## ATEKNA

## Tekna Holding ASA

#### AGENDA

- Introductions
- Highlights
- Particle Size Distribution
- Outlook
- ESG

Luc Dionne, CEO Espen Schie, CFO Arina van Oost, VP incl. IR

Q3 Roadshow Oslo | November 14/15, 2023

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## TEKNA

## **Tekna in brief** Luc Dionne, CEO

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#### Tekna is a world-leading provider of advanced materials and plasma systems

Established organization with world-wide reach



#### Tekna is active in four industries that are propelled by global megatrends

all segments Megatrends driving double digit growth in

Space exploration and hypersonic speed travel



Shifting economic powers and deglobalization



Climate change and environmental regulations

**2** Connectivity and

communication

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Demography and health care

#### **R&D &** PlasmaSonic wind tunnels

Systems

Additive Manufacturing





#### CAD 290m

Emerging industry for which Tekna has identified CAD 290m of PlasmaSonic prospects over the next 10 years

up to +30%

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

+10.4% MLCC CAGR 2023-30 as projected by Research & Market 2023 edition

+18%, +28% Projected CAGR for demand for anode and silicon respectively in 2020-30 as forecast by IHS

2021



Developing business lines

## Q3 2023 Highlights Luc Dionne, CEO

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#### Q3 2023 in brief Strong growth in revenues and profitability significantly improved

Revenues Q3 2023 CAD **9.1** million Q3 2022: 5.9m

EBITDA (adj) Q3 2023 CAD **-1.7** million Q3 2022: -3.9m

#### Continued strong top-line development in Q3 2023

- **Total revenue** +53% compared to Q3 2022.
- **Systems** revenues +121%, driven by strong demand and consistent backlog
- **Materials** revenues +25%, +35% year-to-date, driven by demand and successful capacity expansion

#### EBITDA significantly improved from last year

- Continued revenue growth and **improved contribution** margin
- Clear effects of organizational efficiency and cost control measures

Order backlog 30.09.23 CAD **23.7** million Q3 2022: 15.0m

#### Order backlog increased 58% over Q3 2022

- Order intake in Q3 2023 CAD 10.4 million, up from 6.5 million in Q2
- Backlog supports previous guidance of revenue growth for 2023 in both **materials** and **systems**

#### **Consistent steady growth in revenues and improving margins**





## Tekna's systems technology is the result of decades of research and development. It matches the latest technological advances to meet both present and future needs



## Enabling the development of novel materials around the world

Typical industries are energy and space exploration, and small-scale production of high value materials



#### Advancing hypersonic flight and orbital reentry vehicles

Typically sold to original equipment manufacturers and academic research centers, this configuration is used to simulate, measure and characterize behavior of spacecraft thermal protection materials

#### **Continued strong growth in Systems orders and revenues**

- Systems' order intake in Q3 was CAD 2.8 million with an order backlog at end of September of CAD 10.1 million. Another CAD 1.9 million added in October, confirming a re-energized industry.
- 9 plasma machine new orders received to date this year at a total value of CAD 8.1 million, from industrial and academic customers in Europe, Asia and North America
- Contribution margins for systems year-to-date are at 64%, continuing the good margin development over last year's 39%



Tekna's TEK80 system

#### Additive Materials order intake up 52% QoQ and building-up 2024 order book

#### **Continued high demand in the market**

- Order intake of CAD 7.6 million, up 108% from Q3 2022 and 52% from previous quarter, reflecting consistent demand
- Order backlog back to level from earlier in the year
- A new atomiser is scheduled to be commissioned by YE 2023 on Tekna's main selling materials, and one more in the first half of 2024, keeping up with growing market
- Strong opportunity pipeline building-up 2024 order book
- Increasing order intake and pipeline generated by the consumer electronics industry



#### Formnext 2023



#### Unmanned ariel drone Aluminium

AM technology has enabled weight reduction, Part consolidation & lattice structure to be applied to the component





#### Smart watch case Ti6AI4V

Alloyed smart watch case as part of one of their projects. Using Tempus<sup>™</sup> technology, this build benefits from a 20% build time reduction, saving 3 hours per build.

## Tekna's additive material allows for large-scale manufacturing of consumer electronic components

Tekna titanium powder supplied for Metal Injection Molding (MIM) to a premier Tier 1 part manufacturer in Asia

- A CAD 2.9 million order for titanium powder was secured in Q3 for deliveries in 2024
- A similar order valued at CAD 1.7 million was received from the same customer in May 2023 for deliveries in 2023
- These orders will be supplied from material readily available in our inventory, improving the company's cash position
- These orders were captured at a competitive price allowing to secure the market position. Margins expected to improve as the market for this product continues to develop
- This order is for material consisting of the smaller particles generated from our existing powder production





Mobile phone and smart watch frames produced with Tekna Titanium powder Photo courtesy of a Tekna customer in Asia

The consumer electronic market is fast growing and represents significant potential volumes.



#### Understanding the size distribution in powder production processes

- Metal powder production processes naturally yield a wide distribution of particle sizes
- This reality is the same for all powder producers
- For Tekna, the small and large sizes are byproducts having the same high quality as the mean size
- While all powder sizes can be qualified in the 3D printing industry, until recently there was a limited demand for the small and large cut sizes



We have worked closely with a wide range of customers and applications to secure sales of Tekna's entire production capacity and to realise our ambitious growth objectives

## Tekna has worked closely with a wide range of customers and applications to secure sales of the entire production yield and realise our ambitious growth objectives

#### **3D Printing**

(examples: aircraft components, medical implants, others)

Metal Injection Molding(MIM)(examples: Mobile phone, Smart watch, small components)

#### **Binder Jetting** (BJ) (examples: Mobile phone, Smart watch, small components)

#### Directed Energy Deposition (DED)

(examples: large size components, aircraft part repair and surface protective coating)

#### Hot Isostatic Pressing



(examples: aircraft components, medical implants)

# Distribution of powder produced by Tekna

Today, we are on the verge of qualifying our powders for applications that will utilize 100% of the full powder distribution

mean size

Powder particle size

large size

small size

## Tekna has worked closely with a wide range of customers and applications to secure sales of the entire production yield and realise our ambitious growth objectives



#### **Capacity expansion in the MLCC industry continues**

- The MLCC industry continues to invest in production facilities, both to increase overall production capacity and to relocate country of production
- Tekna management, board and technical staff have visited several key producers in the past six months
- We are getting a better understanding and confirming the producers' supply chain priorities, material specifications and the rationale for qualifying new supply sources
- In spite of the slower demand for smart phones in 2023, we remain very positive for the MLCC industry outlook with growing sales of EV's, smart phones and other electronic devices

MLCC opportunities developing in a market characterised by growing demand, supply concerns and miniaturization of electronic devices

Exponential growth in demand Industry signaling exponential growth in devices powered by high-capacity multilayer ceramic capacitators (MLCCs), and market estimated to reach \$1bn by 2030



+10.4%

MLCC CAGR 2023-30 as

projected by Market Watch,

June 2023 edition

Few MLCC manufacturers MLCC manufacturers developing the technical ability to produce MLLCs required for the smallest devices

TDK muRata YAGEO SAMSUNG

Tekna is currently collaborating with the top six global leaders who control 100% of the high-end MLCC device market. Delivered new generation of samples of 80nm and 50nm in Q2 for further development and trials. No feedback dates confirmed by producers yet Even fewer suppliers of material List of existing suppliers of relevant powder is short



Tekna's position

Favorable due to the company's technical capabilities and quality of the products

Industry concerns Material availability Geopolitical and security issues Sourcing strategies

Slide from Tekna's Q2 2023 presentation

## Q3 2023 - Finance Espen Schie, CFO

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#### Q3 YoY 53% strong growth, quarterly seasonal effects as anticipated



- **Total revenues** were CAD 9.1 million, a +53% increase over same period last year
  - QoQ lower revenue from materials due to Q3 vacation seasonality in North America and Europe
  - **Revenue YTD** at CAD 29.5 million, an increase by CAD 9.5 million or +47% over same period last year
  - Materials revenue in Q3 2023 was CAD 5.2 million, a 25% increase from Q3 2022
  - **Systems revenue** at CAD 3.8 million, 121% increase year-over-year, reflecting strong execution of orders on hand
- Adjusted EBITDA<sup>1</sup> at CAD -1.7 million, improved yearover-year by CAD 2.2 million resulting from volume, margins and profitability initiatives
  - Adjusted EBITDA YTD<sup>1</sup> at CAD -3.6 million, improved by 6.3 million year-over-year
- Continued focus on profitability and cash improvement

#### Adjusted EBITDA improved CAD 2.2 million YoY from Q3 2022

**Adjusted EBITDA - bridge** 

Q3 2023 vs Q3 2022 in CAD million



- **Systems revenue** was a significant contributor above last year (+121%), together with strong margins
- **Materials revenue** was positive over same quarter last year (+25%)
- Personnel expenses increased over the same period last year due to salary increase
- Other operating expenses include a 0.1 **negative FX effect** in Q3
- Adjusted EBITDA improved by CAD 2.2 million YoY to CAD -1.7 million
- Adjusted EBITDA YTD improved by CAD 6.3 million YoY to CAD -3.6 million
- Maintaining cost control while scaling revenue and managing inflationary cost increases remains our focus

## **Concluding remarks** Luc Dionne, CEO

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#### Systems

## Unique IP protected technology, providing superior solutions in the market, and steady business

- Continued sale of systems for R&D and production of advanced materials not competing in Tekna's current material segments
- Growing demand for PlasmaSonic in hypersonic and space industry

#### Additive materials

## Reliable provider of high-quality materials for additive manufacturing

- Market expected to grow significantly over the next years
- Target to at least follow the industry growth and keep our market share
- Sticky business model with high barriers of entry and 80% recurring revenue

#### Microelectronics

Exponential growth in demand expected towards 2030. Tekna well placed and in dialogue with the major MLCC players

#### Market outlook; short to medium term



- Re-energized global interest in **developing, testing and manufacturing novel materials**: Industrial and Academic
- Emergence of **new industrial segments** : Space tourism, Satellite Internet & Networks & Strategic Defense
- Need for better performing products enabled by novel materials is driving an increase in demand for Tekna's research scale plasma units
- Parts of strong pipeline already converted to backlog carrying through 2023 and into 2024
- Pipeline of potential PlasmaSonic orders for 2024 developing according to plan

- Growing market with increasing number of OEMs now operating at an industrial scale
- Break-through in use of titanium powders in production for metal injection molding and binder jetting applications with potential for large volume manufacturing
- Increased factory output rate will continue to translate into increased sales throughout the year

## Strong and consistent top line growth and bottom-line improvement

- **Revenue growth** of 53% and adjusted **EBITDA improved** by CAD 2.2 million compared to Q3 2022 (same EBITDA improvement as last quarter)
- **Revenue YTD** improved by CAD 9.5 million to CAD 29.5 million, 47% year over year
- Adjusted EBITDA YTD improved by CAD 6.3 million year over year
- **Order intake** of CAD 10.4 million in the quarter, with several significant wins especially in Systems
- Order backlog **supporting a significant revenue growth** for 2023 compared to 2022
- **Reiterating a substantial improvement of margins** in 2023 compared to 2022, supported by increased revenue and organizational productivity



#### **ESG Update**

- New company vision and derived sustainability commitment
- 3 new policies submitted for board approval 13.11.'23
  - Environmental Policy
  - Anti-Corruption policy
  - Competition Laws Compliance Policy
- Sustainalytics score expected
- Reporting 2023 preparations
  - Stakeholder interviews and updating double materiality analysis
    - Incl. Customer and investor questionnaires
  - Workshops with EY and AFK to prepare **EU taxonomy** alignment reporting by year-end
  - Supplier Due Diligence (Transparency Act) complicated
  - **CSRD compliance** by 2026<u>; proposal</u> to start moving BoD report 2023 in that general direction and not publish separate sustainability report (yes GRI, yes Carbon Accounting)

We are committed to collaborate in powerful partnerships along our value chain to deliver ever more sustainable and ultimately climate neutral materials solutions.

#### SHAREHOLDERS (OSE:TEKNA per 31.10.2023)

#### Share distribution by size of holding

Holding	ı	Number of shares	Holding %	Votes %	No. of owners	Share of owners %
1-1,000		505,967	0.4%	0.4%	3,844	83.4%
1,001-5,000		1,004,804	0.8%	0.8%	425	9.2%
5,001-20,000		1,950,088	1.6%	1.6%	187	4.1%
20,001-50,000		2,321,630	1.9%	1.9%	72	1.6%
50,001-100,000		1,826,128	1.5%	1.5%	26	0.6%
100,001-1,000,000		14,751,906	11.8%	11.8%	49	1.1%
1,000,001-5,000,000		14,691,994	11.7%	11.7%	7	0.2%
5,000,001-		88,174,829	70.4%	70.4%	1	0.0%
	Total	125,227,346	100%	100%	4,611	100%

#### Share capital by country



#### Main shareholders

Rank	Investor	Number of shares	% of top 20	% of total	Туре	Country
1	ARENDALS FOSSEKOMPANI ASA	88,174,829	79.9%	70.4%	Ordinary	Norway
2	ULFOSS INVEST AS	2,941,975	2.7%	2.3%	Ordinary	Norway
3	HAVFONN AS	2,913,580	2.6%	2.3%	Ordinary	Norway
4	MUST INVEST AS	2,821,245	2.6%	2.3%	Ordinary	Norway
5	KVANTIA AS	2,354,862	2.1%	1.9%	Ordinary	Norway
6	VICTORIA INDIA FUND AS	1,331,883	1.2%	1.1%	Ordinary	Norway
7	Skandinaviska Enskilda Banken AB	1,254,658	1.1%	1.0%	Nominee	Luxembourg
8	CARUCEL FINANCE AS	1,073,791	1.0%	0.9%	Ordinary	Norway
9	ALPINE CAPITAL AS	982,031	0.9%	0.8%	Ordinary	Norway
10	TOLUMA NORDEN AS	850,000	0.8%	0.7%	Ordinary	Norway
11	BORGANO AS	768,960	0.7%	0.6%	Ordinary	Norway
12	MP PENSJON PK	754,000	0.7%	0.6%	Ordinary	Norway
13	TIBIDABO INVEST AS *Chair of Board of Directors of Tekna Holding ASA*	676,818	0.6%	0.5%	Ordinary	Norway
14	STELLA AS	629,444	0.6%	0.5%	Ordinary	Norway
15	NAMLØS AS	585,000	0.5%	0.5%	Ordinary	Norway
16	RASCHE INVESTERINGER AS	509,202	0.5%	0.4%	Ordinary	Norway
17	RAFFAELLO AS	500,000	0.5%	0.4%	Ordinary	Norway
18	MILGIS STIFTELSEN (NORGE)	450,000	0.4%	0.4%	Ordinary	Norway
19	CLEARSTREAM BANKING S.A.	441,774	0.4%	0.4%	Nominee	Luxembourg
20	ROSMA AS	403,033	0.4%	0.3%	Ordinary	Norway
	Total number owned by top 20	110,417,085	100.0%	88.2%		
	Total number of shares	125,227,346		100.0%		

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

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