



**NORSK TITANIUM**

**Second half and full year 2022 report**

Norsk Titanium AS

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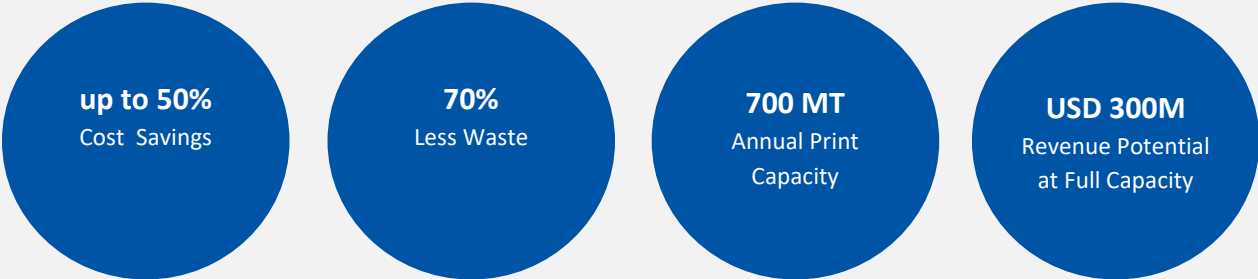
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# Innovating the future of metal manufacturing

Norsk Titanium and its subsidiaries (referred to herein as “Norsk Titanium”, “the Company”, “we”, “us” or “our”) is a global leader in metal 3D printing that is innovating the future of structural metal manufacturing by enabling a paradigm shift to a more efficient, clean and sustainable manufacturing process. With our proprietary Rapid Plasma Deposition® (RPD®) technology, Norsk Titanium provides cost-efficient additive manufacturing of metal alloys with the ability to deliver value-added materials to a large addressable market.

We focus on structural applications for which the adoption of 3D printed titanium parts will add substantial value compared to existing materials and production methods. High complexity markets such as commercial aerospace and defense allow Norsk Titanium to deliver a strong value proposition. Using our industry recognized material specifications, customers can identify parts adaptable to our RPD® process. We can then deploy our proprietary software development tools to quickly design and manufacture preforms that will integrate seamlessly into the customer’s existing supply chain. We leverage the expertise gained from our work in commercial aerospace and defense to expand into the industrial market with a customer in the semiconductor industry and continue to explore other markets and applications that can benefit from the shorter lead times, improved raw material usage, and high quality enabled by the RPD® process.

Thanks, in part, to our partnership with the State of New York, Norsk Titanium has 700 MT of annual print capacity between its facilities in Norway and the US, which supports our business plan through 2026 and beyond. With no need for further investments in machinery, we have directed our resources towards qualifications and testing to ensure our customers can utilize our 3D printed material commercially as a direct replacement for parts currently manufactured using legacy technologies.



## Highlights from second half and full year 2022

Norsk Titanium maintains its position as a technology leader in metal 3D printing with an established foundation as a value-added materials supplier to the commercial aerospace, defense, and industrial sectors. In 2022, the Company focused on engaging with customers in target markets to complete material qualifications and part specific development programs. These activities drive the transition to serial part production in 2023 and beyond, generating long term recurring revenue on established programs. In addition, we engaged with Kongsberg Defense & Aerospace to demonstrate RPD®'s applicability to part repair, a multi-billion dollar industry. The company continued to achieve 100% on-time deliveries to tier-one Boeing supply chain customers on the Boeing 787 program.

### Progress on key milestones

#### 1. Commercial Aerospace: Airbus qualification and industrial trials

- Machine qualification testing completed and submitted to Airbus for evaluation
- Awaiting official approval from Airbus
- Transitioned into industrial manufacturing trials at our Plattsburgh facility to demonstrate serial production capabilities
- Continuing to evaluate several Airbus A350 components for transition to production with multiple Airbus tier-one suppliers

#### 2. Defense: Qualification with US DoD prime contractors and first production order

- Continued development of a large structural part for General Atomics for delivery in late first half 2023
- Added to an undisclosed US DoD prime contractor's approved supplier list, material specification in-place; receipt of initial production order expected in first half 2023 due to aircraft production schedule

#### 3. Industrial: Hittech demonstrator part and first production order

- Demonstrator part approved
- Serial production awarded for ASML carrier trays in Q4'22, production of the first 15 articles underway

During the second half of 2022, Norsk Titanium raised NOK 75 million (USD 7.2 million) in a private placement through an accelerated book-building process. We used these funds to fuel transition from the development efforts that made up our key milestones in 2022 into long term serial production.

In the second half of 2022, Norsk Titanium generated revenue of USD 2.3 million, comprised of USD 1.0 million from sale of printed parts and USD 1.3 million in other income, namely grants from the Norwegian government through Innovation Norway and Skattefunn. Revenue for the full year 2022 amounted to USD 3.2 million, compared to USD 5.3 million in 2021. The higher total revenues in 2021 was driven by grants recognized under the US Cares Act and Innovation Norway. Our average monthly cash burn during the second half 2022 was USD 1.9 million, approximately USD 0.3 million higher than the first half of the year. The increase in the monthly cash burn rate was expected as the company ramped-up activities in second half 2022 for serial production in 2023. The company has retained financial advisors in Norway and the U.S. with the intent to raise additional longer-term funding.

Key financials* (USD millions)	H2'22'	H2'21	2022	2021
Revenue	2.3	2.4	3.2	5.3
Average monthly cash burn rate**	(1.9)	(1.9)	(1.7)	(1.8)
Ending cash balance	7.7	22.9	7.7	22.9

\*Unaudited \*\*Alternative Performance Measure (APM): Net change in cash and cash equivalents excluding capital raised from debt and/or share increases adjusted for currency exchange rates

# Operational review

Norsk Titanium has the capacity to produce at industrial scale and deliver additively manufactured components to multiple markets under published specifications. In 2022, we focused on further penetration of commercial aerospace while expanding the application of our RPD® technology to industrial and defense applications. In the second half of 2022, we completed qualification and received our first serial production order from our industrial customer, Hittech. We also continue to deliver serial production parts to Boeing tier-one suppliers while developing, printing, and delivering articles for the qualification programs with Airbus and two US DoD prime contractors. We are on target to transition these programs to serial production in 2023.

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## Foundational Principles

Repeatable, Scalable RPD®  
Process Measured Through a  
Robust Data Management  
Platform

During the second half of 2022, our engineering team facilitated the transition from part development and qualification to serial production of parts for established programs. To achieve a highly repeatable production scale, the team enhanced our digital infrastructure to enable an automated transition from printing qualification parts in Norway to serial production in Plattsburgh, NY. This allows the seamless relay of not only the print software, but also the monitoring and post-production reporting necessary to ensure each part meets the customer's specification. The successful transition of the carrier tray for Hittech into production during the fourth quarter of 2022 demonstrated the robustness of the established procedures.

Additionally, to accommodate the increase in demand expected in 2023 the engineering team has been working with the Plattsburgh production team to bring additional RPD® machines online. Today we have 10 qualified production machines and another 16 machines in the verification process. The current capacity is sufficient to meet our 2023 demand.

Our RPD® technology and platform are protected by a total of 174 patents, of which 4 new patents were added to the portfolio in the second half of 2022 with a further 51 patent applications pending.

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## Operational Principles

Excellence Through an  
Organization that Improves  
Velocity of Business Processes  
for Customers

Norsk Titanium successfully completed the aerospace ISO-standard AS-9100 Rev D recertification of both of our facilities during the second half of 2022. This is a testament to the readiness of our operational and quality management systems for serial production. As we ramp-up for production in 2023 these certifications are a requirement to enable us meet customer requirements.

The operations team continued our 100% on-time delivery of serial production parts to tier one Boeing suppliers - Leonardo, GKN Aerospace, and Spirit Aerosystems. Boeing resumed delivery of the Boeing 787 aircraft to its customers, generating increased demand for delivery of parts to 134 parts in the second half of 2022 from 54 parts during the first half of 2022. At the same time, we have continued to print and deliver test articles for numerous ongoing qualification programs:

- Printed and delivered test articles for the Airbus machine qualification on schedule
- Initiated printing for the two industrial trial parts to be delivered to Airbus for part qualification on the A350 program
- Started production prints for the optimized Hittech part configuration to transition to serial production

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## Market Penetration Strategy

### Transitioning Large Structural Parts into Serial Production

The market for titanium parts is continuing to gain attention as the price of the raw material increases sharply. Russia and China remain the world's largest suppliers of titanium, raising concerns over the ongoing effects of the current geopolitical climate on the supply. Our customers enjoy increased security of supply as they leverage the benefits of our RPD® technology, which uses less material and less energy while delivering an equivalent part cost-efficiently. Although the current market dynamics are a catalyst for increased adoption, we believe the inherent cost benefits and efficiencies of RPD® will continue to resonate with customers in multiple markets.

#### Commercial Aerospace

Norsk Titanium continues to strengthen our relationship with Airbus as our RPD® technology provides a solution for the aircraft manufacturer to reduce their reliance on Russian titanium. Airbus, through its tier-one suppliers, has identified a series of parts to transition into production immediately following the completion of the qualification process.

Machine qualification with Airbus and the development of the industrial trial parts for the A350 program are progressing well. Test results from the machine qualification are expected in the first quarter of 2023. Parts from the manufacturing trials are being delivered in parallel and final qualification testing will occur simultaneously.

Boeing previously adopted RPD® for seven parts on the B787 program and has resumed deliveries of the aircraft to customers. As Boeing ramps up production on the 787, volumes have increased steadily.

In parallel, Boeing continues to explore additional applications of RPD® in their programs. We expect to transition additional parts after they complete their evaluation.

#### Defense

Norsk Titanium was added to the approved supplier list of a US DOD prime contractor following the completion of a qualification test program. The material specification is in-place and we expect to receive first production orders in first half 2023. We also continued to develop a large (900mm long) structural component with a DoD prime contractor which will be used in the development of part specifications using Norsk Titanium's material.

#### Industrial

Norsk Titanium was awarded a serial production order from Hittech for production of the carrier tray for delivery to ASML. The first parts were produced in Norway and delivered in the first quarter of 2023. Production of the carrier tray is being transitioned to the Plattsburgh facility and follow-on orders will be shipped from New York.

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## Go-to-market strategy

### Adaptability to Meet Evolving Customer Requirements Across Markets

Norsk Titanium crossed several major milestones in 2022 and looks forward to near-term transition to serial production for multiple customers.

We seek to maintain our competitive advantage by continuing to explore additional opportunities where the combination of technology, speed, and cost savings of RPD® makes it an attractive alternative to legacy metal manufacturing.

Ongoing efforts focus on further penetration of the existing markets in commercial aerospace, defense and industrial, as well as introduction of RPD® technology to adjacent markets such as engines and oil and gas. In 2022, we engaged with Kongsberg Defense & Aerospace to demonstrate RPD®'s applicability to part repair, a multi-billion dollar industry. Proof of concept articles were produced by Norsk Titanium and delivered to Kongsberg as prototypes in December 2022.

In addition, we continue to explore the use of our RPD® technology with metal alloys other than titanium and are also exploring other avenues to accelerate organic growth opportunities.

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## Financial review

Norsk Titanium is transitioning its development and qualification efforts to serial production delivering parts on long term agreements to blue chip OEMs in the commercial aerospace, defense, and industrial sectors. 2022 was a pivotal year of development and qualification activities. Total revenue in the second half 2022 was USD 2.3 million comprised of revenue from delivery of parts of USD 1.0 million and grants of USD 1.3 million. Revenue for the full year 2022 amounted to USD 3.2 million. The operating loss (EBIT) amounted to USD 10.2 million in the second half 2022, with a loss before tax of USD 11.5 million. The full year operating loss (EBIT) amounted to USD 21.4 million, with a full year loss before tax of USD 9.4 million. The full year loss before tax benefited from a positive movement in net financial items of USD 12.1 million, which was mostly driven by gain on net foreign exchange. Norsk Titanium ended the year with a cash balance of USD 7.7 million.

### Income Statement

During the second half of 2022, Norsk Titanium generated USD 1.0 million in revenue from sale of parts to customers, similar to the same period in 2021. Boeing halted deliveries under the B787 program in late 2021, decreasing part demand and part revenue in the first half of 2022. Boeing resumed deliveries of the B787 aircraft to customers in mid-2022, leading to increased parts demand and parts revenue in second half 2022.

Other income amounted to USD 1.3 million in second half 2022, compared to USD 1.4 million in the same period last year. The Company continues to collect on the Innovation Norway and Skattefunn grants in 2022 albeit at a lower rate than 2021.

Revenue for the full year 2022 amounted to USD 3.2 million, compared to USD 5.3 million in 2021. In 2021, Norsk Titanium was awarded a NOK 35 million (approximately USD 4 million) grant from Innovation Norway and up to NOK 9.5 million (approximately USD 1 million) from Skattefunn to further industrialize the RPD<sup>®</sup> manufacturing process. By the end of second half 2022 Norsk Titanium had completed 94% of the projects relating to the Innovation Norway grant. The company recognized 50% of the project costs in 2021. In addition, Norsk Titanium recognized USD 1.3 million of grants under the US Cares Act.

Operating expenses during the second half 2022 was USD 11.1 million, compared to USD 10.9 million in the same period 2021. This generated an EBITDA-loss of USD 8.8 million in the second half 2022, compared to USD 8.5 million in the same period 2021. The increase in EBITDA loss is driven by lower revenue and increase in production and qualification costs in second half 2022.

Depreciation and amortization amounted to USD 1.1 million for the second half 2022, compared to USD 1.9 million in the same period 2021. In addition to depreciation, the company recognized an impairment loss of USD 0.3 million for intangible assets.

The company upgraded its ERP system and impaired the remaining capitalized portion of the legacy system. The resulting operating loss (EBIT) for the second half 2022 was negative USD 10.2 million compared to a loss of USD 10.4 million in the same period 2021.

Net financial loss was USD 1.3 million in second half 2022, compared to a gain of USD 3.0 million in the same period last year. The decrease is mainly due to weakening of the USD/NOK exchange rate generating a loss on net foreign exchange of USD 1.2 million in second half 2022, compared to a gain of USD 3.0 million in the same period in 2021.

Loss before taxes hence amounted to USD 11.5 million in the second half 2022, compared to a loss of USD 7.4 million in the same period last year.

For the full year 2022, the company reports a loss before tax of USD 9.4 million, compared to a loss of USD 16.1 million in 2021.

The financial results reflect that Norsk Titanium is in the initial stage of growth and industrializing its disruptive 3D metal printing technology.

### Cash Flow

Net cash used in operating activities was USD 10.1 million in the second half of 2022, compared to USD 11.4 million in the same period in 2021.

Collection of USD 0.5 million of the Skattefunn grant contributed to an average monthly cash burn rate in the period of USD 1.9 million in the second half of 2022, which was the same in the same period in 2021 (see note 3 on Other Income).

Cash flows from investing activities was negative USD 1.1 million, compared to an outflow of USD 0.1 million in the same period 2021. In second half 2022 we invested in upgrading our digital infrastructure and acquired additional production equipment as we continue to ramp-up for production activities.



Cash flow from financing activities amounted to positive USD 6.6 million, mainly representing an equity capital raise in the second half 2022. In the same period in 2021, cash flow from financing activities were negative USD 0.2 million, reflecting principal payments on lease liabilities.

At 31 December 2022 the Norsk Titanium had a cash balance of USD 7.7 million. The company continues to evaluate strategic opportunities to secure additional long-term funding.

### Balance sheet

Total assets at 31 December 2022 were USD 26.5 million, compared to USD 42.0 million at the end of 2021. USD 9.9 million of this was non-current assets, of which intangible assets accounted for USD 4.3 million, Property Plant and Equipment (PPE) for USD 3.6 million and right-of-use of assets for USD 2.0 million.

Current assets amounted to USD 16.6 million, of which inventories accounted for USD 5.3 million, trade receivables for USD 0.7 million and other current assets for USD 2.9 million. Cash and cash equivalents were USD 7.7 million.

Total equity amounted to USD 17.4 million at 31 December 2022, compared to USD 34.1 million at the end of 2021. The decrease from year-end 2021 primarily reflects the loss from total comprehensive income in the period.

Total liabilities amounted to USD 9.1 million, compared to USD 7.9 million at the end of 2021. USD 2.5 of this was non-current liabilities at the end of the second half 2022 (USD 1.1 million at year end 2021), and USD 6.5 million current liabilities (USD 6.8 million in year end 2021). The decline in current liabilities mainly reflects a decrease in contract liabilities.



## Risks and uncertainty factors

Norsk Titanium is transitioning from a development stage company to a commercial manufacturing concern. The primary focus in 2022 and continuing into 2023 is the commercialization of our RPD® technology in multiple industries and applications. We must balance continued technological development with efforts designed to foster the adoption of our technology by potential customers, both of which may be constrained by limited resources.

### Financial Risks

Given the cash position of USD 7.7 million at 31 December 2022, the Board acknowledges that the Company will need to raise additional capital to continue to fund operations in 2023 and beyond. Our ability to obtain additional capital or financing will depend in part on prevailing market conditions as well as conditions of our business and our operating results.

The current equity-based financing structure limits our interest rate risk. The Company's main operations are linked to the reporting currency USD, with the main exposure related to translation of limited revenue and expenses in other currencies. Credit risks are negligible, and we had no losses in receivables in second half 2022.

### Operational Risks

Norsk Titanium's manufacturing process as well as the resulting materials must meet the rigorous testing requirements of our customers before serial production of parts can occur. We have received qualification from a small number of customers and expect additional qualifications from several other customers in the next three to six months. Failure to achieve these qualifications in the anticipated timeframe or at all will impact our timeline to profitability. We carefully monitor our customer relations throughout the qualification process to assure timely and successful completion, but do not control ultimate timetable on which the qualifications may be granted.

The Company continues to closely monitor inflationary risks. Both labour and material costs increased in 2022 and there is ongoing risk of further increases in 2023 which could outpace the rate of inflation assumed in our most recent financial forecasts.

We are entering a period of expansion in our operations. To be successful, we will need to attract, hire, train and retain talent sufficient to staff operations in the time frame required to support this growth. Although we believe that the Company offers an attractive work environment, including competitive wages and benefits, any inability to adequately staff our expanded operations could pose a risk to our ability to execute our growth strategy.

### Geopolitical Risks

The Company depends on a small number of suppliers for raw material and critical components. The ongoing conflict in Ukraine has caused uncertainty in the market for titanium raw material. Furthermore, economic sanctions imposed by the U.S., the EU and Norway against Russia, Belarus and certain Russian entities and individuals may cause disruptions in supply of other critical materials and components.

We continue to explore ways to diversify our supply chain to ensure continuity of supply and are closely monitoring the geopolitical situation. Management has informed the Board that there is no risk to the Company's titanium supply or that of other key manufacturing inputs in the short term and that it is working on solutions for the mid- to long-term.

### Legal and Regulatory Risks

We are subject to regulatory requirements in both Norway and the US, including environmental, health and safety, export, data privacy and employment. As part of the Company's internal controls and compliance program, management regularly assess the risks in these areas and report to the Board on any deficiencies or need for enhancement to the existing policies and procedures. In the most recent report to the Board, management did not identify any material deficiencies.

## Outlook

Norsk Titanium's disruptive additive manufacturing solution is gaining acceptance from commercial aerospace, defense, and industrial customers. Current qualifications are expected to create a long-term pipeline of visible revenue as we qualify to manufacture parts for platforms with 10+ year production runs. We see significant potential in expanding into new sectors over time by leveraging our published material specifications and software development kit, RPD Builder™. Increasing costs and reduced availability of raw materials, including titanium, may enable accelerated adoption of our RPD® technology due to its cost savings and reduced requirements for raw material.

Norsk Titanium is completing key qualification programs necessary to establish long term contracts with customers in commercial aerospace, which represents the largest market for titanium parts employing legacy production processes. Commercial aerospace programs also provide a recurring revenue stream over a long period, typically 5-10 years, resulting in a growing order backlog. At the same time, we have established relationships with major customers in the defense and industrial sectors, including part repair. As the company reaches a commercial inflection point in 2023 with an order from Hittech and the potential orders from Airbus tier-one suppliers, revenues are expected to reach USD 7-15 million for the year. The company is targeting to generate USD 150 million in revenue in 2026, with a capacity utilization of approximately 50% of existing capacity at its production facilities.

Revenue from the aerospace sector is set to increase after the substantial negative impact of the COVID-pandemic, with growing long-term demand for new commercial aircraft. Airbus and Boeing currently forecast full recovery of air traffic to pre-pandemic levels sometime between 2023 and 2025.

Norsk Titanium aims to become a preferred supplier of titanium structures in commercial aerospace programs and to deliver serial production preforms under long term supply agreements. We have established a tier-one customer base through the completion of extensive qualification programs, creating a substantial barrier to entry for our competitors. We expect that the lower cost, increased

energy and raw material efficiency, and high flexibility of our production method will continue to draw interest both from other commercial aerospace customers and new industries.

Within the US defense industry, we are in qualification processes with multiple potential customers with significant production opportunities after qualification. Ongoing development programs and one new qualification program with prime contractors for the U.S. Department of Defense could open doors to several new opportunities in the industry. We also see significant volume potential within industrial applications, following our delivery of the first additively manufactured carrier trays for use in semiconductor manufacturing to Hittech.

As geopolitical issues dislocate the market for titanium, manufacturers are looking at new solutions that allow them to insulate their supply chains against disruptions while the same time providing sustainable advantages over existing manufacturing methods. We believe that the benefits of RPD® technology with its demonstrated energy and raw material savings and shorter lead times compared to legacy casting and forging technologies offers an incentive for end users of titanium to consider adoption. In addition, Norsk Titanium's digitally enabled technology allows expansion of our business model to support industrial product volumes and localized manufacturing desires.

The Company will raise additional capital to fund ongoing development and the ramp-up of production.

# Half year Condensed Interim Financial Statements and Notes

# Consolidated interim financial statements

## Consolidated statement of comprehensive income

Norsk Titanium

Amounts in USD thousand	Notes	Second half 2022	Second half 2021	Full year 2022	Full year 2021
Revenue	2	953	1,011	1,003	1,267
Other income	3	1,354	1,415	2,225	3,985
<b>Total revenues and other income</b>		<b>2,307</b>	<b>2,427</b>	<b>3,228</b>	<b>5,252</b>
Raw materials and consumable used		(1,722)	(2,388)	(3,630)	(3,748)
Employee benefits expense		(6,532)	(5,921)	(12,632)	(12,586)
Other operating expenses		(2,868)	(2,632)	(5,778)	(5,651)
Depreciation and amortisation		(1,095)	(1,931)	(2,305)	(3,369)
Impairment of intangible assets		(316)	-	(316)	-
<b>Operating profit</b>		<b>(10,225)</b>	<b>(10,446)</b>	<b>(21,434)</b>	<b>(20,103)</b>
Financial income	4	(633)	5,852	16,238	8,613
Financial expenses	4	(662)	(2,854)	(4,182)	(4,597)
<b>Profit or loss before tax</b>		<b>(11,520)</b>	<b>(7,449)</b>	<b>(9,378)</b>	<b>(16,087)</b>
Income tax expense		6	105	6	94
<b>Profit or loss for the year</b>		<b>(11,515)</b>	<b>(7,344)</b>	<b>(9,373)</b>	<b>(15,993)</b>
Profit/loss attributable to owners of the parent		(11,515)	(7,344)	(9,373)	(15,993)
Basic earnings per share (in USD)		(0.05)	(0.03)	(0.04)	(0.09)
Diluted earnings per share (in USD)		(0.05)	(0.03)	(0.04)	(0.08)
Weighted average number of ordinary shares (thousand)		219,596	211,896	215,778	172,298
Weighted average number of ordinary shares diluted (thousand)		224,451	212,016	220,407	188,488
<b>Other comprehensive income</b>					
<i>Items that subsequently may be reclassified to profit or loss:</i>					
Exchange differences on translation of foreign operations		1,569	(3,921)	(14,442)	(6,436)
<b>Other comprehensive income for the period</b>		<b>1,569</b>	<b>(3,921)</b>	<b>(14,442)</b>	<b>(6,436)</b>
<b>Total comprehensive income for the period</b>		<b>(9,945)</b>	<b>(11,265)</b>	<b>(23,814)</b>	<b>(22,429)</b>

# Consolidated statement of financial position

Norsk Titanium

Amounts in USD thousand	Notes	At 31 December 2022	At 30 June 2022	At 31 December 2021
<b>ASSETS</b>				
<b>Non-current assets</b>				
Deferred tax asset		24	24	24
Right of use of assets		1,992	1,935	501
Property, plant and equipment		3,554	3,792	4,080
Intangible assets		4,299	5,023	6,358
<b>Total non-current assets</b>		<b>9,868</b>	<b>10,774</b>	<b>10,962</b>
<b>Current assets</b>				
Inventories		5,259	4,621	5,166
Trade receivables		703	155	389
Other current assets		2,995	1,550	2,536
Cash and cash equivalents		7,731	12,127	22,932
<b>Total current assets</b>		<b>16,688</b>	<b>18,453</b>	<b>31,023</b>
<b>TOTAL ASSETS</b>		<b>26,556</b>	<b>29,227</b>	<b>41,985</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		2,218	2,005	2,005
Share premium		15,199	48,627	48,627
Other capital reserves		0	(698)	(908)
Other equity		0	(29,491)	(15,622)
<b>Total equity</b>		<b>17,418</b>	<b>20,444</b>	<b>34,102</b>
<b>Non-current liabilities</b>				
Non-current lease liabilities		1,611	1,577	221
Long term liabilities		912	736	897
<b>Total non-current liabilities</b>		<b>2,523</b>	<b>2,313</b>	<b>1,118</b>
<b>Current liabilities</b>				
Trade and other payables		1,179	938	1,297
Contract liability		3,839	4,053	4,068
Current lease liabilities		495	446	387
Other current liabilities		1,137	1,063	1,045
Tax payable		(35)	(30)	(33)
<b>Total current liabilities</b>		<b>6,616</b>	<b>6,470</b>	<b>6,764</b>
<b>Total liabilities</b>		<b>9,138</b>	<b>8,783</b>	<b>7,882</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>26,556</b>	<b>29,227</b>	<b>41,985</b>

# Consolidated statement of changes in equity

Norsk Titanium

Amounts in USD thousand	Attributable to the equity holders of the parent						
	Share capital	Share premium	Treasury shares	Other capital reserves	Other equity		Total equity
					Cumulative translation effect	Accumulated loss	
<b>Balance at 31 December 2020*</b>	<b>464</b>	<b>0</b>	<b>(10)</b>	<b>0</b>	<b>(1,991)</b>	<b>(78,984)</b>	<b>(80,521)</b>
Profit (loss)						(15,993)	(15,993)
Other comprehensive income					(6,436)		(6,436)
Issue of share capital	1,541	136,528		(2,077)			135,991
Purchase of treasury shares			(0)	(2)			(2)
Sales of treasury shares			10	773			783
Shared-based payment				279			279
Transfer to other capital reserves****				119		(119)	0
Transfer to share premium****		(87,901)			2,818	85,083	0
<b>Balance at 31 December 2021*</b>	<b>2,005</b>	<b>48,627</b>	<b>0</b>	<b>(908)</b>	<b>(5,609)</b>	<b>(10,013)</b>	<b>34,102</b>
<b>Balance at 31 December 2021*</b>	<b>2,005</b>	<b>48,627</b>	<b>0</b>	<b>(908)</b>	<b>(5,609)</b>	<b>(10,013)</b>	<b>34,102</b>
Profit (loss)						(9,373)	(9,373)
Other comprehensive income					(14,442)		(14,442)
Issue of share capital**	213	6,992		(297)			6,908
Purchase of treasury shares							0
Sales of treasury shares							0
Shared-based payment***				221			221
Transfer to other capital reserves****				983		(983)	0
Transfer to share premium****		(40,420)			20,051	20,369	0
<b>Balance at 31 December 2022</b>	<b>2,218</b>	<b>15,199</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17,418</b>

\*Audited

\*\* The company completed a Private Placement transaction in the second half of 2022 raising USD 7.2 million in gross proceeds through the allocation of 27,777,780 new shares at a subscription price of NOK 2.7 per share.

\*\*\* In accordance with the new Long Term Incentive Program in the Company a total grant of 4,855,618 restricted share units ("RSU") and performance shares ("Performance Shares") was granted in the first half of 2022. The total number of RSUs and Performance Shares granted equals 2.29% of total shares issued in the Company at grant date. The granted RSUs are subject to a time-based vesting over three years from the grant date. Vesting of the Performance Shares is based on the achievement of financial or other performance goals. The number of Performance Shares that vest will be decided by the board of directors after year end 2024 with vesting on 17 January 2025. RSUs and Performance Shares are automatically exercised at vesting with an exercise price corresponding to the par value of the shares being NOK 0.08.

\*\*\*\* The Company decided to partially offset accumulated losses against other capital reserves and share premium in 2021 and 2022.

# Consolidated statement of cash flows

Norsk Titanium

Amounts in USD thousand	Notes	Second half 2022	Second half 2021	Full year 2022	Full year 2021
<b>Cash flows from operating activities</b>					
Profit before tax		(11,502)	(7,449)	(9,360)	(16,087)
<i>Adjustments to reconcile profit before tax to net cash flow:</i>					
Depreciation and amortization		1,095	1,931	2,305	3,369
Impairment of intangible assets		316	0	316	
Net financial income/expense included in financing activities	4	123	41	239	1,361
Net foreign exchange differences	4	1,172	(3,039)	(12,294)	(5,377)
Tax payable		(27)	76	35	31
<i>Working capital adjustment:</i>					
Changes in inventories and right of use assets		(695)	(147)	(1,584)	261
Changes in trade and other receivables		(547)	(39)	(313)	397
Changes in other current assets		(1,378)	(1,372)	(392)	(1,575)
Changes in trade and other payables		340	(757)	(18)	(311)
Changes in other accruals		1,001	(614)	1,374	(2,942)
<b>Net cash flows from operating activities</b>		<b>(10,101)</b>	<b>(11,368)</b>	<b>(19,692)</b>	<b>(20,873)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment		(359)	(101)	(488)	(353)
Investment in intangible assets		(774)	17	(146)	(64)
Interest received	4	58	(58)	84	4
Proceeds from other investing activities		0	61	0	61
<b>Net cash flow from investing activities</b>		<b>(1,076)</b>	<b>(81)</b>	<b>(550)</b>	<b>(353)</b>
<b>Cash flow from financing activities</b>					
Proceeds from issuance of shared capital		7,205	0	7,205	40,213
Transaction cost		(297)	0	(297)	(1,840)
Purchase of treasury shares		0	0	0	(2)
Sale of treasury shares		0	0	0	783
Payment of principle portion of lease liabilities		(151)	(158)	(303)	(684)
Increase of debt		0	0	0	6,000
Repayment of debt		0	(14)	0	(1,828)
Interests paid	4	(118)	(42)	(247)	(111)
<b>Net cash flow from financing activities</b>		<b>6,639</b>	<b>(215)</b>	<b>6,358</b>	<b>42,532</b>
Net change in cash and cash equivalents		(4,537)	(11,664)	(13,884)	21,306
Effect of change in exchange rate		141	(554)	(1,317)	(570)
Cash and cash equivalents, beginning of period		12,127	35,150	22,932	2,196
<b>Cash and cash equivalents, end of period</b>		<b>7,731</b>	<b>22,932</b>	<b>7,731</b>	<b>22,932</b>



# Notes to the consolidated financial statements for the second half and full year 2022

## Note 1 General information and basis for preparation

The consolidated financial statements of Norsk Titanium AS and its subsidiaries (referred to herein as “Norsk Titanium”, “the Company”, “we”, “us” or “our”) for the half year period ended 31 December 2022 were authorized for issue in accordance with a resolution of the directors on 8 March 2022. Norsk Titanium AS (the Parent) is a Norwegian public limited liability Company listed on the Euronext Growth Oslo Stock Exchange. The registered office is located at Karenslyst Allé 9C, Oslo in Norway.

The consolidated financial statements of Norsk Titanium AS comprise of consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, and related notes. The consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as issued by the International Financial Standards Board (IASB) and as adopted by the European Union (EU).

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern. The Company will require additional capital to continue to fund its operations in 2023 and beyond. The Board has formed a judgement that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments at fair value through profit or loss. The consolidated financial statements are presented in USD and all values are rounded to the nearest thousand (000), except when otherwise indicated. The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended 31 December 2021.

Norsk Titanium identifies its reportable segments and discloses segment information under IFRS 8 Operating Segments. This standard requires Norsk Titanium to identify its segments according to the organisation and reporting structure used by management. Currently Norsk Titanium operates its business as a single business unit developing its RPD® technology and selling parts to the commercial aerospace sector.

As a result of rounding differences numbers or percentages may not add up to the total.

## Note 2 Revenue

	Second half 2022	Second half 2021	Full year 2022	Full year 2021
<b>Amounts in USD thousand</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Revenues</b>				
Sale of printed parts	57	12	96	267
Revenue from products and services delivered on development programs	896	999	906	999
<b>Total revenues</b>	<b>953</b>	<b>1,011</b>	<b>1,003</b>	<b>1,267</b>
<b>Geographic information</b>				
<b>Revenues from customers</b>				
Europe	6	75	17	75
USA	946	937	986	1,192
<b>Total revenues</b>	<b>953</b>	<b>1,011</b>	<b>1,003</b>	<b>1,267</b>
<b>Timing of revenue recognition</b>				
Goods transferred at a point in time	953	1,011	1,003	1,267
<b>Total revenues</b>	<b>953</b>	<b>1,011</b>	<b>1,003</b>	<b>1,267</b>

## Note 3 Other income

	Second half 2022	Second half 2021	Full year 2022	Full year 2021
<b>Amounts in USD thousand</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Other income</b>				
Net gain from RPD machine grant	57	66	121	135
US CARES Payroll Protection Program	0	0	0	1,246
Grant from Innovation Norway*	831	803	1,598	2,058
Skattefunn**	466	545	466	545
Gain on disposal of assets	0	2	40	2
<b>Total other income</b>	<b>1,354</b>	<b>1,415</b>	<b>2,225</b>	<b>3,985</b>

\* Additional 24% of NOK 35 million grant from Innovation Norway recognized as Other income for the second half year 2022 (USD 831 thousand) following further 24% of project costs occurred in the second half 2022. In total for the Innovation Norway project 94% of project costs have occurred by the end of 2022. 50% of NOK 35 million grant from Innovation Norway recognized as Other income for the full year 2021 (USD 2 058 thousand) following 50% of project costs occurred by year end 2021.

30% of the NOK 35 million grant from Innovation Norway was collected in 2021. Additional 50% of the grant (USD 1 978 thousand) was collected in first half 2022.

\*\* NTi has been granted Skattefunn from Forskningsrådet for the years 2021 and 2022. Total grant is capped at USD 1 011 thousand and dependent on cost incurred pending the capital requirement in the project. Costs occurred in 2022 are capped at USD 466 thousand, recognised as Other income in 2022. Costs incurred in 2021 were capped at USD 545 thousand, and were recognised as Other income in 2021.

## Note 4 Financial items

<b>in USD thousand</b>	<b>Second half 2022</b>	<b>Second half 2021</b>	<b>Full year 2022</b>	<b>Full year 2021</b>
Gains/(losses) on net foreign exchange	(1,172)	3,039	12,294	5,377
Interest income and other financial income	59	4	87	65
Interest and other financial expenses	(182)	(45)	(326)	(1,426)
<b>Net financial items</b>	<b>(1,295)</b>	<b>2,998</b>	<b>12,056</b>	<b>4,016</b>

## Alternative performance measures

Norsk Titanium discloses alternative performance measures (APMs) in addition to those normally required by IFRS. This is based on the group's experience that APMs are frequently used by analysts, investors and other parties as supplemental information.

The purpose of APMs is to provide an enhanced insight into the operations, financing and future prospect of the group. Management also uses these measures internally to drive performance in terms of monitoring operating performance and long-term target setting. APMs are adjusted IFRS measures that are defined, calculated and used in a consistent and transparent manner over the years and across the group where relevant.

Financial APMs should not be considered as a substitute for measures of performance in accordance with the IFRS.

### Norsk Titanium's financial APMs

**EBITDA** is defined as earnings before interest, tax, depreciation, amortisation and impairment. EBITDA corresponds to operating profit/(loss) plus depreciation, amortisation and impairment.

The table below reconciles the EBITDA from earnings before tax with the most directly comparable financial measure or measures calculated in accordance with IFRS.

Amounts in USD thousand	Second half 2022	Second half 2021	Full year 2022	Full year 2021
Operating profit	(10,225)	(10,446)	(21,434)	(20,103)
+ Depreciation, amortization and impairment	1,411	1,931	2,621	3,369
<b>EBITDA</b>	<b>(8,814)</b>	<b>(8,515)</b>	<b>(18,813)</b>	<b>(16,734)</b>

**Cash burn rate** is defined as Net Change in Cash and Cash Equivalents excluding Proceeds from issuance of shared capital, Purchase and Sale of treasury shares and Increase and Repayment of debt.

The table below reconciles the Cash burn rate from Net changes in Cash and Cash Equivalents with the most directly comparable financial measure or measures calculated in accordance with IFRS.

Amounts in USD thousand	Second half 2022	Second half 2021	Full year 2022	Full year 2021
<b>Net change in cash and cash equivalents</b>	<b>(4,537)</b>	<b>(11,664)</b>	<b>(13,884)</b>	<b>21,306</b>
Proceeds from issuance of shared capital	7,205	0	7,205	40,213
Transaction cost	(297)	0	(297)	(1,840)
Purchase of treasury shares	0	0	0	(2)
Sale of treasury shares	0	0	0	783
Increase of debt	0	0	0	6,000
Repayment of debt	0	(14)	0	(1,828)
<b>Net change from share capital transactions and increase/repayment of debt</b>	<b>6,908</b>	<b>(11,679)</b>	<b>6,908</b>	<b>43,327</b>
<b>Cash burn rate</b>	<b>(11,446)</b>	<b>(11,650)</b>	<b>(20,792)</b>	<b>(22,021)</b>
<b>Average monthly cash burn rate</b>	<b>(1.908)</b>	<b>(1.942)</b>	<b>(1.733)</b>	<b>(1.835)</b>

