



Interim Report

JAN-MAR 2017

Interim Report for January-March 2017 PowerCell Sweden AB (publ) First North at Nasdaq Stockholm, PCELL

Important events in January-March 2017

- Has been granted EU funding of EUR 982 000 via the Maranda consortium for development of a marine fuel cell systems based on the PowerCell S3. The system will be integrated and tested in marine applications.
- Signed a Letter of Intent together with Hexagon Composites ASA and Nel ASA, both companies from Norway, to establish a joint venture that will enable customer projects where each party's respective technologies and competences are utilized and large customer values can be generated.
- Enter the Japanese market supported by Inabata & Co., Ltd., a Japanese trading firm.
- Signed a Letter of Intent with Nimbus Boats Sweden AB regarding a partnership to equip an electrified Nimbus 305 Coupé with fuel cells.
- Received a patent for an improved and a more compact clean up system that reduces the amount of carbon monoxide in the gas when extracting hydrogen rich gas from biofuels and conventional fossil fuels in the reformer system.
- Developed the scalable fuel cell stack PowerCell S2 so that maximum output will now be 35 kW. This makes the stack even more competitive, especially in the Chinese market where vehicles with fuel cell effect over 30 kW obtain subsidies.
- Received a large order from Chinese Wuhan Tiger Fuel Cell Vehicle Co. Ltd. PowerCell will provide Wuhan Tiger with fuel cell stacks and systems amounting to more than MSEK 200 until 2019. In a first stage, PowerCell will deliver two PowerCell MS-20 systems and 28 PowerCell S2 (35kW) in the second half of 2017.

Highlights January-March 2017

	2017	2016	2016
All numbers in TSEK	Jan-Mar	Jan-Mar	Jan-Dec
Net sales	3 940	2 212	12 185
Operating profit	-15 923	-13 498	-66 099
Profit after tax	-15 923	-13 500	-65 653
Cash flow	-12 264	-14 145	-67 966

Important events after period end

- Completed a private placement of shares in accordance with the authorization decided at the AGM on April 11, 2016 of 6,716,418 shares, which provides PowerCell with MSEK 225 before issue costs. The purpose is to finance PowerCell's operations as well as industrialization, commercialization and development of products and markets, and to enable potential acquisitions of businesses, companies or parts of companies, as well as for broadening the shareholder base.
- Finalised a joint venture with Nel and Hexagon Composites, based on previous Letter of Intent.

- Continued industrialization and commercialization of fuel cell technology through PowerCell PS-5. The product was shown at the Hannover Fair and is now available as a deliverable product.

The CEO's comments

During the first quarter, we continued developing PowerCell from a technology-oriented start-up company focused on development to an innovative and commercial pioneering company. Our fuel cells can eliminate our customers' use of fossil fuels, thereby reducing their environmental impact through the elimination of the emissions of carbon dioxide.

An explanation for why we have been successful in the development of the company is related to the strengthening of the company's marketing and sales organization which took a big step forward in 2016. Now we can focus on sales of products as well as of prototypes to be tested by customers within our prioritized market segments. The goal is that customers, after successful prototype testing, will choose to place serial orders.

Great economies of scale

PowerCell creates products that are modularized and scalable, allowing for significant economies of scale for PowerCell at larger order volumes, but also allowing customers to access products that are easily adapted to their conditions. Our industrial process for the PowerCell S1 and S2 is in place and can handle future, expected volume orders. The development of the prototype S3 stack is proceeding according to plan, and we can see an increased customer interest in segments such as passenger cars, distribution trucks, buses, maritime and stationary.

PowerCell is in full swing with the marine project Maranda, where, in a consortium that includes ABB, we remove the need for idle driving on boats by installing environmentally friendly fuel cells. Together with Nimbus, we are also working to develop fuel cell powered recreational craft.

In Japan, a long-term investment in hydrogen production has been ongoing for use in fuel cell vehicles, where hydrogen comes from renewable sources such as wind and sun. Toyota and Honda have already launched a large-scale test and the Japanese government invests nearly SEK 4 billion on the construction of hydrogen stations by 2020. PowerCell is now represented in Japan through our Inabata distributor.

China invests heavily in fuel cells

The Chinese environmental situation is unsustainable and the authorities are looking for completely fossil-free alternatives to diesel and gasoline cars. Since the Chinese power grid is not designed for such a large electric fleet, vehicles based on a combination of batteries and fuel cell technology has a strong competitive edge.

The Chinese authorities provide major support for fuel cell vehicles and reduce support for pure battery vehicles. Wang Gang, China's Minister for Science and Technology recently said: "In the 13th Five-Year Plan, emphasis will be placed on research and development of fuel cell vehicles."

PowerCell is well positioned

During the past year, PowerCell has presented of a number of collaborative projects and tests with potential customers from China. As we have managed to develop the PowerCell S2 stack to provide 35kW (net 30kW), Chinese customers can now use the S2 and receive state support programs. We were pleased to announce the first series



order of more than MSEK 200 from Wuhan Tiger in the first quarter of 2017. Wuhan Tiger is a vehicle manufacturer owned by Wuhan Industrial Technology Research Institute of Geo-Resources and Environment, Tongji University of Shanghai and the Social Capital Fund. The first deliveries of fuel cell stacks and systems will be made after the summer and will be continued in 2018 and 2019.

It is with confidence I'm looking forward to an exciting 2017 that seems to be "commercial take off". The goal is to create a sustainable world by manufacturing fuel cells that don't demand the use of fossil fuels. In this way, we create values for our customers, employees and owners.

Per Wassén
CEO, PowerCell Sweden AB

Financial report January-March 2017

Revenues and profits

The sales for the period January to March 2017 amounted to TSEK 3 940 (2 212¹). This increase is primarily attributable to sales of PowerCell S3 and other customer-adapted product development.

Other operating income, which mainly consists of grant funding, amounted to TSEK 2 359 (2 988) for the period.

The operating profit was TSEK -15 923 (-13 498) for the period from January to March. As part of the ongoing industrialization and commercialization phase, sales and administration costs during the period increased according to plan.

Cash Flow

The operating cash flow for the period was TSEK -12 264 (-14 145). Total cash flow for the period amounted to TSEK -12 721 (-52 559). The strongly positive total cash flow in the previous year is attributable to the redemption of the warrants program T01.

Financing

The company has on-going collaborative projects with funding from the Swedish Energy Agency and the EU totaling about MSEK 60 of which payments for the period from January to March has been obtained for TSEK 4 110 (2 456).

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.

¹ 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 0.8 percent.

The share

The share is listed on First North at Nasdaq Stockholm (PCELL, ISIN code: SE 000 642 5815, LEI code 54930075IJ7TGOK3VC02).

The share capital of PowerCell amounts at December 31, 2017 to SEK 985 256.62 and is divided into 44 784 392 shares with a par value of SEK 0.022.

Ownership per March 31, 2017*

	No. of shares	Ownership
Midroc New Technology	9 172 670	20,5%
Fouriertransform	9 172 670	20,5%
Finindus	6 489 836	14,5%
Volvo Group Venture Capital	2 937 426	6,6%
Avanza Pension	2 611 547	5,8%
Övriga	14 400 243	32,2%
Total	44 784 392	100,0%

* Source: Euroclear

Upcoming reports

Interim report Q2, August 18, 2017

Interim report Q3, November 1, 2017

Göteborg May 9, 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	2016	2016
	Jan-Mar	Jan-Mar	Jan-Dec
Net sales	3 940	2 212	12 185
Cost of goods/services sold	-2 521	-1 893	-9 266
Gross profit/loss	1 419	319	2 919
Selling and administrative expenses	-3 209	-298	-6 327
Research and development costs	-16 460	-16 503	-72 057
Other operating income	2 359	2 988	9 521
Other operating costs	-32	-4	-155
Operating profit/loss	-15 923	-13 498	-66 099
<i>Financial items</i>			
Interest income	-	-	446
Interest expenses	-	-2	-
Profit/Loss after financial items	-15 923	-13 500	-65 653
Tax on profit for the year	-	-	-
NET PROFIT/LOSS	-15 923	-13 500	-65 653

BALANCE SHEET, TSEK	2017 Mar-31	2016 Mar-31	2016 Dec-31
ASSETS			
Intangible assets	803	-	736
Fixed assets	16 592	20 407	17 691
Financial assets	234	234	234
Total non-current assets	17 629	20 641	18 661
Inventories, etc.	3 447	1 740	3 364
Short-term receivables	13 785	11 651	12 917
Cash and bank balances	48 483	93 567	61 204
Total current assets	65 715	106 958	77 485
Total assets	83 344	127 599	96 146
LIABILITIES AND EQUITY			
Share capital	985	942	985
Other restricted equity	803	-	736
Unrestricted equity	34 717	77 321	100 437
Year loss	-15 923	-13 500	-65 653
Total equity	20 582	64 763	36 505
Pensions provisions and similar commitments	495	1 184	668
Long-term liabilities	39 987	39 987	39 987
Short-term liabilities	22 280	21 665	18 986
Total liabilities	62 762	62 836	59 641
Total equity and liabilities	83 344	127 599	96 146

CASH FLOW STATEMENT, TSEK	2017 Jan-Mar	2016 Jan-Mar	2016 Jan- Dec
Operating activities			
Operating profit/loss	-15 923	-13 498	-66 099
Adjustment for non-cash items	1 317	1 221	5 123
Interest received	-	-	1
Interest paid	0	-2	-5
Income tax paid/received	-237	-176	42
Changes in working capital			
Change in inventories	-84	-38	-1 662
Change in operating receivables	-673	-31	-1 515
Change in operating liabilities	3 336	-1 621	-3 851
Cash flow from operating activities	-12 264	-14 145	-67 966
Investment activities			
Investments in non-current assets	-457	-293	-2 730
Cash flow from investing activities	-457	-293	-2 730
Financing activities			
New share issue	-	66 997	90 892
Cash flow from financing activities	0	66 997	90 892
The period's cash flow	-12 721	52 559	20 196
Cash and cash equivalents at beginning of year	61 204	41 008	41 008
Cash and cash equivalents at year- end	48 483	93 567	61 204
<i>Adjustment for non-cash items</i>			
Depreciation	1 490	1 406	5 823
Other items not affecting cash flow	-173	-185	-700
	1 317	1 221	5 123

STATEMENT OF CHANGES IN EQUITY, TSEK

	<i>Restricted equity</i>			<i>Unrestricted equity</i>		Total equity
	Share capital	Ongoing new share issue	Fund development expenses	Share premium reserve	Other un-restricted equity	
2016-01-01	785	-	-	236 372	-225 891	11 266
Activation of development costs	-	-	736	-	-736	-
New share issue	200	-	-	90 692	-	90 692
Net loss for the year	-	-	-	-	-65 653	-65 653
2016-12-31	985	-	736	327 064	-292 280	36 505
2017-01-01	985	-	736	327 064	-292 280	36 505
Capitalization of development expenses	-	-	67	-	-67	-
Net loss for the year	-	-	-	-	-15 923	-15 923
2017-03-31	985	-	803	327 064	-308 270	20 582

KEY FIGURES

Profitability (%)

Return on average total capital

**2017
Jan-
Mar**

**2016
Jan-Mar**

**2016
Jan-Dec**

neg.

neg.

neg.

Return on average equity

neg.

neg.

neg.

Capital structure

Solidity

25%

51%

38%

Data per share (SEK)

Outstanding shares

44 784 392

42 760 593

44 784 392

Average of outstanding shares

44 784 392

39 229 493

40 241 392

Earnings per share

-0,4

-0,3

-1,5

Earnings per share after full dilution

-0,4

-0,3

-1,5

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) is the leading fuel cell company in the Nordics, which develops and produces environment friendly power systems for stationary and mobile customer applications. PowerCell has developed a modular system of fuel cell platforms, powered by clean environment friendly produced hydrogen where only electricity, heat and water are emissions. The fuel cells are also designed to handle the reformed hydrogen from e.g. biogas, natural gas, biodiesel or standard diesel.

In case hydrogen infrastructure is missing, PowerCell has combined its leading fuel cell and reformer technology and developed a fuel cell system, PowerPac, which converts standard diesel, with hydrogen, into electricity. This is done in an energy-efficient and environmentally friendly way, in which emissions of carbon monoxide, nitrogen oxides and particles are completely eliminated and the carbon dioxide is greatly reduced compared with a conventional diesel engine.

PowerCell Sweden AB (publ) is listed on First North at Nasdaq Stockholm and is an industrial spinout from the Volvo Group. G&W Fondkommission is appointed Certified Adviser by the Company. Among the largest owners are Midroc New Technology, Fouriertransform, Finindus and Volvo Group Venture Capital.

For further information, please contact:

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This information is insider 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 above, at 08:45 CET on May 9, 2017.