2023

January 1—December 31

Annual report

one particle at a time...

TEKNA

vision

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

The magic of Tekna originates in the strong drive of its employees to do better. Better for an earth that is damaged and in desperate need of a green transition. At Tekna we make tiny particles of advanced materials that enable this transition.

It is through the **transformation** of the metal supply chain in additive manufacturing, and enabling electrification through the **miniaturization** of microelectronic components as well as **improving the characteristics** of a lithium-ion battery that these tiny particles become **magical**.

And so does the plasma technology that produces them.

mission

The ultimate partner

We achieve this by leveraging our talented people, our innovations and manufacturing excellence to provide our business partners with plasma technology and material solutions that drive their success, today and tomorrow.

TEKNA

Photo credit: Microsoft

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This is Tekna

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Board of Directors' report 2023

Financial Statements Auditors report

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Sustainability Reporting

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Other publications

Website

www.tekna.com | Presentation of the groups profile and activities.
www.tekna.com/investors
Presentation of financial and non-financial information (share, financial reports, regulated information, analysts and investors, Annual General Meeting)

Other reporting

The following reports can be downloaded at www.tekna.com/investors/finreports

- Remuneration report
- GRI Report

Introducing Tekna

This is Tekna

About Tekna

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

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

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

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

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

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

1990 | 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 an important part of Tekna's IP portfolio. The company maintains active dialogue with developing partners within the energy storage space.

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

Advanced Materials

Founded in 1990

Tekna Holding ASA listed in OSLO 2022

50% reduction
Commitment 2030

Headquartered in Sherbrooke, QC, Canada

222 employees

90 active patents

3 manufacturing and research centers

Global reach

This is Tekna (continued)

Key figures at a glance

Revenues ▲ vs 26.9 M CAD in 2022.

40.9 M CAD

52% organic growth coming from both Systems (+90%) and Materials (+36%).

Order backlog ▶ vs 25.0 M CAD in 2022.

24.0 M CAD

The backlog of 2022 included one order of 9 M CAD for a PlasmaSonic system.

Adj. EBITDA ▲ vs –12.8 M CAD in 2022.

-4.1 M CAD

Improved by 8.7 M CAD through growth, margin improvement and cost control.

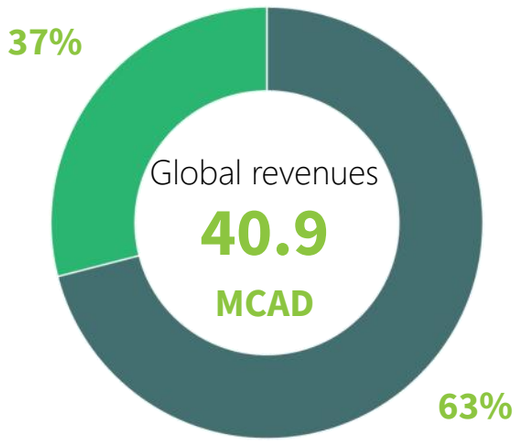
Key financial figures

in CAD million	2023	2022
Revenues	40.9	26.9
Adjusted EBITDA	-4.1	-12.8
EBITDA	-8.2	-16.7
Net profit / loss	-15.0	-22.5
Cash balance	10.1	11.4
Employees	222	216

Business segments

Systems | PlasmaSonic[1]

Plasma systems,
PlasmaSonic wind tunnel
After service and spare parts



Advanced Materials

Additive Manufacturing: Micron-sized powder materials including titanium-, aluminum-, and nickel alloys, tungsten and tantalum.

Microelectronics: Nano-sized Nickel (sample sales)

Revenue distribution

Geography

North America **48%**

Europe **37%**

Asia / Rest of world **15%**

Customer segments

Aerospace **39%**

3D Machine OEM[2] **12%**

Medical Implants **7%**

Consumer Electronics **5%**

Other: Academic, Industrial Research and Distributors **37%**

1: Includes after service and spare parts.
2: OEM stands for Original Equipment Manufacturer.

This is Tekna (continued)

Highlights and important milestones in 2023

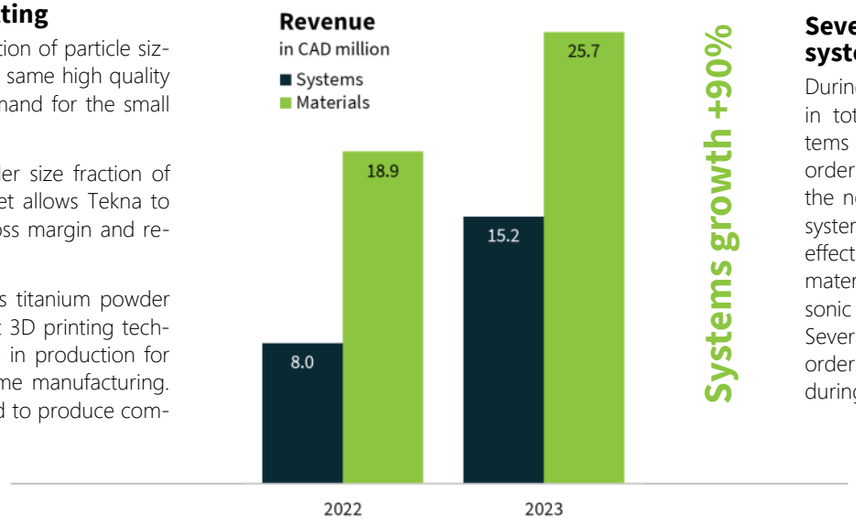
Materials growth +36%

Market entry Metal Injection Molding and Binder Jetting

Metal powder production processes naturally yield a wide distribution of particle sizes. For Tekna, the small and large sizes are byproducts having the same high quality as the mean size, however, until recently there was a limited demand for the small and large cut sizes.

In 2023, Tekna had a break-through in selling the smaller powder size fraction of titanium to consumer electronics customers. Entry into this market allows Tekna to sell a greater proportion of its powder yield - increasing total gross margin and reducing inventory.

Tekna is also in collaboration with TriTech, where Tekna provides titanium powder designed for the production of high-quality parts using binder jet 3D printing technology. TriTech is the very first company using titanium powders in production for binder jetting applications which has the potential for large volume manufacturing. Binder jet 3D printing also uses the smaller particle size and is used to produce complex, lightweight, and durable parts with exceptional precision.



Systems growth +90%

Several plasma systems orders

During 2023, Tekna secured in total 12 new plasma systems orders. Notably, one order included the first sale of the new PlasmaSonic ICPT-15 system, a lab-scale, cost-effective model designed for materials testing and hypersonic program development. Several TekSphero systems orders were also received during the year.

PlasmaSonic system set up in Tekna factory

Financing AFK and Government

New financing from Arendals Fossekompani

In April 2023, Tekna announced that additional financing had been secured from Arendals Fossekompani, its main shareholder. The agreement provides financing of CAD 25 million through three tranches of CAD 5, 10 and 10 million, where each tranche is a loan with 3 years duration. A tranche of CAD 5 million remained available at the end of 2023.

Extended CAD 20M Agreement with Government Fund

In November, Tekna announced that the contribution agreement with the Canadian Federal Government's Strategic Innovation Fund (SIF) had been amended and extended to March 31, 2027. Under the terms of this amendment, the maximum amount to be disbursed by the Canadian Federal Government remains unchanged at CAD 20 million. The SIF program aims to stimulate high-quality business investments across various sectors. It supports R&D initiatives that enhance technology transfer, commercialization of innovative products, services, and processes, and encourages the growth of innovative firms.

Government of Canada

Business Development

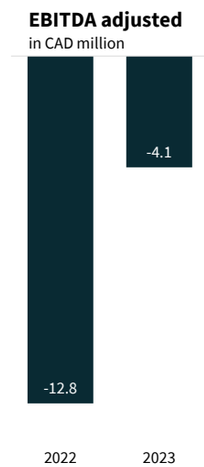
Advancing with major MLCC manufacturers

Tekna's Nickel nano powder is a key material for the manufacturing of high-end Multi-Layer Ceramic Capacitors (MLCC). The company's strategic development initiatives with customers continued in 2023. Tekna is developing the high-tech material with various key players and is in advanced stages with two of them.

Profitability close to break-even

Focus on Profitability

Adjusted EBITDA improved to near-breakeven at the end of the year and Tekna closed the year at a total of minus CAD 4.1 million. This reflects our relentless focus on improving the contribution margin as well as continued reduction and control over our cost structure. This turnaround, improving adjusted EBITDA by CAD 8.7 million from the previous year, illustrates our team's dedication to operational excellence and financial discipline.



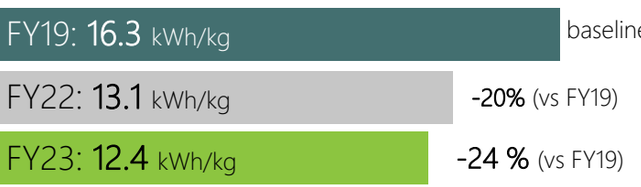
This is Tekna (continued)

Tekna's climate footprint

Energy Intensity per kg metal powder produced

Performance vs baseline FY19

Direct electricity of plasma systems within Tekna | Ti64 and AlSiMg | in kWh per kg



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

Renewable energy share

72 % ▲ vs 66% **(+6 pp)** in 2021 (Location based).

Scope 1

589 tCO2e ▶ vs 577 **(+2%)** in 2021. Tekna has added a third facility in Canada in 2022 increasing natural gas consumption for heating compared to baseline 2021.

Scope 2

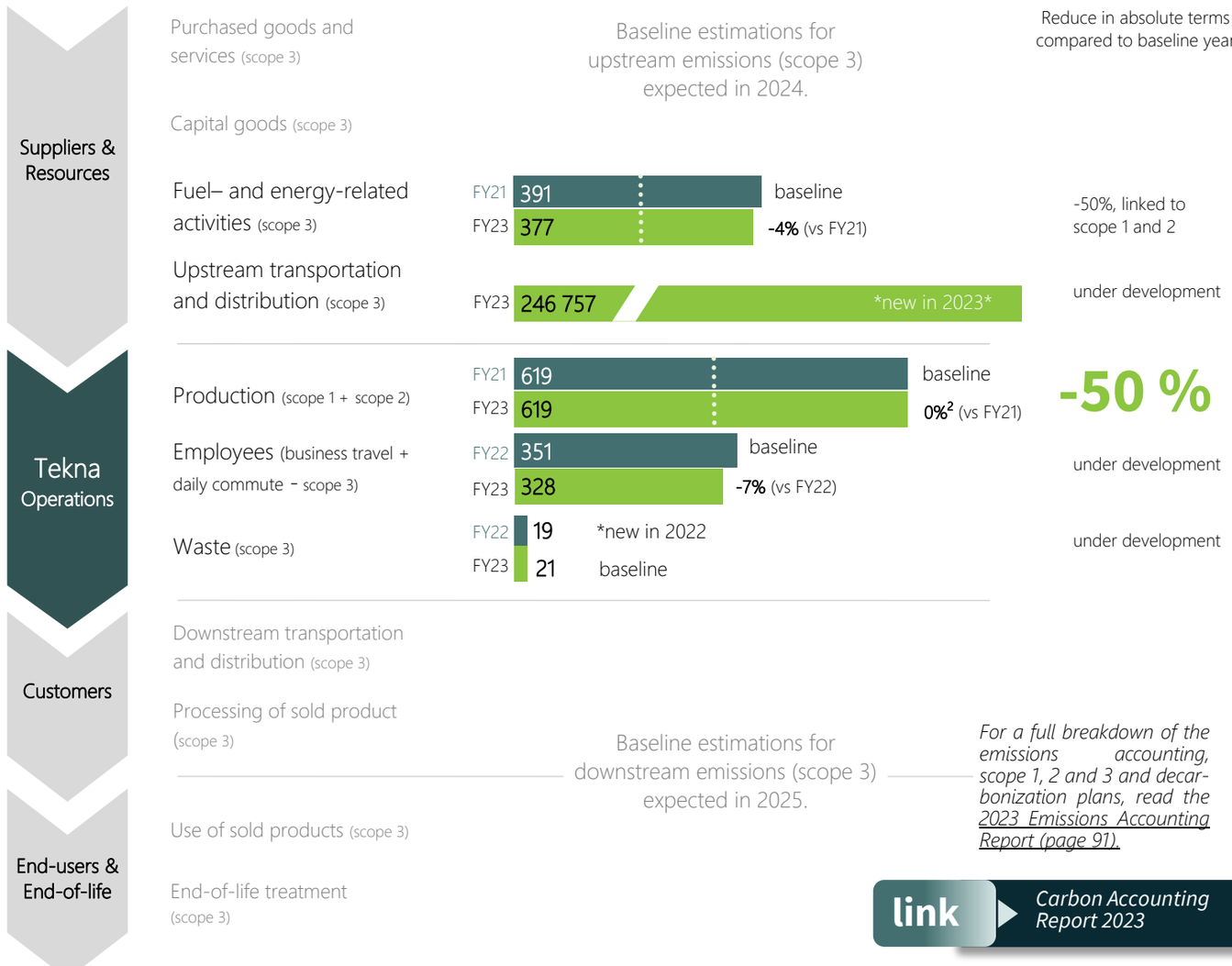
30 tCO2e ▼ vs 42 **(-29%)** in 2021. Tekna continues to improve energy efficiency in its powder production[2]. It reduced operating hours in France by 50% reducing electricity consumption.

Scope 3 (incomplete)

248k tCO2e The total emissions number will continue to increase due to broader emissions mapping in scope 3 and improved data quality. Within subcategories reduction efforts have started.

Tekna's climate footprint at different stages of the value chain

(GHG protocol[1] | in tCO2e)



Target 2030

Reduce in absolute terms compared to baseline year

For a full breakdown of the emissions accounting, scope 1, 2 and 3 and decarbonization plans, read the 2023 Emissions Accounting Report (page 91).

link ▶ *Carbon Accounting Report 2023*

1 Historical data should not change, but we always revise historical figures if data quality or science has improved. 2: 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%.

This is Tekna (continued)

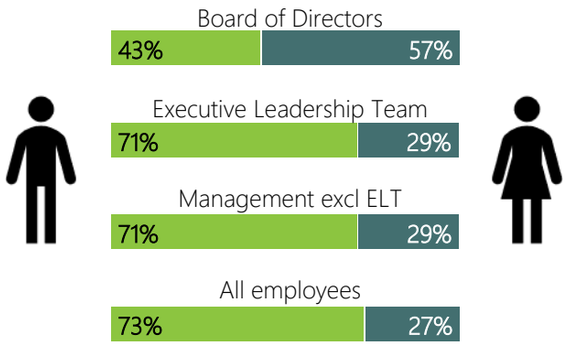
Social and Governance indicators at a glance per 31 December 2023

Our people

Total employees
222

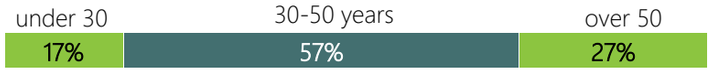
Nationalities
23

Gender diversity



Unadjusted Gender Pay Gap
2.95%

Age distribution all employees excl Board of Directors



Governance

Code of Conduct signed
(per 31.3.2024[4])
100%

Compliance incidents detected
0

Health & Safety

Fatalities
0

Lost time injuries | LTIFR
3 | 8.1

Employees absence rate
3%

Internal Safety audits
252

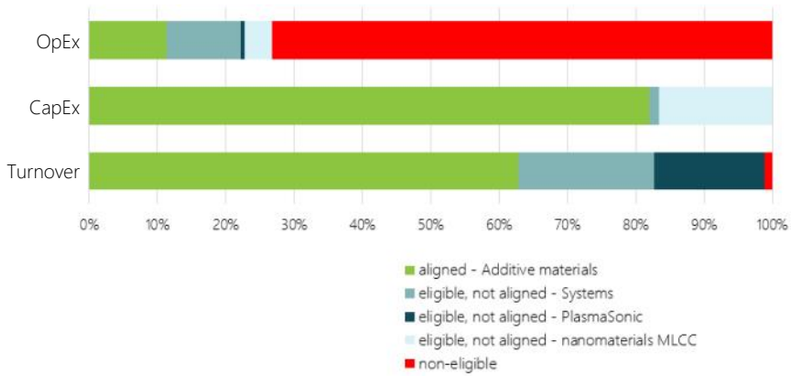
Reporting: Transparency Act | EU Taxonomy | GRI standards

Suppliers assessed for environmental, social and governance impacts[1]

due diligence in process

EU taxonomy summary [2]

3.6. Manufacture of other low carbon technologies
(Climate Change Mitigation)



% completion of all GRI standards[3]

(GRI Standards 2021: 2, 3, 20x, 30x, 40x)

1: Top 25 selected suppliers based on highest spend and / or greatest risk. Refer to Human Rights and Transparency Act Report 2023.
2: Refer to EU taxonomy report 2023. 3: Refer to GRI Report 2023. 4: This excludes employees on long-term absence.

CEO letter 2023

Tekna is strategically positioned to leverage its advanced capabilities in both plasma and material technology, bolstered by a robust business model to drive sustainable growth.

Dag Teigland

Chair of the Board of Directors

Our focus on profitability and positive cash, our dedicated workforce, strategic priorities and confidence in our long term ambitions are driving the companies performance today and tomorrow.

Luc Dionne

Chief Executive Officer

We would like to thank you for your trust and hope you enjoy reading this report.

As we reflect on the past year, I am filled with pride and gratitude for what we have achieved together at Tekna Holding ASA. Our 2023 has been marked by remarkable growth, strategic advancements, and steadfast commitment towards clearly expressed goals. I am thrilled to share these accomplishments as we now set the stage for our continued success in 2024.

CEO letter (continued)

Organic growth

In 2023, Tekna demonstrated exceptional performance, underscored by our significant revenue growth of 52 per cent and improved operational profitability. This consistent operational and financial improvement aligns with the initial guidance we set at the beginning of 2023.

We implemented a meticulously crafted strategy and have executed on the plan right from the outset in January last year. With trust and dedication from all of our team members, the strategy delivered outstanding results and we have fulfilled the expectation on the guidance we provided. So, congratulations to all, for the well-deserved results.

We closed the year with revenues of CAD 40.9 million, a testament to the robust demand for our innovative products and the relevance of our strategic initiatives. The Materials segment grew by 36%, benefiting from our capacity enhancements and strategic market positioning.

Important milestones

Looking at our operational milestones, we successfully increased our production capacity to meet the growing demand for our advanced materials. The commissioning of a new atomizer and upgrades to existing machinery have significantly expanded our manufacturing capabilities, improved material availability, and reduced delivery times. With another atomizer expected to be commissioned in the first half of 2024, deliveries of materials are expected to accelerate throughout the year.

Our go-to-market strategy to sell smaller fractions of titanium powders for industrial scale manufacturing of mobile phone and smartwatch frames has shown to be successful. We have expanded our market presence and boosted revenues for smaller titanium particle sizes.

The strategic expansion of our Systems segment continued in 2023 with 12 new units ordered from global industrial research and academic clients during the year. This includes also the first sale of Tekna's innovative PlasmaSonic ICPT 15, a laboratory scale system designed for materials testing and hypersonic program development. The Systems business witnessed an astounding 90% revenue growth in 2023, driven by the increased sales of our PlasmaSonic units and R&D plasma systems.

Focus on Profitability

Adjusted EBITDA improved to near-breakeven at the end of the year and we closed the year at a total of minus CAD 4.1 million. This reflects our relentless focus on improving the contribution margin as well as continued reduction and control over our cost structure. This remarkable turnaround, improving adjusted EBITDA by CAD 8.7 million from the previous year, illustrates our team's dedication to operational excellence and financial discipline.

The result comes from the emphasis we have given to organizational efficiency and on chasing operation excellence. We have turned the business around in a very short period of time. In addition to the solid revenue growth contributing to the EBITDA improvement, we have implemented many cost-saving initiatives and managed inflationary costs, especially on raw materials.

Moving forward

As we pivot to 2024, our focus sharpens on our strategic priorities: enhance profitability, optimize cash flow, and reinforce our strong market position. We remain committed to improving our operational efficiencies, expanding our product offerings, and exploring new market segments.

Our order backlog remains robust at $24 million, providing a solid foundation for 2024. We are maintaining a strong opportunity pipeline with a number of potential new orders expected to be captured in the first half of 2024, including new sales in the consumer electronics industry[1].

The long-term outlook of Tekna is very exciting with demand driven by global megatrends such as digitalisation, electrification and sustainable manufacturing. Over the years, we have introduced unique Plasma system IP in the market, positioning Tekna as a leader in the field of advanced materials.

We anticipate sustained demand for research and industrial pilot-scale plasma units in segments which are not competing in Tekna's current material markets and foresee growth in larger PlasmaSonic units, aligning with the expanding hypersonic and space industry.

We have experienced a steady growth trend in Advanced Materials since we entered the market in 2014. The industry is still in an early phase and poised for substantial growth in the coming years. We have built a strong reputation as a trusted supplier of high-quality materials and our goal is to at least match the industry growth.

1: Consumer electronics for additive materials, not to be confused with Tekna's developing business of Microelectronics.

CEO letter (continued)

On the verge of a break-through?

The long-term outlook for Microelectronics remains an important upside for Tekna. With its unique capabilities in plasma and nano technology, the company is well-positioned to enter this market. The development with the major MLCC players, who foresee significant growth in demand towards 2030, is ongoing. We have solid experience in this type of market development from our previous expansion into the Additive Manufacturing business. This is a recognizable process and we will utilize this experience in the further development of this business.

Tekna started out as a project in the research department of the Sherbrooke University. Now, we're a professional, listed, industrial materials technology company. We have taken significant steps also in terms of corporate structure and governance. Our strategic priorities are aligned with the overarching goal of delivering sustained value to our shareholders while contributing positively to society. Tekna remains steadfast in its commitment to environmental, social, and governance (ESG) principles. Our dedication to sustainable practices is integrated in our new company vision[1].

The ultimate partner

In 2023, we have developed a new company mission: "the ultimate partner". Tekna's value-added collaboration is crucial to our customers' success and one of our trademarks. By anchoring it in our Mission we ensure its continuous presence at the forefront of our activities and choices.

As we embark on another year, we do so with a strong belief in the value-generating potential of the industries we are active in. The achievements of 2023 have set a high benchmark and I am confident in our collective ability to continue our positive development. Our strategic vision, coupled with the dedication of our talented team, positions us well to capitalize on the opportunities ahead and navigate the challenges that may arise.

In closing, I wish to express my profound appreciation to our employees, customers, partners, and shareholders. Your trust, support, and collaboration are the cornerstones of our success. Together, we are not just shaping the future of Tekna; we are contributing to the advancement of industries and technologies that have the power to transform our world.

Sincerely,

Luc Dionne

CEO, Tekna Group

1: Our new vision is to advance the world with sustainable material solutions, one particle at a time. See page 2 of the annual report 2023.

Corporate Governance

Incorporating best governance standards

Tekna refers to the Norwegian Code of Practice for Corporate Governance and has drafted its own Corporate Governance Code. It publishes an annual Corporate Governance Report.

Segregation of duties Board of Directors and Executive Leadership Team

To ensure Tekna benefits from strong governance there is a segregation between the members of the Executive Leadership Team and the members of the Board of Directors. The complementary profiles of Dag Teigland and Luc Dionne enable a transparent and balanced exchange between the Board of Directors and the Executive Leadership Team.

Committees addressing important topics

Already in 2022 Tekna created the Audit Committee. Reporting to them is the newly created Ethics and Compliance Committee as well as External Assurance, ie the Auditors.

Reporting to Executive Leadership are the Occupational Health & Safety Management Committee (CRD), the Employee Committee (CORE) and the Environmental Committee.

Additional diversity and skills

Changes and additions in the board of directors has increased the number of independent members and contributed a diverse range of profiles, skills, expertise and experience to the board improving the company's preparedness to navigate an increasingly complex business environment.

The following relevant skills and experiences are included: Aerospace, Battery and other industries, Sustainability, IT security, Strategy, Finance and controls, M&A and international experience.

2023 key figures	Board of Directors	Audit Committee
Members	7	2
Meetings	14	5
Participation	95%	100%
Independence	43%	50%

Enterprise Risk Management ("ERM")

A diligent process from identification to monitoring

Identification, appraisal, processing and control of major risks is regularly updated by Finance and reviewed with the Audit Committee.

Main risks

Material risks, exposure greater than 10% of revenue, identified by the Group are organized in a risk matrix reflecting its impact in various (mitigation) scenarios and the probability of occurrence.

Quarterly monitoring with Audit Committee

To ensure continuous monitoring and management, material risks are reviewed in the quarterly Audit Committee meeting. Standard agenda items include:

- Significant events during quarter
- Compliance (incidents and legal)
- Risk management update
- Tax (Controls and Tax matters)

Risk relating to the Group's operating environment

- Geopolitical risks and supply chain difficulties
- Risks related to inflation
- Competitive risks and cycle effects
- Financial market risks
- ESG risks
- Legal and regulatory risks
- Risks of negative media coverage

Risk related to the Group operations

- Risks relating to Group products
- Business line profitability risks
- Partner risks
- Supplier and subcontracting risks
- Property and (Occupational) Health & Safety risks

Risk related to the Group's strategic development

- Risks relating to technological innovation
- Risks related to digitalization (data confidentiality and cyber threats)
- Human resources risks

1: In 2023 the external auditor was PWC. 2: Latest by 2025 an Internal Audit function should be instated.

Board of Directors and Executive Leadership

Members of the Board of Directors

The Board of Directors of Tekna Holding ASA ("Tekna") has welcomed three new, two additional, members in 2023. Their knowledge, network, independence and diversity is raising Tekna's governance to a next level.

Responsibilities of the Board of Directors

In accordance with Norwegian law, the Board of Directors ("BoD") is responsible for, among other things, supervising the general and day-to-day management of the Company's business, ensuring proper organization, preparing plans and budgets for its activities, ensuring that the Company's activities, accounts and asset management are subject to adequate controls and undertaking investigations necessary to perform its duties.

Dag Teigland [1]
(1966)

Chair (2022)

Shares per 31.12.2023: **728 818**[2]

Attended board meetings: **14**

Dag Teigland is a board professional and strategic advisor to several companies. He is a seasoned executive with broad international experience, including in the global metal industry. He has previously held executive management positions in Elkem and been CEO of Tinfos and Holta Invest.

Mr. Teigland is a board room veteran, serving as member and chair of the Board of Directors of several Norwegian and international companies. He holds a bachelor's degree in finance, an MBA from IESE and AMP from Harvard Business School.

Torkil S. Mogstad
(1958)

Director and member of the audit committee
(2023)

Shares per 31.12.2023: **52 125**[3]

Attended board meetings: **12**

Torkil Mogstad is Executive Vice President at Arendals Fossekompani ASA since 2015. He has previously held several executive management positions, including CEO at Markedskraft ASA, Director at Icon Medialab Norge AS and Engagement Manager at McKinsey & Company. He started his career in R&D at McDonnell Douglas Aerospace (now Boeing) in the US.

Mr. Mogstad also holds Directorships in the battery storage company Ampwell AS (Chair) and the satellite communications company NSSLGlobal Ltd. He holds a M.Sc. from NTNU, a SM from MIT and an MBA from the Norwegian School of Management (BI).

Barbara Thierart-Perrin (1977)

Director | Independent
(2022)

Shares per 31.12.2023: **0**

Attended board meetings: **13**

Barbara Thierart-Perrin is President of Northvolt Systems, a European supplier of sustainable, high-quality lithium-ion battery cells and systems with minimal CO2 footprint. An engineer by education, Ms Thierart-Perrin has two decades of previous experience from the automotive industry, holding senior management positions with Groupe Renault and Nissan Motor Corporation.

She has been based in France, Japan and Sweden, held business P&L responsibility, led operational and global teams and worked extensively in corporate social responsibility.

Anne Lise Meyer
(1968)

Director and Chair of the audit committee | Independent (2022)

Shares per 31.12.2023: **0**

Attended board meetings: **14**

Anne Lise Meyer is an experienced CEO, Chair and board member, with more than 25 years of experience from several management positions. Meyer was previously the CEO of the investment firm Hamang AS, CEO of the Gillette Group Norway and has held several leading positions with Hewlett-Packard and Netcom (now Telia). Ms. Meyer holds several Directorships, both as chair and member of the Board of Directors of Bertel O. Steen Kapital, Pancom AS, Sissener AS and Skeie Kapital AS. Meyer holds a Bachelor of Management from the Norwegian School of Management.

(Section continues on the next page.)

1: Mr. Teigland is engaged by Arendals Fossekompani as a senior business advisor with a special focus on Tekna and, as such, is not to be considered as an independent Chair of the Board; 2: Mr Teigland owns shares through his 100% owned company Tibidabo Invest AS and Tibidabo Industrier AS. 3: Mr Mogstad is representing Arendals Fossekompani ASA. He owns shares through his 100% owned company Loma Plata AS.

Board of Directors and Executive Leadership (continued)

Members of the Board of Directors (continued)

Kristin Skau Åbyholm (1978)

Director | Independent (05.2023)

Shares per 31.12.2023: 3 686 745[1]

Attended board meetings: 9

Kristin Skau Åbyholm is an experienced board executive with a keen focus on operations and strategy. She is currently member of the board at 1X technologies and Ocean Sun. She has over a decade experience in IT technology organizations. In Confirmit ASA she worked with global 500 brands - working at the Oslo, London and San Francisco office. Then working for Cicero Consulting, creating platforms and solutions for the Norwegian financial industry.

Ms. Åbyholm has a Master of Science in computer technology from NTNU in Trondheim and an Executive Master of Management from the Norwegian Business School (BI) in Oslo.

Lars Magnus Eldrup Fagernes (1991)

Director (05.2023)

Shares per 31.12.2023: 0[2]

Attended board meetings: 9

Lars Magnus Eldrup Fagernes has several years experience from EY, working as Manager within Strategy & Transactions and from the Group finance function of Cermaq Group.

He is currently Business Developer in Arendals Fossekompani.

Mr. Eldrup Fagernes holds a Master of Science in Economics and Business Administration from the Norwegian School of Economics (NHH) in Bergen.

Ann-Kari Amundsen Heier (1966)

Director (12.2023)

Shares per 31.12.2023: 0[2]

Attended board meetings: 1

Ann-Kari Heier was appointed as Executive Vice President of Arendals Fossekompani ASA (AFK) in November 2023. She has previously held several executive management positions in industry sectors such as Oil&Gas, Maritime, and Telecom. She holds a M.Sc. degree in Technical Cybernetics from NTNU in Trondheim, Norway. She started her career as R&D engineer at CERN in Geneva, and at Data Respons in Norway, before entering management positions. Ms. Heier is member of the board of directors of Space Norway AS and NHO Agder. As part of her executive role in AFK, she will follow up NSSLGlobal Ltd and Tekna Holding ASA.

1: Ms Åbyholm represents Kvantia AS (2.354.862) and Victoria India Fund AS (1.331.883) 2: Ms Heier and Mr Fagernes represent Arendals Fossekompani ASA.

Board of Directors and Executive Leadership (continued)

Members of the Executive Leadership Team

The Tekna group Executive Leadership Team ("ELT") currently consists of six executives with extensive experience from relevant industries.

Members of executive leadership team own shares in Tekna Holding Canada Inc., a subsidiary of Tekna Holding ASA. Refer to the Prospectus published in 2022, section 11.3.3 and the 2023 Remuneration report for more details.

Luc Dionne

Chief Executive Officer
(2014)

Luc Dionne has been the CEO of Tekna Holding Canada and its global subsidiaries since 2014 and was appointed CEO of Tekna Holding ASA in 2021. Mr. Dionne has extensive experience from various Directorships and executive management positions in advanced materials research, aerospace, microelectronics and defense.

Mr. Dionne served on the Canadian government strategic table for advanced manufacturing and was awarded the Technology Innovation Award from Polytechnic Engineering School.

Shares per 31.12.2023: 0[1]

Espen Schie

Chief Financial Officer
(2023)

Espen Schie took over the CFO position of the Tekna group in early 2023. Mr. Schie brings long-term financial management experience and comes from the role as Vice President of Finance & Controlling at Arendals Fossekompani ASA ("AFK"), Tekna's largest shareholder. Mr. Schie has held several different roles at AFK, was previously CFO at EFD Induction Group and holds a double master's degree in finance from Nova School of Business and Economics (Portugal) and Fundação Getulio Vargas São Paulo School of Economics (Brazil).

Shares per 31.12.2023: **379.990**[2]

Arina van Oost

VP Corporate Strategic Dev. and Innovation
(2020)

Arina van Oost joined Tekna early 2020 as VP Corporate and Strategic Development & Innovation. ESG, IR and Corporate Communication are part of her portfolio. She has held several executive positions at ThyssenKrupp ("TK"), including VP GM of its Canadian Aerospace division and Global Head of Marketing and Sales of their Access Solutions division. Further roles included Managing Director in UK, Spain, and Netherlands for companies of TK Elevator.

She holds an eMBA from ESMT, Germany, and a BSc in International Management, Netherlands.

Shares per 31.12.2023: 0[1]

Rémy Pontone

VP Sales and Marketing
(2016)

Rémy Pontone has been the Vice President Sales & Marketing since Mars 2016; prior to this he held various management positions in sales, business development and product management. Rémy Pontone has 25 years' experience in management, sales, marketing and product development. Prior to joining Tekna he held several int. management and sales positions in five different countries for Johnson Matthey and research and development center of Saint Gobain. Mr. Pontone is graduated engineer in material science and chemical engineering.

Shares per 31.12.2023: 0[1]

Etienne Villeneuve

VP Operations
(2021)

Etienne Villeneuve currently holds the position of Vice President Operations at Tekna. He has 19 years of experience in several executive management positions, including Vice President Operations at Groupe Parima, Head of Operations and Technical Services at Neptune Wellness Solutions, Operations and Continuous Improvement Director at Conagra Foods. He has experience from several Quality Regulated Businesses like Pharmaceutical and Technologies. He currently serves as a President of the Board of Directors for Sherbrooke Innopole.

Shares per 31.12.2023: 0[1]

Sophie Burgaud

VP Legal Affairs and Corporate Secretary
(2022)

Sophie Burgaud joined Tekna in 2022 as VP Legal Affairs and Corporate Secretary. She has more than 20 years of experience in business law in various jurisdictions around the globe. Within her different roles, Sophie has a wide variety of experience in relation to commercial, corporate and litigation matters for public companies and highly regulated financial and insurance companies. Prior to joining Tekna, she worked for Cogeco, Desjardins, Intact, Gildan and BCF, a law firm. Sophie holds a Master in Contract Law and was admitted to the Paris and Quebec Bar.

Shares per 31.12.2023: 0

1: Members of the ELT own shares in Tekna Holding Canada Inc., a subsidiary of Tekna Holding ASA,
2: Mr Schie owns shares through his 100% owned company ESC Holding AS.

Shareholder information

Tekna Holding ("Company") aims to be an attractive investment for shareholders, delivering a competitive return through sustained and accelerated growth.

The Company's share capital as of 31 December 2023 was NOK 250,454,692 divided into 125,227,346 shares, each with a nominal value of NOK 2.00, unchanged from its initial listing in 2021.

The Company's shares are registered in book-entry form with the Norwegian Central Securities Depository under ISIN NO 001 0951577. The account operator of the Company's share register is DNB Bank ASA.

The Tekna share was listed on Oslo Børs, the main list at the Oslo Stock Exchange, on 1 July 2022.

Shareholder structure

As of 31 December 2023, Tekna had 4584 shareholders, down from 4825 at the end of 2022. Arendals Fossekompani ASA remained the Company's largest shareholder, owning 70.4 percent of the shares. No other shareholder held more than five percent while four shareholders held more than two percent.

Share price and market valuation

On 31 December 2023, the closing share price was NOK 8.30 per share (+41%), corresponding to a market capitalization of NOK 1.04 billion. The closing share price on 31 December 2022 was NOK 5.90.

Option schemes

As of 31 December 2023, there were no outstanding options, warrants or loans giving the right to require the Company to issue shares. Refer to note 24 of the Financial Statements regarding subsequent events.

Current Authorizations

During the 2023 Annual General Meeting ("AGM") the Board of Directors of the Company received the authorization to increase the share capital and to acquire shares of the company. The authorizations remain in force until the AGM of 2024, but in no event later than 30 June 2024.

Link to AGM minutes: www.tekna.com/investors

link *AGM minutes*

Investor Relations

Tekna wishes to maintain open communications with its shareholders and other stakeholders. Shareholders and stakeholders are kept informed by announcements to the Oslo stock exchange and press releases.

Please refer to the investor relations section of the Tekna website for further information, including contact details: www.tekna.com/investors or contact investors@tekna.com.

link *Tekna.com/investors*

Upcoming events

15 May 2024	Annual General Meeting
15 May 2024	Report for Q1 2024
22 May 2024	Roadshow and market update

Photo credit: Oslo Børs

Shareholder information (continued)

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	

Board of Directors' report 2023

Board of Directors' report 2023

Board of Directors' report 2023

Introduction

In 2023, Tekna Group ("Tekna", "Group" or "company") has taken an important step in the right direction with a 52% increase in revenues to CAD 40.9 million (26.9) and a CAD 8.7 million improvement in adjusted EBITDA to negative CAD 4.1 million (negative 12.8). The company secured significant new orders during the year, for both Systems and Additive Manufacturing, indicating sustained demand for Tekna's material solutions in the market. This is reflected in the total order backlog of CAD 24.0 million at the end of 2023.

Business and location

Tekna is a world-leading provider of advanced materials to industry. Tekna produces high purity, micron and nano-sized metal powders as well as optimized induction plasma systems for industrial research and production. Micron-sized powders are used for applications such as 3D printing in the aerospace, medical and consumer electronics sectors while advanced nano-sized materials are applied in the manufacturing of microelectronic devices (MLCCs) used in consumer electronics, autonomous vehicles, and 5G and Internet-of-Things (IoT) communications equipment.

The Group currently engages in three main businesses: Systems (incl. PlasmaSonic), Additive Manufacturing and Microelectronics. The growth of these businesses is driven by megatrends having significant impact on consumer behavior globally: Space Exploration and Space Tourism, Deglobalization and Climate Change, Digitalisation & Connectivity, as well as Demography & Health Care.

With its unique, IP-protected, clean plasma technology, the company is well-positioned in these growing markets. The Group develops and operates its own plasma systems and sells customized plasma systems for research applications. In the PlasmaSonic business, a part of Systems, it sells plasma wind tunnel solutions for the simulation of hypersonic and orbital flight conditions.

Building on 30 years of delivering excellence, Tekna is a global player recognized for its quality products and commitment to its large base of multinational blue-chip customers. Tekna's low carbon technology and high-quality materials increase productivity and enable more efficient use of materials, reducing the climate footprint of the downstream value chain.

Tekna Holding ASA, a Norwegian public limited liability company, is listed on Oslo Stock Exchange. The Group is headquartered in Sherbrooke, Canada, with subsidiaries and teams based across six offices in Canada (2), France, USA, China and South Korea.

All amounts in this document refer to the consolidated financial statements for the Group, unless otherwise stated. The financial statements cover the period from January 1, 2022 to December 31, 2023.

Board of Directors' report (continued)

Analysis of the development and performance of the undertaking's business and its position

Market sectors

Tekna currently has two reporting lines:

- Advanced Materials comprised of the business units for Additive Manufacturing as well as the business development area Microelectronics.
- Systems comprised of PlasmaSonic, R&D/academic research plasma systems and other systems related income.

Advanced Materials

In 2023, revenues in Advanced Materials increased by 36% per cent to CAD 25.7 million (CAD 18.9 million in 2022). This represented 63 per cent of the Group's revenues. Throughout 2023, Tekna continued to experience rising demand for its materials for Additive Manufacturing, further confirming the company's position in this market. The capacity increase completed early 2023 allowed sales to grow significantly during the year. New orders have been signed in 2023, indicating that the market dynamics is shifting towards larger, open orders (call-off orders), and long-term supply agreements.

In addition to the Additive Manufacturing unit, Tekna is developing its Microelectronics unit. These business units follow global game changing megatrends and represent major growth opportunities.

Systems

Tekna has seen the Systems market rebound with 12 contracts awarded during the year. Revenues were mainly driven by the completion of a large PlasmaSonic system, an order in excess of CAD 9 million, with delivery planned for early 2024.

The year ended at CAD 13.7 million in revenues, compared to CAD 6.2 million in 2022 (excludes spare parts revenues). Contribution margins for systems for the year are at 63%, continuing the good margin development over last year's 45%.

The Systems segment is of importance to Tekna due to its high contribution margin and cash generation, as well as the continued development of the core technology applicable in the inhouse powder production.

Important events in 2023

New CFO

In January, Espen Schie was appointed new CFO. Mr. Schie brings long-term financial management experience and comes from the role as Vice President of Finance & Controlling at Arendals Fossekompani ASA, Tekna's largest shareholder.

New financing from Arendals Fossekompani

In April 2023, Tekna announced that additional financing had been secured from Arendals Fossekompani, its main shareholder. The agreement provides financing of CAD 25 million through three tranches of CAD 5, 10 and 10 million, where each tranche is a loan with 3 years duration. A tranche of CAD 5 million remained available at the end of 2023.

Market entry Metal Injection Molding and Binder Jetting

Metal powder production processes naturally yield a wide distribution of particle sizes. For Tekna, the small and large sizes are byproducts having the same high quality as the mean size. However, until recently there was a limited demand for the small and large cut sizes. In 2023, Tekna had a break-through in selling the smaller powder size fraction of titanium to consumer electronics customers. Entry into this market allows Tekna to sell a greater proportion of its powder yield - increasing total gross margin and reducing inventory.

Collaboration with TriTech to enable revolutionizing titanium part production

In June, Tekna announced a collaboration with TriTech Titanium Parts, a pioneering additive manufacturing company. Tekna provides titanium powder designed for the production of high-quality parts using binder jet 3D printing technology. TriTech is the very first company using titanium powders in production for binder jetting applications which has the potential for large volume manufacturing. Binder jet 3D printing has revolutionized the manufacturing industry, allowing to produce complex, lightweight, and durable parts with exceptional precision. This technology promises to unlock new possibilities in the production of titanium components for a wide range of industries, including aerospace, automotive, consumer goods, and medical.

Several plasma systems orders

During 2023, Tekna secured in total 12 new plasma systems orders. Notably, one order included the first sale of the new PlasmaSonic ICPT-15 system, a lab-scale, cost-effective model designed for materials testing and hypersonic program development.

Extended CAD 20M Agreement with Government Fund

In November, Tekna announced that the contribution agreement with the Canadian Federal Government's Strategic Innovation Fund (SIF), initially announced on June 28, 2018, had been amended and extended to March 31, 2027. Under the terms of this amendment, the maximum amount to be disbursed by the Canadian Federal Government remains unchanged at CAD 20 million. The SIF program aims to stimulate high-quality business investments across various sectors. It sup-

ports R&D initiatives that enhance technology transfer, commercialization of innovative products, services, and processes, and encourages the growth of innovative firms.

Microelectronics nickel nano pilot line in operation

Tekna's Nickel nano powder is a key material for the manufacturing of high-end Multi-Layer Ceramic Capacitors (MLCCs) and the company's strategic development initiatives with customers continued in 2023. Tekna's nickel nano pilot line is in operation. The scale-up of production will be phased to certification by and demand from customers.

Improved Governance

In 2023 Tekna reached a higher standard of governance. The company added two board members (one independent), received board approval for three new policies (Environmental policy, Anti-Corruption policy and Competition Law Compliance policy). Subsequent to the policies, it established the Ethics and Compliance Committee which reports to the Audit Committee. An online independent whistleblowing system was also implemented.

Financial review

The Board of Directors believes that the annual financial statements provide a true and fair view of the net assets, financial position and result of Tekna Holding ASA and the Group for the year. The Group's consolidated financial statements are presented in compliance with International Financial Reporting Standards (IFRS) as adopted by the EU, and the reporting currency is Canadian dollars (CAD).

Profit and loss

Revenue was CAD 40.9 million, a 52% increase from CAD 26.9 million in 2022. EBITDA was negative CAD 8.2 million compared to negative CAD 16.7 million in 2022. Adjusted EBITDA net of non-recurring charges was negative CAD 4.1 million compared to negative CAD 12.8 million in 2022. Tekna had a loss for the period of CAD 15.0 million, compared to a loss of CAD 22.5 million in 2022. Earnings per share were negative CAD 0.12, compared to negative CAD 0.17 in 2022.

Cash flow

Net cash from operating activities was negative CAD 12.9 million, compared to negative CAD 19.9 million in 2022, with improved profitability being the main contributor. Net cash used for investing activities was CAD 8.1 million, compared to CAD 6.8 million in 2022. Net cash from financing activities was CAD 19.9 million and is mainly related to changes in debts and loans, in particular new CAD 20 million loan and accrued interest of 1 million to Arendals Fossekompani ASA, compared to negative CAD 0.4 million of net cash from financing activities in 2022. Cash and cash equivalents at year-end were CAD 10.1 million, compared to CAD 11.4 at the end of 2022.

Financial position

Tekna's financial position at the end of the year showed a long-term debt/equity ratio of 0.69, compared to 0.10 at the end of 2022. Interest-bearing debt was CAD 22.1 million at year-end, while the cash position was CAD 10.1 million and total assets were CAD 76.3 million. Total equity as of 31 December 2023 amounted to CAD 38.4 million. The financial risk is moderated by a loan facility with Arendals Fossekompani ASA ("AFK") and low number of other debts. The credit risk is regarded as low, given that most customers are large multinational companies.

According to section 3-3a of the Norwegian Accounting Act, we confirm that the consolidated financial statements and the financial statements of the parent company have been prepared based on the going concern assumption, and that it is appropriate to make that assumption.

Tekna Holding ASA

The parent company Tekna Holding ASA is a holding company, with limited activity and a few corporate functions. Profit for the year was CAD 2.0 million, compared to negative CAD 320.1 million in 2022. The positive result of the year was due to interest income on intragroup loans.

Research and development

Investments in research and development (R&D) have been an important part of Tekna's strategy to develop new and innovative solutions and is expected to remain an important part of the company's strategy going forward. Tekna has a long-term ambition to invest significantly in R&D. The company's investments in R&D are critical to its near- and long-term goals and today represents 5.8 per cent of its total revenue.

Board of Directors' report (continued)

The undertakings likely future developments

Subsequent events

Employee Share Purchase Plan

On March 11th, 2024, the Board of Directors of Tekna Holding ASA (the "Company") has resolved to increase the Company's share capital by NOK 4 469 774 by issuing 2 234 887 new shares as part the settlement of the Company's employee share purchase plan (the "ESPP"). Under the ESPP, which was established on 18 February 2021, certain qualified employees purchased Class B Common shares in Tekna Holding Canada Inc ("Tekna Holding Canada"). Pursuant to the terms of the ESPP, there was a three-year lock-up period on these shares. The three-year lock-up period expired on 18 February 2024 and the ESPP has been settled by way of the employees transferring the Class B Common shares in Tekna Holding Canada to Tekna Holding ASA in exchange for the issuance of new shares in Tekna Holding ASA. Following this transaction, Tekna Holding Canada is a wholly owned subsidiary of Tekna Holding ASA. Following the registration of the share capital increase with the Norwegian Register of Business Enterprises, the Company's share capital will be NOK 254 924 466 divided into 127 462 233 Shares, each with a nominal value of NOK 2. Each share carries one vote at the Company's general meeting. The new shares shall carry rights to dividends from March 5, 2024, the date of registration of the capital increase with the Norwegian Register of Business Enterprises. The settlement of the ESPP will trigger tax for the relevant employees. To provide the employees with cash to cover payable taxes resulting from the settlement of the ESPP, Arendals Fossekompani ASA ("AFK") has agreed to purchase a total of 540 812 shares from the employees at the volume weighted average market price the last five days prior to the expiration of the lock-up period, NOK 8,0453 per share.

Loan

In March 2024, Tekna received the third tranche of CAD 5 million loan with Arendals Fossekompani ASA. This is the last tranche in the loan facility agreement. Further details available in note 16.

Going concern

The group announced additional financing in April 2023 and based on the situation at the end of 2023 as well as the forecast going forward the company is well-positioned to meet its obligations and continue its business for the foreseeable future. There have been no events to date in 2024 which significantly affect the result for 2023 or valuation of the company's assets and liabilities at the balance sheet date. The Board confirms that the conditions for the going concern assumption have been satisfied and that the financial statements for 2023 have been prepared on the basis of this assumption.

Board of Directors' report (continued)

Outlook

In 2024, Tekna continues to focus on improving margins by leveraging increased revenue and further enhancement of organizational productivity. The order backlog and available capacity supports revenue growth in 2024. The company remains committed to expanding in the additive manufacturing segment, which continues to be a fast-growing market with significant revenue potential. Tekna will also prioritize opportunities in microelectronics to secure a strong position in this market.

Tekna will have stronger focus on cash flow going forward. After a few investment-intensive years, the company plans to ease on capex for a period. Tekna has established a dedicated task force to increase sales of smaller and larger size powder fractions, which will improve cash conversion of inventory. The company's cash position remains satisfactory and the measures taken are expected to have a positive effect on cash flow.

Through R&D programs Tekna is continuously improving its machine performance and increasing capacity. In addition, a new machine will come online early 2024. With the expected increase in capacity, the company will be better equipped to meet rising demand, shorten delivery lead times, and boost sales.

Tekna has a strong pipeline of potential orders for Systems, namely for Plasmasonic wind tunnel solutions that are pivotal to the development of hypersonic flight and spacecraft.

In microelectronics, Tekna's development efforts continue with the industry leading customers. The company has also explored opportunities within energy storage but will remain focused on its existing operating segments for the time being.

Tekna's roadmap to profitability includes a focus on operational excellence, right sizing the organization, and prioritizing R&D efforts towards PlasmaSonic systems, additive manufacturing and microelectronics. The company will remain strategic in its approach to near-term revenue opportunities.

Tekna has established itself as a technology leader in today's global markets. The current environment is characterized by economic uncertainty, geopolitical instability, and an increasing demand for sustainable solutions. The company's strategy, technology, and products have gained significant relevance in this context, as its customers are increasingly transitioning towards new technology, moving manufacturing closer to markets, and considering more sustainable production processes. At the same time, economic uncertainty and high interest rates may have a dampening effect on the short term industry growth rate. Tekna expects any volatility in demand to be transitory and remains committed to addressing the market needs as it is poised for continued growth in the coming years.

Board of Directors' report (continued)

Description of the principal risks and uncertainties

Risk factors and risk management

Tekna's Enterprise Risk Management ("ERM") aims to contribute to the creation, optimization, and protection of enterprise value by managing Tekna's business risks as it creates value in the marketplace.

Tekna's Board of Directors is ultimately responsible for the governance of risk management. Tekna's Executive Leadership Team is responsible for the ERM, i.e. implementing and overseeing the application of efficient risk management processes. The employees of the Company are expected to follow the requirements defined in the Company's policies. Tekna's Board of Directors and Executive Leadership Team conduct risk assessments related to various dimensions and aspects of operations to verify that adequate risk management systems are in place.

As a global operator, Tekna is exposed to risk scenarios ranging from controllable risks, such as raw material price fluctuation, currency fluctuation, market changes, competition or fuel price volatility, to uncontrollable ones such as natural disasters. Supply chain disruptions in terms of lead times and shortages can have a significant impact on the company's business and financial performance.

Qualified labor shortages in the markets where Tekna operates can lead to challenges in retaining and recruiting talent. This could lead to increased pressure on the remaining workforce translating into unfilled client orders, declining competitiveness, a deteriorating product/service quality and eventually a slower growth rate.

Tekna is currently not able to sell the full production yield of additive metal powders at attractive prices, such that a provision of costs for the accumulation of inventory above sales levels is expensed at cost in the financial statements on an ongoing basis. This provision of costs thus limits the financial risk in the financial statements as presented, meanwhile there is a business risk given the uncertainty in timing of market development and higher sales volumes of the full production yield at attractive prices.

The Company's subsidiary and the operating company of the Group, Tekna Plasma Systems Inc., is currently involved in a dispute with AP&C Advanced Powders & Coatings Inc. regarding competing patent rights for producing titanium powder in Canada, and more precisely to a specific patent which is part of the same patent type as one of the Group's significant patents. Court proceedings have taken place in the fourth quarter of 2022 and the Company is still awaiting a ruling. If the dispute is not resolved in favor of Tekna Plasma Systems Inc., there is a risk that the Group's production and sales of titanium powder in Canada may be restricted, which could have a negative effect on the Group's business operations.

The Group's business is subject to price and exchange rate risk. There is no guarantee that the Group will be able to obtain the expected prices for its metal powders and plasma systems, and any change in the market conditions, including in the global technology and powder markets or in a specific regional and/or end markets in which the Group operates, could lead to lower sales prices or volumes of the Group's products and systems.

The most material climate risks in the short and medium term are physical risks in the supply chain and in Tekna's own operations. There is a risk of extreme weather events impacting Chinese suppliers and their ability to supply Tekna with titanium and nickel. Also, higher temperatures put the health and safety of suppliers' workers in China at risk. Physical climate risks might also impact goods transportation. In the medium and long term, physical risks might impact where the company considers establishing new production locations. A more detailed description is to be found in the Sustainability report included in that annual report and available on the company's website from 11 April.

Board of Directors' report (continued)

Corporate Governance statement

The Company is subject to corporate governance reporting requirements as defined in the Norwegian Accounting Act, section 3-3b and the Norwegian Code of Practice for Corporate Governance (the "Code") available at www.nues.no. Reference is made to the Corporate Governance Report, which is included in the annual report and will be published on the company's website on 11 April.

Tekna launched a new online independent whistleblowing system. New compliance policies were approved by the board and are in implementation, namely the Competition Laws Compliance Policy and New Anti-Corruption policy in line with principle 10 of the UN Global Compact[2]. These policies also included the creation of the Ethics and Compliance Committee which reports to the Audit Committee. We continued to train our employees in cyber security. In 2023 two additional board members joined Tekna for a total of seven directors at year-end.

Tekna's Board of Directors has the overall responsibility for ensuring that the company has a high standard of corporate governance. The Company's corporate governance model is designed to provide a foundation for long-term value creation and to ensure good control. The Board has adopted a corporate governance policy to safeguard the interests of the company's shareholders, employees and other stakeholders. The policy describes the company's main principles for corporate governance and addresses the framework of guidelines and principles regulating the interaction between the company's shareholders, the Board of Directors and the Executive Leadership Team. These principles and associated rules and practices are intended to increase predictability and transparency, and thus reduce uncertainties related to the business. The company follows the Norwegian Code of Practice for Corporate Governance. The company's practice is largely in accordance with these recommendations.

Tekna Holding ASA is a public limited company and is organized under Norwegian law with a governance structure based on Norwegian corporate law and other regulatory requirements. The company's shares are freely transferable and are not subject to ownership restrictions pursuant to law, licensing conditions, articles of association or similar restrictions.

Currently, Tekna has seven Board members, none of whom are members of the company's management. Three Board members are independent of company management and significant business partners.

Four Board members, including its Chair Dag Teigland elected in 2022, have an affiliation with Arendals Fossekompani ASA, Tekna's main shareholder. The Audit Committee consists of one dependent and one independent Board member.

The Board members and the Executive Leadership Team are covered by liability insurance. The policy has worldwide coverage, and in addition to financial loss, it provides cover for aggravated, punitive and exemplary damages imposed on the insured, where these are insurable by law.

Board members Dag Teigland and Ann Kari Heier visit the Sherbrooke manufacturing site, posing in front of a PlasmaSonic system set up for testing at Tekna plant together with Luc Dionne (CEO), Espen Schie (CFO) and Sophie Burgaud (VP).

2: Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Board of Directors' report (continued)

Sustainability statements

Please refer to the Sustainability Report included in the annual report 2023.

To prepare for the CSRD, or Corporate Sustainability Reporting Directive, Tekna structured the sustainability reporting in accordance with the European Sustainability Reporting Standard ahead of fully complying with the requirements in the upcoming years. The sustainability statements are consistent with the financial statements in terms of undertaking (Tekna Holding ASA and its subsidiaries) and reporting period (1 January to 31 December 2023).

This report is in accordance with Section 3-3c of the Norwegian Accounting Act regarding corporate social responsibility and more extensive ESG reporting is available in the annual report and on the company's website from 11 April.

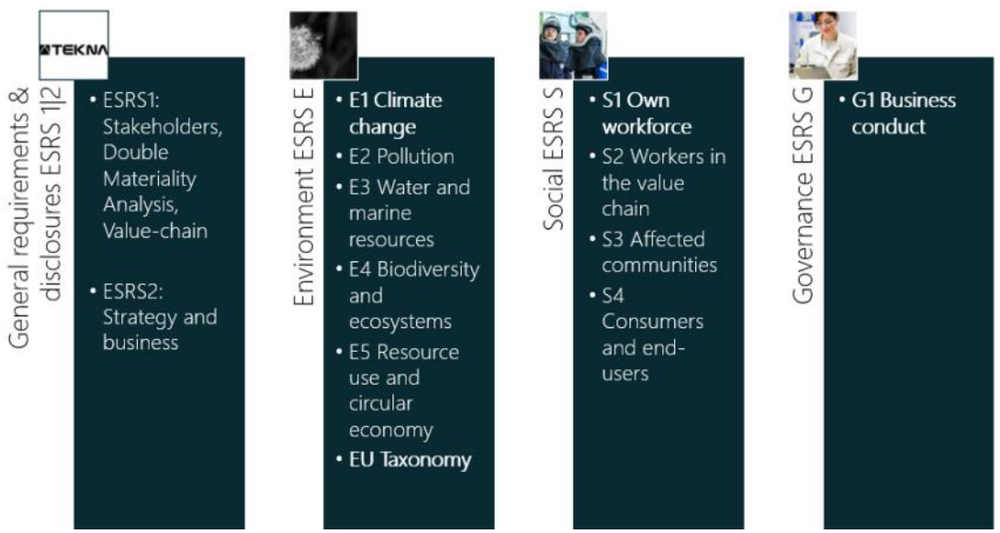


Figure 1: extract of European Sustainability Reporting Standard

General requirements and disclosers [ESRS 1&2]

Tekna Group ("Tekna") has integrated sustainability at the highest level of its corporate strategy, starting with its new company vision: "To advance the world with sustainable material solutions, one particle at a time."

Subsequent to that Tekna has defined its Sustainability Commitment (also referred to as green mission) as:

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

To ensure employees understand its importance, it is also anchored in the company value "We strive for excellence" with the following subtext: "We aim for exceptional quality in everything. We are personally committed to achieving our mission while caring for environmental sustainability and regeneration, safety, and the well-being of our people and the success of our customers."

Tekna strives to maintain an open dialogue with its stakeholders and throughout the year engages with employees and other workers, customers and end-users, suppliers, local communities and authorities and investors. In 2023 Tekna held stakeholder interviews with customers, employee representatives, investors, a trade association and the local government.

A double materiality analysis takes into account two perspectives: the impact Tekna's activities have on its surroundings (impact materiality) and the impact climate change may have on the company (financial materiality).

Tekna's double materiality analysis dates back to 2021 and is available in the GRI report 2023. In 2024 the Executive Leadership Team will work with stakeholders to review and update it. Tekna has a good understanding of its own positive and negative impacts. It is slowly progressing to get a better grasp on the impacts in its value chain.

Tekna is a signatory of the United Nations Global Compact and an active member of the Additive Manufacturing Green Trade Association.

link *ESG-related reports*

Board of Directors' report (continued)

Environmental information

Tekna's environmental impact is two-fold. Tekna has a positive environmental impact through developing products which enable a green transition in line with United Nations Global Compact principle 9[3] and as substantiated per the EU taxonomy. Tekna produces metal powders for Additive Manufacturing ("AM") that significantly reduces the metal consumption in product manufacturing processes downstream and simplifies the supply chain, transport and warehousing logistics by reducing the number of parts in mechanical assemblies. In the application of AM, parts in aeroplanes and vehicles are usually lighter and therefore more energy efficient (less weight, less fuel consumption). On the other hand, the company also has an environmental impact from internal business operations such as emissions from employee commutes, business travels, energy consumption at the company's locations and waste generation.

Tekna started climate accounting in 2019 and continues to gain insights on its footprint, particularly for up- and downstream GHG emissions (scope 3). For scope 1 and 2 Tekna has already committed to an absolute reduction of 50% by 2030 over 2021. The carbon accounting was updated in 2023 using CEMAsys' digital solution, and a full overview can be found in the Emissions Accounting report on the company's website.

The activities covered by the environmental permit as delivered by the Quebec Ministry of Environment, are metallic powders manufacturing and induction plasma systems and auxiliary manufacturing. The manufacturing of both metallic powders and induction plasma systems has relatively low environmental risks. Hazardous waste, mostly from R&D and limited in volume, is stored and treated according to regulations, air emissions are purified when needed, and wastewater is treated before being disposed of. There are low CO2 emissions in our production process. The production of Nickel nano powder is in the industrialization phase, and risk analyses and mitigating measures are being put in place as the team proceeds in this project.

Climate change [ESRS E1]

Strategy

Tekna's approach to environmental sustainability, within all aspects of our business operations, is based on two main pillars:

- Minimising our environmental footprint - Dedicated to avoiding and minimising any adverse environmental impacts linked to our business operations. This includes adverse impacts as a result of Tekna's business operations directly, as well as any indirect impacts such as impacts related to business partners, suppliers and other third parties. The ultimate goal is to become climate neutral (without relying on carbon offsetting) by reducing more greenhouse gas (GHG) emissions than the Tekna value chain emits, while growing the business.
- Promoting environmental sustainability - Dedicated to improving resource efficiency and sustainability across the value chains we operate in. This includes developing new and improving existing sustainable technologies and products that are resource efficient, eco-friendly, recyclable, recoverable and best in class in terms of environmental sustainability.

Tekna shall prioritise its efforts within environmental sustainability based on the double materiality assessments.

Company value: We strive for excellence

Operationalization

Guidelines:	Quantifiable targets:	Action plan
Environmental policy Sustainable events policy Employee Handbook	Scope 1 and Scope 2: 50% absolute reduction of CO2 emissions by 2030 compared to baseline 2021. 100% Carbon neutral by 2050	Estimate scope 3 upstream and downstream remaining categories and set reduction targets Ensure budget planning to execute on decarbonization plan Update climate risk assessment and Quantify potential financial effects linked to significant physical and transition risks and climate related opportunities

Measurement	2023	2021 (baseline)
Scope 1	589 tCO2e (+2%)	577 tCO2e
Scope 2	30 tCO2e (-29%)	42 tCO2e
Scope 3 (incomplete)	248k tCO2e	n/a
Renewable energy share (location-based)	72% (+6pp)	66%
Energy intensity per kg of metal powder	12.4 kWh/kg (-24%)	16.3kWh/kg (vs 2019 baseline)

3: Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Board of Directors' report (continued)

Summary of Disclosures pursuant EU Taxonomy regulation (Article 8)

Refer to the EU taxonomy report which will be released on April 11.

As part of the European Union's Green Deal, the EU Taxonomy is a classification system for sustainable economic activities, consisting of the following six environmental objectives:

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

Only climate change mitigation and climate change adaptation following *Commission Delegated Regulation (EU) 2020/852* are required for the 2023 reporting in Norway.

Tekna's activities are all deemed eligible under the economic activity: 3.6 Manufacture of other low carbon technologies (CCM). The production of additive material powders meets all the criteria and is also reported as aligned. PlasmaSonic is deemed aligned and supporting documentation needs to be obtained in order to report it as such.

Activity assessment

Production of additive material powders: Eligible and aligned

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

Production of PlasmaSonic wind tunnels: Eligible, not aligned.

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

Production of turnkey plasma systems: Eligible

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

(Development and) Production of Nanomaterials for MLCC: Eligible

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

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

Do no significant harm

For all activities the criteria for Climate Change Adaptation, Water and Marine Resources, Circular Economy, Pollution Prevention and Control and Biodiversity and Ecosystems have been assessed and are considered met.

Minimum Safeguards

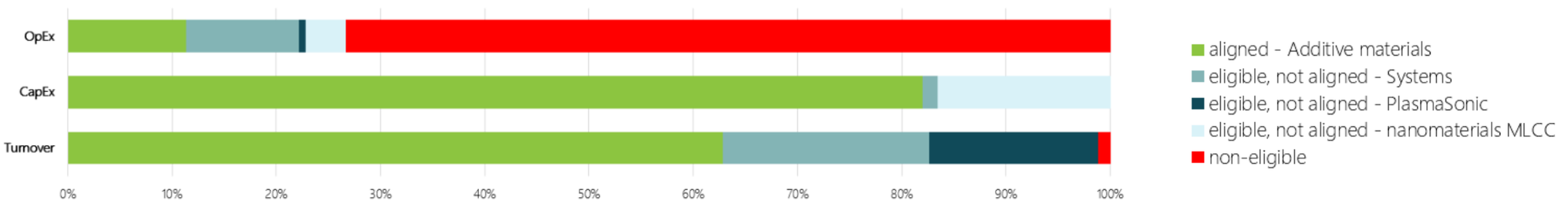
Minimum safeguard requirements are defined in article 18 of the EU Taxonomy regulation. According to which, an undertaking shall implement procedures to ensure the alignment with:

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

These requirements are considered met.

For further information on the process, considerations and assessment results, accounting policies, etc, please refer to the full EU taxonomy report for details.

Figure 1: Distribution of eligibility and alignment out of the 100% Turnover, CapEx and OpEx as per the consolidated Financial Statements



Social information

Through the development of its policies, training and (future) audits Tekna aims to ensure the two human rights and four labor-related principles of the United Nations Global Compact[4] are fully adhered to in its operations and its value-chain.

Own workforce [ESRS S1]

The competence of our employees represents a major asset and competitive advantage for Tekna. At the end of 2023, the Group employed a total of 222 people.

The number of employees were divided across locations as follows:

Norway:	0	(0)
Canada:	186	(179)
France:	31	(31)
China:	4	(4)
South Korea:	1	(2)
USA:	0	(0)

Working conditions

Strategy

Tekna understands the value of its workforce and works in ongoing dialogue to improve the corporate culture, the workplace and conditions. Well-being and work/life balance are an important part of this.

At Tekna, health and safety are integral parts of our growth strategy and long-term success. We are committed to establishing and promoting a culture that prioritizes health and safety in the workplace through continuous improvement, involving all employees.

Company value: We strive for excellence

Refer to the GRI report 2023 on the website for further details on our OHS approach and KPIs (www.tekna.com/esg | GRI 403).

Operationalization

Guidelines:	Quantifiable targets:	Action plan
Code of Conduct and Ethics	Zero fatalities, zero high consequence injuries	Improve safety culture maturity (Bradley curve)
Employee handbook	10% reduction per year on the Severity index	Continuous training and risk assessments
OHS policy	95% of behaviour audits completed compared to annual audit plan	Root cause analyses of any and all incidents
Zero tolerance policy	90% of risk analyses completed	Encourage social dialogue through CORE employee committee
OHS employee training plan		Risk analysis of general activities (ergonomics, circulation, etc.)
OHS Management Committee		
OHS Committee		
CORE employee committee		

Measurement	2023	2022
Fatalities	0	0
High consequence injuries[5]	1	0
Lost Time Injury Frequency Rate (LTIFR)[6]	8.1	2.7
Sick leave	3%	3%

5: As per GRI 403-9 a high-consequence work-related injuries is defined as an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within six months.| 6: LTIFR: shows the average number of injuries occurring over 1 million working hours. LTIFR is calculated as: ([Number of injuries from work situations in the reporting period] x 1,000,000) / (Total hours worked in the reporting period).

Equal treatment and opportunities for all

(Activities on gender equality and non-discrimination)

The Executive Leadership Team has five male and two female members. Out of 42 managers (non-executive managers with employees reporting to them) 29 per cent (24%) were female. Tekna aspires to substantially increase the share of female employees and is working through the employee life cycle to see where measures could be implemented to enhance diversity across the organization. Tekna's workforce comprises 25 different nationalities, of which 139 are Canadian and 83 are non-Canadian employees.

Already in 2022 Tekna transitioned to a workers compensation system that ensures equality, based on an objective job evaluation method that positions employees on the relative value of their jobs. This system is compliant with the legal requirements prescribed by the Commission for labor standards, pay equity and occupational health and safety (CNESST) of the Province of Quebec. In France with the new collective agreement for Metallurgy that started on January 1, 2024, equity is ensured among jobs. Therefore, the average pay for men and women vary due to differences in job categories and years of service, not because of gender. No gender-based differences exist with regard to working hour regulations or the design of workplaces.

The Remuneration policy on determination of salary and other remuneration for leading persons was approved by the Extraordinary General Meeting in October 2022 and a full disclosure can be found in the separate Remuneration report. Guidelines for remuneration of leading persons are available in the Corporate Governance Policy on the company's website.

Quebec (Canada) and France have strong legislation on discriminatory harassment in the workplace. In 2021 Tekna implemented its Sup-

4: The Ten Principles | UN Global Compact |

Board of Directors' report (continued)

plier Code of Conduct and in 2022 the Employee Code of Conduct. Both Codes clearly reject any form of discrimination and emphasize the importance of respect and civility. It also includes a clear process for reporting and dealing with inappropriate behavior.

Tekna is committed to ensuring that people with different backgrounds, irrespective of ethnicity, gender, religion, sexual orientation or age, have the same opportunities for work and career development at Tekna.

Strategy

Tekna is committed to ensuring that people with different backgrounds, irrespective of ethnicity, gender, religion, sexual orientation or age, have the same opportunities for work and career development at Tekna.

Ensuring diversity and inclusion starts with creating awareness and fostering an open speak-up culture. A framework of guidelines, processes and systems, as well as training for our leadership and employees enables continuous improvement. Unbiased skill-based recruitment, addressing the gender pay gap, mentorships and work-life balance are part of our strategy.

Operationalization

Guidelines:	Quantifiable targets:	Action plan
Code of Conduct and Ethics	50% female Board of Directors	New performance program
Employee handbook	50% female management	Develop understandable Human Rights policy
Work Harassment policy		
Workers' compensation equity system		
Remuneration policy on determination of salary and other remuneration for leading persons		

Measurement[7]	2023	2022
Women in Board	57%	40%
Women in workforce	27%	26%
Unadjusted gender pay gap[8]	2.95%	9.16%

7: Refer to the GRI report 2023 on the website for further statistical mapping on gender equality (www.tekna.com/esg | GRI 405 - 406). | 8: Unadjusted gender pay gap' is defined as the difference between average gross hourly earnings of man and women expressed as a percentage of the average gross hourly earnings of men. Tekna group.

Workers in the value chain [ESRS S2]

The Norwegian Transparency Act went into effect in July 2022. Tekna is following the obligations related to this law and will report accordingly. The 2023 Human Rights and Transparency Act report will be published on the website of the company: www.tekna.com/esg.

Tekna takes its social responsibility seriously and continues to embed human rights into company-wide governance and compliance programs. Both Employee and Supplier code of conduct addressing the topic are in place. Tekna is working to ensure compliance with fundamental human rights and acceptable working conditions in our supply chains and with their business partners. For our Supplier assessments we continue our collaboration with Factlines AS.

With suppliers we mitigated (potential) adverse impacts. 80 per cent of Tekna's global spend comes from suppliers based in the EU or NA, which we deem well-governed by legal standards. The remaining 20 per cent, approximately, is spent on a key raw material, i.e. titanium, supplied by two regularly audited manufacturers in China. Both are well-established and qualified suppliers to major western industrial conglomerates. Early 2023, raw material suppliers in China were audited and no human rights violations were observed, and both partners were showing visible care for the well-being of their employees (security equipment, safety reminders & practices).

We have addressed the issue of tantalum and tungsten, sometimes conflict minerals, by asking our suppliers to certify the "non-conflict" provenance of the material.

Board of Directors' report (continued)

Governance information

Tekna sets high ethical standards, and communication with the outside world is to be open, clear and honest.

Business Conduct [ESRS G1]

Strategy

Ensuring proper business conduct within Tekna is based on putting in place guidelines, processes, systems and training for our leadership and employees, demonstrating a zero tolerance for infringement as well as performing due diligence in selecting and cooperating with business partners.

Company value: We build trust

Operationalization

Guidelines:	Quantifiable targets:	Action plan
Corporate Governance policy	Zero compliance incidents	Further implement Independent whistle-blower solution
Code of Conduct and Ethics	Code of Conduct and Ethics signed by all employees	Ethics and Compliance Committee
Supplier Code of Conduct	Complete due diligence with top 25 highest-risk suppliers	Employee Training on CoC and Compliance policies
Anti-Corruption policy		Update authorisation matrix and 4-eye principle
Competition law compliance policy		Evolve Supplier Code of Conduct to a Business partner Code of Conduct
Donations and Sponsorships Policy		Complete due diligence with top 25 highest-risk suppliers
Routine - Transparency Act		
Employee handbook		

Measurement	2023	2022
# of reported incidents/ breach CoC	0	1
CoC signed	78%[9]	91%
# of corruption cases	0	0
Whistleblower reports	1[10]	0
Completed supplier due diligence	9	4

9: 100% by March 31, 2024 | 10: The Independent whistleblower solution came online in December 2023. We received one submission related to the nature of Tekna's business in relation to mining and the defense industry.

Board of Directors' report (continued)

Declaration by the Board of Directors and CEO

We hereby confirm that, to the best of our knowledge, the consolidated annual financial statements for 1 January to 31 December 2023 have been prepared in accordance with applicable accounting standards and that the information in the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the company. We confirm that the financial statements give an accurate and fair view of the development, profit and position of the company, as well as a description of the principal risks and uncertainties it is facing.

Arendal, 10 April 2024

The Board of Directors and CEO

Tekna Holding ASA

This document was electronically signed.

Dag Teigland Chair of the Board	Torkil Sigurd Mogstad Member of the Board	Barbara Thierart-Perrin Member of the Board
Anne Lise Meyer Member of the Board	Kristin Skau Åbyholm Member of the Board	Lars Magnus Eldrup Fagernes Member of the Board
Ann-Kari Amundsen Heier Member of the Board	Luc Dionne CEO	

"We would like to express our gratitude to all of Tekna's employees for their dedication and contributions to the company's growth and success."

From left to right: Torkil Mogstad (BoD), Arina van Oost (ELT), Espen Schie (ELT), Luc Dionne (ELT), Anne Lise Meyer (BoD), Dag Teigland (Chair), Remy Pontone (ELT), Kristin Åbyholm (BoD), Lars Magnus Fagernes (BoD).
Note: the Executive Leadership Team (ELT) are not part of the Board of Directors

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Parent Financial Statements

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Notes to the Parent Financial Statements

Consolidated Financial Statements

Income Statement

Amounts in CAD 1000	Note	FY2023	FY 2022
Revenues	2	40,888	26,889
Other income	3	991	767
Materials and consumables used		22,658	17,540
Employee benefit expenses	4	17,143	16,009
Other operating expenses	5	10,248	10,835
EBITDA		-8,170	-16,727
Depreciation and amortisation	10, 11	4,222	3,978
Net operating income/(loss)		-12,391	-20,706
Share of net income (loss) from associated companies and joint ventures		-608	-1,510
Finance income	17	233	144
Finance costs	17	777	332
Profit/(loss) before income tax		-13,543	-22,404
Income tax expense	6	1,467	114
Profit/(loss) for the period		-15,009	-22,517
Attributable to equity holders of the company		-14,422	-21,688
Attributable to non-controlling interests		-587	-829
Basic earnings per share		-0.12	-0.17
Diluted earnings per share		-0.12	-0.17

Other Comprehensive Income

Amounts in CAD 1000	Note	FY2023	FY 2022
Items that may be reclassified to statement of income			
Exchange differences on translation of foreign operations		-49	-178
Items that may be reclassified to statement of income		-49	-178
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		-49	-178
Total comprehensive income/(loss) for the period		-15,058	-22,696
Attributable to equity holders of the company		-14,470	-21,876
Attributable to non-controlling interests		-589	-820

Consolidated Financial Statements (continued)

Balance sheet

Amounts in CAD 1000	Note	31.12.2023	31.12.2022
Non-current assets			
Property, plant and equipment	10	23,894	19,240
Intangible assets	11	7,785	8,537
Associated companies and joint ventures	20	0	579
Non-current receivables	12	4,531	5,339
Deferred tax assets	6	-	-
Total non-current assets		**36,210**	**33,696**
Current assets			
Inventories	7	17,607	20,592
Contract assets	2	3,905	167
Trade and other receivables	8	8,394	7,880
Cash and cash equivalents	9	10,148	11,364
Total current assets		**40,054**	**40,003**
Total assets		**76,264**	**73,699**

Amounts in CAD 1000	Note	31.12.2023	31.12.2022
Equity			
Share capital and share premium	18	494,956	494,956
Share premium		-	-
Other reserves		-455,405	-440,934
Capital and reserves attributable to holders of the company		**39,552**	**54,022**
Non-controlling interests		-1,197	-609
Total equity		**38,354**	**53,413**
Non-current liabilities			
Borrowings	16	24,662	4,119
Lease liabilities	13	773	1,161
Deferred tax liabilities	6	1,163	-
Total non-current liabilities		**26,598**	**5,280**
Current liabilities			
Bank loan	15	-0	1,197
Lease liabilities	13	595	459
Trade and other payables	14	4,875	7,852
Provision for warranties		137	130
Contract liabilities	2	2,442	2,647
Other current liabilities	14	2,860	2,189
Borrowings short-term portion	16	402	532
Total current liabilities		**11,311**	**15,006**
Total liabilities and equity		**76,264**	**73,699**

Arendal, 10 April 2024

The Board of Directors and CEO of Tekna Holding ASA

This document was electronically signed.

Dag Teigland Chair of the Board	Barbara Thierart-Perrin Member of the Board	Torkil Sigurd Mogstad Member of the Board	Anne Lise Meyer Member of the Board
Kristin Skau Åbyholm Member of the Board	Lars Magnus Eldrup Fagernes Member of the Board	Ann-Kari Amundsen Heier Member of the Board	Luc Dionne CEO

Consolidated Financial Statements (continued)

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 2022		494,956	-419,058	75,899	211	76,109
Profit/(loss) for the period		-	-21,688	-21,688	-829	-22,517
Other comprehensive income/(loss)		-	-187	-187	9	-178
Balance at 31 December 2022		494,956	-440,934	54,022	-609	53,413
Balance at 1 January 2023		494,956	-440,934	54,022	-609	53,413
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	38,354

Consolidated Financial Statements (continued)

Cash flow

Amounts in CAD 1000	Note	FY2023	FY 2022
Cash flow from operating activities			
Net profit/(loss)		-15,009	-22,517
Depreciation, amortization and impairment	10, 11	4,222	3,978
Variation in deferred taxes	6	1,163	-
Interest accretion on LT debt	16	345	290
Discounted value of long-term loan	16	-1,234	-640
(Gain)/Loss from sales of assets		9	-
Share of results from associated companies and joint ventures		608	1,510
Total after adjustments to profit before income tax		-9,896	-17,379
Change in Inventories	7	2,985	-6,177
Change in other assets		-3,443	-1,070
Change in other liabilities		-2,504	4,699
Total after adjustments to net assets		-12,859	-19,927
Net cash from operating activities		-12,859	-19,927
Cash flow from investing activities			
Proceeds from the sales of PPE		-	-
Purchase of PPE and intangible assets	10, 11	-8,133	-5,965
Other investing activities		-	-816
Purchase of shares in subsidiaries		-	-
Net cash flow from investing activities		-8,133	-6,781

Amounts in CAD 1000	Note	FY2023	FY 2022
Cash flow from financing activities			
Proceeds from issue of shares		-	-
Proceeds from issue of shares in THC		-	-42
Increase (decrease) of bank loan	16	-1,197	-2,536
New loan	16	22,484	3,317
Repayment of loan	16	-839	-263
Repayment of lease liabilities	16	-596	-874
Net cash flow from financing activities		19,853	-398
Net increase in cash and cash equivalents		-1,139	-27,105
Cash and cash equivalents at the beginning of the period		11,364	38,649
Effects of exchange rate changes on cash and cash equivalents		-77	-180
Cash and cash equivalents at end of the period		10,148	11,364

Notes to the Consolidated Financial Statements

Organization and accounting principles

Organization

Tekna Holding ASA ("Company") is domiciled in Norway, and with the Group's headquarters located in Sherbrooke, Canada. It manufactures products from thermal plasma processes and produces thermal plasma systems. The consolidated financial statements for financial year 2023 include the company and its subsidiaries (as a whole, referred to as the "Group").

The Company was incorporated on 30 June 2020. The Company's audited financial statements for 2023 have been prepared in accordance with IFRS® Accounting Standards as adopted by the EU and associated interpretations, as well as Norwegian disclosure requirements pursuant to the Norwegian Accounting Act applicable as of 31 December 2023. Following the admission to trading on Euronext Growth Oslo in 2021 and Oslo Stock Exchange per 1 July 2022, the Group has reported consolidated financial statements in accordance with IFRS, with the Company as the parent company, including quarterly financial statements.

Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to the previous year presented, unless otherwise stated.

Basis for preparation

The consolidated financial statements have been prepared in accordance with International IFRS® Accounting Standards as adopted by the EU and associated interpretations, as well as Norwegian disclosure requirements pursuant to the Norwegian Accounting Act applicable as of 31 December 2023. The consolidated financial statements were approved by the board of directors on 10 April 2024. The company was incorporated on 30 June 2020 but did not have any activity before Arendals Fossekompani ASA ("AFK") increased the share capital by contribution in kind in form of shares in Tekna Holding AS on 11 March 2021. The transaction represents a capital reorganization and is not in scope of IFRS 3 Business combinations. Management has determined that predecessor accounting best reflects the economic substance of the transaction, since AFK's ownership and control is not changed as a result of the transaction. The financial statements are based on predecessor values from Tekna Holdings Canada Inc.'s consolidated financial statements. To be able to provide relevant historical financial information, predecessor accounting is applied retrospectively, and the financial statements are therefore presented based on the assumption that the transaction was completed 1 January 2019 (opening balance for these financial statements). The financial statements have been prepared using the historical cost principle, except for financial instruments at fair value through profit or loss. The Group recognizes changes in equity arising from transactions with owners in the statement of changes in equity. Other changes in equity are presented in the statement of other comprehensive income. Preparation of financial statements in accordance with IFRS requires the use of assessments, estimates and assumptions that influence which accounting policies shall be applied, and influence recognized amounts for assets and liabilities, revenues, and costs. Actual amounts can deviate from estimated amounts. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognized in the period in which they arise if they only apply to that period. If the changes also apply to subsequent periods, the effect is allocated over the current and subsequent periods.

Accounting policies

The accounting policies applied in the preparation of the consolidated financial statements are described below. In case that subsidiaries have used other principles to prepare their separate annual financial statements, adjustments have been made so the consolidated financial statements are prepared according to common policies.

Principles of consolidation

Business combinations

The acquisition method of accounting is used to account for the acquisition of shares that lead to control over another company. The Group's consideration is allocated to identifiable assets and liabilities. These are recognized in the consolidated financial statements at fair value at the date when control is obtained. Goodwill is calculated when the consideration exceeds identifiable assets and liabilities:

- The consideration transferred; plus
- Any non-controlling interest in the acquired entity; plus, any gradual acquisition, the fair value of existing shareholdings in the acquired entity; less
- Net value (normally fair value) of identifiable net assets included in the transaction

If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase. If the business combination is achieved in stages, the investment changes classification from associated company to subsidiary, the upward adjustment of the existing shareholding at fair value is recognized as a gain in the income statement. A buyout of non-controlling interests is considered a transaction with owners and does not require a calculation of goodwill. Non-controlling interests for such transactions are adjusted based on a proportionate share of the subsidiary's equity.

Notes to the Consolidated Financial Statements (- Note Organization and accounting principles—continued)

Losses in the parent company's financial statements

When an investment is reclassified from fair value through other comprehensive income to subsidiary or associated company, the investment's carrying amount at the time control or significant influence is obtained is used as recognized cost.

Subsidiaries

Subsidiaries are all entities over which the Group has control. Control exists when the investor is exposed or has rights to variable returns from its investment in the company and when it has the ability to influence the return through its power over the company. To determine the level of control, the potential voting rights that can be exercised or converted must be considered. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Associated companies

Associated companies are entities where the company and/or the Group has significant influence, but not control over financial and operational management. Significant influence is assumed to exist when the Group has between 20 per cent to 50 per cent of the voting rights in a company. The consolidated financial statements include the Group's share of the profits/losses from associated companies are accounted for using the equity method, from the date significant influence was achieved until it ceases.

Elimination of intercompany transactions

Intercompany transactions, balances and unrealized gains and losses on transactions between group companies are eliminated.

Foreign currency translation

Functional and presentation currency Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). All amounts disclosed in the consolidated financial statements have been rounded off to the nearest thousand CAD units unless otherwise stated. From the date of incorporation, the functional currency of the parent company has been determined to be Norwegian kroner (NOK) due to its ties to Arendals Fossekompani ASA and predominantly NOK financing. With effect from 1 January 2022, the parent company changed its functional currency from NOK to CAD to reflect the Group's current financing, underlying operations and reduced ties to AFK.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognized in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognized in other comprehensive income.

Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates, and
- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognized in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Notes to the Consolidated Financial Statements (- Note Organization and accounting principles—continued)

Revenue recognition

Revenues from contracts with customers

Under IFRS 15, Tekna recognizes as revenue the agreed transaction price in a contract with a customer at the time when the Group transfers the control of a distinct product or service to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services. For each performance obligation identified at the inception of the contract, it is separately determined if those performance obligations are satisfied at a point in time or on an over-time basis. Revenue regarding each performance obligation is recognized when that performance obligation is satisfied. Consequently, revenue is recognized in full upon completion of a contract if it includes only one performance obligation or more than one performance obligations that are satisfied at the same time. The Group's main revenues come from the sale of metal powders and delivers plasma systems for powder production of advanced materials. There are several types of customer contracts depending on what the customer needs. Some contracts may include only one type of service while other contracts include two or more types of services, hence the transaction price will be allocated between different types of revenue depending on the performance obligation.

Transaction price - Sale of metal powders

The Group determines the transaction price to be the amount of consideration which it expects to be entitled in exchange for transferring the promised goods and services to the customer, net of discounts and sales related taxes. Sales related taxes are regarded as collected on behalf of the authorities. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

Fixed price contracts - Sale of plasma systems for powder production of advanced materials

The Group transfers control of plasma systems over time, and therefore, satisfies a performance obligation and recognizes revenue over time. The asset has no alternative use and the entity has enforceable right to payment for performance completed to date. Revenue from manufacturing and distribution of thermal plasma systems are recorded under the percentage-of-completion method. Under this method, contract income and profits are recognized proportionally with the degree of completion of work when persuasive evidence of an arrangement exists, the sales price is fixed or determinable and collection is reasonably assured. The degree of completion is determined using the cost-to-cost method, which consists in comparing the actual costs incurred with the total expected costs.

Contract balances

Contract balances consist of client-related assets and liabilities. Contract assets relate to consideration for work complete, but not yet invoiced at the reporting date. The contract assets are transferred to trade receivables when the right to payment has become unconditional, which usually occurs when invoices are issued to the customers. When a client pays consideration in advance, or an amount of consideration is due contractually before transferring of the license or service, then the amount received in advance presented as a liability.

Contract liabilities represent mainly prepayments from clients for unsatisfied or partially satisfied performance obligations in relation to licenses and services. Contract assets are within the scope of impairment requirements in IFRS 9. For contract assets the simplified approach is applied, and the expected loss provision is measured at the estimate of the lifetime expected credit losses.

Income tax

Income tax on the profit for the period consists of current and deferred tax. Income tax is recognized in the income statement with the exception of tax on items that are recognized directly in equity or in other comprehensive income. The tax effect of the latter items is recognized directly in equity or in other comprehensive income. Current tax is the forecast tax payable on the year's taxable income at current tax rates at the balance sheet date, and any adjustments of tax payable for previous years less tax paid in advance. Deferred tax liabilities are calculated based on the balance sheet-oriented liability method taking into account temporary differences between the carrying amount of assets and liabilities for financial reporting and tax values. The following temporary differences are not considered: goodwill not deductible for income tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries that are not expected to reverse in the foreseeable future. The provision for deferred tax is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, measured at the tax rates in force at the balance sheet date. Deferred tax assets are recognized only to the extent that it is probable that the asset can be utilized against future taxable results. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax asset will be realized. Tax assets that can only be utilized via group contributions from the parent company are not recognized until the contribution has actually been paid and is recognized in the individual companies.

Notes to the Consolidated Financial Statements (- Note Organization and accounting principles—continued)

Leases

The company's and the group's leases consist mainly of office space, machines, cars, IT equipment and other office machines. Assets and liabilities arising from a lease are initially measured on a present value basis.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and restoration costs.

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option,
- and payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions.

Trade receivables

Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognized at fair value. They are subsequently measured at amortized cost using the effective interest method, less loss allowance. See note 8 for further information about the group's accounting for trade receivables.

Inventories

Raw materials and stores, work in progress and finished goods are recognized at the lower of cost and net realizable value. Net realizable value is the estimated sales price in ordinary operations, less the estimated costs for completion and sales costs. Cost is based on an average historical cost for raw material and includes costs incurred upon procurement of goods and the costs of bringing them to their present condition and location. For finished goods and work in progress, cost is calculated as a share of the indirect costs based on normal utilization of capacity.

Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments consist of investments in debt and equity instruments, trade and other receivables, cash and loans, trade payables and other debts.

Trade and other receivables that fall due in less than three months are not discounted. Non-derivative financial instruments are measured on initial recognition at fair value plus any directly attributable transaction costs. After initial recognition, the instruments are measured as described below.

Notes to the Consolidated Financial Statements (- Note Organization and accounting principles—continued)

Interest-bearing loans are valued at fair value less transaction costs on initial recognition in the balance sheet. Instruments are subsequently measured at amortized cost, with any differences between cost and redemption value recognized over the term of the loan as part of the effective interest rate.

Financial assets are derecognized when the contractual rights to the cash flows from an asset expire, or when the Group has transferred the contractual rights in a transaction where the risk and return of ownership of the financial asset have substantively been transferred.

Financial assets classified as held for trading

A financial instrument is classified at fair value through profit or loss if it is held for trading. The instrument is measured at fair value and the changes in fair value are recognized in the income statement.

Other

Other non-derivative financial instruments are measured at amortized cost less any impairment losses.

Property, plant and equipment

The depreciation methods and periods used by the group are disclosed in note 10. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

Intangible assets

Other intangible assets and development

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognized as intangible assets where the following criteria are met:

- it is technically feasible to complete the product so that it will be available for use
- management intends to complete the product and use or sell it
- there is an ability to use or sell the product
- it can be demonstrated how the product will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the product are available, and
- the expenditure attributable to the product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the product include employee costs and an appropriate portion of relevant overheads. Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use.

Development expenditure that does not meet the criteria above are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Amortizations methods and periods Refer to note 11 for details about amortization methods and periods used by the group for intangible assets.

Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

Notes to the Consolidated Financial Statements (- Note Organization and accounting principles—continued)

Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Pensions

For defined contribution plans, the group pays contributions to publicly or privately administered pension plans. The group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Share-based compensation

For share-based compensation by equity instruments granted that do not vest until the employee completes a specified period of service, it is assumed that the services to be rendered as consideration for the equity instruments will be received in the future, during the vesting period. Such services are accounted for as they are rendered by the employee during the vesting period, with a corresponding increase in equity.

Government Grants

Government grants are recognized when there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. The grants related to an expense are presented as other revenues, not against the expense. The grants related to fixed assets or intangible assets are recorded against the cost on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset. The grant is recognized in the income statement over the useful life of a depreciable asset as a reduced depreciation.

Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are recognized as a deduction, net of tax, from the proceeds. On the repurchase of treasury shares, the purchase amount including directly attributable costs are recognized as a change in equity. Purchased shares are classified as treasury shares and reduce total equity. When treasury shares are sold, the received amount is recorded as an increase in equity, and the subsequent gain on the transaction is recognized in share premium.

Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares by
- the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (note 19).
- Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Segment information

The Chief Operating Decision Maker (CODM) assesses the financial performance and position of the Group and makes strategic decisions. The internal financial reporting to the CODM is on a consolidated basis. As a result, the Group has only one reportable segment. The CODM is identified as the Board of Directors.

Notes to the Consolidated Financial Statements (continued)

Note 1 Research and development

Amounts in CAD 1000	2023	2022
Salaries	1,711	1,850
Materials and other costs	836	1,135
R & D Tax credits	-161	-253
Research and Development costs	2,386	2,732
Less: development capitalized	-428	-532
Research expensed	1,958	2,200

Note 2 Revenue from contracts with customers

Accounting principles and information related to external customers are described in the Organization and accounting principles. There was one customer that represented 17.7 per cent or more of the Group's total revenues on an annual basis in 2023.

Disaggregation of revenue from contracts with customers

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 per geographical area:					
North America	8,914	10,118	515	244	19,791
Europe	2,599	11,873	515	245	15,233
Asia	2,164	3,700	-	-	5,864
Total	13,677	25,692	1,030	489	40,888

2022 *Amounts in CAD 1000*	Systems & Equipment	Materials	Spare parts	Other	Total
Revenue recognized at a point in time	-	18,909	1,521	222	20,652
Revenue recognized over time	6,238	-	-	-	6,238
Revenue from external customers	6,238	18,909	1,521	222	26,889
Contribution margin	2,794	5,677	657	222	9,350
Contribution margin %	44.8%	30.0%	43.2%	100.0%	34.8%
Revenue from external customers specified per geographical area:					
North America	1,608	7,204	760	111	9,684
Europe	-	9,827	760	111	10,698
Asia	4,629	1,878	-	-	6,507
Total	6,238	18,909	1,521	222	26,889

Notes to the Consolidated Financial Statements (continued)

Note 3 Other income

Accounting principles and information related to grants and other income are described in the Accounting Principles.

Disaggregation of other income

Amounts in CAD 1000	2023	2022
Grant	1,001	755
Gain/loss disposals	-9	12
Other	-	-
Other Income	991	767

Note 4 Remuneration and employee benefits

Amounts in CAD 1000	2023	2022
Salaries	16,853	16,903
Social security contributions	2,857	2,721
Pension costs	504	438
Other benefits	641	738
Capitalized as development, inventories etc.	-3,712	-4,791
Total employee benefit expenses	17,143	16,009
Average number of full time employees	218	219

Note 5 Other operating expenses

Amounts in CAD 1000	2023	2022
Maintenance equipment & buildings	807	831
Marketing, travel and representation costs	1,439	1,616
Consultants and professional fees	1,071	5,717
IT costs	1,217	1,482
Bad debts	4,033	33
Manufacturing overhead costs	1,680	1,156
Total operating expenses	10,248	10,835

Remuneration to auditor

Amounts in CAD 1000	2023	2022
Statutory audit	356	374
Other assurance services	38	261
Tax advisory	20	30
Other non-audit services	5	22
Total remuneration to auditor	420	687

Notes to the Consolidated Financial Statements (continued)

Note 6 Income tax

Amounts in CAD 1000	2023	2022
Tax payable on ordinary income	303	114
Adjustment for previous years	-	-
Current tax expense	303	114
Deferred tax expense	1,163	-
Total tax expense in the income statement	1,467	114
Reconciliation of effective tax rate		
Profit / (loss) before income tax	-13,543	-22,404
Tax based on current ordinary tax rate	-3,589	-5,937
Effect of non-deductible expenses	357	29
Effect of unrecognised tax loss carryforward	4,725	5,908
Effect of changed tax assessments for previous years	-26	114
Total tax expense	1,467	114
Effective tax rate	-10.83%	-0.51%

Amounts in CAD 1000 2023	Assets	Liabilities	Net assets
Property, plant and equipment	236	-	236
Intangible assets	-	-1,207	-1,207
Other items	29	-	29
Tax loss carryforward	20,192	-	20,192
Unrecognised tax assets	-20,192	-	-20,192
Recognised tax loss carryforward	942	-	942
Deferred tax asset/liability	1,207	-1,207	-0
Offsetting of assets and liabilities	-	-1,163	-1,163
Net deferred tax asset/liability	1,207	-2,370	-1,163

Amounts in CAD 1000 2022	Assets	Liabilities	Net assets
Property, plant and equipment	-	-208	-208
Intangible assets	-	-1,216	-1,216
Other items	719	-	719
Tax loss carryforward	25,254	-	25,254
Unrecognised tax assets	-24,549	-	-24,549
Recognised tax loss carryforward	705	-	705
Deferred tax asset/liability	1,424	-1,424	0
Offsetting of assets and liabilities			
Net deferred tax asset/liability	1,424	-1,424	0

Notes to the Consolidated Financial Statements (continued)

Note 7 Inventories

Inventory stock

Amounts in CAD 1000	2023	2022
Raw materials	10,336	10,840
Work in progress	386	712
Finished goods	6,886	9,039
Total inventories (net after provision for obsolescence)	17,607	20,592

Provision for obsolescence related to finished goods

Amounts in CAD 1000	2023	2022
Balance at 1 january	4,996	3,648
New provisions recognised during the year	3,055	2,218
Provisions reversed	-3,313	-871
Balance at 31 December	4,737	4,996

Provision slow moving

When producing powder of a specific alloy, the process generates a distribution of size fractions, which are dedicated to various markets and applications. Some of the size fractions could accumulate in inventory, depending on the demand and on the level of market penetration. A provision for slow moving inventory is recorded by Tekna following a periodic review of historical sales data for each fraction as well as the growth rate of sales and order intake. The provision could fluctuate depending on the level of inventory and the historic performance of sales.

Note 8 Trade and other receivables

Trade receivables

Amounts in CAD 1000	2023	2022
Trade receivables from contracts with customers	9,930	5,676
Loss allowance	-4,075	-42
Total	5,855	5,634

Write-down *

Amounts in CAD 1000	2023	2022
Balance at 1 january	-42	-26
New write-downs recognised during the year	-4,033	-38
Write-downs reversed	-	22
Balance at 31 December	-4,075	-42

*For more information about credit risk and write-downs, see note 15.

Tekna made a provision of CAD 4.0 million in the fourth quarter 2023 related to one joint venture. This provision for bad debt on receivables is considered non-recurring. The expense is excluded from Tekna's Adjusted EBITDA and has no cash effect. The 50/50 joint venture was established with a business partner in 2020 to produce and market nickel alloy powders. The entry into this market has proven less profitable than anticipated due to the market conditions, and the joint venture has been loss making since the inception. The losses have been funded by the joint venture partners. Tekna has reported its share of these losses, an accumulated total of CAD 5.6 million, as loss on associated company. Even though no formal decision has been made by the joint venture partners, Tekna considers it unlikely that the business activities of the joint venture will continue unchanged. Tekna expects that the contemplated changes will have a positive impact on cash flow going forward.

Other receivables

Amounts in CAD 1000	2023	2022
Indirect Tax Receivable	363	599
Refundable deposit on Raw material	489	703
Grant and Investment tax credit receivable	167	440
Loan to employees	934	-
Prepaid Expenses	585	505
Total	2,538	2,246
Total trade and other receivables	8,394	7,880

Notes to the Consolidated Financial Statements (continued)

Note 9 Cash and cash equivalents

Amounts in CAD 1000	2023	2022
Total cash at bank	10,148	11,364
Restricted cash	-	-

Note 10 Property, plant and equipment

Property, plant and equipment is recognized at historical cost less depreciation. Depreciation is calculated using the straight-line method over their estimated useful lives as follows:

Asset	Period	Asset	Period
Building	25 years	Permanent systems incl. development cost	10 years
Equipment incl. development cost	5-8 years	Right-of-Use (RoU) assets	5-8 years
Mobile Infrastructure incl. development cost	25 years		

Amounts in CAD 1000 2023	Vehicles, machinery and equipment	Buildings and land	RoU assets	Total
Year ended 31 December 2023				
Cost at 1 January 2023	21,200	12,460	3,115	36,775
Additions, net of tax credits &				
Translation adjustments	7,549	880	356	8,785
Grants	-799	-195	-	-994
Disposal	-41	-	-	-41
Cost at 31 December 2023	27,909	13,145	3,471	44,525
Accumulated depreciation at 1 January 2023	11,106	4,904	1,525	17,535
Depreciation	1,928	559	605	3,092
Disposal	-31	-	-	-31
Translation adjustments	28	6	1	35
Accumulated depreciation at 31 December 2023	13,031	5,469	2,131	20,631
Carrying amount at 31 December 2023	14,878	7,676	1,340	23,894

Amounts in CAD 1000 2022	Vehicles, machinery and equipment	Buildings and land	RoU assets	Total
Year ended 31 December 2022				
Cost at 1 January 2022	18,429	11,811	1,132	31,372
Additions, net of tax credits &				
Translation adjustments	3,830	758	1,983	6,571
Grants	-1,059	-109	-	-1,168
Disposal	-	-	-	-
Cost at 31 December 2022	21,200	12,460	3,115	36,775
Accumulated depreciation at 1 January 2022	9,735	4,363	701	14,799
Depreciation	1,414	569	823	2,806
Translation adjustments	-43	-28	1	-70
Accumulated depreciation at 31 December 2022	11,106	4,904	1,525	17,535
Carrying amount at 31 December 2022	10,094	7,556	1,590	19,240

Notes to the Consolidated Financial Statements (continued)

Note 11 Intangible assets

Amounts in CAD 1000 2023	Technologies	IP and licenses	Development	Total
Year ended 31 December 2023				
Cost at 1 January 2023	10,767	4,978	2,466	18,211
Additions, net of tax credits	-	235	193	428
Grants	-	-1	-49	-50
Cost at 31 December 2023	10,767	5,212	2,610	18,589
Accumulated amortization at 1 January 2023	6,820	2,507	347	9,674
Amortization	718	278	134	1,130
Disposal	-	-	-	-
Accumulated amortzation and impairment at 31 December 2023	7,538	2,785	481	10,804
Carrying amount at 31 December 2023	3,230	2,427	2,129	7,785

Amounts in CAD 1000 2022	Technologies	IP and licenses	Development	Total
Year ended 31 December 2022				
Cost at 1 January 2022	10,767	4,689	2,268	17,724
Additions, net of tax credits	-	311	221	532
Grants	-	-22	-23	-45
Cost at 31 December 2022	10,767	4,978	2,466	18,211
Accumulated amortization at 1 January 2022	6,102	2,248	157	8,507
Amortization	718	259	190	1,167
Disposal	-	-	-	-
Accumulated amortzation and impairment at 31 December 2022	6,820	2,507	347	9,674
Carrying amount at 31 December 2022	3,948	2,471	2,119	8,537

Estimated useful lives	15 years	15 years	10 years

Intangible assets are recognized at historical cost less amortization. Amortization is calculated using the straight-line method to allocate the cost over their estimated useful lives. Intangible assets with definite useful life consists of acquired technology, internally generated intangible assets arising from development costs as well as licenses for software. Useful life varies between four and ten years.

If there are indications of impairment for the intangible assets with defined useful life, an impairment test is performed. For 2023, there are no such indications.

Development cost is recognized as an asset when it is identifiable and the company has the power to obtain the future economic benefits following from the underlying resource and to restrict the access of others to those benefits.

Notes to the Consolidated Financial Statements (continued)

Note 12 Non-current receivables

Amounts in CAD 1000	2023	2022
Loan to employees	-	933
R&D Tax Credit Receivable	4,531	4,406
Total non-current receivables	4,531	5,339

Note 13 Leases

This note provides information for leases where the group is a lessee.

Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

Amounts in CAD 1000	2023	2022
Total right-of-use assets	1,340	1,590
Current lease liabilities	595	459
Non-current lease liabilities	773	1,161
Total lease liabilities	1,369	1,620

Amounts recognised in the statement of income

The statement of income shows the following amounts relating to leases:

Amounts in CAD 1000	2023	2022
Total depreciation charge right-of-use assets	605	823
Interest expense	68	77

The group has no variable rate leases. Expenses in the statement of income related low value leases are immaterial to these financial statements.

Note 14 Trade payables and other current liabilities

Amounts in CAD 1000	2023	2022
Trade payables	4,875	7,852
Other current liabilities	2,860	2,189
Total	7,735	10,041

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Specification of other current liabilities

Amounts in CAD 1000	2023	2022
Accrued expenses and other current liabilities	2,860	2,059
Total	2,860	2,059

Notes to the Consolidated Financial Statements (continued)

Note 15 Financial risk and financial instruments

This note explains the group's exposure to financial risks and how these risks could affect the group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

Tekna operates on an international level, and produces spherical powders and nano powders, and delivers plasma systems for powder production of advanced materials. The Group's metal powders and plasma systems are produced for and delivered to a number of industrial sectors, such as aviation, aerospace, medical, mining and drilling, energy storage and microelectronics, and are delivered to its customers worldwide. The Group is headquartered in Canada and operates manufacturing centres in Canada and France, as well as sales and distribution offices in China and South Korea.

Climate risk

The most material climate risks in the short and medium term are physical risks in the supply chain and in Tekna's own operations. There is a risk of extreme weather events impacting Chinese suppliers and their ability to supply Tekna with titanium and nickel. Also, higher temperatures put the health and safety of workers in China at risk. Physical climate risks might also impact goods transportation. In the medium and long term, physical risks might impact where the company considers establishing new production locations.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises when financial assets or financial liabilities are denominated in a currency other than the Company's functional currency. The foreign exchange rate risk for the Group relates to the fact that the Group's business transactions, operations and sales are made in several currencies, including Canadian dollar (CAD), U.S dollar, euro, Chinese Yuan, Indian rupee, South Korean won. Unfavourable fluctuations in exchange rates could have an adverse effect on the Group's business, financial positions and profits.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed interest rate instruments subject the Company to fair value risk, while floating rate instruments subject it to cash flow risk.

As at December 31, 2023, the Company's exposure to interest rate risk is as follows:

Cash:	Floating rate
Accounts receivable:	Non-interest bearing
Bank loan:	Floating rate
Accounts payable and accrued liabilities:	Non-interest bearing
Obligations under capital leases:	fixed rate of 8,99%
Long-term debt:	Floating rate on loans totalling CAD 22m and non-interest bearing on other loans

Price risk

The Group's business is subject to price risk. There is no guarantee that the Group will be able to obtain the expected prices for its metal powders and plasma systems, and any change in the market conditions, including in the global technology and powder markets or in a specific regional and/or end markets in which the Group operates, could lead to lower sales prices or volumes of the Group's products and systems. If expected prices for products and systems are not obtained or the Group experiences lower sales volumes, this may adversely impact the Group's business, financial position and profits.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities. The Company is exposed to liquidity risk mainly in respect of its accounts payable and accrued liabilities, and long-term debt.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The group maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the group's liquidity reserve (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows.

Notes to the Consolidated Financial Statements (- Note 15 continued)

The committed credit facilities may be drawn at any time, subject to a limit of USD $0.75 million and CAD $4 million and may be terminated by the bank without notice.

The group's main interest rate risk arises from the bank credit facilities, which expose the group to cash flow interest rate risk. At year end all bank credit facilities are using base rate +2% as fixed rate. The amounts are carried at amortised cost.

2023 *Amounts in CAD 1000*	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years
Lease liabilities	1,369	1,508	343	256	406	498	5
Trade and other payables	4,875	4,875	4,875	-	-	-	-
Bank loan	-0	-	-	-	-	-	-
Borrowings	25,064	34,245	443	401	739	27,432	5,230

2022 *Amounts in CAD 1000*	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years
Lease liabilities	1,620	1,838	337	320	526	655	-
Trade and other payables	7,852	7,852	7,852	-	-	-	-
Bank loan	1,197	1,197	1,197	-	-	-	-
Borrowings	4,651	8,050	462	461	790	2,607	3,730

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments which potentially subject the Company to credit risk consist principally of cash and accounts receivable. The Company's cash is maintained at major financial institutions; therefore, the Company considers the risk of non-performance of this instrument to be remote. In addition, the Company has provided for this risk through the allowance it has taken on its accounts receivable. No trade receivables mature beyond one year. To mitigate the credit risk on trade receivables, the group is following up credit risk on a regular basis and require down payments and letters of credit to cover the value of the systems contracts signed with its customers. Historically, the group has not experienced significant adverse impacts in relation to trade receivable collection.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company. Where loans or receivables have been written off, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Trade receivables

Amounts in CAD 1000	External customer rec not due	External customer rec 1-30 days past due	External customer rec 31-60 days past due	External customer rec 61-90 days past due	External customer rec > 90 days past due	Trade accounts receivable
2023						
Outstanding trade receivables	3,179	1,556	1,069	514	3,612	**9,930**
Provision for losses	-	-	-264	-380	-3,431	**-4,075**
2022						
Outstanding trade receivables	2,276	1,218	833	463	885	**5,676**
Provision for losses	-	-	-	-	-42	**-42**

Provisions for losses are based on individual assessment of each item and customer. Expected loss in categories without any provisions made is based on the assumption that there are not risk of any material losses.

Notes to the Consolidated Financial Statements (continued)

Note 16 Borrowings

This note provides information on the contractual terms of the Group's interest-bearing loans and borrowings. For more information on the Group's interest rate risk and foreign exchange risk see Note 15.

On April 11th, 2023, a CAD 25 million term loan facility with three tranches was made available for Tekna until June 2024 by Arendals Fossekompani ASA. The loan facility agreement provides financing through three tranches of CAD 10, 10 and 5 million, where each tranche is a loan with 3 years duration. This represents a total amount of CAD 25 million. The interest on the loan is accrued and added to the principal of the loan at the end of each interest period (payment in kind), and it is based on a 300 bps margin on top of the Canadian interbank rate 3-months CDOR.

As of December 31st, 2023, Tekna had drawn CAD 20 million under this loan agreement with Arendals Fossekompani ASA.

Tekna Holding ASA has complied with the financial covenants of its borrowing facilities at year end 2023. The credit limit on the bank credit facilities is CAD 4 million and USD 0.75 million.

The table below reconciles the movement in financial liabilities to cash flow from financing activities.

Amounts in CAD 1000	Borrowings		Lease liabilities		Bank loan (ST)		Total financial liabilities	
	2023	2022	2023	2022	2023	2022	2023	2022
Balance at 1 January	4,651	3,978	1,620	462	1,197	3,733	7,468	8,173
New loan	22,140	1,286	351	2,031	-	-	22,492	3,317
Cash Flow - repayment	-839	-263	-565	-873	-1,197	-2,536	-2,601	-3,672
Non cash changes								
FX variation loss (gain)	-	-	-38	-	-	-	-38	-
Conversion to equity	-	-	-	-	-	-	-	-
Amortization	-1,234	-640	-	-	-	-	-1,234	-640
Debt accretion on long-term debt	345	290	-	-	-	-	345	290
Total debt	**25,064**	**4,651**	**1,369**	**1,620**	**-**	**1,197**	**26,433**	**7,468**
Short-term portion	-402	-532	-595	-459		-1,197	-997	-2,188
Balance long-term portion at 31 December	**24,662**	**4,119**	**773**	**1,161**	**-**	**-**	**25,435**	**5,280**

Amounts in CAD 1000	2023	2022
Loans secured by pledged assets		
Building and land	1,075	1,144
Machinery and equipment	-	-
Universality of movable and immovable property, tangible and intangible, current and future	983	1,218
Total non-current borrowings secured by pledged assets	**2,058**	**2,362**

Notes to the Consolidated Financial Statements (continued)

Note 17 Finance items

Amounts in CAD 1000	2023	2022
Interest income	21	20
Currency exchange income	212	124
Total Finance income	**233**	**144**
IFRS 16 interest	68	77
Interest expense	709	255
Total finance cost	**777**	**332**
Net finance items	**-544**	**-188**

Note 18 Share information

Amounts in CAD 1000	2023	2022
Share capital	37,277	37,277
Share premium	451,473	451,473
Count in 1000		
Ordinary shares	125,227	125,227

At 31 December 2023 there were 125.227.346 ordinary shares each with a par value of NOK 2.00. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

There were no paid out dividends in 2023.

Major shareholders at year-end 2023	Number of shares	% of total	Country
Arendals Fossekompani ASA	87,989,644	70.26%	NOR
Ulfoss Invest AS	2,941,975	2.35%	NOR
Havfonn AS	2,913,580	2.33%	NOR
Must Invest AS	2,821,245	2.25%	NOR
Kvantia AS	2,354,862	1.88%	NOR
Victoria India Fund AS	1,331,883	1.06%	NOR
Skandinaviska Enskilda Banken AB	1,290,237	1.03%	LUX
Alpine Capital AS	1,080,029	0.86%	NOR
Carucel Finance AS	1,073,791	0.86%	NOR
Other	21,430,100	17.11%	Various
Total number of shares	**125,227,346**	**100.00%**	

Notes to the Consolidated Financial Statements (continued)

Note 19 Earnings per share

Basic earnings per share are based on profit attributable to the equity holders of the parent and the weighted average number of outstanding ordinary shares.

Amounts in CAD 1000	2023	2022
Net profit for the year	-15,009	-22,517
Attributable to non-controlling interests	-587	-829
Attributable to ordinary shares	-14,422	-21,688
Weighted number of ordinary shares, basic and diluted	125,227,346	125,227,346
Number of shares end of period	125,227,346	125,227,346
Basic and diluted earnings per share	**-0.12**	**-0.17**

Note 20 Investment in joint ventures

The Imphytek Powders S.A.S. joint venture is owned in equal parts by the Group (TPE; Tekna Plasma Europe S.A.S.) and Aperam. The business is organized as a company with limited liability corresponding to Norwegian corporations. Guidelines for the operation of companies are based on the shareholders agreement. According to the shareholder agreement it is required unanimity between the parties for making decisions about relevant activities. Accordingly, participants in the companies have joint control over the activities. The Group's responsibility as a participant in Imphytek Powder S.A.S. is limited to the capital contribution, and the return equals the Group's share of profit. Thus, the group as a participant is entitled to the arrangements net assets.

The investments in joint ventures are accounted for according to the equity method.

Entity	Country	Activities	Ownership interest
Imphytek Powders S.A.S.	France	Production of powders	50%

Based on an overall assessment where the size and complexity is taken into consideration Imphytek Powders S.A.S. is considered to be significant joint ventures. Further information regarding this company is disclosed below.

Amounts in CAD 1000	Imphytek Powders S.A.S.
Book value 31.12.2021	**1,231**
Book value as at 01.01.2022	1,231
Share of profit after tax 2022	-1,509
Investment during the period	680
FX variations	177
Book value 31.12.2022	**579**
Book value as at 01.01.2023	579
Share of profit after tax 2023	-608
Investment during the period	29
FX variations	-
Book value 31.12.2023	**-**

The company has no observable market value in form of market price or similar.

Notes to the Consolidated Financial Statements (- Note 20 continued)

Description of the business

Imphytek Powders S.A.S. has its headquarters and operations in Mâcon, France. The company is combining Aperam's expertise in Nickel & Specialty Alloys with Tekna's unique wire plasma atomization technology. The joint venture has the exclusive right to sell nickel alloy powder in Europe, and benefits from all market and product developments made by Tekna and Aperam in the past years. The company's main activities are the production of high-performance powder for advanced manufacturing technologies. The company is organized as a company with limited liability similar to Norwegian private limited liability companies, and the company is not publicly traded. The company is a strategically important company in the business segment Advanced Materials.

Imphytek Powders S.A.S. has no contingent liabilities or capital commitments as of 31.12.2023. The partners have an agreement with Imphytek Powders S.A.S. that profits of the company will not be distributed until it has the consent of both partners. The partners have not given consent at the reporting date.

The table on the right shows the condensed financial information of the joint venture, based on 100% ownership.

The values are tested annually for impairment. In this testing each segment/subgroup is assessed as a cash generating unit. The recoverable amount is estimated based on value in use. Estimated value in use is based on discounted future cash flows. This measures the cash flows based on market requirements of return and risk. Value in use for 2023 has been calculated in the same way as in 2022. Impairment tests are made based on budgets and long-term strategic plans, as approved by the Board, or otherwise with the best estimate using the information available at the time. In addition, a growth rate of 3.1% is applied in line with 10-year government bond yields, and a terminal value is applied based on the same growth rate. A size premium of 3.7 % was used in the calculations.

The Required Rate of Return (WACC before tax) for the investment in the joint venture has been set to 13%. The risk-free rate of return has been set to 3.1%. When calculating the WACC consideration is given to the fact that the company's earnings are mainly in EUR.

The cash-generating unit in the impairment testing suggests impairment of all the intangible assets in its entirety by 1 163 thousand, due to lack of profitability and low probability of future profits with excess cash generation. A sensitivity analysis based on a unilateral change in estimated future EBITDA does thus not change the conclusion. Reasonable changes in the assumptions will not result in additional impairment losses.

Imphytek Powders S.A.S.

The joint venture has the same reporting period as the Group.

Amounts in CAD 1000	2023	2022
Total revenue	1,645	1,447
Depreciations	-1,347	-174
Interest income	-	-
Interest expenses	-51	-41
Tax expenses	-	-
Profit	-5,085	-3,110
Other income and expenses	-	-
Comprehensive income	-	-
The Groups share of comprehensive income	50%	50%
Current assets	5,339	4,228
whereof cash and cash equivalents	1,658	995
Non-current assets	1	-
Current liabilities	8,178	2,966
Long-term liabilities	4,397	4,374
Equity	-7,235	-1,166

Notes to the Consolidated Financial Statements (continued)

Note 21 Subsidiaries

Company	Ownership held by the group	Ownership held by the non-controlling interests	Domicile
Tekna Holdings Canada Inc.	96.54%	3.46%	Canada
Tekna Plasma Systems Inc.	96.54%	3.46%	Canada
Tekna Advanced Materials Inc.	96.54%	3.46%	Canada
Tekna Plasma Europe S.A.S.	96.54%	3.46%	France
Tekna Plasma Systems Suzhou Co. Ltd.	96.54%	3.46%	China
Tekna Plasma India Pr. Ltd.	96.54%	3.46%	India
Tekna Inc.	96.54%	3.46%	USA
Tekna Plasma Korea Co. Ltd.	96.54%	3.46%	South Korea

Note 22 Related parties

At year end Arendals Fossekompani ASA (AFK) owned 87,989,644 shares, representing 70.26 % of the total number of shares in Tekna.

See table on the next page.

The CEO's period of notice is eight (8) weeks, with a period of pay of twelve (12) months after termination of employment if the CEO is dismissed by the company. The other members of the Group Executive have a period of notice varying from four (4) weeks to eight (8) weeks.

The purpose of Tekna's compensation and benefits policy is to attract personnel with the competence that the Group requires, develop and retain employees with key expertise and promote a long-term perspective and continuous improvement supporting achievement of Tekna's business goals. The general approach adopted in Tekna's policy is to pay fixed salaries and pensions in line market prices, while offering variable pay linked to results for bonus.

a) Fixed elements

b) Variable elements – annual bonus

Executives in Tekna participate in the Group's central annual bonus program. The program has a maximum ceiling of 25% of the executive's fixed salary and 35% for CEO. The basis for bonus payments is based on financial targets and performance strategic KPIs. In addition, the Group has share-based incentive programs described in (c) below.

(c) Shared incentive program

On February 18, 2021, the Board of Directors of the Company resolved to establish a share incentive program for key employees of the Company. The share incentive program is based on a structure in which certain members of the Company's Management and management of the Portfolio Companies are offered the opportunity to subscribe for Shares in Tekna Holdings Canada Inc., and where the Company will provide partial financing of their subscription of Shares under the share incentive program. The total number of Shares included in the share incentive program of Tekna Holdings Canada Inc is 3,482,408. As part of the share incentive program, the key employees purchased Shares subject to a lock-up undertaking of 36 months following the date of the purchase of the Shares. The company has originally provided full loan financing of the purchase price of the Shares under the share incentive program, for a total of CAD $1.3 million. As of December 31, 2023, the loan financing balance is CAD $0.93 million. The share incentive program is based on a structure in which certain members of the management within the Group were offered the opportunity to subscribe for Shares in Tekna Holdings Canada at fair value less a discount reflecting the lock-up period. The vested portion of the discount is reflected in as share-based compensation with an amount totalling CAD $ 63 thousand for the executive team for 2023 as disclosed above.

Notes to the Consolidated Financial Statements (- Note 22 continued)

Board of Directors compensation 2023 and number of shares owned 31 December 2023											
Name	Title	Board of Directors remunera-ted	Remunera-tion provision						Own Holdings	Related Parties	Number of shares in Tekna Holding ASA
Dag Teigland [1,2]	Chair	45,483	55,482							728,818	728,818
Torkil Sigurd Mogstad [2]	Member of Board									52,125	52,125
Ann-Kari Amundsen Heier [2]	Member of Board										
Lars Magnus Eldrup Fagernes [2]	Member of Board										
Anne-Lise Meyer [3]	Member of Board	75,210	50,294								
Barbara Thierart Perrin [4]	Member of Board	64,323	40,622								
Kristin Skau Åbyholm [5]	Member of Board		40,622							3,686,745	3,686,745
Total		185,016	187,021	-	-	-	-	-	-	4,467,688	4,467,688

Name	Title	Fixed salary	Paid bonus	Pension	Share-based compensa-tion	Other benefits	Number of shares in Tekna Holdings Canada Inc	Loan from Tekna Plasma Systems Inc.	Own Holdings	Related Parties	Number of shares in Tekna Holding ASA
Luc Dionne	CEO	335		3	21	38	588,576	169,859			
Espen Schie	CFO	284		11		34				379,990	379,990
Other executive management		1,055	25	50	42	44	1,177,152	395,493			

Board of Directors remunerated corresponds to fees paid in the period, as elected. For Dag Teigland the fees paid were for the period October 2022 until April 2023, for Anne Lise Meyer for the period May 2022 until April 2023 and for Barbara Thierart Perrin for the period April 2022 until April 2023.

Board of Directors remuneration provision corresponds to accrued provisions for fees, for the period May 2023 until December 2023.

*1 Dag Teigland elected from October 2022, representing Tibidabo Industrier AS with 52,000 shares and Tibidabo Invest AS with 676,818 shares. On 22 May 2023, Dag Teigland bought, through his wholly owned company Tibidabo Invest AS, 678,818 shares from Arendals Fossekompani ASA, with a 20% discount against a lock-up period of 3 years.

*2 Representing Arendals Fossekompani ASA with 87,989,644 shares. Lars Magnus Eldrup Fagernes elected from May 2023. Ann-Kari Amundsen Heier from December 2023. Morten Henriksen resigned from the Board January 2023.

*3 Anne-Lise Meyer elected from May 2022.

*4 Barbara Thierart Perrin elected from April 2022.

*5 Kristin Skau Åbyholm elected from May 2023, representing 1,331,883 shares in Victoria India Fund AS and 2,354,862 in Kvantia AS.

Notes to the Consolidated Financial Statements

Note 23 Contingent liabilities

The Company's subsidiary and the operating company of the Group, Tekna Plasma Systems Inc., is currently involved in a dispute with AP&C Advanced Powders & Coatings Inc. regarding competing patent rights for the production of titanium powder in Canada, and more precisely to a specific patent which is part of the same patent type as one of the Group's significant patents. Proceedings were conducted and parties are waiting for the court decision. If the dispute is not resolved in favor of Tekna Plasma Systems Inc., the Group's production and sales of titanium powder in Canada may be restricted, which could have a negative effect on the Group's business operations.

Note 24 Subsequent events

Employee Share Purchase Plan

On March 11th, 2024, the Board of Directors of Tekna Holding ASA (the "Company") has resolved to increase the Company's share capital by NOK 4 469 774 by issuing 2 234 887 new shares as part the settlement of the Company's employee share purchase plan (the "ESPP"). Under the ESPP, which was established on 18 February 2021, certain qualified employees purchased Class B Common shares in Tekna Holding Canada Inc ("Tekna Holding Canada"). Pursuant to the terms of the ESPP, there was a three-year lock-up period on these shares. The three-year lock-up period expired on 18 February 2024 and the ESPP has been settled by way of the employees transferring the Class B Common shares in Tekna Holding Canada to Tekna Holding ASA in exchange for the issuance of new shares in Tekna Holding ASA. Following this transaction, Tekna Holding Canada is a wholly owned subsidiary of Tekna Holding ASA. Following the registration of the share capital increase with the Norwegian Register of Business Enterprises, the Company's share capital will be NOK 254 924 466 divided into 127 462 233 Shares, each with a nominal value of NOK 2. Each share carries one vote at the Company's general meeting. The new shares shall carry rights to dividends from the date on which the capital increase is registered with the Norwegian Register of Business Enterprises. The settlement of the ESPP will trigger tax for the relevant employees. To provide the employees with cash to cover payable taxes resulting from the settlement of the ESPP, Arendals Fossekompani ASA ("AFK") has agreed to purchase a total of 540 812 shares from the employees at the volume weighted average market price the last five days prior to the expiration of the lock-up period, NOK 8,0453 per share.

Loan

In March 2024, Tekna received the third tranche of CAD 5 million loan with Arendals Fossekompani ASA. This is the last tranche in the loan facility agreement. Further details available in note 16.

Parent Financial Statements

Income Statement

Amounts in CAD 1000	Note	FY 2023	FY 2022
Employee benefit expenses	1	371	103
Other operating expenses	2	1,190	1,536
Net operating income/(loss)		-1,561	-1,639
Finance income	7	5,155	2,513
Finance costs	7	132	320,974
Profit/(loss) before income tax		3,463	-320,100
Income tax expense	3	1,493	-
Profit/(loss) for the period		1,970	-320,100
Attributable to equity holders of the company		1,970	-320,100
Attributable to non-controlling interests		-	-

Other Comprehensive Income

Amounts in CAD 1000	Note	FY 2023	FY 2022
Items that may be reclassified to statement of income			
Exchange differences on translation of foreign operations		-	-
Items that may be reclassified to statement of income		-	-
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		-	-
Total comprehensive income/(loss) for the period		1,970	-320,100
Attributable to equity holders of the company		1,970	-320,100
Attributable to non-controlling interests		-	-

Parent Financial Statements (continued)

Balance Sheet

Amounts in CAD 1000	Note	31.12.2023	31.12.2022
Non-current assets			
Property, plant and equipment		-	-
Intangible assets		-	-
Associated companies and joint ventures		-	-
Investment in subsidiaries	4	97,500	97,500
Intercompany loans	6	74,113	67,535
Non-current receivables		-	-
Deferred tax assets		-	-
Total non-current assets		**171,613**	**165,035**
Current assets			
Inventories		-	-
Contract assets		-	-
Trade and other receivables	6	270	77
Cash and cash equivalents	5	1,419	3,975
Total current assets		**1,689**	**4,052**
Total assets		**173,302**	**169,087**

Amounts in CAD 1000	Note	31.12.2023	31.12.2022
Equity			
Share capital and share premium		494,956	494,956
Other reserves		-324,058	-326,028
Capital and reserves attributable to holders of the company		**170,898**	**168,928**
Non-controlling interests		-	-
Total equity		**170,898**	**168,928**
Non-current liabilities			
Borrowings		-	-
Lease liabilities		-	-
Deferred tax liabilities	3	1,163	-
Total non-current liabilities		**1,163**	**-**
Current liabilities			
Bank loan		-	-
Lease liabilities		-	-
Trade and other payables	6	625	51
Payable income tax	3	330	-
Contract liabilities		-	-
Other current liabilities		286	108
Borrowings short-term portion		-	-
Total current liabilities		**1,241**	**159**
Total liabilities and equity		**173,302**	**169,087**

Arendal, 10 April 2024 The Board of Directors and CEO of Tekna Holding ASA

This document was electronically signed.

Dag Teigland Chair of the Board	Barbara Thierart-Perrin Member of the Board	Torkil Sigurd Mogstad Member of the Board	Anne Lise Meyer Member of the Board
Kristin Skau Åbyholm Member of the Board	Lars Magnus Eldrup Fagernes Member of the Board	Ann-Kari Amundsen Heier Member of the Board	Luc Dionne CEO

Parent Financial Statements (continued)

Changes in Equity

Amounts in CAD 1000	Attributable to equity holders of the Company			Non-controlling interests	Total equity
	Share capital and share premium	Other reserves	Total		
Balance at 1 January 2022	494,956	-5,928	489,028	-	489,028
Profit/(loss) for the period	-	-320,100	-320,100	-	-320,100
Other comprehensive income/(loss)	-	-	-	-	-
Adjustment	-	-	-	-	-
Balance at 31 December 2022	494,956	-326,028	168,928	-	168,928
Balance at 1 January 2023	494,956	-326,028	168,928	-	168,928
Profit/(loss) for the period	-	1,970	1,970	-	1,970
Other comprehensive income/(loss)	-	-	-	-	-
Adjustment	-	-	-	-	-
Balance at 31 December 2023	494,956	-324,058	170,898	-	170,898

Cash flow

Amounts in CAD 1000	FY 2023	FY 2022
Cash flow from operating activities		
Net profit/(loss)	1,970	-320,100
Variation in deferred taxes	1,163	-
Impairment loss	-	320,968
Capitalized interest on intercompany loans	-4,578	-2,284
Total after adjustments to profit before income tax	-1,445	-1,416
Change in trade and other receivables	-193	-53
Change in trade and other payables	1,082	93
Total after adjustments to net assets	-556	-1,375
Net cash from operating activities	-556	-1,375
Cash flow from investing activities		
Cash Flow from Internal Loans and Borrowings	-2,000	-28,000
Net cash flow from investing activities	-2,000	-28,000
Cash flow from financing activities		
Proceeds from issue of shares	-	-
Net cash flow from financing activities	-	-
Net increase in cash and cash equivalents	-2,556	-29,375
Cash and cash equivalents at the beginning of financial year	3,975	33,351
Cash and cash equivalents at end of the period	1,419	3,975

Notes to the Parent Financial Statements

Accounting principles

The financial statements comprise the statement of income, statement of financial position, statement of cash flows, and related notes. The financial statements have been prepared in accordance with the Norwegian Accounting Act §3-9 and Regulations for simplified IFRS issued by the Ministry of Finance on 10 December 2019 (generally accepted accounting principles). This means that recognition and measurement comply with International Financial Reporting Standards (IFRS) and the presentation and disclosures are in accordance with the Norwegian Accounting Act and general accepted accounting practice. All amounts are in CAD, unless otherwise stated.

The financial statements give a true and fair view of the assets and liabilities, financial position, and income.

When applying accounting principles and presenting transactions and other matters, emphasis is placed on economic realities, not just legal form. Contingent losses that are probable and quantifiable are expensed. Transactions are recorded at the value of the consideration at the time of execution. Revenue is recognized in the accounting period in which they are earned and associated costs are matched with revenues.

Assets and liabilities that are due within one year after the balance sheet date are classified as current assets or current liabilities. Current assets and liabilities are valued at the lowest or highest value of acquisition cost and fair value. Fair value is defined as the estimated future sales price less expected sales costs. Other assets are classified as fixed assets. Corresponding principles are normally used as a basis for liability items.

Use of estimates

In the preparation of the annual accounts, estimates and assumptions have been applied that have affected the statement of income and the valuation of assets and liabilities, as well as doubtful assets and liabilities on the balance sheet date in accordance with generally accepted accounting principles. Areas that to a large extent contain such discretionary assessments, a high degree of complexity, or areas where assumptions and estimates are material to the financial statements, are described in the notes.

Foreign currency

Foreign currency transactions are translated at the exchange rate at the time of execution. Cash items in foreign currency are translated into Norwegian kroner using the exchange rate on the balance sheet date. Non-cash items measured at the historical exchange rate expressed in foreign currency are translated into Norwegian kroner using the exchange rate at the time of execution. Non-monetary items that are measured at fair value expressed in foreign currency are translated at the exchange rate determined at the measurement date. Exchange rate fluctuations are recognized in the statement of income on an ongoing basis during the accounting period under other financial income/costs.

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax. Deferred tax is calculated at 22% percent on the basis of existing temporary differences between accounting and tax values together with tax loss carry forward at the year end. Tax-increasing and tax-reducing temporary differences that are reversed or can be reversed in the same period are offset and netted. Net deferred tax assets are recognized in the balance sheet to the extent that it is probable that this can be utilized.

Non-current financial assets

Fixed assets include assets intended for permanent ownership and use. Long-term receivables are carried at the nominal amount at the time of the transaction. Long-term receivables in foreign currency are carried in the balance sheet based on the exchange rate on the balance sheet date.

Current assets

Current assets and current liabilities normally include items that due within one year after the balance sheet date, as well as items related to the product cycle. Current assets are valued at the lower of acquisition cost and fair value. Current liabilities are carried at the nominal amount at the time of the transaction.

Subsidiaries

Investments in subsidiaries are evaluated at lower of cost or fair value. Any impairment losses and reversal of impairment losses are classified as net gains (loss and impairment) on financial assets in the income statement. An impairment to fair value has been recognized when impairment is due to reasons that cannot be expected to be temporary, and it is necessary in accordance with generally accepted accounting principles. Impairment losses are reversed when the basis for impairment is no longer present.

Notes to Parent Financial Statements (- Note Accounting Principles - continued)

Receivables

Trade receivables and other receivables are carried at face value after deduction of provisions for expected credit losses. Provisions for credit losses are made on the basis of a separate assessment of the individual receivables. For other accounts receivable, an unspecified provision is made to cover expected losses.

Statement of cash flows

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term, liquid investments.

Note 1 Remuneration and employee benefits

The company has no employees. Salaries and social security contributions are related to board fees.

The company is not required to have an occupational pension scheme in accordance with Norwegian law on obligatory occupational pension ("lov om obligatorisk tjenestepensjon").

Amounts in CAD 1000	2023	2022
Salaries	339	103
Social security contributions	32	-
Pension costs	-	-
Other benefits	-	-
Capitalized as development, inventories etc.	-	-
Total employee benefit expenses	371	103

Note 2 Other operating expenses

Amounts in CAD 1000	2023	2022
Audit and other fees	169	1,432
Marketing, travel and representation costs	66	11
ICT expenses	-	-
Other expenses	220	4
Intercompany expenses	734	88
Total operating expenses	1,190	1,536

Amounts in CAD 1000	2023	2022
Statutory audit	139	133
Other assurance services	19	209
Tax advisory	-	-
Other non-audit services	-	10
Total remuneration to auditor	158	352

Notes to Parent Financial Statements (continued)

Note 3 Tax

Income tax - current year

Amounts in CAD 1000	2023	2022
Income tax expense:		
Tax Payable	330	-
Change in deferred tax asset/liability	1,163	-
Income tax expense in the Income Statement	1,493	-
Taxable income:		
Ordinary profit before tax	3,463	-320,100
Unrecognized tax loss carried forward	-5,421	-868
Permanent differences	3,457	320,968
Taxable income	1,498	-
Tax payable:		
Taxable income	1,498	-
Statutory tax rate	22.00%	22.00%
Payable Income Tax	330	-
Calculation of effective tax rate		
Ordinary profit before tax	3,463	-320,100
Tax at the applicable tax rate	762	-70,422
Unrecognized tax loss carried forward	-1,193	-191
Tax effect of permanent differences	760	70,613
Change in deferred tax asset/liability	1,163	-
Total tax expense	1,493	-
Effective tax rate	43.11%	0.00%

The tax effect of temporary differences and loss carry forwards that have given rise to deferred tax and deferred tax asset, specified by type of temporary differences.

Amounts in CAD 1000	2023	2022
Accumulated loss carryforward	-	-5,421
Not included in basis for calculation of deferred tax	-	5,421
Change in deferred tax liability	1,163	-
Deferred tax asset/liability	1,163	-

Deferred tax asset is not carried in the balance sheet.

Deferred tax liability is carried in the balance sheet.

Statutory tax rate in Norway was 22.00% in 2023 and 2022.

The 22% tax rate was used to calculate Deferred tax assets and liabilities as at 31 December 2023.

Notes to Parent Financial Statements (continued)

Note 4 Investments in Subsidiaries

Company	Domicile	Ownership held by the group		Ownership held by the non-controlling interests		Value in Tekna Holding ASA balance sheet	
		2023	2022	2023	2022	2023	2022
Tekna Holding Canada Inc.	Canada	96.54%	96.54%	3.46%	3.46%	97,500,000	97,500,000

Consolidated accounts for Tekna Holdings Canada Inc for 2023 reported a net loss of CAD 17 030 646 and booked equity of CAD -17 093 809.

Tekna Holdings Canada Inc owns 100 % of the following 7 subsidiaries:

- Tekna Plasma Systems Inc; Canada
- Tekna Advanced Materials Inc; Canada
- Tekna Plasma Europe S.A.S; France
- Tekna Plasma Systems Suzhou Co Ltd; China
- Tekna Plasma India Pr Ltd; India
- Tekna Inc; USA
- Tekna Plasma Korea Co Ltd; South Korea

CEO Luc Dionne and other management of Tekna Holdings Canada Inc. own the remaining 3.46% of the shares in Tekna Holdings Canada Inc.

Note 5 Cash and cash equivalents

Amounts in CAD 1000	2023	2022
Total cash at bank	1,419	3,975
Restricted cash	-	-

Tax deduction deposits (restricted deposits) amounts to 7 CAD.

Unused credit facilities as of 31 December 2023 was 4 000 000 CAD and 750 000 USD.

Tekna Holding ASA are compliant with the financial covenant requirements in the loan facilities at the end of 2023.

Note 6 Intercompany balances

Amounts in CAD 1000	2023	2022
Intercompany loans to group companies	74,113	67,535
Trade accounts receivables from group companies	270	77
Total intercompany receivables	**74,383**	**67,611**

Amounts in CAD 1000	2023	2022
Trade accounts payables to group companies	613	4
Total intercompany payables	**613**	**4**

Loans to group companies consists of one loan in CAD and one loan in EUR.

The CAD 66 352 945 loan is to the subsidiary Tekna Holdings Canada Inc. The loan will be repaid with CAD 500,000 every quarter from 15 June 2025. Interest on the loan is calculated at a rate corresponding to the Canadian 3 month Interbank rate (CDOR) + 2% on an annual basis.

The EUR 5,300,000 loan is to the subsidiary Tekna Plasma Europe S.A.S. The loan will be repaid with EUR 300,000 every quarter from 15 April 2025. Interest on the loan is calculated with EURIBOR 3 months + 2% on an annual basis.

Notes to Parent Financial Statements (continued)

Note 7 Financial items

Amounts in CAD 1000	2023	2022
Interest income	21	20
Currency exchange income (net)	246	50
Interest Income, IC	4,888	2,443
Total financial income	5,155	2,513

Amounts in CAD 1000	2023	2022
Interest expense	-	5
Currency exchange expense (net)	126	-
Other finance cost	6	1
Interest expense, IC	-	-
Impairment loss	-	320,968
Total financial expense	132	320,974

There was no impairment loss in 2023.

An impairment loss of CAD 320 968 thousand was recorded in 2022. The investment in the subsidiary Tekna Holdings Canada Inc was impaired to the market value of Tekna Holding ASA, as quoted on the Oslo Stock Exchange as of Dec 31st 2022, to CAD 97.5 million. The stock had limited trading volume before this date.

Note 8 Financial risk

The company's operations consist of financing the operations of the subsidiaries.

The company is exposed to various types of financial risk: market risk (including currency, interest rate and market price risk), credit risk and liquidity risk. The company is somewhat sensitive to currency exchange rate fluctuations, limited cash flows, relatively low interest rate exposure.

Interest rate risk

The company has loans to group companies with interest rate returns based on the 3 month EURIBOR and CDOR; see note 6.

Returns from interest rates on bank deposits are also exposed to rate levels. The funds are deposited at a floating interest rate.

Credit risk

The company is only exposed to credit risk on receivables from subsidiaries. The risk that counterparties do not have the financial ability to meet their obligations is considered moderate.

Currency risk

The company's currency exposure is related to CAD and EUR receivables from subsidiaries, as well as EUR bank deposits.

Market price risk

The company's is mainly invested in subsidiaries and associated companies. The value of these investments is to a high degree connected to the underlying operations of these companies.

Liquidity risk

The company is financed through a combination of bank and equity financing. See note 6 for more information on unused credit facilities.

Notes to Parent Financial Statements (- note 9 continued)

Note 9 Share Capital and Shareholder Information

Amounts in CAD 1000	2023	2022
Share capital	37,277	37,277
Share premium	451,473	451,473
Count in 1000		
Ordinary shares	125,227	125,227

At 31 December 2023 there were 125,227,346 ordinary shares each with a par value of NOK 2.00. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

Major shareholders at year-end 2023	Number of shares	% of total	Country
Arendals Fossekompani ASA	87,989,644	70.26%	NOR
Ulfoss Invest AS	2,941,975	2.35%	NOR
Havfonn AS	2,913,580	2.33%	NOR
Must Invest AS	2,821,245	2.25%	NOR
Kvantia AS	2,354,862	1.88%	NOR
Victoria India Fund AS	1,331,883	1.06%	NOR
Skandinaviska Enskilda Banken AB	1,290,237	1.03%	LUX
Alpine Capital AS	1,080,029	0.86%	NOR
Carucel Finance AS	1,073,791	0.86%	NOR
Other	21,430,100	17.11%	Various
Total number of shares	125,227,346	100.00%	

There were no paid out dividends in 2023.

At year end Arendals Fossekompani ASA (AFK) owned 87,989,644 shares, representing 70.26 % of the total number of shares in Tekna.

Board of Directors compensation 2023 and number of shares owned 31 December 2023

Name	Title	Board of Directors remunera-ted	Remunera-tion provision	Own Holdings	Related Parties	Number of shares in Tekna Holding ASA
Dag Teigland [1,2]	Chair	45,483	55,482		728,818	728,818
Torkil Sigurd Mogstad [2]	Member of Board				52,125	52,125
Ann-Kari Amundsen Heier [2]	Member of Board					
Lars Magnus Eldrup Fagernes [2]	Member of Board					
Anne-Lise Meyer [3]	Member of Board	75,210	50,294			
Barbara Thierart Perrin [4]	Member of Board	64,323	40,622			
Kristin Skau Åbyholm [5]	Member of Board		40,622		3,686,745	3,686,745
Total		185,016	187,021	-	4,467,688	4,467,688

Board of Directors remunerated corresponds to fees paid in the period, as elected. For Dag Teigland the fees paid were for the period October 2022 until April 2023, for Anne Lise Meyer for the period May 2022 until April 2023 and for Barbara Thierart Perrin for the period April 2022 until April 2023.

Board of Directors remuneration provision corresponds to accrued provisions for fees, for the period May 2023 until December 2023.

*1 Dag Teigland elected from October 2022, representing Tibidabo Industrier AS with 52,000 shares and Tibidabo Invest AS with 676,818 shares. On 22 May 2023, Dag Teigland bought, through his wholly owned company Tibidabo Invest AS, 678,818 shares from Arendals Fossekompani ASA, with a 20% discount against a lock-up period of 3 years.

*2 Representing Arendals Fossekompani ASA with 87,989,644 shares. Lars Magnus Eldrup Fagernes elected from May 2023. Ann-Kari Amundsen Heier from December 2023. Morten Henriksen resigned from the Board January 2023.

*3 Anne-Lise Meyer elected from May 2022.

*4 Barbara Thierart Perrin elected from April 2022.

*5 Kristin Skau Åbyholm elected from May 2023, representing 1,331,883 shares in Victoria India Fund AS and 2,354,862 in Kvantia AS.

The CEO does not own shares in the company per 31 December 2023.

Notes to Parent Financial Statements

10 Subsequent Events

Employee Share Purchase Plan

On March 11th 2024, the Board of Directors of Tekna Holding ASA (the "Company") has resolved to increase the Company's share capital by NOK 4 469 774 by issuing 2 234 887 new shares as part the settlement of the Company's employee share purchase plan (the "ESPP"). Under the ESPP, which was established on 18 February 2021, certain qualified employees purchased Class B Common shares in Tekna Holding Canada Inc ("Tekna Holding Canada"). Pursuant to the terms of the ESPP, there was a three-year lock-up period on these shares. The three-year lock-up period expired on 18 February 2024 and the ESPP has been settled by way of the employees transferring the Class B Common shares in Tekna Holding Canada to Tekna Holding ASA in exchange for the issuance of new shares in Tekna Holding ASA. Following this transaction, Tekna Holding Canada is a wholly owned subsidiary of Tekna Holding ASA. Following the registration of the share capital increase with the Norwegian Register of Business Enterprises, the Company's share capital will be NOK 254 924 466 divided into 127 462 233 Shares, each with a nominal value of NOK 2. Each share carries one vote at the Company's general meeting. The new shares shall carry rights to dividends from the date on which the capital increase is registered with the Norwegian Register of Business Enterprises. The settlement of the ESPP will trigger tax for the relevant employees. To provide the employees with cash to cover payable taxes resulting from the settlement of the ESPP, Arendals Fossekompani ASA ("AFK") has agreed to purchase a total of 540 812 shares from the employees at the volume weighted average market price the last five days prior to the expiration of the lock-up period, NOK 8,0453 per share.

Loan

In March 2024, Tekna received the third tranche of CAD 5 million loan with Arendals Fossekompani ASA. This is the last tranche in the loan facility agreement.

Independent auditor's report

To the General Meeting of Tekna Holding ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tekna Holding ASA, which comprise:

- the financial statements of the parent company Tekna Holding ASA (the Company), which comprise the balance sheet as at 31 December 2023, the income statement, statement of other comprehensive income, statement of changes in equity and cashflow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Tekna Holding ASA and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2023, the income statement, statement of other comprehensive income, changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 3 years from the election by the general meeting of the shareholders on 26 February 2021 for the accounting year 2021.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

The Group's business activities are largely unchanged compared to last year. We have not identified regulatory changes, transactions or other event that qualified as new Key Audit Matters for our audit of the 2023 financial statements. Furthermore, *Revenue from Construction Contracts* and *Inventory Valuation* have the same characteristics and risks as in the prior year, and therefore continue to be areas of focus this year.

Key Audit Matters	How our audit addressed the Key Audit Matter
Revenue from construction contracts	
In 2023 revenue from construction contracts constituted CAD 13 677 thousand, equal to approximately 33% of total revenues. Revenue from construction contracts is recognized over time based on expected final outcome and stage of completion of the contract measured as incurred cost compared to estimated total contract cost. There are several reasons why we consider revenue from construction contracts a key audit matter. The Group has a significant volume of construction contracts that, may have a long duration during which time the assessment of contract costs and stage of completion may be complex and subject to judgement. Furthermore, management's judgement related to construction contracts impacts several financial statement line items, and thus has a pervasive effect on the financial statement. Note 2 and the accounting principles include additional information on the Group's construction contracts.	We obtained a sample of customer contracts and assessed the accounting treatment against the Group's accounting principles and IFRS 15 Revenue from contracts with customers. We found that the accounting treatment was consistent with the content of the contracts and that accounting principles were based on IFRS 15. The Group has implemented controls to ensure that accounting for construction contracts reflect management's best estimates with respect to total contract cost, revenue, and stage of completion. Estimating total project costs and calculating stage of completion requires judgement. We performed various procedures to assess whether management's judgements were reasonable, including: • Obtained and read contract agreements, and change orders, when applicable to understand contract scope and key terms. • Evaluated the timely identification of circumstances that may warrant a modification to the total estimated costs including, but not limited to, contracts subject to claims and contract modifications. • Discussed with project leaders and management to evaluate progress to date, the estimate of costs to be incurred, and factors impacting the amount of time and cost to complete the project. • Compared the original budget expected on the contract to actual. • Compared the costs incurred and the estimated costs to complete to the original total estimated costs.

Independent auditor's report (continued)

- Tested on a sample basis, the costs incurred to supporting evidence.
- Compared the original total estimated costs to the total costs incurred for contracts completed during the year.

We found that assumptions used, and judgements made by management were reasonable. We further evaluated the disclosures in note 2 and found them to be appropriate.

Inventory valuation

As described in Note 7 to the consolidated financial statements, inventories are valued at the lower of cost and net realizable value, and management records a provision as necessary to appropriately value inventories. The cost of inventory is based on a first-in first-out basis for raw material and includes costs incurred upon procurement of goods and the costs of bringing them to their present condition and location. For finished goods and work in progress, cost is calculated as direct production cost plus a share of indirect costs based on normal utilization of capacity. At the balance-sheet date, the Company's consolidated net inventories balance was CAD 17 607 thousand, inclusive of the inventory provision of CAD 4 737 thousand. Management estimates the net realizable value based on the Group's periodic review of historical sales data for both raw materials, work in progress and finished goods as well as the growth rate of sales and order intake.

We considered inventory valuation to be a key audit matter due to the significant net book value of inventory and because estimating net realizable value of inventory, including slow-moving inventory, is subject to significant management judgement. Leading to a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating audit evidence relating to the estimate. Addressing the matter by performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements.

Our procedures included understanding and testing the implementation of controls relating to the review of the provision including the assumptions used. Our procedures also included, among others:

- For a sample of raw material inventory items, valued using the average cost method, tracing the underlying data to recent purchase invoices and shipping documents.
- Testing the standard cost used by management against actual costs.
- Observing the physical condition of inventories during inventory counts.
- Evaluating the appropriateness of management's process for developing estimates of net realizable value.
- Testing data used by management by agreeing the data to underlying records.
- Testing data used by management by agreeing the data to underlying records. Testing the reasonableness of the assumptions for quality, damages, future demand, selling prices and market conditions by considering historical trends and consistency with evidence obtained in other areas of the audit.

We found that assumptions used, and judgements made by management were reasonable. We also read the disclosures in note 7 and found it to be appropriate.

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Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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Independent auditor's report (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Tekna Holding ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name Tekna Annual Report 2023.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities

For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: https://revisorforeningen.no/revisjonsberetninger

Arendal, 10 April 2024
PricewaterhouseCoopers AS

Lars Ole Lindal
State Authorised Public Accountant

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Corporate Governance

Tekna Holding ASA

Report 2023

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

January 1—December 31

Corporate Governance Report

Corporate Governance report

Tekna aims to maintain high standards for corporate governance. In the Company's opinion, good corporate governance is an important condition for value creation.

Tekna Holding ASA's (the "Company") corporate governance defines the business framework within which all activities in the Company should operate and clarifies the roles and responsibilities between governing bodies in the Company.

The Company is subject to corporate governance reporting requirements as defined in the Norwegian Accounting Act, section 3-3b and the Norwegian Code of Practice for Corporate Governance (the "Code") available at www.nues.no. The Board of Directors' Statement of Corporate Governance follows the structure of the Code.

This report provides an overview of how Tekna follows the 15 points set out in the Code and the deviations from the Code in Tekna's operations. This report should be viewed in conjunction with all the measures relating to corporate governance detailed in the Company's annual report 2023.

1. Implementation and reporting on corporate governance

Our governance structure

The Board has the overall responsibility for ensuring that the Company has a high standard of corporate governance. The Board has adopted a corporate governance policy document (the "Policy"). This Policy describes the Company's main principles for corporate governance and addresses the framework of guidelines and principles regulating the interaction between the Company's shareholders, the Board of Directors, the Chief Executive Officer (the "CEO") and the Tekna Group senior management (the "Executive Leadership Team"). The Company is a holding company, and the operations of the Tekna group of Companies are carried out through the operating subsidiaries of the Company (the "Tekna Group"). The Policy is based on the Code, the Company's goal is to act in accordance with every recommendation in the Code.

The Board and Executive Leadership Team perform an annual assessment of its principles for corporate governance.

The Board members and the Executive Leadership Team are requested once a year to complete a Directors and Officers compliance questionnaire, disclosing any conflicts of interest.

Code of Conduct for suppliers and for employees

In 2021 Tekna has developed the supplier code of conduct ("sCoC") and the employee code of conduct ("eCoC"). The sCoC, signed off by the CEO in August 2021, gives clear guidance to our employees and business partners that we expect clean, transparent and fair business dealings.

The employee code of conduct was signed off at the most senior level by the Board of Directors of Tekna on February 8, 2022 as part of the corporate code of governance. Both documents can be found here: www.tekna.com/esg.

Deviations from the Code of Practice: None

2. The business

The Company business is to conduct business development, including investments, and to be co-owner of other companies. The Company is the owner of the Tekna Group. The Tekna Group's core business is to produce high-purity metal powders for applications such as 3D printing in the aerospace, medical and automotive sectors, as well as optimized induction plasma systems for industrial research and production.

The Board has prepared clear goals, strategies, and a risk profile for the Company. The Company has guidelines for how it integrates the interests of the society at large into its value creation for shareholders in a sustainable manner. The ESG – Environmental, Social, Governance - report is included in the annual report and is available on the Company's website. The Board evaluates targets, strategies and a risk profile on an annual basis, at a minimum.

Deviations from the Code of Practice: None

3. Equity and dividends

Equity

Total equity for the group at 31 December 2023 was CAD 38.4 million, corresponding to a long-term debt/equity ratio of 0.69. Considering the nature and scope of Tekna's business, the Board considers

Corporate Governance report (continued)

that the Company has adequate equity and capital structure. The Board constantly assesses the company's financial capacity in light of its objectives, strategy and risk profile.

Dividend policy

The Company strives to follow a dividend policy favourable to its shareholders. The amount of any dividend to be distributed will be dependent on, inter alia, the Company's investment requirements and rate of growth. In deciding whether to propose a dividend and in determining the dividend amount, the Board takes into account legal restrictions as well as capital expenditure plans, financing requirements and maintaining the appropriate strategic flexibility.

The Company has not distributed any dividends since the date of its incorporation.

Capital increase and Repurchase of shares

Existing mandates granted to the Board, to issue shares and to purchase its own shares, are presented in the shareholder information section of the annual report. The mandates are restricted to defined purposes and limited in time to no later than the date of the next Annual General Meeting, but in no event later than 30 June 2024.

Deviations from the Code of Practice: None

4. Equal treatment of shareholders and transactions with close associates

Equal treatment of shareholders

There is only one class of shares, and all shares have equal voting rights. At 31 December 2023 there were 125,227,346 ordinary shares each with a par value of NOK 2.00. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held. The articles of association place no restriction on voting rights. Shareholders do not have pre-emption rights upon any change of ownership of shares in the company.

Largest shareholder

Arendals Fossekompani ASA ("AFK") is the Company's largest shareholder, owning 70.3% of the Company's shares at 31 December 2023. The Company's guidelines require that AFK acts in a manner conductive to equal treatment of Company's shareholders.

Transaction with close associates

All transactions with close associates are disclosed in the notes to the annual accounts. All business activities are based on arm's length terms. In the event of transactions with insiders or close associates, procedures apply to ensure the respect of the Norwegian Public Limited Liability Companies Act.

Deviations from the Code of Practice: None

5. Shares and negotiability

The Shares in Company are listed on the Oslo Stock Exchange and are freely negotiable. There are no provisions in the Company's Articles of Association that limit the right to own, trade or vote for shares in the Company.

Deviations from the Code of Practice: None

6. General meetings

Through the General Meeting, the shareholders exercise the highest authority in the Company. All shareholders have a right to attend, make a statement and vote at the General Meeting as long as they are recorded in the Company's share register no later than two business days before the date of the general meeting. The General Meeting deals with such matters as required by Norwegian law.

The notice of the meeting, the agenda and detailed and comprehensive supporting information, are made available on Tekna's website at least 21 days before a general meeting takes place. At the same time the notice and agenda are distributed to all shareholders.

The Annual General Meeting for 2024 takes place on 15 May 2024.

Shareholders who cannot attend the meeting in person can vote by proxy and voting instructions can be given on each item on the agenda. In addition, shareholders may vote in advance, either in writing or by electronic means.

The General Meetings are opened by the Chair of the Board. Normally, the Board proposes that the Chair of the Board shall also chair the General Meetings. The Board will propose an independent Chair for the General Meeting if any of the matters to be considered calls for such arrangement.

The notices and minutes of the General Meetings are published in Oslo Børs' information system (https://newsweb.oslobors.no, ticker: TEKNA) and on Tekna's website (www.tekna.com/investors).

Deviations from the Code of Practice: two deviations from this section:

1) "the members of the Board of Directors and the Chair of the nomination committee attend the general meeting": The Company does not have a Nomination Committee. All members of Board of Direc-

Corporate Governance report (continued)

tors have normally not participated in the general meeting. Matters under consideration at the general meeting of shareholders have not previously required this. The Chair of the Board of Directors is always on hand to present the report and answer any questions. Other board members participate as needed. The Board considers this to be adequate.

2) "the general meeting is able to elect an independent Chair for the general meeting": The General Meetings are opened by the Chair of the Board. Normally, the Board proposes that the Chair of the Board shall also chair the General Meetings. The Board will propose an independent Chair for the General Meeting if any of the matters to be considered calls for such arrangement.

7. The nomination committee

The Company has not established a nomination committee.

The remuneration of the members of the Board has been voted by the General Meeting.

Deviations from the Code of Practice: The Company has not established a nomination committee. The function and responsibilities of a nomination committee are considered by the Company to have been sufficiently handled by the Board of Directors in close dialog with the major shareholders.

8. Board of directors: composition and independence

Composition and election

According to the Articles of Association, the Board shall consist of minimum three and maximum nine members. At 31 March 2024, the Board consisted of seven members. Four of the seven Board members are women. The Public Limited Companies Act states that there should be at least 40 per cent of each gender on the Board of Directors.

None of the Board members are executive personnel. The Board members are elected for a period of up to two years. The Board members including the Chair are elected by the General Meeting. There is no corporate assembly in Tekna.

The Board of Directors currently has the following composition:

- Dag Teigland, Chair of the Board elected on October 3, 2022
- Torkil Sigurd Mogstad, re-elected on May 3, 2023
- Barbara Thierart-Perrin, elected on April 1, 2022
- Anne Lise Meyer, elected on May 30, 2022
- Kristin Åbyholm, elected on May 3, 2023
- Lars Magnus Eldrup Fagernes, elected on May 3, 2023
- Ann-Kari Amundsen Heier, elected on December 19, 2023

See presentation of Board members in the annual report for details.

Independence of the Board of Directors

The composition of the Board ensures that it can operate independently of any special interest. The current Board meets the requirement set forth in the Code that the majority of board members should be independent of the Group's executive personnel and material business contacts, and that at least two of the seven board members should be independent of the main shareholders.

Executive Vice President Torkil Mogstad, Executive Vice President Ann-Kari Amundsen Heier, Business Developer Lars Magnus Eldrup Fagernes and Dag Teigland engaged by Arendals Fossekompani ASA ("AFK"), are not considered to be independent of the main shareholders due to their respective positions in, and engagement by AFK, the Company's majority shareholder. All other Board members are considered to be independent.

The Board members are requested once a year to complete a Directors and Officers compliance questionnaire, disclosing any conflicts of interest.

Board members' shareholdings

Board members are encouraged to own shares of the Company. Board members' shareholdings in the Company are disclosed in Note 23 Related Parties of Tekna's consolidated financial statements.

Deviations from the Code of Practice: None

9. Work of the Board of Directors

Duties of the Board of Directors

The Board of Directors has adopted Rules of Procedures for the Board, which indicate rules as to the work and administrative procedures of the Board and as to the functions and duties of the CEO towards the Board.

The overall management of the Company is vested in the Board and the Executive Leadership Team. In accordance with Norwegian law, the Board of Directors is responsible for, among other things, supervising the general and day-to-day management of the Company's business, ensuring proper organization and allocation of responsibilities and duties, preparing plans and budgets for its activities, ensuring that the Company's activities, accounts, and assets management are subject to adequate controls and undertaking investigations necessary to perform its duties.

The Board leads the governance system and meets with relevant Board Committees a minimum of four times a year to gain insights,

review and ensure proper implementation of internal control mechanisms and risk management processes for good governance. The Board meets the CEO, the CFO and the Executive Leadership Team as often as necessary to perform its duties. ESG, including climate-related risks and opportunities are subject to an annual review with the Board. Top risks and emerging risks are reported in the company's Enterprise Risk Management..

The Board had 14 meetings during 2023 with 96 per cent participation.

The Board has evaluated its performance in 2023.

Agreements with related party

The Board has also adopted Guidelines for Related Party Agreements to ensure proper handling of agreements between the Company and related parties. These Guidelines stipule that Members of the Board and the Executive Leadership Team must notify the Board if they have any material direct or indirect interest in any agreement to be entered into by the Company. In each case, the Board will consider whether it is necessary to obtain an independent evaluation.

In 2023, no Related Party Agreements were executed.

The Audit Committee

In light of the company's conversion to public limited company Tekna's Board established an Audit Committee in 2022 (the "Audit Committee") and adopted Guidelines for the Audit Committee. The Audit Committee is a subcommittee of the Board and acts as a preparatory and advisory body for the Board and supports the Board in the exercise of its responsibility for financial reporting, internal control, and risk management. The Audit Committee also reviews and monitors the independence of the Company's auditor.

The Audit Committee consists of two members who are members of the Board: Anne Lise Meyer and Torkil Mogstad. They have been appointed by the Board which has also designated Anne Lise Meyer as the Chair of the Audit Committee. The members of the Audit Committee have collectively the expertise required for the performance of the tasks assigned to the Audit Committee.

Deviations from the Code of Practice: "The majority of the members of the Audit Committee should be independent.": The Audit Committee has two members, one is independent, the other is not. The Board considers this to be adequate.

10. Risk Management and Internal Control

The Board ensures that Tekna has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the company's activities. The internal control and the systems also encompass the Company's corporate values and ethical guidelines.

The objective of the risk management and internal control is to manage exposure to risks to ensure successful conduct of the Company's business and to support the quality of its financial reporting.

The Board carries out an annual review of the Company's most important areas of exposure to risk and the Board and the Executive Leadership Team conduct risk assessments related to various dimensions and aspects of operations to verify that adequate risk management systems are in place.

The Board provides an account in the annual report of the main features of the Company's internal control and risk management systems as they relate to the Company's financial reporting.

Internal control of financial reporting is conducted through day-to-day follow- up by Executive Leadership Team, and supervision by the Audit Committee.

Deviations from the Code of Practice: None

11. Board remuneration

The General Meeting determines the Board's remuneration annually. Remuneration of Board members is reasonable and based on the Board's responsibilities, work, time invested and the complexity of the enterprise. The remuneration of the Board members is not performance-related nor includes share option elements.

The Board is informed if individual Board members perform tasks for the Company other than exercising their role as Board members. Work in sub-committees may be compensated in addition to the remuneration received for Board membership.

Additional information on remuneration paid to the individual Board members can be found in Note 23 of the financial statements for 2023.

Deviations from the Code of Practice: None

12. Salary and other remuneration for executive personnel

The Board has resolved guidelines to the CEO for remuneration to the Executive Leadership Team, including performance-related remuneration. The Guidelines can be found in the Corporate Governance Policy of the Company.

Corporate Governance report (continued)

The salary and other remuneration of the CEO are decided by the Board.

The Company's senior executive remuneration policy is based primarily on the principle that executive pay should be competitive and motivating, in order to attract and retain key personnel with the necessary competence, in order to ensure the long terms interest of the Company.

The performance-related remuneration portion is limited in the variable compensation plan.

Details relating to the salary and benefits payable to the CEO and other subsidiaries' senior executives are available in note 23 to the financial statements and the Remuneration Report 2023.

Deviations from the Code of Practice: None

13. Information & communication

Communication with shareholders, investors and analysts is a priority for the Company. The Board has implemented an Investor Relations Policy with the objective to provide the public with accurate, comprehensive and timely information to form a good basis for making decisions related to valuation and trade of the Company share. The Company's communication is based on openness and respects the requirement for equal treatment of all shareholders.

All notices sent to the stock exchange are made available on the Company website and at https://newsweb.oslobors.no.

The dates for major events such as the Annual General Meeting, the publication of interim reports and public presentations are published on the Company's website: www.tekna.com/investors/calendar and at https://newsweb.oslobors.no.

Deviations from the Code of Practice: None

14. Take-over situations

The Board has adopted Guidelines relating to take-over bids. In the event of a take-over bid being made for the Company, the Board will follow the overriding principle of equal treatment for all shareholders and will seek to ensure that the Company's business activities are not disrupted unnecessarily. The Board will strive to ensure that shareholders are given sufficient information and time to form a view of the offer.

The Board will not seek to prevent any take-over bid unless it believes that the interests of the Company and the shareholders justify such actions. The Board will not exercise mandates or pass any resolutions with the intention of obstructing any take-over bid unless this is approved by the General Meeting following the announcement of the bid.

If a take-over bid is made, the Board will issue a statement in accordance with statutory requirements and the recommendations in the Code.

In the event of a take-over bid, the Board will obtain a valuation from an independent expert. If a major shareholder, any member of the Board or Executive Leadership Team, or related parties or close associates of such individuals, or anyone who has recently held such a position, is either the bidder or has a particular personal interest in a take-over bid, the Board will arrange for an independent valuation.

Any transaction that is in effect a disposal of the Company's activities will be submitted to the General Meeting for its approval.

Deviations from the Code of Practice: None

15. Auditor

Role of Auditor

PwC is the Company's Auditor.

The primary task of the Auditor is to perform the audit work required by law and professional standards with the level of care, competence and integrity required by law and such standards. The Auditor participates in all meetings of the Audit Committee. The Minutes of the Audit Committee are shared with the Board Members. If required by the Board, the Auditor can assist to the Board.

The Auditor has assisted the Board related to 2023 Annual financial results.

Use of the Auditor for services other than the audit.

The Audit Committee reviews and monitors the independence of the Company's auditor, including the extent to which services other than auditing provided by the auditor or the audit firm represent a threat to the independence of the auditor.

The Auditor provides the Board with an annual written confirmation that it continues to satisfy the requirements for independence.

The Auditor annually provides the Board with a summary of all services in addition to audit work that have been undertaken for the Company. The fees paid for audit work and fees paid for other specific assignments are specified in the notes to the financial statements.

Deviations from the Code of Practice: None

Sustainability Report

Tekna Holding ASA

2023

January 1—December 31

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

Every particle counts...

Every year Tekna employees embark on a spring cleaning of the Sherbrooke industrial park, every particle *removed from the environment* counts

Sustainability Reporting

Guidance on Tekna's Sustainability reporting

This year we have started to include sustainability in the Board of Directors' report following the European Sustainability Reporting Directive. In this sustainability report we include a number of topic-specific in-depth reports for external frameworks.

On the right we present an overview of the prepared reports available for download from our website.

The relation between Tekna's material topics, our focus areas, UN Sustainable Development Goals and the GRI requirements are below.

We also included direct links to the documents.

In-depth Report (with link)	Content description
GRI Report 2023	Sustainability information provided in the structure of the GRI General Disclosures 2021. This also includes metrics from 2019-2023 per GRI definition.
Emissions Accounting Report 2023	Quantitative and Qualitative information on the Carbon and Air emissions as well as Decarbonization efforts of the Company
Human Rights and Transparency Act Report 2023	Reporting on Supply Chain governance following the Norwegian Transparency Act
Corporate Governance Report 2023	Reporting on the Company's Governance structure following the Norwegian Code of practice for Corporate Governance
EU taxonomy Report 2023	Full report on alignment of Tekna's economic activities with environmental objectives of the EU taxonomy
TCFD progress Report 2021	Progress report on preparations following the structure of the Task Force on Climate-Related Financial Disclosures (TCFD). Keep an eye out for the update in 2024.
UN Global Compact CoP	United Nations Global Compact communication on progress. This is an online reporting in the UN system due in June 2023
Annual Report 2023	Tekna's annual report containing the Board of Directors' report and consolidated and audited financial statements among other

Material topics[1]	Focus area	SDG[2]	ESG[3]	in GRI[4] Report, item:	CSRD[5]	See also this Report
Enable customers to reach their ESG targets [4.O] Producing more with less materials [8.O]	**Sustainability:** Enabling customers' positive impact	SDG 9	S	201, 202, 203, 416, 417, 418	ESRS E1, E5	EU Taxonomy Report 2023 Emissions Accounting Report 2023 Human Rights and Transparency Act Report 2023 TCFD progress Report 2021 GRI Report 2023 Remuneration Report 2023 Corporate Governance Report 2023
Increased demand for circular economy innovation and solutions [1.O] Growing demand for green technology drives demand for certain raw materials [5.R] Achieve climate-friendly production [2.O] Rising resource scarcity worsening the increasing costs [12.R]	**Circularity:** Strive for circular and sustainable production	SDG 12	E, G	2-6, 2-13, 2-25, 3-1, 3-2 ,204, 301, 302, 303, 304, 305, 306, 308 410, 411, 413, 414	ESRS E1, E5	
Hygiene area (minimum safeguard)	**Society:** Great place to work	SDG 8	S	2-7, 2-8, 2-16, 2-17, 2-26, 2-30, 401, 402, 403, 404, 405, 406, 407, 408, 409	ESRS S1-S4	
Hygiene area (minimum safeguard)	**Governance:** Ethical business conduct	SDG 16	G	2-1, 2-2, 2-3, 2-4, 2-5, 2-9, 2-10, 2-11, 2-12, 2 -14, 2-15, 2-18, 2-19, 2-20, 2-21, 2-22, 2-23, 2-24, 2-27, 2-28, 2-29, 205, 206, 207, 415	ESRS G1	

1: Coding at the end of the topic relates to the map in the materiality analyses in Appendix A. "O" is opportunity and "R" is risk. 2: Global Reporting Initiative. 3: UN Strategic Development Goals. 4: Environment, Social, Governance. 5 Corporate Sustainability reporting Directive (EU)

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Tekna Holding ASA

2023

January 1—December 31

Human Rights and Transparency Act Report

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

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Introduction

On 1 July 2022, the Norwegian Transparency Act came into effect. The Act promotes enterprises' respect for human rights and decent working conditions in connection with the production of goods and the provision of services. It also ensures the general public's access to information regarding how enterprises address adverse impacts on fundamental human rights and decent working conditions.

Tekna's value chain

Tekna is a world-leading provider of advanced materials, headquartered in Sherbrooke, Canada. Tekna produces high-purity metal powders for applications such as 3D printing serving the aerospace, medical and consumer electronics industries, as well as optimized induction plasma systems for industrial research and production. With its unique, IP-protected plasma technology, the company is well-positioned in the growing market for advanced nanomaterials within microelectronics. Building on 30 years of delivering excellence, Tekna is a global player recognized for its quality products and its commitment to over 200 customers including multinational blue-chip customers.

Tekna Holding ASA and its subsidiaries ("Tekna") consists of ten legal entities (including one joint venture), of which three are in Europe ("EU") (31 employees), four are in North America ("NA") (186 employees) and three are in Asia (5 employees). Manufacturing takes place in Canada and France, whereas the other entities are sales offices.

In our sustainability journey, we have focused our attention on understanding the impacts of our own operations. However, Tekna has a diversity of interactions across the value chain: suppliers, customers, our own operations and interactions related to the end user and end-of-life process. Our supply chain and geographical footprint are examples of factors that affect the value chain and our impacts, risks and opportunities. Tekna can have a positive or negative impact on the value chain. Examples of a positive impact is the enabling strength of our high-quality additive manufacturing ("AM") materials converting more customers to resource efficient AM methods. As a global business, the need for business travel and the related Greenhouse gas emissions (GHG) is an example of a negative impact. Raw materials for the manufacturing of metal powders is the area with the highest risk for negative impact in our supply chain.

Potential risk and impact areas in our value chain

Notwithstanding our commitment to respecting all human rights, the human rights issues most relevant to our business operations are:

Community impact	Labor conditions
• Freedom of expression • Digital security/privacy • Access to water and sanitation • Displacement and loss of livelihoods • Environmental degradation • Land rights • Security forces • Gender equality and women's right • Minority rights • Rights of Indigenous People • Rights of refugees and migrants • Conflict minerals in the supply chain	• Freedom of association and the effective recognition of the right to collective bargaining • Forced labor • Child labor • Non-discrimination in respect of employment and occupation • Safe and healthy working environment • Working conditions (wages, working hours)

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Introduction (continued)

We have a general understanding of the potential impacts and risks associated with raw material extraction and refining in our supply chain. This may include child labor, forced labor, pollution of land, soil, water and air, perilous working conditions, hazardous workplaces, exposure to hazardous chemicals, conflict and disputes in local communities and GHG emissions. We need to study the impacts specifically for the feedstock materials we use, from extraction to delivery at Tekna. Only this way can we mitigate negative impacts. In 2023 we have started to focus our attention to upstream impacts and much work remains to be done to complete the understanding. Afterwards we will shift and continue downstream.

REACH, RoHS and potential conflict minerals

Our procurement team has delivered third-party verification guaranteeing our powder products are meeting REACH (toxic chemicals) and RoHS (hazardous substances) requirements.

Tekna is following the Responsible minerals initiative (Conflict minerals reporting) for tungsten and tantalum. Both are sourced exclusively from Conflict-Free material based on OECD due diligence and Dodd-Frank requirements. Tekna has the declaration on conflict-free material, which is made with all the information from partners in the entire supply-chain from smelters up to Tekna.

Below is a simplified overview of the Tekna value chain for the two business segments. We have indicated in red the part with highest negative impact, which materials are on the Critical raw material list, and which are potential conflict material.

Risk mitigation

80 per cent of Tekna's global spend comes from suppliers based in the EU or NA, which we deem well-governed by legal standards. The remaining 20 per cent, approximately, is spent on a key raw material, i.e. titanium, supplied by two regularly audited manufacturers in China. Both are well-established and qualified suppliers to major western industrial conglomerates.

Value chain / Business Segments	Suppliers & Resources	Tekna Operations	Customers	End-users (& End-of-life-stage)
Advanced Materials BU's:	*Raw materials to feedstock:*	Processing feedstock by plasma atomization: heating the metals until they turn into liquids or vapor and subsequently develop the liquids or vapor into micro- and nanoscale advanced materials.	*Production of:*	*Utilization:*
Additive Manufacturing	Aluminum Alloys Nickel alloys Tantalum[1,2] Titanium[1]		Tier 1 and Tier 2 Metal part manufacturers	Aerospace, medical implants, automotive and consumers (enabling additive manufacturing)
Microelectronics	Nickel		Multi-Layer Ceramic Capacitors (MLCC) Original Equipment Manufacturers	for Electronics (devices, EVs, enabling miniaturization and electrification)
Systems	Parts and subassembly producers	Manufacturing, commissioning and servicing of Plasma systems	Research institutes and companies	Research and small production of (new) materials (enabling electrification)

Figure 1: simplified overview of the Tekna value chain for the two businesses.

1: Critical raw material list. 2: Potential conflict material Tekna's supplier guaranteed material purchased non-conflict.

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Guidelines and routines

Several guidelines and routines have been created and communicated for handling actual and potential negative consequences for basic human rights and decent working conditions.

For any concerns about business conduct, or advice regarding the policies and practices for responsible business conduct, the first point of contact internally is the HR department, externally it is the CFO and, alternatively the whistleblowing channel is available if the informant wishes to remain anonymous. Any interaction will be taken into consideration on a continuous basis.

Tekna has established an Ethics and Compliance Committee ("ECC") to ensure we operate fairly across all business operations and engage to not use prohibited practices. This showcases our commitment to do business with diligence.

The newly formed ECC reports to the Audit Committee and consists of key executives and managers. One of its roles is to ensure adequate up-to-date guidelines and routines are in place and properly implemented and followed.

Code of Conduct

Tekna has embedded responsible business conduct in its Code of Conduct ("CoC"). The CoC was approved by the Board of Directors as part of the Corporate Governance Code on February 8, 2022. It is available in both English and French to ensure a good understanding with the employees and enable them to use good judgment, and in the case of uncertainty, seek guidance.

Implementation began in 2022 and an updated version was released in December 2023. At March 31, 2024, 100% of the global employees have signed[3] the CoC. It is also compulsory for new employees to read and sign the CoC as part of their onboarding. A CoC training with employees will take place in 2024.

The CoC is available on www.Tekna.com/esg .

Supplier Code of Conduct

Tekna has embedded responsible business conduct for suppliers in its Supplier Code of Conduct ("SCoC") put in place in 2021. The SCoC was approved by the Chief Executive Officer on August 16, 2021. It is available in both English and French to ensure a good understanding with our supply base.

The Suppliers Code of Conduct and Supplier self-assessment were rolled out to our medium and large suppliers (starting with > CAD 100 thousand spend in 2021). An unchanged number of suppliers have submitted a signed SCoC to us (20).

To further enhance our Supplier due diligence, early 2023 we signed a collaboration with Factlines AS, who provide a systematic digital approach to supplier due diligences.

We will also expand the scope of the SCoC to include and address Business Partners, rather than just suppliers (action carried from 2023).

The SCoC is available on www.Tekna.com/esg .

Human rights

Tekna's Business Partners shall respect human rights, and always act in line with the rules and principles laid out in the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights, and the OECD Guidelines for Multinational Enterprises

Prohibition of child labour

Tekna does not accept any form of child labour or that children below the lawful minimum age for admission to employment are engaged in our or our Business Partners' business. If persons below the age of 18 are involved, Tekna demands special precautions to safeguard their health, security and rights. Persons below the age of 18 shall not perform dangerous or night-time labour, and their work shall not inflict damage on their education or development. Tekna and its Business Partners fully support, and will act in accordance with, the UN Convention on the Rights of the Child.

Labour rights, health and safety

Tekna does not accept any involuntary labour and expects all its Business Partners to comply with all fundamental labour rights and applicable laws and regulations. Business Partners shall ensure fair salaries, safe working conditions (including necessary supervision and protection from fire and other dangers), the right to organize, a good workplace environment, and have in place a whistleblowing procedure for the reporting concerns by employees.

3: Signing includes online acceptance on our Document Management System ISOVISION.

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Guidelines and routines (continued)

Hazardous substances and conflict resources

Tekna and its Business Partners shall comply with applicable laws and regulations regarding the use, prohibition and restriction of hazardous substances and shall avoid the use of conflict materials, i.e. materials that originate from conflict areas and contribute to fund governments and movements which violate fundamental human rights.

Discrimination and harassment

Any kind of discrimination due to gender, ethnicity, national origin, descent, skin colour, language, religion, sexual orientation, family situation or disability is not accepted in Tekna or any of its Business Partners. All people shall at any time be treated with respect and dignity.

Whistleblowing

Tekna encourages transparency and Business Partners and their employees are expected to report any concerns about potential violations of the (S)CoC or applicable laws and regulations to the Chief Financial Officer without delay.

If our employees suspect any unethical conduct in breach of this Code or other policies and applicable laws, they shall immediately report this to the corporate or local HR department following the internal complaint procedure.

The first point of contact is the HR department, but reports can be made to one of the people listed in the CoC, depending on the nature and content of the report. Violations involving a member of the executive team should be reported directly to a Board member.

If an employee reporting a violation wishes to remain anonymous, all reasonable steps will be taken to keep their identity confidential. Anyone who reports such matters, in accordance with the internal complaint form, will be protected from retaliation. As such, no employee shall be discriminated or retaliated for reporting in good faith a violation of Tekna's policies. However, any employee who intentionally has made a false claim of violation may receive disciplinary actions up to and including, when appropriate, termination of employment.

Tekna will endeavour to protect whistleblowers against retaliation. Tekna may, however, disclose information to competent authorities to the extent appropriate.

In 2023, Tekna established a partnership with Whistleblower Software, enabling us to introduce an anonymous whistleblowing platform to our valued employees and stakeholders. This collaboration marks a significant milestone in our journey towards fostering a culture of transparency, accountability, and ethical conduct. By providing a secure, anonymous and confidential channel for individuals to report concerns, we have strengthened our commitment to maintaining the highest standards of integrity within our organization. Our aim for this new channel is that it will act as a constructive feedback loop within our organization and supply chain, thus helping in identifying, mitigating, and addressing issues.

Handling requests of information – The Transparency Act

Tekna has published the Routine for processing requests on information according to the Transparency Act which solidifies our dedication to transparency by outlining a systematic approach to managing and responding to information requests according to the Norwegian law. By establishing clear guidelines for information disclosure, we aim to bolster trust among our stakeholders and contribute to a more informed and engaged community.

The routine follows the legal requirements, ie: Upon receipt of a written request for information Tekna will reply within three weeks. Depending on the complexity of the request this will either be the answer to the questions or a request for extension of the time limit with reason of the extension and an expected completion and reply date.

The contact person for the Transparency Act is disclosed specifically on the website (Tekna.com/esg).

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Guidelines and routines (continued)

Subjects for the Board

The overall management of the Company is vested in the Board and the Executive Management. In accordance with Norwegian law, the Board of Directors is responsible for, among other things, supervising the general and day-to-day management of the Company's business, ensuring proper organization and allocation of responsibilities and duties, preparing plans and budgets for its activities, ensuring that the Company's activities, accounts, and assets management are subject to adequate controls and undertaking investigations necessary to perform its duties.

The Code of Conduct was approved by the Board of Directors in 2022.

In 2023, we have published four essential board-approved policies that exemplify our unwavering dedication to sustainability and responsible business practices. Our Anti-corruption policy stands as a testament to our refusal to tolerate any form of unethical behavior, reinforcing our stance against corruption in all its forms. Our Environmental policy highlights our commitment to environmental stewardship, outlining a comprehensive framework for minimizing our ecological footprint and championing sustainable practices. The introduction of the Competition Laws Compliance Policy serves as a demonstration of our commitment to fair business practices and adherence to legal standards, ensuring that we operate in a competitive and ethical manner. Finally, we have published the aforementioned Routine for processing requests on information according to the Transparency Act.

Risks of negative consequences

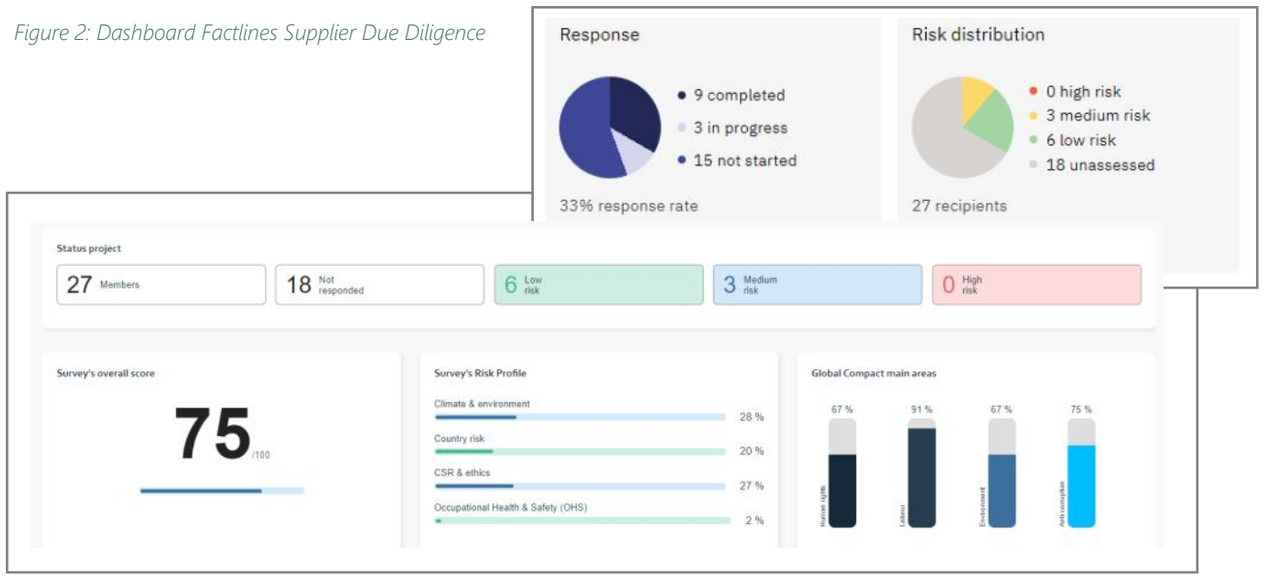
Risks of negative consequences resulting from our value chain are identified through a sustainability due diligence process.

Tekna continues its process of performing the due diligence to identify, measure and understand the most important risks in our supply chain. This is conducted with assistance from Factlines, a company that provides a corporate social responsibility self-reporting form based on the ten principles of UN Global Compact, OECDs guidelines for responsible business conduct, and the Transparency Act law. The form covers topics such as supply chain, risk assessment, management systems, working conditions, social responsibility, environment, anti-corruption, and conflict minerals.

Performance

In 2023, we launched a campaign starting with the 25 suppliers with highest spend and / or greatest risk. Our largest suppliers include raw material suppliers in China (approx. 20 percent of total company spend), classified as a country with high risk because there is no guarantee of workers' rights. Furthermore, we included suppliers that we expect to have a supply chain in potential risk areas. It has proven to be challenging to achieve participation and we will continue to encourage our Business Partners to participate. The Ethics and Compliance Committee is working on corrective measures to improve the response and commitment from our business partners.

Figure 2: Dashboard Factlines Supplier Due Diligence



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Risks of negative consequences

In the dashboard in figure 2, the colour coded risk level shows a summary of the overall score on four axes: Climate & Environment, Country risk, Corporate Social Responsibility & Ethics and Occupation Health & Safety.

To date we have not received a response classified as "High Risk". However, response rate is low, particularly amongst the suppliers with highest estimated risk. For 2024 the focus will be on gathering data.

KPI

In 2023, there were no reported incidents of discrimination, anti-corruption or breaches of the SCoC or CoC. See figure 3 for further key performance indicators.

Figure 3: Key performance indicators 2023	2023	2022
Percentage of new suppliers that were screened using social criteria	not started nor planned, priority focus on risk suppliers	
Number of suppliers assessed for social impacts	9 (+3 in progress)	4 (+1 in progress)
Number of suppliers identified as having significant actual and potential negative social impacts	0	0
Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment	0 (high risk)	0 (high risk)
Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment, and why	0	0

Process to remediate negative impacts

Early 2023, raw material suppliers in China were audited and no human rights violations were observed. and both partners were showing visible care for the well being of their employees (security equipment, safety reminders & practices).

We will obtain more responses and expand the supplier base that we ask to respond to the assessment. In order to make the most out of the resources we have, we will first focus our efforts on the suppliers with the most improvement potential.

We will pay particular attention to those suppliers that disclose not having a policy against the use of child labour and / or forced labour in line with the UN Global Compact principle 5.

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Measures

Tekna will ensure that all new employees sign the Code of Conduct.

- Tekna will train its employees to ensure policies are well understood and adhered to.

Tekna will renew its efforts with its supply base to

- Improve the percentage of signatories of its Business Partner Code of Conduct
- Improve participation in its due diligence process and act on any "high risk" assessments
- Ensure supplier audits include E, S, G topics as standard in the agenda
- Improve its understanding of climate-related risk and support the development of a mitigation plan.

All these measures will reduce the risk of negative consequences and halt present activities that have negative impact.

Progress on Action plan 2023

Supplier audits	Ongoing
Increase Supplier SCoC signatories	Ongoing
Complete routine for request for information related to Transparency Act ✓	Completed
Complete Factlines due diligence on 25 most critical suppliers	Continue in 2024
Employee CoC 100% signature ✓ *and training*	Completed, training in 2024
Adjust SCoC to specifically address all Business Partners	Continue in 2024
Develop and implement Anti-corruption policy ✓ *and training*	Completed, training in 2024
Board approval for Anti Corruption policy ✓	Completed
External whistleblowing system ✓	Completed
Creation and board approval for Competition Law Compliance Policy ✓	Unplanned, Completed

Actions 2024

Supplier audit standard agenda to include E,S,G and climate risk topics	Q2
Increase Supplier SCoC signatories - simplify process	Q2
Employee training in CoC	Q2
Employee training in Anti-Corruption and Compliance	Q2
Update and adjust SCoC to specifically address all Business Partners	Q3
Board approval for CoC for Business Partners	Q3
Create Human Rights Policy	Q2
Board approval Human Rights Policy	Q3
ECC to follow due diligence on 25 most critical suppliers	Q4

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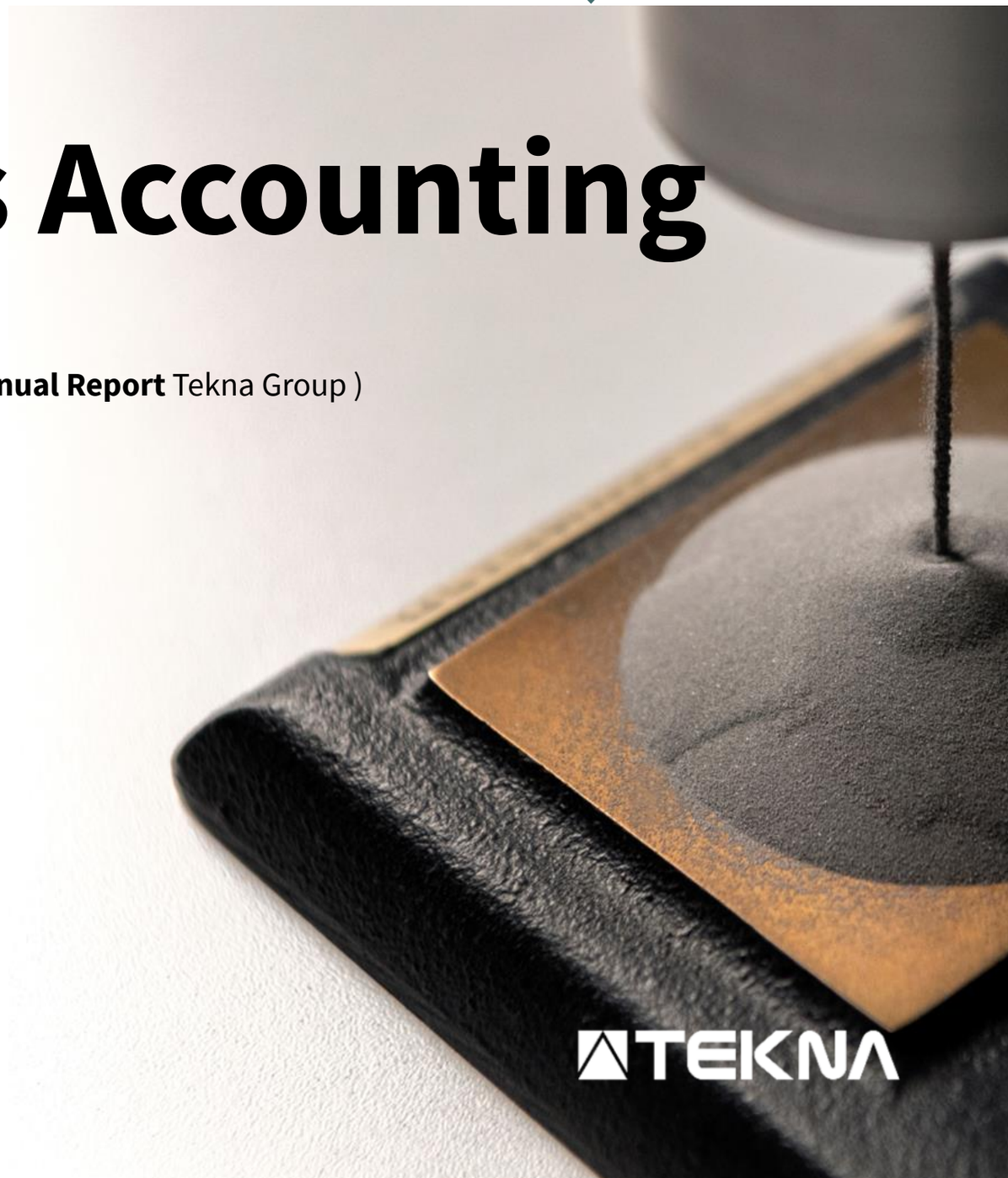
Tekna Holding ASA

2023

January 1—December 31

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

(Carbon and non-GHG)



Tekna's climate footprint at a glance

Energy Intensity per kg metal powder produced

Performance vs baseline FY19

Direct electricity of plasma systems within Tekna | Ti64 and AlSiMg | in kWh per kg

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

Renewable energy share

72 % ▲ vs 66% **(+6 pp)** in 2021 (Location based).

Scope 1

589 tCO2e ▶ vs 577 **(+2%)** in 2021. Tekna has added a third facility in Canada in 2022 increasing natural gas consumption for heating compared to baseline 2021.

Scope 2

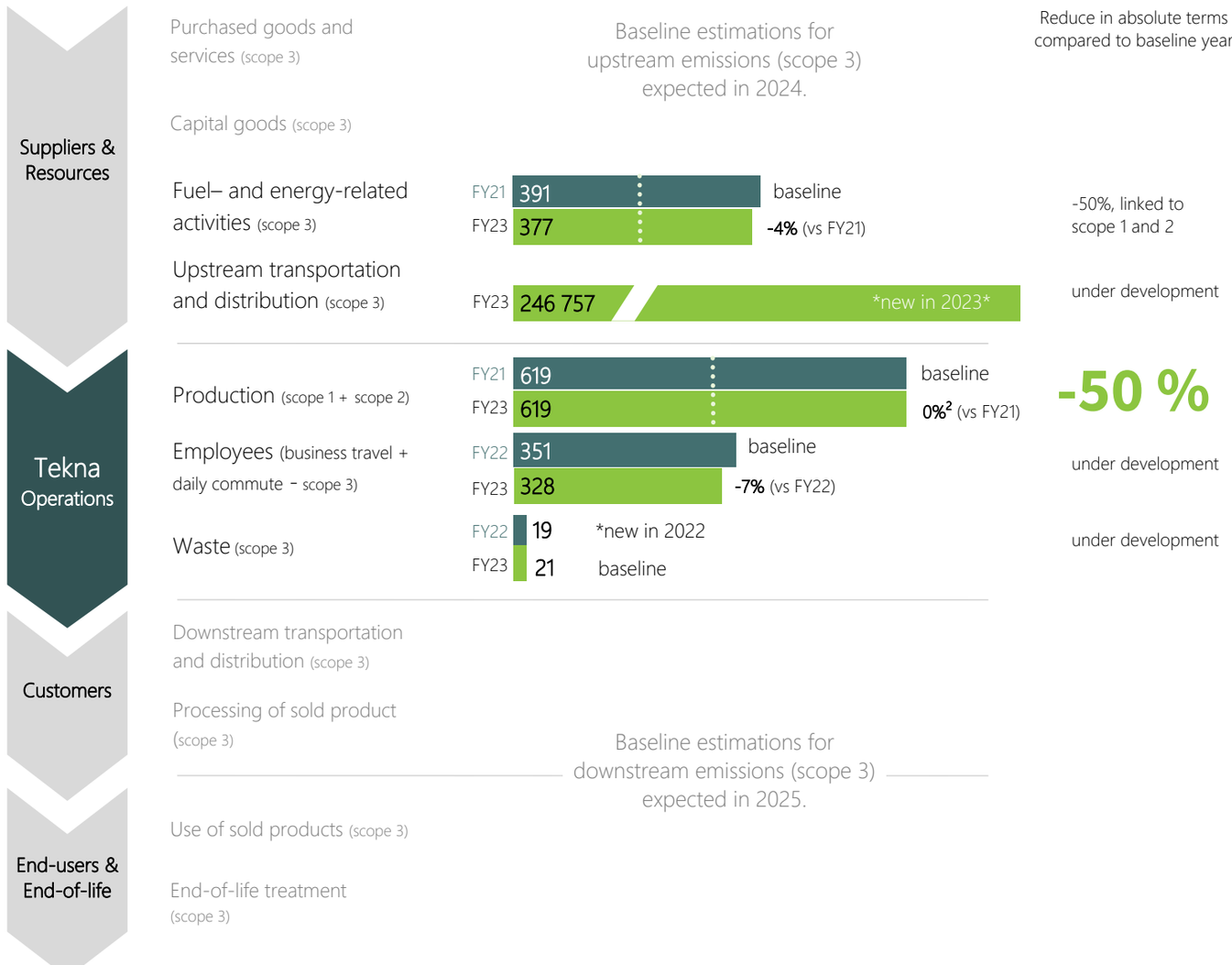
30 tCO2e ▼ vs 42 **(-29%)** in 2021. Tekna continues to improve energy efficiency in its powder production[2]. It reduced operating hours in France by 50% reducing electricity consumption.

Scope 3 (incomplete)

248k tCO2e The total emissions number will continue to increase due to broader emissions mapping in scope 3 and improved data quality. Within subcategories reduction efforts have started.

Tekna's climate footprint at different stages of the value chain

(GHG protocol[1] | in tCO2e)



Target 2030

Reduce in absolute terms compared to baseline year

1: Historical data should not change, but we always revise historical figures if data quality or science has improved. 2: 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%.

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Introduction

This report provides an overview of the organization's greenhouse gas (GHG) emissions, which is an integrated part of the organization's climate strategy.
Carbon accounting is a fundamental tool in identifying tangible measures to reduce GHG emissions. The annual carbon accounting report enables the organization to benchmark performance indicators and evaluate progress over time.

The input data is based on consumption data from internal and external sources, which are converted into tonnes CO2-equivalents (tCO2e). The carbon footprint analysis is based on the international standard; A Corporate Accounting and Reporting Standard, developed by the Greenhouse Gas Protocol Initiative (GHG Protocol). The GHG Protocol is the most widely used and recognised international standard for measuring greenhouse gas emissions and is the basis for the ISO standard 14064-I.

This report comprises the following organisational	Comment	Staff in 2023
Tekna Holding ASA [THASA], Norway	holding, no staff	0
Tekna Holding Canada Inc [THC], Canada	holding, no staff	0
Tekna Plasma Systems Inc [TPS], Canada, HQ	operational headquarter, system production	133
Tekna Advanced Materials Inc [TAM], Canada	powder production	53
Tekna Microelectronics Unit [TMC], Canada	activity started end of 2021	0
Tekna Plasma Europe SAS [TPE], France	powder production, European sales office	31
Tekna Plasma Suzhou Co Ltd [TPZ], China	sales office, office move in Q1 2022	4
Tekna Plasma Korea Co Ltd [TPK], Korea	sales office, office move in Q1 2022	1
Tekna Inc [TCU], USA	no staff, activity started end of 2022	0
Only when specifically mentioned:		
Imphytek Powders SAS [Imphytek], France, JV	JV, activity started in 2020	1

Restatements

In 2022, for a leased building in Canada, Tekna (TMC) was incorrectly allocated an electricity meter. The consumption of ~75.000 kWh has been deducted from the energy consumption reported in 2022. No material impact on emissions as it concerns hydropower.

For 2022, the treatment of hazardous waste in Canada was reclassified due to new information. This has also not lead to a change in total emissions in the category.

External Assurances

Internally the Audit Committee approves the Emissions Accounting report. This report was not externally assured on its publication date; Note that the CO2 metrics in scope 1 and scope 2 were assured for our main shareholder Arendals Fossekompani ASA ("AFK"). Tekna aims to implement assurance for its next reporting period.

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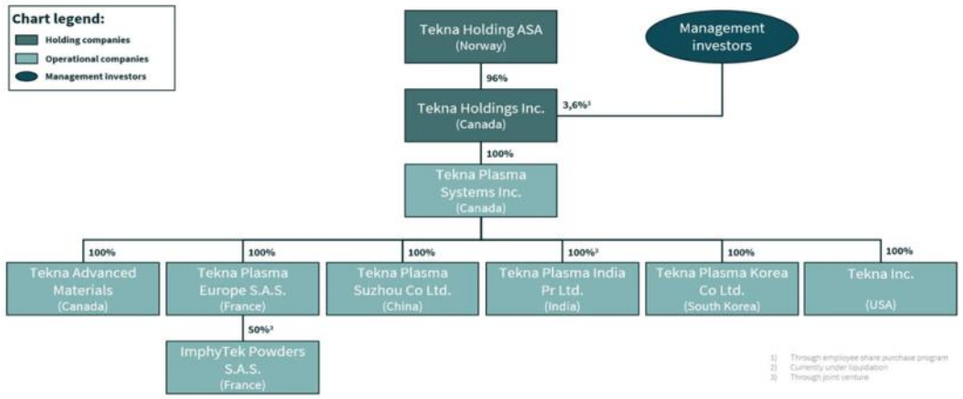
Non GHG air emissions

Tekna's standard process does not produce a significant amount of any of the common air pollutants, which includes NOx, SOx, volatile organic compounds (VOCs), hazardous air pollutants (HAPs), particulate matter (PM10), and persistent organic pollutants (POPs). We do not consider Non GHG air emissions to be a material topic for Tekna, but will report when we do emit air pollutants. As part of a nonstandard system test for a client, argon and air were combined in a research plasma system and produced an estimated 250g/h of NOx, for a total of 3750g.

Organization chart per 31.12.2023



Decarbonization

Scope 1 emissions have been stable since baseline year 2021. The source of emissions is the natural gas heating system in the Canadian facilities. We are looking to solidify the decision for the best alternative with lower emissions, which we plan to budget for before 2030.

Scope 2 emissions are down by 29%. We are approaching scope 2 in the two obvious ways, ie a) by moving consumption to renewable energy sources, and b) reducing consumption. The renewable energy share (a) is up by 6 percentage points since 2021 baseline (2023: 72%).

In reduction (b) we are focusing on increasing the productivity of our powder production. Compared to 2019 we have reduced by 24% the kWh required to produce 1 kg of powder (2023: 12.4 kWh/kg).

By the partial emissions information we have gathered for scope 3 up to 2023, it is clear that this is where the most significant emissions are. Tekna has yet to communicate reduction targets for the scope 3 categories. Nonetheless, as you can read in the Carbon Emission section of this report, we have started taking actions to reduce those emissions.

Replacing single-use packaging

Additive manufacturing ("AM") materials are typically transported in single-use packaging, with aluminum powder being shipped in 5kg plastic drums and titanium powder in metallic bottles of 2.5kg each. Unfortunately, once they have been used, the single-use packaging are left with small quantities of residual metal powder making them not easily reusable nor recyclable.

As the volumes of AM materials are increasing, the business case for returning the powder to Tekna for reconditioning will become stronger.

In order to reduce single-use packaging, Tekna has developed a Universal and Reusable CONTAINER for Additive Materials together with industry partners (see image). One container replaces 25 single-use plastic drums or 80 metallic bottles.

The key benefits of this solution:

- Enabling resource efficiency, circularity and GHG reduction: the sturdy containers can be reused "indefinitely" and will be used to deliver pristine powder to the customer and the customer can return degraded material back to Tekna
- Eliminating the use of single-use packaging and disposal activities

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Carbon Emissions

- Allowing for safer handling both during transportation and at the point of use. This means 1) reducing the risk of exposure to powder, 2) since the container has wheels, eliminating the risk of drops and lifting related injuries, and 3) based on the plug-and-play nature of the container solution, increasing user-friendliness and reducing the risk of handling mistakes
- Increasing efficiency as more material is loaded to the machine per packaging unit

The container is ready to be put into operation. Given Tekna's projected volumes, the company will avoid ~1 Million tCO2e over the next 5-years in the category Purchased goods & services (upstream) and the category Use of sold products (downstream as single-use waste)

Reducing logistics emissions

In 2023, we completed the assessment of the category Upstream transportation and distribution and with 246.7k tCO2e it is substantially higher than any of our other categories. Initial meetings have taken place with the logistics team to identify which part we can influence and reduction opportunities worth pursuing.

High level thoughts:

- Reduce air transport in favor of boat or train
- Divert transport to carriers with a "green" fleet
- Consolidate shipments
- Improve packaging to reduce shipping "air"

Scope 1 and scope 2

Scope 1 includes all direct emission sources. This includes all use of fossil fuels for stationary combustion or transportation, in owned and, depending on the consolidation approach selected, leased, or rented assets.

Scope 2 includes indirect emissions related to purchased energy; electricity and heating/cooling where the organisation has operational control.

Baseline 2021 was chosen as it was the first year we collected data of our worldwide emissions instead of just Canada.

At Tekna, natural gas is only used for heating the buildings in Canada and Korea.

At the end of 2021 and throughout 2023 Tekna has added Additive Manufacturing production equipment in Canada increasing electricity consumption. It reduced operating hours in TPE by 50% reducing electricity consumption in France.

Leased building emissions are included in scope 1 and 2. Lease car consumption is included in Scope 3 business travel.

Although we are working on replacing the refrigerants we consider the consumption non material for this report (~20lbs in TPS).

Actions taken in 2023:

- Optimization of temperature in the offices.
- Firming up decarbonization plan

Scope 1 and scope 2	status	baseline	2030 commitment	2050 ambition
Scope 1	included worldwide per entity	2021	-50% vs baseline	carbon neutral[1]
Scope 2	included worldwide per entity	2021	-50% vs baseline	

1 Carbon neutrality is achieved by reducing our carbon footprint to zero through a combination of efficiency measures in-house and supporting external emission reduction projects.

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Scope 3

Scope 3 includes indirect emissions resulting from value chain activities. The scope 3 emissions are a result of the company's upstream and downstream activities, which are not controlled by the company, i.e. they are indirect.

For scope 3 the baseline year is chosen based on when we have worldwide data available for a category.

The scope 3 emissions compared to 2022 increased due to broader emissions mapping in scope 3 and improved data quality.

This report is incomplete in scope 3. Multiple categories up-and downstream have still to be assessed. Only categories which we can substantiate with data have been included.

The Greenhouse Gas Protocol considers 15 categories in scope 3 emissions. The table below includes an overview of the categories. Categories 8, 13, 14 and 15 are not relevant for Tekna.

Scope 3 Upstream

Fuel and energy related activities Not Included in Scope 1 or Scope 2 [3]

This category includes emissions related to the production of fuels and energy purchased and consumed by the reporting company in the reporting year that are not included in scope 1 or scope 2.

Includes exactly the same consumption data as reported in scope 1 and 2.

Upstream Transport and Distribution [4]

All transportation paid by the company, inbound and outbound, as well as if the customer is billed for the transport and in addition also inbound transportation not paid by the company (upstream).

This category was calculated based on transaction reports received from transportation and distribution companies Tekna has contracted in the past year. Most reports directly provided the estimated CO2 emissions. The reports from two service providers only included departure and arrival location and cargo mass. Therefore those emissions were calculated via cemasys by using the tkm unit (cargo mass * distance in km). The distances were estimated based on information provid-

Scope 3 categories in GHG protocol:	status	baseline	2030 commitment	2050 ambition
1: Purchased Goods and Services	In progress, to be completed in 2024			
2: Capital Goods	In progress, to be completed in 2024			
3: Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2	Included upstream emissions of scope 1 and 2 consolidated per country	2021	50% (as scope 1 and 2)	carbon neutral
4: Upstream Transportation and Distribution	included consolidated worldwide	2023 *new*	TBC	
5: Waste Generated in Operations	included for Canada and France	2023	TBC	
6: Business Travel	included consolidated worldwide	2022	TBC	
7: Employee Commuting	included consolidated worldwide	2022	TBC	
8: Upstream Leased Assets	not relevant for Tekna			
9: Downstream Transportation and Distribution	Planned for 2024			
10: Processing of Sold Products	planned for 2024			
11: Use of Sold Products	planned for 2024			
12: End-of-Life Treatment of Sold Products	planned for 2024			
13: Downstream Leased Assets	not relevant for Tekna			
14: Franchises	not relevant for Tekna			
15: Investments	not relevant for Tekna			

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ed. Inbound transportation not paid by Tekna is not yet included.

Actions taken in 2023:

- Global data collection and consolidation to establish the baseline of emissions
- Scheduled first meeting with logistics team to start creating a reduction plan

Scope 3 @Tekna

Waste Generated in Operations [5]

Includes emissions from third-party disposal and treatment of waste generated in the reporting company's owned or controlled operations in the reporting year. This category includes emissions from disposal of both solid waste and wastewater.

In 2022, we estimated how waste from Canada was treated after pick-up. In 2023, we have obtained clear data with significant shifts in volumes and emissions. We have therefore made 2023 the baseline for waste.

The increase in hazardous waste is due to new Health and Safety measures (single-use protective equipment) and R&D. The rest waste or municipal waste category for Canada or France does not exist in CEMASys as of yet. We have used the closest description to it, in essence "Residual waste, landfill". The emissions are expected to be in the same range.

Composition of hazardous waste: (flammable) metallic powder, rags, acids, coolants and non-chlorine solvents and single-use protective equipment from the nano sector and the detail of how it is being processed was obtained and corrected for 2022 and 2023.

Manufacturing sites only, waste from sales offices is not included.

Waste collected during the annual Sherbrooke industrial park cleaning included in Canada.

Actions taken in 2023:

- Paper handtowels are now collected separately and disposed of via compost
- Residual waste bins have been removed from individual offices to encourage central collection points to improve correct separation.
- Improved communication of what to recycle where.
- Annual spring cleaning of the industrial park in Sherbrooke (CA) by employees. The waste collected is included in scope 3 of Tekna, even though this was not a direct emission by Tekna.

Business Travel [6]

Transportation of employees for business-related activities in vehicles owned or operated by third parties, such as aircraft, trains, buses, and passenger cars.

An increase of 6% was measured. Increased business development activity in Asia is driving this increase.

Employees were requested to complete a form per business trip, including km travelled by car (incl taxi) and train, flights (using ICAO Carbon Emissions Calculator) and hotel nights. We created this form by using the ICAO tool and recommendations from Microsoft Sustainability Calculator.

Actions taken in 2023:

- Decision to relocate Business development manager for Asia Pacific to Japan.

Employee Commute [7]

Transportation of employees between their homes and their worksites during the reporting year (in vehicles not owned or operated by the reporting company).

A reduction of 13% was measured. The use of electrical and hybrid cars has increased amongst our employees. Tekna has offered its employees the possibility to charge for free at its Canadian facilities since 2020.

Employees were requested to complete a form detailing how many days per week they are in the office on average and what their commute is like on average. Adjustments were made upon indication of employees around "significantly greener summer commutes" and carpooling. We obtained 151 answers out of 221 (68%), which we considered a sufficient bases to extrapolate to 100%. We created this form based on the recommendations of the Greenhouse Gas Protocol and Cemasys categories.

Actions taken in 2023:

- Establishment of an employee carpooling platform (reduction at source posters)

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Key figures

GHG Emissions

	Unit	2019	2020	2021	2022	2023	▲ to base year
Summary							
Total Scope 1	tCO2e	453,4	474,1	576,6	585,1	589,0	2%
Total Scope 2	tCO2e	4,1	3,5	41,7	33,7	29,6	-29%
Total Scope 3	tCO2e	-	135,7	434,3	755,4	247 482,0	n/a
Total	**tCO2e**	**457,5**	**613,3**	**1 052,7**	**1 374,2**	**248 100,5**	n/a

	Category	Unit	2019	2020	2021	2022	2023	▲ to base year
Scope 1								
	Stationary combustion							
	Natural gas	tCO2e	453,4	474,1	576,6	585,1	589,0	
	Stationary combustion Total	**tCO2e**	**453,4**	**474,1**	**576,6**	**585,1**	**589,0**	2%
	Scope 1 Total	**tCO2e**	**453,4**	**474,1**	**576,6**	**585,1**	**589,0**	2%
Scope 2								
	Electricity location-based							
	Electricity France	tCO2e	-	-	32,1	26,6	22,7	
	Electricity China	tCO2e	-	-	5,0	1,9	1,5	
	Electricity Korea	tCO2e	-	-	0,6	0,5	0,4	
	Electricity location-based Total	**tCO2e**	**-**	**-**	**37,6**	**29,0**	**24,7**	-34%
	Electricity general							
	Hydropower, Quebec	tCO2e	4,1	3,5	4,1	4,7	4,9	
	Electricity general Total	**tCO2e**	**4,1**	**3,5**	**4,1**	**4,7**	**4,9**	20%
	Scope 2 Total	**tCO2e**	**4,1**	**3,5**	**41,7**	**33,7**	**29,6**	-29%

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Key figures (continued)

GHG Emissions

	Category	Unit	2019	2020	2021	2022	2023	
Scope 3								
	Fuel-and-energy-related activities							
	Natural gas (WTT)	tCO2e	-	-	98,0	98,9	96,5	
	Electricity Canada (upstream)	tCO2e	-	135,7	284,2	277,2	269,5	
	Electricity France (upstream)	tCO2e	-	-	7,1	8,3	10,3	
	Electricity China (upstream)	tCO2e	-	-	1,6	0,5	0,3	
	Electricity Korea (upstream)	tCO2e	-	-	0,2	0,1	0,1	
	Fuel-and-energy-related activities	**tCO2e**	**-**	**135,7**	**391,2**	**385,1**	**376,8**	-4%
	Upstream transportation and distribution							
	Sea Cargo Avg load	tCO2e	-	-	-	-	-	
	Truck avg.	tCO2e	-	-	-	-	36,1	
	Air freight avg. (WTT)	tCO2e	-	-	-	-	67 541,1	
	Rail freight	tCO2e	-	-	-	-	3,2	
	Sea ship avg. (WTT)	tCO2e	-	-	-	-	179 169,0	
	Transportation	tCO2e	-	-	-	-	7,6	
	SCOPE3_UPSTREAM_TRANSPORT.	**tCO2e**	**-**	**-**	**-**	**-**	**246 757,0**	n/a
	Waste							
	Hazardous waste, recycled	tCO2e	-	-	-	-	1,3	
	Hazardous waste, re-used	tCO2e	-	-	-	-	-	
	Hazardous waste, treated	tCO2e	-	-	-	1,0	0,1	
	Hazardous waste, landfill	tCO2e	-	-	0,3	0,2	0,4	
	Residual waste, landfill	tCO2e	-	-	2,5	14,4	16,3	
	Cardboard waste, recycled	tCO2e	-	-	-	0,3	0,3	
	Paper waste, recycled	tCO2e	-	-	0,1	0,1	0,1	
	EE waste, recycled	tCO2e	-	-	-	-	-	
	Plastic waste, recycled	tCO2e	-	-	-	-	-	
	Metal waste, recycled	tCO2e	-	-	-	0,1	0,2	
	Wood waste, recycled	tCO2e	-	-	0,1	0,2	0,4	
	Mineral oil waste, incinerated	tCO2e	-	-	-	2,5	1,5	
	Organic waste, composting	tCO2e	-	-	-	-	-	
	Sorted waste, recycled	tCO2e	-	-	-	0,2	0,2	
	Waste Total	**tCO2e**	**-**	**-**	**2,9**	**19,1**	**20,7**	n/a

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Key figures (continued)

GHG Emissions

	Category	Unit	2019	2020	2021	2022	2023	
Scope 3 (continued)								
	Business travel							
	Hotel nights, world	tCO2e	-	-	6,2	42,1	40,6	
	Train International	tCO2e	-	-	-	0,1	0,1	
	Mileage all. avg. car	tCO2e	-	-	11,3	21,4	16,1	
	Flights	tCO2e	-	-	22,8	51,7	64,9	
	Mileage all. el car EU27	tCO2e	-	-	-	-	0,2	
	SCOPE3_BUSINESS_TRAVEL Total	**tCO2e**	**-**	**-**	**40,3**	**115,4**	**121,8**	6%
	Employee commuting							
	Car, petrol (avg.)	tCO2e	-	-	-	170,3	138,6	
	Motorbike, small	tCO2e	-	-	-	-	0,2	
	Car, petrol (medium)	tCO2e	-	-	-	56,2	51,9	
	Car, Hybrid Electric Vehicle (HEV)	tCO2e	-	-	-	-	3,0	
	Electric car EU27	tCO2e	-	-	-	6,5	9,1	
	Bus local avg.	tCO2e	-	-	-	2,8	2,7	
	SCOPE3_EMPLOYEE_COMMUTIN(	**tCO2e**	**-**	**-**	**-**	**235,8**	**205,6**	-13%
	Scope 3 Total	**tCO2e**	**-**	**135,7**	**434,3**	**755,4**	**247 482,0**	
	Total (Scope 1 + 2)	**tCO2e**	**457,5**	**477,6**	**618,4**	**618,8**	**618,6**	**2 790,8**
	Total (Scope 1 + 2 + 3)	**tCO2e**	**457,5**	**613,3**	**1 052,7**	**1 374,2**	**248 100,5**	
Percentage change			%	34.1%	71.6%	30.5%	17954.2%	
Annual Market-Based GHG Emissions								
	Electricity Total (Scope 2) with Ma	**tCO2e**	**-**	**-**	**40,6**	**27,4**	**56,3**	
	Scope 2 Total with Market-based	**tCO2e**	**4,1**	**3,5**	**44,7**	**32,1**	**61,3**	
	Scope 1+2+3 Total with Market-b	**tCO2e**	**457,5**	**613,3**	**1 055,6**	**1 372,6**	**248 132,2**	
	Percentage change		**100%**	**34.1%**	**72.1%**	**30%**	**17977.1%**	

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Key figures

Energy

	Category	Unit	2019	2020	2021	2022	2023
Scope 1							
	Stationary combustion						
	Natural gas	MWh	2 466,1	2 578,4	3 125,9	3 182,6	2 882,1
	Stationary combustion Total	**MWh**	**2 466,1**	**2 578,4**	**3 125,9**	**3 182,6**	**2 882,1**
	Scope 1 Total	**MWh**	**2 466,1**	**2 578,4**	**3 125,9**	**3 182,6**	**2 882,1**
Scope 2							
	Electricity						
	Electricity France	MWh	-	-	593,6	521,3	434,8
	Electricity China	MWh	-	-	8,0	3,0	2,5
	Electricity Korea	MWh	-	-	1,1	1,1	1,0
	Electricity Total	**MWh**	**-**	**-**	**602,7**	**525,4**	**438,3**
	Electricity general						
	Hydropower, Quebec	MWh	6 822,8	5 798,8	6 832,6	7 800,1	8 242,9
	Electricity general Total	**MWh**	**6 822,8**	**5 798,8**	**6 832,6**	**7 800,1**	**8 242,9**
	Scope 2 Total	**MWh**	**6 822,8**	**5 798,8**	**7 435,4**	**8 325,5**	**8 681,2**
	Total (Scope 1 + 2 + 3)	**MWh**	**9 289,0**	**8 377,2**	**10 561,2**	**11 508,1**	**11 563,2**
		GJ	**33 440,3**	**30 158,1**	**38 020,4**	**41 429,3**	**41 627,6**
Percentage change			%	-9.8%	26.1%	9%	0.5%
Scope 1 renewable energy		**MWh**	-	-	-	-	-
Scope 1 renewable energy share		**%**	0%	0%	0%	0%	0%
Scope 2 renewable energy (Location-based)		**MWh**	6 822,8	5 798,8	6 964,5	7 932,2	8 348,0
Scope 2 renewable energy share (Location-based)		**%**	100%	100%	93.7%	95.3%	96.2%
Total renewable energy (Location-based)		**MWh**	**6 822,8**	**5 798,8**	**6 964,5**	**7 932,2**	**8 348,0**
Total renewable energy share (Location-based)		**%**	**73.5%**	**69.2%**	**65.9%**	**68.9%**	**72.2%**
Scope 2 renewable energy (Market-based)		**MWh**	6 822,8	5 798,8	6 832,6	7 800,1	8 242,9
Scope 2 renewable energy share (Market-based)		**%**	100%	100%	91.9%	93.7%	95%
Total renewable energy (Market-based)		**MWh**	**6 822,8**	**5 798,8**	**6 832,6**	**7 800,1**	**8 242,9**
Total renewable energy share (Market-based)		**%**	**73.5%**	**69.2%**	**64.7%**	**67.8%**	**71.3%**

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Key figures

Energy consumption

	Category	Unit	2019	2020	2021	2022	2023
Scope 1							
	Stationary combustion						
	Natural gas	m3	-	-	283 396	288 018	286 774
	Natural gas	tCO2e	453	474	-	-	-
Scope 2							
	Electricity						
	Electricity France	kWh	-	-	593 646	521 288	434 822
	Electricity China	kWh	-	-	7 950	3 034	2 470
	Electricity Korea	kWh	-	-	1 132	1 111	981
	Electricity general						
	Hydropower, Quebec	kWh	6 822 817	5 798 792	6 832 642	7 800 094	8 242 881
Scope 3							
	Fuel-and-energy-related activities						
	Natural gas (WTT)	m3	-	-	283 396	288 018	286 774
	Electricity Canada (upstream)	kWh	-	5 798 792	6 832 642	7 874 674	8 242 881
	Electricity France (upstream)	kWh	-	-	593 646	521 288	434 822
	Electricity China (upstream)	kWh	-	-	7 950	3 034	2 470
	Electricity Korea (upstream)	kWh	-	-	1 132	1 111	981
	Upstream transportation and distribution						
	Sea Cargo Avg load	tkm	-	-	-	-	-
	Truck avg.	tkm	-	-	-	-	82
	Truck avg.	tCO2e	-	-	-	-	36
	Air freight avg. (WTT)	tkm	-	-	-	-	294 168
	Air freight avg. (WTT)	tCO2e	-	-	-	-	67 451
	Rail freight	tCO2e	-	-	-	-	3
	Sea ship avg. (WTT)	tkm	-	-	-	-	16 113
	Sea ship avg. (WTT)	tCO2e	-	-	-	-	179 169
	Transportation	tCO2e	-	-	-	-	8

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Key figures (continued)

Energy consumption

	Category	Unit	2019	2020	2021	2022	2023
Scope 3 (continued)							
	Waste						
	Hazardous waste, recycled	kg	-	-	364	240	61 009
	Hazardous waste, re-used	kg	-	-	-	948	-
	Hazardous waste, treated	kg	-	-	1 636	46 441	4 337
	Hazardous waste, landfill	kg	-	-	12 976	11 457	19 866
	Residual waste, landfill	m3	-	-	22	15	-
	Residual waste, landfill	kg	-	-	-	28 620	32 738
	Cardboard waste, recycled	kg	-	-	-	13 207	13 207
	Paper waste, recycled	m3	-	-	16	18	-
	Paper waste, recycled	kg	-	-	-	-	3 208
	EE waste, recycled	m3	-	-	-	-	2
	EE waste, recycled	kg	-	-	-	2 000	-
	Plastic waste, recycled	m3	-	-	5	9	-
	Plastic waste, recycled	kg	-	-	-	-	776
	Metal waste, recycled	kg	-	-	-	6 563	7 197
	Wood waste, recycled	tonne	-	-	2	2	1
	Wood waste, recycled	kg	-	-	-	10 000	19 000
	Mineral oil waste, incinerated	liters	-	-	-	1 000	600
	Organic waste, composting	kg	-	-	-	1 139	2 254
	Sorted waste, recycled	kg	-	-	-	7 200	7 200
	Business travel						
	Hotel nights, world	nights	-	-	137	1 067	1 025
	Train International	pkm	-	-	3 035	29 886	23 829
	Mileage all. avg. car	km	-	-	67 103	125 445	96 339
	Flights	tCO2e	-	-	23	52	65
	Mileage all. el car EU27	km	-	-	-	-	3 381
	Employee commuting						
	Car, petrol (avg.)	km	-	-	-	998 903	845 838
	Motorbike, small	km	-	-	-	-	3 002
	Car, petrol (medium)	km	-	-	-	304 423	291 310
	Car, Hybrid Electric Vehicle (HEV)	km	-	-	-	-	25 615
	Electric car EU27	km	-	-	-	171 880	204 000
	Bus local avg.	pkm	-	-	-	28 790	26 904

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Methodology (CEMASYS reporting system)

The Greenhouse Gas Protocol initiative (GHG Protocol) was developed by the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD). This analysis is done according to A Corporate Accounting and Reporting Standard Revised edition, currently one of four GHG Protocol accounting standards on calculating and reporting GHG emissions. The reporting considers the following greenhouse gases, all converted into CO2-equivalents: CO2, CH4 (methane), N2O (laughing gas), SF6, HFCs, PFCs and NF3.

For corporate reporting, two distinct approaches can be used to consolidate GHG emissions: the equity share approach and the control approach. The most common consolidation approach is the control approach, which can be defined in either financial or operational terms.

The carbon inventory is divided into three main scopes of direct and indirect emissions.

Scope 1 includes all direct emission sources. This includes all use of fossil fuels for stationary combustion or transportation, in owned and, depending on the consolidation approach selected, leased, or rented assets. It also includes any process emissions, from e.g. chemical processes, industrial gases, direct methane emissions etc.

Scope 2 includes indirect emissions related to purchased energy; electricity and heating/cooling where the organisation has operational control. The electricity emission factors used in Cemasys are based on national gross electricity production mixes from the International Energy Agency's statistics (IEA Stat).

Emission factors per fuel type are based on assumptions in the IEA methodological framework. Factors for district heating/cooling are either based on actual (local) production mixes, or average IEA statistics.

In January 2015, the GHG Protocol published new guidelines for calculating emissions from electricity consumption. Primarily two methods are used to "allocate" the GHG emissions created by electricity generation to the end consumers of a given grid. These are the location-based and the market-based methods. The location-based method reflects the average emission intensity of the grids on which energy consumption occurs, while the market-based method reflects emissions from electricity that companies have purposefully chosen (or not chosen).

Organisations who report on their GHG emissions will now have to disclose both the location-based emissions from the production of electricity, and the marked-based emissions related to the potential purchase of Guarantees of Origin (GoOs) and Renewable Energy Certificates (RECs).

The purpose of this amendment in the reporting methodology is on the one hand to show the impact of energy efficiency measures, and on the other hand to display how the acquisition of GoOs or RECs affect the GHG emissions. Using both methods in the emission reporting highlights the effect of all measures regarding electricity consumption.

The location-based method: The location-based method is based on statistical emissions information and electricity output aggregated and averaged within a defined geographic boundary and during a defined time period. Within this boundary, the different energy producers utilize a mix of energy resources, where the use of fossil fuels (coal, oil, and gas) result in direct GHG -emissions. These emissions are reflected in the location -based emission factor.

The market-based method: The choice of emission factors when using this method is determined by whether the business acquires GoOs/RECs or not. When selling GoOs or RECs, the supplier certifies that the electricity is produced exclusively by renewable sources, which has an emission factor of 0 grams CO2e per kWh. However, for electricity without the GoO or REC, the emission factor is based on the remaining electricity production after all GoOs and RECs for renewable energy are sold. This is called a residual mix, which is normally substantially higher than the location-based factor. As an example, the market-based Norwegian residual mix factor is approximately 7 times higher than the location-based Nordic mix factor. The reason for this high factor is due to Norway's large export of GoOs/RECs to foreign consumers. In a

market perspective, this implies that Norwegian hydropower is largely substituted with an electricity mix including fossil fuels.

Scope 3 includes indirect emissions resulting from value chain activities. The scope 3 emissions are a result of the company's upstream and downstream activities, which are not controlled by the company, i.e. they are indirect. Examples are business travel, goods transportation, waste handling, consumption of products etc.

In general, the carbon accounting should include information that users, both internal and external to the company, need for their decision making. An important aspect of relevance is the selection of an appropriate inventory boundary which reflects the substance and economic reality of the company's business relationships.

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Sources (CEMASYS reporting system)

Department for Business, Energy & Industrial Strategy (2022). Government emission conversion factors for greenhouse gas company reporting (DEFRA)

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WBCSD/WRI (2011). Corporate value chain (Scope 3) accounting and reporting standard: Supplement to the GHG Protocol corporate accounting and reporting standard. World Business Council on Sustainable Development (WBCSD), Geneva, Switzerland /World Resource Institute (WRI), Washington DC, USA, 149 pp.

WBCSD/WRI (2015). GHG protocol Scope 2 guidance: An amendment to the GHG protocol corporate standard. World Business Council on Sustainable Development (WBCSD), Geneva, Switzerland /World Resource Institute (WRI), Washington DC, USA, 117 pp.

The reference list above is incomplete but contains the essential references used in CEMAsys. In addition, several local/national sources may be relevant, depending on which emission factors are used.

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Abbreviations

Legal entities per 31.12.2023

THASA	Tekna Holding ASA [THASA], Norway
THC	Tekna Holding Canada Inc [THC], Canada
TPS	Tekna Plasma Systems Inc [TPS], Canada, HQ
TAM	Tekna Advanced Materials Inc [TAM], Canada
TMC	Tekna Microelectronics Unit [TMC], Canada
TPE	Tekna Plasma Europe SAS [TPE], France
Imphytek	Imphytek Powders SAS [Imphytek], France, JV
TPZ	Tekna Plasma Suzhou Co Ltd [TPZ], China
TPK	Tekna Plasma Korea Co Ltd [TPK], Korea
TCU	Tekna Inc [TCU], USA

Technical terms

AU	Australia - the CEMAsys carbon accounting system - has a Nordic origin. It does not include many codes for the territories Tekna is in yet.
GHG	Greenhouse gases: The main greenhouse gases whose concentrations are rising are carbon dioxide, methane, nitrous oxide, hydrochlorofluorocarbons (HCFCs), hydrofluorocarbons (HFCs) and ozone in the lower
EE waste	EE waste describes all discarded electrical and electronic devices and
TTW	TTW stands for Tank-to-wheel, which are the emissions from actual usage
WTT	WTT stands for Well-to-tank. Well-to-tank emissions for Scope 1 input (fossil fuels such as diesel, petrol, natural gas) is relating to the production of the fossil fuel and transportation to the gas station. Well-to-tank emission for Scope 2 input (electricity, district heating/cooling, etc) is relating to the production of the electricity and the transportation and distribution of the electricity until it is used in your locations (transmission losses included).

Units

tCO_2e	tCO2e stands for tonnes (t) of carbon dioxide (CO2) equivalent (e). "Tonne" is a fancy way of writing metric ton, or 2,200 pounds. "Carbon dioxide equivalent" is a standard unit for counting greenhouse gas (GHG) emissions regardless of whether they're from carbon dioxide or another gas, such as methane.
avg.	average
GJ	A gigajoule, abbreviated as GJ, is a unit of measurement of energy consumption: a gigajoule is equal to one thousand million joules.
kWh	A kilowatt-hour is a unit of energy: one kilowatt of power for one hour.
km	kilometer, a metric unit of length equal to 1000 meters.
m^3	The cubic meter is the unit of volume in the International System of Units (SI). Its symbol is m^3.
MWh	Megawatt-hour: A unit of energy, especially of electrical energy, equal to that done by one megawatt acting for one hour.
pkm	A passenger-kilometre, abbreviated as pkm, is the unit of measurement representing the transport of one passenger by a defined mode of transport (road, rail, air, sea, inland waterways etc.) over one kilometre.
tonne	A tonne is a metric unit of weight that is equal to 1000 kilograms.

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Tekna Holding ASA

2023

January 1—December 31

EU Taxonomy Report

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

Index

Introduction

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

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

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

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Results

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

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

Figure 1: Summarized overview of EU Taxonomy activity assessments

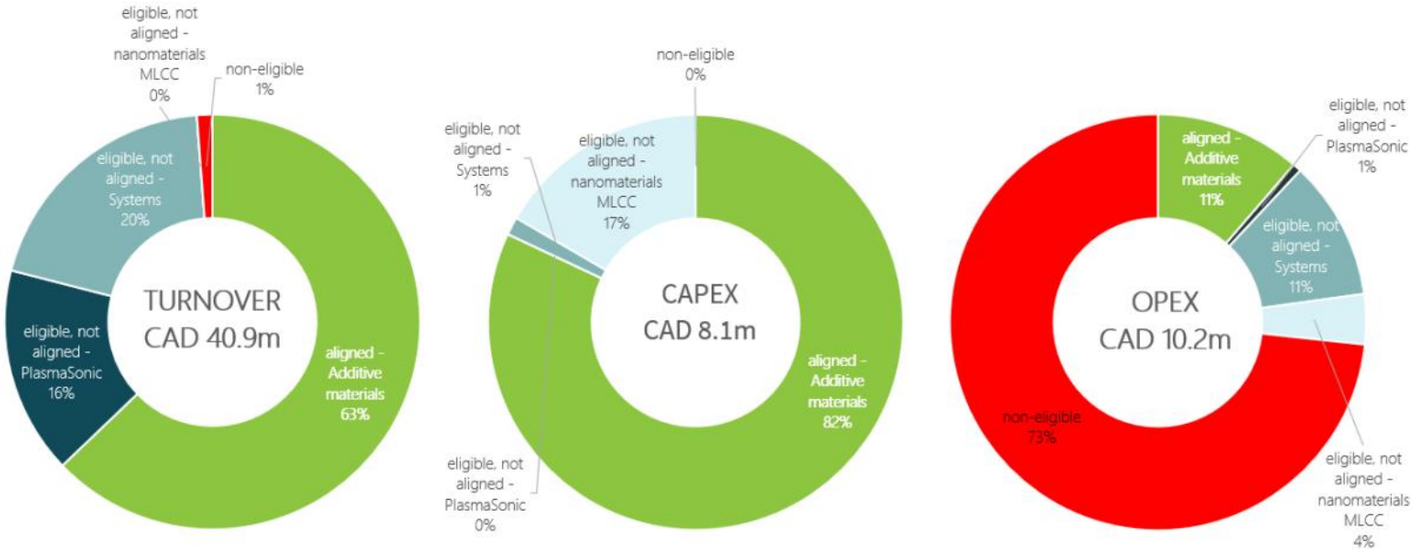

Figure 2: Distribution of eligibility and alignment out of the 100% Turnover, CapEx and OpEx as per the consolidated Financial Statements

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Scope

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

Process

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

In 2023 we performed a re-evaluation of the eligible activities considering activities for the four remaining environmental objectives adopted by the EU and FAQs published by the European Commission. Eligibility was assessed considering the business activities against the economic activities defined in the EU Taxonomy. Relevant NACE-codes and activity descriptions for each economic activity were identified and examined.

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

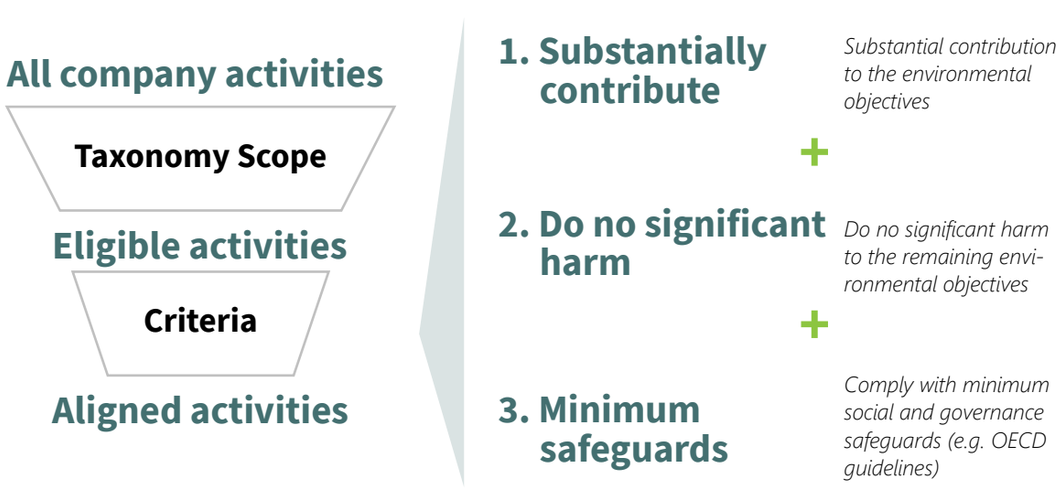

Figure 3: EU taxonomy in a nutshell

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Assessments

List of abbreviations

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

Production of additive material powders

Environmental Objective: Climate Change Mitigation

Economic Activity: 3.6 Manufacture of other low carbon technologies

Assessment Eligibility:

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

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

Substantial Contribution:

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

Materials: AM uses only the material necessary to create the finished product. It does not generate any significant amount of scrap. For instance, Airbus claims an average fly-to-buy ratio of 10:1[1], while a ratio closer to one is achievable with AM, especially if the unused powder can be recycled.

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

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

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

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

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

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

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Assessments (continued)

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

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

Do no significant harm:

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

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

CE: Tekna assess the availability and adopts techniques that support reuse and use of secondary raw materials, design for high durability, recyclability, disassembly and adaptability of products, waste management and traceability of substances of concern throughout the lifecycle of the manufactured products. Metals have a high recyclability potential and aluminum alloys in the production of ingots contain 6% of recycled materials. Tekna's next step is to work with its supply-chain and customers to develop and test recycled feedstock and ensure it meets the quality requirements of clients.

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

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

Conclusion:

Activity is eligible and aligned.

Production of turnkey plasma systems

Environmental Objective: Climate Change Mitigation

Economic Activity: 3.6 Manufacture of other low carbon technologies

Assessment Eligibility:

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

Substantial Contribution:

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

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Assessments (continued)

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

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

Do no significant harm:
Since the economic activity does not fulfill the criteria for substantial contribution, a complete assessment of the DNSH criteria has not yet been carried out.

Conclusion:
Activity is eligible, not aligned.

Production of PlasmaSonic wind tunnels

Environmental Objective: Climate Change Mitigation

Economic Activity: 3.6 Manufacture of other low carbon technologies

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

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

Flight testing involve launching sounding rockets at very high altitude or even in space. While data on large rockets emissions are available in the literature, sounding rockets are rather niche and very little has been published. Depending on the fuel used, combustion by-products like CO2, soot, NOx and water vapor are generated in various concentrations, along with unburnt fuel expelled. The fact that important amounts of combustion by-products are released in a short period of time and in a concentrated area up to >15km altitude (in opposition with commercial aircraft making 1000s km flight at <10km altitude) can severely impact wetlands and habitat nearby launching pads. Furthermore, spaceflight is the only direct human cause of pollution above about 20 km altitude. Scientists recently found the stratosphere is peppered with particles containing metals vaporized from the re-entry of satellites and rocket boosters. Also, water vapor released in the stratosphere can act as a greenhouse gas while black soot particles can linger for years, acting like an umbrella, absorbing solar radiation.

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

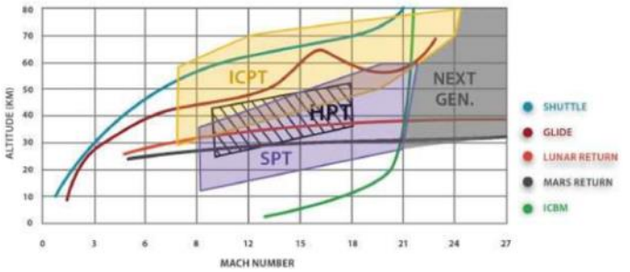

Figure 4: Vehicle trajectories vs PWT technologies, Plasma wind tunnel typical operating range by source.

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

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Assessments (continued)

Do no significant harm:
CCA: Climate risk assessment is performed in accordance with appendix A. The assessment is based on a TCFD-structured analysis conducted in 2021, performed at company level. A roadmap has been developed and Tekna is currently quantifying the financial impact and developing a mitigation plan.

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

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

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

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

Conclusion:
Activity is eligible, not aligned.

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

Environmental Objective: Climate Change Mitigation

Economic Activity: 3.6 Manufacture of other low carbon technologies

Assessment Eligibility:
With "development and production of nano materials for Multi-Layer Ceramic Capacitors (MLCC)", Tekna develops and operates their own proprietary plasma to produce and sell nano-sized metal powders for application in MLCC. The systems do not release constituents other than the powder itself (typically the same material as the feedstock or precursor introduced in the system) and the plasma gases which consists of Argon, together with a secondary gas like helium, nitrogen, hydrogen or oxygen. None of these gases are considered critical for the GHG emissions. With its nano-sized materials Tekna enables electrification through MLCC (downsizing electrical components), thereby enabling GHG emission reductions.

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

Do no significant harm:
Since the economic activity does not fulfill the criteria for substantial contribution, a complete assessment of the DNSH criteria has not yet been carried out.

Conclusion:
Activity is eligible, not aligned.

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Additional assessment against Environmental Objective Climate Change Adaptation (CCA)

Environmental Objective: Climate Change Adaptation

Economic Activity: 3.6 Manufacture of other low carbon technologies

Assessment Eligibility:

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

Substantial Contribution & Do no significant harm:

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

Conclusion:

Activity is not eligible under the Environmental Objective CCA

Minimum Social Safeguards

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

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

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

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

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

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

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

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

Future work

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

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

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

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

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EU Taxonomy Statements

Accounting policies

Intro

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

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

Double counting

Tekna only qualifies under CCM and has allocated all its eligibility and alignment to this objective. No further preventative measures (such as allocation keys) have been deemed necessary to avoid any dual allocation of the numerator of turnover, CapEx, and OpEx, i.e. avoiding double counting.

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

Calculation of turnover

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

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

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

Calculation of CapEx

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

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

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

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

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

Figure 5: Qualification per Environmental objective

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lated line items in the non-financial statement.

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

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

Calculation of OpEx

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

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

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

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

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

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

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

Contextual information about the KPIs (notes)

Note Turnover

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

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

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

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

Note CapEx

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

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

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

Investment properties: no change

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

Note OpEx

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

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

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

OpEx: CAD 2 736 899

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

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EU Taxonomy Statements (continued)

Revenue

Financial year 2023		Year		Substantial Contribution Criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2022 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
Economic Activities (1)	Code (2)	Turnover (3)	Proportion of Turnover (2023) (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)				
		CAD	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of other low carbon technologies	CCM 3.6	25 691 644	62.8%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**25 691 644**	**62.8%**	**62.8%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**			
Of which enabling		0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y		E	
Of which transitional		0	0.0%	0.0%						Y	Y	Y	Y	Y	Y	Y			T
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of other low carbon technologies	CCM 3.6	14 707 845	36.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**14 707 845**	**36.0%**	**36.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**										
A. Turnover of Taxonomy-eligible activities (A.1. + A.2.)		**40 399 489**	**98.8%**	**98.8%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		488 913	1.2%																
TOTAL		**40 888 402**	**100%**																

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EU Taxonomy Statements (continued)

CapEx

Financial year 2023	Year			Substantial Contribution Criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) capex, year 2022 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
Economic Activities (1)	Code (2)	CapEx (3)	Proportion of CapEx (2023) (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)				
		CAD	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of other low carbon technologies	CCM 3.6	6 668 436	82.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**6 668 436**	**82.0%**	**82.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**			
Of which enabling		0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y		E	
Of which transitional		0	0.0%	0.0%						Y	Y	Y	Y	Y	Y	Y			T
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of other low carbon technologies	CCM 3.6	1 464 343	18.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**1 464 343**	**18.0%**	**18.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**										
A. CapEx of Taxonomy-eligible activities (A.1. + A.2.)		**8 132 779**	**100.0%**	**100.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**										

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES		
CapEx of Taxonomy-non-eligible activities	0	0.0%
TOTAL	**8 132 779**	**100%**

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EU Taxonomy Statements (continued)

OpEx

Financial year 2023	Year			Substantial Contribution Criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) opex, year 2022 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
Economic Activities (1)	Code (2)	OpEx (3)	Proportion of OpEx (2023) (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)				
		CAD	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of other low carbon technologies	CCM 3.6	1 160 351	11.3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**1 160 351**	**11.3%**	**11.3%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**			
Of which enabling		0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%									E	
Of which transitional		0	0.0%	0.0%															T
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of other low carbon technologies	CCM 3.6	1 576 548	15.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**1 576 548**	**15.4%**	**15.4%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**										
A. OpEx of Taxonomy-eligible activities (A.1. + A.2.)		**2 736 899**	**26.7%**	**26.7%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		7 510 869	73.3%																
TOTAL		**10 247 768**	**100%**																

Appendix

Appendix

Appendix

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:

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, 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 include, but not limited to, 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.

Appendix

Abbreviations

Abbreviation	Clarification	Useful link	Abbreviation	Clarification	Useful link
AFK	Arendals Fossekompani ASA	Home - Arendals Fossekompani	IR	Injury Rate	
AM	Additive Manufacturing		ISO	International Organisation for Standardisation	ISO - International Organization for Standardization
AMGTA	Additive Manufacturer Green Trade Association	Home - AMGTA	IT	Information Technology	
AR	Absentee Rate		KPI	Key Performance Indicator	
BoD	Board of Directors	investors/governance (tekna.com)	LCA	Life Cycle Assessment	Life-cycle assessment - Wikipedia
CoC	Code of Conduct		LDA	Lost Day Rate	
CoP	Communication on Progress (Re: UN Global Compact)		LiB	Lithium-ion Battery	
CSR	Corporate Social Responsibility		LTI | LTIFR	Lost Time Injury Rate | Lost Time Injury Frequency Rate	
CSRD	Corporate Sustainability Reporting Directive (EU)		NACE	Nomenclature of Economic Activities	
eCoC	employee Code of Conduct	esg (tekna.com)	NGO	Non-Governmental Organisations	
eNPS	employee Net Promotor Score		NPS	Net Promoter Score	
ERP	Enterprise Resource Planning		OECD	The Organisation for Economic Co-operation and Development	Home page - OECD
eSAT	employee Satisfaction Score		OEM	Original Equipment Manufacturer	
ESG	Environmental, Social and Governance	esg (tekna.com)	OHS	Occupational Health and Safety	
ESRD	European Sustainability Reporting Directive (EU)		R&D	Research & Development	
EU taxonomy	an European tool to help investors understand whether an economic activity is environmentally sustainable, and to navigate the transition	EU taxonomy for sustainable activities | European Commission (europa.eu)	SASB	Sustainability Accounting Standards Boards	SASB
EY	Ernst & Young		sCoC	Supplier Conduct of Conduct	esg (tekna.com)
FTE	Full-time Employees		SDG	Sustainable Development Goals	THE 17 GOALS | Sustainable Development (un.org)
GDPR	General Data Protection Regulation		SFDR	Sustainable Finance Disclosure Regulation (EU)	
GHG	Greenhouse Gas		TCFD	Task Force on Climate-related Financial Disclosures	Task Force on Climate-Related Financial Disclosures | TCFD) (fsb-tcfd.org)
GRI	Global Reporting Initiative	GRI - Home (globalreporting.org)	TAM	Tekna Advanced Materials	
HSSE	Health, Safety, Security and Environment		TPE	Tekna Plasma Europe	
HR	Human Resources		TPS	Tekna Plasma Systems	
IoT	Internet of Things		UN	United Nations	Homepage | UN Global Compact
IPCC	Intergovernmental Panel on Climate Change	IPCC — Intergovernmental Panel on Climate Change			

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