



# Q3 2021 financial results

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# Q3 2021 highlights

## Financial results



### Total Revenues

**CAD 5.6 million**

14% decrease from Q3 2020



### Adjusted EBITDA

**CAD -1.3 million**

CAD 1.3 m decrease from Q3 2020



### Materials revenues

**CAD 3.9 million**

10% growth from Q3 2020



### Recurring Materials revenues

**CAD 3.0 million**


10% growth from Q3 2020

## Operations, business development and sales

- Q3 2021 total revenues affected by lower systems revenues (42% decrease) which are returning to average yearly run-rates in Q4
- The adjusted EBITDA variation in Q3 (-\$1.3m) vs last year is due to a federal emergency grant received in Q3 2020 (\$1m)
- Materials revenues increased 10% YOY. Most popular AM powder sold out in the quarter. Focus on securing inventory for strategic customers
- YTD total revenues & materials revenues improved 43% and 40% respectively over 2020
- Outlook for AM market remains strong. Additional atomizer now operating, and productivity improvement adding 25% production capacity
- Qualification of customers in PE segment developing positively. On track to secure first commercial customer in 2022

## Subsequent events

- Exploring further expansion of LG Chem Joint Development Agreement on a second research project
- Launch of PlasmaSonic equipment product line (Hypersonic flight)
- Cybersecurity: Implementing industry best practices



## Tekna in brief



# Tekna is a world-leading provider of advanced materials

## Established organization with world-wide reach

								
Founded in 1990	Listed Euronext Growth OSLO 2021	Headquartered in Quebec, Canada	200 employees	90 active patents	3 production facilities	2 research facilities	7 subsidiaries	1 joint venture



## Large base of blue-chip customers<sup>1</sup>



~200 customers

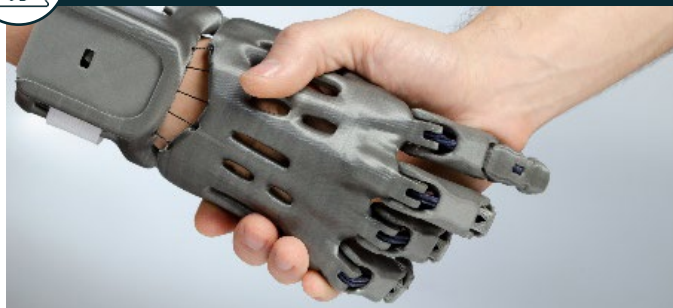
Note: In India and Japan, Tekna has distribution/sales representative agreements

1) Current and targeted

# Tekna is developing its position in three multi-billion-dollar market verticals



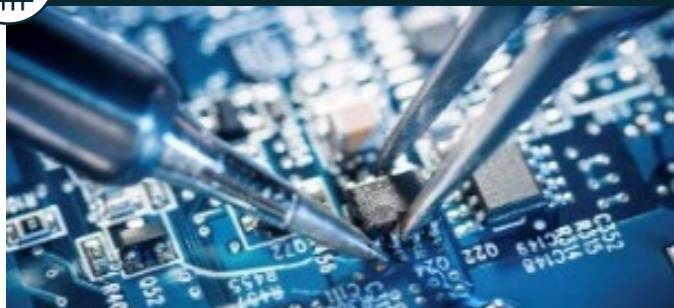
## Additive manufacturing / 3D printing (AM)



- ✓ Fast-growing industrial **3D printing** market
- ✓ Reducing waste & producing longer-lasting components



## Printed electronics (PE)



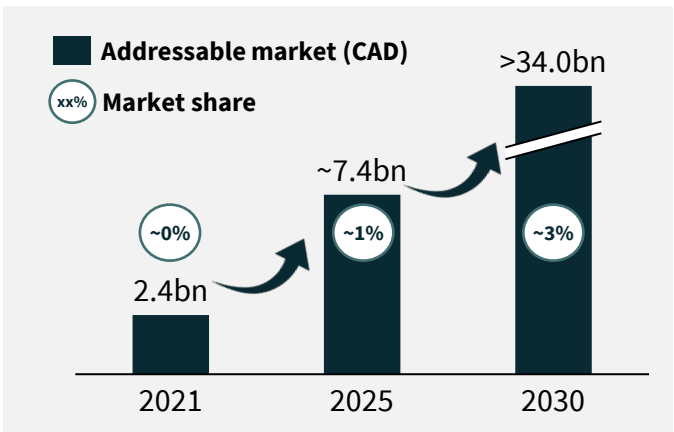
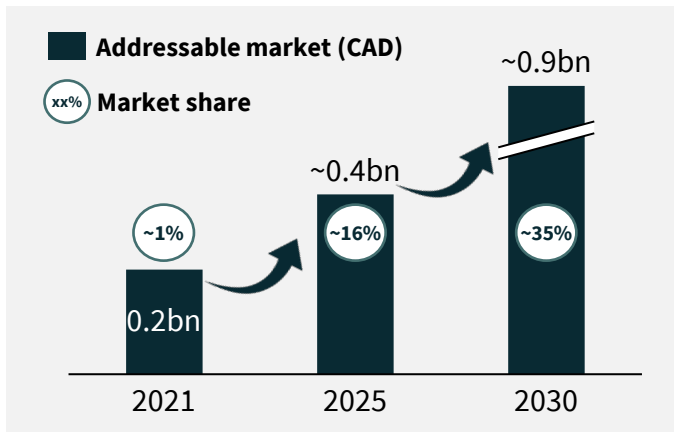
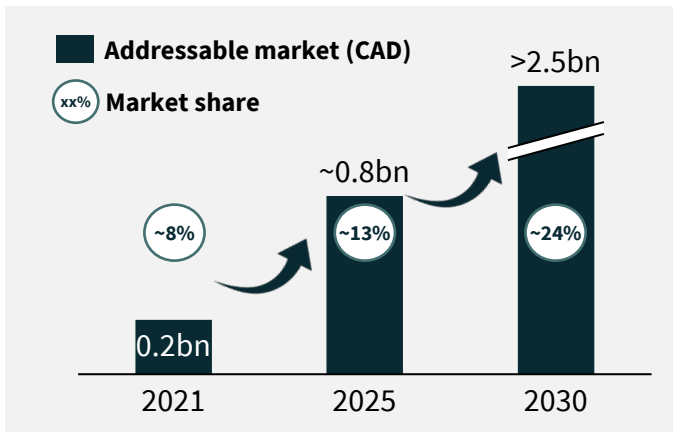
- ✓ **IoT and digitalization** of every-day devices
- ✓ Enabling technological advancements towards more **efficient resource usage**



## Energy storage (ES)



- ✓ **Electrification** and **grid reserve**
- ✓ Increasing **clean energy storage** and **performance**



Tekna's technology starts where others' end

A woman with brown hair tied back, wearing clear safety glasses and a dark blue shirt, is looking directly at the camera. She is holding a white object, possibly a piece of paper or a small container, in front of her. The background is a blurred laboratory setting with various equipment and shelves.

## **Key developments**



# Key developments: Additive manufacturing (AM) / 3D printing

## Demand is strong globally

- Market continues to develop well, sales are accelerating in Europe
  - Order backlog remains strong at >\$8M (+57% yoy)
  - Average materials selling price increased in Q3 over 1H 2021 ranging 2% to 10% depending on part number
- Factory output included inventories produced for strategic customers, to be delivered at future dates
- Additional atomizer now operating, and combined with productivity improvement, increased production capacity by 25%. This will keep improving each quarter
- Q4 materials revenue outlook is improving compared to Q3 by \$1M
- 2022 order book filling-up, capacity is now close to where it needs to be to deliver 2022 orders

## Formnext 2021: AM live and in color

WHAT TO EXPECT

16. – 19.11.2021  
Frankfurt am Main

## We are a trusted partner for large OEMs

- Airbus supplier qualification process well underway
- Consumer Electronics: Product qualification progressing, material specification met with 2 customers in China and Japan
- Live trade shows are resuming:  
Inside 3DP (KR), Rapid (USA), Formnext (EU)
- Additive Manufacturer Green Trade Association (AMGTA) membership



←  
Visit us  
Hall 11 Booth B11



# Key developments: Printed electronics (PE)

## Successful roll-out of market entry strategy

- Qualification developing positively, on track to secure first customer in Japan next year.
- Initiated talks with industrial scale-up partners in Asia.
- In process to lease industrial-pilot production facility in Canada, with potential of providing capacity of up to 25 tons of powder annually by 2023.

## Securing market position through rigorous and systematic business development

- We see the technology for smallest MLCC devices expanding outside Korea and Japan: new pipeline entry in Taiwan
- Continued positive and consistent development with OEMs
- Development on-going for 2 product families (50 nm and 80 nm generation)

## Business development progress score card (80 nm Nickel powders)

Customer	Country	ACCOUNT QUALIFICATION				PRODUCT QUALIFICATION				MANUFACTURING QUALIFICATION AND PRE-PROD.APPROVAL				QUOTE PROCESS & CONTRACT NEGOTIATION				Score
1	SK																2H22	29
2	SK																2H22	25
3	JPN																2H22	34
4	JPN																2H22	25
5	JPN																TBD	22
6	JPN																1H23	16
7	JPN																1H23	14
8	JPN																TBD	8
9	JPN																TBD	8
10	SK	Q2															TBD	16
11	TWN																TBD	13

## Progress legend

	Completed
	Ongoing
	Closed
NEW	- newly added prospect

NEW

## Key developments: Energy storage (ES)



### Product development efforts on schedule

- Tekna nano Silicon initial product performance assessment is progressing according to schedule preliminary results expected by end of Q4-2021.
- Industrial-pilot capacity ready in early Q1 2022
- Initiated discussions with raw material (silane) manufacturers to secure long-term supply, incl. REC Silicon, Air Liquide and 2 Asian producers

### Strengthening our position with LG Chem

- Mapping the supply chain relevant to Tekna, 154 leads identified
- LG Chem revised research milestone to January 2022 (design change)
- Discussing 2<sup>nd</sup> Joint Development Agreement started with LG Chem involving a different research angle



# A UNIVERSE OF POSSIBILITIES



Play video (4 min)





# Introduction: PlasmaSonic



## Leveraging 30 years of expertise: Plasma energy & system design

- Equipment based on Tekna's core technology
- Tekna's contaminant-free plasma torch provides unique simulation capabilities
- Wide range of solutions on offer:
  - Currently fielded wind tunnel technology
  - Design consulting services, instrumentation, lab scale modelling to near reality wind tunnel simulators, materials

## Orbital Space and Hypersonic Flight: A developing Industry

- Total industry size estimated at \$270B
- Revenue potential over the next 10 years estimated at \$150M - \$250M
- 11 research programs identified in 7 countries with total value over \$55M



## Financials



# Financial highlights Q3 2021

Financial highlights <sup>1</sup> (CADm)	2021 Q3	2020 Q3	2021 YTD	2020 YTD	2020 FY
Revenue	<b>5.6</b>	6.5	<b>20.8</b>	14.6	22.0
Gross Margin	<b>53%</b>	41%	<b>49%</b>	45%	49%
Adjusted EBITDA <sup>2</sup>	<b>-1.3</b>	0.0	<b>-1.2</b>	-1.8	2.2
Adjusted EBITDA %	<b>-24%</b>	0%	<b>-6%</b>	-12%	10%
EBITDA	<b>-2.3</b>	-0.1	<b>-3.8</b>	-2.0	1.4
EBITDA %	<b>-42%</b>	-1%	<b>-18%</b>	-14%	6%
Cash balance at the end of the period	<b>38.6</b>	<b>2.1</b>	<b>38.6</b>	2.1	2.5
Recurring revenue (% of materials revenue)	<b>77%</b>	87%			na

## Notes

1 The figures have been prepared in accordance with IFRS.

2 EBITDA adjusted for non-recurring items.

## Commentary

Revenues decreased 14% YOY in Q3, and increased 43% YTD over the same period

- Material revenues increased 10% YOY, 40% increase YTD
- Total orders on hand for Q3 2021 stood at \$12m
- 12 months recurring material revenues at 77% (85% over 24 mo.)

Q3 Gross margin increased 29% YOY

- Adjusted EBITDA at \$ -1.3m, in line with YTD expectations
- Adjusted YTD EBITDA increased 33% YOY

A welder is shown in profile, wearing a dark blue protective suit and a welding helmet. The helmet has "Speedglas" and "3M" logos. The welder is wearing white protective gloves and is working on a large, dark metal component. A green cable is connected to the component. The background is a workshop with various tools and equipment.

## Summary and outlook



## On track to deliver on 2021 priorities and mid-to-long term ambitions

Metric	2021	Mid-to-long term ambition
Revenue growth	Reach CAD 22M run-rate materials sales during 2021	40-50% organic revenue growth per year
Business mix	~50% AM, ~35% SY, ~15% other	Mid-term: ~30% AM, ~20% PE, ~25% ES, ~15% SY + other Long-term: ~50% ES, ~25% AM, ~15% PE, 10% SY + other
Operational EBITDA margin <sup>1</sup>	Below break-even	Towards 25% mid- and long-term
R&D	5% of revenues <b>near-term</b> Towards 3% mid- to long-term	
Growth capex	Expansion within existing facilities	Targeting 30+ plasma units in operation by 2025, 250+ plasma units in operation by 2030
Other capex	Maintenance capex >1% of revenues	

1) Operational EBITDA margin excludes R&D.

Note: AM: Additive Manufacturing, PE: Printed Electronics, ES: Energy Storage, SY: Systems

## Key takeaways



Over 40% growth YTD.  
Demand and order backlog  
remain strong.



Positive market indicators for  
all business segments.  
  
Ramping up capacity.



Reiterating our near- and  
long-term targets.

## Summary: Solid position for profitable growth and expansion

Q&A

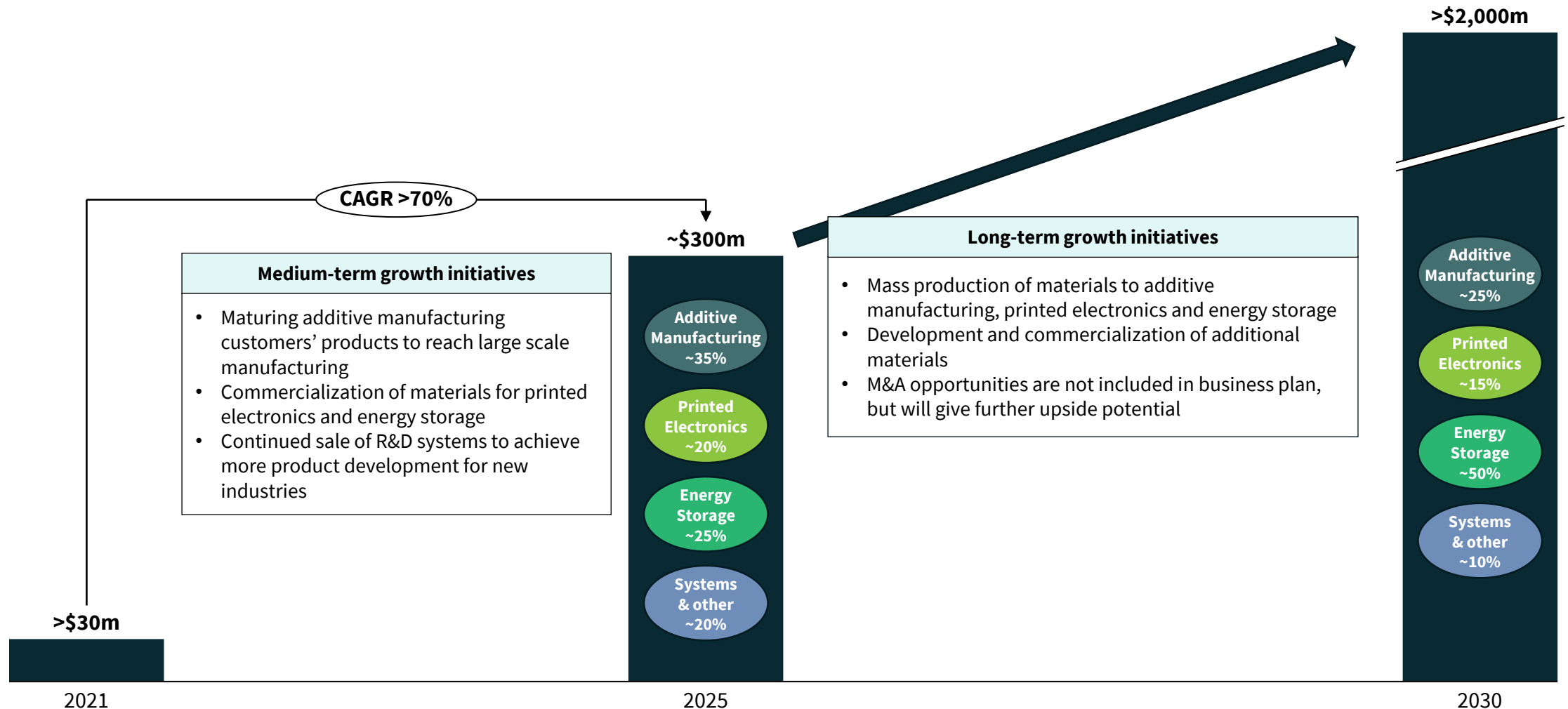
- 1 Megatrends **accelerating demand** for high-quality micro and nano materials
- 2 IP protected plasma technology driving **disruptive manufacturing change**
- 3 Proven and commercialized technology with **>200 blue-chip customers**
- 4 Scalable, recurring and sticky business model with **low CAPEX requirements**
- 5 Increasing market share and accelerating adoption drives **strong revenue growth**



## Annexes



# Industrial scale and optimized production enabling strong growth in Tekna's profitability



Note: numbers in CAD. Further details and guidance for Tekna provided in appendix on slide 36

# Financial statements

## INCOME STATEMENT

CADm	2021 Q3	2020 Q3	2021 YTD	2020 YTD	FY 2020
<b>Revenue</b>	<b>5.6</b>	<b>6.5</b>	<b>20.8</b>	<b>14.6</b>	<b>22.0</b>
Cost of sales <sup>1</sup>	2.7	3.8	10.6	8.0	11.3
<b>Gross margin</b>	<b>2.9</b>	<b>2.7</b>	<b>10.2</b>	<b>6.6</b>	<b>10.7</b>
Gross margin %	53%	41%	49%	45%	49%
Other income	0.0	-1.0	-0.2	-2.7	-4.2
Indirect personnel expenses	3.2	2.6	9.3	7.9	10.6
Other OPEX	1.0	1.1	2.3 <sup>1</sup>	3.2	2.1 <sup>2</sup>
<b>Total other income and OPEX</b>	<b>4.2</b>	<b>2.7</b>	<b>11.4</b>	<b>8.4</b>	<b>8.5</b>
<b>Adjusted EBITDA</b>	<b>-1.3</b>	<b>0.0</b>	<b>-1.2</b>	<b>-1.8</b>	<b>2.2</b>
Adjusted EBITDA margin %	-24%	0%	-6%	-12%	10%
Non-recurring expenses	1.0	0.1	2.6 <sup>1</sup>	0.2	0.8 <sup>2</sup>
<b>EBITDA</b>	<b>-2.3</b>	<b>-0.1</b>	<b>-3.8</b>	<b>-2.0</b>	<b>1.4</b>
EBITDA margin %	-42%	-1%	-18%	-14%	6%
Depreciation and amortization	0.8	0.9	2.4	2.8	3.9
<b>EBIT</b>	<b>-3.1</b>	<b>-1.0</b>	<b>-6.2</b>	<b>-4.8</b>	<b>-2.5</b>
EBIT margin %	-56%	-15%	-30%	-33%	-11%
Equity company loss (income)	0.4	0.0	1.1	0.0	2.0
FX variation (Gain) Loss	-0.7	0.0	-1.7	0.0	0.0
Finance cost	1.2	0.4	1.8	1.0	1.4
<b>EBT</b>	<b>-4.0</b>	<b>-1.4</b>	<b>-7.4</b>	<b>-5.8</b>	<b>-5.9</b>
Provision for income tax	0.0	-0.4	-0.1	-1.2	-1.1
<b>Net profit/loss</b>	<b>-4.0</b>	<b>-1.0</b>	<b>-7.3</b>	<b>-4.6</b>	<b>-4.8</b>

### Notes

1. Legal fees of \$0.9m have been presented as non-recurrent expenses in Q1 and Q2 2021.
2. Legal fees of \$0.8m have been presented as non-recurring expenses in FY 2020.



# Financial statements

## BALANCE SHEET

Balance sheet				
CADm	30.09.2021	31.06.2021	31.12.2020	30.09.2020
<b>ASSETS</b>				
Deferred tax assets	0.0	0.0	0.0	1.7
Other intangible assets	9.4	9.8	9.4	11.2
Tangible fixed assets	18.8	18.8	18.1	17.4
Investment in equity companies	0.3	0.7	1.4	0.0
Other long-term receivables	5.6	5.5	4.2	4.1
<b>Total non-current assets</b>	<b>34.1</b>	<b>34.8</b>	<b>33.1</b>	<b>34.4</b>
Inventory	13.2	13.0	12.0	13.2
Contract assets	3.1	2.4	0.5	0.0
Accounts receivable and other receivables	6.8	7.0	5.8	9.7
Cash and cash equivalents	38.6	45.7	2.5	2.1
<b>Total current assets</b>	<b>61.7</b>	<b>68.1</b>	<b>20.8</b>	<b>25.0</b>
<b>Total assets</b>	<b>95.8</b>	<b>102.9</b>	<b>53.9</b>	<b>59.4</b>

Balance sheet				
CADm	30.09.2021	31.06.2021	31.12.2020	30.09.2020
<b>LIABILITIES AND EQUITY</b>				
Owners' equity	84.5	88.2	20.1	0.2
Minority interest	0.5	0.6	0.0	0.0
<b>Total equity</b>	<b>85.0</b>	<b>88.8</b>	<b>20.1</b>	<b>0.2</b>
Deferred tax liabilities	0.0	0.0	0.0	3.1
Leasing obligations	0.3	0.4	0.5	0.5
Other long-term debt	3.6	3.8	24.2	43.9
<b>Total non-current liabilities</b>	<b>3.9</b>	<b>4.2</b>	<b>24.7</b>	<b>47.5</b>
Current interest-bearing borrowings	1.1	3.0	0.7	2.8
Current interest-bearing liabilities	0.0	0.0	0.0	0.0
Accounts payable	2.7	3.4	4.3	3.3
Leasing obligations	0.2	0.2	0.2	0.2
Other current liabilities	2.9	3.3	3.9	5.4
<b>Total current liabilities</b>	<b>6.9</b>	<b>9.9</b>	<b>9.1</b>	<b>11.7</b>
<b>Total liabilities and equity</b>	<b>95.8</b>	<b>102.9</b>	<b>53.9</b>	<b>59.4</b>

# Financial statements

## CASH FLOW

Cash flow CADm	2021 Q3	2021 Q2	2020 Q3
<b>Net profit</b>	<b>-4.0</b>	<b>-1.6</b>	<b>-1.0</b>
Depreciation and Amortization	0.8	0.8	0.9
Tax expense	0.0	0.0	-0.4
Net financial items and Fx variation	0.5	-0.6	0.4
Change in inventory, contract assets, receivables, payables and other liabilities	-2.0	-0.9	-0.3
Share of profit from associates	0.4	0.4	0.0
<b>Net cash from operations</b>	<b>-4.3</b>	<b>-1.9</b>	<b>-0.4</b>
Purchase of PPE and intangible assets	-0.4	-1.7	-1.6
Other Investments activities	0.0	0.0	0.0
Purchase of shares in subsidiaries <sup>1</sup>	0.0	0.0	0.0
<b>Net cash from investing activities</b>	<b>-0.4</b>	<b>-1.7</b>	<b>-1.6</b>
Cashflow from issuance of stock <sup>1</sup>	0.0	-0.6	0.0
Proceeds from the issuance of shares in subsidiary	0.0	0.0	0.0
New long-term borrowings	-0.1	0.1	0.2
Repayment of long-term borrowings	-0.1	-0.1	-0.1
Internal loans and borrowings	0.1	-50.4	2.3
Net change in current interest-bearing debt	-1.9	-0.8	0.0
Interest paid	-0.1	-0.2	-0.4
<b>Net cash from financing activities</b>	<b>-2.1</b>	<b>-52.0</b>	<b>2.0</b>
Cash flow <sup>1</sup>	-6.8	-55.6	0.0
FX adjustments <sup>1</sup>	-0.3	-0.8	0.0
<b>Change in cash and cash equivalents</b>	<b>-7.1</b>	<b>-56.4</b>	<b>0.0</b>
Opening Balance for Cash assets	45.7	102.1	2.1
<b>Closing Balance for Cash assets</b>	<b>38.6</b>	<b>45.7</b>	<b>2.1</b>

### Notes

- Adjustments were made in Q2 2021 in relation to the FX conversion