosch GmbH is strong in the quarter and represent 71% of the full year royalty revenue.

We manage to leverage growth from sales and gross profit as the operating expenses expand slower than the underlying growth and amounted to SEK 56.7m (43.6). The operating income in the quarter was SEK 2.7m (-23.9).

+56.8%

Gross margin October - December 2022

Net income

Net financial items amounted to SEK 0.9m (0.6m) and mainly related to revaluation effects in bank accounts denominated in foreign currency, primarily EUR. Net income in the fourth quarter was SEK 3.6m (-23.3m).

Cash flow

Cash flow was SEK -43.3m (-25.9m) impacted by increased working capital, primarily in account 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 196.9m at 31 December 2022.



Financial performance January to December

Net sales

Sales year to date increased by 53% to SEK 244.7m (159.8m) compared to last year. Most customer segment showed strong growth with the majority of the sales generated by the aviation and marine industries. The business mix continued to improve with more commercial customers as well as products and services with a higher value add. Royalty fees of SEK 15.2m from Robert Bosch GmbH is reported as net sales.

Gross profit and operating income/loss

Gross profit amounted to SEK 113.0m (49.0m), an increase of 131%. The gross margin increased to 46.2% (30.7). Gross margin was positively impacted by the change in product mix from increased royalty fee from Robert Bosch GmbH and increasing engineering service sales.

Operating expenses amounted to SEK 190.9m (149.3m), which reflects a planned scale up to prepare the organisation for continued growth. The operating expenses are increasing less than gross profit, hence giving a positive leverage on operating income. Operating income is negatively effected by a severance pay of SEK 1.1m related to a change in management. The operating loss in the twelve-month period was SEK -75.0m (-81.7m).

Net income

Net financial items amounted to SEK 16.8m (6.6) and mainly related to revaluation effects in bank accounts denominated in foreign currency, primarily EUR. Net loss in twelve-month period was SEK -58.2m (-75.1m).

Cash flow

Cash flow was SEK -153.4m (-91.8m), impacted by the operational result and increase in working capital, mainly in inventory and receivables.



Other information

Employees

At 31 December 2022, the Group had 112 (83) employees measured as full-time equivalents, FTE. In 2020 we launched a consultancy conversion program to build more sustainable value and expertise in PowerCell. In a very competitive “war-on-talent” we have managed to grown our employees with 90% and continue to expand PowerCell.

The share

The share is listed on Nasdaq First North Growth Market under the ticker PCELL. At 31 December 2022 the total number of outstanding shares were 52,142,434. PowerCell holds no treasury shares.

Ownership per 31 December 2022*

	No of shares	Ownership
Bosch Group	5,848,531	11.2%
Others	46,293,903	88.8%
Total	52,142,434	100.0%

* Source: Euroclear

The board proposes that no dividend will be paid for the 2022 fiscal year.

The Annual General Meeting for PowerCell Sweden AB will be held by on April 19, 2023. More details will be announced in connection with the publication of the notice.

Financial calendar

Annual report, 24 March

Annual General Meeting, 19 April

Interim report Q1 2023, 26 April

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 24-25 and pages 34-36 in the Annual Report for 2021.

The conflict in Ukraine has created great uncertainty about the development of the world economy. PowerCell has a very limited business and exposure to Russia and Ukraine and is not directly affected of the conflict. However, the indirect consequences can be extensive and lead to disruptions in the supply chain and increased costs. PowerCell follows the continued development of the conflict carefully.

For PowerCell, the pandemic has periodically had a specific impact on the level of activity in China and on the supply chain, but overall has not had any significant impact on sales or profitability. PowerCell follows the continued development of the pandemic.

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

Gothenburg, 9 February 2023

Magnus Jonsson

Chairman

Dirk De Boever

Director

Helen Fasth Gillstedt

Director

Riku-Pekka Hägg

Director

Kajsa Ryttberg-Wallgren

Director

Uwe Hillmann

Director

Annette Malm Justad

Director

Richard Berkling

CEO

For further information, please contact:

CEO Richard Berkling

+46 (0) 31 7203620

richard.berkling@powercellgroup.com

www.powercellgroup.com

CFO Torbjörn Gustafsson

+46 (0) 70 1866986

torbjorn.gustafsson@powercellgroup.com

Every care has been taken in the translation of this interim report. In the event of discrepancies, the Swedish original will supersede the English translation. The addition of the totals presented may result in minor rounding differences.

About PowerCell

PowerCell develops and produces fuel cell stacks and fuel cell systems for stationary and mobile applications with a world class energy density. The fuel cells are powered by hydrogen, pure or reformed, and produce electricity and heat with no emissions other than water. As the stacks and systems are compact, modular and scalable, they are easily adjusted to any customer need. The business is conducted in Sweden, Germany, China and Norway.

PowerCell was founded in 2008 as an industrial spinout from the Volvo Group. The share (PCELL) is since 2014 subject to trade at Nasdaq First North Growth Market.

PowerCell's Certified Adviser is G&W Fondkommission, Kungsgatan 3, SE-111 43 Stockholm, Sweden. E-mail ca@gwkapital.se, phone +46 (0) 8 503 000 50.



Condensed income statement - Group

SEK thousand	Note	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net sales	3	101,780	56,791	244,691	159,757
Costs of goods and services sold		-43,944	-41,838	-131,668	-110,723
Gross profit		57,836	14,953	113,023	49,034
Selling and administrative costs	4	-28,901	-22,792	-98,559	-69,084
Research and development costs		-27,775	-20,833	-92,329	-80,197
Other operating income	7	5,872	7,483	21,807	26,760
Other operating costs	8	-4,319	-2,680	-18,961	-6,954
Portion of profit after tax from associated companies recognized in accordance with the equity method		-	-	-	-34
Operating income before items affecting comparability		2,713	-23,869	-75,019	-80,475
Items affecting comparability	6	-	-	-	-1,256
Operating profit (loss) after items affecting comparability		2,713	-23,869	-75,019	-81,731
Net financial items		864	562	16,801	6,616
Profit (loss) after financial items		3,577	-23,307	-58,218	-75,115
Income tax		-7	22	45	31
Profit (loss) for the period		3,570	-23,285	-58,173	-75,084
Other comprehensive income:					
Items that may be reclassified to profit or loss					
Exchange differences from foreign operations		79	-49	37	-64
Other comprehensive income for the period		79	-49	37	-64
Total comprehensive income for the period		3,649	-23,334	-58,136	-75,148

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	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Earnings per share, basic	5	0.06	-0.53	-1.09	-1.50
Earnings per share, diluted	5	0.06	-0.53	-1.09	-1.50



Condensed balance sheet - Group

SEK thousand	2022-12-31	2021-12-31
ASSETS		
Non-current assets		
Intangible assets	8,173	864
Right of use assets (leasing)	34,842	40,376
Tangible fixed assets	34,817	35,958
Financial assets	6,863	93
Total non-current assets	84,695	77,291
Current assets		
Inventories	75,485	37,899
Current receivables	116,909	73,631
Cash and cash equivalents	196,857	332,507
Total current assets	389,251	444,037
TOTAL ASSETS	473,946	521,328
EQUITY AND LIABILITIES		
Equity attributable to Parent Company shareholders		
Share capital	1,147	1,147
Other contributed capital	635,007	635,007
Reserves	-234	-271
Retained earnings (including profit (loss) for the year)	-303,046	-252,432
Total equity attributable to Parent Company shareholders	332,874	383,451
LIABILITIES		
Non-current liabilities, interest-bearing	24,123	29,299
Non-current liabilities	30,558	30,525
Current liabilities, interest-bearing	7,342	7,916
Current liabilities	79,049	70,137
Total liabilities	141,072	137,877
TOTAL EQUITY AND LIABILITIES	473,946	521,328



Condensed statement of changes in equity - Group

SEK thousand	Note	Attributable to shareholders of the Parent Company				Total equity
		Share capital	Other contributed capital	Reserves	Retained earnings incl. profit (loss) for the year	
Opening balance 1 January 2022		1,147	635,007	-271	-252,432	383,451
Profit (loss) for the period		-	-	-	-58,173	-58,173
Other comprehensive income for the period		-	-	37	-	37
Total comprehensive income for the period		-	-	37	-58,173	-58,136
Transactions with shareholders						
Share-based compensation to employees		-	-	-	7,559	7,559
Closing balance 31 December 2022		1,147	635,007	-234	-303,046	332,874
Opening balance 1 January 2021		1,147	635,007	-207	-178,387	457,560
Profit (loss) for the period		-	-	-	-75,084	-75,084
Other comprehensive income for the period		-	-	-64	-	-64
Total comprehensive income for the period		-	-	-64	-75,084	-75,148
Transactions with shareholders						
Share-based compensation to employees		-	-	-	1,039	1,039
Closing balance 31 December 2021		1,147	635,007	-271	-252,432	383,451



Condensed cash flow - Group

SEK thousand	Note	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Cash flow from operating activities					
Operating profit (loss)		2,713	-23,869	-75,019	-81,731
Adjustments for non-cash items		14,356	17,603	37,693	30,393
Interest paid		20	-248	-684	-1,017
Paid income tax		696	203	493	203
Cash flow from operating activities before changes in working capital		17,785	-6,311	-37,517	-52,152
Cash flow before changes in working capital					
Increase/decrease of inventories		-3,239	-7,917	-41,609	-7,251
Increase/decrease of current receivables		-53,079	-11,114	-48,646	-41,243
Increase/decrease of current liabilities		808	4,576	7,266	34,308
Total changes in working capital		-55,510	-14,455	-82,989	-14,186
Cash flow from operating activities		-37,725	-20,766	-120,506	-66,338
Cash flow from investing activities					
Acquisitions of tangible and intangible assets		-3,425	-3,534	-17,717	-17,889
Change in financial assets		-126	-	-6,677	-34
Cash flow from investing activities		-3,551	-3,534	-24,394	-17,923
Cash flow from financing activities					
Repayment of leasing liability		-2,000	-1,582	-8,464	-7,520
Cash flow from financing activities		-2,000	-1,582	-8,464	-7,520
Decrease/increase of cash and cash equivalents		-43,276	-25,882	-153,364	-91,781
Opening cash and cash equivalents		239,375	357,811	332,507	416,846
Effects of exchange rate changes on cash and cash equivalents		758	578	17,714	7,442
Closing cash and cash equivalents		196,857	332,507	196,857	332,507



Condensed income statement – Parent Company

SEK thousand	Note	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net sales		100,980	56,791	243,838	158,959
Costs of goods and services sold		-43,944	-41,837	-131,661	-110,684
Gross profit		57,036	14,954	112,177	48,275
Selling and administrative costs		-27,952	-22,010	-95,746	-66,833
Research and development costs		-27,975	-21,009	-93,084	-80,986
Other operating income		5,872	7,554	21,856	27,464
Other operating costs		-4,128	-2,750	-18,803	-7,049
Operating income before items affecting comparability		2,853	-23,261	-73,600	-79,129
Items affecting comparability		-	-	-	-1,256
Operating profit (loss) after items affecting comparability		2,853	-23,261	-73,600	-80,385
Net financial items		151	-4,592	16,814	2,133
Profit (loss) after financial items		3,004	-27,853	-56,786	-78,252
Income tax		23	23	93	93
Profit (loss) for the period		3,027	-27,830	-56,693	-78,159

In the Parent Company there are no items recognized as other comprehensive income, which is why total comprehensive income corresponds to profit (loss) for the year.



Condensed balance sheet – Parent Company

SEK thousand	2022-12-31	2021-12-31
ASSETS		
Non-current assets		
Intangible assets	8,173	864
Tangible fixed assets	34,814	35,949
Financial assets	8,753	1,252
Total non-current assets	51,740	38,065
Current assets		
Inventories	75,485	37,899
Current receivables	121,833	76,605
Cash and cash equivalents	192,893	329,785
Total current assets	390,211	444,289
TOTAL ASSETS	441,951	482,354
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	-166,878	-96,278
Profit (loss) for the period	-56,693	-78,159
Total non-restricted equity	331,936	381,070
Total equity	333,083	382,217
LIABILITIES		
Non-current liabilities	30,000	30,000
Current liabilities	78,868	70,137
Total liabilities	108,868	100,137
TOTAL EQUITY AND LIABILITIES	441,951	482,354



Notes to the consolidated statements

1. General

PowerCell Sweden AB (publ) (PowerCell), Corp. Id. No 556759-8353 is a Parent Company registered in Sweden and domiciled in Gothenburg, with address Ruskvädersgatan 12, 418 34 Gothenburg, Sweden.

The Board has approved this Interim consolidated financial statement for publication on 9 February 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 2021.

This Interim financial statement has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The Parent Company applies RFR 2 Accounting for legal entities and the Swedish Annual Accounts Act.

3. Net sales

Revenue

When income from external parties is reported to the CEO, they are valued in the same way as in the Group's statement of comprehensive income. Sales are reported as revenue when control of the goods is transferred to the customer, which normally coincides with its delivery.

Revenue from external customers

SEK thousand	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Hardware	36,839	44,666	83,887	133,921
Services	31,440	4,007	57,133	5,606
Royalty fees	10,818	-	15,182	-
Projects according to percentage of completion	22,683	8,118	88,489	20,230
Total	101,780	56,791	244,691	159,757

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

Sweden	184	981	2,694	1,374
Germany	23,154	43,918	92,176	107,579
Great Britain	23,973	5,694	30,267	22,410
Netherlands	13,659	4,957	44,874	13,729
US	28,805	-	42,366	687
Other	12,005	1,241	32,314	13,978
Total	101,780	56,791	244,691	159,757

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

4. Related party transactions

No significant transactions have taken place with related parties.



5. Earnings per share

SEK	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Earnings per share, basic	0.06	-0.53	-1.09	-1.50
Earnings per share, diluted	0.06	-0.53	-1.09	-1.50

Performance measures used in the calculation of earnings per share

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

Profit (loss) attributable to Parent Company shareholders, thousand SEK	3,027	-27,830	-56,693	-78,159
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Number

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

6. Items affecting comparability

Thousand SEK	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Costs related to the new brand PowerCellution	-	-	-	-1,256
Total	-	-	-	-1,256

7. Other operating income

Thousand SEK	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Currency exchange gains	4,381	2,017	16,410	5,177
Grants	1,491	4,943	4,974	21,060
Royalty fees and other	-	523	423	523
Total	5,872	7,483	21,807	26,760

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

8. Other operating cost

Thousand SEK	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Currency exchange losses	-4,319	-2,407	-18,961	-6,681
Loss disposal of fixed assets	-	-273	-	-273
Total	-4,319	-2,680	-18,961	-6,954



Definitions

Shareholder Equity ratio, %

Equity in relation to total assets

Earnings per share

Profit after tax in relation to the number of shares.

PowerCell Sweden AB (publ)

Corp. Reg. No. 556759-8353

Ruskvädersgatan 12

SE-418 34 Göteborg

Tel: +46 (0) 31 720 36 20

powercellgroup.com