



INVITATION TO SUBSCRIBE FOR SHARES IN NILAR INTERNATIONAL AB (PUBL)

AND LISTING OF THE SHARES ON NASDAQ FIRST NORTH PREMIER GROWTH MARKET

Sole Global Coordinator and Joint Bookrunner



Joint Bookrunner



BERENBERG
PARTNERSHIP SINCE 1590

Validity of the Prospectus

The Swedish version of this Prospectus was approved by the Swedish Financial Supervisory Authority (*Sw. Finansinspektionen*) on 22 April 2021. The Prospectus is valid for a period of maximum 12 months from this date, provided that Nilar International AB (publ) fulfils the obligation, in accordance with the Prospectus Regulation, if applicable, to provide supplements to the Prospectus in the event of significant new factors, material mistakes or material inaccuracies, which may affect the assessment of the shares in the Company. The obligation to prepare a supplement to the Prospectus is valid from the time of approval until the end of the subscription period. The Company is under no obligation to prepare supplements to the Prospectus after the end of the subscription period.

Nasdaq First North Premier Growth Market

Nasdaq First North Premier Growth Market is a registered SME growth market, in accordance with the Directive on Markets in Financial Instruments (EU 2014/65), as implemented in national legislation in Denmark, Finland and Sweden, and operated by a stock exchange within the Nasdaq Group. Issuers on Nasdaq First North Premier Growth Market are not subject to the same rules as issuers on the regulated market, as defined by EU law and implemented in national legislation. Instead they are subject to a less extensive set of regulations adjusted to small growth companies. The risk in investing in an issuer on Nasdaq First North Premier Growth Market may therefore be higher than investing in an issuer in the regulated market. All issuers with shares traded on Nasdaq First North Premier Growth Market have a Certified Adviser who monitors that the rules are complied with. The respective Nasdaq exchange approves the application for admission to trading. The company's Certified Adviser is FNCA Sweden AB.

IMPORTANT INFORMATION TO INVESTORS

This prospectus (the "**Prospectus**") has been prepared in connection with an offering to the public in Sweden and to institutional investors in Sweden and abroad to acquire new shares in Nilar International AB (publ) (the "**Offering**"). The Company has in connection with the Offering submitted an application for admission to trading of the Company's shares on Nasdaq First North Premier Growth Market in Stockholm.

In the Prospectus, depending on the context, "**Nilar**" or the "**Company**" refers to Nilar International AB (publ), reg. no. 556600-2977, a Swedish public limited liability company, or the group of companies where Nilar is the parent company (the "**Group**"). "**Sole Global Coordinator**" refers to Carnegie Investment Bank AB (publ) ("**Carnegie**") and "**Joint Bookrunners**" refers to Carnegie and Joh. Berenberg, Gossler & Co. KG ("**Berenberg**") which acts as the Company's financial advisors in connection with the Offering.

Approval of the Prospectus

The Prospectus has been prepared in accordance with the Regulation (EU) 2017/1129 of the European Parliament and of the Council (the "**Prospectus Regulation**") and has been approved by the Swedish Financial Supervisory Authority as the the competent authority in accordance with the Prospectus Regulation. The Swedish Financial Supervisory Authority only approves the Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of the Company or support of the securities comprised by the Offering. The Swedish Financial Supervisory does not guarantee that the information in the Prospectus is correct or complete. The Prospectus has been prepared in Swedish and English. Only the Swedish version of the Prospectus has been subject to the Swedish Financial Supervisory Authority's review and approval. In case of any discrepancies between the versions, the Swedish language version shall prevail.

Swedish law applies to the Prospectus. Disputes arising from the Prospectus shall be decided exclusively by the Swedish court, whereby Stockholm District Court shall constitute the first instance.

Offering restrictions

The Offering is not directed to the public in any country other than Sweden. Nor is the Offering directed to any individuals whose participation would require additional prospectuses, registration or actions other than those required by Swedish law. No measures have been or will be taken in any jurisdiction other than Sweden that would allow securities to be offered to the public or allow the Prospectus or any other documents pertaining to the Company or the Company's shares to be held or distributed in such a jurisdiction. Applications to acquire shares that violate such rules may be deemed invalid. Individuals who obtain copies of the Prospectus are requested by the Company and the Joint Bookrunners to inform themselves of and observe such restrictions. Neither the Company nor the Joint Bookrunners accept any legal responsibility for any violation of any such restrictions, regardless of whether or not such a violation is made by a prospective investor.

The shares in the Offering have not been and will not be registered under the United States Securities Act of 1933, as amended, (the "**U.S. Securities Act**") or with any other relevant securities regulatory authority of any state or other jurisdiction of the US, and may not be offered, sold or in any other way transferred, directly or indirectly, in or to the U.S., except in accordance with an applicable exemption to, or through a transaction not covered by, the U.S. Securities Act and in accordance with the securities laws of the relevant state or other jurisdiction of the United States. The shares covered by the Offering have not been recommended, approved or rejected by any U.S. federal or state securities or regulatory authority. Nor has any such authority assessed or commented on the accuracy or reliability of the Prospectus. Claiming the opposite is a criminal offense in the United States.

Investment information

An investment in securities is associated with certain risks. When investors make an investment decision, they must rely on their own judgment of the appropriateness of investing in Nilar. Prior to making an investment decision, potential investors should consult their own professional advisors and carefully evaluate and consider the investment decision. Investors may only rely on the information contained in the Prospectus and in any supplements to the Prospectus. No person is authorized to provide any other information or make any statements other than those contained in the Prospectus and or in any supplements to the Prospectus. If this were to happen, such information or statements shall not be deemed to have been approved by the Company or the Joint Bookrunners and neither the Company nor the Joint Bookrunners shall be responsible for such information or statements.

Neither the publication nor distribution of the Prospectus, nor any transactions carried out in connection with the Prospectus, shall be deemed to mean that the information in the Prospectus is accurate and valid at any time other than the day of its publication or that there has been no change in Nilar's operations after that day.

Stabilization measures

In connection with the Offering, Carnegie (the "**Stabilization Manager**") may, acting on behalf of the Joint Bookrunners, over-allot shares to conduct transactions aimed to stabilize, maintain or in other ways support the market price of the Company's shares at a higher level than the one that might otherwise have prevailed in the open market. Such stabilization transactions may be conducted on Nasdaq First North Premier Growth Market, over-the-counter market or any other way and may be executed any time during the period that starts from the first day of trading in the Company's shares on Nasdaq First North Premier Growth Market and ending not later than 30 calendar days thereafter. The Stabilization Manager is, however, not required to conduct such transactions and there is no assurance that such measures will be undertaken. Under no circumstances will transactions be carried out at a higher price than that the price in the Offering.

The stabilization manager may utilize the Overallotment Option to over-allot shares in order to enable stabilization measures. The stabilization measures, if conducted, may be discontinued at any time without prior notice but must be discontinued no later than within

the aforementioned 30-day period. The Stabilization Manager must, no later than by the end of the seventh daily market session after the stabilization measures have been undertaken, in accordance with article 5(4) of the Market Abuse Regulation (EU) 596/2014 and the Commission Delegated Regulation (EU) 2016/1052, disclose that stabilization measures have been undertaken. Within one week after the end of the stabilization period, the Stabilization Manager will, through the agency of the Company, disclose whether or not stabilization measures were undertaken, the date on which stabilization started, the date on which stabilization was last carried out as well as the price range within which stabilization was carried out for each of the dates when stabilization measures were conducted.

Forward-looking statements

The Prospectus contains certain forward-looking statements and opinions. Forward-looking statements are statements that do not relate to historical facts and events, and statements and opinions pertaining to the future that, for example, contain wording such as "assume", "of the opinion", "intends", "assesses", "estimates", "should", "ought", "according to estimates", "anticipates", "forecasts", "expects", "has the intention to", "may", "will", "plans", "planning", "potential", "could", "to the knowledge of", "believes" or similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements and opinions in the Prospectus concerning the future financial returns, plans and expectations with respect to the business and management of the Company, future growth and profitability, and general economic and regulatory environment and other matters affecting the Company.

Forward-looking statements are based on current estimates and assumptions made according to the best of the Company's knowledge. Such forward-looking statements are subject to risks, uncertainties, and other factors that could cause the actual results, including the Company's cash flow, financial position and operating income, to differ materially from the actual results, or fail to meet expectations expressly or implicitly assumed or described in those statements or to turn out to be less favourable than the results expressly or implicitly assumed or described in those statements. Accordingly, prospective investors should not place undue reliance on the forward-looking statements contained herein, and are strongly advised to read the entire Prospectus. Neither the Company nor Carnegie can give any assurance regarding the future accuracy of the opinions set forth herein or as to the actual occurrence of any predicted developments.

Due to the risks, uncertainties and assumptions associated with forward-looking statements, it is possible that the future events mentioned in the Prospectus will not occur. Forward-looking estimates and predictions derived from third-party studies and referred to in the Prospectus may prove to be incorrect. Actual results, implementation or events may differ materially from what is stated in such statements as a result of, but not limited to: changes in general economic conditions, especially economic conditions in markets in which the Company operates, changed interest rates, changed exchange rates, changed levels of competition, changes in laws and regulations and the occurrence of accidents or environmental damage.

Neither the Company nor the Joint Bookrunners can guarantee that the events and developments directly or indirectly referred to through the forward-looking statements in the Prospectus will actually occur. Forward-looking statements are only made as of the day of the Prospectus. Neither the Company nor the Joint Bookrunners assume any responsibility for publishing any revisions or updates to the forward-looking statements due to new information, future events or similar circumstances beyond what is required by applicable law or the Nasdaq First North Premier Growth Market rule book for issuers.

Industry and market information

The Prospectus contains industry and market information pertaining to the Company's geographical markets and product markets, market size, market shares, market position and other market information related to Nilar's operations and market. Unless otherwise stated, such information is based on the Company's analysis of several different sources, including statistics and information from external industry or market reports, market surveys, publicly available information and commercial publications.

Industry and market publications generally state that the information in the publication has been obtained from sources deemed to be reliable, but that the accuracy and completeness of such information cannot be guaranteed. The Company has not independently verified, and can thereby not guarantee the accuracy of, the industry and market information contained in the Prospectus or that has been collected or derived from industry or market publications. Market information and market statistics are inherently forward-looking, subject to uncertainty, may be interpreted subjectively and does not necessarily reflect actual or future market conditions. Such information and statistics are based on market surveys, which itself is based on selection and subjective interpretations and assessments, including interpretations of the type of products and transactions that should be covered by the relevant market, both by those conducting the surveys and respondents. Consequently, potential investors should be aware that the financial information, market information as well as the forecasts and estimates of market information contained in the Prospectus do not necessarily constitute reliable indicators of Nilar's future performance.

Presentation of financial information

Unless otherwise expressly stated, no information in the Prospectus has been audited or reviewed by the Company's auditor. Financial information attributable to the Company in the Prospectus that has not been audited or reviewed by the Company's auditor derives from the Company's internal accounting and reporting system.

Certain financial and other information presented in the Prospectus has been rounded off to make the information easily accessible to the reader. Accordingly, the numbers in some columns do not exactly match the specified total sum.

All financial amounts are stated in Swedish kronor ("**SEK**") unless otherwise stated. "**TSEK**" stands for a thousand Swedish kronor and "**MSEK**" stands for millions of Swedish kronor.

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THE OFFERING IN BRIEF

Offering price:	SEK 67
Application period:	23-29 April 2021
Announcement of the outcome of the Offering:	30 April 2021
First day of trading:	30 April 2021
Settlement date:	4 May 2021

FINANCIAL CALENDAR

Interim report first quarter 2021	27 May 2021
Annual General Meeting	30 June 2021
Interim report second quarter	23 August 2021
Interim report third quarter	16 November 2021
Year-end report 2021	17 February 2022

MISCELLANEOUS

ISIN Code:	SE0015950001
Ticker	NILAR

SUMMARY

INTRODUCTION AND WARNINGS

Introduction and warnings This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on an evaluation of the Prospectus as a whole by the investor. The investor may lose all or part of the invested capital.

Where an action relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have presented the summary, including any translations thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.

About Nilar **The Company:** Nilar International AB (publ), reg.no. 556600-2977.
Address: Stockholmsvägen 116B, SE-187 30 Täby, Sweden.
Legal Entity Identifier (LEI): 549300YB1GKR0RB4XL64.
ISIN code for the Company's shares: SE0015950001.
Ticker: NILAR

Competent authority The Prospectus has been reviewed and approved by the Swedish Financial Supervisory Authority, which is the competent authority in Sweden for approving prospectuses under the Prospectus Regulation.

The Swedish Financial Supervisory Authority's contact details are:

Finansinspektionen
 Visiting address: Brunnsgatan 3, SE-111 38, Stockholm
 Postal address: Box 7821, SE-103 97 Stockholm
 Telephone: +46 (0)8 408 980 00
 Website: www.fi.se

The Prospectus was approved by the Swedish Financial Supervisory Authority on 22 April 2021.

KEY INFORMATION ON THE ISSUER

- Who is the issuer of the securities?

General information about Nilar Nilar International AB (publ) reg. no. 556600-2977, is a Swedish public limited liability company that was established on October 4, 2000. The name of the Company was registered on August 3, 2016. The Company's operations are conducted in accordance with the Swedish Companies Act. Nilar had two subsidiaries. The Company's Legal Entity Identifier code (LEI) is 549300YB1GKR0RB4XL64.

Nilar's operations Nilar is a Swedish based developer and manufacturer of energy storage solutions suitable for a broad range of stationary applications, such as storing energy in residential buildings, industrial premises and commercial buildings. Energy storages can be used to de-couple energy production from its supply and increase flexibility to increase the potential of intermittent renewable energy generation. Nilar's battery technology, called Hydride®, is based on nickel-metal hydride (NiMH) with a water-based electrolyte, which results in a strong environmental and safety profile.

The Company's head office is located in Täby, Sweden, and Nilar's energy efficient production, together with the Company's research and development is carried out in a production facility in Gävle. The Company is currently expanding capacity at its production facility by improving the efficiency of the current production lines and by installing new production lines. Despite a significant expansion of production capacity, the Company has been limited by the facility's capacity. In 2019, the Company delivered 202 systems, which grew to 442 in 2020 (excluding warranty deliveries) and the number of delivered systems is expected to grow as production capacity increases. Nilar has delivered systems to many countries in the Nordic region and Europe and plans to expand its geographical reach in the coming years.

Ownership structure The table below lists the shareholders in the Company who as of 2 April 2021, held 5 percent or more of the shares and voting rights in the Company including any known subsequent changes.

There is, to the Company's knowledge, no direct or indirect holdings that can lead to control over the Company.¹

¹) Information in the table is provided based on the registration of the share split (1:6) resolved on by the extraordinary general meeting in the Company on 19 April 2021 and which is expected to be registered with the Swedish Companies Registration Office on 23 April 2021.

Ownership structure

Shareholder	April 2, 2021		After the Offering ¹		After the Offering ²	
	Shares	% of capital and votes	Shares	% of capital and votes	Shares	% of capital and votes
Christopher Braden	3,753,690	12.3	4,367,323	9.6	4,367,323	9.3
AkademikerPension	2,842,920	9.3	2,842,920	6.3	2,842,920	6.1
Första AP-Fonden	2,823,516	9.3	4,316,053	9.5	4,316,053	9.2
R&H Trust Co (Jersey) Limited, as the Trustee of Elk Trust	2,795,616	9.2	2,795,616	6.2	2,795,616	6.0
Fredriksson & Forssell AB	1,611,546	5.3	1,611,546	3.6	1,611,546	3.4
Largest shareholder, total	13,827,288	45.3	15,933,458	35.2	15,933,458	33.9
<i>Other shareholders</i>	<i>16,685,758</i>	<i>54.7</i>	<i>29,363,231</i>	<i>64.8</i>	<i>31,042,335</i>	<i>66.1</i>
Total	30,523,146	100.0	45,296,689	100	46,975,793	100

1) Provided that the Offering is fully subscribed, the Overallment Option is not used and following conversion of outstanding convertibles.

2) Provided that the Offering is fully subscribed, the Overallment Option is exercised in full and following conversion of outstanding convertibles.

Senior executives The Company's CEO is Marcus Wigren (born 1975). The other members of the management team are CFO Magnus Nordgren (1970), Head of Sales & Marketing Jan Lundquist (1964), Head of Product Management Erik Tolagen (1973), Site Operations Manager Annette Anderung (1963) and Head of Research and Development Joacim Wenna (1978).

Auditor The Company's auditor is Deloitte AB with Therese Kjellberg (born 1971) as the responsible auditor. Deloitte AB has been the Company's auditor throughout the whole period covered by the historical financial information in the Prospectus. For the fiscal year 2018, Jonas Ståhlberg at Deloitte AB was the responsible auditor. Both Therese Kjellberg and Jonas Ståhlberg are authorized public accountants and members of FAR (the professional institute for authorized public accountants in Sweden). Deloitte AB's visiting address is Rehnsgatan 11, SE-113 57 Stockholm.

- Key financial information regarding the issuer

Key financial information for Nilar The key financial information for Nilar presented below has been derived from the Group's audited consolidated financial statements for the financial years 2020, 2019 and 2018, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS") and in accordance with the Swedish Financial Reporting Board's recommendation. RFR 1 (Supplementary accounting rules for groups) and the Swedish Annual Accounts Act (1995:1554).

Condensed consolidated income statement

	January 1 – December 31		
	2020 <i>Adjusted</i> IFRS	2019 <i>Adjusted</i> IFRS	2018 <i>Adjusted</i> IFRS
SEK thousand			
Net sales	25,238	10,375	3,396
Operating result	-284,008	-221,730	-89,935
Net result for the period	-342,903	-238,519	-91,058

Condensed consolidated balance sheet

	31 December		
	2020 <i>Adjusted</i> IFRS	2019 <i>Adjusted</i> IFRS	2018 <i>Adjusted</i> IFRS
SEK thousand			
Total assets	576,370	565,907	288,551
Total equity	103,118	275,764	201,350

Condensed consolidated cash flow statement

	January 1 – December 31		
	2020 <i>Adjusted</i> IFRS	2019 <i>Adjusted</i> IFRS	2018 <i>Adjusted</i> IFRS
SEK thousand			
Cash flow from operating activities	-211,553	-153,912	-73,602
Cash flow from investment activities	-111,502	-135,175	-45,612
Cash flow from financing activities	233,622	419,987	76,943
Cash flow for the period	-89,433	130,899	-42,271

Key financial information for Nilar (cont.)

The Group's key performance measures SEK thousand	January 1 – December 3		
	2020	2019	2018
IFRS key performance measures¹			
Net sales	25,238	10,375	3,396
Net result for the period	-342,903	-238,519	-91,058
Alternative key indicators			
Gross profit/loss ²	-199,238	-151,068	-35,655
EBITDA	-223,356	-182,974	-79,929
Operating profit/loss (EBIT) ²	-284,008	-221,730	-89,935
Cash flow from investment activities ²	-111,502	-135,175	-45,612
Cash flow from financing activities ²	233,622	419,987	76,943
Equity ratio, %	18	49	70
Debt/Equity ratio, multiple	4.6	1.1	0.4
Operational key indicators			
Average number of employees	127	90	48

¹ The IFRS key performance measures have been audited for the fiscal years 2020, 2019 and 2018.

² Audited.

- Specific key risks for the issuer

Specific key risks for Nilar

Risks related to upscaling of the Company's production capacity

There is a risk that the planned expansion of the Company's production capacity will be linked to unexpected or greater than expected technical construction or integration challenges, which in turn could mean that the expansion is more time-consuming than initially estimated and that the anticipated synergies does not arise. Such a development could lead to the Company having to continue selling its products at negative margins and undermine the Company's ability to be profitable.

Risks related to the Company's products

The Company's latest generation of batteries is relatively newly developed and has been used by customers since 2018. The Company has therefore not had the opportunity to collect data relating to the service life of the batteries and their components, typical faults or defects which may occur in the longer term as well as related service needs. Overheating in a battery could cause a fire in the system around the battery and cause injury and property damage. Fires can spread quickly to adjacent areas. The Company has on a number of occasions experienced overheated batteries, e.g. due to electrical short circuiting in complementary technical equipment and related software.

Risks related to the small customer base

A large portion of Nilar's sales are made to system integrators who buy Nilar's products in their own name and resell them to the end-customers. Nilar is therefore dependent on that agreements with these system integrators being complied with and not terminated. In 2020, the five largest system integrators represented approximately 90 percent of the Company's net sales. There is a risk that the agreements with the Company's largest system integrators, for various reasons, some of which are outside the control of the Company, are terminated in advance or are not renewed or that the system integrators do not pay Nilar for the products ordered. Should the agreements with the system integrators not be observed, be terminated or not be renewed, in particular with respect to the Company's five largest system integrators as of the date of the Prospectus, it would have a material negative impact on the Company's revenue and profit if the Company cannot compensate the loss of one system integrators with sales to another customer.

Risks related to the Company's production facility being destroyed or damaged

The Company's production facility in Gävle contains the Company's four production lines that are in operation as of the date of the Prospectus. If this production facility were to be completely or partially damaged, needs to be closed or if any important equipment at the facility were to be seriously damaged, production, and consequently the distribution of the Company's products, could be interrupted. To the extent that damage to property or unforeseen production interruptions occur, this could have a significant negative impact on the Group's results and it is not certain that losses would be covered by the Company's insurances.

Risks related to disruptions in the logistics chain

Nilar is dependent on material delivered from different parts of the world and the Company also delivers its products globally, which means that the Company is affected by global production and logistics disruptions. The Company has experienced, and as of the date of the Prospectus, continues to see increased lead times in the logistics chain due to the covid 19 pandemic.

Risks related to the necessary permits not being obtained or maintained

The Company's battery production at the facility in Gävle is subject to a permit. As of the date of the Prospectus, the Company holds a permit from the County Administrative Board in Gävleborg (Environmental Protection Unit) regarding the manufacture of batteries. In the event that the Company does not conduct its business in accordance with existing or future permits, there is a risk that such a permit is revoked or that the Company temporarily or permanently is forced to discontinue the operations that pertain to the permit in question. In connection with

Specific key risks for Nilar (cont.)

expansions and opening of new production facilities, both in Sweden and abroad, there is also a risk that the necessary permits cannot be obtained or are issued after a long delay.

Risks related to the competitive situation, trends and driving forces in the energy storage industry

There is a risk that Nilar's competitors develop new types of products that outperform Nilar's products or manufacture products using materials or technologies with lower production costs or which are better for the environment. There is a risk that increased competition could result in increased price pressure, lower profit margins, increased costs for research and development and/or increased marketing and sales costs. Nilar may fail to proactively respond to its competitors when it comes to new products and pricing strategies, which may result in the Company losing market shares in established markets.

The Company may need to obtain additional financing in the future

The profitability of the Company's business plan requires the Company's production and sales being upscaled and if this does not happen or is delayed there is a risk that the Company will be unable to settle its obligations promptly when they fall due for payment. In such a case, the Company may have to seek additional financing. If beneficial terms cannot be obtained, it could result in increased financing costs or Nilar having to revise its business plan which could have a material adverse impact on the Company's future outlook, results, cash flow and financial position.

Risks related to the Company's ability to draw down the loan facility from the EIB

In October 2020, Nilar was granted a EUR 47 million loan from the European Investment Bank ("EIB"). The loan is made up of three tranches (A-C) and the Company has, as of the Prospectus date, received payment of EUR 17.5 million (of a maximum of EUR 17.5 million) as part of tranche A. The remaining tranches (B and C) are subject to special terms in order for the Company to utilize each tranche. There is a risk that the Company will not meet the conditions to further draw down the EIB loan partially or in full.

The Company is dependent on the Offering's successful completion to satisfy the Company's need for working capital in the short-term

The Company's operating capital is, as of the date of the Prospectus, insufficient to cover its current need for working capital in the coming 12-month period. With the net proceeds from a fully subscribed Offering, the Company expects to have sufficient working capital to finance the operation for the coming 12 months and until the Company, in line with its current business plan, is expected to be cash flow positive. If the Offering is not completed or fully subscribed and if the Company cannot obtain sufficient working capital by other means, the board of directors would have to revise the business plan or operate the businesses at a more limited rate than planned, while awaiting additional financing.

KEY INFORMATION ON THE SECURITIES

- The main features of the securities

Certain rights associated with the shares

Certain rights associated with the shares

The Company only has one class of shares and the shares in the Offering are of the same class. The rights associated with shares issued by the Company, including the rights pursuant to the Articles of Association of the Company, may only be amended in accordance with the procedures stated in the Swedish Companies Act (2005:551). The Company's share has ISIN code SE0015950001 and is denominated in Swedish kronor (SEK).

As of the date of the Prospectus the Company's share capital amounts to SEK 5,087,191 distributed across 30,523,146¹ shares. Each share has a nominal value of around SEK 0.17¹.

Voting rights

All shares in the Company entitle the shareholder to one vote per share at general meetings of shareholders. Each shareholder will be entitled to vote for all of the shares in the Company held by the shareholder.

Preferential rights to new shares, etc.

If the Company issues new shares, warrants or convertibles in a cash issue or set-off issue, the shareholders shall, as a general rule, have preferential rights to subscribe for such securities proportionally to the number of shares held prior to the issue.

Rights to dividends and liquidation proceeds

All shares in the Company carry equal rights with regards to dividend and the Company's assets and any surpluses in the event of liquidation. Decisions regarding dividends are made by the general meeting of shareholders. Holders recorded as owners of shares in the share register maintained by Euroclear on the record date decided by the general meeting are entitled to receive dividends.

Dividend Policy

The Company does not intend to propose a dividend in the short or mid-term and intends to use the cash flow generated for continued investments in growth.

¹) Based on the registration of the share split (1:6) resolved on by the extraordinary general meeting in the Company on 19 April 2021 and which is expected to be registered with the Swedish Companies Registration Office on 23 April 2021.

- Where will the securities be traded?

Admission to trading on Nasdaq First North Premier Growth Market

The Board of Directors of Nilar intends to apply for a listing of the Company's shares on the multilateral trading platform, the SME Growth Market, Nasdaq First North Premier Growth Market. Issuers on Nasdaq First North Growth Market are not subject to the same rules as issuers whose shares are traded on the regulated market. Instead they are subject to a less extensive set of regulations adjusted to small growth companies.

Admission to trading on Nasdaq First North Premier Growth Market (cont.)	The Board of Directors of Nilar has requested an examination from Nasdaq Stockholm AB regarding whether Nilar and the Company's shares meet the Nasdaq First North Premier Growth Markets listing requirements. On 13 April 2021, Nasdaq Stockholm AB notified that the Company meets the listing requirements on Nasdaq First North Premier Growth Market, provided that certain customary requirements are fulfilled, e.g. that the distribution requirement for the Company's shares is fulfilled no later than on the first day of trading and that the Offering is completed. The expected first day of trading is 30 April 2021.
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- What key risks are specific to the securities?

Specific key risks for Nilar's shares	<p>Risks related to the influence of major shareholders Some of the Company's major shareholders will, immediately after the execution of the Offering, hold around 33.9 percent of the shares and voting rights in the Company intermediately following the Offering (provided that it is fully subscribed and that the Overallotment Option is exercised in full). These major shareholders' interests may differ significantly from, or compete with, the interests of other shareholders, and there is a risk that the major shareholders will exercise their influence over the Company in a way that is not in the interest of other shareholders.</p> <p>Risk of an illiquid market and price volatility The listing and admission to trading of the Company's shares on Nasdaq First North Premier Growth Market should not be interpreted as meaning that there will be a liquid market for the shares. There is a risk that the price of the shares will be highly volatile in connection with the admission to trading. If active and liquid trading does not develop or does not prove sustainable, this could make it difficult for shareholders to sell their shares and the market price could differ considerably from the price of the shares in the Offering.</p> <p>Risk of dilution in future issues The Company has historically been dependent on capital contributions from both existing shareholders and new investors. The Company may in the future need additional capital to finance its operations in accordance with the Company's business plan. If the Company chooses to raise additional capital, for example through a new issue of shares, there is a risk that the Company's shareholders' holdings may be diluted, which also can affect the price of the shares.</p> <p>Risks regarding the Company's ability to issue dividends As of the date of the Prospectus, the board of directors does not foresee any proposals regarding payment of dividends within the next few years. Furthermore, the loan agreement with EIB imposes restrictions on the Company's payment of dividends which further limits the Company's ability to issue dividends to the shareholders.</p>
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KEY INFORMATION ON THE OFFER

- At which terms and according to which time plan can I invest in this security?

Terms and instructions	<p>The Offering The offering comprises a maximum of 11,194,029 shares exclusive of the Overallotment Option (see below). The Offering is divided into two parts: (i) an offering to the general public in Sweden and (ii) an offering to institutional investors in Sweden and abroad.</p> <p>Overallotment option In order to cover any over-allotment in connection with the Offering, the Company will issue an option to Sole Global Coordinator to sell additional 1,679,104 new shares on behalf of the Joint Bookrunner corresponding to a maximum of 15 percent of the number of shares in the Offering (the "Overallotment Option").</p> <p>Offering price The final offering price is SEK 67 per share. No commission will be charged.</p> <p>Application The application period for the acquisition of shares can be from 23 April 2021 until 29 April 2021 at 15:00 CET. Applications by the general public for the acquisition of shares shall comprise a minimum of 150 shares and a maximum of 14,500 shares, in even lots of 50 shares, Institutional investors in Sweden and other countries are invited to participate in a book-building process, which will begin on 23 April 2021 and continue until 29 April 2021.</p> <p>Allotment <i>Offering to the general public</i> Allotment of shares is not dependent on when during the application period the applications are submitted. In the event of over-subscription it is possible that no allotment will be received or that the received allotment comprises fewer shares than applied for whereupon the allotment may, in whole or in part, be made through random selection. For Nordnet's customers to be considered for allotment, the balance must be in the bank account or the securities depository/investment savings account specified in the application during the period from 29 April 2021 at 15:00 CET to 4 May 2021 equivalent to the lowest amount the application refers to per share.</p> <p><i>Offering to institutional investors</i> The decision on the allotment of shares within the framework of the Offering to institutional investors will be made with the aim of ensuring that the Company gets a good institutional shareholder base. Cornerstone investors are however guaranteed allotment in accordance with their respective undertakings.</p>
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Terms and instructions (cont.)

Information regarding allotment and payment

Offering to the general public

The allotment is expected to be made around 30 April 2021. As soon as possible thereafter, contract notes will be sent out to those who have been allotted shares in the Offering. Those who have not been allotted shares will not receive any notification.

Offering to institutional investors

Institutional investors are expected to receive around 30 April 2021 a notification of allocation according to a separate procedure after which a contract note will be sent.

Dilution

The Offering entails a dilution for existing shareholders of 24.7 percent provided that the Offering is fully subscribed and based on the total number of shares in the Company following the completion of the Offering and following conversion of the outstanding convertibles. Should the Overallotment option be exercised in full the dilution amounts to 27.4 percent.

Costs related to the Offering

The Company's costs related to the Offering are expected to amount to approximately SEK 53.3 million provided that the Overallotment Option is exercised in full.

Announcement of the outcome of the Offering

The final outcome of the Offering is expected to be made public by the Company through a press release to be published on or about 30 April 2021.

- Why is this Prospectus being produced?

Background and reasons

Background and reasons

Nilar is a Swedish developer and manufacturer of cost-efficient, safe and eco-friendly stationary Electrical Energy Storage (ESS) systems. Energy storage can be used to bridge the differences between energy production and demand for exploiting the potential of more irregular electricity production from renewable energy sources such as solar and wind power and to strengthen increasingly congested grids. As of the date of the Prospectus, Nilar supplies energy storage solutions for residential, industrial and commercial buildings. In the future, Nilar intends to provide solutions for infrastructure projects such as energy storage for grid support (e.g. EV charging). The Company battery technology, Hydride®, is based on nickel-metal-hydride (NiMH) electrochemistry with a water-based electrolyte, which results in a strong environmental and safety profile together with a competitive price over a life cycle. The Company is currently increasing the capacity of its production facility in Gävle by installing new production lines and enhancing the efficiency of existing lines. Despite the significant expansion of the production capacity, the Company's sales growth has been limited by the production capacity.

On the date of the Prospectus, the Company's working capital is insufficient to meet the Company's need for working capital in the coming twelve-month period. In this twelve-month period, taking into account the Company's existing business plan, the Company's deficit of working capital is estimated to total around SEK 350 million and a deficit of working capital will arise in the second quarter of 2021. The Company's board of directors intends to execute the Offering in order to cover the deficit in working capital to enable Nilar to continue to increase its production capacity and develop products. The Offering is expected, if it's fully-subscribed, to generate net proceeds of approximately SEK 696.7 million, in accordance with what is described below, and would mean that the Company will have sufficient working capital to finance the operation in the coming twelve months and until the Company, in line with its current business plan, is expected to be cash flow positive. Furthermore, the Offering and listing of the shares is expected to support the Group's continued growth and provide the Company with better access to the Swedish and international capital markets and will also provide a diversified base of Swedish and international shareholders, including institutional investors.

Use of the net proceeds

If fully subscribed, the Offering is expected to raise gross proceeds of approximately SEK 750 million. The Company's costs in connection with the Offering are expected to be approximately SEK 53.3 million provided that the Overallotment Option is exercised in full. The net proceeds of SEK 696.7 million is intended to be used, in order of priority, for the following purposes:

- expansion of production capacity in Gävle to a total of eight production lines (from the current four lines) and to begin construction of an additional facility with 16 production lines (approximately 65-75 percent of the net proceeds)
- increased working capital requirements (approximately 15-25 percent of the net proceeds);
- product development and research and development activities (approximately 10-15 percent of the net proceeds).
- expanded market organization and market initiatives (approximately 3-5 percent of the net proceeds).

In the event that the Overallotment Option is exercised, the proceeds from the Overallotment Option, a maximum of SEK 112 million, will be allocated and used for the above-mentioned purposes, with the order of priority described above.

If the Company is unable to secure sufficient working capital through the Offering to operate under its current business plan, the Board would be required to revise the business plan or operate at a more limited pace than planned pending additional financing or, alternatively, carry out other measures to raise necessary capital, such as, for example, a directed share issue or debt financing.

Material conflicts of interest

The Company does not consider there to be any material conflicts of interest in connection with the Offering.

RISK FACTORS

An investment in Nilar's shares involves various risks. The risk factors stated below are limited to such risks as Nilar considers to be material and specific to Nilar and its securities and that Nilar considers to be important to make an informed investment decision. Nilar's assessment of the materiality of each risk factor is based on the probability of their occurrence and the expected magnitude of their negative impact. Insofar as the adverse extent of the materialization of a risk has not been quantifiable, the Company has graded negative scope on a scale from limited negative impact to negative impact and material negative impact.

The risk factors are presented in categories where the most material risk factor in each category is presented first. The following risk factors in the same category are not ranked in any particular order of materiality or probability of occurrence. Where a certain risk factor may be able to be categorized in more than one category, it will appear only once in the most relevant category according to the board of directors' assessment.

OPERATIONAL RISKS

Risks related to upscaling the Company's production capacity

The Company has historically experienced strains on its production capacity meaning it has been unable to produce in line with demand. As of the date of the Prospectus, the Company is selling its products at a negative margin as economies of scale do not arise until larger production and sales volumes have been achieved (including reduced costs for embedded components, increased productivity and scrap reduction). The Company continuously evaluates its stock at the lowest of cost and net realizable value, where the stock is written down to a value equivalent to the net realizable value when it is deemed to be below cost.

As of the date of the Prospectus, the Company has four production lines in operation at its production facility in Gävle. The Company intends to use around 65-75 percent of the net proceeds from the Offering to increase the production capacity in Gävle to a total of eight production lines (from the existing four production lines) and initiate an additional facility with 16 production lines by establishing an additional facility. The Company estimates that the expansion of one production line and ancillary infrastructure will take approximately six to nine months to complete and that one production line costs approximately SEK 30 million.

There is a risk that the planned expansion of the Company's production capacity will be linked to unexpected or larger than expected construction or integration technical challenges, which in the long run could mean that the expansion takes longer than estimated, that the Company will be unable to deliver its products in accordance with concluded agreements and that the anticipated economies of scale do not arise. Such a development could lead to the Company having to continue selling its products at negative margins, which would have a materially negative impact on the Company's ability to be profitable. Furthermore, the costs for the Company to upscale its production capacity will increase and the Company's reputation with its customers may deteriorate. In addition, the introduction of new products and new product variants may require the adaptation of the production facilities which in turn could be associated with major costs and could delay the commercialization in the Company's products.

Risks related to the Company's products

The Company's latest generation of batteries is relatively newly developed and has been used by customers since 2018. Some new batteries and sub-components that have replaced older products have been introduced in 2020. In 2021 the Company also expects to launch further products and components, including a new Battery Management System (BMS) and "Nilar Hydride ReO2" which is expected to be able to recover the battery's charging capacity at the end of its service life.

As the Company's products are relatively new, the Company has not

had the opportunity to fully collect data relating to the lifetime of the batteries and components, typical faults or defects which may occur in the long term as well as related service needs. Overheating in a battery could cause a fire in the system around the battery and cause injury and property damage. Fires can spread quickly to adjacent areas. The Company has on a few occasions experienced overheated batteries, e.g. due to electrical short circuiting in complementary technical equipment and related software. Furthermore the material and software that is included in the battery can turn out to be defective and lead to extensive warranty commitments for the Company.

There is a risk that the Company will experience similar problems with the batteries in the future, which may lead to the Company having to cancel production permanently or terminate production over a period of time, or invest resources to investigate the causes of such an incident. In the long run this may result in the Company having to adjust or change manufacturing methods or choice of materials or participate in replacement programs or recall the product. This can lead to considerable costs for the Company, result in reduced sales revenue from the specific product and damage the Company's reputation among its customers and the market in general. Furthermore, the Company could be exposed to product liability in regards to injury or damage to property and thus giving rise to extensive damage claims, which may lead to costs for compensating the injured party and legal costs. The scope of this liability may increase, for example, in the event that the Company expands its operations in the US where some states have strict rules concerning product liability and related issues. There is also a risk that the Company's insurance policies do not cover, completely or partially such damage or claims. It is not certain that the provisions that are made in the ongoing operations for warranties are sufficient. If any of these risks are realized, it could have a negative impact on the Company's operations, reputation and financial position.

Risks related to the small customer base

A large part of Nilar's sales are to system integrators, who buy Nilar's products in their own name and resell them to end customers. Nilar is thus dependent on the agreements with these system integrators being complied with and not terminated. In 2020, the five largest system integrators represented approximately 90 percent of the Company's net sales.

There is a risk that the agreements with the Company's largest system integrators, for various reasons, some of which are beyond the Company's control, are terminated prematurely or not renewed or that the system integrators do not pay Nilar for ordered products. If the agreements with the system integrators are not complied with, terminated or cannot be renewed, in particular regarding one of the Company's five largest system integrators as of the date of the Prospectus, it would have a material adverse effect on the Company's revenues and results if the Company cannot compensate for the loss of the system integrator with sales to another customer.

Nilar actively works to broaden its customer base, both geographically and within product segments, such as energy storage in homes and residential buildings, energy storage for electric vehicle charging and energy storage for industrial and public facilities and the Company is dependent on a broadened customer base while upscaling its production. If Nilar is unable to gain new customers in existing or new markets or customer segments, Nilar's growth may be negatively affected, which could have a materially adverse effect on its ability to execute on its business plan and have a significantly negative impact on Nilar's growth prospect, financial position and results.

Risks related to dependence on certain components and materials and their quality

The manufacturing of the Company's products requires continuous access to certain components and materials provided by third parties, such as metal powder, nickel and nickel powder. In order for the Company's products to achieve maximum performance, it is necessary for components and materials that are part of the final product to be of high quality. To the extent such components and materials delivered are not of the agreed quality, there is a risk that the Company's products do not meet the requirements for performance and/or quality as agreed with, or expected by, the Company's customers. This could in turn, lead to complaints and remedial measures, which would be costly and damage the Company's reputation among its customers.

In addition, there is a risk that access to the necessary components and materials is limited in general from the Company's existing suppliers and that other suppliers cannot provide the component/material at the same terms and conditions as the Company has procured. The Company's purchases of raw materials and other production-critical material take place partly on call and as of the date of the Prospectus, the Company stocks only small batches of production-necessary material and is therefore dependent on such material being continuously available to the Company through third parties on terms that mainly correspond to those procured as of the date of the Prospectus. Among the raw materials and other input goods needed for production, Nilar's exposure to nickel is the greatest, and changes in prices of raw materials and other input goods can affect the Company's costs negatively. The dependency corresponds to approximately five percent of the customer price. Furthermore, the Company is dependent on the availability of metal powder, which is ordered primarily from Chinese suppliers. There is a risk that the production or delivery capacity of major suppliers is limited, either temporarily or permanently, for example due to the on-going covid-19 pandemic (see the risk factor "*Business cycle and external risks - Risks related to disruptions in the logistics chain*" below), bankruptcy, liquidation, sanctions, strikes, natural disasters or, where applicable, limited access to the raw materials that the components/materials are based on. In the event that these risks were to materialize, there is a risk that the Company would not be able to quickly replace those suppliers or that the costs for components/materials increase due to altered conditions for the purchase of such materials. If the Company does not have continuous access to necessary components/materials of high quality, it may also lead to limited production capacity, that the Company's customers direct compensation claims against the Company for delayed, cancelled or incorrect deliveries, reduced revenues from sales or that production costs increase and that such increased costs cannot be passed on to the Company's customers, which may have a negative impact on the Company's operations and earnings.

Risks related to parts of the manufacturing process being outsourced to third parties.

Parts of Nilar's manufacturing process regarding the batteries are located with third parties. It is thus important that these third parties continue to be available to the Company and, if the relationship with any such third party should cease, that the Company can replace the supplier at short notice to substantially corresponding contract terms. As a consequence of certain parts of the manufacturing process being outsourced, there is also a risk that interruptions or disruptions, for example as a result of the covid 19 pandemic, accident, fire, labor disputes or natural disasters at the suppliers, may significantly affect the Company's ability to meet its obligations to customers. These types of events may cause the Company's deliveries to cease in whole or in part for a shorter or longer period. Customers may be dependent on planned deliveries from Nilar and delayed deliveries from Nilar may mean that claims are directed at the Company and that Nilar's reputation with current and potential customers may deteriorate. If these risks materialize, it may have a negative impact on the Company's operations and earnings.

Risks related to the development of the Company's products and market acceptance

The company's products are subject to continuous further development to meet new needs. The company's existing product belongs to the fifth generation and has been developed for about 20 years. For the financial years 2020, 2019 and 2018, the Company has invested SEK 30.9 million, SEK 26.8 million and SEK 17.4 million, respectively, in product development, which has primarily been intended for investments in hardware and software. Following the completion of the Offer, the Company intends to make continued investments in product development.

It is important for the Company that its batteries are developed in line with market demand regarding the overall functionality, performance and relative carbon footprint of batteries. The Company also needs to be prepared to adapt its products in relation to new demands and applications where batteries are used, regardless of whether this is within the Company's existing focus area as of the date of the Prospectus or not. Future product development may also, to a greater extent than what was the case as of the date of the Prospectus, focus on software development or investment in ancillary applications in order to create conditions for an expanded revenue base, such as the collection of user data and services. It is also important for the Company that developed products can be launched and offered to the market. For example, the Company has developed a technology called "Nilar Hydride ReO2" that can recover the charging capacity through oxygen infusion at the end of its service life, which the Company plans to launch in the market in the second quarter of 2021 in Nilar's new battery system, EC Hydride, with the first product deliveries being made in the second half of 2021. There is a risk that the launch of Nilar Hydride ReO2 or other products will not be well received by the market, delayed, or at worst, fail to materialize, which may have a negative impact on the Company's operations and profits.

Product development of advanced batteries and surrounding services is complex and time consuming. It is difficult to anticipate in advance the outcome of individual investments or how market demand for the Company's batteries or services will develop. There is a risk that the Company misjudges the market and that investments in one or more development projects are delayed, misjudged in relation to the general market trend, more costly than anticipated or that the product or service cannot reach profitability once launched, or that product launches are delayed or do not happen at all. That

could mean that completed investments do not necessarily provide the Company with any corresponding benefit or any benefit at all.

Risks related to the Company's production facility being destroyed or damaged

The Company's production facility in Gävle contains the Company's four production lines that are in operation as of the date of the Prospectus. The production facility also houses other key production elements such as an electrode house and propagation house. In the fiscal year 2020 the production facility in Gävle generated SEK 25,238 thousand in revenue. If this production facility were to be completely or partially destroyed, had to be closed or if any significant equipment in the facility were to be seriously damaged, the production and consequently the distribution of the Company's products may be reduced or interrupted completely. The Company's manufacturing consists of a number of processes where interruptions or disruptions in any part of the production process, for example as a result of an accident, fire, labor disputes or natural disasters, can significantly affect the Company's ability to fulfill its obligations to customers. These types of events may cause the Company's deliveries, in whole or in part, temporarily or permanently, to cease. Some areas in the Company's facility are also common across production which means that major or minor damage to these areas risk bringing the Company's production to a stop. For example, at the beginning of the fourth quarter of 2020, there was a minor power explosion in the exhaust air ventilation from the electrode house in the production facility in Gävle (a separate part of the plant), as a result of which the exhaust air ventilation system in the electrode house needed to be renovated. Due to abnormally long delivery times due to the covid-19 pandemic of one critical component from a German sub-supplier, the renovation work could not be completed until March 2021. During the renovation period, Nilar's production capacity was materially reduced in relation to the installed production capacity and the Company's business plan.

Replacing damaged equipment can be difficult, time-consuming and costly. Interruptions in production can also damage the Company's reputation with existing and potential customers and lead to damaged customer relations and reduced sales. To the extent that damage to property or unforeseen production interruptions occur, this could have a significant negative impact on the Group's results and it is not certain that losses would be covered by the Company's insurance policies.

Risks related to dependence on key personnel in the business and the availability of the staff

The Company's success is largely dependent on the extensive competence and long experience within the Company's business area held by certain key personnel in the Company, which applies in particular to employees and consultants in company management and in research and development. The efforts of each of these people will continue to be important to the Company. The ability to recruit and retain qualified employees is important to ensure the level of competence in the Company and there is a risk that recruitment cannot take place on satisfactory terms as a result of competition with other employers in the industry. There is also a risk that the Company will experience difficulties in recruiting the right skills in connection with the planned expansion of the business. If the Company were to lose key personnel or if the Company could not continue to recruit qualified employees in the future, this could lead to delays or interruptions in the Company's projects, which could have a negative impact on the Company's operations and future prospects.

As a result of the covid 19 pandemic, there is also a risk that large

parts of the Company's personnel will be unavailable to the Company at short notice due to the spread of infection among the staff or due to decisions from authorities regarding so-called lock downs in order to limit the spread of infection. If this were to happen, it could have a negative impact on the Company's operations, financial position and earnings.

BUSINESS CYCLE AND EXTERNAL RISKS

Risks related to disruptions in the logistics chain

Nilar is dependent on material from different parts of the world and the Company also delivers its products globally, which means that the Company is affected by global production and logistics disruptions. The Company's products and production-critical materials are mainly transported by road and sea. Lead times for transportation, and in turn manufacturing, of the Company's critical products could be extended if the components required for the manufacture cannot be secured in time or if transports from, for example, China are delayed. The Company has experienced, and as of the date of the Prospectus, continues to see increased lead times in the logistics chain due to the covid 19 pandemic. The Company deems that delayed and/or failed deliveries of material critical to production can have a material negative impact on the Company's operations if such material becomes unavailable to the Company and the Company cannot at short notice purchase such material of equivalent quality and quantity from another distributor. A number of other factors can also impact the delivery of critical material from distributors and the delivery of the Company's batteries, including but not limited to trade restrictions, natural disasters or strikes. Disruptions to the logistics chain may result in the Company not being able to deliver its products in time or in agreed quantities, which could lead to increased costs on the basis of claims for damages from the Company's customers and that the Company's reputation among customers deteriorates.

Risks related to the global market and macroeconomic events

Sales and demand for the Company's products are affected by factors outside of the Company's control, including the prevailing economic climate and the development of, and demand for and price of the products that the Company offers. Domestic and global financial factors as well as other conditions that may have a significant impact on the markets in which the Company operates are, among other things, generally reduced economic growth or recession and reduced investments in the Company's industry or in industries where the Company's batteries can be used. Adverse changes in general economic and business conditions can also prevent price increases from being implemented, or necessitate price cuts or mean that capacity utilization cannot be maintained at a level profitable to the Company. Demand, cost and price of the Company's products may vary significantly in the future and a downturn in the economy or market can have a significant negative impact on the Company's operations and financial position.

Risks related to the competitive situation, trends and driving forces in the energy storage industry

Nilar operates in the energy storage market, which is a competitive and cost-conscious market with high environmental requirements as well as various demands regarding quality, delivery reliability, technological development and customer service. The Company is seeing market demand for advanced batteries that have the capacity to replace traditional lead-based batteries. The Company's assessment is, as of the date of the Prospectus, that the number of direct competitors, i.e. competitors with technology with comparative advantages and disadvantages in relation to the Company's products, is limited, but that the market's total value entails risks

in the form of the potential entry of new players on the market. This could result in large, well-established and financially strong players developing their own solutions or acquiring, investing in or establishing joint ventures with suppliers or other direct or indirect competitors that have a similar or competing product or target market to the Company. Examples of acquisitions in the battery industry are (i) the French oil and gas company Total which in 2016 acquired Saft, a French company that manufactures batteries, mainly for the transport, manufacturing and defense industries; (ii) OKQ8 which in 2019 acquired Kraftpojkarna, a Swedish system distributor in solar energy, charging infrastructure and energy storage; and (iii) Shell which in 2019 acquired Sonnen which is a German player in the market for domestic batteries. Such players have the capacity to make large financial and staff investments in product development, marketing and sales with the associated risks being the Company losing market share or relevance in the market.

There is a risk that Nilar's competitors develop new types of products that outperform Nilar's products or manufacture products using materials or technologies with lower production costs or which are better for the environment. There is a risk that increased competition could result in increased price pressure, lower profit margins, increased costs for research and development and/or increased marketing and sales costs. Nilar may fail to respond to its competitors proactively when it comes to new products and pricing strategies, which may result in the Company losing market shares in established markets which in turn may have a material negative impact on the Group's results and financial position.

Risks related to market developments

The Company operates in a market generally undergoing a shift towards more environmentally friendly products and services. In recent years, the development in the Company's industry has moved towards complete environmental awareness both in terms of choices of materials, quality of consumed energy and the level of energy consumption during production. That the Company business is changing and the possibility of the Company's batteries being used widely in various applications is, however, associated with structural challenges in terms of possible young infrastructure and capacity constraints. In this aspect, there is a risk in the market developing in a way that the Company did not estimate or expect or that the Company will be unable to adjust its operations and its products to a changed market, which may lead to declining interest in the Company's products among customers, reduced revenue, and consequently a negative impact on the Company's operations and prospects.

Risks related to the Company's ability to successfully handle growth

The Company is in a growth phase and the Company's board of directors has adopted financial targets that require that net sales total at least SEK 1 billion in 2023 and that the Company has a long-term EBITDA margin at no less than 20 percent. The expectations of the Company's future growth, turnover and EBITDA margin in the next couple of years places high demands on the Company's management and on the Company's operational and financial infrastructure as well as on the design and implementation of planning, management and growth processes in daily operations. As part of the Company's growth plans, the Company may operate in jurisdictions that the Company has no previous experience of. For example the Company is planning to set up a new production facility in Estonia. The expansion into new jurisdictions could be associated with uncertainties and risks, such as stricter rules and increased liabilities regarding products or environmental aspects, including difficulties to obtain or uphold permits or authorizations and cultural

differences. There is a risk that the Company is unable to consider the relevant risks that is associated with the Company's growth plans, which, if such risks were to materialize, could have a negative impact on the Company's ability to reach its financial targets.

LEGAL AND REGULATORY RISKS

Risks related to the necessary permits not being obtained or maintained

The Company's battery production at the facility in Gävle is subject to a permit. As of the date of the Prospectus, the Company holds a permit from the County Administrative Board in Gävleborg (Environmental Protection Unit) regarding the manufacture of batteries. The existing permit includes restrictions on amongst other things how many batteries can be produced, which as of the date of the Prospectus, is limited to a maximum of 2,000,000 batteries, equivalent to 5,800 tons per year, or battery modules equivalent to around 170,000 battery packs. The Company estimates that the planned expansion of the production facility in Gävle enables a production of between 800,000 and 1,000,000 battery modules, depending on the energy capacity per battery.

The permit is subject to conditions such as the business being conducted as stated by the Company in its application for the permit; that there must be systematic risk and safety assessment; that the storage and management of chemical products and hazardous waste is carried out in a way that prevents emissions on land, in air or in water and that the plant is properly equipped.. Given that the Company's operations are subject to permits issued in accordance with the rules of the Environmental Code (1998:808) (Sw. *Miljöbalken*), the Company is also subject to supervision. In the event that the Company does not conduct its business in accordance with existing or future permits, such a permit could be revoked and the Company may temporarily or permanently be forced to discontinue the operations that pertain to this permit. The risk with regard to expansions and new production facilities, in Sweden and abroad, is that the necessary permits cannot be obtained or that these permits are issued with delay.

In accordance with the Environmental Code, the legal person who conducted activities that resulted in a pollution is responsible for remediation. This means that claims regarding cost compensation or measures, under certain conditions, may be directed at the Company for land remediation or after-treatment as a result of occurrence or suspicion of contamination in land, water areas or groundwater to keep the property in such condition as follows from the Environmental Code or other applicable legislation. There is a risk that the Company's existing procedures for the storage and handling of chemical products and hazardous waste fails to prevent pollution in the area surrounding the production plant, which may entail that the Company is, for a short or extended period of time, forced to cease operations until such point that the property is in the condition required by the relevant authority and as a result, the Company may be burdened with costs for clean-up or remediation in accordance with the provisions of the Environmental Code and other applicable rules and decisions, which consequently could have a negative impact on the Company's results, financial position and reputation among its customers and suppliers.

Risks related to the protection of the Company's intellectual property rights

In order to protect the Company's intellectual property rights, the Company relies on a combination of patent and trademark laws, trade secrets and third parties' confidentiality obligations to the Company. As of the date of the Prospectus, the Company has 80

registered patents within 16 patent families and, in addition, several pending patent applications. As of December 31, 2020, the value of the Company's reported intellectual property rights totaled SEK 184.8 million, of which patents amounted to SEK 0.5 million and capitalized development costs amounted to SEK 184.3 million.

The industry in which the Company operates is under constant development and new innovations similar to the Company's products can be introduced to the market, which may mean that the scope of the Company's intellectual property rights may be circumvented. Assessments of patents in the Company's business involve complex legal and technical assessments and there is a risk that the Company cannot provide adequate patent or other intellectual property protection. In addition, there is a risk that patent applications are not approved and registered in the countries the Company believes are important from a strategic or commercial standpoint. In addition, third parties may object to the fact that patents or other intellectual property rights are registered in the name of the Company. Such objections also relate to invalidity pleas for already approved and/or registered intellectual property rights. Further, there is no guarantee that existing intellectual property rights, which the Company considers itself having the right to use, will provide sufficient protection against infringement and competition or that intellectual property terms and confidentiality obligations in the Company's agreements will be upheld by third parties.

Rights that are held, or may come to be held, by the Company's competitors or other third parties could prevent the Company from using a certain product, technology or methodology. This could result in the Company being forced to license the rights to use the product, technology or method, which can lead to increased costs and limitations in the use of the same. There is also a risk that the Company will not succeed in licensing such intellectual property rights at all or on terms that are commercially acceptable to the Company.

There is a risk that the Company will not be able to protect, maintain or renew its existing intellectual property rights or that other products or innovations developed by the Company will not receive sufficient intellectual property protection, or that the Company cannot freely use necessary intellectual property. If this happens, the Company's reported intellectual property rights may be subjected to write downs, which could have a material adverse effect on the Company's financial position and prospects.

Risks related to the Company's use of intellectual property rights

There is a risk that the Company infringes, or is alleged to have infringed, third party intellectual property rights through production, sale or development of the Company's batteries and associated services and applications. This risk relates in particular to those intellectual property rights which cannot be registered and which are thus not publicly available to the Company. Intrusion or unauthorized use of the whole or parts of third parties' intellectual property rights may lead to costly and time-consuming claims, require the Company to stop using certain products or technology, demand considerable resources from the Company's board of directors and management and disrupt ongoing operations. Such events may occur in connection with the Company's own use of existing or future intellectual property rights or in connection with licensing of its own intellectual property rights to other parties. There is a risk that the Company will be unable to successfully defend itself against alleged or actual infringement of third party patents, trademarks or other intellectual property rights and that these processes are driven by players that are financially stronger than the Company, which can

have a material negative impact on the Company's operations and financial position.

Risks related to legislative measures and policy decisions

The Company operates in a global market – energy storage – which is characterized by strong growth as a result of the development in intermittent electricity generation (wind and solar) and conversion to electric power in the transport sector (such as electric and hybrid cars). The Company focuses in particular on three segments: energy storage in homes, energy storage for electric vehicle charging and energy storage for industrial and public facilities. The Company's operations and the behavior of existing and potential customers are influenced, and to a certain extent governed, by legislative measures and political decisions in these areas. Products that replace environmentally dangerous or harmful products have historically been subject to political decisions around, for example, subsidies, which have functioned as a tool for politicians to nudge the behavior of companies and private individuals in a particular direction. Such decisions can, for example, entail that environmentally friendly alternatives may, for example through subsidies, obtain an advantage over competing products. As an example, the so-called bonus malus system for cars, light trucks and light buses was introduced in Sweden in 2018, which meant that buyers and manufacturers of vehicles whose emissions of carbon dioxide was below a certain limit received a premium/bonus. The purpose of the scheme was to increase the proportion of environmentally friendly vehicles and complement the more general fuel taxes and contribute to a reduction of the transport sector's oil dependence and climate impact. There is a risk that political decisions are taken which reward products other than the Company's or that political governance that is advantageous to energy storage as a whole fails to materialize, which could impact the Company's customers' purchasing power, willingness towards or interest in the Company's products and which could have a negative impact on the Company's prospects and earnings potential.

Risks related to regulatory compliance

Nilar's business on the global market for energy as well as its geographical spread exposes the Company to risks related to sustainability factors such as human rights and working conditions.

The Company relies on its employees, suppliers, distributors, customers and other partners complying with applicable laws and regulations and internal control documents and policies. Examples of non-compliance in this respect could be the lack of compliance in relation to the work environment and human rights which may occur in any part of the supply chain. As the Company has limited insights into its partners' operations, there is a risk of violations of prevailing laws and internal or external policies or that an action does not conform to the level of business ethics or integrity that Nilar has undertaken to uphold. Violation of, or failure to comply with, applicable laws and regulations by Nilar or by the Company's business partners may affect Nilar's reputation and may reduce the Company's business opportunities and ability to conduct its operations in a global market, which may have a negative impact on the Company's operations and reputation amongst its customers and other stakeholders.

FINANCIAL RISKS

The Company may need to obtain additional financing in the future

Since it was founded, the Company's capital raises have contributed approximately SEK 1,300 million before transaction costs (including convertibles of SEK 175 million in 2019). The net proceeds from the

Company's previous raises of capital have mainly been invested in the Company's products and production facilities. The Company intends to use the net proceeds from the Offering for investments in the production facility, market organization and marketing initiatives and product development.

There is a risk that the Company's investments in products and the production facility will not allow it to generate revenue to the extent required to cover the Company's costs, or that such revenue is generated later than the Company expects. The Company's business plan requires for its profitability that a certain price level for products can be maintained, that the Company's production and sales are increasing, that costs for raw materials and components decrease, that productivity increases, scrap reduces and that the production in the new plant abroad entails lower costs than in Sweden. If this fails to happen or is delayed there is a risk the company will be unable to execute its business plan, which will result in the Company's revenue not exceeding its costs, which could lead to difficulties for the Company in settling its debt obligations as they fall due for payment. If so, the Company would be forced to seek additional funding from shareholders or third parties, or a combination thereof. The availability of capital is generally affected by, among other things, the prevailing market conditions, the general availability of capital on the capital markets and the Company's credit rating. There is a risk that the capital available to the Company is not enough to finance the Company's operations or that it is not available to the Company at all. Terms and conditions for future financing may prove to be materially worse than what the Company has experienced historically. Irrespective of the foregoing the Company may turn to both the Swedish and international capital markets to raise the capital for further growth initiatives or other purposes. If the Company carries out additional capital raises, it could dilute the shareholdings and, if beneficial terms cannot be obtained, this could lead to increased financing costs, or result in Nilar having to revise its business plan, which could have a material negative impact on the Company's prospects, profit, cash flow and financial position.

Risks related to the Company's ability to draw down the loan facility from the European Investment Bank

In October 2020, Nilar was granted a EUR 47 million loan from the European Investment Bank ("EIB"). The loan consists of three tranches (A-C) and the Company has, as of the Prospectus date, received payment of EUR 17.5 million (of a maximum of EUR 17.5 million) as part of tranche A. The remaining tranches (B and C) are subject to special terms in order for the Company to utilize each tranche. The conditions are, inter alia, attributable to the Company securing equity financing (against new issuances of shares or by way of unconditional capital contributions from shareholders). Draw downs on the tranches B and C are conditional upon further equity raises; equity raises of at least SEK 420 million for tranche B (including the equity amount already raised as a condition for disbursement under tranche A) and SEK 200 million for tranche C (excluding the equity amounts already raised as a condition for disbursement under tranches A and B). Tranche B can be drawn down until 30 June 2022. Disbursement under tranche B is also conditional on the Company's sales from 1 July 2021 until 31 December 2021 not falling below SEK 77,000,000. Tranche C can be draw down until 30 September, 2023 provided that tranche A has been utilized in full and that tranche B has been drawn down. Disbursement under tranche C is also conditional on the EBITDA at group level in the fiscal year 2022 not falling below SEK 24,000,000.

There is a risk that the Company will not meet the conditions for further draw down of the EIB loan partially or in full. If, for example,

the Offering is not fully subscribed to the extent that allows the Company to meet the capital raising requirements for disbursement under tranche B and C or if the Offering is not executed at all, the Company may need to seek other financing options to draw down the remaining tranches of the loan. The Company cannot guarantee that it will be able to raise the required amounts.

Risks related to changes in exchange rates

Transaction risk is the risk of changes in the value of commercial flows in foreign currencies in the event of changes in exchange rates. The company operates in an international market and is mainly exposed to currency risk vis-à-vis SEK through purchases and sales in EUR and USD. As of December 31, 2020 and 2019 respectively, Nilar had the following transaction risk exposure to financial liabilities, which consisted of accounts receivable, trade creditors and loans:

SEK thousand	December 31, 2020	December 31, 2019
EUR	88,918	960
USD	3,613	2,960
Other currencies	-	92
Total	92,530	4,012

As of December 31, 2020, Nilar had the following transaction risk exposure to financial assets:

SEK thousand	December 31, 2020	December 31, 2019
EUR	3,841	618
USD	4,123	851
Other currencies	-	-
Total	7,964	1,469

If the value of SEK had increased/decreased by five percent against the other currencies above, all other things being equal, the impact on the profit/loss for the fiscal years 2020 and 2019 would have been SEK 4,228 thousand and SEK 140 thousand respectively.

The Company is dependent on the Offering's successful completion to satisfy the Company's need for working capital in the short-term

As of the date of the prospectus, the Company's working capital is insufficient to meet the Company's working capital needs for the upcoming twelve-month period. In this twelve-month period, taking into account the Company's existing business plan, the Company's deficit of working capital is estimated to total SEK 350 million and lead to a deficiency in the second quarter of 2021. With the net proceeds from a fully subscribed Offering, the Company expects to have sufficient working capital to finance the operation for the coming 12 months and until the Company, in line with its current business plan, is expected to be cash flow positive.

The Offering is subject to subscription undertakings from Cornerstone Investors totaling SEK 489 million, equivalent to 56.7 percent of the number of shares in the Offering provided that the Offering is fully subscribed and the Overallotment Option is exercised in full. The board of directors of Nilar therefore considers the conditions for successfully executing the Offering, and thereby resolving the Company's need for operating capital, to be good. The Cornerstone Investors' undertakings are, however, not secured via pledges or similar arrangements to ensure that the amounts committed

are paid to the Company, which means that the Company cannot guarantee that these amounts will be received by the Company. If the Offering is not executed or fully subscribed or if the Company is unable to secure sufficient working capital by other means, the board of directors will be forced to revise the business plan or conduct the operations at a reduced rate while awaiting further financing, or alternatively to take other measures to raise necessary capital such as a directed issue or loan financing options.

Credit risks linked to Nilar's customers

Credit risk refers to the risk that the Company's counterparties do not fulfill their contractual obligations, which for Nilar results in an economic loss. The Company's exposure to credit risks is mainly attributable to accounts receivable. There is a risk that the Company's measures for managing credit risks are insufficient or that accounts receivable cannot be paid, resulting in negative effects on the Company's financial position and profits. For example, if Nilar would have suffered credit losses in relation to its customers of five percent in 2020, which may happen in the future due to, for example, financial difficulties in consequence to the covid-19 pandemic, the Company's net sales for the 2020 fiscal year would have decreased by SEK 1,261,900.

RISKS RELATED TO THE OFFERING AND THE COMPANY'S SHARES

Risks related to the influence of major shareholders

Christopher Braden, AkademikerPension, First Swedish National Pension Fund (AP1), and R&H Trust Co (Jeysey) Limited as Trustee for the Elk Trust and Fredriksson & Forssell AB, are some of the Company's larger shareholders who, immediately following completion of the Offering (assuming the Offering is fully subscribed), will hold approximately 33.9 percent of the shares and votes in the Company. These shareholders will thus continue to have significant influence over the outcome of matters that are referred to the Company's shareholders for approval, including the election of directors and any increases of the Company's share capital or mergers. These major shareholders' interests may differ significantly from, or compete with, the interests of other shareholders, and there is a risk that the major shareholders will exercise their influence over the Company in a way that is not in the interest of other shareholders.

Risk of an illiquid market and price volatility

The Company's shares have not previously been traded on a stock market. It is therefore difficult to predict the amount of trading or the interest that may be shown in the shares. The price for which the shares are traded and the price at which investors can make their investment will be affected by a number of factors, some of which are specific to Nilar and its business, while others are general for listed companies and outside the Company's control. The listing and admission to trading of the Company's shares on Nasdaq First North Premier Growth Market should not be interpreted as having a liquid market for the shares. There is a risk that the price of the shares will be highly volatile in connection with the admission to trading and thereafter. If active and liquid trading does not develop or does not prove sustainable, this could make it difficult for shareholders to

sell their shares and the market price could come to differ considerably from the price of the shares in the Offering.

Risk of dilution in future issues

The Company has historically been dependent on capital contributions from both existing shareholders and new investors. The Company may in the future need additional capital to finance the operations in accordance with the Company's business plan. Such financing can be obtained, for example, through the issue of shares, share-related instruments or debt instruments in the Company. There is a risk that further financing options at acceptable terms will not be available to the Company when required, or not available at all. If the Company chooses to raise additional capital, for example through a new issue of shares, there is a risk that the Company's shareholders' holdings may be diluted, which also could affect the price of the shares. If these risks were to materialize, this could have a negative impact on investors' invested capital and/or the price of the shares.

Risks regarding the Company's ability to issue dividends

The Company has not paid any dividends to the Company's shareholders for the financial years covered by the historical financial information in the Prospectus. As of the date of the Prospectus, the board of directors does not foresee any proposals regarding payment of dividends within the next few years. The Company's ability to pay dividends in the future depends on a number of factors such as future revenue, financial position, cash flows, need for working capital, investments, any restrictions in loan agreements and other factors. The loan agreement with EIB imposes restrictions on the Company's ability to adopt and issue dividends to the shareholders. Furthermore, the Company may come to lack sufficient distributable funds and the Company's shareholders may end up deciding to not pay dividends.

Risk regarding Cornerstone investors' commitments

AFA Insurance, BNP Paribas Energy Transition Fund, First Swedish National Pension Fund (AP1), Fourth Swedish National Pension Fund (AP4), Handelsbanken Fonder on behalf of investment funds and Länsförsäkringar Fund Management ("Cornerstone investors") have undertaken, at these terms and at the same price as the other investors, to acquire shares in the Offering totaling SEK 489 million, equivalent to 56.7 percent of the number of shares in the Offering, provided the Offering is fully subscribed and the Overallotment Option is fully exercised. However, the Cornerstone Investors' undertakings are not secured by bank guarantees, blocked funds, pledges of collateral or similar arrangements to ensure that the amounts committed will be paid to the Company, meaning there is a risk that the Cornerstone Investors may not meet their undertakings. Furthermore, the Cornerstone Investors' undertakings are associated with customary terms, among other things, that the Offering is completed within a certain time and that Cornerstone investors receive full allotment. If any of these terms are not met there is a risk that the Cornerstone Investors will refrain from fulfilling their undertaking, which may have an adverse impact on the Offering's execution.

INVITATION TO ACQUIRE SHARES IN NILAR

In order to facilitate Nilar's continued growth, create a stable, long-term foundation for the Company's continued development and growth and enhancing the Company's manufacturing capacity, the Board of Directors of Nilar have resolved to diversify the Company's shareholder base through the Offering to the public in Sweden and to institutional investors in Sweden and abroad. The Board of Directors of Nilar has requested Nasdaq Stockholm AB to examine whether Nilar and the Company's shares meet the Nasdaq First North Premier Growth Markets listing requirements. On 13 April 2021, Nasdaq Stockholm AB notified that the Company meets the listing requirements on Nasdaq First North Premier Growth Market, provided that certain customary requirements are fulfilled, e.g. that the distribution requirement for the Company's shares is fulfilled no later than on the first day of trading and that the Offering is completed. The expected first day of trading is 30 April 2021.

In light of the above, in accordance with the terms in the Prospectus, investors are hereby invited to acquire a maximum of 11,194,029 newly issued shares in the Company. The price per share in the Offering has been set to SEK 67. The offering price has been determined by the Company's Board of Directors in consultation with Sole Global Coordinator based on the discussions that preceded the commitments made by Cornerstone investors, contacts with certain other institutional investors, prevailing market conditions and a comparison with the market price of other comparable listed companies' shares. The offering price of SEK 67 per share corresponds to a value of the Company's shares of approximately SEK 3,035 million after completion of the Offering, provided that the Offering is fully subscribed.

The shares in the Offering will be issued pursuant to the authoriza-

tion given at the extra general meeting on 19 April 2021. Provided that the Offering is fully subscribed, the number of shares in the Company will increase by 11,194,029 shares, from 30,523,146 to 41,717,175 shares, corresponding to a dilution of 24.7 percent based on the total number of shares in the Company after the completion of the Offering and after conversion of outstanding convertibles (27.4 percent in the event that the Overallotment Option is fully exercised).¹

To cover any over-allotment in connection with the Offering, the Company will issue an option to the Sole Global Coordinator to sell, on behalf of the Joint Bookrunner, an additional 1,679,104 shares corresponding to a maximum of 15 percent of the total number of shares in the Offering (the "**Overallotment Option**"). The Overallotment Option may be utilized, in full or in part, within a period of 30 days from the first day of trading in the Company's shares on Nasdaq First North Premier Growth Market.

AFA Insurance, BNP Paribas Energy Transition Fund, First Swedish National Pension Fund (AP1), Fourth Swedish National Pension Fund (AP4), Handelsbanken Fonder on behalf of investment funds and Länsförsäkringar Fund Management (the "**Cornerstone Investors**") have undertaken to subscribe for 7,293,127 shares in the Offering, corresponding to approximately SEK 489 million or 56.7 percent of the number of shares in the Offering provided that the Offering is fully subscribed and that the Overallotment Option is fully utilized. The Cornerstone Investors will be prioritized in the allotment of shares in the Offering and receive full allocation in accordance with their respective commitments. The commitments do not entitle any compensation and has been made at terms applicable for other investors in the Offering.

22 April 2021

Nilar International AB
The Board of directors

¹ Information on number of shares and offering price is based on the registration of the share split (1:6) resolved on by the extraordinary general meeting in the Company on 19 April 2021 and which is expected to be registered with the Swedish Companies Registration Office on 23 April 2021.

BACKGROUND AND REASONS

The shift towards renewable energy sources means more erratic power generation while the ongoing electrification of society is changing the way electricity is consumed, all of which adds on the strain on an already strained electric power infrastructure in the distribution chain. Energy storage enables energy to be used when it is needed and not when it is produced.

Nilar is a Swedish developer and manufacturer of cost-effective, safe and environmentally friendly stationary energy storage systems, known as Electrical Energy Storage (ESS) systems. Energy storage can be used to bridge the gap between energy supply and demand in order to, for example, better make use of the potential of more erratic power generation from renewable energy sources, such as solar energy and wind power and to strengthen increasingly congested electricity networks. Nilar supplies, as of the date of the Prospectus, energy storage solutions for residential, industrial and commercial buildings and Nilar intends, in the future, to provide solutions for infrastructure projects such as energy storage for grid support (e.g. EV charging). The Company's battery technology, called Hydride®, is based on nickel-metal hydride (NiMH) with a water-based electrolyte, which results in a strong environmental and safety profile together with a competitive price picture over the systems' life cycle.

The Company is headquartered in Täby, Sweden, and the production is currently carried out solely in the high-tech facility in Gävle, where the Company's research and development also takes place. The Company is currently expanding the capacity of its production facility in Gävle by installing new production lines and improving the efficiency of the existing lines. Despite a significant expansion of the production capacity, the Company's sales growth has been limited by production capacity.

As of the Prospectus date, the Company's working capital is insufficient for the Company's working capital needs for the next twelve-month period. During this twelve-month period, taking into account the Company's existing business plan, the Company's working capital deficit is estimated to amount to approximately SEK 350 million and the working capital deficit will occur during the second quarter of 2021. In order to cover the working capital deficit and to ensure that Nilar can continue to increase its production capacity and develop its products, the Company's Board of Directors intends to carry out the Offering. The Offering, if it's fully-subscribed, is expected to raise net proceeds of approximately SEK 696.7 million, in accordance with what is described below, and would result in that the Company has sufficient working capital to fund its operations for the next twelve months and until the Company, in line with its current business plan, is expected to become cash flow positive. Under the current business plan, the Company expects to achieve profitability on operating profit before depreciation of tangible and intangible assets (EBITDA) in 2022, which assumes the commissioning of six additional production lines in a second factory in Estonia

and that the Company reaches a production capacity equivalent to approximately 10,000 systems on a yearly basis.¹

The Offering and listing of the shares is expected to support the Nilar's continued growth and give the Company with better access to the Swedish and international capital markets and will also provide the Company with a diversified base of Swedish and international shareholders, including institutional investors. The Company also believes that a listing on Nasdaq First North Premier Growth Market will increase awareness of the Company among customers, suppliers and partners and contribute to make Nilar an even more attractive employer.

If fully subscribed, the Offering is expected to raise gross proceeds of approximately SEK 750 million. The Company's costs in connection with the Offering are expected to be approximately SEK 53.3 million provided that the Overallotment Option is exercised in full. The net proceeds of SEK 696.7 million from the Offering is intended to be used, in order of priority, for the following purposes:

- expansion of production capacity in Gävle to a total of eight production lines (from the current four lines) and to begin construction of an additional facility with 16 production lines (approximately 65-75 percent of the net proceeds)
- increased working capital requirements (approximately 15-25 percent of the net proceeds);
- product development and research and development activities (approximately 10-15 percent of the net proceeds).
- expanded market organization and market initiatives (approximately 3-5 percent of the net proceeds).

In the event that the Overallotment Option is exercised, the proceeds from the Overallotment Option, a maximum of SEK 112 million, will be allocated and used for the above-mentioned purposes, with the order of priority described above.

The Offering is subject to subscription commitments from the Cornerstone investors of a total of SEK 489 million, representing 56.7 percent of the number of shares in the Offering, provided that the Offering is fully subscribed and the Overallotment Option is fully exercised. The Board of Directors of Nilar therefore assesses that the prospects for a successful completion of the Offering, and for satisfying the Company's working capital requirement is rectified, are good. If the Company is unable to secure sufficient working capital through the Offering to operate under its current business plan, the Board of Directors would be required to revise the business plan or operate at a more limited pace than planned pending additional financing or, alternatively, carry out other measures to raise necessary capital, such as, for example, a directed share issue or debt financing.

22 April 2021
Nilar International AB
 Board of directors

For more information, refer to the Prospectus in its entirety, which has been prepared by the Board of Directors of the Company in connection with the Offering. The Board of Directors of the Company is responsible for the content of the Prospectus. To the best of the Board of Directors' knowledge, the information provided in the Prospectus complies with factual circumstances and no information has been omitted from the Prospectus that could affect its content.

¹) At an assumed average size of 22 kWh per system.

TERMS AND CONDITIONS

THE OFFERING

The Offering includes a maximum of 11,194,029 shares¹ exclusive of the Overallotment Option (see below). The Offering is divided into two parts: (i) an offering to the general public in Sweden and (ii) an offering to institutional investors in Sweden and abroad. The outcome of the Offering is expected to be announced through a press release on or about 30 April 2021.

OVERALLOTMENT OPTION

To cover any over-allotment in connection with the Offer, the Company will issue an option to the Sole Global Coordinator to sell, on behalf of the Joint Bookrunner, additional 1,679,104 existing shares corresponding to a maximum of 15 percent of the number of shares in the Offering (the "**Overallotment Option**"). The Overallotment Option may be utilized, in full or in part, during a period of 30 days from the first day of trading in the Company's shares on Nasdaq First North Premier Growth Market. The Overallotment Option may only be exercised in order to cover any over-allotment in the Offering or to facilitate stabilization measures (see the section "*Legal issues and supplementary information - Stabilization measures*"). Provided that the Offering is fully subscribed, the Overallotment Option is fully exercised, the Offering will comprise a maximum of 12,873,133 shares, corresponding to approximately 27.4 percent of the shares and votes in the Company after completion of the Offering and conversion of outstanding convertibles, see the section "*The share, share capital and ownership structure - Convertibles, warrants, etc.*".

ALLOCATION OF SHARES

Shares will be distributed to each part of the Offering based on demand. The distribution will be decided by the Company in consultation with the Joint Bookrunners.

OFFERING PRICE

The offering price is SEK 67 per share. No commission is paid.

The offering price has been decided by the Company in consultation with Sole Global Coordinator based on the discussions that preceded the commitments made by Cornerstone investors, contacts with certain other institutional investors, prevailing market conditions and a comparison with the market price of other comparable listed companies' shares.

APPLICATION

The Offering to the general public in Sweden

Notification of acquisition of shares can be made during the period 23 April 2021 up to and including 29 April 2021 at 15:00 CET.

Applications from the general public for acquisition of shares shall be at least 150 shares and at most 14,500 shares, in even positions of 50 shares.

Late applications as well as incomplete or incorrectly filled in applications may be disregarded. No additions or changes may be made to the preprinted text on the application form. Only one application per investor may be made. If multiple notifications are made, Carnegie reserves the right to consider only the first one received. Note that the application is binding.

The Company, in consultation with the Sole Global Coordinator, reserves the right to extend the notification period. Such an

extension will be announced in a press release before the end of the application period.

In order to carry out a securities transaction, all legal entities need a global identification code, a so-called Legal Entity Identifier (LEI). In order to be entitled to participate in the Offering and be assigned shares, you as a legal entity must hold and provide your LEI number. Remember to apply for registration of an LEI code in good time as the code must be stated when registering. More information on the requirements regarding LEI can be found, among other things, on Swedish Financial Supervisory Authority's (Sw. *Finansinspektionen*) website www.fi.se.

Anyone who wishes to use accounts/custodian accounts with specific rules for securities transactions, such as capital insurance, for acquisition of shares under the Offering must check with the bank or the institution providing the insurance if this is possible.

Notification of acquisition of shares shall be made in accordance with the instructions below for each bank.

Application via Carnegie

Persons applying for acquisition of shares via Carnegie must have a securities depository or an investment savings account with Carnegie.

For clients with an investment savings account with Carnegie, if the application results in an allotment, Carnegie will acquire the corresponding number of shares in the Offering and resell the shares to the client at the offering price. You can apply by contacting the investor's adviser at Carnegie. If the client does not have an adviser, the investor must contact the Private Banking at Carnegie.

Registration via Nordnet

Persons in Sweden who are custodian customers of Nordnet can register via Nordnet's website. Notification of acquisition of shares is made via Nordnet's web service and can be made from and including 23 April 2021 until and including 15:00 CET on 29 April 2021. In order not to lose the right to any allotment, Nordnet's customers must have sufficient funds available on the account from and with 29 April 2021 at 15:00 CET until the settlement date, which is expected to be 4 May 2021. More information on how to become a customer of Nordnet and the registration procedure via Nordnet is available at www.nordnet.se. For customers with an investment savings account (Sw. *investeringssparkonto*) with Nordnet, Nordnet will, if the notification results in an allotment, acquire the corresponding number of shares in the Offering and resell the shares to the customer at the price applicable in accordance with the Offering.

The Offering to institutional investors

Institutional investors in Sweden and other countries are invited to participate in a tender procedure which begins on 23 April 2021 and runs through 29 April 2021. The Company in consultation with Joint Bookrunners reserves the right to shorten and to extend the application period in the Offering to institutional investors. Notification shall be made to Carnegie or Berenberg in accordance with special instructions.

ALLOCATION

The decision to allocate shares in the Offering is made by the Company in consultation with the Sole Global Coordinator whereby

¹ Information on number of shares and offering price is based on the registration of the share split (1:6) resolved on by the extraordinary general meeting in the Company on 19 April 2021 and which is expected to be registered with the Swedish Companies Registration Office on 23 April 2021.

the goal will be to achieve a good institutional ownership base and a broad distribution of the shares among the public in Sweden to enable regular and liquid trading of the Company's shares on Nasdaq First North Premier Growth Market.

The Offering to the general public

The allotment does not depend on when the application is submitted during the application period. In the event of oversubscription, allotment may not occur or take place with a lower number of shares than the application states, whereupon allotment wholly or partly may take place by random selection. In order for Nordnet's customers to be eligible for allotment, the balance on the bank account or the securities depository/investment savings account specified in the application must, during the period from 29 April 2021 at 15:00 CET until 4 May 2021 at 15.00, be equivalent to at least the amount of the application per share. In addition, parties related to the Company and certain clients of Nordnet may be specifically taken into account in the allotment. Allocation can also be made to employees in Nordnet, however, without these being prioritized. In this case, the allotment is made in accordance with the Swedish Securities Market rules and the Financial Supervisory Authority's regulations.

The Offering to institutional investors

When deciding on the allotment of shares under the Offering to institutional investors, the aim will be for the Company to have a good institutional ownership base. Distribution among the institutions that have submitted expressions of interest is discretionary. However, the Cornerstone investors are guaranteed allocation in accordance with their respective commitments.

INFORMATION REGARDING ALLOTMENT AND PAYMENT

The Offering to the general public

Allotment is expected to occur around 30 April 2021. As soon as possible thereafter, a contract note will be sent out to those who have received an allotment in the Offer. Those who have not been allocated shares will not be notified.

Applications received by Carnegie

Those who applied via Carnegie can receive notification of allocation of their adviser or account manager from 09:00 on 30 April 2021. Cash funds for payment shall be available at the specified securities depository or investment savings account on 4 May 2021.

The Offering to institutional investors

Institutional investors are estimated to receive notification of allotment in a special order around 30 April 2021, after which contract notes will be sent out. Full payment for allotted shares must be made in cash no later than 4 May 2021, according to instructions on the contract note sent out.

Incorrect or incorrect payment

If full payment is not made on time, allotted shares may be transferred to another. Should the sale price in such a transfer be less than the price in the Offer, the person who received the allotment of shares in the Offering may be able to pay the difference.

REGISTRATION AND ACCOUNTING OF ALLOTTED AND PAID SHARES

Notification to shareholders whose holdings are nominee-registered

takes place in accordance with the practice of the respective nominee. In the event that shares are subscribed to a VP account, registration of allotted and paid shares with Euroclear Sweden, for both institutional investors and the general public in Sweden, is expected around 4 May 2021, after which Euroclear Sweden sends out a VP notice showing the number of shares in the Company that have been registered in the recipient's VP account or service account.

DILUTION

Provided that the Offering is fully subscribed, the Offering entails a dilution for existing shareholders of 24.7 percent based on the total number of shares in the Company after the Offering has been completed and after conversion of outstanding convertibles, see the section "*The share, share capital and ownership structure - Convertibles, warrants etc.*". Assuming that the Overallotment Option is exercised in its entirety, the dilution amounts to 27.4 percent.

ADMISSION TO TRADING ON NASDAQ FIRST NORTH PREMIER GROWTH MARKET

The board of directors intends to apply for admission to trading of the Company's shares on the multilateral trading platform, also the growth market for small and medium-sized companies, Nasdaq First North Premier Growth Market. Issuers on the Nasdaq First Premier North Growth Market are not subject to the same rules as issuers whose shares are traded on a regulated market. Instead, they are subject to less extensive rules adapted for smaller growth companies.

The board of directors of Nilar has requested Nasdaq Stockholm AB to examine whether Nilar and the Company's shares meet the Nasdaq First North Premier Growth Markets listing requirements. On 13 April 2021, Nasdaq Stockholm AB notified that the Company meets the listing requirements on Nasdaq First North Premier Growth Market, provided that certain customary requirements are fulfilled, e.g. that the distribution requirement for the Company's shares is fulfilled no later than on the first day of trading and that the Offering is completed. The expected first day of trading is 30 April 2021. This means that trading will begin before shares are transferred to the acquirer's VP account, service account or securities depository and in some cases before a settlement note has been received, see also section "*Important information regarding the possibility of selling allotted shares*".

This also means that the trading will begin before the conditions for the completion of the Offering have been met. Trading will hence be conditional thereof, and if the Offering is not completed, any delivered shares and payments shall be returned.

The short name (ticker) of the Company's share on Nasdaq First North Premier Growth Market will be NILAR.

STABILIZATION MEASURES

In connection with the Offering, the Sole Global Coordinator may carry out transactions in order to support the market price of the share at a level higher than that which otherwise might have been prevailing in the market. Such stabilization transactions may be carried out on Nasdaq First North Premier Growth Market, the OTC market or otherwise, and may be carried out at any time during the period beginning on the first day of trading in the share on Nasdaq First North Premier Growth Market and ending no later than 30 calendar days thereafter. See also under the section "*Legal issues and Supplementary Information - Stabilization*".

ANNOUNCEMENT OF THE OUTCOME OF THE OFFERING

The final outcome of the Offering will be published by the Company in a press release which is expected to be published around 30 April 2021.

REGISTRATION OF THE NEW SHARE ISSUE WITH THE SWEDISH COMPANIES REGISTRATION OFFICE

The shares to be issued by the Company in connection with the Offering are expected to be registered by the Swedish Companies Registration Office on or around 10 May 2021.

RIGHT TO DIVIDENDS

A right to dividends is payable to the party who, on the record date determined by the General Meeting, was registered as the owner in the share register kept by Euroclear Sweden. Any dividend will be paid following a resolution by the Annual General Meeting. Any dividend payments are administered by Euroclear Sweden or, for nominee-registered shareholdings, in accordance with the procedures of the individual nominee.

TERMS AND CONDITIONS FOR COMPLETION OF THE OFFERING

The Offering is conditional upon the fact that the interest in the Offering according to the assessment of the Joint Bookrunner is large enough to achieve effective trading in the share, that the Company concludes an agreement on the placement of shares (the "**Placing Agreement**"), which is expected to take place around 29 April 2021, that certain terms of the agreement are met and that the agreement is not terminated, which can be done up to the settlement date on 4 May 2021. When assessing whether the interest is large enough to achieve an appropriate trade in the share, the number of notifications received and the aggregated amount for which notifications of acquisitions were taken into account are taken into account. This assessment is made discretionarily by Sole Global Coordinator. The Placing Agreement's conditions of fulfillment include, among other things, that no events arise which, according to the Joint Bookrunners, make it inappropriate to carry out the Offering. If the above conditions are not met or the Agreement is terminated, the Offering may be terminated. In such a case, neither delivery nor payment will be carried out under the Offering. See also under the section "*Legal issues and Supplementary Information - Placing Agreement*" for more information.

IMPORTANT INFORMATION REGARDING THE POTENTIAL SALE OF ALLOTTED SHARES

Notice of allotment for shareholders whose holdings are nominee-registered takes place in accordance with the practice of the respective nominee. Notice of allocation to the general public in Sweden that subscribed for shares via the application form will be made via a contract note, which is expected on or around 30 April 2021. Once payment for allotted shares has been received by Carnegie and Nordnet and will be duly paid shares will be transferred to a VP account, service account or securities depository designated by the investor. The time required to send settlement notes, transfer of payment and transfer of acquired shares to investors in the Company's shares means that these investors will not have acquired shares available on the designated VP account, service account or securities depository until earliest 4 May 2021, or a few days thereafter.

Trading in the Company's shares on Nasdaq First North Premier Growth Market is expected to start around 30 April 2021. The fact

that the shares are not available in the investor's VP account, service account or securities depository until early 4 May 2021 may mean that the investor will not be able to sell the shares from the date when trading in the shares commenced, but only when the shares are available on the VP account, service account or securities depository. As of 30 April 2021, the investor may receive a notification of allotment. See further under the section "*Notice of allocation and payment - Offering to the public*".

INFORMATION ABOUT THE PROCESSING OF PERSONAL DATA Carnegie

Personal data submitted to Carnegie, such as contact details and personal ID numbers or which are otherwise registered in connection with the preparation or administration of the Offer, are processed by Carnegie, as personal data controller, for the administration and execution of the assignment. Processing of personal data is also done in order for Carnegie to be able to fulfill its statutory obligations.

Personal data may sometimes be disclosed for specified purposes – taking into account the rules on bank confidentiality – to other companies within the Carnegie group or to companies with whom Carnegie cooperates, within and outside the EU/EEA in accordance with the EU's approved and appropriate protective measures. In some cases, Carnegie is also required by law to disclose information, for example to the Financial Supervisory Authority and the Tax Agency.

The Banking and Financing Operations Act contains, like the Securities Market Act, a confidentiality provision under which all employees of Carnegie are bound by the confidentiality obligations of Carnegie's clients and other clients. The confidentiality obligation also applies between and within the various companies in the Carnegie group.

Information about which personal data is processed by Carnegie, erasure of personal data, restriction of processing of personal data, data portability, or correction of personal data can be requested from Carnegie's Data Protection Officer. It is also possible to contact the Data Protection Officer if the purchaser would like further information about Carnegie's processing of personal data. In cases where the purchaser wishes to file a complaint regarding the processing of personal data, the purchaser is entitled to contact the Swedish Data Protection Authority as the supervisory authority.

Personal data will be deleted if it is no longer necessary for the purposes for which it was collected or otherwise processed, provided that Carnegie is not legally required to retain the personal data. The normal storage time for personal data is ten years. Address of Carnegie's Data Protection Officer: dpo@carnegie.se.

Nordnet

In connection with the acquisition of shares in the Offering via Nordnet's internet service, personal data may be submitted to Nordnet. The personal information submitted to Nordnet will be processed in computer systems to the extent necessary to provide services and administer customer engagement. Personal data obtained from other than the customer to whom the processing relates may also be processed. It may also happen that personal data is processed in computer systems at companies or organizations with which Nordnet cooperates. After the customer relationship ends, Nordnet deletes all relevant personal data in accordance with applicable

law. Information about the processing of personal data is provided by Nordnet, which also receives requests for correction of personal data. For more information regarding how Nordnet processes personal data, please contact Nordnet's customer service, e-mail: info@nordnet.se.

MISCELLANEOUS

The fact that Carnegie and Berenberg are Joint Bookrunners does not in itself mean that the respective bank regards the person who applied for the Offering ("**purchaser**") as a client of the bank. The purchaser is considered a client of the respective bank only if the bank has advised the purchaser of the investment or has otherwise contacted the purchaser individually regarding the investment or if the purchaser has applied via the respective bank's offices or Online Bank. The consequence of each bank not considering the purchaser as a client for the investment is that the rules on protection of investors in the Securities Market Act (2007:528) will not apply to the investment. This means that neither the so-called client classification nor the so-called suitability assessment will be applicable regarding the investment. The purchaser is therefore responsible for having sufficient knowledge and experience to understand the risks associated with the investment.

INFORMATION FOR DISTRIBUTORS

Due to product governance requirements in: (a) EU Directive 2014/65/EU on markets in financial instruments, ("**MiFID II**"), (b) Articles 9 and 10 of the Commission Delegating Directive (EU) 2017/593 on the Supplementation of MiFID II, and (c) chapter 5 of the Financial Supervisory Authority's regulations on securities trading, FFS 2017:2, (collectively "**MiFID II's Product Management Requirements**"), and without liability for damages that may rest on a "producer" (in accordance with MiFID II's product control requirements) may otherwise have, the shares in the Company have been subject to a product approval process, where the target market for shares in the Company is (i) non-professional clients and (ii) investors who meet the requirements for professional clients and equal counterparties, each according to MiFID II ("**target market**"). Despite the target market assessment, distributors should note that: the value of the shares in the Company may decrease and it is not certain that investors will receive all or part of the invested amount; shares in the Company do not offer any guaranteed revenue and no capital protection; and an investment in shares in the Company is only suitable for investors who do not need guaranteed revenue or capital protection, which (either solely or together with a suitable financial or other adviser) is able to evaluate the benefits and risks of such an investment and which have sufficient means to be able to bear such losses that may arise as a result. The target market assessment does not affect the requirements of any contractual, legal or regulatory sales restrictions in relation to the Offer.

The target market assessment is not to be considered (a) a suitability or fitness assessment in accordance with MiFID II; or (b) a recommendation to any investor or group of investors to invest in, acquire, or take any other action regarding shares in the Company.

Each distributor is responsible for its own Target Market assessments regarding shares in the Company and for determining the appropriate distribution channels.

MARKET OVERVIEW

The Prospectus contains industry and market information regarding the Company's geographical markets and product markets, market size, market shares, market position and other market information related to Nilar's operations and market. Unless otherwise stated, such information is based on the Company's analysis of several different sources, including statistics and information from external industry or market reports, market surveys, publicly available information and commercial publications.

Industry and market publications generally state that the information in the publication has been obtained from sources deemed to be reliable but that the accuracy and completeness of such information cannot be guaranteed. The Company has not independently verified, and can thereby not guarantee the accuracy of, the industry and market information included in the Prospectus that has been collected or derived from industry or market publications. Market information and market statistics are inherently forward-looking, subject to uncertainty, may be interpreted subjectively and does not necessarily reflect actual or future market conditions. Such information and statistics are based on market surveys, which themselves are based on selections and subjective interpretations and assessments, including assessments of the type of products and transactions that should be covered by the relevant market, both by those conducting the surveys and by the respondents. Consequently, potential investors should be aware that the financial information, market information as well as the forecasts and estimates of market information included in the Prospectus do not necessarily constitute reliable indicators of Nilar's future performance.

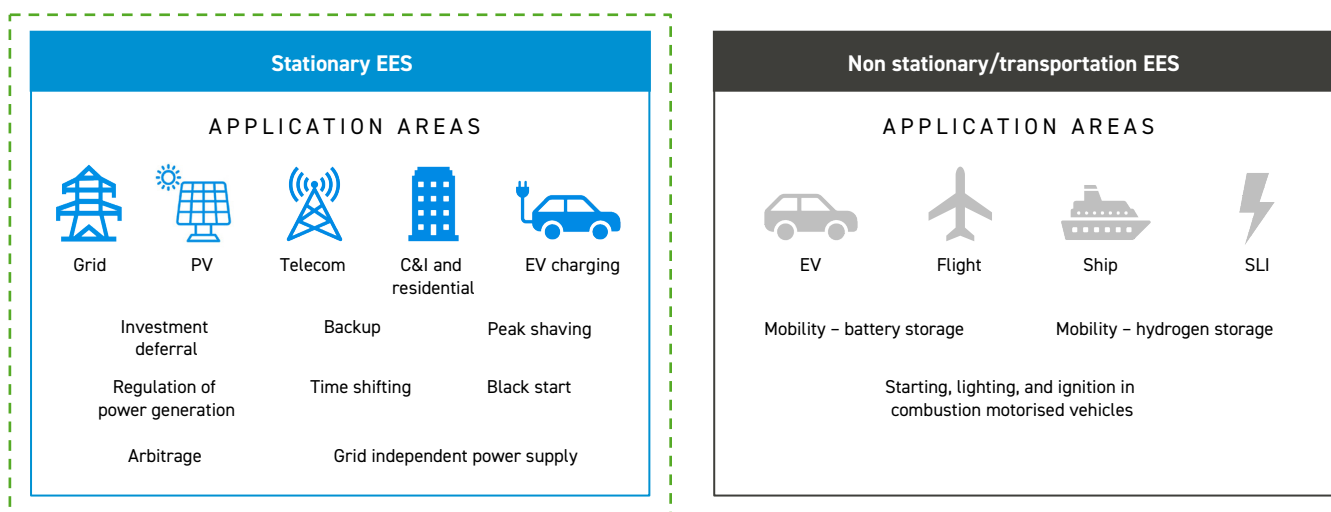
Information from third parties has been accurately retailed and, as far as Nilar is aware and can ascertain through comparing other published information from the relevant third party, no information that could render the retailed information inaccurate or misleading has been excluded.

INTRODUCTION

Introduction to Nilar's market

Nilar develops and manufactures stationary energy storage systems, known as Electrical Energy Storage (EES) systems, intended for residential, commercial and industrial buildings. In the future the Company intends to supply energy storage solutions for

infrastructure projects as well. The Company's initial focus is the Northern and Central European market, but over time the Company aims to supply clients globally.



NILAR'S ADDRESSABLE MARKET

Figure 1. An overview of Nilar's addressable market.¹

In 2019, the total capacity of EMEARCs (Europe, the Middle East, Africa, Russia and the area surrounding the Caspian Sea²) for stationary energy storage amounted to 2.4 GWh and the annual installations are expected to grow with an annual average growth rate of 22 percent between 2019 and 2030. This means that the total installed capacity in 2030 is expected to be 19 times higher than that of 2019.³

The Company's management estimates that the addressable market in the foreseeable future will consist mainly of the European market. Nilar has established itself in Northern and Central Europe through local distributors and system integrators and is intending to further expand the partner network to the southern parts of the continent. In the long term, the Company intends to establish itself on a more global level through further partnerships with distributors and system integrators.

1) U.S. Department of Energy, Energy Storage Grand Challenge: Energy Storage Market Report, publicerad december 2020.

2) The area surrounding the Caspian Sea includes Afghanistan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan.

3) Wood Mackenzie, Global energy storage outlook H2 2020 update, published September 2020.

EMEARC residential market

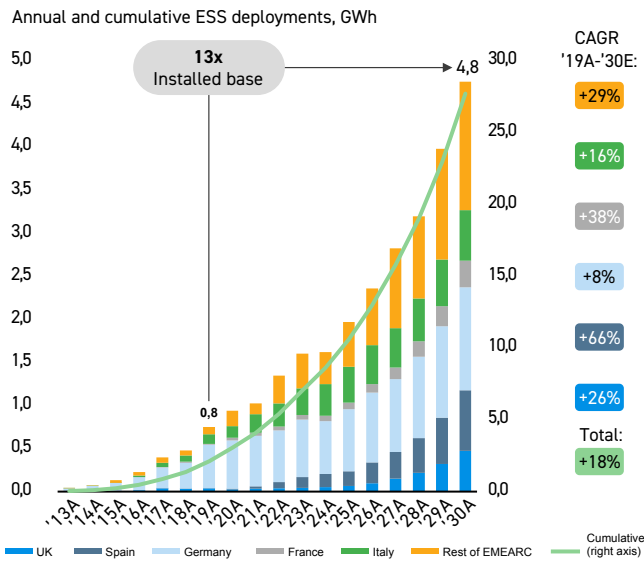


Figure 2. Prognosis for the development of the energy storage market in the EMEARC area¹. CAGR refers to the annual deployments.

EMEARC total market

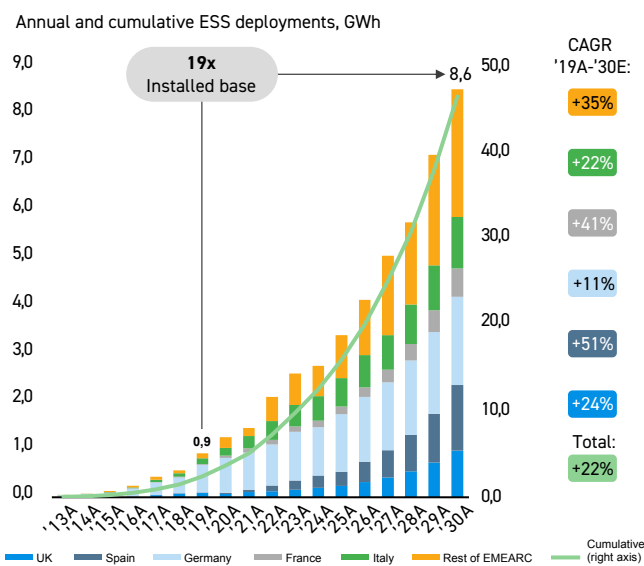


Figure 3. Prognosis for the development of the household energy storage market in the EMEARC area². CAGR refers to the annual deployments.

Energy production is shifting towards a larger proportion of renewable sources. The share of produced renewable energy has in 2020 been estimated to 27 percent of the total global energy production and in 2035 renewable energy is expected to make up over 50 percent of the total global energy production.³ Significant investments in renewable energy technology have resulted in major technological advances and substantial cost reductions. Recent developments have made many renewable alternatives, such as solar and wind power, cost competitive in relation to fossil energy sources.⁴

Energy sources can be divided into intermittent- and baseload power where renewable energy sources usually are labeled intermittent. Intermittent power, such as solar and wind power, is variable and depends on external conditions. For example, it is only possible to generate solar energy during the hours of the day when the sun is shining. Similarly, wind power generation is dependent on wind speed and air density. Hence, the output and capacity of intermittent energy sources depend on location, weather conditions, and daily- and seasonal variations, and it is not possible to produce an even flow on energy. In order to take full advantage of the technological advances in renewable energy production and at the same time ensure a continuous supply of energy, there is a need for efficient energy storage solutions.

Dynamic changes in the demand for energy are expected to increase as well. Vehicle electrification is developed at a high rate which will require a significant increase in grid capacity to handle time periods of high charging demand. Today's power grid bottlenecks development since the capacity is not sufficient to support a well-functioning charging infrastructure.⁵ Energy storage can serve as a solution to provide flexibility and create balance in the power grid to bypass temporary limitations in capacity.

The cost of energy storage systems, including the cost of e.g. the battery pack, hardware and software, is expected to decrease as a result of technological advances and more efficient production. A significant drop in production costs will likely drive investments in energy storage systems.⁶

Nilar's market focus

Nilar focuses primarily on the electric energy storage market for stationary applications in residential, commercial and industrial buildings. Within that segment, there is a clear incentive for clients to reduce dependency on the power grid. Since electricity prices vary by demand, an energy storage solution can be used to decrease electricity costs as it can be charged with electricity from the power grid when electricity prices are at their lowest level. The stored electricity can then be consumed at a later stage when electricity prices are at their highest level.⁷

1) Wood Mackenzie, *Global energy storage outlook H2 2020 update*, published September 2020.
 2) Wood Mackenzie, *Global energy storage outlook H2 2020 update*, published September 2020.
 3) McKinsey, *Global Energy Perspective 2019: Reference Case*, published January 2019.
 4) European Commission, *Europe's energy transition is well on its way*, published February 2017, downloaded March 28, 2021.
 5) BCG, *The Costs of Revving Up the Grid for Electric Vehicles*, <https://www.bcg.com/publications/2019/costs-revving-up-the-grid-for-electric-vehicles.aspx>, published December 2019, downloaded February 15, 2021.
 6) McKinsey, *The New Rules of Competition in Energy Storage*, published April 2018.
 7) The Energy Authority, *Koppla batterier till solcellerna*, <http://www.TheEnergyAuthority.se/fornybart/solelportalen/batterier-kopplat-till-solceller/>, published January 2020, downloaded March 25, 2021.

MARKET TRENDS AND DRIVING FORCES

The need for flexibility in the energy system is expected to increase in the future. A flexibility in supply is required to manage irregularities in electricity production and to meet changing demand. For example, an increased market penetration for electric vehicles has resulted in a significant increase in demand for electricity at certain times and locations. These peaks in demand will require a significant increase in power grid capacity.¹ Furthermore, the costs of energy storage solutions is expected to decrease, making the investment more financially attractive. These trends, which the Company has identified as important driving forces, are further described below.

Need for increased flexibility in the energy system

An increased share of renewable energy

The global capacity for solar and wind power is expected to quintuple by 2035 and renewable energy sources are expected to account for most of the world's energy capacity as early as 2035.² Since solar and wind power are intermittent energy sources, solutions are needed to ensure reliable access to electricity when and where demand arises. As a result, increased use of solar and wind power is henceforth expected to drive the market for energy storage solutions.³

Global energy generation mix is increasingly skewed towards renewable energy

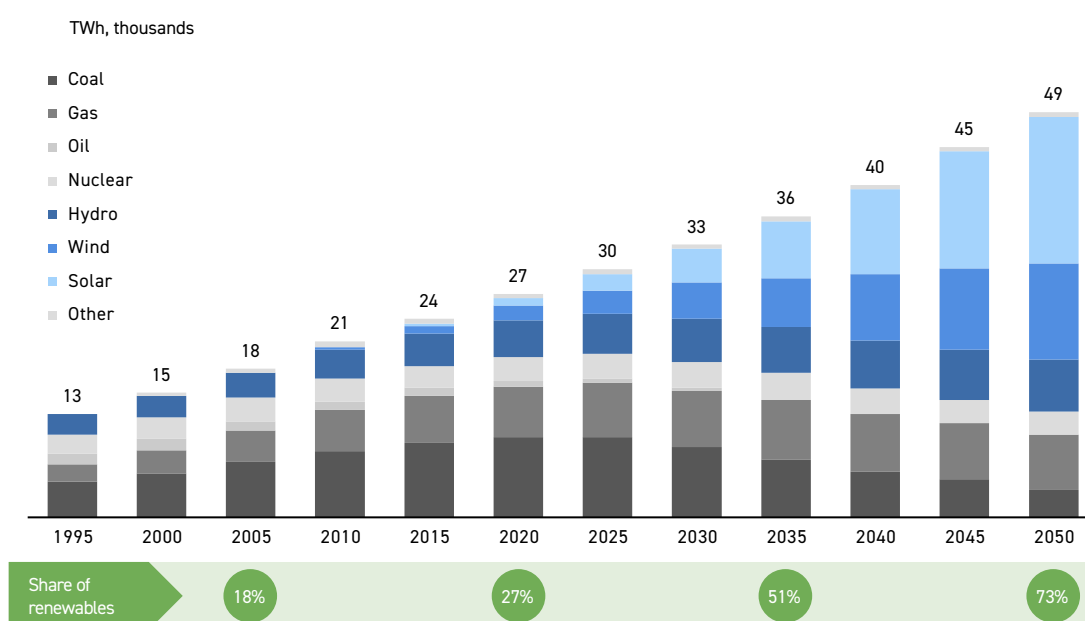


Figure 4. Forecast of the future global mix of energy production.⁴

With the price of solar energy having declined over the past years and it is now cost-competitive in relation to fossil fuel alternatives.⁵ Technological developments have resulted in cost reductions in several stages of the production process. The cost of generating energy with solar power have decreased by 77 percent between 2010 and 2018 and it has become an attractive source of energy from a financial perspective. Between 2018 and 2030, solar energy production costs are expected to decrease by an additional 41 percent.⁶ Similar trends can also be identified in wind power, where the cost of onshore and offshore wind power plants have decreased by 39 percent and 29 percent respectively between 2010 and 2019.⁷ Currently, two thirds of the global population live in areas where solar or wind power is economically preferable.⁸

The improved economic profile of both solar and wind power has resulted in substantial growth in installed capacity. In 2019, solar energy accounted for 46 percent of the global increase in installed production while wind power accounted for 49 percent.⁹

Intermittent energy sources produce energy only under certain conditions

A limitation when it comes to intermittent power sources is that energy is produced under certain conditions only. Solar power production, for example, is limited to the daytime which is not necessarily when the energy is needed. Energy consumption in residential buildings normally peaks during mornings and evenings. As the

1) BCG, The Costs of Revving Up the Grid for Electric Vehicles, <https://www.bcg.com/publications/2019/costs-revving-up-the-grid-for-electric-vehicles.aspx>, published December 2019, downloaded February 15, 2021.

2) McKinsey, *Global Energy Perspective 2021*, published in January 2020.

3) Imperial College, *Electricity energy storage for mitigating climate change*, published July 2016.

4) McKinsey, *Global Energy Perspective 2019: Reference Case*, published January 2019.

5) Bloomberg News, *Solar and Wind Power So Cheap They're Outgrowing Subsidies*, <https://www.bloomberg.com/news/features/2019-09-19/solar-and-wind-power-so-cheap-they-re-outgrowing-subsidies>, published September 2019, downloaded March 25, 2021.

6) IRENA, *Future of Solar Photovoltaics*, published November 2019.

7) IRENA, *Renewable Power Generations Costs in 2019*, published June 2019.

8) Bloomberg News, *Solar, Wind Provide Cheapest Power for Two-Thirds of Globe*, <https://www.bloomberg.com/news/articles/2019-08-27/solar-wind-provide-cheapest-power-for-two-thirds-of-globe-map>, Published August 2019, retrieved March 9, 2020.

9) FS-UNEP Collaborating Centre, *Global trends in renewable energy investment 2020*, published in June 2019.

share of electricity derived from solar power grows, the production of electricity will be concentrated to the daytime. This may disrupt energy systems as there will be an imbalance in the timing of supply and demand.

Energy storage solutions will have a crucial role in energy systems with a large share of renewable energy.¹ The expected increase in renewable energy sources will drive demand for energy storage solutions to balance the timing of supply and demand.

Solar energy supply and electricity demand move in opposite directions throughout the day

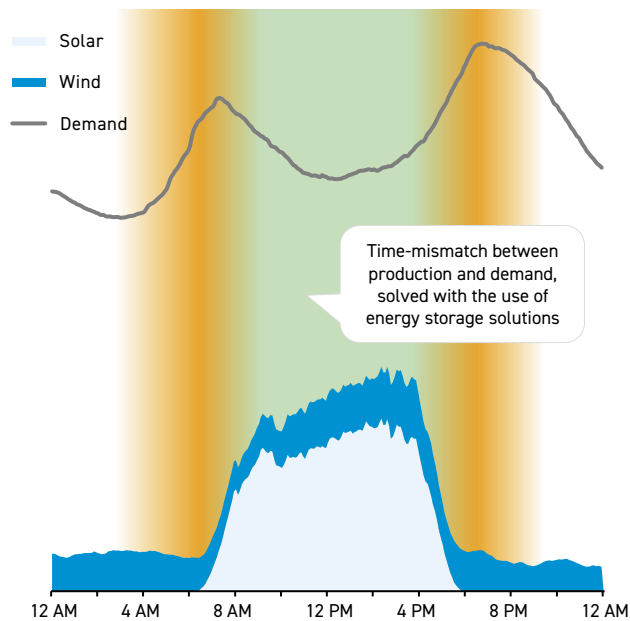


Figure 5. Illustration of electricity supply and demand from intermittent energy sources in California, USA, March 2020².

Large variations in electricity prices during a day

In addition to an increased demand for intermittent, renewable energy sources there are also cost incentives to invest in an energy storage solution. Electricity prices vary significantly during the day, which is a consequence of an increased load on the electricity network at certain times of the day. An energy storage solution allows households to buy electricity when it is cheap, so that they can consume it when electricity prices are high.

Large electricity price variations throughout the day

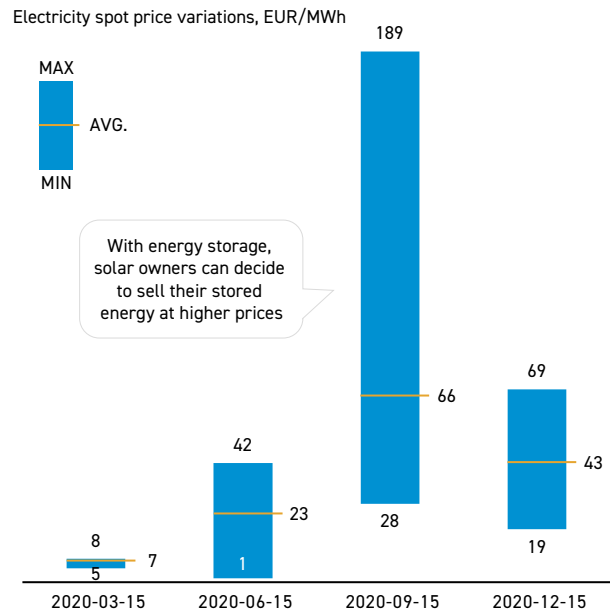


Figure 6. Picture of variation in electricity prices³.

Energy storage makes “prosumption” possible

With an energy storage system households can become self-sufficient in electricity. This phenomenon is called “prosumption”, which means that you are both producer and consumer of a product. Households can sell the surplus produced to the electricity network and thus also profit from having produced and stored electricity. Since solar cells, which are expected to constitute a large part of future home electricity production, do not produce electricity at the time of the peaks in demand, energy storage systems will have a central role in order for prosumption to work.⁴

The fact that the number of electric vehicles is expected to increase significantly over the coming years supports the thesis that households will seek efficient charging solutions at home. With an energy storage system, households can benefit from access equalization of electricity, but also charge their cars more efficiently since the charging capacity of the electricity network is limited.⁵

1) Imperial College, Electricity energy storage for mitigating climate change, published July 2016.
 2) California Independent System Operator, *Today's Outlook*, <http://www.caiso.com/TodaysOutlook/Pages/default.aspx>, Downloaded March 9, 2020.
 3) Day-ahead prices at the Nordic Electricity Exchange on the 15th of each month. Electricity area Stockholm (SE3).
 4) SolarPower Europe, EU Market Outlook for Solar Power 2020-2024.
 5) IEA, *Global EV Outlook 2020*, published June 2020.



Notes: 1) Includes plug-in hybrid electric vehicles (PHEV) and battery electric vehicles (BEV). Source: IEA Global EV Outlook 2019; SolarPower Europe, EU Market Outlook for Solar Power 2020-2024.

Figure 7. An illustration of "prosumption".

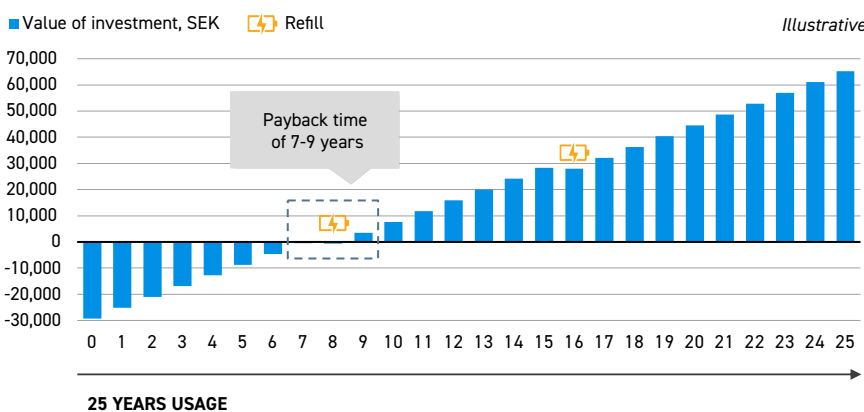
According to an estimate made by Nilar, a private individual's installation of the Company's energy storage system (EEA) can pay off within 7-9 years. The calculation is based on assumptions presented in figure 8 and estimates that the private individual

receives subsidies for 50 percent of the installation costs. This is an illustrative example to show that Nilar's batteries make profitable prosumption possible.

Example of a Nilar Home Box specific use case connected to a PV solution in Sweden



Comments



- **System:** Nilar Home Box 5.76 kWh with inverter
- **Real estate:** Villa
- **Location:** Sweden
- **Home Box price (gross):** SEK 58,723
- **Subsidy:** 50%
- **Home Box price (net):** SEK 29,361
- **Indicative price of two refills:** Up to 30% of new battery cost at the time of the refill
- **Total investment cost:** SEK 38,236

Economic benefits

- Tidsutjämning:** Charge the battery at low cost and later utilise the battery when electricity prices are high
- Peak-shaving:** Purchase a smaller and less expensive main fuse

Electricity consumption and cost without battery, annual

Electricity consumption	20,000 kWh
Consumption cost (electricity cost + network fee)	SEK 11,949
Connection fee main fuse (25A)	SEK 8,210

Savings from battery, annual

Smaller main fuse (16A)	SEK 3,595
Consumption cost	SEK 542
Total savings	SEK 4,137
Payback time	~9 years

Figure 8. Example of an investment in an energy storage device from Nilar and its return.

Electric vehicles

The growth in electric vehicles is primarily driven by policies aiming to lower greenhouse gas emissions and decrease battery costs.¹ The European Union (EU) has a goal of reducing average emission levels for newly registered vehicles by 37.5 percent for the period between 2021 and 2030.² The initiative is stimulated through a crediting system for car manufacturers which will be introduced from 2025. To reach the goal, about 32 percent of vehicles sold in

the EU must be electric vehicles by 2030. In 2019, electric vehicles accounted for about 4 percent of total vehicles sold.³ There are a number of local initiatives to lower greenhouse gas emissions from vehicles as well. For example, in 201 about 20 large cities around the world announced plans to ban gasoline and diesel cars by 2030.⁴ Driven by initiatives like these, the global market for electric vehicles is expected to grow at an average rate of 32 percent between 2018 and 2030.⁵

The number of electric vehicles is increasing which drives the need for energy storage systems

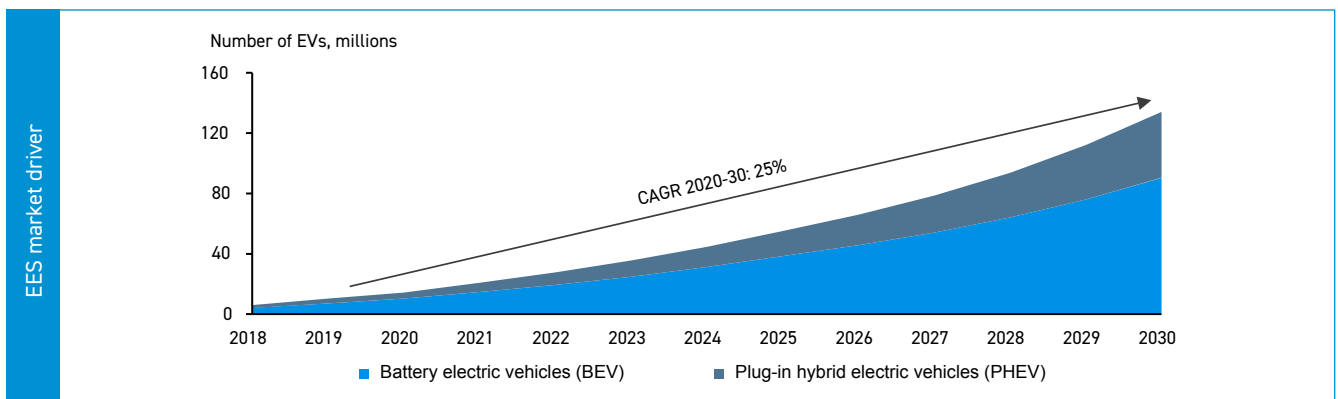


Figure 9. Forecast for the development of the global market for electric vehicles⁶.

Electrical energy storage systems are a critical part of the EV charging infrastructure

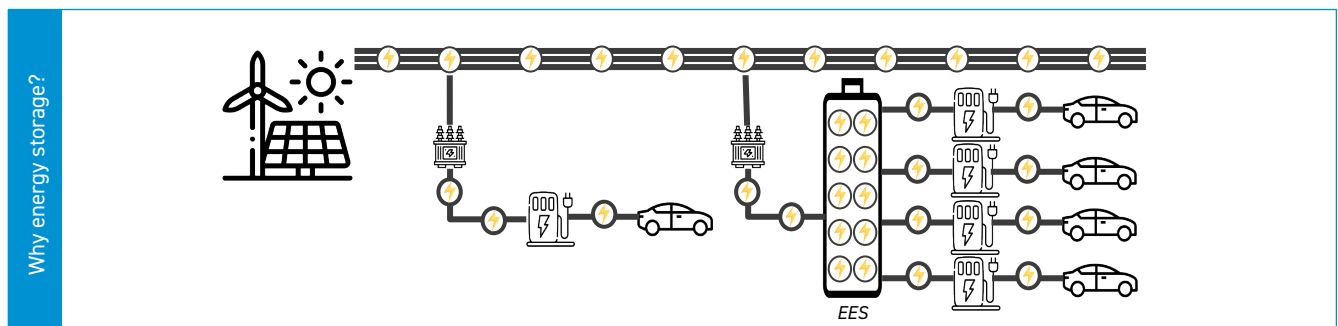


Figure 10. Illustration of the energy storage system’s role in electric car charging.

The increased use of electric vehicles places new demands on energy infrastructure. The total number of public charging stations in the EU is expected to grow at an average annual rate of about 28 percent during the period of 2020–2030.⁷ The need for high-power charging stations, combined with the fact that a large number of vehicles need to be charged in the same place and at the same

time, requires an effect that is sometimes difficult to deliver through today’s electricity grids. A potential solution is to install energy storage systems which can be used to add additional power capacity during peaks in demand.⁸

Figure 11 illustrates how adding an energy storage system to a

1) IEA, *Global EV Outlook 2020*, published June 2020.
 2) European Commission, *CO2 emission performance standards for cars and vans (2020 onwards)*, https://ec.europa.eu/clima/policies/transport/vehicles/regulation_en, downloaded March 25, 2021
 3) European Federation for Transport and Environment, *Recharge EU: How many charge points will EU countries need in the 2020s*, published January 2020, retrieved March 25, 2021.
 4) Deutsche Welle, *Move is on to ban diesel cars from cities*, published February 2018, downloaded March 25, 2021.
 5) Deutsche Welle, *Move is on to ban diesel cars from cities*, published February 2018, Downloaded March 25, 2021.
 6) IEA, *Global EV Outlook 2020*, publicerad i juni 2020.
 7) European Federation for Transport and Environment, *Recharge EU: How many charge points will EU countries need in the 2020s*, published January 2020, downloaded March 25, 2021.
 8) BCG, *The Costs of Revving Up the Grid for Electric Vehicles*, <https://www.bcg.com/publications/2019/costs-revving-up-the-grid-for-electric-vehicles.aspx>, published December 2019, downloaded March 25, 2021.

charging station can help by pass potential limitations in capacity of the charging infrastructure arising from multiple cars being charged at the same time. Since the capacity of the electricity grid is limited, only a limited number of cars can be charged simultaneously. An

energy storage solution would allow for an increase in total power output potential, meaning that more cars can be charged at the same time.

ILLUSTRATIVE	Power output from cable	Power output from battery	Total power output	Time to fully charge one EV	Number of EVs that can be fully charged simultaneously
EV charging without battery	22 kW	0 kW	22 kW	4 HRS	X 1
EV charging with 150 kWh battery	22 kW	150 kW	172 kW	40 MINS	X 2

Figure 11. Examples of capacity limitations without batteries at charging stations¹.

Declining costs for energy storage

The price of energy storage is expected to decrease in the future as a consequence of increased production volumes and technological advances. Bloomberg NEF estimates the market price of lithium-based battery packs to decrease by an average of 8 percent per year between 2020 and 2030². The Company estimates that its own energy inventory will not be subject to an equally sharp price reduction. Although parallels can be drawn, the Company considers that a battery pack and an intelligent energy storage are not

comparable products; energy storage is sold at a significant price premium as it is a more complete product. Based on the historical price development of Nilar's energy warehouse, the Company has been able to increase the price per kWh sold by an average of 3 percent between 2018 and 2020. Several factors affect Nilar's price picture in the future, such as the availability of raw materials and the price of alternative products, but at a slower rate compared to simpler lithium-based battery packs.

Battery pack and system price development

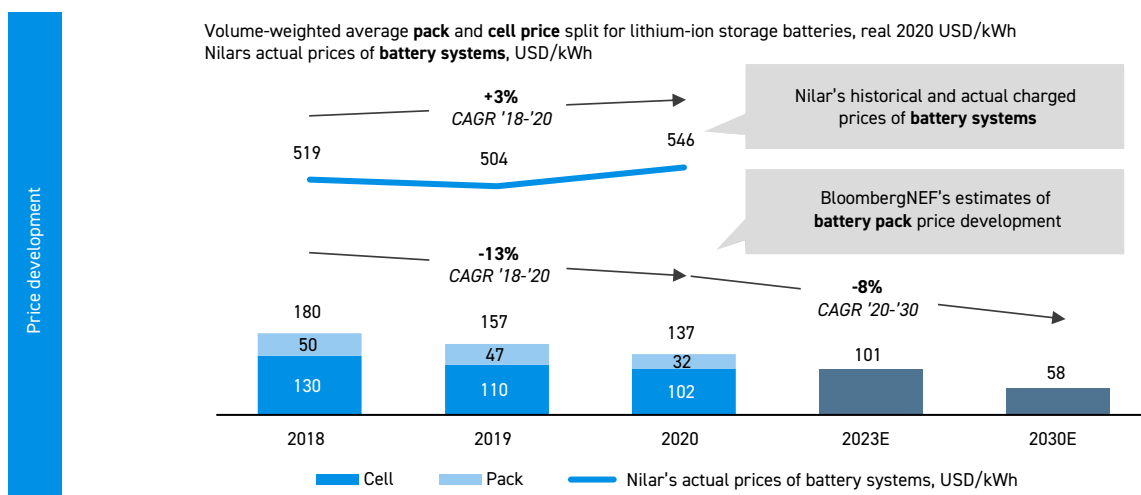


Figure 12. Nilar's historiska prisutveckling och prognos för litiumbaserade batteripack³.

Regulation and Subsidies

In addition to the financial aspect, there are political as well as regulatory driving forces for investments in renewable technology, energy storage and electric vehicles. The increased awareness of

climate change has been met with national and international regulations and initiatives in efforts to lower greenhouse gas emissions.

1) Managements estimates.

2) Bloomberg NEF, *Battery Pack Prices Cited Below \$100/kWh for the First Time in 2020, While Market Average Sits at \$137/kWh*, <https://about.bnef.com/blog/battery-pack-prices-cited-below-100-kwh-for-the-first-time-in-2020-while-market-average-sits-at-137-kwh/>, published December 2020, downloaded January 20, 2021.

3) BloombergNEF, *Battery Pack Prices Cited Below \$100/kWh for the First Time in 2020, While Market Average Sits at \$137/kWh*, <https://about.bnef.com/blog/battery-pack-prices-cited-below-100-kwh-for-the-first-time-in-2020-while-market-average-sits-at-137-kwh/>, publicerad December 2020, hämtad 20 januari 2021.

Paris agreement

The Paris Agreement was adopted by the 2015 United Nations Climate Change Conference in Paris as the first legally binding international treaty on climate change. Currently, 189 countries have adopted the agreement as national law.¹ The purpose of the agreement is to keep the increase in global temperature below 2 degrees Celsius. The agreement also stipulates that the level of ambition will increase over the years, with reconciliation every five years. Recognizing the urgency, governments agreed on the Katowice climate package, which describes how countries should plan, communicate, implement, report and follow up on the assumptions derived from the Paris agreement. The Paris Agreement has brought great legitimacy to the climate movement and has resulted in regulatory support in the shift towards renewable energy.²

Incentives in Sweden

Since the introduction of solar cell subsidies in Sweden in 2009 the number of installations has increased at a high rate. Initially the subsidy covered 60 percent of the installation cost, but as the cost of solar cells have dropped the subsidy has been reduced. Since 2014 subsidies cover 30 percent of the installation costs for businesses and 20 percent for private individuals. In 2020 the subsidies were reduced to 15 percent for all.^{3,4} In 2015, a system giving people with solar panels a tax deduction of SEK 0.60 for each kWh of generated solar energy put into the grid was introduced.⁵

Paid solar cell subsidies (SEK million)

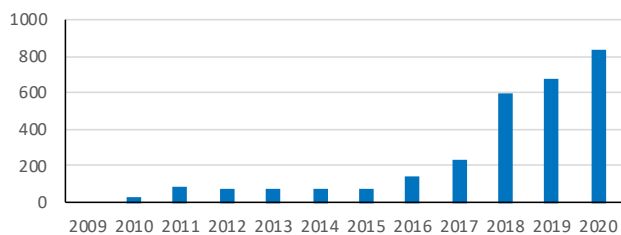


Figure 13. Historical levels for disbursed solar cell subsidies in Sweden.⁶

During 2016 a new subsidy was introduced in Sweden, covering 60 percent (or SEK 50,000) of the installation cost of an energy storage system. The subsidy was valid until the end of 2020.⁷ As of 1 January 2021, a tax reduction applies to the cost of work and material relating to the installation of green technology, which includes the installation of network connected solar cell systems,

installation of storage systems for self-produced electricity and installation of charging points for electric vehicles. The initiative works in a similar way as the Swedish ROT and RUT deductions, but is its own tax reduction. The tax reduction amounts to 15 percent for networked solar cell systems and 50 percent for storage systems for self-produced electricity and charging points for electric vehicles, but no more than SEK 50,000 per person per year.⁸

In 2018, Sweden introduced a bonus malus system to stimulate purchasing of electric cars, light trucks and buses. When purchasing an electric vehicle, eligible individuals can receive a bonus of up to SEK 60,000.⁹

Incentives in Europe

Germany

Since 2000, Germany's efforts to increase the share of renewable energy have been governed by the Renewable Energy Sources Act (EEG). In the beginning, EEG established guaranteed grid connection, priority transmission, subsidy schemes and financial support such as feed-in tariffs and feed-in premiums for renewable energy sources. The fast pace of investment in renewable energy in combination with decreasing costs for expansion of wind and solar energy has made the system of fixed funding rates too costly and inefficient. Since the latest reform in 2017, the funding scheme has been more focused on competition and greater cost efficiency.¹⁰ In 2013, Germany launched a three-year market incentive program offering a 30 percent subsidy of the battery system costs as well as low-interest loans for such investments from KfW, the state-owned bank.¹¹ The program targeted homeowners looking to install a storage system alongside their solar cell system. Only systems under 30 kW was eligible for the subsidy.¹² Investments of approximately EUR 450 million were triggered by the program, corresponding to 19,000 installed battery systems. Due to its success, the program was extended until 2018 and approximately EUR 30 million was allocated to continued subsidies for investments in storage systems.¹³

Italy

Italy, which became the second largest European energy storage market in 2016¹⁴, began to offer a 50 percent tax deduction for residential energy storage installations linked to solar cell systems in 2017.¹⁵ Over the past five years a total amount of EUR 11.4 million in discounts has been allocated to storage systems linked to solar power plants with a capacity of up to 20 kW in the Italian region of Lombardy.¹⁶ In 2020 the support for energy storage installations connected to solar cell systems was increased to 110 percent of the costs.¹⁷

1) FN:s kommitté för klimatförändringar, *Parisavtalet – Ratificeringsstatus*, downloaded March 25, 2021.

2) Naturvårdsverket, *Parisavtalet*, <https://www.naturvardsverket.se/Miljoarbete-i-samhallat/EU-och-internationellt/Internationellt-miljoarbete/miljokonventioner/Klimatkonventionen/Parisavtalet/>, updated May 2019, downloaded March 28, 2021.

3) IEA Photovoltaic Power Systems Programme, *PVPS Annual Report 2019*, published May 2020.

4) Svensk författningssamling, *Förordning om ändring i förordningen (2009:689) om statligt stöd till solceller*, published April 2019.

5) Skatteverket, *Mikroproduktion av förnybar el – privatbostad*, downloaded March 25, 2021.

6) Swedish Energy Agency, *Support for installation of solar cells*, retrieved March 30, 2021.

7) The Swedish Energy Agency, *Open to seek support for energy storage at home*, downloaded March 25, 2021.

8) Swedish Tax Agency, *Grön teknik*, <https://www.skatteverket.se/privat/fastighetochbostad/gronteknik.4.676f4884175c97df4192860.html>, retrieved 30 March 2021.

9) Transportstyrelsen, *Bonus malus-systemet*, downloaded February 2, 2021.

10) IEA, *Germany 2020: Energy policy review*, published February 2020.

11) EUROBAT, *Battery energy storage in the EU: barriers, opportunities, services and benefits*, published 2016, downloaded March 25, 2021.

12) BATSTORM, *Battery promoting policies in selected member states*, published July 2018.

13) Federal Ministry for Economic Affairs and Energy, *Funding programs for energy storage*, <https://www.bmwi.de/Redaktion/EN/Artikel/Energy/funding-programmes-for-energy-storage.html>, downloaded March 25, 2021.

14) PV Europe, *Energy storage as a key driver for the growing Italian PV market*, <https://www.pveurope.eu/News/Energy-Storage/Energy-storage-as-key-driver-for-the-growing-Italian-PV-market>, published May 2017, downloaded March 25, 2021.

15) Deloitte, *Supercharged: challenges and opportunities in global battery storage market*, Published 2018

16) Emiliano Bellini, *Italian region of Lombardia allocates another €3 million for solar+storage*, <https://www.pv-magazine.com/2018/08/17/italian-region-of-lombardia-allocates-another-e3-million-for-solar-storage/>, published August 2018, downloaded March 26, 2021.

17) PV Magazine, *Italian homeowners can now install PV systems for free*, <https://www.pv-magazine.com/2020/05/22/italian-homeowners-can-now-install-pv-systems-for-free/>, published in May 2020, downloaded February 2, 2021.

United Kingdom (UK)

In the UK households are compensated for the renewable energy they export to the grid. Given the flexible pricing, households can receive higher electricity compensation at times when demand is high.¹

France

In France, self-produced electricity also consumed by the producer is exempted from tax up to 240 gWh/year. If the surplus is also exported to the electricity network the rule applies up to 1 MW/year.²

Belgium

Since 2019 the Flemish Region of Belgium has offered compensation for ESS systems, amounting to EUR 250/kWh. The Flemish Region will also reintroduce cost deductions for solar cell installations in 2021, which means that each installed system can be compensated with up to EUR 1,500.^{3,4}

Spain

The majority of Spain's municipalities support the installation of renewable energy systems. Costs are compensated up to 80 percent in certain regions. Subsidies are more favorable for energy systems that also export electricity to the grid.⁵

Power tariffs

Generally renewable energy sources are also supported by demand response programs. Demand response refers to voluntary changes in electricity consumption patterns by ultimate consumers in response to cost-reflective price signals, which can be achieved by Time-of-Use (ToU) tariffs. ToU tariffs charge lower electricity rates at times when demand is low, and higher rates during peak hours. Several European countries, including Sweden, Germany, Spain, Denmark, France, Finland and the UK, are applying some type of ToU tariff.⁶

During peak traffic the load on the electricity grid increases and due to the electrification of society the load on the grid is expected to increase even more in the future. Some grid operators have introduced so-called power/output tariffs, which make it more expensive for a household to consume electricity when demand is high⁷. Flexible power tariffs therefore create further incentives to invest in ESS since it allows users to buy electricity when demand is low, i.e. when there is less load and the price is relatively low, and consume it at a time when demand is high.⁸

COMPARISON OF DIFFERENT BATTERY TECHNOLOGIES FOR STATIONARY APPLICATIONS

The following is a comparison of Nilar's batteries versus lithium and lead alternatives in stationary applications made by the Company's management.⁹

Life cycle cost

Nilar's batteries perform well compared to lithium and lead batteries from a life-cycle cost perspective. Both lithium and lead batteries have a lower initial cost, which is balanced over the life-cycle by Nilar's batteries which have longer lifespan in an inactive state, larger number of cycles, stronger resistance to misuse and better discharge power at low temperatures.

Safety profile

Both Nilar and many lead batteries are considered safe, which for example is reflected in milder transport regulations. Lithium batteries are not considered completely safe and the transport of lithium batteries is often subject to strict regulations as these can be considered hazardous goods.

Recyclability

Nilar takes full responsibility for the recycling of its batteries and has developed a method for direct reuse of battery material in its production process, with simple reprocessing of battery material in the factory. The Company estimates that the cost of recycling batteries is less than the corresponding cost of purchasing new batteries and is more environmental friendly.

Due to its flat construction, Nilar's large battery modules are easy to disassemble. Most lithium batteries, on the other hand, consist of small wrapped or "pouch" cells and are built into devices, and because of this difficult for the user to sort. This has resulted in suboptimal collection degrees for lithium batteries. In order to reuse battery material from lithium cells these must be chemically reprocessed, a multi-step process that is costly and, for now, not very profitable.¹⁰ However, the new EU rules impose on the producer or importer of lithium batteries the financial responsibility for recirculation and reprocessing.¹¹

"Second-life" is a way to recycle EV batteries (electric car batteries) in energy storage. When an EV battery has lost 20 percent of its original capacity and therefore cannot deliver full power, it is classified as "end-of-life". To some extent it can then be rebuilt and many cells may after sorting be used in energy storage, mainly for applications that are less demanding for example in small solar cell installations where the battery storage is slow-cycle. However, Nilar's own investigations have shown that it is more economically advantageous to disassemble a recirculated Nilar battery pack and to produce a new, satisfactory battery pack from the materials.

Nickel is the raw material in Nilar's batteries that individually accounts for the largest amount of the raw material. At final "end-of-life", nickel can be used directly as alloy metal in stainless steel.

1) Ofgem.gov.uk, *About the Smart Export Guarantee*, downloaded February 2, 2021.

2) SolarPower Europe, *European Market Outlook for Residential Battery Storage, 2020-2024*.

3) PV-magazine, *Flanders to reintroduce subsidies for rooftop PV*, <https://www.pv-magazine.com/2020/06/08/flanders-to-reintroduce-subsidies-for-rooftop-pv/>, published June 2020.

4) PV-magazine, *Flanders provides incentives for residential storage*, <https://www.pv-magazine.com/2019/08/12/flanders-provides-incentives-for-residential-storage/>, published August 2019.

5) SmartSpain, *Bonificaciones para energías renovables en España 2020*, <https://www.smartspain.es/bonificaciones-para-energias-renovables-en-espana-2020/>, published December 2020.

6) IRENA, *Innovation landscape brief: Time-of-use tariffs*, published 2019.

7) Dagens Industri, *Därför lönar det sig dåligt att spara el*, published in February 2021, downloaded March 24, 2021.

8) Svenska Dagbladet, *Mer rörligt pris med nya elnätsavgifter*, published September 2019, downloaded March 25, 2021.

9) The comparison of Nilar batteries and lithium-ion battery is based on lithium-nickel-manganese-cobalt oxide (NMC).

10) One Earth 1, December 20, 2019 a 2019 Elsevier Inc., [https://www.cell.com/one-earth/pdf/S2590-3322\(19\)30223-4.pdf](https://www.cell.com/one-earth/pdf/S2590-3322(19)30223-4.pdf), 9.

11) European Commission, 10 December 2020, https://ec.europa.eu/commission/presscorner/detail/en/QANDA_20_2311.

Environmental impact

Over a 20-year period of use, the environmental footprint of Nilar's batteries is small due to the long life expected to be achieved through Nilar's Hydride® ReO2 technology. Nilar's Hydride® ReO2 technology is planned to be launched during the second quarter of 2021 with the first product deliveries during the second half of

2021. Lithium batteries have a shorter lifespan, and replacing an old lithium battery with a new one means a doubled environmental footprint. Batteries made of lead also have noticeable effects on the surrounding environment during recycling, as lead is toxic and can have devastating consequences for humans and other living beings' health if consumed.

Comparison of Nilar's battery technology vs. Lithium-ion and lead-acid technologies


Factor		Lithium-ion	Lead-acid
Life-cycle cost1)	●	●	●
Initial cost	●	●	●
Calendar life time	●	●	●
Total number of cycles	●	●	●
Robustness against misuse	●	●	●
Discharge power at low temperature	●	●	●
Safety	●	●	●
Transport regulations	●	●	●
Energy density	●	●	●
Cycling performance	●	●	●
Power stability over cycle life	●	●	●
Recharge time	●	●	●
Recyclability	●	●	●
Environmental	●	●	●
High rate charging and capacity at <0°C	●	●	●

Figure 14. A comparison of Nilar's batteries and lithium and lead alternatives in stationary applications made by the Company's management.

RECYCLABILITY OF RAW MATERIALS IN DIFFERENT BATTERY TECHNOLOGIES

Nilar Hydride®

Nilar Hydride® batteries are made of nickel, nickel hydroxide, potassium hydroxide and cobalt. The active substances in the batteries can be efficiently recycled to up to 99 percent.¹ There is an economic driving force behind extracting both nickel and cobalt in the recycling process as the value of the material is higher than the recycling costs.^{2,3} As per the date of the Prospectus, the batteries contain a small amount of cobalt, and Nilar aims to remove cobalt completely from the batteries in the future.⁴

The risk for auto ignition or explosion in the Company's batteries is negligible, which makes them safer than for example lithium batteries which require more caution when handled. In addition, the chemistry is suitable for varying temperatures. Nilar also takes full responsibility for the recycling of batteries, and has developed processes to optimize recycling and reuse of materials. Parts of the recycling process are outsourced while other parts are handled internally.

Lithium-ion

Lithium-ion batteries consist of lithium, cobalt, nickel and graphite.⁵ The active substances in the batteries can be recycled up to 100 percent, but an extensive hydrometallurgical or chemical process is required.⁶ There is a greater economic driving force to extract cobalt in the recycling process than lithium, but both are usually extracted.⁷ Many lithium-ion batteries are built into mechanics and difficult for the consumer to access. This has resulted in suboptimal recycling of the batteries.⁸ Lithium is flammable, which makes the batteries hazardous in settings where temperatures varies.⁹

Lead-acid

Lead acid batteries consist of lead and sulfuric acid. The batteries are largely recycled from consumers. The process of recycling can contaminate the surrounding nature and pose a health risk. Lead is a poison that can significantly affect human health if consumed.¹⁰

1) The Energy Authority, *State of the art in reuse and recycling of lithium ion batteries*, 2019.
 2) Noréus et. al., *Upcycling of spent NiMH Battery Material*, published May 15, 2020.
 3) Boyden et. al., *The Environmental Impact of Recycling Portable Lithium-Ion Batteries*, published 2016.
 4) nilar.com/factory-technology/sustainability/.
 5) FOE Europe, *Factsheet Lithium*.
 6) The Energy Authority, *State of the art in reuse and recycling of lithium ion batteries*, published 2019.
 7) Boyden et. al., *The Environmental Impact of Recycling Portable Lithium-Ion Batteries*, published 2016.
 8) The Energy Authority, *State of the art in reuse and recycling of lithium ion batteries*, 2019.
 9) Cameochemicals.noaa.gov/chemical/999.
 10) WHO, *Recycling used lead-acid batteries: health considerations*, 2017.

CLIENTS

System Integrators

Nilar's client landscape mainly consist of system integrators¹, who offer final customers solutions for energy and power optimization. These system integrators develop custom solutions for final customers using for example Nilar's products.

System integrators offer Energy Management System (EMS) used to connect and control various parts of local energy systems. An EMS is a system, consisting of both hardware and software, that complements and controls Nilar's energy storage based on the user's wishes. An EMS often contains an inverter and can be delivered with different attributes. The main difference between different inverters is their maximum effect, i.e. how fast the system can transfer energy from the battery and feed it into, for example, an electric vehicle. Most system integrators work as distributors within one or a few countries, as the EMS concept needs to be adapted to the different tariff systems of the countries.

Nilar is affected by the market for system integrators since a majority of the Company's orders are made by system integrators. The growth in Nilar's system integrators' businesses is beneficial to the Company. Nilar collaborates per the day of the Prospectus with Ferroamp and Enequi in Sweden, with Nife Energy Solutions in Germany, Switzerland and Austria and with Indutecc Renewable Solutions in the Netherlands and Belgium. Nilar also collaborates with Kostal, Socomec, Freqcon and MC Energy, which are companies with a wider geographical coverage.

- **Ferroamp** is a Swedish company offering advanced energy and power optimization solutions for homes, real estate and industry. Its solution called the Energy Hub collects data from other components to optimize the energy flow between solar power, energy storage and the utility grid.
- **Enequi** provides energy storage systems for energy balancing in properties.
- **Nife** provides customized and application-specific solutions for optimal use of energy and/or energy storage.
- **Indutecc** is a specialist in sustainable energy solutions combining solar power and energy storage systems.
- **Kostal** is a German company that manufactures inverters and battery systems for solar facilities for private individuals and small businesses. Kostal has a broad European presence.
- **Socomec** is a French company that manufactures and provides a wide range of energy solutions internationally.
- **Freqcon** is a German company that manufactures inverters and control systems for energy systems and provides energy storage solutions internationally.
- **Mc Energy** is a Dutch company that designs and manufactures advanced energy storage solutions.

Final customer

Final customers consist of private individuals, companies and other property owners who want to optimize their energy usage. Final customers are usually owners of a renewable energy source, such as a solar power system, who want to be able store excess electricity and use it at a later point in time. Other examples include customers who want to reduce reliance on the grid or who want to reduce their usage of electricity from the grid during peak hours when electricity prices are at their highest. Owners of an electric car might be in need off an energy storage system in order to facilitate enough power output to charge the car.

1) System integrators offer their clients energy and power optimization solutions. These integrators help clients develop customized solutions using, inter alia, Nilar's products.

THE COMPETITIVE LANDSCAPE

The main difference between Nilar and its competitors is the chemical technology in production and application. Applications for NiMH batteries include portable electronics, hybrid electric vehicles and stationary energy storages. Due to the heavy weight of NiMH

batteries, combined with them being safe and reliable, they are particularly suitable as a stationary energy storage in applications where safety is crucial.

NiMH chemistry as a differentiator with most competitors focus on lithium chemistry

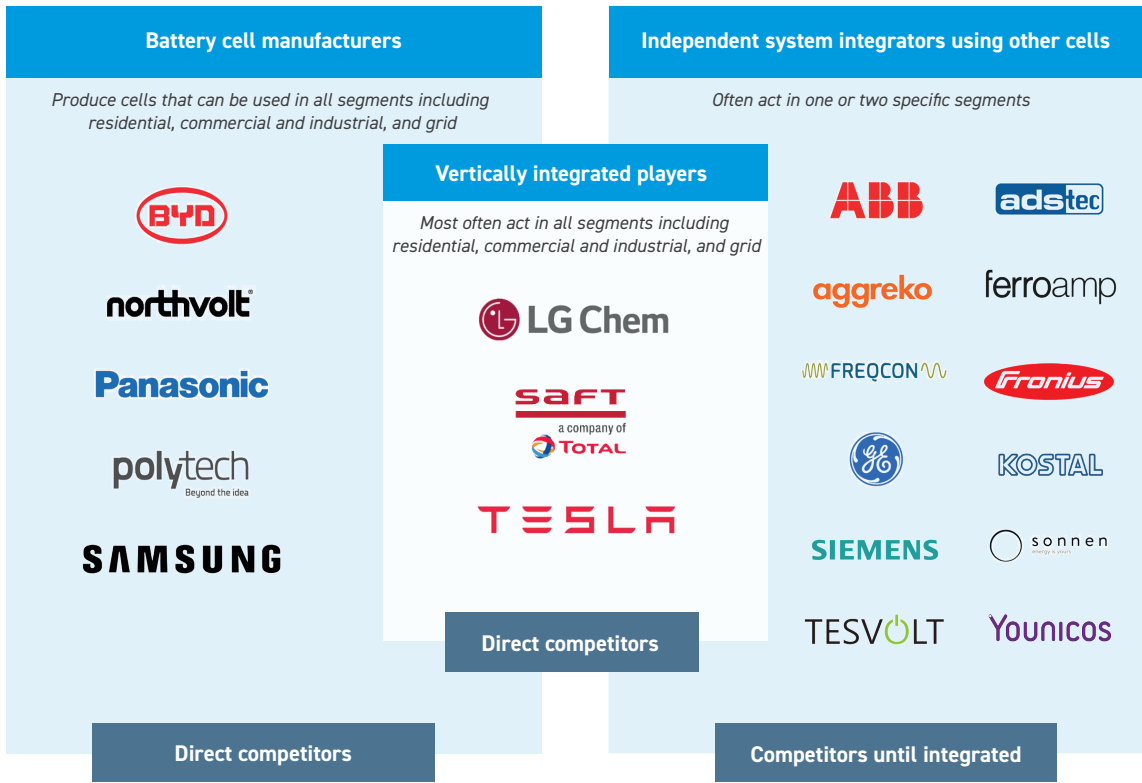


Figure 15. Nilar’s identified competitors.¹

¹) The analysis is not exhaustive.

Nilar competes with manufacturers of stationary energy storage applications, not all battery manufacturers. According to the Company, most other manufacturers of stationary energy storage systems are mainly focused on batteries for electric vehicles. Manufacturers of batteries for the electric vehicle industry have historically used lithium technology as it has been the most suitable for mobile applications, which has led to that these manufacturers also use lithium technology for stationary energy storage solutions since they have greater knowledge of that technology. As described in the section "Comparison of various battery technologies for stationary applications" there are several disadvantages to lithium-based batteries compared to nickel-based batteries when it comes to stationary applications. Panasonic, Samsung, LG Chem and BYD are four major players who, to some extent, are competitors of Nilar. These companies only offer lithium-based batteries and have a broader focus, including energy storage for charging electric vehicles, stationary storage and small electrical equipment. To some extent, Nilar also competes indirectly with integrators such as Sonnen (residential applications) and Tesvolt (commercial/industrial and grid applications) to the extent in which these companies use other batteries than Nilar's in their products.

There are a few actors who provide NiMH batteries. Nilar's management has identified two companies as most reputable and comparable to Nilar; Primearth EV Energy, owned by Toyota and a supplier of NiMH battery sets for all hybrid cars manufactured by Toyota and Honda, alongside FDK, a provider of smaller NiMH batteries (for example, for toothbrushes) and packs of up to 30 kWh.

Arts Energy is another example of a company providing NiMH technology. However, Arts Energy does not share the same target segment as Nilar and does not have the ability to restore the battery that Nilar has with the Nilar Hydride® ReO2 technology, which is planned to be launched during the second quarter of 2021 and with the first product deliveries during the second half of 2021. The Company believes that its exclusive focus on stationary storage applications combined with its choice of chemistry is a competitive advantage.¹

Premium market segment prices

INTELLIGENT BATTERY SYSTEMS



Samsung SDI ESS

- Energy: ~3.6 kWh
- Price/kWh: ~1,800 USD



sonnenBatterie ECO 8/5

- Energy: ~5.0 kWh
- Price/kWh: ~1,300 USD



Enphase Encharge 3

- Energy: ~3.5 kWh
- Price/kWh: ~1,175 USD



Nilar home box

- Energy: ~5.8 kWh
- Price/kWh: ~1,025 USD



LG Chem - RESU7H

- Energy: ~7.0 kWh
- Price/kWh: ~875 USD



Huawei Luna

- Energy: ~5.0 kWh
- Price/kWh: ~825 USD



Tesla Powerwall 2

- Energy: ~13.5 kWh
- Price/kWh: ~700 USD

Figure 16. Examples of competing battery modules.

The above figure shows how Nilar's batteries are compared in terms of price and storage with a selection of similar modules. Within this group, Nilar's battery is the only one that is not made of lithium. Price-wise, Nilar's price per kWh is on an average level compared with other competitors.^{2,3}

1) Company's assessment.

2) Tesla Powerwall 2: Price calculated as the mean value from five different sources: HemSol, Zerohomebills, rise, Solarchoice and Solar reviews, downloaded February 2021.

3) Other batteries: Solshoppen; Europe Solar shop; Zerohomebills; HemSol, downloaded February 2021.

BUSINESS DESCRIPTION

INTRODUCTION

Nilar develops and produces energy storage solutions suitable for a broad range of stationary applications. Energy storage can be used to create a connection between the energy production and its supply and to increase flexibility to absorb the full potential of intermittent renewable energy production. In practice, this is done by connecting production and consumption of renewable electricity and by leveling the load to avoid peaks in demand from electricity grids.

Nilar supplies, as of the date of the Prospectus, energy storage solutions for residential, industrial and commercial buildings and, in the future, Nilar intends to provide solutions also for infrastructure projects such as energy storage for grid support (e.g. EV-charging). The Company's battery technology, Hydride® is based on nickel-metal-hydride (NiMH) with a water-based electrolyte, which results in a strong environmental- and safety profile. The next generation of the battery module, called Nilar EC Hydride® ReO2, which currently is being developed, is planned to be launched during the second quarter of 2021, with the first product deliveries in the second half of 2021. The new battery module has the potential to be reconditioned in a cost-effective manner in order to regain lost capacity at the end of what otherwise would be its service life. It results in lower lifetime cost for storage and environmental impact since the battery can be refilled rather than replaced.

The Company's head office is located in Täby, Sweden and Nilar's energy efficient production together with the Company's research and development is carried out in a production facility in Gävle. The

Company is currently expanding capacity at its production facility by increasing efficiency of the current production lines and by installing new production lines. Despite a significant expansion of the production capacity, the Company's sales have been limited by the facility's capacity.

The core competence of the Company lies in the development of safe and environmentally friendly batteries. This expertise derives from the Company's long history of research in the field, one close collaboration with leading researchers at Stockholm University and together with the experience of engineers and employees in the Company which has been built over time.

Nilar's clients mainly consist of system integrators, who offer their clients solutions for energy and power optimization. These system integrators help clients develop customized solutions using, inter alia, Nilar's products where successful deliveries have resulted in a close collaboration with established system integrators. One of Nilar's clients is Ferroamp, whose system offers clients solutions for power equalization, energy storage, charging of electric vehicles and optimization of solar electricity production.

In 2019, the Company delivered 202 systems, that grew to 442 in 2020 (excluding deliveries under guarantee commitments), and the number of delivered systems are expected to grow as production capacity increases. The annual development of the number of delivered systems is illustrated in figure 1. Nilar has delivered systems to many countries in the Nordic region and the rest of Europe and plans to expand their geographical range in the coming years.

Historical sales growth and delivered kWh

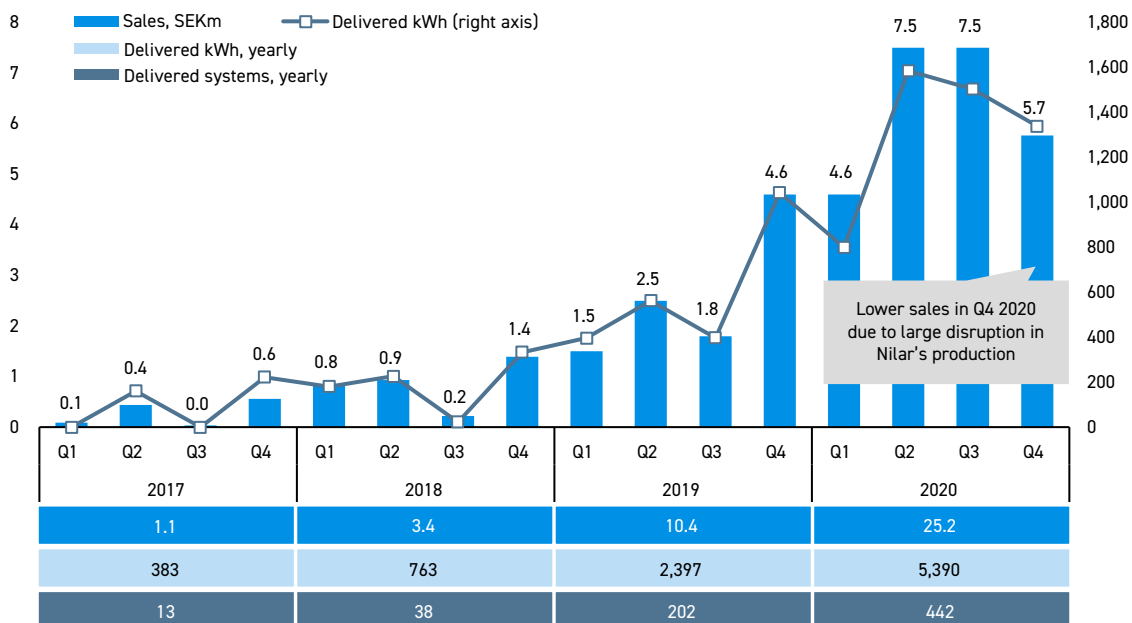


Figure 1. The number of delivered systems, kWh, and sales in SEK million, full year 2017 to full year 2020.

COMPANY HISTORY

Nilar was founded in Denver, USA in 2001 as a research collaboration between leading battery experts from Sweden and the United States. At the same time a group of senior engineers were recruited, and patents were registered for the initial innovations.

Initially, the idea was to explore ways to overcome the deficiencies of the new lithium technology, including short lifetime, high fire risk, and dependency on scarce materials. The founders, Lars Fredriksson and Neil Puster, had long experience in the battery industry. Neil had worked with hydrogen batteries for space travel purposes and Lars bought Optima Batteries at an early stage and expanded the business, which later was acquired by Johnson Controls. Given the ambition of finding battery technology that performed better than the lithium technology in relation to the deficiencies described above, the Company chose to base its Hydride® battery technology on NiMH instead of lithium. The NiMH technology offers longer battery life, low fire risk and requires significantly less heavy metals that in general are difficult to recycle. In 2003, the Company produced its first electrodes and prototype modules. During the following years, Nilar's patent portfolio and R&D-organization grew, and in 2011 an industrialization process was initiated. The same year, the decision was made to move the Company's head office and management function from the United States to Täby. Shortly thereafter, the Company's first production line and battery laboratory opened in Gävle.

The sale of the first battery system began in 2013 and several demo installations were carried out. In 2018, the Company launched the second version of the EC Hydride® which had smaller dimensions and higher energy density. The new version is now produced in a unique and partially automated production line. The same year, the Company invented a method to restore a battery's charging capacity when it reaches the end of life. This revolutionary technology, commercially known as "Nilar Hydride® ReO2, was technically developed and is planned to be launched during the second quarter of 2021 in Nilar's new battery system, EC Hydride® ReO2 with the first product deliveries during the second half of 2021.

The commercialization of the business began in 2019 and 202 systems were delivered to clients throughout Europe. The figure grew to a total of 442 systems during 2020 (excluding deliveries under guarantee commitments).

SUMMARY OF THE COMPANY'S STRENGTHS AND COMPETITIVE ADVANTAGES

Well positioned in a rapidly growing market

- In the EMEARC area, the annual new installations of energy storage solutions for stationary applications are expected to grow with an annual average growth rate of 22 percent between 2019 and 2030. This implies that the installed capacity in 2030 is expected to be 19 times the level in 2019.¹
- Market growth is expected to be driven by, among other things, an increased need for dynamic energy consumption, where supply is expected to move towards more intermittent energy sources and demand to increase as society becomes electrified.
- Nilar is well positioned in this market as they offer a product with attractive features that connects the gap between supply and demand for stationary applications.

Patented battery technology with clear cost-, environmental- and safety advantages

- Nilar's Hydride® ReO2 technology are expected to make the Company's batteries more cost effective compared to many competing alternatives, as the batteries can be restored at least three times before they reach the end of life status and get recycled. Therefore, replacement batteries will need to be purchased significantly less.
- The innovative Hydride® ReO2 technology as well as Nilar's flat-pack batteries are protected by a strong patent portfolio.
- The active material in Nilar's batteries is fully recyclable and the majority can be directly reused in the production of new battery cells. The Company estimates that the long service life combined with the ability to recycle the batteries and reuse renewable energy sources in the factory result in lower CO2 emissions compared to competing technologies.
- A high safety standard in Nilar's products makes them attractive for stationary energy storage where a fire or explosion risk is considered unacceptable. Nilar's batteries are based on a NiMH technology that has a water-based electrolyte which results in batteries with a low risk of powerful and rapid fire or explosions. Due to the high safety standard, Nilar's batteries are, for example, covered by significantly less strict transport regulations compared to lithium and lead batteries.

Proven ability to deliver successful projects in large parts of Europe

- As of 31 December 2020, Nilar had delivered more than 700 systems, demonstrating the Company's ability to successfully deliver systems and collaborate with system integrators to meet the needs of the end-clients.
- Nilar's batteries have been installed in applications ranging from shopping malls to residential buildings in many European countries which provide strong reference cases in sales processes.
- Response from end clients have been positive and Nilar has succeeded in building a large network of partners and distributors.

Agile production facility with scalable and patented production processes

- The Company's factory in Gävle has undergone significant expansion during 2018, 2019, and 2020. Since the beginning of 2019, Nilar has expanded their weekly production capacity by eight times and large parts of the production process have been automated. The Company expects the production growth to continue gradually through increased production capacity and product and manufacturing innovations.
- The production is fairly easy to increase and can be done by replicating existing, now standardized, production lines. Furthermore, the chemistry that Nilar uses in its batteries does not require cleanrooms or installations for drying that are common for other battery technologies, which simplifies the manufacturing process and drastically reduces energy consumption and the required size of factories.
- As a result of the innovations at the facility in Gävle, a broad portfolio of manufacturing-related patents has been acquired, which in combination with the knowledge (IP know-how) accumulated during the development of the current production process, protects the Company and puts Nilar in a good position for continued expansion.

1) Wood Mackenzie, Global energy storage outlook H2 2020 update, published September 2020.

Several growth paths going forward including new client segments and launch of aftermarket services

- Nilar is planning to scale up the factory in Gävle to its maximum capacity of eight lines and then establish another factory in Estonia with additional 16 lines. In the long term, there are also opportunities to integrate production in client factories, outsourcing the production process and licensing production.
- The Company intends to increase sales to new geographic markets through existing and new client relationships. Nilar is initially planning to focus on Northern Europe and then expand its sales to Southern Europe including Spain and Italy. In the long term, the US, Australia and South Africa are considered attractive markets for a more global establishment.

- Nilar plans to launch aftermarket services such as Hydride® ReO2 refill services, repair and maintenance and data monitoring. Nilar’s Hydride® ReO2 technology enables the Company to offer refill services to restore the capacity of Nilar batteries. The Offering is expected to be launched as a subscription service and with relatively high profitability compared to the sale of batteries and battery systems. Data monitoring, repair and maintenance are additional aftermarket services that Nilar considers attractive and achievable in the future.
- Today, Nilar is primarily targeting residential buildings and office properties, often with solar panels and/or charging for electric cars. Nilar plans to strengthen its position in the commercial and industrial segment, with applications such as charging for electric cars. In the long term, Nilar intends to deliver larger energy supplies for application areas within the power grid.

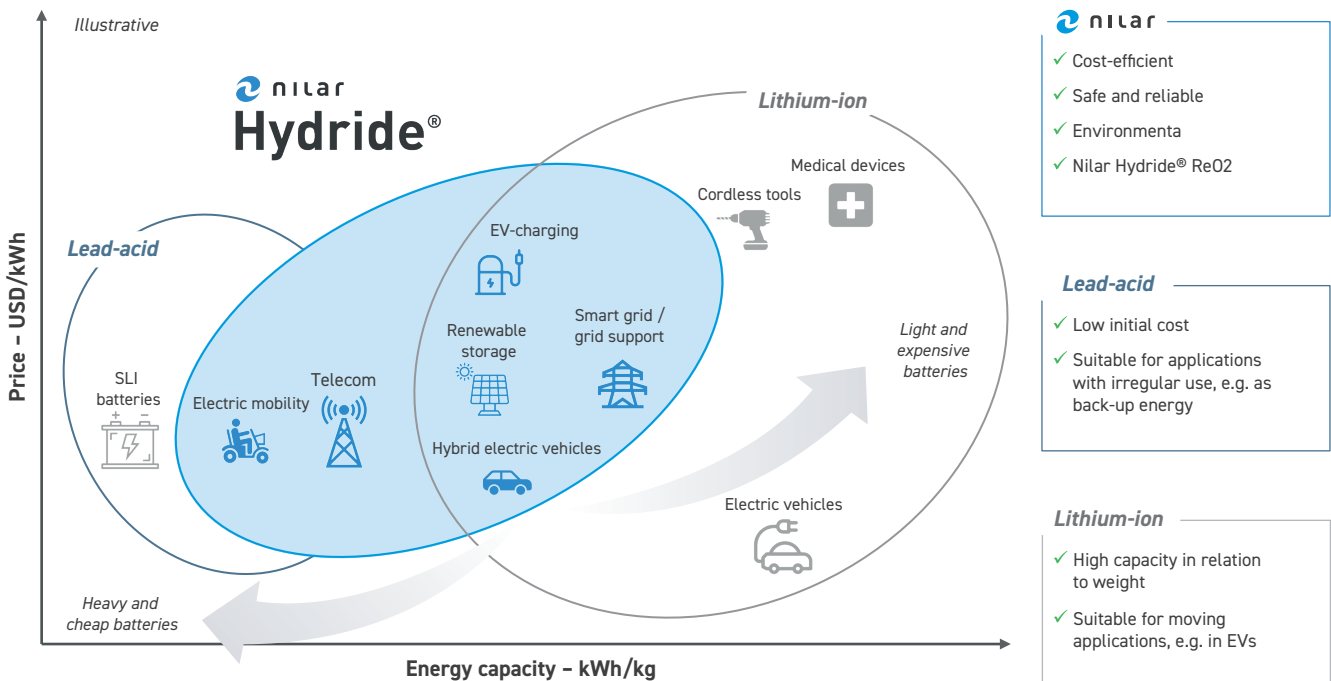


Figure 2. Illustration of Nilar's addressable market.

Case Studies

The case studies below display how Nilar has collaborated with partners in practice to meet the needs of the end client.

Nilar's batteries provide back-up energy to the national power grid in Belgium



BELGIUM NATIONAL GRID

APPLICATION	Industrial
COUNTRY	Belgium
YEAR	2020
ABOUT	SolarPro is a leading provider of solar and energy storage solutions in Belgium. The company recently entered a new business segment: supplying back-up energy to the Belgium national grid. Together with Indutec, Nilar had the opportunity to offer a solution with Nilar batteries



Challenge	Solution	Result
<ul style="list-style-type: none"> Belgium needs frequency containment reserve (FCR) power to stabilise the grid. Large power-hungry industrial companies react according to the frequency of the grid, adjusting their energy consumption accordingly SolarPro's goal was to build a safe and reliable ESS to compete as a balanced service provider (BSP) of back-up energy. The FCR must meet the requirements of Elia1) as well as strict EU directives 	<ul style="list-style-type: none"> SolarPro will supply 115 kWh of power from its warehouse located in Turnhout, Belgium. The FCR will consist of two 57.6 kWh Nilar rack systems. These will be connected to a Socomec SUNSYS PCS inverter and the entire system will be managed with a EMS from SolarPro and Illico 	<ul style="list-style-type: none"> The long life of Nilar EC battery packs means that SolarPro will not have to worry about replacing batteries and the FCR can run uninterrupted As Nilar batteries are fireproof, the system can be located in SolarPro's busy warehouse and office complex, a developed area where people live and work

"We wanted safe, powerful, and reliable batteries. We also wanted a sustainable solution, since green energy is a big part of our business. After analysing the different alternatives, it became obvious that only Nilar ticked all the boxes."

- Randy Helsen, Project Manager at SolarPro

Nilar's batteries enable safe supply of energy in residential areas



STOCKHOLMSHEM RESIDENTIAL APARTMENT BUILDING

APPLICATION	Time-shifting
COUNTRY	Sweden
YEAR	2019
ABOUT	Stockholmshem is Stockholm's largest housing association. It provides homes for over 50,000 tenants at 3,700 locations across the capital



Challenge	Solution	Result
<ul style="list-style-type: none"> Stockholmshem wanted to optimise an existing solar energy solution through the use of energy storage The system had to be able to store energy generated during the day for use during the evening when residents are home 	<ul style="list-style-type: none"> Existing solar power inverter was replaced by a Ferroamp EnergyHub system, powered by 30 Nilar battery packs to provide 32 kWh of storage The system runs on a DC grid, which is more efficient than compared to conventional AC coupled systems 	<ul style="list-style-type: none"> Using stored solar energy during the busiest time of the evening, when energy tariffs are at their highest, is expected to reduce energy costs and increase use of solar power Due to the high safety standard of Nilar's batteries, the system could be safely installed in the cellar of the building The environmentally conscious design of the batteries meant that the system met Stockholmshem's sustainability requirements

Together with Ferroamp, Nilar has delivered several solutions similar to the one described here to housing associations, real estate owners and other commercial buildings, incl. ÖrebroBostäder and Futurum Fastigheter

Thanks to the safe Nilar Hydride® battery technology, the customer felt comfortable installing the entire energy solution in the cellar of the building

Figures 3 and 4. Two case studies of Nilar's project.

NILAR'S VALUE-CHAIN

As illustrated in Figure 5 below, Nilar controls large parts of the value chain; from cell production made from raw materials to full battery systems ready to be delivered to system integrators, distributors or end clients. This allows the Company to maintain a high overall quality in the production process. The company has direct contact with suppliers of raw materials, system integrators,

distributors and end clients since delivered systems are often directly and constantly monitored via Internet connection to Nilar. The Company estimates that the main challenges related to the value chain in the future are about securing access to raw materials and electronic components (especially during the covid-19 pandemic) and expanding the network of system integrators and distributors to cooperate with.

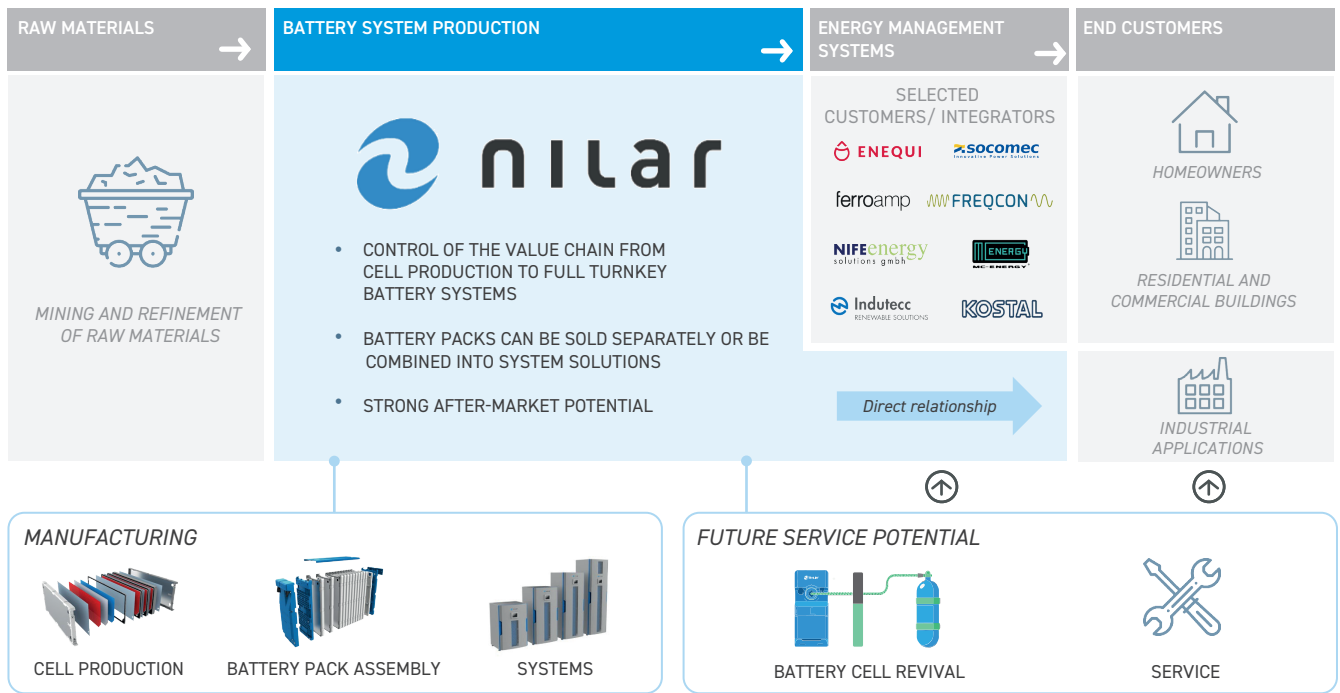


Figure 5. A simplified illustration of Nilar's value chain.

Raw material and components

The main raw materials in Nilar's battery cells are hydrogen storage alloys, nickel, nickel hydroxide, cobalt and potassium hydroxide. Hydrogen storage alloys, nickel and nickel hydroxide are purchased from suppliers in China, cobalt is purchased from a supplier in Finland and potassium hydroxide from a supplier in Germany. The supplier agreements usually run until further notice. Nilar visits its suppliers regularly to evaluate quality and compliance in relation to its ESG criteria.

Nilar also purchases components including electronic circuits and plastic and metal components from different suppliers in Germany, Sweden, Estonia and Poland. As a result of the covid-19 pandemic, Nilar is currently, as of the date of the Prospectus, experiencing delays in deliveries of certain electronic components, such as integrated circuits.

Battery System Production

Nilar controls large parts of the value chain from cell production to the turnkey battery system. The first step in Nilar's production process consists of cell production, which is performed with a patented dry process which is automated, cost effective and industrially scalable. A dry process, versus a conventional slurry process, is beneficial because it avoids the time and energy demanding drying process. The cells produced are flat which allows for a modular design and increases application flexibility. This results in a streamlined production. The battery cells are assembled into a battery

module by being stacked horizontally on top of each other with a bimetal plate in between. The assembly of the battery module to the battery pack is relatively simple since modules are stacked and the number of parts and connections between the cells are small.

Battery pack constitutes elements of Nilar's turnkey system that has full data communication functionality for online aftermarket diagnosis. The system also ensures optimized use of the battery and communicates with adjacent systems. A qualified engineering team offers clients the opportunity to adapt these modular standard systems to suit their specific applications.

Nilar is developing a strategy to be able to offer after-market services to a greater extent. The Company's products are already equipped with software for after-market data monitoring. Furthermore, the patented Hydride® Re-O2 technology offers service revenue opportunities when clients need to restore the capacity of their Hydride® batteries.

Energy management systems

Nilar's clients mainly consist of system integrators who offer Energy Management System (EMS) that are used to connect and control various parts of local energy systems. Nilar currently works with system integrators Ferroamp (Sweden), Enequi (Sweden), Nife Energy Solutions (Germany), Indutecc Renewable Solutions (The Netherlands), Kostal (Germany), Socomec (France), Freqcon (Germany) and McEnergy (the Netherlands).

End clients

The process of creating agreements between system integrators and end clients may be carried out in several ways. The process usually begins with the client contacting a system integrator who help the client to find a suitable solution. The client usually specifies the storage capacity and the type of inverter needed. When a customized solution is found, the system integrator places an order for batteries from Nilar.

The recycling process of Nilar's batteries

Nilar collaborates with system integrators for the recycling of its batteries. When a battery reaches the end of its useable life, the end client can return it to the integrator, who sends it to Nilar. Returned batteries are systematically recycled and the materials are re-used in either new batteries or in other industries, such as stainless steel.

The foundation of Nilar's technology

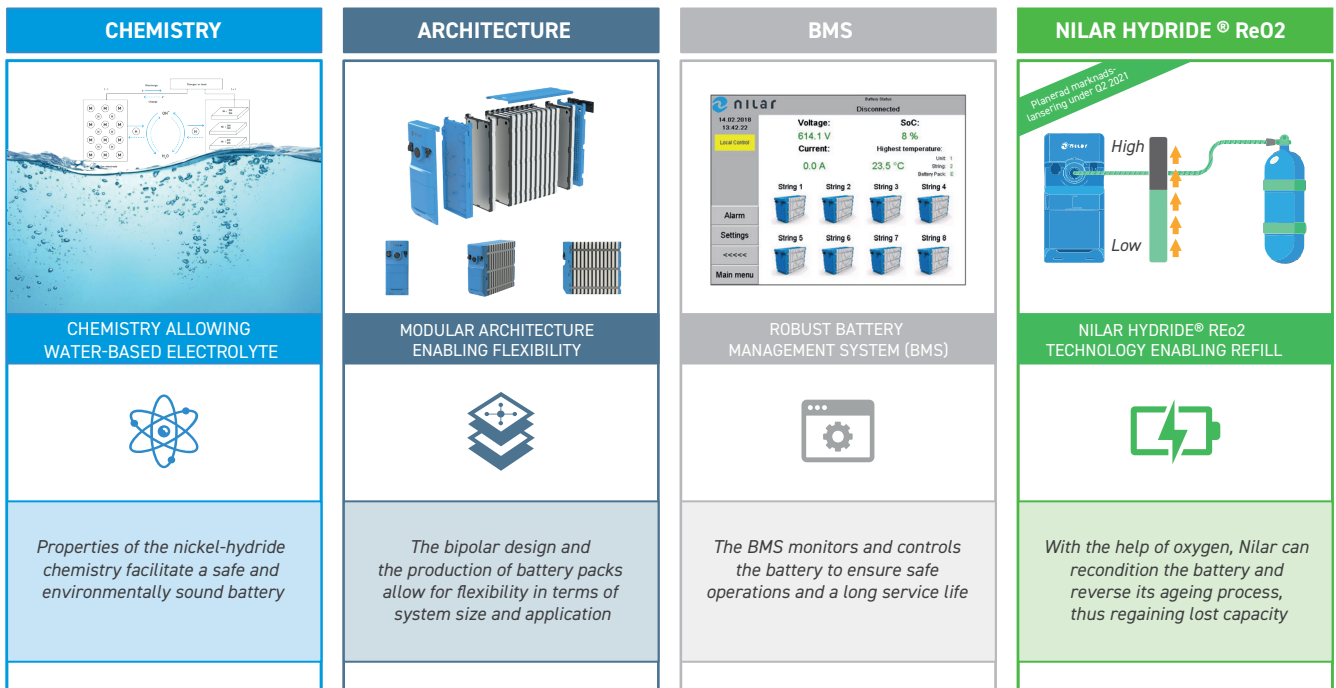


Figure 6. The foundation of Nilar's technology.

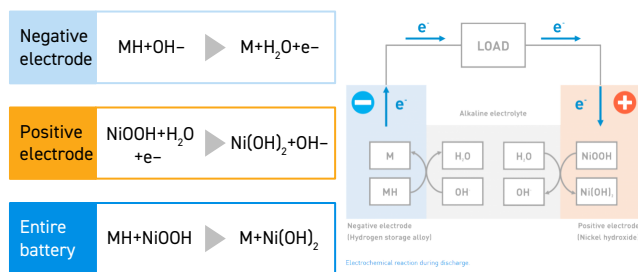
Chemistry

When batteries discharge, hydrogen moves from the negative active material, the metal hydride (MH), to the positive active material, the nickel oxyhydroxide (NiOOH). In this process, the negative active material is drained of hydrogen and the positive active material is reduced to nickel hydroxide (Ni(OH)₂). When batteries are charged and

then discharges, hydrogen moves in the opposite direction. The positive active material oxidizes to become nickel oxyhydroxide and lose hydrogen which is taken up by the negative active material in the form of hydrogen (H₂) which forms a metal hydride. The chemical process in the Company's batteries is illustrated in Figure 7.

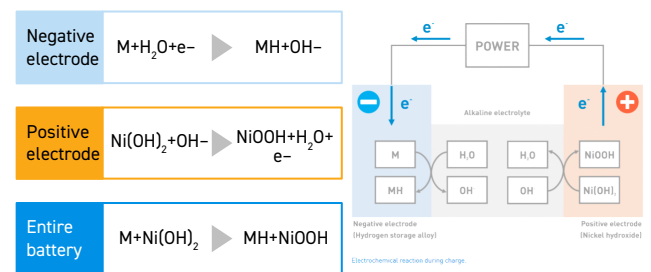
	Charge products	Discharge products
+ Positive material	Nickel (III) oxyhydroxide (NiOOH)	Nickel (II) Hydroxide (Ni(OH) ₂)
- Negative material	Metal hydride (MH)	Metal alloy (M)
⊗ Electrolyte	KOH	KOH

Discharge process



- Hydrogen moves from the negative active material to the positive active material. In this process, the metal hydride is drained of hydrogen and the positive active material is reduced to Nickel hydroxide

Charge process



- As the battery is charged, Nickel hydroxide in the positive electrode loses hydrogen and the metal alloy takes up hydrogen to form a metal hydride. When losing hydrogen, the Nickel hydroxide oxidises and the positive active material becomes Nickel oxyhydroxide

Figure 7. The chemical process behind the charging and discharging of Nilar's batteries.

Architecture

Nilar's batteries are manufactured with a bi-polar design which means that cells are stacked horizontally on top of one another with a metal bi-plate in between ("the lasagna principle"). The bi-polar design allows current to flow uniformly throughout the battery cell, creating uniform heat generation and ageing of the cell, ultimately

ensuring longer cell life. The flat bi-polar design is also space efficient compared to cylindrical or prismatic battery design (the standard for lithium ion cells). Since the design is sealed, there is no need for continuous maintenance.

The battery module is the building block of Nilar's energy storage systems

- One module consists of 10 cells stacked horizontally with a metal biplate in between
- The outer contact plates act as current collectors for all cells in the module
- After assembly, the module is filled with electrolyte to enable a free flow of ions
- The modular design enables easy assembly

Components of Nilar's battery cell					
1	Contact plate The positive and negative terminal on the module which transfer electrical current	1	Case Together with the contact plate, it is part of the sealing which forms the 12 V module	2	Electrodes Manufactured through a compression of dry powders which store energy in the cell
		3	Separator Prevents electrical contact between the positive and negative electrodes while holding the electrolyte	4	Biplate The biplate seals each cell while providing electrical contact between them
					Electrolyte The water-based electrolyte provides the means of ionic conductivity in the cell and it has important features such as low cost, fast filling time and excellent ionic conductivity over a wide range of temperatures

The Battery pack is Nilar's core product and can be sold separately or as a system connected in a series

- Optimised for large energy storage systems
- Equipped with a battery management system and industrial connectors for electrical and communication interfaces
- Operating temperature between -10°C and +40°C
- Can be stored or operated at an intermediate state of charge for a long time without loss of performance

Components of Nilar's battery pack					
1	Integrated Monitoring Unit An electronic monitoring system which monitors the conditions of the battery pack and communicates the data	2	Module The building block of all Nilar's batteries	3	Rupture Disc The rupture disc is only activated at abusive conditions when the internal pressure is high
		4	Contact Plate Electronically connects the adjacent modules in the pack and eliminates the need for external connectors between modules	5	End Piece Provides uniform cell compression over the electrode surface, impact protection to the cell stack and electrical insulation

Figures 8 and 9. Nilar's battery module and battery pack by parts.

On the market, other types of modules are used, such as the ones listed in Figure 10. The most proven battery design is the cylindrical.¹

1) Battery University, *Types of Battery Cells*, Downloaded 2021-02-01 https://batteryuniversity.com/learn/article/types_of_battery_cells

Comparison of cylindrical, prismatic, and bi-polar cell designs

	Cylindrical	Prismatic	Bi-polar	
Technology				
Description	<ul style="list-style-type: none"> • One of the most widely used battery types • Cylindrical cells are used in e.g. Tesla EV batteries 	<ul style="list-style-type: none"> • Often found in mobile smart devices, such as mobile phones, tablets, and laptops 	<ul style="list-style-type: none"> • The bi-polar design is used in Nilar batteries • Cells are stacked horizontally on top of each other • Current flows uniformly through the battery cells 	
Pros and cons	<ul style="list-style-type: none"> • Electrical current flows unevenly, impacting lifetime of cells differently • Bulky design makes stacking of batteries less compact 	<ul style="list-style-type: none"> • Higher energy density than prismatic batteries • Air cavities from inefficient stacking improves thermal management • Long history of use 	<ul style="list-style-type: none"> • Swells over time due to gas build-up, which can damage equipment • Electrical current flows unevenly, impacting lifetime of cells differently 	<ul style="list-style-type: none"> • Prismatic cells allow flexible design • Introduced in early 1990s, and has thus been in use for a long time
	<ul style="list-style-type: none"> • Bi-polar NIMH energy storage is a novel and less proven technology • Higher risk of electrolyte leakage 	<ul style="list-style-type: none"> • Volumetric density advantage • Uniform current path increases cell lifetime • Enables modular design, easy assembly and ReO2™ technology 		

Figure 10. A comparison of cylindrical, prism-shaped and bipolar battery modules.

Nilar's scalable product line

The company offers three product families with different storage capacities. However, all products consist of the same building block,

the Nilar Hydride® EC Battery Pack. Systems for industrial purposes contains a relatively large number of modules while products for residential purposes contain less.

	Battery pack	Home Box	Cabinet solution	Rack solution
Product	<p>~1.5 kWh</p> <p>20%</p>	<p>~6 kWh</p> <p>34%</p>	<p>~10-30 kWh</p> <p>23%</p>	<p>~60 kWh</p> <p>23%</p>
User	<p>Energy management system providers</p>	<p>Homeowners</p>	<p>Residential and commercial buildings</p>	<p>Industrial applications</p>
Scalability	<p>Building block</p>	<p>4x battery packs</p>	<p>8-20x battery packs</p>	<p>40x battery packs</p>

Figure 11. Overview of Nilar's scalable product line.

Nilar EC Battery Pack

Nilar's EC battery pack, called Energy Series, is the Company's smallest product and consists of 8 to 12 battery modules in a series. The battery is mainly used as a building block in Nilar's other solutions. The storage capacity of a unit varies between 0.96 and 1.44 kWh, and the battery has very high resistance against shock and vibrations. The battery packs new edition, Energy + Series, was recently launched and has a higher storage capacity between 1.15 and 1.73 kWh. The battery functions in temperatures between -10 to 40 degrees Celsius. Battery packs are also sold separately to some system integrators who integrate Nilar's battery packs into their own invertors (switches) and self-designed EMS.



Figure 12. Illustration of Nilar EC battery pack.

Nilar's EC-Home Box (Home Box)

The Company's EC-Home Box offers Nilar's battery technology packaged in an attractive and modern casing with compact dimensions. The product is intended to be installed in private households and is designed to fit into such an environment. The casing contains four Nilar EC Battery Packs, has a capacity of 6 kWh and weighs 200 kg. By combining solar panels on residential roofs with Nilar's energy storage, homeowners can use stored solar energy during evenings and early mornings when electricity prices usually are the highest. The product also helps households reduce dependency on electricity grids. The strong safety profile of Nilar's technology make the EC-Home Box a safe choice for energy storage in homes. The EC-Home boxes have historically represented the majority of delivered systems.



Figure 13. Illustration of Nilar's EC-Home Box.

Nilar EC-Cabinet Solution

Nilar's EC-Cabinet offers storage capacities in the range of 11.5 to 28.8 kWh depending on the client's need. These solutions are ideal for office- and residential buildings. The cabinet requires both an external inverter and an EMS to operate. The inverter handles the conversion between direct and alternating current, while the EMS initiates the charging and discharging of the batteries in the system. The system can easily be modularly extended with additional battery cabinets. Cabinet solutions have historically represented the largest share of delivered kWh.



Figure 14. Illustration of Nilar EC-Cabinet solution.

Nilar EC-Rack Solution

Nilar EC-Rack Solution offers the same benefits as the cabinet but comes with a storage capacity around 60 kWh. The product is intended for industrial applications with large storage capacity demand. This solution can be configured so that up to four units are serially connected, where one of the units communicates with an external EMS and controls the other battery units (so-called "master-slave configuration").



Figure 15. Illustration of Nilar EC-Rack solution.

Nilar's new product series Energy and Energy+

Through constant research and development and based on experience and knowledge gained from previous product versions, Nilar launched a new product range, Energy+ in the first quarter of 2021. The product range is better than its predecessor in regards to: higher efficiency, smaller size, easier to install and has a more resistant polymeric outer casing.



Nilar Energy has a capacity equivalent to 10 Ah like the previous version. The product range is optimized for energy equalization and adapted for applications that involve shorter and faster cycles, such as charging of electric cars. Nilar Energy+ has a larger capacity equivalent to 12 Ah. The product series is adapted for time equalization and applications that entail longer and slower cycles, such as the use of solar cells.

Both product series also come with an improved battery management system. Nilar has made several changes in circuit design to further improve the safety aspect, reduce electricity costs and increase functionality. The programming has also been developed so that the interaction between the battery management system and the energy management system occurs more efficiently.

New product versions like Energy and Energy+ enable Nilar to increase their profitability margins by being able to sell their products at a higher price while maintaining the same cost base per kWh. Both product series are also compatible with Nilar Hydride® ReO2 which is expected to be launched during the second quarter of 2021 with the first product deliveries during the second half of 2021, which will also contribute to better profitability margins for Nilar.

Battery management system

The Company's Battery Management System (BMS) software optimizes the use of the battery's storage capacity and measures the battery's charging level. The BMS communicates with an EMS (from the system integrators) which controls the utilization and charging of the battery. For example, if a battery's energy storage goes beyond desirable levels, the BMS communicates this to the EMS which then reduces storage to desirable levels again.

Nilar Hydride® ReO2

Cell failure and aging of NiMH batteries is due to corrosion of the metal hydride as it reduces the amount of metal hydride capacity

and consumes the water in the electrolyte (which forms a chemical bond). The corrosion also evolves hydrogen which increases the internal resistance as a result of an unbalance between electrodes.¹ Nilar has successfully developed and patented a technology which can rebalance the electrodes and replenish the electrolyte by adding a controlled amount of oxygen recovering water in the electrolyte. The technology is called Nilar Hydride® Re-O2 and enables Nilar to restore lost capacity in a battery, ultimately prolonging its life by more than three years. Hydride® ReO2 technology is planned to be implemented in a new version of the battery module that is expected to be marketed in the second quarter of 2021, with the first product deliveries in the second half of 2021.

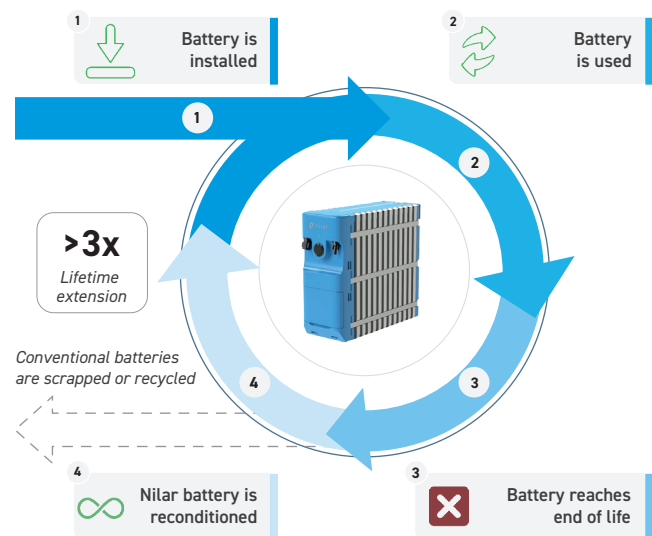


Figure 16. The Hydride® ReO2 technology gives more than three times longer service life with the same battery.

1) Yang Shen, Development of metal hydride surface structures for high power NiMH batteries, <http://su.diva-portal.org/smash/get/diva2:1194626/FULLTEXT01.pdf>, Published 2018, Downloaded March 26, 2021

There are two important reasons why Hydride® Re-O2 is possible. The first refers to the chemistry that Nilar uses, NiMH. Unlike lithium-ion batteries, NiMH batteries have overcharge and over discharge protection which is crucial to the refilling property. Second, the bi-polar design of Nilar's batteries enables horizontal stacking of battery cells, allowing a common gas space that connects all cells which results in a simpler refilling process. Tests have shown that the battery pack can be reset at least three times.

Guarantees

Nilar offers clients up to 15 years' guarantee on the battery pack. Nilar undertakes to repair or replace parts of the batteries and under certain conditions offers a refund as per the schedule in the figure 17. The guarantee also refers to the performance of the batteries, where Nilar guarantees that the batteries will maintain at least 60 percent of nominal capacity throughout the entire guarantee period.

Nilar limited fifteen-year product warranty

Level	Refund (% of initial purchase price)	Månad
1	100	1 - 24
2	75	25 - 48
3	50	49 - 72
4	30	73 - 96
5	10	97 - 120
6	5	121 - 144
7	2	145 - 180

Figure 17. Nilar's refund schedule for warranties.

As the installed base has increased in size, necessary modifications of the product have been made. Defects in the installed base have also been remedied in line with the guarantee commitments. As stated in the section "*Previous incidents in connection with the use of Nilar's energy storage device*", two incidents have occurred since 2018, the causes of which have now been resolved and products out at the client have been replaced.

With regard to both the incidents described above, the battery itself has not burned since NiMH batteries with water-based electrolyte cannot burn and thus do not develop toxic gases when overheating. However, in case of overcharging, high temperatures may arise, which in turn may lead to fire in cables and surrounding equipment.

PRODUCT ADVANTAGES

The Company believes that that its batteries provides significant product advantages in terms of their cost- and safety profile, and environmental impact. The cost and environmental benefits are largely due to the Nilar Hydride® ReO2 technology that is expected to be launched on the market during the second quarter of 2021 with the first product deliveries during the second half of 2021.

Lifecycle cost benefits

Since the production of energy storage solutions is an energy-intensive process, Nilar has received a lot of attention for its upcoming battery version, Nilar EC V3, which includes the Re-O2 function. Nilar’s batteries have a life expectancy of approximately 2,000 cycles but the refilling property allows batteries to be used for a longer time as it can be restored to its initial capacity by adding oxygen. The long usable life results in a low cost per cycle for Nilar’s Hydride® batteries compared to competing technologies. See figure 18 for the Company’s assumptions together with an illustrative comparison between Nilar’s costs measured at 20 years compared to lithium-ion batteries.

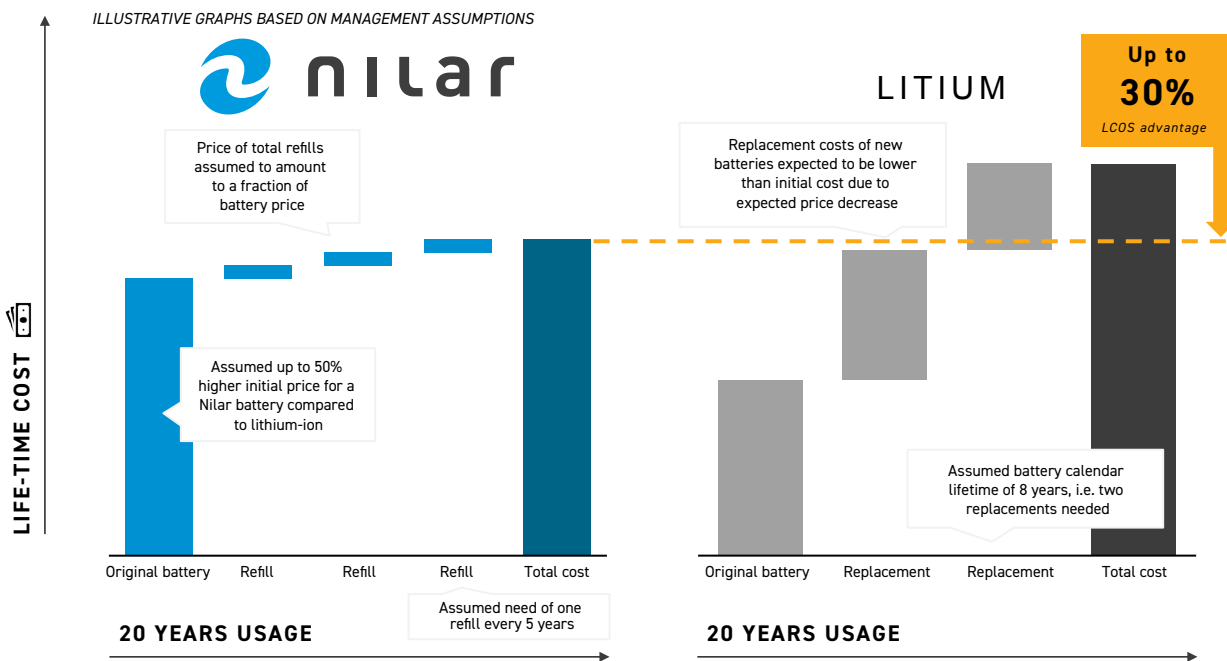


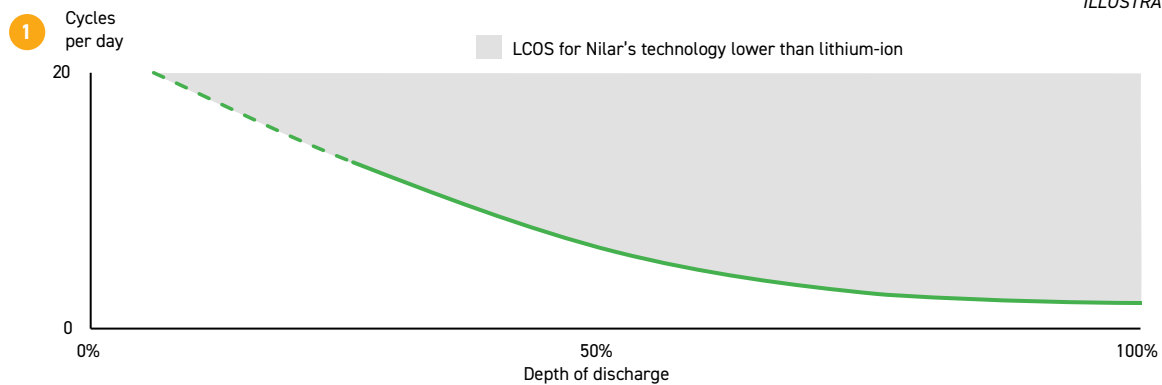
Figure 18. Illustration of Nilar's cost advantages compared to lithium-ion batteries based on the Company's assumptions.

Levelised Cost of Storage (LCOS), i.e. lifetime cost per cycle as a function of the number of cycles per day (Figure 19), is expected to be lower for Nilar’s batteries than for lithium ion batteries. This means that Nilar’s batteries reach a higher discharge depth in a smaller amount of cycles than lithium-ion batteries, which leads to cost savings. In addition, the long life of Nilar batteries of 20

years' compared to lithium ion batteries of about seven years is an advantage from a cost perspective (Figure 20), as the battery is not expected to need to be replaced over a 20- period, but can instead be restored through the Nilar Hydride® ReO2 technology. The long service life makes Nilar’s batteries suitable for projects with long service life requirements.

1) 20-year service life based on the Nilar Hydride® ReO2 function.

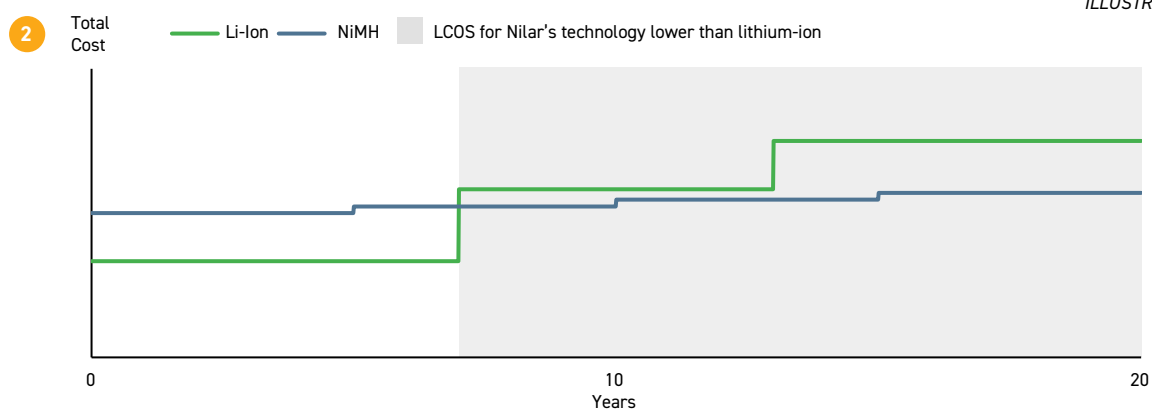
Nilar LCOS competitiveness when calendar life is not a bottleneck



ILLUSTRATIVE GRAPH

Figure 19. Illustration of Nilar's LCOS measured by the number of cycles per day and discharge depth.

Nilar LCOS competitiveness when calendar life is a bottle neck



ILLUSTRATIVE GRAPH

Figure 20. Illustration of Nilar's LCOS measured with number of years after installation.

Safety

Water-based electrolyte reduces the risk of explosive fires

The use of non-flammable water-based electrolyte allows Nilar's batteries to be installed in places where fire risk is unacceptable since there is a low risk of self-ignition or explosion of the battery. In addition, Nilar's BMS software has a key role in limiting the battery's charging level, which could affect the battery's reliability and safety. It prevents the battery from overcharging and complete discharge as well as reaching abnormal temperature levels. Nilar's battery system also has built-in passive security. If a malfunction occurs in BMS that, for example, does not prevent the battery from overcharging, a safety valve opens that relieves the pressure in the battery.

Less strict transport regulations for Nilar's batteries

Transport of Nilar batteries is covered by less strict regulations compared to lithium and lead batteries. Nilar's batteries are classified as dry batteries, which means that the batteries do not need UN-approved packaging and labeling during sea, road, rail or air transport. There is also no need for "dangerous goods" documentation for air, road or rail transport.¹ Less strict regulations regarding premises during transport facilitate transport (e.g. enable transport by air) and reduce transport costs on the land road.

Several other battery chemicals, including many lithium and lead batteries, are subject to stricter transport regulations for all types of transport. Many lithium and lead batteries are classified as hazardous goods and are subject to several restrictions regarding packaging, labeling and transport documentation.

Previous incidents in connection with the use of Nilar's energy storage device

There have been two incidents in connection with the use of Nilar's batteries. In June 2018, a small fire broke out in a technical room in the sports hall at the Änglanda-school in Örebro. An investigation showed that the fire was caused by an electrical fault in the space where the batteries were placed. Unlike some lithium batteries, NiMH batteries do not emit any toxic gas during fire and a fire also does not mean an accelerated fire process. The fire was extinguished effectively and without interruptions to the school's activities.² In the financial statements for 2019, the Company had provisions totaling SEK 15.4 million, which partly includes guarantee provisions for replacements of installed packages due to the incident.

In October 2020, a fire broke out in a house in Jämtland, Sweden caused by Nilar's software connected to a Nilar battery. The

1) When the batteries are transported on ships in quantities above 100 kilos, a hazardous goods declaration is required. Safe transport of dangerous goods by air (ICAO/IATA), Dangerous goods by sea (IMDG), Dangerous goods by road within Europe (ADR). Source: UN-3496: Nickel-Metal Hydride.

2) <https://www.mynewsdesk.com/se/futurumfastigheter/pressreleases/batterierna-inte-orsaken-till-brand-i-teknikrum-i-idrottshallen-paa-aenglandaskolan-2887266>, Downloaded February 15, 2021.

software acted incorrectly and overcharged the battery which generated high heat which caused fire in the adjacent house wall. During the fire, no toxic gas was emitted and no explosion occurred. After the event, previously delivered products have been updated with an additional passive temperature and pressure monitor and new software. The passive temperature and pressure monitor is a mechanical protection that, regardless of the software status, turns the battery off at a critical temperature. As a result, additional guarantee provisions were made during the fourth quarter of 2020 totaling SEK 15.6 million.

Sustainability

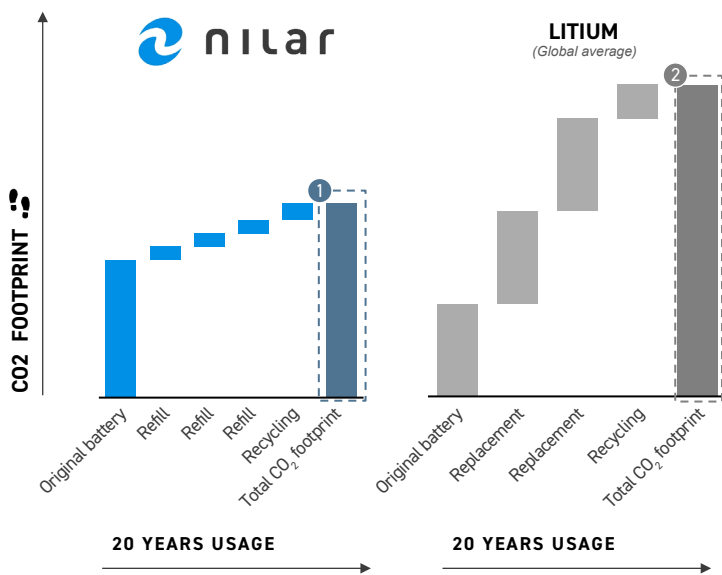
Nilar’s batteries are manufactured by using a small amount of materials that are difficult to recycle. Unlike most other industrially manufactured batteries, Nilar’s batteries do not contain cadmium, mercury or lead. According to the Company, the products also consistently contain a smaller amount than the cobalt used in many lithium batteries. The Company is also working long term to exclude cobalt completely from its batteries. In addition, when batteries reach the end of their usable life, they are to a large extent recyclable.

In the production, Nilar has also developed a process for recycling waste from the factory. Furthermore, the production in Gävle is powered by 100 percent renewable energy. The circular idea has consistently been an important part of the vision and research- and development process for the Company.

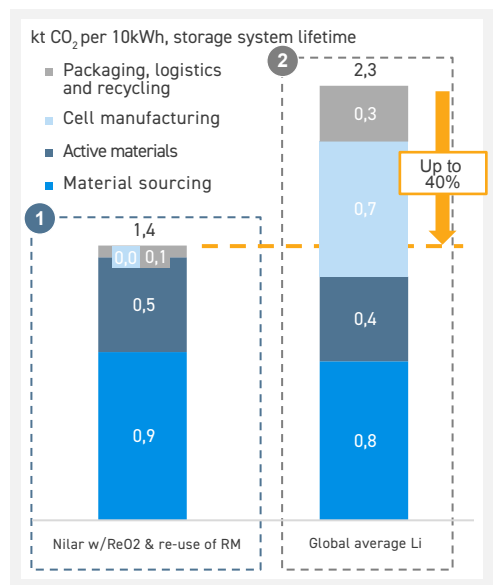
The Nilar Hydride® ReO2 technology to restore Nilar’s batteries to full charging capacity and thus long service life, contributes to an attractive environmental profile. Unlike traditional batteries, which at the end of their service life must be replaced by newly produced batteries, the Company’s energy storage, which is based on Nilar Hydride ReO2 technology, is expected to be refillable with oxygen and thus avoid a completely new battery needing to be produced. According to the Company, Nilar’s batteries is expected to decrease the carbon footprint up to 40 percent compared to a global average for lithium batteries, caused by the benefits of the Nilar Hydride® ReO2 technology and that Nilar’s current and planned factories use renewable energy sources.

Refill and low energy consumption in the production enables low CO₂ footprint

ILLUSTRATIVE



Breakdown of CO₂ assumptions



Figures 21 and 22. Illustration of Nilar’s carbon dioxide emissions compared to lithium-ion batteries.¹

The advantages and the Company’s assumptions are further discussed in figures 21 and 22. In the long term, Nilar’s batteries is expected to have a lower carbon dioxide emissions than the average lithium-ion battery. The calculation is based on full use of Nilar’s filling technology and that the Company reuses raw materials from old batteries in newly produced batteries, in accordance with the Company’s strategy regarding recycling of materials. Initially, the raw material in Nilar’s batteries causes higher carbon dioxide emissions as its energy storage are larger and requires more in-depth materials, but long-term, it is expected that the combination

of Nilar’s filling technology, production and recycling makes carbon dioxide emissions up to 40 percent lower than the average lithium-ion battery.

Nilar’s batteries are nickel based which brings additional environmental benefits compared to other industrially manufactured batteries. Nickel is a metal that is cost-effective to recycle, unlike other frequently used metals which are cheaper to mine than to recycle. The use of nickel in combination with the production process further strengthens Nilar’s environmental profile.^{2,3}

1) Baserat på Bolagets bedömning och "Net Zero", Thomas Naucler, McKinsey & Company 2021.

2) Nickel Institute, *Nickel Recycling*, <https://www.nickelinstitute.org/policy/nickel-life-cycle-management/nickel-recycling/>, Downloaded March 25, 2021.


3) The Energy Authority, *State-of-the-art in reuse and recycling of lithium-ion batteries - A research review*, Published 2019.

PRODUCTION





Products are exclusively manufactured in the Company's modern factory in Gävle, Sweden, which has been operating since 2012. The full production process, from raw materials to finished battery, take

place in this facility. The technical design of the battery allows for a time- and cost efficient production process with several automated steps. This is expected to lead to a cost-effective process when production volumes increase and new production lines are installed.

Agile manufacturing platform



↓

 AUTOMATED PRODUCTION	 DRY ROLLING INSTEAD OF SLURRY PROCESS	 NO CLEANROOM NEEDED	 MODULAR AND SCALABLE SYSTEMS
--	---	---	--

An agile production process enables Nilar to provide cost-efficient energy storage solutions to meet complex energy challenges

Figure 23. Nilar's agile manufacturing platform.

Strengths in Nilar's production process

Nilar's production process is largely automated and standardized, which is expected to lead to a cost-effective process when production volumes increase and new production lines are installed. For the manufacturing of electrodes, the Company is using a patented dry process, called dry rolling. A dry process is easier to handle than a slurry process and avoids the time and energy consuming drying process, thus increasing efficiency in the production. Furthermore, unlike many other production processes for electronics, Nilar's production does not require any clean rooms. For example,

in salt-based electrolytes, such as those usually used in lithium-ion batteries, crystals can be formed if foreign particles are present. If a lithium-ion battery contains salt crystals, it may be short-circuited. Since Nilar uses water-based electrolytes there is a negligible risk of crystallization, and there is no need for clean rooms.¹ Not needing any clean rooms and having a dry process makes the production process of Nilar's batteries energy efficient. The line estimates that Nilar consumes 0.21 kWh per kWh of battery capacity produced, which the line considers to be more than 10 times lower than many other competitors' processes.

>10x energy efficiency in battery cell production and 100% renewable energy input

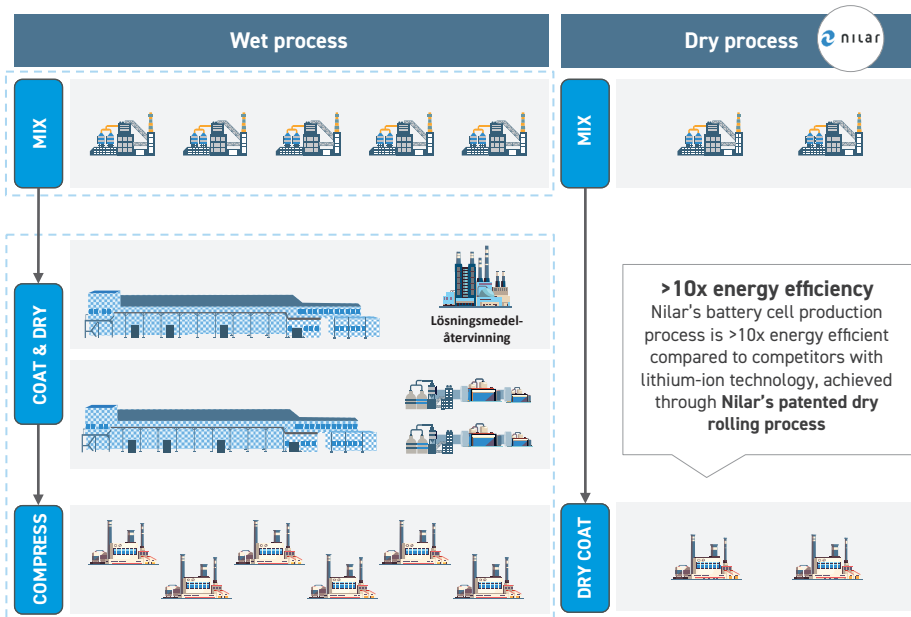


Figure 24. Illustration of energy savings in Nilar's dry production process compared to the traditional slurry process. Nilar's management believes that its production process is more than ten times as energy efficient as competitors' production processes based on a number of sources.²

1) The Company's assessment

2) SVT Nyheter, Can become one of Sweden's largest electricity energy consumers, <https://www.svt.se/nyheter/lokalt/vasterbotten/sveriges-storsta-energislukare-om-batterifabriken-bli-er-verklighet>, published October 5, 2017, Downloaded March 28, 2021.

Montel News, Northvolt receives investment support of 30 million, <https://www.montelnews.com/se/story/northvolt-f%C3%A5r-investeringsst-d-p%C3%A5-30-miljoner/1010526>, published May 17, 2019, Downloaded March 28, 2021.

Energinyheter.se, They delivered the important cables to Northvolt, <https://www.energinyheter.se/20200703/22171/de-levererade-de-viktiga-kablarna-till-northvolt>, published July 1, 2020, Downloaded March 28, 2021.

The manufacturing process

The first step in the manufacturing process is the production of electrodes, where various input materials are combined to create the active material. The active material is then placed on a scrim to create the positive and negative electrodes. A separating layer is placed between the positive and negative electrodes after which the electrodes is put in a shell to form the cell. Ten battery cells are then stacked and sealed into a laser welded casing, called a module. The gasket used ensures that the battery modules are insulated and sealed, which minimizes the need for battery maintenance.

The bi-polar design of the battery modules enables the modular architecture of the batteries. The same type of battery cells is included in all of Nilar's products which makes the production process efficient. This means that these standardized battery modules can be combined in various ways to meet a broad range of application needs. All batteries undergo a thorough testing process to ensure high quality.

From production to recycling

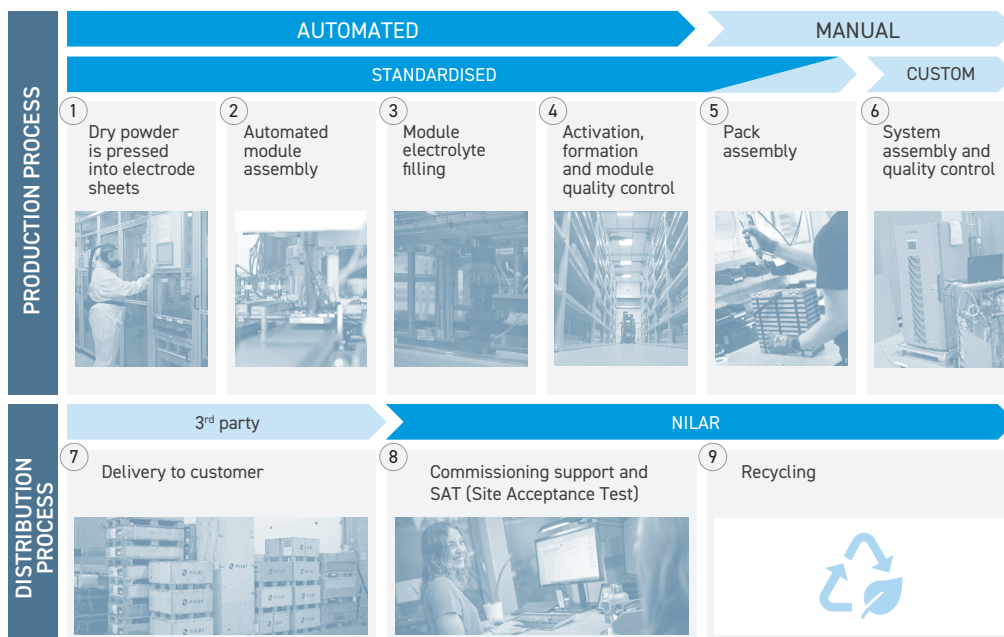


Figure 25. Illustration of Nilar's involvement in the product life cycle.

Nilar's factory in Gävle

From raw materials to full system solution

- 1 Electrode manufacturing
- 2 Automated module assembly
- 3 Battery module electrolyte filling
- 4 The formation house where activation, formation and module quality control take place
- 5 Battery pack assembly
- 6 Energy system assembly and quality assurance
- 7 Preparation for delivery to customers
- 8 Warehouse

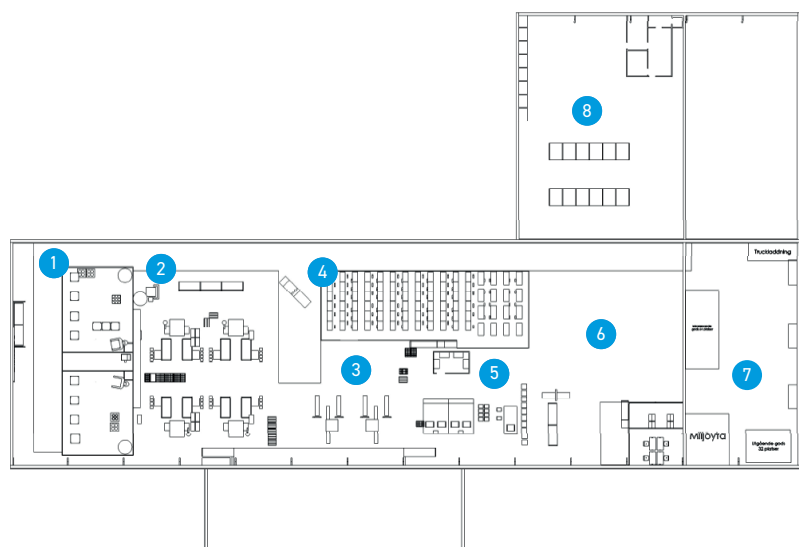


Figure 26. An overview of Nilar's factory in Gävle.

Research and development

Nilar’s research and development department has recently been expanded to meet market and client expectations. The strategy of delivering a product with higher quality, safety and performance at a lower price has been the main driving force behind the increase in research and development.

Investments in R&D (SEKm)

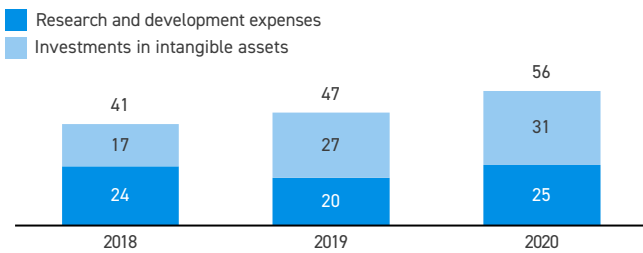


Figure 27. Summary of Nilar’s investments in research and development , 2018-2020.

Nilar is increasing efforts within three areas

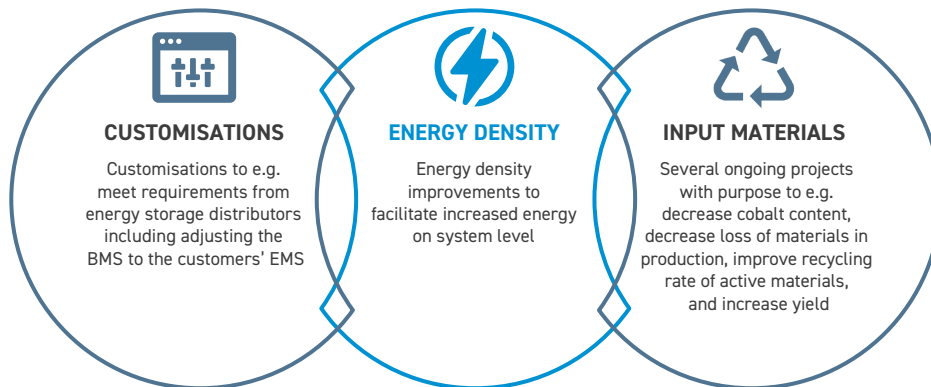


Figure 28. Illustration of Nilar’s research and development focus.

The three areas that Nilar intends to improve and focus on in the future are (i) adaptation of the products to client needs, (ii) cell capacity and (iii) managing raw materials in production.¹ Nilar’s ability to easily adapt their products to client needs is a strength and an important part of the client offer. Different clients may have different needs and requirements and Nilar will accommodate these by offering client-specific solutions which include the standardized modules as elements. Nilar also explores different approaches for increasing energy capacity at system level. Further, the Company is working on several projects with the aim of reducing the proportion of cobalt in its batteries, reducing the proportion of waste of materials in production, improving the recycling rate of active materials and increasing the yield in the production process in order to produce its products with a smaller amount of passive raw materials.

¹) The Company’s assessment.

Patents

The Company has a patent portfolio covering 16 different patent families in the field of batteries. As of the date of the Prospectus, approximately 80 patents have been granted around the world and the Company also has ongoing patent applications. The majority of the patents cover Sweden, USA, European countries such as Germany, the UK, France, Switzerland and Liechtenstein, but also South America such as Mexico and Brazil, and Asia such as China, Japan, India, Hong Kong, South Korea, Vietnam and Singapore.

Nilar's patent strategy means that the Company strives to further develop important components that use basic concepts that have previously been patented, which means that when a patent expires there may be other patents that still are in force. The Company estimates that important patents related to basic modular designs are valid for a further approx. 3.5-7.5 years, while important patents

related to the current modular design are valid for a further approx. 17 years. Important patents attributable to maintenance and improved functionality are considered by the Company to be valid for a further 16 years.

Suppliers and purchase of raw materials

Nilar's raw materials come from suppliers worldwide. The majority of raw materials come from suppliers in Europe and Asia. The company is actively working to improve purchasing processes, quality control and logistics to improve costs and achieve higher quality in the purchased materials. Exposure to raw material prices is limited to five percent of the client price and is included in the client agreements. Figure 29 illustrates the raw materials that the Company purchases from its suppliers and Figure 30 shows some of the suppliers that Nilar uses.

Overview of sourced materials

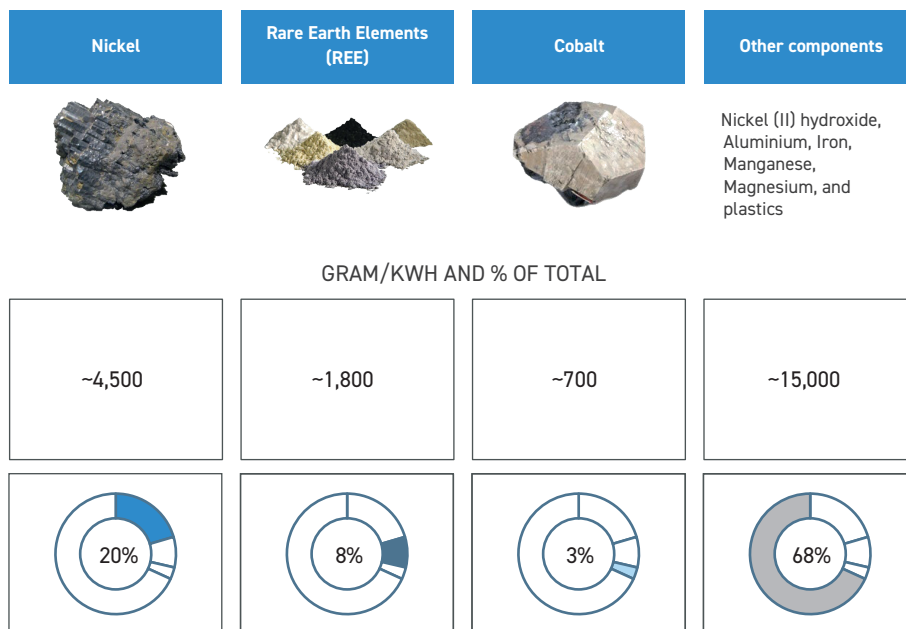


Figure 29. Raw materials such as Nilar buys from their suppliers.



Figure 30. A selection of Nilar's suppliers.

Production scale up

Although the Company is rapidly increasing its production, its production capacity has been limited in relation to the demand for its products. From the middle of 2019 to the end of 2020, the Company has increased its production by more than six times. During 2020, the Company increased its capacity by increasing the number of shifts per day to four and are now operating 144 of the week's 168 hours. The Company's fourth production line was put into operation in Q1 2021 and the capacity for automatic electrolyte filling of modules was doubled. During 2020, the Company also doubled the capacity in the new formation room.

The way to a second factory in Estonia

Nilar is planning to establish another factory in Paldiski, Estonia, with capacity for 16 production lines. A project group has been appointed with the task of planning the establishment. The Company has identified premises in Paldiski that meet the Company's requirements. The facilities cover over 6,000 m² with the possibility of expanding additional space and are complete and ready to be furnished. The Company has an opportunity to rent the premises. The premises are located near a wind farm, which can supply a factory with renewable energy. However, no final decision regarding the establishment of the factory has been made.



Figure 31. The premises in Paldiski with access to renewable energy from the wind farm in the background



Figure 32. The inside of the premises in Paldiski

Paldiski is deemed to be an attractive area for Nilar's other plant. A ferry line runs between Paldiski and Kapellskär in Sweden. The Company's current suppliers are able to deliver raw materials to the area. Paldiski is about 40 km west from Tallinn, Estonia's capital. The cost base for personnel (including agency staff), premises and subcontractors is estimated to amount to approximately 50 percent of the corresponding cost base for production in Gävle. The effect from a lower cost base is expected to be realized between 2022 and 2025 given the Company's business plan to establish a total of 16 production lines in Estonia before the end of 2024.

If the Company were to order the first production lines during the second quarter of 2021, these are expected to be installed during the first quarter of 2022 and be operational during the second quarter of 2022, which is in line with the Company's business plan.

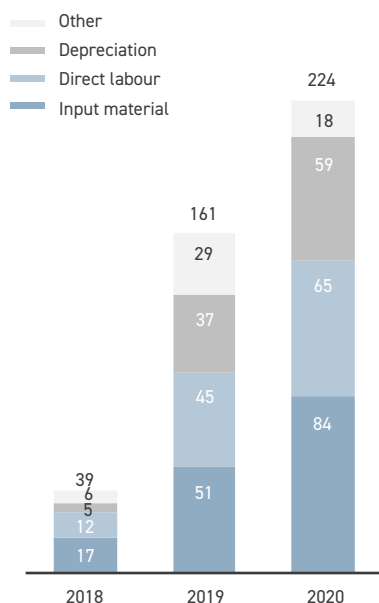
Improvement initiatives

Nilar is continuously working to identify and eliminate bottlenecks in the production process to optimize robustness, quality and performance of the product. In 2020, the Company appointed a separate management group for its production facility in Gävle.

Many profitability-improving initiatives have been initiated and are planned to be implemented in order for Nilar to reach an improved gross margin. In figure 33, some of the initiatives that are expected to lead to higher profitability are illustrated. The staff at Nilar's factory in Gävle are able to handle a larger production volume than the four existing production lines have the capacity to produce. During 2021, when an additional four production lines are planned to be set up, the current workforce is expected to be able to handle the production increase. As production capacity increases, staff costs are expected to be distributed over a larger produced volume and thus contribute to higher profitability per kWh. This effect is expected to be realized in 2021 and 2022 given the Company's business plan to have a fully expanded factory in Gävle at the end of 2021.

The cost of raw materials per kWh is expected to decrease with increased production volumes due to improved purchasing conditions. An improved and streamlined production process is expected to result in a lower proportion of active material per kWh, while increased recycling of raw materials that can be reused in production contributes to lower raw material costs. Nilar also intends to launch new products with lower raw material consumption which will improve the gross margin.

COGS development



Gross margin initiatives and impact going forward

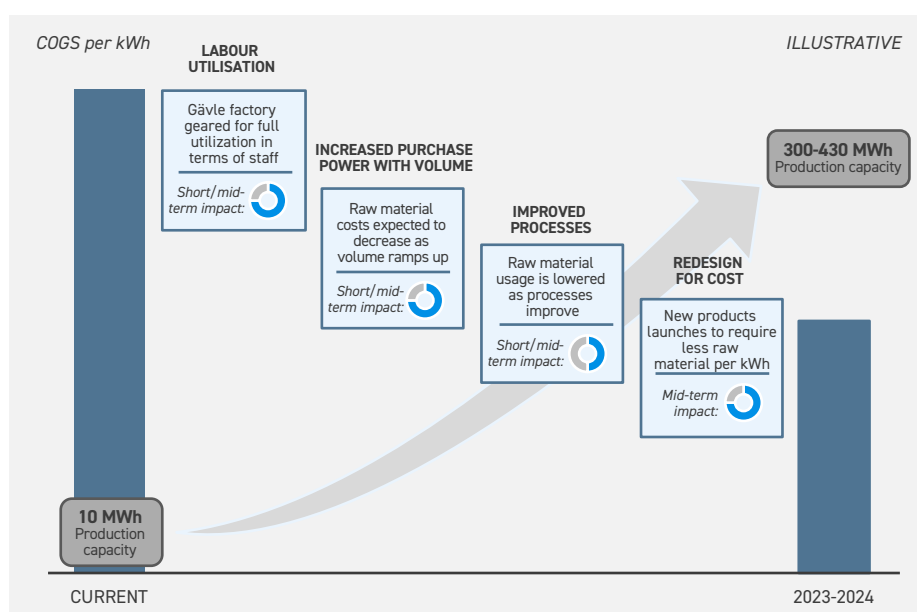


Figure 33. An illustration of Nilar’s costs for goods sold and initiatives to reduce these per kWh sold.

Through the improvement initiatives described above, Nilar is expected to achieve improved profitability through improved gross margins than what has been the case historically. Historically, the Company has made losses in the gross profit, but the Company estimates that the Company can achieve gross profit in 2022. Nilar expects a production capacity that annually corresponds around 10,000 systems.¹

Historical figures for 2020 are also imposed with costs relating to guarantee exchanges, which means that the direct costs of raw materials per kWh in 2020 was approximately 30 percent higher compared with what the cost would have been if there had been no guarantee exchange. Furthermore, the item “Other” in “Cost sold item” during 2020 is imposed with approximately SEK 6.7 million. Write-down has been made of projects that were previously activated but are no longer active.

1) At an assumed average size of 22 kWh per system.

SALES AND DISTRIBUTION

The Company primarily handles its distribution and client management processes by entering into new agreements with new system integrators and maintaining a good relationship with existing ones. For this purpose, the Company has a sales organization and a group of employees who are handling the marketing process.

Marketing

The Company’s marketing actions aim to generate publicity and awareness of Nilar’s brand and offering. For this purpose, the Company attends various exhibitions around Europe. Energy Storage Europe, InterSolar Europe and Electrical Energy Storage are the three exhibitions that Nilar regularly attends. The Company attends both smaller exhibitions and large international ones. Nilar believes that these exhibitions are important platforms to connect with new clients. However, participation in exhibitions have been cancelled during the covid 19-pandemic.

Another way in which the Company promote itself is through social media, and Nilar has two full-time employees in marketing. These

employees manage social media presence and produce various digital content for online publication purposes. The main channel used via social media is direct mail and LinkedIn. Examples of such digitally published materials are shorter case studies describing previously completed projects. The main purpose of these marketing efforts are to establish a relationship with new system integrators. Marketing to end clients is done by the respective system integrators. However, Nilar provides the system integrators with materials that can be used in the marketing towards end clients.

Sales

The purpose of the sales organization is to create relationships with new system integrators and to maintain good relationships with the existing system integrators. Current clients are offered training in Nilar’s products and technology which helps them strengthen their offer. A new client relationship is usually initiated with a discussion regarding the potential of a partnership. If Nilar and the client consents, a pilot project is launched to further evaluate the potential of a collaboration. A successful pilot project might result in a new collaboration.

Sales Process

Role of the sales function at Nilar



- Sales closes new integrator partnerships and handles current partners
- Current partners are offered education about Nilar’s technology, which enables Nilar to maintain the relationship
- Sometimes Nilar is contacted directly by the end-customer, in which case Nilar works with an integrator to find a suitable solution

The path to a new partnership

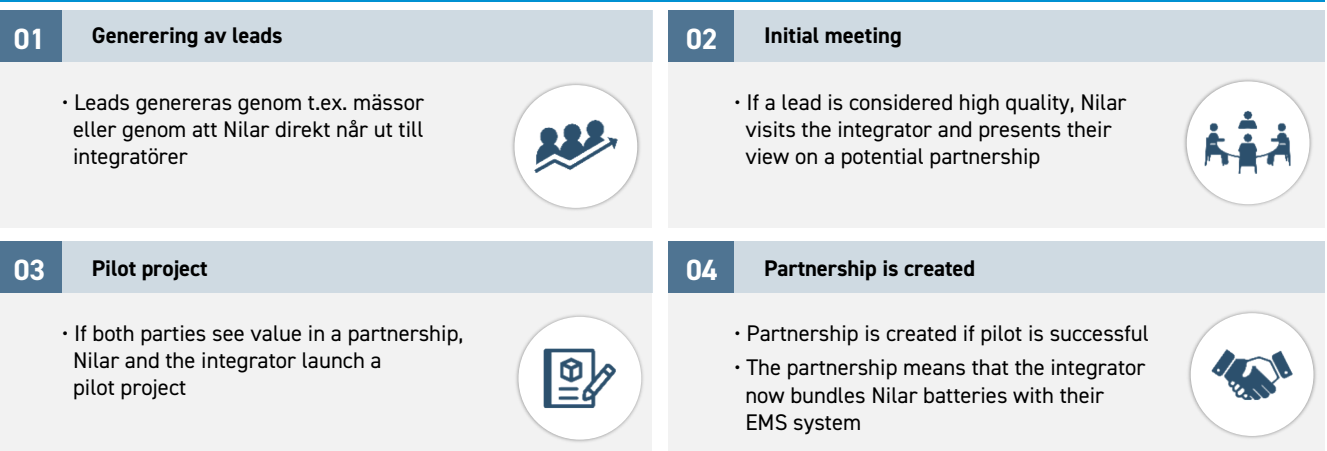


Figure 34. Illustration of Nilar's sales process.

Transportation of batteries

The transportation of Nilar batteries is less regulated than most other batteries. The Company's products do not require UN-approved packaging and labeling when transported by sea, road, rail

or air. However, such requirements do exist for most other battery types. Since the Company's batteries do not inherit the risk of self-ignition and explosion, they are safer than, e.g. lithium batteries and do not require as careful handling.¹

Transportation of Nilar's products is less regulated than for batteries of other chemistries

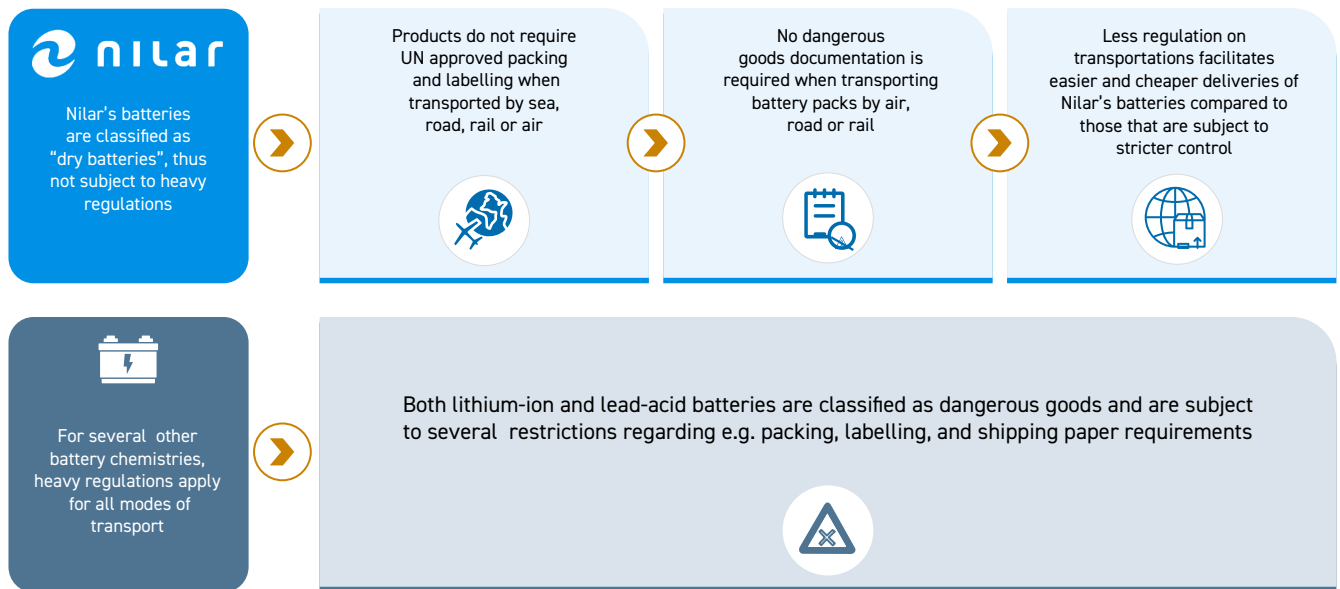


Figure 35. The benefits of Nilar's batteries for transport.

Client service

Nilar has a client service team that helps clients after a system has been sold and installed. This includes, among other things, helping the clients with technical problems and guiding them to get the most out of the systems.

¹) The authorities for social protection and preparedness for lithium batteries, [se/sv/amnesomraden/skydd-mot-olyckor-och-farliga-amnen/farligt-gods/litiumbatterier/](https://www.svea.se/sv/amnesomraden/skydd-mot-olyckor-och-farliga-amnen/farligt-gods/litiumbatterier/), retrieved March 3, 2021.

ORGANIZATION AND EMPLOYEES

The Company has its head office in Täby, Sweden, with production exclusively taking place in the high-tech plant in Gävle since 2012.

The Company's research and development is also carried out in Gävle. Figure 36 provide an overview of Nilar's organizational structure as of 31 December 2020.

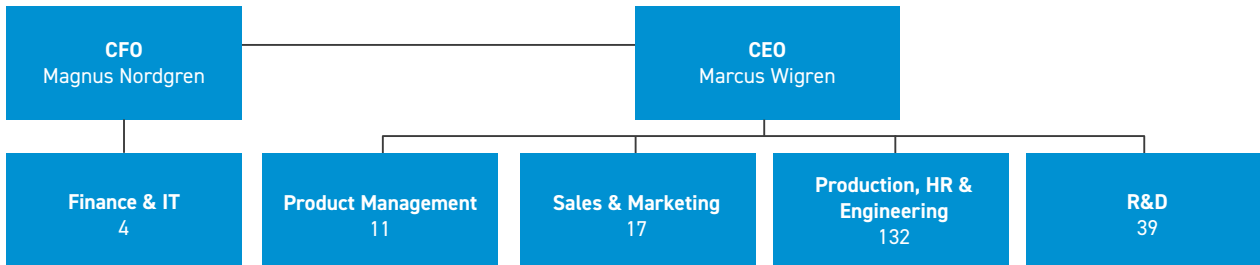


Figure 36. Organizational structure as of December 31, 2020 (including employees and consultants).

As of 2020, Nilar had 166 full time employees, of whom 127 were employed by the Company and 38 were employed on a contractual basis. A majority of employees work within production and over the past few years Nilar has recruited a great number of employees

in this function to increase the production capacity. Since Nilar is a development company, a large portion of employees are also working within research and development.

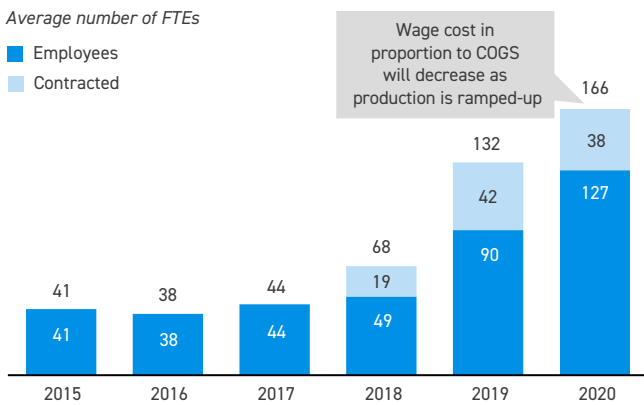


Figure 37. Average number of full-time employees 2015-2020.

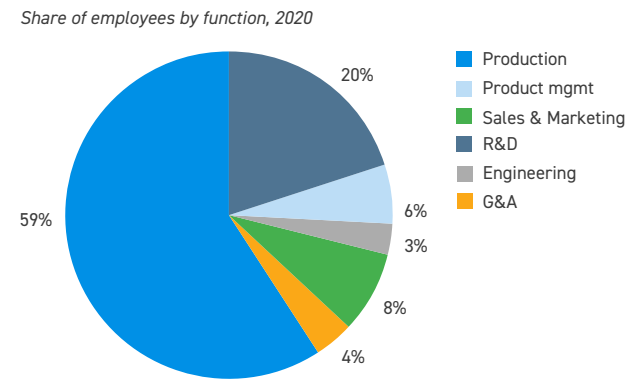


Figure 38. Proportion of employees broken down by function, 2020.

Nilar's sustainability agenda

Nilar's management has identified the Company's most important sustainability issues based on an analysis of what the Company

perceives is most important to the stakeholders. The most important sustainability issues are within the following focus areas: sustainable products, sustainable production and attractive employer.










Stakeholders	Key issues	Focus area	UN Sustainable Development Goals
 Society	<ul style="list-style-type: none"> • Transition to a fossil-free society • Jobs • Sustainable production 		
 Customers/ Integrators	<ul style="list-style-type: none"> • Products that enable smart energy storage solutions 	<ul style="list-style-type: none"> • Sustainable products and production 	
 Suppliers	<ul style="list-style-type: none"> • Stable deliveries • Good working conditions 		
 Employees	<ul style="list-style-type: none"> • Attractive workplace • Good employee policies 	<ul style="list-style-type: none"> • Attractive employer 	 

Figure 39. An overview of Nilar's prioritized sustainability issues.

Nilar's energy storage from a life cycle perspective

In 2019, Nilar, together with IVL, carried out a life cycle analysis (LCA) – from cradle to gate – and made their own estimates for the user phase to better understand and illustrate where during the

product's life cycle there is impact on the environment. The LCA compared to the above estimates shows that the benefit of Nilar's products is greater than its impact.

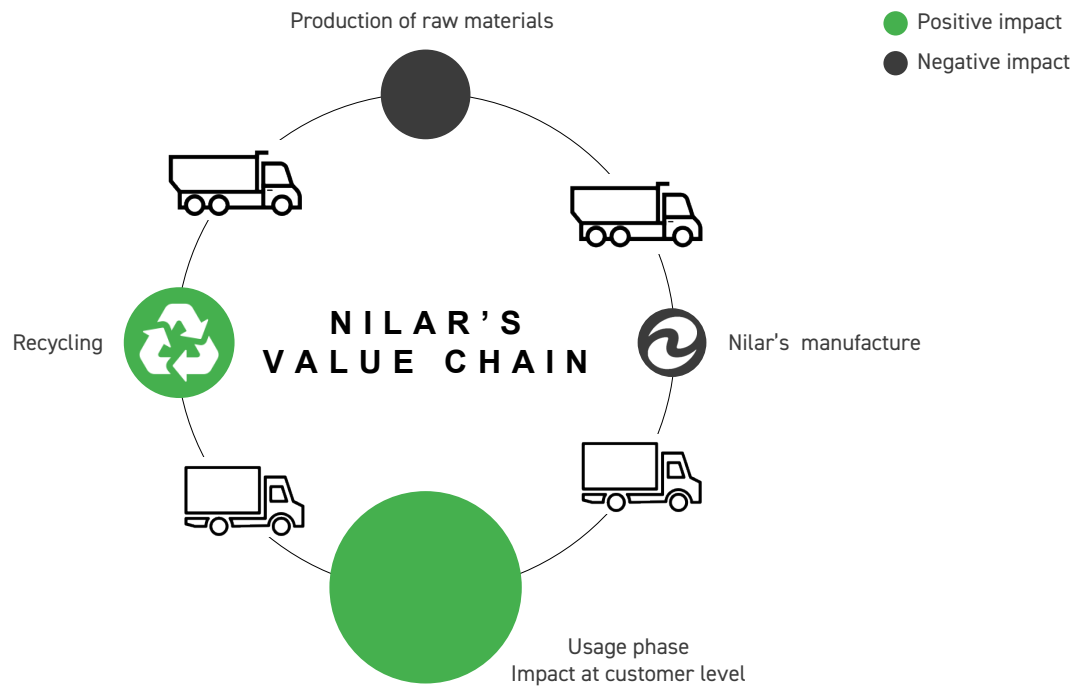


Figure 40. Nilar's energy storage from a life cycle perspective.

GROWTH STRATEGY AND POTENTIAL

Although Nilar's production has entered a commercialization phase, the Company is still in a relatively early stage and a focus going forward will be to continue expanding and establish a strong position on the electric energy storage market.

The Company intends to continue strengthen its presence in the energy storage market for solar applications for private individuals. With an established proof-of-concept and multiple reference installations, the Company is planning to target large distributors and preferred integrators of stationary energy storage systems to gain traction and become a preferred alternative on the electric energy storage market.

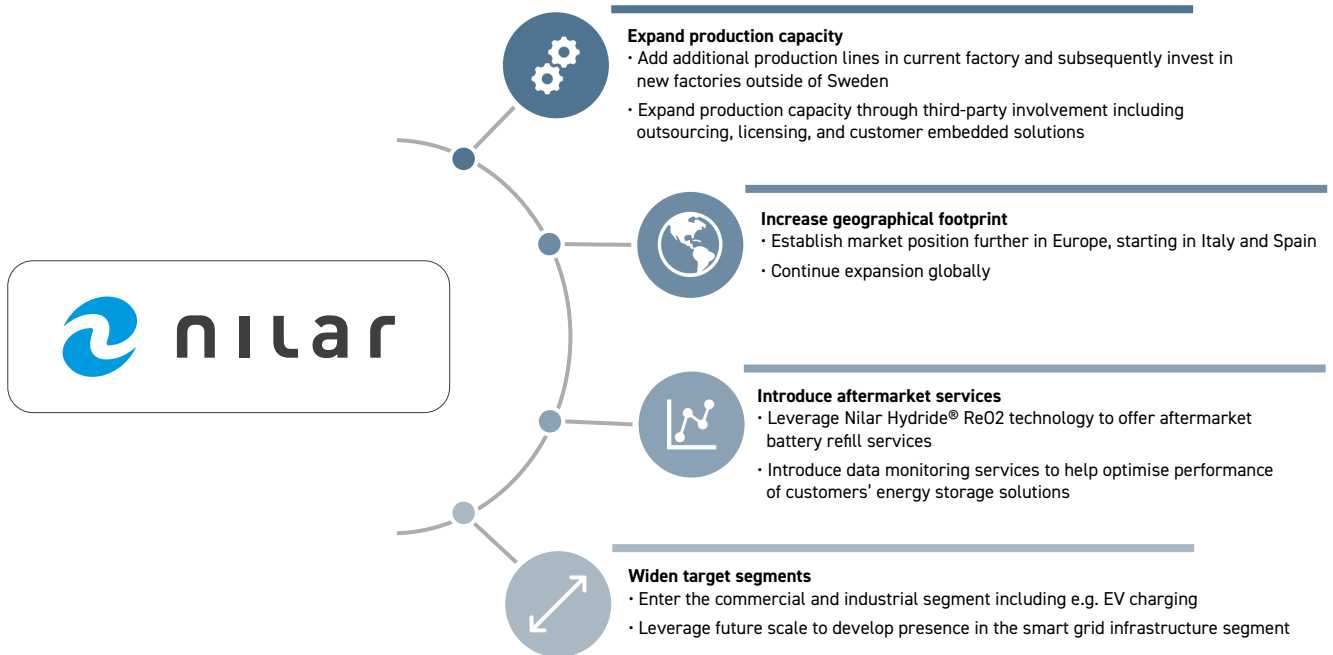


Figure 41. An overview of Nilar's growth areas over the coming years.

Upscaling production

The company has had limited production capacity and the produced volume has been sold quickly. The Company intends to continue to expand its production capacity, first in the existing factory in Gävle and later in the planned factory in Estonia.

In the longer term, the Company sees that growth may come from additional factories, production collaborations with clients, outsourcing and through licensing of the Company's technology. Nilar's

production line has a relatively low capital intensity (corresponding to approximately SEK 30 million per production line) compared to production facilities for lithium batteries, which opens up opportunities for integration of relatively small production facilities in connection with clients' own factories. This could be done in two ways: Nilar continues to own the production lines at clients' sites or the client set up its own production line and pays Nilar a licensing fee for using the technology. Figure 42 shows the Company's production plan up until 2024.

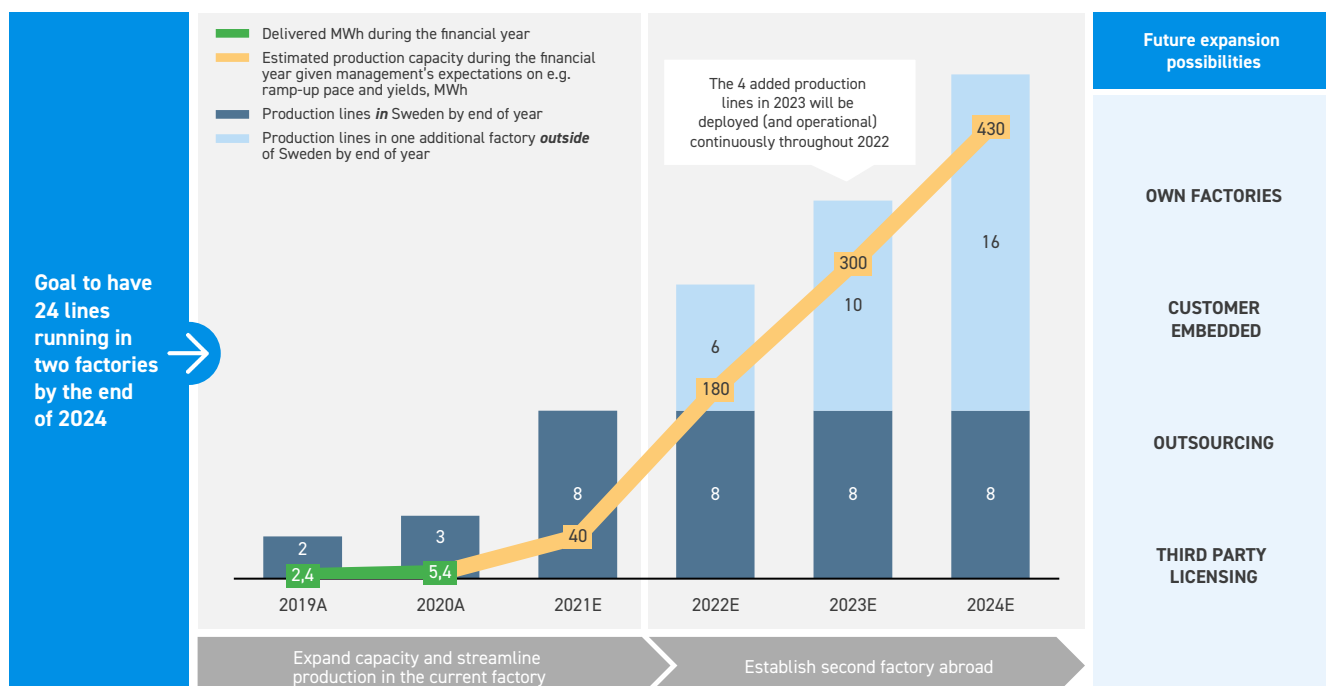


Figure 42. Target for the number of installed production lines and the total production capacity in MWh, as well as future opportunities for expansion of production.

The Company plans to have a fully developed factory in Gävle at the end of 2021 with eight production lines. Furthermore, the Company estimates that each production line has a capacity to be able to generate between 17 and 18 MWh per year, which the Company expects corresponds with a turnover between SEK 65-70 million per year.¹ Thus, a fully expanded factory in Gävle with eight production lines is expected to generate turnover between SEK 500-600 million on an annual basis including estimated service charges. The company estimates that a production line requires an investment of approximately SEK 30 million.

In 2022, the Company plans to start putting into operation a further six production lines in a second factory in Estonia. In 2022, the Company estimates that it will reach a production capacity that on an annual basis corresponds to approximately 10,000² systems and at the same time achieve profitability on operating profit before depreciation of tangible and intangible assets (EBITDA). During the period 2023 and 2024, the Company intends to put into operation an additional four respective six production lines and the Company is planning to increase sales in accordance with the growth of the market beyond 2024 as presented in the section "Introduction to the Nile market".

1) A production volume between 17 and 18 MWh can accommodate approximately 1,500 to 2,000 villa installations
 2) At an assumed average size of 22 kWh per system.

Geographical expansion

Nilar's focus markets has been Sweden, the DACH region and the Netherlands, and the Company intends to continue to strengthen its position in these markets. New markets are continuously being evaluated in order to identify new attractive opportunities for geographical expansion. Over time, the goal is to become a global player in the stationary electrical energy market. In the near-term, Nilar intends to continue to expand throughout Europe, starting in Spain, Italy and Belgium and with time also enter the UK and the rest of Europe. In the long-term, Nilar plans to enter large global markets such as selected states in the US, India and Australia.

The company is expanding geographically by forming new partnerships with local system integrators and distributors. Through a new partnership, the actor can sell Nilar's products through its platform and, where applicable, along with other products, in order to create a complete system for the end client.

Many customers across the European market

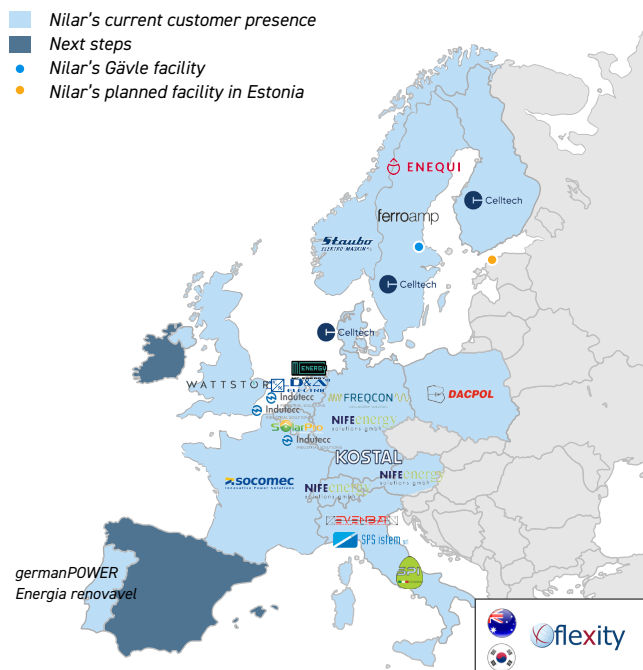


Figure 43. Geographic presence today and planned expansion in Europe.

Introducing service offering

Nilar sees several opportunities to introduce after-market services. The Company will focus on two initiatives in the short term; the launch of Re-O2 with an accompanying battery refill service, and a data monitoring subscription. The services are planned to be offered as subscriptions with a price additional to the price of the battery and the refill service is also planned to be offered on a one-time basis.

Nilar's Hydride® Re-O2 technology offers an opportunity for Nilar to introduce services related to the reconditioning of the battery after the loss of its capacity. As described in the section "Nilar Hydride® ReO2" Nilar's new battery module can be refilled with oxygen to regain lost capacity. This means that its usable life can be extended at least three times. In practice, the oxygen infusion is expected to initially be handled by Nilar by bringing HomeBox batteries to the Company for refilling while larger applications are handled in the customer's facility. In the longer term, third-party organizations are expected to handle all logistics, while Nilar handles contact with the customer. Negotiations have been initiated with relevant partners and the offer is planned to be launched during the second quarter of 2021, with the first product deliveries in the second half of 2021.

Nilar intends to introduce a data monitoring subscription that provides clients and Nilar with insight regarding the batteries' state of health (SoH), performance and refill need. The Company is also planning that the data monitoring solution can be utilized by clients that have multiple sites with batteries that enable tracking of necessary information from all batteries online rather than requiring a physical check at each site.

Widening target segments

The primary target segment has been solar applications in the residential market. Nilar plans to expand its target segment into selected "Commercial and Industrial" (C&I) niches such as EV-charging since the Company believes there are great opportunities in this market. Furthermore, when the Company reaches a larger production capacity, it hopes to be able to use proof of concept gained from serving C&I in order to establish a position in the electricity grid infrastructure market.

FINANCIAL TARGETS

The board of directors have set the following financial targets in connection with the Offering. The financial targets are forward-looking statements, i.e. not guarantees of future financial performance, and might be subject to change. Nilar's actual results may differ materially from those expressed or implied by these forward-looking statements as a result of multiple factors, including but not limited to those described in the section "Risk Factors".

The financial targets are based on a number of assumptions including factors related to the overall state of the economy, Nilar's ability to receive financing for the business plan, a successful expansion of the factory in Gävle and that the historically high demand for the Company's products remains high. The board of directors of Nilar has set the following objectives:

- Net sales should reach at least SEK 1 billion by the year of 2023 through increased production capacity as a result of installing additional production lines at the Gävle factory and the establishment of a second factory abroad, probably in Estonia.
- Long-term EBITDA margin of at least 20 percent. Margin improvement is expected to be realized by economies of scale, having a larger share of the production in low cost regions and through the introduction of profitable service offerings related to Nilar Hydride® Re-O2 and data monitoring.

SELECTED HISTORICAL FINANCIAL INFORMATION

Nilar's selected historical financial information presented in this section contains information that has been taken from the Group's audited consolidated financial statements for the financial years 2020, 2019 and 2018, which have been prepared in accordance with the International Financial Reporting Standards, as adopted by the EU ("IFRS"), and in accordance with the Swedish Financial Reporting Board's recommendation RFR 1 (Supplementary Accounting Rules for Groups) and the Annual Accounts Act (1995:1554). Other than which is expressly stated, no information in the Prospectus has been audited or reviewed.

The information in this section should be read together with the sections "Operational and Financial Overview" and "Capital Structure, Indebtedness and Other Financial Information" as well as the Company's audited consolidated financial statements and associated notes for the financial years 2020, 2019 and 2018, respectively.

Nilar's historical financial information has been incorporated into the Prospectus by reference. Incorporated documents and cross-references to the incorporated parts are each presented in the section "Documents Incorporated by Reference". The incorporated historical financial information consists of the Company's audited consolidated financial statements for the financial years 2020, 2019 and 2018. The incorporated historical financial information is available on the Company's website, www.nilar.com.

CONSOLIDATED INCOME STATEMENT

	1 January–31 December		
SEK thousand	2020 <i>Audited</i> IFRS	2019 <i>Audited</i> IFRS	2018 <i>Audited</i> IFRS
Revenue	25,238	10,375	3,396
Cost of sales	-224,476	-161,443	-39,051
Gross profit	-199,238	-151,068	-35,655
Research and development expenses	-25,023	-19,677	-24,379
Distribution and selling expenses	-30,161	-18,636	-15,907
Administrative expenses	-30,518	-32,601	-14,924
Other operating Income	931	252	930
Operating income	-284,008	-221,730	-89,935
Financial income	2,624	-	2
Financial expenses	-61,518	-16,788	-1,125
Financial costs - net	-58,894	-16,788	-1,123
Profit/loss before tax	-342,903	-238,519	-91,058
Income tax	-	-	-
Income/loss after tax for the period	-342,903	-238,519	-91,058
Attributable to:			
Parent Company shareholders	-342,903	-238,519	-91,058
Non-controlling interests	-	-	-

CONSOLIDATED BALANCE SHEET

31 december

SEK thousand	2020 <i>Audited</i> IFRS	2019 <i>Audited</i> IFRS	2018 <i>Audited</i> IFRS
ASSETS			
FIXED ASSETS			
Intangible assets			
Patents	484	1,189	1,519
Capitalized expenditure for development work	184,272	190,760	191,785
Total Intangible assets	184,756	191,949	193,304
Tangible fixed assets			
Property, plant and equipment	146,446	60,492	16,230
Fixed assets under construction	50,563	80,418	23,235
Total tangible assets	197,009	140,910	39,465
Other fixed assets			
Right-of-Use assets	39,267	37,502	-
Total other fixed assets	39,267	37,502	-
Total fixed assets	421,031	370,361	232,769
CURRENT ASSETS			
Inventories	42,013	17,614	8,010
Accounts receivables - trade	15,030	3,540	2,604
Tax assets	1,433	301	301
Other receivables	22,344	8,869	10,182
Prepaid expenses and accrued income	579	1,827	2,204
Cash and cash equivalents	73,940	163,395	32,480
Total current assets	155,339	195,546	55,782
Total assets	576,370	565,907	288,551
EQUITY AND LIABILITIES			
EQUITY			
Share capital	5,025	4,432	3,451
Other contributed capital	1,065,282	895,901	584,044
Statutory reserves	139	-143	-238
Retained earnings including profit/loss for the period	-967,329	-624,426	-385,907
Total equity	103,118	275,764	201,350
LIABILITIES			
Non-current liabilities			
Long-term interest-bearing lease liabilities	34,555	33,036	-
Borrowings	84,570	-	-
Total non-current liabilities	119,125	33,036	-
Current liabilities			
Borrowings	204,372	185,075	58,802
Current lease liabilities, interest-bearing	4,787	4,100	-
Provisions of warranty	15,585	15,416	-
Accounts payable - trade	76,912	26,665	19,937
Other liabilities	12,233	2,745	1,392
Accrued expenses and deferred income	40,238	23,106	7,070
Total current liabilities	354,127	257,107	87,201
Total equity and liabilities	576,370	565,907	288,551

CONSOLIDATED CASH FLOW STATEMENT

1 January–31 December

SEK thousand	2020 <i>Audited</i> IFRS	2019 <i>Audited</i> IFRS	2018 <i>Audited</i> IFRS
Cash flow from operating activities			
Profit/loss before tax	-342,903	-238,519	-91,058
Interest paid and received	-2,397	-263	-1,125
Adjustments for other non-cash items			
Depreciation of tangible and intangible fixed assets	60,652	38,756	11,307
Impairments of intangible fixed assets	6,694	-	-
Provision for warranty	169	15,416	-
Accrued interest	27,660	15,124	-
Change in value of derivative	30,669	-	-
Translation differences	-2,977	-	-
Other adjustments	315	59	-52
Cash flow from operating activities before changes in working capital	-219,560	-169,165	-80,929
Cash flow from changes in working capital			
Increase (-) / decrease (+) in inventories	-24,400	-9,604	-3,332
Increase (-) / decrease (+) in operating receivables	-24,856	760	-8,512
Increase (+) / decrease (-) in operating liabilities	57,262	24,096	19,170
Total change in working capital	8,007	15,252	7,326
Cash flow from operating activities	-211,553	-153,912	-73,602
Investment activities			
Investments in intangible assets	-30,439	-26,843	-17,392
Investments in tangible fixed assets	-81,063	-108,333	-28,220
Cash flow from investing activities	-111,502	-135,175	-45,612
Financing activities			
New share issue	169,975	238,913	18,042
Options program	-	-	100
Repayment of debt	-24,341	-4,001	-
Loans raised	87,989	185,075	58,802
Cash flow from financing activities	233,622	419,987	76,943
Cash flow for the period	-89,433	130,899	-42,271

CONSOLIDATED KEY PERFORMANCE INDICATORS

The Company applies the European Securities and Market Authority (ESMA) guidelines in respect of alternative key performance indicators in connection with the Prospectus. The guidelines are intended to make alternative key performance indicators in financial statements more comprehensible, reliable and comparable, thereby promoting their usability. According to these guidelines, alternative key performance indicators refer to financial measures of historical or future profit growth, financial position, financial performance or cash flows that are not defined or specified in the applicable rules for financial reporting: the IFRS and the Annual Accounts Act.

The Company judges that the alternative key performance indicators below together with the indicators defined in accordance with IFRS provide valuable supplementary information for the evaluation

of the Group's economic trends. The alternative key performance indicators are also to a large extent used by the Company's management, investors, security analysts and other stakeholders as additional measures for evaluation of the profit development. These alternative measures, as defined by the Company, should not be viewed as a substitute for other key performance measures with similar names used by other companies. This is because not all companies define and calculate financial measures in the same way, and as a result the Company's alternative key performance indicators above are not always comparable with the measures used by other companies. See the sections "Definitions of alternative performance measures not defined in accordance with IFRS" for definitions and the reason for using financial key performance indicators. The key performance indicators below have not been audited unless otherwise expressly stated.

SEK thousand (unless otherwise is stated)	1 January – 31 December		
	2020	2019	2018
IFRS-measures¹			
Net sales	25,238	10,375	3,396
Result for the period	-342,903	-238,519	-91,058
Alternative performance measures			
Gross profit ²	-199,238	-151,068	-35,655
EBITDA	-223,356	-182,974	-77,929
Operating Profit (EBIT) ²	-284,008	-221,730	-89,935
Cash flow from investing activities ²	-111,502	-135,175	-45,612
Cash flow from financing activities ²	233,622	419,987	76,943
Shareholder equity ratio, %	18	49	70
Debt ratio, times	4.6	1.1	0.4
Operational performance			
Full-time equivalent employees, number	127	90	48

1) The IFRS key performance measures have been audited for the 2020, 2019 and 2018 financial years.

2) Audited.

Definitions of alternative key indicators not defined by IFRS

Alternative key figures	Definitions	Purpose
Gross profit/loss	Revenue minus cost of sales.	The gross profit/losses ratio demonstrates the Company's efficiency in production and for calculation of gross margin.
EBITDA	Operating income before depreciation and amortization of tangible and intangible assets and Right-of-Use assets.	The measurement is a good complement to operating profit as it shows, simplified, the cash flow from the operations.
Operating profit (EBIT)	Earnings before interest and taxes.	The operating profit provides an 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 divided by equity.	The debt/equity ratio shows the proportion of the Company's liabilities in relation to equity.

Alternative key performance indicators that are not defined in accordance with IFRS

SEK thousand	1 January–31 December		
	2020	2019	2018
Operating Profit (EBIT)	-284,008	-221,730	-89,935
(+) Depreciation of tangible and intangible fixed assets and Right-of-Use assets	60,652	38,756	12,006
EBITDA	-223,356	-182,974	-77,929
Total non-current liabilities	119,125	33,036	-
(+) Total Current Liabilities	354,127	257,107	87,201
(/) Total equity	103,118	275,764	201,350
Debt ratio, times	4.6	1.1	0.4

OPERATIONAL AND FINANCIAL REVIEW

The information below should be read together with the sections "Selected historical financial information" and "Capital structure, indebtedness and other financial information" as well as the Company's audited consolidated financial statements as per and for the three years ending 31 December, 2020, 2019 and 2018 including accompanying notes.

The information in this section may contain forward-looking statements. Forward-looking statements are subject to a variety of risks and uncertainties. The Company's actual results may differ materially from the expectations of these forward-looking statements due to many different factors, including but not limited to what is stated in the section "Risk factors" and elsewhere in the Prospectus.

OVERVIEW

Nilar is an early-stage company manufacturing and developing products for the rapidly growing energy storage market, focused on introducing a competitive product while establishing a strong market position to lay a foundation for further growth. Nilar makes significant investments to increase the manufacturing capacity to achieve a size where economies of scale can be exploited and profitability achieved.

Since 2017, the manufacturing capacity in the Company's production hall in Gävle has increased with additional production lines and a more efficient manufacturing processes. The production hall is relatively new with only four out of possible eight production lines installed and commissioned; Nilar believes that there is great potential for increased manufacturing capacity with current production lines as well as the commissioning of additional production lines in the production hall in Gävle.

Over the past years, the Company has made significant recruiting and trainings in order to staff the expanding production in Gävle, which has impacted profitability negatively. As per the date of the Prospectus, the number of employees exceeds the number of personnel needed to staff the existing production lines under normal conditions. However, since the production is expected to increase and new production lines to be introduced, the relative personnel costs in relation to products sold are expected to decrease.

Since 2018, operating expenses have increased as the organization and production volumes have grown. Costs for personnel have increased, mainly in production and R&D. Furthermore, depreciation of machinery and equipment has increased as a result of the expansion of the production hall. During the fourth quarter of 2018, depreciation of capitalized development costs was initiated as a result of the product, for accounting purposes, being considered to have been launched.

The Company has historically had relatively low financial expenses as the business to a great extent has been financed through equity (in contrast to debt financed). However, during 2019 and 2020, interest associated with raising of capital and convertible bond issuances have had a negative impact on financial expenses and in the fourth quarter of 2020, the Company took a loan from the European Investment Bank amounting to EUR 47 million. As per the day of the Prospectus, a first tranche of EUR 17.5 million has been used.

The Company's customers are mainly based in Sweden and northern Europe, but are also represented globally. The table below shows the geographical distribution of the Company's customers based on revenues during the financial years covered by the historical financial information in the Prospectus.

Geography (amounts in SEK thousand)	2020	2019	2018
Sweden	13,326	6,412	1,766
EU	8,108	3,963	1,200
Outside the EU	3,804	-	430
Total	25,238	10,375	3,396

The covid-19 pandemic

The Company estimates that interest in Nilar's products has remained strong during the covid 19 pandemic, but that orders have decreased somewhat as customers are more cautious about new purchases. Due to this, Nilar laid off 60 percent of temporary employees in production, sales and marketing during June to August 2020, which had a negative effect on production during the second half of 2020.

As a result of the continued spread of covid 19, the Company has experienced, and continues to experience as of the day of the Prospectus, the impact on transports with delayed deliveries, lack of staff to install systems at customers' facilities and a higher number of sick leave with subcontractors and canceled or postponed physical sales meetings. The Company assesses that the greatest risk that the pandemic entails for the Company's operations is attributable to delayed and / or non-delivery of raw materials and components, especially when purchases are made globally, for example from China. Delayed or missed deliveries may adversely affect the Company's production capacity and inventory of important raw materials and components. See also the section "Risk factors - Risks related to disruptions in the logistics chain".

KEY FACTORS AFFECTING THE COMPANY'S OPERATING PROFIT AND CASH FLOW

Nilar's financial results have been affected and will most likely continue to be affected by several factors, some of which are beyond the Company's control, including but not limited to those described in the section "Risk factors".

This section outlines the key factors that Nilar considers to historically have affected the Company's results and operations, and which reasonably can be expected to continue to affect the Company's results and operations.

Production capacity

The Company's actual and expected growth has historically been driven, and is expected to continue to be driven going forward, by the Company's production capacity increasing. The historical expansion of the production facility has, together with increased volumes in sales, made it possible for net sales to increase from SEK 3,396 thousand in 2018 to SEK 25,238 thousand in 2020, while the share of costs for goods sold of the net sales decreased during the same period. As per the day of the Prospectus, the production

hall in Gävle has four commissioned production lines and room for a total of eight production lines. The Company aim to make significant investments going forward to increase the production capacity, see section "*Investments in tangible and intangible fixed assets*". If the Company falls through to increase production capacity in the manner assumed by the Company's business plan, it will have a negative impact on the Company's growth, earnings and financial position.

As a consequence of the historically increased production, the Company has gradually increased the shift and further working hours in the production organization are expected as to additional production capacity being available. The relative wage cost as a proportion of cost sold goods is expected to decrease with the commissioning of more production lines, further tuning of the production processes and increased sales volumes. Additional measures to achieve profitability include lower purchasing costs of raw materials and components through volume purchasing and continued product development.

Commercialization

One key factor that will affect the Company's operating profit and cash flow going forward is the extent to which the Company will succeed with its commercialization initiatives and the general increase sales of the Company's products. In 2020, Nilar delivered 442 storage systems (excluding deliveries under warranty commitments) to customers for use in photovoltaic systems (photovoltaics) and energy storage in homes and for industrial applications; an increase of 119% and 1,063%, respectively, compared to the 202 and 38 systems delivered in 2019 and 2018, respectively.

Although the Company has a strong belief in its products and product pipeline, the Company cannot reasonably estimate the exact timing of when the sales of the products will reach a level where positive cash flow is created. Moreover, it is difficult to assess and predict the exact costs and efforts required to grow the commercial activities in existing and new jurisdictions.

Whether the commercialization of the Company's batteries will be successful and sustainable in the long term is also affected by the pricing of the Company's batteries as well as competitors' pricing of comparable products and other alternatives for energy storage. The pricing of the Company's batteries in turn correlates with the purchase prices of raw materials and subcomponents, which is why price volatility in this respect can lead to increased costs for purchases and consequently increased final prices to customers, which may have a negative impact on the Company's result and the market acceptance of, and willingness to pay for, the Company's products.

Investments in tangible and intangible fixed assets

Historically, the Company has made large investments in tangible fixed assets (for example, investments in the production hall to increase production capacity) and intangible assets (for example patents and production methods), see section "*Investments*" below. The Company intends to use a majority of the net proceeds from the Offering for further investments in tangible and intangible fixed assets (see section "*Background and motives*"). It can be expected that the Company will also regularly make significant investments in tangible and intangible fixed assets to streamline production processes and for the Company's products to remain competitive.

Economies of scale

The Company is dependent on expansion of production capacity and increased sales volumes in order to achieve expected economies of scale. Nilar expects that the economies of scale will continue to increase in line with the expansion of the production capacity and increased sales volumes. The economies of scale are expected to consist of, among other things, improved purchasing conditions for raw materials, that personnel costs are distributed over a larger volume produced and thus contribute to higher profitability per kWh and that a more efficient production process is expected to lead to a smaller proportion of active material per kWh at the same time that increased reuse of raw material that can be reused in production contribute to lower raw material costs.

Increased workforce expected

Given the Company's expansion plans regarding production capacity, the Company plans to make investments to employ and retain competent employees and increase the business. As part of this, the Company's fixed and variable wages may also increase in the following years. During the financial years 2020, 2019 and 2018, the average number of employees was 127, 90 and 48 respectively. Hired staff during the same periods amounted to 38, 42 and 14 respectively. Nilar judges that it will be important for the Company to attract, develop and retain key individuals in order to operate successfully and grow the business.

Research and development

Nilar capitalizes expenses attributable to: product development, production process development, development of Battery Management Systems (BMS) and implementation of ERP systems to the extent they are deemed to meet the criteria according to IAS 38.

The Company continuously evaluates whether there is reason to write down the value of the assets. The Company uses a ten-year forecasting horizon due to the market for electrical energy storages is deemed to be at an early stage of its life cycle, and as the Company's products, based on the Company's overall assessment, are deemed to be well positioned to meet market demand for energy storages.

Taxes

The Group has reported unutilized loss carry-forwards amounting to SEK 880.4 million in 2020. These relate to unused loss carry-forwards for the parent company and the Swedish subsidiary and Nilar considers it uncertain whether these loss carry-forwards will be able to be used due to uncertainty as to when in the future sufficient taxable surpluses will be generated.

Currency fluctuations

The Company's consolidated accounts are prepared in SEK, but the Company has currency flows, such as purchases and sales, also in currencies other than SEK. Nilar is primarily exposed to currency risk in relation to SEK through purchases and sales in EUR and USD. If the SEK had been weakened / strengthened by 5% against the other currencies above, all other things being equal, the impact on the profit/loss for the year for the financial years 2020 and 2019 would have been SEK 4,228 thousand and SEK 140 thousand. See also "*Risk factors - Financial risks - Risks related to changes in exchange rates*". The Company's business plan imply that both production and sales shall increase significantly in the upcoming years, which means that exchange rate fluctuations are expected to become increasingly important for the Company's earnings and financial position in the future.

KEY ITEMS IN THE INCOME STATEMENT

Net sales

Net turnover consists of product sales of batteries and battery systems. Revenue recognition is done on delivery and when the control has been transferred to the customer. Customers are mainly system integrators in electrical energy storage.

While the Company generally considers the demand to be high, the Company is as of the date of the Prospectus selling products to a negative gross margin, mainly as scale effects first occur at larger production volumes. The company continuously measures the inventory to the lower of acquisition value and net realizable value, where the inventory is written down to a value corresponding to the net realizable value as this is estimated to be less than the acquisition value.

Cost of goods sold

Costs of goods sold include costs for handling goods and manufacturing costs including payroll and material costs, warrant costs, purchased services, premises costs and depreciation/amortization of tangible fixed assets used in the purchasing and production process.

Research and development costs

Research and development costs include costs for the own research and development organization with contracted consultants and depreciation and impairment of intangible fixed assets such as patents and activated development costs.

Cost of sales

Sales costs include costs for the own sales organization as well as depreciation and impairment of tangible fixed assets used by the Group's sales organization. Provisions for the respective reversals of reserves for uncertain accounts receivable are also included in the sales costs in the profit and loss statement.

Administration costs

Administration costs relate to costs for the board, company management and staffing functions in the Group, as well as depreciation and impairment of tangible fixed assets used by the Group's administrative functions.

Other Operating Revenue

Other operating income refers to revenue for disposals of fixed assets, sales of packaging, freight and exchange rate gains.

Profit/loss before tax

Profit/loss before tax is calculated by adding financial income and financial expenses to the operating income. The profit/loss after tax refers to the profit/loss for the period after income taxes have been deducted.

COMPARISON BETWEEN FINANCIAL YEARS 2020 AND 2019

Net sales

Net sales during the financial year 2020 amounted to SEK 25,238 thousand which corresponds to an increase of 143% compared with

SEK 10,375 thousand during the financial year 2019. The increase consisted solely of increase sales volumes of energy storages systems. The number of energy storage systems delivered to customers during the financial year 2020 increased to 442 (excluding deliveries under guarantee commitments), an increase of 119% compared with the financial year 2019 when 202 energy storage systems were delivered.

Operating expenses

Operating expenses¹ increased by SEK -73,552 thousand from SEK -259,200 thousand during the financial year 2019 to SEK -332,752 thousand during the financial year 2020. The increase is mainly related to an increased number of employees and individuals hired by staffing agencies, primarily in production and research and development, increased costs for raw materials and increased depreciation costs.

Gross profit

Gross profit decreased from SEK -151,068 thousand during the financial year 2019 to SEK -199,238 thousand during the financial year 2020. The deteriorating in earnings are mainly driven by increased material and warranty costs related to increased sales volume, increased personnel costs for the expanded production organization, increased depreciation costs and fire related to one of Nilar's batteries in Jämtland as described in the section "*Business description – Previous incidents related to the use of Nilar's energy storage*".

COMPARISON BETWEEN THE FINANCIAL YEAR 2019 AND 2018

Net sales

Net sales during the financial year 2019 amounted to SEK 10,375 thousand, which corresponds to an increase of 205% compared with SEK 3,396 thousand during the financial year 2018. The increase consisted solely of increase sales volumes of energy storages systems. The number of energy storage systems delivered to customers during the financial year 2019 increased to 202 (excluding deliveries under warranty commitments), an increase of 432% compared with the financial year 2018 when 38 energy storage systems were delivered.

Operating expenses

Operating expenses² increased by SEK -147,547 thousand, from SEK -111,653 thousand during the financial year 2018 to SEK -259,200 thousand during the financial year 2019. The increase related mainly to an increased number of employees and individuals hired by staffing agencies, primarily in production and research and development.

Gross profit

Gross profit decreased from SEK -35,655 thousand in the financial year 2018 to SEK -151,068 thousand in the financial year 2019. The deterioration in earnings are mainly driven by increased material and warranty costs related to increased sales volume, increased personnel costs for the expanded production organization and increased depreciation costs, mainly for capitalized development expenses.

1) Operating expenses include cost of goods sold, sales and marketing expenses, administrative expenses, and development expenses before capitalization of development expenses.

2) Operating expenses include cost of goods sold, sales and marketing expenses, administrative expenses, and development expenses before capitalization of development expenses.

CHANGES IN CASH FLOWS

Cash flow from operating activities during 2020, 2019 and 2018

During the financial year 2020, the cash flow from operating activities amounted to SEK -211,553 thousand compared to SEK -153,912 thousand during the financial year 2019, a decrease of SEK 57,641 thousand or 37%, of which SEK -50,395 thousand consisted of reduced cash flow from operating activities before changes in operating capital. Changes in working capital in turn consisted of an increase in inventories of SEK -14,796 thousand to meet an increased order intake and production volume, SEK -25,616 thousand of increased operating receivables and SEK 33,166 thousand of increased operating liabilities.

During the financial year 2019, the cash flow from operating activities amounted to SEK -153,912 thousand, of which SEK 15,252 thousand consisted of changes in working capital. Changes of working capital in turn consisted of an increase in inventories of SEK -9,604 thousand to meet an increased order intake and production volume, and SEK 24,096 thousand consisted of increased operating liabilities. The cash flow from operating activities before changes in working capital amounted to SEK -169,165 thousand in 2019.

During the financial year 2018, the cash flow from operating activities amounted to SEK -73,602 thousand, of which SEK 7,326 thousand consisted of changes in working capital, which in turn consisted of an increase in inventories of SEK -3,332 thousand, an increase in operating receivables of SEK -8 512 thousand and increased operating liabilities of SEK 19,170 thousand. The cash flow from operating activities before changes in working capital amounted to SEK -80 929 thousand in 2018.

Cash flow from investing activities during 2020, 2019 and 2018

During the financial year 2020, cash flow from investment operations amounted to SEK -111,502 thousand compared to SEK -135,175 thousand during the financial year 2019, a decrease of SEK 23,673 thousand or 18%. The decrease was due to reduced expenses for jointly-related investments in the factory in Gävle, as the main investments for the electrode and forming buildings occurred during 2019.

During the financial year 2019, cash flow from investing activities amounted to SEK -135,175 thousand, an increase from SEK -45,612 thousand or 196% in financial year 2018, of which SEK -108,333 thousand consisted of investments in machinery and equipment for the factory in Gävle, mainly related to expansion of production capacity, electrode manufacturing and module lines three and four. SEK-26,843 thousand consisted of capitalized development expenses regarding the development of a new product with oxygen filling, development of BMS and Nilar's factory model.

During the financial year 2018, investments amounted to SEK -45,612 thousand, comprised of capitalized development costs amounting to -SEK 17,392 thousand and capital investments in the Gävle factory of SEK -28,220 thousand.

Cash flow from financing activities during 2020, 2019 and 2018

During the financial year 2020, the cash flow from financing activities amounted to SEK 233,622 thousand compared to SEK 419,987 thousand during the financial year 2019, a decrease of SEK 186,365 thousand or 44 percent. The difference was mainly attributable to that the capital increase which was completed in 2019 was larger than the capital increase carried out during 2020.

During the financial year 2019, the cash flow from financing activities amounted to SEK 419,987 thousand, an increase of SEK 343,044

thousand or 446% compared to SEK 76,943 thousand in 2018, of which SEK 238,913 thousand consisted of a new share issue to, among others, Första AP-fonden and AFA Försäkringar and SEK 185,075 thousand in raised loans.

During the financial year 2018, the cash flow from financing activities amounted to SEK 76,943 thousand, consisting of SEK 18,042 thousand in a new share issue and SEK 58,802 thousand in raised loans as part of the raising capital carried out during the fourth quarter of 2018 up until the first quarter of 2019. The change was mainly related to the fact that the capital raising completed in 2019 was larger than the capital raising carried out in 2020.

LIQUIDITY AND FINANCIAL POSITION

Equity

As per 31 December 2018, equity amounted to SEK 201,350 thousand, which on 31 December 2019 had increased to SEK 275,764 thousand, an increase of SEK 74,414 thousand or 37%. The increase was due to a new share issue of SEK 312,838 thousand. As per 31 December 2020, equity had decreased as a result of negative results combined with financing via convertible bond loans and loans from the EIB instead of via equity and amounted to SEK 103,118 thousand, a decrease of SEK 172,646 thousand or 63% compared to 31 December 2019.

Liabilities

The Company's current liabilities increased by SEK 169,906 thousand, or 195%, from SEK 87,201 thousand as per 31 December 2018 to SEK 257,107 thousand as per 31 December 31 2019. The Company's total liabilities increased by SEK 202,933 thousand or 233%, from SEK 87,201 thousand as per 31 December 2018 to SEK 290,143 thousand as per 31 December 2019. The increases are attributable to raised convertible loans.

As per 31 December 2020, long-term liabilities had increased as a result of borrowing from the EIB and amounted to SEK 119,125 thousand, an increase of SEK 86,089 thousand or 261% compared to 31 December 2019. As per 31 December 2020, current liabilities had increased as a result of accrued interest attributable to convertible bond loan and increased accounts payable and amounted to SEK 354,127 thousand, an increase of SEK 97,020 thousand or 38% compared to 31 December 2019. The Company's total liabilities as per 31 December 2020 amounted to SEK 473 252 thousand, an increase of SEK 183 109 thousand or 63% compared to 31 December 2019.

Cash and cash equivalents

Cash and cash equivalents increased by SEK 130,915 thousand, or 403%, from SEK 32,480 thousand as per 31 December 2018 to SEK 163,395 thousand as per 31 December 2019. The increase was mainly due to a raised convertible loan. As per 31 December 2020, cash and cash equivalents amounted to 73,940, a decrease of SEK 89,455 thousand or 55% compared to 31 December 2019, which was primarily due to a reduction in cash flow from operating activities as a result of an increased production organization and increased capital tied up in order to meet higher production volumes and continued investments in intangible and tangible fixed assets.

INVESTMENTS

Nilar's capital expenditure have historically consisted of investments in intangible fixed assets, e.g., patents and production methods, and tangible fixed assets, e.g., machinery and equipment. Since 2018, the Company's capital expenditure have increased

significantly as the Company has commercialized products and prepared to expand the business. These initiatives have historically led to increased research and development investments as well as investments in new production lines to increase production capacity and related investments to upgrade the overall production process, such as a new electrode room that improves production flows and a forming room for serialization capacity of modules.

The Company plan to have a fully developed factory in Gävle by the end of 2021 consisting of eight production lines. Further, the Company estimates that each production line has a capacity for generating between 17-18 MWh per year which the Company expect to correspond to a turnover of approximately SEK 65-70 million per year.¹ This, a fully developed factory in Gävle with eight production lines is expected to generate a turnover of between SEK 500-600 million on an annual basis, including estimated service revenues. The Company estimates that a production line requires investments of around SEK 30 million.

During 2022, the Company plans to start commissioning another six production lines in a second factory in Estonia. The Company estimates that it will reach a production capacity in 2022 that on an annual basis corresponds to approximately 10,000² systems at the same time achieve profitability on operating profit before amortization of tangible and intangible fixed assets (EBITDA). During the period of 2023 and 2024, the Company intends to put additional four and six production lines, respectively, into operation and plans to grow sales in line with market growth beyond 2024 as presented in section "Introduction to Nilar's market".

Ongoing and decided investments

In 2021, the Company intends to increase the number of production lines in the production hall in Gävle to a total of eight production lines with peripheral equipment, i.e. four more production lines than current production lines in the production hall as per the day of the Prospectus. As per the date of the Prospectus, the Company has made orders related to an expanded production facility of approximately SEK 50 million, which is financed by existing cash. Planned orders related to the expanded production facility, for which no fixed commitments have been made per day of the Prospectus, amount to additional circa SEK 60 million.

Further, the Company prepares for establishment of a second production facility in Estonia. As of the date of the Prospectus, the Company has not made any fixed commitments related to investments and/or orders related to this, as it depends on Offering's successful carrying through. The investment costs for a fully developed new production facility are estimated to amount to approximately SEK 500 million. See also section "Background and motives" for more information about the Company's planned use of the net proceeds from the Offering.

Investments in 2020

During the financial year 2020, the Company made investments amounting to a total of SEK 112.2 million, of which SEK 31.1 million consisted of purchases of intangible assets and SEK 81.1 million in fixed assets. Investments in intangible assets consisted of investments in Nilar EC Hydride®, BMS and in the Company's third-generation product Hydride® ReO2 that is expected to be launched during 2021, with the first product deliveries during the second half of 2021. Investments in tangible fixed assets consisted of investments in new production lines and peripheral equipment. During the year,

the Company completed the construction and commissioned a new forming building. Furthermore, the third production line was commissioned and installation of the fourth production line started.

Investments in 2019

During the financial year 2019, the Company made investments amounting to a total of SEK 135.2 million, of which SEK 26.8 million consisted of investments in intangible assets and SEK 108.3 million consisted of investments in tangible fixed assets. The investments in intangible assets consisted of investments in V2/Nilar EC Hydride®, BMS and in the Company's third generation product Hydride® ReO2. The investments in tangible fixed assets consisted of investments in the new production lines and peripheral equipment. During the year, the Company completed the construction and commissioned a new electrode room. Investments were initiated in the third and fourth production lines. Further, construction of a formation building started in 2019.

Investments in 2018

During the financial year 2018, the Company made investments amounting to a total of SEK 46.5 million, of which SEK 17.4 million consisted of investments in intangible assets and 29.1 investments in tangible fixed assets. Investments in intangible assets consisted of investments in Nilar's second-generation product V2/Nilar EC Hydride® which was launched in the first quarter of 2018, BMS and in the Company's third-generation product, Hydride® ReO2. Investments in tangible fixed assets consisted of investments in the production facility and peripheral equipment for the Company's second-generation product V2/Nilar EC Hydride®.

IMPORTANT ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

Preparing financial reports in accordance with IFRS requires important accounting estimates to be made. In addition, the management needs to make certain assessments in the application of the Company's accounting policies. Below follows a description of areas which are subject to a high degree of assessment or complexity, or areas in which assumptions and estimates are of considerable importance for the consolidated financial statements. Estimates and assessments are continually evaluated and are based on historical experience and other factors, including expected future events that can assumed to be reasonable under the circumstances at hand. Nilar makes estimates and assumptions concerning the future. The estimates for accounting purposes that result from these assumptions rarely corresponds to the actual results.

Intangible assets

Intangible assets with limited useful live are reported at cost less amortization for depreciation and write-downs. Amortization is recognized on a systematic basis of the asset's estimated useful life. At the end of each reporting period, the useful life is reviewed and adjusted if necessary. When determining the depreciable amount of an asset, the residual value is considered.

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

1) A production volume of between 17-18 MWh can generate approximately between 1 500 - 2 000 residential installations.

2) At an assumed average size of 22 kWh per system.

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

Amortization shall begin when the asset is available for use, i.e., when it is located on site and in the condition necessary for it to be capable of operating in the manner as intended by management. The following depreciation periods are applied: patents five years and capitalized development expenditures, seven years.

Other Provisions

Provisions, such as warranty provisions, are reported when the Group has an obligation, legal or informal, as a result of past events and when it is likely that a payment will be required in order to fulfil the obligation and that its value can be measured reliably. If Nilar expects that a provision made will be replaced by any third parties, e.g. within the framework of an insurance contract, the expected remuneration is reported as a separate asset, but only when it is very likely that the remuneration will be received.

Convertible loans and warrants issued to EIB

The Company's convertible loans are valued at a discount of future cash flows. The discount rate reflects credit risk and maturity. The Company has reported the convertibles to fair market value via the income statement. As per 31 December 2020, the convertibles were valued to SEK 224.8 million. The fair market value is the price that, at the time of valuation, is judged to be received upon sale or paid upon transfer through an orderly transaction between market participants based on various comparative data.

Warrants issued to EIB are valued in accordance with the Black-Scholes valuation model with assumptions on volatility and have a fair market value of SEK 48.0 million. The share price has a significant impact on the valuation. An increase of 10 percent in the share price entails a corresponding increase in the fair market value of the warrants.

Important parameters with regards to the valuation of both the convertible and the warrants issued to the EIB are (i) the date of redemption, (ii) the redemption price and (iii) the probability of redemption taking place prior the end of the agreement. According to the terms for the convertibles, the convertibles shall, after the first day of trading of the Company's shares on Nasdaq First North Premier Growth Market, be converted into shares. See section "*The share, share capital and ownership structure*".

TRENDS

During the first quarter of 2021, the Company produced a total of 3.2 MWh in the production hall in Gävle, of which 1.5 MWh related to guarantee matters. During the second quarter of 2021, the Company estimates that production of approximately 0.6 MWh will relate to planned guarantees, where after the Company expects production related to guarantee matters to move to lower and more normalized levels. The costs for these exchanges of guarantees have been charged to the result during the fourth quarter of 2020 and are thus not expected to affect the profit/loss for financial year 2021. However, guarantee cases have a negative impact on sales, as produced volumes linked to guarantee matters reduce the Company's volumes for potential sales given the Company's limitation in production capacity. Therefore, the Company's sales during the first quarter of 2021 were slightly lower compared to the fourth quarter of 2020.

Further, the production during the first quarter of 2021 was significantly negatively impacted by a minor powder explosion in the beginning of the fourth quarter of 2020 in the exhaust air ventilation from the electrode house in the production hall in Gävle (a separated part of the hall), and the subsequent delayed delivery of critical components to the ventilation system due to the covid-19 pandemic. During the construction period, Nilar's production capacity was significantly reduced compared to installed production capacity and the Company's business plan. Per the day of the Prospectus, the ventilation system has been repaired and the Company can produce on all four production lines in Gävle. The Company assess that as per the date of the Prospectus, the development of the production is in line with the Company's production and business plan. Apart from the above and the trends described in sections "*Market overview - Market trends and driving forces*", "*Business description - Growth strategy and potential*" and "*Operational and financial overview - covid 19-pandemic*", Nilar's Board of directors assess that, as per the date of the Prospectus, there are no other known trends related to the production, sales, stock, costs and sales prices during the period from the end of the financial year 2020 up until the date of the Prospectus.

Apart from the above and section "*Market overview - Market trends and driving forces*", the Company is, per the date of the Prospectus, not aware of any measures regarding public, financial, fiscal or monetary policy, or other political actions that, directly or indirectly, have had or could have a significant impact on the Nilar's operations and prospects for the current financial year.

SIGNIFICANT CHANGES IN THE GROUP'S FINANCIAL RESULTS AFTER 31 DECEMBER 2020 AS OF THE DATE OF THE PROSPECTUS

It is the Company's assessment that, as of the date of the Prospectus, there have been no significant changes in the Group's financial results after 31 December 2020.

SIGNIFICANT CHANGES IN THE GROUP'S FINANCIAL POSITION AFTER 31 DECEMBER 2020 UP TO AND INCLUDING THE DATE OF THE PROSPECTUS

The Board of directors of the Company's subsidiary Nilar AB has prepared a balance sheet for liquidation purposes that shows that Nilar AB's equity is less than half of the registered share capital. A first control general meeting in Nilar AB has on 16 April 2021 decided that the company's business should continue. Therefore, a second control general meeting shall be held within eight months of the date of the first control meeting. At the second control general meeting, the shareholders shall reconsider whether Nilar AB shall enter into liquidation. Provided that the Offering is completed, the Board of directors deems that the balance sheet at the second control general meeting will show that the equity as per the date of the general meeting will amount to at least the registered share capital. As a result, Nilar AB should not be liquidated and the business will continue to operate.

If the Offering is not completed, the board of directors will seek to implement other measures to raise the necessary capital so that Nilar AB's equity shall exceed half of the registered share capital.

Apart from the above and regarding the Company's loss of working capital in the section "*Capital structure, indebtedness and other financial information - Working Capital Statement*", the Company considers that there have been no significant changes in the Group's financial position after 31 December 2020 up until the date of the Prospectus.

CAPITAL STRUCTURE, INDEBTEDNESS AND OTHER FINANCIAL INFORMATION

The tables in this section present the Group's capital structure and debt as of 28 February 2021. The information presented in this section should be read together with the section "Operational and financial overview" and the Company's financial information, with accompanying notes, which has been incorporated in the Prospectus by reference.

CAPITAL STRUCTURE

The tables below set forth the Group's capital structure as of 28 February 2021 and adjusted net debt as presented in the column "Adjustments", to reflect the following:

- an increase in the Group's equity, amounting to approximately SEK 862 million, through the new issue of 12,873,133 shares in connection with the Offering; and (including full exercise of the Overallotment Option); and
- an increase in the Group's cash and cash equivalents from the expected net proceeds from the Offering of the Offering.

The Group's equity as of 28 February 2021 amounted to SEK 121.7 million and the Group's net debt was SEK 340.6 million. Only interest-bearing liabilities are included. As of 28 February 2021, the Company had no contingent liabilities or pledged collateral.

EQUITY AND LIABILITIES

TSEK	March 31, 2021	Adjustments	After the Offering (provided that it is fully subscribed and that the Overallotment Option is fully utilized)
Current debt			
Guaranteed	-	-	-
Secured	-	-	-
Unguaranteed/unsecured	253,325	-204,580	48,745
Total current debt	253,325	-204,580	48,745
Non-current debt			
Guaranteed	-	-	-
Secured	-	-	-
Unguaranteed/unsecured	208,243	-	208,243
Total non-current debt (excluding the current debt as part of the long-term debt)	208,243	-	208,243
Shareholder's equity			
Share capital	5,087	2,735 ¹	7,822
Other contributed capital	1,083,820	1,006,129 ¹	2,089,949
Other reserves	144	-	144
Retained earnings, including profit/loss ² for the period	-967,329	-	-967,329
Total equity	121,722	1,008,864	1,130,586

1) Following transaction costs of approximately SEK 53.3 million and following conversion of outstanding convertibles, see the section "The share, share capital and ownership structure".

2) The item "Retained earnings, including profit/loss for the period" is stated as of 31 December 2020.

NET INDEBTEDNESS

SEK thousand	28 February 2021	Adjustments	After the Offering (provided that it is fully subscribed and that the Overallotment Option is fully utilized)
A - Cash	120,958	809,200 ¹	930,158
B - Cash equivalents	-	-	-
C - Trading securities	-	-	-
D - Total liquidity (A+B+C)	120,958	809,200	930,158
E - Current financial receivables	-	-	-
F - Current bank debt	-	-	-
G - Current part of non-current debt	-	-	-
H - Other current financial debt	253,325	-204,580	48,745
I - Current financial debt (F+G+H)	253,325	-204,580	48,745
J - Net current financial indebtedness (I - E - D)	132,367	-1,013,780	-881,413
K - Non-current bank loans	173,542	-	173,542
L - Bonds issued	-	-	-
M - Other non-current debt	34,701	-	34,701
N - Non-current financial indebtedness (K+L+M)	208,243	-	208,243
O - Net financial Indebtedness (J+N)	340,610	-1,013,780	-673,170

1) Following transaction costs relating to the Offering.

WORKING CAPITAL STATEMENT

As of the date of the Prospectus, the Company's existing working capital is not sufficient to satisfy the Company's need for working capital over the coming twelve-month period. During this twelve-month period, taking the Company's existing business plan into account, the Company's deficit in working capital is estimated to amount to approximately SEK 350 million and a deficit arising during the second quarter of 2021. The term working capital refers here to the Company's potential to access cash and cash equivalents for the purpose of fulfilling the Company's obligations as they fall due (including capex).

In order to correct the deficit in working capital, Nilar's Board of directors intends to implement the Offering, which, if fully subscribed and excluding the Over Allotment Option, is expected to provide the Company with approximately SEK 696.7 million after deductions for costs related to the Offering. With the net proceeds from a fully subscribed Offering, the Company is estimated to have sufficient working capital to finance the operations over the coming twelve months until the Company, in line with the current business plan, is expected to be cash flow positive. According to the current business plan, the Company is expected to achieve profitability on operating profit/loss before depreciations and amortization of tangible and intangible assets (EBITDA) during 2022 which assumes that the commissioning of six more production lines in a second factory in Estonia and that the Company reaches a production capacity equivalent to approximately 10,000 systems annually.¹

The Offering is subject to subscription commitments from the Cornerstone investors of a total of SEK 489 million, corresponding

to 56.7 percent of the number of shares in the Offering provided that the Offering is fully subscribed for and the Overallotment Option is fully exercised. The board of directors of Nilar therefore considers the conditions for successful completion of the Offering, and thus that the Company's working capital requirement is fixed, as good. For more information on subscription commitments provided, see the section "*Legal considerations and supplementary information - Commitments from Cornerstone investors*".

A fully subscribed Offering will also mean that the capital procurement requirements in the Loan Agreement with EIB for disbursements under tranche B and tranche C is met. As per the date of the Prospectus, the Company has received a total payment of EUR 17.5 million in tranche A. Tranche B amounts to a maximum of EUR 17.5 million and tranche C to a maximum of EUR 12 million (payments under tranches B and C are, however, associated with additional conditions that must be fulfilled before the Company may request payment under each tranche, see the section "*Legal considerations and supplementary information - Loan from the European Investment Bank*"). However, the Company's business plan does not require the use of tranches B and C to finance the Company's operations until the Company is expected to be cash flow positive.

If the Company is unable to secure sufficient working capital through the Offering in order to progress its business according to the current business plan, the Board of directors would be forced to revise the business plan or run the business at a more restrained pace than planned pending further financing, or alternatively, implement other measures to raise the necessary capital, such as a directed share issue or other loan financing.

1) At an assumed average size of 22 kWh per system.

BOARD OF DIRECTORS, DIRECTORS, SENIOR EXECUTIVES AND AUDITOR

BOARD OF DIRECTORS

As of the date of the Prospectus, Nilar's board of directors consists of eight board members, including the chairman of the board, all of whom have been elected up until the end of the 2021 annual general meeting. According to the Company's articles of association, the

board of directors shall consist of at not less than three and not more than ten members. All board members and senior executives may be contacted through the Company's address in the section "Addresses" below.

Name	Position	Board member since	Independent in relation to	
			The Company and its management	Major shareholders
Michael Obermayer	Chairman of the board	2012	Yes	No
Stefan De Geer	Board member	2017	Yes	Yes
Gunilla Fransson	Board member	2018	Yes	Yes
Anders Gudmarsson	Board member	2016	Yes	Yes
Helena Nathhorst	Board member	2020	Yes	Yes
Ulrika Molander	Board member	2021	Yes	Yes

[Michael Obermayer \(born 1948\)](#)

Chairman of the board

Education: MSc, KTH, PhD Biophysics, LMU, Munich, MBA INSEAD.

Current assignments: Senior Partner, Fjord Advisors Ltd. Chairman of the board Samplix ApS. Board member of Fjord Advisors AB, Myghinvest AB, Möja Berg AB and Krog & Tapp AB.

Prior positions (past five years): Board member of Poyry OY.

Holding in the Company (including related parties): : As of the Prospectus date, Michael Obermayer holds 149,298 shares and 15,000 warrants included in the 2021 incentive program which entitles him to subscribe for 90,000 shares in the Company.

[Stefan De Geer \(born 1956\)](#)

Board member

Education: Master of Laws (LL.M.), Stockholm University, MCJ (Master of Comparative Jurisprudence), New York University School of Law.

Current assignments: Chairman of the board Halmslätten Fastighets AB (publ) and PCTC Invest AB. Board member Origa Care AB (publ) and De Geer & Co AB.

Prior positions (past five years): Board member of Oscar Properties Holding AB and United Spaces Network Offices AB. Chairman of the Board of Fondamentor Umeå Fastigheter AB, Fondamentor Umeå Batteriet AB, Fondamentor & Roosgruppen 5 Umeå AB, Fondamentor & Roosgruppen 6 Umeå AB, Fondamentor & Roosgruppen 7 Umeå AB and Wolseley Nordic Holdings AB.

Holding in the Company (including related parties): As of the date of the Prospectus, Stefan De Geer owns 12,990 shares and 10,000 warrants of which 5,000 warrants are included in the 2017 incentive program and 5,000 warrants are included in the 2021 incentive program which entitles him to subscribe for 60,000 shares in the Company.

[Gunilla Fransson \(born 1960\)](#)

Board member

Education: Master Degree in Chemical Engineering, Royal Institute of Technology.

Current assignments: Chairman of the Board of NetInsight AB. Board member of Dunkers Foundation, Eltel AB, Instoria Invest AB, Instoria Sweden AB, Novare Peritos AB, Permobil Holding AB, Weibel Scientific A/S, Henry Dunkers Förvaltningsaktiebolag, Nederman Holding Aktiebolag and Trelleborg AB. Deputy board member of Glemminge-Tågarp Konsultbyrå AB.

Prior positions (past five years): Board member of Enea Aktiebolag, Permobil Aktiebolag, ProOpti Sweden AB and Uppsala University.

Holding in the Company (including related parties): As of the date of the Prospectus, Gunilla Fransson holds 12,990 shares and 5,000 warrants included in the 2017 incentive program which entitles her to subscribe for 30,000 shares in the Company.

[Anders Gudmarsson \(born 1948\)](#)

Board member

Education: Master of Law, Uppsala University.

Current assignments: -

Prior positions (past five years): Board member of Sturegatan 22 Asset Management AB, Höverödalens Fastighetsaktiebolag and Tech Troopers AB.

Holding in the Company (including related parties): As per the date of the Prospectus, Anders Gudmarsson owns 27,990 shares and 5,000 warrants included in the 2021 incentive program which entitles him to subscribe for 30,000 shares in the Company.

Helena Nathhorst (born 1967)*Board member*

Education: Bachelor of Science in Business Economics, Uppsala University.

Current assignments: Senior executive in Byggmax Group AB. Board member of BYGGmax AB, BYGGmax Fastighetsutveckling AB, BYGGmax Fastighets Holding AB, BYGGmax International Purchasing AB, BYGGmax fastighetsutveckling 7 AB Nodnarc and Næstved Lavprispriser A/S. External signatory of Svea Distribution AB.

Prior positions (past five years): Board member of Boxer TV-Access AB, Service Works Global Nordic AB, Symetri AB, TECHNIA AB and Teracom AB. Deputy board member of Percensor Aktiebolag and Vikbryggan AB.

Holding in the Company (including related parties): As of the Prospectus date, Helena Nathhorst holds 4,000 warrants included in the 2021 incentive program which entitles her to subscribe for 24,000 shares in the Company.

Ulrika Molander (born 1966)*Board member*

Education: University Engineer, University of Borås, AMP INSEAD.

Current assignments: Board member of ProOcula AB. Senior executive in Systemair AB.

Prior positions (past five years): CEO Systemair Sverige AB.

Holding in the Company (including related parties): As per the date of the Prospectus, Ulrika Molander holds 2,000 warrants included in the 2021 incentive program which entitles her to subscribe for 12,000 shares in the Company.

SENIOR EXECUTIVES

Name	Position	Employed since
Marcus Wigren	CEO	2007
Magnus Nordgren	CFO	2013
Erik Tolagen	Head of Product Management	2012
Anette Anderung	Site Operations Manager	2020
Jan Lundquist	Head of Sales and Marketing	2012
Joacim Wenna	Head of Research and Development	2021

Marcus Wigren (born 1975)*CEO*

Education: Bachelor of Science in Business Administration, Örebro University and Bachelor of Science in Data and Electronics (computers, energy, electricity and control engineering), Linköping University.

Current assignments: Board member of BWG Consulting AB and Power Circle AB.

Prior positions (past five years): –

Holding in the Company (including related parties): As of the date of the Prospectus, Marcus Wigren owns 20,000 warrants included in the 2021 incentive program which entitles him to subscribe for 120,000 shares in the Company.

Magnus Nordgren (born 1970)*CFO*

Education: Bachelor of Science in Business Administration, Stockholm University.

Prior positions (past five years): –

Prior positions (past five years): –

Holding in the Company (including related parties): As of the date of the Prospectus, Magnus Nordgren owns 15,000 warrants included in the 2021 incentive program which entitles him to subscribe for 90,000 shares in the Company.

Erik Tolagen (born 1973)*Head of Product Management*

Education: Master of Science in mechanical engineering, Institute of Technology, Linköping University.

Current assignments: Board member Erik Tolagen Invest AB. Deputy member Karin Tolagen Invest AB.

Prior positions (past five years): –

Holding in the Company (including related parties): Per the date of the Prospectus, Erik Tolagen holds 5,000 warrants included in the 2021 incentive program which entitles him to subscribe for 30,000 shares in the Company.

Anette Anderung (born 1963)*Site Operations Manager*

Education: Bachelor Computer Science and Automation, University of Gävle, Bachelor in Technical Education, Dalarna University.

Current assignments: –

Prior positions (past five years): –

Holding in the Company (including related parties): As per the date of the Prospectus, Anette Anderung holds 5,000 warrants.

Innehav i Bolaget (inklusive närstående): As per the date of the Prospectus, Anette Anderung holds 5,000 warrants included in the 2021 incentive program which entitles her to subscribe for 30,000 shares in the Company.

OTHER INFORMATION ON THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

There are no family ties between any of the board members or senior executives. None of the Company's board members or senior executives have any private interests that could conflict with those of the Company. However, as described above, several board members and senior executives have financial interests in the Company through their shareholdings or warrant ownership. None of the board members or senior executives have been elected as a result of a specific arrangement with major shareholders, customers, suppliers or other parties.

None of the board members or senior executives in the Company have, over the past five years, been (i) a representative of any company, apart from the positions specified for the various board members and senior executives, (ii) convicted in fraud-related court cases, (iii) represented a company that has been declared bankrupt or that has involuntarily entered into liquidation, (iv) accused by a public authority or organisation that represents a certain professional group and is governed via public sector law, or (v) banned from taking part in business activities.

Jan Lundqvist (born 1964)*Head of Sales and Marketing*

Education: Business Management, Stockholm School of Economics, Business Finance and Marketing Management, IHM Business School, Certified Upper Secondary School Engineer, Åva.

Current assignments: –

Prior positions (past five years): –

Holding in the Company (including related parties): As per the date of the Prospectus, Jan Lundqvist owns 1,794 shares and 5,000 warrants included in the 2021 incentive program which entitles him to subscribe for 30,000 shares in the Company.

Joacim Wenna (born 1979)*Head of Research and Development*

Education: Master's degree in mechanical engineering, Royal Institute of Technology.

Current assignments: –

Prior positions (past five years): Senior executive Stoneridge Electronics AB.

Holding in the Company (including related parties): As of the date of the Prospectus, Joacim Wenna owns no shares and warrants in the Company.

AUDITOR

According to the articles of association, the Company should have one or two auditors and no more than two deputy auditors or one or two registered auditing firms.

The Company's auditor is Deloitte AB with Therese Kjellberg (born 1971) as the responsible auditor. Deloitte AB has been the Company's auditor throughout the period covered by the historical financial information in the Prospectus. For the financial years 2018, Jonas Ståhlberg of Deloitte AB was the responsible auditor. Both Therese Kjellberg and Jonas Ståhlberg are authorized public accountants and members of FAR (the Professional Institute for Authorized Public Accountants). Deloitte AB's visiting address is Rehngatan 11, 113 57 Stockholm.

CORPORATE GOVERNANCE

Nilar is a Swedish public limited liability company. Nilar's corporate governance has historically been regulated by Swedish law and internal rules and instructions. In addition, as of the AGM in 2018, the Company has applied the Swedish Corporate Governance Code (the "Code") to the extent deemed appropriate for a company in an unlisted environment and taking into account the Company's development. Following the listing of the Company's shares on Nasdaq First North Premier Growth Market, the Company will fully apply the Code. The code aims to constitute guiding rules for good corporate governance and complements Swedish legislation in a number of areas and in some respects sets higher requirements than Swedish law. Companies that apply the Code do not have to comply with all of the rules in the Code, but rather have the possibility of choosing alternate solutions that the company deems to be better suited to the company and its operations, provided that any deviations are presented, that the alternate solution is described and that the reasons are explained in the corporate governance report (the "comply or explain principle"). As per the date of the Prospectus, Nilar does not expect to report any deviations from the Code in its 2021 corporate governance report.

GENERAL MEETINGS

Pursuant to the Swedish Companies Act, the general meeting of shareholders is the Company's highest decision-making body. At a general meeting, the shareholders exercise their voting rights on key issues, such as the adoption of income statements and balance sheets, appropriation of the Company's profit, discharge from liability of board members and the CEO, election of board members and auditors, and remuneration of the board of directors and auditors.

In addition to the annual general meeting, extraordinary general meetings may be convened. In accordance with the Company's articles of association, notice of the annual general meeting and notice of an extraordinary general meeting at which the matter of an amendment to the articles of association is to be addressed are to be issued not earlier than six weeks and not later than four weeks prior to the meeting. Notices of other extraordinary general meetings shall be issued not earlier than six weeks and not later than three weeks prior to the meeting. Notices to attend annual general meetings and extraordinary general meetings are published by placing an advertisement in the Swedish Official Gazette (Sw. *Post- och Inrikes Tidningar*) and by making the notice available on the Company's website. An announcement that notice has been given is to be published in Svenska Dagbladet.

Right to attend general meetings

All shareholders who are directly registered as shareholders in the share register maintained by Euroclear Sweden AB ("Euroclear") five weekdays before the general meeting and have notified the Company of their intention to participate in the general meeting not later than the date stated in the notice convening the general meeting have the right to attend the general meeting and vote for the number of shares they hold. Shareholders can normally register for general meetings in several different ways, as stated in the notice to the general meeting.

Shareholder initiatives

Shareholders who wish to have a matter considered at the General Meeting must send a written request to the Board of Directors. The request must normally have been received by the board of directors not later than seven weeks before the general meeting.

NOMINATION COMMITTEE

According to the Code, the Company must have a nomination committee whose purpose is to submit proposals regarding the chairman of the general meeting, candidates for board (including the chairman), fees and other remuneration to each board member as well as remuneration for committee work, election of and remuneration to external auditors and proposals for the nomination committee for the next Annual General Meeting. The Nomination Committee's proposals are presented in the notice convening the Annual General Meeting.

At the Annual General Meeting on June 30, 2020, the shareholders adopted principles for the Nomination Committee. In accordance with the principles for the Nomination Committee, the Nomination Committee shall, among other things, submit proposals for the chairman of the board at the Annual General Meeting, number of board members, chairman and other appointed board members, remuneration and other payments to each of the board members and board members to the auditor. The Nomination Committee shall consist of four members, of which three members shall be nominated by the Company's three largest shareholders in terms of votes or groupings of shareholders and the fourth member shall be the Company's chairman of the board.

The nomination committee ahead of the 2021 annual general meeting consists of the following members:

- Henrik Perlnut, Chairman, Shareholder Representative for Fjord Advisors AB;
- Ossiian Ek Dahl, Shareholder Representative for Första AP-fonden;
- Anders Gudmarsson, Shareholder Representative for Christopher Braden; and
- Michael Obermayer, Chairman of the board of the Company.

BOARD OF DIRECTORS

The board of directors in the Company is the highest decision-making body after the general meeting. In accordance with the Swedish Companies Act, the board of directors is responsible for the management and organization of the Company, which means that the board of directors is responsible for, inter alia, establishing procedures and strategies, to ensure the evaluation of set goals, continuously evaluating the Company's financial position and performance, and evaluating the executive management. The board of directors is also responsible for ensuring that the annual accounts, consolidated financial statements and interim reports are prepared on time. In addition, the board of directors also appoints the CEO.

The board members are elected every year at the annual general meeting for the period until the end of the next annual general meeting. In accordance with the Company's articles of association, the board of directors shall consist of at least three and no more than ten members with up to ten deputy directors. As of the date of the Prospectus, the board of directors consists of six members and no deputy directors. The board of directors is presented in greater detail in the section "Board of directors, senior executives and auditor". The chairman of the board of directors is elected by the annual general meeting and has a particular responsibility for managing the board of directors' work and ensuring that it is well organized and effectively implemented.

Rules of procedure for the board of directors

The board of directors' work is performed based on written rules of procedure which is revised yearly and approved on the constituent board meeting each year. The rules of procedure regulates, inter alia, the division of work between the board of directors and the CEO. In connection with the constituent board meeting, the board of directors also approves the instructions for financial reporting, instructions for the CEO and rules of procedure for the audit and remuneration committees.

The board of directors shall hold ordinary board meetings at least six times each year according to an annual calendar approved each year. In addition to these meetings, the board of directors may hold additional meetings to address questions which cannot wait until the next ordinary board meeting. In addition to board meetings, the chairman of the board of directors and the CEO regularly discuss question regarding the management of the Company.

Remuneration Committee

The board of directors have established a remuneration committee which as of the date of the Prospectus consist of the following four members: Gunilla Fransson (chairman), Anders Gudmarsson, Alexander Izosimov and Michael Obermayer.

The Remuneration Committee's main task is, inter alia, to prepare the board's decisions on remuneration principles, remuneration and other terms of employment for the executive management, monitor and evaluate programs for variable remuneration for the executive management and monitor and evaluate the implementation of the guidelines on remuneration for the executive management as established at the AGM. The Remuneration Committee should meet at least twice each year, or more if required.

Audit Committee

Nilar has an audit committee which as of the date of the Prospectus consist of the following three members: Stefan De Geer (chairman), Michael Obermayer and Helena Nathorst.

The members of the audit committee are not allowed to be employees of the Company. At least one of the members shall have accounting or auditing experience. The committee shall appoint one of its members to be its chairman. The audit committee shall, without prejudice to the board of directors' responsibilities and duties in other respects, inter alia, monitor the Company's financial reporting, monitor the efficiency of the Company's internal controls, internal audit and risk management, be informed of the audit of the annual report and consolidated accounts, review and monitor the impartiality and independence of the auditor and in relation to that pay particular attention to whether the auditor provides services to the company other than audit services, and assist in the preparation of proposals for the annual general meeting's decision on auditors' election. The audit committee shall convene at least five times per year and at least once a year meet auditor representatives.

CEO

The CEO is subordinated to the board and is responsible for the everyday management and operations of the Company. The division of work between the board and the CEO is regulated in the rules of procedure for the board and in the CEO instruction. In accordance with the rules of procedure and the CEO instruction, the CEO should, inter alia, ensure that:

- the board receives the objective, comprehensive and relevant information needed for the board to make informed decisions,

and to keep the board informed of the Group's business between board meetings;

- ensure and supervise that the internal organization and control is effective and that the Company complies with applicable legislation and generally accepted practices regarding the Company's operations and management; and
- ensure that the Company's accounts are maintained in accordance with applicable legislation and that the management of funds is conducted in a sensible manner and is subject to appropriate control and review.

In accordance with the instruction for financial reporting, the CEO is responsible for the financial reporting of the Company and should ensure that the board receive sufficient information in order to continuously assess Nilar's earnings and financial position. The CEO should regularly keep the Board informed of the development of the Company's business, turnover, the Company's financial position, liquidity and credit status, key business events and other events, circumstances or conditions that could be relevant for the Company's shareholders and the board.

INTERNAL CONTROL

Nilar has not established a separate internal audit function. This duty is performed by the board of directors of Nilar, who are responsible for the overall supervision and control of the Group and its management. The board of directors in particular monitors compliance with applicable law and regulations. The Board has established an internal control system that the Audit Committee monitors in terms of its functional capacity. The audit committee is responsible for critically analyzing the financial statements of the Group and the Company and to discuss those with the CFO and the external auditors. The CEO and the executive management are supervised by the board of directors and its committees in their respective fields. The CEO reports on an ongoing basis to the chairman and regularly to the board of directors.

REMUNERATION TO THE BOARD OF DIRECTORS, CEO AND OTHER SENIOR EXECUTIVES

Remuneration for the Board of Directors

The chairman and the other members of the board of directors are paid a fee in accordance with the decision of the annual general meeting. At the Extraordinary General Meeting on April 19, 2021, it was resolved that the remuneration for each of the Board members shall amount to SEK 100,000 and SEK 250,000 for the Chairman of the Board. Members of committees receive SEK 50,000, and the chairperson of the board shall not receive any additional remuneration for participation in committee work.

Guidelines for remuneration to senior executives

The extra general meeting on March 12, 2021 resolved to adopt guidelines for the remuneration to senior executives. The main content of the guidelines is presented below.

Guidelines for remuneration to senior executives include board members, the CEO and persons who report directly to the CEO. The guidelines shall be applied to fixed basic salary and variable compensation agreed, and to changes made to such compensation, after the guidelines have been adopted by the General Meeting. The guidelines do not include remuneration decided by the Annual General Meeting or other remuneration paid to senior executives and which is not expressly stated in these guidelines.

The Board shall have the right to temporarily waive, in whole or in part, the guidelines if, in an individual case, it is considered that a deviation from the guidelines is justified from a business perspective according to the Board's assessment.

The remuneration to senior executives consists of a fixed basic salary and variable remuneration. In addition, the General Meeting may – and regardless of the guidelines – decide on share or share price related remuneration.

The Company's board members should in special cases be able to be paid for positions within their respective areas of expertise, which do not constitute ordinary board work. A market-based fee shall be payable for these services, which should be approved by the Board and notified at the Annual General Meeting.

Fixed basic salary

A fixed basic salary for the CEO and other senior executives is reviewed annually.

Variable remuneration

The variable compensation should consist of two parts. One part is depending on the fulfillment of objectives set out by the Company, while the other part depends on the fulfillment of individual objectives.

The main part of the variable remuneration relates to the Company's financial target, while the individual part constitutes a smaller part of the same.

Objectives for the CEO are proposed by the Remuneration Committee and decided on by the Board, while objectives for other Senior Executives are proposed by the CEO and decided on by the Remuneration Committee.

The objectives are decided on during the first quarter of each financial year, and the performance in relation to the target is measured and payment is made as soon as the AGM has adopted the annual report for the qualifying year.

The variable remuneration can amount to a maximum of 30% of the CEO or the CFO's fixed basic salary, and 20% of the Senior Executives' fixed basic salary.

Employment contracts are valid throughout the notice period. No variable remuneration will be offered for the period after the expiry of the notice period if severance has been paid. The variable remuneration should be pensionable.

Long-term incentive programs

Senior Executives may be offered incentive programs which should be stock or share price related. Share and share price related incentive programs should be resolved on at general meetings and are therefore not covered by these guidelines.

Remuneration during 2020

The table below presents the remuneration paid out to directors and Senior Executives during financial year 2020. All amounts are stated in SEK.

The Company's directors and Senior Executives are not entitled to benefits after having resigned from their respective positions/ employments. However, the Company's employees are entitled to salary and other benefits during the notice period in accordance with the terms of the employment agreements. As per the date of the Prospectus, the Company has not set aside or accrued amounts for pensions and benefits after the resignation of board directors or senior executives.

SEK thousand				
Name	Fee/basic salary¹	Other benefits²	Pension	Total
Board of directors				
Michael Obermayer	189	–	–	189
Anders Barsk	–	–	–	0
Stefan De Geer	47	–	–	47
Gunilla Fransson	47	–	–	47
Lars Fredriksson	–	–	–	0
Anders Gudmarsson	47	–	–	47
Alexander Izosimov	47	–	–	47
Helena Nathhorst	47	–	–	47
Total Board of Directors	424	0	0	424
Senior executives				
Marcus Wigren, CEO	1,644	98	325	2,067
Other senior executives (a total of four people)	5,000	268	1,029	6,297
Total Senior executives	6,644	366	1,354	8,364
Total Board of Directors and Senior Executives	7,068	366	1,354	8,788

1) Refers to fees/basic salary according to the General Meeting's resolution/employment agreement.

2) Includes variable salary and other employment related benefits under employment contracts.

Current employment agreement terms and conditions for the CEO and other senior executives

The CEO is employed on a full-time basis and entitled to a monthly salary of SEK 125,000 (2020) which is subject to yearly negotiation. The CEO has the opportunity for variable remuneration (bonuses) amounting to 30% of the annual salary. The CEO is further entitled to provisions for pension amounting to 35% of the yearly salary. The CEO is not entitled to any benefits after the agreement has been terminated. A mutual notice period of six months applies in case of termination. The agreement includes non-competition, non-solicit and confidentiality provisions which are applicable during the employment and the notice period.

The other senior executives are employed on a full-time basis and commenced their employments from 2012 through 2021. All of the senior executives are employed by Nilar AB, except for Magnus Nordgren (CFO) who is employed by the Company. The notice period in case of termination is either three months (mutual) or such notice period that applies pursuant to the Swedish Employment Protection Act (1982:80).

Under employment contracts, other senior executives are not entitled to any variable remuneration with the exception of CFO Magnus Nordgren, who has the possibility of variable remuneration (bonus) amounting to 30% of the annual salary. However, according to the guidelines for remuneration to senior executives adopted at the Extraordinary General Meeting on March 12, 2021, variable remuneration according to the guidelines may be payable by up to 20% of the fixed basic salary for other senior executives (see the section "*Guidelines for remuneration to senior executives*" above). Employment agreements with other senior executives do not contain any competition or acquisition clauses.

AUDIT

The auditor is to review the Company's annual reports and financial statements as well as the management of the board of directors and the CEO. Following each financial year, the auditor is to submit an audit report and an audit report on the consolidated financial statements to the annual general meeting. In accordance with the Company's articles of association, the Company shall appoint one or two auditors, with up to two deputy auditors or two registered audit companies. The Company's auditor is presented in greater detail in the section "*Board of Directors, senior executives and auditor*".

For the financial year 2020, the total remuneration to the Company's auditor amounted to SEK 2,223 thousand of which SEK 872 thousand related to the audit assignment and SEK 1,351 thousand related to audit activities in addition to the audit assignment.

THE SHARE, SHARE CAPITAL AND OWNERSHIP STRUCTURE

GENERAL INFORMATION

According to the Articles of Association of the Company, the share capital may not be less than SEK 5,000,000 and not exceed SEK 20,000,000 and the number of shares may not be less than 30,000,000 and not exceed 120,000,000. As of the date of the Prospectus, the Company's share capital amounted to SEK 5,087,191 divided into 30,523,146 shares and each share has a nominal value of approximately SEK 0.17.¹ As of December 31, 2020, the Company's share capital amounted to SEK 5,025,191 divided into 5,025,191 shares, with a nominal value of SEK 1.00.

The shares are denominated in Swedish kronor (SEK). The Company's shares have been issued under Swedish law. All issued shares are fully paid and freely transferable.

Certain rights associated with the shares

The shares in the Offering are of the same class. The rights associated with shares issued by the Company, including those that follow from the Articles of Association of the Company, can only be amended in accordance with the procedures stated in the Swedish Companies Act (2005:551).

Voting rights

All shares in the Company entitle the shareholder to one vote per share at general meetings of shareholders. Each shareholder will be entitled to vote for all of the shares in the Company held by the shareholder.

Preferential rights to new shares, etc.

If the Company issues new shares, warrants or convertibles in a cash issue or set-off issue, the shareholders shall, as a general rule, have preferential rights to subscribe for such securities proportionally to the number of shares held prior to the issue.

Rights to dividends and proceeds in liquidation

All shares in the Company carry equal rights to dividends and the Company's assets and any surpluses in the event of liquidation.

Decisions regarding dividends are made by the general meeting of shareholders. Entitlement to receive dividends accrues to those who, on the record date adopted by the general meeting of shareholders, are registered as shareholders in the share register maintained by Euroclear. Dividends are normally paid as a cash amount per share through Euroclear, but may also be paid in forms other than cash (cash-in-kind dividend). Should a shareholder be unreachable through Euroclear, the shareholder will continue to have a claim against the Company with regard to the dividend and this is limited by rules concerning a ten-year statute of limitation. In the event of the limitation being reached, the dividend amount accrues to the Company.

There are no restrictions regarding the right to dividend for shareholders domiciled outside of Sweden. Apart from the restrictions pursuant to banking and clearing systems, payments to such shareholders are made in the same manner as those made to shareholders domiciled in Sweden. Shareholders who do not have a tax domicile in Sweden are normally subject to Swedish withholding tax.

Dividend Policy

The Company does not intend to propose the distribution of a dividend in the short or mid-term and intends to use the cash flow generated for continued investments in growth.

No dividends have been distributed during the period included in the historical financial information in the Prospectus.

CENTRAL SECURITIES DEPOSITORY

The Company's shares are registered in a central securities depository according to the Swedish Central Securities Depositories and Financial Instruments (Accounts) Act (SFS 1998:1479). This register is managed by Euroclear, Box 191, SE-101 23 Stockholm. No share certificates have been issued for the Company's shares. The account operator is Euroclear. The Company's shares will have the ISIN code SE0015950001.

¹) Based on the registration of the share split (1:6) resolved on by the extraordinary general meeting in the Company on 19 April 2021 and which is expected to be registered with the Swedish Companies Registration Office on 23 April 2021.

SHARE CAPITAL DEVELOPMENT

The table below shows the share capital development of the Company for the period covered by the historical financial information up to the date of the Prospectus, including changes in the Company's share capital and the number of shares in the event the Offering is fully subscribed.

Event	Reg. date	Number of shares		Share capital (SEK)		Subscription price (SEK)
		Change	Total	Change	Total	
The Offering ¹	2021-05-10 ²	12,873,133	43,396,279	2,145,522.17	7,232,713.17	67.00
Share split (1:6)	2021-04-23 ²	25,435,955	30,523,146	–	5,087,191	N/A
New share issue	2021-01-15	62,000	5,087,191	62,000	5,087,191	300.00
New share issue	2020-10-28	175,028	5,025,191	175,028	5,025,191	300.00
New share issue	2020-10-01	667	4,850,163	667	4,850,163	300.00
New share issue	2020-10-01	135,003	4,849,496	135,003	4,849,496	300.00
New share issue	2020-09-25	6,967	4,714,493	6,967	4,714,493	300.00
New share issue	2020-08-14	275,669	4,707,526	275,669	4,707,526	300.00
New share issue	2019-05-22	980,875	4,431,857	980,875	4,431,857	333.00
Warrants	2018-12-10	180 203	3 450 982	180 203	3 450 982	100.00
Warrants	2018-06-11	200	3 270 779	200	3 270 779	100.00

1) Provided that the Offering is fully subscribed and the Overallotment Option is fully exercised.

2) The date is preliminary and subject to change.

SHAREHOLDER AGREEMENT

AFA Insurance, First Swedish National Pension Fund and Fourth Swedish National Pension Fund are parties to a shareholders' agreement regarding the shares in the Company, which will terminate in connection with the Company's shares being admitted to trading on Nasdaq First North Premier Growth Market.

Furthermore, shareholders, excluding the above-mentioned shareholders, whose holdings, exclusive of those held by the above shareholders, correspond to approximately 84 percent of the shares in the Company are parties to a shareholders' agreement. The Company is not a party to the shareholders' agreement. The agreement only contains commitments between the parties regarding restrictions on transfers of shares, such as customary provisions regarding pre-purchases and so-called drag and tag along clauses. The agreement does not contain any provisions regarding the Company's governance or exercise of voting or decision-making rights. As of the date of the Prospectus, shareholders whose holdings correspond to approximately 97 percent of the shares subject to the agreement have terminated the agreement in relation to other terminating parties in connection with the Company's shares being admitted to trading on the Nasdaq First North Premier Growth Market.

To the best of the Board of Directors' knowledge, there are no shareholders' agreements or other arrangements between the Company's shareholders pertaining to joint control over the Company. Nor is the Board of Directors aware of any agreements or similar undertakings that could lead to changes in control over the Company.

CONVERTIBLES, WARRANTS, ETC.

As of the date of the Prospectus, the Company has outstanding warrants and convertibles as below. Apart from the warrants and convertibles described below, the Company has no other outstanding warrants, convertibles or other financial instruments that would entitle to subscribe for shares in the Company or otherwise entail a change in the Company's share capital.

If all warrants and convertibles described below are used for subscription of, or conversion to, shares, the Company's share capital will increase by a total of SEK 990,941.50 and the number of shares will increase by a total of 5,945,649 shares.

Incentive Program 2017

The Extra General Meeting on December 5, 2017 resolved to issue warrants in three different tranches, each consisting of 40,689 warrants that could be subscribed for at a subscription price per warrant of SEK 14.20 (tranche 1), SEK 10.38 (tranche 2) and 5.31 SEK (tranche 3). The warrants in the three tranches were offered to board members, senior executives and key personnel within the Group. A warrant in each tranche entails the right to subscribe for six new shares in the Company at a price of approximately SEK 69.5 per share and subscription of shares through the exercise of the warrants must take place no later than 5 December 2021 (inclusive) or the previous day the terms of the warrants.

A total of 10,000 warrants have been subscribed within the framework of the 2017 incentive program. If all these warrants are exercised for subscription of new shares, the number of shares will increase by 60,000 and the share capital will increase by SEK 10,000, implying a dilution of approximately 0.2 percent based on the number of shares before the Offering.

Incentive Program 2021:1-2 (Incentive Program for Employees (LTIP) and Board Members)

The extra general meeting of March 12, 2021 decided to adopt (i) a long-term incentive program for senior executives and other key employees of the Company (LTIP) as well as an incentive program for the Board of Directors of the Company. In total, a maximum of 95,000 warrants may be issued under the incentive program. The value of the warrants is calculated using Black & Schole's valuation model and has been provisionally determined to be SEK 20 per warrant. As per the date of the Prospectus, 89,682 warrants have been subscribed by those entitled to subscribe to warrants.

LTIP 2021 is addressed to a maximum of six people. The right to acquire warrants shall be added to the following categories of employees:

- Category A, CEO (no more than one person), no more than 20,000 warrants;
- Category B, CFO (no more than one person), no more than 15,000 warrants; and
- Category C, other senior executives (no more than four persons), no more than 5,000 warrants per person.

The Incentive Program for the Board of Directors is addressed to a maximum of six board members as follows:

- Chairman of the Board, no more than 15,000 warrants; and
- Other board members, no more than 5,000 warrants per person.

A warrant entitles the holder to subscribe for six shares at a subscription price of SEK 75 per share. The warrants may be exercised for subscription of shares during the period 1 April, 2024 up to and including 30 September 2024.

All eligible to subscribe in the Company's incentive program for senior executives will receive a one-off bonus from the Company which is expected to be used for participation in the incentive program. The company's total cost for this bonus has been preliminary calculated to SEK 2.9 million.

The Company has reserved the right to repurchase the warrants if the participant's employment or assignment in the Company ends or if the participant in turn wishes to transfer the warrants.

If all the subscribed warrants in the incentive programs for senior executives and the Board of Directors are exercised for subscription of shares, the number of shares will increase by 538,092 shares and the share capital will increase by SEK 89,682 corresponding to a dilution of approximately 1.73 percent based on the number of shares before the Offering.

Warrants issued under the loan agreement with EIB

On 1 October 2020, the Company entered into a loan agreement with the European Investment Bank ("EIB") for loans up to EUR 47 million divided into three tranches ("**Loan Agreement**"). Pursuant to the loan agreement, the Company shall issue warrants to the EIB in connection with payment under tranche A and B in accordance with the terms of a separate warrant agreement ("**Warrant Agreement**"). In total, 160,633 and 134,077 warrants shall be issued before payment under tranche A and tranche B is made. Pursuant to the Warrant Agreement, the warrants shall be subscribed free of charge and each warrant entitles the holder to subscribe for six new shares

in the Company at a subscription price corresponding to the nominal value of the shares. The warrants can be used for subscription of shares for a period of 20 years from when the warrants have been registered with the Swedish Companies Registration Office (regardless of whether the loan is repaid).

As of the date of the Prospectus, a total of 160,633 warrants have been issued to EIB in accordance with the Loan Agreement and the Warrant Agreement. If all 294,710 warrants that can be allotted to the EIB are used for the subscription of shares, this entails an increase of the number of shares by 1,768,260 and an increase of the Company's share capital by SEK 294,710, corresponding to a dilution of approximately 5.48 percent based on the number of shares before the Offering. For more information on the loan agreement with EIB, see the section "*Legal considerations and supplementary information - Loan from the European Investment Bank*".

Convertibles

On December 18, 2019, the Board of Directors of the Company resolved to issue convertibles under a convertible loan amounting to SEK 175 million represented by convertible promissory notes in the nominal amount of SEK 100,000 per convertible, issued for the benefit of a person or order. The maturity date for the loan is December 31, 2021. As per the date of the Prospectus, the loan carries a PIK interest rate of 15 percent.

Due to the Offering and admission to trading of the Company's shares on Nasdaq First North Premier Growth Market, the Board of Directors of the Company will, in accordance with the terms of the convertible, and no later than two days after the first day of trading of the Company's shares on Nasdaq First North Premier Growth Market, request conversion of the outstanding convertibles, including running interest, to shares at a conversion price corresponding to 85 percent of the offering price.

Upon full conversion of the convertibles, the share capital in the Company will increase by SEK 597,042 and the number of shares will increase by 3,582,252 shares, corresponding to a dilution of approximately 10.5 percent based on the number of shares before the Offering.

AUTHORIZATION

At the extra general meeting on 19 April 2021, it was resolved to authorize the Board of Directors, until the next annual general meeting, to decide on a new issue of shares corresponding to a maximum of 24,000,000 shares, with or without preferential rights for shareholders. The Board of Directors of the Company intends to decide on a new issue of the shares covered by the Offering pursuant to this authorization.

OWNERSHIP STRUCTURE

The table below sets forth the shareholders in the Company who as of 2 April 2021 held not less than 5 percent of the shares and votes in the Company including any known subsequent changes.

As far as the Company is aware, there is no direct or indirect ownership that can lead to control over the Company. Information in the table is based on the registration of the share split (1:6) resolved on by the extraordinary general meeting in the Company on 19 April 2021 and which is expected to be registered with the Swedish Companies Registration Office on 23 April 2021.

Shareholders	2 April 2021		After the Offering ¹		After the Offering ²	
	Shares	Capital and votes (%)	Shares	Capital and votes (%)	Shares	Capital and votes (%)
Christopher Braden	3,753,690	12.3%	4,367,323	9.6	4,367,323	9.3
AkademikerPension	2,823,516	9.3%	2,842,920	6.3	2,842,920	6.1
Första AP-fonden	2,823,516	9.3%	4,316,053	9.5	4,316,053	9.2
R&H Trust Co (Jersey) Limited as Trustee of the Elk Trust	2,795,616	9.2%	2,795,616	6.2	2,795,616	6.0
Fredriksson & Forssell AB	1,611,546	5.3%	1,611,546	3.6	1,611,546	3.4
Largest shareholders in total	13,827,288	45.3%	15,933,458	35.2	15,933,458	33.9
<i>Other shareholders</i>	<i>16,695,858</i>	<i>54.7%</i>	<i>29,363,231</i>	<i>64.8</i>	<i>31,042,335</i>	<i>66.1</i>
Total	30,523,146	100%	45,296,689	100	46,975,793	100

1) Provided that the Offering is fully subscribed, the Overallotment Option is not exercised and following conversion of outstanding convertibles.

2) Provided that the Offering is fully subscribed, the Overallotment Option exercised in full and following conversion of outstanding convertibles.

LOCK-UP COMMITMENTS

Board members, senior executives and shareholders

The Company's board members and senior executives as well as shareholders in the Company who as of the date of the Prospectus holds a total of approximately 98.20 percent of the shares and votes in the Company (excluding certain funds and institutions) have undertaken or will undertake not to sell any shares in the Company during a certain period of time following the first day of trading of Company's shares on Nasdaq First North Premier Growth Market. The commitment from the Company's board members and senior executives covers a period of 360 days, while the commitment from the shareholders covers a period of 180 days. Holders of convertibles in the Company, whose convertibles will be converted into shares after the first day of trading in the Company's share on Nasdaq First North Premier Growth Market, have also, in connection with the issuance of the convertibles, undertaken not to sell any shares for a period of 180 days. For more information about the convertible, see the section "*Convertibles, warrants, etc.*" above.

All the lock-up commitments are subject to certain exceptions, for example transfers to a company controlled by a shareholder, acceptance of a public purchase offer regarding the Company's shares or transfers required by law or regulation. Furthermore, the Sole Global Coordinator may at its sole discretion grant exemptions from these commitments. Following the expiration of the Lock-up Period, the shares subject to the lock-up undertaking may be offered for sale without any restrictions.

The Company

According to the Placing Agreement (see section "*Legal issues and supplementary information - Placing Agreement*") the Company will, among other things, undertake to, for a period of 360 days from the first day of trading in the Company's shares on Nasdaq First North Premier Growth Market, not without the consent of the Sole Global Coordinator, propose to the shareholders or take other action that would enable the Company to directly or indirectly, issue, offer, pled-

ge, sell, to agree on sales, or otherwise transfer or sell securities that are substantially equivalent to the shares, including securities that can be converted to or exchanged for, or which represents a right to obtain shares in the Company. The Company's commitments are subject to certain customary exemptions and shall also not apply to the Company's existing incentive program or in relation to the Company's obligations under the loan agreement with the European Investment Bank (see the section "*Legal issues and Supplementary Information - Loans from the European Investment Bank*").

RULES APPLICABLE FOR TAKEOVER BIDS, ETC.

In the event that a public purchase offer was to be made regarding the shares in the Company when the shares are admitted for trading on Nasdaq First North Premier Growth Market, the Takeover rules for certain trading platforms ("**Takeover Over Rules**") shall apply to such offers as of the date of the Prospectus.

If the Board of Directors or the CEO of the Company, due to information arising from the person intending to submit a public takeover bid for the shares in the Company, has good reason to assume that such an offer is imminent, or if such an offer has been made, according to the Takeover Rules, the Company will only, after a decision by the general meeting of shareholders, take measures that are likely to impair the conditions for the issuance or implementation of the Rights Issue. Notwithstanding this, the company may search for alternative offers.

During a public takeover bid, the shareholders are free to determine whether they wish to sell off their shares via the public takeover bid. Following a public takeover bid, the party that has submitted the offer may, under certain conditions, be entitled to purchase the remaining shareholders' shares in accordance with the general rules on compulsory buy-outs set out in Chapter 22 of the Swedish Companies Act (2005:551).

No public takeover bid has been made for the Company's shares during the current or preceding fiscal year.

ARTICLES OF ASSOCIATION

This in an unofficial translation, in case of any discrepancies the Swedish version shall prevail.

ARTICLES OF ASSOCIATION

Nilar International AB, reg.no. 556600-2977

§ 1 Company name

The name of the company Nilar International AB. The company is a public company (publ).

§ 2 Registered office

The board of directors shall have its registered office in the municipality of Täby, county of Stockholm.

§ 3 Object of the company

The company shall conduct development, marketing and sales of batteries and thereto belonging products and manage real property and chattels and to conduct activities related thereto.

§ 4 Share capital

The share capital shall not be less than SEK 5,000,000 and not more than SEK 20,000,000.

§ 5 Number of shares

The number of shares shall not less than 30,000,000 and not more than 120,000,000.

§ 6 Board of directors and auditor

The board of directors shall consist of three (3) to ten (10) directors with no more than ten (10) deputy directors.

The company shall have one (1) or two (2) auditors with no more than two (2) deputy auditors or one (1) or two (2) registered audit firms.

§ 7 Convening of a general meeting

Notice of general meetings shall be made by announcement in the Official Swedish Gazette and by posting of the notice on the company's website. At the time of the notice, an announcement with information that the notice has been issued shall be published in Svenska Dagbladet.

§ 8 Attendance at general meetings

A shareholder that wishes to participate at a general meeting must be recorded in a printout or other transcript of the share register as of the date as set out in the Swedish Companies Act, and notify the company of her/his, and any advisors (no more than two), intention to attend the meeting no later than on the date stated in the notice of the meeting. Such a date may not be a Sunday, other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve and may not occur earlier than the fifth weekday prior to the general meeting.

§ 9 Place for holding general meetings

A general meeting is to be held where the board of directors has its registered office or in the municipality of Stockholm.

§ 10 Matters of the annual general meeting

The annual general meeting shall be held annually within six months after the end of the financial year. At the annual general meeting, the following matters shall be considered:

1. Election of chair of the board of the meeting.
2. Preparation and approval of the voting list.
3. Approval of the proposed agenda.
4. Election of one or more persons to certify the minutes.
5. Examination of whether the meeting has been properly convened.
6. Presentation of the annual report and the auditor's report and the group annual report and the group auditor's report
7.
 - a) Adoption of income statement and balance sheet and the group income statement and the group balance sheet.
 - b) Resolution regarding the profit or loss of the company in accordance with the adopted balance sheet.
 - c) Resolution regarding discharge from liability for the board of directors and the managing director
8. Determination of the number of directors, deputy directors (if applicable, auditors, and deputy auditors (if applicable).
9. Determination of fees to the board of directors and auditors.
10. Election of board of directors, chair of the board and auditor, and if applicable, deputy directors and any deputy auditors.
11. Any other matter which has been referred to the meeting according to the Swedish Companies Act or the articles of association.

§ 11 Proxy

The board of directors may collect proxies at the company's expense in compliance with the procedure set out in Ch. 7 Sec. 4 § 2 of the Swedish Companies Act (2005:551).

The board of directors may resolve, ahead of a general meeting, that the shareholders shall be entitled to exercise their voting rights by post prior to the meeting.

§ 12 Financial year

The financial year of the company shall be 1 January - 31 December.

§ 13 Central securities depository registration

A shareholder or nominee that is registered in the share register and a CSD register on the record date, in accordance with Ch. 4 of the Central Securities Depositories and Financial Instruments Accounts Act (1998:1479), or registered in a CSD account pursuant to Ch. 4 Sec. 18 first § item 6-8 of aforementioned act, is deemed to have the right to exercise the rights stipulated in Ch. 4 Sec.39 of the Swedish Companies Act (2005:551).

LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION

APPROVAL OF THE PROSPECTUS

The Prospectus has been approved by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) as the national competent authority in accordance with the Prospectus Regulation. The Swedish Financial Supervisory Authority approves the Prospectus only to the extent that it meets the requirements for completeness, comprehensibility and consistency set out in the Prospectus Regulation. This approval should not be regarded as any kind of support for the Company or the quality of the securities referred to in the Prospectus. Investors should make their own assessment of whether it is appropriate to invest in these securities.

GENERAL COMPANY INFORMATION

Nilar International AB (publ) is a Swedish public limited liability company that was formed in Sweden and registered with the Swedish Companies Registration office on November 10, 2000. The Company's company name was registered on August 3, 2016. The Company's registered number is 556600-2977 and its registered office is located in Täby municipality, Stockholm county. The Company's operations are governed by the Swedish Companies Act (2005:551). The Company's Legal Entity Identifier (LEI) code is 549300YB1GKR0RB4XL64. The address of the Company's head office is Stockholmsvägen 116 B, 187 30 Täby and the Company can be reached by telephone at +46 (0)8 768 00 00. The Company's website is www.nilar.com. The information on the Company's or a third party's website is not included in the Prospectus unless the information is incorporated into the Prospectus by reference, see the section "*Documents Incorporated by Reference*".

LEGAL GROUP STRUCTURE

Nilar International AB (publ) is the parent company of the Group which, except for the parent company, consist of two wholly owned subsidiaries, Nilar AB and the American subsidiary Nilar Inc.

SIGNIFICANT AGREEMENTS

Below is a summary of the significant agreements entered into by Nilar during a period of two years immediately prior to the date of the Prospectus, not including such agreements entered into within the framework of Nilar's normal operations.

Loan from the European Investment Bank

On 1 October 2020, the Company entered into a loan agreement with the European Investment Bank ("**EIB**") for loans up to EUR 47 million divided into three tranches ("**Loan Agreement**"). Tranche A amounts to EUR 5-17.5 million, tranche B to EUR 5-17.5 million and tranche C to EUR 5-12 million. The loan amount may only be used for investments in the Company's production facility in Gävle, investments in research and development and investments in marketing. Outstanding loan amounts are due for payment no later than 31 December 2025 and carry an annual interest rate of 7.50 percent (tranche A and B) and 7.00 percent (tranche C) paid on a quarterly basis.

As per the date of the Prospectus, the Company has received the maximum payment under tranche A, i.e. a total of EUR 17.5 million. Payments under tranche B and C are, inter alia, conditional upon the Company, through a new issue of shares or unconditional shareholder contributions, receiving new capital in the following amount:

- SEK 420 million for payment under tranche B (including capital raised as required for payment under tranche A, which corresponds to at least SEK 172 million); and
- SEK 200 million (excluding capital required for payment under tranche A and B).

Tranche B can be used until 30 June 2022. Payment under tranche B is also conditional on the Company's sales during the period 1 July 2021 to 31 December 2021 reaching or exceeding SEK 77 million (excluding intra-group sales and sales of refilling services).

Tranche C can be used until 30 September 2023 provided that tranche A has been fully used and that tranche B has been used. Payment under tranche C is also conditional on the EBITDA at group level for the financial year 2022 reaching or exceeding SEK 24 million.

The Loan Agreement contains customary commitments for the Group which, among other things, limit the Group's ability to (i) take out new loans (with some exceptions); (ii) divest assets (including shares); (iii) pay dividends (with some exceptions); and (iv) carry out acquisitions (with some exceptions).

Under the loan agreement, the Company shall issue warrants to the EIB in connection with payments under tranche A and B in accordance with the terms of a separate warrant agreement ("**Warrant Agreement**"). As of the date of the Prospectus, a total of 160,633 warrants have been issued to the EIB and a maximum of an additional 134,077 warrants may be issued in connection with the payment of tranche B of the loan. Under the Warrant Agreement, the warrants shall be subscribed for free of charge and each warrant entails the right to subscribe for six new shares in the Company at a subscription price corresponding to the share quota value. The warrants can be used for subscription of shares for a period of 20 years from when the warrants have been registered with the Swedish Companies Registration Office (regardless of whether the loan is repaid).

The Loan Agreement contains customary repayment clauses, which among other things grant the EIB the right to demand repayment of outstanding loan amounts in the event of a breach of the guarantees in the Loan Agreement or in the event of material negative changes regarding the Group's business and financial prospects. The Company's subsidiary Nilar AB has provided a guarantee of the Company's obligations to the EIB under the Loan Agreement, the Warrant Agreement and certain other related financing documents.

Royalty agreement with founders

On 19 December 2006, the Company entered into a royalty agreement with Neil Puester, Lars Fredriksson (via the company Fredriksson & Forssell AB) and Anders Barsk (via the company Sagax Ltd) (together the "**Royalty Holders**"). The agreement regulates the conditions for Nilar to commercially exploit the patents and the Royalty Holders' right to compensation. Nilar shall according to the agreement own all rights in the patents, which are subject to the agreement.

On September 9, 2020, the Company and the Royalty Holders entered into an amendment agreement. According to the amended

royalty agreement, Nilar shall pay (i) 0.75 percent of the gross selling price of products covered by a patent under the agreement and (ii) 0.75 percent of all license fees paid by third party licensees to the Royalty Holders. Royalties accrue from January 1, 2007, but are not due and payable until the Company's earnings after tax (EAT) have been positive for consecutive periods of two calendar quarters (the "Threshold"). Once the Company has reached the Threshold, royalties shall be payable until expiration of the longest lasting patent covered by the agreement (December 25, 2027) on a quarterly basis.

Agreement Regarding the Sale of Batteries

The sale of Nilar's batteries takes place either by call-offs without individually negotiated agreements or under the terms of specially established frameworks or distributor agreements. Distributors sell Nilar's batteries in their own name and at their own risk but must use Nilar's brands and product names in the marketing. Under the agreements, Nilar has the right to remove certain(s) products from the range and has the opportunity to make price changes. Delivery usually takes place "ex works", i.e. risk transition takes place when the products have been made available to the customer at the specified location. Nilar's general terms and conditions generally apply to customers. Framework and distributor agreements have been concluded with customers such as Nife, Indutecc, Addtech, Dacpol, Syntronic and MC Energy and usually run for an initial fixed contract period and are then normally extended for a period of one year provided that termination has not taken place before that.

Agreement with Frohe AB

On August 21, 2018, Nilar AB and Frohe AB entered into an agreement regarding the use and maintenance of tools owned by Nilar AB and used by Frohe AB in connection with the manufacturing of certain parts of the Company's products. Nilar AB has the right to terminate the agreement (both wholly and in relation to specific tools) without any period of notice and may claim immediate return of any or all tools.

Agreements with raw material suppliers

The Company's contractual relationships with raw material suppliers are based on binding offers which set out the price for the purchase of raw materials and related terms and conditions. The binding offers are, in general, valid for a period of one year. Once the first order has been made by the Company, the Company and the raw material supplier will enter into a delivery agreement which, in general, is valid for a period of one year. This agreement regulates the terms and conditions for the payment, delivery, order quantity and transportation of the raw materials.

Lease agreement for the production facility in Gävle

The Company leases its production facility in Gävle. The agreement runs until December 31, 2028 and is subsequently extended for five-year periods provided that the agreement is not terminated by either party with a notice period of twelve months prior to the end of the current lease period.

INTELLECTUAL PROPERTY RIGHTS

Patents

For information on the Company's patents, see the section "Business Description - Production - Patents".

Trademarks

The Company is the owner of several trademark registrations and pending applications, amongst other for Nilar (wordmark) and Nilar logo (both old and new version), in Sweden, EU, USA, China and Japan.

The Company also holds four registered designs in the EU and two registered designs in USA related to different battery designs.

REGULATIONS

The Company's operations are governed by Swedish and international laws and regulations and are also indirectly affected by bilateral international agreements and arrangements, such as the Paris Agreement.

The company's production facility in Gävle is also subject to a license for battery production issued by the County Administrative Board in Gävleborg (Environmental Protection Unit) for the manufacture of batteries. The existing license includes restrictions on how many batteries can be produced, which as of the date of the Prospectus, is limited to a maximum of 2,000,000 battery modules equivalent to 5,800 tons per year. The Company estimates that the planned expansion of the production plant in Gävle will enable the production of between 800,000 and 1,000,000 battery modules depending on the amount of energy per module.

The license is associated with conditions such as the business being conducted in accordance with what the Company stated in its application for the license; that there must be systematic risk and security measures; that the storage and management of chemical products and hazardous waste takes place in such a way that the emissions to land, air or water are prevented and that the plant is equipped in a particular manner. Given that the Company's operations are subject to licenses issued in accordance with the rules of the Environmental Code (1998:808) (Sw. *Miljöbalken*), the Company is also subject to supervision. See also "Risk factors - Risks related to the fact that the necessary permits are not obtained or cannot be maintained".

INSURANCE

Nilar deems its insurance coverage to be sufficient with respect to its business and risks of operations. However, there are no guarantees that the Group will not suffer losses that are not covered by insurance.

BALANCE SHEET REVIEW FOR NILAR AB

The board of the Company's subsidiary, Nilar AB, have reviewed Nilar AB's balance sheet for liquidation purposes and it has shown that Nilar AB's equity amounts to less than half the value of the registered share capital. A first review meeting was held on 16 April 2021, where it was decided that Nilar AB's operations should continue. A second review meeting should be held within eight months of the first review meeting. At this second review meeting, Nilar AB's potential liquidation shall again be reviewed. Provided that the Offering is completed, the board deem that the balance sheet at the time of the second review meeting will show that the equity at the time of this second review meeting will amount to at least the value of the registered share capital. This means that Nilar AB will not be liquidated and its operations can continue.

In the Offering is not completed, the board will seek other means of acquiring the necessary capital in order for Nilar AB's equity to amount to over half of the value of the registered share capital.

DISPUTES AND GOVERNMENT AGENCY PROCEEDINGS

Nilar is not, nor has it been during the past 12 months, a party to any government agency proceedings, legal proceedings, arbitration proceedings or settlement proceedings (including matters not yet determined or such matters that Nilar is aware may arise) that have recently had or could have a material impact on the Group's financial position or profitability.

RELATED PARTY TRANSACTIONS

For information concerning related-party transactions relating to the period January 1, 2018 to and including December 31, 2020, refer to note 25 in the annual accounts for 2020, note 26 in the annual accounts for 2019 and note 27 in the annual accounts for 2018. The financial reports are available on the Company's website, <http://investor.nilar.com/>.

For the period after December 31, 2020, up until and including the date of the Prospectus, no related-party transactions have occurred.

PLACING AGREEMENT

The Company and Joint Bookrunners are expected to enter into an agreement regarding the placement of shares ("**Placing Agreement**") by the first day of trading in the Company's shares on the Nasdaq First North Premier Growth Market, according to which the Company undertakes to issue the shares included in the Offering

to the investors mediated by the Joint Bookrunners. However, this presupposes that the Offering will not be cancelled before that (see further below). According to the Placing Agreement, the Company will also provide an Overallotment Option which corresponds to a commitment to, at the request of the Sole Global Coordinator, as representative of the Joint Bookrunners, no later than 30 days from the first day of trading in the Company's shares on Nasdaq First North Premier Growth Market, sell an additional 15 percent of the number of shares in the Offering at a price corresponding to the offering price. The over-allotment option may be used to cover over-allotment in the Offering and for possible stabilization (see further below under "*Legal issues and supplementary information - Stabilization*"). Through the Placing Agreement, the Company provides customary guarantees against the Joint Bookrunners. The Joint Bookrunner's commitment to act as broker for investors assumes, among other things, that these guarantees are correct and that no events occur that have such a material adverse impact on the Company that it is inappropriate to implement the Offering. In such circumstances, the Joint Bookrunners have the right to terminate the Placing Agreement up to the settlement date and the Offering may be revoked. In such a case, neither delivery nor payment will be carried out under the Offering. In accordance with the Placement Agreement, the Company has, provided that the usual conditions are met, undertaken to compensate the Joint Bookrunners if any claims are directed against the Joint Bookrunners or if any damages are incurred by the Joint Bookrunners.

COMMITMENTS FROM CORNERSTONE INVESTORS

The Company has received commitments from the investors listed in the table below ("**Cornerstone Investors**") to acquire shares in the Offering totaling SEK 489 million. The commitments correspond to approximately 56.7 percent of the number of shares in the Offering provided that the Offering is fully subscribed and that the Overallotment Option is fully exercised. Furthermore, the Cornerstone investors' commitments are associated with customary terms, including that the Offering is completed within a certain time and that Cornerstone investors receive a full allotment.

The Cornerstone investors receive no compensation for their respective commitments. All commitments were submitted in April 2021.

Cornerstone investors' commitments are not secured by pledges, blocked funds or similar arrangements. See the section "*Risk factors - Risk regarding the commitments of the Cornerstone investors*".

Cornerstone Investors	Commitment (SEK)	Number of shares	Proportion of the number of shares in the Offering (%) ¹	Proportion of the number of shares in the Company after the Offering (%) ^{1,2}
AFA Insurance	74	1,099,100	8.5	4.3
BNP Paribas Energy Transition Fund	70	1,044,776	8.1	2.2
Fourth Swedish National Pension Fund (AP4)	80	1,194,029	9.3	4.8
First Swedish National Pension Fund (AP1)	100	1,492,537	11.6	9.2
Handelsbanken Fonder on behalf of investment funds	125	1,865,671	14.5	4.0
Länsförsäkringar Fund Management	40	597,014	4.6	1.3
Total	489	7,293,127	56.7	25.7

1) Provided that the Offering is fully subscribed and that the Overallotment Option is fully exercised.

2) Inclusive of any shares held by each Cornerstone Investor prior to the Offering.

STABILIZATION MEASURES

In connection with the Offering, Carnegie (“**Stabilization Manager**”), on behalf of the Joint Bookrunners, may assign shares to carry out transactions designed to stabilize, maintain and otherwise support the market price of the Company’s shares at a level above that which would otherwise prevail in the open market. Such stabilization transactions may be carried out on Nasdaq First North Premier Growth Market, the OTC market or through other means, and may be carried out at any time during the period beginning on the first day of trading in the shares on Nasdaq First North Premier Growth Market and ending no later than 30 calendar days thereafter. However, the Stabilization Manager has no obligation to take stabilization measures and there is no guarantee that stabilization measures will be implemented. Under no circumstances will transactions be conducted at a price higher than the one set in the Offering.

The Stabilization Manager can use the Overallotment Option to over allot shares in order to allow for stabilization. The stabilization measures, if implemented, may be suspended at any time without notice but must be suspended within the aforementioned 30-day period. The Stabilization Manager must, no later than the end of the seventh trading day, after the stabilization measures have been implemented, in accordance with article 5(4) of the Market Abuse Regulation (EU) 596/2014 (MAR) and the Commission Delegated Regulation (EU) 2016/1052, declare that stabilization measures have been carried out. Within one week after the end of the stabilization period, the Stabilization Manager will, through the Company, publish whether stabilization measures were carried out, the date on which stabilization was initiated, the date on which stabilization was last carried out and the price range within which stabilization was carried out for each date when stabilization measures were carried out.

ADVISOR INTERESTS

In connection with the Offering, Nilar has given appointed Carnegie to provide financial advisory and other services to the Company. For these services, Carnegie will receive pre-determined remuneration from the Company. From time to time, Carnegie may also provide services to the Company in the ordinary course of business and in connection with other transactions. The Company has assessed that there are no significant conflicts of interest.

COSTS RELATED TO THE OFFERING

The Company’s costs related to the Offering are expected to amount to approximately SEK 53.3 million provided that the Overallotment Option is exercised in full. These costs are mainly related to commissions to the Sole Global Coordinator and Joint Bookrunners, costs for legal and tax advice and printing and distribution of the Prospectus.

TAX CONSEQUENCES FOR INVESTORS

Investors should be aware that tax legislation in Sweden or a state to which the investor is linked or has its tax domicile may affect how the income from the securities is taxed. Each investor should individually obtain tax advice to ensure the tax consequences which may arise based on the investor’s specific situation, including the applicability of foreign legislation, agreements and tax treaties.

DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available on the Company’s website during the validity period of the Prospectus:

- the Company’s articles of association and certificate of incorporation; and
- the Company’s audited annual reports for the financial years 2020, 2019 and 2018.

DOCUMENTS INCORPORATED BY REFERENCE

Investors should review the information which is incorporated in the Prospectus by reference. The information to which reference is made below forms part of, and should be read in conjunction with, the Prospectus.

The information stated below is incorporated in the Prospectus by reference. The parts of these documents that are not incorporated are either deemed not to be relevant for the investors or such information can be found elsewhere in the Prospectus. Copies of the Prospectus and the information which is incorporated by reference may be obtained from Nilar electronically at the Company's website, www.nilar.com.

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https://www.nilar.com/wp-content/uploads/Nilar-International-AB-publ-Arsredovisning-2020.pdf	

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<i>The 2019 annual report can be found through the following link:</i>	
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ADDRESSES

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LEGAL ADVISOR TO SOLE GLOBAL COORDINATOR AND JOINT BOOKRUNNERS

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nilar