

Interim report

January - September 2021



SHORT-TERM CHALLENGES WILL BE OVERCOME WITH NILAR'S FUNDAMENTAL STRENGTH

July – September 2021 in summary

- Net sales, MSEK 5.4 (7.5).
- Production MWh 4.2 (1.6).
- Delivered energy storage 196 (159), average size per energy storage 7 (9) kWh.
- Gross profit MSEK -87.4 (-39.9).
- EBITDA MWh -93.0 (-42.6).
- Operating profit (EBIT) MSEK -112.2 (-58.3).
- Profit for the period MSEK -100,0 (-75.6).
- Earnings per share before/after dilution SEK -2.20.

January – September 2021 in summary

- Net sales, MSEK 17.9 (19.6).
- Production MWh 10.7 (5.5).
- Delivered energy storage 489 (348), average size per energy storage 11 (11) kWh.
- Gross profit MSEK -241.8 (-121.1).
- EBITDA MWh -271.5 (-139.4).
- Operating profit (EBIT) MSEK -326.9 (-182.2).
- Profit for the period MSEK -349.0 (-229.7).
- Earnings per share before/after dilution SEK -12.46.

Significant events during the third quarter

- Nilar's production in the factory in Gävle has returned to normal during the quarter after the disruptions that occurred during Q2.
- The component shortage resulting from COVID-19 negatively affects Nilar in several ways. It has made sales more difficult, as Nilar's customers in turn have difficulty obtaining the necessary components to deliver complete solutions to final consumers. The cost and delivery times for input materials have also increased significantly.
- The expansion of Nilar's second factory being built in Estonia has continued during Q3. However, Nilar has decided to postpone the expected start of production until the end of 2022 as a result of the above-mentioned COVID-19 related issues.
- A warranty provision of MSEK 23.7 related to older, phased-out systems and batteries has been made during the quarter.

Significant events after the balance sheet date

- Erik Oldmark was appointed as the new CEO at the board meeting on 11 October.
- Nilar has decided to scale back production and initiated a cost reduction programme while focusing on improving product quality and reduce material costs in the product. The lower production will affect revenues in the short to medium term and the target of 1 billion in turnover in 2023 has been pushed forward to 2025.
- Nilar will moderate capex expenditure which will affect the pace in building the second production facility in Paldiski, Estonia.

	Q3			6 months	12 months	Full year
	2021 jul-sep	2020 jul-sep	2021 jan-sep	2020 jan-sep	okt 2020- sep 2021	2020 jan-dec
MSEK						
Revenue	5,4	7,5	17,9	19,6	23,6	25,2
Gross profit	-87,4	-39,9	-241,8	-121,1	-319,9	-199,2
EBITDA	-93,0	-42,6	-271,5	-139,4	-253,1	-223,3
Operating income (EBIT)	-112,2	-58,3	-326,9	-182,2	-428,7	-284,0
Net profit/loss after tax	-100,0	-75,6	-349,0	-229,7	-462,3	-342,9
Cash flow from investing activities	-65,6	-17,5	-153,3	-50,9	-213,9	-111,5
intangible assets	-5,3	-6,7	-17,7	-17,4	-30,8	-30,4
tangible assets	-60,4	-10,8	-135,6	-33,6	-183,1	-81,1
Cash flow from financing activities	-1,1	123,1	821,1	102,1	952,6	233,6
Equity/debt ratio, %	68%	34%	68%	34%	68%	18%
Shares in issue at end of period, '000	45 511,8	4 714,5	45 511,8	4 714,5	45 511,8	5 025,2
Share options in issue at end of period, '000	260,3	10,0	260,3	10,0	260,3	170,6
Weighted average number of ordinary shares in issue, '000	45 511,8	4 573,1	28 009,6	4 479,0	22 249,5	4 601,5
Delivered energy storages, number	196	159	489	348	462	442
Average employed and contracted personnel, number	227	143	216	157	172	166

¹⁾ Alternative key ratios. See page 18 for further explanations.

²⁾ 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

Having taken over the responsibility as CEO of Nilar International AB two months ago, I want to make my enthusiasm clear, as well as my base of analysis and steps forward for Nilar. I have now met and talked to most of Nilar's customers and employees, and I have come to the following conclusion:

The driving forces underpinning Nilar's business success are strong and resilient. However, work needs to be done to overcome cost and product stability challenges. We also need a relaxation of global supply-chain strictures.

As announced, Nilar and our partners have had severe difficulties sourcing electronic components, which has an immediate repercussion on our recent sales. Significantly lower sales than expected during the past quarters is evidently a setback for Nilar and have led to increased losses. Furthermore, when ramping up production product stability and quality issues have occurred. To address all of the foregoing Nilar will temporarily ramp down production in Gävle and pause the build out of the Paldiski facility, thereby moderating capex expenditure, reducing operational cost and allowing full focus to resolve product stability and quality issues and improve our cost of production.

Operationally, I have six observations and an Action Plan:

- End-customer demand for energy storage of the type that we at Nilar offer remains strong. The market is clearly under-supplied and is set for market prices to increase significantly, also because of drastic lithium price increases (>300% since last year¹) which hits other energy storage suppliers.
- Our system integration partners, and Nilar to a smaller extent, are severely impacted due to the structure of and strains on supply chains, mostly of electronic components, such as inverters and energy meters. We expect these constraints to resolve over the next number of quarters.
- In this vibrant market, Nilar offers a highly attractive product; end customers recognize our strengths and demand our technology. Nilar is exploring longer-term large delivery program opportunities with several partners.
- While Nilar's production now flows well, past product stability and quality issues are still not fully eliminated. Also, product costs remain too high.
- Ramp-up needs to be paced with delivery capability and demand, so as not to cause a large stock surplus. Temporary reduction in output and adjustment of staff numbers is required.
- Nilar is still a young company within the battery supply industry, with a continuously evolving technology aimed at improving product quality and reducing unit cost.

To resume sales growth and to create a path forward, we are taking effective actions by **immediately implementing our Action Plan consisting of the following points:**

1. We are fully focused on eliminating product instability and quality issues². We will bring forward the next product generation of module design, to improve quality and drive cost reduction – "design to cost".
2. To avoid stock building and until product stability and quality issues have been resolved, we will temporarily scale back production and delay planned production ramp-up.
3. We are implementing a substantial reduction in workforce.
4. We will moderate capex expenditure by among other things reallocating the two planned Gävle production lines (7 and 8) to be Paldiski, Estonia. As we see supply issues resolving, we will build two additional production lines in Estonia.
5. To establish longer term delivery agreements, we will concentrate on strengthening the partnership with a smaller number of large key system integration partners and continue to help these secure their supply of critical components. Focus will be on positioning Nilar even more strongly in premium segments, based on our existing product advantages.
6. To create clearer responsibility and accountability, the leadership team will be reconfigured. What is great about the Nilar organization, according to my analysis, is all the talented and highly motivated employees.
7. Reflecting delays in achieving sales and production targets, Nilar will need additional external capital during 2022.

I have confirmed in my analysis that Nilar is a truly innovative company at the heart of the green transition. We are perfectly positioned in time, as the world leaders have just met in Glasgow to attempt to forge a path to 'net-zero', most importantly through impactful electrification of our society. Nilar has a unique position in the energy storage market with products offering superior benefits through the combination of the bi-polar design and the Nickel-metal hydride (NiMH) chemistry. Nilar NiMH batteries are uniquely safe and truly environmentally friendly, designed for recyclability and produced with an astoundingly low-energy production technology. Nilar is based on its own unique product and production development, but, recently, a major international car brand has validated this 'bi-polar NiMH' approach and, for the first time, is launching this technology in hybrid car batteries. Nilar is thrilled that more companies have embraced the value of the same battery production philosophy combining bi-polar design with safe NiMH chemistry³.

¹ Benchmark Mineral Intelligence. 2021. <https://www.benchmarkminerals.com/membership/lithium-ion-battery-prices-rise-for-first-time-in-gigafactory-era-automakers-in-negotiations/> (downloaded 2021-11-18)

² We have a warranty exchange program running. While NiMH does not burn, complex high-voltage electrical systems can develop short circuits, also Nilar's systems. So, constant vigilance and quality improvement is paramount.

³ Callum Brook-Jones, Engine + Powertrain Technology International. 2021. <https://www.enginetechnologyinternational.com/news/hybrid-powertrain-technologies/toyota-launches-aqua-hybrid-with-bipolar-nickel-hydrogen-battery.html> (downloaded 2021-11-18)

Nilar is still in the transition from technology start-up to becoming a more mature manufacturing company, with an important role in the environmental energy transition. Fundamentally, Nilar's strategy is accurate, and will, in time, with hard work lead to a competitively strong company with a global footprint. In a capital and R&D intensive industry, time and financial resources are required. Others before us have shown the way, and we know that this can be done.

I am ready for the challenge and will faithfully and with commitment report progress – step by step – to you, our shareholders, our customers, and our employees.



THE BUSINESS

ABOUT NILAR

Nilar is a Swedish-based developer and manufacturer of Electrical Energy Storage (ESS) systems. Energy storage can be used to bridge the gap between energy production and demand, for example to better exploit the potential of intermittent electricity production from renewable energy sources, such as solar and wind power, and 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 since 2012 its energy-efficient production has been carried out exclusively in the Gävle plant, where the company's research and development also takes place.

The NILAR share is listed on Nasdaq First North Premier Growth Market. For more information, see www.nilar.com.

FINANCIAL TARGETS

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

SALES:

Net sales will reach at least SEK 1 billion by 2025 through increased production capacity resulting from the installation of additional production lines in the Gävle factory and the establishment of a second factory abroad, in Estonia.

PROFITABILITY:

Long-term EBITDA margin of at least 20 percent. Margin improvements are expected to be achieved through, among other things, economies of scale, a higher proportion of production in low-cost regions and the introduction of profitable service offerings related to Nilar Hydride® ReO2 and data monitoring.

ENERGILAGER FÖR STATIONÄRA APPLIKATIONER

Batteripack



Home Box



Rack



Kabinett



MÅLSEGMENT

Energilagring i hem och bostäder



Energilager för elbilsaddning



Energilager för industriella och offentliga anläggningar



Produktion:

Gävle

Försäljning och FoU:

Täby, Gävle, Denver

Fokusmarknader på kort sikt:

- Norden
- DACH (de tyskspråkiga marknaderna)
- Benelux
- Storbritannien
- Italien
- Spanien



FINANCIAL OVERVIEW

JULY – SEPTEMBER 2021

TURNOVER AND EARNINGS

Net sales reduced by 28% to MSEK 5.4 (7.5). The current component shortage at Nilar's customers has made it difficult to deliver complete systems to end customers, which has negatively affected sales of Nilar's systems and batteries. However, the number of energy storage systems delivered increased by 23% to 196 (159) and the average size of systems delivered decreased to 7 (9) kWh, as volumes of smaller systems were delivered in greater numbers.

Gross profit decreased to MSEK -87.4 (-39.9). The deterioration in the result is mainly driven by increased material costs and higher personnel costs for the increased production capacity. The company's accounting policies require that inventories shall be stated at acquisition value or net realisable value, whichever is lowest. As a result, an impairment loss of MSEK -22.0 has been recognised on the value of inventories, corresponding to 41.7% of the value of the inventory. Refer also to Note 4.

Of the guarantee provision of MSEK 14.3 made in the last quarter of 2020 related to identified software errors, the replacement program has been delivered and completed during the period and the entire reserve has been returned. Furthermore, Nilar has reserved MSEK 0.2 for 5% of the battery packs delivered during the period for future warranties within the five-year warranty period. The quarter was also impacted by a large provision of MSEK -23.7 for future warranty replacements of older systems and battery packs identified with an elevated risk of overheating. The replacement and updating of these systems is expected to take place over the next 6-9 months.

Operating expenses increased to MSEK -123.0 (-72.7). Employee and contractor costs amounted to MSEK -45.4 (-24.8). This increase was mainly in Production and R&D.

Capitalization of development expenses consisting of personnel and consultancy costs for work on the development of a new product with oxygen filling, the development of the BMS (Battery Management System) and production process development amounted to MSEK 5.1 (6.7).

Depreciation for tangible and intangible fixed assets amounted to MSEK -19.2 (-15.7). Depreciation of machinery equipment increased to MSEK -10.1 (-6.5) as a result of the expansion of the production facility. Depreciation of capitalized development expenses and patents amounted to MSEK -7.9 (-8.0) and depreciation expenses for right-of-use assets amounted to MSEK -1.3 (-1.2).

Operating profit decreased to MSEK -112.2 (-58.3).

Financial items amounted to MSEK 12.2 (-17.3), of which MSEK -3.6 relates to interest on loans to the EIB, MSEK 19.5 million to the change in value of the derivative component of the options for EIB, and MSEK -0.4 relating to the interest component of the lease liabilities related to costs for the company's premises.

Profit before and after tax decreased to MSEK -100.0 (-75.6).

CASH FLOW AND INVESTMENTS

Cash flow from operating activities amounted to MSEK -112.6 (-42.6). Changes in working capital amounted to MSEK -39.2 (2.0), of which MSEK 8.8 consisted of reduced operating liabilities, MSEK -31.3 was increased inventories and MSEK 0.9 was reduced operating receivables.

Investments amounted to MSEK -65.6 (-17.5), of which MSEK -60.4 (-10.8) consisted of investments in machinery and equipment for the factory in Gävle and MSEK -5.3 (-6.7) consisted of capitalised development costs and patents.

Cash flow from investment activities amounted to MSEK -1.1 (123.1). The amortisation component of the lease liabilities relating to the company's premises costs amounted to MSEK -1.1 (-1.0) million.

Cash flow for the period was MSEK -178.8 (63.0).

JANUARY – SEPTEMBER 2021

TURNOVER AND EARNINGS

Net sales reduced by 8% to MSEK 17.9 (19.6). The turnover for the period has been negatively affected in several ways linked to COVID -19. Problems in the supply chain at Nilar's customers during the period have reduced the need for battery storage systems as the shortage of components has made it difficult to deliver complete solutions to the end customer. The number of energy storage units delivered increased by 41% to 489 (348). The average size of the energy storage units delivered was 11 (12) kWh, as volumes of smaller systems were delivered in larger numbers.

Gross profit decreased to MSEK -241.8 (-121.1). The deterioration in the result is mainly driven by increased material costs and higher personnel costs for the increased production capacity. The company's accounting policies require that inventories shall be stated at acquisition value or net realisable value, whichever is lowest. As a result, an impairment loss of MSEK -44.1 has been recognised on the value of inventories, corresponding to 41.7% of the value of the inventory. Refer also to Note 4.

Of the guarantee provision of MSEK 14.3 made in the last quarter of 2020 related to identified software errors, the replacement program has been delivered and completed during the period and the entire reserve has been returned. Furthermore, Nilar has reserved MSEK 0.5 for 5% of the battery packs delivered during the period for future warranties within the five-year warranty period. The period was also impacted by a large provision of MSEK -23.7 for future warranty replacements of older systems and battery packs identified with an elevated risk of overheating. The replacement and updating of these systems is expected to take place over the next 6-9 months.

Operating expenses increased to MSEK -362.9 (-219.8). Employee and contractor costs amounted to MSEK -149.2 (-87.2). This increase was mainly in Production and R&D.

Capitalization of development expenses consisting of personnel and consultancy costs for work on the development of a new product with oxygen filling, the development of the BMS (Battery Management System) and production process development amounted to MSEK 17.2 (17.4).

Depreciation for tangible and intangible fixed assets amounted to MSEK -55.4 (-42.8). Depreciation of machinery equipment increased to MSEK -28.3 (-16.3) as a result of the expansion of the production facility. Depreciation of capitalized development expenses and patents amounted to MSEK -23.3 (-23.0) and depreciation expenses for right-of-use assets amounted to MSEK -3.8 (-3.6).

Operating profit decreased to MSEK -326.9 (-182.2).

Financial items amounted to MSEK -22.1 (-47.4), of which MSEK -10.0 relates to interest on loans to EIB, MSEK -10.1 relates to interest on convertible loans, MSEK -14.7 to the change in value of the derivative component attributable to the convertible loan (see Note 2), and MSEK -1.2 relating to the interest component of the lease liabilities related to costs for the company's premises.

Profit before and after tax decreased to MSEK -349.0 (-229.7).

CASH FLOW AND INVESTMENTS

Cash flow from operating activities amounted to MSEK -316.3 (-143.8). Changes in working capital amounted to MSEK -41.9 (3.0), of which MSEK -3.1 consisted of reduced operating liabilities, MSEK -49.4 was increased inventories and MSEK 10.6 was reduced operating receivables.

Investments amounted to MSEK -153.3 (-50.9), of which MSEK -135.6 (-33.6) consisted of investments in machinery and equipment for

the factory in Gävle and MSEK -17.7 (-17.4) consisted of capitalised development costs and patents.

Cash flow from financing activities amounted to MSEK 821.1 (102.1), of which MSEK 733.3 relates to a new share issue, MSEK 1.8 relates to an option programme and MEUR 8.7 (MSEK 89.4) relates to a second and final disbursement of the loan from EIB (tranche A). The amortisation component of the lease liabilities relating to the company's premises costs amounted to MSEK -3.3 (-3.3).

Cash flow for the period was MSEK 351.6 (-92.6).

PERSONNEL

The average number of employees and contracted staff in the group increased to 216 (157) during the period from 1 January to 30 September, of which employees were 175 (118) and contracted staff were 37 (39). The number of employees and contracted staff has increased mainly in the production organisation to 130 (97).

The total number of employees and contracted staff at the end of the period was 276 (175), of which the number of personnel in the production organisation was 167 (113).

FINANCIAL POSITION

BALANCE SHEET

The balance sheet total is MSEK 1,068 (576.4). 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 179.2 (184.8). Assets consist of capitalised expenditure for development work of MSEK 178.4 (184.3) and patents of MSEK 0.8 (0.5). During the period, MSEK 17.2 of development expenditure has been capitalised for the development of a new product with oxygen filling, the development of BMS (Battery Management System) and production process development. **Tangible fixed assets** amounted to MSEK 304.3 (197.0), of which MSEK 134.6 (50.6) consisted of new equipment for the ongoing expansion of the Gävle plant, such as new moulding and electrode manufacturing equipment for production lines 5-8. MSEK 169.7 (146.4) relates to assets in the form of machinery and equipment for the Gävle plant. **Current assets** at the end of the period amounted to MSEK 545.8 (155.3). Inventories amounted to MSEK 91.5 (42.0).

Equity in the group at the end of the period amounted to MSEK 729.1 (103.1). The rights issue and conversion of convertible loans in connection with the IPO in April have increased equity by MSEK 975.1 during the period.

Liabilities at the end of the period amounted to MSEK 338.9 (473.3), of which **long-term liabilities** amounted to MSEK 201.5 (119.1) and **short-term liabilities** amounted to MSEK 137.4 (354.1). The equity ratio was 68 (18) %.

FINANCIAL POSITION

As a result of the difficulties in the supply of materials caused by COVID-19, both at the purchasing and sales levels, Nilar has had to push sales and production targets forward. This means that the company needs additional external capital during first half of 2022 to finance its operations and the investments required for future growth. At the time of signing the interim report the board of directors has begun work on securing new financing.

Nilar's sources of capital to ensure continued operations are loans and share issues. Given these sources of capital, the board believes that the required capital will be available.

GROUP STATEMENT OF THE COMPREHENSIVE INCOME

TSEK	Q3			6 months	12 months	Full year
	2021 jul-sep	2020 jul-sep	2021 jan-sep	2020 jan-sep	okt 2020- sep 2021	2020 jan-dec
Revenue	5 368	7 456	17 931	19 573	23 596	25 238
Cost of sales	-92 744	-47 317	-259 717	-140 674	-343 519	-224 476
Gross profit	-87 375	-39 860	-241 786	-121 101	-319 923	-199 238
Research and development expenses	-5 354	-3 280	-21 932	-15 767	-31 188	-25 023
Distribution and selling costs	-10 484	-6 095	-33 766	-18 631	-45 296	-30 161
Administrative expenses	-9 260	-9 359	-30 197	-27 407	-33 308	-30 518
Other operating income	316	334	754	684	1 001	931
Operating profit / EBIT	-112 157	-58 261	-326 927	-182 222	-428 713	-284 008
Finance income	19 517	-70	19 521	-123	22 268	2 624
Finance costs	-7 349	-17 257	-41 638	-47 315	-55 841	-61 518
Finance costs - net	12 168	-17 327	-22 117	-47 438	-33 573	-58 894
Profit before income tax	-99 989	-75 588	-349 043	-229 660	-462 287	-342 903
Income tax	-	-	-	-	-	-
Net profit/loss after tax	-99 989	-75 588	-349 043	-229 660	-462 287	-342 903
Attributable to:	-	-	-	-	-	-
Parent Company shareholders	-99 989	-75 588	-349 043	-229 660	-462 287	-342 903
Non-controlling interests	-	-	-	-	-	-
Earnings per share						
Profit after tax	-99 989	-75 588	-349 043	-229 660	-462 287	-342 903
Number of shares at end of period	45 511 751	4 714 493	45 511 751	4 714 493	45 511 751	5 025 191
Number of share options at end of period	260 315	10 000	260 315	10 000	260 315	170 633
Weighted number of ordinary shares before dilution	45 511 751	4 573 142	28 009 582	4 478 952	22 249 494	4 601 521
Earnings per share before dilution, SEK	-2,20	-16,53	-12,46	-51,28	-20,78	-74,52
Other comprehensive income						
Currency translation differences	-43	23	-52	86	-	282
Other comprehensive income for the year, net after tax	-43	23	-52	86	-	282
Total comprehensive income	-100 032	-75 565	-349 095	-229 573	-462 287	-342 621

¹⁾ 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, as that would have resulted in a small negative result per share.

GROUP BALANCE SHEET

TSEK	Note	2021-09-30	2020-12-31	2020-09-30
ASSETS				
FIXED ASSETS				
Intangible fixed assets				
Patents		784	484	984
Capitalized expenditure for development work		178 369	184 272	185 347
Total intangible fixed assets		179 153	184 756	186 331
Tangible fixed assets				
Property, plant and equipment		169 656	146 446	142 550
Fixed assets under construction		134 619	50 563	15 650
Total tangible fixed assets		304 275	197 009	158 200
Other fixed assets				
Right-of-use assets		38 837	39 267	39 893
Total other fixed assets		38 837	39 267	39 893
Total fixed assets		522 265	421 031	384 424
CURRENT ASSETS				
Inventories	4	91 452	42 013	26 092
Accounts receivable - trade		9 164	15 030	11 921
Tax assets		1 739	1 433	1 577
Other receivables		15 776	22 344	7 160
Prepaid expenses and accrued income		2 111	579	847
Cash and cash equivalents		425 512	73 940	70 789
Total current assets		545 754	155 339	118 387
Total assets		1 068 019	576 370	502 811
EQUITY AND LIABILITIES				
EQUITY				
Share capital		7 585	5 025	4 714
Non-registered share capital		-	-	40 701
Other contributed capital		2 037 837	1 065 282	979 009
Other reserves		87	139	-56
Retained earnings		-1 316 372	-967 329	-854 086
Total equity		729 137	103 118	170 283
LIABILITIES				
Non-current liabilities				
Long-term interest-bearing lease liabilities		33 521	34 555	35 023
Borrowings	3	167 995	84 570	-
Total non-current liabilities		201 516	119 125	35 023
Current liabilities				
Borrowings	3	-	204 372	197 826
Current lease liabilities, interest-bearing		5 863	4 787	4 791
Provisions of warranty		25 509	15 585	9 977
Accounts payable - trade		35 590	76 912	24 795
Other liabilities		49 186	12 233	11 602
Accrued expenses and deferred income		21 219	40 238	48 515
Total current liabilities		137 365	354 127	297 505
Total equity and liabilities		1 068 019	576 370	502 811

GROUP STATEMENT OF CHANGES IN EQUITY IN SUMMARY

TSEK	jan-sep		
	2021-09-30	2020-09-30	2020-12-31
Equity at start of period	103 118	275 764	275 764
Comprehensive income			
Earnings after tax	-349 043	-229 660	-342 903
Other comprehensive income	-52	86	282
Total comprehensive income	-349 095	-229 573	-342 621
Transactions with shareholders			
New share issue	975 114	124 092	169 975
Total transactions with shareholders	975 114	124 092	169 975
Equity at end of period	729 137	170 283	103 118

GROUP CASH FLOW ANALYSIS

TSEK	Q3			6 months	12 months	Full year
	2021 jul-sep	2020 jul-sep	2021 jan-sep	2020 jan-sep	okt 2020- sep 2021	2020 jan-dec
Cash flows from operating activities						
Profit/loss before tax	-99 989	-75 588	-349 043	-229 660	-462 286	-342 903
Profit/loss on disposal of fixed assets	490	0	252	0	252	-
Interest paid and received	-1 960	-432	-6 859	-1 908	-7 347	-2 397
Adjustment for other non-cash items						
Depreciation on tangible and intangible fixed assets	19 190	15 706	55 385	42 812	73 225	60 652
Write-down of intangible fixed assets	-	-	-	-	6 694	6 694
Provisions for warranty	23 684	-1 608	9 924	-5 439	15 532	169
Accrued interest	1 764	6 965	15 067	19 873	22 854	27 660
Changes in value of derivatives	-19 469	9 860	-7 569	25 533	-2 273	30 829
Translation differences	1 461	-	1 698	-	-1 278	-2 977
Other adjustments	-56	58	-71	104	139	315
Cash flow from operating activities before changes in working capital	-72 924	-44 606	-274 357	-146 776	-347 141	-219 560
Cash flow from changes in working capital						
Increase (-)/decrease (+) in inventories	-31 270	1 742	-49 438	-8 479	-65 359	-24 400
Increase (-)/decrease (+) in operating receivables	930	-4 165	10 607	-6 971	-7 278	-24 856
Increase (+)/decrease (-) in operating liabilities	-8 824	4 435	-3 074	18 449	35 739	57 262
Total changes in working capital	-39 165	2 013	-41 905	3 000	-36 898	8 007
Cash flow from operating activities	-112 090	-42 593	-316 262	-143 776	-384 039	-211 553
Investing activities						
Investments in intangible assets	-5 263	-6 653	-17 696	-17 364	-30 770	-30 439
Investments in tangible fixed assets	-60 365	-10 846	-135 629	-33 573	-183 119	-81 063
Cash flow from investing activities	-65 628	-17 499	-153 324	-50 937	-213 889	-111 502
Financing activities						
New share issue	-	124 092	733 310	124 092	779 193	169 975
Option programme	-	-	1 794	-	1 794	-
Repayment of debt	-1 109	-1 033	-3 338	-23 272	-4 407	-24 341
Loans raised	-0	-	89 376	1 300	176 065	87 989
Cash flow from financing activities	-1 109	123 059	821 141	102 120	952 644	233 622
Reconciliation of cash and cash equivalents						
Cash equivalents as of beginning of the period	604 325	7 849	73 940	163 395	70 789	163 395
Cash flow for the period	-178 826	62 967	351 554	-92 594	354 716	-89 433
Exchange rate difference in cash and cash equivalents	12	-27	17	-12	7	-23
Cash and cash equivalents at the end of the period	425 512	70 789	425 512	70 789	425 512	73 940

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

TSEK	Q3		2021 jan-sep	6 months	12 months	Full year
	2021 jul-sep	2020 jul-sep		2020 jan-sep	2020 okt 2020- sep 2021	2020 jan-dec
Revenue	-	-	-	-	-	-
Cost of sales	-95	-	-249	-151	-272	-174
Gross profit	-95	-	-249	-151	-272	-174
Research and development expenses	-8 336	-26 264	-24 269	-35 603	-16 074	-23 179
Distribution and selling costs	-37	-140	-394	-525	-500	-631
Administrative expenses	-4 664	-6 277	-17 323	-16 798	-17 794	-17 268
Other operating income	-0	0	-0	0	-0	-0
Operating profit / EBIT	-13 132	-32 681	-42 234	-53 076	-34 640	-41 253
Finance income	21 509	2 234	28 014	6 914	32 367	11 266
Finance costs	-6 620	-16 823	-39 793	-46 019	-53 522	-59 748
Write-down of shares in subsidiaries	-	-35 000	-350 000	-156 500	-401 624	-208 124
Finance costs - net	14 889	-49 589	-361 779	-195 605	-422 779	-256 606
Profit after finance costs	1 757	-82 270	-404 013	-248 681	-457 419	-297 859
Profit before tax	1 757	-82 270	-404 013	-248 681	-457 419	-297 859
Income tax expense	-	-	-	-	-	-
Profit after tax	1 757	-82 270	-404 013	-248 681	-457 419	-297 859
Parent company statement of other comprehensive income						
Other comprehensive income, net after tax	-	-	-	-	-	-
Total comprehensive income for the period	1 757	-82 270	-404 013	-248 681	-457 419	-297 859

PARENT COMPANY'S BALANCE SHEET

TSEK	2021-09-30	2020-12-31	2020-09-30
ASSETS			
FIXED ASSETS			
Intangible fixed assets			
Patents	784	484	984
Capitalized expenditure for development work	178 369	184 272	174 799
Total intangible fixed assets	179 153	184 756	175 782
Tangible fixed assets			
Property, plant and equipment	240	-	-
Total tangible fixed assets	240	-	-
Financial non-current assets			
Participations in Group companies	354	101	101
Receivables from Group companies	213 766	152 642	43 389
Total financial non-current assets	214 120	152 743	43 489
Total fixed assets	393 513	337 499	219 271
CURRENT ASSETS			
Tax assets	652	359	652
Other receivables	-3 781	3 889	27 714
Prepaid expenses and accrued income	906	159	208
Cash and cash equivalents	419 494	67 574	59 226
Total current assets	417 271	71 981	87 799
Total assets	810 784	409 480	307 071
EQUITY AND LIABILITIES			
EQUITY			
Restricted equity			
Share capital	7 585	5 025	4 714
Non-registered share capital	-	-	40 701
Statutory reserve	34 401	34 401	34 401
Fund for development expenditure	32 134	16 093	8 025
Total restricted equity	74 121	55 520	87 841
Non-restricted equity			
Share premium reserve	2 005 205	1 032 650	946 377
Profit/loss brought forward	-1 039 130	-725 230	-717 162
Profit/loss for the year	-404 013	-297 859	-248 681
Total non-restricted equity	562 062	9 561	-19 465
Total equity	636 182	65 081	68 376
LIABILITIES			
Non-current liabilities			
Borrowings	167 995	84 570	-
Total non-current liabilities	167 995	84 570	-
Current liabilities			
Borrowings	-	204 372	197 826
Accounts payable - trade	707	28 752	1 961
Other liabilities	1 319	692	668
Accrued expenses and deferred income	4 581	26 012	38 239
Total current liabilities	6 607	259 828	238 694
Total equity and liabilities	810 784	409 480	307 071

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 of 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 2020 Annual Report.

The new standards and interpretations and amended standards effective from 1 January 2021 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 2021 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, Battery Management System (BMS) development and business system implementation to the extent that they are deemed to meet the criteria of IAS 38 paragraph 57 as set out on page 56 of the 2020 Annual Report. The company continuously assesses whether there is a need to write down the value of its assets. At the end of the third quarter of 2021, Nilar does not see a need for impairment of capitalised development expenditure. The board of directors assessed in autumn 2018 that the developed product had reached such maturity and that repeat sales of the products had started to take place, so that the amortisation of capitalised development costs for the V1 and V2 generations with associated BMS started in the fourth quarter of 2018.

Following the commencement of amortisation of capitalised development costs, development costs of MSEK 87.8 have continued for development of a new product with oxygen filling, development of the Battery Management System (BMS), production process development and further product development of generation V2 to further optimise the robustness, quality and performance of the

product. Based on the historical demand for the company's products and the estimated future interest and need for the company's products, the board of directors believes that there is no need for impairment. Impairments of tangible assets proves that the recoverable amount exceeds book value. However, the outcome is sensitive to changes in key assumptions. The estimated recoverable amount has no scope for changes in 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 has unused tax losses of MSEK 1,226 (880.4), of which MSEK 1,226 (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	Q3			Period 2020 jan-sep	12 months okt 2020- sep 2021	Full year 2020 jan-dec
	2021 jul-sep	2020 jul-sep	2021 jan-sep			
Sweden	1,8	5,6	11,3	10,6	17,8	13,3
EU	3,6	1,8	6,7	4,8	-0,3	8,1
Outside EU	-	0,0	-	4,2	8,2	3,8
Total	5,4	7,5	18,0	19,6	25,7	25,2

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 in electrical energy storage.

Nilar's revenue consists 100% of product sales of 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	Q3			Period 2020 jan-sep	12 months okt 2020- sep 2021	Full year 2020 jan-dec
	2021 jul-sep	2020 jul-sep	2021 jan-sep			
Financial expenses						
Interest expenses to shareholders	-	-7,0	-10,1	-20,5	-17,1	-27,5
Interest expenses EIB	-3,6	-	-10,0	-	-10,7	-0,7
Interest expenses leasing	-0,4	-0,4	-1,2	-1,2	-1,6	-1,6
Other interest expenses	-0,3	-0,0	-0,7	-0,1	-0,7	-0,2
Changes in value of derivatives	-1,3	-9,9	-14,7	-	-19,8	-30,7
Other financial expenses	-1,7	-	-5,0	-25,5	-5,8	-0,8
Total	-7,3	-17,3	-41,6	-47,3	-55,8	-61,5

Financial expenses for the quarter consist of interest expenses of MSEK -3.6 related to the EIB loan, interest expenses for leasing of MSEK -0.4 and accrual of fees related to the EIB loan of MSEK -1.7.

BORROWINGS (NOTE 3)

MSEK	21-09-30	20-12-31	20-09-30
Convertible loan	-	204,4	197,8
EIB	168,0	84,6	-
Total	168,0	289,9	197,8

Convertible loans

The company has issued a convertible debt for a nominal amount of MSEK 175. The loan matures from 20 December 2019 until 30 June 2020 with an annual interest rate of 10% and from 1 July 2020 until 31 December 2020 with an annual interest rate of 12.5% and from 1 January 2021 until 31 December 2021 (the final maturity date) with an annual interest rate of 15%. Repayment of the loan, including accrued interest, will be made no later than 31 December 2021 unless conversion takes place before that date.

The convertible bond can be converted into shares at a floating rate during the term and, if not converted, it can be repaid at 130% of the amount of the debt at maturity. The debt is recognised in its entirety at fair value through the income statement.

Following the listing of the company's shares on the Nasdaq First North Premier Growth Market on 30 April 2021, the convertible loan 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 million, of which MEUR 35 with planned disbursement in 2020-2022 for further expansion of the Gävle plant, and MEUR 12 with planned disbursement in 2023 to participate in the next plant.

Payment of MEUR 8.75 (MSEK 91.0) of the first partial tranche of MEUR 17.5 (tranche A) was received in the fourth quarter of 2020. The second and final payment of MEUR 8.75 (MSEK 87.8) of the first partial tranche of MEUR 17.5 (tranche A) was received in the first quarter of 2021. Disbursement of tranches under the facility is conditional upon, inter alia, the raising of additional equity capital and the achievement of sales and/or profitability targets. For the disbursement of the initial MEUR 17.5 (tranche A), such targets have been achieved with the capital raising completed in H2 2020 of MSEK 178 before fees. For the disbursement of further tranches, contractual conditions remain to be met, or to seek renegotiation.

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 while the options are recognised at fair value.

Following the listing of the company's shares on the Nasdaq First North Premier Growth Market on 30 April 2021, the company has met the requirements for additional equity purchases under Tranche B and C. Tranche B can be used until 30 June 2022. Payment under Tranche B is conditional on the company's sales during the period 1 July 2021 to 31 December 2021 reaching or exceeding MSEK 77 (excluding intra-group sales and sales of filling services).

Fair value

The company's convertible loan is valued by discounting the future cash flows. The discount rate reflects credit risk and maturity. The market value of the convertible loan is 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 are recognised at fair value through the income statement. The option is valued using Black-Scholes with volatility assumptions and the market value of the option is MSEK 35.3.

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	21-09-30	20-09-30	20-12-31
INVENTORIES			
Raw materials	69 715	23 686	36 922
Stock of semi-finished products	37 387	1 180	535
Finished products	2 465	201	200
Advance suppliers	25 941	4 367	10 819
IMPAIRMENT TO NET SALES VALUE			
Raw materials	-23 410	-2 982	-6 223
Stock of semi-finished products	-19 370	-304	-167
Advance suppliers	-1 277	-56	-73
Summa varulager	91 451	26 092	42 013

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

CHANGE OF ACCOUNTING PRINCIPLES IN THE PARENT COMPANY

The parent company has previously applied the cost model for internally developed intangible assets. As of the financial year 2020, the parent company has changed its accounting policy to the capitalisation model, which means that expenditure on the development of internally generated intangible assets follows the group's accounting policies.

In previous years, MSEK 29.6 relating to expenditure on development work has been expensed in the parent company. The impact on the profit and loss account and on the balance sheet that the change in policy has caused as a result of the retrospective adjustment of this expenditure and its capitalisation as an intangible asset is shown below. The effect on equity as of 1 January 2019 amounted to MSEK 28.5. The income statement as at 30 September 2020 has been impacted by a total of MSEK -3.2 (result for the period) due to a retroactive change of policy. For detailed effects, refer to the tables below.

TSEK	Previous principle	Adjustment	New principle
Income statement 2020-09-30			
Research and development costs	-32 432	-3 171	-35 603
Results for the period	-245 510	-3 171	-248 681
Balance sheet 2019-01-01			
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 2020-09-30			
Balanced expenses for development work	152 605	22 194	174 799
Equity - fund for development expenses	-	8 025	8 025
Equity - balanced result	-733 444	16 282	-717 162
Equity - profit for the year	-245 510	-3 171	-248 681
Cash flow analysis 2020-09-30			
Operating profit before tax	-245 510	-3 171	-248 681
Depreciation of tangible and intangible fixed assets	31 354	3 171	34 525

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 2020 Annual Report.

PARENT COMPANY

The parent company's net sales amounted to MSEK 0 (0) million. Intergroup purchases amounted to MSEK 17.2 (110.1) and consisted of the acquisition of intangible assets from the subsidiary Nilar AB. Research and development expenses amounted to MSEK -8.3 (-26.3) and consisted mainly of amortisation of capitalised development expenses. Net financial income amounted to MSEK 14.9 (-49.6) million, which is explained by financial expenses of MSEK -6.6 (-16.8), of which MSEK -3.6 is interest on loans to the EIB. The result after tax was MSEK 1.8 (-82.3).

Cash flow for the period was MSEK 351.9 (-90.1). Cash and cash equivalents at the end of the period amounted to MSEK 419.5 (67.6).

The equity ratio amounted to 79 (16) %. Equity capital amounted to MSEK 636.2 (65.1).

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

Risk management is described in more detail 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 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.

Impairments of tangible assets proves that the recoverable amount exceeds book value. However, the outcome is sensitive to changes in key assumptions. The estimated recoverable amount has no scope for changes in key assumptions.

ASSETS PLEDGED AS SECURITY AND CONTINGENT LIABILITIES

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

SHARE-BASED INCENTIVE PLANS

The extraordinary general meeting of 12 March 2021 resolved to adopt a long-term incentive plan for senior executives and other key employees of the company (LTIP) (2021:1) and an incentive plan for the board of directors of the company (2021:2). A maximum of 95,000 option rights can be issued under the incentive plans.

At the end of the subscription period on 26 March, 53,682 out of a total of 55,000 allocated option rights within 2021:1 and 36,000 out of a total of 40,000 allocated option rights within 2021:2 had been subscribed. Cash of TSEK 1,794 has been received for all option rights.

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

Täby, 22 November 2021

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 - September 30, 2021. 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 7 under the section "Financial position", which sets out the Board's views and measures to secure financing for further development. As stated on page 7, 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, November 22, 2021
Deloitte AB

Therese Kjellberg
Authorized Public accountant

KEY FIGURES PER QUARTER

GROUP	2021				2020			2019	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
MSEK									
Delivered energy storages, number	196	220	73	94	159	136	53	128	33
Average size per energy storage, kWh	7	7	19	16	9	12	15	8	12
Production lines, commissioned, at end of quarter	4	4	4	3	3	2	2	2	2
Shifts, at end of quarter	4	4	4	3	2	2	2	2	2
Income statement									
Revenue	5,4	7,2	5,4	5,7	7,5	7,5	4,6	4,6	1,8
Gross profit	-87,4	-84,8	-69,6	-78,1	-39,9	-39,7	-41,6	-61,7	-35,9
EBITDA	-93,0	-100,6	-78,0	-83,9	-42,6	-48,5	-48,3	-70,8	-46,7
Operating profit (EBIT)	-112,2	-118,7	-96,0	-101,8	-58,3	-63,1	-60,9	-81,4	-56,3
Profit/loss before tax	-100,0	-134,7	-114,4	-113,2	-75,6	-86,0	-68,0	-83,0	-56,6
Profit/loss after tax	-100,0	-134,7	-114,4	-113,2	-75,6	-86,0	-68,0	-83,0	-56,6
Depreciation	-19,2	-18,2	-18,0	-17,8	-15,7	-14,5	-12,6	-10,6	-9,6
intangible assets	-7,9	-7,7	-7,7	-8,0	-8,0	-8,0	-7,1	-7,0	-7,1
tangible assets	-10,1	-9,2	-9,0	-8,7	-6,5	-5,4	-4,4	-2,6	-1,6
Capitalized expenses for development work	5,1	5,5	6,6	5,2	6,7	5,4	5,3	11,0	5,8
Average employed and contracted personnel	227	224	198	190	143	155	174	158	144
Employed and contracted personnel, end of period	276	251	234	223	175	184	173	178	149
Cash flow									
operating activities	-112,1	-120,7	-83,5	-67,8	-42,6	-41,3	-59,9	-36,5	-55,3
investing activities	-65,6	-51,2	-36,5	-60,6	-17,5	-14,7	-18,7	-28,2	-48,3
financing activities	-1,1	715,4	106,9	131,5	123,1	-1,0	-19,9	183,3	-0,7
Cash flow for the period	-178,8	543,5	-13,1	3,2	63,0	-57,0	-98,5	118,6	-104,3
Balance sheet									
Fixed assets	522,3	476,2	442,2	421,0	384,4	382,6	382,0	370,4	352,0
Current assets	545,8	694,2	137,1	155,3	118,4	53,0	104,1	195,5	85,5
Total assets	1 068,0	1 170,4	579,2	576,4	502,8	435,7	486,1	565,9	437,4
Equity	729,1	829,2	7,3	103,1	170,3	121,8	207,8	275,8	358,5
Non-current liabilities	201,5	218,9	212,9	119,1	35,0	35,8	36,4	33,0	33,8
Current liabilities	137,4	122,4	359,0	354,1	297,5	278,1	241,9	257,1	45,1
Total equity and liabilities	1 068,0	1 170,4	579,2	576,4	502,8	435,7	486,1	565,9	437,4
Capitalised expenses for patents	0,8	0,7	0,5	0,5	1,0	1,0	1,1	1,2	1,3
Capitalized expenditure for development work	178,4	181,1	183,2	184,3	185,3	186,6	189,1	190,8	186,7
Property, plant and equipment	169,7	138,1	137,3	146,4	142,6	88,9	86,8	60,5	34,1
Fixed assets under construction	134,6	116,2	80,3	50,6	15,6	65,0	63,2	80,4	92,3
Inventories	91,5	60,2	42,0	42,0	26,1	27,8	24,2	17,6	17,7
Cash and cash equivalents	425,5	604,3	60,8	73,9	70,8	7,8	64,9	163,4	44,8
Equity/debt ratio, % ¹⁾	68%	71%	1%	18%	34%	28%	43%	49%	82%
Debt ratio, times ¹⁾	0,5	0,4	78,2	4,6	2,0	2,6	1,3	1,1	0,2

SHARE DATA

MSEK	2021				2020			2019	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Shares at end of period, '000	45 512	45 512	5 087	5 025	4 714	4 432	4 432	4 432	4 432
Share options at end of period, '000	260	260	171	171	10	10	150	150	150
Average number of shares, '000	45 512	33 440	5 077	4 969	4 573	4 432	4 432	4 432	4 432
Average number of share options, '000	260	254	171	96	10	55	150	150	150

¹⁾ 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
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 facilities (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.

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
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.

MISCELLANEOUS

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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.

