



Lower sales and supply disruptions affect second half results

Täby, October 12, 2021. As previously communicated, Nilar International's ("Nilar") production volumes in 2021 will be lower than planned as a result of quality problems in the supply chain and restrictions related to the Corona pandemic. Nilar's production is now normalized, but sales and financial results for the second half of 2021 are still affected.

Sales volumes in the third quarter were slightly lower than in the second quarter. The decline is partly due to disturbances among customers in constructing complete solutions, which at present is also hampered by problems in the global supply chain. Previous restrictions due to the Corona pandemic have some continued impact.

The production rate in Gävle, Sweden is currently good and production volumes in the third quarter exceeded the total volumes for the first half of 2021, with significant growth compared to the same period last year. Underlying market demand remains strong, but sales are affected by disruptions at Nilar's selected system integrators with whom Nilar is now working together to solve these problems. Thus, capital tied-up in inventories has increased during the period

Some quality problems in previous, now phased out, versions of Nilar's products will result in provisions in the third quarter results. The amount of these provisions is currently being evaluated. Nilar takes measures to reduce the risk of quality problems in current and future products and for more precise specifications regarding installation requirements.

Customers' product requirements are also changing, with higher demand for Home Box systems with larger capacity than those offered today. Nilar is working to adapt the product portfolio in order to meet the market with a large-scale production of larger systems that also allows for an improved gross margin.

In the short term, however, the pace of growth in production capacity will be at a slower pace, partly as a result of a shortage of supplies for components, including semiconductors, and partly to counteract the risk of stockpiling.

Nilar is currently expanding production capacity at the facility in Gävle, Sweden, but at a somewhat slower pace than previously planned. At the end of the year, two additional production lines are expected to be installed, in addition to the four lines currently in use. The company has previously communicated that Nilar would have eight installed lines in Gävle by the end of the year. Nilar has now decided to relocate two of these lines to western Estonia, where a new production facility is being completed. In 2022, a total of four production lines in Estonia are expected to be put into operation. More large-scale production in Estonia is estimated to provide both cost benefits and higher efficiency.

Nilar has previously communicated a sales target of SEK 1 billion in 2023. The target remains but has been postponed until 2025.

Reflecting delays in achieving sales and production targets, Nilar will be in need of additional external capital in 2022, and the current loan terms vis-à-vis the European Investment Bank, the EIB, may be renegotiated.

This is information that Nilar International AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out below, at 15.00 CEST on 12 October 2021.

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About Nilar:

Nilar is a Swedish-based developer and manufacturer of batteries for stationary energy storage systems. Energy storage systems can be used to bridge imbalances between energy production and demand in order to, for example, improve the utilization of intermittent electricity production from renewable energy sources, such as solar energy and wind power, as well as to strengthen the increasingly strained power grids. Nilar's battery technology is based on nickel-metal hydride (NiMH) electrochemistry with a water-based electrolyte, which results in a strong environmental, safety, and longevity profile. The Company is headquartered in Täby and the energy-efficient production facility is, since 2012, located in Gävle, where the Company's research and development also takes place.

The Nilar share is listed at Nasdaq First North Premier Growth Market, ticker NILAR. FNCA Sweden is Certified Adviser +46 8 528 00 399. For more information go to www.nilar.com.