



Q4 2021 financial results

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Q4 2021 highlights

Financial results



Total Revenues

CAD 6.0 million

17% decrease from Q4 2020



Adjusted EBITDA

CAD -3.3 million

CAD 7.3 m decrease from Q4 2020



Materials revenues

CAD 4.6 million

25% growth from Q4 2020



Recurring Materials revenues

CAD 4.3 million (91%)


36% growth from Q4 2020

Operations, business development and sales

- Materials revenues at \$4.6 million up 25% from Q4 last year despite \$0.8 million orders postponed by customers to Q1 2022.
- Materials sales order intake reached \$6.6 million in Q4, boosting annual order intake to \$19.8 million. The resulting annual sales run rate is in the range of \$19.8 million to \$26.4 million.
- Materials order backlog going into 2022 at \$10.2 million, 46% year-on-year reflecting stronger market demand led by Aerospace and Medical devices.
- Systems revenues down 62% YoY, amid Covid-related order execution delays, limiting total revenues to \$6 million. Strong systems backlog at \$5.1 million.
- Q4 Adj. EBITDA severely affected by lower systems revenue & high foreign commissioning costs arising from Covid restrictions.
- Mid-to long-term 40-50% organic revenue growth path remains firm, supported by solid order backlog, but Covid keeps impacting the short term.

Subsequent events

- Aiming for OSE listing in 2022
- Lease agreement signed for facility in France, consolidating European additive manufacturing powder production and increasing production capacity
- Project milestone reached with LG Chem in January 2022
- ESG: Tekna became signatory of UN Global Compact in January 2022; on track to receive full ISO13485 certification in Q1 2022



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 customers¹















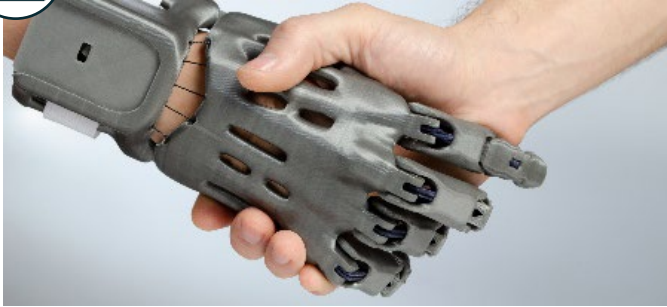
~200 customers

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)



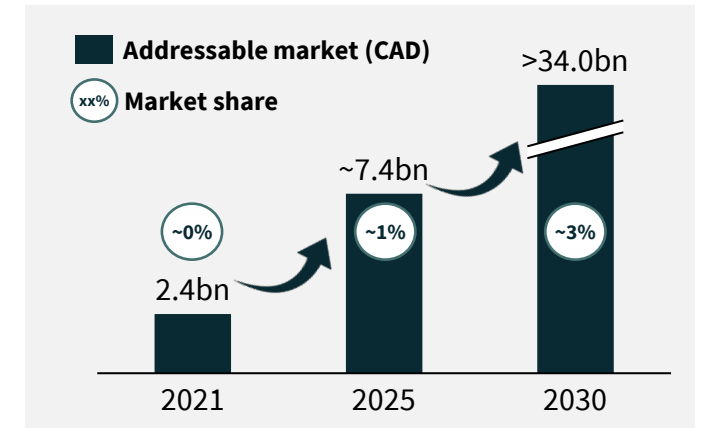
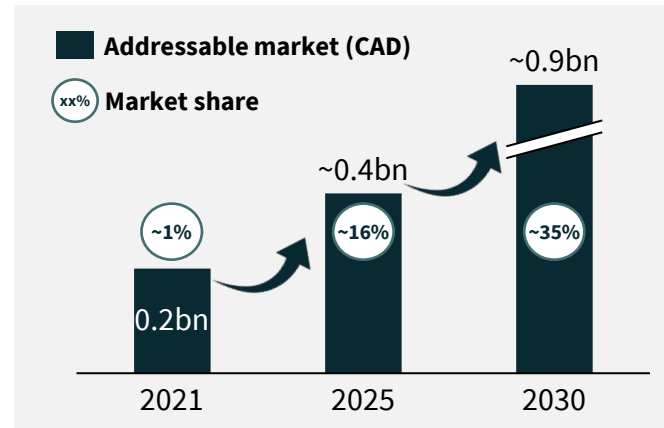
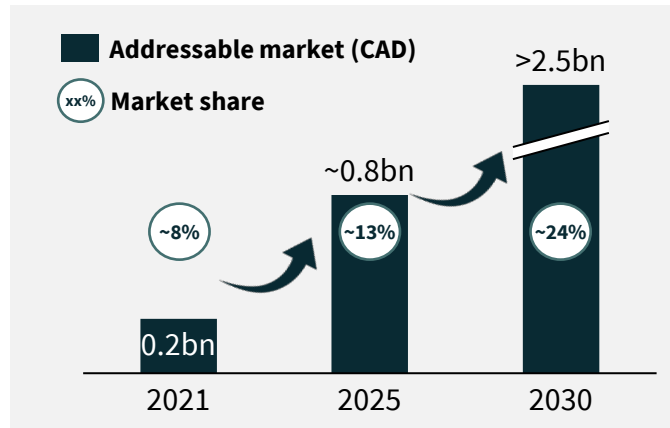
- ✓ **IoT and digitalization** of every-day devices
- ✓ Enabling technological advancements towards more **efficient resource usage**



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 piece of white paper or a small object in front of her. The background is a blurred laboratory or workshop setting with various equipment and shelves.

Key developments

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

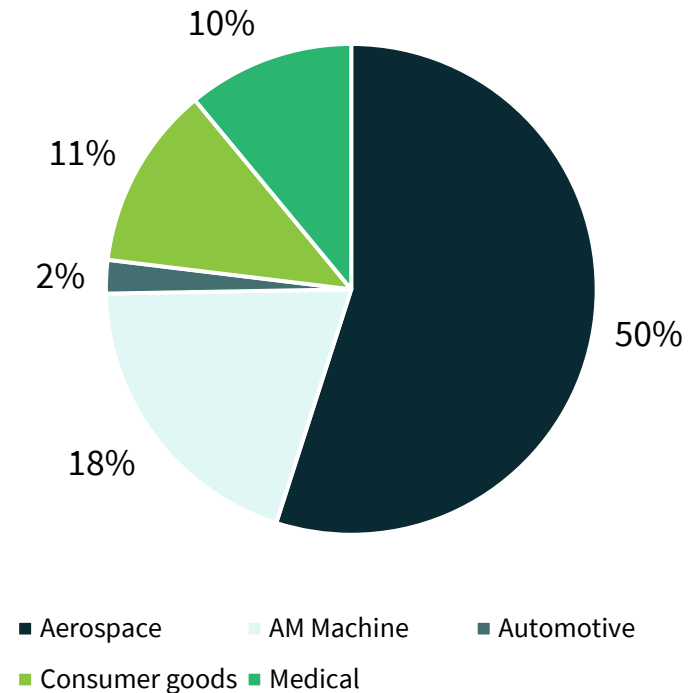
Strong quarter with record high order intake in December

- Materials revenues at \$4.6 million up 25% from Q4 last year despite \$0.8 million orders postponed by customers to Q1 2022.
- \$3.3 million in materials orders received in December 2021, lifting materials order backlog to \$10.2 million
- Q4 led by strong materials sales to aerospace industry (50%) and AM machine manufacturers (18%).
- Market continues to develop well in consumer goods segment, with 200% growth in second half 2021 over first half 2021

We are a trusted partner for large OEMs

- Airbus supplier qualification process on target, with powder delivery scheduled for 2022
- Tekna added to the qualified supplier list of European engine manufacturer, within the scope of existing 5-year supply agreement
- Consistent progress made towards developing sales with Korean, French and American industry leaders in the automotive sector
- Sales acceleration expected to continue through 2022, supported by growing sales force in all geographic territories

Q4 AM Material sales by Industry Sector



“ Powder atomizer output has increased 26% in Q4 over Q3. We expect to keep this pace and keep up with the accelerating demand ”

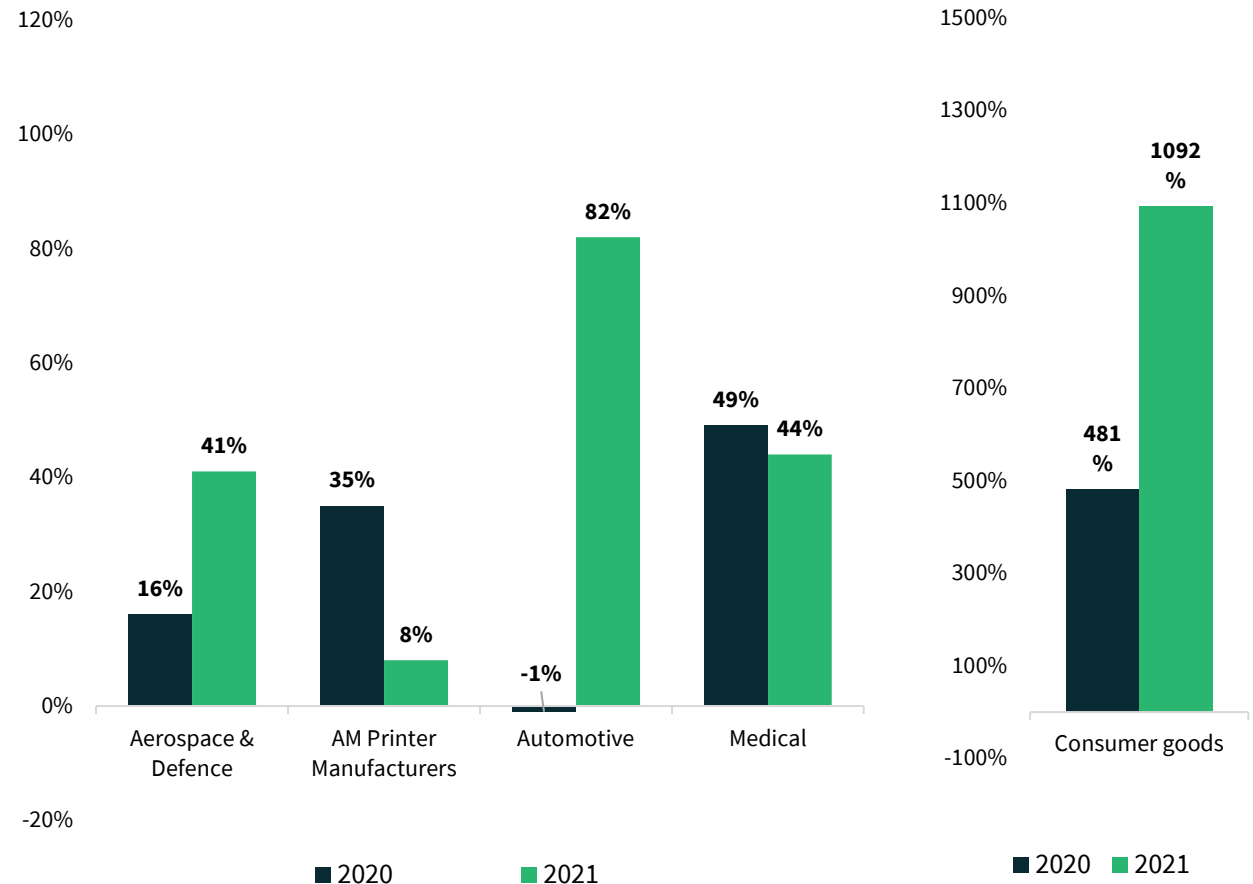
Market outlook: Additive manufacturing (AM)

Industry sector trends – Consumer goods developing rapidly

- **Consumer goods:** Demand developing positively, driven by industry seeking to reduce process costs and improve mechanical performance. 5 tons order received in Q4 2021.
- **Aerospace:** Main OEMs with long-term agreements signed in 2021 are expected to issue sizeable orders in 2022 and in coming years.
- **Machine manufacturers:** Direct sales and on-going qualification process with 12 out of 17 machine manufacturers. Increasing demand for both Titanium and Aluminum, with new opportunities emerging.
- **Automotive:** Recovering from pandemic, with 82% growth over 2020. Consistent progress made with industry leaders in France, USA and Korea.
- **Medical:** Recovering from pandemic and yielding 114% growth over past 2 years. Forecast to accelerate growth rate in 2022. Ti64 materials are expected to replace Cobalt Chromium alloys by 2024, now considered hazardous by European and U.S. authorities.

“Sales acceleration is expected to continue through 2022, supported by growing sales force in key geographic territories”

AM Materials Growth by Segment



Consolidation of European AM powder production at new facility in France

Developing and accelerating growth

- Aligns with Tekna and subsidiary ImphyTek Powders strategy
- Nine-year lease agreement on facility in Pont-de-Veyle in France
- Designed to hold up to 1 500 tons of powder manufacturing capacity
- Allows for further expansion of production capacity and integrating Printed Electronics and Energy Storage activities at later stage
- With recently announced production facility for Printed Electronics segment in Sherbrooke, Canada, Tekna could grow production capacity by ~2 500 tons of powder per year

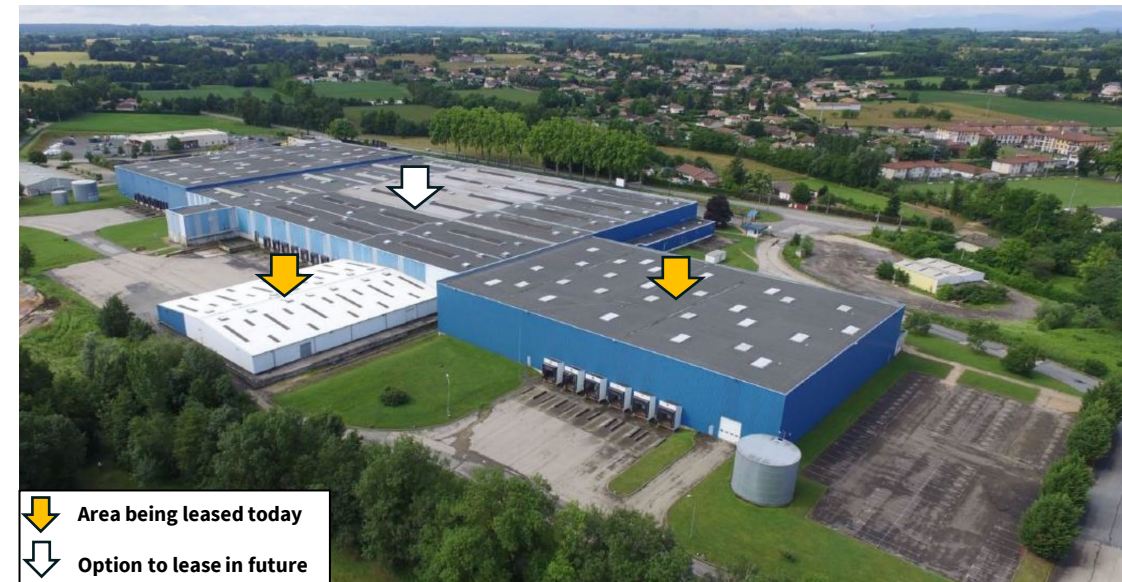
In line with Tekna's ESG goals – Building a resilient economy

- ✓ Strengthening the end-to-end supply chain resilience for customers, making it 100% European based
- ✓ Reducing our carbon footprint globally while improving our margins
- ✓ Paving the way for fully traceable, closed-loop material recycling in a circular economy
- ✓ Investment decision took climate-related assessment into account



TEKNA

imphytek.
POWDERS



Key developments: Printed electronics (PE)

Successful roll-out of market entry strategy

- Entered lease agreement for industrial-pilot production facility in Canada, with potential of providing capacity of up to 25 tons of powder annually by 2023, scalable up to 50 tons if needed.
- Qualification developing positively, on track to secure first customer in Japan this year.
- Continuing talks with industrial scale-up partners in Asia.

Securing market position through rigorous and systematic business development

- Continued positive and consistent development with leading MLCC OEMs.
- Development on-going for 2 product families (50 nm and 80 nm generation).
- 3 prospects are not meeting the small size MLCC technology readiness (closed).
- Continued adoption of technology spreading outside Japan and Korea with new customer prospect in China.

Business development progress score card (80 nm Nickel powders)

Progress legend

Customer	Country	Account Qualification				Product Qualification				Manufacturing Qualification and Pre-Prod Approval				Quote Process and Contract Negotiation				Score
★ 1	SK								ON HOLD								1H23	29
★ 2	SK								Q4								2H22	34
★ 3	JPN																2H22	34
★ 4	JPN																2H22	29
★ 5	JPN							Q4										0
★ 6	JPN																1H23	19
★ 7	JPN																1H23	14
★ 8	JPN																TBD	8
★ 9	JPN						Q4											0
★ 10	SK							Q4										0
★ 11	TWN						Q4										TBD	21
★ 12	CN																TBD	12

	Completed
	Ongoing
	Closed
NEW	- newly added prospect

★ MLCC leading OEMs controlling > 90% of market

Key developments: Energy storage (ES)



“We are positioning Tekna strategically in all stages of the Lithium-ion Battery value chain”

1 Enhancing Silicon materials performance

- Successful preliminary product performance results received in January 2022 showing energy density increasing from 350 to 600 mAh/g.
- New samples produced with Industrial pilot will be provided to 150 prospects.

2 Developing high energy density Graphite-Silicon composite

- Developing a strategic position in the lithium-ion battery value chain by leading a 3-way effort that will bring together a major provider of natural graphite and a graphite-silicon composite producer.
- The aim of this joint team effort is to develop and provide battery manufacturers with ready to use high energy density anode materials. Technical due diligence is expected to start in Q1 2022.

3 Joint development and manufacturing of materials with OEMs - LG Chem

- JDA milestone reached with the approval of plasma pilot-scale unit in January 2022.
- On-schedule shipping of pilot scale-unit to LG Chem Innovation Center.
- Research work scheduled for development of new materials that will improve the storage capacity and the cycle stability of Lithium-Ion batteries.





Financials

Financial highlights Q4 2021

Financial highlights ¹ (CADm)	2021 Q4	2020 Q4	2021 FY	2020 FY
Revenue	6.0	7.4	26.8	22.0
Gross Margin	28%	55%	44%	49%
Adjusted EBITDA ²	-3.3	4.0	-4.6	-2.2
Adjusted EBITDA %	-56%	54%	-17%	10%
EBITDA	-3.8	3.1	-8.7	0.3
EBITDA %	-63%	42%	-33%	1%
Cash balance at the end of the period	38.6	2.5	38.6	2.5
Recurring revenue (% of materials revenue)	91%	82%		

Notes

1 The figures have been prepared in accordance with IFRS.

2 EBITDA adjusted for non-recurring items.

Commentary

Total revenues of \$6 million in Q4 (-17%), increasing year total to \$26.8 million, +22% over 2020

- Systems revenues down 62% year-on-year, due to Covid-related order execution delays, hence total revenue was \$6 million for Q4, down 17% from Q4,2020.
- Material revenues increased 25% YoY in Q4 and 35% increase over 2020.
- Total orders on hand by year end stood at \$15.3 million, of which materials accounted for \$10.2 million (+46%).

Atypical Gross Margin, Adj. EBITDA in Q4, 2021 but FY2021 along expectations

- Gross margin & Adj. EBITDA were severely affected in Q4 from:
 - Lower systems revenue and higher foreign commissioning costs (forced foreign outsourcing due to Covid restrictions).
- Adjusted EBITDA at \$ -3.3 million in Q4,2021 as compared with Q4,2020 that included covid-related gov't subsidies for production labour.
- Excluding Q4 performance heavily influenced by Covid, FY 2021 Adj. EBITDA is according to expectations and aligned with growth plan.
- The impact of Covid is still being felt on some of our business segments and geographic areas.

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

Reiterating mid-to-long term ambitions

Metric	Mid-to-long term ambition
Revenue growth	40-50% organic revenue growth per year
Business mix	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 ¹	Towards 25% mid- and long-term
R&D	From 5% of revenues near-term towards 3% mid- to long-term
Growth capex	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



Materials order intake and
backlog at record high



Positive market indicators for
all business segments

Ramping up capacity &
productivity

Industry OEM recognition for
quality & customer service



Reiterating our mid- and
long-term targets

Aiming for OSE listing in 2022

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**

Financial statements

INCOME STATEMENT

CADm	2021 Q4	2020 Q4	FY 2021	FY 2020
Revenue	6.0	7.4	26.8	22.0
Cost of sales	4.3	3.3	14.9	11.3
Gross margin	1.7	4.1	11.9	10.7
Gross margin %	28%	55%	44%	49%
Other income	-0.2	-1.5	-0.4	-4.2
Indirect personnel expenses	3.4	2.7	12.8	10.6
Other OPEX	1.8	-1.1 ¹	4.0	2.1
Total other income and OPEX	5.0	0.1	16.4	8.5
Adjusted EBITDA	-3.3	4.0	-4.5	2.2
Adjusted EBITDA margin %	-56%	54%	-17%	10%
Non-recurring expenses	0.4	0.9 ²	4.2 ³	1.9 ²
EBITDA	-3.7	3.1	-8.7	0.3
EBITDA margin %	-63%	43%	-33%	1%
Depreciation and amortization	1.5	1.0	3.7	3.8
Adjusted EBIT	-4.8	3.0	-8.2	-1.6
EBIT	-5.2	2.1	-12.4	-3.5
EBIT margin %	-88%	28%	-46%	-16%
Equity company loss (income)	0.4	2.0	1.5	2.0
FX variation (Gain) Loss	1.0	0.0	-0.8	0.0
Finance cost	-1.1	0.3	0.7	1.4
EBT	-5.5	-0.2	-13.8	-6.9
Provision for income tax	0.0	0.1	-0.1	-1.1
Net profit/loss	-5.5	-0.3	-13.7	-5.8

Notes

1. Non-recurring legal costs of \$0.5M have been reclassified to non-recurring expenses.
2. A recent information bulletin was published on the IFRS treatment of configuration and customization costs in connection with implementation of cloud-based software services. The company has implemented this modification retroactively in its financial statements. Adjustments of \$0.4M and \$1.1 have been presented as non-recurring expenses in Q4 2020 and in FY 2020 respectively
3. Non-recurrent expenses of FY 2021 include \$2.2M in non-recurring legal costs, \$0.8M of listing costs and \$1.2M of cloud-based software costs

Financial statements

BALANCE SHEET

Balance sheet			
CADm	31.12.2021	30.09.2021	31.12.2020
ASSETS			
Deferred tax assets	0.0	0.0	0.0
Other intangible assets	9.2	9.4	9.4
Tangible fixed assets ¹	15.5	16.3	16.5
Investment in equity companies	-0.1	0.3	1.4
Other long-term receivables	7.0	5.6	4.2
Total non-current assets	31.7	31.6	31.5
Inventory	15.7	13.2	12.0
Contract assets	1.1	3.1	0.5
Accounts receivable and other receivables	5.7	6.8	5.7
Cash and cash equivalents	38.6	38.6	2.5
Total current assets	61.1	61.7	20.8
Total assets	92.8	93.2	52.3

Balance sheet			
CADm	31.12.2021	30.09.2021	31.12.2020
LIABILITIES AND EQUITY			
Owners' equity	76.3	82.0	18.5
Minority interest	0.2	0.4	0.0
Total equity	76.5	82.5	18.5
Deferred tax liabilities	0.0	0.0	0.0
Leasing obligations	0.2	0.3	0.5
Other long-term debt	3.8	3.6	24.2
Total non-current liabilities	4.0	3.9	24.7
Current interest-bearing borrowings	3.9	1.1	0.7
Current interest-bearing liabilities	0.0	0.0	0.0
Accounts payable	4.8	2.6	4.3
Leasing obligations	0.2	0.2	0.2
Other current liabilities	3.4	2.9	3.9
Total current liabilities	12.3	6.9	9.1
Total liabilities and equity	92.8	93.2	52.3

Note 1

A recent information bulletin was published on the IFRS treatment of configuration and customisation costs in connection with implementation of cloud based software services.

The company has implemented this modification retroactively in its financial statements.

An amount of \$2.5m was reversed from fixed assets to equity as of September 30, 2021 and \$1.6m as of December 31, 2020

Financial statements

CASH FLOW

Cash flow CADm	2021 Q4	2021 Q3	2020 Q4	FY 2021	FY 2020
Net profit	-5.5	-4.3¹	-0.3	-13.7	-5.8
Depreciation and Amortization	1.5	0.7 ¹	1.0	3.7	3.8
Tax expense	0.0	0.0	0.2	0.0	-1.1
Net financial items & FX variation	-0.2	0.5	0.3	-0.1	1.4
Change in inventory, contract assets, receivables, payables and other liabilities	3.2	-2.0	4.1	-4.3	2.2
Share of profit from associates	0.4	0.4	-1.4	1.5	-1.4
Net cash from operations	-0.6	-4.7	3.9	-12.9	-0.9
Purchase of PPE and intangible assets	-0.5	0.0 ¹	-1.3	-2.5	-4.6
Other Investments activities	-1.5	0.0	-0.1	-2.8	-0.3
Purchase of shares in subsidiaries	0.0	0.0	0.0	-23.5	0.0
Net cash from investing activities	-2.0	0.0	-1.4	-28.8	-4.9
Cashflow from issuance of stock	0.0	0.0	20.0	100.1	20.0
Proceeds from the issuance of shares in subsidiary	0.0	0.0	0.0	1.3	0.0
New long-term borrowings	0.2	-0.1	0.2	0.3	0.6
Repayment of long-term borrowings	-0.1	-0.1	-0.1	-0.5	-0.5
Internal loans and borrowings	0.0	0.1	-19.9	-20.2	-12.3
Net change in current interest-bearing debt	2.8	-1.9	-2.1	3.3	0.3
Interest paid	-0.1	-0.1	-0.3	-0.7	-1.3
Net cash from financing activities	2.8	-2.1	-2.2	83.6	6.8
Cash flow	0.2	-6.8	0.3	41.9	1.0
FX adjustments ¹	-0.2	-0.3	0.0	-5.8	0.0
Change in cash and cash equivalents	0.0	-7.1	0.3	36.1	1.0
Opening Balance for Cash assets	38.6	45.7	2.2	2.5	1.5
Closing Balance for Cash assets	38.6	38.6	2.5	38.6	2.5

Notes

1. CAPEX was reduced by \$0.4m and the accumulated depreciation by \$0.1m for a net amount of \$0.3m affecting the P&L. The adjustment is in relation to the new IFRS treatment of configuration and customisation costs for cloud-based software services.