

Ground-breaking technology for
efficient conduction of electricity,
heat and industrial gases

Company Presentation
March 2021

Confidential



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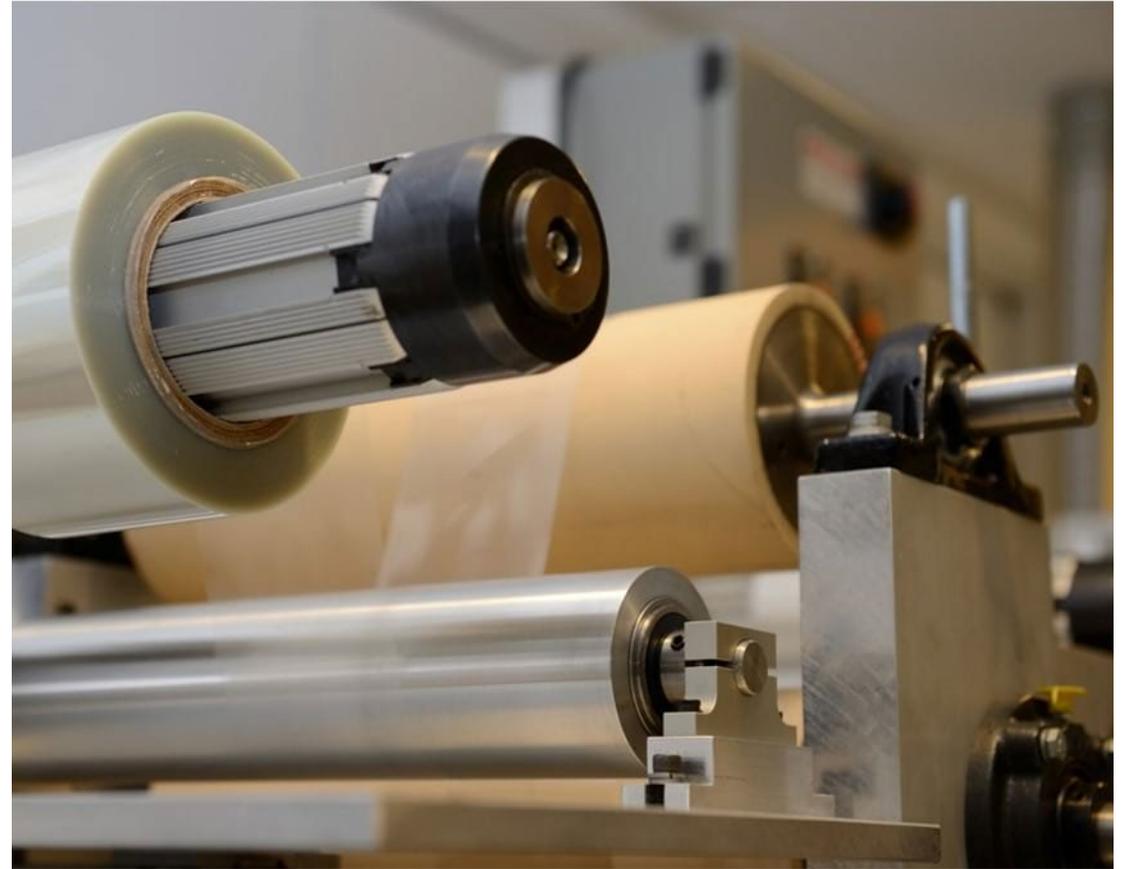
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Introduction

Application Areas & Targets

Business Model & Financials

Appendix



CondAlign at a glance

- CondAlign is a Norwegian technology company developing conductive films for highly efficient conduction of electricity, heat and industrial gases
- Extensive IPR portfolio with 12 patent families
- Multiple commercial feasibility studies and license discussions ongoing with leading international technology companies
- Addressing important ESG-aspects
- Several soft-funding projects (EU-programs, Norwegian Research Council, Innovation Norway)
- Invested to date NOK 72m (since inception), whereof NOK 30m in soft funding

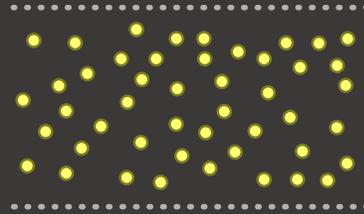
History

- 2006:** Research initiated at the Physics dept. led by Arne Skjeltnop at the Institute for Energy Technology (IFE), Kjeller, Norway
- 2010:** CondAlign established
- 2012:** Part of the venture fund NIK III portfolio
- 2015:** First customer project
First lab-scale machine
- 2017:** First license agreement signed
- 2019:** Initiation of several paid feasibility studies
- 2020:** Installation of new pilot machine

Platform technology explained

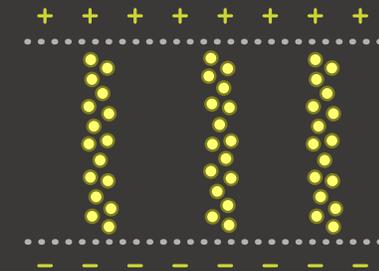
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Conductive particles mixed in a polymer matrix



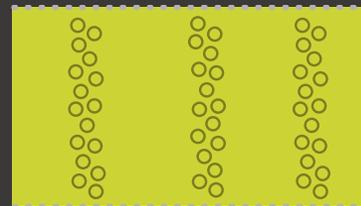
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An electric field is applied to align the particles into chains



3

The particles are locked in position by curing the matrix
Film with anisotropic conductivity is made

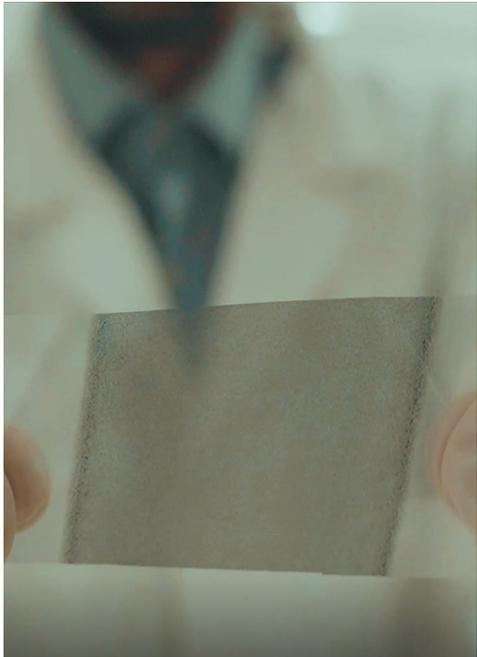


Enabling break-through products for clients

- Proven & cost-effective manufacturing process
- Tailor-made performance
- Versatile material selection

An enabling technology for break-through products

Platform technology



Enabling in many areas

Electrical conductivity

Thermal conductivity

Gas separation

Application examples



Wearable devices
Next gen. displays



Battery cooling
Component cooling



CO₂-capture
Filtration

Potential customers



Paid work and ongoing dialogues with major players



Feasibility study on materials used for directional cooling of electric car batteries.
Hampered by travel restrictions, but now back on track and work ongoing.



Previous studies have led to a purchase request of electrically conductive materials.
Agent established to handle this and future requests.



First license agreement, product approved in clinical trials and launched.
Commercialization is hindered by an unstable component. Field of use is non-exclusive.



Feasibility study on materials used for cooling of electronic components.
Samples and report sent to customer.



Technical discussion for use in a high-volume payment solution.



Recent feasibility studies using CondAlign technology and the customer's materials.
A test product with datasheet made for potential use in their sales organization.



Former and ongoing studies for use in consumer products such as displays and smart surfaces.



Prepared for industrial production, based on licensing

Technology suited for roll-to-roll (R2R) manufacturing

- High-speed industrial production
- Low-cost manufacturing method
- Mature technology

Industrial production to be performed by customers

Production equipment partner

- Emerson & Renwick (UK)
- World class producer of large-scale production machinery
- Supplier of CondAlign-modules either for retrofit to existing lines or complete installations



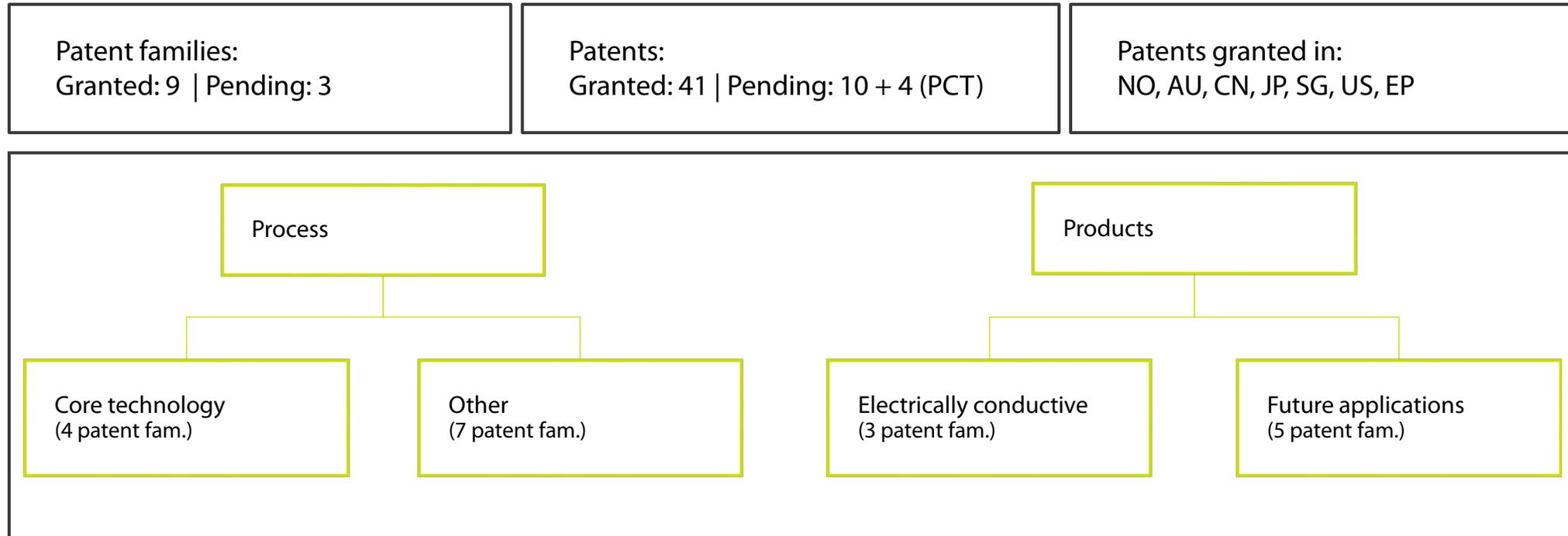
CondAlign's new pilot R2R machine

- Increases internal capacity
- Allows for small scale interim production
- Up to 200 m² per hour



12 patent families with 55 patents filed

Well protected IPR



- Two patents filed in 2019, will continue to patent novel inventions
- System of trade secrets in place
- Patents valid until 2032-2039

Addressing important ESG aspects

Sustainable applications

- Potential to improve carbon capture
- Driving the development of battery efficiency

Reducing waste and use of scarce materials

- More efficient use of valuable resources
- Reducing waste in production process

CondAlign contributes to health care technology

- Enables new monitoring devices
- Face the challenge of an aging populations

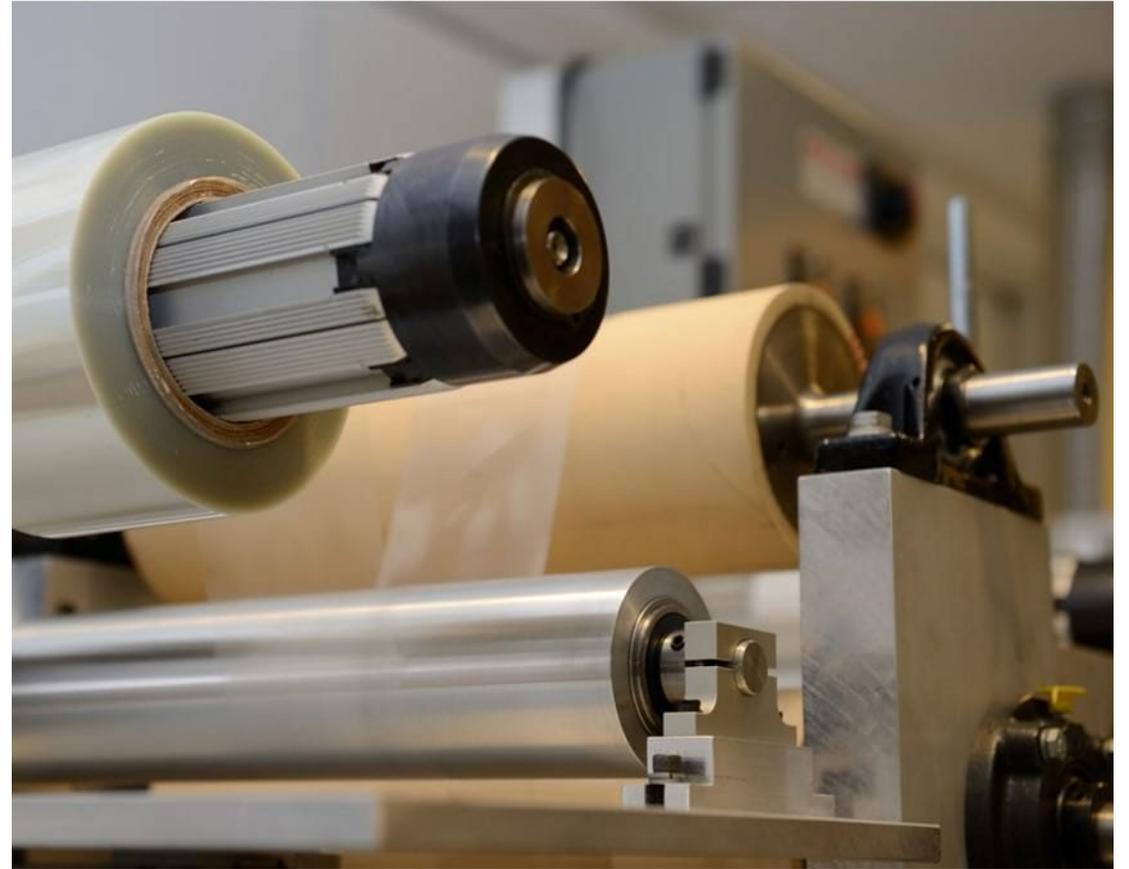


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Application Areas & Markets

- Electrical conductivity
- Thermal conductivity
- Gas separation



Missing link for next generation electronics

Next generation electronics requires new form factors calling for innovative solutions

Advantages of the CondAlign technology

- Attaching components at room temperature without applying pressure¹
- Facilitating flexible electronic components
- Realizing challenging interconnections
- Allows for targeted functional properties e.g. transparency

Contributing to the development of future electronics



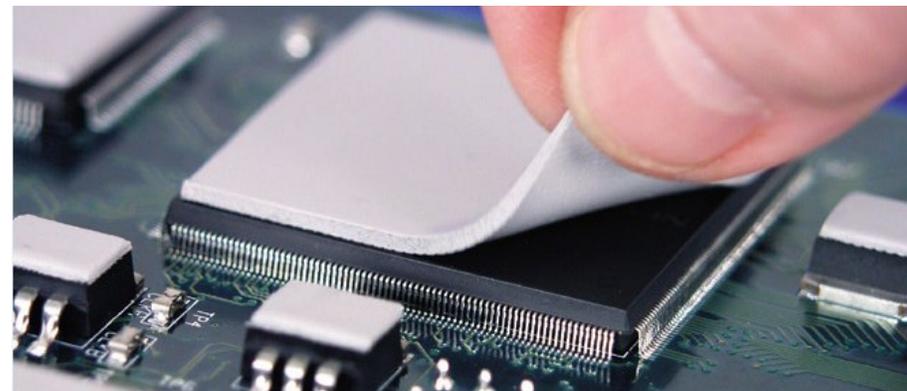
Improved cooling enhances performance

Key challenges:

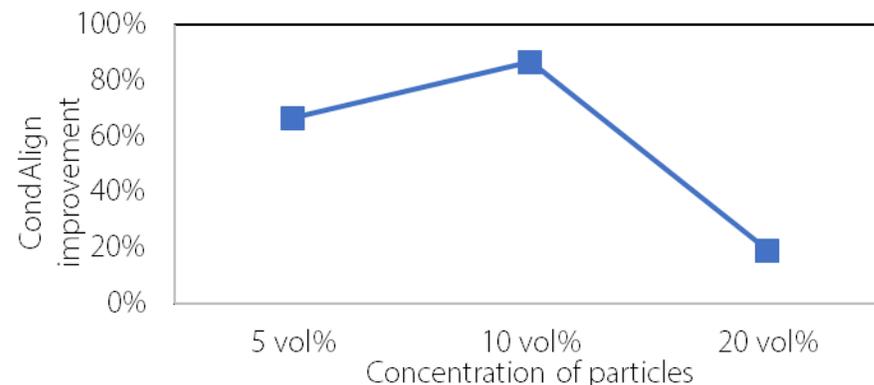
- Heat limits performance of electronic devices
- Miniaturization increases the heat challenge
- Current thermal interface materials (TIM) are expensive and brittle

CondAlign's technology solution:

- Optimizing heat dissipation
- Improving the overall system performance by achieving improved material properties like wetting and flexibility
- Permitting the use of new materials and efficient production methods



CondAlign improves conductivity up to 2x



Improved thermal conductivity vs. particle concentration for boron nitride particles aligned with CondAlign technology.¹

Membranes for effective CO₂ capture

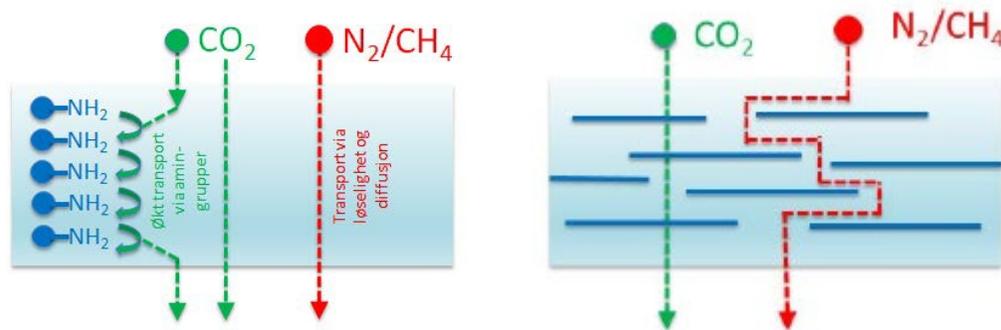
Key challenges with current technology

- CO₂ capture requires large and complex installations
- There is a compromise between productivity and quality in conventional processes
- Current membrane solutions are not cost-effective

CondAlign is developing membranes that can break established limits

- Higher gas separating efficiency
- Cost-efficient capture especially for small-scale installations

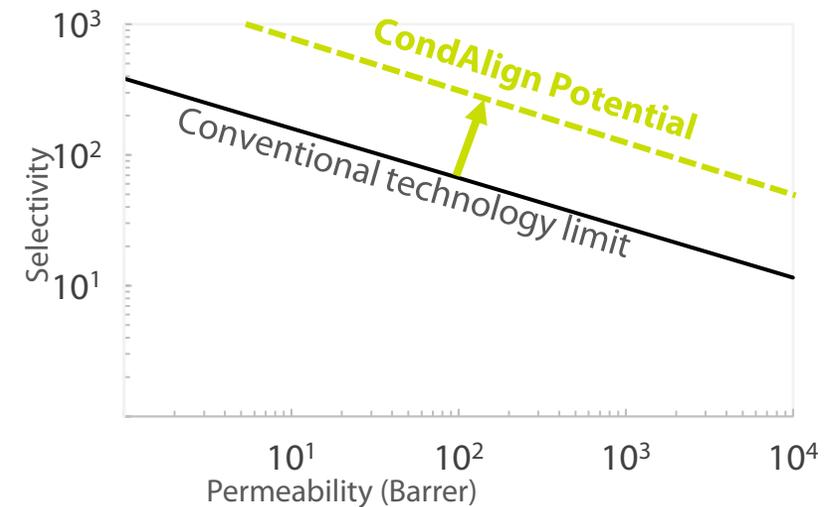
Established new subsidiary, **CondAlign Capture AS**, to drive development in CO₂-capture



Gas molecule "jumping" approach (left) and "passing/blocking" approach (right)



CO₂/N₂ selectivity vs. permeability



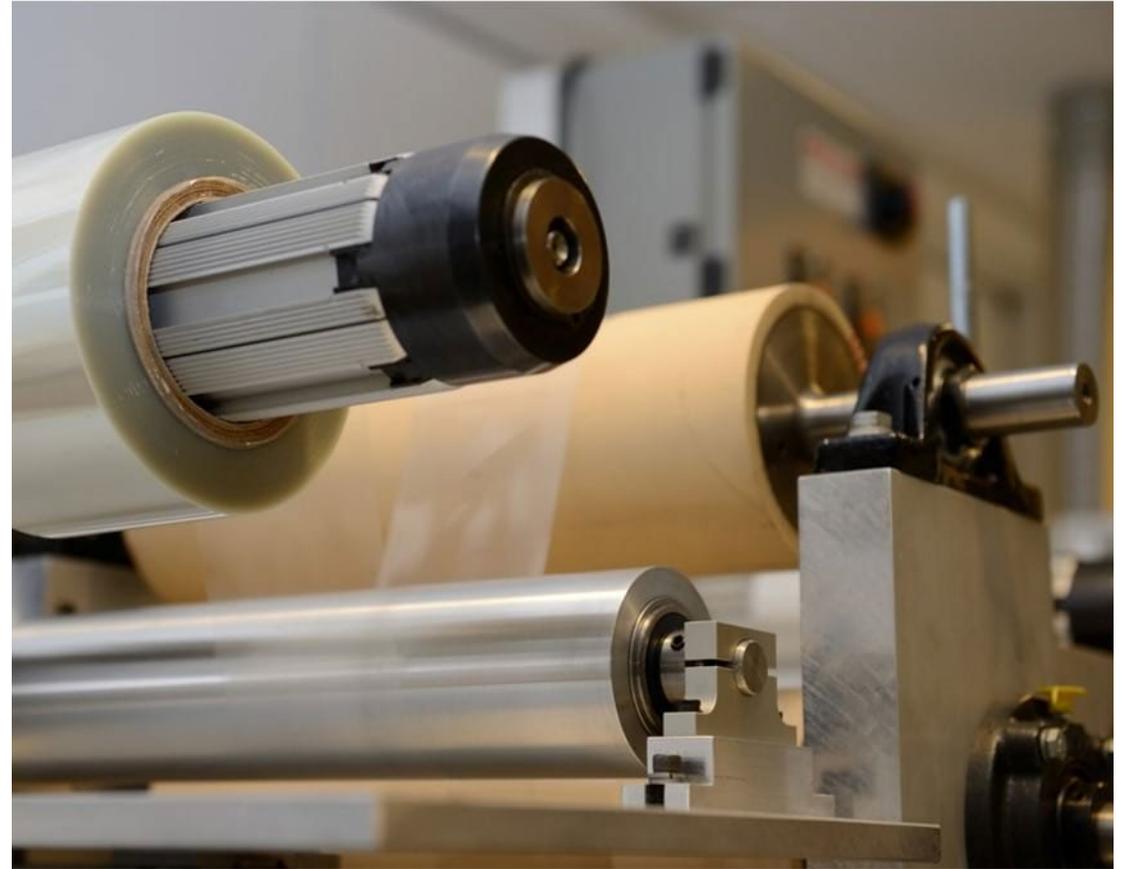
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Application Areas & Markets

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Business Model & Targets

Appendix



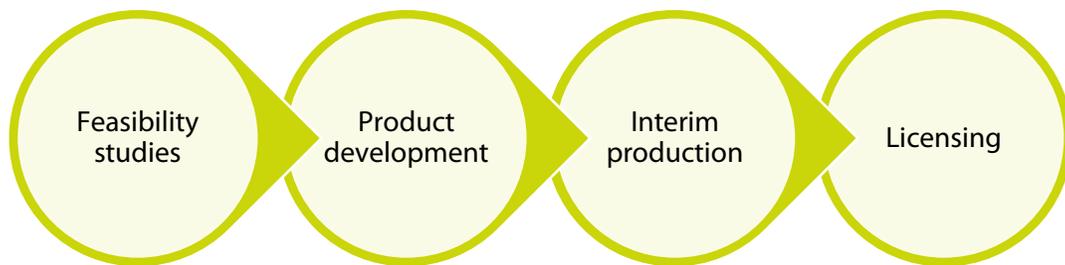
Capital light and scalable business model

License-based business model

- Specific application area, market sector and duration
- Initial minimum fees
- Royalty based on revenue or production

Revenue stream prior to licensing

- Feasibility studies and product development
- Interim production and technology transfer



Benefits of licensing

- Recurring revenue
- No investments in production equipment
- High volume through multiple customers

Achievements and targets

Up to 2020

- New R2R machine operational
- 5 feasibility studies conducted
- First agent in Asia established
- Commercial revenues

2021-2022

- Several products qualified by customers
- Multiple license agreements
- Production capacity established with customers
- ISO9001 in place
- Presence in new regions
- Planned listing



Highlights

Unique and verified technology addressing markets in hypergrowth

Enabling technology allowing customers to develop innovative mass market products

Addressing important environmental issues

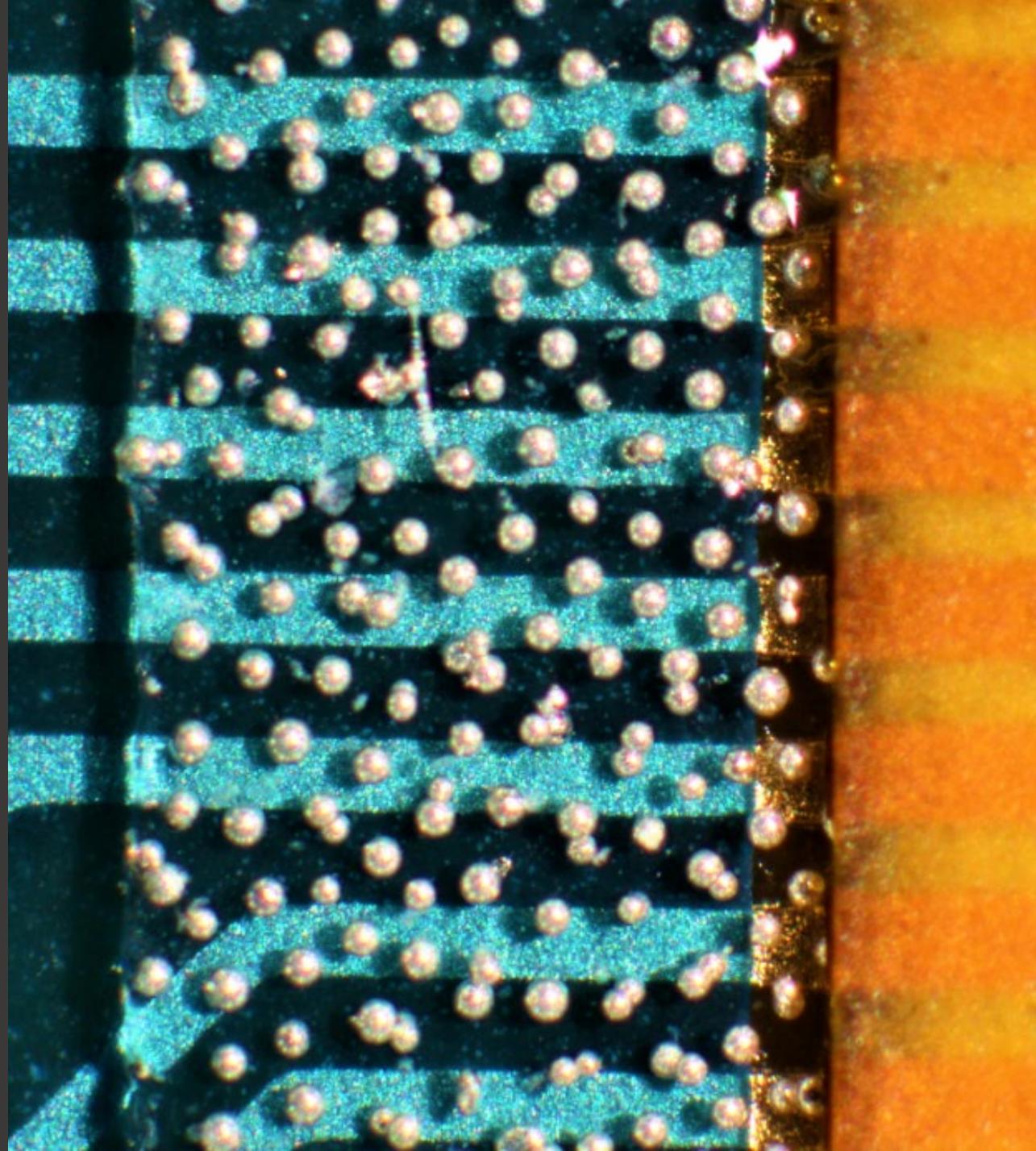
Capital light and highly scalable business model

Success in one application area alone is a company maker



CondAlign
conductive alignment

Thank you!



Introduction

Application Areas & Markets

Business Model & Financials

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Appendix



Board overview



Bjørn Maarud

Executive Chairman

Extensive experience as CEO and Director over the last 35 years in companies like Philips, Telenor, ABB, Staples, Europris and Bertel O. Steen Chairman and board member of several listed and PE / privately owned companies
Engineer in Cybernetics from Oslo Metropolitan university and Business Economy from BI, Norwegian Business school



Rune Sørum

Board member

Partner in Televenture since 1998 and managing the NIK funds
Private investor and senior adviser for European companies working in Asia and the Middle East
Board member in several Norwegian investment companies
MSc. in Business and Economics from CBS, Copenhagen School of Economics and Business Administration



Rita Glenne

Board member and senior advisor

Extensive experience in developing technologies into processes and products with a business aspect
Former Vice President of Technology at REC Solar
Previously with SINTEF, Norsk Hydro
Ph.D. in Material Science from NTNU, Norwegian University of Science and Technology



Rune Rinnan

Board member

Founder and managing partner in Televenture since 1993 and managing the NIK funds
Top-level international and financial experience in several sectors
CEO in several Telenor Venture funds between 1993 and 2010
Previously senior vice president and CFO in ABB
MSc. in Finance from BI, Norwegian Business school



Jo Uthus

Board member

CEO CrayoNano, more than 20 years experience in international leadership experience
Former Director, at Microchip Technology Inc. and Sr. Director, at Atmel corporation
BSc. in Software engineering and MSc. in Management from NTNU, Norwegian University of Science and Technology



Torkjell Nilsen

Board member

Partner at FIRST Fondene, more than 25 years experience in the financial industry and private equity
Previously head of Finansbanken Markets
Experience from Investment Banking Partners, Finansbanken, NorgesInvestor and Staff Holding
MSc. in Finance from BI, Norwegian Business school

Highly competent management team



Bjørn Maarud

Executive Chairman

Extensive experience as CEO and Director over the last 35 years in companies like Philips, Telenor, ABB, Staples, Europris and Bertel O. Steen
Chairman and board member of several listed and PE / privately owned companies
Engineer in Cybernetics from Oslo Metropolitan university and Business Economy from BI, Norwegian Business school
It is the intention of the company that he will at a later time assume the position as CEO



Guttorm Osborg

CEO

Industrial experience in bringing products to the market in strictly regulated areas like aviation and medical
Responsible for medical device development and mass production at NorDiag/DiaSorin and Axis-Shield
MSc. in cybernetics from NTNU, Norwegian University of Science and Technology
Employment ends 30 April 2021



Henrik Hemmen

CTO

Responsible for technology development since 2012
Research of nanoparticles self organization, transport through porous media
Research of capture and sequestration of CO₂
Ph.D. in physics from NTNU, Norwegian University of Science and Technology



Morten Lindberget

VP Business Development and Sales

More than 20 years experience in leadership and business development
Previous experience in tech-consulting, contract manufacturing and medical device technology
MSc. in mechanical engineering from TU Delft, Netherlands
Executive Master of Management from BI Norwegian Business school



Tom Hvammen

CFO

More than 15 years experience from finance and management consulting
SB1 Markets, Pareto, Bearing Point, Microsoft
MSc. in industrial economics and technology management from NTNU, Norwegian University of Science and Technology

Enabling team



Per Anker Hassel

Senior scientist

More than 20 years of experience as scientist and project manager within R&D at CREA, Borealis, Reichhold, DNV GL and Trelleborg

Ph.D. in engineering mathematics from the University of Newcastle upon Tyne, England and MSc. in polymer science from the University of Oslo



Marie-Audrey Raux

Scientist

5 years of experience with the CondAlign technology

Experience from CNRS and Sintef.
MSc. in organic chemistry from the University of Nantes, France



Linn Sørvik

Scientist

4 years of experience with the CondAlign technology

Experience from NTNU

MSc. Chemical engineering from Norwegian University of Science and Technology (NTNU)



Phillip Mayhew

Lab engineer

Experienced in process safety and silicone production from Huntsman corporation and Dow Chemicals.

BSc. Chemistry from the University of Bath, England



Live Killingland

Project coordinator

Experience from the start-up community through Otovo and Standard bio

Experienced in sales and customer relations

MSc. in material science from the University of Oslo

Completed private placement in February 2021

- Raised gross proceeds of NOK 75m at a share price of NOK 16.67 (adjusted for a 1:30 share split following the private placement)
- Proceeds targeted for i.a. increasing the capacity of the organisation, product development and improving lab and production facilities
- NOTC registration in March, 2021

Shares, subscription rights and options

Shares outstanding

- Outstanding shares: 13,620,780 shares
- Largest shareholder: The majority shareholder is Norsk Innovasjonskapital III AS, a private equity fund managed by TeleVenture Management
- Subscription rights and options outstanding: 2,238,930 subscription rights and options, which each entitles the holder to subscribe for one new share in the Company
- Convertible loan: Issued amount of NOK 2.6 million with maturity 1 February 2022 convertible into up to 274,621 shares, NOK 1.5 million with maturity 31 December 2021 convertible into up to 99,475 shares and NOK 1.15 million² with maturity 30 June 2021 convertible into up to 71,254 shares³

Options and subscription rights

Options	# of shares	Strike (NOK)	Expiry
Employee options ¹	211,710	2.83	N/A
Employee options ¹	97,710	11.10	N/A
Employee options ²	352,830	2.83	30.03.2022
Employee options	347,850	10.57	01.07.2022
Employee options ³	595,500	13.33	01.07.2024
Chairman options ³	136,350	16.67	01.07.2024
Board member options ³	182,400	16.67	01.07.2024
Total / weighted average	1,924,350		

Subscription rights	# of shares	Strike (NOK)	Expiry
Convertible loan	224,580	11.67	01.02.2022
Convertible loan tranche 2	90,000	16.67	31.12.2021
Total / weighted average	314,580	13.10	

- Total rights to subscribe for 2,238,930 shares outstanding
- Total proceeds upon conversion NOK 23.7m in cash proceeds
- In addition conversion of convertible loans described on the next pages may lead to additional subscription of up to 445,350 new shares

Convertible loans

Convertible loan

- Nominal amount of NOK 2,620,000
- The loan consists of six separate loan documents (“Tranches”) issued to five investors
- The loan carries an interest of 10% p.a. (accrued interest added to the principle)
- The lenders may demand conversion of their portion of the loan (including accrued interest) into shares at a conversion price of NOK 11.67 per share at any time until and including 1 February 2022
- Issuance of tranches of the loan from 2019 and 2020
- In February 2021 the terms of the loans were amended whereby the maturity of the loans were extended to February 2022
- At issue the convertible loan corresponds to 224,571 new shares
- At maturity the convertible loan (including accrued interest) will, if converted into shares, correspond to 274,621 new shares
- The lenders that subscribed for the convertible loan were also granted one independent subscription right for each share their principal part of the convertible loan may be converted into (included on the previous page)

Convertible loan tranche 2

- Nominal amount of NOK 1,500,000
- The loan carries an interest of 10% p.a. (accrued interest added to the principle)
- The lenders may demand conversion of their portion of the loan (including accrued interest) into shares at a conversion price of NOK 16.67 per share at any time until and including 31 December 2021
- Issued December 17, 2020
- At issue the convertible loan corresponds to 90,000 new shares
- At maturity the convertible loan (including accrued interest) will, if converted into shares, correspond to 99,475 new shares
- The lenders that subscribed for the convertible loan were also granted one independent subscription right for each share their principal part of the convertible loan may be converted into (included on the previous page)

NIK Convertible loans

Convertible loan NIK III

- Issued to main shareholder NIK III
- Nominal amount of NOK 1,150,000
- The loan carries an interest of 7% p.a. (accrued interest added to the principle)
- The lenders may demand conversion of all or parts of the loan (including accrued interest) into shares at a conversion price equal to the latest share issue price at any time until and including 30 June 2021
- At issue the convertible loan corresponds to 69,000 new shares
- At maturity the convertible loan (including accrued interest) will, if converted into shares, correspond to 71,254 new shares¹
- In connection with the recent private placement NIK III has agreed to a 12 months lock up

Financing agreements

- Overdraft facility of NOK 5,000,000
 - As of December 31, 2020 drawn amount of NOK 4,173,082
 - The loan agreement includes a change of control provision
- Vekstgarantilån (Growth guarantee loan) of NOK 4,000,000
 - As of December 31, 2020 drawn amount of NOK 3,033,343
 - Amortizing with 10-year tenor from draw down in November, 2017
 - Amortizations suspended June 2020 to June 2021
 - The loan agreement includes a change of control provision
- Leasing agreement for R2R machine of NOK 7,331,220 DNB Bank has been entered into in November 2020
 - Minimum lease period of 60 monthly terms (5 years)
 - Reduced lease payments to and including March 2021
 - Monthly lease payments approx. NOK 390k (incl VAT) April to June, 2021. Thereafter NOK 176k (incl VAT) per month
 - The agreement includes a change of control provision

Risk factors (I)

An investment in the Company involves inherent risks. Before making an investment decision, investors should carefully consider the risk factors contained herein, in addition to financial statements and related notes. The risks and uncertainties described in this section of this presentation is not intended to be exhaustive, but only intended to highlight the principal known risks and uncertainties faced by the Company as at the date hereof.

A prospective investor should consider carefully the factors set forth below and should consult his or her own expert advisor as to the suitability of an investment in the Company's shares. An investment in the Company is suitable only for investors who understand the risks associated such investment and who can afford a loss of all or part of their investment.

The absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties described are not a genuine potential threat to an investment in the Company. If any of the following risks were to materialise, individually or together with other circumstances, they could have a material adverse effect on the Company and its business, results of operations, cash flow, financial condition or prospects, which may cause the value of the shares to deteriorate, resulting in the loss of all or part of an investment in the same.

The order in which the risks are presented does not reflect the likelihood of their occurrence or the magnitude of their potential impact. The risks mentioned may materialise individually or collectively.

The information in this section is based on facts and circumstances as at the date of this presentation and is subject to change, completion or amendment without notice.

Risks related to the Company's industry and business

The Company may not be able to implement its business strategy successfully

The Company's ability to implement its strategy and achieve its business and financial objectives is subject to a variety of factors, many of which are beyond the Company's control. Currently, the Company has several ongoing studies related to its technology. No assurance can be made that such studies will be successful or materialize into new technology, products or agreements with customers. The Company's technology is not yet commercialized or industrialized, and it is a risk that the technology will not reach the market or that it becomes obsolete before reaching the market. Further, the Company's failure to execute its business strategy or to manage its growth effectively could adversely affect the Company's business, financial condition, results of operations, cash flow and/or prospects. In addition, there can be no guarantee that even if the Company successfully implements its strategy, it would result in the Company achieving its business and financial objectives.

Customer risk

Although several customers have indicated an interest in participating in the development of the Company's products, there is generally no agreement in place with customers which contain future minimum purchase obligations, or otherwise provides reassurance that the Company will have regular customers in the future. There is also the risk of a lack of demand for the Company's technology, particularly if the Company fails to deliver on its targeted performance and cost metrics. Further, large volume sales depend on customers successfully integrating the Company's technology into their own products and applications. As not yet produced at scale, there are uncertainties relating to future production, yields and general cost achievements.

The Company's business and business strategy are tied to its intellectual property rights

The Company's technology and know-how is an inherent part of the daily business and business strategy. The Company has taken measures to protect intellectual property. However, any failure to protect the Company's proprietary rights adequately could result in the Company's competitors offering similar technology, potentially resulting in the loss of some of the Company's competitive advantage which would adversely affect the Company's business, prospects, cash flow, financial condition and operating results. The Company's success depends, at least in part, on the Company's ability to protect the Company's core technology and intellectual property. The Company relies on a combination of patents, trade secrets, including know-how and employee and third-party non-disclosure agreements and confidentiality procedures, trademarks, intellectual property licenses and other contractual provisions to protect its intellectual property rights. The Company cannot give any assurance that the measures implemented to protect patents, know-how and intellectual property rights will give satisfactory protection. Whether or not measures to secure the intellectual property and other confidential information are successful, such information may still become known to existing or new competitors of the Company or be independently developed. The Company's failure to process, obtain or maintain adequate protection of its IPR for any reason, may have a material adverse effect on the Company's business, results of operations and financial condition.

Risk factors (II)

Further, the Company may receive inquiries from holders of patents or other proprietary rights inquiring whether the Company infringe their proprietary rights. Companies holding patents or other intellectual property rights may bring suits alleging infringement of such rights or otherwise asserting their rights.

Further, the Company has filed for registrations of several patents, which are still pending completion. The Company cannot ensure that registration of such filings will be successful.

The market in which the Company operates is highly competitive, and the Company might not be able to compete effectively

The Company operates in a highly competitive market, which has seen an increase in competitiveness in recent years. Only companies with sufficient funding, skilled employees, strong technical knowledge, and a clear business strategy are expected to survive and expand in the current market. Further, the Company's competitors may have greater financial and other resources, and may be better positioned to withstand and adjust to changing market conditions, which may change rapidly due to development of technology, and there is risk that competitors are able to adapt faster than the Company. Even if the Company has potential offerings that address marketplace or customer needs, the Company's competitors may be more successful at selling similar services, which may affect the Company's ability to obtain new business and retain existing business. If the Company is unable to compete successfully, the Company could lose customers to competitors, which could materially adversely affect the Company's business, cash flows, results of operations, financial condition and/or prospects. In addition, the competition within the Company's industry also exposes the Company to price pressure and the entrance of lower cost providers could lead to further competition that might adversely affect profitability.

Risk related to the outbreak of Covid-19

The Company's performance is affected by the global economic conditions in the market in which it operates. The global economy has been experiencing a period of uncertainty since the outbreak of the coronavirus Covid-19, which was recognized as a pandemic by the World Health Organization in March 2020. The outbreak of Covid-19, and the extraordinary health measures and restrictions on local and global basis imposed by authorities across the world, has, and are expected to continue to, severely impact companies and markets globally and locally. This may result in a prolonged reduction in the level of activity in the Norwegian and global economy. A prolonged reduction in activity level may severely impact the Company's customers, and could in turn negatively affect the Company's revenue and operations going forward, including the Group's ability to raise capital or secure financing.

Due to the implications of Covid-19 the Company's employees were temporarily laid-off from mid-March to the beginning of June with a net furlough in the period of 50%. As a consequence, the Company's capacity was significantly reduced, and development progress was hampered by the reduced workforce capacity as well as lower activity level at customers. In general, the Company's partners have experienced less capacity for development of projects, which has reduced their activity and the Company's income, and delayed the process for commercialisation of the Company's products with about 6-12 months. Further, the Company was effected by delays in supplies, as well as shipping and travel restrictions.

Prospective investors should note that the Covid-19 situation is continuously changing, and new laws and regulations that could directly, or indirectly, affect the Company's operations may enter into force. The effects of the Covid-19 situation could also in the future negatively affect the Company's revenue and operations going forward, where the severity of the Covid-19 situation and the exact impacts for the Company are highly uncertain. As of the date of this Presentation, it is too early to estimate the long-term effects of Covid-19 for the Company.

Dependence on key employees, personnel and partners

The Company relies heavily on skilled key employees, consultants, and Sintef as a partner, to continue development of its technology. The Company has from time to time experienced a lack of sufficient resources. Although the Company is contemplating to hire additional resources, an inability to retain and attract skilled employees could have a material adverse impact on the Company's operations, earnings and financial position. In particular, a lack of sufficient recruitment, or losing existing key employees, may cause delays and significantly increased costs in relation to the commercialization of the Company's products.

Risk factors (III)

The Company's ability to sell products could be harmed by real or perceived defects or errors

The technology underlying the Company's products is inherently complex and may contain material defects or errors, particularly when new technology is introduced or when new features or capabilities are released. The Company may from time to time have defects or errors in its technology, and there can be no assurance that its technology will not contain defects. Any real or perceived errors, failures, vulnerabilities, or bugs in the technology could result in negative publicity or lead to data security, access, retention or other performance issues. Further, any costs incurred in correcting such defects or errors may be substantial and may harm the Company's reputation and impose liability. Any such defects or errors could have a material adverse effect on the Company's reputation, business, results of operations, financial position, cash flows and/or prospects.

The Company's operations may be adversely affected by interruption to its production

There is a risk that the Company's production may suffer technical failure, fire, explosion or other incidents or events which may lead to major or prolonged disruption at the Company's facility. The Company may not be able to detect or prevent any of these risks before they materialise, and the measures which the Company has in place to mitigate such risks may prove to be insufficient or ineffective. If there is a technical failure, fire, explosion or any other event resulting in a major or prolonged disruption of the Company's production, this could result in a significant loss in production capacity and significant costs and/or regulatory action, legal liability or damage to the Company's reputation, all of which could have a material adverse effect on the Company's prospects, results of operations and financial condition.

The Company depends on external suppliers for certain materials and critical components

The Company depends on external suppliers for certain materials and critical components, and may consequently be affected by a potentially increased supplier bargaining power. The Company may in the future not be able to source certain critical components for its technology or in a timely manner.

In addition, as certain of the Company's suppliers are located in foreign countries, the Company faces a variety of risks generally associated with engaging in business with foreign markets and with foreign entities. For example, the Group may be exposed to allegations that its suppliers have failed to comply with acceptable labour practices or applicable laws or otherwise engaged in unethical or illegal business practices. This could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and/or prospects.

Interruptions in information technology systems and cyber security issues could adversely affect the Company's business

The Company relies on the efficient and uninterrupted operation of several information technology systems and networks to operate its business. Any significant disruptions to the Company's systems or networks, including, but not limited to, new system implementations, computer viruses, security breaches, cyber-attacks, facility issues, natural disasters, terrorism, war, telecommunication failures or energy blackouts could have a material adverse impact on the Company's operations and operating results. The Company's third-party service providers and other vendors have access to certain portions of the Company's information technologies system. Certain failure or negligence of these service providers may cause material disruptions in the Company's operations, which could affect the Company's ability to perform in a timely manner.

The Company is dependent on the strength of its reputation with customers and distributors, and any negative publicity related to the Company would adversely affects its reputation and the value of its brand

The Company is exposed, among others, to the risk that employee's or officer's misconduct, operational failures, disclosure of confidential information, negative publicity, whether or not founded, could damage its reputation. Any erosion of the Company's reputation may have a material adverse effect on the Company's operations, business, financial performance and prospects.

In addition, such actions may also expose the Company to negative publicity, which might affect the brand and reputation as well as the customer preference for the Company's technology, and/or result in substantial legal expenses to the Company and distract significant time and attention of its executive management and management team, diverting their attention from the business and operations.

Risk factors (IV)

Risks related to laws and regulations

The Group's operations involves legal and regulatory compliance risk and any non-compliance with applicable law may have a negatively effect on the Company and its Shares. The Company's operations and business strategy are heavily tied to its technology. Although the Company is generally not dependent on regulatory approval or licenses for its business at the current stage, there is no guarantee that this will be the case in the future. There is also the risk of international export regulations inhibiting the Company's ability to export products, or certain components. Further, no assurances can be made that the Company's measures for preserving the secrecy of its trade secrets and confidential information are sufficient to prevent others from obtaining that information, nor that the Company will have adequate remedies to fully compensate for loss occurred if its employees, contractor, partners or other third parties breach their agreements with the Company. The Company's competitors or other persons may already have obtained, or may in the future obtain, patents or other intellectual property relating to one or more aspect of the Company's technology. If the Company is sued for patent infringement or infringement of other intellectual property rights, it may be forced to incur substantial costs in defending itself.

Changes in the regulatory framework, sudden changes in established interpretations or practice by government or other regulatory standards could require the Group to adapt its business activities, re-design or re-engineer existing services and products, revise its strategy, or invest additional resources in ensuring compliance. The Group has invested financial and managerial resources to ensure compliance with applicable legal and regulatory requirements and expects to continue to be in compliance with applicable laws in the future, including any technical requirements. Changes in the legal and regulatory requirements could result in a material expenditure, which could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

Further, the Group receives, stores and processes personal information through its business and operations, which makes the Group exposed to data protection and data privacy laws and regulations it must comply, which all imposes stringent data protection requirements and provides high possible penalties for noncompliance, including the General Data Protection Regulation (EU) 2016/679 (GDPR). Any failure to comply with data protection and data privacy policies, privacy-related obligations to customers or third parties, privacy-related legal obligations, or any compromise of security that results in an unauthorized release, transfer or use of personally identifiable information or other customer data in any of the countries in which the Group operates, may result in governmental enforcement, actions, litigation or public statements against the Group, which could in turn have an adverse effect on the Group's business. Any significant change to applicable laws, regulations or industry practices could increase the Group's costs and require the Group to modify its offering, possibly in a material manner, which the Group may be unable to complete and may limit its ability to store and process data or develop new offerings.

Risks related to financing and market risk

The Company may not be able to obtain sufficient funding

Although the Company has had recent success in obtaining financing through convertible loans and credit arrangements, the Company is dependent on additional funding over time to execute its business plan. Further, the Company has applied certain assumptions in determining its future funding requirements and sources of capital, and such assumptions may turn out to be incorrect. There is a risk that such further financing may not be available or sufficient.

The Company may become involved in disputes

In the ordinary course of business, the Company may become involved in litigation, arbitration, legal proceedings and other types of disputes that may have a material adverse effect on its business, cash flows, results of operations, financial condition and/or prospects. Any failure to obtain any further required funding could materially and adversely affect the Company's business, results of operations and financial condition or prospects and the Company's ability to make payments could be impaired, and further, failure to obtain such financing could result in the delay or indefinite postponement of exploration, development or production on any or all of the Company's projects. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable.

Risk factors (V)

Further, certain of the Company's financing and leasing agreements contains change of control clauses which may be triggered in the event of a material change in the ownership of the Company, and any such change of control requires approval from the lender.

Liquidity risk and insolvency

Liquidity risk encompasses the risk that the Company may not be able to meet its financial obligations as they fall due. Insolvency risk is the risk that as a consequence of not being able to meet its financial obligations as they fall due, the Company may be placed into insolvency. There is no guarantee that the Company will in the future have sufficient amounts available to meet claims of creditors. The proceeds which could be raised from a sale of the Company's assets or business in an insolvency situation may be considerably less than the current value of such assets and business. There can be no assurance that the Company's assets would be protected from any actions by its creditors, whether under insolvency law, by agreements or otherwise.

Fluctuations in currency exchange rates

As the Company operates in, and generates revenue from and have expenses (such as through import of raw material and other production material) from other jurisdictions than Norway, the Company is exposed to fluctuation in foreign exchange rates. Further, the Company's reporting currency is NOK, and all revenue and expenses generated in other currencies than NOK are converted to NOK.

The Company's insurance may not cover all potential losses and liabilities

The Company may not be able to maintain adequate insurance in the future at rates the Company's management considers reasonable or be able to obtain insurance against certain risks. The Company's insurance coverage may under certain circumstances not protect the Company from all potential losses and liabilities that could result from its operations. In addition, the Company may experience increased costs related to insurance. Insurers may not continue to offer the type and level of coverage that the Company currently maintains, and its costs may increase as a result of increased premiums. Should liability limits be increased via legislative or regulatory action, the Company may not be able to insure certain activities to a desirable level. If liability limits are increased and/or the insurance market becomes more restricted, the Company's business, financial condition and results of operations could be materially adversely affected or otherwise impair the Company's ability to meet its obligations under its indebtedness.

The Company is exposed to counterparty risk

The Company is exposed to the risk that counterparties are unable to fulfil their commitments. If a counterparty is unable to fulfil its obligations and the Company is forced to enter into similar arrangements with another counterparty, this may result in an increase in the costs of the Company. If one or more of the abovementioned counterparty risks materialises, it would be likely to have a material adverse effect on the Company's business, results of operations, financial condition and/or prospects.

Risk factors (VI)

Risks relating to the shares

An active trading market for the Company's share may not develop

There can be no assurance that any liquid trading market for the Company's shares will develop on Euronext NOTC, 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 a potential listing of the Euronext NOTC.

The price of the shares may fluctuate significantly

The trading volume and price of the shares could fluctuate significantly. Some of the factors that could negatively affect the share price or result in fluctuations in the price or trading volume of the shares include, for example, changes in the Company's actual or projected results of operations or those of its competitors, changes in earnings projections or failure to meet investors' and analysts' earnings expectations, investors' evaluations of the success and effects of the Company's strategy, as well as the evaluation of the related risks, changes in general economic conditions or the equities markets generally, changes in the industries in which the Company operates, changes in shareholders and other factors.

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 due to factors that have little or nothing to do with the Company, and such fluctuations may materially affect the price of the shares. Further, major sales of shares by major shareholders could also negatively affect the market price of the shares.

Future issuances of shares or other securities could dilute the holdings of shareholders and could materially affect the price of the shares

The Company has issued three convertible loans tranches, and pursuant to two of these tranches the lenders under such loans may convert their loan into equity in the Company upon the lenders' discretion. The lenders under these convertible loan tranches have been granted subscription rights for each share to be delivered to the lenders if the lenders exercise their conversion right. Further, the Company has issued options in connection with its share option program for the board, the management and key persons in the Company. The Company may in the future decide to offer and issue new shares or other securities in order to finance new capital-intensive projects, in connection with its convertible loans, its share option program and unanticipated liabilities or expenses or for any other purposes. Depending on the structure of any future offering, certain existing shareholders may not have the ability to purchase additional equity securities. A lender exercising its conversion rights into equity under the Company's convertible loans, the exercise of any subscription rights or options in the Company, or an issuance of additional equity securities or securities with rights to convert into equity could reduce the market price of the Shares and would dilute the economic and voting rights of the existing shareholders if made without granting subscription rights to existing shareholders. Accordingly, the Company's shareholders bear the risk of any future exercise of conversion rights or offerings reducing the market price of the shares and/or diluting their shareholdings in the Company.

Shareholders outside of Norway are subject to exchange rate risk

All of the shares will be priced in Norwegian Kroner (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 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.

Risk factors (VII)

Norwegian law could limit shareholders' ability to bring an action against the Company

The rights of holders of the shares are governed by Norwegian law and by the Company's articles of association (the "Articles of Association"). These rights may differ from the rights of shareholders in other jurisdictions. In particular, Norwegian law limits the circumstances under which shareholders of Norwegian companies may bring derivative actions. For example, under Norwegian law, any action brought by the Company in respect of wrongful acts committed against the Company will be prioritised over actions brought by shareholders claiming compensation in respect of such acts. In addition, it could be difficult to prevail in a claim against the Company under, or to enforce liabilities predicated upon, securities laws in other jurisdictions.

Pre-emptive rights to subscribe for Shares in additional issuances could be unavailable to U.S. or other shareholders

Under Norwegian law, unless otherwise resolved at the Company's general meeting of shareholders, existing shareholders have pre-emptive rights to participate on the basis of their existing ownership of shares in the issuance of any new shares for cash consideration. Shareholders in the United States, however, could be unable to exercise any such rights to subscribe for new shares unless a registration statement under the U.S. Securities Act is in effect in respect of such rights and shares or an exemption from the registration requirements under the U.S. Securities Act is available. Shareholders in other jurisdictions outside Norway could be similarly affected if the rights and the new shares being offered have not been registered with, or approved by, the relevant authorities in such jurisdiction.

The Company is under no obligation to file a registration statement under the U.S. Securities Act or seek similar approvals under the laws of any other jurisdiction outside Norway in respect of any such rights and shares. Doing so in the future could be impractical and costly. To the extent that the Company's shareholders are not able to exercise their rights to subscribe for new shares, their proportional interests in the Company will be diluted.

Majority shareholder risk and concentration of ownership

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. The lack of take over regulation on Euronext NOTC, as opposed to Oslo Børs and Oslo Axess, 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.

Norsk Innovasjonskapital III AS is a majority shareholder in the Company, and will be able to exert a substantial degree of influence over the Company's management and affairs and over matters requiring shareholder approval, including the election of the Company's Board and approval of significant corporate transactions. As a significant shareholder, it may also decide to sell large blocks of shares, thereby reducing the market price of the shares. The Company cannot make any predictions as to the sale or perception on the market price of the shares.