Interim report

January – March 2021

COMMISSIONED THE FOURTH PRODUCTION LINE. COMPLETED THE REPAIR OF THE VENTILATION SYSTEM IN THE PRODUCTION PLANT.

January – March 2021 in summary

- Revenue 5.4 (4.6) MSEK.
- Production 3.2 MWh.
- Delivered energy storages 73 (53), average size per energy storage 19 (15) kWh.
- Gross profit -69.6 (-41.6) MSEK.
- EBITDA -78.0 (-48.3) MSEK.
- Operating income (EBIT) -96.0 (-60.9) MSEK.
- Net loss -114.4 (-68.0) MSEK.
- Earnings per share -22.53 SEK.

Significant events during the first quarter

- The repair of the ventilation system in the production facility in Gävle was completed during the end of the quarter, during the rebuilding period, Nilar's production capacity was significantly limited.
- The fourth production line was commissioned, and a fourth production shift was introduced.
- The new 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.

Significant events after the end of the period

- The Company's shares were listed at Nasdaq First North Premier Growth Market on 30 April.
- In connection with the listing, the Company carried out a new share issue which brought in a total of 750 MSEK before costs and the Company's convertible loan was converted into equity through a new share issue to the convertible holders.
- For information on covid-19's impact on Nilar, see the CEO review on page 2.
- An EGM was held on 19 April where, among other things, a share split 1:6 was decided.
- An incentive program for the Board and management was introduced at the EGM on 12 March.

MSEK	2021 jan-mar	Q1 2020 jan-mar	12 months apr 2020-mar 2021	Full year 2020 jan-dec
Revenue	5,4	4,6	26,0	25,2
Gross profit	-69,6	-41,6	-227,2	-199,2
EBITDA	-78,0	-48,3	-253,1	-223,3
Operating income / EBIT	-96,0	-60,9	-319,1	-284,0
Net profit/loss after tax	-114,4	-68,0	-389,3	-342,9
Cash flow from investing activities	-36,5	-18,7	-129,3	-111,5
intangible assets	-6,7	-5,3	-31,8	-30,4
tangible assets	-29,8	-13,4	-97,5	-81,1
Cash flow from financing activities	106,9	-19,9	360,4	233,6
Equity/debt ratio, %	1%	43%	1%	18%
Shares in issue at end of period, '000	-	-	5 087,2	5 025,2
Share options in issue at end of period, '000	-	-	170,6	170,6
Weighted average number of ordinary shares in issue, '000	5 076,9	4 431,9	4 762,8	4 601,5
Delivered energy storages, number	73	53	462	442
Average employed and contracted personnel, number	198	174	172	166

[1] Alternative performance measure. See page 17 for further explanations.
[2] 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.

CEO REVIEW

On Friday the 30th of April an 09:00, Nilar's shares were first traded on the Nasdaq First North Premier Growth Market – a monumental moment; few days later, the company received the proceeds from its new share issue. 750 MSEK before expenses in new capital allows Nilar's hugely energized team of now over 200 engineers, scientists and highly skilled machine operators to seriously get on with realizing their ambitious growth plan – to service discerning customers throughout Europe and to multiply output and sales several times over during the next years, while continuously refining our product offering and strengthening our competitive position.

During the quarter, we delivered 73 BESS (battery electrical storage systems) compared to 53 in Q1-20 and billed 5.4 (4.6) MSEK. In reality, sales could have been higher had it not been for the fact that we had a certain overhang of earlier delivered systems of a previous product version which we needed to exchange and/or update. This reduced the number of systems available for new sales: total production was 3.2 MWh of which 1.5 MWh was reserved for warranty replacements. Despite building out our product capacity rapidly, demand for our systems still significantly outstrips our ability to deliver.

The market outlook remains positive despite Covid-19 challenges. European energy storage installations increased to 1.7 (1.0) GWh in 2021 and are forecast to grow to 3 GWH in 2021[1], largely driven by national goals of renewables introduction and necessity of storage. While Germany remains the largest (and growing) market, Spain's BESS demand increased significantly from 4 MWh in 2019 to 40 MWh in 2020, driven by a change in tariff and support regulation. The EU's Recovery Plan further fans the move across Europe towards combined PV (solar energy) and BESS renewable energy, through large national 'green' capital allocations[2]. Both Germany and now Spain are solidly in our focus.

Closer to home, **Finland** has recently declared its goal to become the world's first completely fossil-free society. Finland is changing focus from support for production of green electricity support for demonstration of new energy technologies[3]. BESS is such a technology, which has increased demand for our products from the household, business and the real-estate sectors. **Our new partnerships** with Kostal, Yaskawa (The Switch) and Danfoss (Vacon Drives) broadens Nilar's market coverage here, as well as in several other European markets. And **Sweden** decided, this year, a new tax deduction[4] amounting to 50% of BESS material and installation cost – a huge incentive for Swedish consumers which clearly drives demand for our systems. And since the increasing inability of the Swedish grid to deliver demanded effect (kW) to consumers becomes ever more apparent in many cities, we are likely to see larger BESS projects as buffers in the grid in the near future.

Covid-19 remains a serious issue, as it does for everyone, though perhaps somewhat less pressing than I feared a few months ago. While demand remains strong, sick-leave and stringent restrictions in how we handle production shift hand-over has put a lid on our effective production capacity during the past quarter and into Q2 – and especially bothersome as we further ramp up capacity. More alarming, however, is the widely reported Covid-19 related shortage of critical components throughout supply chains, where also certain quality issues have appeared. Electronic circuits, extruded plastic components and raw material supplies are all affected. Nilar's purchasing team has worked over-hours to so far mitigate likely shortages, but I see this still as a significant risk over the next quarters.

As previously reported, our Q4-20 was noticeably depressed due to a relatively minor powder explosion in our air extraction system, which however required us to have it rebuilt. Here again, Covid-19 struck, with almost three months' delivery delay of a critical component from Germany. Hence, repairs could only be concluded end-March to alleviate this serious bottleneck; hence, also the first quarter was negatively affected.

Still, we used the enforced reduced production period productively to install, commission and test our fourth production line which is now starting to produce; in combination with now a fourth production shift.

Product development has been very satisfactory. During the quarter, we launched a new product, Energy+, which incorporates an energy optimized cell design. For the first time, Nilar offers two products, targeted at somewhat different applications. Going forward, we have a long list of product development projects to even more clearly differentiate Nilar from its mass-market competition.

Overall, and in the face of strong continued demand for Nilar's systems, managing rapid scale-up remains our biggest task. Towards the end of this year, Nilar's Gävle factory is likely to be completely built out with eight production lines. So, further expansion includes ongoing detailed planning for the next factory in Estonia by second half of 2022. I, together with my Nilar leadership colleagues, thus look forward to our first post-IPO year filled with strenuous work, but also with the satisfaction of running a true high-growth company in a truly 'green' sector.

1) https://www.energy-storage.news/news/europe-predicted-to-deploy-nearly-twice-as-much-electrical-storage-in-2021
2) https://www.energy-storage.news/news/europe-predicted-to-deploy-nearly-twice-as-much-electrical-storage-in-2021
3) https://valtioneuvosto.fi/sv/marin/regeringen/regeringsprogrammet/klimatneutralt-finland-som-tryggar-den-biologiska-mangfalden
4) https://www.skatteverket.se/privat/fastigheterochbostad/gronteknik.4.676f4884175c97df4192860.html

OPERATION

ABOUT NILAR

Nilar is a Swedish-based developer and manufacturer of stationary energy storage systems, so-called Electrical Energy Storage (ESS) systems. Energy storage systems can be used to bridge imbalances between energy production and demand in order to, for example, improve the utilization of intermittent electricity production from renewable energy sources, such as solar energy and wind power, as well as to strengthen the increasingly strained power grids. Nilar's battery technology is based on nickel-metal-hydride (NiMH) electrochemistry with a water-based electrolyte, which results in a strong environmental and safety profile together with a competitive price over a life cycle.

The Company is headquartered in Täby and the energy-efficient production facility is, since 2012, located in Gävle, where the Company's research and development also takes place.

The NILAR share is listed at Nasdaq First North Premier Growth Market. For more information go to www.nilar.com.

FINANCIAL TARGETS

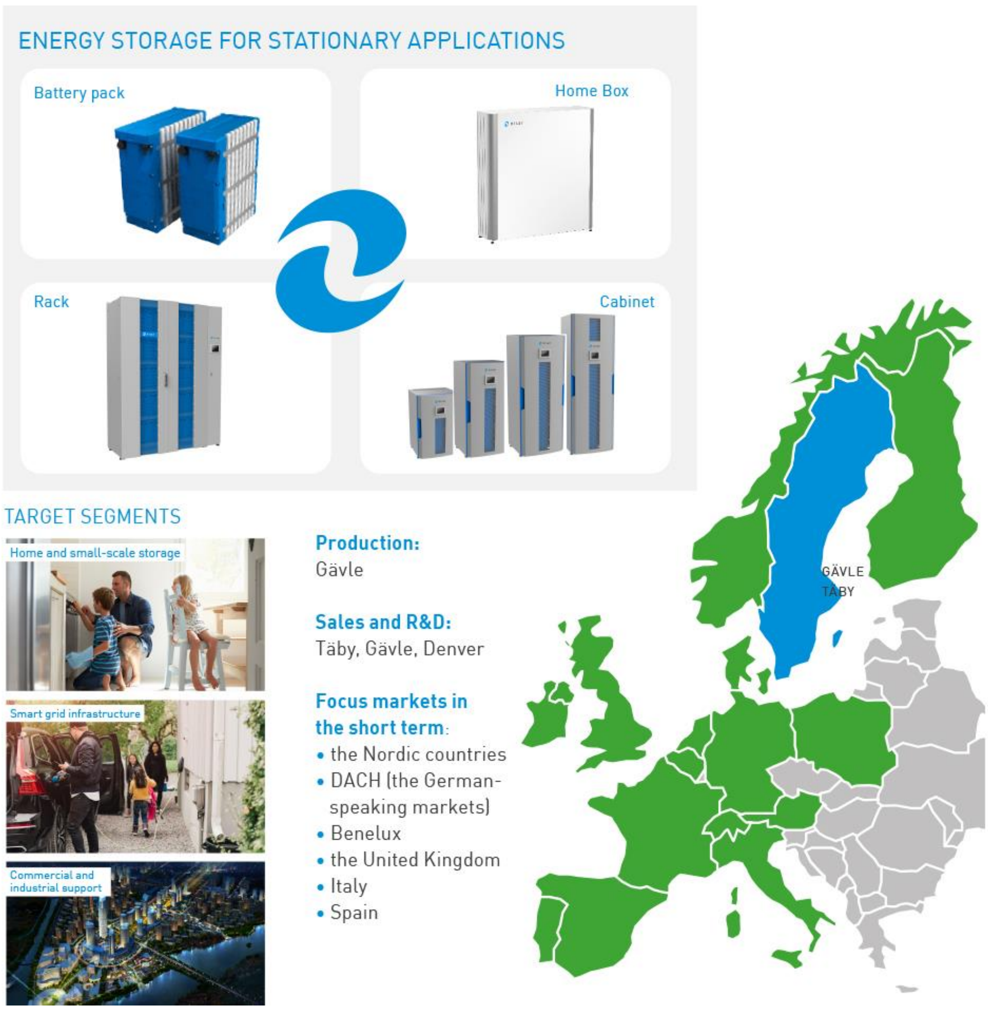
Nilar's long-term financial goals should not be regarded as a forecast, but rather as an ambition which the Board and senior executives consider to be reasonable long-term expectations for the company.

NET SALES:

Net sales should reach at least SEK 1 billion by the year of 2023 through increased production capacity as a result of installing additional production lines at the Gävle factory and the establishment of a second factory abroad, probably in Estonia.

PROFITABILITY:

Long-term EBITDA margin of at least 20 percent. Margin improvement is expected to be realized by economies of scale, having a larger share of the production in low cost regions and through the introduction of profitable service offerings related to Nilar Hydride® Re-02 and data monitoring.



FINANCIAL REVIEW

JANUARY – MARCH 2021

REVENUE AND RESULTS

Net sales for the quarter increased by 18% to 5.4 (4.6) MSEK. The number of energy storages delivered increased by 38% to 73 (53). The average size of delivered energy storage was 19 (15) kWh.

Gross profit decreased to -69.6 (-41.6) MSEK. The deterioration in earnings is mainly driven by increased material costs related to increased sales volume and increased personnel costs for the expanded production organization, which will only benefit the company later. The company commercialized its sales in 2019 but today sells its products to a negative margin as scale effects only occur at larger volumes. Measures to achieve profitability are lower purchasing costs of raw materials and components through volume purchases, as well as continued product development where e.g. cheaper included electronic components are under development. Of the guarantee provision of 14.3 MSEK made as of 31 December 2020 linked to identified software errors, 8.9 MSEK was reversed during the period when guarantee exchanges took place. The remainder of these commitments will be implemented during 2021. During the period, warranty costs of 0.2 MSEK for newly sold battery packs during the period were also reserved: the replacement pack is expected to be produced and delivered to the customer during the five-year warranty period. During the quarter, the production organization amounted to 117 full-time employees. The commissioning of the fourth production line was completed and a fourth shift was introduced in production. The relative wage cost as a share of cost sold goods will decrease with further tuning of the production processes and increasing sales volumes.

Operating expenses increased to -108.0 (-71.1) MSEK. Costs for employed and hired personnel amounted to -48.7 (-32.0) MSEK - the increase has primarily taken place in Production and R&D. The company does not conduct any research. Development expenses are capitalized when they meet the criteria in accordance with IAS 38 and are estimated to amount to significant amounts for the development investment as a whole; otherwise, development expenses are expensed as normal operating expenses.

Capitalization of development expenses consisting of personnel and consulting costs for work with the development of a new product with oxygen replenishment, development of BMS (Battery Management System) and production process development amounted to 6.6 (5.3) MSEK.

Depreciation of tangible and intangible fixed assets amounted to -18.0 (-12.6) MSEK. Depreciation for machinery increased to -9.0 (-4.4) MSEK as a result of the expansion of the production facility. Depreciation for capitalized development expenses and patents amounted to -7.7 (-7.1) MSEK and depreciation costs for right-of-use assets amounted to -1.3 (-1.2) MSEK.

Operating profit decreased to -96.0 (-60.9) MSEK.

Financial items amounted to -18.4 (-7.1) MSEK, of which 2.9 MSEK consists of interest on loans from the EIB, -6.8 MSEK on interest on convertible loans, -7.9 MSEK for changes in the value of the derivative component attributable to the convertible loan (see note 2) and -0.4 MSEK regarding the interest component for the leasing liabilities related to the company's premises costs.

Profit before and after tax decreased to -114.4 (-68.0) MSEK.

CASH FLOW AND INVESTMENTS

Cash flow from operating activities was -83.5 (-59.9) MSEK. Changes in working capital amounted to 6.6 (-8.0) MSEK, of which 1.5 MSEK consisted of increased operating liabilities, 0.1 MSEK of reduced inventories and 5.1 MSEK of reduced operating receivables.

Investments amounted to -36.5 (-18.7) MSEK, of which -29.8 (-13.4) MSEK consisted of investments in machinery and equipment for the factory in Gävle and -6.7 (-5.3) MSEK consisted of capitalized development expenses.

Cash flow from financing activities was 106.9 (-19.9) MSEK, of which 18.6 MSEK relate to a new share issue and 8.7 MEUR (87.8 MSEK) relate to a second and final disbursement of the loan from the EIB. The amortization component for the leasing liabilities related to the company's premises costs was -1.1 (-1.2) MSEK.

Cash flow for the period was -13.1 (-98.5) MSEK.

EMPLOYEES

The average number of employees and contracted staff within the group increased during the period to 198 (174), of which employees were 160 (125) and contracted staff was 38 (49). The number of employed and contracted staff has primarily increased within the production organization to 117 (109).

The total number of employed and contracted personnel at the end of the period was 234 (173), of which the number of personnel within the production organization was 141 (106).

FINANCIAL POSITION

BALANCE SHEET

The **balance sheet total** is 579.2 (576.4) MSEK. The comparison period for the balance sheet analysis refers to 31 December 2020.

The Group's **intangible fixed assets** at the end of the period amounted to 183.7 (184.8) MSEK. The assets consist of capitalized expenses for development work for 183.2 (184.3) MSEK and patents 0.5 (0.5) MSEK. During the period, 6.6 MSEK of development expenses were capitalized for: development of a new product with oxygen replenishment, development of BMS (Battery Management System) and production process development. **Tangible fixed assets** amounted to 217.6 (197.0) MSEK, of which 80.3 (50.6) MSEK consisted of fixed assets for the ongoing expansion of the Gävle factory such as new formation and electrode production equipment for production lines 5-8. **Current assets** at the end of the period amounted to 137.1 (155.3) MSEK. Inventories amounted to 42.0 (42.0) MSEK.

Equity in the Group at the end of the period amounted to 7.3 (103.1) MSEK. **Liabilities** at the end of the period amounted to 571.9 (473.3) MSEK, of which **long-term liabilities** 212.9 (119.1) MSEK and **current liabilities** 359.0 (354.1) MSEK. The equity / assets ratio was 1 (18)%.

FINANCIAL POSITION

Nilar is expected to grow strongly and the financing of the investments and working capital required in the future has been forecast on the basis of historical key figures and other known factors. After the balance sheet date, the company has carried out a market listing of the company's shares on the Nasdaq First North Premier Growth Market, where the company has received approximately 700 MSEK in net cash.

Furthermore, in October 2020, the EIB granted the company a 5-year loan facility of 47 MEUR, of which 35 MEUR with planned payment in 2020-2022 for further expansion of the Gävle plant, and 12 MEUR with planned payment in 2023 to partially finance the next plant. Payment of 8.75 MEUR of the first tranche was received in November 2020, and payment of the next tranche of 8.75 MEUR was received in January 2021. Payment of additional installments under the facility presupposes i.a. that additional equity is acquired as well as that sales and / or profitability targets are achieved. For the payment of the initial 17.5 MEUR, such targets have been achieved; for the payment of additional installments, it remains for the company to fulfill the agreed conditions, or to seek to renegotiate these. See note 3 for further information regarding loans and options to the EIB.

Given these sources of capital, the Board considers that the required capital will be available.

PARENT COMPANY

Revenue for the parent company was 0 (0) MSEK. Intercompany purchases amounted to 5.2 (0) MSEK and consisted of acquisitions of intangible assets from the subsidiary Nilar AB. Research and development costs amounted to -8.0 (-4.6) MSEK and consisted mainly of depreciation for capitalized development expenses. Net financial items amounted to -15.2 (-74.4) MSEK, which is explained by financial expenses amounting to -19.3 (-6.7) MSEK, of which -2.9 MSEK consists of interest on loans to the EIB, -6.8 MSEK of interest for convertible loans, -7.9 MSEK for revaluation of convertibles and shareholder contributions provided by the parent company, which were subsequently written down by 0 (-70.0) MSEK. Profit after tax amounted to -27.6 (-82.2) MSEK.

Cash flow for the period was -20.8 (-87.8) MSEK. Cash and cash equivalents at the end of the period amounted to 46.8 (67.6) MSEK.

The equity / assets ratio was 12 (37)%. Equity amounted to 56.1 (65.1) MSEK.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TSEK	Note	2021 jan-mar	Q1 2020 jan-mar	12 months apr 2020-mar 2021	Full year 2020 jan-dec
Revenue	1	5 395	4 585	26 049	25 238
Cost of sales		-74 957	-46 153	-253 279	-224 476
Gross profit		**-69 562**	**-41 569**	**-227 231**	**-199 238**
Research and development expenses		-8 399	-6 446	-26 977	-25 023
Distribution and selling costs		-10 185	-5 923	-34 423	-30 161
Administrative expenses		-7 884	-7 195	-31 207	-30 518
Other operating income		2	231	702	931
Operating profit / EBIT		**-96 028**	**-60 901**	**-319 135**	**-284 008**
Finance income		1 414	36	4 002	2 624
Finance costs	2	-19 772	-7 158	-74 133	-61 518
Finance costs - net		**-18 359**	**-7 122**	**-70 131**	**-58 894**
Profit before income tax		**-114 387**	**-68 024**	**-389 266**	**-342 903**
Income tax		-	-	-	-
Net profit/loss after tax		**-114 387**	**-68 024**	**-389 266**	**-342 903**
Attributable to:		**-**	**-**	**-**	**-**
Parent Company shareholders		**-114 387**	**-68 024**	**-389 266**	**-342 903**
Non-controlling interests		-	-	-	-
Earnings per share					
Profit after tax		-114 387	-68 024	-389 266	-342 903
Number of shares at end of period		5 087 191	4 431 857	5 087 191	5 025 191
Number of share options at end of period		170 633	149 500	170 633	170 633
Weighted number of ordinary shares before dilution		5 076 858	4 431 857	4 762 772	4 601 521
Earnings per share before dilution, SEK		-22,53	-15,35	-81,73	-74,52
Other comprehensive income					
Items that may later be reversed in the income statement:		-	-	-	-
Currency translation differences		-19	17	-	282
Other comprehensive income for the year, net after tax		**-19**	**17**	**-**	**282**
Total comprehensive income		**-114 406**	**-68 007**	**-389 266**	**-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	2021-03-31	2020-12-31	2018-12-31
ASSETS				
FIXED ASSETS				
Intangible fixed assets				
Patents		492	484	1 118
Capitalized expenditure for development work		183 225	184 272	189 119
Total intangible fixed assets		**183 717**	**184 756**	**190 237**
Tangible fixed assets				
Property, plant and equipment		137 265	146 446	86 774
Fixed assets under construction		80 349	50 563	63 172
Total tangible fixed assets		**217 614**	**197 009**	**149 946**
Other fixed assets				
Right-of-use assets		40 837	39 267	41 785
Total other fixed assets		**40 837**	**39 267**	**41 785**
Total fixed assets		**442 167**	**421 031**	**381 967**
CURRENT ASSETS				
Inventories		41 956	42 013	24 182
Accounts receivable - trade		17 586	15 030	5 434
Tax assets		1 176	1 433	1 083
Other receivables		14 289	22 344	7 382
Prepaid expenses and accrued income		1 217	579	1 138
Cash and cash equivalents		60 828	73 940	64 883
Total current assets		**137 052**	**155 339**	**104 102**
Total assets		**579 219**	**576 370**	**486 070**
EQUITY AND LIABILITIES				
EQUITY				
Share capital		5 087	5 025	4 432
Other contributed capital		1 083 820	1 065 282	895 901
Other reserves		120	139	-126
Retained earnings		-1 081 716	-967 329	-692 449
Total equity		**7 312**	**103 118**	**207 757**
LIABILITIES				
Non-current liabilities				
Long-term interest-bearing lease liabilities		35 367	34 555	36 397
Borrowings	3	177 568	84 570	-
Total non-current liabilities		**212 935**	**119 125**	**36 397**
Current liabilities				
Borrowings	3	209 168	204 372	168 589
Current lease liabilities, interest-bearing		5 707	4 787	4 975
Provisions of warranty		6 816	15 585	12 885
Accounts payable - trade		40 122	76 912	23 915
Other liabilities		48 306	12 233	2 812
Accrued expenses and deferred income		48 853	40 238	28 739
Total current liabilities		**358 972**	**354 127**	**241 915**
Total equity and liabilities		**579 219**	**576 370**	**486 070**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TSEK	2021-03-31	2020-12-31	2019-12-31
Equity at start of period	**103 118**	**275 764**	**201 350**
Comprehensive income			
Earnings after tax	-114 387	-342 903	-238 519
Other comprehensive income	-19	282	95
Total comprehensive income	**-114 406**	**-342 621**	**-238 424**
Transactions with shareholders			
New share issue	18 600	169 975	312 838
Total transactions with shareholders	**18 600**	**169 975**	**312 838**
Equity at end of period	**7 312**	**103 118**	**275 764**

CONSOLIDATED CASH FLOW STATEMENT

		Q1	12 months	Full year
	2021	2020	apr 2020-	2020
TSEK	jan-mar	jan-mar	mar 2021	jan-dec
Cash flows from operating activities				
Profit/loss before tax	-114 387	-68 024	-389 266	-342 903
Profit/loss on disposal of fixed assets	221	-	221	-
Interest paid and received	-1 941	-1 053	-3 284	-2 397
Adjustment for other non-cash items				
Depreciation on tangible and intangible fixed assets	18 008	12 582	66 078	60 652
Write-down of intangible fixed assets	-	-	6 694	6 694
Provisions for warranty	-8 769	-2 531	-6 069	169
Accrued interest	8 339	6 104	29 895	27 660
Changes in value of derivatives	4 485	-	35 314	30 829
Translation differences	2 029	-	-948	-2 977
Other adjustments	-26	-33	322	315
Cash flow from operating activities before changes in working capital	**-90 101**	**-51 900**	**-257 760**	**-219 560**
Cash flow from changes in working capital				
Increase (-) /decrease (+) in inventories	58	-6 568	-17 774	-24 400
Increase (-) /decrease (+) in operating receivables	5 120	815	-20 551	-24 856
Increase (+) /decrease (-) in operating liabilities	1 450	-2 264	60 976	57 262
Total changes in working capital	**6 628**	**-8 017**	**22 651**	**8 007**
Cash flow from operating activities	**-83 473**	**-59 917**	**-235 109**	**-211 553**
Investing activities				
Investments in intangible assets	-6 685	-5 342	-31 781	-30 439
Investments in tangible fixed assets	-29 831	-13 365	-97 530	-81 063
Cash flow from investing activities	**-36 516**	**-18 707**	**-129 311**	**-111 502**
Financing activities				
New share issue	18 600	-	188 575	169 975
Repayment of debt	-1 106	-21 215	-4 231	-24 341
Loans raised	89 376	1 300	176 065	87 989
Cash flow from financing activities	**106 870**	**-19 915**	**360 408**	**233 622**
Reconciliation of cash and cash equivalents				
Cash equivalents as of beginning of the period	**73 940**	**163 395**	**64 883**	**163 395**
Cash flow for the period	**-13 119**	**-98 539**	**-4 012**	**-89 433**
Exchange rate difference in cash and cash equivalents	8	27	-42	-23
Cash and cash equivalents at the end of the period	**60 828**	**64 883**	**60 828**	**73 940**

PARENT COMPANY'S INCOME STATEMENT OF COMPREHENSIVE INCOME

TSEK	2021 jan-mar	Q1 2020 jan-mar	12 months apr 2020-mar 2021	Full year 2020 jan-dec
Revenue	-	-	-	-
Cost of sales	-108	-	-282	-174
Gross profit	**-108**	**-**	**-282**	**-174**
Research and development expenses	-7 979	-4 575	-29 754	-23 179
Distribution and selling costs	-268	-126	-773	-631
Administrative expenses	-4 030	-3 177	-18 122	-17 268
Other operating income	-0	-0	0	-0
Operating profit / EBIT	**-12 385**	**-7 878**	**-48 931**	**-41 253**
Finance income	4 072	2 374	12 964	11 266
Finance costs	-19 256	-6 738	-72 267	-59 748
Write-down of shares in subsidiaries	-	-70 000	-138 124	-208 124
Finance costs - net	**-15 184**	**-74 364**	**-197 426**	**-256 606**
Profit after finance costs	**-27 568**	**-82 241**	**-246 357**	**-297 859**
Profit before tax	**-27 568**	**-82 241**	**-246 357**	**-297 859**
Income tax expense	-	-	-	-
Profit after tax	**-27 568**	**-82 241**	**-246 357**	**-297 859**
Parent company statement of other comprehensive income				
Other comprehensive income, net after tax	-	-	-	-
Total comprehensive income for the period	**-27 568**	**-82 241**	**-246 357**	**-297 859**

PARENT COMPANY'S BALANCE SHEET

TSEK	2021-03-31	2020-12-31	2020-03-31
ASSETS			
FIXED ASSETS			
Intangible fixed assets			
Patents	492	484	1 118
Capitalized expenditure for development work	183 225	184 272	94 742
Total intangible fixed assets	**183 717**	**184 756**	**95 860**
Financial non-current assets			
Participations in Group companies	101	101	101
Receivables from Group companies	248 768	152 642	141 232
Total financial non-current assets	**248 869**	**152 743**	**141 333**
Total fixed assets	**432 586**	**337 499**	**237 193**
CURRENT ASSETS			
Tax assets	456	359	456
Other receivables	-3 276	3 889	1 259
Prepaid expenses and accrued income	443	159	320
Cash and cash equivalents	46 800	67 574	61 479
Total current assets	**44 424**	**71 981**	**63 515**
Total assets	**477 009**	**409 480**	**300 708**
EQUITY AND LIABILITIES			
EQUITY			
Restricted equity			
Share capital	5 087	5 025	4 432
Statutory reserve	34 401	34 401	34 401
Fund for development expenditure	22 312	16 093	8 827
Total restricted equity	**61 800**	**55 520**	**47 660**
Non-restricted equity			
Share premium reserve	1 051 188	1 032 650	863 269
Profit/loss brought forward	-1 029 308	-725 230	-717 964
Profit/loss for the year	-27 568	-297 859	-82 241
Total non-restricted equity	**-5 688**	**9 561**	**63 064**
Total equity	**56 113**	**65 081**	**110 724**
LIABILITIES			
Non-current liabilities			
Borrowings	177 568	84 570	-
Total non-current liabilities	**177 568**	**84 570**	**-**
Current liabilities			
Borrowings	209 168	204 372	168 589
Accounts payable - trade	1 349	28 752	2 233
Other liabilities	1 462	692	189
Accrued expenses and deferred income	31 349	26 012	18 973
Total current liabilities	**243 328**	**259 828**	**189 983**
Total equity and liabilities	**477 009**	**409 480**	**300 708**

NOTES TO THE FINANCIAL REPORT

GENERAL INFORMATION

Nilar International AB (publ), 556600-2977, the parent company and its subsidiaries, together the Group is a company that conducts operations in the development, manufacture and sale of electrical energy storage. The parent company is a limited liability company with its registered office and head office in Täby, Sweden. The address of the head office is Stockholmsvägen 116B, 187 30 Täby, Sweden.

The company's shares have been listed on the Nasdaq First North Premier Growth Market under the short name NILAR since 30 April, 2021.

ACCOUNTING POLICIES

The interim report has, for the Group, been prepared in accordance with IAS 34, Interim Financial Reporting and the Annual Accounts Act. The financial reporting for the Parent Company has been prepared in accordance with the Annual Accounts Act and RFR 2, Accounting for Legal Entities. Applied accounting principles are unchanged in relation to the principles reported in the annual report for 2020, except for the covid-19 outbreak, which has involved the reporting of government grants in accordance with IAS20. State aid in the form of compensation for laid-off staff is reported as a reduction in personnel costs.

The new standards and interpretations as well as amended standards that apply from 1 January 2021 have not had any significant impact on the Group's financial reports. The same applies to the parent company, i.e. amendments to RFR 2 that apply from 1 January 2021 have not had any significant impact on the parent company's financial reports.

Segment

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' results.

IMPORTANT ESTIMATES AND ASSESSMENTS

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 estimates and assumptions that entail a significant risk of significant adjustments in the reported values of assets and liabilities during the next financial year are stated in outline below.

Impairment of intangible assets

Nilar capitalizes expenses attributable to: product development, production process development, BMS (Battery Management System) development and implementation of business systems to the extent that they are deemed to meet the criteria in accordance with IAS 38, item 57 and stated on page 56 in the annual report for 2020. The company continuously evaluates whether there is reason to write down the value of the assets. At the end of Q1 2021, Nilar does not see any need for a write-down of capitalized expenses for development work. In the autumn of 2018, the Board of Directors assessed that the developed product had reached such maturity and that repetitive sales of the products had begun, which is why depreciation of capitalized development costs for generations V1 and V2 with associated BMS began in the fourth quarter of 2018.

After depreciation of capitalized development costs has begun, development costs amounting to 77.2 MSEK have continued for: development of a new product with oxygen replenishment, development of BMS (Battery Management System), production process development and further product development of generation V2 to further optimize product robustness, quality and performance. Based on the historical demand for the company's products and the assessed future interest and need for the company's products, the Board assesses that there is no need for impairment.

Valuation of loss carryforwards

Deferred tax assets are valued at a maximum of the amount likely to be recovered based on current and future taxable income. The part of the tax receivable attributable to loss carryforwards that exceeds the tax liability attributable to the temporary difference is not reported due to uncertainty about when in the future sufficient taxable surpluses will be generated. The Group has unutilized loss carryforwards amounting to 977.5 (880.4) MSEK, of which 977.5 (880.4) MSEK refers to unrecognized loss carryforwards. These relate to unutilized loss carryforwards for the parent company and the Swedish subsidiary. The tax rate for calculating deferred tax is 20.6% (20.6), as Nilar makes the assessment that the loss carryforwards are not expected to be used until 2023 at the earliest, whereby the deficits and deferred tax are calculated according to a tax rate of 20.6% decided by the Riksdag. When the temporary difference will result in current tax, the corresponding loss deduction will be used, so that there will be no current tax payment. Therefore, deferred tax assets and deferred tax liabilities are reported net, with 0.

INCOME (NOTE 1)

		Q1	Full year
MSEK	2021	2020	2020
Revenue	jan-mar	jan-mar	jan-dec
Sweden	3,7	1,7	13,3
EU	-	0,2	3,8
Outside EU	1,7	2,7	8,1
Total	**5,4**	**4,6**	**25,2**

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.

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.

FINANCIAL EXPENSES (NOTE 2)

		Q1	Full year
MSEK	2021	2020	2020
Financial expenses	jan-mar	jan-mar	jan-dec
Interest expenses to shareholders	-6,8	-6,7	-27,5
Interest expenses EIB	-2,9	-	-0,7
Interest expenses leasing	-0,4	-0,4	-1,6
Other interest expenses	-0,1	-0,0	-0,2
Changes in value of derivatives	-7,9	-	-30,7
Other financial expenses	-1,6	-	-0,8
Total	**-19,8**	**-7,2**	**-61,5**

Financial expenses for the quarter consist of interest expenses of -6.8 MSEK related to the convertible loan received during Q4 2019, -2.9 MSEK of interest expenses on loans from EIB and interest expenses for leasing of -0.4 MSEK. Change in value of liabilities -7.9 MSEK is related to the revaluation of the company's convertible loan to fair value, see note 3.

FINANCIAL LIABILITIES (NOTE 3)

MSEK	21-03-31	20-12-31	20-03-31
Convertible loan	209,2	204,4	168,6
EIB	177,6	84,6	-
Total	**386,7**	**288,9**	**168,6**

Convertible loan

The company has issued a convertible debt of a nominal amount of 175 MSEK. The loan runs from 20 December 2019 through 30 June 2020 at an annual interest rate of 10% and from 1 July 2020 through 31 December 2020 at an annual interest rate of 12.5% and from 1 January 2021 through 31 December 2021 (the final due date) with an annual interest rate of 15%. Repayment of the loan, including accrued interest, will be repaid by 31 December 2021 unless conversion occurs prior to that.

The convertible can be converted into shares at a floating price during the term and if not converted it can be repaid to 130% of the debt on the due date. The liability is recognized in its entirety at fair value through the income statement.

Following the listing of the company's shares on Nasdaq First North Premier Growth Market on 30 April 2021, the convertible loan has been converted to equity and shares have been issued.

EIB

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

Payment of 8.75 MEUR (91.0 MSEK) of the first tranche of 17.5 MEUR (tranche A) was received during Q4 2020. The second and final payment if 8.75 MEUR (87.8 MSEK) of the first tranche of 17.7 MEUR (tranche A) was received during Q1 2021. Payment of installments under the facility presupposes i.a. that additional equity is acquired as well as that sales and / or profitability targets are achieved. For disbursement of initial 17.5 MEUR (tranche A), such targets have been achieved with the capital raising carried out during H2 2020 of 178 MSEK before fees; for payment of additional installments, it remains to fulfill the agreed conditions, or alternatively to seek to renegotiate these.

Tranche A runs from 24 November 2020 to 31 December 2025 with an annual interest rate of 7.5%. Furthermore, the EIB has received 160,633 warrants from Nilar International AB, which gives the lender the right to purchase shares at a fixed price during the term of the option. The liability is reported at accrued acquisition value while the options are reported at fair value.

Following the listing of the company's shares on Nasdaq First North Premier Growth Market on 30 April 2021, the company has met the requirements of additional equity acquisition under tranches 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 1 July 2021 to 31 December 2021 reaching or exceeding 77 MSEK (excluding intra-group sales and sales of refilling services).

Real value

The company's convertible debt is valued at a discount on future cash flows. The discount rate reflects credit risk and maturity. The market value of the convertible is valued at 236.1 MSEK per 31 March 2021. For the option part of the convertible and in the option agreement with the EIB, important parameters for valuation are the redemption date, redemption price and probability that it occurs before the agreement expires. The valuation is at level 3.

The options are reported at fair value via the income statement. The option is valued with Black-Scholes with assumptions about volatility and the option's market value is 48.0 MSEK. A significant impact on the valuation is given by the share price. A 10 percent increase in the share price gives a 10 percent increase in market value.

CHANGE OF ACCOUNTING PRINCIPLE IN THE PARENT COMPANY

The Parent Company has previously applied the cost recognition model for proprietary intangible assets. As of the financial year 2020, the parent company has changed principle and instead applies the capitalization model, which means that expenses for the development of self-generated intangible assets follow the Group's accounting principles.

In previous years, 29.6 MSEK relating to expenses for development work has been expensed in the Parent Company. Below are the effects on the income statement and balance sheet that the change of principle has had as a result of these expenses being adjusted retroactively and capitalized as an intangible asset. The effect as of 1 January, 2019 on equity amounted to 28.5 MSEK. The income statement for 31 March 2020 has been affected by a total of -1.1 MSEK (profit for the period) as a result of a retroactive change of principle. For detailed effects, see tables below.

TSEK **Income statement 2020-03-31**	**Previous principle**	**Adjust-ment**	**New principle**
Research and development costs	-3 518	-1 057	-4 575
Results for the period	-81 184	-1 057	-82 241
Balance sheet 2019-01-01	**Previous principle**	**Adjust-ment**	**New principle**
Balanced expenses for development work	87 739	28 535	116 274
Equity - fund for development expenses	-	10 834	10 834
Equity - balanced result	-404 340	18 757	-385 583
Equity - profit for the year	-91 475	-1 057	-92 532
Balance sheet 2020-03-31	**Previous principle**	**Adjust-ment**	**New principle**
Balanced expenses for development work	71 491	23 251	94 742
Equity - fund for development expenses	-	8 827	8 827
Equity - balanced result	-733 444	15 480	-717 964
Equity - profit for the year	-81 184	-1 057	-82 241

TRANSACTIONS WITH RELATED PARTIES

There have been no significant transactions between related parties during the reporting period. For further information, please see note 25 of the 2020 Annual Report.

SIGNIFICANT RISKS AND UNCERTAINTIES

Nilar is affected by several external and internal factors, which may result in an outcome different from forecasts, previous development and expectations. The following list includes a selection of the risks which the Company considers significant, however, it is not an exhaustive description of all risks that may arise.

- Financial risks
- Business cycle and external risks
- Operational risks
- Sustainability risks

Risk mitigation is more exhaustively described in the Annual Report 2020), note 4 Risks and risk management. All forward-looking statements in this report are based on the Company's best judgments at the time of the report. Such statements include, as all predictions of the future, risks and uncertainties that can result in other outcomes than predicted.

PLEDGED ASSETS AND CONTINGENT LIABILITIES

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

EXTRAORDINARY GENERAL MEETING

12 March

An EGM was held on 12 March. Notice of the meeting was given in accordance with the Articles of Association. All resolutions proposed to the meeting were adopted. Notable decisions were: election of Ulrika Molander as a new board member, decision on guidelines for remuneration to senior executives, decision regarding incentive program 2021/2024 to senior executives, employees and other key personnel within the Company and the Group (LTIP 2021) and decisions regarding incentive program 2021/2024 to board members within the Company.

19 April

An EGM was held on 19 April. Notice of the Annual General Meeting was given in accordance with the Articles of Association. All resolutions proposed to the meeting were adopted. Notable decisions were: decision to change the Articles of Association's limits for share capital and number of shares, decision to split shares (1:6), decision to authorize the Board to hold one or more meetings until the next Annual General Meeting, with or without pre-emptive rights. for the shareholders, decide on a new issue of shares, corresponding to a maximum of 24,000,000 shares (after the proposed share split) and a decision on board fees.

ANNUAL GENERAL MEETING

The 2021 Annual General Meeting will take place on Wednesday, 30 June 2021 at 13.00 in Stockholm. Considering the covid-19 pandemic, the AGM is conducted only by postal vote with the support of temporary legal rules. There will be no opportunity to attend the Annual General Meeting in person or through a representative.

SHARE-BASED INCENTIVE PROGRAM

The Extraordinary General Meeting on 12 March 12, 2021 decided to adopt a long-term incentive program for senior executives and other key personnel in the Company (LTIP) (2021:1) and an incentive program for the Board of Directors of the Company (2021:2). In total, a maximum of 95,000 option rights can be issued under the incentive programs.

At the end of the subscription period on 26 March, 53,682 of a total of 55,000 granted option rights by 2021:1 and 36,000 of a total of 40,000 granted option rights by 2021:2 had been subscribed. Payment of 1,794 TSEK for all option rights has been received after the balance sheet date.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

- The Company's shares were listed at Nasdaq First North Premier Growth Market on 30 April.
- In connection with the listing, the Company carried out a new share issue which brought in a total of 750 MSEK before costs and the Company's convertible loan was converted into equity through a new share issue to the convertible holders.
- For information on covid-19's impact on Nilar, see the CEO review on page 2.
- An EGM was held on 19 April where, among other things, a share split 1:6 was decided.
- An incentive program for the Board and management was introduced at the EGM on 12 March.

The Board of Directors and the CEO assure that the interim report gives a true and fair view of the parent company's and the group's position and results and describes significant risks and uncertainties that the parent company and the companies included in the group face.

Täby, 27 May 2021

Michael Obermayer Chairman of the Board	Stefan De Geer Board member	Gunilla Fransson Board member
Anders Gudmarsson Board member	Ulrika Molander Board member	Helena Nathhorst Board member
	Marcus Wigren CEO	

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

QUARTERLY DATA

GROUP

MSEK	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1
Delivered energy storages, number	73	94	159	136	53	128	33	25	16
Average size per energy storage, kWh	19	16	9	12	15	8	12	22	25
Production lines, commissioned, at end of quarter	4	3	3	2	2	2	2	1	1
Shifts, at end of quarter	4	3	2	2	2	2	2	1	1
Income statement									
Revenue	5,4	5,7	7,5	7,5	4,6	4,6	1,8	2,5	1,5
Gross profit	-69,6	-78,1	-39,9	-39,7	-41,6	-61,7	-35,9	-30,3	-23,1
EBITDA	-78,0	-83,9	-42,6	-48,5	-48,3	-70,8	-46,7	-38,5	-27,0
Operating profit / EBIT	-96,0	-101,8	-58,3	-63,1	-60,9	-81,4	-56,3	-47,8	-36,2
Profit/loss before tax	-114,4	-113,2	-75,6	-86,0	-68,0	-83,0	-56,6	-58,1	-40,9
Profit/loss after tax	-114,4	-113,2	-75,6	-86,0	-68,0	-83,0	-56,6	-58,1	-40,9
Depreciation	-18,0	-17,8	-15,7	-14,5	-12,6	-10,6	-9,6	-9,3	-9,2
intangible assets	-7,7	-8,0	-8,0	-8,0	-7,1	-7,0	-7,1	-7,0	-7,0
tangible assets	-9,0	-8,7	-6,5	-5,4	-4,4	-2,6	-1,6	-1,4	-1,3
Capitalized expenses for development work	6,6	5,2	6,7	5,4	5,3	11,0	5,8	5,4	4,7
Average employed and contracted personnel	198	190	143	155	174	158	144	120	106
Employed and contracted personnel, end of period	234	223	175	184	173	178	149	132	121
Cash flow									
operating activities	-83,5	-67,8	-42,6	-41,3	-59,9	-36,5	-55,3	-30,1	-31,9
investing activities	-36,5	-60,6	-17,5	-14,7	-18,7	-28,2	-48,3	-38,9	-19,8
financing activities	106,9	131,5	123,1	-1,0	-19,9	183,3	-0,7	209,5	27,9
Cash flow for the period	-13,1	3,2	63,0	-57,0	-98,5	118,6	-104,3	140,5	-23,9
Balance sheet									
Fixed assets	442,2	421,0	384,4	382,6	382,0	370,4	352,0	313,3	283,7
Current assets	137,1	155,3	118,4	53,0	104,1	195,5	85,5	182,2	46,6
Total assets	579,2	576,4	502,8	435,7	486,1	565,9	437,4	495,5	330,3
Equity	7,3	103,1	170,3	121,8	207,8	275,8	358,5	415,3	160,5
Non-current liabilities	212,9	119,1	35,0	35,8	36,4	33,0	33,8	34,5	35,2
Current liabilities	359,0	354,1	297,5	278,1	241,9	257,1	45,1	45,8	134,6
Total equity and liabilities	579,2	576,4	502,8	435,7	486,1	565,9	437,4	495,5	330,3
Capitalised expenses for patents	0,5	0,5	1,0	1,0	1,1	1,2	1,3	1,3	1,4
Capitalized expenditure for development work	183,2	184,3	185,3	186,6	189,1	190,8	186,7	188,0	189,6
Property, plant and equipment	137,3	146,4	142,6	88,9	86,8	60,5	34,1	18,4	15,3
Fixed assets under construction	80,3	50,6	15,6	65,0	63,2	80,4	92,3	67,1	38,0
Inventories	42,0	42,0	26,1	27,8	24,2	17,6	17,7	10,7	9,2
Cash and cash equivalents	60,8	73,9	70,8	7,8	64,9	163,4	44,8	149,1	8,6
Equity/debt ratio, %[1]	1%	18%	34%	28%	43%	49%	82%	84%	49%
Debt ratio, times[1]	78,2	4,6	2,0	2,6	1,3	1,1	0,2	0,2	1,1

SHARE DATA

MSEK	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1
Shares at end of period, '000	5 087	5 025	4 714	4 432	4 432	4 432	4 432	4 432	3 451
Share options at end of period, '000	171	171	10	10	150	150	150	150	150
Average number of shares, '000	5 077	4 969	4 573	4 432	4 432	4 432	4 432	3 876	3 451
Average number of share options, '000	171	96	10	55	150	150	150	150	150

[1] Alternative performance measure. See page 17 for further explanations.

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.

Definitions of alternative key indicators not defined by IFRS

Alternative key figures	Definitions	Purpose
Gross profit/loss	Revenue minus cost of sales.	The gross profit/losses ratio demonstrates the Company's efficiency in production and for calculation of gross margin.
EBITDA	Operating income before depreciation and amortization of tangible and intangible assets and Right-of-Use assets.	The measurement is a good complement to operating profit as it shows, simplified, cash flow from the operations.
Operating profit (EBIT)	Earnings before interest and taxes.	The operating profit provides a comprehensive view of the total profit generating from the operating activities.
Cash flows from investing activities	Investments in tangible and intangible current assets.	The ratio demonstrates the Company's investments in new products and production measures (intangible assets) and in production facilitates (tangible fixed assets) to grow the business.
Cash flows from financing activities	Cash flows from financing activities include for example share issues, loans raised and amortization of loans.	Cash flow from financing activities indicator measures the generated or used cash flow to fund the Company's investing activities.
Shareholder equity ratio, %	Equity divided by balance sheet total.	A traditional measurement of financial risk, expressed as the percentage of the restricted capital financed by the owners.
Debt ratio, times	Interest-bearing net liabilities divide by equity.	The debt/equity ratio shows the proportion of the Company's liabilities in relation to equity.

DEFINITIONS

The interim report refers to a number metrics that are used to help both investors and management to analyze the company's operations.

Name	Description	Reason for use of the measure
Capitalization of development expenses	Costs for product development, production technology development 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.
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.
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.
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.

OTHER

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This interim report has been prepared in Swedish and translated into English. In the event of any discrepancies between the Swedish interim report and the English translation, the former shall take precedence.