Annual Report **2021**

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NILAR IN BRIEF

Enabling safe and sustainable energy systems through pioneering battery technology

Over the years we have established a large patent portfolio that contains **84 patents within 18 different patent families** and extensive know-how on how to manufacture high-tech batteries on an industrial scale. We took our first scalable and automated production line in use in 2014 and commercialized our second-generation battery in 2018.

At the end of 2021, the Group had approximately 230 employees. The head office is located in Täby, Stockholm. The target areas for our battery systems are home and residential energy storage, energy storage for commercial and industrial properties, and utility scale energy storage.

DISTINCT PRODUCT BENEFITS

Safety

The water-based electrolyte is nonflammable. Uniform current flow paths lead to no concentrated hot spots and more efficient heat dissipation. The structural components within the battery paired with the nonflammable electrolyte means there is no spontaneous ignition and no uncontrolled heat propagation.

Sustainability

The Nilar R&D process focuses on the Circular Economy philosophy, with every innovation striving towards component renewal and waste reduction. All Nilar products are produced at our factory in Sweden with 100% renewable energy and are able to be recycled at end of life. Unlike most industrial batteries, Nilar batteries do not contain, nor need cadmium, mercury or lead and are made with minimal hard-to-recover raw materials.

Performance

The ruggedness of the Nilar Hydride® chemistry leads to a different ageing process, only wearing when storing and providing energy. The battery is capable of quick charge and discharge, delivering numerous cycles over its long calendar life. The unique combination of the Nilar Hydride® technology and our patented bi-polar construction provides a reliable source of power designed to last for more than 20 years.

17,8 MSEK REVENUE 2021

225 AVERAGE NUMBER OF EMPLOYEES AND HIRED STAFF 2021

84 84 PATENTS IN 18 PATENT FAMILIES

13 600 KWH INSTALLED 2017-2021

1200+ SOLD SYSTEMS 2017-2021

MARKET SEGMENTS

Production:

- Gävle

Sales and R&D:

- Täby, Gävle och Denver

Focus Markets in the short term:

- The Nordic Countries
- DACH (the German-speaking countries)
- Benelux
- The United Kingdom
- Italy
- Spain

THE YEAR IN BRIEF

FINANCIAL SUMMARY, MSEK	2021	2020	2019	2018	2017
Revenue	17.8	25.2	10.4	3.4	1.1
Gross profit	-479.5	-199.2	-151.1	-35.7	-24.0
EBITDA	-382.1	-223.4	-183.0	-77.8	-53.1
Operating profit / EBIT	-596.4	-284.0	-221.7	-89.9	-58.5
Profit/loss after tax	-600.5	-342.9	-238.5	-91.1	-59.2
Cash flow from operating activities	-190.9	-81.1	-153.9	-73.6	-52.9
Cash flow from investing activities	-446.6	-211.6	-135.2	-45.6	-24.9
Cash flow from financing activities	-818.5	233.6	420.0	76.9	135.0
Shareholder equity ratio, %	60%	18%	49%	70%	96%
Debt ratio, times	0.7	4.6	1.1	0.4	0.0
Full-time equivalent employees, number	185	127	90	48	44

MSEK	2021	Q4	Q3	Q2	Q1
Revenue	17.8	-0.11	5.37	7.17	5.40
Delivered systems, number	-596.4	-269.5	-112.2	-118.7	-96.0
Delivered kWh, number	537	48	196	220	73
Operating profit / EBIT	4 589	328	1 273	1 600	1 388

Alternative key ratios. See page 103 for further explanations. Applies to this and all subsequent alternative key ratios in the annual report.

Q1

- The repair of the ventilation system in the production facility in Gävle was completed at the end of the quarter. Nilar's production capacity was significantly limited during the conversion work.
- The fourth production line was commissioned, and a fourth production shift was introduced.
- The Energy product series was launched.
- The Company received a second and final payment of 8,75 MEUR under the first tranche of 17,5 MEUR of the EIB loan facility.

Q2

- The company's shares were listed on Nasdaq First North Premier Growth Market on April 30.
- During the quarter, Nilar had production disturbances that significantly affected the quarter's production. After the end of the quarter, the production disturbances have in material respects been solved.
- Nilar's offering has continued to expand and new integration projects have been initiated to meet a broadened customer base.
- Production capacity at the Gävle plant is increasing and two more production lines will be installed during the autumn of 2021.
- The establishment of production in Estonia is ongoing, and production is planned to commence during the summer of 2022.

Q3

- Nilar's production in the factory in Gävle has returned to normal during the quarter after the disruptions that occurred during Q2.
- The component shortage resulting from COVID-19 negatively affects Nilar in several ways. It has made sales more difficult, as Nilar's customers in turn have difficulty obtaining the necessary components to deliver complete solutions to final consumers. The cost and delivery times for input materials have also increased significantly.
- The expansion of Nilar's second factory being built in Estonia has continued during Q3. However, Nilar has decided to postpone the expected start of production until the end of 2022 as a result of the above-mentioned COVID-19 related issues.
- A warranty provision of MSEK 23,7 related to older, phased-out systems and batteries has been made during the quarter.

Q4

- Erik Oldmark was appointed as the new CEO at the board meeting on 11 October.
- The company issued two redundancy notices affecting a total of 110 people in Gävle and Täby. The background is a need to temporarily slow down operations, as a result of sharply increased material costs and uncertainty about the quality of the battery.
- Nilar decided to reduce the pace of investment, which affects the expansion of the company's second production facility in Paldiski, Estonia. The previously announced production start in 2022 was therefore postponed to an undecided time.
- Refocused strategy concluded in an impairment of -137,5 MSEK related to older capitalized development.

CHAIRMAN'S STATEMENT

The transition to the sustainable energy grid of the future is accelerating

The need to increase the pace of the transition to the sustainable energy grid of the future in Europe became clear in 2021. Electricity prices reached record levels with an average increase of 200 percent between April and October. This was due to increased global demand and sharp increases in natural gas prices as a result of the rapid economic recovery in the final phase of the pandemic[1]. Russia's war of aggression against Ukraine has further highlighted the need to rapidly strengthen and restructure European energy production and infrastructure. Even before the war, the share of renewable energy in the European energy grid was assumed to double by 2030, partly due to the proposed update of EU targets[2].

Renewable energy sources, such as solar and wind, have a varying ability to generate power over time. Fluctuations in energy production create instability in both electricity networks and price levels. Energy storage is a prerequisite for enabling the transition. Demand for battery-based systems for residential, commercial, and industrial facilities and the energy network is increasing sharply; the expected growth for stationary energy storage solutions results in the global annual installed capacity to be estimated at 19 times greater in 2030 compared to today[3]. At the same time, we are seeing a rising electrification of society, where, among other things, vehicles are rapidly being converted from fossil-dependent to electric cars, buses, and trucks (EVs). In the most cautious scenario forecasted by the International Energy Agency (IEA), annual sales for electric vehicles increase by 30 percent. This means on a global scale we would go from today's level, just over 11 million, to nearly 145 million electric vehicles by the year 2030[4]. This, in turn, raises the question of whether there will be enough batteries to cover all needs. During 2021, the raw material price for lithium carbonate increased by more than 400 percent due to the ever-increasing demand from battery manufacturers. The IEA predicts that the demand for lithium in 2040 will be between 13 and 51 times higher than today[5].

Nickel, the material most used in Nilar's batteries, had a more moderate price increase of 25 percent during 20216 and is expected to have a stable price development over the next few years7. We estimate that lithium batteries, due to their lower weight, will primarily go to the EV market. Nilar's batteries will be the optimal alternative for stationary energy storage.

Nilar has a strong offering for a market undergoing substantial growth. The company's high-performance, safe, and durable batteries can be adapted to the customer's specific needs for stationary energy storage solutions. Nilar's advanced bipolar nickel metal hydride technology has several unique advantages over competing solutions. During 2021, the company's initial focus was to build production capacity to meet the market's increasing demand. Due to challenges in the supply chain and product-related quality problems, the new management decided to temporarily reduce production in Gävle during the autumn and pause the ongoing construction of a new production facility in Paldiski, Estonia. A revised strategy was also developed that prioritizes profitability before short-term growth in production volume. The strategy entails a clarified focus on developing and producing batteries, control systems, and oxygen-filling technology. Customized energy storage solutions must be developed in close collaboration and partnership with select system integrators, who must have overall responsibility for the production and delivery of finished systems based on Nilar's technology. In addition to the existing business in the residential segment, growth will take place in large energy storage installations in the European market. This refers to customer applications for commercial and industrial facilities as well as for the energy grid with solutions such as time shifting, load balancing, reserve power, off-grid, and frequency control.

Nilar has an important role to play in the transition to the sustainable energy grid of the future and the company is now well equipped to ramp up production and deliveries during the second half of 2022 with a long-term goal of reaching a production capacity of 150-200 MWh by 2025.

Gunnar Wislander, Nilar Chairman of the Board

Footnotes: 1. ACER, https://documents.acer.europa.eu/en/The_agency/Organisation/Documents/Energy%20Prices_Final.pdf. 2. European Commission, https://ec.europa.eu/info/news/commission-presents-renewable-energy-directive-revision-2021-jul-14_en. 3. Wood Mackenzie, Global Energy Storage Outlook H2 2021 – Executive summary. 4. IEA, https://www.iea.org/reports/global-ev-outlook-2021/prospects-for-electric-vehicle-deployment. 5. IEA, https://www. iea.org/reports/the-role-of-critical-minerals-in-clean-energy-transitions/mineral-requirements-for-clean-energy-transitions#abstract. 6. Statista, https://www.statista.com/statistics/260799/monthly-price-of-nickel-at-lme/. 7. Statista, https://www.statista.com/statistics/675880/average-prices-nickel-worldwide/

"Nilar has an important role to play in the transition to the sustainable energy grid of the future and the company is now well equipped to ramp up production and deliveries during the second half of 2022 with a long-term goal of reaching a production capacity of 150-200 MWh by 2025."

Gunnar Wislander, Nilar Chairman of the Board

CEO REVIEW

Nilar enables a rapid transition to the sustainable energy grid of the future

Europe is facing one of the greatest energy challenges in many decades. In a short time, it has become clear that the EU's dependence on natural gas and other fossil fuels from Russia is unsustainable from a security policy perspective. The transition to a renewable, sustainable, and robust energy system now needs to take place at an even higher pace than before; in March 2022, the European Commission presented the draft plan to make the EU independent of Russian fossil fuels well before 2030[1]. To succeed, it will require both large investments and a wide range of solutions. A rapid expansion of energy storage solutions is one of these.

Together with our partners, we can state that interest in battery-based energy storage solutions is now increasing sharply from an already high level. For the coming winter, many are trying to ensure access to a continuous electricity supply at a stable and predictable cost for their home. The forecast growth for stationary energy storage solutions is very high, with the annual installed capacity estimated to be 19 times greater in 2030 compared with today[2].

2021 was an eventful year for Nilar with many challenges. On April 30, the company's shares were listed on the Nasdaq First North Premier Growth Market and, during the first three quarters, the focus was on rapidly scaling up production capacity in Gävle and initiating the establishment of additional production in Paldiski, Estonia. During the second and third quarters, product-related quality problems arose at the same time as raw material prices increased globally. Pandemic-related disruptions in the supply chain for both Nilar and our partners also led to a significant reduction in sales.

In connection with becoming CEO of Nilar in October 2021, work began on revising our strategy and establishing an action plan with a focus on sustainable growth and a realistic path to profitability. To adjust our costs, we made the decision to temporarily reduce production in Gävle and to pause the establishment of our new production facility in Estonia. The measures also meant a significant reduction in our workforce.

Nilar enables a rapid transition to the sustainable energy grid of the future. Our batteries offer a solution to several of the challenges that come with intermittent renewable energy sources such as wind and solar power. They also have a unique design that provides strong product benefits in terms of performance, safety, and durability. In addition to our existing business in the residential segment, we are now increasing our focus on growth in large energy storage installations in the European market. The main customer applications are in the segments for commercial and industrial facilities and the energy grid. In partnership with select system integrators, we will create optimized energy storage solutions based on the individual customer's needs. Our core business is to develop and produce batteries, control systems, and our upcoming oxygen refill technology[3]. We also contribute our knowledge and expertise when our partners develop customized system solutions based on Nilar's battery technology.

We are now ready to meet a rapidly growing market and, based on Nilar's strong product advantages, we follow our plan to improve our products and develop new innovations. We have high ambitions and, together with partners, we strive to show the way in the ongoing transition to the sustainable energy grid of the future.

Erik Oldmark, Nilar CEO

Footnotes: 1. EU-kommissionen, https://ec.europa.eu/commission/presscorner/detail/en/IP_22_1511. 2. Wood Mackenzie, Global Energy Storage Outlook H2 2021 – Executive summary. 3. Med vår unika och patenterade teknologi för syrgaspåfyllning kan livslängden för Nilars batteripack återställas minst tre gånger.

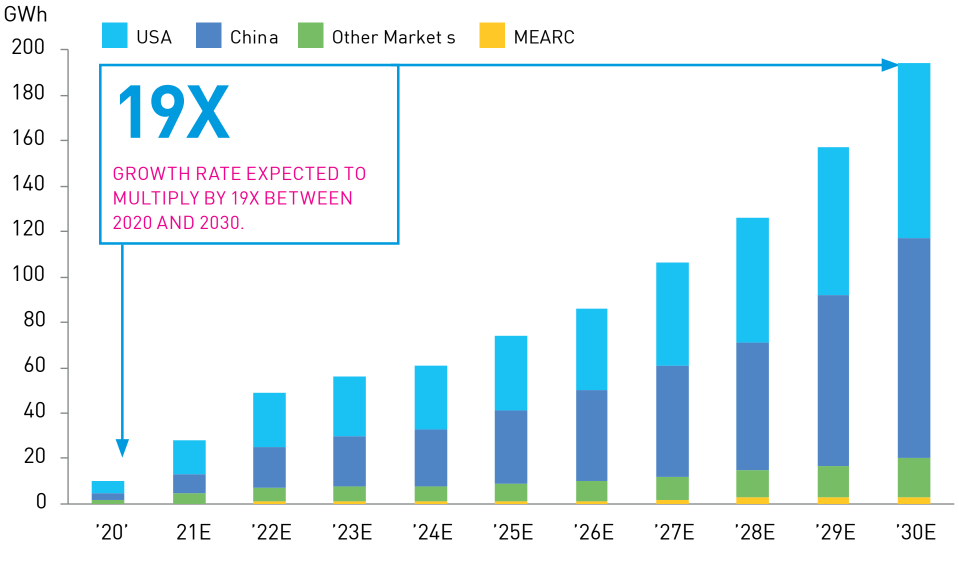
"We are now ready to meet a rapidly growing market and, based on Nilar's strong product advantages, we follow our plan to improve our products and develop new innovations."

Erik Oldmark, Nilar CEO

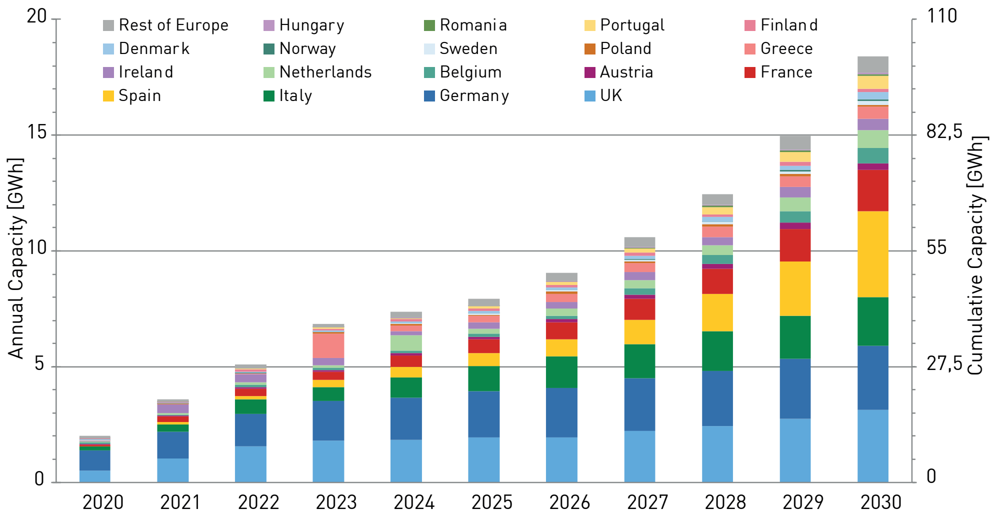
MARKET

Growth in demand for energy storage has realigned with pre-pandemic predictions, expanding rapidly. Widespread adoption of energy storage is required with the extensive wind and solar deployments underway as more ambitious country goals are adopted

GLOBAL ENERGY STORAGE ANNUAL CAPACITY [1)]



ANNUAL AND CUMULATIVE ENERGY STORAGE DEPLOYMENTS IN EUROPE UNTIL 2030 [1)]



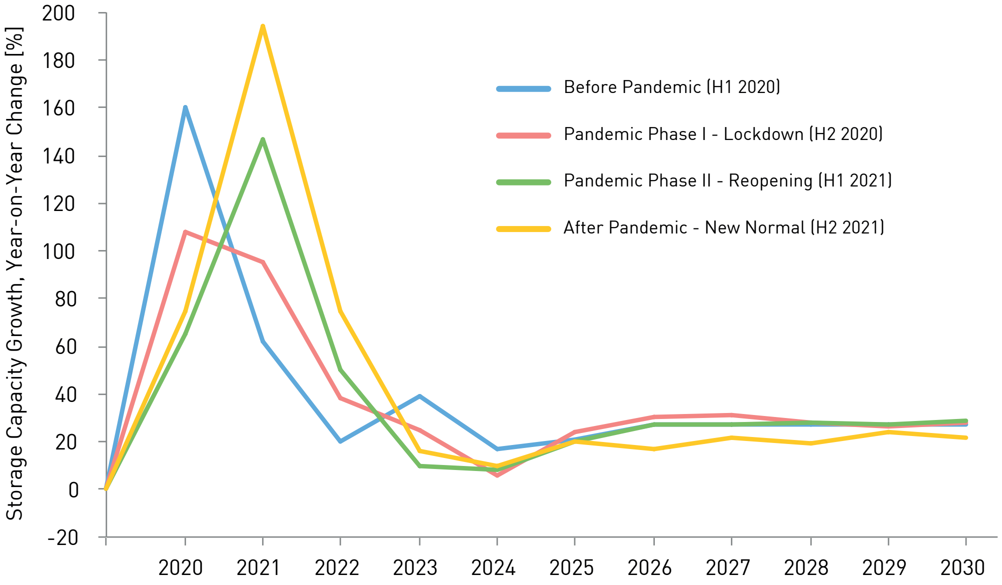
According to the research institute Wood Mackenzie, global energy storage capacity is expected to increase considerably each year. This prolonged period of growth coincides with the intense focus and scrutiny given to the decarbonization movement. Recent summits of world leaders not only affirmed the global dedication to decarbonization but lead to more ambitious targets set, driving deployment forward.

Although the US and China visually dominate the overall projected future energy market, Europe is undergoing massive energy storage revolution. Wood Mackenzie had to expand coverage, adding 11 new markets to the analysis to represent all the expected changes coming. There is an expected 910% increase in cumulative capacity in Europe over the decade.

Every six months, Wood Mackenzie updates their energy storage market predictions. When comparing the predicted year-on-year demand growth rates side by side for the last four reports, it is clear that the pandemic had an immediate effect on the market. However the long-term outlook remains strong and the estimates converge again. One promising factor for the industry is the year-on-year growth rate in demand is expected to lower in intensity. This is a clear indicator that energy storage is expected to become more of a mainstream power technology. The observed demand we are experiencing now would not be sustainable long term within the current state of the industry.

Note: 1. Wood Mackenzie, Global Energy Storage Outlook H2 2021 – Executive summary

GLOBAL ENERGY STORAGE YEAR-ON-YEAR DEMAND GROWTH [1]



KEY MARKET DRIVERS

1 **Transition from fossil-based to renewable power generation:** Renewable power sources expected to account for 51% and 73% of power generation in 2035 and 2050 respectively, up from 27% in 2020[2].

2 **Changing energy consumption patterns:** Our energy consumption patterns are changing fast with the booming market for electric vehicles ("EVs"). Global EV stock expected to grow from ~10 million in 2020 to almost 200 million in 2030, corresponding to a CAGR of 35%[3].

3 **Increasing electricity prices:** Electricity prices in Sweden have increased by 300% since the beginning of 2020[4].

4 **Increasing electricity price volatility:** Increasing renewable and intermittent energy is driving price volatility[5].

5 **Proposed amendment of EU renewable energy targets:** Proposal to, i.a., increase the target for the share of renewables in the EU energy mix to 40% by 2030 from 32%.

6 **Increasing raw material prices and increasing supply deficit:** In China, the largest battery producing country in the world, the lithium price is now 5x higher compared to a year ago. Meanwhile, prices of nickel has only increased 0,2x. There is also an estimated global lithium supply deficit of 248,000 tons by 2025, whilst the total global production is estimated to 1.5 million.

Notes: 1. Wood Mackenzie, Global Energy Storage Outlook H2 2021 – Executive summary 2. Renewables defined as Hydro, Wind and Solar. 3. Based on IEA's Sustainable Development Scenario ("SDS") including two type of cars: Battery Electric Vehicles ("BEVs") and Plug-in Hybrid Electric Vehicles ("PHEVs"). 4. Monthly day-ahead prices on the Nordic electricity market. Electricity area Stockholm (SE3. Feb 2022 compared to Feb 2020. 5. Day-ahead prices on the Nordic electricity market on the 1st every month. Electricity area Stockholm (SE3). Source: McKinsey Energy Insights, 2019; IEA Global EV Outlook 2021; Nord Pool, 2022; European Commission, 2022; Nikkei Asia, 2022; S&P Global, 2019; Markets Insider, 2022 and Forbes, 2021.

The shift to **renewable energy sources** comes with more intermittent power generation...

+

...and the **electrification of society** is changing energy consumption patterns...

=

...which together increase the stress on already **strained power grids**

Solution?

Electrical energy storage with battery systems from Nilar allow **power and energy to be used when it is needed and not when it is produced**.

Nilar is a provider of safe and environmentally friendly battery systems or electrical energy storage systems in the rapidly growing energy storage market. The forecast growth for stationary energy storage solutions is very high and the annual installed capacity is estimated to be 19 times larger in 2030 compared with today.[1]

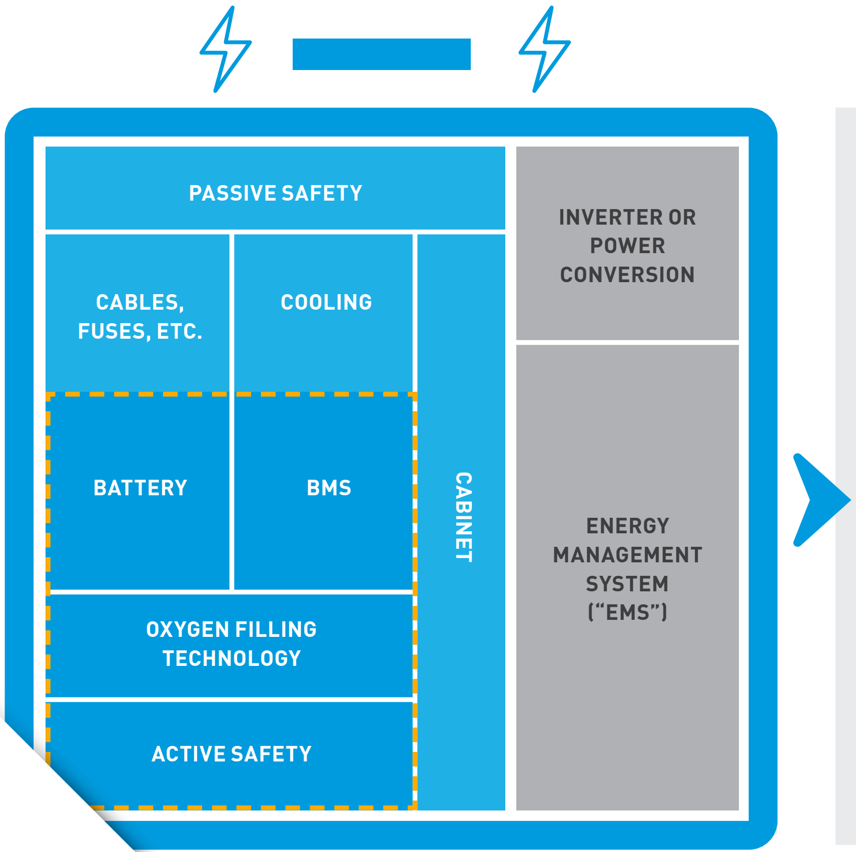
Notes: 1. Wood Mackenzie, Global Energy Storage Outlook H2 2021 – Executive summary.


Lina 3

STRATEGY

Nilar's strategy is to enable safe and sustainable energy systems through our pioneering battery technology. Through close collaboration with system integrators, we can optimize energy management for our end customers with battery solutions that are sustainable, safe and have high performance

ELECTRIC ENERGY STORAGE ("EES")



APPLICATIONS

Nilar's products within the EES
Nilar's design and integration services within the EES
Partner companies' products and services within the EES

The ideal battery system for the home

We believe that homeowners and residents should be able to sleep soundly at night knowing they have safe, environmentally conscious solutions that can be placed in their homes along with all their other appliances. Nilar battery systems are designed to be safer than 'safe' and recyclable, making them the perfect solution to fit any home.

USER BENEFITS

- Power Equalization
- Energy Equalization
- Integration of renewable energy sources
- Superior Safety
- Electricity cost management

Battery systems for commercial & industrial purposes

More and more companies are investing in energy storage. Energy storage can be used to support renewable energy sources and reduce peaks in energy consumption, which can contribute to economic savings and make companies more sustainable. The modular Nilar battery supports a range of scalable energy storage solutions to meet the needs of different types of businesses. For charging stations for electric vehicles on a commercial and industrial scale, our battery systems are ideal.

USER BENEFITS

- Power support for electric car charging
- Power equalization
- Power and energy support in the electricity grid
- Integration of renewable energy sources

Long-term power for smart electricity networks and infrastructure projects

Today's grid cannot handle the new demands from mass electric vehicle charging and overall increased electrification. Energy storage will be an important part of the electrical infrastructure of the future. A battery system from Nilar is the most safe and sustainable way to tackle these coming challenges.

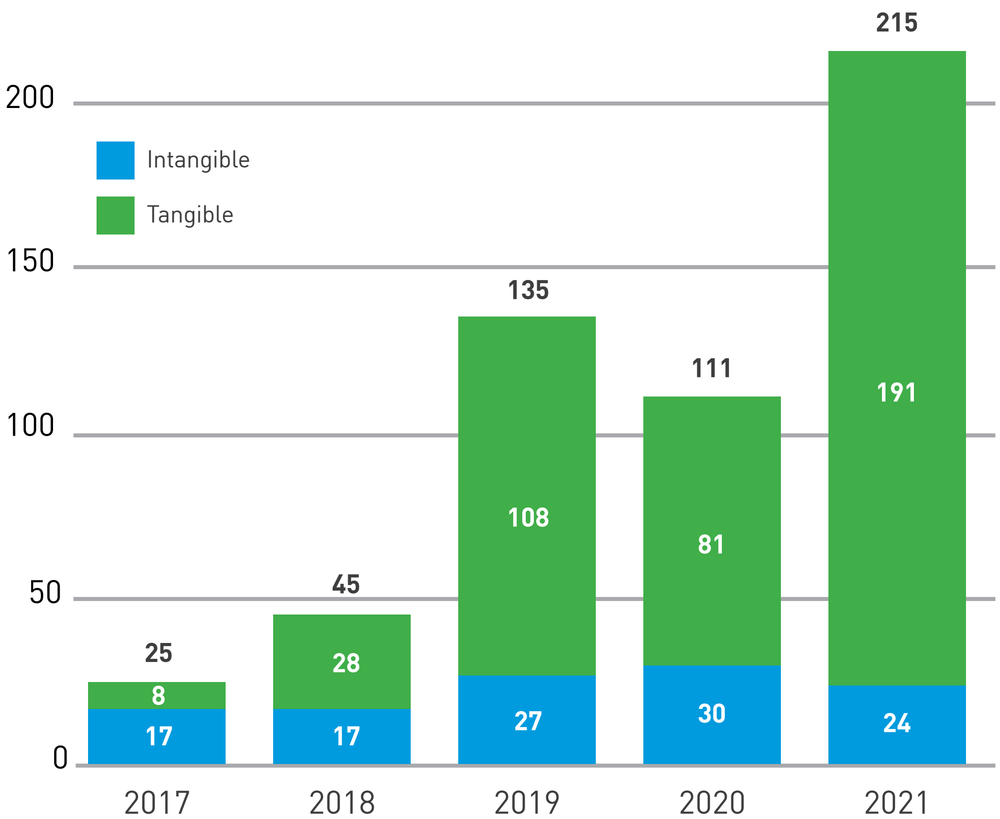
USER BENEFITS

- Network balancing
- Power support for electric car charging
- Electricity cost

INVESTING FOR GROWTH

Nilar's investments are made to develop our products and production methods (intangible fixed assets) as well as our production facilities (tangible fixed assets)

INVESTMENTS, MSEK



Production

During 2021, the tuning and expansion of production capacity at the production facility in Gävle continued. There was also the initiation of construction for a new production facility in Estonia. The goal was to strengthen our network and expand our raw material access.

To adapt to the dynamic nature of the industry, we needed to prioritize efficient production through organizational restructuring starting at year end. This involved outplacement of employees and adapting buildings to fit an updated business strategy. This arduous undertaking will help lead Nilar into the future.

Product development

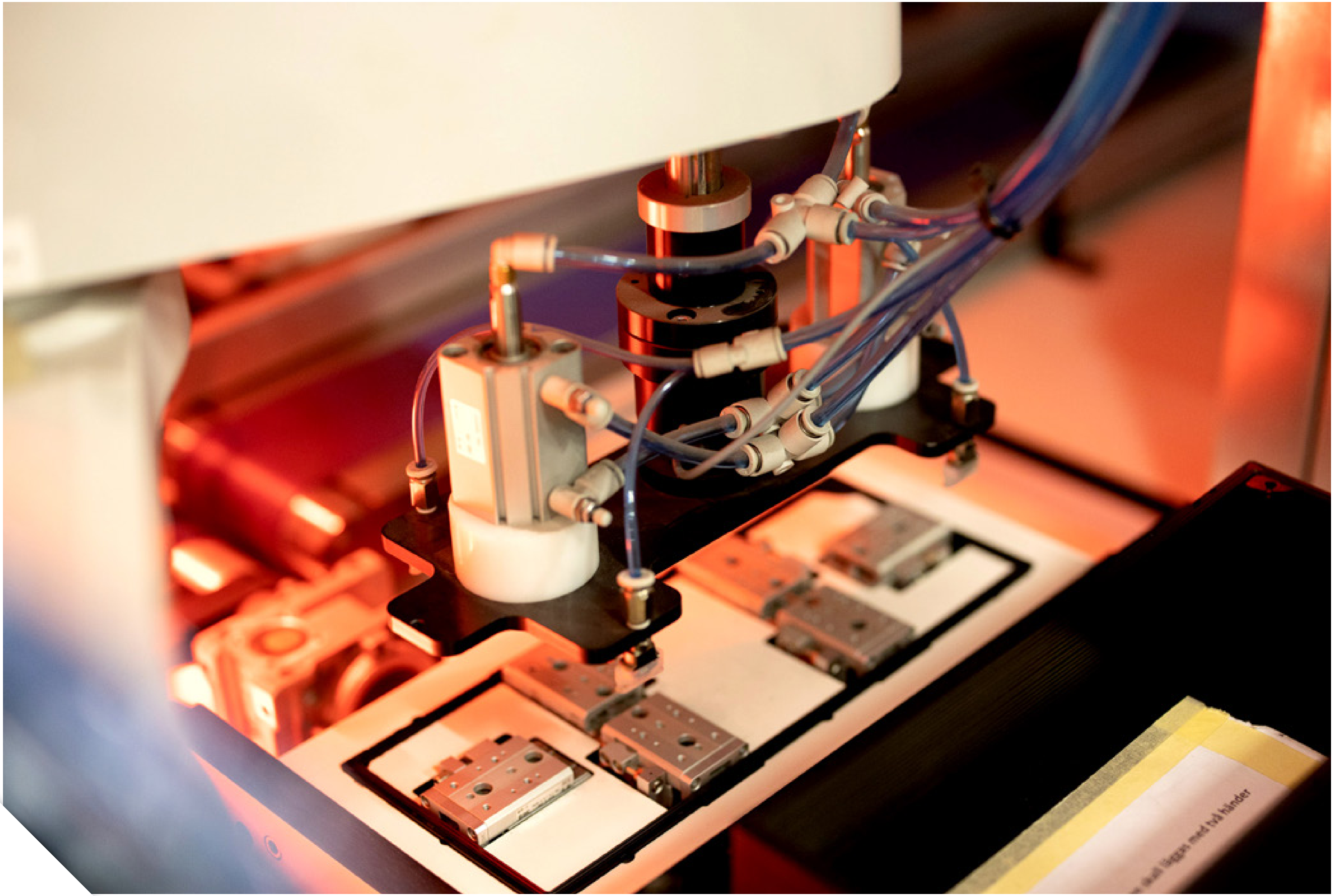
Nilar is developing a new technology that provides a revolutionary opportunity for long life by replenishing an existing battery. The new reoxygenating technology provides cost advantages and creates opportunities for Nilar to offer additional competitive advantages. This project is progressing rapidly, and this revolutionary technology will be launched in 2022.

TANGIBLE

- Machinery and Equipment
- Extensions in Rented Premises

INTANGIBLE

- Patents
- Products
- Production Processes
- BMS (Battery Management System)



BUSINESS

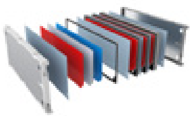
Nilar is a unique producer of safe battery technology with a focus on developing and producing batteries, control systems, and the upcoming oxygen replenishment technology[1]. We distinguish ourselves from other battery suppliers by monitoring the entire production chain from raw materials to the deployment of finished systems to customers. We have over 80 registered patents worldwide for our specialized methods of manufacturing and maintaining batteries.

1

RAW MATERIALS

- We control the battery's quality and performance by monitoring the battery components from procurement of raw materials to completed systems.

2



CELL

- The production process for our bipolar cells is dry, highly automated, cost effective, and industrially scalable.
- Our many years of R&D, highly qualified co-workers together with associated universities and partners has resulted in unique chemical competence and know-how about how to manufacture cells with optimal properties.

3

PRODUCT

- The Nilar building block, the module, consists of flat cells that are in a stacked layer structure, which allows the battery pack to be manufactured in different sizes. This modularity helps distinguish us from other battery companies. Our standard pack of 12 modules, which corresponds to as many as 250 cylindrical cells, is ideal for large electrical energy storage systems.
- Our bipolar and modular design has very few parts and couplings – all making a cost-effective battery with as low electrical resistance as possible to optimize performance and longevity.
- Over the years, our talented employees, together with partners, have developed a highly automated production process with few manual production steps.
- To be able to develop the optimal pack and production process, we have invested heavily in connecting recognized skilled expertise in mechanics and electronics to the company.

Footnote: 1. With Nilar's unique and patented technology for refilling oxygen, the life of Nilar's battery pack can be restored at least three times.

4

SYSTEM

- Since end-customers want finished and intelligent systems, not closed cells, we deliver turnkey systems together with our partners. Nilar's Battery Management System ("Battery Management System" or "BMS") is flexible and can be optimized for a wide range of end user applications The system electronics can communicate with and diagnose online for optimal performance – the battery can be anywhere in the world.
- Having a strong competence within in-house BMS development is one of our success factors.

5

ENGINEERING

- Through collaboration with system integrators, we can create optimized energy storage solutions based on the individual customer's needs.
- We contribute our expertise and knowledge when our partners develop customized system solutions based on Nilar's battery technology.

6

PRODUCT LIFECYCLE MANAGEMENT

- Through the launch of batteries adapted for refilling with oxygen, our partners are given the opportunity to develop a recurring business for life cycle management of our battery systems.

NILAR'S SUSTAINABILITY REPORT

Nilar's goal is to support the electrification of society with sustainable solutions. As renewable energy becomes more prevalent, energy storage will be the key to the future. Through efficient energy storage, renewable energy can be used when it is needed and not just when it is produced while helping maintain a balanced grid. Sustainability lies in Nilar's DNA.

About society's energy dependence
Today's dependence on fossil fuel energy is unsustainable. At the same time, a challenge for society is to create a secure and stable electricity network with as few interruptions as possible.

Development in renewable energy is in the middle of a technological revolution. Both solar and wind power are becoming more efficient and increasing in share in the energy market. Global solar PV generation has reached 821,000 GWh in 2020, demonstrating the second-largest absolute generation growth of all renewable technologies, only surpassed by wind (International Energy Agency, IEA, 2021). Wind power capacity has grown to 743 GW worldwide, with a 53% year-on-year increase occurring in 2020 (Global Wind Energy Council, GWEC, 2021). Despite these record-breaking surges, there is a need for even more to make a difference in the world's decarbonization efforts, needing a fivefold increase in annual deployment of solar and threefold increase in wind. However, one critical challenge in rapid deployment is the intermittency of renewable energy sources; production varies seasonally, daily, and hourly with its weather dependence. Consumers, producers, and network owners need to be able to act more flexibly. Energy storage is the key to the future, achieving flexibility and providing support to the electricity grid.

Nilar creates flexibility with sustainable energy storage
Nilar creates value for its stakeholders through the development and manufacture of batteries for energy storage that both in their design and in their choice of materials are safe, flexible, recyclable, provide a long-life span and, ultimately, a low life cycle cost.

Nilar contends against other stationary energy storage batteries that are modularly built with the base of Nickel metal hydride (NiMH). The battery functions with water based, non-flammable electrolyte while not containing, nor needing cadmium, mercury or lead to deliver powerful results. Great emphasis is placed on using renewable raw materials, designing a product that is sustainable in its construction and ensuring sustainable production. Achieving a circular energy supply has been a central part of the development process from the outset.

To reach end customers with ready-made systems, Nilar collaborates with system integrators who fabricate tailormade energy storage solutions. Nilar batteries can be used in applications for energy storage in homes, for industrial and public installations and then in support of the increasing loads on the electricity grids (e.g. electric car charging). Nilar identifies opportunities to drive positive change and minimize risks of negative impact both within and outside the company's own business area.

Prioritizing important sustainability issues

In 2015 during the United Nations Climate Conference, known as COP21, there were 17 global sustainable development goals adopted by world leaders as part of the UN 2030 Agenda. The goals will contribute to socially, economically, and environmentally sustainable development and be achieved in all countries of the world by 2030. Nilar's management has identified the company's most important sustainability issues and grouped them in the following focus areas: Sustainable products & production and Devoted employer.

STAKEHOLDERS	KEY ISSUES	FOCUS AREA	UN GLOBAL GOALS
Society	Transition to a fossil free society Job creation Sustainable production Longevity research Direct recycling research	Sustainable products and production	**Goal 11:** Sustainable Cities and Communities **Goal 9:** Industry, Innovation, and Infrastructure
Customers/ Integrators	Products that enable smart energy storage solutions		**Goal 7:** Sustainable Energy for all
Suppliers	Stable deliveries Good working conditions		**Goal 12:** Responsible consumption and production
Employees	Beneficial employee policies Dedicated training program	Devoted Employer	**Goal 3:** Good health and well-being **Goal 5:** Gender equality

Control and tools

The focus on Nilar's sustainability work is determined by the Board of Directors and carried out by the management as part of the ongoing operational work. Tools used for this are policies and objectives, as well as various regulations and standards such as REACH (see information box) for legislation on chemicals. A life cycle assessment (LCA) has been carried out in collaboration with IVL Svenska Miljöinstitutet to better understand the impact of Nilar's products throughout the life cycle and to identify where to focus future research efforts.

Risks

Nilar conducts regular risk analyses, which are presented on page 40 of this Annual Report. The most important sustainability risks are environmental impact, social responsibility, organization, and competence provision.

POLICY DOCUMENT

- Code of Conduct
- HR policy
- Finance policy
- Risk management policy
- IT policy
- Outsourcing policy

PRODUCT SAFETY STANDARDS

Reach

The REACH Regulation deals with the registration, evaluation, authorization, and restriction of chemical substances. REACH also includes requirements for users of chemicals.

RoHS

The RoHS Directive aims to reduce risks to human health and the environment by replacing and limiting hazardous chemical substances in electrical and electronic equipment.

Sustainable Products and Production

The adaptability and recyclability of the Nilar battery leads to major environmental benefits for any energy storage investment. A significant focus in Nilar's research and development efforts is a circular economy within our products and our manufacturing process. This central theme helps in cost reduction as well as with the environmental impact of the batteries and sustainability of the production process.

All products that leave the factory must meet our high standards. The most important aspects for the battery are safety, efficiency, durability, and adaptability for the application.

Life span and lifecycle cost

The manufacturing and recycling of any battery can be resource intensive. There are also longevity concerns given the limited lifetime of most batteries. Nilar's latest technological breakthrough is a design change on the eternal case that allows the extension of battery life. Nilar has patented a method to use oxygen to restore electrolyte within the battery cell, reducing internal resistance, replenishing capacity and cycling ability, and increasing service life. Utilizing this method, the battery can achieve more charging cycles than for many other battery types. This results in a higher energy turnover and lower life cycle cost per kWh. Another important factor in the life span is Nilar's Battery Management System (BMS); the integrated software and sensors ensure that the battery is used as efficiently and safely as possible.

Material selection and design for performance and safety

The central component nickel is a raw material that is accessible, fireproof, and recyclable. Nickel-based chemicals work well within a wide temperature range. This is advantageous over other battery chemistries that can be flammable and, in case of fire, also emit toxic gases.

Thanks to unique solutions in design and integration, Nilar's products have high safety performance. The electrodes cannot ignite or react spontaneously. There is no risk of spontaneous fire or explosion with the non-flammable electrolyte. There are fuses installed on each end of every string to prevent short circuiting. And any fire near a Nilar battery can be treated as any electrical fire, extinguished utilizing CO_2.

Nilar controls performance and cost all the way in production. The bipolar design is key to material and space efficiency. The flat battery modules are stacked serially with few intermediate connectors, which results in a uniform current flow across the cells, decreasing electrical resistance and optimizing performance. The modular design enables easy assembly.

Tailor-made solutions with system integrators

Nilar has established partnerships with strong system integrators and distributors. Through these collaborations, the batteries can be adapted to many applications within the energy storage market. Customers and partners are given great opportunities to have a system customized for their needs.

The modularity of the battery and the configuration possibilities of strings allows for products to be properly sized for their task. Several large system integrators use Nilar batteries within their solutions, with both the number of integrators and system installations continuously increasing. In 2021, 537 systems were installed, compared to 442 in 2020.

Recyclable product

Nilar batteries are designed with recyclability in mind, where the modular design simplifies disassembly and recycling. Flat battery cells are stacked on top of each other in a module. This stacked design allows for the battery packs to vary in size. Since the battery cells are not rolled up as in cylindrical battery structures, they are easy to separate when recycled. The design of the batteries has few parts and couplings, translating to a cost-effective battery with as low electrical resistance as possible.

The constituent raw material nickel is easy to recycle, and any residues are sent to the metal industry where many processes can reuse the residues. Everything can be recycled or reused, and no landfill is needed. The amount of cobalt is very minimal in Nilar's batteries, with aspirations to remove cobalt completely in the future.

Nilar's batteries from a life cycle perspective

In 2019, in cooperation with the Swedish Environmental Research Institute (IVL), a life cycle assessment (LCA) was conducted for Nilar. The assessment was done from cradle to gate, with Nilar contributing estimates for the use phase, to better understand and illustrate where environmental impacts occur during the product's life cycle. To best analyze the climate impact, all impacts have been converted into CO2 equivalents per kilowatt-hour (CO2 eq. per kWh). A comparison has been made between the negative impact of the products in the production phase to its positive impact

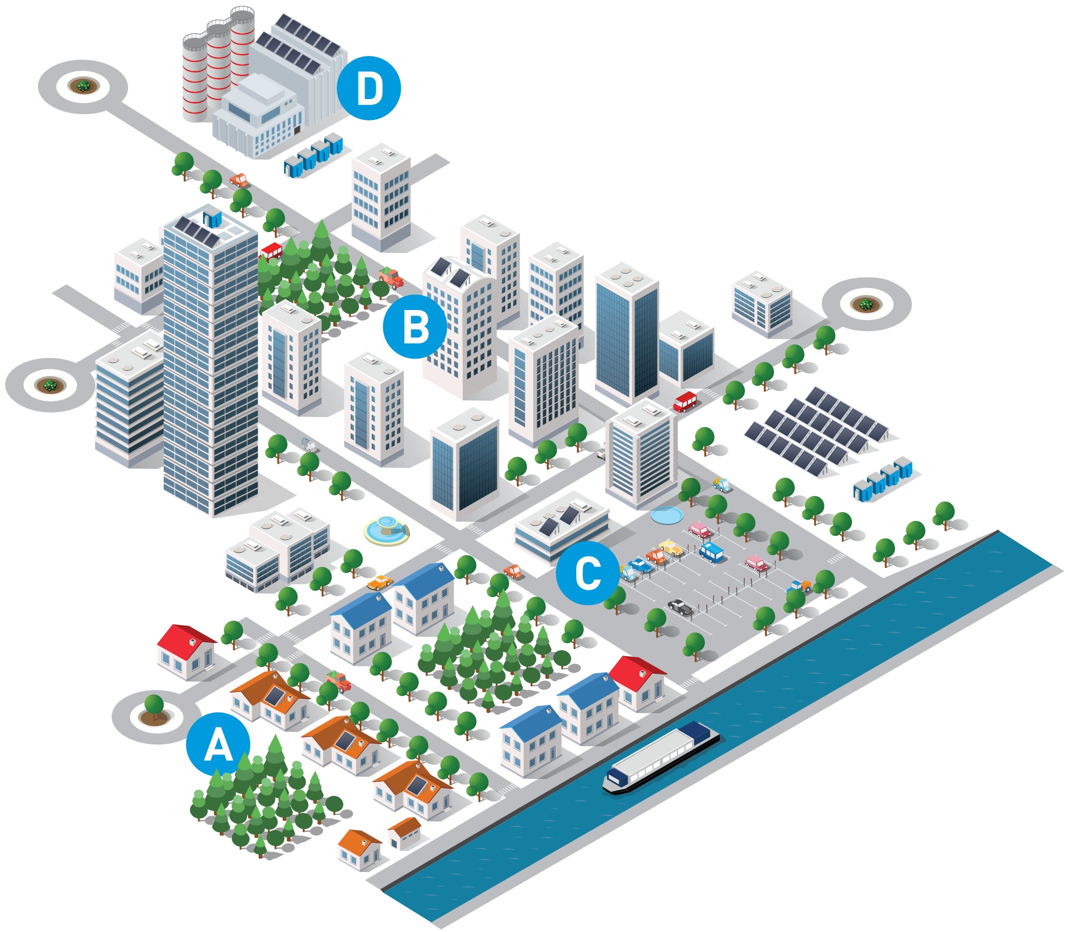
The phasing out of fossil fuels is an important part of the UN's Agenda 2030 and four of the 17 goals are addressed directly by Nilar's solutions.

Goal 7: Sustainable energy for all

Goal 9: Industry, Innovation, and Infrastructure

Goal 11: Sustainable cities and communities

Goal 12: Sustainable production and consumption



A Safe and affordable energy storage systems that reduce peaks in power for private households, making energy more accessible and affordable in communities.

B Optimize the use of an existing solar energy solution in an apartment building. Store solar energy during the day and transfer to apartments in the evening, creating sustainable production and consumption.

C Create new energy efficient structures in shopping malls & office buildings that promote energy conservation and utilize renewable energy resources, building resilient infrastructure for a sustainable city.

D Regulate energy supply through frequency regulation to meet demand at the national level, supporting resilient infrastructure for the community and industry.

during the use phase. The overall study concluded that the benefit of Nilar's products is greater than its impact.

Efficient and environmentally friendly production

Nilar has made major investments in sustainable production facilities. The production process takes advantage of automated efficiency, ensuring it is as resource efficient and environmentally friendly as possible. Newly integrated production lines have the potential to quicken the automated steps, with the clear established quality routines controlling production. In developing the optimal production process, Nilar has invested in the recognition of high competence in mechanics and electronics. For our battery cycling analysis, our test equipment is set up to discharge back into the AC supply line, directly offsetting the power used in charge.

A secondary factory emerging in Estonia strengthens our expanding network and enhances our raw material supply. The standardized production process will be easy to establish in this new location, helping us be more accessible for customers and system integrators.

To reduce the environmental impact of production, 100% renewable energy is used throughout the production plant in Gävle and the goal is to ensure the same conditions for production in Estonia.

Continuous Innovation

A circular economy philosophy is a cornerstone of the Nilar research & development processes. Through the deployment of our previous battery products, our dedicated research and design staff gained significant insights into improvements towards a better battery. Every innovation capitalizes on acquired experience striving towards component renewal and waste reduction. There has been significant investment in research into direct recycling strategies to advance the sustainability of the production process. The battery management system is continuously advanced to increase efficiency and capability. In addition, our recent research into life extension will allow batteries to live on past their conventional end date, leading to a long-lasting solution.

Energy storage will be the key to the renewable energy transition. The intermittency of renewable energy sources necessitates the flexibility and grid support that energy storage provides. Enhances in efficiency and battery life allow for resource efficiency and infrastructure upgrades that are needed to achieve the UN Agenda 2030.

International supply chain

Nilar buys raw materials from all over the world, where most of the large suppliers are within Europe and Asia. With a dispersed supply of raw materials, there are risks of a lack of sustainability in the environment or social issues in the supply chain. The establishment of the upcoming factory in Estonia opens up the opportunity for more supply diversity with its vicinity to direct rail connections to Nickel production sites as in China, for example.

As new suppliers are onboarded, they are required to work according to ISO 9001, ISO 14001 and ISO 45001/OHSAS 18001. There is work to implement a formal audit process to ensure we maintain a high level of quality from our supply chain. The audit process will serve as a countermeasure to the risks of environmental and social issues.

Within Nilar, there is active collaboration between purchasing, quality, and logistics, where the working strategy is under continuous review and updating. With this, Nilar optimizes all purchases in terms of volume, price, and quality. At the same time, sustainability risks are counteracted. The temporary reduction in production and delay in factory expansion are in line with the goal to sell what is produced, ramping down to ensure efficient production is prioritized.

Environmental permit

Nilar's operations are subject to permit and registration. Nilar is licensed under the Environmental Code to manufacture batteries in the Gävle factory that do not contain cadmium, lead or mercury. The company is authorized to produce a maximum of two million batteries per year.

CARBON FOOTPRINT

Raw material production

Raw material production
The products have their greatest negative climate impact at the raw material level and mainly in the production of materials included in the electrodes. Transport of components and raw materials to Nilar's factory and delivery of finished energy stocks to customers is of minor importance.

Nilar production

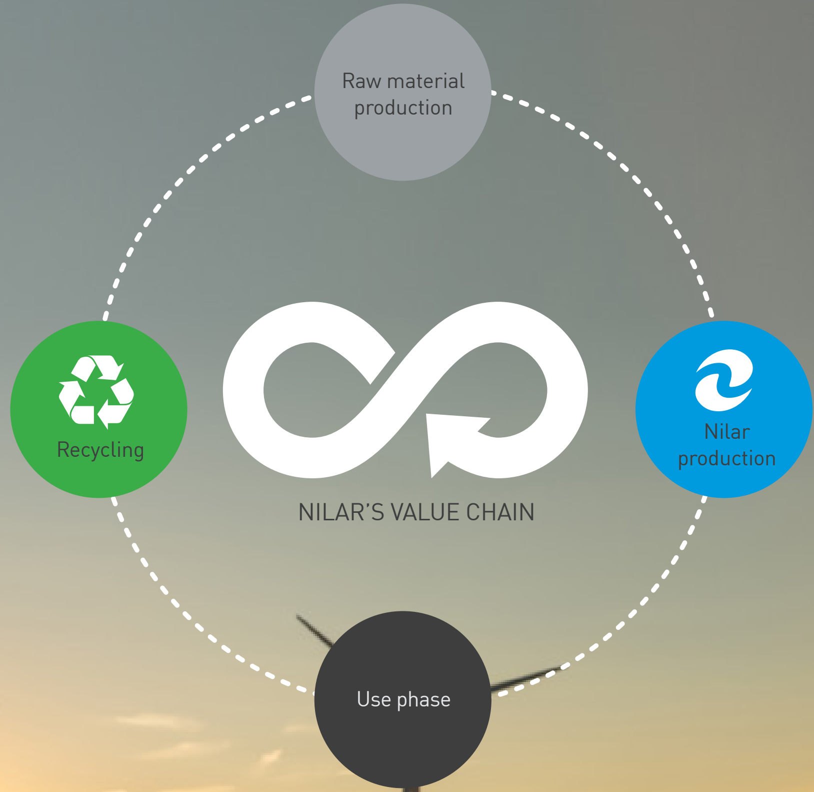
The assembly of components and modules takes place in Nilar's factory using automated manufacturing lines. In the current production process, they are powered by electricity from solar, wind, and water. This process is also likely to have a limited impact. Integration of modules into final solutions consists mainly of one-off adaptation work, which is not as energy intensive.

Use phase

Nilar's batteries have a positive impact on the climate by allowing renewable electricity to be stored and used at power peaks and replacing dependence on fossil fuels. The average carbon dioxide emissions measured in CO_2 equivalent scans in the EU are currently around 290 grams of CO_2 eq. per kWh. This average has been used to quantify the emissions that would have occurred when using energy sources other than Nilar batteries during battery life.

Recycling

Nilar's batteries are designed with recyclability in mind. The modular design of Nilar's batteries simplifies disassembly and recycling. Since the battery cells are flat and not rolled up as in cylindrical battery structures, they can be easily separated for recycling. Nickel, the constituent raw material, is easy to recycle and any residues are sent to the metal industry for reuse. As a result of recycling, material flows are merged into new production processes and thus the circle is closed.



Devoted employer

Over the last few years, Nilar has aspired to build up our production line to meet growing demands. We have faced limitations from supply chain issues to resource scarcity that have plagued this last year. This year began with the expansion of our production lines in Gavle; however, we acknowledge that even with this anticipated increase in capacity, we would not be able to reach our full potential.

Temporary Reduction in Workforce

To achieve the goal of selling what we produce and ensuring that we prioritize efficient production, an organizational restructuring has been required. Our original strategy was to have eight production lines in operation within Gavle and install six within our developing plant in Paldiski. In order to pace ourselves and ensure a smart transition in the months ahead, the focus will be on finalizing a six-line production in Gavle and establishing four foundational lines within Paldiski. The emergence of production in Estonia strengthens our expanding network and enriches our raw material supply moving forward.

To succeed with a good transition and restructuring, we have seen a need to outplace and give notice to a major part of the employee workforce. In the process, we have ensured that the employees will have all the necessary tools and resources to be able to transition to a new career. Nilar is part of a collective agreement through Trygghetsfonden TSL and TRR that serves as job conversion support. This agreement, based on one between the Confederation of Swedish Enterprise and LO (union collective), is free support to displaced permanent employees with at least one year of tenure and dismissed for redundancy. This support is fully funded by the participant companies and includes a job coach to help with employment transitions and educational efforts. This benefit is a right for any employee who meets the base criteria; however, Nilar made the choice to purchase the service for all employees, even those who did not meet the original base criteria. It is unfortunate to lose talented colleagues in this transition but grateful that there is access to career guidance. This short-term de-escalation will help Nilar to make one giant leap forward in the future.

Employee Focused Benefits

Over the last couple years, a reporting program for the number of incidents and accidents within the factory was implemented and progressively enhanced to best identify cause and effect relationships. The goal is to work proactively to mitigate and address issues more efficiently.

An occupational health care agreement was established and implemented. This included, among other things, an education program targeting important factors for shift workers. This allowed employees to learn about the importance of exercise, adequate sleep and balance in diet and alcohol consumption in connection with shift work, providing them strategies to best embrace a work/life balance.

For Nilar, investing in employee wellness is investing in the company's overall wellbeing. There has been a new employee portal from Benify introduced to employees. Through this new feature, an employee can have easy access to information they may need, both at work and during free time. This program includes a new variety of employee benefits such as a fitness allowance. Access to this Benify portal began on October 1, 2021, with every employee being provided a wellness stipend starting in 2022 that can be utilized towards any of the personal benefits available through Benify.

Development and commitment in the workplace

It is essential for Nilar to attract and retain the right skills. Nilar is a knowledge-based company and is, therefore, dependent on excellence in a number of areas. Employees have unique expertise in chemistry, mechanics, electronics, production technology, and programming. Nilar also works closely with, among others, Stockholm University and Uppsala University with the associated Ångström Laboratory.

It can be difficult to recruit the skills needed for some areas. In general, engineers can be in short supply and, since Nilar has a unique product, there are not many chemists specializing in Nilar's technology. This means that a relatively long introduction is required for new employees. Nilar dedicates the time and resources to grow a new employee into a trained professional, giving them a greater understanding of their responsibilities as well as the providing them the knowledge to maximize their skills.

An open working climate provides a collaborative environment. Not only does it open up opportunities to make new proposals, but it also creates career opportunities. Technical competence is important but there is significant strength in the ability to collaborate and lift each other's ideas.

In order to continually improve operations, Nilar had implemented a new survey to measure employee satisfaction in 2021. Notably, the participation level was high (92%). The overall result reflected that the engagement and devoted employees were high in comparison to other companies within our industry; engagement was 3,7 on a 5-point scale. We were able to identify a need to focus more on wellbeing and resource allocation. It is our assumption that the pandemic had a direct impact on health and stress in workload, which received a lower rating. For 2022, the decision was made to expand the survey to include questions investigating the impact of our people strategy involving zero harassment, health, diversity and inclusion, and employee attraction.

Human rights

Respect for human health, well-being, and rights are fundamental values for Nilar. The company's ambition is to treat all interest groups ethically and with respect. Nilar respects and advocates human rights. All employees within Nilar are covered by collective agreements within the Technology Agreement. A new routine for dealing with abusive discrimination and bullying within Nilar is under development. This is planned as a joint venture with both cultural and leadership development.

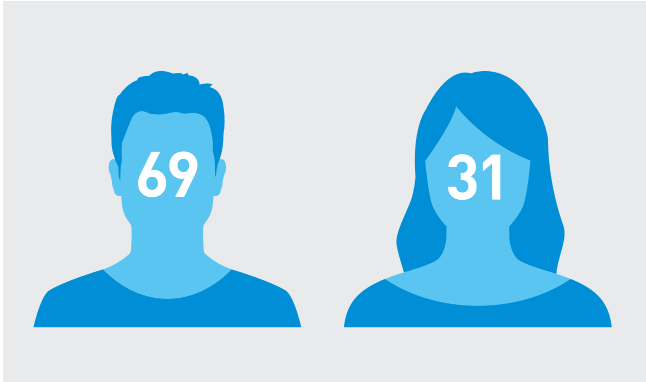
With a global supply chain, there is a risk of negative impact on human rights. For Nilar, great demands are placed on quality assurance and follow-up within the purchasing process. Among other things, suppliers are required to work according to ISO 45001 (the ISO standard for work environment and safety). As noted, a formal audit process is in development to ensure we maintain a high level of quality from our supply chain.

Goal 3: Good health and well-being

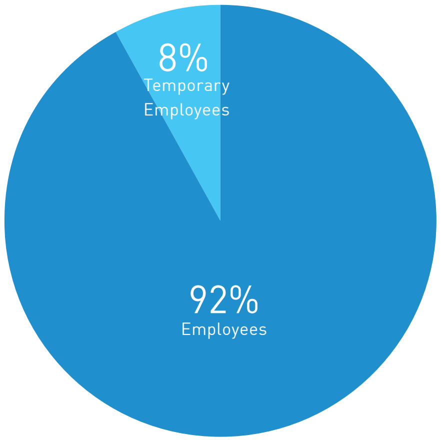
Goal 5: Gender equality

EMPLOYEES BY AGE CATEGORY	%
<30	31
30-50	55
>50	14

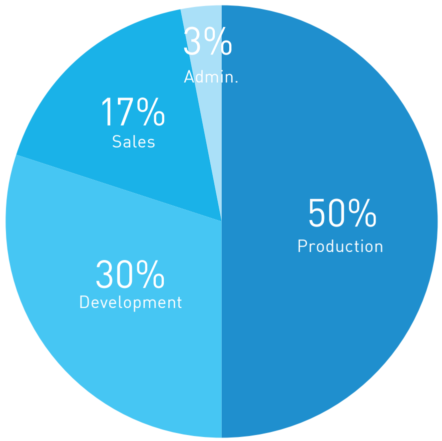
CALCULATED ON THE NUMBER OF FULL-YEAR WORKERS



FORMS OF EMPLOYMENT



EMPLOYEES PER FUNCTION



Malin Högström
EHS Manager (Environment Health and Safety Manager)

Malin manages the Environment Health and Safety department where an important quality is to be able to respond to the needs of many different individuals. Addressing both the physical and psychosocial environment at Nilar, she works to ensure Nilar follows all laws and regulations. This involves implementing preventative measures in operations to reduce the impact on health and the environment. For Malin, compliance with the environmental laws is gratifying because she values providing a safe environment for Nilar's employees.

"The best things about working at Nilar are all the nice colleagues and the positive atmosphere."

For Jenny, her road into research engineering was built upon her desire to contribute to society. Her primary work at Nilar revolves around algorithm development and understanding battery behavior. She works with colleagues in system design to help develop the battery management system. At the same time, she is pursuing her PhD at KTH Royal Institute of Technology, investigating ways to predict battery behavior using computer models.

Within the Chemistry group, Jenny supports her team through her analytical ability, pattern recognition, and understanding of electrochemical principles. The work of her department ultimately lets us control the batteries better, decreasing risk of things going wrong, decreasing losses in operation, and, potentially, increasing the system lifetime through optimized operation.

"In my opinion, the best thing about Nilar is the team I work with; I appreciate the people. It's not so bureaucratic, which helps us to solve problems together without having to deal with bureaucratic limitations. Everyone in the group is very driven, which I think is needed for this type of work."

Jenny Börjesson Axén
Senior Research Engineer Chemistry – Expert in Battery Modelling Technology

For Karin, the primary purpose of her chemistry team is to ensure that Nilar has the knowledge and technology in place to be able to deliver in the short and long term according to the company's strategy and product plan. Their responsibilities in research, development, and testing focus in the areas of cell design, material characterization, active materials, and oxygen replenishment, among other things. In addition to projects, an essential mission is to maintain a well-functioning chemistry lab and test facility that is ready to meet current and future needs. Karin's team also works to identify and establish potential external partners, such as universities, research institutes, and complementary companies.

"The best thing about working at Nilar is that I learn so much, every day. The people I work with have an enormous amount of knowledge and drive, which constantly inspires me. The chemistry team is fantastic - the togetherness, the energy, and the will to succeed are outstanding! I thrive best when we discuss problems, progress ideas together, or share knowledge in our chemistry forums. Another aspect I enjoy is that our projects span many disciplines; we have the opportunity to work closely with the systems and mechanics teams."

Karin Forsling
Head of Chemistry

Michael Eraso
Business Controller

As a Business Controller, Michael prides himself as a self-described 'spider in the web', serving as a central hub to coordinate between the operational and the strategic groups in Nilar with the goal of transparency. Daily responsibilities primarily revolve around business follow-up, emphasizing a holistic approach. This is done through data insights and a close collaboration with key people from the entire organization. Michael finds the role of business controller benefits from having a flexible mindset, good communication skills, and a fundamental understanding of data analysis and processing.

"I work at Nilar because I am driven by being part of the green transition; battery technology is one of several key technologies that will enable the UN's global climate goals 2030 and beyond."

HISTORY

As society shifts from fossil fuels to renewable electricity production, there is a growing demand for battery-powered energy storage solutions to enable renewable integration and to maintain the stability of the electricity grid. The performance and efficiency of the Nilar battery, together with its essential safety benefits, enable the environmentally conscious and reliable power source needed.

2000

The Nilar project is started by Lars Fredriksson and Neil Puester

2005

Prototype manufacturing

2012

R&D production line in Gävle

2013

Development of modules and modular systems

2014

Implementation of scalable and automated production line.

Development of BMS for low and high voltage.

2017

Development of turnkey solutions for smart grids.

2018

Volume deliveries of Nilar's complete bipolar battery energy storage.

2019

Development of a revolutionary method for the multiplication of battery life for NiMH batteries.

Announcement of IPO plans.

Production line 2 was installed.

2020

Production lines 3 and 4 were installed in Gävle.

2021

The company's shares were listed on the Nasdaq First North Premier Growth Market.

Commissioning production lines 5 and 6 in Gävle.

2022

First deliveries of batteries with oxygen filling technology.

Work on the next production facility continues.

SHAREHOLDER INFORMATION

Nilar International AB (publ) is a Swedish public company. The company's shares are listed on First North Premier Growth market since 30 april 2021.

The share capital amounts to SEK 7 585 292 divided into 45 511 751 shares with a quota value of SEK 0.17. Each share entitles the holder to one vote and equal right to share in the company's capital and earnings.

SHAREHOLDERS

At the end of 2021, the company had a total of 3 147 (147) shareholders.

The five largest shareholders controlled at year-end 37.8 (45.8) percent of the capital and votes.

SHARE REGISTER

In 2019, Nilar registered its shares with Euroclear.
ISIN code SE0009888407.

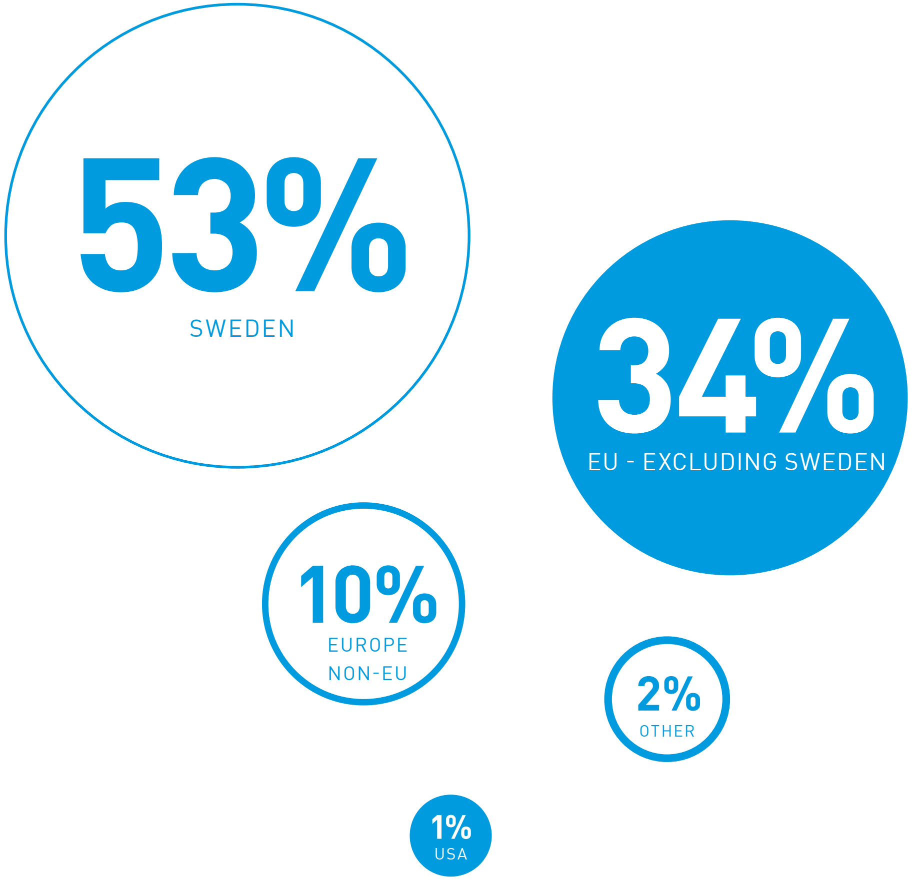
FINANCIAL INFORMATION

Nilar annually publishes four interim reports and an annual report. The reports are available to read and download or order as a printout from the company's website www.nilar.com.

ANNUAL GENERAL MEETING 2021

The annual general meeting of Nilar International AB (publ) will be held on Wednesday 22 juni.

SWEDISH AND FOREIGN OWNERSHIP



NILAR'S 15 LARGEST SHAREHOLDERS PER 31 DECEMBER 2021

NAME	NUMBER OF SHARES	SHARES % CAPITAL/VOTES
Christopher Braden	4 782 507	10.51%
Första AP-Fonden	4 316 053	9.48%
R&H Trust Co	2 919 691	6.42%
BNY Mellon SA	2 879 036	6.33%
Fjärde AP-Fonden	2 319 197	5.10%
Banque Pictet & CIE SA	1 971 741	4.33%
UBS Switzerland AG	1 770 702	3.89%
Fredriksson & Forssell AB	1 611 546	3.54%
AFA Försäkring	1 307 512	2.87%
Clearstream Bankning SA	1 177 473	2.59%
Other	20 456 293	44.94%
Total	**45 511 751**	**100%**

DEVELOPMENT OF SHARE CAPITAL

EVENT	REGISTRATION DATE	MONTH	CHANGE IN NO. OF SHARES	NO. OF SHARES AFTER ISSUE
Founding	2000		100 000	100 000
New share issue [1]	2004		106 130	206 130
New share issue [1]	2005		20 918	227 048
New share issue	2005		41 500	268 548
New share issue	2006		14 600	283 148
New share issue	2007		81 193	364 341
New share issue	2009		155 773	520 114
New share issue	2011		175 407	695 521
New share issue [1]	2012		280 485	976 006
New share issue [2]	2013		68 660	1 044 666
New share issue [1]	2013		64 489	1 109 155
New share issue	2013		164 963	1 274 118
New share issue [1]	2014		80 684	1 354 802
New share issue	2014		3 324	1 358 126
New share issue	2015		6 960	1 365 086
New share issue	2015		989 052	2 354 138
New share issue	2016		238 600	2 592 738
New share issue	2016		22 803	2 615 541
New share issue	2017		129 285	2 744 826
New share issue	2017		525 753	3 270 579
New share issue [1]	2018		180 403	3 450 982
New share issue	2019		980 875	4 431 857
New share issue [2]	2020	august	275 669	4 707 526
New share issue	2020	september	6 967	4 714 493
New share issue	2020	october	310 698	5 025 191
New share issue	2021	january	62 000	5 087 191
Share split 1:6	2021	april	25 435 955	30 523 146
New share issue IPO	2021	may	11 194 029	41 717 175
Exchange convertible loan	2021	may	3 582 252	45 299 427
New share issue (Greenshoe option IPO)	2021	june	212 324	45 511 751

1) Set-off. 2) Cash, set-off.

BOARD OF DIRECTOR'S REPORT

The Board of Directors and CEO of Nilar International AB (publ), corporate ID no. 556600-2977, hereby present the annual financial statements and consolidated financial statements for the 2021 financial year.

OWNERSHIP STRUCTURE

Nilar International AB (publ) is a Swedish public limited liability company. The company's shares have been listed on Nasdaq First North Premier Growth Market since 30 April 2021.

THE GROUP'S OPERATIONS

After several years of ambitious development and industrialisation, the company has launched specialist products for battery systems for homes, battery systems for industry and commercial properties and battery systems for large-scale energy storage, based on the company's unique bipolar nickel-metal hydride battery.

In addition to active work in the market, 2021 has been dominated by expansion of the production facilities at the company's factory in Gävle. The company remains in a phase of heavy industrialisation.

Over the next year, Nilar will focus on further development of the battery and steps to increase its quality. Production will be relatively low and the batteries produced will be sold to selected key customers and partners. Furthermore, Nilar will focus on entering into new cooperation agreements with integrators operating in market segments where the specific characteristics and advantages of Nilar's battery will be in demand.

THE YEAR IN BRIEF

During the year, production lines 4-6 were started up in the factory in Gävle, which provided greater manufacturing capacity. However, disruptions to production occurred in the first quarter as a result of repairs to the ventilation system and also in the second quarter due to disruptions in the production process. The establishment of the company's second production facility in Estonia began, with production being scheduled to start in summer 2022. However, at the end of the year, Nilar decided to reduce the rate of investment both in the factory in Gävle and the facility in Estonia.

The Energy and Energy+ product lines were launched. The company's shares were listed on Nasdaq First North Premier Growth Market on April 30.

The component shortage as a result of Covid-19 adversely affected Nilar in a number of ways. It made sales more difficult since Nilar's customers in turn found it difficult to obtain the components required to enable them to deliver complete solutions to the end-consumer. The cost and delivery times for input materials have also increased considerably.

Erik Oldmark was appointed as the new substantive CEO at a board meeting held on 11 October.

Shift working hours have been gradually increased in production during the year. However, the company issued two redundancy notices that together affected 110 people at the factory in Gävle and the head office in Täby. This was due to the need to temporarily slow down operations. Therefore, the number of shifts was reduced from four to two at the end of the year.

FINANCIAL SUMMARY, MSEK	2021	2020	2019	2018	2017
Revenue	17.8	25.2	10.4	3.4	1.1
Gross profit	-479.5	-199.2	-151.1	-35.7	-24.0
EBITDA*	-382.1	-223.4	-183.0	-77.8	-53.1
Operating profit (EBIT)*	-596.4	-284.0	-221.7	-89.9	-58.5
Profit/loss after tax	-600.5	-342.9	-238.5	-91.1	-59.2
Cash flow from operating activities	-446.6	-211.6	-153.9	-73.6	-52.9
Cash flow from investing activities	-215.1	-111.5	-135.2	-45.6	-24.9
Cash flow from financing activities	818.5	233.6	420.0	76.9	135.0
Equity/asset ratio, % *	60%	18%	49%	70%	96%
Debt ratio, times *	0.7	4.6	1.0	0.4	0.0
Full-time equivalent employees, number	185	127	90	48	44

*) Alternative performance measure. See page 103 for further explanations. Applies to this and all subsequent alternative key ratios in the annual report.

Profit and profitability

Net sales fell by 29% to 17.8 (25.2) MSEK. The total sales for the period were adversely affected in various ways associated with COVID-19. Problems in the supply chain at Nilar's customers reduced the need for battery storage systems during the period since the shortage of components made it more difficult to deliver comprehensive solutions to the end-customer. The number of energy storage units sold rose by 21% to 537 (442). The average size of the energy storage sold was 8 (12) kWh, since volumes of smaller systems were delivered in larger numbers.

The gross profit fell to -479.5 (-199.2) MSEK. The deterioration in earnings is mainly driven by the impairment of capitalised expenditure for development of -137.5 MSEK carried out in Q4 due to the company's revised strategy, higher costs for materials and higher personnel costs attributable to the expanded production capacity. The company's inventory is recognised at net sales value instead of amortised cost due to the products' negative margin. For that reason, there has been an impairment of the inventory value of -59.7 MSEK, which represents 48.7% of the inventory value. From the guarantee provision of 14.3 MSEK made in the last quarter of 2020 linked to an identified software error, the replacement programme was delivered and completed in the third quarter and the entire reserve was returned. From the guarantee provision of 23.7 MSEK made in the third quarter, systems were replaced during the the fourth quarter at a cost of 8.8 MSEK. During the year, guarantee costs relating to materials and external services have been charged to earnings at 39.5 MSEK. The fourth quarter was also burdened by a further provision which entailed an increase of 1.3 MSEK to 26.8 MSEK for future guarantee replacements of legacy systems and battery packs identified as having a higher risk of overheating. The replacement and updating of these systems is expected to take place over the next 6–9 months.

Operating expenses increased to -617.8 (-310.2) MSEK. The costs for employees and contracted staff amounted to -194.6 (-116.4) MSEK with the increase mainly occurring in Production and R&D. Costs for raw materials amounted to -148.4 (-86.4).

Depreciation of tangible and intangible fixed assets amounted to -76.8 (-60.7) MSEK. Depreciation for mechanical equipment increased to -39.8 (-24.9) MSEK as a result of the expansion of the production facility. Depreciation for capitalised development expenses and patents amounted to -31.6 (-30.9) MSEK and depreciation costs for right-of-use assets amounted to -5.3 (-4.8) MSEK.

The operating profit fell to -596.4 (-284.0) MSEK. Financial items amounted to -4.2 (-58.9) MSEK, of which -13.6 MSEK consists of interest on loans with the EIB, -10.1 MSEK of interest on the convertible loan, 29.0 MSEK of a change in value of the derivative component attributable to the convertible loan as well as the EIB options (see Note 14) and -1.7 MSEK regarding the interest component for the lease liabilities relating to the company's costs for premises. Earnings before and after tax fell to -600.5 (-342.9) MSEK.

Cash flow, working capital, investments and financial position

The cash flow from current activities amounted to -446.7 (-211.6) MSEK. Changes in working capital amounted to -63.2 (8.0) MSEK, of which -1.1 MSEK consisted of lower operating liabilities, -57.2 MSEK of higher inventories and -4.9 MSEK of higher operating receivables. Investments amounted to -215.1 (-111.5) MSEK, of which -191.0 (-81.1) MSEK consisted of investments in machinery and equipment for the factory in Gävle and -24.2 (-30.4) MSEK consisted of capitalised development expenses and patents.

The cash flow from financing activities amounted to 818.5 (233.6) MSEK, of which 733.3 MSEK relates to new share issues, 1.8 MSEK relates to a stock option programme and 8.7 MEUR (87.8 MSEK) relates to a second and final disbursement of the loan from the EIB (tranche A). The amortisation component for the lease liabilities relating to the company's costs for premises amounted to -4.3 (-4.3) MSEK. Cash flow for the period was 156.8 (-89.4) MSEK. The balance sheet total is 815.2 (576.4) MSEK. The comparison period for the balance sheet statement is 31 December 2020.

The Group's intangible fixed assets at the end of the period amounted to 39.8 (184.8) MSEK. The assets consist of capitalised expenses for development work of 38.7 (184.3) MSEK and patents 1.1 (0.5) MSEK. During the period, 23.4 MSEK of development expenses have been capitalised for the development of a new product with oxygen filling and development of a BMS (Battery Management System). During the year, an impairment of capitalised development expenses was carried out, which amounted to -137.5 (-6.7). The tangible fixed assets amounted to 348.3 (197.0) MSEK, of which 155.1 (50.6) MSEK consisted of the year's new facilities for the now completed, in principle, factory in Gävle and the construction of Nilar's new factory in Estonia, which has started. The assets consist of forming and electrode manufacturing equipment for a total of 6 completed production lines in Gävle and for 4 lines started in Estonia.

The current assets at the end of the period amounted to 374.3 (155.3) MSEK. Inventories amounted to 99.3 (42.0) MSEK. Equity in the group at the end of the period amounted to 491.5 (103.1) MSEK. A new share issue and conversion of a convertible loan in connection with an IPO in April increased the equity during the period by 973.3 MSEK.

The liabilities at the end of the period amounted to 323.7 (473.3) MSEK, of which non-current liabilities amounted to 181.2 (119.1) MSEK and current liabilities amounted to 142.5 (354.1) MSEK. The equity ratio was 60 (18)%.

Risks and risk management

Exposure to risks is a natural part of a business activity and this is reflected in Nilar's approach to risk management. It aims to identify risks and prevent risks from arising and to limit any damage from those risks. Risks can be classified as financial risks, economic risks, market risks and external risks, operational risks and sustainability risks. For a description of how the Group manages these risks in its operations, see Note 4, Risks and risk management risk factors on page 64 and Risk factors on pages 40–43.

Continued financing

This annual report has been prepared based on the assumption of going concern. In the after-effects of COVID-19, material procurement and rising commodity prices caused problems, both for Nilar and for the company's customers. A shortage of components and higher purchase prices, combined with the the negative margin on Nilar's products led to the decision to reduce sales in the fourth quarter. Another contributory factor in the decision to reduce sales can be associated with doubts regarding the quality of products produced after summer 2021. The fall in sales and the negative margin are factors contributing to the fact that Nilar will need additional capital in 2022 to enable it to finance its operations. At the time of signing of the annual report, the board of directors is actively working on various conceivable sources of financing.

Nilar's sources of capital are loans and issuances and, given these sources of capital, the board of directors considers that it will be possible to raise the necessary capital. At the time of signing of the annual report, the Nilar board of directors intends to adopt a resolution on a fully guaranteed preferential rights issue of approximately 275 MSEK at an extraordinary general meeting scheduled to be held on 18 May 2022. Along with existing funds, the net proceeds from the preferential rights issue are expected to be sufficient to finance the company's business plan until the end of 2023.

Permits and environment

Nilar holds a permit in accordance with the Environmental Code for the factory in Gävle to manufacture batteries that contain no cadmium, lead or mercury. The company has a permit to produce a maximum of two million batteries a year. See our sustainability report on pages 22–27 for more information.

Significant events after the end of the financial year

At an extraordinary general meeting held on 3 March 2022, Gunnar Wieslander was elected as the new Chairperson of the Board of Directors of Nilar. Three members also chose to resign at the time of the general meeting: Anders Gudmarsson, Peter Feledy and former Chairperson of the Board of Directors Michael Obermayer.

Negotiations following the two redundancy notices that the company issued in the fourth quarter of 2021 have been completed and have resulted in 48 people leaving the company due to shortage of work.

The board of directors of Nilar intends to adopt a resolution on a fully guaranteed preferential rights issue of approximately 275 MSEK at an extraordinary general meeting scheduled to be held on 18 May 2022. Along with existing funds, the net proceeds from the preferential rights issue are expected to be sufficient to finance the company's business plan until the end of 2023.

The war in Ukraine that began at the end of February 2022 has resulted in greater uncertainty and risk associated with business in Ukraine, Russia and Belarus. Nilar has no direct presence in these countries but may be affected by the uncertainty in the raw materials market caused by the war, since sanctions were imposed on trade with Russia, which has led to higher prices for nickel and other materials. It is difficult to predict how the war will progress, but Nilar is carrying out assessments on an ongoing basis of the need to adopt measures.

PARENT COMPANY

The parent company's net sales amounted to 0 (0) MSEK. Intra-group purchases amounted to 23.4 (97.5) MSEK and consisted of acquisitions of intangible assets from the subsidiary Nilar AB. Research and development costs amounted to -170.6 (-23.1) MSEK and consisted primarily of depreciation for capitalised development expenses as well as the impairment of -137.5 (0) MSEK in capitalised development expenses carried out during the fourth quarter. Net financial income amounted to -129.5 (-61,0) MSEK, which is explained by financial costs amounting to -5.8 (-13.7) MSEK, of which -3.6 MSEK consists of interest on loans with the EIB and impairment of shares in subsidiaries of -502.5 (-208.1) MSEK.

The loss after tax amounted to -684.4 (-297.9) MSEK. Cash flow for the period was 157.7 (-81.7) MSEK. Cash and cash equivalents at the end of the period amounted to 225.3 (67.6) MSEK.

The equity ratio was 72 (16)%. Equity amounted to 369.7 (65.1) MSEK.

Total number of shares

The total number of outstanding shares as of 31 December 2021 amounted to 45,511,751. As of the balance sheet date, there were 260,315 warrants outstanding, of which 89,682 were to board members and senior executives and 160,633 were to the EIB.

The work of the board of directors

The board of directors has adopted rules of procedure, instructions and a number of policies governing the responsibilities of the board of directors on the one hand and, on the other, the Chief Executive Officer, the committees set up by the board of directors and the group management. The board of directors has ultimate responsibility for the Group's operations and organisation and ensures that the work of the Chief Executive Officer and financial work is carried out according to established principles. The board of directors has held 24 minuted meetings.

Corporate governance report

Nilar submits a separate corporate governance report, which is included in this annual report on pages 44–49.

Proposed treatment of loss

PARENT COMPANY	2021
The following profits are at the disposal of the annual general meeting:	
Share premium reserve	2 019 125 094
Profit/loss brought forward	-1 045 719 530
Net loss for the year	-684 436 198
Total	**288 969 366**

Dividend

The board of directors proposes that no dividend be paid out for the 2021 financial year.

With regard to the parent company's and the group's earnings and position in general, we refer to the income statements and balance sheets, the report on changes in equity, the cash flow statements and the supplementary information below. All amounts are expressed in thousand Swedish kronor, unless otherwise stated.

RISK FACTORS

Exposure to risks is a natural part of a business activity and this is reflected in Nilar's approach to risk management. Risk management aims to identify risks and prevent them occurring as well as limiting any damage from those risks.

Risks can be classified as financial risks, economic risks, market and external risks, operational risks and sustainability risks. Below and to the right there is a description of how the group management assesses and manages the main risks in the business with a time perspective of 1–3 years.

A more detailed description is set out in Note 4 "Risks and risk management" on page 64.

FINANCIAL RISKS

A. Currency risk
B. Interest rate risk
C. Credit risk
D. Liquidity risk
E. Capital risk

ECONOMIC AND EXTERNAL RISKS

F. Global market and macroeconomic risks
G. Legal and political risks
H. Trends and driving forces in the energy storage industry
I. Force Majeure

OPERATIONAL RISKS

J. Customer dependence
K. Production
L. Global supply chain
M. IT-related risks
N. Product liability, guarantee and recall
O. Environment-related risks in Gävle

SUSTAINABILITY RISKS

P. Energy use
Q. Environmental impact
R. Organisation and supply of skills
S. Lack of gender equality and diversity as well as discrimination
T. Lack of health and safety
U. Violations of human rights
V. Corruption

RISK AREA	DESCRIPTION	COUNTERACTING FACTORS	PROBABILITY	IMPACT
FINANCIAL RISKS				
A Currency risk	• Nilar's operations are international and the company is exposed to currency risks arising from various currency exposures, particularly in relation to EUR and USD.	• Nilar manages currency risks primarily by attempting to change the operational conditions in the business by making income and expenses in currencies other than SEK match one another.	Likely	Low
B Interest rate risk	• The Group's interest rate risk arises from short- and long-term borrowing in which a considerable increase in the interest rate can affect the company's position and earnings.	• Nilar's interest rate risk is considered low due to the low total of loans at variable interest rates. The EIB has a fixed interest rate over a five-year loan period.	Likely	Negligible
C Credit risk	• Credit risk arises from cash and cash equivalents and balances at banks and financial institutions as well as credit exposures including outstanding receivables and contracted transactions.	• Cash and cash equivalents are only placed in credit institutions with a high credit rating. • Nilar will not have significant sales or accounts receivable next year.	Likely	Low
D Liquidity risk	• Risken att koncernen inte klarar sina betalningar till följd av otillräcklig likviditet eller svårighet att erhålla krediter från externa kreditgivare.	• Nilars ledning följer kontinuerligt koncernens likviditet.	Possible	Very large
E Capital risk	• The risk that the Group may be unable to meet its payments as a result of insufficient liquidity or difficulties with obtaining credit from external lenders.	• Nilar's management monitors the Group's liquidity on an ongoing basis.	Possible	Very large
BUSINESS CYCLE AND EXTERNAL RISKS				
F Global market and macroeconomic risks	• Nilar operates in a cyclical global market which is governed by macroeconomic factors. • Entering new markets can be associated with risks such as cultural and political risks as well as other risks which are difficult to assess.	• Nilar manages these risks by operating in different markets as well as in different segments, such as energy storage in homes and residential accommodation, energy storage for electric vehicle charging and energy storage for industrial and public facilities. • Nilar counteracts these risks by carefully evaluating and planning establishments, preferably through partners with considerable knowledge of local markets. • Nilar operates primarily in the European market.	Sannolikt	Large
G Legal and political risks	• Nilar operates in various jurisdictions and is subject to local regulations and laws in each jurisdiction, as well as overall international rules. Changes in local and international rules and laws may have an impact on the Group's operations. • Nilar's business is to some extent dependent on grants/state incentives. These are "political" and can change quickly.	• Nilar manages these risks through continuous work on risk assessments and, if necessary, by acquiring external expertise in each risk area identified. • Nilar carries out active work to safeguard its intellectual property rights.	Likely	Large
H Trends and driving forces in the energy storage industry	• Nilar operates in a competitive, cost-conscious market in which extremely high standards are required in terms of environment, quality, delivery precision, technological development and customer service. • Price pressure forms a natural part of the industry in which Nilar operates. • Development of products and materials can affect Nilar's competitiveness.	• The Group monitors research and development in order to maintain its high technical performance level. • Nilar works continually to create added value for customers and scope for meeting the industry's need for cost reductions. • By carrying on its own development towards new materials and areas of use, for example, the company considers that it can reduce the risk of loss of competitiveness.	Possible	Large
I Force majeure	• Global "just-in-time" logistics have made global trade more sensitive to disturbances due to natural disasters and strikes, for example.	• Capacity planning and good customer and supplier relationships serve to reduce the risk relating to disruptions of global production and logistics.	Sannolikt	Moderate

RISK AREA	DESCRIPTION	COUNTERACTING FACTORS	PROBABILITY	IMPACT
OPERATIONAL RISKS				
J Customer dependency	• Nilar's sales are dependent on the success of its customers' range of models on the market. • Nilar has few customers.	• Nilar manages those risks by operating in different markets and in different segments such as energy storage in homes and residential accommodation, energy storage for electric vehicle charging and energy storage for industrial and public facilities. • Nilar is continuously broadening its customer base in applications, as well as geographically.	Possible	Large
K Production	• It must be possible to maintain productivity and production yield at extremely high levels because of large capital investments in the factory and expensive input materials. • Rapid, extensive capacity-building requires timely identification and management of production bottlenecks in terms of both availability of materials and machinery, machine capacity and production quality. • Nilar's business plan includes new product versions and new products.	• The company continually puts internal and external expertise into its production technology. • The production concept is based on duplication of pre-developed production technologies and processes. • New products and product versions are tested and quality reviewed along with changes in production deriving from them. • Ongoing work and overhaul of processes in order to become more efficient and raise the quality level.	Unlikely	Small
L Global supply chain	• Various risks exist relating to global flows of goods, such as dependence on specific suppliers, input goods, logistics and quality risks. • Various risks exist relating to global flows of goods, such as dependence on specific suppliers, input goods, logistics and quality risks. • Nilar is dependent on raw materials and input goods for deliveries to customers. • Volatility in the price of raw materials and input goods can affect the Group's earnings. • Nilar is dependent on machinery subcontractors for expansion of the production capacity. • The supply of metal powders, primarily from China, constitutes a certain risk element.	• Nilar neutralises these risks by means of active, professional work on purchasing, quality and logistics. • The global purchasing strategy is continually being overhauled and updated with the aim of optimising purchasing of materials and input goods to achieve greater sustainability and cost-effectiveness. • New products and product versions are tested and quality reviewed along with changes in production deriving from them. • Nilar's T&Cs stipulate that it must be possible to pass on price increases in raw materials to the customer through price increases.	Likely	Small
M IT-related risks	• Nilar is dependent on IT systems and hardware in order to carry on its business. Disruptions to some of these systems or hardware involves a risk of disruptions to production and the ability to complete deliveries to customers on time. • Risk of unauthorised intrusion in systems. • Low internal IT skills	• Nilar has guaranteed an IT environment that can be quickly replicated in the event of any disruption. • Nilar works to clarify roles and responsibilities and to safeguard resources and skills.	Unlikely	Small
N Product liability, guarantee and return	• Nilar has product liability and may be made subject to guarantee claims in cases where products supplied by the Group are not serviceable. • Nilar has third-party liability if Nilar causes personal injury or property damage. Economic risk if products fail to live up to the guarantee commitments. Nilar's brand may be adversely affected due to lack of quality.	• Nilar manages this risk through extensive testing of the products in the design and development stage and through continuous quality and control actions in production. • Nilar's batteries are safe and do not burn. • Nilar has taken out insurance for a certain amount to cover personal injury or property damage.	Likely	Large
O Environment-related risks in Gävle	• Nilar produces all batteries in its factory in Gävle.	• Nilar manages risks by ensuring that the company has all the permits and agreements required and complies with all safety, reporting and control requirements issued. • The battery is environmentally-friendly and production has the necessary permits.	Unlikely	Liten

RISK AREA	DESCRIPTION	COUNTERACTING FACTORS	PROBABILITY	IMPACT
SUSTAINABILITY RISKS				
P Energy use	• Increase production and additional processes will lead to higher energy usage. There is a risk that Nilar will not be able to purchase sufficient energy from renewable sources and may therefore have a negative impact on the environment.	• Nilar measures its energy usage on a continuous basis. • The starting point when procuring energy is that 100% must come from renewable sources. • Energy efficiency is a decision parameter when investing. -Nilar returns energy to the power grid.	Unlikely	Insignificant
Q Environmental impact	• Nilar uses direct and indirect transport services, which means use of fossil fuels. • Nilar purchases raw materials (nickel etc.) primarily from foreign suppliers, which makes it more difficult to ensure compliance with applicable environmental standards in production.	• Nilar works to optimise logistical flows and works with transport companies that are environmentally-aware. • By means of contractual clauses, checks and subsequent research, Nilar attempts to ensure that suppliers comply with applicable regulations.	Likely	Large
R Organisation and skills enhancement	• Nilar is dependent on being able to attract/recruit and retain the right employees in order to preserve Nilar's core values. • The risk of not being perceived as an attractive employer may lead to difficulties with recruiting new and/or retaining existing personnel. • Lack of commitment on the part of employees can have an adverse effect on the company's brand, position and earnings.	• Nilar's brand, core values and management culture. • Employee surveys that are able to contribute insight and support in order to identify preventive and developmental activities. -Internal development and career opportunities. -Further development of the benefits we offer all employees. • Clear, responsible vertical and horizontal communication regarding goals and strategy.	Likely	Small
S Lack of gender equality and diversity as well as discrimination	• Lack of focus and commitment regarding implementation and compliance with Nilar's slogans and HR policy may lead to a lack of gender equality and diversity. • Lack of gender equality and diversity on the parent company's board of directors and in the group management.	• In order to achieve greater gender equality in the company, Nilar engages in activities such as initiatives to increase gender equality in HR processes, working conditions, recruitment, equal treatment and diversity and also works to combat discrimination and harassment. • Non-discriminatory nomination and recruitment processes.	Unlikely	Large
T Lack of health and safety	• A good working environment, health and safety are human rights and are of strategic importance to Nilar. Deficiencies in the workplace regarding the working environment, health and safety lead to a greater risk of ill-health. • Risk of bad publicity, difficulties with attracting new employees and retaining important personnel. • Risk of legal penalties.	• Nilar carries out systematic, methodical work to safeguard, improve and monitor activities that contribute to a better working environment. • Incidents are systematically followed up and documented and action is discussed.	Likely	Moderate
U Violations of human rights	• Nilar operates in a global market in which there can be limited transparency as far as human rights are concerned. That means a risk that Nilar may be contributing to human rights violations.	• Supplier strategy and policy includes a qualification process to ensure compliance with sustainability aspects as far as possible. • Supplier and customer audit to ensure compliance with the Code of Conduct	Likely	Insignificant
V Corruption	• Corruption exists in all countries and sectors, albeit to a differing extent. • Nilar runs a risk of becoming involved in unethical business transactions. Areas that are considered to involve a particularly high risk include the sales and purchasing process and the exercise of public authority.	• Nilar's application of global and local certification manuals.	Unlikely	Moderate

CORPORATE GOVERNANCE REPORT

Nilar International AB (publ) is a Swedish public limited company with its registered office in Täby, Sweden. The company applies the Swedish Code of Corporate Governance (the 'Code').

The Code is available on the website of the Swedish Corporate Governance Board at www.bolagsstyrning.se. The Code applies to all Swedish companies whose shares are listed on a regulated market in Sweden and is to be adhered to in full in connection with the first AGM held in the year following listing. Nilar initiated an adaptation to the Code in connection with the Annual General Meeting 2018 and has since then actively worked to adapt to the Code.

The table below provides an overview of the composition of the Board in 2021. Additional information about Board members can be found on pages 50-51.

The Company does not need to obey all rules in the Code but has options for selecting alternative solutions which it may deem better suit its circumstances provided that any noncompliance and alternative solutions are described, and the reasons explained in the corporate governance report.

This corporate governance report has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Code of Corporate Governance. It has been checked by the company's auditors.

NAME	BOARD ROLE	ELECTED/ APPOINTED	RESIG-NED	AUDIT COMMITTEE	REMUNERATION COMMITTEE	INDEPENDENCE OF THE COMPANY AND CORPORATE MANAGEMENT	INDEPENDENCE OF THE COMPANY'S MAJOR SHARE-HOLDERS
Michael Obermayer	Chairman[1]	2012		Member	Member	No[1]	No
Peter Feledy	Member	2021, 30 june		-	Member	Yes	Yes
Stefan De Geer	Member	2017		Member	-	Yes	Yes
Gunilla Fransson	Member	2018	30 june	-	Chairman	Yes	Yes
Marko Allikson	Member	2021, 30 june		-	-	Yes	Yes
Anders Gudmarsson	Member	2016		-	Member	Yes	Yes
Alexander Izosimov	Member	2016	29 april	-	Member	Yes	Yes
Ulrika Molander	Member	2021, 12 mars		-	-	Yes	Yes
Helena Nathhorst	Member	2020, 10 june		Chairman	-	Yes	Yes

1) CEO until 1 april 2018, chairman from 1 april 2018.

ANNUAL GENERAL MEETING

Under the Swedish Companies Act the Annual General Meeting (AGM) is the Company's highest decision-making body. At AGMs, shareholders exercise their voting rights over key issues, such as the adoption of income statements and balance sheets, the appropriation of the company's profits, the authorization to release the members of the Board of Directors and the CEO from liability for the financial year, the election of Board members and auditors and the remuneration for the Board of Directors and the auditors.

Besides the AGM, additional general meetings may be convened. In accordance with the Articles of Association, all meetings shall be convened through announcements in Post- och Inrikes Tidningar and by posting the convening notice on the company's website. An announcement shall be placed in Svenska Dagbladet announcing that the meeting has been convened.

Right to attend AGMs

All shareholders who are directly registered in the register of shareholders held by Euroclear Sweden AB five working days before the general meeting and who have notified the company of their intention to attend (with any assistants) the AGM by the date stated in the notice of the AGM have the right to attend the meeting and vote in accordance with the number of shares they hold. Shareholders may attend the AGM in person or through a proxy and may also be accompanied by at most two people.

Initiatives from shareholders

Shareholders who wish to have a question addressed at the AGM must submit a written request to the Board which shall be received by the Board no later than seven weeks prior to the AGM.

Major shareholders

At the end of 2021 the Company had a total of 3 147 (147) shareholders.

The five largest shareholders controlled 37.8 (45.8) of capital and votes at the end of the year.

Annual General Meeting 2021

The annual general meeting for the 2020 financial year was held on 30 June 2021. Notice of the general meeting was issued in accordance with the articles of association. All resolutions proposed to the general meeting were adopted. In addition to a resolution by the annual general meeting to adopt the income statement and balance sheet for the company and the group and that no dividend would be paid out for 2020, resolutions were also adopted on discharge from liability for directors and the Chief Executive Officer, election of directors, re-election of Deloitte AB as auditor, directors' and auditors' fees, an incentive programme for senior executives, employees and other key persons within the group and to authorise the board of directors, on one or more occasions up to the next annual general meeting, to adopt resolutions on new issue of shares, convertibles and/ or share warrants, with the right to subscribe for and convert to shares in the company, corresponding to a maximum of 10 per cent of the company's share capital after dilution based on the number of shares at the moment when the authorisation is used for the first time, with or without a preferential right for the shareholders and within the limits set out in the articles of association, to be paid in cash or by means of set-off. Gunilla Fransson declined re-election and Marko Allikson and Peter Feledy were elected as directors.

Extra general meeting

An extraordinary general meeting held on 12 March 2021 adopted a resolution to adopt a long-term incentive programme for senior executives and other key persons at the company (LTIP) (2021:1) and an incentive programme for the board of directors of the company (2021:2). A maximum total of 95,000 detachable warrants may be issued under the incentive programmes. At the end of the subscription period on 26 March, 53,682 out of a total of 55, 000 allocated detachable warrants in 2021:1 and 36,000 out of a total of 40,000 allocated detachable warrants in 2021:2 had been subscribed for. Payment of 1,794 TSEK for all detachable warrants has been received.

An extraordinary general meeting was held on 19 April 2021. Notice of the general meeting was issued in accordance with the articles of association. All resolutions proposed to the general meeting were adopted. Notable resolutions included: a resolution to amend the limits for share capital and number of shares in the articles of association, a resolution on a share split (1:6), a resolution to authorise the board of directors, on one or more occasions up to the next annual general meeting, with or without a preferential right for the shareholders, to adopt resolutions on new issues of shares, corresponding to a maximum of 24,000,000 shares (after the proposed share split) and a resolution on directors' fees.

At an extraordinary general meeting held on 3 March 2022, Gunnar Wieslander was elected as the new Chairperson of the Board of Directors of Nilar. Three directors also chose to resign at the time of the general meeting: Anders Gudmarsson, Peter Feledy and former Chairperson of the Board of Directors Michael Obermayer.

Annual General Meeting 2022

The 2022 Annual General Meeting will be held on Wednesday 22 June. More information is available at www.nilar.com.

NOMINATION COMMITTEE

The nomination committee will consist of four members – one representative of each of the three largest shareholders as of the last banking day in September that wish to appoint a member of the nomination committee and the Chairperson of the Board of Directors The three largest shareholders means the three largest shareholders registered and grouped by owner by Euroclear Sweden AB as of the last banking day in September. In the event of major changes in ownership, the new major owner is entitled, if a request is put forward, to appoint a member of the nomination committee.

The instructions for the nomination committee were adopted at the AGM held on 30 June 2021. The nomination committee will put forward proposals on matters including the chairperson of the annual general meeting, the number of directors elected by the general meeting, the chairperson and other directors elected by the general meeting, fees and other payments to each director elected by the general meeting and to members of the committees of the board of directors, election of auditors and fees for the auditors. Henrik Perlmutter was appointed as Chairperson of the Nomination Committee.

During the year, the nomination committee has worked actively on the recruitment of a new CEO and to rejuvenate the board of directors, broaden diversity and provide the board of directors with greater expertise in various areas.

NOMINATION COMMITTEE	COMPANY
Henrik Perlmutter, chairman	Fjord Advisors AB
Anders Gudmarsson	Christopher Braden
Ossian Ekdahl	Första AP-fonden
Michael Obermayer, chairman of the board	Nilar International AB

BOARD OF DIRECTORS

The board of directors is the highest decision-making body after the general meeting. In accordance with the Companies Act, the board of directors is responsible for administration and organisation of the company, which means that the board of directors is responsible for matters including establishing goals and strategies, safeguarding procedures and systems for evaluation of established goals, continuous evaluation of the company's earnings and financial position and evaluation of the operational management.

The board of directors is also responsible for preparing and issuing the annual financial statements and consolidated financial statements and for ensuring that the interim reports are prepared in a timely manner. In addition, the board of directors appoints the Chief Executive Officer.

The directors are elected each year at the annual general meeting for the period up to the end of the next annual general meeting. In accordance with the company's articles of association, the board of directors, insofar as it is elected by the general meeting, must consist of at least three directors and a maximum of ten directors with a maximum of ten deputies.

Chairperson of the board of directors

The chairperson is elected by the annual general meeting. The chairperson has specific responsibility for the management of the work of the board of directors and for ensuring that the work of the board of directors is well organised and is carried out in an efficient manner.

Rules of procedure for the board of directors

The board of directors complies with written rules of procedure that are revised annually and adopted at the board meeting following election of directors each year.

The rules of procedure govern matters such as functions and the division of work between the directors and the CEO. At the time of the board meeting following election, the board of directors also establishes instructions for financial reporting and instructions for the CEO, along with rules of procedure for the board of directors' audit and remuneration committees.

The board of directors holds at least five ordinary meetings in addition to the board meeting following election according to an annual schedule established in advance. Further meetings may be arranged in addition to these meetings in order to discuss matters that cannot be referred to an ordinary meeting. Besides the meetings of the board of directors, the chairperson of the board of directors and the CEO carry on a continuous discussion regarding the management of the company.

At present, the company's board of directors consists of eight substantive directors elected by the general meeting. They are presented in more detail in the section entitled "Board of directors, senior executives and auditors".

Board meetings in 2021

Directors' attendance at board meetings in 2021. In view of the company's situation and size, the board of directors has been extremely active during the year in matters relating to strategy, financing, expansion of production capacity and supply of skills

NAMES OF BOARD MEMBERS	ATTENDANCE/TOTAL NUMBER OF MEEETINGS
Michael Obermayer, chairman of the board	23/24
Peter Feledy*	8/8
Stefan De Geer	24/24
Gunilla Fransson*	14/18
Ulrika Molander	21/24
Marko Allikson	8/8
Anders Gudmarsson	24/24
Alexander Izosimov*	6/18
Helena Nathhorst	22/24

* Gunilla Fransson until June 30 2021, Marko Allikson and Peter Fedely from June 30 2021, Alexander Izosimov until April 29 2021.

Evaluation of the work of the board of directors in 2021

The Board continuously evaluates its work through discussions within itself and with the nomination committee. The aim is to develop the Board's overall competence and its working methods and efficiency.

AUDIT COMMITTEE

Nilar has an audit committee consisting of three members: Helena Nathhorst (Chairperson), Stefan De Geer and Michael Obermayer.

The members of the committee may not be employed by the company. At least one member must have accounting or auditing skills. The committee must appoint one of its members as chairperson. The audit committee's tasks will include, without it affecting the board of directors' responsibilities and duties in general, supervising the company's financial reporting, monitoring the effectiveness of the company's internal controls, internal audits and risk management, keeping itself informed on the audit of the annual financial statements and consolidated financial statements, inspecting and monitoring the auditor's impartiality and independence, paying particular attention to whether the auditor provides the company with services other than audit services, and assisting in the preparation of draft resolutions by the general meeting on election of auditors. The audit committee holds regular meetings with the company's auditor. The audit committee has no decision-making power.

During the year, the audit committee has actively worked on financing and internal control and governance issues. Furthermore, meetings were held with the auditor in 2021 for review of the 2020 audit, the results of the review of the interim report for Q3 2021 and the audit plan for 2022.

NAMES OF THE BOARD MEMBERS	ATTENDANCE/TOTAL NUMBER OF MEETINGS
Stefan De Geer	5/5
Helena Nathhorst	5/5
Michael Obermayer, chairman of the board	5/5

REMUNERATION COMMITTEE

Nilar has a remuneration committee which consisted of three members at the end of 2021: Anders Gudmarsson (Chairperson), Peter Feledy and Michael Obermayer.

The remuneration committee must prepare questions on remuneration principles, remuneration and other employment conditions for the Chief Executive Officer and all persons in the company management. In addition, the remuneration committee must monitor and evaluate ongoing programmes and programmes completed during the year for variable remuneration for the company management and must monitor and evaluate the application of the guidelines for remuneration of senior executives decided on by the annual general meeting and applicable remuneration structures and remuneration levels at the company. The chairperson of the board of directors may be the chairperson of the committee. Other members of the remuneration committee must be independent in relation to the company and the company management. The members of the committee must have the necessary expertise and experience between them.

During the year, the remuneration committee worked on matters relating to succession planning and recruitment at management level, development of a new incentive programme and principles for remuneration of senior executives.

NAMES OF THE BOARD MEMBERS	ATTENDANCE/TOTAL NUMBER OF MEETINGS
Anders Gudmarsson, chairman	2/2
Michael Obermayer, chairman of the board	2/2
Peter Fedeley	2/2

CEO AND OTHER SENIOR EXECUTIVES

The CEO is subordinate to the board of directors and has primary responsibility for the day-to-day management and daily operations of the company. The distribution of work between the board of directors and the CEO is set out in the rules of procedure for the board of directors and the instructions for the CEO. The CEO is also responsible for preparing reports and compiling information from the management prior to board meetings and acting as rapporteur of the material at board meetings.

According to the instructions for financial reporting, the CEO is responsible for financial reporting at the company and must therefore ensure that the board of directors receives sufficient information to enable the board of directors to continuously evaluate Nilar's results and financial position. That means that the CEO must continuously keep the board of directors informed of the progress of the company's operations, the amount of total sales, the company's earnings and financial position, its liquidity and credit situation, major business events as well as any other event, circumstance or relationship that cannot be assumed be of negligible significance to the company's shareholders of which the board of directors is aware. The CEO and the other senior executives are presented in more detail in the section entitled "Board of directors, senior executives and auditors".

REMUNERATION OF BOARD MEMBERS AND SENIOR EXECUTIVES

Remuneration of board members

Fees and other remuneration to directors elected by the general meeting are established by the annual general meeting. At an extraordinary general meeting held on 30 June 2021, a resolution was adopted to pay a fixed fee to the board of directors of 100 TSEK for each director and 250 TSEK for the Chairperson of the Board of Directors.

Remuneration to senior executives

Salary and other employment conditions must be such that Nilar is always able to attract and retain competent senior executives at a reasonable cost for the company. Remuneration at Nilar must be based on the nature of the position as well as performance, competitiveness and fairness. Senior executives' salaries consist of fixed salary, variable payments, pension and other benefits. Each senior executive must be offered a fixed salary adjusted to conditions on the market, based on the senior executive's responsibility, skills and performance. In addition, the annual general meeting may, if so resolved, put forward offers for long-term incentive programmes such as share or share price-related incentive programmes Incentive programmes must contribute to long-term value growth and to promoting a common interest on the part of shareholders and employees in the positive progress of the value of the share.

For more information on remuneration to senior executives, see Note 8 of this annual report.

THE GROUP MANAGEMENT

In 2021, the group management consisted of five members: the CEO, the CFO, the Head of Sales & Marketing, the Head of Product Management, the Head of Manufacturing and the Head of R&D. The group management meets twice a month and monitors the business and earnings situation. Great emphasis is also placed on maintaining close contact with operational activities. See pages 20–21.

INTERNAL AUDIT

There is no specific department for internal audits at Nilar. Each year, the board of directors evaluates the need to establish a specific department for internal audit. In 2021, the board of directors considered that no such need existed. As a reason for the decision, the board of directors observed that internal control is mainly exercised through:

- the operational managers at various levels
- local and central financial departments
- the group management's supervisory controls

The above points, along with the size of the company, lead the board of directors to consider that another administrative department is not financially justifiable.

INTERNAL CONTROL

This section contains the board of directors' annual report on how internal control is organised, insofar as it relates to financial reporting. The starting point for the description is the rules of the Code and the guidelines produced by working groups at the Confederation of Swedish Enterprise and FAR SRS.

The board of directors' responsibility for internal control is set out in the Companies Act and the internal controls relating to financial reports are covered by the board of directors' reporting instructions to the CEO. Nilar's financial reporting complies with the laws and rules applying to companies listed on the Stockholm Stock Exchange and the local rules applicable in each country in which business is carried on.

In addition to external rules and recommendations, there are internal instructions, directives and systems as well as an internal distribution of roles and responsibilities aimed at achieving effective internal control in the financial reports.

Control environment

The control environment forms the basis for internal control. Nilar's control environment consists, among other things, of a organisational structure, instructions, policies, guidelines, reports and defined areas of responsibility. The board of directors has overall responsibility for internal control relating to financial reporting. The board of directors has established written rules of procedure to clarify the responsibilities of the board of directors and regulate the division of work internally among the board of directors and its committees.

The board of directors has appointed an audit committee whose main task is to ensure compliance with established principles for financial reporting and internal controls and that appropriate relations with the company's auditor are maintained. The board of directors has also drawn up instructions for the Chief Executive Officer and has agreed on financial reporting to the board of directors of Nilar International AB (publ) The Group's CFO reports to the audit committee on the results of his or her work on internal control.

The results of the audit committee's work in the form of observations, recommendations and draft decisions and measures are reported to the board of directors on a continuous basis. Nilar International AB's essential documents and governance documents in the form of policies, guidelines and manuals, insofar as they relate to financial reporting, are kept continuously updated and are communicated via relevant channels to the companies included in the group. Systems and procedures have been created to provide the management with necessary reports on business results in relation to established goals. Necessary information systems exist in order to ensure that reliable, up-to-date information is available to the management to enable it to carry out its tasks correctly and efficiently.

Risk assessment

The goal of Nilar's risk assessment is to secure the development of the group's earnings and its financial position. Nilar's management and board of directors actively works on risk assessment and risk management on a continuous basis to ensure that the risks to which the company is exposed are managed in an appropriate manner within the established frameworks.

Risk assessment takes place on a continuous basis as part of the daily processes at Nilar. The finance department carries out an annual evaluation of risks of material errors in financial reporting and establishes action plans to reduce identified risks. The focus is on significant income statement and balance sheet items, which are associated with relatively higher risk due to their complexity or where there is a risk that any errors may be magnified because the values in the transactions are significant. The risk assessment forms the basis for the work to ensure that financial reporting is reliable. Suggestions for improvements are identified and implemented on a continuous basis. Nilar also works closely with the company's auditors to enable it to identify risks at an early stage, primarily in the consolidated financial statements and financial reports.

Nilar's specific and general risks are described in the annual report.

Internal control relating to financial reporting

Financial reports are prepared monthly, quarterly and annually in the group and subsidiaries. Extensive analyses are carried out in connection with the reports, with comments and updated forecasts which aim, among other things, to ensure that the financial reports are accurate. There are economic departments and controllers with functional responsibility for accounting, reporting and analysis of financial progress at group and unit level.

Nilar's internal control work aims to ensure that the group achieves its goals for financial reporting.

Financial reporting must

- be accurate and complete and comply with applicable laws, rules and recommendations
- provide a true and fair description of the company's operations
- support a rational, well-informed valuation of the operations

In addition to these three goals, internal financial reporting must provide support for correct business decisions at all levels within the group.

Information and communication

Internal information and communication is about creating awareness among group employees of external and internal governance instruments, including powers and responsibilities. Information and communication on internal governance instruments for financial reporting is available to all employees concerned.

Nilar's manuals, policies, intranet and training courses are important tools for this.

Control activities

Nilar has deliberately, in view of the size of the company, chosen not to set up any separate department for internal control. Instead, this work will be managed and coordinated by the finance department reporting to the audit committee. Internal controls involve identifying risks in the company's processes, developing activities to control these processes and testing to ensure that the controls developed work.

In 2019, a project was implemented along with the BDO firm of auditors to survey Nilar's processes for internal governance and control in relation to the requirements for a listed company on Nasdaq First North Premier. The gaps were identified and measures were adopted by the company in early 2020 to begin closing them. They included adopting new rules of procedure for the board of directors and new instructions for the CEO, along with a number of policies. In 2020, the company began to introduce processes for testing and providing feedback on key controls. This work continued in 2021.

Monitoring of financial information

The board of directors issues and is responsible for the company's financial reports.

The audit committee assists the board of directors by preparing the work on quality assurance of the company's financial reports. This includes a review by the audit committee of the financial information and the company's financial controls.

The board of directors is informed on a monthly basis of the business' progress, results, position and cash flow. Outcomes and forecasts are evaluated and monitored.

All companies in the group must report financial information according to an established format and according to given accounting principles. An analysis and risk assessment of the financial situation is carried out in conjunction with the reports.

AUDITORS

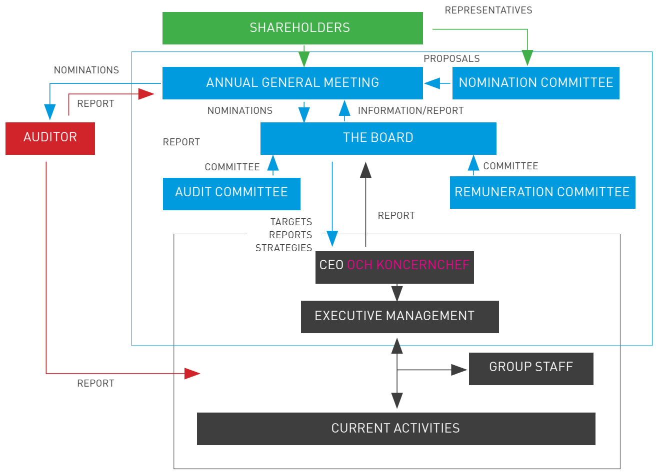
Nilar's auditor is Deloitte AB (Deloitte), with Therese Kjellberg as the engagement partner. Deloitte carries out the audit at Nilar International AB (publ) and at all significant subsidiaries.

The audit includes an annual statutory audit of Nilar's annual financial statements, a statutory audit of the parent company and all significant subsidiaries.

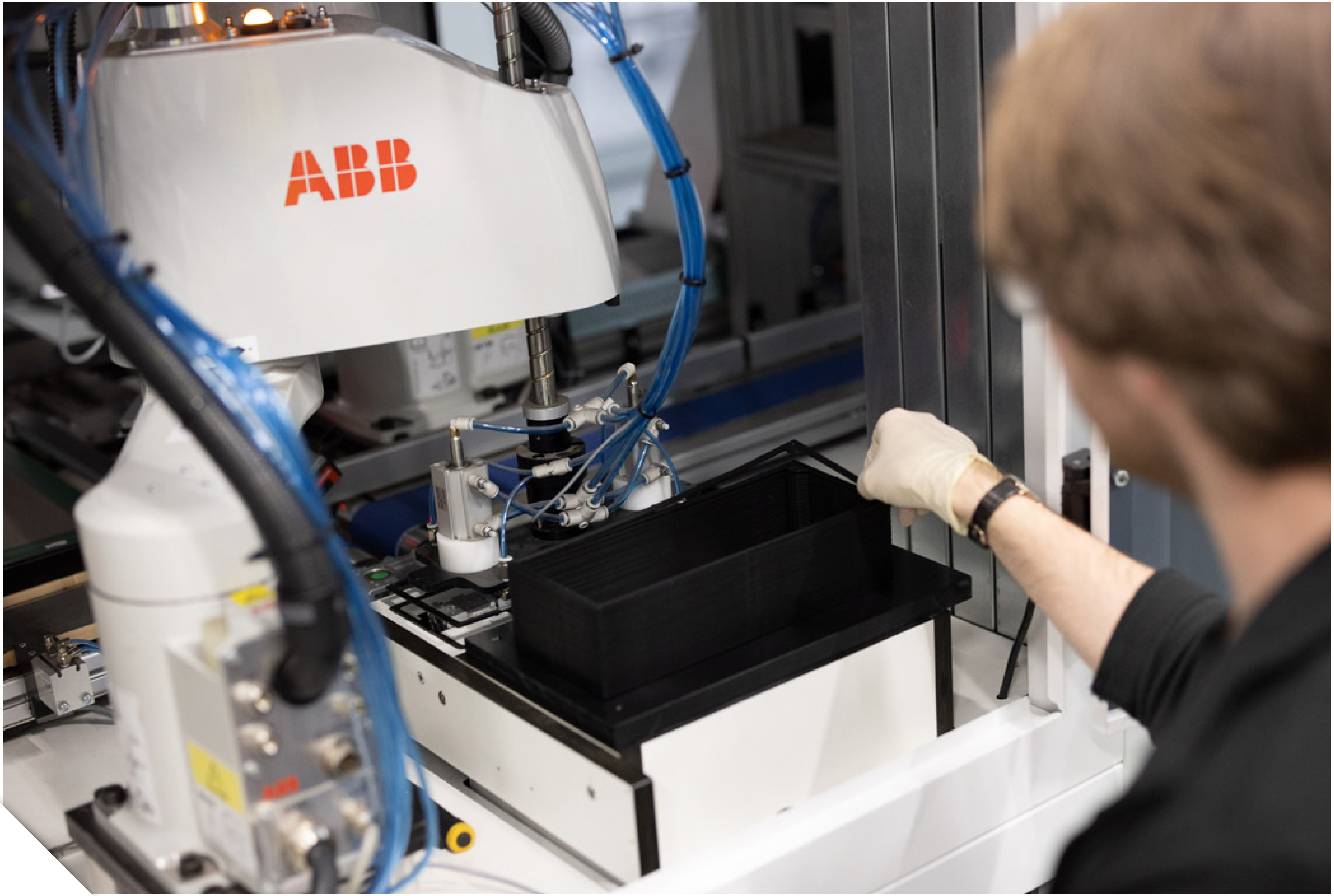
The auditor attends at least one board meeting per year without the management present in accordance with rules of procedure at a meeting of the audit committee. According to the company's articles of association, the company must have a minimum of one and a maximum of two auditors, with a maximum of two deputy auditors or one or two registered firms of auditors. In accordance with the articles of association, the auditor's term of office will be one year.

COMMUNICATION

The company's information for shareholders and other interested parties is provided via the annual report, interim reports and press releases. All external information is published on the company's website at www.nilar.com



OVERVIEW OF CORPORATE GOVERNANCE



ABB

THE BOARD OF DIRECTORS

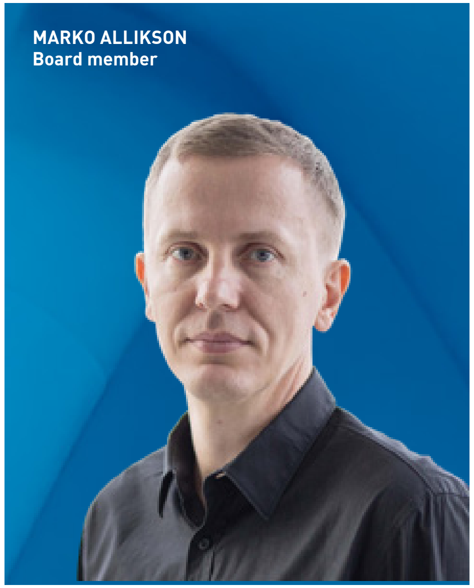
	GUNNAR WIESLANDER	STEFAN DE GEER	MARKO ALLIKSON	ULRIKA MOLANDER	HELENA NATHHORST
	Chairman of the Board	Board member	Board member	Board member	Board member, chairman of the audit committee
Year elected	2022	2017	2021 (June 30)	2021 (March 12)	2020
Current employment	Senior Vice President Kreab Worldwide AB.	-	Partner in Baltic Energy Asset Management OÜ, Home of Smart Energy Baltic Energy Partners OÜ and Baltic Energy Partners OÜ.	Group Manufacturing Director at Systemair AB. Board member of Good Solutions Sweden AB. Management position in Systemair AB.	CFO Byggmax Group AB. Board member of BYGGmax AB, BYGGmax Fastighetsutveckling AB, BYGGmax Fastighets Holding AB, BYGGmax International Purchasing AB, BYGGmax property development 7 AB Nodnarc and Næstved Lavprispriser A/S. External signatory of Svea Distribution AB.
Born	1962	1956	1964	1966	1967
Education	Swedish Defence University, Spanish Defence College, Stanford Executive Program.	Law degree, Stockholm University, MCJ (Master of Comparative Jurisprudence), New York University School of Law.	Master of Science in Economics, Tallinn Technical University. Economics Bachelor degree, Tallinn Technical University.	University Engineer, University of Borås, AMP INSEAD.	Education: Bachelor of Science in Business Economics, Uppsala University.
Nationality	Svensk	Svensk	Estnisk	Svensk	Svensk
Other duties	-	Chairman of the Board Halmslätten Fastighets AB (publ) and PCTC Invest AB. Board member Origa Care AB (publ) and De Geer & Co AB.	-	-	-
Independent of the company and corporate management	Yes	Yes	Yes	Yes	Yes
Independent of the company's major shareholders	No	Yes	Yes	Yes	Yes
Previous experience	Naval officer, served i.a. as submarine commander and commander of the submarine flotilla. Former Secretary of State to the Prime Minister, Secretary of State to the Trade minister and CEO of Saab Kockums AB.	Advisor to RoosGruppen AB, former head of corporate finance at Pareto Securities Stockholm, former general counsel E. Öhman J:or AB, former partner of Gernandt & Danielsson. Completed assignments (the last five years): Board member of Oscar Properties Holding AB and United Spaces Network Offices AB. Chairman of the Board of Foundation Umeå Fastigheter AB, Fondamentor Umeå Battery AB, Fondamentor & Roosgruppen 5 Umeå AB, Fondamentor & Roosgruppen 6 Umeå AB, Fondamentor & Roosgruppen 7 Umeå AB and Wolseley Nordic Holdings AB.	Member of the Supervisory Board in Baltic Energy Services OÜ/ Scener OÜ. Head of operations for Gunvor International B.V. Member of the Management Board in Eesti Energia.	CEO at BDX Företagen AB, Operations Director at Sapa Profiler AB. Completed assignments (the last five years): CEO Systemair Sverige AB.	CFO of Addnode Group and Teracom Boxer Group, M&A consultant at KPMG Advisory Completed assignments (the last five years): Board member of Boxer TV-Access AB, Service Works Global Nordic AB, Symetri AB, TECHNIA AB and Teracom AB. Deputy member of Percensor Aktiebolag and Vikbryggan AB.
Shareholding as at 31 December 2021	-	12 990	50% of ultimate beneficiary owner of Baltic Energy Asset Management OÜ owning 119,820 shares in the Company.	-	-
Share options as at 31 December 2020	-	5 000	-	2 000	4 000
Number of Board meetings Attendance/total number of meetings*	-	24/24	8/8	21/21	22/24
Audit comm. Attendance/total number of meetings*	-	Yes 5/5	No -	No -	Yes 5/5
Remuneration comm. Attendance/total number of meetings*	-	No	No	No	No
Remuneration 2021	-	272	25	80	217


GUNNAR WIESLANDER
Chairman of the Board


ULRIKA MOLANDER
Board member


STEFAN DE GEER
Board member


HELENA NATHHORST
Board member


MARKO ALLIKSON
Board member

EXECUTIVE MANAGEMENT AND AUDITOR

	ERIK OLDMARK	JOHAN ÖNNESJÖ	ANETTE ANDERUNG	JAN LUNDQUIST	JOACIM WENNA	THERESE KJELLBERG
Current position	CEO	Acting CFO	Production/Site Operations Manager Gävle	Head of Sales & Marketing	Head of Research & Development	Deloitte AB Chief auditor
In current position/ Employed in the company	Joined: 2021. CEO Nilar International AB since August 2021.	2020	2020	2012	January 2021	Auditor of the company since 2019.
Education	MSc at the Royal Institute of Technology Mechanical Engineering specializing in Industrial Economics and Organization.	MSc in Accounting and Finance, Uppsala University.	BSc in Computer Science Processes, University of Gävle BSc in Education, Dalarna University.	Stockholm School of Economics Executive Education, IHM Business School, Certified upper secondary school engineer.	MSc in Mechanical Engineering, KTH Royal Institute of Technology.	Authorized Public Accountant.
Previous experience	More than 25 years of experience in senior management, strategy, sales of technical systems products, product management, operations, outsourcing, marketing and communications. Former CEO of Metria AB, CEO of Orbion Consulting AB, Several senior management positions at Ericsson, e.g., Head of Strategy and Marketing Northern Europe, Russia and Central Asia, Head of Business Segment Services Nordics and Baltic, Head of Strategy Marketing and Product Management at Business Unit Global Services.	More than 15 years in various financial positions, Interim manager as Head of Business control at Aller Media, Head of Finance at Q-matic Nordic, Senior Busines Controller COO office Swedbank, Financial Director and Senior Business Controller at Nasdaq.	More than 17 years of experience from Technical training, production management, production technology, quality assurance, EHS and LEAN management. Former: Global Quality and Efficiency Manager Sandvik Mining and Rock Technology, Manager of BIT Production Sandvik AB, Manager Production Engineering Sandvik AB.	More than 20 years of experience in sales and marketing management. Former: Managing Director Gycom Svenska AB, Sales Manager Gylling Component AB.	More than 19 years of experience in product development and product management of automotive electronic systems. Former: Vice President Business unit Stoneridge Electronics AB, Head of Product Development Stoneridge Electronics AB, Global Product Manager Stoneridge Electronics AB.	
Born	1967	1978	1963	1964	1978	1971
Nationality	Swedish	Swedish	Swedish	Swedish	Swedish	Swedish
Other duties	None	Board Member KIAB Vårdfastigheter, Styrelseledamot Dubbel Ö Consulting AB.	None	None	None	
Shareholding as at 31 December 2021	35 000	7 500	-	1 794	10 000	
Share options as at 31 December 2021	-	-	5 000	5 000	-	

ERIK OLDMARK
CEO

JOHAN ÖNNESJÖ
Acting CFO

ANETTE ANDERUNG
Production/Site Operations Manager Gävle

JAN LUNDQUIST
Head of Sales & Marketing

JOACIM WENNA
Head of Research & Development

FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENT

TSEK	NOTE	2021	2020
Revenue	5	17 820	25 238
Cost of sales		-497 327	-224 476
Gross profit		**-479 507**	**-199 238**
Research & development expenses		-32 730	-25 023
Distribution and selling costs		-45 971	-30 161
Administrative expenses		-41 771	-30 518
Other operating income	9	3 594	931
Operating income	6,7,8	**-596 386**	**-284 008**
Financial income	10	44 203	2 624
Financial expenses	10	-48 356	-61 518
Finance costs - net		**-4 153**	**-58 894**
Profit/loss before tax		**-600 539**	**-342 903**
Income tax	11	-	-
Net profit/loss after tax		**-600 539**	**-342 903**
Attributable to:			
Parent Company shareholders		-600 539	-342 903
Non-controlling interests		-	-

Earnings per share

Profit after tax	-600 539	-342 903
Number of shares at end of period	45 511 751	5 025 191
Number of share options at end of period	260 315	170 633
Weighted number of ordinary shares before/after dilution[1)]	32 385 124	4 601 521
Earnings per share before/after dilution, SEK[1)]	-18,54	-74,52

Comments on the consolidated income statement

Net sales for the full year totaled 17.8 (25.2) MSEK. The Group's gross profit amounted to -479.5 (-199.2) MSEK. The company commercialized its sales in 2019 but today sells its products at a negative margin when scale effects first occur at larger volumes. Measures to achieve profitability are: lower purchasing costs of raw materials through volume purchases, purchases of components from low-cost countries, and continued product development where inter alia cheaper input electronic components are under development.

Profit before depreciation (EBITDA) amounted to -382.1 (-216.7) MSEK. Included in the results are capitalized expenditure for development of 23.4 (30.9) MSEK. Operating income (EBIT) were -596.4 (-284.0) MSEK.

The Group's net financial items were -4.2 (-58.9) MSEK. Financial expenses were -48.4 (-61.5) MSEK.

The Group's profit before and after tax amounted to -600.5 (-342.9) MSEK.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Other comprehensive income

Items that may later be reversed in the income statement		
Currency translation differences	-115	282
Other comprehensive income for the year, net after tax	**-115**	**282**
Total comprehensive income for the year	**-600 655**	**-342 621**

1) Regarding the average number of shares and Earnings per share after dilution, option rights in the convertible loan and the EIB loan have not been taken into account as this would have meant a less negative earnings per share.

CONSOLIDATED BALANCE SHEET

TSEK	NOTE	31-12-2021	31-12-2020
ASSETS			
FIXED ASSETS			
Intangible assets	12		
Patents		1 097	484
Capitalized expenses for development work		38 724	184 272
Total intangible fixed assets		**39 821**	**184 756**
Tangible fixed assets	13		
Property, plant and equipment		193 204	146 446
Fixed assets under construction		155 089	50 563
Total tangible fixed assets		**348 293**	**197 009**
Other fixed assets			
Right-of-use assets		52 743	39 267
Total other fixed assets		**52 743**	**39 267**
Total fixed assets		**440 857**	**421 031**
CURRENT ASSETS			
Inventories	15	99 251	42 013
Accounts receivable - trade	16	6 937	15 030
Tax assets		1 630	1 433
Other receivables	17	33 435	22 344
Prepaid expenses and accrued income	18	2 309	579
Cash and cash equivalents	14, 24	230 748	73 940
Total current assets		**374 311**	**155 339**
Total assets		**815 168**	**576 370**

TSEK	NOTE	31-12-2021	31-12-2020
EQUITY AND LIABILITIES			
EQUITY			
Share capital	21	7 585	5 025
Other contributed capital	21	2 051 757	1 065 282
Statutory reserves		24	139
Retained earnings		-1 567 868	-967 329
Total equity		**491 498**	**103 118**
LIABILITIES			
Non-current liabilities			
Borrowings	4, 27	46 092	34 555
Deferred tax liabilities	4, 14	135 125	84 570
Total non-current liabilities		**181 217**	**119 125**
Current liabilities			
Borrowings	4,14	-	204 372
Current lease liabilities, interest bearing	27	7 670	4 787
Provisions of warranty	28	26 818	15 585
Accounts payable - trade	4, 14	32 889	76 912
Other liabilities	19	53 552	12 233
Accrued expenses and deferred income	20	21 524	40 238
Total current liabilities		**142 452**	**354 127**
Total equity and liabilities		**815 168**	**576 370**

Comments to the balance sheet

Consolidated total assets at year-end were 815.2 (576.4) MSEK.

Intangible assets were 39.8 (184.8) MSEK, out of which 38.7 (184.3) MSEK was comprised of capitalized expenditures for development work and 1.1 (0.5) MSEK of capitalized expenditures related to patents.

Equity in the Group at the end of the year amounted to 491.5 (103.1) MSEK. The equity/asset ratio was 60 (18) procent.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TSEK	NOTE	SHARE CAPITAL	NON-REGISTERED SHARE CAPITAL	OTHER CONTRIBUTED CAPITAL	RESERVES	RETAINED EARNING	TOTAL EQUITY
Opening balance per 1 January 2020	21	**4 432**	**-**	**895 901**	**-143**	**-624 426**	**275 764**
Comprehensive income							
Net profit/loss for the year		-	-	-	-	-342 903	-342 903
Other comprehensive income		-	-	-	282	-	282
Total comprehensive income		**-**	**-**	**-**	**282**	**-238 519**	**-342 621**
Transactions with shareholders							
New share issue		593	-	169 381	-	-	169 975
Total transactions with shareholders		**593**	**-**	**169 381**	**-**	**-**	**169 975**
Opening balance per 1 January 2021	21	**5 025**	**-**	**1 065 282**	**139**	**-967 329**	**103 118**
Comprehensive income							
Net profit/loss for the year		-	-	-	-	-600 539	-600 539
Other comprehensive income		-	-	-	-115	-	-115
Total comprehensive income		**-**	**-**	**-**	**-115**	**-600 539**	**-600 654**
Transactions with shareholders							
New share issue		2 560	-	970 760	-	-	973 321
Options				1 794			1 794
Reclassification of derivative debt				13 920			13 920
Total transactions with shareholders		**2 560**	**-**	**986 475**	**-**	**-**	**491 498**
Closing balance per 31 December 2021	21	**7 585**	**-**	**2 051 757**	**24**	**-1 567 868**	**491 498**

Comments on changes in equity

In addition to the net profit and translation differences for the year of -600.5 (-342.9) MSEK transactions with shareholders of 491.5 (170.0) MSEK had an impact on equity.

CONSOLIDATED CASH FLOW STATEMENT

TSEK	NOTE	2021	2020
Cash flows from operating activities			
Profit/loss before tax		-600 539	-342 903
Sale of fixed assets		403	-
Interest paid and received		-8 876	-2 397
Adjustment for other non-cash items			
Depreciation on tangible and intangible fixed assets		76 796	60 652
Write-down of intangible fixed assets		137 472	6 694
Provisions for warranty		11 233	169
Accrued interest		17 508	27 660
Changes in value of derivatives		-28 956	30 829
Translation differences		3 244	-2 977
Other adjustments		-586	315
Cash flow from operating activities before changes in working capital		**-383 404**	**-219 560**
Cash flow from changes in working capital			
Increase (-) /decrease (+) in inventories		-57 238	-24 400
Increase (-) /decrease (+) in operating receivables		-4 891	-24 856
Increase (+) /decrease (-) in operating liabilities		-1 114	57 262
Total changes in working capital		**-63 244**	**8 007**
Cash flow from operating activities		**-446 648**	**-211 553**
Investing activities			
Investments in Intangible assets	12	-24 170	-30 439
Investments in tangible fixed assets	13	-190 949	-81 063
Cash flow from investing activities		**-215 120**	**-111 502**
Financing activities			
New share issue	21	733 310	169 975
Option programme		1 794	-
Repayment of debt	14	-4 373	-24 341
Loans raised	14	87 819	87 989
Cash flow from financing activities		**818 549**	**233 622**
Reconciliation of cash and cash equivalents			
Cash equivalents as of beginning of the financial year	14	73 940	163 395
Cash flow for the year		156 782	-89 433
Exchange rate difference in cash and cash equivalents		27	-23
Cash and cash equivalents at the end of the year	14	**230 748**	**73 940**

Comments on the cash flow statement

Cash flow from operating activities before changes in working capital totaled -383.4 (-219.6) MSEK. The effect on cash flow of the change in working capital amounted to -63.2 (8.0) MSEK. Inventories changed during the year by -57.2 (-24.4) MSEK while current receivables changed by -4.9 (-24.9) MSEK. Current liabilities increased by -1.1 (57.3) MSEK.

Investments in intangible and tangible fixed assets amounted to 215.1 (111.5) MSEK. Investments of 24.1 (30.4) MSEK relate to intangible fixed assets. The corresponding amount for tangible assets was 191.0 (81.1) million. Depreciation amounts to 76.8 (60.7) MSEK.

Cash flow from financing activities totaled 818.5 (233.6) MSEK. Cash flow from new share issue amounted to 733.3 (170.0) MSEK. Loans taken totaled 87.8 (88.0) MSEK.

Cash and cash equivalents at the end of the year amounted to 230.7 (73.9) MSEK.

NOTES FOR THE GROUP

All amounts are in TSEK unless otherwise stated. Figures in brackets refer to the previous year. Some figures are rounded, so amounts might not always appear to match when added up.

NOTE 1. GENERAL INFORMATION

These consolidated financial statements include the Swedish parent company Nilar International AB (publ), corporate ID number 556600–2977, and its subsidiaries. The Group's main activities consist of the development, production, marketing and sale of batteries and related products. Development, manufacturing, production and sales currently take place mainly at the subsidiary Nilar AB in Gävle. Nilar Inc., located in Colorado, USA, is engaged in some development and sales. Nilar OÜ, located in Paldiski, Estonia will also be engaged in manufacturing in the Group's other production facility.

The parent company is a Swedish public limited liability company which is registered in and has its headquarters in Sweden. The address of the head office is Stockholmsvägen 116A, 187 30 Täby.

NOTE 2. SPECIFICATION OF THE GROUP'S HOLDINGS OF PARTICIPATIONS IN GROUP COMPANIES

PARTICIPATIONS IN SUBSIDIARIES	31-12-2021	31-12-2020
Opening acquisition cost	101	101
Acquisitions	278	-
Shareholder contributions	502 537	189 124
Impairment of shareholder contributions	-502 537	-189 124
Closing reported value	379	101

SUBSIDIARY/CORPORATE IDENTITY NUMBER/ REGISTERED OFFICE	COUNTRY
Nilar AB, 556790-0815, Gävle	Sweden
Nilar Inc., 1415595, Delaware	USA
Nilar OÜ, 16257391, Paldiski	Estonia
Nilar Holding Nr1 AB, 559321-4637, Täby	Sweden

NOTE 3. SUMMARY OF MAIN ACCOUNTING PRINCIPLES AND INFORMATION

The consolidated financial statements in their Swedish original form have been prepared in accordance with IFRS as adopted by the EU and in accordance with the Council for financial reporting's recommendation, RFR 1, Supplementary accounting rules for groups, and the Annual Accounts Act. The English translation of the consolidated financial statements, although professionally translated, cannot guarantee compliance with generally accepted IFRS terminology. The consolidated financial statements have been prepared in accordance with the cost method.

In addition to these standards, both the Swedish Companies Act and the Annual Accounts Act require certain supplementary disclosures to be made.

The accounting policies applied in the preparation of the consolidated financial statements are disclosed in the respective notes in order to provide a better understanding of the respective accounting field. See the table below for reference to the note in which each significant accounting policy is used and the applicable IFRS standard that is deemed to have significant influence.

IMPORTANT ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

Preparing financial reports in accordance with IFRS requires important accounting estimates to be made. In addition, the management needs to make certain assessments in the application of the company's accounting policies. The areas subject to a high degree of assessment or complexity, or areas in which assumptions and estimates are of considerable importance to the consolidated financial statements, are indicated in the following table. The estimates and assumptions are regularly reviewed, and the effect on the carrying amounts is recognized in the income statement.

Estimates and assessments are continually evaluated and are based on historical experience and other factors, including the anticipation of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future.

The estimates for accounting purposes that result from these assumptions, by definition, seldom equal the related actual results.

The consolidated financial statements have been prepared on a going concern basis.

ACCOUNTING POLICY	NOTE		IFRS-STANDARD
Consolidated financial statements	3	Consolidated financial statements	IFRS 10
Income	5	Income	IFRS 15
Operating expenses	6	Operating expenses	IAS 1
Share-based remuneration	8	Employees, employee benefit expenses and remuneration to the Board	IFRS 2
Government grants	8, 9	Employees, employee benefit expenses and remuneration to the Board	IAS20
Financial income and expenses	10	Financial income and expenses	IFRS 9
Income tax	11	Tax	IAS 12
Intangible fixed assets	12	Intangible fixed assets	IAS 38
Tangible fixed assets	13	Tangible fixed assets	IAS 16
Accounts payable	14	Financial instruments by category	IAS 32, IAS 37, IFRS 7, IFRS 9
Inventories	15	Inventories	IAS 2
Accounts receivable	16	Financial instruments by category	IAS 18, IAS 32, IFRS 7, IFRS 9
Share-based instruments	22	Share-based instruments	IFRS 2
Cash flow statement	24	Cash flow	IAS 7
Operational leasing	25	Leasing	IFRS 16
Transactions with related parties	26	Transactions with related parties	IAS 24
Provisions	28	Other provisions	IAS 28, IAS 37, IFRS 11

IMPORTANT ESTIMATES AND ASSESSMENTS	NOTE	
Valuation tax loss carryforwards	23	Deferred tax
Impairment of intangible assets	13	Capitalized expenditure for research and development
Composite instruments and embedded derivatives	14	Fair value

NEW AMENDMENTS TO STANDARDS AND INTERPRETATIONS THAT HAVE ENTERED INTO FORCE FOR 2021

New amended standards that have entered into force and apply for the financial year 2021 have not had a material impact on the Group's financial statements.

NEW AMENDMENTS TO STANDARDS AND INTERPRETATIONS NOT IN FORCE

The new and amended standards and interpretations issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRIC) but which enter into force for financial years beginning after or after 1 January 2021 have not yet been applied by the Group. The new and amended standards and interpretations are not expected to have a material effect on the Group's financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated financial statements have been prepared in accordance with International Reporting Standards and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as endorsed by the European Union (EU). The Swedish Annual Accounts Act and RFR 1 'Supplementary Accounting Rules for Group Companies'.

The Parent Company applies the same accounting policies as the Group, with the exceptions mentioned under the section 'The Parent Company's accounting policies'. The Parent Company applies the Swedish Annual Accounts Act (Årsredovisningslagen) and Recommendation RFR 2 'Accounting for Legal Entities', of the Swedish Financial Accounting Standards Council. The deviation that arise from IFRS policies do so due to the application of the Swedish Annual Accounts Act and the Swedish tax regulations.

Basis of the preparations of the consolidated financial statements

The consolidated financial statement has been prepared based on the assumption of going concern. The Group applies the historical cost method when preparing the financial statements, if nothing else is described below. The Group's reporting currency is Swedish kronor (SEK), which is the Parent Company's functional currency.

Basis of consolidation

The consolidated financial statements incorporate financial statements of the Parent Company and its subsidiaries. The financial reports for the Parent Company and the subsidiaries that are incorporated in the consolidated financial statements regard the same reporting and are prepared according to the same accounting policies.

All intragroup transactions, assets and liabilities are eliminated and therefore not included in the consolidated financial statements.

Subsidiaries

The consolidated financial statements incorporate subsidiaries in which the Parent Company has more than 50 percent of the shares or entities controlled by the Parent Company and its subsidiaries. Consolidation of a subsidiary begins when the Company obtains control and ceases when the Company loses control of the subsidiaries.

Non-controlling interests

Non-controlling interests is equity in a subsidiary not attributable, directly or indirectly, to a parent. Their part of the results is included in the reported results of the consolidated financial statements and the net assets are recognized in the equity of the consolidated financial statements.

Translation of financial statements of foreign subsidiaries

De utländska dotterföretagen omräknas till svenska kronor eftersom det är koncernens redovisningsvaluta. Resultaträkningarna omräknas till genomsnittlig kurs och balansräkningen omräknas till balansdagens kurs. Alla övervärden som redovisas i och med ett förvärv av ett utländskt dotterföretag, såsom goodwill och andra tidigare icke redovisade immateriella tillgångar, betraktas som respektive dotterföretags och omräknas av denna anledning till balansdagens kurs. Omräkningsdifferenser redovisas i övrigt totalresultat. Om ett dotterföretag avyttras återförs de ackumulerade omräkningsdifferenserna till resultaträkningen.

	Average rate		Closing rate	
	2021	2020	2021	2020
USD	8.58	8.19	9.04	9.20
EUR	10.14	-	10.23	-

Gross accounting

Gross accounting is applied throughout the report for assets and liabilities, except when both an asset and a liability exists towards the same counterpart and they legally are offsettable. Gross accounting is also applied for income and expenses if nothing else is stated.

Classification of assets and liabilities

Fixed assets, long-term liabilities and provisions are expected to be recovered or become due later than twelve months after the closing date. Current assets, short-term liabilities and provisions are expected to be recovered or become due within twelve months after the closing date.

Related-party transactions

Transactions with related parties are conducted with terms comparable to third party transactions. Parties are considered to be related if the Company has the control or significant influence regarding making financial or operational decisions. It also includes the companies and physical persons that have the potential to exercise control or significant influence over the Group's financial or operational decisions.

Business combinations

Business combinations are reported according to the acquisition method. The purchase price for the business combination is measured at fair value at the time of acquisition, which is calculated as the sum of the fair values at the date of acquisition of the assets, accrued or assumed liabilities and equity shares issued in exchange for control over the acquired business. Acquisition-related expenses are recognized in the income statement as they arise. The purchase price also includes the fair value at the date of acquisition of the assets or liabilities resulting from an agreement on contingent consideration. Changes in the fair value of a contingent consideration arising from additional information obtained after the date of acquisition if facts and circumstances at the date of acquisition qualify as adjustments in the valuation period and adjusted retroactively, with the corresponding adjustment of goodwill. Contingent consideration that is classified as equity is not revalued and the subsequent regulation is reported within equity. All other changes in the fair value of a contingent additional consideration are reported in the income statement.

The identifiable acquired assets and liabilities assumed are reported at fair value at the acquisition date, with the following exceptions:

- Deferred tax receivable or debt and liabilities or assets attributable to the acquired company's employee benefits agreement are recognized and valued in accordance with IAS 12 income taxes and IAS 19 employee benefits.
- Liabilities or equity instruments attributable to the acquired company's share-related allocations or to the exchange of the acquired company's share-related allocations against the acquirer's share-related allocations are valued at the time of acquisition in accordance with IFRS 2 Share-related payments.
- Assets (or disposal group) classified as being held for sale in accordance with IFRS 5 Non-current assets held for sale and discontinued operations are valued in accordance with that standard.

For business combinations where the sum of the purchase price, any non-controlling interest and fair value at the time of acquisition of previous shareholdings exceeds fair value at the time of acquisition of identifiable acquired net assets, the difference is reported as goodwill in the balance sheet. If the difference is negative, this is reported as a gain on an acquisition at a low price directly in the result after a review of the difference.

For each business combination, previous non-controlling interest in the acquired company is valued at either fair value or the value of the proportional share of the non-controlling interest of the acquired company's identifiable net assets.

Segment recognition

The Group consists of only one reportable segment, Nilar, as it is at this level that the Group's management team has responsibility for the allocation of resources and assesses the business's results.

Operating segments are reported in a way that is consistent with the internal reporting submitted to the highest executive decision-maker. The highest executive decision-maker is the role with responsibility for allocating resources and making assessments of the results of the operating segments. The executive management team of the Group has been identified as having this role.

NOTE 4. RISKS AND RISK MANAGEMENT

FINANCIAL RISK FACTORS

Through its operations the Group is exposed to various kinds of financial risks; currency risk, interest rate risk, credit risk and liquidity risks that may impact the Group's result and financial position. The Group Management of Nilar has decided not to actively manage its risks e.g. through the use of derivatives. Work has begun to address and report these types of risks. The most significant risks for Nilar are described below.

Currency risk

(i) Transaction risk

Transaction risk is the risk that the Group's net income and cash flow are impacted by changes in value of commercial flows due to changes in exchange rates. Nilar is mainly exposed to currency risk against SEK through purchases and sales in EUR and USD. The balance exposure consists of accounts receivable and accounts payable and borrowings.

As per 31 December 2020, Nilar's financial liabilities were subject to the following translation exposure:

TSEK	12-31-2021	12-31-2020
EUR	140 508	88 918
USD	683	3 613
Other currencies	-	-
Total	**141 191**	**92 530**

As per 31 December 2020, Nilar's financial assets were subject to the following translation exposure:

	12-31-2021	12-31-2020
EUR	2 494	3 841
USD	-	4 123
Other currencies	-	-
Total	**2 494**	**7 964**

If the Swedish krona had been weakened/strengthened by 5% against the other currencies, other variables being constant, the impact on net income and equity would have been 6 935 (4 228) TSEK.

(ii) Conversion risk

The Group faces a risk when converting the net assets of foreign subsidiaries to the consolidation currency of Swedish kronor (SEK). Foreign subsidiaries are located in the USA 284 (359) TUSD and Estonia 197 (0) TEUR. The Group is affected by the fact that these are converted to SEK.

If the Swedish krona had weakened/strengthened by 5% against the USD, the impact on other comprehensive income is estimated to be 122 TSEK. If the Swedish krona had weakened/strengthened by 5% against theEUR, the impact on other comprehensive income is estimated to be 100 TSEK.

Interest rate risk

Nilar has interest-bearing financial liabilities whose changes linked to market interest rates affect earnings and cash flow from operating activities. Interest rate risk means the risk that changes in general interest rates may adversely affect the Group's net income. Nilar's interest rate risk arises through long-term borrowing. Borrowing, which takes place at variable interest rates, exposes the Group to interest rate risk regarding cash flow, which is partially neutralised by cash at variable interest rates. At the end of 2021, the Group's borrowing consisted only of loans with the EIB at fixed interest rates in EUR.

The Group has analyzed its sensitivity to interest rate changes. Analysis shows that the effect on earnings and equity of a change of 1 percentage point of 135 125 TSEK would give a maximum change of 1 351 (2 889) TSEK.

Credit risk

Credit risk or counterparty risk is the risk that the counterparty in a financial transaction does not fulfil its obligations on the due date. Nilar's credit risk includes bank balances and trade receivables. For cash and cash equivalents, the credit risk is considered low as 100% of Nilar's total cash and cash equivalents are held by counterparties that are large wellknown banks in Sweden with a high rating (such as Swedbank). For accounts receivable, the credit risk in Nilar is considered to be low since the proportion of trade receivables shown in the balance sheet is of non-material amounts. The maximum credit risk corresponds to the book value of the financial assets. The assessment is that there is no significant concentration of credit risks. The reserve for trade receivables is assessed on the basis of individual assessments based on past events, current conditions and forecasts for future economic conditions. The loss reserve for accounts receivable and contractual assets is always valued at an amount corresponding to the maturity of expected loan losses which, at the closing date, gives a completely insignificant reserve. Review to assess commercial risks in these relationships takes place on an ongoing basis and impairment of receivables occurs when there is a failure in the form of evidence that overdue amounts will not be paid. For the Group's credit losses and maturity structure, see note 15. Financial instruments by category.

Liquidity risk

Liquidity risk is the risk that Nilar lacks liquid funds for the payment of its commitments regarding financial liabilities.

To ensure a good liquidity for the operations the Group analyzes liquidity needs every week through liquidity forecasts covering the coming twenty-six weeks. In addition to the rolling liquidity forecasts the Group also establishes rolling twelve-month forecasts and annual financial plans.

In the aftermath of COVID-19, material procurement and rising raw material prices have posed problems for Nilar as well as for the company's customers. Component shortages and higher purchase prices, combined with the negative margin on Nilar's products, led to the decision to reduce sales in the fourth quarter. Another contributory factor in the decision to reduce sales can be linked to doubts regarding the quality of products produced after the summer of 2021. The decline in sales and the negative margin are factors contributing to the fact that Nilar will need additional capital in 2022 to finance its operations. Work had begun to raise that capital at the time when the annual report was signed.

Nilar's sources of capital are loans and issues and, given these sources of capital, the board of directors believes that it will be able to raise the required capital.

The Group's financial liabilities and maturity structure are as follows:

PER 31 DECEMBER 2021 (INCLUDING INTEREST PAYMENTS	NOMINAL AMOUNT	LESS THAN 6 MTH	BETWEEN 6-12 MTH	BETWEEN 1-2 YR	BETWEEN 2-5 YR	MORE THAN 5 YR
EIB	188 816	6 711	6 711	26 845	148 548	-
Accounts payable and other liabilities	77 978	41 554	36 424	-	-	-
Liabilities related to financial leasing	64 867	3 924	3 924	7 679	17 555	31 786
Total	**331 661**	**52 189**	**47 059**	**34 524**	**166 103**	**31 786**

PER 31 DECEMBER 2020 (INCLUDING INTEREST PAYMENTS	NOMINAL AMOUNT	LESS THAN 6 MTH	BETWEEN 6-12 MTH	BETWEEN 1-2 YR	BETWEEN 2-5 YR	MORE THAN 5 YR
Convertible loan	204 372	204 372	-	-	-	-
EIB	84 570	5 068	6 587	26 348	110 918	-
Accounts payable and other liabilities	76 912	76 912	-	-	-	-
Liabilities related to financial leasing	49 228	2 470	2 406	4 786	12 985	26 582
Total	**415 082**	**288 822**	**8 993**	**31 134**	**123 903**	**26 582**

Management of capital risk

Nilar's objective of capital management is to ensure the Group's ability to continue its operations, generate returns to the shareholders, create value to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group defines capital as equity.

Monitoring with regard to legal capital requirements takes place on an ongoing basis. Otherwise, Nilar does not actively work on the basis of any express quantitative measures. The Company has no externally imposed capital requirements.

The equity/assets ratio for the Group as at 31 December 2021 amounts to 60 (18) ercent. The parent company's equity/asset ratio was 72 (13) percent.

ECONOMIC, MARKET AND EXTERNAL RISKS

Global market and macroeconomic risks

Nilar operates in a global market – energy storage – characterized by strong growth as a result of growth in intermittent electricity production (wind and solar) and conversion to electric drive in the transport sector (e.g. electric and hybrid cars), where customers are driven by macroeconomic factors, which may affect demand for the Group's products. By operating in several segments, this risk exposure is reduced. Nilar operates in the energy storage market and with special focus on three segments: home and small-scale storage, smart grid infrastructure, and commercial and industrial support. The Group's sales are also distributed over several customers, product-wise and geographically. The use of production forecasts and close relationships with customers keeps the Group well informed about customer plans.

The financial performance of the business depends on the Group's ability to react quickly to changes in demand for the Group's products and to adjust production levels and operating costs accordingly. Entering new markets requires well-developed plans, processes and local knowledge where cultural and political aspects are important to take into account. Nilar has experience in entering new markets as well as geographical areas, which preferably takes place through partners with good knowledge of the local market.

Legal and political risks

Legislation, regulation and compliance

Nilar operates within different jurisdictions and is subject to local rules and laws within respective jurisdiction as well as comprehensive international rules. Changes in local and international rules and laws as well as policy decisions may affect the Group's operations including demand for the Group's products. Nilar meets these risks through continuous work with risk assessments and, if necessary, consult with external expertise.

Intellectual property rights

Nilar is working to protect trademarks and domain names in the countries in which the Company is, or may consider becoming, active. In addition to qualified personnel, the Company takes assistance from qualified external patent attorneys. It cannot, however, be guaranteed that the measures taken are sufficient. Nor is it guaranteed that Nilar, in the future, could not infringe, or be accused of infringing, a third party's intellectual property right.

Fiscal risks

Nilar conducts operations in various countries and it cannot be guaranteed that Nilar's interpretation and application of the prevailing laws, regulations or rules based on legal practice have been, or will be, correct in the future or that such laws, regulations, rules or practice will not be altered, potentially with a retroactive effect. The Company may be affected by alterations in other countries' fiscal legislation and may be required to pay additional taxes, interest or possibly penalty charges in conjunction with a future tax assessment. There are no deferred tax assets net as capitalized loss carryforwards are only capitalized to the extent that there are sufficient deductible temporary differences.

OPERATIONAL RISKS

Customer dependence

Nilar meets a broad interest from the market but remains dependent on a smaller number of customers and market segments. Nilar strives to broaden the customer base, also geographically, as well as to develop the product portfolio.

Production

Nilar's business plan includes a significant capacity expansion, and Nilar is systematically working on securing alternative suppliers to limit the risks in this part.

Global supply chain

In the global supply chain, there are various risks related to dependence on specific suppliers, raw materials and inputs, logistics and quality. Among raw materials and inputs, Nilar is most exposed to nickel, where changes in prices can affect the Group's performance. However, the dependency is limited to about 5% of the customer price and is handled in the customer agreements. The prices of raw materials are periodically adjusted to current market levels based on price developments during the period. Nilar's supply chain is global, which places great demands on purchasing processes, quality assurance and follow-up. Nilar meets these risks through active purchasing, quality and logistical work, where the global purchasing strategy is under continuous review and update aimed at optimizing the Group's sourcing, ensuring compliance with codes of conduct and requested volume at the right time and at the right price and quality.

IT-related risks

Nilar's business is dependent on IT systems as well as hardware that supports the Group's production, logistics and order management. An interruption in a system that supports these can have a negative impact on the Company's production and the ability to fulfil its delivery obligations. Nilar manages IT-related risks on a continuous basis through the Group's central IT department. Nilar has established routines regarding information security and processes for follow-up and control. Nilar seeks to ensure an IT environment that can be quickly replicated at a possible outage.

Product liability, warranty and recall

Nilar has a product liability and a warranty liability for delivered products. To limit the risk of claims, Nilar implements extensive testing in the development phase of the products and quality and control measures in the production phase. Nilar has signed insurance covering a certain amount against damages regarding product liability and recall.

Environmental risks

Nilar's business is licensed and notifiable. Nilar holds permission under the environmental code to manufacture batteries that do not contain cadmium, lead or mercury in the factory in Gävle. The Company is authorized to produce a maximum of two million batteries per year.

Forecasting

Nilar operates on the rapidly growing market for industrial batteries. The business has to date not had any substantial sales but is expected to show significant growth in the coming years. To make forecasts in such an environment is difficult even for a short time ahead and the actual outcome can mean major deviations for e.g. sales, gross margins, inventory volumes and liquidity.

SUSTAINABILITY RISKS

Environmental principles

In the context of Nilar's operations, renewable and finite natural resources are used, which can have a negative impact on the environment in the future. Resources such as fossil fuels, coal and metals are considered to be finite, where, however, metals can be reused. Examples of renewable resources include water, wind and solar energy.

Nilar is engaged in active environmental work to ensure that the operations are conducted with minimal impact on the environment that is practically possible and financially justifiable. The main environmental impact of resource consumption is in the area of energy, where the Group strives to use renewable electricity, recycling and energy-efficient production processes. To minimize the use of fossil fuels, the logistics function works to ensure efficient logistics and transport solutions.

Social responsibility

Nilar operates in a global market parallel to various interest groups, where consideration of human health, well-being and rights are fundamental values. When imbalances arise in these circumstances, there are risks of concern and conflict both for the individual and for society as a whole. Nilar's ambition is to meet all interest groups with respect and good ethics.

Organization and competence increase

Nilar is dependent on being able to attract and retain the right employees. To ensure that Nilar is perceived as an attractive employer, Nilar conducts employee surveys and provides internal development and career opportunities. Nilar also strives for clear internal communication on goals and strategy. The supply of personnel with deeper battery competence is a challenge. The Company has so far successfully managed to find qualified personnel in the battery area.

Corporate governance

Risks exist when businesses directly or indirectly fail to comply with applicable laws, regulations, policies and the accepted norms of society. Nilar conducts its business in a responsible and efficient manner, with high business ethics, good risk control and healthy corporate culture. Governing policies and policies are the basis for sustainable and long-term entrepreneurship, where the Group's code of conduct is indicative of all decisions made in the business.

NOTE 5. REVENUE

The Group has the predominant share of its revenues in Northern Europe.

	2021	2020
Sweden	12 582	13 326
Germany	4 372	1 079
Netherlands	-42	5 308
Switzerland	-	2933
Total income	**17 846**	**25 238**

The Group's customers

Nilar's geographical focus is within the European markets, with a special focus on the Nordic countries, the Benelux, the DACH (German-speaking markets) and the UK.

The customers are mainly system integrators in electrical energy storage.

ACCOUNTING POLICIES

IFRS 15 Revenue from contracts with customers

Analyses are performed on an ongoing basis of the Group's various types of agreements with customers to determine if they qualify to be a contract under IFRS 15. All of the contracts are in accordance with the current price list where the customer receives the product at the time it is delivered, and the control passes to the customer. Invoicing and revenue are based on a pre-agreed price. Standard payment terms are 30 days net.

Nilar's revenue consists of 100% of product sales of systems. Revenue recognition is done at present on delivery and when the control has been transferred to the customer. The company has no contractual assets or contractual liabilities. Information is not provided on the total amount or remaining performance commitments which are unfulfilled, or partially unfulfilled, at the end of the reporting period when the customer agreement has an original term of less than 12 months. Provision for guarantee costs for remaining performance commitments in the form of replacement batteries, has been reserved per December 31, 2019 and 2020 (see Note 28).

NOTE 6. OPERATING EXPENSES

The Group reports its income statement based on functions. The key cost items are presented below:

	2021	2020
Changes in inventories, cost of goods sold	-148 435	-86 427
Costs for remuneration to employees and directors (note 8)	-132 121	-81 575
Costs for temporary labour	-62 507	-34 842
Depreciation	-214 268	-67 346
Other costs	-60 469	-39 988
Total costs for goods sold, development, sales and administration	**-617 800**	**-310 178**

Depreciation of intangible fixed assets of 31,633 (30,937) TSEK took place, with 31,449 (30,674) in the item of Cost of goods sold and 183 (263) in Development in the income statement. Depreciation of tangible fixed assets 39,849 (24,934) TSEK took place in the items of Cost of goods sold 39,801 (24,850) TSEK, Administration 16 (0) TSEK and Sales 832 (83) TSEK. Depreciation of right-of-use assets 5,315 (4,781) took place in the items of Cost of goods sold 3,352 (2,979) TSEK, Development costs 70 (0) TSEK, Sales 223 (505) TSEK and Administration 1,670 (1,296) TSEK. Impairment of intangible fixed assets 137,472 (6,694) TSEK took place in Cost of goods sold.

ACCOUNTING POLICIES

The income statement is presented in the functional form. The functions are as follows:

Cost of goods sold includes cost of handling and manufacturing costs including payroll and material costs, purchased services, facility costs and depreciation of tangible fixed assets used in the production process.

Development costs include costs for the own R&D organization, hired consultants and depreciation and write-downs for intangible assets such as patents and capitalized development costs.

Selling expenses include costs for the own sales organization and depreciation of property, plant and equipment used by the group's sales organization. Provisions to, and reversals of reserves for doubtful accounts receivable, are also included

Administrative expenses relate to the costs of boards, management and staff functions in the Group, and depreciation and write-downs of tangible assets used by the Group's administrative functions.

NOTE 7. REMUNERATION TO THE AUDITORS

	2021	2020
Deloitte AB		
Audit engagement	-1 036	-872
Other audit activities	-2 288	-1 351
Other services		
Total Deloitte	**-3 324**	**-2 223**

Audit engagement' refers to the examination of the financial statements and accounting records and the Board's and President and CEO's administration, other tasks that might be incumbent on the company's auditors, and advice or other assistance as a result of observations during the audit or the implementation of the other duties referred to. Everything else is other assignments.

NOTE 8. EMPLOYEES, PERSONNEL EXPENSES AND FEES TO THE BOARD OF DIRECTORS

	Number of people		Of whom men %	
AVERAGE NUMBER OF EMPLOYEES	2021	2020	2021	2020
Parent Company	2	2	100	100
Subsidiaries				
Sweden	181	123	67	67
USA	2	2	50	50
Total subsidiaries	183	125	67	67
Total average number of employees	**185**	**127**	**59**	**59**

	Number of people		Of whom women %	
GENDER DISTRIBUTION ON THE BOARD AND IN EXECUTIVE MANAGEMENT	2021	2020	2021	2020
Board	7	6	29	33
Executive management	5	5	20	20

	Salaries and remuneration		Social security expenses	
SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY EXPENSES	2021	2020	2021	2020
Parent Company	-6 965	-5 230	- 3 497	- 2 415
(of which pension costs)	-	-	- 1 187	- 760
Subsidiaries	-91 923	-64 551	-36 370	-24 405
(of which pension costs)			-7 550	-4 512
Total salaries, other remuneration and social security expenses	**-98 888**	**-69 781**	**-39 867**	**-26 820**
(of which pension costs)			-5 273	-5 273

	Management staff		Other employees	
SALARIES AND OTHER REMUNERATION ACCORDING TO COUNTRY, MANAGEMENT STAFF AND OTHER EMPLOYEES	2021	2020	2021	2020
Parent Company and subsidiaries in Sweden	-16 169	-10 779	-120 895	-80 192
(of which pension costs)	-4 929	-2 415	-34 827	-24 009
Subsidiaries overseas	-	-	-1 691	-5 630
(of which pension costs)	-	-	-111	-397
Total	**-16 169**	**-10 779**	**-122 586**	**-85 822**

	2021			2020		
REMUNERATION TO THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES	FEE/ BASIC SALARY	OTHER BENEFITS	PENSIONS	FEE/ BASIC SALARY	OTHER BENEFITS	PENSIONS
Board of directors						
Michael Obermayer	561	-	-	189	-	-
Stefan De Geer	272	-	-	47	-	-
Ulrika Molander	80	-	-	-	-	-
Gunilla Fransson	197	-	-	47	-	-
Peter Feledy	25	-	-	-	-	-
Marko Allikson	25	-	-	-	-	-
Anders Gudmarsson	280	-	-	47	-	-
Alexander Izosimov	130	-	-	47	-	-
Helena Nathhorst	217	-	-	47	-	-
Senior executives						
Marcus Wigren, Ceo until aug	2 765	65	468	1 644	98	325
Erik Oldmark, Ceo from sep	950	-	-	-	-	-
Other senior executives (6 st)	6 959	215	1 171	5 000	268	1 029

The amounts for payments include support received of 736 TSEK. During the year, the company received a salary subsidy of 372 (372) TSEK for doctoral students at KTH and support for new start jobs of 60 (24) TSEK. These salary subsidies are recognised from 2019 as reductions in salary costs and not under other operating income. State compensation for sick pay was received during the year. The payment amounted to 304 (723) TSEK.

Fees are paid to the chairman and members of the Board according to the AGM's decision. At the Annual General Meeting, it was decided that fees to the Board of Directors would amount to (473) TSEK.

Other senior executives directly subordinated to the CEO receive market-based salary. Pension benefits are defined contribution and do not exceed 35% of the fixed salary. Upon termination by the company, the period of notice is 3-12 months. Upon termination by the company, severance pay equal to a maximum of nine months' salary may apply.

Incentive program

Incentive programs are used to ensure that key personnel and advisors contribute to long-term value growth and that shareholders and employees have a common interest in the share's positive value development.

Incentive programs consist of warrants acquired at market value, see Note 22. Share-based payments. For information regarding option programs for employees, senior executives and board members, see Note 22.

ACCOUNTING POLICIES

Short-term employee benefits

Short-term benefits, such as wages, salaries, social security contributions costs, holiday remuneration and bonuses are recognized in the period in which the employees render the related services.

Government grants

Government grants are measured at fair value when there is reasonable assurance that the entity will comply with the conditions attaching to them and the grants will be received. State support in the form of compensation for laid-off staff, reduced employer contributions and compensation for sick pay is reported as a reduction in staff costs.

Pensions

Nilar's long-term employee benefit plan only includes defined contribution plans. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and

NOTE 8. CONT. EMPLOYEES, PERSONNEL EXPENSES AND FEES TO THE BOARD OF DIRECTORS

will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Obligations for contributions to defined-contribution pension plans are recognized as an employee benefit expense in the income statement in the periods during which services are rendered by employees.

Stock option programme

Share-based incentive programme at the company means an employee stock option programme settled with equity instruments in accordance with IFRS 2. In accordance with IFRS 2, equity instruments allocated to employees, senior executives and the board of directors are measured at fair value at the moment when they are allocated. The fair value of the employee stock options is established at the moment when they are allocated using the Black-Scholes model for pricing of options. Participants in the programme have paid fair value, which is why the Group recognises no cost for the programme and it is only recognised by a corresponding increase in equity. The accumulated cost recognised on each reporting date shows the extent to which the vesting period has been used up, with an estimate of the number of share-related instruments that will finally be fully vested.

NOTE 9. OTHER OPERATING INCOME

	2021	2020
Profit sale of fixed asset	125	7
Sales of packaging	527	419
Freight	354	383
Foreign exchange gains	1 537	-
Other	1 001	122
Total other operating income	**3 545**	**931**

Wage subsidies and government subsidies attributable to remuneration for personnel are reported as a reduction in wage costs and not under other operating income, see Note 8.

ACCOUNTING POLICIES

Government grants

Government grants are measured at fair value when there is reasonable assurance that the entity will comply with the conditions attaching to them and the grants will be received. State support in the form of compensation for laid-off staff, reduced employer contributions and compensation for sick pay is reported as a reduction in staff costs.

NOTE 10. FINANCIAL INCOME AND EXPENSES

FINANCIAL INCOME	2021	2020
Foreign exchange gains	3 347	2 624
Changes in value of debt	40 855	-
Total financial income	**44 202**	**2 624**

FINANCIAL EXPENSES	2021	2020
Interest expenses to shareholders	-10 064	-27 546
Interest expenses EIB	-13 570	-732
Interest expenses leasing	-1 686	-1 626
Other interest expenses	-1 064	-153
Changes in value of debt	-15 144	-793
Other financial expenses	-6 828	-30 669
Total financial expenses	**-48 356**	**-61 518**

ACCOUNTING POLICIES

Financial income and expenses consist of interest income on bank funds and receivables, interest expenses on loans, dividend income, changes in the value of derivatives and exchange rate differences. See Note 14 for information regarding changes in the value of derivatives.

The interest component of financial lease payments is recognized in the income statement in accordance with the effective interest method, whereby interest is distributed so that each accounting period is charged with an amount based on the liability recognized during the period in question. Issue expenses and similar direct transaction costs for raising loans are included in the acquisition cost of the borrowing and are expensed in accordance with the effective interest method.

NOTE 11. TAX ON PROFIT FOR THE YEAR

REPORTED TAX	2021	2020
Deferred tax	-	-
Deferred tax regarding previous years	-	-
Total reported tax	**-**	**-**

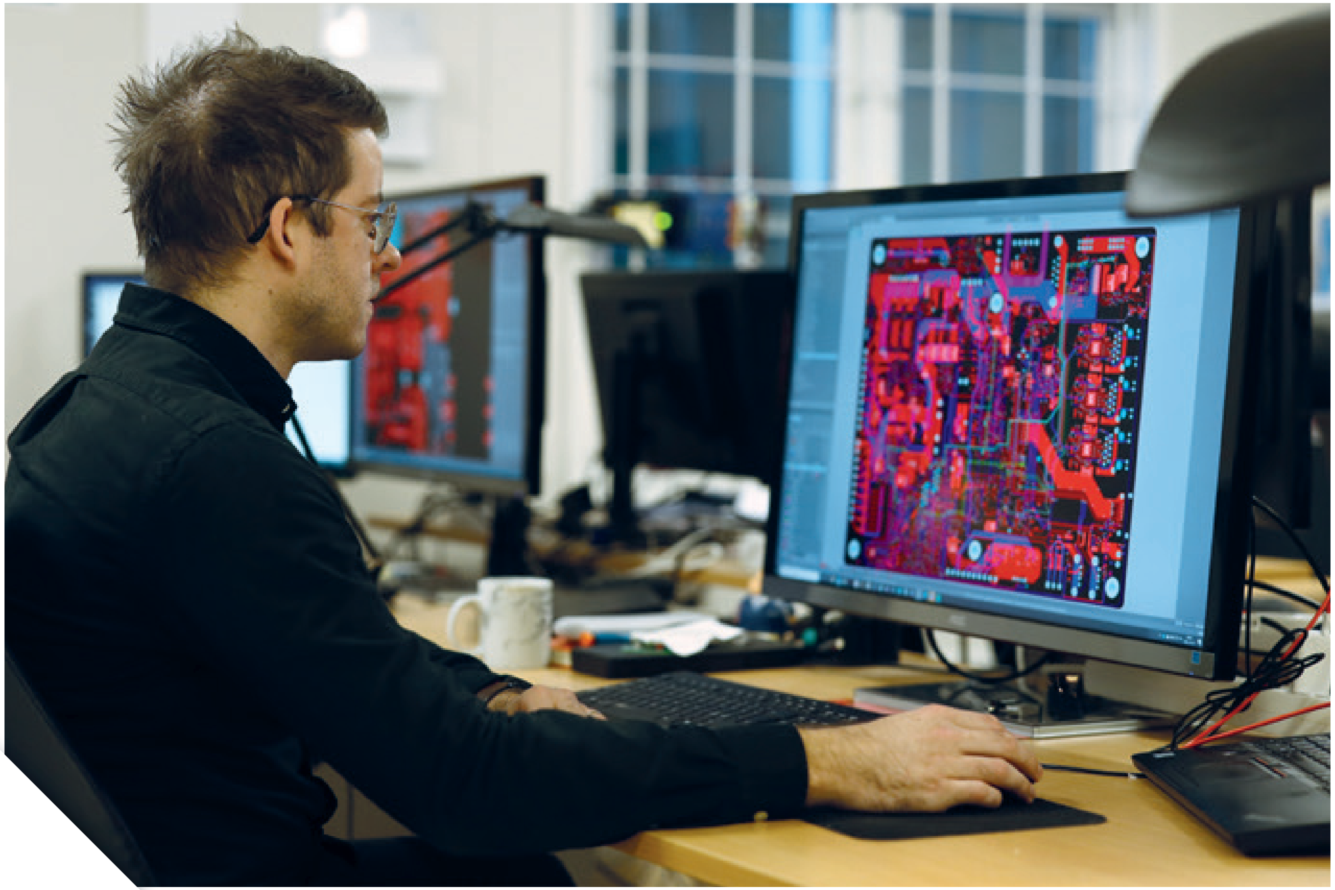
RECONCILIATION OF EFFECTIVE TAX	2021	2020
Profit before tax	-600 539	-342 903
Income tax calculated according to national tax rates prevailing on profit in each country. 20.6% in Sweden.	123 711	73 381
Tax effects of:		
- Non-taxable income	-	2 478
- Non-taxable costs	-34 853	-14 529
- Taxable losses for which no deferred tax assets have been reported	-88 858	-61 330
- Deferred tax capitalized intangible assets	-	-
- Deferred tax employee share options	-	-
Amounts relating to previous years	-	-
Total reported tax	**0**	**0**

ACCOUNTING POLICIES

Income tax expense represents the sum of the tax currently payable and deferred tax. Income tax is recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the tax effect is also recognized in other comprehensive income or in equity.

Current tax is the tax currently payable or refundable for the year, including adjustment of current tax related to prior periods. The tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is calculated in accordance with the balance sheet method. Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases. Deferred tax assets are recognized for all tax-deductible temporary differences, for example carryforward of unused tax losses, to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable the sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.



Deferred tax assets and liabilities is offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax is attributed to the same entity in the Group and the same taxation authority.

NOTE 12. INTANGIBLE FIXED ASSETS

TSEK	31-12-2021 PATENTS	31-12-2021 CAPITALIZED EXPENDITURE FOR RESEARCH AND DEVELOPMENT	31-12-2021 TOTAL	31-12-2020 PATENTS	31-12-2020 CAPITALIZED EXPENDITURE FOR RESEARCH AND DEVELOPMENT	31-12-2020 TOTAL
Accumulated cost of acquisition						
At the start of the year	6 425	256 377	262 802	6 867	225 497	232 363
Acquisitions for the year	797	23 374	24 170	224	30 880	31 104
Divestments and disposals	-	-	-	-665	-	-665
At year-end	**7 222**	**279 750**	**286 972**	**6 426**	**256 377**	**262 803**
Accumulated depreciation						
At the start of the year	-5 941	-65 411	-71 352	-5 678	-34 737	-40 415
Depreciation for the year	-183	-31 450	-31 633	-263	-30 674	-30 937
At year-end	**-6 125**	**-96 860**	**-102 985**	**-5 941**	**-65 411**	**-71 352**
Accumulated write-downs						
At the start of the year	-	-6 694	-6 694	-	-	-
Write-downs for the year	-	-137 472	-137 472	-	-6 694	-6 694
At year-end	**-**	**-144 126**	**-144 166**	**-**	**-6 694**	**-6 694**
Recognized value						
At the start of the year	484	184 272	191 450	1 189	190 760	191 949
At year-end	**1 097**	**38 724**	**39 821**	**484**	**184 272**	**184 756**

Patent

Nilar had as of 31 December 2021 84 active patents/patent applications.

The depreciation of patents takes place during the term of the patent, from the date on which the patents have been approved.

Capitalised development expenses

Capitalised development expenses relate to costs for:

	31-12-2021	31-12-2020
Product development	10 075	136 957
Production process development	-	20 458
Development of ERP system	-	745
Development of BMS	28 019	26 112
Total captialized expenditure for development work	**38 724**	**184 272**

The board of directors assessed in autumn 2018 that the developed product had reached such maturity and that sales of the products had started to take place, so that the amortisation of capitalised development costs for the V1 and V2 generations with associated BMS started in the fourth quarter of 2018. Subsequently, depreciation has also started for completed projects, including production process development and further product development of generation V2 to optimise product robustness, quality and performance.

Development costs for uncompleted projects that have been recognised amount to 38.7 MSEK and are related to the development of a new product with oxygen filling and the development of a new BMS (Battery Management System). The company continuously assesses whether there is a need to write down the value of its assets. At the end of the fourth quarter, the board of directors considers that the company's revised strategy requires impairments of legacy development work related to system design and production methods. Impairment of capitalised development expenditure during the period amounted to 137.5 MSEK.

ACCOUNTING POLICIES

Intangible assets

Intangible assets with finite useful lives are carried at cost less amortization and impairment losses. Amortization is recognized on a systematic basis over depreciated during the assets estimated useful life. The useful life is reviewed at the end of each reporting period and adjusted if needed. When determining the depreciable amount of an asset, the residual value is considered.

Development expenditures activities are recognized as an intangible asset when they qualify for recognition according to IAS 38 and are estimated to amount a significant proportion of the product's development as a whole. Other development expenditures are recognized as an expense. The most important criteria for capitalization of development expenditures are that the asset will generate probable future economic benefits or cost savings, and there are technical and commercial conditions to complete the development.

The development expenditure capitalized are generated externally as well as internally and includes direct costs for services used. Directly attributable costs that are capitalized as part of the product development, production processes, production facility project and implementation of software systems include expenditures to third parties and employees.

Amortization shall begin when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The following depreciation periods are applied:

- Patents 5 years
- Capitalized development expenditures 7 years

NOTE 12. CONT. INTANGIBLE FIXED ASSETS

Impairment of intangible assets

If there is any indication that an intangible asset has suffered an impairment loss, the recoverable amount of the asset is estimated. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The recoverable amount is the higher of net realizable value and value in use. Testing of the recoverable amount is done for cash generating units.

Impairment losses recognized in prior periods are reversed if the asset's recoverable amount is estimated to exceed the carrying amount. The loss is reversed only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized for the asset in prior years.

IMPORTANT ESTIMATES AND ASSESSMENTS

Capitalised expenditure for development

Nilar capitalises expenditure relating to: product development, production process development, BMS (Battery Management System) development and implementation of a business system to the extent that they are considered to meet the criteria under IAS 38 paragraph 57 and as set out on page 45 of the Annual Report.

Financial forecasts are drawn up on a regular basis. A six-year forecasting horizon is used since the market for electrical energy storage is considered to be at an early stage of its life-cycle and the company's products, based on information obtained at various industry fairs, from market reports from several different sources, customers and partners, are considered to be well positioned to meet the demand for energy storage in the market.

In the assessment of future cash flows, assumptions are made mainly with regard to sales growth, operating margin and discount rate. The estimated growth rate is based on forecasts within the industry. The forecast operating margin has been based on the management's expectations of the market. The discount rate of 17% (20%) before tax reflects specific risks associated with the asset. A higher or lower discount rate can be used, depending on the circumstances, e.g. the market in the country. After the six-year period, a growth rate amounting to 3.5 per cent is applied, which coincides with the Group's long-term assumptions with regard to inflation and the long-term growth of the market.

The company's products, depending on their use, have an estimated lifespan of 10–20 years. Due to the long lifespan, the board of directors considers that a depreciation period of seven years, which is slightly longer than the usual five-year depreciation period for intangible fixed assets, is appropriate for the company's capitalised expenditure for development.

The board of directors assessed in autumn 2018 that the developed product had reached such maturity and that sales of the products had started to take place, so that the amortisation of capitalised development costs for the V1 and V2 generations with associated BMS started in the fourth quarter of 2018. Subsequently, depreciation has also started for completed projects, including production process development and further product development of generation V2 to optimise product robustness, quality and performance.

Development costs for uncompleted projects that have been recognised amount to 38.7 MSEK and are related to the development of a new product with oxygen filling and the development of a new BMS (Battery Management System).

The company continuously assesses whether there is a need for impairment of the value of its assets. At the end of the fourth quarter, the board of directors considers that the company's revised strategy requires impairments of legacy development work related to system design and production methods. Impairment of capitalised development expenditure during the period amounted to 137.5 MSEK. The board of directors considers that there is no need for impairment for uncompleted projects. However, the outcome is sensitive to changes in key assumptions. The estimated recoverable amount for Nilar has no scope for changes in the key assumptions.

NOTE 13. TANGIBLE ASSETS

	31-12-2021			31-12-2020		
TSEK	PROPERTY, PLANT AND EQUIPMENT	FIXED ASSETS UNDER CONSTRUCTION	TOTAL	PROPERTY, PLANT AND EQUIPMENT	FIXED ASSETS UNDER CONSTRUCTION	TOTAL
Accumulated cost of acquisition						
At the start of the year	206 480	50 563	257 043	95 694	80 418	176 112
Acquisitions for the year	86 845	190 882	277 728	110 918	80 793	51 155
Reclassification to acquisitions of property, plant and equipment	-	-86 947	-86 947	-	-110 648	-
Divestments and disposals	-618	-	-618	-36	-	-
Translation difference	39	591	630	-96	-	-
At year-end	**292 747**	**155 089**	**447 836**	**206 480**	**50 563**	**257 043**
Accumulated depreciation						
At the start of the year	-60 035	-	-60 035	-35 201	-	-35 201
Divestments and disposals	364	-	364	46	-	46
Depreciation for the year	-39 849	-	-39 849	-24 934	-	-24 934
Translation difference	-23	-	-23	54	-	54
At year-end	**-99 543**	**-**	**-99 543**	**-60 035**	**-**	**-60 035**
Recognized value						
At the start of the year	146 446	50 563	197 009	60 492	80 418	39 465
At year-end	**193 204**	**155 089**	**348 293**	**146 446**	**50 563**	**197 009**

Machinery and equipment refer to equipment used for production and development.

Fixed assets under construction refers to unfinished production equipment.

ACCOUNTING PRINCIPLES

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Expenses related to repair and maintenance activities are recognized in profit or loss as incurred. Expenses for improvements of an asset's performance increases the value of the asset. The Group applies component depreciation, which means that each part of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the assets and is recognized in profit or loss as other operating income or other operating expenses.

Property, plant and equipment are depreciated on a systematic basis over its estimated useful life. The useful life is reviewed at the end of each reporting period and adjusted if needed. When determining the depreciable amount of an asset, the residual value is considered. A straight-line depreciation method is used for all types of assets.

The following depreciation periods are applied:

- Tangible assets 5 years

Impairment of tangible assets

If there is any indication that a tangible asset has suffered an impairment loss, the recoverable amount of the asset is estimated. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The recoverable amount is the higher of net realizable value and value in use. Testing of the recoverable amount is done for cash generating units.

Impairment losses recognized in prior periods are reversed if the asset's recoverable amount is estimated to exceed the carrying amount. The loss is reversed only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized for the asset in prior years.

NOTE 14. FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets

Financial assets at accrued cost

Assets that are held for the purposes of collecting contractual cash flows, and where the cash flows only constitute capital amounts and interest are valued at the accrued cost. They are included under current assets, with the exception of items maturing more than 12 months after the balance sheet date, which are classified as fixed assets. Interest income from these financial assets is recognized using the effective interest method and are included in financial income. The Group's financial assets that are valued at the accrued cost are made up of the items, accounts receivable, other long-term receivables and cash equivalents. Cash and cash equivalents consist only of bank funds.

FINANCIAL ASSETS	ACCRUED COST OF ACQUISITION 31-12-2021	LOANS AND ACCOUNTS RECEIVABLE 31-12-2020
Accounts receivable (note 17)	6 937	15 030
Cash and cash equivalents	230 748	73 940
Total financial assets	**237 685**	**88 970**

ACCOUNTING POLICIES

Purchases and sales of financial assets are recognized on the transaction date, i.e. the date that the Group commits to purchase or sell the asset. Financial instruments are initially measured at fair value including transaction costs, which is applied for all assets that are not measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are initially recognized at fair value with transactions costs in profit or loss. Financial assets are derecognized when the right to receive cash flows have expired or is transferred and the Group has transferred substantially all of the risks and rewards of the ownership. Financial assets available for sale and financial assets measured at fair value through profit or loss are recognized after the acquisition at fair value. Loan and trade receivables are recognized after the purchase at amortized cost with application of the effective interest method. Accounting takes place when the company becomes a party to an agreement.

The Group assesses the future anticipated credit losses that are connected to assets recognized at accrued costs. The Group recognizes a credit reserve for anticipated credit losses at each reporting date. The loss provisions regarding financial assets are based on assumptions of the risk of bankruptcy and anticipated losses. The Group makes its own assessments of the assumptions and choices regarding input data for calculating the impairment. These are based on history, known market conditions and forward-looking estimates at the end of each reporting period. For assessment of the credit reserve for accounts receivable, see Note 16. The credit reserve for liquid funds is calculated using the general model based on a probability of default based on the counterparty's rating and the amount on the balance sheet date. Credit reserves are not reported as they are considered insignificant.

Financial liabilities

The Group classifies its financial liabilities in the following categories: liabilities measured at amortised cost, with the exception of the convertible loan, which was recognised at fair value at SEK 0 (224,800) TSEK, and the option agreement with the EIB at SEK 0 (48,029) TSEK. Both the convertible loan and the option agreement with the EIB were reclassified as equity during the year.

Financial liabilities are distributed on the following amounts in the balance sheet:

FINANCIAL LIABILITIES	ACCRUED COST OF ACQUISITION 31-12-2021	OTHER FINANCIAL LIABILITIES 31-12-2020
Borrowing		
Bridge loan	-	-
EIB	135 125	84 570
Total borrowing	**135 125**	**84 570**
Accounts payable	32 889	76 911
Accrued interest expenses	557	20 498
Total financial liabilities	**168 071**	**181 979**

BORROWING	AMOUNT PER 2021-12-31	MATURITY DATE	INTEREST RATE
EIB	135 125	2025-12-31	7.5%
Total borrowing	**135 125**		

Convertible debt/Convertible loan

Following the listing of the company's shares on the Nasdaq First North Premier Growth Market on 30 April 2021, the previous convertible loan, which matured from the fourth quarter 2019, has been converted to equity and shares have been issued. The convertible loan was measured at fair value amounting to 240.0 MSEK at the moment of conversion.

This convertible loan was issued in the fourth quarter of 2019 for a nominal amount of 175 MSEK. The duration of the loan was from 20 December 2019 to 30 June 2020 at an annual interest rate of 10% and from 1 July 2020 to 31 December 2020 at an annual interest rate of 12.5% and from 1 January 2021 to 31 December 2021 (the final maturity date) at an annual interest rate of 15%. The loan loan, including accrued interest, could be repaid no later than 31 December 2021, unless conversion took place before that date. The convertible bond could be converted into shares at a variable rate during the term and, if not converted, it could be repaid at 130% of the amount of the debt at maturity.

EIB

In October 2020, the EIB (European Investment Bank) granted the company a 5-year loan facility of 47 MEUR, of which 35 MEUR had a planned disbursement in 2020-2022 for further expansion of the Gävle factory, and 12 MEUR with a planned disbursement in 2023 to part-finance the next factory.

Payment of 8.75 MEUR (91.0 MSEK) of the first partial tranche of 17.5 MEUR (tranche A) was received in the fourth quarter of 2020. The second and final payment of 8.75 MEUR (87.8 MSEK) of the first partial tranche of 17.5 MEUR (tranche A) was received in the first quarter of 2021. Disbursement of tranches under the facility is conditional upon, inter alia, the raising of additional equity capital and the achievement of sales and/or profitability targets. For disbursement of an initial 17.5 MEUR (tranche A), similar targets were achieved at the time of the capital raised during H2 2020 of 178 MSEK before fees. For disbursement of further partial amounts, contractual conditions still remain to be met or else it is necessary to seek to renegotiate them.

Tranche A runs from 24 November 2020 to 31 December 2025 at an annual interest rate of 7.5%, and the EIB has received 160,633 warrants in Nilar International AB entitling the lender to purchase shares at a fixed price during the term of the option. The debt is recognised at amortised cost, whereas the options are recognised at fair value.

Following the listing of the company's shares on the Nasdaq First North Premier Growth Market on 30 April 2021, the company has met the requirements for additional equity infusion under Tranche B and C. Tranche B can be used until 30 June 2022. Payment under Tranche B is conditional on the company's sales during the period from 1 July 2021 to

NOT 14. CONT. FINANCIAL INSTRUMENTS BY CATEGORY

AVSTÄMNING SKULDER FRÅN FINANSIERINGSVERKSAMHETEN

	31-12-2020	CASH FLOW	ACQUISITION/ DIVESTMENTS	RECLASSIFI-CATIONS	TRANSLATION DIFFERENCES	VALUATION TO REAL VALUE	31-12-2021
Konvertibellån	204 372	-	-	-210 897	1 372	5 153	-
EIB	84 570	87 819	-	-	-3 155	-34 109	135 125
Skulder avseende finansiell leasing	39 342	-4 373	18 793	-	-	-	53 762
Summa	**328 284**	**83 446**	**18 793**	-210 897	**-1 783**	**-28 956**	**188 887**

	31-12-2019	CASH FLOW	ACQUISITION/ DIVESTMENTS	RECLASSIFI-CATIONS	TRANSLATION DIFFERENCES	VALUATION TO REAL VALUE	31-12-2020
Convertible loan	165 075	1 300	-	-	-	37 997	204 372
Bridge loan	20 000	-20 000	-	-	-	-	-
EIB	-	86 689	**-**	-	**-2 979**	**860**	84 570
Liabilities related to financial leasing	37 136	-4 341	6 547	**-**	**-**	**-**	39 342
Total	**222 211**	**63 648**	**6 547**	**-**	**-2979**	**-**	**328 284**

31 December 2021 reaching or exceeding 77 MSEK (excluding intra-group sales and sales of filling services). The condition relating to the sale of the company has not been met, which means that tranche B cannot be used at this time.

Fair value

The company's convertible loan was measured discounting the future cash flows. The discount rate reflects credit risk and maturity. The market value of the convertible loan was measured at 240.0 MSEK at the conversion date of 30 April 2021. For the option part and the convertible, as well as in the option agreement with the EIB, the key parameters for valuation are the date of exercise, the exercise price and the probability of exercise before the expiry of the agreement. The rating is at level 3.

The options to the EIB were recognised at fair value via the income statement. The lock-up commitments for the company's shares expired on 27 October 2021, with the result that the conditions for debt classification of the options no longer apply. The option was measured using Black-Scholes with volatility assumptions and the market value of the option at maturity was 13.9 MSEK. The value at maturity has had an impact on the company's equity during the quarter. The share price has a significant impact on the valuation. A 10 per cent increase in the share price results in a 10 per cent increase in the market value.

ACCOUNTING POLICIES

Accounts payable

Accounts payable are obligations to pay for goods or services acquired from suppliers in the ordinary course of business. Accounts payable are classified as current liabilities if they fall due within one year or earlier. If not, they are recognized as long-term liabilities.

Composite instruments and embedded derivatives

A composite instrument is a financial instrument consisting of two or more components in the form of a non-derivative instrument (host contract) and one or more embedded derivatives whereby some of the cash flows of the composite instrument vary in the same way as a stand-alone derivative.

Derivatives embedded in host contracts that are debt contracts shall be analyzed and, if they are not closely related to the host contract, they shall be accounted for separately from this. Separated embedded derivatives are classified and recognized at fair value through the income statement. Alternatively, when the derivatives are not closely related, the Company may choose to identify the entire instrument as recognized at fair value through the income statement and recognize the effect of its own credit risk in other comprehensive income.

Stand-alone derivatives – Fair value

Fair value is the price that would be obtained at the time of valuation on the sale of an asset or payable on the transfer of a liability through an orderly transaction between market participants. Fair value is calculated by different methods and is entered in three different levels depending on the input in the model.

- Level 1: Quoted prices (unadjusted) on active markets for identical assets or liabilities available to the entity at the measurement date.
- Level 2: Inputs other than the quoted prices included in Level 1, which are directly or indirectly observable for the asset or liability. It may also refer to inputs other than quoted prices that are observable to the asset or liability such as interest rates, yield curves, volatility and multiples.
- Level 3: Unobservable input for the asset or liability. At this level, assumptions that market participants would use to price the asset or liability, including risk assumptions, shall be taken into account.

Borrowing costs

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs that are directly attributable to the financing of an asset that take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of that asset. Other borrowing costs are recognized in profit or loss in the period in which they are incurred.

IMPORTANT ESTIMATES AND ASSESSMENTS

Composite instruments and embedded derivatives

The Group had a convertible loan that contained an embedded derivative in the form of an option of conversion to shares in the parent company and which was therefore a composite instrument. The company chose to identify the entire instrument at fair value via the income statement. The loan was converted to equity at the time of the listing of the company.

The embedded conversion right meant that the debt could be converted to shares at a price that was dependent on a future market price and it thus failed to meet the criteria for equity instruments.

NOTE 15. INVENTORIES

INVENTORIES	31-12-2021	31-12-2020
Raw materials	92 514	36 922
Stock of semi-finished products	39 714	535
Finished products	4 624	200
Advance suppliers	22 147	10 819
IMPAIRMENT TO NET SALES VALUE		
Raw materials	-34 217	-6 223
Stock of semi-finished products	-22 869	-167
Finished products	-2 662	-73
Total inventories	**99 251**	**42 013**

The expenditure for inventories as expensed is included in the item Goods for resale, Note 6 Operating expenses.

Inventories have been written down to a value corresponding to the net realizable value as this is considered to be less than the acquisition value.

ACCOUNTING POLICIES

Inventories

Inventories are stated at the lower of cost or net realizable value. The costs of inventories are determined using the first-in, first-out (FIFO) basis. The inventory consists of; materials, assets held for sale and assets in the process of production. The cost of inventories comprises all costs of purchase and costs for import duties and freight. Net realizable value is the estimated selling price less estimated cost of sales.

NOTE 16. ACCOUNTS RECEIVABLE

ACCOUNTS RECEIVABLE	31-12-2021	31-12-2020
Accounts receivable	12 648	15 378
Less reservation	-5 711	-349
Total accounts receivable	**6 937**	**15 030**

Accounts receivable are receivables from customers from the sale of the Group's products and services. In the event that these are expected to be settled after more than 12 months after the balance sheet date, these are classified as other long-term receivables.

The reported amounts per currency for the Group's accounts receivable are as follows:

ACCOUNTS RECEIVABLE PER CURRENCY	31-12-2021	31-12-2020
SEK	4 443	7 415
EUR	2 494	3 492
USD	-	4 123
Total accounts receivable per currency	**6 937**	**15 030**

Impairment assessment of accounts receivable

For accounts receivable, the Group applies the simplified approach to credit provisioning, that is, the reserve will correspond to the expected loss over the entire life of the customer claim. Expected loan losses are reported in the Group's statement of comprehensive income in the item SG&A. Accounts receivables and short-term receivables are written off when there is no reasonable expectation of repayment. Customers normally pay in connection with the agreed due date and the Group has historically had very low loan losses.

AGE ANALYSIS, ACCOUNTS RECEIVABLE	31-12-2021	31-12-2020
Receivables not yet matured	61	6 244
Less than 3 months	1 719	6 464
3 to 6 months	782	2 168
More than 6 months	4 375	153
Total accounts receivable due	6 876	8 786
Total accounts receivable	**6 937**	**15 030**

Management estimates that a maturity analysis of future payments does not differ materially from the above age analysis. The Group defines failure as receivables that are due by more than 90 days and in those cases an individual assessment and provision is made. The company has chosen to make a provision for bad debts at year-end 2021 when it is assessed as a risk that the customer claim will not be paid.

NOTE 17. OTHER RECEIVABLES

	31-12-2021	31-12-2020
VAT	16 318	20 679
Tax account	10 030	-
Receivables suppliers	2 870	-
Other receivables	4 217	1 666
Total other receivables	**33 435**	**22 344**

NOTE 18. PREPAID EXPENSES AND ACCRUED INCOME

	31-12-2021	31-12-2020
Prepaid lease fees	190	65
Prepaid insurance	1 036	276
Other items	1 084	238
Total prepaid expenses and accrued income	**2 309**	**579**

NOTE 19. OTHER LIABILITIES

	31-12-2021	31-12-2020
Accrued payroll taxes	4 383	1 800
Social security expenses	4 603	1 920
Temporary payment respite for employer contributions, deducted tax and VAT due to the COVID-19 pandemic	44 562	8 509
Other current liabilities	4	4
Total other liabilities	**53 552**	**13 233**

NOTE 20. ACCRUED EXPENSES AND DEFERRED INCOME INCOME

	31-12-2021	31-12-2020
Accrued empoyee-related items	13 988	12 137
Accrued interest for convertible loan	-	20 498
Accrued audit expenses	888	447
Accrued consulting fees	2 851	4 060
Accrued marketing expenses	927	778
Other items	2 869	2 317
Total accrued expenses and prepaid income	**21 524**	**40 238**

NOTE 21. SHARE CAPITAL AND OTHER CONTRIBUTED CAPITAL

	NUMBER OF SHARES	SHARE CAPITAL	OTHER CONTRIBUTED CAPITAL	TOTAL
As per 1 Januari 2020	**4 431 857**	**4 432**	**895 901**	**900 334**
New share issue	593 334	593	169 381	169 975
As per 1 Januari 2021	**5 025 191**	**5 025**	**1 065 282**	**1 070 307**
Option programme	-	-	1 791	1 794
Split of shares	25 435 955	-	-	-
New share issue	15 050 605	2 560	970 760	973 321
Reclassification of derivative debt			13 920	13 920
As per 31 December 2021	**45 511 751**	**7 585**	**2 051 757**	**2 059 343**

The total number of ordinary shares as at 31 December 2021amounts to 45 511 751. The quotient value per share is 0.17 SEK. All issued shares are fully paid.

ACCOUNTING POLICIES

Equity is allocated to capital attributable to the parent company's shareholders and non-controlling interests. Value transfers in the form of, among other things, dividends from the parent company and the Group shall be based on an opinion drawn up by the Board of Directors on the dividend proposal. This opinion has to take into account the precautionary rule contained in the Swedish Companies Act in order to avoid larger dividends than is covered.

Share capital

Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new shares or options are recognized, net of tax, in equity as a deduction from the issue proceeds. In the event of extinguishment of financial liabilities by repaying all or part of the loan through issued shares, the shares are measured at fair value and the difference between that value and the book value of the loan is recognized in the profit and loss account. In the event that the lender is also, directly or indirectly, a shareholder acting as a shareholder, the amount issued corresponds to the book value of the financial liability thus extinguished (so-called set-off issue). As a result, there is no gain or loss to be recognized in the income statement.

Other contributed capital

Refers to equity contributed by the owners.

NOTE 22. INTEREST-RELATED INSTRUMENTS

	2021:2	2021:1	2017:1
Start date	2021-03-12	2021-03-12	2017-12-05
End date	2024-09-30	2024-09-30	2021-12-29
Share price (SEK)	300	300	230
Exercise price per share (SEK)	450	450	418
Volatility	0.3	0.3	0.3
Expected life (years)	3.2	3.2	4.0
Risk free rate	-0.37%	-0.37%	-0.2%
Yield	-	-	-
Market value per option according to Black-Scholes (SEK)	20.0	20.0	9.97
Number initially granted	40 000	55 000	122 071
Outstanding 1 January 2020	-	-	-
Granted 2018	-	-	10 000
Granted 2021	36 000	53 682	
Lapsed prior years	-	-	-112 071
Lapsed 2020	-	-	-
Exercised 2020	-	-	-
Matured 2020	-	-	-10 000
Outstanding per 31 December 2021	**36 000**	**53 682**	**-**

The company had one stock option programme at the start of the year.

The warrants are issued by the parent company Nilar International AB. The warrants can be exercised by the holder at any time after the vesting date until the end date. Each warrant in turn entitles the holder to subscribe for one ordinary share in Nilar International AB. In cases where warrants are granted to employees, unvested employee stock options are forfeited at the end of the employment. The options are subject to pre-emption.

The fair value of the issued warrants has been determined using the Black-Scholes valuation model. Important inputs are shown in the table above.

At an extraordinary general meeting in December 2017, a resolution was adopted on a stock option programme (2017:1) including 122,071 warrants intended for senior executives and board members. 10,000 were allocated in the fourth quarter of 2018. No warrants within stock option programme 2017:1 have been allocated in addition to the 10,000. The warrants were transferred at market price. The warrants were vested over a period of three years and expired on 5 December 2021.

The extraordinary general meeting of 12 March 2021 resolved to adopt a long-term incentive plan for senior executives and other key employees of the company (LTIP) (2021:1) as well as an incentive plan for the board of directors of the company (2021:2). A maximum of 95,000 option rights can be issued under the incentive plans. At the end of the subscription period on 26 March, 53,682 out of a total of 55,000 allocated option rights within 2021:1 and 36,000 out of a total of 40,000 allocated option rights within 2021:2 had been subscribed. Payment of TSEK 1,794 has been received for all option rights.

The average weighted exercise price for option programmes 2021:1 and 2021:2 (exercise price 450 SEK per share) is 450 SEK per share.

The possible dilution effect upon full exercise of outstanding warrants is 1.83%.

	NUMBER PER 31-12-2021	DILUTION EFFECT
Issued shares	**7 585 292**	
Granted options		
Option program 2021:1	53 682	1.83%
Option program 2021:2	36 000	1.83%
Number of shares after dilution - outstandning share options	**8 123 384**	**1.83%**

ACCOUNTING PRINCIPLES

Share-based incentive programme at the company means an employee stock option programme settled with equity instruments in accordance with IFRS 2. In accordance with IFRS 2, the cost of share-related payments to employees, senior executives and the board of directors is recognised at fair value at the allocation date. The fair value of the employee stock options is established at the moment when they are allocated using the Black-Scholes model for pricing of options. Participants in the programme have paid fair value, which is why the Group recognises no cost for the programme and it is only recognised by a corresponding increase in equity.

NOTE 23. DEFERRED TAX LIABILITIES

	31-12-2021	31-12-2020
Deferred tax income regarding losses carried forward	0	0
Deferred tax related to accumulated loss carryforwards	273 736	192 956
Deferred tax related to IFRS16	210	
Not reported revaluation of deferred tax assets	-273 946	-192 956
Total deferred tax liabilities	**-**	**-**

ACCOUNTING POLICIES

Deferred tax is recognized at the balance sheet date in accordance with the balance sheet method for temporary differences between the tax and accounting values of assets and liabilities. Deferred tax assets are recognized for all deductible temporary differences, including loss carry-forwards, to the extent that it is probable that a taxable profit will be available against which the deductible temporary differences can be used. The valuation of deferred tax assets shall be assessed on each balance sheet date and adjusted to the extent that sufficient profits are no longer likely to be generated so that all or part of the deferred tax asset can be exercised. Deferred tax assets and liabilities are set at the rates applicable to the period in which the asset is realized or the liability is paid, on the basis of tax rates (and legislation) adopted or announced at the balance sheet date.

Deferred tax assets and liabilities are offset if there is a legal right to offset short-term tax assets against short-term tax liabilities and the deferred tax is attributable to the same entity in the Group and the same tax authority.

IMPORTANT ESTIMATES AND ASSESSMENTS

Deferred tax assets are measured at a maximum of the amount likely to be recovered based on the current and future taxable income. The portion of the tax asset relating to loss carry-forwards that exceeds the tax liability relating to temporary differences is not recognised due to uncertainty as to when in the future sufficient taxable profits will be generated. The Group has unused loss carryforwards amounting to 1,329 (880,4) MSEK, of which 1,330 (880,4) MSEK relates to unrecognised loss carryforwards. These relate to unused loss carry-forwards for the parent company and the Swedish subsidiary. When the temporary difference gives rise to current tax, the corresponding loss carry-forwards will be utilised so that there will be no actual tax payment. Deferred tax assets and liabilities are therefore recorded net, at 0.

NOTE 24. NET CASH/NET LIABILITY

	31-12-2021	31-12-2020
Cash and bank accounts	230 748	73 940
Total cash and bank accounts	**230 748**	**73 940**

	2021-12-31	2020-12-31
Current interest-bearing liabilities	-44 562	-204 372
Cash and cash equivalents	230 748	73 940
Net cash (+) / net debt (-)	**186 186**	**-130 433**

NOTE 25. TRANSACTIONS WITH RELATED PARTIES

Related parties who are considered to have significant influence over Nilar International AB are all subsidiaries within the Group, as well as senior executives of the Group, that is, the Board and management, as well as their family members.

Remuneration to senior executives

Remuneration to senior executives is stated in note 8, Employees, personnel costs and fees to the Board of Directors.

Transactions between group companies

The Parent Company has made intra-group purchases amounting 23,4 (97,5) TSEK and consisted of the acquisition of an intangible asset from the subsidiary Nilar AB. Receivables between the Parent Company and the Group companies amount to 237,5 (152,6) TSEK. Interest income from Group companies amount to 12 658 (8 643) TSEK. Interest expenses to Group companies amounts to 0 (0) TSEK.

In 2021 the Parent Company has issued shareholder contributions amounting to 502,5 (208,1) MSEK – out of which 500,0 (205,5) MSEK to Nilar AB and 2.5 (2.6) MSEK till Nilar Inc.. Write-down of shareholder contributions has also been made in the Parent Company.

New share issue

In 2021, the company carried out a share issue that provided the company with 733.3 (170.0) MSEK of working capital net of issue costs.

ACCOUNTING POLICIES

Transactions with related parties

Transactions have been made with related parties on terms equivalent to those that prevail in commercial transactions.

The internal prices of transactions between Group companies are based on the 'arm's-length' principle (i.e. between parties that are independent of each other and well informed and that have an interest in the transactions).

NOTE 26. ASSETS PLEDGED AS SECURITY AND CONTINGENT LIABILITIES

PLEDGED ASSETS	31-12-2021	31-12-2020
Mortgage letters	30 000	30 000
Total pledged assets	**30 000**	**30 000**

CONTINGENT LIABILITIES	31-12-2021	31-12-2020
Other contingent liabilities	-	-
Total contingent liabilities	-	-

None of the company's mortgage letters amounting to MSEK 30 have been pledged.

ACCOUNTING POLICIES

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Nilar. A contingent liability can also be a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

NOTE 27. LEASES

The Group's and the parent company's leases mainly relate to rental of office and factory premises, machinery and vehicles in Täby, Gävle, Denver in the USA and Paldiski in Estonia. No re-rental occurs.

The Group's right of use assets as of 31 December 2021 are allocated as follows:

	31-12-2021				31-12-2020			
	BUILDINGS	CARS	PROPERTY, PLANT AND EQUIPMENT	TOTAL	BUILDINGS	CARS	PROPERTY, PLANT AND EQUIPMENT	TOTAL
Cost of acquisition								
At the start of the year	44 875	1 231	1 577	47 683	40 198	687	252	41 137
Adjustments of additional usage rights	18 130	539	-	18 669	4 677	544	1 326	6 546
Exchange differencies	124	-	-	124	-	-	-	-
At year-end	63 129	1 770	1 577	66 476	44 875	1 231	1 577	47 683
Accumulated depreciation								
At the start of the year	-7 486	-712	-219	-8 416	-3 341	-289	-5	-3 695
Depreciation for the year	-4 610	-426	-279	-5 315	-4 145	-423	-213	-4 781
Exchange differencies	-2	-	-	-2	-	-	-	-
At year-end	-12 098	-1 137	-497	-13 733	-7 486	-712	-219	-8 416
Recognized value								
At year-end	51 030	633	1 080	52 743	37 389	519	1 359	39 267

The Group leases assets mainly related to premises, cars and machinery.

Lease expenses	31-12-2021	31-12-2020
Depreciation of rights of use	-5 315	-4 781
Interest expenses on the lease liability	-1 686	-1 626
Costs attributable to short-term leasing agreements	-1 827	-1523
Costs attributable to leasing agreements of low value	-216	-148

The total cash outflow for leases amounted to 6.0 (5.7) MSEK during the year.

A maturity analysis of the Group's leasing liabilities is presented in Note 4.

ACCOUNTING POLICIES

Nilar assesses whether the contract is, or contains, a lease when the contract is concluded. Nilar recognizes a usufruct right and associated leasing liability for all leases in which Nilar is a leaseholder, except for short-term leases (contracts classified as leases with a lease term of 12 months) and low value leases (such as computers and office equipment with a new acquisition value below USD 5,000). For these leases, Nilar recognizes the lease payments as a cost linear over the lease unless another systematic approach is more representative of when the economic benefits of the leased assets are consumed by Nilar.

The lease debt is initially valued at the present value of the lease payments not paid at the start date, discounted using the implicit interest rate of the lease, if this interest rate can be easily determined otherwise the marginal borrowing rate will be used.

Nilar has included options to extend leases to the extent that it is reasonably certain that Nilar will exercise these options. Options to extend contracts are available for some leases. The options that are included in the calculation refer to local rents where for the applicable lease periods in addition to the minimum period have been included.

Leasing fees included in the valuation of the lease liability include:

- fixed fees (including fixed contributions to their net asset, less any benefits associated with subscription of leases;
- variable leasing charges due to an index or price;
- amounts expected to be paid by the lessee under residual guarantees;
- the exercise price of options to purchase if the lessee is reasonably confident in exercising the options; and
- penalties payable in the event of termination of the lease, if the lease term reflects that the lessee will use the option to terminate the lease.

The leasing liability is reported as a separate item in Nilar's statement of financial position.

After the start date, the lease liability is measured by increasing the carrying amount to reflect the interest on the lease liability (using the effective interest method), and by reducing the carrying amount to reflect the lease payments paid.

NOTE 27. CONT. LEASES

Nilar reassesses the lease liability (and make a corresponding adjustment to the right of use) if either:

- the lease term changes or if the assessment of an option to purchase the underlying asset changes (revaluation is made at a changed discount rate);
- lease payments change as a result of changes in an index or price or if there is a change in the amounts expected to be paid under a residual value guarantee (revaluation is carried out using the initial discount rate unless the leasing payments change due to a change in the variable interest rate, in which case a change in discount rate shall be used);
- a change in the lease that is not recognized as a separate lease (revaluation is carried out at an amended discount rate).

Nilar has not made any such adjustments during the periods presented.

Nyttjanderätter omfattar summan av den initiala värderingen av motsvarande leasingskuld, leasingavgifter som betalats vid eller före inledningsdatumet och eventuella initiala direkta utgifter. Därefter värderas de till anskaffningsvärdet efter avdrag för ackumulerade avskrivningar och nedskrivningar.

Rights of use include the sum of the initial valuation of the corresponding leasing liability, leasing fees paid at or before the start date and any initial direct expenditure. They are then valued at cost less accumulated depreciation and write-downs.

Usage rights are amortized during the shorter lease period and the useful life of the underlying asset. Depreciation starts at the start date of the lease.

The rights of use are reported as a separate item in Nilar's report on financial position.

Nilar applies IAS 36 to determine whether there is an impairment requirement for the right of use and recognizes any identified impairment loss as described in the 'Property, Plant and Equipment' principle.

Variable leasing fees that do not depend on an index or price shall not be included in the valuation of the lease liability or the right of use. These related payments are recognized as an expense in the period in which the event or relationship that gives rise to these payments arises and is included as an operating expense in each function of the profit or loss.

As a practical solution, IFRS 16 allows not to separate non-leasing components from leasing components, and instead to recognize each leasing component and all associated non-leasing components as a single leasing component. Nilar has chosen to use this practical solution.

NOTE 28. OTHER PROVISIONS

From the guarantee provision of 14.3 MSEK made in the last quarter of 2020 relating to identified software errors, the replacement programme was delivered and completed in 2021 and the entire reserve was returned. A new guarantee provision of 23.7 MSEK million was made in the third quarter of 2021, from which systems were replaced in the fourth quarter of 2021 at a cost of 8.8 MSEK. The fourth quarter was also impacted by a further provision which entailed an increase of 1.3 MSEK to 26.8 MSEK for future guarantee replacements of legacy systems and battery packs identified as having a higher risk of overheating. The replacement and updating of these systems is expected to take place over the next 6–9 months.

ACCOUNTING PRINCIPLES

Provisions

Provisions are recognized when the Group has a liability, legal or informal, as a result of past events and when it is probable that a payment will be required to fulfill the obligation and that its value can be measured reliably. In cases where the company expects a provision made to be reimbursed by third parties, for example within the framework of an insurance contract, this expected remuneration is reported as a separate asset, but only when it is almost certain that the compensation will be received.

	31-12-2021	31-12-2020
Accumulated acquisition values		
At the start of the year	31 001	15 416
Provision for the year	25 510	15 585
At year-end	**56 511**	**31 001**
Accumulated reversals		
At the start of the year	-15 416	-
This year's reversals	-14 277	-15 416
At year-end	**-29 693**	**-15 416**
Recognized value		
At the start of the year	15 585	15 416
At year-end	**26 818**	**15 585**

PARENT COMPANY'S INCOME STATEMENT OF COMPREHENSIVE INCOME

TSEK	NOTE	2021	2020
Revenue		-	-
Cost of sales		-233	-174
Gross profit		**-233**	**-174**
Research and development expenses		-170 563	-23 179
Distribution and selling costs		-618	-631
Administrative expenses		-23 101	-17 268
Other operating income		1 395	0
Operating loss	2, 3, 4	**-193 120**	**-41 253**
Finance income	5	56 862	11 266
Finance costs	5	-45 641	-59 748
Write-down of shares in subsidiaries		-502 537	-208 124
Finance costs - net		**-491 316**	**-256 606**
Loss after net financial items		**-684 436**	**-297 859**
Profit before income tax		**-684 436**	**-297 859**
Deferred tax	6	-	-
Profit for the year		**-684 436**	**-297 859**
Parent company statement of other comprehensive income			
Other comprehensive income for the year, net after tax		-	-
Total comprehensive income		**-684 436**	**-297 859**

PARENT COMPANY'S CASH FLOW STATEMENT

TSEK	NOTE	2021	2020
Cash flow from operating activities			
Profit before income tax		-684 436	-297 859
Interest paid and received		5 703	7 945
Adjustment for other non-cash items			
Depreciation on tangible and intangible fixed assets		31 649	20 828
Write-down of shares in subsidiaries		502 537	208 124
Accrued interest		16 713	27 590
Sale of fixed assets		137 472	-
Fund for development expenditure		-	29 592
Translation differences		1 688	-2 977
Changes in value of derivatives		-28 956	30 829
Cash flow from operating activities before changes in working capital		**-23 333**	**16 128**
Cash flow from changes in working capital			
Increase (-) / decrease (+) in operating receivables		-3 551	-2 793
Increase (+) / decrease (-) in operating liabilities		-30 201	17 195
Total changes in working capital		**-33 752**	**14 402**
Cash flow from operating activities		**-57 085**	**30 529**
Investing activities			
Investments in Intangible assets		-24 170	-134 939
Investments in Tangible assets		-244	-
Investment in subsidiaries		-278	-
Loans granted to subsidiaries		-584 974	-215 302
Cash flow from investing activities		**-609 667**	**-350 241**
Financing activities			
New share issue		733 310	169 975
Options programme		1 794	-
Repayment of debt		-	-20 000
Loans raised	10	89 376	87 989
Cash flow from financing activities		**824 479**	**237 963**
Reconciliation of cash and cash equivalents		**157 728**	**-81 749**
Cash equivalents as of beginning of the financial year		67 574	149 322
Cash and cash equivalents at year-end		**225 302**	**67 574**

PARENT COMPANY'S BALANCE SHEET

TSEK	NOT	31-12-2021	31-12-2020
ASSETS			
FIXED ASSETS			
Intangible assets	15		
Patents		1 097	484
Capitalized expenses for development work		38 724	184 272
Total intangible fixed assets		**39 821**	**184 756**
Tangible fixed assets			
Property, plant and equipment		228	-
Total tangible fixed assets		**228**	**-**
Financial non-current assets			
Participations in Group companies	7	379	101
Receivables from Group companies		237 523	152 642
Total financial non-current assets		**237 902**	**152 743**
Total fixed assets		**277 951**	**337 499**
CURRENT ASSETS			
Accounts receivable - trade		171	-
Tax assets		359	359
Other receivables		6 287	3 889
Prepaid expenses and accrued income	8	1 142	159
Cash and cash equivalents		225 302	67 574
Total current assets		**233 260**	**71 981**
Total assets		**511 210**	**409 480**

TSEK	NOT	31-12-2021	31-12-2020
EQUITY AND LIABILITIES			
EQUITY			
Restricted equity			
Share capital	9	7 585	5 025
Statutory reserve		34 401	34 401
Fund for development expenditure		38 724	16 093
Total restricted equity		**80 710**	**55 520**
Non-restricted equity			
Share premium reserve		2 019 125	1 032 650
Profit/loss brought forward		-1 045 720	-725 230
Profit/loss for the year		-684 436	-297 859
Total non-restricted equity		**288 969**	**9 561**
Total equity		**369 680**	**65 081**
LIABILITIES			
Non-current liabilities			
Borrowings		135 125	84 570
Total non-current liabilities		**84 570**	**84 570**
Current liabilities			
Borrowings	10	-	204 372
Accounts payable - trade	10	1 186	28 752
Other liabilities	11	1 912	692
Accrued expenses and deferred income	12	3 308	26 012
Total current liabilities		**6 405**	**259 828**
Total equity and liabilities		**551 210**	**409 480**

PARENT COMPANY'S STATEMENT OF CHANGES IN EQUITY

		RESTRICTED EQUITY			NON-RESTRICTED EQUITY			
TSEK	NOTE	SHARE CAPITAL	STATUTORY RESERVE	FUND FOR DEVELOPMENT EXPENDITURE	SHARE PREMIUM RESERVE	PROFIT/LOSS BROUGHT FORWARD	PROFIT/ LOSS FOR THE YEAR	TOTAL EQUITY
Opening balance per 1 January 2020	9	**4 432**	**34 401**	**9 229**	**863 269**	**-476 509**	**-241 857**	**192 966**
Comprehensive income								
Disposition of previous year's results		-	-	-	-	-241 857	241 857	-
Net profit/loss for the year		-	-	-	-	-	-297 859	-297 859
Self-generated development expenses		-	-	6 864	-	-6 864	-	0
Total comprehensive income		**-**	**-**	**6 864**	**-**	**-248 721**	**-56 002**	**-297 859**
Transactions with shareholders								
Share issue		593	-	-	169 381	-	-	169 975
Total transactions with shareholders	9	**593**	**-**	**-**	**1 032 650**	**-725 230**	**-297 859**	**65 081**
Closing balance per 31 December 2020		**5 025**	**34 401**	**16 093**	**1 032 650**	**-725 230**	**-297 859**	**192 966**
Totalresultat								
Disposition of previous year's results		-	-	-	-	-297 859	297 859	-
Net profit/loss for the year		-	-	-	-	-	-684 436	-684 436
Self-generated development expenses		-	-	22 631	-	-22 631	-	0
Total comprehensive income		**-**	**-**	**22 631**	**-**	**-320 490**	**-386 577**	**-684 436**
Transactions with shareholders								
Share issue		2 560	-	-	970 761	-	-	973 321
Optionsprogramme					1 794			1 794
Reclassification of derivative debt					13 920			13 920
Total transactions with shareholders	9	**593**	**-**	**-**	**986 475**	**-**	**-**	**989 035**
Closing balance per 31 December 2021	9	**7 585**	**34 401**	**38 724**	**2 019 125**	**-1 045 720**	**-684 436**	**369 680**

NOTES FOR THE PARENT COMPANY

All amounts are in TSEK unless otherwise stated. Figures in brackets refer to the previous year. Some figures are rounded, so amounts might not always appear to match when added up.

NOTE 1. ACCOUNTING PRINCIPLES

The Parent Company applies standard RFR 2 Accounting for legal entities, issued by the Swedish Financial Reporting Board.

Application of RFR 2 means that the Parent Company should, as far as possible, apply all IFRS approved by the EU within the framework of the Annual Accounts Act and the Social Security Act and take into account the relationship between reporting and taxation. The Parent Company applies other accounting principles than the Group in the cases listed below.

Presentation of financial statements

The Parent Company's financial statements are prepared in accordance with the Swedish Annual Accounts Act, (Årsredovisningslagen). The income statement consists of two statements produced separately: income statement and statement of comprehensive income. The statement of change in equity is prepared in accordance with the format used by the Group but contains the columns specified in the Swedish Annual Accounts Act. Differences in the presentation of the Parent Company's financial statements compared to presentation of the Group's consolidated financial statements mainly refers to titles, financial income and expenses and items within equity.

Investment in subsidiaries

Investments in subsidiaries are accounted for in the Parent Company at historical cost less impairment losses. The purchase price also includes fair value of assets and liabilities that are part of the contingent consideration. Acquisition-related costs and contingent considerations (if any) are included in the carrying amount.

If there is any indication that shares in subsidiaries have suffered an impairment loss, the recoverable amount of the asset is estimated. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The impairment is recognized and incorporated in the 'Result from participations in Group companies'.

Shareholders' contributions and Group contributions

Shareholders' contributions are capitalized in shares and participations by the giver, to the extent there is no impairment loss. All Group contributions are recognized as appropriations in the income statement.

IFRS 9 Financial Instruments

The parent company does not apply IFRS 9. Instead, a method based on cost is applied in accordance with the Annual Accounts Act. This means that financial fixed assets are valued at cost less any impairment loss and financial current assets according to the principle of the lowest value. When calculating the net realizable value of receivables recognized as current assets, the principles of impairment testing and loss risk provisioning in accordance with IFRS 9 are applied, see principles for the Group. When assessing and calculating impairment requirements for financial assets recognized as fixed assets, the principles of impairment testing and loss risk provisioning are applied in IFRS 9 whenever possible. Financial liabilities are valued at amortized cost using the effective interest method. Principles for the booking and cancellation of financial instruments correspond to those applied to the Group and described above.

Leases

Nilar, who are lessees, must report leasing fees as a cost on a straight-line basis over the lease period, unless another systematic way better reflects the user's financial benefit over time.

NOTE 2. OPERATING EXPENSES

	2021	2020
Cost of goods sold	-	-
Costs for remuneration to employees and directors	-10 462	-7 172
Costs for temporary labour	-861	-561
Depreciation	-169 121	-20 828
Other costs	-14 071	-12 691
Total costs for goods sold, development, sales and administration	**-194 515**	**-41 253**

NOTE 3. FEES TO AUDITORS

	2021	2020
Deloitte AB		
Audit engagement	-961	-797
Other audit activities	-2 139	-1 351
Other services	-	-
Total Deloitte	**-3 100**	**-2 148**

NOTE 4. EMPLOYEES, PERSONNEL COSTS AND FEES PAID TO THE BOARD OF DIRECTORS

The company has 2 (2) employees (a CFO and a CEO) . Note 8 for the Group, reports on total remuneration for the Board of Directors and senior executives.

AVERAGE NUMBER OF EMPLOYEES	2021	2020
Women	-	-
Men	2	2
Total	**2**	**2**

SALARIES, REMUNERATION, SOCIAL SECURITY COSTS AND PENSION EXPENSES	2021	2020
Salaries and remuneration to Board members, the CEO and the CFO	-6 965	-5 230
Salaries and remuneration to other employees	-	-
Total salaries and remuneration	**-5 230**	**-5 230**
Statutory social security costs	-2 311	-1 654
Pension expenses for Board members, the CEO and the CFO	-1 187	-760
Pension expenses for other employees	-	-
Total social security costs and pension expenses	**-3 497**	**-2 415**
Total	**-10 462**	**-7 645**

NUMBER OF BOARD MEMBERS ON THE BALANCE SHEET DATE	2021	2020
Women	2	2
Men	5	4
Total	**7**	**6**

NUMBER OF CEOS AND OTHER SENIOR EXECUTIVES	2021	2020
Women	-	-
Men	2	2
Total	**2**	**2**

NOTE 5. FINANCIAL INCOME AND EXPENSES

FINANCIAL INCOME	2021	2020
Interest income group companies	12 659	8 642
Changes in value of derivatives	3 347	2 624
Värdeförändring derivat	40 855	
Total financial income	**56 862**	**11 266**

FINANCIAL EXPENSES	2021	2020
Interest expenses to shareholders	-10 064	-27 546
Other interest expenses	-34	-8
Interest expenses EIB	-13 570	-732
Changes in value of derivatives	-15 144	-30 669
Foreign exchange losses	-	-
Other financial expenses	-6 828	-793
Total financial expenses	**-45 641**	**-59 748**

No part of interest expenses to shareholders is paid.

NOTE 6. TAX ON PROFIT FOR THE YEAR

REPORTED TAX	2021	2020
Deferred tax	-	-
Deferred tax regarding previous years	-	-
Total reported tax	**-**	**-**

RECONCILIATION OF EFFECTIVE TAX	2021	2020
Profit before tax	-684 436	-297 859
Income tax calculated according to national tax rates prevailing on profit in each country. 21.4% in Sweden.	140 994	63 742
Tax effects of:		
- Non-taxable income	-	2 478
- Non-deductible costs	-135 527	-57 124
- Taxable losses for which no deferred tax assets have been reported	-5 467	-9 096
- Utilization of previously non-capitalized loss carryforwards	-	-
- Effect of higher tax rate abroad	-	-
- Deferred tax capitalized intangible assets	-	-
- Deferred tax employee share options	-	-
Amounts relating to previous years	-	-
Total reported tax	**0**	**0**

NOTE 7. PARTICIPATIONS IN SUBSIDIARY COMPANIES

Opening acquisition cost	31-12-2021	31-12-2020
Acquisitions	101	101
Shareholder contributions	278	-
Impairment of shareholder contributions	502 537	208 124
Closing reported value	-502 537	-208 124
Redovisat värde vid årets slut	**379**	**101**

SUBSIDIARY/CORPORATE IDENTITY NUMBER/REGISTERED OFFICE	COUNTRY	PARTICIPATION, % 2021-12-31
Nilar AB, 556790-0815, Gävle	Sweden	100%
Nilar Inc., 1415595, Delaware	USA	100%
Nilar OÜ, 16257391, Paldiski	Estonia	100%
Nilar Holding Nr1 AB, 559321-4637, Täby	Sweden	100%

NOTE 8. PREPAID EXPENSES AND ACCRUED INCOME

	31-12-2021	31-12-2020
Prepaid lease fees	253	114
Prepaid insurance	773	6
Other items	116	39
Total prepaid expenses and accrued income	**1 142**	**159**

NOTE 9. SHARE CAPITAL

SHARE CAPITAL	TOTAL NUMBER OF SHARES
Number of shares outstanding as at 31 Dec. 2019	**4 431 857**
Share issue	593 334
Number of shares outstanding as at 31 Dec. 2020	**5 025 191**
Share issue	15 050 605
Split of shares	25 435 955
Number of shares outstanding as at 31 Dec. 2021	**45 511 751**

The total number of shares as of 31 December 2021 is 45,511,751. The shares' quota value is 0.17 SEK and corresponds to 1 vote per share. All shares issued are fully paid up.

NOTE 10. OTHER FINANCIAL LIABILITIES

OTHER FINANCIAL LIABILITIES	31-12-2021	31-12-2020
Borrowing	135 125	288 942
Accounts payable	5 215	28 752
Accrued interest expenses	24	20 428
Total other financial liabilities	**140 364**	**338 122**

	31-12-2020	CASH FLOW	ACQUISITION/ DIVESTMENT	RECLASSIFI-CATIONS	TRANSLATION DIFFERENCES	VALUATION TO REAL VALUE	31-12-2021
EIB	84 570	87 819	-	-	-3 155	-34 109	135 125
Convertible loan	204 372	-	-	-210 897	-	5 153	-1 372
Bridge loan	-	-	-	-	-	-	-
Total	**288 942**	**87 819**	-	**-210 897**	-3 155	-28 956	**133 753**

	31-12-2019	CASH FLOW	ACQUISITION/ DIVESTMENT	RECLASSIFI-CATIONS	TRANSLATION DIFFERENCES	VALUATION TO REAL VALUE	31-12-2020
EIB	-	86 689	-	-	-2 979	-860	84 570
Convertible loan	165 075	1 300	-	-	-	37 997	204 372
Bridge loan	20 000	-20 000	-	-	-	-	-
Total	**185 075**	**67 989**	-	**-**	-2 979	37 137	**288 942**

NOTE 11. OTHER LIABILITIES

OTHER LIABILITIES	31-12-2021	31-12-2020
Accrued payroll taxes	458	107
Social security expenses	332	88
Deferment The Swedish Tax Agency	1 121	496
Other current liabilities	1	1
Total other liabilities	**1 912**	**692**

NOTE 12. ACCRUED EXPENSES AND DEFERRED INCOME

	31-12-2021	31-12-2020
Accrued empoyee-related items	-2 204	-3 409
Accrued interest for convertible and shareholder loans	-	-20 428
Accrued audit expenses	-656	-297
Accrued consulting fees	-	-123
Accrued marketing expenses	-100	-
Other items	-323	-1 755
Total accrued expenses and deferred income	**-3 283**	**-26 012**

NOTE 13. PLEDGED ASSETS AND CONTINGENT LIABILITIES

PLEDGED ASSETS	31-12-2021	31-12-2020
Mortgage letters	20 000	20 000
Total pledged assets	**20 000**	**20 000**

CONTINGENT LIABILITIES	31-12-2021	31-12-2020
Other contingent liabilities	-	-
Total contingent liabilities	-	-

NOTE 14. LEASES

	31-12-2021	31-12-2020
Within one year	-996	-114
Between one and five years	-1 162	-
After more than five years	-	-
Total leasing agreements	**-2 159**	**-114**

NOTE 15. INTANGIBLE FIXED ASSETS

	31-12-2021			31-12-2020		
TSEK	PATENTS	CAPITALIZED EXPENDITURE FOR RESEARCH AND DEVELOPMENT	TOTAL	PATENTS	CAPITALIZED EXPENDITURE FOR RESEARCH AND DEVELOPMENT	TOTAL
Accumulated cost of acquisition						
At the start of the year	6 425	226 370	232 795	6 867	90 989	97 855
This year's acquisitions	797	23 374	24 170	224	135 381	135 605
Divestments and disposals	-	-	-	-665	-	-665
At year-end	**7 222**	**249 743**	**256 965**	**6 425**	**227 491**	**232 795**
Accumulated depreciation						
At the start of the year	-5 941	-42 097	-48 038	-5 678	-16 248	-21 926
Adjustment	-	-	-	-	-	-
Depreciation for the year	-183	-31 450	-31 633	-263	-25 849	-26 113
At year-end	**-6 125**	**-73 546**	**-79 671**	**-5 941**	**-42 097**	**-48 039**
Recognized value						
At the start of the year	484	184 273	184 757	1 189	74 741	75 929
At year-end	**1097**	**38 724**	**39 821**	**484**	**184 272**	**184 756**

NOTE 16. SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

Gunnar Wieslander was elected as the new Chairperson of the Board of Directors of Nilar at the extraordinary general meeting on 3 March 2022.

Three Board members also chose to resign at the time of the General Meeting: Anders Gudmarsson, Peter Feledy and former Chairperson of the Board of Directors Michael Obermayer.

The negotiations following the two redundancy notices issued in the fourth quarter of 2021 have been completed, resulting in 48 people leaving the company due to scarcity of work.

The Board of Directors of Nilar intends to adopt a resolution on a fully guaranteed preferential rights issue of approximately 275 MSEK at an extraordinary general meeting scheduled to be held on 18 May 2022. Along with existing cash, the net proceeds from the preferential rights issue are expected to be sufficient to finance the company's business plan up to the end of 2023.

The war in Ukraine that began at the end of February 2022 has given rise to greater uncertainty and risk linked to business in Ukraine, Russia and Belarus. Nilar has no direct presence in those countries, but may be affected by uncertainty in the raw materials market caused by the war, since sanctions were imposed on trade with Russia, which has led to higher prices for nickel and other materials.
It is nevertheless difficult to predict how the war will progress, but Nilar is carrying out an ongoing evaluation of the need to adopt measures.

DECLARATION AND SIGNATURES

The annual accounts have been prepared in accordance with generally accepted accounting principles in Sweden and the consolidated financial statements have been prepared in accordance with the International Accounting Standards as prescribed by the European Parliament and Council Regulation (EC) No 1606/2002 dated 19 July, 2002 on the application of International Accounting Standards. The annual accounts and consolidated accounts give a true and fair view of the development of the business activities, financial position and results of operation as well as the significant risks and uncertainties which the Parent company and the Entities incorporated in the Nilar Group are exposed to.

The Annual report, as noted below, was approved for issue by the Board and CEO on 5 may 2022.

The consolidated income statement and balance sheet are subject to approval at the Annual General Meeting on 22 june 2022.

Täby 5 may 2022

Gunnar Wieslander
Chairman of the Board

Stefan De Geer
Board member

Marko Allikson
Board member

Ulrika Molander
Board member

Helena Nathhorst
Board member

Erik Oldmark
CEO

Our auditors' report was submitted in Stockholm on 5 may 2022
Deloitte AB

Therese Kjellberg
Authorized Public Accountant

REVISIONSBERÄTTELSE

Till bolagsstämman i Nilar International AB (publ) organisationsnummer 556600-2977

Rapport om årsredovisningen och koncernredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen och koncernredovisningen för Nilar International AB (publ) för räkenskapsåret 2021-01-01 - 2021-12-31 med undantag för bolagsstyrningsrapporten på sidorna 44-49. Bolagets årsredovisning och koncernredovisning ingår på sidorna 36-95 i detta dokument.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av moderbolagets finansiella ställning per den 31 december 2021 och av dess finansiella resultat och kassaflöde för året enligt årsredovisningslagen. Koncernredovisningen har upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av koncernens finansiella ställning per den 31 december 2021 och av dess finansiella resultat och kassaflöde för året enligt International Financial Reporting Standards (IFRS), såsom de antagits av EU, och årsredovisningslagen. Våra uttalanden omfattar inte bolagsstyrningsrapporten på sidorna 44-49. Förvaltningsberättelsen är förenlig med årsredovisningens och koncernredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen för moderbolaget och koncernen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till moderbolaget och koncernen enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Väsentlig osäkerhetsfaktor avseende antagandet om fortsatt drift

Vi vill fästa uppmärksamhet på förvaltningsberättelsen under avsnitt "Fortsatt finansiering", varav framgår att bolagets nuvarande tillväxtplan kräver att Nilar under 2022 anskaffar nytt kapital för att finansiera bolaget. Vid tillfället för årsredovisningens signerande finns inte någon finansiering säkrad för de kommande 12 månaderna, dock har Nilar engagerat finansiella rådgivare för att framskaffa detta kapital. Enligt vad som anges i förvaltningsberättelsen, tyder dessa händelser och förhållanden på att det finns en väsentlig osäkerhetsfaktor som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Vi har inte modifierat våra uttalanden på grund av detta.

Annan information än årsredovisningen och koncernredovisningen

Detta dokument innehåller även annan information än årsredovisningen och återfinns på sidorna 1-35 och 98-104. Det är styrelsen och verkställande direktören som har ansvaret för denna andra information.

Vårt uttalande avseende årsredovisningen och koncernredovisningen omfattar inte denna information och vi gör inget uttalande med bestyrkande avseende denna andra information.

I samband med vår revision av årsredovisningen och koncernredovisningen är det vårt ansvar att läsa den information som identifieras ovan och överväga om informationen i väsentlig utsträckning är oförenlig med årsredovisningen och koncernredovisningen. Vid denna genomgång beaktar vi även den kunskap vi i övrigt inhämtat under revisionen samt bedömer om informationen i övrigt verkar innehålla väsentliga felaktigheter.

Om vi, baserat på det arbete som har utförts avseende denna information, drar slutsatsen att den andra informationen innehåller en väsentlig felaktighet, är vi skyldiga att rapportera detta. Vi har inget att rapportera i det avseendet.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen och koncernredovisningen upprättas och att de ger en rättvisande bild enligt årsredovisningslagen och, vad gäller koncernredovisningen, enligt IFRS såsom de antagits av EU. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning och koncernredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen och koncernredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets och koncernens förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen och koncernredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen och koncernredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen och koncernredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens och verkställande

direktörens uppskattningar i redovisningen och tillhörande upplysningar.

- drar vi en slutsats om lämpligheten i att styrelsen och verkställande direktören använder antagandet om fortsatt drift vid upprättandet av årsredovisningen och koncernredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets och koncernens förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen och koncernredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen och koncernredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag och en koncern inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen och koncernredovisningen, däribland upplysningarna, och om årsredovisningen och koncernredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.
- inhämtar vi tillräckliga och ändamålsenliga revisionsbevis avseende den finansiella informationen för enheterna eller affärsaktiviteterna inom koncernen för att göra ett uttalande avseende koncernredovisningen. Vi ansvarar för styrning, övervakning och utförande av koncernrevisionen. Vi är ensamt ansvariga för våra uttalanden.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen och koncernredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för Nilar International AB (publ) för räkenskapsåret 2021-01-01 - 2021-12-31 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.
Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till moderbolaget och koncernen enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets och koncernens verksamhetsart, omfattning och risker ställer på storleken av moderbolagets och koncernens egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets och koncernens ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt. Verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Revisorns granskning av bolagsstyrningsrapporten

Det är styrelsen som har ansvaret för bolagsstyrningsrapporten på sidorna 44-49 och för att den är upprättad i enlighet med årsredovisningslagen.

Vår granskning har skett enligt FARs rekommendation RevR 16 Revisorns granskning av bolagsstyrningsrapporten. Detta innebär att vår granskning av bolagsstyrningsrapporten har en annan inriktning och en väsentligt mindre omfattning jämfört med den inriktning och omfattning som en revision enligt International Standards on Auditing och god revisionssed i Sverige har. Vi anser att denna granskning ger oss tillräcklig grund för våra uttalanden. En bolagsstyrningsrapport har upprättats. Upplysningar i enlighet med 6 kap. 6 § andra stycket punkterna 2–6 årsredovisningslagen samt 7 kap. 31 § andra stycket samma lag är förenliga med årsredovisningens och koncernredovisningens övriga delar samt är i överensstämmelse med årsredovisningslagen.

Stockholm, 2022-05-05
Deloitte AB

Therese Kjellberg, Auktoriserad revisor

DEFINITIONS

Gross margin
Gross profit/loss as a percentage of net sales for the year.

EBITDA
Earnings before Interest Taxes and Amortization.

EBITDA-margin
Operating profit/loss before depreciation and amortization as a percentage of net sales for the year..

EBIT
Earnings before Interest and Taxes.

EBIT margin (operating margin)
Operating profit/loss after depreciation and amortization as a percentage of net sales for the year.

Number of employees (Headcount)
The actual number of employees, including absent employees and temporary employees, regardless of working hours.

Average number of employees (FTE)
The total number of hours worked divided by normal annual working hours, expressed as the number of full-time positions.

Net cash/net debt
Interest-bearing liabilities less interest-bearing assets, all calculated at year-end.

OEM
Original Equipment Manufacturer..

Debt/equity ratio
Interest-bearing net liabilities divided by equity..

Shareholder equity ratio
Equity in relation to total assets..

IPO
Initial public offering. Stock market listing.

CAGR (Compound annual growth rate)
Compound annual growth rate.

Capital
Equity.

KEY FIGURES FOR THE GROUP

MSEK	2021	2020	2019	2018	2017
Income statement					
Revenue	17.8	25.2	10.4	3.4	1,.1
Gross profit	-479.5	-199.2	-151.1	-35.7	-24.0
EBITDA	-382.1	-223.4	-183.0	-77.8	-53.1
Operating profit / EBIT	-596.4	-284.0	-221.7	-89.9	-58.5
Profit/loss before tax	-600.5	-342.9	-238.5	-91.1	-59.2
Profit/loss after tax	-600.5	-342.9	-238.5	-91.1	-59.2
Other					
Depreciation	-76.8	-60.7	-38.8	-12.1	-5.4
intangible fixed assets	-31.6	-30.9	-28.2	-7.3	-0.5
tangible fixed assets	-39.8	-24.9	-6.9	-4.7	-4.9
Capitalised expenses for development work	23.4	30.4	26.8	17,.4	17.2
Full-time equivalent employees, number	185	127	90	48	44
Cash flow from					
operating activities	-446.6	-211.6	-153.9	-73.6	-52.9
investing activities	-215.1	-111.5	-135.2	-45.6	-24.9
financing activities	818.5	233.6	420.0	76.9	135.0
Cash flow for the period	156.8	-89.4	130.9	-42.3	57.1
Ordinary shares and share options in issue, thousand					
Weighted average number of ordinary shares in issue	45 511.7	4 589.3	4 047.7	3 281.2	2 912.5
Weighted average number of share options in issue	260.3	56.1	149.5	275.3	320.6
Weighted average number of shares after dilution	45 511.7	4 658.8	4 197.2	3 556.5	3 233.1

MSEK	2021	2020	2019	2018	2017
Balance sheet					
Non-current assets	440,9	421,0	370,4	232,8	198,5
Current assets	374,3	155,3	195,5	56,1	86,2
Total assets	815,2	576,4	565,9	288,9	284,7
Equity	491,5	103,1	275,8	201,3	274,3
Non-current liabilities	181,2	119,1	33,0	-	-
Current liabilities	142,5	354,1	257,1	87,5	10,4
Total equity and liabilities	815,2	576,4	565,9	288,9	284,7
Other					
Patents	1,1	0,5	1,2	1,5	2,0
Aktiverade utvecklingskostnader	38,7	184,3	190,8	191,8	181,3
Property, plant and equipment	193,2	146,4	60,5	16,2	7,0
Fixed assets under construction	155,1	50,6	80,4	23,2	8,2
Inventory	99,3	42,0	17,6	8,0	4,7
Cash and cash equivalents	230,7	73,9	163,4	32,5	74,8
Shareholder equity ratio, %	60%	18%	49%	70%	96%
Debt ratio, times	0,7	4,6	1,0	0,4	0,0
Ordinary shares and share options in issue at end of period, thousand					
Shares in issue at end of period	45 511,7	5 025,2	4 431,9	3 451,0	3 270,6
Share options in issue at end of period	260,3	170,6	149,5	149,5	319,9

QUARTERLY DATA FOR THE GROUP

	2021				2020				2019			
MSEK	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Income statement												
Revenue	-0.11	5.37	7.17	5.40	5.7	7.5	7.5	4.6	4.6	1.8	2.5	1.5
Gross profit	-237.7	-87.4	-84.8	-69.6	-78.1	-39.9	-39.7	-41.6	-61.7	-35.9	-30.3	-23.1
EBITDA	-110.6	-93.0	-100.6	-78.0	-83.9	-43.5	-49.4	-48.3	-70.8	-47.6	-39.4	-27.9
Operating profit / EBIT	-269.5	-112.2	-118.7	-96.0	-101.8	-58.3	-63.1	-60.9	-81.4	-56.3	-47.8	-26.2
Profit/loss before tax	-251.5	-100.0	-134.7	-114.4	-113.2	-75.6	-86.0	-68.0	-83.0	-56.6	-58.1	-40.9
Profit/loss after tax	-251.5	-100.0	-134.7	-114.4	-113.2	-75.6	-86.0	-68.0	-83.0	-56.6	-58.1	-40.9
Other												
Depreciation	-21.4	-19.2	-18.2	-18.0	-17.8	-15.7	-14.5	-12.6	-10.6	-9.6	-9.3	-9.2
intangible fixed assets	-8.3	-7.9	-7.7	-7.7	-8.0	-8.0	-8.0	-7.1	-7.0	-7.1	-7.0	-7.0
tangible fixed assets	-11.6	10.1	-9.2	-9.0	-8.7	-6.5	-5.4	-4.4	-2.6	-1.6	-1.4	-1.3
Capitalised expenses for development work	6.1	5.1	5.5	6.6	5.2	6.7	5.4	5.3	11.0	5.8	5.4	4.7
Full-time equivalent employees. number	253	227	224	198	152	113	118	125	114	100	77	69
Cash flow from												
operating activities	-131.9	-110.5	-120.7	-83.5	-67.8	-42.6	-41.3	-59.9	-36.5	-55.3	-29.5	-32.6
investing activities	-61.8	-65.6	-51.2	-36.5	-60.6	-17.5	-14.7	-18.7	-28.2	-48.3	-38.9	-19.8
financing activities	-1.0	-2.7	715.4	106.9	131.5	123.1	-1.0	-19.9	183.2	-0.7	208.8	28.6
Cash flow for the period	-194.8	-178.8	543.5	-13.1	3.2	63.0	-57.0	-98.5	118.5	-104.3	140.5	-23.8
Ordinary shares and share options in issue, thousand												
Weighted average number of ordinary shares in issue	45 511.8	45 511.8	45 511.8	5 087.2	4 969.2	4 524.1	4 431.9	4 431.9	4 431.9	4 431.9	3 876.0	3 451.0
Weighted average number of share options in issue	260.3	260.3	260.3	170.6	63.5	10.0	55.0	149.5	149.5	149.5	149.5	149.5
Weighted average number of shares after dilution	45 511.8	45 511.8	33 440.1	5 076.9	5 032.8	4 534.1	4 486.8	4 581.4	4 581.4	4 581.4	4 025.5	3 600.5

MSEK	21-12-31	21-09-30	21-06-30	21-03-31	20-12-31	20-09-30	20-06-30	20-03-31	19-12-31	19-09-30	19-06-30	19-03-31
Balance sheet												
Non-current assets	440.9	522.3	476.2	442.2	421.0	384.4	382.6	382.0	370.4	352.0	287.3	258.3
Current assets	374.3	545.8	694.2	137.1	155.3	118.4	53.0	104.1	195.5	85.5	182.2	46.6
Total assets	815.2	1 068.0	1 170.4	579.2	576.4	502.8	435.7	486.1	565.9	437.4	495.5	330.3
Equity	491.5	729.1	829.2	7.3	103.1	170.3	121.8	207.8	275.8	358.5	415.3	160.5
Non-current liabilities	181.2	201.5	218.9	212.9	119.1	35.0	35.8	36.4	33.0	33.8	34.5	35.2
Current liabilities	142.5	137.4	122.4	359.0	354.1	297.5	278.1	241.9	257.1	45.1	50.2	139.0
Total equity and liabilities	815.2	1 068.0	1 170.4	579.2	576.4	502.8	435.7	486.1	565.9	437.4	495.5	330.3
Other												
Patents	1.1	0.8	0.7	0.5	0.5	1.0	1.0	1.1	1.2	1.3	1.3	1.4
Capitalised expenditure for development work	38.7	178.4	181.1	183.2	184.3	185.3	186.6	189.1	190.8	186.7	188.0	189.6
Property, plant and equipment	193.2	169.7	138.1	137.3	146.4	142.6	88.9	86.8	60.5	34.1	18.4	15.3
Fixed assets under construction	155.1	134.6	116.2	80.3	50.6	15.6	65.0	63.2	80.4	92.3	67.1	38.0
Inventory	99.3	91.5	60.2	42.0	42.0	26.1	27.8	24.2	17.6	17.7	10.7	9.2
Cash and cash equivalents	230.7	425.5	604.3	60.8	73.9	70.8	7.8	64.9	163.4	44.8	149.1	8.6
Shareholder equity ratio, %	60%	68%	71%	1%	18%	34%	28%	43%	49%	82%	84%	49%
Debt ratio, times	0.7	0.5	0.4	78.2	4.6	2.0	2.6	1.3	1.1	0.2	0.2	1.0
Ordinary shares and share options in issue at end of period, thousand												
Shares in issue at end of period	45 511.8	45 511.8	45 511.8	5 087.2	5 025.2	4 714.5	4 431.9	4 431.9	4 431.9	4 431.9	4 431.9	3 451.0
Share options in issue at end of period	260.3	206.3	260.3	170.6	170.6	10.0	10.0	149.5	149.5	149.5	149.5	149.5

ALTERNATIVE PERFORMANCE MEASURES

The interim report refers to a number of non-IFRS performance metrics that are used to help both investors and management to analyze the company's operations. The metrics presented in this report may differ from measurements of similar names in other companies.

DESCRIPTION OF PERFORMANCE MEASURES NOT INCLUDED IN THE IFRS FRAMEWORK

Performance measures	**Different types of performance measures and margin measures expressed as a percentage of turnover.**	
Non-IFRS performance measures	**Description**	**Reason for use of the measure**
Net sales compared to the corresponding period previous year	The relation between net sales for the period and the correspon-ding sales for the comparative period in previous year.	Sales growth is a key measure together with operating margin and capital employed for monitoring value creation.
Cost of sales	Costs for: materials, production personnel, production plant, guarantees and depreciation of tangible and intangible fixed assets;	
Gross margin	Gross profit as a percentage of net sales.	The measures are important to show the margin to cover the company's operating expenses, complete with the margin to cover operating expenses and the costs of depreciation on capi-talized development expenses.
Operating expenses	Cost of goods sold, sales and marketing costs, administration costs, and development costs, before capitalization of develop-ment costs.	
Capitalization of development expenses	Costs for product development, production technology deve-lopment and establishment costs for an expanded production facility.	The measure shows how much of the company's operating expenses are invested in activities that are expected to generate increased revenue or reduced costs in the future.
EBITDA	Calculated as operating profit before depreciation and amortiza-tion of tangible and intangible assets.	The measurements are a good complement to the operating results as it shows, simplified, the cash-based performance from the business.
EBITDA margin	EBITDA as a percentage of net sales.	
Operating profit/EBIT	Calculated as operating profit before financial items and tax.	Operating profit gives an overall picture of the total earnings generation in operating activities.
Operating margin	Operating profit as a percentage of net sales for the period.	Operating margin is a key component along with sales growth and capital employed to follow value creation.
Net margin	Profit for the period as a percentage of net sales.	The net margin shows how much of net net sales remain after all the company's costs have been deducted.
Energy storage system	Ready-made systems of varying sizes consisting of Nilar batteries, BMS, inverter and cabinets.	The measure shows how the number of energy storage systems delivered has changed between periods.

Capital and return measures	The capital measures show how capital is used and the financial strength of the company. Yield is an economic concept that describes how much an asset changes in value from an earlier point in time.	
Non-IFRS performance measures	**Description**	**Reason for use of the measure**
Capitalized expenditure for development	Development expenses are capitalized when they meet the criteria set out in IAS 38 and are estimated to amount to significant amounts for the development effort as a whole. In other respects, development expenses are expensed as normal operating expenses. The most important criteria for capitalization are that the development work's end-product has a devisable future earnings or cost savings and cash flow and that there are technical and financial prerequisites to complete the development work when it is started. The capitalized costs are generated both externally and internally and include direct costs for completed work. Direct attributable expenses that are capitalized as part of product development, production processes and implementation of business systems include expenses for third parties and employees.	The measure shows how much of the company's investments in new products and production methods (intangible fixed assets) remain on the balance sheet after depreciation and amortization.
Debt/equity ratio	Liabilities divided by equity.	The debt/equity ratio shows the proportion of the company's debt in relation to equity.
Solidity	Equity divided by the balance sheet total.	A traditional measure of showing financial risk, expressed as the proportion of the restricted capital financed by the owners.
Working capital	Average current assets less cash and cash equivalents, trade payables and other interest-free short-term liabilities. The company has no interest-bearing liabilities, except leasing liabilities. Changes in working capital in the cash flow statement also include adjustments for non-liquidity-impacted items and changes in long-term operating receivables and liabilities.	The measure shows how much working capital is tied up in the business and can be compared to net sales to understand how effectively the fixed working capital has been used.
Investment	Investments in intangible and tangible assets.	The measure shows how much of the company's funds have been invested in new products and production methods (intangible fixed assets) and in new production equipment (property, plant and equipment).

Shareholders' information	Measures related to the share	
Non-IFRS performance measures	**Description**	**Reason for use of the measure**
Basic and diluted earnings per share	Profit for the period divided by the average number of outstanding shares for the period.	The measures show how much per share shareholders receive from the Group's total operations.
Average number of basic and diluted shares outstanding	The total number of shares in the parent company plus the number of outstanding warrants in the parent company.	

Employees	Measures related to employees	
Non-IFRS performance measures	**Description**	**Reason for use of the measure**
Average number of employees and temporary agency workers	The average number of employees and consultants for positions that are not temporary and do not replace absent employees. Refers to FTE (full employment).	Supplementing the number of employees with consultants gives a better picture of the cost base.

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