



# CFA Institute

---

## CFA Institute Research Challenge

Hosted by

CFA Society Italy

Pirate Bankers

---

The CFA Institute Research Challenge is a global competition that tests the equity research and valuation, investment report writing, and presentation skills of university students. The following report was prepared in compliance with the Official Rules of the CFA Institute Research Challenge, is submitted by a team of university students as part of this annual educational initiative and should not be considered a professional report.

### Disclosures:

#### **Ownership and material conflicts of interest**

The author(s), or a member of their household, of this report does not hold a financial interest in the securities of this company. The author(s), or a member of their household, of this report does not hold of the existence of any conflicts of interest that might bias the content or publication of this report.

#### **Receipt of compensation**

Compensation of the author(s) of this report is not based on investment banking revenue.

#### **Position as an officer or a director**

The author(s), or a member of their household, does not serve as an officer, director, or advisory board member of the subject company.

#### **Market making**

The author(s) does not act as a market maker in the subject company's securities.

#### **Disclaimer**

The information set forth herein has been obtained or derived from sources generally available to the public and believed by the author(s) to be reliable, but the author(s) does not make any representation or warranty, express or implied, as to its accuracy or completeness. The information is not intended to be used as the basis of any investment decisions by any person or entity. This information does not constitute investment advice, nor is it an offer or a solicitation of an offer to buy or sell any security. This report should not be considered to be a recommendation by any individual affiliated with CFA Society Italy, CFA Institute, or the CFA Institute Research Challenge with regard to this company's stock.



## EXECUTIVE SUMMARY

## BUY

## DNR.MI

|                           |         |
|---------------------------|---------|
| Current Price:            | €7.12   |
| Target Price:             | €8.69   |
| Upside:                   | +22.05% |
| Forward Dividend & Yield: | +1.85%  |
| Total Shareholder Return  | +23.90% |

## MARKET DATA

|                             |                      |
|-----------------------------|----------------------|
| Market Cap:                 | €364.57M             |
| Market Cap (inc. unlisted): | €1.42B               |
| Free-Float:                 | 51,203,979           |
| Total Shares (inc. MVR):    | 201,685,174          |
| Stock Exchange:             | Milan Stock Exchange |
| ISIN:                       | IT0005186371         |

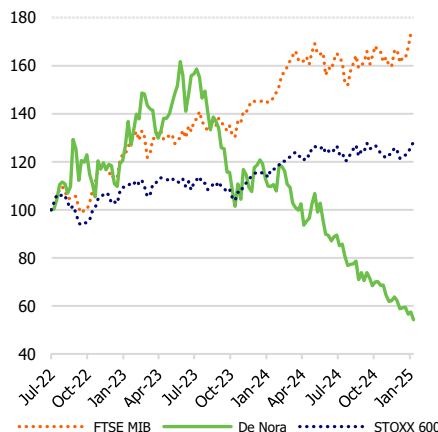
## STOCK PERFORMANCE

|                       |              |
|-----------------------|--------------|
| 52w Range:            | 15.56 – 6.98 |
| Volatility:           | 33.71%       |
| Average Volume:       | 148,116      |
| Average Countervalue: | 1,681,628    |

| Key Financials (€)     | 2023A | 2024E | 2025E | 2026E  |
|------------------------|-------|-------|-------|--------|
| Revenues               | 867.0 | 868.2 | 943.4 | 1002.3 |
| EBITDA                 | 171.0 | 154.1 | 174.2 | 188.4  |
| EBITDA Margin (%)      | 19.7% | 17.7% | 18.4% | 18.8%  |
| Net Profit             | 231.0 | 68.8  | 985.2 | 95.1   |
| Net Profit Margin (%)  | 26.6% | 7.93% | 9.03% | 9.48%  |
| EPS                    | 1.14  | 0.34  | 0.42  | 0.47   |
| DPS                    | 0.12  | 0.12  | 0.12  | 0.14   |
| Payout Ratio           | 10.5% | 32.5% | 27.4% | 26.8%  |
| Debt (ex. Cash)/EBITDA | 0.84  | 0.98  | 0.94  | 0.94   |
| D/E (%)                | 15.8% | 16.4% | 16.8% | 17.1%  |
| Net Financial Position | -68.7 | -65.7 | -66.8 | -70.2  |
| EV/EBITDA              | 8.30x | 9.20x | 8.15x | 7.53x  |
| EV/Sales               | 1.63x | 1.63x | 1.50x | 1.41x  |

Source: Company Data

## EXHIBIT 1: De Nora's Performance



Source: Refinitiv

## DE NORA: Best Buy Offer

We initiate our coverage on **Industrie De Nora (DNR.MI)** with a **BUY recommendation** and a target price of **€8.69/share**, implying a **22.05% upside** from the closing price on February 4<sup>th</sup>, 2025 (€7.12/share) (Exhibit 1). The company has consistently demonstrated its ability to lead the market, supported by an **efficient business model** capable of generating an average **Adjusted EBITDA margin of 18.91%** over the past three years. De Nora's strategy combines **innovation, organic growth, and strategic M&A**, reinforced by its participation in **joint ventures**, such as tk Nucera. The current stock price is around the **historical minimum** due to uncertainty on the market, with a particular focus on the prospective of **green hydrogen** potential growth and commercialisation. However, the financial condition of the firm and the strategic advantages that it has over other competitors lead us to believe that it consists of a **solid investment** opportunity. The company, in the current date, presents a low **P/B (1.61)** and **EV/EBITDA (8.30)** strengthening our vision of a discounted firm.

## BUSINESS: Global Leaders in Efficient Components

Founded in 1923, **Industrie De Nora** is an Italian-based company recognised globally for its expertise in **electrochemical solutions**. The company used to operate in two main business segments, **Electrodes and Water Technologies**. As the core pillar of De Nora's success, the first one contributes to 70% of the company's **EBITDA** and 54% of its revenues (Exhibit 2), providing essential components such as water treatment, energy storage, and hydrogen production. The second segment specialises on solutions for industrial and municipal water treatment, generating 23% of the firm's EBITDA and 34% of its revenue (Exhibit 2). De Nora's business model is characterised by a strong focus on **innovation** and its ability to scale through strategic collaborations, such as its **tk Nucera joint venture (JV)**, a key player in the hydrogen economy. The JV operation of 2023 brought a slight increase of around €4M to the revenues letting us to believe that the full potential of the synergies has yet to be achieved. In 2022 the company entered the Energy Transition market, developing "plug and play" solutions, such as the **Dragonfly**, built using technologies including electrodes, membranes and cells. This business unit weights for 7% of the EBITDA and for 12% of the total revenues and it is expected to be the division with highest growth over the next years, with a double-digit CAGR. A brief overview of the **products** can be found in the Annex I.

## INDUSTRY: Surfing A Green Wave

The company produces **Mixed Metal Oxide Electrodes** that are at the forefront of technology in terms of materials, cost, and electrical efficiency. These components are utilised in creating solutions for the company's other two divisions, featuring a product lineup that incorporates the latest market technologies, offering significant advantages over traditional **graphite-based electrodes**. The Electrode market is closely tied to industrial and energy production levels, as electrodes are critical components. This market relies heavily on the mining industry, and significant **technological barriers** exist for new entrants. As a result of dramatic environmental factors such as water scarcity and drought, the market for Water Technologies is expected to **continue growing** in the future. This growth will be largely driven by municipal expenses (hospitals, wastewater treatment, etc.) and a growing urban population. This market is also heavily influenced by regulatory standards focusing on quality due to the nature of product usage. In contrast, the Energy Transition market will experience a **double-digit** growth due to high expansion expectations for global **hydrogen** demand. While the demand of hydrogen is projected to grow linearly, the percentage of green hydrogen over the total is expected to grow in an exponential way as we approach 2030 (source: IEA). By the latter year, it is also predicted that the Hydrogen market will satisfy the 10% of the global energy demand, positioning companies that develop **green-hydrogen** solutions to potentially gain a competitive edge in the market.

Our team developed a proprietary model to compute a **CAGR** for every market in which De Nora operates divided in **three stages** (2024E-2026E, 2027E-2029E and 2030E) and based on the main demand drivers specific to each sector. Using these results, we then assigned an expected CAGR for the revenues of every business unit of De Nora with respect to its **competitive positioning**. Further details are provided in Annex IV-V.

## FINANCIALS: Free-Up Liquidity to Ride the Growth

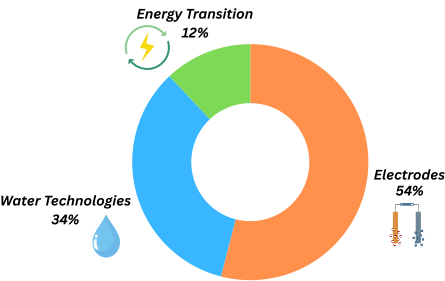
The **strong cash-generating** capacity and the massive inflow of liquidity brought by the listing, as indicated by the net financial position (€-68.7M FY23 cash), will allow De Nora to unlock value with new initiatives and meet the need for **net working capital** (NWC-to-Total Asset 21.9% FY23); moreover, it will be able to access financial resources very easily thanks to the high quality of its **credit score**.

The overall debt level of the firm is low with respect to their capital with a **Debt-Equity** ratio at 16.4% in 2023. Our estimation based on the Interest Coverage Ratio gives back a **A+ rating**, led by the financial debt-to-consolidated EBITDA at 84.1% in FY23 and the ICR showing the level of EBITDA **7.7** times the interests. This leverage is a good indicator of the capacity of the firm to pursue **further expansion** in the future, enabling positive effects for earnings thanks to the **tax-shield**.

## RISKS: Global But Manageable

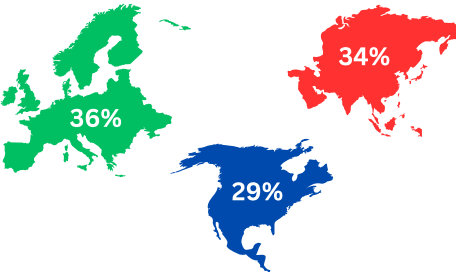
Global economic conditions in 2023 were less favourable and hopeful than in 2024; the energy crisis, high inflation, and indications of a **recession** did not assist, and an extended business cycle phase might be on the horizon. There are several global factors that could have an impact on De Nora as we anticipate the traditional Electrode Technologies and Water Technologies **business consolidation** with an expected CAGR FY2024E-26E for of 6.4% for the first and 5.5% for the latter, and the Energy Transition segment uncertainty due to government support to the demand. In order to cope with an increasingly rewarding market, the De Nora Group works on the expansion of its production capacity (this will be gradually implemented in the coming quarters with an expected CapEx of €239M between FY2024E and FY2026E), and with the **sterilisation** of risks thanks to policies, strategic partnership, derivatives and insurance contracts.

EXHIBIT 2: Revenues Breakdown



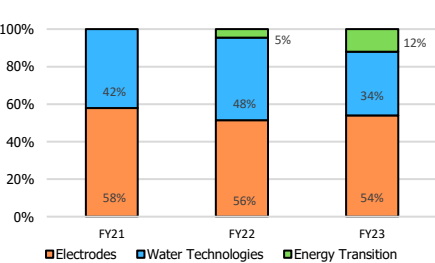
Source: Company Data

EXHIBIT 3: Geographical Division



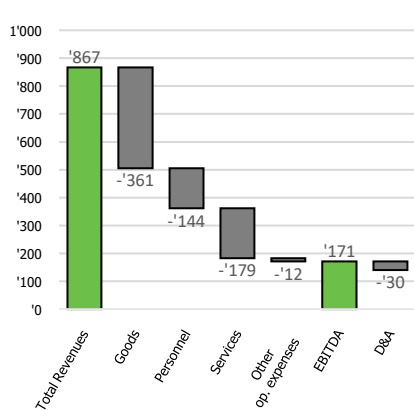
Source: Company Data

EXHIBIT 4: Historical Evolution by segment



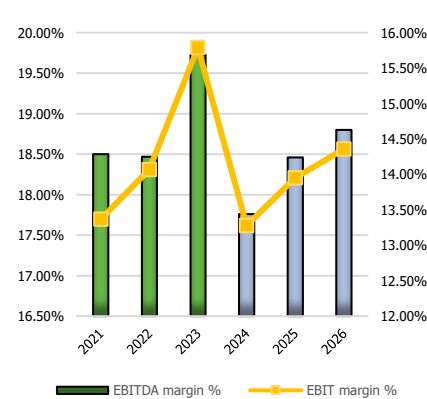
Source: Company Data

EXHIBIT 5: Costs Breakdown in FY2023



Source: Company Data

EXHIBIT 6: Margins Evolutions



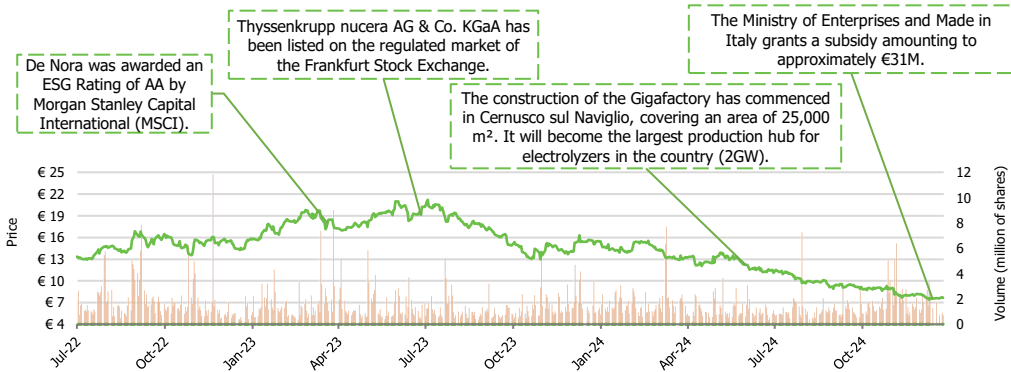
Source: Company Data, Team Assessment

VALUATION: Multiple Approaches for a Discounted Firm

Our Target Price of 8.69€, with a 22.05% upside, is the result of the merging of different models' output. The first model that was used is a **Three Step Discounted Cashflow**, based on the assumption of our proprietary model. In the first stage (2024E-2026E), we expect a lower growth rate, according to macroeconomic conditions and the analysis of the company's **backlog**. During the second stage (2027E-2029E), we expect an acceleration in growth, driven by reaching full production capacity of the Cernusco sul Naviglio Gigafactory, equivalent to **4.5 GW**, alongside broader global demand drivers. The last stage (2030E) is the one promising the highest growth rate for the firm due to the predicted definitive takeover of green hydrogen with respect to grey hydrogen. Then, we assume a Terminal Growth Rate of **2.5%** driven by macroeconomic trends. The result of this operation is a Target Price of **€8.42/share**. We used the **Montecarlo** approach to test the different target prices under three different scenarios and get back for every one of them a confidence interval of prices, as shown in Annex XII and Exhibit 35 Finally, we compared the company to a selected set of comparable companies for every sector in which De Nora operates, using a **Forward EV/EBITDA** and a **P/E** evaluation to obtain a Target Price of **€9.02/share**. The final result is a weighted average composed by 55% of the weight to the DCF and 45% to the Multiple valuation resulting in the target price mentioned above. The results are also compared with the market expectation extracted using the **Reverse DCF** procedure.

ESG: Efforts And Frictions

By considering **65 metrics** that are significant for De Nora and the selected peers, we built a scoring model able to compare the performances and the **ESG commitments** with respect to the average of our basket of companies. The model assigns to each metric the value 1 if De Nora outperforms the peers, 0 otherwise. The results pointed out that Industrie De Nora has a rank **above its peers** in Environmental and Social metrics, reaching a score of 6.54 for the "E" and 6.90 for the "S". Conversely, the governance score showed opposite results with respect to its peers, mainly due to the concentration typical of **family-owned** companies and lack of diversity in the Board. In the end, De Nora holds a score of 6.19 that corresponds to a **BB rating** according to S&P. We compared the company and the peers also using **LSEG** and **Sustainalytics** metrics to capture the whole spectrum of ESG factors and metrics.



BUSINESS DESCRIPTION: The Blueprint

PRESENTATION: Family-Owned Multinational

Industrie De Nora represents an excellence in the Italian market. Founded in 1923 by **Orazio De Nora** (who also invented the "Amuchina" brand), the firm has acquired a solid presence in the electrochemical sector during the past 100 years. The business has evolved over time, with its latest progression being the entry into the Energy Transition market in 2022. As of February 4th, 2025, the **Market Capitalisation** stands at €1.42B. The **Revenues** for FY2023 reached €856M, and for the first nine months of 2024, they were €601M. The firm has been listed on **Euronext Milan** since July 2022 and is experiencing a downward trend that began in mid-2023. De Nora with its **worldwide reach** (2019 employees and 15 factories spread across the globe), is dedicated to the development of advanced technologies to lead the transition to a green economy. Guided by its motto, "**Break the Rules**," the company fosters a culture of innovation, experimentation, and continuous learning. De Nora's mission focuses on practical solutions for green energy, clean water, and environmental preservation, addressing global challenges such as resource scarcity and climate change. **Federico De Nora** serves as the **Chairman** of the company, with key leadership support from **Paolo Dellachà**, who has been the CEO since 2010 and holds a degree in electronic engineering. **Luca Ogliarolo**, with previous experience as the SVP-Strategic Planning, Planning & Control at Snam S.p.A from 2017 to 2024, is the CFO. **Chiara Locati**, who earned a Corporate Finance Degree from Bocconi University and has been in the industry since 1996, serves as the Head of IR & ESG. **Ownership** of the company is primarily concentrated, with **44.2%** held by **Federico De Nora S.p.A** and an additional 3.28% directly owned by Federico De Nora. Another key owner is Asset Company 10 S.r.l. (with Snam S.p.A. as beneficial owner) that holds the 21.59%. There are 51 million single vote shares, and 150 million triple-vote shares with a total of 502 million voting rights. Overall, 92.5% of the voting rights are concentrated in the De Nora family and in Snam S.p.A.

GEOGRAFICAL AND CATEGORICAL: Wider the Market, Wider the Growth

De Nora operates across three regions with a total of **15 factories**: 5 in the **EMEIA** region employing 679 workers, 6 in the **AMS** region with 586 workers, and 4 in the **APAC** region, housing 745 employees. The company's business model is predominantly B2B, catering to companies across various industries and strategically positioning itself within their **supply chains**. The Water Technologies segment provides products also to **municipalities**, given the ever-increasing need of filtration systems driven by water scarcity and pollution. Revenues are worldwide **well distributed** with AMS contributing to 30% of the total revenues (+3.11% with respect to FY2022), EMEIA generating their 36% (+4.4% with respect to the FY2022), and APAC accounting for their 34% (-1.4% with respect to the FY2022) (Exhibit 3). Most revenues, 68%, come from **new installations**, while 32%

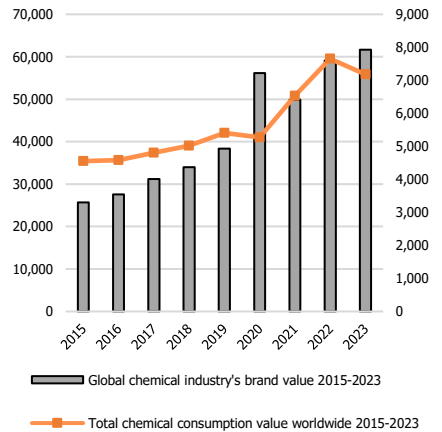


EXHIBIT 7: Team & Consensus

|          |         | 2023   | 2024E  | 2025E  | 2026E  |
|----------|---------|--------|--------|--------|--------|
| Revenues | Team    | 867B   | 868B   | 943B   | 1002B  |
|          | Analyst | -      | 857B   | 896B   | 943B   |
| EBITDAm  | Team    | 19.72% | 17.75% | 18.46% | 18.79% |
|          | Analyst | -      | 17.15% | 17.84% | 18.31% |
| EBITm    | Team    | 15.79% | 13.28% | 13.95% | 14.35% |
|          | Analyst | -      | 13.36% | 13.26% | 13.09% |

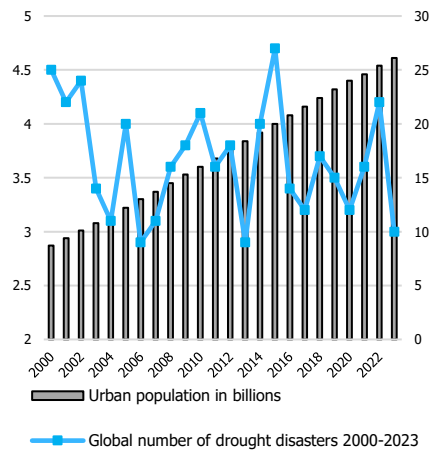
Source: Company Data, Team Assessment

EXHIBIT 8: Chemical Industry Evolution



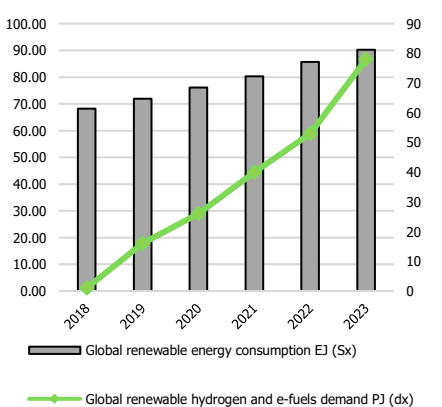
Source: Statista

EXHIBIT 9: Population and Drought



Source: World Bank, Statista

EXHIBIT 10: Renewable Energy demand driver



Source: Statista

are generated from related **services**, maintaining this ratio consistently through 2022, 2023, and into Q3 of 2024. The three divisions of De Nora are the following:

**i) Electrodes:** this division represents **54%** of the total **revenues** for the FY2023 (Exhibit 4), totalling €464M (-1.94% with respect to FY2022). This 54% of revenues is composed of 14% deriving from AMS, 14% from EMEA and 26% from APAC. The **aftermarket** amount of revenues for this division is 44%. Its **Adjusted EBITDAm** stands at **25.34%**. The **high marginality** and expected growth rate of APAC market (5% CAGR for 2024E and 2025, source: ADB) led us to be optimistic about the possible profitability of the company over the medium-long run. The revenues of this division are steered by factors such as the solid volume of the **Chloro-alkali production** (strongly driven by **technological innovation** and updates such as "Oxy", "Unipar" and "Sadara" products), representing 37.47% of the overall revenues, and by the opening of the **Suzhou** factory in China, tripling the production capacity in that APAC region. In terms of **backlog**, the global contracts equivalent to 5 million tons/y of production are expected to reach the Final Investment Decision stage by 2025. All these factors underscore the division's growth potential despite a temporary **slowdown** in FY2022 due to the electronics market downturn, now **recovered**.

**ii) Water Technologies:** Originating in the 70s, Water Technologies is the second oldest division after the Electrodes' one. It accounts for **34%** of the total revenues of FY2023 (Exhibit 4), totalling €290M (-13.88% with respect to FY2022). This 34% of revenues is composed of 11% deriving from AMS, 15% from EMEA and 8% from APAC. The **aftermarket** amount of revenues for this division is 38%. Its **Adjusted EBITDAm** stands at 14.25%. Backlog and orders increased respectively by 10.8% (€227M) and 10.3% (€153M) in 9M 2024 compared to FY2023. The critical conditions of water across the world represent a good opportunity for this business unit, although the **procyclical** nature of segments like swimming pools heavily impact its performance.

**ii) Energy Transition:** Launched in 2022 concurrent with De Nora's listing, this division already contributes to **12%** of the firm's revenues (Exhibit 4), totalling €102M (+139% with respect to FY2022). This 12% of revenues is composed of 0% deriving from AMS, 11% from EMEA and 1% from APAC. Its **Adjusted EBITDAm** stands at 11.83%. The stringent global emissions regulations provide an opportunity for this division to offer solutions such as green hydrogen to a market that originated only recently. The backlogs of Energy Transition are significant, reaching €201M and 2.2GW of equivalent gigawatts. Considering that the company has only been active in this market since 2022, the latter data is a clear indicator of the strong trust customers place in De Nora's products.

### RELEVANT PARTNERS: Connecting Business Wire

On June 23<sup>rd</sup>, 2023, De Nora and ThyssenKrupp announced the establishment of the joint venture "**tk nucera**", with De Nora holding 25.85% of the overall capital. The venture focuses on electrolysis technology, using electrodes sourced from De Nora to manufacture **electrolyser machinery** and providing solutions in hydrochloric acid, chlor-alkali, and green hydrogen production. The listing of the JV significantly boosted De Nora's financial income to €231M for FY2023, a 256% increase from FY2022. On October 5<sup>th</sup>, 2023, Industrie De Nora S.p.A. entered a joint development agreement with **Hydrolite Ltd.**, a pioneer in AEM (Anion Exchange Membrane) technology, to co-develop, scale, and produce an innovative **AEM stack** for hydrogen generation and utilisation. Additionally, the Group has **tripled** the production capacity of its **Suzhou**, China, site, solidifying its leadership in electrode production and energy transition technologies. In FY2023, the Suzhou site generated €59M in revenues, accounting for 6.89% of the total. This leading electrochemical technology centre caters to key Chinese and Asian markets, offering advanced solutions for chlor-alkali, lithium batteries, electronics, and green hydrogen production. We strongly believe that the mentioned production capacity increase in Asia is a strategic opportunity for De Nora, given the **high growth potentials** of the APAC Market (source: ADB). On December 23<sup>rd</sup>, 2024, De Nora and Bpifrance announced their investment of €10 million as industrial partners and anchor investors in the climate tech fund **360 LIFE II**. On January 27<sup>th</sup>, 2025, De Nora signed an agreement of cooperation with **ACWA Power** (charted by FactSet as global leader of the Water Technologies) and the Saudi Water Authority. The agreement is centred on the reduction of the environmental impact of **desalination** (related to the green-hydrogen production) and the creation of three plants to **i) increase filtration efficiency**, **ii) study the treatment of PFAS** (polyfluorene-alkali substances) and **iii) recover hydrogen** from existing processes.

## INDUSTRY OVERVIEW: The Groundwork



In order to describe extensively the industry in which De Nora operates and its competitive positioning, we analysed the key demand drivers for the three different segments of Electrode, Water Technology and Energy transition. Then, we computed industry CAGRs (Annex V) for three growth stages until 2030.

### ELECTRODES: The Foundation Core

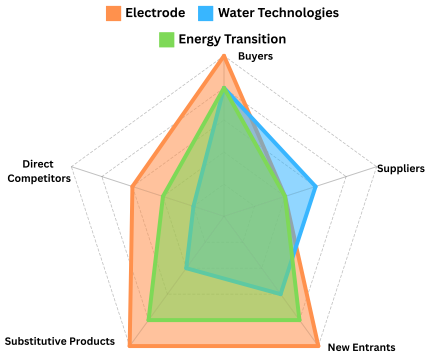
The global **electrode** industry, with an estimated market size of \$102.8B, is a critical component of various **industrial applications**, segmented into electrodes for electrolysis, electroplating, electrowinning, batteries, medical applications, and welding (source: Statista, Team's elaboration; details in Annex V). Electrolysis electrodes are essential to the **chlor-alkali industry** (enabling the production of chlorine, caustic soda, and hydrogen), part of the broader constantly growing **chemical industry** (Exhibit 8), with the global chlorine demand expected to rise to 128.95M metric tons by 2030, driven by water treatment and industrial applications. The electroplating segment, crucial for metal finishing in automotive and electronics, is projected to grow to \$15.48B by 2028 (3.92% CAGR), supported by Asia-Pacific's dominance in electronics manufacturing. Electrowinning electrodes, essential for mining and recycling, are set to benefit from **sustainability-driven investments**, with the global electrolyser market forecasted to grow seven-fold by 2050. The battery electrode market is rapidly expanding due to the electric vehicle (EV) boom, as EVs are predicted to constitute 24.7% of global auto sales by 2025, pushing the latter industry to \$470.01B in 2024 at a CAGR of 9.0%. The medical electrode sector is expanding through wearable technologies and bioelectronic medicine while welding electrodes benefit from growing infrastructure investments and industrial automation trends. Despite strong growth prospects, the electrode industry faces challenges, including fluctuating energy costs, regulatory pressures (e.g., carbon taxes and emission limits), and geopolitical trade shifts. Declining EBITDA multiples in the chemicals sector (from 10.5x in 2021 to 7.6x in 2023) highlight investor concerns, particularly in Europe, where high **energy prices** threaten competitiveness (Source: Statista). Meanwhile, advancements in electrode efficiency, sustainability efforts, and the increasing demand from high-growth industries are mitigating these headwinds, driving long-term expansion. In particular, the expansion of the **semiconductor industry**, incentivised by measures like the U.S. CHIPS Act, and the increasing demand for clean energy solutions represent key growth drivers of the overall electrode market.

EXHIBIT 11: Competitive Landscape



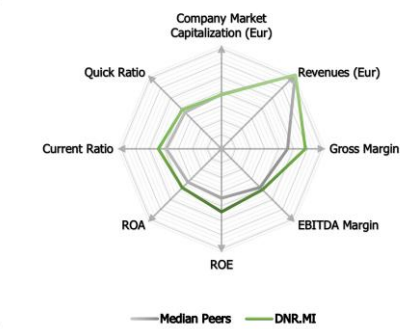
Source: Team's Assessment

EXHIBIT 12: Porter's Five Forces



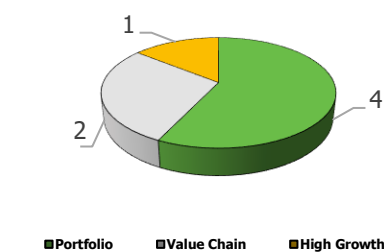
Source: Refinitiv, Team's Assessment

EXHIBIT 13: Competitive Radar Graph



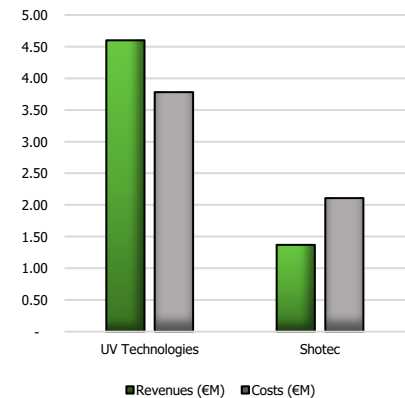
Source: Team's Assessment

EXHIBIT 14: M&A Summary (Since 2019)



Source: Company Data

EXHIBIT 15: M&A Performance



Source: Company Data

WATER TECHNOLOGIES: The Hydraulic System

With a value of \$323.32B in 2023, the water and **wastewater treatment industry** are intended to serve the increasing demand for clean water resources in municipal, agricultural, and industrial settings (Annex V). Despite experiencing modest growth over the past three years, with a compound annual growth rate of 7.1%, the industry is expected to see a steady expansion with a projected CAGR of **7.5%** through to 2030, according to the views of analysts. This growth is largely driven by the urgent need to tackle water stress and scarcity, with approximately half of the global population facing severe water shortages at least part of the year. Notably, a quarter of the global population across 25 countries suffers from **severe water stress**, withdrawing over 80% of their renewable freshwater supply annually (source: Kuzma et al., 2023). Additionally, the industry is propelled by the critical need to address **water insecurity**; as of 2023, about 70% of the global population resides in countries facing water insecurity, with 701 million individuals lacking access to basic drinking water services (source: Statista, UNESCO). The progressively rising **urbanisation rate**, at a level of 57% over the total population in 2023, further pushes the need for municipalities to increase their infrastructure investment towards the provision of water and **wastewater treatment** solution (Exhibit 9; source: Statista). Furthermore, **regulatory measures**, such as the EU's Water Framework Directive and the U.S. Clean Water Act, are pressuring companies to adopt advanced water treatment technologies.

ENERGY TRANSITION: The Power Grid

The Energy Transition industry is currently worth \$1.09T, with a CAGR of 3.5% over the last three years. This industry passes through several modern technologies, from wind to solar. In particular, the sector of **renewable energy** is in constant evolution, steered by the increased demand for hydrogen and e-fuels and their consumption (Exhibit 10). Recently, hydrogen has been studied and implemented as a valuable solution thanks to the high efficiency that it offers and the possibility to store energy through it. The overall demand of hydrogen is expected to grow at a constant 4.91% by 2030, with the main usage being the industrial one. Steam Methane Reforming, the primary method of hydrogen production, relies on thermic reactions that generating carbon monoxide, which precludes its classification as a green energy source. In contrast, the **Green Hydrogen Industry**, valued at \$6.26B in 2023, plays a crucial role in the global energy transition. This industry produces clean, sustainable hydrogen via water electrolysis powered by renewable energy sources, offering a viable alternative to fossil fuels. Users of renewable energy benefit from the ability to store energy in the form of hydrogen, which mitigates common issues of storage and intermittency. This sub-sector is expected to grow at a CAGR of 38.7% over the next decade, driven by increased **governmental support** and global push for **decarbonisation**. Industries like steelmaking, chemicals, and long-haul transportation are turning to green hydrogen as a viable alternative. China is the leading global green hydrogen consumer, with a 2023 chemical market of €2.9T in revenue. Advances in clean hydrogen production technologies, particularly proton exchange membrane electrolyses, are improving **efficiency** and reducing costs. By 2030, green hydrogen is expected to reach **price parity** with grey hydrogen, which currently constitutes 95% of global hydrogen production. It is projected that global electrolyser capacity will experience substantial growth, escalating from 428GW in 2023 to 5722GW in 2050 (source: Statista, EU Com).

COMPETITIVE POSITIONING: Comparing the Blueprints

De Nora stands out in its core markets due to its technological leadership and presence across diverse end-markets. To analyse the competitive environment in which the company operates, we evaluated its positioning in each of its three main business units (Exhibit 11 & Exhibit 12).

**Electrode Technologies:** De Nora is a **globally recognised leader** in electrode technology, distinguished by its in-house manufacturing capabilities for critical components, including advanced titanium-based electrodes with **Mixed Metal Oxide (MMO)** coatings, ensuring cost-effective and high-quality solutions. The vertical integration ensures cost-effective, high-quality solutions while offering significant flexibility across multiple business segments, including chlor-alkali production, water technologies, and hydrogen solutions. Most competitors (i.e. Graphite India Ltd, Osaka Soda Co Ltd, Tokai Carbon Co Ltd etc.) primarily produce **graphite-based** electrodes for Chlor-alkali production. In this application, coated titanium electrodes offer a lifespan exceeding 20 years, compared to a maximum of two years for high-quality graphite anodes. De Nora's competitive edge is strengthened by its ability to offer **customised solutions** for specific needs like corrosion prevention and energy **storage**. However, its significant dependence on precious metals and specialised suppliers is a key vulnerability.

**Water Technologies:** In the water sector, De Nora addresses a diverse range of demands, from **municipal** water filtration to **industrial** water treatment. Its product portfolio includes advanced filtration systems, UV disinfection technologies and electro chlorination, catering to both **standardised** and **customised** requirements. However, De Nora has recently reduced its focus in the sector, resulting in the **divestiture** of "Marine Corp". Competition in this sector is broader, with many players offering **similar products** at scale (Es: Waters Corp, Pentair PLC, Praj Industries Ltd etc.), particularly in **residential** solutions.

**Energy Transition:** In the emerging green hydrogen market, De Nora has positioned itself as a **key innovator**, leveraging its expertise in electrolyser and Proton Exchange Membrane (**PEM**) technologies. The company's solutions, including its DragonFly platform, are central to enabling **decarbonisation** particularly in **heavy industries**. The green hydrogen market is still in its early stages, De Nora differentiates itself from competitors through its **proprietary** technologies and **expertise** in electrode manufacturing such as Proton exchange membrane water electrolyzers (**PEMWEs**). De Nora is well positioned to leverage this sector's **anticipated growth**, thanks to its technological advantages and the **increasing global demand**.

**Performance Snapshot:** De Nora demonstrates exceptional performance in terms of margins compared to its competitors in electrode technology, with an **EBITDam** of 19.70% in FY23, well above the industry average of 11.41%. In terms of asset returns, De Nora's **ROA** is impressive at 17.64%, significantly higher than the peer average of 7.84%. However, its **ROE** of 25.43% is slightly lower than the Water Technology sector average of 31.91%. The company also presents a **Gross Margin** of 58.32%, markedly higher than the averages across its three key sectors: 24.22% in Electrode Technology, 43.80% in Water Technology, and 24.67% in Green Hydrogen, highlighting its superior cost efficiency (Exhibit 13).

M&A: Expanding Landscapes

The company seeks to gain a competitive advantage through M&A activities, focused on boosting production output and emphasising R&D and expertise. This strategy is crucial, particularly because the Electrodes and Water Technologies markets are already well-consolidated. Through M&A (Exhibit 14), the company primarily aims to: **i)** Enhance the value chain, **ii)** Expand its presence in high growth market such as APAC, **iii)** Bolster its existing portfolio, accelerating access to new technologies. **For the first rationale:** In February 2019, Industrie De Nora S.p.A. acquired **MIOX Corporation**. This acquisition enhanced De Nora's water purification technologies by

EXHIBIT 16: Contributions to Revenues (by B.U.)

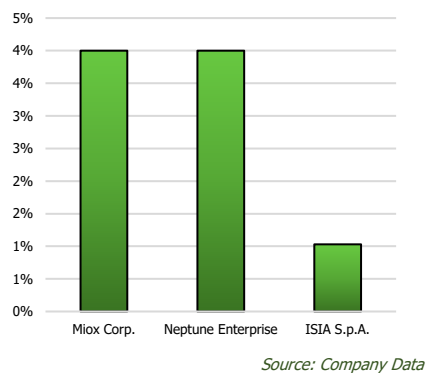


EXHIBIT 17: Cash & Indebtedness

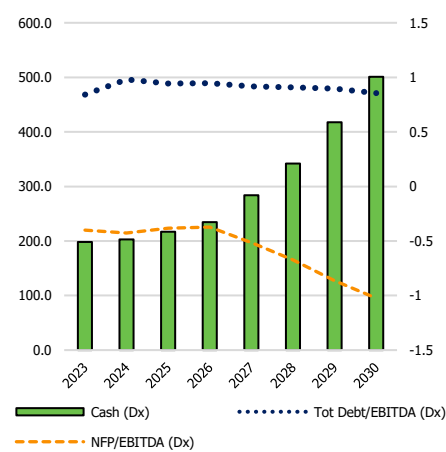


EXHIBIT 18: D&A Progression and Composition

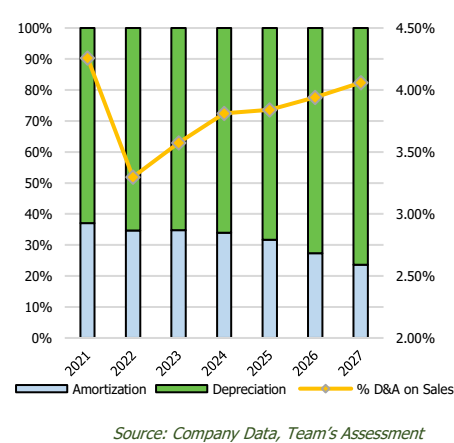


EXHIBIT 19: Employees Evolution



incorporating MIOX's expertise in **onsite mixed oxidant** generation. This operation, alongside with the acquisition of Neptune, led to a **4%** revenue increase in 2019 for the Electro-Chlorination segment due to the synergies created (Exhibit 16). On May 27<sup>th</sup>, 2021, Grundfos and Industrie De Nora S.p.A. announced an agreement for De Nora to acquire 100% of the shares of **ISIA S.p.A.**, including its intellectual property on chlorine dioxide generator technology. This acquisition allowed De Nora to integrate ISIA's patented **submerged reactor** design and process control expertise into De Nora's existing product lines and achieved revenues of almost **€3M** in the post-acquisition half-year. On January 1<sup>st</sup>, 2023, De Nora ISIA S.r.l. was merged by incorporation into De Nora Water Technologies Italy S.r.l. The two companies had already been working closely together since 2021. Water Technologies showed a **positive momentum** of over 10%, moreover, Pools products experienced a 13% year-on-year revenue growth. In May, Industrie De Nora S.p.A. completed the acquisition of 100% of the share capital of **Shotec GmbH** through its German subsidiary, De Nora Deutschland GmbH. This transaction not only increased production capabilities in electrochemical processes but also aimed to **broaden** the technology and process portfolio for electrode production, enhancing overall production capacity. In terms of **revenues**, the target generated **€1.37M** for the FY2023 and the deal had a cost of €2.11M.

**For the second rationale:** De Nora Neptune, LLC was formed on April 1<sup>st</sup>, 2019, when Industrie De Nora S.p.A. purchased the majority stake in **Neptune Enterprises LLC**. In this way, De Nora was able to improve its service capabilities in the Permian Basin and beyond, directly serving the sector and offering on-the-ground **assistance** to current technology clients. On June 30<sup>th</sup>, 2021, De Nora acquired a 6.37% minority stake in the startup **AZUL Energy Co. Ltd.** focused on research to reduce the **noble metal presence** in the catalytic coating by 4% in FY2026.

**For the third rationale:** Industrie De Nora S.p.A. acquired assets from **Water Star** on July 31<sup>st</sup>, 2018. This acquisition was part of De Nora's strategic efforts to expand its **technology portfolio** and enhance its market presence. **Calgon Carbon Corporation** agreed to sell the **UV Technologies Division** (CCUV) to Industrie De Nora S.p.A. on June 7<sup>th</sup>, 2021. The purchase comprised the assets of **Hyde Marine**, a pioneer in UV ballast water management systems, as well as municipal and industrial **UV disinfection** brands like RAYOX, SENTINEL, and C3 SERIES UV. July 1<sup>st</sup>, 2021, marked the completion of the latter acquisition with price of €3.78M and revenues **synergies** of **€4.6M** on the disinfection unit (Exhibit 15). As a result of this agreement, De Nora now offers a range of water treatment solutions, including UV and electro-chlorination technology for the management of **ballast water**. Currently, De Nora is positioned as one of the few international providers that can offer complete disinfection solutions meeting a range of water treatment requirements in the commercial, industrial, and marine sectors. In February, the Group acquired an industrial site in **Cernusco sul Naviglio (Milan)** to develop a 2GW **"Italian Gigafactory"** for manufacturing green hydrogen electrolyser and other electrochemical systems. Financially, €100M and \$50M were repaid on **loan facilities**, leaving €80M and \$40M available as of year-end.

## FINANCIAL OVERVIEW: The Framework

### REVENUES: The Pillars for Growth

The total revenues of the company showed a CAGR of 6.81% over the period FY2021-FY2023, growing from €615M to €856M of total revenues, peaking at 38% YoY growth in FY2022. Revenues related to the Electrode Technologies business segment declined by €9.23M (-1.9%), from €473.44M in the FY2022 to €464.21M in the FY2023. This decrease comes from the **Electronics** and **Specialties** lines and New Applications, only partially offset by the increase in the Chlor-alkali line. Revenues from the **Chlor-alkali** line increased by €1.74M (+0.5%). This variation is mainly attributable to: **i)** €12.52M in sales of the **Membrane** product line, particularly in Asia and the United States; **ii)** €6.62M in Diaphragm and **Mercury** product line sales, primarily due to the volume effect of services in Brazil, Italy and the United States; **iii)** €17.41M sales reduction of **Hydrochloric acid** (HCl) product line, caused by the non-repetition of some **maintenance projects** carried out in the year 2022 through the associated company Thyssenkrupp Nucera AG & Co. Regarding Water Technologies, the total revenues decreased by 16% passing from €336M to €289M. This reduction is primarily associated to a sharp decrease in **Swimming Pools** revenues, which halved from €161M in FY2022 to €86M in FY2023, largely caused by the normalisation of the demand after the pandemic crisis. As for the other segments, revenues from the Electro-chlorination line increased by €6M (+8.0% with respect to FY2022) thanks to the executions of projects such as "Marjan", "Omnipure" plants and IEM technologies. The **Disinfection** and **Filtration** line increased its revenues by +27.6% to €100M with respect to FY2022 mainly due to the enhancement of plants in AMS and new projects in EMEIA. Lastly, the Energy Transition business, in FY2023 showed a +139.6% revenues increase with respect to FY2022 accounting for €102M, composed by 98% of **new installations** and by 2% of **services**. We expect this latter percentage to increase drastically in the upcoming years, given the focus on maintenance and aftermarket that the company has in the other business units.

**Expectations:** Considering all the industry's drivers, we assessed De Nora's alignment with market trends to capture the future revenue growth of the firm in each one of the sectors of interest, starting from FY2025E (given that the FY2024E is mainly driven by **backlogs**). The model distinguishes between three moments of the future life of the company. The **first stage** refers to the short-term horizon FY2024E-26E. We forecasted a CAGR of 6.4% for Electrode driven by the industrial recovery over the world; 5.5% for Water Technologies driven by increasing **water scarcity** and filtration needs; 12% for Energy Transition, driven by the industrial usage of Green-Hydrogen. For the **second stage**, referring to the FY2027E-29E period, we expect higher growth rates thanks to the competition of projects such as the Gigafactory and an increase of the Asian market shares. The corresponding CAGRs for that period are 6.7% for the Electrode, 5.2% for the Water Technologies and 16.1% for Energy Transition. The **third stage** refers to FY2030E, key-year that has been selected based on the expected parity of production costs between grey hydrogen and green hydrogen. We expect the following growth rates: 7.2% for the Electrode, driven by the competitive advantages and the development of energy transition market; 5.3% for the Water Technologies, driven by **the rising population and filtration needs**; 25% for Energy Transition. This last one is driven by the advantages of Green-Hydrogen with respect to the competitors and the beginning of the **heating and mobility usages** of this energy driver. The details of the growth drivers for every sector are shown in Annex V.

### COSTS: The Financial Beams

The main cost sustained is the **cost of goods sold** amounting to €361M with a COGS margin of 41.64%.



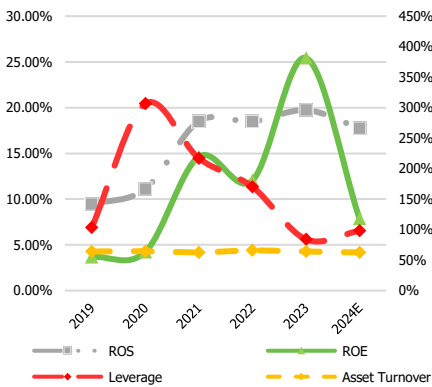
EXHIBIT 20: Piotrosky's F-Score

|                                                | FY 21 | FY 22 | FY 23 | FY 24 |
|------------------------------------------------|-------|-------|-------|-------|
| ROA                                            | 1     | 1     | 1     | 1     |
| OCF                                            | 0     | 1     | 1     | 0     |
| Δ ROA                                          | 1     | 1     | 1     | 0     |
| Accrual                                        | 1     | 0     | 1     | 0     |
| Δ L.T. Debt Ratio*                             | 1     | 0     | 1     | 0     |
| Δ Current Ratio                                | 0     | 1     | 0     | 0     |
| Δ Equity Offering*                             | 0     | 0     | 0     | 0     |
| Δ Gross Margin Ratio                           | 0     | 0     | 1     | 0     |
| Δ Asset Turnover Ratio                         | 0     | 1     | 0     | 1     |
| SCORE                                          | 4     | 5     | 6     | 2     |
| * 1 for negative value and 0 for positive ones |       |       |       |       |

Piotrosky's F-Score: 4.25

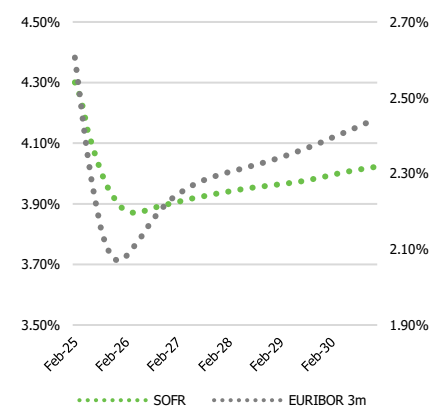
Source: Company Data, Team's Assessment

EXHIBIT 21: DuPont's Analysis



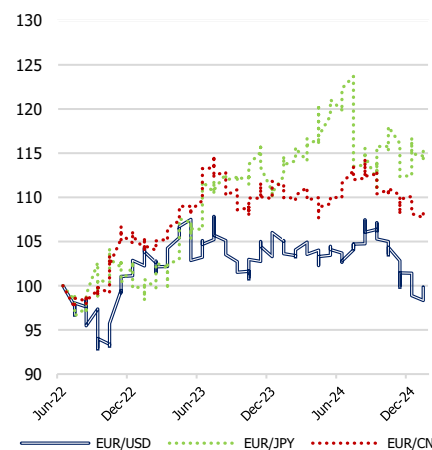
Source: Company Data, Team's Assessment

EXHIBIT 22: Forward Curve for the rates



Source: Company Data, Team's Assessment

EXHIBIT 23: Evolution of exchange rates



Source: Company Data, Team's Assessment

De Nora spent €143M in **cost of work** (Exhibit 19), accounting for 16.8% of the revenues, which is lower than the average of 18.57% observed in FY21 and F22 (Exhibit 5). It is also worth noticing that the company recorded in FY2023 a **Value Added per Employee** of €140k, significantly surpassing the last two-year average of €105k. Finally, the expense in **Services** amounts to €178M (20.6% of the revenues). This value is higher with than the 17.95% average of the previous year. The historical increase of the weight of the **SG&A** from 37% of 2021 to 38%, with an expected peak in FY2024E, is mainly due to the administrative expenses related to the expansion of their **production facilities**. We expect a comeback to a 38% level coincidentally with the end of the industrial plan in FY2026E. The cost structure of the firm is **heavily affected by raw materials** used in the production of electrodes, cells and other components. The company is hedging this risk with **derivatives contracts** worth €14M, accounting for 3.92% of the COGS, projected to decrease to 3.72% by FY2026E. We expect the decrease in hedging mainly due to the easing of international tensions and to a strengthening of De Nora's supply chain management practices. From a strategic point of view, we believe that the implementation of the **"Do It Yourself"** approach to technologies, such as DragonFly, allows the firm to minimise their dependence to external suppliers through "in-house" production.

PROFITABILITY: A Structural Integrity

In FY2023, EBITDAm increased from 19.4% of FY2022 (Exhibit 6) to 20%, while the **Adjusted EBITDAm** decreased to 20.4% from the 22.4% of FY2022. It is crucial to emphasise that the high FY2023 net income was influenced by the **financial income** of about €133M, associated with the **listing** of the joint venture tk nucera with ThyssenKrupp on the Frankfurt Stock Exchange. This revenue includes €17M from the exercise of the **greenshoe option** and €115M of equity investments dilution gain leading to a **Net Profit Margin** of 27% in FY2023 (+16.5% with respect to FY2022). The actual stake held in tk nucera is 25.85% valued at equity. **Expectations:** We project that after a slight decrease in the EBITDA margin in FY2024E of about 17.7%, mainly due to missed revenues growth linked to order delays, De Nora will converge to a 20% **EBITDAm** by FY2030E. This growth will be driven by an increase in EBITDA from €170M in FY2025E to €273M in FY2030, reflecting a FY2025E-30E EBITDA CAGR of 7.8%. In line with the significant profitability, we expect that the net income will achieve a FY2024E-30E CAGR of 8.8%; as a result, we foresee that De Nora will maintain an average **ROE** around 10% and an average ROA of 7% over the entire forecast period (FY2024E-30E), as shown in Exhibit 20-21.

CAPITAL STRUCTURE: The Load-Bearing Elements

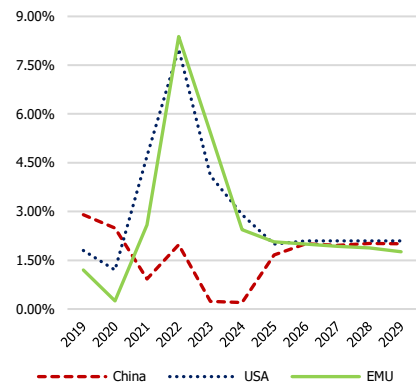
**Historical Analysis:** The current level of indebtedness represents a **key strength**, providing an opportunity to unlock untapped potential and a pillar for financial sustainability. De Nora's financial debt has decreased from €209M in FY2019 to €144M in FY2023, with the current portion of €6M, attributable to a **short-term** credit line with Mizuho Bank (with RCF structure). The company's current capital structure aligns with its **SME** family-based ownership framework and its robust cash flow generation, enabling generous internal funding to reach cash needs. Focusing on the **NFP** (Exhibit 17), we observe a reversal starting from FY2022, the year of the company's market listing. In FY2022 and FY2023, the NFP stood respectively at €58M and €68M in cash surplus over financial debt. This shows that the company has ample **liquidity** to catch numerous opportunities, leveraging both the funds raised through the **IPO** and the internal cash flow generation, supporting our **upside outlook** for the stock. The net financial position at the end of Q3 2024 stands at €30M (cash), compared to €41M in Q3 2023. Financial sustainability is further reflected in the **Interest Coverage Ratio** (EBITDA/Interest), thanks to the strong profitability demonstrated in the income statement. In 2023, the company achieved an EBITDA that is 7.7X its interest expenses, providing excellent credit rating. With respect to the past, the ICR for FY2021 has been 7.43 with a correspondent rating of **A+**. In the FY2022, it has reduced to 5.96, moving into the A- range. The D/E ratio has significantly decreased from 56% in FY2021 to 16% in FY2023. This reduction is attributed to an increase in equity, bolstered by the company's listing and substantial **retained earnings**, as well as a modest decrease in total financial debt. The only credit **covenant** is tied with the Pool Financing granted to De Nora Holdings US Inc. for the remaining €80M. This covenant pertains to the leverage ratio, defined as the ratio of consolidated net debt to consolidated EBITDA (Exhibit 17), which is required to remain **below 3.5**; while the total Debt-to-EBITDA is at 0.84 in FY2023. However, as we have already highlighted, since FY2022, the leverage ratio has been well below this threshold and even negative, owing to the company's cash **surplus**.

**Future Analysis:** We believe that, thanks to its **healthy financial structure**, De Nora has the potential to achieve greater tax shield benefits by slightly increasing its financial leverage, thereby unlocking additional value for the company. Nonetheless, we strongly expect the continuing of a **conservative debt strategy**, primarily characterised by the roll-over of existing debt, for three main reasons: **i)** the D/E ratio is very close to its **optimal level** given the WACC composition, standing at 16% in FY2023, with a slight increase to 18.3% projected by FY2030E in our analysis; **ii)** the excellent profitability and cash flow are sufficient to **cover the liquidity absorption** required for Capex and NWC, as outlined in the industrial plan through FY2026E; **iii)** the family-owned proprietary structure favours financing through **internal resources** rather than long-term debt that would imply stronger creditor influence. According to our model, we foresee a slightly improving of the Net Financial Position (Annex VIII) reaching -€107.3M (cash) in FY2027E and a stable Debt-to-EBITDA ratio under the unit threshold. Due to the global reduction in interest rates and a slight increase in profitability as noted above, we forecast an improvement in the **ICR** to **10X**.

LIQUIDITY & CASH-FLOWS: The Scaffolding

**Historical:** De Nora Operating Cash Flows have grown at a 18.1% FY2019-23 CAGR, with the exception for FY2021 in which they have experienced their minimum mainly caused by a huge NWC liquidity absorption (mostly inventory) aimed at satisfying the significant business and backlog increase; even though during FY2023 we have witnessed a **trend reversal** that released liquidity (Change in NWC of €46M FY2023). The Cash-Flow from Operations reached the peak of €140M driven by the revenues performance and resulting in CFO-to-Sales ratio of 16% in FY2023. The CapEx-to-Sales Ratio nearly doubled in FY2023, reaching 10% compared to the average of the previous three-year period (5.3% avg. CapEx-to-Sales Ratio FY2020-22) and passing from €46M to €88M (tangible and intangible asset expenses). The latter fact is primarily driven by the industrial plan guidance which allocates €290M of investments in FY2024E-2026E. Furthermore, ratio between D&A and Capex stands at **2.9X** in FY2023, highlighting the relevance of growth CapEx to satisfy the business expansion targets. Finally, thanks to the strengthening of its competitive position (Annex IV), De Nora has progressively improved its **Cash Conversion Cycle**, which shows a downward trend, reaching the lower bound of 209 days in 2023. This improvement is driven by several factors: **i)** Days Sales Outstanding decreased from 81 days in FY2021 to 59 in FY2023, **ii)** Days Payable Outstanding extended from 76 days in FY2021 to 106 in FY2023, enhancing cash flow, and **iii)** Days Inventory Outstanding decreased by 11%, from 288 days in FY2021 to 256 days in FY2023.

EXHIBIT 24: Historical and Forecasted Inflation



Source: IMF

EXHIBIT 25: Matrix of the Market Risk

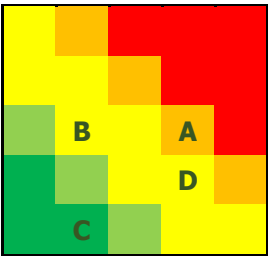


EXHIBIT 26: Matrix of the Operational Risk

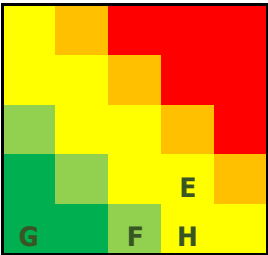


EXHIBIT 27: Matrix of the Legal Risk

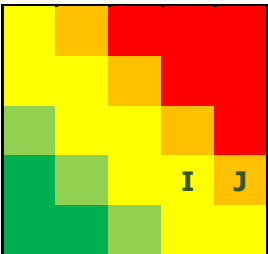


EXHIBIT 28: Matrix of the Financial Risk

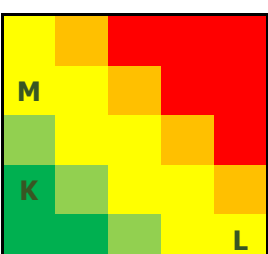
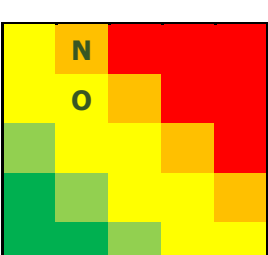


EXHIBIT 29: Matrix of the ESG Risk



Source: Team's Assessment

**Future Analysis:** According to our expectations, De Nora will experience sustained **cash generation** (Annex VIII) in the upcoming years, which will cover the cash requirements outlined in the industrial plan through FY2026E. The Operating Cash Flow is expected to rise at 124.3M in FY2026E, even after a slight decline in FY2025E mainly due to **NWC absorption** in order to satisfy upcoming demand; conversely, we forecasted an 8.95% FY2027E-FY2030E CAGR sustained by market growth expectations for a such as milestone year in energy transition global investments. Of relevance to equity holders, we project a rapid **growth in FCFE** (16.6% FY 2024E-30E CAGR) peaking at €111.4M in FY2030E, led by the declining of interest rates and a minimal increase of debt to reach the optimal structure. It is essential for the company to maintain a high level of **CapEx**, and consistently to the De Nora industrial plan, indeed, we foresee for the following three years (FY 2024E-26E) €80M average CapEx, with approximately 9% (Exhibit 18) of this amount allocated to spending on intangible assets, mainly represented by growth CapEx (more than doubling the forecasted D&A). Furthermore, we estimate steady ratio of **CapEx-to-EBITDA** of 46% in FY2024E-26E and turning back pre-listing years on 20% level in FY2030E. During this stage (FY2027E-30E) CapEx will become pure maintenance CapEx, with a value converging to the forecasted D&A. This solid cash generation suggests future **dividends** distribution with an average Pay-Out Ratio of 28.0% in FY2024-26E and up to 31.6% in FY2027E-30E and reaching 0.22 Div. per share in FY2030E.

## INVESTMENT RISKS: The Inspections



We have refined an impact-based scoring methodology where we evaluate, on a scale from 1 to 5, the potential impact of specific risks on De Nora. Alongside this, we assign a likelihood score using the same scale to assess the probability of these risks materially impacting the company. This approach extends the Sustainability framework, typically used for assessing Exposure and Management, to both ESG and non-ESG dimensions.

### MARKET RISK: Exhibit 25

**(A) Delayed Investments:** Producers are postponing investments in green hydrogen production due to uncertainties in global regulations, which affects a sector that accounts for 12% of De Nora's revenues, with 98% of these revenues linked to new installations. **Mitigation:** The robust partnership with Thyssenkrupp ensures De Nora can meet demand across key markets in Asia, the Middle East, Europe, and the Americas. Through the **tk nucera** joint venture, which De Nora controls 25% of, the company gains access to thoroughly vetted projects, reducing the timeline to market. **Impact: 4; Likelihood: 3.**

**(B) Increased Green-Hydrogen Competition:** The expanding green hydrogen market is becoming more competitive, challenging De Nora against companies like Oriana Power, Guangzhou and other non-pure business. **Mitigation:** As of December 31, 2023, De Nora has 2,387 patents or utility models in 82 countries and 492 patent or utility model applications pending in over 41 countries. In 2023, 17 new **patent applications** were filed: 10 concerning the water electrolysis field, 1 relating to chlor-al- kali, 2 for electrodes for electronics and 4 relating to the Water Technologies segment. The filing is mainly in **RoW: 1,536, EP: 186, US: 179, CN: 168, KR: 132, JP: 120, WO: 106**. These patents have a useful life of 3-5 years. In comparison, the average number of patents held by competitors is as follows: 2,375 in the Electrodes sector, 2,278 in Water Technologies, and 1,086 in the Energy Transition sector. **Impact: 2; Likelihood: 3.**

**(C) Interest Rate:** De Nora faces variable interest rate exposure based on 3-month EURIBOR and SOFR (Exhibit 22), with €85M in financial liabilities (-56.40% with respect to FY2022) and €211M in financial assets (-30.36% with respect to FY2022) at risk. The company estimates that a 1% unfavourable rate change could result in approximately €0.85M in costs in financial liabilities. **Mitigation:** The company's **low debt levels**, an Interest Coverage Ratio of 7.7, and a net leverage of -40.27% (from -31.41% of FY2022) contribute to lower interest expenses. The monetary easing will also be an advantage for the company. Given the low probability of new increases in rates (Exhibit 24), the firm won't likely be impacted by this risk. Further Details in Annex X. **Impact: 2; Likelihood: 1.**

**(D) Uncertainty about tk nucera:** Owning only a minority interest in tk nucera (25.83%) could expose De Nora to decisions that may not align with its interests. Therefore, there might be a negative impact on the business and its economic position. **Mitigation:** A **Toll Manufacturing Agreement (TMA)** provides exclusive rights limited to specified quantities, protecting De Nora's interests without obligating operations with third parties. **Impact: 4; Likelihood: 2**

### OPERATIONAL RISK: Exhibit 26

**(E) Protection of Know-How and Technological Risk:** Industrial espionage, employee disloyalty, and cybersecurity attacks represent significant threats to De Nora. The industry in which De Nora operates is highly susceptible to cyberattacks, with approximately 25% of attacks in this sector, according to IBM, and an average cost of \$4.73M per breach. In particular, 38% of these breaches target credentials, and 60% target personal data, with 4% directly linked to espionage. The greatest risk, however, is the potential loss of competitive advantage due to the leakage of proprietary knowledge and confidential information. De Nora's extensive patent portfolio highlights the significant impact this risk could have on the company. **Mitigation:** Access to confidential information is strictly limited to authorised personnel on a "need-to-know" basis. Additionally, De Nora has implemented a **Cyber Security Incident Management** model designed to counteract the latest cyber threats. This model employs advanced tools for collecting and correlating all security events across the company's entire IT infrastructure. **Impact: 4; Likelihood: 2.**

**(F) Production accidents:** There is the risk of having to interrupt or suspend production activities due to malfunctions, breakdowns, accidents or natural disasters that may occur at De Nora's production facilities. **Mitigation:** The company adopts internal procedures that include safety measures mandated by local regulations and industry best practices for health and safety. In addition, as part of the insurance program, the Group has implemented **policies** providing coverage for direct damage to property and indirect damage. In FY2023, the company received €1.02M in insurance refunds, with €0.5M of that amount stemming from a dispute with a customer in the Marine Technologies sector. The total insurance expenditure for FY2023 was €4.34M, marking an increase of 19.95% compared to FY2022. **Impact: 3; Likelihood: 1**

**(G) Workplace Safety:** There are risks of occupational injuries and exposure to chemical and hazardous substances within De Nora's facilities, primarily during production operations. The injury rate at work has decreased by 15% annually, with a total of 2.8 injuries per million hours worked, and there have been no fatal injuries reported. **Mitigation:** The company adopts a **centralised management system** to mitigate risks and ensure workers' safety across all levels of the organisation, including Group, Country, and Operating Unit. By



EXHIBIT 30: Optimal D/E Estimation

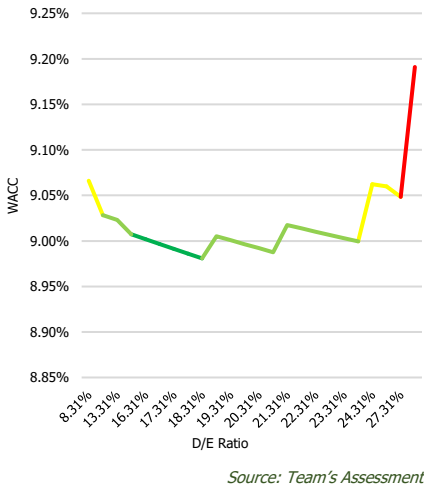


EXHIBIT 31: WACC Evolution up to FY2030E

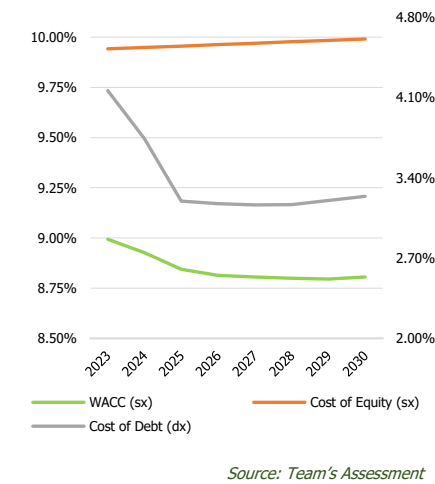
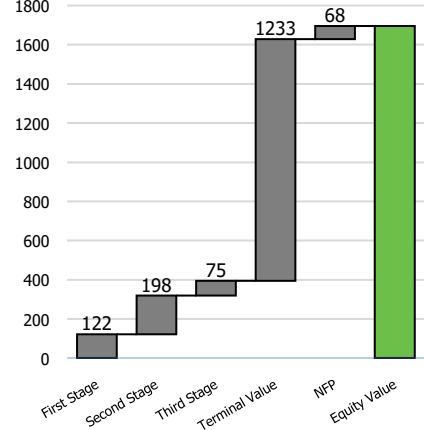


EXHIBIT 32: DCF Valuation Summary

|                          |         |
|--------------------------|---------|
| Present Value of CF      | 396.5   |
| PV of the Terminal Value | 1'233.9 |
| Enterprise Value         | 1'630.4 |
| Terminal Value Ratio     | 76%     |
| -NFP                     | 69      |
| Equity Value             | 1'669.1 |
| Ordinary Shares(M)       | 51.2    |
| MVR Shares (M)           | 105.5   |
| Total Shares             | 201.7   |
| DCF Target Price         | €8.42   |

Source: Team's Assessment

EXHIBIT 33: Enterprise Value Composition



identifying and assessing critical factors at each level, this system allows for targeted controls that prevent accidents. It collects, aggregates, and reports data centrally, enabling informed decision-making and the implementation of preventive and corrective actions. ISO 45001 Certified. **Impact: 1; Likelihood: 1**

**(H) Management Risk:** Federico De Nora has been the company's Chairman since 2014, while Dellachà has been the CEO since 2010. They are the members of the board with the longest tenure. The exit of one of such strategic and experienced figures can heavily impact the company and the relations between De Nora and its supply chain. **Mitigation:** The company delegates the powers to the Vice-Chairman in case of incapacity of the Chairman. If the Vice-Chairman is not appointed or is incapacitated, the responsibility oversees the Executive Directors (in this case only Dellachà). If even the executives are incapacitated, the responsibility transfers to the BoD. In the end De Nora shows a not-so rigorous **transition plan**. **Impact: 4; Likelihood: 1.**

LEGAL RISK: Exhibit 27

**(I) Multiple compliance over the world:** De Nora faces significant legal expenses due to **sanctions** and complex compliance procedures. De Nora is forced allocate additional resources to ensure compliance and conduct thorough checks to verify whether it is subject to any sanctions. Approximately 2% of its revenues comes from the Russia/Ukraine region, further increasing the complexity of compliance requirements. In 2022, De Nora spent €18M on legal expenses, however, the number has decreased in 2023 and now is €16M (1.87% of total revenues). **Mitigation:** De Nora addresses this risk through its **Regulatory Affairs departments**, which implement specific processes and controls tailored to meet compliance requirements globally. **Impact: 4; Likelihood: 2.**

**(J) Reputational Risk:** De Nora is subject to risks related to illegal or unlawful conduct and violations of laws, including anti-corruption and export control regulations. The legislative and regulatory environment has become increasingly important for organisations, especially considering laws such as the Legislative Decree no. 231/2001 and the Anti-Corruption Law (Law 190/2012) in Italy, the Foreign Corrupt Practices Act in the United States, and the Bribery Act in the United Kingdom. **Mitigation:** De Nora mitigates the risk through the implementation of a set of binding procedures. Training activities for all personnel on the Code of Ethics, the 231 Model, the Anti-corruption Policy and the Whistleblowing Policy are included. The 86% of the whole personnel of the company participated in such specific **training programs**. **Impact: 5; Likelihood: 2.**

FINANCIAL RISK: Exhibit 28

**(K) Credit Risk:** The amount of Trade receivable increased to €141.92M in FY2023, from €123.42M of FY2022. The Not Yet due receivables represent the 71.8% of the total receivables, +2.4% with respect to FY2022. The overdue from 1-30 days increased to 16.7%, +1.3% with respect to FY2022, while the total of 31-120 days and 120+ days, amounting to 11.55% over the total, decreased by -3.7% with respect to FY2022. **Mitigation:** De Nora aims to maintain business relationships with historical clients who have reported limited credit losses over time; moreover, it implements **monitoring activities** of the credit portfolio and prudent budget policies on provisions for the depreciation of credits. **Impact: 1; Likelihood: 2.**

**(L) Liquidity Risk:** The ability to secure the resource necessary to support the ongoing operations and upcoming obligations are highlighted by OCF Ratio (0.56) and Quick Ratio (1.42). **Mitigation:** De Nora has a high level of liquidity, as reflected in the Net Financial Position of -€68M. Thanks to the progressively **tightening Cash Conversion Cycle** (244d in FY2022, 209d in FY2023, 194d in FY2024E), if this trend continues, as we expect, the firm will have no trouble in sustaining the necessary liquidity for its operations. **Impact: 5; Likelihood: 1.**

**(M) Currency:** De Nora is significantly exposed to fluctuations in the US Dollar, which is commonly used in its commercial transactions, as well as the Japanese Yen and Chinese Yuan due to the denomination of certain liabilities (Exhibit 23). The company's net exposure to the USD includes €86.09M in receivables. An appreciation of 5% of the EUR against USD would decrease the company's operating profit by €3.4M (1.98% of the EBITDA), while a depreciation would increase it by €3.7M (+2.1% of the EBITDA). Due to its supply chain, De Nora is also exposed to commodity risk. **Mitigation:** The company is focusing on Derivatives contracts to mitigate the commodity risk and Currency Risk. The value of the derivatives covering Currency Risk is €0.54M (-15.68% with respect to FY2022, 0.03% of Total Assets). The company primarily hedges against **fluctuations** in the USD, particularly concerning its USD-denominated loans. Further details in Annex X. **Impact: 1; Likelihood: 4.**

ESG RISK: Exhibit 29

**(N) Environmental Regulations:** The Group is subject to specific environmental regulations, covering the management of raw materials, energy resources, hazardous substances, water discharges, atmospheric emissions, waste, including the prevention of pollution and the minimisation of impacts on environmental matrices (soil, subsoil, water resources, atmosphere). All De Nora's manufacturing plants adhere to the ISO 14001 environmental management standard. **Mitigation:** Responsible management of hazardous and non-hazardous waste related to business activities, responsible management of chemicals and materials, implementation of circular economy that keeps materials in the production cycle for as long as possible, environmental management system according to the **ISO 14001**, implementation of decarbonisation strategies and reduction of Greenhouse Gas (GHG) emissions are all measures adopted by De Nora to face the latter risk. **Impact: 2; Likelihood: 5.**

**(O) Climate Change Risk:** Global warming, driven by greenhouse gas emissions, presents significant risks across various economic sectors. The impacts, some of which are already apparent, depend on company-specific factors, the geographical regions in which they operate, and the resilience of their production infrastructures, supply chains, and target markets. **Mitigation:** De Nora follows its inner Task Force's recommendations for climate-related financial disclosure, categorising risks into Current Regulation Risk, Emerging Regulation Risk, Legal Risk, Technology Risk, Market Risk, Reputation Risk, Acute Physical Risk, and Chronic Physical Risk, with varying measures. In the last five fiscal years **no ESG Controversy costs** were sustained. The scoring is enhanced by the Sustainability ESG Risk rating in Exhibit 41 and Annex YY. **Impact: 2; Likelihood: 4.**

VALUATION: The Assessment



Our valuation approach combines a DCF Model and a market-based Multiple Valuation to ensure a balanced assessment of De Nora's intrinsic and relative value, issuing a buy recommendation with a 1Y Forward target price of €8.69. We tested the robustness of our result with a Sensitivity, Montecarlo simulations and Reverse DCF.

RISK FREE: The Safest Harbour

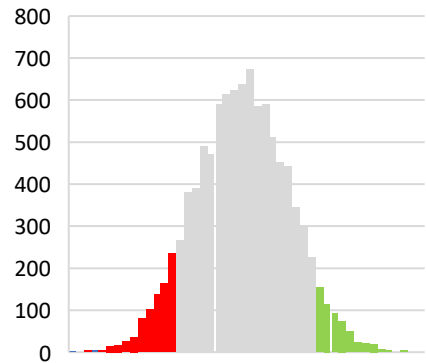
We assessed the company's 2023 revenue distribution across its main markets: Europe, America, and Asia. As a result, to evaluate long-term risk, we considered the 10-year government bond yields of the least risky countries

EXHIBIT 34: Sensitivity Analysis (WACC-TGR)

|        | 2.00 % | 2.20 % | 2.40 % | 2.50 % | 2.60 % | 2.80 % | 3.00 % |
|--------|--------|--------|--------|--------|--------|--------|--------|
| 8.00 % | 8.72   | 8.95   | 9.20   | 9.34   | 9.47   | 9.76   | 10.08  |
| 8.20 % | 8.51   | 8.73   | 8.97   | 9.09   | 9.22   | 9.49   | 9.78   |
| 8.40 % | 8.32   | 8.52   | 8.74   | 8.86   | 8.98   | 9.23   | 9.50   |
| 8.60 % | 8.14   | 8.33   | 8.54   | 8.64   | 8.76   | 8.99   | 9.24   |
| 8.81 % | 7.96   | 8.14   | 8.33   | 8.42   | 8.54   | 8.76   | 8.99   |
| 9.00 % | 7.80   | 7.98   | 8.16   | 8.25   | 8.35   | 8.56   | 8.78   |
| 9.20 % | 7.65   | 7.81   | 7.99   | 8.08   | 8.17   | 8.37   | 8.57   |
| 9.40 % | 7.51   | 7.66   | 7.82   | 7.91   | 8.00   | 8.18   | 8.38   |
| 9.60 % | 7.37   | 7.52   | 7.67   | 7.75   | 7.84   | 8.01   | 8.19   |

Source: Team's Assessment

EXHIBIT 35: Montecarlo Simulation for scenarios



Scenario's Simulations with 90% C.I. for target price:

|     | 5%    | Avg.  | 95%   |
|-----|-------|-------|-------|
| WCS | €6.77 | €7.05 | €7.35 |
| MCS | €7.56 | €7.85 | €8.15 |
| BCS | €8.71 | €9.03 | €9.36 |

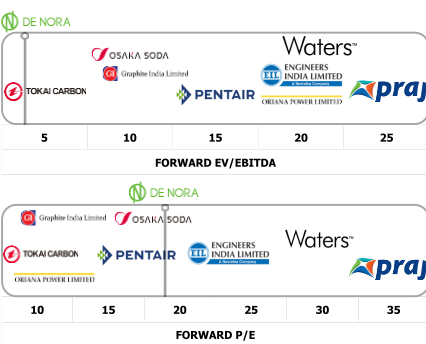
Source: Team's Assessment

EXHIBIT 36: Reverse DCF Application

|                          |               |
|--------------------------|---------------|
| T.G.R.                   | 2.50%         |
| Discount Rate:           | 8.99% - 8.81% |
| Change In NWC:           | Same as DCF   |
| Capex:                   | Same as DCF   |
| D&A:                     | Same as DCF   |
| NOPAT Margin:            | 9.6% - 11.4%  |
| EBIT Margin:             | 13.3% - 15.8% |
| Tax Rate:                | 28%           |
| Current Share Price:     | 7.18          |
| Implied Revenues Growth: | 2.81%         |
| Market V.s. Team         | -4%           |

Source: Team's Assessment

EXHIBIT 37: Forward Multiple Comparison



Source: Refinitiv, Team's Assessment

in each region: Germany (2.205%), the U.S.A. (4.316%), and Japan (1.075%). We then calculated a weighted average based on the **revenue breakdown** by region, resulting in a **risk-free rate** of 2.42%.

COST OF EQUITY: Three Sectors, Three Factors... One Cost

We used the **Fama-French** Three factors model to better account for the size and growth aspects of the firm. The three betas  $\beta_m$ ,  $\beta_s$ , and  $\beta_v$  were computed with a multiple linear regression, considering De Nora historical returns on a weekly basis, from the 09/07/2022 up to the 03/01/2025, against a long-only portfolio, accounting for the equity risk premium (average equity return, same period, of **FTSE MIB** index, net of the risk-free return), and two long/short portfolios, accounting for the **SMB** and **HML** factors (based on MSCI Europe Small Mid Cap index, MSCI Europe Large Cap index, MSCI Europe Value Stocks index, and MSCI Europe Growth Stocks index). We obtained a raw  $\beta_m$  of 0.276, a  $\beta_s$  of 1.509, and a  $\beta_v$  of -0.539. We then used these betas to compute the cost of equity considering the return of the previously mentioned portfolios net of the risk-free over a time horizon of 10 years. The result was a **Cost of Equity** of **9.94%**, obtained adding a risk premium related to the risk of every country, weighted with the same procedure of the risk-free rate to the standard formula.

COST OF DEBT: A Safe Structure

De Nora has no publicly traded bonds and currently has two credit lines at variable rates, one by a Pool Financing and one by Mizuho Bank. The **pool financing** applies interest rates indexed to the 3-month Euribor for the Euro-denominated portion and to the SOFR for the USD-denominated portion, in addition to a margin that may be adjusted semi-annually based on changes in the Group's leverage Ratio (EBITDA/NFP) that can reach a maximum of 350 bps. The result is a pre-tax **Cost of Debt** of **4.16%** in FY2023. For the taxation we used 28%, that is a conservative amount given the average amount in the past 4 years of 26.5% and so the resulting After-Tax cost of Debt is 2.99%. De Nora is not covered by any rating agency, so we decided to estimate a synthetic rating of the company verifying the ICR that for the FY2023 is 7.7X. This corresponds to an equivalent rating of **A+** further strengthening our view of a solid company able to repay its debt. As a proxy for the cost of debt in the FY2030E, we decided to use the **IRS** related to the two rates at which the debt is indexed. Further details are provided in the Annex XI.

WACC: One Step Closer

Given that the Debt/Equity ratio is 15.8%, the Cost of Equity is 9.94% and the After-Tax cost of Debt is 2.99%, the resulting 2023 **WACC** is **8.99%**. However, given the good financial conditions of the firm, we took a further step analysing what the **optimal capital structure** of the firm is. From our analysis we found out that the D/E level maximising the value of the firm is **18.3%** (Exhibit 30), a value close to the effective D/E level of the firm. Provided that the distance between current and optimal structure is relatively small we assumed that, in the **terminal year** of the valuation, the firm will reach the optimal structure. This allowed us to compute a **dynamic WACC** for every year of the forecast horizon, with a WACC value of 8.81% in 2030 (Exhibit 31).

DISCOUNTED CASH FLOW: Robustness And Green Confidence

In our view, De Nora has cleverly recognised the growing green hydrogen trend. Therefore, we expect the company's growth to surpass what the market currently expects. We built a **three-step DCF** (Exhibit 33) to account for the different stages in which the company will be in the following years, as explained in the Industry Model (Annex V). The first period, FY2024E-26E is characterised by the lowest growth in revenues mainly due to the short-term uncertainty regarding **GDP growth** and the still low share green hydrogen market. Coherently to what mentioned above, for this phase we assigned a revenue CAGR of 6.8%. It's important to highlight that during this initial period, the company has implemented a significant industrial plan, allocating a substantial CapEx of €239M for the construction of strategic plants over the next three years. In the subsequent phase, from FY2027E-29E, we expect market expansions in Energy Transition and Water Technologies, driven by **adverse climatic conditions**, to also boost the Electrode market, leading to an estimated projected CAGR of 7.56%. The last stage that we have considered starts in FY2030E. This crucial period aligns with key climate policy implementations and projects. It marks a tipping point where the production costs of green hydrogen are expected to overtake those of grey hydrogen, heralding widespread adoption of green technology. As a result, for this period we project a CAGR of 9.43%. We have set the terminal growth rate at 2.5%, reflecting De Nora's growth-focused nature, resulting in a **target price** of **€8.42** per share (Exhibit 32). We performed a **Sensitivity Analysis** with respect to the WACC and the Terminal Growth rate to check the range of variation of the price. We compared our estimation with the results of a **Reverse DCF** procedure (Exhibit 36), used to extract the growth rate expected by the market. We derived a CAGR of 2.81% for the sales using the same structure of D&A, CapEx and NWC used in the traditional DCF. This 4% difference between the market and our estimation is attributed to negative market sentiments toward hydrogen and geopolitical uncertainties potentially slowing demand. This first scenario (WCS) was further analysed using a **Montecarlo** approach to offer a range of target prices under three different scenarios, as shown in Exhibit 35 and Annex XII. The second scenario is based on expected industry CAGRs across the three segments, while the third explores the potential for explosive 36% growth in the green hydrogen market, which would significantly enhance De Nora's competitive advantage.

MULTIPLES: Premiums & Discount

Due to the unique characteristics of De Nora's business model, drawing direct comparisons with other companies presents certain challenges. However, adopting a Multiple Valuation framework allows us to gain insights into **market-based expectations** and validate our investment thesis. Specifically, in line with our **Peers Selection methodology** (Annex XIII), we have constructed a set of comparable companies based on industry characteristics focusing on **global listed companies** operating in electrode production, water technologies and energy transition sectors, reflecting the three business areas of De Nora. To further refine the selection, we implemented a **proprietary scoring model** that evaluates each selected peer based on its similarity to De Nora across key dimensions. These dimensions are categorised into Size, Profitability, Returns, Liquidity and Leverage, and Operational Efficiency. We used **1Y-Forward EV/EBITDA** and **1Y-Forward P/E** multiples from each sector to calculate De Nora's valuation; the final multiples were weighted 70% on EV/EBITDA and 30% on P/E (Exhibit 37), reflecting their relative importance in capturing the industry's capital-intensive nature and investor sentiment toward profitability. To account for the unique characteristics of De Nora's business units, we introduced specific adjustments to the multiples.

**Electrode:** A **premium** (+5%) was applied to this segment's multiples, reflecting De Nora's global dominance and the flexibility of its electrodes, which are also utilised across other business units. These factors reinforce De Nora's competitive edge and market leadership in this area.

**Energy Transition:** A smaller **premium** (+3%) was introduced, acknowledging the high growth potential of this segment and its status as a key focus of De Nora's recent investments. While promising, this sector remains

EXHIBIT 38: Scoring Classes for ESG factors

| SCORE RANGE | RATING |
|-------------|--------|
| 9.17 - 10   | AAA    |
| 8.34 - 9.16 | AA     |
| 7.51 - 8.33 | A      |
| 6.67 - 7.50 | BBB    |
| 5.84 - 6.66 | BB     |
| 5.01 - 5.83 | B      |
| 4.17 - 5.00 | CCC    |
| 3.34 - 4.16 | CC     |
| 2.51 - 3.33 | C      |
| 0 - 2.50    | D      |

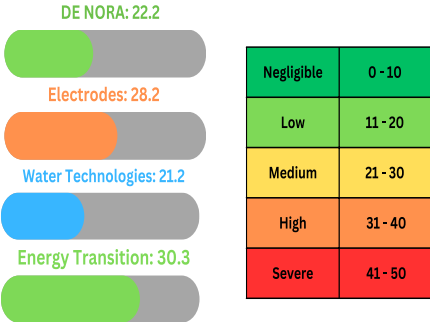
Source: Standard & Poors

EXHIBIT 39: Proprietary Scoring vs Peers

|   | Weights | Score |                                                                                   |
|---|---------|-------|-----------------------------------------------------------------------------------|
| E | 34.3%   | 6.54  |  |
| S | 37.4%   | 6.9   |                                                                                   |
| G | 28.5%   | 4.84  |                                                                                   |

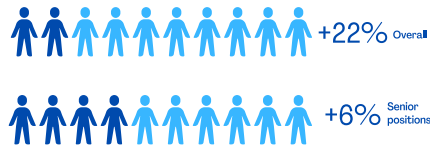
Source: Team's Assessment, Refinitiv

EXHIBIT 40: Sustainalytics Scoring against Peers



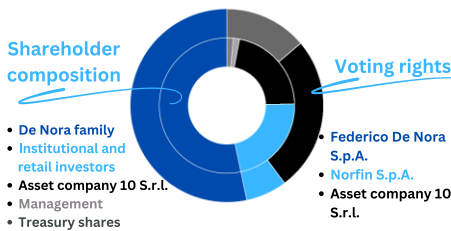
Source: Sustainalytics, Team's Assessment

EXHIBIT 41: Woman Employees Evolution



Source: Company Data

EXHIBIT 42: Shareholder and Voting Rights Composition



Source: Company Data

relatively immature, warranting a more conservative adjustment compared to the Electrode business. **Water Technologies:** A **discount** (-2%) was applied to this segment, reflecting De Nora's recent divestments and its underperformance relative to competitors in this area. Finally, to arrive at De Nora's overall valuation, the adjusted multiples for each sector were weighted by their respective revenue contribution: 53% Electrode, 35% Water, and 12% Green Hydrogen. This approach resulted in an **implied target price** of **€9.02**, suggesting a potential **27% upside** from the current price, thereby supporting our buy recommendation.

## ESG: The Futureproof



Numerically speaking, De Nora discloses the percentage of Turnover, CapEx and OpEx compliant with the European Regulation 852/2020. Specifically, 9% of the turnover is aligned and eligible, while 19% is not aligned but still eligible. For **OpEx**, 24% is eligible and aligned, and 14% is eligible but not yet aligned. Meanwhile, **CapEx** comprises 20% that is eligible and aligned, and 24% that is not. The company's revenues that are taxonomy-compliant stand at 9%. Additionally, De Nora is committed to **10 out of 16** sustainable development goals. To gauge the company's sustainability efforts, we analysed data from their sustainability reports and compared it against **66 metrics** from LSEG Reports. This comparison, which assesses De Nora against its peers, uses S&P metrics for ESG (Exhibit 38) to assign a score from 0 to 10 and obtain a synthetic rating (Exhibit 39). We also used the **Sustainalytics** method to compare ESG risks, as shown in Exhibit 40 and further detailed in Annex XVI.

### ENVIROMENTAL: BB

De Nora is highly committed to sustainable energy production, generating 3.2GWh across its facilities. The company aims to transition from 40% to 100% renewable energy sources by 2030. For companies producing such a high number of items, sustainability packaging is also a crucial issue. Currently, in the company's packaging efforts, 12% currently comes from **reused wood**, with goals to **i)** increase this to 40% by 2026 and **ii)** achieve 80% deforestation-free packaging by 2030. In terms of emissions, De Nora emits **32K tCO<sub>2</sub>** according to **Scope 1** and **Scope 2** with a reduction target of -25% by 2027 and -50% by 2030. The amount of emission under Scope 3 is **39M tCO<sub>2</sub>** with a target reduction of -50% by 2030. The company presents a **GJ/ME** of 468 for 2023, almost equal to the value of 2022 but 24% lower than the value in 2021, implying a positive trend in energy efficiency. Combining the score of Resources and Emissions (Annex XV), we obtained a weighted value of **6.54/10** that corresponds to a rating of **BB** according to the S&P metrics with a weight of **34.2%**. This score can be enhanced with an additional effort on topics such as Water Recycle and water policies, where De Nora performs worse than the average of the peers.

### SOCIAL: BBB

The impact of a company such as De Nora is also significant in terms of social responsibility. The company presents **9.3%** of its 2010 employees on **temporary contracts**, including **396 women** (25 with temporary contracts). There are no workers without guaranteed contract hours. The proportion of women in **managerial positions** increased by 22% over the previous year, while the overall number of women increased by 6% (Exhibit 41). **Non-executive and non-managerial workers** weights for 83% of the total employees with the executives being mostly over 50 years old (57%). The coverage of **collective agreement** is also high compared with an average of 50% between the **four categories** of workers (Executives, Managers, Employees, Industry Technicians) against the 34% of the peers. Employee performance is evaluated using **SuccessFactors**, covering 100% of employees with at least 6 months of working experience in the company. The measurement (on a scale 1-5) are used for the salary review once a year. Finally, De Nora puts efforts in training of all its workers from both a technical and a safety point of view with an **above average training hours** and a total of 4.72 million hours worked in the 2023 with the **injury rate** is 2.8 and 0 fatal injuries over the last 3 years. Overall, De Nora performs well also in the **Net Creation of Employment** with a +4% compared to the average of -3.8% of the peers. All these characteristics allowed De Nora to be charted as "**Great Place to Work**" in the 2022-2023. De Nora makes also significant commitment in the support of **local communities** with 64% of the total supplier's expenditure located to local suppliers. The results of both "Working" and "Diversity" categories gives back a weighted score of **6.9/10** corresponding to a BBB rating with a weight of **37.5%**. To increase the rating De Nora should focus on **Supply Chain Healty & Safety**, in which both them and the peers do not implement. The company and the peers have 0% of workers with disability, that led us to assign a penalisation to the "Working" section. Is safe to state that De Nora performs **above the peers** in every sector with the bad practices being the one also shared by other companies.

### GOVERNANCE: CCC

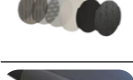
The chairman of the company is **Federico De Nora** himself, holding **55.9%** of the total voting rights. Including the voting rights held by Michele De Nora and Snam S.p.A, the total voting rights collectively amount to **92.5%**. The company's shares are divided into **22% ordinary** and **78% triple-vote shares**. (Exhibit 42). Paolo Dellachà, the current CEO of the company, has been a member of the Board of Director since June 2009. De Nora has a 93.65% rate of **attendance** to board meetings that is aligned with the one of its peers. The board has a higher-than-average proportion of **non-executive members** at 86.67%, compared to the peer average of 77.42%. Additionally, **46.67%** of De Nora's board members are **independent**, whereas its peers present a total of 65.73%. It is worth noticing that the latter high data derives from Water Technologies Peers, that demonstrated to be more sensible to ESG ratings (with particular focus on Governance topics, as shown in the Annex XV-XVI). Filtering out this category, the average value of the independent board members among peers would have been 46.57%. Moreover, the Nora presents a lower **Total Senior Executives** compensation of \$1.7M than the one of its peers, bring \$48M. The **average tenure** of De Nora's board members is shorter than that of its peers, at 3.02 years compared to 6.9 years. Additionally, there is a lack of cultural and gender diversity among the executive members, positioning De Nora below its competitors in this regard. Given that there are only two executives at De Nora, this lack of diversity may be more understandable. The company holds **ISO 37001** certification for its anti-bribery policies. However, governance remains the **weakest** factor in De Nora's ESG profile, significantly affected by the dominant influence of the De Nora **family** (Exhibit 42) and the overall **lack of diversity**. This has resulted in a governance score of **4.83/10**, corresponding to a **CCC** rating which constitutes **28.5%** of the overall ESG assessment.



# APPENDIX OF CONTENTS

## CHAPTER I: BUSINESS AND COMPETITION OVERVIEW

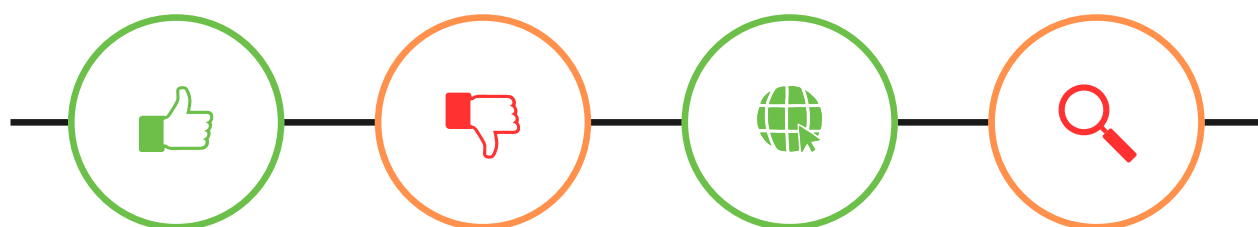
### ANNEX I: De Nora Products Portfolio

| SECTOR                 | PRODUCTS                                                                                                                         | DESCRIPTION                                                                                          | INDUSTRIES & APPLICATIONS                                                                                                                  |
|------------------------|----------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| ELECTRODE TECHNOLOGIES | <b>Cathodes</b>                                 | High-efficiency cathodes designed for chlor-alkali processes, ensuring durability and energy savings | Chemical, Pulp & Paper, Steel Galvanizing – Electrolysis for chlorine and caustic soda production                                          |
|                        | <b>Anodes</b>                                   | Advanced anodes for precise and reliable electroplating in electronics manufacturing                 | Electronics, PCB Manufacturing, Copper Foil – Electroplating for circuit boards and copper foil production                                 |
|                        | <b>DSA® Anodes</b>                              | Anodes optimized for efficient and sustainable metal extraction                                      | Mining, Metal Refining – Extraction of metals like copper, nickel, and cobalt through electrochemical processes                            |
| WATER TECHNOLOGIES     | <b>Salt Chlorine Generator</b>                  | System for producing chlorine directly at the pool site, ensuring safe and clean water               | Pool and Spa – Chlorine generation for swimming pool sanitation and water quality maintenance                                              |
|                        | <b>Capital Controls® UV Disinfection</b>        | Advanced UV disinfection system that eliminates pathogens and improves water safety                  | Municipal, Industrial, Aquaculture – Disinfection and filtration for water and wastewater treatment, aquaculture, and industrial processes |
|                        | <b>ClorTec® On-Site Hypochlorite Generator</b>  | System for generating hypochlorite on-site                                                           | Municipal, Industrial – Electrochlorination for producing hypochlorite on-site for water disinfection.                                     |
| ENERGY TRANSITION      | <b>Dragonfly® System</b>                       | Compact electrolyzer system designed for small-scale hydrogen production                             | Light Industries, Mobility – Decentralized hydrogen generation for small-scale industrial use, hydrogen valleys, and mobility              |
|                        | <b>Electrodes for AWE</b>                     | High-performance electrodes enabling efficient hydrogen production in AWE systems                    | Green Hydrogen, Chemicals – Hydrogen production via alkaline water electrolysis for green hydrogen projects                                |
|                        | <b>Electrodes for Fuel Cells</b>              | Durable electrodes for energy conversion in automotive and stationary fuel cell applications         | Fuel Cells, Automotive – Fuel cell systems for mobility and energy storage applications                                                    |

### ANNEX II: PESTEL Analysis

|          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                       |
|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| <b>P</b> | Geopolitical Tension such as Russia-Ukraine war has led to an increase in the cost of the commodities used in the electrode production. Policies regarding water consumption affect the demand of the Water Technology sector. The Green Hydrogen sector depends on the public financing of the governments in the short run.                                                                                                                                                           |  |
| <b>E</b> | The wide number of countries in which De Nora operates makes the firm sensitive to currency risk. GDP is a key driver in terms of revenues because the revenues are strictly related to industrial production and technological development. A positive phase of the business cycle will have extremely positive impact on the firm.                                                                                                                                                    |  |
| <b>S</b> | The increase of urbanization leads to a growth of the sector of filtration and water waste. The awareness of the consumer regarding topics such as pollution and emissions is also an increasing trend in the world that De Nora follows strictly. The company is also focusing 64% of its supply chain on local communities to promote economic growth.                                                                                                                                |  |
| <b>T</b> | The innovation will lead to a reduction in the production costs of green hydrogen. Additionally, the high energy efficiency of the electrodes produced will enhance the overall performance of systems, enabling a significant reduction in installation costs, which currently represent a major barrier. The energy sector is characterized by high CAPEX requirements and intense competition in R&D, necessitating cutting-edge innovation to remain at the technological frontier. |  |
| <b>E</b> | The use of Green Hydrogen is expected to increase drastically in the upcoming years. De Nora's clean and sustainable technologies underpin a strong handprint, that is, the capacity to reduce climate change, allowing customers to increase their energy efficiency, decarbonize hard-to-abate processes typical of heavy industry, and treat and reuse water.                                                                                                                        |  |
| <b>L</b> | Patent protection holds significant importance for a company like De Nora, which owns an extensive portfolio of 267 patents. This underscores the critical role of intellectual property in safeguarding the company's innovations and maintaining its competitive edge. Additionally, the European Commission's Hydrogen Strategy, with its stringent regulations on emissions, drives companies to adhere to high environmental standards.                                            |  |

## ANNEX III: SWOT Analysis



### STRENGTHS

- High level of innovation expressed by the number of patents that they hold
- Vertical integration for Energy Transition
- Solid M&A and JV strategy
- Low levels of debt and liquidity
- Consolidated presence in market with a high potential growth
- High-Efficiency products

### WEAKNESSES

- Currency Risk
- High risk related to commodity price
- High Capex in 2024-2026 reduces FCF Generation
- The multiple vote shares and familiar structure
- Concentration of clients and suppliers

### OPPORTUNITIES

- Electrodes are directly linked to industrial production
- Rising demand for Green-Hydrogen
- Demand of Filtration and Disinfection increases due to water scarcity and population growth
- Green Hydrogen Production cost will decrease over time

### THREATS

- Energy Transition sector actually depends on government aids
- High competition let the firms outside of the technological frontier if they don't pursue constant innovation
- Legal regulations are strict

## ANNEX IV: PORTER Analysis

| METRICS               |                            | Electrode<br>54% Weight                                                                                                                                                                                                                                                                                                          | Score | Water Technologies<br>34% Weight                                                                                                                                                                                                                                                                                                                            | Score | Energy Transition<br>12% Weight                                                                                                                                                                                                                                                                                                                   | Score | FINAL<br>RATING |
|-----------------------|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-----------------|
| Buyers                | Type of buyers             | Buyers are a great number of industrial players that are involved in the process of production of Chlorine, Caustic Soda, PVC, Bleach. Firms that demand electrodes for corrosion protection and metal recovery companies.                                                                                                       | 5     | Buyers are diversified, varying from municipalities to industries to residential.                                                                                                                                                                                                                                                                           | 4     | For Energy Providers: Renewable energy companies adopting hydrogen technologies.<br>For Heavy Industry: Steel, cement, and ammonia producers transitioning to hydrogen.<br>For Transportation: Hydrogen-based systems for trucks, ships, and trains.<br>In the following years the buyers are expected to grow in the heating and private sector. | 4     | 4.54            |
|                       | Applications               | Components for complex machineries such as water electrolysis, for chlor-alkali production, metal refining and recovery, production of circuit boards, protection from rust, fuel cell, battery technology.                                                                                                                      |       | Common municipal applications include filtration of drinking water, pre-treatment of seawater for desalination, and tertiary treatment of wastewater.<br>Industrial applications include gravity and pressure filtration, with a focus on steel industry applications that require removal of high concentrations of oil and grease, and mill scale solids. |       | Critical applications in hydrogen production, industrial decarbonisation, and energy storage require specialised expertise. The DragonFly product is the response of the company to the demand of the market.                                                                                                                                     |       |                 |
| Suppliers             | Type of suppliers          | Companies specialising in titanium and alloy production are essential for providing base materials for electrodes. These materials are particularly valued for their efficiency and are critical for specialised applications such as coatings and surface treatments.                                                           | 2     | Suppliers include manufacturers of filtration membranes for purification systems, plastics and polymers for key components, and pumps and hydraulic systems to support water management. Notably, some components are produced in-house by De Nora, which enhances its competitive advantage.                                                               | 3     | Suppliers for electrolyser components include those providing membranes and catalysts essential for functionality. Additionally, manufacturers of precious metals like platinum and iridium play a critical role in supporting the production of PEM cells.                                                                                       | 2     | 2.34            |
|                       | Dependence on the industry | The market is dominated by limited global suppliers, creating a significant dependency. The cost of raw materials required for production is beyond the firm's control and relies heavily on precious metals such as iridium, ruthenium, platinum, palladium, and rhodium, which are critical for high-performance applications. |       | There are multiple suppliers available for components such as membranes and pumps, which reduces dependency on any single supplier and provides greater flexibility in sourcing.                                                                                                                                                                            |       | The market for advanced PEM membranes and catalysts is dominated by a few global suppliers. Additionally, the cost of raw materials required for production is beyond the firm's control, adding to the supply chain challenges.                                                                                                                  |       |                 |
| New Entrants          | Capital Barriers           | Electrode production requires significant upfront investment in infrastructure and raw materials.                                                                                                                                                                                                                                | 5     | Barriers are less significant due to the availability of suppliers for standard components.                                                                                                                                                                                                                                                                 | 3     | Hydrogen technologies require high capital and advanced manufacturing.                                                                                                                                                                                                                                                                            | 4     | 4.2             |
|                       | Technological Barriers     | Advanced technologies for coatings and material processing (e.g., iridium, ruthenium) are essential and require considerable investments in terms of Know-How.                                                                                                                                                                   |       | Basic technologies (e.g., reverse osmosis, filters) are widely available, but advanced ones like UV require expertise.                                                                                                                                                                                                                                      |       | Significant barriers exist for developing PEM technologies and hydrogen management.                                                                                                                                                                                                                                                               |       |                 |
| Substitutive Products | Innovation's positioning   | Many Firms realise electrode (Tokai Carbon, HEG etc); however, De Nora was the first company to commercially develop MMO coated metal anodes back in 1968, progressively replacing the less performing graphite anodes that are still used by many competitors.                                                                  | 5     | De Nora solutions are innovative and customisable to the specific needs of the plants aiming to reduce costs of using the latest technology available.                                                                                                                                                                                                      | 2     | De Nora wants to position as a leader in innovation to produce Green Hydrogen, offering solutions like the "Dragonfly". The downside is that the cost of green hydrogen is still higher than grey, blue and black hydrogen.                                                                                                                       | 4     | 3.86            |
|                       | Variety of the demand      | Demand is concentrated in specific sectors (chlor-alkali, galvanic, metal recovery).                                                                                                                                                                                                                                             |       | Demand comes from industrial, residential, and municipal sectors with diverse needs.                                                                                                                                                                                                                                                                        |       | Significantly different depending on the specific end-use applications such as heavy industries, transport and storage.                                                                                                                                                                                                                           |       |                 |
| Direct Competitors    | Numbers of competitors     | A few highly specialised global players dominate the sector. The market of MMO Electrodes is concentrated around 15 companies.                                                                                                                                                                                                   | 3     | Numerous global and regional competitors, with different size and production capacity.                                                                                                                                                                                                                                                                      | 1     | Owing to sustained market expansion and escalating interest in this sector, an increase in competitive entries in the near term is going to take place.                                                                                                                                                                                           | 2     | 2.2             |
|                       | Diversity of competitors   | Competitors could be categorised in two groups, global players and local players. The former offering high tech solution and the latter competing on standardised products.                                                                                                                                                      |       | De Nora distinguish itself for its high-tech products and its capacity to offer customisable solutions, but it has to compete against large top players with scale capacities and local players offering standardised products for lower prices.                                                                                                            |       | Competitors vary from traditional producers (blue/grey hydrogen) to innovative technology leaders in Green Hydrogen.                                                                                                                                                                                                                              |       |                 |

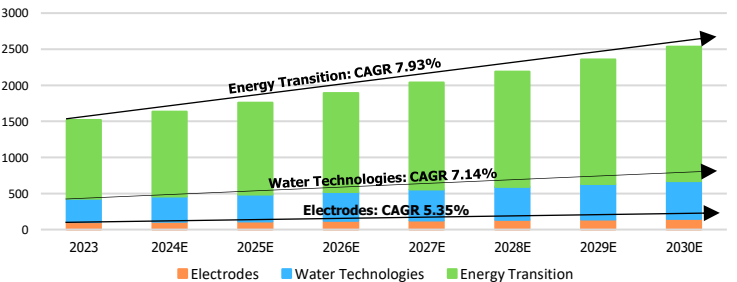
ANNEX V: Industry Proprietary Model

**Electrode Industry Market: \$102.86B CAGR 2024E-2030E: (5.35% TEAM, 5.08% Analysts).** The electrode market, spanning applications such as chlor-alkali, electroplating, electrowinning, batteries, and medical technologies, is projected to **grow steadily**, driven by rising industrial demand, technological advancements, and sustainability trends. Estimating its market size is **challenging** due to the variety of segments it encompasses. For this reason, we have decided to use the sum of the market sizes of these segments as a proxy for the actual market size. The market size is forecasted to grow from \$102.8B in 2024 to \$148.39B by 2030, at an estimated CAGR of 5.35% (source: Statista, Team's elaboration). Growth is analysed across **three distinct periods**: in the first phase (2024E-2026E), the market is expected to grow at a 5.45% CAGR, driven by strong demand in chlor-alkali and electroplating applications. In particular, global **chlorine production** is forecasted to increase from 97.33M metric tons in 2022 to 128.95M metric tons by 2030, propelled by water treatment and disinfection needs, as well as the **industrial manufacturing demand**. Furthermore, the broader chemicals industry the chlor-alkali sector is part of is expected to reach a value added of \$1.30T by 2025, with a CAGR of 1.46% from 2025 to 2029. Additionally, China's chemical market is growing at a faster pace of 2.03% CAGR, reinforcing the demand for chlor-alkali products. Similarly, the electroplating market, valued at \$12.29B in 2022, is projected to grow to \$13.6B by 2026, reflecting **robust demand** in the automotive and electronics industries, particularly in Asia-Pacific (source: Statista). In the second phase (2027E-2029E), the market is expected to grow at a slightly higher 5.34% CAGR, as advancements in battery technologies and renewable energy applications gain momentum. The EV battery market, valued at \$470.01B in 2024, is forecasted to expand significantly, driving electrode demand for energy storage solutions. Electrowinning processes will benefit from increased urbanisation and recycling initiatives, with the global electrolyser market projected to grow sevenfold by 2050, reaching \$14B by 2050 (source: Statista). In the final phase (2030E+), the market will stabilise at a 5.25% CAGR, reflecting maturation in traditional sectors and **higher barriers** to entry. Growth will be sustained by **innovations** in electrode efficiency and recycling, alongside expansion in green hydrogen technologies. The capacity of global electrolyzers is expected to rise from 428GW in 2023 to **5,722GW** by 2050, further solidifying electrodes' role in energy transition markets (source: EU Commission; Statista). However, challenges such as regulatory pressures, fluctuating energy costs, and geopolitical risks may temper growth.

**Water Technologies Market: \$323.32B CAGR 2024E-2030E: (7.14% TEAM, 7.5% Range by Analysts).** The Water Technologies market is driven by a set of factors related to both environmental and economic aspects that will affect the world in the future. At first, we examined the historical **water expenditure** of municipalities, amounting to 2.22%. This expenditure, however, is not sufficient to be compliant with SDG 6.1 and 6.2. As reported by the World Bank, the annual spending gap in 2017 prices needed to achieve the targets above is estimated to be \$131.4B – 140.8B. Additionally, it is necessary to highlight the importance of topics such as **global water stress**, i.e. the proportion of water withdrawn for use in industry, agriculture, or private households in relation to available water. Water Stress is also strictly related to the **increase in population** that the world will face in the upcoming years. The population is expected to grow from 8.025B to 8.51B by 2030, with an annual increase of 2.13%, while the **urbanised population** will grow from 4.45B in 2023 to 5.09B in 2030, with an annual increase of 1.35%, boosting the need for **Wastewater technologies** and treatments in cities and industries. By 2030, the Water Technologies market is expected to reach 536.41B, presenting a 7.5% CAGR between 2024 and 2030 (source: Statista). Additionally, water treatment is crucial for various industries, including the renewable energy sector, particularly for the emerging green hydrogen industry. **Cleansed water** is necessary for electrolyzers to function and to generate hydrogen, particularly green hydrogen, and chloro-alkali solutions. Using as references the drivers mentioned above and the target expenditure extracted from the World Bank report, we estimated a three-stage industry CAGR. In the first stage 2024E-2026E, we expect a 7.28% growth rate. In the second stage, the 2027E-2029E, we expect a 7.08% growth rate. Finally, we expect a stable growth rate of 7.07% for 2030E+. In our opinion, the slight slowdown will be caused by the saturation of the market, with big companies setting **high entry barriers** in terms of capitals and technological **know-how**.

**Energy Transition Market: \$1092.91B CAGR 2024E-2030E: (7.93% TEAM, 9.21% Analyst)** Renewable energies have been a growing market for a decade and will continue to develop globally. However, they present several problems that compromise their usage in certain industrial environments. In the energy market, hydrogen is increasingly becoming more competitive. The Hydrogen Industry, which includes both non-green (grey, blue, purple, etc.) and green hydrogen, is poised for significant growth in the upcoming years., driven by technological advancements, **regulatory frameworks**, and evolving **industrial needs**. The demand for hydrogen is now predicted to increase at a CAGR of 4.91% by 2030, with industrial uses, such as methanol synthesis, ammonia generation, and refining activities, accounting for most of its use. 95% of the hydrogen produced worldwide comes from steam methane reforming (source: WPIC). Although it is well-established and cost-effective, this method generates a significant amount of carbon monoxide, leading to its classification as grey hydrogen. Blue hydrogen, a temporary fix meant to lower emissions while preserving cost competitiveness, was created by integrating carbon capture and storage (CCS) technologies. The existing infrastructure, lower production costs when compared to green alternatives, and its crucial role in supplying short- to medium-term industrial hydrogen demand are the primary drivers of non-green hydrogen. Currently, hydrogen is mainly used within **heavy industries**, while the usage in terms of fuel cells, **heating and transportation** is estimated not to develop before 2029. On the other hand, green hydrogen, valued at \$6.26B in 2023, represents a sustainable and renewable alternative. Produced through water electrolysis powered by renewable energy sources, green hydrogen addresses challenges associated with energy **storage and intermittency**. This sub-sector is expected to grow at a CAGR of 38.77% until 2030, propelled by increasing **governmental incentives**, such as the U.S. Clean Hydrogen Production Tax Credit and commitments under the Paris Agreement (source: Statista, Grand View). The versatile nature of green hydrogen solutions (often characterised by a **Plug&Play** nature) makes green hydrogen an attractive energy carrier for industries like steelmaking, chemicals, and long-haul transportation, which face mounting pressures to decarbonise. Moreover, advances in clean hydrogen production technologies, particularly proton exchange membrane (**PEM**) and alkaline electrolyzers, are driving down production costs. As of 2024, the cost of green hydrogen stands at approximately **\$200/MWh**, with projections indicating a 50% reduction by 2030. By the latter year, green hydrogen is expected to reach price parity with grey hydrogen. China is the world's leading green hydrogen consumer, with a 2023 chemical market of €2.9T in revenue and ambitious decarbonisation goals. The industry's growth potential is highlighted by the anticipated enormous expansion of global electrolyser capacity expected to rise by 2050 (source: Statista). Notwithstanding these developments, there are still **obstacles**, especially f or green hydrogen, which is still in early stage, because of its high upfront costs and **dependence** on the public. Given the information above, we have estimated a three stages industry CAGR: we project a CAGR of 7.92% between 2024E and 2026E, a CAGR of 7.93% between 2027E and 2029E and a final CAGR of 7.93% for 2030E+.

| Market Size in \$B | 2023    | 2024    | 2025    | 2026    | 2027    | 2028    | 2029    | 2030    |
|--------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Electrodes         | 102.9   | 108.9   | 114.4   | 120.6   | 127.1   | 133.9   | 140.9   | 148.4   |
| YoY growth         |         | 5.86%   | 5.10%   | 5.40%   | 5.36%   | 5.37%   | 5.28%   | 5.25%   |
| Water Technologies | 323.32  | 347.97  | 372.69  | 399.15  | 427.44  | 457.72  | 490.09  | 524.74  |
| YoY growth         |         | 7.62%   | 7.11%   | 7.10%   | 7.09%   | 7.08%   | 7.07%   | 7.07%   |
| Energy Transition  | 1092.91 | 1179.31 | 1272.59 | 1373.64 | 1482.37 | 1599.71 | 1727.00 | 1863.99 |
| YoY growth         |         | 7.91%   | 7.91%   | 7.94%   | 7.92%   | 7.92%   | 7.96%   | 7.93%   |





## ANNEX VI: Balance Sheet, Forecast up to FY2030

| BALANCE SHEET (€M)                               | FY21<br>Actual | FY22<br>Actual | FY23<br>Actual | FY24<br>Forecast | FY25<br>Forecast | FY26<br>Forecast | FY27<br>Forecast | FY28<br>Forecast | FY29<br>Forecast | FY30<br>Forecast |
|--------------------------------------------------|----------------|----------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Intangible assets                                | 132.8          | 131.6          | 115.8          | 113.1            | 111.1            | 110.2            | 109.3            | 108.2            | 107.1            | 107.3            |
| Tangible assets                                  | 167.6          | 184.2          | 254.3          | 293.2            | 335.9            | 383.3            | 398.7            | 411.3            | 413.9            | 413.1            |
| Financial Asset                                  | 5.4            | 4.6            | 3.2            | 4.4              | 5.0              | 5.5              | 6.2              | 7.1              | 8.0              | 9.0              |
| Investments accounted for under equity method    | 121.8          | 122.7          | 231.5          | 236.1            | 242.0            | 249.3            | 256.8            | 264.5            | 272.4            | 280.6            |
| Other non-current assets                         | 18.5           | 25.5           | 27.0           | 28.1             | 29.7             | 31.0             | 33.6             | 34.3             | 36.2             | 37.6             |
| <b>Non-Current Assets</b>                        | <b>446.2</b>   | <b>468.5</b>   | <b>631.8</b>   | <b>675.0</b>     | <b>723.8</b>     | <b>779.3</b>     | <b>804.6</b>     | <b>825.4</b>     | <b>837.6</b>     | <b>847.6</b>     |
| Inventory                                        | 233.0          | 295.5          | 257.1          | 247.2            | 268.1            | 279.8            | 294.0            | 309.2            | 325.5            | 348.2            |
| Trade receivables                                | 140.0          | 123.4          | 141.9          | 138.6            | 145.2            | 151.9            | 159.9            | 168.6            | 177.9            | 190.8            |
| Cash                                             | 73.8           | 174.1          | 198.5          | 202.7            | 217.0            | 234.6            | 284.1            | 341.9            | 417.9            | 500.9            |
| Financial assets, inc. derivatives               | 0.5            | 159.0          | 14.2           | 12.3             | 12.9             | 16.1             | 17.3             | 18.6             | 20.1             | 22.0             |
| Other assets                                     | 72.0           | 67.1           | 88.5           | 89.0             | 91.5             | 96.0             | 110.4            | 121.5            | 133.6            | 147.0            |
| <b>Current Assets</b>                            | <b>519.4</b>   | <b>819.2</b>   | <b>700.2</b>   | <b>689.8</b>     | <b>734.7</b>     | <b>778.4</b>     | <b>865.8</b>     | <b>959.8</b>     | <b>1074.9</b>    | <b>1208.9</b>    |
| <b>Total Assets</b>                              | <b>965.5</b>   | <b>1287.6</b>  | <b>1332.0</b>  | <b>1364.8</b>    | <b>1458.5</b>    | <b>1557.7</b>    | <b>1670.4</b>    | <b>1785.2</b>    | <b>1912.5</b>    | <b>2056.5</b>    |
| Common Equity                                    | 43.2           | 264.4          | 222.1          | 209.1            | 206.9            | 206.7            | 214.9            | 221.7            | 229.1            | 237.3            |
| Reserves & Retained Earnings                     | 407.2          | 476.8          | 682.4          | 700.8            | 761.8            | 828.5            | 896.3            | 968.9            | 1'048.1          | 1'138.2          |
| Equity attributable to non-controlling interests | 3.5            | 3.6            | 5.7            | 6.8              | 6.8              | 6.8              | 6.8              | 6.8              | 6.8              | 6.8              |
| <b>Equity</b>                                    | <b>454.0</b>   | <b>744.9</b>   | <b>910.3</b>   | <b>916.7</b>     | <b>975.5</b>     | <b>1042.0</b>    | <b>1118.1</b>    | <b>1197.4</b>    | <b>1284.0</b>    | <b>1382.3</b>    |
| Non-current financial liabilities                | 3.8            | 267.5          | 133.7          | 140.8            | 154.2            | 168.6            | 181.4            | 195.4            | 211.0            | 226.0            |
| Other non-current liabilities                    | 38.7           | 37.1           | 38.8           | 43.6             | 44.6             | 46.2             | 49.6             | 52.2             | 55.3             | 59.1             |
| <b>Non-Current Liabilities</b>                   | <b>42.5</b>    | <b>304.7</b>   | <b>172.5</b>   | <b>184.3</b>     | <b>198.8</b>     | <b>214.9</b>     | <b>231.0</b>     | <b>247.6</b>     | <b>266.3</b>     | <b>285.1</b>     |
| Current financial liabilities                    | 259.4          | 13.7           | 10.2           | 10.4             | 10.2             | 9.9              | 9.6              | 9.2              | 8.9              | 8.6              |
| Trade payables                                   | 61.4           | 80.6           | 106.8          | 109.2            | 122.0            | 131.3            | 142.1            | 154.1            | 167.2            | 184.3            |
| Other current liabilities                        | 148.1          | 143.8          | 132.3          | 144.2            | 152.0            | 159.6            | 169.6            | 177.0            | 186.2            | 196.2            |
| <b>Current Liabilities</b>                       | <b>468.9</b>   | <b>238.0</b>   | <b>249.2</b>   | <b>263.8</b>     | <b>284.2</b>     | <b>300.8</b>     | <b>321.3</b>     | <b>340.3</b>     | <b>362.2</b>     | <b>389.1</b>     |
| <b>Total Liabilities + Equity</b>                | <b>965.4</b>   | <b>1287.6</b>  | <b>1332.0</b>  | <b>1364.8</b>    | <b>1458.5</b>    | <b>1557.7</b>    | <b>1670.4</b>    | <b>1785.2</b>    | <b>1912.5</b>    | <b>2056.5</b>    |

## ANNEX VII: Income Statement, Forecast up to FY2030

| INCOME STATEMENT (€M)                             | FY21<br>Actual | FY22<br>Actual | FY23<br>Actual | FY24<br>Forecast | FY25<br>Forecast | FY26<br>Forecast | FY27<br>Forecast | FY28<br>Forecast | FY29<br>Forecast | FY30<br>Forecast |
|---------------------------------------------------|----------------|----------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Total Revenues                                    | 655.2          | 894.1          | 867.0          | 868.2            | 943.5            | 1'002.3          | 1'083.0          | 1'162.4          | 1'251.0          | 1'370.3          |
| <i>YoY growth</i>                                 |                | 36.46%         | -3.03%         | 0.14%            | 8.66%            | 6.24%            | 8.05%            | 7.33%            | 7.62%            | 9.54%            |
| - COGS                                            | 291.0          | 401.8          | 361.3          | 365.6            | 404.6            | 430.9            | 462.0            | 495.8            | 532.6            | 581.4            |
| <i>COGS Margin %</i>                              | 44.41%         | 44.93%         | 41.68%         | 42.11%           | 42.89%           | 42.99%           | 42.66%           | 42.65%           | 42.57%           | 42.43%           |
| <b>Gross Profit</b>                               | <b>364.2</b>   | <b>492.3</b>   | <b>505.7</b>   | <b>502.7</b>     | <b>538.8</b>     | <b>571.4</b>     | <b>621.0</b>     | <b>666.6</b>     | <b>718.4</b>     | <b>788.8</b>     |
| <i>Gross Profit Margin %</i>                      | 55.59%         | 55.07%         | 58.32%         | 57.89%           | 57.11%           | 57.01%           | 57.34%           | 57.35%           | 57.43%           | 57.57%           |
| - Total SG&A and Others                           | 243.0          | 327.2          | 334.6          | 348.5            | 364.6            | 383.0            | 412.5            | 441.5            | 472.9            | 514.9            |
| <i>% of sales</i>                                 | 37.09%         | 36.59%         | 38.60%         | 40.13%           | 38.65%           | 38.21%           | 38.09%           | 37.98%           | 37.81%           | 37.58%           |
| <i>YoY growth</i>                                 |                | 34.62%         | 2.29%          | 4.13%            | 4.64%            | 5.05%            | 7.69%            | 7.02%            | 7.13%            | 8.88%            |
| <b>EBITDA</b>                                     | <b>121.2</b>   | <b>165.2</b>   | <b>171.0</b>   | <b>154.2</b>     | <b>174.2</b>     | <b>188.4</b>     | <b>208.5</b>     | <b>225.2</b>     | <b>245.5</b>     | <b>273.9</b>     |
| <i>YoY growth</i>                                 |                | 36.28%         | 3.54%          | -9.85%           | 12.98%           | 8.15%            | 10.67%           | 7.98%            | 9.03%            | 11.57%           |
| <i>EBITDA Margin %</i>                            | 18.50%         | 18.47%         | 19.73%         | 17.76%           | 18.46%           | 18.80%           | 19.25%           | 19.37%           | 19.62%           | 19.99%           |
| - Accrual (Release) of provision                  | 7.4            | 11.2           | 3.5            | 6.3              | 7.5              | 6.1              | 7.2              | 6.8              | 6.5              | 6.6              |
| - D&A                                             | 26.2           | 28.1           | 30.6           | 32.5             | 35.0             | 38.4             | 42.5             | 45.3             | 48.1             | 50.4             |
| <b>EBIT</b>                                       | <b>87.6</b>    | <b>125.8</b>   | <b>136.9</b>   | <b>115.3</b>     | <b>131.6</b>     | <b>143.9</b>     | <b>158.9</b>     | <b>173.1</b>     | <b>190.9</b>     | <b>216.9</b>     |
| <i>YoY growth</i>                                 |                | 43.63%         | 8.83%          | -15.78%          | 14.16%           | 9.32%            | 10.38%           | 8.95%            | 10.30%           | 13.61%           |
| <i>EBIT Margin %</i>                              | 13.37%         | 14.07%         | 15.79%         | 13.28%           | 13.95%           | 14.36%           | 14.67%           | 14.89%           | 15.26%           | 15.83%           |
| - Financial expenses                              | 16.3           | 27.7           | 22.1           | 26.2             | 20.3             | 18.9             | 20.0             | 21.4             | 23.0             | 24.8             |
| <i>% of sales</i>                                 | 2.49%          | 3.10%          | 2.55%          | 3.02%            | 2.16%            | 1.88%            | 1.85%            | 1.84%            | 1.84%            | 1.81%            |
| +/- Other unusual (cost)/income                   | 13.5           | 23.5           | 145.0          | 7.0              | 7.0              | 7.0              | 7.0              | 7.0              | 7.0              | 7.0              |
| <i>% of sales</i>                                 | 2.05%          | 2.63%          | 16.73%         | 0.81%            | 0.74%            | 0.70%            | 0.65%            | 0.60%            | 0.56%            | 0.51%            |
| +/- Share of profit of equity-accounted investees | 8.8            | -1.2           | 5.4            | -0.5             | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              |
| <b>Pre-tax profit</b>                             | <b>93.6</b>    | <b>120.4</b>   | <b>265.3</b>   | <b>95.6</b>      | <b>118.3</b>     | <b>132.0</b>     | <b>145.8</b>     | <b>158.7</b>     | <b>174.9</b>     | <b>199.0</b>     |
| <i>YoY growth</i>                                 |                | 28.73%         | 120.28%        | -63.97%          | 23.76%           | 11.61%           | 10.44%           | 8.81%            | 10.22%           | 13.81%           |
| - Income taxes                                    | 27.1           | 30.8           | 34.2           | 26.8             | 33.1             | 37.0             | 40.8             | 44.4             | 49.0             | 55.7             |
| <i>Tax rate %</i>                                 | 28.98%         | 25.55%         | 12.90%         | 28.00%           | 28.00%           | 28.00%           | 28.00%           | 28.00%           | 28.00%           | 28.00%           |
| <b>Net income</b>                                 | <b>66.4</b>    | <b>89.7</b>    | <b>231.1</b>   | <b>68.8</b>      | <b>85.2</b>      | <b>95.1</b>      | <b>105.0</b>     | <b>114.2</b>     | <b>125.9</b>     | <b>143.3</b>     |
| <i>YoY growth</i>                                 |                | 34.95%         | 157.68%        | -70.21%          | 23.76%           | 11.61%           | 10.44%           | 8.81%            | 10.22%           | 13.81%           |
| <i>Net profit Margin %</i>                        | 10.14%         | 10.03%         | 26.65%         | 7.93%            | 9.03%            | 9.48%            | 9.69%            | 9.83%            | 10.07%           | 10.46%           |

## ANNEX VIII: Cash-Flow Statement, Forecast up to FY2030

| CASH-FLOW STATEMENT (€M)                   | FY21         | FY22          | FY23          | FY24         | FY25         | FY26         | FY27         | FY28         | FY29         | FY30         |
|--------------------------------------------|--------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                            | Actual       | Actual        | Actual        | Forecast     | Forecast     | Forecast     | Forecast     | Forecast     | Forecast     | Forecast     |
| <b>Net Income</b>                          | <b>66.4</b>  | <b>89.7</b>   | <b>231.1</b>  | <b>68.8</b>  | <b>85.2</b>  | <b>95.1</b>  | <b>105.0</b> | <b>114.2</b> | <b>125.9</b> | <b>143.3</b> |
| + D&A add-back                             | 26.2         | 28.1          | 30.6          | 32.5         | 35.0         | 38.4         | 42.5         | 45.3         | 48.1         | 50.4         |
| -/+ Net Change WC                          | -136.3       | -25.2         | 19.8          | 15.6         | -14.6        | -9.1         | -11.4        | -11.9        | -12.5        | -18.5        |
| - Other Adjustments                        | -28.1        | -20.3         | 141.3         | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| <b>Cash flow from operations</b>           | <b>-15.5</b> | <b>112.9</b>  | <b>140.2</b>  | <b>117.0</b> | <b>105.6</b> | <b>124.3</b> | <b>136.1</b> | <b>147.6</b> | <b>161.5</b> | <b>175.2</b> |
| Capital Expenditure                        | 30.9         | 46.4          | 88.5          | 71.3         | 79.1         | 88.9         | 59.8         | 59.7         | 51.8         | 50.7         |
| Change in fin. Activ.                      | -0.8         | -159.2        | 144.5         | 0.6          | -1.2         | -3.7         | -1.9         | -2.1         | -2.3         | -2.9         |
| Acquisitions                               | 6.3          | 0             | 2.0           | 0            | 0            | 0            | 0            | 0            | 0            | 0            |
| Divestitures                               | 0.7          | 0.3           | 27.5          | 0            | 0            | 0            | 0            | 0            | 0            | 0            |
| <b>Cash flow from Investing Activities</b> | <b>-37.3</b> | <b>-205.3</b> | <b>81.5</b>   | <b>-70.7</b> | <b>-80.3</b> | <b>-92.6</b> | <b>-61.7</b> | <b>-61.8</b> | <b>-54.2</b> | <b>-53.6</b> |
| - Dividends                                | 60.0         | 20.0          | 24.2          | 24.4         | 24.2         | 28.3         | 37.2         | 41.7         | 46.7         | 53.2         |
| - Buyback                                  | 0            | 0             | 17.0          | 26.0         | 0            | 0            | 0            | 0            | 0            | 0            |
| + Debt financing                           | 85.4         | 16.6          | -150.5        | 7.2          | 13.2         | 14.2         | 12.4         | 13.7         | 15.3         | 14.7         |
| + Equity financing                         | 18.1         | 196.7         | 1.3           | 1.1          | 0            | 0            | 0            | 0            | 0            | 0            |
| - Other (including FX effect)              | 7.5          | -0.7          | -3.0          | 0            | 0            | 0            | 0            | 0            | 0            | 0            |
| <b>Cash flow from Financing Activities</b> | <b>51.0</b>  | <b>192.6</b>  | <b>-193.4</b> | <b>-42.1</b> | <b>-11.0</b> | <b>-14.1</b> | <b>-24.8</b> | <b>-28.0</b> | <b>-31.4</b> | <b>-38.5</b> |
| <b>Net Change in Cash</b>                  | <b>-1.8</b>  | <b>100.2</b>  | <b>28.3</b>   | <b>4.2</b>   | <b>14.3</b>  | <b>17.5</b>  | <b>49.5</b>  | <b>57.8</b>  | <b>76.0</b>  | <b>83.0</b>  |
| NFP end of the period                      | 188.8        | -51.9         | -68.7         | -65.7        | -66.8        | -70.2        | -107.3       | -151.5       | -212.1       | -280.5       |

## ANNEX IX: DCF Approach, Forecast up to FY2030

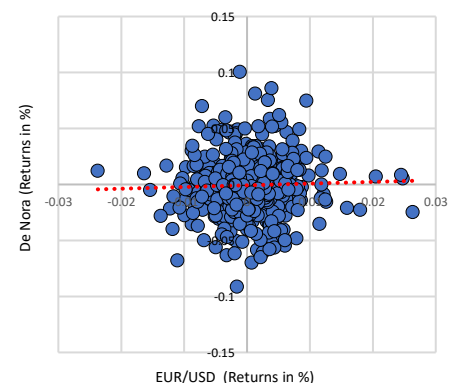
| DCF VALUATION (€M)               | FY24         | FY25         | FY26         | FY27         | FY28         | FY29         | FY30         |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                  | Forecast     | Forecast     | Forecast     | Forecast     | Forecast     | Forecast     | Forecast     |
| <b>EBIT</b>                      | <b>115.3</b> | <b>131.6</b> | <b>143.9</b> | <b>158.9</b> | <b>173.1</b> | <b>190.9</b> | <b>216.9</b> |
| - Operating Taxes                | 32.3         | 36.9         | 40.3         | 44.5         | 48.5         | 53.5         | 60.7         |
| Operating tax rate %             | 28.00%       | 28.00%       | 28.00%       | 28.00%       | 28.00%       | 28.00%       | 28.00%       |
| <b>NOPAT</b>                     | <b>83.0</b>  | <b>94.8</b>  | <b>103.6</b> | <b>114.4</b> | <b>124.6</b> | <b>137.5</b> | <b>156.2</b> |
| + D&A add-back                   | 32.5         | 35.0         | 38.4         | 42.5         | 45.3         | 48.1         | 50.4         |
| <b>Gross Operating Cash Flow</b> | <b>115.6</b> | <b>129.8</b> | <b>142.0</b> | <b>156.8</b> | <b>169.9</b> | <b>185.6</b> | <b>206.5</b> |
| -/+ Net Change WC                | 15.6         | -14.6        | -9.1         | -11.4        | -11.9        | -12.5        | -18.5        |
| Capital Expenditure              | 71.3         | 79.1         | 88.9         | 59.8         | 59.7         | 51.8         | 50.7         |
| <b>Unlevered FCF</b>             | <b>59.9</b>  | <b>36.1</b>  | <b>43.9</b>  | <b>85.7</b>  | <b>98.3</b>  | <b>121.2</b> | <b>137.3</b> |
| Present Values                   | 54.9         | 33.2         | 34.1         | 61.1         | 64.4         | 72.9         | 75.9         |

## CHAPTER 4: INVESTMENT RISK

### ANNEX X: De Nora's Sensitivity to Currencies and Rates

We decided to examine the effect of **currency risk** on the company from a stock market point of view. The daily **returns** of De Nora are tested with a **linear regression** on the following pair of currencies: EUR/USD (which they hedge with €86M of receivables in USD), EUR/JPY and EUR/CNY. These pairs are selected due to the affairs of the company in the related geographical area. We find out that the daily returns of the company are **not explained** in a statistically significant way by any of the analysed pair of currency. In fact, none of the p-values are in the rejection region. This suggests that a **5-cent** exchange rate shock, as stated by the company, could lead to a **±€3M** variation in annual revenues. This represents less than **0.4%** of total revenues, leading us to believe that the company is justified in maintaining a **low level of hedging** for this risk (€0.5M).

The company exhibits a **low level of Debt**. Nonetheless there is a significant part of assets and liabilities exposed to interest rate risk. We decided to test the effects of variation in the **EURIBOR 3mo** to see if there is any significant relationship between this variation and the one stock of De Nora, given also that **€85M** of financial liabilities are **exposed** to this kind of risk and **€211M** of financial assets. We used a linear regression and find out that, also in this case the coefficient is **not significant**. We believe that the estimation of the company of an **expected loss of €0.85M** (in case of an adverse and unexpected change in interest rate) is a reliable estimation given that this value is extremely low compared to the total of revenues.



#### Tariff Surge: De Nora prospective of facing a global trade war

In FY2023, 30% (€257.8M) of De Nora's revenue was generated in the AMS region. Despite the potential for **tariff increases** by the U.S. government and retaliatory measures from other countries, we expect minimal impact on the demand for De Nora's products and aftermarket services. This resilience is largely due to the company's ability to produce locally through its network of industrial plants and facilities in these regions. Our forecast model indicates that the primary driver of growth will stem from the APAC region, supported by strong GDP growth projections for China and India. However, De Nora's stock has shown sensitivity to trade-related news, as evidenced on February 3, 2025, when it fell by 2.58% following tariff-related statements by Trump, recovering partially in the next day.

## ANNEX XI: WACC Forecast up to FY2030

Considering our initial assumption that D/E is close to the level at which the WACC is minimised, we decided to rely on a time-varying WACC approach to dynamically discount the cash flows. This procedure allows us to capture the expected characteristics of the firm in the upcoming years. The procedure is divided into **three steps**: in the first step we found out the **global minimum** for the WACC and the correspondent capital structure, in the second step we estimated the **evolution of the cost of debt**, in the third step we used this evolution to have a **dynamic prospective** on the WACC up to FY2030.

**Optimal Capital Structure** is achieved starting from the current D/E ratio and making it vary with small increments and decrements. The variation has an increasing impact on the Betas, estimated with **Fama-French** Three Factor regression. Given the low level of debt, we find out that the global minimum of the WACC is achieved at **18.31%** of D/E ratio with a corresponding ICR spread of 0.77%. The synthetic cost of debt is 3.89% (against the 4.16% paid by the firm) and the **Cost of Equity** with FFM is **10.01%** with a corresponding WACC of 8.98%.

In the second step we forecasted the cost of Debt starting from the actual values of EURIBOR 3mo and SOFR. We decided to make the rates converge to a value that we expect to be the value in 2030. We use as a **proxy** for these two rates the value of the **10Y-Interest Rate Swaps** to incorporate the expectations of the market. The rates are weighted with respect to the revenues geographical division: for the Asian (i.e. Mizuho Bank) and American the loans are linked to the **SOFR** so it will weight for the 64% of the total (with 64% being the sum of the weights of the regional revenues) and the **EURIBOR 3mo** will have a 36% weight over the total. Using this approach in FY2030E, the cost of financial debt will be 3.24%. Hence, we assume that the cost of debt will converge up to this level that will be reached in 2030. The rapid decrease shown in Exhibit 31 is caused by the expected reduction in the rates due to **monetary easing**. In the third step we make **converge** the Cost of Equity up to 10.01% of FY2030 from 9.94% of FY2023, thanks to the adjustment of the betas related to the new leverage. This allowed us to compute a WACC for every year of our forecast, having a **time-varying discount factor**.

## ANNEX XII: Scenarios Simulation

Given that the Hydrogen market is not yet fully developed and is heavily dependent on future scenarios we decided to check the target price under **three different scenarios**: **i)** Green-Hydrogen does not have explosive growth and the CAGR of the Energy Transition segment are the same as the increase in the demand of hydrogen. The Electrodes CAGR is also reduced to 4% due to the lack of growth of hydrogen market **ii)** Energy Transition has a growth slightly lower than the one that we estimated in our analysis, also the Electrodes CAGR is slightly lower due to uncertainty about the sustaining of demand by public entities **iii)** the Energy Transition grow as stated by De Nora in their presentation of March 2024, with a CAGR between 30% and 40%, the Electrodes segment shows a high one-digit CAGR. To have a wider set of scenarios we relied on **Montecarlo simulations** using as inputs the data mentioned above. For every scenario it is reported the average over 10'000 replications. We report also **tail events** with prices corresponding to the lowest 5% and highest 95% of every scenario.

**First scenario:** The company struggles to break into green-hydrogen market. Its overall demand is low due to insufficient public funding for projects. **FID stages** are postponed due to delays in achieving cost parity between Green Hydrogen and Grey Hydrogen. The company failed to generate the expected cash flows and must pay €234M of CapEx related to the Gigafactory. The Electrodes product line also experiences a **downturn**, with a global demand growth rate that remains below 4%. Additionally, the anticipated growth of the hydrogen market in China fails to materialize, leading to a **significant shortfall** in income generation. Cash flows are further diminished by low margins, exacerbated by high structural costs associated with Cost of Goods Sold (COGS) and Selling, General, and Administrative (SG&A) expenses. In this scenario, the target price averages around **€7.05/share**, with the lowest 5% of outcomes below €6.77/share and 95% below €7.34/share.

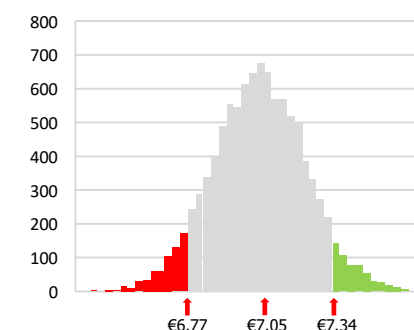
**Second scenario:** The company maintains a **steady growth rate** with stable revenues from its Electrodes and Energy Transition segments, both of which have CAGRs slightly above market averages. The EBITm remains consistent with the company's **historical performance** over recent years at 14.41%, supported by sufficient revenues to ensure operational efficiency. Although a slowdown in the Energy Transition segment curbs explosive revenue growth, the EBITDA margins of the business units continue to support the company's growth. D&A, NWC, and CapEx remain consistent with the **original DCF assumptions**, with revenues being the primary variable under stress. In this scenario, the target price fluctuates, averaging **€7.85/share**, with the lowest 5% of outcomes below €7.56/share and 95% below €8.15/share. This price is lower than our anticipated target due to the estimation parameters not fully accounting for potential growth.

**Third scenario:** Energy Transition **surges** in terms of CAGR, that is estimated to be around 36% in the period FY2024E-30E. Electrodes follow this **positive trend**, increasing the CAGR to around 8.5%. The Gigafactory produces at full capacity to meet the fast-growing demand of the APAC market and GDP growth. The Suzhou plant is essential in facing the industrial needs of the region and the Electrodes sector confirms its **high margin** also in the future. This scenario enhances the company's bargaining power and solidifies its leadership in both electrodes and electrolyzers, giving it a **competitive edge**. The reduction in green hydrogen production costs further stimulates global demand. The years beyond FY2026E are expected to see significant benefits from **i)** decreased CapEx following the completion of the Gigafactory, **ii)** increased revenues and operational efficiency driven by high Value Added per Worker, and **iii)** substantial cash reserves to pursue mergers and acquisitions, specifically targeting startups and their patents. However, for conservatism in this scenario, we have maintained the D&A and CapEx at levels consistent with the previous scenario (and thus the original DCF). The target price in this scenario averages **€9.03/share**, with the lowest 5% of outcomes below €8.71/share and 95% below €9.36/share.

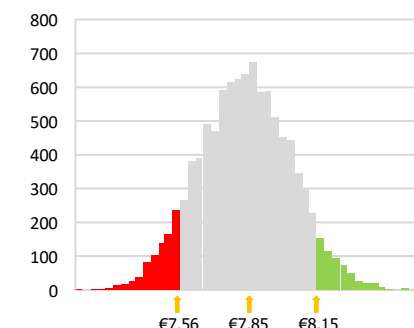
## ANNEX XIII: De Nora Peers Selection &amp; Multiple Valuation

To construct the basket of peers, we followed a structured approach that involved three main steps: **A) Initial Sector-Based Screening:** We began by selecting global listed companies operating within one or more of the three business sectors as De Nora: Electrode Technologies, Water Technologies, and Green Hydrogen. **B) Proprietary Scoring Model:** To refine the initial sample, we implemented a Proprietary Scoring Model, evaluating each company across six weighted dimensions: 1) Size (Market Cap, Revenues, Employees) which account for 35%; 2) Profitability (Gross Margin, EBITDAm, EBITm) which accounts for 25%; 3) Returns (ROE, ROA, ROIC) which accounts for 20%; 4) Liquidity & Leverage (Current Ratio, Quick Ratio, Total Debt/EV) which accounts for 15%; 5) Operational efficiency (Asset Turnover) which accounts for 5%. **C) Scoring and Peer Identification:** Each company was assigned a score based on its weighted performance across the five dimensions. Companies with low overall scores, indicating limited comparability to De Nora, were excluded. This filtering process resulted in a final list of 15 peer companies.

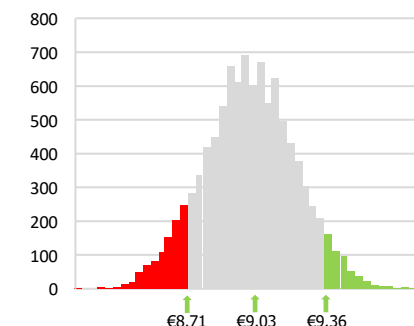
Worst Case scenario



Mid Case Scenario



Best Case Scenario





To support our valuation for De Nora, we employed a **Multiple Valuation** approach tailored to the company’s diversified business structure. **1-year-Forward EV/EBITDA** and **1-year-Forward P/E** multiples were derived separately for each business segment: Electrode Technology, and Water Technologies and Energy Transition. These multiples were weighted 70% on EV/EBITDA and 30% on P/E, reflecting the capital-intensive nature of De Nora’s operations and investor sentiment toward profitability. Adjustments were made to account for De Nora’s unique positioning: a **+5% premium** was applied to the Electrodes segment, recognising its global leadership and the flexibility of its products across other business units; the Energy Transition segment received a **+3% premium** due to its high growth potential and alignment with the company’s strategic focus, tempered by its relative immaturity; and a **-2% discount** was applied to Water Technologies, reflecting recent divestments of the company. These adjusted multiples were then weighted by the **revenue contribution** of each segment: 54% for Electrodes, 34% for Water Technologies, and 12% for Energy Transition, to arrive at a consolidated valuation of an implied target price of **9.02€**, representing a potential Upside of 27% and supporting our **Buy recommendation**.

| GENERAL                        |           | SIZE           |              |           | MARGINS |          |        | RETURNS |        |        | LIQUIDITY & LEVERAGE |             |                 | OPERATIONAL EFFICIENCY | SCORE  |
|--------------------------------|-----------|----------------|--------------|-----------|---------|----------|--------|---------|--------|--------|----------------------|-------------|-----------------|------------------------|--------|
| Company Name                   | Country   | Market Cap (€) | Revenues (€) | Employees | GROSSm  | EBITDAm  | EBITm  | ROE     | ROA    | ROIC   | Current Ratio        | Quick Ratio | Total Debt / EV | Asset Turnover         |        |
| Industrie De Nora              | Italy     | 1.54B          | 856M         | 2010      | 58.32%  | 19.73%   | 17.10% | 25.43%  | 17.60% | 2.1    | 2.81                 | 1.78        | 40.40%          | 0.65                   |        |
| ELECTRODE TECHNOLOGIES         |           |                |              |           |         |          |        |         |        |        |                      |             |                 |                        | 86/100 |
| Osaka Soda Co Ltd              | Japan     | 1.62B          | 579M         | 1021      | 26.22%  | 15.05%   | 11.10% | 7.30%   | 5.29%  | 7.86%  | 2.81                 | 2.27        | 3.70%           | 0.66                   |        |
| Tokai Carbon Co Ltd            | Japan     | 1.23B          | 2.33B        | 4402      | 27.13%  | 20.87%   | 10.64% | 8.60%   | 4.73%  | 2.22%  | 1.92                 | 1.12        | 53.50%          | 0.6                    |        |
| Umicore SA                     | Belgium   | 2.45B          | 18.26B       | 11756     | 7.80%   | 5.20%    | 3.60%  | 12.50%  | 3.80%  | 7.89%  | 1.62                 | 0.82        | 70.80%          | 1.84                   |        |
| Graphite India Ltd             | India     | 1.23B          | 327M         | 1694      | 12.02%  | -4.88%   | -7.60% | -4.93%  | 12.10% | 13.91% | 4.56                 | 3.23        | 2.90%           | 0.44                   |        |
| HEG Ltd                        | India     | 1.22B          | 266M         | 989       | 32.14%  | 16.03%   | 8.75%  | 7.16%   | 5.47%  | 0.91%  | 2.25                 | 1.23        | 5.20%           | 0.42                   |        |
| Maxell Ltd                     | Japan     | 501M           | 790M         | 4033      | 23.61%  | 9.98%    | 6.26%  | 8.50%   | 4.51%  | 5.63%  | 1.56                 | 1.22        | 26.10%          | 0.76                   | 83/100 |
| WATER TECHNOLOGIES             |           |                |              |           |         |          |        |         |        |        |                      |             |                 |                        | 83/100 |
| Waters Corp                    | U.S.A.    | 21.15B         | 2.67B        | 8050      | 59.57%  | 34.59%   | 28.98% | 84.18%  | 16.24% | 20.05% | 2.22                 | 1.57        | 8.00%           | 0.75                   |        |
| Pentair PLC                    | U.K.      | 16.64B         | 3.71B        | 10875     | 37.01%  | 22.21%   | 19.42% | 21.07%  | 9.58%  | 13.46% | 1.65                 | 0.94        | 9.00%           | 0.63                   |        |
| Fortune Brands Innovations Inc | U.S.A.    | 8.74B          | 4.19B        | 11482     | 41.79%  | 19.31%   | 15.66% | 19.42%  | 6.39%  | 10.55% | 1.7                  | 0.89        | 25.00%          | 0.73                   |        |
| Watts Water Technologies Inc   | U.S.A.    | 6.82B          | 1.86B        | 4850      | 46.73%  | 19.87%   | 17.76% | 19.70%  | 12.36% | 17.14% | 2.61                 | 1.63        | 3.10%           | 0.97                   |        |
| Keppel Infrastructure Trust    | Singapore | 1.91B          | 1.39B        | 12245     | 35.68%  | 20.32%   | 10.25% | 10.53%  | 1.85%  | 2.29%  | 2.04                 | 1.61        | 59.60%          | 0.35                   |        |
| Veolia Environnement SA        | France    | 20.01B         | 45.35B       | 213450    | 17.20%  | 14.00%   | 7.30%  | 10.80%  | 1.90%  | 5.70%  | 0.93                 | 0.88        | 70.20%          | 0.62                   | 51/100 |
| Praj Industries Ltd            | India     | 1.65B          | 385M         | 1501      | 42.01%  | 10.74%   | 9.47%  | 24.09%  | 10.28% | 21.25% | 1.52                 | 1.35        | 1.20%           | 1.26                   | 82/100 |
| ENERGY TRANSITION              |           |                |              |           |         |          |        |         |        |        |                      |             |                 |                        | 81/100 |
| Guangzhou GPE&T Ltd            | China     | 1.96B          | 855M         | 9484      | 13.58%  | 9.94%    | 1.82%  | 0.97%   | 0.48%  | -0.75% | 1.17                 | 0.74        | 26.10%          | 0.5                    |        |
| Ceres Power Holdings PLC       | U.K.      | 411M           | 25M          | 580       | 60.70%  | -133.80% | -266%  | -25.9%  | -23.2% | -14.5% | 7.74                 | 7.6         | 1.20%           | 0.1                    |        |
| Engineers India Ltd            | India     | 1.21B          | 364M         | 2657      | 48.29%  | 9.66%    | 8.64%  | 21.12%  | 7.89%  | 6.07%  | 1.1                  | 0.99        | 0.30%           | 0.72                   |        |
| HuaDian Heavy Industries Co    | China     | 964M           | 915M         | 1996      | 11.06%  | 5.50%    | 1.62%  | 9.30%   | 0.87%  | 1.86%  | 1.13                 | 1.03        | 23.00%          | 0.63                   |        |
| Oriana Power Ltd               | India     | 571M           | 42M          | 104       | 25.75%  | 21.10%   | 20.55% | 50.88%  | 19.59% | 22.61% | 1.67                 | 1.51        | 3.50%           | 1.38                   | 89/100 |

| SIMILARITY SCORE                |        |         |         |                      |                        |                        | MULTIPLES                       |                   |             |
|---------------------------------|--------|---------|---------|----------------------|------------------------|------------------------|---------------------------------|-------------------|-------------|
| COMPANY NAME                    | Size   | Margins | Returns | Liquidity & Leverage | Operational Efficiency | FINAL SIMILARITY SCORE | COMPANY NAME                    | Forward EV/EBITDA | Forward P/E |
|                                 | 35%    | 25%     | 20%     | 15%                  | 5%                     |                        | Industrie De Nora               | 2.36              | 16.94       |
| ELECTRODE TECHNOLOGIES          |        |         |         |                      |                        |                        | ELECTRODE TECHNOLOGIES          |                   |             |
| Osaka Soda Co Ltd               | 97.80% | 80.70%  | 71.40%  | 91.90%               | 81.70%                 | 86/100                 | Osaka Soda Co Ltd               | 10.30             | 18.90       |
| Tokai Carbon Co Ltd             | 92.60% | 84.10%  | 79.20%  | 90.90%               | 89.00%                 | 87/100                 | Tokai Carbon Co Ltd             | 4.60              | 9.95        |
| Graphite India Ltd              | 97.30% | 56.90%  | 77.50%  | 90.20%               | 72.60%                 | 79/100                 | Graphite India Ltd              | 11.88             | 11.59       |
| HEG Ltd                         | 96.20% | 81.20%  | 76.50%  | 89.00%               | 80.40%                 | 85/100                 | HEG Ltd                         | 10.38             | 15.57       |
| Maxell Ltd                      | 92.40% | 73.40%  | 74.20%  | 95.20%               | 87.70%                 | 83/100                 | Maxell Ltd                      | 4.59              | 10.29       |
| BUSINESS UNIT WEIGHT            | 54%    |         |         |                      |                        |                        | Mean                            | 8.35              | 13.26       |
|                                 |        |         |         |                      |                        |                        | Plus Premium +5%                | 8.77              | 13.92       |
| WATER TECHNOLOGIES              |        |         |         |                      |                        |                        | WATER TECHNOLOGIES              |                   |             |
| Waters Corp                     | 93.60% | 86.70%  | 65.70%  | 74.20%               | 90.50%                 | 83/100                 | Waters Corp                     | 21.04             | 28.99       |
| Pentair PLC                     | 93.30% | 86.70%  | 75.00%  | 59.70%               | 97.70%                 | 83/100                 | Pentair PLC                     | 16.93             | 21.89       |
| Fortune Brands Innovations Inc  | 94.60% | 90.60%  | 55.10%  | 67.40%               | 92.40%                 | 81/100                 | Fortune Brands Innovations Inc  | 11.41             | 16.39       |
| Watts Water Technologies Inc    | 97.70% | 93.60%  | 81.60%  | 77.80%               | 68.00%                 | 89/100                 | Watts Water Technologies Inc    | 15.35             | 24.00       |
| Keppel Infrastructure Trust     | 99.20% | 87.50%  | 48.80%  | 78.60%               | 69.40%                 | 82/100                 | Keppel Infrastructure Trust     | 11.95             | 18.67       |
| Praj Industries Ltd             | 99.60% | 83.90%  | 78.50%  | 59.20%               | 39.00%                 | 82/100                 | Praj Industries Ltd             | 26.12             | 38.27       |
| BUSINESS UNIT WEIGHT            | 34%    |         |         |                      |                        |                        | Mean                            | 17.13             | 24.70       |
|                                 |        |         |         |                      |                        |                        | Minus Discount -2%              | 16.79             | 24.21       |
| ENERGY TRANSITION               |        |         |         |                      |                        |                        | ENERGY TRANSITION               |                   |             |
| Guangzhou GPE&T Ltd             | 71.70% | 88.40%  | 81.00%  | 91.90%               | 88.60%                 | 82/100                 | Guangzhou GPE&T Ltd             | 15.87             | 38.75       |
| Engineers India Ltd             | 94.90% | 95.50%  | 90.40%  | 92.00%               | 95.20%                 | 94/100                 | Engineers India Ltd             | 20.85             | 23.97       |
| HuaDian Heavy Industries Co Ltd | 97.50% | 88.00%  | 82.90%  | 92.60%               | 98.20%                 | 91/100                 | HuaDian Heavy Industries Co Ltd | 58.57             | 23.46       |
| Oriana Power Ltd                | 86.90% | 94.60%  | 92.80%  | 95.30%               | 46.60%                 | 89/100                 | Oriana Power Ltd                | 19.53             | 12.38       |
| BUSINESS UNIT WEIGHT            | 12%    |         |         |                      |                        |                        | Mean                            | 28.71             | 24.64       |
|                                 |        |         |         |                      |                        |                        | Plus Premium +3%                | 29.57             | 25.38       |

| SECTOR WEIGHTED BY REVENUES | FORWARD EV/EBITDA PEERS |   |       |
|-----------------------------|-------------------------|---|-------|
| ELECTRODE                   | 54%                     | X | 8,77  |
| WATER                       | 34%                     | X | 16,79 |
| HYDROGEN                    | 12%                     | X | 29,57 |
| FINAL EV/EBITDA MULTIPLE    | = 13,99X                |   |       |
| 1Y Forward De Nora EBITDA   | 154.19M                 |   |       |
| 1Y Forward Enterprise Value | 2.15B                   |   |       |
| Net Debt                    | 154.70M                 |   |       |
| Cash                        | 16.59M                  |   |       |
| Equity Value                | 2.02B                   |   |       |
| Number of ordinary shares   | 51.20M                  |   |       |
| Total shares                | 201.68M                 |   |       |
| Target price                | 10,01 €                 |   |       |
| SECTOR WEIGHTED BY REVENUES | FORWARD P/E PEERS       |   |       |
| ELECTRODE                   | 54%                     | X | 13,92 |
| WATER                       | 34%                     | X | 24,21 |
| HYDROGEN                    | 12%                     | X | 25,38 |
| FINAL P/E MULTIPLE          | = 18,79X                |   |       |
| 1Y Forward De Nora EPS      | 0,36                    |   |       |
| Number of ordinary shares   | 51.20M                  |   |       |
| Total shares                | 201.68M                 |   |       |
| Target price                | 6,72 €                  |   |       |
| FINAL TARGET PRICE          | 9,02 €                  |   |       |

## ANNEX XIV: PEERS BUSINESS COMPARISON

| Company name                                       | Business Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Comparison                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Osaka Soda Co Ltd                                  | OSAKA SODA CO., LTD. is a Japan-based chemical manufacturer that has three business segments. The Basic Chemical Product segment manufactures and sells caustic soda, hydrochloric acid, liquid chlorine, chlorine gas, sodium hypochlorite, sodium chlorite soda, caustic potash, hydrogen gas, epichlorohydrin, allyl chloride and others. The Functional Chemical Product segment manufactures and sells allyl ethers, epichlorohydrin rubber, dap resin, modifiers for energy saving tires, purified pharmaceutical materials, optical active materials, pharmaceutical active ingredients, intermediates, electrodes and lens materials, among others. The Housing Facility and Others segment is engaged in the provision of duping materials, housing related products.                                                                                                                                                                                                                                                             | Osaka Soda shares a significant overlap with De Nora in electrode production, particularly in serving industrial markets. Both companies benefit from strong technological expertise and a focus on quality. However, Osaka Soda has a broader focus on chemical and functional materials, while De Nora's greater emphasis on mixed metal oxide coatings provides it with a slight edge in specialised applications.                                                                                                                                   |
| Tokai Carbon Co Ltd                                | Tokai Carbon Korea Co Ltd is a Korea-based company mainly engaged in the manufacturing and distribution of carbon products. The Company's product portfolio consists of silicon wafers and semiconductor materials. The Company's silicon wafers include high purified graphite for semiconductors and solar batteries, and silicon carbide (SiC) coated products and semiconductor materials. Its semiconductor materials include SiC wafers, wafer carriers, carbon and carbon composites, glassy carbons and silicon cathode electrodes. The Company also imports and sells heat exchangers and heaters. The Company distributes its products within the domestic market and to overseas markets.                                                                                                                                                                                                                                                                                                                                       | Tokai Carbon operates in similar markets to De Nora, particularly in electrode and material production, and both companies leverage strong technological capabilities. The main distinction lies in Tokai Carbon's focus on graphite and silicon carbide for semiconductors and solar energy, while De Nora is more diversified, with additional expertise in chlor-alkali, hydrogen, and water technologies.                                                                                                                                           |
| Graphite India Ltd                                 | Graphite India Limited is engaged in the business of manufacturing graphite electrodes and specialties, calcined petroleum coke, impervious graphite equipment, glass reinforced plastic pipes, steel and generation of renewable energy. It caters to a range of customers, engaged in manufacturing steel, the cutting tool industry, chemicals, fertilisers, polymers, drug intermediaries, metal pressing, effluent treatment, and irrigation. Its segment includes Graphite and Carbon Segment and Others segment. Its Graphite and Carbon Segment, engaged in the production of Graphite Electrodes, Other Miscellaneous Graphite and Carbon Products and related Processing/Service Charges. Its Others segment, engaged in manufacturing/laying of GRP Pipes, and in manufacturing of High-Speed Steel and Alloy Steel and Power Generating Unit for outside sale. Its Coke plant in Barauni, Bihar, is engaged in the manufacturing of Calcined Petroleum Coke, Carbon Paste and Electrically Calcined Anthracite Paste.          | Graphite India shares common ground with De Nora in its specialisation in electrode production and its service to industrial markets. Both companies are strong players in their respective fields, although Graphite India's focus on graphite electrodes contrasts with De Nora's broader scope,                                                                                                                                                                                                                                                      |
| HEG Ltd                                            | HEG Limited is an India-based manufacturer and exporter of graphite electrodes in India and operates a single-site integrated graphite electrodes plant. The Company's segments include Graphite, Power, and Others. The Graphite segment comprises the manufacturing of graphite electrodes and has facilities for production of graphite electrodes and graphite specialties. Its plant is located at Mandideep near Bhopal, Madhya Pradesh. It has about three captive power generation facilities which together produce around 76.5 megawatts (MW), which fulfils almost the entire requirement of the graphite plant. The Power segment comprises generation of power for captive consumption and sale. It also makes fine carbon grain blocks for various applications on special orders. These blocks are used by customers to make various value-added products. Its wholly owned subsidiary, TACC Limited, is engaged in anode manufacturing for lithium-ion batteries.                                                          | HEG Limited is an India-based manufacturer and exporter of graphite electrodes, operating an integrated graphite electrode plant. Its segments include Graphite, Power, and Others. The company focuses on the production of graphite electrodes for electric arc furnaces and specialised carbon blocks. While HEG specialises in graphite electrodes for steelmaking and power generation, De Nora extends its reach into mixed metal oxide (MMO) electrodes and applications such as chlor-alkali and green hydrogen.                                |
| Maxell Ltd                                         | Maxell Ltd, formerly Maxell Holdings Ltd, is mainly engaged in the manufacturing and sales of energy, industrial materials and electric appliances and consumer products. The Company mainly operates through three business segments. The Energy segment manufactures and sells secondary batteries, such as coin type lithium secondary batteries, industrial lithium-ion batteries and electrodes, and consumer lithium ion batteries, primary batteries such as lithium primary batteries and button batteries, and charger and battery packs. The Industrial Materials segment manufactures and sells optical components, functional materials, electroforming and precision parts, semiconductor-related embedded systems, molds and synthetic resin molded parts, adhesive tapes, radio-frequency identification (RFID) systems and Integrated Circuit (IC) cards, industrial rubber products and others. The Electric Appliance and Consumer segment manufactures and sells projectors, small electric equipment and others.       | Maxell Ltd shares De Nora's focus on innovation in electrode technologies, particularly through its work in lithium-ion batteries and energy-related applications. While Maxell is more oriented toward consumer and industrial electronics, De Nora's MMO electrode technologies cater to the chlor-alkali and hydrogen industries.                                                                                                                                                                                                                    |
| Waters Corp                                        | Waters Corporation offers analytical instruments and software across chromatography, mass spectrometry, and thermal analysis innovations serving the life, materials, food, and environmental sciences. The Company primarily designs, manufactures, sells and services high-performance liquid chromatography (HPLC), ultra-performance liquid chromatography and mass spectrometry (MS) technology systems and support products, including chromatography columns, other consumable products and comprehensive post-warranty service plans. Its segments include Waters and TA. The Waters segment is primarily in the business of designing, manufacturing, selling and servicing liquid chromatography (LC) and MS instrument systems, columns and other precision chemistry consumables that can be integrated and used along with other analytical instruments. The TA segment is primarily in the business of designing, manufacturing, selling and servicing thermal analysis, rheometric and calorimetry instruments.             | Waters Corporation and De Nora both operate in the water sector, but with different approaches. While Waters focuses on analytical tools and systems for water and environmental analysis, De Nora emphasises water treatment technologies, such as disinfection and filtration. Despite these distinctions, both companies contribute to improving water management tailored to industrial and environmental needs.                                                                                                                                    |
| Pentair PLC                                        | Pentair plc is focused on sustainable water solutions. The Company operates through three segments: Flow, Water Solutions, and Pool. Its solutions include Residential Solutions, Commercial Solutions, Industrial Solutions, Municipal Solutions, and Agricultural Solutions. Residential Solutions include pool & spa equipment, water softening & filtration, water supply & disposal. Its Commercial Solutions include commercial filtration & foodservice, commercial heating, ventilation, and air conditioning (HVAC) & water supply, commercial pool & spa equipment, fire protection, marine, high-pressure applications, recreational vehicle (RV), and turf management & pest control. Industrial Solutions include brewery production, dairy & food production, fire protection, HVAC & water supply, industrial filtration, industrial spraying, industrial wastewater, oil & gas, and pressure cleaning & sanitation. Agricultural Solutions include agricultural irrigation, and agricultural spraying.                     | Pentair and De Nora share a focus on improving water quality through innovative technologies, catering to both municipal and industrial markets. However, Pentair also provides agricultural solutions, equipment for brewery production and food & beverage processing.                                                                                                                                                                                                                                                                                |
| Fortune Brands Innovations Inc                     | Fortune Brands Innovations, Inc. is a home, security and commercial building products company. Its Water Innovations segment manufactures or assembles and sells faucets, accessories, kitchen sinks and waste disposal, predominantly under the Moen, ROHL, Riobel, Victoria+Albert, Aqualisa and Shaws brands. Outdoors segment manufactures and sells fiberglass and steel entry door systems, storm, screen and security doors, composite decking, railing and cladding under the Fiberon brand, urethane milkroom under the Fypson brand, and wide-opening exterior door systems and outdoor enclosures under the Solar Innovations brand. Security segment includes locks, safety and security devices, and electronic security products under the Master Lock and Yale brands, and fire-resistant safes, security containers under the SentrySafe brand. The Company, through SpringWell Water Filtration Systems, provides residential whole-home water filtration and water softening solutions via direct-to-consumer channels.  | Both Fortune Brands Innovations and De Nora aim to improve water quality through innovative solutions. However, Fortune Brands is oriented toward residential markets, with its Water Innovations segment manufacturing faucets, sinks, and water treatment systems. Its offerings include filtration and water softening solutions, primarily targeted at residential customers                                                                                                                                                                        |
| Watts Water Technologies Inc                       | Watts Water Technologies, Inc., is a supplier of products, solutions and systems that manage and conserve the flow of fluids and energy into, through and out of buildings. The Company's product lines include residential and commercial flow control products, such as backflow preventers, water pressure regulators, temperature and pressure relief valves, and leak detection products; heating, ventilation and air conditioning and gas products, which include water heaters and heating solutions, hydronic and electric heating systems for under-floor radiant applications, custom heat and hot water solutions and hydronic pump groups; drainage and water re-use products, which includes drainage and engineered rainwater harvesting solutions for commercial, industrial, marine and residential applications, and water quality products, such as point-of-use and point-of-entry water filtration and scale prevention systems. The Company also offers commercial washroom and emergency safety products.           | Watts Water Technologies offers products and systems for managing and conserving water flow in residential, commercial, and industrial buildings. Watts also provides engineered solutions for specific needs, including water management systems for industrial and agricultural uses. While Watts focuses on flow management and engineered systems, De Nora emphasises also advanced disinfection.                                                                                                                                                   |
| Keppel Infrastructure Trust                        | Keppel Infrastructure Trust (the Trust) is a diversified business trust. The Trust's segments include Energy Transition, Environmental Services, Distribution & Storage and Corporate. Its Energy Transition segment is engaged in the production and retailing of town gas and natural gas in Singapore, tolling arrangements for the power plant in Singapore, leasing of gas pipelines, and sale of electricity produced by wind turbines. Its Environmental Services segment includes concessions in relation to the desalination plant, water treatment plant, recycling and waste-to-energy plants in Singapore and South Korea. Its Distribution & Storage segment is engaged in the supply and distribution of water treatment chemicals, industrial and specialty chemicals, and storage of petroleum products. The Company is managed by Keppel Infrastructure Fund Management Pte Ltd.                                                                                                                                          | Keppel Infrastructure Trust and De Nora's Water Technology sector both focus on water treatment solutions, including desalination plants and water resource management.                                                                                                                                                                                                                                                                                                                                                                                 |
| Praj Industries Ltd                                | Praj Industries Limited is an India-based industrial biotechnology company. The Company is engaged in the business of process and project engineering. It also provides design and engineering services. Its BioMobility platform offers technology solutions globally to produce renewable transportation fuel. The Company's Bio-Prism portfolio comprises of technologies for the production of renewable chemicals and materials. The Company's business lines include BioEnergy, Praj HiPurity Systems, critical process equipment and skids, wastewater treatment, and brewery and beverages. Its BioEnergy solutions include first generation (1G) ethanol, which provides solutions for sugary feedstocks and solutions for starchy feedstocks. Its technologies include BIOSYRUP, EcoCool, MAXIMOL, Celluniti and infinity. The Company provides environment friendly solutions through a zero liquid discharge (ZLD) system. It offers various services, such as fermentation, dehydration and effluent treatment, among others. | Praj Industries, like De Nora, develops solutions for industrial water treatment and sustainable water resource recovery. However, Praj has a stronger focus on water treatment technologies related to biofuel production and fermentation processes, whereas De Nora is more specialised in electrochemical technologies for water purification and disinfection.                                                                                                                                                                                     |
| Guangzhou Great Power Energy and Technology Co Ltd | Guangzhou Great Power Energy and Technology Co., Ltd. is a China-based company principally engaged in the research and development, production and sale of electronic components. The Company's products are categorised into primary lithium batteries, lithium-ion batteries and nickel hydrogen batteries, including Li-Fe batteries, Li-MN batteries, lithium cobaltate series, ternary material series and Ni-MH batteries. The Company's products are applied in electronic digital products, electric toys, hybrid electric vehicles, medical instrument, electronic security equipment, intelligent instrument and energy storage, among others. The Company distributes its products in the domestic market and overseas markets.                                                                                                                                                                                                                                                                                                 | Guangzhou Great Power and De Nora's Energy Transition sector both operate in energy storage technologies, particularly in batteries and fuel cells. Guangzhou specialises in lithium battery production for consumer electronics and electric vehicles, while De Nora stands out for its expertise in hydrogen production via electrolysis.                                                                                                                                                                                                             |
| Engineers India Ltd                                | Engineers India Limited is an India-based global engineering consultancy and engineering, procurement and construction (EPC) company offering total energy solutions. The Company operates through two segments: consultancy and engineering projects, and turnkey projects. It is focused on various sectors, such as fertiliser and liquefied natural gas (LNG), ports and harbors, ferrous and non-ferrous metallurgy, coal gasification, infrastructure, niche chemicals, strategic crude oil storage, biofuels/green ammonia/green hydrogen, and water and wastewater management. Its services include technologies; preliminary-front end engineering and design (Pre-FEED); front end engineering and design (FEED); project management consultant (PMC); engineering, procurement, construction management (EPCM); EPC; supply chain management; construction; heat and mass transfer; plant operation and safety; specialist materials and maintenance, and environment engineering.                                              | Engineers India Ltd and De Nora's Energy Transition sector both focus on green hydrogen and energy solutions. Engineers India Ltd specialises in engineering, procurement, and construction (EPC) services for various energy and industrial projects, including biofuels, green hydrogen, and water management. In contrast, De Nora specialises in electrochemical solutions, particularly in electrodes and electrolyzers for hydrogen production via electrolysis, making it more focused on the technological aspects of the hydrogen value chain. |
| HuaDian Heavy Industries Co Ltd                    | HuaDian Heavy Industries Co Ltd is a China-based company principally engaged in the provision of overall engineering solutions. The Company operates five segments. Material Handling System Engineering segment mainly provides overall solutions for material handling system engineering. Thermal Engineering segment mainly provides pipeline engineering, air cooling system research, design, supply, installation, commissioning and general contracting services. The High-end Steel Structure Engineering segment is engaged in system design, technology research and development and engineering and general contracting of power station steel structures, industrial plants and civil building steel structure products. Marine Engineering segment is mainly engaged in the design, manufacturing and construction general contracting of offshore wind power projects. The Hydrogen Energy Engineering segment is mainly engaged in the business of hydrogen production by water electrolysis.                              | HuaDian Heavy Industries and De Nora both operate in hydrogen production and renewable energy technologies. HuaDian's expertise lies in large-scale infrastructure projects, including hydrogen energy systems and engineering solutions for power plants. De Nora, on the other hand, focuses on electrolysis technology, providing high-efficiency electrodes and electrochemical cells for hydrogen production, making it more specialised in core hydrogen production processes rather than broader engineering solutions.                          |
| Oriana Power Ltd                                   | Oriana Power Limited is an India-based renewable energy provider. The Company is engaged in solar engineering, procurement and construction (EPC) and renewable energy service company (RESCO). The Company offers comprehensive EPC services, mitigating design errors or construction delays to ensure timely delivery. Its Renewable Energy Service Company (RESCO) model, operating on a build own operated transfer model, provides a 15-25 year monthly recurring revenue stream for organisations, mitigating CO2 emissions and offering pay-per-unit power consumption facility. It specialises in providing solar energy solutions to industrial and commercial clients in the renewable energy sector. Its solutions include floating solar, ground mounted, rooftop solar, carport solar, hybrid, Bess energy storage system, operations maintenance, and solar parks. It specialises in the development, installation and maintenance of renewable energy systems, including solar, green hydrogen and compressed biogas.      | Oriana Power Ltd and De Nora both contribute to the renewable energy sector, particularly in green hydrogen solutions. Oriana Power primarily provides services for solar energy projects. De Nora, in contrast, is a key technology provider for hydrogen production.                                                                                                                                                                                                                                                                                  |

## CHAPTER VI: ESG OVERVIEW

## ANNEX XV: ESG SCORING METHOD

We developed a **proprietary scoring system** for ESG factors. The scoring is based on **66 metrics** identified by LSEG that are common between **De Nora** and the selected **peers**. However, not every selected company does disclosure on these topics, so we excluded Osaka Soda, Maxell Ltd, Praj Industry, HuaDian Heavy Industries and Oriana Power. For every metrics De Nora's value is compared with the mean of the peers, assigning +1 (**green circle**) for every time

that they beat or are aligned to the peers with respect to positive aspect. We assign 0 (**red circle**) if De Nora has a lower value with respect to the peers or is aligned to them in negative aspects. For every category is computed a score that is the mean of the values x 10 (to have a 0-10 range of values). Then a **weighted average**, with weights obtained adapting the LSEG weights to our views about the different aspect of the company.

| CATEGORIES                                           | METRICS                                                   | Industrie De Nora SpA | SCORE  | Average of the Competitors | Total Score       |
|------------------------------------------------------|-----------------------------------------------------------|-----------------------|--------|----------------------------|-------------------|
| RESOURCE<br>(16,7%)                                  | Policy Water Efficiency                                   | TRUE                  | ●      | TRUE                       | 5<br>48.7% of E   |
|                                                      | Policy Energy Efficiency                                  | FALSE                 | ●      | TRUE                       |                   |
|                                                      | Targets Water Efficiency                                  | FALSE                 | ●      | TRUE                       |                   |
|                                                      | Targets Energy Efficiency                                 | FALSE                 | ●      | FALSE                      |                   |
|                                                      | Total Energy Use to Revenues USD in million               | 0                     | ●      | 1,927.10                   |                   |
|                                                      | Renewable Energy Use Ratio                                | 0.00%                 | ●      | 8%                         |                   |
|                                                      | Water Use to Revenues USD in million                      | 225.36                | ●      | 614.28                     |                   |
|                                                      | Water Recycled                                            | 0                     | ●      | 20.5                       |                   |
| EMISSION<br>(17,6%)                                  | Policy Emissions                                          | FALSE                 | ●      | TRUE                       | 8<br>51.3% of E   |
|                                                      | Targets Emissions                                         | TRUE                  | ●      | TRUE                       |                   |
|                                                      | Total CO2 Equivalent Emissions to Revenues USD in million | 0                     | ●      | 313,806                    |                   |
|                                                      | Emissions Trading                                         | FALSE                 | ●      | FALSE                      |                   |
|                                                      | NOx Emissions                                             | 0                     | ●      | 26.48                      |                   |
|                                                      | SOx Emissions                                             | 0                     | ●      | 34,693                     |                   |
|                                                      | Total Waste to Revenues USD in million                    | 7.61                  | ●      | 16.87                      |                   |
|                                                      | Waste Recycled to Total Waste                             | 41.82%                | ●      | 39.79%                     |                   |
|                                                      | Environmental Expenditures Investments                    | TRUE                  | ●      | FALSE                      |                   |
| Internal Carbon Price per Ton                        | \$-                                                       | ●                     | \$-    |                            |                   |
| ENVIROMENTAL: 6.54/10      Correspondent Rating: BB  |                                                           |                       |        |                            |                   |
| WORKING<br>(16,8%)                                   | Health & Safety Policy                                    | TRUE                  | ●      | TRUE                       | 8<br>44.9% of S   |
|                                                      | Supply Chain Health & Safety Improvements                 | FALSE                 | ●      | FALSE                      |                   |
|                                                      | Salary Gap                                                | 18                    | ●      | 39.8                       |                   |
|                                                      | Net Employment Creation                                   | 4.20%                 | ●      | -3.80%                     |                   |
|                                                      | Trade Union Representation                                | 50.00%                | ●      | 32.59%                     |                   |
|                                                      | Turnover of Employees                                     | 0.00%                 | ●      | 5.02%                      |                   |
|                                                      | Day Care Services                                         | FALSE                 | ●      | FALSE                      |                   |
|                                                      | Employees With Disabilities                               | 0.00%                 | ●      | 0.04%                      |                   |
|                                                      | Average Training Hours                                    | 9.00                  | ●      | 5.39                       |                   |
|                                                      | Training Costs Per Employee                               | \$-                   | ●      | \$1.12                     |                   |
| DIVERSITY<br>(20,6%)                                 | Policy Diversity and Opportunity                          | TRUE                  | ●      | TRUE                       | 6<br>55.1% of S   |
|                                                      | Targets Diversity and Opportunity                         | FALSE                 | ●      | FALSE                      |                   |
|                                                      | Women Employees                                           | 20.00%                | ●      | 18.40%                     |                   |
|                                                      | Women Managers                                            | 27.91%                | ●      | 14.49%                     |                   |
|                                                      | Employee Resource Groups                                  | FALSE                 | ●      | FALSE                      |                   |
| SOCIAL: 6.90/10      Correspondent Rating: BBB       |                                                           |                       |        |                            |                   |
| MANAGEMENT<br>(13,3%)                                | Board Gender Diversity, Percent                           | 30.77%                | ●      | 20.51%                     | 4.6<br>46.7% of G |
|                                                      | Board Cultural Diversity, Percent                         | 0.00%                 | ●      | 3.02%                      |                   |
|                                                      | Executive Members Gender Diversity, Percent               | 0.00%                 | ●      | 19.80%                     |                   |
|                                                      | Executives Cultural Diversity                             | 0.00%                 | ●      | 0.00%                      |                   |
|                                                      | Audit Committee Independence                              | 66.67%                | ●      | 78.83%                     |                   |
|                                                      | Audit Committee Mgt Independence                          | TRUE                  | ●      | TRUE                       |                   |
|                                                      | Compensation Committee Independence                       | 0.00%                 | ●      | 90.17%                     |                   |
|                                                      | Compensation Committee Mgt Independence                   | TRUE                  | ●      | TRUE                       |                   |
|                                                      | Nomination Committee Independence                         | 100.00%               | ●      | 84.17%                     |                   |
|                                                      | Nomination Committee Involvement                          | 0.00%                 | ●      | 3.33%                      |                   |
|                                                      | Board Attendance                                          | TRUE                  | ●      | TRUE                       |                   |
|                                                      | Board Meeting Attendance Average                          | 93.65%                | ●      | 92.82%                     |                   |
|                                                      | Average Board Tenure (in Years)                           | 3.02 Yrs              | ●      | 6.90 Yrs                   |                   |
|                                                      | Non-Executive Board Members                               | 86.67%                | ●      | 77.42%                     |                   |
| Independent Board Members                            | 46.67%                                                    | ●                     | 65.73% |                            |                   |
| COMPENSATION<br>(7,6%)                               | Compensation Improvement Tools                            | TRUE                  | ●      | TRUE                       | 5<br>26.6% of G   |
|                                                      | Executive Compensation Policy                             | TRUE                  | ●      | TRUE                       |                   |
|                                                      | Executive Individual Compensation                         | FALSE                 | ●      | FALSE                      |                   |
|                                                      | Total Senior Executives Compensation                      | \$1,756,020.00        | ●      | \$48,354,480.00            |                   |
|                                                      | Highest Remuneration Package                              | \$1,417,574.00        | ●      | \$4,670,403.42             |                   |
|                                                      | CEO Compensation Link to TSR                              | FALSE                 | ●      | FALSE                      |                   |
|                                                      | Executive Compensation LT Objectives                      | FALSE                 | ●      | FALSE                      |                   |
|                                                      | Sustainability Compensation Incentives                    | FALSE                 | ●      | FALSE                      |                   |
| SHAREHOLDERS<br>(7,6%)                               | Shareholder Rights Policy                                 | TRUE                  | ●      | TRUE                       | 5<br>26.6% of G   |
|                                                      | Equal Shareholder Rights                                  | FALSE                 | ●      | TRUE                       |                   |
|                                                      | Voting Cap Percentage                                     | 100%                  | ●      | 100%                       |                   |
|                                                      | Director Election Majority Requirement                    | TRUE                  | ●      | TRUE                       |                   |
|                                                      | Shareholders Vote on Executive Pay                        | TRUE                  | ●      | TRUE                       |                   |
|                                                      | Public Availability Corporate Statutes                    | TRUE                  | ●      | TRUE                       |                   |
|                                                      | Veto Power or Golden share                                | TRUE                  | ●      | FALSE                      |                   |
|                                                      | State Owned Enterprise SOE                                | FALSE                 | ●      | FALSE                      |                   |
|                                                      | Non-audit to Audit Fees Ratio                             | 0.00%                 | ●      | 34.00%                     |                   |
|                                                      | Auditor Tenure                                            | 6                     | ●      | 12.2                       |                   |
| ENVIROMENTAL: 4.84/10      Correspondent Rating: CCC |                                                           |                       |        |                            |                   |



To measure the robustness of our ESG scoring approach we compared it with the scoring provided by **LSEG ESG Reports**. In the same way as the previous approach, we collected data for all the peers that do disclosing about these themes, and we built a table. We computed the mean for each of the ten metrics dividing by sector. This allows us to have an indicator for every group of peers in every metrics. This approach confirms a wide range of results. At first is worth noting that De Nora **outperforms** by wide margin in the Social Score, confirming the highest rating of our model. Is worth noticing also that the **Governance** sector is confirmed as the **weakest** and the reason is mainly due to low management score. **Water Technologies** peers confirmed themselves as the group of companies that **outperforms** De Nora in terms of E, having a **4.3X** score in the Resource Use, and in G with a **6.8X** in Management. We believe that this incredible gap is due to the stricter regulations that affect that market and so forces the company to be more compliant with the standards. Overall, De Nora performs better in the environmental sector with a particular focus on the **9.4X** between their **Environmental Innovation** and the one of Energy Transition, further strengthening our competitive analysis of the firm. The usage of resource remains a critical topic upon which the company should put the maximum efforts.

|                             | DE NORA | Electrodes | Water Technologies | Energy Transition |
|-----------------------------|---------|------------|--------------------|-------------------|
| Resource Use                | 19.26   | 40.39      | 83.24              | 27.44             |
| Emissions                   | 57.25   | 35.55      | 75.56              | 37.48             |
| Environmental Innovation    | 82.25   | 24.61      | 66.12              | 8.78              |
| Environmental Score (34.2%) | 52.92   | 33.52      | 74.97              | 24.56             |
| Workforce                   | 93.74   | 37.15      | 73.07              | 42.55             |
| Human Rights                | 90.63   | 31.07      | 68.16              | 1.7               |
| Community                   | 96.52   | 42.79      | 78.43              | 15.01             |
| Product Responsibility      | 87.78   | 25.35      | 66.48              | 20.77             |
| Social Score (37.3%)        | 92.17   | 34.09      | 71.53              | 20.01             |
| Management                  | 9.92    | 39.1       | 67.35              | 52.58             |
| Shareholders                | 21.43   | 72.03      | 48.12              | 68.72             |
| CSR Strategy                | 34.96   | 28.93      | 73.98              | 24.6              |
| Governance Score (28.5%)    | 22.1    | 46.69      | 63.15              | 48.63             |
| Total Score                 | 58.28   | 38.09      | 69.88              | 31.06             |

## ANNEX XVII: ESG Risk by Sustainalytics

The Exhibit 41 shows the score of De Nora with respect to ESG risk. This score is based on the riskiness of the company computed based on an "Exposure" measure and a "Management" measure. De Nora has a Medium Exposure to ESG Risk, mainly driven by the areas of operation and dependency on environmental aspects for two out of three business lines. The Management is classified as **"High"** thanks so the detailed procedure of the "Task Force on climate-related Financial Disclosure" to mitigate these risks and their occurrence probability. **Sustainalytics** assigns **22.2/50** rating that corresponds to a **"Low"** level of ESG Risk. We used a comparison between the average of the ESG risk for the peers divided by sector to identify the positioning of De Nora with respect to them. Electrode has 28.2/50, Water Technologies 21.2/50 and Energy Transition 30.3/50, being the only category listed as medium Risk.

## ANNEX XVIII: Board of Directors Composition

| OFFICE                                                                        | FULL NAME (YEAR OF BIRTH)     | EDUCATIONAL & LABOR BACKGROUND                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-------------------------------------------------------------------------------|-------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Executive Chairperson, Strategies Committee                                   | Federico De Nora (1968)       | Grandson of the Company's founder Oronzio, Federico De Nora began his career in 1988 in the planning and corporate control department of Norfin S.r.l. Until 2014, he was a Shareholder and Director of De Nora do Brasil Ltda. He is currently Chairman of Federico De Nora S.p.A. and of the Fondazione Oronzio e Niccolò De Nora. He also currently serves as Chairman of the Company's Board of Directors, of which he holds the majority.                                                                                                     |
| Chief Executive Officer, Strategies Committee                                 | Paolo Enrico Dellachà (1968)  | Paolo Dellachà holds a master's degree in electronic & management engineering from the Milan Polytechnic before joining the Group in June 2009 as General Manager. He was appointed Chief Executive Officer in December 2010 and since then has led the Group in its organic expansion and evolution.                                                                                                                                                                                                                                              |
| Directors, Strategies Committee                                               | Stefano Venier (1963)         | Stefano Venier has over 30 years of managerial experience in the energy and utility sectors, both in Italy and internationally. He graduated in IT from the University of Udine and completed a master's degree in Energy and Environmental Management and Economics from the Scuola Superiore Mattei.                                                                                                                                                                                                                                             |
| Directors, Appointments and Remuneration Committee, Related Parties Committee | Maria Giovanna Calloni (1964) | Maria Giovanna Calloni graduates in Economia Aziendale summa cum laude from Università Commerciale Luigi Bocconi, Milan in 1987. Currently, Ms. Calloni serves on the board of director of Industrie De Nora (DNR.MI – Electrochemical and Hydrogen), Euro Group Laminations (EGLA.MI – EV Mobility), Philogen (PHIL.MI – Biotech), CY4Gate (CY4 – Cyber Security) e Tec Cyber.                                                                                                                                                                    |
| Directors, Appointments and Remuneration, Strategies Committee                | Mario Cesari (1967)           | Mr. Cesari is a Swiss and Italian bi-national. He obtained an MSc. in Industrial Engineering in 1992 from the Milan Polytechnic with a thesis written at the Fraunhofer Institute in Stuttgart. Mr. Cesari also obtained an MBA with honors from Insead in 1997. He has an international career spanning more than three decades, combining operations, strategic planning, M&A, and board directorship expertise.                                                                                                                                 |
| Directors                                                                     | Michelangelo Mantero (1968)   | Michelangelo Mantero graduated in 1993 with a degree in monetary economics from Bocconi University in Milan. In addition to being a non-executive member of the Board of Directors of De Nora since 2012, he holds the position of non-executive director of the companies involved in the private equity investments he followed, including Sacop S.r.l. operating in passive fire protection systems, [HWG S.r.l. cyber security services company], ECS S.r.l. active in healthcare packaging, [GN Techonomy S.r.l. system integration company]. |
| Directors, Appointments and Remuneration Committee, Related Parties Committee | Elisabetta Oliveri (1963)     | Elisabetta Oliveri graduated with honors in Electronic Engineering from the State University of Genoa.                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Directors, Audit, Risk and ESG Committee, Strategies Committee                | Paola Bonandrini (1974)       | Paola Bonandrini took her degree in structural engineering in 1998 at the Università degli Studi di Pavia and one year later, she earned a master's degree in management and economics of Energy and Environment (Master MEDEA) at the Scuola Superiore Enrico Mattei.                                                                                                                                                                                                                                                                             |
| Directors, Audit, Risk and ESG Committee                                      | Giovanni Toffoli (1968)       | Giovanni Toffoli graduated in Business Administration at Ca' Foscari University in Venice in 1991. After moving to the United States, after different experiences, he returned to Italy in 1996. In 2000 the activities were transferred to a new plant; with new advanced technologies, Adriatica Spa was born. In 2004 he joined the board of directors of Adriatica Spa, and from 2012 he became its CEO, holding various positions within the group in the various subsidiaries.                                                               |
| Directors                                                                     | Alessandro Garrone (1963)     | Alessandro Garrone graduated in Economics in 1991. Since April 2012 he has been Executive Deputy Chairman of ERG SpA and Chairman of the Strategic Committee of ERG SpA. Since April 2015 it has been responsible for overseeing the internal control and risk management system.                                                                                                                                                                                                                                                                  |
| Directors                                                                     | Giorgio Metta (1970)          | Giorgio Metta is the Scientific Director of the Istituto Italiano di Tecnologia (IIT). He holds a MSc cum laude (1994) and PhD (2000) in electronic engineering both from the University of Genoa.                                                                                                                                                                                                                                                                                                                                                 |
| Board of Statutory Auditors                                                   | Marcello Del Prete (1965)     | Marcello Del Prete graduated from the University of Bari, Faculty of Economics and Business. He has held and still holds auditing positions in numerous joint-stock companies. He deals with tax law, extraordinary transactions, group organisation, technical consultancy, arbitration, and judicial liquidation.                                                                                                                                                                                                                                |
| Chief Financial Officer                                                       | Luca Ogliandolo               | Luca Ogliandolo has extensive experience as a Director in all Finance functions (Planning and Control, Finance and Treasury, Administration and Accounting). Responsible for the economic and financial management of the Company, as well as developing and coordinating the processes of budgeting, management control, and information systems.                                                                                                                                                                                                 |