Q2 2024

Half-year Report

August 16, 2024

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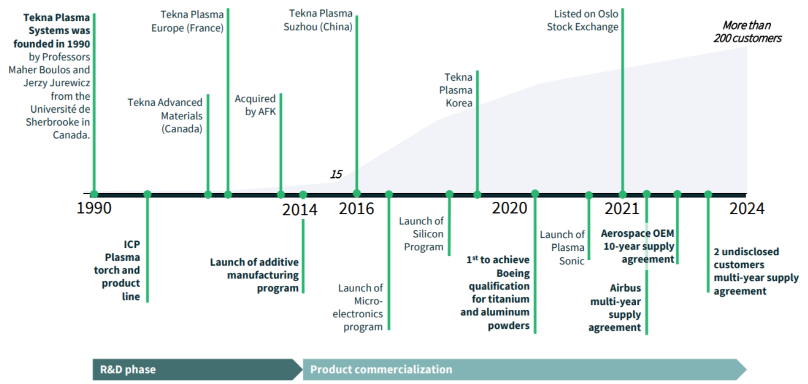
Contents

TEKNA

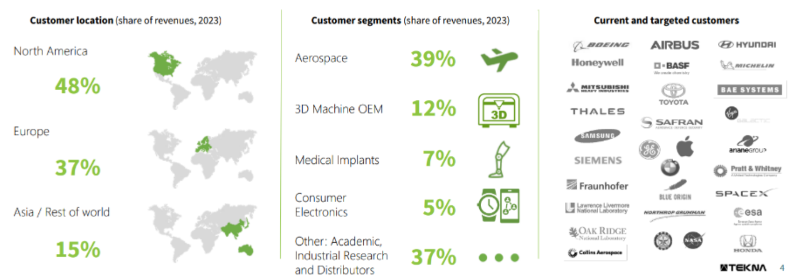
This is Tekna

Tekna is a world-leading provider of advanced materials and plasma systems to several industries. Tekna produces high-purity metal powders for applications such as 3D printing in the aerospace, medical and consumer electronics sectors, as well as optimized induction plasma systems for industrial research and production.

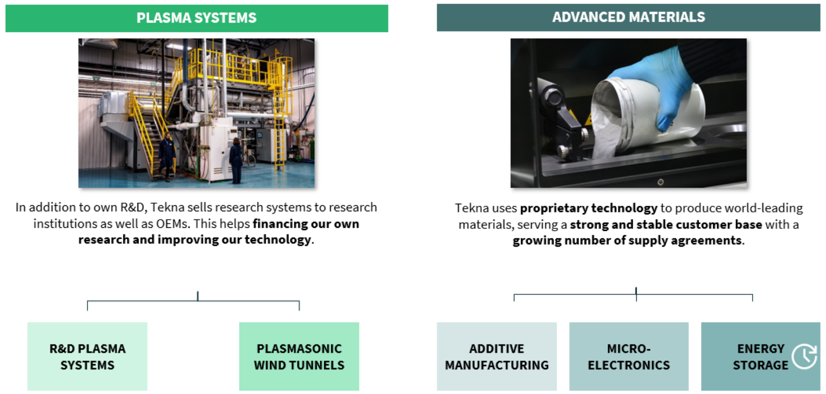
Tekna has developed from an R&D company to a world-leading advanced materials supplier with deliveries to over 200 customers globally.



Among its customers are world leading industrial brands and original equipment manufacturers (OEMs), some of which are shown in the chart below.



Tekna has two revenue generating business lines, Plasma Systems and Advanced Materials. Plasma systems of various size and complexity are sold to research institutions as well as OEMs and is also used by the company for own R&D purposes. Tekna uses its proprietary technology to produce world-leading materials for additive manufacturing.



Tekna sees its business and opportunities supported by powerful and global macro trends

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

Cautionary note

This report contains forward-looking information and statements relating to the business, financial performance and results of Tekna Group and/or industry and markets in which it operates. Forward-looking statements are **statements** that are not historical facts and may be identified by words such as "aims", "anticipates", "believes", "estimates", "expects", "foresees", "intends", "plans", "predicts", "projects", "targets", and similar expressions. Such forward-looking statements are based on current expectations, estimates and projections, reflect current views with respect to future events, and are subject to risks, uncertainties and assumptions. Forward-looking statements are not guarantees of future performance, and risks, uncertainties and other important factors could cause the actual business, financial performance, results or the industry and markets in which Tekna Group operates to differ materially from the statements expressed or implied in this presentation by such forward-looking statements. No representation is made that any of these forward-looking statements or forecasts will come to pass or that any forecasted results will be achieved, and you are cautioned not to place any undue reliance on any forward-looking statements.

Environmental note

This document's layout has been prepared to facilitate on screen reading. We encourage people to read the document on a device instead of printing it to reduce the use of paper. Please note that for printing this document you may need to change the settings to "fit to page" as the page format is not in line with regular A4 size.

CEO Letter

Dear Stakeholders,

As we have reached the midpoint of 2024, I want to share with you our progress and developments over the past six months. While we have recorded good performance in some areas, our overall results are not where we expected them to be. To mitigate the impact on profitability, we are taking corrective actions with resilience and strategic foresight. We maintain our guidance for growth and margin improvement for the remainder of the year.

Progress and Performance

Our commitment to developing in the 3D printing segment has been a driving force behind our performance and growth over the past years. In Q1 we have reported on a perceived slowdown of the investments in 3D printers. While we believe the industry remains prudent, our year-to-date order intake for Advanced Materials increased by 22%, and our backlog, by 28% compared to the same period last year.

The order intake for Plasma Systems was lower in the first half of the year. This was anticipated based on the sales cycle of opportunities in our pipeline. Combined with the delivery of five units, these deliveries have reduced the order backlog by 17% from the same period last year. The deliveries included a large PlasmaSonic system, which had constituted a significant portion of our backlog last year.

After completing a comprehensive program to increase powder production capacity, we have set new production records. We expanded capacity with the commissioning of a new atomizer, allowing us to build up inventory of our best-selling products and reduce delivery times.

Revenue Performance and Outlook

Following a slow start in the first quarter, revenues have shown some positive movement, with a 30% increase in the second quarter. While encouraging, this growth has not met our expectations. Specifically, revenues for Q2 2024 rose by only 2% compared to the same quarter last year, and revenues for the first half of the year were down by 3% compared to the previous year. Volatility in material sales is indicative of the young and immature industry causing a lack of transparency in the supply chain and challenging predictability. Combined with timing of large system deliveries, these challenges highlight the need for ongoing strategic adjustments to better align with our revenue goals for the year.

Operational and Financial Enhancements

The adjusted EBITDA margin has improved from the first to the second quarter but remains negative. In the first half of the year, our margins were affected by one-off loss on contribution margin, in part driven by efforts to reduce working capital, and indirect costs marked by the absence of services invoiced to the joint venture.

To mitigate these impacts, we have accelerated the implementation of a comprehensive profitability improvement program. This program is focusing on improving product cost, reducing overhead costs and enhancing organizational efficiency.

We have seen positive progress in working capital management during the second quarter. Additionally, we have implemented measures to reduce capital expenditures following the completion of planned capacity investments. These efforts are helping to mitigate P&L losses and demonstrate our commitment to effective cash management.

A notable achievement in the second quarter was securing a significant victory in an intellectual property case concerning competing patent rights for titanium powder production in Canada. This legal victory has the potential to recoup a substantial portion of related costs, contingent on any potential appeals.

Strategic Initiatives and Future Outlook

Our ongoing profitability improvement program, which began in 2022, is delivering some positive results. Key actions include discontinuing the production of lower-margin nickel alloy powders, increasing efforts in higher-margin titanium and aluminum products, and optimizing our sales mix. Additionally, we have reduced overhead costs and are considering further action with the loss-making joint venture, which would positively impact cash flow.

Looking ahead to the second half of 2024, we expect that Q3 2024 has seasonally lower activity than other quarters due to the vacation months July and August in North America and Europe. We anticipate that the cost saving program can contribute CAD 2 million in adjusted EBITDA over the next six months, with full effect in Q4 2024.

Our work to qualify nano materials for next-generation multi-layer ceramic capacitors (MLCC) is progressing in close cooperation with two potential customers. Our development efforts consist of customer trials conducted in their manufacturing set-up. Results of these trials, which could validate our innovations, are expected later in 2H2024.

Conclusion

As we move into the latter part of 2024, Tekna remains dedicated to its growth and profitability goals. We continue to maintain our full-year guidance, supported by key financial indicators such as increased order backlog and improved profit margins. While we recognize that growth and margin development may not follow a linear trajectory, our long-term outlook remains positive. We are committed to achieving our strategic goals, including reaching CAD 70 million in revenues from Advanced Materials by 2027 with limited need for Capex and capitalizing on opportunities in aerospace and hypersonic technologies.

Thank you for your continued support and confidence in Tekna.

Sincerely,

Luc Dionne

Luc Dionne,
CEO Tekna Group

Results for the quarter and first half year

Tekna continues its path towards growth and profitability. Key players across several industries have invested in 3D printing capacity for years, resulting in a continued increase in demand for advanced materials, supporting Tekna's growth ambitions. Meanwhile, the company is implementing new operational improvements and further cost savings initiatives to improve profitability.

The order intake for the first half this year decreased 18% year-over-year. No sales were recorded in the systems business line as we expected. Total backlog was down 17% from last year, as several large Plasma Systems, making up a substantial part of the backlog, were delivered. Meanwhile, order intake and backlog for materials were up 22% and 28% respectively for the same period.

Revenues from first to second quarter this year increased 30%, supporting the view, along with YoY improvement of order intake and backlog, that revenues for the full year are likely to grow in 2024 compared to previous years. Revenues in the second quarter 2024 increased 1.9% year-over-year, while revenues for the first six months of the year was down 2.7% compared to last year. Over such shorter time spans, order intake and revenues are likely to continue to show the effect of seasonal variances, customers' stock piling of advanced materials, and timing of larger systems deliveries and orders.

Adjusted EBITDA margin improved from first to second quarter this year but continued to be negative. Earnings were affected by one-off costs of CAD 0.5 million in the margin for materials, in part driven by efforts to reduce working capital, and indirect costs were marked by CAD 1.1 million higher costs due to the absence of services invoiced to the joint venture in the first half of the year and CAD 0.6 million in the second quarter.

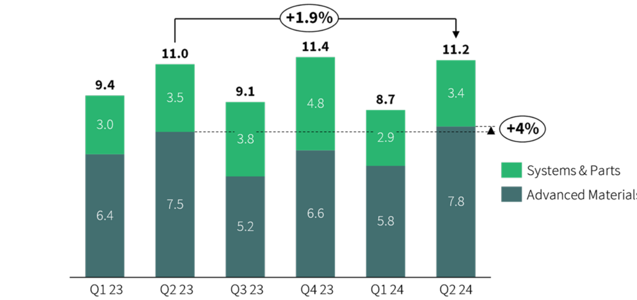
Initiatives to improve working capital have proven successful and change in working capital was positive in the second quarter. These initiatives were nearly able to compensate the P&L cash losses, ending net cash from operating activities in the second quarter at negative CAD 0.5 million. As previously guided, capital expenditure remained low following the completion of a portion of planned investments in increased capacity.

In the second quarter, Tekna secured a major win in an intellectual property case concerning competing patent rights to produce titanium powder in Canada. The losing party has a limited time to Appeal of the judgement. Per the Federal Court process, Tekna is working to recoup a potentially significant part of its related legal costs.

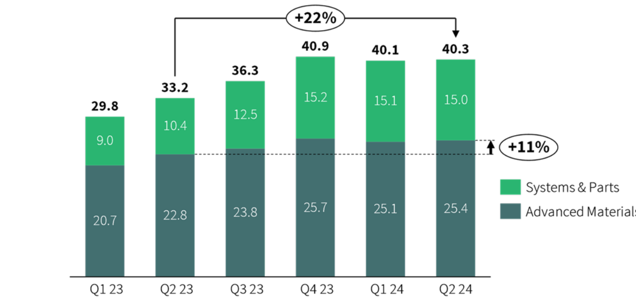
Key figures for Tekna Holding ASA as of June 30, 2024 (in CAD million)

2024 Q2 key figures	Q2 2024	Q2 2023	Δ	YTD 2024	YTD 2023	Δ	Rolling 12 months (TTM)
Backlog	18.2	22.0	-17.3%	-	-	-	-
Order intake	6.4	6.5	-2.6%	13.8	16.9	-18.4%	35.5
Revenues	11.2	11.0	1.9%	19.9	20.4	-2.7%	40.3
Contribution margin	41.7%	48.2%	-6.5pp	43.3%	48.3%	-5.0pp	42.0%
Adjusted EBITDA	-1.5	-0.6	-0.9	-4.1	-1.8	-2.3	-6.4
Adjusted EBITDA margin	-13.6%	-5.9%	-7.7pp	-20.7%	-9.0%	-11.7pp	-15.8%
Net profit (loss)	-3.8	-2.5	-1.4	-7.5	-5.0	-2.5	-17.5
Cash balance	9.3	5.4	3.9	-	-	-	-
Employees end	203	219	-7.3%	-	-	-	-

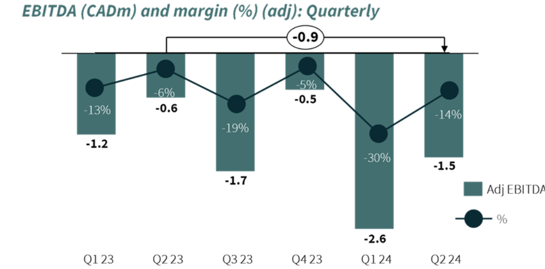
Revenue by business (CADm): Quarterly



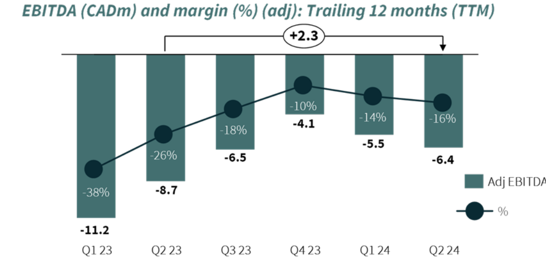
Revenue by business (CADm): Trailing 12 months (TTM)



EBITDA (CADm) and margin (%) (adj): Quarterly

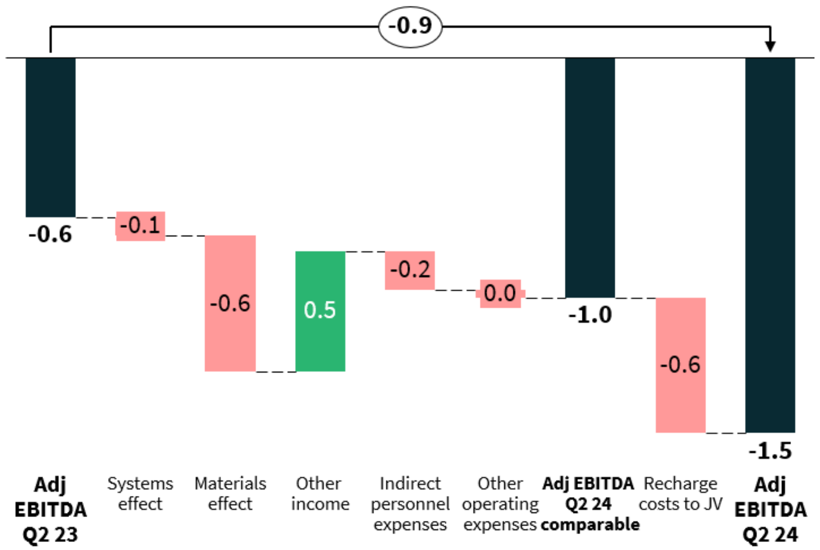


EBITDA (CADm) and margin (%) (adj): Trailing 12 months (TTM)



Group profitability and liquidity

Bridge Adjusted EBITDA Q2 2023 vs Q2 2024



Tekna started as an R&D company in 1990. It has since developed to become a world-leading supplier of advanced materials with deliveries to over 200 customers globally. As additive manufacturing has moved from the laboratories into industrial scale operations, so has Tekna's business, and the journey continues. The industry has experienced significant growth over time, but it is still immature with sensitivity to volatility in demand from quarter to quarter.

Tekna is in the process of executing an ambitious and comprehensive profitability improvement program which was started in 2022. Some recent key contributors are:

- Adapting to market demand, and at least temporarily discontinuing production of lower margin nickel alloy powders.
- Increasing production and marketing efforts for the higher margin products of titanium and aluminum as well as the development of nano nickel powders for the high-end multi-layer ceramic capacitator (MLCC) industry.
- Optimizing sales mix including particle size and exploring, together with customers, opportunities to valorize a broader specter of powder qualities.
- Reducing overhead and other indirect costs. From end of June 2023 to end of June this year, headcount was reduced from 219 to 203. Fulfilment of mission-critical positions continues.
- Assessing options with loss-making joint venture, which would have a positive effect on cash flow going forward.

Efforts to simplify our organization are continuing, creating a leaner operation, and reducing operating cost and further improve cash flow.

In a recent assessment of the ongoing profitability improvement program, Tekna identified several more actions which will be implemented in the second half of 2024, and which are expected to contribute CAD 2 million in adjusted EBITDA for the year. These actions include savings resulting in margin improvement, and a broader savings program in indirect cost. Many of these savings may be recurring with effect also for 2025.

Net cash from operating activities in the second quarter was negative CAD 0.5 million, benefitting from an important reduction of working capital of CAD 2.9 million in the second quarter. The capital expenditures were relatively low at CAD 0.9 million, ending the capital expenditures during the first half of 2024 at CAD 1.7 million. The cash balance in the first half of the year was reduced by CAD 0.8 million.

See also the Financial review and the Consolidated financial statements.

Highlights per business line

Plasma Systems	Q2 2024	Q2 2023	Δ	YTD 2024	YTD 2023	Δ	Rolling 12 mnth
Backlog	4.2	11.0	-62.3%	4.2	11.0	-62.3%	-
Order intake	0.5	1.6	-67.8%	0.9	6.3	-85.9%	7.6
Revenues	3.4	3.5	-1.9%	6.3	6.5	-3.9%	14.9
Contribution margin %	64.6%	65.5%	-0.9pp	65.9%	70.4%	-4.5pp	62.1%

Order intake in **Plasma Systems** was slow as expected in the first half of 2024. The order backlog declined accordingly as equipment was produced and delivered to customers. The factory acceptance tests were successfully completed for one large PlasmaSonic system, which was delivered to an important US-based OEM in the second quarter.

The pipeline of prospective Systems projects for the remainder of the year and mid-term is strong, particularly for PlasmaSonic systems, with some opportunities accelerating. CAD 2 million of orders have been received in Q3 2024.

Advanced Materials	Q2 2024	Q2 2023	Δ	YTD 2024	YTD 2023	Δ	Rolling 12 mnth
Backlog	14.0	11.0	27.9%	14.0	11.0	27.9%	-
Order intake	5.9	5.0	18.0%	12.9	10.5	22.3%	27.8
Revenues	7.8	7.5	4.2%	13.6	13.9	-2.1%	25.4
Contribution margin %	31.6%	40.1%	-8.5pp	32.8%	38.0%	-5.5pp	30.2%

In **Advanced Materials**, order intake for powders for additive manufacturing was up by 22% in the first six months this year compared to last year. The order backlog increased by 28% in the same period. Order intake in the second quarter this year was up 18% from the same quarter on the previous year, mainly due to ongoing consolidation and restructuring among a few key customers.

Although we achieved a 35% growth compared to the first quarter of 2024, sales for the first six months of the year were 2.1% lower than the same period last year. While the growth observed in Q2 is encouraging, it does not meet our expectations. The decline in sales growth is primarily due to a reduction in orders from 3D printing machine manufacturers, as well as the aerospace and medical sectors. This slowdown in the first half of this year was observed across the additive manufacturing industry and is expected to recover later this year according to analysts and experts in the field of 3D printing.

In support of achieving its growth ambitions, Tekna continued its efforts to increase production capacity in the first half of 2024. This includes the commissioning of one new atomizer in June and the implementation of atomizer performance improvements that contribute at increasing the revenue generated by each atomizer from CAD 4.7m at the end of 2023 up to CAD 7.5m by 2027.

Approval samples were provided to a new customer for large-scale manufacturing of consumer electronic components, produced by means of metal injection molding with small size particles. Also noteworthy, a leading aerospace original equipment manufacturer certified Tekna's Quality Control Laboratory for recurring deliveries within the framework of a multi-year supply agreement.

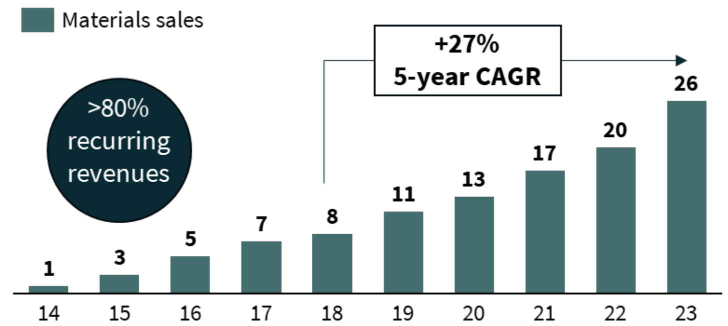
Outlook

While we are encouraged by the momentum observed in the second quarter, growth and margin development will continue to see variations from one quarter to the next, and from year to year, reflecting the maturity of the markets and industries we are addressing.

Such variations have also been the case in the past. In the years since 2017, annual revenue growth rate has varied between 9% and 42%, with a compound annual growth rate of 27% (see chart).

Tekna is reaffirming its guidance for growth and margin improvement for the remainder of the year. The outlook is supported by key operational metrics, including an increased order backlog over last year for materials used in additive manufacturing, as well as increased revenue and improved profit margin for both business segments in Q2 2024 over Q1 2024. The long-term outlook is further supported by an increasing number of OEM and their supply chain having finalised and commissioned full scale 3D printing factories with qualified products.

Revenue performance Additive Manufacturing materials



Tekna's strong focus on operational improvements, cost reductions, cash management and cashflow is continuing. We anticipate that our cost saving program can contribute to savings of CAD 2 million during the second half this year, with full effect in Q4 2024. The third quarter has seasonally lower activity than other quarters due to the vacation months July and August in North America and Europe.

Midterm outlook	FY 2022	FY 2023	Medium term 2024-2027
Revenue growth p.a	0%	52%	Follow the additive manufacturing segment annual growth estimated between 25% and 30%
Adj. EBITDA margin	-48%	-10%	20% adjusted EBITDA margin by 2027
CAPEX	CAD 6m	CAD 8.1m	5 million (4 million in growth) in 2024 and eased for a period, with 3-4 million average per annum (Excluding Right of Use assets (IFRS 16))
Developing segments			Industrial scale up with qualified customer(s) in Microelectronics (MLCC)

Current business

The additive manufacturing market is forecast by analysts to grow between 25% and 30% annually. Growth opportunities are driven globally namely by transition towards more efficient manufacturing technology and products as well as supply chain constraints across multiple industries.

Tekna's near-term growth is expected to continue to develop positively as it has done since the company started its journey to become a world-leading supplier of advanced materials globally.

Within Advanced Materials for Additive Manufacturing market, Tekna is looking to gradually increase sales and production capacity to deliver CAD 70 million in revenues by 2027 with limited need for Capex as highlighted in the Midterm outlook (figure bottom left). Delivery of nano materials for production of multi-layer ceramic capacitators represents a further potential upside.

Tekna sees significant activity among potential customers in aerospace, space and hypersonic flight. The company has identified a PlasmaSonic pipeline of over CAD 300 million of which CAD 35 million worth of prospects is foreseen over the next 3 years.

Business upside potential

Work to qualify Tekna's nano material for next-generation multi-layer ceramic capacitators (MLCC) continues. A first revenue-generating order of 50kg was produced and shipped to a customer in April for factory trials. Additionally, factory trials with another prospective customer have commenced. Feedback from both prospective customers is anticipated later this year.

MLCC are small microelectronic components used in the manufacturing of nearly all electronics devices. Over 1 trillion of these MLCC are sold every year. With only few players and an undersupplied market, this is highly attractive and relevant market for Tekna, in which the company has achieved steady progress over the past few years.

Environmental, Social and Corporate Governance

Tekna has prepared a separate report in accordance with Section 3-3 of the Norwegian Accounting Act regarding corporate social responsibility. The report is updated on an annual basis and (partly) included in the annual report. It is also available on the company's website.

Tekna sets high ethical standards, and communication with the outside world is to be open, clear and honest. The company is responsible for ensuring safe and good workplaces in the local communities where it is present. Tekna seeks to create value for society, customers, employees and shareholders.

The competence of our employees represents a major asset and competitive advantage for Tekna. At the end of June 2024, the Group employed a total of 203 people. There are no employees with part-time contracts.

There were no serious work-related accidents recorded in the first half of 2024. Absence rate was 4%, compared to 4% for all of 2023.

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

Tekna takes its social responsibility seriously. In addition to ensuring that the work is carried out safely, this involves respecting the freedom of association and not accepting any form of forced labor, child labor or work-related discrimination. Reference is made to the Corporate Governance Code available at www.tekna.com.

The Transparency Act

As a company registered in Norway, Tekna Holding ASA is subject to the Norwegian Transparency Act, which entered into force on 1 July 2022.

Tekna has in place governance documents, including codes of conduct for employees and for suppliers respectively. These are enforced throughout the organisation and the supply chain. The documents are available at www.tekna.com/esg.

In accordance with the Transparency Act, Tekna has prepared a Human Rights and Transparency Act report, which is available at http://www.tekna.com/esg. An update was published on July 17, 2024, to include also the Canadian "Fighting Against Forced Labour and Child Labour in Supply Chains" Act which came into effect on January 1, 2024.

Shareholder information

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.

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.

See the full announcement and related transactions on Newsweb: https://newsweb.oslobors.no/message/613166

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

During the 2024 Annual General Meeting ("AGM") Dag Teigland was re-elected to continue his tenure as Chair on the Board of Directors of Tekna Holding ASA. Barbara Thierart-Perrin and Anne Lise Meyer are re-elected as board members of the Company's Board of Directors.

As of 30 June 2024, Tekna had 4,472 shareholders, slightly down from 4,584 at the end of 2023. Arendals Fossekompani ASA remained the company's largest shareholder, owning 69.5% of the shares. No other shareholder held more than 5% while three shareholders held more than 2%.

In Q2 the VP Operations sold his entire shareholdings of 112,722 shares. The VP Sales and Marketing increased their total shareholdings to 175,052 shares (0.14% of total shares of Tekna Holding ASA). The Chair of the Board of Directors, Dag Teigland, acquired 10,000 shares increasing his total holding through Tibidabo Industrier AS and Tibidabo Invest AS to 738,818 shares (0.58% of total share capital and voting rights).

On 30 June 2024, the closing share price was NOK 6.04 per share, corresponding to a market capitalization of NOK 0.770 billion. The closing share price on 31 December 2023 was NOK 8.30.

Tekna wishes to maintain open communications with its shareholders and other stakeholders. Shareholders and stakeholders are kept informed by announcements to Oslo Børs (the Oslo Stock Exchange) and press releases.

Please refer to the investor relations section of the Tekna website for further information, including contact details:

http://www.tekna.com/investors or contact investors@tekna.com.

Risks and uncertainties

Tekna is subject to several risks, including market and competition risks, operational and financial risks, such as currency, interest, credit, and liquidity risks, as well as IT security risks. The board and executive management are continuously monitoring risk exposure, taking an active approach to risk management and internal control processes.

An overview of potential risks and uncertainties relating to Tekna's business and the industry in which it operates is presented in the company's Annual Report for 2023. Below is a summary of the key risks for the Group.

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.

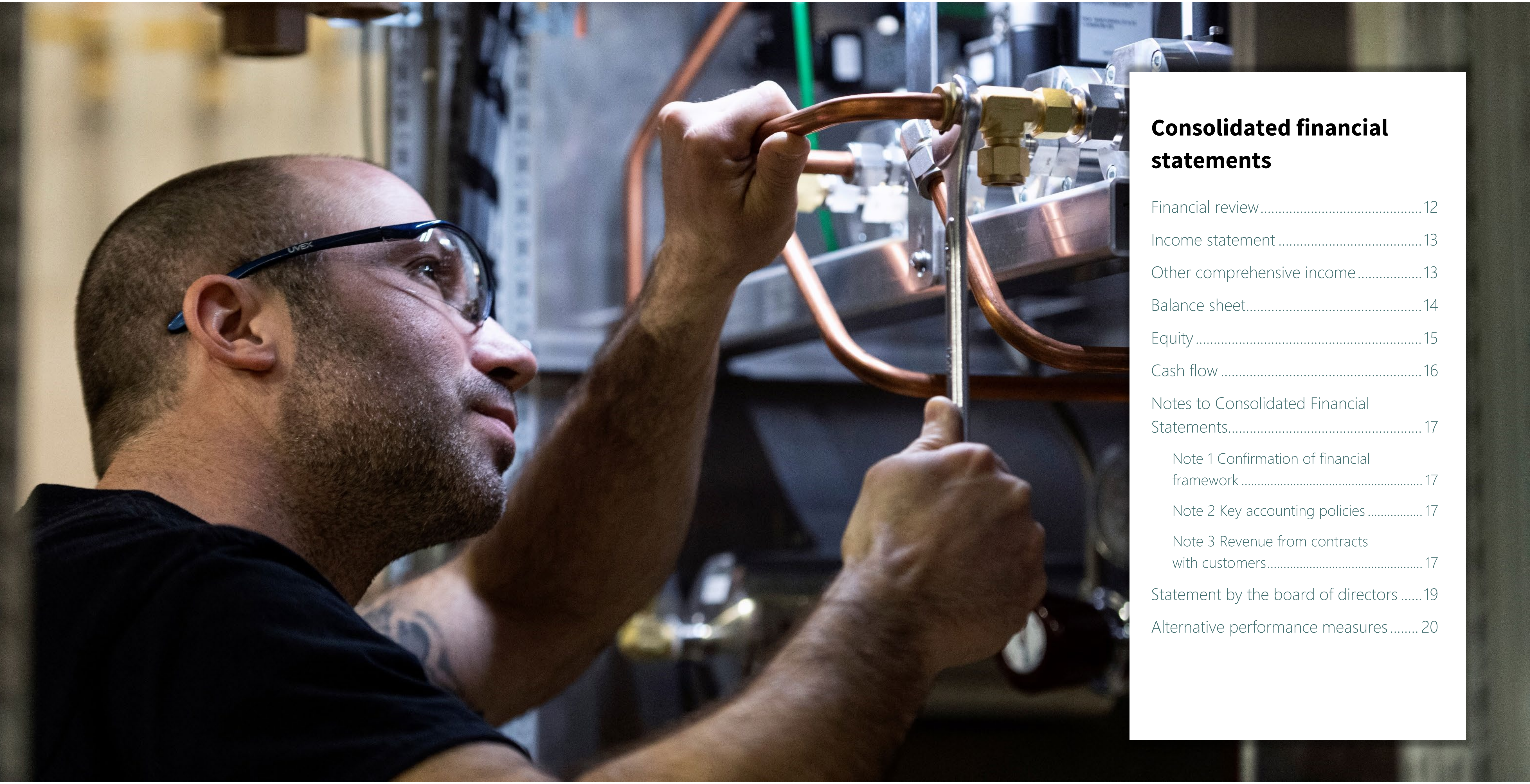
Supply chain disruptions in terms of lead times and shortages can have a significant impact on the company's business and financial performance.

Qualified labour 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 and service quality and eventually a slower growth rate.

Tekna operates in a highly competitive market, and some of its competitors are large, sophisticated, and well-capitalised technology companies that may have greater financial, technical and marketing resources than Tekna.

While additional funding was secured in the first half of 2023 with a loan facility provided by Arendals Fossekompani ASA, Tekna's largest shareholder (see more information in the finance section above), Tekna may not be able to obtain funding to further implement its growth strategy, as the company continues its ambitious program of development and investments to better position the company strategically.

The most material climate risks in the short and medium term are physical risks in the supply chain and in Tekna's own operations. A more detailed description is to be found in the ESG report available on the company's website www.tekna.com/esg.



Consolidated financial statements

Financial review

Consolidated income statement

Consolidated revenues for the Tekna Group in the first half of 2024 was CAD 19.9 million, compared to CAD 20.4 in the corresponding period of 2023. This decrease of 2.7% was driven by a 3.9% decrease in revenues from Systems and Parts and a 2.1% decrease in revenues from Materials.

Contribution margin in the first half of 2024 was CAD 8.6 million corresponding to 43% of revenues. In the first half of 2023, the margin was 48%. The reduced margins are a result of one-off costs of CAD 0.5 million in the second quarter of 2024 impacting the materials margin.

Adjusted earnings before interest, tax, depreciation, and amortisation (EBITDA adj.) in the first six months of 2024 were negative CAD 4.1 million, a decrease of CAD 2.3 million year over year from negative CAD 1.8 million. The loss was marked by CAD 1.1 million negative effect in Other operating expenses from absence of services invoiced to the joint venture and CAD 0.5 million of one-off costs impacting the materials margin driven by activities to reduce working capital. Furthermore, the efforts continued for materials machine upgrades and the development programs in emerging segments.

Loss for the first half of 2024 was CAD 7.5 million of which net financial items were negative CAD 1.1 million.

Consolidated cash flow

Net cash flow from operating activities was negative CAD 5.4 million in the first six months of 2024, of which a decrease in inventory was CAD 1.6 million, a decrease in other assets was CAD 0.3 million, and CAD 1.4 million was a decrease in other liabilities of which mainly was due to less customer project contracts under construction. Corresponding cash flow in 2023 was negative CAD 10.0 million in the same period last year.

Net cash flow from investing activities was negative CAD 1.6 million in the first six months of 2024, due to purchase of property, plant and equipment, compared to negative CAD 4.5 million in the same period last year.

Net cash flow from financing activities was CAD 6.3 million in the first half of 2024. CAD 5 million, in form of a loan from Arendals Fossekompani ASA, was received in March 2024. In 2023, the corresponding figure was CAD 8.5 million.

Financial position and liquidity

Total non-current assets were CAD 36.0 million at the end of June 2024 compared to CAD 35.4 million at the same time last year. Total current assets amounted to CAD 36.5 million at the end of June 2024. The corresponding figure at the same time last year was CAD 38.9 million.

Total equity was CAD 30.2 million at the end of June 2024 compared to CAD 38.4 million at the end of 2023 and CAD 48.5 million at the same time last year. Total liabilities and equity were CAD 72.5 million, non-current liabilities were CAD 32.5 million and current liabilities totalled CAD 9.8 million.

Equity ratio at the end of June 2024 was 42% compared to 50% at the end of 2023 and 65% at the same time last year.

Total cash and cash equivalents amounted to CAD 9.3 million at the end of June 2024 versus CAD 10.1 million at the end of 2023 and CAD 5.4 million at the same time last year.

Consolidated financial statements

Consolidated Statement of Income

Amounts in CAD 1000	Note	2024 H1	2024 Q2	2023 H1	2023 Q2
Revenues	3	19,889	11,231	20,430	11,025
Other income		582	509	46	19
Materials and consumables used		11,279	6,551	10,555	5,716
Employee benefit expenses		8,910	4,354	8,676	4,197
Other operating expenses		4,323	2,955	3,088	1,778
EBITDA		-4,041	-2,120	-1,842	-648
Depreciation and amortisation		1,912	812	2,122	1,084
Net operating income/(loss)		-5,953	-2,932	-3,965	-1,732
Share of net income (loss) from associated companies and joint ventures		-	-	-742	-342
Finance income		18	-81	-	-173
Finance costs		1,104	589	326	223
Profit/(loss) before income tax		-7,039	-3,602	-5,034	-2,471
Income tax expense		445	229	-	-
Profit/(loss) for the period		-7,485	-3,831	-5,034	-2,471
Attributable to equity holders of the company		-7,371	-3,831	-4,804	-2,366
Attributable to non-controlling interests		-114	-	-230	-105
Basic earnings per share		-0.06	-0.03	-0.04	-0.02
Diluted earnings per share		-0.06	-0.03	-0.04	-0.02

Consolidated Statement of Other Comprehensive Income

Amounts in CAD 1000	Note	2024 H1	2024 Q2	2023 H1	2023 Q2
Items that may be reclassified to statement of income					
Exchange differences on translation of foreign operations		37	95	154	238
Items that may be reclassified to statement of income		37	95	154	238
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		37	95	154	238
Total comprehensive income/(loss) for the period		-7,448	-3,737	-4,881	-2,234
Attributable to equity holders of the company		-7,332	-3,737	-4,655	-2,137
Attributable to non-controlling interests		-116	-	-225	-97

Consolidated Balance Sheet

Amounts in CAD 1000	30.06.2024	31.12.2023
Non-current assets		
Property, plant and equipment	24 117	23 894
Intangible assets	7 333	7 785
Associated companies and joint ventures	-	-
Non-current receivables	4 567	4 531
Deferred tax assets	-	-
Total non-current assets	36 017	36 210
Current assets		
Inventories	15 967	17 607
Contract assets	1 412	3 905
Trade and other receivables	9 819	8 394
Cash and cash equivalents	9 321	10 148
Total current assets	36 520	40 054
Total assets	72 537	76 264

Amounts in CAD 1000	30.06.2024	31.12.2023
Equity		
Share capital and share premium	497 260	494 956
Share premium	-	-
Other reserves	-467 076	-455 405
Capital and reserves attributable to holders of the company	30 185	39 552
Non-controlling interests	-	-1 197
Total equity	30 185	38 354
Non-current liabilities		
Borrowings	30 713	24 662
Lease liabilities	643	773
Deferred tax liabilities	1 163	1 163
Total non-current liabilities	32 519	26 598
Current liabilities		
Bank loan	-	-
Lease liabilities	491	595
Trade and other payables	3 959	4 875
Provision for warranties	137	137
Contract liabilities	1 498	2 442
Other current liabilities	3 287	2 860
Borrowings short-term portion	460	402
Total current liabilities	9 833	11 311
Total liabilities and equity	72 537	76 264

Consolidated Statement of Changes in Equity

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

Amounts in CAD 1000	Attributable to equity holders of the Company				
	Share capital and share premium	Other reserves	Total	Non-controlling interests	Total equity
Balance at 1 January 2024	494 956	-455 405	39 552	-1 197	38 354
Profit/(loss) for the period	-	-7 371	-7 371	-114	-7 485
Other comprehensive income/(loss)	-	39	39	-2	37
Repurchase of share capital	-	-4 338	-4 339	1 312	-3 025
Issuance of shares	2 304	-	2 304	-	2 304
Balance at 30 June 2024	497 260	-467 076	30 185	-	30 185

	Attributable to equity holders of the Company				
	Share capital and share premium	Other reserves	Total	Non-controlling interests	Total equity
Balance at 1 January 2023	494 956	-440 934	54 022	-609	53 413
Profit/(loss) for the period	-	-4 804	-4 804	-230	-5 034
Other comprehensive income/(loss)	-	149	149	5	154
Balance at 30 June 2023	494 956	-445 589	49 366	-833	48 533

Consolidated Statement of cash flows

Amounts in CAD 1000	2024 H1	2024 Q2	2023 H1	2023 Q2
Cash flow from operating activities				
Net profit/(loss)	-7 485	-3 831	-5 034	-2 471
Depreciation, amortization and impairment	1 912	812	2 122	1 084
Variation in deferred taxes	-	-7	-	-
Interest accretion on LT debt	194	99	172	86
Discounted value of long-term loan	-570	-404	-	-
FX variation on long-term loan	-	-	-	-
(Gain)/Loss from sales of assets	-	-	-	-
Share of results from associated companies and joint ventures	-	-	742	342
Total after adjustments to profit before income tax	-5 949	-3 332	-1 997	-959
Change in Inventories	1 639	1 714	387	-498
Change in other assets	310	2 365	-5 280	-3 817
Change in other liabilities	-1 433	-1 217	-3 121	-1 475
Total after adjustments to net assets	-5 433	-470	-10 011	-6 748
Net cash from operating activities	-5 433	-470	-10 011	-6 748
Cash flow from investing activities				
Proceeds from the sales of PPE	-	-	-	-
Purchase of PPE and intangible assets	-1 683	-884	-4 535	-2 270
Other investing activities	-	-	-	
Purchase of shares in subsidiaries	-	-	-	-
Net cash flow from investing activities	-1 683	-884	-4 535	-2 270

Amounts in CAD 1000	2024 H1	2024 Q2	2023 H1	2023 Q2
Cash flow from financing activities				
Proceeds from issue of shares	-	-	-	-
Proceeds from issue of shares in THC	-	-	-	-
Increase (decrease) of bank loan	-	-	-1 197	-2 398
New loan	7 154	1 101	10 405	10 139
Repayment of loan	-565	-366	-425	-209
Repayment of lease liabilities	-337	-160	-289	-144
Net cash flow from financing activities	6 252	575	8 494	7 389
Net increase in cash and cash equivalents	-864	-779	-6 052	-1 629
Cash and cash equivalents at the beginning of the period	10 148	10 005	11 364	6 823
Effects of exchange rate changes on cash and cash equivalents	37	95	112	230
Cash and cash equivalents at end of the period	9 321	9 321	5 424	5 424

Notes to the Consolidated Financial Statements

Note 1 | Confirmation of financial framework

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

Note 2 | Key accounting policies

The accounting policies for 2024 are described in the Annual Report for 2023. The financial statements have been prepared in accordance with IFRS® Accounting Standards as adopted by the EU and associated interpretations, as well as Norwegian disclosure requirements pursuant to the Norwegian Accounting Act and stock exchange regulations and rules applicable as at 31 December 2023. The same policies have been applied in the preparation of the interim financial statements as of 30 June 2024.

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

Note 3 | Revenue from contracts with customers

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

Disaggregation of revenue from contracts with customers

2024 Q2 *Amounts in CAD 1000*	Systems & Equipment	Materials	Spare parts	Other	Total
Revenue recognized at a point in time	-	7 804	220	90	8 114
Revenue recognized over time	3 117	-	-	-	3 117
Revenue from external customers	3 117	7 804	220	90	11 231
Contribution margin	1 984	2 466	140	90	4 680
Contribution margin %	63.7%	31.6%	63.7%	100.0%	41.7%
Revenue from external customers specified pr geographical area:					
America	1 262	3 652	110	45	5 069
Europe	253	2 590	110	45	2 998
Asia	1 602	1 562	-	-	3 164
Total	3 117	7 804	220	90	11 231

2024 H1 *Amounts in CAD 1000*	Systems & Equipment	Materials	Spare parts	Other	Total
Revenue recognized at a point in time	-	13 570	438	176	14 184
Revenue recognized over time	5 705	-	-	-	5 705
Revenue from external customers	5 705	13 570	438	176	19 889
Contribution margin	3 702	4 448	285	176	8 610
Contribution margin %	64.9%	32.8%	65.0%	100.0%	43.3%
Revenue from external customers specified pr geographical area:					
North America	2 604	5 891	219	88	8 801
Europe	461	4 853	219	88	5 621
Asia	2 640	2 826	-	-	5 466
Total	5 705	13 570	438	176	19 889

Notes to the financial statements (continued)

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

2023 Q2 *Amounts in CAD 1000*	Systems & Equipment	Materials	Spare parts	Other	Total
Revenue recognized at a point in time	-	7 530	140	115	7 785
Revenue recognized over time	3 240	-	-	-	3 240
Revenue from external customers	3 240	7 530	140	115	11 025
Contribution margin	2 085	3 018	90	115	5 308
Contribution margin %	64.4%	40.1%	64.4%	100.0%	48.2%
Revenue from external customers specified pr geographical area:					
North America	2 371	3 277	70	58	5 776
Europe	250	3 324	70	57	3 701
Asia	619	929	-	-	1 548
Total	3 240	7 530	140	115	11 025

2023 H1 *Amounts in CAD 1000*	Systems & Equipment	Materials	Spare parts	Other	Total
Revenue recognized at a point in time	-	13 903	560	289	14 752
Revenue recognized over time	5 678	-	-	-	5 678
Revenue from external customers	5 678	13 903	560	289	20 430
Contribution margin	3 904	5 277	403	289	9 874
Contribution margin %	68.8%	38.0%	72.0%	100.0%	48.3%
Revenue from external customers specified pr geographical area:					
North America	4 267	5 929	280	145	10 620
Europe	546	6 517	280	145	7 488
Asia	866	1 456	-	-	2 322
Total	5 678	13 903	560	289	20 430

Statement by the board of directors and CEO

We confirm, to the best of our knowledge, that the consolidated financial statement for the period 1 January to 30 June 2024 for Tekna Holding ASA has been prepared in accordance with current accounting standards and that the information in the accounts gives a true and fair view of the company and the group's assets, liabilities, financial position and results of operation. We also confirm, to the best of our knowledge, that the half year report includes a true and fair overview of the company's and the group's development, results and position, together with a description of the most important risks and uncertainty factors the company and the group are facing.

Arendal, 15.08.2024

The board of Tekna Holding ASA

This document was electronically signed.

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

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:

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

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

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

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

Adjusted EBITDA: Is defined as the profit/(loss) for the period before income tax expense, finance costs, finance income, share of net income (loss) from associated companies and joint ventures, depreciation, and amortization adjusted for certain special operating items affecting comparability. These special operating items include, but not limited to, restructuring costs, listing costs, adjustments for expenses related to cloud-based software previously recorded in the balance sheet (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, restructuring costs, listing costs, adjustments for expenses related to cloud-based software previously recorded in the balance sheet (retrospective implementation accounting for cloud-based services for the years 2021, 2020 and 2019), and litigation fees.

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

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

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

Alternative Performance Measures (continued)

Amounts in CAD thousands	2024 H1 (Unaudited)	2024 Q2 (Unaudited)	2023 H1 (Unaudited)	2023 Q2 (Unaudited)
Revenues	19 889	11 231	20 430	11 025
Materials and consumables used	11 279	6 551	10 555	5 716
(b) Contribution margin	8 610	4 680	9 875	5 308
(c) Revenues	19 889	11 231	20 430	11 025
Contribution margin % (b/c)	43.29 %	41.67 %	48.33 %	48.15 %

Amounts in CAD thousands	2024 H1 (Unaudited)	2024 Q2 (Unaudited)	2023 H1 (Unaudited)	2023 Q2 (Unaudited)
Net profit/loss	-7 485	-3 831	-5 034	-2 471
Income tax expense (income)	-445	-229	-	-
Finance costs	1 104	589	326	223
Finance income	-18	81	0	173
Share of net income (loss) from associated companies and joint ventures	-	-	742	342
Depreciation and amortization	1 912	812	2 122	1 084
(a) EBITDA	-4 041	-2 120	-1 842	-648
Provision (reversal) for bad debts on accounts receivable from the joint venture	-289	590	-	-
Restructuring costs	219	-		
(b) Adjusted EBITDA	-4 112	-1 529	-1 842	-648
(c) Revenues	19 889	11 231	20 430	11 025
EBITDA margin (a/c)	-20.32 %	-18.87 %	-9.02 %	-5.88 %
Adjusted EBITDA margin (b/c)	-20.68 %	-13.62 %	-9.02 %	-5.88 %

Amounts in CAD thousands	2024 H1 (Unaudited)	2024 Q2 (Unaudited)	2023 H1 (Unaudited)	2023 Q2 (Unaudited)
Net profit/loss	-7 485	-3 831	-5 034	-2 471
Income tax expense (income)	-445	-229	-	-
Finance cost	1 104	589	326	223
Finance Income	-18	81	0	173
Share of net income (loss) from associated companies and joint ventures	-	-	742	342
(a) EBIT	-5 953	-2 932	-3 965	-1 732
Provision (reversal) for bad debts on accounts receivable from the joint venture	-289	590	-	-
Restructuring costs	219	-	-	-
(b) Adjusted EBIT	-6 024	-2 342	-3 965	-1 732
(c) Revenues	19 889	11 231	20 430	11 025
EBIT margin (a/c)	-29.93 %	-26.11 %	-19.41 %	-15.71 %
Adjusted EBIT margin (b/c)	-30.29 %	-20.85 %	-19.41 %	-15.71 %

Amounts in CAD thousands	30.06.2024 (Unaudited)	30.06.2024 (Unaudited)	30.06.2023 (Unaudited)	30.06.2023 (Unaudited)
(a) Total non-current liabilities	32 519	32 519	15 084	15 084
(b) Total equity	30 185	30 185	48 533	48 533
Long Term Debt/Equity Ratio (a/b)	1.08	1.08	0.31	0.31

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