



# Q1 2022 financial results

Luc Dionne, CEO Tekna Holding AS

May 5, 2022

# Disclaimer

This presentation has been prepared by Tekna Holding AS ("Tekna" or the "Company") solely for information purposes. The presentation does not constitute an invitation or offer to acquire, purchase or subscribe for securities.

Statements in this presentation that are not statements of historical or current fact constitute "forward-looking statements" within the meaning of the Norwegian securities laws. Such forward-looking statements involve known and unknown risks, uncertainties, and other unknown factors that could cause the actual results of Tekna Holding AS ("Tekna" or the "Corporation") to be materially different from historical results or from any future results expressed or implied by such forward-looking statements. In addition to statements which explicitly describe such risks and uncertainties, readers are urged to consider statements labeled with the terms "believes," "belief," "expects," "intends," "projects," "anticipates," "will," "should," or "plans" to be uncertain and forward-looking. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this management analysis of the financial situation and operating results.

Information in this presentation is provided as of the date of this presentation. Tekna does not undertake to update any information in this presentation, whether as a result of new information, future events or otherwise, except as required by law.

## Q1 2022 highlights



### Total Revenues

**CAD 6.5 million**

17 % decrease from Q1 2021



### Adjusted EBITDA

**CAD – 2.8 million**

CAD 3.4 m decrease from Q1 2021



### Materials revenues

**CAD 4.6 million**

5% growth from Q1 2021



### Materials backlog

**CAD 10.8 million**

54% growth from Q1 2021

## Advanced materials

- **Strong demand with CAD 6.1m order intake in Q1'22** for materials, increasing backlog by 54% YoY, more capacity would have allowed for a higher revenue
- Planned work in Q1 to **increase 70% materials production capacity by year-end 2022**, with favorable impact on revenue and profit per machine
- Adjusted EBITDA reflecting lower systems revenues and front loading of resources in support of strategy

## Strategic development

- Projects with partners in Printed Electronics and Energy Storage ongoing, with **important milestones coming up** later in the year, customer development schedules could introduce some delays
- LG Chem joint development agreement **developing positively with on-going trials.**
- Aiming to complete **OSE listing in 2022**

## Developing **resilience** 'across the board': workforce, supply-chain, operationally, technology

Changing the  
world one  
particle at a  
time ...



Report includes progress report on EU taxonomy and climate-related risk reporting (TCFD)

Science-based target: 50% reduction in scope 1 & 2

*Full report on: [Tekna.com/esg](https://tekna.com/esg)*

**94%**

renewable energy share  
in scope 2 (electricity)  
worldwide

**95%**

of gases involved in the  
manufacturing of materials  
are reused in the process  
(closed loops)

**96%**

of 2021 revenues deemed  
eligible in accordance with  
EU taxonomy



production close to customers  
reducing transportation and  
encouraging reuse of material





# Tekna in brief

# Tekna is a world-leading provider of advanced materials

## Established organization with world-wide reach



**Founded in 1990**



**Tekna Holding ASA**  
Listed Euronext  
Growth OSLO 2021

carbon neutral



**aspiration 2030**



**Headquartered in**  
Quebec, Canada



**200 employees**



**90 active patents**



**3 production facilities**



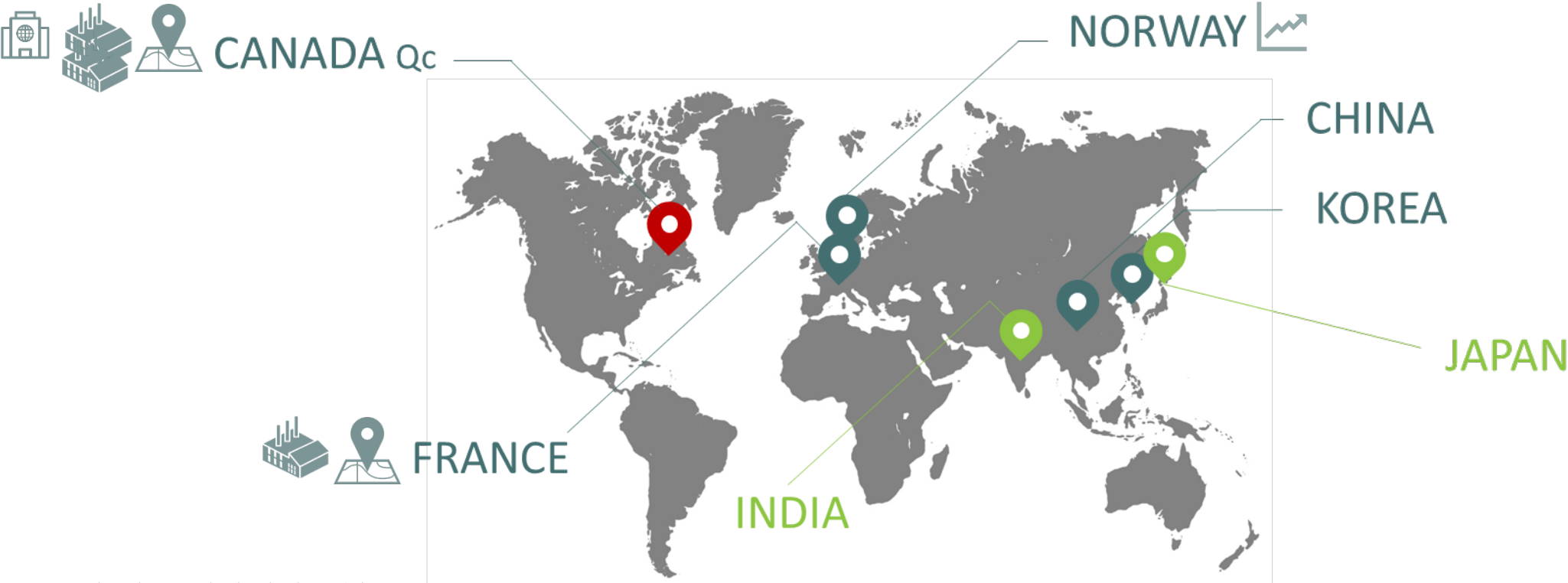
**2 research facilities**



**7 subsidiaries**



**1 joint venture**



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

# Tekna produces the world's highest quality micro and nano materials



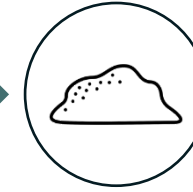
## RAW MATERIAL

Tekna sources raw materials on long-term contracts and through JVs



## LIQUID OR VAPORIZED MATERIAL

Proprietary plasma torch heats up metals until they turn into liquid or metal vapor



## ADVANCED MATERIALS

The unique technology creates micro & nano-scale materials

### Wide range of materials

**Ti64**

Titanium

**Si**

Silicon

**Ni**

Nickel

**Cu**

Copper

**Al**

Aluminum

**BNNT**

Boron nitride

**W**

Tungsten

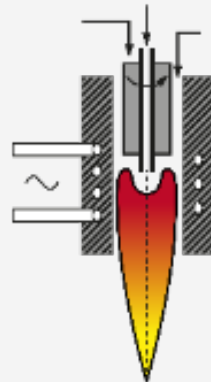
**Ta**

Tantalum

**Mo**

Molybdenum

### Tekna IP plasma torch



Patented technology through which the company has developed a unique edge

### Industry-leading materials



High purity



High yield



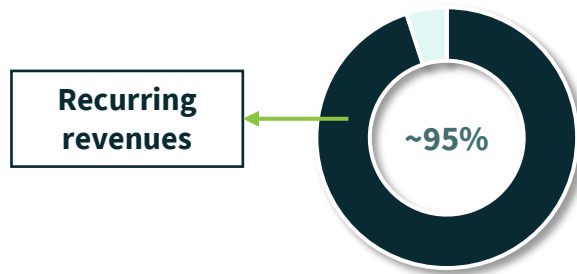
Repeatable size and quality

## Our two revenue generating segments



### Sale of advanced materials

Tekna uses proprietary technology to produce world-leading materials. Due to its **superior characteristics and rigorous qualifying processes**, customers become dependent on Tekna, creating **strong customer stickiness**



Long-term share of profits



### Sale of R&D systems

In addition to own R&D, Tekna sells research systems to research institutions as well as OEMs. This helps **financing our own research and improving our technology**.

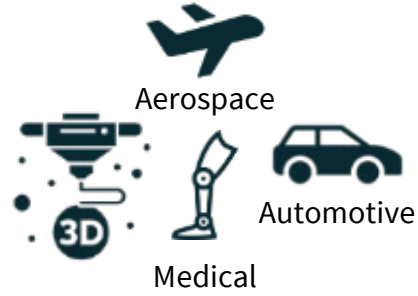
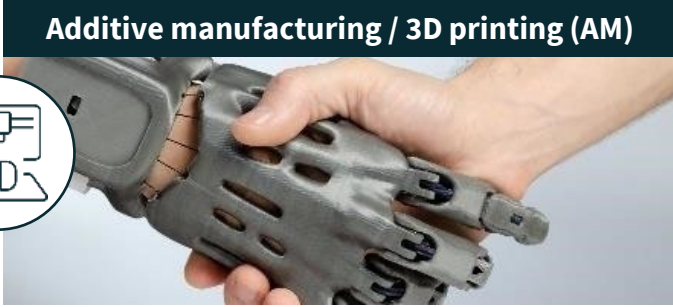


Long-term share of profits



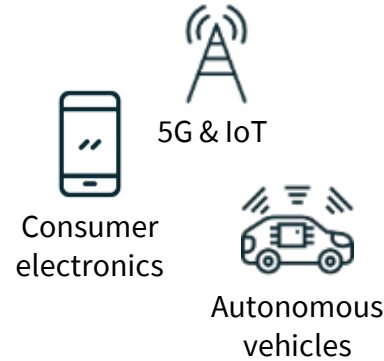
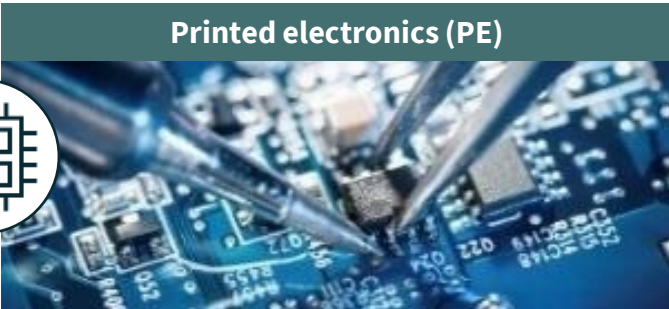
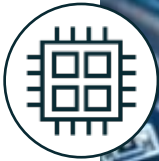
# Advanced materials markets in different stages

## Additive manufacturing / 3D printing (AM)



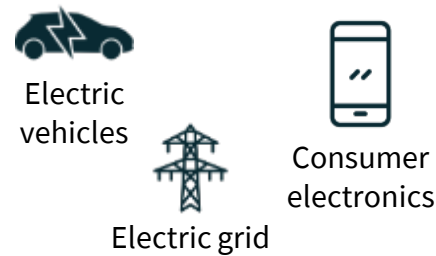
- ✓ Fast-growing industrial **3D printing** market
- ✓ **Industry 4.0**, reducing waste & producing complex components

## Printed electronics (PE)



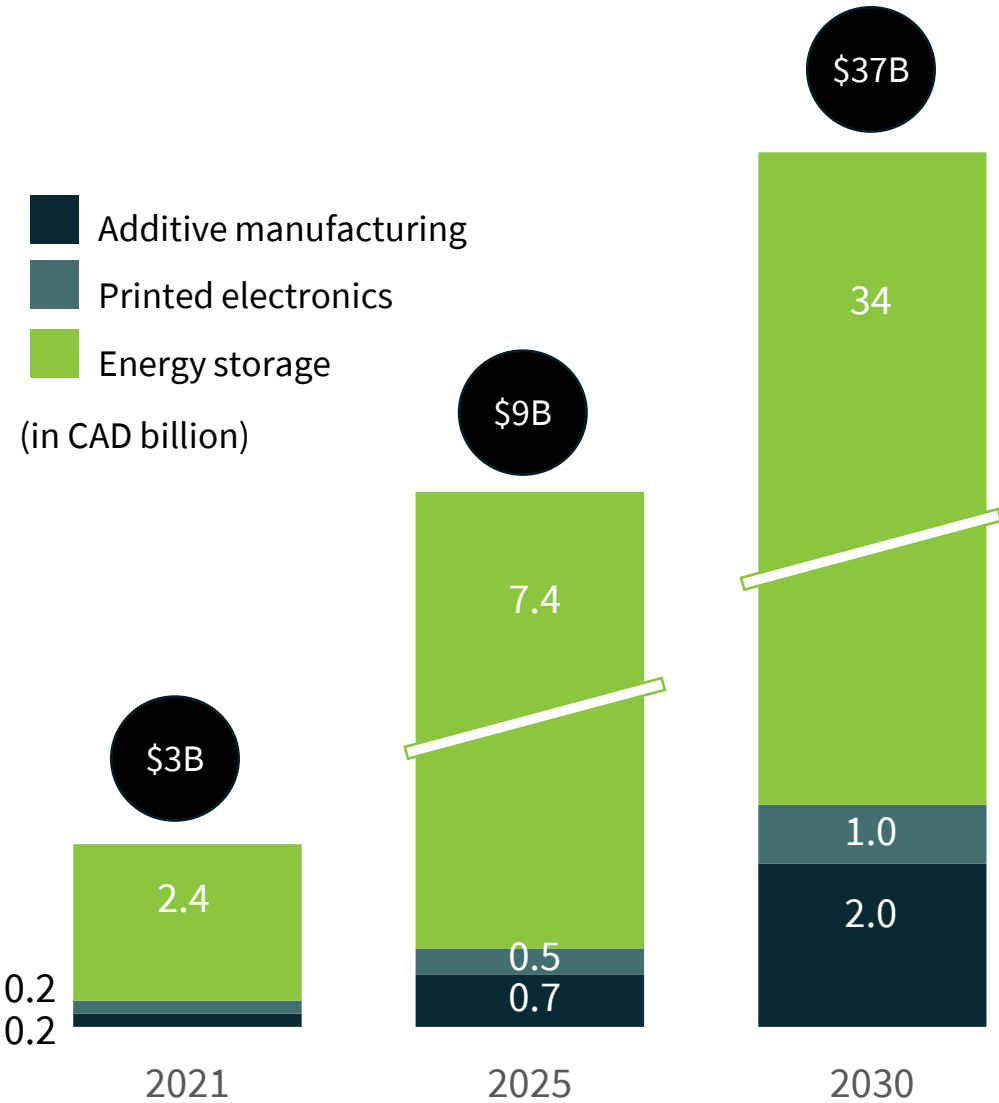
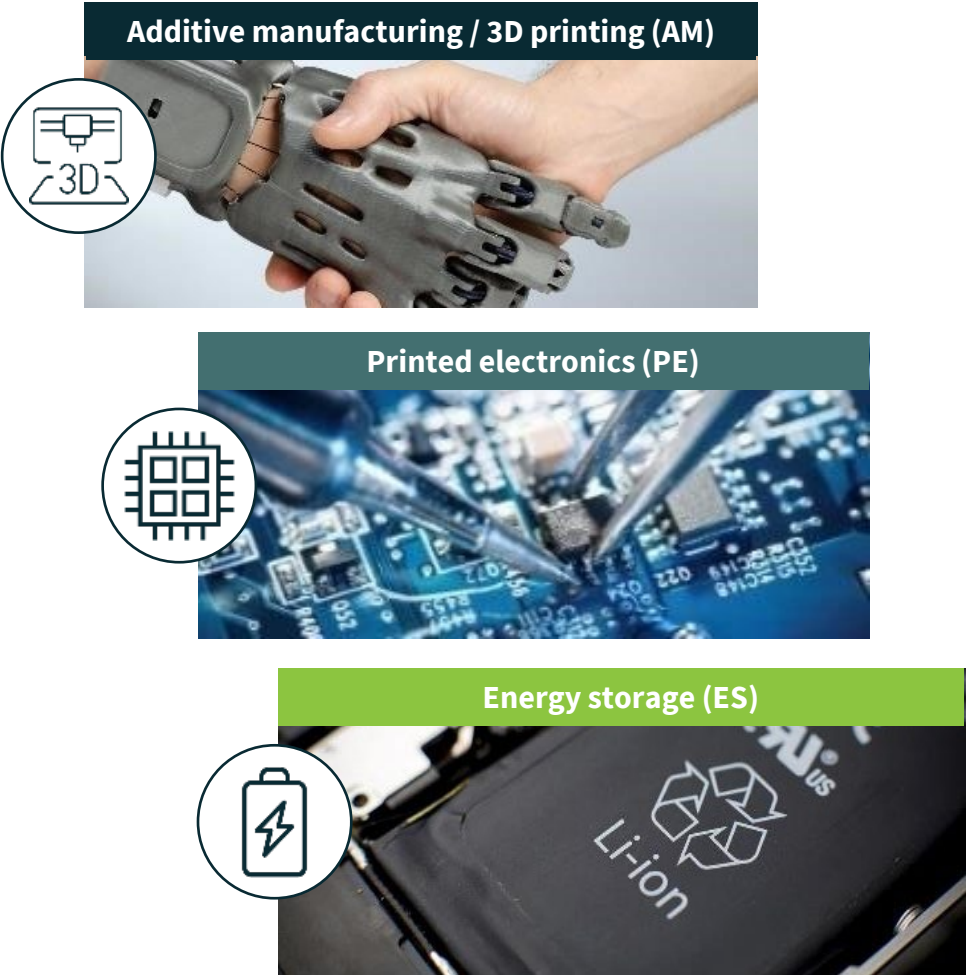
- ✓ **IoT and digitalization** of every-day devices
- ✓ Enabling technological advancements towards more **efficient resource usage**

## Energy storage (ES)



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

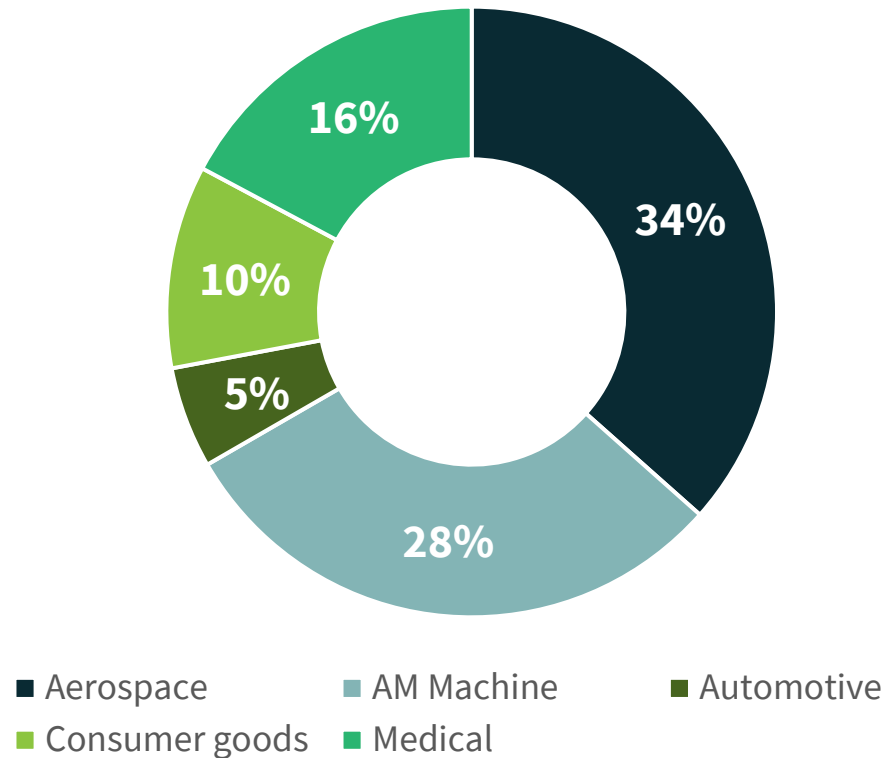
# Addressable markets estimates<sup>1</sup>



<sup>1</sup>Sources: SmarTech – 3D Printing and Additive Manufacturing reports, Wohlers Associates – 3D Printing and Additive Manufacturing Global State of the Industry, ARK Investment management – Big Ideas 2021, Cairn Energy Research Advisors – SI Marketscape and opportunities, company estimates

## Our customers

**Additive Manufacturing Material sales  
by Industry Sector**



Top 3 global supplier

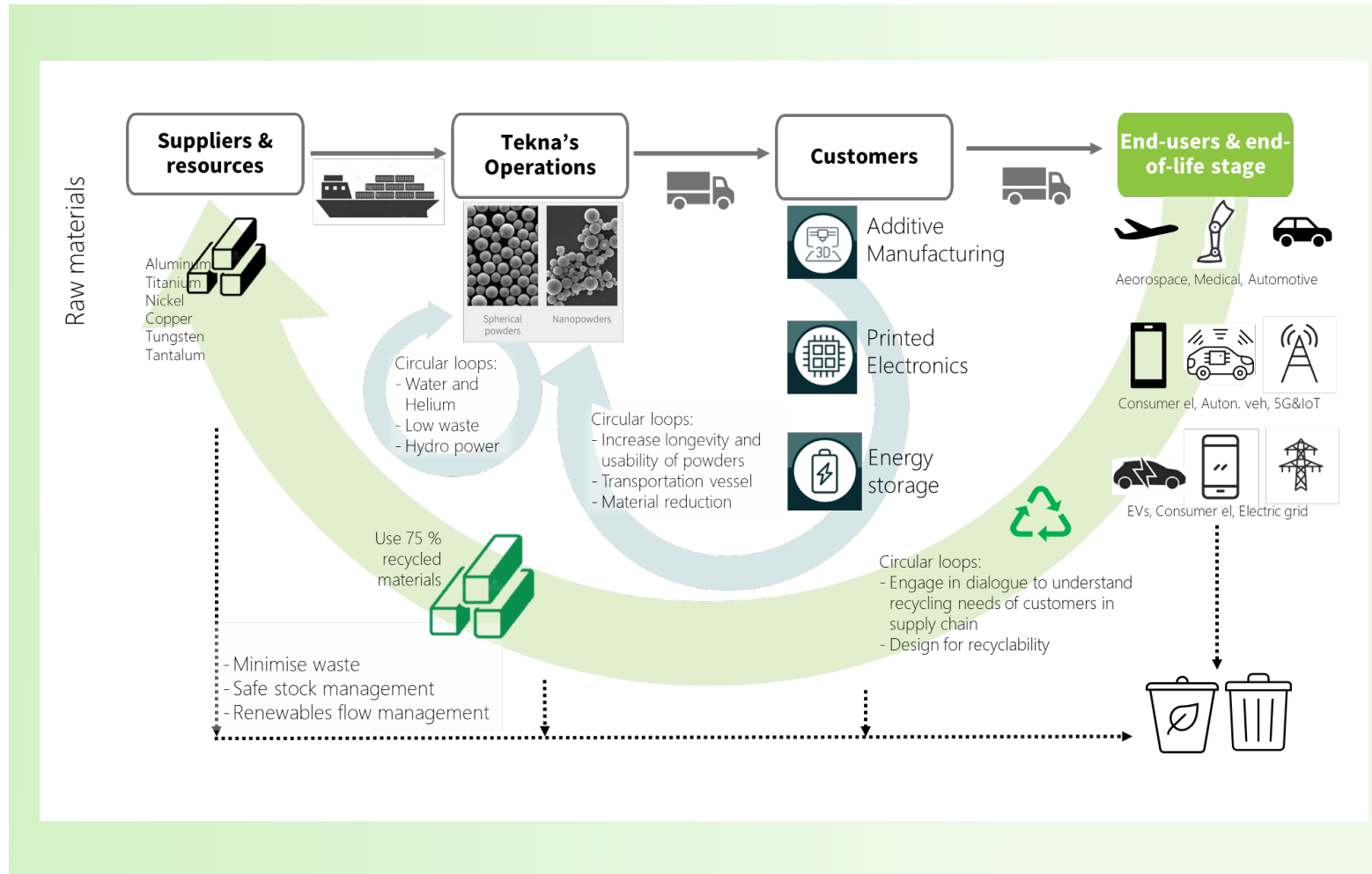
## Large base of blue-chip customers<sup>1</sup>



**~200 customers**

<sup>1</sup> Current and targeted customers

## Sustainability in principle: matching circularity and re-shoring trends



The circular loops within Tekna's own operations are well-established (light blue arrow)

Focus now shifting towards building sustainable loops with our customers in for instance packaging and revalorizing waste material

Read more in our [2021 ESG report](#)



## Case study: matching circularity and re-shoring trends in practice

### About the customer

- Original Equipment Manufacturer of medical devices, located in Europe
- Operates 3D printing machines
- Annual consumption **CAD 5m – CAD 6m**
- Implementing re-shoring strategy
  - Manage risks related to supply chain
  - Reduce environmental impact



### Customer request

European feedstock source  
European manufacturing of powder  
Repurpose outdated powder back to reusable powder  
Manage customer yield loss (transform scrap parts back to raw material)

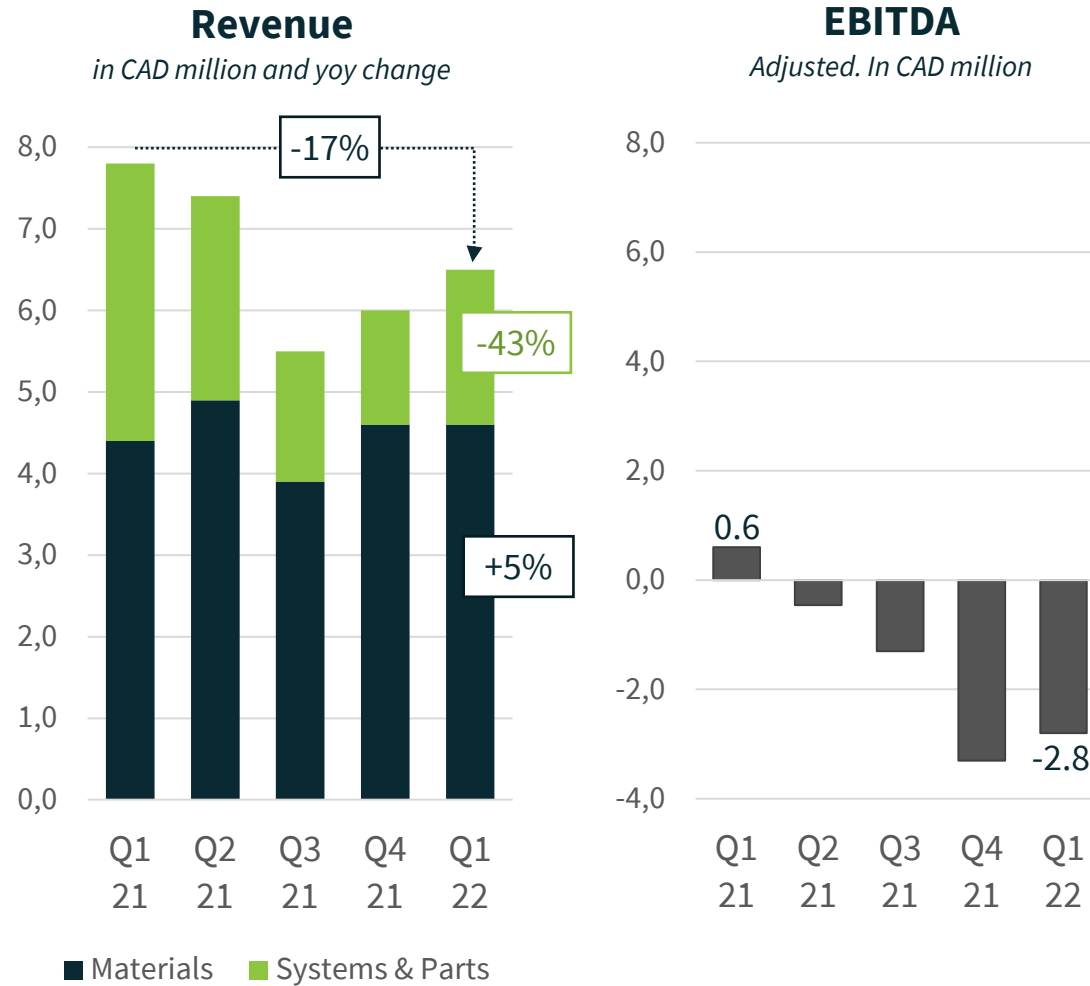
### Tekna has the solution

Macon France, factory  
Qualify European feedstock (raw material) supplier to Customer specs  
Use Tekna technology to repurpose customer's outdated powders  
Negotiate with European feedstock source to buy back high value scraps



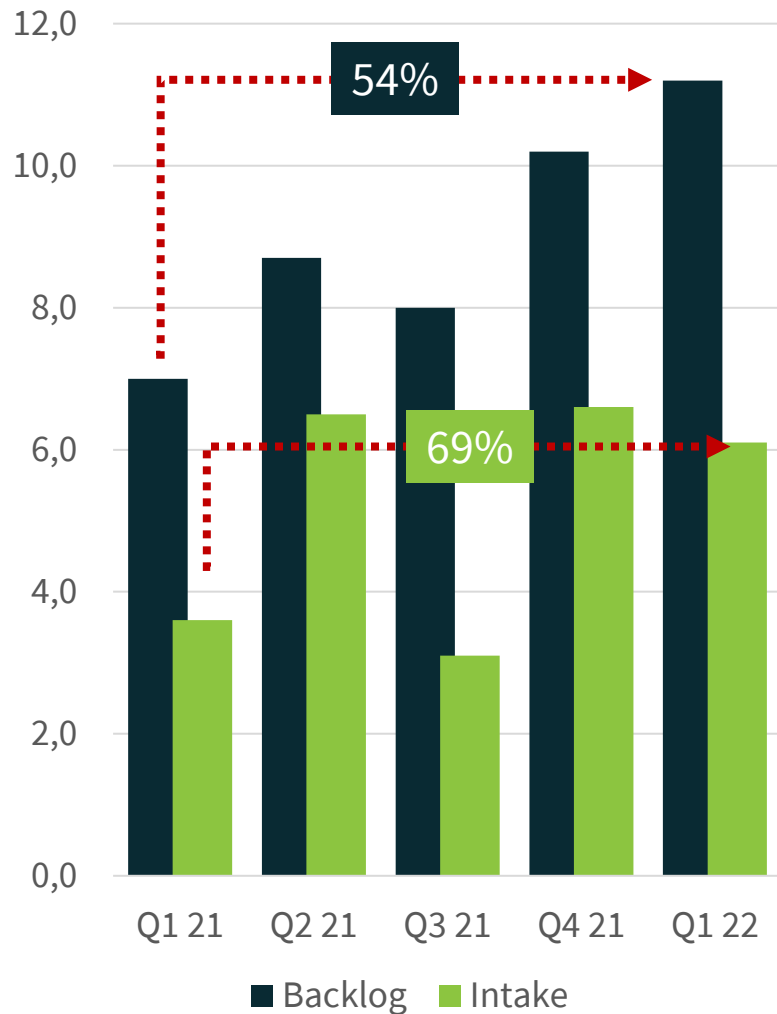
# Q1 Financials

## Revenue and EBITDA by quarter – five last quarter

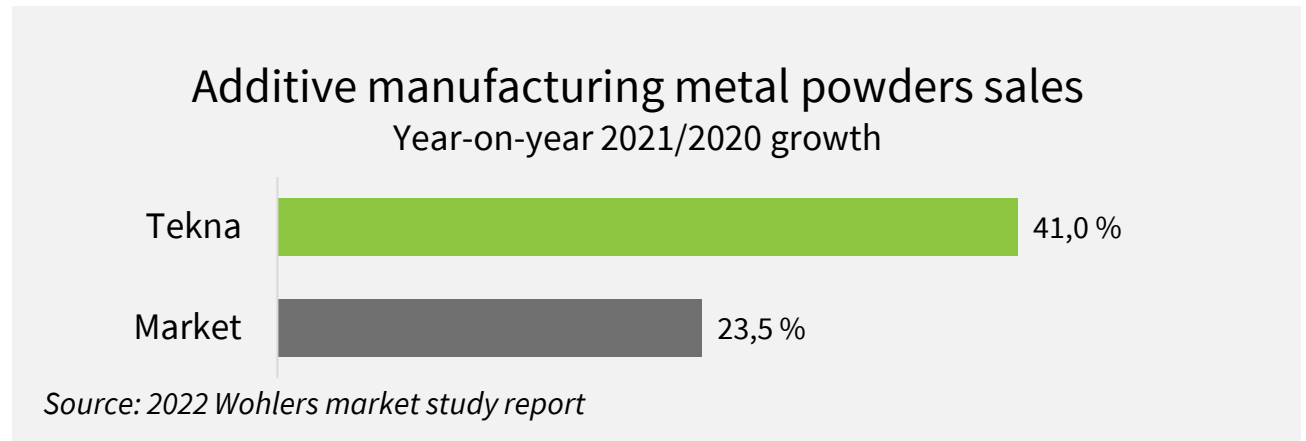


- Three **quarters of consecutive growth** in revenues
- Materials revenues stable YoY, expected to increase progressively throughout the year
- Systems deliveries reduced, consequential to global travel restrictions, also affecting the adjusted EBITDA
- EBITDA marked by increase in overhead in support of our strategy, developing printed-electronics, energy storage and upfront investments in staffing and R&D

## Advanced Materials | Gaining markets share, building order backlog



- Order backlog growing, challenging production to meet increasing demand
- Tekna's advanced materials are gaining market share, with new orders above CAD 6m for two consecutive quarters
- Tekna is outgrowing industry pace





A man with a beard and safety glasses is working on a complex industrial machine. He is holding a copper pipe and connecting it to a valve or fitting. The machine has various pipes, valves, and mechanical components. The background is slightly blurred, showing more of the industrial environment.

**Expanding capacity to  
keep up with additive  
manufacturing  
materials demand**



# Increasing capacity to meet strong demand

Immediate and ongoing  
**Increase machine performance**



**No significant capex required and  
limited effect on overhead**

Maximize working hours 24/7  
Increase feed rate  
Increase yield  
Reduce unplanned downtime



↑ **Margin improvements**  
↑ **Capital efficient**

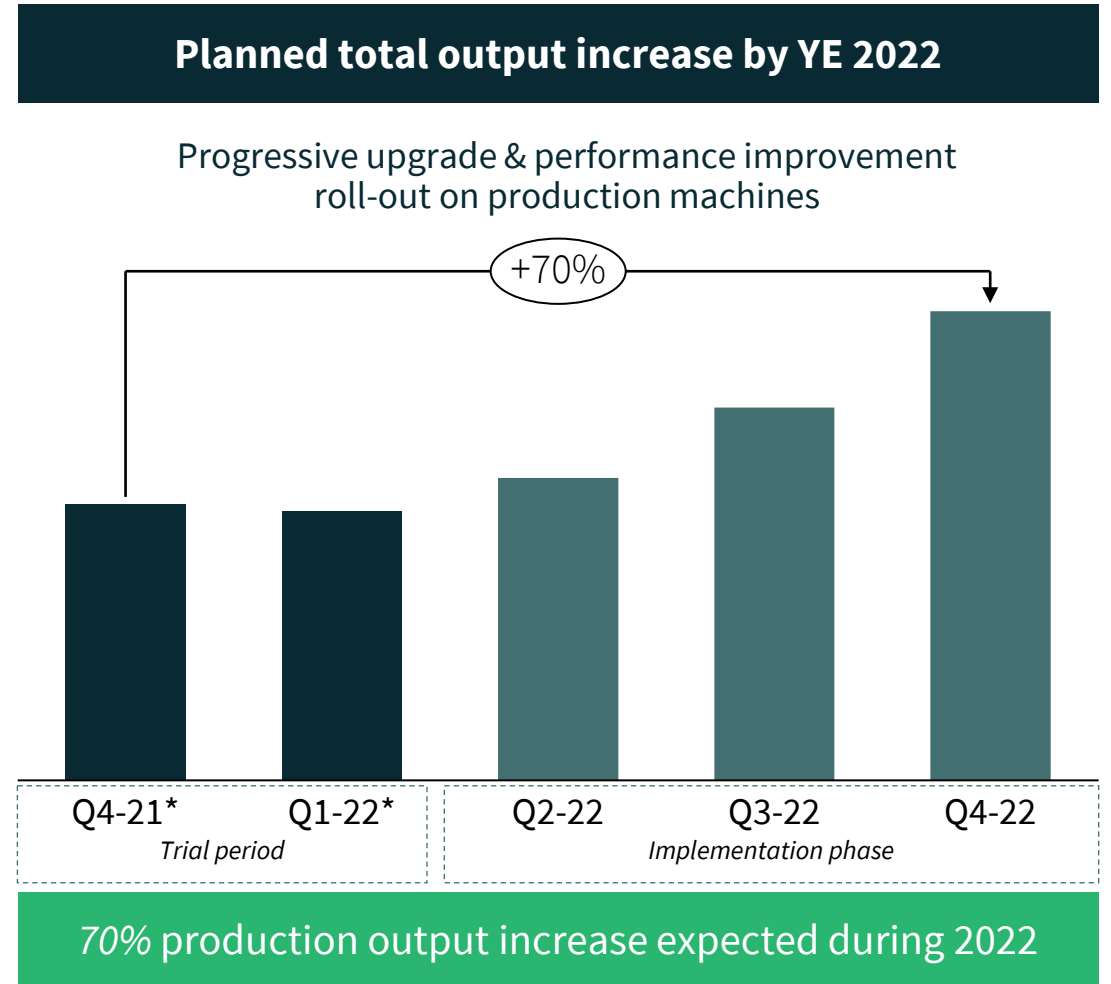
Subsequent actions  
**Add more machines**



↑ **Base capacity increase**

## Increasing capacity to meet strong demand

- From 2015 to 2021 our systematic approach to machine performance improvement has resulted in **140% higher output** per machine
- Q2 2022 marks the **start of the implementation** phase following an 18-month R&D cycle aimed at further increasing machine output for prime selling material
- Progressive upgrade & performance improvement roll-out on production machines are planned in 2022, expected to result in **70% increase** in production capacity from Q4 2021
- Upgrades will include software and hardware enhancement on the machines and on auxiliary systems, and recruitment of additional operators



Note: \* The machines required production stop while being upgraded  
Increase in machine output does not correlate to a similar increase in company revenue

A woman with brown hair tied back, wearing clear safety glasses and a dark lab coat, is looking intently at a piece of equipment in a laboratory setting. The background is slightly blurred, showing various lab equipment and shelves.

# **Developing materials for printed electronics and energy storage**



## Printed electronics | Strategic development initiatives with customers continue

### Ongoing product qualification programs - 80nm powder

Customer	Country	Account Qualification				Product Qualification						1st Order Target
1	Korea											TBD
2	Korea											2H2022
3	APAC											2H2022
4	APAC											TBD
5	APAC											1H2023
6	APAC											1H2023
7	APAC											TBD
8	China											TBD

	Completed
	Ongoing

Timing of projects is affected by customer schedule and will likely result in delays in qualification cycle and volume ramp-up

Currently developing two new products to the portfolio, addressing the same customer base

### Recent developments

#### Customer 2

MLCC printing trials ongoing with Tekna Nickel nano. Feedback expected by end of Q2

#### Customer 3

Positive feedback regarding Tekna's 80nm powder. Evaluation and print experiments are currently ongoing. Feedback expected by end of Q2. Signalled volume demand of around 40 tons per year in 2024

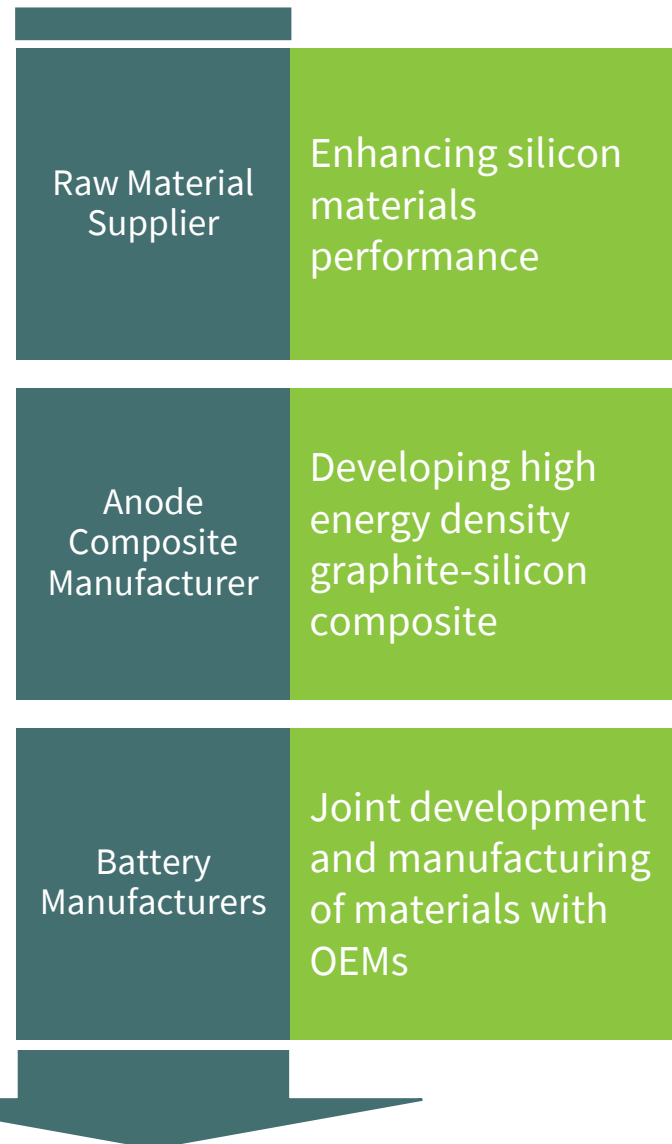
#### Customer 4

Positive feedback regarding Tekna's powder size. Ongoing discussions regarding joint R&D to apply Tekna's powder to future generation MLCCs

# Energy storage | A structured and patient approach towards a potential game changer



Positioning Tekna in all stages of the lithium-ion battery value chain



Successful preliminary product performance results showing energy density increasing by 70% from 350 to 600 mAh/g<sup>1</sup>

New samples produced with industrial pilot will be provided to 150 prospects starting in early Q3

Leading a 3-way effort, bringing together a major provider of natural graphite and a graphite-silicon composite producer

Aim to develop and provide battery manufacturers with ready to use high energy density anode materials. Technical due diligence is expected to start in Q2 2022

Joint development agreement milestone reached with the approval of plasma pilot-scale unit in January 2022

LG Chem joint development agreement developing positively with on-going trials at LG site

<sup>1</sup> Milliampere hour per gram

A welder in a workshop wearing a 3M Speedglas helmet and gloves, working on a large metal cylinder. The welder is wearing a black protective suit with 'Nederman' and 'TEKNA' visible on it. The background shows a workshop with various tools and equipment.

# Summary and outlook

## Paradigm shifting, robust and relevant strategy

A world in transition



Covid-19

War in Ukraine

**Trade tensions and sanctions**

**Supply chain delays**

Customers' decisions sometimes delayed

**Industry reshoring**

**Urge for sustainability and increased predictability**

Strategy well aligned



**All our segments are relevant to megatrends**

Customers continue transition towards new technology

Manufacturing sites located near end-users

**Securing long term supply agreements**

Sustainable and green production processes



## Short term priorities and longer-term ambitions

### Additive manufacturing

#### Short term priority

**Increase materials production capacity** by improving machine performance and adequate factory staffing

#### Medium term

**Adding machines to factories** in France and Canada to secure position with key customers and continue to grow market share

#### Outlook

**Strong Market demand** and production capacity ramp-up will improve Materials sales onward, but raising trade tensions and global supply chain issues create some transitory uncertainty

### Printed electronics & Energy storage

#### Development programs

Continued pursuit of opportunities in **printed electronics and energy storage** verticals through partnerships with tier-one original equipment manufacturers

#### Outlook

**Market volatility and customer schedule** are causing delays in qualification cycles

Tekna's focus and ambitions in developing for the **longer term remain unchanged**

Aiming to complete OSE listing in 2022

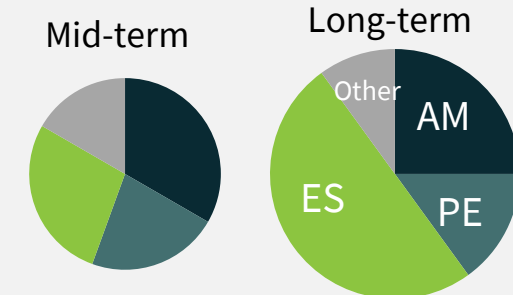
### Ambitions

#### Mid-to-long term

Revenue growth

40-50% organic growth per year

Business mix



Operational EBITDA-margin

Towards 25%

A stream of small, light-colored particles falls from the top center of the frame into a dark, textured funnel that widens towards the bottom. The background is a solid dark grey.

**Changing the world one  
particle at a time ...**

Q&A



# **Appendix Q1 financials in detail**

# Financial Statements

## INCOME STATEMENT

CAD m	2022 Q1	2021 Q4	2021 Q1	2021 FY
<b>Revenue</b>	6.5	6.0	7.8	26.8
Cost of sales	3.7	4.3	3.8	14.9
<b>Gross margin</b>	2.8	1.7	4.0	11.9
Gross margin %	43%	28%	51%	44%
Other income	-0.1	-0.2	0.0	-0.4
Indirect personnel expenses	3.8	3.4	2.9	12.8
Other OPEX	1.9	1.8	0.5 <sup>1</sup>	4.0
<b>Total other income and OPEX</b>	5.6	5.0	3.4	16.4
<b>Adjusted EBITDA</b>	-2.8	-3.3	0.6	-4.5
Adjusted EBITDA margin %	-43%	-55%	8%	-17%
Non-recurring expenses	0.8	0.4	1.2 <sup>1</sup>	4.2
<b>EBITDA</b>	-3.6	-3.7	-0.6	-8.7
EBITDA margin %	-55%	-62%	-8%	-32%
Depreciation and amortization	1.2	1.5	0.8 <sup>2</sup>	3.7
<b>Adjusted EBIT</b>	-4.0	-4.8	-0.2	-8.2
<b>EBIT</b>	-4.8	-5.2	-1.4	-12.4
EBIT margin %	-74%	-87%	-18%	-46%
Equity company loss (income)	0.3	0.4	0.3	1.5
FX variation (Gain) Loss	0.3	0.1 <sup>3</sup>	0.0	-0.4 <sup>3</sup>
Finance cost	0.1	0.1 <sup>4</sup>	0.3	0.7
<b>EBT</b>	-5.5	-5.8	-2.0	-14.2
Provision for income tax	0.0	0.0	0.0	-0.1
<b>Net profit/loss</b>	-5.5	-5.8	-2.0	-14.1

### Notes

1. An 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. An adjustment of \$0.4m has been presented as non-recurring expenses in Q1 2021. Legal fees of \$0.2m have been added to non-recurrent expenses in Q1 2021
2. Depreciation and amortization was adjusted by \$0.3m following the formal evaluation of the Purchase price allocation of 2013
3. FX variation (Gain) Loss was adjusted by \$0.4m and reclassified to other comprehensive income
4. \$1.2m of the currency exchange expense included in the finance cost account was reclassified to the FX variation.

# Financial Statements

## BALANCE SHEET

Balance Sheet CAD m	31.03.2022	31.12.2021	31.03.2021
<b>ASSETS</b>			
Deferred tax assets	0.0	0.0	0.0
Other intangible assets	9.3	9.2	9.3
Tangible fixed assets	17.1	16.6 <sup>1,3</sup>	16.5 <sup>4</sup>
Investment in equity companies	1.1	1.2 <sup>2,3</sup>	1.1
Other long-term receivables	5.6	5.6 <sup>2</sup>	5.5
<b>Total non-current assets</b>	<b>33.1</b>	<b>32.6</b>	<b>32.4</b>
Inventory	16.8	14.4 <sup>1</sup>	13.0
Contract assets	1.8	1.0	1.4
Accounts receivable and other receivables	6.4	5.7	7.9
Cash and cash equivalents	32.4	38.6	102.1
<b>Total current assets</b>	<b>57.4</b>	<b>59.7</b>	<b>124.4</b>
<b>Total assets</b>	<b>90.5</b>	<b>92.3</b>	<b>156.8</b>

### Notes

1. CAPEX in progress transferred from Inventory \$1.3 m
2. A loan to an equity company totaling \$1.4m is currently presented as part of the Investment in equity companies.
3. Tangible assets and Investment in equity companies adjusted for FX by \$0.3m and \$0.1m respectively. This adjustment affected the owner's equity for the same amount.
4. A recent information bulletin was published on the IFRS treatment of configuration and customization costs in connection with implementation of cloud-based software services. Tekna has implemented this modification retroactively in its financial statements. An amount of \$1.9m was reversed from fixed assets to equity as of March 31st, 2021.

Balance Sheet CAD m	31.03.2022	31.12.2021	31.03.2021
<b>LIABILITIES AND EQUITY</b>			
Owners' equity	70.9	75.9 <sup>3</sup>	85.2
Minority interest	0.0	0.2	0.7
<b>Total equity</b>	<b>70.9</b>	<b>76.1</b>	<b>85.9</b>
Deferred tax liabilities	0.0	0.0	0.0
Leasing obligations	1.3	0.2	0.4
Other long-term debt	4.3	3.8	30.6
<b>Total non-current liabilities</b>	<b>5.6</b>	<b>4.0</b>	<b>31.0</b>
Current interest-bearing borrowings	2.7	3.9	3.8
Current interest-bearing liabilities	0.0	0.0	23.6
Accounts payable	7.7	4.8	9.7
Leasing obligations	0.1	0.2	0.2
Other current liabilities	3.5	3.3	2.6
<b>Total current liabilities</b>	<b>14.0</b>	<b>12.2</b>	<b>39.9</b>
<b>Total liabilities and equity</b>	<b>90.5</b>	<b>92.3</b>	<b>156.8</b>



# Financial statements

## CASH FLOW

Cash flow CAD m	2022 Q1	2021 Q1
<b>Net profit</b>	<b>-5.5</b>	<b>-2.0 <sup>1</sup></b>
Depreciation and Amortization	1.2	0.8
Tax expense		
Net financial items & FX variation	0.0	0.3
Change in inventory, contract assets, receivables, payables and other liabilities	-0.9	-4.6
Share of profit from associates	0.2	0.3
<b>Net cash from operations</b>	<b>-5.0</b>	<b>-5.2</b>
Purchase of PPE and intangible assets	-1.7	-0.7 <sup>1</sup>
Other Investments activities	0.0	-1.3
Purchase of shares in subsidiaries	0.0	-23.5
<b>Net cash from investing activities</b>	<b>-1.7</b>	<b>-25.5</b>
Cashflow from issuance of stock	0.0	100.5 <sup>2</sup>
Proceeds from the issuance of shares in subsidiary	0.0	1.3
New long-term borrowings	1.7	0.1
Repayment of long-term borrowings	-0.3	-0.1
Internal loans and borrowings	0.0	30.1
Net change in current interest-bearing debt	-1.2	3.1
Interest paid	0.0	-0.2
<b>Net cash from financing activities</b>	<b>0.2</b>	<b>134.8</b>
Cash flow	-6.5	104.1
FX adjustments	0.3	-4.5 <sup>2</sup>
<b>Change in cash and cash equivalents</b>	<b>-6.2</b>	<b>99.6</b>
Opening Balance for Cash assets	38.6	2.5
<b>Closing Balance for Cash assets</b>	<b>32.4</b>	<b>102.1</b>

### Notes

1. Net profit reduced by \$0.3m in application of the IFRS treatment of configuration and customization costs in connection with implementation of cloud-based software services.
2. FX adjustment of \$3.7m in the valuation of cashflow from issuance of stock.

## Alternative performance measures

Tekna presents alternative performance measures as a supplement to measures regulated by IFRS. The definitions of these measures are as follows:

**EBITDA** - Earnings before interest, tax, depreciation and amortization, corresponding to “Operating profit (loss) before depreciation, amortization and impairment” in the consolidated income statement

**Adjusted EBITDA** – EBITDA adjusted for costs related to the IPO and uplisting, non-recurring legal costs, and IT expenses related to the cloud software IFRS reclassification

**EBIT** - Earnings before interest and tax, corresponding to “Operating profit (loss)” in the consolidated income statement

**Gross profit** - Gross profit is net sales revenue minus cost of goods sold

**Gross margin** - Gross margin is gross profit divided by net sales revenue

**Recurring revenues** - Period divided by the prior consecutive 12-month Period