

## PRESS RELEASE

### **BOARD OF DIRECTORS APPROVES CONSOLIDATED RESULTS FOR THE FIRST NINE MONTHS OF 2022**

#### **Key consolidated results for the first nine months of 2022:**

- Consolidated revenues for the first nine months of 2022 at Euro 616.6 million, up 51.8% against the first nine months of 2021
- Adjusted Gross Operating Margin (adjusted EBITDA): Euro 145.9 million (+79.3% compared to the first nine months of 2021)
- Operating profit (EBIT): Euro 97.3 million (+68.9% compared to the first nine months of 2021)
- Net profit\*: Euro 63.9 million (+51.1% compared to the first nine months of 2021)
- Net financial indebtedness: Euro 0.6 million
- Backlog at Euro 646.4 million, +18.2% compared to year-end 2021

\*Includes non-recurring items for €19.4m related to the Management Incentive Plan and €3.5m for IPO costs

*Milan, 9 November 2022* – The Board of Directors of Industrie De Nora - Italian multinational listed on Euronext Milan, specialised in the electrochemical industry and leader in sustainable technologies and in the emerging green hydrogen industry - which met on 8 November 2022, approved the (unaudited) consolidated results as at 30 September 2022.

**Paolo Dellachà, Chief Executive Officer of Industrie De Nora**, commented:

*“The results for the first nine months of 2022 consolidate strong growth across all business segments and geographic areas in which the group operates, with consolidated revenues up 52%. At the same time, we maintain a high level of profitability with an Ebitda Margin of nearly 24% thanks to ongoing cost control and commercial policy management.*

*These results confirm the robustness of our business model and allow us to confirm our 2022 revenue and margin targets, despite the complex market environment. The backlog, which reached the highest level in our history, also provides further visibility for future growth. Finally, our solid financial structure allows us not to suffer negative effects from the current macroeconomic environment characterized by rising interest rates”.*

#### **KEY INCOME STATEMENT INDICATORS**

<i>(Euro millions)</i>	<b>9M 2022</b>	<b>9M 2021</b>	<b>% Chg</b>
Revenues	616.6	406.1	+51.8%
Adj. EBITDA	145.9	81.4	+79.3%
Adj. EBITDA Margin	23.7%	20.0%	+3.7%
EBIT	97.3	57.6	+68.9%
Net Profit*	63.9	42.3	+69.0%

\*Includes non-recurring items for €19.4m related to the Management Incentive Plan and €3.5m for IPO costs

The nine months as at 30 September 2022 show **revenues** of Euro 616.6 million (Euro 406.1 million as at 30 September 2021). The increase of +51.8% is due to a growth in volumes and, for certain business lines, an increase in the prices charged to clients as a result of the increase in purchase price of raw materials and, in particular, several noble metals.

The **adjusted EBITDA** reached Euro 145.9 million (+79.3% compared to the first nine months of 2021), with a margin of 23.7%, an increase of about 400 basis points compared to the same period of 2021.

**EBIT** was up 68.9%, reaching Euro 97.3 million.

After taxes of Euro 33.4 million for the period (compared to Euro 17.4 million in the first nine months of 2021), **the Group's net profit** stood at Euro 63.9 million in the first nine months of 2022 (Euro 42.3 million as at 30 September 2021), up 69% despite non-recurring items for €19.4mn related to the Management Incentive Plan and €3.5mn for IPO costs.

**Backlog**, which was up by 18.2% compared to the value as at 31 December 2021, **amounts to Euro 646.4 million, record level for the company** and evidence of the solid growth prospects.

#### Breakdown of revenues by business segment

(Euro millions)	9M 2022	% of Sales	9M 2021	% Chg
Electrode Technologies	351.4	57.0%	233.1	+50.8%
Water Technologies	251.1	40.7%	168.7	+48.8%
Energy Transition	14.1	2.3%	4.3	+228.3%
<b>Total</b>	<b>616.6</b>		<b>406.1</b>	<b>+51.8%</b>

The Group operates in three different business segments:

- (i) the **"Electrode Technologies"** business manufactures electrodes for various industrial sectors;
- (ii) the **"Water Technologies"** business focuses on the production and sale of technologies and solutions for the treatment, filtration and disinfection of water;
- (iii) the **"Energy Transition"** segment focuses on the production, transport and storage of green hydrogen through the supply of products and equipment for electrolysis of water and its conversion into electricity.

The Electrode Technologies business, which accounts for 57% of sales, totalled revenues of Euro 351.4 million, recording growth of 50.8%, about 60% of which was attributable to an increase in volumes. The Water Technologies segment achieved an increase of 48.8% with revenues of Euro 251.1 million, accounting for 40.7% of sales. The growth is mainly attributable to the "pools business" (+ Euro 72 million) and is due for about 70% to the increase in prices applied to customers related to the increase in the purchase price of raw materials and, in particular, several noble metals.

The Energy Transition division, which is in its initial development phases, grew 228.3% in the first nine months of 2022 compared to the same period of 2021, recording revenues of Euro 14.1 million.

#### Breakdown of revenues by geographic area

(Euro millions)	9M 2022	% of Sales	9M 2021	% Chg
AMS	184.3	34.8%	125.5	+70.7%
ASIA	218.0	35.3%	176.4	+23.6%
EMEIA	214.3	29.9%	104.2	+76.9%
<b>Total</b>	<b>616.6</b>		<b>406.1</b>	

In the first nine months of 2022, the Group recorded double-digit growth in all of the markets in which it operates.

In the Americas (AMS) region, the Group achieved revenues of Euro 184.3 million, with an impact on sales of 34.8%, up 70.7% compared to the same period of 2021. Revenues in ASIA, accounting for 35.3% of sales, recorded 23.6% growth, achieving revenues of Euro 218 million. In the Europe, Middle East, India & Africa (EMEIA) region, revenues for the first nine months stood at Euro 214.3 million, a growth of 76.9% over 2021, thanks to excellent performance in all business segments.

## Ebitda and Margins by business segment

(Euro millions)	Adj. Ebitda 9M 2022	Adj. Ebitda Margin 9M 2022	Adj. Ebitda 9M 2021	Adj. Ebitda Margin 9M 2021
Electrode Technologies	97.4	27.7%	59.4	25.0%
Water Technologies	52.3	20.8%	21.9	13.0%
Energy Transition	(3.8)	n.a.	n.a.	n.a.
<b>Total</b>	<b>145.9</b>	<b>23.7%</b>	<b>81.4</b>	<b>20.0%</b>

**Adj. EBITDA** increased by Euro 64.5 million (+79.3%), from Euro 81.4 million in the first nine months of 2021 to Euro 145.9 million in the same period of 2022.

The increase was observed in both the Electrode Technologies segment and Water Technologies segment, and is proportionally higher in the Water Technologies segment, with its contribution to Group EBITDA rising from 27% in 2021 to 36% in 2022.

The Energy Transition segment reached almost EBITDA breakeven during the third quarter of 2022

Adj. **EBITDA Margin** increased from 20.0% in the period ended 30 September 2021 to 23.7% in the first nine months of 2022.

## Statement of financial position

At the statement of financial position level, net invested capital of Euro 742.7 million (+100 million compared to the end of 2021) corresponds to a shareholders' equity of Euro 741 million (up by Euro 287 million compared to 31 December 2021, including the capital increase of Euro 200 million as part of the listing transaction) and net financial indebtedness (ESMA) of Euro 0.6 million (Euro 188 million at the end of 2021), benefiting from the aforementioned capital increase and after the distribution of a dividend of Euro 20 million in the first nine months. The increase in net invested capital is mainly attributable to net operating working capital, which amounted to Euro 415 million at the end of September 2022, an increase of Euro 91.2 million compared to the end of 2021 as a result of the increase in business volumes.

Cash generation from operating activities during the first nine months of 2022 financed the increase in working capital, net investments of Euro 29 million as well as the payment of dividends for Euro 20 million.

## Significant events subsequent to the end of the first nine months

There were no significant events subsequent to the end of the period.

## Expected outlook

In light of the significant results achieved, the backlog accumulated and the performance of the reference markets, the Board of Directors confirmed the 2022 guidance in terms of Adjusted EBITDA at 185-195 million euros. For revenues, the target was set toward the lower end of the range 880-910 million euros.

The Group also confirms its commitment to take advantage of the sustainable growth opportunities outlined in the 2022-2025 Business Plan. In particular, in the Electrode Technologies and Water Technologies businesses, the Group expects to preserve and consolidate its leadership position in the reference markets in 2022.

Within the energy transition, the hydrogen production market is a key component of the most immediate development prospects, thanks to the technological know-how that the Group can leverage and its partnerships

developed over the years with leading players in the sector, including the joint venture with thyssenkrupp nucera.

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## **OTHER RESOLUTIONS**

The Board of Directors has also approved the following:

- the annual plan for internal audit activities with the favorable opinion of the Audit, Risk and ESG Committee, after consultation with the Board of Statutory Auditors and the Chief Executive Officer

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## **CONFERENCE CALL**

At 15:00 CET today, a conference call will be held to illustrate the results of the first nine months of 2022 to financial analysts and investors. The presentation may be followed via audio webcasting on the Company's website ([www.denora.com](http://www.denora.com)). The supporting material for the presentation will also be provided at the start of the conference call in the Investor Relations/Documents and Results/Presentations section of the site and on the authorised storage mechanism "1Info" at [www.1Info.it](http://www.1Info.it).

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This press release presents the consolidated results for the first nine months of 2022 (subject to limited audit). First 9 months results, together with the main business trends, represent a summary of the Interim Condensed Consolidated Financial Statements, approved by Industrie De Nora's Board of Directors on 8 November 2022.

The Interim Condensed Consolidated Financial Report as at 30 September 2022 will be made available to the public, at the Company's registered office and at Borsa Italiana, to anyone who requests it, and it will also be available on the Company's website - [www.denora.com](http://www.denora.com) - as well as on the authorised storage mechanism "1Info" at [www.1Info.it](http://www.1Info.it), in accordance with the law.

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The manager in charge of preparing the company's accounting documents, Matteo Lodrini, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Finance Act, that the accounting information contained in this press release corresponds to the documented results, books and accounting records.

This press release contains forward-looking statements, which are subject to known and unknown risks, uncertainties, and assumptions that are difficult to predict because they relate to events and depend on circumstances that will occur in the future. Many of these risks and uncertainties relate to factors that are beyond the company's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behaviour of other market participants, the actions of regulators and other factors. Therefore, Industrie De Nora's actual results may differ materially and adversely from those expressed or implied in any forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to, economic conditions globally, social, political, economic and regulatory developments or changes in economic or technological trends or conditions in Italy and internationally. Consequently, Industrie De Nora makes no representation, whether expressed or implied, as to the conformity of the actual results with those projected in the forward-looking statements. Any forward-looking statements made by or on behalf of Industrie De Nora speak only as of the date they are made. Industrie De Nora does not undertake to update forward-looking statements to reflect any changes in Industrie De Nora's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based. The reader should, however, consult any further disclosures Industrie De Nora may make in documents it files with the Italian Securities and Exchange Commission and with the Italian Stock Exchange

### Non-GAAP measures

In this document, in addition to the financial measures provided for by International Financial Reporting Standards (IFRS), a number of measures derived from the latter are presented even though they are not provided for by IFRS (Non-GAAP Measures) in line with ESMA's guidelines on Alternative Performance Indicators (ESMA/2015/1415 Guidelines, adopted by Consob with Notice No. 92543 of December 3, 2015) published on October 5, 2015. These measures are presented in order to enable a better assessment of the Group's operating performance and should not be regarded as alternatives to IFRS.

### Methodological Note

The income statement, balance sheet and financial position information has been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union and in accordance with IAS 34 - Interim Financial Reporting as of 30 September 2022 applying the same accounting standards adopted in the preparation of the Consolidated Financial Statements as of 31 December 2021 to which reference should be made. These Condensed Consolidated Interim Financial Statements have been prepared in an "abbreviated" form, i.e. with a level of disclosure significantly lower than that required by IFRSs, as permitted by IAS 34, and must therefore be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2021, prepared in accordance with IFRSs and approved by the Board of Directors on 18 February 2022.

It should be noted that the scope of consolidation as at 30 September 2022 has changed compared to 31 December 2021 as a result of the following:

- effective 1 January 2022, the subsidiary De Nora UV Technologies, LLC, was dissolved with the transfer of its net assets partly to the company De Nora Marine Technologies LLC and partly to the company De Nora Water Technologies LLC, for reasons related to a better corporate organisation of the different businesses;
- establishment, on 27 May 2022, of De Nora Italy Hydrogen Technologies S.r.l, based in Milan, a company 90% owned by Industrie De Nora S.p.A. and 10% owned by SNAM S.p.A;
- the new associate TK Nucera Management AG, 34% owned by Industrie De Nora S.p.A., was also established in 2022.

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*Industrie De Nora is an Italian multinational company, listed on Euronext Milan stock exchange, specialized in electrochemistry, a leader in sustainable technologies and with a key role in the industrial green hydrogen production chain. The Company has a portfolio of products and systems to optimize the energy efficiency of key industrial electrochemical processes and a range of products and solutions for water treatment. Globally, Industrie De Nora is the world's largest supplier of activated electrodes (serving a broad portfolio of customers operating in the fields of chlorine & caustic soda production, components for electronics, non-ferrous metal refining), it is also among the world's leading suppliers of water filtration and disinfection technologies (for the industrial, municipal, and marine sectors). Leveraging its well-established electrochemical knowledge, proven manufacturing capability, and a supply chain established over the years, the Company has developed and qualified a portfolio of electrodes and components to produce hydrogen through the electrolysis of water, which is critical for the energy transition. In this industry the company also holds a share of 34 percent of thyssenkrupp nucera, a JV with Thyssenkrupp. Founded in 1923, Industrie De Nora had total revenues of €616 million and EBITDA of €127 million in 2021. The Company's growth process has developed both organically, through continued penetration of new markets and applications, and through acquisitions in the U.S., Asia, and Europe. Its evolving intellectual property portfolio currently includes more than 260 patent families with more than 2,600 territorial extensions. The Group is controlled by the De Nora family, which owns approximately 54.8 percent of the Company's share capital, with Snam S.p.A. as a minority shareholder with about 26 percent of the capital.*

### Investor Relations

Marco Porro  
+39 02 2129 2124  
ir@denora.com

### Media Relations

Barabino & Partners  
Office: +39 02/72.02.35.35  
Sabrina Ragone – [s.ragone@barabino.it](mailto:s.ragone@barabino.it) 338 25 19 534  
Alberto Piana – [a.piana@barabino.it](mailto:a.piana@barabino.it) 342 76 70 164

## Consolidated Statement of Financial Position

(€ thousands)	As of September 30 2022		As of December 31 2021	
		%		%
Trade receivables	136,156		139,974	
Trade payables	(72,903)		(61,425)	
Inventories	326,184		233,033	
Construction contracts, net of progress payments and advances	25,708		12,351	
<b>Net Operating Working Capital</b>	<b>415,145</b>	<b>55.9</b>	<b>323,933</b>	<b>50.4</b>
Other current assets / (liabilities)	(89,250)		(69,641)	
<b>Net Working Capital</b>	<b>325,895</b>	<b>43.9</b>	<b>254,292</b>	<b>39.6</b>
Goodwill and intangible assets	145,852		132,805	
Property, plant and equipment	180,766		167,627	
Equity-accounted investees	120,183		121,785	
<b>Non current assets</b>	<b>446,801</b>	<b>60.2</b>	<b>422,217</b>	<b>65.7</b>
Employee benefits	(21,481)		(26,036)	
Provisions for risks and changes	(21,375)		(21,105)	
Deferred tax assets / (liabilities)	(1,025)		154	
Other non current assets / (liabilities)	13,917		13,266	
<b>NET INVESTED CAPITAL</b>	<b>742,732</b>	<b>100.0</b>	<b>642,788</b>	<b>100.0</b>
Covered by:				
Medium/long term financial indebtedness	(274,005)		(3,784)	
Short-term financial indebtedness	(10,691)		(258,449)	
Financial assets and derivatives	3,435		478	
Cash and cash equivalents	280,635		73,843	
<b>NET FINANCIAL INDEBTENESS - ESMA</b>	<b>(626)</b>	<b>(0.1)</b>	<b>(187,912)</b>	<b>(29.2)</b>
Fair value of financial instruments	(1,073)		(914)	
<b>NET FINANCIAL INDEBTENESS</b>	<b>(1,699)</b>	<b>(0.2)</b>	<b>(188,826)</b>	<b>(29.4)</b>
Equity attributable to minority interests	(3,589)		(3,503)	
Equity attributable to the Parent	(737,444)		(450,459)	
<b>TOTAL EQUITY AND MINORITY INTERESTS</b>	<b>(742,732)</b>	<b>(100.0)</b>	<b>(642,788)</b>	<b>(100.0)</b>

## Reclassified Consolidated Income Statement

(€ thousands)	Nine months as of September 30			
	2022		2021	
Revenue	616,627	93.7%	406,115	90.3%
Change in inventory of finished goods and work in progress	37,926	5.8%	40,871	9.1%
Other income	3,272	0.5%	2,635	0.6%
<b>VALUE OF PRODUCTION</b>	<b>657,825</b>	<b>100.0%</b>	<b>449,621</b>	<b>100.0%</b>
Material consumption	(298,729)	-45.4%	(200,562)	-44.6%
Personnel costs	(118,210)	-18.0%	(85,578)	-19.0%
Costs for services	(111,908)	-17.0%	(79,183)	-17.6%
Other operating expenses/income	(7,032)	-1.1%	(6,445)	-1.4%
<b>EBITDA</b>	<b>121,946</b>	<b>18.5%</b>	<b>77,852</b>	<b>17.3%</b>
Amortization of intangible assets	(6,911)	-1.1%	(7,573)	-1.7%
Depreciation of property, plant and equipment	(13,570)	-2.1%	(11,961)	-2.7%
Net provision for risk and charge	(1,336)	-0.2%	(930)	-0.2%
(Impairments) / Reinstatements	(2,818)	-0.4%	240	0.1%
<b>OPERATING PROFIT (EBIT)</b>	<b>97,311</b>	<b>14.8%</b>	<b>57,628</b>	<b>12.8%</b>
Share of profit of equity-accounted investees	(4,240)	-0.6%	4,048	0.9%
Finance income	30,610	4.7%	8,935	2.0%
Finance expenses	(26,393)	-4.0%	(10,919)	-2.4%
<b>Profit before Tax</b>	<b>97,288</b>	<b>14.8%</b>	<b>59,692</b>	<b>13.3%</b>
Income tax expense	(33,397)	-5.1%	(17,399)	-3.9%
<b>Profit for the period</b>	<b>63,891</b>	<b>9.7%</b>	<b>42,293</b>	<b>9.4%</b>
Attributable to:				
<b>Parent company shareholders</b>	<b>63,939</b>	<b>9.7%</b>	<b>42,039</b>	<b>9.3%</b>
<b>Non-controlling interests</b>	<b>(48)</b>	<b>0.0%</b>	<b>254</b>	<b>0.1%</b>
<b>EBITDA</b>	<b>121,946</b>	<b>18.5%</b>	<b>77,852</b>	<b>17.3%</b>
Non-recurring items impacting EBITDA	23,937		3,503	
<b>Adjusted EBITDA</b>	<b>145,883</b>	<b>22.2%</b>	<b>81,355</b>	<b>18.1%</b>
<b>OPERATING PROFIT (EBIT)</b>	<b>97,311</b>	<b>14.8%</b>	<b>57,628</b>	<b>12.8%</b>
Non-recurring items impacting EBITDA	23,937		3,503	
Utilization of provisions	(344)		-	
<b>Adjusted OPERATING PROFIT (EBIT)</b>	<b>120,904</b>	<b>18.4%</b>	<b>61,131</b>	<b>13.6%</b>



**Consolidated Statement of Cash Flows**
**Nine months as of September 30**

<b>(€ thousands)</b>	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities</b>		
Profit / (Losses) for the period	63,891	42,293
<i>Adjustments for:</i>		
Amortization and depreciation	20,481	19,534
Impairment losses / (Reinstatements) of property, plant and equipment	2,818	(240)
Management Incentive Plan	19,360	-
Net finance expenses	(4,217)	1,984
Share of profit of equity-accounted investees	4,240	(4,048)
(Gains) / Losses on the sale of property, plant and equipment and intangible assets	200	847
Income tax expense	33,397	17,399
Change in inventory	(80,488)	(130,829)
Change in trade receivables and construction contracts	1,075	(6,226)
Change in trade payables	9,315	11,834
Change in other receivables and payables	8,692	8,009
Change in provisions and employee benefits	(1,231)	1,311
<b>Cash flows generated by/(used in) operating activities</b>	<b>77,532</b>	<b>(38,132)</b>
Net interest and net other finance expenses paid	(4,373)	(3,367)
Income tax paid	(28,530)	(14,352)
<b>Net cash flows generated by/(used in) operating activities</b>	<b>44,629</b>	<b>(55,851)</b>
<b>Cash flows from investing activities</b>		
Sales of property, plant and equipment and intangible assets	490	750
Investments in property, plant and equipment	(24,016)	(12,652)
Investments in intangible assets	(5,156)	(4,793)
Investments in associated companies	(17)	-
Acquisitions (net of cash and cash equivalents acquired)	-	(6,352)
<b>Net cash flows generated by/(used in) investing activities</b>	<b>(28,699)</b>	<b>(23,048)</b>
<b>Cash flows from financing activities</b>		
Share capital increase / (decrease)	196,581	18,090
New loans	272,750	106,355
(Repayments of loans)	(259,157)	(667)
Increase / (Decrease) in other financial liabilities	(1,496)	(1,084)
(Increase) / Decrease in financial assets	(1,370)	2,109
Dividends paid	(20,000)	(60,000)
<b>Net cash flows generated by/(used in) financing activities</b>	<b>187,308</b>	<b>64,803</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>203,238</b>	<b>(14,095)</b>
Opening cash and cash equivalents	73,843	75,658
Exchange rate effect	3,554	1,240
<b>Closing cash and cash equivalents</b>	<b>280,635</b>	<b>62,803</b>