



The Board of Directors in Nilar has resolved on a fully guaranteed rights issue of up to approximately SEK 273 million

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The Board of Directors in Nilar International AB (publ) (Nasdaq First North Premier Growth Market: NILAR) ("Nilar" or the "Company") has today, pursuant to the authorization granted by the extra general meeting on May 18, 2022, resolved on a fully guaranteed rights issue of up to 273,070,506 shares with preferential right for the Company's existing shareholders (the "Rights Issue"). The subscription price in the Rights Issue is SEK 1.00 per share. If the Rights Issue is fully subscribed, the Company will receive approximately SEK 273 million before deduction of costs attributable to the Rights Issue. The Rights Issue is fully secured through subscription undertakings and guarantee commitments.

Summary

- The Board of Directors in Nilar has today, pursuant to the authorization granted by the extra general meeting on May 18, 2022, resolved on a fully guaranteed rights issue of up to 273,070,506 shares with preferential right for the Company's existing shareholders.
- If the Rights Issue is fully subscribed, the Company will receive approximately SEK 273 million before deduction of costs attributable to the Rights Issue.
- The purpose of the Rights Issue is to secure financing of Nilar's new strategy and business plan. The net proceeds from the Rights Issue will be used to finance operating activities such as production and development costs, investments in manufacturing equipment and other business purposes, including payment of deferred tax relating to COVID-19 grace periods on payment. Together with existing cash in the Company, the net proceeds from the Rights Issue is expected to be sufficient to finance the Company's business plan to the end of 2023 provided that the Rights Issue is fully subscribed.

- Record date for participation in the Rights Issue is May 31, 2022.
- The subscription period in the Rights Issue is June 2 – June 16, 2022.
- The subscription price in the Rights Issue is SEK 1.00 per share, which corresponds to a discount of approximately 36.4 percent compared to the theoretical price after separation of subscription rights, based on the average volume weighted share price of the Nilar shares on Nasdaq First North Premier Growth Market on May 20, 2022.
- For existing shareholders not participating in the Rights Issue, a dilution effect corresponding to approximately 85.7 percent of the number of shares and votes in the Company will arise following the Rights Issue.
- Certain existing shareholders, among others Fjärde AP-fonden (AP4), Första AP-fonden (AP1), Christopher Braden, AFA Försäkring and R&H Trust Co (Jersey) Limited (as Trustee of the Elk Trust), have undertaken to subscribe for shares in the Rights Issue. Total subscription undertakings from existing shareholders amount to approximately SEK 96 million, equivalent to approximately 35 percent of the Rights Issue.
- External guarantors and certain existing shareholders have provided guarantee commitments subject to customary conditions which, in aggregate, amount to approximately SEK 177 million, equivalent to approximately 65 percent of the Rights Issue. The Rights Issue is thus fully secured through a combination of subscription undertaking and guarantee commitments
- Gunnar Wieslander (chairman), Erik Oldmark (CEO) and Johan Önneshj (CFO) have communicated that they intend to subscribe for shares in the Rights Issue.

Background and motive

During the last months, Sweden and Europe have experienced the effects of changed circumstances regarding supply and demand of several types of energy sources. The transition from fossil-based to renewable energy has significant impact on energy systems and infrastructure, where intermittent energy sources like solar and wind generate highly variable amounts of energy, leading to volatile energy prices. At the same time, disorder and unrest in the world have disrupted the supply of e.g., oil and natural gas, generating side effects that affect energy prices in several parts of the world. The societies' consumption patterns of energy are also rapidly changing, following for instance the growing electric vehicle market which leads to an increased pressure on our already strained electric grids. Changing consumption patterns together with an increasing share of intermittent energy create reliability- and stability problems in the electric grid.

Nilar sees that stationary electrical energy storage has the potential to become a key component in order to mitigate these fluctuations of energy supply and demand. In 2019, 0.9 GWh of electrical energy storage was installed in EMEARC (Europe, the Middle East, Africa, Russia and the area surrounding the Caspian Sea¹). Between 2019 and 2030, the annual installations are estimated to grow with an annual average growth rate of 22 percent. This would imply 8.6 GWh of electrical energy storage installations in 2030 and that the installed capacity would be 19 times higher than that of 2019. Thanks to Nilar's unique battery technology, the Company sees good conditions for taking part in this rapidly growing market. Together with selected collaborative partners, the Company strives to become a market leader within optimized solutions for customers who seek high-performing, cost-efficient, safe and sustainable energy storage.

Nilar's previous strategy, i.e. rapidly scaling-up the production capacity, was significantly negatively affected by pandemic related challenges in the supply chain for Nilar's system integration partners during 2021. Difficulties for the system integration partners to obtain key components in the end product resulted in significantly decreased sales for Nilar. Beyond this emerged product quality related issues, simultaneously as prices of raw materials increased globally. After the appointment of Erik Oldmark as the CEO of the Company in October 2021, the development of a revised business strategy was initiated, in order to establish an action plan that prioritizes profitability above short-term growth of production volume. The revised strategy is now set and consists of, as previously communicated, the initiatives listed below:

- Increased focus on growth within larger installations of energy storages on the European market within the segments for commercial and industrial facilities and the electric grid.
- Increased focus on building long-term partnerships with selected key system integrators in order to create sharply optimized energy storage solutions based on customer needs.
- The Company will shift focus from supplying complete energy storages systems to focusing on its competitive battery and BMS-platform², together with the reoxygenating technology; and to hand over the construction of the complete battery system to its partners.
- The Company will increase the sales price of its products to reflect the customer value of its next generation battery pack with reoxygenating technology, and to compensate for increased costs of raw material.

To adjust the Company's cost base, the decision to temporarily decrease production volume in Gävle was taken during the fall 2021, as well as to pause the ongoing construction of the new production unit in Paldiski, Estonia. This also meant a significant temporary reduction of the workforce. The financial impact of the cost savings measures implemented during 2021 will be reflected in the financial result from the second quarter of 2022. As a result of the revised business strategy, the future sales development is planned to increase at a slower pace than planned in the previous strategy.

To be able to implement the revised strategy and to deliver according to the new business plan, Nilar's Board of Directors has resolved on a Rights Issue of approximately SEK 273 million. The net proceeds from the Rights Issue will be used to finance operating activities such as production and development costs, investments in manufacturing equipment and other business purposes, including payment of deferred tax relating to COVID-19 grace periods on payment.

Provided that the Rights Issue is fully subscribed, the net proceeds, together with existing cash and cash equivalents, are expected to finance the Company's business plan until the end of 2023. Until then, the Company will focus on achieving the following milestones:

- Enter into strategic agreements with key integrators for joint solution development towards the Company's main target customer segments.
- Delivery of batteries, including the new reoxygenating functionality, together with performance and quality improvements on the existing battery design.
- Pull forward development of Nilar's next generation battery and control systems, to be launched in 2024, to optimize and align the Company's technology with its revised strategy.
- Set out a roadmap for reaching a production volume capacity of 150-200 MWh by 2025, including the production unit in Paldiski, Estonia.

Rights issue

The Board of Directors of the Company has today, pursuant to the authorization granted by the extra general meeting held on May 18, 2022, resolved on a new share issue of up to 273,070,506 shares, corresponding to a maximum of approximately SEK 273 million, with preferential rights for the Company's existing shareholders in proportion to their shareholding as of the record date on May 31, 2022.

Existing shareholders receive one subscription right for each share held on the record date. One (1) subscription right entitles subscription of six (6) shares in the Rights Issue. The subscription price is set to SEK 1.00 per share corresponding to a discount of approximately 36.4 percent compared to the theoretical price after separation of subscription rights, based on the average volume weighted share price of the Nilar share on Nasdaq First North Premier Growth Market on May 20, 2022.

Upon full subscription, the Company will receive a maximum of SEK 273,070,506.00 before deduction of costs attributable to the Rights Issue through a new issue of 273,070,506 shares. The Rights Issue will increase the share capital with approximately a maximum of SEK 45,511,751. For existing shareholders not participating in the Rights Issue, a dilution effect will arise corresponding to approximately 85.7 percent of the number of shares and votes in the Company following the Rights Issue. Shareholders who choose not to participate in the Rights Issue will have the opportunity to compensate for the economic dilution effect by selling their subscription rights.

The last day of trading in Nilar's shares including the right to receive subscription rights in the Rights Issue is May 27, 2022. Subscription of shares with or without subscription rights shall be made by cash payment during the period from 2 June – 16 June 2022. The Board of Directors is entitled to extend the subscription period and the last day for payment.

In the event that not all shares are subscribed for by exercise of subscription rights, the board of directors shall, within the maximum amount of the Rights Issue, decide on allotment of shares subscribed for without exercise of subscription rights as follows:

- Firstly, shares shall be allotted to those who have subscribed for shares by exercise of subscription rights (regardless of whether they were shareholders on the record date of not) and who have subscribed for shares without exercise of subscription rights, and in case allotment to them cannot be made in full, allotment shall be made pro rata in relation to the number of subscription rights that each of them have exercised for subscription of shares and, to the extent this cannot be done, allotment shall be made through drawing of lots,
- Secondly, shares shall be allotted to those who have subscribed for shares in the Rights Issue without the exercise of subscription rights, and in case allotment to them cannot be made in full, allotment shall be made pro rata in relation to the total number of shares that the subscriber has subscribed for and, to the extent this cannot be done, allotment shall be made through drawing of lots,
- lastly, shares shall be allotted to those who have entered into agreements regarding guarantee commitments in their capacity as guarantors, and in case allotment to the guarantors cannot be made in full, allotment shall be made in accordance with what has previously been agreed with the guarantors and, to the extent that this cannot be done, allotment shall be made through drawing of lots.

The full terms and conditions of the Rights Issue and information about the Company will be included in a prospectus which will be published before the subscription period commences.

Subscription undertakings and guarantee commitments

Certain existing shareholders, among others Fjärde AP-fonden (AP4), Första AP-fonden (AP1), Christopher Braden, AFA Försäkring and R&H Trust Co (Jersey) Limited (as Trustee of the Elk Trust), have undertaken to subscribe for shares in the Rights Issue. Total subscription undertakings from existing shareholders amount to approximately 35 percent of the Rights Issue, which corresponds to approximately SEK 96 million.

In addition to the aforementioned subscription commitments, external guarantors and certain existing shareholders, among other Fjärde AP-fonden which in the event of an allotment under the guarantee will be allotted before the other guarantors up to a total ownership of 7.5 percent after the Rights Issue, have provided guarantee commitments subject to customary conditions, which in aggregate, amount to approximately SEK 177 million, corresponding to approximately 65 percent of the Rights Issue.

The Rights Issue is fully secured to approximately SEK 273 million through the subscription undertakings and guarantee commitments mentioned above.

For the guarantee undertakings a guarantee commission of nine (9) percent of the guaranteed amount shall be paid as a cash remuneration, except in relation to Fjärde AP-fonden's

guarantee undertaking for which no guarantee commission shall be paid. No remuneration shall be paid for the subscription undertakings. Neither the subscription undertakings nor the guarantee commitments are secured by bank guarantee, blocked funds, pledges or similar arrangements. Further information regarding the parties who have entered guaranteed commitments will be available in the prospectus that will be published before the commencing of the subscription period.

Gunnar Wieslander (chairman), Erik Oldmark (CEO) and Johan Önneshöj (CFO) have communicated that they intend to subscribe for shares in the Rights Issue.

Timetable of the Rights Issue

- Last day of trading in shares including right to receive subscription rights occurs on May 27, 2022.
- First day of trading in shares excluding right to receive subscription rights occurs on May 30, 2022.
- The record date in the Rights Issue is set to May 31, 2022.
- Trading in subscription rights occurs on June 2 – June 13, 2022.
- The subscription period in the Rights Issue occurs on June 2 – June 16, 2022.
- Announcement of the final outcome in the Rights Issue is expected to take place on or about June 17, 2022.
- Trading in BTAs occurs on or about June 2 – June 27, 2022.
- Delivery of and trading in new shares is expected to occur on or about July 1, 2022.

Prospectus

The prospectus and the subscription form will be made available on Nilar's website, www.nilar.com, before the subscription period commence, as well as on Carnegie Investment Bank AB's (publ) website, www.carnegie.se.

Advisers

In connection with the Rights Issue, the Company has engaged Carnegie Investment Bank AB (publ) as the Sole Global Coordinator and Bookrunner. Baker & McKenzie Advokatbyrå AB acts as legal advisor to the Company.

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This press release constitutes inside information that Nilar International AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation 596/2014. The information was sent for publication, through the agency of the contact persons set out above, at the time stated by the Company's news distributor, Cision, at the publication of this press release.

About Nilar

Nilar is a Swedish based developer and manufacturer of battery systems used in Electrical Energy Storage (ESS) systems suitable for stationary applications. Nilar's battery technology is based on nickel-metal hydride (NiHM) and has three distinct product benefits: performance through a long calendar lifetime, safety through a non-flammable battery technology, and sustainability from an energy efficient production process and a product made of recyclable materials. The Company's head office is located in Täby, Sweden, and Nilar's production and research and development is carried out in Gävle with an additional future production facility planned in Paldiski, Estonia.

Nilar is listed on Nasdaq First North Premier Growth Market and FNCA Sweden AB is the Company's Certified Adviser (CA). Contact information: 08-52800399 or info@fnca.se.

Important information

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This press release is not a prospectus for the purposes of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the "**Prospectus Regulation**") and has not been approved by any regulatory authority in any jurisdiction. A prospectus, corresponding to an EU Growth Prospectus regarding the Rights Issue described in this press release will be prepared and published by the Company.

This announcement does not identify or suggest, or purport to identify or suggest, the risks (direct or indirect) that may be associated with an investment in the Company. The information contained in this announcement relating to the Rights Issue is for background purposes only and does not purport to be full or complete. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy or completeness. Carnegie is acting for Nilar in connection with the Rights Issue and no one else and will not be responsible to anyone other than Nilar for providing the protections afforded to its clients nor for giving advice in relation to the Rights Issue or any other matter referred to herein. Carnegie is not liable to anyone else for providing the protection provided to their customers or for providing advice in connection with the Rights Issue or anything else mentioned herein.

This press release does not constitute or form part of an offer or solicitation to purchase or subscribe for securities in the United States. The securities referred to herein may not be sold in the United States absent registration or an exemption from registration under the US Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. There is no intention to register any securities referred to herein in the United States or to make a public Rights Issue of the securities in the United States. The information in this press release may not be announced, published, copied, reproduced or distributed, directly or indirectly, in whole or in part, within or into the United States, Australia, Canada, Hong Kong, Japan, New Zealand, Schweiz, Singapore, South Africa or in any other jurisdiction where such announcement, publication or distribution of the information would not comply with applicable laws and regulations or where such actions are subject to legal restrictions or would require additional registration or other measures than what is required under Swedish law. Actions taken in violation of this instruction may constitute a crime against applicable securities laws and regulations.

In the United Kingdom, this document and any other materials in relation to the securities described herein is only being distributed to, and is only directed at, and any investment or investment activity to which this document relates is available only to, and will be engaged in only with, "qualified investors" who are (i) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, any investment or investment activity to which this communication relates is available only to, and will be engaged in only with, relevant persons. Persons who are not relevant persons should not take any action on the basis of this press release and should not act or rely on it.

Forward-looking statements

This press release contains forward-looking statements that reflect the Company's intentions, beliefs, or current expectations about and targets for the Company's and the group's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Company and the group operates. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might", or, in each case, their negative, or similar expressions. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The Company does not guarantee that the assumptions underlying the forward-looking statements in this press release are free from errors and readers of this press release should not place undue reliance on the forward-looking statements in this press release. The information, opinions and forward-looking statements that are expressly or implicitly contained herein speak only as of its date and are subject to change without notice. Neither the Company nor anyone else undertake to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this press release, unless it is not required by law or Nasdaq First North Growth Market rule book for issuers.

Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the shares in Nilar have been subject to a product approval process, which has determined that such shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, Distributors should note that: the price of the shares in the Company may decline and investors could lose all or part of their investment; the shares in the Company offer no guaranteed income and no capital protection; and an investment in the shares in the Company is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Rights Issue.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the shares in Nilar.

Each distributor is responsible for undertaking its own target market assessment in respect of the shares in Nilar and determining appropriate distribution channels.

The English text is an unofficial translation of the original Swedish text. In case of any discrepancies between the Swedish text and the English translation, the Swedish text shall prevail.

¹ The area surrounding the Caspian Sea includes Afghanistan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan.

² Battery Management System ("BMS") is an electronic control system which manages the battery, for instance through monitoring its condition and controlling its temperature.