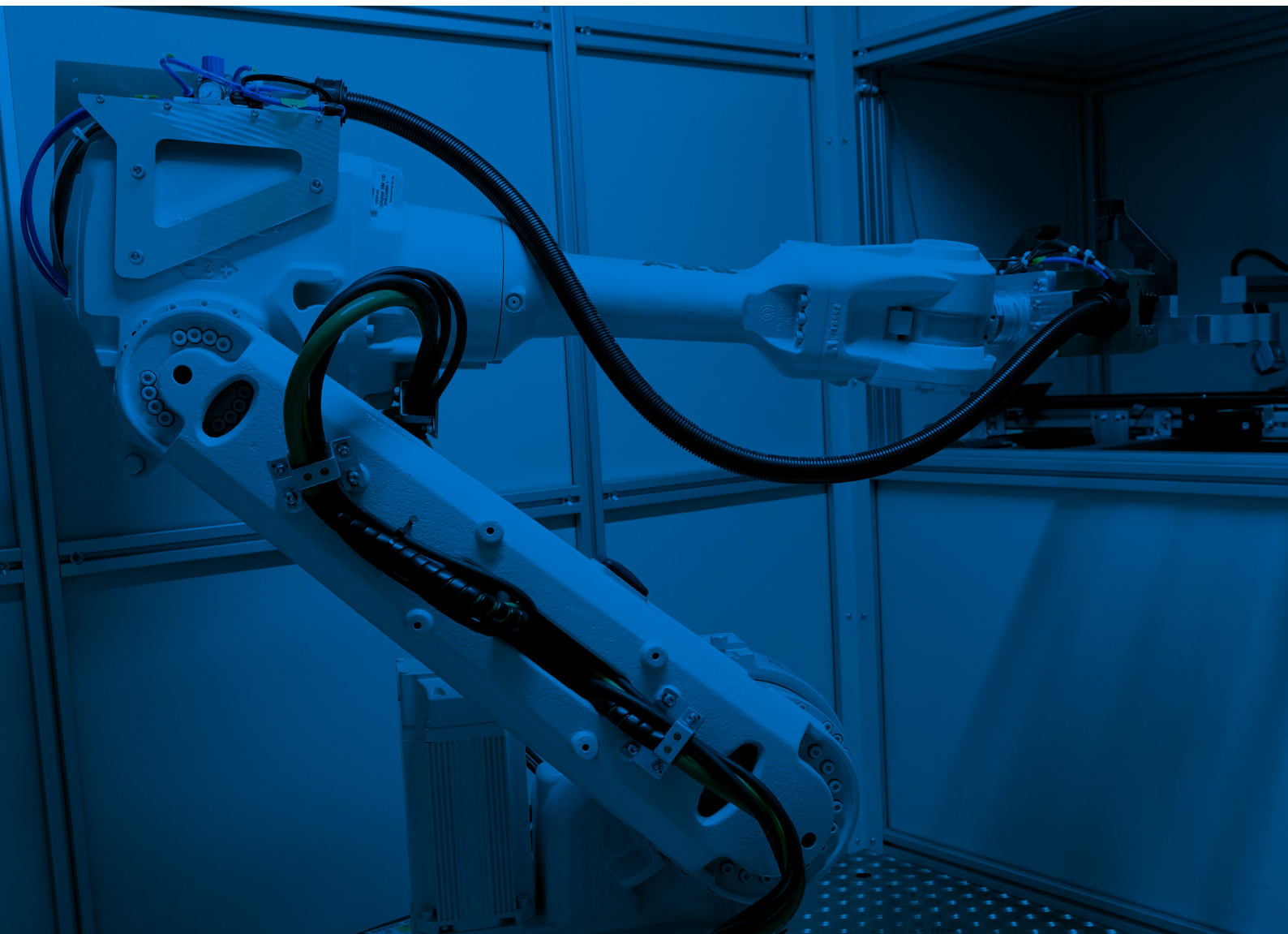


# Interim report

1 January–31 March 2022



## NILAR EXECUTES ON REVISED STRATEGY

### January – March 2022 in summary

- Net sales, MSEK -4.2 [5.4].
- Production MWh 0.0 [3.2].
- Delivered batteries 52 [992].
- Gross profit<sup>1</sup> MSEK -40.8 [-69.6].
- EBITDA MSEK -48,1 [-78.0].
- Operating profit (EBIT) MSEK -63.5 [-96.0].
- Profit for the period MSEK -74.2 [-114.4].
- Earnings per share before/after dilution SEK -1.63 [-22,53].

### Significant events during the first quarter

- Cost savings during the quarter have exceeded management expectations.
- The negotiations following the two redundancy notices issued in the fourth quarter have been completed, resulting in 48 people leaving the company.
- On an extraordinary general meeting held on 3 March 2022 Gunnar Wieslander was elected the new chairman of the board of Nilar. Michael Obermayer, Anders Gudmarsson and Peter Feledy left the board.
- Johan Önneshöj have been permanented as CFO during the quarter.

### Significant events after the balance sheet date

- The Board of Directors in Nilar International has announced its intention to resolve on a fully guaranteed rights issue of shares equivalent to a value of approximately SEK 275 million. The net proceeds from the Rights Issue are expected to be sufficient to finance the Company's business plan to the end of 2023. An extra General Meeting to be held on 18 May 2022 is proposed to authorize the Board of Directors to resolve on the Rights Issue.

		Q1	Full year
	2022	2021	2021
MSEK	jan-mar	jan-mar	jan-dec
Revenue	-4,2	5,4	17,8
Gross profit	-40,8	-69,6	-479,5
EBITDA	-48,1	-78,0	-382,0
Operating income (EBIT)	-63,5	-96,0	-596,4
Net profit/loss after tax	-74,2	-114,4	-600,5
Cash flow from operating activities	-58,9	-81,9	-446,6
Cash flow from investing activities	-17,5	-36,5	-215,1
Cash flow from financing activities	-3,4	105,3	818,5
Equity/debt ratio, %	57%	1%	60%
Shares in issue at end of period, '000	45 511,8	5 087,2	45 511,8
Share options in issue at end of period, '000	250,3	170,6	260,3
Weighted average number of ordinary shares in issue, '000	45 511,8	5 076,9	32 385,1
Delivered batteries, number	52	992	3 288
Average employed and contracted personnel, number	168	198	225

<sup>1)</sup> Alternative key ratios. See page 18 for further explanations. Applies to this and all subsequent alternative key ratios in the report.

<sup>2)</sup> For Average number of shares and Earnings per share after dilution, the option rights in the EIB loan have not been taken into account, as that would have resulted in a small negative result per share.

## CEO'S COMMENTS

Russia's invasion of Ukraine and the ongoing war there marked the first quarter and will continue to have major consequences for European security- and energy policies. The arguments for an accelerated energy transition are stronger and clearer than ever, and in March the European Commission launched its plan to make the EU independent of Russian fossil fuels well before 2030. The plan includes several measures to reduce the use of fossil fuels. An increased share of renewable energy sources such as wind and solar is one of the keys to achieving the goal.<sup>1</sup>

In Germany, which in 2021 imported just over 30 percent of its gas from Russia, the expansion of wind and solar power is now accelerating. The target for replacing fossil energy with renewables was moved up at the end of February 15 years, from 2050 to 2035. New legislations have been proposed which would mean that the annual expansion of land-based wind and solar power is tripled.<sup>2</sup>

The expansion of intermittent energy sources such as wind and solar power provides an increased need and demand for energy storage solutions that can stabilize the grid and deliver energy when it's needed. In its latest forecast, Bloomberg NEF expects annual global growth for energy stocks of 30 percent by 2030.<sup>3</sup>

Nilar is facing a market in strong growth with a strong offering. Our high-performance, safe, and sustainable batteries can be adapted to the customer's specific needs and the advanced bi-polar Nickel Metal Hydride technology has several unique advantages compared to competing solutions. We are now following our plan to scale up our production in line with demand, starting in the third quarter of 2022. The savings measures introduced in 2021 have had a faster effect than expected and will be fully reflected in the result for the second quarter of this year. Our development projects are progressing according to plan with a focus to start deliver batteries with Nilar's new reoxygenating technology during the fourth quarter.

At an Extraordinary General Meeting on March 3<sup>rd</sup>, Nilar's shareholders elected Gunnar Wieslander as a new member and Chairman of the Board. At the same time, Michael Obermayer, former Chairman of the Board, Anders Gudmarsson and Peter Feledy announced that they were resigning as board members of Nilar. I look forward to working with Gunnar Wieslander and I am convinced that with his background and solid experience he will be an excellent chairman to continue to drive Nilar's exciting journey.

On April 7<sup>th</sup>, the Board announced its intention to decide on a rights issue whose purpose is to secure financing for Nilar's new strategy and business plan. The rights issue of approximately SEK 275 million is fully secured through a combination of subscription commitments and guarantee commitments. The condition is that the Extraordinary General Meeting, which is planned to be held on May 18<sup>th</sup>, authorizes the Board and that the Board subsequently decides to carry out the rights issue.

Nilar offers solutions that enable a rapid transition to the sustainable energy systems of the future. In addition to the existing business in the home and residential segment, growth will take place in larger energy storage installations in the European market. This means customer applications for commercial and industrial properties as well as for utility scale energy storage with solutions such as peak shaving, time shifting, backup, off-grid, UPS, islanding and frequency control. Our strategy involves a focus on developing batteries, battery management systems and Nilar's unique reoxygenating technology. Customized energy storage solutions are developed in close collaboration and partnership with selected system integrators.

I look to the future with great confidence and optimism. The market for energy storage is developing strongly, and based on Nilar's product advantages, we will, together with our partners, show the way in the ongoing transition to the sustainable energy system of the future.



<sup>1</sup> EU-kommissionen, [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_22\\_1511](https://ec.europa.eu/commission/presscorner/detail/en/ip_22_1511)

<sup>2</sup> Bloomberg, <https://www.bloomberg.com/news/articles/2022-02-28/germany-brings-forward-goal-of-100-renewable-energy-to-2035>

<sup>3</sup> Energy storage news, <https://www.energy-storage.news/bloombergnef-predicts-30-annual-growth-for-global-energy-storage-market-to-2030/>

## THE BUSINESS

### ABOUT NILAR

Nilar is a Swedish-based developer and manufacturer of batteries aimed to build Electrical Energy Storage (ESS) systems. Energy storage can be used to bridge the gap between energy production and consumption, for example to better exploit the potential of intermittent electricity production from renewable energy sources, such as solar and wind power. EES system will also play a key role when it comes to reinforce increasingly strained electricity grids. Nilar's battery technology is nickel-metal hydride (NiMH) based with a water-based electrolyte, resulting in a strong environmental and safety profile, together with a competitive price profile over a life cycle.

The company is headquartered in Täby and production are since 2012 based in the Gävle, where the company's research and development also takes place. In 2021 Nilar have started to build a second production plant in Paldiski, Estonia.

The NILAR share is listed on Nasdaq First North Premier Growth Market. For more information, see [www.nilar.com](http://www.nilar.com).

### FINANCIAL TARGETS

#### SALES:

Net sales will reach at least SEK 1 billion by 2025 through increased production capacity in the Gävle factory and the establishment of a second factory in Paldiski, in Estonia.

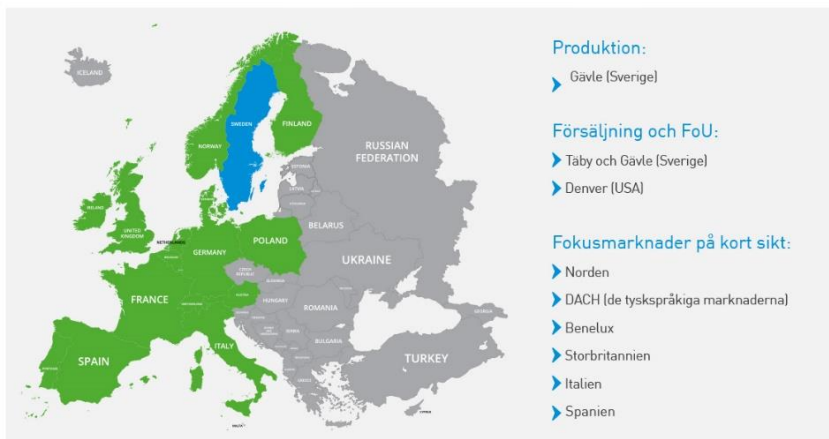
#### PROFITABILITY:

Long-term EBITDA margin of at least 20 percent. Margin improvements are expected to be achieved through, product development, increased pricing, economies of scale, a higher proportion of production in low-cost regions and the introduction of new service offerings related to Nilar Hydride® ReOx and data monitoring.

### BATTERISYSTEM FÖR STATIONÄRA APPLIKATIONER



### MÅLSEGMENT



## FINANCIAL OVERVIEW

### JANUARI – MARCH 2022

#### TURNOVER AND EARNINGS

**Revenue** reduced by 178% to MSEK -4.2 (5.4). The negative turnover in the quarter like in Q4 2021 is due to repurchased systems from 2 European distributors. Sales during the quarter was MSEK 0,5 and the value of repurchase was MSEK -4.7. The previous announced uncertainties relating to product quality and the risk for high future warranty costs have resulted in a short term stop in new sales and returns of non-deployed systems during the quarter. Nilar assess this to be a more cost-efficient approach than what a potential future warranty claims from end customer could generate. The number of batteries sold for the quarter decreased by 95% to 52 (992)

**Cost of sales** decreased to MSEK -36.6 (-75.0). The decline in cost is driven by the reduced production during the quarter and the redundancy notices during the Q4 2021. Staff related cost have decreased during the quarter driven by a reduction in both 3-party consultants and own employees. Nilar expect the full effect of the layoffs to be implemented in second quarter. The impaired inventory for the period generated a cost of MSEK 11.9. Refer also to Note 4

Historically Nilars products have been sold at a negative margin generating a need to value the inventory at net sales value instead of purchased price. Lower procured raw materials during Q1 2022 have generating less of an impairment of the stock, which had a positive effect for the quarter

Cost of sale during Q1 2022 for delivering warranty related goods and services have been offset by the dissolution of MSEK 3.5 out of the warranty provision of MSEK 26.8 taken in Q4 2021,

**Gross Profit** for the quarter MSEK -40.8 (-69.6),

**Cost for R&D** MSEK -8.5 (-8.4) same level as previous year.

**Distribution & Selling cost** for the quarter MSEK -6.8 (-10.2), the reduction in cost relates to fewer employees and less use of 3 party contractors.

**Administrative expenses** for the quarter MSEK -7.8 (-7.9), slightly lower the Q1 2021.

**Depreciation** for tangible and intangible fixed assets amounted to MSEK -15.4 (-18.0). Depreciation of machinery equipment increased to MSEK -13.3 (-9.0) because of the expansion of the production facility. Depreciation of capitalized development expenses and patents amounted to MSEK -0.0 (-7.7) the reduction relates to the right down made in Q4 2021. Depreciation expenses for right-of-use assets amounted to MSEK -2.1 (-1.2).

**Other operation income** increased to MSEK 0.4 (0.0).

**Operating profit** increased to MSEK -63.5 (-96.0). Lower production during the quarter in combination with lower depreciations of intangible assets and cost savings initiated in Q4 2021 are part of the improvement. The full effect of the cost saving program are expected in Q2 2022

**Financial items** amounted to MSEK -10.7 (-18.4), of which MSEK -4.1 relates to loss in exchange rates, interest on loans and accrued service charge to the EIB, amounted to MSEK -3.6 + MSEK -1,8. Interest component of the lease liabilities related to costs for the company's premises MSEK -0.7

**Profit before and after tax** amounted to MSEK -74.2 (-114.4).

#### CASH FLOW AND INVESTMENTS

**Cash flow from operating activities** amounted to MSEK -58.9 (-81.9). Changes in working capital amounted to MSEK -1.2 (6.6), of

which MSEK -31.0 consisted of decreased operating liabilities, MSEK 3.7 was decreased inventories and MSEK -26.6 was decreased operating receivables.

**Investments** amounted to MSEK -17.5 (-36.5), of which MSEK -14.8 (-30.0) consisted of investments in machinery and equipment for the factory in Gävle and Paldiski MSEK -2.8 (-6.7) consisted of capitalised development costs and patents.

**Cash flow from investment activities** amounted to MSEK -3.4 (105.3). The amortisation component of the lease liabilities relating to the company's premises costs amounted to MSEK -3.4 (-1.1).

**Cash flow for the period** was MSEK -79.8 (-13.1).

#### PERSONNEL

The average number of employees and contracted staff in the group decreased to 168 (198) during the period from 1 January to 31 March, of which employees were 156 (160) and contracted staff were 13 (38). The number of employees and contracted staff has decreased mainly in the production organisation to 94 (117). The reason for the change relates to the two redundancy notices in Q4 2021.

The total number of employees and contracted staff at the end of the period was 170 (234), of which the number of personnel in the production organisation was 93 (141).

## FINANCIAL POSITION

### BALANCE SHEET

The **balance sheet total** is MSEK 734.7 (815.2). The comparative period for the balance sheet analysis is 31 December 2020.

The group's **intangible fixed assets** at the end of the period amounted to MSEK 42.6 (39.8). Assets consist of capitalised expenditure for development work of MSEK 41.4 (38.7) and patents of MSEK 1.2 (1.1). During the period, MSEK 2.6 of development expenditure has been capitalised for the development of a new product with oxygen filling and the development of BMS (Battery Management System). **Property, plant and equipment** amounted to MSEK 350.4 (348.3), of which MSEK 167.1 (155.1) consisted of new installations during the year for the now almost completed factory in Gävle and the commenced expansion of Nilar's new factory in Estonia. The assets consist of forming and electrode manufacturing equipment for a total of 6 completed production lines in Gävle and for 4 started lines in Estonia. **Current assets** at the end of the period amounted to MSEK 264.7 (374.3). Inventories amounted to MSEK 95.6 (99.3).

**Equity** in the group at the end of the period amounted to MSEK 417.3 (491.5).

**Liabilities** at the end of the period amounted to MSEK 317.4 (323.7), of which **long-term liabilities** amounted to MSEK 205.6 (181.2) and **short-term liabilities** amounted to MSEK 111.8 (142.5). The equity ratio was 57% (60).

### RAISE OF NEW EQUITY

The earlier communicated and described challenges that occurred during the second half of 2021 that forced Nilar to revise strategy and proceed with a temporary stop in sales and production ramp up have also had its implication on cashflow. This interruption means that the Nilar won't have founding for the next coming 12 month and therefor needs additional capital during 2022. At the time of this interim report, Nilar and Carnegie are working on a fully guaranteed rights issue of approx. MSEK 275 that was announced on the 7 of April 2022. The rights issue together with current cash will cover Nilars business plan until the end of 2023.

## GROUP STATEMENT OF THE COMPREHENSIVE INCOME

TSEK	Note	Q1 Full year		
		2022 jan-mar	2021 jan-mar	2021 jan-dec
Revenue	1	-4 193	5 395	17 820
Cost of sales		-36 626	-74 957	-497 327
<b>Gross profit</b>		<b>-40 818</b>	<b>-69 562</b>	<b>-479 507</b>
Research and development expenses		-8 454	-8 399	-32 730
Distribution and selling costs		-6 763	-10 185	-45 971
Administrative expenses		-7 835	-7 884	-41 771
Other operating income		357	2	3 594
<b>Operating profit / EBIT</b>		<b>-63 513</b>	<b>-96 028</b>	<b>-596 386</b>
Finance income		-2 185	1 414	44 203
Finance costs	2	-8 519	-19 772	-48 356
<b>Finance costs - net</b>		<b>-10 704</b>	<b>-18 359</b>	<b>-4 153</b>
<b>Profit before income tax</b>		<b>-74 217</b>	<b>-114 387</b>	<b>-600 539</b>
Income tax		-	-	-
<b>Net profit/loss after tax</b>		<b>-74 217</b>	<b>-114 387</b>	<b>-600 539</b>
<b>Attributable to:</b>		-	-	-
Parent Company shareholders		<b>-74 217</b>	<b>-114 387</b>	<b>-600 539</b>
Non-controlling interests		-	-	-
<b>Earnings per share</b>				
Profit after tax		-74 217	-114 387	-600 539
Number of shares at end of period		45 511 751	5 087 191	45 511 751
Number of share options at end of period		250 315	170 633	260 315
Weighted number of ordinary shares before dilution		45 511 751	5 076 858	32 385 124
Earnings per share before dilution, SEK		-1,63	-22,53	-18,54
<b>Other comprehensive income</b>				
Currency translation differences		15	-19	-115
<b>Other comprehensive income for the year, net after tax</b>		<b>15</b>	<b>-19</b>	<b>-115</b>
<b>Total comprehensive income</b>		<b>-74 202</b>	<b>-114 406</b>	<b>-600 655</b>

<sup>11</sup> For Average number of shares and Earnings per share after dilution, the option rights in the convertible loan and the EIB loan have not been taken into account, which would have resulted in a smaller negative result per share.

## GROUP BALANCE SHEET

TSEK	Note	2022-03-31	2021-12-31
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
<b>Intangible fixed assets</b>			
Patents		1 214	1 097
Capitalized expenditure for development work		41 353	38 724
<b>Total intangible fixed assets</b>		<b>42 567</b>	<b>39 821</b>
<b>Tangible fixed assets</b>			
Property, plant and equipment		183 401	193 204
Fixed assets under construction		167 023	155 089
<b>Total tangible fixed assets</b>		<b>350 425</b>	<b>348 293</b>
<b>Other fixed assets</b>			
Right-of-use assets		76 940	52 743
<b>Total other fixed assets</b>		<b>76 940</b>	<b>52 743</b>
<b>Total fixed assets</b>		<b>469 932</b>	<b>440 857</b>
<b>CURRENT ASSETS</b>			
Inventories	4	95 594	99 251
Accounts receivable - trade		5 793	6 937
Tax assets		1 367	1 630
Other receivables		8 743	33 435
Prepaid expenses and accrued income		2 291	2 309
Cash and cash equivalents		150 953	230 748
<b>Total current assets</b>		<b>264 742</b>	<b>374 311</b>
<b>Total assets</b>		<b>734 674</b>	<b>815 168</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		7 585	7 585
Other contributed capital		2 051 757	2 051 757
Other reserves		38	24
Retained earnings		-1 642 085	-1 567 868
<b>Total equity</b>		<b>417 296</b>	<b>491 498</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term interest-bearing lease liabilities		66 558	46 092
Borrowings	3	139 062	135 125
<b>Total non-current liabilities</b>		<b>205 620</b>	<b>181 217</b>
<b>Current liabilities</b>			
Borrowings	3	-	-
Current lease liabilities, interest-bearing		10 888	7 670
Provisions of warranty		23 326	26 818
Accounts payable - trade		12 401	32 889
Other liabilities		48 852	53 552
Accrued expenses and deferred income		16 291	21 524
<b>Total current liabilities</b>		<b>111 757</b>	<b>142 452</b>
<b>Total equity and liabilities</b>		<b>734 674</b>	<b>815 168</b>



## GROUP STATEMENT OF CHANGES IN EQUITY IN SUMMARY

TSEK	jan-mar		
	2022-03-31	2021-03-31	2021-12-31
<b>Equity at start of period</b>	<b>491 498</b>	<b>103 118</b>	<b>103 118</b>
<b>Comprehensive income</b>			
Earnings after tax	-74 217	-114 387	-600 539
Other comprehensive income	15	-19	-115
<b>Total comprehensive income</b>	<b>-74 202</b>	<b>-114 406</b>	<b>-600 655</b>
<b>Transactions with shareholders</b>			
New share issue	-	18 600	973 321
Issued share options	-	1 794	-
Reclassification of derivative liability	-	13 920	-
<b>Total transactions with shareholders</b>	<b>-</b>	<b>18 600</b>	<b>989 035</b>
<b>Equity at end of period</b>	<b>-74 202</b>	<b>7 312</b>	<b>491 498</b>

## GROUP CASH FLOW ANALYSIS

TSEK	Q1		Full year
	2022 jan-mar	2021 jan-mar	2021 jan-dec
<b>Cash flows from operating activities</b>			
Profit/loss before tax	-74 217	-114 387	-600 539
Profit/loss on disposal of fixed assets	-0	221	-
Interest paid and received	-2 732	-1 941	-8 876
<b>Adjustment for other non-cash items</b>			
Depreciation on tangible and intangible fixed assets	15 418	18 008	76 796
Write-down of intangible fixed assets	-	-	137 472
Provisions for warranty	-3 492	-6 712	11 233
Accrued interest	2 031	6 435	17 508
Changes in value of derivatives	-	4 485	-28 956
Translation differences	2 704	3 432	3 244
Other adjustments	-158	-26	-586
<b>Cash flow from operating activities before changes in working capital</b>	<b>-57 714</b>	<b>-88 544</b>	<b>-383 404</b>
<b>Cash flow from changes in working capital</b>			
Increase (-)/decrease (+) in inventories	3 657	58	-57 238
Increase (-)/decrease (+) in operating receivables	26 151	5 120	-4 891
Increase (+)/decrease (-) in operating liabilities	-30 967	1 450	-1 114
<b>Total changes in working capital</b>	<b>-1 158</b>	<b>6 628</b>	<b>-63 244</b>
<b>Cash flow from operating activities</b>	<b>-58 873</b>	<b>-81 917</b>	<b>-446 648</b>
<b>Investing activities</b>			
Investments in intangible assets	-2 769	-6 685	-24 170
Investments in tangible fixed assets	-14 761	-29 831	-190 949
<b>Cash flow from investing activities</b>	<b>-17 530</b>	<b>-36 516</b>	<b>-215 120</b>
<b>Financing activities</b>			
New share issue	-	18 600	733 310
Option programme	-	-	1 794
Repayment of debt	-3 405	-1 106	-4 373
Loans raised	-	87 819	87 819
<b>Cash flow from financing activities</b>	<b>-3 405</b>	<b>105 314</b>	<b>818 549</b>
<b>Reconciliation of cash and cash equivalents</b>			
<b>Cash equivalents as of beginning of the period</b>	<b>230 748</b>	<b>73 940</b>	<b>73 940</b>
<b>Cash flow for the period</b>	<b>-79 807</b>	<b>-13 119</b>	<b>156 782</b>
Exchange rate difference in cash and cash equivalents	12	8	27
<b>Cash and cash equivalents at the end of the period</b>	<b>150 953</b>	<b>60 828</b>	<b>230 748</b>

## THE PARENT COMPANY'S INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

TSEK	2022	Q1	Full year
	jan-mar	2021 jan-mar	2021 jan-dec
Revenue	-	-	-
Cost of sales	-48	-108	-233
<b>Gross profit</b>	<b>-48</b>	<b>-108</b>	<b>-233</b>
Research and development expenses	-236	-7 979	-170 563
Distribution and selling costs	-88	-268	-618
Administrative expenses	-3 312	-4 030	-23 101
Other operating income	1	-0	1 395
<b>Operating profit / EBIT</b>	<b>-3 683</b>	<b>-12 385</b>	<b>-193 120</b>
Finance income	1 440	4 072	56 862
Finance costs	-7 415	-19 256	-45 641
Write-down of shares in subsidiaries	-	-	-502 537
<b>Finance costs - net</b>	<b>-5 974</b>	<b>-15 184</b>	<b>-491 316</b>
<b>Profit after finance costs</b>	<b>-9 657</b>	<b>-27 568</b>	<b>-684 436</b>
<b>Profit before tax</b>	<b>-9 657</b>	<b>-27 568</b>	<b>-684 436</b>
Income tax expense	-	-	-
<b>Profit after tax</b>	<b>-9 657</b>	<b>-27 568</b>	<b>-684 436</b>
<b>Parent company statement of other comprehensive income</b>			
Other comprehensive income, net after tax	-	-	-
<b>Total comprehensive income for the period</b>	<b>-9 657</b>	<b>-27 568</b>	<b>-684 436</b>

## PARENT COMPANY'S BALANCE SHEET

TSEK	2022-03-31	2021-12-31
<b>ASSETS</b>		
<b>FIXED ASSETS</b>		
<b>Intangible fixed assets</b>		
Patents	1 214	1 097
Capitalized expenditure for development work	41 353	38 724
<b>Total intangible fixed assets</b>	<b>42 567</b>	<b>39 821</b>
<b>Tangible fixed assets</b>		
Property, plant and equipment	216	228
<b>Total tangible fixed assets</b>	<b>216</b>	<b>228</b>
<b>Financial non-current assets</b>		
Participations in Group companies	379	379
Receivables from Group companies	310 400	237 523
<b>Total financial non-current assets</b>	<b>310 779</b>	<b>237 902</b>
<b>Total fixed assets</b>	<b>353 562</b>	<b>277 951</b>
<b>CURRENT ASSETS</b>		
Accounts receivable - trade	-	171
Tax assets	456	359
Other receivables	743	6 287
Prepaid expenses and accrued income	1 299	1 142
Cash and cash equivalents	148 027	225 302
<b>Total current assets</b>	<b>150 525</b>	<b>233 260</b>
<b>Total assets</b>	<b>504 088</b>	<b>511 210</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
<b>Restricted equity</b>		
Share capital	7 585	7 585
Statutory reserve	34 401	34 401
Fund for development expenditure	41 353	38 724
<b>Total restricted equity</b>	<b>83 339</b>	<b>80 710</b>
<b>Non-restricted equity</b>		
Share premium reserve	2 019 125	2 019 125
Profit/loss brought forward	-1 732 785	-1 045 720
Profit/loss for the year	-9 657	-684 436
<b>Total non-restricted equity</b>	<b>276 683</b>	<b>288 969</b>
<b>Total equity</b>	<b>360 023</b>	<b>369 680</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	139 062	135 125
<b>Total non-current liabilities</b>	<b>139 062</b>	<b>135 125</b>
<b>Current liabilities</b>		
Borrowings	-	-
Accounts payable - trade	1 388	1 186
Other liabilities	1 280	1 912
Accrued expenses and deferred income	2 335	3 308
<b>Total current liabilities</b>	<b>5 003</b>	<b>6 405</b>
<b>Total equity and liabilities</b>	<b>504 088</b>	<b>511 210</b>

## NOTES TO THE FINANCIAL REPORT

### GENERAL INFORMATION

Nilar International AB (publ), 556600-2977, the parent company and its subsidiaries, referred to collectively as the group, is a company engaged in the development, manufacture and sale batteries for use in electrical energy storage devices. The parent company is a limited liability company with its registered office and headquarters in Täby, Sweden. The address of the head office is Stockholmsvägen 116A, 187 30 Täby, Sweden.

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

### ACCOUNTING PRINCIPLES

The interim report for the group has been prepared in accordance with IAS 34, Interim Financial Reporting, and the Annual Accounts Act. The financial statements for the parent company have been prepared in accordance with the Annual Accounts Act and RFR 2, Accounting for legal entities. The accounting policies applied are unchanged from the principles set out in the 2021 Annual Report.

The new standards and interpretations and amended standards effective from 1 January 2022 have not had a material impact on the group's financial statements. The same applies to the parent company, i.e. changes in RFR 2 effective from 1 January 2022 have not had a material impact on the parent company's financial statements.

### Segment

The group consists of only one reportable segment, Nilar, as it is at this level that the group's management team is responsible for allocating resources and assessing the performance of the business.

### ESTIMATES AND ASSESSMENTS

Estimations and assumptions are appraised continually and based on historical experience and other factors, including expectations concerning events in the future which are said to be plausible under prevailing circumstances.

The group makes assessments and assumptions for the future. The estimates for accounting purposes resulting from these will, by definition, rarely correspond to the actual profit/loss. The estimates and assumptions involving a considerable risk of significant adjustments to the recognised value of assets and liabilities in the next financial year are outlined below.

### Impairments of intangible fixed assets

Nilar capitalises expenditure relating to product development, production process development and Battery Management System (BMS) to the extent that they are deemed to meet the criteria of IAS 38 paragraph 57 as set out on page 56 of the 2021 Annual Report.

Development costs for uncompleted projects that have been recognised amount to MSEK 41.4 and are related to the development of a new oxygen filling product 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 this quarter the board of Directors considers that there is no need for impairment for uncompleted projects. This, because impairment testing of fixed assets shows that the recoverable amount exceeds the carrying amount. However, the outcome is sensitive to changes in key assumptions. The estimated recoverable amount for Nilar has no room for changes in the key assumptions

### Valuation of loss carry-forwards

Deferred tax assets are valued at no more than 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 had per 2021-12-31 unused tax losses of MSEK 1,330 (880.4), of which MSEK 1,329 (880.4) relates to unrecognised loss carry-forwards. These relate to unused loss carry-forwards for the parent company and the Swedish subsidiary. When the temporary difference will give 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.

### BREAKDOWN OF NET SALES (NOTE 1)

MSEK	Q1		Full year
	2022	2021	2021
Revenue	oct-dec	oct-dec	jan-dec
Sweden	0,5	3,7	12,6
Germany	-4,0	0,0	4,4
Netherlands	-	0,2	-0,0
Switzerland	-	-	-
Other Europe	-0,7	1,5	0,9
India	-	-	-
<b>Total</b>	<b>-4,2</b>	<b>5,4</b>	<b>17,8</b>

Nilar's geographic focus is within the European markets, with a particular focus on the Nordic countries, Benelux, DACH (the German-speaking markets) and the UK. The customers are mainly system integrators of electrical energy storage.

Nilar's revenue consists 100% of product sales of battery systems. Revenue recognition currently takes place upon delivery and when control has been transferred to the customer. The company has no contract assets, contract liabilities or outstanding performance commitments.

### FINANCIAL EXPENSES (NOTE 2)

MSEK	Q1		Full year
	2022	2021	2020
Financial expenses	jan-mar	jan-mar	jan-dec
Interest expenses to shareholders	-	-6,8	-27,5
Interest expenses EIB	-3,6	-2,9	-0,7
Interest expenses leasing	-0,7	-0,4	-1,6
Other interest expenses	-0,5	-0,1	-0,2
Changes in value of derivatives	-	-7,9	-30,7
Other financial expenses	-1,8	-1,6	-0,8
Exchange difference	-1,9	-	-
<b>Total</b>	<b>-8,5</b>	<b>-19,8</b>	<b>-61,5</b>

Financial expenses for the quarter consist of interest expenses of MSEK -3.6 related to the EIB loan, interest expenses for leasing of MSEK -0.7 and accrual of fees related to the EIB loan of MSEK -1.8, and exchange losses of MSEK -1.9.

## BORROWINGS (NOTE 3)

MSEK	22-03-31	21-12-31	21-03-31
Convertible loan	-	-	209,2
EIB	139,1	135,1	-
<b>Total</b>	<b>139,1</b>	<b>135,1</b>	<b>386,7</b>

### Convertible loans

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 into equity and shares have been issued. The convertible loan was valued at fair value amounting to MSEK 240.0 at the conversion date.

### EIB

In October 2020, the EIB (European Investment Bank) granted the company a 5-year loan facility of MEUR 47 based on specific conditions, of which MEUR 35 with planned disbursement in 2020-2022 tranche A and B for further expansion of the Gävle plant, and MEUR 12 tranche C with planned disbursement in 2023 to part-finance the next plant.

The condition for the disbursement of the initial MEUR 17.5 (tranche A) was achieved with the capital raising completed in H2 2020 of MSEK 178 before fees. The first partial tranche of MEUR 8.75 (MSEK 91.0) was received in the fourth quarter of 2020. The second and final payment of tranche A MEUR 8.75 (MSEK 87.8) was received in the first quarter of 2021. The conditions for Nilar to access the disbursement of the two remaining tranches, was to raise more capital and to achieve specific sales and/or profitability targets.

Tranche A runs from 24 November 2020 to 31 December 2025 with 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.

Following the listing of the company's shares on the Nasdaq First North Premier Growth Market on 30 April 2021, the company had met the requirements for additional equity infusion under Tranche B and C. Tranche B also stipulated that Nilar's sales needed to reach or exceeding MSEK 77 for the period 1 July 2021 to 31 December 2021. Since this condition was not met, Nilar cannot utilize tranche B or C.

### Fair value

The company's convertible loan was valued by discounting the future cash flows. The discount rate reflects credit risk and maturity. The market value of the convertible loan was valued at MSEK 240.0 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 in level 3.

The options to the EIB were recognised at fair value through the income statement. On 27 October 2021, the lock-up commitments for the company's shares expired, with the result that the conditions for debt classification of the options no longer apply. The option was valued using Black-Scholes with volatility assumptions and the market value of the option at maturity was MSEK 13.9. 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% increase in the share price results in a 10% increase in the market value.

## INVENTORIES (NOTE 4)

TSEK	22-03-31	21-03-31	21-12-31
<b>INVENTORIES</b>			
Raw materials	111 510	23 686	92 514
Stock of semi-finished products	42 334	1 180	39 714
Finished products	3 934	201	4 624
Advance suppliers	9 512	4 367	22 147
<b>IMPAIRMENT TO NET SALES VALUE</b>			
Raw materials	-45 054	-2 982	-34 217
Stock of semi-finished products	-24 377	-304	-22 869
Advance suppliers	-2 266	-56	-2 662
<b>Sum inventories</b>	<b>95 594</b>	<b>26 092</b>	<b>99 251</b>

Inventories have been written down to net realisable value as this is deemed to be less than cost.

## TRANSACTIONS WITH RELATED PARTIES

There have been no significant related party transactions during the reporting period. More information is available in Note 25 in the 2021 Annual Report.

## PARENT COMPANY

### JANUARY – MARCH 2022

The parent company's net sales amounted to MSEK 0 (0). Intergroup purchases amounted to MSEK 0.0 (5.2) and consisted of the acquisition of intangible assets from the subsidiary Nilar AB. Research and development expenses amounted to MSEK -0.2 (-8.0) and consisted mainly of patent maintenance fees. Net financial income amounted to MSEK -6.0 (-15.2), which is explained by financial expenses of MSEK -7.4 (-19.3), of which MSEK -3.6 is interest on loans to the EIB. The result after tax was MSEK -9.7 (-27.6).

Cash flow for the period was MSEK -77.3 (-20.8). Cash and cash equivalents at the end of the period amounted to MSEK 148.0 (46.8).

The equity ratio was 71 (12) %. Equity capital amounted to MSEK 360.0 (369.7).

## SIGNIFICANT RISKS AND UNCERTAINTIES

Nilar is affected by a number of external and internal factors that may result in an outcome that differs from forecasts, past performance and expectations. The following list represents a selection of the risks that the company considers significant but is not an exhaustive list of possible risks.

- Financial risks
- Economic, market and environmental risks
- Operating risks
- Sustainability risks

Nilar as all other companies is challenged due to macro-economic fluctuations and changes in geopolitical affairs around the globe. Changes as political insecurity, global virus spreads and potential pandemics can rapidly change the landscape for doing business. Since February 2022 sanctions and uncertainties have escalated. The Russian invasion of Ukraine has raised worries on multiple levels, especially in the area around supply of specific raw materials. Nilar carefully monitors this situation but cannot at this time fully evaluate the impact for Nilar's business.

COVID-19 had a negative effect due to customers' shortage of electronics and higher costs for raw material and other components, as well as increased delivery times. Nilar has worked closely with our suppliers to increase the stock of vital materials and components to reduce future risks. The company also has temporarily reduced volumes produced.

Impairment testing of fixed assets shows that the recoverable amount exceeds the carrying amount. However, the outcome is sensitive to changes in key assumptions. The estimated recoverable amount for Nilar has no room for changes in the key assumptions.

Risk management is described in more detail in the Annual Report 2021, Note 4 'risks and risk management'. All forward-looking statements in this report are based on the company's best estimates as of the date of the report. Such statements, like all forward-looking statements, involve risks and uncertainties that could cause actual results to differ.

## ASSETS PLEDGED AS SECURITY AND CONTINGENT LIABILITIES

All the company's floating charges, totalling MSEK 30, are unused.

This report has been reviewed by the company's auditors.

Täby, May 10th 2022  
The Board of Directors

## AUDITORS' REPORT

Nilar International AB (Publ), org.nr 556600-2977

### Introduction

We have reviewed the interim report for Nilar International AB (publ) for the period January 1 - March 31, 2022. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

### Significant uncertainties regarding the assumption of continued operation

We would like to draw attention to the description on page 6 under the section "Raise of new Equity", which sets out that the company do not have enough funds for the upcoming 12 months and therefore needs raising new capital during 2022. The company have engaged financial advisors to raise this new capital. As stated in the financial overview, these events and circumstances indicate that there is a significant uncertainty factor that could lead to significant doubts about the company's ability to continue operations. We have not modified our statement because of this.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, May 10, 2022

Deloitte AB

Therese Kjellberg

Authorized Public Accountant



## COMPARISON PER QUARTER

GROUP	2022		2021				2020			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
MSEK										
Delivered batteries, number	52	200	936	1 160	992	1 085	1 043	1 100	556	
Production lines, commissioned, at end of quarter	6	6	4	4	4	3	3	2	2	
Shifts, at end of quarter	2	2	4	4	4	3	2	2	2	
<b>Income statement</b>										
Revenue	-4,19	-0,1	5,4	7,2	5,4	5,7	7,5	7,5	4,6	
Gross profit	-40,8	-237,7	-87,4	-84,8	-69,6	-78,1	-39,9	-39,7	-41,6	
EBITDA	-48,1	-110,6	-93,0	-100,6	-78,0	-77,3	-42,6	-48,5	-48,3	
Operating profit (EBIT)	-63,5	-269,5	-112,2	-118,7	-96,0	-101,8	-58,3	-63,1	-60,9	
Profit/loss before tax	-74,2	-251,5	-100,0	-134,7	-114,4	-113,2	-75,6	-86,0	-68,0	
Profit/loss after tax	-74,2	-251,5	-100,0	-134,7	-114,4	-113,2	-75,6	-86,0	-68,0	
Depreciation	-15,4	-21,4	-19,2	-18,2	-18,0	-17,8	-15,7	-14,5	-12,6	
intangible assets	-0,0	-8,3	-7,9	-7,7	-7,7	-8,0	-8,0	-8,0	-7,1	
tangible assets	-13,3	-11,6	-10,1	-9,2	-9,0	-8,7	-6,5	-5,4	-4,4	
Capitalized expenses for development work	2,6	6,1	5,1	5,5	6,6	5,2	6,7	5,4	5,3	
Average employed and contracted personnel	168	253	227	224	198	190	143	155	174	
Employed and contracted personnel, end of period	170	265	276	251	234	223	175	184	173	
<b>Cash flow</b>										
operating activities	-58,9	-131,9	-110,5	-122,3	-81,9	-67,8	-42,6	-41,3	-59,9	
investing activities	-17,5	-61,8	-65,6	-51,2	-36,5	-60,6	-17,5	-14,7	-18,7	
financing activities	-3,4	-1,0	-2,7	716,9	105,3	131,5	123,1	-1,0	-19,9	
Cash flow for the period	-79,8	-194,8	-178,8	543,5	-13,1	3,2	63,0	-57,0	-98,5	
<b>Balance sheet</b>										
Fixed assets	469,9	440,9	522,3	476,2	442,2	421,0	384,4	382,6	382,0	
Current assets	264,7	374,3	545,8	694,2	137,1	155,3	118,4	53,0	104,1	
Total assets	734,7	815,2	1 068,0	1 170,4	579,2	576,4	502,8	435,7	486,1	
Equity	417,3	491,5	729,1	829,2	7,3	103,1	170,3	121,8	207,8	
Non-current liabilities	205,6	181,2	201,5	218,9	212,9	119,1	35,0	35,8	36,4	
Current liabilities	111,8	142,5	137,4	122,4	359,0	354,1	297,5	278,1	241,9	
Total equity and liabilities	734,7	815,2	1 068,0	1 170,4	579,2	576,4	502,8	435,7	486,1	
Capitalised expenses for patents	1,2	1,1	0,8	0,7	0,5	0,5	1,0	1,0	1,1	
Capitalized expenditure for development work	41,4	38,7	178,4	181,1	183,2	184,3	185,3	186,6	189,1	
Property, plant and equipment	183,4	193,2	169,7	138,1	137,3	146,4	142,6	88,9	86,8	
Fixed assets under construction	167,0	155,1	134,6	116,2	80,3	50,6	15,6	65,0	63,2	
Inventories	95,6	99,3	91,5	60,2	42,0	42,0	26,1	27,8	24,2	
Cash and cash equivalents	151,0	230,7	425,5	604,3	60,8	73,9	70,8	7,8	64,9	
Equity/debt ratio, % <sup>1)</sup>	57%	60%	68%	71%	1%	18%	34%	28%	43%	
Debt ratio, times <sup>1)</sup>	0,8	0,7	0,5	0,4	78,2	4,6	2,0	2,6	1,3	

SHARE DATA	2022		2021				2020			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
MSEK										
Shares at end of period, '000	45 512	45 512	45 512	45 512	5 087	5 025	4 714	4 432	4 432	
Share options at end of period, '000	250	260	260	260	171	171	10	10	150	
Average number of shares, '000	45 512	45 512	45 512	33 440	5 077	4 969	4 573	4 432	4 432	
Average number of share options, '000	250	260	260	254	171	96	10	55	150	

<sup>1)</sup> Alternative key ratios. See page 18 for further explanations.

## ALTERNATIVE KEY RATIOS

The interim report refers to a number of non-IFRS performance measures that are used to help investors and management analyse the company's activities. The measures presented in this report may differ from similarly named measures in other companies.

### Definitions of alternative key ratios that are not calculated according to IFRS

Alternative key figures	Definitions	Purpose
<b>Gross profit/loss</b>	Revenue minus cost of sales.	The gross profit/losses ratio demonstrates the Company's efficiency in production and for calculation of gross margin.
<b>EBITDA</b>	Operating income before depreciation, amortization and write-downs 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.
<b>Operating profit (EBIT)</b>	Earnings before interest and taxes.	The operating profit provides a comprehensive view of the total profit generating from the operating activities.
<b>Cash flows from investing activities</b>	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 facilities (tangible fixed assets) to grow the business.
<b>Cash flows from financing activities</b>	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.
<b>Shareholder equity ratio, %</b>	Equity divided by balance sheet total.	A traditional measurement of financial risk, expressed as the percentage of the restricted capital financed by the owners.
<b>Debt ratio, times</b>	Interest-bearing net liabilities divide by equity.	The debt/equity ratio shows the proportion of the Company's liabilities in relation to equity.

## GLOSSARY

The interim report refers to a number of concepts that are used to help investors and management analyse the company's activities.

Name	Description	Reason for use of the measure
<b>Capitalization of development expenses</b>	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.
<b>Battery system</b>	Battery systems of varying sizes consisting of Nilar batteries and BMS.	The measure shows how the number of battery systems delivered has changed between periods.
<b>Capitalized expenditure for development</b>	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 likely 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.
<b>Average number of employees and temporary agency workers</b>	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.

## MISCELLANEOUS

### Financial calendar

Interim report January-June 2022: 18 August 2022

Interim report January-September 2022: 17 November 2022

Year-end report and report for the fourth quarter of 2022: 16 February 2018

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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.*

