



NORSK TITANIUM

First half 2022 report

Norsk Titanium AS

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Innovating the future of metal manufacturing

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

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

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



Highlights from first half 2022

Norsk Titanium continued to achieve 100% on-time deliveries to tier-one Boeing supply chain customers on the Boeing 787 program. We maintained our position as a technology leader in metal 3D printing and have a strong foundation for further growth and expansion. Our focus in 2022 has been to engage target markets in material qualification and part specific development programs to drive serial part production for 2023 and beyond.

During the first half of 2022 we made significant progress in our three core segments: commercial aerospace, defense and industrial, through our engagements with Airbus, US Department of Defense (DoD) prime contractors, and industrial customer Hittech. Development part deliveries and testing with our main customers are on schedule. Norsk Titanium is confident these efforts will come to a successful conclusion, enabling a transition to serial production in 2023.

We continue to build upon our strong technological foundation with 21 new patents granted during the first half 2022 for a total of 169 patents and ongoing enhancements to our proprietary software development tool, the RPD Builder™. The team has started to ramp up to full scale production, underpinned by a robust and compliant operational structure.

Progress on key milestones first half 2022

1. Commercial Aerospace: Airbus qualification and industrial trials

- Printed materials for Airbus machine qualification, to be tested in 3Q 2022 with completion expected in 4Q 2022
- Developed initial Airbus A350 parts in preparation for industrial manufacturing trial starting in 3Q 2022

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

- Completed full-scale testing with General Atomics and another US DoD prime contractor
- Supported US DoD prime contractor in ongoing qualification tests of RPD® material, with results showing performance as expected against their rigorous requirements; expecting initial production purchase order during 4Q 2022
- Received contract for development of a large structural component from US DoD prime contractor for use in specification development
- Completed registration with the US Directorate of Defense Trade Controls required to support production orders from US DoD prime contractors

3. Industrial: Hittech demonstrator part and first production order

- Industrial demonstrator part continues to perform well in trials
- On track for final part development in 3Q 2022 and initiation of serial production in 4Q 2022

In the first half of 2022, the Company generated revenue of USD 0.05 million from sale of printed parts and USD 0.87 million in other income, namely grants from the Norwegian government through Innovation Norway. Our average monthly cash burn during the first half 2022 was USD 1.56 million, approximately USD 0.17 million lower than the first half of 2021. With an ending cash balance of USD 12.13 million, we expect to fund operations to the end of 2022 and raise capital before year end to fund our future growth ambitions.

Key financials* (USD millions)	H1'22'	H1'21'	2021
Revenue	0.92	2.83	5.25
Average monthly cash burn rate**	(1.56)	(1.73)	(1.84)
Ending cash balance	12.13	35.15	22.93

*Unaudited

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

Operational review

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

Norsk Titanium's revolutionary RPD® technology produces structural metal components using less raw material, less energy and requiring less machining than legacy methods. Our sustainable manufacturing solution offers customers the opportunity to reduce their energy use and environmental footprint while also benefiting from lower costs and shorter lead-times. While the increased costs and reduced availability of raw materials including titanium are impacting supply chains around the world, we offer a solution that can mitigate the impacts by presenting customers who adopt our technology the opportunity to better manage input costs and availability.

Foundational Principles

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

During the first half of 2022, our engineering team continued to enhance and expand the capabilities of our intelligent software development toolkit, RPD Builder™. RPD Builder™ is an essential part of our business strategy, enabling automated part design using a set of preprogrammed features which facilitate faster market penetration, independent customer interaction with RPD® printers, and autonomous printing.

RPD® program complexity increases exponentially for larger parts with complicated geometries. Manually developing the print path, speed, and shape with consistent material property performance is both time consuming and expensive. Drawing on more than 10 years of process control development, RPD Builder™ allows our engineers to arrange preprogrammed features to create larger, complex parts with superior mechanical properties in hours rather than weeks. The enhancement of RPD Builder™ significantly improves our commercial velocity by increasing the speed at which we are able to develop and transition parts to serial production.

Our RPD® technology and platform are protected by a total of 169 patents, of which 21 new patents were added to the portfolio in the first half of 2022 with a further 55 patent applications pending.

Operational Principles

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

We continued our 100% on-time delivery of serial production parts to tier one Boeing suppliers - Leonardo, GKN Aerospace, and Spirit Aerosystems. Boeing resumed delivery of the Boeing 787 aircraft, resulting in delivery of 54 parts during the first half of 2022.

At the same time, we have continued to print and deliver test articles for numerous ongoing qualification programs:

- Printed and delivered test articles for the Airbus machine qualification on schedule.
- Finalized the program for two industrial trial parts to be delivered to Airbus for part qualification on the A350 program
- Printed test articles for ongoing qualification programs with US DoD prime contractors
- Started test prints for the optimized Hittech part configuration to transition to serial production

In parallel, our operations team is ramping up to produce the Airbus A350 industrial trial of 150 shipsets starting during the third quarter of 2022.

Market Penetration Strategy

Transitioning Large Structural Parts into Serial Production

Norsk Titanium executed on qualification activities as planned with Airbus, two US DoD prime contractors, and Hittech with plans to initiate serial production in the fourth quarter of 2022 and early 2023. Completion of these efforts pave the way towards faster part transitions and increased market penetration.

Commercial Aerospace

Machine qualification with Airbus and the development of the industrial trial parts for the A350 program are progressing well. We expect test results from the machine qualification in the fourth quarter. Manufacturing of the A350 industrial parts trial will begin in the third quarter with delivery to Airbus starting immediately following the machine qualification. Parts from this production batch will be tested against the Airbus specification to assure quality. Once approved, the remaining trial parts will be qualified for installation on the A350 platform.

Boeing has adopted RPD® for parts on the B787 program and has resumed deliveries of the aircraft to customers. As Boeing ramps up production on the 787, we project volumes will increase based on Boeing's delivery schedule.

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

Industrial

Norsk Titanium delivered two 120 kg demonstrator parts to Hittech for machining and live in-operation trials at their customer. The demonstrator parts are performing well, and we continue to engage with Hittech to optimize the final part configuration for manufacturing. We expect to print and deliver the first serial production parts to Hittech during the fourth quarter.

Defense

We have made significant inroads during the first half of 2022 with the US DoD and certain prime contractors. We completed full scale article testing of a landing gear component with General Atomics and qualification activities with our other US DoD prime contractor; all with positive results. We also received a contract for the development of a large (900mm long) structural component with a DoD prime contractor for use in their specification development.

Go-to-market strategy

Adaptability to Meet
Evolving Customer
Requirements Across
Markets

As Norsk Titanium crosses several major milestones in 2022 and looks forward to near-term transition to serial production for multiple customers, we seek to maintain our competitive advantage by continuing to explore additional opportunities where the combination of technology, speed and cost savings of RPD[®] makes it an attractive alternative to legacy metal manufacturing. Ongoing efforts focus on further penetration of the existing market in commercial aerospace, defense and industrial as well as introduction of RPD[®] technology to adjacent markets such as engines and oil and gas. In addition, we continue to explore the use of our RPD[®] technology with metal alloys other than titanium.

Financial review

Norsk Titanium is in the early stages of commercialization with a keen focus on product qualification and development programs with customers. Total revenue in the first half 2022 was USD 0.9 million. Revenue from delivery of parts amounted to USD 0.1 million in the first half of 2022. In addition, Norsk Titanium recognized USD 0.9 million from grants as other income. The operating loss (EBIT) amounted to USD 11.2 million in the first half 2022, with a profit before tax of USD 2.1 million. Norsk Titanium ended the first half of 2022 with a cash balance of USD 12.1 million.

Income Statement

During the first half of 2022, Norsk Titanium generated USD 0.1 million in revenue from sale of parts to customers, compared to USD 0.3 million in the same period last year. Boeing halted the delivery of the B787 program in late 2021 impacting part demand. Boeing is now resuming deliveries to customers.

Other income amounted to USD 0.9 million compared to USD 2.6 million in the same period last year. The change reflects decreased contributions from grants. The Innovation Norway grant and US CARES Payroll Protection Program were recognized as Other income in 2021.

Operating expenses during the period was USD 10.9 million, in line with USD 11.0 million in the same period last year. This generated an EBITDA-loss of USD 10.0 million in the first half 2022, compared to USD 8.2 million in the same period last year.

Depreciation and amortization amounted to USD 1.2 million for the first half 2022, compared to USD 1.4 million in the same period last year. The resulting operating loss (EBIT) during the first half 2022 was negative USD 11.2 million compared to a loss of USD 9.7 in the same period last year.

Net financial income was USD 13.4 million in first half 2022, compared to USD 1.0 million in the same period last year. The increase is mainly due to strengthening of the USD/NOK exchange rate generating an unrealized gain on net foreign exchange of USD 13.5 million in first half 2022, compared to USD 2.3 million in the same period in 2021.

Profit before taxes hence amounted to USD 2.1 million, compared to a loss of USD 8.6 million in the same period last year.

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

Cash Flow

Net cash used in operating activities was USD 9.6 million in the first half of 2022, compared to USD 9.5 million in the same period in 2021.

Collection of USD 2.0 million of the Innovation Norway grant contributed to a decreased average monthly cash burn rate in the period of USD 1.6 million in the first half of 2022 compared to USD 1.7 million in the same period last year (see note 3 on Other Income).

Cash flows from investing activities was positive USD 0.5 million, compared to an outflow of USD 0.3 million in the same period last year, mainly reflecting foreign exchange effects on investments in intangible assets.

Cash flow from financing activities amounted to negative USD 0.3 million, mainly representing interests and leases. In the same period in 2021, cash flow from financing activities were USD 42.7 million, reflecting proceeds from issuance of share capital.

At 30 June 2022 the Norsk Titanium had a cash balance of USD 12.1 million.

Balance sheet

Total assets at 30 June 2022 were USD 29.2 million, compared to USD 42.0 million at the end of 2021. USD 10.8 million of this was non-current assets, of which intangible assets accounted for USD 5.0 million, Property Plant and Equipment (PPE) for USD 3.8 million and right-of-use of assets for USD 1.9 million.

Current assets amounted to USD 18.5 million, of which inventories accounted for USD 4.6 million, trade receivables for USD 0.1 million and other current assets for USD 1.5 million. Cash and cash equivalents were USD 12.1 million. Total equity

amounted to USD 20.4 million at 30 June 2022, compared to USD 34.1 million at the end of 2021. The decrease from year-end 2021 primarily reflects the loss from total comprehensive income in the period.

Total liabilities amounted to USD 8.8 million, compared to USD 7.9 million at the end of 2021. USD 2.3 of this was non-current liabilities at the end of the first half 2022 (USD 1.1 million in 1H 2021), and USD 6.5 million current liabilities (USD 6.8 million in 1H 2021). The decline in current liabilities mainly reflects a decrease in Trade and other payables.



Risks and uncertainty factors

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

Financial Risks

Given the cash position of USD 12.1 million at 30 June 2022, the Board acknowledges that the Company will need to raise additional capital to continue to fund operations in 2023 and beyond. Our ability to obtain additional capital or financing will depend in part on prevailing market conditions as well as conditions of our business and our operating results.

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

Operational Risks

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

The Company continues to closely monitor inflationary risks. Both labour and material costs are at risk of increasing in 2022 and could outpace the rate of inflation assumed in our most recent financial forecasts.

Geopolitical Risks

The Company depends on a small number of suppliers for raw material and critical components. The ongoing conflict in Ukraine has caused uncertainty in the market for titanium raw material.

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

We believe that the benefits of RPD® technology with its energy and raw material savings and shorter lead times compared to legacy casting and forging technologies offers an incentive for end users of titanium to consider adoption to offset the long-term risks to supply demonstrated by both the pandemic and the current geopolitical upheaval.

Legal and Regulatory Risks

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

COVID-19 Impacts

The pandemic had a significant impact on demand in commercial aerospace, which hampered the Company's ability to further qualification and adoption of our technology. Although there has been a rapid recovery in demand for air travel, operations, customers and suppliers continue to be vulnerable to interruptions in production and transportation caused by lack of personnel and restriction on free flow of goods. The Company continuously monitors Covid related risks, but sees no increased uncertainty in the area.

Outlook

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

As aerospace sector revenue is set to increase after the substantial negative impact of the COVID-pandemic, long-term demand for new commercial aircraft will grow subject to interacting technical and economic objectives. Airbus and Boeing currently forecast full recovery of air traffic to pre-pandemic levels sometime between 2023 and 2025.

Norsk Titanium aims to become a preferred supplier of titanium structures in commercial aerospace programs and deliver serial production parts. With a tier-one customer base and extensive qualification programs, we expect that the cost, energy and raw material efficiency, and flexibility of our production method will continue to draw interest both from other aerospace customer and new industries.

Within the US defense industry, we are in qualification processes with multiple potential customers with significant production potential after qualification. Ongoing development programs and one new qualification program with prime contractors for the DoD could open doors to several new opportunities in the industry. We see

significant volume potential within industrial applications, and anticipate first deliveries in second half of 2022 to a semiconductor equipment manufacturer.

Norsk Titanium's digitally enabled technology allows expansion of our business model to support industrial product volumes and local manufacturing desires. Norsk Titanium was awarded a NOK 35 million (approximately USD 4 million) grant from Innovation Norway and up to NOK 9.5 million (approximately USD 1 million) from Skattefunn to further industrialize the RPD® manufacturing process. By the end of first half 2022 Norsk Titanium has completed 70% of the projects relating to the Innovation Norway grant and expects to complete all projects by the end of 2022.

The Company will continue to raise additional capital to fund ongoing development and production activity until revenue from operations can support the business, and re-iterates its target to generate USD 150 million in sales revenues in 2026.

Responsibility statement

From the Board of Directors and CEO of Norsk Titanium AS.

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2022 has been prepared in accordance with IAS 34 – Interim Financial Reporting and gives a true and fair view of the Company's assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties' transactions.

Hønefoss
30 August 2022

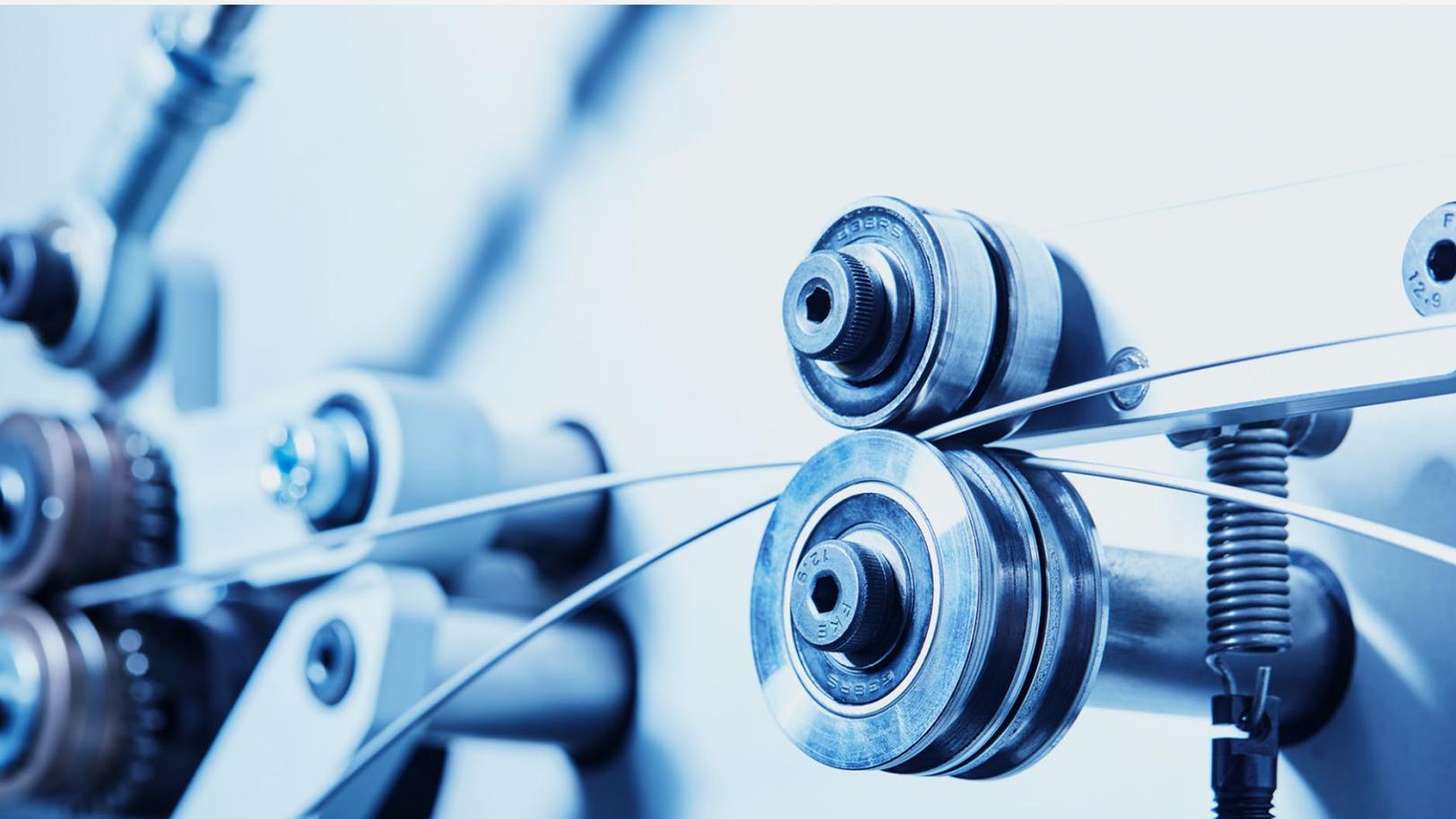
John Andersen Jr.
Chairman

Steve D. Geskos
Board Member

Bart van Aalst
Board Member

Jeremy Barnes
Board Member

Mimi K. Berdal
Board Member



Half year Condensed Interim Financial Statements and Notes

Consolidated interim financial statements

Consolidated statement of comprehensive income

Norsk Titanium

Amounts in USD thousand	Notes	First half 2022	First half 2021	Full year 2021
Revenue	2	50	255	1,267
Other income	3	870	2,570	3,985
Total revenues and other income		920	2,825	5,252
Raw materials and consumable used		(1,908)	(1,360)	(3,748)
Employee benefits expense		(6,101)	(6,665)	(12,586)
Other operating expenses		(2,911)	(3,019)	(5,651)
Depreciation and amortisation		(1,210)	(1,438)	(3,369)
Operating profit		(11,209)	(9,657)	(20,103)
Financial income	4	16,871	2,761	8,613
Financial expenses	4	(3,520)	(1,743)	(4,597)
Profit or loss before tax		2,142	(8,638)	(16,087)
Income tax expense		0	(11)	94
Profit or loss for the year		2,142	(8,649)	(15,993)
Profit/loss attributable to owners of the parent		2,142	(8,649)	(15,993)
Basic earnings per share (in USD)		0.01	(0.07)	(0.09)
Diluted earnings per share (in USD)		0.01	(0.06)	(0.08)
Weighted average number of ordinary shares (thousand)		211,896	132,043	172,298
Weighted average number of ordinary shares diluted (thousand)		216,296	150,678	188,488
Other comprehensive income				
<i>Items that subsequently may be reclassified to profit or loss:</i>				
Exchange differences on translation of foreign operations		(16,011)	(2,515)	(6,436)
Other comprehensive income for the period		(16,011)	(2,515)	(6,436)
Total comprehensive income for the period		(13,869)	(11,164)	(22,429)

Consolidated statement of financial position

Norsk Titanium

Amounts in USD thousand	Notes	At 30 June 2022	At 31 December 2021	At 30 June 2021
ASSETS				
Non-current assets				
Deferred tax asset		24	24	0
Right of use of assets		1,935	501	731
Property, plant and equipment		3,792	4,080	4,543
Intangible assets		5,023	6,358	7,654
Total non-current assets		10,774	10,962	12,929
Current assets				
Inventories		4,621	5,166	4,788
Trade receivables		155	389	350
Other current assets		1,550	2,536	1,164
Cash and cash equivalents		12,127	22,932	35,150
Total current assets		18,453	31,023	41,452
TOTAL ASSETS		29,227	41,985	54,381
EQUITY AND LIABILITIES				
Equity				
Share capital		2,005	2,005	2,005
Share premium		48,627	48,627	48,627
Other capital reserves		(698)	(908)	(997)
Other equity		(29,491)	(15,622)	(4,357)
Total equity		20,444	34,102	45,278
Non-current liabilities				
Non-current lease liabilities		1,577	221	364
Long term liabilities		736	897	992
Total non-current liabilities		2,313	1,118	1,356
Current liabilities				
Trade and other payables		938	1,297	2,054
Current interest-bearing debt		0	0	31
Contract liability		4,053	4,068	4,072
Current lease liabilities		446	387	501
Other current liabilities		1,063	1,045	1,091
Tax payable		(30)	(33)	(2)
Total current liabilities		6,470	6,764	7,746
Total liabilities		8,783	7,882	9,102
TOTAL EQUITY AND LIABILITIES		29,227	41,985	54,381

Consolidated statement of changes in equity

Norsk Titanium

Amounts in USD thousand	Attributable to the equity holders of the parent						
	Share capital	Share premium	Treasury shares	Other capital reserves	Other equity		Total equity
					Cumulative translation effect	Accumulated loss	
Balance at 31 December 2020*	464	0	(10)	0	(1,991)	(78,984)	(80,521)
Profit (loss)						(8,649)	(8,649)
Other comprehensive income					(2,515)		(2,515)
Issue of share capital	1,541	136,528		(2,077)			135,991
Purchase of treasury shares			(0)	(2)			(2)
Sales of treasury shares			10	773			783
Shared-based payment				190			190
Transfer to other capital reserves				119		(119)	0
Transfer to share premium		(87,901)			2,818	85,083	0
Balance at 30 June 2021	2,005	48,627	0	(997)	(1,688)	(2,669)	45,278
Balance at 31 December 2021*	2,005	48,627	0	(908)	(5,609)	(10,013)	34,102
Profit (loss)						2,142	2,142
Other comprehensive income					(16,011)		(16,011)
Issue of share capital							0
Purchase of treasury shares							0
Sales of treasury shares							0
Shared-based payment**				210			210
Transfer to other capital reserves							0
Transfer to share premium							0
Balance at 30 June 2022	2,005	48,627	0	(698)	(21,620)	(7,871)	20,444

*Audited

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

Consolidated statement of cash flows

Norsk Titanium

Amounts in USD thousand	Notes	First half 2022	First half 2021	Full year 2021
Cash flows from operating activities				
Profit before tax		2,142	(8,638)	(16,087)
<i>Adjustments to reconcile profit before tax to net cash flow:</i>				
Depreciation and amortization		1,210	1,438	3,369
Net financial income/expense included in financing activities	4	116	1,320	1,361
Net foreign exchange differences	4	(13,467)	(2,338)	(5,377)
Tax payable		62	(46)	31
		0	0	0
<i>Working capital adjustment:</i>				
Changes in inventories and right of use assets		(889)	408	261
Changes in trade and other receivables		234	437	397
Changes in other current assets		986	(203)	(1,575)
Changes in trade and other payables		(359)	445	(311)
Changes in other accruals		373	(2,328)	(2,942)
Net cash flows from operating activities		(9,592)	(9,505)	(20,873)
Cash flows from investing activities				
Purchase of property, plant and equipment		(129)	(252)	(353)
Investment in intangible assets		629	(82)	(64)
Interest received	4	26	61	4
Proceeds from other investing activities		0	0	61
Net cash flow from investing activities		526	(272)	(353)
Cash flow from financing activities				
Proceeds from issuance of shared capital		0	38,374	40,213
Transaction cost		0	0	(1,840)
Purchase of treasury shares		0	(2)	(2)
Sale of treasury shares		0	783	783
Payment of principle portion of lease liabilities		(152)	(525)	(684)
Increase of debt		0	6,000	6,000
Repayment of debt		0	(1,813)	(1,828)
Interests paid	4	(129)	(69)	(111)
Net cash flow from financing activities		(281)	42,747	42,532
Net change in cash and cash equivalents		(9,347)	32,970	21,306
Effect of change in exchange rate		(1,458)	(16)	(570)
Cash and cash equivalents, beginning of period		22,932	2,196	2,196
Cash and cash equivalents, end of period		12,127	35,150	22,932

Notes to the consolidated financial statements for the first half 2022

Note 1 General information and basis for preparation

The consolidated financial statements of Norsk Titanium AS and its subsidiaries (referred to herein as “Norsk Titanium”, “the Company”, “we”, “us” or “our”) for the half year period ended 30 June 2022 were authorized for issue in accordance with a resolution of the directors on 30 August 2022. Norsk Titanium AS (the Parent) is a Norwegian public limited liability Company listed on the Euronext Growth Oslo Stock Exchange. The registered office is located at Karenslyst Allé 9C, Oslo in Norway.

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

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

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

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

Note 2 Revenue

	First half	First half	Full year
Amounts in USD thousand	2022	2021	2021
Revenues			
Sale of printed parts	40	255	267
Revenue from products and services delivered on development programs	10	0	999
Total revenues	50	255	1,267
Geographic information			
Revenues from customers			
Europe	10	0	75
USA	40	255	1,192
Total revenues	50	255	1,267
Timing of revenue recognition			
Goods transferred at a point in time	50	255	1,267
Total revenues	50	255	1,267

Note 3 Other income

	First half	First half	Full year
Amounts in USD thousand	2022	2021	2021
Other income			
Net gain from RPD machine grant	63	69	135
US CARES Payroll Protection Program	0	1,246	1,246
Grant from Innovation Norway*	767	1,255	2,058
Skattefunn	0	0	545
Gain on disposal of assets	40	0	2
Total other income	870	2,570	3,985

* Additional 20% of NOK 35 million grant from Innovation Norway recognized as Other income for the first half year 2022 (USD 767 thousand) following further 20% of project costs occurred by the end of first half 2022.

50% of NOK 35 million grant from Innovation Norway recognized as Other income for the full year 2021 (USD 2 058 thousand) following 50% of project costs occurred by year end 2021. In total for the Innovation Norway project 70% of project costs have occurred by the end of first half 2022.

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

Note 4 Financial items

in USD thousand	First half 2022	First half 2021	Full year 2021
Gains/(losses) on net foreign exchange	13,467	2,338	5,377
Interest income and other financial income	28	61	65
Interest and other financial expenses	(144)	(1,381)	(1,426)
Net financial items	13,351	1,018	4,016

Alternative performance measures

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

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

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

Norsk Titanium's financial APMs

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

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

Amounts in USD thousand	First half 2022	First half 2021	Full year 2021
Operating profit	(11,209)	(9,657)	(20,103)
+ Depreciation and amortisation	1,210	1,438	3,369
EBITDA	(9,999)	(8,219)	(16,734)

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

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

Amounts in USD thousand	First half 2022	First half 2021	Full year 2021
Net change in cash and cash equivalents	(9,347)	32,970	21,306
Proceeds from issuance of shared capital	0	38,374	40,213
Transaction cost	0	0	(1,840)
Purchase of treasury shares	0	(2)	(2)
Sale of treasury shares	0	783	783
Increase of debt	0	6,000	6,000
Repayment of debt	0	(1,813)	(1,828)
Net change from share capital transactions and increase/repayment of debt	0	43,342	43,327
Cash burn rate	(9,347)	(10,372)	(22,021)
Average monthly cash burn rate	(1,558)	(1,729)	(1,835)

