TEKNA

Q2 2022 financial results

Luc Dionne, CEO Tekna Holding ASA

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Q2 2022 highlights

Total Revenue

CAD 7.6 million

3 % increase from Q2 2021

Adjusted EBITDA

CAD -3.2 million

CAD 2.7 m decrease from Q2 2021

Materials revenue

CAD 5.6 million

12% increase from Q2 2021

Materials backlog

CAD 15.3 million

76% increase from Q2 2021

Advanced materials

- **Revenue up 21% compared to Q1'22** as recent order intake, backlog and improved capacity result in increased shipment of products to customers
- **Order intake continues to increase** on strong demand with a record high CAD 9.7 million in Q2, **up 60%** from Q1. Backlog increased 76% from Q2'21
- **EBITDA and adjusted EBITDA** reflecting lower systems revenues and front loading of resources in support of strategy

Strategic development

- Planned work to **increase 70% materials production capacity by year-end 2022** is in progress. Additional trials and development work are ongoing to confirm that we have a continuous robust process.
- Projects with partners in Microelectronics ongoing, with **important milestones coming up** later in the year, customer development schedules have introduced some delays

Uplisting to Oslo Børs, further advancing board relevance and good corporate governance

- Barbara Thierart-Perrin elected new independent board member in April 2022
- Anne Lise Meyer elected new independent board member in May 2022
- A highly competent board with broad and complementary industry and financial experience and shareholder representation
- Audit Committee established in June 2022

Morten
Henriksen
Chairman

Torkil
Mogstad

Barbara
Thierart-Perrin

Anne Lise
Meyer

Members of the audit committee: Meyer (chair) and Mogstad

Uplisting to Oslo Børs

Corporate governance code revised[1]

Updated prospectus available on www.tekna.com

Tekna in brief

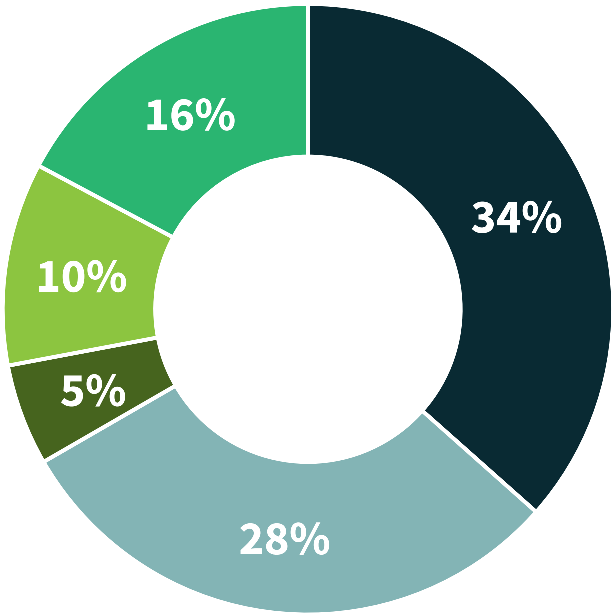
World-leading provider of advanced spherical and nano size materials and plasma systems

Established organization with world-wide reach

- Founded in 1990
- Tekna Holding ASA Listed OSLO stock exchange
- carbon neutral aspiration 2030
- Headquartered in Quebec, Canada
- 200 employees
- 90 active patents
- 3 production facilities
- 2 research facilities
- 7 subsidiaries
- 1 joint venture

Our customers for advanced materials

Additive Manufacturing Material sales by Industry Sector



■ Aerospace ■ AM Machine ■ Automotive
■ Consumer goods ■ Medical

Top 3 global supplier

Large base of blue-chip customers[1]

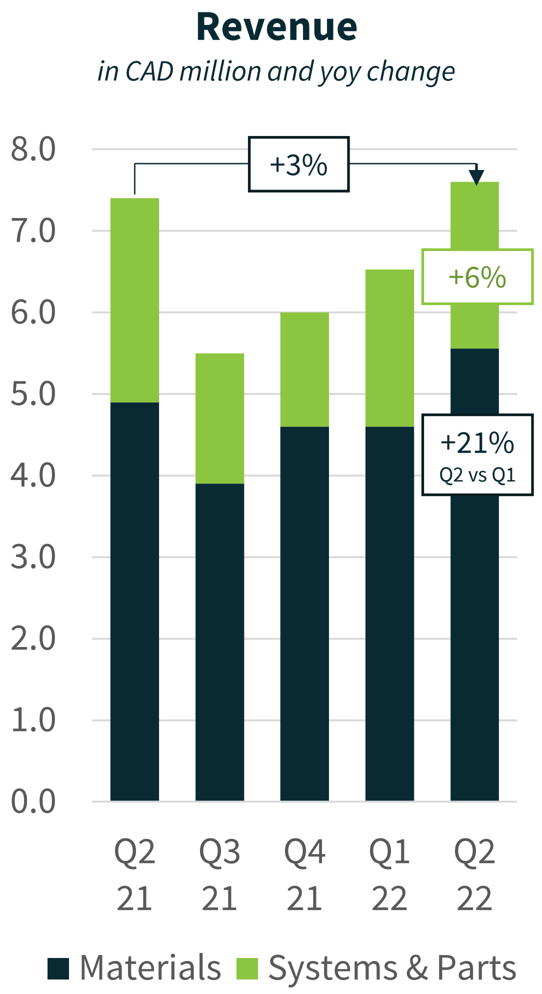
BOEING
AIRBUS
TOYOTA
Honeywell
ArcelorMittal
HONDA
MITSUBISHI HEAVY INDUSTRIES
MICHELIN
BASF The Chemical Company
NASA
Pratt & Whitney A United Technologies Company
THALES
SAFRAN AEROSPACE · DEFENCE · SECURITY
BMW
HYUNDAI
SAMSUNG
SIEMENS
GE

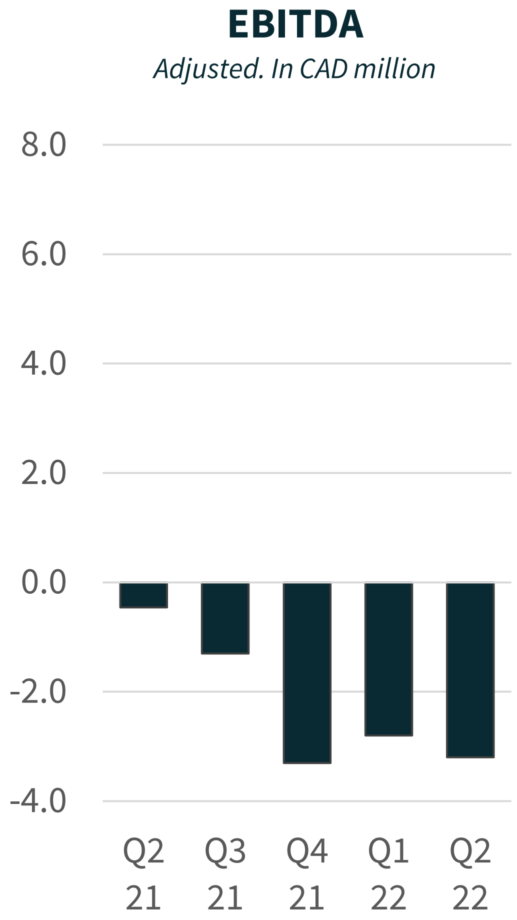
~200 customers

[1] Current and targeted customers

Q2 Financials

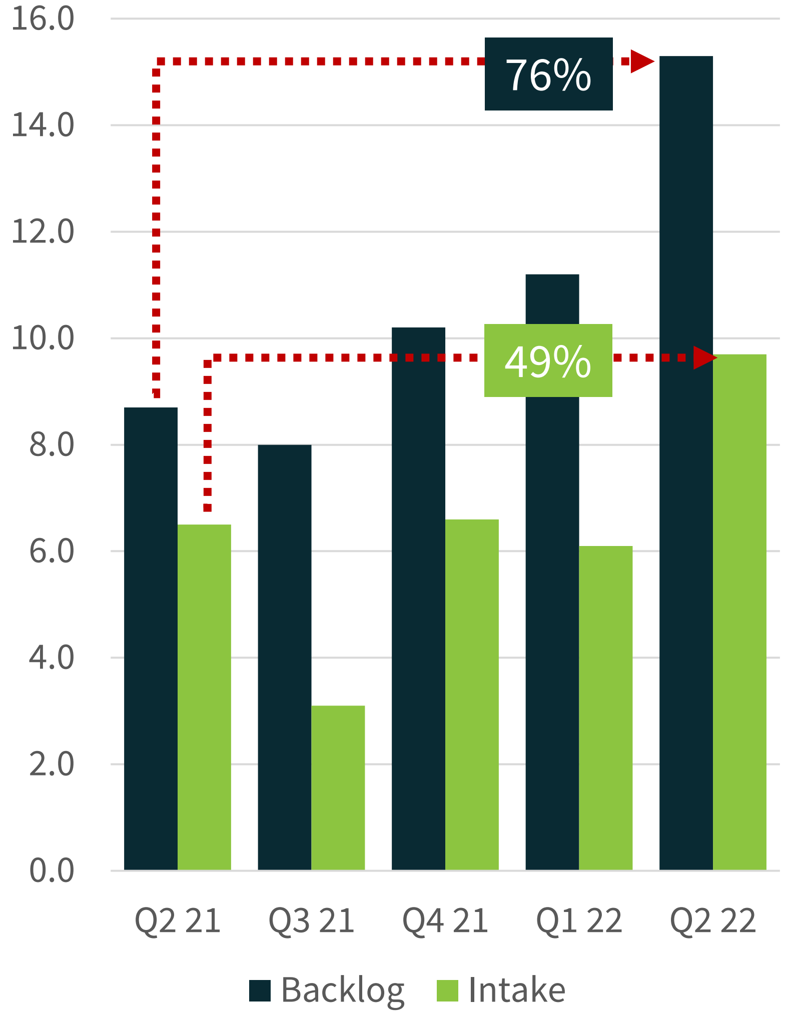
Revenue and EBITDA





- Second quarter reflects **high activity in the additive manufacturing industry**.
- Continued **strong underlying demand for Materials** reflected in 21% growth in revenue from Q1
- **Systems market on a rebound** with easing of travel restrictions
  - Two R&D plasma system contracts signed in Q2
  - Growing number of PlasmaSonic opportunities
- **EBITDA** includes overhead supporting our growth strategy, ie. upfront investments in developing microelectronics and energy storage markets, and in staffing and R&D
  - Systems EBITDA expected to improve with accelerating order intake in 2nd half 2022

Additive manufacturing industrialization drives significant orders in Q2, building a backlog supporting growth objectives



- Tekna's advanced materials are gaining market share, with order intake reaching new record CAD 9.7 million in Q2
- The Advanced Materials backlog reached CAD 15.3 million in Q2 up 76% from same period last year
- Recent agreements confirm long expected and desired market trends

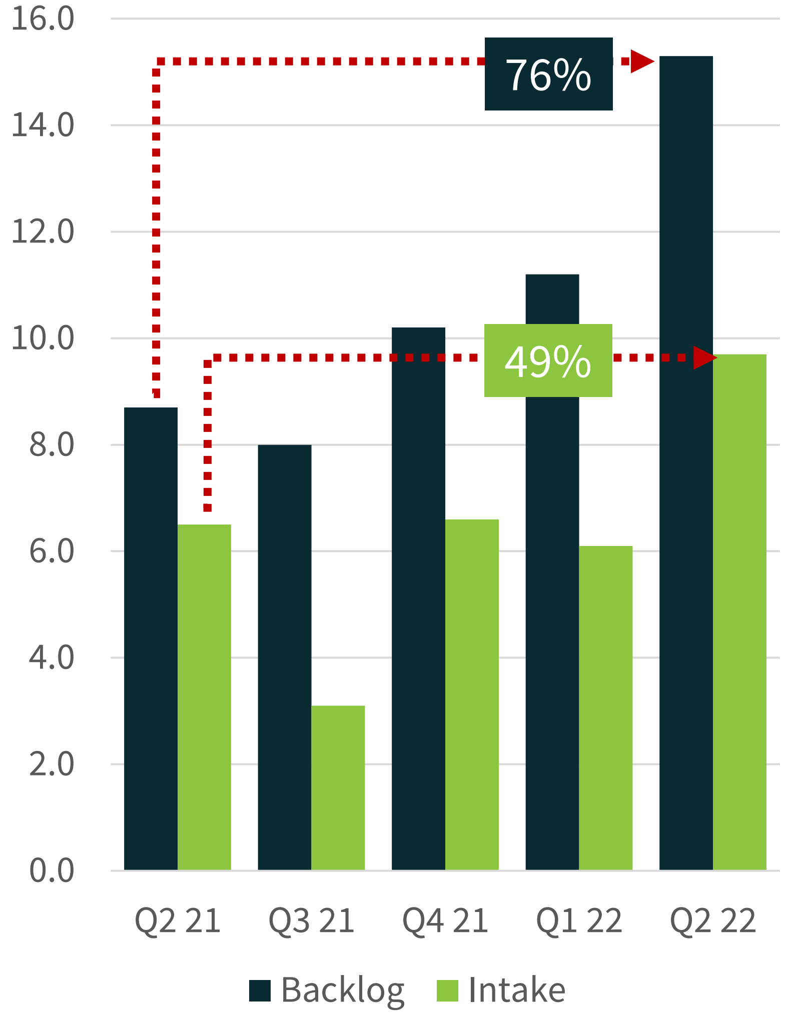
Key indicators that signify changing market dynamics

Average order size
+ 38% larger than in 2021

Open orders
70 orders received to date

Long-term supply agreements
Signed 2 new agreements in Q2

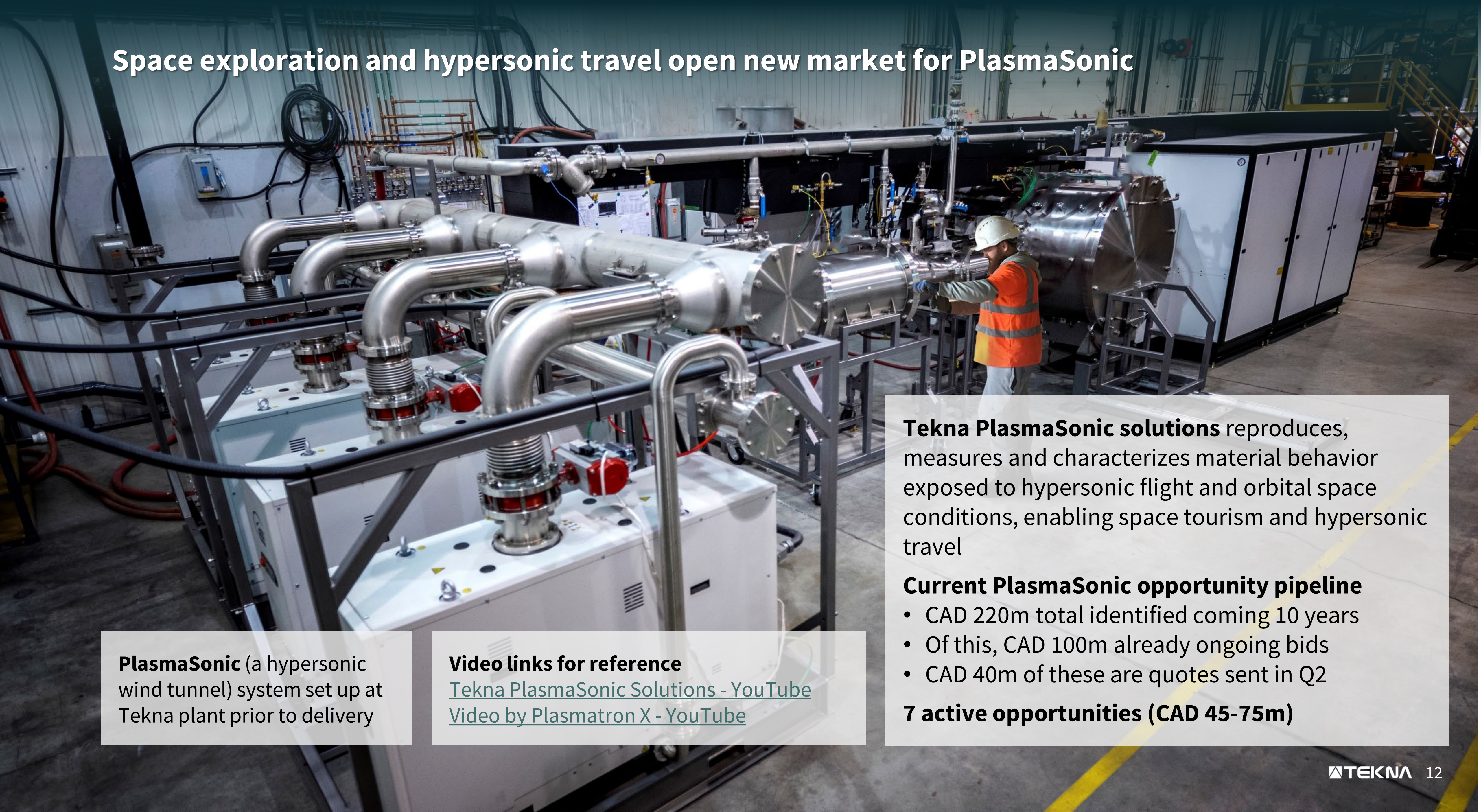
Additive manufacturing industrialization drives significant orders in Q2, building a backlog supporting growth objectives



Some recent examples of single orders

Machine Manufacturer	• CAD 2.1 million order with materials to be delivered throughout 2023 • Machine manufacturer supporting the European additive manufacturing for the aerospace industry
Distributor	• CAD 1.4 million order for various materials and multiple deliveries to end-users in 2022-23
Dental implants	• CAD 0.9 million order for delivery through 2022-23 to dental implants supplier which turns to AM and titanium, moving from cobalt-chrome material

Space exploration and hypersonic travel open new market for PlasmaSonic



Tekna PlasmaSonic solutions reproduces, measures and characterizes material behavior exposed to hypersonic flight and orbital space conditions, enabling space tourism and hypersonic travel

Current PlasmaSonic opportunity pipeline

- CAD 220m total identified coming 10 years
- Of this, CAD 100m already ongoing bids
- CAD 40m of these are quotes sent in Q2

7 active opportunities (CAD 45-75m)

PlasmaSonic (a hypersonic wind tunnel) system set up at Tekna plant prior to delivery

Video links for reference

[Tekna PlasmaSonic Solutions - YouTube]

[Video by Plasmatron X - YouTube]

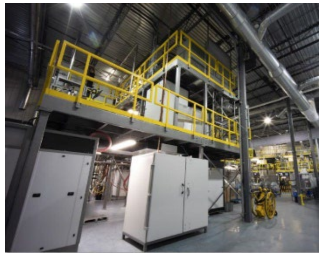
Progress Status

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**

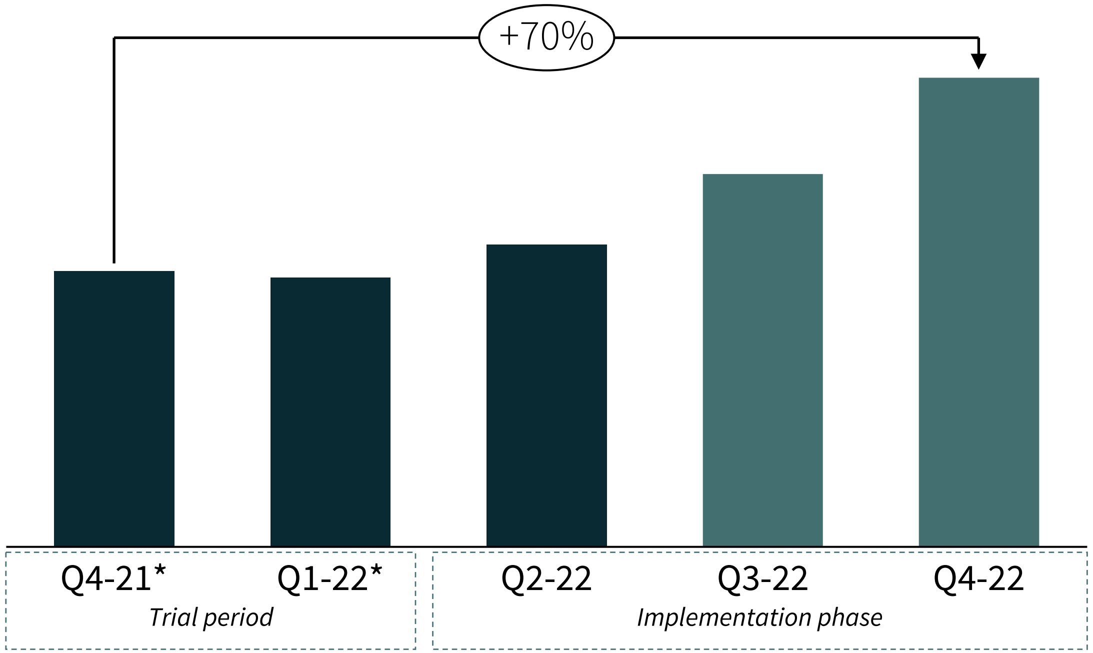
Status in machine and capacity upgrade program

70% production output increase expected during 2022

- Machine output target was achieved in Q2
- Hardware and software upgrades on targeted machines completed according to plan
- The expected output increase was demonstrated for short runs on each material
- Additional trials and development work is needed and ongoing to secure a continuous robust process
- This will likely affect Q3 machine output, but Tekna is confident on achieving the 70% YE target
- Hiring of operators ongoing, aiming for 24/7 post-processing operations by end of Q3

Planned total output increase by year-end 2022

Progressive upgrade & performance improvement roll-out on production machines

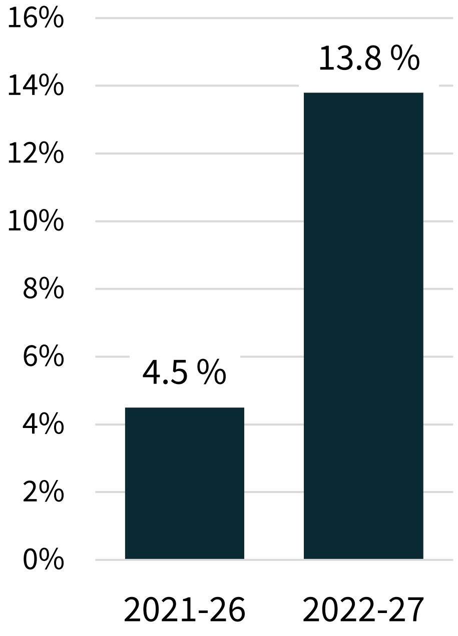


Developing materials for microelectronics and energy storage

Microelectronics | Projected growth for high-end MLCCs increased by a factor of 3 from last year

Tekna's Nickel nano powder is a key material for the manufacturing of high-end Multi-Layer Ceramic Capacitors (MLCC)

In only one year, the projected CAGR for MLCCs has grown by a factor of three



Source: MarketsandMarkets, ReportLinker 2021, 2022

Solid industry growth momentum

2021

TAIYO YUDEN
June 2021
New MLCC factory, Japan
5 bn yen (~48 m CAD)

TAIYO YUDEN
September 2021
New MLCC factory, Malaysia
18 bn yen (~172 m CAD)

muRata
November 2021
New MLCC factory, Thailand

KYOCERA
April 2022
Expansion semi-conductor factory, Japan
62.5 bn yen (~600 m CAD)

TDK
May 2022
New MLCC factory, Japan
50 bn yen (~480 m CAD)

Demand drivers

- Growing demand from automotive industry due to advent of autonomous and electric vehicles
- Mobility, 5G and connected objects (IoT)
- De-globalization, reshoring and nearshoring

Microelectronics | Strategic development initiatives with customers continue

Ongoing product qualification programs Nickel nano powder

Customer	Location	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 have resulted in delays in the qualification cycle and volume ramp-up

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

Recent developments

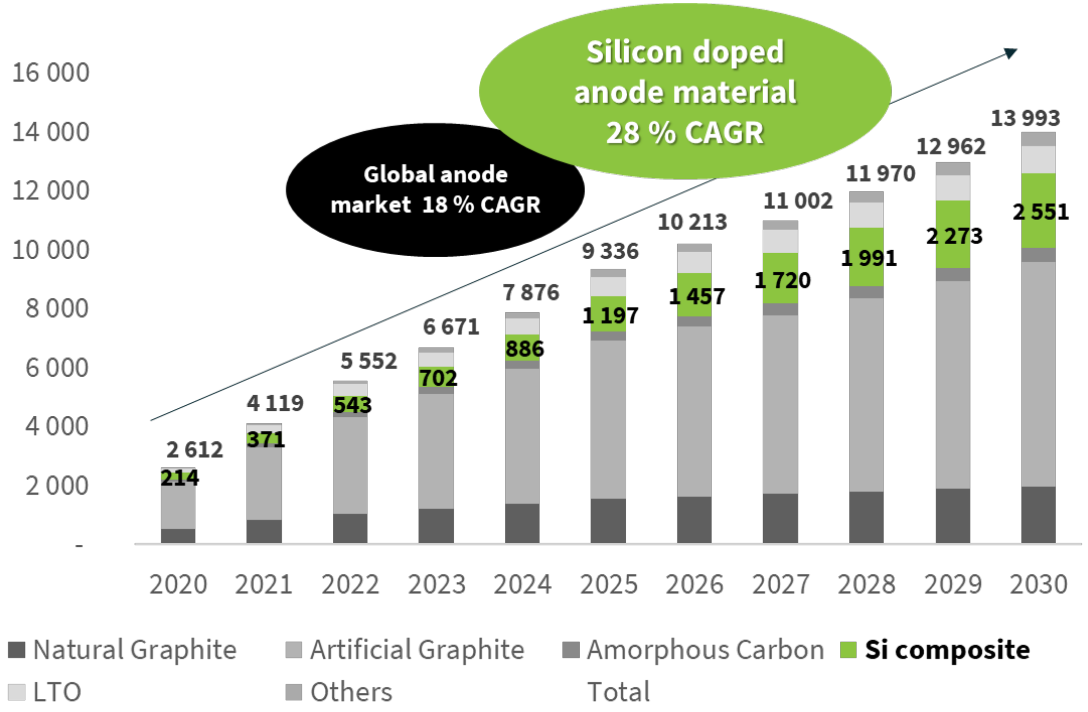
Customer 2
MLCC printing trials ongoing with Tekna Nickel nano 80nm. Customer program moving ahead as previously said. Feedback expected in second half of this year.

Customer 3
Provided positive feedback regarding Tekna’s 80nm powder. Evaluation and print experiments currently ongoing. Feedback is expected in second half of this year. Signaled volume demand of around 40 tons per year in 2024

Customer 4
Positive feedback regarding Tekna’s **50nm powder size**. Trial samples for qualification will be shipped in Q3. Customer and Tekna foreseeing a Joint Development Agreement.

Energy storage | Nano-silicon in the lithium-ion battery anode value chain

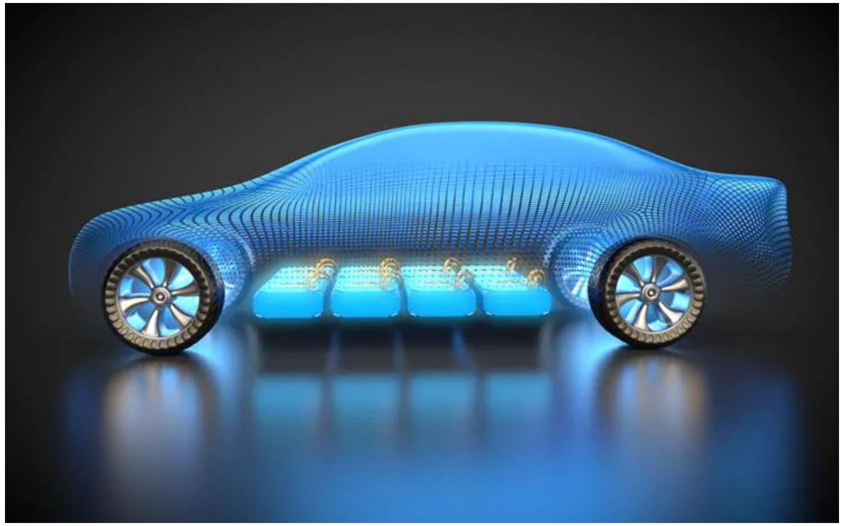
Global Lithium-ion battery growth driving the demand for silicon materials. Demand for silicon nano composite forecast to grow ten-fold to $10B by 2030



*Source: IHS 2021

Why nano-silicon as anode material is a game-changer in the industry

- Increasing the driving distance per charge
- Reducing the size (volume) of the battery
- Reducing the need for critical materials such as lithium, graphite and cobalt



Energy storage | Pursuing alternatives in the lithium-ion battery value chain

Possible paths

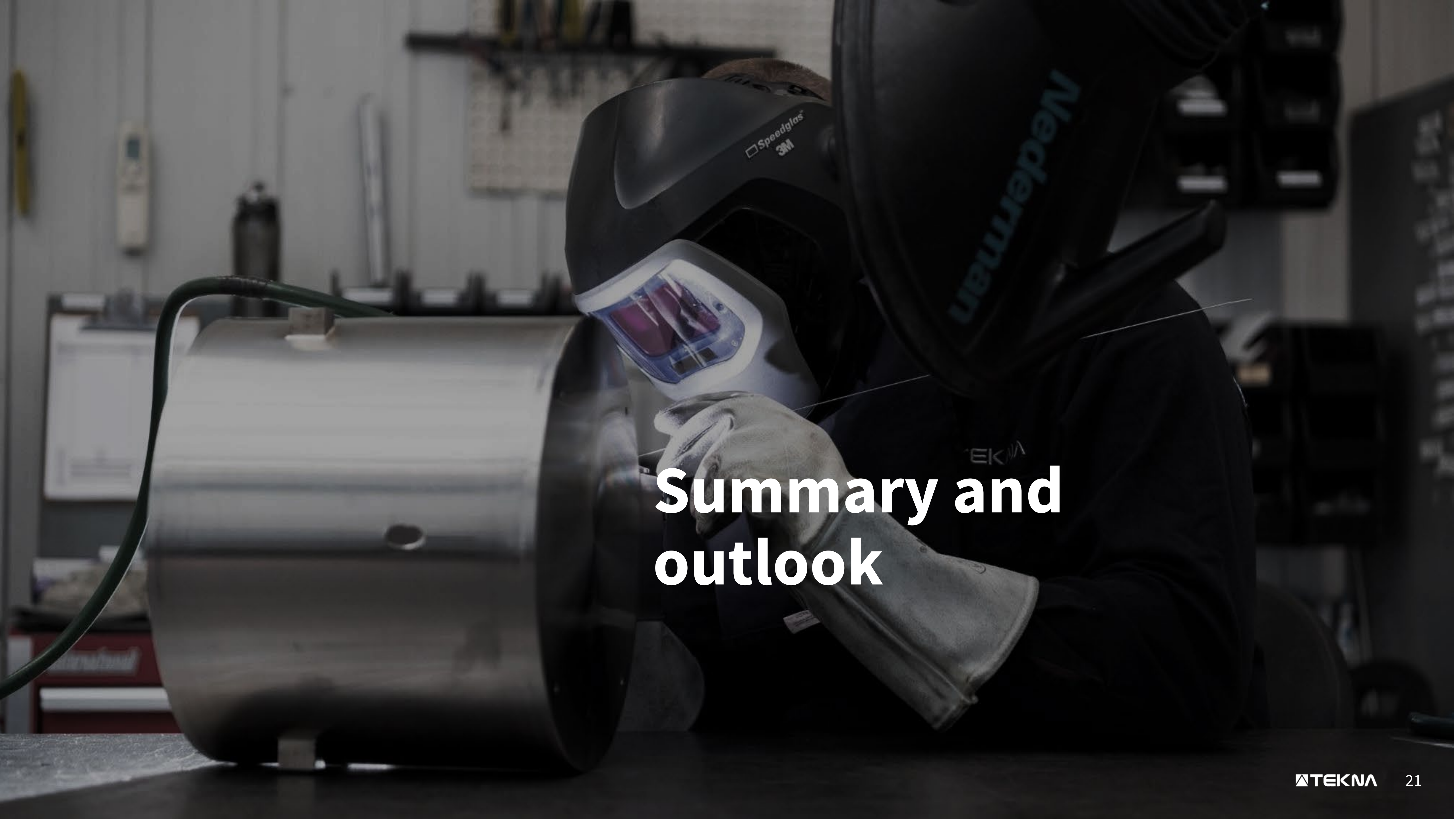
- Supply of unique silicon nano materials
- Partnering and developing unique offering with anode manufacturer
- Developing next generation battery nano-materials together with OEMs

Building on a strong foundation

Tekna's proprietary nano technology and unique materials providing a **strong foundation** on which Tekna will build leading positions in the energy storage space

Supported by
- Highly competent board with broad experience in energy storage
- Main shareholder with stated high ambitions in the field, and adjacent companies and technologies

Current priorities
- Further detailed analysis of the anode market
- Identifying strategic partnerships that would accelerate market entry
- Building inhouse expertise. Hired Arnaud Bondelu as Business Development Director for Energy Storage



Summary and outlook

Paradigm shifting, robust and relevant strategy

A world in transition

War in Ukraine
Trade tensions and sanctions
Supply chain delays
Fear of recession and inflation
Industry reshoring
Urge for sustainability and increased predictability
Repeated Covid-19 outbreaks and lockdowns

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

Megatrends driving double digit growth in all segments

Shifting economic powers and deglobalization

Climate change and environmental regulations

Connectivity and communication

Demography and health care

Space exploration and hypersonic speed travel

Market and Industry Attractiveness

Additive manufacturing

+24 to 30%

Materials sales CAGR 2022-2030 as forecast by Grand View Research/Smartech

Micro-electronics

+14%

MLCC CAGR 2022-27 as projected by Research & Market 2021, 2022 editions

Energy storage

+18%, +28%

Projected CAGR for demand for anode and silicon in 2020-30 as forecast by IHS 2021

Hypersonic travel

220m

Emerging industry for which Tekna has identified CAD 220m of PlasmaSonic prospects over the next 10 years

Short term priorities and longer-term ambitions unchanged

Additive manufacturing

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

Medium term
Add 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 onwards. Raising trade tensions, global supply chain issues create challenges and opportunities.

Third quarter revenues and EBITDA will be affected by seasonality of sales in Europe and North America (summer holidays)

Microelectronics & Energy storage

Development programs
Continued pursuit of opportunities in **microelectronics** and **energy storage** verticals through partnerships with tier-one original equipment manufacturers

Outlook
Market volatility and customer schedule have caused delays in qualification cycles

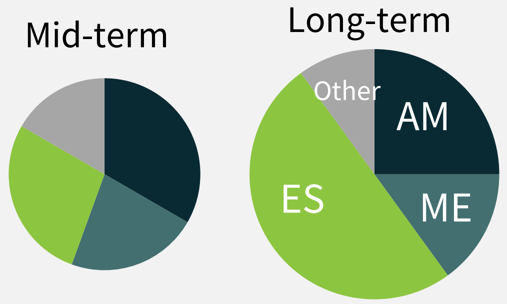
Tekna's focus and ambitions in developing for the **longer term remain unchanged**

Ambitions
Mid-to-long term

Revenue growth

40-50% organic growth per year

Business mix



Operational EBITDA-margin

Towards 25%

1) Operational EBITDA margin excludes R&D.
Note: AM: Additive Manufacturing, ME: Midroelectronics, ES: Energy Storage

Changing the world one particle at a time …

Q&A

Appendix
Q2 financials in detail

Financial Statements

INCOME STATEMENT

Amounts in CAD 1000	Note	2022 H1	2022 Q2	2021 H1	2021 Q2
Revenues	3	14 139	7 603	15 239	7 410
Other income		405	305	253	235
Materials and consumables used		8 570	4 861	7 910	4 088
Employee benefit expenses		7 962	4 076	6 095	3 153
Other operating expenses		5 483	2 848	3 752	2 015
EBITDA		**-7 472**	**-3 877**	**-2 264**	**-1 611**
Depreciation and amortisation		1 986	846	1 474	706
Net operating income/(loss)		**-9 458**	**-4 723**	**-3 738**	**-2 317**
Share of net income (loss) form associated companies and joint ventures		-762	-430	-682	-363
Finance income		-585	-292	859	859
Finance costs		247	134	436	171
Profit/(loss) before income tax		**-11 051**	**-5 579**	**-3 997**	**-1 993**
Income tax expense		-	-	-117	-117
Profit/(loss) for the period		**-11 051**	**-5 579**	**-3 881**	**-1 876**

Note

Consolidated revenues for the Tekna Group in the first half of 2022 was CAD 14.1 million, compared with CAD 15.2 in the corresponding period of 2021. Revenue in the System and Parts segment was reduced mainly because of pandemic related restrictions and almost fully compensated by continued growth in sales of advanced spherical powders.

Contribution margin was CAD 5.6 million corresponding to 39 percent of revenues. In the first half of 2021, the gross margin was 48 percent. The reduced margin is a result of lower revenue and an increase in cost of materials and consumables used.

Adjusted earnings before interest, tax, depreciation, and amortisation (EBITDA) in the first six months of 2022 was negative CAD 6.0 million, and includes a planned increase in costs in support of the company’s growth strategy, its ongoing development programs in microelectronics and energy storage and upfront investments in staffing and R&D.

Loss for the first half of 2022 was CAD 11.1 million of which share of net loss from associated companies and joint ventures was negative CAD 0.8 million and net financial items were minus CAD 0.8 million.

Financial Statements

BALANCE SHEET

Amounts in CAD 1000	Note	30.06.2022	31.12.2021
Non-current assets			
Property, plant and equipment		17 646	16 573
Intangible assets		9 050	9 217
Associated companies and joint ventures		1 281	1 231
Non-current receivables		5 143	5 598
Deferred tax assets		-	-
Total non-current assets		**33 120**	**32 620**
Current assets			
Inventories		17 724	14 415
Contract assets		1 483	1 038
Trade and other receivables		9 266	5 680
Cash and cash equivalents		20 798	38 649
Total current assets		**49 271**	**59 783**
Total assets		**82 390**	**92 402**

Amounts in CAD 1000	Note	30.06.2022	31.12.2021
Equity			
Share capital and share premium		494 956	494 957
Other reserves		-429 348	-419 059
Capital and reserves attributable to holders of the company		**65 608**	**75 897**
Non-controlling interests		-128	211
Total equity		**65 481**	**76 109**
Non-current liabilities			
Borrowings		4 241	3 778
Lease liabilities		1 191	227
Deferred tax liabilities		-	-
Total non-current liabilities		**5 432**	**4 005**
Current liabilities			
Bank loan		1 739	3 734
Lease liabilities		478	235
Trade and other payables		5 565	4 772
Contract liabilities		1 067	1 473
Other current liabilities		2 309	1 874
Borrowings short-term portion		320	200
Total current liabilities		**11 478**	**12 289**
Total liabilities and equity		**82 390**	**92 402**

Note

Equity ratio at the end of June 2022 was 79.5 percent compared with 82.3 percent at the end of 2021.

Total cash and cash equivalents amounted to CAD 20.8 million at the end of June 2022 versus CAD 45.7 million at the same time last year.

Financial statements

CASH FLOW

Amounts in CAD 1000	Note	2022 H1	2022 Q2	2021 H1	2021 Q2
Cash flow from operating activities					
Net profit/(loss)		**-11 051**	**-5 579**	**-3 881**	**-1 876**
Depreciation, amortization and impairment		1 986	846	**1 474**	706
Interest accretion on LT debt		150	81	**126**	66
Discounted value of long-term loan		-399	-152	**-163**	-163
Share of results from associated companies and joint ventures		762	430	682	363
Total after adjustments to profit before income tax		**-8 552**	**-4 374**	**-1 761**	**-904**
Change in Inventories		-3 308	-913	**-923**	50
Change in other assets		-3 534	-2 031	**-3 131**	-106
Change in other liabilities		830	-2 222	**-1 640**	-1 072
Total after adjustments to net assets		**-14 564**	**-9 541**	**-7 456**	**-2 032**
Net cash from operating activities		**-14 564**	**-9 541**	**-7 456**	**-2 032**
Cash flow from investing activities					
Proceeds from the sales of PPE		-		92	92
Purchase of PPE and intangible assets		-2 891	-1 237	-2 068	-1 392
Other investing activities		-646	-646	-1 340	-22
Purchase of shares in subsidiaries		-		-23 480	-
Net cash flow from investing activities		**-3 537**	**-1 883**	**-26 796**	**-1 322**

Amounts in CAD 1000	Note	2022 H1	2022 Q2	2021 H1	2021 Q2
Cash flow from financing activities					
Proceeds from issue of shares		-		100 058	-448
Proceeds from issue of shares in THC		-42	-42	1 331	-
Increase (decrease) of bank loan		-2 003	-770	2 370	-757
New loan		2 704	830	30 460	226
Repayment of loan		-136	-73	-51 544	-51 340
Repayment of lease liabilities		-531	-296	-	
Net cash flow from financing activities		**-8**	**-352**	**82 675**	**-52 318**
Net increase in cash and cash equivalents		**-18 109**	**-11 776**	**48 422**	**-55 672**
Cash and cash equivalents at the beginning of the financial year		38 649	32 404	2 524	102 107
Effects of exchange rate changes on cash and cash equivalents		258	169	-5 230	-719
Cash and cash equivalents at end of the period		**20 798**	**20 798**	**45 716**	**45 716**

Note

Net cash flow from operating activities was negative CAD 14.6 million in the first six months of 2022, of which an increase in inventories was CAD 3.3 million. Corresponding cash flow in 2021 was negative CAD 7.5 million in the same period last year.

Net cash flow from investing activities was negative CAD 3.5 million in the first six months of 2022, mainly due to purchase of property, plant and equipment, compared with negative CAD 26.8 million in the same period last year. The latter amount included CAD 23.5 million in purchase of shares in subsidiaries.

Net cash flow from financing activities was close to zero in the first six months. CAD 2.7 million in a new loan was largely balanced out by repayment of loan and reduced lease liabilities. In 2021, a CAD 100 million share issue and debt refinancing resulted in a CAD 82.7 million positive cash flow from financing.

Alternative performance measures

Tekna presents alternative performance measures as a supplement to measures regulated by IFRS. The Group considers these measures to be an important supplemental measure for investors to understand the Groups' activities. They are meant to provide an enhanced insight into the operations, financing, and future prospects of the company.

These measures are calculated in a consistent and transparent manner and are intended to provide enhanced comparability of the performance from period to period. The definitions of these measures are as follows:

- **Backlog:** Sales order intake awaiting completion or awaiting call off by customer (release) in case of blanket orders.

- **Contribution Margin**: Is defined as revenues less direct variable costs such as direct labour, raw material, electricity, gas consumption, commissions, freight, customs and brokerage fees, laboratory supplies and packaging. The Contribution Margin is used to evaluate performance of production before any allocation of fixed manufacturing costs.

- **Contribution Margin %**: is defined as the Contribution Margin divided by revenues in the period.

- **EBITDA**: Is defined as the profit/(loss) for the period before income tax expense, finance costs, finance income, share of net income (loss) from associated companies and joint ventures, depreciation, and amortization.

- **EBITDA Margin**: Is defined as EBITDA as a percentage of revenues.

- **Adjusted EBITDA**: Is defined as the profit/(loss) for the period before income tax expense, finance costs, finance income, share of net income (loss) from associated companies and joint ventures, depreciation, and amortization adjusted for certain special operating items affecting comparability. These special operating items includes listing costs, adjustments for expenses related to cloud-based software previously recorded in the balance sheet (retrospective implementation accounting for cloud-based services for the years 2021, 2020 and 2019) and litigation fees.

- **Adjusted EBITDA Margin**: Is defined as Adjusted EBITDA as a percentage of revenues.

- **EBIT**: Is defined as the profit/(loss) for the period before income tax expense, finance costs, finance income, share of net income (loss) from associated companies and joint ventures.

- **EBIT Margin**: Is defined as EBIT as a percentage of revenues.

- **Adjusted EBIT**: Is defined as the profit/(loss) for the period before income tax expense, finance costs, finance income, share of net income (loss) from associated companies and joint ventures adjusted for certain special operating items affecting comparability. These special operating items includes listing costs, adjustments for expenses related to cloud-based software previously recorded in the balance sheet (retrospective implementation accounting for cloud-based services for the years 2021, 2020 and 2019), and litigation fees.

- **Adjusted EBIT Margin**: Is defined as Adjusted EBIT as a percentage of revenues. Adjusted EBIT Margin is a non-IFRS financial measure that the Group considers to be an APM, and this measure should not be viewed as a substitute for any IFRS financial measure.

- **Long Term Debt/Equity Ratio**: Is defined as total non-current liabilities divided by total equity. Long Term Debt/Equity Ratio is a non-IFRS financial measure that the Group considers to be an APM, and this measure should not be viewed as a substitute for any IFRS financial measure.

Please see the Annual Report for a further detailed description of the Group's alternative performance measures.