



# This is PowerCell

## Contents

|  |    |
|--|----|
| Statement by the CEO.....                          | 2  |
| Market outlook .....                               | 4  |
| Market offering.....                               | 6  |
| Segments .....                                     | 8  |
| Fuel cell technology.....                          | 12 |
| PowerCell's product portfolio.....                 | 14 |
| Sustainability.....                                | 18 |
| The share and history.....                         | 20 |
| Corporate governance.....                          | 22 |
| Directors' report.....                             | 24 |
| Financial statements - Group .....                 | 26 |
| Notes - Group.....                                 | 31 |
| Financial statements<br>- Parent Company.....      | 46 |
| Notes - Parent Company.....                        | 51 |
| Audit report .....                                 | 59 |
| Board of directors<br>and company management ..... | 61 |

We are helping to create a fossil-free world. Our technology makes tomorrow's solutions available today. PowerCell Sweden AB (publ) develops and produces fuel cell stacks and fuel cell systems with a uniquely high power density, for applications in the stationary, marine, off-road and on-road segments.

PowerCell's products run on pure or reformed hydrogen and generate electricity and heat without any other emissions than water. Our technology combines high efficiency with compact design, and contributes to increased energy efficiency and a substantial reduction of emissions regardless of application.

PowerCell was founded in 2008 as an industrial spin-out from the Volvo Group. Since 2014, the Company's share (PCELL) has been listed on Nasdaq First North Stockholm, with G&W Fondkommission as Certified Adviser.

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PowerCell Sweden AB's *mission, vision, company culture* and *core values* are the guiding principles that permeate everything we do.

### Our Vision is:

*"Help save the planet with our cutting edge zero emission fuel cell technology."*

### Our Mission is driven together with our partners and customers:

*"Create customer value by offering leading fuel cell technology and solutions."*

### Core values

Quality ▪ Safety ▪ Environmental Care

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## Company culture

**Trust** - We are responsible and committed. We do our utmost to deliver what is agreed - at the right quality, the right cost and on time.

**Courage** - No one ever became a winner without courage. As a team, we always give a new perspective a fair chance. Everyone should feel secure in making their voice heard. Otherwise, we will miss out on the next big idea.

**Passion** - Our passion is to help the environment and thus humanity. It is the passion for what we do that drives us forward. This passion not only makes us work harder, but also makes us more committed and diligent. It makes the job fun.

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"Both the company and the market have accelerated both in industrial maturity and value creation."

Read the CEO statement from Richard Berkling at page 2

# Significant events 2021

## Stationary

- PowerCell receives order for MS-100 fuel cell system from University of Texas
- PowerCell and Hitachi Energy deepen collaboration on stationary power solutions

## Marine

- PowerCell receives order from Prototech A/S for a marine fuel cell module
- PowerCell presents industrialized fuel cell module optimized for marine power solutions

## Off-road

- PowerCell receives order for fuel cell system from leading construction equipment manufacturer
- PowerCell receives follow-up order for two fuel cell systems from global US agricultural machinery manufacturer
- PowerCell unveils comprehensive product portfolio optimized for off-road electrification

## On-road

- PowerCell receives order for PowerCell S3 from Bosch worth SEK 25 million
- PowerCell fuel cell system on board when Sweden's first hydrogen-powered garbage truck is put into service

## Other

- PowerCell launches PowerCellution brand for products and services
- PowerCell's Chief Financial Officer takes on new responsibilities as Executive Vice President and leaves the role of CFO
- PowerCell Sweden receives order for fuel cell system worth SEK 25 million for research on powertrain for aircraft
- Karin Lidén appointed new CFO of PowerCell
- PowerCell receives order from Bosch for initial development of downscaled fuel cell system for refrigeration units
- PowerCell reinforces its management team to meet expected increased growth and demand
- PowerCell launches new business area to facilitate transition to hydrogen-electric solutions
- PowerCell invests in solar cells and electrolyzer to create industrial test bed and in-house hydrogen production

## Multi-year summary

| Amounts in KSEK                                       | 2021       | 2020       | 2019       | 2018       | 2017       |
|---|------------|------------|------------|------------|------------|
| Net sales   | 159,757    | 103,528    | 66,850     | 60,513     | 36,684     |
| Operating income before items affecting comparability | -80,475    | -97,749    | -79,898    | -60,893    | -66,772    |
| Operating profit/loss                                 | -81,731    | -103,386   | 448,408    | -60,893    | -66,772    |
| Operating cash flow                                   | -66,338    | -3,863     | 369,147    | -99,980    | -50,412    |
| Total assets  | 521,328    | 564,692    | 683,213    | 217,118    | 277,209    |
| Equity  | 383,451    | 457,560    | 565,271    | 127,249    | 187,710    |
| Equity/assets ratio (%)                               | 73,6       | 81,0       | 82,7       | 58,6       | 68,1       |
| Current ratio   | 5,7        | 11,9       | 13,1       | 4,0        | 5,4        |
| Number of shares                                      | 52,142,434 | 52,142,434 | 51,868,810 | 51,868,810 | 51,678,890 |
| Earnings per share (SEK)                              | Neg        | Neg        | 8,4        | Neg        | Neg        |
| Dividends per share (SEK)                             | —          | —          | —          | —          | —          |



## High rate of innovation with improved income in a year marked by the pandemic

Despite the long list of challenges during the year, 2021 was a successful year for PowerCell. The lasting impression from my first year as CEO is the accelerating pace of change, where both the company and the market have accelerated both in industrial maturity and value creation. The market-driven growth, where our technology is used in new commercial products, represents an increasing share of sales relative to a declining share for R&D projects. In this emerging market, PowerCell has delivered both sales records and improved margins for the past two quarters. At the same time, we have managed to handle the global supply chain challenges and strengthened our organization.

» The beginning of 2021 was still affected by the COVID-19 pandemic, when we experienced a strained situation in the component market, which created supply chain challenges in the form of longer lead times and higher costs. Despite these initial disturbances, we reported sales of MSEK 160 for full-year 2021, up 54% year-on-year and a new sales record. Due to the increase in sales and higher gross margin, we could also report an improved operating result of MSEK -82, compared with MSEK -103 in the preceding year. Behind these figures lies a significantly matured business operation, where our accelerated sales, production and deliveries of complete fuel cell systems during the year placed higher demands on industrial stability.

#### **Market-driven growth for new customer applications**

PowerCell is a leader in the emerging market for hydrogen-electric technologies. While focusing on complete product offerings in our prioritized segments, we noted increased demand for new products for use in commercial operations during the year. There has been a gradual shift in maturity of the market in recent years, where the R&D projects previously accounted for a higher share of our revenues. This change brings along a totally new sales process, with longer decision times but higher order value and a more sustainable business relationship. This was particularly evident in the marine and off-road segments during the year.

#### **Innovation for future growth and sustainability**

At PowerCell, we have a strong innovative force with continued development of new technologies, where we see next-generation solutions with features that provide higher performance, longer life and lower costs. Recent studies have shown a positive Total Cost of Ownership (TCO) for our fuel cell technology compared with traditional internal combustion engine technology, which is a breakthrough. We can demonstrate that modern fuel cell solutions are more cost-efficient over a 5-10 year life cycle than the internal combustion engine. Tomorrow's solutions are already here and the leaders of this transition will have a head start in the future.

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“PowerCell is a leader in the emerging market for hydrogen-electric technologies. While focusing on complete product offerings in our prioritized segments, we noted increased demand for new products for use in commercial operations during the year.”

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#### **Improved product offering in prioritized segments**

Technology-driven business development in a revolutionary technological shift places higher demands on customer interaction and more application-oriented development and integration which, unfortunately, was negatively impacted by continued travel restrictions during the year. However, this created more focus on accelerating internal changes to increase productivity in both production and technology development. At the same time, this also allowed us to improve our product offering in our prioritized segments, and significantly increase growth in the technologically demanding aviation segment. By challenging ourselves, we improved our industrial stability and shortened delivery times from 9-12 months to 3 months, which we consider market leading.

#### **New business area – Transition Services**

We also established a new business area – Transition Services – in 2021. This business area will make it easier for our customers to switch to emission-free, fuel cell-based solutions. We expect Transition Services to strengthen our core business linked to PowerCell's product sales.

#### **Strengthened organization with increased in-house expertise**

During the year, the Management Group was reinforced with a new CFO, new Sales Director and new COO. Also the internal organisation was strengthened. The change in our organization will secure our in-house expertise and allow our own employees to

grow into new roles. We now have less than 10% consultants, which is a considerable reduction compared to the situation in the past. In this context, I would like to take this opportunity to thank our employees whose hard work during a challenging year led to great progress and excellent results.

#### **Market outlook for 2022**

The social shift to electrification, decentralized power sources and 100% emission-free energy is now a fact, and we no longer need to convince the market of the role that fuel cell and hydrogen will play in the future. At macro level, we are seeing global commitments such as the Glasgow Climate Pact, and national initiatives such as the clean hydrogen production tax credit in the US (USD 3 per kilogram green hydrogen), which are accelerating investments in the value chain in relation to hydrogen-electric systems. We could already see rising sales of electrolyzers and hydrogen storage systems by the end of 2021, which is somewhat ahead compared with fuel cells in the emerging value chain for hydrogen-electric systems.

The value of hydrogen and fuel cells for energy storage and as a complement to an overburdened energy infrastructure became even clearer during the winter when soaring energy prices and grid instability showed that today's infrastructure is under-dimensioned for the increase in energy demand due to the sharp rise in electrification. The sustainability aspect of hydrogen-electric energy solutions goes beyond a mere reduction of CO<sub>2</sub> to combat climate change. PowerCell is helping its customers improve their sustainability performance by reducing CO<sub>2</sub> emissions, and helping society by offering complementary infrastructure.

Despite the continuation of some supply chain disturbances, we are looking forward to the future with confidence. With the improvements that have now taken place in the company, we are ready for a continued growth journey, where the growing maturity of the market is creating both challenges and opportunities, and requires an increasingly shorter order-to-delivery process.

Richard Berkling  
CEO

# Laying the groundwork for the future hydrogen society

The electrification revolution and increasing digitalization of recent years are expected to have far-reaching implications for electricity demand and thus for the need for stable and predictable energy supply. Forecasts of future energy needs are now being rapidly revised upwards.

When the Swedish trade association Swedenergy calculated future Swedish energy needs as recently as 2019, it assumed that the total demand in 2045 would amount to 190 TWh. In its latest report, the same organization now expects that need in 2045 will instead be 310 TWh. In the rest of the world, the trend is similar. According to the International Energy Agency (IEA), global electricity need in 2050 is expected to total 60,000 TWh, almost triple the current level.

## Renewable energy is growing faster

At the same time, an energy revolution is underway around the world, with the production of electricity from renewable energy sources such as solar and wind power accelerating. By 2026, total electricity production from renewable sources is expected to exceed 4,800 gigawatts (GW), which is more than the total capacity of all current nuclear and fossil fuel power plants.

This is good news for the introduction of fuel cell technology because it can take advantage of the major weakness of renewable energy sources – the fact that they are volatile and their production is unpredictable – better than any other. Calculations show that both solar and wind power have a utilization rate of around 50 percent, and that during the rest of the year they either do not generate any energy due to weather conditions or the energy they do produce cannot be sold because there is no demand.

Given the high investment costs of renewable sources and the ongoing climate crisis, this is not justifiable financially or in terms of sustainability. By using the energy from renewable sources to produce green hydrogen with electrolyzers, the energy can be stored to produce completely emission-free and sustainable power at a later date, either

locally or off-site. We are seeing a development here that has led to a steady decline in the cost of producing green hydrogen and has resulted in an average annual reduction in the price of hydrogen of 11 percent over the last decade.

## Demand is becoming market-driven

We are also now seeing a rapid transition where hydrogen and fuel cell technology has moved from being an exciting future technology with potential to being considered an industrialized innovation technology. At the same time, we are also seeing the first signs of truly market-driven demand. One of the major drivers of both the electrification revolution and the transition to renewable energy is the worsening global climate. Despite growing and increasingly clear evidence of its effects, both atmospheric carbon dioxide levels and warming continue to rise.

## Hydrogen is seen as part of the solution

At the 2015 Paris climate summit, it was decided that the world should limit the global temperature increase to 2 degrees, preferably 1.5 degrees. At COP26 in Glasgow, the latest UN climate summit, participating nations took a few steps forward by fleshing out how this reduction will be achieved. Hydrogen is seen as an obvious part of the solution.

The summit made a series of pledges aimed at boosting interest in green hydrogen. One of these brought together 28 companies in a call to work together to drive hydrogen supply and demand. The pledge is backed by companies in the energy sector, vehicle and equipment manufacturers and financial services, among others.

The pledge ties in with a report published by the Hydrogen Council during the summit, which says demand for sustainable hydrogen

can be expected to grow by 50 percent over the next decade. In total, such a development would be equivalent to a cumulative reduction of 80 gigatons of carbon dioxide emissions to the atmosphere – as much as all the carbon dioxide emitted by the UK, France and Belgium combined.

## Price of green hydrogen expected to fall

At both the supranational and the national level, legislation is being strengthened to force down fossil fuel consumption, while incentives are being introduced to accelerate technology uptake. The EU launched its Green Hydrogen Strategy back in 2020, which includes investments of up to EUR 470 billion by 2030. Hydrogen is seen as a prerequisite for achieving the EU's targets of a 55 percent reduction of carbon dioxide emissions by 2030 and zero net greenhouse gas emissions by 2050. In 2021, the EU's European Clean Hydrogen Alliance presented a summary of the more than 750 projects launched by the Alliance's members.

A study by PWC shows that demand will grow slowly but steadily during the period up to 2030, after which it will grow faster – especially after 2035. PWC predicts the same positive trend for the price of green hydrogen. Today, the price of green hydrogen is EUR 3–8 per kilogram, but this is expected to drop to EUR 2–3 per kilogram by 2030. The world is rapidly approaching a situation where hydrogen-electric solutions are both ready for large-scale, industrial production and commercially viable on their own merits. The groundwork is now being laid for the future hydrogen society.



# Industrialized innovation delivers competitive power and economies of scale

The transition to a more sustainable world is well underway and the level of ambition is now rising rapidly. In an increasing number of segments, manufacturers of various applications are making far-reaching commitments to future reductions in emissions of both climate-changing gases and other harmful substances. Many of these pledges set 2030 as the year by which the phase-out of old fossil technologies will have reached a point where significant emission reductions will have been achieved.

This is positive news, but it also means that the transition cannot be delayed. If the transition is to have the desired effect in eight years' time, it must start now and accelerate significantly after 2025. After nearly 30 years of innovation and development, PowerCell has the products and expertise to support customers make the transition and achieve their sustainability goals.

By using the same basic components in all systems, we can offer not only the economies of scale of industrialized solutions, but also clear specifications for critical product characteristics such as performance, dimensions and weight. Added to this is our ability to quickly tailor our solutions to application-specific customer requirements and preferences in terms of both performance and integration. This combination strengthens our competitive power because it sets us apart from many competitors. We call this industrialized innovation.

## **Fuel cell solutions deliver significant customer benefits**

Hydrogen-electric solutions have several advantages for customers. In addition to being completely emission-free and already available today, electrification using fuel cells has minimal impact on customers' operational use of the products. This is due to the combination of high power and compact size that hydrogen-electric solutions offer. For example, construction equipment electrified with fuel cells and hydrogen will have a drivability, range and load capacity very close to that of equivalent diesel-powered vehicles. For our customers, fuel

cell technology means reduced technical risk, reduced time to market and reduced investment needs.

## **Our prioritized segments**

Different segments are at different stages of adoption of hydrogen-electric solutions and thus of transition. The on-road segment is the furthest along, where an initial phase of technology testing is now moving into a phase of increased commercialization. The same is true for parts of the off-road segment, but progress towards increased commercialization has started in the rail segment and stationary power solutions as well.

A segment at the other end of the spectrum is the aviation segment, where manufacturers are still in a phase where technology is mainly tested and evaluated. In the less mature segments, such as the aviation segment, customers are still in an exploratory phase. Here, PowerCell is an active partner, working closely with customers to develop new solutions and build new industries. A number of important aviation orders in 2021 have made us one of the leading players in building a new industry around zero emission regional aviation.

Our prioritized segments are on-road (road vehicles such as cars, trucks and buses), off-road (various types of construction equipment, such as excavators, mining vehicles, agricultural machinery and forklifts), marine and stationary. The choice to prioritize certain segments is related to the maturity of the segments and the characteristics of the operational use of the products. For example, there are strong similarities

between the off-road and stationary segments, where use is characterized by high value creation in a geographically well-defined area. In the marine segment, the operational process is somewhat different, but there are significant similarities with stationary and off-road in terms of power requirements, scalability requirements and the possibility of compact installations.

## **Partnerships with leading players**

To strengthen our commercial offering, PowerCell has chosen to focus on establishing partnerships with global and leading players in all priority segments. In the on-road segment, we have a partnership with Robert Bosch GmbH, in the stationary segment, one with Hitachi Energy and in the marine segment, we have a partnership with Siemens Energy. Our partnerships not only give us significantly better geographical coverage and market channels, but by combining our products and expertise with our partners, we can also offer complete solutions that make it easier for customers to make the transition to hydrogen-electric power generation.

## **New business area helps customers make the transition**

To further assist transition to hydrogen-electric solutions, we launched a new business area in 2021 called Transition Services. The establishment of Transition Services is a commitment to customers and the market to not only sell technology, but also to help driving value creation in their operational processes by reducing the complexity associated with the phase-out of old technology.


Transition Services thus helps to accelerate the transition, while also adding value both to customers and to PowerCell in our offerings as compared to just selling a product or a technology. The new business area will operate in four main areas: consulting services, application projects, turnkey solutions, and training. The consulting services will

offer a comprehensive analysis of customer needs, including proposals for various technological solutions. The application projects will be based on PowerCell's industrially stable fuel cell stacks and systems and will be combined with our ability to provide project-specific and application-oriented customization.

The foundation of all the hydrogen-electric solutions we offer is our proprietary and leading fuel cell stack and fuel cell system technology. Thanks to our focus on modular solutions, we have the scalability to offer systems from a few kilowatts up to several megawatts. This scalability allows us to better meet the needs of different customers.





### Stationary



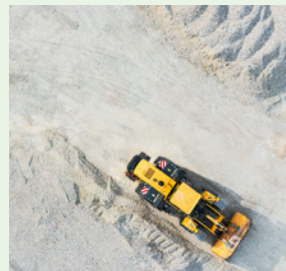
-  **Primary Power**
-  **Backup Power**
-  **Peak Shaving**
-  **Shore Power**





### Marine



-  **Fast Ferries**
-  **Passenger Vessels**
-  **Cargo Vessels**
-  **Large Yachts**




### Off-road



-  **Material Handling**
-  **Mining Equipment**
-  **Agriculture Machinery**
-  **Construction Equipment**

### On-road



-  **Cars**
  -  **Buses**
  -  **Trucks**
- PowerCell S3 licensed to Robert Bosch GmbH

# Future-proof stationary power supply today

**In all technology shifts, new solutions are compared with proven technologies and assessed on how well they measure up to existing technologies in terms of key parameters such as performance, cost-effectiveness and ease of use.**

The new solutions often also have a higher initial investment cost that, combined with the expected continued improvement in the performance of the new technology, leads to a wait-and-see attitude among customers.

This pattern has been a characteristic of several of our segments, not least stationary. But in stationary power in particular we have seen a number of significant trend breaks in 2021. So, for example, we saw a high demand for our hydrogen-electric stationary solutions both because they can help customers achieve their sustainability goals and because they now offer a cost-competitive option over the lifecycle of the product.

## **Independence provides a more sustainable solution**

Simulations of green hydrogen price trends combined with the increased cost of carbon emissions show that hydrogen-electric solutions are not only cost-neutral, but also reduce the total cost of ownership (TCO) for customers over a 10-year period. Together with our selected partners in the stationary segment, we can now offer very attractive solutions for fuel cell-based power generation with power outputs from 30 kW up to several megawatts. Combined with local production and storage of hydrogen, they offer cost-effective power generation independent of the grid, providing a more sustainable energy solution to the increasingly stressed electricity grid.

Since 2020, PowerCell has been collaborating with Hitachi Energy (formerly ABB Power Grids) on fuel cell-based stationary power systems. By combining the two companies' respective technologies, we can offer our customers packaged and complete fuel cell-based stationary power solutions. In 2021, we received our first order for a

joint power solution from the Texas Advanced Computing Center (TACC) at the University of Texas.

## **Three different areas of application**

Stationary applications can be divided into three areas: primary, peak and backup power. In primary power applications, the fuel cell system provides power to energy-intensive equipment, such as a data center, either independently or in combination with a connection to the grid. This type of installation is attractive to customers who either need energy in places where there is no power supply or who want to reduce their dependence on the existing grid or who, based on their own energy needs, cannot justify an investment in an expansion of the grid.

Peak power is when the fuel cell system is used to ensure that the customer has access to all the energy they need, regardless of the current load on the grid. In this case, the fuel cell system can work either completely independently or in combination with other energy sources such as batteries. It can also be used to reduce the cost of energy during periods of high demand.

Finally, there is backup power, an application that is becoming increasingly important, not least as a result of increasing digitalization where power outages can be very costly. Traditionally, backup power has been provided by diesel engine-powered gensets. Fuel cell-powered backup power systems are not only completely emission-free, but can also be connected to be ready to step in and generate electricity at a moment's notice.





# PowerCell ready to help shipping reduce emissions here and now

The marine sector is also facing tougher emissions requirements driven by both voluntary commitments and government decisions.

The International Maritime Organization (IMO) announced its ambition to reduce emissions from shipping a decade ago and has set a target of a 50 percent reduction in greenhouse gas (GHG) emissions from both new and old ships by 2050, compared to 2008 levels.

In 2021, the IMO added the ambition to have already achieved a 40 percent reduction by 2030. To measure how well the industry is meeting the requirements, the IMO has launched a large number of indices and tools. There is a long list of additional initiatives to reduce emissions from shipping, ranging from local regulations (such as the Norwegian requirement to allow only zero-emission ships to operate in Norwegian fjords after 2025) to supranational ones (such as the EU's decision to include shipping in the European Emissions Trading Scheme (EU ETS)).

## Hybrid solutions reduce emissions

An increasing degree of electrification has therefore been underway in the marine segment for several years. Driven by the ambition to reduce emissions of carbon dioxide as well as particulate matter and nitrogen, marine engine manufacturers, shipbuilders and integrators have all started to use various electrical solutions to reduce emissions from both on-board propulsion and on-board power generation systems. By increasingly supplementing traditional powertrains with electric motors (referred to as hybridization), vessels can – depending on the type of vessel and its use – reduce the use of internal combustion engines to varying degrees.

Today's hybrid solutions rely on battery-electric installations that, due to their low energy density, have a too low output to be an option for anything other than short periods and very limited maneuvers. For example, many ferries have been equipped with battery-electric hybrid solutions that, if even full charged, do little more than move the ferries away from the dock or out of the port.

## Breakthrough for marine fuel cell technology

Hydrogen-electric solutions are emerging as an increasingly attractive option because the energy density of hydrogen is high and the fuel cell systems, together with hydrogen tanks, can be packaged in a way that delivers high power in a relatively small space. Hybridization in combination with fuel cells provides enough power for a completely emission-free run even on slightly longer routes. In 2021, we saw the first major marine vessel tender where detailed and specific requirements were set for the percentage of the total energy demand of the vessel's powertrain to come from fuel cell systems.

This tender, which is taking place in Norway, is the largest hydrogen-electric in the segment to date and the first to require total cost of ownership, support and guaranteed performance over a 15-year product lifecycle. The fact that hydrogen-electric solutions are now in demand based on the same requirements as traditional powertrains marks a major breakthrough for both the perception of the technology and the industry as a whole.

## Specifically designed for marine applications

PowerCell's marine systems are based on industrialized and modular components that are available here and now and can be easily connected to meet the power needs of different customers. In 2021, we launched PowerCellution Marine System 200, a system developed specifically for the marine sector, which, thanks to its modularity, can offer power of up to several megawatts. The system has received Approval In Principle (AIP) for marine use from the international classification society DNVGL.

In 2020, PowerCell received an order for a marine system of around 3 MW from a leading European shipbuilder. PowerCell is more than ready to assist the marine industry in the important work of reducing emissions.



# Hydrogen-electric solutions provide major customer benefits in off-road

Off-road vehicles include a wide range of commercial vehicles such as construction equipment (e.g. excavators, backhoes, dump trucks, wheel loaders), agricultural machinery, mining equipment of various kinds, terminal vehicles and forklifts (material handling vehicles). Common to these types of vehicles is that they consume large amounts of energy and are used in well-defined areas where they add significant value.

## Higher ambitions for fossil phase-out

Traditionally, these vehicles have been equipped with diesel engines, but as customers raise their sustainability ambitions and legislation and regulations become more stringent, fossil fuels are also being phased out in favor of full electric or hybrid engines.

The segment is extremely well suited to electrification using fuel cells and hydrogen. There are several reasons for this. One of the key ones is that hydrogen-electric powertrains have minimal impact on customers' operational processes, i.e. their commercial use of and value creation from the products.

An excavator electrified by fuel cells and hydrogen will have similar performance, operating time and refueling times as a diesel engine excavator. Another reason why hydrogen-electric solutions are so well suited to the segment is that the vehicles are used in a clearly

defined geographical area. This reduces the complexity of setting up supporting infrastructure, such as hydrogen distribution and storage, support and maintenance. Several major manufacturers in the segment have also communicated clear and relatively detailed plans on when the introduction of hydrogen-electric solutions will take place.

## A complete offering for off-road

To meet the growing interest, PowerCell launched a complete hydrogen electric product portfolio for the off-road segment in 2021, ranging from 60 kW up to megawatt installations. The product portfolio is based on our proven fuel cell technology that, with its high power density and compact size, makes our solutions particularly well suited for the heavier parts of the segment.

# The Bosch collaboration in on-road brings economies of scale in more segments

**On-road (automotive) is the segment that has the highest level of maturity. Electrification started more than a decade ago, and both vehicle manufacturers and customers in this segment have now become accustomed to electric powertrains. Several manufacturers now offer not only hydrogen-electric cars, but also buses and trucks.**

For customers in this segment, fuel cell-based solutions offer electrification that requires minimal adaptation: refueling times, drivability, range and payload capacity are not significantly different from those of fossil-fueled vehicles. With its high power density and compact size, PowerCell's fuel cell stacks are well-suited for this segment. Within this segment, heavy vehicles such as trucks and buses are the most advanced in terms of electrification using fuel cells. Asian passenger car manufacturers have launched fuel cell passenger cars, but otherwise the number of manufacturers offering hydrogen-electric passenger cars is small.

## **Strategic partnership with Bosch**

Strategically, PowerCell has chosen to address the on-road segment together with Robert Bosch GmbH because PowerCell would not have been able to adequately serve such a large and demanding industry as the automotive industry. Robert Bosch GmbH is the world's leading supplier to the automotive industry and has built up over more than a century of both technical capabilities and market presence that are a must to be an attractive partner in the automotive industry.

Through our joint development and licensing agreement dating from 2019, we have jointly developed our PowerCell S3 fuel cell stack so that it is now industrially and commercially ready for mass production. Bosch has also started its own production of this new and improved version of the PowerCell S3 and has started to pay PowerCell royalty for the S3-based systems it manufactures and

sells. Customers of Robert Bosch GmbH include Chinese truck manufacturers. This partnership also has the advantage of creating economies of scale for PowerCell, as a higher degree of commercialization means higher volumes and thereby lower costs.

Under the agreement, from 2019 PowerCell will have the right to purchase S3 stacks from Bosch for sale to customers in other segments. Together with Bosch, we are also exploring the possibility of addressing specific applications outside the on-road segment. In July 2021, we started the development of a downscaled fuel cell system for refrigeration units on behalf of Bosch.

Since 2019, Robert Bosch GmbH has, through a subsidiary, also been PowerCell's single largest shareholder, with an ownership share of 11 percent.

## **Next generation fuel cell stacks**

In parallel with the collaboration with Robert Bosch GmbH, the development of next-generation stack technology for the automotive segment is also underway. This development work is taking place within the framework of the German Autostack Industrie (ASI) project, a partly state-funded German project totaling EUR 60 million involving most of the major German car manufacturers, including Audi, BMW, Daimler, Ford and Volkswagen. The aim of the project is to develop a fuel cell stack for the German automotive industry that can be mass-produced in high volumes. PowerCell has been a partner of ASI since 2017, and is responsible for the design and development of the stack itself but also for developing the associated production methodology.



# Fuel cell technology

A fuel cell converts chemical energy directly into electrical energy. Fuel cells have a broader range of applications than any other available source of energy and can be manufactured for small units that produce only a few watts, right up to major power stations generating megawatts.

A fuel cell generates electrical energy via an electrochemical reaction. The process is similar to that of a battery, except that a battery consumes its electrodes when producing electricity and must therefore be discarded or recharged. Fuel cells, on the other hand, produce electrical energy as long as fuel is supplied in the form of hydrogen and oxygen.

### Higher efficiency

Compared to an internal combustion engine, which is also powered by a reaction between a fuel and oxygen, higher efficiency is achieved. The thermomechanical process of the internal combustion engine means that a large part of the energy will always be released in the form of heat, whereas the reaction of the fuel cell takes place at a significantly lower temperature. Unlike the internal combustion engine,

water and heat are the only emissions generated by a fuel cell.

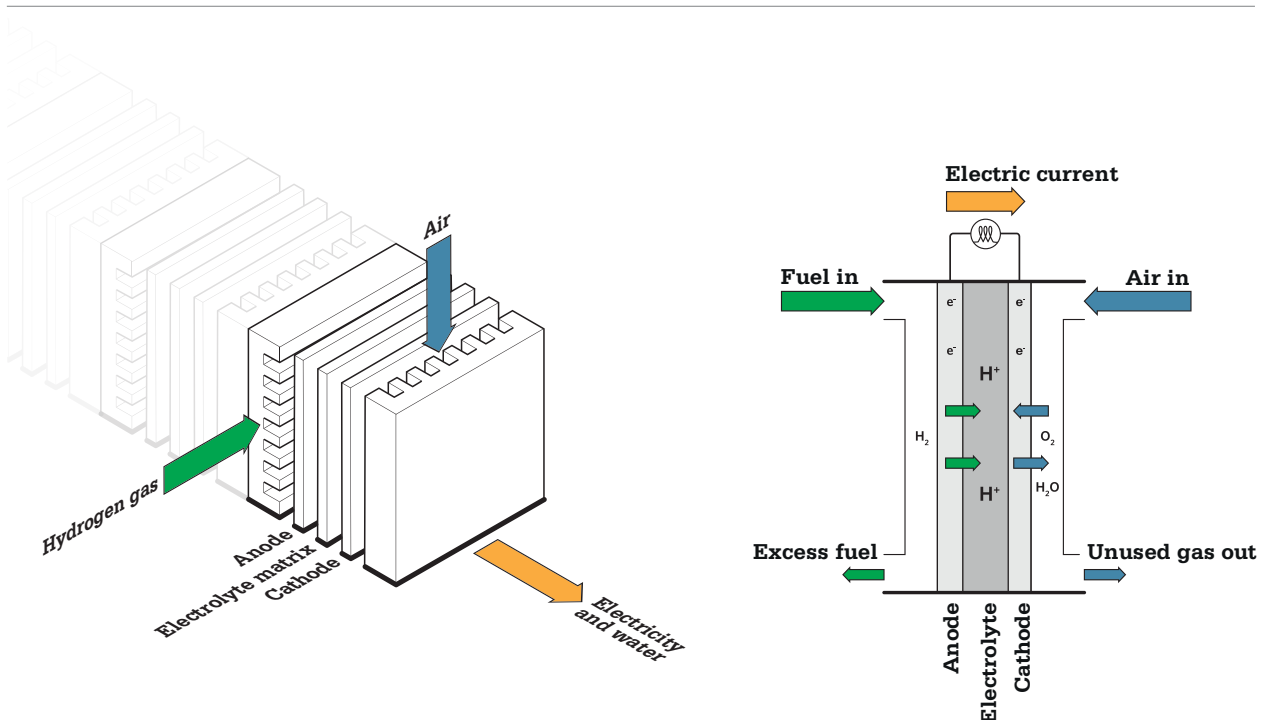
The key components of the fuel cell are the anode, cathode and electrolyte. The electrolyte largely determines the properties of the fuel cell. Approximately 80 percent of all fuel cells supplied are of the Proton Exchange Membrane (PEM) type, which use ion-conducting polymer membranes as the electrolyte. PEM fuel cells operate at relatively low temperatures (<100°C) and therefore have valuable rapid start-up and response times. They have the highest power density of all fuel cell types and are therefore significantly smaller and lighter than other variants.

### Robust design with no moving parts

Combining individual fuel cells creates a fuel cell stack. The voltage and power of the stack can be varied by increasing or decreasing the number of cells in the stack.

### Chemical reaction

When in operation, the anode is supplied with fuel in the form of hydrogen, while the cathode is continuously supplied with oxygen. The hydrogen molecules are oxidized at the anode, forming hydrogen ions and electrons. The electrons travel through an external conductor that connects the anode and cathode, producing electricity. At the same time, the hydrogen ions are transported via the electrolyte to the cathode, where they combine with oxygen molecules to form water and heat. The result is electricity, water and the heat generated by the reaction. Since the fuel cells are liquid-cooled, the heat can be harnessed via the cooling water and used to heat e.g. buildings or vehicles.





# PowerCell's products and solutions

PowerCell offers a wide range of products and services to help customers integrate our fuel cell-based solutions into their own systems. The products are largely based on proprietary technology.

## Products for the stationary segment

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### Power Generation System 5

Power Generation System 5 is designed to generate electricity in a simple, quiet and reliable way. The system can be used as a power generator for buildings and households, but also for e.g. backup in telecom and traffic system applications. Power Generation System 5 is designed for easy installation in a standard 19-inch rack and includes an automatic control system that can monitor batteries and keep them charged at a specified voltage or ensure that they deliver the desired power.

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### Power Generation System 30

Power Generation System 30 is a versatile, robust, and powerful system. It is a mid-range power generator and is therefore well suited for integration into mobile and temporary solutions for combined power and heat supply or for backup power. The system is based on the PowerCellution V Stack, which has a proven track record of long life and stable performance in many successful integrations.

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### Power Generation System 100

Power Generation System 100 is a very powerful fuel cell system with a power output of up to 100 kW, enabling reliable and flexible use. The system has been tested and developed according to standards in power generation solutions and is specifically designed for compact integration, providing both high power and heat output. The system has a robust and durable design to ensure long-lasting, reliable use.

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### Power Generation System 200

Power Generation System 200 is a powerful yet compact fuel cell system with a net power of 200 kW. It is designed specifically for stationary applications and can be connected in parallel for megawatt solutions. Power Generation System 200 offers high system efficiency and delivers quiet, emission-free energy for sensitive environments. The system is designed and developed in accordance with rules and regulations for stationary applications.

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### HPG 250-500

HPG is a fully independent and mobile power generation system. The system is delivered installed in a 20-foot container, where hydrogen is converted into electricity. The container contains fuel cell modules, power electronics, batteries, cooling, and peripheral equipment. HPG is the result of a collaboration between Hitachi Energy and PowerCell Sweden AB.



### HPG 1000-2000

Our HEPAC is a fully independent power generation system delivered installed in a container and designed to electrify our customers' devices and reduce their carbon emissions. The system can deliver megawatt-class power and is the result of the collaboration between Hitachi Energy and PowerCell Sweden AB.

## Products for the aviation and the train segments

For these two segments, we offer customer-specific solutions based on our industrial products.

## Products for the marine segment

### Marine System 200

Marine System 200 is a powerful yet compact fuel cell system with a net power of 200 kW. It is designed specifically for marine applications, and can be connected in parallel for megawatt solutions. Marine System 200 offers high system efficiency, delivers quiet, emission-free energy, and is well suited for sensitive marine environments. The system is designed and developed in accordance with maritime rules and regulations.

### Marine megawatt solutions

By installing multiple Marine System 200 units in parallel, we can offer a solution that is scalable up to several megawatts. The product offers reliable and more independent power generation, better operating efficiency, and improved control – plus it is quiet and odorless. Our marine MW solutions are designed to meet the most stringent maritime rules and regulations.



## Products for the off-road segment



### Heavy Duty System 100

Heavy Duty System 100 is a very powerful fuel cell system that enables durable and flexible use, with an electric output of up to 100 kW. The system has been tested and developed according to the standards in heavy duty applications. Heavy Duty System 100 is specifically designed to accomplish compact integration together with a high power output. The system has a robust construction for fast, dynamic and stable load operations. The fuel cell stack with steel-based bipolar plates ensure lasting and reliable use in a wide range of conditions. Multiple systems can be coupled in parallel to reach higher power outputs.

## PowerCellution



### PowerCellution P Stack

PowerCellution P Stack is a powerful fuel cell stack with an output of up to 125 kW. The technology has undergone extensive testing as well as validation with major manufacturers, renowned research institutes and leading automotive suppliers. In addition, it is designed for high-volume production at low manufacturing cost.



### PowerCellution V Stack

PowerCellution V Stack is a robust fuel cell stack with an output of up to 35 kW. V Stack has robust metallic bipolar plates that are made to withstand harsh conditions in all types of applications. V Stack is a proven product that has been in production for several years.

## Transition Services

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Through a wide range of services, we help customers make the transition to hydrogen-electric solutions and get their fuel cell-based products to market faster. The range of transition services we offer facilitates implementation and transition throughout the technology shift.

### Consultation

Through our consulting services, we help customers analyze and find the appropriate product or solution for their needs. In order to provide the customer with a more complete solution and not have to perform a large part of the verification themselves, we also offer support through the appropriate peripherals and assist with their implementation along with the standard products. Thanks to our experienced staff and our advanced testing and development equipment, we can offer consulting and expanded testing of the chosen product to provide more accurate data based on specific needs.

### Support

In order to make the integration of our products as fast and smooth as possible, we are able to offer each customer support before and after delivery. To make the commissioning of our products quick and safe, we offer assistance with installation and commissioning both online and on-site.

### Modification

Almost all customers can use our industrialized standard products as they are. Sometimes modification of hardware and control interfaces and some repackaging or replacement of individual components is required to fit the product into the available space in the customer's application.

### Industrialized innovation

If, after an implementation analysis, we find that minor modifications are not sufficient to meet the customer's needs, we can offer to develop a new product with the customer that meets the customer's specific requirements. The new product is based on one of our industrialized stack platforms and our extensive experience in system development.

### Turnkey solutions

To facilitate the customer's implementation of hydrogen-electric solutions, we also offer complete turnkey solutions. Examples of such solutions include a complete hydrogen tank system together with our fuel cell systems or a complete system solution for a property.

In 2021, PowerCellution, a new product brand for PowerCell products and services, was launched. Under the PowerCellution brand, we offer industrialized products and a wide range of services to assist with customization based on customer needs and requirements.

To help customers in different segments transition to hydrogen-electric solutions, we also launched a new business area in 2021 called Transition Services. Transition Services will offer consulting services and application projects as well as training and turnkey solutions. To meet the needs of the market, we also expanded our offering with more system solutions based on our products during the year.

# PowerCell invests in producing its own green hydrogen

PowerCell is also contributing to the transition by feeding the electricity and heat generated during test runs of our fuel cell systems back into Gothenburg's energy system.

In 2021, PowerCell Sweden decided to further strengthen its own sustainable energy production by equipping the Company's facility in Gothenburg with solar cells and an electrolyzer for the production of its own sustainable green hydrogen. In addition to significant environmental benefits, the integrated installation will also offer a tangible opportunity to demonstrate decentralized, sustainable energy systems to customers and other stakeholders. The ambition is to use the green hydrogen both to become self-sufficient in hydrogen and to use one of

the company's fuel cell systems to generate its own emission-free energy for various uses, including backup power. The hydrogen will be used in the laboratory, where fuel cells are continuously developed and tested before delivery to customers.

The integrated installation will also enable PowerCell to sell green hydrogen to external customers and generate its own electricity for charging battery electric vehicles. As PowerCell currently gets its hydrogen delivered by trucks, an increased degree of self-sufficiency in hydrogen will reduce the

carbon dioxide footprint of truck transports. This will avoid local emissions of climate-changing carbon dioxide as well as harmful substances and particulate matter.

The integrated solar and electrolyzer installation will be very flexible, and will be used according to the needs and availability of energy. When solar energy is readily available, or when electricity prices on the fixed grid are very low, hydrogen will be produced and then stored for use at a later date.



# We and our operations contribute to a sustainable society

PowerCell’s goal is to help improve the environment by offering customers emission-free technology in the form of fuel cell stacks and fuel cell systems. We are actively contributing to a more sustainable future by manufacturing and selling fuel cell-based hydrogen electric solutions as an alternative to traditional fossil-based energy solutions.

As the market for hydrogen and fuel cell products is still evolving, it is important for PowerCell to contribute in various ways to customers and society understanding the significant benefits and opportunities of hydrogen and fuel cell technology. In addition

to ongoing sales, which help to accelerate society’s transition to more sustainable energy solutions, PowerCell is therefore also using its expertise and experience to educate customers and disseminate information about hydrogen-electric technology

to key societal stakeholders and opinion makers.

Our products and actions should always be characterized by our core values – quality, safety and environmental care.

## Social responsibility, human rights

PowerCell complies with laws and local regulations where it operates, and we support international conventions on human rights. We strive to be an open and transparent organization that contributes positively to the communities in which we operate. To ensure that we meet our human rights and equality goals, we have procedures in place for employees to report any misconduct.

## Environment

As a leading manufacturer of environmentally friendly technology that can help reduce climate-changing and harmful emissions, PowerCell is also committed to reducing the environmental impact of its operations and production. The entire product life cycle, from materials, transport and production to customer use, must be considered.

## People, diversity and inclusion

PowerCell strongly believes that a workplace where people have diverse backgrounds and experiences contributes to both the enrichment of the corporate culture and commercial success. To achieve success in a global market, we recruit top talent from diverse backgrounds. A systematic approach to diversity and equality is also essential to be an attractive employer and to be able to recruit and retain the best talent year after year. Each year, assessments are performed to ensure equal pay for men and women.

## Integrity and ethics in business relationships

PowerCell should be perceived as a serious and long-term business partner and employer. Our Code of Conduct has zero tolerance for corruption, and contains guidelines on how the Company and its employees should conduct themselves in relationships with business partners, colleagues and other stakeholders.

# The share and history

PowerCell Sweden AB (publ) was registered under its current name with the Swedish Companies Registration Office in 2008 and has been in operation since that date. The registered office of the Board of Directors is in Gothenburg Municipality in Västra Götaland County, and the Company's corporate registration number is 556759-8353. PowerCell is a limited liability company and is subject to the Swedish Companies Act (2005:551).

All financial instruments issued by PowerCell have been prepared in compliance with the Swedish Companies Act.

The company is registered with Euroclear Sweden AB. All of the Company's financial instruments are denominated in SEK. The Company's shares have been listed on First North Growth Market at Nasdaq Stockholm since 19 December 2014. The share has ISIN code SE 000 642 5815. The ticker is PCELL. Only one class of shares exists.

The share capital in PowerCell amounts to SEK 1,147,134, represented by a total of 52,142,434 shares, each with a quotient value of SEK 0.022, as of December 31, 2021. All shares are of the same class, carry one vote each, and are entitled to an equal share of the Company's assets and profits, without any specific limitations.

Under the Articles of Association adopted on April 22, 2021, the Company's share capital shall be not less than SEK 500,000 and not more than SEK 2,000,000. The number of shares shall be not less than 20,000,000 and not more than 80,000,000.

## Dividend policy

PowerCell has adopted a dividend policy that sets out the Company's long-term intention to provide its shareholders with a stable and growing dividend.

The policy states that the operating surplus, or parts of the surplus, will be distributed when the cash flow from operations exceeds the Company's long-term financing needs and if the Board also assesses that the Company has a satisfactory capital structure.

When considering the proposal for dividends, the Board will take several factors into consideration, including PowerCell's expected future revenues, cash flow, working capital and general financial position.

## Dividends

Dividends are proposed by the Board and are adopted at a General Meeting of Shareholders, in accordance with the Swedish Companies Act and the Company's Articles of Association. PowerCell's long-term intention, as stated in the Company's dividend policy, is to be able to provide the Company's shareholders with a stable and growing dividend. PowerCell is undergoing a period of rapid development and expansion. The current policy of the Board is therefore for the Company to carry forward any profits to finance the growth and operations of the Company and, accordingly, the Board does not anticipate paying out any dividends in the coming years.

## Ownership structure

As of December 31, 2021, PowerCell had 34,985 shareholders, according to Euroclear. The following table shows PowerCell's owners as of December 31, 2021.

## Share performance

The diagram on the next page shows the share price performance over the period January 1 to December 31, 2021. As of December 31, 2021, the market capitalization was SEK 9,652 million. During the 2021 calendar year, the average stock turnover per trading day was 456,570 shares. The average share price during the year was 232.68 SEK. An average of 4,546 trades were made per day during this period.

## Share-based incentive program

The Annual General Meeting resolved to introduce a share-based incentive program for senior executives and key personnel in April 2021. The program in its entirety (including the issue of cost-covering warrants) can result in a maximum dilution of approximately 0.97 percent. For more details on the program, please see Note 9 on page 38.

## Shareholders as of December 31, 2021

|              | Number of shares  | Share         |
|--------------|-------------------|---------------|
| Bosch Group  | 5,848,531         | 11.2%         |
| Other        | 46,293,903        | 88.8%         |
| <b>Total</b> | <b>52,142,434</b> | <b>100.0%</b> |

Note: The German Clearing Bank, On December 30, 2021, Clearstream Banking had a holding of a total of 17,387,359 PowerCell shares corresponding to an ownership of 33.35%. The company has no means of establishing the underlying ownership of this holding.

## Development in the share capital

Since its founding in 2008 through December 31, 2021, the Company's share capital performed as follows:

| Year | Transaction                        | Increase in number of shares | Increase in share capital | Total share capital | Number of shares | Nominal value/ share |
|------|------------------------------------|------------------------------|---------------------------|---------------------|------------------|----------------------|
| 2008 | Founding of the Company            | 500,000                      | 100,000.00                | 100,000.00          | 500,000          | 0.200                |
| 2009 | New share issue                    | 565,215                      | 113,043.00                | 213,043.00          | 1,065,215        | 0.200                |
| 2014 | New share issue                    | 91,288                       | 18,257.60                 | 231,300.60          | 1,156,503        | 0.200                |
| 2014 | Split 20:1                         | 21,973,557                   | —                         | 231,300.60          | 23,130,060       | 0.010                |
| 2014 | New share issue                    | —                            | 277,560.72                | 508,861.32          | 23,130,060       | 0.022                |
| 2014 | New share issue                    | 12,289,545                   | 270,369.99                | 779,231.31          | 35,419,605       | 0.022                |
| 2015 | New share issue                    | 278,787                      | 6,133.32                  | 785,364.63          | 35,698,392       | 0.022                |
| 2016 | Exercise of T01                    | 7,135,480                    | 156,980.55                | 942,345.18          | 42,833,872       | 0.022                |
| 2016 | Exercise of T02                    | 1,950,520                    | 42,911.44                 | 985,256.62          | 44,784,392       | 0.022                |
| 2017 | New share issue                    | 6,716,418                    | 147,761.20                | 1,133,017.82        | 51,500,810       | 0.022                |
| 2017 | Exercise of employee stock options | 178,080                      | 3,917.76                  | 1,136,935.58        | 51,678,890       | 0.022                |
| 2018 | Exercise of employee stock options | 189,920                      | 4,178.24                  | 1,141,113.82        | 51,868,810       | 0.022                |
| 2020 | Exercise of employee stock options | 273,624                      | 6,019.73                  | 1,147,133.55        | 52,142,434       | 0.022                |

## Share price 2021



# PowerCell's corporate governance

Good corporate governance, risk management and internal control are key parts of a successful business and crucial for being able to maintain the confidence of the Company's stakeholders. The objective of corporate governance is to ensure that the company is run as efficiently as possible for its shareholders.

## Corporate governance structure

PowerCell's corporate bodies are the General Meeting of Shareholders, the Board of Directors, the CEO and the Auditor. The Annual General Meeting (AGM) must be held no later than six months after the end of the financial year. At the AGM, the shareholders appoint the Board of Directors and the Auditor. The Board appoints the CEO. The Auditor examines the annual accounts and the Board and CEO's management. The duties of the Nomination Committee are determined at the AGM and consist primarily of proposing Board members, the Board Chair and the Auditor for election at the AGM.

The Swedish Code of Corporate Governance (the Code) applies to all companies whose shares are admitted for trading on a regulated market in Sweden. PowerCell is listed on the First North Growth Market at Nasdaq Stockholm, which is not a regulated market. The Company is therefore not obliged to comply with the Code. However, the Company's management is familiar with the Code's provisions and PowerCell voluntarily chooses to observe selected parts of the Code that are considered relevant to the Company's situation.

## Shareholders

Information about PowerCell's shares and shareholders can be found on pages 20–21.

## Annual General Meeting (AGM)

The AGM is PowerCell's highest decision-making body and the forum where shareholders' rights are exercised. At the AGM, resolutions are passed regarding proposals from the Nomination Committee, the Board and the shareholders, as well as any other resolutions that are listed in the current Articles of Association or legislation. The types of resolutions that are passed include (i) the adoption of income statements and balance sheets, (ii) dispositions of the Company's profit or loss and (iii) the election of the Board and Auditor and remuneration to these. The Company's Articles of Association states that the Board of Directors of the Company is to consist of no fewer than five and no more than seven members without deputies.

## Nomination Committee

The AGM determines the policy for how the Nomination Committee is appointed each year. The most recent resolution of the AGM states that the current Nomination Committee has been appointed in line with the following policy: The three largest shareholders in the Company in terms of votes as of July 30, 2021 have each been entitled to appoint a member of the Nomination Committee. None of these three persons may be a member of the Company's Board. In addition, the Nomination Committee is to consist of one Board member appointed by the Board, who in turn is to be the convener. A non-board member is to be appointed as Chair of the Nomination Committee. The Nomination Committee's term of office extends until a new Nomination Committee has been appointed. If a member resigns from the Nomination Committee before its work is completed, and if the Nomination Committee considers that there is a need to replace that member, the Nomination Committee shall appoint a new member; in the first instance, a member nominated by the shareholder by whom the resigning member was nominated, provided that the shareholder is still one of the three largest shareholders in the Company. If any shareholder asked by the Nomination Committee to nominate a member declines to make a nomination, the Nomination Committee shall ask the next largest shareholder (as of July 30, 2021) who has not previously nominated a member to the Nomination Committee. In the event that fewer than three major shareholders choose to appoint a member to the Nomination Committee, the already appointed members of the Nomination Committee shall have the right, but not the obligation, to jointly appoint an additional member. Where fewer than two major shareholders choose to appoint a member to the Nomination Committee, the right to appoint a member to the Nomination Committee under this paragraph shall instead be deemed to constitute an obligation. Changes in the composition of the Nomination Committee shall be communicated without delay by the Chair of the Nomination Committee to the Chair of the Board of Directors of the Company. The change shall also be made public as soon as possible.

No remuneration shall be paid to the members of the Nomination Committee, except for any external member or members appointed jointly by the other members of the Nomination Committee. However, the Nomination



Committee may charge the Company with reasonable costs for travel and research in connection with its Nomination Committee work. The Nomination Committee shall submit proposals to the AGM for: a) election of the Chair of the AGM, b) resolution on the number of Board members, c) resolution on Board fees for the Chair and each of the other Board members (including work in the Board committees), d) election of Board members, e) election of the Board Chair, f) resolution on remuneration to the Auditor, g) election of Auditor, h) resolution on policy for the appointment of the Nomination Committee, and i) resolution on policy for the Nomination Committee.

The Nomination Committee for the 2021 AGM included:

**Achim Moritz** (Robert Bosch GmbH, appointed by Robert Bosch GmbH)

**Christer Jönsson** (Saminvest, appointed by Fouriertransform)

**Oskar Börjesson** (Livförsäkringsbolaget Skandia, appointed by Livförsäkringsbolaget Skandia)

**Magnus Jonsson** was the convening member and represented the Board of PowerCell Sweden AB

The following Nomination Committee has been appointed for the 2022 AGM:

**Achim Moritz** (Robert Bosch GmbH, appointed by Robert Bosch GmbH)

**Lena Olving**, independent member

**Magnus Jonsson** is the convening member and represents the Board of PowerCell Sweden AB.

The composition was communicated through a press release and published on the Company's website on November 11, 2021.

#### Board of Directors

The Board has the ultimate responsibility for PowerCell's organization and management. The members of the Board and information on dependencies, etc. are listed in the table below, and a presentation of the members of the Board can be found on page 61. The Board currently consists of seven members, of which two are women and five are men. The Board has no deputies.

The Board's work is governed by the Swedish Companies Act, the Articles of Association and the formal work plan adopted by the PowerCell Board. The Company's formal work plan stipulates instructions regarding the allocation of responsibilities between the Board and the CEO. Since January 1, 2021, Richard Berkling is the CEO of the Company.

At the Board's meetings, the Board discusses the Company's future performance, quarterly reports, budget and financing, and performs the standard follow-up of the strategic and operational activities of the Company. The Board also evaluates PowerCell's financial reporting annually and sets requirements for its content and format to ensure a high level of quality. The Company's Auditor attends the meeting each year to approve the annual accounts. The Company's CEO Richard Berkling is co-opted and regularly attends the Board's meetings, as do the Company's Executive Vice President Karin Nilsson, and the Company's CFO Karin Lidén, who also serves as secretary at the Board's meetings.

All Board resolutions are based on detailed decision data and are made following discussions led by the Board Chair. The Board's work is evaluated annually under the guidance of the Board Chair. The results of the evaluation

are presented to the Board and then discussed, with the aim of optimizing the Board's work. The Chair's work in the Board is evaluated in their absence. The conclusions from the evaluations and discussions are communicated to the Nomination Committee.

#### Board committees

The Board has appointed an Audit Committee and a Remuneration Committee tasked with preparing audit and remuneration matters, respectively, prior to Board resolutions.

#### Audit Committee

The Audit Committee adopts a supervisory role with regard to the Company's risk management, governance and control, as well as financial reporting. The Committee consists of three members and held a total of four meetings in 2021. The Auditor regularly reports their observations to the Audit Committee, and has attended all four meetings during the year. The Chair of the Audit Committee is Helen Fasth Gillstedt, and the other members are Annette Malm Justad and Magnus Jonsson.

#### Remuneration Committee

The Remuneration Committee deals with issues involving remuneration policy and other terms of employment for the CEO and Company management. The Committee evaluates remuneration programs for Company management on a running basis, and observes and evaluates the application of the guidelines for remuneration determined by the AGM. The Committee consists of two members, Magnus Jonsson (Chair) och Annette Malm Justad, and held a total of three meetings in 2021.

#### CEO

The CEO is responsible for PowerCell's operational activities in line with the set strategy and the Board's instructions. The CEO reports regularly to the Board on the development of the business.

#### Auditor

The Auditor examines the annual accounts, the financial statements and the Board and CEO's management, and reports to the AGM. At the 2021 AGM, Öhrlings PricewaterhouseCoopers AB was reelected as Auditor until the end of the 2022 AGM. The auditor in charge is the authorized public accountant Fredrik Göransson. In 2021, he was also auditor in charge in e.g. Bufab AB (publ) and HMS Networks AB (publ).

#### Governing documents and internal control

PowerCell has established control systems and conducts transparent business operations. The current governing documents are reviewed on an ongoing basis. Additionally, the Board continuously evaluates the financial statements that are provided in connection with Board meetings. The Audit Committee conducts an ongoing dialogue with the Company's Auditor regarding the scope and quality of the financial statements. Further information on the governance of PowerCell can be found on the Company's website.

## Board fees

The table refers to the Board members elected at the 2021 AGM

| Name                       | Born | Elected | Role on the Board | Agreed fee | Agreed fee for work in the Audit Committee | Agreed fee for work in the Remuneration Committee |
|----------------------------|------|---------|-------------------|------------|--|---|
| Magnus Jonsson             | 1956 | 2012    | Chair             | 440,000    | 55,000                                     | 33,000  |
| Dirk De Boever             | 1970 | 2009    | Member            | 220,000    | —  | —   |
| Göran Linder               | 1962 | 2009    | Member            | 220,000    | —  | —   |
| Helen Fasth Gillstedt      | 1962 | 2019    | Member            | 220,000    | 110,000                                    | —   |
| Annette Malm Justad        | 1958 | 2020    | Member            | 220,000    | 55,000                                     | 17,000  |
| Uwe Hillmann <sup>1)</sup> | 1967 | 2020    | Member            | 220,000    | —  | —   |
| Riku-Pekka Hägg            | 1976 | 2020    | Member            | 220,000    | —  | —   |

1) Uwe Hillmann waived his fee in accordance with the internal guidelines of Robert Bosch GmbH.

# Directors' Report

The Board of Directors and the CEO present the following annual report. Unless otherwise stated, all amounts are presented in SEK thousands. Figures in parentheses refer to the previous year.

## Information about operations

PowerCell Sweden AB (publ) (PowerCell), Corp. Id. No 556759-8353, develops and produces fuel cell stacks and fuel cell systems with a uniquely high power density, for applications in the stationary, marine, off-road and on-road segments.

PowerCell's products run on pure or reformed hydrogen and generate electricity and heat without any other emissions than water. The Company's technology combines high efficiency with a compact format, and contributes to increased energy efficiency as well as a significant reduction in emissions of carbon dioxide and harmful particulate matter, regardless of application.

## Significant events during the financial year

### Stationary

- PowerCell receives order for MS-100 fuel cell system from University of Texas
- PowerCell and Hitachi Energy deepen collaboration on stationary power solutions

### Marine

- PowerCell receives order from Prototech A/S for marine fuel cell module
- PowerCell presents industrialized fuel cell module optimized for marine power solutions

### Off-road

- PowerCell receives order for fuel cell system from leading construction equipment manufacturer
- PowerCell receives follow-up order for two fuel cell systems from global US agricultural machinery manufacturer
- PowerCell unveils comprehensive product portfolio optimized for off-road electrification

### On-road

- PowerCell receives order for PowerCell S3 from Bosch worth SEK 25 million
- PowerCell fuel cell system on board when Sweden's first hydrogen-powered garbage truck is put into service

### Other

- PowerCell launches PowerCellution brand for products and services
- PowerCell's Chief Financial Officer takes on new responsibilities as Executive Vice President and leaves the role of CFO
- PowerCell receives order for fuel cell system worth SEK 25 million for research on powertrain for aircraft
- Karin Lidén appointed new CFO of PowerCell
- PowerCell receives order from Bosch for initial development of downscaled fuel cell system for refrigeration units
- PowerCell reorganizes its management to meet expected increased growth and demand
- PowerCell launches new business area to facilitate transition to hydrogen-electric solutions
- PowerCell invests in solar cells and electrolyzer to create industrial test bed and in-house hydrogen production

## Sales and earnings

The Group's net sales for 2021 amounted to SEK 159.8 (103.5) million, which is an increase of SEK 56.3 million, corresponding to just over 54 percent. The increase during the period is attributable to continued high sales to Robert Bosch GmbH as well as increased sales to the aviation segment in particular. During the year, a European research center placed a fuel cell system order with a total value of SEK 25 million, and UK startup ZeroAvia also placed significant orders during the year. However, although sales to Robert Bosch GmbH remain at a high level, as a proportion of total sales they declined during the year as sales to other segments, such as aviation, marine, stationary and off-road, grew.

The increase in sales was particularly evident in the second half of 2021, accounting for nearly 64 percent of total sales for the year. Behind the increase in the third and fourth quarters is gradually increasing demand for hydrogen-electric solutions along with improved production efficiency.

The Group's operating income before items affecting comparability amounts to SEK -80.5 (-97.7) million, while operating income after items affecting comparability amounts to SEK -81.7 (-103.4) million, an improvement of more than SEK 21.7 million compared with the previous year. The reduced losses are linked to increased sales and improved productivity, which led to improved margins.

The Parent Company's figures are largely in line with those of the Group, as the vast majority of operations are conducted in the Parent Company.

## Financial position and liquidity

The Group's financial position and liquidity are satisfactory. Cash and cash equivalents amounted to SEK 332.5 (416.8) million at December 31, 2021.

The Board assesses that available cash and cash equivalents as of December 31, 2021 are sufficient to finance operations in 2022, which is why the annual report has been prepared on the basis that the assumption of continued operations is met.

Cash flow from operating activities after changes in working capital for 2021 amounted to SEK -66.5 (-3.9) million. The large difference compared to the previous year is explained by the payment of 15 percent of the Bosch upfront license fee, totaling EUR 7.9 million, which took place in the third quarter of last year and which had been withheld in accordance with German tax legislation.

Cash flow from financing activities for 2021 amounted to SEK -7.5 (2.5) million. Financing activities consist of amortization of leasing liabilities.

The equity/assets ratio at the end of the period was 73.6% (81.0%).

## Acquisitions and investments

Investments in property, plant and equipment during the financial year amounted to SEK 17.3 (10.5) million. Major part has gone to investments in laboratory and production.

## Research and development

The Group continued to conduct significant research and development of fuel cell platforms and fuel cell systems during the year, which amounted to SEK 80.2 (73.1) million.

## Employees

Including consultants converted to full-time equivalents, the Group had the equivalent of 105 (78) employees at year-end. The number of permanent employees at the end of the year was 83 (59).

## Environmental impact

The Group does not carry out any activities subject to notification under the Environmental Code.

## Outlook 2022

The Group does not provide any forecasts.

## Future outlook and significant risks and uncertainties

PowerCell is exposed to risks and uncertainties through its operations. In the coming year, the Company intends to continue the development, industrialization and commercialization of fuel cell platforms and modules. The most significant risks and uncertainties for the Group can be divided into operational and financial factors:

### Operational risks

#### Market-related risks

The Company's products are based on fuel cell technology, which is relatively new in a commercial context. This may mean that customers replace their systems at a slower rate than anticipated, despite the commercial and perfor-

mance superiority of the Company's products compared with competing technology.

#### *Dependence on individual customers*

The Company's activities to date have mainly involved product development. In addition, the Company has delivered a number of products that are in the process of being evaluated by customers. The risks are therefore associated with the development operations proceeding according to plan and not being impacted by any major delays, cost increases or other difficulties, with customers' evaluations of the Company's products turning out as desired, and with the Company's sales increasing in line with the commercialization within the time frame deemed likely by the Board.

#### *Dependence on individual suppliers*

PowerCell is dependent on deliveries of purchased components arriving on time and at the right quality. Should problems arise with deliveries, there is a risk that deliveries to customers will be delayed and therefore a risk that the Group will suffer both financial and operational problems.

#### *Limited resources*

PowerCell is a small company with limited resources in terms of management, administration and capital. In order to implement the strategy, it is important that resources are allocated in a way that is optimal for the company. There is a risk that the Company's resources will not be sufficient and that it will suffer from both financial and operational problems.

#### *Ability to manage growth*

The business will grow organically going forward. As the business grows and the workforce increases, PowerCell needs to ensure that it has effective planning and management processes in place at all times to enable implementation of its business plan in a rapidly evolving market. Managing growth requires investment and allocation of valuable management resources. If PowerCell fails to manage growth effectively, this could have an adverse impact on earnings.

#### *Employees*

PowerCell's future development depends on the Company's ability to retain and recruit employees with relevant experience, expertise and dedication. The Company is working to reduce dependency on key individuals through good documentation of procedures and working practices. However, the risk remains that any individual who is part of Company management, or another key individual, will terminate their employment with the Company, which in the short term at least could have a significant adverse impact on the Company's operations, earnings and financial position.

#### *Financial risks*

The Group is exposed to various types of financial risks in its operations. The financial risks to which the Group is exposed are credit, currency, liquidity and interest rate risks. Overarching responsibility for managing the Group's financial risks and developing methods and policy for managing financial risks rests with Company management and the Board. PowerCell has a financial policy for the Group. For further information on financial risks, see Note 3 on pages 34–35.

## Five year summary

| Amounts in KSEK                                       | 2021       | 2020       | 2019       | 2018       | 2017       |
|---|------------|------------|------------|------------|------------|
| Net sales   | 159,757    | 103,528    | 66,850     | 60,513     | 36,684     |
| Operating income before items affecting comparability | -80,475    | -97,749    | -79,898    | -60,893    | -66,772    |
| Operating income                                      | -81,731    | -103,386   | 448,408    | -60,893    | -66,772    |
| Operating cash flow                                   | -66,338    | -3,863     | 369,147    | -99,980    | -50,412    |
| Total assets  | 521,328    | 564,692    | 683,213    | 217,118    | 277,209    |
| Equity  | 383,451    | 457,560    | 565,271    | 127,249    | 187,710    |
| Equity/assets ratio (%)                               | 73.6       | 81.0       | 82.7       | 58.6       | 68.1       |
| Current ratio   | 5.7        | 11.9       | 13.1       | 4.0        | 5.4        |
| Number of shares                                      | 52,142,434 | 52,142,434 | 51,868,810 | 51,868,810 | 51,678,890 |
| Earnings per share (SEK)                              | Neg        | Neg        | 8.4        | Neg        | Neg        |
| Dividends per share (SEK)                             | —          | —          | —          | —          | —          |

#### **Pandemic**

The ongoing pandemic has impacted society and the world economy in a profound way and has caused great human suffering. For PowerCell, the pandemic has periodically had a specific impact on the level of activity in China, as well as on our supply chain, but overall has not had a significant impact on either PowerCell's sales or profitability over the past year. However, as things stand, it is difficult to determine how the virus outbreak will impact PowerCell going forward, as the uncertainty surrounding the pandemic and its development continues to be far reaching.

#### **The war in Ukraine**

The Russian attack on Ukraine has created great uncertainty about the continued development of the world economy. PowerCell has a very limited business and exposure to Russia and Ukraine and is thus not directly affected by the ongoing war. However, the indirect consequences of the war can be extensive and for PowerCell lead to both supply chain disturbances and increased cost inflation. PowerCell currently has no opportunity to assess how the company may be affected in the short and medium term by the war.

#### **Significant events after the end of the financial year:**

- PowerCell joins European development project on fuel cell technology of the future.

#### **Dividend policy**

PowerCell has adopted a dividend policy that sets out the Company's long-term intention to provide its shareholders with a stable and growing dividend.

Dividends are proposed by the Board and are adopted at a General Meeting of Shareholders, in accordance with the Swedish Companies Act and the Company's Articles of Association. Historically, PowerCell has not paid a dividend, and no dividend was paid for the previous financial year. PowerCell is undergoing a period of rapid development and expansion. The current policy of the Board is therefore for the Company to carry forward any profits to finance the growth and operations of the Company and, accordingly, the Board does not anticipate paying out any dividends in the coming years. Accordingly, the Board of Directors proposes that no dividend be paid for 2021, but that the profits be finance the continued growth and the operation of the business.

#### **Appropriation of profits**

The following earnings are at the disposal of the AGM (SEK):

|                          |             |
|--------------------------|-------------|
| Share premium reserve    | 555,506,677 |
| Retained earnings        | -96,277,319 |
| Profit/loss for the year | -78,159,378 |

**SEK 381,069,980**

The Board proposes that the profits be appropriated so that the following amount can be carried forward

**SEK 381,069,980**

For the Company's earning and position, please refer to the following income statements and balance sheets with associated additional disclosures.

# Consolidated statement of comprehensive income

| Amounts in KSEK   | Note   | 2021           | 2020            |
|---|--------|----------------|-----------------|
| Net sales   | 6      | 159,757        | 103,528         |
| Cost of goods sold  | 7      | -110,723       | -77,748         |
| <b>Gross profit</b>   |        | <b>49,034</b>  | <b>25,780</b>   |
| Sales and administration costs  | 7, 9   | -69,084        | -59,187         |
| Research and development costs  | 7, 9   | -80,197        | -73,117         |
| Other operating income  | 10     | 26,760         | 15,371          |
| Other operating costs   | 7, 11  | -6,954         | -5,694          |
| Portion of profit after tax from associated companies recognized in accordance with the equity method | 7, 16  | -34            | -902            |
| <b>Operating income before items affecting comparability</b>  |        | <b>-80,475</b> | <b>-97,749</b>  |
| Items affecting comparability   | 7, 13  | -1,256         | -5,637          |
| <b>Operating income</b>   |        | <b>-81,731</b> | <b>-103,386</b> |
| Financial income  | 7      | 21,715         | 38,825          |
| Financial expenses  | 7      | -15,099        | -51,962         |
| <b>Net financial items</b>  |        | <b>6,616</b>   | <b>-13,137</b>  |
| <b>Profit (loss) before tax</b>   |        | <b>-75,115</b> | <b>-116,523</b> |
| Income tax  | 14, 27 | 31             | -99             |
| <b>Profit (loss) for the year</b>   |        | <b>-75,084</b> | <b>-116,622</b> |
| <b>Other comprehensive income:</b>  |        |                |                 |
| <i>Items that may be reclassified to profit or loss</i>   |        |                |                 |
| Exchange differences from foreign operations  |        | -64            | -176            |
| <b>Other comprehensive income for the year</b>  |        | <b>-64</b>     | <b>-176</b>     |
| <b>Total comprehensive income for the year</b>  |        | <b>-75,148</b> | <b>-116,798</b> |

Profit (loss) for the year 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:

| Amounts in SEK              |    | 2021 | 2020 |
|-----------------------------|----|------|------|
| Earnings per share, basic   | 33 | Neg  | Neg  |
| Earnings per share, diluted | 33 | Neg  | Neg  |

The notes on pages 31 to 45 constitute an integrated part of these consolidated statements.

# Consolidated balance sheet

| Amounts in KSEK  | Note       | 2021-12-31     | 2020-12-31     |
|--|------------|----------------|----------------|
| <b>ASSETS</b>  |            |                |                |
| <b>Non-current assets</b>                                      |            |                |                |
| <b>Intangible assets</b>                                       |            |                |                |
| Software   | 19         | 864            | 1,083          |
| <b>Total intangible assets</b>                                 |            | <b>864</b>     | <b>1,083</b>   |
| <b>Right-of-use assets</b>                                     |            |                |                |
| Right-of-use-assets  | 18         | 40,376         | 44,862         |
| <b>Total Right-of-use assets</b>                               |            | <b>40,376</b>  | <b>44,862</b>  |
| <b>Property, plant and equipment</b>                           |            |                |                |
| Machinery and vehicles   | 17         | 33,146         | 24,622         |
| Equipment, tools, fixtures and fittings                        | 17         | 2,812          | 2,337          |
| <b>Total property, plant and equipment</b>                     |            | <b>35,958</b>  | <b>26,959</b>  |
| <b>Financial assets</b>  |            |                |                |
| Deferred tax assets  | 14, 27     | 93             | —              |
| Participations recognized in accordance with the equity method | 16         | —              | —              |
| <b>Total financial assets</b>                                  |            | <b>93</b>      | <b>—</b>       |
| <b>Total non-current assets</b>                                |            | <b>77,291</b>  | <b>72,904</b>  |
| <b>Current assets</b>  |            |                |                |
| <b>Inventories</b>   |            |                |                |
| Raw materials and consumables                                  | 22         | 30,297         | 39,201         |
| Products in progress   | 22         | 6,997          | 610            |
| Inventories of finished goods                                  | 22         | 605            | 14             |
| <b>Total inventories</b>                                       |            | <b>37,899</b>  | <b>39,825</b>  |
| <b>Current receivables</b>                                     |            |                |                |
| Trade receivables  | 20, 21     | 37,942         | 7,961          |
| Current tax asset  |            | 1,164          | 1,153          |
| Contractual assets   | 29         | 8,228          | 3,964          |
| Other current receivables                                      | 20, 23     | 11,275         | 10,614         |
| Prepaid costs and accrued income                               | 24         | 15,022         | 11,425         |
| <b>Total current receivables</b>                               |            | <b>73,631</b>  | <b>35,117</b>  |
| Cash and cash equivalents                                      | 20, 25, 32 | 332,507        | 416,846        |
| <b>Total current assets</b>                                    |            | <b>444,037</b> | <b>491,788</b> |
| <b>TOTAL ASSETS</b>  |            | <b>521,328</b> | <b>564,692</b> |

# Consolidated balance sheet (cont.)

| Amounts in KSEK   | Note   | 2021-12-31     | 2020-12-31     |
|---|--------|----------------|----------------|
| <b>EQUITY AND LIABILITIES</b>                                   |        |                |                |
| <b>Equity attributable to Parent Company shareholders</b>       | 26     |                |                |
| Share capital   |        | 1,147          | 1,147          |
| Other contributed capital                                       |        | 635,007        | 635,007        |
| Reserves  |        | -271           | -207           |
| Retained earnings (including profit (loss) for the year)        |        | -252,432       | -178,387       |
| <b>Total equity attributable to Parent Company shareholders</b> |        | <b>383,451</b> | <b>457,560</b> |
| <b>Liabilities</b>  |        |                |                |
| <b>Non-current liabilities</b>                                  |        |                |                |
| Other non-current financial liabilities                         | 20, 28 | 30,000         | 30,000         |
| Liabilities leases, interest bearing                            | 20, 28 | 29,299         | 35,131         |
| Deferred tax liability  | 27     | 525            | 457            |
| <b>Total non-current liabilities</b>                            |        | <b>59,824</b>  | <b>65,588</b>  |
| <b>Current liabilities</b>                                      |        |                |                |
| Liabilities leases, interest bearing                            | 20, 28 | 7,916          | 7,273          |
| Contractual liabilities   | 29     | 11,064         | 1,809          |
| Trade payables  | 20     | 18,799         | 5,133          |
| Other current liabilities                                       | 20     | 8,774          | 2,733          |
| Provisions  | 31     | 2,037          | 504            |
| Accrued costs and prepaid income                                | 30     | 29,463         | 24,092         |
| <b>Total current liabilities</b>                                |        | <b>78,053</b>  | <b>41,544</b>  |
| <b>Total liabilities</b>  |        | <b>137,877</b> | <b>107,132</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>                             |        | <b>521,328</b> | <b>564,692</b> |

The notes on pages 31 to 45 constitute an integrated part of these consolidated statements.

# Consolidated statement of changes in equity

| Amounts in KSEK   | Note | Attributable to shareholders of the Parent Company |                           |             |  | Total equity    |
|---|------|--|---------------------------|-------------|--|-----------------|
|   |      | Share capital                                      | Other contributed capital | Reserves    | Retained earnings incl. profit (loss) for the year |                 |
| <b>Opening balance at January 1, 2020</b>                     | 26   | <b>1,141</b>                                       | <b>625,926</b>            | <b>-31</b>  | <b>-61,765</b>                                     | <b>565,271</b>  |
| Profit (loss) for the year                                    |      | —  | —                         | —           | -116,622   | -116,622        |
| Other comprehensive income for the year                       |      | —  | —                         | -176        | —  | -176            |
| <b>Total comprehensive income for the year</b>                |      | <b>—</b>   | <b>—</b>                  | <b>-176</b> | <b>-116,622</b>                                    | <b>-116,798</b> |
| <b>Transactions with shareholders in their role as owners</b> |      |  |                           |             |  |                 |
| New share issue   |      | 6  | 9,081                     | —           | —  | 9,087           |
| <b>Closing balance at December 31 2020</b>                    |      | <b>1,147</b>                                       | <b>635,007</b>            | <b>-207</b> | <b>-178,387</b>                                    | <b>457,560</b>  |
| <b>Opening balance at January 1, 2021</b>                     | 26   | <b>1,147</b>                                       | <b>635,007</b>            | <b>-207</b> | <b>-178,387</b>                                    | <b>457,560</b>  |
| Profit (loss) for the year                                    |      | —  | —                         | —           | -75,084  | -75,084         |
| Other comprehensive income for the year                       |      | —  | —                         | -64         | —  | -64             |
| <b>Total comprehensive income for the year</b>                |      | <b>—</b>   | <b>—</b>                  | <b>-64</b>  | <b>-75,084</b>                                     | <b>-75,148</b>  |
| <b>Transactions with shareholders in their role as owners</b> |      |  |                           |             |  |                 |
| Share-based benefits  | 9    | —  | —                         | —           | 1,039  | 1,039           |
| <b>Closing balance at December 31 2021</b>                    | 26   | <b>1,147</b>                                       | <b>635,007</b>            | <b>-271</b> | <b>-252,432</b>                                    | <b>383,451</b>  |

The notes on pages 31 to 45 constitute an integrated part of these consolidated statements.

Reserves comprise, in their entirety, a translation reserve. The translation reserve comprises exchange differences that occur as a result of income statements and balance sheets of all Group companies being translated to the Group's reporting currency.

# Consolidated cash flow statement

| Amounts in KSEK  | Note | 2021           | 2020           |
|--|------|----------------|----------------|
| <b>Cash flow from operating activities</b>                                   |      |                |                |
| Operating profit (loss)  |      | -81,731        | -103,386       |
| Adjustments for non-cash items   | 36   | 30,393         | 11,296         |
| Interest paid  |      | -1,017         | -1,158         |
| Tax paid   |      | 203            | —              |
| <b>Cash flow from operating activities before changes in working capital</b> |      | <b>-52,152</b> | <b>-93,248</b> |
| <b>Cash flow before changes in working capital</b>                           |      |                |                |
| Increase/decrease of inventories   |      | -7,250         | 3,485          |
| Increase/decrease of trade receivables                                       |      | -29,843        | 96,624         |
| Increase/decrease of other receivables                                       |      | -11,401        | -7,022         |
| Increase/decrease of contractual liabilities                                 |      | 9,255          | -6,485         |
| Increase/decrease of trade payables  |      | 13,673         | -5,725         |
| Increase/decrease of other liabilities                                       |      | 11,380         | 8,508          |
| <b>Total changes in working capital</b>                                      |      | <b>-14,186</b> | <b>89,385</b>  |
| <b>Cash flow from operating activities</b>                                   |      | <b>-66,338</b> | <b>-3,863</b>  |
| <b>Cash flow from investing activities</b>                                   |      |                |                |
| Change in financial assets   |      | -34            | -290           |
| Acquisitions of tangible and intangible assets                               |      | -17,883        | -10,501        |
| Sales of tangible and intangible assets                                      |      | -6             | —              |
| <b>Cash flow from investing activities</b>                                   |      | <b>-17,923</b> | <b>-10,791</b> |
| <b>Cash flow from financing activities</b>                                   |      |                |                |
| New share issue  |      | —              | 9,087          |
| Repayment of leasing liability   | 35   | -7,520         | -6,547         |
| <b>Cash flow from financing activities</b>                                   |      | <b>-7,520</b>  | <b>2,540</b>   |
| <b>Decrease/increase of cash and cash equivalents</b>                        |      | <b>-91,781</b> | <b>-12,114</b> |
| Exchange rate differences in cash and cash equivalents                       |      | 7,442          | -11,988        |
| Opening cash and cash equivalents  |      | 416,846        | 440,948        |
| <b>Closing cash and cash equivalents</b>                                     |      | <b>332,507</b> | <b>416,846</b> |

The notes on pages 31 to 45 constitute an integrated part of these consolidated statements.

# Notes to the consolidated statements

## Note 1 General

PowerCell Sweden AB (publ) (PowerCell), Corp. Id. No 556759-8353 is a Parent Company registered in Sweden and domiciled in Göteborg, with address Ruskvädersgatan 12, 418 34 Göteborg, Sweden.

The Board has approved these consolidated financial statement for publication on March 21, 2022.

All amounts are stated in SEK thousand (KSEK) unless otherwise stated. Amounts in brackets refer to the comparative year.

Amounts in tables and other compilations have been rounded off separately. Minor rounding differences may therefore occur in summations.

## Note 2 Summary of significant accounting policies

Included in this Note is a list of significant accounting policies applied in the preparation of these consolidated financial statements. The policies have been applied consistently for all year presented, unless otherwise stated. The consolidated financial statements cover the Parent Company PowerCell Sweden AB (publ) and its subsidiaries.

### Basis of preparation

The Groups consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. In addition, the Annual accounts act and Swedish Financial Reporting Board's recommendation RFR 1 has been applied. The consolidated financial statements are prepared in accordance with the cost method except for assets held for sale and financial assets and liabilities (including derivatives) measured at fair value through profit or loss.

The annual accounts for the Parent Company have been prepared in accordance with RFR 2 Accounting for legal entities and the Swedish Annual Accounts Act.

### Note 2.1 Consolidated financial statements

#### Subsidiaries

Subsidiaries are all companies in which the Group has a controlling influence. The Group has control over a company when it is exposed to or have a right to variable returns from its participation in the company, and has the possibility to influence the return through its participation in the company. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to recognize the Group's business combinations. The acquisition price is the consideration paid for a subsidiary and comprise the fair value of the assets transferred, the liabilities incurred by the Group to the previous owner of the company. The consideration also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred. Inter-company transactions, balance sheet items and unrealized gains and losses on transaction between Group companies are eliminated. The accounting principles for subsidiaries have, when necessary, been revised in order to ensure a consistent application of the Group's accounting principles.

#### Associated companies

Associated companies are all the companies in which the Group has significant but not controlling interest, which generally derives from a shareholding of between 20 percent and 50 percent of the voting rights. Participations in associated companies are recognized in accordance with the equity method.

### Equity method

In accordance with the equity method, participations in associated companies are initially recognized at cost. The carrying value is subsequently increased or decreased in order to take into consideration the Group's part of the profit and other comprehensible income from its associated companies after the acquisition date.

When the Group's part of the losses in an associated company are equal to or exceeds the participation in this associated company, the Group does not recognize any further losses, unless the Company has not assumed any liabilities or made any payments on account of the associated company.

Unrealized gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's participation in the associated companies. Unrealized losses are eliminated as well, in case the transaction is not an indication of impairment of the asset which is transferred. The accounting principles for associated companies have, when necessary, been revised in order to ensure consistency with the Group's accounting principles.

### Note 2.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing the performance of the operating segments. The CEO of PowerCell is the chief operating decision maker. PowerCell has identified an operating segment which makes up the Group's operation as a whole. The assessment is based on the operations in their entirety being reviewed regularly by the chief executive officer, as a base for allocating resources and assessing the performance.

### Note 2.3 Items affecting comparability

Items affecting comparability are reported separately in the financial statements when this is necessary to explain the Group's results. Items affecting comparability refer to significant income or expense items that are reported separately due to the significance of their nature or amount. For the year and the comparative year, PowerCell has decided to report separately items that reduces the possibility for comparison regarding severance pay to the CEO and costs related to the launch of PowerCellution, the new product brand.

### Note 2.4 Translation of foreign currencies

#### (i) Functional currency and presentation currency

The entities in the Group have the local currency as their functional currency, as the local currency has been defined as the primary economic environment in which each entity operates. The consolidated accounts are presented in SEK, which is the Parent Company's functional and the Group's presentation currency.

#### (ii) Transactions and balance sheet items

Foreign currency transactions are translated into the functional currency, applying the exchange rates prevailing on the transaction dates. Foreign exchange-rate profits and losses from such transactions and at the translation of monetary assets and liabilities in foreign currencies using the exchange rates prevailing at the balance sheet date, are recognized in operating profit (loss) in other comprehensive income.

Foreign exchange-rate profits and losses attributable to liabilities and cash and cash equivalents are recognized in the statement of comprehensive income as financial income and financial costs. All other foreign exchange-rate profits and losses are recognized under other operating costs and other operating income, respectively.

note 2.4 cont.

### (iii) Translation of foreign Group companies

Profit (loss) and financial position for all companies with a functional currency other than the reporting currency are translated to the reporting currency of the Group. Assets and liabilities for each of the balance sheets are translated from the foreign operation's functional currency to the Group's reporting currency, applying the exchange rates prevailing on the balance sheet date. Income and costs for each of the income statements are translated to SEK using the average exchange rate prevailing at each transaction date. Foreign exchange differences arising from the currency translation of foreign operations are recognized in other comprehensive income. Accumulated profit or loss are recognized in profit (loss) for the year when the foreign entity is disposed of, wholly or in part.

## Note 2.5 Revenue

The Group's principles for recognition of revenue from customers contracts are presented below.

### (i) Sales of goods

The Group develops, manufactures and sells fuel cell stacks, fuel cell systems (hardware). In the majority of the cases, PowerCell will sell the hardware without any conditional liabilities associated with installation and support. The sale is recognized as income when the control of the goods is transferred to the customer, which is normally at delivery. Delivery occurs when the goods have been transported to the specific location, when the risk of obsolete or lost goods have been transferred to the customer, and the customer has either accepted the goods in accordance with the agreement, the period of time for objections to the agreement has expired, or the Group has objective evidence that all criteria of acceptance are met. No financing component is deemed to be existent at the date of sale for the Group's products.

### (ii) Sales of services

The Group provides services, including:

- Technical support regarding fuel cell stacks and fuel cell systems
- Development services, such as customized fuel cell stacks and fuel cell systems
- Service agreements

The above services are recognized as separate performance obligations when the customer, separately or in connection with other available resources, can make use of such a service, and it can be contractually separated from other commitments in the agreement. In the case an agreement includes more than one performance obligation, the transaction price is allocated to each separate performance obligation, based on their independent sales prices. Technical support and development services are deemed to make up separate performance obligations, where income is recognized over time. Service agreements are recognized on a straight-line basis over the term of contract.

If the services delivered by the Group exceed the payment, a contract asset is recognized. If the payments exceed the services delivered, a contract liability is recognized.

For major assignments that meet the criteria for revenue recognition over time, income and expenses are reported in relation to the degree of completion of the assignment on the balance sheet date. The degree of completion of an assignment is determined in the ratio between the commissioned expenses incurred for work performed on the balance sheet date and the estimated total commission expenses, except in cases where this does not correspond to the degree of completion. When the outcome of an assignment cannot be calculated in a reliable manner, only the amount corresponding to the incurred assignment expenses that are likely to be reimbursed by the customer is recognized as an income and other incurred assignment expenses are reported as expenses in the period in which they arise. As it is probable that the total commission expenses will exceed the total commission income, the feared loss is immediately reported as an expense in its entirety.

### (iii) Interest income

Interest income is recognized with the application of the effective interest method.

## Note 2.6 Intangible assets

### Capitalized expenditure for development activities

Maintenance costs are expensed as incurred. Development costs directly attributable to the development of fuel cell stacks and fuel cell systems over which the Group has control, are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete them so that they will be available for use;
- it is the Group's purpose to complete them so that they will be available for use or sale;
- there are prerequisites to make them available for use or sale;
- it is possible to prove how they are likely to generate future economic benefits;
- there are adequate technical, economic and other resources to fulfill the development and to make them available for use or sale; and
- the costs attributable to the assets during development can be reliably calculated.

Directly attributable costs recognized as a component of development work include costs of personnel and external consultants.

Other development costs, that do not meet these criteria, are expensed as incurred. Development expenditure previously carried at cost is not recognized as an asset in a subsequent period.

Capitalized development expenditure is recognized as intangible assets and is depreciated from the date when the asset is ready for use.

The Group's costs of research and development have not been deemed to meet the criteria for capitalization, and have instead been expensed in their entirety.

### Other intangible assets

Other intangible assets comprise software. The accounting principles of this items is described below.

### Software

Software acquired separately, together with related costs for installation, is recognized at cost, less accumulated depreciation. The estimated useful life is normally 5 years, which corresponds to the estimated period of time during which these assets will generate cash flows.

### Useful lives of the Group's intangible assets

|          |         |
|----------|---------|
| Licenses | 4 years |
| Software | 5 years |

## Note 2.7 Leases

### The Group as a lessee

The Group only acts as a lessee. The Group's leases mainly comprise the right-of-use regarding premises and equipment. The leases are recognised as a right-of-use asset with a corresponding lease liability when the leased asset is available for use by the Group. Short-term leases and leases for which the underlying asset is of low value are exempted.

Each lease payment should be divided between amortisation of the lease liability and a financial cost. The financial cost should be allocated over the lease term, so that each reporting period is charged with an amount corresponding to a fixed interest rate for the liability recognised under each period.

The lease term is determined as the non-cancellable period of the lease, together with periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option, and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

The Group's lease liabilities are recognised at the present value of the Group's fixed lease payments (including in-substance fixed lease payments). Purchase options are included if it is reasonably certain that the Group will exercise the option to acquire the underlying asset. Penalties for terminating the lease are included if the lease term reflects that the lessee will exercise an option to cancel the lease. Lease payments are discounted with the interest rate implicit in the lease, if this rate can easily be determined. Otherwise, the Group's incremental borrowing rate is applied.

The Group's right-of-use assets are recognised at cost, and include initial present value of the lease liability, adjusted for lease payment made at or before the commencement date and any initial direct expenses. Restoration costs are included in the asset if a corresponding provision for restoration costs exists. The right-of-use asset is depreciated on a straight-line basis over the asset's useful life and the lease term, whichever is the shortest.

### Note 2.8 Property, plant and equipment

Property, plant and equipment are recognized at cost less depreciation and any impairment. In cost is included expenditure directly attributable to the acquisition of the asset, and the cost of bringing it to the location and condition necessary for it to be capable of operating in the manner intended by the acquisition.

Additional costs are added to the asset's carrying value or are recognized as a separate asset, depending on which is most suitable, only when it is probable that the future economic benefits attributable to the asset will flow to the Group and the cost of the asset can be reliably measured. The carrying value of a substituted part is derecognized. All other kinds of reparations and maintenance are recognized at cost in the statement of comprehensive income in the period in which they occur.

Depreciation of assets, in order to allocate their cost to their estimated residual value over their estimated useful lives, is done on a straight-line basis according to the following:

#### The following depreciation periods apply:

|  |            |
|--|------------|
| Machinery and vehicles                     | 3-10 years |
| Equipment, tools and fixtures and fittings | 3-10 years |

The assets' residual values and useful lives are assessed at the end of each reporting period and adjusted, if needed.

The carrying value is immediately written down to its residual value if the asset's carrying value exceeds its estimated residual value.

Profit or loss from the disposal of property, plant and equipment is established through a comparison of the profit from the sales and the carrying value, and is recognized in "Other operating income" and "Other operating costs", respectively, in the statement of comprehensive income.

### Note 2.9 Impairment of non-financial assets

Intangible assets not ready for use (capitalized expenditure for development activities), are not impaired, but tested annually for any indication of impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment is made in the amount to which the asset's carrying amount exceeds the recoverable amount. The recoverable amount is the greater of an asset's fair value, less selling expenses and the asset's value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separate, identifiable cash flows (CGUs). Assets that have previously been impaired are tested for reversal on each balance sheet date.

### Note 2.10 Financial instruments – general information

Financial instruments are recognized in various balance sheet items and are further presented below.

#### Initial recognition

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual terms and conditions of the instrument. Purchases and sales of financial instruments are reported on the trade date, that is, the date on which the Group commits itself to purchase or sell the asset.

Financial instruments are initially valued at fair value plus transaction costs directly attributable to the acquisition or issuance of a financial asset or a financial liability, e.g., fees and commission fees.

#### Classification

The Group classifies its financial assets and liabilities in the category amortized cost. The classification is based on the purpose for acquiring the financial asset or liability.

#### Financial assets at amortized cost

Assets held with the sole purpose of collecting contractual cash flows, and where these cash flows comprise only principal and interest, are valued at amortized cost. The carrying value of these assets are adjusted for any expected credit losses that have been recognized (refer to impairment below). Interest income from these financial assets are recognized in accordance with the effective interest method and are included in financial income. The Group's financial assets valued at amortized cost comprise the items trade receivables, other receivables, accrued income and cash and cash equivalents.

#### Financial liabilities at amortized cost

The Group's other financial assets are classified as subsequently valued at amortized cost applying the effective interest method. Other financial liabilities comprise other non-current liabilities, trade payables and a portion of other current liabilities.

#### Derecognition of financial instruments

##### Derecognition of financial assets

Financial instruments are derecognized from the balance sheet when the contractual rights to receive cash flows from the instruments have expired or been transferred, and the Group has either (i) substantially transferred all of the risks and rewards associated with ownership, or (ii) not substantially transferred all of the risks and rewards associated with ownership and the Group has not retained control of the asset.

##### Derecognition of financial liabilities

Financial liabilities are derecognized from the balance sheet when the obligations are settled, cancelled or has expired in any other way. The difference between the carrying value of a financial liability (or a portion of a financial liability) that has been extinguished or transferred to another party and the fee paid, including assets transferred, assets that are not cash and cash equivalents or assumed liabilities, are reported in the statement of comprehensive income.

When the terms and conditions are re-negotiated and are not derecognized, a profit or loss is reported in the statement of comprehensive income. The profit or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

##### Offsetting of financial instruments

Financial assets and liabilities are offset and recognized with a net amount in the balance sheet only when there is a legal right to offset the recognized amounts and an intention to balance the items with a net amount, or to simultaneously realize the asset and settle the liability. The legal right must not be dependent on future events and it must be legally binding for the Company and the counterparty, both in the normal course of business and in case of suspension of payments, insolvency or bankruptcy.

#### Impairment of financial assets

##### Assets recognized at amortized cost

The Group assesses future credit losses associated with assets recognized at amortized cost. The Group recognizes a credit reserve for such expected credit losses on each reporting date. For trade receivables, the Group applies the simplified method of credit reserves, i.e., the reserve will correspond to the expected loss over the whole life of the trade receivable. In order to measure the credit losses, trade receivable are grouped based on credit risk characteristics and days past due. The Group applies forward-looking variables for expected credit losses. Expected credit losses are recognized in the consolidated statement of comprehensive income, in the items sales and administrative costs.

### Note 2.11 Inventories

Inventories are reported using the first-in, first-out method at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the on-going course of business, less applicable variable selling expenses.

### Note 2.12 Trade receivables

Trade receivables are amounts attributable to customers regarding good or services sold in the on-going course of business. Trade receivables are classified as current assets. Trade receivables are initially recognized at their transaction price. The Group hold the trade receivables in order to collect contractual cash flows, wherefore they are recognized at the subsequent reporting date at amortized cost using the effective interest method.

### Note 2.13 Cash and cash equivalents

Cash and cash equivalents include, in the balance sheet as well as in the income statement, cash and bank balances.

### Note 2.14 Share capital

Ordinary shares are classified as equity. Transaction costs directly attributable to the issuance of new ordinary shares are recognized, net of tax, in equity as a deduction for the proceeds of the issue.

**Note 2.15 Borrowings**

Borrowings are initially recognized at fair value, net of transaction costs. Borrowings are subsequently recognized at amortized cost and any difference between the amount received (net of transaction costs), and the amount to be repaid is recognized in the statement of comprehensive income, distributed over the term of the loan, using the effective interest method.

The liability is classified as current in the balance sheet, if the company does not have an unconditional right to postpone the settlement of the liability for at least twelve months after the reporting period.

**Note 2.16 Borrowing costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifies assets are recognized as a portion of the cost for these assets. Qualified assets are assets that necessarily take a considerable time to complete for their intended use. Capitalization will cease when all activities needed to complete the asset have, in all significant aspects, been completed.

All other borrowing costs are expensed as incurred.

**Note 2.17 Employee benefits****Pension obligations**

Within PowerCell, there are both defined-contribution plans and defined-benefit plans. A defined-contribution plan is a pension plan according to which the Group pays a fixed amount to a separate legal entity. PowerCell has no legal or constructive obligation to pay additional premiums of this legal entity does not have adequate means to pay all benefits to employees, attributable to their service in current or previous periods. The premiums are reported as personnel costs when they fall due.

PowerCell's defined benefits plans comprise the defined pension benefit obligations of the ITP 2 plan. The defined pension benefit obligations of the ITP 2 plan for retirement pensions and survivor's pension are secured through an insurance with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10 *Accounting for the pension plan ITP 2 financed through an insurance in Alecta*, this is a defined benefit multi-employer plan. For the financial year 2021, PowerCell has not had access to information in order to be able to report its proportional share of the obligations of the plan, plan assets and costs and, therefore, it has not been possible to recognize the plan as a defined benefit plan. The ITP 2 pension plan, secured through an insurance with Alecta, is therefore reported as a defined contribution plan. The premium of the defined contributions plan for retirement pensions and survivor's pension is calculated individually, and is, among other factors, based on salary, previously earned pension and expected remaining years of service. Expected premiums for the next reporting period for ITP insurances agreed with Alecta is KSEK 4,700.

The collective consolidation level comprise the market value of Alecta's assets as a percentage of the insurance obligations in accordance with Alecta's actuarial methods and assessments, which do not comply with IAS 19. The collective consolidation level should normally be allowed to vary between 125% and 155%. If Alecta's collective consolidation level falls below 125% or exceeds 155%, measure should be taken in order for the consolidation level to return to the normal interval. At a low consolidation, one measure might be to increase the price when signing new insurance agreements and an expansion of existing benefits. At the end of the financial year 2021, Alecta's surplus of the collective consolidation level was, preliminary, 172% (2020: 148%).

**Short-term benefits:**

Liabilities for salaries and remuneration, including non-monetary benefits and paid sick leave, that are expected to be settled within 12 months after the end of the financial year, are recognized as current liabilities at the non-discounted amount expected to be paid when the liabilities are settled. The cost is recognized as the services are rendered by the employees.

The liability is recognized as a liability regarding employee benefits in the balance sheet.

**Share-based benefits**

PowerCell's share-based payment program is classified as equity-settled transactions, and the granted instrument's fair value at grant date is recognized over the vesting period. At each balance sheet date, the Group revises the estimates to the number of equity instruments that are expected to vest. PowerCell recognises the impact of the revision to original estimates, if any, in

the income statement, with a corresponding adjustment to equity. In addition, PowerCell provides for employer contributions expected to be paid in connection with the share-based payment program. These costs are recognized in the income statement over the vesting period. The provision is periodically revalued based on the fair value of the instruments at each balance sheet date.

**Note 2.18 Trade payables**

Trade payables are financial instruments and refer to the obligation to pay for goods and services acquired in the normal course of business from suppliers. Trade payables are classified as current liabilities if they fall due within one year. In other cases, they are recognized as non-current liabilities.

**Note 2.19 Public grants**

Public grants are reported at fair value when there is a reasonable assurance the grants will be received and the Group will meet the terms and conditions associated with the grants. Grants received before the terms and conditions to recognize them as revenue have been met, is recognized as a liability.

Government grants regarding cost recovery are allocated to the same periods which the grants are intended to cover.

**Note 2.20 Cash Flow Statement**

Cash flow statements are prepared in accordance with the direct method. The cash flow recognized comprise only transactions that have given rise to payments to or from the Company.

**Note 2.21 Earnings per share****Earnings per share, basic**

Earnings per share, basic, is calculated by dividing:

- equity attributable to Parent Company shareholders,
- with a weighted average number of ordinary shares during the period.

**(ii) Earnings per share, diluted**

For the calculation of earnings per share, diluted, the amounts are adjusted that were used for the calculation of earnings per share, basic, by taking into account:

- the weighted average of the further ordinary shares that would have been outstanding at a conversion of all potential ordinary shares.

**Note 3 Financial risk management****3.1 Financial risk factors**

Through its operations, the Group is exposed to a number of different financial risks related to cash and cash equivalents, accounts receivable, trade payables and loans: market risk (including interest rate risk and currency risk), credit risk and liquidity risk. The Group strives to minimize potential unfavorable effects on the Group's financial performance.

The aim of the Group's financial activities is to:

- secure that the Group can meet its payment obligations;
- manage financial risks;
- secure necessary financing; and
- optimize the Group's net financial income.

Credit risk is managed by Group management. Only banks and credit institutions with a good credit rating are accepted. If the customers have been valued by an independent valuator, these valuations are used. In the cases where there is no independent credit rating, a risk assessment is made of the customer's creditworthiness, where financial position, historical experience and other factors are taken into account. As a significant portion of the Group's contracts have been agreed with wholly or part advance payments, or in other cases comprise customers with a strong financial position, the customer related credit risk is deemed to be limited.

**(a) Market risk****Currency risk**

The Group has international operations and is exposed to currency risk occurring from different currency exposures, mainly regarding euro (EUR). Currency risk arise from payment flows in foreign currencies, so called transaction exposure, and from the revaluation of balance items in foreign currencies and at the revaluation of foreign subsidiaries' income statements and balance sheets to the Group's reporting currency, which is Swedish kronor (SEK), so called balance exposure.

Currency risk occurs when future business transactions or recognized assets or liabilities are nominated in a currency which is not the entity's functional currency. In PowerCell, currency risk mainly occurs through cash and cash equivalents in foreign currencies (EUR) and future business transactions, mainly in the Parent Company, where a significant portion of the transactions are made in euro.

**Sensitivity analysis - transaction exposure**

Sensitivity in profit (loss) regarding changes in exchange rates mainly occurs in EUR. Significant items in the balance sheet in foreign currencies are found within trade receivables, contractual liabilities, trade payables and accrued and prepaid government grants. Trade receivables in foreign currencies were KSEK 36,732 at December 31, 2021 (December 31, 2020: KSEK 7,839). Cash and cash equivalents in foreign currency amount to KSEK 314,419 at December 31, 2021 (December 31, 2020: KSEK 397,732).

Contractual liabilities in foreign currencies were KSEK 10,826 at December 31, 2021 (December 31, 2020: KSEK 1,809). Trade payables in foreign currencies were KSEK 10,595 at December 31, 2021 (December 31, 2020: KSEK 59). Accrued government grants in foreign currencies were KSEK 10,576 at December 31, 2021 (December 31, 2020: KSEK 8,397) and prepaid government grants in foreign currencies were KSEK 5,996 at December 31, 2021 (December 31, 2020: KSEK 1,563)

A weakening/strengthening of the Swedish krona against the euro of 10% with all other variables remaining constant would result in a change of the profit after tax for the financial year 2021 would have been KSEK 33,155 (KSEK 41,054) lower/higher. This mainly as a result of gains/losses at the translation of trade receivables and prepaid and accrued government grants.

**Interest rate risk**

The debt to the Swedish Energy Agency consists of two loans received for development of the Group's project regarding fuel cell technology to be included in the Company's operations. The loans are interest free and with a grace period until certain criteria are met and the new technology will start generating revenue. Thereafter, payments of interest and principal will be made based on PowerCell's invoicing for each project. Interest will be charged with 6% over that of the Swedish Central Bank (Riksbanken) at every occasion as regards reference rate. The Group is not exposed to any significant interest rate risk, as the majority of the liabilities runs without interest. For further information see note 28.

**(b) Credit risk**

Credit risk arises through participations in cash and cash equivalents, balances with banks and credit institutions and customer credit exposures, including outstanding receivables. Credit risk is managed by Group management. Only banks and credit institutions with the lowest of the credit rating "A" from an independent valuator are accepted.

Historically, the Group has had a low level of bad debts, as the customers to a large extent comprise well-known customers. If the customers have been valued by an independent valuator, these valuations are used. In the cases where there is no independent credit rating, a risk assessment is made of the customer's creditworthiness, where financial position, historical experience and other factors are taken into account. Individual risk limits have been established based on internal and external credit ratings, in accordance with the limits established by the Board of Directors. Compliance with credit limits is monitored regularly by Group management.

| Dec 31, 2021                               | Receivables not yet due | 1 to 30 days past due | 30 to 60 days past due | 60 to 120 days past due | More than 120 days past due | Total  |
|--|-------------------------|-----------------------|------------------------|-------------------------|-----------------------------|--------|
| Expected credit loss                       | —                       | —                     | —                      | —                       | —                           | —      |
| Carrying amounts gross - trade receivables | 34,668                  | 805                   | 26                     | 2,443                   | —                           | 37,942 |

**(c) Liquidity risk**

Through a careful liquidity management the Group secures that there are sufficient cash and cash equivalents to meet the requirements of the operating activities. At the same time, the Group secures that there are sufficient cash and cash equivalents so that debts can be paid on maturity.

Group management monitors rolling forecasts for cash and cash equivalents of the Group based on expected cash flows.

The below table shows the Groups non-derivative financial liabilities, categorized by the time per the balance sheet date that remain until the contractual due date. Amounts in the table are the contractual, non-discounted cash flows. Future cash flows in foreign currencies and regarding variable interest rates have been calculated based on the exchange and interest rate prevailing on the balance sheet. The due date regarding the loan from the Swedish Energy Agency is established based on the assessment of when the projects will start generating revenue.

| At December 31, 2020         | Less than 3 months | Between 3 months and 1 year | Between 1 and 2 years | Between 2 and 5 years | Later than 5 years | Total contractual cash flows | Carrying value |
|------------------------------|--------------------|-----------------------------|-----------------------|-----------------------|--------------------|------------------------------|----------------|
| <b>Financial liabilities</b> |                    |                             |                       |                       |                    |                              |                |
| Other financial liabilities  | —                  | —                           | 30,000                | —                     | —                  | 30,000                       | 30,000         |
| Liabilities, leasing         | 2,095              | 6,261                       | 7,423                 | 16,500                | 13,742             | 46,021                       | 42,404         |
| Trade payables               | 5,133              | —                           | —                     | —                     | —                  | 5,133                        | 5,133          |
| <b>Total</b>                 | <b>7,228</b>       | <b>6,261</b>                | <b>37,423</b>         | <b>16,500</b>         | <b>13,742</b>      | <b>81,154</b>                | <b>77,537</b>  |
| <b>At December 31, 2021</b>  |                    |                             |                       |                       |                    |                              |                |
| <b>Financial liabilities</b> |                    |                             |                       |                       |                    |                              |                |
| Other financial liabilities  | —                  | —                           | 30,000                | —                     | —                  | 30,000                       | 30,000         |
| Liabilities, leasing         | 1,973              | 5,927                       | 6,428                 | 14,164                | 8,645              | 37,136                       | 37,215         |
| Trade payables               | 18,799             | —                           | —                     | —                     | —                  | 18,799                       | 18,799         |
| <b>Total</b>                 | <b>20,771</b>      | <b>5,927</b>                | <b>36,428</b>         | <b>14,164</b>         | <b>8,645</b>       | <b>85,935</b>                | <b>86,014</b>  |

### Note 3.2 Capital management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital.

The Group assesses the capital based on the debt/equity ratio. This key performance indicator is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including the items current borrowings and non-current borrowings in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as net debt plus equity.

|                                  | December<br>31, 2021 | December<br>31, 2020 |
|----------------------------------|----------------------|----------------------|
| Total borrowings (Note 28)       | 67,215               | 72,404               |
| Less: cash and cash equivalents  | -332,507             | -416,846             |
| <b>Net debt (+)/Net cash (-)</b> | <b>-265,292</b>      | <b>-344,442</b>      |
| Total equity                     | 383,451              | 457,560              |
| <b>Total capital</b>             | <b>118,159</b>       | <b>113,118</b>       |

### Note 4 Significant accounting estimates and judgements

The Group makes estimates and judgements concerning the future. The accounting estimates that result from these will, as per definition, seldom correspond to the real performance. The estimates and judgements that imply a significant risk of adjustments of carrying values for assets and liabilities for the next financial year are summarized below.

#### Valuation of inventories

The Group recognizes inventories of KSEK 37,899 (KSEK 39,825). For 2021 an obsolescence reserve of KSEK 9,175 was recognized. An obsolescence reserve is recognized if the estimated net sales value is lower than cost, and in connection with this, the Group makes estimates and judgements regarding, among other factors, future market situation and estimated net sales values. The risk of obsolescence arises in periods of a drop in demand, and where the technological development on the markets in which the Group has operations pose a specific risk. An inability to foresee and meet the expectations of the market might result in a future need of making provisions for inventory obsolescence.

#### Trade receivables

For trade receivables, the Group applies the simplified method of credit reserves, i.e., the reserve will correspond to the expected loss over the whole life of the trade receivable. In order to measure the credit losses, trade receivable are grouped based on credit risk characteristics and days past due. The Group applies forward-looking variables for expected credit losses. This method implies that certain judgements need to be made regarding the probability that a trade receivable will flow to the Group.

#### Deferred tax liabilities and tax assets

Significant judgements are made in order to determine deferred tax liabilities and tax assets, not least regarding deferred tax assets. The Company need to assess the probability that the deferred tax assets will be utilized to offset future taxable profits.

At the end of 2021, the Group had losses carried-forward of approximately KSEK 320,488 (KSEK 248,365) that had not been valued based on the assessment that a utilization must be probable. Thus, changed assessments for the probability of utilization can impact the performance both negatively as positively.

#### Intangible assets

Development costs directly attributable to the development of the Group's products are subject to estimates and judgements. The costs are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete them so that they will be available for use;
- it is the Group's purpose to complete them so that they will be available for use or sale;
- there are prerequisites to make them available for use or sale;
- it is possible to prove how they are likely to generate future economic benefits;
- there are adequate technical, economic and other resources to fulfill the development and to make them available for use or sale; and
- the costs attributable to the assets during development can be reliably calculated.

The Group's costs of research and development have not been deemed to meet the criteria for capitalization, and have instead been expensed in their entirety.

### Note 5 Segment information

#### Description of segments and main activities

PowerCell's CEO is the chief operating decision maker and evaluates financial position and performance and makes strategic decisions. The chief operating officer has established operating segments based on the information processed and which is used as a base for allocating resources and to evaluate performance. The CEO monitors and evaluates the Group from an operating segment, which is the Group in its entirety.

The CEO uses mainly the operating operating income in the assessment of the Group's performance.

| Operating income | 2021    | 2020     |
|------------------|---------|----------|
| Operating income | -81,731 | -103,386 |

### Note 6 Net sales

#### Revenue

As revenue from external parties are reported to the CEO, it is valued in the same way as in the consolidated statement of comprehensive income. The main part of revenue is recognized at one point in time.

|   | 2021           | 2020           |
|---|----------------|----------------|
| <b>Revenue from external customers</b>  |                |                |
| Hardware  | 133,921        | 86,563         |
| Services  | 5,606          | 2,642          |
| Contractual assets refer to projects that are reported in accordance with the principles for revenue recognition, see Note 2. | 20,230         | 14,323         |
| <b>Total</b>  | <b>159,757</b> | <b>103,528</b> |

#### Revenue from external customers per country, based on where customers are located:

| Net sales by geographic market: | 2021           | 2020           |
|---------------------------------|----------------|----------------|
| Sweden                          | 1,374          | 5,124          |
| Germany                         | 107,579        | 64,603         |
| UK                              | 22,410         | 5,389          |
| China                           | 1,761          | 3,738          |
| Netherlands                     | 13,729         | 14,648         |
| Other                           | 12,904         | 10,026         |
| <b>Total</b>                    | <b>159,757</b> | <b>103,528</b> |

The Group has two external customers, which individually exceed 10% of the Group's total revenues. Revenue per customer amounts to approximately KSEK 67,971 (KSEK 57,043) respective KSEK 27,279 (KSEK -).

## Note 7 Costs by nature

|   | 2021           | 2020           |
|---|----------------|----------------|
| Raw materials and consumables   | 110,723        | 77,748         |
| Other external costs  | 66,010         | 65,623         |
| Personnel costs   | 68,581         | 59,790         |
| Depreciation of tangible assets   | 15,330         | 11,976         |
| Depreciation of intangible assets   | 615            | 553            |
| Disposal fixed assets   | 273            | —              |
| Exchange-rate differences   | -651           | 17,681         |
| Portion of profit after tax from associated companies recognized in accordance with the equity method | 34             | 902            |
| Financial items   | 717            | 1,149          |
| <b>Total</b>  | <b>261,632</b> | <b>235,422</b> |

## Note 9 Employee benefits, etc.

|  | 2021          | 2020          |
|--|---------------|---------------|
| Salaries and other remuneration            | 52,012        | 42,794        |
| Share-based benefits                       | 1,039         | —             |
| Social security contributions              | 14,614        | 12,018        |
| Pension costs - defined contribution plans | 8,450         | 6,577         |
| <b>Total employee benefits</b>             | <b>76,115</b> | <b>61,389</b> |

### Salaries and other remuneration and social security contributions

|  | 2021   |  | 2020   |  |
|--|--|--|--|--|
|  | Salaries and other remuneration (of which bonuses) | Social security contributions (of which pension costs) | Salaries and other remuneration (of which bonuses) | Social security contributions (of which pension costs) |
| Directors of the Board, presidents and other senior executives | 14,126<br>(1,860)                                  | 7,910<br>(3,472)                                       | 13,305<br>(1,755)                                  | 7,770<br>(3,323)                                       |
| Other employees  | 38,925<br>(2,635)                                  | 15,154<br>(4,978)                                      | 29,489<br>(2,024)                                  | 10,825<br>(3,149)                                      |
| <b>Group total</b>   | <b>53,051</b>                                      | <b>23,064</b>  | <b>42,794</b>                                      | <b>18,595</b>  |

### Remuneration and other benefits to senior executives 2021

|   | Director's fees/<br>Basic salary | Variable remuneration | Other benefits | Pension costs | Share-based benefits | Total         |
|---|----------------------------------|-----------------------|----------------|---------------|----------------------|---------------|
| Chairman of the Board Magnus Jonsson    | 504                              | —                     | —              | —             | —                    | 504           |
| Director Dirk De Boever                 | 210                              | —                     | —              | —             | —                    | 210           |
| Director Göran Linder                   | 210                              | —                     | —              | —             | —                    | 210           |
| Director Helen Fasth Gillstedt          | 360                              | —                     | —              | —             | —                    | 360           |
| Director Riku-Pekka Hägg                | 210                              | —                     | —              | —             | —                    | 210           |
| Director Uwe Hillmann                   | —                                | —                     | —              | —             | —                    | —             |
| Director Annette Malm Justad            | 279                              | —                     | —              | —             | —                    | 279           |
| CEO Richard Berkling                    | 2,334                            | 450                   | 136            | 867           | 508                  | 4,295         |
| Other senior executives (7 individuals) | 6,802                            | 1,410                 | 272            | 2,605         | 441                  | 11,530        |
| <b>Group total</b>                      | <b>10,909</b>                    | <b>1,860</b>          | <b>408</b>     | <b>3,472</b>  | <b>949</b>           | <b>17,598</b> |

## Note 8 Auditors' fees

|                                  | 2021       | 2020       |
|----------------------------------|------------|------------|
| <b>PricewaterhouseCoopers AB</b> |            |            |
| Audit assignment                 | 568        | 488        |
| Other services                   | 202        | 110        |
| <b>Total</b>                     | <b>770</b> | <b>598</b> |

### Average number of employees per country

|                    | 2021                        |              | 2020                        |              |
|--------------------|-----------------------------|--------------|-----------------------------|--------------|
|                    | Average number of employees | Of which men | Average number of employees | Of which men |
| Sweden             | 68                          | 50           | 51                          | 36           |
| Germany            | 1                           | 1            | 1                           | 1            |
| China              | 3                           | 1            | 3                           | 1            |
| <b>Group total</b> | <b>72</b>                   | <b>52</b>    | <b>55</b>                   | <b>38</b>    |

### Gender breakdown (incl. subsidiaries) for Director of the Board and other senior executives

|                                 | 2021           |              | 2020           |              |
|---------------------------------|----------------|--------------|----------------|--------------|
|                                 | Average number | Of which men | Average number | Of which men |
| Directors                       | 7              | 5            | 7              | 5            |
| CEO and other senior executives | 7              | 6            | 6              | 5            |
| <b>Group total</b>              | <b>14</b>      | <b>11</b>    | <b>13</b>      | <b>10</b>    |

note 9 cont.

**CEO and senior executives**

In addition to a fixed salary to the CEO and other senior executives, variable remuneration will be paid if established performance goals are achieved. The remuneration is established by the Board of Directors. During the financial year, variable remuneration amounting to KSEK 450 (240) was paid to the CEO, and to the acting CEO paid KSEK 0 (480) and KSEK 1,410 (1,035) to other senior executives. The new CEO started on January 1, 2021, the acting CEO ended on December 31, 2020.

Other benefits comprise KSEK 408 (361), mainly consisting of car compensations of KSEK 381 (243).

Between the Company and the CEO, there is a mutual period of notice of twelve months. If the termination is initiated by the Company, the CEO is entitled to six months' severance pay and the CFO is entitled to three months' severance pay. No agreements exist regarding severance pay for other employees.

**Board of Directors**

According to a decision at the AGM in April 2021, Director's fees will be paid up until the next AGM amounting to KSEK 1,810 of which KSEK 528 to the Chairman of the Board.

**Share-based benefits**

The general meeting of PowerCell 2021 decided to implement a performance-based long-term incentive program for certain senior executives and key persons in the Company ("LTI 2021"). The motives for the LTI 2021 are to reinforce the Company's ability to retain existing workforce and recruit key personnel to the Company. The proposal has also been developed with the aim of spreading and increasing shareholding among the Participants and ensuring a common focus on long-term and sustainable growth for the Company, which would ensure that the shareholders' and Participants' interests are further consolidated.

LTI 2021 includes maximum 28 key persons in the Company. The maximum number of Performance Share Rights that can be allotted in the program is limited to 390 601 (corresponding to equal number of shares in the company). The Performance Share Rights mean that Participants in the program are entitled to receive free of charge one warrant in the Company for each Perfor-

mance Share Right with a right for its holder to acquire one share in the Company at a price corresponding to the quota value of the share at the time the shares are subscribed (currently SEK 0,022), provided that vesting conditions stated below are fulfilled.

After a vesting period of five years the participants will be allotted warrants in the Company free of charge, provided that certain vesting conditions are fulfilled. In order for these Performance Share Rights to entitle the Participant to an allotment, the Participant must have chosen to retain his/her assignment in the Company under the current vesting period until 1st of January 2026.

The Performance Share Rights are gradually vested over approximately five years, corresponding to five periods until 1 January 2026 (each such period is a "vesting period").

In addition to the above conditions, the Performance Share Rights are subject to performance conditions based on the extent the Company achieves certain milestones set by the Board for respective vesting period. In addition to fulfilling the performance conditions, the annual outcome of LTI 2021 depends on the annual development of PowerCell's share price in relation to average annual share price development for all companies whose shares are listed for trading on the stock exchange where PowerCell's shares, at any given time, are listed.

One warrant, for each Performance Share Right vested, is distributed to the participant in connection to the Annual General meeting 2026. The participant will then have the right to exercise the warrants until 1st of July 2026.

The value for one warrant has been estimated to SEK 151.08 in December 2021. This valuation is based on a MonteCarlo-model that has conducted 100 000 simulations for each period. The most important assumptions, apart from the program conditions, are risk free interest rate, which has been set to the interest rate of Swedish Government Bonds with corresponding duration, and volatility, where historical volatility of PowerCell share (61.3%) and for the OMX Nordic First North (14.2%) has been used. Potential dividends are not considered in the valuation.

For 2021, a cost of SEK 1.4 million (including a cost of SEK 0.4 million in employer contribution) has been accrued for the LTI program. The total provision for employer contribution in the balance sheet amounted to SEK 0.4 million at year-end.

**Remuneration and other benefits to senior executives 2020**

|   | Director's fees/<br>Basic salary | Variable<br>remuneration | Other<br>benefits | Pension<br>costs | Other<br>remuneration | Total         |
|---|----------------------------------|--------------------------|-------------------|------------------|-----------------------|---------------|
| Chairman of the Board Magnus Jonsson    | 455                              | —                        | —                 | —                | —                     | 455           |
| Director Dirk De Boever                 | 187                              | —                        | —                 | —                | —                     | 187           |
| Director Hasse Johansson                | 37                               | —                        | —                 | —                | —                     | 37            |
| Director Göran Linder                   | 188                              | —                        | —                 | —                | —                     | 188           |
| Director Helen Fasth Gillstedt          | 220                              | —                        | —                 | —                | —                     | 220           |
| Director Riku-Pekka Hägg                | 150                              | —                        | —                 | —                | —                     | 150           |
| Director Uwe Hillmann                   | —                                | —                        | —                 | —                | —                     | —             |
| Director Annette Malm Justad            | 201                              | —                        | —                 | —                | —                     | 201           |
| Director Åsa Severed                    | 38                               | —                        | —                 | —                | —                     | 38            |
| Director Mattias Silfversparre          | 50                               | —                        | —                 | —                | —                     | 50            |
| CEO Per Wassén                          | 4,099                            | 240                      | 166               | 1,792            | —                     | 6,297         |
| Acting CEO Karin Nilsson                | 960                              | 480                      | 15                | 454              | —                     | 1,909         |
| Other senior executives (5 individuals) | 4,781                            | 1,035                    | 180               | 1,510            | —                     | 7,506         |
| <b>Group total</b>                      | <b>11,366</b>                    | <b>1,755</b>             | <b>361</b>        | <b>3,756</b>     | <b>—</b>              | <b>17,238</b> |

## Note 10 Other operating income

|   | 2021          | 2020          |
|---|---------------|---------------|
| Contributions attributable to the financing of projects and government grants | 20,816        | 12,289        |
| Exchange-rate differences   | 5,177         | 2,905         |
| Royalty fees  | 523           | —             |
| Other   | 244           | 177           |
| <b>Total</b>  | <b>26,760</b> | <b>15,371</b> |

## Note 11 Other operating costs

|                              | 2021         | 2020         |
|------------------------------|--------------|--------------|
| Exchange-rate differences    | 6,681        | 5,694        |
| Losses disposal fixed assets | 273          | —            |
| <b>Total</b>                 | <b>6,954</b> | <b>5,694</b> |

## Note 12 Exchange rate differences – net

Exchange rate differences have been reported in the statement of comprehensive income according to the following:

|                                  | 2021          | 2020          |
|----------------------------------|---------------|---------------|
| Other operating income (Note 10) | 5,177         | 2,905         |
| Other operating costs (Note 11)  | -6,681        | -5,694        |
| <b>Total</b>                     | <b>-1,504</b> | <b>-2,789</b> |

## Note 13 Items affecting comparability

Items affecting comparability consists of the following:

|   | 2021          | 2020          |
|---|---------------|---------------|
| Severance pay/costs for change of CEO     | —             | -5,637        |
| Costs related to new brand PowerCellution | -1,256        | —             |
| <b>Total</b>                              | <b>-1,256</b> | <b>-5,637</b> |

## Note 14 Income tax

|  | 2021      | 2020       |
|--|-----------|------------|
| <b>Current tax</b>                               |           |            |
| Tax on profit for the year                       | —         | —          |
| <b>Total current tax</b>                         | <b>—</b>  | <b>—</b>   |
| <b>Deferred tax</b>                              |           |            |
| Occurrence and reversal of temporary differences | 31        | -99        |
| <b>Total deferred tax</b>                        | <b>31</b> | <b>-99</b> |
| <b>Total income tax</b>                          | <b>31</b> | <b>-99</b> |

Income tax of on the Group's operating income before tax differs from the theoretical amount that would have appeared at the use of the Swedish tax rate for the profit of the consolidated companies according to the following:

|   | 2021           | 2020            |
|---|----------------|-----------------|
| <b>Profit (loss) before tax</b>                                       | <b>-75,115</b> | <b>-116,523</b> |
| Income tax calculated according to the Swedish tax rate 20.6% (21.4%) | 15,474         | 24,440          |

### Tax effects from:

|   |           |            |
|---|-----------|------------|
| Non-deductible costs  | -1,263    | -271       |
| Losses carried-forward, for which no deferred tax asset is recognized | -14,211   | -24,169    |
| Changes in deferred tax   | 31        | -99        |
| <b>Income tax</b>   | <b>31</b> | <b>-99</b> |

Weighted average tax rate for the Group was 0% (0%).

## Note 15 Investments in subsidiaries

### The Group had the following subsidiaries as at December 31, 2021

| Name                       | Country of registration and operations | Operations         | Share of ordinary shares directly owned by the Parent Company | Share of ordinary shares directly owned by the Group (%) |
|----------------------------|--|--------------------|---|--|
| PowerCell Deutschland GmbH | Germany                                | Sales organisation | 100   | 100  |
| PowerCell Warrants One AB  | Sweden                                 | Administration     | 100   | 100  |
| PowerCell China LTD        | China                                  | Sales organisation | 100   | 100  |

## Note 16 Participations in associated companies

The Parent company has during the year sold their shares in the associated company Hyon AS. Hyon AS with organisation number 918 710 655 is based in Oslo.

| Name of the company | Country of registration and operations | Participating interest (%)<br>Dec 31, 2021 | Participating interest (%)<br>Dec 31, 2020 |
|---------------------|--|--|--|
| Hyon AS             | Norway                                 | 0.0  | 33.3                                       |
|                     |  | Carrying value<br>Dec 31, 2021             | Carrying value<br>Dec 31, 2020             |
| Hyon AS             |  | —  | —  |

The carrying value has changes according to the following:

|   | Dec 31, 2021 | Dec 31, 2020 |
|---|--------------|--------------|
| Opening share                                 | —            | 612          |
| Shareholder contribution                      | 693          | 290          |
| Share of profit (loss) for the year after tax | -693         | -902         |
| <b>Closing share</b>                          | <b>—</b>     | <b>—</b>     |

## Note 17 Property, plant and equipment

|                               | Machinery and other technical facilities | Equipment, tools, fixtures and fittings | Total         |
|-------------------------------|--|---|---------------|
| <b>Financial year 2020</b>    |  |   |               |
| Opening carrying value        | 20,184                                   | 1,703                                   | 21,887        |
| Purchases                     | 9,064                                    | 1,441                                   | 10,505        |
| Depreciation                  | -4,625                                   | -808                                    | -5,433        |
| <b>Closing carrying value</b> | <b>24,623</b>                            | <b>2,336</b>                            | <b>26,959</b> |
| <b>At December 31, 2020</b>   |  |   |               |
| Cost                          | 84,874                                   | 4,990                                   | 89,864        |
| Accumulated depreciation      | -60,252                                  | -2,653                                  | -62,905       |
| <b>Carrying value</b>         | <b>24,622</b>                            | <b>2,337</b>                            | <b>26,959</b> |
| <b>Financial year 2021</b>    |  |   |               |
| Opening carrying value        | 24,622                                   | 2,337                                   | 26,959        |
| Purchases                     | 11,050                                   | 6,313                                   | 17,363        |
| Disposal/sale                 | -179                                     | -48                                     | -227          |
| Reclassifications             | 4,740                                    | -4,820                                  | -80           |
| Depreciation                  | -7,087                                   | -970                                    | -8,057        |
| <b>Closing carrying value</b> | <b>33,146</b>                            | <b>2,812</b>                            | <b>35,958</b> |
| <b>At December 31, 2021</b>   |  |   |               |
| Cost                          | 100,483                                  | 6,438                                   | 106,922       |
| Accumulated depreciation      | -67,337                                  | -3,626                                  | -70,963       |
| <b>Carrying value</b>         | <b>33,146</b>                            | <b>2,812</b>                            | <b>35,958</b> |

Depreciation of KSEK 8,253 (KSEK 5,433) are allocated between research and development costs and selling and administrative costs in the consolidated statement of comprehensive income.

Tangible fixed assets in the Group is mainly located in the Swedish parent company Powercell Sweden AB.

## Note 18 Right-of-use-assets

| Right-of-use assets                      | Premises            | Machinery    | Other               | Total         |
|--|---------------------|--------------|---------------------|---------------|
| <b>Financial year 2020</b>               |                     |              |                     |               |
| Opening balance                          | 38,026              | 8,026        | 4,371               | 50,423        |
| Additions                                | —                   | —            | 1,640               | 1,640         |
| Divestment and depreciation              | -4,305              | -1,036       | -1,860              | -7,200        |
| <b>Closing balance</b>                   | <b>33,721</b>       | <b>6,990</b> | <b>4,150</b>        | <b>44,862</b> |
| <b>At December 31, 2020</b>              |                     |              |                     |               |
| Cost                                     | 42,331              | 9,766        | 6,264               | 58,361        |
| Accumulated depreciation and write-downs | -8,610              | -2,776       | -2,114              | -13,499       |
| <b>Carrying value</b>                    | <b>33,721</b>       | <b>6,990</b> | <b>4,150</b>        | <b>44,862</b> |
| <b>Financial year 2021</b>               |                     |              |                     |               |
| Opening balance                          | 33,721              | 6,990        | 4,150               | 44,862        |
| Additions                                | 1,451               | —            | 1,480               | 2,931         |
| Disposal/sale                            | —                   | -199         | -56                 | -255          |
| Reclassifications                        | —                   | 3,326        | -3,326              | —             |
| Depreciation                             | -4,490              | -3,012       | 340                 | -7,162        |
| <b>Closing balance</b>                   | <b>30,682</b>       | <b>7,105</b> | <b>2,588</b>        | <b>40,376</b> |
| <b>At December 31, 2021</b>              |                     |              |                     |               |
| Cost                                     | 43,782              | 12,893       | 4,362               | 61,037        |
| Accumulated depreciation and write-downs | -13,100             | -5,788       | -1,774              | -20,661       |
| <b>Carrying value</b>                    | <b>30,682</b>       | <b>7,105</b> | <b>2,588</b>        | <b>40,376</b> |
| <b>Lease liabilities</b>                 |                     |              |                     |               |
|  | <b>Dec 31, 2021</b> |              | <b>Dec 31, 2020</b> |               |
| Long-term lease liabilities              | 29,299              |              | 35,131              |               |
| Short-term lease liabilities             | 7,916               |              | 7,273               |               |
| <b>Total lease liabilities</b>           | <b>37,215</b>       |              | <b>42,404</b>       |               |

### Disclosures

- Interest expenses of KSEK 918 is presented as part of the financial expenses.
- Expenses relating to short-term leases and leases of low value is part of the operating costs and amounts to KSEK 1,601.
- The total cash outflow for leases in 2021 amounts to KSEK 9,995 including short-term leases and leases of low value.

## Note 19 Intangible assets

|  | Software     | Total        |
|--|--------------|--------------|
| <b>Financial year 2020</b>                             |              |              |
| Opening carrying value                                 | 1,636        | 1,636        |
| Depreciation   | -553         | -553         |
| <b>Closing carrying value</b>                          | <b>1,083</b> | <b>1,083</b> |
| <b>At December 31, 2020</b>                            |              |              |
| Cost   | 2,509        | 2,509        |
| Accumulated depreciation, amortization and impairments | -1,426       | -1,426       |
| <b>Carrying value</b>                                  | <b>1,083</b> | <b>1,083</b> |
| <b>Financial year 2021</b>                             |              |              |
| Opening carrying value                                 | 1,083        | 1,083        |
| Purchase   | 555          | 555          |
| Disposal/sale  | -668         | -668         |
| Reclassifications                                      | 80           | 80           |
| Depreciation   | -186         | -186         |
| <b>Closing carrying value</b>                          | <b>864</b>   | <b>864</b>   |
| <b>At December 31, 2021</b>                            |              |              |
| Cost   | 2,476        | 2,476        |
| Accumulated depreciation, amortization and impairments | -1,612       | -1,612       |
| <b>Carrying value</b>                                  | <b>864</b>   | <b>864</b>   |

Depreciation of KSEK 615 (KSEK 553) are allocated between research and development costs and selling and administrative costs in the consolidated statement of comprehensive income.

All intangible fixed assets in the Group can be found in the Swedish parent company PowerCell Sweden AB.

## Note 20 Financial instruments per category

| Dec 31, 2020                       | Financial assets at amortized cost | Total          |
|------------------------------------|------------------------------------|----------------|
| <b>Assets in the balance sheet</b> |                                    |                |
| Trade receivables                  | 7,961                              | 7,961          |
| Other current receivables          | 10,614                             | 10,614         |
| Cash and cash equivalents          | 416,846                            | 416,846        |
| <b>Total</b>                       | <b>435,421</b>                     | <b>435,421</b> |

| Dec 31, 2020  | Financial liabilities at amortized cost | Total         |
|---|---|---------------|
| <b>Liabilities in the balance sheet</b>             |   |               |
| Other non-current and current financial liabilities | 30,000                                  | 30,000        |
| Leasing liabilities                                 | 42,404                                  | 42,404        |
| Trade payables                                      | 5,133                                   | 5,133         |
| Other current liabilities                           | 2,733                                   | 2,733         |
| <b>Total</b>  | <b>80,270</b>                           | <b>80,270</b> |

| Dec 31, 2021                       | Financial assets at amortized cost | Total          |
|------------------------------------|------------------------------------|----------------|
| <b>Assets in the balance sheet</b> |                                    |                |
| Trade receivables                  | 37,942                             | 37,942         |
| Other current receivables          | 11,275                             | 11,275         |
| Cash and cash equivalents          | 332,507                            | 332,507        |
| <b>Total</b>                       | <b>381,724</b>                     | <b>381,724</b> |

| Dec 31, 2021  | Financial liabilities at amortized cost | Total         |
|---|---|---------------|
| <b>Liabilities in the balance sheet</b>             |   |               |
| Other non-current and current financial liabilities | 30,000                                  | 30,000        |
| Liabilities, leasing                                | 37,215                                  | 37,215        |
| Trade payables                                      | 18,799                                  | 18,799        |
| Other current liabilities                           | 8,774                                   | 8,774         |
| <b>Total</b>  | <b>94,788</b>                           | <b>94,788</b> |

## Note 21 Trade receivables

|   | Dec 31, 2021  | Dec 31, 2020 |
|---|---------------|--------------|
| Trade receivables                           | 37,942        | 8,049        |
| Less: provisions for expected credit losses | —             | -88          |
| <b>Trade receivables - net</b>              | <b>37,942</b> | <b>7,961</b> |

Recognized amounts, per currency, for the Group's trade receivables and other receivables are:

|              | Dec 31, 2021  | Dec 31, 2020 |
|--------------|---------------|--------------|
| SEK          | 1,210         | 122          |
| EUR          | 34,176        | 7,488        |
| GBP          | 1,846         | —            |
| CNY          | 710           | 351          |
| <b>Total</b> | <b>37,942</b> | <b>7,961</b> |

The maximum exposure to credit risk at the balance sheet date for trade receivables correspond to its carrying value, as the discount effect is insignificant.

No trade receivables have been pledged as assets for any liability.

## Note 22 Inventories

|                               | Dec 31, 2021  | Dec 31, 2020  |
|-------------------------------|---------------|---------------|
| Raw materials and consumables | 30,297        | 39,201        |
| Products in progress          | 6,997         | 610           |
| Inventories of finished goods | 605           | 14            |
| <b>Total</b>                  | <b>37,899</b> | <b>39,825</b> |

The cost of inventories recognized is included in the item cost of goods sold in the consolidated statement of comprehensive income and amounts to KSEK 110,723 (2020: KSEK 77,748).

## Note 23 Other current receivables

|                             | Dec 31, 2021  | Dec 31, 2020  |
|-----------------------------|---------------|---------------|
| Tax account                 | 2,771         | 2,823         |
| Advance payments, suppliers | 3,214         | 3,667         |
| VAT receivable              | 3,299         | 3,632         |
| Other                       | 1,991         | 492           |
| <b>Total</b>                | <b>11,275</b> | <b>10,614</b> |

## Note 24 Prepaid costs and accrued income

|   | Dec 31, 2021  | Dec 31, 2020  |
|---|---------------|---------------|
| Prepaid rent                            | 1,693         | 1,658         |
| Accrued income, on-going grant projects | 10,444        | 8,506         |
| Other prepaid costs                     | 1,505         | 924           |
| Other accrued income                    | 1,380         | 337           |
| <b>Total</b>                            | <b>15,022</b> | <b>11,425</b> |

## Note 25 Cash and cash equivalents

|               | Dec 31, 2021   | Dec 31, 2020   |
|---------------|----------------|----------------|
| Bank deposits | 332,507        | 416,846        |
| <b>Total</b>  | <b>332,507</b> | <b>416,846</b> |

## Note 26 Share capital and other contributed capital

|                            | Number of shares  | Share capital | Ongoing new share issue | Other contributed capital |
|----------------------------|-------------------|---------------|-------------------------|---------------------------|
| <b>As of January 2020</b>  | <b>51,868,810</b> | <b>1,141</b>  | —                       | <b>625,926</b>            |
| New share issue            | 273,624           | 6             | —                       | 9,081                     |
| <b>At December 2020</b>    | <b>52,142,434</b> | <b>1,147</b>  | —                       | <b>635,007</b>            |
| <b>As of December 2021</b> | <b>52,142,434</b> | <b>1,147</b>  | —                       | <b>635,007</b>            |

As of December 31, 2021 share capital consists of 52,142,434 ordinary shares with a par value of SEK 0,022.

All shares issued by the Parent Company are fully paid.

## Note 27 Deferred tax

Deferred tax debt consists entirely of deferred tax related to temporary differences in financial leases recognized in the balance sheet.

Reported deferred tax assets consist of future deductions for pension payments. Deferred tax assets are recognized for taxable carry-forwards or other deductions to the extent that it is probable that they can be offset against future taxable profits. No deferred tax asset concerning losses carried-forward is recognized, as the Parent Company is not deemed to meet the criteria to recognize deferred tax in accordance with IAS 12. Utilized losses carried-forward in Parent Company for which no deferred tax asset has been recognized amount to KSEK 320,488 on December 31, 2021 (December 31, 2020: KSEK 248,365). The losses carried-forward do not fall due at any point in time.

## Note 28 Borrowings

|                           | Dec 31, 2021  | Dec 31, 2020  |
|---------------------------|---------------|---------------|
| <b>Non-current</b>        |               |               |
| The Swedish Energy Agency | 30,000        | 30,000        |
| Finance lease liabilities | 29,299        | 35,131        |
| <b>Total</b>              | <b>59,299</b> | <b>65,131</b> |
| <b>Current</b>            |               |               |
| Finance lease liabilities | 7,916         | 7,273         |
| <b>Total</b>              | <b>7,916</b>  | <b>7,273</b>  |
| <b>Total borrowings</b>   | <b>67,215</b> | <b>72,404</b> |

### (i) Loan conditions The Swedish Energy Agency

The debt to the Swedish Energy Agency consists of a loan received for development of the Group's project regarding fuel cell technology to be included in the Company's operations. The loan is free and with a grace period until the projects start generating revenue. Thereafter, payments of interest and principal will be made based on PowerCell's invoicing for each project. Interest will be charged with 6% over that of the Swedish Central Bank (Riksbanken) at every occasion as regards reference rate.

### (ii) Fair value loan from the Swedish Energy Agency

Thus, payments of interest and principal on the above mentioned loan from the Swedish Energy Agency will not be initiated until each project is finalized and start generating revenue for PowerCell. Thereafter, interest and principal are paid based on the projects' development and in relation to PowerCell's invoicing to third parties related to the financed project. Thus, the loan conditions regarding the Swedish Energy Agency are such, that future payment flows regarding the payment of principal and interest are highly uncertain, both as regards the point in time and the amounts. This uncertainty means that a number of different outcomes are possible after the repayment of the loans. Therefore, PowerCell considers it impossible to calculate, reliably, fair value of the loans, and has made the decision to report the significant loan conditions instead.

|                           | Carrying value |               |
|---------------------------|----------------|---------------|
|                           | Dec 31, 2021   | Dec 31, 2020  |
| The Swedish Energy Agency | 30,000         | 30,000        |
| Finance leases            | 37,215         | 42,404        |
| <b>Total</b>              | <b>67,215</b>  | <b>72,404</b> |

### (iii) Risk exposure

Information of the Group's risk exposure regarding non-current borrowings can be found in Note 3.

### (iiii) Net debt

The Group's total liabilities less cash and cash equivalents.

## Note 29 Contractual assets and contractual liabilities

|                         | Dec 31, 2021  | Dec 31, 2020 |
|-------------------------|---------------|--------------|
| Contractual assets      | 8,228         | 3,964        |
| Contractual liabilities | -11,064       | -1,809       |
| <b>Total</b>            | <b>-2,836</b> | <b>2,155</b> |

Contractual liabilities consist entirely of payments in advances from customers. Contractual assets refer to projects that are reported in accordance with the principles for revenue recognition, see Note 2.

### Remaining unfulfilled agreements

The total amount of the transaction price allocated to agreements that are unfulfilled or partly unfulfilled as of December 31, 2021 is KSEK 66,786. Of these, management makes the assessment that 98% will be fulfilled during the next year. Of the contractual liabilities at December 31, 2020 has 100% been fulfilled during 2021.

## Note 30 Accrued costs and prepaid income

|                                | Dec 31, 2021  | Dec 31, 2020  |
|--------------------------------|---------------|---------------|
| Accrued vacation pay liability | 5,781         | 4,833         |
| Accrued social costs           | 3,740         | 3,806         |
| Accrued salaries               | 7,343         | 9,161         |
| Accrued pension                | 617           | —             |
| Other prepaid income           | 5,996         | 1,563         |
| Other items                    | 5,986         | 4,729         |
| <b>Total</b>                   | <b>29,463</b> | <b>24,092</b> |

## Note 31 Provisions

|                    | Dec 31, 2021 | Dec 31, 2020 |
|--------------------|--------------|--------------|
| Warranty provision | 2,037        | 504          |
| <b>Total</b>       | <b>2,037</b> | <b>504</b>   |

The warranty provision includes the estimated costs related to repairing any defective products within the warranty period. The warranty period is one year.

## Note 32 Contingent liabilities and pledged collateral

The Group has no contingent liabilities.

|                           | Dec 31, 2021 | Dec 31, 2020 |
|---------------------------|--------------|--------------|
| <b>Pledged collateral</b> |              |              |
| Blocked bank funds        | 1,359        | —            |
| <b>Total</b>              | <b>1,359</b> | <b>—</b>     |

## Note 33 Earnings per share

|                             | 2021 | 2020 |
|-----------------------------|------|------|
| <b>SEK</b>                  |      |      |
| Earnings per share, basic   | Neg  | Neg  |
| Earnings per share, diluted | Neg  | Neg  |

### Performance measures used in the calculation of earnings per share

Operating income attributable to the shareholders of the Parent Company used at the calculation of earnings per share, basic and diluted

|   |         |          |
|---|---------|----------|
| Profit (loss) attributable to Parent Company shareholders, KSEK | -78,159 | -114,207 |
|---|---------|----------|

### Number

|  |            |            |
|--|------------|------------|
| Weighted average number of ordinary shares at the calculation of earnings per share, basic | 52,142,434 | 52,005,622 |
| Adjustment for the calculation of earnings per share, diluted*                             | 52,142,434 | 52,242,877 |

\* No dilution effect when Group reports negative earnings per share for both the financial year and the comparison year.

## Note 34 Related party transactions

No significant transactions took place with related parties during the period except for remunerations to the Board and senior executives, see Note 9.

## Note 35 Changes in liabilities attributable to financing activities

|                                       | Jan 1, 2020   | Cash inflow | Cash outflow  | Non-cash items | Dec 31, 2020  |
|---------------------------------------|---------------|-------------|---------------|----------------|---------------|
| Liability Statens Energimyndighet     | 30,000        | —           | —             | —              | 30,000        |
| Liability regarding financial leasing | 48,282        | —           | -6,547        | 669            | 42,404        |
| <b>Total</b>                          | <b>78,282</b> | <b>—</b>    | <b>-6,547</b> | <b>669</b>     | <b>72,404</b> |

|                                       | Jan 1, 2021   | Cash inflow | Cash outflow  | Non-cash items | Dec 31, 2021  |
|---------------------------------------|---------------|-------------|---------------|----------------|---------------|
| Liability Statens Energimyndighet     | 30,000        | —           | —             | —              | 30,000        |
| Liability regarding financial leasing | 42,404        | —           | -7,520        | 2,331          | 37,215        |
| <b>Total</b>                          | <b>72,404</b> | <b>—</b>    | <b>-7,520</b> | <b>2,331</b>   | <b>67,215</b> |

## Note 36 Adjustments for non-cash items

|   | Dec 31, 2021  | Dec 31, 2020  |
|---|---------------|---------------|
| Depreciation  | 15,944        | 12,529        |
| Allocation of grant-aided projects  | 2,498         | -2,278        |
| Warranty provision  | 1,533         | 143           |
| Portion of profit after tax from associated companies recognized in accordance with the equity method | 34            | 902           |
| Share-based benefits  | 1,039         | —             |
| Inventory obsolescence  | 9,175         | —             |
| Other   | 170           | —             |
| <b>Total</b>  | <b>30,393</b> | <b>11,296</b> |

## Note 37 Events after the end of the reporting period

- PowerCell joins European development project on fuel cell technology of the future.

# Parent company income statement

| Amounts in KSEK   | Note  | 2021           | 2020            |
|---|-------|----------------|-----------------|
| Net sales   | 2     | 158,959        | 103,139         |
| Cost of goods sold  | 3     | -110,684       | -77,761         |
| <b>Gross profit</b>   |       | <b>48,275</b>  | <b>25,378</b>   |
| Sales and administration costs                                      | 3, 7  | -66,833        | -57,680         |
| Research and development costs                                      | 3, 7  | -80,986        | -73,763         |
| Other operating income  | 4     | 27,464         | 16,068          |
| Other operating costs   | 3, 5  | -7,049         | -5,694          |
| <b>Operating profit (loss) before items affecting comparability</b> |       | <b>-79,129</b> | <b>-95,691</b>  |
| Items affecting comparability                                       | 3, 8  | -1,256         | -5,637          |
| <b>Operating profit (loss)</b>                                      |       | <b>-80,385</b> | <b>-101,328</b> |
| <b>Profit (loss) from financial items</b>                           |       |                |                 |
| Profit from participations in group companies                       | 3     | -5,385         | —               |
| Other interest income and similar items                             | 3     | 21,728         | 38,816          |
| Depreciation of financial assets                                    | 3     | -34            | -902            |
| Interest costs and similar items                                    | 3     | -14,176        | -50,793         |
| <b>Profit (loss) after financial items</b>                          |       | <b>-78,252</b> | <b>-114,207</b> |
| Income tax  | 9, 14 | 93             | —               |
| <b>Profit (loss) for the year</b>                                   |       | <b>-78,159</b> | <b>-114,207</b> |

In the Parent Company there are no items recognized as other comprehensive income, why total comprehensive income corresponds to profit (loss) for the year.

The notes on pages 51-57 constitute an integrated part of the Parent Company financial statements.

# Parent company balance sheet

| Amounts in KSEK                            | Note   | Dec 31, 2021   | Dec 31, 2020   |
|--|--------|----------------|----------------|
| <b>ASSETS</b>                              |        |                |                |
| <b>Non-current assets</b>                  |        |                |                |
| <b>Intangible assets</b>                   |        |                |                |
| Software                                   | 13     | 864            | 1,083          |
| <b>Total intangible assets</b>             |        | <b>864</b>     | <b>1,083</b>   |
| <b>Property, plant and equipment</b>       |        |                |                |
| Machinery and other technical facilities   | 12     | 33,146         | 24,623         |
| Equipment, tools, fixtures and fittings    | 12     | 2,803          | 2,323          |
| <b>Total property, plant and equipment</b> |        | <b>35,949</b>  | <b>26,946</b>  |
| <b>Financial assets</b>                    |        |                |                |
| Participations in subsidiaries             | 10     | 1,159          | 3,462          |
| Participations in associated companies     | 11     | —              | —              |
| Deferred tax assets                        | 9, 14  | 93             | —              |
| <b>Total financial assets</b>              |        | <b>1,252</b>   | <b>3,462</b>   |
| <b>Total non-current assets</b>            |        | <b>38,065</b>  | <b>31,492</b>  |
| <b>Current assets</b>                      |        |                |                |
| <b>Inventories</b>                         |        |                |                |
| Raw materials and consumables              | 17     | 30,297         | 39,201         |
| Products in progress                       | 17     | 6,997          | 610            |
| Inventories of finished goods              | 17     | 605            | 14             |
| <b>Total inventories</b>                   |        | <b>37,899</b>  | <b>39,825</b>  |
| <b>Current receivables</b>                 |        |                |                |
| Trade receivables                          | 16     | 37,232         | 7,610          |
| Receivables from Group companies           | 27     | 3,086          | 3,934          |
| Current tax asset                          |        | 1,163          | 1,163          |
| Contractual assets                         | 21     | 8,228          | 3,964          |
| Other current receivables                  | 18     | 11,187         | 10,568         |
| Prepaid costs and accrued income           | 19     | 15,709         | 11,737         |
| <b>Total current receivables</b>           |        | <b>76,605</b>  | <b>38,976</b>  |
| Liquid assets                              | 15, 32 | 329,785        | 413,465        |
| <b>Total current assets</b>                |        | <b>444,289</b> | <b>492,266</b> |
| <b>TOTAL ASSETS</b>                        |        | <b>482,354</b> | <b>523,757</b> |

## Parent company balance sheet (cont.)

| Amounts in KSEK                         | Note   | Dec 31, 2021   | Dec 31, 2020   |
|---|--------|----------------|----------------|
| <b>EQUITY AND LIABILITIES</b>           |        |                |                |
| <b>Equity</b>                           |        |                |                |
| <b>Restricted equity</b>                |        |                |                |
| Share capital                           |        | 1,147          | 1,147          |
| <b>Total restricted equity</b>          |        | <b>1,147</b>   | <b>1,147</b>   |
| <b>Non-restricted equity</b>            |        |                |                |
| Share premium reserve                   |        | 555,507        | 555,507        |
| Retained earnings                       |        | -96,278        | 16,890         |
| Profit (loss) for the year              |        | -78,159        | -114,207       |
| <b>Total non-restricted equity</b>      |        | <b>381,070</b> | <b>458,190</b> |
| <b>Total equity</b>                     |        | <b>382,217</b> | <b>459,337</b> |
| <b>Non-current liabilities</b>          |        |                |                |
| Other non-current financial liabilities | 20, 28 | 30,000         | 30,000         |
| <b>Total non-current liabilities</b>    |        | <b>30,000</b>  | <b>30,000</b>  |
| <b>Current liabilities</b>              |        |                |                |
| Trade payables                          |        | 18,907         | 5,155          |
| Other current liabilities               |        | 8,707          | 2,651          |
| Contractual liabilities                 | 21     | 11,064         | 1,809          |
| Provisions                              | 24     | 2,037          | 504            |
| Liabilities to Group companies          | 27     | 167            | 475            |
| Accrued costs and prepaid income        | 22     | 29,255         | 23,826         |
| <b>Total current liabilities</b>        |        | <b>70,137</b>  | <b>34,420</b>  |
| <b>Total liabilities</b>                |        | <b>100,137</b> | <b>64,420</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>     |        | <b>482,354</b> | <b>523,757</b> |

The notes on pages 51-57 constitute an integrated part of the Parent Company financial statements.

## Parent Company statement of changes in equity

| Amounts in KSEK   | Note | Restricted equity | Non-restricted equity |                   |                            | Total equity    |
|---|------|-------------------|-----------------------|-------------------|----------------------------|-----------------|
|   |      | Share capital     | Share premium reserve | Retained earnings | Profit (loss) for the year |                 |
| <b>Opening balance at January 1, 2020</b>                     |      | <b>1,141</b>      | <b>546,426</b>        | <b>16,890</b>     | <b>—</b>                   | <b>564,457</b>  |
| Profit (loss) for the year and comprehensive income           |      | —                 | —                     | —                 | -114,207                   | -114,207        |
| <b>Total comprehensive income</b>                             |      | <b>—</b>          | <b>—</b>              | <b>—</b>          | <b>-114,207</b>            | <b>-114,207</b> |
| <b>Transactions with shareholders in their role as owners</b> |      |                   |                       |                   |                            |                 |
| New share issue   |      | 6                 | 9,081                 |                   |                            | 9 087           |
| <b>Closing balance at December 31, 2020</b>                   |      | <b>1,147</b>      | <b>555,507</b>        | <b>16 890</b>     | <b>-114 207</b>            | <b>459,337</b>  |
| <b>Opening balance at January 1, 2021</b>                     |      | <b>1,147</b>      | <b>555,507</b>        | <b>-97,317</b>    | <b>—</b>                   | <b>459,337</b>  |
| Profit (loss) for the year and comprehensive income           |      | —                 | —                     | —                 | -78,159                    | -78,159         |
| <b>Total comprehensive income</b>                             |      | <b>—</b>          | <b>—</b>              | <b>—</b>          | <b>-78,159</b>             | <b>-78,159</b>  |
| <b>Transactions with shareholders in their role as owners</b> |      |                   |                       |                   |                            |                 |
| Share-based benefits  |      | —                 | —                     | 1,039             | —                          | 1,039           |
| <b>Closing at December 31, 2021</b>                           |      | <b>1,147</b>      | <b>555,507</b>        | <b>-96,278</b>    | <b>-78,159</b>             | <b>382,217</b>  |

The notes on pages 51 to 57 constitute an integrated part of the Parent Company financial statements.

# Parent Company cash flow statement

| Amounts in KSEK  | Note | 2021            | 2020           |
|--|------|-----------------|----------------|
| <b>Cash flow from operating activities</b>                                   |      |                 |                |
| Operating profit (loss) after depreciation                                   |      | -80,385         | -101,328       |
| Adjustment for non-cash items  | 29   | 23,501          | 3,847          |
| Interest paid  |      | 11              | 11             |
| Tax paid   |      | 203             | —              |
| <b>Cash flow from operating activities before changes in working capital</b> |      | <b>-56,670</b>  | <b>-97,470</b> |
| Changes in inventories   |      | -7,250          | 3,484          |
| Changes in current receivables   |      | -40,038         | 83,774         |
| Changes in current liabilities   |      | 33,981          | 127            |
| <b>Total changes in working capital</b>                                      |      | <b>-13,307</b>  | <b>87,385</b>  |
| <b>Cash flow from operating activities</b>                                   |      | <b>-69,977</b>  | <b>-10,085</b> |
| <b>Cash flow from investing activities</b>                                   |      |                 |                |
| Change in financial assets   |      | -34             | -290           |
| Shareholder contributions to group companies                                 |      | -3,083          | -1,901         |
| Acquisitions of tangible and intangible assets                               |      | -17,919         | -10,487        |
| <b>Cash flow from investing activities</b>                                   |      | <b>-21,036</b>  | <b>-12,678</b> |
| <b>Cash flow from financing activities</b>                                   |      |                 |                |
| New share issue  |      | —               | 9,087          |
| <b>Cash flow from financing activities</b>                                   |      | <b>—</b>        | <b>9,087</b>   |
| <b>Decrease/increase of cash and cash equivalents</b>                        |      | <b>- 91,013</b> | <b>-13,676</b> |
| Exchange rate differences in cash and cash equivalents                       |      | 7,333           | -11,988        |
| Opening cash and cash equivalents  |      | 413,465         | 439,130        |
| <b>Closing cash and cash equivalents</b>                                     |      | <b>329,785</b>  | <b>413,465</b> |

# Notes to the parent company statements

## Note 1 Parent Company accounting principles

The most significant accounting policies applied in the preparation of these annual accounts are presented below. The policies have been applied consistently for all year presented, unless otherwise stated.

The annual accounts for the Parent Company have been prepared in accordance with RFR 2 Accounting for legal entities and the Swedish Annual Accounts Act. In the cases where the Parent Company applies other accounting policies than the Group, as described in Note 2 in the consolidated accounts, these are presented below.

The annual report was prepared in accordance with the cost method.

The preparation of annual accounts in accordance with RFR 2 requires that qualified estimates and assessments be used for accounting purposes. Furthermore, company management exercises its judgement in the application of the Parent Company's accounting policies. Areas that comprise a high level of assessments, that are complex, or areas where estimates and assessments are significant for the annual report are presented in Note 4 of the consolidated financial statements.

Through its operations, the Parent Company is exposed to a number of different financial risks: market risk (currency risk and interest rate risk), credit risk and liquidity risk. The general risk management policy of the Parent Company is focused on the unpredictability of the financial markets, and strives to minimize potential unfavorable effects on the Group's financial performance. See Note 3 in the consolidated financial statements for more information on financial risks.

The Parent Company applies other accounting policies than the Group in accordance with the following:

All amounts are stated in SEK thousand (KSEK) unless otherwise stated. Amounts in brackets refer to the comparative year.

### Formats

The income statement and balance sheet are in accordance with the format of the Annual Accounts Act. Statement of changes in equity is in accordance with the Group's format, but should contain the columns stipulated in the Annual Accounts Act. Further, this entails differences in terms, mainly regarding financial income and costs and equity.

### Participations in subsidiaries and associated companies

Participations in subsidiaries and associated companies are recognized at cost, adjusted for any impairment. In cost are included acquisition related costs and any additional purchase price.

Whenever there is an indication that participations in subsidiaries or associated companies has decreased in value, a calculation of the recoverable amount is performed. If this is lower than the carrying value, an impairment is made. Impairment of participations in subsidiaries are recognized in the item "Performance from participation in Group companies" and participations in associated companies are recognized as a cost under Profit (loss) from financial items.

### Financial instruments

IFRS 9 is not applied in the Parent Company. Instead, the Parent Company applies the points in RFR 2 (IFRS 9 Financial instruments, pages. 3-10). Financial instruments are valued at cost. In subsequent periods, financial assets acquired as short-term investments will be recognized in accordance with the principle of the lowest value, to the lowest of cost and market value.

At the calculation of the net sales value of receivables reported as current assets, the principles for impairment tests and provisions for bad debts in IFRS 9 should be applied. For an asset recognized at amortized cost at consolidated level, this implies that the provision for bad debts recognized in the consolidated financial statements should also be recognized in the Parent Company.

### Operational leases

All leases are recognized as operational leases.

## Note 2 Net sales

The Parent Company has recognized the following amounts, attributable to revenue, in the income statement:

|   | 2021           | 2020           |
|---|----------------|----------------|
| Hardware                                      | 133,123        | 86,174         |
| Services                                      | 5,606          | 2,642          |
| Project according to Percentage of Completion | 20,230         | 14,323         |
| <b>Total</b>                                  | <b>158,959</b> | <b>103,139</b> |
| <b>Net sales per geographical market:</b>     | <b>2021</b>    | <b>2020</b>    |
| Sweden  | 1,374          | 5,124          |
| Germany                                       | 107,579        | 64,603         |
| UK  | 22,410         | 5,389          |
| China   | 964            | 3,350          |
| Netherlands                                   | 13,729         | 14,648         |
| Other   | 12,903         | 10,025         |
| <b>Total</b>                                  | <b>158,959</b> | <b>103,139</b> |

The Parent Company has two external customers, which share of total revenues exceed 10% individually. Revenue for each customer is approximately KSEK 67,971 (KSEK 57,043) and KSEK 27,279 (KSEK 0).

## Note 3 Costs by nature

|                                   | 2021           | 2020           |
|-----------------------------------|----------------|----------------|
| Raw materials and consumables     | 110,684        | 77,761         |
| Other external costs              | 75,002         | 75,222         |
| Personnel costs                   | 65,212         | 55,877         |
| Depreciation of tangible assets   | 8,246          | 5,429          |
| Depreciation of intangible assets | 615            | 553            |
| Disposal fixed assets             | 273            | —              |
| Exchange-rate differences         | -557           | 17,681         |
| Write-down associated company     | 34             | 902            |
| Write-down subsidiaries           | 5,385          | —              |
| Financial items                   | -219           | -11            |
| <b>Total</b>                      | <b>264,675</b> | <b>233,414</b> |

## Note 4 Other operating income

|   | 2021          | 2020          |
|---|---------------|---------------|
| Contributions attributable to the financing of projects and government grants | 20,816        | 12,289        |
| Exchange rate differences   | 5,176         | 2,905         |
| Royalty fees  | 523           | —             |
| Other items   | 949           | 874           |
| <b>Total</b>  | <b>27,464</b> | <b>16,068</b> |

**Note 5** Other operating costs

|                              | 2021         | 2020         |
|------------------------------|--------------|--------------|
| Exchange rate differences    | 6,776        | 5,694        |
| Losses disposal fixed assets | 273          | —            |
| <b>Total</b>                 | <b>7,049</b> | <b>5,694</b> |

**Note 6** Auditors' fees

|                                  | 2021       | 2020       |
|----------------------------------|------------|------------|
| <b>PricewaterhouseCoopers AB</b> |            |            |
| Audit assignment                 | 517        | 440        |
| Other services                   | 202        | 110        |
| <b>Total</b>                     | <b>719</b> | <b>550</b> |

**Note 7** Employee benefits, etc

|  | 2021          | 2020          |
|--|---------------|---------------|
| Salaries and other remuneration            | 49,177        | 39,925        |
| Share-based benefits                       | 1,039         | —             |
| Social security contributions              | 14,199        | 11,756        |
| Pension costs – defined contribution plans | 8,450         | 6,577         |
| <b>Total employee benefits</b>             | <b>72,865</b> | <b>58,258</b> |

**Salaries and other remuneration and social security contributions**

|  | 2021   |  | 2020   |  |
|--|--|--|--|--|
|  | Salaries and other remuneration (of which bonuses) | Social security contributions (of which pension costs) | Salaries and other remuneration (of which bonuses) | Social security contributions (of which pension costs) |
| Directors of the Board, presidents and other senior executives | 14,126<br>(1,860)                                  | 7,910<br>(3,472)                                       | 13,305<br>(1,755)                                  | 7,770<br>(3,323)                                       |
| Other employees  | 36,090<br>(2,635)                                  | 14,739<br>(4,978)                                      | 26,620<br>(2,024)                                  | 10,563<br>(3,149)                                      |
| <b>Parent Company total</b>                                    | <b>50,216</b>                                      | <b>22,649</b>  | <b>39,925</b>                                      | <b>18,333</b>  |

| <b>Average number of employees</b> | 2021                        |              | 2020                        |              |
|------------------------------------|-----------------------------|--------------|-----------------------------|--------------|
|                                    | Average number of employees | Of which men | Average number of employees | Of which men |
| <b>Parent Company total</b>        | <b>68</b>                   | <b>50</b>    | <b>51</b>                   | <b>36</b>    |

**Gender breakdown in the Parent Company for Director of the Board and other senior executives**

|                                 | 2021           |              | 2020           |              |
|---------------------------------|----------------|--------------|----------------|--------------|
|                                 | Average number | Of which men | Average number | Of which men |
| Directors                       | 7              | 5            | 7              | 5            |
| CEO and other senior executives | 7              | 6            | 5              | 4            |
| <b>Parent Company total</b>     | <b>14</b>      | <b>11</b>    | <b>12</b>      | <b>9</b>     |

**Remuneration to senior executives**

|  | 2021          | 2020          |
|--|---------------|---------------|
| Remuneration to senior executives is           |               |               |
| Salaries and other current remuneration        | 14,126        | 13,305        |
| Pension costs                                  | 3,472         | 3,323         |
| <b>Total remuneration to senior executives</b> | <b>17,598</b> | <b>16,628</b> |

For further information on director's fees and other remunerations for the board, CEO and other senior executives see note 9 in the consolidated financial statements.

## Note 8 Items affecting comparability

|   | 2021          | 2020          |
|---|---------------|---------------|
| Severance pay/costs for change of CEO     | —             | -5,637        |
| Costs related to new brand PowerCellution | -1,256        | —             |
| <b>Total</b>                              | <b>-1,256</b> | <b>-5,637</b> |

## Note 9 Tax on profit (loss) for the year

| Tax recognized in the income statement           | 2021      | 2020     |
|--|-----------|----------|
| <b>Current tax</b>                               |           |          |
| Tax on profit for the year                       | —         | —        |
| <b>Total current tax</b>                         | <b>—</b>  | <b>—</b> |
| <b>Deferred tax</b>                              |           |          |
| Occurrence and reversal of temporary differences | 93        | —        |
| <b>Total deferred tax</b>                        | <b>93</b> | <b>—</b> |
| <b>Total income tax</b>                          | <b>93</b> | <b>—</b> |

Income tax on profit/loss before tax differs from the theoretical amount that would have appeared at the use of the tax rate for the Parent Company according to the following:

|   | 2021           | 2020            |
|---|----------------|-----------------|
| <b>Profit (loss) before tax</b>                                       | <b>-78,252</b> | <b>-114,207</b> |
| Income tax calculated according to the Swedish tax rate 20.6% (21.4%) | 16,120         | 24,440          |
| <b>Tax effects from:</b>  |                |                 |
| Non-deductible costs  | -1,263         | -271            |
| Losses carried-forward, for which no deferred tax asset is recognized | -14,857        | -24,169         |
| Changes in deferred tax   | 93             | —               |
| <b>Income tax</b>   | <b>93</b>      | <b>—</b>        |

## Note 10 Participations in subsidiaries

|   | 2021-12-31   | 2020-12-31   |
|---|--------------|--------------|
| Opening cost                                      | 3,462        | 1,561        |
| Shareholder contribution PowerCell China LTD      | 3,082        | 2,117        |
| Write-down of PowerCell China LTD                 | -5,385       | —            |
| Reclassification loans PowerCell Deutschland GmbH | —            | -216         |
| <b>Closing accumulated cost</b>                   | <b>1,159</b> | <b>3,462</b> |
| <b>Closing carrying value</b>                     | <b>1,159</b> | <b>3,462</b> |

| Name                       | Corp. Id. No        | Domicile and country of registration and operations | Number of shares | Carrying amount Dec 31, 2021 | Carrying amount Dec 31, 2020 |
|----------------------------|---------------------|---|------------------|------------------------------|------------------------------|
| Powercell Deutschland GmbH | HBR 28770           | Frankfurt am Main                                   | —                | 234                          | 234                          |
| Powercell Warrants One AB  | 559110-7437         | Göteborg  | 50,000           | 50                           | 50                           |
| PowerCell China LTD        | 91310115MA 1K4F2020 | Shanghai  | —                | 875                          | 3,178                        |

## Note 11 Participations in associated companies

The Parent Company has during the year sold their shares in the associated company Hyon AS. Hyon AS with organisation number 918 710 655 is based in Oslo.

| Name of the company | Country of registration and operations | Participating interest (%) Dec 31, 2021 | Participating interest (%) Dec 31, 2020 |
|---------------------|--|---|---|
| Hyon AS             | Norway                                 | 0.0                                     | 33.3                                    |
|                     |  | Carrying value Dec 31, 2021             | Carrying value Dec 31, 2020             |
| Hyon AS             |  | —                                       | —                                       |

The carrying value has changes according to the following:

|                          | Dec 31, 2021 | Dec 31, 2020 |
|--------------------------|--------------|--------------|
| Opening share            | —            | 612          |
| Write-down               | -693         | -902         |
| Shareholder contribution | 693          | 290          |
| <b>Closing share</b>     | <b>—</b>     | <b>—</b>     |

## Note 12 Property, plant and equipment

|                               | Machinery and other technical facilities | Equipment, tools, fixtures and fittings | Total         |
|-------------------------------|--|---|---------------|
| <b>Financial year 2020</b>    |  |   |               |
| Opening carrying value        | 20,184                                   | 1,703                                   | 21,887        |
| Purchases                     | 9,064                                    | 1,424                                   | 10,488        |
| Disposal/sale                 | -4,625                                   | -804                                    | -5,429        |
| <b>Closing carrying value</b> | <b>24,623</b>                            | <b>2,323</b>                            | <b>26,946</b> |
| <b>At December 31, 2020</b>   |  |   |               |
| Cost                          | 84,874                                   | 4,972                                   | 89,846        |
| Accumulated depreciation      | -60,251                                  | -2,649                                  | -62,900       |
| <b>Carrying value</b>         | <b>24,623</b>                            | <b>2,323</b>                            | <b>26,946</b> |
| <b>Financial year 2021</b>    |  |   |               |
| Opening carrying value        | 24,623                                   | 2,323                                   | 26,946        |
| Purchases                     | 11,050                                   | 6,313                                   | 17,363        |
| Disposal/sale                 | -179                                     | -48                                     | -227          |
| Reclassifications             | 4,740                                    | -4,820                                  | -80           |
| Depreciation                  | -7,088                                   | -965                                    | -8,053        |
| <b>Closing carrying value</b> | <b>33,146</b>                            | <b>2,803</b>                            | <b>35,949</b> |
| <b>At December 31, 2021</b>   |  |   |               |
| Cost                          | 100,483                                  | 6,418                                   | 106,901       |
| Accumulated depreciation      | -67,337                                  | -3,615                                  | -70,952       |
| <b>Carrying value</b>         | <b>33,146</b>                            | <b>2,803</b>                            | <b>35,949</b> |

Depreciation of KSEK 8,246 (KSEK 5,429) is allocated between research and development costs and selling and administrative costs in the Parent company's income statement.

## Note 13 Intangible assets

|                               | Software     | Total        |
|-------------------------------|--------------|--------------|
| <b>Financial year 2020</b>    |              |              |
| Opening carrying value        | 1,636        | 1,636        |
| Depreciation                  | -553         | -553         |
| <b>Closing carrying value</b> | <b>1,083</b> | <b>1,083</b> |
| <b>At December 31, 2020</b>   |              |              |
| Cost                          | 2,509        | 2,509        |
| Accumulated depreciation      | -1,426       | -1,426       |
| <b>Carrying value</b>         | <b>1,083</b> | <b>1,083</b> |
| <b>Financial year 2021</b>    |              |              |
| Opening carrying value        | 1,083        | 1,083        |
| Purchase                      | 555          | 555          |
| Disposal/sale                 | -668         | -668         |
| Reclassifications             | 80           | 80           |
| Depreciation                  | -186         | -186         |
| <b>Closing carrying value</b> | <b>864</b>   | <b>864</b>   |
| <b>At December 31, 2021</b>   |              |              |
| Cost                          | 2,476        | 2,476        |
| Accumulated depreciation      | -1,612       | -1,612       |
| <b>Carrying value</b>         | <b>864</b>   | <b>864</b>   |

Depreciation of KSEK 615 (KSEK 553) is allocated between research and development costs and selling and administrative costs in the Parent company's income statement.

## Note 14 Deferred tax

Reported deferred tax assets consist of future deductions for pension payments. Deferred tax assets are recognized for taxable carry-forwards or other deductions to the extent that it is probable that they can be offset against future taxable profits. No deferred tax asset concerning losses carried-forward is recognized, as the Parent Company is not deemed to meet the criteria to recognize deferred tax in accordance with IAS 12. Unused losses carried-forward in Parent Company for which no deferred tax asset has been recognized amount to KSEK 320,488 on December 31, 2021 (December 31, 2020: KSEK 248,365). The losses carried-forward do not fall due at any point in time.

## Note 15 Liquid assets

In the balance sheet and the statement of cash flows, the following items are included in the item Liquid assets.

|               | Dec 31, 2021   | Dec 31, 2020   |
|---------------|----------------|----------------|
| Bank deposits | 329,785        | 413,465        |
| <b>Total</b>  | <b>329,785</b> | <b>413,465</b> |

## Note 16 Trade receivables

|                                       | Dec 31, 2021  | Dec 31, 2020 |
|---------------------------------------|---------------|--------------|
| Trade receivables                     | 37,232        | 7,698        |
| Provisions for expected credit losses | —             | -88          |
| <b>Trade receivables - net</b>        | <b>37,232</b> | <b>7,610</b> |

Recognized amounts, per currency, for the Parent Company's trade receivables and other receivables are:

|              | Dec 31, 2021  | Dec 31, 2020 |
|--------------|---------------|--------------|
| SEK          | 1,210         | 122          |
| EUR          | 34,176        | 7,488        |
| GBP          | 1,846         | —            |
| <b>Total</b> | <b>37,232</b> | <b>7,610</b> |

The maximum exposure to credit risk at the balance sheet date for trade receivables and other current receivables is the carrying value according to the above.

The fair value of the trade receivables correspond to its carrying value, as the discount effect is insignificant.

No trade receivables have been pledged as assets for any liability.

## Note 17 Inventories

|                               | Dec 31, 2021  | Dec 31, 2020  |
|-------------------------------|---------------|---------------|
| Raw materials and consumables | 30,297        | 39,201        |
| Products in progress          | 6,997         | 610           |
| Inventories of finished goods | 605           | 14            |
| <b>Total</b>                  | <b>37,899</b> | <b>39,825</b> |

The cost of inventories recognized is included in the item Cost of goods sold in the income statement and amounts to KSEK 110,684 (KSEK 77,761).

## Note 18 Other current receivables

|                      | Dec 31, 2021  | Dec 31, 2020  |
|----------------------|---------------|---------------|
| Tax account          | 2,770         | 2,823         |
| Prepayment suppliers | 3,213         | 3,667         |
| VAT receivable       | 3,284         | 3,632         |
| Other                | 1,920         | 446           |
| <b>Total</b>         | <b>11,187</b> | <b>10,568</b> |

## Note 19 Prepaid costs and accrued income

|   | Dec 31, 2021  | Dec 31, 2020  |
|---|---------------|---------------|
| Prepaid rent                            | 1,694         | 1,658         |
| Accrued income, on-going grant projects | 10,440        | 8,506         |
| Other prepaid costs                     | 2,195         | 1,236         |
| Other accrued income                    | 1,380         | 337           |
| <b>Total</b>                            | <b>15,709</b> | <b>11,737</b> |

## Note 20 Borrowings

See note 28 in the Group for more information regarding the parent company's long term debt.

## Note 21 Contractual assets and contractual liabilities

|                         | Dec 31, 2021  | Dec 31, 2020 |
|-------------------------|---------------|--------------|
| Contractual assets      | 8,228         | 3,964        |
| Contractual liabilities | -11,064       | -1,809       |
| <b>Total</b>            | <b>-2,836</b> | <b>2,155</b> |

Contractual assets refer to projects that are reported in accordance with the principles for Percentage of Completion, see Note 2.

### Remaining unfulfilled agreements

The total amount of the transaction price allocated to agreements that are unfulfilled or partly unfulfilled as of December 31, 2021 is KSEK 66,786. Of these, management makes the assessment that 98% will be fulfilled during the next year. Of the contractual liabilities at December 31, 2020 has 100% been fulfilled during 2021.

## Note 22 Accrued expenses and deferred income

|                                | Dec 31, 2021  | Dec 31, 2020  |
|--------------------------------|---------------|---------------|
| Accrued vacation pay liability | 5,732         | 4,833         |
| Accrued social costs           | 3,731         | 3,806         |
| Accrued salaries               | 7,210         | 9,161         |
| Accrued pensions               | 617           | —             |
| Other prepaid income           | 5,996         | 1,563         |
| Other items                    | 5,969         | 4,463         |
| <b>Total</b>                   | <b>29,255</b> | <b>23,826</b> |

## Note 23 Operational leases

### Obligations regarding operational leases

The Parent Company rents, in all significant aspects, in accordance with non-cancellable operational leasing agreements. Lease terms vary between 3 and 10 years, and most leasing agreements can be extended at a fee corresponding to a market fee.

Lease costs amounting to KSEK 8,394 (KSEK 8,559) regarding the lease of machinery, cars and rented premises is included in the income statement for the financial year 2021.

**Future total minimum leasing fees for non-cancellable operational leases are according to the following:**

|                       | 2021          | 2020          |
|-----------------------|---------------|---------------|
| Within 1 year         | 7,899         | 8,356         |
| Between 1 and 5 years | 20,592        | 23,923        |
| Later than 5 years    | 8,645         | 13,742        |
| <b>Total</b>          | <b>37,136</b> | <b>46,021</b> |

## Note 24 Provisions

|                                    | Dec 31, 2021 | Dec 31, 2020 |
|------------------------------------|--------------|--------------|
| Warranty provisions                | 2,037        | 504          |
| <b>Total short term provisions</b> | <b>2,037</b> | <b>504</b>   |

The warranty provision includes the estimated costs related to repairing any defective products within the warranty period. The warranty period is one year.

## Note 25 Share-based payments

See Note 9 in the consolidated financial statements for information about the Parent Company's share-based payments.

## Note 26 Share capital

See Note 26 in the consolidated financial statements for information about the Parent Company's share capital.

## Note 27 Related party transactions

Since December 19, 2014, PowerCell Sweden AB (publ) is listed on Nasdaq First North Stockholm. Principal shareholder at December 31, 2021 is Robert Bosch GmbH whose participating interest is 11,2%.

During last quarter 2021 a long term incentive program including management and key employees have been implemented, see Note 9 for the Group.

**The following related party transactions have been performed:**

|                                      | 2021         | 2020         |
|--------------------------------------|--------------|--------------|
| <b>(a) Sales of goods / services</b> |              |              |
| PowerCell China LTD                  | 1,672        | 1,465        |
| <b>Total</b>                         | <b>1,672</b> | <b>1,465</b> |

### (b) Purchase of goods / services

|                            |              |              |
|----------------------------|--------------|--------------|
| PowerCell Deutschland GmbH | 2,083        | 2,003        |
| <b>Total</b>               | <b>2,083</b> | <b>2,003</b> |

**Receivables at year-end resulting from sales and purchases of goods and services**

|  | Dec 31, 2021 | Dec 31, 2020 |
|--|--------------|--------------|
| <b>Receivables from related parties:</b> |              |              |
| PowerCell Warrants One AB                | 438          | 438          |
| PowerCell China LTD                      | 1,776        | 1,149        |
| PowerCell Deutschland GmbH               | 872          | 2,347        |
| <b>Total</b>                             | <b>3,086</b> | <b>3,934</b> |

|  | Dec 31, 2021 | Dec 31, 2020 |
|--|--------------|--------------|
| <b>Liabilities to related parties:</b> |              |              |
| PowerCell Deutschland GmbH             | 167          | 475          |
| <b>Total</b>                           | <b>167</b>   | <b>475</b>   |

## Note 28 Changes in liabilities attributable to financing activities

|                           | Jan 1, 2020   | Cash inflow | Cash outflow | Non-cash items | Dec 31, 2020  |
|---------------------------|---------------|-------------|--------------|----------------|---------------|
| The Swedish Energy Agency | 30,000        | —           | —            | —              | 30,000        |
| <b>Total</b>              | <b>30,000</b> | <b>—</b>    | <b>—</b>     | <b>—</b>       | <b>30,000</b> |
|                           | Jan 1, 2021   | Cash inflow | Cash outflow | Non-cash items | Dec 31, 2021  |
| The Swedish Energy Agency | 30,000        | —           | —            | —              | 30,000        |
| <b>Total</b>              | <b>30,000</b> | <b>—</b>    | <b>—</b>     | <b>—</b>       | <b>30,000</b> |

## Note 29 Adjustments for non-cash items

|                                    | Dec 31, 2021  | Dec 31, 2020 |
|------------------------------------|---------------|--------------|
| Depreciation                       | 8,861         | 5,982        |
| Warranty provision                 | 1,533         | 144          |
| Allocation of grant-aided projects | 2,498         | -2,279       |
| Share-based benefits               | 1,039         | —            |
| Inventory obsolescence             | 9,175         | —            |
| Other                              | 395           | —            |
| <b>Total</b>                       | <b>23,501</b> | <b>3,847</b> |

## Note 30 Events after the end of the reporting period

See Note 37 in the consolidated financial statements for information on Events after the end of the reporting period

## Note 31 Proposed allocation of earnings

|   |                    |
|---|--------------------|
| Earnings at the disposal of the AGM:                                  |                    |
| Share premium reserve   | 555,506,677        |
| Retained earnings   | -96,277,319        |
| Profit (loss) for the year  | -78,159,378        |
| <b>SEK</b>  | <b>381,069,980</b> |
| The Board proposes that the profit is allocated to be carried forward |                    |
| <b>SEK</b>  | <b>381,069,980</b> |

## Note 32 Contingent liabilities and pledged collateral

The company has no contingent liabilities.

|                           | Dec 31, 2021 | Dec 31, 2020 |
|---------------------------|--------------|--------------|
| <b>Pledged collateral</b> |              |              |
| Blocked bank funds        | 1,359        | —            |
| <b>Total</b>              | <b>1,359</b> | <b>—</b>     |

The Group's income statements and balance sheets will be presented to the AGM on May 3, 2022 for adoption.

The Board of Directors and the CEO hereby certify that the consolidated financial statements are prepared in accordance with the international accounting standards IFRS, as endorsed by the EU and give a true and fair view of the Group's financial position and results. The annual accounts have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) and give a true and fair view of the Parent Company's financial position and results.

The Administration Report for the Group and Parent Company gives a true and fair view of the Group's and the Parent Company's operations, and present significant risk and uncertainties that the Group faces.

March 21, 2022

Richard Berkling  
CEO

Magnus Jonsson  
Chairman of the Board

Dirk De Boever  
Board member

Helen Fasth Gillstedt  
Board member

Uwe Hillmann  
Board member

Riku-Pekka Hägg  
Board member

Göran Linder  
Board member

Annette Malm Justad  
Board member

Our Auditor's Report was submitted 2022-03-21  
Öhrlings PricewaterhouseCoopers AB

Fredrik Göransson  
Authorized Public Accountant

# Auditor's report

Unofficial translation

To the general meeting of the shareholders of PowerCell Sweden AB (publ),  
corporate identity number 556759-8353

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of PowerCell Sweden AB (publ) for the year 2021. The annual accounts and consolidated accounts of the company are included on pages 24–58 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

### Basis for opinions

We have conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–23 and 61–63. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU, and the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

### Report on other legal and regulatory requirements

#### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of PowerCell Sweden AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

#### Basis for opinions

We have conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

**Responsibilities of the Board of Directors and the Managing Director**

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

**Auditor's responsibility**

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

Gothenburg, March 21, 2022

Fredrik Göransson  
Authorized Public Accountant

# Board of Directors and company management

## Board of Directors



**Magnus Jonsson**  
Chairman of the Board, since 2015  
**Residence:** Göteborg  
**Born:** 1956  
**Education:** MSc in Mechanical Engineering  
**Elected:** 2012  
**Shares:** 5,000

President of Magnus Jonsson Consulting AB and a member of multiple boards. Formerly Senior Vice President, Product Development, at Volvo Cars. Broad experience from the automotive industry. Independent in relation to the company and management as well as in relation to the company's major shareholders.



**Dirk De Boever**  
Board member  
**Residence:** Ghent, Belgium  
**Born:** 1970  
**Education:** MSc in Applied Economics, MBA in Management School  
**Elected:** 2009  
**Shares:** 0

Head of Investments at Finindus. Finindus is an investment company that provides capital for early stage and growth financing, funded by ArcelorMittal and the Flemish Region. Past extensive experience in strategy and marketing at ArcelorMittal. Entrepreneur and consultant to several large companies in industry, banking and telecoms.



**Helen Fasth Gillstedt**  
Board member  
**Residence:** Danderyd  
**Born:** 1962  
**Education:** MSc in International Business and Finance & Control  
**Elected:** 2019  
**Shares:** 0

Member of the board in Storytel, Munters, Viva Wine Group AB, Sortera AB and Handelsbanken Fonder AB and its representative on nomination committees. Former Vice President in SAS Group and senior positions in Statoil Group A/S. Independent in relation to the company and management as well as in relation to the company's major shareholders.



**Uwe Hillmann**  
Board member  
**Residence:** Leonberg, Germany  
**Born:** 1967  
**Education:** Diploma in Physics  
**Elected:** 2020  
**Shares:** 0

Head of Business Unit Electronic Control within Powertrain Solutions division of Robert Bosch GmbH. Over 25 years experience in business management and sales for automotive and non-automotive customers. Representing Bosch Group.



**Riku-Pekka Hägg**  
Board member  
**Residence:** Vantaa, Finland  
**Born:** 1975  
**Education:** MSc Mechanical Engineering  
**Elected:** 2020  
**Shares:** 0

CEO of Steerprop and Board member Daphne Technology SA. Former Vice President, Ship Design at Wärtsilä Corporation. Experienced business leader and maritime technology strategist. Strong interest in advanced technologies and has led international sales, strategic transformation and performance culture in high tech engineering and maritime industries. Independent in relation to the company and management as well as in relation to the company's major shareholders.



**Göran Linder**  
Board member  
**Residence:** Stockholm  
**Born:** 1962  
**Education:** MSc in Electric Engineering  
**Elected:** 2009  
**Shares:** 0

President of Midroc New Technology and Board member of several other companies. More than 30 years of experience in sales, business development and management work, with broad knowledge of technology-related fields. Independent in relation to the company and management as well as in relation to the company's major shareholders.



**Annette Malm Justad**  
Board member  
**Residence:** Oslo, Norway  
**Born:** 1958  
**Education:** MSc Chemical Engineering, MSc Technology Management  
**Elected:** 2020  
**Shares:** 0

Well renowned senior advisor with more than 25 years of experience from international companies in industry and shipping, including the role of CEO of a listed company. Current board portfolio includes American Shipping Company ASA, Torm Plc, Awilco LNG, RecSilicon ASA, Småkraft AS and Store Norske Spitsbergen Kulkompani AS. Independent in relation to the company and management as well as in relation to the company's major shareholders.

## Company management



### Richard Berkling

President and CEO

**Born:** 1972

**Employed since:** 2021

**Education:** MBA degree in Business, Economics and Law

**Number of shares:** 7,000

Richard Berkling has a background as President of CPAC Systems, a subsidiary within the Volvo Group. He built the company, specializing in safety-critical electronics for the marine and off-highway transportation industry, from the ground up. Doing so he gained extensive experience in the marine, construction equipment and material handling segments.



### Karin Nilsson

Senior Vice President and deputy CEO

**Born:** 1969

**Employed since:** 2015

**Education:** BSc in Business and Economics

**Number of shares:** 9,000

Many years of international experience of financial and operational management. Earlier positions as CFO at KVD Kvarndammen AB, where she was also in charge of HR and IT, and as the Business Controller in Sibelco Nordic AB and Gunnebo AB.



### Dr. Per Ekdunge

President PowerCell Germany

**Born:** 1955

**Employed since:** 2008

**Education:** MSc in Chemical Engineering and Associate Professor of Electrochemistry at KTH

**Number of shares:** 125,303

More than 30 years of experience in fuel cell and reformer technology. Previous career at the KTH Royal Institute of Technology, Volkswagen and Dechema in Germany and Volvo Technology where his roles included head of development of fuel cells, batteries and alternative powertrains.



### Dr. Andreas Bodén

Senior Vice President, Strategic Sales

**Born:** 1977

**Employed since:** 2009

**Education:** MSc in Chemical Engineering and PhD in Chemical Engineering from KTH in fuel cells.

**Number of shares:** 2,000

Broad international experience from fuel cell business and technology development. Active within the fuel cell and clean energy field since 2002 and ten years as Board member of Vätgas Sverige. Former positions include Group Manager, Development Manager and Business Developer in PowerCell, Project Manager at Volvo Technology for PEM fuel cell development.



### Dr. Thomas Tingelöf

Senior Vice President and Chief Technology Officer

**Born:** 1979

**Employed since:** 2011

**Education:** MSc in Chemical Engineering and PhD in Chemical Engineering from KTH in fuel cells

**Number of shares:** 5,000

Broad international experience from fuel cell technology development including fuel cell components, stacks and systems. Active within the fuel cell and clean energy field since 2004. Prior to joining PowerCell he was working with PEM fuel cell research at VTT - Technical Research Centre of Finland.



### Karl Samuelsson

Senior Vice President, Product Development

**Born:** 1971

**Employed since:** 2016

**Education:** MSc Mechanical Engineering

**Number of shares:** 0

Many years experience of management within Product Development. Former positions include Senior Manager at Volvo Cars, Research & Development and Complexity Reduction Analyst at Ford Automotive group.



### Patrik Brouzell

Senior Vice President, Product Sales

**Born:** 1978

**Employed since:** 2021

**Education:** MSc Industrial & Logistics Management, Handelshögskolan Göteborg

**Number of shares:** 0

Patrik Brouzell is responsible for developing PowerCell's product sales to prioritized segments and establishing complementary marketing channels. Brouzell has previously held the position as CEO of LWW Group.



### Karin Lidén

Senior Vice President and Chief Financial Officer

**Born:** 1975

**Employed since:** 2021

**Education:** MSc in Business and Economics from Stockholm School of Economics

**Number of shares:** 0

Solid experience from management positions in finance and IT in international companies. Prior to joining PowerCell, she held several central finance positions at Mölnlycke, and also served as interim CFO for a period.



**Torbjörn Gustafsson**

Senior Vice President and  
Chief Operating Officer

**Born:** 1976

**Employed since:** 2022

**Education:** MSc in Business  
Administration at Lund University

**Number of shares:** 170

Many years of experience from management positions and board member, most recently as CFO at Christian Berner Tech Trade AB (publ). Former positions include CFO at KappAhl and senior positions at AB Volvo (publ).



**Oscar Hamréus**

Senior Vice President and  
Head of HR

**Born:** 1981

**Employed since:** 2022

**Education:** BSc Human Resource  
Management

**Number of shares:** 69

Oscar Hamréus is PowerCell's Head of HR and has previously held positions as HR Manager and senior HR Consultant in a wide array of companies. Oscars most recent position was CEO and Senior HR-Consultant in AddMatch HR-partner.





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