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Tekna Holding ASA

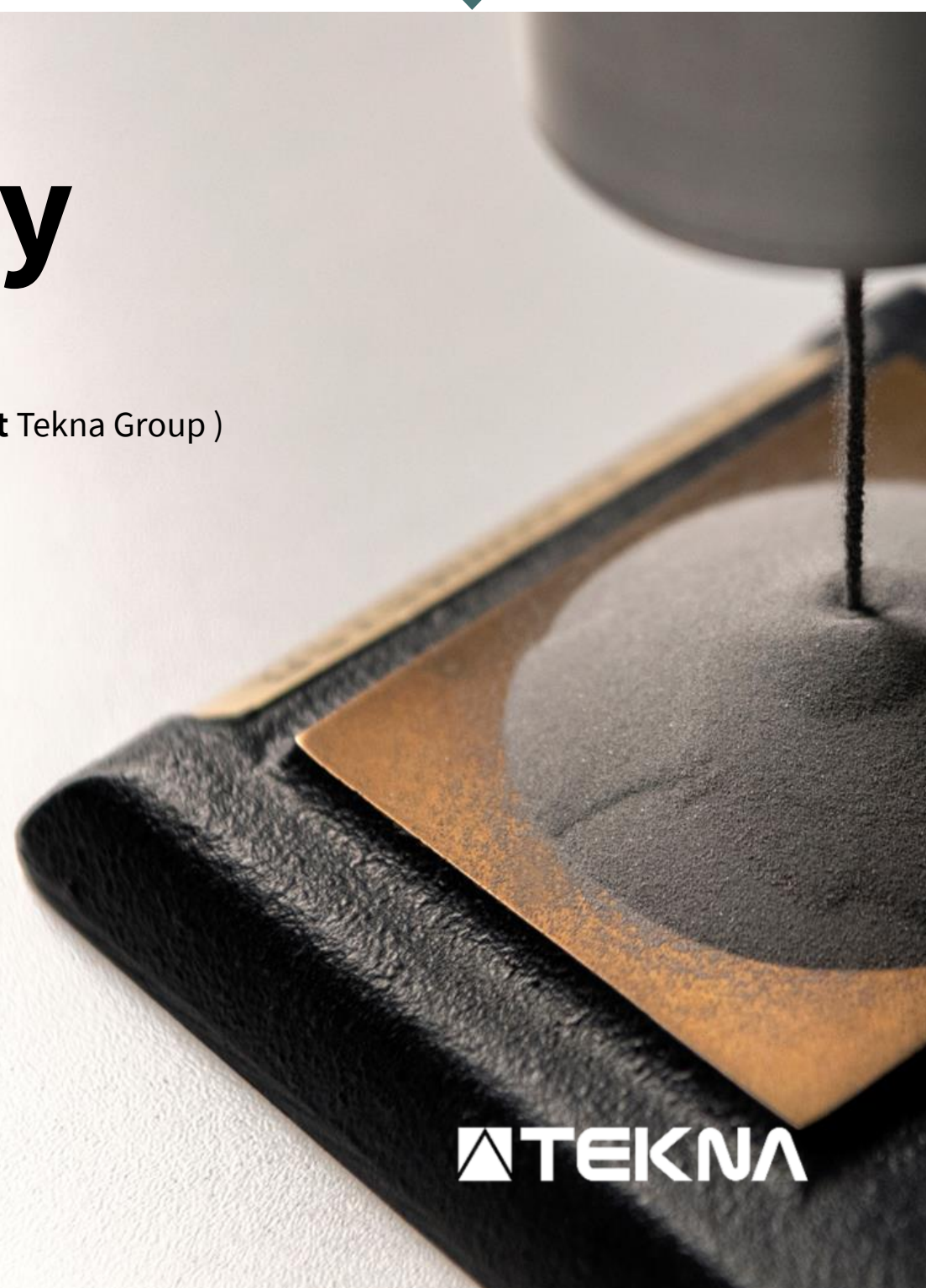
2023

January 1—December 31

EU Taxonomy

Report

(part of **Annual Report** Tekna Group)





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Introduction

The EU Taxonomy aims to scale up sustainable investments and avoid greenwashing by defining a common language and understanding of sustainable activities. As part of the European Union’s Green Deal, the EU Taxonomy is a classification system for sustainable economic activities, consisting of the following six environmental objectives:

1. Climate change mitigation (CCM)
2. Climate change adaptation (CCA)
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

The environmental objectives 3-6 were adopted in the EU in June 2023, through the *Commission Delegated Regulations of June 2023, (EU) 2023/2486* and *(EU) 2023/2485*. In addition, amendments to *Delegated Regulation (EU) 2021/2139* for the environmental objectives 1 and 2 were also adopted as of June 2023. Due to delays in the legislative process in the European Economic Area, the June 2023 regulations did not enter into force in Norway in 2023. The Norwegian Ministry of Finance has communicated that Norwegian undertakings are encouraged, but not required, to report on the environmental objectives 3-6 for the financial year of 2023. Only climate change mitigation and climate change adaptation following *Commission Delegated Regulation (EU) 2020/852* are required for the 2023 reporting in Norway.



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Results

- All Tekna’s economic activities are eligible under Climate Change Mitigation and not under any of the other five environmental objectives.
- Additive materials is the only activity meeting the requirements under CCM and is reported Aligned with revenues of CAD 25.7m, CapEx of CAD 6.7m and OpEx of CAD 1.2m.
- The Plasmasonic wind tunnels are believed to be aligned. However, the substantial contribution criteria are not considered met due to the lack of documentation verified by a third party demonstrating life-cycle GHG emission savings.
- All Tekna revenues are eligible except for its R&D revenue (~1% in 2023). Total eligible revenue: CAD 40.4m.
- All Tekna CapEx is invested in eligible activities, ie 100% eligible, totaling CAD 8.1m.
- Tekna does not yet have a CapEx plan aimed at increasing the percentage of aligned activities.
- The definition of OpEx in the financial statements is very different from OpEx under EU Taxonomy. A large part is not eligible for the reason that it does not qualify for EU Taxonomy, rather than Tekna’s economic activities. CAD 2.7m out of CAD 10.2m is eligible, or 26.7%.

Economic activity in the EU Taxonomy	Business activity	Assessment of technical screening criteria
3.6. Manufacture of other low carbon technologies	Production of additive material powders.	Activities considered Enabling and Aligned
(Climate Change Mitigation (CCM))	Production of PlasmaSonic wind tunnels	Activities considered Enabling and Eligible , not aligned This activity is aligned once an independent study, 3rd party verified, confirming our assessment becomes available.
	(Development and) production of nanomaterials for MLCC	Activities considered Enabling and Eligible , not aligned
	Production of turnkey plasma systems (manufactured components and equipment applied in Tekna’s plasma systems, as well as auxiliary equipment	Activities considered Enabling and Eligible , not aligned

Figure 1: Summarized overview of EU Taxonomy activity assessments

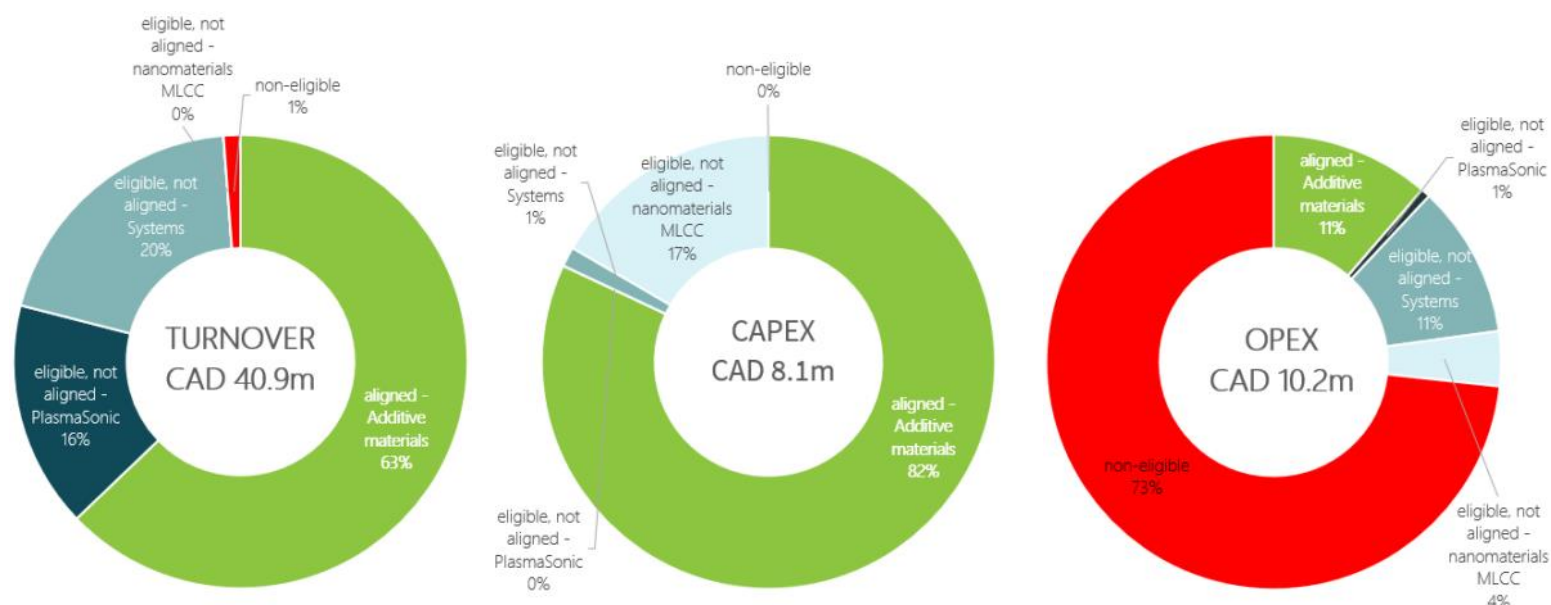


Figure 2: Distribution of eligibility and alignment out of the 100% Turnover, CapEx and OpEx as per the consolidated Financial Statements



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Scope

All companies of the Tekna group have been considered for reporting on the EU Taxonomy for 2023. Tekna evaluated its core activities for eligibility and did not assess its Systems service revenues (spare parts and maintenance) or R&D revenues. We have not included the joint ventures Imphytek Powders, as they are not consolidated in the group's financial statements (consolidation by equity method). We have assessed the business activities with regards to the EU Taxonomy economic activities within the scope of the six environmental objectives. As previously noted, for the 2023 reporting, the companies will not report on alignment for the activities adopted by the EU in June 2023.

Process

Assessments have been performed in accordance with the structure of the EU Taxonomy, starting with eligibility assessments before assessing compliance with the criteria for substantial contribution and do no significant harm ("DNSH"). The minimum safeguards assessment has been conducted by Tekna on group level, based on policies and procedures covering the group. Eligible activities that meet the criteria for substantial contribution and DNSH, as well as the minimum safeguards, are reported as aligned.

In 2023 we performed a re-evaluation of the eligible activities considering activities for the four remaining environmental objectives adopted by the EU and FAQs published by the European Commission. Eligibility was

assessed considering the business activities against the economic activities defined in the EU Taxonomy. Relevant NACE-codes and activity descriptions for each economic activity were identified and examined.

The alignment process consists of assessing the criteria for substantial contribution and do no significant harm, as well as minimum safeguards. When assessing the technical screening criteria, we have experienced uncertainties within interpretations and best practice. Some of the criteria refer to EU-directives, that may not be, or is only partially adopted and implemented in Norway. Subsequently this may lead to requirements and thresholds not being provided.

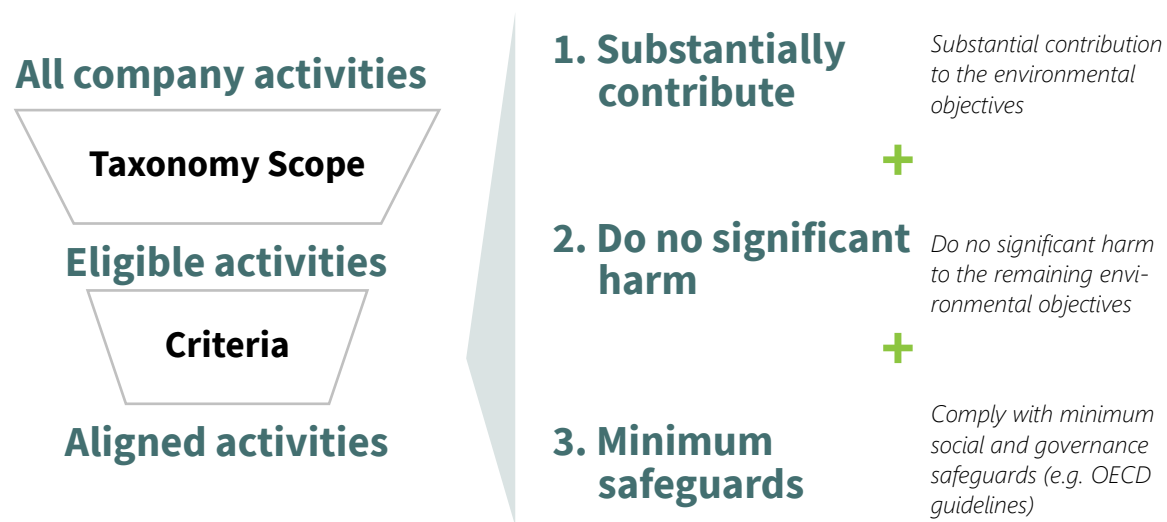


Figure 3: EU taxonomy in a nutshell



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Assessments

List of abbreviations

<u>Abbreviation</u>	<u>Definition</u>
CCM	Climate change mitigation
CCA	Climate change adaptation
W&M	Sustainable use and protection of Water and marine resources
CE	The transition to a circular economy
P&C	Pollution prevention and control regarding use and presence of chemicals
B&E	Protection and restoration of biodiversity and ecosystems
DNSH	Do no significant harm

Production of additive material powders

Environmental Objective: Climate Change Mitigation

Economic Activity: 3.6 Manufacture of other low carbon technologies

Assessment Eligibility:

"Production of additive material powders" involves the development and operation of proprietary plasma processes to produce and sell spherical powders for application in Additive Manufacturing, Metal Injection Molding and Binder Jetting.

The systems do not release constituents other than the powder itself and the plasma gases which consists of Argon, together with a secondary gas like helium, nitrogen, hydrogen or oxygen. None of these gases are considered critical for the GHG emissions. The Additive Manufacturing powders aim to increase resource efficiency along the value chain reducing GHG emissions related to those resources (materials, manufacturing, warehousing, transportation and the utilization of the finished product).

Substantial Contribution:

Additive materials (AM) have the capacity to manufacture products with less GHG emissions than traditional manufacturing methods. Specifically, the additive manufacturing technologies can cut carbon emissions in four areas: materials, manufacturing, warehousing, and transportation.

Materials: AM uses only the material necessary to create the finished product. It does not generate any significant amount of scrap. For instance, Airbus claims an average fly-to-buy ratio of 10:1¹, while a ratio closer to one is achievable with AM, especially if the unused powder can be recycled.

Manufacturing: AM enable engineers to design parts that are lighter, stronger, and more efficient than their traditional counterparts. This makes products manufactured using AM technologies more efficient in its intended application, e.g. less fuel consumption and associated emissions for any vehicle as it is lighter than its traditional counterpart. This applies especially for small

production runs and custom-made parts, provided that design optimization for AM has been achieved.

Warehousing: Because 3D printing enables on-demand production of parts and products, it can help reducing the need for storage space and, consequently, the energy once required to control temperature, humidity, and lighting of larger warehouses. This leads to a lower overall carbon footprint considering that between 5.5% and 13% of the global GHG emissions are caused by logistic activities in supply chains.

Transportation: Locations with a 3D printer can become factories that makes products closer to end users. It dramatically reduces the need to move finished products over great distances. The impact on GHG emission can be significant since transport sector accounts for over 23% of all CO2 emissions globally.

Laser powder bed fusion, metal injection molding, electron-beam powder bed fusion and direct energy deposition are considered as equivalent in terms of GHG footprint. These AM technologies are considered as the counterpart of conventional machining. When considering the entire manufacturing chain, AM processes are found to be up to 87 % less energy consuming, CO2 polluting and cheaper in respect to environmental cost compared to conventional machining.

It must also be noted that AM can produce parts that conventional machining often cannot, which is accounted for in the comparison. While AM can reduce buy-to-

¹ *Metals and composites: finding the right material for each application | Airbus*



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Assessments (continued)

fly ratio by more than 75%, design optimization for AM can reduce parts weight by another 65%.

Life-cycle GHG emission savings are based on an AMG-TA report. As such, the criteria related to savings being calculated in accordance with Commission Recommendation 2013/179/EU and verified by an independent third party are considered met.

Do no significant harm:

CCA: Climate risk assessment is performed in accordance with appendix A. The assessment is based on a TCFD-structured analysis conducted in 2021, performed at company level. A roadmap has been developed and Tekna is currently quantifying the financial impact and developing a mitigation plan.

W&M: A water impact assessment has been conducted in accordance with Appendix B. Water is filtered before going back to wastewater in the sewers. Each year, quality checks are performed on the wastewater coming from Tekna Advanced Materials Inc, its powder production facilities, to confirm that the quality of the filtered water meets the requirements for wastewater of the city of Sherbrooke.

CE: Tekna assess the availability and adopts techniques that support reuse and use of secondary raw materials, design for high durability, recyclability, disassembly and adaptability of products, waste management and traceability of substances of concern throughout the lifecycle of the manufactured products. Metals have a high recy-

clability potential and aluminum alloys in the production of ingots contain 6% of recycled materials. Tekna’s next step is to work with its supply-chain and customers to develop and test recycled feedstock and ensure it meets the quality requirements of clients.

P&C: An assessment has been conducted in accordance with Appendix C. Tekna has compiled a list of the controlled and banned substances and chemicals in the regulations and directives named in Appendix C and inquired the laboratory team and building management to confirm that all substances and chemicals used in Tekna’s operations are conform with the laws.

B&E: An assessment has been conducted in accordance with Appendix D. None of Tekna’s sites are located in or near biodiversity-sensitive areas. Tekna performed a biodiversity assessment in its operations and its top 25 suppliers in 2023. The assessment found that Tekna’s facilities in France are near 4 critically endangered species and Tekna’s suppliers are near 41 critically endangered species. In the upcoming years, Tekna will conduct an investigation to assess impact on those species. For more information, refer to Tekna’s 2023 GRI report (GRI 304).

Conclusion:

Activity is eligible and aligned.

Production of turnkey plasma systems

Environmental Objective: Climate Change Mitigation

Economic Activity: 3.6 Manufacture of other low carbon technologies

Assessment Eligibility:

“Production of turnkey plasma systems” involves production of Inductively Coupled Plasma systems, including auxiliary equipment such as power feeders, probes and powder washing systems. The turnkey plasma systems are used to develop new materials and optimize material characteristics (spheroidization). The systems do not release constituents other than the material itself and the plasma gases which consists of Argon, together with a secondary gas like helium, nitrogen, hydrogen, or oxygen. None of these gases are considered critical for the GHG emissions. It is an efficient way of developing advanced materials compared to alternative chemical processes that usually generate byproducts. Advanced materials aim to improve the efficiency of the finished product.

Substantial Contribution:

Induction plasma units sold to customers are designed for different powder-related applications that fall into two categories, i.e. nano powder synthesis or powder spheroidization, and are available in different power levels depending on the throughput required. In all cases, the systems do not release constituents other than the powder itself and the plasma gases which consists of Argon, together with a secondary gas like helium, nitrogen, hydrogen or oxygen. None of these gases are considered critical for the GHG emissions. As an elec-



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Assessments (continued)

tricity-intensive technology, the energy mix used to power induction plasma units will have a significant impact on carbon footprint of this technology which is otherwise a clean technology. There are no other technologies on the market that can perform the same functions as induction plasma for nano powder synthesis or powder spheroidization. This is confirmed in tender calls, where Tekna are not facing competing technologies but only competitors offering an induction plasma solution similar to ours.

As of today, Tekna does not have a life-cycle GHG emission savings analysis available. Therefore, the plasma systems segment is not considered compliant with the substantial contribution requirement.

Do no significant harm:

Since the economic activity does not fulfill the criteria for substantial contribution, a complete assessment of the DNSH criteria has not yet been carried out.

Conclusion:

Activity is eligible, not aligned.

Production of PlasmaSonic wind tunnels

Environmental Objective: Climate Change Mitigation

Economic Activity: 3.6 Manufacture of other low carbon technologies

Assessment Eligibility:

With “Production of PlasmaSonic wind tunnels”, Tekna designs, manufactures, and sells the PlasmaSonic Product line, which is a wind tunnel that simulates hypersonic conditions to enable scientific research, for instance space tourism and hypersonic flight. Providing the opportunity to test materials developed for space in a controlled environment with precise instruments, significantly reduces emissions compared to testing these materials in space, by avoiding combustion of fuel and contamination in the atmosphere (metal particles creating Greenhouse effect).

Substantial Contribution:

Ground testing facilities, combined with computational models, simulate space re-entry conditions. Their purpose is to develop heat shields made of specialized materials. Different ground testing technologies exist, each with specific operational ranges (temperature, velocity, heat flux, test duration, gas composition, etc.) and minimum overlaps between them (see figure 3). Considering their differences in operational ranges, they can hardly be compared in terms of GHG emissions. Therefore, flight testing is the counterpart of Tekna’s Plasmasonic technology in terms of GHG emissions for developing supersonic vehicles.

Flight testing involve launching sounding rockets at very high altitude or even in space. While data on large rockets emissions are available in the literature, sounding rockets are rather niche and very little has been published. Depending on the fuel used, combustion by-products like CO₂, soot, NO_x and water vapor are generated in various concentrations, along with unburnt

fuel expelled. The fact that important amounts of combustion by-products are released in a short period of time and in a concentrated area up to >15km altitude (in opposition with commercial aircraft making 1000s km flight at <10km altitude) can severely impact wetlands and habitat nearby launching pads. Furthermore, space-flight is the only direct human cause of pollution above about 20 km altitude. Scientists recently found the stratosphere is peppered with particles containing metals vaporized from the re-entry of satellites and rocket boosters. Also, water vapor released in the stratosphere can act as a greenhouse gas while black soot particles can linger for years, acting like an umbrella, absorbing solar radiation.

As such, the Plasmasonic wind tunnels are believed to provide substantial life-cycle GHG emission savings compared to the best performing alternative. However, the substantial contribution criteria are not considered met due to the lack of documentation verified by a third party demonstrating life-cycle GHG emission savings.

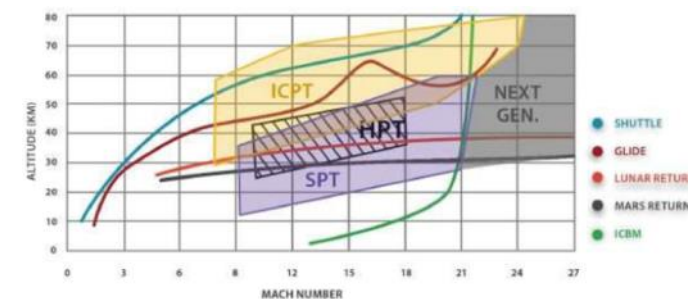


Figure 4: Vehicle trajectories vs PWT technologies, Plasma wind tunnel typical operating range by source.

ICPT: Induction Coupled Plasma (=Tekna); HPT: Huels Plasma; SPT: Segmented Arc Plasma



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Assessments (continued)

Do no significant harm:

CCA: Climate risk assessment is performed in accordance with appendix A. The assessment is based on a TCFD-structured analysis conducted in 2021, performed at company level. A roadmap has been developed and Tekna is currently quantifying the financial impact and developing a mitigation plan.

W&M: A water impact assessment has been conducted in accordance with Appendix B. Water is filtered before going back to wastewater in the sewers. Each year, a quality check is performed on the wastewater coming from the Tekna Plasma Systems facility to confirm that the quality of the filtered water meets the requirements for wastewater of the city of Sherbrooke.

CE: Tekna assess the availability and adopts techniques that support reuse and use of secondary raw materials, design for high durability, recyclability, disassembly and adaptability of products, waste management and traceability of substances of concern throughout the lifecycle of the manufactured products. PlasmaSonic wind tunnels is a new product, with expected lifespan of more than 25 years. Further, it is estimated that more than 90% of the components can be recycled.

P&C: An assessment has been conducted in accordance with Appendix C. Tekna has compiled a list of the controlled and banned substances and chemicals in the regulations and directives named in Appendix C and inquired the laboratory team and building management to confirm that all substances and chemicals used in Tekna's operations are conform with the laws.

B&E: An assessment has been conducted in accordance with Appendix D. None of Tekna's sites are located in or near biodiversity-sensitive areas. Tekna performed a biodiversity assessment in its operations and its top 25 suppliers in 2023. The assessment found that Tekna's facilities in France are near 4 critically endangered species and Tekna's suppliers are near 41 critically endangered species. In the upcoming years, Tekna will carry out an assessment to analyze the impact on those species. For more information, refer to Tekna's 2023 GRI report (GRI 304).

Conclusion:

Activity is eligible, not aligned.

(Development and) Production of nano materials for Multi-Layer Ceramic Capacitors (MLCC)

Environmental Objective: Climate Change Mitigation

Economic Activity: 3.6 Manufacture of other low carbon technologies

Assessment Eligibility:

With "development and production of nano materials for Multi-Layer Ceramic Capacitors (MLCC)", Tekna develops and operates their own proprietary plasma to produce and sell nano-sized metal powders for application in MLCC. The systems do not release constituents other than the powder itself (typically the same material

as the feedstock or precursor introduced in the system) and the plasma gases which consists of Argon, together with a secondary gas like helium, nitrogen, hydrogen or oxygen. None of these gases are considered critical for the GHG emissions. With its nano-sized materials Tekna enables electrification through MLCC (downsizing electrical components), thereby enabling GHG emission reductions.

Substantial Contribution:

The documentation requirement regarding life-cycle GHG emissions calculation has not been fulfilled, hence the substantial contribution criteria is considered not met.

Do no significant harm:

Since the economic activity does not fulfill the criteria for substantial contribution, a complete assessment of the DNSH criteria has not yet been carried out.

Conclusion:

Activity is eligible, not aligned.



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Assessments (continued)

Additional assessment against Environmental Objective Climate Change Adaptation (CCA)

Environmental Objective: Climate Change Adaptation
 Economic Activity: 3.6 Manufacture of other low carbon technologies

Assessment Eligibility:

See description of the activities *"Production of additive material powders"*, *"Production of turnkey plasma systems"*, *"Production of PlasmaSonic wind tunnels"* and *"development and production of nano materials for Multi-Layer Ceramic Capacitors (MLCC)"* related to activity 3.6 regarding CCM above. A climate risk assessment and roadmap has been carried out, but an expenditure plan that complies with the requirements of Appendix a is currently not in place. As such, the economic activities are not considered eligible under climate change adaptation.

Substantial Contribution & Do no significant harm:

Since the economic activity is not considered eligible for the environmental objective Climate Change Adaptation, no further assessment of technical screening criteria has been carried out.

Conclusion:

Activity is not eligible under the Environmental Objective CCA

Minimum Social Safeguards

Minimum safeguard requirements are defined in article 18 of the EU Taxonomy regulation. According to which, an undertaking shall implement procedures to ensure the alignment with:

- The OECD Guidelines for Multinational Enterprises (OECD Guidelines for MNE)
- The UN Guiding Principles on Business and Human Rights (UNGPs), including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work
- The International Bill of Human Rights

When assessing compliance, the Platform on Sustainable Finance's final report on minimum safeguards was also considered.

The Compliance documentation incorporates the OECD Guidelines for MNE and the OECD Due Diligence Guidance for Responsible Business Conduct (OECD DD Guidance), which are in line with the UNGPs. The Group's policies, such as the Code of Conduct and the Supplier Code of Conduct which can be found on our website, includes our policy on the internationally recognized human rights, that includes the International Bill of Human Rights and the ILO core conventions on Fundamental Principles and Rights at Work.

The Enterprise Risk Management covers Responsible Business Conduct Principles as defined and interpreted

by the OECD Guidelines for MNE. Due diligence on Responsible Business Conduct Principles shall be performed according to the OECD DD Guidance. Our due diligence process covers topics such as social and employee matters, human rights, anti-bribery and anti-corruption, tax, consumer rights and competition. To ensure that the procedure is incorporated, Tekna policies and procedures are easily available to employees (in Isovision, the company document management system) and other relevant stakeholders (on www.tekna.com/esg). Furthermore, all employees receive training, which includes relevant topics addressed in the Code of Conduct and Ethics and the Compliance policies, and information about the whistleblowing channel. In addition to company-wide risk assessments, the company is subject to the Transparency Act and performs risk assessments in line with the regulatory requirement. This includes requirements such as providing information about adverse impacts and implemented or planned measures to cease or mitigate these impacts (refer the the Human Rights and Transparency Act report 2023).

We are not aware of any breaches of the business conduct principles, as defined in the CoC. Further, we have not been convicted in court nor contacted by the OECD National Contact Points or the Business and Human Rights Resource Center with allegations on any of the topics covered by minimum safeguards.

Based on our assessment, we believe that the Groups documentation, processes and policies meet the requirements of the minimum social safeguards and that we have established adequate human rights due dili-



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gence processes as outlined in the UNGPs and OECD Guidelines for MNE. As such, we believe the Tekna Group complies with the minimum social safeguards requirement. For further details, please refer to our statements on Ethical Business Conduct in the sustainability report.

Future work

As we look to increase the share of aligned activities, we will endeavor to find clever, low-cost solutions to obtain the comparative independent studies, which are required to validate our alignment with Climate Change Mitigation.

We will continue retrieving and improving relevant documentation and assessing the technical screening criteria adopted by the EU in June 2023.

Further, we acknowledge that the EU Taxonomy is still evolving, where future FAQs and publications from the European Commission may shed new light on the interpretations substantiating this year’s assessment. Having assessed eligibility for all environmental objectives for 2023, we are well-positioned to expand our reporting to alignment for new activities and objectives in 2024.



Tekna employees with a Powered Air Purifying Respirator Unit, personal protective equipment



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EU Taxonomy Statements

Accounting policies

Intro

Our accounting methodology for calculating and determining the financial key performance indicators (KPIs) disclosed by the EU Taxonomy Regulation follows the requirements in the EU Commission Delegated Regulation 2178/2021. In line with the regulation, Tekna reports on turnover, CapEx and OpEx for aligned and eligible, not-aligned economic activities.

The majority of Tekna's economic activities contribute to multiple environmental objectives and alignment has been assessed against each. For the purpose of allocating financial KPIs to a respective environmental objective, activity-specific considerations have been evaluated, in addition to Tekna's overall ESG strategy. Aligned with Tekna's strategy, Climate Change Mitigation ("CCM") is applicable to our activities.

Double counting

Tekna only qualifies under CCM and has allocated all its eligibility and alignment to this objective. No further preventative measures (such as allocation keys) have been deemed necessary to avoid any dual allocation of

the numerator of turnover, CapEx, and OpEx, i.e. avoiding double counting.

During 2023, Tekna has not issued new or distributed previously issued green bonds with the purpose of financing Taxonomy-aligned economic activities. Hence, Tekna believes that there is no need for an adjusted turnover KPI to avoid double counting.

Calculation of turnover

The share of aligned and eligible, not aligned turnover is calculated as the net turnover derived from products and services associated with aligned/eligible, not aligned turnover, divided by the Group's total net turnover, as defined in the EU Commission Delegated Act 2178/2021.

Turnover is defined by IAS 1 paragraph 82(a). For Tekna group and its portfolio companies, IFRS 15 *Revenues from contracts with customers* constitutes the EU Taxonomy turnover. See the Consolidated Income Statement and note 2 of the Financial Statements and the note Turnover for the related line items in the non-financial statement.

All intercompany transactions have been identified and eliminated from the turnover KPI. Governmental grants and revenue from non-current assets held for sale are also eliminated.

Calculation of CapEx

The share of Tekna's aligned and eligible, not aligned CapEx is calculated as CapEx associated with aligned/eligible, not aligned economic activities divided by Tekna's total CapEx, as defined in the EU Commission Delegated Act 2178/2021.

CapEx covers additions to tangible and intangible assets during the financial year considered before depreciation, amortisation and any re-measurement, including those resulted from revaluations and impairments. As such, CapEx covers costs accounted in the following IFRS-standards: IAS 16 *Property, Plant and Equipment*, IAS 38 *Intangible Assets* and IFRS 16 *Leases*. These standards have served as basis for Tekna's allocation of CapEx to the denominator/numerator. Purchase of PPE and intangible assets are included. Goodwill is not included. See the Consolidated Cash Flow Statement and note 10, note 11 and note 13 for the related line items in the financial statements and the note CapEx for the re-

Turnover per objective: Proportion of turnover / Total turnover		
Objective	Taxonomy-aligned	Taxonomy-eligible
CCM	62.8%	98.8%
CCA	0.0%	0.0%
WTR	0.0%	0.0%
CE	0.0%	0.0%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

CapEx per objective: Proportion of CapEx / Total CapEx		
Objective	Taxonomy-aligned	Taxonomy-eligible
CCM	82.0%	100.0%
CCA	0.0%	0.0%
WTR	0.0%	0.0%
CE	0.0%	0.0%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

OpEx per objective: Proportion of OpEx / Total OpEx		
Objective	Taxonomy-aligned	Taxonomy-eligible
CCM	11.3%	26.7%
CCA	0.0%	0.0%
WTR	0.0%	0.0%
CE	0.0%	0.0%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

Figure 5: Qualification per Environmental objective



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lated line items in the non-financial statement.

The numerator of the CapEx KPI mostly consists of capital expenditure directly associated with relevant projects (processes and assets) of Taxonomy-eligible/aligned economic activities as defined by letter (a) in the EU Commission Delegated Act 2178, section 1.1.2.2.

Currently, Tekna does not have any material capital expenditures related to a CapEx plan (b) as part of a plan to expand Taxonomy-aligned economic activities or to allow Taxonomy-eligible economic activities to become Taxonomy-aligned under conditions specified in the Delegated Act, nor does it purchase output from Taxonomy-eligible/aligned economic activities (CapEx c).

Calculation of OpEx

The share of Tekna's aligned and eligible, not aligned OpEx is calculated as OpEx associated with aligned/eligible, not aligned economic activities divided by Tekna's total OpEx, as defined in the EU Commission Delegated Act 2178/2021.

OpEx is defined as direct non-capitalized costs that relate to research and development, building renovation measures, short term lease, maintenance and repair and other direct expenditures relating to the day-to-day servicing of assets to property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets.

OpEx was determined using specific general ledger accounts related to maintenance and R&D. Allocations were as follow:

For maintenance costs allocation keys were needed to segregate expenses for Microelectronics (ME) and Addi-

tive Materials (AM). Tekna production systems are dedicated either to AM or ME. Allocation was based on hours worked by specific system in 2023.

For R&D: No allocation key used as we apply Project accounting.

Maintenance cost is included in Operating expenses in the Consolidated Statement of Income of the Financial Statements.

The numerator of the OpEx KPI mostly consists of costs directly associated with processes and assets of Taxonomy-eligible/aligned economic activities, as well as purchase of output from Taxonomy-eligible/aligned economic activities, as defined by letter (a) and (c) in the EU Commission Delegated Act 2178, section 1.1.3.2. Currently, Tekna do not have any material operational expenditures related to a CapEx plan.

Contextual information about the KPIs (notes)

Note Turnover

As the activities match our definition of business lines, no assumptions nor allocation keys are needed to determine the KPI's.

Revenue from contracts with customers: CAD 40 399 489. R&D Income is excluded.

No turnover is used for internal consumption, and all is relevant for the EU taxonomy assessment.

Compared to 2022 EU taxonomy progress report the definition of activities has been narrowed resulting in four assessed activities in 2023 compared to two in 2022.

Note CapEx

All capital expenditure is considered eligible, ie CAD 8 132 779.

Property, Plant & Equipment: CapEx considered eligible: CAD 7 401 606 (excluding ROU).

Intangible assets: Capitalized patents and development fees: CAD 372 812.

Investment properties: no change

Right-of-Use assets: additions: CAD 385 361.

Note OpEx

OpEx was determined using specific general ledger accounts related to maintenance and R&D. Allocations were as follow:

For maintenance costs: allocation were needed to segregate expenses for Microelectronics (ME) and Additive Materials (AM). Tekna production systems are dedicated either to AM or ME. Allocation was based on hours worked by specific system in 2023. 98% to AM and 2% to ME.

For R&D: No allocation key used as we apply Project accounting.

OpEx: CAD 2 736 899

Change of definition from all OpEx in FY22 to direct expenditures related to the continuation and effectiveness of functioning of assets in FY23.



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EU Taxonomy Statements (continued)

Revenue

Financial year 2023	Year			Substantial Contribution Criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) turnover, year 2022 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)	
	Economic Activities (1)	Code (2)	Turnover (3)	Proportion of Turnover (2023) (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)					Biodiversity (16)
		CAD	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T

A. TAXONOMY-ELIGIBLE ACTIVITIES

A.1. Environmentally sustainable activities (Taxonomy-aligned)

Manufacture of other low carbon technologies	CCM 3.6	25 691 644	62.8%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		25 691 644	62.8%	62.8%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y			
Of which enabling		0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y		E	
Of which transitional		0	0.0%	0.0%						Y	Y	Y	Y	Y	Y	Y			T

A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)

Manufacture of other low carbon technologies	CCM 3.6	14 707 845	36.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL			
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		14 707 845	36.0%	36.0%	0.0%	0.0%	0.0%	0.0%	0.0%	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL			
A. Turnover of Taxonomy-eligible activities (A.1. + A.2.)		40 399 489	98.8%	98.8%	0.0%	0.0%	0.0%	0.0%	0.0%										

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

Turnover of Taxonomy-non-eligible activities		488 913	1.2%
TOTAL		40 888 402	100%



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EU Taxonomy Statements (continued)

CapEx

Financial year 2023	Year			Substantial Contribution Criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) capex, year 2022 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
	Economic Activities (1)	Code (2)	CapEx (3)	Proportion of CapEx (2023) (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)				
		CAD	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T

A. TAXONOMY-ELIGIBLE ACTIVITIES

A.1. Environmentally sustainable activities (Taxonomy-aligned)

Manufacture of other low carbon technologies	CCM 3.6	6 668 436	82.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		6 668 436	82.0%	82.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y			
Of which enabling		0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y		E	
Of which transitional		0	0.0%	0.0%						Y	Y	Y	Y	Y	Y	Y			T

A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)

Manufacture of other low carbon technologies	CCM 3.6	1 464 343	18.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1 464 343	18.0%	18.0%	0.0%	0.0%	0.0%	0.0%	0.0%										
A. CapEx of Taxonomy-eligible activities (A.1. + A.2.)		8 132 779	100.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%										

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

CapEx of Taxonomy-non-eligible activities		0	0.0%
TOTAL		8 132 779	100%



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EU Taxonomy Statements (continued)

OpEx

Financial year 2023	Year			Substantial Contribution Criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) opex, year 2022 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
	Economic Activities (1)	Code (2)	OpEx (3)	Proportion of OpEx (2023) (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)				
		CAD	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T

A. TAXONOMY-ELIGIBLE ACTIVITIES

A.1. Environmentally sustainable activities (Taxonomy-aligned)

Manufacture of other low carbon technologies	CCM 3.6	1 160 351	11.3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		1 160 351	11.3%	11.3%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y			
Of which enabling		0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%									E	
Of which transitional		0	0.0%	0.0%															T

A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)

Manufacture of other low carbon technologies	CCM 3.6	1 576 548	15.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL			
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1 576 548	15.4%	15.4%	0.0%	0.0%	0.0%	0.0%	0.0%										
A. OpEx of Taxonomy-eligible activities (A.1. + A.2.)		2 736 899	26.7%	26.7%	0.0%	0.0%	0.0%	0.0%	0.0%										

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

OpEx of Taxonomy-non-eligible activities		7 510 869	73.3%
TOTAL		10 247 768	100%



About Tekna

Tekna is a global leader in the development, manufacturing and sales of advanced micron and nano powders as well as plasma process solutions.

Since we started in 1990, Tekna has developed a unique and proprietary plasma technology platform for manufacturing micro and nano sized powders for a range of industries. Our business model relies on two revenue streams, both with synergistic effects:

- Development and sale of plasma systems: We develop and sell plasma systems customized for the purpose of research and development.
- Development and sale of advanced powders: We develop and operate our own proprietary plasma processes to produce and sell spherical powders and nano powders.

Tekna is developing in major market verticals thriving on global mega trends such as Space Exploration and Space Tourism, Deglobalization and Climate Change, Digitalisation & Connectivity as well as Demography & Health Care.

Tekna is headquartered in Québec, Canada, and has additional offices in France, China, Korea, USA, and seven distributors operating globally (Europe, Asia and North America).



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



1990

Systems | PlasmaSonic:
In the systems business we launched the PlasmaSonic Product line. This wind tunnel simulates hypersonic conditions to enable research for instance for space tourism.

We aim to sell at least 1 PlasmaSonic system in 2024.

Plasma Systems

2014

Additive Manufacturing:
Tekna produces high quality micron-sized, spherical, high-purity metal powders. Its portfolio includes titanium, aluminum, nickel, tungsten and tantalum. Currently our fastest growing segment and this global market is on track to outperform, in terms of growth, traditional machining due to improved environmental efficiency, for instance through resource efficiency and speed of availability of parts.

We guide to grow in line with the market.

advanced development stage

Microelectronics:
In close cooperation with selected customers, Tekna is in the final development stage nano nickel powders for the microelectronics industry. Nano powders below 100 nm are expected to become the new industry standard for high-end MLCC devices, and Tekna is one of only three producers that can deliver this.

We aim to secure industrial scale supply to global tier 1 customer.

future potential

Energy Storage:
Nano silicon can be used to improve performance of rechargeable batteries. Tekna has developed and patented its industrial process to produce spherical silicon nano powder. This is an important part of Tekna's IP portfolio. The company maintains active dialogue with developing partners within the energy storage space.

Currently, resource priority is given to the significant opportunities in the other segments.

Advanced Materials



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