Q1 2024 financial results & Business plan and market update

Luc Dionne, CEO
Espen Schie, CFO
May 15, 2024 | interim report

TEKNA

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Tekna in brief

Luc Dionne, CEO

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

Established organization with world-wide reach

- **Founded in 1990**
- **Tekna Holding ASA Listed OSLO 2022**
- carbon neutral **aspiration 2030**
- **Headquartered in Quebec, Canada**
- **>200 employees**
- **2 production facilities**
- **2 research facilities**
- **global reach**

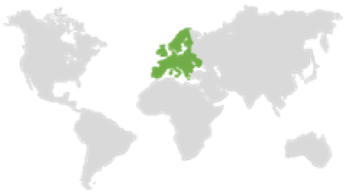
Customer location (share of revenues, 2023)

North America

48%

Europe

37%



Asia / Rest of world

15%

Customer segments (share of revenues, 2023)

Aerospace	39%
3D Machine OEM	12%
Medical Implants	7%
Consumer Electronics	5%
Other: Academic, Industrial Research and Distributors	37%

Current and targeted customers

Boeing, Airbus, Hyundai, Honeywell, BASF We create chemistry, Michelin, Mitsubishi Heavy Industries, Toyota, BAE Systems, Thales, Safran Aerospace · Defence · Security, Virgin Galactic, Samsung, GE, Apple, arianeGroup, Siemens, BMW, Pratt & Whitney A United Technologies Company, Fraunhofer, Blue Origin, SpaceX, Lawrence Livermore National Laboratory, Northrop Grumman, esa European Space Agency, Oak Ridge National Laboratory, DRDO, NASA, Honda, Collins Aerospace

Tekna is progressing towards our 2030 emission goal: 50% reduction in emissions

Energy intensity

Performance vs baseline FY19 | Direct electricity of plasma systems within Tekna | Ti64 and AlSiMg | in kWh per kg

FY19: 16.3 kWh/kg baseline

FY23: 12.4 kWh/kg ▼ -24 % (vs FY19)

Renewable Energy Share[1] **72 %** ▲ vs 66% (+6 pp) in 2021

Emissions

Scope 1

2030: 288 tCO2e

FY21: 577 tCO2e baseline

FY23: 589 tCO2e +2 %[2] (vs FY21)

Scope 2

2030: 21 tCO2e

FY21: 42 tCO2e baseline

FY23: 30 tCO2e ▼ -29 % (vs FY21)

2030 goal: -50 %

1: Hydro-electricity | Location base

2: Tekna increased its materials production output by 32% (all materials) since 2021 (baseline), while only increasing scope 1 emissions by 2%, and even reducing scope 2 emissions by 29%.

3 Key decarbonization projects

Improving performance of atomization systems

Our capacity improvement program increases the productivity of the plasma atomization systems, ie higher output for the same energy.

Tekna increased its production output by 32% since 2021 (baseline), while only increasing scope 1 emissions by 2%, and even reducing scope 2 emissions by 29%.

Replacing single-use powder packaging

In order to reduce single-use packaging, Tekna has developed a Universal and Reusable container for Additive Materials together with industry partners. One container replaces 25 single-use plastic drums or 80 metallic bottles and improves handling safety and productivity at customers.

Reducing logistics emissions

Initiating next step in our decarbonization plan. Baseline assessment, completed in 2023 for "Upstream transportation and distribution" adding up to 246.7k tCO2e. Identifying which part we can influence and reduction opportunities worth pursuing.

Extensive ESG reporting available on www.tekna.com/esg

Factsheet majority shareholders
Arendals Fossekompani (AFK)

Rank	Shareholder		% of total
1	ARENDALS FOSSEKOMPANI ASA		69.5 %
2	ULFOSS INVEST AS		2.3 %
3	HAVFONN AS		2.3 %
4	MUST INVEST AS		2.2 %
5	KVANTIA AS		1.8 %
6	VICTORIA INDIA FUND AS		1.0 %
7	SKANDINAVISKA ENSKILDA BANKEN AB		0.9 %
8	CARUCEL FINANCE AS		0.8 %
9	ALPINE CAPITAL AS		0.7 %
10	TOLUMA NORDEN AS		0.7 %
11	BORGANO AS		0.6 %
12	TIBIDABO INVEST AS	*Chair of Tekna*	0.5 %
13	MP PENSJON PK		0.5 %
14	STELLA AS		0.5 %
15	NAMLØS AS		0.5 %
16	RASCHE INVESTERINGER AS		0.4 %
17	RAFFAELLO AS		0.4 %
18	MILGIS STIFTELSEN (NORGE)		0.4 %
19	CLEARSTREAM BANKING S.A.		0.3 %
20	ROSMA AS		0.3 %
	Other		13.2 %
	↳ *[Incl. Tekna management*		*1.5 %]*

Shareholder base as of 2 April 2024

ARENDALS FOSSEKOMPANI

- Arendals Fossekompani (AFK) is a Norwegian, listed industrial investment company that combines industrial, technological, and capital markets expertise to identify and develop opportunities for sustainable value creation.[1]
- Tekna Holding was acquired by AFK in 2013 and listed on Oslo Stock Exchange in 2021.
- AFK currently owns ~70% of Tekna Holding ASA
- AFK has a stated goal of developing its portfolio companies with a sustainable and long-term perspective.
- AFK has been a responsible and supportive owner of Tekna and provided Tekna with a loan facility of CAD 25M in 2023[2]
- AFK is an active owner of its portfolio companies, represented in the board of directors with 4 of 7 board members, including the Chair.
- AFK has a strong focus on Corporate Governance and a stated policy of equal treatment of all shareholders.

1: https://arendalsfossekompani.no/en
2: https://www.tekna.com/investors/news

Q1 2024 Highlights

Luc Dionne, CEO

Q1 2024 in brief
A soft start to the year, maintaining growth and margin improvement guidance for the balance of the year

Revenues Q1 2024

CAD **8.7** million

Q1 2023: 9.4m

Total revenue 8.7 million, down 8% compared to Q1 2023

- **Systems** revenues CAD 2.9 million, 5% decline from Q1 2023. Revenues are recognized by percentage of project completion, and therefore fluctuations can be expected
- **Materials** revenues CAD 5.8 million, 10% decline compared to Q1 2023. Maintaining revenue growth for the year as a whole as per previous guiding

EBITDA (adj) Q1 2024

CAD **-2.6** million

Q1 2023: -1.2m

Adj. EBITDA CAD -2.6 million, down from last year

- Adjusted EBITDA concluded CAD 1.4 million below Q1 last year
- Maintaining guidance on improving margins for the balance of the year

Order backlog 31.03.24

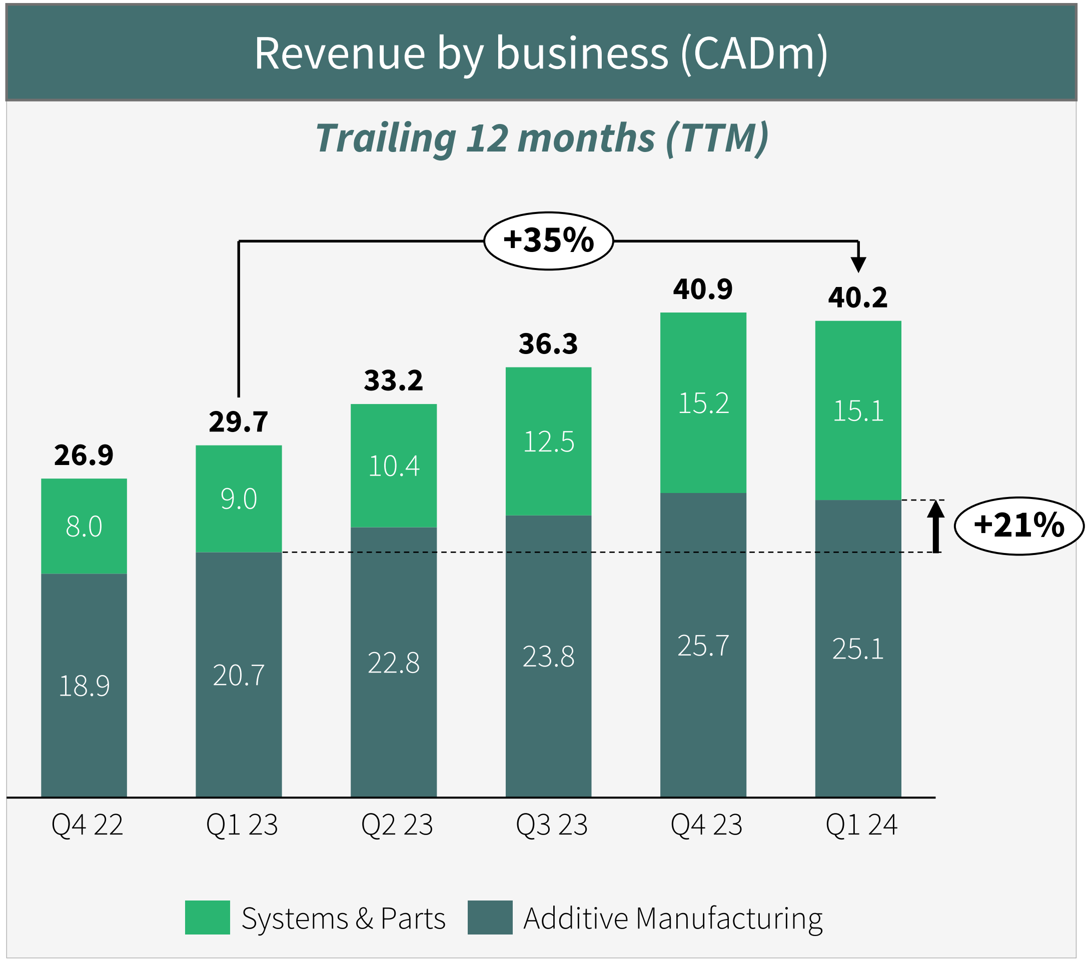
CAD **22.9** million

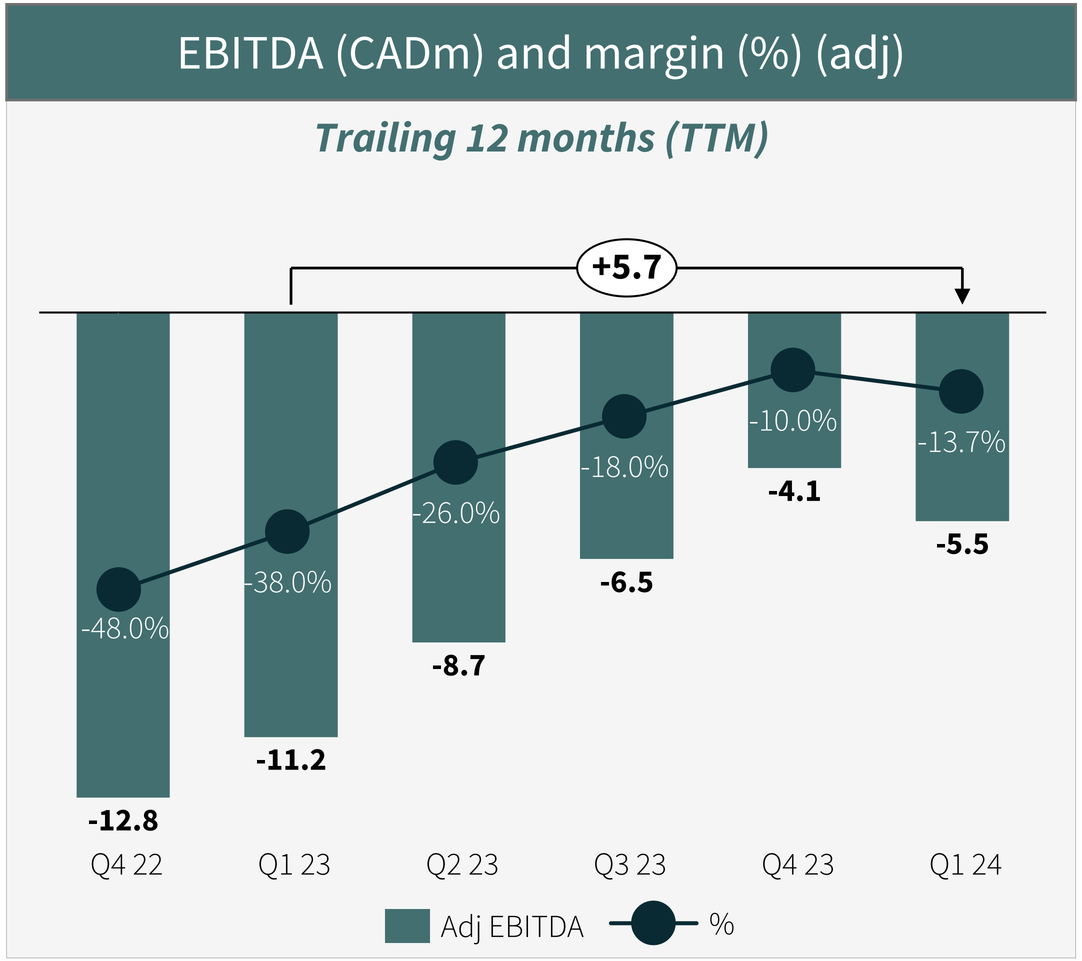
Q1 2023: 26.4m

Order backlog recorded at 22.9 million down from Q1 2023 due to lower order intake in Systems

- **Systems** order intake of CAD 0.4 million (-92%). Order backlog of CAD 7.0 million (-45%). Systems' pipeline for the remainder of the year is strong
- **Materials** order intake of CAD 7.0 million (+26%). Order backlog of CAD 15.9 million (+17%)

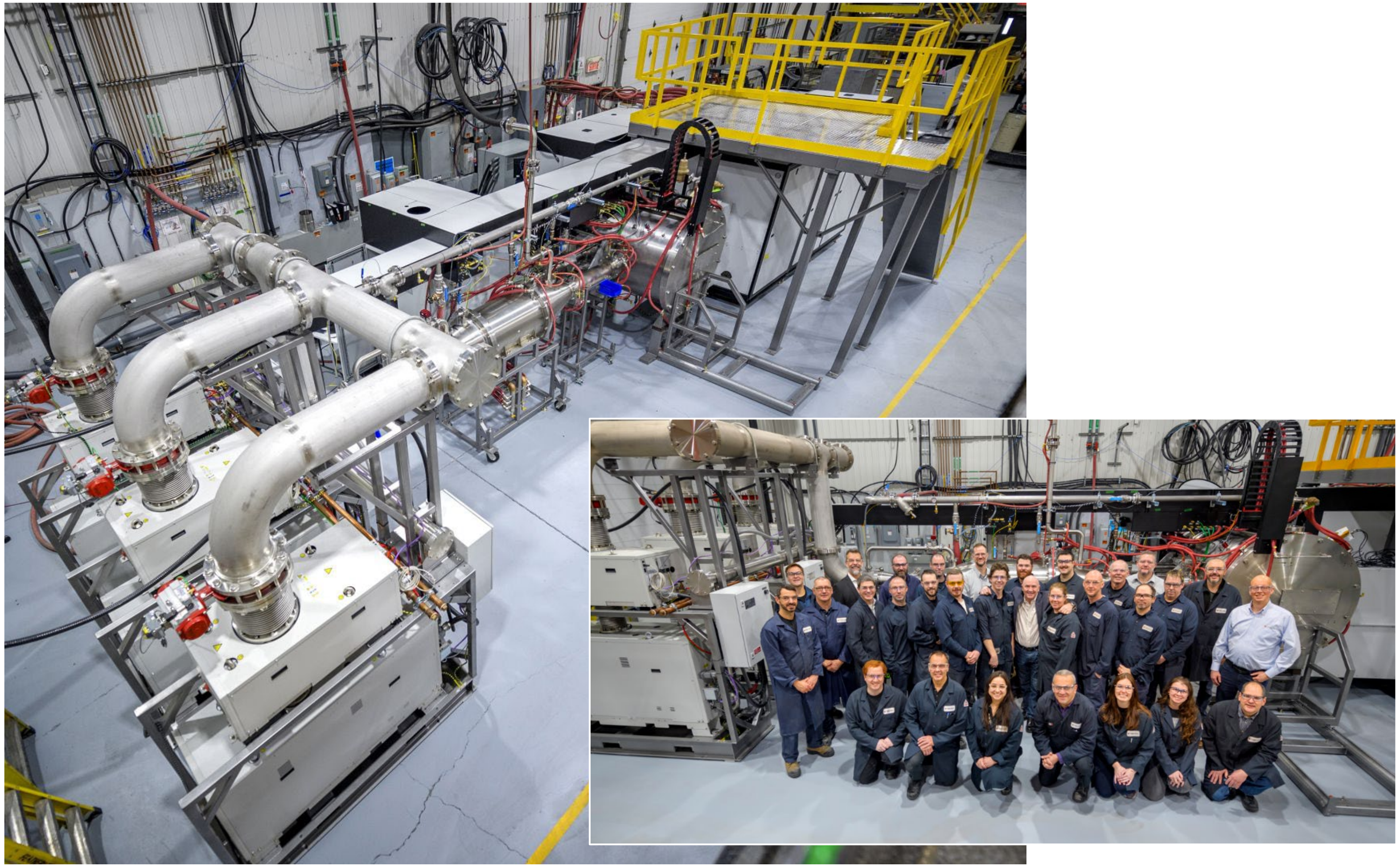
Positive underlying trend expected to continue





Still a strong pipeline for the remainder of the year after a soft start in Q1 2024

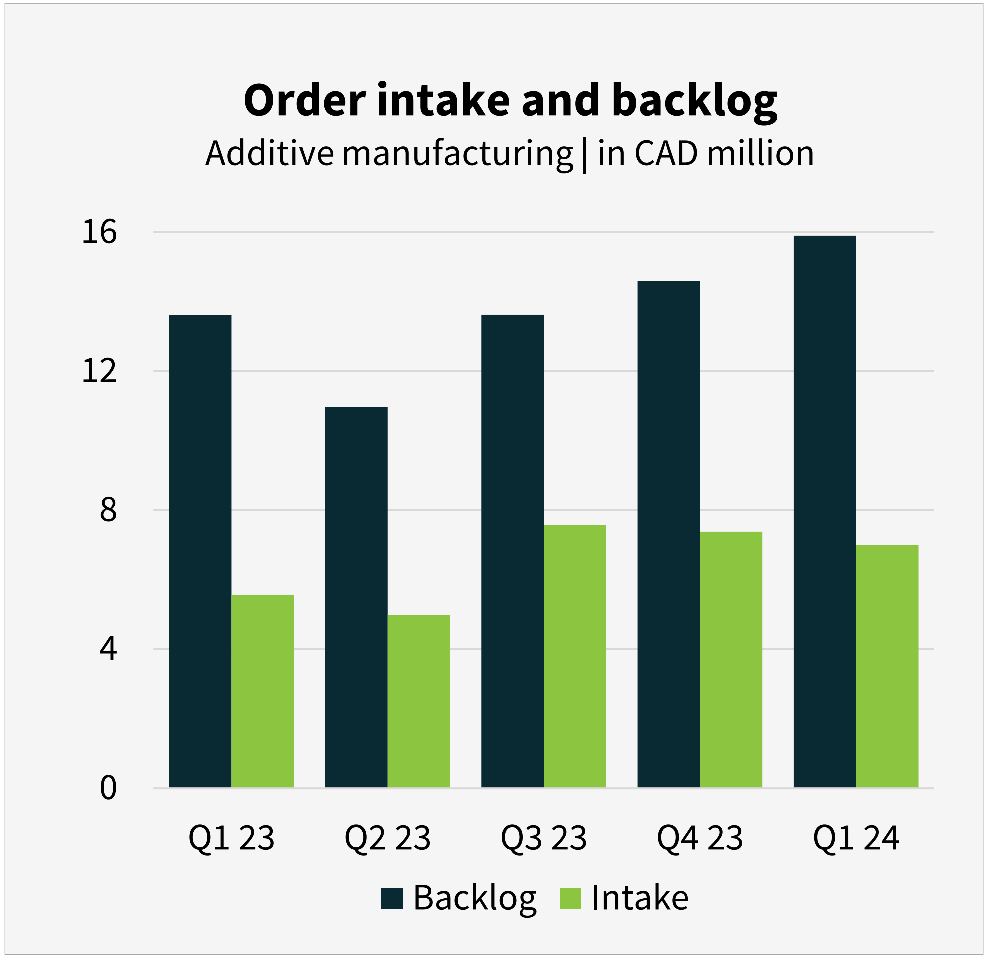
- Systems' order intake in Q1 was CAD 0.4 million with an order backlog of CAD 7.0 million
- Factory acceptance tests completed for the PlasmaSonic system and delivered in April (see picture)
- Contribution margin for systems in Q1 was at 66.4%, above FY 2023 average of 63%
- The systems pipeline for the remainder of the year and mid-term is strong, particularly for PlasmaSonic systems where some opportunities are accelerating



Additive Materials order intake up 26% year-on-year

Continued high demand forecasted in the market

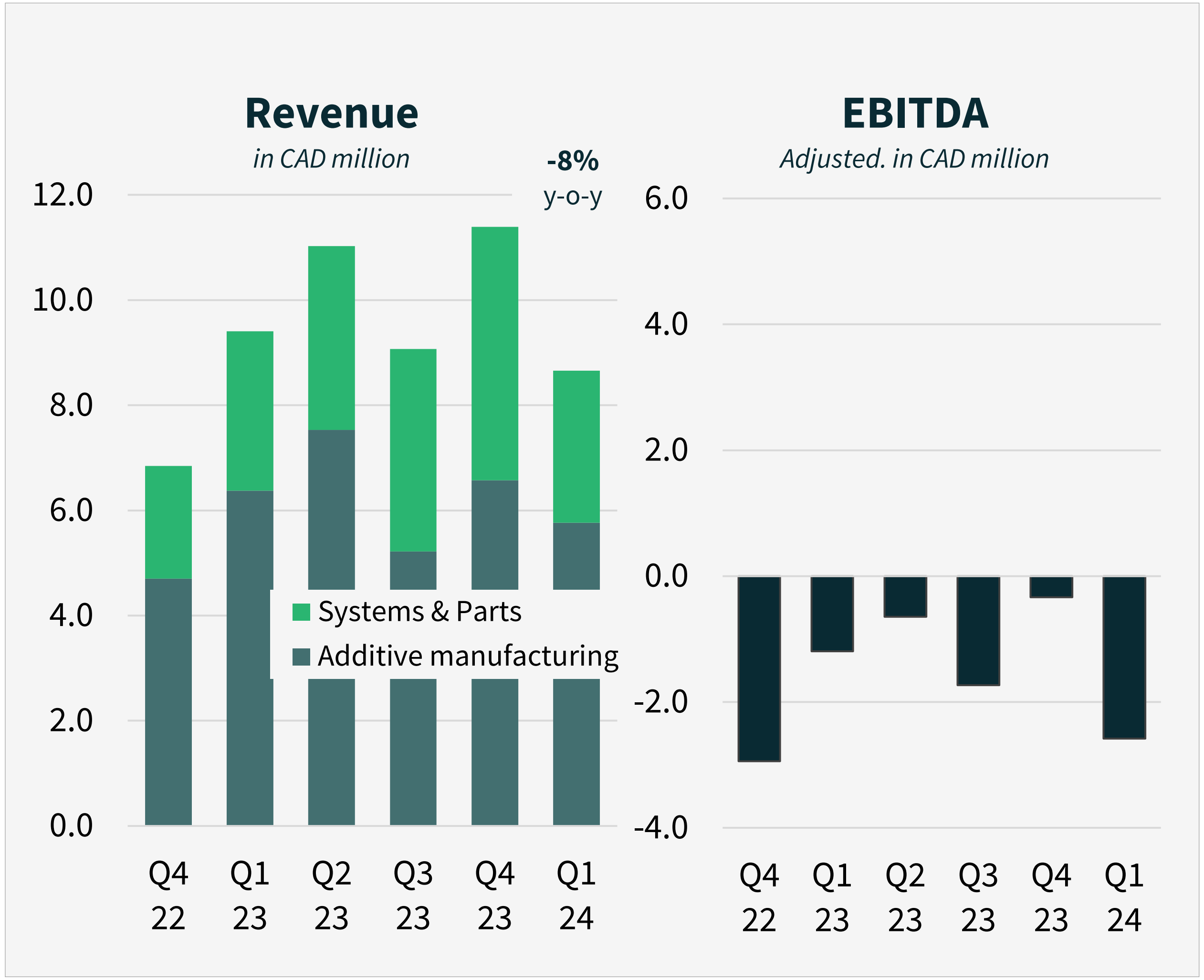
- Order intake of CAD 7.0 million, up 26% from Q1 2023, similar to Q4, reflecting consistent demand for our products
- Order backlog increased by 17% and closed Q1 at CAD 15.9 million
- Approval samples provided to new customer for large-scale manufacturing of consumer electronic components (Smart watch cases produced by Metal Injection Molding with small size particles)
- Production records in the period allowed to build-up inventory of best-selling product, reducing delivery times
- A new atomiser is scheduled to be commissioned by the end of June 2024, keeping up with growing market
- Tekna Quality Control Laboratory certified by a leading aerospace OEM for recurring deliveries within the framework of a multi-year supply agreement



Q1 2024 - Finance

Espen Schie, CFO

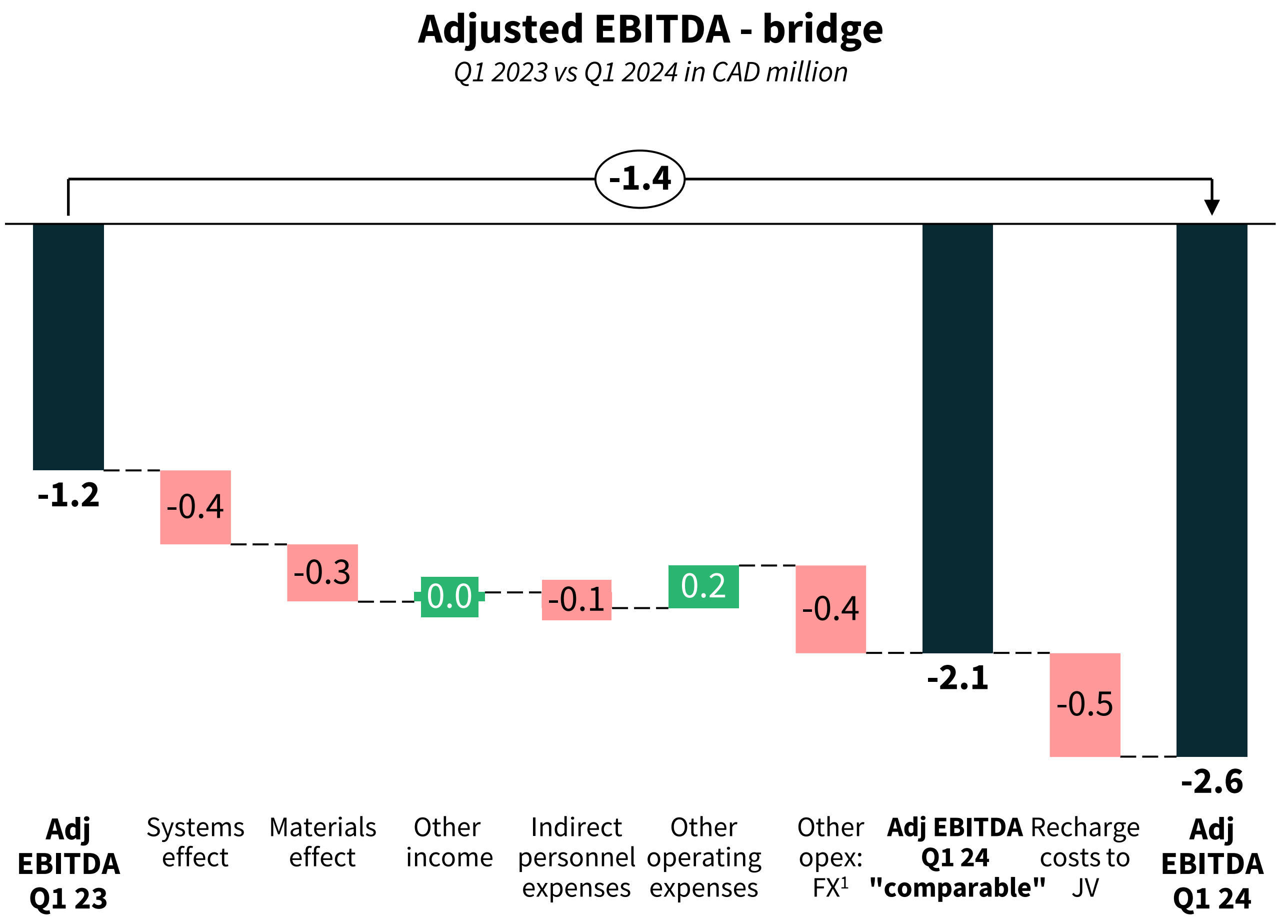
Quarterly revenue and Adjusted EBITDA



- **Total revenues** were CAD 8.7 million, an 8% decrease over same period last year
- **Materials revenue** in Q1 2024 was CAD 5.8 million, a 10% decrease from Q1 2023, primarily attributed to the timing effect of robust invoicing in Q4 2023 and a slowdown in customer investment in new 3D printers due to high interest rates
- **Systems revenue** at CAD 2.9 million, a 5% decrease year-over-year explained by strong sales of PlasmaSonic last year
- **Adjusted EBITDA**[1] at CAD -2.6 million, due to lower revenues, as well as costs previously absorbed by a joint venture
  - Quarterly variations, with improvements over time
- The company continues with its **strong focus on cash management** and cash flow, and is aiming for margin improvement for the balance of the year

1: Net negative adjustment of 660 thousand: 880 thousand reversal of bad provision taken in Q4 2023 and 219 thousand of restructuring costs related to operations in the joint venture

Adjusted EBITDA Q1 2023 vs Q1 2024



- **Systems** revenue (-5%) and margins were lower than last year, mainly as our large PlasmaSonic project was mostly completed
- **Materials** margins were similar to last year, meanwhile revenues were lower over the same quarter last year (-10%)
- CAD -0.4 million effect from FX in other opex, a CAD 0.1 million **negative FX effect** in Q1 2024, compared to a 0.3 million FX gain in Q1 2023
- CAD -0.5 million negative effect in opex from absence of services invoiced to the **joint venture**, comparing a CAD 0.1 million invoiced in Q1 2024 versus CAD 0.6 million in Q1 2023. This negative variance is compensated by an improvement in *Income (loss) in associated company and joint ventures* (finance item below EBITDA)
- **Adjusted EBITDA** decreased by CAD 1.4 million YoY to CAD -2.6 million
- Maintaining **cost control** while scaling revenue and managing inflationary cost increases remains our focus

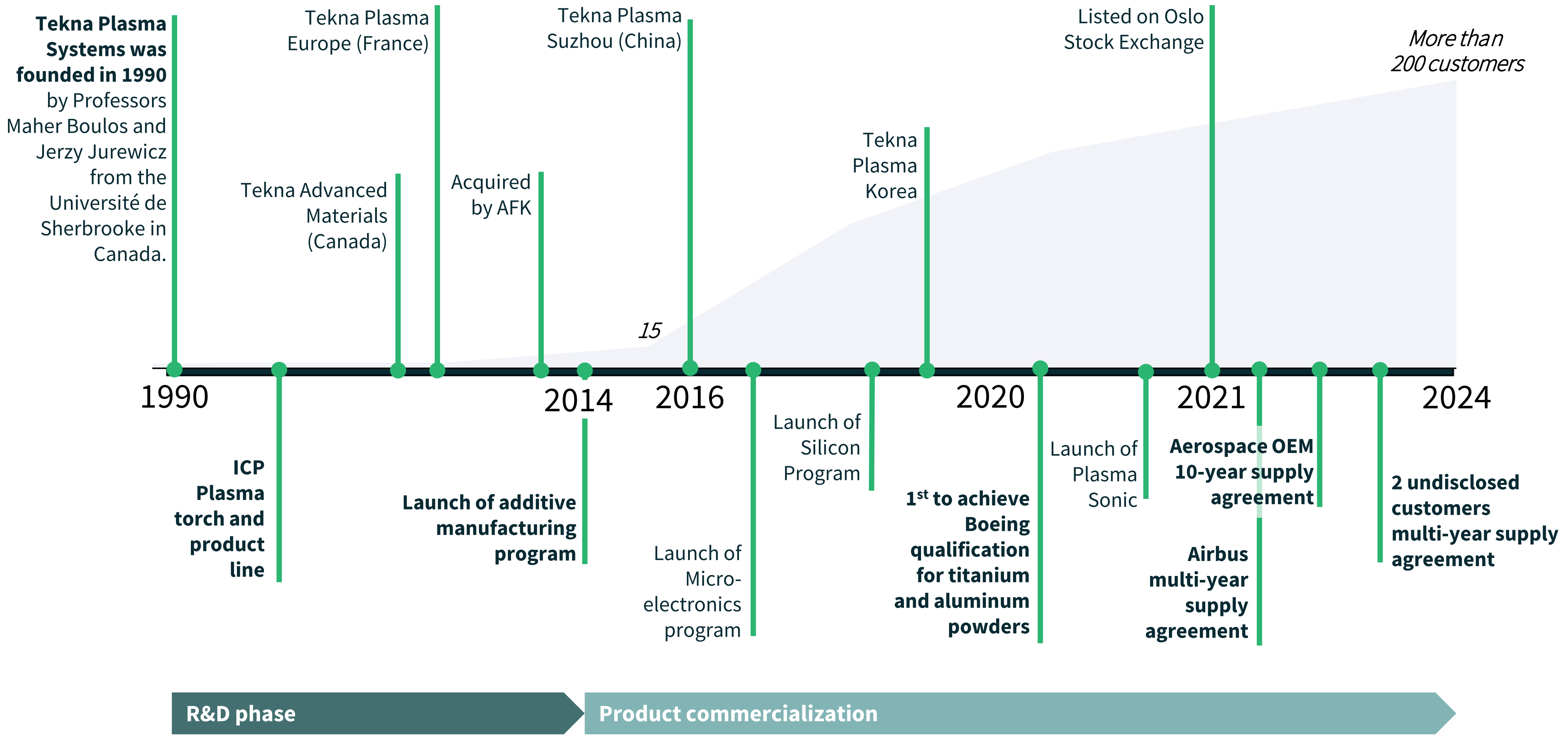
1: FX presented as part of other operating expenses in the consolidated statement of income

Business plan and market updates

Luc Dionne, CEO

Our portfolio

Tekna has developed from an R&D company to a world-leading advanced materials supplier with deliveries to over 200 customers globally



Tekna has two business lines – Plasma Systems and Advanced Materials

PLASMA 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**.

- R&D PLASMA SYSTEMS
- PLASMASONIC WIND TUNNELS

ADVANCED MATERIALS

Tekna uses **proprietary technology** to produce world-leading materials, serving a **strong and stable customer base** with a **growing number of supply agreements**.

- ADDITIVE MANUFACTURING
- MICRO-ELECTRONICS
- ENERGY STORAGE

Tekna has two business lines – Plasma Systems and Advanced Materials

	PLASMA SYSTEMS		ADVANCED MATERIALS		
	R&D PLASMA UNITS	PLASMASONIC wind tunnels	Materials for ADDITIVE MANUFACTURING (AM)	Materials for MICROELECTRONICS (ME)	Materials for ENERGY STORAGE (ES)
Materials solution	Equipment to produce spherical shape materials in the form of fine powders	Equipment that simulate atmospheric re-entry conditions to test novel materials	Materials in the form of powders used in AM technologies, like 3D printing as well as Metal Injection Molding and Binder Jetting	Materials in the form of powders converted to metal paste applied in fine layers to produce MLCC (Multi-Layer Ceramic Capacitors)	Materials in the form of powders to create silicon-graphite for the manufacturing of Lithium-ion Batteries anodes
Megatrends	Advanced material development	Space tourism, space exploration and exploitation, hypersonic speed travel	"Glocalization" (global connection, local production), demography and healthcare, climate change, space exploration	Digitalization, miniaturization, Internet of Things (IoT)	Electrification, climate change
Geography	Global	Global	North America and Europe	Asia (Japan, Korea, Taiwan)	Global
Customer segments	Academic and Research institutes	Space programs	Aerospace 40%, medical 26%, consumer electronics 8%, 3D printing machine manufacturers 20%, Others 6%	Consumer electronics, electric vehicles (EV)	Electric vehicles (EV), grid infrastructure
Potential customers	Universities and reserach labs	OEMs	> 200 OEMs, service bureaus, 3D printing machine manufacturers	~11 paste and MLCC manufacturers identified globally	Anode manufacturers
Materials	n/a		titanium-, aluminum- and nickel alloys, tungsten and tantalum	pure nickel	silicon
Particle size	n/a		micron-sized (1,000 x smaller than a millimeter)	nano-sized (1,000,000 x smaller than a millimeter)	nano-sized (1,000,000 x smaller than a millimeter)
Status	Revenue and margin generating		Revenue and margin generating	Upside potential, product qualification with prospect customers	Upside potential for the future
Share of revenues today	1/3		2/3	0	0

Market and our approach to harvest the potential

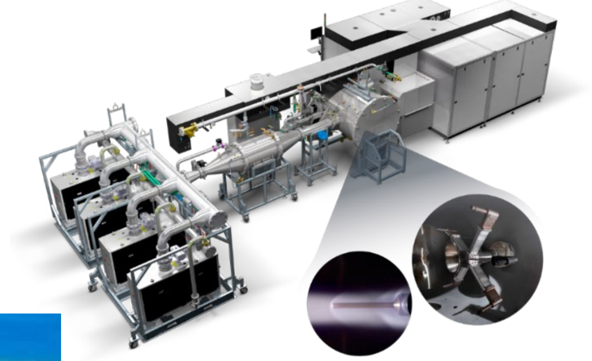
General macro trends and how it affects Tekna

Industry 4.0	As 3D printing becomes more widely used, **demand for advanced materials is growing fast**
Climate and green transformation	Resource efficiency and electrification across most industries and daily life is driving **demand for low carbon solutions (AM and capacitors respectively)**
Defense spend	Governments are **increasing investments in research and use of advanced materials**, driving demand for solutions produced from plasma technology
Interest rates and capital constraints	Influencing investments in **new 3D machines, and encouraging use of 3D printed spare parts**
Geopolitical shifts	**Disrupting supply chains**, favouring entry of new suppliers but also representing new opportunities as 3D printing allows for home-shoring

Favourable market trends backing continued growth in Systems

Market drivers

- Emergence of **new commercial segments**: Space tourism, space exploitation, space exploration, hypersonic travel
- Increasing **global communications and connectivity**
- Increasing **defense budgets** opens up for interesting opportunities in strategic spending
- Re-energized global interest in **developing, testing and manufacturing novel materials**: Industrial and Academic R&D



An industry with strong financial means

- **Fortune 500 and industry leading enterprises**
- **Academic R&D** (private and public)
- **Government** defense budgets are now becoming available

Ark Invest – Big Ideas 2023
*"In the coming decade, satellite broadband and **hypersonic flight** could generate annual revenues of ~USD 84 billion and **~USD 270 billion,** respectively."*

Tekna is well set-up to harvest the growth in the Systems business

Tekna set-up

- Tekna has a **well garnished portfolio** with off-the-shelf solutions
- **Prices ranging from CAD 1.5 to 10 million**
- Custom solutions **fully financed by the customers** i.e. no R&D cost for Tekna

Industry attractiveness

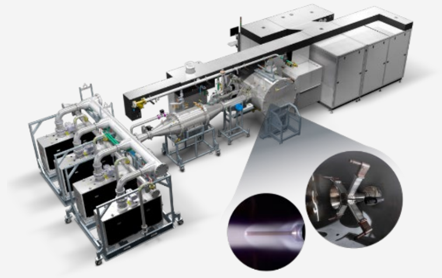
- **Healthy industry** in strong financial position
- Fast growing pipeline, **accelerating demand for PlasmaSonic solutions**
- **Synergies with Tekna material business**, IP and in-house vertical manufacturing integration of systems builds credibility

Competitive Landscape

- Tekna is the **ONLY integrated manufacturer** of plasma wind tunnels
- **No relevant competitors in our main markets**: North America, Europe, Korea, Japan

Current PlasmaSonic opportunity pipeline:

- **CAD 287 m** pipeline identified for coming 10 years
- **CAD 35 m** customer budget approved
- **CAD 5 – 10 m** order potential by year-end 2024 – early 2025



Additive Manufacturing is transitioning into the industrialisation phase on a global scale

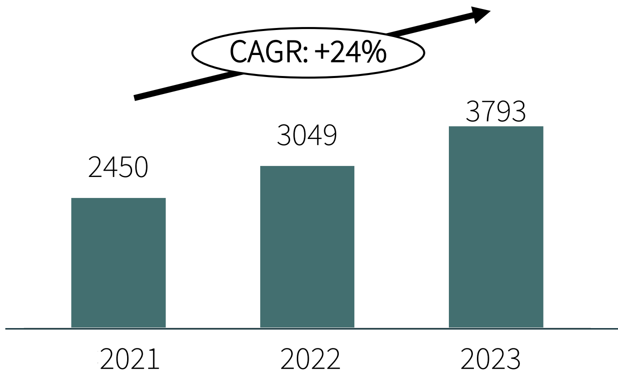
Market drivers

- Global leading industrials in aerospace, medical, consumer electronics , etc, have an increasing need to:
  - Make complex manufacturing easier,
  - Make parts lighter (5 to 10X) or at lower cost
- Shorter delivery lead time and time to market: from years to months, months to weeks
- Increased need for streamlined and robust supply chain and reshoring of production

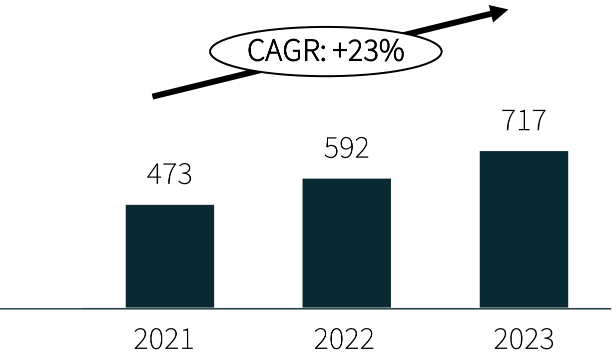
OEM are entering the industrialisation phase

- Average order size steadily growing YoY, with several customers in serial production
- Tekna 2023 sales to its top 15 customers increased threefold over 2021
- These customers operate mainly in the aerospace, medical, and consumer electronics industries. We also supply materials to the 3D printing machine manufacturers every time they sell a printer
- Increasing industrial size and run-time of 3D printers

Number of 3D printer machines sold p.a.[1]



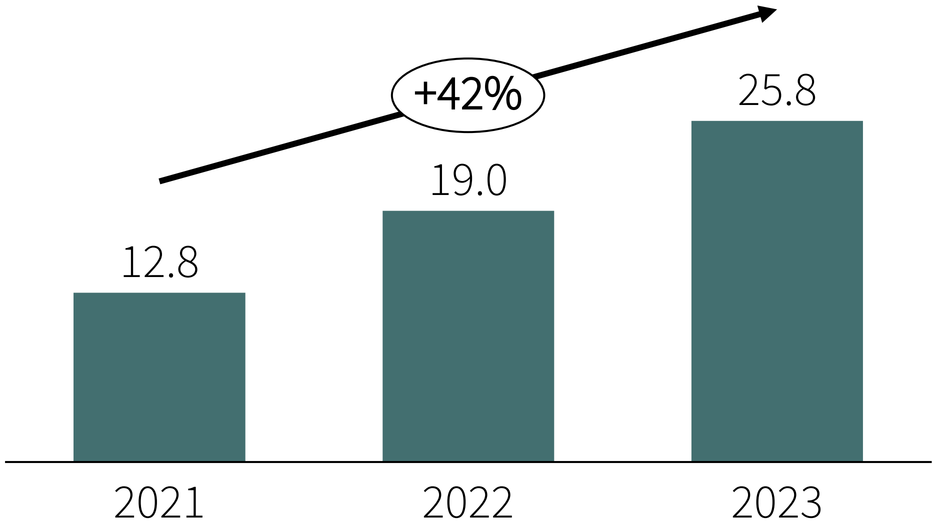
AM Industry all metal sales[1], USDm



1: Based on data from Wholers Report 2024

Tekna is outperforming AM industry growth in key market segments

Tekna Advanced Material Sales, CAD million & CAGR

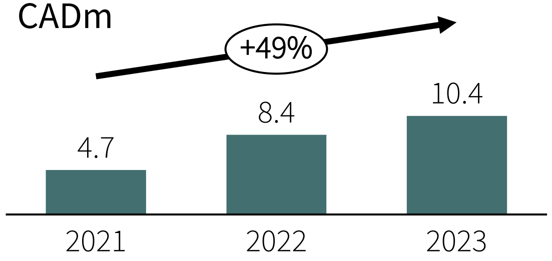


A strong and enviable commercial position

- Sales and distribution network established globally
- 42% 3-year CAGR, outperforming industry growth in strategic market segments compared with 23% AM industry metal sales
- Solid base of 70 recurring customers generating 80% of annual revenues
- Qualified with the most prominent European and North American Aerospace OEM
- Master supply agreements signed with Airbus and three (3) undisclosed customers
- Sticky business model with competition limited to a few relevant suppliers in our key markets

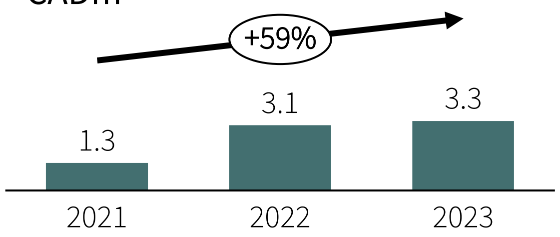
Aerospace

CADm



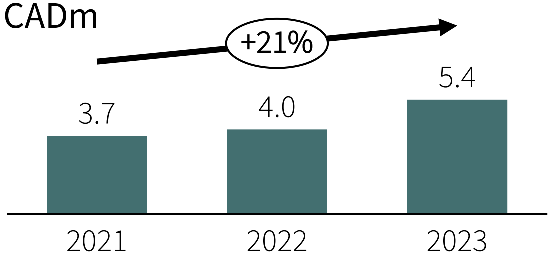
Medical

CADm



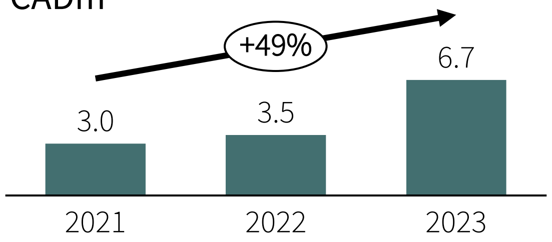
3D Machine Manufacturers

CADm



Consumer electronics & Others

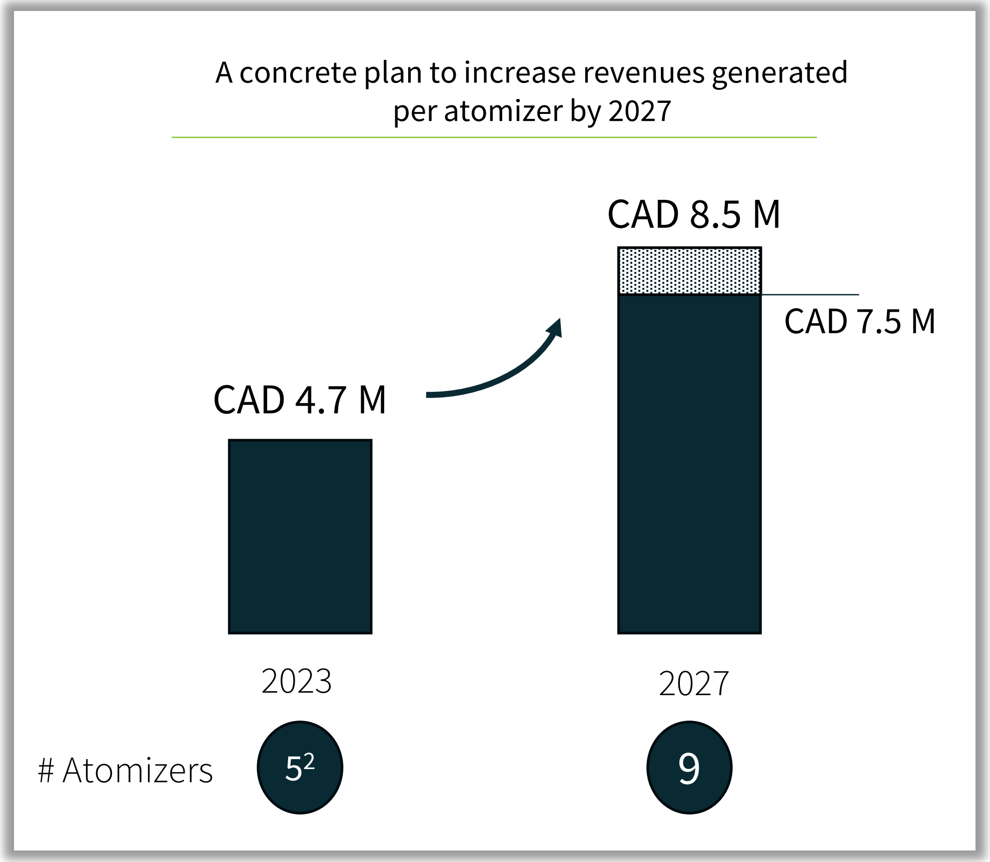
CADm



Scaling AM revenues with cost control and significant productivity gain

Manufacturing capacity aligned with growth objectives

- 2027 AM revenue to reach at least CAD 70 million, in line with AM metal powders estimated market CAGR between 25% to 30%. The growth in revenue will be supported by:
  - 3 new atomizers
  - A concrete plan for productivity improvement and performance enhancement of existing and new atomizers
  - Optimization in sales mix including particle sizes
- In addition, potential for further improvements have been identified that could bring the sales revenue up to CAD 8.5 million per atomizer by 2027
- Limited capital expenditure is required to reach the full potential:
  - The 3 new atomizers are already manufactured. Only installation and minor adjustments remaining
  - Average of CAD 2 million p.a. in CAPEX for utilities and peripheral equipment to support this growth (AM growth capex only, refer to slide 31 for total CAPEX)

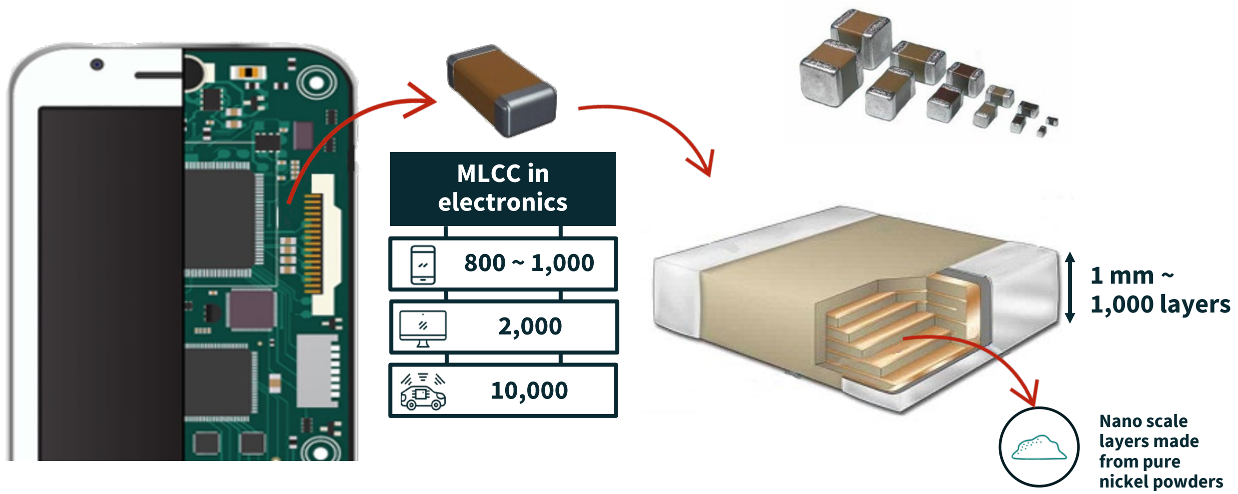


1: CAGR based on Wholers report 2024
2: One additional machine was commissioned in Q4 2023.

Tekna has developed a nano material that can be used in next-generation Multi-Layer Ceramic Capacitors (MLCC)

Thousands of MLCC used in everyday devices

Made with extremely fine & pure material



Over 1 trillion MLCC of all categories are produced annually

Developing in high-end MLCC industry

- Highly attractive and relevant market for Tekna
- Steady development realized over the past few years
- First revenue generating order of 50 Kg produced and shipped to the customer in April with feedback expected in second half 2024
- Factory trials initiated with two prospective customers

Concluding remarks

Luc Dionne, CEO

In summary for Q1 2024

- **Revenues of CAD 8.7 million**
- Adjusted **EBITDA of CAD -2.6 million**
- **Order intake** of CAD 7.4 million, with solid 26% growth in Materials
- Total **order backlog at CAD 22.6 million** with available capacity **supporting revenue growth** in 2024
- **Maintaining growth and margin improvement guidance for the balance of the year** supported by increased revenue and efforts to further improve organizational productivity and cashflow

Growth opportunities driven by technology and supply chain transition across multiple industries

- **Additive materials guidance to deliver 70 million** in revenues by 2027
- **PlasmaSonic pipeline with CAD 35 million** prospect customer budget approved
- Potential upside further developing with **MLCC**
- Strong focus on **cash management** and **cash flow** :
  - **Improving cash conversion** from smaller and larger powder fractions
  - After capex intensive years, **capex will be gradually eased** for a period

Key performance indicators and financial targets marked by strong potential

	FY 2022	FY 2023	Medium term 2024-2027
Revenue growth p.a	0%	52%	Follow the additive manufacturing segment annual growth estimated between 25% and 30%
Adj. EBITDA margin	-48%	-10%	20% adjusted EBITDA margin by 2027
CAPEX	6 million	8.1 million	5 million (4 million in growth) in 2024 and eased for a period, with 3-4 million[1] average per annum

Potential upsides for new business areas

Developing segments	Industrial scale up with qualified customer(s) in Microelectronics

1: Excluding Right of Use assets (IFRS 16)

Appendix
Q1 Financial Statements

Financial Statements

CONSOLIDATED STATEMENT OF INCOME

Amounts in CAD 1000	Note	2024 Q1	FY2023	2023 Q1
Revenues	3	8,657	40,888	9,406
Other income		73	991	28
Materials and consumables used		4,727	22,658	4,839
Employee benefit expenses		4,556	17,143	4,479
Other operating expenses		1,368	10,248	1,309
EBITDA		-1,922	-8,170	-1,194
Depreciation and amortisation		1,099	4,222	1,038
Net operating income/(loss)		-3,021	-12,391	-2,232
Share of net income (loss) from associated companies and joint ventures		-	-608	-400
Finance income		98	233	173
Finance costs		515	777	103
Profit/(loss) before income tax		-3,437	-13,543	-2,563
Income tax expense		216	1,467	-
Profit/(loss) for the period		-3,653	-15,009	-2,563
Attributable to equity holders of the company		-3,540	-14,422	-2,437
Attributable to non-controlling interests		-114	-587	-125
Basic earnings per share		-0.03	-0.12	-0.02
Diluted earnings per share		-0.03	-0.12	-0.02

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Amounts in CAD 1000	Note	2024 Q1	FY2023	2023 Q1
Items that may be reclassified to statement of income				
Exchange differences on translation of foreign operations		-58	-49	-84
Items that may be reclassified to statement of income		-58	-49	-84
Items that will not be reclassified to statement of income				
Exchange differences on translation of foreign operations		-	-	-
Items that will not be reclassified to statement of income		-	-	-
Other comprehensive income/(loss) for the period, net of tax		-58	-49	-84
Total comprehensive income/(loss) for the period		-3,711	-15,058	-2,646
Attributable to equity holders of the company		-3,595	-14,470	-2,518
Attributable to non-controlling interests		-116	-589	-128

Consolidated revenues for the Tekna Group in Q1 2024 were CAD 8.7 million, a decrease of 8% over the same quarter last year (CAD 9.4 million).

Revenues for Systems, Spare parts and Other decreased by 5% compared to Q1 2023. Revenues for Materials decreased by 10% compared to the same period last year.

Contribution margin in Q1 2024 was CAD 3.9 million corresponding to 45.4 percent of revenues. In the same period last year, the contribution margin was 48.5 percent.

The lower margins are mainly a result of lower revenues and margin in the Systems business and lower revenue in Materials business.

Loss for Q1 2024 was CAD 3.7 million, a decrease by CAD 1.1 million over the same period last year. Other operating expenses includes a reversal for bad debt provision of CAD 0.9 million in Q1-24, for receivables towards its joint venture, and a restructuring cost of CAD 0.2 million.

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CONSOLIDATED BALANCE SHEET

Amounts in CAD 1000	31.03.2024	31.12.2023
Non-current assets		
Property, plant and equipment	23,754	23,894
Intangible assets	7,625	7,785
Associated companies and joint ventures	-	-
Non-current receivables	4,549	4,531
Deferred tax assets	-	-
Total non-current assets	35,928	36,210
Current assets		
Inventories	17,681	17,607
Contract assets	2,790	3,905
Trade and other receivables	10,824	8,394
Cash and cash equivalents	10,005	10,148
Total current assets	41,300	40,054
Total assets	77,228	76,264

Equity ratio at the end of March 2024 was 43.9 percent compared to 71.9 percent at the end of the same period last year.

Borrowings at the end of March 2024 was CAD 30.3 million, including CAD 26.3 million including accrued interest owed to Arendals Fossekompani ASA.

Total cash and cash equivalents at the end of March 2024 was CAD 10.0 million versus CAD 6.8 million at the same time last year (March 31, 2023)

Amounts in CAD 1000	31.03.2024	31.12.2023
Equity		
Share capital and share premium	497,260	494,956
Share premium	-	-
Other reserves	-463,339	-455,405
Capital and reserves attributable to holders of the company	33,922	39,552
Non-controlling interests	-	-1,197
Total equity	33,922	38,354
Non-current liabilities		
Borrowings	30,278	24,662
Lease liabilities	701	773
Deferred tax liabilities	1,170	1,163
Total non-current liabilities	32,149	26,598
Current liabilities		
Bank loan	-	-
Lease liabilities	530	595
Trade and other payables	3,565	4,875
Provision for warranties	137	137
Contract liabilities	2,709	2,442
Other current liabilities	3,687	2,860
Borrowings short-term portion	529	402
Total current liabilities	11,158	11,311
Total liabilities and equity	77,228	76,264

Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in CAD 1000	Note	Attributable to equity holders of the Company			Non-controlling interests	Total equity
		Share capital and share premium	Other reserves	Total		
Balance at 1 January 2023		494,956	-440,934	54,022	-609	53,413
Profit/(loss) for the period		-	-2,437	-2,437	-125	-2,563
Other comprehensive income/(loss)		-	-81	-81	-3	-84
Balance at 31 March 2023		494,956	-443,453	51,503	-737	50,766

Amounts in CAD 1000	Note	Attributable to equity holders of the Company			Non-controlling interests	Total equity
		Share capital and share premium	Other reserves	Total		
Balance at 1 January 2023		494,956	-440,934	54,022	-609	53,412
Profit/(loss) for the period		-	-14,422	-14,422	-587	-15,009
Other comprehensive income/(loss)		-	-47	-47	-2	-49
Balance at 31 December 2023		494,956	-455,405	39,552	-1,197	38,353

Amounts in CAD 1000	Note	Attributable to equity holders of the Company			Non-controlling interests	Total equity
		Share capital and share premium	Other reserves	Total		
Balance at 1 January 2024		494,956	-455,405	39,552	-1,197	38,354
Profit/(loss) for the period		-	-3,540	-3,540	-114	-3,653
Other comprehensive income/(loss)		-	-55	-55	-2	-58
Repurchase of share capital		-	-4,338	-4,339	1,312	-3,025
Issuance of shares		2,304	-	2,304	-	2,304
Balance at 31 March 2024		497,260	-463,339	33,922	-	33,922

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CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in CAD 1000	2024 Q1	FY2023	2023 Q1
Cash flow from operating activities			
Net profit/(loss)	-3,653	-15,009	-2,563
Depreciation, amortization and impairment	1,099	4,222	1,038
Variation in deferred taxes	7	1,163	-
Interest accretion on LT debt	95	345	86
Discounted value of long-term loan	-166	-1,234	-
FX variation on long-term loan	-	-	-
(Gain)/Loss from sales of assets	-	9	-
Share of results from associated companies and joint ventures	-	608	400
Total after adjustments to profit before income tax	-2,618	-9,896	-1,039
Change in Inventories	-74	2,985	884
Change in other assets	-2,055	-3,443	-1,463
Change in other liabilities	-216	-2,504	-1,646
Total after adjustments to net assets	-4,963	-12,859	-3,263
Net cash from operating activities	-4,963	-12,859	-3,263
Cash flow from investing activities			
Proceeds from the sales of PPE	-	-	-
Purchase of PPE and intangible assets	-799	-8,133	-2,265
Other investing activities	-	-	-
Purchase of shares in subsidiaries	-	-	-
Net cash flow from investing activities	-799	-8,133	-2,265

Amounts in CAD 1000	2024 Q1	FY2023	2023 Q1
Cash flow from financing activities			
Proceeds from issue of shares	-	-	-
Proceeds from issue of shares in THC	-	-	-
Increase (decrease) of bank loan	-	-1,197	1,201
New loan	6,053	22,484	266
Repayment of loan	-199	-839	-216
Repayment of lease liabilities	-177	-596	-145
Net cash flow from financing activities	5,677	19,853	1,105
Net increase in cash and cash equivalents	-85	-1,139	-4,423
Cash and cash equivalents at the beginning of the period	10,148	11,364	11,364
Effects of exchange rate changes on cash and cash equivalents	-58	-77	-118
Cash and cash equivalents at end of the period	10,005	10,148	6,823

Net cash flow from operating activities was negative CAD 5.0 million in Q1 2024, including an increase of CAD 2.4 million of trade receivables and a decrease of CAD 1.3 million in payables. Corresponding cash flow in Q1 2023 was negative CAD 3.3 million.

Net cash flow from investing activities was negative CAD 0.8 million in Q1 2024, mainly due to purchase of property, plant and equipment, compared to negative CAD 2.3 million in the same period last year.

Net cash flow from financing activities was positive CAD 5.7 million in Q1 2024, of which an increase of CAD 6.1 million in new financing and a decrease of CAD 0.4 million in repayment of loan and lease liabilities. In Q1 2023, the comparable cash flow was positive CAD 1.1 million.

Financial Statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 | Confirmation of financial framework

The financial statements for the quarter have been prepared in accordance with IAS 34 Interim Financial Reporting. The report does not include all the information required in full annual financial statements and should be read in conjunction with the consolidated financial statements for 2023.

Note 2 | Key accounting policies

The accounting policies for 2024 are described in the Annual Report for 2023. The financial statements have been prepared in accordance with EU-approved IFRS and associated interpretations, as well as the additional Norwegian disclosure requirements pursuant to the Norwegian Accounting Act and stock exchange regulations and rules, applicable as at 31 December 2023. The same policies have been applied in the preparation of the interim financial statements for 2024.

The figures are presented in CAD rounded to the nearest thousand. As a result of rounding adjustments, amounts and percentages may not add up to the total.

Note 3 | Revenue from contracts with customers

Accounting principles and information related to external customers are described in note 1.

Note 4 | Adjustments in Alternative Performance Measures (APM)

A reversal for a bad debt provision of CAD 0.9 million in Q1-24 has been booked against the 4.0 million bad debt provision taken in Q4-23 towards its joint venture. In addition, a restructuring cost of 0.3 million was adjusted in Q1-24 for comparable figures. These items are presented in other operating expenses and are excluded from Adjusted EBITDA.

Note 5 | Loan

As of 31st March 2024, Tekna had drawn CAD 25 million loan with Arendals Fossekompani ASA.

Disaggregation of revenue from contracts with customers

2024 Q1 *Amounts in CAD 1000*	Systems & Equipment	Materials	Spare parts	Other	Total
Revenue recognized at a point in time	-	5,766	218	86	6,069
Revenue recognized over time	2,588			-	2,588
Revenue from external customers	2,588	5,766	218	86	8,657
Contribution margin	1,718	1,982	145	86	3,930
Contribution margin %	66.4%	34.4%	66.4%	100.0%	45.4%
Revenue from external customers specified pr geographical area:					
North America	1,341	2,239	109	43	3,733
Europe	209	2,300	109	43	2,660
Asia	1,038	1,226			2,265
Total	2,588	5,766	218	86	8,658

Financial Statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

Disaggregation of revenue from contracts with customers *(continued)*

2023 Q1 *Amounts in CAD 1000*	Systems & Equipment	Materials	Spare parts	Other	Total
Revenue recognized at a point in time	-	6,373	420	175	6,968
Revenue recognized over time	2,438	-	-	-	2,438
Revenue from external customers	2,438	6,373	420	175	9,406
Contribution margin	1,819	2,259	313	175	4,566
Contribution margin %	74.6%	35.4%	74.6%	100.0%	48.5%
Revenue from external customers specified pr geographical area:					
North America	1,895	2,652	210	88	4,845
Europe	296	3,194	210	88	3,787
Asia	247	527	-	-	774
Total	2,438	6,373	420	175	9,406

FY 2023 *Amounts in CAD 1000*	Systems & Equipment	Materials	Spare parts	Other	Total
Revenue recognized at a point in time	-	25,692	1,031	489	27,212
Revenue recognized over time	13,677	-	-	-	13,677
Revenue from external customers	13,677	25,692	1,031	489	40,888
Contribution margin	8,572	8,493	675	489	18,230
Contribution margin %	62.7%	33.1%	65.5%	100.0%	44.6%
Revenue from external customers specified pr geographical area:					
North America	8,914	10,118	516	244	19,792
Europe	2,599	11,873	515	245	15,233
Asia	2,164	3,700	-	-	5,864
Total	13,677	25,692	1,031	489	40,888

Alternative Performance Measures

DEFINITIONS

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:

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

- **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 include, but not limited to, restructuring costs, listing costs, adjustments for expenses related to cloud-based software previously recorded in the balance sheet, 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 include, but not limited to, restructuring costs, listing costs, adjustments for expenses related to cloud-based software previously recorded in the balance sheet, 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.

Alternative Performance Measures

(continued)

Amounts in CAD thousands	2024 Q1 (Unaudited)	FY 2023 (Unaudited)	2023 Q1 (Unaudited)
Revenues	8 657	40 888	9 406
Materials and consumables used	4 727	22 658	4 839
(b) Contribution margin	3 930	18 230	4 566
(c) Revenues	8 657	40 888	9 406
Contribution margin % (b/c)	45.40 %	44.59 %	48.55 %

Amounts in CAD thousands	2024 Q1 (Unaudited)	FY 2023 (Unaudited)	2023 Q1 (Unaudited)
Net profit/loss	-3 653	-15 009	-2 563
Income tax expense (income)	-216	-1 467	-
Finance costs	515	777	103
Finance income	-98	-233	-173
Share of net income (loss) from associated companies and joint ventures	-	608	400
Depreciation and amortization	1 099	4 222	1 038
(a) EBITDA	-1 922	-8 170	-1 194
Provision (reversal) for bad debts on accounts receivable from the joint venture	-880	4 060	-
Restructuring costs	219	-	-
(b) Adjusted EBITDA	-2 583	-4 109	-1 194
(c) Revenues	8 657	40 888	9 406
EBITDA margin (a/c)	-22.20 %	-19.98 %	-12.70 %
Adjusted EBITDA margin (b/c)	-29.83 %	-10.05 %	-12.70 %

Amounts in CAD thousands	2024 Q1 (Unaudited)	FY 2023 (Unaudited)	2023 Q1 (Unaudited)
Net profit/loss	-3 653	-15 009	-2 563
Income tax expense (income)	-216	-1 467	-
Finance cost	515	777	103
Finance Income	-98	-233	-173
Share of net income (loss) from associated companies and joint	-	608	400
(a) EBIT	-3 021	-12 391	-2 232
Provision (reversal) for bad debts on accounts receivable from the joint venture	-880	4 060	-
Restructuring costs	219	-	-
(b) Adjusted EBIT	-3 682	-8 331	-2 232
(c) Revenues	8 657	40 888	9 406
EBIT margin (a/c)	-34.89 %	-30.30 %	-23.73 %
Adjusted EBIT margin (b/c)	-42.53 %	-20.37 %	-23.73 %

Amounts in CAD thousands	31.03.2024 (Unaudited)	FY 2023 (Unaudited)	31.03.2023 (Unaudited)
(a) Total non-current liabilities	32 149	26 598	5 200
(b) Total equity	33 922	38 354	50 766
Long Term Debt/Equity Ratio (a/b)	0.95	0.69	0.10

2023 Indicators supporting Investor's SFDR Principal Adverse Impacts (PAI) disclosure

Climate and other environment-related indicators

Adverse sustainability indicator			Metric (for issuers)	2023	2022
Greenhouse gas emissions	1.	GHG Emissions	Scope 1	589 tCO2e	585 tCO2e
			Scope 2	30 tCO2e	34 tCO2e
			Scope 3	248k tCO2e (incomplete)	755 tCO2e (incomplete)
			Total	Not available (scope 3 incomplete)	
	2.	Carbon Footprint		Not applicable to issuers	
	3.	GHG intensity	Revenue	40.9 M CAD	26.9 M CAD
			tCO2e/M CAD	Not available (scope 3 incomplete)	
	4.	Active in fossil fuel sector		Not relevant	
	5.	Share of non-renewable energy consumption and production	Consumption	28% (100%-72%)	31% (100%-69%)
			Production	Not relevant	
	6.	Energy consumption intensity per high impact climate sector	GWh / M CAD	Not relevant	
			NACE	Not active in high impact NACE Plasma Systems: C28 | Additive Materials C25 | (Microelectronics: C26 | Energy Storage: C27)	
			GWh	11.6 GWh	11.5 GWh
Biodiversity	7.	Activities negatively affecting biodiversity-sensitive areas		No Tekna sites in "biodiversity sensitive areas" - see GRI 304 in GRI report	
Water	8.	Emissions to water	Tons of emissions to water	0	0
Waste	9.	Hazardous waste ratio	Tons of hazardous waste	85	59

Social and employee, respect for human rights, anti-corruption and anti-bribery matters

Adverse sustainability indicator			Metric (for issuers)	2023	2022
Social and employee matters	10.	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises		No violations	No violations
	11.	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises		Processes in place www.tekna.com/esg Code of Conduct | Supplier Code of Conduct | Anti-Corruption policy | Competition Law Compliance policy | etc.	
	12.	Unadjusted gender pay gap		2.95%	9.16%
	13.	Board gender diversity		M: 43% | F: 57%	M: 60% | F: 40%
	14.	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)		Not relevant	

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, 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	2014	advanced development stage	future potential

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

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.

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.

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 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

Advancing the world with sustainable material solutions, one particle at a time…