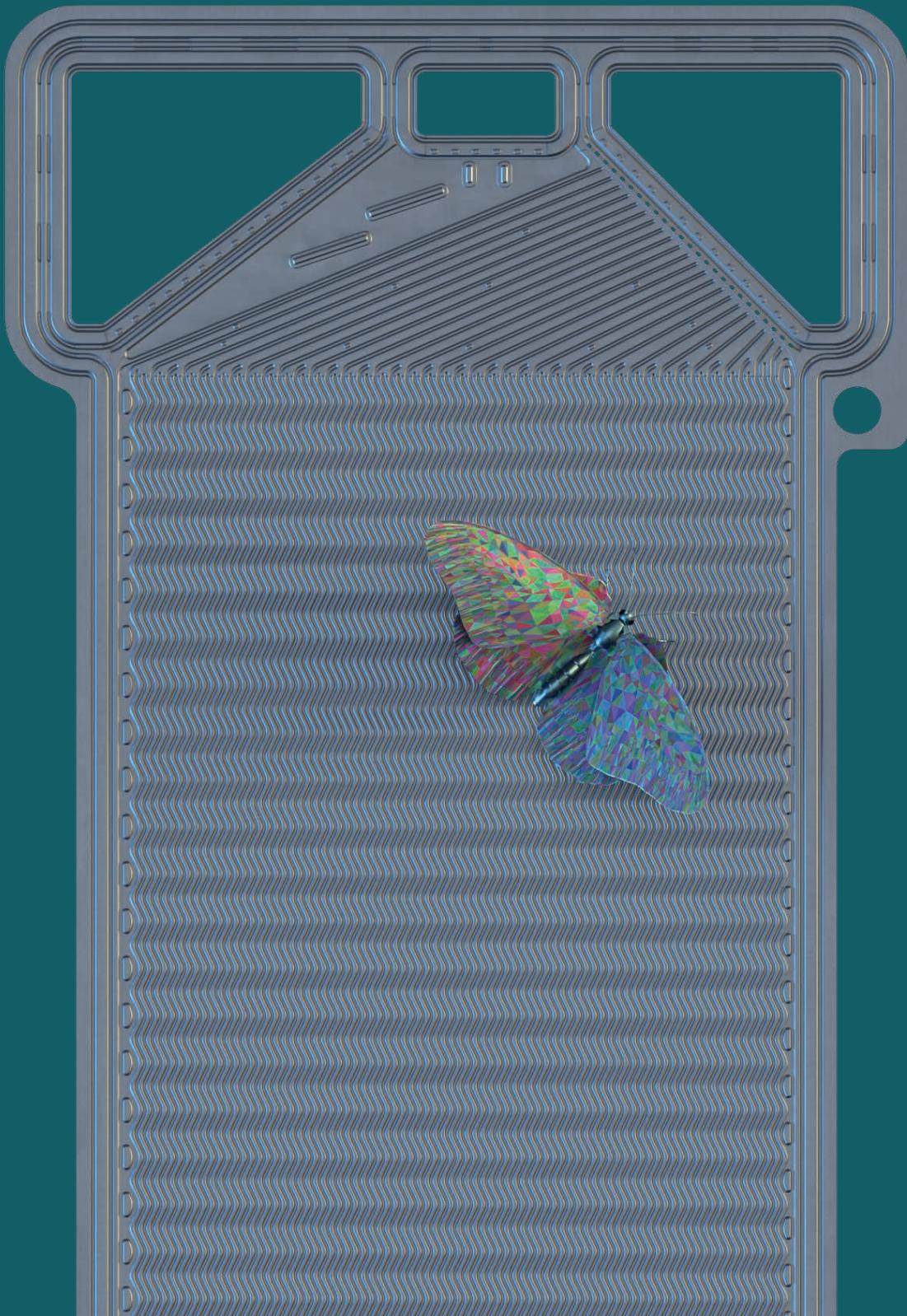


INTERIM REPORT

Fourth quarter, 2020



This English translation of the original document is for convenience purposes only. In the event of any discrepancy between the Swedish version and the English translation, the Swedish version shall take precedence.

Fourth quarter, 2020

Financial summary

Numbers in () indicate the corresponding period from the previous year.

- » Revenues for the quarter totaled SEK 8.9 million (2.0). Total revenues up to and including the fourth quarter amounted to SEK 29.3 million (11.9), which is growth of 146 percent for the entire year.
- » Operating result was SEK -12.3 million during the quarter (-16.9). Total operating result was SEK -43.1 million for the full year up to and including the fourth quarter (-47.4).
- » The Group's result after financial items was SEK -12.5 million (-17.0) during the quarter.
- » Earnings per share attributable to the shareholders of the Parent Company totaled SEK -0.21 (-0.37) during the quarter.
- » Equity on the balance sheet date was SEK 201.9 million (45.0) or SEK 3.43 per share (0.99).
- » Debt/equity ratio was 83 percent on the balance sheet date (78).
- » Cash flows from operating activities amounted to SEK -22.3 million (-11.0) during the quarter.
- » On the balance sheet date, the Group's cash and cash equivalents totaled SEK 151.9 million (16.9).

Significant events in the period

- » 2020-10-06 | Cell Impact carries out a directed share issue of SEK 175 million.
- » 2020-10-13 | Cell Impact opens new Karlskoga factory for production of flow plates.
- » 2020-12-03 | Cell Impact announces new strategy in Japan.

Significant events after the period

- » 2021-01-12 | Cell Impact appoints China Country Manager.

CEO's message

During the final quarter of 2020, Cell Impact reached sales of SEK 8.9 million, which is SEK 6.9 million higher than the corresponding quarter last year. Our operating result amounted to SEK -12.3 million, an improvement of SEK 4.6 million compared with the corresponding quarter last year. The operating loss is due to the significant investments for growth that are now taking place in premises, equipment and personnel.

For the full year 2020, the company's sales amounted to SEK 29.3 million, an improvement of 146 percent compared with 2019 when sales totaled SEK 11.9 million. The full-year operating profit was SEK -43.1 million, an improvement of SEK 4.3 million compared with 2019.

Positive sales development

The year 2020 got off to a strong start for Cell Impact with production and sales at record levels. However, the COVID-19 pandemic had a negative impact on our operations and our customers as well. As a result, demand decreased in the second quarter but then returned in the fourth quarter, leading to higher levels of production.

Expansion in Asia with new company in Japan

In December 2020, Shigeru Nakagawa was recruited as CEO of our new Tokyo office, which is now being set up. Shigeru Nakagawa, who previously worked as New Business Development Director for NKC Japan, is now tasked with building up Cell Impact's operations in Japan. In connection with the company taking over responsibility for our business development in Japan, NKC and Cell Impact decided to end their sales collaboration that began in 2019.

We also strengthened our presence in China by recruiting Forrest Zhang as head of our local operations. Together with Tingting Guan, they have the technical and business expertise to address the extremely fast-growing Chinese market for fuel cells.

Increased demand for hydrogen plates

The tool orders we received in July of 2020 laid the foundation for increased production and sales, and toward the end of 2020, we began prototype production of a new flow plate. Our customers have strong and often leading market positions and are generally experiencing higher growth. Cell Impact is growing alongside these successful customers in their respective markets and we are seeing an increase in inquiries to design and produce flow plates.

Recruiting for growth

In 2020, Cell Impact moved to new, larger production facilities and put new equipment into use to optimize the production system as a whole. At the same time, the company began recruiting to manage the increase in production as well as in technology development where a number of interesting process and automation projects have been initiated. The purpose of these projects is to strengthen the company's competitiveness in the short term. Significant external automation experts and hardware suppliers are involved in these projects, which will increase in intensity and scope during 2021.

Cell Impact Forming™

Cell Impact Forming™ is the new name for Cell Impact's patented high-speed molding. In 2020, we launched a new generation of molding machine under the working name Gen2. It is considerably more compact and even easier and less expensive to maintain, which was already unique to Cell Impact Forming™. The new forming line also features an improved cycle time, in line with what is expected in the fuel cell industry.

The logo for Cell Impact Forming™ is displayed in a dark teal color on a light gray rectangular background. The word "CELLIMPACT" is in a clean, sans-serif font, and "FORMING™" is in a larger, bold, sans-serif font with a trademark symbol.

Great interest in hydrogen

As many people may have noticed, interest in hydrogen as an energy carrier and storage medium has increased markedly recently. Globally, we're now seeing significant investments in both green hydrogen production and hydrogen technology. The trend is clear: fuel cell technology will become an increasingly important part of our and future generations' everyday lives as a replacement for fossil fuels.

“We’re growing alongside these successful customers in their respective markets and we are seeing an increase in inquiries to design and produce flow plates.”



As usual, I have collected some interesting news items that I'd like to share:

- A new US president also means changes when it comes to energy policy. President Biden's \$2,000 billion green investment proposal is an ambitious initiative.
[Read more](#)
- In October 2020, China presented a Net Zero 2060 plan that will have a major impact on the 14th five-year plan that is currently being developed in the country. Hydrogen technology will be a significant part of China's solution to achieve these goals. Japan and South Korea have also published ambitious net zero plans within the framework of the Paris Agreement.
- Vattenfall announced that it is rebuilding its coal-fired power plant in Moorburg, Germany, into a plant to produce green hydrogen gas. Capacity is set at 100 MW and the project is expected to be completed in 2025.
[Read more](#)
- One of the world's largest plants for green hydrogen production is now being designed in Quebec, Canada. The idea is to use hydroelectric power to produce 11,100 tonnes of hydrogen annually.
[Read more](#)
- Gävleborg will be the first Swedish city with hydrogen-powered buses that will be delivered by Polish company Solaris using fuel cells from Ballard, a Canadian supplier.
[Read more](#)
- At the end of January, hydrogen technology began appearing in more general discussions in Sweden. On January 22, the Swedish news program SVT Aktuellt had a feature on hydrogen.
[Read more](#)
- And finally, some good news for homeowners who want to decrease their electricity bills. The Australian company Lava has introduced a compact electrolysis and fuel cell system that you can install yourself.
[Read more](#)

Pär Teike, President & CEO
Karlskoga, February 2020

Financial performance in summary

	2020	2019	2020	2019
Amounts in SEK million	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net sales	8.9	2.0	29.3	11.9
Operating loss	-12.3	-16.9	-43.1	-47.4
Loss after financial items	-12.5	-17.0	-44.3	-48.4
Profit/loss after tax, attributable to the shareholders of the Parent Company	-12.5	-17.0	-44.3	-48.4
Cash flows from operating activities	-22.3	-11.0	-47.6	-41.0
Earnings per share attributable to the shareholders of the Parent Company (in SEK)	-0.21	-0.37	-0.88	-1.45

	12/31/20	12/31/19
Cash and cash equivalents on the balance sheet date	151.9	16.9
Debt/equity ratio (%)	83%	78%
Equity/share	3.43	0.99

Revenue

The Group's revenues for the quarter (which are the same as the Parent Company's revenues) were SEK 8.9 million, which is higher than the previous year (SEK 2.0 million). Revenues during the quarter refer to the completion of orders received in 2019 and 2020 and new orders received during the quarter. The revenues refer mainly to the manufacturing of prototype orders, which are regarded as the first step toward larger orders and serial production for these customers. Total revenues up to and including the fourth quarter amounted to SEK 29.3 million, which is growth of 146 percent for the entire year.

Performance

The Group's operating loss for the period was SEK -12.3 million (-16.9). The total operating loss was SEK -43.1 million for the full year up to and including the fourth quarter (-47.4). Between 2019 and the fourth quarter 2020, there was an increase in personnel-related costs due to investments in production and support staff, although the reduced loss is primarily attributable to an increase in sales.

Other information

Financial position

Since the turn of the year in 2019, equity increased from SEK 45.0 million to SEK 201.9 million in 2020. The increase is chiefly due to the new issues carried out up to and including the fourth quarter 2020.

Funding and liquidity

Cash flows from operating activities before the change in working capital totaled SEK -10.6 during the quarter, which was primarily due to the loss made in the period.

Investments of SEK 11.3 million aimed at improving Cell Impact's production process and adaptations of new premises were made during the period. In the fourth quarter 2020, SEK 0.2 million of the company's non-current liabilities was repaid, with liabilities totaling SEK 18.6 million as at December 31, 2020. The company's cash and cash equivalents increased by SEK 128.3 million during the quarter from SEK 23.6 million as at September 30, 2020 to SEK 151.9 million as at December 31, 2020. The increase is related to the issue carried out in October 2020.

Employees

Payroll expenses were SEK -8.9 million during the quarter (-7.2). The total number of employees was 36 at the end of the quarter (39).

The increase in payroll expenses compared with the comparative period is mainly due to the higher average number of employees during the year, which was 36 (27).

Parent Company

In principle, the difference between the income statements of the Parent Company and the Group is due to items affecting IFRS, as the Finshyttan Hydropower subsidiary is dormant. The balance sheets of the Parent Company and the Group are also basically similar except for IFRS items and the fact that there is approximately SEK 0.5 million in cash and cash equivalents in the subsidiary.

Share capital

The number of registered A-shares in Cell Impact is 217,800 and the number of registered B-shares is 58,624,534. The total number of votes in the company amounts to 6,080,253, as the A-shares confer a right to one vote per share while the B-shares confer a right to 1/10 vote per share. The total number of shares in Cell Impact, including both A and B-shares, is 58,842,334 shares. The company's registered share capital was SEK 6,811,362 as at December 31, 2020. The shares have a quota value of approximately 0.12 SEK.

Transactions between related parties

Cell Impact did not purchase any services from related parties during the period.

Risks and uncertainties

Risk and uncertainties were reported in the investor prospectus that was prepared in connection with the issue in 2019 and which is available on Cell Impact's website.

Estimates and judgments

The preparation of Cell Impact's consolidated accounts required a number of estimates and judgments to be made, which may affect the value of assets, liabilities and provisions that were reported at the time when the accounts were closed. In addition, the recognized value of expenses during the reporting periods may also be affected. Estimates and judgments are evaluated continuously and are based on historic experience and other factors, including expectations of future events that are considered to be reasonable under current conditions. Any estimates and judgments that involve a considerable risk of significant adjustments to the recognized value of assets and liabilities in the next financial year are discussed below.

Going concern

As previously stated by the Company's Board of Directors, Cell Impact received a contribution of SEK 175 million before issue expenses in a directed share issue. The proceeds from the issue will be used to fund Cell Impact's continued progress towards commercialization and an improvement of the production capacity in the new factory in Karlskoga (Brickegården) to pave the way for increased serial production and promote sales.

Impact of COVID-19 pandemic

Cell Impact has been affected in different ways by the ongoing pandemic. The company follows the authorities' recommendations for COVID-19 and there have been only two confirmed cases of the virus among staff. Precautions to avoid the spread of infection have, however, led to a certain increase in absenteeism. Despite the pandemic, the company has managed to keep its production line open and carry out other essential activities in a satisfactory manner. During previous quarters, the company's customers' purchasing volumes decreased due to delays related to the pandemic. After several quarters, it is now apparent that customers and prospects have adapted to the pandemic limitations and achieved better continuity and productivity in the way they work, which has also gradually improved the situation for Cell Impact in terms of ongoing customer projects and order intake. Cell Impact is now hopeful that even if there is a new phase with an increased spread of infection, the company's customers will continue to gradually improve their own situations, which could mean an increase in demand for Cell Impact's services. The company is continuing to closely monitor developments and their impact on customers, suppliers and prospects, and will adjust operating costs and investment levels if the business situation so requires.

Financial statements

Summary consolidated statement of Income

	2020	2019	2020	2019
Amounts in SEK million	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Revenue	8.9	2.0	29.3	11.9
Operating expenses				
Raw materials and consumables	-3.2	-3.3	-10.2	-8.8
Other external expenses	-7.0	-6.8	-26.4	-25.1
Payroll expenses	-8.9	-7.2	-28.9	-20.7
Depreciation and amortization	-2.0	-1.6	-6.7	-4.7
Other operating expenses	-0.1	0.0	-0.2	0.0
Total operating expenses	-21.2	-18.9	-72.4	-59.4
Operating loss	-12.3	-16.9	-43.1	-47.4
Net financial income/expense	-0.4	-0.1	-1.2	-1.0
Loss before tax	-12.5	-17.0	-44.3	-48.4
Tax on profit for the year	0.0	0.0	0.0	0.0
Loss attributable to the Parent Company's shareholders	-12.5	-17.0	-44.3	-48.4
Earnings per weighted number of shares, before and after dilution, attributable to the Parent Company's shareholders (in SEK)	-0.21	-0.37	-0.88	-1.45
Weighted number of shares during the period	58,385,812	45,448,661	50,325,244	33,461,929
Total number of shares at the end of the period	58,842,334	45,448,661	58,842,334	45,448,661

Summary consolidated statement of comprehensive income

	2020	2019	2020	2019
Amounts in SEK million	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Loss for the period	-12.5	-17.0	-44.3	-48.4
Total comprehensive income for the period	-12.5	-17.0	-44.3	-48.4
Total comprehensive income for the period, attributable to the Parent Company's shareholders	-12.5	-17.0	-44.3	-48.4

Summary consolidated balance sheet

Amounts in SEK million	31 December 2020	31 December 2019
Non-current assets		
Intangible assets	5.2	6.3
Property, plant and equipment	44.4	26.6
Right-of-use assets	15.9	0.4
Total non-current assets	65.6	33.3
Current assets		
Inventories	8.4	2.1
Current receivables	17.0	5.8
Cash and cash equivalents	151.9	16.9
Total current assets	177.3	24.8
Total assets	242.9	58.0
Equity and liabilities		
Equity		
Share capital	6.8	5.3
Other contributed capital	388.5	188.9
Retained earnings including profit for the year	-193.4	-149.1
Total equity	201.9	45.0
Non-current liabilities	18.6	0.1
Current liabilities	22.4	12.9
Total liabilities and equity	242.9	58.0

Summary consolidated statement of changes in equity

Amounts in SEK million	2020	2019	2020	2019
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Equity at the beginning of the period	52.3	62.2	45.0	19.1
New issue of shares	175.0	0	175.0	83.4
Exercising of share warrants	0	0	38.4	0
Received option premiums	0	0	2.3	0.2
New issue expenses	-12.9	-0.1	-14.6	-9.3
Total comprehensive income for the period	-12.5	-17.0	-44.3	-48.4
Total equity at the end of the period	201.9	45.0	201.9	45.0

Summary consolidated statement of cash flows

	2020	2019	2020	2019
Amounts in SEK million	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Operating activities				
Operating loss before financial items	-12.3	-16.9	-43.1	-47.4
Non-cash items	2.0	1.7	6.7	4.7
Net financial income/expense	-0.4	-0.1	-1.2	-1.0
Cash flows from operating activities before changes in working capital	-10.6	-15.3	-37.5	-43.7
Increase/decrease in inventories	-3.1	-1.1	-6.2	-0.9
Increase/decrease in current assets	-12.8	2.2	-11.3	-1.5
Increase/decrease in operating liabilities	4.2	3.2	7.4	5.1
Cash flows from operating activities	-22.3	-11.0	-47.6	-41.0
Investing activities				
Investments in property, plant and equipment	-11.4	-3.5	-22.0	-12.5
Disposals of property, plant and equipment	0.1	0.0	0.1	0.0
Cash flows from investing activities	-11.3	-3.5	-22.0	-12.5
Financing activities				
New issues	175.0	0.5	175.0	74.2
Issue expenses	-12.9	0	-14.6	0
Exercising of share warrants	0	0	38.4	0
Received option premiums	0	0	2.3	0.2
Repayments	-0.2	-1.2	-1.5	-18.7
Borrowings	0	0	5.0	6.8
Cash flows from financing activities	161.9	-0.7	204.6	62.4
Cash flow for the period	128.3	-15.2	134.9	8.9
Cash and cash equivalents at the beginning of the period	23.6	32.1	16.9	8.0
Cash and cash equivalents at the end of the period	151.9	16.9	151.9	16.9

Summary Parent Company income statement

	2020	2019	2020	2019
Amounts in SEK million	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Operating income				
Net sales	8.9	2.0	29.3	12.0
Total revenue	8.9	2.0	29.3	12.0
Operating expenses				
Raw materials and consumables	-3.2	-3.3	-10.2	-8.8
Other external expenses	-7.8	-7.2	-28.1	-26.0
Payroll expenses	-8.9	-7.2	-28.9	-20.7
Depreciation, amortization and impairment	-1.3	-1.3	-5.1	-3.8
Other operating expenses	-0.1	0.0	-0.2	-0.1
Total operating expenses	-21.3	-19.0	-72.5	-59.5
Operating loss	-12.4	-16.9	-43.2	-47.4
Net financial income/expense	-0.1	0.0	-0.2	-0.9
Loss before tax	-12.5	-16.9	-43.3	-48.3
Tax on profit for the year	0	0	0	0
Loss for the period	-12.5	-16.9	-43.3	-48.3

Summary Parent Company statement of comprehensive income

	2020	2019	2020	2019
Amounts in SEK million	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Loss for the period	-12.5	-16.9	-43.3	-48.3
Other comprehensive income	0	0	0	0
Comprehensive income for year attributable to Parent Company's shareholders	-12.5	-16.9	-43.3	-48.3

Summary Parent Company balance sheet

Amounts in SEK million	31 December 2020	31 December 2019
Non-current assets		
Intangible assets	5.2	6.3
Property, plant and equipment	44.4	26.6
Financial assets	0.1	0.1
Total non-current assets	49.7	33.0
Current assets		
Inventories	8.4	2.1
Current receivables	17.7	6.0
Cash and cash equivalents	151.5	16.7
Total current assets	177.5	24.7
Total assets	227.2	57.7
Equity and liabilities		
Restricted equity		
Share capital	6.8	5.3
Development expenditure reserve	5.2	6.0
	12.0	11.3
Non-restricted equity		
Share premium reserve	368.8	171.5
Retained earnings	-137.4	-90.0
Loss for the period	-43.3	-48.3
	188.0	33.2
Total equity	200.0	44.5
Non-current liabilities	7.1	0.4
Current liabilities	20.1	12.8
Total liabilities and equity	227.2	57.7

Note I – Accounting policies

This interim report was 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. The accounting policies used are consistent with the financial year that ended on December 31, 2020. No new IFRS or IFRIC interpretations with application as of 2020 or later are expected to have a material impact on the Group.

The Board of Directors and the CEO affirm that this year-end report provides an accurate overview of the operations, financial position and performance of the Group and the company and describes the significant risks and uncertainties faced by the company.

Karlskoga, February 19, 2021

Robert Sobocki, Chairman

Börje Vernet

Thomas Carlström

Anna Frick

Kjell Östergren

Pär Teike, CEO

Financial Calendar

2020 Annual Report	March 26, 2021
Interim report for the first quarter 2021	May 7, 2021
Interim report for the second quarter 2021	August 25, 2021
Interim report for the third quarter 2021	November 5, 2021
Year-end report 2021	February 18, 2022

Certified Adviser

FNCA Sweden AB (+46 8 528 003 99) has been appointed Certified Adviser for Cell Impact.

This interim report has not been the subject of any review by the company's auditors.

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