

# Year-end report

1 January–31 December 2022



Nilar batteries  
The sustainable choice



## NILAR CONTINUES TO EXECUTE ON REVISED STRATEGY

### October – December 2022 in summary

- Net sales, MSEK 1.5 (-0.1).
- Delivered batteries 20 (228).
- Gross profit MSEK -43.2 (-237.7).
- EBITDA<sup>1</sup> MSEK -57.0 (-110.6).
- Operating profit (EBIT) MSEK -73.3 (-269.5).
- Profit for the period MSEK -81.6 (-251.5).
- Earnings per share before/after dilution SEK -0.26 (-1.75)<sup>3</sup>.

### January - December 2022 in summary

- Net sales MSEK 0.3 (17.8).
- Delivered batteries 592 (3 187).
- Gross profit MSEK -150.3 (-479.5).
- EBITDA MSEK -185.8 (-382.1).
- Operating profit (EBIT) MSEK -249.1 (-596.4).
- Profit for the period MSEK -287.5 (-600.5).
- Earnings per share before/after dilution SEK -1.59 (-5.87)<sup>3</sup>.

### Significant events during the fourth quarter

- The first deliveries of Nilar's next generation battery – Nilar ReOx<sup>®</sup> batteries – have been made to a customer as part of a larger order of 800 batteries. The production rate in Nilar's factory in Gävle has been gradually increased to meet current orders in 2023. ReOx<sup>®</sup> is a patented process that enables oxygen filling when the battery has aged and the capacity has decreased, which recreates the battery's original properties and thus extends the lifespan and energy output by up to three times.
- During the quarter, Nilar International AB signed a letter of intent with Dutch Mc Energy B.V., specialized in the design and production of advanced energy storage solutions. Mc Energy's tailored energy storage systems are primarily aimed for industrial users. This is an important step in Nilar's strategy, to cooperate with a few close partners and develop safe battery solutions where Nilar's stationary batteries reach their full potential.

### Significant events after the balance sheet date

- A new strategic collaboration between Nilar and Indutec Renewable Solutions has been established, for the development of smart energy storage solutions with Nilar's ReOx<sup>®</sup> batteries for industries and commercial properties.

MSEK	2022 oct-dec	2021 oct-dec	2022 jan-dec	2021 jan-dec	2021 jan-dec
Revenue	1,5	-0,1	0,3	17,8	17,8
Gross profit	-43,2	-237,7	-150,3	-479,5	-479,5
EBITDA	-57,0	-110,6	-185,8	-382,1	-381,8
Operating income (EBIT)	-73,3	-269,5	-249,1	-596,4	-596,2
Net profit/loss after tax	-81,6	-251,5	-287,5	-600,5	-600,3
Cash flow from operating activities	-67,6	-131,9	-217,9	-446,6	149,9
Cash flow from investing activities	0,8	-61,8	-48,2	-215,1	-
Cash flow from financing activities	18,4	-1,0	240,0	818,5	-38,0
Equity/debt ratio, %	57%	60%	57%	60%	60%
Shares in issue at end of period, '000	318 582,3	45 511,8	318 582,3	45 511,8	45 511,8
Share options in issue at end of period, '000	250,3	260,3	250,3	260,3	260,3
Weighted average number of ordinary shares in issue, '000	315 713,6	45 511,8	177 348,5	32 385,1	32 385,1
Delivered batteries, number <sup>4</sup>	20	228	592	3 187	3 186
Average employed and contracted personnel	107	253	120	225	225

<sup>1</sup> Alternative key ratios. See page 17 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.

<sup>3</sup> The historic amount of outstanding stocks when calculation earnings per share have been recalculated as an effect of the bounds issue parameter in the carried out rights issue during q2 2022. The conversion factor is 3.16.

<sup>4</sup> Distribution between quarters for delivered batteries have been adjusted because of changed measuring methods from weekly to monthly

## CEO'S COMMENTS: WE CONTINUE TO DELIVER ACCORDING TO PLAN

### Several important developments during a challenging year

2022 has been an unusual and important year in Nilar's development. We started the year with halted production and continued great uncertainty in the wake of covid-19. But the journey that Nilar has made in 2022 is in many ways outstanding. As CEO, I am proud that we in a short time changed the strategy and started the production of the next generation Nilar battery, Nilar ReOx®. In fact, the only battery in the world that can be refilled with new life.

The new strategy is based on our expertise and the core of the business – the battery itself. Together with selected partners, we build customized battery solutions where Nilar's batteries reach their full potential in smart energy storage systems. With the next-generation battery in place, we offer a high-performance, safe and sustainable solution that can be adapted to the specific needs of our partners and customers.

### A sustainable green energy transition

The green energy transition continues to be an important driving force for the battery market and our business. Nilar's idea is to speed up electrification and the green transition. We make batteries for sustainable energy storage, which is crucial for a green transition that works. We ensure that electricity is available when it is needed and not only when it is produced.

In order for Sweden and Europe to cope with the green transition and at the same time strengthen their global competitiveness, our domestic battery production will be strategically important - not least in a world where self-sufficiency has become more important.

Nilar has a patent on a battery design based on nickel. The advantages of using nickel are many; longer lifespan, less risk of fire and not least the large amounts of extractable nickel found in Europe. For us, it is important to contribute to the green transition in a sustainable way in the form of necessary energy storage in our energy systems. This with a technology that has the potential to break the dependence on input goods from regions where production is not transparent. In addition we are the only ones with a battery that can be recycled and reused several times over. That is sustainability for real.

### Nearly doubled production rate

At our factory in Gävle, we produce and develop our batteries with our own innovations, patents and entrepreneurial spirit. In October, the production started of the next-generation battery, Nilar ReOx®. This is an important milestone in the collaboration with Enequi and the first step in an order for a total of 800 batteries with accompanying software.

In 2023, the production rate will increase further. To be more exact, the production will nearly double from the levels in October. The batteries will be used both commercially together with Enequis solutions as well as in test systems and pilot projects. They will also be used to replace previous generations of Nilar batteries in older systems out in the market.

Nearly doubling the production rate in our factory in Gävle is an important part of our plan to systematically increase production. Together with selected partners, such as Enequi, we will continue to develop smart battery solutions. During the fourth quarter, a new collaboration was started with Dutch Mc Energy. The project is on schedule and at this rate we will be ready to take major orders in 2023 with delivery in 2024.

### Strengthening of the management team

We have also strengthened our management during the year. In December 2022, Ulf Sandegren took office as the new CFO for Nilar. He most recently comes from listed Hifab AB and has several years of experience in developing finance, risk management, compliance and budget management at companies such as Metria, Bankgirot and Capgemini. As CFO, Ulf will have an important role in the implementation of Nilar's new strategy.

### The right conditions for 2023

We still have a lot to prove, but with a new strategy in place, a unique product that is demanded by the market, and production going according to plan, our starting point for 2023 is significantly better than last year. There are still challenges ahead, but also good reasons to look forward to a year in which we can tick off the milestones we have set, step by step.



## THE BUSINESS

### ABOUT NILAR

Nilar is a Swedish-based developer and manufacturer of batteries aimed to build Electrical Energy Storage (ESS) systems. With better energy storage, society can support the increasingly strained electricity grid by bridging imbalances between production and demand. This is particularly important when the share of renewable energy sources increases. Nilar's battery technology is based on nickel metal hydride (NiMH) electrochemistry with a water-based electrolyte, which provides both higher safety and better performance while allowing the components to be recycled and reused.

The company is headquartered in Täby and production has since 2012 been based in Gävle, where the company's research and development also takes place.

The NILAR share is listed on Nasdaq First North Premier Growth Market, with FNCA Sweden as Certified Adviser 08-528 00 399. 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's reoxygenating technology and data monitoring.



## FINANCIAL OVERVIEW

### OCTOBER-DECEMBER 2022

#### TURNOVER AND EARNINGS

**Revenue** for Q4 increased to MSEK 1.5 (-0.1) In accordance with previous quarters, Nilar have kept the sales very modest pending the release of the upgraded ReOx® capable battery pack that was released at the end of the year.

**Cost of sales** decreased to MSEK -44.7 (-237.6). The decline in cost of goods sold is mainly explained by the impairment of capitalized development MSEK -137 and write downs of inventories MSEK -16 that was done in the fourth quarter 2021. Also lower personnel, consultancy and material cost due to the lower production rate in the quarter contributes to the decrease. Cost of sales in the period consists mainly of personnel costs for the function.

During the fourth quarter, the warranty reserve that was booked during Q4 2021 and corresponds to historically sold systems, has been increased by MSEK 8.3 and now amounts to MSEK 31.0. The increase is based on continuously added information regarding historically sold systems.

**Gross Profit** amounts to MSEK -43.2 (-237.7).

**Cost for R&D** amounts to MSEK -10.6 (-10.8) for the period.

**Distribution & Selling cost** amounts for the quarter to MSEK -10.9 (-12.2), the lower cost relates to reductions in employees and third party contractors.

**Administrative expenses** in the quarter amounts to MSEK -9.1 (-11.6). The decrease is a result from Nilar's cost cut programme.

**Depreciation** of tangible and intangible fixed assets amounts to MSEK -16.3 (-21.4). Depreciation of machinery equipment increased to MSEK -13.9 (-11.6) as a result of the expansion of the production facility in Gävle. Depreciation of capitalized development expenses and patents amounted to MSEK 0.0 (-8.3). The decrease relates to the impairment of older product and battery design, where depreciation had started, made in Q4 2021. No depreciation has been initiated on current capitalized development in the company since the development has been finalised in connection to year end. Depreciation cost for right-of-use assets amounted to MSEK -2.5 (-1.5).

**Other operation income** amounts to MSEK 0.4 (2.8).

**Operating profit** increased to MSEK -73.3 (-269.5) as an result of above mentioned changes.

**Financial items net** amounted to MSEK -8.4 (18.0), of which MSEK 8.8 relates to exchange gains, MSEK -10.2 exchange losses, MSEK -3.8 interest on loans from EIB, MSEK -2.1 accrued service charge to the EIB and MSEK -0.7 relates to interest component of the lease liabilities related to costs for the company's premises.

**Profit before and after tax** amounted to MSEK -81.6 (-251.5).

#### CASH FLOW AND INVESTMENTS

**Cash flow from operating activities** amounted to MSEK -67.6 (-131.9). Changes in working capital amounted to MSEK -3.1 (-21.3), of which MSEK 0.6 consisted of increased operating liabilities, MSEK -8.2 was increased inventories and MSEK 4.5 was decreased operating receivables.

**Cash flow from Investing activities** amounted to MSEK 0.8 (-61.8), of which MSEK 1.7 (-55.3) consisted of investments in machinery and equipment for the factory in Gävle and Paldiski MSEK -0.9 (-6.5) consisted of capitalised development costs and patents.

**Cash flow from financing activities** amounted to MSEK 18.4 (-1.0) where of share issue net 20.5 after issue costs of MSEK 1.2.

**Cash flow for the period** was MSEK -48.5 (-194.8).

### JANUARI – DECEMBER 2022

#### TURNOVER AND EARNINGS

**Revenue** decreased to MSEK 0.3 (17.8). The low turnover during the period relates previous communicated quality and warranty issues that led Nilar to take the decision to pause commercial sales of batteries during most of the financial year. The revenue has also been negatively affected by a repurchase of systems during the first quarter for the amount of MSEK 4.7.

**Cost of sales** decreased to MSEK -150.6 (-479.3). The decrease can be explained by the on time impairment of capitalized development MSEK -137 and write down of inventory MSEK -60 taken in 2021. Also reduction of staff, consultants and lower cost of material as an effect of lower production rate and sales volumes contributes to the decrease. Cost of sales in the period consists mainly of personnel costs for the function.

Changes in warranty reserve during the year amounts to MSEK 4,2 and the total reserve amounts at year end to MSEK 31.0.

**Gross Profit** amounts to MSEK -150.3 (-479.5).

**Cost for R&D** amounts to MSEK -37.1(-32.7) for the period. The increase is an effect of more research projects than activatable development projects during the year.

**Distribution & Selling cost** amounts to MSEK -30.8 (-46.0). The decrease in cost relates to fewer employees and less use of third party contractors.

**Administrative expenses** amounts to MSEK -34.7 (-41.8) for the year. The decrease is a result of Nilar's cost reduction programme and costs related to the IPO in 2021.

**Depreciation** of tangible and intangible fixed assets amounted to MSEK -63.2 (-76.8). Depreciation of machinery equipment increased to MSEK -53.9 (-39.8) as a result of the expansion of the production facility. Depreciation of capitalized development expenses and patents amounted to MSEK 0 (-31.6). The decrease relates to the impairment of older product and battery design, where depreciation had started, made in Q4 2021. No depreciation has been initiated on current capitalized development in the company since the development has been finalised in connection to year end. Depreciation cost for right-of-use assets amounted to MSEK -9.5 (-5.3). The increase is attributable to leasing agreement of factory building in Estonia.

**Other operation income** increased to MSEK 3.8 (3.6) and relates to sales of excessive raw material.

**Operating profit** increased to MSEK -249.1 (-596.4). as a result of above mentioned changes.

**Net Financial items** amount to MSEK -38.4(-4.2), of which MSEK 8.8 relates to exchange gains, MSEK -18.1 exchange losses, MSEK -14.8 interest on loans from EIB, MSEK -9.7 accrued service charge and fees to the EIB and MSEK -3.0 relates to interest component of the lease liabilities related to costs for the company's premises.

**Profit before and after tax** amounted to MSEK -287.5 (-600.5).

#### CASH FLOW AND INVESTMENTS

**Cash flow from operating activities** amounted to MSEK -217.9 (-446.7). Changes in working capital amounted to MSEK -12.8 (-63.2), of which MSEK -36.3 consisted of decrease in operating liabilities, MSEK -2.6 in increased inventories and MSEK 26.1 in decreased operating receivables.

**Cash flow from Investing activities** amounted to MSEK -48.2 (-215.1), of which MSEK -42.1 (-191.0) consisted of investments in machinery and equipment for the factory in Gävle and Paldiski MSEK -6.0 (-24.2) consisted of capitalised development costs and patents.

**Cash flow from financing activities** amounted to MSEK 240.0 (818.5). Of which MSEK 246.7 related to a new share issue after issue costs.

**Cash flow for the period** was MSEK -26.1 (156.8).

## PERSONNEL

During the year 2022, the average number of full-time equivalent workers decreased to 120 (225). Average number of employees amounts to 110 (185) and contractors 10 (40). Within the production unit, numbers of FTE decreased to 57 (135). The decrease is due to lower production levels and the two redundancy notices in Q4 2021.

Total head count by the end of the period was 117 (265).

## FINANCIAL POSITION

### BALANCE SHEET

**The balance sheet total** is MSEK 787.0 (815.2).

The group's **intangible fixed assets** at the end of the period amounted to MSEK 45.8 (39.8). Assets consist of capitalised expenditure for development work of MSEK 44.6 (38.7) and patents of MSEK 1.2 (1.1). During the year, MSEK 5.9 of development expenditure has been capitalised for the development of a new product with oxygen filling and the development of BMS (Battery Management System). As a consequence of the launch of the ReOx<sup>®</sup> battery made by the end of the year, amortisation of above mentioned assets will begin. **Property, plant and equipment** amounted to MSEK 343.3 (348.3), of which MSEK 174.6 (155.1) consists of fixed assets under construction for the factory in Gävle and the commenced construction of Nilar's new factory in Estonia. Total tangible 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 324.7 (374.5). The decrease relates to lower VAT claims and less cash. Inventories amounted to MSEK 101.9 (99.3).

**Equity** in the group per end of year amounted to MSEK 450.4 (491.5). The rights issue in June increased equity by MSEK 246.7.

**Liabilities** at the end of the period amounted to MSEK 336.6 (323.7), of which **long-term liabilities** amounted to MSEK 222.5 (181.2) and **short-term liabilities** amounted to MSEK 114.0 (142.5). The equity ratio amounts to 57% (60%).

## GROUP STATEMENT OF THE COMPREHENSIVE INCOME

TSEK	Note	Q4		Full year	
		2022 oct-dec	2021 oct-dec	2022 jan-dec	2021 jan-dec
Revenue	1	1 469	-111	280	17 820
Cost of sales		-44 703	-237 610	-150 621	-497 327
<b>Gross profit</b>		<b>-43 234</b>	<b>-237 721</b>	<b>-150 341</b>	<b>-479 507</b>
Research and development expenses		-10 559	-10 798	-37 051	-32 730
Distribution and selling costs		-10 853	-12 205	-30 786	-45 971
Administrative expenses		-9 074	-11 575	-34 668	-41 771
Other operating income		445	2 840	3 787	3 594
<b>Operating profit / EBIT</b>		<b>-73 275</b>	<b>-269 460</b>	<b>-249 060</b>	<b>-596 386</b>
Finance income		8 825	24 682	8 827	44 203
Finance costs		-17 193	-6 718	-47 258	-48 356
<b>Finance items, net</b>	2	<b>-8 368</b>	<b>17 964</b>	<b>-38 431</b>	<b>-4 153</b>
<b>Profit before income tax</b>		<b>-81 644</b>	<b>-251 496</b>	<b>-287 491</b>	<b>-600 539</b>
Income tax		-	-	-	-
<b>Net profit/loss after tax</b>		<b>-81 644</b>	<b>-251 496</b>	<b>-287 491</b>	<b>-600 539</b>
<b>Attributable to:</b>		-	-	-	-
Parent Company shareholders		-81 644	-251 496	-287 491	-600 539
Non-controlling interests		-	-	-	-
<b>Earnings per share</b>					
Profit after tax		-81 644	-251 496	-287 491	-600 539
Number of shares at end of period		318 582 257	45 511 751	318 582 257	45 511 751
Number of share options at end of period		250 315	260 315	250 315	260 315
Weighted number of ordinary shares before dilution <sup>1)</sup> ,		315 713 554	45 511 751	177 348 539	32 385 124
Earnings per share before dilution, <sup>1)2)</sup> , SEK		-0,26	-1,75	-1,59	-5,87

<sup>1)</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.

<sup>2)</sup> The historical amount of outstanding shares when calculating earnings per share have been recalculated as an effect of the bonus issue parameter in the carried out rights issue during second quarter 2022. The conversion factor is 3.16.

## GROUP BALANCE SHEET

TSEK	Note	2022-12-31	2021-12-31
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
<b>Intangible fixed assets</b>			
Patents		1 186	1 097
Capitalized expenditure for development work		44 611	38 724
<b>Total intangible fixed assets</b>		<b>45 798</b>	<b>39 821</b>
<b>Tangible fixed assets</b>			
Property, plant and equipment		168 746	193 204
Fixed assets under construction		174 600	155 089
<b>Total tangible fixed assets</b>		<b>343 346</b>	<b>348 293</b>
<b>Other fixed assets</b>			
Right-of-use assets		73 180	52 743
<b>Total other fixed assets</b>		<b>73 180</b>	<b>52 743</b>
<b>Total fixed assets</b>		<b>462 324</b>	<b>440 857</b>
<b>CURRENT ASSETS</b>			
Inventories	4	101 893	99 251
Accounts receivable - trade		5 323	6 937
Tax assets		1 452	1 630
Other receivables		8 083	33 435
Prepaid expenses and accrued income		3 188	2 309
Cash and cash equivalents		204 735	230 748
<b>Total current assets</b>		<b>324 673</b>	<b>374 311</b>
<b>Total assets</b>		<b>786 997</b>	<b>815 168</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		53 097	7 585
Non-registered share capital		-	-
Other contributed capital		2 252 916	2 051 757
Other reserves		-164	24
Retained earnings		-1 855 412	-1 567 868
<b>Total equity</b>		<b>450 437</b>	<b>491 499</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term lease liabilities		63 178	46 092
Borrowings	3	159 352	135 125
<b>Total non-current liabilities</b>		<b>222 530</b>	<b>181 217</b>
<b>Current liabilities</b>			
Current lease liabilities		11 340	7 670
Provisions of warranty		30 992	26 818
Accounts payable - trade		10 140	32 889
Other liabilities		48 200	53 551
Accrued expenses and deferred income		13 358	21 524
<b>Total current liabilities</b>		<b>114 030</b>	<b>142 451</b>
<b>Total equity and liabilities</b>		<b>786 997</b>	<b>815 168</b>



## GROUP STATEMENT OF CHANGES IN EQUITY IN SUMMARY

TSEK	2022-12-31	2021-12-31
<b>Equity at beginning of period</b>	<b>491 498</b>	<b>103 118</b>
<b>Comprehensive income</b>		
Earnings after tax	-287 491	-600 539
Other comprehensive income	-241	-115
<b>Total comprehensive income</b>	<b>-287 732</b>	<b>-600 655</b>
<b>Transactions with shareholders</b>		
New share issue	246 671	973 321
Issued share options	-	1 794
Reclassification of derivative liability	-	13 920
<b>Total transactions with shareholders</b>	<b>246 671</b>	<b>989 035</b>
<b>Equity at end of period</b>	<b>450 437</b>	<b>491 498</b>

## GROUP CASH FLOW ANALYSIS

KSEK	Q4		12 months	
	2022 Oct-Dec	2021 Oct-Dec	2022 Jan-Dec	2021 Jan-Dec
<b>Cash flows from operating activities</b>				
Profit/loss before tax	-81 644	-251 495	-287 491	-600 539
Profit/loss on disposal of fixed assets	1 132	171	1 240	423
Interest paid and received	-6 681	-2 017	-14 867	-8 876
<b>Adjustment for other non-cash items</b>				
Depreciation on tangible and intangible fixed assets	17 408	21 411	63 249	76 796
Write-down of intangible fixed assets	-	137 472	-	137 472
Provisions for warranty	4 174	1 309	4 174	11 233
Accrued interest	-2 268	1 984	8 717	17 508
Changes in value of derivatives	-	-21 387	-	-28 956
Translation differences	-6 961	446	4 869	3 244
Other adjustments	3 622	-515	178	-586
<b>Cash flow from operating activities before changes in working capital</b>	<b>-64 537</b>	<b>-110 604</b>	<b>-205 064</b>	<b>-383 405</b>
<b>Cash flow from changes in working capital</b>				
Increase (-) /decrease (+) in inventories	-8 234	-7 800	-2 642	-57 238
Increase (-) /decrease (+) in operating receivables	4 484	-15 498	26 090	-4 891
Increase (+) /decrease (-) in operating liabilities	646	1 960	-36 268	-1 114
<b>Total changes in working capital</b>	<b>-3 104</b>	<b>-21 338</b>	<b>-12 820</b>	<b>-63 243</b>
<b>Cash flow from operating activities</b>	<b>-67 641</b>	<b>-131 942</b>	<b>-217 884</b>	<b>-446 648</b>
<b>Investing activities</b>				
Investments in intangible assets	-918	-6 475	-6 035	-24 170
Investments in tangible fixed assets	1 743	-55 321	-42 139	-190 949
<b>Cash flow from investing activities</b>	<b>825</b>	<b>-61 796</b>	<b>-48 174</b>	<b>-215 119</b>
<b>Financing activities</b>				
New share issue	20 456	-	246 671	733 310
Option programme	-	-	-	1 794
Repayment of debt	-2 100	-1 035	-6 686	-4 373
Loans raised	-	-	-	87 819
<b>Cash flow from financing activities</b>	<b>18 356</b>	<b>-1 035</b>	<b>239 985</b>	<b>818 549</b>
<b>Reconciliation of cash and cash equivalents</b>				
<b>Cash equivalents as of beginning of the period</b>	<b>253 185</b>	<b>425 512</b>	<b>230 748</b>	<b>73 940</b>
<b>Cash flow for the period</b>	<b>-48 460</b>	<b>-194 773</b>	<b>-26 073</b>	<b>156 782</b>
Exchange rate difference in cash and cash equivalents	9	9	60	27
<b>Cash and cash equivalents at the end of the period</b>	<b>204 735</b>	<b>230 748</b>	<b>204 735</b>	<b>425 512</b>

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

TSEK	Q4		Full year	
	2022 oct-dec	2021 oct-dec	2022 jan-dec	2021 jan-dec
Revenue	-	-	-	-
Cost of sales	-141	16	-260	-233
<b>Gross profit</b>	<b>-141</b>	<b>16</b>	<b>-260</b>	<b>-233</b>
Research and development expenses	-617	-146 294	-2 514	-170 563
Distribution and selling costs	-251	-225	-595	-618
Administrative expenses	-5 628	-5 777	-18 587	-23 101
Other operating income	3	1 395	46	1 395
<b>Operating profit / EBIT</b>	<b>-6 634</b>	<b>-150 885</b>	<b>-21 909</b>	<b>-193 120</b>
Finance income	3 665	28 847	15 879	56 862
Finance costs	-16 253	-5 848	-42 836	-45 641
Write-down of shares in subsidiaries	-	-152 537	-150 616	-502 537
<b>Finance costs - net</b>	<b>-12 588</b>	<b>-129 538</b>	<b>-177 574</b>	<b>-491 316</b>
<b>Profit after finance costs</b>	<b>-19 222</b>	<b>-280 423</b>	<b>-199 483</b>	<b>-684 436</b>
<b>Profit before tax</b>	<b>-19 222</b>	<b>-280 423</b>	<b>-199 483</b>	<b>-684 436</b>
Income tax expense	-	-	-	-
<b>Profit after tax</b>	<b>-19 222</b>	<b>-280 423</b>	<b>-199 483</b>	<b>-684 436</b>

## PARENT COMPANY'S BALANCE SHEET

TSEK	2022-12-31	2021-12-31
<b>ASSETS</b>		
<b>FIXED ASSETS</b>		
<b>Intangible fixed assets</b>		
Patents	1 186	1 097
Capitalized expenditure for development work	44 611	38 724
<b>Total intangible fixed assets</b>	<b>45 798</b>	<b>39 821</b>
<b>Tangible fixed assets</b>	-	
Property, plant and equipment	179	228
<b>Total tangible fixed assets</b>	<b>179</b>	<b>228</b>
<b>Financial non-current assets</b>	-	
Participations in Group companies	28 199	379
Receivables from Group companies	312 589	237 523
<b>Total financial non-current assets</b>	<b>340 788</b>	<b>237 902</b>
<b>Total fixed assets</b>	<b>386 765</b>	<b>277 951</b>
<b>CURRENT ASSETS</b>	-	
Accounts receivable - trade	-	171
Tax assets	359	359
Other receivables	866	6 287
Prepaid expenses and accrued income	1 020	1 142
Cash and cash equivalents	194 051	225 302
<b>Total current assets</b>	<b>196 296</b>	<b>233 260</b>
<b>Total assets</b>	<b>583 061</b>	<b>511 210</b>
<b>EQUITY AND LIABILITIES</b>	-	
<b>EQUITY</b>	-	
<b>Restricted equity</b>	-	
Share capital	53 097	7 585
Statutory reserve	35 212	34 401
Fund for development expenditure	43 801	38 724
<b>Total restricted equity</b>	<b>132 110</b>	<b>80 710</b>
<b>Non-restricted equity</b>	-	
Share premium reserve	2 220 284	2 019 125
Profit/loss brought forward	- 1 736 043	- 1 045 720
Profit/loss for the year	- 199 477	- 684 436
<b>Total non-restricted equity</b>	<b>284 764</b>	<b>288 969</b>
<b>Total equity</b>	<b>416 874</b>	<b>369 680</b>
<b>LIABILITIES</b>	-	
<b>Non-current liabilities</b>	-	
Borrowings	159 352	135 125
<b>Total non-current liabilities</b>	<b>159 352</b>	<b>135 125</b>
<b>Current liabilities</b>	-	
Accounts payable - trade	814	1 186
Other liabilities	2 226	1 912
Accrued expenses and deferred income	3 795	3 308
<b>Total current liabilities</b>	<b>6 835</b>	<b>6 405</b>
<b>Total equity and liabilities</b>	<b>583 061</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 of 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 deemed 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 results. 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 71 as set out on page 56 of the 2021 Annual Report.

Development costs of MSEK 44.6 for ongoing projects have been capitalized and relates 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 the fourth quarter the board of Directors see no need for impairment of any assets. 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

The Group has unused carry-forward tax losses of MSEK 1622.6 (1330.0), of which MSEK 1622.6 (1329.0) relates to non-disclosed carry-forward. These relates to unused carry-forward tax losses for the parent company, the Swedish subsidiary Nilar AB and the Estonian subsidiary Nilar OU. Deferred tax losses are not valued in the balance sheet.

### BREAKDOWN OF NET SALES (NOTE 1)

MSEK	Q4		Period	
	2022 okt-dec	2021 okt-dec	2022 jan-dec	2021 jan-dec
Sweden	1,5	1,3	5,0	11,3
Germany	-	-	-4,8	4,3
Netherlands	-	-0,7	0,7	0,6
Switzerland	-	-	-	-
Other Europe	-	-0,7	-0,6	1,6
India	-	-	-	-
<b>Total</b>	<b>1,5</b>	<b>-0,1</b>	<b>0,3</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 systems (EES).

Nilar's revenue consists mostly of product sales of batteries and battery management 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 ITEMS NET (NOTE 2)

MSEK	Q4		Perioden	
	2022 okt-dec	2021 okt-dec	2022 jan-dec	2021 jan-dec
Revaluation options and derivatives	-	21,4	-	40,9
Exchange Gains	8,8	3,3	8,8	3,3
<b>Sum Financial Income</b>	<b>8,8</b>	<b>24,7</b>	<b>8,8</b>	<b>44,2</b>
Interest expenses to shareholders	-	-	-	-10,1
Interest expenses EIB	-3,8	-3,6	-14,8	-13,6
Interest expenses leasing	-0,7	-0,5	-3,0	-1,7
Other interest expenses	-0,4	-0,4	-1,6	-1,1
Other financial expenses	-2,1	-1,8	-9,7	-6,8
Exchange Loss	-10,2	-0,4	-18,1	-15,1
<b>Sum financial expenses</b>	<b>-17,2</b>	<b>-6,7</b>	<b>-47,2</b>	<b>-48,4</b>
<b>Financial items, net</b>	<b>-8,4</b>	<b>18,0</b>	<b>-38,4</b>	<b>-4,2</b>

**Net Financial items** in the quarter amounted to MSEK -8.4 (18.0), of which MSEK 8.8 relates to exchange gains, MSEK -10.2 exchange losses, MSEK -3.8 interest on loans from EIB, MSEK -2.1 accrued service charge to the EIB and MSEK -0.7 relates to interest component of the lease liabilities related to costs for the company's premises.

For the year Net Financial items amounts to MSEK -38.4(-4.2), of which MSEK 8.8 relates to exchange gains, MSEK -18.1 exchange losses, MSEK -14.8 interest on loans from EIB, MSEK -9.7 accrued service charge and fees to the EIB and MSEK -3.0 relates to interest component of the lease liabilities related to costs for the company's premises. The main reason for the changes year over year relates to a positive effect of MSEK 21 when revaluating EIBs options during the third quarter 2021.

### BORROWINGS (NOTE 3)

TSEK	2022-12-31	2021-12-31
EIB	159,4	135,1
<b>Total</b>	<b>159,4</b>	<b>135,1</b>

### 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. Remaining tranches have not nor will be used.

Tranche A runs from 24 November 2020 to 31 December 2025 with an annual interest rate of 7.5%. In addition 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.

#### Fair value

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	22-12-31	21-12-31
<b>INVENTORIES</b>		
Raw materials	128 502	92 514
Stock of semi-finished products	13 702	39 714
Finished products	1 276	4 624
Advance suppliers	14 408	22 147
<b>IMPAIRMENT TO NET SALES VALUE</b>		
Raw materials	-42 748	-34 217
Stock of semi-finished products	-11 972	-22 869
Advance suppliers	-1 276	-2 662
<b>Sum inventories</b>	<b>101 893</b>	<b>99 251</b>

The inventory is valued at the lower of purchase price and net realisable value. Raw materials and items relating to the new product strategy have been valued at purchase price. Remaining inventory has been written down to an estimated net realisable value. During the year the inventories have been written down with MSEK 9.3, no write downs have been made during forth 2022.

#### 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 2022 Annual Report.

#### PARENT COMPANY

##### JANUARY – DECEMBER 2022

The parent company's net sales amounted to MSEK 0.0 (0.0). Intergroup purchases amounted to MSEK 5.9 (23.4) and consisted of the acquisition of intangible assets from the subsidiary Nilar AB. Research and development expenses amounted to MSEK -2.5 (-170.6) and consisted mainly of patent maintenance fees. Net financial income amounted to MSEK -177.6 (-491.3). The net financial items include write downs of shares in subsidiary companies of MSEK -150.6 (-502.5) and interest on loans to the EIB MSEK -14.8 (-13.6). The result after tax was MSEK -199.5 (-684.4).

Cash flow for the period was MSEK 31.2 (-157.7). Cash and cash equivalents at the end of the period amounted to MSEK 194.1 (225.3).

The equity ratio amounts to 71% (72%). Equity capital amounted to MSEK 416.9 (369.7).

#### ASSETS PLEDGED AS SECURITY AND CONTINGENT LIABILITIES

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

#### RAISE OF NEW EQUITY

The rights issue carried out in 2022 secured the financing of the company's operations until the end of 2023, provided that Nilar's production and sales improves in accordance with assumed forecasts. Since summer, the company and the board have been working on implementing the established strategy related to product and production improvements as well as sales channels and pricing. In addition, extensive work has been carried out to reduce costs and purchases.

No later than by the end of 2023 Nilar needs to be refinanced for continued operations. When this interim report is signed, no further financing is secured and the conditions for future financing will, among other things, be affected by the situation on the financial market. The board is evaluating various possible sources of funding. Possible sources of capital are loans and issues. Given these sources of capital, the board estimates that new capital will be able to be acquired in the second half of 2023.

#### 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 the uncertainty related to the geo-political development and ongoing sanctions between countries in Europe sanctions have escalated. The Russian invasion of Ukraine has raised concerns on multiple levels, not the least in the area connected to supply of specific raw materials. Nilar carefully monitors this situation but cannot at this time fully evaluate future scenarios and the impact these could have on Nilar's business.

No later than by the end of 2023 Nilar needs to be refinanced for continued operations. When this interim report is signed, no further financing is secured and the conditions for future financing will, among other things, be affected by the situation on the financial market. The board is evaluating various possible sources of funding. Possible sources of capital are loans and issues. Given these sources of capital, the board estimates that new capital will be able to be acquired in the second half of 2023.

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.

### PROPOSED DISTRIBUTION OF RESULTS

The board proposes to the annual general meeting that no dividend is distributed for the fiscal year.

This report has not been subject to audit by the company's auditors.

Täby, 15 February 2023  
Erik Oldmark  
CEO

## COMPARISON PER QUARTER

### GROUP

MSEK	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Income statement</b>								
Revenue	1,47	1,23	1,77	-4,19	-0,1	5,4	7,2	5,4
Gross profit	-43,2	-31,3	-35,0	-40,8	-237,7	-87,4	-84,8	-69,6
EBITDA	-57,0	-38,0	-42,8	-48,1	-110,6	-93,0	-100,6	-78,0
Operating profit (EBIT)	-73,3	-53,8	-58,5	-63,5	-269,5	-112,2	-118,7	-96,0
Profit/loss before tax	-81,6	-63,8	-67,8	-74,2	-251,5	-100,0	-134,7	-114,4
Profit/loss after tax	-81,6	-63,8	-67,8	-74,2	-251,5	-100,0	-134,7	-114,4
Depreciation	-16,3	-15,8	-15,7	-15,4	-21,4	-19,2	-18,2	-18,0
Intangible assets	-0,0	-0,0	-0,0	-0,0	-8,3	-7,9	-7,7	-7,7
Tangible assets	-13,9	-13,3	-13,3	-13,3	-11,6	-10,1	-9,2	-9,0
Capitalized expenses for development work	0,8	0,7	1,7	2,6	6,1	5,1	5,5	6,6
Average employed and contracted personnel	107	101	105	168	253	227	224	198
Employed and contracted personnel, end of period	117	119	120	170	265	276	251	234
<b>Cash flow <sup>2</sup></b>								
Operating activities	-67,6	-48,1	-51,6	-58,9	-131,9	-112,1	-122,3	-81,9
Investing activities	0,8	-6,6	-14,2	-17,5	-61,8	-65,6	-51,2	-36,5
Financing activities	18,4	-15,9	238,6	-3,4	-1,0	-1,1	716,9	105,3
Cash flow for the period	-48,4	-70,7	172,8	-79,8	-194,8	-178,8	543,5	-13,1
<b>Balance sheet</b>								
Fixed assets	462,3	466,1	473,3	469,9	440,9	522,3	476,2	442,2
Current assets	324,7	369,5	438,8	264,7	374,3	545,8	694,2	137,1
Total assets	787,0	835,6	912,1	734,7	815,2	1 068,0	1 170,4	579,2
Equity	450,4	511,9	589,3	417,3	491,5	729,1	829,2	7,3
Non-current liabilities	222,5	218,1	213,1	205,6	181,2	201,5	218,9	212,9
Current liabilities	114,0	105,7	109,6	111,8	142,5	137,4	122,4	359,0
Total equity and liabilities	787,0	835,6	912,1	734,7	815,2	1 068,0	1 170,4	579,2
Capitalised expenses for patents	1,2	1,2	1,2	1,2	1,1	0,8	0,7	0,5
Capitalized expenditure for development work	44,6	43,8	43,1	41,4	38,7	178,4	181,1	183,2
Property, plant and equipment	168,7	156,6	170,0	183,4	193,2	169,7	138,1	137,3
Fixed assets under construction	174,6	189,6	182,5	167,0	155,1	134,6	116,2	80,3
Inventories	101,9	93,7	97,3	95,6	99,3	91,5	60,2	42,0
Cash and cash equivalents	204,7	253,2	323,8	151,0	230,7	425,5	604,3	60,8
Equity/debt ratio, % <sup>1</sup>	57%	61%	65%	57%	60%	68%	71%	1%
Debt ratio, times <sup>1</sup>	0,7	0,6	0,5	0,8	0,7	0,5	0,4	78,2

### SHARE DATA

MSEK	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Shares at end of period, '000	318 582	297 067	297 067	45 512	45 512	45 512	45 512	5 087
Share options at end of period, '000	250	250	250	250	260	260	260	171
Average number of shares, '000	315 714	297 067	51 102	45 512	45 512	45 512	33 440	5 077
Average number of share options, '000	250	250	250	250	260	260	254	171

<sup>1</sup>An adjustment between the quarters have been made for the period Q1 2021-Q3 2021 compared to the annual report 2021



## 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, 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.
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.
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 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.
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

### Financial calendar

Annual report for 2022: April 13<sup>th</sup>, 2023  
Interim report first quarter 2023: May 9<sup>th</sup>, 2023  
Annual General Meeting: May 25<sup>th</sup>, 2023  
Interim report second quarter 2023: August 11<sup>th</sup>, 2023  
Interim report third quarter 2023: November 1<sup>st</sup>, 2023

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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.*

