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BUY

DNR.MI

Current Price: €6.95 (as of 06/02/2025)
(Company Data)
Target Price: €10.83 (Team Assessment)
Upside: +37% (Team Assessment)
Forward Dividend & Yield: €0.12, 1.73%
Total Shareholder Return: +2.83% (as of
06/02/2025) (Stock Analysis)

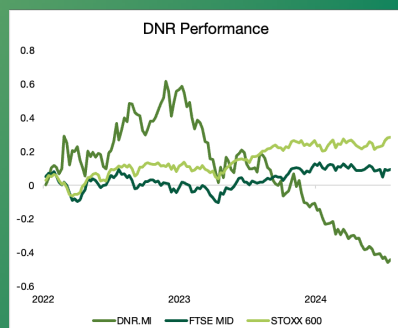
MARKET DATA

Market Cap (as of 06/02/2025): € 1.415B
(Yahoo Finance)
Free Float: 22.13% (Company Data)
Stock Exchange: Italian Stock Exchange
ISIN: IT0005186371
Ticker: DNR-IT

STOCK PERFORMANCE

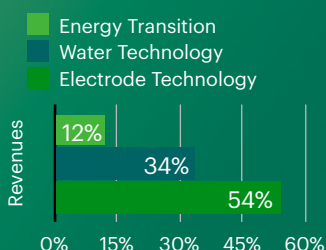
52 Weeks Range: €6.94 - €16.17
(FactSet)
Avg Daily Volume(30D): 156,865.53
(FactSet)

Stock Performance- Exhibit 1



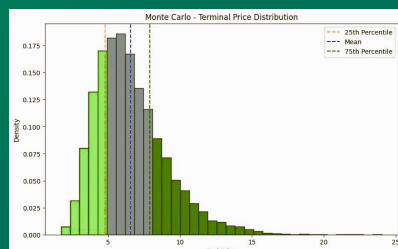
Source: Yahoo Finance, team assessment

Segments' Growth – Exhibit 2



Source: Company Data, Team Assessment

Montecarlo Simulation- Exhibit 3



Source: Yahoo Finance, Team Assessment

Investment Summary

We recommend a **Buy** on Industrie De Nora S.p.A., setting a one-year forward target price of €10.83/share, which implies a 37% upside from the opening price on February 6, 2025 (€6.90/share).

De Nora, a Story of Valuable Technological Innovation and Resilience

De Nora is a global leader in electrochemistry and sustainable technologies and has been the world's largest supplier of electrodes for electrochemical industrial processes with a 50% global market share.

De Nora dates back to 1923 when Oronzio De Nora founded it in Milan. It spans into three areas: **Electrode Technologies, Water Technologies and Energy Transition**. These segments, although having different end-markets, are closely linked by the product that characterizes De Nora: the electrode. In terms of financial performance, the company's total EBITDA decreased from €190,831 in FY22 to €171,063 in FY23, reflecting a decline in operating results. However, looking at a longer horizon, the company has achieved a **CAGR of 13.13%**, highlighting strong growth over the x period. The ability to operate across multiple sectors makes De Nora less vulnerable to cyclical fluctuations in a single market. In more detail:

1.Electrode. In 2023, the segment saw an increase in investments, with the CapEx/Revenue ratio growing to 9.78% (up 54.5% compared to 2022), highlighting a renewed strategic focus. Electrode Technologies increased its share of total revenues to 54% in FY23 (Exhibit 4), with a turnover of €464.2 million, marking a slight decline of -1.9% compared to 2022. While the demand for electrodes in terms of volumes remained stable, the overall global economic slowdown in FY23 affected the pace of growth compared to FY22. This suggests that the decline in turnover was primarily driven by external market conditions rather than by a decrease in demand for the product itself. **Growth trend and positioning.** The Group is focused on optimizing the utilization and recovery of precious metals, meaning the extraction and reprocessing of these materials from production processes, with the goal of enhancing efficiency and reducing costs.

2.Water. Analyzing the CapEx/Revenues ratio, there has been a steady decline over time: in 2023, investments were only 2.14% of revenues, less than half of 2019. The decline in investments reflects a reduced focus from the Group that is also confirmed by the revenues, which represented 34% of total revenues in FY23 (Exhibit 4), down from 39.5% in FY22. The decrease can be attributed mainly to the reduction in revenues from the swimming pools business line (-46.8%), more exposed to B2C customers. However, other business lines such as Electrochlorination and Disinfection and Filtration saw revenue increases by 8% and 27.6%, respectively. Industrie De Nora plans to cut operating costs by exiting the "Marine Technologies" business. **Growth trend and positioning.** The Group is focusing on the main strategic markets (municipal and industrial), through an optimized technology portfolio.

3.Energy This segment, created in 2022, represented 12% of total revenues in FY23 (Exhibit 4), with a 139.6% YoY growth. Investments also saw significant growth, with CapEx/Revenue ratio increasing from 17.91% to 30.65%. **Growth trend and positioning.** The Group intends to continue to invest in the development and marketing of electrolyzers and complete systems, increasing its efforts to reduce the levelized cost of hydrogen (LCOH).

Industrie De Nora's IPO Journey: High Initial Trading Activity and Volatile Share Prices

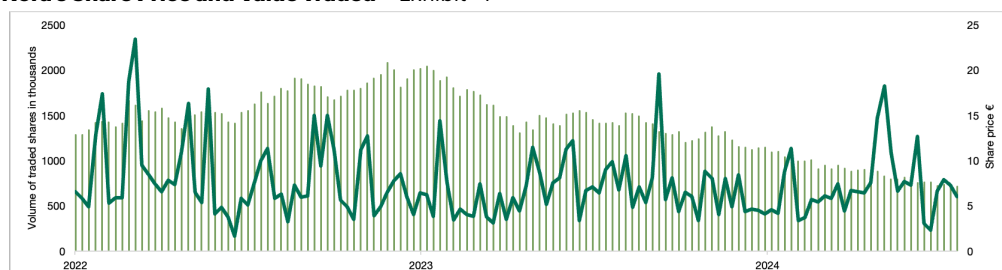
Industrie De Nora S.p.A. began trading on the Milan Stock Exchange on June 29, 2022, aiming to raise €200 mn in its IPO, with existing shares worth up to €371 million. The offering valued the company at approximately €3.28 bn (Reuters, 2022). Industrie De Nora's trading volume peaked in early 2022 before stabilizing in 2023 and 2024, while the share price experienced notable volatility, trending downward in late 2023 and early 2024 despite occasional increases (Exhibit 4).

Valuation: Balancing Growth and Market Realities

The 1-year forward target price of **€10.83**, representing a 37% upside from the opening price on February 6, 2024. The principal valuation approach is based on a Discounted Cash Flow to Firm (DCF) model supported by a Sum-of-the-Parts (SOTP) Peer Evaluation Model, a Tornado Chart and a Sensitivity Analysis to assess potential valuation variations. The first stage assumes a revenue increase of approximately 12%, primarily driven by growth in Electrode Technologies. In the second stage, revenue growth stabilizes at around 6%, reflecting the average expected growth across all three business segments and De Nora's historical growth trend. From 2034 onward, in the third stage, the company is projected to grow at a terminal rate of 1.5%.

ESG. De Nora holds an overall ESG score of A, with a strong Social score for employee wellbeing, safety and diversity. However, its Environmental and Governance scores are below average. Environmental challenges include toxic emissions, GHG emissions, and water stress targets, despite advancement in green innovation. The company intends to improve these gaps by following its Sustainability Plan 2026-2030. The Governance score suffers from concentrated ownership and overlap of board members in internal committees.

De Nora's Share Price and Value Traded – Exhibit 4



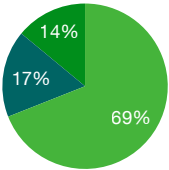
Source: Yahoo Finance, Team Elaboration

1923	De Nora's foundation
1960	DSA® Electrodes and Scientific Research
1980	The Group accelerates its expansion abroad, entering the markets of Singapore, Brazil and India
2001	JV between De Nora & Thyssenkrupp forms Uhdnora S.p.A. (later tkUCE)
2015	Creation of Water Technology segment
2021	De Nora becomes one of the protagonists of Neom project
2022	IPO: De Nora listed on Euronext Milan & Creation of Energy Transition segment
2023	De Nora celebrates 100 years of innovation

Source: Company Data, Team Assessment

Electrode Technology Composition-
Exhibit 6

- Chlor Alkali
- Electronics
- Specialty & New Applications



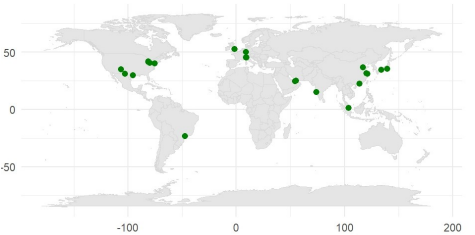
Source: Company Data, Team Assessment

De Nora's Strategic Growth Overview -
Exhibit 7

Source: Company Data, Team Assessment



Company Sites - Exhibit 8



Employee Distribution - Exhibit 9

- Research & Development
- Manufacturing
- Engineering
- Sales & Technical Support
- General & Administrative



Source: Company Data, Team Assessment

Business Description

De Nora: A Century of Innovation & Leadership.

Founded by Oronzio De Nora in 1923 and based in Milan, Industrie De Nora S.p.A. is an Italian multinational company (Exhibit 5). De Nora is a **global leader in electrochemistry and sustainable technologies** and in 2022 it was listed on the Italian Stock Exchange (Euronext). Industrie De Nora is the world's largest supplier of electrodes for electrochemical industrial processes with a 50% global market share. The Group operates in more than 100 countries (Exhibit 8), with 24 operating subsidiaries (Annex 2), 5 research centers (in Italy, Japan and the USA), a portfolio of more than 2387 patents (Annex 3), and a variety of long-term partnerships. By the end of FY23, the Group had 2,010 employees. The Nora includes 45 companies and 51 companies in the subsidiary group, with a market capitalization of €1.403 bn (Yahoo Finance). The Group is supported by a core group of 14 stable majority shareholders, including the founding members, despite having a broader shareholder base. The company is controlled by **Federico De Nora S.p.A.**, a holding owned by Federico De Nora, with 51.53% of outstanding shares. Federico De Nora, acts as Executive Chairman of Industrie De Nora S.p.A., further strengthening his influence on governance and corporate strategy. **Mission:** Reduce the carbon footprint and support the energy transition with innovative solutions for energy, water and sustainability.

THREE DIVISIONS, ONE SOUL

1.Electrode Technologies [€464.2M 2023 revenues, -1.9% YoY, CapEx/Revenue ratio: 9.78%, CAGR impact: 9.80%]. De Nora focuses on the production of electrodes for the electrolysis process, applied in industrial sectors. This industry comprises mainly three areas: Chlor-Alkali, Electronics and Specialties, and New Applications, which together account for 53% of De Nora's total business (Exhibit 6). Customers are mainly companies in the chemical, metallurgical, mining and other related industrial sectors. This is De Nora's most mature segment, where the company holds approximately 50% of the global market share.

2.Water Technologies [€290M 2023 revenues, -12.8% YoY, CapEx/Revenue ratio: 2.14%, CAGR impact: 11.10%]. De Nora deals with water treatment and disinfection solutions, such as chlorination and disinfection systems. This segment was created in 2015, with the purpose of diversifying electrodes' sales. Customers are mainly public utilities, private industries, agricultural and municipal sectors.

3.Energy Transition [€102.2M 2023 revenues, +139.6% YoY, CapEx/Revenue ratio: 30.65%, CAGR impact: 203.92%]. De Nora focuses on the production of green hydrogen via electrolyzers, such as the Dragonfly®, supporting energy transition and decarbonization policies. The sector shows strong growth potential, driven by governmental incentives and decarbonization targets, while demand is influenced by policy shifts and energy prices. The market exhibits moderate fragmentation, combining established energy players with emerging innovators. Key competitors include other electrolyser manufacturers and integrated energy companies, with regional dynamics and regulatory frameworks playing a critical role in shaping market opportunities.

REVENUE DRIVERS & STRATEGIC INSIGHTS

De Nora is mainly active in the **B2B market** (Annex 4), offering solutions and technologies to companies within its industries. To a lesser extent, the company also serves individual customers, particularly in the US market, where it provides disinfection solutions for swimming pools through electrochlorination electrodes. De Nora leverages these seven features:

1.Growing Demand for Sustainable Technologies. The global demand for sustainable technologies is one of the main drivers of growth for De Nora. Leveraging its robust patent portfolio and a commitment to continuous innovation, De Nora stands out as a leader in the industry. The company's R&D division, comprising 107 employees (5.3% of the total workforce), reflects a strong focus on engineering and chemistry, with many professionals having achieved advanced education such as Master's degrees and PhDs. De Nora manages to position itself among the best companies in the industry. A clear example of the strive for excellence is the Dragonfly® system (Annex 1), which facilitates the optimization of sustainable hydrogen production, addressing the increasing demands of the global market.

2.Being Unique. Thanks to its high level of specialization and the wide range of advanced technologies, Industrie De Nora stands out as the only player to operate across such different end markets. For this reason, it is strategically positioned not only as a direct competitor of some companies, but also as a technology partner or supplier to many of its own competitors. De Nora mainly benefits from economies of scale thanks to its global size and diversification, which allows it to enjoy lower cost per unit in the market.

3.After Sales Services. De Nora offers continuous and technical assistance to its customers. After sales services are a critical factor for De Nora and its clients as evidenced by the percentage of staff belonging to the area "sales & tech. assistance", representing 11% of total employees. (Exhibit 9)

4.Global Reach. De Nora adopts a global strategy with a regional structure covering EMEA, Asia, North America and Latin America (Exhibit 8). The company is strengthening its presence in key markets, such as Europe, North America and Asia, to meet the growing demand for sustainable solutions. In some specific situations, De Nora adopts a "glocal" (global strategy with local adaptations) approach, combining a global strategy with local adaptations to meet the regulations and cultural peculiarities of different countries.

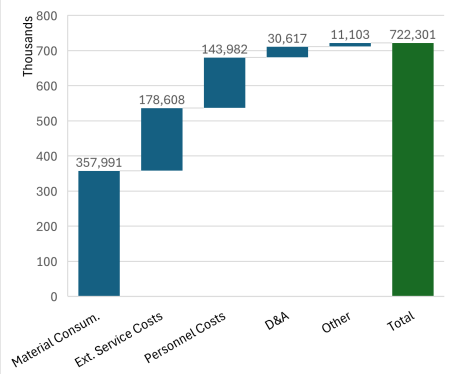
5.Lasting Partnerships and Vertical Integration. De Nora's strength also lies in its long-term strategic partnerships with leading companies (Annex 5). These strategic partnerships enable De Nora to expand its position and stabilize its role as a leader in the sectors in which it operates as explained in more details in the annex.

6.Growth and Diversification. De Nora's strategy focused on diversification, always expanding its business beyond the core electrode segment. Key steps in this direction include: 1) Acquisition of Water Technologies (2015): Allowed to enter the water treatment industry. 2) Entry into the Energy Transition Segment (2022): the company has accelerated its expansion in green hydrogen technologies.

7.Expanding Production. To fully exploit the expected growth in the green technologies related to hydrogen, De Nora is completing the construction of the Gigafactory (Annex 6), which will allow the company to significantly increase production capacity and consolidate its position as a leader in sustainable technologies. The project represents a strategic step to respond to the growing global demand and strengthen its competitive advantage in the market.

Cost Drivers Distribution – Exhibit 10

Cost Drivers Distribution



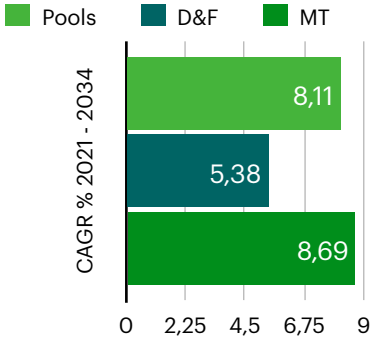
Source: Company Data, Team Assessment

Breakdown of the Electrode Technology Industry - Exhibit 11



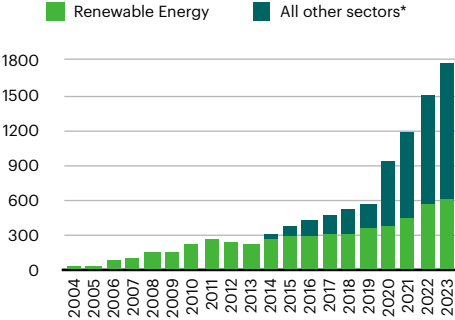
Source: Mediobanca Group, Global Market Insight, Statista, FBI Consulting, Team Assessment

Overview of Water Technologies Industry – Exhibit 12



Source: Mediobanca Group, Team Assessment

Global Investment in Energy Transition, by sector in USD Billion– Exhibit 13



*It is intended as the aggregate of the investments in the following sectors: power grids, clean shipping, clean industry, electrified heat, electrified transport, hydrogen, CCS, energy storage and nuclear.

Source: BloombergNEF

COST DRIVERS

De Nora's cost structure (Exhibit 10) is mainly influenced by variable costs related to raw materials. In FY23:

- 1.Material Consumption:** it was the most significant cost, equal to 42.2% of turnover (€357,991 thousand), and strongly influenced by the prices of raw
- 2.Personnel costs:** 16.8% of turnover (€143,982 thousand). Specifically, the workforce is composed of 1,186 employees in the Manufacturing division, 140 in Engineering, 225 in Sales and Technical Support, 352 in General & Administrative functions, and 107 in Research & Development (Exhibit 9). Total turnover in FY23 is 16%, down from the previous year (-1%). The staff stability index is 84%.
- 3.External Service Costs:** 20.9% of turnover (€178,608 thousand), including consultancy, marketing and other support. Of these, 1,703 thousand euros were allocated to support R&D activities.
- 4.Other operating expenses:** thousand in 2023, which include indirect taxes and duties, losses on sale of non-current assets, losses on receivables not covered by the bad debt provision, and other miscellaneous expenses.
- 5.Depreciation and Amortization:** amounting to €30.0 mn, an important cost item related to production facilities and patents. From 2019 to 2023, De Nora's depreciation and amortization increased from €27.1 mn to €30.6 mn, a growth of 13.4% over the period. This increase reflects the increase in investments in production facilities, technologies and infrastructure. This growth reflects business strategies aimed at modernizing production capacities and supporting long-term competitiveness. The growth in D&A expenses is expected to continue due to the gigafactory completion.

Industry Overview & Competitive Positioning

Exploiting its core competencies in electrochemistry and electrode technology, the Group has constantly diversified in several industries and markets.

ELECTRODE TECHNOLOGIES INDUSTRY

The Electrode Technologies market (Exhibit 11) was valued at approximately USD 1,446.19 mn in 2023, and it grew to USD 1,621.79 mn in 2024. The market is expected to continue its growth, reaching USD 3,078.80 mn by 2034, with a CAGR of 7.63%. The market is expected to reach USD 3,078.80 mn by 2032. This industry can be subdivided into many other segments. Our analysis will focus mainly on the most important markets for Industrie De Nora. The **Chlor-Alkali market** was valued at USD 1,281.99 mn in 2023, and grew to USD 1,435.83 mn in 2024. By 2034, the market is projected to reach USD 2,716.91 mn, showing steady growth with a CAGR of 7.81% (2021-2034). The **Electronics market** is forecast to slightly recover, was valued at USD 101.22 mn in 2023 and grew to USD 112.28 mn in 2024. By 2034, the market is expected to grow to USD 216.26 mn, driven by the increasing demand for battery electrodes due to the rise of consumer electronics and electric vehicles (FBI Consulting), with a CAGR of 4.94% (2021-2034). The **Specialties and New Applications** market was valued at USD 62.97 mn in 2023, and grew to USD 73.67 mn in 2024. By 2034, it is expected to reach USD 145.63 mn, indicating strong expansion in this segment with a CAGR of 9.27% (2021-2034). The **Electrowinning (Mining) market** remains a niche market. In 2021, its global size was estimated at €46 mn, and while some marginal growth may have occurred, this segment is not expected to reach a significant scale compared to other areas of the industry. **Demand drivers and challenges.** The sector exhibits stable demand, and the main driver is the advancement in electrolytic cell technology. The challenges stem from limited growth compared to emerging sectors and dependence on mature infrastructures with little chance of growth. The costs affecting this segment are mainly related to precious metals, exhibiting high volatile prices, and the development of innovations.

WATER TECHNOLOGIES INDUSTRY

The global market for water technologies is valued at USD 10,262 mn in 2023, projected to reach USD 10,859 mn in 2024, and is expected to grow significantly, reaching USD 19,441 mn by 2034. The water technologies industry can be divided into three main segments: Swimming Pools, Disinfection and Filtration, and Marine Technologies (Exhibit 12). Electrochlorination could also be considered a relevant segment; however, there is insufficient data available to provide a detailed market analysis. **Swimming Pools.** The global market for swimming pools was valued USD 147 mn in 2024, projected to reach USD 281 mn by 2034. This growth is driven by increasing urbanization and a growing interest in health and leisure activities. The CAGR from 2021 to 2034 is approximately 8.11%. **Disinfection and Filtration.** The market for disinfection and filtration technologies was valued USD 8,886 mn in 2024, and it is expected to reach USD 15,614 mn by 2034. The CAGR from 2021 to 2034 is approximately 5.38%. **Marine Technologies** (discontinued by De Nora). The Marine technologies market valued at USD 1,825 mn in 2024, and projected to reach USD 3,546 mn by 2034. This sector continues to evolve, driven by innovations in marine water treatment and related technologies. The CAGR from 2021 to 2034 is approximately 8.69%. **Demand drivers and challenges.** Growth is driven by demand for sustainable solutions aligned with the UN Sustainable Development Goals (SDGs). Challenges include high costs of innovation and stricter environmental regulations, which can increase operating costs and limit growth.

ENERGY TRANSITION INDUSTRY

The energy transition industry is a fast-growing sector, driven by solutions for decarbonization such as renewable energy and hydrogen (Exhibit 13). Global investments in energy transition reached USD 3,070 mn in 2023, with a projected growth to USD 4,910 mn in 2024, and an expected surge to USD 115,630 mn by 2034. The European green hydrogen market has been estimated at 141.24 mn dollars in 2023, with a forecasted CAGR of 67.1% from 2024 to 2032 (UnivDatos Market Insights). According to the International Energy Agency's "Global Hydrogen Review 2024", green hydrogen production could reach 49 mn tons per year by 2030. Global investments in the clean energy supply chain, on the other hand, have reached around USD 135 bn in 2023, and it is estimated that they could reach USD 259 bn in 2025.

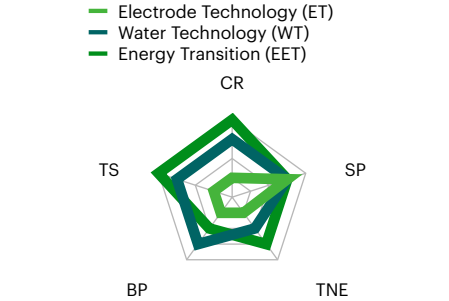
Demand drivers and challenges. The main drivers of this sector include the global push for decarbonization, supportive government policies for hydrogen infrastructure and technological innovations that are gradually reducing the costs of producing green and blue hydrogen. However, challenges remain: high production costs (green hydrogen needs to reach ~1.5 euros/kg to compete with natural gas), infrastructure limitations, and regulatory hurdles. The European Court of Auditors recently called the EU's targets on hydrogen "unrealistic", stressing the need for a more in-depth analysis to achieve the ambitious targets set for 2030 (Financial Times). Additionally, insufficient demand and underperforming companies increase investor caution in this industry.

Swot Analysis – Exhibit 14

STRENGTHS
1-Leadership in the market for industrial electrodes 2-Global presence with activities in multiple countries 3-Strong technological innovation 4-Focus on sustainable solutions
WEAKNESSES
1-Dependence from specific market which could suffer from fluctuations 2-High operational costs due to international management 3-Reliance on partnerships could slow expansion if one ends
OPPORTUNITIES
1-Growth in green hydrogen sector 2-Expansion of water treatment technologies sector 3-Expertise in advanced chemistry that could be leveraged for innovative materials in the battery and energy storage sector
THREATS
1-Strong competition in the electrochemical and sustainable technologies sectors 2-Stricter environmental regulations could increase costs 3-Increase in the costs of rare metals and other components could reduce profit margins 4-Slow adoption or market stagnation for green hydrogen

Source: Company data, Team Assessment

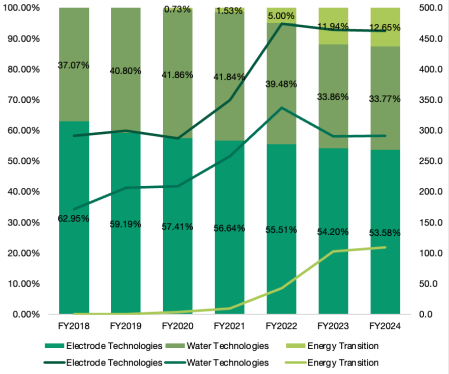
Porter's 5 Forces Analysis – Exhibit 15



Competitive Rivalry. Less intense in ET due to De Nora's leadership and limited competition, moderate in WT where De Nora is among the top players, and highly intense in EET due to alternative technologies and the high price of green hydrogen.
Supplier Power. De Nora has built strong, long-term relationships with a plethora of suppliers. However, global supply chain disruptions make cost volatility a challenge for all segments.
Threat of New Entry. Mild in the ET due to De Nora established position, technological expertise, and significant investment in R&D. Slightly more in WT where entrance requires expertise and regulatory compliance. Moderate in the ET due to increasing investments.
Buyer Power. Low buyer power thanks to De Nora strong position in ET. Buyers have some leverage in the WT where De Nora faces competition. In ET the intensity is moderate given De Nora's specialized products.
Threat of Substitution. High threat of substitution as alternative technologies for green hydrogen production and energy storage continue to develop in EET.

Source: Team Assessment

Revenues by Business Segment - Exhibit 16



Source: Company Data, Team Assessment

COMPETITIVE POSITIONING

De Nora stands out in its industries, due to its diversification strategy, which allows it to benefit from the counter-cyclicality of the sectors in which it operates. To analyse the competitive landscape surrounding the Group, it is necessary to focus on its main business segments:

1.Electrode Technologies [Leader]. Industrie De Nora holds a leading position in the industry, with a global presence and an established network of customers. The company supplies high quality electrodes to major global industries, many of which are direct competitors or strategic partners, giving De Nora a near-undisputed position. However, some companies, even if they are not direct competitors, as their core businesses do not focus on electrode manufacturing, can pose potential competitive threats for the Italian company, given their alignment with De Nora in terms of industry classification and their involvement in electrochemical-related products and technologies. These include **Umicore, Johnson Matthey, Osaka Soda and Magneto Special Anodes**. Umicore is a threat in emerging markets or in sectors requiring advanced technological innovation. Johnson Matthey competes with De Nora in frontier technologies, especially for advanced electrodes and sustainable applications such as hydrogen and green energy. However, Johnson Matthey has recently decided to cut down on its investment in hydrogen technologies by limiting capital expenditure to maintenance levels of no more than £5 mn per year (The Times). Osaka Soda could also represent a potential competitive threat to De Nora, particularly in traditional markets such as chlor-alkali electrolysis, but the extent of this competition depends on product overlap, geographical presence, and each company's ability to drive innovation. Magneto Special Anodes is the most direct competitor for the traditional markets of De Nora (such as chlor-alkali and salt electrolysis). Its ability to offer customized solutions and aggressive pricing represent a significant challenge. It should be noted that Magneto Special Anodes is not an independent company per se but rather a subsidiary, operating under the ownership of Evoqua Water Technologies. In conclusion, while De Nora retains its leadership and global presence, it is crucial that it continues to focus on innovation and cost competitiveness to maintain its leading position.

2.Water Technologies [Among Top Players]. De Nora has been in the industry for more than 50 years and has achieved a leading position through the combination of technological innovation and strategic partnerships. Its long-standing collaboration with ThyssenKrupp Nucera has enabled the company to provide essential components and integrated solutions for complex industrial applications, strengthening its market presence. However, De Nora's electrochemical disinfection systems face competition from solutions offered by giants such as **Xylem, Ecolab and Pentair**. What distinguishes De Nora is its focus on advanced electrochemical technologies and its unique approach to *in situ* chlorine generation, which reduces the need for chemical transport and storage, offering a significant advantage in terms of sustainability. Unlike its main competitors, which focus mainly on sectors such as agriculture, food and human consumption, De Nora has developed highly specialised solutions for electrolysis and other industrial applications. Among its industry peers, Xylem is one of the few companies offering on-site generation solutions, but it relies primarily on physical technologies that still require storage and transport processes. De Nora, thanks to its innovative electrochemical approach, is able to overcome these limits, differentiating itself further from its main rivals.

3.Energy Transition [Relevant]. De Nora is a global leader in hydrogen electrode manufacturing, thanks to its alkaline water electrolysis technology and investments in the gigafactory. Its relevance in the sector is confirmed by its involvement in global projects such as Neom. In the green hydrogen sector, De Nora's main competitors should be identified in relation to its joint venture with ThyssenKrupp Nucera, rather than being compared to Industrie De Nora itself. Many of these competitors, such as **McPhy Energy SA** and **Asahi Kasei Corporation**, serve as both customers and partners of De Nora, since they don't produce electrodes. McPhy Energy, which specializes in high-pressure alkaline electrolysis, is expanding its technology offering, while Asahi Kasei is active in the production and distribution of green hydrogen through alternative solutions. Another possible competitor is **Nel ASA**, which emerges as a particularly competitive entity due to its ability to produce both alkaline electrolyzers, which are generally less expensive than PEM electrolyzers, and PEM electrolyzers. This flexibility makes it particularly competitive in industrial projects and large-scale green hydrogen applications. However, Nel ASA has faced challenges with high costs and negative financial results, as its revenues have been insufficient to cover operating expenses, putting it at a disadvantage compared to De Nora. Overall, De Nora faces increasing competition both technologically and in terms of pricing. Alternative solutions, like fuel cells and batteries, may offer more cost-effective options, intensifying competitive pressure. To maintain its leadership, De Nora must continue to innovate and manage costs effectively. (Exhibit 16) (Annex 4)

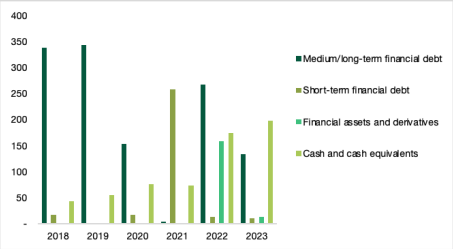
Financial Analysis

Historical

Industrie De Nora has demonstrated resilience in **maintaining a solid financial position** (Exhibit 17) throughout FY18-24 (Annex 9) despite significant but below-average fluctuations associated with global events and strategic investments. The company experienced a 9.36% revenue increase in FY18-19, followed by a slight revenue decline of 1.17% in FY20 due to the pandemic. However, FY21 witnessed a remarkable 23.31% growth, driven by price adjustments and cost increases (Exhibit 18). This upward trend continued in FY22, with a 38.47% revenue increase, primarily attributed to growth in the Electrode Technologies and Water Technologies segments (Exhibit 16). The company's financial position remained solid despite destocking activities and price normalization post-COVID-19 in the Pools segment.

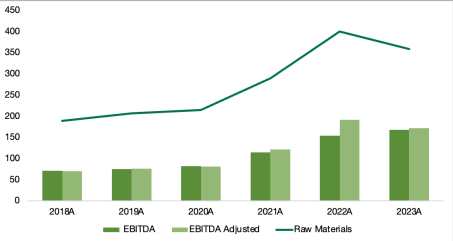
By 9M24, R&D expenses rose, underscoring Industrie De Nora's unwavering strategic focus on innovation. This commitment to pushing the boundaries of technology and science is a testament to the company's forward-thinking approach and determination to stay ahead in the industry. Furthermore, investments in the AMS region and Italy grew significantly, supporting the Gigafactory construction. The Group's financial stability is bolstered by a **negative Net Financial Position**, with liquid assets surpassing debts, allowing strategic agility for M&A and investments. FY23 saw a 49% reduction in financial debt thanks to the repayment of loans, giving the Group the chance to seize new opportunities. Despite challenges in specific segments, the company's average **EBITDA margin remained resilient** at 17.10% from FY18-23 (Exhibit 18). Industrie De Nora's focus on growth and market penetration is evident in the substantial rise in FY23's ROE and consistent CapEx investments (Table 1). These investments are supported by PNRR funds for the advancement of GigaFactory and hydrogen technology. The Group's efficiency is further highlighted by **increased ROCE and ROS metrics** throughout the period, even amidst regulatory challenges affecting the Energy Transition segment (Table 2).

Financial Structure - Exhibit 17



Source: Company Data, Team Assessment

EBITDA vs Cost of Raw Materials - Exhibit 18



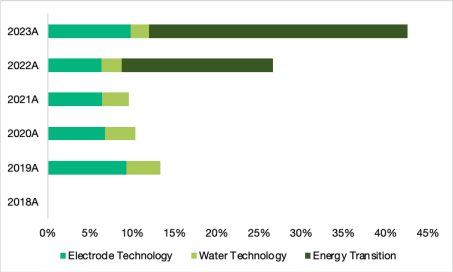
Source: Company Data, Team Assessment

CapEx/Revenues - Table 1

Industrie De Nora					
CapEx/Rev	2019	2020	2021	2022	2023
Electrode	9.27%	6.73%	6.38%	6.33%	9.78%
Water	4.01%	3.58%	3.16%	2.38%	2.14%
Energy	0%	0%	0%	17.91%	30.65%
Market					
Electrode	3.2%	2.82%	2.03%	3.76%	3.95%
Water	4.03%	3.32%	3.55%	3.61%	3.53%
Energy	22.48%	78.24%	82.89%	76.65%	109.62%

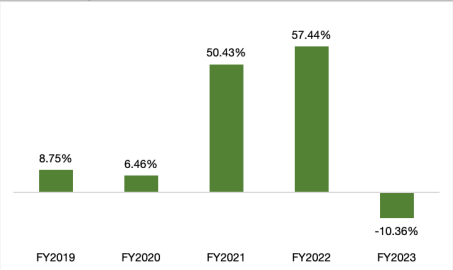
Source: Company Data, Team Assessment

CapEx/Revenues by business segment - Exhibit 19



Source: Company Data, Team Assessment

EBITDA growth YoY% - Exhibit 20



Source: Company Data, Team Assessment

Ratios peers comparison - Table 2

Industrie De Nora						
	2018	2019	2020	2021	2022	2023
Asset Turnover	1.28	0.69	0.68	0.74	0.77	0.65
ROCE	7.75%	7.27%	8.98%	16.21%	11.99%	12.65%
CapEx/Rev	6.00%	5.3%	3.9%	3.9%	4.5%	9.5%
Market						
Asset Turnover	1.25	1.28	1.29	1.27	1.27	1.11
ROCE	4.89%	6.46%	3.93%	6.59%	5.76%	4.82%
CapEx/Rev	5.38%	5.8%	12.04%	12.25%	12.46%	16.49%

Source: Company Data, Team Assessment

Electrode Technologies

Electrode Technologies's revenues represented **the highest percentage of total revenues** (*Exhibit 16*), with an average of 57.07% in FY18-24, with a slight decline from FY22. The decrease in EBITDA of 10.36% in FY was mainly attributable to increased fixed costs for the segment (*Exhibit 20*). Capex presented a stable trend in FY18-22, primarily growing due to the increase in fixed costs in FY23 to €45.42 mn, representing 51.32% of Total Capex (*Exhibit 19*). The Capex/Revenues ratio averaged 7.70% in FY19-23, keeping far ahead of completion with an average of 3.15% (*Table 1*).

Water Technologies

Water Technologies' revenues experienced modest growth after a significant drop in FY23, mainly due to the Swimming Pool segment. FY23 growth YoY was -13.89% for the entire segment, and -46.81% for Swimming Pools (*Exhibit 16*). The Water Technologies' EBITDA in FY23 decreased by 37.05%. Capex for the segment represents 7.01% of total Capex, down 22.61% YoY (*Exhibit 19*). The investments in intangibles decreased YoY from €5.94 mn to €3.79 mn, while investments in tangibles increased from €2.07 mn to €2.42 mn. The Capex/Revenue ratio for the segment has fallen since FY19, from 4.01% to 2.14% in FY23, below the average of leading competitors in the segment, which is 3.53% (*Table 1*).

Energy Transition

Energy Transition's revenues in FY22 increased by 354.21% YoY. In FY23, they increased by 139.63% YoY, reaching €102.235 mn (*Exhibit 16*). EBITDA growth YoY in FY23 rose by 401.99%, reaching €12.093 mn, representing 7.07% of the total. Capex in FY23 increased by 310.01% YoY, rising from €7.643 mn to €31.337 mn, representing 35.41% of total Capex (*Exhibit 19*). This increase is mainly due to a rise in investments in property, plant, and equipment (+303.74%) related to the segment. The Capex/Revenue ratio for the segment in FY23 is 30.65%, below the average of the main competitors in the segment, which stands at 109.62% (*Table 1*).

Forecast analysis

The analysis indicates a **strong outlook for revenue growth** in FY24-34, with an estimated overall increase of approximately 7.1%. Within this timeframe, the Electrode Technology segment is projected to expand significantly, with revenues expected to rise from €462.1 mn in FY24 to €882.7 mn by FY34, resulting in a compound annual growth rate (CAGR) of 6.7%. Similarly, the Water Technologies segment is anticipated to grow from €291.2 mn to €528.3 mn, reflecting a CAGR of 6.1%. The most impressive growth is predicted for the Energy Transition segment, which is set to increase its revenues from €109.09 mn in FY24 to €308.7 mn by FY34, translating to a robust CAGR of approximately 11%.

In terms of profitability, a **resilient EBITDA** is expected across the forecast period, with an average EBITDA margin projected at 24.83%. This strong margin underscores a **solid financial position**, providing ample opportunity for strategic investment in innovative projects. Notably, collaborations with Saudi Arabia will play a crucial role in driving growth, with key initiatives including a partnership with Acwa Power focused on generating chlorine dioxide for effective water disinfection and a project with the Saudi Water Authority aimed at treating perfluorinated chemical compounds (PFAS). These efforts will not only enhance revenue through electrochlorination systems but also contribute to broader goals of energy efficiency and sustainability thanks to the production of green hydrogen.

However, despite these positive growth prospects, a **decline in return on equity (ROE)** is forecasted, with a decrease from an average of 13.8% during FY18-23 to around 10% for the FY24-34 period. This anticipated drop is primarily due to an **increase in the Capex/Revenues ratio**, which is expected to rise from the current level of 9.5%, stabilizing at an average of approximately 10% over the next decade. This ratio corresponds to an average investment of about €124.71 mn between FY24 and FY34, highlighting the importance of strategic capital allocation to support sustainable growth and maintain financial health throughout the forecast period.

Valuation

We issue a **Buy** recommendation on Industrie De Nora, with a 1-year forward target price of **€10.83**, representing a **37% upside** from the opening price on February 6, 2025. The valuation approach integrates a **Discounted Cash Flow to Firm (DCF)** model, a **Sum-of-the-Parts (SOTP) Peer Evaluation Model**, a **Tornado Chart** and a **Sensitivity Analysis** to assess potential valuation variations. The DCF model serves as the primary valuation method, with 50% weight assigned to the base scenario, 10% to the bull case (€15.62), 15% to the bear case (€6.17), and 25% to the relative valuation (€9.70).

DCF Model

In the **base scenario**, the DCF model follows a **three-stage approach**, with a projected **7.15% CAGR for revenues (2024E-2034E)** and **8.14% CAGR for free cash flow to the firm (FCFF)** over the same period. The **first stage** assumes a **revenue increase of approximately 12%**, primarily driven by **growth in Electrode Technologies**, where De Nora is expected to maintain its market share, aligning its revenue growth with the segment's expansion. In the **second stage**, revenue growth stabilizes at around **6%**, reflecting the **average expected growth** across all three business segments and De Nora's historical growth trend. From **2034 onward**, in the **third stage**, the company is projected to grow at a **terminal rate of 1.5%**. Cash flows have been discounted using the **Weighted Average Cost of Capital (WACC)**, **calculated through the Three-Factor Model**. A Sensitivity Analysis was conducted by applying 25 different WACC and terminal growth rate (g) combinations. Under the **base case DCF** scenario, the fair value is estimated at **€11.88**.

In the **bull scenario**, the target price reaches **€15.62**, driven by an **11.35% CAGR in FCFF** over the next decade. De Nora is assumed to retain its **leadership in Electrode Technologies**, while expanding its presence in **Water Technology** through **new applications starting in 2026**, including services for the removal of emerging contaminants such as pharmaceuticals, personal care products, and industrial chemicals (PFAS) across different markets. For this segment the **revenues of each year increase on average by 34%** compared to the revenues of the corresponding year in the base scenario. Following the completion of the Gigafactory in 2026, De Nora may consider an **M&A transaction in the Energy Transition** segment in **2027** or expand organically through new investments, including the construction of an **additional Gigafactory abroad in 2029**. These strategic initiatives would lead to a **higher Capex allocation (+10%Yoy)** across both tangible and intangible assets, with an initial rise in fixed costs, which are expected to decrease over time due to economies of scale.

Scenario Financial Highlights - Table 3

	2030E	Bear Scenario	Base Scenario	Bull Scenario
Revenues		1,220.42	1,328.47	1,415.58
EBITDA		236.67	341.55	420.64
EBITDA Margin		19.39%	25.71%	29.72%
Operational Costs		983.75	986.92	994.93
Capex		122.31	166.06	187.65

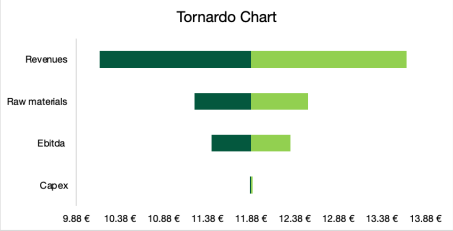
Source: Company Data, Team Assessment

Sensitivity analysis- Table 4

W A C C	g					
		1.0%	1.3%	1.5%	1.8%	2.0%
	6.2%	11.19	11.40	11.63	11.88	12.17
	6.7%	10.83	11.01	11.19	11.40	11.63
	7.2%	10.53	10.68	10.83	11.01	11.19
	7.7%	10.28	10.40	10.53	10.68	10.83
	8.2%	10.06	10.16	10.28	10.40	10.53

Source: Company Data, Team Assessment

Tornado Chart- Exhibit 21



Source: Company Data, Team Assessment

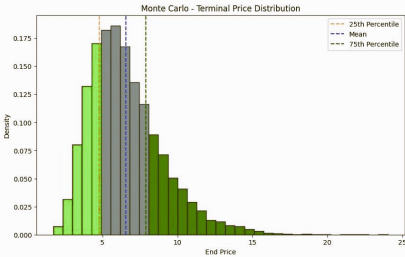
Peer Multiples - Table 5

EV/Ebitda	FY23	FY24E	FY25E
Electrode Technology	8.93x	4.42x	5.68x
Osaka Soda co., Ltd	15.10x	9.40x	7.80x
Umicore SA	8.40x	5.00x	5.40x
Johnon Matthey Plc	6.96x	0.90x	5.20x
DNR Segment EBITDA	117,94	114,05	140,33
DNR Segment EV	932,77	504,47	797,23
Water Technology	21.39x	19.30x	17.81x
Xylem Inc.	25.00x	17.00x	15.40x
Ecolab Inc.	20.90x	20.70x	19.30x
Pentair Plc	15.41x	18.00x	16.30x
Industrie De Nora	18.96x	10.00x	9.00x
DNR Segment EBITDA	41.34	47.52	58.47
DNR Segment EV	884.16	917.17	1,041.14
EV/Sales			
Energy Transition	3.14x	1.76x	1.44x
NEL ASA	4.99x	1.80x	1.70x
McPhy Energy SA	1.90x	0.60x	0.30x
Asahi Kasei Corporation	0.79x	0.50x	0.70x
ITM Power PLC	39.48x	1.70x	0.50x
Plug Power Inc.	3.75x	3.50x	2.50x
Industrie De Nora	3.60x	1.73x	1.50x
DNR Segment Sales	102.24	109.09	130.91
DNR Segment EV	321.02	191.56	188.62
DNR Value			
Total EV	2,137.95	1,613.2	2,026.99
Net Debt	-68.22	-85.15	-170.5
Minority	5.7	5.7	5.7
Equity Value	2,200.47	1,692.65	2,191.78
N. Shares	200.5	200.5	200.5

Final Price	9.70
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Source: Company Data, Team Assessment

Montecarlo simulation - Exhibit 22



Source: Company Data, Team Assessment

In the **bear scenario**, the target price drops to **€6.17**. The Water Technology segment remains stable, but from 2026 onward, **Electrode Technologies faces a decline** in orders due to the entry of a **new competitor in the Asian market**, benefiting from lower raw material costs. Due to a loss of market share in the Asian market, the segment revenues' **CAGR 24E-34E stands at 5.10%** compared to 6.25% in the base scenario. Additionally, regulatory support for the Energy Transition may weaken, with the potential repeal of key policies such as the Inflation Reduction Act and the Bipartisan Infrastructure Law, reducing incentives for De Nora's clients to invest in green hydrogen. The company could also face **higher costs due to raw material volatility**, with geopolitical instability in Latin America, Sub-Saharan Africa, and China-USA relations potentially driving up prices. Furthermore, restrictions on specific strategic metals could further impact cost structures, adding additional pressure on margins. The **FCFF of each year decrease on average by 56.6%** compared to the cash flows of the corresponding year in the base scenario.

Tornado Chart

The Tornado Chart clearly illustrates the sensitivity of the target price to a **±2% variation** in key variables. It is evident that **revenues have the most significant impact**, with a substantial fluctuation in the target price in both directions, indicating that sales growth is a primary driver in the valuation. **Raw material costs** and **EBITDA** exhibit a more **moderate** but still meaningful **influence**, highlighting the importance of monitoring operational margins. Conversely, Capex appears to have a negligible impact, suggesting that, at least in the short term, changes in capital expenditures do not materially affect the target price (*Exhibit 21*).

Sensitivity Analysis

Our analysis evaluates the resilience of the DCF 1Y-forward target price against fluctuations in key fundamental variables. Since the **Terminal Value accounts for approximately 65.68% of the Enterprise Value**, understanding its sensitivity to critical inputs is essential. In particular, we focus on the **Wacc and the long-term growth rate**, two fundamental drivers shaping our valuation. Depending on the combination of these variables, the target price is projected to range **between €10.06**, reflecting a 31% increase from the current market price, **and €12.17**, representing a 46% gain (*Table 4*). The sensitivity analysis consistently supports a positive investment stance, reinforcing a **Buy** recommendation across all tested scenarios.

Peer Valuation

Industrie De Nora was evaluated through a **Peer Valuation Analysis** across its three primary business segments: **Electrode Technologies, Water Technologies, and Energy Transition**. Peers were selected based on the similarity of their technologies, products, and the industries in which they operate. It should be noted, however, that two of the peers selected for the Electrode Technologies segment— Umicore SA and Johnson Matthey Plc—could be potential competitors of De Nora, but **not perfect substitutes** as their core businesses do not focus on electrode manufacturing (*Annex 7*). Instead, they were chosen due to their alignment with De Nora in terms of industry classification and their involvement in **electrochemical-related products and technologies**. We opted for a **Sum-of-the-Parts (SOTP) approach**, using **EV/EBITDA** as the reference multiple for the Electrode and Water Technologies segments, and **EV/Sales** for the Energy Transition segment (*Table 5*), as the peers in this sector exhibit negative operating margins. The analysis considers **FY23, FY24E, and FY25E**. It is notable that **De Nora's EV/EBITDA is significantly higher** than the weighted average of the **Electrode Technologies** segment across all three years. The higher multiple suggests that De Nora may hold a competitive advantage over its peers, underscoring its **market leadership, proprietary technology, and more efficient operational structure**. Additionally, its low debt exposure enhances its perceived resilience and lower risk profile. Conversely, De Nora's EV/EBITDA is **in line with the weighted average multiple of the Water Technologies** segment. The fact that De Nora is valued similarly to its direct peers indicates that the market expects the company's growth trajectory to be consistent with the sector average. Finally, **De Nora's EV/Sales remains aligned with the weighted average multiples of the Energy Transition** segment (3.60x vs. 3.14x in FY23, 1.73x vs. 1.76x in FY24E, and 1.50x vs. 1.44x in FY25E). This suggests that the market perceives De Nora as being in line with the industry in terms of future revenue generation and expansion potential. It is also worth noting that the Energy Transition segment is expected to experience a sharp **decline in its weighted average EV/Sales multiple**, dropping **from 3.14x in FY23 to 1.44x in FY25E**. This may indicate that the market had previously overestimated the growth potential of this sector and is now reassessing its long-term outlook downward. Moreover, De Nora appears to be more influenced by sector trends rather than company-specific factors. Unlike its peers, which report negative margins, De Nora has maintained positive margins even after entering the Energy Transition sector. This suggests that market-wide shifts in the Energy Transition segment will directly impact De Nora's valuation, regardless of its individual financial performance. Using the SOTP approach the resulting target price derived from the peer valuation analysis is **€9.70**. However, it is important to note that this method alone is insufficient to fully capture the intrinsic value of De Nora, given its diversified operations and the absence of direct competitors in certain segments. As such, the Discounted Cash Flow (DCF) model remains the primary valuation method, providing a more comprehensive assessment of the company's long-term potential.

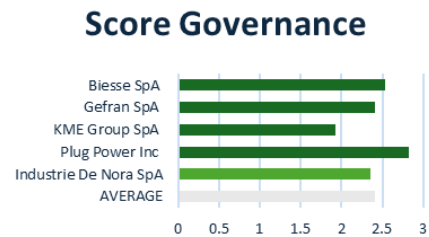
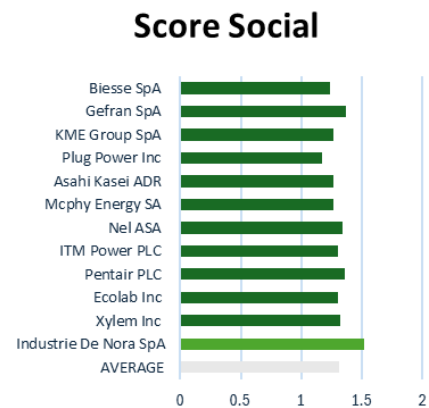
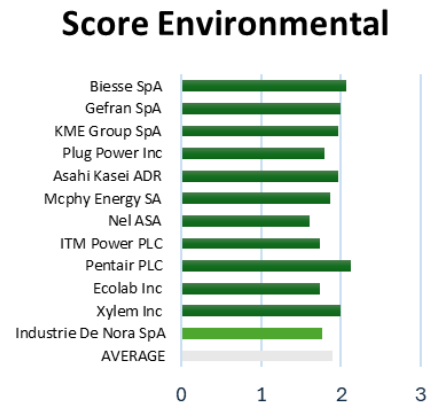
Monte Carlo Simulation

This section presents the results of the **Monte Carlo simulation** conducted to estimate the potential price movements of De Nora's stock over a one-year time horizon, corresponding to **252 trading days**. The simulation leverages De Nora's historical daily price data, spanning the period from **July 12, 2022**, to **December 30, 2024**, and employs the Geometric Brownian Motion (GBM) model, which appropriately captures the lognormal distribution of stock prices. The price dynamics are characterized by a drift component, calculated as the average daily return of the historical prices, equal to -5.7×10^{-4} , and a diffusion term, derived from the historical standard deviation, equal to 0.023. A total of 10,000 future price scenarios were simulated, each consisting of 252 steps, resulting in a distribution of terminal prices (refer to figure). This distribution was divided into three distinct zones: light green zone: below the 25th percentile (sell); Gray zone: between the 25th and 75th percentiles (hold); dark green zone: above the 75th percentile (buy). The average terminal price from the simulation was **€6.8**, closely aligning with the last observed historical price. This outcome reflects the low drift parameter in the GBM equation and the relatively short simulation horizon, which limit significant deviations from the starting price.

	E	S	G	ESGC score
LSEG	B	A+	D	B
MSCI	-	-	-	AA
Morningstar Sustainalytics	-	-	-	22.2/40+
Bloomberg	3.02 Below average	1.84 Below average	3.35 Behind	2.76 Below average
FactSet	-	-	-	Above Average
S&P Global	34	50	45	42/100, Very High
Our Analysis	Below Average	Above Average	Below Average	A

Source: Company Data, Rating Agencies' Websites and Team Assessment

ESG Scores Comparison- Exhibit 24



Source: Team Assessment

ESG

Over the past 15 years, investors have become increasingly attentive to **responsible investing**. Globally, sustainability has gained prominence through initiatives such as the Paris Agreement of 2015, the UN's Agenda 2030, and COP 28 and 29. As a result, ESG scores have become a critical factor in assessing corporate responsibility. In response, **De Nora adheres to European and Italian regulations**, preparing its Sustainability Report in accordance with the **Global Reporting Initiative (GRI) Sustainability Reporting Standards**. The company actively works to achieve high ESG scores: in December 2023, its board approved a **Sustainability Plan 2026-2030** and established a permanent team, the **ESG Accelerator Lab**, for supervision and coordination. However, the lack of standardization in ESG reporting and De Nora's unique position as a firm have led to varying assessments by ESG rating agencies (Exhibit 23). Some agencies classify the firm under Specialty Chemicals, while others under Electrical Components & Equipment. To address this, we consulted the MSCI and LSEG rating rationales and **benchmarked De Nora against 11 selected peers, partners, and Italian firms**. Our **proprietary ESG analysis** revealed that while De Nora's Social score is above average and its Governance and Environmental scores falls slightly below average, resulting in an **overall score of A** (Exhibit 23, Annex 14 and 15).

ENVIRONMENTAL [Below Average]

De Nora scores below average, leaving space for improvement (Exhibit 24). Its strategy focuses on:

1.Green Innovation. De Nora's innovates its products with an environmentally responsible mindset, through strategic R&D investments to develop sustainable products, by partnering with link-minded companies and organizations, benefiting from knowledge sharing. Indeed, 66% of R&D spending targets Energy Transition projects. Existing products are designed to support sustainability by improving process efficiency in industrial applications, reducing environmental impact, producing green hydrogen, and treating and reusing water. To prove this, De Nora plans to provide all products with an environmental impact Scorecard by the end of 2025. Additionally, it aims to optimize noble metals, targeting 5% recycled content in products by 2030 and 4% in coatings by 2026. The Gigafactory De Nora is building exemplifies its green innovation commitment. Collaborations with companies like Thyssenkrupp Nucera, Asahi Kasei, Mangrove Lithium and Hydrolite, as well as projects like X-SEED Project, further demonstrate the effort.

2.Climate Action and Circular Economy. De Nora is dedicated to minimizing its carbon footprint and fostering a circular economy throughout its entire value chain. Its pursuit of ISO 14001 certification for all construction sites by 2024 demonstrates its zeal, having already reached 27% of sites by the end of 2023. Key initiatives include:

Toxic Emissions and Waste Management: While it has not yet developed a formal plan to reduce toxic emissions, the company is actively optimizing waste management through reduction and recycling initiatives. By 2030, 80% of wood packaging will be deforestation-free, a significant improvement from the current 12% made from reused wood. Furthermore, over 25% of electrodes are already being recovered at the end of their lifecycle.

Water Stress: De Nora promotes circular utilization of water resources through its portfolio of Water Technologies products. The process of defining a target for water stress and biodiversity is ongoing with six water-stress areas identified so far.

Reduction of Emissions: De Nora aims to reduce Scope 1 and Scope 2 emissions by 50% by 2030 and Scope 3 emissions intensity by 50% by 2030. In 2023, the company produced 32k tCO2e (Scope 1 and 2, location-based), a 14.5% increase from the previous year. De Nora has a goal to source 100% of electricity from renewable sources by 2030, with an interim target of 40% by 2026. In 2023, photovoltaic systems installed have a production capacity of 3.1 GWh. Two of seven legal entities are also certified ISO 50001.

SOCIAL [Above Average]

De Nora is here rated as above average (Exhibit 24). Indeed, it is in line with regulations and promotes safety, wellbeing and diversity in its workforce.

1.People. As of the end of 2023, De Nora employs 2,010 people, a 4% increase from 2022. Almost the entire workforce is employed on a full-time basis, with 91% on permanent contracts. Most employees are between 30 and 50 years old. Key insights:

Health and Safety: De Nora has implemented comprehensive health and safety management systems, aiming for ISO 45001 certification for all sites by 2025, with 20% currently certified. In 2023, De Nora recorded a 5% decrease in injuries, with an LTIR of 0.05, indicating effective safety measures. The company prioritizes mental and physical health, offering surveys, training programs, hotlines, psychological help desks, health insurance, and internal medical services. By 2026, De Nora plans to train 25% of employees in mental health, have a mental health first aid responder at each major site, and provide a support hotline. The goal is to achieve a "Zero Accident Culture" and make all employees "Workplace Health and Safety Champions".

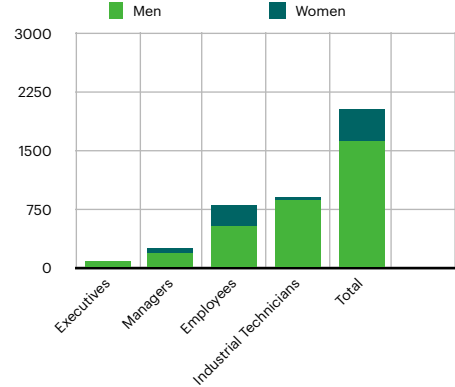
Employee Well-being and Satisfaction: De Nora supports work-life balance with remote work options, flexible hours, and maternity/paternity leave. In July 2023, it received the Great Place to Work certification with a 73% trust index. The company uses the Yumi app to monitor employee engagement and conducts annual performance evaluations.

Diversity, Equity, and Inclusion: De Nora promotes diversity and inclusion, ensuring equal opportunities. In 2023, the Gender Pay Gap was less than 5% overall and 0% for new roles. Women make up 20% of the workforce, up from 19.4% in 2022, with a target for new hires to be set in 2024. Managerial roles for women increased in 2023. Initiatives for 2024 include support for LGBTQ+ individuals and candidates with diverse disabilities. De Nora rewards employees for technical skills and innovation, with incentive plans for managers, directors, and sales staff. A Diversity, Equity & Inclusion Policy will be published in 2024.

Training and Development: De Nora offers various training programs to develop employee potential, including annual skills evaluations, De Nora Academy, the GoodHabit e-learning platform, the Yumi app, and the Technical Career Ladder. In 2023, employees received 63,055 hours of training. Future plans include upskilling, networking, and mentorship schemes specifically for women.

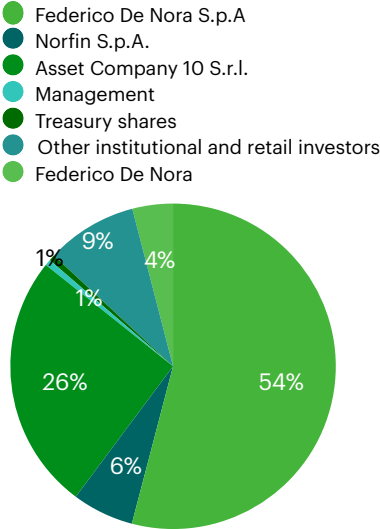
2.Community Engagement. De Nora promotes STEM education with a 40%+ student female participation goal, donated \$202K to charity in 2023 (+4% from 2022), and aims for 50%+ ESG-compliant suppliers by 2030. Currently, 64% of spending is directed to local suppliers.

Employees by Category and Gender in 2023 - Exhibit 25



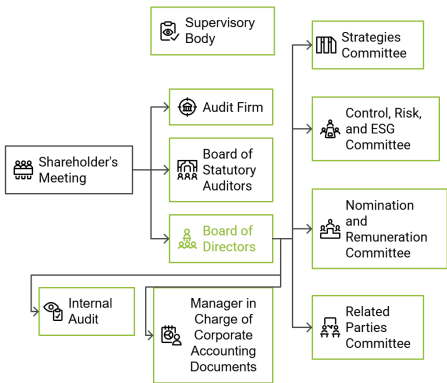
Source: Company Data, Team Assessment

Percentage of Voting Rights - Exhibit 27



Source: Company Data, Team Assessment

Board of Directors - Exhibit 28



Source: Company Data, Team Assessment

3.Product Quality and Safety. In 2023, 100% of sites achieved ISO 9001. By 2025, De Nora will begin a plan to track customer satisfaction across the Group.

GOVERNANCE [Below Average]

De Nora scores below average in governance (Exhibit 24). The company adheres to the Corporate Governance Code of Borsa Italiana S.p.A., managing operations based on ethics, transparency, and integrity. It follows a traditional management and control model in accordance with the Italian Civil Code and is classified as a 'concentrated ownership' company rather than a 'Large Company' under the CG Code.

1.Ownership and Control. De Nora is controlled by Federico De Nora S.p.A., holding 53.13% of voting rights (Exhibit 27); while the free float share capital is 22.13% (Exhibit 26, Annex 17). Share capital consists of: ordinary shares traded on Euronext Milan, each with one voting right, and multiple voting shares, not traded publicly, which grant three votes each. This structure limits market liquidity and shareholder equality, weakening minority shareholder protection and making management replacement difficult (Annex 18). While it reduces external threats, it may hinder capital allocation and shareholder value creation.

There are no voting or transfer restrictions on shares, but specific shareholder agreements exist (e.g., SNAM S.p.A. and Asset Company 10 S.r.l. have agreed not to transfer shares to competitors). As of the latest report, De Nora holds 1.48% of its share capital as treasury shares. The major shareholder has veto power. The company lacks an employee shareholding system, limiting broader stakeholder participation. Additionally, the Board of Directors can increase share capital up to €20 mn over five years, potentially diluting shareholder equity.

2.Board of Directors. At the end of 2023, De Nora's 12-members Board (max per By-laws) (Exhibit 28), had 33% independent members, 33% female members (per Italian TUF regulations). However, only 8% of members are aged 30–50, with the remainder over 50. While the board has relevant experience and demonstrates 100% ESG competence, it lacks an ad hoc policy for diversity in terms of age, training, and professional background. The absence of CEO-Chairman duality strengthens governance, but the overlap of board members in internal committees weakens independence and checks and balances. Directors serve three-year terms, re-electable. Internal rules limit multiple directorships, with Chairperson roles counting double due to responsibility. The current board serves until 31/12/2024 (Annex 16).

3.Remuneration. Executive compensation is disclosed, linking 10–20% of the CEO's short-term and 20% of long-term incentives to ESG goals, with similar incentives for strategic executives.

4.Accounting. The company conducts a CSR sustainability external audit. The audit independence rotation period is 8 years.

5.Business Ethics and Compliance. De Nora upholds ethical business practices through its Code of Ethics covering human rights, labor rights, environmental protection, anti-corruption, and anti-fraud. The Compliance Department, established in 2022, ensures oversight. No major administrative or legal sanctions have been reported in the past two years. A Whistleblowing Policy, active since 2022, allows anonymous reporting of unethical behavior, managed by the Internal Audit and Compliance Manager. In 2023, De Nora adopted a Global Anti-Corruption Policy, with 90% of white-collar employees trained in anti-corruption practices, targeting 100% by 2026. A supply chain policy was introduced in early 2024. By 2026, Industrie De Nora aims to implement region- and country-specific guidelines for Export Control and economic activities, achieving 100% coverage, while continuing its commitment to transparency with ongoing disclosures related to "Conflict Minerals", targeted for 2024. In compliance with Italian Legislative Decree 231/2001, the Board of Directors appointed an independent Supervisory Board.

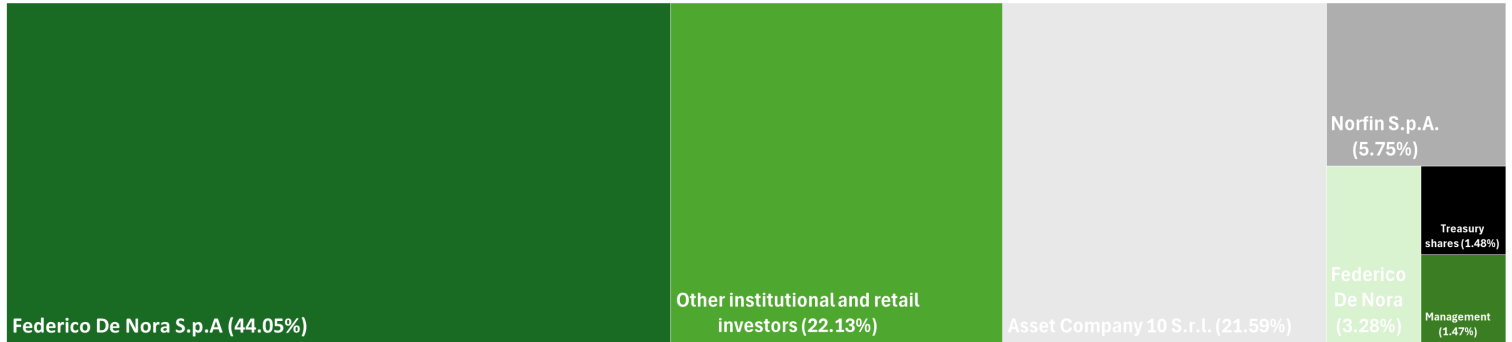
6.Data Protection and Cyber Security. The company complies with EU regulations and has a Data Protection Officer overseeing data privacy. In 2023, IT policies were under revision. De Nora has a Cyber Security and ICT Operations Department (since 2021) with a 24/7 Security Operation Center to manage cyber threats. No significant data breaches or cyber incidents were reported in 2023.

7.Tax Transparency. De Nora's financial statements are audited by external auditors which includes a review of tax-related matters. The company's board of directors is responsible for overseeing financial reporting, which includes taxes. Even if there is no explicit mention of a Tax Transparency Policy, in the Code of Ethics De Nora emphasizes transparency in its operations and reporting.

Momentum

Given that De Nora has been listed recently, the missing data and the not-full adoption of GRI standards prevented us from determining clearly the momentum from the past. However, the 2023 Sustainability Report shows significant efforts to align with best practices in reporting and implementing the sustainability strategy. The 2026-2030 sustainability plan outlines a realistic and achievable roadmap. Furthermore, it's encouraging to note that all 2024 sustainability goals have been, as stated by Chiara Locati, Head of Investor Relations and ESG, during our company visit on December 16, 2024. This indicates that the **strategic plan is on track** and suggests De Nora's continued commitment to its sustainability agenda.

Number of Shares - Exhibit 26

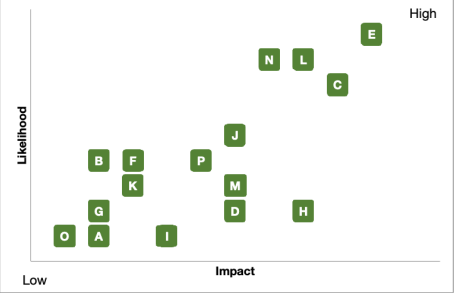


Source: Company Data, Team Assessment

Market	Risk
A	Interest Rate Risk
B	Inflation Risk on Margins
C	Geopolitical Risk
D	Macroeconomic condition risk
E	Supply chain market breakdown risk
F	Severe regulation and increasing costs for patents
Corporate	
G	M&A execution risk
H	Employee turnover risk
I	Loss of key figure risk
J	Client destocking risk
K	Competition risk
L	Technological Risk
M	Reputational risk
Financial	
N	Exchange Rate Risk
O	Liquidity risk
P	Credit Risk

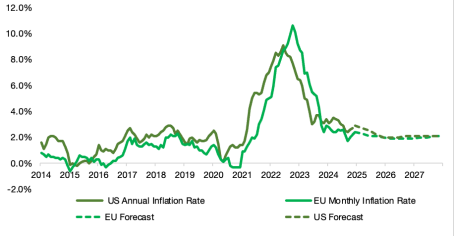
Source: Company Data, Team Assessment

Investment Risk Heat-map - Exhibit 30



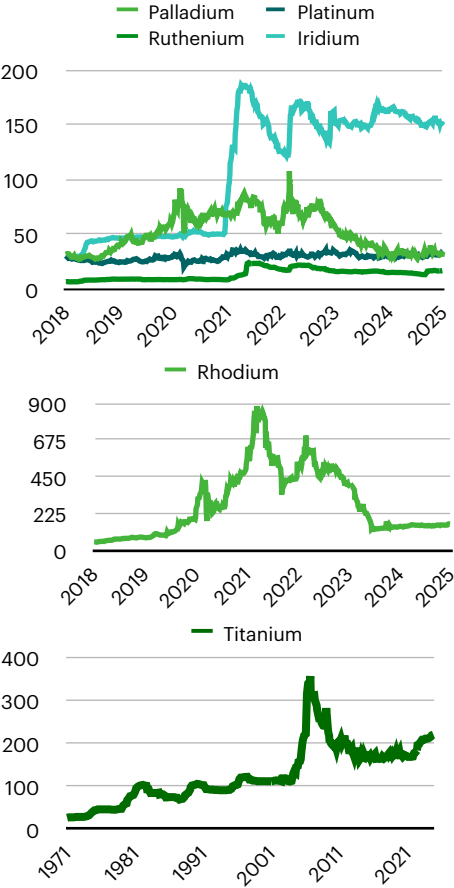
Source: Company Data, Team Assessment

Inflation Rate Evolution - Exhibit 31



Source: Eurostat; U.S. BUREAU OF LABOR STATISTICS; ECB

Noble Metal Price Evolution €/kg in thousands- Exhibit 32



Source: Umicore, FRED Economic Data

Investment Risks

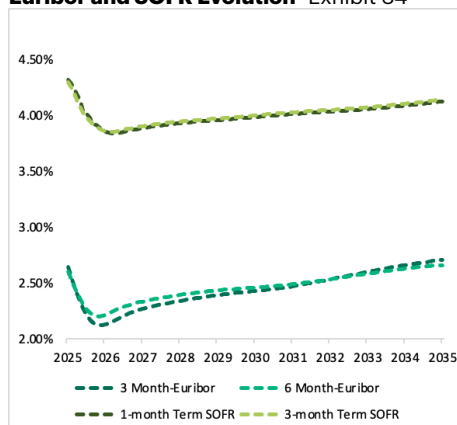
The risks are inherent in conducting a business. The risks associated with the Group in the various macro categories (*Exhibit 29*) are analyzed based on impact and probability determining those with higher and lower risk (*Exhibit 30*)

M A R K E T	Interest Rate Risk Industrie De Nora faces a low level of debt and an high level of liquidity making the group not vulnerable to changes in interest rates (<i>Exhibit 34</i>) <i>Mitigants:</i> The Group provides for a sensitivity analysis for any risk related to interest rate changes, that saw a decrease in the possible impact from €2.5 mn FY22 to 1.2 mn in FY23. Even sustained by Interest coverage ratio over 10 from FY21.	Likelihood Impact
	Inflation Risk on Margins Industrie De Nora dependence on raw materials, particularly noble metals, leads the group to being subject to fluctuations in the value of the same. A confirmation being the value of ruthenium that decrease in the last financial year in this case bringing a positive impact on costs. At the same time the solidity of the Group operations bring this impact to be lower than expected. Furthermore, the long term relationship with suppliers and customer make it possible for Industrie De Nora to reduce the effect of the same on margins. (<i>Exhibit 31</i>) <i>Mitigants:</i> The Group has long established relationships with its suppliers redicing the impact of the fluctuations in the price of raw materials as it can be seen by the EBITDA margin not impacted by the changes in raw materials. To this can be added the inclusion in the contract of sale of adjustments in the price according to changes in prices of raw materials stabilizing the impact on margins	Likelihood Impact
	Geopolitical Risk Industrie De Nora operates through its subsidiary De Nora Holdings US in the US, which brings the company to be subject to Trump's executive orders starting from the withdrawal from the Paris Climate agreement which favoured the change toward sustainable businesses and activities, causing a reduction in the leverage of the ESG score. To this can be added the international instability that the President's directives like the one regarding duties on US imports will bring to the global economy, thrusting countries toward protectionism and increasing the level of tensions between countries. <i>Mitigants:</i> The group's presence in the different geographical areas in an equal way makes it possible to diversify international operations and reduce exposure to the individual countries.	Likelihood Impact
	Macroeconomic condition risk Industrie De Nora international and diversified operations lead to an anticyclical business independent from the market. This trend is confirmed by FY23 which showed a positive margin even though the Pools business line saw the destocking of the main customers after the pandemic market normalisation and the lower average sales price linked to the decrease of value in ruthenium. <i>Mitigants:</i> The group operates in three different business segments which as above mentioned leds to an anticyclical business. The Electrode's segments guarantees even high adaptability to customer requests, and therefore responding to various market needs.	Likelihood Impact
	Supply chain market breakdown risk The discontinuation in the availability of noble metal would be greatly detrimental to Industrie De Nora operation due to its products relying almost completely on them. Furthermore, the lack of a replacement material would stop the Groups operations. <i>Mitigants:</i> The Group has developed long lasting relationships with its suppliers allowing it not to increase its inventory indicated by a stock rotation index of 1.98	Likelihood Impact
	Severe regulation and increasing costs for patents Industrie De Nora has 2 dedicated Intellectual Property Departments one in Fujisawa (Japan) and Milan (Italy) concerned with the deposit, maintenance and preservation of patents. The Group implemented and finalised in 2023 its own "Strategy on Patents" to manage decisions linked to the lifecycle of patents and to guarantee sustainable and targeted innovations. <i>Mitigants:</i> The group enjoying the two departments mentioned above allows to maintain a strategy of continuous innovation and guarantee the protection of intellectual property	Likelihood Impact
	M&A execution risk Engaging in new M&A activities, while possible due to high liquidity, carries the risk of negatively impacting the financial structure if acquisitions do not align with strategic needs. <i>Mitigant:</i> The available liquidity allows for external growth, but the Group should focus on acquiring only companies that match their strategic needs to avoid unnecessary financial burden.	Likelihood Impact
	Employee turnover risk Industrie De Nora enjoys a low employee turnover risk because its employees stay with the company for many years, developing a high level of expertise. Losing experienced employees would negatively impact the Group's operations due to its high dependence on R&D. <i>Mitigants:</i> The Group enjoys a remarkable reputation as one of the best workplaces, having been certified in 2024. De Nora renewed its Great Place to Work® certification (<i>Exhibit 33</i>) in Italy for the second consecutive year, affirming that it fosters an environment where employees can work with pride, passion, and dedication. This is evident in the company's low turnover rate.	Likelihood Impact
	Loss of key figure risk Industrie De Nora is characterised by a concentrated ownership mainly in the hands of Federico De Nora who holds 53.13% of voting rights and 44.05% of the shares. The departure of key figures in the board is very unlikely evidenced by the presence of the same non-independent figures in the board in the different years such as Paolo Dellachà <i>Mitigants:</i> The concentrated ownership in the hands of the family reduces the possibility of this shock, related also to the long-term vision that the concentrated ownership allows for. Moreover, the BoD includes individuals with an historical and solid background in the company, having contributed to its growth. This results in a high involvement of the directors	Likelihood Impact



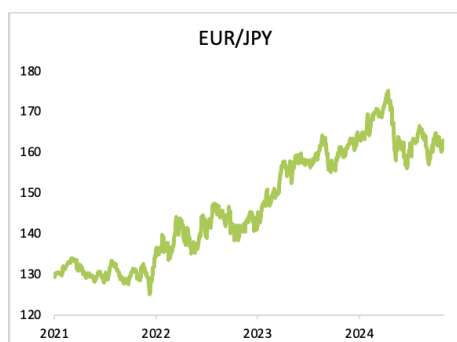
Source: Great Place to Work®

Euribor and SOFR Evolution- Exhibit 34



Source: Chatham Financials

Exchange rate evolution EUR/USD and EUR/JPY - Exhibit 35



Source: Statista

Client destocking risk

Industrie De Nora has been subject to client destocking in the FY23 linked to the Pools business line as a consequence of the normalization of the market after the pandemic. This risk poses relevant threats also for the future regarding the Water Technology segment due to the rarity of noble metals and their localisation mainly in countries subject to tense geopolitical situations such as war and political tensions.

Mitigants: Industrie De Nora enjoys long term relationship with its customers bringing to partnership and product co-development. Furthermore the importance that the Group places on being near to the customer to provide them with maintenance ensures a stable and solid relationship with existing customers

**Competition risk**

Industrie De Nora is the undisputed leader on the market of Electrode not seeing any competitor with the same technology. The main competitors in fact are represented mostly by distributors which are best associated as SNAM competitors rather than the Group's ones. The high expertise in the different segments and the longtime activity bring the Group to be difficult to reach at least in the short term

Mitigants: The Group continuous momentum toward innovation allows it to be far ahead of competition and monitor evolutions in the market to anticipate competitors' move and predict unsatisfied needs

**Technological Risk**

Industrie De Nora operations are highly dependent on innovation, deficiency in innovating would be detrimental in the relationship with its customers, that see tailor made solutions based on their needs thanks to the adaptability provided by the Group products and R&D. The competitive environment in which Industrie De Nora operates puts pressure on innovation, the Group cannot bear not innovating in a landscape where competitors are continuously innovating

Mitigants: The Group is investing significantly in innovation with a Foundation dedicated to promotion of scientific research in electrochemistry by offering a scholarship to a selected number of students. This allows De Nora to keep ahead and get new talents from the university field

**Reputational risk**

Industrie De Nora thanks to its expertise in the segments and the adaptability of its products thanks to the operations make it possible to produce tailor made solution that can be previously tested by a piloting (product in smaller scale) that gives the chance to the customer to the test the product and check the results it produces before having the actual one. This allows the Group to adapt the product to specific needs and test for any potential defect in the functioning

Mitigants: The piloting allows the company to answer any problem before providing for the real product allowing the Group to keep a solid and reliable image to its customers. To this can be added the wide spread network of maintenance services that Industrie De Nora offers to its customer to keep their products active

**Exchange Rate Risk**

Industrie De Nora operates internationally in several currencies such as USD, EUR and JPY. Fluctuations in the exchange rates can bring to the erosions of margins and impacts of trade payables and receivable, as in the end of the 9M24 subject to a negative impact of the Japanese Yen for an amount of €2.5 millions (*Exhibit 35*)

Mitigants: The Group has dedicated financial instruments as derivatives to hedge exchange rate fluctuations

**Liquidity risk**

Industrie De Nora enjoys a very solid financial position, facing a negative Net Financial Position, keeping in line with the covenants stipulated with the loan in US and in Italy. Furthermore, the liquidity available made possible the repayment of part of the loans at the end of the first quarter of 2023. The great amount of liquidity available makes it possible for the Group to seize any growth opportunity internally and externally, and even stipulate new loans agreements thanks to the margin it is able to produce

Mitigants: Industrie De Nora enjoys a very solid financial structure with excess of liquidity, leaving space for the Group to stipulate a new loan agreement if necessary. This reduces the risk of lacking liquid assets

**Credit Risk**

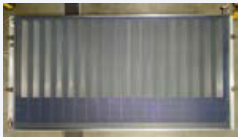
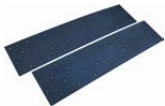
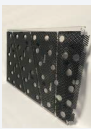
Industrie De Nora payment terms require the payment within 30 calendar days from date of invoice, this determines a credit risk in the average due to the delay between the delivery of the product and the payment itself. This is highly associated to a business that sells on order, but at the same time the risk is reduced if the contract of sale envisages advances, progress payments, or milestone payments.

Mitigants: The Group provides in its sales contract for letters of credit as payment that provide for safe payments as it removes the risk in case of insolvency of the buyer. Adding to this there are progress payments that allow the company to get part of the price as the product goes on production

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Appendix

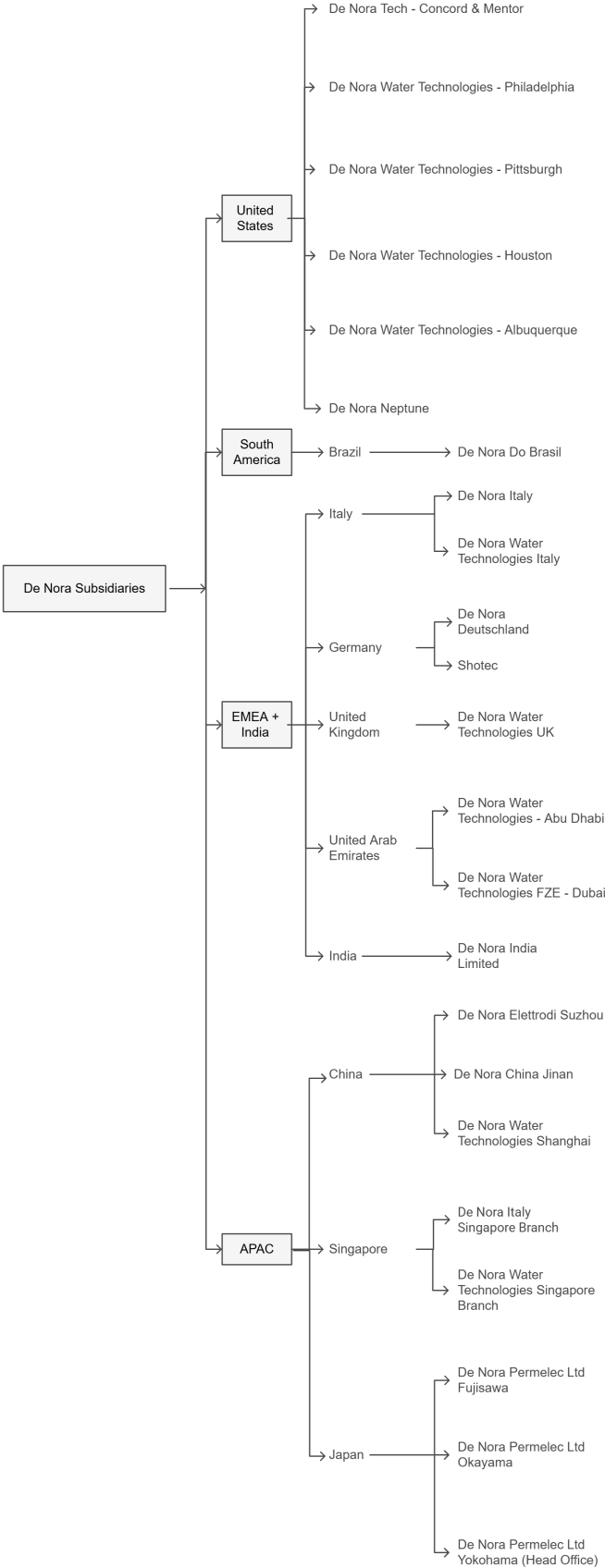
Annex 1: De Nora Product Overview

	Product	Description
ELECTRODE TECHNOLOGIES	Chlor-Alkali Process  	The chlor-alkali process involves the electrolysis of sodium chloride (NaCl) solutions to produce chlorine and sodium hydroxide (caustic soda), essential chemicals for industry. De Nora provides DSA(R) electrodes made with titanium and nickel, enhanced with a mixed metal oxide catalytic layer for improved efficiency. Their technologies promote electrode circularity by either applying a new catalytic coating to restore performance or recovering noble metals for reuse in new electrode coatings after recycling.
	Electrolytic Copper Foil  	De Nora products enhance the production of ultra-thin copper foils for the electronics industry and lithium batteries by utilizing specialized electrodeposition cells and optimizing the electrolytic process. They were the pioneers in developing titanium anodes (DSA®), addressing issues like uneven foil thickness. Their electrodes are also recyclable, allowing for the recovery of titanium and precious metals.
	Copper Plating for Printed Circuit Board (PCB) 	De Nora technologies optimize copper coating production for printed circuit boards (PCBs), reducing the use of chemical additives. When the coating is no longer effective, the electrodes can be repurposed to purify wastewater containing metal ions (copper). At the end of their life, the electrodes can undergo a circular process to recover materials.
	Electrowinning 	De Nora's DSA® electrodes are utilized in nickel electrofiltration. This technology enhances energy efficiency, lowers production costs, and reduces environmental impact by preventing lead contamination in wastewater. Additionally, DSA electrodes can be re-coated at the end of their lifespan, conserving the critical raw materials needed for their production.
WATER TECHNOLOGIES	ClorTec® Onsite Generation 	It produces low concentration sodium hypochlorite through salt electrolysis, enabling on-site water treatment and avoiding the transport and storage of chemicals. Designed for longevity, the main components—electrodes—are replaceable, supporting raw material circularity, including titanium and precious metals in the coatings.
	CECHLO® Onsite Generation 	This technology produces on-site high-concentration sodium hypochlorite (13%) from salt for water treatment, as well as chlorine gas and caustic soda. The most recent solutions provide up to 15% energy and salt savings; it features durable, replaceable electrodes, and promotes circular use of raw materials like titanium, nickel, and precious metals.
	SEACLOR® Seawater Electrochlorination 	This technology produces low-concentration (0.8%) sodium hypochlorite on-site by directly electrolysis of seawater, enabling safe and economical water treatment.
	Capital Controls® Ozone 	This technology uses ozone, which is a strong cleaning agent for water treatment. It reacts quickly and doesn't need extra chemicals. De Nora's systems are built to tackle various pollutants, like oils and chemicals, and they're designed to be easy to use, last a long time, and save energy. Plus, their special design, the patented XTL™ dielectric, reduces the need for maintenance.
	Capital Controls® UV 	Capital Controls® UV systems treat groundwater, wastewater, and drinking water using basic UV disinfection and Advanced Oxidation Process (AOP) methods.
	DE NORA TETRA® 	This variety of filtration products allows De Nora to customize filter design for optimal performance. De Nora makes a variety of filtration products that can be customized for better performance in different uses. These products are often used by municipalities for seawater pre-treatment in desalination, filtering drinking water sources, and treating wastewater in the final stage.
	DSA® DN240 Swimming Pool Electrodes 	DSA® DN240 electrodes are advanced technology used by leading swimming pool equipment manufacturers. They enable efficient chlorine generation by continuously regenerating chlorine from salt (NaCl).
ENERGY	Electrodes for Hydrogen Evolution 	De Nora's DSA® and NRG® electrodes are top technologies for alkaline electrolyzers, delivering high efficiency in industrial electrochemical processes. They serve as the standard for large-scale green hydrogen projects worldwide, spanning from several megawatts to gigawatts.

Dragonfly® Electrolyzer 	The Dragonfly® electrolysis system is an electrolyzer for the production of green hydrogen. It comes in modular sizes from 1MW to 7.5MW and is easy to set up, making it suitable for small and medium projects. This system supports a decentralized hydrogen distribution model, reducing the need for extra transport, storage, and distribution infrastructure. Its performance is similar to PEM (Proton Exchange Membrane) technology, but it offers greater reliability and lower maintenance costs due to its alkaline operation.
GDE's for Fuel Cells 	This is a key component of fuel cells, a device that converts zero-emission hydrogen and other CO2-free chemicals, such as ammonia, into electricity. Fuel cells have a wide range of applications, from transportation to residential, commercial, and large-scale industrial systems.

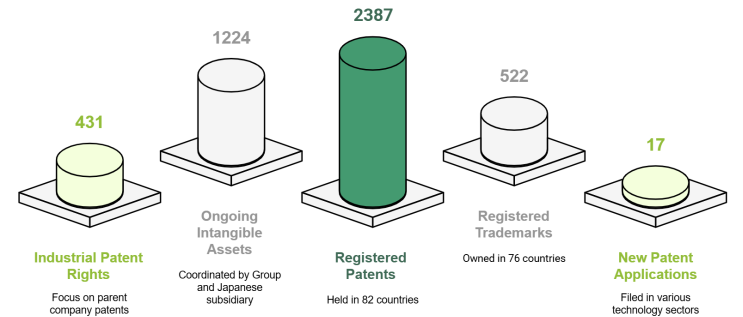
Source: Company Data, Team Assessment

Annex 2: Group Structure



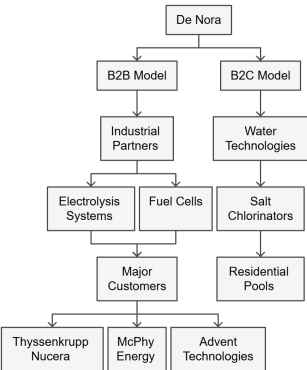
Annex 3: Intellectual Property

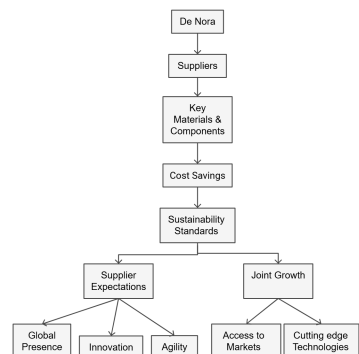
Intellectual property protection is a central element in De Nora's strategy, essential to maintain competitive advantage in key markets. De Nora's intellectual property management is centralized in the IP department, with offices in Milan (Italy) and Fujisawa (Japan). The Group continuously invests in patents, trademarks, trade secrets and other intangible assets to protect and enhance its technological innovations. De Nora also promotes an internal innovation culture, recognizing and rewarding the contributions of employees who develop patentable inventions. This commitment is translated into financial awards and recognition certificates, published on the company intranet, to enhance teamwork and stimulate creativity. In 2023, De Nora allocated €1,655 thousand to patents and intellectual property, of which 431 thousand euros for industrial patent rights and intellectual property, related to the registration and acquisition of patents by the parent company Industrie De Nora S.p.A. The remaining 1,224 thousand euros were instead directed to ongoing intangible assets, coordinated by both the Group Head and the Japanese subsidiary De Nora Permelec Ltd., with a specific focus on the European and Asian markets. Currently, De Nora holds some 2387 patents in 82 countries and 492 patent applications pending in 41 countries. Among the registered trademarks, on the other hand, De Nora owns a total of 522 trademarks in 76 countries, with 2 more trademarks awaiting registration in 3 countries. In 2023, De Nora filed 17 new patent applications, focusing on: Water electrolysis (10 patents), Water technologies (4 patents), Electronics electrodes (2 patents), Chlorine-soda process (1 patent).



Annex 4: Clients & Supplier

Clients. De Nora mainly adopts a B2B model, selling products such as electrodes to industrial partners, who use them in their final products or resell them to end customers. Major customers include De Nora India, Thyssenkrupp Nucera, McPhy Energy, Mannai and Advent Technologies, companies operating in various sectors from energy to the chemical industry. De Nora's electrodes are often used by these companies in electrolysis systems, fuel cells, and other industrial applications, helping to improve efficiency, sustainability, and overall performance. These businesses then sell the finished products to their own customer base, further expanding the reach of De Nora's innovations. As far as the B2C market is concerned, De Nora focuses mainly on the Water Technologies segment, in particular on salt chlorinators for swimming pools. This sector mainly concerns residential underground swimming pools in countries such as the USA and Europe, where De Nora's water disinfection technologies are highly demanded for their sustainability and ease of use. Demand has been influenced by external factors, such as the economic crisis and the decline in pool construction in some regions, but the market remains important for the electrochlorination and water treatment part.





Supplier. De Nora's suppliers, including De Nora India, Thyssenkrupp Nucera and Furuya Metal, play a key role in the supply chain by providing key materials and components for the products that the company supplies to its customers. These suppliers are long-standing partners with established relationships through framework contracts that guarantee flexible supply and advantageous contractual conditions. Long-term collaboration with these suppliers leads to cost savings through stable and continuous partnership, facilitating efficient and competitive resource management. De Nora is committed to extending sustainability to its suppliers, applying strict environmental and ethical standards. Expectations of suppliers are clear: global presence or local superiority to support strategic regional growth, ability to innovate and co-design, and an agile and flexible response to market changes. Sustainability is also at the heart of these expectations, with a strong focus on adopting responsible business practices and oriented to respect for the environment. In return, De Nora offers its suppliers opportunities for joint growth, accessing innovative markets and cutting-edge technologies, thus creating a stable partnership that is beneficial to both parties.

Annex 5: Partnership

PARTNER	ROLE	SEGMENT	STRATEGIC IMPACT
Snam	-Strategic partner -Shareholder.	-Energy Transition	✓ Access to Complementary Infrastructure ✓ Market Position Expansion
Thyssenkrupp AG	-Joint Venture Partner -Supplier of electrolyser technologies.	- Water Technologies - Energy Transition	✓ Development/Improvement of Product Portfolio ✓ Market Position Expansion ✓ Scaling Up - Reducing Costs ✓ Geographical Expansion
McPhy Energy	-Partner - Customer for the supply and development of alkaline electrolyzers.	- Energy Transition	✓ Market Position Expansion ✓ Scaling Up - Reducing Costs ✓ Development/Improvement of Product Portfolio ✓ Know-How Acquisition ✓ Geographical Expansion
ACWA Power	- Partner for green hydrogen projects in the Middle East. - Memorandum of Understanding (MoU).	- Water Technologies - Energy Transition	✓ Geographical Expansion ✓ Development/Improvement of Product Portfolio ✓ Scaling Up - Reducing Costs ✓ Market Position Expansion ✓ Know-How Acquisition
Asahi Kasei	- Strategic Partner. - Memorandum of Understanding (MoU).	- Energy Transition	✓ Development/Improvement of Product Portfolio ✓ Geographical Expansion ✓ Scaling Up - Reducing Costs ✓ Know-How Acquisition
Hydrolite Industry Co. Ltd	- Technology partner. - Joint development agreement for the creation of a new AEM technology.	- Energy Transition	✓ Development/Improvement of Product Portfolio ✓ Scaling Up - Reducing Costs ✓ Know-How Acquisition
Jericho Energy Ventures	- R&D Partner.	- Energy Transition	✓ Development/Improvement of Product Portfolio ✓ Scaling Up - Reducing Costs ✓ Know-How Acquisition
Duferco Energia	- Letter of intent for green hydrogen production and decarbonization.	- Energy Transition	✓ Geographical Expansion ✓ Market Position Expansion ✓ Development/Improvement of Product Portfolio
Xebec Adsorption	- Partner in ECO2Fuel.	- Energy Transition	✓ Market Position Expansion ✓ Geographical Expansion ✓ Development/Improvement of Product Portfolio
AZUL Energy, Inc.	- Partner for material recovery.	-Electrode Technologies - Water Technologies - Energy Transition	✓ Development/Improvement of Product Portfolio ✓ Scaling Up - Reducing Costs ✓ Know-How Acquisition

Annex 6: Gigafactory

In June 2024, with an investment of about 100 million, partly financed by the PNNR, De Nora took a decisive step towards the future of green hydrogen and officially began working on the construction of a Gigafactory. The amount includes the acquisition of an industrial area in Cernusco sul Naviglio for a value of €10.495 million. This ambitious project is part of the IPCEI (Important Projects of Common European Interest) Hydrogen 1 initiative, which aims to create a European hydrogen value chain by promoting innovation and sustainability. The Gigafactory's main objective is on the "Energy Transition" segment and in particular on an expansion of the capacity of the Dragonfly system.

A strategic project for Europe's energy transition. The Gigafactory is the result of a strategic union between De Nora and Snam, which in May 2022 decided to build a specific company dedicated to the green hydrogen sector: De Nora Italy Hydrogen Technologies (DNIHT). The new facility will house one of the largest production centres in Italy for green hydrogen generation systems, equipment and assembly using renewable energy. The focus will remain on alkaline applications which, still hold the highest market share in De Nora's view. The Gigafactory will also house new technologies such as the innovative 1 MW Dragonfly electrolyser which will enable it to reduce the cost of producing the electrolyzers and achieve the planned production that will be installed and operational at the end of the project. The Gigafactory will cover an area of about 25,000 square metres, with a production capacity of 2GW. It will be powered by photovoltaic panels, producing green electricity, and the structure will be designed to reduce CO2 emissions. The environmental impact of such a large production facility will be reduced by nature-based solutions, such as urban vegetation areas and the use of natural light to the maximum, to save energy. The building materials will be completely sustainable and easily disposable with sustainable urban drainage systems having been provided (ESG News). In addition to it being a major technological milestone, the project will have a significant impact on the local and national economy. It is expected to recruit directly about 200 internal employees, but the collaboration with a supply chain of Italian suppliers will generate an estimated 2,000 staff. This demonstrates the importance of the Gigafactory not only for sustainability, but also for boosting employment. **Strategic support from the Italian government.** In December 2024, De Nora received a substantial grant from the Ministry of Enterprises and Made in Italy, which grants the joint venture with Snam an additional contribution of approximately €32 million, in addition to other benefits previously received.

Annex 7: Competitive Landscape

	Company	Business Description
Electrode Technologies	Osaka Soda co. Ltd	Osaka Soda is a Japanese chemical company headquartered in Osaka. The company specializes in the production of electrodes, particularly in the field of electrochemical technologies. Its electrodes are used in industrial applications such as water treatment and electrochemical processes for the production of basic chemicals, including chlorine and caustic soda. Osaka Soda has developed expertise in designing highly efficient and durable electrodes, which are widely applied in electrolysis processes. The revenue from the electrode technologies segment accounts for 38.4% of the company's total revenue. Unlike De Nora, Osaka Soda has a weaker global presence and primarily operates in the Asian market.
	Umicore SA	Umicore is a global company headquartered in Brussels, Belgium. Its operations are structured into three main divisions: Catalysis, Energy & Surface Technologies, and Recycling. The key divisions of interest are the first two. Through its Electroplating division (part of Energy & Surface Technologies), Umicore produces electrodes and related materials under the PLATINODE® brand. The company offers: Platinum electrodes (made of titanium or niobium coated with pure platinum, these electrodes are used in applications requiring high purity and corrosion resistance; Mixed metal oxide electrodes (offering an excellent cost-performance ratio, these electrodes are utilized in various electrochemical applications) These electrodes are employed in multiple industrial processes, including chlor-alkali production, electrodeposition, water treatment, hydrogen production, electrowinning, coating applications, and cathodic protection systems, where De Nora is also active. However, De Nora offers a much broader range of electrodes' solutions and technologies . On the other hand, as a global leader in precious metal recycling, Umicore could have direct control over the supply chain of these materials. The Catalysis and Energy & Surface Technologies divisions together account for 81.5% of Umicore's total revenue.
	Jonhson Matthey Plc	Johnson Matthey is a British multinational company specializing in sustainable technologies and precious metal chemistry. The company is actively engaged in the production of electrode-related materials and electrochemical technologies. In particular, it develops innovative materials that enhance the performance and efficiency of electrodes for various industrial and energy applications, including: Advanced electrocatalysts; Platinum-based catalysts for PEM and AEM fuel cells, optimized to reduce the use of precious metals; and Catalysts for hydrogen and oxygen generation. Johnson Matthey also holds a leading position in fuel cell development through the production of Membrane Electrode Assemblies (MEAs), Carbon-Supported and Unsupported Electrodes, and High-Temperature Fuel Cell Electrodes. The production of electrode-related technologies accounts for 45.5% of the company's total revenue.
Water Technologies	Xylem Inc.	"Xylem is a global leader in water technology, offering a comprehensive range of products and services that span the entire water cycle. The company focuses on developing, producing, and implementing innovative solutions tailored to the water industry. Its operations are structured into three main business segments: Water Infrastructure, Applied Water and Measurement and Control Solutions. Water Infrastructure is focused on ensuring efficient water transport, treatment, and quality testing. This segment supports critical infrastructure needs such as pumping, wastewater processing, and potable water systems. Applied Water addresses practical water applications across commercial, residential, and industrial sectors, including irrigation, climate control, and customized water solutions. Finally, Measurement and Control Solutions develops advanced tools and technologies for smarter water and energy resource management, including analytical instruments for water quality monitoring and process optimization."
	Ecolab Inc.	Ecolab is a global leader in water, hygiene, and infection prevention technologies and services. Its operations are structured into four main business units: Global Industrial, Global Institutional & Specialty, Global Healthcare & Life Sciences and Global Energy. Ecolab plays a key role in the water technologies sector, as it builds its business around water treatment and optimization. The Nalco Water division, under Global Industrial, is the company's leading unit, fully dedicated to water management. The other business units integrate water as a core component of their solutions for hygiene, safety, and sustainability. In fact, in Global Institutional & Specialty, Ecolab provides water treatment technologies for HVAC systems (heating and cooling) to prevent corrosion and scaling, whereas in Global Healthcare & Life Sciences, the company supplies ultrapure water treatment and management for laboratories and pharmaceutical processes. Finally, in Global Energy, Ecolab offers process water treatment services for oil and gas extraction sites.
	Pentair Plc.	Pentair is a global company specializing in smart and sustainable water solutions, structured into two main operating segments: Consumer Solutions, which focuses on residential and commercial water solutions, including swimming pools and spas, home water treatment, and foodservice applications; Industrial & Flow Technologies, which is specialized in water treatment, movement, and management solutions for industrial, agricultural, and infrastructure applications. This includes water supply, water disposal, water treatment components, industrial applications, and agriculture & irrigation.
Energy Transition	Nel ASA	Nel ASA is a specialized company in renewable hydrogen production through advanced electrolysis technologies. It develops and supplies high-quality electrolyzers for green hydrogen production, including alkaline and PEM electrolyzers. The company's operations are structured into two main business segments: Nel Hydrogen Electrolyser, Focused on the design, production, and commercialization of electrolyzers for green hydrogen production, offering both alkaline and PEM electrolyzers; and Nel Hydrogen Fueling, specialized in hydrogen distribution infrastructure, supporting the development of a scalable hydrogen economy.
	McPhy Energy SA	McPhy Energy SA is a French company specializing in the design, production, and integration of equipment for green hydrogen. The company operates primarily in two key segments. The first focuses on electrolyzers, offering solutions of various capacities—small, medium, and large—for on-site, on-demand hydrogen production, tailored to meet specific customer needs. The second segment is dedicated to hydrogen refueling stations, providing infrastructure for hydrogen distribution and refueling. McPhy's solutions cater to multiple industries, including industrial applications, mobility, energy, and local communities.
	Asahi Kasei Corporation	Asahi Kasei is a Japanese multinational company operating across various industrial sectors on a global scale. Its activities are structured into three business segments: Material, Homes, and Health Care. Within the Material business unit, Asahi Kasei is actively involved in the production of electrolyzers for green hydrogen. The company is expanding its manufacturing capacity for key components, including cell frames, membranes for alkaline electrolyzers, and containerized systems for small-scale green hydrogen production.
	ITM Power Plc.	ITM Power Plc is a British company specializing in the production of proton exchange membrane (PEM) electrolyzers for small, medium, and large-scale applications. Positioned as a leader in the PEM electrolyzer sector, the company places strong emphasis on technological innovation and production scalability. Its strategic partnerships and growing pipeline of projects further strengthen its position in the green hydrogen market. ITM Power has established key partnerships, including a joint venture with Linde Engineering, known as ITM Linde Electrolysis GmbH, which focuses on delivering large-scale electrolysis solutions. Additionally, the company has a strategic partnership agreement with Snam, involving a £30 mn strategic investment and an initial commitment as a preferred supplier for 100 MW of PEM electrolyzer orders, with deliveries expected between 2024 and 2025.
	Plug Power Inc.	Plug Power Inc. is a U.S.-based leader in providing comprehensive hydrogen fuel cell solutions. Its operations are structured into two main divisions. The Fuel Cell Power division focuses on the design of fuel cells to power electric motors, while the Hydrogen division is dedicated to the production of electrolyzers for green hydrogen generation through water electrolysis and the development of hydrogen infrastructure. Plug Power's solutions are applied across various sectors, including E-Mobility, Material Handling, and Stationary Power. The company is also actively expanding its green hydrogen production network, with plans to establish production facilities in both the United States and Europe. Its long-term goal is to achieve a global production capacity of over 1,000 tons per day by 2028.

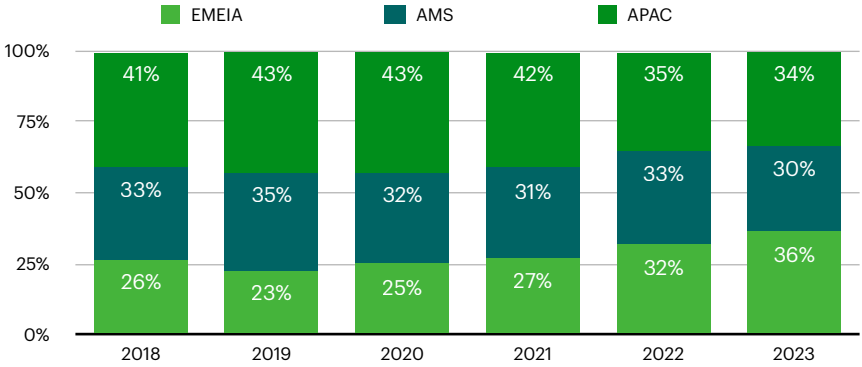
Annex 8: Financial Highlights

	CAGR 18-23	CAGR 24-34	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Tot. Rev.	13.1%	7.1%	462.2	505.3	499.45	615.88	852.83	856.41	862.43	966.07	1,029.28	1,096.79	1,168.94	1,246.04	1,328.47	1,416.61	1,510.88	1,611.74	1,719.67
Electrode	9.8%	6.69%	290.9	299.1	286.76	348.82	473.44	464.21	462.09	522.46	553.81	587.04	622.26	659.6	699.18	741.13	785.59	832.73	882.69
Water	11.1%	6.14%	171.3	206.2	209.06	257.67	336.72	289.96	291.25	312.7	331.46	351.35	372.43	394.78	418.47	443.57	470.19	498.4	528.3
Energy	203.9%	10.96%	0	0	3.64	9.39	42.66	102.24	109.09	130.91	144	158.4	174.24	191.66	210.83	231.91	255.1	280.61	308.68
EBITDA	22.9%	23.2%	61.00	67.00	80.57	126.71	190.83	171.06	190.08	233.89	249.19	271.02	288.84	307.90	341.55	364.21	388.45	414.38	442.13
Electrode	17.3%	16.1%	53.00	54.00	61.66	86.14	122.76	117.64	114.05	140.33	149.51	162.61	173.31	184.74	204.93	218.53	233.07	248.63	265.28
Water	38.9%	29.6%	8.00	13.00	18.91	40.57	65.67	41.34	47.52	58.47	62.30	67.75	72.21	76.97	85.39	91.05	97.11	103.59	110.53
Energy	402%	135.8%	0.00	0.00	0.00	0.00	2.41	12.09	28.51	35.08	37.38	40.65	43.33	46.18	51.23	54.63	58.27	62.16	66.32
EBITDA mrg.	5.8%	8%	15.1%	15%	16.1%	19.7%	22.4%	20%	22%	24.2%	24.2%	24.7%	24.7%	24.7%	25.7%	25.7%	25.7%	25.7%	25.7%
Electrode	6.8%	6.5%	18.2%	18.1%	21.5%	24.7%	25.9%	25.3%	24.7%	26.9%	27%	27.7%	27.9%	28%	29.3%	29.5%	29.7%	29.9%	30.1%
Water	25%	20.9%	4.7%	6.3%	9%	15.7%	19.5%	14.3%	16.3%	18.7%	18.8%	19.3%	19.4%	19.5%	20.4%	20.5%	20.7%	20.8%	20.9%
Energy	109.5%	121%	0%	0%	0%	0%	5.6%	11.8%	26.1%	26.8%	26%	25.7%	24.9%	24.1%	24.3%	23.6%	22.8%	22.2%	21.5%
Net Income	54.70%	8.07%	26.08	28.95	32.76	66.45	89.67	231.05	114.47	144.52	150.22	160.55	167.38	176.39	195.59	207.73	219.66	234.40	248.81
% Rev	36.75%	0.87%	5.64%	5.73%	6.56%	10.79%	10.51%	26.98%	13.27%	14.96%	14.60%	14.64%	14.32%	14.16%	14.72%	14.66%	14.54%	14.54%	14.47%
CapEx	21%	14%	34.13	36.46	27.41	30.99	46.14	88.50	70.12	120.76	128.66	137.10	146.12	155.76	166.06	177.08	188.86	201.47	214.96
% Rev	9.60%	6.50%	6.00%	5.30%	3.90%	3.90%	4.50%	9.50%	7.20%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Tangible	23.99%	10.68%	27.64	26.70	19.41	23.91	38.12	81.00	62.35	96.61	102.93	109.68	116.89	124.60	132.85	141.66	151.09	161.17	171.97
Intangible	2.97%	18.67%	6.48	9.76	8	7.08	8.03	7.5	7.76	24.15	25.73	27.42	29.22	31.15	33.21	35.42	37.77	40.29	42.99
ROE	16.77%	-4.41%	11.70%	11.20%	7.90%	14.60%	12.00%	25.40%	12.40%	12.70%	11.40%	10.80%	10.00%	9.40%	9.30%	8.90%	8.50%	8.20%	7.90%
ROS	9.42%	0.66%	10.20%	9.50%	11.10%	14.20%	14.80%	16.00%	19.00%	21.10%	20.60%	20.80%	20.40%	20.20%	20.90%	20.70%	20.50%	20.40%	20.30%
ROCE	10.79%	-3.75%	7.58%	7.17%	8.89%	17.64%	11.99%	12.65%	14.81%	15.21%	13.86%	13.39%	12.52%	11.82%	11.80%	11.27%	10.83%	10.44%	10.11%

Source: AIDA, Company Data, Mediobanca, Team Assessment

Annex 9: Revenues by Geography

The geographic areas where Industrie De Nora sells its products are grouped under three macro areas: EMEIA (Europe, Middle East, India and Africa), AMS (North and South America), and APAC (Asia Pacific). The geographic areas where Industrie De Nora sells its products are grouped under three macro areas: EMEIA (Europe, Middle East, India and Africa), AMS (North and South America), and APAC (Asia Pacific). From FY18 to FY22, the region with the highest revenues was APAC, reaching a peak of 42.95% of total revenues in FY20 and a low of 33.88% in FY23. In FY23, the largest share of revenues came from EMEIA at 36.01% of the total.



Region	2018	2019	2020	2021	2022	2023
Total Rev	462.115	505.364	499.454	615.878	852.826	856.411
EMEIA	122.082	114.058	122.821	166.533	269.217	308.395
% of Tot	26.42%	22,57%	24.59%	27.04%	31.57%	36.01%
AMS	150.754	175.127	162.131	192.574	282.020	257.834
% of Tot	32.62%	34.65%	32.46%	31.27%	33.07%	30,11%
APAC	189.279	216.179	214.502	256.771	301.589	290.182
% of Tot	40.96%	42.78%	42.95%	41.69%	35.36%	33.88%

Sources: Company Data, Team Assessment

Annex 10: Debt Structure

Industrie De Nora group enjoys a **strong financial position** with a negative Net Financial Position. Long-term debts are represented by two loans subscribed by Industrie De Nora S.p.A. and De Nora Holdings US both in local currency (EUR and USD respectively). Other credit lines in JPY are short-term debts to support its operations and investments in the local market. This includes support for production and technological development activities, particularly in the field of electrochemistry and green hydrogen technologies in Japan. In FY 2023, total financial debt was €143.92 mn, down 49% from previous year €281.20 mn due to the repayment of €100 mn of the loan facility in Euro and USD 50 mn thanks to the financial resources generated up to the end of the first quarter of 2023. Group's liquid assets are higher than total financial debts and, therefore, the company is fully compliant with long-term financing covenants requiring the leverage ratio (Net Debt/EBITDA) to be less than 3.5x.

DEBT STRUCTURE								
Long term								
Pool Financing	Amount	Currency	Date of Issue	Repayment	Date of repayment	Remaining amount	September 30, 2024	
Industrie De Nora S.p.A.	180	EUR	May 5, 2022	100	March 31, 2023	80	80	
De Nora Holdings US	90	USD	May 5, 2022	50	March 31, 2023	40	40	
Short term								
Sumitomo Mitsui Banking Co loan	Amount	Currency	Maturity Date	Interest Rate	Used amount as of September 2024	Remaining amount as of September 2024		
De Nora Permelec Ltd	1,400	JPY	January 31,2023	0,13%				
Sumitomo Mitsui Trust Bank loan								
De Nora Permelec Ltd	50	JPY	January 31, 2023	0,16%				
Mizuho Bank loan								
De Nora Permelec Ltd	1,500	JPY						
Total Amount for De Nora Permelec Ltd	2,950				2,700	250		
Net Debt = Total Debt - Liquidity	-68.22							
EBITDA	167.535							
Net Debt/EBITDA	-0.41							

Source: Company Data

Annex 11: DCF

[illegible]

Source: Team Assessment

Annex 12: Scenarios

Bear Scenario: The Water Technologies business segment is expected to remain stable according to the base scenario. However, starting in 2026, De Nora may experience a decline in orders within the Electrode Technologies segment due to emerging competition from Osaka Soda in Japan, jeopardizing the company's competitive edge. Additionally, climate change presents significant risks, as extreme weather may disrupt infrastructure. The Water Technologies segment is currently stagnant and lacks innovation. Further, starting in 2026, De Nora might see a decrease in orders in the Electrode Technologies area due to competition from Osaka Soda, threatening the firm's competitive standing. Climate change continues to pose risks, with severe weather potentially affecting infrastructure and production. The potential rollback of supportive policies, such as the Inflation Reduction Act and the Bipartisan Infrastructure Law, could remove financial incentives for clients considering investments in green hydrogen. Cost pressures may rise due to raw material price fluctuations linked to geopolitical tensions in regions such as Latin America and Sub-Saharan Africa, along with U.S.-China trade disputes. Restrictions on the export of strategic metals, particularly nickel from Indonesia, could further increase these costs. The situation could deteriorate if the research and development department does not innovate artificial noble metals, which are crucial for many technologies. Additionally, collaborations with established partners, like Tk Nucera and Asahi Kasei, may face challenges, introducing further uncertainty into De Nora's future.

Bull Scenario: De Nora continues to position itself as a leader in the Electrode Technologies business segment, consistently pushing forward innovation and efficiency. The company plans to significantly expand its presence in the Water Technologies segment. Beginning in 2026, De Nora anticipates promising growth opportunities across various application sectors. This encompasses crucial services aimed at eliminating emerging contaminants from water, specifically those linked to pharmaceutical and personal care products, as well as industrial chemicals like PFAS, which pose increasing environmental challenges in diverse markets. The upcoming launch of the Gigafactory in 2026 marks a transformative moment for De Nora. This cutting-edge facility aims to boost production capabilities while aligning with the company's strategic vision. In light of this expansion, De Nora is considering potential mergers and acquisitions within the Energy Transition segment, looking for partnerships with innovative companies that specialize in renewable energy technologies, such as solar panels and wind turbines. Furthermore, the company is assessing further internal growth through substantial investments, which may involve establishing another Gigafactory in international markets, especially in the United States. This strategic focus underscores De Nora's dedication to sustainable development and its proactive approach to addressing global environmental challenges.

	FY19	FY20	FY21	FY22	FY23	FY24E
ROA	1	1	1	1	1	1
Δ ROA	1	1	1	0	1	1
OCF	1	1	1	1	1	1
Accrual	1	1	1	1	1	1
Δ Long-Term Debt Ratio	1	0	0	1	1	0
Δ Current Ratio	1	0	0	1	0	0
Equity Offering	0	1	0	0	0	1
Δ Gross Margin Ratio	0	0	0	0	1	1
Δ Asset Turnover Ratio	1	1	0	1	0	1
Total Score	7	6	4	6	6	7
Mean Score	6					

Sources: Company Data, Team Assessment

Country	CRP	Region	Avg Region CRP	% Revenues
Italy	2.93%	EMEIA	3.26%	3.50%
Germany	0%			36.00%
UK	5.13%			
UAE	4.99%			
India	2.93%			
Singapore	0%	APAC	0.67%	34.00%
Hong Kong	0.8%			
China	0.94%			
Japan	0.94%			
Brasil	3.34%	AMS	1.67%	34.00%
USAA	0%			
Final Weighted CRP	2.07%			
Risk Free	3.54%			
ICR Spread	1.07%			
Cost of Debt	6.69%			
	ERP	SMB	HML	
Value	-0.47%	-0.1%	0.0035%	
Beta	0.92	0.93	0.52	
Risk Free		0.67%		
Cost of Equity	7.22%			
	Mean Value			
E/A	99.33%			
D/A	0.67%			
Tax Rate	19.22%			
WACC	7.2%			

Sources: Company Data, DAMODARAN, Factset, Team Assessment

Annex 13 : Piotroski F - Score

The Piotroski F-Score is a financial indicator developed by Professor Joseph Piotroski to assess a company's financial strength. The model assigns a score ranging from 0 to 9 based on nine key criteria. The overall score helps determine whether a company is financially strong (8-9 points), stable (5-7 points), or weak (0-4 points). The table presents the company's F-Score from FY19 to FY24E, with an average score of 6.00, indicating a moderately solid and stable financial position. FY21 was the most challenging year, with a score of 4, reflecting difficulties in profitability growth and an increase in debt. However, the company demonstrated a recovery in FY22 and FY23, improving both profitability and operational efficiency. The FY24E score of 7 suggests a positive trend, indicating that the company is further strengthening its financial position.

Annex 14: WACC Computation

We have estimated a WACC of 7.20%. The Cost of Equity was determined using the Fama-French three-factor model, based on weekly returns over the past two years. The Equity Risk Premium (ERP) was calculated as the difference between the market premium derived from the Europe Stoxx 600 index and the premium from the FTSE Mid Cap index. The SMB factor (Small Minus Big) represents the difference between the FTSE Small Cap and the MSCI Europe Large Cap, while the HML factor (High Minus Low) corresponds to the difference between the MSCI Europe Growth and the MSCI Europe Value indices. The table reports the average weekly return for these risk factors. Through a multilinear regression of De Nora's weekly returns against the weekly values of the three risk factors, the βm, βs, and βv coefficients were obtained, each with a statistically significant p-value. The Risk-Free Rate, set at 0.67%, corresponds to the average weekly return of 10-year government bonds issued by AAA-rated Eurozone countries.

The Cost of Equity was then calculated using the following formula: $Ke = (1 + Rf + \beta_m \times ERP + \beta_s \times SMB + \beta_v \times HML)^{52} - 1$, resulting in a final value of 7.22%.

The Cost of Debt was determined using the formula $Kd = Rf + ICR_Spread + CRP$. The Country Risk Premium (CRP) for the different geographical areas in which the company operates was sourced from Damodaran's dataset. The CRP was determined at the country level and then aggregated regionally (EMEIA, excluding Italy, APAC, and AMS), weighting the contribution based on the percentage of revenues generated in each region. From the weighted aggregation of the different CRPs, a Final Weighted CRP of 2.07% was derived. This value was then added to the annual Risk-Free Rate of 3.54% and an Interest Coverage Ratio (ICR) spread of 1.07%, also sourced from Damodaran's database, based on De Nora's financial structure. The resulting Cost of Debt amounted to 6.69%, reflecting the geographical risk and the company's financing conditions across its various markets.

WACC computation

For the final WACC calculation, the market values of De Nora's equity and debt were taken as a reference, averaging the figures from the last two fiscal years. Additionally, the average corporate tax rate of 19.22% was considered, impacting the after-tax cost of debt. However, given the company's low debt exposure, its influence on the WACC calculation remains limited. Combining these elements with the previously determined Cost of Equity and Cost of Debt, the final WACC was computed at 7.20%.

Annex 15:Rating Conversion Table

SCORES	D	D	D	C	CC	CCC	B	BB	BBB	A	AA	AAA
	0.2	0.4	0.6	0.8	1	1.2	1.4	1.6	1.8	2	2.2	2.4

Sources: Team Work

Annex 16: ESG Analysis

ESG Scoring Procedure

The Key Factors weights are derived from MSCI for the “Electrical Components & Equipment” industry, as the Electrodes Technologies business is the largest revenue-generating segment. Metrics are a selection and refinement from those used by LSEG, aligning with GRI Standards and the SASB’s “ Electrical & Electronic Equipment” framework. Comparable peers comes from Water Technology, Energy Transition segment and FTSE Italia Mid Cap Index “Industrial Goods” due to the absence of direct competitors in the main segment. De Nora is compared in the Environmental (E) and Social (S) pillars with all selected companies, while only Italian firms are used for the Governance(G) pillar.

Each metrics is scored on a 0-10 scale, based on relative positioning, with the industry average serving as a benchmark. Given that most firms in the sector already perform well in ESG criteria, achieving a score above 6 is challenging. In this context:

- A score of 6 indicates alignment with the industry average;
- Higher scores (7-10) are assigned only when De Nora significantly outperforms the majority;
- Lower scores (1-5) reflect varying degrees of underperformance.

The final ESG score is determined by applying assigned weights to individual key factors and their respective ESG pillars. The average score for each key factor is multiplied by its weight, and these weighted scores are summed up for each pillar. The overall score is then determined by summing up the multiplied total score of each pillar by its respective weight. Due to the strong baseline performance across the industry, the overall weighted score across all pillars does not exceed 2.4, reinforcing the challenge of differentiating in a highly competitive sustainability landscape.

				Water Technology			Energy Transition				Italian Small Cap Index					
	Key Factors	Metrics	DNR	XYL	ECL	PNR	ITMPF	NEL	MCPH Y	AHKSY	PLUG	KME	GE	BSS	Optimal	Score
E 32.3%	Opportunities in Clean Tech (18.9%)	Environmental Products	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	6
		Environmental Partnerships	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	6
		Environmental Investment Initiatives	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	6
	Toxic Emissions & Waste (12.8%)	Toxic Chemicals Reduction	X	✓	✓	✓	N/A	✓	N/A	✓	✓	✓	N/A	N/A	✓	1
		Waste Reduction Initiatives	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	6
		Waste Recycled to Total Waste [%]	41.82 %	59%	5%	49%	N/A	3%	40%	75%	N/A	69%	67%	89%	100%	8
		Hazardous Waste to Total Waste [%]	58.54 %	26%	64%	3%	N/A	93%	65%	N/A	N/A	39.80 %	12.30 %	6%	0%	4
	Water Stress (0.4%)	Water Efficiency Policy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	6
		Water Stressed Targets	X	✓	✓	✓	N/A	✓	N/A	✓	X	✓	✓	✓	✓	1
	Carbon Emissions (0.2%)	GHG Total Emissions in tCO2e (Scope 1 &2, Location-based)	35682K	128925 K	470441 K	55880K	936K	1620K	372K	N/A	26273K	137369 K	3079K	11346K	LOW	2
		GHG Reduction (Scope 1 &2, Location-based) wrt 2022 [%]	-14.50 %	17%	1.50%	-3.55 %	6.67%	N/A	9%	N/A	8%	19.00 %	-4.51 %	7%	POSITIV E	1
		Carbon Intensity (gCO2e/Euro)	41.67	18.93	33.64	14.82	154.5	10.47	19.79	N/A	32.00	73.1	23.2	14.45	LOW	1
		Emission Reduction Target 50% by 2030	✓	N/A	✓	✓	N/A	X	N/A	X, 30%	N/A	✓	N/A	N/A	✓	6
		Electricity from Renewables [%]	3%	90%	30%	41%	N/A	N/A	N/A	N/A	N/A	N/A	82%	9%	100%	1
		Production Sites Certified ISO 14001 [%]	27%	45%	39%	17%	100%	N/A	25%	100%	N/A	100%	N/A	100%	100%	3
		100% Renewable Electricity by 2030	✓	✓	✓	✓	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	✓	6
																1.76
S 23.9%	Labor Management (23.5%)	Number of Employees	2010	23000	48000	10578	359	673	265	48897	3570	3382	651	3596	POSITIV E	6
		Permanent Contracts [%]	91%	N/A	95%	N/A	N/A	98.6%	90%	N/A	N/A	96.70 %	98.90 %	98%	100%	6
		Health & Safety Policy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	6
		Lost Time Injury Rate (per 1M hours worked)	0.05	1.65	N/A	0.82	N/A	0.01	11.24	N/A	N/A	5.81	8	N/A	0	10
		Policy Diversity and Opportunity	✓	✓	✓	✓	✓	✓	X	✓	✓	✓	✓	✓	✓	6
		Gender Pay Gap [%]	5.00%	N/A	5%	N/A	4%	N/A	10%	N/A	N/A	N/A	18%	N/A	0	9
		Women Employees [%]	20.00 %	25.22 %	28.20 %	31%	24%	21%	25%	30%	N/A	13%	36%	14%	50%	4
		Average Employee Satisfaction [%]	73%	N/A	85%	N/A	N/A	N/A	82%	N/A	N/A	N/A	N/A	N/A	100%	5
		Internal Promotion	✓	✓	✓	✓	✓	✓	N/A	✓	✓	✓	✓	✓	✓	6
		Trade Union Representation	✓	✓	✓	✓	N/A	N/A	✓	✓	N/A	N/A	✓	✓	✓	6
		Community Engagement	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	6
	Chemical Safety(0.2%)	Production Sites Certified ISO 9001 [%]	100%	86%	78%	72%	100%	N/A	100%	N/A	N/A	100%	N/A	N/A	100%	8
		Policy Customer Health & Safety	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	6
		Product Responsibility Monitoring	X	✓	✓	✓	✓	✓	N/A	✓	✓	✓	✓	✓	✓	1
	Human Capital Development (0.2%)	Training and Development Policy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	6
		Policy Career Development	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	6
																1.52
G 43.8%	Ownership & Control (6.25%)	Majority Shareholder 30%+ Voting Share	✓	X	X	X	X	X	X	X	X	✓	✓	✓	X	6
		Stakeholder Engagement	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A	✓	✓	✓	6
		Free float Share Capital [%]	22.13 %	93.14 %	77.77 %	99.49 %	51.33 %	98.68 %	73.74 %	N/A	91.26 %	25.84 %	45.62 %	49.02 %	HIGH	3
		Major Shareholder Veto Power	✓	X	X	X	X	X	X	X	X	✓	✓	✓	✓	1
		Equal Shareholder Rights	X	✓	✓	✓	✓	✓	✓	✓	✓	N/A	✓	✓	✓	1
	Board (6.25%)	Board Size	12	12	12	10	8	8	8	10	9	11	9	7	AROUND 10	6
		Board Function Policy	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A	✓	✓	✓	6
		Board Structure Policy	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A	✓	✓	✓	6
		Unitary Board Structure	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A	✓	✓	✓	6
		Board Experience	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A	✓	✓	✓	6
		Board ESG Competence	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A	✓	✓	✓	6
		Board Gender Diversity [%]	33%	40%	42%	40%	25%	43%	37%	20%	44%	50%	44%	43%	ABOVE 33%	4
		CEO-Chairman Duality	X	X	X	X	X	X	X	X	X	✓	X	X	FALSE	6
		Board, Independence [%]	50%	91%	92%	90%	50%	100%	37%	40%	N/A	30%	44%	42.80 %	100%	8
		Compensation Committee, Independence [%]	67%	100%	100%	100%	100%	100%	N/A	100%	100%	N/A	67%	100%	100%	4
	Pay (6.25%)	Executive Compensation Disclosure	✓	N/A	✓	✓	✓	✓	✓	✓	✓	X	X	✓	✓	6
		CEO Pay Tied to ESG Goals	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A	N/A	✓	✓	6
	Accounting (6.25%)	CSR Sustainability External Audit	✓	N/A	✓	✓	✓	✓	N/A	✓	✓	✓	✓	✓	✓	6
		Audit Independence Rotation [Years]	8	N/A	5	N/A	N/A	N/A	N/A	7	5	8	8	N/A	AROUND 5	4
	Business Ethics (6.25%)	Business Ethics Policy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	6
		Bribery and Corruption Policy	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A	✓	✓	✓	6
		Anti-Competitive Behaviour Policy	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A	N/A	✓	✓	6
		Employee Anti-Corruption Training	✓	✓	✓	✓	✓	✓	✓	N/A	✓	N/A	✓	✓	✓	6
		Human Rights Policy	✓	✓	✓	✓	✓	✓	X	✓	✓	N/A	✓	✓	✓	6
		Supply Chain Policy	X	✓	✓	✓	✓	✓	N/A	✓	✓	✓	✓	✓	✓	6
	Cybersecurity (6.25%)	Policy Cyber Security	✓	✓	✓	✓	✓	✓	N/A	✓	✓	N/A	✓	✓	✓	6
	Tax Transparency (6.25%)	Audit Oversight of Tax	✓	✓	✓	✓	✓	✓	N/A	✓	✓	N/A	✓	✓	✓	6
		Tax Oversight by Board	✓	✓	✓	✓	✓	✓	N/A	✓	✓	N/A	✓	✓	✓	6
		Tax Transparency Policy	N/A	✓	✓	✓	✓	✓	N/A	✓	✓	N/A	✓	✓	✓	4
																2.35
																1.96
TOTAL																1.96

Sources: MSCI, LSEG, Companies' Sustainability Reports 2023, MarketScreener.

Annex 17: Board of Directors

BOARD MEMBER	ROLE	DATE OF FIRST AND OFFICIAL APPOINTMENT	OTHER OFFICES	STRATEGIES COMMITTEE 2024	APPOINTMENTS AND REMUNERATION COMMITTEE 2024	RELATED PARTIES COMMITTEE 2024	CONTROL, RISK AND ESG COMMITTEE 2024	BACKGROUND
Federico De Nora	Chairman & Executive	23/06/2003 - 09/03/2022	-	X				56-year-old Italian male, grandson of company founder Oronzio, with no university degree. Experience in planning, corporate control, and executive roles at De Nora and related companies. Chairman at Federico De Nora SpA. and of Oronzio e Niccolò De Nora Foundation.
Paolo Enrico Dellachà	Chief Executive Officer	11/06/2009 - 09/03/2022	2	X(≡)				55-year-old Italian male with a Master's degree in Electronic & Management Engineering. CEO of Industrie De Nora since 2010, previously General Manager of Sympak Group. Currently serves as Deputy Chairman at Thyssenkrupp Nucera AG & Co. KGaA and independent director at Technoprobe SpA.
Stefano Venier	Non-Executive Director	28/04/2022	1	X				61-year-old male, Italian, with a Master's in Energy and Environmental Management and Economics and a Bachelor's in IT. Current CEO of SNAM SpA; former CEO of Hera (2014-2022).
Maria Giovanna Calloni	Independent Non-Executive Director	09/03/2022	3		X	X(≡)		60-year-old Italian female with an MBA. and a Bachelor's in "Economia Aziendale". Currently serves as Independent Director at Philogen SpA, Independent Director at CY4Gate SpA and Independent Non-Executive Director at EuroGroup Laminations SpA.
Mario Cesari	Non-Executive Director	10/01/2012- 09/03/2022	2	X	X			57-year-old Italian and Swiss male with an MBA and graduate degree in Industrial Engineering. Founder of Ischyra Europa GmbH. Independent Director at De Agostini SpA and Carel Industries SpA.
Michelangelo Mantero	Non-Executive Director	10/01/2012 - 09/03/2022	-					56-year-old Italian male with graduate degree in "Economia Monetaria". Founder of GenCap Advisory SRL. Currently holds the position of Managing Director at Xenon Private Equity SARL, Director & Partner at E.C.S. Srl, and other non-executive positions.
Elisabetta Oliveri	Independent Non-Executive Director	09/03/2022	4		X(≡)	X		61-year-old Italian female with graduate degree in Electronic Engineering. Founder of Furio Solinas Foundation ONLUS. Chairman of Autostrade per l'Italia SpA, Independent Non-Executive Director at ERG SpA, Stella SpA, and Trevi-Finanziaria Industriale SpA.
Paola Bonandrini	Non-Executive Director	22/03/2023	-	X			X	50-year-old Italian female with degree in Structural Engineering and Master's degree in Management and Economics of Energy and Environment. From 2018 she is Senior VP overseeing gas storage and compression operations in Italy at SNAM. She is part of the BoD at Teréga sa, Terega sas, Scogat, and Mariconsult.
Giovanni Toffoli	Independent Non-Executive Director	27/05/2020 - 30/06/2022	-				X	56-year-old Italian male with bachelor in Economics and Business. From 2012 CEO of Adriatica S.p.A.. President of Federchimica Assofertilizzanti, Agroalimentare Sud and CEO of K-Logistica.
Alessandro Garrone	Independent Non-Executive Director	20/06/2022	1					54-year-old Italian male who graduated in Economics. He is the Executive Deputy Chairman at ERG SpA. since 2012. He is also Chairman of the Strategic Committee of ERG SpA. and since 2015 Director of the internal control and risk management system.
Anna Chiara Svelto	Independent Non-Executive Director	during 05/2024	4			X	X(≡)	57, Male, Italian. MSc and PhD in Electronic Engineering. Giorgio Metta is the Scientific Director of the "Istituto Italiano di Tecnologia" (IIT). He has published around 300 scientific works. He is Independent Director at Gefran SpA.
Giorgio Metta	Independent Non-Executive Director	31/07/2023	1					57, Male, Italian. MSc and PhD in Electronic Engineering. He is the Scientific Director of the "Istituto Italiano di Tecnologia". He has published around 300 scientific works. Independent Director at Gefran SpA.

Sources: Company Data, Team Assessment

Annex 18: Shares Summary

	NUMBER OF SHARES	PERCENTAGE OF SHARES	PERCENTAGE OF VOTING RIGHTS
Federico De Nora S.p.A. (multiple vote shares)	88,847,684	44.05%	53.03%
Federico De Nora S.p.A. (ordinary shares)	499,843	0.25%	0.10%
Norfin S.p.A. (multiple vote shares)	11,474,617	5.69%	6.85%
Norfin S.p.A. (ordinary shares)	121,646	0.06%	0.02%
Federico De Nora (multiple vote shares)	6,619,560	3.28%	3.95%
Total De Nora Family	107,563,350	53.33%	63.95%
Asset Company 10 S.r.l. (multiple vote shares)	43,539,334	21.59%	25.99%
Asset Company 10 S.r.l. (ordinary shares)	0	0.00%	0.00%
Total Asset Company 10 S.r.l.	43,539,334	21.59%	25.99%
Management (ordinary shares)	2,963,808	1.47%	0.59%
Treasury shares	2,986,240	1.48%	0.59% - suspended
Other institutional and retail investors	44,632,442	22.13%	8.88%
TOTAL	201,685,174	100,00%	100,00%

Sources: Company Data as of 30 Sept 2024, Team Assessment

Annex 19: Top 15 Institutions and Top 5 Insiders/Stakeholders

The Directors are appointed through a list voting method, shareholders can send lists and vote only if they own 2% of Group Capital (CONSOB). Given our company's centralized ownership structure, voting power is concentrated in the hands of a few, preventing weaker shareholders from appointing Directors.

RANK	TYPE	PERCENTAGE OUTSTANDING SHARES (ORDINARY SHARES)	PERCENTAGE OF SHARES
-	Total Institutions	28.82%	7.31%
1	Norges Bank Investment Management	6.48%	1.64%
2	Schroder Investment Management Ltd.	4.56%	1.15%
3	Erste Asset Management GmbH	1.92%	0.48%
4	Janus Henderson Investors UK Ltd.	1.69%	0.43%
5	Fidelity Management & Research Co. LLC	1.59%	0.40%
6	Amundi SGR SpA	1.59%	0.40%
7	Deka Investment GmbH	1.58%	0.40%
8	Swedbank Robur Fonder AB	1.52%	0.39%
9	DNB Asset Management AS	1.29%	0.33%
10	Robeco Schweiz AG	1.24%	0.31%
11	Mediolanum Gestione Fondi SGRpA	1.19%	0.30%
12	Legal & General Investment Management Ltd.	1.13%	0.29%
13	Thematics Asset Management SAS	1.07%	0.27%
14	CPR Asset Management SA	1.04%	0.26%
15	Ninety One North America, Inc.	0.94%	0.24%
-	Total Insiders / Stakeholders	30.47%	7.74%
1	Wertheimer Ruth	14.79%	3.75%
2	Garrone Family	14.47%	3.67%
3	De Nora Federico	0.98%	0.25%
4	Mdn Holding Spa	0.24%	0.06%

Sources: FactSet Data as February 6, 2024, Team Assessment

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