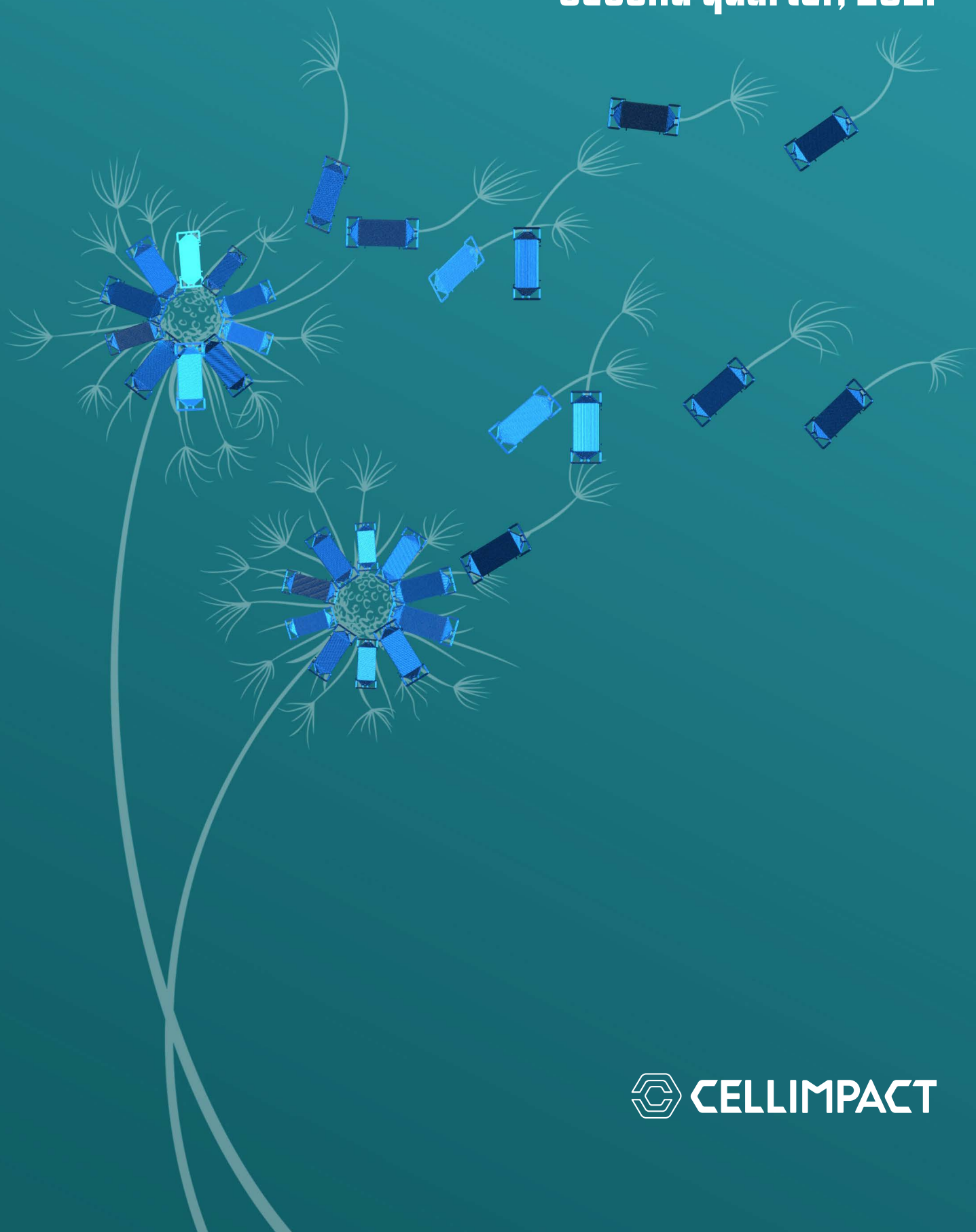


INTERIM REPORT

Second quarter, 2021



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.

Second quarter, 2021

Financial summary

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

- » Total revenues for the second quarter amounted to SEK 17.8 million (4.8), which is growth of 270% for the quarter.
- » Operating result was SEK -23.5 million (-13.3).
- » The Group's result after financial items was SEK -23.8 million (-13.8).
- » Earnings per share attributable to the shareholders of the Parent Company totaled SEK -0.41 (-0.30).
- » Equity was SEK 163.9 million (58.4) or SEK 2.79 per share (1.13) as at the balance sheet date.
- » Debt/equity ratio was 75% (73%) on the balance sheet date.
- » Cash flows from operating activities amounted to SEK -26.1 million (-8.6) during the quarter.
- » On the balance sheet date, the Group's cash and cash equivalents totaled SEK 93.8 million (34.4).

Significant events in the period

- » May 5, 2021 | Cell Impact strengthens management with new COO.

Significant events after the period

- » August 5, 2021 | Cell Impact Japan Inc. receives order worth SEK 5.3 million.

CEO'S MESSAGE

Strong growth

The second quarter was an intensive period during which Cell Impact installed a significant amount of equipment, continued recruiting activities and ramped up production.

During the second quarter of 2021, Cell Impact achieved sales of SEK 17.8 million, which is SEK 13.0 million (+270%) higher than the corresponding quarter last year. Our operating result was SEK -23.5 million during the quarter (-13.3 MSEK) and sales during the first half-year (SEK 29.9 million) are already equivalent to the company's total annual sales in 2020. The higher negative operating profit is due to continued significant investments in growth that we are now making in premises, installation and startup of new equipment as well as increased staff costs, primarily attributable to production.

We also experienced delivery delays of equipment during the quarter when some suppliers and carriers were unable to keep their delivery promises. The reason for these delays is related to the dynamics of opening the economy after Covid-19, which has led to higher activity levels and extra costs for shipping, increased recruiting related to production and purchasing of external support services to maintain the pace of this installation work. These measures aim to increase production during the current and coming quarters to compensate for the loss of production and deliveries that were scheduled for the second quarter as well as to some extent compensate for the loss attributable to the first quarter. Although there are several outstanding equipment deliveries for 2021, we are now entering a calmer period, which means that the need for extra measures and associated costs will decrease.

Sales

Sales development during the second quarter was positive despite a number of challenges involving delivery of production equipment. These sales add to the company's steadily growing sales from previous quarters.

The share of sales of flow plates grew during the second quarter while during the first quarter, sales of tools and equipment accounted for a larger share. In time, flow plates are expected to dominate the sales mix.

Work related to the order Cell Impact received from Plug Power, which is scheduled for delivery in 2021, is progressing according to plan. Cell Impact Japan also received an important order after the reporting period, its first as a local company, which will also be invoiced in 2021.

Cell Impact has had a sharp focus on a smaller number of promising customers to ensure the best possible sales development for the company and results for customers. We are starting to see the fruits of our labor in the form of significantly higher sales figures. What this means, however, is that we are announcing new orders more seldom, since most new orders from current customers are based on forecasts and smaller orders with a high frequency, and these do not constitute a

significant proportion of our total sales. Until recently, we have been somewhat restrictive in initiating major new projects so as not to run the risk of disrupting our focused work to build a new industrial company in a short time while satisfying customer needs. With greater organizational capabilities, we are now handling the requests we have received and at the same time looking for greater potential at leading fuel cell and electrolyzer manufacturers.

Production

During the quarter, a significant amount of equipment was installed and implemented as part of the company's strategy to expand capacity. This will help boost production and facilitate larger deliveries during the rest of the year and beyond. Since the beginning of the second quarter, production has been running in three shifts, including during the holidays. Cell Impact hired a total of 47 new employees during the quarter and at the end of the period, the company had 85 employees. The company is growing in line with demand and it is gratifying to see our organization becoming even more accomplished.

Expansion – Phase 2

The growth rate of fuel cells and our sales means that we see excellent opportunities to achieve our short-term sales goals. We are seeing increasing growth potential in our markets and equipping both our organization and production to meet the ever-increasing demand.

Since the move to our new premises in October 2020, Cell Impact has built a complete and robust production system covering approximately half of the Karlskoga factory's total 5,000 m² of production space. This is a milestone in the company's development, supporting the growth of existing customers and creating trust among our growing list of potential customers who want to base strategic purchasing decisions on clearly available capacity.

To meet the expected demand, we will start work to complete the remaining 2,500 m² of space in the third quarter. This constitutes Phase 2 during which we will introduce more compact and productive process technologies to further strengthen our production offering. This is of great importance for us to be able to meet new customer needs with cutting-edge technology processes in flow plate production. The new area will be partially renovated and is expected to be put into use in 2022, initially to test new prototypes and production concepts. Cell Impact's selection and development of technology-leading production processes involve three development phases. The current phase, Phase 1, aims to satisfy the existing demand for flow plates based on available production technology. Phase 2 will include Cell Impact's innovative proprietary processing concepts and new equipment developed in collaboration with a number of technology partners. Phase 3 is

somewhat more long-term in scope and will be based on experience from Phase 2. To capitalize on the great potential in our markets, we may need to prioritize capacity expansion and sales growth before profitability and cash flow in the short term.

Cell Impact Forming™

Development of the market for fuel cells and electrolyzers is not linear. This means that suppliers must demonstrate high flexibility and speed in meeting demand. We have now learned through dialogues with prospective customers that our forming technology, Cell Impact Forming™, requires significantly shorter lead-times to build new capacity compared with other commonly used forming technologies on the market. Having shorter lead-times for building new production capacity means we can give prospective customers a competitive edge in their business development since new volumes can be handled more quickly and flexibly.

European Green Deal creates new segment

In previous quarterly reports, I mentioned the significance of the European Green Deal as an important catalyst for the hydrogen industry. It has involved a significant accumulation of investment projects for producing hydrogen – fortunately with a focus on green hydrogen production (i.e. involving no carbon dioxide emissions).

In our report for the first quarter, we highlighted that the world's total investments in green hydrogen production amounted to USD 300 billion. ([Read the report.](#)) According to the Hydrogen Council, this figure is now USD 500 billion. Thanks to the European Green Deal and other major political initiatives, electrolyzers are opening up as an important new segment for Cell Impact since a growing part of the market uses the same type of flow plates as those used in fuel cell stacks. This is a gratifying development and we are already receiving more requests for electrolyzers* as an application.

IPCC report

In connection with writing these words, the United Nation's Intergovernmental Panel on Climate Change (IPCC) published its much-anticipated report on the climate. The report contains depressing reading about the state of the planet and the outlook is dire. The collective science is warning that global heating is getting out of control and the goals of the Paris

Agreement are at risk unless drastic measures are taken to reduce climate-impacting emissions. It feels both positive and at the same time absurd to literally have our planet's survival as a commercial driving force. But everyone working here at Cell Impact is highly motivated when it comes to contributing to the green transition by producing and delivering a critical component for the manufacturing of fuel cells and electrolyzers that will play a main role in the green transition.

As usual, I will conclude with some news from the world of hydrogen:

- The EU countries have reached an agreement to reduce greenhouse gases by 55 percent before 2030 with the goal for the EU to be climate neutral by 2050. This reinforces previous ambitions and is considered to be an important decision both for the union and the rest of the world. [Read more](#)
- Plug Power (a Cell Impact customer) is continuing to invest in green hydrogen production and has announced that it will build three new factories in Georgia, Pennsylvania and New York. One facility is already operating in Tennessee. The goal is to be able to produce 500 tonnes of hydrogen per day by 2025. [Read more](#)
- A new test center for fuel cell-powered aircraft has been built in Moses Lake in Washington, USA. The idea is to build knowledge and further develop planes powered by electricity. [Read more](#)
- The huge, important railway network in India is continuing to transition to electric power with the goal of becoming 100 percent electrified as early as in 2023. Work is progressing rapidly and since 2018, the use of diesel fuel has been cut by half. Now there is also interest in investing in hydrogen technology. [Read more](#)
- Our neighbors in Iceland, who are already using 80 percent renewable energy, are now investing in producing hydrogen from seawater using geothermal energy, something that is plentiful in Iceland. [Read more](#)
- The World Energy Council has just published a report entitled »Hydrogen on the horizon: ready, almost set, go?« that takes the temperature of the new hydrogen economy, compelling reading for anyone interested in this new energy source. [Read more](#)
- And finally, for those who do not have time to read the IPCC's recent climate report in full, here are five key takeaways. [Read more](#)

Pär Teike, President & CEO
Karlskoga, August 2021



* An electrolyzer is a device that uses electricity to produce hydrogen and oxygen from water. By using renewable electricity, hydrogen can be produced in an environmentally friendly way.

Financial performance in summary

Amounts in SEK million	2021	2020	2021	2020	2020
	Apr-June	Apr-June	Jan-June	Jan-June	Jan-Dec
Net sales	17.8	4.8	29.9	11.9	29.3
Operating result	-23.5	-13.3	-37.9	-25.0	-43.1
Result after financial items	-23.8	-13.8	-38.5	-25.4	-44.3
Profit/loss after tax, attributable to the shareholders of the Parent Company	-23.8	-13.8	-38.5	-25.4	-44.3
Cash flows from operating activities	-26.1	-8.6	-34.3	-21.6	-47.6
Earnings per share attributable to the shareholders of the Parent Company (in SEK)	-0.41	-0.30	-0.65	-0.56	-0.88

	06/30/21	06/30/20	12/31/20
Cash and cash equivalents on the balance sheet date	93.8	34.3	151.9
Debt/equity ratio (%)	75%	73%	83%
Equity/share	2.79	1.13	3.43

Revenue

The Group's net sales for the quarter totaled SEK 17.8 million (4.8, of which the subsidiary Cell Impact Japan Inc. accounts for SEK 1.4 million). This is higher than the previous year and an increase in growth of about 270 percent.

Revenues during the quarter refer to the completion of orders received in 2020 and 2021 and new orders received during the quarter.

Performance

The Group's operating result was SEK -23.5 million (-13.3) The company increased investments in human resources to support production and delivery plans, resulting in an increase in personnel costs.

Other information

Financial position

Since the turn of the year in 2021, equity decreased from SEK 201.9 million to SEK 163.9 million during the second quarter 2021. The decrease is chiefly related to increased operating costs and production-related investments.

Funding and liquidity

Cash flows from operating activities before the change in working capital totaled SEK -26.1 million during the quarter, which was primarily due to the loss made during the period.

Investments of SEK 9.4 million aimed at improving and expanding Cell Impact's production process and adaptations of new premises were implemented during the period.

During the first quarter 2021, SEK 0.3 million of the company's non-current liabilities was repaid, with liabilities totaling SEK 18.2 million as at June 30, 2021. The company's cash and cash equivalents decreased by SEK 36.0 million during the quarter from SEK 129.8 million as at March 31, 2021 to SEK 93.8 million as at June 30, 2021, mainly as a result of higher operating costs and production-related investments.

Employees

Staff costs totaled SEK -15.3 million during the quarter (-7.1). The total number of employees was 85 (38) at the end of the quarter.

Staff costs in relation to the comparison period are attributable to Cell Impact employing more people during the period and having no capitalized staff costs.

Parent Company

As the operations of the Parent Company essentially correspond to those of the Group, comments for the Group as a whole also apply to the Parent Company.

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 June 30, 2021. 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 at cellimpact.com.

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 continually 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.

Impact of Covid-19 pandemic

Cell Impact has been and continues to be impacted in various ways by the Covid-19 pandemic. The company is following the authorities' recommendations for Covid-19 to reduce the spread of infection. There have been six cases of COVID-19 among Cell Impact's employees, which has led to a certain increase in employee absences. The challenges created by the pandemic include the impact on subcontractors and logistics companies, which to some extent has led to longer lead-times and higher costs. Despite the pandemic, the company has still managed to acquire and install equipment and scale up production in a way that has satisfied customers.

During a large part of 2020, the company's order intake decreased as a result of the pandemic. Since the end of 2020, customers and prospects have adapted to the limitations resulting from the pandemic, finding ways to achieve better continuity and productivity. This has gradually improved the situation for Cell Impact in terms of ongoing customer projects and order intake. In Cell Impact's view, existing and prospective customers are striding confidently into the future and handling the pandemic very well. The company is hopeful that even if there is a slight increase in the spread of infection driven by the Delta variant, the high momentum in production and sales that has been achieved in 2021 will continue into the future.

The company is monitoring the situation closely, particularly its impact on customers, suppliers and prospects, and will adjust operating costs and investment levels in relation to the business opportunities it sees.

Financial statements

Summary consolidated income statement

Amounts in SEK million	2021	2020	2021	2020	2020
	Apr-June	Apr-June	Jan-June	Jan-June	Jan-Dec
Revenue					
Net sales	17.8	4.8	29.9	11.9	29.3
Changes in inventory and work in progress	3.0	-	3.4	-	-
Total revenue	20.8	4.8	33.3	11.9	29.3
Operating costs					
Purchase of products and services	-15.9	-3.0	-20.9	-5.5	-10.2
Other external costs	-10.9	-6.7	-20.2	-14.5	-26.4
Staff costs	-15.3	-7.1	-25.8	-14.0	-28.9
Depreciation and amortization	-2.3	-1.3	-4.4	-2.8	-6.7
Other operating costs	0.0	0.0	0.0	-0.1	-0.2
Total operating costs	-44.3	-18.1	-71.2	-36.9	-72.4
Operating profit/loss	-23.5	-13.3	-37.9	-25.0	-43.1
Net finance costs	-0.3	-0.5	-0.6	-0.4	-1.2
Profit/loss before tax	-23.8	-13.8	-38.5	-25.4	-44.3
Tax on profit/loss for the year	-	-	0.0	-	-
Profit/loss attributable to the shareholders of the Parent Company	-23.8	-13.8	-38.5	-25.4	-44.3
Other comprehensive income. <i>Items that have been or may be transferred to profit/loss for the period</i>					
Translation differences for the period in the translation of foreign operations	0.0	-	0.0	-	-
Earnings per weighted number of shares, before and after dilution, attributable to the Parent Company's shareholders (in SEK)	-0.41	-0.30	-0.65	-0.56	-0.88
Average number of ordinary shares outstanding	58,842,334	45,448,661	58,842,334	45,735,083	50,325,244
Total number of shares at the end of the period	58,842,334	51,842,334	58,842,334	51,842,334	58,842,334

Summary consolidated statement of comprehensive income

Amounts in SEK million	2021	2020	2021	2020	2020
	Apr-June	Apr-June	Jan-June	Jan-June	Jan-Dec
Profit/loss for the period	-23.8	-13.8	-38.5	-25.4	-44.3
Other comprehensive income	0.0	-	0.0	-	-
Total comprehensive income for the period	-23.9	-13.8	-38.5	-25.4	-44.3

Summary consolidated balance sheet

Amounts in SEK million	June 30, 2021	June 30, 2020	Dec 31, 2020
Non-current assets			
Intangible assets	4.7	5.8	5.2
Property, plant and equipment	64.9	31.9	44.4
Right-of-use assets	15.6	–	15.9
Financial assets	0.0	–	–
Total non-current assets	85.2	37.6	65.6
Current assets			
Inventories	13.6	4.2	8.4
Current receivables	26.6	3.3	17.0
Cash and cash equivalents	93.8	34.3	151.9
Total current assets	134.0	41.8	177.3
Total assets	219.3	79.5	242.9
Equity and liabilities			
Equity			
Share capital	6.8	6.0	6.8
Other contributed capital	389.0	77.7	388.5
Retained earnings including profit for the year	-231.9	-25.4	-193.4
Total equity	163.9	58.4	201.9
Non-current liabilities	18.2	2.4	18.6
Current liabilities	37.2	18.7	22.4
Total liabilities and equity	219.3	79.5	242.9

Summary consolidated statement of changes in equity

Amounts in SEK million	2021	2020	2021	2020	2020
	Apr–June	Apr–June	Jan–June	Jan–June	Jan–Dec
Equity at the beginning of the period	187.2	33.6	201.9	45.1	45.0
New issue of shares	–	–	–	–	175.0
Exercising of share warrants	–	38.4	–	38.4	38.4
Received option premiums	0.6	2.3	0.6	2.3	2.3
Issue costs	–	-2.0	–	-2.0	-14.6
Exchange differences on translation of foreign operations	0.0	–	0.0	–	–
Total comprehensive income for the period	-23.8	-13.8	-38.5	-25.4	-44.3
Total equity at the end of the period	163.9	58.4	163.9	58.4	201.9

Summary consolidated statement of cash flows

	2021	2020	2021	2020	2020
Amounts in SEK million	Apr-June	Apr-June	Jan-June	Jan-June	Jan-Dec
Operating activities					
Operating profit/loss before financial items	-23.5	-13.3	-37.9	-25.0	-43.1
Adjustments for non-cash items	2.3	1.3	4.4	2.8	6.7
Net finance income	-0.3	-0.5	-0.6	-0.4	-1.2
Cash flows from operating activities before changes in working capital	-21.6	-12.4	-34.2	-22.5	-37.5
Increase/decrease in inventories	-3.3	-0.9	-5.2	-2.1	-6.2
Increase/decrease in current assets	-3.0	6.4	-9.6	2.5	-11.3
Increase/decrease in operating liabilities	1.8	-1.6	14.7	0.6	7.4
Cash flows from operating activities	-26.1	-8.6	-34.3	-21.6	-47.6
Investing activities					
Investments in property, plant and equipment	-9.5	-	-22.9	-4.0	-22.0
Disposals of property, plant and equipment	-	-3.0	-	-	0.1
Acquisition of financial assets	0.0	-	0.0	-	-
Cash flows from investing activities	-9.4	-3.0	-22.9	-4.0	-22.0
Financing activities					
New issues	-	-	-	-	175.0
Issue costs	-	-2.0	-	-2.0	-14.6
Exercising of share warrants	-	38.4	-	38.4	38.4
Received option premiums	0.6	2.3	0.6	2.3	2.3
Repayments	-0.3	-0.4	-0.3	-0.6	-1.5
Principal elements of lease payments	-0.6	5.0	-1.1	-	-
Borrowings	-	-	-	5.0	5.0
Cash flows from financing activities	-0.3	43.3	-0.8	43.0	204.6
Cash flows for the period	-35.9	31.7	-58.0	17.4	135.0
Cash and cash equivalents at the beginning of the period	129.8	2.7	151.9	16.9	16.9
Cash and cash equivalents at the end of the period	93.8	34.4	93.8	34.3	151.9

Summary Parent Company income statement

	2021	2020	2021	2020	2020
Amounts in SEK million	Apr-June	Apr-June	Jan-June	Jan-June	Jan-Dec
Operating income					
Net sales	16.4	4.8	28.5	11.9	29.3
Changes in inventory and work in progress	3.0	-	3.4	-	-
Total revenue	19.5	4.8	32.0	11.9	29.3
Operating costs					
Raw materials and consumables	-15.9	-3.0	-20.9	-5.5	-10.2
Other external costs	-12.9	-7.0	-23.0	-14.8	-28.1
Staff costs	-14.3	-7.1	-24.8	-14.0	-28.9
Depreciation and amortization	-1.5	-1.0	-2.9	-2.5	-5.1
Other operating costs	-0.1	-	-0.1	-0.1	-0.2
Total operating costs	-44.7	-18.1	-71.7	-36.9	-72.5
Operating profit/loss	-25.2	-13.3	-39.7	-25.0	-43.2
Net finance costs	0.0	-	-0.1	0.1	-0.2
Profit/loss before tax	-25.3	-13.4	-39.9	-25.0	-43.3
Tax on profit/loss for the year	-	-	-	-	-
Profit/loss for the period	-25.3	-13.4	-39.9	-25.0	-43.3

Summary Parent Company statement of comprehensive income

	2021	2020	2021	2020	2020
Amounts in SEK million	Apr-June	Apr-June	Jan-June	Jan-June	Jan-Dec
Profit/loss for the period	-25.3	-13.4	-39.9	-25.0	-43.3
Other comprehensive income	-	-	-	-	-
Comprehensive income attributable to Parent Company's shareholders	-25.3	-13.4	-39.9	-25.0	-43.3

Summary Parent Company balance sheet

Amounts in SEK million	June 30, 2021	June 30, 2020	Dec 31, 2020
Non-current assets			
Intangible assets	4.7	5.8	5.2
Property, plant and equipment	64.9	28.7	44.4
Financial assets	0.5	0.1	0.1
Total non-current assets	70.1	34.5	49.7
Current assets			
Inventories	13.6	4.2	8.4
Current receivables	25.8	3.9	17.7
Cash and cash equivalents	92.6	33.8	151.5
Total current assets	131.9	41.9	177.5
Total assets	202.0	76.4	227.2
Equity and liabilities			
Restricted equity			
Share capital	6.8	6.0	6.8
Development expenditure reserve	4.7	6.0	5.2
	11.5	12.0	12.0
Non-restricted equity			
Share premium reserve	368.8	207.2	368.8
Retained earnings	-180.3	-138.3	-137.4
Profit/loss for the period	-39.9	-25.0	-43.4
	148.6	43.8	188.0
Total equity	160.1	55.9	200.0
Non-current liabilities	7.1	2.4	7.1
Current liabilities	34.8	18.1	20.1
Total liabilities and equity	202.0	76.4	227.2

NOTE 1 – ACCOUNTING POLICIES

The interim report of the Group was prepared in accordance with the Swedish Annual Accounts Act and IAS 34. The Parent Company applies the Swedish Annual Accounts Act and RFR 2. The accounting policies used are consistent with the financial year that ended on December 31, 2020, except for new or revised standards that have been applied as of January 1, 2021. No new IFRS or IFRIC interpretations with application as of 2021 or later are expected to have a material impact on the Group.

NOTE 2 – DISTRIBUTION OF REVENUE

	Group			Parent Company		
	June 31, 2021	June 30, 2020	Dec 31, 2020	June 31, 2021	June 30, 2020	Dec 31, 2020
Revenue includes the sale of:						
Goods	21.7	11.9	29.3	21.7	11.9	29.3
Services	8.2	0.0	0.0	6.8	0.0	0.0
Total	29.9	11.9	29.3	28.5	11.9	29.3
Other revenue includes revenue from:						
Changes in inventory and work in progress	3.4	–	–	3.4	–	–
Total	3.4	–	–	3.4	–	–
Total revenue	33.3	11.9	29.3	31.9	11.9	29.3

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, August 25, 2021

Robert Sobocki, Chairman

Mattias Silfversparre

Thomas Carlström

Anna Frick

Mikael Eurenus

Pär Teike, CEO

Future set dates for information

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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