



# Interim Report

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JUL-SEP 2017

## **Interim Report for July-September 2017**

### **PowerCell Sweden AB (publ) First North at Nasdaq Stockholm, PCELL**

#### **Important events in July-September 2017**

- Almost four times higher sales compared with the corresponding quarter of last year.
- The deliveries to Wuhan Tiger have started.
- High business activity towards the Chinese market, with potential volume customers testing and evaluating PowerCell's products.
- Hyon AS, the joint venture launched by PowerCell together with Norwegian Nel and Hexagon Components, has started its operations focusing on the Norwegian marine segment.

#### **Financial highlights**

	2017	2016	2017	2016
All numbers in TSEK	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep
Net sales	10 929	3 034	20 865	7 649
Operating profit	-12 745	-16 211	-46 627	-47 996
Profit after tax	-12 746	-16 212	-46 630	-47 551
Operative cash flow	-25 118	-20 177	-33 386	-47 090

#### **Important events after period end**

- Received a repeat order of MSEK 1.5 from a Chinese customer for test of the PowerCell S2 fuel cell stack in bus applications.

## The CEO's comments

# Fuel cells are a Game Changer and will create a disruptive change

**The commercialisation and industrialisation of PowerCell is progressing with full speed. We focus on four market segments, where we have high customer interest and many requests, resulting in an almost fourfold sale for the quarter.**

The energy and transport sector is in a stage of disruptive change, where today's fossil-based solutions are phased out. The end of the internal combustion engine, and especially the end of the diesel engine, approaches. The electrification of the vehicle fleet is moving fast forward and fuel cells are becoming increasingly important. At first, in addition to battery operation of vehicles through so-called range extenders that increase the range considerably, and in the long run as pure hydrogen cars which will represent a significant part of the total vehicle fleet.



PowerCell is well positioned and accomplishes a large number of sales and marketing activities in the prioritised market segments. The sales persons that were recruited are in place, resulting in an increased number of customer activities in the Transport, Marine, Stationary and China sectors - with almost fourfold sales compared to the corresponding period last year. The development projects that PowerCell operates are ongoing. Among these, projects with Swiss Coop, Kalmar and Maranda can be mentioned.

## Transport

The German AutoStack-Industrie (ASI) project has started with BMW, Daimler, Ford and Volkswagen and key suppliers. PowerCell is leading two sub-projects: stack construction and stack production technology for mass volume production. The goal is to develop a cost-effective fuel cell platform for the automotive industry in Germany.

The interest in PowerCell's stacks is also high from other leading vehicle manufacturers who are interested in installing fuel cell stacks in trucks and buses.

## Marine

During the reporting period, Hyon AS has been launched. Hyon is a joint venture between PowerCell, NEL ASA and Hexagon Composites ASA, and is a one-stop shop that combines knowledge of renewable production, storage and distribution of hydrogen to electricity generation via fuel cell technology. Hyon initially focuses on the marine segment, as the business segment has high demand in Norway.

Also, while the EU-funded project Maranda is developing according to plan, discussions with customers in the marine segment continue on technical specifications and funding. In Maranda, PowerCell collaborates with ABB among others.

## Stationary

The first orders of the recently launched fuel cell system PowerCell PS-5 have been received. In Sweden, the product has been delivered to a customer who is using the system as hub in the

energy system of the building, thus allowing the property owner to become fully self-sufficient for electricity from solar energy, in a so-called off-grid house.

## **China**

In March 2017, Li Keqiang, the prime minister of China, set the target "To make China's sky blue again" and since that, the country's already high ambitions have been raised even further. We felt that during the CHFCE fair in Beijing on 28-30 August, when the interest in PowerCell's environmental technology was very high. One reason for the demand is PowerCell's unique know how and the fact that our commercial products are in line with the new Chinese requirements. In connection with the fair, PowerCell conducted a number of customer meetings and other marketing activities in both Shanghai and Beijing. PowerCell has several ongoing discussions with Chinese companies on the testing of fuel cell systems and stacks.

In the third quarter deliveries of PowerCell S2 fuel cell stacks and prototypes of PowerCell MS-30 fuel cell system to the Chinese vehicle manufacturer Wuhan Tiger Fuel Cell Vehicle Ltd. have started.

## **Company Development - Fuel Cells is a Game Changer**

After the reporting period, PowerCell received a visit from Mikael Damberg, Minister for Industry and Innovation. PowerCell presented how hydrogen and fuel cells quickly can help save the climate. PowerCell emphasized the importance of making sure that fuel cell technology is a part of the SEK 2 billion investment that the government and industry have committed to invest in electrifying the vehicle fleet.

PowerCell is strategically well positioned for the forthcoming disruptive change in the energy and transport industry. With our modular platform strategy (products that can easily be adapted to different customer applications), the production volume can be quickly increased, thus creating scale and cost benefits. That is why we are pleased to note that we can combine creating value for our environment and society as well as for customers and PowerCell shareholders.

*Per Wassén*

*VD, PowerCell Sweden AB*

# Financial report July-September 2017

## Revenues and profits

Sales for the period July to September 2017 amounted to TSEK 10 929 (3 034<sup>1</sup>). The strong increase is also reflecting the initiated sales of PowerCell S2 stacks and PowerCell MS-30 to Wuhan Tiger.

Other operating income, which mainly consists of grant funding, amounted to TSEK 2 285 (2 348) for the period.

Operating profit was TSEK -12 745 (-16 221) for the period July to September. As part of the ongoing industrialisation and commercialisation phase, sales and administration costs have increased during this period as planned.

## Cash Flow

The operating cash flow for the period was TSEK -25 118 (-20 177). The negative cash flow of the business is primarily attributable to reduced operating liabilities arising in connection with the rights issue earlier this year.

## Financing

On-going cooperation projects, financed by the Swedish Energy Agency and the EU, amount to a total of approximately MSEK 60 from which payments in the period July to September have been received at TSEK 2 668 (0).

## Accounting principles

The interim report has been prepared in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board BFNAR 2012: 1 Annual Report and consolidated financial statements (K3). The accounting policies are more fully described in the Company's annual report for fiscal year 2016.

## Significant risks in brief

### Operational risks

PowerCell is through its business activities, exposed to risks and uncertainties. The Company's activities have so far been mainly product development. The Company has also delivered a number of products, which are currently being evaluated by customers. Risks are associated with the progress of the development activities and that this process doesn't suffer from major delays, increased costs or other difficulties. Risks are also associated with customer reviews precipitating as desired, and that the Company's sales can begin on a larger scale within the time frame that the Board has assessed as probable.

### Financial risks

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

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<sup>1</sup> Figures between brackets relates to the same period of the fiscal year 2016.

### Market-related risks

The Company's products are based on fuel cell technology, which is relatively new in a commercial context. This may mean, even though the Company's products' performance and business surpasses competing technologies, that customers are replacing their systems at a slower pace than expected.

### Transactions with related parties

No transaction with related parties has occurred during the period.

### Long-term incentive programmes

The Company has a stock option program for senior executives and staff. It comprises 369 600 warrants, where each warrant gives the right to subscribe for one new share at a subscription price of SEK 12.25 per share during the period 1 January 2017- 31 December 2017. The dilution from this amounts to a maximum of 0.7 percent.

### The share

The share is listed on First North at Nasdaq Stockholm (PCELL, ISIN code: SE 000 642 5815, LEI code 549300751J7TGOK3VC02).

The share capital of PowerCell amounts at September 30, 2017 to SEK 1 133 017.82 and is divided into 51 500 810 shares with a par value of SEK 0.022.

### Ownership per September 30, 2017\*

	No. of shares	Ownership
Midroc New Technology	9 172 670	17,8%
Fouriertransform	9 172 670	17,8%
Finindus	6 489 836	12,6%
Avanza Pension	3 477 832	6,8%
Other	23 187 802	45,0%
<b>Total</b>	<b>51 500 810</b>	<b>100,0%</b>

\* Source: Euroclear

### Upcoming reports

2017 Year End Report, February 28, 2018

Gothenburg, November 1, 2017

Magnus Jonsson  
Chairman of the Board

Göran Linder  
Director of the Board

Dirk De Boever  
Director of the Board

André Martin  
Director of the Board

Åsa Severed  
Director of the Board

Per Wassén  
CEO/Director of the Board

The company's auditor has not audited this report.

INCOME STATEMENT	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Dec
Net sales	10 929	3 034	20 865	7 649	12 185
Cost of goods/services sold	-7 548	-2 303	-13 677	-5 991	-9 266
<b>Gross profit/loss</b>	<b>3 381</b>	<b>731</b>	<b>7 188</b>	<b>1 658</b>	<b>2 919</b>
Selling and administrative expenses	-4 147	-1 936	-11 104	-2 975	-6 327
Research and development costs	-14 179	-17 318	-50 080	-54 138	-72 057
Other operating income	2 285	2 348	7 569	7 526	9 521
Other operating costs	-85	-36	-200	-67	-155
<b>Operating profit/loss</b>	<b>-12 745</b>	<b>-16 211</b>	<b>-46 627</b>	<b>-47 996</b>	<b>-66 099</b>
<i>Financial items</i>					
Interest income	-	-	-	-	446
Interest expenses	-1	-1	-3	445	-
<b>Profit/Loss after financial items</b>	<b>-12 746</b>	<b>-16 212</b>	<b>-46 630</b>	<b>-47 551</b>	<b>-65 653</b>
Tax on profit for the year	-	-	-	-	-
<b>NET PROFIT/LOSS</b>	<b>-12 746</b>	<b>-16 212</b>	<b>-46 630</b>	<b>-47 551</b>	<b>-65 653</b>

BALANCE SHEET, TSEK	2017 Sep-30	2016 Sep-30	2016 Dec-31
<b>ASSETS</b>			
Intangible assets	762	-	736
Fixed assets	16 007	19 104	17 691
Financial assets	1 858	234	234
<b>Total non-current assets</b>	<b>18 627</b>	<b>19 338</b>	<b>18 661</b>
Inventories, etc.	7 969	3 614	3 364
Short-term receivables	14 093	9 712	12 917
Cash and bank balances	237 700	58 987	61 204
<b>Total current assets</b>	<b>259 762</b>	<b>72 313</b>	<b>77 485</b>
<b>Total assets</b>	<b>278 389</b>	<b>91 651</b>	<b>96 146</b>
<b>LIABILITIES AND EQUITY</b>			
Share capital	1 133	942	985
Other restricted equity	762	-	736
Unrestricted equity	249 182	77 321	100 437
Year loss	-46 630	-47 551	-65 653
<b>Total equity</b>	<b>204 447</b>	<b>30 712</b>	<b>36 505</b>
Pensions provisions and similar commitments	165	822	668
Long-term liabilities	39 854	39 987	39 987
Short-term liabilities	33 923	20 130	18 986
<b>Total liabilities</b>	<b>73 942</b>	<b>60 939</b>	<b>59 641</b>
<b>Total equity and liabilities</b>	<b>278 389</b>	<b>91 651</b>	<b>96 146</b>



<b>CASH FLOW STATEMENT, TSEK</b>	<b>2017 Jul-Sep</b>	<b>2016 Jul-Sep</b>	<b>2017 Jan-Sep</b>	<b>2016 Jan-Sep</b>	<b>2016 Jan-Dec</b>
<b>Operating activities</b>					
Operating profit/loss	-12 745	-16 211	-46 627	-47 996	-66 099
Adjustment for non-cash items	1 417	1 298	4 087	3 798	5 123
Interest received	-	-	-	-	1
Interest paid	-1	-1	-3	-5	-5
Income tax paid/received	-205	-176	-606	-529	42
<b>Changes in working capital</b>					
Change in inventories	833	-1 409	-4 605	-1 912	-1 662
Change in operating receivables	2 149	-912	-529	2 260	-1 515
Change in operating liabilities	-16 566	-2 766	14 897	-2 706	-3 851
<b>Cash flow from operating activities</b>	<b>-25 118</b>	<b>-20 177</b>	<b>-33 386</b>	<b>-47 090</b>	<b>-67 966</b>
<b>Investment activities</b>					
Investments in non-current assets	-1 458	-122	-2 933	-1 928	-2 730
Investments in subsidiary and associated companies	-	-	-1 624	-	-
<b>Cash flow from investing activities</b>	<b>-1 458</b>	<b>-122</b>	<b>-4 557</b>	<b>-1 928</b>	<b>-2 730</b>
<b>Financing activities</b>					
Amortization	-133	-	-133	-	-133
New share issue	-	-	214 572	66 997	90 892
<b>Cash flow from financing activities</b>	<b>-133</b>	<b>-</b>	<b>214 439</b>	<b>66 997</b>	<b>90 892</b>
<b>The period's cash flow</b>	<b>-26 709</b>	<b>-20 299</b>	<b>176 496</b>	<b>17 979</b>	<b>20 196</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>264 409</b>	<b>79 286</b>	<b>61 204</b>	<b>41 008</b>	<b>41 008</b>
<b>Cash and cash equivalents at year-end</b>	<b>237 700</b>	<b>58 987</b>	<b>237 700</b>	<b>58 987</b>	<b>61 204</b>
<i>Adjustment for non-cash items</i>					
Depreciation	1 584	1 475	4 593	4 345	6 153
Other items not affecting cash flow	-167	-177	-506	-547	-766
	<b>1 417</b>	<b>1 298</b>	<b>4 087</b>	<b>3 798</b>	<b>5 387</b>

## STATEMENT OF CHANGES IN EQUITY, TSEK

	<i>Restricted equity</i>		<i>Unrestricted equity</i>		Ongoing new share issue
	Share capital	Fund development expenses	Share capital	Share capital	
<b>2016-01-01</b>	<b>785</b>	<b>-</b>	<b>236 372</b>	<b>-225 891</b>	<b>11 266</b>
Activation of development costs	-	736	-	-736	-
New share issue	200	-	90 692	-	90 892
Net loss for the year	-	-	-	-65 653	-65 653
<b>2016-12-31</b>	<b>985</b>	<b>736</b>	<b>327 064</b>	<b>-292 280</b>	<b>36 505</b>
<b>2017-01-01</b>	<b>985</b>	<b>736</b>	<b>327 064</b>	<b>-292 280</b>	<b>36 505</b>
Capitalization of development expenses	-	80	-	-80	-
Capitalization of development expenses	-	-54	-	54	-
Rights issue	148	-	214 424	-	214 572
Net loss for the year	-	-	-	-46 630	-46 630
<b>2017-09-30</b>	<b>1 133</b>	<b>762</b>	<b>541 488</b>	<b>-338 936</b>	<b>204 447</b>

KEY FIGURES	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep
<b>Profitability (%)</b>				
Return on average total capital	neg.	neg.	neg.	neg.
Return on average equity	neg.	neg.	neg.	neg.
<b>Capital structure</b>				
Solidity	73%	34%	38%	15%
<b>Data per share (SEK)</b>				
Outstanding shares	51 500 810	42 833 872	51 500 810	42 833 872
Average of outstanding shares	51 500 810	42 833 872	48 142 601	39 266 132
Earnings per share	-0,2	-0,4	-0,9	-1,1
Earnings per share after full dilution	-0,2	-0,4	-0,9	-1,1
Dividend per share	-	-	-	-

## **Definitions**

### **Return on assets**

Profit after tax in relation to average total capital

### **Return on equity**

Profit after tax in relation to average equity

### **Solidity**

Equity in relation to total assets

### **Earnings per share**

Profit after tax in relation to the number of shares

### **Dividend per share**

The dividend per entitled share

## **PowerCell Sweden AB in brief**

PowerCell Sweden AB (publ) develops and produces fuel cell stacks and 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.