



Financial report January – December 2016

Significant events October – December

- Commercial breakthrough: multi-million contract for JAQ with China's largest mobile phone distributor Telling Communications
- Technical breakthrough: global first as myFC demonstrates a functioning fuel cell integrated into a smartphone
- Key patent approved in Korea
- Stock option redemption raises SEK 7.3 million

Significant events after the end of the period

- Technological breakthrough: LAMINA™Thin Film, the world's thinnest fuel cell
- Jörgen Lantto joins the myFC Board of Directors and invests in the company
- Redemption of options plan raises SEK 25.9 million

	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Net sales, SEK 000	10	21	335	303
Operating margin, %	neg	neg	neg	neg
Equity per share, SEK	3,1	4,6	3,1	4,6
Equity ratio, %	87,1	83,8	87,1	83,8
Average number of employees	11	13	14	13

A word from our CEO

It would be an understatement to say that 2016 was an eventful and intense year for us at myFC. That it also means we are stepping into 2017 with high expectations.

Our market continues to change at a rapid pace. One in five Americans now check their mobile the first thing they do as they wake up¹. Mobile traffic globally increased from 5.3 ExaBytes to 8.5 ExaBytes² per month in 2016. The smartphone market faced some highly disruptive events: smartphone batteries caught fire, Samsung recalled Galaxy Note 7, power bank sales increased sharply and the first truly interesting global AR application – Pokémon Go – was launched.³

I have preached about the power gap for years: the steadily increasing gap between what users want their smartphones and tablets to support and the incapacity of their batteries to deliver it. The need for more alternatives for charging has increased. And this is what we at myFC did in 2016 to bridge that gap:

We demonstrated the potential of fuel cells in smartphones and we integrated our fuel cells in products of other brands – smartphones, smart cases and battery chargers. The breakthrough was becoming first in the world to show how a fuel cell can be integrated into an iPhone 7 and several other products, and the potential of fuel cells coexisting with and complementing batteries, so that the user never needs to worry about a drained battery.

Vi strengthened our already world-leading technology. We developed the world's thinnest fuel cell, LAMINA™ Thin Film. It has considerably higher energy density than previously, and it is so slim it can be flush mounted, that is, completely built into the chassis of smartphones or chargers.

Vi signed a breakthrough agreement on the world's largest smartphone market.

We strengthened our global presence by establishing our first office outside Sweden, myFC China. Seven months later we signed our first deal in China, with its largest mobile distributor, Telling. A breakthrough for us and for the entire fuel cell industry.

We strengthened our IP portfolio with 6 new patent applications in several patent families. It is worth repeating: we have a unique fuel cell, but what makes it outstanding is the fact that we have an accompanying highly effective, hydrogen-producing fuel, to which we own all the patents.

We secured our local production of fuel cards through the installation of the Yumi robot from ABB. It now manufactures our fuel cards in our office at Saltmätargatan.

We strengthened our board with Jörgen Lantto, who also invested 5 MSEK in myFC through a directed share issue. Jörgen's positive views of the potential of our technology and our market has generated a substantial addition of energy into the organization.

¹ Deloitte Global Mobility Survey US edition, July 2016

² Ericsson Mobility Report, November 2016

³ [NPD research 4 July 2017](#)

We strengthened the organization through recruiting and growing our research department with world-leading fuel cell expertise.

We strengthened our finances through a number of activities, which also led to us getting some new shareholders – welcome to you! – and an increased ownership among our own, leadership and employees alike.

There were a few things we did not accomplish in 2016. As we told you about earlier, we have had challenges in the industrialization of JAQ. We have also worked hard with JAQ to fully meet our users' expectations, and we have therefore made a lot of improvements they pointed out to us, including increasing the effect of the fuel cards. As a consequence of this, we have not generated the revenue we anticipated a year ago.

2017 has begun at the same high pace as 2016 left off. Activity levels are high on many levels, with the following main priorities:

To fulfill our commitment toward Telling, our largest deal to date. China is an incredibly important market for us. Naturally, its sheer scale is one reason for that, the volumes are simply incomparable. China has taken the lead in introducing green energy, and we are proud to contribute to that, while at the same time creating a new world-leading company at home.

In parallel, we are working on our relationships in the operator community as well as evaluating other possibilities among stakeholders in for example the battery and terminal world, including smartphones and power banks. Our LAMINA™ Thin Film cell and our JAQ fuel will be core components for this work. We are on a fast-moving market with constantly evolving user needs. But one thing remains constant: the insatiable need for consumers to always be able to use their smartphones.

I look forward to 2017 with confidence.

Björn Westerholm, ceo

Significant events during the fourth quarter

Commercial breakthrough: multi-million contract for JAQ with China's largest mobile phone distributor Telling Communications

myFC and Telling Communications have signed a two-year sales and distribution agreement for the fuel cell charger JAQ. The three-phase agreement includes an initial order for 1,000 JAQ units, a sale volume commitment for 400,000 JAQ units and lastly, a letter of intent between the parties for the delivery of an additional 900,000 units in 2018. The contract stipulates a commitment by Telling Communications valued at about SEK 150 million. If delivery is completed as planned—during a period from the beginning of 2017 to the end of 2018—the transaction is worth about SEK 430 million.

Technical breakthrough: myFC first in the world to fully integrate fuel cell in smartphones

Due to myFC's heightened focus on fuel cell integration, as the first company in the world, myFC unveiled a fully integrated iPhone 7 and Samsung Galaxy S7 powered by myFC's patented fuel. By demonstrating an integration that accommodates both fuel cells and lithium ion batteries, myFC eliminates the limitation of lithium ion batteries in terms of performance and energy density, providing users with the option to charge mobile phones without access to an electrical outlet. Moreover, the solution lowers the threshold for mobile phone manufacturers and power bank producers to adopt green fuel cell technology.

Key patent approved in Korea

The patent includes the unique design that is the key to myFC's slim and highly effective PEM fuel cell. More importantly, it also includes the sensor cell that is paramount for extending the lifetime of the cell. The approved patent application in Korea will strengthen the protection that myFC developed and expand the existing patent portfolio of more than 70 approved and pending patents in 13 patent families.

Stock option redemption raises SEK 7.3 million

The subscription period for stock options issued to shareholders in myFC Holding AB at the end of 2014 closed Friday, December 16, 2016. During the final exercise period, October 1, 2016 – December 16, 2016, approximately 1.8 million shares were subscribed for, which gave the company SEK 7.3 million in new capital during the period.

Significant events after the quarter

Technical breakthrough: LAMINA™, the world's thinnest fuel cell

myFC's fuel cell LAMINA Thin Film FC Technology provides higher performance on considerably less space than previously. Fully integrated in smartphones and portable chargers, it is so slim that it can be flush mounted, meaning it is completely built into the device. Development of LAMINA continues alongside negotiations with manufacturers of smartphones, smartphone casings and power banks,

particularly in the fashion tech and high-end segment. The business model will be based mainly on licensing of myFC's patented technology.

Jörgen Lantto joins myFC's Board of Directors and invests in the company

Jörgen Lantto, formerly CEO for Fingerprint Cards AB, was elected member of myFC's Board of Directors. Lantto also invested SEK 5 million in myFC through a directed new issue.

Redemption of options plan raises SEK 25.9 million

The redemption of subscription options from two different incentive plans generated a capital contribution of SEK 25.9 million to myFC. Consequently, the company's executive management and employees increased their shareholding in myFC by 173,127 shares.

Financial overview

Net sales and loss

October 1 – December 31

Net sales for the period October 1 – December 31, 2016 amounted to SEK 10 thousand (21). Neither sales nor deliveries were reported in the fourth quarter. The order that the company secured from Telling Communications in China is scheduled for delivery during the first quarter of 2017.

Operating expenses for the quarter amounted to SEK 9.0 million (17.5). The high Q4 expenses in 2015 were largely attributable to an inventory impairment in the amount of SEK 5.3 million. The quarter's operating expenses includes depreciation in the amount of SEK 2.0 million (2.1).

The company's operating loss for the fourth quarter 2016 totaled SEK 6.6 million (-16.7).

Net financial items for the fourth quarter totaled SEK 0.0 (-0.1).

January 1 – December 31

Net sales for the period January 1 – December 31, 2016 amounted to SEK 0.4 million (0.3). The year's sales are attributable to small volumes of PowerTrekk and its fuel pucks.

Full-year expenses amounted to SEK 38.3 million (43.6). The company's operating loss for the year totaled SEK 31.0 million (-39.3).

Net financial items for the full year totaled SEK -0.5 million (-0.7).

Cash flow, investments and financial position

Fourth quarter cash flow amounted to SEK 0.1 million (11.2). Subscription options were utilized during the quarter to subscribe for shares, providing the company with a capital contribution of SEK 7.3 million (1.4). Owners of outstanding subscription options issued in conjunction with the Extraordinary General

Meeting on December 10, 2014 could utilize the stock options through December 16, 2016. In total, 99.3% of the options were utilized.

The Board of Directors regularly reviews the financial needs and financial position of the company and the Group. Should a need for further capital contribution arise, the Board deems that the company is fully capable of securing future financing.

Fourth quarter cash flow from operating activities was negative and amounted to SEK -6.9 million (-4.9).

Cash and cash equivalents at December 31, 2016 amounted to SEK 8.8 million (4.7). As mentioned above, the Company's cash strengthen with SEK 30.9 million in January 2017

Equity

Consolidated equity on December 31, 2016 amounted to SEK 80.6 million (99.6). The equity ratio on December 31, 2016 amounted to SEK 87.1 million (83.8).

Employees

At the close of the period, the company had 11 (12) employees.

Parent company

myFC Holding AB is the Group's Parent company. The company's Group management team is employed by myFC Holding AB and the Parent company invoices myFC AB for the hours the Group management team works in myFC AB.

Miscellaneous

Material risks and uncertainty factors

myFC's material business risks primarily involve all technical risks that affect future product launches, the risk of being unable to increase production capacity quickly enough to satisfy market demand, difficulty in attracting and retaining skilled employees, capital risks and currency risks to a lesser extent.

A more detailed description of material risks and uncertainty factors can be found in myFC's annual report, published on myFC's website, www.myfc.se

Accounting principles

This interim report has been prepared in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board's general regulations BFNAR 2012:1 Annual Report and Consolidated Financial Statements (K3).

Calendar

- April 28, 2017 Interim report January – March 2017
- May 22, 2017 2017 Annual General Meeting
- July 28, 2017 Interim report January – June 2017
- October 26, 2017 Interim report January – September 2017
- February 23, 2018 Year-end report 2017

The interim report has not been reviewed by the company's auditors.

Stockholm, February 24, 2017

Board of Directors

myFC Holding AB

For more information, please contact:

Björn Westerholm, CEO
+ 46 70 656 20 07
björn.westerholm@myfc.se

Ulf Henning, CFO
+46 70 555 35 54
ulf.henning@myfc.se

This information is information that myFC is obliged to make public pursuant to the EU Market Abuse Regulation, the Swedish Securities Market Act and the Swedish Financial Instruments Trading Act. The information was submitted for publication, through the agency of the contact persons set out above, on February 24, 2017, at 8:00 a.m. CET.

Financial statements

Income statement for the Group

SEK 000

	Oct-Dec 2016	Oct-Dec 2015	Full year 2016	Full year 2015
Operating income				
Net sales	10	21	335	303
Work performed by the company for its own use	687	722	3 447	3 853
Other operating income	1 753	31	3 490	93
Total operating income	2 450	774	7 272	4 249
Operating expenses				
Raw materials, consumables and goods for resale	-784	-6 128	-1 014	-7 433
Other external expenses	-3 482	-5 602	-13 651	-13 906
Personnel costs	-2 691	-3 690	-15 383	-14 008
Depreciation	-2 018	-2 094	-8 194	-8 218
Total operating expenses	-8 974	-17 514	-38 242	-43 564
Operating loss	-6 524	-16 740	-30 970	-39 315
Profit/loss from financial items				
Net financial items	-5	-79	-509	-727
Loss after financial items	-6 529	-16 818	-31 479	-40 042
Tax	-	-	-	-
Loss for the period	-6 529	-16 818	-31 479	-40 042
Earnings per share				
before dilution (SEK)	-0,25	-0,27	-1,20	-1,85
after dilution (SEK)	na	na	na	na
Number of outstanding shares at the close of the report period				
before dilution (000)	26 146	21 650	26 146	21 650

Balance sheet for the Group

SEK 000	Dec 31, 2016	Dec 31, 2015
Assets		
Subscribed capital unpaid	-	41 000
Fixed assets		
Intangible fixed assets	76 932	64 144
Property, plant and equipment	2 927	4 505
Total fixed assets	79 859	68 649
Current assets		
Inventories	268	1 548
Accounts receivable	63	26
Current tax assets	0	194
Prepaid expenses and accrued income	982	341
Other receivables	2 655	2 473
Cash and cash equivalents	8 825	4 657
Total current assets	12 793	9 239
Total assets	92 652	118 888
Equity and liabilities		
Equity		
Share capital	1 528	1 266
Other capital provided	261 469	249 199
Retained earnings	-150 854	-110 813
Loss for the period	-31 479	-40 042
Total equity	80 664	99 610
Non-current liabilities		
Other non-current liabilities	926	2 037
Total non-current liabilities	926	2 037
Current liabilities		
Liabilities to credit institutions	1 111	1 111
Bank overdraft facility	5 943	2 555
Accounts payable	822	7 284
Other liabilities	722	3 874
Accrued expenses and deferred income	2 464	2 418
Total current liabilities	11 062	17 241
Total equity and liabilities	92 652	118 888

Statement of changes in consolidated equity

SEK 000	Share capital	Other capital provided	Other equity incl profit/loss for the year	Profit/loss for the year	Total equity
2015-12-31	1 266	249 199	-110 813	-40 042	99 610
Disposition acc to AGM			-40 042	40 042	0
New issue	104	1 625			1 729
Subscription option	158	10 645			10 803
Profit/loss for the period				-31 479	-31 479
2016-12-31	1 528	261 470	-150 855	-31 479	80 664

Consolidated statement of cash flows

SEK 000	Oct-Dec 2016	Oct-Dec 2015	Full year 2016	Full year 2015
Cash flow from current operations before changes in working capital	-5 205	-14 893	-23 092	-32 097
Cash flow from changes in working capital	-1 694	9 987	-9 146	12 202
Cash flow from current operations	-6 899	-4 906	-32 238	-19 894
Cash flow from investing activities	-2 586	-11 926	-19 403	-23 981
Cash flow from financing activities	9 614	5 681	55 809	22 608
Cash flow for the period	129	-11 151	4 168	-21 267
Opening balance, cash and cash equivalents	8 696	15 808	4 657	25 925
Cash and cash equivalents at the end of the period	8 825	4 657	8 825	4 657

Income statement for parent company

SEK 000	Oct-Dec 2016	Oct-Dec 2015	Full year 2016	Full year 2015
Operating income				
Net sales	1 817	1 191	4 601	4 609
Total operating income	1 817	1 191	4 601	4 609
Operating expenses				
External costs	-884	-1 735	-2 308	-2 411
Personnel costs	-872	-1 935	-7 053	-6 143
Operating profit/loss	61	-2 479	-4 760	-3 944
Profit/loss from financial items				
Net financial items	-	-	-	-
Profit/loss after financial items	61	-2 479	-4 760	-3 944
Tax	-	-	-	-
Profit/loss for the period	61	-2 479	-4 760	-3 944

Balance sheet for the Parent Company

SEK 000	Dec 31, 2016	Dec 31, 2015
Assets		
Subscribed unpaid capital	-	41 000
Fixed assets		
Interests in subsidiaries	138 484	111 971
Total fixed assets	138 484	111 971
Current assets		
Receivables in Group companies	72 351	57 109
Other receivables	0	4
Prepaid expenses and accrued income	629	59
Cash and cash equivalents	5 314	1 400
Total current assets	78 294	58 572
Total assets	216 778	211 543
Equity and liabilities		
Equity		
Share capital	1 528	1 266
Premium reserve	223 021	169 871
Subscribed unpaid capital	0	41 000
Retained earnings	-5 548	-1 604
Loss for the period	-4 760	-3 944
Total equity	214 241	206 589
Current liabilities		
Accounts payable	243	9
Other liabilities	522	3 823
Accrued expenses and deferred income	1 772	1 122
Total current liabilities	2 537	4 954
Total equity and liabilities	216 778	211 543

Statement of changes in Parent Company's equity

SEK 000	Share capital	Other capital provided	Other equity, including profit/loss for the year	Profit/loss for the year	Total equity
2015-12-31	1 266	210 871	-1 604	-3 944	206 589
Transfer of last year's profit/loss			-3 944	3 944	0
Registration of previous ongoing issue	104	-104			0
Subscription option	158	10 673			10 831
Issue costs		1 581			1 581
Loss for the period				-4 760	-4 760
2016-12-31	1 528	223 021	-5 548	-4 760	214 241

Key figures

SEK 000	Oct-Dec 2016	Oct-Dec 2015	Full year 2016	Full year 2015
Net sales, SEK 000	10	21	335	303
Operating margin, %	neg	neg	neg	neg
Return on equity, %	neg	neg	neg	neg
Equity per share, SEK	3,1	4,6	3,1	4,6
Equity ratio, %	87,1	83,8	87,1	83,8
Number of employees at end of period	11	12	14	12

The information in this interim report is information that myFC AB (publ) is obliged to make public pursuant to the Swedish Securities Market Act.

About myFC

myFC is a Swedish innovation company that develops energy solutions using fuel cell technology. The company's first product, myFC PowerTrek, is a hybrid charger that runs on water and salt for small electronic devices. The company launched JAQ, its new generation charger, in Q4, 2015.

myFC was founded in 2005 and has its head office in Stockholm, Sweden. The company was listed on NASDAQ First North in May 2014. The company's Certified Advisor is Remium Nordic AB. For more information, visit www.myfc.se