2021

Annual Report

TEKNA

Changing the world one particle at a time…

At Tekna we make micron and nano sized materials. You wouldn't think they could have such a **positive impact on the environment**. And they can't by themselves…. It is through the **transformation** of the metal supply chain in Additive Manufacturing and by improving the characteristics of a Lithium-ion battery that all of a sudden these tiny particles become **very powerful enablers.** And so does the technology that produces them.

TEKNA

Contents

Tekna in brief

Tekna is a global leader in the development, manufacturing and sales of advanced micro 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's is developing the position of its advanced powders in three multi-billion-dollar market verticals:

Additive Manufacturing: Currently our biggest market. Tekna enjoys a 10 per cent market share and is growing in a global market where additive manufacturing is on track to outperform traditional machining due to improved environmental efficiency.

Printed Electronics: We aim to secure industrial scale supply to global tier 1 customers in the microelectronics industry. Nano powders below 100 nm are expected to become the new industry standard, and Tekna is one of only two producers that can deliver this.

Energy Storage: Tekna has developed and patented its industrial process to produce high purity spherical silicon nano powder. Nano silicon used in rechargeable batteries could provide electric vehicles with 60 percent more distance travelled on a single charge.

Important industries for our powders are: batteries, electronics, medical, automotive, aerospace and satellites.

Tekna is headquartered in Québec, Canada, and has additional offices in France, China, Korea, Japan and India. We have a staff of about 215.

Key figures *(CAD million)*	**2021**	**2020**
Revenue	26.8	22.0
Adjusted EBITDA	-4.6	-2.2
EBITDA	-8.7	0.3
Net profit/loss	-13.7	-5.8
Cash balance	38.6	2.5

Established organization with world-wide reach

- **Founded in 1990**
- **Listed Euronext Growth OSLO 2021**
- carbon neutral **aspiration 2030**
- **Headquartered in Quebec, Canada**
- **200 employees**
- **90 active patents**
- **3 production facilities**
- **2 research facilities**
- **7 subsidiaries**
- **1 joint venture**

Shareholder information

Share capital

Tekna Holding AS has one class of shares. Each share carries one vote at the company's general meeting. The shares are freely transferable. There are no provisions in the company's articles of association that limit the right to own, trade or vote for shares of the company.

The company's share capital as of 31 December 2021 was NOK 250,454,692 divided into 125,227,346 Shares, each with a nominal value of NOK 2.00.

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.

Stock market listing

The company's shares have been listed on Euronext Growth Oslo (ticker code: TEKNA) since 30 March 2021. On 31 December 2021, the closing share price was NOK 34.70, corresponding to a market capitalization of NOK 4,345 million.

The company intends to transfer from Euronext Growth to the Oslo Stock Exchange in 2022. As a prerequisite for this, an extraordinary general meeting was held on 10 March 2022, which resolved to convert Tekna Holding into a public limited liability company (ASA). The name of the company will consequently be changed to Tekna Holding ASA.

Shareholder structure

At the end of 2021, Tekna Holding AS had 790 shareholders. At the time, Arendals Fossekompani ASA was the largest shareholder, holding 79.9 per cent of the shares. No other shareholder held more than 2 percent of the shares. The 20 largest shareholders held a total of 94.1 per cent of the company's shares at the end of the year.

On 8 February 2022 the Board of Directors in Arendals Fossekompani ASA decided, in order to facilitate a potential uplisting, to allocate Tekna shares as dividend-in-kind to AFK shareholders. The number of shares distributed was 10,953,557, reducing the AFK shareholding from 79.9% to 71.1%. Tekna aims to uplist to the Oslo Stock Exchange in 2022

Option schemes

As of 31 December 2021, there were no outstanding options, warrants or loans giving the right to require the company to issue shares.

Current authorisations

The Board of Directors of Tekna Holding AS has the authorization to increase the share capital and to acquire shares of the company. The authorizations remain in force until the annual general meeting of 2022, but in no event later than 30 June 2022.

Investor relations

Tekna wishes to maintain open communications with its shareholders and other stakeholders. Shareholders and stakeholders are kept informed by announcements to the Euronext Growth 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.

CEO letter

A transformational year

2021 was a transformational year for Tekna Holding, marked by the listing of the company, major contracts awarded by industry-leading international companies such as Korean chemical company LG Chem and aircraft manufacturer Airbus, and the initiation of a multi-million-dollar capacity increase program to deliver on accelerating growth. We closed the year with a record-high order intake of CAD 20 million, which provides us with great momentum going into the new year.

I am especially proud of these achievements given that they were accomplished amid the continuing Covid pandemic, which inevitably impacted both our employees, suppliers and customers. Yet our 215 colleagues across the world rose to the challenge, working tirelessly to ensure the continuity of our operations, while a safe and enjoyable work environment was provided for all. I cannot commend them highly enough for their efforts.

Sadly, we are now facing another unforeseen event, in the form of the largest ground war in Europe since World War II. While Tekna has no operations in Ukraine nor Russia, a tragedy of such magnitude affects us all. Our thoughts are with the millions of innocent civilians affected by this devastating conflict.

Record order intake

Our employees' hard work enabled Tekna to deliver 22 per cent revenue growth to CAD 27 million. The annual order intake for materials rose by 46 per cent to CAD 20 million year-on-year, bringing the company to a record total order backlog of CAD 15.3 million amid strong demand from the aerospace industry, which accounted for 50 percent of our Additive Manufacturing sales in the fourth quarter 2021. Revenue growth has outperformed that of comparable sales for metal powders by 12%, that of metal printing machines by 24% and the AM worldwide market sales [1] [2] by 15%.

The market outlook for Additive Manufacturing, which accounts for approximately 60 per cent of Tekna's total revenue, remains positive, with demand in consumer electronics in China showing promising developments and sales in medical implants climbing towards pre-Covid levels.

In June, we announced a multi-year supply agreement with Airbus and its Enabled Suppliers to provide high-quality titanium powder for Additive Manufacturing, confirming Tekna's leadership position in the aerospace supply chain. Given the high standards of quality, reliability and supply chain solidity Airbus expects from their suppliers, we are pleased to add them to our long list of major aerospace customers.

[1] Wholers Report 2022

[2] 240 companies surveyed

We will start seeing volumes for different materials such as aluminum and titanium alloys ramp up in 2022, both with Airbus as well as with the 10-year contract we were awarded in July with a leading EU company in the aviation, defense and space industry and its related supply chain.

Despite the pandemic-induced slowdown in the aerospace and automotive industries, we see that the major original equipment manufacturers (OEM) still maintain integrating 3D printing as part of their core strategy to reduce costs and enhance resource efficiency and are now accelerating the adoption of the technology. The number of orders and the average order size of materials sold in the Additive Manufacturing segment are increasing, while new sales channels are opening-up in consumers electronics.

In the Printed Electronics segment, Tekna's qualification process is developing positively, and we're on track to secure a first customer this year, while pursuing talks with industrial scale-up partners throughout the Asia region. Our focus is on securing a significant market position through rigorous and systematic business development, targeting the leading multi-layer ceramic capacitor (MLCC) OEMs through two product families: 50 nm and 80 nm generation nickel powders.

In the Energy Storage segment, Tekna signed an agreement in April with LG Chem on a multi-year joint development program to produce new materials that will improve the storage capacity and the cycle stability of Lithium-Ion batteries. LG Chem is one of the world's largest lithium-ion battery manufacturers, and the project will contribute to meeting the accelerating demand for high-performance Lithium-ion batteries, driven by the growing global need for energy storage.

New PlasmaSonic product line

Tekna was also very excited to launch its PlasmaSonic product line in the third quarter 2021. We believe hypersonic travel and space exploration could be an attractive market segment for our company in the future, when hypersonic travel at Mach 5 (around 6,000 km/h) or above could transport 2.7 million passengers annually. Over the last 30 years, Tekna has developed an industry-leading position with a complete array of proven and reliable solutions using thermal plasma technology. This includes our now-famous product line of wind tunnels and integrated diagnostic solutions, which are designed to recreate, here on Earth, the wide range of extreme temperatures and pressures experienced by spacecrafts travelling in the stratosphere at over 5 times the speed of sound. Tekna's dedicated team of scientists and engineers has worked closely with the aerospace and defence OEMs and universities around the world, thereby developing a unique expertise that allows us to meet the industry's needs. We'll be targeting civil aviation in the orbital space and hypersonic flight industry, which has an estimated size of CAD 270 billion and a revenue potential for Tekna over the next 10 years estimated at CAD 250 million.

Expanding capacity

In April, Tekna's Board of Directors approved a roadmap for capacity increase for all three segments. The company has already commissioned a state-of-the-art powder atomizer for titanium to meet growing demand from the aerospace, medical, and automotive industries. The new powder atomizer comes with highly automated real-time process controls which translates into low labour operating cost. This is one of many efforts that will see us improve manufacturing capacity faster than the market growth, thereby reducing lead times.

Towards the end of the year, Tekna entered a lease agreement for an industrial-pilot production facility for nickel nano powder in Sherbrooke, Canada, with the potential of providing capacity of up to 25 tons of powder annually by 2023. This was followed by an announcement in January 2022 that we would be consolidating our additive manufacturing powder production in Europe at a new facility in Pont-de-Veyle, in eastern France. We've signed a nine-year lease agreement on the facility, which will strengthen the company's supply chain resilience in Europe. Combined, the new facility in France and the facility in Sherbrooke, will create space to grow our production capacity by approx. 2,500 tons of powder annually.

Listing on Euronext Growth

After a successful private placement that raised NOK 680 million to the company, Tekna was listed on Euronext Growth Oslo on 30 March 2021. This has provided us with the financial strength to set up the necessary infrastructure and resources to scale the Company and achieve our growth ambitions. The placement was multiple times oversubscribed and attracted significant interest from high-quality domestic, Nordic and international investors. We're pleased to see that the trust our shareholders have placed in us has so far paid off: the Tekna share recorded 29 percent return in 2021, amid considerable volatility in the financial markets. It is important for us to attract a broader investor base going forward, and Tekna prepares for a listing on the Oslo Stock Exchange in 2022.

Well positioned for profitable growth

Tekna is well positioned for profitable growth and has a proven track-record of scalability, with about 80 per cent recurring sales. Revenues are driven by global megatrends, led by accelerating demand for high-quality micro and nano materials, and a growing market share due to the uniqueness of the materials produced. We can maintain solid margins thanks to our scalable business model and high contribution margins.

Despite the current global challenges, Tekna's total revenues in 2022 are expected to grow double digits from 2021. Our targets mid- to long-term is for a total revenue CAGR of 40-50 percent, with an EBITDA margin of around 25 percent, enabling the company to deliver high returns.

The ongoing war in Ukraine presents considerable challenges to the global economy, leading us to carefully manage our supply chain risks and protecting our margins.

Taken together, the events of 2021 marked the start of a new and exciting chapter for Tekna, propelling us forward in our vision of taking a leadership position in three multi-billion-dollar markets: Additive Manufacturing, Printed Electronics and Energy Storage. We will do so while stepping up our sustainability efforts. To this end, we have produced our first sustainability report. The report describes our approach and performance on our most material environmental, social and governance issues for the 2021 financial year. It is an important step in making our work on sustainability more transparent and in line with reporting standards.

Lastly, I would like to thank our customers, partners, and shareholders, who have put their trust in Tekna. Be assured that our staff around the world are strong-willed, determined and resolved to achieve the highest standards and deliver on the company's objectives...

Luc Dionne

Luc Dionne,

CEO Tekna Holding

Board of Directors' report 2021

Board of Directors' report 2021

Tekna Holding reported revenues of CAD 26.8 million in 2021, a 22 per cent increase from the previous year. Powder revenues increased by 35 per cent to CAD 17.9 million. Growth investments and adverse market conditions brought by the Covid-19 pandemic impacted profitability. The company successfully raised approximately NOK 681 million and was listed on Euronext Growth Oslo.

Business and location

Tekna is a world-leading provider of advanced materials to industry. Tekna produces high purity, micron and nano-sized 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. With its unique, IP-protected, green plasma technology, the company is well-positioned in the growing market for advanced nanomaterials within the electronics and batteries industries. Building on 30 years of delivering excellence, Tekna is a global player recognized for its quality products and its commitment to its large base of multinational blue-chip customers. Tekna's powder products increase productivity and enable more efficient use of materials, reducing the footprint of its value chain.

The Group currently operates four main business segments: Additive Manufacturing, Printed Electronics, Energy Storage and Systems (incl. Plasmasonic).

Tekna uses proprietary technology to produce and sell spherical powders and nano powders, where Additive Manufacturing serves the aerospace, medical and automotive sectors, Printed Electronics serves consumer electronics, autonomous vehicles, 5G and IoT, and Energy Storage serves the electric vehicles, consumer electronics and electric grid sectors. The Group develops and operates its own plasma systems and sells customized plasma systems for research applications. In the Plasmasonic business, a subsegment of systems, it sells wind tunnel solutions for the simulation of hypersonic and orbital flight conditions.

Tekna Holding AS, a Norwegian private limited liability company, is listed on Euronext Growth Oslo. The Group is headquartered in Sherbrooke, Canada, with subsidiaries and teams based across four offices in Canada, France, 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, 2021, to December 31, 2021.

Market sectors

Tekna currently has two reporting lines:

- Advanced Materials comprised of business segments: Additive Manufacturing, Printed Electronics and Energy Storage.
- Systems comprised of Plasmasonic, R&D/academic research systems and other systems related income.

Advanced Materials

Revenue in Advanced Materials increased by 35 per cent to CAD 17.9 million in 2021 (CAD 13.3 million in 2020, CAD 11.2 million in 2019). This represented 67 per cent of the Group's revenues. Currently, Tekna's revenue primarily comes from the Additive Manufacturing segment. Revenue growth has outperformed that of comparable sales for metal powders by 12%, that of metal printing machines by 24% and the AM worldwide market sales [1] [2] by 15%.

Tekna is also developing in the Printed Electronics and Energy Storage segments. Additive Manufacturing along with these two segments follows global game changing megatrends and represent major growth opportunities.

Systems

Activities in the system segment remained affected by covid related restrictions throughout the year and showed limited growth from last year. The year ended at CAD 8.9 million in revenue, which represented 33 per cent of the Group's revenues.

[1] Wholers Report 2022

[2] 240 companies surveyed

Important events in 2021

Listing on Euronext Growth

On 30 March 2021, Tekna Holding AS was listed on Euronext Growth Oslo, after a successful private placement that raised approximately NOK 681 million (approximately CAD 98 million) in gross proceeds. Following the completion of the transaction, Tekna has a total of 125.227.346 shares issued and outstanding. The share price closed at NOK 26.46 on the first day of trade and closed at NOK 34.70 at year-end, an increase of 29 per cent. Tekna is working towards being moved to the main list of Oslo Stock Exchange in 2022.

Energy Storage: Joint development agreement with LG Chem

In April, Tekna signed a joint development agreement with LG Chem, according to which both companies will apply their patented technology to the development of new materials that will enhance lithium-ion batteries performance. This initial agreement is seen as an entry point to a growing collaboration between two industry leaders focused on increasing the performance of rechargeable batteries.

Printed electronics: Capturing a leading position in the MLCC industry

Tekna introduced its nickel 80nm product to the multi-layer ceramic capacitor (MLCC) industry and started the qualification cycle with some of the leading players in Japan and Korea. The company actively pursued the development of new opportunities throughout the year, which resulted in adding Asian leads to the customer qualification cycle.

The global shortage of semiconductor and electronic devices favor the entry of new material suppliers such as Tekna in this industry.

Additive Manufacturing: Major customer contracts signed

In the summer of 2021, Tekna signed two multi-year supply agreements with major aerospace OEMs, one of which is disclosed as Airbus. Deliveries have started in the course of 2021 and are expected to grow significantly over the coming years. The additive manufacturing industry has been on a fast growth curve since its inception and is now further stimulated by an increasing number of global companies engaged in reshoring their supply chain.

Systems: Launch of the Plasmasonic product line

In October, Tekna launched its Plasmasonic product line to address the growing interest in space tourism and hypersonic travel of commercial flights. Tekna's Plasmasonic product line provides the most comprehensive and advanced tools to reproduce, measure and characterize material behavior exposed to outer atmospheric conditions. In 2021, Tekna has built up an opportunity pipeline valued at over CAD 55 million. Tekna is the only company in the world with the ability to provide turnkey solutions in this field.

Financial statements

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 AS for the year. The company'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 26.8 million, up from CAD 22.0 million in 2020 (CAD 20.5 in 2019), which represents 22 per cent revenue growth. EBITDA was negative CAD 8.7 million compared with positive CAD 0.3 million in 2020. Adjusted EBITDA net of non-recurring charges was negative CAD 4.6 million in 2021 and positive CAD 2.2 million in 2020. Tekna had a loss for the period of CAD 14.1 million compared to a loss of CAD 5.3 million in 2020 (loss of CAD 7.4 million in 2019). Profit from continuing operations in 2021 was negative CAD 12.5 million (negative CAD 8.3 million adjusted for non-recurring expenses) compared to negative CAD 2.9 million in 2020 (negative CAD 7.1 million in 2019). Earnings per share were negative CAD 0.14 in 2021, compared to negative 0.12 in 2020 (negative CAD 0.22 in 2019).

Cash flow

Net cash from operating activities was negative CAD 13.9 million in 2021 compared with positive CAD 1.8 million in 2020, with higher operating costs and non-recurring charges being the main contributors. Net cash used for investing activities in 2021 was CAD 28.4 million, reflecting the purchase of shares in subsidiaries and investments in property, plant and equipment as well as intangible assets. Net cash from financing activities is mainly related to the issue of new shares and repayment of debt owed to a shareholder.

Financial position

Tekna's financial position improved significantly in 2021, mainly due to the private placement, with a long-term debt/equity ratio of 0.05 at year-end compared with 1.33 at the end of 2020 and 8.57 at the end of 2019. Interest-bearing debt was CAD 5.0 million at year-end, while the cash position was CAD 38.6 million and total assets were CAD 92.4 million. Total equity attributable to shareholders of the parent company as of 31 December 2021 amounted to CAD 76.1 million. The financial risk is moderated by a substantial cash position and low debt. The credit risk is regarded as low, given that most customers are large multinational companies.

According to section 3–3 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 AS

The parent company Tekna Holding AS is a holding company, with very limited activity and a few corporate functions. Profit for the year was CAD 0.3 million in 2021.

Research and development

Investments in research and development (R&D) has 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 investment in R&D is critical to its near- and long-term goals and today represents 9.4 per cent of its total revenue. In the mid-term, Tekna expects that this ratio will flatten at, or around, 5 per cent. Confident in the quality of its products and in the progression of the development of new products and encouraged by the positive feedback from current and potential customers alike, in April 2021, Tekna's Board of Directors approved a CAD 16 million investment program to increase the production capacity of its existing product lines and implement pilot production of powders for new markets.

Risk factors and risk management

Tekna's Board of Directors and Executive Management conduct risk assessments relating to various dimensions and aspects of operations to verify that adequate risk management systems are in place. Risk management is predominantly controlled by the executive management team.

The Group operates in a highly competitive market. The global powder market is highly competitive, and some of the Group's competitors are large, sophisticated and well-capitalised technology companies that may have greater financial, technical and marketing resources than the Group.

As a globally operating organisation, Tekna is exposed to risk scenarios ranging from controllable risks, such

as raw material price fluctuation, currency fluctuation, market changes 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.

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/service quality and eventually a slower growth rate.

Signs are positive that the COVID19 pandemic is coming to an end. However, should the situation persist, absenteeism and quarantines could continue to affect Tekna's own day-to-day operations as well as its supply chain performance. The opportunities to market its systems depend highly on tradeshows, which have frequently been cancelled due to the pandemic.

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. Unless a settlement is reached, court proceedings are expected to commence in the first quarter of 2022. 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 consisting of relocation to ensure business continuity and the Group's financial position.

The Group's business is subject to price risk and currency 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 Group may not be able to meet its funding needs as they arise. Tekna reported a significant financial loss in 2021. Furthermore, Tekna is accelerating the developments and investments to better position the company strategically. Reference is made to the nickel nano pilot production facility and additive manufacturing expansion in France. Similarly, the Group may be unable to obtain funding in order for it to further implement its growth strategy or take advantage of opportunities for acquisitions, investments or other business opportunities.

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. A more detailed description is to be found in the ESG report available on the company's website from 12 April.

For a full overview of the potential risks and uncertainties relating to the Company's business and the industry in which it operates, please refer to Tekna's admission document to trading of shares on Euronext Growth Oslo, dated 29 March 2021.

Sustainability

Tekna has prepared a separate report in accordance with Section 3-3 of the Norwegian Accounting Act regarding corporate social responsibility. The report is included in the annual report that will be available on the company's website from 12 April.

The report describes Tekna's performance in areas defined to be of importance to the company. It states the company's goals and targets going forward, and how the company will measure its impact. On the basis of an internal materiality assessment updated in November 2021, Tekna identified five overarching sustainability topics which we report on: ethical business conduct, a great place to work, a responsible and resilient supply chain, strive for circular and sustainable production, enabling customers' positive impact.

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 activities covered by the environmental permit 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, 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.

Health, safety, security and environment (HSSE)

The competence of our employees represents a major asset and competitive advantage for Tekna.

At the end of 2021, the Group employed a total of 204 people. Adjusting for part-time employees, this translates to 190 full-time equivalents.

The number of employees were divided across locations as follows:

- Norway: 0
- Canada: 173
- France: 26
- China: 3
- Korea: 2

There were no serious work-related accidents in 2021. Sick leave was 2.0 per cent in 2021, compared to 2.4 per cent in 2020.

Equal opportunities

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. Women represented 23 per cent of the Tekna workforce in 2021. Out of 40 managers (managers with employees reporting to them) 23 per cent 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. To date, Tekna's workforce comprises 20 different nationalities, of which 139 are Canadian and 68 are non-Canadian employees.

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 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 corporate management team has five male and one female member. The Board of Directors has three male members and no female members. On 10 March 2022 the general assembly of Tekna passed the resolution to convert Tekna Holding AS into a public limited company (ASA). At the same time, Barbara Thierart-Perrin was elected new Board Member replacing Lars Peder Fensli with effect from 1 April 2022. The Board of Directors will from this date include two male and one female members.

Corporate governance

Tekna Holding AS is a private limited liability company organized under Norwegian law and with a governance structure based on Norwegian corporate law and other regulatory requirements. The company's corporate governance model is designed to provide a foundation for long-term value creation and to ensure good control.

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

The Board members and the CEO 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.

The Board of Tekna establishes the overall principles for governance and control in Tekna Holding AS through the adoption of various governing documents. Tekna follows the Norwegian Code of Practice for Corporate Governance. The company's practice is largely in accordance with these recommendations. Reference is made to the Corporate Governance Report, which will be published on the company's website on 12 April.

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.

Going concern, subsequent events and Outlook

Going concern

There have been no events to date in 2022 that significantly affect the result for 2021 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 2021 have been prepared on the basis of this assumption.

Subsequent events

On 8 February 2022 the Board of Directors in Arendals Fossekompani ASA decided, in order to facilitate a potential uplisting, to allocate Tekna shares as dividend-in-kind to AFK shareholders. The number of shares distributed was 10,953,557, reducing the AFK shareholding from 79.9% to 71.1%. Tekna aims to uplist to the Oslo Stock Exchange in 2022

Outlook

Tekna is well positioned for profitable growth and has a proven track-record of scalability, with about 80% recurring sales. Revenues are driven by global megatrends, led by accelerating demand for high-quality micro and nano materials, and a growing market share due to the uniqueness of the materials produced. Tekna can achieve solid margins due to its scalable business model and high contribution margins. Tekna's revenues and operating profit in 2022 are expected to be higher than in 2021.

The ongoing war in Ukraine presents considerable challenges to the global economy, adding uncertainty to our 2022 forecast.

The Board wishes to express its gratitude to all of Tekna's employees, including the executive management, for their dedicated efforts, contributing to Tekna's strong growth and successful development.

Arendal, 21.03.2022
The board of Tekna Holding AS

This document was electronically signed.

Morten Henriksen Chairman of the board	Torkil Sigurd Mogstad Member of the board	Lars Peder Fosse Fensli Member of the board	Luc Dionne CEO

Consolidated financial statements

Notes to the Consolidated Financial Statements

Income statement

Amounts in CAD 1000	Note	2021	2020	2019
Revenues	3	26.810	21.990	20.477
Other income	4	486	4.266	1.486
Materials and consumables used		14.893	11.259	11.027
Employee benefit expenses	5	12.733	10.631	9.796
Other operating expenses	6	8.401	4.081	5.069
EBITDA		-8.731	285	-3.929
Depreciation and amortisation	11,12	3.742	3.170	3.217
Net operating income/(loss)		-12.473	-2.886	-7.146
Share of net income (loss) form associated companies and joint ventures	21	-1.472	-2.044	-
Finance income		400	463	-299
Finance costs	18	656	1.361	1.398
Profit/(loss) before income tax		-14.201	-5.827	-8.843
Income tax expense	7	-114	-455	-1.459
Profit/(loss) for the period		-14.087	-5.372	-7.384
Attributable to equity holders of the company		-13.601	-5.372	-7.384
Attributable to non-controlling interests		-486	-	-
Basic earnings per share	20	-0,14	-0,12	-0,22
Diluted earnings per share	20	-0,14	-0,12	-0,22

Other comprehensive income

Amounts in CAD 1000	Note	2021	2020	2019
Items that may be reclassified to statement of income				
Exchange differences on translation of foreign operations		6	-461	448
Items that may be reclassified to statement of income		6	-461	448
Items that will not be reclassified to statement of income				
Exchange differences on translation of foreign operations		-6.207	-	-
Items that will not be reclassified to statement of income		-6.207	-	-
Other comprehensive income/(loss) for the period, net of tax		-6.201	-461	448
Total comprehensive income/(loss) for the period		-20.288	-5.833	-6.936
Attributable to equity holders of the company		-20.288	-5.833	-6.936

Balance sheet

Amounts in CAD 1000	Note	2021	2020	2019
Non-current assets				
Property, plant and equipment	11	16.573	16.483	14.726
Intangible assets	12	9.217	9.431	9.740
Associated companies and joint ventures	21	1.231	1.407	-
Non-current receivables	13	5.598	4.200	3.866
Deferred tax assets	7	-	-	-
Total non-current assets		32.619	31.521	28.331
Current assets				
Inventories	8	14.415	12.037	11.534
Contract assets	3	1.039	537	1.576
Trade and other receivables	9	5.680	6.269	3.544
Cash and cash equivalents	10	38.649	2.537	1.506
Total current assets		59.783	21.380	18.159
Total assets		92.402	52.901	46.491

Arendal, 21.03.2022

The board of Tekna Holding AS

This document was electronically signed.

Morten Henriksen	Torkil Sigmund Mogstad	Lars Peder Fosse Fensli	Luc Dionne
Chairman of the board	Member of the board	Member of the board	CEO

Amounts in CAD 1000	Note	2021	2020	2019
Equity				
Share capital and share premium	19	494.956	14	-
Other reserves		-419.058	18.525	4.349
Capital and reserves attributable to holders of the company		75.899	18.539	4.349
Non-controlling interests		211	-	-
Total equity		76.109	18.539	4.349
Non-current liabilities				
Borrowings	17	3.778	24.227	36.167
Lease liabilities	14	227	462	688
Deferred tax liabilities	7	-	-	436
Total non-current liabilities		4.005	24.689	37.291
Current liabilities				
Bank loan	16	3.733	633	216
Lease liabilities	14	235	226	222
Trade and other payables	15	4.772	4.291	2.401
Contract liabilities	3	1.473	2.327	372
Other current liabilities	15	1.874	2.172	1.494
Borrowings short-term portion	17	200	23	146
Total current liabilities		12.288	9.673	4.851
Total liabilities and equity		92.402	52.901	46.491

Equity

		Attributable to equity holders of the Company				
Amounts in CAD 1000	Note	Share capital and share premium	Other reserves	Total	Non-controlling interests	Total equity
Balance at 1 January 2019		-	11.285	11.285	-	11.285
Profit/(loss) for the period		-	-7.384	-7.384	-	-7.384
Other comprehensive income/(loss)		-	448	448	-	448
Balance at 31 December 2019		-	4.349	4.349	-	4.349
Balance at 1 January 2020		-	4.349	4.349	-	4.349
Profit/(loss) for the period mm		-	-5.372	-5.372	-	-5.372
Other comprehensive income/(loss)		-	-461	-461	-	-461
Issue of shares, net of transaction costs and tax	19	14	20.008	20.022	-	20.022
Balance at 31 December 2020		14	18.525	18.539	-	18.539
Balance at 1 January 2021		14	18.525	18.539	-	18.539
Profit/(loss) for the period mm		-	-14.087	-14.087	-472	-14.559
Other comprehensive income/(loss)		-	-6.201	-6.201	-	-6.201
Share capital increase Arendals Fossekompani (*)	19	394.898	-417.295	-22.397	683	-21.714
Issue of ordinary shares for cash	19	100.044	-	100.044	-	100.044
Balance at 31 December 2021		494.956	-419.058	75.898	211	76.109

(*)The Seller's credit of CAD $ 22 397 K represents the balance of the selling price payable to the Seller following the acquisition of the subsidiary.

Cash flow

Amounts in CAD 1000	Note	2021	2020	2019
Cash flow from operating activities				
Net profit/(loss)		-14.087	-5.372	-7.384
Depreciation, amortization and impairment	11,12	3.742	3.170	3.217
Variation in deferred taxes		-	-436	-1.627
Interest accretion on LT debt	18	258	243	162
Discounted value of long-term loan		-378	-355	-1.976
FX variation on long-term loan		-515	441	-424
(Gain)/Loss from sales of assets		-10	83	100
Share of results from associated companies and joint ventures		1.472	2.044	-
Total after adjustments to profit before income tax		-9.517	-181	-7.932
Change in Inventories		-2.378	-504	-1.984
Change in other current assets		-2.773	-2.452	308
Change in other current liabilities		790	4.955	-3.384
Total after adjustments to net assets		-13.878	1.819	-12.992
Net cash from operating activities		-13.878	1.819	-12.992
Cash flow from investing activities				
Proceeds from the sales of PPE		28	-	-
Purchase of PPE and intangible assets	11,12	-3.637	-4.703	-264
Investment in the JV		-1.296	-3.450	-
Purchase of shares in subsidiaries	21	-23.480	-	-
Net cash flow from investing activities		-28.385	-8.153	-264

Amounts in CAD 1000	Note	2021	2020	2019
Cash flow from financing activities				
Proceeds from issue of shares		100.044	14	-
Proceeds from issue of shares in THC		1.331	-	-
Increase (decrease) of bank loan	17	3.100	417	-642
New loan	17	17.898	7.874	13.181
Repayment of loan	17	-37.535	-266	-499
Repayment of lease liabilities		-226	-222	-222
Net cash flow from financing activities		84.612	7.817	11.818
Net increase in cash and cash equivalents		42.348	1.482	-1.438
Cash and cash equivalents at the beginning of the financial year		2.537	1.506	2.495
Effects of exchange rate changes on cash and cash equivalents		-6.237	-451	449
Cash and cash equivalents at end of year		38.649	2.537	1.506

Notes to the Consolidated Financial Statements

Note 1 Organization and accounting principles

Organization

Tekna Holding AS 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 2021 include the company and its subsidiaries (as a whole, referred to as the "Group"). Information about the companies included in the scope of consolidation is disclosed in note 22.

The Company was incorporated on 30 June 2020. The Company's audited financial statements for 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS). As disclosed in note 26, this is the first time the Group has prepared IFRS financial statements, following a capital reorganization. The transaction is accounted for retrospectively based on predecessor accounting. The accounting of the transaction is described under basis for preparation. The IFRS opening balance is 1 January 2019.

Following the admission to trading on Euronext Growth Oslo in 2021, 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 all the years presented, unless otherwise stated.

Basis for preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union and associated interpretations, as well as Norwegian disclosure requirements pursuant to the Norwegian Accounting Act applicable as of 31 December 2021. The consolidated financial statements were approved by the board of directors on 9 March 2022.

The company was incorporated on 30 June 2020 but did not have any activity before Arendals Fossekompani (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). Reference is made to note 26.

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.

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 was been determined to be Norwegian kroner (NOK) due to its ties to Arendals Fossekompani and predominantly NOK financing. With effect from 1 January 2022, the parent company changes 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.

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.

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 9 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.

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 11. 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 12 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.

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 xx).
- 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.

Note 2 Research and Development

Amounts in CAD 1000	2021	2020	2019
Salaries	1.776	1.858	1.791
Materials and other costs	1.021	1.335	2.089
R & D Tax credits	-249	-481	-615
Research and Development costs	2.548	2.712	3.265
Less: development capitalized	-782	-781	-1.712
Research expensed	1.766	1.931	1.553

Note 3 Revenue from contracts with customers

Accounting principles and information related to external customers are described in note 1. There are no customers that represents 10 per cent or more of the Group's total revenues on an annual basis.

2021 *Amounts in CAD 1000*	Systems & Equipment	Materials	Spare parts	Other	Total
Revenue recognized at a point in time	-	17.492	974	414	18.879
Revenue recognized over time	7.931	-	-	-	7.931
Revenue from external customers	7.931	17.492	974	414	26.810
Contribution margin	4.440	6.368	545	151	11.503
Contribution margin %	56,0%	36,4%	56,0%	36,4%	42,9%
Revenue from external customers specified per geographical area:					
North America	4.354	6.726	487	207	11.774
Europe	-	8.159	487	207	8.853
Asia	3.577	2.606	-	-	6.183
Total	7.931	17.492	974	414	26.810

2020 *Amounts in CAD 1000*	Systems & Equipment	Materials	Spare parts	Other	Total
Revenue recognized at a point in time	-	12.848	719	438	14.005
Revenue recognized over time	7.985	-	-	-	7.985
Revenue from external customers	7.985	12.848	719	438	21.990
Contribution margin	4.798	4.896	432	167	10.293
Contribution margin %	60,1%	38,1%	60,1%	38,1%	46,8%
Revenue from external customers specified per geographical area:					
North America	3.583	4.626	359	219	8.787
Europe	-	5.934	359	219	6.512
Asia	4.402	2.289	-	-	6.690
Total	7.985	12.848	719	438	21.990

2019 *Amounts in CAD 1000*	Systems & Equipment	Materials	Spare parts	Other	Total
Revenue recognized at a point in time	-	10.794	1.460	447	12.701
Revenue recognized over time	7.776	-	-	-	7.776
Revenue from external customers	7.776	10.794	1.460	447	20.477
Contribution margin	4.102	3.967	770	164	9.003
Contribution margin %	52,8%	36,8%	52,8%	36,8%	44,0%
Revenue from external customers specified per geographical area:					
North America	2.803	3.798	730	223	7.554
Europe	320	5.326	730	223	6.599
Asia	4.654	1.670			6.324
Total	7.776	10.794	1.460	447	20.477

Assets and liabilities related to contracts with customers

The timing of revenue recognition, billings and cash collections results in billed trade receivables, unbilled receivables (contract assets), and prepayments and deposits from customers (contract liabilities). The table below shows the amounts of contract assets and contract liabilities at year end related to ongoing projects.

The practical expedient in IFRS 15 para 121 has been applied to contracts with customers as performance obligations are part of contracts that have an original duration of one year or less. There is no consideration from contracts with customers that is not included in the transaction price.

The Group considers on a regular basis whether there exist any onerous contracts. In case of any onerous contracts provisions for loss regarding the remaining period on the contracts are recognized in the period the current period.

There has not been recognized any losses related to contracts with customers for any period presented.

Amounts in CAD 1000	Note	2021	2020	2019
Trade receivables	9	3.701	5.342	2.462
Recognized income for contracts with at-delivery billing		1.936	964	3.722
Payments received		-897	-428	-2.146
Contract assets		1.039	537	1.576
Payments received for contracts with advanced billing		9.717	7.478	2.741
Recognized income		-8.244	-5.151	-2.369
Contract liabilities		1.473	2.327	372

Note 4 Other income

Accounting principles and information related to grants and other income are described in note 1.

Disaggregation of other income

Amounts in CAD 1000	2021	2020	2019
Grant	476	2.766	1.586
Gain/loss disposals	10	-83	-100
Other	-	1.583	-
Other Income	486	4.266	1.486

Note 5 Remuneration and employee benefit

Amounts in CAD 1000	2021	2020	2019
Salaries	13.965	11.921	11.601
Social security contributions	2.175	1.828	1.609
Pension costs	364	293	249
Other benefits	434	353	343
Capitalized as development, inventories etc.	-4.206	-3.764	-4.006
Total employee benefit expenses	12.733	10.631	9.796

Average number of full time employees	190	174	168

Note 6 Other operating expenses

Amounts in CAD 1000	2021	2020	2019
Maintenance equipment & buildings	750	640	723
Marketing, travel and representation costs	1.039	688	1.199
Consultants and professional fees	3.841	1.284	656
IT costs	2.036	1.558	678
Manufacturing overhead costs	734	-88	1.813
Total operating expenses	8.401	4.081	5.069

Remuneration to auditor

Amounts in CAD 1000	2021	2020	2019
Statutory audit	254	114	74
Other assurance services	60	38	25
Tax advisory	16	31	16
Other non-audit services	-	-	-
Total remuneration to auditor	330	182	114

Note 7 Income tax

Amounts in CAD 1000	2021	2020	2019
Tax payable on ordinary income	-114	-19	-31
Adjustment for previous years	-	-	-
Current tax expense	-114	-19	-31
Deferred tax expense	0	-436	-1.428
Total tax expense in the income statement	-114	-455	-1.459
Reconciliation of effective tax rate			
Profit / (loss) before income tax	-14.201	-5.827	-8.843
Tax based on current ordinary tax rate	-3.763	-1.544	-2.343
Effect of non-deductible expenses	375	188	-211
Effect of unrecognised tax loss carryforward	3.274	1.374	1.095
Effect of changed tax assessments for previous years	-	-473	-
Total tax expense	-114	-455	-1.459
Effective tax rate	0,80%	7,81%	16,50%

2021	Assets	Liabilities	Net assets
Property, plant and equipment		-200	-200
Intangible assets		-1.883	-1.883
Other items	-668	-668	-1.336
Tax loss carryforward	9.767	-	9.767
Unrecognised tax assets	*-6.348*		-6.348
Recognised tax loss carryforward	3.419	-	3.419
Deferred tax asset/liability	2.751	-2.751	-
Offsetting of assets and liabilities	-2.751	2.751	
Net deferred tax asset/liability	0	0	0

2020	Assets	Liabilities	Net assets
Property, plant and equipment		-712	-712
Intangible assets		-2.035	-2.035
Other items		-380	-380
Tax loss carryforward	6.538	-	3.730
Unrecognised tax assets	*-3.411*	-	*-603*
Recognised tax loss carryforward	3.127	-	3.127
Deferred tax asset/liability	3.127	-3.127	0
Offsetting of assets and liabilities	-3.127	3.127	
Net deferred tax asset/liability	0	0	0

2019	Assets	Liabilities	Net assets
Property, plant and equipment	142	-	142
Intangible assets	-	-2.451	-2.451
Other items	105	-	-566
Tax loss carryforward	5.989	-	-
Unrecognised tax assets	-4.221	-	-
Recognised tax loss carryforward	1.768	-	2.439
Deferred tax asset/liability	2.015	-2.451	-436
Offsetting of assets and liabilities	-2.015	2.015	
Net deferred tax asset/liability	0	-436	-436

The amount of losses carried forward subject to expiration represent $ 36,9 m for federal income tax purposes and $ 38,5 m for provincial tax purposes. The federal income tax rate is 15% and the provincial income tax rate is 11%.

The losses are expiring according to the following tables:

Amounts in CAD 1000	Federal	Provincial
2041	12.187	12.187
2040	4.365	4.356
2039	4.929	5.052
2038	3.297	3.300
2037	4.457	4.644
2036	2.288	2.288
2035	1.864	1.897
2034	1.890	3.151
2033	115	115
2032	292	291
2031	585	585
2030	260	260
2029	326	328
	36.855	38.453

Note 8 Inventories

Inventory stock

Amounts in CAD 1000	2021	2020	2019
Raw materials	5.258	4.914	4.123
Work in progress	455	364	983
Finished goods	8.702	6.760	6.428
Total inventories (net after provision for obsolescence)	14.415	12.037	11.534

Provision for obsolescence related to finished goods

Amounts in CAD 1000	2021	2020	2019
Balance at 1 january	2.716	3.855	3.739
New provisions recognised during the year	938	18	1.023
Provisions reversed	-6	-1.157	-907
Balance at 31 December	3.648	2.716	3.855

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 9 Trade and other receivables

Trade receivables

Amounts in CAD 1000	2021	2020	2019
Trade receivables from contracts with customers	3.675	5.342	2.462
Loss allowance	26	-	-
Total	3.701	5.342	2.462

Write-down *

Amounts in CAD 1000	2021	2020	2019
Balance at 1 january	-	-	-
New write-downs recognised during the year	26	-	-
Write-downs reversed	-	-	-
Realised loss during the period	-	-	-
Balance at 31 December	26	-	-

*For more information about credit risk and write-downs, see note 16

Other receivables

Amounts in CAD 1000	2021	2020	2019
Indirect Tax Receivable	565		292
Refundable deposit on Raw mat	453	384	339
Grant and Investment tax credit receivable	444	294	227
Prepaid Expenses	517	249	224
Total	1.979	928	1.082

Total trade and other receivables	5.680	6.269	3.544

Note 10 Cash and cash equivalents

Amounts in CAD 1000	2021	2020	2019
Total cash at bank	38.649	2.537	1.506
Restricted cash	-	-	-

Note 11 Property, plant and equipment

2019

Amounts in CAD 1000	Vehicles, machinery and equipment	Buildings and land	RoU assets	Total
Year ended 31 December 2019				
Cost at 31 December 2018	19.492	10.776	-	30.268
Implementation IFRS 16	-	-	1.132	1.132
Cost at 1 January 2019	19.492	10.776	1.132	31.400
Additions, net of tax credits	1.106	141	-	1.247
Grants	-898	-1.464	-	-2.362
Disposals	-153	-	-	-153
Cost at 31 December 2019	19.547	9.453	1.132	30.132
Accumulated depreciation at 1 January 2019	11.140	2.087	-	13.227
Depreciation	1.532	458	242	2.232
Disposal	-53	-	-	-53
Accumulated depreciation at 31 December 2019	12.619	2.545	242	15.406
Carrying amount at 31 December 2019	6.928	6.908	890	14.726

2020

Amounts in CAD 1000	Vehicles, machinery and equipment	Buildings and land	RoU assets	Total
Year ended 31 December 2020				
Cost at 1 January 2020	19.547	9.453	1.132	30.132
Additions, net of tax credits	3.696	505	-	4.201
Grants	-178	-29	-	-207
Disposals	-5.553	-	-	-5.553
Cost at 31 December 2020	17.512	9.929	1.132	28.573
Accumulated depreciation at 1 January 2020	12.619	2.545	242	15.406
Depreciation	1.388	531	233	2.152
Disposal	-5.468	-	-	-5.468
Accumulated depreciation at 31 December 2020	8.539	3.076	475	12.090
Carrying amount at 31 December 2020	8.973	6.853	657	16.483

2021

Amounts in CAD 1000	Vehicles, machinery and equipment	Buildings and land	RoU assets	Total
Year ended 31 December 2021				
Cost at 1 January 2021	17.512	9.929	1.132	28.573
Additions, net of tax credits & Translation adjustments	1.429	1.953	-	3.382
Grants	-402	-71	-	-473
Disposal	-110	-	-	-110
Cost at 31 December 2021	18.429	11.811	1.132	31.372
Accumulated depreciation at 1 January 2021	8.539	3.076	475	12.090
Depreciation	1.288	1.287	226	2.801
Disposal	-92	-	-	-92
Accumulated depreciation at 31 December 2021	9.735	4.363	701	14.799
Carrying amount at 31 December 2021	8.694	7.448	431	16.573

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:
Building	25 years
Equipment incl. development cost	5-8 years
Mobile infrastructure incl. development cost	25 years
Permanent systems incl. development cost	10 years
RoU assets	5-8 years

Note 12 Intangible assets

Intangible assets are recognized at historical cost less amortization. Amortization is calculated using straight-line method to allocate the cost over their estimated useful lives. Intangible assets with definite useful life consist of acquired technology, internally generated intangible assets arising from development costs as well 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 2021, 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.

2019

Amounts in CAD 1000	Technologies	IP and licenses	Development	Total
Year ended 31 December 2019				
Cost at 1 January 2019	10.767	3.230	913	14.909
Additions, net of tax credits	-	599	1.113	1.712
Grants	-	-49	-284	-333
Disposal	-	-	-	-
Cost at 31 December 2019	10.767	3.780	1.742	16.288
Accumulated amortization and impairment at 1 January 2019	3.948	1.605	10	5.563
Amortization	718	232	35	985
Disposal	-	-	-	-
Accumulated amortization and impairment at 31 December 2019	4.666	1.837	46	6.548
Carrying amount at 31 December 2019	6.101	1.943	1.696	9.740

2020

Amounts in CAD 1000	Technologies	IP and licenses	Development	Total
Year ended 31 December 2020				
Cost at 1 January 2020	10.767	3.779	1.742	16.288
Additions, net of tax credits	-	621	160	781
Grants	-	-7	-65	-72
Disposals	-	-	-	-
Cost at 31 December 2020	10.767	4.393	1.837	16.997
Accumulated amortization and impairment at 1 Janua	4.666	1.837	46	6.548
Amortization	718	263	38	1.018
Accumulated amortization and impairment at 31 December 2020	5.384	2.099	83	7.566
Carrying amount at 31 December 2020	5.384	2.294	1.754	9.431

2021

Amounts in CAD 1000	Technologies	IP and licenses	Development	Total
Year ended 31 December 2021				
Cost at 1 January 2021	10.767	4.393	1.837	16.997
Additions, net of tax credits	-	327	455	782
Grants	-	-31	-24	-55
Cost at 31 December 2021	10.767	4.689	2.268	17.724
Accumulated amortization at 1 January 2021	5.384	2.099	83	7.566
Amortization	718	149	74	941
Disposal	-	-	-	-
Accumulated amortzation and impairment at 31 December 2021	6.102	2.248	157	8.507
Carrying amount at 31 December 2021	4.666	2.441	2.111	9.217

Estimated useful lives	15 years	15 years	10 years	

Note 13 Non-current receivables

Amounts in CAD 1000	2021	2020	2019
Loan to employees	1.331	-	-
R&D Tax Credit Receivable	4.267	4.200	3.866
Total non-current receivables	5.598	4.200	3.866

Note 14 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	2021	2020	2019
Total right-of-use assets	431	657	890
Current lease liabilities	235	226	222
Non-current lease liabilities	227	462	688
Total lease liabilities	462	688	910

Amounts recognised in the statement of income

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

Amounts in CAD 1000	2021	2020	2019
Total depreciation charge right-of-use assets	226	233	242
Interest expense	29	40	48

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

Note 15 Trade payables and other current liabilities

Amounts in CAD 1000	2021	2020	2019
Trade payables	4.772	4.291	2.401
Other current liabilities	1.874	2.172	1.494
Total	6.646	6.463	3.895

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	2021	2020	2019
Accrued expenses and other current liabilities	1.874	1.564	1.212
Total	1.874	1.564	1.494

Other current liabilities for 2021 include warranty provision of 130 (2020: 130 and 2019: 90). Warranty on the materials sold is for a period of 12 months from the shipment date and cover the specifications or samples as referred to in the quotation or in the relevant individual contract or order. The warranty does not cover usage, storage and processing of the materials. Results obtained from the usage of the materials are not covered by any warranty.

The systems are covered against manufacturing defects for a period of one year from the Delivery Date.

Note 16 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

COVID-19

Signs are positive that the COVID19 pandemic is coming to an end. However, should the situation persist, absenteeism and quarantines could continue to affect Tekna's own day-to-day operations as well as its supply chain performance. The opportunities to market its systems depend highly on tradeshows, which have frequently been cancelled due to the pandemic.

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, 2021, 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 3,31%
Long-term debt:	Floating rate on loans totalling CAD 1,2m 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.

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.

2021 *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	462	489	126	126	142,485	94	-
Trade and other payables	4.772	4.772	4.772	-	-	-	-
Bank loan	3.733	3.733	-	3.733	-	-	-
Borrowings	3.978	7.139	154	263	727,597	2.083	3.911

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
2021						
Outstanding trade receivables	1.653	888	709	-103	526	3.675
Provision for losses	-	-	-	-	26	26
2020						
Outstanding trade receivables	1.235	3.362	301	27	417	5.342
Provision for losses	-	-	-	-	-	0
2019						
Outstanding trade receivables	850	553	307	117	636	2.462
Provision for losses	-	-	-	-	0	0

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 is no risk of any material losses.

Note 17 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 16.

Tekna Holding AS has complied with the financial covenants of its borrowing facilities at year end 2021. 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		
	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019
Balance at 1 January	24.250	36.313	25.868	688	910	1.134	633	216	859	25.571	37.439	27.861
New loan	17.898	7.874	13.181	-	-	-	3.100	417	0	20.998	8.291	13.181
Cash Flow - repayment	-37.535	-266	-499	-226	-222	-224	-	-	-643	-37.761	-488	-1.366
Non cash changes												
FX variation loss (gain)	-515	441	-424	-	-	-	-	-	-	-515	441	-424
Conversion to equity	-	-20.000	-	-	-	-	-	-	-	-	-20.000	-
Amortization	-378	-355	-1.976	-	-	-	-	-	-	-378	-355	-1.976
Debt accretion on long-term debt	258	243	162	-	-	-	-	-	-	258	243	162
Total debt	3.978	24.250	36.313	462	688	910	3.733	633	216	8.173	25.571	37.439
Short-term portion	-200	-23	-146	-235	-226	-222	-3.733	-633	-216	-4.168	-882	-584
Balance long-term portion at 31 December	3.778	24.227	36.167	227	462	688	-	-	-	4.005	24.689	36.855

Amounts in CAD 1000	2021	2020	2019
Loans secured by pledged assets			
Building and land	1.213	1.282	1.351
Machinery and equipment	0	13	163
Universality of movable and immovable property, tangible and intangible, current	682	618	554
Total non-current borrowings secured by pledged assets	1.895	1.913	2.068

Note 18 Finance items

Amounts in CAD 1000	2021	2020	2019
Interest income	0	2	3
Currency exchange income	400	461	-302
Total Finance income	400	463	-299
IFRS 16 interest	29	40	47
Interest expense	627	1.321	1.351
Total finance cost	656	1.361	1.398
Net finance items	-256	-898	-1.697

Note 19 Share information

Amounts in CAD 1000	2021	2020	2019
Ordinary shares	125.227	10.000	0
Share capital	37.277	14	0
Share premium	451.473	0	0

At 31 December 2021 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. In 2020 the shares had an original par value of NOK 10,00.

Changes in share capital *(Amounts in CAD 1000)*	Date	Ordinary shares	Class D shares	Share capital	Share premium	Total
Share capital increase incorporation	30/06/2020	14	0	14	0	14
Share capital increase	15/02/2021	134	0	134	0	134
Share capital increase - AFK	11/03/2021	29.607	0	29.607	365.291	394.898
Share capital increase	23/03/2021	7.163	0	7.163	88.085	95.248
Share capital increase	29/04/2021	358	0	358	4.303	4.662
Share capital at year end 2021		37.277	0	37.277	457.679	494.956

Dividends

There are no paid out dividends

Major shareholders at year-end 2021

Investor	Number of shares	% 0f total	Country
ARENDALS FOSSEKOMPANI ASA	100.000.000	79,85%	NOR
Skandinaviska Enskilda Banken AB	2.178.960	1,74%	LUX
KVANTIA AS	1.666.665	1,33%	NOR
State Street Bank and Trust Comp	1.559.493	1,25%	USA
VICTORIA INDIA FUND AS	1.331.883	1,06%	NOR
Pershing LLC	1.264.541	1,01%	USA
SKØIEN AS	1.238.593	0,99%	NOR
Other	15.987.211	12,77%	DIVERSE
Total number of shares	125.227.346	100,00%	

Note 20 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	2021	2020	2019
Net profit for the year	-14.087	-5.372	-7.384
Attributable to non-controlling interests	-486	-	-
Attributable to ordinary shares	-13.601	-5.372	-7.384
Weighted number of ordinary shares, basic and diluted	100.272.679	43.144.200	33.144.200
Number of shares end of period	125.227.346	53.144.200	33.144.200
Basic and diluted earnings per share	-0,14	-0,12	-0,22

Note 21 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.

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

Amounts in CAD 1000	Imphytek Powders S.A.S.
Book value as at 31.12.2019	-
Investment in joint venture	3.450
Share of profit after tax 2020	-2.044
Amortisation of excess value 2020	-
Translation differences	-
Investments/disposals	-
Capital contributions	-
Dividend	-
Book value 31.12.2020	1.407
Book value as at 01.01.2021	1.407
Share of profit after tax 2021	-1.472
Investment during the period	1.442
FX variations	-146
Book value 31.12.2021	1.231

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

Description of the business

Imphytek Powders S.A.S. has its headquarters and operations in Macon in 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 strategically important company in the business area Advanced Manufacturing.

Imphytek Powders S.A.S. has no contingent liabilities or capital commitments as of 31.12.2021 or 31.12.2020. 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 below shows the condensed financial information of the joint venture, based on 100%.

Imphytek Powders S.A.S. Amounts in CAD 1000	2021	2020	2019
			NA
Total revenue	884	594	
Depreciations	-255	-	
Interest income			
Interest expenses	-2	-	
Tax expenses			
Profit	-3.258	-2.454	
Other income and expenses			
Comprehensive income			
The Groups share of comprehensive income	50%	50%	
Current assets	4.304	3.741	
whereof cash and cash equivalents	781	9	
Non-current assets			
Current liabilities	264	6.237	
Long-term liabilities	2.882	-	
Equity	1.158	-2.496	

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

In virtue of a loan agreement dated November 26, 2021, Tekna Plasma Europe SAS, a subsidiary of the parent company, has committed to provide additional financing of Imphytek Powders SAS through equity or term loans. As of December 31, 2021, the remaining commitment is 0,5 million euros.

Note 22 Subsidiaries

Company	Ownership held by the group	Ownership held by the non-controlling interests	Domicile
Tekna Holdings Canada	96,43%	3,57%	Canada
Tekna Plasma Systems Inc	96,43%	3,57%	Canada
Tekna Advanced Materials	96,43%	3,57%	Canada
Tekna Plasma Europe S.A.S.	96,43%	3,57%	France
Tekna Plasma Systems Suzhou Co Ltd	96,43%	3,57%	China
Tekna Plasma India Pr Ltd	96,43%	3,57%	India
Tekna Plasma Korea Co Ltd	96,43%	3,57%	South Korea

Note 23 Related parties

At year end Arendal Fossekompani (AFK) owned 100.000.000 shares, representing 79,85 % of the total number of shares in Tekna.

Board of Directors compensation 2021 and number of shares owned 31 December 2021

Name	Title	Board of Directors remunerated	Number of shares in Tekna Holding AS
Morten Henriksen	Chairman	-	50.000
Lars Peder Fosse Fensli	Member of Board	-	48.000
Torkil Sigurd Mogstad	Member of Board	-	48.000

Name	Title	Fixed salary	Paid bonus	Pension	Share-based compensation	Other benefits	Number of shares in Tekna Holdings Canada Inc	Loan from Tekna Plasma Systems Inc
Luc Dionne	CEO	300	36	8	20	18	588.576	253.521
Serge Blackburn	CFO	173	21	4	7	10	196.192	84.507
Other executive management		538	27	20	33	39	980.960	422.535

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 provided loan financing of the purchase price of the Shares under the share incentive program, for a total of CAD $1,3 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 $ 60 K for the executive team for 2021 as disclosed above. The Company has provided full financing of their subscription of Shares under the share incentive program.

Transactions with Arendal Fossekompani ASA (AFK)

AFK sold on the 11th March their 83 577 789 shares in Tekna Holdings Canada Inc to Tekna Holding AS for CAD 394 898 K. The purchase price was settled through an increase of the share capital and contribution of an aggregate share premium of total CAD 372 030 K and a seller's credit of CAD 22 397 K. The interest terms of the seller's credit were Nibor 3 months + 2% p.a, and total of CAD 80K in interest expenses has been charged for the period 11th March until the repayment of the seller's credit the 19th of April. When Tekna Holding As was listed; Tekna Holdings Canada Inc had the following debt to AFK: CAD 17 172 K +EUR 6 605 K. The debt was settled by Tekna Holding AS the 19th of April with CAD 27 M. AFK has re-invoiced costs in connection with the capital increase in Tekna Holding AS with CAD 233 K incl VAT. Tekna Holding AS has purchased accounting services from AFK with CAD 3 K incl VAT.

Note 24 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. Unless settlement is reached, court proceedings are expected to commence in 2022. 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 25 Subsequent events

As part of the preparation for listing Tekna on Oslo Stock exchange (main list) the general assembly of Tekna on the 10th of March decided to convert Tekna Holding AS into a public limited company (ASA). Arendal Fossekompani ASA ("AFK") has on the 10th of February distributed dividend in kind in form of 11,300,000 shares in Tekna Holding AS representing 9 per cent of the share capital in the Company. After the transaction, AFK owns 88,700,000 shares in Tekna Holding AS, representing 70,83 per cent of the share capital in the Company.

Note 26 First time adoption of IFRS

Tekna Holding AS was established in 2021 and the financial statements for the year ended 31 December 2021, are the first the group has prepared in accordance with IFRS. The Tekna Group did not prepare any IFRS financial statements in the previous periods 2020 and 2019, but the subsidiaries in the Group were part of the financial statements of Arendal Fossekompani (AFK), which has prepared in accordance with IFRS. The Tekna Group consists of Tekna Holding AS, Tekna Holdings Canada Inc., Tekna Plasma Systems Inc., Tekna Advanced

Materials Inc., Tekna Plasma Europe S.A.S., Tekna Plasma Systems Suzhou co Ltd, Tekna Plasma India Pr Ltd, Tekna Plasma Korea Co Ltd.

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The group has applied the following exemptions:

Lease liabilities are measured at the date of transition to IFRS, and the right-of-use asset is equal to the lease liability (IFRS 1.D9B). IFRS 3 has been applied retrospectively, and consequently historic acquisitions have been restated.

Opening balance 1 January 2019

On the right is the table showing the opening balance for Tekna group based on the CGAAP financial statements and IFRS adjustments.

(1) Restatement of business combination under IFRS

(2) Adjustments made due to new interpretation of IFRS rules stating that implementation cost of cloud computing software does not satisfy balance sheet recognition criteria.

(3) Implementation of new IFRS 16 standard regarding leases effective from 1 January 2019.

Income statement reconciliation table for 2020:

Reconciliation to income statement *Amounts in CAD 1 000*	
Loss in accordance with Canadian GAAP	-4.742
Translation differences presented as OCI	462
Leasing adjustment	-8
SaaS adjustment	-1.084
PPA adjustment	-
Loss in accordance with IFRS	-5.372

Amounts in CAD 1000	**Tekna Group - Canadian GAAP closing balance 31 December 2018**	**IFRS adjustments (1) - PPA**	**IFRS adjustments (2) - SaaS**	**IFRS adjustments (3) - Lease**	**Tekna Group - IFRS opening balance 1 January 2019**
Non-current assets					
Property, plant and equipment	17.300	-	-260	1.132	18.172
Intangible assets	10.398	-1.052	-	-	9.346
Associated companies and joint ventures	-	-	-	-	-
Non-current receivables and investments	3.239	-	-	-	3.239
Deferred tax assets	-	-	-	-	-
Total non-current assets	30.937	-1.052	-260	1.132	30.757
Current assets					
Inventories	9.549	-	-	-	9.549
Contract assets	-	-	-	-	-
Trade and other receivables	5.683	-	-	-	5.683
Cash and cash equivalents	2.495	-	-	-	2.495
Total current assets	17.727	-	-	-	17.727
Total assets	48.664	-1.052	-260	1.132	48.485
Equity					
Paid-in capital and other reserves	14.277	-2.732	-260	-	11.285
Capital and reserves attributable to holders of the (	14.277	-2.732	-260	-	11.285
Non-controlling interests	-	-	-	-	-
Total equity	14.277	-2.732	-260	-	11.285
Non-current liabilities					
Borrowings	25.445	-	-	-	25.445
Lease liabilities	-	-	-	914	914
Deferred tax liabilities	382	1.680	-	-	2.062
Total non-current liabilities	25.827	1.680	-	914	28.421
Current liabilities					
Bank loan	859	-	-	-	859
Lease liabilities	0	-	-	218	218
Trade and other payables	5.310	-	-	-	5.310
Contract liabilities	0	-	-	-	0
Other current liabilities	1.968	-	-	-	1.968
Borrowings short-term portion	423	-	-	-	423
Total current liabilities	8.560	-	-	218	8.778
Total liabilities and equity	48.664	-1.052	-260	1.132	48.485

Parent company financial statements

Notes to the parent company financial statements

Parent company financial statements

Income statement

Amounts in NOK	Note	2021	2020
Other expenses	2,3	6.587.585	-
Net operating income/(loss)		-6.587.585	-
Interest income from group companies	9	3.773.401	-
Other financial income	9	5.359.825	-
Interest expense to group companies	9	-524.139	-
Other interest expenses		-108.128	-
Net financial items	10	8.500.959	-
Profit/(loss) before income tax		1.913.374	-
Income tax expense	4	-	-
Profit/(loss) for the period		1.913.374	-

Amounts in NOK	Note	2021	2020
Total comprehensive income/(loss) for the period		1.913.374	-
Attributable to equity holders of the company		1.913.374	-

Balance sheet

Amounts in NOK	Note	2021	2020
Non-current assets			
Investments in subsidiaries	5	2.839.055.981	-
Loan to group companies	9	258.521.831	-
Total non-current assets		3.097.577.812	-
Current assets			
Other receivables	9	165.934	-
Cash and cash equivalents	6	231.452.619	-
Total current assets		231.618.553	-
Total assets		3.329.196.365	-

Amounts in NOK	Note	2021	2020
Equity			
Share capital	7	250.454.692	100.000
Share premium reserve		3.076.380.192	-
Other reserves		-5.570	-5.570
Total paid-in capital		3.326.829.314	94.430
Other equity		1.913.374	-
Total equity	8	3.328.742.688	94.430
Current liabilities			
Trade payables	9	448.107	-
Liabilities to group companies	9	5.570	5.570
Total current liabilities		453.677	5.570
Total liabilities and equity		3.329.196.365	100.000

Arendal, 21.03.2022

The board of Tekna Holding AS

This document was electronically signed.

Morten Henriksen
Chairman of the board

Torkil Sigurd Mogstad
Member of the board

Lars Peder Fosse Fensli
Member of the board

Luc Dionne
CEO

Indirect Cash flow

Amounts in NOK	Note	2021	2020
Cash flow from operating activities			
Net profit/(loss)		1.913.374	-
Change in accounts payable		448.107	-
Items classified as investment or financial activities		-	-
Interest accretion on LT debt		-8.500.959	-
Change in other accrual items		-165.934	5.570
Net cash from operating activities		-6.305.413	5.570
Cash flow from investing activities			
Proceeds from interest		3.773.401	-
Payments to buy shares and participations in other companies		-159.300.000	-
Payments to buy other investments		-253.427.282	-
Net cash flow from investing activities		-408.953.881	-
Cash flow from financing activities			
Proceeds from equity		646.978.903	94.430
Payment of interest		-632.267	-
Net cash flow from financing activities		646.346.636	94.430
Effects of exchange rate changes on cash and cash equivalents		265.277	-
Net increase in cash and cash equivalents		231.352.619	100.000
Cash and cash equivalents at the beginning of the financial year		100.000	-
Cash and cash equivalents at end of year		231.452.619	100.000

Note 1 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 NOK, 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

Investment 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.

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 2 Remuneration and employee benefit and auditors' fee

Wages

Wages *(amounts in NOK)*	**2021**	**2020**
Total	0	0

The company has no employees.

The role of CEO is performed by Luc Dionne who is employed by the subsidiary Tekna Holdings Canada Inc.No amount has been charged to Tekna Holding AS for his work in 2021.

Pension obligations

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

Executive remuneration

Executive remuneration *(amounts in NOK)*	**CEO**	**BoD**
Total	0	0

The CEO has no special contract in relation to his position as CEO of Tekna Holding AS.

Senior management in Tekna Holding AS are not part of a bonus scheme or share-based compensation scheme.

Auditor

Auditor's fee for statutory audit services for 2021 amounts to kr 219 000 including VAT. In addition, auditor's fee for other services amounts to kr 520 250 including VAT.

Note 3 Other expenses

(amounts in NOK)	**2021**	**2020**
Audit and other fees	3.245.940	-
ICT expenses	85.789	-
Intercompany expenses	1.271.172	-
Other expenses	1.984.684	-
Total	6.587.585	-

Note 4 Tax

Income tax - current year *(amounts in NOK)*	2021	2020
Income tax expense:		
Tax Payable	-	-
Change in deferred tax asset	-	-
Income tax expense:	-	-
Taxable income:		
Ordinary profit before tax	1.913.374	-
Permanet differences	-35.059.439	-5.570
Taxable income:	-33.146.065	-5.570
Taxable payable:		
Income tax expense	-	-
Taxable income:	-	-
Calculation of effective tax rate		
Ordinary profit before tax	1.913.374	-
Tax at the applicable tax rate	420.942	
Tax effect of permanent differences	-7.713.077	-1.225
Taxable income:	-7.292.134	-1.225
Effective tax rate	-381,10%	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 NOK)	2021	2020	Change
Accumulated loss carryforward	-33.151.635	-5.570	33.146.065
Not included in basis for calculation of deffered tax	33.151.635	5.570	-33.146.065
Deferred tax asset (22%)	0	0	0

Deferred tax asset is not carried in the balance sheet.

Note 5 Investments in subsidiaries

Subsidiaries *(amounts in NOK)*	Domicile of entity	Owner-ship	Voting share	Acquisi-tion cost
Tekna Holding Canada Inc.	Sherbrooke, Quebec	96,43%	96,43%	2.839.055.981
Total				2.839.055.981

Consolidates accounts for Tekna Holdings Canada Inc for 2021 shows a net loss of CAD 14 514 348 and booked equity of CAD 76 108 989.

Tekna Holdings Canada Inc owns 100 % of the following 6 subsidiaries:

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

CEO Luc Dionne and other management of Tekna Holdings Canada Inc. own the remaining 3.57% of the shares in Tekna Holdings Canada Inc.

Note 6 Bank deposits

Tax deduction deposits (restricted deposits) amounts to 0 kr.

Tekna Holding AS are compliant with the financial covenant requirements in the loan facilities at the end of 2021. Unused credit facilities with banks are CAD 4 million and USD 0.75 million.

Note 7 Share capital and shareholder information

The share capital of Tekna Holding AS on 31 December 2021 consists of:

Share capital *(amounts in NOK)*	Number	Face value	Book value
Ordinary shares	125.227.346	2	250.454.692
Total	125.227.346	2	250.454.692

All shares have equal voting rights.

Tekna Holding AS had 790 shareholders on 31.12.2021.

Overview of the largest shareholders on 31.12.2021:

(amounts in NOK)	Ordinary	Number of shares	Owner-ship / Voting rights
Arendals Fossekompani ASA	100.000.000	100.000.000	79,85%
Skandinaviska Enskilda Bank	2.178.960	2.178.960	1,74%
Kvantia AS	1.666.665	1.666.665	1,33%
State Street Bank and Trust	1.559.493	1.559.493	1,25%
Victoria India Fund AS	1.331.883	1.331.883	1,06%
Pershing LCC	1.264.541	1.264.541	1,01%
Skøien AS	1.238.593	1.238.593	0,99%
Sum	109.240.135	109.240.135	87,23%
Other (Ownership < 1 %)	15.987.211	15.987.211	12,77%
Total	125.227.346	125.227.346	100,00%

Shares and options owned by executive employees and members of the Board of Directors.

(amounts in NOK)	Ordinary	Number of shares	Owner-ship
Chairman Morten Henriksen	50.000	50.000	0,04%
Board member Torkil Mogstad	48.000	48.000	0,04%
Board member Lars Peder Fensli	48.000	48.000	0,04%
Sum	146.000	146.000	0,12%

The CEO does not own shares in the company per 31.12.21.

Note 8 Equity

(amounts in NOK)	Share capital	Share Premium Reserve	Other Paid-in capital	Other Equity	Total equity
Per 31.12.2020	100.000	0	-5.570	0	94.430
Capital increase 16.2.21	900.000				900.000
Capital increase 11.3.21	199.000.000	2.480.755.981			2.679.755.981
Capital increase 23.3.21	48.148.148	601.851.850			649.999.998
Capital increase 29.4.21	2.306.544	28.831.800			31.138.344
Share issue cost		-35.059.439			-35.059.439
Profit for the year				1.913.374	1.913.374
	250.454.692	3.076.380.192	-5.570	1.913.374	3.328.742.688

Note 9 Intercompany balances and transactions

(amounts in NOK)	2021	2020
Receivables		
Loans to group companies	258.521.831	-
Other short-term group company receivables	165.934	-
Total	258.687.764	-
Payables		
Loans from group companies	5.570	-
Accounts payable to group companies	140.338	
Other short-term payables to group companies	-	5.570
Total	145.908	5.570

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

The CAD loan of CAD 29,622,650 is to the subsidiary Tekna Holdings Canada Inc. The loan will be repaid with CAD 500,000 every quarter from 15 July 2023. Interest on the loan is calculated at a rate corresponding to the Canadian 3 month Interbank rate (CIBOR) + 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 2023. Interest on the loan is calculated with Euribor 3 months + 2% on an annual basis.

Transactions with Arendals Fossekompani ASA (AFK)

AFK sold on the 11th March their 83 577 789 shares in Tekna Holdings Canada Inc to Tekna Holding AS for NOK 2 839 055 981. The purchase price was settled through an increase of the share capital and contribution of an aggregate share premium of total NOK 2 679 755 981 and a seller's credit of NOK 159 300 000.

The interest terms of the seller's credit was Nibor 3 months + 2% p.a, and total of NOK 524 319 in interest expenses has been charged for the period 11th March until the repayment of the seller's credit the 19th April.

When Tekna Holding As was listed; Tekna Holdings Canada Inc had the following debt to AFK: CAD 17 172 104 +EUR 6 605 023. The debt was settled by Tekna Holding AS the 19th April with NOK 180 962 919.

AFK has re-invoiced costs in connection with the capital increase in Tekna Holding AS with NOK 1 567 628 incl VAT. Tekna Holding AS has purchased accounting services from AFK with NOK 21 377 incl VAT.

Note 10 Financial items

(amounts in NOK)	2021	2020
Financial income		
Interest income from group companies	3.773.401	-
Other financial income (agio)	5.359.825	-
Total financial income	9.133.226	-
Financial expense		
Interest expense to group companies	524.139	-
Other interest expense	108.128	-
Total financial expense	632.267	-

Note 11 Financial market 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 Cibor; see note 9.

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.

Note 12 Subsequent events

As part of the preparations for the listing of Tekna on the Oslo Stock Exchange (main index), the general meeting of Tekna on the 2 of March decided to reincorporate Tekna Holding AS into a Public Limited Company (ASA).

On 10 February, Arendals Fossekompani ASA ("AFK") distributed a dividend in the form of 11,300,000 shares in Tekna Holding AS. The dividend represents 9% of the share capital in the company. After the transaction AFK owns 88,700,000 shares in Tekna Holding AS, representing 70.83% of the share capital in the company.

Independent auditor's report

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To the General Meeting of Tekna Holding AS

Independent Auditor's Report

Opinion

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

- The financial statements of the parent company Tekna Holding AS (the Company), which comprise the balance sheet as at 31 December 2021, the income statement, statement of comprehensive income and statement of cash flows 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 AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2021, 2020 and 2019, the statements of income, statements of other comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 2021, 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 financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, 2020 and 2019 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the EU.

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 laws and regulations 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.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

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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 and the other information accompanying the financial statements 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 legal requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements 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 and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and 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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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 or 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 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.

Arendal, 21 March 2022
PricewaterhouseCoopers AS

Lars Ole Lindal

Lars Ole Lindal
State Authorised Public Accountant

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 has prepared its corporate governance code in preparation of its imminent conversion from private limited company to public limited company approved in the EGM of March 10, 2022. Hence Tekna already complies with the Public Limited Liability Companies Act.

Tekna’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 following main principles apply to corporate governance in the Company:

- The Company shall at all times comply with all acts and regulations that apply to the Company.
- The Company shall ensure that the Company has good corporate governance.
- The Company shall at all times try to act in accordance with the recommendations in the Code. If, in the Board's opinion, there are special interests indicating that the Company should depart from any of these recommendations, this must be specifically substantiated. In each annual report, the Board will make a statement on the Company's corporate governance.
- The Company's business must be operated on the basis of high ethical standards. The Company shall take active social responsibility.
- The Board shall ensure that the Company has clear goals and strategies for its business.
- The Company's equity should be in accordance with the Company's goal, strategy and risk profile.
- The Board shall ensure that the Company has a clear and predictable dividend policy.
- The Company shall avoid any unfair discrimination of the shareholders.
- The Company's transactions with closely related parties must be based on ordinary commercial terms and principles.
- The Company's shares can be sold freely.
- The Board should allow for as many shareholders as possible being able to exercise their rights by attending the Company's General Meeting.
- The Board shall ensure that the Company has good internal control and appropriate systems for risk management given the scope and nature of the Company's business.

1. Corporate governance framework and reporting

The Board of Directors (the "Board") of Tekna (the Company) has the overall responsibility for ensuring that the Company has a high standard of corporate governance. The Board has prepared 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 Company's senior management (the "Executive Management"). The policy is based on the Norwegian Code of Practice (the Code) for Corporate Governance issued by the Norwegian Corporate Governance Board. The objective of the Code is that companies listed on regulated markets in Norway will practice corporate governance that regulates the division of roles between shareholders, the Board and Executive Management more comprehensively than is required by legislation. The Board and Executive Management perform an annual assessment of its principles for corporate governance.

Tekna is a publicly listed company traded on Euronext Growth of the Oslo Stock Exchange with a governance structure based on Norwegian law. 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.

The Board of Directors has reviewed and approved the Company's policy and structure for corporate governance stating that the Company will comply with the Code. The Company's goal is to act in accordance with every recommendation in the Code.

2. The business

Tekna'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.

With its unique, IP-protected plasma technology, the company is well positioned in the growing market for advanced nanomaterials within the electronics and batteries industries. Building on 30 years of delivering excellence, Tekna is a global player recognized for its quality products and its commitment to its large base of multinational blue-chip customers.

The Company's operations comply with Article 3 of the Company's Articles of Association: "To conduct business development, including investments and to be co-owner of other companies.".

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. The highlights of 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.

3. Share capital

As of 31 December 2021, Tekna's total equity attributable to shareholders of the company amounted to CAD 495 million.

Total equity for the group at 31 December 2021 was CAD 76 million, corresponding to a long-term debt/equity ratio of 0.05. Considering the nature and scope of Tekna's business, the Board considers that the Company has adequate equity and capital structure.

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.

4. Equal treatment of shareholders and transactions with close associates

There is only one class of shares and all shares have equal voting rights. At 31 December 2021 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.

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, the following procedures shall be followed:

- Members of the Board and the Executive Management shall notify the Board c/o the Chairman if they have any material direct or indirect interest in any agreement to be entered into by the Company. If the agreement does not require Board approval, the members of the Board and the Executive Management shall notify the person who is authorised to approve the entering into of the agreement under the Company's rules of authorization.

- Members of the Board and the CEO who have an interest in any agreement entered into by the Company shall refrain from participating in considering such agreement in accordance with the applicable provisions under the Norwegian Public Limited Liability Companies Act.
- The Executive Management shall consider whether an agreement with a related party is subject to the requirements of chapter 3 V of the Norwegian Public Limited Liability Companies Act. If so, the agreement is to be handled according to these requirements.
- To the extent shareholder approval in accordance with the Norwegian Public Limited Liability Companies Act is not required, it shall be assessed whether it is necessary to obtain a third-party valuation of the agreement. The assessment of the need for a third-party valuation shall take into consideration: (i) the nature of the agreement, (ii) the size and term of the agreement, (iii) the relationship between the Company and the related party, and (iv) the ability to benchmark the conditions under such agreement against comparable agreements.
- The Board shall consider whether each agreement between the Company and related party shall be described in the directors' report.
- Subject to the rules in the Norwegian Securities Trading Act section 5-5 and 5-6 , the Board shall in the annual report and half year report inform whether an agreement covered by the Norwegian Public Limited Companies Act section 3-16 no. 1, no longer meets the conditions for exemption.

5. Shares and negotiability

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.

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 the two business days before the date of the general meeting.

The Annual General Meeting for 2022 takes place on 5 May 2022.

The General Meeting's responsibilities include electing the members of the Board and the auditor, determining the fees for the Board and the auditor, approving amendments of the articles of association, approving the annual accounts and the annual statement, and making decisions regarding dividend.

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 General Meeting deals with such matters as required by Norwegian law.

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 (www.newsweb. oslobors.no, ticker: TEKNA) and on Tekna's website.

7. Board of directors: composition and independence

According to the articles of association, the Board shall consist of minimum three and maximum nine members. At 31 March 2021, the board consisted of three shareholder- elected members.

The Public Limited Companies Act states that there should be at least one women on the board of directors when the board has three members.

Board members are elected for a period of up to two years. The chairman of the Board is elected by the general meeting. There is no corporate assembly in Tekna.

Pursuant to § 6-12 of the Public Limited Liability Companies Act, the Board is responsible for the management of the Company.

The responsibilities of the Board include the following:

- The Board shall ensure that the Company's business is properly organised.
- The Board shall draw up plans and budgets for the Company's activities.
- The Board shall keep itself informed of the financial position of the Company, and shall be responsible for ensuring that the Company's activities, accounts and asset management are subject to adequate control.
- The Board shall supervise the Company's day-to-day management.
- The Board shall initiate such examinations as it finds necessary for the performance of its duties. The Board must initiate such examinations if so demanded by one of its members.
- The Board shall appoint the Company's CEO and approve his/her terms of employment.
- The Board shall review the CEO's reports on the Company's activities, positions and profit/loss development.
- The Board shall review and approve the Company's annual accounts, and issue an annual directors' report in accordance with the requirements of the Accounting Act [3].
- The Board shall monitor the level of the Company's equity. The Company shall at all times have an equity and liquidity which is adequate in terms of the risk and scope of the Company's business, cf. section 3-4 of the Public Limited Liability Companies Act. If the equity is lower than can be deemed sound or than less than half of the share capital, the Board shall promptly consider the situation, cf. section 3-5 of the Public Limited Liability Companies Act.
- The Board shall consider all matters of an extraordinary nature or of major importance to the Company, and make decisions on behalf of the Company in all matters which under the Public Limited Liability Companies Act are required to be decided by the Board.

The Board of Directors currently has the following composition:

- Morten Henriksen, Chairman of the Board (Chairman) elected until the Annual General Meeting of 2023
- Torkil Sigurd Mogstad, elected until the Annual General Meeting of 2023
- Lars Peder Fosse Fensli, mandate finished per March 31, 2022 per the Extraordinary General Meeting of March 10, 2022.
- Barbara Thierart-Perrin, start April 1, 2022 elected until the Annual General Meeting of 2024.

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

Independence of the Board of Directors

Tekna is in the process of selecting independent board members of which one was already elected in the EGM of March 10, 2022. The composition of the Board then ensures that it can operate independently of any special interest.

Morten Henriksen, Torkil Mogstad and Lars Peder Fosse Fensli are not considered to be independent of the main shareholders due their respective positions as Executive Vice Presidents and CFO in Arendals Fossekompani ASA.

A member of the Board may not participate in the discussion or decision of issues which are of such special importance to such Board member or to any related person (as defined in § 1-5 of the Public Limited Liability Companies Act) of the Board member that he/she must be regarded as having a major personal or financial special interest in the matter.

A member of the Board may not participate in the discussion of a matter concerning a loan or other credit to himself/herself or on the furnishing of security for his/her debt.

A member of the Board shall notify the Board if he or she has any material direct or indirect interest in any transaction entered into by the Company. The Rules of Procedure specifically mention board members' involvement in competing businesses.

Board members' shareholdings

Encouraging share ownership is not part of the Code nor the Board's current Rules of Procedures. However, the Board members' shareholdings in the Company are disclosed in Note 23 Related Parties of Tekna's consolidated financial statements.

[3] Link to the Norwegian Accounting Act: https://lovdata.no/dokument/NL/lov/1998-07-17-56?q=regnskapsloven (only available in Norwegian).

8. Work of the Board of Directors

The overall management of the Company is vested in the Board of Directors 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 organisation, 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 Executive Management is responsible for the day-to-day management of the Company's operations in accordance with Norwegian law and instructions prepared by the Board of Directors. Among other responsibilities, the CEO is responsible for the day-to-day management of the Company's business and shall comply with the guidelines and instructions issued by the Board. The day-to-day management does not comprise matters which are of an unusual kind or major importance.

The CEO may decide matters which are of an unusual kind or major importance if the Board's decision cannot be awaited without major inconvenience to the Company. The Board shall be notified as soon as possible of the decision.

The CEO shall ensure that the Company's accounts are in accordance with statutory law and regulations, and that the capital management of the Company is properly organised.

The CEO shall prepare matters that are to be dealt with by the Board in consultation with the chairman of the Board. A matter shall be prepared so that the Board has an adequate basis for dealing with it. The CEO shall at least every month furnish the Board with information on the Company's business, position and profit/loss development.

The CEO has the right and obligation to participate in Board meetings unless the Board decides otherwise. The Board may at any time require the CEO to furnish the Board with a detailed report on specific matters.

The Board meets as often as necessary to perform its duties. The Board had 4 meetings during 2021 with 100 per cent participation.

The Board's Audit Committee

In light of the company's conversion to public limited company Tekna's Board will initiate an Audit Committee and a Compensation committee in 2022.

Pursuant to the Norwegian Public Limited Liability Companies Act and the listing rules of the Oslo Stock Exchange, the Company shall have an Audit Committee. The Audit Committee (the "Audit Committee") of Tekna is a subcommittee of the Board and shall act as a preparatory and advisory body for the Board and support the Board in the exercise of its responsibility for financial reporting, internal control and risk management.

The Audit Committee shall:

- assist the Board in its work in relation to the Company's financial reporting and act as a preparatory body for the Board in relation to such reporting;
- review and discuss with management and the Company's statutory auditor the Company's annual and quarterly financial statements;
- have an ongoing dialogue with the Company's statutory auditor as to the auditing of the Company's annual financial statements;
- review and discuss with management and the Company's statutory auditor significant accounting and auditing issues, including issues where the statutory auditor disagrees with management or has expressed significant uncertainty;
- review the statutory auditor's reports to management or the Board;
- assess and monitor the independence of the Company's statutory auditor, including the nature and extent of non-audit and consultancy services and compliance with the requirements of chapters 4 and 5A of the Norwegian Auditors Act ;
- evaluate the qualification and performance of the Company's statutory auditor;
- make recommendations to the Board with regard to the appointment or removal of the Company's statutory auditor and the statutory auditor's remuneration and other terms of engagement;
- monitor and evaluate the Company's internal control, internal audit and risk management systems;
- advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Conduct and Ethics;
- review processes for dealing with complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters ('whistleblowing' procedures), ensuring arrangements are in place for the proportionate and independent investigation and appropriate follow up action; and
- perform such other duties and responsibilities as may be assigned to the Audit Committee from time to time by the Board or that the Audit Committee may deem appropriate and consistent with its authority.

The Audit Committee shall consist of not less than two members, each of whom shall be a member of the Board. The members of the Audit Committee shall be appointed by the Board. The Board shall also designate a chairman of the Audit Committee.

The composition of the Audit Committee shall satisfy the requirements of the Norwegian Public Limited Companies Act section 6-42. Each member of the Audit Committee shall be independent of the Company's management. The members of the Audit Committee shall collectively have the expertise required for the performance of the tasks assigned to the Audit Committee. At least one member shall have qualifications within auditing and accounting.

9. Risk Management and Internal Control

The Board shall ensure 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 shall 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 in order to ensure successful conduct of the Company's business and to support the quality of its financial reporting.

The Board shall carry out an annual review of the Company's most important areas of exposure to risk and its internal control arrangements.

The Board shall provide 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 Management, and supervision by the Board (in future the Company's Audit Committee).

10. Board remuneration

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

The Board shall be 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 2021.

11. Remuneration of executive management

The Board has resolved guidelines to the CEO for remuneration to Executive Management. The terms are determined by the CEO in consultation with the Chairman of the board.

The salary and other remuneration of the CEO shall be 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.

The Board's statement is included in the 2021 annual report and further details relating to the salary and benefits payable to the CEO and other senior executives is available in note 23 to the financial statements.

12. Information & communication

Investor relations

Communication with shareholders, investors and analysts is a priority for the Company. The Company's objective is to ensure that the financial market and the shareholders have sufficient information about the Company to be certain that pricing reflects underlying values. Care will be taken by the Company to ensure an impartial distribution of information when dealing with shareholders and analysts. All market players shall have access to the same information, and all information is published in English.

All notices sent to the stock exchange are made available on the Company website and at www.newsweb.no.

The Company complies with the Oslo Børs Code of Practice for IR of July 2020.

Financial information

The Company will arrange open investor presentations in connection with the Company's quarterly reports.

The Company will arrange open investor presentations in connection with the Company's quarterly reports. Presentations made for investors in connection with the quarterly reports will be made public together with the reports. While primarily held for shareholders, investors and/or analysts, other stakeholders and interested parties, such as the press, are also welcome to attend. Important events affecting the Company will be reported immediately. The Company will publish an annual financial calendar with an overview of dates for financial reporting and other key events.

Relevant investor information will be made available at the Company's web page: www.tekna.com/investors.

Disclosure and reporting to the financial markets and contact with shareholders, investors and analysts shall be based on the following main principles:

- All information which the Company is required to disclose will be given in English. Information required to be given in Norwegian will also be given in English.
- Notices to the Oslo Stock Exchange are mainly related to the Company's operational and strategic activities. The IR-function will at all times contribute to increasing the understanding of Tekna's development and financial position. All matters with a possible impact on Tekna's activities and future development are to be published and be made available to its shareholders as soon as possible.
- Unless the conditions for delayed disclosure are met and delayed publication is considered necessary, the Company shall immediately disclose inside information, as defined in the Norwegian Securities Trading Act cf. MAR article 7 and comply with the recommendations of the timing of public disclosure as further described in Oslo Børs Circular 1/2017 and Oslo Børs' continuing obligations for stock exchange listed companies. Price-relevant information is at all times to be handled in line with current insider rules.
- The Company will publish interim financial statements on a quarterly basis, no later than on the 15th day of the second month after the end of the quarter (i.e. within 45 days). The Company published its interim financial statements according to its financial calendar which is published annually on the Company's web page and to the stock exchange. The dates are subject to change.
- Ahead of announcing its quarterly results, Tekna exerts caution with regards to information communicated externally, and the Company's representatives will during this period refrain from discussing the Company's performance and prospects with analysts, investors, media or others, to minimize the risk of unequal information in the marketplace. The Company shall as far as possible avoid meetings and other contact with investors and analysts for a period of 30 days prior to the publication of its quarterly results (the so-called "silent period").
- Any communication with shareholders outside the Company's General Meeting will take place in accordance with applicable equal treatment requirements and applicable legislation regarding inside information.

13. Take-over situations

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 Management, 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.

Take-over bids are also regulated by the Norwegian Securities Trading Act chapter 6.

14. Auditor

The primary task of the Auditor shall be 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. Assigning non-auditing work the Auditor or any affiliate of the Auditor may potentially create conflicts of interest and diminish the public confidence in the Auditor's integrity and independence.

Consequently, before assigning any non-audit work to the Auditor or any affiliate of the Auditor, the relevant decision-making body in the Company must make a careful assessment that the assignment a) is clearly in the best interest of the Company and b) is not likely to jeopardise the Auditor's integrity and independence in light of the following factors:

Audit work should have the auditor's top priority and performance of non-audit work must not be prioritized at the expense of audit work;

Management must be comfortable that no conflict of interest will arise as a consequence of the Auditor performing both auditing and non-auditing work for the Company.

References to "affiliates" of the Auditor shall include any entity controlling, controlled by or under common control with the Auditor and any partner, director or employee of the Auditor or any of the aforesaid.

The Auditor's fee for non-auditing work should normally be agreed in advance. Management must keep the Board informed of major non-auditing work performed by the Auditor or its affiliates.

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

The Auditor shall annually provide the Board with a summary of all services in addition to audit work that have been undertaken for the Company.

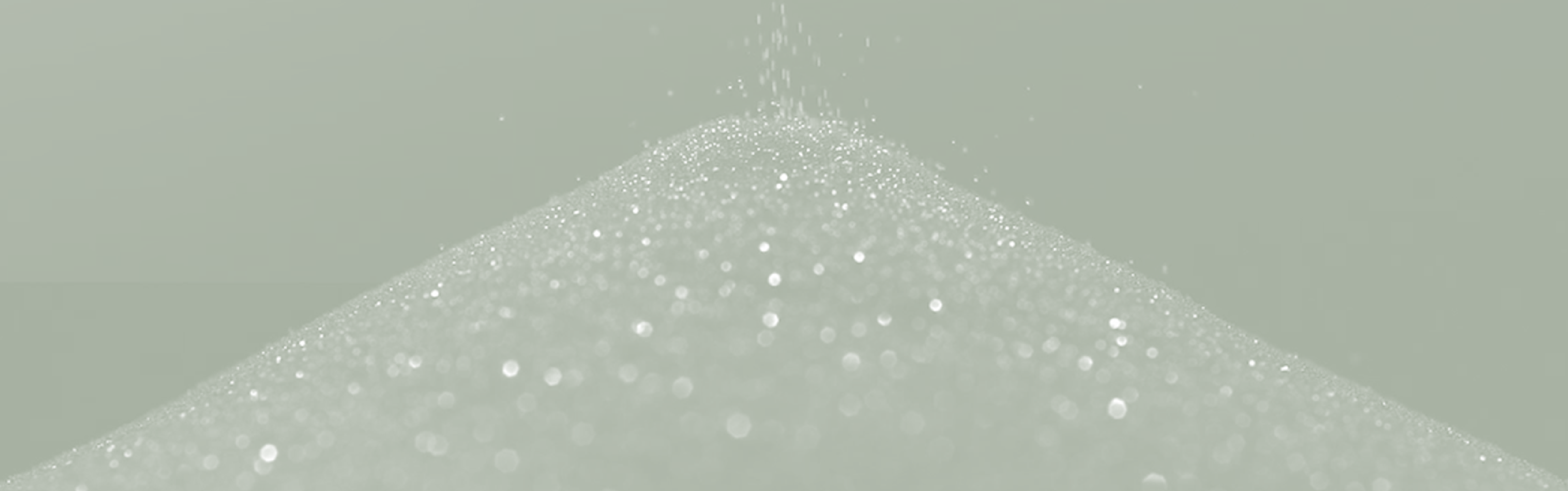
The fees paid for audit work and fees paid for other specific assignments are specified in the notes to the financial statements. PwC is the Company's Auditor.

ESG report 2021 – Executive summary

Please refer to the separate ESG report 2021 on: www.tekna.com/esg

Changing the world one particle at a time…

At Tekna we make micron and nano sized materials. You wouldn't think they could have such a **positive impact on the environment**. And they can't by themselves…. It is through the **transformation** of the metal supply chain in Additive Manufacturing and by improving the characteristics of a Lithium-ion battery that all of a sudden these tiny particles become **very powerful enablers.** And so does the technology that produces them.



Letter from CEO

Dear stakeholder,

Amidst a global pandemic and increased climate instability, our stakeholders asked us to answer the question **What does sustainability mean for Tekna?**

Science and technology created Tekna, and we have once again turned to these fundamentals for answers. The goal of sustainability is to protect the natural cycle of life provided by ecosystems, which powers our society and economy. An ecosystem is a community of interacting organisms and their environment, and every living or non-living element on our planet is a part of it. The range of such a system can be as big as earth itself or as small as a room.

Biomimicry, an approach seeking sustainable solutions to human challenges by emulating nature's time-tested patterns and strategies, led us to the conclusion that we need to transform Tekna into its own ecosystem. Our goal going forward is to create products, processes and policies that are well-adapted to life on earth in the long term, applying methods such as life cycle assessments. Tekna's ecosystem encompasses the entirety of our operations, from the suppliers to the end-users and end-of-life stage.

An ecosystem is resilient when it continues functioning amid, and can recover from, a disturbance. Every element naturally faces various local adversity challenges, but as our climate changes, this adversity can be detrimental to sustainability. For Tekna, our resilience comes from our capacity to plan for disturbances, and quickly adapt to alternative stable states. This was on display in our uninterrupted manufacturing operations during Covid-19, while we simultaneously switched overnight from office work to the home office.

Towards 2030, we aim to make resilient every element of Tekna's ecosystem, thus ensuring the continuity and sustainability of our business. By 2050, we want Tekna's ecosystem to become its own cycle of life. This will require self-regulation capabilities, adaptability to changing conditions and optimal levels of resource utilization.

Improving internal governance and increasing transparency are Tekna's short-term priorities. Transparency and knowledge-sharing accelerate innovation as much as ESG metrics drive the green transition by channeling our collective focus and money towards businesses of the future. It is therefore imperative for us to be accountable for our actions This has never been easier with all the existing metrics, reporting tools and available standards. For our first ESG report we have endeavoured to meet many GRI requirements, while acknowledging that we are not fully compliant yet. We have also started the process of reporting on climate-related risk, or TCFD [4], and EU taxonomy, amongst other undertakings. Tekna aims to empower its communities through leading by example. This includes becoming a signatory of the UN Global Compact to show our commitment.

As the social consequences of the pandemic crept in, we saw at a global scale increased poverty and inequality, supply chain shortages and disruptions, and people eager to improve their work-life balance in the reality of working from home. People are ready for change. The stability of the climate in the last 10 000 years allowed humanity to improve their lot with agriculture. Our current economy relies on an ecosystem that is threatened by our global activities, which have caused irreversible changes and rampant global warming. Our livelihoods will change. The climate of our ecosystem is already changing. Then so should we in order to adapt to this new instability.

As there can be no climate justice without social justice, we have updated our codes of conduct to guarantee an inclusive bottom-up growth based on building resilience against any disruption. **Social resilience** is our medium-term goal (2030), as the **resilience and continuity of our business** is directly linked to the **resilience of our employees**. We have always, and will continue to, keep a clear focus on Health, Safety, Security and Environment (HSSE) and employee satisfaction. Long-term, we must consider the possibility of our supply chain being exposed to risks on a global scale. By 2050, we aim to have **shorter, more resilient supply chains** that are closer to our clients. We

[4] Taskforce on Climate-related Financial Disclosures

will achieve this by working with our clients and by planning according to local adversity and continental challenges.

Sustainability will be achieved through two means. First, Tekna's ecosystem must be environmentally friendly, which includes greening our operations, monitoring and reducing our carbon footprint, and achieving carbon neutrality. As of this year, we measure and report our carbon output via CEMAsys, and, based on this, we aim to develop our science-based targets in 2022.

We have a solid starting position as our production system has very low emissions, utilizing clean energy and recycling resources. We have improved our waste management with the "ICI on Recycle" certification. We are proud to have developed a reusable powder transportation vessel to replace thousands of single-use plastic containers.

Secondly, we have a vision for our ecosystem to become its own circle of life, by fully closing the loop in our value chain in 2050. Going cradle-to-cradle requires harnessing the potential of the waste-to-wealth concept and turning recycled metals into resources fit to serve our clients' needs. We believe innovation and investment will be guided towards that sector in light of the rapidly increasing need for raw and critical materials. Deep sea mining is costly and a potential death sentence for the earth's life-giving ecosystem. Circularity is the only way forward in our ecosystem!

We are counting on our partners and employees, whether on the development, supply or customer side, to support the collective efforts. Together we are making the change!

Luc Dionne

Luc Dionne

CEO

Synthesizing our ESG strategy

Resilience means advancing despite adversity by being proactive and planning for disruptions. With biomimicry we mapped our value chain as an ecosystem. That enabled us to consolidate our vision for 2050, synthesize our ESG strategy and determine our focus areas with the goal of empowering our customers' vision through the resilience of our ecosystem.

At the base of our operations are ethics and our employees. These are hygiene factors that stakeholders expect Tekna to manage well. Ethical business conduct is a focus area which aims for inclusive and cohesive growth across our value chain. Human rights are a precondition for the freedom and dignity of people, for the rule of law, as well as for the inclusive and sustainable growth on which we depend as a business. As such, our updated Suppliers Code of Conduct, and its self-assessment reporting tool, will ensure health and safety from procurement to end-users. Next comes the focus of offering "A great place to work," with the goal of attracting and retaining talent from diverse backgrounds. This is a goal to which we dedicate considerable effort, which readers can learn more about in our featured story on the evolution of work safety at the nano nickel project.

Now, becoming our own ecosystem requires unique and strategic areas for our products and processes. We aim to drive the green transition by enabling our customers' positive impact. We want to offer business continuity to our customers by maximizing resilience on all fronts, this includes having a diverse number of suppliers working with us towards a circular economy. This will guarantee our customers' positive impacts to shape society and allow innovation to take place.

The focus area of "Circular and sustainable production" supports the previous one as we aim to make our operations ecosystem friendly. This calls for a low carbon footprint and closed-loop systems. An example of the latter, also a featured story, is our green hydrogen production that we then use for our own consumption.

Finally, at the intersection between the hygiene factors and strategic areas lies the focus of a resilient and responsible supply chain, which is essential to achieve inclusive and sustainable growth. Transparency and knowledge sharing helps capacity building and sets the conditions to allow innovation to take place as more people have access to employment, education, services and skills training while working alongside our stakeholders to carefully plan for resilience according to local challenges and potential disruptions. The end goal is to have supply ecosystems per continent that are resilient to local adversity and are dynamic enough to support each other when facing shortages or crises. As presented in a feature story, our first step towards that goal is to open a production facility in Europe for our European customers.

Tekna's resilience framework

Human and climate resilience are the capacity of our ecosystem, including our society, to thrive long term. It entails sustainability by proactively planning for stability and circularity in the face of adversity.

Workforce resilience is human resilience, and it is the capacity of our teams to sustain their well-being by collectively coping with and responding to external stresses and disturbances from social, political, and environmental changes. Vulnerability risks are increased by climate change and require inclusive bottom-up knowledge-building and preparedness.

Tekna's supply chain resilience relies on a resilient and diverse workforce, climate resilience, and collaboration between all stakeholders to anticipate and overcome disruptions. Developing support networks help responsiveness, problem solving and resourcefulness, allowing Tekna to maintain high service levels.

With operational resilience Tekna is expanding its business continuity with initiatives focused on risk mitigation, identification and assessment, and subsequent monitoring. The adaptability of our operations through the planning of alternative stable states and teamwork flexibility is key to pursuing our vision.

Highlights 2021

Although Tekna's green technology was developed over the last 30 years our focus on sustainability has accelerated in recent years. Continuously improving by achieving the goals we set for ourselves, and measuring their impact is the only way to realize the sustainable future the world desperately needs. Our evolution in gathering knowledge about the many aspects involved has helped us take bigger and smaller steps. The highlights are included in the overview below.

Enabling customers' positive impact

- Responsible waste management > Development of reusable powder transportation vessel to replace single-use plastic containers.
- EU taxonomy > eligibility study completed and preparing alignment study.

Strive for circular and sustainable production

- Completing materiality analyses > Completed a materiality analysis according to best practice.
- CO2 emissions > baseline measurement for scope 1,2 and partially 3
- Responsible waste management > "ICI on Recycle" certification
- Reduction in process gas consumption > Improved control of process gasses Helium and Argon

A responsible and resilient supply chain

- Suppliers > Established a Supplier code of conduct and self-assessment
- Performing climate risk assessment > Understanding the risk and opportunities in our supply chain (TCFD preparation).

Great place to work

- No serious injuries > High focus on HSSE: Health, Safety, Security and Environment.
- Managing the pandemic > The safety of our employees was our primary concern in 2021.
- Employee satisfaction > extensive employee survey including eNPS and eSAT

Ethical business conduct

- Ethics > Established an Employee Code of conduct
- Transparency > publishing important compliance documents
- ESG reporting

Information of interest

Members of the Board

The overall management of the Company is vested in the Board of Directors and the 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 organisation, 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.

As of 24 November 2021, Tekna's board comprised three members. Ms Barbara Thierart-Perrin will join the board on April 1st, replacing Lars Peder Fosse Fensli.

Morten Henriksen

Chairman of the board

Chairman since:
2021

Number of
Tekna shares:
50 000

Morten Henriksen has been Executive Vice President of Arendals Fossekompani ASA since 2008. He has previously held several executive management positions, including Chief Executive Officer for the power business within Arendals Fossekompani ASA and Managing Director at Statkraft UK Ltd. Morten Henriksen holds several directorships, including being the chairman of the board of directors of Tekna Plasma Systems Inc and Alytic AS and member of the board of directors of Kongsberg Gruppen ASA, Flumill AS, Future Materials AS. Previous board memberships included Volue AS, EFD Induction, Scanmatic, SIVA SF, Powel AS, Markedskraft AS (Chairman) and Wattsight AS (Chairman).

Torkil Sigurd Mogstad

Member of the board

Board member since:
2021

Number of
Tekna shares:
48 000

Torkil Mogstad has been Executive Vice President of Arendals Fossekompani ASA since 2015. He has previously held several executive management positions, including Chief Executive Officer 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. Torkil Mogstad holds several directorships, including being the chairman of the board of directors of AFK Property AS and Arendal lufthavn Gullknapp AS and Lillesands Sparebank AS, and is a member of the board of directors of NSSLGlobal Ltd, and Alytic AS.

Lars Peder Fosse Fensli

Member of the board

Board member since:
2021-2022

Number of
Tekna shares:
48 000

Lars Peder Fensli has been the Chief Financial Officer of Arendals Fossekompani ASA since April 2017. Prior to this, he held the position as Chief Executive Officer of Volue Market Services AS. Lars Peder Fensli has 20 years of experience from several management positions, including as International Marketing Manager in Axellus AS, Marketing Manager and Brand Manager in Lilleborg AS and Finance Manager in Arendals Fossekompani ASA. He currently serves as chairman of the board of directors of Songe Træsliperi AS and as a member of the board of directors of Volue AS and NorSun AS, and has previously been a member of the board of directors of Cogen AS, Volue Industrial IoT AS, Volue Market Services AS and Norselab AS.

Management

The executive management of Tekna consists of six executives with extensive experience from relevant industries.

Members of executive Management own shares in Tekna Holding Canada Inc., a subsidiary of Tekna Holding AS.

Luc Dionne

CEO

In role since:
2021 / 2014

Number of
Tekna shares:
0

Luc Dionne has been the Chief Executive Officer of Tekna Holding Canada and its global subsidiaries since April 2014. Mr. Dionne has extensive experience from various directorships and executive management positions in advanced materials research, aerospace, microelectronics and defense. Since joining Tekna, Mr. Dionne grew the company's revenue threefold, built a portfolio of fortune 500 grade customers and expanded the company's operations globally. Mr. Dionne served on the Canadian government strategic table for advanced manufacturing and was awarded the Technology Innovation Award from Polytechnic Engineering School of Montreal.

Serge Blackburn

CFO

In role since:
2017

Number of
Tekna shares:
0

Serge Blackburn has been the Chief Financial Officer of Tekna Plasma Systems Inc since January 2017. Chartered Professional Accountant since 1993, he has over 25 years of experience in various management and finance positions for manufacturing companies. Prior to his implication in Tekna, he held a position of Vice-President Finance and Investments in Innovatech Sud du Québec, a position of Chief Financial Officer in Plastube Inc and as the Corporate controller for Jyco Sealing Technologies Corporation and Thona Inc. He currently serves as a member of the executive committee in Tekna Plasma Systems Inc and in Imphytek Powders SAS.

Rémy Pontone

VP Sales and Marketing

In role since:
2016

Number of
Tekna shares:
0

Rémy Pontone has been the Vice President Sales & Marketing of Tekna Plasma Systems Inc. since Mars 2016; prior to this he held various management positions in sales, business development and product management. In 2012 he led the incorporation process of Tekna's European subsidiary, Tekna Plasma Europe SAS. Rémy Pontone has 25 years' experience in management, sales, marketing and product development. Prior to joining Tekna Plasma Systems Inc. he has held several international management and sales positions in five different countries for Johnson Matthey and started his career at the research and development center of Saint Gobain. Rémy Pontone is graduated engineer in material science and chemical engineering.

Management continued

Arina van Oost

VP Corporate Strategic Development and Innovation

In role since: 2020

Number of Tekna shares: 0

Etienne Villeneuve

VP Operations

In role since: 2020

Number of Tekna shares: 0

Nicolas-Simon d'Astous

VP Finance

In role since: 2021

Number of Tekna shares: 0

Arina van Oost has joined Tekna early 2020 in the position of VP Corporate and Strategic Development. Innovation, ESG and Corporate Communication have become part of her portfolio. She has held several executive positions at ThyssenKrupp, including VP GM of its Canadian Aerospace division and Global Head of Marketing and Sales of their Access Solutions division (HQ in Germany). Further roles included Managing Director (VP/GM) in UK, Spain, and Netherlands for companies of ThyssenKrupp's Elevator division. She holds an executive MBA from ESMT and a bachelor's degree in international management.

Etienne Villeneuve currently holds the position of Vice President Operations at Tekna. He has 17 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 evolved in several Quality Regulated Businesses like Pharmaceutical and Technologies. He currently serves as a member of the board of directors for Sherbrooke Innopole.

Nicolas-Simon D'Astous has joined Tekna in 2021 as VP Finance. Nicolas has over 20 years of experience in various management and finance positions working for manufacturing companies mostly. Prior to his implication with Tekna, Nicolas worked for the past 15 years at Garlock Sealing Technologies serving industrial production markets. As VP Finance he managed an international team spread over 11 countries. Kerry (food industry), SaarGummi (automotive industry) and Selection of Readers' digest magazine are other businesses Nicolas worked for. Nicolas studied at the Université Laval in Québec and has been Chartered Professional Accountant (CPA) since 2003.

Alternative Performance Measures

Tekna presents alternative performance measures as a supplement to measures regulated by IFRS.

Tekna Holding discloses alternative performance measures as such performance measures are frequently used by securities analysts, investors and other interested parties. Alternative performance measures 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:

- EBITDA - Earnings before interest, tax, depreciation and amortization, corresponding to "Operating profit (loss) before depreciation, amortization and impairment" in the consolidated income statement.
- EBIT - Earnings before interest and tax, corresponding to "Operating profit (loss)" in the consolidated income statement.
- Gross profit - Gross profit is net sales revenue minus cost of goods sold.
- Gross margin - Gross margin is gross profit divided by net sales revenue.
- Recurring revenues - Period divided by the prior consecutive 12-month Period.
- Long-term debt/equity ratio – Long term liabilities divided by total equity.

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