



Yet another quarter with the strongest gross margin in the industry

July – September 2023

- Net sales SEK 69.9m (55.6), growth of 26% compared to same quarter previous year
- Gross profit increased 82% to SEK 36.1m (19.8) and gross margin of 51.6% (35.5)*
- Operating income SEK -6.5m (-24.5)
- Income after tax SEK -6.6m (-19.9)
- Operating cash flow SEK -51.9m (-11.0)
- Earnings per share (basic & diluted) SEK -0.22 (-0.37)

January – September 2023

- Net sales SEK 182.8m (142.9), growth of 28% compared to same period previous year
- Gross profit increased 39% to SEK 77.0m (55.2) and gross margin of 42.1% (38.6)*
- Operating income SEK -64.4m (-77.7)
- Income after tax SEK -53.0m (-61.7)
- Operating cash flow SEK -47.0m (-82.8)
- Earnings per share (basic & diluted) SEK -1.19 (-1.15)

Significant events during the third quarter

- PowerCell applies for listing on Nasdaq Stockholm.
- Follow-up order from H2FLY for hydrogen-electric powered aircraft.

Significant events after the end of the reporting period

- No significant events after the end of the period.

Key performance indicators

SEK million, unless other stated	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	2022
Net sales	69.9	55.6	182.8	142.9	244.7
Gross profit	36.1	19.8	77.0	55.2	113.0
Gross margin*, %	51.6	35.5	42.1	38.6	46.2
Operating income	-6.5	-24.5	-64.4	-77.7	-75.0
Net income	-6.6	-19.9	-53.0	-61.7	-58.2
Earnings per share (basic and diluted), SEK	-0.22	-0.37	-1.19	-1.15	-1.09
Shareholder equity ratio, %	60.8	69.8	60.8	69.8	70.2
Operating cash flow	-51.9	-11.0	-47.0	-82.8	-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 2.0 percentage points for third quarter and 4.5 percentage points in the period January – September 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 16, note 2 "Accounting policy" for further details.



The CEO's comments

Improved operating income and ramping up for serial deliveries

In the third quarter, we achieved organic growth of 26 percent and operating income amounted to SEK -6.5m, (-24.5). Even though this is a loss, the operating leverage gives a strong year-over-year improvement. With our proven industrial offer for hydrogen electric solutions, we grow at a higher pace than the underlying market development. The preparations for serial deliveries are running according to plan and with Bosch as our contract manufacturer we have an asset-light business with operational leverage. PowerCell is well positioned to accelerate growth in the market for sustainable, zero emission solutions.

In the quarter, growth twelve-month rolling was 42 percent and net sales amounted to SEK 69.9 million. The revenue increase is driven by a growing number of OEM customers who want to use our hydrogen electric solutions in commercial applications with significant volumes. We have a leading position in the aviation and marine segments, and it is encouraging to see how interest in hydrogen electric solutions continues to spread to more industries. In the quarter, revenue was positively impacted by increased royalty fees from Bosch which is reflecting their growing hydrogen electric business in the automotive segment.

Gross margin in the quarter increased 16.1 percentage points to 51.6 percent. However, the gross margin was temporarily positively impacted in the quarter by an income with exceptional high profitability. We are in a new phase with market driven growth from commercial applications and have left early-stage tech exploration. Stronger OEM demand with deployment into commercial applications puts different demands on the product offering from PowerCell which also provides long-term volume commitment and an interesting after-market business. Following the direction set out in the Q1 report 2021, we have focused on improving our product offering, industrialization and productivity to make sure that when the market starts to grow, we scale up operations that is lean and sustainable. Our growth will contribute to our future profitability will contribute to our future profitability, while we continue to invest in the next generation of technology

First deliveries of fuel cell stacks from Bosch

Partnering with Bosch, a world leading supplier in industrialization and industrial technology, for the manufacturing of our fuel cell stack S3 gives us important operational advantages. In the quarter, we received the first deliveries from Bosch's European unit, and we expect to take advantage of their global volume production capabilities in due course. With this collaboration, we can focus on the assembly and delivery of fuel cell systems, which is expected to have a positive impact on our working capital and reduce the need of investments in CAPEX.

Strong development in aviation segment

Among our business successes in the quarter, I would

like to highlight the follow-up order from German H2FLY for deliveries of full fuel cell systems to aircraft. We signed the first order with H2FLY in June 2022 and the new contract is yet another confirmation of our strong position in the fast growing transition to emission-free, sustainable aviation. Another key event in the quarter is the progress we make together with ZeroAvia in creating emission-free, commercial aircraft. A year ago, we signed the world's first ever contract covering serial delivery of hydrogen fuel cell stacks to the aviation industry with ZeroAvia. On 19th of July 2023, ZeroAvia announced the successful completion of the first phase of certification flight testing of the ZA600 system. Beside passing significant flight test milestones, ZeroAvia has secured pre-orders for nearly 2,000 engines from several of the major global aviation OEM's and is on track for commercial operations in 2025. I am proud to report that we have in total 18 different customer application projects in the highly demanding Aviation segment.

Application to be listed on Nasdaq main market

We have proven that our offering Industrialized Innovation is a winning concept, and we have a clear strategy to continue our growth journey. One step in this journey is the application to be listed on Nasdaq Stockholm, which is a natural step as we as a company and the hydrogen electric industry as a whole mature and large-volume commercial applications become a reality. To better capture future opportunities, we have strengthened the Management Team. I'm happy to welcome Alison Arnold as Chief Marketing Officer and Victor Åkerlund as Chief Analytics and Sustainability Officer to PowerCell. At PowerCell, our driving force is the desire to create a more sustainable, emission-free world. PowerCell has an important offering that supports the transition to an emission-free society and we are well positioned to take advantage of the growing interest for our environmentally friendly solutions.

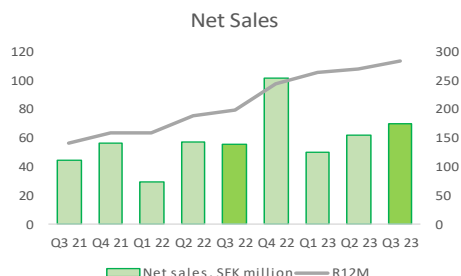


Richard Berkling
CEO



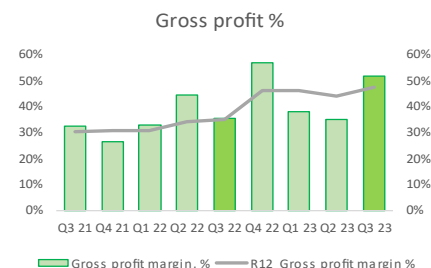
Financial performance July to September

Net sales



Sales in the quarter increased 26% to SEK 69.9m (55.6) compared to the same period last year where the Aviation segment showed strongest growth. Aviation is together with the Marine segment, PowerCell's largest customer segments. Sales of products increased with about 84%, making product sales the major part of the product mix in the quarter. Royalty fees of SEK 12.0m (1.5) from Robert Bosch GmbH are reported as net sales in the quarter, a substantial increase from last year.

Gross profit and operating income/loss



Gross profit amounted to SEK 36.1m (19.8) with a gross margin of 51.6% (35.5).

During 2023, PowerCell has changed the presentation of certain indirect material and labor costs, such as warehouse personnel, transportation and warranty costs, etc. For the third quarter, the change means that SEK 1.4m was reported as Cost of goods sold instead of in Selling and administrative costs. This affects the gross margin with about 2.0 percentage points and a comparable gross margin versus last year would be 53.6% (35.5). Further reading on page 16, note 2 "Accounting policies".

+51.6%

Gross margin July - September 2023

Operating expenses increased 27% to SEK 54.9m (43.3). Other operating costs amounted to SEK -4.8m (-8.7) and relates fully to operating exchange losses. Other operating income amounts to SEK 17.0m (7.8) and includes operating exchange gains SEK 7.4m (7.0) and R&D grants SEK 9.6m (0.8). Majority of R&D grants in quarter comes from EU and relates to projects within aviation and the heavy-duty truck industry. Costs related to the EU granted projects are to be found in OPEX as R&D costs. In addition to EU granted projects and development expenditures that are capitalized, Powercell has R&D activities and expenditures focusing on future technical solutions.

Operating income amounted to SEK -6.5m (-24.5).

With the strong market interest in the company's products and several new customer agreements, PowerCell has entered into a new phase of product development. In the quarter, SEK 4.1 was capitalized as development expenditures related to the development of the new PS200 system.

Net income and financial items

Net financial items amounted to SEK -0.1m (4.6) and mainly related to revaluation effects in bank accounts denominated in foreign currency, primarily EUR. Net income in the third quarter was SEK -6.6m (-19.9).



Cash flow

Operating cash flow was SEK -51.9m (-11.0) and total cash flow was SEK -59.7m (-22.2), impacted negatively by changes in working capital, but is caused by activities in growing net sales.

Cash flow from investing activities is effected from PowerCell entering into a new phase of product development. In the quarter, SEK 4.1m is therefore capitalized as intangible assets.

Financial position

PowerCell's financial position and liquidity are satisfactory. Cash and cash equivalents amounted to SEK 134.5m on 30 September 2023.



Financial performance January to September

Net sales

Sales year to date increased by 28% to SEK 182.8m (142.9) compared to the same period last year. Most customer segments showed strong growth with the majority of the sales generated by the Aviation and Marine segments. 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 15.6m (4.4) from Robert Bosch GmbH are reported as net sales in the period.

Gross profit and operating income/loss

Gross profit increased by 39% to SEK 77.0m (55.2), with a gross margin of 42.1% (38.6). The gross margin was positively impacted by the change in product mix with increased royalty fees from Robert Bosch GmbH and increasing engineering service sales.

In 2023, PowerCell have changed the presentation of certain indirect material and labor costs, such as warehouse personnel, transportation and warranty costs, etc. For the first nine months, the change means SEK 8.3m in Costs of goods sold instead of in Selling and administrative costs. This affects the gross margin with about 4.5 percentage points and a comparable gross margin versus last year would be 46.6% (38.6).

Operating expenses amounted to SEK 156.3m (134.2), which reflects a planned scale up to prepare the organization for continued growth. The increase is less than the increase in net sales, giving an operating leverage. Other operating costs amounted to -16.0m (-14.6) and relates fully to operating exchange losses.

Other operating income amounts to SEK 30.9m (15.9) and includes operating exchange gains SEK 11.7m (12.0) and R&D grants SEK 18.9m (3.5). Majority of R&D grants in 2023 come from EU and relates to projects within aviation and heavy-duty truck industry. Costs related to the EU granted projects are to be found in OPEX as R&D costs. In addition to EU granted projects and development expenditures that are capitalized, Powercell has R&D activities and expenditures focusing on future technical solutions.

With the strong market interest of the company's products and several new customer agreements entered, PowerCell has entered into a new phase of product development. In the second and third quarter, SEK 9.7m was capitalized as development expenditures related to the development of the new PS200 system.

The operating income in the nine-month period was SEK -64.4m (-77.7).



Net income and financial items

Net financial items amounted to SEK 11.4m (15.9) and mainly related to revaluation effects in bank accounts denominated in foreign currency, primarily EUR. Net income in the nine-month period was SEK -53.0m (-61.7).

Cash flow

Operating cash flow was SEK -47.0m (-82.8) and total cash flow was SEK -71.3m (-110.1), impacted by the operational result, decrease in working capital, with increases in inventory and positive effect from liabilities. Cash flow from investing activities is effected from PowerCell entering into a new phase of product development. In the second and third quarter, SEK 9.7m is therefore capitalized and viewed as an intangible asset.



Other information

Employees

On 30 September 2023, the Group had 151 (105) employees measured as full-time equivalents, FTE.

The share

The share is listed on Nasdaq First North Growth Market under the ticker PCELL. On 30 September 2023 the total number of outstanding shares were 52,142,434. PowerCell holds no treasury shares.

Ten largest owners per 30 September 2023

Name	Number of shares	Votes and capital
Robert Bosch	5,848,531	11.22%
BlackRock	2,744,213	5.26%
Avanza Pension	1,547,562	2.97%
green benefit AG	976,977	1.87%
Legal & General	853,264	1.64%
Swedbank Robur Funds	392,160	0.75%
KPL Kapitalförvaltning AS	355,899	0.68%
CPR Asset Management	340,051	0.65%
Invesco	328,516	0.63%
VanEck	291,484	0.56%
<i>Total 10 largest owners</i>	<i>13,678,657</i>	<i>26.23%</i>
<i>Other</i>	<i>38,463,777</i>	<i>73.77%</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).

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. The current macro environment, with high inflation and increasing interest rates impacts PowerCell, both through suppliers and customers. PowerCell can mitigate through pricing and productivity measures.

Parent company

The main part of the Group's activity is carried out in the parent company PowerCell Sweden AB. Out of 151 employees, 147 are employed by the parent company. The parent company's revenue amounted to SEK 69.9m (55.6) in the third quarter. Operating profit/loss for the quarter amounted to SEK -10.1m (-24.0)



Assurance of the Board of Directors

The Board of Directors and the CEO warrant that this interim report for Powercell Sweden AB (publ), 556759-8353 provides a true and fair picture of the parent company's and the Group's operations, financial position and results, and describes the significant risks and uncertainties of the parent company and the companies included in the Group.

Gothenburg, 19 October 2023

Magnus Jonsson
Chairman

Nicolas Boutin
Director

Helen Fasth Gillstedt
Director

Riku-Pekka Hägg
Director

Karin Ryttberg-Wallgren
Director

Uwe Hillmann
Director

Annette Malm Justad
Director

Richard Berkling
CEO



Auditor´s report

Powercell Sweden AB (publ), 556759-8353

Introduction

We have reviewed the condensed interim financial information (interim report) of PowerCell Sweden AB as of 30 September 2023 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Gothenburg, 19 October 2023
Öhrlings PricewaterhouseCoopers AB

Fredrik Göransson
Authorized Public Accountant



Condensed income statement - Group

SEK thousand	Note	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	2022
Net sales	3	69,881	55,622	182,770	142,911	244,691
Costs of goods and services sold		-33,797	-35,850	-105,777	-87,724	-131,668
Gross profit		36,084	19,772	76,993	55,187	113,023
Selling and administrative costs	4	-27,511	-22,343	-80,854	-69,658	-98,559
Research and development costs		-27,401	-21,040	-75,435	-64,554	-92,329
Other operating income	6	17,041	7,763	30,885	15,936	21,807
Other operating costs	7	-4,751	-8,695	-16,035	-14,642	-18,961
Operating income		-6,538	-24,543	-64,446	-77,731	-75,019
Net financial items		-121	4,629	11,444	15,937	16,801
Profit (loss) after financial items		-6,659	-19,914	-53,002	-61,794	-58,218
Income tax		13	14	28	52	45
Profit (loss) for the period		-6,646	-19,900	-52,974	-61,742	-58,173
Other comprehensive income:						
Items that may be reclassified to profit or loss						
Exchange differences from foreign operations		2	-41	81	-42	37
Other comprehensive income for the period		2	-41	81	-42	37
Total comprehensive income for the period		-6,644	-19,941	-52,893	-61,784	-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	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	2022
Earnings per share, basic	5	-0.22	-0.37	-1.19	-1.15	-1.09
Earnings per share, diluted	5	-0.22	-0.37	-1.19	-1.15	-1.09



Condensed balance sheet - Group

SEK thousand	2023-09-30	2022-09-30	2022-12-31
ASSETS			
Non-current assets			
Intangible assets	16,255	8,707	8,173
Right of use assets (leasing)	33,313	36,807	34,842
Tangible fixed assets	32,745	34,280	34,817
Deferred tax assets	256	163	186
Long term trade receivables	-	6,550	6,677
Total non-current assets	82,569	86,507	84,695
Current assets			
Inventories	107,714	76,380	75,485
Current receivables	145,440	65,194	116,909
Cash and cash equivalents	134,546	239,375	196,857
Total current assets	387,700	380,949	389,251
TOTAL ASSETS	470,269	467,456	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	-153	-313	-234
Retained earnings (including profit (loss) for the year)	-350,290	-309,497	-303,046
Total equity attributable to Parent Company shareholders	285,711	326,344	332,874
LIABILITIES			
Non-current liabilities leases, interest-bearing	22,691	25,683	24,123
Non-current liabilities	30,600	30,543	30,558
Current liabilities leases, interest-bearing	6,987	7,817	7,342
Current liabilities	124,280	77,069	79,049
Total liabilities	184,558	141,112	141,072
TOTAL EQUITY AND LIABILITIES	470,269	467,456	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		-	-	-	-52,974	-52,974
Other comprehensive income for the period		-	-	81	-	81
Total comprehensive income for the period		-	-	81	-52,974	-52,893
Transactions with shareholders						
Share-based compensation to employees		-	-	-	5,730	5,730
Closing balance 30 September 2023		1,147	635,007	-153	-350,290	285,711
Opening balance 1 January 2022		1,147	635,007	-271	-252,432	383,451
Profit (loss) for the period		-	-	-	-61,742	-61,742
Other comprehensive income for the period		-	-	-42	-	-42
Total comprehensive income for the period		-	-	-42	-61,742	-61,784
Transactions with shareholders						
Share-based compensation to employees		-	-	-	4,677	4,677
Closing balance 30 September 2022		1,147	635,007	-313	-309,497	326,344



Condensed cash flow - Group

SEK thousand	Note	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	2022
Cash flow from operating activities						
Operating profit (loss)		-6,539	-24,543	-64,445	-77,731	-75,019
Adjustments for non-cash items		5,236	7,785	21,277	23,336	37,693
Interest paid		361	-225	1,447	-704	-684
Paid income tax		-	-	-696	-203	493
Cash flow from operating activities before changes in working capital		-942	-16,983	-42,417	-55,302	-37,517
Cash flow before changes in working capital						
Increase/decrease of inventories		15,413	-9,068	-30,061	-38,370	-41,609
Increase/decrease of current receivables		-25,181	29,491	-20,793	4,433	-48,646
Increase/decrease of current liabilities		-41,216	-14,419	46,321	6,458	7,266
Total changes in working capital		-50,984	6,004	-4,533	-27,479	-82,989
Cash flow from operating activities		-51,926	-10,979	-46,950	-82,781	-120,506
Cash flow from investing activities						
Acquisitions of tangible and intangible assets		-5,681	-2,720	-17,776	-14,292	-17,717
Change in financial assets		-	-6,551	-	-6,551	-6,677
Cash flow from investing activities		-5,681	-9,271	-17,776	-20,843	-24,394
Cash flow from financing activities						
Repayment of leasing liability		-2,126	-1,994	-6,579	-6,464	-8,464
Cash flow from financing activities		-2,126	-1,994	-6,579	-6,464	-8,464
Decrease/increase of cash and cash equivalents		-59,733	-22,244	-71,305	-110,088	-153,364
Opening cash and cash equivalents		195,274	256,667	196,857	332,507	332,507
Effects of exchange rate changes on cash and cash equivalents		-995	4,952	8,994	16,956	17,714
Closing cash and cash equivalents		134,546	239,375	134,546	239,375	196,857



Condensed income statement – Parent Company

SEK thousand	Note	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	2022
Net sales		69,881	55,539	182,770	142,858	243,838
Costs of goods and services sold		-33,797	-35,844	-105,776	-87,717	-131,661
Gross profit		36,084	19,695	76,994	55,141	112,177
Selling and administrative costs		-26,843	-21,503	-79,178	-67,795	-95,746
Research and development costs		-31,622	-21,228	-85,676	-65,109	-93,084
Other operating income		17,041	7,763	30,849	15,985	21,856
Other operating costs		-4,809	-8,710	-15,892	-14,675	-18,803
Operating income		-10,149	-23,983	-72,903	-76,453	-73,600
Net financial items		-1,417	4,858	10,612	16,663	16,814
Profit (loss) after financial items		-11,566	-19,125	-62,291	-59,790	-56,786
Income tax		23	23	70	70	93
Profit (loss) for the period		-11,543	-19,102	-62,221	-59,720	-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	2023-09-30	2022-09-30	2022-12-31
ASSETS			
Non-current assets			
Intangible assets	6,603	8,707	8,173
Tangible fixed assets	32,744	34,275	34,814
Financial assets	1,271	7,904	8,753
Total non-current assets	40,618	50,886	51,740
Current assets			
Inventories	107,714	76,284	75,485
Current receivables	150,525	71,758	121,833
Cash and bank balances	132,045	235,495	192,893
Total current assets	390,284	383,537	390,211
TOTAL ASSETS	430,902	434,423	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	-217,842	-169,760	-166,878
Profit (loss) for the period	-62,221	-59,720	-56,693
Total non-restricted equity	275,444	326,027	331,936
Total equity	276,591	327,174	333,083
LIABILITIES			
Non-current liabilities	30,000	30,000	30,000
Current liabilities	124,311	77,249	78,868
Total liabilities	154,311	107,249	108,868
TOTAL EQUITY AND LIABILITIES	430,902	434,423	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 19 October 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 third quarter 2023, the gross margin would be increased by 2.0 percentage points, should the same presentation of the costs be applied as in previous periods. The comparable gross margin versus last year is 53.6% (35.5). For the nine-month period, the gross margin would be increased by 4.5 percentage points.

3. Net sales

Revenue from contracts with customers

Sales are reported as revenue when control of the goods is transferred to the customer, which normally coincides with its delivery.

Revenue from contracts with customers

SEK thousand	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	2022
Hardware	28,095	15,292	76,983	47,049	83,887
Services	6,239	4,099	36,860	25,693	57,133
Royalty fees	11,994	1,460	15,595	4,363	15,182
Projects according to percentage of completion	23,553	34,771	53,332	65,806	88,489
Total	69,881	55,622	182,770	142,911	244,691

Revenue from contracts with customers per country, based on where customers are located

Sweden	1,350	1,902	2,859	2,510	2,694
Germany	20,298	13,793	36,019	53,419	92,176
Great Britain	9,573	543	48,646	6,294	30,267
Netherlands	45	5,900	16,602	27,814	44,874
US	8,112	29,492	40,006	32,564	42,366
Other	30,503	3,992	38,638	20,310	32,314
Total	69,881	55,622	182,770	142,911	244,691



4. Related party transactions

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

5. Earnings per share

SEK	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	2022
Earnings per share, basic	-0.22	-0.37	-1.19	-1.15	-1.09
Earnings per share, diluted	-0.22	-0.37	-1.19	-1.15	-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	-11,543	-19,102	-62,221	-59,720	-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	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	52,142,434

6. Other operating income

Thousand SEK	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	2022
Currency exchange gains	7,378	7,003	11,673	12,029	16,410
Grants	9,639	756	18,947	3,484	4,974
Other	24	4	265	423	423
Total	17,041	7,763	30,885	15,936	21,807

Majority of R&D grants in 2023 comes from EU and relates to projects within aviation and heavy-duty truck industry. Costs related to the EU granted projects are to be found in OPEX as R&D costs

7. Other operating cost

Thousand SEK	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	2022
Currency exchange losses	-4,751	-8,695	-16,035	-14,642	-18,961
Total	-4,751	-8,695	-16,035	-14,642	-18,961

8. Significant events after the end of the reporting period

No significant events after the end of the period



Definition of key financial indicators

In this financial report, there are references to several performance measures. Some of the measures are defined in IFRS, others are alternative performance measures and are not disclosed in accordance with applicable financial reporting frameworks or other legislations. The performance measures are used by the Group to assist both investors and management in analyzing PowerCells' business. Below the performance measures found in this financial report are described and defined. The reason for the use of the performance measure is also disclosed.

Shareholder Equity ratio, %

Equity in relation to total assets.

Earnings per share

Net income divided by the weighted average number of outstanding shares.

Number of employees

Number of employees is presented recalculated as full-time positions, if not otherwise stated.

Gross margin, %

Net revenue less cost of goods sold through net revenue.

Net sales rolling twelve-month

Net sales for a period that is determined monthly and consists of the previous 12 consecutive calendar months



Interim report third quarter 2023

This information constitutes information that PowerCell Sweden AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, at 08:00 AM CEST on 19 October 2023.

The Annual General Meeting for PowerCell Sweden AB will be held by on 25 April, 2024. More details will be announced in connection with the publications of the notice.

Financial calendar

Interim report Q4 and year-end report 2023, 8 February 2024

Interim report Q1 2024, 25 April

Annual General Meeting, 25 April

Interim report first half year 2024, 18 July

Interim report Q3 2024, 20 October

Interim report Q4 and year-end report Q4 2024, 13 February 2025

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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](https://www.powercellgroup.com).

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