ANNUAL REPORT **2020**

PowerCell

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PowerCell's employees are an extraordinary team who contribute to creating business and solutions for a more sustainable world.

This is PowerCell

We are contributing to a fossil free world. Our technology makes tomorrow's solutions available today. PowerCell Sweden AB (publ) develops and produces fuel cells and fuel cell systems with unique high-power density, for the automotive, marine and stationary 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 shares (PCELL) have been listed on Nasdaq First North Stockholm, with G&W Fondkommission as Certified Adviser.

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

Company culture

Trust – We are responsible and committed. We do our utmost to deliver what is agreed, to the right quality, cost and in time.

Courage – No one has ever become a winner without courage. We as a team always give a new perspective a fair chance. Everyone should feel safe if they wish to make a comment. Otherwise, we 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. The passion not only makes us work harder, it also makes us committed and diligent. It makes the job fun.

Significant events during the financial year

Stationary

- PowerCell Sweden AB enters into a memorandum of understanding with Hitachi ABB Power Grids for stationary fuel cell solutions
- PowerCell Sweden AB signs collaboration agreement with Soltech for fuel cell solutions for solar energy
- PowerCell Sweden AB starts a collaboration with Statkraft for energy solutions in hydrogen and fuel cells
- PowerCell Sweden AB secures an order for an MS-100 stationary fuel cell system in Australia

Marine

- PowerCell Sweden AB signs an agreement for fuel cell system with leading European shipbuilder worth MSEK 77.0

Off-road

- PowerCell Sweden AB secures an order for feasibility studies in the off-road segment from the Japanese retailer Inabata
- PowerCell Sweden AB secures an order for two fuel cell systems from global American agricultural machinery manufacturer

On-road

- Bus with PowerCell S2 in scheduled traffic in China has run the equivalent of one circumference of the earth
- PowerCell Sweden AB secures an order for PowerCell S3 from Robert Bosch GmbH with a total value of MSEK 55.4

Other events

- Richard Berkling is appointed new CEO of PowerCell Sweden AB
- The world's first hydrogen electric flight with a commercial plane used a fuel cell system from PowerCell Sweden AB

Five year summary

Amounts in KSEK	**2020**	2019	2018	2017	2016[1]
Net sales	103,528	66,850	60,513	36,684	12,185
Operating income before items affecting comparability	–97,749	–79,898	–60,893	–66,772	–66,099
Operating income	–103,386	448,408	–60,893	–66,772	–66,099
Operating cash flow	–3,863	369,147	–99,980	–50,412	–67,996
Total assets	564,692	683,213	217,118	277,209	96,146
Equity	457,560	565,271	127,249	187,710	36,505
Equity/assets ratio (%)	81.0	82.7	58.6	68.1	38.0
Current ratio (%)	11.9	13.1	4.0	5.4	3.9
Number of shares	52,142,434	51,868,810	51,868,810	51,678,890	44,784,392
Earnings per share (SEK)	Neg	8.4	Neg	Neg	Neg
Dividends per share (SEK)	—	—	—	—	—

1) Applied accounting principles according to K3 have not been recalculated to IFRS.

Growth in sales and successful establishment in new segments

With 2020 behind us, we can announce that PowerCell has continued to grow its business successfully. Sales rose in the year by 55 per cent and came in for the first time at over MSEK 100. Behind this upswing is a sharp rise in sales to Robert Bosch GmbH along with improved sales in our new priority segments, including the marine segment where we secured a megawatt order from a major European shipbuilder. 2020 saw the launch of a number of important political initiatives which will pave the way to a greatly expanded production of hydrogen and consequently to profoundly improved commercial potential for PowerCell and our products.

As we close the books for the full year 2020, I can say that PowerCell Sweden has achieved total sales in excess of MSEK 100 for a single year for the first time. This is largely due to a particularly healthy fourth quarter in which we succeeded in increasing sales from MSEK 27.0 to MSEK 38.2. For the full year, sales increased by 55 percent, from MSEK 66.9 to MSEK 103.5. This improvement is primarily due to a rise in sales to Robert Bosch GmbH within the framework of our joint development and licensing agreement, but also to a jump in sales in the segments in which we are increasing our investments, in line with our new strategic priorities. It is well worth highlighting here that we secured an order for a megawatt system from a major European shipbuilder in April last year, which will be worth MSEK 77 over the three years it will be delivered. A part of this order has impacted the figures for 2020. We also enjoyed some other exciting breakthroughs in these segments, and here I am referring to the off-road order we received from a pre-eminent American manufacturer of agricultural machinery as well as the order for a stationary system that we secured from Australia. The fact that it was an MS-100 fuel cell system from PowerCell Sweden that was part of the driveline when the world's first hydrogen-electric flight with a commercial aircraft was performed in September is another success that is worth highlighting as we summarise 2020.

PowerCell Sweden has mapped out a clear path for how we will commercialise and benefit from our leading technological position – as an agile player with great technical acumen, we invest in establishing collaborations with major players in each segment. Through these collaborations, we not only gain access to greater resources and know-how in terms of developing the products our customers need, but we also enjoy substantially better conditions to market and sell our products as we can reach significantly more potential customers through our partners than is feasible to achieve on our own.

This approach applies in particular to the segments in which we are now increasing our focus in line with our new strategic priorities: off-road, stationary and marine. Here we have had a memorandum of understanding in place for a few years together with German Siemens AG on the marine side and since last summer another in stationary with Hitachi ABB Power Grids. At the end of the year, we were also able to announce a collaboration with Norwegian Statkraft, Europe's primary supplier of renewable energy. As interest in, and demand for fuel cell-based technology grows, the issue of access to hydrogen becomes an increasingly key factor. Together with Statkraft, we now intend to look into the possibilities of using fuel cell-based systems for power generation in connection with renewable energy sources. Producing hydrogen from renewable energy is an excellent way of utilising the surplus production that these volatile sources give rise to on an ongoing basis as a matter of course.

> "PowerCell Sweden has mapped out a clear path for how we must commercialise and benefit from our leading technological position – as an agile technology leader with great technical acumen, we invest in establishing collaborations with major players in each segment."

The on-road vehicle segment continues to be a priority and here we have a partner strategy together with Robert Bosch GmbH. However, the close cooperation and collaboration with Robert Bosch GmbH is configured somewhat differently to other segments and not only includes a joint development of our fuel cell stack PowerCell S3, but also an exclusive license for Robert Bosch GmbH to eventually manufacture and sell the stack to the automotive segment. Our joint development work in relation to the stack concerns technical improvements that enhance the stack itself and make it easier to mass produce. In this context, it is worth mentioning that the technical improvements to S3 that are made within the framework of our cooperation agreement also benefit us, as the rights to these improvements belong to both parties. Once the development process is completed and Robert Bosch GmbH is ready to start production in house, they hold an exclusive right to manufacture and sell the S3 stack for the automotive segment in return for royalties. The rise in sales to Robert Bosch GmbH last year transpired within the framework of our agreement and reflects the various ways in which Robert Bosch GmbH is now working intensively to prepare for a large-scale commercial roll-out, and for the mass production of our fuel cell stack PowerCell S3.

Important initiatives in 2020

For those of us who are convinced in the massive potential of hydrogen, 2020 was a crucial year with several important new developments. Within the framework of its new green deal, the EU launched a hydrogen strategy in the summer which included some extensive and very ambitious initiatives. In the late summer and autumn, several individual EU countries, including Germany and Spain, responded by launching their own hydrogen strategies to underpin the EU strategy. The strategies contain a number of crucial initiatives and will lead to greatly expanded capacity for the production of what we call green hydrogen, i.e. hydrogen produced from renewable energy, but also to the establishment of various hydrogen-powered vehicle models. The investments will lead to more and more people realising the potential that fuel cell technology holds for solving key environmental challenges. Fuel cell-based power solutions that run on green hydrogen can produce completely sustainable energy without causing any emissions that harm the climate, the environment or people. The accelerating phasing out of fossil and non-renewable energy sources in favour of renewable energy sources will see the commercial potential of our technology soar. Fuel cell technology offers an energy production that produces just one single form of emission – water. This is what we mean when we say that we have true zero emissions solutions. An extremely exciting future awaits us.

Richard Berkling
CEO

On the way into the hydrogen society

On the fifth anniversary of the Paris Agreement, the UN presented preliminary statistics that demonstrated that the period 2011–2020 was the warmest in the history of mankind, and that 2020 will probably be one of the three warmest years ever. Time is running out. The climate issue is one of the most powerful driving forces for the development of, and demand for, emission-free fuel cell technology.

Other data issued by the World Meteorological Organization (WMO) revealed earlier last year that the amount of greenhouse gases continues to rise in the atmosphere. The WMO says that the warming effect of greenhouse gases on the climate has risen by 45 per cent since 1990, and carbon dioxide accounts for four-fifths of this impact. The average level of carbon dioxide in 2019 came in at more than 410 ppm, which can be compared with the period before industrialisation when the content was 280 ppm.

Climate scientists, such as John Schellnhuber, have been arguing for decisive action and policy initiatives for many years. There are more than 20 "thresholds" that the world must not cross if we are to avoid irreversible changes in the earth's climate. We are approaching many of them.

Major challenges, new solutions

The possibilities for complying with the Paris Agreement and keeping the temperature increase to 2.0 degrees are shrinking. At the same time, interest in and support for powerful measures is growing. The insight into the risks is driving legislation and investments in renewable energy such as wind and solar power. The EU launched a plan in the year to expand wind power from the current 12 GW to 300 GW by 2050. As wind power varies greatly depending on the weather conditions, it must be possible to store energy when production is high and producing hydrogen using electrolysis is an excellent method for solving this issue.

Following an initiative in the European Parliament, the EU Council of Ministers resolved to propose a tightening of the Union's climate law in order to achieve climate neutrality by 2050 at the latest. The proposal, which is to be negotiated with the member states, means that the target for the reduction of greenhouse gas emissions will rise from 40 per cent to at least 55 per cent by 2030. At the same time, there is a gradual tightening of the emission standards for vehicles with regard to particles and nitrogen oxides across several major markets. This tightening has also been introduced for the marine segment, where the International Maritime Organization, IMO, has resolved that carbon dioxide emissions must be reduced by 50 per cent by 2050. Concerns about the safety of nuclear power and the willingness to switch to sustainable and renewable energy sources have led Germany and Japan, for example, to start shutting down their nuclear power plants.

Ambitious hydrogen strategies

A transition is underway in favour of hydrogen in the process industry. At the end of November, Swedish LKAB announced an investment of SEK 400 billion in fossil-free steel production based on hydrogen. At least seven other steel companies say they are working on similar projects, including ThyssenKrupp and ArcelorMittal.

Many countries, such as Australia, Germany, Spain and Denmark, have introduced national hydrogen strategies. Last summer, the EU announced a hydrogen strategy involving a total investment of EUR 470 billion to raise the Union's production capacity of green hydrogen to 40 GW by 2030. To put this in perspective, the Rocky Mountain Institute has calculated that this equates to the annual energy needs of 4 million fuel cell buses.

Investments make hydrogen more affordable

The extensive investments in increasing the production of hydrogen will have a major impact on prices. Bloomberg New Energy Finance forecasts that the price of 1 kg of green hydrogen will fall from the current USD 4 to USD 1.5 by 2030 as a result of the EU's hydrogen strategy. Within ten years, this drop in prices is forecast to stabilise or bring down operating costs for fuel cell vehicles when compared with battery and diesel powered vehicles.

All things considered, this means that fuel cell technology is well placed to be an important part of a society that needs to solve many of the critical challenges facing humanity. The world is opening its doors to the hydrogen society.

Environmentally friendly electrical power

PowerCell's products and prototypes that are designed for the cold Nordic climate are robust and versatile. With its roots in the automotive industry, the company's fuel cell-based solutions are characterised by high operational reliability and durability, as well as an impressive power output and a compact format.

PowerCell's leading fuel cell technology gives customers access to environmentally-friendly electrical power and heating. The unique solutions that PowerCell offers for mobile and stationary applications are based on proprietary fuel cells. The use of green hydrogen, i.e. hydrogen produced from renewable energy is used to generate electricity and heat without releasing any harmful emissions. PowerCell focuses on four segments: stationary, marine, off-road and on-road. PowerCell has a fuel cell technology that delivers a world-leading power density. This provides enormous customer value as it makes the products lighter and less bulky. Furthermore, PowerCell is one of a handful of manufacturers that has been able to develop a fuel cell that can handle hydrogen gas produced from other fuels such as natural gas, also called reformed gas. Running fuel cell stacks on reformed gas means significant efficiency and environmental gains when compared to the combustion of traditional fuels such as diesel, natural gas or biogas.

Delivering megawatt solutions

Fuel cells have a broad application area and offer outputs ranging from onewatts to megawatts. At the lower end of the range are micro CHP, combined heat and power, for households and at the top end are power stations and back-up power for hospitals, factories and other large buildings. PowerCell's two fuel cell stacks have outputs from 1 kW to 125 kW. With modular fuel cell systems based on these stacks PowerCell can deliver megawatt solutions.

Our employees' expertise in fuel cell technology makes PowerCell an extraordinary team, with experience and expertise from many different areas. All are driven by a passion for creating extraordinary solutions that will enable our customers to have a vital and positive environmental impact.

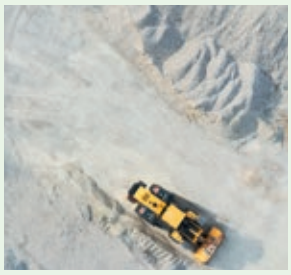
Stationary

- Prime Power
- Back-up 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

Our Vision is to "Help save the planet with our cutting edge zero emission fuel cell technology."

Lower emissions are on the marine agenda

The IMO directive to cut emissions by 50 percent by 2050 is set to become regulatory. The pressure is on for all maritime sectors to choose their future fuel. Hydrogen is a competitive alternative that will last the lifetime of upcoming builds.

There will be some tough choices for the maritime industry in the next 3–5 years. The lifetime of new builds stretches beyond 2050 which means that they have to be designed and constructed for a technology meeting coming demands.

A secure investment

It is possible to choose zero emissions right from the start. By choosing fuel cell technology there will be no need to re-invest in retrofitting during the ship's life-cycle. Shipowners will be at the forefront of technology and their fleet will be operationally secure for the next 30 years.

A hydrogen fuel cell setup, including electrical engines, takes up little space, produces almost no noise or vibrations and requires limited maintenance. Greenhouse gas emissions can be drastically lowered.

True zero emission propulsion

Using hydrogen fuel cells for ships should be an obvious choice. In itself, it is a zero emission propulsion and power system, and with the green hydrogen build-out it will be a true zero emission. Both investments and operational costs are already on par with diesel and liquified natural gas and the demand for hydrogen will likely push the fuel price down – significantly lowering total cost of ownership.

Shipowners will be at the forefront of technology and their fleet will be operationally secure for the next 30 years.

It's time to electrify the off-road industry

Companies and organizations all over the world are in the midst of a conversion to the use of green energy and future-proof energy sources. The off-road industry is traditionally linked to the use of diesel. Up until now, the options have been limited.

Places like ports and mines are facing requirements to find green energy solutions for their ongoing business and their equipment. For the off-road mobile machinery, mainly run by diesel, a fuel cell powertrain can be used. The fact that the various systems are completely scalable enables tailor-made solutions for each individual site and its equipment.

In the long run – in order to reach the climate goals stipulated in the Paris Agreement – a complete hydrogen fuel cell-based solution in the world's highly polluted ports, is a necessity.

A powerful, proven technlology

Fuel cells running on hydrogen is already an existing and proven technology. Large installations of several megawatts can be deployed in places like construction sites, mines and ports.

Our hydrogen fuel cell systems are a true zero emission technology providing the same performance as diesel. Our systems are powerful and robust, yet compact and easy to transport if needed. The products for the off-road segment have been tested and developed according to the standards in heavy-duty transportation applications and power generation solutions.

Fast ramp-up time

With PowerCell hydrogen fuel cell systems, machines in the off-road segment can match the efficiency that is provided by diesel and a conventional drivetrain. The response-time is as short as with a diesel drivetrain, making the hydrogen fuel cell solution an adequate option to fossil fuel.

Our hydrogen fuel cell systems provide a true zero emission technology.

True zero emission power generation

Since the Paris agreement in 2015, new emission goals mean everybody must readjust to a fossil fuel free energy system. Hydrogen and fuel cells are an existing and proven technology for power generation.

The perfect alternative to diesel generators
In essence, the hydrogen fuel cell does the same job as a diesel generator – only more efficiently and reliably. It runs for long periods during its long lifespan and it is completely silent. Zero emissions make the local air cleaner and the enterprise more competitive. When combined with an on-site electrolyser, which turns water into hydrogen, fuel cell systems will significantly reduce costs.

Stationary power can be divided into three areas: primary, peak and backup power. Primary power being where the fuel cell runs the site independently from or connected to the grid. Peak power compensates for lack of power at times of high demand. And finally, backup power is where the fuel cell system steps in to keep the operation going when there is a power failure.

A complete solution
We understand the complex challenges our clients face and can offer the complete value chain of a fuel cell power system. By partnering up with world leading industrial innovators and integrators, such as Siemens and Hitachi-ABB Power grids, we can deliver a turn-key solution including hydrogen production through electrolysers, storage, the fuel cell system, power electronics and grid connection.

» The systems are robust enough to withstand cold, liquid and vibrations, and compact enough to be easily integrated into our customers' applications. In short, the fuel cell can do just about anything a diesel generator can do but with higher efficiency and reliability.

Developing the technology in partnership with Robert Bosch GmbH

PowerCell Sweden has its roots in the automotive industry. The fuel cell technology we have developed complies with the industry's requirements for high power in combination with a compact format and a design that can withstand the loads to which vehicles with demanding applications are subject.

However, achieving commercial success in such a demanding and volume-oriented segment requires more than good technology alone, it also requires the potential for both extensive industrialisation and commercialisation. In terms of our PowerCell S3 fuel cell stack for the automotive segment, we have therefore opted to enter into a strategic partnership with Robert Bosch GmbH, one of the world's foremost suppliers to the automotive industry with development resources and manufacturing facilities across an impressive number of key markets.

Developed for mass production

We are now partnering in the development of a new and improved version of PowerCell S3 which will meet all the challenging demands of the automotive industry and which at the same time will be able to be mass produced in significant volumes in the most efficient way possible.

Once the new version of the S3 is ready, Robert Bosch GmbH will have an exclusive right to manufacture and sell it to the automotive segment for seven years. As PowerCell Sweden is entitled to the improvements that will result from our joint development, the enhanced fuel cell stack will also benefit our customers in other segments. The agreement with Robert Bosch GmbH is a prime example of a collaboration where all parties experience a win win situation.

Dr. Stefan Hartung, chairman of the Mobility Solutions business sector and Member of the Board of Management at Robert Bosch GmbH, forecasts that 20 per cent of all the world's electric vehicles will be powered by fuel cells by 2030. We are now developing a new and improved version of the PowerCell S3 in partnership that will meet all the challenging demands set by the automotive industry.

Fuel cell technology

A fuel cell converts chemical energy directly into electrical energy. Fuel cells have a broader field of application 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.

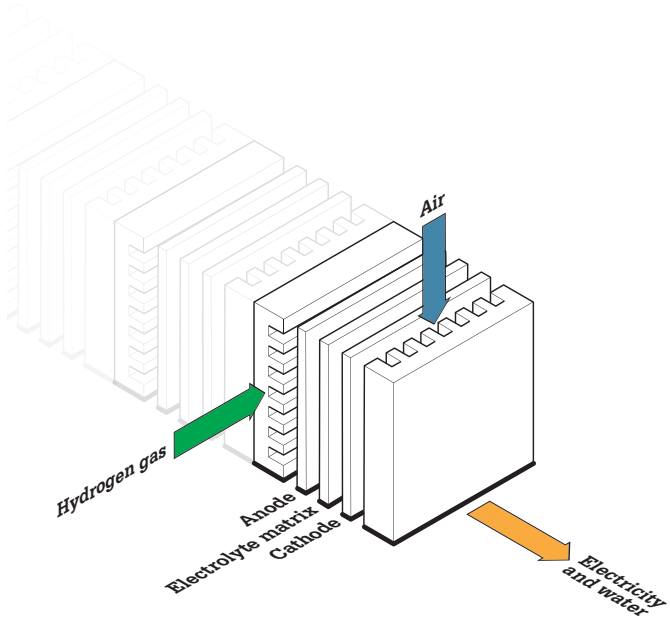
A fuel cell generates electrical energy via an electrochemical reaction. The process is similar to a battery, with the difference that a battery consumes its electrodes when they produce electricity and must therefore be discarded or recharged. Fuel cells, on the other hand, produce electrical energy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

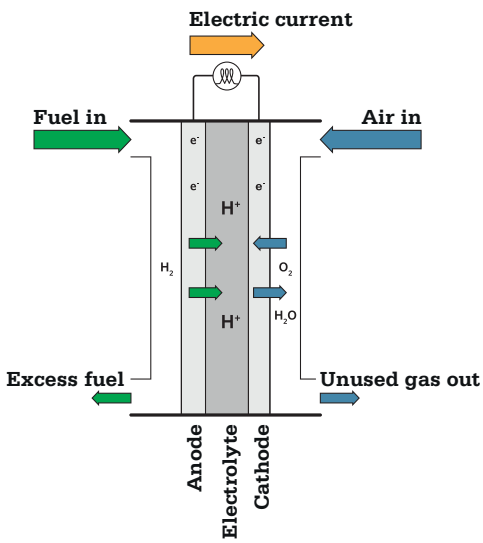
Higher power efficiency
Compared to a combustion engine, which is also powered by a reaction between fuel and oxygen, higher power efficiency is achieved. While the combustion engine's thermomechanical process means that a large part of the energy is always consumed as heat, the fuel cell's reaction takes place at a significantly lower temperature. In contrast to the combustion engine, water and heat are the only emissions generated by a fuel cell.

The fuel cell's key components are an anode, cathode and electrolyte. The electrolyte largely determines the properties of the fuel cell. Approximately 80% of all fuel cells delivered are of the Proton Exchange Membrane (PEM) type, which uses ion-conducting polymer membrane as the electrolyte. PEM fuel cells operate at a relatively low temperature (<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 thereby significantly smaller and lighter than other versions.

Robust design without moving parts
Combining individual fuel cells creates a fuel cell stack. The stack's voltage and output can be varied by increasing or reducing the number of cells in the stack.

Chemical reaction
When in operation, the anode is fed with fuel in the form of hydrogen (H_2), while the cathode is continuously fed with air (O_2). The hydrogen molecules are oxidised at the anode, forming hydrogen ions and electrons. The electrons wander through the external electrical circuit, which connects the anode and cathode, to generate electricity. Meanwhile, the hydrogen ions are transported via the electrolyte to the cathode, where they combine with the 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 e.g. be used to heat buildings.





PowerCell fuel cell solutions

PowerCell offers a wide range of products and services to support our customers' integration of our fuel cell products into their applications. All our products are based on internally developed technology.

To support our customers in finding the best solution, we offer engineering services as a complement to our system products. Our service offer contributes to giving the products a long operation life.

PowerCell S3 based solutions

PowerCell megawatt solutions

PowerCell megawatt solutions offer the customer a possibility to utilize fuel cell systems in applications that need high power, such as marine and stationary. The system is scalable up to several megawatts and consists of 200 kW modules to enable a solution that is flexible and easy to service and install.

PowerCell MS-100 fuel cell system

PowerCell MS-100 is a very powerful fuel cell system that enables durable and flexible use, with an output of up to 100 kW. The system has been tested and developed according to the standards of heavy-duty transportation applications and is well-suited for power generation solutions. MS-100 is specially designed to accomplish compact integration and high power output. MS-100 is powerful and has a compact design with high efficiency. The system has a robust construction of all components and is truly durable.

PowerCell S3 fuel cell stack

PowerCell S3 is a powerful fuel cell stack, with an output of up to 125 kW. With its heritage from the automotive industry, PowerCell has developed the S3 stack to meet stationary as well as mobile requirements. Due to its compact metallic bipolar plates with a large active area, S3 features industry-leading power density. The S3 stack technology has been developed and undergone comprehensive testing and validation with global original equipment manufacturers, renowned research institutes and leading automotive suppliers. In addition, the S3 is designed for low manufacturing costs and high-volume production. An ultra-thin steel plate design, combined with a large active area, enables industry leading power density.

PowerCell S2 based solutions

PowerCell MS-30 fuel cell system

The PowerCell MS-30 is a versatile, yet robust and powerful fuel cell system. MS-30 runs on hydrogen and has a fully automated system for cell monitoring. As a mid-range power generator, the MS-30 is very suitable for movable and temporary electrical solutions as well as built-in range extenders for light vehicles. The MS-30 delivers continuous or varying power depending on the request. MS-30 is robust and durable, yet versatile: Easily transported if necessary, powerful but still compact and handy.

PowerCell PS-5 fuel cell system

PS-5 is a hydrogen fuel-based system developed to create electricity in an environmentally friendly, silent and reliable way. The system is based on fuel cell stacks and can be used as a generator for buildings and households, but also as a back-up generator for telecom and traffic systems. Replacing fossil fuel dependent systems, PS-5 is a key component in the transition to green energy. In short, PS-5 is a robust and safe system that facilitates easy access to a future with zero emissions and increased use of renewable energy.

PowerCell S2 fuel cell stack

PowerCell S2 is a durable fuel cell stack, with an output of up to 35 kW. It is based on the state-of-the-art PEM technology, which is designed to offer an ability to operate at high current densities that in turn reduces operational costs. S2 has robust metallic bipolar plates that are made to meet the rugged conditions of all applications. The stack is a proven product that has been in production for several years.

Outstanding expertise and unique facilities

PowerCell is evolving into a company that is close to its customers and organised to meet their expectations. Outstanding research facilities and an experienced team can address the challenges associated with high-technological and sustainable solutions.

PowerCell's employees are an extraordinary team who contribute to creating business and solutions for a more sustainable world. PowerCell's employees have various different professional backgrounds and extensive experience from a range of areas. They are all driven by the idea of creating something extraordinary that will have a vital environmental impact to save the planet.

Unique laboratory

Besides our employees' extensive fuel cell technology expertise, PowerCell also offers one of the world's most powerful fuel cell and reformer laboratories. At our premises in Göteborg tests can be performed with a number of different simulations of climate and gas composition.

In the laboratory environment iterative studies are performed and the tests adjusted accordingly. This facilitates the development of ideas, design and verification.

Competitive patent portfolio

PowerCell always aims for pioneering technological development and allocates extensive resources to protecting technologies with patents. Patents relates to the fundamental technology, and first and foremost everything within the key areas of fuel cell stacks and reformers.

The international patent strategy is to build up a strong and competitive patent portfolio in order to strengthen the company's market position and protect investments in new products, services and technologies.

Policy for Environment and Quality

PowerCell develops and supplies fuel cells, systems and services that lower the environmental impact from energy generation and at the same time create a value for the customers through high product efficiency and durability. By using research and advanced technological development we enable the fossil free society. With careful control and continuous improvements on our management system we secure:

- Satisfied customers
- High product quality and delivery precision
- Engaged and competent personnel
- High performing development and production systems
- Effective use of material and resources
- Cooperation with suppliers and partners
- Compliance with laws, regulations and stakeholder requirements.

Core values

PowerCell has three core values that should always charachterize our solutions, our thinking and all our actions. They are:

- Quality
- Safety
- Environmental Care

PowerCell has quality certificate ISO 9001 and environmental certificate ISO 14001.

Code of Conduct

PowerCell Sweden AB is an expanding company operating in a world that is constantly setting more stringent demands in terms of responsibility for the environment, and social and business ethics.

In 2016, PowerCell decided to implement a Code of Conduct that reflects the Company's brand and how the Company wants to conduct its business. The Company's Code of Conduct was updated in 2019 and a new version has been adopted by the Company's Board of Directors which has subsequently been introduced. The staff were notified about the content of the Code at special meetings during the year where they also had to confirm that they had read and understood its meaning.

The Code of Conduct also provides guidelines for how the Company creates and maintains the confidence of key stakeholders. The Code of Conduct provides a framework for PowerCell and its employees by clarifying the principles and general guidelines for how the Company must act as a business partner, employer and member of the community. The purpose of the Code of Conduct is to combat corruption and to promote respect for human rights, as well as ensuring that employees understand the importance of, and the requirements associated with labour law, equality and environmental protection, both within the Company and with our business partners.

PowerCell aims to ensure that the Company's business partners live up to the principles established by the Code of Conduct. The Code has been influenced by the fundamental values expressed in the OECD guidelines for multinational companies, the UN's Global Compact and other internationally accepted standards.

Areas covered by the Code of Conduct include the following:

- Integrity and ethics in business relationships
- Social responsibility and human rights
- The relationship between employers and employees
- Responsibility for the environment
- PowerCell's role in society

Our mission is to create customer value by offering leading fuel cell technology and solutions.

The share and history

PowerCell Sweden AB (publ) was registered under its current name with the Swedish Companies Registration Office in 2008 and operations have been conducted since that date. The registered office of the Board is in the Municipality of Göteborg, in the County of Västra Götaland, and the Company's corporate registration number is 556759-8353. The Company is a limited 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 affiliated to 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 the 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 at 31 December 2020. 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 27 March 2019, the Company's share capital must comprise not less than SEK 500,000 and not more than SEK 2,000,000. The number of shares is limited to a minimum of 20,000,000 and a maximum of 80,000,000.

Dividend Pollcy

PowerCell has adopted a dividend policy that establishes the Company's long-term intention to provide its owners with a stable and increasing dividend.

The policy states that the operating surplus, or parts of the surplus, will be distributed once 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 into account several factors, 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 increasing dividend. PowerCell is undergoing a period of rapid development and expansion. The current policy of the Board is that the Company carries forward any profits to finance the growth and operations of the Company and, accordingly, the Board does not anticipate the payment of any dividends in the coming years.

Ownership structure

As of 31 December 2020, PowerCell had 34,985 shareholders, according to Euroclear. The following table shows PowerCell's owners as of 31 December 2020.

Share performance

The diagram on the next page shows the share price performance covering the period from 1 January to 31 December 2020. As of 31 December 2020, the market capitalisation was MSEK 16,957. During the 2020 calendar year, the average stock turnover per trading day was 567,136 shares. The average share price was SEK 249.86. An average of 4,408 trades were made per day during this period.

Share-based incentive programme

The Company established a subscription option programme for senior executives and staff in June 2018. The programme encompassed 273,624 stock options, with each option entitling the holder to subscribe for one new share at an exercise price of SEK 33.21 per share during the period from 1 May 2020 to 31 May 2020. The dilution of this programme amounted to a maximum of 0.5%. The programme has now expired and during the subscription period, employees of the Company subscribed for shares for a total amount of SEK 9,087,055.54.

Shareholders at 31 December 2020

	Number of shares	Share
Bosch Group	5,848,531	11.2%
Övriga	46,293,903	88.8%
Totalt	**52,142,434**	**100.0%**

Comment: As of 31 December 2020, the German clearing bank, Clearstream Banking, managed a holding of a total of 17,295,569 shares in the Company, which equates to an ownership interest of 33.17 per cent. The Company has no possibility of obtaining information about the actual owners behind the holding. The American State Street Bank and Trust Co managed a holding of a total of 5,109,315 shares, which equates to an ownership interest of 9.8 per cent as of 31 December 2020. The Company has no possibility of obtaining information about the actual owners behind this holding either.

Share capital trend

Since its foundation in 2008 and until 31 December 2020, the Company's share capital performed as follows:

Year	Transaction	Increase of number of shares	Increase of share capital	Total share capital	Number of shares	Nominal value/share
2008	Foundation 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	Bonus 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 staff options	178,080	3,917.76	1,136,935.58	51,678,890	0.022
2018	Exercise of staff options	189,920	4,178.24	1,141,113.82	51,868,810	0.022
2020	Exercise of staff options	273,624	6,019.73	1,147,133.55	52,142,434	0.022

Share price 2020

Source: Nasdaq

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 purpose of corporate governance is to ensure the shareholders that the Company is being managed in a way that is as efficient as possible.

Corporate governance structure
PowerCell's corporate bodies are the General Meeting of Shareholders, the Board of Directors, the President and the Auditor. The Ordinary General Meeting of Shareholders (Annual General Meeting (AGM)) is to be held no later than six months after the end of the financial year. At the AGM, the shareholders appoint a Board and Auditor. The Board appoints the President. The Auditor examines the annual report as well as the administration of the Board of Directors and the President. The tasks of the Nomination Committee are determined at the AGM and consist primarily of proposing Board members, the Chairman of the Board and the Auditor for election at the AGM.

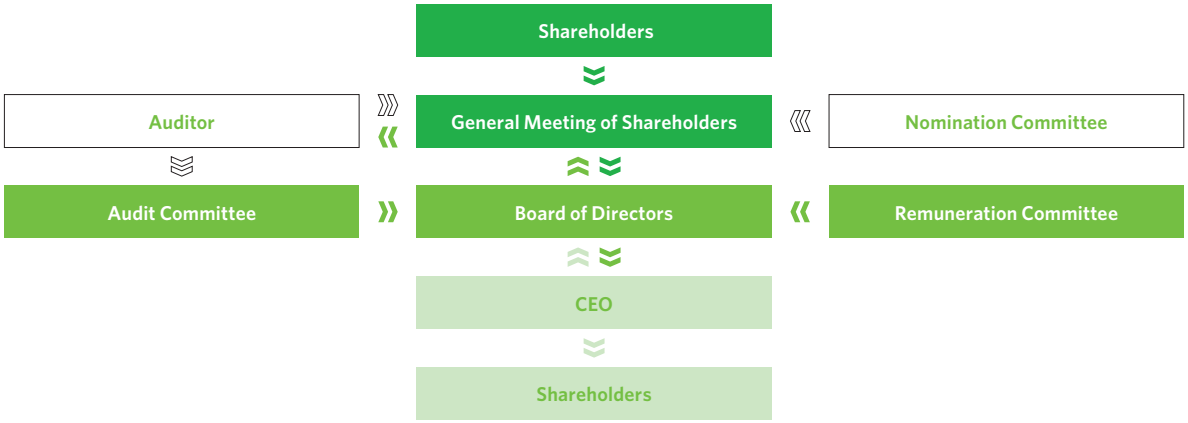
The Swedish Code of Corporate Governance (the Code) applies to all companies whose shares are admitted for trading on a regulated market in Sweden. PowerCell is listed on the First North Growth Market at Nasdaq Stockholm, which is not a regulated market. The Company is therefore not obliged to comply 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 bearing in mind the Company's situation.

Shareholders
Information about PowerCell's shares and shareholders can be found on pages 18–19.

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 fees to these. The Company's Articles of Association states that the Board of Directors of the Company is to consist of a minimum of five and a maximum of 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 30 July 2020 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 should resign from the Nomination Committee before its work has been completed, and if the Nomination Committee considers that there is a need to replace this member, the Nomination Committee is to appoint a new member who is primarily a member that is nominated by the shareholder nominated by the resigning member, provided that this shareholder is still one of the three largest shareholders in the Company. If any shareholder who is requested by the Nomination Committee to propose a member refrains from submitting proposals, the Nomination Committee is to request the next shareholder in order of size (as of 30 July 2020) who has not previously nominated a member to the Nomination Committee. Changes in the composition of the Nomination Committee are to be communicated without delay by the Chair of the Nomination Committee to the Company's Chairman of the Board. Any changes must also be announced as soon as possible.

Fees are not paid to the members of the Nomination Committee. However, the Nomination Committee may charge the Company with reasonable costs for travel and research in connection with its work for the Nomination Committee. The Nomination Committee is to 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 committee), d) election of Board members, e) election by the Chairman of the Board, 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 2020 AGM included:
Oscar Ahlgren (Västra Hamnen Corporate Finance AB, appointed by the Midroc Group)
Christer Jönsson (Saminvest, appointed by Fouriertransform)
Hans Maenhout (Finindus, appointed by Finindus)
Magnus Jonsson was the convening member and represented the Board.

Prior to the 2021 AGM, the following Nomination Committee has been appointed:
Achim Moritz, Robert Bosch GmbH, representing Robert Bosch GmbH
Christer Jönsson, Saminvest, representing Fouriertransform
Oskar Börjesson, Livförsäkringsbolaget Skandia, representing Livförsäkringsbolaget Skandia
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 21 October 2020.

Board of Directors
The Board has the ultimate responsibility for PowerCell's organisation 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. During 2020 Per Wassén served as the CEO of the Company until 2 July. Karin Nilsson, CFO and Executive Vice President, served as acting CEO from 2 July to 31 December 2020. Since 1 January 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, financing and performs the standard follow-up of the strategic and operational activities at 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 does the Company's CFO Karin Nilsson, 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 Chairman of the Board. The Board's work is evaluated annually under the guidance of the Chairman of the Board. The results of the evaluation are presented to the Board and then discussed, with the aim of optimising the Board's work. The Chairman of the Board's work in the Board is evaluated in his 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 five meetings in 2020. The Auditor regularly reports his observations to the Audit Committee and has attended all five meetings in 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 President and Company management. The Committee evaluates ongoing programmes for remuneration for Company management and observes and evaluates the application of the guidelines for the remuneration determined at the AGM. The Committee consists of two members, Magnus Jonsson (Chair) and Annette Malm Justad and held a total of three meetings in 2020.

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

Auditor
The Auditor examines the annual report, the financial statements and the Board of Directors' and the President's administration and reports to the AGM. At the 2020 AGM, Öhrlings PricewaterhouseCoopers AB was re-elected as Auditor until the end of the 2021 AGM. The principal auditor is the authorised public accountant Fredrik Göransson. In 2020, he was also the principal auditor in 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 management of PowerCell can be found on the Company's website.

Fees (in SEK)

The table refers to the Board members elected at the 2020 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	Chairman	400,000	100,000	30,000
Dirk De Boever	1970	2009	Member	200,000	50,000	15,000
Göran Linder	1962	2009	Member	200,000	50,000	15,000
Helen Fasth Gillstedt	1962	2019	Member	200,000	50,000	15,000
Annette Malm Justad	1962	2020	Member	200,000	50,000	15,000
Uwe Hillmann[1]	1967	2020	Member	200,000	50,000	15,000
Riku-Pekka Hägg	1976	2020	Member	200,000	50,000	15,000

1) Uwe Hillmann has waived his fee in accordance with the regulations of Robert Bosch GmbH

Board of Directors' Report

The Board of Directors and the President submit the following annual report. All amounts are in KSEK unless otherwise stated. Figures in parenthesis pertain to the preceding year.

Information about operations
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 are powered by pure or reformed hydrogen gas and generate electricity and heat without releasing any emissions other than water. Our 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 particles regardless of application.

Significant events during the financial year
Stationary production
- PowerCell enters into a memorandum of understanding with Hitachi ABB Power Grids for stationary fuel cell solutions
- PowerCell signs collaboration agreement with Soltech for fuel cell solutions for solar energy
- PowerCell starts a collaboration with Statkraft for energy solutions in hydrogen and fuel cells
- PowerCell Sweden secures an order for an MS-100 stationary fuel cell system in Australia

Maritime
- PowerCell signs an agreement for fuel cell system with leading European shipbuilder worth MSEK 77.0

Off-road
- PowerCell secures an order for feasibility studies in the off-road segment from the Japanese retailer Inabata
- PowerCell secures an order for two fuel cell systems from global American agricultural machinery manufacturer

On-road
- Bus with PowerCell S2 in scheduled traffic in China has run the equivalent of one circumference of the earth
- PowerCell secures an order for PowerCell S3 from Robert Bosch GmbH with a total value of MSEK 65.1

Other events
- Richard Berkling is appointed new CEO of PowerCell Sweden AB
- The world's first hydrogen electric flight with a commercial plane using fuel cell systems from PowerCell Sweden

Sales and results
The Group's net sales for 2020 were MSEK 103.5 (MSEK 66.9), which equates to a rise of MSEK 36.7 corresponding to 55%. The increase is mainly attributable to higher sales of fuel cell stacks to Robert Bosch GmbH and to the order for a megawatt system that PowerCell received from a leading European shipbuilder during the second quarter and which will be delivered during a three-year period.

The Group's operating profit/loss before items affecting comparability is MSEK –97.7 (MSEK –79.9), which is a drop of MSEK 17.8. The reason for the decline in operating income before items affecting comparability is currency effects and deliberately higher costs for selling and administration.

The Parent Company's figures are largely in line with the Group's as the lion's share of the operations are conducted in the Parent Company.

Financial position and liquidity
The Group's financial position and liquidity are satisfactory. Cash and cash equivalents as of 31 December 2020 were MSEK 416.8 (MSEK 440.9).

The Board assesses that available cash and cash equivalents as of 31 December 2020 are sufficient to finance operations in 2021, 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 2020 was MSEK –3.9 (MSEK 369.1). The Group incurred significant costs for R&D, marketing and sales in the year which are viewed as natural part of the commercialisation phase. Cash flow from operating activities was MSEK –93.2. The change in working capital was MSEK +89.4 which can be explained by the payment of MEUR 7.9 of withholding tax in Germany in compliance with German practice and tax legislation resulting from the license agreement signed with Robert Bosch GmbH in 2019.

Cash flow from financing activities for 2020 was MSEK 2.5 (MSEK –15.9). Financing activities consist of amortisation of leasing liabilities of MSEK –6.5, and a capital injection of MSEK 9.1 resulting from employees subscribing for shares in a subscription option programme.

The equity/assets ratio at the end of the period is 81.0% (82.7%).

Acquisitions and investments
Investments in property, plant and equipment in the financial year were MSEK 10.5 (MSEK 1.7).

Research and Development
The Group continued to conduct significant research and development of fuel cell platforms and fuel cell systems during the year. The costs for research and development are 54% (67%) of the Group's total operating costs.

Staff
Including consultants who were converted to full-time positions, the Group had the equivalent of 78 employees at the end of the year. The number of permanent employees at the end of the year was 59 (48).

Environmental impact
The Group does not conduct any activities that are subject to notification in compliance with the Environmental Code.

Outlook 2021
The Group does not provide any forecasts.

Future development 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 and industrialisation and commercialisation of its 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 entail that customers replace their systems at a slower rate than anticipated, despite the commercial and performance superiority of the Company's products compared with competing technology.

Dependent on individual customers
Up until this point, the Company's operations have primarily 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 rises or other difficulties, and that the customers' evaluations of the Company's products are as required, and that the Company's sales increase in line with the commercialisation phase within the time frame that is likely.

Dependent 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 be subject to both financial and operational problems.

Limited resources
PowerCell is a small company with limited resources in terms of management, administration and capital. For the implementation of the strategy, it is important that the resources are utilised in the Company as optimally as possible. There is a risk that the Company's resources are insufficient and therefore are subject to 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 the Company always has effective planning and management processes in place to enable the implementation of the business plan in a market that is developing rapidly. Investments and the allocation of valuable management resources are required in order to manage this growth. If PowerCell does not handle 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 staff with the relevant experience, expertise and dedication. The Company works to reduce its dependence on key individuals by documenting procedures and working methods in a professional manner. However, the risk remains that any individual who is part of the Company's management, or another key individual terminates his/her employment with the Company, which in the short term at least, risks having 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. The overall responsibility for managing the Group's financial risks and developing methods and policy for managing financial risks is incumbent on the Company management and the Board. PowerCell has a finance policy for the Group. For further information on the financial risks, see Note 3 on Pages 34–36.

Pandemic
The ongoing Corona pandemic has impacted society and the world economy in a profound way and has caused significant human suffering. For PowerCell, the pandemic has periodically had a specific impact on the level of activity in China, but overall it has not had any major 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.

Significant events after the end of the financial year:
- PowerCell Sweden secures order for fuel cell system from prominent manufacturer of construction machinery
- PowerCell Sweden secures order for an MS-100 fuel cell system from the University of Texas
- PowerCell Sweden launches the PowerCellution brand for products and services

Dividend policy
PowerCell has adopted a dividend policy that establishes the Company's long-term intention to provide its owners with a stable and increasing dividend.

Dividends are proposed by the Board and adopted by a General Meeting of Shareholders, in accordance with the Swedish Companies Act and the Company's Articles of Association. Historically, PowerCell has not had any dividends and no dividends have been paid out for the previous financial year. PowerCell is undergoing a period of rapid development and expansion. The current policy of the Board is that the Company carries forward any profits to finance the growth and operations of the Company and, accordingly, the Board does not anticipate the payment of any dividends in the coming years.

The Board therefore proposes that no dividend be paid out for 2020 but the profits are retained to finance the continued growth and the operation of the business.

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

Share premium reserve	555,506,677
Retained earnings	16,890,463
Net profit/loss for the year	–114,207,159
SEK	**458,189,981**
The Board proposes that the profits be appropriated so that the following amount can be carried forward	458,189,981
SEK	**458,189,981**

Regarding the Company's earnings and position in general, reference is made to the following income statements and balance sheets with associated additional disclosures.

Five year summary

Amounts in KSEK	**2020**	2019	2018	2017	2016[1]
Net sales	103,528	66,850	60,513	36,684	12,185
Operating income before items affecting comparability	–97,749	–79,898	–60,893	–66,772	–66,099
Operating income	–103,386	448,408	–60,893	–66,772	–66,099
Operating cash flow	–3,863	369,147	–99,980	–50,412	–67,996
Total assets	564,692	683,213	217,118	277,209	96,146
Equity	457,560	565,271	127,249	187,710	36,505
Equity/assets ratio (%)	81.0	82.7	58.6	68.1	38.0
Current ratio (%)	11.9	13.1	4.0	5.4	3.9
Number of shares	52,142,434	51,868,810	51,868,810	51,678,890	44,784,392
Earnings per share (SEK)	Neg	8.4	Neg	Neg	Neg
Dividends per share (SEK)	—	—	—	—	—

1) Applied accounting principles according to K3 have not been recalculated to IFRS.

Consolidated statement of comprehensive income

Amounts in KSEK	Note	**2020**	2019
Net sales	6	103,528	66,850
Cost of goods sold	7	–77,748	–46,311
Gross profit		**25,780**	**20,539**
Sales and administration costs	7	–59,187	–41,106
Research and development costs	7	–73,117	–82,917
Other operating income	10	15,371	27,726
Other operating costs	7, 11	–5,694	–3,129
Portion of profit after tax from associated companies recognized in accordance with the equity method	7, 16	–902	–1,011
Operating income before items affecting comparability		**–97,749**	**–79,898**
Items affecting comparability	7, 13	–5,637	528,306
Operating income		**–103,386**	**448,408**
Financial income	7	38,825	9,320
Financial expenses	7	–51,962	–19,621
Net financial items		**–13,137**	**–10,301**
Profit (loss) before tax		**–116,523**	**438,107**
Income tax	14, 27	–99	–96
Profit (loss) for the year		**–116,622**	**438,011**
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Exchange differences from foreign operations		–176	11
Other comprehensive income for the year		**–176**	**11**
Total comprehensive income for the year		**–116,798**	**438,022**

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		**2020**	2019
Earnings per share, basic	34	Neg	8.41
Earnings per share, diluted	34	Neg	8.38

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

Consolidated balance sheet

Amounts in KSEK	Note	**2020-12-31**	2019-12-31
ASSETS			
Non-current assets			
Intangible assets			
Software	19	1,083	1,636
Total intangible assets		**1,083**	**1,636**
Right-of-use assets			
Right-of-use-assets	18	44,862	50,423
Total Right-of-use assets		**44,862**	**50,423**
Property, plant and equipment			
Machinery and vehicles	17	24,622	20,184
Equipment, tools, fixtures and fittings	17	2,337	1,703
Total property, plant and equipment		**26,959**	**21,887**
Financial assets			
Participations recognized in accordance with the equity method	16	—	612
Total financial assets		**—**	**612**
Total non-current assets		**72,904**	**74,558**
Current assets			
Inventories			
Raw materials and consumables	22	39,201	43,301
Products in progress	22	610	8
Inventories of finished goods	22	14	—
Total inventories		**39,825**	**43,309**
Current receivables			
Trade receivables	20, 21	7,961	104,585
Current tax asset		1,153	2,098
Contractual assets	29	3,964	—
Other current receivables	20, 23	10,614	5,551
Prepaid costs and accrued income	24	11,425	12,164
Total current receivables		**35,117**	**124,398**
Cash and cash equivalents	20, 25	416,846	440,948
Total current assets		**491,788**	**608,655**
TOTAL ASSETS		**564,692**	**683,213**

Consolidated balance sheet (cont.)

Amounts in KSEK	Note	**2020-12-31**	2019-12-31
EQUITY AND LIABILITIES			
Equity attributable to Parent Company shareholders	26		
Share capital		1,147	1,141
Other contributed capital		635,007	625,926
Reserves		–207	–31
Retained earnings (including profit (loss) for the year)		–178,387	–61,765
Total equity attributable to Parent Company shareholders		**457,560**	**565,271**
Liabilities			
Non-current liabilities			
Other non-current financial liabilities	20, 28	30,000	30,000
Liabilities leases, interest bearing	20, 28	35,131	41,147
Deferred tax liability	27	457	358
Total non-current liabilities		**65,588**	**71,505**
Current liabilities			
Liabilities leases, interest bearing	20, 28	7,273	7,135
Contractual liabilities	29	1,809	8,294
Trade payables	20	5,133	10,858
Other current liabilities	20	2,733	3,985
Provisions	31	504	360
Accrued costs and prepaid income	30	24,092	15,805
Total current liabilities		**41,544**	**46,437**
Total liabilities		**107,132**	**117,942**
TOTAL EQUITY AND LIABILITIES		**564,692**	**683,213**

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

Consolidated statement of changes in equity

		Attributable to shareholders of the Parent Company				
Amounts in KSEK	Note	Share capital	Other contributed capital	Reserves	Retained earnings incl. profit (loss) for the year	Total equity
Opening balance at January 1, 2019	26	**1,141**	**625,926**	**–42**	**–499,776**	**127,249**
Profit (loss) for the year		—	—	—	438,011	438,011
Other comprehensive income for the year		—	—	11	—	11
Total comprehensive income for the year		**—**	**—**	**11**	**438,011**	**438,022**
Opening balance at January 1, 2019		**1,141**	**625,926**	**–31**	**–61,765**	**565,271**
Opening balance at January 1, 2020	26	**1,141**	**625,926**	**–31**	**–61,765**	**565,271**
Profit (loss) for the year		—	—	—	–116,622	–116,622
New share issue		6	9,081	—	—	9,087
Other comprehensive income for the year		—	—	–176	—	–176
Total comprehensive income for the year		**6**	**9,081**	**–176**	**–116,622**	**–107,711**
Closing balance at December 31 2020	26	**1,147**	**635,007**	**–207**	**–178,387**	**457,560**

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	**2020**	2019
Cash flow from operating activities			
Operating profit (loss)		–103,386	448,408
Adjustments for non-cash items	37	11,296	13,811
Interest paid		–1,158	–1,386
Cash flow from operating activities before changes in working capital		**–93,248**	**460,833**
Cash flow before changes in working capital			
Increase/decrease of inventories		3,485	–10,586
Increase/decrease of trade receivables		96,624	–85,957
Increase/decrease of other receivables		–7,022	4,516
Increase/decrease of contractual liabilities		–6,485	1,085
Increase/decrease of trade payables		–5,725	–1,921
Increase/decrease of other liabilities		8,508	1,176
Total changes in working capital		**89,385**	**–91,687**
Cash flow from operating activities		**–3,863**	**369,146**
Cash flow from investing activities			
Change in financial assets		–290	—
Acquisitions of tangible and intangible assets		–10,501	–1,666
Cash flow from investing activities		**–10,791**	**–1,666**
Cash flow from financing activities			
New share issue		9,087	—
Repayment of leasing liability	36	–6,547	–6,018
Repayment of debt	36	—	–9,854
Cash flow from financing activities		**2,540**	**–15,872**
Decrease/increase of cash and cash equivalents		**–12,114**	**351,608**
Exchange rate differences in cash and cash equivalents		–11,988	–8,914
Opening cash and cash equivalents		440,948	98,254
Closing cash and cash equivalents		**416,846**	**440,948**

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 18, 2021.

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

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 initial license payment from Robert Bosch GmbH, severance pay to the CEO and costs related to preparatory measures in order to change to another stock exchange list.

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 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 resrerves, 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 2020, 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 4,030.

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 a high level of consolidation, one measure might be to introduce lower premiums. At the end of the financial year 2020, Alecta's surplus of the collective consolidation level was, preliminary, 148% (2019: 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.

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 valuated 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.

Sensivity analysis – transaction exposure

Sensivity 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 7,839 at December 31, 2020 (December 31, 2019: KSEK 104,585). Cash and cash equivalents in foreign currency amount to KSEK 397,732 at December 31, 2020 (December 31, 2019: KSEK 405,080). Contractual liabilities in foreign currencies were KSEK 1,809 at December 31, 2020 (December 31, 2019: KSEK 6,573). Trade payables in foreign currencies was KSEK 59 at December 31, 2020 (December 31, 2019: KSEK 3,994). Prepaid government grants in foreign currencies were KSEK 8,397 at December 31, 2020 (December 31, 2019: KSEK 7,749) and accrued government grants in foreign currencies were KSEK 1,563 at December 31, 2020 (December 31, 2019: KSEK 3,085). 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 2020 would have been KSEK 41,054 (2019: KSEK 50,444) 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 valuated 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, 2020	Receivables not yet due	1 to 30 days past due	30 to 60 days past due	60 to 120 days past due	More than 120days past due	Total
Expected credit loss	—		—	88		88
Carrying amounts gross – trade receivables	7,090	—	871	88	—	8,049
Loss provision	**—**	**—**	**—**	**88**	**—**	**88**

(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, 2019	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
Financial liabilities							
Other financial liabilities	—	—	30,000	—	—	30,000	30,000
Liabilities, leasing	2,057	6,172	8,255	41,377	—	57,861	48,282
Trade payables	10,858	—	—	—	—	10,858	10,858
Total	**12,915**	**6,172**	**38,255**	**41,377**	**—**	**98,719**	**89,140**

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
Financial liabilities							
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
Total	**7,228**	**6,261**	**37,423**	**16,500**	**13,742**	**81,154**	**77,537**

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 31, 2020	December 31, 2019
Total borrowings (Note 28)	72,404	78,282
Less: cash and cash equivalents	–416,846	–440,948
Net debt (+)/Net cash (–)	**–344,442**	**–362,666**
Total equity	457,560	565,271
Total capital	**113,118**	**202,605**

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 39,825 (KSEK 43,309). 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 simplifies 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 2020, the Group had losses carried-forward of approximately KSEK 248,365 (KSEK 135,425) 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	**2020**	2019
Operating income	–103,386	448,408

Note 6 Net sales

Revenue

As revenue from external parties are reoprted 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.

	2020	2019
Revenue from external customers		
Hardware	86,563	61,177
Services	2,642	5,673
Contractual assets refer to projects that are reported in accordance with the principles for revenue recognition, see Note 2.	14,323	—
Total	**103,528**	**66,850**

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

Net sales by geographic market:	**2020**	2019
Sweden	5,124	6,453
Germany	64,603	20,126
China	3,738	17,855
US	—	12,048
Netherlands	14,648	1,710
Other	15,415	8,658
Total	**103,528**	**66,850**

Revenue of approximately KSEK 57,043 (2018: KSEK 11,225) refer to an individual external customer.

Note 7 Costs by nature

	2020	2019
Raw materials and consumables	77,748	46,311
Other external costs	65,623	61,062
Personnel costs	59,790	47,123
Depreciation of tangible assets	11,976	15,308
Depreciation of intangible assets	553	531
Exchange-rate differences	17,681	12,043
Portion of profit after tax from associated companies recognized in accordance with the equity method	902	1,011
Financial items	1,149	1,386
Total	**235,422**	**184,775**

Note 8 Auditors' fees

	2020	2019
PricewaterhouseCoopers AB		
– Audit assignment	488	872
– Tax advisory	—	10
– Other services	110	2,655
Total	**598**	**3,537**

Note 9 Employee benefits, etc.

	2020	2019
Salaries and other remuneration	42,794	31,370
Social security contributions	12,018	10,046
Pension costs – defined contribution plans	6,577	4,549
Total employee benefits	**61,389**	**45,965**

Salaries and other remuneration and social security contributions

	2020		2019	
	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	13,305 (1,755)	7,770 (3,323)	9,848 (976)	6,159 (2,467)
Other employees	29,489 (2,024)	10,825 (3,149)	21,522 (918)	8,335 (1,982)
Group total	**42,794**	**18,595**	**31,370**	**14,495**

Average number of employees per country

	2020		2019	
	Average number of employees	Of which men	Average number of employees	Of which men
Sweden	51	36	42	31
Germany	1	1	—	—
China	3	1	—	—
Group total	**55**	**38**	**42**	**31**

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

	2020		2019	
	Average number of employees	Of which men	Average number of employees	Of which men
Directors	7	5	7	5
CEO and other senior executives	6	5	6	5
Group total	**13**	**10**	**13**	**10**

Remuneration and other benefits to senior executives 2020

	Director's fees/ Basic salary	Variable remuneration	Other benefits	Pension costs	Other 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
Group total	**11,366**	**1,755**	**361**	**3,756**	**—**	**17,238**

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 TSEK 240 (256) was paid to the CEO and to the acting CEO was paid TSEK 480 and TSEK 1,035 (720) to other senior executives. The CEO resigned on July 2 2020. The acting CEO was in place during the period July 2 to December 31 2020.

Other benefits comprise KSEK 312 (243), mainly consisting of car compensations of KSEK 243 (277). No employee stock option program expired during the financial year 2020.

Between the Company and the CEO, there is a mutual period of notice of twelve (12) months. Furthermore, if the termination is initiated by the Company, the CEO is entitled to 6 months' severance pay. No agreements exist regarding severance pay for other employees.

Board of Directors
According to a decision at the AGM in April 2020, Director's fees will be paid up until the next AGM amounting to KSEK 1,600 of which KSEK 400 to the Chairman of the Board. One of the board members waives his fee.

Remuneration and other benefits to senior executives 2019

	Director's fees/ Basic salary	Variable remuneration	Other benefits	Pension costs	Other remuneration	Total
Chairman of the Board Magnus Jonsson	348	—	—	—	—	348
Director Dirk De Boever	137	—	—	—	—	137
Director Hasse Johansson	137	—	—	—	—	137
Director Göran Linder	137	—	—	—	—	137
Director André Martin	25	—	—	—	132	157
Director Helen Fasth Gillstedt	188	—	—	—	—	188
Director Åsa Severed	149	—	—	—	—	149
Director Mattias Silfversparre	175	—	—	—	—	175
CEO Per Wassén	1,958	256	67	821	—	3,102
Other senior executives (5 individuals)	5,375	720	176	1,646		7,916
Group total	**8,629**	**976**	**243**	**2,467**	**132**	**12,446**

Note 10 Other operating income

	2020	2019
Contributions attributable to the financing of projects and government grants	12,289	27,036
Exchange-rate differences	2,905	577
Other	177	113
Total	**15,371**	**27,726**

Note 11 Other operating costs

	2020	2019
Exchange-rate differences	5,694	3,129
Total	**5,694**	**3,129**

Note 12 Exchange differences – net

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

	2020	2019
Other operating income (Note 10)	2,905	577
Other operating costs (Note 11)	–5,694	–3,129
Total	**–2,789**	**–2,552**

Note 13 Items affecting comparability

Items affecting comparability consists of the following:

	2020	2019
Costs related to preparatory actions to change public marketplace	—	–4,229
Severance pay/costs for change of CEO	–5,637	—
Initial license revenue Robert Bosch GmbH agreement	—	529,101
One-off exchange-rate differences related to the Robert Bosch GmbH agreement	—	3,434
Total	**–5,637**	**528,306**

Note 14 Income tax

	2020	2019
Current tax		
Tax on profit for the year	—	—
Total current tax	**—**	**—**
Deferred tax		
Occurrence and reversal of temporary differences	99	96
Total deferred tax	**99**	**96**
Total income tax	**99**	**96**

Income tax of on the Groups 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:

	2020	2019
Profit (loss) before tax	**–116,523**	**438,107**
Income tax calculated according to the Swedish tax rate 21.4% (21.4%)	24,440	–93,365
Tax effects from:		
Non-deductible costs	–271	–96
Deficit deductions for which deferred tax assets have not been booked	–24,169	93,461
Changes in deferred tax	99	96
Income tax	**99**	**96**

Weighted average tax rate for the Group was 0% (2019: 0%).

Note 15 Investments in subsidiaries

The Group had the following subsidiaries as at December 31, 2020

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 organization	100	100
PowerCell Warrants One AB	Sweden	Administration	100	100
PowerCell China LTD	China	Sales organisation	100	100

Note 16 Participations in associated companies

Hyon AS is owned in equal parts by PowerCell Sweden AB (publ), Nel ASA and Hexagon Composites ASA. The Group's share is 33,3%. The share capital of the associated company is only comprised of ordinary shares directly owned by the Group. The country where the associated company is established or registered is also the country of its main operations. The participating interest is the same as the share of the voting power.

Name of the company	Country of registration and operations	Participating interest (%) **Dec 31, 2020**	Participating interest (%) Dec 31, 2019
Hyon AS	Norge	33.3	33.3

	Carrying value **Dec 31, 2020**	Carrying value Dec 31, 2019
Hyon AS	—	612

There are no quoted prices available for these shares as Hyon AS is a private company.

There are no contingent liabilities attributable to the Group's participation in associated companies.

The carrying value has changes according to the following:

	Dec 31, 2020	Dec 31, 2019
Opening interest	612	1,623
Shareholder contribution	290	—
Share of profit (loss) for the year after tax	–902	–1,011
Closing share	**—**	**612**

Note 17 Property, plant and equipment

	Machinery and vehicles	Equipment, tools, fixtures and fittings	Total
Financial year 2019			
Opening carrying value	40,129	757	40,886
Purchases	1,992	1,539	3,531
Reclassification IFRS 16	–10,350	—	–10,350
Discard/disposal	–2,890	—	–2,890
Depreciation	–8,697	–593	–9,290
Closing carrying value	**20,184**	**1,703**	**21,887**
At December 31, 2019			
Cost	75,810	4,454	80,264
Accumulated depreciation	–55,626	–2,751	–58,377
Carrying value	**20,184**	**1,703**	**21,887**
Financial year 2020			
Opening carrying value	20,184	1,703	21,887
Purchases	9,064	1,441	10,505
Depreciation	–4,625	–808	–5,433
Closing carrying value	**24,623**	**2,336**	**26,959**
At December 31, 2020			
Cost	84,874	5,895	90,769
Accumulated depreciation	–60,252	–3,558	–63,810
Carrying value	**24,622**	**2,337**	**26,959**

Depreciation of KSEK 5,433 (2019: KSEK 9,290) 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
Financial year 2019				
Opening balance	42,331	9,062	1,289	52,682
Additions	—	—	3,759	3,759
Divestment and depreciation	–4,305	–1,036	–677	–6,018
Closing balance	**38,026**	**8,026**	**4,371**	**50,423**
Per 31 december 2019				
Cost	42,331	9,766	5,162	56,441
Accumulated depreciation and write-downs	–4,305	–1,740	–791	–6,836
Carrying value	**38,026**	**8,026**	**4,371**	**50,423**
Financial year 2020				
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
Closing balance	**33,721**	**6,990**	**4,150**	**44,862**
Per 31 december 2020				
Cost	42,331	9,766	6,264	58,361
Accumulated depreciation and write-downs	–8,610	–2,776	–2,114	–13,499
Carrying value	**33,721**	**6,990**	**4,150**	**44,862**

Lease liabilities	**Dec 31, 2019**	Jan 1, 2019
Long-term lease liabilities	35,131	41,147
Short-term lease liabilities	7,273	7,135
Total lease liabilities	**42,404**	**48,282**

Disclosures

- Interest expenses of KSEK 1,156 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 1,426.
- The total cash outflow for leases in 2020 amounts to KSEK 9,129 including short-term leases and leases of low value.

Note 19 Intangible assets

	Software	Total
Financial year 2019		
Opening carrying value	1,143	1,143
Purchases	1,024	1,024
Depreciation	–531	–531
Closing carrying value	**1,636**	**1,636**
At December 31, 2019		
Cost	2,509	2,509
Accumulated depreciation, amortization and impairments	–873	–873
Carrying value	**1,636**	**1,636**
Financial year 2020		
Opening carrying value	1,636	1,636
Depreciation	–553	–553
Closing carrying value	**1,083**	**1,083**
At December 31, 2020		
Cost	2,509	2,509
Accumulated depreciation, amortization and impairments	–1,426	–1,426
Carrying value	**1,083**	**1,083**

Depreciation of KSEK 533 (2019: KSEK 531) 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, 2019	Financial assets at amortized cost	Total
Assets in the balance sheet		
Trade receivables	104,585	104,585
Other current receivables	5,551	5,551
Cash and cash equivalents	440,948	440,948
Total	**551,084**	**551,084**

Dec 31, 2019	Financial liabilities at amortized cost	Total
Liabilities in the balance sheet		
Other non-current and current financial liabilities	30,000	30,000
Leasing liabilities	48,282	48,282
Trade payables	10,858	10,858
Other current liabilities	3,985	3,985
Total	**93,125**	**93,125**

Dec 31, 2020	Financial assets at amortized cost	Total
Assets in the balance sheet		
Trade receivables	7,961	7,961
Other current receivables	7,083	7,083
Cash and cash equivalents	416,846	416,846
Total	**431,890**	**431,890**

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

Note 21 Trade receivables

	Dec 31, 2020	Dec 31, 2019
Trade receivables	8,049	104,585
Less: provisions for expected credit losses	-88	—
Trade receivables – net	**7,961**	**104,585**

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

	Dec 31, 2020	Dec 31, 2019
SEK	122	—
EUR	7,488	104,546
CNY	351	—
USD	—	39
Total	**7,961**	**104,585**

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, 2020	Dec 31, 2019
Raw materials and consumables	39,201	43,301
Products in progress	610	8
Inventories of finished goods	14	—
Total	**39,825**	**43,309**

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 77,761 (2019: KSEK 46,311).

Note 23 Other current receivables

	Dec 31, 2020	Dec 31, 2019
Tax account	2,823	1,969
Advance payments, suppliers	3,667	53
VAT receivable	3,632	1,814
Other	492	1,715
Total	**10,614**	**5,551**

Note 24 Prepaid costs and accrued income

	Dec 31, 2020	Dec 31, 2019
Prepaid rent	1,658	1,293
Accrued income, on-going grant projects	8,506	7,749
Other prepaid costs	924	953
Accrued income	337	2,169
Total	**11,425**	**12,164**

Note 25 Cash and cash equivalents

	Dec 31, 2020	Dec 31, 2019
Bank deposits	416,846	440,948
Total	**416,846**	**440,948**

Note 26 Share capital and other contributed capital

	Number of shares	Share capital	Ongoing new share issue	Other contributed capital
As of January 2019	51,868,810	1,141	—	625,926
Registration of employee options	—	—	—	—
Option proceeds	—	—	—	—
At December 2019	**51,868,810**	**1,141**	**—**	**625,926**
New share issue	273,624	6	—	9,081
As of January 2020	**52,142,434**	**1,147**	**—**	**635,007**

As of December 31, 2019 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.

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. Unutilized losses carried-forward for which no deferred tax asset has been recognized amount to KSEK 248,365 on December 31, 2020 (December 31, 2019: KSEK 135,425). The losses carried-forward do not fall due at any point in time.

Note 28 Borrowings

	Dec 31, 2020	Dec 31, 2019
Non-current		
The Swedish Energy Agency	30,000	30,000
Finance lease liabilities	35,131	41,147
Total	**65,131**	**71,147**
Current		
Finance lease liabilities	7,273	7,135
Total	**7,273**	**7,135**
Total borrowings	**72,404**	**78,282**

(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, 2020	Dec 31, 2019
The Swedish Energy Agency	30,000	30,000
Finance leases	42,404	48,282
Total	**72,404**	**78,282**

(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

The Group recognizes the following revenue related contractual liabilities:

	Dec 31, 2020	Dec 31, 2019
Advance payments from customers	1,809	8,294
Total current contractual liabilities	**1,809**	**8,294**

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, 2020 is KSEK 64 486. Of these, management makes the assessment that 13% will be fulfilled during the next year. Of the contractual liabilities at December 31, 2019 has 92% been fulfilled during 2020.

Note 30 Accrued costs and prepaid income

	Dec 31, 2020	Dec 31, 2019
Accrued vacation pay liability	4,833	3,475
Accrued social costs	3,806	2,962
Accrued salaries	9,161	2,403
Other prepaid income	1,563	3,085
Other items	4,729	3,880
Total	**24,092**	**15,805**

Note 31 Provisions

	Dec 31, 2020	Dec 31, 2019
Warranty provision	504	360
Totalt	**504**	**360**

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

	Dec 31, 2020	Dec 31, 2019
Guarantee commitments, PRI	—	—
Total	**—**	**—**

Note 33 Share-based payments

Below is a summary of the option program in the Group during any of the periods covered by the Annual Report 2020.

The company launched a warrants program for senior executives and staff in June 2018. This includes 273,624 warrants which each gives the right to subscribe for a new share at subscribtion rate of SEK 33.21 per share during the period May 1, 2020–May 31, 2020. The maximum dilution of the program amounts to 0.5 percent.

Outstanding share options at year-end have the following dates of maturity:

Option category	**Dec 31, 2020**	Dec 31, 2019
Warrants	—	273,624
Total	**—**	**273,624**
Remaining weighed average term for remaining options at the end of the period.	—	0.4 years

(i) Fair value of allocated options

Fair value on the allocation date is calculated using an adapted version of the Black-Scholes valuation model. This includes a Monte Carlo simulation model taking into account the redemption price, the term of the option, dilution effect (if significant), share price on the allocation date and expected volatility of the share price, expected direct yield, risk free interset rate for the term of the option and volatility for a group of benchmarking companies.

Note 34 Earnings per share

	2020	2019
SEK		
Earnings per share, basic	Neg	8.41
Earnings per share, diluted	Neg	8.38
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	-114,207	436,283
Number		
Weighted average number of ordinary shares at the calculation of earnings per share, basic	52,005,622	51,868,810
Adjustment for the calculation of earnings per share, diluted	52,242,877	52,048,033
Options		
Weighted average number of ordinary shares and potential ordinary shares used as the denominator at the calculation of earnings per share, diluted	—	—

Note 35 Related party transactions

Since December 19, 2014, PowerCell Sweden AB (publ) is listed on Nasdaq First North Stockholm. Principal shareholder at December 31, 2020 is Robert Bosch GmbH whose participating interest is 11,2%.

The following related party transactions have been performed:

	2020	2019
(a) Purchase of services		
André Martin Consulting	—	132
Total	**—**	**132**

Services are purchased from and sold to related parties at arm's length, and are in accordance with the current transfer pricing policy. Services are purchased at full cost, and are, too, regulated by the valid current transfer pricing policy.

The above transactions are deemed to constitute related party transactions, as the principals of the related party companies are members of the Company's Board of Directors. The purchased services during 2019 comprises in fully to consultancy services. For further information see note 9.

Note 36 Changes in liabilities attributable to financing activities

	Jan 1, 2019	Cash inflow	Cash outflow	Non-cash items	Dec 31, 2019
Liability Statens Energimyndighet	39,854	—	–9,854	—	30,000
Liability regarding financial leasing	51,284	—	–6,018	3,016	48,282
Total	**91,138**	**—**	**–15,872**	**3,016**	**78,282**

	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
Total	**78,282**	**—**	**–6,547**	**669**	**72,404**

Note 37 Adjustments for non-cash items

	Dec 31, 2020	Dec 31, 2019
Depreciation	12,529	15,839
Allocation of grant-aided projects	–2,278	–3,399
Warranty provision	143	360
Portion of profit after tax from associated companies recognized in accordance with the equity method	902	1,011
Total	**11,296**	**13,811**

Note 38 Events after the end of the reporting period

- Richard Berkling assumes the position as new CEO of PowerCell Sweden AB
- PowerCell Sweden receives order for fuel cell system from leading construction equipment manufacturer
- PowerCell Sweden receives order for MS-100 fuel cell system from University of Texas
- PowerCell Sweden launches PowerCellution – a new brand for products and services

Parent company income statement

Amounts in KSEK	Note	**2020**	2019
Net sales	2	103,139	66,850
Cost of goods sold	3	–77,761	–46,311
Gross profit		**25,378**	**20,539**
Sales and administration costs	3	–57,680	–42,190
Research and development costs	3	–73,763	–83,250
Other operating income	4	16,068	27,613
Other operating costs	3, 5	–5,694	–3,129
Operating profit (loss) before items affecting comparability		**–95,691**	**–80,417**
Items affecting comparability	3, 8	–5,637	528,306
Operating profit (loss)		**–101,328**	**447,889**
Profit (loss) from financial items			
Other interest income and similar items	3	38,816	9,320
Depreciation of financial assets	3	–902	–2,664
Interest costs and similar items	3	–50,793	–18,262
Total profit (loss) after financial items		**–114,207**	**436,283**
Profit (loss) after financial items		**–114,207**	**436,283**
Tax on profit (loss) for the year	9, 14	—	—
Profit (loss) for the year		**–114,207**	**436,283**

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, 2020**	Dec 31, 2019
ASSETS			
Non-current assets			
Intangible assets			
Software	13	1,083	1,636
Total intangible assets		**1,083**	**1,636**
Property, plant and equipment			
Machinery and other technical facilities	12	24,623	20,184
Equipment, tools, fixtures and fittings	12	2,323	1,703
Total property, plant and equipment		**26,946**	**21,887**
Financial assets			
Participations in subsidiaries	10	3,462	1,561
Participations in associated companies	11	—	612
Total financial assets		**3,462**	**2,173**
Total non-current assets		**31,491**	**25,696**
Current assets			
Inventories			
Raw materials and consumables	17	39,201	43,301
Products in progress	17	610	8
Inventories of finished goods	17	14	—
Total inventories		**39,825**	**43,309**
Current receivables			
Trade receivables	16	7,610	104,585
Receivables from Group companies	27	3,934	738
Current tax asset		1,163	2,096
Contractual assets	21	3,964	—
Other current receivables	18	10,568	5,495
Prepaid costs and accrued income	19	11,737	12,610
Total current receivables		**38,976**	**125,524**
Liquid assets	15	413,465	439,130
Total current assets		**492,266**	**607,963**
TOTAL ASSETS		**523,757**	**633,659**

Parent company balance sheet (cont.)

Amounts in KSEK	Note	**Dec 31, 2020**	Dec 31, 2019
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		1,147	1,141
Total restricted equity		**1,147**	**1,141**
Non-restricted equity			
Share premium reserve		555,507	546,426
Retained earnings		16,890	–419,393
Profit (loss) for the year		–114,207	436,283
Total non-restricted equity		**458,190**	**563,316**
Total equity		**459,337**	**564,457**
Non-current liabilities			
Other non-current financial liabilities	20, 28	30,000	30,000
Total non-current liabilities		**30,000**	**30,000**
Current liabilities			
Trade payables		5,155	10,856
Other current liabilities		2,651	3,941
Contractual liabilities	21	1,809	8,294
Provisions	24	504	360
Liabilities to Group companies	27	475	—
Accrued costs and prepaid income	22	23,826	15,751
Total current liabilities		**34,420**	**39,202**
Total liabilities		**64,420**	**69,202**
TOTAL EQUITY AND LIABILITIES		**523,757**	**633,659**

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

Parent Company statement of changes in equity

		Restricted equity		Non-restricted equity			
Amounts in KSEK	Note	Share capital	Ongoing new share issue	Share premium reserve	Retained earnings	Profit (loss) for the year	Total equity
Opening balance at January 1, 2019		**1,141**	**—**	**545,988**	**–419,393**	**—**	**127,736**
Profit (loss) for the year and comprehensive income		—	—	—	—	436,283	436,283
Total comprehensive income		**—**	**—**	**—**	**—**	**436,283**	**436,283**
Transactions with shareholders in their role as owners							
New share issue		—	—	438	—	—	438
Closing balance at December 31, 2019		**1,141**	**—**	**546,426**	**–419,393**	**436,283**	**564,457**
Opening balance at January 1, 2020		**1,141**	**—**	**546,426**	**16,890**	**—**	**564,457**
Profit (loss) for the year and comprehensive income		—	—	—	—	–114,207	–114,207
Total comprehensive income		**—**	**—**	**—**	**—**	**–114,207**	**–114,207**
Transactions with shareholders in their role as owners							
Option proceeds		6	—	9,081	—	—	9,087
Closing at December 31, 2020		**1,147**	**—**	**555,507**	**16,890**	**–114,207**	**459,337**

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	**2020**	2019
Cash flow from operating activities			
Operating profit (loss) after depreciation		–101,328	447,889
Adjustments for non-cash items	29	3,847	6,782
Interest paid		11	–28
Cash flow from operating activities before changes in working capital		**–97,470**	**454,643**
Changes in inventories		3,484	–10,586
Changes in current receivables		83,774	–82,568
Changes in current liabilities		127	1,451
Total changes in working capital		**87,385**	**–91,703**
Cash flow from operating activities		**–10,085**	**362,940**
Cash flow from investing activities			
Change in financial assets		–290	—
Shareholder contributions to group companies		–1,901	–1,277
Acquisitions of tangible and intangible assets		–10,487	–1,665
Cash flow from investing activities		**–12,678**	**–2,942**
Cash flow from financing activities			
Repayment of debt	28	—	–9,854
New share issue		9,087	438
Cash flow from financing activities		**9,087**	**–9,416**
Decrease/increase of cash and cash equivalents		**–13,676**	**350,582**
Exchange rate differences in cash and cash equivalents		–11,988	–8,913
Opening cash and cash equivalents		439,130	97,461
Closing cash and cash equivalents		**413,465**	**439,130**

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 recognizes 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 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:

	2020	2019
Hardware	86,174	61,177
Services	2,642	5,673
Project according to Percentage of Completion	14,323	—
Total	**103,139**	**66,850**

Net sales per geographical market:	**2020**	2019
Sweden	5,124	6,453
Germany	64,603	20,126
China	3,350	17,855
US	—	12,048
Netherlands	14,648	1,710
Other	15,414	8,658
Total	**103,139**	**66,850**

Revenue of approximately KSEK 57,043 (2019: KSEK 11,225) refers to an individual external customer.

Note 3 Costs by nature

	2020	2019
Raw materials and consumables	77,761	46,311
Other external costs	75,222	68,623
Personnel costs	55,877	46,997
Depreciation of tangible assets	5,429	9,290
Depreciation of intangible assets	553	531
Exchange-rate differences	17,681	12,043
Depreciation associated company	902	2,664
Financial income and costs	–11	27
Total	**233,414**	**186,486**

Not 4 Other operating income

	2020	2019
Contributions attributable to the financing of projects and government grants	12,289	27,036
Other items	3,779	577
Total	**16,068**	**27,613**

Note 5 Other operating costs

	2020	2019
Exchange differences	5,694	3,129
Total	**5,694**	**3,129**

Note 6 Auditors' fees

	2020	2019
PricewaterhouseCoopers AB		
– Audit assignment	440	872
– Tax advisory	—	10
– Other services	110	2,655
Total	**550**	**3,537**

Note 7 Employee benefits, etc

	2020	2019
Salaries and other remuneration	39,925	31,370
Social security contributions	11,756	10,046
Pension costs – defined contribution plans	6,577	4,549
Total employee benefits	**58,258**	**45,965**

Salaries and other remuneration and social security contributions

	2020		2019	
	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	13,305 (1,755)	7,770 (3,323)	9,848 (976)	6,159 (2,467)
Other employees	26,620 (2,024)	10,563 (3,149)	21,522 (918)	8,335 (1,982)
Parent Company total	**39,925**	**18,333**	**31,370**	**14,495**

	2020		2019	
Average number of employees	Average number of employees	Of which men	Average number of employees	Of which men
Parent Company total	**51**	**36**	**42**	**31**

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

	2020		2019	
	Average number of employees	Of which men	Average number of employees	Of which men
Directors	7	5	7	5
CEO and other senior executives	5	4	6	5
Parent Company total	**12**	**9**	**13**	**10**

Remuneration to senior executives

Remuneration to senior executives is	2020	2019
Salaries and other current remuneration	13,305	9,848
Pension costs	3,323	2,467
Total remuneration to senior executives	**16,628**	**12,315**

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

Items affecting comparability consists of the following:

	2020	2019
Costs related to preparatory actions to change public marketplace	—	–4,229
Severance pay/costs for change of CEO	–5,637	
Initial license revenue Robert Bosch GmbH agreement	—	529,101
One-off exchange-rate differences related to the Robert Bosch GmbH agreement	—	3,434
Total	**–5,637**	**528,306**

Note 9 Tax on profit (loss) for the year

Tax recognized in the income statement	**2020**	2019
Current tax:		
Tax on profit for the year	—	—
Total current tax	**—**	**—**
Total recognized tax	**—**	**—**

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:

	2020	2019
Profit (loss) before tax	**–114,207**	**436,283**
Income tax calculated according to the Swedish tax rate 21,4% (21,4%)	24,440	–93,365
Tax effects from:		
Tax effect from non-deductible costs	–271	–96
Losses carried-forward, for which no deferred tax asset is recognized	–24,169	93,461
Total recognized tax	**—**	**—**

Note 10 Participations in subsidiaries

	2020-12-31	2019-12-31
Opening cost	1,561	284
Shareholder contribution PowerCell China LTD	2,117	1,061
Reclassification loans PowerCell Deutschland GmbH	–216	216
Closing accumulated cost	**3,462**	**1,561**
Closing carrying value	**3,462**	**1,561**

Name	Corp. Id. No	Domicile and country of registration and operations	Number of shares	Carrying amount Dec 31, 2020	Carrying amount Dec 31, 2019
Powercell Deutschland GmbH	HBR 28770	Frankfurt am Main	—	234	450
Powercell Warrants One AB	559110-7437	Göteborg	50,000	50	50
PowerCell China LTD	91310115MA 1K4F2020	Shanghai	—	3,178	1,061

Note 11 Participations in associated companies

The Parent Company has an interest in an associated company. The associated company presented below has share capital is only comprised of ordinary shares owned directly by the Parent Company. The country where the associated company is established or registered is also the country of its main operations. The participating interest is the same as the share of the voting power.

Name of the company	Country of registration and operations	Participating interest (%) Dec 31, 2020	Participating interest (%) Dec 31, 2019
Hyon AS	Norway	33.3	33.3

	Participating interest (%) Dec 31, 2020	Carrying value Dec 31, 2019
Hyon AS	—	612

There are no quoted prices available for these shares as Hyon AS is a private company.

There are no contingent liabilities attributable to the Group's participation in associated companies.

Hyon AS, corporate identity number 918 710 655, is domiciled in Oslo.

The carrying value has changes according to the following:

	Dec 31, 2020	Dec 31, 2019
Opening interest	612	3,276
Depreciation	–902	–2,664
Capital expenditure	290	—
Closing share	**—**	**612**

Note 12 Property, plant and equipment

	Machinery and other technical facilities	Equipment, tools, fixtures and fittings	Total
Financial year 2019			
Opening carrying value	29,779	757	30,536
Purchases	1,992	1,539	3,531
Disposal/sale	–2,890	—	–2,890
Depreciation	–8,697	–593	–9,290
Closing carrying value	**20,184**	**1,703**	**21,887**
At December 31, 2019			
Cost	75,810	4,454	80,264
Accumulated depreciation	–55,626	–2,751	–58,377
Carrying value	**20,184**	**1,703**	**21,887**
Financial year 2020			
Opening carrying value	20,184	1,703	21,887
Purchases	9,064	1,424	10,488
Depreciation	–4,625	–804	–5,429
Closing carrying value	**24,623**	**2,323**	**26,946**
At December 31, 2020			
Cost	84,874	5,878	90,752
Accumulated depreciation	–60,251	–3,555	–63,806
Carrying value	**24,623**	**2,323**	**26,946**

Depreciation of KSEK 5,429 (2019: KSEK 9,290) 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
Financial year 2019		
Opening carrying value	1,143	1,143
Purchases	1,024	1,024
Depreciation	–531	–531
Closing carrying value	**1,636**	**1,636**
At December 31, 2019		
Cost	2,509	2,509
Accumulated depreciation	–873	–873
Carrying value	**1,636**	**1,636**
Financial year 2020		
Opening carrying value	1,636	1,636
Depreciation	–553	–553
Closing carrying value	**1,083**	**1,083**
At December 31, 2020		
Cost	2,509	2,509
Accumulated depreciation	–1,426	–1,426
Carrying value	**1,083**	**1,083**

Depreciation of KSEK 553 (2019: KSEK 531) is allocated between research and development costs and selling and adminstrative costs in the Parent company's income statement.

Note 14 Deferred tax

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. 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. Unutilized losses carried-forward for which no deferred tax asset has been recognized amount to KSEK 248,365 on December 31, 2020 (December 31, 2019: KSEK 135,425). 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, 2020	Dec 31, 2019
Bank deposits	413,465	439,130
Total	**413,465**	**439,130**

Note 16 Trade receivables

	Dec 31, 2020	Dec 31, 2019
Trade receivables	7,698	104,585
Provisions for expected credit losses	-88	—
Trade receivables – net	**7,610**	**104,585**

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

	Dec 31, 2020	Dec 31, 2019
SEK	122	—
EUR	7,488	104,546
USD	—	39
Total	**7,610**	**104,585**

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, 2020	Dec 31, 2019
Raw materials and consumables	39,201	43,301
Products in progress	610	8
Inventories of finished goods	14	—
Total	**39,825**	**43,309**

The cost of inventories recognized is included in the item Cost of goods sold in the income statement and amounts to KSEK 77,761 (2019: KSEK 46,311).

Note 18 Other current receivables

	Dec 31, 2020	Dec 31, 2019
Tax account	2,823	1,969
Prepayment suppliers	3,667	54
VAT receivable	3,632	1,814
Other	446	1,658
Total	**10,568**	**5,495**

Note 19 Prepaid costs and accrued income

	Dec 31, 2020	Dec 31, 2019
Prepaid rent	1,658	1,293
Accrued income, on-going grant projects	8,506	7,749
Other prepaid costs	1,236	1,399
Other accrued income	337	2,169
Total	**11,737**	**12,610**

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

The Parent Company recognizes the following revenue related contractual liabilities:

	Dec 31, 2020	Dec 31, 2019
Advance payments from customers	1,809	8,294
Total current contractual liabilities	**1,809**	**8,294**

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, 2020 is KSEK 64,486. Of these, management makes the assessment that 13% will be fulfilled during the next year. Of the contractual liabilities at December 31 2019 has 92% been fulfilled during 2020.

Note 22 Accrued expenses and deferred income

	Dec 31, 2020	Dec 31, 2019
Accrued vacation pay liability	4,833	3,475
Accrued social costs	3,806	2,962
Accrued salaries	9,161	2,403
Other prepaid income	1,563	3,085
Other items	4,463	3,826
Total	**23,826**	**15,751**

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 8,559 (2019: KSEK 7,754) regarding the lease of machinery, cars and rented premises is included i the income statement for the financial year 2020.

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

	2020	2019
Within 1 year	8,356	8,332
Between 1 and 5 years	23,923	21,204
Later than 5 years	13,742	28,325
Total	**46,021**	**57,861**

Note 24 Provisions

	Dec 31, 2020	Dec 31, 2019
Warranty provisions	504	360
Total short term provisions	**504**	**360**

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 33 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, 2020 is Robert Bosch GmbH whose participating interest is 11,2%.

The following related party transactions have been performed:

	2020	2019
(a) Sales of goods / services		
PowerCell China LTD	1,465	—
Total	**1,465**	**—**
(b) Purchase of goods / services		
PowerCell Deutschland GmbH	2,003	—
Total	**2,003**	**—**

Services are purchased from and sold to related parties at arm's length, and are in accordance with the current transfer pricing policy. Services are purchased at full cost, and are, too, regulated by the valid current transfer pricing policy.

	2020	2019
(c) Purchase of services		
André Martin Consulting	—	132
Total	**—**	**132**

The above transactions are deemed to constitute related party transactions, as the principals of the related party companies are members of the Company's Board of Directors. The purchased services during 2019 comprises in fully to consultancy services. For further information see note 9.

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

	Dec 31, 2020	Dec 31, 2019
Receivables from related parties:		
PowerCell Warrants One AB	438	438
PowerCell China LTD	1,149	—
PowerCell Deutschland GmbH	2,347	300
Total	**3,934**	**738**

	Dec 31, 2020	Dec 31, 2019
Liabilities to related parties:		
PowerCell Deutschland GmbH	475	—
Total	**475**	**—**

Note 28 Changes in liabilities attributable to financing activities

	Jan 1, 2019	Cash inflow	Cash outflow	Non-cash items	**Dec 31, 2020**
The Swedish Energy Agency	39,854	—	–9,854	—	30,000
Total	**39,854**	**—**	**–9,854**	**—**	**30,000**

	Jan 1, 2020	Cash inflow	Cash outflow	Non-cash items	**Dec 31, 2020**
The Swedish Energy Agency	30,000	—	—	—	30,000
Total	**30,000**	**—**	**—**	**—**	**30,000**

Note 29 Adjustments for non-cash items

	Dec 31, 2020	Dec 31, 2019
Depreciation	5,982	9,821
Warranty provision	144	360
Allocation of grant-aided projects	–2,279	–3,399
Total	**3,847**	**6,782**

Note 30 Events after the end of the reporting period

See Note 38 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	16,890,463
Profit (loss) for the year	–114,207,159
SEK	**458,189,981**

The Board proposes that the profit is allocated to be carried forward	458,189,981
SEK	**458,189,981**

The Group's income statements and balance sheets will be presented to the AGM on April 22, 2021 for adoption.

The Board of Directors and the CEO hereby certify that the 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 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 give a give 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.

Göteborg March 18, 2021

Richard Berkling
CEO

Magnus Jonsson
Chairman of the Board

Dirk De Boever
Board member

Helen Fasth Gillstedt
Board member

Uwe Hillman
Board member

Riku-Pekka Hägg
Board member

Göran Linder
Board member

Annette Malm Justad
Board member

Our Auditor's Report was submitted 2021-03-18
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 2020. 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 2020 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 2020 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 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 61–62. 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 Director's 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. 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 ISAs 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. 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 Director's and the Managing Director of Powercell Sweden AB (publ) for the year 2020 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 Director's and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We 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 Director's 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. This description is part of the auditor's report.

Göteborg 18 March 2021
Öhrlings PricewaterhouseCoopers AB

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 representative.

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 Boards of Munthers AB, Samhall AB and Storytel AB. Member of several nomination committees, representing Handelsbanken Fonder AB. Past experience from senior positions at the Statoil Group and the SAS Group. Independent representative.

Uwe Hillman
Board member
Residence: München, Tyskland
Born: 1967
Education: Diploma in Physics
Invald: 2020
Shares: 0

Responsible for the Business Unit Large Engines within Bosch Powertrain Solutions division. Over 25 years experience within Bosch. Representing Robert Bosch Gmbh.

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

President of Steerprop. Extensive experience as a business leader and technology strategist in the marine segment both as a board member and with experience from Wärtsilä Corporation. 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. Representative of Midroc New Technology.

Annette Malm Justad
Board member
Residence: Oslo, Norge
Born: 1962
Education: MSc Chemical Engineering, MSc Technology Management
Elected: 2020
Shares: 0

Well renowned senior advisor with over 20 years of international industry and shipping experience, including shipping operations and services. She has been/is board member and chairman in Port of London, American Shipping Company ASA among others. 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: 0

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.

Per Ekdunge
Founder, Vice President and CEO PowerCell Deutschland GmbH
Born: 1955
Employed: 2008
Education: MSc in Chemical Engineering, PhD in Chemical Engineering and Associate Professor of Electrochemistry at the Royal Institute of Technology (KTH).
Shares: 129,803

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

Andreas Bodén
Director Sales and Aftermarket
Born: 1977
Employed: 2009
Education: MSc in Chemical Engineering and PhD in Chemical Engineering from KTH in fuel cells and reformer technology.
Shares: 2,000

Board member of Vätgas Sverige and Hyon AS with many years of international experience in sales, business development and development of fuel cells and fuel cell systems. Former positions include Group Manager, Development Manager and Business Developer in PowerCell, Project Manager at Volvo Technology for PEM fuel cell development.

Karin Nilsson
Vice President and CFO
Born: 1969
Employed: 2015
Education: BSc in Business and Economics, University West.
Shares: 9,000

Many years of international experience within 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.

Karl Samuelsson
COO
Born: 1971
Employed: 2016
Education: MSc in Mechanical Engineering, Chalmers University of Technology.
Shares: 0

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

Thomas Tingelöf
CTO
Born: 1979
Employed: 2011
Education: MSc in Chemical Engineering and PhD in Chemical Engineering from KTH in fuel cells
Shares: 5,000

Active within the fuel cell and clean energy field since 2004. Formerly responsible for PowerCell's fuel cell stack development programs and fuel cell development. Earlier he was working with PEM fuel cell research at VTT – Technical Research Centre of Finland.

Solberg

Swedish Energy Agency

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