INFORMATION DOCUMENT

NORSK TITANIUM

NORSK TITANIUM AS

(A private limited liability company incorporated under the laws of Norway)

ADMISSION TO TRADING OF SHARES ON EURONEXT GROWTH

This information document (the "**Information Document**") has been prepared by Norsk Titanium AS (the "**Company**", the "**Issuer**" or "**Norsk Titanium**" and together with its consolidated subsidiaries the "**Group**") solely for use in connection with the admission to trading (the "**Admission**") of all issued shares of the Company on Euronext Growth Oslo ("**Euronext Growth**").

As of the date of this Information Document, the Company's registered share capital is NOK 16,853,060 divided into 210,663,250 shares, each with a par value of NOK 0.08 (the "**Shares**").

The Shares have been approved for Admission to trading on the Euronext Growth and it is expected that the Shares will start trading on or about 18 May 2021 under the ticker code "NTI". The Shares are, and will continue to be, registered in the Norwegian Central Securities Registry (the "**VPS**") in book-entry form. All of the issued Shares rank pari passu with one another and each Share carries one vote.

Euronext Growth is a market operated by Euronext. Companies on Euronext Growth, a multilateral trading facility (MTF), are not subject to the same rules as companies on a Regulated Market (a main market). Instead they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in a company on Euronext Growth may therefore be higher than investing in a company on a Regulated Market. Investors should take this into account when making investment decisions.

The present Information Document does not constitute a prospectus within the meaning of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71.

The present Information Document has been drawn up under the responsibility of the Issuer. It has been reviewed by the Euronext Growth Advisors and has been subject to an appropriate review of its completeness, consistency and comprehensibility by Euronext.

THIS INFORMATION DOCUMENT SERVES AS AN INFORMATION DOCUMENT ONLY, AS REQUIRED BY THE EURONEXT GROWTH ADMISSION RULES. THIS INFORMATION DOCUMENT DOES NOT CONSTITUTE AN OFFER TO BUY, SUBSCRIBE OR SELL ANY OF THE SECURITIES DESCRIBED HEREIN, AND NO SECURITIES ARE BEING OFFERED OR SOLD PURSUANT HERETO.

Investing in the Company involves a high degree of risk. Prospective investors should read the entire document and, in particular, Section 1 ("Risk Factors") and Section 3.3 ("Cautionary note regarding forward-looking statements") when considering an investment in the Company and its Shares.

Euronext Growth Advisors

Carnegie

Carnegie AS

SEB

Skandinaviska Enskilda Banken AB (SEB)

The date of this Information Document is 18 May 2021

IMPORTANT INFORMATION

This Information Document has been prepared by the Company in connection with the Admission. The purpose of the Information Document is to provide information about the Group and its business. This Information Document has been prepared solely in the English language.

For definitions of terms used throughout this Information Document, please refer to Section 14 ("Definitions and glossary of terms").

The Company has engaged Skandinaviska Enskilda Banken AB (SEB) and Carnegie AS as its advisors in connection with its Admission to Euronext Growth (the "**Euronext Growth Advisors**"). This Information Document has been prepared to comply with the Admission to trading rules for Euronext Growth as of November 2020 (the "**Euronext Growth Admission Rules**") and the content requirements for Information Documents for Euronext Growth as of November 2020 (the "**Euronext Growth Content Requirements**"). Oslo Børs ASA ("**Oslo Børs**") has not approved this Information Document or verified its content.

The Information Document does not constitute a prospectus under the Norwegian Securities Trading Act of 29 June 2007 no. 75 (as amended) (*Nw.: verdipapirhandelloven*) ("**Norwegian Securities Trading Act**") and related secondary legislation, including Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and has not been reviewed or approved by any governmental authority.

All inquiries relating to this Information Document should be directed to the Company or the Euronext Growth Advisors. No other person has been authorized to give any information, or make any representation, on behalf of the Company and/or the Euronext Growth Advisors in connection with the Admission, if given or made, such other information or representation must not be relied upon as having been authorized by the Company and/or the Euronext Growth Advisors.

The information contained herein is current as of the date hereof and subject to change, completion or amendment without notice. There may have been changes affecting the Company subsequent to the date of this Information Document. Any new material information and any material inaccuracy that might have an effect on the assessment of the Shares arising after the publication of this Information Document and before the Admission will be published and announced promptly in accordance with the Euronext Growth regulations. Neither the delivery of this Information Document nor the completion of the Admission at any time after the date hereof will, under any circumstances, create any implication that there has been no change in the Company's affairs since the date hereof or that the information set forth in this Information Document is correct as of any time since its date.

The contents of this Information Document shall not be construed as legal, business or tax advice. Each reader of this Information Document should consult with its own legal, business or tax advisor as to legal, business or tax advice. If you are in any doubt about the contents of this Information Document, you should consult with your stockbroker, bank manager, lawyer, accountant or other professional advisor.

The distribution of this Information Document may in certain jurisdictions be restricted by law. Persons in possession of this Information Document are required to inform themselves about, and to observe, any such restrictions. No action has been taken or will be taken in any jurisdiction by the Company that would permit the possession or distribution of this Information Document in any country or jurisdiction where specific action for that purpose is required.

The Shares may be subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

This Information Document shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo District Court (Nw.: Oslo tingrett) as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Information Document.

Investing in the Company's Shares involves risks. All Sections of the Information Document should be read in context with the information included in Section 1 ("Risk Factors") and Section 3 "("General Information").

ENFORCEMENT OF CIVIL LIABILITIES

The Company is a private limited liability company incorporated under the laws of Norway. As a result, the rights of holders of the Shares will be governed by Norwegian law and the Company's articles of association (the "**Articles of Association**"). The rights of shareholders under Norwegian law may differ from the rights of shareholders of companies incorporated in other jurisdictions.

Several members of the Company's board of directors (the "**Board Members**" and the "**Board of Directors**", respectively) and members of the Company's senior management (the "**Management**") are not residents of the United States of America (the "**United States**"), and a substantial portion of the Company's assets are located outside the United States. As a result, it may be very difficult for investors in the United States to effect service of process on the Company, the Board Members and members of Management in the United States or to enforce judgments obtained in U.S. courts against the Company or those persons, whether predicated upon civil liability provisions of federal securities laws or other laws of the United States (including any State or territory within the United States).

The United States and Norway do not currently have a treaty providing for reciprocal recognition and enforcement of judgements (other than arbitral awards) in civil and commercial matters. Uncertainty exists as to whether courts in Norway will enforce judgments obtained in other jurisdictions, including the United States, against the Company or its Board Members or members of Management under the securities laws of those jurisdictions or entertain actions in Norway against the Company or its Board Members or members of Management under the securities laws of other jurisdictions. In addition, awards of punitive damages in actions brought in the United States or elsewhere may not be enforceable in Norway. The United States does not currently have a treaty providing for reciprocal recognition and enforcement of judgements (other than arbitral awards) in civil and commercial matters with Norway.

Similar restrictions may apply in other jurisdictions.

TABLE OF CONTENTS

1. RISK FACTORS

Investing in the Shares involves inherent risks. Before making an investment decision, investors should carefully consider the risk factors and all information contained in this Information Document, including the Financial Statements and related notes. The risks and uncertainties described in this Section 1 ("Risk factors") are the principal known risks and uncertainties faced by the Company as of the date hereof that the Company believes are the material risks relevant to an investment in the Shares. An investment in the Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford a loss of all or part of their investment. The absence of a negative past experience associated with a given risk factor does not mean that the risks and uncertainties described herein should not be considered prior to making an investment decision.

If any of the risks were to materialize, individually or together with other circumstances, it could have a material and adverse effect on the Company and/or its business, financial condition, results of operations, cash flow and/or prospects, which may cause a decline in the value of the Shares that could result in a loss of all or part of any investment in the Shares. The risks and uncertainties described below are not the only risks the Company may face. Additional risks and uncertainties that the Company currently believes are immaterial, or that are currently not known to the Company, may also have a material adverse effect on the Company's business, financial condition, results of operations and cash flow. The order in which the risks are presented below is not intended to provide an indication of the likelihood of their occurrence nor of their severity or significance.

The information herein is presented as of the date hereof and is subject to change, completion or amendment without notice.

The risk factors described in this Section 1 ("Risk factors") are sorted into a limited number of categories, where the Company has sought to place each individual risk factor in the most appropriate category based on the nature of the risk it represents. The order in which the risks are presented below is not intended to provide an indication of the likelihood of their occurrence nor of their severity or significance. The risks mentioned herein could materialise individually or cumulatively.

1.1 Risk related to the business and industry in which the Group operates

1.1.1 *Violations of and/or changes in laws and regulations could increase costs or change the way the Group does business*

The Group is subject to numerous regulations. If these regulations were violated by the Group's Management or employees or by its customers, the Group could be subject to fines or penalties or suffer reputational harm, which could reduce demand for the Group's products and services and have a material adverse effect on its business, results of operations and financial condition. Policies, procedures and systems to safeguard employee health, safety and security implemented by the Group may not be adequate or sufficiently implemented or adhered to. Any failure to comply with such policies procedures and systems may have a material adverse impact on its business, results of operations and financial condition.

Similarly, changes in laws could make operating the Group's business more expensive or require the Group to change the way in which it conducts its business. It may be difficult for the Group to foresee regulatory or legal changes impacting its business, and any actions required in order to respond to, or prepare for, such changes could be costly and/or may negatively impact the Company's operations, and could have a material adverse effect. Laws and regulations could hinder or delay the Group's operations, increase the Group's operating costs and reduce demand for its services.

1.1.2 *The Group operates in a competitive industry and may not be able to compete against its competitors*

The Group operates within industrialized 3D printing and competes with future new entrants or entrants competing through new technology, and there can be no assurances that the Group will be able to maintain its competitive position or continue to meet changes in the competitive environment. The significant competition within the Group's industry exposes the Group to price pressure. Contracts are awarded on a competitive bid basis, and price competition is often the principal factor in determining which supplier bid is successful. With an increased focus on environmental issues the recent years and rapid development of new technology, the market has also experienced an increase in the number of players and the competition is more intense. The entrance of lower cost providers may influence the Group's market and lead to further competition that might adversely affect profitability. Some players, either those already active in the industry or those entering the industry, may also have greater resources than the Group, and the failure to maintain a competitive offering could have a material adverse effect on its business and results of operations.

Development of technology by other players may render the Group's technology obsolete or uncompetitive. If other technology enjoys greater policy support than the Group, and the industries, including the Group, is not able to achieve reduction in production costs the Group could experience an adverse effect on its business and results of operations.

The Group currently faces intense competition in most of the markets in which the Group is present. Due to increasing competition, the Group may not be able to develop without reducing its anticipated margins and returns. Furthermore, the Group also competes with other companies in attempting to secure equipment necessary for the construction production processes or raw material. Such equipment and/or raw material may be in short supply from time to time. In addition, equipment and other materials necessary to construct production and transmission facilities may be in short supply from time to time. There is no assurance that the Group will be able to successfully compete against its competitors. The failure by the Group to successfully compete against its competitors could have a material adverse effect on the Group's business and results of operations.

1.2 Operational and financial risks

1.2.1 *Growth, and new strategies and initiatives, may generate or result in periods of uncertainty or ultimately prove unsuccessful and the Group may not be able to pay any dividends for the foreseeable future*

The Group plans on further commercialization and growth, such strategy to be accomplished through both strengthening of existing product portfolio, development of technology and expansion into new markets, and potentially through acquisitions of existing businesses, products, and technology. Implementing growth strategies are associated with inherent risk. These processes are often complex and both time and cost consuming. Growth may lead to inefficiency during changing/reorganising the daily operations like reorganizing the operations centres, changing production lines, updating software or systems, hiring and training new employees, adversely affecting profitability and cash flows. The Group must be able to focus resources and efforts in a timely and efficient manner not affecting its operational business to be successful and will face foreseen and may also face unforeseen risks and challenges. The Group's failure to manage growth effectively and integrate new personnel may have adverse material effect on the Group's operations and/or prospects.
As of the date of this Information Document, the Group has not generated any profit since its incorporation and the Company is not in a position to pay any dividends. Beyond the growth phase, it is the Company's ambition to be profitable and provide its shareholders with a competitive return on investment over time, in terms of dividend and development in the share price. There can, however, be no assurance that the Company will achieve profitability or that the Company, in any given year, will propose or declare dividends. The payment of future dividends will depend on legal restrictions, the Company's capital requirements, including capital expenditure requirements, its financial condition, general business conditions and any restrictions that its borrowing arrangements or other contractual arrangements in place at the time of the dividend may place on its ability to pay dividends and the maintaining of appropriate financial flexibility.

1.2.2 *The Group depends on protecting its proprietary technology and intellectual property rights and third parties may claim that the Group is violating their proprietary technology and intellectual property*

The success of the Group's business depends on its ability to protect and enforce its trade secrets, know-how, trademarks, copyrights, patents and other intellectual property rights, as further described in section 7.6. The Group cannot give any assurance that the measures implemented to protect its know-how and intellectual property rights will give satisfactory protection, including in its customer, supplier and employment agreements. Furthermore, third parties may, both with and without substance, claim that the Group is infringing or violating their proprietary technology and intellectual property rights. Disputes associated with such claims could be time-consuming and costly and could result in loss of significant rights and/or penalties such as loss of freedom to operate.

Failure to protect the Group's proprietary technology and property rights or claims that the Group is violating or infringing third party intellectual property rights could lead to a competitive disadvantage and result in a material adverse effect on the Group's business, prospects, financial position and results of operations.

1.2.3 *The Group faces continuing risk related to its customers*

The Group's ability to generate revenues is highly dependent on its customer base, which mainly consist of a few large customers. Further, all of the Group's customer agreements are frame agreements without any minimum order commitments. After contracts are entered into, the deterioration of relations with, or the termination of any major contracts by, the Group's largest customers could have a material adverse effect on the Group's operating performance. The effect from loss of customers would be particularly severe if a number of important relationships were terminated or the number of products delivered to such customers was substantially reduced within a short period to time. Financial difficulties experienced by any of its significant customers could also have a significant impact on the Group. Some of the Group's key customers within the aerospace industry have in recent years experienced significant operational challenges, reduced operational revenues and increased cost. Such effects on customers have been caused by several factors, including general operational matters, product failure and the outbreak of the Covid-19 pandemic. Should customers be, or continue to be, affected by events reducing revenues and profits it may also lead to an increased risk of reduced spending and demand for the Group's products and services.

Further, the Group is exposed to risk related to its customer base in general. The Group's growth is, among others, dependent upon its ability to attract customers. Should the Group lose customers for any reason, or not be able to attract additional customers, it will have a significant adverse effect. Inability to attract new customers will have a significant adverse effect on the Group's strategies and its possibility to meet its financial targets and/or market expectations. The Group cannot give any assurances that it will be able to sustain its current customer base, or that it will be able to enter into contracts with additional customers at favourable terms, in accordance with its strategies or at all.

1.2.4 *Establishing customer relations and key commercial agreements requires long lead time and significant input of resources*

The Group inter alia targets large and complex customer arrangements. Tendering, planning and preparations for, and establishment of, such contracts are time and cost consuming. The failure to successfully conclude such arrangements once tentatively approved, can result in unrecovered costs and impede the growth of the Group.

1.2.5 *Customer and supplier contracts may be terminated before their full term*

The contracts provided by the Group to its customers and partners may include rights for the customer or partners to terminate for cause, change of control and convenience at or after specified times. The Group may suffer loss of contracts as a result of such events, termination, or inability to maintain and renew contracts. Should this for any reason occur without the Group being able to replace lost contracts or the contracts are replaced by contracts with less favorable terms for the Group, it may restrict the Group's ability to grow and implement its strategies as well result in reduced revenues from operations or even losses. With respect to suppliers, a loss of contract may restrict the Group's ability to deliver products and services to its customers. Should supply contracts for any reason be lost without the Group being able to replace such contract, it may have an adverse effect on the business, results of operations and financial conditions of the Group.

1.2.6 *Contractual provisions on limitation of liability may not be enforceable*

The Company seeks to reduce the Group's financial exposure under contractual arrangements through clauses in agreements limiting liability and warranty rights. Limitation of liability and warranty rights in contract may in certain jurisdictions be set aside by statutory law and the Group may be unable to enforce such limitations. Should the Group receive a claim under any agreement and not be able to enforce agreed limitations of liability and warranty rights, the Group will be exposed to an increased financial risk that may have a material adverse effect on the business, results of operations and financial condition of the Group.

1.2.7 *The Group is exposed to credit risk in relation to third parties with obligations to the Group*

The Group is exposed to third party credit risk in several instances, including customers who have committed to buy products, suppliers and/or contractors who are engaged to construct or operate assets held by the Group, banks providing financing and guarantees of the obligations of other parties, and other third parties who may have obligations towards the Group.

Some of the Group's key customers within the aerospace industry have in recent years experienced significant operational challenges, reduced operational revenues and increased cost. Such effects on customers have been caused by several factors, including general operational matters, product failure and the outbreak of the Covid-19 pandemic. Should customers be, or continue to be, affected by events reducing revenues and profits it may also lead to an increased risk of failure to honour their obligations towards the Group.

Any failure in the ability or willingness of a counterparty to fulfil its contractual obligations may have a significant adverse effect on the Group's business, prospects, financial results and/or results of operations.

1.2.8 *Disruptions of deliveries by the Group's suppliers could increase operating costs, decrease revenues and adversely impact the Group's operations*

The Group relies upon the timely receipt of satisfactory equipment, services and other products from third party suppliers. As a result, the Group's business is dependent on its relationships and contracts with the suppliers of its raw materials, products and systems. If a producer or supplier is unable to produce and/or supply orders to the Group in a timely manner, whether due to operational difficulties, such as inclement weather conditions, a reduction in the available production capacity or otherwise, or fails to meet the Group's quality requirements, and the Group is unable to find alternative sources to provide substitute products, this could have an adverse impact on the Group's business, financial condition, results of operations, cash flows and/or prospects.

1.2.9 *Current and previous agreements with service providers may imply adverse tail-effects*

The Group has entered into agreements with providers of legal -, financial -, media/communication and other services, certain of which are terminated and certain currently in effect. Such service agreements may contain clauses entitling current or previous service provider to certain fees if the Company enters into agreements with new service providers or the Company carries out certain transactions.

1.2.10 *Execution within the commercial aerospace industry requires a high threshold of quality and timely delivery*

The Group is a supplier of components to the aerospace industry, being one of the Group’s most important markets that includes manufacturers such as The Boeing Company ("**Boeing**") and Airbus. Pursuant to agreements with various manufacturers in the aerospace industry, the Group is subject to comprehensive and detailed technical requirements as well as quality and timeline requirements. Should the Group not be able to supply products under the requirements of the aerospace industry, as applicable at all times, the Company may be restricted from or not at all be able to implement its strategy, experience loss of customer or reduced demand for its products, which could have an adverse impact on the Group's business, financial condition, results of operations, cash flows and/or prospects.

1.2.11 *The Group must comply with several requirements according to its contracts, as well as compliance with applicable governmental regulations and requirements*

The Group is subject to requirements fixed in contracts with its customers but is also subject to applicable governmental regulations and requirements, such as compliance with certain laws and regulations under its customer agreements. The requirements made by the Group's customers or pursuant to any governmental regulations may change in the future and require the Group to make changes in its production processes or result in the Group not being able to supply products to its customers. Any failure to comply with such requirements could make the Group ineligible to act as a supplier and have a significant adverse effect on the Group’s results of operations and financial conditions. Furthermore, even if the Group should be eligible and able to deliver its products, the costs incurred in relation to complying with such requirements can also have an adverse effect on the Group’s results of operations and financial condition.

1.2.12 *The Group is exposed to risk related to material testing results in the Group's ongoing qualification programs*

The Group’s products undergo extensive testing and quality control to qualify for use, in particular for the aerospace industry. This testing is performed pursuant to defined programs arranged between the Group, its customers and partners. Any errors or insufficiencies observed in testing are addressed and adjusted for in order to obtain qualification for the specific manufactured parts. However, the Company cannot guarantee that it will be able to adjust and accommodate the Group's products for qualification. Further, certain insufficiencies and failures observed in product testing may not be adequately identified for the Group to implement adequate remediating measures. Should the Group not be able to adjust its products following testing, or experience unexplained material testing, it may not be able to sell the relevant products to customers as contemplated or at all.

1.2.13 *The Group may not be able to keep pace with a significant change in technological development or quality requirements in general*

The market for the Group's products is characterized by continual and rapid technological developments that have resulted in, and will likely continue to result in, substantial improvements in equipment functions and performance. As a result, the Group's future success and profitability will be dependent upon its ability to respond effectively to technological changes to be able to retain its position in the market and expand further. The future performance of the Group's operations will depend on the successful development, introduction and market acceptance of existing and new products that address customer requirements in a cost-effective manner.

The introduction of new products, market acceptance of products based on new or alternative technologies, or the emergence of new industry standards could render the Group's existing products obsolete or make it easier for other products and/or services to compete with its products. If the Group is not successful in acquiring or developing processes and equipment or upgrading its existing processes and equipment on a timely and cost-effective basis in response to technological developments or changes in standards in the industry, or the Group's product quality or performance is deemed inferior, this may have a material adverse effect on the Group's business, results of operations and financial condition.

1.2.14 *The Group's programs with contractors in the defense industry could require security arrangements that are challenging or that the Group either can't or is not willing to undertake*

Certain of the Group's customers operate within the defense industry. Due to strict security requirements and protection of various countries' own defense industry, it may in many cases be challenging for suppliers to the defense industry to be awarded contracts outside their home country. This applies also with respect to sub-suppliers and such protectionism and strict security requirements may have impact on the Group's ability to secure contracts in the international marketplace.

Furthermore, the Group's commercial customers may have entered into contracts with contractors that also have arrangements with the defense industry. Such agreements entered into by customers may also trigger additional requirements or security arrangements for any agreement with the Group, for example that the customer must have exclusive rights restricting the Group to supply other customers or that the Group must put in place security arrangements or other processes that restrict the Group from compete and operating its business in a commercially efficient manner. As a result, the Group may incur additional cost or choose not to undertake supply contracts with certain customers, which could also also have an adverse effect on the Group's results of operations and financial condition.

1.2.15 *Insufficient quality of equipment and technical breakdowns may lead to lower revenues and higher maintenance costs*

The Group's products, production process and equipment are highly technical, and investments in infrastructure involve technical and operational risk. Insufficient quality of the Group's products may lead to lower revenues and higher maintenance costs, particularly if the product guarantees have expired or the supplier is unable or unwilling to respect its obligations. Even well-maintained high-quality equipment and plants may from time to time experience technical problems or breakdowns. This may be caused by a number of different events, inter alia erroneous installation or malfunction of components, which may require extensive repair projects. Depending on the component that fails and the design of the parts, some or whole of the capacity can be out of production for some time. There is a risk that the appropriate spare parts are not available for various reasons, causing a prolonged production stop.

Suppliers could cease operations or for any other reasons not honour their obligations and warranties, which would leave the Group to cover the expense associated with any faulty component.

1.2.16 *The Group may not be able to successfully implement its strategies*

The Group has in the past deployed, and in the future will deploy, new strategies and initiatives, and the Group must successfully create, develop and manage such strategies and initiatives. The Group may in the future experience periods of adaptation, transformation and change due to the deployment of new strategies and initiatives, which may generate or result in periods of uncertainty with respect to, or may have a material adverse effect on, the Company's business, financial condition, results of operations, cash flows and/or prospects. In addition, the success of such new strategies or initiatives depends on a number of factors, including, but not limited to, timely and successful execution of the new strategy and/or new initiative, market acceptance and the Group's ability to manage the risks associated with such new strategies and/or new initiatives, and there can be no assurances that any such changes to the Group's strategy and/or the adoption of new initiatives will be successful or have the impact intended by Management. Accordingly, such new strategies and initiatives may have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and/or prospects.

1.2.17 *The Group uses open source components*

The Company uses open source components which are subject to copyleft license terms, including GPL and LGPL. The use of open source components subject to copyleft licensing terms can affect the Company's right to determine its license terms, and the right to exploit the software facilitating the Group's additive manufacturing process. Certain open source components oblige the Company to make available the source code for its software products with the public. If the copyleft obligations to share the source is asserted the Group may be obliged to share the source code and consequently may put the commercial value of the software at risk, as the public would get access to the source code and could freely copy it.

1.2.18 *The Group may not be successful in attracting skilled employees or retain key personnel and lack of post-contractual non-competition and non-solicitation undertakings*

The Group's success depends, to a significant extent, on the continued services of the individual members of its Management team and other employees, who have substantial experience in the industry in which the Group operates. The Group's ability to continue to identify and develop opportunities depends on the Management's knowledge of and expertise in the industry and on its external business relationships. There can be no assurance that any Management team member and other personnel with special skills will remain with the Company. Any loss of the services of members of the Management team could have a material adverse effect on the Group's business, results of operations and financial condition.

1.2.19 *The outbreak of the corona virus (COVID-19) could have a material adverse effect on the Group for an extended/elongated period*

The outbreak of COVID-19 has resulted in a global pandemic and has severely impacted companies and markets globally. The aviation industry has suffered severely under the pandemic due to substantially decreased demand for air transportation services. The substantially decreased demand for airport transportation services led to a period of operational shutdown for some of the Group's production and operational facilities. As an important part of the Group's customer base includes commercial manufacturers of aerostructures, the global pandemic and the repercussions thereof may have an adverse impact on the demand for the Group's products and thus for the Group's profitability.

It is expected that the COVID-19 pandemic may in the future result in more uncertain markets, operations becoming more vulnerable to interruptions and policy makers around the world may gravitate towards stricter regulations impacting international trade. Any measures implemented to combat the COVID-19 pandemic may lead to a reduction of the Group's activities, employment rates and operational results, that could affect the Group's ability to deliver products to customers in a timely manner, remain in compliance with relevant agreements with customers, suppliers, financing providers or other third parties, or its ability to implement its strategies as contemplated. Such consequences will likely also impact the Group and its current and planned operations and projects – as well as its customers, suppliers of goods and services - including the Group's ability to raise capital or secure financing, future customers' ability to buy the Group's products, and contractors' ability to provide goods required for the Group's project at the agreed terms, or at all. There is no assurance that any future outbreak of Covid-19 or other contagious diseases occurring in areas in which the Group or its suppliers, partners or customers operate, or even in areas in which the Group does not operate, will not seriously interrupt the Group's business.

1.2.20 *The Group's insurance coverage may prove insufficient*

There can be made no guarantee that the Group will be sufficiently insured against any potential claim or that the Group's insurance will be sufficient in light of any expansion of the Group's activities. In the event the Group's insurance should prove insufficient with respect to a claim, such insufficiency may have a significant adverse effect on the Company's business, prospects, financial results and results of operations.

1.2.21 *The Group may be subject to litigation that could have an adverse effect on the Group's business, results of operations, cash flows, financial condition and/or prospects*

There are inherent risks related to the Group's business which may expose the Group to litigation, including contractual litigation with clients or other contract counterparties, intellectual property litigation and tax or securities litigation. The Group is not involved in any litigation but may in the future be involved in litigation matters from time to time. Any future litigation may have a material adverse effect on the Group's business, financial position, results of operations, and the diversion of Management's attention to these matters.

1.2.22 *Reputational risk*

The Group's reputation and its ability to do business may be impaired by the inappropriate behavior of any of its employees or agents or those of its affiliates. While the Group is committed to conducting business in a legal and ethical manner, there is a risk that its employees or agents or those affiliated may take actions that violate the law and could result in monetary penalties against the Group or its respective affiliates and could damage the reputation and business relationship, therefore, the ability to do business of the Group. Damage to the Group's reputation and business relationships may have a material adverse effect beyond any monetary liability.

1.2.23 *The Group uses information technology systems to conduct its business, and disruption, failure or security breaches of these systems could materially and adversely affect its business and results of operations*

The Group's operations are dependent upon IT systems and other operating systems, as well as stable business solutions. Such systems may fail, for a variety of reasons that may be outside the Group's control. Any failure or disruption to these systems or business solutions could materially harm the Group's ability to carry out its business operations and efficient services to its customers, which in turn may have a material adverse effect on the Group's business, results of operations, cash flows and financial condition.

1.2.24 *The Group may be exposed to currency exchange rate risks*

The Group's reporting currency is United States Dollars, the currency of the United States ("**USD**"). A significant portion of the Group's operating expenses and certain of its expected future revenues will likely be incurred in other currencies, such as EUR and NOK. As a result, the Group is exposed to the risks that the EUR and NOK may appreciate or depreciate relative to the USD, which could have a material adverse effect on the Group's results of operations, financial position and/or cash flows.

1.2.25 *The Group may require additional capital in the future in order to execute its strategy or for other purposes, which may not be available on favorable terms, or at all*

The Group's business requires capital and, to the extent the Group does not generate sufficient cash from operations, the Group may need to raise additional funds through public or private debt or equity financing to execute the Group's strategy and to fund capital expenditures. Adequate sources of capital funding may not be available when needed or may not be available on favorable terms. The Group's ability to obtain such additional capital or financing will depend in part upon prevailing market conditions as well as conditions of its business and its operating results, and those factors may affect its effort to arrange additional financing on satisfactory terms. If the Company raises additional funds by issuing additional shares or other securities, the holdings of existing shareholders may be diluted. If funding is insufficient at any time in the future, the Group may be unable to fund maintenance requirements and acquisitions, take advantage of business opportunities or respond to competitive pressures, any of which could adversely impact the Group's results of operations and financial condition.

The Group's existing or future debt arrangements could limit the Group's liquidity and flexibility in obtaining additional financing, in pursuing other business opportunities or corporate activities or the Company's ability to declare dividends to its shareholders.

If the Group is unable to obtain adequate financing when needed, it may have to delay or reduce the scope of, or suspend one or more of the activities under its commercialization and growth strategy. If additional funding is unavailable, or not available on satisfactory terms, the Group's operations may be delayed or be discontinued due to inadequate financing, which could delay or prevent the Group from being able to generate revenues and sustainable income that is significant enough to achieve profitability, which could have a material adverse effect on the Group's revenues, profitability, liquidity, cash flow, financial position and prospects.

1.2.26 *Employment agreements may not contain provisions related to assignment of intellectual property and less extensive confidentiality clauses*

Employment agreements of the Group may not specify a present assignment of intellectual property or any designation with regards to the employees' deliverables as "works made for hire". The Group is to a certain extent protected by this risk according to copyright law, stating that the employer is deemed the author of a work developed by an employee within the scope of employment, without the need for a specific contractual provision. However, lack of protection in employment agreements represent a risk that employees or former employees may use intellectual property developed for the Group for other and competing purposes.

Further, employment agreements may contain less extensive confidentiality clauses compared to current market practice, such as a U.S. Defend Trade Secrets Act ("**DTSA**") safe harbor notice. The absence of a DTSA notice may preclude the Company from obtaining remedies available under the DTSA in the event an employee misappropriates the Company's trade secrets.

The Group plans to implement relevant provisions for strengthen protection of its intellectual property and relevant confidentiality clauses.

1.3 Risks relating to laws and regulations

1.3.1 *Several of the members of the Group's management team is resident outside of Norway*

A majority of the Group's management team are resident outside of Norway and are not Norwegian citizens. The fact that most of the Group's management are based outside of Norway may lead to challenges with ensuring compliance with Norwegian laws and regulations.

1.3.2 *The Group may fail to comply with data protection and privacy laws, which could negatively affect the Group's business*

The Group processes, collects, stores and handles personal data, including customer data, and its operations are accordingly subject to a number of laws relating to data privacy, including the EU General Data Protection Regulation (GDPR) entered into force on 25 May 2018, as well as relevant local data protection and privacy laws in jurisdictions in which the Group operates. The Group has implemented a number of measures to be in compliance with GDPR, however this is ongoing and continuous work that must be prioritized to maintain compliance. The Group has a protocol in accordance with GDPR article 30 that shows all the Group's processing of personal data. The Group also processes the personal data of customers; however, the categories of personal data it processes in such circumstances are limited in scope and does not include personal sensitive data. The Group has also entered, and will continue to, enter into data processor agreements with data processors. Routines for handling personal data are in place and implemented in the Group. Failing to comply with these obligations may cause the Group to incur substantial costs if, in the event of a material personal data breach was not reported to the relevant supervisory authority and remedied without undue delay. There may be negative publicity surrounding any material incident involving personal data following disclosure to a supervisory authority and the Group may be subject to material administrative fines or other regulatory action, which could have a material adverse effect on the Group's business, financial position and results of operations. Lack of compliance with data protection, storage or handling of personal data could lead to regulatory issues.

1.4 Risks relating to the Shares and the Admission

1.4.1 *An active trading market for the Company's shares on Euronext Growth may not develop*

The Shares have not previously been tradable on any stock exchange, other regulated marketplace or multilateral trading facilities. No assurances can be given that an active trading market for the Shares will develop on Euronext Growth, nor sustain if an active trading market is developed. The market value of the Shares could be substantially affected by the extent to which a secondary market develops for the Shares following completion of the Admission.

1.4.2 *The Company will incur increased costs as a result of being a traded company*

As a company with shares admitted to trading on Euronext Growth Oslo, the Company will be required to comply with applicable reporting and disclosure requirements. The Company will incur additional legal, accounting and other expenses to comply with these and other applicable rules and regulations. The Company anticipates that its increased general and administrative expenses as a traded company will include, among other things, costs associated with annual and interim reports to shareholders, disclosure obligations, shareholders' meetings, investor relations, increased director and officer liability insurance costs and officer and director compensation. Any such increased costs, individually or in the aggregate, could have a material adverse effect on the Group's business, operating income and overall financial condition.

1.4.3 *Future issuances of Shares or other securities could dilute the holdings of shareholders and could materially affect the price of the Shares*

The Company may require additional capital in the future to finance its business activities and growth plans. Raising additional capital or the acquisition of other companies or shareholdings in companies by means of yet to be issued Shares of the Company as well as any other capital measures may lead to a considerable dilution of shareholdings in the Company.

As further described in section 9.5 and 10.6, the Company has also implemented a share option program for employees in the Company. On average the options vests after approximately 3.6 years. Currently, there are 4,413,200 outstanding options under the share option program, representing 2.62% of the currently outstanding shares. The 4,413,200 outstanding options, as well as any new options that may be granted, will have a dilutive effect on the Company's shareholders once exercised.

1.4.4 *Risks related to future sales of shares*

Future sales, or the possibility for future sales of substantial numbers of the Shares may affect the market price of the Shares in an adverse manner.

1.4.5 *Nominee registered Shares may be subject to restrictions on voting*

Beneficial owners of Shares that are registered in a nominee account or otherwise through a nominee arrangement (such as through brokers, dealers or other third parties) may be unable to exercise their voting rights for shares unless their ownership is re-registered in their names with the VPS prior to a general meeting. There can be no assurance that beneficial owners of the Shares will receive the notice of any general meeting in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote for their Shares in the manner desired by such beneficial owners.

1.4.6 *The transfer of Shares is subject to restrictions under the securities laws of the United States and other jurisdictions*

None of the Shares have been registered under the US Securities Act of 1933 (as amended) (the "**US Securities Act**") or any US state securities laws or any other jurisdiction outside of Norway and are not expected to be registered in the future. As such, the Shares may not be offered or sold except pursuant to an exemption from, or in transactions not subject to, the registration requirements of the US Securities Act and other applicable securities laws. In addition, there is no assurances that shareholders residing or domiciled in the United States will be able to participate in future capital increases or rights offerings. Further, investors in the United States may have difficulty enforcing any judgment obtained in the United States against the Company or its directors or executive officers in Norway.

1.4.7 *Volatility of the share price*

The market price of the Shares may be highly volatile and investors in the Shares could suffer losses. The trading price of the Shares could fluctuate significantly in response to a number of factors beyond the Company's control, including quarterly variations in operating results, adverse business developments, changes in financial estimates and investment recommendations or ratings by securities analysts, significant contracts, acquisitions or strategic relationships, publicity about the Company, its products and services or its competitors, lawsuits against the Company, unforeseen liabilities, changes to the regulatory environment in which it operates or general market conditions. In recent years, the stock market has experienced extreme price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies. Those changes may occur without regard to the operating performance of these companies. The price of the Shares may therefore fluctuate based upon factors that have little or nothing to do with the Company, and these fluctuations may materially affect the price of the Shares.

1.4.8 *Shareholders outside of Norway are subject to exchange rate risk*

All of the Shares will be priced in Norwegian kroner, the currency of the Kingdom of Norway ("**NOK**"), the lawful currency of Norway and any future payments of dividends on the Shares or other distributions from the Company will be denominated in NOK. Accordingly, any investor outside Norway is subject to adverse movements in the NOK against their local currency, as the foreign currency equivalent of any dividends paid on the Shares or price received in connection with any sale of the Shares could be materially impacted upon by adverse currency movements.

1.4.9 *Pre-emptive rights may not be available to all holders of Shares*

Under Norwegian law, unless otherwise resolved at the Company’s general meeting of shareholders, existing shareholders have pre-emptive rights to participate in the issuance of new shares for cash consideration. Shareholders in the United States as well as in certain other countries may be unable to participate in an offer of new shares unless the Company decides to comply with local requirements in such jurisdictions, and in the case of the United States, unless a registration statement under the U.S. Securities Act is effective with respect to such rights and shares or an exemption from the registration requirements is available. In such cases, shareholders resident in such non-Norwegian jurisdictions may experience a dilution of their holding of the Shares, possibly without such dilution being offset by any compensation received in exchange for subscription rights. In addition, the general meeting may resolve to waive the pre-emptive right of all existing shareholders. Furthermore, the shareholders may resolve to grant the Board of Directors an authorization to increase the share capital of the Company and set aside any pre-emptive rights for the shareholders, without the prior approval of the shareholders. Such authorization may also result in dilution of the shareholders' holding of Shares.

1.4.10 *Majority shareholder risk*

A concentration of ownership may have the effect of delaying, deterring or preventing a change of control of the Company that could be economically beneficial to other shareholders. Furthermore, the lack of takeover regulation on Euronext Growth, as opposed to Oslo Børs and Oslo Expand, may contribute to increase the risk of a concentration of ownership as there are no rules on mandatory offer obligations. Further, the interests of shareholders exerting a significant influence over the Company may not in all matters be aligned with the interests of the Company and the other shareholders of the Company.

2. RESPONSIBILITY FOR THE INFORMATION DOCUMENT

This Information Document has been prepared solely in connection with the Admission to trading on Euronext Growth.

We declare that, to the best of our knowledge, the information provided in the Information Document is accurate and that, to the best of our knowledge, the Information Document is not subject to any material omissions, and that all relevant information is included in the Information Document.

18 May 2021

The Board of Directors of Norsk Titanium AS

John Andersen (Chairperson of the Board of Directors)	Bart Cornelus Gerardus Van Aalst (Board Member)
Shan-E-Abbas Ashary (Board Member)	Steve Geskos (Board Member)
Jeremy Francis Barnes (Board Member)	Mimi K. Berdal (Board Member)

3. GENERAL INFORMATION

3.1 Other important investor information

The Company has furnished the information in this Information Document. No representation or warranty, express or implied, is made by the Euronext Growth Advisors as to the accuracy, completeness or verification of the information set forth herein, and nothing contained in this Information Document is, or shall be relied upon as a promise or representation in this respect, whether as to the past or the future. The Euronext Growth Advisors assumes no responsibility for the accuracy or completeness or the verification of this Information Document and accordingly disclaims, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which it might otherwise be found to have in respect of this Information Document or any such statement.

Neither the Company nor the Euronext Growth Advisors, or any of their respective affiliates, representatives, advisors or selling agents, is making any representation to any purchaser of the Shares regarding the legality of an investment in the Shares. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Shares.

3.2 Presentation of financial and other information

3.2.1 *Financial information*

The Company's consolidated Financial Statements for the Group (as hereinafter defined) have been prepared in accordance with International Financial Reporting Standard ("**IFRS**") and the Norwegian Accounting Act. The Financial Statements have been audited by Ernst & Young AS.

The Financial Statements are presented in USD (presentation currency). Reference is made to Section 8 ("Selected financial information and other information") for further information.

3.2.2 *Industry and market data*

In this Information Document, the Company has used industry and market data obtained from independent industry publications, market research and other publicly available information. Although the industry and market data is inherently imprecise, the Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of market data contained in this Information Document that was extracted from industry publications or reports and reproduced herein.

Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such data and statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Information Document (and projections, assumptions and estimates based on such information) may not be reliable indicators of the Company's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in Section 1 ("Risk factors") and elsewhere in this Information Document.

Unless otherwise indicated in the Information Document, the basis for any statements regarding the Company's competitive position is based on the Company's own assessment and knowledge of the market in which it operates.

3.3 Cautionary note regarding forward-looking statements

This Information Document includes forward-looking statements that reflect the Company's current views with respect to future events and financial and operational performance. These forward-looking statements may be identified by the use of forward-looking terminology, such as the terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "should", "will", "would" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements are not historic facts. Prospective investors in the Shares are cautioned that forward-looking statements are not guarantees of future performance and that the Company's actual financial position, operating results and liquidity, and the development of the industry in which the Company operates, may differ materially from those made in, or suggested, by the forward-looking statements contained in this Information Document. The Company cannot guarantee that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur.

By their nature, forward-looking statements involve, and are subject to, known and unknown risks, uncertainties and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, the outcome may differ materially from those set out in the forward-looking statements. For a non-exhaustive overview of important factors that could cause those differences, please refer to Section 1 ("Risk factors").

These forward-looking statements speak only as of the date on which they are made. The Company undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Document.

4. REASONS FOR THE ADMISSION

The Company believes the Admission will:

- facilitate for a more diversified shareholder base and enable additional investors to take part in the Company's future growth and value creation;
- allow for a trading platform and liquid market for the Shares;
- enhance the Group's profile with investors, business partners, suppliers and customers;
- further improve the ability of the Group to attract and retain key management and employees; and
- further improve the ability of the Group to raise equity capital in the future to support growth of the Group's business.

No equity capital or proceeds will be raised by the Company upon the Admission, but the Company has completed a Private Placement immediately prior to the Admission, as further described in Section 6.

5. DIVIDENDS AND DIVIDEND POLICY

5.1 Dividends policy

As of the date of this Information Document, the Group is in a growth phase and the Company is not in a position to pay any dividends. Beyond the growth phase, it is the Company's ambition to pay an attractive dividend based on the consolidated net profit to be distributed to the shareholders as cash dividends or share buybacks, or a combination of both. There can, however, be no assurance that in any given year a dividend will be proposed or declared, or if proposed or declared, that the dividend will be as contemplated by the policy. In deciding whether to propose a dividend and in determining the dividend amount, the Company's Board of Directors will take into account legal restrictions, as set out in Section 5.2 ("Legal Constraints on the Distribution of Dividends"), the Group's capital requirements, including capital expenditure requirements, its financial condition, general business conditions and any restrictions that its borrowing arrangements or other contractual arrangements in place at the time of the dividend may place on its ability to pay dividends and the maintaining of appropriate financial flexibility.

In deciding whether to propose a dividend and in determining the dividend amount, the Board of Directors will take into account legal restrictions, as set out in Section 5.2 ("Legal and contractual constraints on the distribution of dividends") below, as well as capital expenditure plans, financing requirements and maintaining the appropriate strategic flexibility.

The Company has not paid any dividends since its incorporation.

5.2 Legal and contractual constraints on the distribution of dividends

In deciding whether to propose a dividend and in determining the dividend amount in the future, the Board of Directors must take into account applicable legal restrictions, as set out in the Norwegian Private Limited Liability Companies Act of 13 June 1997 no. 44 (as amended) (*Nw.: aksjeloven*) (the "**Norwegian Private Companies Act**"), the Group's capital requirements, including capital expenditure requirements, its financial condition, general business conditions and any restrictions that its contractual arrangements in force at the time of the dividend may place on its ability to pay dividends and the maintenance of appropriate financial flexibility. Except in certain specific and limited circumstances set out in the Norwegian Private Companies Act, dividends paid may not exceed the amount recommended by the Board of Directors.

Dividends may be paid in cash or in some instances in kind. The Norwegian Private Companies Act provides the following constraints on the distribution of dividends applicable to the Company:

- Section 8-1 of the Norwegian Private Companies Act regulates what may be distributed as dividend, and provides that the Company may distribute dividends only to the extent that the Company after said distribution still has net assets to cover (i) the share capital and (ii) other restricted equity (i.e. the reserve for unrealized gains and the reserve for valuation of differences).

- The calculation of the distributable equity shall be made on the basis of the audited balance sheet included in the approved annual accounts for the last financial year, provided, however, that the registered share capital as of the date of the resolution to distribute dividend shall be applied. Following the approval of the annual accounts for the last financial year, the general meeting may also authorize the Board of Directors to declare dividends on the basis of the Company's annual accounts. Dividends may also be resolved by the general meeting based on an interim balance sheet which has been prepared and audited in accordance with the provisions applying to the annual accounts and with a balance sheet date not further into the past than six months before the date of the general meeting's resolution.

- Dividends can only be distributed to the extent that the Company's equity and liquidity following the distribution is considered sound.

Pursuant to the Norwegian Private Companies Act, the time when an entitlement to dividend arises depends on what was resolved by the general meeting when it resolved to issue new shares in the company. A subscriber of new shares in a Norwegian private limited company will normally be entitled to dividends from the time when the relevant share capital increase is registered with the Norwegian Register of Business Enterprises. The Norwegian Private Companies Act does not provide for any time limit after which entitlement to dividends lapses. Subject to various exceptions, Norwegian law provides a limitation period of three years from the date on which an obligation is due. There are no dividend restrictions or specific procedures for non-Norwegian resident shareholders to claim dividends. For a description of withholding tax on dividends applicable to non-Norwegian residents, see Section 11 ("Norwegian taxation").

5.3 Manner of dividends payment

Any future payments of dividends on the Shares will be denominated in the currency of the bank account of the relevant shareholder and will be paid to the shareholders through the VPS Registrar. Shareholders registered in the VPS who have not supplied the VPS Registrar with details of their bank account, will not receive payment of dividends unless they register their bank account details with the VPS Registrar. The exchange rate(s) applied when denominating any future payments of dividends to the relevant shareholder's currency will be the VPS Registrar's exchange rate on the payment date. Dividends will be credited automatically to the VPS registered shareholders' accounts, or in lieu of such registered account, at the time when the shareholder has provided the VPS Registrar with their bank account details, without the need for shareholders to present documentation proving their ownership of the Shares. Shareholders' right to payment of dividend will lapse three years following the resolved payment date for those shareholders who have not registered their bank account details with the VPS Registrar within such date. Following the expiry of such date, the remaining, not distributed dividend will be returned from the VPS Registrar to the Company.

6. THE PRIVATE PLACEMENT

6.1 Details of the Private Placement

On 6 May 2021, the Company's general meeting resolved a private placement (the "**Private Placement**"), consisting of a share capital increase for a total amount of NOK 2,023,028, by issuing 25,287,850 Shares, with a nominal value of NOK 0.08 each, at a subscription price of NOK 10.88 per Share and total gross proceeds of approximately NOK 275 million.

The book building period for the Private Placement took place from 29 April 2021 to 5 May 2021, notifications of allocation were issued on 6 May 2021 and payment from the investors in the Private Placement is expected to take place on or about 18 May 2021. Delivery of the new Shares in the Private Placement will be made through the facilities of the VPS on or about 18 May 2021 on a delivery-versus-payment basis (DVP). DVP settlement is facilitated by a pre-funding agreement between the Company and the Euronext Growth Advisors.

6.2 Shareholdings following the Private Placement

Upon completion of the registration of the Private Placement in the Norwegian Register of Business Enterprises, which will occur prior to trading of the Shares on Euronext Growth, and delivery of the Private Placement Shares, the Company will have major shareholders as set out in Section 10.4 ("Ownership structure").

6.3 Use of proceeds

The proceeds from the Private Placement will predominantly be used for growth initiatives and general corporate purposes.

In addition to the above, the proceeds will be used to cover relevant transaction costs incurred in connection with the Private Placement and the listing of the Shares on Euronext Growth.

6.4 Lock-up

6.4.1 *The Company*

Pursuant to a lock-up undertaking entered into in connection with the Private Placement, the Company has undertaken that it will not, without the prior written consent of the Euronext Growth Advisors, during the period up to and including the date falling 180 days from the first day of trading of the Shares on Euronext Growth, (1) issue, offer to issue, pledge, sell, contract to sell, grant any option right or warrant to purchase, lend or otherwise transfer or dispose of or offer to dispose of, directly or indirectly, any Shares or other equity interests, (2) enter into any swap or other agreement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares or other equity interests, or other agreements with a similar economic effect to the transactions referred to in (1) above, whether any such transaction described is to be settled by delivery of the Shares or other securities or interests, in cash or otherwise, or (3) publicly announce an intention to effect any transaction specified in (1) or (2) above. The foregoing shall not apply to (A) the issue of the new Shares in the Private Placement, (B) any issue of consideration Shares by the Company for the acquisition of business, provided that the consideration Shares are subject to a similar lock-up undertaking, (C) the honouring of warrants or such other rights to Shares to shareholders or third parties that are granted with the consent of the Managers or that are existing at the date of this undertaking, and (D) the sale and issuance of Shares directly to employees, granting of options or other rights to Shares, or the honouring of options or such other rights to Shares directly towards employees, by the Company pursuant to existing management or employee share incentive schemes or as part of any future employee incentive scheme (provided that such employee incentive scheme is in line with market practice for similar companies).

6.4.2 *Management and Board Members*

Pursuant to lock-up undertakings entered into in connection with the Private Placement, members of the Board of Directors and Management holding shares and/or options have undertaken that they will not, without the prior written consent of the Euronext Growth Advisors, during the period up to and including the date falling 360 days from the first day of trading of the Shares on Euronext Growth, (1) sell, offer to sell, contract or agree to sell, hypothecate, pledge, grant any option to purchase or otherwise dispose of or agree to dispose of, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares, or warrants or other rights to purchase Shares or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any securities convertible into or exercisable or exchangeable for Shares, or warrants or other rights to purchase Shares, whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise, or (3) publicly announce an intention to effect any transaction specified in clause (1) or (2). The foregoing shall not apply to (A) the sale or other transfer of Shares as part of the Private Placement or in connection with share lending to facilitate for the VPS registration of the Shares prior to the Admission, (B) any pre-acceptance, acceptance and any similar action in connection with a takeover offer for all Shares or a legal merger, (C) any sale of shares in relation to the Company's incentive schemes in order to cover strike on options, tax and cost and expenses, or (D) any transfer of Shares to a company wholly owned by the Primary Insider provided that such company (i) assumes the obligations set forth in this clause and (ii) remains wholly owned by the Primary Insider for the remaining part of the period set out above.

6.4.3 *Shareholders*

Pursuant to lock-up undertakings entered into in connection with the Private Placement, the following shareholders: Norsk Titanium Cayman Ltd., NTi Holding AS, Triangle Holdings LP and Disruptive Innovation Fund, LP, excluding any parties associated with such companies, have undertaken that they will not, without the prior written consent of the Euronext Growth Advisors, during the period up to and including the date falling 180 days from the first day of trading of the Shares on Euronext Growth, (1) sell, offer to sell, contract or agree to sell, hypothecate, pledge, grant any option to purchase or otherwise dispose of or agree to dispose of, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares, or warrants or other rights to purchase Shares or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any securities convertible into or exercisable or exchangeable for Shares, or warrants or other rights to purchase Shares, whether any such transaction described is to be settled by delivery of Shares or such other securities, in cash or otherwise, or (3) publicly announce an intention to effect any transaction specified in clause (1) or (2). The foregoing shall not apply to (A) the sale or other transfer of Shares as part of the Private Placement or in connection with share lending to facilitate for the VPS registration of the Shares prior to the Admission, (B) any pre-acceptance, acceptance and any similar action in connection with a takeover offer for all Shares or a legal merger, or (C) any transfer of Shares to a company wholly owned by the Shareholder provided that such company (i) assumes the obligations set forth in this clause and (ii) remains wholly owned by the Shareholder for the remaining part of the period set out above.

7. BUSINESS OVERVIEW

This section provides an overview of the Group's business as of the date of this Information Document. The following discussion contains forward-looking statements that reflect the Company's plans and estimates, see Section 3.3 ("Cautionary note regarding forward-looking statements") above, and should be read in conjunction with other parts of this Information Document, in particular Section 1 ("Risk factors").

7.1 Introduction

Norsk Titanium, established in 2007 to develop and commercialize radically less expensive aerospace grade titanium components, is a global technology leader in metal 3D printing. The Group's proprietary, high-deposition rate metal 3D printing process, Rapid Plasma Deposition™ (RPD™), delivers all the benefits of 3D printing while delivering superior quality material at industrial scale production rate. The Group targets the metal manufacturing market for titanium parts, a metal with unique characteristics suitable for advanced applications (e.g. aerospace structures, defense and engines). The Group is a qualified supplier to the world's leading original equipment manufacturers (OEM) and is the only structural titanium 3D printing manufacturer approved by the Federal Aviation Administration (FAA) in commercial aircraft production.

Norsk Titanium was established in 2007 at Eggemoen, Norway, where it still operates its R&D center. The Group later expanded to the United States in 2016 following an agreement with the State of New York which has ensured the Group access to state-of-the-art manufacturing facilities in the Plattsburgh area.

7.2 History and important events

The table below shows the Group's key milestones from its incorporation and to the date of this Information Document:

Year	*Event*
2007	• Norsk Titanium founded by Dr. Alf Bjørseth and Petter Gjorvad to develop and commercialize radically less expensive aerospace-grade titanium components • Investment by Scatec Innovation (NTi Holding AS)
2008	• First prototype machine operational (Gen 1)
2009	• Cooperation agreement signed with Spirit Aerosystems • Second prototype machine operational (Gen 2)
2010	• Cooperation agreement signed with Airbus • Investment by Aljomaih Group (NT Cayman Limited) • NORSOK (oil and gas industry) certification achieved
2011	• Patent "Method for Production of Alloyed Titanium Welding Wire" published • Commercial manufacturing to the oil and gas industry
2012	• Third prototype machine operational (Gen 3) • Patent "Method and Device for Manufacturing Titanium Objects" published
2013	• The Group and Spirit AeroSystems reach milestone for Direct Metal Deposition technology, achieving technology readiness level six, demonstrating the ability to meet aerospace material requirements
2014	• Spirit Aerostructures TRL8 FAA material successfully manufactured • Patent "Method and Arrangement for Building Metallic Objects by Solid Freeform Fabrication" published
2015	• USD 125m agreement with State of New York • Boeing Approved Supplier • Full-rate production RPD™ machines (Gen 4) come online, the result of eight years of research; each machine can produce 10 to 20 metric tons of aerospace-grade titanium parts per year • Expand European capacity to 60 MT with Gen 4 machines • Strategic investment by RTI International Metals (Alcoa, now Howmet)
2016	• The Group debuts revolutionary RPD™ Process and Metal Additive Manufactured Aircraft Components • Ship prototype parts for Airbus A350 XWB to Premium AEROTEC • Investment by Applied Materials venture fund
2017	• The Group delivers MERKE IV™ RPD™ machines to Plattsburgh, New York • Creation and delivery of the world's first 3D-printed, FAA-approved structural aircraft part under a futuristic program with Boeing to equip the Boeing 787 Dreamliner with efficient RPD™ titanium components • Financial investment from Fortress Investment Group held by an affiliate company Falko (Triangle Holdings LP)

	• Strategic investment from Rose Park Advisors
2018	• First additively manufactured integrally bladed rotor delivered to Pratt & Whitney for test • 1st Spirit Aerosystems delivery
2019	• 1st part qualification using OEM material allowables • 1st delivery of production parts from Plattsburgh Development and Qualification Center
2020	• 1st Leonardo delivery • 1st consumer electronics development effort • 1st defense development test part printed • NYS completed construction of Plattsburgh Production Center

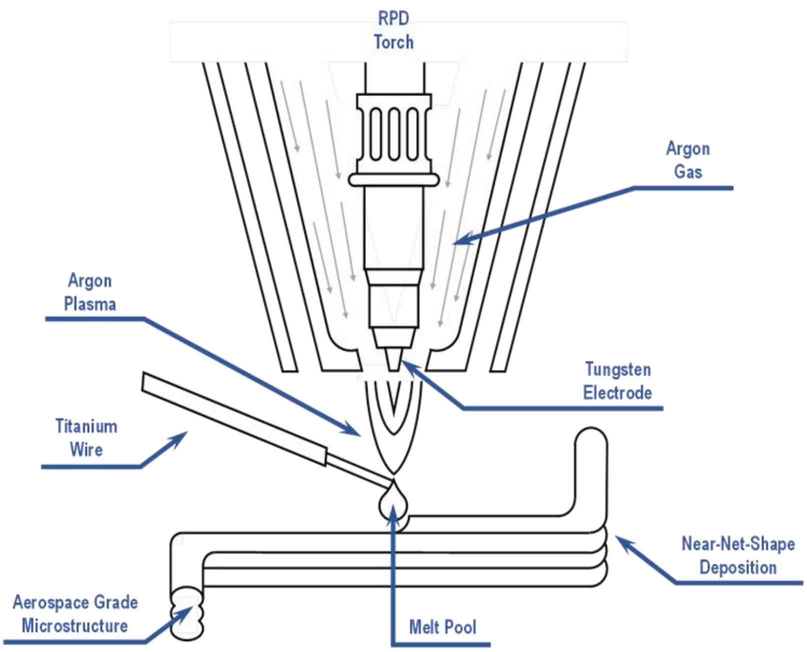
7.3 The Group's business

Technology

The Group's RPD™ technology has the potential to revolutionize industry by pioneering a new era of on-demand metal 3D printing: less material use, less machining, less lead time and less inventory. These benefits give customers increased flexibility and offers major cost savings.

The Group reimagines traditional titanium manufacturing by creating advanced metal objects through revolutionary additive manufacturing technology. The Group provides treatment of materials, namely metals and metal ores by plasma arc additive layer manufacturing. The result is material performance equal to traditional mill and forged metals delivered in an on-demand environment with an improved environmental footprint.

RPD™ technology is at the forefront of industrializing wire-Directed Energy Deposition (DED) 3D printing. In the process, titanium wire is melted in an inert atmosphere of argon gas and precisely and rapidly built up in layers to a near-net-shape part. The process is monitored more than 600 times per second for quality assurance. The result is significantly less machining, and ultimately, up to a 50%–75% improvement in buy-to-fly ratio compared with conventional manufacturing methods.[1]



The Group's RPD™ process

Reduced machining also leads to less tooling and energy usage, which are significant cost drivers for titanium parts. The result is reduced production cost for finished titanium parts – ultimately benefiting the customer.

Furthermore, the Group's RPD™ process delivers superior metallurgy. Superior metallurgy implies material properties (such as tensile, fatigue and elongation) at the level of forged titanium[2], and consistent microstructure across layers and part features. The Group's RPD™ process produces full density material without hot isostatic pressing. This superior metallurgy is delivered consistently, across part geometries, RPD™ machines, and the Group's sites in the United States and Norway.

[1] Weight of raw material and weight of finished part
[2] Reference to standard for forged titanium

The Group's RPD™ manufacturing process is enabled by the MERKE IV machine. MERKE IV is the Group's 4th generation RPD™ machine and capable of delivering industrial scale 3D printing. MERKE IV transforms titanium wire into complex components suitable for structural and safety-critical applications. Depending on part size and geometry, each MERKE IV machine can produce 10-20 metric tons annually. Key technical specifications include:

- Technology: Rapid Plasma Deposition™
- Part build size: 900mm x 600mm x 300mm
- Layer dimensions: H = 3-4 mm; W = 8-12 mm
- Deposition rate: 5-10 kg / hour

The Group's RPD™ Merke IV machine

The Group's RPD™ process is applicable to other metals beyond titanium and include e.g. nickel alloys, tool steel and stainless steel.

Geographical footprint and facilities

The Group operates three facilities in Norway and the US: Eggemoen Technology Center, Plattsburgh Development and Qualification Center, and Plattsburgh Production Center.

Overview of the Group's manufacturing and R&D facilities

Eggemoen Technology Center
The Eggemoen Technology Center was established in 2011 when Norsk Titanium moved from its pilot location established in 2007 when Norsk Titanium was founded. The facility focuses on research and development of new technologies for 3D printing and employs 52 FTEs. The facility covers an area of 37,000 sq. ft., has 3 RPD™ machines installed with an annual capacity of 60 metric tons / year and a full-scale metallurgy lab.

*Plattsburgh Development and Qualification Center ("**PDQC**")*
PDQC was established in 2017, following the agreement between the Group and the State of New York to build an industrial-scale 3D printing facility for e.g. aerospace parts production. PDQC is an innovative, state-of-the-art production and training facility for metal 3D printing and employs 38 FTEs. The facility covers an area of 67,000 sq. ft. and has 9 RPD™ machines installed with an annual capacity of 180 metric tons / year and will be dedicated to showcasing the Group's ability to significantly reduce initial part time versus traditional manufacturing processes.

Plattsburgh Production Center ("PPC")
The construction of PPC began at the end of 2018 and was finalized in late 2019. The Group obtained its Certificate of Occupancy in March 2020, effectively enabling the use of PPC for its intended purpose. The facility covers an area of 80,000 sq. ft. and will have 23 RPD™ machines installed including two of the Group's new, large format G4Ls, with an annual capacity of 460 metric tons / year. The Group expects initial customer qualifications to be complete by mid-2021, and mass production for contracted parts to begin during the fourth quarter of 2021.

Customers and commercial partners
The Group focuses its commercial efforts on a select group of industries to which the adoption of titanium parts, and specifically titanium parts manufactured from 3D printing, will add substantial value compared to existing materials and production methods. These industries include commercial aerospace (structures and engines), defense and adjacent industries such as consumer electronics and energy (e.g. oil & gas, wind turbines, etc.).

Commercial aerospace has been the Group's largest market to date and the Group has commercial agreements in place with the industry's largest and leading players including Boeing, Airbus, Spirit, and other Tier 1-suppliers.

Commercial relationship with the Boeing
Boeing is one of the world's largest aerospace companies and leading manufacturer of commercial jetliners. The Group is focused on reducing titanium costs on its various airplane platforms, and particularly the 787 Dreamliner which requires twice as much titanium as other models – 15% vs. <7% in previous models – measured as a percentage of weight. With its lead time advantage, the Group's RPD™ technology can deliver significant inventory savings throughout the Boeing supply chain.

In May 2017, using its Eggemoen Technology Center for manufacturing, the Group delivered the world's first FAA-approved 3D printed structural titanium components to Boeing which began flying in October 2017. Later in June 2018, the Group's Plattsburgh site was, in addition to Eggemoen Technology Center, added to Boeing's Qualified Producers List, allowing the Group to move manufacturing of serial production parts to the United States. The Group is consistently working with Boeing and their Tier 1 suppliers to qualify more titanium parts for the Group's RPD™ manufacturing technology – ultimately allowing the Group to serve Boeing with a wider range of parts for its aircraft platforms.

Commercial relationship with Airbus
Airbus is one of the largest aeronautics and space companies operating in commercial aircraft, defense, space and helicopter segments. Airbus is at the forefront of pioneering new technologies and solutions for the aerospace industry, and the implementation of 3D manufactured end-parts has been a priority for years. The first cooperation agreement between the Group and Airbus was signed in 2010 and Airbus represents a major long-term customer and partner for the Group.

In 2019, the Group signed a framework agreement with Airbus covering qualification and production of RPD™ components. There are currently 4 parts in qualification for the A350 program, with a machine process qualification funded and underway.

Commercial relationship with Spirit Aerosystems Inc. ("**Spirit**")
Spirit is one of the world's largest Tier-1 aerostructures manufacturers, supplying key aircraft parts for Boeing, Airbus, Northrop Grumman and Sikorsky. In late 2018, Spirit installed its first 3D printed, structural titanium component on the Boeing 787 in collaboration with the Group - an important milestone of innovation for both companies. Parts for the Boeing 787 are now at run-rate production. Spirit has highlighted to its shareholders how the Group's RPD™ technology is used to build parts to a near-net shape with substantially decreased buy-to-fly ratio which can then be finished at Spirit, reducing waste, using less energy, and significantly reducing product cost.

Commercial relationship with Leonardo
Leonardo is a high-tech Tier-1 supplier and key player in the Aerospace, Defense and Security industries. A General Terms Agreement between Leonardo and the Group were signed in 2019. Leonardo currently builds and ships fuselage sections and other aerostructures for Boeing 787 Dreamliner programme whereby the Group delivers RPD™ components to Leonardo. This delivery represents the Group's first recurring production order from a European Union based Aerospace company.

Commercial relationship with other Tier 1 suppliers
The Group has other general terms agreements with other Tier 1 suppliers.

Commercial in other industries
Defense is increasingly becoming a larger market for the Group and the Group is currently working with a range of defense customers. In 2020, the Group delivered its first defense development part to an undisclosed customer as part of an ongoing qualification program.

The Group is also exploring opportunities in other industries with focus on potential applications of the Group's technology in consumer electronics. The Group completed a funded development program for a large consumer products company in 2020. Furthermore, the Group has worked with a large international semiconductor equipment manufacturer who requested an evaluation of RPD™ technology for large part applications. Opportunities within consumer electronics could represent significant volume applications.

Development partnerships
Since its establishment, the Group has developed a broad network of industry and development partners. Partners having been instrumental in the Group's development include Innovation Norway, ESA – the European Space Agency and the State of New York. These partners have provided the Group with funding allowing the Group to develop its technology from infancy to a proven industrial manufacturing process. Furthermore, the Group has partnered with relevant education institutions including Clarkson University, Ohio State University and the University of Notre Dame to develop RPD™ workforce training and research programs.

New York State agreement and partnership
In 2016, the Group signed its milestone agreement with New York State which committed USD 125m of funding towards the allowance with the Group through the construction of the Plattsburgh Production Center, as well as the purchase of 32 RPD™ MERKE IV machines. The investment is done through the Fort Schuyler Management Corporation ("FSMC"). FSMC is a State University of New York (SUNY Polytechnic Institute) affiliated, private, not-for-profit, 501c(3) corporation that facilitates research and economic development opportunities in support of New York's emerging nanotechnology and semiconductor clusters. Specifically, FSMC develops, constructs and manages world-class research, development and commercialization facilities to enable public-private partnerships in conjunction with Governor Cuomo's START-UP NY initiative.

The investment from New York State has enabled the Group to greatly accelerate the commercialization of its RPD™ technology into an industrial-scale manufacturing alternative for customers. In return, the Group has committed to agreed levels of local employment over the term of the arrangements and, on a best effort basis, to invest in its US-based operations and generate local jobs for the community.

Initially, the agreement lasts for 10 years upon the Group receiving Certificate of Occupancy which was received by the Group in March 2020. As compensation for the use of the facilities the Group will pay an annual lease of USD 1.

Industry and Customer Specifications
Having focused on the heavily regulated commercial aerospace industry, the Group has coordinated with its industry partners to develop a range of critical process and material specifications – effectively qualifying the use of the Group manufactured parts in commercial aerospace applications. Such key qualifications include:

- **Boeing and Airbus Material Specifications for Titanium 3D printing**
- **SAE AMS 7004:** Titanium Alloy Preforms from Plasma Arc Directed Energy Deposition Additive Manufacturing on Substrate Ti-6Al-4V Stress Relieved
- **SAE AMS 7005:** Wire Fed Plasma Arc Directed Energy Deposition Additive Manufacturing Process

Furthermore, the Group is a key part of industry groups working to advance additive manufacturing technologies across industries:

- **Metallic Materials Properties Development Standardization (MMPDS), Emerging Technologies Task Group, Co-Chair Materials & Machines:** Task group was established to develop processes and procedures needed to publish design information for Process Intensive Materials such as Additive Manufacturing. Some of the members of this committee include staff from Airbus, ASTM, Battelle, Blue Origin, Boeing, FAA, GE Additive, GKN, Honeywell, NASA, Lockheed Martin, and Textron.

- **SAE International, Aerospace Material Standards (AMS), Additive Material (AM) Specification Development Committee:** AMS AM is a technical committee in SAE's Aerospace Materials Systems Group with the responsibility to develop and maintain aerospace material and process specifications and other SAE technical reports for additive manufacturing. Some of the members of this committee include staff from Airbus, Arconic, ASTM, ATI Specialty metals, Battelle, Blue Origin, Boeing, Burloak Technologies, Dassault Aviation, Delta Ari Lines, Embraer, Etihad Airways, ExOne, FAA, GE Additive, GKN, Gulfstream Aerospace, Honeywell, Lufthansa Airlines, NASA, Northrop Grumman, Lockheed Martin, Pratt & Whitney, Rolls-Royce, Textron, and United States Air Force.

- **ASTM International Committee F42 on Additive Manufacturing Technologies***:* ASTM Committee F42 on Additive Manufacturing Technologies was formed in 2009. The scope of this committee is promotion of knowledge, stimulation of research and implementation of technology through the development of standards for additive manufacturing technologies. Some of the members of this committee include staff from Airbus, Arconic, Blue Origin, Boeing, Delta Ari Lines, FAA, GKN, Gulfstream Aerospace, Honeywell, NASA, Northrop Grumman, Lockheed Martin, Pratt & Whitney, Rolls-Royce, Textron, and United States Air Force.

- **American Welding Society (AWS) Technical Committee D20 on Additive Manufacturing***:* Scope of this technical committee is development of AWS standards for additive manufacturing. Some of the members of this committee include staff from Airbus, Arconic, Boeing, FAA, GKN, Honeywell, NASA, Northrop Grumman, Lockheed Martin, Pratt & Whitney, Rolls-Royce, Textron, and United States Air Force.

In January 2019, the Group published the first SAE AMS AM material and process industry standards for wire-DED additive manufacturing. To-date this is the only complete set of wire-DED additive standards that have been published. The challenge with other additive processes and materials is that statistically significant data is not available to meet the specification data submittal guidelines. Additionally, the Group attends and contributes to aerospace government regulatory agency additive manufacturing workshops, providing necessary examples established by the Group that are in turn being set as industry benchmarks for validation of additive manufacturing processes.

Patents

Having constantly advanced its technology since 2007, the Group has developed a wide suite of patents protecting its core technology. As of 25 March 2021, the Group owns a suite of 23 patent families consisting of 89 confirmed patents and 60 patents pending:

Patent family	Expiry date
Inert gas	2030
Two torch	2032
Ti wire	2030
Alloy wire	2032
Two torch CIP of #2	2032
Contact tip	2037
Self-cooled tip	2037
Multi chamber	2037
Wire feed	2037
Arc accuracy adj	2037
Rapid cooling	2038
Plasma torch system	2038
Stand off control	2040
Ion fusion formation	2021
Precise control	2025
Work piece cooling	2025

Customizable repair	2026
Valve disks	2025
Gas-shielding structure	2027
Variable orifice torch	2027
Erosion resistant torch	2027
ABC Patent Family[3]	2040
XYZ Patent Family[4]	2040

When the Group invents or creates new technology it must decide whether to protect the invention by way of applying for a patent, should it meet patentability requirements, or to keep the invention as a trade secret.

The Group typically patents the key elements of its proprietary additive manufacturing machines and important features of its additive manufacturing processes, but it may also prosecute patents in other areas.

To secure an earliest possible filing date in the US, and 21 years protection until expiry of the patent, the Group first files a US provisional application. This provisional application is converted into an ordinary US application and a PCT application after one year. Two and a half years after the first filing, the Group typically extends the PCT application into the national phase, i.e. those individual countries where the Company wants the invention to be protected, or it may abandon the process. When considering if it should extend into the national phase, the Group prioritizes those countries where it and its competitors have, or will have, manufacturing plants, and those markets which are, or will be, significant, in the aerospace sector.

Business plan and strategy

Today, the Group is a qualified supplier to the world's leading OEMs within the commercial aerospace industry, fulfilling multiple contracts with ongoing parts deliveries. Going forward, Norsk Titanium aims to become a preferred supplier on new programs for the OEMs and reach serial production on all qualified parts. In order to become a preferred supplier on all relevant parts, the Company will continue its effort to finalize ongoing qualification programs – effectively enabling future serial production.

Through the USD 125m investment in manufacturing facilities contributed by the State of New York, the Group has infrastructure in place to support annual manufacturing revenues of more than USD 300m. Thus, the Group sees limited need for additional investments in manufacturing capacity for the foreseeable future. The Group's capital expenditure will be directed towards process and manufacturing optimization enabled by increasing production scale.

In the business plan period, the Group aims to greatly expand its role as a value-added materials group and deliver serially produced parts to the aerospace industry. Furthermore, the Group has made major strides with defense customers during 2020. The Group is currently under a qualification contract with a defense customer, for which the Group sees a substantial revenue potential. Going forward, the Group will continue its ongoing qualification efforts with serial production opportunities in 2022 across multiple customers.

Having proven the Group's RPD™ technology in the demanding aerospace industry, the Group expects continued interest in the Group's technology from other industries. Therefore, the Group is exploring alternative business models which may include machine sales, machine leasing, licensing and associated services. Such business models represent attractive growth opportunities for the Group and may be executed alone or in cooperation with other entities.

7.4 Principal Markets

7.4.1 *Principal markets*

This section provides an overview of the principal market in which the Group operates. Information concerning future market developments, the markets in general, industry trends and similar information, is based on data compiled by the Company, professionals, analysts and consultants. The Euronext Growth Advisors have provided statistical information and data, and information is sourced from the Euronext Growth Advisors' databases and other professional industry sources.

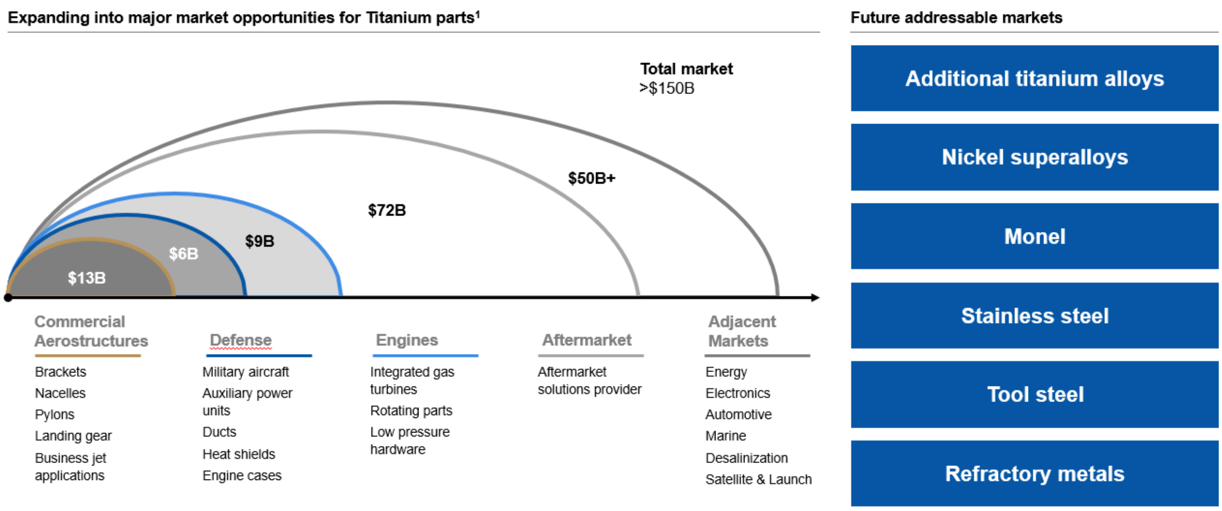
[3] Not yet published
[4] Not yet published

7.4.2 *Introduction*

The Group operates in the 3D printing market of forge-equivalent near-net-shapes and finished parts. Currently, the Group mainly delivers titanium aerospace components to commercial and defense aerospace manufacturers.

7.4.3 *Segmentation based on application*

The addressable market for 3D metal printing of structural titanium parts can, based on application, be divided into Commercial Aerostructures, Defense, Engines, Aftermarket, and Other Industries. The Group estimates the total addressable market for 3D printed titanium parts to be above USD 150 billion[5] based on an internal study using market experts carried out in November 2017. The following use-cases for the Group's 3D printed parts is not exhaustive, and there is a significant future addressable market for additional materials with similar attributes to titanium.



7.4.3.1 *Commercial Aerostructures*

The current main addressable market for the Group's technology is Commercial Aerostructures. This market consists of brackets, nacelles, pylons, landing gear, and business jet applications. The Group has access to titanium parts on all commercial aerospace platforms and delivers these products in forge-equivalent near-net-shapes and finished parts to leading commercial aerospace manufacturers. Modern commercial airliners make greater use of composite materials in their airframe and primary structure than previous designs. The result is an airframe comprising nearly half carbon fiber reinforced plastic and other composites. This type of construction has resulted in an increased use of titanium as well. Where structural loading indicates metal is a preferred material, but environmental considerations indicate aluminum is a poor choice, titanium is an excellent low-maintenance design solution. Titanium can withstand comparable loads better than aluminum, has minimal fatigue concerns, and is highly resistant to corrosion. In the Boeing 787, titanium use has been expanded to roughly 14% by weight of the total airframe[6]. The Group estimates the total addressable market for the Group's RPD™ technology within Commercial Aerostructures at USD 13 billion[7].

[5] Source: internal market study. Total addressable market for the Group's RPD™ technology-
[6] Source: Boeing Commercial Aircraft
[7] Based on market study with external expert. Total addressable market for the Group's RPD™ technology-

7.4.3.2 Defense

The Group is engaged with multiple prime contractors to develop material for the Defense market. The use-cases in the Defense market for metal additives range from military aircrafts to auxiliary power units, ducts, heat shields, engine cases or missile systems. Similar to commercial applications, the compatible material properties of titanium and composites lend themselves to use in all modern military airframes. The estimated addressable market for the Group's RPD™ technology within these applications is estimated at USD 6 billion[8].

7.4.3.3 Engines

The Group's technology is also applicable to produce engine materials. Lightweight, strong, corrosion-resistant, and thermally stable materials are critical to the design of turbine engines. Titanium plays a pivotal role in modern engine design. Its strength-to-weight ratio and resistance to extreme heat make it the ideal candidate for engine applications. Titanium will continue to find a role in jet engine materials in fan blades, low pressure and high pressure compressor components. The demand drivers in aerospace engines are larger engines, larger global fleets, and emerging global economies, which also results in higher build rates.

7.4.3.4 Aftermarket

The Group's RPD™ process can be applied to maintenance, repair, and overhaul solutions for the Aftermarket which addresses demands from commercial aerospace, defense and engine applications. The Group intends to address these markets as part of its growth strategy. The Maintenance, Repair & Overhaul (MRO) industry will need to evolve significantly over the next 10 years to meet changing demand driven by growth, geographic shifts, fleet mix trends, and new technology[9]. With additive manufacturing emerging as a method OEMs commonly used to produce specific components for new aircrafts, the technology is also on the verge of revolutionizing MRO. In addition to spare parts being printed on demand, they can also be repaired with additive production methods. Both uses offer an attractive business case.

The estimated addressable market for the Group's RPD™ technology within Engines and Aftermarket is estimated at USD 72 billion.

7.4.3.5 Adjacent Markets

There are many future market opportunities for the Group to deploy its technology. Going forward the Group plans on entering adjacent markets, consisting of Energy, Electronics, Automotive, Marine, Desalinization, and Satellite & Launch. The Group's Management estimates that Adjacent markets will gradually make up a larger share of the Group's revenue (15% in 2023 and 25% in 2026)[10]. The estimated addressable market for the Group's RPD™ technology within Adjacent Markets is estimated at USD 50+ billion.

[8] Based on market study with external expert
[9] Source: Oliver Wyman, AvWeek MRO Network
[10] Norsk Titanium Business plan estimates

7.4.4 *Future addressable markets for other materials*

The Group plans on widening its scope to increasingly apply their 3D printing technology on other metals. Future addressable markets for other materials than titanium consist of nickel superalloys, Monel®, stainless steel, tool steel, and refractory metals. The Group's RPD™ technology is applicable to and highly competitive in manufacturing the forementioned metal additives.

7.4.5 *Industry trends*

Innovation in the manufacturing of metals has lagged compared to other areas where history has seen a number of disruptive industrial technologies. The production of structural grade metal alloys has not evolved much over the last centuries, where the production input used to consist of high labor and energy input which is now replaced by high capital and energy input. The metal forging industry today is causing significant challenges within the commercial aerospace supply chain for numerous reasons: 1) There are few supplier options, 2) the capital intensity is high, 3) there is a lack of customization of the products, 4) the lead time is long due to capacity constraints, 5) there is a large environmental footprint due to massive energy consumption and enormous waste of natural resources, and 6) there is a significant downtime risk as a forging press could take months or more than a year to repair and rebuild. 3D printing technology is positioned to disrupt these dynamics of the metal manufacturing industry.

The use of titanium across industries of which the Group is currently serving or planning on entering in the near future is growing. More specifically, commercial airplanes have over the last 10-15 years increasingly replaced the use of aluminum with composite materials in their airframe and primary structure. This type of construction has resulted in an increased use of titanium as well[11]. The development is evident when comparing the Boeing 777 consisting of 12% composites and 50% aluminum to Boeing 787 consisting of 50% composites and 20% aluminum by weight. In the Boeing 787, titanium use has been expanded to roughly 14% of the total airframe. Modern commercial airframes mostly consist of composites and aluminum, and in 2017 titanium accounted for 20% of the average commercial airframe by dollar content and 11% by weight. Meanwhile titanium accounts for 42% of the commercial jet engine parts by dollar content. The defense aircraft market is even more dependent on titanium parts, where titanium in 2017 accounted for 28% of military fighter airframes and 44% of military jet engine parts by dollar content. This trend is likely to persist due to the increasing use of composites in aircrafts and higher engine operating temperatures and pressures, driving the size of the market for titanium additives.

A more recent development is that industries such as the energy industry increasingly use titanium additives in turbomachinery, consumer electronics use titanium additives in enclosures, and industrial applications such as tooling increasingly consist of titanium additives. The demand for titanium in these applications is the result of the inherent characteristics of the material, with excellent corrosion and erosion resistance, high heat-resistance, impressive strength-to-weight ratios and very good oxidation capabilities. RPD™ technology with its ability to provide customization at large scale, reduction in lead times, supply chain optimization and flexibility, consolidation of parts and increased precision open new doors to apply titanium parts in applications which was previously not feasible due to inefficient manufacturing.

7.4.6 *Material Contracts*

<u>NY State Agreement</u>
Norsk Titanium US Inc. entered into an alliance agreement with the not-for-profit agency, Fort Schuyler Management Corporation ("FSMC"), effective as of 23 July 2015, and as amended by way of an amended alliance agreement dated 16 November 2018 (together, the "**Alliance Agreement**"). Pursuant to the Alliance Agreement, FSMC would generate funding from the State of New York of up to USD 125 million to be spent on the construction of a new high-tech manufacturing facility in Plattsburgh, New York, as well as the cost of equipment to be used by the Group at the facility – primarily the Group's RPD™ machines. In return, the Group is obliged to meet certain employment targets (231 direct, 152 downstream) in the 10 year period following the date of commissioning of the manufacturing facility.

FSMC has invested much of the maximum of USD 125 million it committed to spend under the agreement, which included purchasing production machines and building a production facility. All equipment and facilities are leased to Norsk Titanium US Inc. for 10 years for USD 1 per year. The production plant is currently operational and most of the USD 125 million has already been spent by FSMC. There is approximately USD 5 million remaining to be spent on small production equipment after the purchase of PDQC (original production facility that was rented by the company) is completed. After the initial 10 year term of the lease is completed the parties may enter into good faith regarding the terms and conditions of the subsequent term. The rental for the subsequent term shall not exceed the then current fair market price for the premises.

[11] USGS; VSMPO; Boeing; Airbus, 2017

Boeing agreements
The Group entered into a number of agreements with The Boeing Company in 2017.

Airbus agreements
A wholly owned, indirect, subsidiary of the Company, Norsk Titanium US Inc. ("**NTi US Inc**") entered into a framework procurement agreement in 2019 with Airbus S.A.S ("**Airbus**") for the design, manufacture and supply of wire fed direct energy deposition products.

Spirit agreements
NTi US Inc entered into a number of agreements with Spirit in 2018.

7.5 Group organisation

Norsk Titanium AS is the parent company of the Group.

The Company has three wholly owned subsidiaries; Norsk Titanium Equipment AS, NTi MH AS and Norsk Titanium Services Limited (a UK private limited company).

NTi MH AS has one wholly owned subsidiary, Norsk Titanium US Inc., a company incorporated in Delaware USA, which in turn has one wholly owned subsidiary NTi Equipment Leasing (US) One LLC, a limited liability company incorporated in Delaware USA.

The Group's Management team comprising:

- Michael Canario, Ashar Ashary, Carl Johnson, Steve Eaton, Annette Jussaume and Nicholas Mayer are employed by Norsk Titanium US Inc.;
- Odd Terje Lium is employed by Norsk Titanium AS; and
- Andrew Clayton is employed by Norsk Titanium Services Limited.

Norsk Titanium Equipment AS was established in August 2015 with the objective to manufacture, purchase, license or otherwise acquire machinery, software, parts and other elements in connection with the construction of equipment and tools for the production of titanium components and to sell such equipment, tools and related elements. The subsidiary's registration number with the Norwegian Register of Business Enterprises is 815 865 782 and the subsidiary currently has a share capital of NOK 30,000.

NTi MH AS was established in March 2015 with the objective to invest in shares and other holdings in other group companies and enterprises, as well as all other activities associated with this. The subsidiary's registration number with the Norwegian Register of Business Enterprises is 815 248 112 and the subsidiary currently has a share capital of NOK 30,000.

7.6 Business-critical patents, licenses, trademarks etc.

The Group has developed a portfolio of 15 patent families and purchased 8 from Honeywell. As of 25 March 2021, the Group's portfolio includes 89 patents and 60 patent applications. These patents cover both material and process aspects of the Group's business.

The Group's key patents fall into two categories: Physical Machine and Process (and Key Process Parameter Control)

The Physical Machine Patents include

- 2 Torch- **Method and arrangement for building metallic objects by solid freeform fabrication**
    - Preheater torch ensures melt-in to substrate and allows for production breaks for consumables changes**;**
- Contact Tip-**Contact tip contact arrangement for metal welding**
    - Enables smooth wire feed while maintaining electrical contact;
- Self-Cooled Tip-**Fluid-cooled contact tip assembly for metal welding;**
    - Enables production at high deposition rates without overheating
- Multi-Chamber-**Multi-chamber deposition equipment for plasma arc welding;**
    - Loading and Unloading chambers that maintain the deposition environment, enables an unlimited batch size

Process (and Key Process Parameter Control) patents include:

- Wire Feed-**Metal wire feeding system**
    - Method to control a Key Process Parameter, crucial for ensuring consistent process conditions;
- Arc accuracy adjustment-**Wire arc accuracy adjustment system**
    - Required to ensure complete fusion;
- Rapid Cooling-**Solidification refinement and general phase transformation control through application of in situ gas jet impingement in metal additive manufacturing**
    - Method to control grain size in wire additive process;
- Stand off control
    - Method to automate control of a Key Process Parameter, crucial for ensuring consistent process conditions; and
- Plasma gas control
    - Method to control a Key Process Parameter, crucial for ensuring consistent process conditions.

The Group licenses software from third parties which it considers critical to its business as they are used in its proprietary additive manufacturing machines and associated software.

The software is comprised of three classes: application software, system software, and firmware embedded in third party components, as described further below.

(1) Firmware is incorporated into third party components of the Group's additive manufacturing machines such as welding inverters and gas control cards;

(2) The Group uses system software: (a) to develop various proprietary application software, and (b) for controlling various process equipment including system software used: (i) in the programmable logic controller ("**PLC**") for controlling welding equipment; (ii) in the laser line scanner for stand-off control, a key process indicator; (iii) in the PLC for controlling the process controller, i.e. the RPD™ part program code; (iv) in the PLC controlling various aspects in the additive manufacturing machines such as atmosphere in the welding chambers, and safety logic; and (iv) for data acquisition during the RPD™ process; and

(3) The Company uses system software to develop proprietary application software used to perform specific functions to control the additive manufacturing machines and the entire RPD™ process, including wire feed control, atmospheric conditions, and process control.

Alternative vendors of the system software could be obtained; however, such replacement, whilst not insurmountable, would result in considerable time, effort, and expense on the Group's behalf.

In the case of components into which firmware is embedded, and the Group's ability to procure such components was reduced, or curtailed, this could potentially impact on the Group's ability to deliver to its customers. In such a case, the Group would have to seek alternatives in order to maintain planned production delivery.
The Group has a limited trademark portfolio comprising four trademarks, three of which have been registered in the United States, and one further mark awaiting further final notice.

7.7 Related party transactions

During 2018, the Company entered into a USD 30 million loan agreement with selected shareholders. As part of the loan agreement, the lenders was granted warrants to purchase 60,000 shares. The loan could be extended from USD 30 million, up to a principal amount of USD 42.5 million. As of 31.12.2018 the loan was extended with a second tranche of USD 2.9 million and 5 309 subscription rights. The strike price of the options granted is equal to the market value of shares on the grant date. The duration of the loan can be extended from 36 months up to 54 months (i.e. 18 months extension) at the Company's discretion. The loan carries an interest at a fixed 14 % per annum in arrears, compounded quarterly. At the maturity date, the interest will be repaid in shares (payment-in-kind), subject to necessary corporate approvals, and otherwise in cash. In case of payment in shares, the share price shall be the lower of USD 600 per share and the share price of the last substantial equity issuance (i.e. a share issue of USD 50,000,000 or more). Other than the warrants described in Section 10.6, all warrants under this loan have been exercised or cancelled.

During 2019, the Company extended the loan from 2018 from USD 32.9 million loan up to the principal amount of USD 42.5 million with selected shareholders. As part of the loan agreement, the lenders have been granted warrants to purchase 13,422 shares. The strike price of the options granted is equal to the market value of shares on the grant date. The duration of the loan can be extended from 36 months up to 54 months (i.e. 18 months extension) at the Company's discretion. The loan carries an interest at a fixed 14% per annum in arrears, compounded quarterly. The accrued interest shall be settled by converting to new shares in the Company. The loan and warrants have been settled in full.

The Company entered into a second subordinated loan agreement of USD 5 million in December 2019 with selected shareholders. As a part of the USD 5 million loan agreement, the lenders have been granted warrants to purchase 10,000 shares. The subordinated loan agreement was extended from USD 5 million to USD 11 million in 2020. The lenders have been granted warrants to purchase 18,999 shares under the subordinated loan agreements. The strike price of the warrants granted was equal to the market value of shares as of September 2018. The expiration date of the loan is equal to the loan agreement from September 2018. The loan carries an interest at a fixed 15% per annum in arrears, compounded quarterly. The accrued interest shall be settled by converting to new shares in the Company. The loan and warrants have been settled in full.

A third secured loan agreement of USD 9.0 million was signed in June 2020, which was extended from USD 9.0 million to USD 20 million during 2020. The expiration date of the loan is equal to the loan agreement from September 2018. The loan carries an interest at a fixed 15% per annum in arrears, compounded quarterly. The third secured loan agreement is measured at amortised cost. The loan and warrants have been settled in full.

The loan from September 2018 and the subordinated loan agreements contain several embedded derivatives. These components could be separated and accounted for separately. However, NTi has chosen the option in IFRS 9.4.3.5 not to separate the embedded derivatives, but instead account for the whole contract at fair value through profit and loss. Fair value of the warrants are calculated using a Black-Scholes-Merton option-pricing model. The remaining part of the loan agreement is at initial recognition measured as the difference between the cash proceeds from the loan agreement fair value and the calculated value of the warrants.

The Company has issued a convertible loan of USD 9,000,000 which was resolved by the general meeting on 29 January 2021. The convertible loan is subscribed by the following shareholders of the Company; Norsk Titanium Cayman Ltd, Disruptive Innovation Fund L.P., NTi Holding AS and Spirit AeroSystems, Inc. Pursuant to the terms of the loan and if the Company decides listing of its shares on a multilateral trading facility and the total subscription amount in share capital increase relating to the listing is equal to minimum USD 25,000,000, the loan amount (including accrued interest of USD 284,722) shall be converted into ordinary shares. The subscription price for the ordinary shares upon conversion of the loan shall be the price paid per share in the capital increase (the Private Placement) with a reduction of 20% of the price. Outstanding loan amounts (including accrued interests) amount to USD 9,284,722, and consequently 88,339 shares were issued based following the general meeting on 6 May 2021 on the subscription price of NOK 10.88. The share capital of the Company was increased accordingly to NOK 16,853,060.

Other than as mentioned above, the Company has not entered into any related party transactions.

7.8 Legal and arbitration proceedings

The Company has for the past years been involved in a dispute with Clark Street Associates (CSA) regarding a consulting agreement entered into between the parties in 2014, pursuant to which CSA, the claimant, provided consulting services to the Company. On 24 September 2020, the Company entered into an agreement with CSA regarding the settlement of the legal dispute, where the Company settled the claim.

Other than the dispute mentioned above, the Group may from time to time become involved in litigation, disputes and other legal proceedings arising in the course of its business. Neither the Company nor its subsidiary, is, nor has been, during the course of the preceding 12 months involved in any legal, governmental or arbitration proceedings which may have, or have had in the recent past, significant effects on the Company's and/or the Company's financial position or profitability, and the Company is not aware of any such proceedings which are pending or threatened.

7.9 Competitive situation

The Group does not have many direct competitors given that is a new player in the industry which it is disrupting and currently serves some very specific markets/applications. Other 3D printing companies that are serving the aerospace industry include ExOne, 3D Systems, Stratasys, Sciaky, EOS, and GE Additive. However, within commercial aircraft production, the Group is currently the only FAA-approved structural titanium 3D printing manufacturer. The mentioned 3D printing companies in addition to Desktop Metal, Digital Alloys, Gefertec, SLM Solutions, Protolabs, and VoxelJet use different manufacturing processes built on different technologies than the Group. Firstly, titanium/metal powder (which is much more expensive) is used in their printers. Secondly, the printers work at a slower rate and are principally focused on creating newly engineered parts. As a result, these technologies lack the ability to address the direct part substitution market the Group has identified. Other wire-DED suppliers such as Sciaky, Gefertec GMBH, Digital Alloys are all focused on selling machines as their principal business model. This model requires their customers to do all the process development in order to meet the strict material requirements for part substitution. The patent-protected RPD™ technology and the Group's business model of supplying near-net shape parts is a significant competitive advantage which has led to the only successful serial production qualifications to date.

The closest competitors are legacy producers of metal parts and components for the aerospace industry. Such companies include PCC Aerostructures, Aubert & Duval, Howmet Aerospace, ATI, Fuchs, and VSMPO-AVISMA. However, the manufacturing processes of these companies differ materially from the Group's RPD™ technology. The Group's edge over these metal mill/casting/forging companies is the lower capital and tooling costs, less material use, and shorter lead time, resulting in substantial reductions in unit costs compared to incumbent production methods. Moreover, the Group's RPD™ technology leaves less of a carbon footprint due to reductions in material waste and required machining. The metal manufacturing industry is in general also associated with limited opportunities for customization of products and significant downtime risk of operations. For example, forging presses could take months or more than a year to repair and rebuild. In sum, the metal manufacturing industry is causing significant challenges within the commercial aerospace and defense supply chains which the Group is positioned to address. In general, and particularly upon entering adjacent markets, the Group will increasingly compete with legacy metal manufacturers of structural grade metal alloys.

8. SELECTED FINANCIAL INFORMATION AND OTHER INFORMATION

8.1 Introduction and basis for preparation

The audited financial statements as of and for the years ending on 31 December 2020 and 31 December 2019 (the "**Financial Statements**") have been prepared in accordance with IFRS and the Norwegian Accounting Act of 17 July 1998 no 56 (the "**Norwegian Accounting Act**"). The Financial Statements are included herein as Appendix B and Appendix C, respectively. The Company presents the Financial Statements in USD (presentation currency).

The Financial Statements have been audited by the Company's independent auditor, Ernst & Young AS, as set forth in the auditor's report, which is included in the Financial Statements (see Appendix B and Appendix C). The auditor's reports do not include any qualifications.

The selected financial information presented in Section 8.2 to Section 8.6 below has been derived from the Financial Statements and should be read in connection with, and is qualified in its entirety by reference to, the Financial Statements included herein as Appendix B and Appendix C.

8.2 Summary of accounting policies and principles

For information regarding accounting policies and the use of estimates and judgments, please see the introductory section of the notes for the Financial Statements for 2020 and 2019.

8.3 Financial information

Income statement

The table below sets out selected data extracted from the Company's audited consolidated statement of profit or loss and consolidated statement of comprehensive income for the years ended 31 December 2020 with comparable information for 2019 (prepared in accordance with IFRS).

	Year ended 31 December	
	2020	**2019**
USD ('000)	**(audited)**	**(audited)**
Revenue	357	336
Other income	619	57
Total revenue	**977**	**393**
Raw materials	(3,891)	(3,195)
Employee benefits expense	(13,741)	(20,872)
Other operating expenses	(10,645)	(6,796)
EBITDA	**(27,300)**	**(30,470)**
D&A	(2,968)	(3,404)
Impairment of intangible assets	0	(713)
EBIT	**(30,268)**	**(34,586)**
Financial income	17,458	15,386
Financial expenses	(30,024)	(17,380)
Profit or loss before tax	**(42,834)**	**(36,580)**
Income tax expense	(62)	(7)
Profit or loss for the year	**(42,896)**	**(36,587)**
Other comprehensive income		
Items that subsequently may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	(953)	(40)

Other comprehensive income	**(953)**	**(40)**
Total comprehensive income	**(43,849)**	**(36,626)**

Balance sheet

The table below sets out selected data extracted from the Company's audited consolidated statements of financial position as at 31 December 2020 and with comparative information for 2019 (prepared in accordance with IFRS).

	Year ended 31 December	
	2020	**2019**
USD ('000)	**(audited)**	**(audited)**
Assets		
Non-current assets		
Deferred tax asset	0	0
Right of use assets	1,202	1,601
Property, plant and equipment	4,859	5,728
Intangible assets	8,202	9,235
Total non-current assets	**14,264**	**16,564**
Current assets		
Inventories	4,724	4,317
Trade receivables	787	907
Other current assets	961	1,577
Cash and cash equivalents	2,197	2,145
Total current assets	**8,669**	**8,945**
Total assets	**22,933**	**25,509**
Equity and liabilities		
Equity		
Share capital	464	464
Share premium	0	92,726
Treasury shares	-10	-10
Other capital reserves	0	2,857
Other equity	-80,975	-133,090
Total equity	**-80,521**	**-37,052**
Non-current liabilities		
Deferred tax liabilities	0	0
Non-current interest bearing debt	0	0
Long term debt liabilities	1,535	1,657
Derivative financial liabilities	0	6,665
Loan measured at fair value	0	40,614
Total non-current liabilities	**1,535**	**48,936**
Current liabilities		
Trade and other payables	1,608	2,391
Interest bearing debt - short term	21,195	74
Current loan measured at fair value	69,106	

Contract liabilities	3,927	6,518
Other current liabilities	6,035	4,594
Tax payable	47	48
Total current liabilities	**101,918**	**13,625**
Total liabilities	**103,453**	**62,561**
Total equity and liabilities	**22,933**	**25,509**

Cash flow statement

The table below sets out selected data extracted from the Company's audited consolidated cash flow statement for the years ended 31 December 2020 with comparable information for 2019 (prepared in accordance with IFRS).

		Year ended 31 December
	2020	**2019**
USD ('000)	**(audited)**	**(audited)**
Cash flow from operating activities		
Profit before tax	**-42,835**	**-36,580**
Adjustments to reconcile profit before tax to net cash outflow:		
D&A	2,968	3,404
Impairment of intangible assets	0	713
Net financial income/expense	14,569	1,813
Net foreign exchange differences	-2,003	181
Tax payable	-182	-48
Working capital adjustment:		
Changes in inventories and right of use assets	-8	-1,973
Changes in trade and other receivables	120	3,048
Changes in other current assets	615	78
Changes in trade and other payables	-782	-719
Changes in other accruals	212	2,899
Net cash flow from operating activities	**-27,325**	**-27,183**
Cash flow from investing activities		
Purchase of property, plant and equipment	-372	-56
Investment in intangible assets	-358	-156
Interest received	7	77
Net cash flow from investing activities	**-724**	**-135**
Cash flow from financing activites		
Proceeds from issuance of shared capital	0	0
Purchase of treasury shares	-22	-9
Sale of treasury shares	0	114
Payment of principle portion of lease liabilities	-853	-671

Increase and repayment of debt	29,112	11,064
Net interest paid	-198	-235
Net cash flow from financing activities	**28,039**	**10,632**

Net change in cash and cash equivalents	-10	-17,055
Effect of change in exchange rate	62	-203
Cash and cash equivalents, beginning of period	2,145	19,402
Cash and cash equivalents, end of period	**2,196**	**2,145**

Statement of changes in equity

The table below sets out selected data extracted from the Company's audited consolidated statement of changes in equity for the years ended 31 December 2020 with comparative information for 2019 and 2018 (prepared in accordance with IFRS).

	Attributable to the equity holders of the parent						
					Other equity		
USD ('000)	**Share capital**	**Share premium**	**Treasury shares**	**Other capital reserves**	**Cumulative translation effect**	**Retained earnings**	**Total equity**
Balance as of 31.12.2018	**464**	**92,726**	**-10**	**1,315**	**-999**	**-95,464**	**-1,969**
Profit (loss) for the year						-36,587	-36,587
Other comprehensive income					-40		-40
Issue of share capital							0
Purchase of treasury shares			-0	-9			-9
Sale of treasury shares			1	114			114
Share based payment				1,437			1,437
Balance as of 31.12.2019	**464**	**92,726**	**-10**	**2,857**	**-1,038**	**-132,051**	**-37,052**
Profit (loss) for the year						-42,896	-42,896
Other comprehensive income					-953		-953
Issue of share capital							0
Purchase of treasury shares			-0	-22			-22
Sale of treasury shares			0	0			0
Share based payment				403			403
Transfer to other capital reserves				-3,238		3,238	0
Transfer to share premium		-92,726				92,726	0
Balance as of 31.12.2020	**464**	**0**	**-10**	**0**	**-1,991**	**-78,984**	**-80,521**

8.4 Significant changes in the Company's financial or trading position

Since the last audited accounts, the Company has on 6 May 2021 executed a conversion of certain debt items into equity, resulting in an issuance of 8,833,900 shares and a share capital increase of NOK 706,712. In 1Q 2021, loans totalling approx. USD 88.3 million, predominantly given by the Company's largest shareholders, NTi Holding AS, Norsk Titanium Cayman Ltd. and Triangle Holdings LP, were converted into equity. If the conversion of debt described had taken place prior to closing balance at 31 December 2020, it would have implied a positive impact on total consolidated equity of the Group resulting in an equity to capital and net debt ratio of approximately 50%. Furthermore, the Company has raised USD 9m in a Convertible Loan offering which was exchanged for equity at closing of the Private Placement, and also raised approx. USD 6.2m in a share sale to the existing shareholders. For more information on the Private Placement, please refer to section 6.

8.5 Working capital statement

The Company is of the opinion that the working capital available to the Company, including the proceeds from the Private Placement described in section 6, is sufficient for the Company's present requirements, for the period covering at least 12 months from the date of this Information Document.

9. THE BOARD OF DIRECTORS, EXECUTIVE MANAGEMENT AND OTHER CONSULTANTS

9.1 Introduction

The general meeting is the highest decision-making authority of the Company. All shareholders of the Company are entitled to attend and vote at general meetings and to table draft resolutions for items to be included on the agenda for a general meeting.

The overall management of the Company is vested with its Board of Directors and the Company's Management. In accordance with Norwegian law, the Board of Directors is responsible for, among other things, supervising the general and day-to-day management of the Company's business ensuring proper organization, preparing plans and budgets for its activities ensuring that the Company's activities, accounts and assets management are subject to adequate controls and undertaking investigations necessary to perform its duties.

The Group's Chief Executive Officer (the "**CEO**") is responsible for the day-to-day management of the Group's operations in accordance with instructions set out by the Board of Directors. Among other responsibilities, the CEO, is responsible for keeping the Company's accounts in accordance with existing Norwegian legislation and regulations and for managing the Company's assets in a responsible manner. In addition, the CEO must, according to Norwegian law, brief the Board of Directors about the Company's activities, financial position and operating results at a minimum of each fourth month.

9.2 The Board of Directors

9.2.1 *General*

The Company's Articles of Association provide that the Board of Directors shall comprise from 4 to 10 board members, as elected by the Company's shareholders in a general meeting. As of the date of this Information Document, the Company's Board of Directors consists of seven members.

The Company's registered business address, Karenslyst Allé 9C, 0278 Oslo, Norway, serves as business address for the members of the Company's Board of Directors in relation to their directorship in the Company.

9.2.2 *The composition of the Board of Directors*

The names and positions of the members of the Board of Directors are set out in the table below.

Name	Function	Served since	Term expires	Shares	Options
John Andersen	Chairman	2013	2022	0*	0
Bart Cornelus Gerardus Van Aalst	Board Member	2010	2022	576,000	300,000
Shan-E-Abbas Ashary	Board Member	2010	2022	217,700	0
Steve Geskos	Board Member	2021	2022	0	0
Jeremy Francis Barnes	Board Member	2018	2022	0	0
Mimi K. Berdal	Board Member	2021	2022	0	0

* Related parties control 60,361,325 shares through NTi Holding AS and 167,300 shares through Scatec Innovation AS.

9.2.3 *Brief biographies of the members of the Board of Directors*

Set out below are brief biographies of the members of the Company's Board of Directors, including their relevant management expertise and experience and an indication of any significant principal activities performed by them outside the Company.

John Andersen, Chairman of the Board
Mr. Andersen serves as the CEO of Scatec Innovation AS, the founding shareholder of Norsk Titanium. Mr. Andersen has extensive experience with rolling out technology-intensive industrial concepts and building global organizations. Prior to Scatec Innovation AS, Mr. Andersen served as the Group COO and Executive Vice President of the REC Group, a major global solar energy company. Mr. Andersen currently serves as the Chairman of the Board of several public and private companies in advanced materials and renewable energy.

Mr. Andersen holds a MSc in Business and Economics from the Norwegian School of Management.

Jeremy Francis Barnes, **Board Member**
Mr. Barnes is CEO of Falko Regional Aircraft ltd, which is actively engaged in all aspects of commercial aircraft leasing that was formed in July 2011 when funds managed by Fortress Investment Group purchased of BAE Systems Asset Management. Previously, Mr. Barnes was with BAE from 1993 to 1998, where he was responsible for all aspects of corporate finance within the commercial aerospace sector and sat on the Executive Board that oversaw the running of the Asset Management division. In 1999, Mr. Barnes joined XL Capital and in 2001 founded Orbis Capital, a corporate and structured finance company specialising in aircraft and other asset backed transactions. Mr. Barnes led the buy-in of BAE AM business in July 2011.

Bart Cornelus Gerardus van Aalst, **Board Member**
Mr. van Aalst has over 20 years of experience in banking and venture capital. From December 2015 to February 2019, Mr. van Aalst held the position of CFO and SVP Administration at the Company. Mr. van Aalst has further worked for the Leasing and Securitization teams at Bank of America, Global Structured Finance at ANZ Investment Bank, and Corporate Banking at Citibank. Mr. Van Aalst served as a founding member of LCAL Inc., a Boeing 787 dedicated aircraft leasing company and was a key member through its expansion and ultimate exit. From December 2015 to February 2019, Mr van Aalst held the position of CFO an SVP Administration at Norsk Titanium AS.

Mr. van Aalst holds a MSc in Business Administration from the Rotterdam School of Management.

Shan-E-Abbas Ashary, Board Member
Mr. Ashary is the Chief Investment Officer of the Aljomaih Group and has been with the group since 2001. Mr. Ashary has over 35 years of experience in managing international investments and running operations of large, diversified multinational companies. Mr. Ashary is a managing partner of large real estate fund in the U.S. He currently sits on the Board of Directors of several funds and private and public companies in various countries.

Steve Geskos, Board Member
Mr. Geskos has invested in public and private companies for over twenty years, most recently at Rose Park Advisors as a Managing Director where he focuses on companies that fit the Disruptive Innovation frameworks. Previously, Mr. Geskos was at Fortress Investment Group as a Managing Director in the Credit group. He invested across the capital structure in both a public and private capacity with a particular emphasis on cyclical industries and hard asset classes. Mr. Geskos managed a global equity long/ short fund for the firm’s Liquid Markets business beginning in 2011.

Prior to Fortress, Mr. Geskos was at MissionPoint Capital, a multi-strategy investment firm, Perry Capital, and Jennison Associates.

Mr. Geskos received his MBA from NYU Stern and B.A. summa cum laude in History from Brandeis University where he was elected Phi Beta Kappa.

Mimi K. Berdal, Board Member
Mimi K. Berdal, born 1959, holds a Master of Law from Oslo University (1987) in addition to foreign language diplomas from France (Angers) and UK (Cambridge). She was employed as research fellow at the Nordic Institute of Maritime Law 1985-1986, then served as legal adviser in TOTAL Norge AS 1988-1990 and thereafter attorney and partner in the law firm Arntzen de Besche until 2005. Since then, Berdal has been a self-employed corporate adviser and investor in addition to various board and other professional assignments in private, public and listed companies. Berdal is today Chairperson of EMGS ASA and member of the board of Goodtech ASA, Interoil E&P ASA, Energima AS and KLP Eiendom AS.

9.3 Management

As of the date of this Information Document, the Company's senior Management team consists of 8 individuals. The names of the members of the Management and their respective positions are presented in the table below.

Name	Function	Employed since	Shares	Options
Michael James Canario	CEO	2018	0	750,000
Carl Johnson	CTO	2016	0	300,000
Nicholas Mayer	VP Commercial	2015	10,400	200,000
Ashar A Ashary	VP Finance	2016	0	75,000
Annette M Jussaume	VP Quality	2016	0	75,000
Andrew Clayton	Acting General Counsel	2016	0	50,000
Odd Terje Lium	VP Engineering	2018	0	25,000
Stephen Eaton	VP Operations	2017	0	25,000

Michael James Canario, CEO
Mr. Canario joined the Group as CEO in June 2018. He is not registered as the Company's managing director (Nw.: daglig leder) with the Norwegian Registry of Business Enterprises and is employed by the Company's subsidiary Norsk Titanium US Inc. Mr. Canario previously served as President of Aerospace, Americas & Corporate Business Development for Hexcel, a world leader in advanced composites for commercial aerospace, space and defense and industrial applications. Throughout his 20-year tenure with Hexcel, Mr. Canario held executive positions across several business functions, including sales and marketing, financial planning and analysis, and operations. Prior to Hexcel, Mr. Canario spent eight years with predecessor companies Ciba-Geigy and BP Chemicals.

Carl Johnson, CTO
In 2016, Mr. Johnson joined the Group as the Chief Technical Officer and is employed by the Company's subsidiary Norsk Titanium US Inc. Mr. Johnson has 40 years of experience in the aerospace industry. His career includes leading teams in advanced technologies. In his 30+ years with Northrop Grumman, he led the Global Hawk Autonomous Unmanned Air System, Triton UAS, and the X-47B UAS which demonstrated autonomous carrier take off and landings and autonomous aerial refuelling. Prior to these roles he held various management positions in the B-2 program.

Carl holds a BSME from Northern Arizona State University, an MSME from Colorado State University, and an MBA from the University of California, Los Angeles.

Nicholas Mayer, VP Commercial
Mr. Mayer joined the Group in 2015 as the Vice President of Product Development and is employed by the Company's subsidiary Norsk Titanium US Inc. He currently serves as the Vice President of Commercial, overseeing all customer relationships, product development and pricing, communications, and marketing. Prior to joining the Group, Mr. Mayer held management positions within the advanced development divisions of Northrop Grumman, Aerojet Rocketdyne, and Lockheed Martin. His background focuses on program management of developmental systems and capture of advanced aerostructure programs.

Mr. Mayer holds a Bachelor of Science in Business Administration from the California State Polytechnic University with a concentration in Corporate Finance.

Ashar A. Ashary, VP Finance
Mr. Ashary joined the Group in September 2016 in a Management role and is employed by the Company's subsidiary Norsk Titanium US Inc. Prior to joining the Management Mr. Ashary was with Tricap Investments, a private equity fund associated with the investment in Norsk Titanium. Mr. Ashary spent over 15 years in private equity, investment banking and advisory where he led technology and growth investment teams. Most recently he has held senior finance positions at growth companies of private equity firms.

Mr. Ashary is a Chartered Financial Analyst (CFA®) and holds a Bachelor of Science in Finance and Business Economics from Indiana University Bloomington.

Annette M. Jussaume, VP Quality
Annette M. Jussaume, employed by the Company's subsidiary Norsk Titanium US Inc., joined the Group from Pratt & Whitney, a United Technologies Company, where her 29-year career was highlighted by leading the execution of the PW1524G engine development program for the Bombardier C-Series commercial aircraft, as well as establishing and leading quality readiness for the Lockheed Martin F-35 Joint Strike Fighter. In her most recent role, she provided worldwide executive leadership of quality programs at all Pratt & Whitney owned facilities.

Ms. Jussaume holds a mechanical engineering degree from Western New England University.

Andrew Clayton, Acting General Counsel
Mr. Clayton, employed by the Company's subsidiary Norsk Titanium Services Limited, is a highly experienced senior in-house counsel. He previously led the central legal team at ITV plc, a FTSE 100 company - the largest commercial broadcaster in the UK. Prior to that he worked at a leading commercial law practice in London. Mr Clayton is Acting General Counsel and oversees the Company's legal function.

Mr. Clayton holds a Bachelor of Laws degree from the University of Warwick and is a UK qualified solicitor.

Odd Terje Lium, VP Engineering
Mr. Lium is employed by the parent company of the Group, Norsk Titanium AS. Mr. Lium has more than 20 years of experience in the aerospace industry, both as a leader in technology development and production. Since 2018, Mr. Lium has led the Eggemoen Technology Center (ETC), which is the Group's technology center. Mr. Lium leads the teams with responsibility for materials and process understanding, machine and technology development, production and industrialization as well as the project organization. Prior to this, Lium came from the position as VP Engineering Technology Quality at GKN Aerospace Norway AS, a company in which he held various leading positions over 20 years.

Mr. Lium has a Civil Engineering degree (MSc eqv) from the Department of Production and Quality Engineering at NTNU.

Steve Eaton, VP Operations
Steve Eaton, employed by the Company's subsidiary Norsk Titanium US Inc., joined the Group in June 2017 and has played a key role in establishing operations in Plattsburgh. Mr. Eaton previously worked at Collins Aerospace as Director of Military Programs responsible for all aspects of program execution and business development. In total, Mr. Eaton has worked in Aerospace and Defense for over 20 years with increasing responsibilities ranging from operations, continuous improvement, compliance and operations finance at Collins Aerospace, United Technologies and Raytheon Defense Systems.

Mr. Eaton holds a Bachelor of Finance Degree and an MBA from Bentley University.

9.4 Nomination committee

As of the date of this Information Document, the Company has not established a nomination committee. However, the Company plans to establish a nomination committee following the Admission to allow new investors to participate in the election and the composition of the Company's Board of Directors. It is contemplated that a nomination committee will be appointed and that the Company implement necessary amendments to the Articles of Association in this connection with the next general meeting.

9.5 Share incentive schemes

The Company has a share option program for employees in the Company divided into 13 "sub-programmes". As of the date of this Information Document, 76 employees are included in the option programme and 9 former employees are included in the option program. On average the option vests after approximately 3.6 years. However, certain of the options vest in case of the occurrence of a change of control in the Company. Change of control is not defined in the employment agreements. 3,583,400 of the options have vested, of which 120,000 (the 2011-2013 program) do not have an expiration date. 3,498,000 are part of long-term incentives programs that vest over a 4 or 5 year schedule and have a 10 year expiration term. Currently, there are 4,413,200 outstanding options under the share option program with a weighted average exercise price of USD 4.57.

The table below shows the vested/unvested options, and exercise prices for the 44,132 options as of 31 December 2020:

Option summary	Granted	Participants	Vested	Unvested	Exercise price	Market share price
2011-2013 Option Program	120,000	5	120,000	0	NOK 4	NOK 10.88
2014-2015 Option Program	411,700	12	411,700	0	NOK 12.86	NOK 10.88
2017 STI Option Program 2020	52,300	13	52,300	0	NOK 45.56	NOK 10.88
2017 STI Option Program 2021	56,900	38	56,900	0	NOK 46.56	NOK 10.88
2018 STI NO Option Program 2021	84,600	46	0	84,600	NOK 48.72	NOK 10.88
2018 STI US Option Program 2021	19,600	14	2,400	17,200	USD 6	USD 1.3108
2015 LTI	1,658,000	7	1,658,000	0	USD 4	USD 1.3108
2016 LTI	490,000	4	400,000	90,000	USD 5	USD 1.3108
2017 LTI	104,500	4	80,500	24,000	USD 6	USD 1.3108
2018 LTI	1,088,000	9	548,200	539,800	USD 6	USD 1.3108
2019 STI NO 2022	99,800	59	0	99,800	USD 6	USD 1.3108
2019 STI US 2022	50,800	34	0	50,800	USD 6	USD 1.3108
2019 LTI	177,000	2	168,000	9,000	USD 6	USD 1.3108
Total Outstanding Options	**4,413,200**	**247**	**34,980**	**9,152**		

Under the LTI programs for UK employees (in total 712,000 options), the listing will be regarded as a triggering event, entailing that all options will vest and must be exercised within 30 days. As the strike price will be above the listing price, the Company expects that the options will not be exercised, and, thus, will lapse. It is further contemplated to implement a revised share-based incentive plan including the employees that will have options cancelled.

Each option gives right to subscribe for one share in the Company. The fair value of the options is set on the traded price at grant date and expensed over the vesting period.

9.6 Employees

As of the date of this Information Document, the Group has 93 employees. As at 31 December 2020 and 2019, the Group had 92 and 146 employees, respectively.

9.7 Bonus agreements and benefits upon termination

The Group does not have an ongoing guaranteed bonus scheme.

Employees of the Group are eligible for a discretionary bonus at the end of each fiscal year. Entitlement to a discretionary bonus is determined as a percentage of their annual salary. Eighty percent (80%) of the agreed bonuses for 2020 will be paid in June 2021. The Group may choose to recognize exceptional performance on a case-by-case basis.

Certain members of the Management Team are entitled to termination benefits if terminated without cause. Such benefits include a severance pay period and continuation of benefits for specified period of time. In all cases the Group endeavours to follow the employment regulations and guidelines established in the respective jurisdiction.

9.8 Corporate governance

The Company is operating under established principles and procedures for sound corporate governance, including risk management and internal controls, rules of procedure for the Board of Directors and management, and equal treatment of shareholders.

The Company is not subject to the Norwegian Code of Practice for Corporate Governance last updated 17 October 2018 (the "**Corporate Governance Code**"), but the Company intends to formalize its corporate governance framework according to the Corporate Governance Code over time.

9.9 Conflicts of interests etc.

No member of the Company's Board of Directors or the Group's Management has, or have had, as applicable, during the last five years preceding the date of the Information Document:

- any convictions in relation to fraudulent offences;
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or was disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his or her capacity as a founder, member of the administrative body or supervisory body, director or senior manager of a company.

The Group's VP Finance, Ashar A Ashary is the son of the Company's Board Member Shan-E-Abbas Ashary. Other than this, to the Company's knowledge, there are currently no actual or potential conflicts of interest between the Company and the private interests or other duties of any of the Board Members and members of the Management, including any family relationships between such persons.

10. SHARES AND SHAREHOLDERS MATTERS

10.1 Corporate information

The Company's legal name is Norsk Titanium AS. The Company is a Norwegian private limited liability company (Nw. "*aksjeselskap*"), incorporated and existing under the laws of Norway and in accordance with Norwegian Private Companies Act. The Company's registration number with the Norwegian Register of Business Enterprises is 991 457 429. The Company was incorporated on 22 June 2007.

The Company's registered address is Karenslyst Allé 96, 0278 Oslo, Norway.

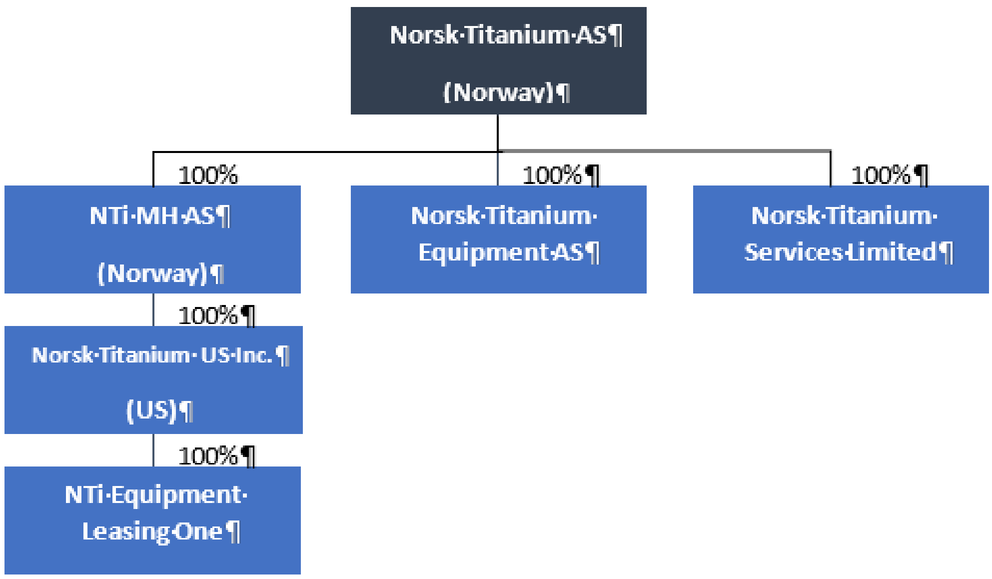
The Shares are registered in book-entry form with VPS under ISIN NO 0010969108. The Company's register of shareholders in VPS is administrated by DNB Bank ASA, Issuer Service, Dronning Eufemias gate 30, N-0191 Oslo, Norway (the "**VPS Registrar**"). The Company's Legal Entity Identifier is 549300Y0QTPZ5SDVSM33.

The first general meeting of the Company scheduled to be held after the Admission will be the annual general meeting in 2022, which will be held no later than 30 June 2022.

10.2 Legal structure of the group

The Company's group consists of the Company together with its (i) two Norwegian 100% owned subsidiaries; Norsk Titanium Equipment AS and NTI MH AS, established in August 2015 and March 2015 respectively, (ii) US 100% owned subsidiary Norsk Titanium US Inc. and NTi Equipment Leasing (US) One LLC being a 100% special purpose leasing subsidiary of Norsk Titanium US Inc., established in July 2015 and October 2018 respectively, and (iii) its UK 100% owned subsidiary Norsk Titanium Services Limited, established in November 2016.

The following group chart sets out the Group's legal structure:



10.3 Share capital and share capital history

10.3.1 *Overview*

As of the date of this Information Document, the Company's registered share capital is NOK 16,853,060 divided into 210,663,250 shares each with a par value of NOK 0.08]. All of the Company's shares have been issued under the Norwegian Private Companies Act, are validly issued and fully paid.

The Company has one class of shares, and there are no differences in the voting rights among the Shares. The Company's shares are freely transferable, meaning that a transfer of Shares is not subject to the consent of the Board of Directors or rights of first refusal. Pursuant to the Articles of Association, the Company's shares shall be registered with VPS.

10.3.2 *Share capital history*

The Company was incorporated with a share capital of NOK 100,000 and 1,000 shares each with a par value of NOK 100 per share.

	Date registered	Share capital	Number of shares	Par value
Incorporation	22 June 2007	100,000.00	1,000	100
Equity Issue	6 August 2008	105,700.00	1,057	100
Increase Nominal Value	5 January 2009	211,400.00	1,057	200
Increase Nominal Value	28 October 2009	422,800.00	1,057	400
Equity Issue and Decrease Nominal Value	7 October 2010	640,000.00	80,000	8
Equity Issue	16 October 2010	1,000,000.00	125,000	8
Debt Conversion	17 March 2012	1,320,000.00	165,000	8
Warrants Exercise	1 August 2012	1,466,000.00	183,250	8
Equity Issue	13 August 2012	1,534,448.00	191,806	8
Equity Issue	8 September 2012	1,593,560.00	199,195	8
Equity Issue	30 October 2012	1,699,344.00	212,418	8
Equity Issue	7 February 2013	1,708,680.00	213,585	8
Warrant Exercise	10 April 2013	1,950,080.00	243,760	8
Equity Issue	18 July 2013	2,258,720.00	282,340	8
Equity Issue	21 January 2014	2,274,688.00	284,336	8
Equity Issue	17 December 2014	2,386,688.00	298,336	8
Equity Issue	22 December 2015	2,484,312.00	310,539	8
Equity Issue	1 March 2016	2,615,880.00	326,985	8
Equity Issue	8 April 2016	2,760,536.00	345,067	8
Equity Issue	13 May 2016	3,084,544.00	385,568	8
Debt Conversion	1 July 2016	3,193,272.00	399,159	8
Debt Conversion	11 August 2016	3,322,360.00	415,295	8
Equity Issue	8 September 2016	3,391,952.00	423,994	8
Equity Issue	19 May 2017	3,739,912.00	467,489	8
Equity Issue	8 September 2017	3,746,624.00	468,328	8
Equity Issue	21 September 2017	3,752,896.00	469,112	8
Equity Issue	4 October 2017	3,872,896.00	484,112	8
Equity Issue	28 November 2017	3,929,296.00	491,162	8
Equity Issue	12 December 2018	3,985,696.00	498,212	8
Shareholder Loan Conversion	9 February 2021	13,123,320.00	1,640,415	8
Shareholder Loan Conversion	9 April 2021	13,493,824.00	1,686,728	8
Equity Issue	16 April 2021	14,123,320.00	1,765,415	8
Share split (in the ratio 1:100)	8 May 2021	14,123,320.00	176,541,500	0.08
The Private Placement	8 May 2021	16,146,348	201,829,350	0.08
Shareholder Loan Conversion	8 May 2021	16,853,060	210,663,250	0.08

As further described below in sections 9.5 and 10.6, the Company has 4,413,200 options and 507,400 warrants outstanding. If exercised, this will, based on the Company's number of shares after the Private Placement imply a dilutive effect of 2.2% taking into account the exercise price. Any exercise of the Green-shoe Option will have additional dilutive effect.

10.4 Shareholders

As at 18 May 2021, the Company had 93 shareholders with a shareholding as set out below[12]:

	Shareholder	Number of Shares held	Per cent of share capital held
1	Norsk Titanium Cayman Ltd	77,179,425	36.6%
2	NTi Holding AS	60,361,325	28.7%
3	Goldman, Sachs & Co. LLC-Equity	42,156,900	20.0%
4	Ferd AS	7,656,250	3.6%
5	MP Pensjon PK	4,320,617	2.1%
6	Disruptive Innovation Fund, L.P.	3,828,125	1.8%
7	Sauar Invest AS	1,603,100	0.8%
8	Delphi Norge	1,250,000	0.6%
9	Strømstangen AS	1,204,900	0.6%
10	Others	11,102,608	5.2%
	Total	**210,663,250**	**100%**

To the Company's knowledge, only the following shareholders currently have a direct or indirect interest of 5% or more in the Company's capital or voting rights[13]:

i. Norsk Titanium Cayman Ltd (36.6%)
ii. NTi Holding AS (28.7%)
iii. Goldman, Sachs & Co. LLC-Equity (20.0%)

As of the date of this Information Document, the Company holds 400 treasury shares.

To the Company's knowledge, there are no arrangements known to the Company that may lead to a change of control in the Company.

10.5 Board authorisations

10.5.1 *Authorisation to issue new shares*

As at the date of this document, the Company's general meeting has provided the Company's Board of Directors with the following authorisations to increase the Company's share capital:

i. On 6 May 2021, the Company's general meeting authorised the Company's Board of Directors to increase the share capital by up to NOK 42,132,650 for necessary strengthening of the Company's equity, to issue shares in connection with the Company's incentive programs for employees and for issuing shares to be used as consideration in the acquisition of businesses within the Company's business purposes. The board authorisation expires on 30 June 2022. The authorisation has not been utilised.
ii. On 6 May 2021, the Company's general meeting authorised the Company's Board of Directors to increase the share capital by up to NOK 304,472 in connection with the Greenshoe Option in connection with the Private Placement. The board authorisation expires on 30 June 2021. The authorisation has not been utilised.
iii. On 6 May 2021, the Company's general meeting authorised the Company's Board of Directors to acquire the Company's own shares, with a total nominal value of up to NOK 1,685,306. Shares acquired pursuant to the authorisation shall either be deleted in connection with a later reduction of the registered share capital, be applied as remuneration to the members of the board, for incentive schemes or as consideration shares with regards to acquisition of business. The board authorisation expires on 30 June 2022. The authorisation has not been utilised.

10.6 Rights to acquire shares

As at the date of this document, the following warrants are outstanding:

i. The Company has, pursuant to a warrant agreement entered into on 24 May 2016, issued 4,421 (the number of warrants has been updated to 442,100 following a share split of 1:100) warrants to Harbert European Speciality Lending Company Ltd ("**HEGCF**") as part of the consideration for a loan facility granted from HEGCF to the Company. The warrants initially expired on 27 May 2021 and was extended by the annual general meeting of the Company on 6 May 2021 in accordance with the warrant agreement. The warrants will expire on 6 May 2026 but shall be extended until 27 May 2026. The general meeting of the Company resolved an extension of the warrants until 6

[12] The table above does not include the contemplated conversion of a convertible loan and Shares to be issued upon completion of the Private Placement and will be updated prior to the final submission of the Information Document.

[13] This does not take into account the Private Placement, and the information will be updated prior to the final submission of the Information Document

May 2026 on 6 May 2021. It is expected that an additional extension until 27 May 2026 will be resolved by the general meeting. The warrants can be exercised any time during the term. The strike price of one warrant shall be the amount in NOK equal to the lower of (i) NOK 44.3434 (adjusted according to the share split of 1:100) and (ii) the NOK subscription price paid per share in any equity financing rounds after the date of the warrant agreement.

ii. On 14 September 2018, the Company issued 65,309 warrants which were granted to a number of minority shareholder lenders of the Company pursuant to a warrant agreement entered into on 28 September 2018. As of the date of this Information Document, a majority of the holders of the warrants have waived their right to exercise the warrants. Three of the holders of the warrants, who together hold a total of 65,300 warrants (following a share split of 1:100), giving right to subscribe for 65,300 shares at a strike price of NOK 6 (adjusted according to the share split of 1:100), have retained their right to exercise their warrants. If not exercised at an earlier time, these warrants will lapse on 14 September 2023. The remainder have been cancelled.

According to the Norwegian Register of Business Enterprises and the Company's certificate of registration, the following warrants are registered on the Company:

No.	Financial instruments	Issue date	Lapse date	Amounts (NOK)
1	Warrants	27.05.2016	27.05.2021	35,368
2	Warrants	14.09.2018	14.09.2023	200,000

The warrants no. 1 relates to the HEGCF warrants discussed above, and will be replaced by the new warrants resolved by the general meeting on 6 May 2021.

The amounts ascribed to warrants no. 2, relates to shareholder loans that have been partly converted by setting off the loans against issuance of Shares. The warrants were issued as coverage for the loan and may only be exercised against contributing the loan as share consideration. As part of the loans have been settled by setting off there is a residual of the warrants that remains available for exercise. As of the date of this Information Document, there are in total 65,300 warrants that remains available for exercise at a strike price of 6. The remainder of the warrants issued under no. 2 have been cancelled.

Other than as mentioned above and the share options described in Section 9.5, neither the Company nor any of the Company's subsidiaries have issued any options, warrants, convertible loans or other instruments that would entitle a holder of any such instrument to subscribe for any shares in the Company or its subsidiaries.

10.7 Shareholder rights

The Company has one class of shares in issue and all Shares provide equal rights in the Company, including the rights to any dividends. Each of the Company's shares carries one vote. The rights attached to the Shares are further described in Section 10.8 ("The Articles of Association") and Section 10.9 ("Certain aspects of Norwegian corporate law").

10.8 The Articles of Association

The Articles of Association are enclosed in Appendix A to the Information Document. Below is a summary of the provisions of the Articles of Association as of 6 May 2021.

10.8.1 *Objective of the Company*

Pursuant to section 3, the objective of the Company is to develop technology for titanium production and produce titanium, as well as other related activities.

10.8.2 *Share capital and par value*

Pursuant to section 4, the Company's share capital is NOK 16,853,060 divided into 210,663,250 shares each with a par value of NOK 0.08. The Company's shares shall be registered with the **VPS**.

10.8.3 *Transfer of shares*

Pursuant to section 5, transfer of the Company's shares are not subject to the provisions of the Norwegian Private Companies Act provisions on requirements for board consent and existing shareholders' right of first refusal.

10.8.4 *The Board of Directors*

Pursuant to section 6, the Board of Directors shall consist of four to ten members elected by the Company's general meeting.

10.8.5 *General meetings*

Pursuant to section 8, the annual general meeting shall deal with and decide the following matters:

iii. Approval of the annual accounts and the annual report, including distribution of dividends;
iv. Election of Board of Directors and auditor; and
v. Any other business which by law or the Articles of Association is required to be dealt with by the general meeting.

10.9 Certain aspects of Norwegian corporate law

10.9.1 *The general meeting of shareholders*

The Company's shareholders exercise ultimate authority in the Company through the general meeting. In accordance with Norwegian law, the annual general meeting of the Company's shareholders is required to be held each year on or prior to 30 June. The following business must be dealt with and decided at the annual general meeting:

vi. Approval of the annual accounts and annual report, including the distribution of any dividend
vii. Any other business to be transacted at the general meeting by law or in accordance with the Articles of Association

Norwegian law requires that written notice of general meetings setting forth the time of, the venue for and the agenda of the meeting is sent to all shareholders whose addresses are known no later than 7 days prior to the date of the general meeting of a Norwegian private limited liability company, unless the Articles of Association stipulate a longer period. Pursuant to article 7 of the Articles of Association, documents concerning matters to be considered at the general meeting are not required to be sent to the shareholders, provided that the documents are made available for the shareholders at the Company's website. The same applies for documents which according to law shall be included in or attached to the notice of the general meeting. A shareholder is entitled to request that documents concerning matters to be handled at the general meeting are sent to him/her in physical form.

Any shareholder is entitled to have a matter dealt with by the general meeting if such shareholder provides the Company's Board of Directors with notice of the matter within seven days prior to the deadline for the notice to the general meeting, along with a proposal to a draft resolution or a justification for the matter having been put on the agenda.

Apart from the annual general meeting, extraordinary general meetings of shareholders may be held if the Company's Board of Directors considers it necessary. An extraordinary general meeting of shareholders must also be convened if, in order to discuss a specified matter, the auditor who audits the Company's annual accounts or shareholders representing at least 10% of the share capital demands this in writing. The requirements for notice and admission to the annual general meeting also apply to extraordinary general meetings.

10.9.2 *Voting rights*

Each Share carries the right to one vote at the Company's general meetings. No voting rights can be exercised with respect to treasury Shares held by the Company. A shareholder may attend and vote at the general meeting either in person or by proxy.

In general, in order to be entitled to vote, a shareholder must be registered as the owner of Shares in the Company’s share register in the VPS or, in the case of a share transfer, report and show evidence of the shareholder’s share acquisition to the Company prior to the general meeting. Beneficial owners of Shares that are registered in the name of a nominee are not entitled to vote with respect to such Shares under Norwegian law, nor are any persons who are designated in the register as holding such Shares as nominees. A nominee may not meet or vote for Shares registered on a nominee account (NOM-account). A shareholder must, in order to ensure it is eligible to vote for such Shares at the general meeting, transfer the Shares from such NOM-account to an account in the shareholder's name.

Decisions that the general meeting is entitled to make under Norwegian Law or the Articles of Association are in general made by a simple majority of the votes cast. In the case of elections, the person(s) who receive(s) the greatest number of votes cast are elected.

Certain decisions, including but not limited to resolutions to waive preferential rights to subscribe in connection with any share issue in the Company, to approve a merger or demerger of the Company, to amend the Articles of Association, to authorise an increase or reduction in the share capital, to authorise an issuance of convertible loans or warrants by the Company or to authorise the Board of Directors to purchase Shares and hold them as treasury shares or to dissolve the

Company, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as of least two-thirds of the share capital represented at a general meeting. Norwegian law further requires that certain decisions, which have the effect of substantially altering the rights and preferences of any shares or class of shares, receive the approval by the holders of such shares or class of shares as well as the majority required for amending the Articles of Association.

Decisions that (i) would reduce any shareholder's right in respect of dividend payments or other rights to the assets of the Company or (ii) restrict the transferability of the Shares through introduction of a consent requirement, a right of first refusal upon transfers or a requirement that shareholders must have certain qualifications, require a majority vote of at least 90% of the share capital represented at the general meeting in question as well as the majority required for amendments to the Articles of Association. Certain other types of changes in the rights of shareholders require the consent of all shareholders affected thereby as well as the majority required for amendments to the Articles of Association.

The Articles of Association do not set forth additional conditions with regard to changing the rights of shareholders than required by the Norwegian Private Companies Act.

There are no quorum requirements at general meetings.

10.9.3 *Additional issuances and preferential rights*

If the Company issues any new Shares, including bonus share issues, the Articles of Association must be amended, which requires the same vote as other amendments to the Articles of Association. In connection with an increase in the Company's share capital by a subscription for Shares against cash contributions, Norwegian law provides the Company's shareholders with a preferential right to subscribe for the new Shares on a pro rata basis in accordance with their then-current shareholdings in the Company. The preferential rights may be set aside by the general meeting by the majority vote as required for amendments to the Articles of Association. A derogation of the shareholders' preferential rights in respect of bonus issues requires the approval of all outstanding Shares.

The general meeting may, with a majority vote as described above, authorise the Board of Directors to issue new Shares. Such authorisation may be effective for a maximum of two years, and the par value of the Shares to be issued may not exceed 50% of the share capital at the time the authorisation is registered with the Norwegian Register of Business Enterprises. The preferential right to subscribe for Shares against consideration in cash may be set aside by the Board of Directors only if the authorisation includes such possibility for the Board of Directors.

Under Norwegian law, bonus shares may be issued, subject to shareholder approval and provided that, amongst other requirements, the Company does not have an uncovered loss from a previous accounting year, by transfer from the Company's distributable equity or from the Company's share premium reserve. Any bonus issues may be effected either by issuing Shares or by increasing the par value of the Shares outstanding. If the increase in share capital is to take place by new Shares being issued, these new Shares must be allocated to the shareholders of the Company in proportion to their current shareholdings in the Company.

Issuance of new Shares to shareholders who are citizens or residents of the United States upon the exercise of preferential rights may require the Company to file a registration statement in the United States under United States securities laws. Should the Company in such a situation decide not to file a registration statement, the Company's U.S. shareholders may not be able to exercise their preferential rights. If a U.S. shareholder is ineligible to participate in a rights offering, such shareholder would not receive the rights at all but the Company may seek to sell such rights on the shareholder' behalf. Similar restrictions and limitations may also apply pursuant to applicable laws and regulations in other jurisdictions.

10.9.4 *Minority rights*

Norwegian law sets forth a number of protections for minority shareholders of the Company, including but not limited to those described in this paragraph and the description of general meetings as set out above. Any of the Company's shareholders may petition Norwegian courts to have a decision of the Board of Directors or the Company's shareholders made at the general meeting declared invalid on the grounds that it unreasonably favours certain shareholders or third parties to the detriment of other shareholders or the Company itself. The Company's shareholders may also petition the courts to dissolve the Company as a result of such decisions to the extent particularly strong reasons are considered by the court to make necessary dissolution of the Company.

Minority shareholders holding 10% or more of the Company's share capital have a right to demand in writing that the Board of Directors convene an extraordinary general meeting to discuss or resolve specific matters. In addition, any of the Company's shareholders may in writing demand that the Company place an item on the agenda for any general meeting as long as the Company is notified in time for such item to be included in the notice of the meeting. If the notice has been issued when such a written demand is presented, a renewed notice must be issued if the deadline for issuing notice of the general meeting has not expired.

10.9.5 *Liability of Directors*

Board Members owe a fiduciary duty to the Company and its shareholders. Such fiduciary duty requires that the Board Members act in the best interests of the Company when exercising their functions and exercise a general duty of loyalty and care towards the Company. Their principal task is to safeguard the interests of the Company.

Each Board Member may be held liable by the Company for any damage they negligently or wilfully cause the Company. Norwegian law permits the general meeting to exempt any such person from liability towards the Company, but the exemption is not binding if substantially correct and complete information was not provided at the general meeting when the decision was made. If a resolution to grant such exemption from liability or not to pursue claims against such a person has been passed by a general meeting with a majority below that required to amend the Articles of Association, shareholders representing more than 10% of the share capital or, if there are more than 100 shareholders, more than 10% of the shareholders may pursue the claim on the Company's behalf and in its name. The cost of any such action is not the Company's responsibility, but can be recovered from any proceeds that the Company receives as a result of the action. If the decision to grant an exemption from liability or not to pursue claims is made by a majority required to amend the Articles of Association, the minority shareholders cannot pursue the claim in the Company's name.

10.9.6 *Indemnification of Board Members*

Neither Norwegian law nor the Articles of Association contain any provision concerning indemnification by the Company of the Board of Directors.

10.9.7 *Distribution of assets on liquidation*

Under Norwegian law, a company may be wound-up by a resolution of the company's shareholders in a general meeting passed by the same majority as required to amend the Articles of Association. After completion of the Private Placement, the new Shares and the existing Shares rank equally in the event of a return on capital by the Company upon a winding-up or otherwise.

10.9.8 *Rights of redemption and repurchase of Shares*

The share capital may be reduced by decreasing the par value of the Shares or by redemption of issued Shares. Such a decision requires the same majority as required to amend the Articles of Association. Redemption of individual Shares requires the consent of the holders of the Shares to be redeemed.

The Company may purchase its own Shares if an authorisation for the Board of Directors of the Company to this effect has been given by a general meeting with the same majority as required to amend the Articles of Association. Treasury Shares may only be acquired if the Company's distributable equity, according to the latest adopted balance sheet, exceeds the consideration to be paid for the Shares. Acquisition of treasury Shares cannot be made if it would result in the Company's share capital, deducted by the par value of the treasury Shares, would become less than the statutory minimum requirement for share capital. The authorisation by the general meeting cannot be given for a period exceeding two years.

10.10 Takeover bids and forced transfers of shares

The Company is not subject to the takeover regulations set out in the Norwegian Securities Trading Act, or otherwise.

The Shares are, however, subject to the provisions on compulsory transfer of shares as set out in the Norwegian Private Companies Act. If a private limited liability company alone, or through subsidiaries, owns 9/10 or more of the shares in the subsidiary, and may exercise a corresponding part of the votes that may be cast in the general meeting, the Board of Directors of the parent company may resolve that the parent company shall take over the remaining shares in the company. Each of the other shareholders in the subsidiary would also have the right to require the parent company to take over their shares. The parent company shall give the shareholders a redemption offer pursuant to the provisions of the Norwegian Private Companies Act. The redemption amount will in the absence of agreement or acceptance of the offer be fixed by a discretionary valuation.

11. TAXATION

11.1 Introduction

Set out below is a summary of certain Norwegian tax matters related to an investment in the Company. The summary regarding Norwegian taxation is based on the laws in force in Norway as of the date of this Information Document, which may be subject to any changes in law occurring after such date. Such changes could possibly be made on a retrospective basis.

The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the shares in the Company. Shareholders should consult with their own tax advisers in order to clarify their tax situation. Shareholders resident in jurisdictions other than Norway and shareholders who cease to be resident in Norway for tax purposes (due to domestic tax law or tax treaty) should specifically consult with and rely upon their own tax advisers with respect to the tax position in their country of residence and the tax consequences related to ceasing to be resident in Norway for tax purposes. Tax legislation in prospective investor's country of residence and Norwegian legislation may have an impact on the income received from the Shares.

Please note that for the purpose of the summary below, a reference to a Norwegian or non-Norwegian Shareholder refers to the tax residency rather than the nationality of the shareholder.

11.2 Taxation of dividend

11.2.1 *Norwegian Personal Shareholders*

Dividends received by shareholders who are individuals resident in Norway for tax purposes ("**Norwegian Personal Shareholders**") are taxable as ordinary income in Norway at an effective rate of currently 31.68% to the extent the dividend exceeds a tax-free allowance; i.e. dividends received, less the tax-free allowance, shall be multiplied by 1.44 and the product is included as ordinary income taxable at a flat rate of 22%.

The tax-free allowance is calculated annually on a share-by-share basis and pertains to the owner of the share at the expiration of the relevant calendar year. The allowance for each share is equal to the cost price of the share multiplied by a risk-free interest rate based on the effective rate of interest on treasury bills (*Nw.: statskasseveksler*) with three months maturity plus 0.5 percentage point, after tax.

Any part of the calculated tax-free allowance one year exceeding the dividend distributed on the shares ("excess allowance") may be carried forward and set off against future dividends received on, or gains upon realisation of, the same shares, and will be added to the basis for calculating the tax-free allowance.

The Shares do not qualify for ownership through a Norwegian Share Savings Account (Nw: aksjesparekonto; ASK).

11.2.2 *Norwegian Corporate Shareholders*

Dividends distributed from the Company to shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes ("**Norwegian Corporate Shareholders**"), are effectively taxed at a rate of 0.66% (3% of dividend income from such shares is included in the calculation of ordinary income for Norwegian Corporate Shareholders and ordinary income is subject to tax at a flat rate of 22%).

11.2.3 *Non-Norwegian Personal Shareholders*

Dividends distributed to shareholders who are individuals not resident in Norway for tax purposes ("N**on-Norwegian Personal Shareholders**"), are as a general rule subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the Shareholder is resident. The withholding obligation lies with the company distributing the dividends and the Company assumes this obligation.

Non-Norwegian Personal Shareholders resident within the European Economic Area (the "**EEA**") for tax purposes may apply individually to Norwegian tax authorities for a refund of an amount corresponding to the calculated tax-free allowance on each individual share (please see Section 11.2 "Taxation of dividends—Norwegian Personal Shareholders" above). However, the deduction for the tax-free allowance does not apply in the event that the withholding tax rate, pursuant to an applicable tax treaty, leads to a lower taxation on the dividends than the withholding tax rate of 25% less the tax-free allowance.

If a Non-Norwegian Personal Shareholder is carrying on business activities in Norway and the shares are effectively connected with such activities, the Shareholder will generally be subject to the same taxation of dividends as a Norwegian Personal Share, as described above.

Non-Norwegian Personal Shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

11.2.4 *Non-Norwegian Corporate Shareholders*

Dividends distributed to shareholders who are limited liability companies (and certain other entities) not resident in Norway for tax purposes ("**Non-Norwegian Corporate Shareholders**"), are as a general rule subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident, provided that the shareholder is the beneficial owner of the shares.

Dividends distributed to Non-Norwegian Corporate Shareholders resident within the EEA for tax purposes are exempt from Norwegian withholding tax provided that the shareholder is genuinely established and performs genuine economic business activities within the relevant EEA jurisdiction.

If a Non-Norwegian Corporate Shareholder is carrying on business activities in Norway and the shares are effectively connected with such activities, the shareholder will generally be subject to the same taxation of dividends as a Norwegian Corporate Shareholder, as described above.

Non-Norwegian Corporate Shareholders who are exempt from withholding tax or have suffered a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

Nominee registered shares will be subject to withholding tax at a rate of 25% unless the nominee has obtained approval from the Norwegian tax authorities for the dividend to be subject to a lower withholding tax rate. To obtain such approval the nominee is required to file a summary to the tax authorities including all beneficial owners that are subject to withholding tax at a reduced rate.

The withholding obligation in respect of dividends distributed to Non-Norwegian Corporate Shareholders and on nominee registered shares lies with the company distributing the dividends and the Company assumes this obligation.

11.3 Taxation of capital gains on realisation of shares

11.3.1 *Norwegian Personal Shareholders*

Sale, redemption or other disposal of shares is considered a realisation for Norwegian tax purposes. A capital gain or loss generated by a Norwegian Personal Shareholders through a disposal of shares is taxable or tax deductible in Norway. The effective tax rate on gain or loss related to shares realised by Norwegian Personal Shareholders is currently 31.68%; i.e. capital gains (less the tax free allowance) and losses shall be multiplied by 1.44 which are then included in or deducted from the Norwegian Personal Shareholder's ordinary income in the year of disposal. Ordinary income is taxable at a rate of 22%. The factor increase of 1.44 therefore increase the effective tax rate on gains/losses realised by Norwegian Personal Shareholders to 31.68%.

The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the Norwegian Personal Shareholder's percentage interest in the Company prior to the disposal.

The taxable gain/deductible loss is calculated per share as the difference between the consideration for the share and the Norwegian Personal Shareholder's cost price of the share, including costs incurred in relation to the acquisition or realisation of the share. From this capital gain, Norwegian Personal Shareholders are entitled to deduct a calculated tax-free allowance provided that such tax-free allowance has not already been used to reduce taxable dividend income. Please refer to Section 11.2 "Taxation of dividends—Norwegian Personal Shareholders" above for a description of the calculation of the allowance. The tax-free allowance may only be deducted in order to reduce a taxable gain, and cannot increase or produce a deductible loss, i.e. any unused allowance exceeding the capital gain upon the realisation of a share will be annulled.

If the Norwegian Personal Shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

The shares do not qualify for ownership through a Norwegian Share Savings Account.

11.3.2 *Norwegian Corporate Shareholders*

Norwegian Corporate Shareholders are exempt from tax on capital gains derived from the realisation of shares qualifying for participation exemption, including shares in the Company. Losses upon the realisation and costs incurred in connection with the purchase and realisation of such shares are not deductible for tax purposes.

11.3.3 *Non-Norwegian Personal Shareholders*

Gains from the sale or other disposal of shares by a Non-Norwegian Personal Shareholders will not be subject to taxation in Norway unless the Non-Norwegian Personal Shareholders holds the shares in connection with business activities carried out or managed from Norway or, on specific conditions, when the shares are held by a Non-Norwegian Personal Shareholder who has been a resident of Norway for tax purposes with unsettled/postponed exit tax calculated on the shares at the time of cessation as Norwegian tax resident.

11.3.4 *Non-Norwegian Corporate Shareholders*

Capital gains derived by the sale or other realisation of shares by Non-Norwegian Corporate Shareholders are not subject to taxation in Norway unless the Non-Norwegian Corporate Shareholder holds the shares in connection with business activities carried out or managed from Norway.

11.4 Net wealth tax

The value of shares is included in the basis for the computation of net wealth tax imposed on Norwegian Personal Shareholders. The marginal net wealth tax rate is currently 0.85% of the value assessed. The value for assessment purposes for Euronext Growth listed shares is equal to 65% of the proportion of the total tax value of the company as at 1 January of the year before the tax assessment year attributable to each share, on the basis of the nominal value of such share. The value of debt allocated to the shares for Norwegian wealth tax purposes is reduced correspondingly (i.e. to 65%).

Norwegian Corporate Shareholders are not subject to net wealth tax.

Shareholders not resident in Norway for tax purposes are not subject to Norwegian net wealth tax. Non-Norwegian Personal Shareholders can, however, be taxable if the holding of shares is effectively connected to the conduct of trade or business in Norway.

11.5 VAT and transfer taxes

No VAT, stamp or similar duties are currently imposed in Norway on the transfer or issuance of shares.

11.6 Inheritance tax

A transfer of shares through inheritance or as a gift does not give rise to inheritance or gift tax in Norway. However, the heir acquires the donor's tax input value based on principles of continuity. Thus, the heir will be taxable for any increase in value during the donor's ownership period, at the time of the heir's realization of the share.

12. TRANSFER RESTRICTIONS

This Information Document is not an offer of Shares and no Shares may be subscribed for, applied for or purchased based on this Information Document.

As a consequence of possible restrictions under local securities laws and regulations, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Shares admitted to trading on Euronext Growth.

The Company is not taking any action to permit a public offering of the Shares in any jurisdiction. Receipt of this Information Document does not constitute an offer and this Information Document is for information only and should not be copied or redistributed to any jurisdiction where such redistribution may be unlawful. If an investor receives a copy of this Information Document, the investor may not treat this Information Document as constituting an invitation or offer to it, nor should the investor in any event deal in the Shares, unless, in the relevant jurisdiction, the Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of this Information Document, the investor should not distribute or send the same, or transfer Shares, to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations.

The Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold except: (i) within the United States to QIBs in reliance on Rule 144A or pursuant to another available exemption from the registration requirements of the U.S. Securities Act; or (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the U.S. Securities Act, and, in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction.

13. ADDITIONAL INFORMATION

13.1 Admission to Euronext Growth

On 29 April 2021, the Company applied for Admission to Euronext Growth Oslo. The first day of trading on Euronext Growth Oslo is expected to be on or about 18 May 2021.

Neither the Company nor any other entity of the Company have securities listed on any stock exchange or other regulated marketplace.

13.2 Information sourced from third parties and expert opinions

In this Information Document, certain information has been sourced from third parties. The Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified.

The Company confirms that no statement or report attributed to a person as an expert is included in this Information Document.

13.3 Independent auditor

The Company's independent auditor is Ernst & Young AS (business registration number 976 389 387, and registered business address at Dronning Eufemias Gate 6A, 0191 Oslo, Norway). The partners of Ernst & Young AS are members of The Norwegian Institute of Public Accountants (Nw.: Den Norske Revisorforening). Ernst & Young AS has been the Company's registered independent auditor since January 2010.

Ernst & Young AS has not audited, reviewed or produced any report on any other information in this Information Document.

13.4 Advisors

The Company has engaged Skandinaviska Enskilda Banken AB (business registration number 971 049 944, and registered business address at Filipstad Brygge 1, 0252 Oslo, Norway) and Carnegie AS (business registration number 936 310 974, and registered business address at Aker Brygge, Fjordalléen 16, 0250 Oslo, Norway) as the Euronext Growth Advisors.

Advokatfirmaet Selmer AS (business registration number 920 969 798, and registered address at Tjuvholmen allé 1, 0252 Oslo, Norway) is acting as Norwegian legal counsel to the Company. Advokatfirmaet Wiersholm AS (business registration number 981 371 593, and registered business address at Dokkveien 1, 0250 Oslo, Norway) is acting as Norwegian legal counsel to the Euronext Growth Advisors.

14. DEFINITIONS AND GLOSSARY OF TERMS

When used in this Information Document, the following defined terms shall have the following meaning:

Admission	The admission to trading of the Company's shares on Euronext Growth.
Airbus	Airbus S.A.S
Articles of Association	Articles of Association of the Company as of 6 May 2021.
Board of Directors	The board of directors of the Company.
Board Members	The members of the Board of Directors.
CEO	Chief Executive Officer.
Boeing	The Boeing Company
Company (or Issuer or Norsk Titanium)	Norsk Titanium AS.
Corporate Governance Code	The Norwegian Code of Practice for Corporate Governance last updated 17 October 2018.
EEA	European Economic Area.
Euronext Growth Advisors	Skandinaviska Enskilda Banken AB and Carnegie AS
Euronext Growth	Euronext Growth Oslo.
Euronext Growth Admission Rules	Admission to trading rules for Euronext Growth as of November 2020.
Euronext Growth Content Requirements	Content requirements for Information Documents for Euronext Growth as of November 2020.
FAA	Federal Aviation Administration
Financial Statements	The audited financial statements of the Company for the years ending 31 December 2020 and 31 December 2019.
Group	The Company together with its consolidated subsidiaries
IFRS	International Financial Reporting Standard
Information Document	This information document, dated 18 May 2021.
Management	The members of the Company's senior management.
NOK	Norwegian kroner, the currency of the Kingdom of Norway.
Non-Norwegian Corporate Shareholders	Shareholders who are limited liability companies (and certain other entities) not resident in Norway for tax purposes
Non-Norwegian Personal Shareholders	Shareholders who are individuals not resident in Norway for tax purposes
Norwegian Accounting Act	The Norwegian Accounting Act of 17 July 1998 no 56
Norwegian Corporate Shareholders	Shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes
Norwegian Personal Shareholders	Shareholders who are individuals resident in Norway for tax purposes
Norwegian Private Companies Act	The Norwegian Private Limited Liability Companies Act of 13 June 1997 no 44 (as amended) (*Nw.: aksjeloven*).
Norwegian Securities Trading Act	The Norwegian Securities Trading Act of 29 June 2007 no. 75 (as amended) (*Nw.: verdipapirhandelloven*).
NTi US Inc	Norsk Titanium US Inc
OEM	Original equipment manufacturer
Oslo Børs	Oslo Børs ASA.
PDQC	*Plattsburgh Development and Qualification Center*
Private Placement	The private placement consisting of a share capital increase for a total amount of NOK 2,023,028, by issuing 25,287,850, with a nominal value of NOK 0.08 each, at a subscription price of NOK 10.88 per Share.
Shares (or Share)	210,663,250 shares, each with a par value of NOK 0.08.
Spirit	Spirit Aerosystems Inc
USD	United States Dollars, the currency of the United States.
United States (or US)	The United States of America.
US Securities Act	The US Securities Act of 1933 (as amended)
VPS	The Norwegian Central Securities Depository (*Nw.: Verdipapirsentralen*).
VPS Registrar	DNB Bank ASA, Issuer Service, Dronning Eufemias gate 30, N-0191 Oslo, Norway.

APPENDIX A:

ARTICLES OF ASSOCIATION

VEDLEGG 2 / APPENDIX 2

In case of discrepancy between the Norwegian language original text and the English language translation, the Norwegian text shall prevail

VEDTEKTER FOR NORSK TITANIUM AS (6. mai 2021)	**ARTICLES OF ASSOCIATION FOR NORSK TITANIUM AS** (6 May 2021)
§ 1 Selskapets foretaksnavn er Norsk Titanium AS	§ 1 The company's business name is Norsk Titanium AS.
§ 2 Selskapets forretningskontor er i Oslo kommune	§ 2 The company's registered office is in the municipality of Oslo.
§ 3 Selskapets virksomhet er å utvikle teknologi for produksjon av titan og produksjon av titan, samt øvrig virksomhet som står i forbindelse hermed.	§ 3 The company's business is development of technology for production of titanium and production of titanium, as well as other business relating to this.
§ 4 Selskapets aksjekapital er på NOK 16 853 060 fordelt på 210 663 250 ordinære aksjer hver pålydende NOK 0,08. Selskapets aksjer skal være registrert i Verdipapirsentralen. Alle aksjer i selskapet har én stemme på selskapets generalforsamling.	§ 4 The company's share capital is NOK 16,853,060 divided in to 210,663,250 ordinary shares, each with a nominal value of NOK 0.08. The company's shares shall beregistered with the Norwegian Central Securities Depository (Verdipapirsentralen). All shares in thecompany have one vote at the company's generalmeeting.
§ 5 Aksjene i selskapet er fritt omsettelige, herunder gjelder det ingen forkjøpsrett eller styresamtykke etter aksjeloven eller øvrige omsetningsbegrensninger ved eierskifte av aksjer.	§ 5 The shares of the company are freely tradable and thus there are no right of first refusal or board consent pursuant to the Norwegian Private Limited Liability Companies Act or other limitations to the negotiability of the shares in the event of transfer of shares.
§ 6 Styret skal bestå av 4 til 10 styremedlemmer.	§ 6 The Board shall consist of 4 to 10 board members.
§ 7 Styrets leder har alene signatur.	§ 7 The chairman of the board may sign for the company acting alone.
Den ordinære generalforsamlingen skal behandle følgende saker: a) godkjennelse av årsregnskapet og årsberetningen,herunder utdeling av utbytte, og b) andre saker som etter loven eller vedtektene hørerunder generalforsamlingen	The ordinary general meeting in the company shall resolve the following matters: a) approval of the annual accounts and the annual report, including distribution of dividend, and b) other matters that pursuant to law or the articles of association are to be resolved by the general meeting.

APPENDIX B:

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

ANNUAL REPORT

2020

NORSK TITANIUM

Table of contents

THE BOARD OF DIRECTORS' REPORT 2020

INTRODUCTION

Norsk Titanium ("NTi" or "the Group") is the world's pioneering supplier of additive-manufactured, structural titanium components, distinguished in the aviation industry by its patented high deposition Rapid Plasma Deposition™ (RPD™) process.

Based on plasma arc welding technology and with titanium wire as the main feedstock, RPD™ produces "near net shape" titanium components with forged-equivalent quality at deposition rates not achieved by other technologies. RPD™ produces high-quality titanium components that require far less raw material and substantially less processing / machining compared to similar products produced with conventional technologies. The result is parts manufactured at a significantly lower cost while meaningfully reducing production lead times. The technology provides significant energy and waste savings and is therefore more environmentally friendly than conventional processes.

NTi's primary initial market is structural titanium components for commercial aerospace. NTi is currently supplying parts approved by the US Federal Aviation Administration to the Boeing 787 program in serial production, and works with Boeing, Airbus and other aerospace OEMs to expand adoption of RPD™ components in the industry.

NTi's business office is located in Oslo, with production facilities and technology center at Eggemoen, Norway (the Eggemoen Technology Center or "ETC"). The company operates two AS9100D qualified production facilities in Plattsburgh, NY. These facilities were established in close cooperation with New York State. Under the alliance agreement entered into by the parties, New York State funded the capital investments for the facilities.

At year end 2020 Norsk Titanium AS had 498,212 shares, owned 43.3% by Norsk Titanium Cayman Ltd, 18.6% by NTi Holding AS, 8.7% by Triangle Holdings L.P., 3.9% by MB Precision Investment Holdings LLC, 3.3% by Disruptive Innovation Fund L.P.2.6% by Orchard International Inc., 2.5% by RTI Europe, Ltd., 1.7% by Applied Ventures, and 1.6% by MP Pensjon PK. The remaining 13.8% are shares owned by employees and other investors and the company itself.

BUSINESS ACTIVITY OF 2020

NTi achieved several milestones pertaining to its industrialization strategy during 2020. NTi continued to deliver 100% quality on the Boeing 787 program serial production parts to GKN and Leonardo. On technology development, the company completed the delivery of all Boeing Fatigue Phase 2 test articles. The Airbus RPD™ material qualification program is progressing, and a study of RPD process capability has been initiated in support of the Airbus qualification. In addition to commercial aerospace, NTi delivered a full-scale UAV landing gear component for qualification testing to a potential customer in the defense industry.

NTi was awarded seven new patents in 2020 from 3 patent families, bringing our total to 85 patents from 13 families. Additionally, the company has 61 patent applications in process. The first large format Generation 4 Large RPD™ machine was completed and delivered to New York State in December 2020. The new machines can print double-sided parts without removal and retooling. Many of the new features are backward integrable to our existing Generation 4B RPD™ machines.

The Plattsburgh Production Center (PPC) i is in the qualification and certification process to initiate serial production of parts for Boeing. Machine Qualification Test articles have been printed and are in downstream processing. PPC represents the largest 3D printing mass production facility in the US. NTi was successful in re-certifying to AS9100D at both our sites in Norway and US.

The COVID-19 pandemic has severely restricted the level of activity around the world. The governments of many countries, states, and regions have taken preventative or protective actions. The United States, State of New York and Norwegian government actions directly impacted the Group's business. On 12 March 2020, Norway invoked emergency powers to close a wide range of public and private institutions. The State of New York's directed that 100% of the workforce (excluding essential services) must stay home beginning 22 March 2020.

Consequently, NTi temporarily shut down its Plattsburgh, operations, with operations at Eggemoen, following suit on 1 April 2020 and placing most of its employees on furlough. Given the uncertain global commercial aerospace market, the company made the decision to implement a significant organizational restructuring with approximately 40% reduction in headcount to reduce cash spend. NTi restarted global operations in June 2020 with the reduced workforce. The company reorganized from a functional approach led by a Senior Leadership Team to process-based "Value Streams" with leaders focused on specific activities. Our aim is to rapidly increase the velocity of our internal processes to improve our ability to react to the dynamic market conditions that exist today

CONSOLIDATED FINANCIAL STATEMENTS

NTi prepares its consolidated financial statements in accordance with IFRS as adopted by the European Union (EU), and the presentation currency is US dollars.

NTi's total revenue and other income in 2020 was USD 1.0 million, compared to USD 0.4 million in 2019. Profit after tax for the year was negative USD 42.9 million in 2020, compared to negative USD 36.6 million in 2019.

Revenue in 2020 consist of sale of parts of USD 0.4 million, and the Other Income of USD 0.6 million consist of margins from sale of RPD™ machines of USD 0.4 million and other European grants of USD 0.2 million. Comparable Revenue in 2019 consist of sale of parts of USD 0.3 million, and Other Income consist of margins from sale of RPD™ machines of USD 0.1 million.

In addition to generating revenue, the total operating cost of USD 31.2 million in 2020 was used to develop PPC and PDQC, qualify NTi as a supplier of titanium components to the aerospace, complete the organizational restructuring, and settle an outstanding legal claim.

NTi's intangible assets of USD 8.2 million by end of 2020 are mainly related to the development of the production platform, consisting of the RPD™ technology related qualification programs, and the G4 production machine technology**.** Property, plant and equipment of USD 4.9 million mainly consist of the three G4 machines at ETC and related production infrastructure at ETC, PDQC and PPC.

During 2020, the Group drew down a total of USD 28.0 million under the shareholder loan facilities put into place. USD 9.0 million were drawn under the Second Subordinated loan agreement, which was signed in December 2019. In June 2020 the Group entered into a third Secured Loan Agreement under which a total of USD 19.0 million were drawn. The lenders were granted warrants to purchase 18,999 shares under the Subordinated Loan agreements. The third Secured Loan agreement did not contain any warrants.

Norsk Titanium US Inc, a wholly owned subsidiary of Norsk Titanium AS, was granted a USD 1.2 million loan as part of the Payroll Protection Program created under the US Cares Act to provide small businesses relief during the COVID-19 pandemic. Similarly, Norsk Titanium AS received an offer of a NOK 35.0 million grant from Innovation Norway to support our technology development activities at ETC. The company is working to meet all the requirements of the grant to enable the company to access the funding.

Current loan measured at fair value of USD 69.1 million at the end of the year consist of loans from Shareholders due within 12-months. Current interest-bearing debt of USD 21.2 million consist of USD 19.9 million loan from Shareholders, USD 1.2 million loan in US CARES Payroll Protection Program and USD 0.1 million for the final principal repayment of the loan from The Development Corp Clinton County NY issued in 2016. Reference is made to Subsequent events below, where shareholder loans have been converted to equity.

NTi's net cash flow from operating activities was negative USD 27.4 million, and the net cash used in investing activities was negative USD 0.7 million. Net cash flow from financing activities was positive USD 28.1 million, resulting in a net change in cash and cash equivalents of approximately USD 0 million during the year 2020.

The Board of Directors is of the opinion, that the consolidated financial statements give a fair and true view of NTi's assets and liabilities, financial position, and operating results.

PARENT COMPANY

The parent company Norsk Titanium AS has prepared its financial statements in accordance with Norwegian Accounting principles, and the presentation currency for the Norsk Titanium AS standalone financial statements is in Norwegian kroner. In 2020, Norsk Titanium AS was also the entity within NTi Group responsible for developing and advancing the RPD™ technology and transitioning the commercial production of titanium parts to production at PPC.

Norsk Titanium AS' total revenue and other income in 2020 was NOK 27.8 million, compared to NOK 4.0 million in 2019. Profit after tax for the year was negative NOK 160.3 million, compared to negative NOK 169.6 million in 2019. Revenues of NOK 25.6 million in 2020 consist of sale of goods and services from Norsk Titanium AS to its 100% owned subsidiaries Norsk Titanium Equipment AS and Norsk Titanium US Inc. Norsk Titanium AS' costs are related to salaries, professional services, cost of goods and other operating costs.

Norsk Titanium AS' intangible assets were NOK 70.0 million, and property, plant and equipment were NOK 32.7 million by end of 2020. The non-current interest-bearing liabilities of NOK 756.7 million consist of loans from Shareholders.

GOING CONCERN

In accordance with the Norwegian Accounting Act § 3-3a, we confirm that the financial statements have been prepared under the assumption of going concern, and that this assumption was realistic at the time of preparation. The Group is still in a commercial growth phase with negative operating cash flow, consistent with our business plan. During 2020, financing activities included shareholder loans where the Group drew down a total of USD 28.0 million.

On 29 January 2021, the Company raised a convertible loan up to a maximum of USD 37.0 million. The new convertible debt facility was initiated as the principal fundraising instrument for 2021. USD 9 million of the maximum loan amount of USD 37 million has been drawn by the Company.

NTi has converted a total of USD 84.9 million of total debt of USD 89.0 million from the facility agreements of 2018-2020 to equity, improving the equity position of the balance sheet as a measure to attract new capital to the Group. The Board of Directors has engaged advisors to explore alternative funding opportunities alongside the convertible debt facility which provides further ability to secure long term capital for the Group.

The Board of Directors believes NTi's present cash balance and committed funding enables the company to continue its operations in accordance with the current business plan through 2021 and beyond.

NTi is gradually transitioning from an R&D phase to an operational commercial business for the manufacturing and sales of titanium components and RPD™ equipment. The technology qualification process is making good progress and the Board of Directors expects the commercialization process to generate significantly higher revenues and margins in the coming years.

RISK FACTORS

NTi is in a commercial growth phase and currently depends on demand from customers in the aviation and aerospace industry who are significantly exposed to changes in global and regional economic growth.

The global COVID-19 pandemic has impacted companies and markets globally, and the aviation and aerospace industry has suffered severely from travel restrictions that have generated a substantial decline in demand for air transportation services. Commercial manufacturers of aerostructures represent an important part of the company's customer base, and the repercussions of Covid-19 has had an adverse impact on the demand for the company's products.

The pandemic may result in more uncertain markets also going forward, with potentially stricter regulations impacting international trade, and with operations becoming more vulnerable to interruptions. Such consequences may impact the company and its current and planned operations and projects – as well as its customers, and suppliers of goods and services. This includes future customers ability to buy the company's products and services, contractors' ability to provide goods and services required for the company's projects, and the company's ability to raise capital or secure financing. Based on on-going communication with our customers and suppliers the Board of Directors is not aware of any imminent risk of disruption to the business. Management has taken a proactive role in keeping real-time dialogue with customers and suppliers as well as building a plan to execute on existing contracts.

Company specific financial risks including liquidity risk, credit risk, interest rate risk and foreign exchange risk are covered in further detail in note 4.6 to the Consolidated financial statements. The company seeks to minimize the potential adverse effects of such risks through sound business practices and has not deployed derivatives to hedge these risk exposures.

Given the current financing structure with equity and fixed-rate loans, the interest rate risk is limited. NTi reports in USD and is exposed to foreign exchange risks related to revenue and expenses in other currencies and translation of cash flows into USD. The Group continuously monitors this exposure and may potentially use financial derivatives to manage the risk in the future. The company considers credit risk as negligible and had no losses on receivables in 2020. As described above in the 'Going Concern' statement, the Board of Directors and the management assesses the liquidity as sufficient to support the company's operations through 2021 and beyond

CORPORATE GOVERNANCE

NTi is operating under established principles and procedures for sound corporate governance, including risk management and internal controls, rules of procedure for the Board of Directors and management, and equal treatment of shareholders.

The company intends to formalize its corporate governance framework according to the Norwegian Code of Practice for Corporate Governance, last revised 17 October 2018, in 2021, and will report according to this code going forward.

CORPORATE SOCIAL RESPONSIBILITY

NTi is committed to responsible business practices with respect to human rights, labor standards, equality and non-discrimination, social matters, the external environment, and anti-corruption.

The company has developed a framework including a Code for ethical behavior and business conduct, policies for anti-harassment, anti-corruption, anti-bribery, raising concerns (whistleblowing), confidentiality and IP, and systematic HSE work, as well as a detailed quality manual to secure compliance with the international aerospace standard AS9100 and ISO 9001 – Quality Management Systems.

NTi supports the UN Nation's Global Compact initiative, and the company's Code of Ethics and Business Conduct is compatible with UN Global Compact and OECD's guidelines for Multinational Enterprises. The Code covers human rights, workers' rights in accordance with ILO conventions, personnel policy and the working environment, health and safety, environment and climate, as well as competitive behavior and company interactions with customers, third parties, and society at large.

NTi works systematically with health, safety and environment to ensure safety of personnel and protection of the environment, with an aim to incur no injuries, no incidents, and no spills.

HSE committees at each site are responsible for identifying and monitoring HSE risks, ensure compliance to applicable laws and regulations, plan and follow-up site specific HSE activities such as safety training, review and follow-up HSE observations, and document HSE work.

Equal opportunity

At the end of 2020 NTi had 92 employees, of whom 22 are women. This is in line with the gender balance in the industry sector in Norway, which in 2020 was 76% men and 24% women according to SSB. The executive management group consists of 6 men and 1 woman, and the Board of Directors of 6 men. All appointments are based on qualification in a non-discriminatory manner, and NTi's employees will enjoy equal opportunities irrespective of ethnic background, race, color, gender, gender identity, sexual orientation, age, marital or civil partner status, religion, culture or disability. The company does not have any temporary female employees and one temporary male employee. Three of NTi's employees worked part-times in 2020, two females and one man. This is equal to 9.1% of our female employees and 1.4% of our male employees. Two female and 4 male employees had parental leave in 2020, the females had in average 5.5 weeks leave while the men had 5 weeks in 2020. We work proactively to achieve equality between the genders during recruitment processes, internal promotions and our merit increases. Gender based statistics is a standard tool during annually salary reviews, we encourage female employees to participate in leadership training and we are a sponsor at the "Women in Leadership" event.

Working environment

NTi is a good, stimulating place to work where employees are given the opportunity to use their skills and abilities to contribute both the company's and their own progress. The company is committed to an inclusive work culture, based on diversity, equal employment opportunity and fair treatment of all employees. Norsk Titanium does not accept any form of harassment or discrimination. No harassment cases were reported or investigated in 2020.

Total sick leave for the parent company Norsk Titanium AS was 3.3% in 2020. No injuries or accidents were reported or investigated in 2020.

The company has established a Working Environment Committee functioning as an advisory and decision-making committee with regards to HSE to establish a fully satisfactory working environment and participate in planning safety and environmental work. The working environment is considered to be good which is supported by quarterly employee surveys. The Employee Satisfaction Index for 2020 was 3.7 based on a scale from 1 to 5 where 5 is the best.

Covid-19 prevention and preparedness

NTi in 2020 established a detailed Covid-19 prevention and preparedness policy to protect employees, business partners and the workplace, while safeguarding uninterrupted and efficient operations. The company has operated in compliance with all national and regional rules and recommendations regarding the pandemic. The company had only one Covid-19 case reported among the employees by the end of 2020.

Anti-corruption and anti-bribery

NTi's anti-corruption policy and anti-bribery policy are developed in compliance with the U.S. Foreign Corrupt Practices Act, the U.K Bribery Act and other applicable anti-corruption laws, and states that NTi will not engage in, or otherwise tolerate, any form of bribery or corruption in the business dealings of any member of the Group. No corruption or bribery cases were reported or investigated in 2020.

Raising concerns – Whistleblowing
NTi's Raising Concerns policy establishes the route of notification about concerns, including the possibility to raise concerns anonymously to an external third party. The company does not tolerate any form of retaliation or reprisal against anyone who in good faith report violations to the codes and policies of the company. No concerns were raised via internal or external channels in 2020.

Environment
NTi's core business is to contribute to the development and future production of titanium in environmental-friendly processes. The company's production technology and titanium component production methods use less raw material and substantially less processing / machining compared to similar products produced with conventional technologies. This generates significant energy and waste saving and the company's technology and production processes are therefore more environmentally friendly than conventional processes.

NTi strives to reduce the environmental impact of its business. The main input factors for the company's production process are titanium metal wire and plate, energy machine consumables, and inert argon gas. NTi strives to reduce the environmental impact of our business. The company will try to reduce direct and indirect greenhouse gas emissions resulting from operations. This will address resource consumption in general, including energy consumption, water use and waste treatment. No reported industry environmental incidences were reported during 2020.

ALLOCATION OF THE RESULT FOR THE YEAR

The Board of Directors proposes that the loss for the year for Norsk Titanium AS of NOK 160,283,357 is charged to other equity. The equity in Norsk Titanium AS as of 31st December 2020 is NOK 33.3 million. The Board of Directors proposes to offset accumulated losses of NOK 774,648,113 against other paid in capital and share premium in 2020.

SUBSEQUENT EVENTS

On 29 January 2021, NTi Shareholders approved conversion of existing debt under the shareholder loan agreements to preference shares and ordinary shares through a Private placement (set-off). The majority of the lenders of the secured senior debt have converted their loans of USD 84.9 million into preference shares (principal amount) and ordinary shares (interest). The lenders of the junior debt under the Facility Agreements of 2019 and 2020 have converted their loans into ordinary shares. The share capital was increased by NOK 4,262,576 by issue of 532,822 new preference shares, each with a par value of NOK 8. The share capital was increased by NOK 4,875,048 by issue of 609,381 new ordinary shares, each with a par value of NOK 8. If the conversion of debt described above had taken place prior to closing balance at 31 December 2020, it would have implied a positive impact on total consolidated equity of the Group resulting in an equity ratio of approximately 50%.

Reference to note 4.7 describing the Group's capital management to maintain a healthy cash flow to finance ongoing commercial ramp-up phase; on 29 January 2021 the Company raised a convertible loan up to a maximum of USD 37 million, of which USD 9 million has been drawn as of 15 March 2021. The convertible loan shall accrue interest at a nominal rate of 10% p.a. The company has the right to convert the loan into equity. Unless converted, the loan including accrued interest shall be repaid by 31 December 2022.

Eggemoen, March 15, 2021

…………………………	…………………………	…………………………
John Andersen Jr.	Shan A. Ashary	Bart van Aalst
Chairman	**Board Member**	**Board Member**
…………………………	…………………………	…………………………
Jeremy Barnes	Michael Canario	Steve D. Geskos
Board Member	**Board Member**	**Board Member**

Consolidated statement of total comprehensive income

For the years ended 31 December

USD 1000	Notes	2020	2019
Revenue	2.1	357	336
Other income	2.2	619	57
Total revenues and other income		**977**	**393**
Raw materials and consumable used	2.3	(3 891)	(3 195)
Employee benefits expense	2.5	(13 741)	(20 872)
Other operating expenses	2.6,7.2	(10 645)	(6 796)
Depreciation and amortisation	3.1,3.2	(2 968)	(3 404)
Impairment of intangible assets	3.2	0	(713)
Operating profit		**(30 269)**	**(34 586)**
Financial income	4.5	17 458	15 386
Financial expenses	4.5	(30 024)	(17 380)
Profit or loss before tax		**(42 835)**	**(36 580)**
Income tax expense	5.1	(62)	(7)
Profit or loss for the year		**(42 896)**	**(36 587)**
Profit/loss attributable to owners of the parent		(42 896)	(36 587)
Other comprehensive income			
Items that subsequently may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(953)	(40)
Other comprehensive income for the period		(953)	(40)
Total comprehensive income for the period		**(43 849)**	**(36 626)**
Total comprehensive income attributable to owners of the parent		(43 849)	(36 626)

Consolidated statement of financial position

USD 1000	Notes	31.12.2020	31.12.2019
ASSETS			
Non-current assets			
Right of use of assets	7.3	1 202	1 601
Property, plant and equipment	3.1	4 859	5 728
Intangible assets	3.2	8 202	9 235
Total non-current assets		**14 264**	**16 564**
Current assets			
Inventories	2.4	4 724	4 317
Trade receivables	2.7	787	907
Other current assets	2.7	961	1 577
Cash and cash equivalents	4.4	2 196	2 145
Total current assets		**8 669**	**8 945**
TOTAL ASSETS		**22 933**	**25 509**
EQUITY AND LIABILITIES			
Equity			
Share capital	4.7	464	464
Share premium		0	92 726
Treasury shares	4.7	(10)	(10)
Other capital reserves		0	2 857
Other equity		(80 975)	(133 090)
Total equity		**(80 521)**	**(37 052)**
Non-current liabilities			
Non-current lease liabilities	7.3	513	843
Long term liabilities		1 022	814
Derivative financial liabilities	4.2, 4.10	0	6 665
Loan measured at fair value	4.2, 4.10	0	40 614
Total non-current liabilities		**1 535**	**48 936**
Current liabilities			
Trade and other payables	2.8	1 608	2 391
Current interest bearing debt	4.2, 4.9, 7.4	21 195	74
Current loan measured at fair value	4.2, 4.10, 7.4	69 106	
Deferred revenue		3 927	6 518
Current lease liabilities	7.3	843	863
Other current liabilities	7.1	5 192	3 731
Tax payable	5.1	47	48
Total current liabilities		**101 918**	**13 624**
Total liabilities		**103 453**	**62 561**
TOTAL EQUITY AND LIABILITIES		**22 933**	**25 509**

Eggemoen, March 15, 2021

John Andersen, Jr Chairman of the Board	Michael Canario Member of the Board	Steve D. Geskos Member of the Board
Bart Van Aalst Member of the Board	Shan A. Ashary Member of the Board	Jeremy Barnes Member of the Board

Consolidated statement of cash flows

For the years ended 31 December

USD 1000

Cash flows from operating activities	Notes	2020	2019
Profit before tax		**(42 835)**	**(36 580)**
Adjustments to reconcile profit before tax to net cash flow:			
Depreciation and amortisation	3.1,3.2	2 968	3 404
Impairment of intangible assets	3.2	0	713
Net financial income/expense included in financing activities	4.5	14 569	1 813
Net foreign exchange differences	4.5	(2 003)	181
Tax payable	5.1	(182)	(48)
Working capital adjustment:			
Changes in inventories and right of use assets	2.4	(8)	(1 973)
Changes in trade and other receivables	2.7	120	3 048
Changes in other current assets	2.7	615	78
Changes in trade and other payables	2.8	(782)	(719)
Changes in other accruals	7.1	212	2 899
Net cash flows from operating activities		**(27 325)**	**(27 183)**
Cash flows from investing activities			
Purchase of property, plant and equipment	3.1	(372)	(56)
Investment in intangible assets	3.2	(358)	(156)
Interest received	4.5	7	77
Net cash flow from investing activities		**(724)**	**(135)**
Cash flow from financing activities			
Purchase of treasury shares	4.7	(22)	(9)
Sale of treasury shares	4.7	0	114
Payment of principle portion of lease liabilities	7.3	(853)	(671)
Increase of debt	4.2	29 192	11 600
Repayment of debt	4.2	(80)	(536)
Interests paid	4.5	(198)	(235)
Net cash flow from financing activities		**28 039**	**10 263**
Net change in cash and cash equivalents		(10)	(17 055)
Effect of change in exchange rate		62	(203)
Cash and cash equivalents, beginning of period	4.4	2 145	19 402
Cash and cash equivalents, end of period		**2 196**	**2 145**

Consolidated statement of changes in equity

USD 1000	Share capital	Share premium	Treasury shares	Other capital reserves	Cumulative translation effect	Retained earnings	Total equity
	Attributable to the equity holders of the parent				Other equity		
Balance as of 31.12. 2018	**464**	**92 726**	**(10)**	**1 315**	**(999)**	**(95 464)**	**(1 969)**
Profit (loss) for the year						(36 587)	(36 587)
Other comprehensive income					(40)		(40)
Issue of share capital							0
Purchase of treasury shares			(0)	(9)			(9)
Sales of treasury shares			1	114			114
Shared-based payment				1 437			1 437
Balance as of 31.12.2019	**464**	**92 726**	**(10)**	**2 857**	**(1 038)**	**(132 051)**	**(37 052)**
Profit (loss) for the year						(42 896)	(42 896)
Other comprehensive income					(953)		(953)
Issue of share capital							0
Purchase of treasury shares			(0)	(22)			(22)
Sales of treasury shares			0	0			0
Shared-based payment				403			403
Transfer to other capital reserves				(3 238)		3 238	0
Transfer to share premium		(92 726)				92 726	0
Balance as of 31.12.2020	**464**	**0**	**(10)**	**0**	**(1 991)**	**(78 984)**	**(80 521)**

The Company decided to offset acumulated losses against other capital reserves and share premium in 2020.

For further information regarding share capital, shareholders, treasury shares and shares owned by the board and executive employees, see note 4.7.

Notes to the Consolidated financial statements
1.1 Corporate information

The consolidated financial statements of Norsk Titanium AS and its subsidiaries (collectively, "the Group" or "Norsk Titanium") for the year ended 31 December 2021 were authorized for issue in accordance with a resolution of the directors on 15 March 2021. Norsk Titanium AS (the Company or the parent) is a limited liability Company incorporated and domiciled in Norway. The registered office is located at Karenslyst Allé 9C, Oslo in Norway.

Norsk Titanium specializes in additive manufacturing (AM) and producing structural titanium parts with reduced lead time and cost from traditional methods.

Basis of preparation
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 Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

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. Comparative financial information is provided for the preceding period in the Consolidated statement of comprehensive income, Consolidated statement of financial position and Consolidated statement of cash flows.

Basis of consolidation
The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its return. Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Foreign currencies
The Group's consolidated financial statements are presented in USD. The parent company's functional currency is NOK. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method. P&L figures are converted from functional currency to presentation currency by use of average rates. Balance sheet figures are converted from functional currency to presentation currency by use of spot rate on the balance sheet date.

1.2 Key source of estimation uncertainty, judgement and assumptions

Significant accounting judgements, estimates and assumptions

In connection with the preparation of the Group's consolidated financial statements, the management has made assumptions and estimates about future events and applied judgements that affect the reported values of assets, liabilities, revenues, expenses and related disclosures.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The assumptions, estimates and judgements are based on historical experience, current trends and other factors that the Group's management believes to be relevant at the time the consolidated financial statements are prepared.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The estimates and the underlying assumptions are reviewed on an ongoing basis. The accounting policies applied by the Group in which judgments, estimates and assumptions may significantly differ from actual results are discussed below:

Judgements

Sale and lease agreement with Fort Schuyler Management Corporation ("FSMC")

In 2015 the Group signed a contract with FSMC under which FSMC is responsible for building a manufacturing facility and purchase manufacturing equipment from Norsk Titanium, and subsequently lease the manufacturing facility and equipment to Norsk Titanium at a yearly rent of 1 USD with an option of extending the term. During the third quarter 2016 the group entered a Master Equipment Purchase Agreement with FSMC, where Norsk Titanium shall build and sell in total 32

RPD™ machines to FSMC. In the fourth quarter 2018 NTi executed an Amendment to the Alliance Agreement. The RPD™ machines are the main part of the Manufacturing Equipment that shall be leased to Norsk Titanium under the agreement with FSMC. In return for the subsidized lease, The Group has committed itself to operations related to the manufacturing facility and hire new employees as production increases for the 10 years period from 1 September 2019 to 31 August 2029. The production facility is located in Plattsburg, New York.

Based on IAS 17, management treated the lease of the facility and equipment as an operating lease and presented the gain/loss from sale of equipment under the sale/leaseback agreement net in the statement of profit and loss since the equipment are used in production.

Upon the transition to IFRS 16 in 2019, NTi was not required to reassess the sale of the RPD machines to FSMC, and therefore no adjustments related to these sales was recorded in 2019. The only transition impact for NTi was the recognition of a lease liability reflecting the remaining lease payments and a corresponding right-of-use asset. The financial liability is accounted for applying IFRS 9.

As FSMC meets the definition of a government in accordance to IAS 20, the difference between market rent and agreed rent is treated as a government grant. Applying the guidance in IAS 20, NTi has a choice of presenting the grant either as a reduction of the carrying amount of the machines (net presentation), with the grant offsetting the depreciation of the asset, or as deferred income that is recognised over the useful life of the asset (gross presentation). NTi has elected to present the deferred revenue as a reduction of the carrying amount of the machines (i.e. net presentation), with difference between the sales price and cost of the RPD machines being recognized as other income over the lease term.

The total utilized grant from FSMC amounts to USD 112 million by 31 December 2020 with an additional USD 9 million committed.

Research and Development

Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. The assessment of when product development is capitalised is highly subjective, as the outcome of these projects may be uncertain. At 31 December 2020, the carrying amount of intangible assets was USD 8.2 million.

Estimates and assumptions

Share based payment

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the assumptions and models used for estimating the fair value are disclosed in note 4.8.

Intangible assets

The useful lives of intangible assets are assessed as either finite or indefinite and may in some cases involve considerable judgements. Intangible assets with indefinite useful lives are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. Intangible assets with finite useful lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Fair value measurement of shareholder loan

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of share holder loan. An increase of 1% and 2% in the Group's annual effective interest rate would result in a change in fair value for the loans measured at fair value of USD 448 thousand and USD 890 thousand respectively. Further information is disclosed in note 4.2 and 4.10.

2.1 Revenues

Amounts in USD thousand

Revenues	**2020**	**2019**
Sale of titanium components	357	336
Total revenues	**357**	**336**

Geographic information	**2020**	**2019**
Revenues from customers		
Europe	0	0
USA	357	336
Total revenues	**357**	**336**

Timing of revenue recognition	**2020**	**2019**
Goods transferred at a point in time	357	336
Services transferred over time	0	0
Total revenues	**357**	**336**

2.2 Other income

Amounts in USD thousand

Other income	**2020**	**2019**
Gain on disposal of property, plant and equipment - RPD machines	299	0
Net gain from RPD machine grant*	84	57
Grants from European Society of Anaesthesiology (ESA)	237	0
Total other income	**619**	**57**

Government grants have been received for research and development activities but are not related to a specific program. The grants included in other income contains no unfulfilled conditions or contingencies.

*Net gain from RPD machine grant reflect net gain from the sale and leaseback of RPD machines to FSCM, being recognized as other income over the lease term, reference to note 1.2.

2.3 Raw materials and consumables used

Amounts in USD thousand

Raw materials and consumables used	**2020**	**2019**
Cost of materials	3 197	2 424
Cost for machining of components	171	288
Consumables used	171	181
Cost of handling and freight	353	302
Total cost of goods, raw materials and consumables used	**3 891**	**3 195**

Raw materials and consumables used is mainly related to qualification for the aerospace market, research, test production and product development.

2.4 Inventories

Amounts in USD thousand

Inventories	**31.12.2020**	**31.12.2019**
Raw materials	1 562	1 542
Work in progress	3 162	2 775
Total inventories (gross)	**4 724**	**4 317**
Provision for obsolete inventories 31.12	0	0
Total inventories (net)	**4 724**	**4 317**

Work in progress consist of manufacturing of production machines, for own or external use, in addition to titanium components in progress. Inventories consists of wire, argon and substrate for production of titanium components.

2.5 Employee benefit expenses

Amounts in USD thousand

Employee benefit expenses	**2020**	**2019**
Salaries and holiday pay	10 936	15 925
Social security tax	1 302	1 565
Pension costs defined contribution plans	612	719
Cost of share-based payment	(17)	1 812
Other personnel costs	908	851
Capitalized salary and personnel expense	0	0
Total payroll and related costs	**13 741**	**20 872**
Full Time equivalent Employees as of 31.12	92	139

Given the uncertain global commercial aerospace market following COVID-19 pandemic, the company made the decision to implement a significant organizational restructuring with approximately 40% reduction in headcount.

Pensions

The Norwegian companies in the Group are obligated to keep an occupational pension scheme pursuant to the Norwegian Mandatory Occupational Pensions Act. The Group's pension scheme satisfies these requirements.

Contributions are paid to pension insurance plans and charged to the income statement in the period to which the contributions relate. Once the contributions have been paid, there are no further payment obligations.

Management and board remuneration

Amounts in USD thousand

Remuneration to management in 2020	Salary	Performance-related bonus	Other remuneration	Total remuneration
Michael Canario - CEO	458	0	41	**499**

Remuneration to management in 2019	Salary	Performance-related bonus	Other remuneration	Total remuneration
Michael Canario - CEO	450	306	73	**829**

Benefits to the CEO
Executive management takes part in the general pension scheme described above. Additionally, the CEO is part of the Group's ordinary bonus scheme and does also have the right to severance payment if the Group terminates the employment. Upon termination of the CEO's employment contract, he is entitled to one year of the annual salary and one year of target incentive compensation based on that annual salary. CEO, executive management and the Board takes part in the Group's option programs as described in note 4.8.

Total remuneration to Board members	2020	2019
Board members	0	0

In the General Meetings 2019 and 2020 it was decided that no remuneration is paid to the board members.

At the end of the financial year, members of the Board and executive employees held shares in the parent company, Norsk Titanium AS. Reference is made to note 4.7 for disclosures on shareholdings.
The board members are not subject to agreements for severance pay, bonuses or profit-sharing.

2.6 Other operating expenses

Amounts in USD thousand

Other operating expenses	2020	2019
Professional services	2 182	3 836
Travel expenses	207	912
Rental and leasing expenses	275	213
Other operating expenses*	7 980	1 834
Total other operating expenses	**10 645**	**6 796**

* In 2020 the company made a payment to Clark Street Associates in accordance with the settlement agreement, expensed as Other operating expenses. Reference to note 7.2.

Auditor related fees	2020	2019
Statutory audit	206	221
Other assurance services	22	7
Tax consultant services	6	13
Total remuneration to the auditor	**234**	**241**

Audit fee:
The amounts above are excluding VAT.

2.7 Trade receivables and other current assets

Amounts in USD thousand

Trade receivables	31.12.2020	31.12.2019
Trade receivables	787	907
Allowance for expected credit loss	0	0
Total trade receivables	**787**	**907**

No provision for bad debt has been recognised in 2020 or 2019.

Other current assets	31.12.2020	31.12.2019
Pre-payments	307	153
Deposits	580	527
VAT	107	245
Short term financial receivables	0	559
Other receivables	(34)	92
Total other receivables	**961**	**1 577**

As at 31 December 2020 the ageing analysis of trade receivables is, as follows:

			Past due but not impaired			
Aging analysis of trade receivables	**Total**	**Not due**	**< 30 days**	**31-60 days**	**61-90 days**	**> 90 days**
Trade receivables at 31.12.2020	**787**	106	635	46	-	-
Trade receivables at 31.12.2019	**907**	195	615	(16)	-	112

For details regarding the Group's procedures on managing credit risk, reference is made to note 4.6.

2.8 Trade and other payables

Amounts in USD thousand

Trade and other payables	31.12.2020	31.12.2019
Accounts payables to related parties	4	4
Accounts payables	1 117	1 810
Withholding payroll taxes and social security	487	576
Total trade and other payables	**1 608**	**2 391**

Trade payables are non-interest bearing and are normally settled on 30-day terms. For an overview of the term date of trade and other payables, reference is made to note 4.3.

3.1 Property, plant and equipment

Amounts in USD thousand	**Machinery and equipment**	**Furniture and vehicles**	**Buildings, IT**	**Total**
Acquisition cost 1.1.2019	**10 223**	**445**	**1 755**	**12 424**
Additions	195	3	(143)	56
Currency translation effects with rates at 31.12.2019	(107)	(5)	(18)	(130)
Acquisition cost 31.12.2019	**10 311**	**443**	**1 594**	**12 350**
Additions	(68)	(2)	(26)	(97)
Currency translation effects with rates at 31.12.2020	299	13	46	358
Acquisition cost 31.12.2020	**10 542**	**454**	**1 614**	**12 611**
Accumulated depreciation and impairment 1.1.2019	**4 073**	**142**	**493**	**4 709**
Depreciation for the year	1 004	105	254	1 364
Impairment for the year	713			713
Currency translation effects with rates at 31.12.2019	(156)	(22)	15	(163)
Accumulated depreciation and impairment 31.12.2019	**5 634**	**226**	**763**	**6 622**
Depreciation for the year	585	95	256	936
Impairment for the year	0	0	0	0
Currency translation effects with rates at 31.12.2020	172	(6)	29	195
Accumulated depreciation and impairment 31.12.2020	**6 390**	**315**	**1 047**	**7 753**
Carrying amount 31.12.2019	**4 678**	**218**	**831**	**5 728**
Carrying amount 31.12.2020	**4 152**	**139**	**566**	**4 859**
Economic life	5-20 years	5 years	5 years	
Depreciation plan	linear	linear	linear	

The global pandemic and the repercussions thereof have had an adverse impact on the demand for the Group's products in the short term and is an potential impairment indicator. Norsk Titanium is gradually moving from an R&D operation to a commercial business with manufacturing and sales of titanium components and of RPD™ equipment. The impact from the pandemic is not considered to impact the long-term business plan in such a way that an impairment should be recorded as of 31 December 2020. The assessment is further supported by the enterprise value in the debt to equity conversion described in note 7.5.

An impairment loss of USD 713 thousand was recognised as Impairment of machinery and equipment in the consolidated statement of comprehensive income in 2019. The impairment loss in 2019 was related to a previous generation of the RPD™ machine. The third-generation machine (P01) has been in use for experiments, prototyping and technology development. The functionality will be replaced by a new G4 Large RPD™machine, which was developed in 2020.

3.2 Intangible assets

Amounts in USD thousand

Intangible assets	Development costs	Other intangible	Total
Acquisition cost 1.1.2019	**14 545**	**1 417**	**15 962**
Additions	0	156	156
Currency translation effects with rates at 31.12.2019	(152)	-15	(167)
Acquisition cost 31.12.2019	**14 393**	**1 559**	**15 952**
Additions	0	17	17
Currency translation effects with rates at 31.12.2020	263	28	291
Acquisition cost 31.12.2020	**14 656**	**1 604**	**16 260**
Accumulated amortisation and impairment 1.1.2019	**5 143**	**357**	**5 500**
Amortisation for the year	1 108	165	1 273
Impairment for the year	0	0	0
Currency translation effects with rates at 31.12.2019	(54)	(4)	(58)
Accumulated depreciation and impairment 31.12.2019	**6 197**	**519**	**6 716**
Amortisation for the year	1 112	69	1 180
Impairment for the year	0	0	0
Currency translation effects with rates at 31.12.2020	146	15	161
Accumulated amortisation and impairment 31.12.2020	**7 455**	**603**	**8 057**
Carrying amount 31.12.2019	**8 196**	**1 040**	**9 235**
Carrying amount 31.12.2020	**7 201**	**1 001**	**8 202**
Economic life	10 years	3-10 years	
Amortisation plan	Straight-line	Straight-line	

Norsk Titanium has invested heavily in researching and developing the market-leading high-deposition rate additive manufacturing (AM) process. Based on available plasma welding technology NTi has developed an automated process for the production of “near net shape” titanium components with titanium wire and titanium substrate as the main feedstock.

Development costs

Norsk Titanium has capitalized technology development up until 2017 for development of the RPD Production Platform reflecting the deposition process and the associated qualification programs and fourth generation production machinery. The Group assess the Production platform and acquired patents as one Cash Generating Unit. Norsk Titanium estimates that the cash inflow from sale of RPD machines and commercial aerospace component sales are higher than the carrying value of the intangible assets.

Impairment of intangible assets

The global pandemic and the repercussions thereof have had an adverse impact on the demand for the Group's products in the short term and is an potential impairment indicator. Norsk Titanium is gradually moving from an R&D operation to a commercial business with manufacturing and sales of titanium components and of RPD™ equipment. The impact from the pandemic is not considered to impact the long-term business plan in such a way that an impairment should be recorded as of 31 December 2020. The assessment is further supported by the enterprise value in the debt to equity conversion described in note 7.5.

No impairment loss is recognised as impairment of intangible assets in the consolidated statement statements for 2019 and 2020.

Other intangible assets
Other intangible assets consist of software and acquired patents.

Other Research and development
A large part of the research and development in 2019 and 2020 has been related to Allowables programs, development of RPD database through design of experiments and specifications and customer qualification programs. Due to the restrictive nature in IAS 36 and IAS 38, specifically related to the demonstration of technical feasibility and demonstrating how the asset will generate future economic benefits, all R&D activities in 2019 and 2020 have been expensed. In 2020 the research and developement expenses amounted to USD 1.7 million. The development costs are activity related to parts development and modeling, GRIT, fatigue qualification, lab activity and wire and substrate improvement.

4.1 Financial instruments

The following tables shows the various financial assets and liabilities, grouped in the different categories of financial instruments:

Amounts in USD thousand

31.12.2020	Financial assets at amortised cost	Financial liabilities	Financial liabilities at fair value through profit and loss	Total
Assets				
Trade receivables (note 2.7)	787			787
Other receivables (note 2.7)	961			961
Cash and cash equivalents (note 4.4)	2 196			2 196
Total financial assets	**3 944**	**0**	**0**	**3 944**
Liabilities				
Trade and other payables (note 2.8)		1 608		1 608
Deferred revenue		3 927		3 927
Long term liabilities (note 7.3)		1 535		1 535
Other current liabilities (note 7.1, 7.3)		5 192		5 192
Interest bearing debt - Short term (note 4.2)		21 195	69 106	90 301
Total financial liabilities		**33 458**	**69 106**	**102 564**

31.12.2019	Financial assets at amortised cost	Financial liabilities	Financial liabilities at fair value through profit and loss	Total
Assets				
Trade receivables (note 2.7)	907			907
Other receivables (note 2.7)	1 018		559	1 577
Cash and cash equivalents (note 4.4)	2 145			2 145
Total financial assets	**4 069**	**0**	**559**	**4 628**
Liabilities				
Interest bearing debt - Long term (note 4.2)		(193)	47 473	47 279
Trade and other payables (note 2.8)		2 391		2 391
Deferred revenue		6 518		6 518
Long term liabilities (note 7.3)		1 657		1 657
Other current liabilities (note 7.1, 7.3)		4 594		4 594
Interest bearing debt - Short term (note 4.2)		74		74
Total financial liabilities		**15 040**	**47 473**	**62 513**

Financial assets at amortised cost

When determining the classification for financial assets, the Group evaluates the investment related to the “SPPI” test and the “Business model” test. The “SPPI” test involves evaluating if the instruments consist of solely payments of principal and interest (hence, SPPI). If the instruments pass the “SPPI” test, the Group further evaluates the “Business model” test. When doing so, the Group evaluates the purpose of the investment. If the investment is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, the investments will be valued at amortized cost.

Financial assets at amortised cost includes cash and short-term deposits, trade receivables and contract assets.

Financial liabilities
Financial liabilities are measured either at fair value through profit or loss or at amortised cost.

Financial liabilities are measured at fair value through profit or loss when they meet the definition of held for trading, or when they are designated as such on initial recognition. Derivatives are always recognised at fair value through profit or loss. In addition, hybrid instruments (embedded derivative in a non-derivative host contract), are recognised at fair value through profit or loss when the Group choose not to separate the embedded derivative and account for the contract as a whole. All other financial liabilities, are generally classified as subsequently measured at amortised cost using the effective interest method.

The third secured shareholder loan signed in June 2020 is considered a non-derivative contract and classified as subsequently measured at amortised cost using the effective interest method (ref. note 4.2).

The loan agreement of September 2018 with shareholders and the second subordinated loan agreement (ref. note 4.2) are hybrid instruments including several embedded derivatives. The Group has chosen not to separate the embedded derivatives from the non-derivative host contract and therefore, the whole contract is recognized at fair value through profit and loss.

4.2 Interest bearing debt

Amounts in USD thousand

Non-current Interest bearing loans and borrowings	**Effective interest rate**	**Maturity**	**31.12.2020**	**31.12.2019**
Loan from Harbert European Growth Capital Fund*	12.00%	2019	0	0
Loan from The Development Corp Clinton County NY	3.50%	2021	0	80
Derivative financial liabilities - Warrants**		2021	0	6 665
Loan from shareholders measured at fair value**	14.72%	2021	0	40 614
Total non-current interest bearing loans and borrowings			**0**	**47 359**

	31.12.2020	**31.12.2019**
Short term portion of Loan from The Development Corp Clinton County NY	57	74
US CARES Payroll Protection Program****	1 246	
Current loan from shareholders measured at amortised cost***	19 892	
Current loan from shareholders measured at fair value**	69 106	
Current interest bearing debt	**90 301**	**74**

* The Lender has been granted warrants to purchase USD 1,200 thousand worth of the Issuer's stock.

**As part of the Shareholder loan agreement in September 2018, the Lenders were in 2018 granted warrants to purchase 65,309 shares. The loan was extended from USD 32.9 million up to USD 42.5 million in 2019. Additional 13,422 warrants were granted related to the extension of the loan to USD 42.5 million. The strike price of the warrants granted was equal to the market value of shares as of September 2018. A second subordinated loan agreement was signed in December 2019 of USD 5 million, which was extended from USD 5 million to USD 11 million in 2020.The lenders have been granted warrants to purchase 18,999 shares under the subordinated loan agreements. The strike price of the warrants granted was equal to the market value of shares as of September 2018.

*** A third secured loan agreement of USD 9.0 million was signed in June 2020, which was extended from USD 9.0 million to USD 20 million during 2020. The third secured loan agreement does not contain any warrants.

The duration of the shareholder loan from September 2018 may be extended from 36 months up to 54 months (i.e. 18 months extension) at NTi's discretion. The additional shareholder loans expire at the same time as the first shareholder loan from September 2018. The shareholder loan from December 2019 and the loan agreements from 2020 carries an interest at a fixed 15 % per annum in arrears, compounded quarterly. The accrued interest shall be settled by converting to new shares in NTi.

**** US CARES Payroll Protection Program reflect a loan granted from US government following the COVID-19 pandemic.

Assets pledged as security and guarantee liabilities

Secured balance sheet liabilities	31.12.2020	31.12.2019
Intangible Assets	8 202	9 235
Property, plant and equipment	4 859	5 728
Inventories	4 724	4 317
Trade receivables	787	907
Other current assets	961	1 577
Cash and cash equivalents	2 196	2 145
Total	**21 730**	**23 907**

The Group has not given any guarantees to or on behalf of third parties in the current and previous period.

4.3 Financial liabilities

Reconciliation of changes in liabilities incurred as a result of financing activities.

			Non-cash changes		
	01.01.2020	Cash flow effect	Foreign exchange	Other changes	31.12.2020
Interest bearing debt - Long term (note 4.2)	47 359	(80)	1 375	(48 654)	**0**
Interest bearing debt - Short term (note 4.2)	74	29 192	2	61 033	**90 301**
Non-current lease liabilities	843	(323)	14	(21)	**513**
Current lease liabilities	863	(530)	22	488	**843**
Total liabilities from financing	49 139	28 259	1 413	12 846	**91 657**

			Non-cash changes		
	01.01.2019	Cash flow effect	exchange movement	Other changes	31.12.2019
Interest bearing debt - Long term (note 4.2)	33 687	11 520	(352)	2 504	**47 359**
Interest bearing debt - Short term (note 4.2)	536	(457)	(6)	0	**73**
Non-current lease liabilities	0	(332)	(7)	1 181	**843**
Current lease liabilities	0	(339)	(6)	1 209	**863**
Total liabilities from financing	34 223	10 392	(371)	4 894	**49 138**

4.4 Cash and cash equivalents

Amounts in USD thousand

Cash and cash equivalents	31.12.2020	31.12.2019
Bank deposits, unrestricted	1 929	1 881
Bank deposits, restricted*	267	264
Total cash and cash equivalents	**2 196**	**2 145**

* Restricted bank deposits relates to cash for withholding taxes which may not be used for other purposes. Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

For more information on the Group's credit facilities see note 4.2.

4.5 Financial income and expenses

Amounts in USD thousand

Financial income and expenses	**2020**	**2019**
Financial income		
Interest income	7	77
Foreign exchange gains	9 820	3 082
Other financial income	7 631	12 227
Total financial income	**17 458**	**15 386**
Financial expenses		
Interest expenses	(778)	(3)
Foreign exchange losses	(7 817)	(3 263)
Other financial expenses	(21 429)	(14 113)
Financial expenses	**(30 024)**	**(17 380)**

Other finance income primarily comprise gain fair value derivative, while other finance expense primarily comprise loss fair value on loans and interest of IFRS 16 leases.

4.6 Financial risk and capital management

The Group is exposed to a range of risks affecting its financial performance, including market risk (interest rate risk and foreign exchange risk), liquidity risk and credit risk. The Group seeks to minimise potential adverse effects of such risks through sound business practices. Currently no derivatives are used to hedge risk exposures, which are summarized below.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings and deposits.

Interest rate risk

The Group's interest bearing debt from Shareholder loan and The Development Corp Clinton County NY are all loans with a fixed interest rate, hence the Groups exposure to interest rate risk is limited.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group’s exposure to the risk of changes in foreign exchange rates relates primarily to the Group’s operating activities (when revenue or expense is denominated in a foreign currency).

As the Group reports its consolidated results in USD, any change in exchange rates between USD and its subsidiaries' functional currencies, primarily with respect to changes in NOK, affects the consolidated financial statements when those subsidiaries are translated to USD for reporting purposes. The Group has a limited amount of loans and borrowings in other currencies than USD. The Group does not hedge currency exposure with financial instruments at the current time, but monitors the net exposure and may chose to use financial derivatives to manage this risk in the future.

Other market risk
The outbreak of COVID-19 has resulted in a global pandemic and has severely impacted companies and markets globally. The aviation industry has suffered severely under the pandemic due to substantially decreased demand for air transportation services. As an important part of the Group's customer base includes commercial manufacturers of aerostructures, the global pandemic and the repercussions thereof have had an adverse impact on the demand for the Group's products that is considered to be short term.

It is expected that the pandemic may in the future result in more uncertain markets, operations becoming more vulnerable to interruptions and policy makers around the world may gravitate towards stricter regulations impacting international trade. Such consequences will likely also impact the Group and its current and planned operations and projects – as well as its customers, suppliers of goods and services - including the Group's ability to raise capital or secure financing (see note 7.5), future customers' ability to buy the Group's services, and contractors' ability to provide goods and services required for the Company's project at the agreed terms, or at all.

Liquidity risk and Going concern assumption
In accordance with the Norwegian Accounting Act § 3-3a, we confirm that the financial statements have been prepared under the assumption of going concern. The Group is still in a commercial growth phase with negative operating cash flow, consistent with our business plan. During 2020, funding activities included shareholder loans, and the Group drew in total USD 28.0 million on the shareholder loans.

On 29 January 2021, the Company raised a convertible loan up to a maximum of USD 37.0 million. The new convertible debt facility was initiated as the principal fundraising instrument for 2021. USD 9 million of the maximum loan amount of USD 37 million has been drawn by the Company.

In addition to the new convertible debt facility, and as described in the note 7.5, NTi has converted a total of USD 84.9 million of total debt of USD 89.0 million from the facility agreements of 2018-2020 shareholder loans to equity, improving the equity position of the balance sheet as a measure to attract new capital to the Group. The Board of Directors has engaged advisors to explore alternative funding opportunities alongside the convertible debt facility which provides further ability to secure long term capital for the Group.

The Board of Directors believes NTi's present cash balance and committed funding enables the company to continue its operations in accordance with the current business plan through 2021 and beyond.

NTi is gradually transitioning from an R&D phase to a commercial business with manufacturing and sales of titanium components and of RPD™ equipment. The technology qualification process is making good progress and the Board of Directors expects the commercialization process to generate significantly higher revenues and margins in the coming years. In the near-term, however, COVID-19 implications on the global economy present uncertainties that cannot be fully assessed or estimated relative to potential impacts on the Company's future business, revenues, financial condition and results of operations.

Ageing of financial liabilities:

Amounts in USD thousand

31.12.2020	1 year	2 years	3-5 years	Over 5 years	Total
Trade and other payables (note 2.8)	1 608	0	0	0	**1 608**
Interest bearing debt - Short term (Note 4.2)	90 301	0	0	0	**90 301**
Non - Current lease liabilities (Note 7.3)	890	401	248	0	**1 539**
Current lease liabilities (Note 7.3)	843	0	0	0	**843**
Total	**93 643**	**401**	**248**	0	94 291

31.12.2019	1 year	2 years	3-5 years	Over 5 years	Total
Interest bearing debt - Long term (note 4.2)	0	40 654	6 705	0	**47 359**
Trade and other payables (note 2.8)	2 391	0	0	0	**2 391**
Interest bearing debt - Short term (Note 4.2)	74	0	0	0	**74**
Non - Current lease liabilities (Note 7.3)	899	732	263	0	**1 894**
Current lease liabilities (Note 7.3)	863	0	0	0	**863**
Total	**4 226**	**41 386**	**6 968**	0	52 580

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions.

Norsk Titanium is currently in a technology development stage but has accounts receivable at year end. The Group has currently few customers, which generally might imply a concentration of credit risk. However, major part of the limited revenues are related to governmental funding agreements and large firms in the aerospace industry with limited credit risk.

The company has not provided any guarantees for third parties liabilities. It is the management's opinion that there is no material credit risk connected to The Group's current assets. For an overview of the ageing of trade receivables, please refer to Note 2.7.

4.7 Equity and shareholders

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Groups' capital management is to ensure that it maintains a healthy cash flow to cover ongoing operations and maximise shareholder value over time.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions. Refer to descriptions in note 4.6 related to capital management measures taken to secure short-term financing and improving the balance sheet to attract new capital, including conversion of debt to equity and raising convertible debt.

Total equity for the Group decreased to negative USD 88 105 thousand at 31 December 2020. As described in note 7.5 Events after the reporting period, on 29 January 2021 the company's shareholders converted USD 84.9 million under the shareholder loan agreements to preference shares and ordinary shares. The share capital was inceased by USD 1.1 million (NOK 9.1 million) by issue of 532,822 new preference shares and 609,381 new ordinary shares. Each of the preference shares and common shares were issued at a par value of NOK 8.

Amounts in USD thousand

Net debt	**31.12.2020**	**31.12.2019**
Interest bearing loans and borrowings	90 301	47 433
Less: cash and short-term deposits	(2 196)	(2 145)
Net debt	**88 105**	**45 288**
Equity	(80 521)	(37 052)
Capital and net debt	**7 584**	**8 237**
Gearing ratio	1162%	550%

Issued capital and reserves:

Share capital in Norsk Titanium AS at 31.12.2020	Number of shares	Nominal Value	Balance Sheet
At 31 December 2019	**498 212**	**464**	**464**
Issuance of share capital	0	0	0
At 31 December 2020	**498 212**	**464**	**464**

Share capital in Norsk Titanium AS at 31.12.2019	Number of shares	Nominal Value	Balance Sheet
At 31 December 2018	**498 212**	**464**	**464**
Issuance of share capital	0	0	0
At 31 December 2019	**498 212**	**464**	**464**

Each share has a nominal value of NOK 8. Included in ordinary shares outstanding, 10,541 treasury shares as of 31 December 2020 are included. All issued shares have equal voting rights and the right to receive dividend.

Dividend distribution to shareholders

The company has not paid dividend in 2019, and has proposed not to pay dividend for 2020.

Treasury shares

The background for having treasury shares is to facilitate that the company has sufficient holding of treasury shares for use in connection with inter alia employee share options and potential transactions with new investors. NTi has purchased 43 treasury shares during 2020, amounting to 0.0% of total shared capital.

NTi has not sold any treasury shares during 2020.

The table below provides an overview of purchase and sale of treasury shares:

	Number of shares	Transaction value (USD thousand)
Number of treasury shares as of 1 January 2020	10 498	
Purchase 16 July 2020	43	22
Total purchases treasury shares 2020	**43**	**22**
Number of treasury shares as of 31 December 2020	**10 541**	

	Number of shares	Transaction value (USD thousand)
Number of treasury shares as of 1 January 2019	11 281	
Purchase 15 January 2019	12	6
Purchase 30 January 2019	5	3
Total purchases treasury shares 2019	**17**	**9**
Sale 20 August 2019	(800)	(114)
Total sales treasury shares 2019	**(800)**	**(114)**
Number of treasury shares as of 31 December 2019	**10 498**	

Ownership structure:

Main shareholders in Norsk Titanium AS as of 31 December 2020	Total shares	Ownership	Share-holding/ Voting
Norsk Titanium Cayman Ltd.	215 931	43.3 %	43.3 %
NTi Holding AS	92 687	18.6 %	18.6 %
Triangle Holdings L.P.	43 495	8.7 %	8.7 %
MB Precision Investment Holdings LLC	19 446	3.9 %	3.9 %
Disruptive Innovation Fund L.P.	16 667	3.3 %	3.3 %
Orchard International Inc.	13 011	2.6 %	2.6 %
RTI Europe Ltd.	12 691	2.5 %	2.5 %
Norsk Titanium AS (treasury shares)	10 541	2.1 %	2.1 %
Applied Ventures	8 699	1.7 %	1.7 %
MP Pensjon PK	7 911	1.6 %	1.6 %
Other shareholders	57 133	11.5 %	11.5 %
Total	**498 212**	**100%**	**100%**

Reconciliation of equity is shown in the statement of changes in equity.

At the end of the financial year, members of the Board and executive employees held shares in the parent company, representing the following ownership:

Ownership interests held by Board members and Group Management:	Ownership as of 31 December 2020
Board of Directors:	
John Andersen - Chairman of the board*	0.00%
Bart Cornelus Gerardus van Aalst - member of the board	1.16%
Shan A. Ashary - member of the board	0.44%
Total	**1.59%**

Ownership interests held by Board members and Group Management:	Ownership as of 31 December 2019
Board of Directors:	
John Andersen - Chairman of the board*	0.00%
Bart Cornelus Gerardus van Aalst - member of the board	1.16%
Timothy Mark Routley Lintott - member of the board	0.52%
Total	**1.67%**

* Closely related parties control 18.6% of the shares through NTi Holding AS.

4.8 Share option plan

NTi has a share option programme for employees in the company divided into 13 programmes. As of 31 December 2020, 146 employees were included in the option programme and 3 non-employees were included in the option programme. On average the option vests after approximately 3.6 years. 35,834 of the options have vested of which 1,200 (the 2011-2013 program) do not have an expiration date. 34 980 vested options are part of LTI programs that vest over a 4 or 5 year schedule and have a 10 year expiration term. Lastly, 4,117 vested options in the 2014-2015 program have expiration date that has been extended to June 2021.

In the event of termination of employment the company has the right, but not an obligation, to repurchase all shares purchased by the employees.

The fair value of the options is set on the traded price at grant date and expensed over the vesting period. There was no new option program granted in 2020. USD 374 thousand have been expensed as payroll (2019 USD 1,841 thousand) and USD 499 thousand have been reversed from previously expensed as social security tax (2019 USD 29 thousand), net impact of USD - 75,1 thousand (2019 USD 1,812 thousand).

Overview of outstanding options:

	Weighted average exercise price USD	Number of share options
Outstanding options as of 1 January 2020	445	50 008
Options granted	0	0
Options forfeited	511	5 876
Options exercised	0	0
Options expired	0	0
Outstanding options as of 31 December 2020	**436**	**44 132**
Exercisable at 31 December	412	35 834

	Weighted average exercise price USD	Number of share options
Outstanding options as of 1 January 2019	378	44 741
Options granted	600	6 495
Options forfeited	593	428
Options exercised	146	800
Options expired	0	0
Outstanding options as of 31 December 2019	**0**	**50 008**
Exercisable at 31 December	405	33 149

There was no new option program in 2020 and no options were granted.

Assumptions used to determine fair value of the 13 prior years option programs currently active as of 31 December 2020:

Option programs	**Expected life of options**	**Exercise price**	**Number of share**
2011-2013 Program	2.0	49	1 200
2014-2015 Program	0.5	157	4 117
2015-LTI Program	2.0	400	16 580
2016-LTI Program	3.0	500	4 900
2017 LTI US/UK Program	4.0	480	1 045
2017 STI NO2020 Program	3.0	555	523
2017-STI NO2021 Program	4.0	503	569
2018 LTI Program	3.6	550	10 880
2018 STI NO 2021 Program	2.0	546	846
2018 STI US 2021 Program	2.0	494	196
2019 STI NO 2022 Program	2.0	580	998
2019 STI US 2022 Program	2.0	523	508
2019 LTI Program	4.0	600	1 770
Weighted average at 31.12.2020	**2.53**	**457**	**44 132**

Pricing model:
The fair value of the options has been calculated using the Black-Scholes-Merton option-pricing model for european options.

Share price on the grant date:
The share price is set to 77.3% of the valuation price on the grant date. The share price was reduced by a liquidity discount of 22.7%.

The strike price per option:
The strike price is the share price on the grant date.

Volatility:
The expected volatility is set to 50 % based on a peer group analysis at the grant date.

The term of the option:
The expected life of the share options are based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. It is assumed that 100 % of the employees will exercise the options.

Dividend:
The estimated dividend per share is NOK 0 per annum.

Risk-free interest rate:
The risk-free interest rate is set equal to the interest rate on government bonds during the term of the option 2-2.5%.

The weighted average remaining contractual life for the share options outstanding as at 31 December 2020 was 2.53 years.

Share options held by Board members and Senior Management:	**Number of share options**	**% of total**
Board of Directors	10 500	24%
Senior Management including Board of Directors	14 807	34%

4.9 Loan from shareholders

During 2018, NTi entered into a USD 30 million loan agreement with selected shareholders. As part of the loan agreement, the Lenders have been granted warrants to puchase 60,000 shares. The loan may be extended from USD 30 million, up to a principal amount of USD 42.5 million. A subscription right of an addional 25,000 warrants will be granted related to the potential extension of the loan to USD 42.5 million. As of 31.12.2018 the loan was extended with a second tranche of USD 2.9 million and 5 309 subsribtion rights. The strike price of the options granted is equal to the market value of shares on the grant date. The duration of the loan can be extended from 36 months up to 54 months (i.e. 18 months extension) at NTi's discretion. The loan carries an interest at a fixed 14 % per annum in arrears, compounded quarterly. At the Maturity Date, the interest will be repaid in shares (payment-in-kind), subject to necessary corporate approvals, and otherwise in cash. In case of payment in shares, the share price shall be the lower of USD 600 per share and the share price of the last substantial equity issuance (i.e. a share issue of USD 50,000,000 or more).

During 2019, NTi extended the loan from 2018 from USD 32.9 million loan up to the principal amount of USD 42.5 million with selected shareholders. As part of the loan agreement, the Lenders have been granted warrants to puchase 13,422 shares. The strike price of the options granted is equal to the market value of shares on the grant date. The duration of the loan can be extended from 36 months up to 54 months (i.e. 18 months extension) at NTi's discretion. The loan carries an interest at a fixed 14 % per annum in arrears, compounded quarterly. The accrued interest shall be settled by converting to new shares in NTi.

NTi entered into a second subordinated loan agreement of USD 5 million in December 2019 with selected shareholders. As a part of the USD 5 million loan agreement, the Lenders have been granted warrants to purchase 10,000 shares. The subordinated loan agreement was extended from USD 5 million to USD 11 million in 2020. The lenders have been granted warrants to purchase 18,999 shares under the subordinated loan agreements. The strike price of the warrants granted was equal to the market value of shares as of September 2018. The expiration date of the loan is equal to the loan agreement from September 2018. The loan carries an interest at a fixed 15 % per annum in arrears, compounded quarterly. The accrued interest shall be settled by converting to new shares in NTi.

A third secured loan agreement of USD 9.0 million was signed in June 2020, which was extended from USD 9.0 million to USD 20 million during 2020. The expiration date of the loan is equal to the loan agreement from September 2018. The loan carries an interest at a fixed 15 % per annum in arrears, compounded quarterly. The third secured loan agreement is measured at amortised cost.

The loan from September 2018 and the subordinated loan agreements contain several embedded derivatives. These components could be separated and accounted for separately. However, NTi has chosen the option in IFRS 9.4.3.5 not to separate the embedded derivatives, but instead account for the whole contract at fair value through profit and loss. Fair value of the warrants are calculated using a Black-Scholes-Merton option-pricing model (see input to pricing model below). The remaining part of the loan agreement is at initial recognition measured as the difference between the cash proceeds from the loan agreement fair value and the calculated value of the warrants.

Pricing model warrants:
The fair value of the warrants has been calculated using the Black-Scholes-Merton option-pricing model for European options.

Share price:
The share price is set to the fair value as of 31 December 2020.

The strike price per warrant:
The applied strike price USD 600 per share.

Volatility:
The expected volatility is set to 40% based on a peer group analysis as of 31 December 2020.

The term of the warrants:
The expected life of the warrants are based on historical data and current expectations and is not necessarily indicative of the exercise patterns that may occur. It is assumed that 100 % of the holders of the warrants will exercise the right to subscribe for shares.

Risk-free interest rate:
The risk-free interest rate is set equal to the interest rate on government bonds during the term of the option approximately 2.0%.

Dividend:
The estimated dividend per share is NOK 0 per annum.

The weighted average fair value of warrants granted as part of the shareholder loans was USD 0.03 as of 31.12.2020.

4.10 Fair Value

Determination of fair value
The fair value of quoted financial assets classified as financial assets at fair value through profit or loss, or OCI is determined by reference to published price quotations in an active market. For unquoted financial assets the fair value has been estimated using a valuation technique based on assumptions that are not supported by observable market prices.

The following of the Group's financial instruments are not measured at fair value: cash and cash equivalents, accounts receivables, other current receivables and payables and bank loans.

The fair value of financial assets and liabilities recognised at their carrying amount is calculated as the present value of estimated cash flows discounted by the interest rate that applies to corresponding liabilities and assets at the end of the reporting period. This applies to:

Fair value hierarchy
The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For recurring measurements, transfers between the levels in the fair value hierarchy are evaluated when reassessing the categories of the financial instruments at the end of the period.

			Fair value measurement using		
31.12.2020	**Note**	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Liabilities measured at fair value:					
Derivative financial liabilities - Warrants	4.2	0	0	0	0
Debt instruments - Loan from shareholders	4.2	69 106	0	0	69 106
Total financial liabilities		**69 106**	**0**	**0**	**69 106**

			Fair value measurement using		
31.12.2019	**Note**	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Liabilities measured at fair value:					
Derivative financial liabilities - Warrants	4.2	6 665	0	0	6 665
Debt instruments - Loan from shareholders	4.2	40 614	0	0	40 614
Total financial liabilities		**47 279**	**0**	**0**	**47 279**

Balance sheet as of 31.12.2020

During the reporting period there were no changes in the fair value measurement which caused transfers between level 1 and level 2, and no transfers to or from level 3. No changes in the fair value have been recognised in statement of comprehensive income.

Valuation technique

The valuation of financial instruments is done by the Groups finance department in cooperation with external advisor's. The valuation techniques used are individually adapted to each financial instrument and should take advantage of as much as possible of the available information in the market.

The valuation technique for financial instruments in level 3 are as follows:

Loan from shareholders (level 3)

Warrants and the residual value is based on level 3 valuation.
For more information related to the loan from shareholders, see note 4.2, 4.9 and 7.5.

5.1 Taxes

Amounts in USD thousand	2020	2019
Current income tax expense:		
Tax payable	47	48
Change deferred tax/deferred tax assets	-	-92
Adjustments in respect of current income tax of previous year	15	52
Total income tax expense	**62**	**7**

Tax payable	**2020**	**2019**
Profit before taxes	**(42 835)**	**(36 580)**
Permanent differences*	(465)	(1 566)
Change in temporary differences	0	499
Change in not recognized deferred tax assets	43 514	37 679
Tax basis	**215**	**33**
Current taxes according to statutory tax rate 22% (22% 2019)	47	7

Deferred tax liabilities (assets):	**2020**	**2019**
Property, plant and equipment	(1 359)	(1 447)
Other current assets	(2 000)	(273)
Losses carried forward (including tax credit)	(187 081)	(146 243)
Basis for deferred tax liabilities (assets):	**(190 440)**	**(147 962)**

Calculated deferred tax recognised in balance sheet	0	0
Calculated deferred tax assets	(44 085)	(34 561)
- Deferred tax assets not recognised	44 085	34 561
Deferred tax assets recognised in balance sheet	0	0
Net Deferred tax	**0**	**0**

The Group's operations are subject to income tax in various foreign jurisdictions. The statutory income tax rates vary from 19% to 22%, which results in a difference between the statutory income tax rate in Norway and the average tax rate applicable to the group. A reconciliation of the differences between the theoretical tax expense under the rate applicable in Norway and the actual tax expense is as follows:

Reconciliation of income tax expense	**2020**	**2019**
Profit before taxes	(42 835)	(36 580)
Tax expense (Norway tax rate)	(9 424)	(8 048)
Permanent differences*	(102)	(344)
Effects of foreign tax rates	199	207
Effects of changes in tax rate**	0	0
Effect of deferred tax asset not recognised	9 524	8 637
Adjustments in respect of current income tax of previous years	15	52
Other changes	(150)	(497)
Recognised income tax expense	**62**	**7**

* Permanent differences is related to share-based payments, costs related to capital increase, grants and non-deductible costs.

The Group has USD 187,081 thousand (2019: USD 146,243 thousand) of tax losses carried forward. These losses relate to a history of losses, do not expire, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by USD 43,346 thousand.

6.1 Interests in other Entities

The Group's interests in subsidiaries are presented below:

Amounts in USD thousand

Consolidated entities	Office	CUR	Date of acquisition	Shareholding	Group's voting ownership share
Shares in Norsk Titanium Equipment AS	Norway	NOK	2015/11/09	100%	100%
Shares in NTi MH AS	Norway	NOK	2015/07/10	100%	100%
Shares in Norsk Titanium US Inc.	US	USD	2015/07/07	100%	100%
Shares in Norsk Titanium Services Ltd.	UK	GBP	2016/12/01	100%	100%
Shares in NTi Equipment Leasing (US) One LLC	US	USD	2018/10/09	100%	100%

Norsk Titanium Equipment AS was established in 2015 and is the group's equipment sale company. NTi MH AS was established in 2015 and is the group's holding company for manufacturing subsidiaries. Norsk Titanium US Inc. was established in 2015 and is the group's company for US manufacturing. Norsk Titanium Services Ltd. was established in 2016. The company provides services to the group. NTi Equipment Leasing (US) One LLC is the Group's equipment leasing company. Norsk Titanium US Inc. and Norsk Titanium UK Services Ltd. have been financed with loans from Norsk Titanium AS.

All subsidiaries are included in the consolidated statement of financial position.

To comply with the audit exemption for UK subsidiary companies under section 479A of the Companies Act, the Parent company Norsk Titanium AS guarantees all outstanding liabilities of Norsk Titanium Services Ltd. for the year ended 31 December 2020.

7.1 Provisions and other liabilities

Amounts in USD thousand

Other current liabilities	31.12.2020	31.12.2019
Accrued bonus	1 918	2 159
Unpaid holiday pay	411	647
Other accrued costs*	2 863	924
Total other current liabilities	**5 192**	**3 731**

* Include provision of USD 2 million towards Spirit AeroSystems Inc. related to an IP Settlement Agreement entered into on 28 January 2021. The amount was set-off against a subscription on the convertible loan resolved by the EGM 29 January 2021. Reference to note 7.5.

7.2 Commitments and contingencies

Amounts in USD thousand

Other contractual obligations* (non-cancellable)	2020	Matures within 1 year	Matures 2-5 years	Matures more than 5 years	Total
Contractual purchase obligations**	1 640	1 580	0	0	**3 220**
Total non-cancellable contractual obligations	**1 640**	**1 580**	0	0	**3 220**

*For non cancelable leases, reference is made to note 7.3.

** Commitments are related to purchase agreement for necessary input to complete the two remaining RPD machines under the FSMC agreement. Norsk Titanium has committed itself to hiring a total of 383 employees in Norsk Titanium and Norsk Titanium's Supply Chain partners during the 10 years period, with a minimum 231 direct employees in Norsk Titanium. Reference to note 1.2.

Assets pledged as security and guarantee liabilities
For assets pledged as security and guarantee liabilities, reference is made to note 4.2.

Contingent assets and liabilities
The Group has no contingent assets that meet the criteria for disclosure.

Norsk Titanium has been in litigation with Clark Street Associates (CSA) since January 2018. The claim was in relation to a consulting agreement entered between the parties in 2014, pursuant to which CSA was to provide consulting services to Norsk Titanium. CSA was seeking damages of up to USD 12.05 million.

The claim did not settle and the parties proceeded to a trial which took place in late 2019. A judgement was expected in 2020. Due to the facts and circumstances, the wide range of possible outcomes both in terms of timing such an obligation would become payable, and how much if any, such an obligation would amount to, it was deemed impossible to produce a reliable estimate, and no contingent liability was recorded in the financial statement as of 31 December 2019.

In 2020 Norsk Titanium reached to an agreement and settled all claims and litigation with CSA, reference to note 2.6.

7.3 Leases

Amounts in USD thousand

Right-of-use assets	Buildings	Machinery and equipment	Other equipment	Total
Acquisition cost 1 January 2020	**2 160**	**172**	**50**	**2 382**
Addition of right-of-use assets		459		**459**
Disposals		0		**0**
Transfers and reclassifications				**0**
Adjustments	2	6	0	**8**
Currency exchange differences	(8)	(2)	(0)	**(10)**
Acquisition cost 31 December 2020	**2 155**	**635**	**50**	**2 840**
Accumulated depreciation and impairment 1 January 2019	704	67	10	**781**
Depreciation	685	159	12	**857**
Impairment losses in the period				**0**
Disposals				**0**
Transfers and reclassifications				**0**
Currency exchange differences				**0**
Accumulated depreciation and impairment 31 December 2020	**1 389**	**226**	**23**	**1 638**
Carrying amount right-of-use assets 31 December 2020	**766**	**409**	**27**	**1 202**
Lower of remaining lease term or economic life	1-10 years	1-4 years	1-3 years	
Depreciation method	Linear	Linear	Linear	

Lease liabilities

Undiscounted lease liabilities and maturity of cash outflows	Total	2020	2019
Less than 1 year		(890)	(899)
1-2 years		(401)	(732)
2-3 years		(125)	(260)
3-4 years		(122)	(3)
4-5 years		0	0
More than 5 years		0	0
Total undiscounted lease liabilities at 31 December 2020		**(1 539)**	**(1 894)**

Summary of the lease liabilities	Total	2020	2019
At initial application 01.01.2020		1 706	2 346
New lease liabilities recognised in the year		459	23
Adjustments		8	22
Cash payments for the principal portion of the lease liability		(853)	(671)
Cash payments for the interest portion of the lease liability		(200)	(236)
Interest expense on lease liabilities		200	236
Currency exchange differences		36	(13)
Total lease liabilities at 31 December 2020		**1 356**	**1 707**
Current lease liabilities		**843**	**863**
Non-current lease liabilities		**513**	**843**
Total cash outflows for leases		**1 043**	**884**

Summary of other lease expenses recognised in profit or loss	Total	2020	2019
Variable lease payments expensed in the period		0	0
Operating expenses in the period related to short-term leases (including short-term low value assets)		84	210
Operating expenses in the period related to low value assets (excluding short-term leases included above)		7	3
Total lease expenses included in other operating expenses		**91**	**213**

7.4 Related party transactions

Related parties are Group companies, major shareholders, board and senior management in the parent company and the group subsidiaries. Note 6.1 provides information about the Group's structure, including details of the subsidiaries and the holding company. Management and board remuneration is disclosed in note 2.5.

All transactions within the Group or with other related parties are based on the principle of arm's length.

The following table provides the total amount of transactions that have been entered into with related parties (outside the Group) for the relevant financial year. The amounts owed to related parties per 31 December:

Amounts in USD thousand

Related party transactions	Relationship	2020	2019
Triangle Holdings L.P.	Shareholder	15 000	15 000
Norsk Titanium Cayman Ltd.	Shareholder	29 800	13 504
NTi Holding AS	Shareholder	24 800	13 100

The amounts owed to related parties reflect nominal value of shareholder loans by 31 December. Note 4.9 provides information

7.5 Events after the reporting period

On 29 January 2021 an Extraordinary General Meeting (EGM) was held in Norsk Titanium AS. The EGM resolved conversion of existing debt under the shareholder loan agreements to preference shares and ordinary shares.

The majority of the lenders of the secured senior debt under the Facility Agreement of 28 September 2018 have converted their loans of USD 84.9 million into preference shares (principal amount) and ordinary shares (interest). The lenders of the junior debt under the Facility Agreements of 2019 and 2020 have converted their loans into ordinary shares. The share capital was increased by NOK 4,262,576 by issue of 532,822 new preference shares, each with a par value of NOK 8. The share capital was increased by NOK 4,875,048 by issue of 609,381 new ordinary shares, each with a par value of NOK 8. The subscription price per share is USD 74.32.

Reference to note 4.7 describing the Group's capital managment to maintain a healthy cash flow to finance ongoing commercial ramp-up phase; on 29 January 2021 the Company raised a convertible loan up to a maximum of USD 37 million, of which USD 9 million has been drawn as of 15 March 2021. The convertible loan shall accrue interest at a nominal rate of 10% p.a.. The company has the right to convert the loan into equity. Unless converted, the loan including accrued interest shall be repaid by 31 December 2022.

On 10 February 2021 an EGM was held in Norsk Titanium AS. Steve D. Geskos was elected as a new board member.

On 4 March 2021 the Board in Norsk Titanium AS resolved that John Andersen Jr. was elected as a the Chairman of the Board. Mr. Andersen also served as the Chairman of the Board from December 2014 to September 2020.

8.1 Changes in IFRS standards and interpretations

Changes in account principles and disclosure requirements

New and amended accounting standards and interpretations issued by the IASB may affect the Group's future financial reporting. The Group has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

The Consolidated Financial Statements for 2020 are based on the accounting standards applicable for annual periods beginning 1 January 2020. The following amended accounting standards and interpretations were first applied in 2020:

Amendments to IAS 1 and IAS 8 - Definition of Material

The definition of material, an important accounting concept in IFRS Standards, helps companies decide whether information should be included in their financial statements. The updated definition amends IAS 1 and IAS 8.

The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS Standards. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards.

The changes are effective for annual periods beginning on or after 1 January 2020

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS *16 Leases*.

The amendments exempt lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions as a direct result of the Covid-19 pandemic. The practical expedient allows lessees to account for such rent concessions as of these were not lease modifications. The amendment does not affect lessors.

The amendment applies to annual periods beginning on or after 1 June 2020 with earlier application permitted. The amendment had no impact on the consolidated financial statements of the Group.

The following new standards and amendments is considered to not have a material impact on the Group’s financial statements.

- Amendments to IFRS 3 Definition of a Business
- Amendments to IFRS 9, IAS 39 and IFRS 7 due to the IBOR reform
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current
- Amendments to IFRS 3 - Reference to the Conceptual Framework
- Amendments to IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract
- IFRS 9 Financial Instruments – Fees in the ’10 per cent’ test for derecognition of financial liabilities

8.2 Significant accounting policies

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Revenue from sale of goods

The Group recognizes revenue from the sale of goods at the point in time when control of the goods is transferred to the customer. Control of an asset refers to the ability to direct the use of and obtain substantially all of the remaining benefits from the asset, and the ability to prevent others from directing the use of and receiving the benefits from the asset. Revenue is generally recognised on delivery of the goods.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components and consideration payable to the customer (if any).

Sale of PPE

Revenue from sale of property, plant and equipment items is presented net of the carrying amount at the time of sale.

Interest income

For all financial instruments measured at amortized cost and interest-bearing financial assets classified as AFS, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit or loss.

Dividends

Revenue is recognised when the Group’s right to receive the payment is established, which is generally when shareholders approve the dividend.

Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except:

When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

VAT

Expenses and assets are recognized net of the amount of sales tax, except: When vat incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable. When receivables and payables are stated with the amount of vat included. The net amount of vat recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

Research and development

Research costs are expensed as incurred. Development expenditures on an individual project, which represents new applications/technology, are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- Its ability to use or sell the intangible asset
- The availability of adequate, technical, financial and other resources to complete the development and to use or sell the intangible asset
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually. Estimating recoverable amounts of assets must in part be based on management's evaluations, including determining appropriate cash-generating units, determining discounting rates, estimates of future performance, revenue generating capacity of the assets and assumptions of the future market conditions. The operations are to a large extent affected by economic conditions which result in considerable fluctuations in the Group's fair value. As the market is still immature, these values can vary in time.

Patents and licenses

The Group made upfront payments to purchase patents and licenses. Amounts paid for patents and licenses are capitalised and amortised in a straight line over the expected useful life.

Property, plant and equipment

Construction in progress, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

- Machinery and equipment 5-20 years
- Furniture and vehicles 5 years
- Buildings and IT 5 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Leases

Identifying a lease

At the inception of a contract, the Group assesses whether the contract is, or contains, a lese. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

For contracts that constitute, or contain a lease, the Group separates lease components if it benefits from the use of each underlying asset either on its own or together with other resources that are readily available, and the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract. The Group then accounts for each lease component within the contract as a lease separately from non-lease components of the contract.

Recognition of leases and exemptions

At the lease commencement date, the Group recognizes a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the exemptions for short-term leases (defined as 12 months or less) and low value assets. For these leases, the Group recognizes the lease payments as other operating expenses in the statement of profit or loss when they incur.

Lease liabilities

The lease liability is recognised at the commencement date of the lease. The Group measures the lease liability at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The lease term represents the non-cancellable period of the lease, together with periods covered by an option either to extend or to terminate the lease when the Group is reasonably certain to exercise this option.

- The lease payments included in the measurement comprise of:
- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- Amount expected to be payable by the Group under residual value guarantees
- The exercise price of a purchase option, if the Group is reasonably certain to exercise that option

- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate.

The Group does not include variable lease payments in the lease liability. Instead, the Group recognizes these variable lease expenses in profit or loss. The Group presents its lease liabilities as separate line items in the statement of financial position.

Right-of-use assets

The Group measures the right-of use asset at cost, less any accumulated depreciation and impairment losses, adjusted for any remeasurement of lease liabilities. The cost of the right-of-use asset comprise:

- The amount of the initial measurement of the lease liability recognised
- Any lease payments made at or before the commencement date, less any incentives received
- Any initial direct costs incurred by the Group. An estimate of the costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The Group applies the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right-of-use asset, except that the right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset.

The Group applies IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset. When the Group receives grants of non-monetary assets, the asset and the grant are recorded at fair value and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

Inventories

Inventories are valued at the lower of cost and net realizable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

Raw materials: purchase cost on a first-in/first-out basis. Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Trade Receivables

Trade receivables are recognized at their transaction value.

Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Statement of cash flows

The company presents the statement of cash flow using the indirect method. Cash inflows and cash outflows are shown separately for investing and financing activities, while operating activities include both cash and non-cash items. Value added tax and other similar taxes are regarded as collection of tax on behalf of authorities and are reported net.

Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in the share premium. Share options exercised during the reporting period are satisfied with treasury shares.

Pensions and other post-employment benefits

The Group operates a defined contribution pension plan in Norway, which requires contributions to be made to a separately administered fund. Contributions have been made to the pension plan for full-time. The pension premiums are charged to expenses as they are incurred.

Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments.

This program is measured at fair value at the date of the grant. The fair value at the grant date is expensed over the vesting period, based on the Company's estimate of the shares that will eventually vest, adjusted for the effect of non-market based vesting conditions.

The fair value share-based program is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioral considerations.

Social security tax on options is recorded as a liability and is recognised over the estimated vesting period.

Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Financial instruments

Financial assets

Financial assets within the scope of IFRS 9 are classified in the following categories:

- Financial assets at amortised cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification is dependent on the type of instrument and the purpose for which the investments were acquired or originated. In order for a financial asset to be classified and measured at amortised cost or at fair value through OCI with recycling, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at amortized cost: Trade receivables and other current receivables

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are regarded as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also regarded as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Financial liabilities are classified, as measured at amortised cost exept for financial liabilities at fair value through profit and loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the consolidated statement of income, as well as any gain or loss on derecognition.

Derivatives are financial liabilities when the fair value is negative, accounted for similarly as derivatives as assets.

Financial liabilities are measured at fair value through profit or loss when they meet the definition of held for trading, or when they are designated as such on initial recognition. Derivatives are always recognised at fair value through profit or loss. In addition, hybrid instruments (embedded derivative in a non-derivative host contract), are recognised at fair value through profit or loss when the Group choose not to separate the embedded derivative and account for the contract as a whole. All other financial liabilities are generally classified as subsequently measured at amortised cost using the effective interest method.

De-recognition of financial instruments

A financial asset is derecognized when the rights to receive cash flows from the asset have expired; or the Company has transferred its rights to receive cash flows from the asset and either (i) the Company has transferred substantially all the risks and rewards relating to the instrument, or (ii) the Company has neither transferred nor retained substantially all the risks and rewards relating to the instrument, but has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, this is treated as derecognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Cash flows

The consolidated statements of cash flows are prepared using the indirect method. Cash flows in foreign currencies have been translated into NOK using the exchange rate at the cash flow date.

Parent company statement of profit and loss

For the years ended 31 December

NOK 1000	Notes	2020	2019
Revenue	2,19	25 641	4 046
Other income	3	2 140	0
Total revenues and other income		**27 781**	**4 046**
Raw materials and consumable used		(24 946)	(25 343)
Employee benefits expense	5	(55 739)	(62 965)
Other operating expenses	6	(94 407)	(60 802)
Depreciation and amortisation	9,1	(15 740)	(18 361)
Impairment of tangible assets	10	0	(6 494)
Operating profit		**(163 050)**	**(169 919)**
Financial income	13	131 923	75 873
Financial expenses	13	(128 252)	(73 347)
Profit or loss before tax		**(159 378)**	**(167 393)**
Income tax expense	16	(905)	(2 218)
Profit or loss for the year		**(160 283)**	**(169 611)**
Transfers and allocations			
Allocation to / (from) other equity	14	(160 283)	(169 611)
Total transfers and allocations		**(160 283)**	**(169 611)**

Parent company statement of financial position

For the years ended 31 December

NOK 1000	Notes	2020	2019
ASSETS			
Non-current assets			
Deferred tax asset	16	0	905
Property, plant and equipment	9	32 682	37 125
Intangible assets	10	69 987	81 083
Investments in subsidiaries	17	38 550	35 873
Long term loan to subsidiary	19	680 820	525 847
Total non-current assets		**822 039**	**680 833**
Current assets			
Inventories	4	8 949	8 408
Trade receivables	7,19	0	1 646
Other current assets	7,19	14 271	19 319
Cash and cash equivalents	12	13 787	14 545
Total current assets		**37 008**	**43 918**
TOTAL ASSETS		**859 046**	**724 752**
EQUITY AND LIABILITIES			
Equity			
Share capital	14	3 986	3 986
Share premium	14	29 441	788 039
Treasury shares	14	(84)	(84)
Other capital reserves	14	0	(25 423)
Other equity	14	0	(576 152)
Total equity		**33 342**	**190 367**
Non-current liabilities			
Interest bearing debt	11	0	448 225
Intercompany debt	19	11 086	33 329
Total non-current liabilities		**11 086**	**481 553**
Current liabilities			
Trade and other payables	8,19	8 267	14 906
Interest bearing debt - Short term	11	756 680	110
Other current liabilities	18, 20	49 671	37 816
Total current liabilities		**814 618**	**52 832**
Total liabilities		**825 704**	**534 385**
TOTAL EQUITY AND LIABILITIES		**859 046**	**724 752**

Eggemoen, March 15, 2021

John Andersen Jr.
Chairman of the Board

Michael James Canario
Member of the Board

Bart Cornelus Gerardus Van Aalst
Member of the Board

Shan-E-Abbas Ashary
Member of the Board

Jeremy Barnes
Member of the Board

Steve Geskos

Steve D. Geskos
Member of the Board

Parent company statement of cash flows

For the years ended 31 December

Cash flows from operating activities	Notes	2020	2019
Profit before tax		**(159 378)**	**(167 393)**
Depreciation and amortisation	9,10	15 740	18 361
Impairment of tangible assets	10	0	6 494
Net financial income/expense included in financing activities	13	(3 671)	(2 526)
Elements without cash effect	19	63 323	14 837
Working capital adjustment:			
Changes in inventories	4	(540)	3 794
Changes in trade and other receivables	7	1 646	558
Changes in other current assets	7	5 048	11 554
Changes in trade and other payables	8	(6 639)	(14 385)
Changes in other current liabilities	18	11 854	(12 101)
Net cash flows from operating activities		**(72 618)**	**(140 807)**
Cash flows from investing activities			
Net purchase of property, plant and equipment	9	(201)	(1 086)
Investment in intangible assets	10	0	(1 371)
Interest recieved	13	56	697
Investment in loans to subsidiaries	19	(185 997)	(66 413)
Net cash flow from investing activities		**(186 142)**	**(68 173)**
Cash flow from financing activities			
Proceeds from issuance of share capital	14	0	0
Purchase of treasury shares	14	(176)	0
Sale of treasury shares	14	0	1 029
Proceeds/repayment of debt	11	258 178	102 441
Net interests paid	13	0	(61)
Net cash flow from financing activities		**258 002**	**103 409**
Net change in cash and cash equivalents		(757)	(105 571)
Cash and cash equivalents, beginning of period		14 545	120 116
Cash and cash equivalents, end of period		**13 788**	**14 545**

Notes to the Parent company financial statements

1. General information and accounting policies

The separate financial statements for Norsk Titanium AS has been prepared in accordance with the Norwegian Accounting Act of 1988 and generally accepted accounting principles in Norway.

Use of estimates
The management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses and information on potential liabilities in accordance with generally accepted accounting principles in Norway

Foreign currency translation
Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into NOK using the exchange rate applicable on the balance sheet date. Non-monetary items that are measured at their historical price expressed in a foreign currency are translated into NOK using the exchange rate applicable on the transaction date. Non-monetary items that are measured at their fair value expressed in a foreign currency are translated at the exchange rate applicable on the balance sheet date. Changes to exchange rates are recognised in the income statement as they occur during the accounting period.

Revenue recognition
Revenues from the sale of goods are recognised in the income statement once delivery has taken place and most of the risk and return has been transferred.

Revenues from the sale of services and long-term manufacturing projects are recognised in the income statement according to the project’s level of completion provided the outcome of the transaction can be estimated reliably. Progress is measured as the number of hours spent compared to the total number of hours estimated. When the outcome of the transaction cannot be estimated reliably, only revenues equal to the project costs that have been incurred will be recognised as revenue. The total estimated loss on a contract will be recognised in the income statement during the period when it is identified that a project will generate a loss.

Income tax
The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax is calculated as 22 percent of temporary differences and the tax effect of tax losses carried forward. Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilized. Taxes payable and deferred taxes are recognised directly in equity to the extent that they relate to equity transactions.

Balance sheet classification
Current assets and short term liabilities consist of receivables and payables due within one year, and items related to the inventory cycle. Other balance sheet items are classified as fixed assets / long term liabilities.
Current assets are valued at the lower of cost and fair value. Short term liabilities are recognized at nominal value.
Fixed assets are valued at cost, less depreciation and impairment losses. Long term liabilities are recognized at nominal value.

Research and development
Development costs are capitalized providing that a future economic benefit associated with development of the intangible asset can be established and costs can be measured reliably. Otherwise, the costs are expensed as incurred. Capitalized development costs is amortized linearly over its useful life. Research costs are expensed as incurred.

Property, plant and equipment
Property, plant and equipment is capitalized and depreciated linearly over the estimated useful life. Significant fixed assets which consist of substantial components with dissimilar economic life have been unbundled; depreciation of each component is based on the economic life of the component. Costs for maintenance are expensed as incurred, whereas costs for improving and upgrading property plant and equipment are added to the acquisition cost and depreciated with the related asset. If carrying value of a non-current asset exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the greater of the net realisable value and value in use. In assessing value in use, the discounted estimated future cash flows from the asset are discounted are used.

1. General information and accounting policies (Continued)

Subsidiaries and investment in associates
Subsidiaries and investments in associates are valued at cost in the company accounts. The investment is valued as cost of the shares in the subsidiary, less any impairment losses An impairment loss is recognised if the impairment is not considered temporary, in accordance with generally accepted accounting principles. Impairment losses are reversed if the reason for the impairment loss disappears in a lather period.
Dividends, group contributions and other distributions from subsidiaries are recognised in the same year as they are recognised in the financial statement of the provider. If dividends / group contribution exceed withheld profits after the acquisition date, the excess amount represents repayment of invested capital, and the distribution will be deducted from the recorded value of the acquisition in the balance sheet for the parent company.

Inventories
Inventories are recognised at the lowest of cost and net selling price. The net selling price is the estimated selling price in the case of ordinary operations minus the estimated completion, marketing and distribution costs. The cost is arrived at using the FIFO method and includes the costs incurred in acquiring the goods and the costs of bringing the goods to their current state and location.

Trade and other receivables
Accounts receivable and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful accounts. Provisions for doubtful accounts are based on an individual assessment of the different receivables. For the remaining receivables, a general provision is estimated based on expected loss.

Short term investments
Short term investments (stocks and shares seen as current assets) are valued at the lower of acquisition cost and fair value at the balance sheet date. Dividends and other distributions are recognized as other financial income.

Cash flow statement
The cash flow statement is presented using the indirect method. Cash and cash equivalents includes cash, bank deposits and other short term, highly liquid investments with maturities of three months or less.

Share based payment
Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the assumptions and models used for estimating the fair value are disclosed in note 4.8 in the consolidated financial statements.

Treasury shares
Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in the share premium. Share options exercised during the reporting period are satisfied with treasury shares.

Pensions and other post-employment benefits
The Company has a defined contribution pension plan in Norway, which requires contributions to be made to a separately administered fund. Contributions have been made to the pension plan for full-time. The pension premiums are charged to expenses as they are incurred.

Government grants
Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset. When the Company receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

2. Revenues

Amounts in NOK thousand

Revenues	**2020**	**2019**
Sale of goods and services	25 641	4 046
Total revenues	**25 641**	**4 046**

Geographic information	**2020**	**2019**
Norway	16 695	3 838
Europe	0	0
USA	8 945	208
Total revenues	**25 641**	**4 046**

3. Government grants

Amounts in NOK thousand

Other income	**2020**	**2019**
Grants from European Space Agency (ESA)	2 140	0
Total other income	**2 140**	**0**

The Company recognized NOK 2 140 thousand in grant income from The European Space Agency (ESA) related to the direct metal deposition technology project in 2020.

4. Inventories

Amounts in NOK thousand

Inventories	**31.12.2020**	**31.12.2019**
Raw materials	6 670	6 065
Work in progress	2 279	2 344
Total inventories	**8 949**	**8 408**

Work in progress consist of manufacturing of production machines, for own or external use, in addition to titanium components in progress. Inventories consists of wire, argon and substrate for production of titanium components as well as spare parts for production machines.

5. Employee benefit expenses

Amounts in NOK thousand

Employee benefit expenses	2020	2019
Salaries and holiday pay	47 033	44 762
Social security tax	3 710	8 083
Pension costs defined contribution plans	3 856	4 533
Cost of share-based payment	759	4 340
Other personnel costs	380	1 248
Total payroll and related costs	**55 739**	**62 965**
Full Time equivalent Employees as of 31.12	53	80

Pensions

The Norwegian companies in the Group are obligated to keep an occupational pension scheme pursuant to the Norwegian Mandatory Occupational Pensions Act. The Group's pension scheme satisfies these requirements.

Contributions are paid to pension insurance plans and charged to the income statement in the period to which the contributions relate. Once the contributions have been paid, there are no further payment obligations.

Remuneration to Board members in 2020	
Board of Directors	**0**

At the end of the financial year, members of the Board and executive employees held shares in the parent company, Norsk Titanium AS. Reference is made to note 4.7 in the consolidated financial statements for disclosures on shareholdings.

6. Other operating expenses

Amounts in NOK thousand

Other operating expenses	**2020**	**2019**
Professional services	16 231	29 934
Travel expenses	797	1 694
Rental and leasing expenses	4 132	2 826
Other operating expenses	73 246	26 347
Total other operating expenses	**94 407**	**60 802**

Reference is made to note 2.6 in the consolidated financial statements for disclosures on other operating expenses.

Auditor related fees	**2020**	**2019**
Statutory audit	1 305	1492
Other assurance services	188	118
Tax consultant services	47	62
Total remuneration to the auditor	**1 540**	**1 671**

Audit fee:
The amounts above are excluding VAT.

7. Trade receivables and other current assets

Amounts in NOK thousand

Trade receivables	**2020**	**2019**
Receivable to external parties	0	1 646
Total trade receivables	**0**	**1 646**

No provision for bad debt has been recognised in 2020 or 2019.

Other current assets	**2020**	**2019**
Earned not invoiced revenue	0	0
Pre-payments	905	936
Charges to subsidiaries, not invoiced	0	0
Deposits	966	966
VAT	916	2 153
Other receivables	11 484	15 265
Group contribution	0	0
Total other receivables	**14 271**	**19 319**

8. Trade and other payables

Amounts in NOK thousand

Trade and other payables	**2020**	**2019**
Accounts payable	4 339	10 508
Withholding payroll taxes and social security	3 928	4 397
Total trade and other payables	**8 267**	**14 906**

9. Property, plant and equipment

Amounts in NOK thousand	Machinery and equipment	Furniture and vehicles	Buildings, IT	Total
Acquisition cost 31.12.2019	**76 216**	**3 284**	**9 241**	**88 741**
Additions	201	0	0	201
Acquisition cost 31.12.2020	**76 417**	**3 284**	**9 241**	**88 942**
Accumulated depreciation and impairment 1.1.2020	**46 211**	**2 218**	**3 187**	51 616
Depreciation for the year	3 662	764	218	4 644
Impairment for the year	0	0	0	0
Accumulated depreciation and impairment 31.12.2020	**49 873**	**2 982**	**3 404**	**56 260**
Carrying amount 1.1.2020	**30 005**	**1 066**	**6 054**	**37 125**
Carrying amount 31.12.2020	**26 544**	**302**	**5 836**	**32 682**

Economic life	5-20 years	5 years	5 years	
Depreciation plan	linear	linear	linear	

No indicators for impairment of property, plant and equipment were identified in 2020.

An impairment loss of NOK 6 494 thousand was recognised as Impairment of machinery and equipment in the statement of profit and loss in 2019. Additionally, property, plant and equipment in the statement of financial position has been written down by the same amount.

The impairment loss was related to a previous generation of the RPD™ machine. The third-generation machine (P01) has been in use for experiments, prototyping and technology development. The functionality will be replaced by a new G4 Large RPD™ machine, which is under development.

10. Intangible assets

Amounts in NOK thousand

Intangible assets	Develop- ment costs	intangible assets	Total
Acquisition cost 1.1.2020	**103 431**	**13 686**	**117 117**
Additions	0	0	0
Acquisition cost 31.12.2020	**103 431**	**13 686**	**117 117**
Accumulated amortisation and impairment 1.1.2020	**31 467**	**4 567**	**35 940**
Amortisation for the year	10 448	648	11 096
Impairment for the year	0	0	0
Accumulated amortisation and impairment 31.12.2020	**41 915**	**5 215**	**47 129**
Carrying amount 1.1.2020	**71 964**	**9 119**	**81 177**
Carrying amount 31.12.2020	**61 517**	**8 471**	**69 987**

Economic life	10 years	3-10 years
Amortisation plan	Straight-line	Straight-line

Impairment of intangible assets
No impairment loss is recognised as impairment of intangible assets in the financial statements in 2020 and 2019.

Other intangible assets
Other intangible assets consist of software and acquired patents.

Reference to note 3.2 in the consolidated financial statements for further information on research and development.

11. Interest bearing debt

Amounts in NOK thousand

Interest bearing loans and borrowings	**2020**	**2019**
Non-current Interest bearing debt	0	448 225
Current portion of interest bearing debt	756 680	110
Total Interest bearing loans and borrowings	**756 680**	**291 985**

Interest bearing debt consists of shareholder loans. Reference to note 4.2 in the consolidated financial statements for additional disclosures related to the loan.

12. Cash and cash equivalents

Amounts in NOK thousand

Cash and cash equivalents	**2020**	**2019**
Bank deposits, unrestricted	11 507	12 229
Bank deposits, restricted*	2 281	2 316
Total cash and cash equivalents	**13 787**	**14 545**

* Restricted bank deposits relates to cash for withholding taxes which may not be used for other purposes.

13. Financial income and expenses

Amounts in NOK thousand

Financial income and expenses	**2020**	**2019**
Financial income		
Interest income	67 117	53 180
Foreign exchange gains	64 806	18 580
Group contribution	0	4 114
Total financial income	**131 923**	**75 873**
Financial expenses		
Interest expenses	(91 699)	(49 140)
Foreign exchange losses	(33 812)	(21 816)
Other financial expenses	(2 742)	(2 391)
Financial expenses	**(128 252)**	**(73 347)**

14. Equity and shareholders

Amounts in NOK thousand	Share capital	Share premium	Treasury shares	Other paid in capital	Other equity	Total equity
Balance as of 31.12.2019	**3 986**	**788 039**	**(84)**	**16 050**	**(617 625)**	**190 367**
Profit (loss) for the year					(160 283)	(160 283)
Issue of share capital						0
Purchase of treasury shares			(0.3)		(176)	(176)
Sales of treasury shares						0
Shared-based payment					3 436	3 436
Transfer to other paid in capital				-16 050	16 050	0
Transfer to share premium		-758 598			758 598	0
Balance as of 31.12.2020	**3 986**	**29 441**	**(84)**	**0**	**0**	**33 342**

The Company decided to offset accumulated losses against other paid in capital and share premium in 2020.

For further information regarding share capital, shareholders, treasury shares and shares owned by the board and executive employees, see note 4.7 in the consolidated financial statements.

15. Share option plan

Reference to note 4.8 in the consolidated financial statements for information related to the Company's option program vesting and number of vested options, total outstanding options, number of options granted, forfeited and exercised in the year, weighted average strike price and assumptions used to compute fair value of the options granted.

The fair value of the options is set on the traded price at grant date and expensed over the vesting period. NOK 759 thousand and NOK - 2 360 thousand have been expensed as payroll and social security tax respectively.

No options was granted or exercised during 2020.

Reference to note 4.8 for disclosures on share options held by management and the board of directors in the Company.

16. Taxes

Amounts in NOK thousand	2020	2019
Current income tax expense:		
Tax payable	-	-
Change deferred tax/deferred tax assets	905	2 218
Total income tax expense	**905**	**2 218**

Tax payable	**2020**	**2019**
Profit before taxes	**(159 378)**	**(167 393)**
Permanent differences*	(1 416)	(1 151)
Change in temporary differences	13 560	903
Adjustments in respect of current income tax of previous years	0	-
Tax basis	**(147 234)**	**(167 641)**
Current taxes according to statutory tax rate 22% (22% in 2019)	(32 392)	(38 558)

Deferred tax liabilities (assets)	**2020**	**2019**
Property, plant and equipment	(11 595)	(12 701)
Other differences	(17 065)	(2 400)
Losses carried forward (including tax credit)	(856 228)	(708 994)
Basis for deferred tax liabilities (assets)	**(884 888)**	**(724 094)**

Calculated deferred tax assets	(194 675)	(159 301)
Deferred tax assets not recognised	(194 675)	(158 396)
Deferred tax recognised in balance sheet	**0**	**(905)**

Deferred tax assets of NOK 194,629 thousands related to losses carried forward are not recorded in the balance sheet as it is more likely than not that the tax assets will be utilized. The unrecognised tax asset may offset future taxable income.

Reconciliation of income tax expense	**2020**	**2019**
Profit before taxes	**(159 378)**	**(167 393)**
Tax expense 22%	(35 063)	(36 826)
Permanent differences*	(311)	(253)
Effects of changes in tax rate	0	0
Effect of deferred tax asset not recognised	36 280	39 298
Other changes**	0	0
Recognised income tax expense	**905**	**2 218**

* Permanent differences is related to "employee options and non-deductible costs".
** Other changes is related to adjustments in respect of current income tax of previous years.

17. Investments in subsidiaries

Amounts in NOK thousand

Investments in subsidiaries	Office	Date of acquisition	Shareholding/ voting rights	Equity	Carrying amount 31.12.202
Shares in Norsk Titanium Equipment AS	Norway	2015/11/09	100%	(1 154)	30
Shares in NTi MH AS	Norway	2015/07/10	100%	0.2	30
Shares in Norsk Titanium US Inc.	US	2015/07/07	100%	(726 563)	34 177
Shares in Norsk Titanium Services Ltd.	UK	2016/12/01	100%	14 031	4 313
Total Investments in subsidiaries				**(713 686)**	**38 550**

Additional disclosures related to investments in subsidiaries and exemption from audit for subsidiary companies in the UK are presented in note 6.1 in the consolidated financial statements.

18. Other current liabilities

Amounts in NOK thousand

Other current liabilities	2020	2019
Prepaid revenues	20 164	27 860
Accrued bonus	7 180	0
Unpaid holiday pay	3 509	5 683
Other accrued costs	18 818	4 274
Total other current liabilities	**49 671**	**37 816**

19. Related parties transactions and balances

Related parties	Shareholder/Subsidiary	Ownership interest
Norsk Titanium Cayman Ltd	Shareholder	43.3 %
Nti Holding AS	Shareholder	18.6 %
Board of Directors	Shareholder	1.6 %
Norsk Titanium Equipment AS	Subsidiary	100%
Norsk Titanium US Inc.	Subsidiary	100%
Norsk Titanium Services Ltd	Subsidiary	100%
NTi MH AS	Subsidiary	100%

Amounts receivable (payable) to subsidiaries:

Amounts in NOK thousand

Included in the balance sheet 31.12.2020	Norsk Titanium Equipment AS	Norsk Titanium US Inc.	Norsk Titanium Services Ltd	Board of directors	Norsk Titanium Cayman Ltd	31.12.2020	31.12.2019
Long term loan to subsidiary*		669 533				669 533	525 847
Other current assets	11 286					11 286	0
Trade and other payables**						0	(21 032)
Debt to subsidiaries***			(11 086)			(11 086)	(12 296)
Net receivable (payable)	**11 286**	**669 533**	**(11 086)**	**0**	**0**	**669 734**	**492 519**

* Long term loan to subsidiary in 2019 was related to Norsk Titanium US Inc.

** Trade and other payables in 2019 was related to Norsk Titanium Equipment AS and Norsk Titanium Services Ltd.

*** Debt to subsidiaries in 2019 was related to Norsk Titanium Services Ltd.

Income from related parties / (expenses to related parties):

Included in profit and loss 2020	Norsk Titanium Equipment AS	Norsk Titanium US Inc.	Norsk Titanium Services Ltd	Board of directors	2020
Revenue	16 695	8 945			25 641
Raw materials and consumable used					0
Other operating expenses		(2 363)	(7 081)		(9 444)
Financial income		67 061	(1 469)		65 592
Net profit and loss	**16 695**	**73 643**	**(8 551)**	**0**	**81 788**

20. Commitments and contingencies

Amounts in NOK thousand

Minimum lease payments (non-cancellable operating leases)	2020	Matures within 1 year	Matures 2-5 years	Matures more than 5 years	Total
Buildings and argon tank lease	3 900	3 680	2 101	0	**9 681**
Total non-cancellable operating leases	**3 900**	**3 680**	**2 101**	**0**	**9 681**

Assets pledged as security and guarantee liabilities
For assets pledged as security and guarantee liabilities, reference is made to note 4.2 in the consolidated financial statement.

Contingent assets and liabilities
The company has no contingent assets that meet the criteria for disclosure.

The company is involved in ongoing claims negotiations. Reference is made to note 7.2 in the consolidated financial statement regarding ongoing claims processes.

21. Going concern assumption

Reference to note 4.6 in the consolidated financial statements for disclosures on financial risk and capital management for the company.

22. Subsequent events

Reference to note 7.4 in the consolidated financial statements for disclosures on subsequent events for the company.

Building a better
working world

Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6A, NO-0191 Oslo
Postboks 1156 Sentrum, NO-0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Norsk Titanium AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Norsk Titanium AS comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the balance sheet as at 31 December 2020, the statement of profit and loss and statements of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements comprise the balance sheet as at 31 December 2020, the statements of total comprehensive income, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- the financial statements are prepared in accordance with the law and regulations
- the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway
- the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the parent company and International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 16 March 2021
ERNST & YOUNG AS

The auditor's report is signed electronically

Magnus H. Birkeland
State Authorised Public Accountant (Norway)

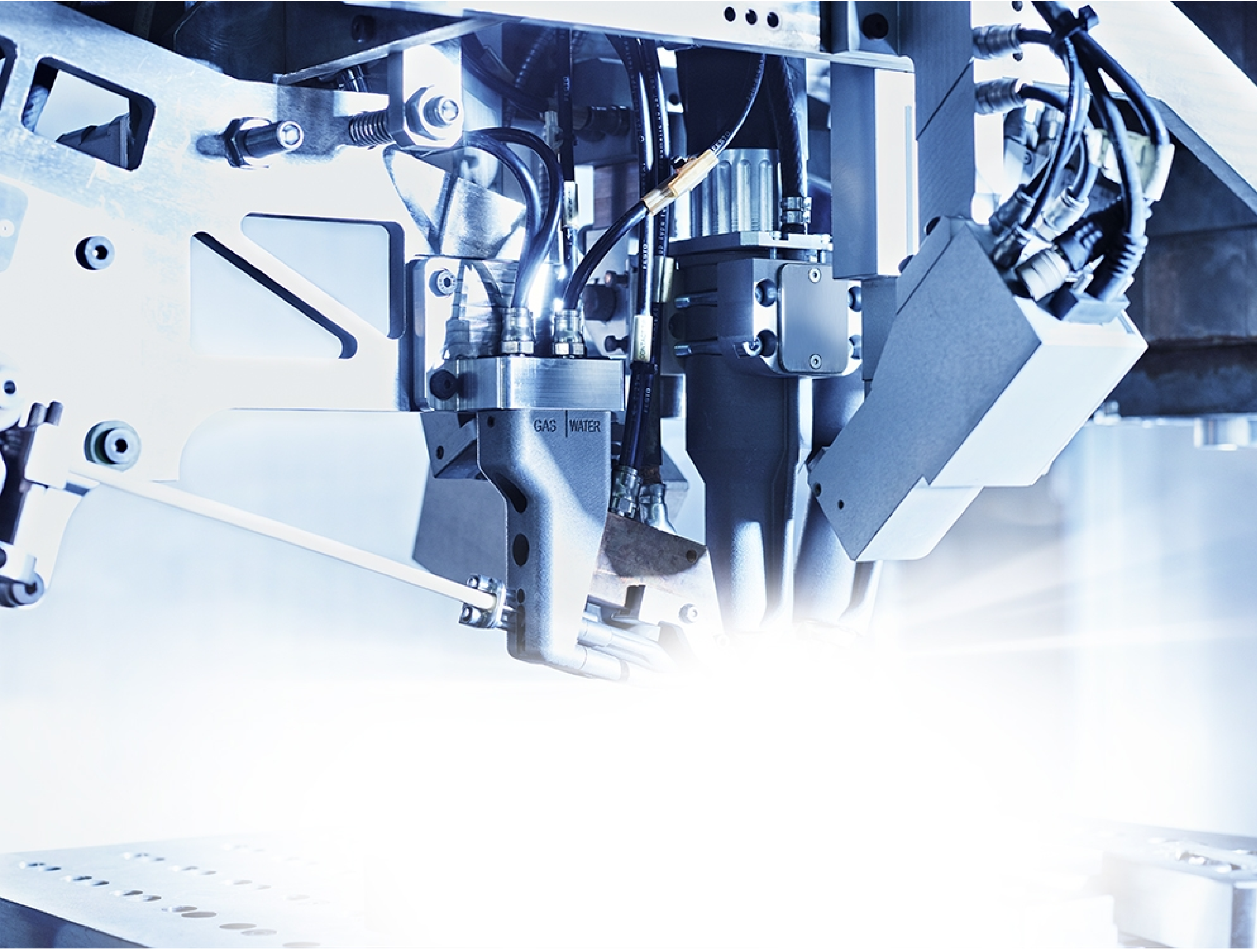
"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

MAGNUS HEGERTUN BIRKELAND
Statsautorisert revisor
Serienummer: 9578-5990-4-2796687
IP: 77.16.xxx.xxx
2021-03-16 07:53:14Z

bank ID

APPENDIX C:

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019



ANNUAL REPORT

2019

NORSK TITANIUM

Table of contents

THE BOARD OF DIRECTORS' REPORT 2019

INTRODUCTION

Norsk Titanium ("NTi" or "the Group") is the world's pioneering supplier of additive-manufactured, structural titanium components, distinguished in the aviation industry by its patented high deposition Rapid Plasma Deposition™ (RPD™) process. Based on plasma arc welding technology and with titanium wire as the main feedstock, RPD™ produces "near net shape" titanium components at deposition rates not achieved by similar technologies. RPD™ produces high-quality titanium components that require far less raw material and substantially less processing / machining compared to similar products produced with conventional technologies. The result is parts manufactured at a significantly lower cost while meaningfully reducing production lead times. The technology provides significant energy and waste savings and is therefore more environmentally friendly than conventional processes.

NTi is currently supplying parts qualified by Federal Aviation Administration to the Boeing 787 program in serial production and working with Boeing, Airbus and other aerospace OEMs to expand adoption of RPD™ components in the industry.

The Company's business office is located in Oslo, with production facilities and technology center at Eggemoen, Norway (the Eggemoen Technology Center or "ETC"). During 2015 the company established a subsidiary in the United States that operates a qualified production facility located in Plattsburgh, NY (the Plattsburgh Development and Qualification Center or "PDQC") and developed in 2019 an industrial scale production center nearby (the Plattsburgh Production Center or "PPC").

At year end 2019 the 498,212 shares in Norsk Titanium AS are owned 43.3% by Norsk Titanium Cayman Ltd, 18.6% by NTi Holding AS, 8.7% by Triangle Holdings L.P., 3.9% by MB Precision Investment Holdings LLC, 3.3% by Disruptive Innovation Fund L.P.2.6% by Orchard International Inc., 2.5% by RTI Europe, Ltd., 1.7% by Applied Ventures, and 1.6% by MP Pensjon PK. The remaining 13.8% are shares owned by employees and other investors and the company itself.

BUSINESS ACTIVITY OF 2019

NTi achieved several milestones pertaining to its industrialization strategy during 2019. Most notable was that Boeing released the purchase order for Fatigue Phase 2 testing and approved to move the first Leonardo 787 parts into production. Boeing also funded the non-recurring engineering for the first 11 Leonardo parts. Spirit committed to run parallel fatigue testing to enable an independent data set and is moving eight 787 and eight 737Max parts through the Boeing change board process. Airbus launched their RPD™ material qualification program and issued purchase orders for the first article qualification of the first four production parts. Northrop Grumman approved funding to create a set of design allowables for RPD™ material in 2020.

NTi was awarded five new patents in 2019, bringing our total to 78 patents. Additionally, we filed three new priority applications and 42 national applications and now have 59 applications pending. The first two large format Generation 4 Large RPD™ machines are in assembly at ETC and nearing completion. The new machines can print double-sided parts without removal and retooling. Many of the new features are backward integrable to our existing Generation 4B RPD™ machines.

NTi and New York State completed build-out of PPC with receipt of the formal Certificate of Occupancy on December 20, 2019. The facility will represent the largest 3D printing mass production facility in the US.

NTi has maintained 100% on-time delivery for the 787 Boeing AFT Galley Brackets for the past 32 months with 100% quality for each delivery. NTi was successful in re-certifying to AS9100D at both our sites.

In July 2019 the main shareholders extended the shareholder loan agreement from 2018. The loan was extended from USD 32.9 million, up to a principal amount of USD 42.5 million. A subscription right of additional 13,422 warrants was granted related to the extension of the loan. In December 2019, NTi shareholders approved funding of USD 5.0 million under a subordinated facility agreement and in January 2020, NTi shareholders approved funding of an added USD 5.0 million under an addendum to the subordinated facility agreement. A subscription right of 10,000 warrants was granted related to the loan of USD 5.0 million in December 2019.

CONSOLIDATED FINANCIAL STATEMENTS

NTi prepares its consolidated financial statements in accordance with IFRS as adopted by the European Union (EU), and the presentation currency is US dollars.

NTi's total revenue and other income in 2019 was USD 0.4 million, compared to USD 7.9 million in 2018. Profit after tax for the year was negative USD 36.6 million in 2019, compared to negative USD 32.1 million in 2018. Revenue in 2019 consist of sale of parts of USD 0.3 million, and Other income consist of margins for sale of RPD™ machines of USD 0.1 million. Comparable Revenue in 2018 consist of sale of parts of USD 0.4 million, and Other income consist of margins for sale of RPD™ machines of USD 7.1 million. In addition to generating revenue, the total operating cost of USD 35.0 million in 2019 was used to develop PDQC and qualify NTi as a supplier of titanium components to the aerospace.

NTi's intangible assets of USD 9.2 million by end of 2019 are mainly related to the development of the production platform, consisting of the RPD™ technology related qualification programs, and the G4 production machine technology**.** Property, plant and equipment of USD 5.7 million mainly consist of the three G4 machines at ETC and related production infrastructure at ETC and PDQC.

Non-current liabilities of USD 48.9 million consist of loans from Shareholders and The Development Corp Clinton County NY. Interest bearing short-term debt of USD 0.1 million consist of first year's principal repayments of loans from The Development Corp Clinton County NY.

NTi's net cash flow from operating activities was negative USD 27.2 million, and the net cash used in investing activities was negative USD 0.1 million. Net cash flow from financing activities was positive USD 10.3 million, resulting in a net decrease in cash and cash equivalents of USD 17.1 million during the year 2019.

The Board of Directors is of the opinion, that the consolidated financial statements give a fair and true view of NTi's assets and liabilities, financial position, and operating results.

PARENT COMPANY

The parent company Norsk Titanium AS has prepared its financial statements in accordance with Norwegian Accounting principles, and the presentation currency for the Norsk Titanium AS standalone financial statements is Norwegian kroner. In 2019, Norsk Titanium AS was also the entity within the NTi Group which was responsible for developing the technology and the commercial production of titanium parts.

Norsk Titanium AS' total revenue and other income in 2019 was NOK 4.0 million, compared to NOK 63.8 million in 2018. Profit after tax for the year was negative NOK 169.6 million, compared to negative NOK 117.4 million in 2018. Revenues of NOK 4.0 million consist of sale of goods and services from Norsk Titanium AS to its 100% owned subsidiaries Norsk Titanium Equipment AS and Norsk Titanium US Inc. Norsk Titanium AS' costs are related to salaries, professional services, cost of goods and other operating costs.

Norsk Titanium AS' intangible assets were NOK 81.1 million, and property, plant and equipment were NOK 37.1 million by end of 2019. The non-current interest-bearing liabilities of NOK 481.6 million consist of loans from Shareholders.

Total sick leave for Norsk Titanium AS was 2.5% in 2019.

GOING CONCERN

In accordance with the Norwegian Accounting Act § 3-3a, we confirm that the financial statements have been prepared under the assumption of going concern. The Group is still in a commercial ramp-up phase with negative operating cash flow. During 2019, funding activities included shareholder loans, in total USD 19.6 million.

In December 2019, NTi shareholders approved funding of USD 5.0 million under a subordinated facility agreement and in January 2020, NTi shareholders approved funding of an added USD 5.0 million under an addendum to the subordinated facility agreement. The USD 10.0 million will enable NTi to meet its obligations through the first quarter of 2020.

A second addendum to the subordinated loan facility agreement is prepared, against which Lenders can make available up to USD 10.0 million, subject to approval in the general meeting in April 2020. In the absence of the COVID-19 impacts, Management believes NTi's present cash balance, funding and forecasted operating cash flows can enable the company operations to continue through June 2020. However, operating cash flow has been reduced as a consequence of measures taken related to the outbreak of a novel strain of coronavirus, COVID-19T (see "Subsequent Events"). NTi has closed its New York Plattsburgh operations and placed most employees on temporary furlough until 19 April, or further notice. The Eggemoen-based operations will be closed by 1 April 2020, for at least the same period of time as the Plattsburgh-based operations remain closed. With the expected reduced activity level and decreased cash outflows as a result of the outbreak of the coronavirus, Management believes NTi's present cash balance, funding and forecasted operating cash flows can enable the company operations to continue through 2020. Although the outcome of such reduced activity level is uncertain.

In parallel, NTi has launched a financing process with J.P. Morgan contemplating convertible debt to raise funding that will enable the company to operate well into 2021. An outreach target list, strategy and draft term sheet have been developed and an outreach to financial sponsors and strategic parties is underway.

NTi is gradually moving from an R&D operation to a commercial business with manufacturing and sales of titanium components and of RPD™ equipment. The technology qualification process is making good progress and the Board of Directors believes that revenue and margins will increase significantly in the coming years. In the near-term, however, COVID-19 implications on the global economy present uncertainties that cannot be fully assessed or estimated relative to potential impacts on the Company's future business, revenues, financial condition and results of operations.

WORKING / EQUAL OPPORTUNITIES / DISCRIMINATION

At the end of 2019 NTi had 139 employees, of whom 25 are women. The Board of Directors has no female Board members. The Board has not found it necessary to take special measures with regards to equality at the Board level. All appointments will continue to be based on the person best qualified for the position regardless of gender or nationality. The working environment is considered to be good. The Company's personnel policy focuses on and supports a workplace with no discrimination. No serious injuries and one accident on the parking lot have been reported in 2019.

ENVIRONMENTAL REPORTING

NTi's current business involves no direct pollution to the environment. The Company's core business is to contribute to the development and future production of titanium in environmental-friendly processes. The company's intention is to develop technologies that contribute to energy-efficient production processes and the products will therefore have a positive effect on the environment compared to conventional technologies.

ALLOCATION OF THE RESULT FOR THE YEAR

The Board of Directors proposes that the loss for the year of NOK 169,611,489 is charged to other equity. The equity in Norsk Titanium AS as of 31st December 2019 is NOK 190.4 million.

SUBSEQUENT EVENTS

The outbreak of a novel strain of coronavirus, COVID-19, has severely restricted the level of activity around the world. The governments of many countries, states, cities and other geographic regions have taken preventative or protective actions. These actions have expanded significantly in the past several weeks and are expected to continue to expand in scope, type and impact.

The United States, State of New York and Norwegian government actions have directly impacted the Company's business. On 12 March 2020, Norway invoked emergency powers to close a wide range of public and private institutions. The State of New York's directed that 100% of the workforce (excluding essential services) must stay home beginning 22 March 2020; consequently, the Company has closed its New York Plattsburgh operations and placed most employees on temporary furlough until 19 April, or further notice. Because NTi cannot efficiently operate the Norway activities alone, it will close its Eggemoen-based operations by 1 April 2020, for at least the same period of time as the Plattsburgh-based operations remain closed.

The foregoing actions will affect the Company's ability to meet its customer and supplier commitments but not have a material impact on the Company's short-term financial results as the reduced spending will more than offset revenue impacts.

The Company intends to resume business and continuing fulfilling customer commitments after Government restrictions are lifted. However, the aforementioned uncertainties may result in delays or modifications to these plans, ability of suppliers to operate, increases to operating costs, and availability of employees following temporary furloughs. These effects may negatively impact the Company's ability to meet its customer commitments.

For the reasons set forth above and other reasons that may come to light if this coronavirus outbreak and any associated protective or preventative measures expand, as of the date hereof, the Company cannot reasonably estimate the impact to its business, revenues, financial condition or results of operations; however, such impact could be significantly negative.

Eggemoen, March 25, 2020

John Andersen Jr. **Chairman**	Shan A. Ashary **Board Member**	Bart van Aalst **Board Member**
Timothy Lintott **Board Member**	Michael Canario **Board Member**	Jeremy F. Barnes **Board Member**

Consolidated statement of total comprehensive income

For the years ended 31 December

USD 1000	Notes	2019	2018
Revenue	2.1	336	406
Other income	2.2	57	7 457
Total revenues and other income		**393**	**7 863**
Raw materials and consumable used	2.3	(3 195)	(5 465)
Employee benefits expense	2.5	(20 872)	(20 413)
Other operating expenses	2.6	(6 796)	(10 637)
Depreciation and amortisation	3.1,3.2	(3 404)	(2 476)
Impairment of intangible assets	3.2	(713)	0
Operating profit		**(34 586)**	**(31 128)**
Financial income	4.5	15 386	8 178
Financial expenses	4.5	(17 380)	(9 227)
Profit or loss before tax		**(36 580)**	**(32 177)**
Income tax expense	5.1	(7)	125
Profit or loss for the year		**(36 587)**	**(32 052)**
Profit/loss attributable to owners of the parent		(36 587)	(32 052)
Other comprehensive income			
Items that subsequently may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(40)	(3 440)
Other comprehensive income for the period		(40)	(3 440)
Total comprehensive income for the period		**(36 626)**	**(35 491)**
Total comprehensive income attributable to owners of the parent		(36 626)	(35 491)

Consolidated statement of financial position

USD 1000	Notes	31.12.2019	31.12.2018
ASSETS			
Non-current assets			
Deferred tax asset	5.1	0	126
Right of use of assets	7.3	1 601	0
Property, plant and equipment	3.1	5 728	7 715
Intangible assets	3.2	9 235	10 462
Total non-current assets		**16 564**	**18 304**
Current assets			
Inventories	2.4	4 317	3 946
Trade receivables	2.7	907	3 955
Other current assets	2.7	1 577	1 655
Cash and cash equivalents	4.4	2 145	19 402
Total current assets		**8 945**	**28 958**
TOTAL ASSETS		**25 509**	**47 262**
EQUITY AND LIABILITIES			
Equity			
Share capital	4.7	464	464
Share premium		92 726	92 726
Treasury shares	4.7	(10)	(10)
Other capital reserves		2 857	1 315
Other equity		(133 090)	(96 463)
Total equity		**(37 052)**	**(1 969)**
Non-current liabilities			
Deferred tax liabilities	5.1	0	218
Long term liabilities	7.3	1 657	0
Derivative financial liabilities	4.2, 4.10	6 665	15 011
Loan measured at fair value	4.2, 4.10	40 614	18 676
Total non-current liabilities		**48 936**	**33 905**
Current liabilities			
Trade and other payables	2.8	2 391	3 109
Interest bearing debt - Short term	4.2, 4.9	74	536
Contract liabilities		6 518	6 994
Other current liabilities	7.1, 7.3	4 594	4 658
Tax payable	5.1	48	29
Total current liabilities		**13 624**	**15 325**
Total liabilities		**62 561**	**49 230**
TOTAL EQUITY AND LIABILITIES		**25 509**	**47 262**

Eggemoen, March 25, 2020

John Andersen Jr.
Chairman of the Board

Michael Canario
Member of the Board

Timothy Lintott
Member of the Board

Bart Van Aalst
Member of the Board

Shan A. Ashary
Member of the Board

Jeremy F. Barnes
Member of the Board

Consolidated statement of cash flows

For the years ended 31 December

USD 1000

Cash flows from operating activities	**Notes**	**2019**	**2018**
Profit before tax		**(36 580)**	**(32 177)**
Adjustments to reconcile profit before tax to net cash flow:			
Depreciation and amortisation	3.1,3.2	3 404	2 476
Impairment of intangible assets	3.2	713	0
Net financial income/expense included in financing activities	4.5	1 813	(1 361)
Net foreign exchange differences	4.5	181	312
Tax payable	5.1	(48)	(29)
Working capital adjustment:			
Changes in inventories and right of use assets	2.4	(1 973)	(2 310)
Changes in trade and other receivables	2.7	3 048	17 920
Changes in other current assets	2.7	78	5 584
Changes in trade and other payables	2.8	(719)	(4 241)
Changes in other accruals	7.1	2 892	(14 487)
Net cash flows from operating activities		**(27 189)**	**(28 312)**
Cash flows from investing activities			
Purchase of property, plant and equipment	3.1	(56)	577
Investment in intangible assets	3.2	(156)	(249)
Interest received	4.5	77	77
Net cash flow from investing activities		**(135)**	**405**
Cash flow from financing activities			
Proceeds from issuance of shared capital		0	4 231
Purchase of treasury shares	4.7	(9)	0
Sale of treasury shares	4.7	114	1 147
Payment of principle portion of lease liabilities	7.3	(896)	0
Increase and Repayment of debt	4.2	11 064	30 938
Net interests paid	4.5	(3)	(268)
Net cash flow from financing activities		**10 270**	**36 047**
Net change in cash and cash equivalents		(17 055)	8 140
Effect of change in exchange rate		(203)	(664)
Cash and cash equivalents, beginning of period	4.4	19 402	11 925
Cash and cash equivalents, end of period		**2 145**	**19 402**

Consolidated statement of changes in equity

USD 1000	Share capital	Share premium	Treasury shares	Other capital reserves	Cumulative translation effect	Retained earnings	Total equity
	Attributable to the equity holders of the parent				Other equity		
Profit (loss) for the year						(32 052)	(32 052)
Other comprehensive income					(3 440)		(3 440)
Issue of share capital	7	4 230		(6)			4 231
Purchase of treasury shares							0
Sales of treasury shares			2	1 145			1 147
Shared-based payment				1 033			1 033
Balance as of 31 December 2018	**464**	**92 726**	**(10)**	**1 315**	**(999)**	**(95 464)**	**(1 969)**
Balance as of 31 December 2018	**464**	**92 726**	**(10)**	**1 315**	**(999)**	**(95 464)**	**(1 969)**
Profit (loss) for the year						(36 587)	(36 587)
Other comprehensive income					(40)		(40)
Issue of share capital							0
Purchase of treasury shares			(0)	(9)			(9)
Sales of treasury shares			1	114			114
Shared-based payment				1 437			1 437
Balance as of 31 December 2019	**464**	**92 726**	**(10)**	**2 857**	**(1 038)**	**(132 051)**	**(37 052)**

Notes to the Consolidated financial statements
1.1 Corporate information

The consolidated financial statements of Norsk Titanium AS and its subsidiaries (collectively, "the Group" or "Norsk Titanium") for the year ended 31 December 2019 were authorized for issue in accordance with a resolution of the directors on 25 March 2020. Norsk Titanium AS (the Company or the parent) is a limited liability Company incorporated and domiciled in Norway. The registered office is located at Karenslyst Allé 9C, Oslo in Norway.

Norsk Titanium specializes in additive manufacturing (AM) and producing structural titanium parts with reduced lead time and cost from traditional methods.

Basis of preparation

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 Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

The consolidated financial statements have been prepared on a historical cost basis, except for the following; Financial instruments at fair value through profit or loss, loans, receivables and other financial liabilities which are recognized at amortized cost. The consolidated financial statements are presented in USD and all values are rounded to the nearest thousand (000), except when otherwise indicated. Comparative financial information is provided for the preceding period in the Consolidated statement of comprehensive income, Consolidated statement of financial position and Consolidated statement of cash flows.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its return. Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Foreign currencies

The Group's consolidated financial statements are presented in USD. The parent company's functional currency is NOK. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method. P&L figures are converted from functional currency to presentation currency by use of average rates. Balance sheet figures are converted from functional currency to presentation currency by use of spot rate on the balance sheet date.

1.2 Key source of estimation uncertainty, judgement and assumptions

Significant accounting judgements, estimates and assumptions

In connection with the preparation of the Group's consolidated financial statements, the management has made assumptions and estimates about future events and applied judgements that affect the reported values of assets, liabilities, revenues, expenses and related disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The assumptions, estimates and judgements are based on historical experience, current trends and other factors that the Group's management believes to be relevant at the time the consolidated financial statements are prepared.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The estimates and the underlying assumptions are reviewed on an ongoing basis. The accounting policies applied by the Group in which judgments, estimates and assumptions may significantly differ from actual results are discussed below:

Judgements

Sale and lease agreement with Fort Schuyler Management Corporation ("FSMC")

In 2015 the Group signed a contract with FSMC under which FSMC is responsible for building a manufacturing facility and purchase manufacturing equipment from Norsk Titanium, and subsequently lease the manufacturing facility and equipment to Norsk Titanium at a yearly rent of 1 USD with an option of extending the term. During the third quarter 2016 the group entered a Master

Equipment Purchase Agreement with FSMC, where Norsk Titanium shall build and sell in total 32 RPD™ machines to FSMC. In the fourth quarter 2018 NTi executed an Amendment to the Alliance Agreement. The RPD™ machines are the main part of the Manufacturing Equipment that shall be leased to Norsk Titanium under the agreement with FSMC. In return for the subsidized lease, The Group has committed itself to operations related to the manufacturing facility and hire new employees as production increases for the 10 years period from 1 September 2019 to 31 August 2029. The production facility is located in Plattsburg, New York.

Based on IAS 17, management treated the lease of the facility and equipment as an operating lease and presented the gain/loss from sale of equipment under the sale/leaseback agreement net in the statement of profit and loss since the equipment are used in production.

Upon transition to IFRS 16, NTi is not required to to reassess the sale of the RPD machines to FSMC, and therefore no adjustments related to these sales have been recorded in 2019. The only transition impact for NTi will be the recognition of a lease liability reflecting the remaining lease payments and a corresponding right-of-use asset.

The last RPD machines delivered in 2019 are accounted for under IFRS 16. In order to determinate if a sale-leaseback constitute a sale an entity must apply the requirements in IFRS 15. NTi has assessed that the transfer of the asset does not satisfy the requirements of IFRS 15 to be accounted for as a sale. NTi has therefore recognised the transferred asset and a financial liability equal to the transfer proceeds. The financial liability is accounted for applying IFRS 9.

As FSMC meets the definition of a government in accordance to IAS 20, the difference between market rent and agreed rent is treated as a government grant. Applying the guidance in IAS 20, NTi has a choice of presenting the grant either as a reduction of the carrying amount of the machines (net presentation), with the grant offsetting the depreciation of the asset, or as deferred income that is recognised over the useful life of the asset (gross presentation). NTi has elected to present the deferred revenue as a reduction of the carrying amount of the machines (i.e. net presentation), with difference between the sales price and cost of the RPD machines being recognized as other income over the lease term.

Research and Development

Research costs are expensed as incurred. Development expenditures on an individual project, which represents new applications/technology, are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset and the ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually. Estimating recoverable amounts of assets must in part be based on management's evaluations, including determining appropriate cash-generating units, determining discounting rates, estimates of future performance, revenue generating capacity of the assets and assumptions of the future market conditions. The operations are to a large extent affected by economic conditions which result in considerable fluctuations in the Group's fair value. As the market is still immature, these values can vary in time. At 31 December 2019, the carrying amount of intangible assets was USD 9.2 million.

Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. The assessment of when product development is capitalised is highly subjective, as the outcome of these projects may be uncertain.

Estimates and assumptions

Share based payment

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the assumptions and models used for estimating the fair value are disclosed in note 4.8.

Intangible assets

The useful lives of intangible assets are assessed as either finite or indefinite and may in some cases involve considerable judgements. Intangible assets with indefinite useful lives are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. Intangible assets with finite useful lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Fair value measurement of shareholder loan

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of shareholder loan. Further information is disclosed in note 4.2 and 4.10.

2.1 Revenues

Amounts in USD thousand

Revenues	**2019**	**2018**
Sale of titanium components	336	406
Total revenues	**336**	**406**

Geographic information	**2019**	**2018**
Revenues from customers		
Europe	0	(2)
USA	336	408
Total revenues	**336**	**406**

Timing of revenue recognition	**2019**	**2018**
Goods transferred at a point in time	336	406
Services transferred over time	0	0
Total revenues	**336**	**406**

2.2 Other income

Amounts in USD thousand

Other income	**2019**	**2018**
Gain on disposal of property, plant and equipment - RPD machines	0	7 109
Net gain from RPD machine grant*	57	0
Grants from Amaze	0	(29)
Grants from European Society of Anaesthesiology (ESA)	0	357
TAD Award	0	20
Total other income	**57**	**7 457**

Government grants have been received for research and development activities but are not related to a specific program. The grants included in other income contains no unfulfilled conditions or contingencies.

*Net gain from RPD machine grant reflect net gain from the sale and leaseback of RPD machines to FSCM, being recognized as other income over the lease term, reference to note 1.2.

2.3 Raw materials and consumables used

Amounts in USD thousand

Raw materials and consumables used	**2019**	**2018**
Cost of materials	2 424	3 674
Cost for machining of components	288	688
Consumables used	181	604
Cost of handling and freight	302	499
Total cost of goods, raw materials and consumables used	**3 195**	**5 465**

Raw materials and consumables used is mainly related to qualification for the aerospace market, research, test production and product development.

2.4 Inventories

Amounts in USD thousand

Inventories	**31.12.2019**	**31.12.2018**
Raw materials	1 542	2 126
Work in progress	2 775	1 820
Total inventories (gross)	**4 317**	**3 946**
Provision for obsolete inventories 31.12	0	0
Total inventories (net)	**4 317**	**3 946**

Work in progress consist of manufacturing of production machines, for own or external use, in addition to titanium components in progress. Inventories consists of wire, argon and substrate for production of titanium components.

2.5 Employee benefit expenses

Amounts in USD thousand

Employee benefit expenses	2019	2018
Salaries and holiday pay*	15 925	14 721
Social security tax	1 565	1 905
Pension costs defined contribution plans	719	685
Cost of share-based payment	1 812	979
Other personnel costs	851	2 124
Capitalized salary and personnel expense	0	0
Total payroll and related costs	**20 872**	**20 413**

* Salaries and holiday pay includes a cost reduction of USD 409 thousands in 2018 related to expected grants from Skattefunn. The grant is connected to research and development activities in 2018 that does not yet qualify for capitalization.

Full Time equivalent Employees as of 31.12	139	143

Pensions

The Norwegian companies in the Group are obligated to keep an occupational pension scheme pursuant to the Norwegian Mandatory Occupational Pensions Act. The Group's pension scheme satisfies these requirements.

Contributions are paid to pension insurance plans and charged to the income statement in the period to which the contributions relate. Once the contributions have been paid, there are no further payment obligations.

Management and board remuneration

Amounts in USD thousand

Remuneration to management in 2019	Salary	Performance-related bonus	Other remuneration	Total remuneration
Michael Canario - CEO	450	306	73	**829**

Benefits to the CEO

Executive management takes part in the general pension scheme described above. Additionally, the CEO is part of the Group's ordinary bonus scheme and does also have the right to severance payment if the Group terminates the employment. CEO, executive management and the Board takes part in the Group's option programs as described in note 4.8.

Remuneration to Board members in 2019	Total remuneration
Board members	0

In the General Meeting 2019 it was decided that no remuneration is paid to the board members.

At the end of the financial year, members of the Board and executive employees held shares in the parent company, Norsk Titanium AS. Reference is made to note 4.7 for disclosures on shareholdings.
The board members are not subject to agreements for severance pay, bonuses or profit-sharing. The second tranche of the shareholder loan of USD 2.9 mill. include USD 0.1 mill. particiption from the board members. Reference is made to note 4.9 for disclosures on the shareholder loans.

2.6 Other operating expenses

Amounts in USD thousand

Other operating expenses	**2019**	**2018**
Professional services	3 836	4 018
Travel expenses	912	1 565
Rental and leasing expenses	213	315
Other operating expenses	1 834	4 739
Total other operating expenses	**6 796**	**10 637**

Auditor related fees	**2019**	**2018**
Statutory audit	221	205
Other assurance services	7	21
Tax consultant services	13	11
Total remuneration to the auditor	**241**	**237**

Audit fee:
The amounts above are excluding VAT.

2.7 Trade receivables and other current assets

Amounts in USD thousand

Trade receivables	**31.12.2019**	**31.12.2018**
Trade receivables at nominal value	907	3 955
Provision for impairment of receivables	0	0
Total trade receivables	**907**	**3 955**

No provision for bad debt has been recognised in 2019 or 2018.

Other current assets	**31.12.2019**	**31.12.2018**
Pre-payments	153	467
Deposits	527	526
VAT	245	433
Short term financial receivables	559	0
Other receivables	92	229
Total other receivables	**1 577**	**1 655**

As at 31 December 2019 the ageing analysis of trade receivables is, as follows:

			Past due but not impaired			
Aging analysis of trade receivables	**Total**	**Not due**	**< 30 days**	**31-60 days**	**61-90 days**	**> 90 days**
Trade receivables at 31.12.2019	**907**	195	615	(16)	0	112

For details regarding the Group's procedures on managing credit risk, reference is made to note 4.6.

2.8 Trade and other payables

Amounts in USD thousand

Trade and other payables	**31.12.2019**	**31.12.2018**
Accounts payables to related parties	4	4
Accounts payables	1 810	2 542
Withholding payroll taxes and social security	576	562
Total trade and other payables	**2 391**	**3 109**

Trade payables are non-interest bearing and are normally settled on 30-day terms. For an overview of the term date of trade and other payables, reference is made to note 4.3.

3.1 Property, plant and equipment

Amounts in USD thousand	**Machinery and equipment**	**Furniture and vehicles**	**Buildings, IT**	**Total**
Acquisition cost 1.1.2018	**9 802**	**277**	**2 921**	**13 001**
Additions	421	168	(1 166)	(577)
Currency translation effects with rates at 31.12.2018				0
Acquisition cost 31.12.2018	**10 223**	**445**	**1 755**	**12 424**
Additions	195	3	(143)	56
Currency translation effects with rates at 31.12.2019	(107)	(5)	(18)	(130)
Acquisition cost 31.12.2019	**10 311**	**443**	**1 594**	**12 350**
Accumulated depreciation and impairment 1.1.2018	**3 437**	**75**	**444**	**3 955**
Depreciation for the year	864	99	38	1 001
Currency translation effects with rates at 31.12.2018	(228)	(31)	11	(248)
Accumulated depreciation and impairment 31.12.2018	**4 073**	**142**	**493**	**4 709**
Depreciation for the year	1 004	105	254	1 364
Impairment for the year	713			713
Currency translation effects with rates at 31.12.2019	(156)	(22)	15	(163)
Accumulated depreciation and impairment 31.12.2019	**5 634**	**226**	**763**	**6 622**
Carrying amount 31.12.2018	**6 150**	**302**	**1 262**	**7 715**
Carrying amount 31.12.2019	**4 678**	**218**	**831**	**5 728**
Economic life	5-20 years	5 years	5 years	
Depreciation plan	linear	linear	linear	

An impairment loss of USD 713 thousand was recognised as Impairment of machinery and equipment in the consolidated statement of comprehensive income in 2019. Additionally, property, plant and equipment in the Consolidated statement of financial position has been written down by the same amount.

The impairment loss was related to a previous generation of the RPD™ machine. The third-generation machine (P01) has been in use for experiments, prototyping and technology development. The functionality will be replaced by a new G4 Large RPD™machine, which is under developement.

No indicators for impairment of property, plant and equipment were identified in 2018.

3.2 Intangible assets

Amounts in USD thousand

Intangible assets	**Development costs**	**Other intangible assets**	**Total**
Acquisition cost 1.1.2018	**15 247**	**1 168**	**16 415**
Additions	0	249	249
Currency translation effects with rates at 31.12.2018	(702)	0	(702)
Acquisition cost 31.12.2018	**14 545**	**1 417**	**15 962**
Additions	0	156	156
Currency translation effects with rates at 31.12.2019	(152)	(15)	(167)
Acquisition cost 31.12.2019	**14 393**	**1 559**	**15 952**
Accumulated amortisation and impairment 1.1.2018	**3 974**	**240**	**4 214**
Amortisation for the year	1 321	138	1 459
Impairment for the year	0	0	0
Currency translation effects with rates at 31.12.2018	(152)	(21)	(173)
Accumulated depreciation and impairment 31.12.2018	**5 143**	**357**	**5 500**
Amortisation for the year	1 108	165	1 273
Impairment for the year		0	0
Currency translation effects with rates at 31.12.2019	(54)	(4)	(58)
Accumulated amortisation and impairment 31.12.2019	**6 197**	**519**	**6 716**
Carrying amount 31.12.2018	**9 402**	**1 060**	**10 462**
Carrying amount 31.12.2019	**8 196**	**1 040**	**9 235**
Economic life	10 years	3-10 years	
Amortisation plan	Straight-line	Straight-line	

Norsk Titanium has invested heavily in researching and developing the market-leading high-deposition rate additive manufacturing (AM) process. Based on available plasma welding technology NTi has developed an automated process for the production of “near net shape” titanium components with titanium wire and titanium substrate as the main feedstock.

Development costs
Norsk Titanium has capitalized technology development up until 2017 for development of the RPD Production Platform reflecting the deposition process and the associated qualification programs and fourth generation production machinery. The Group assess the Production platform and acquired patents as one Cash Generating Unit. Norsk Titanium estimates that the cash inflow from sale of RPD machines and commercial aerospace component sales are higher than the carrying value of the intangible assets.

Impairment of intangible assets
No impairment loss is recognised as impairment of intangible assets in the consolidated statement statements for 2018 and 2019.

Other intangible assets
Other intangible assets consist of software and acquired patents.

Other Research and development
A large part of the research and development in 2018 and 2019 has been related to Allowables programs, development of RPD database through design of experiments and specifications. Due to the restrictive nature in IAS 36 and IAS 38, specifically related to the demonstration of technical feasibility and demonstrating how the asset will generate future economic benefits, all R&D activities in 2018 and 2019 have been expensed. Future cost will be capitalized when the criteria are fulfilled.

The costs related to research and development in 2018 have been reduced by USD 533 thousand related to Skattefunn. R&D expenses and the cost reduction from Skattefunn has been recognised against Raw materials and consumables used, Employee benefit expenses and Other operating expenses.

4.1 Financial instruments

The following tables shows the various financial assets and liabilities, grouped in the different categories of financial instruments according to IAS 9:

Amounts in USD thousand

31.12.2019	**Financial assets at amortised cost**	**Financial liabilities at amortised cost**	**Financial assets and liabilities**	**Total**
Assets				
Trade receivables (note 2.7)	907			907
Other receivables (note 2.7)	1 018		559	1 577
Cash and cash equivalents (note 4.4)	2 145			2 145
Total financial assets	**4 069**	**0**	**559**	**4 628**
Liabilities				
Interest bearing debt - Long term (note 4.2)		(193)	47 473	47 279
Trade and other payables (note 2.8)		2 391		2 391
Contract liabilities		6 518		6 518
Long term liabilities (note 7.3)		1 657		1 657
Other current liabilities (note 7.1, 7.3)		4 594		4 594
Interest bearing debt - Short term (note 4.2)		74		74
Total financial liabilities		**15 040**	**47 473**	**62 513**

31.12.2018	**Financial assets at amortised cost**	**Financial liabilities at amortised cost**	**Financial liabilities at fair value through profit and loss**	**Total**
Assets				
Trade receivables (note 2.7)	3 955			3 955
Other receivables (note 2.7)	1 655			1 655
Cash and cash equivalents (note 4.4)	19 402			19 402
Total financial assets	**25 012**	**0**	**0**	**25 012**
Liabilities				
Interest bearing debt - Long term (note 4.2)		(162)	33 849	33 687
Trade and other payables (note 2.8)		3 109		3 109
Long term liabilities		18 676		**18 676**
Interest bearing debt - Short term (note 4.2)		536		536
Total financial liabilities		**22 159**	**33 849**	**56 008**

Financial assets at amortised cost
When determining the classification for financial assets, the Group evaluates the investment related to the "SPPI" test and the "Business model" test. The "SPPI" test involves evaluating if the instruments consist of solely payments of principal and interest (hence, SPPI). If the instruments pass the "SPPI" test, the Group further evaluates the "Business model" test. When doing so, the Group evaluates the purpose of the investment. If the investment is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, the investments will be valued at amortized cost.

Financial assets at amortised cost includes cash and short-term deposits, trade receivables and contract assets.

Financial liabilities at amortised cost
Financial liabilities are measured either at fair value through profit or loss or at amortised cost.

Financial liabilities are measured at fair value through profit or loss when they meet the definition of held for trading, or when they are designated as such on initial recognition. Derivatives are always recognised at fair value through profit or loss. In addition, hybrid instruments (embedded derivative in a non-derivative host contract), are recognised at fair value through profit or loss when the Group choose not to separate the embedded derivative and account for the contract as a whole. All other financial liabilities, are generally classified as subsequently measured at amortised cost using the effective interest method.

Financial liabilities at fair value through profit and loss
See explanation above.

The loan agreements with shareholders (ref. note 4.2) is a hybrid instrument including several embedded derivatives. The Group has chosen not to separate the embedded derivatives from the non-derivative host contract and therefore, the whole contract is recognized at fair value through profit and loss.

4.2 Interest bearing debt

Amounts in USD thousand

Non-current Interest bearing loans and borrowings	Effective interest rate	Maturity	31.12.2019	31.12.2018
Loan from Harbert European Growth Capital Fund*	12.00%	2019	0	0
Loan from The Development Corp Clinton County NY	3.50%	2021	80	142
Derivative financial liabilities - Warrants**		2021	6 665	15 011
Loan from shareholders measured at fair value**	30.64%	2021	40 614	18 534
Total non-current interest bearing loans and borrowings			**47 359**	**33 687**

* The Lender has been granted warrants to purchase USD 1,200 thousand worth of the Issuer's stock.

**As part of the loan agreement in September 2018, the Lenders were in 2018 granted warrants to purchase 65,309 shares. The loan was extended from USD 32.9 million up to USD 42.5 million in 2019. Additional 13,422 warrants were granted related to the extension of the loan to USD 42.5 million. The strike price of the warrants granted was equal to the market value of shares as of September 2018. A second loan agreement was signed in December 2019 of USD 5 million, with the potential extension of the loan up to USD 10 million.The lenders have been granted warrants to purchase 10,000 shares in 2019.

The duration of the shareholder loan from September 2018 may be extended from 36 months up to 54 months (i.e. 18 months extension) at NTi's discretion. The additional shareholder loans expire at the same time as the first shareholder loan from September 2018. The shareholder loan from December 2019 carries an interest at a fixed 15 % per annum in arrears, compounded quarterly. The accrued interest shall be settled by converting to new shares in NTi.

	31.12.2019	31.12.2018
Short term portion of Loan from Harbert European Growth Capital Fund	0	456
Short term portion of Loan from The Development Corp Clinton County NY	74	80
Interest bearing debt - Short term	**74**	**536**

Assets pledged as security and guarantee liabilities

Secured balance sheet liabilities	31.12.2019	31.12.2018
Intangible Assets	9 235	10 462
Property, plant and equipment	5 728	7 715
Inventories	4 317	3 946
Trade receivables	907	3 955
Other current assets	1 577	1 655
Cash and cash equivalents	2 145	19 402
Total	**23 907**	**47 135**

The Group has not given any guarantees to or on behalf of third parties in the current and previous period.

Covenant requirements
The loan from Harbert European Growth Capital Fund has a financial covenant related to total indebtedness. Total indebtedness is limited to USD 10 million. It was no breach of the covenant in 2019. A waiwer from Harbert was received as part of the shareholder loan agreement. The Harbert European Growth Capital Fund has been repaid in 2019.

The Group aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the Harbert European Fund Advisors Ltd to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period.

4.3 Ageing of financial liabilities

Amounts in USD thousand

31.12.2019	1 year	2 years	3-5 years	Over 5 years	Total
Interest bearing debt - Long term (note 4.2)	0	40 654	6 705	0	**47 359**
Trade and other payables (note 2.8)	2 391	0	0	0	**2 391**
Interest bearing debt - Short term (Note 4.2)	74	0	0	0	**74**
Total	**2 464**	**40 654**	**6 705**	0	**49 823**

31.12.2018	1 year	2 years	3-5 years	Over 5 years	Total
Interest bearing debt - Long term (note 4.2)	0	71	15 082	0	**15 153**
Trade and other payables (note 2.8)	3 109	0	0	0	**3 109**
Interest bearing debt - Short term (Note 4.2)	536	0	0	0	**536**
Total	**3 645**	**71**	**15 082**	0	**18 798**

Reconciliation of changes in liabilities incurred as a result of financing activities.

			Non-cash changes		
	01.01.2019	Cash flow effect	Foreign exchange	Other changes	31.12.2019
Interest bearing debt - Long term(note 4.2)	33 687	16 757	(352)	(2 733)	**47 359**
Interest bearing debt - Short term (Note 4.2)	536	(457)	(6)	0	**74**
Total liabilities from financing	34 223	16 301	(358)	(2 733)	**47 433**

4.4 Cash and cash equivalents

Amounts in USD thousand

Cash and cash equivalents	31.12.2019	31.12.2018
Bank deposits, unrestricted	1 881	19 098
Bank deposits, restricted*	264	304
Total cash and cash equivalents	**2 145**	**19 402**

* Restricted bank deposits relates to cash for withholding taxes which may not be used for other purposes. Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

For more information on the Group's credit facilities see note 4.2.

4.5 Financial income and expenses

Amounts in USD thousand

Financial income and expenses	2019	2018
Financial income		
Interest income	77	77
Foreign exchange gains	3 082	7 313
Other financial income	12 227	788
Total financial income	**15 386**	**8 178**
Financial expenses		
Interest expenses	(3)	(272)
Foreign exchange losses	(3 263)	(7 001)
Other financial expenses	(14 113)	(1 954)
Financial expenses	**(17 380)**	**(9 227)**

Other finance income primarily comprise gain fair value derivative, while other finance expense primarily comprise loss fair value on loans and interest of IFRS 16 leases.

4.6 Financial risk and capital management

The Group is exposed to a range of risks affecting its financial performance, including market risk (interest rate risk and foreign exchange risk), liquidity risk and credit risk. The Group seeks to minimise potential adverse effects of such risks through sound business practices. Currently no derivatives are used to hedge risk exposures, which are summarized below.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings and deposits.

Interest rate risk

The Group's interest bearing debt from Shareholder loan and The Development Corp Clinton County NY are all loans with a fixed interest rate, hence the Groups exposure to interest rate risk is limited.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

As the Group reports its consolidated results in USD, any change in exchange rates between USD and its subsidiaries' functional currencies, primarily with respect to changes in NOK, affects the consolidated financial statements when those subsidiaries are translated to USD for reporting purposes. The Group has a limited amount of loans and borrowings in other currencies than USD. The Group does not hedge currency exposure with financial instruments at the current time, but monitors the net exposure and may chose to use financial derivatives to manage this risk in the future.

Liquidity risk and Going concern assumption

In accordance with the Norwegian Accounting Act § 3-3a, we confirm that the financial statements have been prepared under the assumption of going concern. The Group is still in a commercial ramp-up phase with negative operating cash flow. During 2019, funding activities included shareholder loans, in total USD 19.6 million.

In December 2019, NTi shareholders approved funding of USD 5.0 million under a subordinated facility agreement and in January 2020, NTi shareholders approved funding of an added USD 5.0 million under an addendum to the subordinated facility agreement. The USD 10.0 million will enable NTi to meet its obligations through the first quarter of 2020.

A second addendum to the subordinated loan facility agreement is prepared, against which Lenders can make available up to USD 10.0 million, subject to approval in the general meeting in April 2020. In the absence of the COVID-19 impacts, Management believes NTi's present cash balance, funding and forecasted operating cash flows can enable the company operations to continue through June 2020. However, operating cash flow has been reduced as a consequence of measures taken related to the outbreak of a novel strain of coronavirus, COVID-19T, reference to Note 7.5. NTi has closed its New York Plattsburgh operations and placed most employees on temporary furlough until 19 April, or further notice. The Eggemoen-based operations will be closed by 1 April 2020, for at least the same period of time as the Plattsburgh-based operations remain closed. With the expected reduced activity level and decreased cash outflows as a result of the outbreak of the coronavirus, Management believes NTi's present cash balance, funding and forecasted operating cash flows can enable the company operations to continue through 2020. Although the outcome of such reduced activity level is uncertain.

In parallel, NTi has launched a financing process with J.P. Morgan contemplating convertible debt to raise funding that will enable the company to operate well into 2021. An outreach target list, strategy and draft term sheet have been developed and an outreach to financial sponsors and strategic parties is underway.

NTi is gradually moving from an R&D operation to a commercial business with manufacturing and sales of titanium components and of RPD™ equipment. The technology qualification process is making good progress and the Board of Directors believes that revenue and margins will increase significantly in the coming years. In the near-term, however, COVID-19 implications on the global economy present uncertainties that cannot be fully assessed or estimated relative to potential impacts on the Company's future business, revenues, financial condition and results of operations.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions.

Norsk Titanium is currently in a technology development stage but has accounts receivable at year end. The Group has currently few customers, which generally might imply a concentration of credit risk. However, major part of the limited revenues are related to governmental funding agreements and large firms in the aerospace industry with limited credit risk.

The company has not provided any guarantees for third parties liabilities. It is the management's opinion that there is no material credit risk connected to The Group's current assets. For an overview of the ageing of trade receivables, please refer to Note 2.7.

4.7 Equity and shareholders

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Groups' capital management is to ensure that it maintains a healthy cash flow to cover ongoing operations and maximise shareholder value over time.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may return capital to shareholders or issue new shares. Within net debt, the Group includes interest bearing loans and borrowings, less cash and cash deposits.

In order to achieve this overall objective, the Group’s capital management, amongst other things, aims to ensure that it meets financial covenants related to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest bearing loans and borrowing in the current or previous period. Reference is made to note 4.2 for disclosed information regarding interest bearing liabilities and financial covenants.

Amounts in USD thousand

Net debt	**31.12.2019**	**31.12.2018**
Interest bearing loans and borrowings	47 433	34 223
Less: cash and short-term deposits	(2 145)	(19 402)
Net debt	**45 288**	**14 821**
Equity	(37 052)	(1 969)
Capital and net debt	**8 237**	**12 852**
Gearing ratio	550%	115%
Equity ratio	(450%)	(15%)

Issued capital and reserves:

Share capital in Norsk Titanium AS at 12/31/2019	**Number of shares**	**Nominal Value**	**Balance Sheet**
At 31 December 2018	**498 212**	**464**	**464**
Issuance of share capital	0	0	0
At 31 December 2019	**498 212**	**464**	**464**

Each share have a nominal value of NOK 8. Included in ordinary shares outstanding, 10,498 treasury shares as of 31 December 2019 are included. All issued shares have equal voting rights and the right to receive dividend.

Dividend distribution to shareholders

The company has not paid dividend in 2019, and has proposed not to pay dividend for 2020.

4.7 Equity and shareholders (Continued)

Treasury shares

The background for having treasury shares is to facilitate that the company has sufficient holding of treasury shares for use in connection with inter alia employee share options and potential transactions with new investors. NTi has purchased 17 treasury shares during 2019, amounting to 0.0% of total shared capital.
NTi has also sold 800 treasury shares amounting to 0.2% of total shared capital.

The table below provides an overview of purchase and sale of treasury shares:

	Number of shares	Transaction value (USD thousand)
Number of treasury shares as of 1 January 2019	11 281	
Purchase 15 January 2019	12	6
Purchase 30 January 2019	5	3
Total purchases treasury shares 2019	**17**	**9**
Sale 20 August 2019	(800)	(114)
Total sales treasury shares 2019	**(800)**	**(114)**
Number of treasury shares as of 31 December 2019	**10 498**	

Ownership structure:

Main shareholders in Norsk Titanium AS as of 31 December 2019	Total shares	Ownership	Shareholding/ Voting
Norsk Titanium Cayman Ltd.	215 931	43.3 %	43.3 %
NTi Holding AS	92 687	18.6 %	18.6 %
Triangle Holdings L.P.	43 495	8.7 %	8.7 %
MB Precision Investment Holdings LLC	19 446	3.9 %	3.9 %
Disruptive Innovation Fund L.P.	16 667	3.3 %	3.3 %
Orchard International Inc.	13 011	2.6 %	2.6 %
RTI Europe Ltd.	12 691	2.5 %	2.5 %
Norsk Titanium AS (treasury shares)	10 498	2.1 %	2.1 %
Applied Ventures	8 699	1.7 %	1.7 %
MP Pensjon PK	7 911	1.6 %	1.6 %
Other shareholders	57 176	11.5 %	11.5 %
Total	**498 212**	**100%**	**100%**

Reconciliation of equity is shown in the statement of changes in equity.

At the end of the financial year, members of the Board and executive employees held shares in the parent company, representing the following ownership:

Ownership interests held by Board members and Group Management:	Ownership
Board of Directors:	
John Andersen - Chairman of the board*	0.00%
Bart Cornelus Gerardus van Aalst - member of the board	1.16%
Timothy Mark Routley Lintott - member of the board	0.52%
Total	**1.67%**

* Closely related parties control 18.6% of the shares through NTi Holding AS.

4.8 Share option plan

NTi has a share option programme for employees in the company divided into 13 programmes. As of 31 December 2019, 124 employees were included in the option programme and 3 non-employees were included in the option programme. On average the option vests after approximately 3.6 years. 33,149 of the options have vested of which 1,200 (the 2011-2013 program) do not have an expiration date. 26,209 vested options are part of LTI programs that vest over a 4 or 5 year schedule and have a 10 year expiration term. Lastly, 4,117 vested options in the 2014-2015 program have expiration date that has been extended to June 2020.

In the event of termination of employment the company has the right, but not an obligation, to repurchase all shares purchased by the employees.

The fair value of the options is set on the traded price at grant date and expensed over the vesting period. Options granted in 2019 was granted 01 January 2019. USD 1,841 thousand have been expensed as payroll and USD 29 thousand have been reversed from previously expensed as social security tax , net impact of USD 1,812 thousand.

Overview of outstanding options:

	Weighted average exercise price	Number of share options
Outstanding options as of 1 January 2018	378	44 741
Options granted	600	6 495
Options forfeited	593	428
Options exercised	146	800
Options expired	0	0
Outstanding options as of 31 December 2019	**0**	**50 008**
Exercisable at 31 December	405	33 149

* The weighted average share price at the date of exercise of these options was USD 600.

Assumptions used to determine fair value of the 13 option programs for the year ended 31 December 2019:

Option programs	Expected life of options	Exercise price USD	Number of share options
2011-2013 Program	3.0	46	1 200
2014-2015 Program	1.5	146	4 117
2015-LTI Program	3.0	400	19 080
2016-LTI Program	4.0	500	4 900
2017 LTI US/UK Program	5.0	600	1 045
2017 STI NO2020 Program	4.0	519	523
2017-STI NO2021 Program	5.0	530	631
2018 LTI Program	4.6	600	10 880
2018 STI NO 2021 Program	3.0	600	928
2018 STI US 2021 Program	3.0	600	209
2019 STI NO 2022 Program	3.0	600	1 124
2019 STI US 2022 Program	3.0	600	571
2019 LTI Program	5.0	600	4 800
Weighted average at 31.12.2019	**3.60**	**462**	**50 008**

Pricing model:
The fair value of the options has been calculated using the Black-Scholes-Merton option-pricing model for european options.

Share price on the grant date:
The share price is set to 77.3% of the valuation price on the grant date. The share price was reduced by a liquidity discount of 22.7%.

The strike price per option:
The strike price is the share price on the grant date.

Volatility:
The expected volatility is set to 50 % based on a peer group analysis at the grant date.

The term of the option:
The expected life of the share options are based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. It is assumed that 100 % of the employees will exercise the options.

Dividend:
The estimated dividend per share is NOK 0 per annum.

Risk-free interest rate:
The risk-free interest rate is set equal to the interest rate on government bonds during the term of the option approximately 2.5%.

The weighted average fair value of options granted during the year was USD 180.
The weighted average remaining contractual life for the share options outstanding as at 31 December 2019 was 3.6 years.

Share options held by Board members and Senior Management:	**Number of share options**	**% of total**
Board of Directors	13 500	27%
Senior Management including Board of Directors	27 400	55%

4.9 Loan from shareholders

During 2018, NTi entered into a USD 30 million loan agreement with selected shareholders. As part of the loan agreement, the Lenders have been granted warrants to puchase 60,000 shares. The loan may be extended from USD 30 million, up to a principal amount of USD 42.5 million. A subscription right of an addional 25,000 warrants will be granted related to the potential extension of the loan to USD 42.5 million. As of 31.12.2018 the loan was extended with a second tranche of USD 2.9 million and 5 309 subsribtion rights. The strike price of the options granted is equal to the market value of shares on the grant date. The duration of the loan can be extended from 36 months up to 54 months (i.e. 18 months extension) at NTi's discretion. The loan carries an interest at a fixed 14 % per annum in arrears, compounded quarterly. At the Maturity Date, the interest will be repaid in shares (payment-in-kind), subject to necessary corporate approvals, and otherwise in cash. In case of payment in shares, the share price shall be the lower of USD 600 per share and the share price of the last substantial equity issuance (i.e. a share issue of USD 50,000,000 or more).

During 2019, NTi extended the loan from 2018 from USD 32.9 million loan up to the principal amount of USD 42.5 million with selected shareholders. As part of the loan agreement, the Lenders have been granted warrants to puchase 13,422 shares. The strike price of the options granted is equal to the market value of shares on the grant date. The duration of the loan can be extended from 36 months up to 54 months (i.e. 18 months extension) at NTi's discretion. The loan carries an interest at a fixed 14 % per annum in arrears, compounded quarterly. The accrued interest shall be settled by converting to new shares in NTi.

NTi entered into a new loan agreement of USD 5 million in December 2019 with selected shareholders. The loan agreement may be extended with an additional amount up to USD 5 million. As a part of the USD 5 million loan agreement, the Lenders have been granted warrants to purchase 10,000 shares. A subscription right of an addional 10,000 warrants will be granted related to the potential extension of the loan to USD 10 million. The expiration date of the loan is equal to the loan agreement from September 2018. The loan carries an interest at a fixed 15 % per annum in arrears, compounded quarterly. The accrued interest shall be settled by converting to new shares in NTi. The first tranche of USD 2 million was utilized in December 2019 and 10,000 related warrents were granted.

The loan agreements contains several embedded derivatives. These components could be separated and accounted for separately. However, NTi has chosen the option in IFRS 9.4.3.5 not to separate the embedded derivatives, but instead account for the whole contract at fair value through profit and loss. Fair value of the warrants are calculated using a Black-Scholes-Merton option-pricing model (see input to pricing model below). The remaining part of the loan agreement is at initial recognition measured as the difference between the cash proceeds from the loan agreement fair value and the calculated value of the warrants.

Pricing model warrants:
The fair value of the warrants has been calculated using the Black-Scholes-Merton option-pricing model for European options.

Share price:
The share price is set to the fair value as of 31 December 2019.

The strike price per warrant:
The applied strike price USD 600 per share.

Volatility:
The expected volatility is set to 40% based on a peer group analysis as of 31 December 2019.

The term of the warrants:
The expected life of the warrants are based on historical data and current expectations and is not necessarily indicative of the exercise patterns that may occur. It is assumed that 100 % of the holders of the warrants will exercise the right to subscribe for shares.

Dividend:
The estimated dividend per share is NOK 0 per annum.

Risk-free interest rate:
The risk-free interest rate is set equal to the interest rate on government bonds during the term of the option approximately 1.69%.

4.10 Fair Value

Determination of fair value
The fair value of quoted financial assets classified as financial assets at fair value through profit or loss, or OCI is determined by reference to published price quotations in an active market. For unquoted financial assets the fair value has been estimated using a valuation technique based on assumptions that are not supported by observable market prices.

The following of the Group's financial instruments are not measured at fair value: cash and cash equivalents, accounts receivables, other current receivables and payables and bank loans.

The fair value of financial assets and liabilities recognised at their carrying amount is calculated as the present value of estimated cash flows discounted by the interest rate that applies to corresponding liabilities and assets at the end of the reporting period. This applies to:

Fair value hierarchy
The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For recurring measurements, transfers between the levels in the fair value hierarchy are evaluated when reassessing the categories of the financial instruments at the end of the period.

The following groups of financial instruments were measured at fair value as of 31.12.2019:

31.12.2019	Note	Total	markets (Level 1)	observable inputs (Level 2)	inputs (Level 3)
Liabilities measured at fair value:					
Derivative financial liabilities - Warrants	4.2	6 665	0	0	6 665
Debt instruments - Loan from shareholders	4.2	40 614	0	0	40 614
Total financial liabilities		**47 279**	**0**	**0**	**47 279**

Balance sheet as of 31.12.2019
During the reporting period there were no changes in the fair value measurement which caused transfers between level 1 and level 2, and no transfers to or from level 3. No changes in the fair value have been recognised in statement of comprehensive income.

Valuation technique
The valuation of financial instruments is done by the Groups finance department in cooperation with external advisor's. The valuation techniques used are individually adapted to each financial instrument and should take advantage of as much as possible of the available information in the market.

The valuation technique for financial instruments in level 3 are as follows:

Share option plan (level 3)
The fair value of the options has been calculated using the Black-Scholes-Merton option-pricing model for European options. For more information related the share option plan, se note 4.8.

Loan from shareholders (level 3)
Warrants and the residual value is based on level 3 valuation.
For more information related to the loan from shareholders, se note 4.2 and 4.9.

5.1 Taxes

Amounts in USD thousand	**2019**	**2018**
Current income tax expense:		
Tax payable	48	29
Change deferred tax/deferred tax assets	(92)	(243)
Adjustments in respect of current income tax of previous year	52	89
Total income tax expense	**7**	**(125)**

Tax payable	**2019**	**2018**
Profit before taxes	**(36 580)**	**(32 176)**
Permanent differences*	(1 566)	(878)
Change in temporary differences	499	3 119
Change in not recognized deferred tax assets	37 679	29 390
Tax basis	**33**	**(545)**
Current taxes according to statutory tax rate 23% (24% 2017)	7	(6 885)

Deferred tax liabilities (assets):	**2019**	**2018**
Property, plant and equipment	0	(570)
Other current assets	0	990
Losses carried forward (including tax credit)	(146 243)	(104 077)
Basis for deferred tax liabilities (assets):	**(146 243)**	**(103 658)**

Calculated deferred tax recognised in balance sheet	0	218
Calculated deferred tax assets	(34 561)	23 582
- Deferred tax assets not recognised	34 561	(23 456)
Deferred tax assets recognised in balance sheet	0	126
Net Deferred tax	**0**	**92**

The Group's operations are subject to income tax in various foreign jurisdictions. The statutory income tax rates vary from 19% to 22%, which results in a difference between the statutory income tax rate in Norway and the average tax rate applicable to the group. A reconciliation of the differences between the theoretical tax expense under the rate applicable in Norway and the actual tax expense is as follows:

Reconciliation of income tax expense	**2019**	**2018**
Profit before taxes	(36 580)	(32 177)
Tax expense (Norway tax rate)	(8 048)	(7 401)
Permanent differences*	(344)	(189)
Effects of foreign tax rates	207	356
Effects of changes in tax rate**	0	16
Effect of deferred tax asset not recognised	8 637	6 833
Adjustments in respect of current income tax of previous years	52	89
Other changes	(497)	169
Recognised income tax expense	7	(125)

* Permanent differences is related to "Skattefunn", costs related to capital increase, grants and non-deductible costs.

** The corporate tax rate in Norway was 23% in 2018 and is 22% from 2019. The United States changed the corporate tax rate from 35% in 2017 to 21% in 2018.

The Group has USD 146,243 thousand (2018: USD 104,077 thousand) of tax losses carried forward. These losses relate to a history of losses, do not expire, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by USD 34,989 thousand.

6.1 Interests in other Entities

The Group's interests in subsidiaries are presented below:

Amounts in USD thousand

Consolidated entities	Office	CUR	Date of acquisition	Shareholding	Group's voting ownership share
Shares in Norsk Titanium Equipment AS	Norway	NOK	2015/11/09	100%	100%
Shares in NTi MH AS	Norway	NOK	2015/07/10	100%	100%
Shares in Norsk Titanium US Inc.	US	USD	2015/07/07	100%	100%
Shares in Norsk Titanium Services Ltd.	UK	GBP	2016/12/01	100%	100%
Shares in NTi Equipment Leasing (US) One LLC	US	USD	2018/10/09	100%	100%

Norsk Titanium Equipment AS was established in 2015 and is the group's equipment sale company. NTi MH AS was established in 2015 and is the group's holding company for manufacturing subsidiaries. Norsk Titanium US Inc. was established in 2015 and is the group's company for US manufacturing. Norsk Titanium Services Ltd. was established in 2016. The company provides services to the group. NTi Equipment Leasing (US) One LLC is the Group's equipment leasing company. Norsk Titanium US Inc. and Norsk Titanium UK Services Ltd. have been financed with loans from Norsk Titanium AS.

All subsidiaries are included in the consolidated statement of financial position.

To comply with the audit exemption for UK subsidiary companies under section 479A of the Companies Act, the Parent company Norsk Titanium AS guarantees all outstanding liabilities of Norsk Titanium Services Ltd. for the year ended 31 December 2019.

7.1 Provisions and other liabilities

Amounts in USD thousand

Other current liabilities	31.12.2019	31.12.2018
Short-term lease liabilities	863	-
Accrued bonus	2 159	1 207
Unpaid holiday pay	647	606
Other accrued costs	972	2 845
Total other current liabilities	**4 641**	**4 658**

7.2 Commitments and contingencies

Amounts in USD thousand

Other contractual obligations* (non-cancellable)	2020	Matures within 1 year	Matures 2-5 years	Matures more than 5 years	Total
Contractual purchase obligations**	1 640	1 640	0	0	**3 280**
Total non-cancellable contractual obligations	**1 640**	**1 640**	0	0	**3 280**

*For non cancelable operating leases, reference is made to Note 7.3.

** Purchase agreements for the building of the remaining 2 RPD machines. The RPD machines are funded under the Master Equipment Purchase Agreement with FSMC, where NTi shall build and sell 12 RPD machines to FSMC. The remaining 2 RPD machines commited to FSMC are subject to separate purchase agreements. The Group has committed itself to hiring a total of 383 employees during the 10 years period, see Note 1.2.

Assets pledged as security and guarantee liabilities
For assets pledged as security and guarantee liabilities, reference is made to note 4.2.

Contingent assets and liabilities
The Group has no contingent assets that meet the criteria for disclosure.

NTi AS has been in litigation with Clark Street Associates (CSA) since January 2018. The claim is in relation to a consulting agreement entered between the parties in 2014, pursuant to which CSA was to provide consulting services to NTi. CSA is seeking damages of up to USD 12.05 million.

The claim did not settle and the parties proceeded to a trial which took place in late 2019. A judgement is expected in 2020. While the Company awaits a judgement, a wide range of possible outcomes exists. As a consequence, it is not possible to evaluate what if any, payment the Company will ultimately be obligated to pay and, if any such amounts do become payable, at what time that would occur given the wide range of possible outcomes. No contingent liability has been recorded in the financial statement as of 31.12.2019.

7.3 Leases

Amounts in USD thousand

Right-of-use assets	Buildings	Machinery and equipment	Other equipment	Total
Acquisition cost 1 January 2019	**2 172**	**150**	**23**	**2 346**
Addition of right-of-use assets			27	**27**
Disposals				**0**
Transfers and reclassifications				**0**
Adjustments		22		**22**
Currency exchange differences	(12)			**-12**
Acquisition cost 31 December 2019	**2 160**	**172**	**50**	**2 382**
Accumulated depreciation and impairment 1 January 2019				
Depreciation	707	67	10	**785**
Impairment losses in the period	1	0	0	**1**
Disposals				**0**
Transfers and reclassifications				**0**
Currency exchange differences	(4)			**-4**
Accumulated depreciation and impairment 31 December 20	**704**	**67**	**10**	**781**
Carrying amount right-of-use assets 31 December 2019	**1 457**	**105**	**39**	**1 601**
Lower of remaining lease term or economic life	1-10 years	1-4 years	1-3 years	
Depreciation method	Linear	Linear	Linear	

Lease liabilities

Undiscounted lease liabilities and maturity of cash outflows	Total
Less than 1 year	(899)
1-2 years	(732)
2-3 years	(260)
3-4 years	(3)
4-5 years	0
More than 5 years	0
Total undiscounted lease liabilities at 31 December 2019	**(1 894)**

Summary of the lease liabilities	Total
At initial application 01.01.2019	2 346
New lease liabilities recognised in the year	23
Adjustments	22
Cash payments for the principal portion of the lease liability	(671)
Cash payments for the interest portion of the lease liability	(236)
Interest expense on lease liabilities	236
Currency exchange differences	(13)
Total lease liabilities at 31 December 2019	**1 706**
Current lease liabilities	863
Non-current lease liabilities	843
Total cash outflows for leases	908

Summary of other lease expenses recognised in	Total
Variable lease payments expensed in the period	**0**
Operating expenses in the period related to short-term leases (including short-term low value assets)	**209 619**
Operating expenses in the period related to low value assets (excluding short-term leases included above)	**3 043**
Total lease expenses included in other operating expenses	**212 662**

7.4 Related party transactions

Related parties are Group companies, major shareholders, board and senior management in the parent company and the group subsidiaries. Note 6.1 provides information about the Group’s structure, including details of the subsidiaries and the holding company. Management and board remuneration is disclosed in note 2.5.

All transactions within the Group or with other related parties are based on the principle of arm's length.

The following table provides the total amount of transactions that have been entered into with related parties (outside the Group) for the relevant financial year:

Amounts in USD thousand

Related party transactions	Relationship	Amounts owed to related parties
Triangle Holdings L.P.	Shareholder	15 000
Norsk Titanium Cayman Ltd.	Shareholder	13 504
NTi Holding AS	Shareholder	13 100

The amounts owed to related parties reflect nominal value of shareholder loans. Note 4.9 provides information about the shareholder loans. The second tranche of the shareholder loan in 2018 of USD 2.9 million include participion from the board and senior management.

7.5 Events after the reporting period

In December 2019, NTi shareholders approved funding of USD 5.0 million under a subordinated facility agreement and in January 2020, NTi shareholders approved funding of an added USD 5.0 million under an addendum to the subordinated facility agreement. A second addendum to the subordinated loan facility agreement is prepared, against which Lenders can make available up to USD 10.0 million, subject to approval in the general meeting in April 2020.

The outbreak of a novel strain of coronavirus, COVID-19, has severely restricted the level of activity around the world. The governments of many countries, states, cities and other geographic regions have taken preventative or protective actions. These actions have expanded significantly in the past several weeks and are expected to continue to expand in scope, type and impact.

The United States, State of New York and Norwegian government actions have directly impacted the Company's business. On 12 March 2020, Norway invoked emergency powers to close a wide range of public and private institutions. The State of New York’s directed that 100% of the workforce (excluding essential services) must stay home beginning 22 March 2020; consequently, the Company has closed its New York Plattsburgh operations and placed most employees on temporary furlough until 19 April, or further notice. Because the Company cannot efficiently operate the Norway activities alone, it will close its Eggemoen-based operations by 1 April 2020, for at least the same period of time as the Plattsburgh-based operations remain closed.

The foregoing actions will affect the Company's ability to meet its customer and supplier commitments but not have a material impact on the Company’s short-term financial results as the reduced spending will more than offset revenue impacts.

The Company intends to resume business and continuing fulfilling customer commitments after Government restrictions are lifted. However, the aforementioned uncertainties may result in: delays or modifications to these plans, ability of suppliers to operate, increases to operating costs, and availability of employees following temporary furloughs. These effects may negatively impact the Company's ability to meet its customer commitments.

For the reasons set forth above and other reasons that may come to light if this coronavirus outbreak and any associated protective or preventative measures expand, as of the date hereof, the Company cannot reasonably estimate the impact to its business, revenues, financial condition or results of operations; however, such impact could be significantly negative.

8.1 Changes in IFRS standards and interpretations

Changes in account principles and disclosure requirements

New and amended accounting standards and interpretations issued by the IASB may affect the Group's future financial reporting. The Group has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

The Consolidated Financial Statements for 2019 are based on the accounting standards applicable for annual periods beginning 1 January 2019. The following new and amended accounting standards and interpretations were first applied in 2019:

IFRS 16 *Leases*

IFRS 16 was issued in January 2016 and it replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet mode. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. IFRS 16 also requires entities to provide more extensive lease disclosures.

Transition to IFRS 16

The Group has adopted IFRS 16 from 1 January 1 2019 applying the modified retrospective method. The Group has elected to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4. The Group has therefore not applied the standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4. Furthermore, the Group has elected to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value (below USD 5 000). The Group has also elected to exclude any initial direct costs from the measurement of the right-of-use asset.

NTi has previously classified leases as operating or finance leases based on an assessment of whether the arrangement and related transactions transferred significantly all of the risks and rewards of ownership of the underlying asset to NTi. All of NTi's leases were previously classified as operating leases under IAS 17 and related amendments. For leases previously classified as operating leases and applying the modified retrospective approach NTi is required to recognize a lease liability at the date of initial application and measure that lease liability at the present value of the remaining lease payments, discounted using NTi's incremental borrowing rate at the date of initial application. The right of use asset is measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

On transition to IFRS 16, the Group recognised USD 2.3 million in right-of-use assets and USD 2.3 million as lease liabilities.

The impact on the date of initial application is further presented below:

Reconciliation of lease commitments to lease liabilities	**01.01.2019**
Finance lease liabilities at 31 December 2018	
+/- Sublease reclassifications and short-term lease exemptions	
Non-cancellable operating lease commitments at 31 December 2018	**2 282**
+/- Sublease reclassifications	**0**
+ Extension options reasonably certain to be exercised	**277**
- Termination options reasonably certain to be exercised	**0**
- Practical expedient related to short-term leases	**209**
- Practical expedient related to low-value leases	**3**
- Residual value guarantees	
- Discounting using the incremental borrowing rate	
Lease liabilities recognised at initial application	**2 345**
The weighted average incremental borrowing rate applied:	12.11%
Right-of-use assets recognised at initial application	**2 345**
Amount recognised in retained earnings at initial application	**0**

In addition to IFRS 16, several amendments to IFRS have been implemented for the first time in 2019. The amendments did not have any material impact for the Group. In addition, several amendments to IFRS are issued up to the date of issuance of the consolidated financial statements but are not yet effective. The impact of applying the amendments is not expected to have a material impact on the Company's financial performance and financial position.

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Revenue from sale of goods

The Group recognises revenue from the sale of goods at the point in time when control of the goods or servicesare transferred to the customer. Control of an asset refers to the ability to direct the use of and obtain substantially all of the remaining benefits from the asset, and the ability to prevent others from directing the use of and receiving the benefits from the asset. Revenue is generally recognised on delivery of the goods or services.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components and consideration payable to the customer (if any).

Sale of PPE

Revenue from sale of property, plant and equipment items is presented net of the carrying amount at the time of sale.

Interest income

For all financial instruments measured at amortized cost and interest-bearing financial assets classified as AFS, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit or loss.

Dividends

Revenue is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except:

When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

VAT

Expenses and assets are recognized net of the amount of sales tax, except: When vat incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable. When receivables and payables are stated with the amount of vat included. The net amount of vat recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

Patents and licences

The Group made upfront payments to purchase patents and licences. Amounts paid for patents and licences are capitalised and amortised in a straight line over the expected useful life.

Property, plant and equipment

Construction in progress, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

- Machinery and equiptment 5-20 years

- Furniture and vehicles 5 years

- Buildings and IT 5 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Leases

Identifying a lease
At the inception of a contract, The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

Separating components in the lease contract
For contracts that constitute, or contain a lease, the Group separates lease components if it benefits from the use of each underlying asset either on its own or together with other resources that are readily available, and the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract. The Group then accounts for each lease component within the contract as a lease separately from non-lease components of the contract.

Recognition of leases and exemptions
At the lease commencement date, the Group recognises a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the exemptions for short-term leases (defined as 12 months or less) and low value assets.

For these leases, the Group recognises the lease payments as other operating expenses in the statement of profit or loss when they incur.

Lease liabilities
The lease liability is recognised at the commencement date of the lease. The Group measures the lease liability at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The lease term represents the non-cancellable period of the lease, together with periods covered by an option either to extend or to terminate the lease when the Group is reasonably certain to exercise this option.

The lease payments included in the measurement comprise of:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- Amount expected to be payable by the Group under residual value guarantees
- The exercise price of a purchase option, if the Group is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate.

The Group does not include variable lease payments in the lease liability. Instead, the Group recognises these variable lease expenses in profit or loss.
The Group presents its lease liabilities as separate line items in the statement of financial position.

Right-of-use assets
The Group measures the right-of use asset at cost, less any accumulated depreciation and impairment losses, adjusted for any remeasurement of lease liabilities. The cost of the right-of-use asset comprise:

- The amount of the initial measurement of the lease liability recognised
- Any lease payments made at or before the commencement date, less any incentives received

- Any initial direct costs incurred by the Group. An estimate of the costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The Group applies the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right-of-use asset, except that the right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset.
The Group applies IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset. When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

Inventories

Inventories are valued at the lower of cost and net realizable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

Raw materials: purchase cost on a first-in/first-out basis. Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Initial cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognized in OCI, in respect of the purchases of raw materials. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Trade Receivables

Trade receivables are recognized at their cost minus any write-downs.

Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Statement of cash flows

The company presents the statement of cash flow using the indirect method. Cash inflows and cash outflows are shown separately for investing and financing activities, while operating activities include both cash and non-cash items. Value added tax and other similar taxes are regarded as collection of tax on behalf of authorities and are reported net.

Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in the share premium. Share options exercised during the reporting period are satisfied with treasury shares.

Pensions and other post-employment benefits

The Group operates a defined contribution pension plan in Norway, which requires contributions to be made to a separately administered fund. Contributions have been made to the pension plan for full-time. The pension premiums are charged to expenses as they are incurred.

Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments.

This program is measured at fair value at the date of the grant. The fair value at the grant date is expensed over the vesting period, based on the Company's estimate of the shares that will eventually vest, adjusted for the effect of non market-based vesting conditions.

The fair value share based program is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioral considerations.

Social security tax on options is recorded as a liability and is recognised over the estimated vesting period.

Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities and assets

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Financial assets within the scope of IFRS 9 are classified in the following categories:

- Financial assets at amortised cost

- Financial assets at fair value through OCI with recycling of cumulative gains and losses

- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition

- Financial assets at fair value through profit or loss

The classification is dependent on the type of instrument and the purpose for which the investments were acquired or originated. In order for a financial asset to be classified and measured at amortised cost or at fair value through OCI with recycling, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at amortized cost: Trade receivables and other current receivables

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are regarded as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also regarded as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables, derivatives designated as hedging instruments in an effective hedge, as appropriate, or as derivatives at fair value through profit or loss. Derivatives are financial liabilities when the fair value is negative, accounted for similarly as derivatives as assets.

Loans, borrowings and payables

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Payables are measured at their nominal amount when the effect of discounting is not material.

Loans and borrowings: Includes most of the Group's financial liabilities including debt to credit institutions, accounts payable and other current and non-current liabilities.

Derivatives embedded in a hybrid contract

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

De-recognition of financial instruments

A financial asset is derecognized when the rights to receive cash flows from the asset have expired; or the Company has transferred its rights to receive cash flows from the asset and either (i) the Company has transferred substantially all the risks and rewards relating to the instrument, or (ii) the Company has neither transferred nor retained substantially all the risks and rewards relating to the instrument, but has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, this is treated as derecognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Cash flows

The consolidated statements of cash flows are prepared using the indirect method. Cash flows in foreign currencies have been translated into NOK using the exchange rate at the cash flow date.

Parent company statement of profit and loss

For the years ended 31 December

NOK 1000	Notes	2019	2018
Revenue	2,19	4 046	61 021
Other income	3	0	2 828
Total revenues and other income		**4 046**	**63 849**
Raw materials and consumable used		(25 343)	(29 682)
Employee benefits expense	5	(62 965)	(62 437)
Other operating expenses	6	(60 802)	(74 971)
Depreciation and amortisation	9,1	(18 361)	(18 346)
Impairment of intangible assets	10	(6 494)	0
Operating profit		**(169 919)**	**(121 586)**
Financial income	13	75 873	56 231
Financial expenses	13	(73 347)	(54 035)
Profit or loss before tax		**(167 393)**	**(119 390)**
Income tax expense	16	(2 218)	1 986
Profit or loss for the year		**(169 611)**	**(117 404)**
Transfers and allocations			
Transferred to / (from) other equity	14	(169 611)	(117 404)
Total transfers and allocations		**(169 611)**	**(117 404)**

Parent company statement of financial position

For the years ended 31 December

NOK 1000	Notes	31.12.2019	31.12.2018
ASSETS			
Non-current assets			
Deferred tax asset	16	905	3 123
Property, plant and equipment	9	37 125	51 177
Intangible assets	10	81 083	90 901
Investments in subsidiaries	17	35 873	24 926
Long term loan to subsidiary	19	525 847	386 172
Total non-current assets		**680 833**	**556 299**
Current assets			
Inventories	4	8 408	12 203
Trade receivables	7,19	1 646	2 204
Other current assets	7,19	19 319	30 874
Cash and cash equivalents	12	14 545	120 116
Total current assets		**43 918**	**165 397**
TOTAL ASSETS		**724 752**	**721 696**
EQUITY AND LIABILITIES			
Equity			
Share capital	14	3 986	3 986
Share premium	14	788 039	788 039
Treasury shares	14	(84)	(90)
Other capital reserves	14	(25 423)	16 051
Other equity	14	(576 152)	(461 584)
Total equity		**190 367**	**346 402**
Non-current liabilities			
Interest bearing debt	11	448 225	291 985
Intercompany debt	19	33 329	0
Total non-current liabilities		**481 553**	**291 985**
Current liabilities			
Trade and other payables	8,19	10 508	24 894
Interest bearing debt - Short term	11	110	4 100
Other current liabilities	18, 20	42 213	54 315
Total current liabilities		**52 832**	**83 309**
Total liabilities		**534 385**	**375 294**
TOTAL EQUITY AND LIABILITIES		**724 752**	**721 696**

Eggemoen, March 25, 2020

John Andersen
Chairman of the Board

Timothy Mark Routley Lintott
Member of the Board

Bart Cornelus Gerardus Van Aalst
Member of the Board

Shan-E-Abbas Ashary
Member of the Board

Jeremy Francis Barnes
Member of the Board

Michael James Canario
Member of the Board

Parent company statement of cash flows

For the years ended 31 December

Cash flows from operating activities	Notes	2019	2018
Profit before tax		**(167 393)**	**(119 390)**
Depreciation and amortisation	9,10	18 361	18 346
Impairment of intangible assets	10	6 494	0
Net financial income/expense included in financing activities	13	(2 526)	(2 196)
Elements without cash effect	19	14 837	3 686
Working capital adjustment:			
Changes in inventories	4	3 794	461
Changes in trade and other receivables	7	558	9 702
Changes in other current assets	7	11 554	68 112
Changes in trade and other payables	8	(14 385)	(49 310)
Changes in other current liabilities	18	(12 101)	17 272
Net cash flows from operating activities		**(140 807)**	**(53 318)**
Cash flows from investing activities			
Net purchase of property, plant and equipment	9	(1 086)	(3 661)
Investment in intangible assets	10	(1 371)	(2 729)
Interest recieved	13	697	8 852
Investment in loans to subsidiaries	19	(66 413)	(202 832)
Net cash flow from investing activities		**(68 173)**	**(200 370)**
Cash flow from financing activities			
Proceeds from issuance of share capital	14	0	38 632
Sale of treasury shares	14	1 029	8 928
Proceeds/repayment of debt	11	102 441	271 591
Net interests paid	13	(61)	(10 864)
Net cash flow from financing activities		**103 409**	**308 286**
Net change in cash and cash equivalents		(105 571)	54 599
Cash and cash equivalents, beginning of period		120 116	65 518
Cash and cash equivalents, end of period		**14 545**	**120 116**

Notes to the Parent company financial statements

1. General information and accounting policies

The separate financial statements for Norsk Titanium AS has been prepared in accordance with the Norwegian Accounting Act of 1988 and generally accepted accounting principles in Norway.

Use of estimates
The management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses and information on potential liabilities in accordance with generally accepted accounting principles in Norway

Foreign currency translation
Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into NOK using the exchange rate applicable on the balance sheet date. Non-monetary items that are measured at their historical price expressed in a foreign currency are translated into NOK using the exchange rate applicable on the transaction date. Non-monetary items that are measured at their fair value expressed in a foreign currency are translated at the exchange rate applicable on the balance sheet date. Changes to exchange rates are recognised in the income statement as they occur during the accounting period.

Revenue recognition
Revenues from the sale of goods are recognised in the income statement once delivery has taken place and most of the risk and return has been transferred.

Revenues from the sale of services and long-term manufacturing projects are recognised in the income statement according to the project's level of completion provided the outcome of the transaction can be estimated reliably. Progress is measured as the number of hours spent compared to the total number of hours estimated. When the outcome of the transaction cannot be estimated reliably, only revenues equal to the project costs that have been incurred will be recognised as revenue. The total estimated loss on a contract will be recognised in the income statement during the period when it is identified that a project will generate a loss.

Income tax
The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax is calculated as 22 percent of temporary differences and the tax effect of tax losses carried forward. Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilized. Taxes payable and deferred taxes are recognised directly in equity to the extent that they relate to equity transactions.

Balance sheet classification
Current assets and short term liabilities consist of receivables and payables due within one year, and items related to the inventory cycle. Other balance sheet items are classified as fixed assets / long term liabilities.
Current assets are valued at the lower of cost and fair value. Short term liabilities are recognized at nominal value.
Fixed assets are valued at cost, less depreciation and impairment losses. Long term liabilities are recognized at nominal value.

Research and development
Development costs are capitalized providing that a future economic benefit associated with development of the intangible asset can be established and costs can be measured reliably. Otherwise, the costs are expensed as incurred. Capitalized development costs is amortized linearly over its useful life. Research costs are expensed as incurred.

Property, plant and equipment
Property, plant and equipment is capitalized and depreciated linearly over the estimated useful life. Significant fixed assets which consist of substantial components with dissimilar economic life have been unbundled; depreciation of each component is based on the economic life of the component. Costs for maintenance are expensed as incurred, whereas costs for improving and upgrading property plant and equipment are added to the acquisition cost and depreciated with the related asset. If carrying value of a non-current asset exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the greater of the net realisable value and value in use. In assessing value in use, the discounted estimated future cash flows from the asset are discounted are used.

1. General information and accounting policies (Continued)

Subsidiaries and investment in associates
Subsidiaries and investments in associates are valued at cost in the company accounts. The investment is valued as cost of the shares in the subsidiary, less any impairment losses An impairment loss is recognised if the impairment is not considered temporary, in accordance with generally accepted accounting principles. Impairment losses are reversed if the reason for the impairment loss disappears in a lather period.
Dividends, group contributions and other distributions from subsidiaries are recognised in the same year as they are recognised in the financial statement of the provider. If dividends / group contribution exceed withheld profits after the acquisition date, the excess amount represents repayment of invested capital, and the distribution will be deducted from the recorded value of the acquisition in the balance sheet for the parent company.

Inventories
Inventories are recognised at the lowest of cost and net selling price. The net selling price is the estimated selling price in the case of ordinary operations minus the estimated completion, marketing and distribution costs. The cost is arrived at using the FIFO method and includes the costs incurred in acquiring the goods and the costs of bringing the goods to their current state and location.

Trade and other receivables
Accounts receivable and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful accounts. Provisions for doubtful accounts are based on an individual assessment of the different receivables. For the remaining receivables, a general provision is estimated based on expected loss.

Short term investments
Short term investments (stocks and shares seen as current assets) are valued at the lower of acquisition cost and fair value at the balance sheet date. Dividends and other distributions are recognized as other financial income.

Cash flow statement
The cash flow statement is presented using the indirect method. Cash and cash equivalents includes cash, bank deposits and other short term, highly liquid investments with maturities of three months or less.

Share based payment
Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the assumptions and models used for estimating the fair value are disclosed in note 4.8 in the consolidated financial statements.

Treasury shares
Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in the share premium. Share options exercised during the reporting period are satisfied with treasury shares.

Pensions and other post-employment benefits
The Company has a defined contribution pension plan in Norway, which requires contributions to be made to a separately administered fund. Contributions have been made to the pension plan for full-time. The pension premiums are charged to expenses as they are incurred.

Government grants
Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset. When the Company receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

2. Revenues

Amounts in NOK thousand

Revenues	2019	2018
Sale of goods and services	4 046	61 021
Total revenues	**4 046**	**61 021**

Geographic information	2019	2018
Norway	3 838	56 181
Europe	0	(19)
USA	208	4 858
Total revenues	**4 046**	**61 021**

3. Government grants

Amounts in NOK thousand

Other income	2019	2018
Award from International Titanium Association	0	169
Grants from Amaze	0	(241)
Grants from European Society of Anaesthesiology (ESA)	0	2 901
Total other income	**0**	**2 828**

Amounts in NOK thousand

Skattefunn	2019	2018
Employee benefits expense	0	3 252
Raw materials and consumable	0	1 002
Other operating expenses	0	246
Total cost reduction from SkatteFUNN	0	**4 500**

The company did not receive any government grants in 2019.

4. Inventories

Amounts in NOK thousand

Inventories	31.12.2019	31.12.2018
Raw materials	6 065	9 938
Work in progress	2 344	2 204
Finished goods	0	60
Total inventories	**8 408**	**12 203**

Work in progress consist of manufacturing of production machines, for own or external use, in addition to titanium components in progress. Inventories consists of wire, argon and substrate for production of titanium components as well as spare parts for production machines.

5. Employee benefit expenses

Amounts in NOK thousand

Employee benefit expenses	**2019**	**2018**
Salaries and holiday pay	44 762	45 327
Social security tax	8 083	8 310
Pension costs defined contribution plans	4 533	3 743
Cost of share-based payment	4 340	419
Other personnel costs	1 248	4 639
Total payroll and related costs	**62 965**	**62 437**
Full Time equivalent Employees as of 31.12	80	80

Pensions

The Norwegian companies in the Group are obligated to keep an occupational pension scheme pursuant to the Norwegian Mandatory Occupational Pensions Act. The Group's pension scheme satisfies these requirements.

Contributions are paid to pension insurance plans and charged to the income statement in the period to which the contributions relate. Once the contributions have been paid, there are no further payment obligations.

Management and board remuneration

Amounts in NOK thousand

Remuneration to management in 2019	**Salary**	**Performance- related bonus**	**Other remuneration**	**Sum remuneration**
CEO	3 962	3 962	0	**7 923**

Benefits to the CEO
Executive management takes part in the general pension scheme described above. For further information regarding compensation of key management, loans to employees and pensions, see note 2.4 in the consolidated financial statements.

The CEO is employed in the 100% owned subsidiary Norsk Titanium US, and the remuneration to the CEO is partly charged to the parent company Norsk Titanium AS.

Remuneration to Board members in 2019	
Board of Directors	**0**

At the end of the financial year, members of the Board and executive employees held shares in the parent company, Norsk Titanium AS. Reference is made to note 4.7 in the consolidated financial statements for disclosures on shareholdings.

6. Other operating expenses

Amounts in NOK thousand

Other operating expenses	**2018**	**2018**
Professional services	29 934	24 730
Travel expenses	1 694	3 993
Rental and leasing expenses	2 826	4 471
Other operating expenses	26 347	41 777
Total other operating expenses	**60 802**	**74 971**

Auditor related fees	**2019**	**2018**
Statutory audit	1 492	1 384
Other assurance services	118	94
Tax consultant services	62	182
Total remuneration to the auditor	**1 671**	**1 660**

Audit fee:
The amounts above are excluding VAT.

7. Trade receivables and other current assets

Amounts in NOK thousand

Trade receivables	**31.12.2019**	**31.12.2018**
Receivable to external parties	1 646	2 204
Total trade receivables	**1 646**	**2 204**

No provision for bad debt has been recognised in 2019 or 2018.

Other current assets	**31.12.2019**	**31.12.2018**
Earned not invoiced revenue	0	0
Pre-payments	936	1 408
Charges to subsidiaries, not invoiced	0	5 077
Deposits	966	965
VAT	2 153	1 993
Other receivables	15 265	4 861
Group contribution	0	16 569
Total other receivables	**19 319**	**30 874**

8. Trade and other payables

Amounts in NOK thousand

Trade and other payables	**31.12.2018**	**31.12.2018**
Accounts payable to related parties	0	10 135
Accounts payable	10 508	10 016
Withholding payroll taxes and social security	0	4 743
VAT	0	0
Total trade and other payables	**10 508**	**24 894**

9. Property, plant and equipment

Amounts in NOK thousand	Machinery and equipment	Furniture and vehicles	Buildings, IT	Total
Acquisition cost 31.12.2018	**75 154**	**3 260**	**9 241**	**87 655**
Additions	1 061	24	0	1 086
Disposals	0	0	0	0
Acquisition cost 31.12.2019	**76 216**	**3 284**	**9 241**	**88 741**
Accumulated depreciation and impairment 1.1.2019	**33 568**	**1 404**	**1 507**	**36 479**
Depreciation for the year	6 148	814	1 680	8 643
Impairment for the year	6 494	0	0	6 494
Accumulated depreciation and impairment 31.12.2019	**46 211**	**2 218**	**3 187**	**51 616**
Carrying amount 1.1.2019	**41 586**	**1 856**	**7 734**	**51 176**
Carrying amount 31.12.2019	**30 005**	**1 066**	**6 054**	**37 125**
Economic life	5-20 years	5 years	5 years	
Depreciation plan	linear	linear	linear	

Impairment of Property, plant and equipment

An impairment loss of NOK 6 494 thousand was recognised as Impairment of machinery and equipment in the consolidated statement of comprehensive income in 2019. Additionally, property, plant and equipment in the Consolidated statement of financial position has been written down by the same amount.

The impairment loss was related to a previous generation of the RPDTM machine. The third-generation machine (P01) has been in use for experiments, prototyping and technology development. The functionality will be replaced by a new G4 Large RPDTMmachine, which is under developement.

10. Intangible assets

Amounts in NOK thousand

Intangible assets	Development costs	Other intangible assets	Total
Acquisition cost 1.1.2019	**103 431**	**12 315**	**115 746**
Additions	0	1 371	1 371
Acquisition cost 31.12.2019	**103 431**	**13 686**	**117 117**
Accumulated amortisation and impairment 1.1.2019	**21 739**	**3 105**	**24 844**
Amortisation for the year	9 728	1 462	11 189
Impairment for the year		0	0
Accumulated amortisation and impairment 31.12.2019	**31 467**	**4 567**	**36 034**
Carrying amount 1.1.2019	**81 692**	**9 210**	**90 902**
Carrying amount 31.12.2019	**71 964**	**9 119**	**81 083**
Economic life	10 years	3-10 years	
Amortisation plan	Straight-line	Straight-line	

Impairment of intangible assets
No impairment loss is recognised as impairment of intangible assets in the financial statements in 2018 and 2019.

Other intangible assets
Other intangible assets consist of software and aquired patents.

Reference to note 3.2 in the consolidated financial statements for further information on research and development.

11. Interest bearing debt

Amounts in NOK thousand

Interest bearing loans and borrowings	**31.12.2019**	**31.12.2018**
Non-current Interest bearing debt	448 225	291 985
Current portion of interest bearing debt	0	0
Total Interest bearing loans and borrowings	**448 225**	**291 985**

Interest bearing debt consists of shareholder loans. Reference to note 4.2 in the consolidated financial statements for additional disclosures related to the loan.

12. Cash and cash equivalents

Amounts in NOK thousand

Cash and cash equivalents	**31.12.2019**	**31.12.2018**
Bank deposits, unrestricted	12 229	117 474
Bank deposits, restricted*	2 316	2 642
Total cash and cash equivalents	**14 545**	**120 116**

* Restricted bank deposits relates to cash for withholding taxes which may not be used for other purposes.

13. Financial income and expenses

Amounts in NOK thousand

Financial income and expenses	**2019**	**2018**
Financial income		
Interest income	53 180	8 852
Foreign exchange gains	18 580	27 903
Group contribution	4 114	19 476
Total financial income	**75 873**	**56 231**
Financial expenses		
Interest expenses	(49 140)	(10 864)
Foreign exchange losses	(21 816)	(38 735)
Other financial expenses	(2 391)	(4 436)
Financial expenses	**(73 347)**	**(54 035)**

14. Equity and shareholders

Amounts in NOK thousand	Share capital	Share premium	Treasury shares	Other paid in capital	Other equity	Total equity
Balance as of 31 December 2018	**3 986**	**788 039**	**(90)**	**16 050**	**(461 583)**	**346 402**
Correction of prior year misstatements						0
Profit (loss) for the year					(169 611)	(169 611)
Issue of share capital						0
Sales of treasury shares			6		1 023	1 029
Shared-based payment					12 547	12 547
Balance as of 31 December 2019	**3 986**	**788 039**	**(84)**	**16 050**	**(617 625)**	**190 367**

For further information regarding share capital, shareholders, treasury shares and shares owned by the board and executive employees, see note 4.7 in the consolidated financial statements.

15. Share option plan

Reference to note 4.8 in the consolidated financial statements for information related to the Company's option program vesting and number of vested options, total outstanding options, number of options granted, forfeited and excercised in the year, weighted average strike price and assumptions used to compute fair value of the options granted.

The fair value of the options is set on the traded price at grant date and expensed over the vesting period. NOK 12,547 thousand and NOK 3,542 thousand have been expensed as payroll and social security tax respectively.

The weighted average fair value of the 6,795 options granted during the year was NOK 1,555. The weighted average share price at the date of the 800 exercised options were NOK 1,286.

Reference to note 4.8 for disclosures on share options held by management and the board of directors in the Company.

16. Taxes

Amounts in NOK thousand	2019	2018
Current income tax expense:		
Tax payable	0	0
Change deferred tax/deferred tax assets	2 218	(1 986)
Total income tax expense	**2 218**	**(1 986)**

Tax payable	2019	2018
Profit before taxes	**(167 393)**	**(119 390)**
Permanent differences*	(1 151)	(7 138)
Change in temporary differences	903	9 252
Adjustments in respect of current income tax of previous years	0	(2 907)
Tax basis	**(167 641)**	**(120 184)**
Current taxes according to statutory tax rate 22% (23% in 2018)	(38 558)	(27 642)

Deferred tax liabilities (assets)	2019	31.12.2018
Property, plant and equipment	(12 701)	(4 640)
Other differences	(2 400)	(9 557)
Losses carried forward (including tax credit)	(708 994)	(535 539)
Basis for deferred tax liabilities (assets)	**(724 094)**	**(549 736)**
Calculated deferred tax assets	(159 301)	(120 942)
Deferred tax assets not recognised	(158 396)	(117 819)
Deferred tax recognised in balance sheet	**(905)**	**(3 123)**

Deferred tax assets of NOK 158,396 thousands related to losses carried forward are not recorded in the balance sheet as it is more likely than not that the tax assets will be utilized. The unrecognised tax asset may offset future taxable income.

Reconciliation of income tax expense	2019	2018
Profit before taxes	**(167 393)**	**(119 390)**
Tax expense 22% (23%)	(36 826)	(27 460)
Permanent differences*	(253)	(1 642)
Effects of changes in tax rate	0	142
Effect of deferred tax asset not recognised	39 298	26 305
Other changes**	0	(669)
Recognised income tax expense	**2 218**	**(3 323)**

* Permanent differences is related to "employee options and non-deductible costs".
** Other changes is related to adjustments in respect of current income tax of previous years

17. Investments in subsidiaries

Amounts in NOK thousand

Investments in subsidiaries	Office	Date of aquistion	Shareholding/ voting rights	Equity	Carrying amount 31.12.2019
Shares in Norsk Titanium Equipment AS	Norway	2015/11/09	100%	4 144	30
Shares in NTi MH AS	Norway	2015/07/10	100%	2	30
Shares in Norsk Titanium US Inc.	US	2015/07/07	100%	(513 330)	31 809
Shares in Norsk Titanium Services Ltd.	UK	2016/12/01	100%	7 068	4 004
Total Investments in subsidiaries				**(502 117)**	**35 873**

Additional disclosures related to investments in subsidiaries and exemption from audit for subsidiery companies in the UK are presented in note 6.1 in the consolidated financial statements.

The Company provides funding to its US subsidiary durings its commercial ramp-up phase. Upon further commercialization and production, the Company will receive royalty payments (use of technology) from its US subsidiary. If the Company does not succeed in further commercialization, this might result of significant write-down of its loan receivable.

18. Other current liabilities

Amounts in NOK thousand

Other current liabilities	31.12.2019	31.12.2018
Prepaid revenues	27 860	30 210
Accrued bonus	0	0
Unpaid holiday pay	5 683	5 264
Other accrued costs	8 671	18 842
Total other current liabilities	**42 213**	**54 316**

19. Related parties transactions and balances

Related parties	Shareholder/Subsidiary	Ownership interest
Norsk Titanium Cayman Ltd	Shareholder	43.3 %
Nti Holding AS	Shareholder	18.6 %
Scatec AS	Shareholder	0.1 %
Board of Directors	Shareholder	1.7 %
Norsk Titanium Equipment AS	Subsidiary	100%
Norsk Titanium US Inc.	Subsidiary	100%
Norsk Titanium Services Ltd	Subsidiary	100%
NTi MH AS	Subsidiary	100%

Amounts receivable (payable) to subsidiaries:

Amounts in NOK thousand

Included in the balance sheet 31.12.2019	Norsk Titanium Equipment AS	Norsk Titanium US Inc.	Norsk Titanium Services Ltd	Board of directors	Norsk Titanium Cayman Ltd	31.12.2019	31.12.2018
Long term loan to subsidiary*		525 847				525 847	386 172
Other current assets						0	21 647
Trade and other payables**	(21 032)					(21 032)	(10 135)
Debt to subsidiaries***			(12 296)			(12 296)	
Net receivable (payable)	**(21 032)**	**525 847**	**(12 296)**	**0**	**0**	**492 519**	**397 684**

* Long term loan to subsidiary in 2019 is related to Norsk Titanium US Inc.
** Trade and other payables in 2019 is related to Norsk Titanium Equipment AS and Norsk Titanium Services Ltd.
*** Debt to subsidiaries is related to Norsk Titanium Services Ltd.

Income from related parties / (expenses to related parties):

Included in profit and loss 2019	Norsk Titanium Equipment AS	Norsk Titanium US Inc.	Norsk Titanium Services Ltd	Board of directors	31.12.2019
Revenue	2 117	1 929			4 046
Raw materials and consumable used					0
Employee benefits expense		(10 058)	(935)	0	(10 992)
Other operating expenses		(3 808)	(9 411)		(13 218)
Financial income		52 483	(330)		52 152
Net profit and loss	**2 117**	**40 547**	**(10 676)**	**0**	**31 988**

20. Commitments and contingencies

Amounts in NOK thousand

Minimum lease payments (non-cancellable operating leases)	2019	Matures within 1 year	Matures 2-5 years	Matures more than 5 years	Total
Buildings and argon tank lease	2 733	1 960	0	0	**4 693**
Total non-cancellable operating leases	**2 733**	**1 960**	**0**	**0**	**4 693**

Assets pledged as security and guarantee liabilities
For assets pledged as security and guarantee liabilities, reference is made to note 4.2 in the consolidated financial statement.

Contingent assets and liabilities
The company has no contingent assets that meet the criteria for disclosure.

The company is involved in ongoing claims negotiations. Reference is made to note 7.2 in the consolidated financial statement regarding ongoing claims processes.

21. Going concern assumption

Reference to note 4.6 in the consolidated financial statements for disclosures on financial risk and capital management for the company.

22. Subsequent events

Reference to note 7.5 in the consolidated financial statements for disclosures on subsequent events for the company.

Building a better working world

Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6A, NO-0191 Oslo
Postboks 1156 Sentrum, NO-0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Norsk Titanium AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Norsk Titanium AS comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the statement of financial position as at 31 December 2019, statement of profit and loss, statements of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements comprise the statement of financial position as at 31 December 2019, the statements of total comprehensive income, cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- the financial statements are prepared in accordance with the law and regulations
- the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway
- the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

The Group incurred a net loss of USD 36.6 million for the year ended 31 December 2019. According to Note 4.6 under "Liquidity risk and going concern" in the consolidated financial statements and the going concern section in the Board of Director's report, the Group and the Company is dependent on raising additional funding and/or a significant reduction in cash outflows from operations, to meet its obligations as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's and the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the parent company and International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption, and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 26 March 2020
ERNST & YOUNG AS

Magnus H. Birkeland

Magnus H. Birkeland
State Authorised Public Accountant (Norway)

REGISTERED OFFICE AND ADVISORS

Norsk Titanium AS
Karenslyst Allé 9C
0278 Oslo
Norway

Euronext Growth Advisors and Managers

Skandinaviska Enskilda Banken AB
Filipstad Brygge 1
P.O. Box 1843 Vika
0123 Oslo
Norway
www.seb.no

Carnegie AS
Aker Brygge, Fjordalléen 16
P.O. Box 684 Sentrum
N-0106 Oslo
Norway
www.carnegie.no

Legal Adviser to the Company
Advokatfirmaet Selmer AS
Tjuvholmen alle 1
P.O. Box 1324 Vika
N-0112 Oslo
Norway
www.selmer.no

Legal Adviser to the Euronext Growth Advisors
Advokatfirmaet Wiersholm AS
Dokkveien 1
P.O. Box 1400 Vika
0115 Oslo
Norway
www.wiersholm.no