2023

Annual Financial Report

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Industrie De Nora

Letter to the Shareholders

Dear Shareholders,

We submit for your attention the consolidated financial statements of the De Nora Group (the "Group") as at December 31, 2023 and the separate financial statements of the parent company Industrie De Nora S.p.A. (the "parent company" or the "Company") as at December 31, 2023.

This report presents the Group and the Company's position and the business performance in the financial year 2023, as well as providing an outlook for the coming year.

2023 was a historic year for the De Nora Group, which celebrated its first hundred years. It was a positive year in which good economic and financial results of the previous year were confirmed: the Group recorded a new turnover high (Euro 856 million), slightly better than the figure in the previous year (+0.4% at 2023 exchange rates, but +4% at constant exchange rates). The positive trend is also reflected in margins, with a Adjusted EBITDA of Euro 171 million, lower than the 2022 figure (Euro 191 million), but nonetheless equal to 20% of revenues, and a Adjusted EBIT of Euro 140 million (16.3% of revenues).

As regards the other income components, 2023 recorded total financial income of approximately Euro 133 million linked to the listing on the Frankfurt Stock Exchange of the joint venture with thyssenKrupp (hereinafter "tk nucera"), which took place in July; this income allowed the Group to close the year with an extraordinary consolidated net profit of Euro 231 million, compared to approximately Euro 90 million in 2022. The net financial position, amounting to Euro 69 million at the end of the year, also improved compared to Euro 52 million at the end of 2022.

Energy Transition activities recorded another significant acceleration in 2023, becoming a significant business in a rapidly growing market; the revenues of the Energy Transition segment were just above Euro 100 million in the year just ended, almost two and a half times those achieved in the previous year.

The number of Group employees reached 2,010, 81 more than at the end of 2022. The continuous growth of the workforce supports the planned expansion in activities and business.

Important expansion projects were completed or were launched in 2023, including:

— In China, the opening of a new electrode production line, with huge benefits in terms of boosting the site's production capacity;

— In Italy, the start of the construction of a Gigafactory for green hydrogen production technologies with a potential capacity of up to 2 GW.

The Group's expansion was also achieved through the acquisition, in the second quarter of the year, of the German company Shotec, an opportunity for De Nora to expand its portfolio of processes and technologies for the production of electrodes.

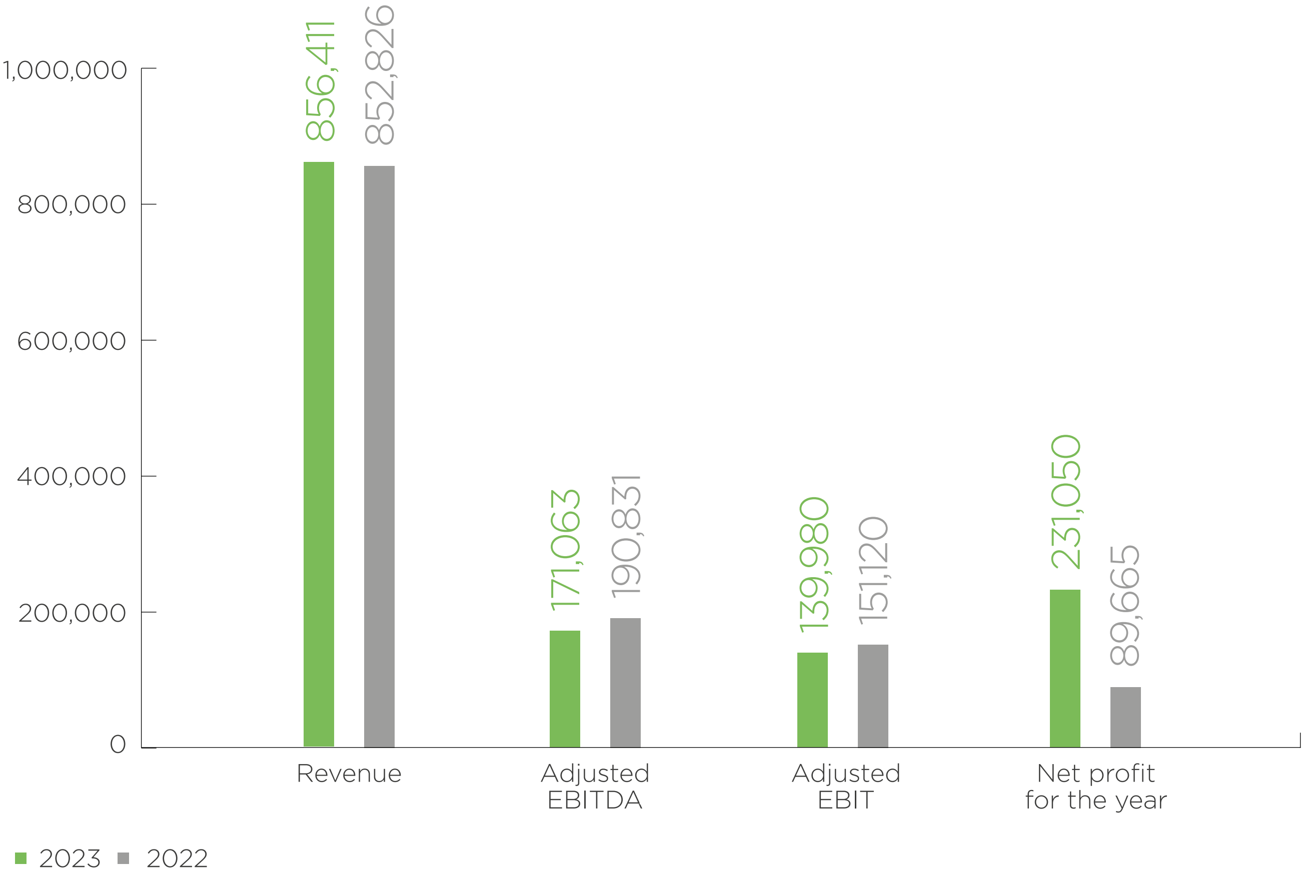
As mentioned above, in July 2023 tk nucera was listed on the Frankfurt Stock Exchange; an important milestone and a new starting point for the collaboration between De Nora and thyssenKrupp.

2024 is proving to be extremely challenging. Global economic prospects continue to be difficult and uncertain: inflation is still high and financial markets are extremely volatile due to geopolitical and macroeconomic reasons. Despite this, De Nora is confident in its growth prospects, even though keeping performance levels high will be very difficult. In this context, it is essential to maintain a very high focus on cost control and the planning of production activities, ready to adapt to the market with agility and flexibility.

De Nora in numbers

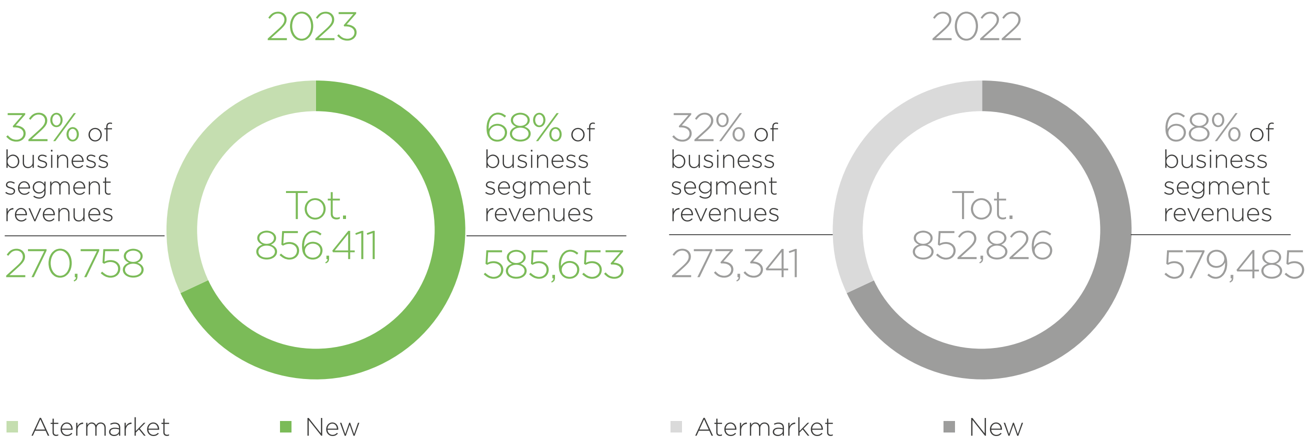
2023 vs 2022

in € thousands



% of business segment revenues

in € thousands



Revenues by Geographic Area
in € thousands

Employees by geographical area
number

EMEIA[1]

	Revenues	% of revenues	Employees	% of Headcount
2023	308,396	36% of 2023 revenues	679	33.7% of 2023 Headcount
2022	269,216	32% of 2022 revenues	599	31.1% of 2022 Headcount
of which Italy 2023	29,994	3.5%		
of which Italy 2022	12,910	1.5%		

AMS[2]

	Revenues	% of revenues	Employees	% of Headcount
2023	257,834	30% of 2023 revenues	586	29.2% of 2023 Headcount
2022	282,021	33% of 2022 revenues	647	33.5% of 2022 Headcount

APAC

	Revenues	% of revenues	Employees	% of Headcount
2023	290,181	34% of 2023 revenues	745	37.1% of 2023 Headcount
2022	301,589	35% of 2022 revenues	683	35.4% of 2022 Headcount

■ 2023 ■ 2022

[1] Indicates the following geographical areas: Europe, Middle East, India, Africa.
[2] Indicates the following geographic areas: North and South America.

Corporate Bodies

Board of Directors[1]

Executive Chairperson
Federico De Nora(*)

Chief Executive Officer
Paolo Enrico Dellachà(*)

Directors
Stefano Venier
Maria Giovanna Calloni(**)
Mario Cesari
Michelangelo Mantero
Teresa Cristiana Naddeo(**)
Elisabetta Oliveri(**)
Paola Bonandrini
Giovanni Toffoli (**)
Alessandro Garrone (**)
Giorgio Metta (**)

Board of Statutory Auditors

Chairperson
Marcello Del Prete

Statutory Auditors
Beatrice Bompieri
Guido Sazbon

Alternate Auditors
Pierpaolo Giuseppe Galimi
Gianluigi Lapietra
Raffaella Piraccini

Audit, Risk and ESG Committee

Chairperson - Teresa Cristiana Naddeo
Giovanni Toffoli
Paola Bonandrini

Appointments and Remuneration Committee

Chairperson - Elisabetta Oliveri
Mario Cesari
Maria Giovanna Calloni

Strategies Committee

Chairperson - Paolo Enrico Dellachà
Federico De Nora
Mario Cesari
Stefano Venier
Paola Bonandrini

Related Parties Committee

Chairperson - Maria Giovanna Calloni
Teresa Cristiana Naddeo
Elisabetta Oliveri

Manager responsible for preparing the Company's financial reports

Massimiliano Moi

Independent Auditors

PricewaterhouseCoopers S.p.A.[2]

Supervisory Body

Chairperson - Gianluca Sardo
Silvio Necchi
Claudio Vitacca

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1 Appointed by the Shareholders' Meeting of March 9, 2022 (with the exception of the Directors Stefano Venier appointed on April 28, 2022, Alessandro Garrone appointed on June 20, 2022, Paola Bonandrini appointed on April 28, 2023, already co-opted on March 22, 2023, Giorgio Metta appointed via co-optation on July 31, 2023). The Board of Directors is in office until the approval of the Financial Statements as at December 31, 2024.

(*) Executive director.

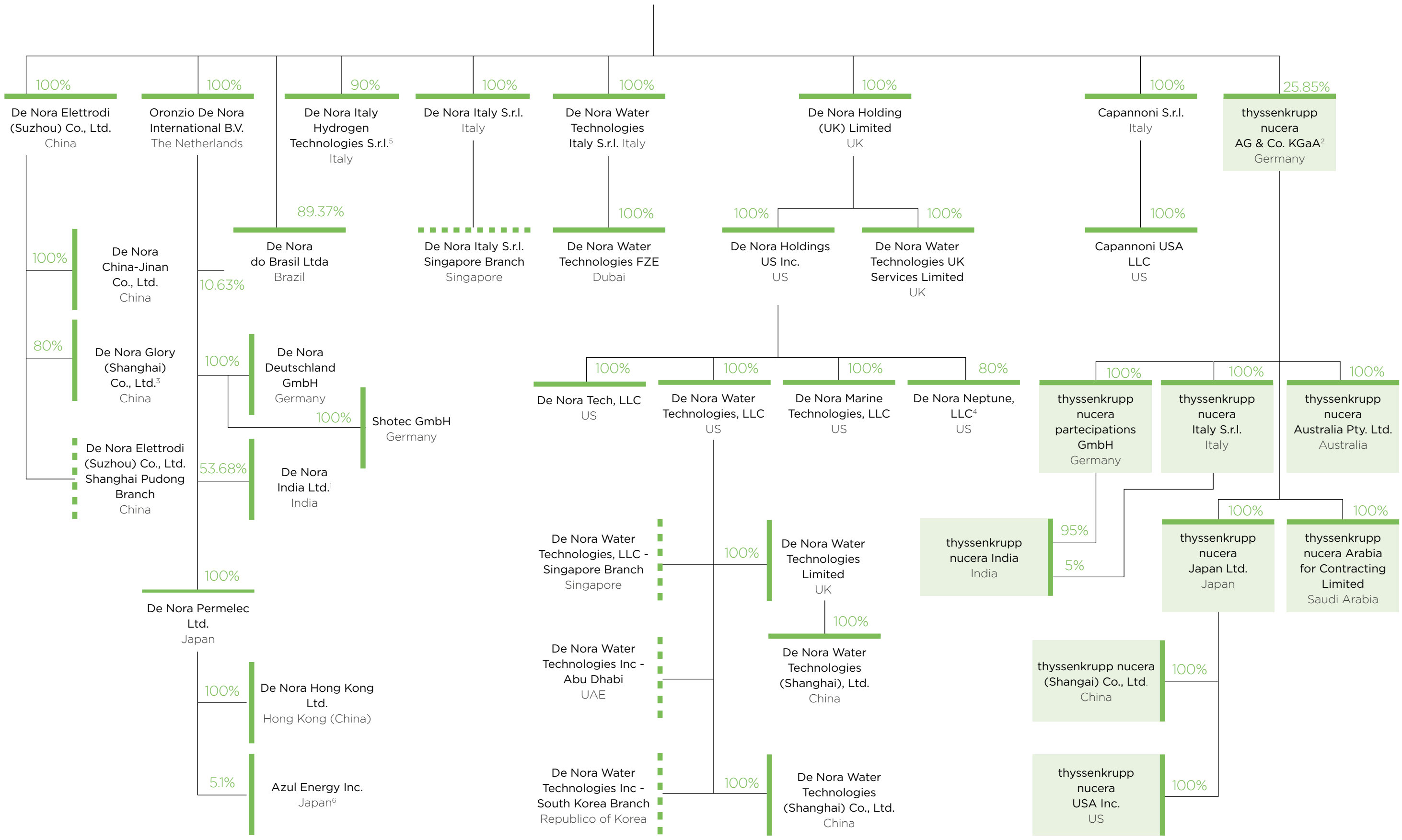
(**) Independent director pursuant to Articles 147-ter, paragraph 4, and 148, paragraph 3, of the TUF (Consolidated Law on Finance) and Art. 2 of the Corporate Governance Code.

2 Appointed by the Shareholders' Meeting on February 18, 2022 for the period covering 2022 - 30.

De Nora Group Structure

A graphical representation is provided below of the Group structure with an indication of the companies belonging to the Group and the equity investment held by the parent company, directly or indirectly, in each of them as at December 31, 2023.

Industrie De Nora S.p.A. Italy



The following Corporate functions are centralized at the parent company Industrie De Nora S.p.A. (AFC & ICT; Legal; People, Organization, Social Communication, Happiness; Marketing, Business Development & Product Management; Research & Development, Intellectual Property & Production Technologies; Global Operations & Innovation; Global Procurement), thus ensuring financial, strategic and operational consistency within the Group. In particular, the Corporate functions:

- define the strategic guidelines for the entire Group;
- coordinate research and development activities;
- manage the Group's intellectual property;
- exercise a coordinating and controlling role through the issuance of policies and guidelines to ensure the compliance of initiatives undertaken at the local level with the Group's strategy.

[1] 46.32% Indian Stock exchange + promoters
[2] 50.19% Thyssenkrupp Projekt 1 GmbH; 23.96% free float
[3] 20% Mr. Bu Bingxin
[4] 20% Biocatters Holding, LLC
[5] 10% SNAM S.p.A.
[6] 94.9% venture capital or corporate venture capital and promoters

Legal entity

Branch office

01

Director's report

De Nora Business within the competitive world scenario

World Economic Outlook[1]

The global economic recovery from the COVID-19 pandemic, Russia's invasion of Ukraine, and the cost-of-living crisis is proving surprisingly resilient. Inflation is falling faster than expected from its 2022 peak, with a smaller-than-expected toll on employment and activity, reflecting favorable supply-side developments and tightening by central banks, which has kept inflation expectations anchored. At the same time, high interest rates aimed at fighting inflation and a withdrawal of fiscal support amid high debt are expected to weigh on growth in 2024.

Economic growth is estimated to have been stronger than expected in the second half of 2023 in the United States, and several major emerging market and developing economies. In several cases, government and private spending contributed to the upswing, with real disposable income gains supporting consumption amid still-tight — though easing — labor markets and households drawing down on their accumulated pandemic-era savings. A supply-side expansion also took hold, with a broad-based increase in labor force participation, resolution of pandemic-era supply chain problems, and declining delivery times. The rising momentum was not felt everywhere, with notably subdued growth in the euro area, reflecting weak consumer sentiment, the lingering effects of high energy prices, and weakness in interest-rate-sensitive manufacturing and business investment. Low-income economies continue to experience large output losses compared with their prepandemic (2017–19) paths amid elevated borrowing costs.
Amid favorable global supply developments, inflation has been falling faster than expected, with recent monthly readings near the prepandemic average for both headline and underlying (core) inflation. Global headline inflation in the fourth quarter of 2023 is estimated to have been about 0.3 percentage point lower than predictions on a quarter-over-quarter seasonally adjusted basis. Diminished inflation reflects the fading of relative price shocks — notably those to energy prices — and their associated pass-through to core inflation. The decline also reflects an easing in labor market tightness, with a decline in job vacancies, a modest rise in unemployment, and greater labor supply, in some cases associated with a strong inflow of immigrants. Wage growth has generally remained contained, with wage-price spirals — in which prices and wages accelerate together — not taking hold. Near-term inflation expectations have fallen in major economies, with long-term expectations remaining anchored.

To reduce inflation, major central banks raised policy interest rates to restrictive levels in 2023, resulting in high mortgage costs, challenges for firms refinancing their debt, tighter credit availability, and weaker business and residential investment. But with inflation easing, market expectations that future policy rates will decline have contributed to a reduction in longer-term interest rates and rising equity markets. Still, long-term borrowing costs remain high in both advanced and emerging market and developing economies, partly because government debt has been rising.

Governments in advanced economies eased fiscal policy in 2023. The United States, where GDP had already

[1] Source IMF World Economic Outlook Update - January 2024.

exceeded its prepandemic path, eased policy more than did euro area and other economies in which the recovery was incomplete. In emerging market and developing economies, in which output has on average fallen even further below the prepandemic trend, on average the fiscal stance is estimated to have been neutral. In 2024, the fiscal policy stance is expected to tighten in several advanced and emerging market and developing economies to rebuild budgetary room for maneuver and curb the rising path of debt, and this shift is expected to slow growth in the near term.

Global growth, estimated at 3.1% in 2023, is projected to remain at 3.1% in 2024 before rising modestly to 3.2% in 2025. Compared with previous projections, the forecast for 2024 is about 0.2 percentage point higher, reflecting upgrades for China, the United States, and large emerging market and developing economies. Nevertheless, the projection for global growth in 2024 and 2025 is below the historical (2000–19) annual average of 3.8%, reflecting restrictive monetary policies and withdrawal of fiscal support, as well as low underlying productivity growth. Advanced economies are expected to see growth decline slightly in 2024 before rising in 2025, with a recovery in the euro area from low growth in 2023 and a moderation of growth in the United States. Emerging market and developing economies are expected to experience stable growth through 2024 and 2025, with regional differences.

World trade growth is projected at 3.3% in 2024 and 3.6% in 2025, below its historical average growth rate of 4.9%. Rising trade distortions and geoeconomic fragmentation are expected to continue to weigh on the level of global trade. These forecasts are based on assumptions that fuel and nonfuel commodity prices will decline in 2024 and 2025 and that interest rates will decline in major economies. Annual average oil prices are projected to fall by about 2.3% in 2024, whereas nonfuel commodity prices are expected to fall by 0.9%. Policy rates projections are to remain at current levels for the Federal Reserve, the European Central Bank, and the Bank of England until the second half of 2024, before gradually declining as inflation moves closer to targets. The Bank of Japan is projected to maintain an overall accommodative stance.

For advanced economies, growth is projected to decline slightly from 1.6% in 2023 to 1.5% in 2024 before rising to 1.8% in 2025.
In the United States, growth is projected to fall from 2.5 percent in 2023 to 2.1 percent in 2024 and 1.7 percent in 2025.

Growth in the euro area is projected to recover from its low rate of an estimated 0.5% in 2023, which reflected relatively high exposure to the war in Ukraine, to 0.9% in 2024 and 1.7% in 2025. Stronger household consumption as the effects of the shock to energy prices subside and inflation falls, supporting real income growth, is expected to drive the recovery.

Among other advanced economies, growth in the United Kingdom is projected to rise modestly, from an estimated 0.5% in 2023 to 0.6% in 2024, as the lagged negative effects of high energy prices wane, then to 1.6% in 2025, as disinflation allows an easing in financial conditions and permits real incomes to recover. Output in Japan is projected to remain above potential as growth decelerates from an estimated 1.9% in 2023 to 0.9% in 2024 and 0.8% in 2025, reflecting the fading of one-off factors that supported activity in 2023, including a depreciated yen, pent-up demand, and a recovery in business investment following earlier delays in implementing projects.

In emerging market and developing economies, growth is expected to remain at 4.1% in 2024 and to rise to 4.2% in 2025. Growth in emerging and developing Asia is expected to decline from an estimated 5.4% in 2023 to 5.2% in 2024 and 4.8% in 2025. Growth in China is projected at 4.6% in 2024 and 4.1% in 2025. Growth in India is projected to remain strong at 6.5% in both 2024 and 2025, reflecting resilience in domestic demand.

Growth in emerging and developing Europe is projected to pick up from an estimated 2.7% in 2023 to 2.8% in 2024, before declining to 2.5% in 2025. Growth in Russia is projected at 2.6% in 2024 and 1.1% in 2025.

In Latin America and the Caribbean, growth is projected to decline from an estimated 2.5% in 2023 to 1.9% in 2024 before rising to 2.5% in 2025.

Growth in the Middle East and Central Asia is projected to rise from an estimated 2% in 2023 to 2.9% in 2024 and 4.2% in 2025. In sub-Saharan Africa, growth is projected to rise from an estimated 3.3% in 2023 to 3.8% in 2024 and 4.1% in 2025.

Global headline inflation is expected to fall from an estimated 6.8% in 2023 (annual average) to 5.8% in 2024 and 4.4% in 2025. Advanced economies are expected to see faster disinflation, with inflation falling by 2.0 percentage points in 2024 to 2.6%, than are emerging market and developing economies, where inflation is projected to decline by just 0.3 percentage point to 8.1%. The drivers of declining inflation differ by country but generally reflect lower core inflation as a result of still-tight monetary policies, a related softening in labor markets, and pass-through effects from declines in relative energy prices.

There is scope for further upside surprises to global growth, although other potential factors pull the distribution of risks in the opposite direction. Stronger global growth than expected could arise from several sources:

Faster disinflation: in the near term, the risk that inflation will fall faster than expected could again become a reality, with stronger-than-expected pass-through from lower fuel prices, further downward shifts in the ratio of vacancies to unemployed persons, and a compression of profit margins to absorb past cost increases. Combined with a decline in inflation expectations, such developments could allow central banks to move forward with their policy-easing plans and could also contribute to improving business, consumer, and financial market sentiment, as well as raising growth.

Slower-than-assumed withdrawal of fiscal support: Governments in major economies might withdraw fiscal policy support more slowly than necessary and than assumed during 2024–25, implying higher-than-projected global growth in the near term. However, such delays could in some cases exacerbate inflation and, with elevated public debt, result in higher borrowing costs and a more disruptive policy adjustment, with a negative impact on global growth later on.

Faster economic recovery in China: Additional property sector–related reforms — including faster restructuring of insolvent property developers while protecting home buyers' interests — or larger-than-expected fiscal support could boost consumer confidence, bolster private demand, and generate positive cross-border growth spillovers.

Artificial intelligence and supply-side reforms: Over the medium term, artificial intelligence could boost workers' productivity and incomes, although this would depend on countries' harnessing the potential of artificial intelligence. Advanced economies may experience benefits from artificial intelligence sooner than emerging market and developing economies, largely because their employment structures are more focused on cognitive-intensive roles. For emerging market and developing economies with constrained policy environments, faster progress on implementing supply-enhancing reforms could result in greater-than-expected domestic and foreign investment and productivity and faster convergence to higher income levels.

Several adverse risks to global growth remain plausible:

Commodity price spikes amid geopolitical and weather shocks: The conflict in Gaza and Israel could escalate further into the wider region, which produces about 35% of the world's oil exports and 14% of its gas exports. Continued attacks in the Red Sea — through which 11% of global trade flows — and the ongoing war in Ukraine risk generating fresh adverse supply shocks to the global recovery, with spikes in food, energy, and transportation costs. Container shipping costs have already sharply increased, and the situation in the Middle East remains volatile. Further geoeconomic fragmentation could also constrain the cross-border flow of commodities, causing additional price volatility. More extreme weather shocks, including floods and drought, could, together with the El Niño phenomenon, also cause food price spikes, exacerbate food insecurity, and jeopardize the global disinflation process.

Persistence of core inflation, requiring a tighter monetary policy stance: A slower-than-expected decline in core inflation in major economies due, for example, to persistent labor market tightness and renewed tensions in supply chains could trigger a rise in interest rate expectations and a fall in asset prices, as in early 2023. Such developments could increase financial stability risks, tighten global financial conditions, trigger flight-to-safety capital flows, and strengthen the US dollar, with adverse consequences for trade and growth.

Faltering of growth in China: Absent a comprehensive restructuring policy package for the troubled property sector, real estate investment could drop more than expected, and for longer, with negative implications for domestic growth and trading partners. Unintended fiscal tightening in response to local government financing constraints is also possible, as is reduced household consumption in a context of subdued confidence.

Disruptive turn to fiscal consolidation: Fiscal consolidation is necessary in many economies to deal with rising debt ratios. But an excessively sharp shift to tax hikes and spending cuts, beyond what is envisaged, could result in slower-than-expected growth in the near term. Adverse market reactions could pressure some countries that lack a credible medium-term consolidation plan or face a risk of debt distress to undertake harsh adjustments. In low-income countries and emerging market economies, the risk of debt distress remains elevated, constraining scope for necessary growth-enhancing investments.

As inflation declines toward target levels across regions, the near-term priority for central banks is to deliver a smooth landing, neither lowering rates prematurely nor delaying such lowering too much. With inflation drivers and dynamics differing across economies, policy needs for ensuring price stability are increasingly differentiated. At the same time, in many cases, amid rising debt and limited budgetary room to maneuver, and with inflation declining and economies better able to absorb effects of fiscal tightening, a renewed focus on fiscal consolidation is needed. Intensifying supply-enhancing reforms would facilitate both inflation and debt reduction and enable a durable rise in living standards.

The faster-than-expected fall in inflation is allowing an increasing number of central banks to move from raising policy rates to adjusting to a less restrictive stance. At the same time, where measures of underlying inflation and expectations are clearly moving toward target-consistent levels, adjusting rates to more neutral levels may be necessary to avoid protracted economic weakness and target undershoots.

With borrowing costs still high, careful monitoring of financing conditions and readiness to deploy financial stability tools will remain vital for avoiding financial sector strains.

With fiscal deficits above prepandemic levels and higher debt-service costs, fiscal consolidation based on credible medium-term plans, with the pace of adjustment depending upon country-specific circumstances, is warranted to restore room for budgetary maneuver. Increasing fiscal balances over a sustained period, while protecting priority investments and support to the vulnerable, is needed in many cases. Well-calibrated plans can support fiscal policy credibility, allow the pace of consolidation to be adjusted as a function of the strength of private demand, and avert disruptive front-loaded adjustments. Mobilizing domestic revenue, addressing spending rigidities, and reinforcing institutional fiscal frameworks are likely to support adjustment efforts, both in economies with sizable spending needs and in others as well. For countries in or at high risk of debt distress, orderly debt restructuring may also be necessary.

Targeted and carefully sequenced structural reforms can reinforce productivity growth and reverse declining medium-term growth prospects despite constrained policy space. Bundling reforms that alleviate the most binding constraints to economic activity can front-load the resulting output gains, even in the short term, and secure public buy-in. Industrial policies can be pursued where clearly identifiable externalities or important market failures are well established and other more effective policy options are unavailable, but the policies need to be consistent with World Trade Organization (WTO) rules. Such policies are more likely to be successful if complemented with appropriate economy-wide reforms and good governance frameworks. Carbon pricing, subsidies for green investments, reducing energy subsidies, and carbon border-adjustment mechanisms can speed the green transition but must be designed to support consistency with WTO rules. Investments in climate adaptation activities and infrastructure are also needed to support resilience.

Intensified cooperation in areas of common interest is vital for mitigating the costs of the separation of the world economy into blocs. In addition to coordination on debt resolution, cooperation is required to mitigate the effects of climate change and facilitate the green energy transition, building on recent agreements at the 2023 Conference of the Parties to the UN Framework Convention on Climate Change (COP28). Safeguarding the transportation of critical minerals, restoring the WTO's ability to settle trade disputes, and ensuring the responsible use of potentially disruptive new technologies such as artificial intelligence by, among other things, upgrading domestic regulatory frameworks and harmonizing global principles are further priorities.

Currencies

The following table summarises the main reference foreign currencies of the De Nora Group (commercial transaction currency or functional currencies of foreign entities belonging to the Group) and the relative foreign exchange rates:

	Average exchange rate for the year ended December 31		Exchange rate at December 31	
Currency	2023	2022	2023	2022
US Dollar	1.0813	1.0530	1.1050	1.0666
Japanese Yen	151.9903	138.0274	156.3300	140.6600
Indian Rupee	89.3001	82.6864	91.9045	88.1710
Chinese Yuan Renminbi	7.6600	7.0788	7.8509	7.3582
Brazilian Real	5.4010	5.4399	5.3618	5.6386
GB Pound	0.8698	0.8528	0.8691	0.8869

In addition to the Euro, the most important currencies for the Group are the US Dollar and the Japanese Yen: in 2023, the Japanese Yen recorded a devaluation of roughly 11%, while the US Dollar a devaluation of roughly 4%. The devaluation of the Chinese Yuan Renminbi (down roughly 7%), the Indian Rupee (down by approximately 4%), the appreciation of the Brazilian Real (up around 5%) and of the British Pound (up around 2%) also had an impact, albeit to a lesser extent.

Reference markets for the Group

Below are the characteristics of the Group's reference markets and their trends during the year just ended.

Electrode Technologies segment markets

Although the demand for electrodes in terms of volumes was sustained in 2023, the global economic slowdown led to a downturn in growth compared to the previous year. Falling raw materials prices led to a decline in value.

Chlor-alkali

Chlorine is produced through the electrolysis of aqueous solutions of sodium chloride, and the reference industries that use it are the main reference sectors of application of the Group. Sodium hydroxide (caustic soda) is a natural co-product of the electrolysis reaction, which is why this industry is commonly referred to as chlor-alkali. Chlorine, caustic soda and their derivatives are basic products used in many applications, and this guarantees a certain degree of market resilience even in the event of an economic slowdown.

Chlorine is used for the production of numerous chemical and pharmaceutical products and its derivatives are essential for the production of solvents, detergents, water treatment products and plastics, including PVC, used in a number of sectors (automotive, construction, furnishings, defence, electronics, food, etc.). Caustic soda is partly reused in the chemical industry and in particular in other sectors such as detergents, textiles, aluminium, fibres, glass, paper, food and water treatment.

The general increase in the cost of energy, inflationary pressures, high interest rates, the weakness of the Chinese economy, particularly affected by the real estate bubble, political conflicts, and the global economic slowdown have put the chlorine market to the test, characterized in 2023 by a global decrease in demand (-1% YoY). This decrease resulted in a lower level of use of production plants compared to 2022.

Within the chlor-alkali industry, the Group's target market is electrodes and electrolyzers, key components of production plants. The electrodes market for the chlor-alkali industry is relatively mature and characterized by a large customer base. 2023 was characterized by stable demand for maintenance services, while the new electrodes and electrolyzers business was mainly driven by the request for upgrades of old generation plants or technologies (with a greater environmental impact and higher energy consumption) and by a limited increase in global installed capacity.

In response to the US Environmental Protection Agency (EPA), which proposed to ban US imports of asbestos used to make diaphragm plant separators, major US chlorine producers recently stated that they plan to phase out diaphragm plants, replacing them with more modern ones based on membrane technologies. The first example of this is the project to convert a large plant in Texas announced last May. The demand for new electrodes and electrolyzers is expected to benefit from this slow but progressive technological shift.

Electronics

The reference markets for the Group are represented by: (i) the production of copper foil, a basic raw material used mainly for the production of printed circuits for multiple applications and lithium batteries, (ii) the electrochemical copper plating in printed circuit boards (PCB) and in particular those with high interconnection density (HDI).

2023 was characterized by weak demand, especially in the consumer and smartphones sector, worsened by a situation of over-supply and high stocks of both finished products and electrodes in warehouses, which led to a slowdown in market growth, resulting in a drop in sales of the reference sector compared to the previous year. Therefore, there has been a lower level of use of copper foil and printed circuit production plants, and a postponement of many of the investment plans announced by the main manufacturers. This slowdown in the market spilled over the entire supply chain, including the demand for electrodes, which recorded a slowdown in growth.

Electrolytic refining of non-ferrous metals (Electrowinning)

The electrolytic refining market is based on the process of electrodeposition of non-ferrous metals to remove residual impurities still present in them after the solvent extraction process, with the aim of obtaining metals of high purity and quality, which are used in various industrial sectors.

The Group's offer is concentrated in the segment of titanium anodes with mixed metal oxide coating for the electrolytic refining of nickel and cobalt. In 2023, the demand for insoluble electrodes was determined by service activities (reactivation of electrodes) and technological upgrades of existing installations, substantially in line with the previous year.

Water Technologies segment markets

Swimming pools

The Group supplies electrodes to the main companies operating in the sector that produce and sell electrochlorination systems (salt chlorinators), used for the disinfection of swimming pool water, thus replacing traditional chlorine-based disinfection methods (tablets, granules, liquids).

The main reference market for De Nora is represented by in-ground residential swimming pools. Energy efficiency, sustainability and ease of use increasingly guide the selection criteria of the sector, favoring the installation of salt chlorinators compared to other traditional disinfection processes or technologies based on the dosing of chemical products, also in non-traditional geographical areas or applications.

However, after two extremely positive years which, for multiple reasons (shortage of chemical products and related increase in prices, the effects of COVID-19, increases in stocks), have seen an increase in demand for salt chlorinators in the residential swimming pool sector beyond all expectations, market normalization is progressively taking place in a difficult macroeconomic scenario.

In 2023, the residential in-ground swimming pool sector was affected by a slowdown in demand for new installations, especially in Europe, and the decrease of high stock levels at global level.

The sharp slowdown in the real estate sector, aggravated by the increase in interest rates, contributed to the decline in the number of new swimming pools. In addition, in some European countries, such as France, low summer rainfall has prompted public authorities to take drastic decisions regarding water restrictions, prohibiting the construction of new swimming pools to limit water consumption.

Therefore, in 2023, there was a significant drop in the volumes required, including those of electrochlorinators and, consequently, in the demand for electrodes.

Electrochlorination

The availability of water with certain chemical and physical characteristics is a critical factor for many industrial sectors, both civil (drinking water plants) and industrial. Disinfection processes are therefore an essential step in the treatment of water, for its reuse and for its discharge into the network, in compliance with current legislation.
In terms of the different disinfection methods, the use of chlorine is the most widespread.

Although chlorine in gaseous form is the most common method of disinfection in industrial plants, followed by the use of hypochlorite solutions, on-site hypochlorite and/or gaseous chlorine generation technologies are increasingly favored, mainly for logistical, safety, cost and environmental reasons.

Although it is estimated that the on-site chlorine generation market is growing at a slightly higher rate than the overall growth of the disinfection market, it is still a small market in size, with an estimated value of roughly Euro 240 million in 2023. Public funding, increasingly stringent regulations, integrated projects for the generation of water and energy that require electrochlorination technologies, are the main drivers which in 2023 facilitated the implementation of projects in the United States, Europe and the Middle East.

Disinfection and Filtration systems

In the field of disinfection and filtration systems, the Group mainly targets the municipal market, designing, developing and selling systems and technologies for water purification and tertiary sector wastewater treatment.

Increasingly, disinfection technologies are being used in combination, with UV or ozone being added to basic chlorine processes, to reduce its use and the formation of by-products, and to combat chlorine-resistant pathogens. In general, as regards disinfection technologies, ozone, UV and chlorine dioxide are among the favorites and record a higher growth rate than the market average.

The Middle East, which continues to experience a period of considerable expansion in response to the persistent challenges of water scarcity, is confirmed as a strategic growth market for the Group's technologies.

In the United States, federal stimulus packages that envisage, until 2026, $ 100 billion in spending on infrastructure for the treatment of drinking water, wastewater and rainwater, together with a tightening of the regulatory framework for the treatment of persistent chemicals (PFAS), are steering the investments, encouraging the demand for filtration and absorption technologies. These positive trends in EMEA and North America were partially offset by the slowdown in the Chinese economy, which in 2023 led to a decline in demand for disinfection and filtration systems and delayed several planned investment projects.

Energy Transition segment markets

Green hydrogen is expected to play a key role in the process decarbonization of industries that currently use hydrogen produced through the Steam Reforming (SMR) process, and for those sectors where there are currently no economically competitive alternatives to the use of energy produced from fossil fuels with a huge environmental impact in terms of carbon dioxide emissions and/or where direct electrification is not feasible.

All green hydrogen production methods are based on the electrolysis of water; the main differences between the various technologies stem from the type of electrolyte used and the operating conditions; they also differ in terms of the level of development achieved and commercial maturity. The main technologies for the production of green hydrogen are: alkaline electrolysis ("AWE"), proton polymer membrane electrolysis ("PEM"), solid oxide electrolysis ("SOEC") and anionic polymer membrane electrolysis ("AEM"). Of these, only the first two technologies have reached a sufficient level of technological development and are currently marketed. It is expected that in the medium and long-term, as a result of its advantages, alkaline electrolysis will continue to be preferred over competing technologies such as PEM, especially for large-scale projects. In particular, the AWE technology is expected to be used for the decarbonization of "hard to abate" industries (for example steel mills and refineries), and for the production of "green chemicals", for example ammonia, methanol and "green fuels" for the aviation sector.

The Group has developed high-performance electrodes and catalysts for alkaline electrolysis of water (AWE) and is developing electrodes, catalysts and cell components for the production of hydrogen through both cationic and anionic polymer membrane electrolysis (PEM and AEM), as well as a containerized system based on an alkaline electrolyzer that uses a proprietary design.

The conflict between Russia and Ukraine, and the ensuing consequences, including high energy prices, have contributed to strengthening investment plans aimed at promoting green hydrogen by an increasing number of countries, including the United States, Canada, the United Kingdom, as well as Europe, the Middle East, North Africa, Australia and China.

In 2023, the number of green hydrogen production projects announced globally rose to more than one thousand. There was also an increase in large-scale (multi-megawatt) projects, the main target market for the De Nora Group's electrodes, especially in the ammonia, refineries and steel sectors.

Currently, only 10% of the project investments announced have been definitively approved. The next two years are expected to be key for the definitive growth of this sector, which in

2023 experienced delays in the transition from the planning phase to the execution phase of the projects, and in obtaining subsidies.

Strategy and objectives

De Nora's strategy is based on four pillars:

- growth: De Nora aims to grow and strengthen its positioning by exploring business opportunities in the energy transition market, which represents the natural evolution of the electrodes sector. In addition, the Group aims to expand the water business by pursuing sustainable solutions, facilitated by the evolution of regulations at international level and by the incentives provided by governments;
- leadership: the Group intends to safeguard its market positioning in traditional businesses, in all sectors and in strategic geographies, thanks to a unique value proposition in the electrochemical sector, and continuing to pursue the excellence of the products and services offered;
- manufacturing expansion: De Nora's objective is to respond flexibly to the growing demand for green hydrogen through a strategic investment plan, aimed at supporting the expansion of industrial partners in key regions. In terms of productivity, De Nora aims to achieve operational excellence through the implementation of a lean transformation strategy and the principles of "continuous improvement", pursuing strategic procurement projects aimed at optimizing costs, and seizing the opportunities offered by the industrial automation and digitalization of business processes, according to "agile" principles;
- organizational development: De Nora Group intends to respond to the transformation and growth of the business by developing an agile organization supported by streamlined processes and digitalization. The company aims to enhance the potential of its people, promoting their continuous development, strengthening their leadership, and encouraging a diversified and inclusive work environment. In addition, the Group confirms its commitment to improving the physical and mental well-being of all employees. Reputation and communication continue to be among the Group's priorities.

The Group also intends to strengthen its commitment to sustainability, pursuing the initiatives and objectives set out in the Sustainability Plan to 2026 and to 2030, focused on Green Innovation, Climate Action and Circular Economy, the continuous development of people, inclusion and well-being, on Community Engagement, partnerships and sustainable supply chains.

The strategic guidelines for the three business divisions are reported below.

Electrode Technologies

In the Electrode Technologies business, the Group intends to preserve its position as a global leader by maintaining its competitive advantage in the reference markets in terms of performance and quality, through continuous innovation and pursuing production excellence. Research and development, in particular, is aimed at optimizing the use and recovery of noble metals and reducing costs.

Water Technologies

In the Water Technologies business, De Nora intends to preserve its consolidated position in the swimming pool electrodes market, continuing to focus on the quality of services and customer relations. With regard to the water treatment systems business, the Group aims to focus its growth on the main strategic markets (municipal and industrial), through an optimized technological portfolio and seize the new business opportunities brought about by the emergence of new contaminants and supported by a tightening of the regulatory framework for the treatment and reuse of drinking water and wastewater.

Energy Transition

De Nora intends to establish itself as a leader in the supply of electrodes for the production of green hydrogen, whose market has significant growth potential. In particular, the Group intends to benefit from a wide technological offer, leveraging its know-how deriving from the long-established electrodes business, on partnerships with leading operators in the sector such as tk nucera, and on the extensive and consolidated production capacity, planning strategic and scalable investments.

In addition, the Group intends to continue investing in the development of new critical components (electrodes and catalysts) for hydrogen generation technologies by means of alkaline electrolysis and alternative electrolysis processes such as PEM and AEM. In addition, the Group intends to continue to invest in the development and marketing of electrolyzers and complete systems, which aim to reduce the levelized cost of hydrogen (LCOH).

Maintaining a flexible approach to external growth strategies

The Group intends to continue to take a flexible approach to the external growth process, proactively exploring opportunities to acquire technology companies to expand and consolidate its presence.

The main strategic initiatives that characterized 2023 are illustrated below.

In the context of **Business Development**, activities to promote business growth continue to focus on the development of new opportunities within the energy transition. Also in 2023, the Group consolidated partnerships and collaborations with major international companies, ensuring design, development and testing agreements, and strengthening its positioning within the hydrogen value chain.

During 2023, the Group's activities were characterized by various **Marketing and Communication** initiatives. The main actions taken are listed below:

— Creation of the Brand Identity for the new Energy Transition business, in terms of developing distinctive graphic visual elements and defining a tone of voice and an ad hoc narrative to arouse interest and generate enthusiasm.

— Definition of the guidelines for the Energy Transition business website.

— Updates to the website, introducing a section dedicated to the celebration of the Group's centenary, revising and reorganizing the Investor Relations and Sustainability sections and optimizing the site with a view to SEO to improve indexing on the main search engines.

— Optimization of the Group's positioning on social media:

- increased presence on LinkedIn;
- reaching over 52,300 followers (+29% compared to 2022);
- increase in the average engagement rate to 13%, double that of 2022.

— Digital Marketing:

- implementation of digital campaigns aimed at lead generation;
- adoption of *inbound marketing strategies*;
- introduction of a new approach to storytelling to attract and acquire new customers, as well as strengthen relationships with existing customers.

In the area of **People, Organization, Social Communication & Happiness**, the implementation of the 2021-23 People Strategy was successfully completed in 2023, according to the five pillars identified: People Development, Communication, Reputation & Networking, HR Analytics, Digitalization & Agility, Diversity Equity and Inclusion (DEI), Well-being and Happiness pursuit.

In addition, in 2023, De Nora in Italy obtained the Great Place to Work Certification.

The development of people plays a key role in De Nora. In fact, the Group targets the continuous engagement and growth of people, encouraging them on an ongoing basis to be focal points of their own future project, co-creating training courses and individual growth paths, and putting them in a position to attain self-realization. The main new initiatives of the year were:

- definition and monitoring of the Individual Development Plans, including the training actions agreed with the Line Managers following the annual Competence Assessment process, which also include training actions for Industrial Technicians;
- territorial extension and acceleration of the use of the Career Target Check (CaTCh), i.e. the assessment of potential and readiness for the assumption of a managerial role by the staff identified as talents, also in the field of Operations; design and execution of a first pilot of the Career Target Check Dir (CaTCh Dir), which follows the same process and approach as the CaTCh, but with reference to the positions of Director with the subsequent creation of a development plan;
- use of the global “digital coaching” platform, which involved a significant number of employees, accelerating their individual growth in all countries of the world;
- extension of the CLEARER (Connected Leadership Empowering Actions and Rules for Effective Remote-working) training program to support the effectiveness of “hybrid” work, with an emphasis on the issues of individual physical and mental well-being;
- enrichment of the proprietary De Nora Academy (DNA) e-learning platform with the inclusion of a wide variety of learning formats, with the aim of continuing to develop a culture of continuous learning;
- design of a new Succession Planning process that allows, over the years, the effective transition of a certain number of strategic and key positions in the Group, focusing on the promotion of internal personnel;
- updating and relaunch of the Technical Career Ladder (TCL) for employees in the ICT (Information & Communication Technologies) professional family and TCL design for Proposals, Engineers and Field Services in the Water Technologies division, through a system of assessments and ad hoc training;
- integration of the Recruiting in Success Factors module with the company’s Applicant Tracking System (ATS) and social media, in particular LinkedIn, for fully integrated digital management of the selection process; improvement of the Recruiting module to make it more effective, with a focus on the employee experience and to stimulate its use by local HR managers;
- implementation of the internal communication and training campaign on Agility, also through training videos and short clips and the foundation of the “Agility Club”;
- first regulation of the use of Artificial Intelligence in the company by issuing the related Policy and launching a scouting and training program for the creation of an ad hoc program;
- strengthening of the Company’s institutional profiles (“company profile”) on the social platforms of Instagram, Facebook, LinkedIn and Youtube, to enhance the company’s visibility and reputation also with an audience that is not necessarily technical and potentially younger, dedicating more space to the development of De Nora people, scientific disclosure and sustainability issues, also through multimedia content;

- launch of company pages on Indeed and Glassdoor, two recruiting and employer branding platforms on which users can search for job opportunities and leave reviews on companies. For each of the two platforms, an editorial plan and ad hoc products and content have been defined to increase their visibility and interactions by users;
- launch of a program for the selection, training and creation of a community of employees, known as "ambassadors" who help boost the company's reputation on social media and in every initiative they are involved in: presentations, open/career days in target schools and universities, events organized with local communities and associations;
- strengthening of the partnership with local communities, schools and universities that include programs for Technical Skills and Orientation (PCTO) that involved high school students who participated in company activities overseen by De Nora employees from various departments.

Open Innovation activities continued to promote innovation through external resources and expertise. The main activities were focused on strengthening an ecosystem that supports the company in product and process technological innovation, and on the creation of new collaborations in the field of digitization.

In order to continue to promote innovation and continuous improvement throughout the Group, a strategy has been defined aimed at encouraging the generation of ideas, paying particular attention to the issues of security, digitization and sustainability.

In 2023, there was a continuous increase in the number of ideas generated (+64% compared to 2022, with a total of 1,298 ideas during the year) and growing employee participation (33% of all De Nora employees proposed at least one idea during the year, marking an increase of 50% compared to 2022).

With regard to digitalization, various activities were promoted aimed at improving internal processes, with a special focus on Operations; in particular, a "smart manufacturing" roadmap was defined that will see the Group attain a high level of standardization and digitalization of the processes relating to production plant management over the next 3-5 years.

On the Operations side, the Hoshin Kanri (HK) tool for implementing the strategy is increasingly more central, aimed at constantly improving the safety culture, productivity and careful optimization of costs, with the support of the Corporate departments. In 2023, De Nora Water Technologies LLC plants were also integrated into the HK cycle, excluded in the first phase. In 2024, the De Nora India plant will also be included. Thanks to this integration, all the main group plants will be included in the Hoshin Kanri method.

Another key point in the new cycle that begins in 2024 is the definition of ESG objectives, defined by outlining the stated objectives in terms of emissions, for all the Group's plants and offices.

The three-year HK cycle that has just ended also fostered the introduction of the main pillars of lean transformation: Structured Problem Solving, Shop Floor Management, Total Productive Maintenance, the 5S methodology and Overall Equipment Effectiveness (OEE). Most of the plants have introduced these tools, with clear results in terms of safety and the daily management of operations. Some plants preferred to postpone the introduction of some of these tools in the second cycle of HK starting from 2024.

In the Sales and Operation Planning (S&OP) area, the Supply Chain Transformation project that aims to install advanced planning software in the electrode plants, to allow the structured execution of Demand Planning, Supply Planning, MRP/DDMRP processes, Scheduling and Sales Order commit, will see the project team committed in 2024, not only to continuous improvement at the plants in which the roll-out has already been carried out (USA, Germany, Japan), but to implement it in China and Brazil. The system, through its excellent configuration and customization possibilities, guarantees a greater degree of visibility of supply chain dynamics at all levels.

The falling trend in injuries that took hold in 2021 was also confirmed in 2023. Improvement initiatives have been introduced in all plants and offices and the results are monitored on a monthly basis, as part of the monthly Hoshin Kanri cycle mentioned above. To be noted in particular the increase of about 30% compared to 2022 in Safety Observation reports. This is a clear indication that the safety culture is getting stronger as many more operators are reporting possible safety improvements. The concept of "safety starts with you", the motto of all safety-related initiatives, is starting to be systematically implemented.

The Central Procurement function, the Group's reference point for the purchase of strategic materials, continues to pursue its objective of an ever-greater centralization of the management of raw materials and key components, and has proved its effectiveness, guaranteeing price competitiveness and continuity of supply to Group companies in a year characterized by market tension and volatility and supply disruption.

The evolution of the function into a "proactive innovation and profit center" has resulted in its preliminary involvement in the innovation design and product review processes and is proving to be effective in combining functional and production needs with market availability in the best possible way, with a view to optimizing the costs, quality and sustainability of the final product.

At the same time, with a view to creating value, the Global Procurement function aims to establish Group synergies that have resulted:

- in the optimization of purchasing procedures;
- in the creation of a community that favors the exchange of information and best practices among the Group companies;
- in the establishment of a common purchasing culture through global training courses;
- in the introduction of a Supply Relationship Management (SRM) platform that, following the implementation of a pilot in Italy in 2023, will be extended in 2024 to all Group companies, in order to minimize low value-added activities, while ensuring transparency and compliance in purchasing activities;
- in the ESG-based assessment process of the supply chain.

In any case, the focus remains constant on:

- the control and reduction of costs while maintaining quality and meeting delivery terms;
- the enhancement of titanium scrap and the recovery of noble metals in support of the circular economy and business, activities with a significant added value especially in a market characterized, during the year, by significant volatility in commodity prices and availability.

In Cyber Security, 2023 marked an important step towards greater maturity and resilience. The governance capacity has developed significantly, with the strengthening of the essential components of the risk management strategy and its formalization. This has made it possible to more clearly define principles, objectives, guidelines and the related responsibilities to tackle the challenges of IT security, enabling constant updating and adaptation to keep pace with the new trends in threats, the technological landscape and business

objectives. One of the priorities has been to consolidate the effectiveness of the system for detecting anomalous events and responding to cyber incidents, based on best practices and international standards.
A rigorous and structured methodology has been adopted to identify, analyze, contain and eradicate potential cyber threats, handling low intensity events as early as possible before they can become actual incidents while planning, at the same time, the management of high-impact scenarios that involve the need to restore key IT services to ensure the continuation of essential activities. Another fundamental aspect has been the development of the main reporting structure that measures and highlights the key aspects of the elements being accessed at cyber security level within the Group. This reporting is divided into different release levels and frequencies, to meet the different requirements, from the more technical and operational to the more strategic and summary ones for top management. The main objective is to track the criticality and type of cyber-attacks identified and prevention and reaction activities over time, at the same time highlighting trends with respect to the manufacturing sector and general trends in the countries where De Nora is present.

The activities related to protection technologies have seen the enabling of new functions and the extension to new territories of systems for the control and protection of IT accesses to the production plants. A technology was also introduced that allows an automatic assessment of cyber security by simulating the real attack methods used by hackers in a secure and constantly updated manner. This makes it possible to integrate current mitigation activities, highlighting and taking action on any vulnerabilities that are not immediately identifiable and focusing attention on those concrete elements that may be exploited by potential attackers.

To raise awareness among employees of the fundamental role they play in protecting company data and systems, specific measures have been identified to provide them with the necessary knowledge to act responsibly and securely in their daily work. To this end, a training program was launched that covers various aspects of IT security, from good practices to threat prevention.

In terms of developments in the Information and Communication Technologies area, in addition to the support and tools already mentioned, developed in the Operations and Global Procurement area, 2023 saw the Group engaged in the technological upgrading of the main tools used on a daily basis to support the business, such as for example the release upgrade of the ERP platform, the redesign of the Intranet portal and the consolidation of the trouble ticketing tool. The innovation process also continues, involving an increasing use of data analysis tools, such as Power BI, through the preparation of new dashboards and advanced user training.

In the Legal and Compliance area, the De Nora Group continues its efforts to promote a corporate culture characterized by correct behavior and a corporate governance system in line with international and listed company best practices. As regards the other projects, in 2023 the Group adopted (i) the Global Anti-Corruption Policy, which was drafted, in compliance with the requirements described in the ISO 37001 standard, as well as principle 10 of the United Nations Global Compact, with the objective of promoting a culture of "zero tolerance" of corruption; (ii) the Trade Control and Economic Sanctions Policy, in order to represent the commitment to ensuring compliance with laws and regulations governing trade and international economic sanctions; (iii) the revision of the Global Whistleblowing Policy, which includes more details on the content of the reports and on the measures for protecting whistleblowers, as well as the number of entities to whom the protection mechanisms are extended. Finally, it should be noted that Industrie De Nora S.p.A. has adopted a new version of the

"Organization, management and control model" due to the new regulations, that saw the revision of the special section now configured on the basis of specific protocols for the different corporate processes, compared to the previous structure based on the list of offences relevant to the Company.

With regard to the activities of Research & Development and Patent, please refer to the following specific paragraph illustrated below in this Report on Operations.

Information for the investors

Industrie De Nora share

The De Nora share closed the year 2023 with an overall price increase of 9.4%, recording a performance just a few percentage points lower than the FTSE Italia Mid Cap and Eurostoxx 600 indices, which reported growth of approximately 13%. De Nora, on the other hand, significantly outperformed the S&P Clean Tech indices (-15.8%) and FTSE Renewable & Alternatives Energies (-7.9%) and the main listed competitors active in the green hydrogen industry, as shown in the graphs.

During the first part of the year, the share recorded a significant increase (+30.8% as at July 30, 2023) reaching new intraday highs of more than Euro 21.50, supported by the positive results and the listing on the German equity market of the tk nucera joint venture, which took place in July.

From August until the beginning of November, De Nora's prices experienced a phase of weakness, albeit with limited trading volumes, influenced by expectations of a slowdown in the growth of the green hydrogen market with respect to previous forecasts, as well as the increase in interest rates, which adversely impacted the price of shares with high potential growth.

In the last two months of the year, the prices of the De Nora share recovered by 19.4%, better than the performance recorded by the FTSE Italia Mid Cap (+15%) and Eurostoxx 600 (+10%) indices.

The average daily volumes traded in 2023 amounted to 146,249 shares with an average value of approximately Euro 2.53 million.

Lastly, it should be noted that on November 9, 2023 the parent company Industrie De Nora S.p.A. launched the buyback program, previously authorized by the Shareholders' Meeting of April 28, 2023, aimed at implementing the remuneration policies adopted by the Company and, specifically, to fulfill the obligations deriving from compensation plans based on financial instruments pursuant to Article 114-bis of the TUF (Italian Consolidated Law on Finance) already adopted by the Company (Performance Share Plan), and from any other plans that should be approved in the future, or to pursue future business and financial projects consistent with the Company's strategic guidelines (such as M&A transactions). As at December 31, 2023, the Company purchased a total of 1,158,505 treasury shares, equal to 0.574% of the Share Capital.

Investor Relations

Starting from the first year of listing, De Nora developed a number of contacts with the Italian and international financial community, conducting intense and transparent investor relations activities through roadshows both in person and virtually, conferences organized by leading international brokers, conference calls following the publication of quarterly results and visits to its research laboratories located at the Milan headquarters and its production plant in Rodenbach, Germany, where an open house event was organized in March.

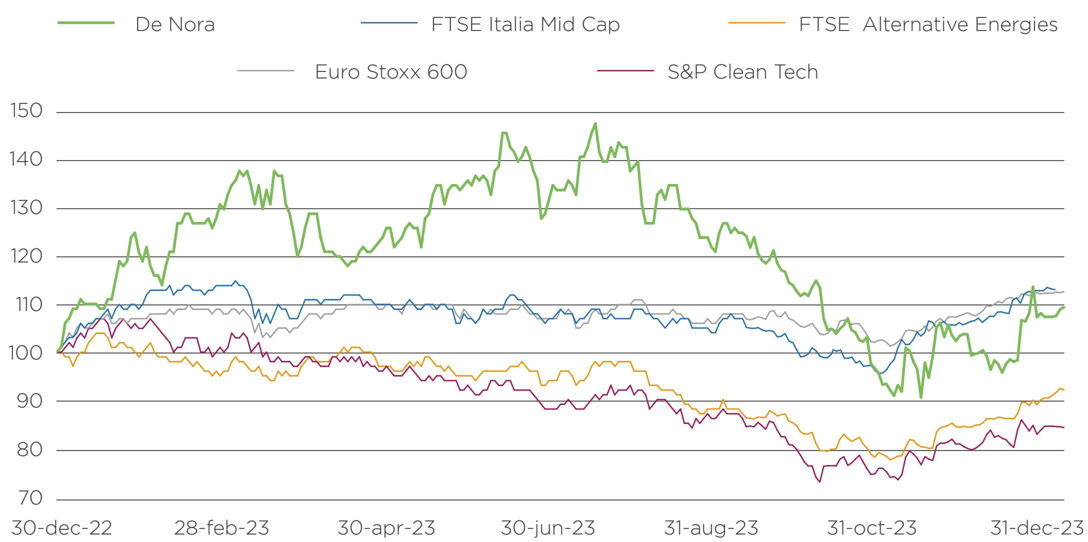
In the fourth quarter of 2023, De Nora also renewed and enriched the "Investor Relations" and "Sustainability" sections of the website, in order to make the related contents more complete and easier to use and to incorporate the main guidelines of the new Sustainability Plan to 2026, approved by the Board of Directors on December 14, 2023.

As at December 31, 2023, the De Nora share was covered by six financial analysts belonging to prestigious national and international brokers, who expressed an average target price of Euro 17.59.

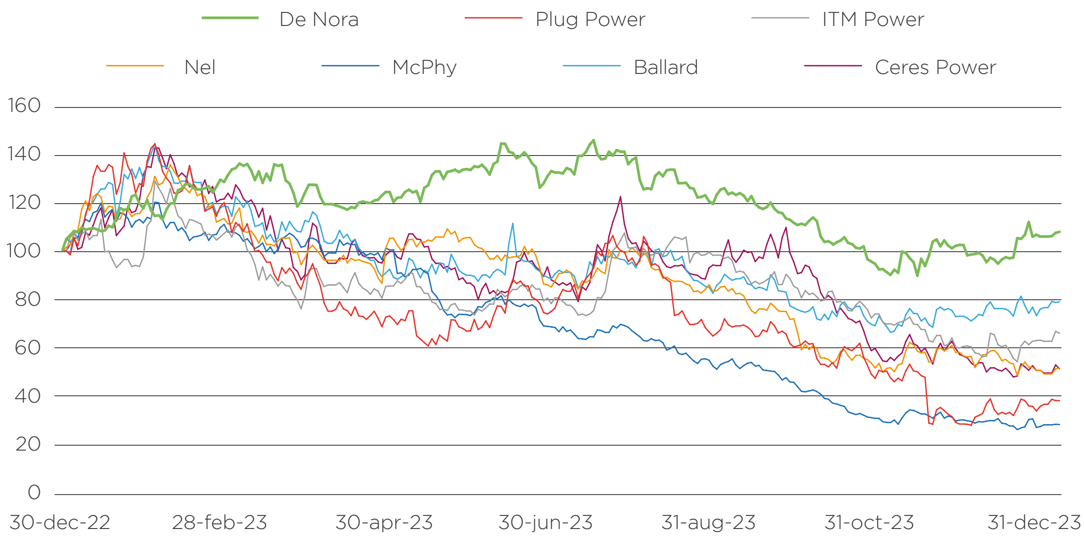
Relations and engagement with investors and financial analysts plays a key role for the Group and will continue to be further developed and strengthened over the next few financial years.

Industrie De Nora share - Euronext Milan (Euro)	Period January 1, 2023 - December 31, 2023
Maximum (July 13, 2023)	21.20
Minimum (November 8, 2023)	12.96
Average	17.35
End of period (December 31, 2023)	15.69
Capitalization at December 31, 2023 – € million	3,164

Performance of Industrie De Nora shares in the period December 31, 2022 - December 31, 2023, compared to some national and international benchmark stock indices



Performance of Industrie De Nora shares in the period December 31, 2022 - December 31, 2023, compared to some competitors active in the green hydrogen market



Share Capital of Industrie De Nora S.p.A. as at December 31, 2023

	Number of shares	Number of voting rights
Share capital (Euro)	18,268,203.90	18,268,203.90
Total shares	201,685,174	502,647,564
Ordinary shares	51,203,979	51,203,979
Multiple voting shares (1)	150,481,195	451,443,585

(1) Owned by the shareholders Federico De Nora, Federico De Nora S.p.A., Norfin S.p.A. and Asset Company 10 S.r.l. Multiple voting shares are not admitted to trading on Euronext Milan and are not counted in the free float and market capitalization value. The multiple voting shares grant 3 votes at the shareholders' meeting.

Alternative Performance Indicators

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 Communication 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. Specifically, the Non-GAAP Measures used are as follows:

— EBITDA is defined as the profit for the period adding back the following items of the consolidated income statement: (i) income taxes; (ii) finance charges; (iii) finance income; (iv) share of profit of equity-accounted investees; (v) amortization/depreciation; (vi) impairment and reinstatement of property, plant and equipment; (vii) write-down of goodwill and other intangible assets; (viii) accrual of provisions for risks and charges net of related utilizations and releases.

— Adjusted EBITDA is defined as EBITDA adjusted for certain charges/(income) of a non-recurring nature.

— EBITDA Margin is calculated as the ratio of EBITDA to Revenues.

— Adjusted EBITDA Margin is calculated as the ratio of Adjusted EBITDA to Revenues.

— Adjusted EBIT is defined as EBIT adjusted for: i) certain charges/(income) of a non-recurring nature; ii) certain accrual of provisions for risks and charges net of related utilizations and releases of a non-recurring nature.

— Net operating working capital is determined as the algebraic sum of the following items contained in the Statement of financial position:

- Inventory
- Trade receivables (current portion)
- Trade payables (current portion)
- Construction contracts and Liabilities for contract work in progress.

— Net working capital is determined as the algebraic sum of Net operating working capital and the following items contained in the Statement of financial position:

- Other receivables (current portion)
- Current tax assets (current portion)
- Other payables (current portion)
- Current income tax payables.

— Net invested capital is determined as the algebraic sum of:

- the Net working capital
- the Non-current asset
- net of Employee benefits, Provisions for risks and charges, Deferred tax liabilities, Trade payables (non-current portion), Income tax payables, and Other payables (non-current portion).

— Net Financial Indebtedness - ESMA is determined in accordance with CONSOB Communication DEM/6064293 of July 28, 2006, as amended by CONSOB Communication No. 5/21 of April 29, 2021 and in accordance with

ESMA Recommendations contained in Guidelines 32-382-1138 of March 4, 2021 on disclosure requirements under the Prospectus Regulation.

— Net Financial Indebtedness - De Nora as monitored by the Group's management. This indicator differs from Net Financial Indebtedness - ESMA in that it includes the fair value of financial instruments subscribed for the purpose of hedging exchange rate fluctuations.

Events that occurred in 2023

- Effective January 1, 2023, De Nora ISIA S.r.l. was merged by incorporation into De Nora Water Technologies Italy S.r.l. The two companies had already been working closely together since 2021, and the merger now allows them to operate with a single organization that simplifies processes and increases efficiency and agility.
- In February, the acquisition of a dismantled industrial area south-east of Cernusco sul Naviglio (Milan) was finalized for the implementation of the "Italian Gigafactory" project. The project is part of the expansion plan of the De Nora Group's production capacity and provides, following the demolition of the existing buildings, for the construction of a large-scale production center with a capacity of up to 2GW for the manufacture of electrolyzers for generation of green hydrogen, systems and components for the electrolysis of water and fuel cells, in addition to the construction of facilities to service the other divisions of the Group. Demolition works were carried out in the second half of 2023; after their completion, and subject to obtaining the necessary permits and authorizations, construction works are expected to start.
- Considering the financial resources of the Group, at the end of the first quarter of the year the decision was taken to make an advance payment of part of the Pool Financing granted to the Parent Company and the subsidiary De Nora Holdings US Inc.; in particular, the repayment concerned Euro 100,000 thousand of the Euro loan facility granted to Industrie De Nora S.p.A. and USD 50,000 thousand of the USD loan facility granted to De Nora Holdings US Inc. Therefore, as at December 31, 2023 these credit lines remain open for Euro 80,000 thousand and USD 40,000 thousand, respectively.
- At the end of April, De Nora, through its subsidiary Capannoni S.r.l., finalized the acquisition of a disused industrial area adjacent to the existing area of Via Bistolfi 35, Milan. The objective of this acquisition is to host new offices, laboratories, and co-working spaces, improving the Milan headquarters by creating a "campus" and enabling the planned increase of the workforce.
- In April 2023, De Nora obtained the ESG Rating AA from Morgan Stanley Capital International (MSCI), the world's leading ESG rating agency. The AA Rating marks the beginning of De Nora's coverage by MSCI, awarding it one of the highest scores in terms of ESG performance. Indeed, De Nora is listed among the leading companies in its industry for effectively managing opportunities and risks related to sustainability, confirming the Group's commitment to strategic ESG development.
- In May, Industrie De Nora S.p.A. completed the acquisition of 100% of the share capital of Shotec GmbH ("Shotec") through its German subsidiary De Nora Deutschland GmbH. Founded in 2003 with headquarters in Hanau (Germany), Shotec develops and implements plasma coating technologies for metals and metal surfaces in order to improve their mechanical and physical-chemical properties. This transaction will allow De Nora to exploit its know-how in coating preparations for many electrochemical processes and

aims to extend the process and technology portfolio for electrode production, guaranteeing enhanced production capacity. The acquisition was pursued following continuous market monitoring and the assessment of the main synergies with companies and research centers, with the ultimate goal of further strengthening research and development activities with a view to gradually reducing the use of precious metals in the anodic and cathodic coating activities, in order to make the electrochemical processes in which the coatings are used increasingly competitive, in line with the market demand for cost-effective and reliable performances over time.

— On July 7, 2023, thyssenKrupp nucera AG & Co. KGaA, at the time 34% owned by Industrie De Nora S.p.A., was listed on the regulated market (Prime Standard) of the Frankfurt Stock Exchange. The placement concerned 30,262,250 newly issued ordinary shares (including over-allotment shares). The proceeds are intended to support the strong growth of the AWE (Alkaline Water Electrolysis) technology business of tk nucera, in order to exploit the significant development opportunities offered by the green hydrogen market.
  On July 17, 2023, Citigroup Global Markets Europe AG ("Citigroup"), which acted as the entity in charge of the stabilization activity as part of the IPO of tk nucera, informed De Nora that it had fully exercised the greenshoe option. A total of 3,947,250 greenshoe shares, which were placed with investors as part of the IPO, were provided to Citigroup as part of securities lending by ThyssenKrupp Project 1 GmbH and De Nora. Based on the final IPO price of Euro 20 per share, De Nora collected Euro 26.8 million from the sale of 1,342,065 shares. As a result of the completion of the listing process, including the delivery of the greenshoe shares, De Nora holds 25.85% of the share capital of tk nucera.
  The reduction in the percentage interest of Industrie De Nora S.p.A. in tk nucera (dilutive effect) and the capital gain deriving from the exercise of the greenshoe option, resulted in the recognition in the 2023 consolidated financial statements of total income of approximately Euro 133 million.

— The Ministry of Enterprises and Made in Italy and De Nora Italy Hydrogen Technologies S.r.l. ("DNHIT") signed the concession decree that recognizes to DNHIT an amount equal to Euro 32,250,000.00 in the form of an expenditure grant from the fund established by the Ministry for financial support to companies participating in the implementation of Important Projects of Common European Interest (IPCEI Fund). The subsidy recognized by the Ministry is aimed at the implementation of the Italian Gigafactory project by DNHIT as part of a joint venture with Snam S.p.A. The amount referred to in the concession decree is financed from PNRR (National Recovery and Resilience Plan) funding (PNRR M2C2- I5.2) – Mission 2 "Green revolution and ecological transition", Component 2 "Renewable energy, hydrogen, grid and sustainable mobility", Investment 5.2 "Hydrogen" under the ownership of the Ministry of Ecological Transition. The amounts allocated for the granting of concessions to DNHIT may be subsequently supplemented by up to Euro 63,206,000, as a result of additional funding which might become available in the framework of support to IPCEI Hydrogen 1.

— In October, the Board of Directors of Industrie De Nora S.p.A. approved the Group policies on anti-corruption and trade control measures and economic sanctions. The objective of the Group's global anti-corruption policy is to define anti-corruption governance to help the Company comply with laws and regulations, with the aim of promoting a culture of "zero tolerance" of corruption within the Group. Through the global policy on trade control measures and economic sanctions, the Company intends to confirm the Group's commitment to comply with all national and foreign laws and regulations in this regard. The Board of Directors also examined and approved the update of the organization, management and control model pursuant to Legislative Decree no. 231 of June 8, 2001 ("Model 231") and the Company's Code of Ethics, as well as the global whistleblowing policy.

- Industrie De Nora S.p.A. and Hydrolite Ltd., a company dedicated to energy and a pioneer of AEM (Anion Exchange Membrane) technology for hydrogen, which has developed and patented several stack technologies designed to respond to multiple business scenarios and solve major logistical and economic challenges, have agreed to join forces by signing a joint development agreement aimed at the development, evaluation, scaling and production of a new AEM stack, capable of generating and using hydrogen.
- The Group has increased the production capacity of the Chinese site of Suzhou, consolidating its global leadership in the production of electrodes and in the field of Energy Transition. The Suzhou plant, located in the "SIP" business park about 70 km west of Shanghai, inaugurated in 2005, is the main headquarters of De Nora in China and a qualified center of excellence for the production and assembly of all products relating to electrochemical technologies. Currently the site serves several important Chinese and Asian customers and important technological partners, offering them a range of electrodes for new installations and maintenance and technological upgrade services, responding flexibly to the needs of the chlor-alkali market, components for lithium batteries and electronics, and Energy Transition.
  Following the expansion, the total production capacity of the site has tripled and will be committed to completing the production of projects already in the portfolio within the required timeframe and to respond positively to the growing demand for electrodes in the Asian market, as well as to react quickly to the request for technologies dedicated to the generation of green hydrogen.
- Industrie De Nora S.p.A. launched the treasury share purchase program, as per the authorization of the Shareholders' Meeting of April 28, 2023, pursuant to the combined provisions of Articles 2357 and 2357-ter of the Italian Civil Code, as well as art. 132 of Italian Legislative Decree no. 58 of February 24, 1998, as subsequently amended (the "TUF") and Article 144-bis of the CONSOB regulation adopted with resolution no. 11971 of May 14, 1999, as subsequently amended (the "Issuers' Regulation"), without prejudice to the application of Regulation (EU) no. 596 of April 16, 2014, relating to market abuse (the "MAR"), of Delegated Regulation (EU) no. 1052 of March 8, 2016, relating to the conditions applicable to the repurchase of treasury shares and to the stabilization measures (the "Delegated Regulation") in relation to the purchase of shares by the Company.
  The programme is aimed at the purchase of ordinary shares of Industrie De Nora, for the following purposes:
  a) implement the remuneration policies adopted by the Company and specifically fulfill the obligations deriving from the remuneration plans based on financial instruments pursuant to Article 114-bis of the TUF already adopted by the Company (*Performance Share Plan*) and any other plans that should be approved

in the future, as widespread shareholding plans, including any programs for the free assignment of shares to shareholders; and/or
b) as part of actions related to future industrial and financial projects consistent with the strategic lines that the Company intends to pursue, including through the trade, exchange, contribution, sale or other deed of disposal of treasury shares for the acquisition of equity investments or share packages, for industrial projects or other extraordinary finance transactions that involve the assignment or disposal of treasury shares (such as, for example, mergers, demergers, bond issues convertible into shares, liquidation of shares on the market through operations to optimize the financial structure).
The purchases may take place up to a maximum amount of Euro 45,000,000, with the option of additional Euro 45,000,000; the purchase program began on November 9, 2023, with a duration of 9 months.

— In December, the Board of Directors of Industrie De Nora S.p.A. resolved to close the Marine Technologies business belonging to the Water Technologies division. The Marine Technologies business has a product portfolio limited to the supply of systems for the treatment of ballast water for ships. The decision to exit this non-strategic sector is driven by the company's continuous commitment to adapt to market dynamics and to focus its growth on the main strategic markets, the municipal and industrial markets, while optimizing its product portfolio. The marine sector is subject to an evolution of market dynamics which, together with a particularly high level of competitiveness, has made it challenging for De Nora to achieve sustainable and profitable growth, also due to the limited presence in the reference sector and the size of the product portfolio. Following this decision, the management of the Water Technologies division is exploring multiple strategic options for the closure of this business. The options being assessed include the liquidation of assets or their sale. The company will continue to invest in its competitive advantages by leveraging its know-how to provide innovative solutions to its customers in the main reference markets.

— In December, the Board of Directors of Industrie De Nora S.p.A. approved the Sustainability Plan to 2026 and to 2030, which sets out a complete agenda of initiatives and quantitative objectives, broken down into four pillars, based on solid governance and on the Group's values:

- Green innovation
    - 100% of new products assessed through sustainability scorecards by 2025
    - Over 80% of R&D expenditure with a positive impact on the SDGs by 2026
    - 4% reduction in noble metals used in catalytic coatings by 2026.
- Climate Action and Circular Economy
    - Reduction of 50% of Scope 1 and Scope 2 emissions and Scope 3 intensity by 2030
    - 5% content of noble metals recycled in products by 2030
    - More than 80% of deforestation-free wood packaging by 2030.
- Continuous development of people, inclusion and well-being
    - Adoption of a DE&I policy by 2024
    - 100% of ISO 45001 certified sites by 2025
    - 100% of sites with a mental health hotline by 2026.

- Community Engagement, partnerships and sustainable supply chain
    - Adoption of the Human Rights policy by 2024
- Over 50% of suppliers assessed on the basis of sustainability by 2030
- Over 40% of female students involved in STEM career programs by 2026.

Business Performance

Comments on the economic and financial results of the Group

Revenues for the year amounted to Euro 856.4 million, of which approximately Euro 464.2 million is attributable to the Electrode Technologies segment, Euro 290 million to the Water Technologies segment and Euro 102.2 million to the Energy Transition segment, with an overall increase of 0.4% compared to Euro 852.8 million in 2022. However, at constant exchange rates, the Group's revenues for 2023 would be approximately Euro 886.5 million, therefore marking an increase of 4% compared to the previous year.

EBITDA reached Euro 171 million, compared to Euro 165.2 million in 2022 (+3.5%), while Adjusted EBITDA came to Euro 171.1 million, down by roughly 10% from Euro 190.8 million in the previous financial year.

The operating result (EBIT) of Euro 136.9 million recorded an increase of almost 9% compared to the previous financial year (Euro 125.8 million) while the Adjusted EBIT stood at Euro 140 million, down by approximately 7% compared to Euro 151.1 million in 2022.

The share of profit of equity investments, valued at equity, referring to the 25.85% stake held in tk nucera following listing of the associated company on the Stock Exchange, was positive for Euro 5.4 million, compared to a negative figure of Euro 1.2 million in 2022.

Financial operations showed net income of Euro 122.9 million. In fact, in 2023, income of Euro 133.2 million was recorded related to the listing of tk nucera, in particular: Euro 115.8 million relating to the "dilution gain" in the equity investment and Euro 17.4 million relating to the capital gain realized by Industrie De Nora S.p.A following the exercise of the "greenshoe option" on the basis of which 1,342,065 shares were sold as part of the IPO of tk nucera. Excluding this income, financial operations in 2023 showed net charges of Euro 10.5 million, an increase compared to net charges of Euro 4.2 million in the previous year, both as a result of higher interest on debt and the worse net balance of exchange gains and losses on exchange rates.

After current and deferred income taxes pertaining to the year, which together totalled Euro 34.2 million (compared to Euro 30.8 million in 2022), the financial year closed with a Net Profit (parent company's portion) of Euro 230 million, a significant improvement over the Euro 89.6 million in the comparative financial year, thanks to the financial income realized following the listing of tk nucera.

At statement of financial position level, net invested capital of Euro 841 million (Euro +149 million compared to the end of 2022) corresponds to shareholders' equity of Euro 910 million (Euro 166 million more than on December 31, 2022) and a positive net financial position of approximately Euro 69 million (Euro +17 million higher than at the end of 2022).

The higher net invested capital is essentially attributable to theincrease in non-current assets (Euro 602 million at the end of 2023, Euro +163 million compared to December 31, 2022), essentially due to the aforementioned "dilution gain" in the equity investment in tk nucera, which increased the corresponding book value, and the high level of investments in the period in tangible fixed assets.

Consolidated Income Statement

in € thousands	For the year ended December 31 2023		2022	
Revenue	856,411	100.0%	852,826	100.0%
Change in inventory of finished goods and work in progress	(4,096)	-0.5%	34,815	4.1%
Other income	14,683	1.7%	6,451	0.8%
Value of production	866,998	101.2%	894,092	104.8%
Material consumption	(361,323)	-42.2%	(401,752)	-47.1%
Personnel costs	(143,982)	-16.8%	(154,657)	-18.1%
External services	(178,608)	-20.9%	(162,110)	-19.0%
Other operating expenses/income	(12,056)	-1.4%	(10,397)	-1.2%
EBITDA	171,029	20.0%	165,176	19.4%
Amortization of intangible assets	(10,661)	-1.2%	(9,758)	-1.1%
Depreciation of property, plant and equipment	(19,956)	-2.3%	(18,366)	-2.2%
Accrual and release of provisions for risks	5,424	0.6%	(2,255)	-0.3%
Impairment and write-backs	(8,918)	-1.0%	(8,988)	-1.1%
Operating profit (EBIT)	136,918	16.0%	125,809	14.8%
Share of profit of equity-accounted investees	5,435	0.6%	(1,196)	-0.1%
Finance income	145,018	16.9%	23,505	2.8%
Finance expenses	(22,090)	-2.6%	(27,688)	-3.2%
Profit before tax	265,281	31.0%	120,430	14.1%
Income taxes	(34,231)	-4.0%	(30,765)	-3.6%
Profit for the period	231,050	27.0%	89,665	10.5%
Attributable to:				
Owners of the parent	230,050	26.9%	89,564	10.5%
Non-controlling interests	1,000	0.1%	101	0.0%
EBITDA	171,029	20.0%	165,176	19.4%
Non-recurring costs (income)	34		25,655	
Adjusted EBITDA	171,063	20.0%	190,831	22.4%
Operating Profit (EBIT)	136,918	16.0%	125,809	14.8%
Non-recurring costs (income)	34		25,655	
Impairment	6,844		-	
Accrual/(utilization/release) of provisions for risks	(3,816)		(344)	
Adjusted Operating Profit (EBIT)	139,980	16.3%	151,120	17.7%

Consolidated Statement of Financial Position

in € thousands	At December 31, 2023		At December 31, 2022	
Trade receivables	141,927		123,421	
Trade payables	(106,752)		(80,554)	
Inventory	257,146		295,476	
Construction contracts, net of progress payments and advances	31,737		16,432	
Net Operating Working Capital	324,058	38.5%	354,775	51.2%
Other current assets/(liabilities)	(59,415)		(74,620)	
Net Working Capital	264,643	31.5%	280,155	40.4%
Goodwill and intangible assets	115,787		131,552	
Property, plant and equipment	254,273		184,177	
Equity-accounted investees	231,511		122,664	
Non-current assets	601,571	71.5%	438,393	63.3%
Employee benefits	(21,758)	-2.6%	(20,628)	-3.0%
Provisions for risks and charges	(18,045)	-2.1%	(20,688)	-3.0%
Deferred tax assets/(liabilities)	7,342	0.9%	4,432	0.6%
Other non-current assets/(liabilities)	7,674	0.9%	11,174	1.6%
Net Invested Capital	841,427	100.0%	692,838	100.0%
Covered by:				
Medium/long-term financial debt	(133,716)		(267,544)	
Short-term financial debt	(10,199)		(13,655)	
Financial assets and derivatives	13,642		158,391	
Cash and cash equivalents	198,491		174,130	
Net Liquidity—ESMA	68,218	8.1%	51,322	7.4%
Fair value of financial instruments	543		644	
Net Liquidity	68,761	8.2%	51,966	7.5%
Equity attributable to minority interests	(5,700)	-0.7%	(3,586)	-0.5%
Equity attributable to the Parent	(904,488)	-107.5%	(741,218)	-107.0%
Total Equity and Minority interests	(841,427)	-100.0%	(692,838)	-100.0%

Reconciliation of the result for the year and equity of Industrie De Nora S.p.A. and the Group

The result for the year and equity of the Parent Company are reconciled with those of the Group resulting from the consolidated financial statements in the table below.

	For the year ended December 31, 2023	
	Profit for the year	Equity
	(in € thousands)	
As for the financial statements of the Parent Company	80,386	522,364
Dividends collected by the Parent Company	(36,300)	-
Equity-accounted investments in JV/associates (net of deferred taxes)	114,528	112,484
Adjusted profit of subsidiaries and difference between adjusted equity of the consolidated companies and relevant carrying amount	72,413	275,317
Consolidated entries of the Parent Company	23	23
As of the Consolidated Financial Statements of the De Nora Group	231,050	910,188

Investments of the Group

The table below shows the breakdown by category of the investments made by the Group in property, plant and equipment and intangible assets in the financial years ended December 31, 2023 and 2022.

	At December 31			
	2023	% of total investments	2022	% of total investments
	(in € thousands except percentages)			
Land	15,275	14.4%	-	0.0%
Buildings	1,587	1.5%	1,263	2.6%
Plants and machinery	4,696	4.4%	2,286	4.6%
Other assets	428	0.4%	710	1.4%
Leased assets	7,980	7.6%	8,053	16.2%
Rights of use of Property, Plant and Equipment:	17,360	16.4%	3,588	7.2%
- *of which Buildings*	17,057	16.1%	3,386	6.8%
- *of which Other assets*	303	0.3%	202	0.4%
Assets under construction and advance payments	51,034	48.2%	25,803	51.9%
Total Property, Plant and Equipment	98,360	92.9%	41,703	83.9%
Industrial patents and intellectual property rights	431	0.4%	411	0.8%
Concessions, licences and trademarks	722	0.7%	719	1.4%
Development costs	-	0.0%	1,022	2.1%
Other	88	0.1%	-	0.0%
Assets under construction and advance payments	6,255	5.9%	5,874	11.8%
Total Intangible assets	7,496	7.1%	8,026	16.1%
Total investments	105,856	100.0%	49,729	100.0%

During the period under review, the Group invested a total of Euro 105,856 thousand, of which Euro 98,360 thousand related to property, plant and equipment and Euro 7,496 thousand related to intangible assets. Investments in property, plant and equipment included increases in the rights of use of property, plant and equipment equal to Euro 17,057, thousand and Euro 3,588 thousand, in the financial years ended December 31, 2022 and 2021, respectively. These investments mainly refer to buildings for industrial use and warehouses, in addition to other assets mainly relating to motor vehicles and industrial vehicles and office equipment.

Investments in intangible assets

Additions to property, plant and equipment amounted to Euro 98,360 for the year 2023. In particular, investments in property, plant and equipment excluding increases in right of use of property, plant and equipment amounted to Euro 81,000 thousand and mainly refer to:

(i) acquisition of land for Euro 10,495 thousand related to an industrial area in Cernusco sul Naviglio for the project "Italian Gigafactory" (value includes also the demolition cost of the existing building);

(ii) acquisition of land for Euro 4,780 thousand related to a disused industrial area adjacent to the existing area of Via Bistolfi 35. The objective of this acquisition is to host new offices, laboratories and collaborative spaces, improving the Milan workplace through the creation of a "campus" and allowing the planned workforce increase;

(iii) buildings for Euro 1,587 related to the buildings in Italy, the plant in Germany and the erection of the buildings on the lands above mentioned (i) and (ii);

(iv) leased assets for Euro 7,980 thousand related to anodes to be leased within the Electrode Technologies business segment;

(v) plant and machinery for Euro 4,696 thousand mainly attributable to the plants in China, Germany and to the Gigafactory;

(vi) other assets (furniture, office equipment and auto vehicles) for Euro 428 thousand;

(vii) assets under construction and advance payments amounting to Euro 51,034 thousand, which refer for Euro 31,299 thousand to plant and machinery aimed to the technological renewal and the planned production capacity expansion mainly in Italy, Germany China, United States, Brazil and Japan, and to the installation of solar panels in the office building of Via Bistolfi and in the plant of Cologno Monzese, for Euro 14,610 thousand to buildings mainly in Italy, China, Germany and United States, Brazil and Japan for Euro 1,684 thousand to other tangible assets under construction, for Euro 289 thousand related to leased anodes and for Euro 3,152 thousand to advance payments. These latter refer to advances paid for the manufacturing sites expansion projects in China and Germany.

Investments in Property, Plant and Equipment

Investments in intangible assets for the year 2023 amounted to Euro 7,496 thousand and mainly refer to:

(i) industrial patent rights and intellectual property rights for Euro 431 thousand mainly attributable to the registration and acquisition of industrial patents by the Parent company Industrie De Nora S.p.A.;

(ii) concessions, licenses and trademarks for Euro 722 thousand mainly relating to the implementation of SAP management system and other ICT systems;

(iii) other intangible assets for Euro 88 thousand;

(iv) intangible assets in progress for Euro 6,255 thousand relating to: for Euro 1,224 thousand to industrial patent rights and intellectual property rights mainly attributable to the registration and acquisition of industrial patents by the Parent company Industrie De Nora S.p.A. and by the Japanese subsidiary De Nora Permelec Ltd., for Euro 2,173 thousand to concessions, licenses and trademarks mainly relating to the implementation of SAP management system and other ICT systems and for Euro 2,858 thousand related to product development costs mainly pertaining to the Water Technologies business segment.

Financial performance of the companies of the Group

The parent company *Industrie De Nora S.p.A.*, the Group's Holding Company, does not generate business revenues derived directly from core business activities. The Company closed the financial year with a positive operating result of Euro 27.1 million, a pre-tax profit of Euro 86.8 million, thanks to dividends received from its subsidiaries and to the gain realized with the exercise of the greenshoe option based on which 1,342,065 shares in tk nucera have been sold in the IPO process of this latterand a net profit for the year of Euro 80.4 million, after recognizing the tax effects within the framework of the national tax consolidation in place with the other Italian subsidiaries De Nora Italy S.r.l., De Nora Water Technologies Italy S.r.l., De Nora Italy Hydrogen Technologies S.r.l. and Capannoni S.r.l. In the absence of industrial activities, the revenue for the Company derives essentially from the services provided by the following Corporate functions: Administration, Finance and Control, ICT, Human Resources, Global Procurement, Production Technology, Marketing, Business Development, Product Management, Global Operations, and by the royalties paid by the subsidiaries for the use of patents, trademarks and know-how (intellectual property).

De Nora Tech LLC (USA) recorded revenues of Euro 186 million, an operating result of Euro 28.7 million and a net profit of over Euro 21 million. The company contributes Euro 168 million to consolidated revenues (excluding intercompany items).

De Nora Permelec Ltd. (Japan) recorded total revenues of Euro 202 million in 2023, an operating result of Euro 28.3 million and a net profit of over Euro 19 million. The company contributes Euro 150 million to consolidated revenues (excluding intercompany items).

De Nora Deutschland GmbH (Germany) recorded the biggest contribution to Group revenues with a record Euro 180 million in revenues (only third party portion) in 2023; its total revenues (including intercompany revenues) were close to Euro 203 million, while the operating result was Euro 24 million and the net result stood at Euro 16 million.

In 2023, De Nora Water Technologies LLC (USA) achieved revenues from third parties of almost Euro 61 million, while total revenues (including intercompany revenues) exceeded Euro 78 million, with an operating result of Euro 6.1 million and a net profit of Euro 3 million. In the entire 2023 financial year, De Nora Marine Technologies LLC achieved revenues from third parties of Euro 11.6 million, while total revenues (including intercompany revenues) amounted to Euro 17.6 million; the operating and net result were negative due to the write-downs booked during the year on some balance sheet asset items. Also in the United States, De Nora Neptune contributed revenues of approximately Euro 7 million, closing the year with a slight loss.

The Chinese subsidiaries De Nora China Suzhou and De Nora Jinan, operating in the Electrode Technologies Business, contributed revenues of Euro 59 million and 2.5 million, respectively, while total revenues (including intercompany revenues) amounted to Euro 73 million and Euro 4 million, respectively, with an operating result of Euro 3.6 million and Euro 0.5 million and a net profit of Euro 2.4 million and Euro 0.5 million, respectively. On the other hand, the Chinese companies operating in the Water Technologies Business posted revenues totalling Euro 16.9 million (entirely with third parties), with operating profitability and net profit essentially breaking even.

In Italy, De Nora Italy S.r.l. made an important contribution to the Group's consolidated revenues, with revenues from third parties amounting to Euro 53.7 million in 2023, while total revenues (including intercompany revenues) amounted to Euro 63.6 million, with an operating result of close to Euro 10 million and a net result of Euro 6.8 million. The Italian company in the Water Technologies segment (De Nora Water Technologies Italy S.r.l.) recorded a significant increase in revenues in 2023, amounting to Euro 34.1 million, of which Euro 31.2 million realized with third parties; however, the operating profitability and the net result, still negative, were impacted by some provisions and write-downs relating to the Marine Technologies business. De Nora Italy Hydrogen Technologies S.r.l. is still not carrying out production activities.

The Brazilian company De Nora do Brasil Ltda recorded a further increase in revenues from third parties, amounting to almost Euro 31 million in 2023, while total revenues (including intercompany revenues) amounted to over Euro 41 million, with an operating result equal to Euro 8 million and a net profit of Euro 5.2 million.

The Singapore branch operating in the Electrode Technologies Business recorded revenues totalling Euro 23.3 million (entirely with third parties), with a slightly positive operating result and net result, while the Singapore branch operating in the Water Technologies Business contributed Euro 23 million in revenues in 2023 (Euro 23.8 million in total including intercompany items), with an operating and net profit of Euro 2.7 million and Euro 2.3 million, respectively.

De Nora India Ltd recorded revenues of over Euro 9 million in 2023, almost entirely with third parties, with a significant operating result and net profit of Euro 3.3 million and 2.7 million, respectively.

De Nora Water Technologies UK Services Limited (UK) recorded healthy progress in revenues in 2023, with Euro 14.5 million in revenues, entirely with third parties, and an operating result of Euro 2.4 million and a net result of Euro 1.8 million.

In the United Arab Emirates, the De Nora Water Technologies Free Zone Establishment in Dubai and the Abu Dhabi branch of De Nora Water Technologies LLC achieved revenues of Euro 11.2 million and Euro 0.7 million, respectively, almost entirely with third parties, with an operating profitability and net result in positive territory.

In Germany, the newly acquired Shotec GmbH achieved revenues of approximately Euro 1 million in the seven months under the De Nora umbrella, almost entirely with third parties, closing 2023 substantially at break-even.

Revenue, EBITDA and Capex by Business Segment

Revenue by Business Segment

As at December 31, 2023, the Group is organized into three business segments each with its own portfolio of specific products and services:

- Electrode Technologies business;
- Water Technologies business;
- Energy Transition business.

The following tables show the Group's revenues for each business segment, for the two financial years ended December 31, 2023 and 2022.

Revenues by Business Segment	2023	% of total revenues	2023 constant exchange rates	2022	2023 vs 2022	2023 vs 2022 at constant exchange rates
			(in € thousands)			
Electrode Technologies	464,214	54%	484,838	473,444	-9,230	11,394
Water Technologies	289,962	34%	299,073	336,719	-46,757	-37,646
Energy Transition	102,235	12%	102,636	42,663	59,572	59,973
Total Revenue	856,411	100%	886,547	852,826	3,585	33,721

Revenues by geographical area and by business segment	2023	% of revenues	2022	% of revenues
		(in € thousands)		
Electrode Technologies	464,214	54%	473,444	56%
EMEIA	121,306	14%	150,412	18%
AMS	121,401	14%	103,321	12%
APAC	221,507	26%	219,711	26%
Water Technologies	289,962	34%	336,719	39%
EMEIA	91,194	11%	83,885	10%
AMS	133,483	15%	178,376	21%
APAC	65,285	8%	74,458	8%
Energy Transition	102,235	12%	42,663	5%
EMEIA	95,895	11%	34,920	4%
AMS	2,950	0%	323	0%
APAC	3,390	1%	7,420	1%
Total Revenue	856,411	100%	852,826	100%

At consolidated level, revenues stood at Euro 856.4 million, of which Euro 464.2 million in the Electrode Technologies segment, Euro 290 million in the Water Technologies segment and Euro 102.2 million in the Energy Transition segment. In particular, total revenues were up by Euro 3.6 million during the year, with a negative exchange rate effect of Euro 30.1 million. At constant exchange rates, the Group's revenues in 2023 would have actually increased by Euro 33.7 million compared to the previous financial year.

EBITDA by Business Segment

EBITDA by business segment	2023	% (total)	2022	% (total)
		(in €€ thousands and as a percentage of segment revenues)		
Electrode Technologies	118,938	70%	107,980	65%
Water Technologies	40,136	23%	55,987	34%
Energy Transition	11,955	7%	1,209	1%
Total	171,029	100%	165,176	100%

Non-recurring costs (income) by business segment	2023				2022			
	Electrode Technologies	Water Technologies	Energy Transition	Total	Electrode Technologies	Water Technologies	Energy Transition	Total
	(in € thousands)							
Termination costs – Labor, Legal and Other expenses	200	1,097	-	1,297	24	464	-	488
IPO costs	362	226	80	668	1,993	1,418	228	3,639
M&A, integration, and company reorganization costs	674	123	-	797	303	-	-	303
Start-up cost of De Nora Tech, LLC – US plant	-	-	-	-	1,164	-	-	1,164
Writedown Inventory of the Marine Business	-	2,731	-	2,731	-	-	-	-
Employee Retention Credit (US government COVID relief programs)	(3,235)	(3,179)	-	(6,414)	-	-	-	-
Advisory costs for special projects	111	-	-	111	505	-	-	505
Management Incentive Plan	-	-	-	-	10,748	7,643	969	19,360
Other non-recurring costs	585	201	58	844	39	154	3	196
Total	(1,303)	1,199	138	34	14,776	9,679	1,200	25,655

Adjusted EBITDA by business segment	2023	% (total)	2022	% (total)
	(in € thousands)			
Electrode Technologies	117,635	69%	122,756	64%
Water Technologies	41,335	24%	65,666	35%
Energy Transition	12,093	7%	2,409	1%
Total	171,063	100%	190,831	100%

Group EBITDA increased by Euro 5.9 million (+3.5%) from Euro 165.2 million in the financial year ended December 31, 2022 to Euro 171 million in the financial year ended December 31, 2023.

The increase was recorded in both the Electrode Technologies and Energy Transition segments, partially offset by the decrease in the Water Technologies segment, negatively impacted by the downsizing of volumes and profitability of the Pools business line.

Adjusted EBITDA fell by Euro 19.8 million (-10.4%), from Euro 190.8 million in the financial year ended December 31, 2022 to Euro 171.1 million in the financial year ended December 31, 2023. In the comparison between the two years, significant non-recurring charges characterized 2022, related to the listing process of the parent company.

The Adjusted EBITDA margin decreased as a result, from 22.4% in 2022 to 20% in the year ended December 31, 2023.

CAPEX by Business Segment

Capex by business segment	2023	% of total Capex	2022	% of total Capex
		(in € thousands)		
Intangible	7,496	8.5%	8,026	17.4%
Electrode Technologies	2,812	3.2%	1,940	4.2%
Water Technologies	3,785	4.3%	5,941	12.9%
Energy Transition	899	1.0%	104	0.2%
Not Allocated	-	0.0%	41	0.1%
Tangible	81,000	91.5%	38,116	82.6%
Electrode Technologies	42,605	48.1%	28,029	60.8%
Water Technologies	2,418	2.7%	2,074	4.5%
Energy Transition	30,438	34.4%	7,539	16.3%
Not Allocated	5,539	6.3%	474	1.0%
Totale Capex	88,496	100.0%	46,142	100.0%

Not allocated Capex include the the acquisition of a disused industrial area adjacent to the existing area of Via Bistolfi 35, Milan already described in the paragraph Investments of the Group.

Electrode Technologies Business

Electrode Technologies' core business is the production and sale mainly of:

— electrodes used for the production of (a) basic chemicals (chlorine, caustic soda and their derivatives), (b) printed circuits for the electronics industry and critical components for the manufacture of lithium batteries such as copper foil;

— catalytic coatings that use noble metals such as iridium, ruthenium, platinum, palladium and rhodium, the formulations of which, many of them patented, have been developed by the Group and differ according to the many applications in electrochemical processes;

— electrolytic cells for chlorine and caustic soda production, as well as their components and other accessories, and anode structures complete with accessories for the production of non-ferrous metals (nickel, cobalt).

For the financial year ended December 31, 2023, the Electrode Technologies Business accounted for 54% of the Group's revenues.

The table below shows the revenues generated by the Electrode Technologies Business for the financial years ended December 31, 2023 and December 31, 2022, broken down by business lines.

	2023	%	2023 constant exchange rates	2022	Δ 2023 vs 2022	Δ 2023 vs 2022 at constant exchange rates
	(in € thousands and as a percentage of segment revenues)					
Chlor-alkali	320,906	69%	334,760	319,161	1,745	15,599
Electronics	79,903	17%	84,534	88,284	-8,381	-3,750
Specialties and New Applications	63,405	14%	65,544	65,999	-2,594	-455
Total Electrode Technologies	**464,214**	**100%**	**484,838**	**473,444**	**-9,230**	**11,394**

Revenues related to the Electrode Technologies business segment declined by Euro 9,230 thousand (-1.9%), from Euro 473,444 thousand in the year ended December 31, 2022 to Euro 464,214 thousand in the year ended December 31, 2023. The decrease derives mainly from the Electronics and Specialties lines and new applications, only partially offset by the increase in the Chlor-alkali line.

At constant exchange rates, revenues related to the Electrode Technologies Business would have increased by Euro 11,394 thousand (+2.4%), from Euro 473,444 thousand in the year ended December 31, 2022 to Euro 484,838 thousand in the year ended December 31, 2023.

Chlor-alkali

Revenues from the Chlor-alkali line increased by Euro 1,745 thousand (+0.5%), from Euro 319,161 thousand in the year ended December 31, 2022 to Euro 320,906 thousand in the year ended December 31, 2023. This variation is mainly attributable to:

— the increase of Euro 12,529 thousand in sales of the Membrane product line, mainly in Asia and the United States;

— the increase of Euro 6,626 thousand in Diaphragm and Mercury product line sales, primarily due to the volume effect of services in Brazil, Italy and the United States;

— the lower sales of Euro 17,410 thousand of the Hydrochloric acid (HCl) product line, as a result of the non-repetition of some maintenance projects carried out in the year 2022 through the associated company tk nucera.

At constant exchange rates, revenues related to the Chlor-alkali line would have increased by Euro 15,599 thousand (+4.9%), from Euro 319,161 thousand in the year ended December 31, 2022 to Euro 334,760 thousand in the year ended December 31, 2023.

For the year ended December 31 2023, the Chlor-alkali business line accounted for 69% of Electrode Technologies segment revenues and 37.5% of the Group's total revenues.

Electronics

Revenues from the Electronics line dropped by Euro 8,381 thousand (-9.5%), from Euro 88,284 thousand in the year ended December 31, 2022 to Euro 79,903 thousand in the year ended December 31, 2023. This decrease is mainly due to the slowdown in demand in the Asian market for printed circuits, which was affected by a "rebound" effect following the intense growth that occurred during COVID-19.

At constant exchange rates, revenues for the Electronics line would have decreased by Euro 3,750 thousand (-4.2%).

For the year ended December 31 2023, the Electronics business line accounted for 17.2% of the Electrode Technologies segment revenues and 9.3% of the Group's total revenues, respectively.

Specialties and new applications

Revenues related to Specialties and New Applications decreased by Euro 2,594 thousand (-3.9%), from Euro 65,999 thousand in the year ended December 31, 2022 to Euro 63,405 thousand in the year ended December 31, 2023. This overall reduction is mainly due to:

— the decrease of Euro 3,829 thousand in revenues related to electrodes for Systems and Plants in Japan;

— the decrease of Euro 1,903 thousand in revenues relating to special electrodes in Germany and Japan;

— partially offset by the increase of Euro 2,998 thousand in the Chlorate & White Liquor product line, mainly in Asia.

At constant exchange rates, revenues related to Specialties and New Applications would have fallen by Euro 455 thousand (-0.7%), from Euro 65,999 thousand in the year ended December 31, 2022 to Euro 65,544 thousand in the year ended December 31, 2023.

For the year ended December 31 2023, Specialties and New Applications accounted for 13.7% of Electrode Technologies segment revenues and 7.4% of total Group revenues, respectively.

The following table shows the revenues generated by the Electrode Technologies Business for the financial years ended December 31, 2023 and 2022, broken down by new installations or newly constructed facilities ("New Installations") and periodic maintenance or modernization services for existing plants and facilities ("Services").

	2023	%	2022	%
	(in € thousands and as a percentage of segment revenues)			
New Installations	271,343	58%	272,230	57%
Services	192,871	42%	201,214	43%
Total Revenue	464,214	100%	473,444	100%

New Installations accounted for 58% of the segment's turnover for 2023, up from 2022.

Services during 2023 accounted for 42% of the segment's turnover; the related activities include the periodic maintenance of the electrodes or replacement with new products and/or latest generation products capable of improving the performance of the process for which they are intended, supply of spare parts, design and re-engineering of the electrodes, technical assistance, lease contracts, performance monitoring, laboratory analysis.

In particular, the electrodes at the end of their useful life must be replaced or suitably treated in order to restore the catalytic coating through a process called re-coating or reactivation. The re-coating process allows the metal structure of the electrode, whether titanium or nickel, to be preserved and a new coating to be applied, thus allowing the initial characteristics of the electrode to be restored.

The Group offers its customers technologies capable of responding to new process targets and market demands also in terms of sustainability. In particular, in the Electrode Technologies Business, the extension of the customer base is a significant growth factor for Services sales.

	2023	2022	∆ 2023 vs 2022
		(in € thousands)	
Electrode Technologies EBITDA	118,938	107,980	10,958
Electrode Technologies Adjusted EBITDA	117,636	122,756	-5,120

Adjusted EBITDA decreased by Euro 5,120 thousand (-4.2%), from Euro 122,756 thousand in the year ended December 31, 2022 to Euro 117,636 thousand in the year ended December 31, 2023. This decrease is mainly due to the increase in fixed costs.

Water Technologies Business

The main activity of the Water Technologies Business is the manufacture and sale of equipment, systems and technologies used in the water treatment sector. The Group has long experience in the water treatment sector and a broad portfolio of products and solutions that meet a wide range of requirements for the treatment of various types of water.

In particular, the Group develops, manufactures, and sells systems and technologies for swimming pool disinfection, electrochlorination of seawater and brine for on-site production of low concentration sodium hypochlorite, disinfection and filtration of drinking water and wastewater, and water treatment systems in marine applications.

In addition to supplying equipment, products, and systems for new installations or newly constructed facilities ("New Installations"), the Group provides after-sales services for maintenance, supply of spare parts, re-engineering of existing systems, on-site or remote monitoring activities, and other services that maintain product performance while ensuring consistency in treated water quality ("Services").

The table below shows the revenues generated by the Water Technologies Business for the financial years ended December 31, 2023 and December 31, 2022, broken down by business lines.

	2023	%	2023 constant exchange rates	2022	Δ 2023 vs 2022	Δ 2023 vs 2022 at constant exchange rates
	(in € thousands and as a percentage of segment revenues)					
Swimming pools	86,038	30%	88,105	161,751	(75,713)	(73,646)
Electrochlorination	91,410	31%	94,871	84,607	6,803	10,264
Disinfection and Filtration	100,884	35%	104,158	79,061	21,823	25,097
Marine technologies	11,630	4%	11,940	11,300	330	640
Total Water Technologies	289,962	100%	299,074	336,719	(46,757)	(37,645)

Revenues relating to the Water Technologies Business segment decreased by Euro 46,757 thousand (-13.9%), from Euro 336,719 thousand in the financial year ended December 31, 2022 to Euro 289,962 thousand in the financial year ended December 31, 2023. This decrease is mainly attributable to the decline in revenues relating to the Swimming pools business line (-46.8%). In the year ended December 31, 2023, the Electrochlorination and Disinfection and Filtration business lines, on the other hand, saw an increase in revenues compared to those recorded in the year ended December 31, 2022 (by 8.0% and 27.6% respectively). On the other hand, the Marine Technologies business was stable. Overall, revenues increased in the EMEIA geographical area, while they were affected by a significant decrease in America, primarily due to the exposure of this geographical segment to the Swimming pools business.

At constant exchange rates, revenues related to the Water Technologies Business would have recorded a smaller decrease of Euro 37,645 thousand (-11.2%), from Euro 336,719 thousand in the financial year ended December 31, 2022 to Euro 299,074 thousand in the financial year ended December 31, 2023.

The Water Technologies Business as a percentage of Group revenue subsequently decreased, from 39.5% in the financial year ended December 31, 2022 to 33.9% in the financial year ended December 31, 2023.

Swimming pools

Revenues from the Swimming pools line dropped by Euro 75,713 thousand (-46.8%), from Euro 161,751 thousand in the financial year ended December 31, 2022 to Euro 86,038 thousand in the financial year ended December 31, 2023. This decrease is attributable both to destocking by our main customers, following the normalization of market demand related to the return to normal consumption habits before the COVID-19 pandemic, and to a lower average sales price, indexed to that of ruthenium on average lower than the value of 2022.

At constant exchange rates, revenues related to the Swimming pools line would have decreased by Euro 73,646 thousand (-45.5%), from Euro 161,751 thousand in the financial year ended December 31, 2022 to Euro 88,105 thousand in the financial year ended December 31, 2023. For the financial year ending December 31, 2023, the Swimming pools business line represented 29.7% of Water Technologies revenue and 10.0% of the Group's total revenue, respectively.

Electrochlorination

Revenues from the Electrochlorination line increased by Euro 6,083 thousand (+8.0%), from Euro 84,607 thousand in the financial year ended December 31, 2022 to Euro 91,410 thousand in the financial year ended December 31, 2023. This increase is mainly attributable to:

(i) an increase of Euro 5,099 thousand in revenues from sales of the electrochlorination of seawater (SWEC) business line, due mainly to a high number of new orders acquired with execution in 2023, and a higher backlog level at the end of 2022, with expected execution in 2023, than that recorded at the end of 2021 with expected execution in 2022. The activities for the year ended December 31, 2023 include, in particular, the execution of an important project ("Marjan") relating to the installation of a SEACLOR® system for use in the Kingdom of Saudi Arabia;

(ii) an increase of Euro 4,609 thousand in revenues pertaining to IEM (Brine Electrochlorination Plants) technology, recognized and executed in Asia, by the Japanese subsidiary, which developed this technology, mainly due to the growing market demand;

(iii) increase of Euro 2,282 thousand in revenues from sales of "Omnipure" electrolytic water treatment plants, mainly attributable to higher sales of new installations in North America;

(iv) these increases were partially negatively offset by the decrease in revenues of Euro 5,383 thousand relating to revenues for the installation of OSHG electrochlorination systems (on-site generation of hypochlorite), in United States and Asia.

At constant exchange rates, the Electrochlorination line would have recorded an increase in revenues of Euro 10,264 thousand (+12.1%), from Euro 84,607 thousand in the financial year ended December 31, 2022 to Euro 94,871 thousand in the financial year ended December 31, 2023. For the financial year ended December 31, 2023, the Electrochlorination business line represents 31.5% of the revenues of the Water Technologies Business and 10.7% of the Group's total revenues.

Disinfection and Filtration

Revenues relating to the Disinfection and Filtration line increased by Euro 21,823 thousand (+27.6%), from Euro 79,061 thousand in the year ended December 31, 2022 to Euro 100,884 thousand in the year ended December 31, 2023. This change is mainly attributable to the combined effect of the following factors:

(i) an increase in revenues of Euro 10,359 thousand on the line of Ozone technology systems, mainly due to the execution of important projects relating to the installation of ozone generators in the Kingdom of Bahrain (phase four of the expansion of the "Tubli" wastewater treatment plant), in Qatar ("Ashgahal" project) and in Brazil ("Tubarao" project);

(ii) an increase of approximately Euro 5,030 thousand in revenues relating to Gas Feed technology and attributable to the installation of several new plants in the United States and EMEA;

(iii) the increase of Euro 4,769 thousand in revenues relating to the line of Deep bed Filtration systems, especially in the EMEIA region and mainly related to the "Al Jubail" job order in progress in the Kingdom of Saudi Arabia, whose contract was signed in the last quarter of last year and whose execution was completed in the year ended December 31, 2023. The plant is one of the largest reverse osmosis seawater (SWRO) desalination plants in the world, processing up to 1 million cubic meters of seawater per day.

At constant exchange rates, revenues relating to the Disinfection and Filtration line would have increased by Euro 25,097 thousand (+31.7%), from Euro 79,061 thousand in the year ended December 31, 2022 to Euro 104,158 thousand in the year closed on December 31, 2023. For the financial year ended December 31, 2023, the Disinfection and Filtration business line accounted for 34.8% of the Water Technologies Business revenues and 11.8% of the Group's total revenues.

Marine Technologies

Revenues relating to the Marine Technologies line recorded an increase of Euro 330 thousand (+2.9%), from Euro 11,300 thousand in the year ended December 31, 2022 to Euro 11,630 thousand in the year ended December 31, 2023.

At constant exchange rates, revenues relating to the Marine Technologies line would have recorded an increase of Euro 640 thousand (+5.7%), from Euro 11,300 thousand in the year ended December 31, 2022 to Euro 11,940 thousand in the year closed on December 31, 2023. For the financial year ended December 31, 2023, the Marine Technologies business line accounted for 4% of the Water Technologies business line's revenue and 1.4% of the Group's total revenue.

The following table shows the revenues generated by the Water Technologies Business for the financial years ended December 31, 2023 and 2022, broken down by new installations or newly constructed facilities ("New Installations") and periodic maintenance or modernization services for existing plants and facilities ("Services").

	2023	% of business segment revenues	2022	% of business segment revenues
		(in € thousands)		
New Installations	214,348	74%	265,185	79%
Services	75,614	26%	71,534	21%
Total Revenue	289,962	100%	336,719	100%

New Installations accounted for 74% of the Water Technologies segment's revenue in the financial year 2023, a slight decrease from the previous financial year. Within this classification, revenues from the Swimming pools line are entirely included.

Services cover the entire product portfolio and in 2023 accounted for 26% of segment revenues.

	2023	2022	Δ 2023 vs 2022
		(in € thousands)	
Water Technologies EBITDA	40,137	55,987	-15,850
Water Technologies Adjusted EBITDA	41,335	65,666	-24,331

EBITDA related to the Water Technologies Business segment decreased by Euro 15,850 thousand (-28.3%), from Euro 55,987 thousand in the financial year ended December 31, 2022 to Euro 40,137 thousand in the financial year ended December 31, 2023. This decline is mainly attributable to the combined effect of the following factors:

(i) the decrease in sales volumes of Euro 46,757 thousand (-13.9%), from Euro 336,719 thousand to Euro 289,962 thousand, described above and attributable to the Swimming Pools line;

(ii) the declining margins in the Swimming Pools business line, which were negatively affected by falling prices, related to the fluctuation in the price of ruthenium only partially offset by the improvement in the profitability of the other business lines of the Water Technologies segment;

(iii) savings in operating costs of over Euro 5 million. This change is mainly attributable to the decrease in personnel costs, resulting from the organizational restructuring implemented, and the costs associated with general and administrative activities supporting the business.

The impact of the EBITDA of the Water Technologies Business segment on the segment revenues fell from 16.6% in the financial year ended December 31, 2022 to 13.8% in the financial year ended December 31, 2023.

Adjusted EBITDA recorded a decline of Euro 24,331 thousand (-37.1%) from Euro 65,666 thousand in the financial year ended December 31, 2022 to Euro 41,335 thousand in the financial year ended December 31, 2023, with the segment's percentage of revenue decreasing from 19.5% in the financial year ended December 31, 2022 to 14.3% in the financial year ended December 31, 2023.

Energy Transition Business

The Energy Transition Business includes the offering of electrodes (anodes and cathodes), electrolyzer components, and systems (i) for the generation of hydrogen and oxygen through water electrolysis processes, (ii) for use in fuel cells for electricity generation from hydrogen or another energy carrier (e.g., methanol, ammonia) without CO_2 emissions, and (iii) for use in redox flow batteries.

The following table shows the revenues generated by the Energy Transition Business for the financial years ended December 31, 2023 and 2022.

	2023	2023 constant exchange rates	2022	Δ 2023 vs 2022	Δ 2023 vs 2022 at constant exchange rates
			(in € thousands)		
Energy Transition	102,235	102,636	42,663	59,572	59,973

Revenues from the Energy Transition Business increased by Euro 59,573 thousand (+139.6%), from Euro 42,663 thousand in the year ended December 31, 2022 to Euro 102,235 thousand in the year ended December 31, 2023.The significant increase is mainly due to the execution of important projects in Germany acquired through tk nucera.

At constant exchange rates, revenues related to the Energy Transition business would have increased by Euro 59,973 thousand (+140%), from Euro 42,663 thousand in the year ended December 31, 2022 to Euro 102,636 thousand in the year ended December 31, 2023.

The following table shows the revenues generated by the Energy Transition Business for the financial years ended December 31, 2023 and 2022, broken down by new installations or newly constructed facilities ("New Installations") and periodic maintenance or modernization services for existing plants and facilities ("Services").

	2023	%	2022	%
	(in € thousands and as a percentage of segment revenues)			
New Installations	99,962	98%	42,070	99%
Services	2,273	2%	593	1%
Total Revenue	102,235	100%	42,663	100%

	2023	2022
	(in € thousands)	
Energy Transition EBITDA	11,955	1,209
Energy Transition Adjusted EBITDA	12,093	2,409

The EBITDA of the Energy Transition Business has been monitored from the year 2022; EBITDA and Adjusted EBITDA amounted to Euro 11,955 thousand and Euro 12,093 thousand, respectively, and derive mainly from the execution of projects in Germany, registering significant progress compared to the closing values of 2022; the volumes achieved and the healthy direct profit margins allow for a better absorption of fixed costs, in particular those relating to research and development projects on which the Group is focusing its efforts.

Organization of Human Resources

As at December 31, 2023, the Group employed a total of 2,010 staff, 81 more than in the previous year, confirming the Group's growth trend, which exceeded the 2,000 employee threshold for the first time in its history. The increase, across all regions, involved mostly the Electrode Technologies segment, with a significant increase in personnel in the Manufacturing area.

In detail, the situation by professional macro-family can be broken down as follows.

Employees by Functional Area	December 31, 2023	December 31, 2022
Manufacturing	1,186	1,090
Engineering	140	153
Sales & Tech. Assistance	225	242
G&A	352	335
R&D	107	109
Total	2,010	1,929

The main organizational changes relating to the 2023 financial year are listed below.

Corporate structure: all functions were reinforced to ensure a higher efficiency and service level to support business growth, in line with the growth trend of the last few years. In particular:

- The AFC structure saw the entry of the new Chief Financial Officer, and the creation of the Strategic Planning and Predictivity department;
- The Chief Legal Officer function was created, reporting directly to the Chief Executive Officer;
- The "Each4Equal" Committee (E4E) was relaunched as a permanent internal advocacy body, liaising with and reporting to the Chief HR Officer;
- The Investor Relations & ESG function has a new leadership and its structure has been strengthened;
- The Global Compensation & Benefits function was created;
- The R&D departments in the USA and Japan were reorganized, and a new R&D Director was appointed in Japan.

Water Technologies segment:

- a new Chief Officer was appointed to head up the business segment;
- the companies belonging to the segment, especially in the USA and Asia, have undergone a large-scale restructuring to keep pace with the changing dynamics of the market and to ensure long-term sustainable growth.

Electrode Technologies segment:

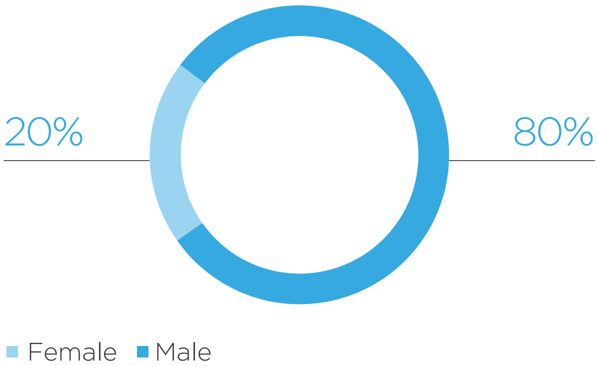
- in Germany, an EMEIA Operations Director was hired, reporting hierarchically to the EMEIA Chief Regional Officer and reporting functionally to the Chief Operating Officer;
- two new General Managers were appointed in Japan and Brazil.

Energy Transition segment: the structure of De Nora Italy Hydrogen Technologies S.r.l. has been strengthened and supplemented to support and continue the growth trend of the business with new personnel, particularly in the engineering and staff functions.

Group workforce demographics as at December 31, 2023

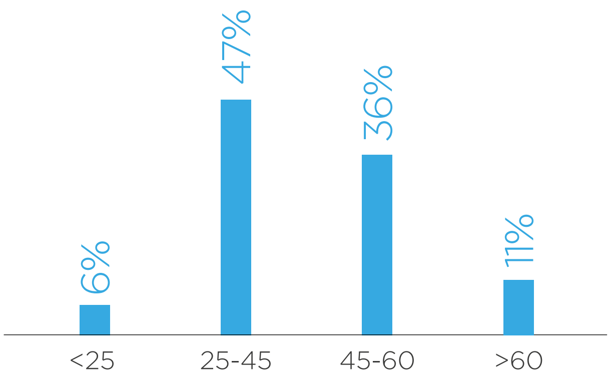
Gender Distribution

The female component stands at 20%, up slightly compared to 2022, finally reversing the negative trend of the two previous years.



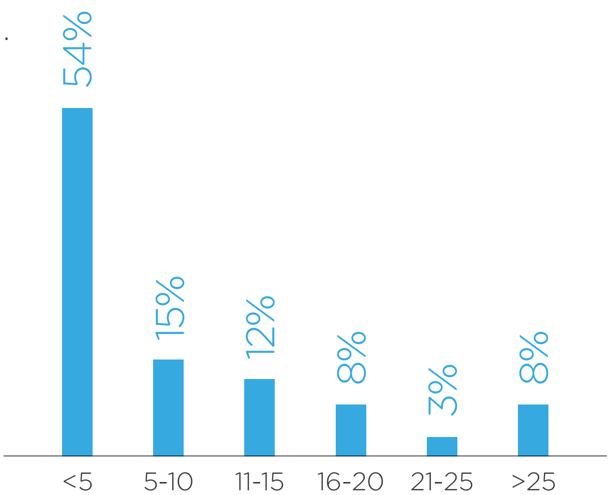
Age Distribution

De Nora confirms itself as a "young" company, with 6% of its staff under 25 years of age (GenZ), up by 2% compared to the previous financial year. 53% of staff are under 45 years of age. Millennials account for almost half of the De Nora population.



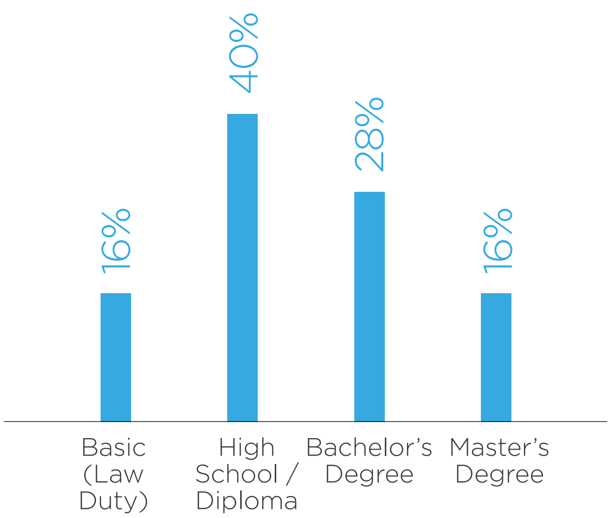
Seniority

The seniority of the Group has decreased further compared to the previous financial year, due to the increase in the workforce: 54% of the staff have been with De Nora for less than five years, while those in the "over 15 years" category account for almost 20%



Education level

The figure linked to the degree of company education is in line with the data of previous years. De Nora confirms its excellent level of education, with 84% of employees holding at least a high school diploma and 44% holding a degree, a master's degree or a doctorate.



Environmental, Social and Governance factors

Environmental, social and governance factors (so-called ESG factors), which are at the heart of the Group's values and strategy, are a long-term commitment and the Group is establishing, building and strengthening its ESG commitment through various activities and projects.

The De Nora Group adheres to the Corporate Governance Code, which has paid special attention to sustainability issues since 2021. Staying true to this compliance, the management body has taken on a fundamental role in making strategic choices and sustainability issues increasingly integrated. The Board of Directors plays a central role in pursuing the Company's sustainable success and in this context, on the proposal of the Chief Executive Officer, defines the strategies and objectives of the Company and the Group and monitors their implementation. The Board of Directors supervises the climate change strategy, which includes the assessment of the related risks, the planning of sustainability objectives and the related disclosure.

With reference to sustainability issues, the Board of Directors:

- approves the Non-Financial Statement, verifying, with the support of the Control, Risk and ESG Committee, that said statements are drafted and then published in compliance with the provisions of Italian Legislative Decree 254/2016 which, implementing Directive 2014/95/EU, introduced the obligation for large companies/groups to provide, together with the annual management report, a "Non-financial Statement" containing information on environmental, social and personnel-related issues, respect of human rights and the fight against both active and passive corruption;
- annually validates the materiality analysis, with the aim of identifying the most relevant sustainability issues both from the Group's point of view and from the perspective of internal and external stakeholders;
- supported by the Control, Risk and ESG Committee, receives periodic updates on the various sustainability initiatives, such as, for example, specific new projects, updates on the ESG reporting process and on ESG objectives and communication and engagement activities in relation to sustainability issues, including those with the financial community;
- approves the remuneration and incentive policies of the Chief Executive Officer and of top management, whose variable remuneration is also linked to some ESG targets.

On March 9, 2022, the Company's Board of Directors, in accordance with the recommendations on corporate governance contained in the Corporate Governance Code (CG), established a Control, Risk and ESG Committee effective from the date of commencement of trading, pursuant to articles 1 and 6 of the CG Code ("Control, Risk and ESG Committee") composed of three directors, the majority of whom independent.

The Control, Risk and ESG Committee assists the Board of Directors with reference to the control and risk functions, in compliance with the provisions of art. 6 of the CG Code. The Control, Risk and ESG Committee has also been assigned the ESG and sustainable development responsibilities set forth in art. 1 of the CG Code for the purposes of assessing the sustainability report containing non-financial information pursuant to European Directive 2014/95/EU and in particular:

- it provides support and advice to the Board of Directors on sustainability, meaning the processes, initiatives and activities aimed at overseeing the Company's commitment to sustainable development along the value chain, as well as in relation to the following matters: (a) respect of the corporate governance principles of the Company in compliance with CG Code, the applicable laws and national and international best practices, making proposals to the Board of Directors in this regard; (b) drafting corporate diversity policies; (c) monitoring the Company's positioning in financial markets with particular attention to its positioning in compliance with sustainability indices;
- also reviews the contents of the sustainability report and periodic non-financial information, as well as analyzes the use of the standards adopted for the preparation of non-financial reports to be reviewed and approved (as appropriate) by the Board of Directors;
- reviews and assesses the sustainability policies aimed at ensuring the creation of value over time for the majority of shareholders and for all other stakeholders in the medium-long-term in compliance with the principles of sustainable development as well as the guidelines, objectives, and consequent sustainability processes and the sustainability report submitted annually to the Board of Directors, including, in particular, the sustainability report; in particular, it carries out, to this end, analysis and review activities on: (a) corporate policies of the Company and the Group on human rights, business ethics and integrity, diversity and inclusion; (b) corporate policies of the Company and the Group for the integration of environmental, social and governance issues into the business model; (c) initiatives undertaken by the Company and the Group to respond to issues relating to climate change and other relevant environmental issues; (d) purposes and methodologies adopted by the Company and the Group in their sustainability reporting; (e) any sustainable finance initiative;
- oversees international initiatives on environmental, social and governance matters and proposes the potential adherence to them by the Company and the Group, in order to strengthen the international reputation of the Company and the Group.

Given the importance of energy transition issues within the corporate strategy, De Nora executives have specific expertise not only in their relevant sector, but also in the field of climate change. This confirms that these aspects are integrated in the corporate governance model, highlighting the role of these management figures as direct support to the Chief Executive Officer.

Starting from 2022, an ESG Committee was also established with the aim of drafting the Sustainability Report and outlining the Sustainability Plan together with the related Key Performance Indicators (KPIs). This Committee, coordinated by the Investor Relation & ESG Manager, works in collaboration with external experts and is composed of representatives of the functional areas most involved in Environmental, Social and Governance issues. Each contact person in the Committee is responsible for ensuring adequate involvement of their area in all the preparatory activities needed for the compilation of the Sustainability Report and for the definition and subsequent implementation of the Sustainability Plan and the related KPIs.

With reference to the main activities carried out in 2023 in relation to the areas mentioned above, it should be noted that, at the meeting of December 14, 2023, the Board of Directors of Industrie De Nora S.p.A. approved the Sustainability Plan to 2026 and to 2030. The plan sets out a complete agenda of initiatives and quantitative objectives, broken down into four pillars, based on solid governance and on the Group's values, already described in the paragraph "Significant events during the year", to which reference should be made.

Following the approval of this Sustainability Plan, a permanent team was also created, under the direct coordination of Investor Relations & ESG — also known as the Accelerator Lab — for the ongoing supervision and coordination of the Plan. The Accelerator Lab is supported by Plant Focal Points and the representatives of the main Business functions.

Research and Development and Patents

Research and Development

Excellence in Research and Development is one of the main levers used by De Nora to ensure organic, sustainable growth. The Group is focused on the development of innovative and technologically advanced solutions, designed to meet the current needs of the markets in order to preserve its competitive edge, protect its margins and market shares, without jeopardising the future of the next generations on the environmental and social front.

The Group operates through research centers with offices located in Italy, the United States and Japan and, in addition to being able to boast a highly specialized Research and Development team, maintains a network of partnerships with the main international research institutes and universities as well as with its customers. Relationships with customers originate in many cases from research projects aimed at meeting their specific requirements and in some cases participated in by the customers themselves, which over time can lead to the commercialization of the products developed and, consequently, to the consolidation of the relationship. The strong link is also determined by the continuous technological upgrading of the product portfolio and the Group's ability to guarantee after-sales and end-of-life recovery services with a view to reducing waste, sometimes increasing the possibility of certain materials re-entering the value chain.

— The "US R&D" unit (Cleveland Area) - Ohio, is mainly focused on the development of enabling technologies for Energy Transition (electrolysis of water for the production of green hydrogen and related hydrogen technologies; conversion of CO and CO_2 into high-value chemicals and fuels, etc.) and on the development of new products for existing markets such as electrowinning and the generation of chlorine derivatives for the disinfection of swimming pools;

— The "Water Technologies Innovation Center", located in Albuquerque, New Mexico, is the research unit specialized in Water Technologies segment products. The unit deals with the development of new products and the performance of experimental activities on small-scale pilot units for water, electrochlorination, filtration, removal of contaminants, ozone, advanced oxidation and UV disinfection.

— The "R&D Japan" unit is located in Fujisawa (Tokyo area) and Okayama and operates a small satellite unit at De Nora Elettrodi (Suzhou) Co., Ltd. China. This team works for both DSE® and IEM (Ionic Exchange Membrane) electrode products. The IEM development includes Catalyst Coated Substrates/Catalyst Coated Membranes for water electrolysis, as well as the electrochemical synthesis of compounds such as ammonia that are involved in energy transfer/transport applications.

— The "R&D Italy" unit is located primarily in the Industrie De Nora headquarters in Milan and, in part, at De Nora Italy Hydrogen Technologies S.r.l. The "R&D Italy" unit consists of the electrode research and development laboratories, the Product Engineering departments and the Production Technologies group. The laboratories research and develop new electrode technologies for both future markets and those already served by the Group with the aim of creating increasingly competitive, high-performance and sustainable products. The mission of the Production Technologies group is to accelerate the introduction of new products by overseeing their technology transfer to the different production plants. The Product Engineering department consists of the Design Engineering team that develops advanced electrochemical systems, reactors and components and the Process Engineering and Product Development teams that deal with their industrialisation. The R&D function is composed totally of 107 staff and includes 93 staff members who focus on the Electrode Technologies and Energy Transition business (55 in Italy, 26 in Japan, 11 in the United States and 1 in China) and 14 Product Technology Management staff dealing with the Water Technologies business (8 in the United States, 5 in Italy, 1 in China).

In addition to the development of new products and the continuous improvement of existing ones, the Research and Development units support, with their services, the sales and operations of the various regions.

To support its business strategy, the Group continually invests in new projects to feed the innovation pipeline. At the same time, product improvement activities continue and the objective of contributing electrochemical solutions to the challenges of a sustainable economy is being pursued. Personnel are allocated through the management of the project portfolio which aims, in accordance with the strategic business objectives, to boost efficiency in the use of materials and energy, to maximize the value of the portfolio itself, to balance the projects to develop new products or technologies in order to cover the different business lines and comply with the commercial launch roadmap in the short, medium and long-term.

The work of the "Energy Transition and Hydrogen Task Force (ET&H)", reporting directly to the CEO, continued during the year. The task force involves, among others, several members of R&D and Production Technologies and its main objective is to make De Nora grow in the Energy Transition commercial segment. More specifically, the role of ET&H is to:

- consolidate the offer of products with existing customers in the field of water electrolysis for energy transition;
- generate new business opportunities through the acquisition of new customers, supporting them in the adoption of the Group's products;
- identify and develop new technological partnerships and contribute to the launch of new products;
- support the definition of new Energy Transition business models.

2023 saw the consolidation of customers who adopt the De Nora solution, electrodes and electrode packages for high current density, and the entry of potential new customers, including some significant ones in the future.

As regards the "stacks and systems" product line, the foundations have been established for a partnership, currently at an advanced negotiation stage. With regard to the Dragonfly® programme, in 2023 De Nora was selected as a technology provider in two European projects in which the integration of the Dragonfly® system is planned for airport mobility applications and decarbonization via gas blending.

The research programs are effectively integrated at several sites and coordinated at a central level.

With reference to the Electrode Technologies Business, the focus is on the continuous improvement of the electrodes offered by the Group both for existing markets and for new future applications. The primary objectives are the service offered to the customer and the sustainability of the product. Special attention is paid to the content of noble metals in the products, both for sustainability (given their rarity) and competitiveness (given their high cost) reasons. Research in the Electrode Technologies sector has allowed a progressive and continuous reduction in the content of noble metals, especially the more rare and expensive ones, without compromising on the operational quality of the products. In the last year, research has also been extended to techniques for recovering the portion of rare materials still present in products at the end of the operating cycle ("after life"). The Electrode Technologies segment includes business lines of key importance for the Group, including the chlorine industry (chlorine/alkali, chlorate, hydrochloric acid), electronics (copper foil, circuit boards), the production of non-ferrous metals (hydrometallurgy of nickel, cobalt and copper), the surface treatment of steel coils and others. Based on a long-term vision, projects are already in progress with the goal of fully replacing noble metals.

With reference to the Water Technologies Business, the objective is to develop and market next-generation projects of existing products, as well as to develop new solutions capable of meeting stricter regulatory requirements in relation to drinking water and wastewater. The most important results include the commercial launch of a new material retention plate for TETRA deep bed filters, a new design of Capital Controls ozone generators that meet the needs of the North American market and an updated design for UV Capital Controls systems for the disinfection of drinking water.

The development of new products focused in particular on water disinfection systems through electrochlorination with both seawater and synthetic salt water, removal and destruction of micropollutants such as polyfluoroalkanes (PFAS).

The commitment in the Energy Transition segment was further intensified in 2023 with numerous projects carried out synergistically between all Group research units.

The Group has active programs for the development of technologies and products (electrodes and other components and related systems) (i) for alkaline water electrolysis (AWE) and (ii) for cationic polymer membrane electrolysis (PEM) and (iii) anionic polymer membrane electrolysis (AEM) for the production of hydrogen, preferably green. Projects dedicated to the development of electrolyzers for the storage of hydrogen using organic compounds (LOHC - Liquid Organic Hydrogen Carriers) are, on the other hand, at a more advanced stage of development, involving field tests of demo units to validate these solutions.

The Group also has a joint development program to develop products for electrodes and membrane electrode units for electrochemical purification and hydrogen compression. The Group directly participates in several public projects including (i) the European projects "Djewels" (2020-25), "NextH2" (2021-24), "PROMETH2EUS" (2021-25), HyTecHeat (2022-26), CleanHyPRO (2023-27), X-SEED (2023-26) in the alkaline water electrolysis sector; (ii) the European project ANEMEL (2022-27) in the water electrolysis sector through anionic exchange membranes (AEM); (iii) the Italian project MAINE (2022-25) in the water electrolysis sector in general; and (iv) the European project "ECO2FUEL" (2021-26), for the conversion and value enhancement of carbon dioxide (in the sector of the electrochemical conversion of CO_2). The Group also takes part, in the role of "industrial advisor", in various public European projects (Licrox, Telegram, CO2EnRich).

With reference to the Research and Development activities carried out in the United States, the Group has requested and obtained funding from the Federal Department of Energy (DOoE) for the development of components related to the technology of polymeric membranes for water electrolysis (PEM) ("H2@Scale New Markets" program) and for the conversion of carbon dioxide and carbon monoxide into short-chain organic molecules in collaboration with industrial and academic partners (DOE's ARPAe "ECOSynBio" programs and with the Advanced Manufacturing Office "Industrial Efficiency and Decarbonization"). In Japan, the Group participates in a project for the development of technologies relating to water electrolysis and the electrochemical synthesis of ammonia, with funding from NEDO (Japanese National Agency for the Development of Technologies in the Energy and Industrial Sectors). Furthermore, the Group is carrying out research projects targeted at the development of new electrodes and catalysts for fuel cells and for the conversion of CO_2 into chemicals (i.e. carbon monoxide, methane, formic acid and acetate) and other green fuels (e-fuels), as well as studies aimed at the use of metal electrodes in flow batteries (redox flow batteries). Many of these research projects involve the joint participation of industrial partners, including the associated company tk nucera, and are managed by the Group through joint development agreements very often covered by confidentiality agreements and through the aforementioned government funding programmes.

The Group is also participating in public tenders (at national and European level) relating to initiatives focused on the issues of energy transition and, in particular, on hydrogen, in order to have access to the loans granted by the Italy within the IPCEI framework (reserved for projects that are part of the strategic value chains identified by the European Commission on the basis of their ability to generate technological innovation, improve products and production processes, as well as foster sustainable economic growth). On August 1, 2021, in collaboration with SNAM, the Group submitted to the Ministry of Economic Development a project portfolio relating to the construction and development of a Gigafactory for the production of electrolyzers to be used for producing green hydrogen as part of the so-called IPCEI Hydrogen and, in the course of 2022, the request to access the financial facilities under the Ministerial Decree activating the intervention of the IPCEI Fund in support of IPCEI Hydrogen 1 (IPCEI H2 Technology) was finalized following decision C(2022) 5158 final of July 15, 2022 / SA. 64644. The activities are proceeding according to the Program, including the validation of new electrode packages for AWE and Fuel Cell, the development of containerized electrolysis units and the design and construction of the GigaFactory.

In addition to the above, at the European level the Group is also participating (with tk nucera) in a research initiative promoted by the German Federal Ministry of Education and Research (BMBF). This initiative, aimed at supporting Germany's entry into the hydrogen market and promoting large-scale production of alkaline water electrolysis (AWE), provides for the expansion of the production capacity of the Group's German plant, located in Rodenbach, from 1 to 5 GigaWatts. In addition, the HyNCREASE project, proposed by the Group through its German branch, was recently awarded by the European Commission - Innovation Fund. The main objective of the project is to boost the production capacity of innovative clean technology equipment, i.e. electrolyzers and fuel cell components, to design, build and validate highly efficient production lines based on Industry 4.0 principles that will also guarantee a low environmental impact.

Patents

Intellectual property rights represent a key element for the creation of value of the Group's activities. The Group aims to protect intellectual property, which includes, among others: copyrights, software, know-how and trade secrets, designs, utility models, patents, trademarks and trade names, through the appropriate procedures and national and international practices. To this end, the Group has put in place adequate policies for identifying, protecting and enhancing its intellectual property rights, which result, for example, in the continuous filing of trademarks registration and patent applications, and in the preparation of suitable measures to protect the confidentiality of sensitive technical and commercial information, in particular of the trade secrets.

The protection of the Group's proprietary rights with respect to its corporate identity, services, products and know-how is essential to maintain its competitive advantage and market recognition.

The Group's intellectual property, including part of that of tk nucera, is managed at corporate level through the respective Milan and Fujisawa offices, part of the Intellectual Property Department, which coordinate a network of local and foreign agents and professionals. The Intellectual Property Department aims to create, protect and develop all property rights deriving from any of the Group's activities through: the identification of the appropriate legal protection applicable and the performance of the formal and substantive activities arising therefrom — such as filing, continuation, maintenance and enforcement of one's property rights against third parties.

Decisions regarding the geographical coverage of intellectual property rights to ensure protection in countries where the Group operates and/or which are deemed to be of strategic value are implemented by the Intellectual Property Department in accordance with the guidelines received from the Marketing and Business Development function as well as the Research and Development function and the sales offices in the regions concerned. Access to the use of these intangible assets by the various Group companies is guaranteed and governed by appropriate inter-company agreements.

The Group also constantly monitors the titles in its portfolio of intellectual property assets, whether granted, registered or pending and subject to renewal, expiry or other official action requiring replication, as well as any events that may be potentially detrimental to the value of the portfolio in order to be able to react in a timely manner, where necessary.

The Group has always been encouraging innovation and creativity by consistently recognizing the contributions to the value of De Nora generated by its employees' inventions that are filed for patent applications. Continuing the employee incentive and recognition program started in previous years, financial awards were given to inventors throughout the Group, as well as certificates of recognition published on the company intranet.

Pursuing the objective of continuous improvement, another phase of the Group's "Protection and Management of Trade Secrets" project was completed in 2023. In 2023, the "Patent Strategy" was also finalized and implemented, which guides all decisions of the Group relating to the life cycle of patents, from the conception of the invention to the expiry or abandonment of the patent.

Trademarks

In order to defend itself against possible counterfeiting and other potentially damaging events, the Group also uses monitoring services, in connection with which it receives information on the filing by third parties of trademark applications that are similar to or may be confused with the Group's trademarks. The Group uses this information to develop the most appropriate strategy to defend its proprietary rights.

As at December 31, 2023, the Group owns 522 registered trademarks in 76 countries, and has 2 trademarks under consideration or trademark applications in 3 countries.

Patents

The Group operates through a portfolio of patents and utility models registered in countries relevant to the business and relies on the legal protection of its registered proprietary rights. As at December 31, 2023, it has 2,387 patents or utility models in 82 countries and

492 patent or utility model applications pending in over 41 countries or regional organizations, including the European Patent Office, the Gulf Cooperation Council Patent Office (in Saudi Arabia), the African Regional Intellectual Property Organization and the Eurasian Patent Convention.

In 2023, 17 new patent applications were filed: 10 concerning the water electrolysis field, 1 relating to chlor-alkali, 2 for electrodes for electronics and 4 relating to the Water Technologies segment.

Risks

Foreword

Assessing the factors that can affect the business is essential to direct strategies and operate sustainably in the long-term. The proper implementation of the Internal Control and Risk Management System — ICRMS — allows for the identification, monitoring and management of the main risks that arise from the type of business, the activities carried out within the organization and along the value chain, the reference sector and the sustainability trends. Effective risk management is a crucial element in preserving the Group's value over time.

After the listing, De Nora implemented a risk management process (RM) aimed at identifying, assessing and prioritizing corporate risks, including those related to environmental, social and governance (ESG) aspects. This process also aims to identify actions to minimize, monitor and control the likelihood and impact of adverse events. In particular, the risk analysis consists of a detailed examination of events potentially impacting De Nora's strategic and management objectives, considering changes in the Group's business model, organization, processes and procedures, as well as dynamics in the external environment (especially from a political, economic, social, technological and legal perspective), and in the sector and among major competitors. De Nora's RM process is based on the framework outlined by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), supplemented by the principles of the Corporate Governance Code, adapted to specific business needs and best practices.

The Internal Control and Risk Management System (ICRMS) is composed of organizational functions, committees, IT support, administrative and management systems, policies, regulations, operating procedures and managerial practices, which exercise different levels of control over company management and on risks. The Board of Directors is responsible for defining the general guidelines of the ICRMS, as well as for establishing criteria which ensure that the risks are in line with sound and correct company management. Although aware of the limitations of control processes in guaranteeing absolute results, the Board believes that the ICRMS can reduce and mitigate the likelihood and impact of risky events related to erroneous decisions, human errors, fraud, violations of laws, regulations and company procedures, as well as unforeseen events.

Permanent, first-level direct controls are conducted by the persons responsible for managing and coordinating operating activities (e.g., purchasing, logistics, production, sales), in accordance with the principles of separation of responsibilities and delegation of authority. Second-level monitoring controls are guaranteed by company functions such as Administration, Finance and Control, ICT, Human Resources, Legal and Compliance.

The Internal Audit function constitutes an additional level of control, operating independently from the previous ones, with priorities defined by the identification and assessment of company risks, representing the third level of control. The Internal Audit (IA) function performs its tasks, defined in a mandate approved by the Board of Directors, with the required independence, in accordance with the Corporate Governance Code, the International Standards for the Professional Practice of Internal Auditing and the best practices.

The Internal Audit Director (IAD) reports directly to the Board of Directors at least twice a year, while the Control, Risk and ESG Committee oversees the activities of the Internal Audit Function, reviewing its responsibilities, budget and organization. The Internal Audit Manager is authorized to:

- have full, free and unconditional access to all documents, contracts, registers, transactions, files, data, physical properties, including access to management information systems and registers, and to relevant personnel for carrying out audit activities. The Internal Audit Function is responsible for the confidentiality and safeguarding of such information;
- consulting, meeting, requesting information and obtaining assistance from the necessary personnel, as well as from other associates, third parties and specialized services, to complete the audit commitments.

The main risk scenarios identified as a result of the risk assessment process are illustrated below. The risk scenarios are classified into Strategic, Legal and Compliance, Operational and Financial based on the objectives that could be impacted. Climate change risks are also reported in line with the recommendations provided by the Task Force on Climate-related Financial Disclosures.

For details on the materiality analysis carried out on sustainability issues and a more exhaustive representation of ESG risks, please refer to the dedicated section within the Non-financial Statement.

Strategic risks

Delay by developers in the implementation of investments for the production of green hydrogen

Growth in the green hydrogen production sector and electrolysis and electrolyzer solutions is dependent on various factors such as: increased renewable energy production, political and industrial commitment to supporting the sector, the development of an adequate global outlet market for green hydrogen, the actual ability of developers to make the necessary investments to set up the green hydrogen production capacity required by the market, the effect of inflation on the investments required to construct green hydrogen production plants.

Generally speaking, there has been a slowdown in the process of obtaining the authorizations needed to initiate investments and the rules that define green hydrogen in Europe limit its market penetration as expected by RePowerEU (10 million tonnes by 2030). Although on the one hand these conditions lead to an inevitable extension of the times initially envisaged for the development of the sector, there is growth in the average size of the projects and an increase in the number of projects announced. At the same time, there is a concentration towards geographical areas which already present favorable conditions such as the presence of financially sustainable technological partners, low cost of renewable energies, real need for hydrogen from the end user. Actions to mitigate the risk scenario in question adopted by the Group consist of: the long-established partnership with tk nucera, which is now recognized as the main technology provider with a number of larger projects (GW scale) than its competitors that have passed the FID (Final Investment Decision); the strategic positioning of the Group that allows it to oversee the major development markets; and production capacity. In fact, also thanks a prudent investment strategy, De Nora has developed the production capacity to meet the needs in the main Asian, Middle Eastern, European and American markets. Through the joint venture with tk nucera, De Nora accesses projects that have passed a system of internal qualification and selection of the joint venture, that ensures its reliability in the market and financial standing, in addition to business continuity, given projects selected in consideration of subsequent expansion. The synergistic work between De Nora, which is able to develop and produce high-performance electrodes for the production of high-quality hydrogen with low energy consumption, and the leading technology OEMs for the supply of solutions for the generation and utilization of hydrogen on a large scale, makes it possible to face and hopefully overcome the technical difficulties that could cause delays in plant construction.

However, the worsening of conditions in terms of the slowdown in the development of the green hydrogen sector, which despite remaining a sector of huge proportions and undergoing rationalisation, could have negative effects on activities and on growth prospects with respect to initial expectations and therefore be reflected in the economic, financial and equity situation of the Group.

Effect of competition on growth expectations in the green hydrogen market

Along the green hydrogen value chain, De Nora is currently positioned as a supplier of components (electrodes and cell components) for the latest generation alkaline electrolyzers (hydrogen generators). Electrodes represent one of the key components of electrolyzers since they determine their performance, and therefore have an impact on the economy of the systems in terms of LCOH (Levelized Cost of Hydrogen). De Nora's business model today provides for the supply of high-quality electrodes and cell components (in terms of their performance and duration over time) produced on a large scale. In the medium term, the company is also expected to become a supplier of electrolyzer stacks and systems for the "decentralized" market, thus expanding its scope of supply. The risk scenarios considered in its model take into consideration the belief that the green hydrogen development sector is coveted by a number of entities - offtakers (energy players, industrial gas suppliers & traders, chemical companies, etc.) that could, through direct investments, or through partnerships and consortia transactions with other operators already active in the hydrogen and low-carbon energy sector, attempt to enter the market in direct competition with tk nucera. In addition, the scenario is also considered in which other offtakers develop competitive technological solutions with respect to De Nora's offer such as to be accredited as suppliers of alternative essential components to operators in the sector.

Although the competitive risk cannot be ignored and the competitive structure of the current players and the competitive intelligence studies conducted suggest that the risk of these scenarios actually materializing is more remote. In addition, the Group's main competitors in the electrodes sector are actually currently small in number and are characterized by an extremely low production capacity compared to De Nora for high-performance electrodes. Competitive benchmark analyses show the consolidated leadership of the Group with respect to each parameter considered (installed production capacity, product quality, consumption, etc.). De Nora mitigates the competitive risk through a coordinated series of actions, also in collaboration with tk nucera, aimed at maintaining the technological and competitive gap with respect to the competition. In particular: investments in research and development continue to be a hallmark of the De Nora Group with five R&D laboratories worldwide, significant investments in plant and machinery already made or underway to upgrade the production plant in Germany to meet the needs of producing electrodes with AWE technology and strong protection of corporate know-how, both through the continuous filing of patent applications or licenses, and through specific actions aimed at protecting access to confidential information by unauthorized third parties. Targeted acquisitions of competitors, in the case of ascertained value, are also a way to counteract the risk.

Ultimately, the Group is exposed to the risk that, due to intensified competition, there may be significant unfavorable effects on its activities and growth prospects as well as on its economic, financial and equity position.

Uncertainty about the possible evolution of the tk nucera joint venture

The Group manages part of its business through thyssenKrupp nucera ("tk nucera"), a joint venture established in 2015 with the ThyssenKrupp Group, in which the Group holds a minority interest. tk nucera, in addition to being the Group's main customer in the Electrode Technologies Business segment, is a key partner for the achievement of the development goals in the energy transition sector envisioned by the Group over the plan period, as these relate to tk nucera's ability to establish itself as a key player in the construction of green hydrogen production plants.

The commercial relations between the joint venture tk nucera and De Nora are governed by the contract called TMA (Toll Manufacturing Agreement) which governs the reciprocal commercial and operational commitments. The TMA requires tk nucera to purchase from De Nora (i) cell construction and assembly services for the various tk nucera technologies; (ii) activated anode and cathode electrodes; and (iii) cell recoating, retrofitting and repair services. Pursuant to the TMA, De Nora has undertaken not to produce or supply to third parties with respect to tk nucera products manufactured on the basis of the intellectual property of tk nucera, which may therefore not be used or sublicensed by the Group, without prejudice to the provisions of the existing license agreements between tk nucera and the Group. In addition, the TMA provides for an exclusive right in favor of the Group, limited to the quantities defined in the TMA itself, for the entire duration of the contract.

Governance relations are instead regulated by a shareholders' agreement originally signed in 2013 and fully replaced by a new agreement signed on September 23, 2022. The new shareholders' agreement will be effective until November 4, 2038 and will be automatically renewed for another five years in the absence of notice of termination communicated by one of the parties.

Due to the minority interest held by the Group, the Group's influence on the corporate governance structure and on the activities carried out by tk nucera is limited and may not be sufficient to prevent decisions that De Nora believes are not in the best interest of the joint venture or the Group in general and, as a result, the Group could suffer significant negative impacts on its business, economic position and results of its operations.

De Nora mitigates the risk scenario in question through the continuous search for cutting-edge technological solutions able to fully comply with the specifications required by tk nucera. Moreover, the TMA does not bind De Nora to an exclusive relationship with tk nucera, and therefore De Nora remains free to operate with third parties who are active, among other things, in the green hydrogen sector.

Increase in the prices of essential raw materials or their unavailability

Several of the Group's products are the result of complex production processes that require the use of raw materials available in illiquid commodity markets characterized by a small number of suppliers concentrated in specific geographical areas, limited quantities of raw materials extracted annually and in a limited number of sites.

De Nora is therefore exposed to the risk that as a result of (even temporary) interruptions in mining activities due to disasters, accidents, wars, riots or political stances of supplier countries (trade restrictions, duties, sanctions, etc.) there could be an unavailability or a sharp rise in the prices of essential raw materials and this could have significant negative effects on the Group's activities and prospects as well as its economic and financial position. The risk scenario in question is further confirmed by the ongoing war between Russia and Ukraine in consideration of the fact that for some metals (titanium and nickel) Russia is one of the main producers in the world.

Further tensions in the Middle East with difficulties in accessing the Suez Canal exacerbate the problems relating to the titanium supply chain, which sees the major producers concentrated in the Far East area.

De Nora mitigates the risk scenario in question through a coordinated range of actions aimed at ensuring production continuity. In particular, the Group: undertakes, through contracts, to guarantee its suppliers essential raw materials minimum purchase volumes to be made during the contract term (usually not exceeding one year), plans its purchasing requirements in coordination with production and future production forecasts, ensuring minimum stock quantities to meet production requirements for certain periods of time, holds trade negotiations with major producers and traders in order to limit its dependence on suppliers.

In addition, to cope with the price increase of some essential materials, the Group adopts commercial policies aimed at ensuring that the sale price is adjusted, in whole or in part, to the price of raw materials (pass-through mechanism).

Legal and compliance risks

Failure to comply with product marketing regulations

The De Nora Group sells its products in more than 90 countries. Depending on the uses and application purposes of the equipment, products and components manufactured and/or sold by the Group, the following reference standards could be applied (the list proposed cannot be considered exhaustive):

- European Regulation 1907/2006 (concerning registration, evaluation, authorization and restriction of chemicals - REACH Regulation);
- the Reach-like regulations in force in the UK and other non-EU countries;
- European Regulation 528/2012/EU, concerning the introduction to the market and use of biocides (Biocides Regulation) and, in particular, the program for the revision of active substances generated in situ, which includes some solutions produced by the generators (electrolyzers and ozone production equipment) made by the Group;
- European Regulation 1272/2008 (concerning the classification, labelling and packaging of substances and mixtures - CLP Regulation)
- European Directives 2020/2184 (that replaces the former 98/83/EC) concerning the quality of water intended for human consumption;
- European Directive 2021/19/EC on waste electrical and electronic equipment (WEEE);
- the European Directive 2011/65/EC on the restriction of the use of certain hazardous substances in electrical and electronic equipment - RoHS Directive;
- the applicable directives envisaged by the CE mark (e.g. the PED Directive, the Atex Directive, the EMC Directive, the LV Directive) relating to the safety of the products marketed;
- European Regulation 2019/1021/EC on persistent organic pollutants (POP) relating to the limitation on the placing on the market of pollutants;
- the requirements of the UK Water Regulations Approval Scheme (WRAS) relating to products in contact with drinking water;
- American National Standard NSF relating to drinking water treatment systems in the USA;
- the US standard Toxic Substances Control Act (USA, 1976) relating to

the production, import and use of chemical products;

- the US Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) relating to pesticides distributed, imported or sold in the United States (EPA);
- the safety requirements imposed by the US UL mark;
- the global requirements.

The rules applicable to the Group include European Regulation (EU) 2021/821, which establishes an EU regime for the control of exports, brokering, technical assistance, transit and transfer of dual-use items.

Moreover, due to the presence of its customers in different geographical areas, it cannot be excluded that unforeseeable geopolitical developments may occur such that the countries in which these customers and partners of the Group operate are subject to sanctions or restrictive measures by the United States of America, the European Union and/or the United Nations Organization, which could limit the Group's ability to continue to operate with them.

In particular, as a result of the ongoing geopolitical tensions between Russia and Ukraine, the governments of the European Union, the United States and other jurisdictions have adopted sanctions and restrictive measures in relation to some industrial sectors and/or specific Russian subjects, as well as greater controls on exports of some products intended for the Russian market.

If the Group does not comply with the applicable product regulations, the Group companies could suffer significant financial and administrative sanctions, including criminal penalties in the most serious cases, with negative impacts on the Group's reputation and on the economic and financial position of the Group.

De Nora mitigates the risk scenario relating to product compliance through the preparation by the Regulatory Affairs department of specific processes and controls aimed at monitoring the development of reference regulations and ensuring compliance with and specific application of the aforementioned regulations by all functions/departments involved.

Business Ethics

The risk relates to illegal or unlawful conduct and violations of laws and regulations in force, in addition to risks relating to anti-corruption and export control.

In recent years, the legislative and regulatory context applicable to the fight against corruption has become increasingly stringent and organizations increasingly find themselves operating in environments exposed to this risk, as well as having to comply with multiple regulations on the matter, in various countries around the world. By way of example, note should be taken of Legislative Decree no. 231/2001 and the Anti-Corruption Law (i.e. Law 190/2012) in Italy, the Foreign Corrupt Practices Act in the United States and the Bribery Act in the United Kingdom. All these regulations pursue the same objective: to combat and crack down on corruption.

The Group's business model requires continuous liaising with a number of third parties (suppliers, intermediaries, agents and customers) and needs to entertain commercial relations also in countries characterized by high levels of corruption (as per the Corruption Perception Index), often through commercial agents and local public officials. The export control regimes, governed by the laws of the United States and the European Union, impose restrictions both on certain subjects (persons and entities), and for particular categories and types of products.

Failure to comply with national and international regulations could result in the imposition of criminal and/or civil fines and penalties, including prison sentences, with a negative effect on the Group's business, financial situation and/or operating results and could affect De Nora's reputation and the Group's ability to fulfill its obligations.

De Nora manages these risks through:

- implementing a set of binding procedures for managing the goods and services procurement process, so as to regulate all aspects from selection to purchasing;
- the risk of corruption is mitigated by the control principles contained in the Group-wide Code of Ethics and the procedures contained in the 231 Model applied to De Nora's Italian operating companies. Furthermore, at the end of October 2023, the Group's Anti-corruption Policy was issued;
- training activities for all personnel on the Code of Ethics, the 231 Model, the Anti-corruption Policy and the Whistleblowing Policy;
- in order to prevent and mitigate the risk of violation of export legislation, De Nora has adopted a specific Global Policy and from 2024 policies will be introduced at local level aimed at closer monitoring of the matter. These policies make provision for: monitoring of the countries and parties subject to restrictions, as well as the level of restrictions in force, due diligence of the parties subject to restrictions, in order to avoid transactions with prohibited parties, classifications of products to determine the applicable export compliance requirements and to understand where and to whom they can be exported and whether a license or other authorization is required, targeted training for those belonging to the functions responsible for international commercial transactions and export control, end user declaration requests aimed at certifying that the purchaser or end user of goods and/or technologies complies with the export regulations in force.

Operational risks

Protection of De Nora technological know-how

The Group operates through research centers with offices located in Italy, the United States and Japan and, in addition to being able to boast a highly specialized Research and Development team, maintains a network of partnerships with the main international research institutes and universities as well as with its customers. Relationships with customers originate in many cases from research projects aimed at meeting their specific requirements and in some cases participated in by the customers themselves, which over time can lead to the commercialization of the products developed and, consequently, to the consolidation of the relationship. The strong link is also based on a continuous technological renewal of the product portfolio and the Group's ability to guarantee after-sales services and other sales. The research programs are effectively integrated in the various centers and coordinated at central level, contributing to the creation of a portfolio of projects that is balanced between the development of new products and the optimization of existing ones.

The protection of the Group's intellectual property (understood in its entirety) is a key element for the creation of value and is fundamental to maintaining the competitive advantage and recognition of the market. Therefore, if due to unauthorized access, industrial espionage or employee disloyalty, part of the technological know-how is lost, the Group could suffer significant negative impacts on its business, economic position and results of operations.

De Nora mitigates the risk scenario in question by means of an important oversight of internal procedures aimed at ensuring that only authorized personnel have access to confidential information according to the "need to know" principle and in any case in compliance with strict control procedures, including IT controls. In addition, the Group's intellectual property is managed centrally through the respective Milan and Fujisawa offices, part of the Intellectual Property Department, which coordinate a network of local and foreign agents and professionals. The Intellectual Property Department aims to protect and develop the property rights deriving from any of the Group's activities through: the identification of the appropriate legal protection applicable and the performance of the formal and substantive activities arising therefrom - such as filing, continuation, maintenance and enforcement of one's property rights against third parties. The Group constantly monitors its portfolio of licensed, registered or pending intellectual property assets subject to filing as regards renewals, expiry dates or other official actions and deadlines, as well as any events that may be potentially detrimental to the value of the portfolio in order to be able to react in a timely manner, where necessary.

In this regard, it should be noted that although the Group's intellectual property rights, understood in their entirety, represent a key element for the creation of value of the Group's activities, the Group's results do not depend on individual patents, licenses or contracts whose object is the intellectual property of the Group.

Production facilities inoperative due to accidents

The Group is exposed to the risk of having to interrupt or suspend its production activities due to malfunctions, breakdowns, accidents or natural disasters that may occur at its production plants.

The occurrence of these events could have negative effects on the activities and prospects as well as on the economic, financial and equity situation of the Group.

De Nora mitigates this risk scenario through adequate internal procedures aimed at reducing the possibility of accidents and adopting the safety measures required by local regulations and best practices on health and safety. In addition, as part of the insurance program, the Group has taken out insurance policies that provide adequate coverage for direct damage to property (i.e. buildings, equipment, inventory or goods), and indirect damage (business interruptions or losses). Lastly, the various production lines are redundant on the various plants in order to ensure the continuity of supplies in the event of interruption of production activities in one plant.

Workplace Safety Risks

With regard to workplace health and safety, the risks of occupational injuries and illnesses are mainly caused by handling materials in the facilities and the use of chemical and hazardous substances. The main health and safety risks to which the personnel of the Group and of the contractors are exposed are therefore attributable to the performance of operating activities at the production sites.

The Group's production activities are subject to national and international laws and regulations on Health, Safety and the Environment. Future legislative and/or regulatory changes could affect the Group's operations, the ability to compete on the market and the financial results, if such changes are not promptly known, anticipated and managed.

De Nora manages these risks through:

- adoption of a centralized management system based on the identification and assessment of factors considered critical at different levels: Group, country and, lastly, operating unit. This approach makes it possible to ensure a complete picture of the risks associated with individual production activities, in order to manage, monitor and minimize health and safety risks;

— continuous assessment of health and safety risks and the execution of targeted controls and audits aimed at preventing accidents at work and maintaining legal requirements in the Health & Safety (H&S) area;

— adoption of tools and operating methods such as collection, assessment, aggregation and reporting of data at central level, as well as the implementation and verification of preventive and corrective actions, monitoring of significant events (accidents, near misses, non-compliance and reporting), personnel training aimed not only at transferring technical knowledge, but also at helping them understand the approach adopted and the risks incurred due to failure to comply with H&S rules and procedures.

Environmental Risks

The production activity carried out by the Group is subject to specific environmental regulations, including the management of raw materials, energy resources, hazardous substances, water discharges, atmospheric emissions, waste, including the prevention of pollution and the minimization of impacts on environmental matrices (soil, subsoil, water resources, atmosphere). The evolution of these regulations is also geared towards the adoption of increasingly stringent requirements for companies, which often involve the adaptation of technologies (Best Available Techniques) and risk prevention systems, with the relevant associated costs.

Despite the Group being heavily and continuously committed to protecting the environment, a potential impact on the environmental matrices in the operational management of activities cannot be ruled out, with possible implications on production continuity and economic and reputational consequences.

In addition, cases of environmental non-compliance could occur. Furthermore, from a financial point of view, the continuous increase in the prices of energy and raw materials (such as noble metals) can impact the company's profitability.

De Nora manages these risks through:

— responsible management of hazardous and non-hazardous waste related to business activities, dissemination of a corporate culture aimed at correct and responsible waste management, promoting methods and practices such as re-use, separated waste collection and recycling of waste;

— responsible management of chemicals and materials related to business activities, in order to prevent these substances from spilling into the environment;

— commitment to implementing circular economy practices to reduce its environmental impact, using fewer resources for the production of its products and keeping materials in the production cycle for as long as possible;

— definition of an environmental management system according to the ISO 14001 standard in all the Group's manufacturing plants, and already certified in three plants. These environmental management systems make provision for the assessment of environmental risks, the planning of actions to reduce their impact and the implementation of monitoring and controls on the adequacy of management systems, including personnel training programs;

— implementation of decarbonization strategies, through the monitoring and reduction of Greenhouse Gas (GHG) emissions along the entire value chain and the development of initiatives to assess the emissions avoided. In this context, many of the Group's offices are defining or implementing plans for the production or procurement of electricity from renewable sources.

Cyber Risks

The potential risk areas are all those involving the use of information and communication technologies, since the use of IT tools is widespread within the Group.

The growing spread of technologies that allow the transfer and sharing of sensitive information through virtual spaces leads to situations of increased IT vulnerability. Therefore, the Group is committed to protecting information systems from theft or damage to hardware, software and the information contained therein, as well as from interruptions in the services provided by them. Exposure to potential cyber-attacks actually stems from various factors, such as the global distribution of IT systems and the storage of high value-added information in the cloud (such as patents, technological innovation projects, as well as financial projections and strategic plans not yet disclosed to the market).

Hacker attacks or breaches of the company IT system could impact business operations with possible penalties and reputational damage.

De Nora manages these risks through:

- cyber security procedures to manage IT processes;
- implementation of the Cyber Security Incident Management model developed with a view to counteracting the newest cyber threats. The model uses tools for the collection and correlation of all security events recorded on the entire perimeter of the company's IT infrastructure, making it possible to prevent, monitor and, if necessary, direct timely remediation initiatives to deal with situations that could harm confidentiality, the integrity and availability of the information processed and the technologies employed.

Risks from climate change

Environmental, social and governance (ESG) issues have always been a key area of attention for De Nora and have also taken on more importance after the listing on the Stock Exchange. Pursuing ESG objectives means creating a competitive advantage and long-term sustainable value for both the organization and stakeholders (internal and external).

With regard to environmental issues, special attention is paid to climate change risks.

Global warming, resulting from greenhouse gas emissions, poses serious risks to the world economy and affects various economic sectors. The impacts of this situation, already partly evident, vary according to company-specific characteristics, the geographical regions of interest and the resilience of production infrastructures, supply chains and target markets. In 2017, in order to facilitate a more in-depth understanding of companies' exposure to the risks related to climate change, the Task Force on Climate-related Financial Disclosures outlined specific guidelines for the disclosure of these risks.

These Guidelines provide recommendations for the disclosure of clear, comparable and consistent information on the risks and opportunities resulting from climate change. Although they are not mandatory, adopting these recommendations allows companies to more fully detail their responsibility and long-term vision in relation to climate issues. This contributes not only to smarter and more efficient capital management, but also promotes the transition to a more sustainable and low-carbon economy.

In compliance with the recommendations of the Task Force, the key elements of the way in which De Nora tackles the issue of climate change risks are provided below.

The Group has taken a strategic and holistic approach to the assessment and management of risks related to climate change and environmental, social and governance (ESG) aspects, in line with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD).

In the initial implementation phase of the climate change risk assessment process, attention was focused on the detailed assessment of the existing management tools, through a specific internal survey. The ultimate objective of this in-depth survey was to verify the current status of the Group's business practices. This, in turn, provided a solid basis for promptly planning the actions needed to develop an advanced climate risk management program. This future-oriented perspective indicates the continuous commitment to improving the Group's resilience with respect to climate risks. The survey also made it possible to obtain a clear understanding of the current exposure to risks and opportunities deriving from climate change, thus contributing to proactive and targeted management of these circumstances.

In accordance with the recommendations of the Task Force, climate change risks are classified into: Current Regulation Risk; Emerging Regulation Risk; Legal Risk; Technology Risk; Market Risk; Reputation Risk; Acute Physical Risk; Chronic Physical Risk.

The survey conducted showed that, at local level, the issue of Climate Change is managed by the local management with regard to the specific local regulations and the guidelines issued by the parent company. The investments in the plants made in 2023, for example, have integrated the specific regulatory aspects regarding energy saving, water consumption and control of emissions into the atmosphere as required by local regulations. More generally, although it is not yet a formalized process at individual Legal Entity level, climate change risks are included in the current operational risk management processes carried out by the various business units and, in any case, the various legal entities already plan to implement structured risk management processes in accordance with the guidelines issued by the Parent Company.

With reference to the individual risk categories, the survey conducted showed that regulatory changes are commonly perceived as opportunities for the De Nora business in consideration of the deep commitment to innovation, which targets sustainable growth in the clean energy and water treatment sector. In fact, De Nora technologies are recognized as solutions that facilitate transition processes in many industrial applications.

Although technological risks are present, they are also considered irrelevant as the transition process that is underway in the various markets and sectors of reference entails a greater customer focus on low-impact technological solutions. Products must therefore be improved and aligned with new political, legal, technological and market contexts to address climate change mitigation and adaptation requirements. Through the significant efforts of its R&D department, De Nora is already able to provide the right answers. De Nora's Research and Development is focused on both the creation of new electrode components and the engineering of cells and systems for all industrial electrochemical applications, targeting both mature markets to offer increasingly more up-to-date, efficient, competitive and sustainable products and new markets as enabling factors. At the same time, product improvement activities are continuing and the objective of contributing electrochemical solutions to the challenges of a sustainable economy is being pursued.

Market risk is linked to potential financial losses or lower returns due to changes in market prices or to conditions determined by climate change or climate policies. This risk is also recognized at De Nora, but is also considered irrelevant, given the strategic positioning of the Group and the reasons already mentioned with reference to technological risks.

Climate-related reputational risk refers to the risk of damage to the reputation of an organization due to its perceived contribution or the reduction of the transition to a low-carbon economy.

For De Nora, reputational risk is mainly linked to the scenario of non-implementation of the Sustainability Plan by the Company. Also in this case, given the scope of the objectives defined by the Sustainability Plan to 2026 and to 2030 and considering the commitment made by the Company to achieve them, the risk is considered irrelevant.

Acute physical risks are risks caused by extreme weather events such as hurricanes, floods and fires. These events can cause significant physical damage and financial losses to businesses and communities. For example, the increasing frequency and severity of hurricanes in coastal areas can damage infrastructure, disrupt supply chains and lead to business disruptions and insurance claims.

The Group is present in 10 countries through 24 operating offices and branches, including 15 plants and 5 research and development (“R&D”) centers.

Acute physical risks are more perceived in some geographical areas such as Japan, China, India and the United States, albeit they materialize differently. Although there have been no significant events in the recent past, all plants are aware of the need to develop an emergency plan tailored to the specific characteristics of the place where the production plant is located. Also in order to avoid any interruptions in operating activities resulting from acute physical events, the activities carried out by each plant are redundant in the other plants of the Group according to a very specific industrial approach.

Chronic physical risks are risks associated with the long-term impacts of climate change, such as rising sea levels, increased frequency and severity of extreme weather events, and changes in precipitation patterns. These risks can lead to gradual and irreversible damage to ecosystems, infrastructure and human health. Chronic physical risks can also have indirect effects on businesses, such as supply chain disruptions, regulatory changes and reputational damage.

As with acute physical risks, chronic risks are also perceived differently in the different geographical areas in which the group operates, but mainly in China, Japan and India and above all with reference to changes in temperature (heat stress) and precipitation (changing precipitation patterns).

Financial Risks

Please refer to what is described in the Explanatory Notes to the Consolidated Financial Statements and in the Explanatory Notes to the Separate Financial Statements of Industrie De Nora S.p.A.

Related Party Transactions, Atypical and/or Unusual Transactions, Other Information

Related Party Transactions

With regard to transactions carried out with related parties, it should be noted that they cannot be classified as atypical or unusual, as they fall within the normal course of business of the Group companies. These transactions are settled at market conditions, taking into account the characteristics of the goods and services provided.

Information on transactions with related parties, including that required by CONSOB Communication of July 28, 2006, is included in the Explanatory Notes to the Consolidated Financial Statements as at December 31, 2023.

It should be noted that in the reference period:

- no significant transactions were concluded with related parties;
- no transactions were concluded with related parties that significantly affected the financial position or results of the companies;
- there were no changes or developments in the related party transactions described in the last annual report that had a material effect on the companies' financial position or results.

On July 5, 2022, the Board of Directors of Industrie De Nora S.p.A. approved a procedure for transactions with related parties ("RPT Procedure"), subject to the favorable opinion of the Committee for Transactions with Related Parties, in line with the provisions on related party transactions adopted by CONSOB. Subsequently, the Procedure was amended by the Board of Directors on May 10, 2023, following the favorable opinion of the Related Parties Committee. The RPT Procedure can be consulted, together with the other documents on corporate governance, on the website www.denora.com.

Atypical and/or unusual transactions

Pursuant to CONSOB Communication No. DEM/6064293 of July 28, 2006, it should be noted that there were no atypical and/or unusual transactions, as defined in the Communication.

Other Information

As regards the list of secondary offices and the main corporate information of the legal entities that make up the Group, please refer to the section on the Consolidation area included in the Explanatory Notes to these Consolidated Financial Statements.

As at December 31, 2023, the Parent Company does not hold directly or through trustees or nominees, any shares of parent companies, nor has it acquired or sold such shares or quotas during the financial year. Regarding Treasury shares, reference is made to what disclosed in the previous paragraphs and in the Notes to the Consolidated Financial Statements.

The employees of the De Nora Group companies are bound by the Code of Ethics, which establishes the ethical and behavioral standards to be followed in the conduct of day-to-day activities. The Group is committed to maintaining a consistent standard of ethical conduct at a global level, with respect for the cultures and the commercial practices of the countries and communities in which it operates.

Compliance with the Code by directors,

managers and employees, as well as by all those who work to achieve the Group's objectives, each within their own area of responsibility, is fundamentally important to De Nora's efficiency, reliability and reputation, factors that play a crucial role in the Group's success.

The principles and guidelines set out in the Code are addressed and analyzed in further detail in other policies and business procedures.

The offices of the Group companies as at December 31, 2023 are shown below.

Company	Sites
Industrie De Nora S.p.A.	Italy, Milan
De Nora Italy S.r.l.	Italy, Milan Italy, Cologno Monzese*
De Nora Water Technologies Italy S.r.l.	Italy, Milan Italy, Cologno Monzese*
De Nora Italy Hydrogen Technologies S.r.l.	Italy, Milan
De Nora Water Technologies FZE	UAE, Dubai
De Nora Italy S.r.l. Singapore Branch	Singapore
De Nora Water Technologies, LLC - Singapore Branch	Singapore
De Nora Deutschland GmbH	Germany, Rodenbach
Shotec GmbH	Germany, Hanau
De Nora Water Technologies Inc - Abu Dhabi	UAE, Abu Dhabi
De Nora India Ltd.	India, Goa
De Nora Water Technologies UK Service Limited	UK, Tamworth
De Nora Permelec Ltd.	Japan, Fujisawa Japan, Okayama*
De Nora Hong Kong Ltd.	China, Hong Kong
De Nora Elettrodi (Suzhou) Co., Ltd.	China, Suzhou
De Nora China - Jinan Co., Ltd.	China, Jinan
De Nora Elettrodi (Suzhou) Co., Ltd., Shanghai Pudong Branch	China, Shanghai
De Nora Water Technologies (Shanghai), Ltd.	China, Shanghai
De Nora Glory (Shanghai) Co., Ltd.	China, Shanghai
De Nora Water Technologies (Shanghai) Co. Ltd.	China, Shanghai
De Nora do Brasil Ltda	Brazil, Sorocaba
De Nora Tech, LLC	USA, Concord (OH) USA, Chardon (OH)* USA, Mentor (OH)*
De Nora Water Technologies, LLC	USA, Coraopolis, Pittsburgh (PA) USA, Albuquerque, NM* USA, Sugar Land (Texas)* USA, Colmar (PA)*
De Nora Marine Technologies, LLC	USA, Sugar Land (Texas)
De Nora Neptune, LLC	USA, Fort Stockton (TX)

*Secondary offices.

The corporate governance system adopted by Industrie De Nora S.p.A. complies with the indications contained in the Corporate Governance Code published by Borsa Italiana S.p.A. In compliance with regulatory obligations, the Report on corporate governance and ownership structures (the "CG Report") is prepared on an annual basis, which contains a general description of the corporate governance system adopted by the Group and contains information on the ownership structure and compliance with the Corporate Governance Code, including the main governance practices applied and the characteristics of the internal control and risk management system also in relation to the financial reporting process.

The aforementioned CG Report is available on the website www.denora.com in the "Governance - Shareholders' Meetings" section.

The Corporate Governance Code is available on the Borsa Italiana S.p.A. website www.borsaitaliana.it.

On an annual basis, the Board of Directors, on the proposal of the Appointments and Remuneration Committee, defines the remuneration policy, in compliance with the regulatory provisions and the recommendations of the Corporate Governance Code. Pursuant to the law, the remuneration policy and compensation paid constitutes the first section of the Report on the remuneration policy and compensation paid and will be submitted to the Shareholders' Meeting called to approve the 2023 Financial Statements.

Significant events after the end of the year

- Industrie De Nora, through its subsidiary, De Nora India Limited, entered into an agreement to exploit the services of a new plant just opened in India, located in a Business Park near the city of Vadodara in the state of Gujarat, to meet the local market needs with regard to electrode maintenance. The new facility, inaugurated on January 30, 2024, will be fully dedicated to the Electrode Technologies segment, De Nora's traditional core business. This territorial base will allow the Group to respond even more effectively and reactively to the growing local demand for electrode maintenance, using a new specialized center for mechanical repairs of electrodes. The new facility joins the production plant in Goa, the De Nora headquarters in India and a center of excellence dedicated to chlor-alkali processes, which has met the technical and professional requirements of regional customers since 1989, both in terms of electrode production and technical assistance. The Goa plant is actually an innovative factory with a production capacity of over 26,000 square meters of electrodes, equipped with state-of-the-art facilities and machinery.
- The De Nora Group, through De Nora Deutschland GmbH, has received orders from tk nucera for the supply of electrolytic cells for one of the largest Water Electrolysis (AWE) projects for the generation of green hydrogen in Europe, under construction in Sweden. The project, which involves the production of green hydrogen for a total installed capacity of over 700 MW, is one of the largest water electrolysis plants in Europe. Green hydrogen will be used in a project for the decarbonization of the hard to abate industry and will allow the carbon footprint of the end industrial customer to be greatly reduced with respect to the use of traditional technologies. The orders, which were assigned to De Nora as part of the existing Toll Manufacturing and Services agreement with tk nucera, contribute significantly to increasing the backlog of the Energy Transition segment.
- Industrie De Nora S.p.A. has entered into a partnership with Mangrove Lithium, which supplies CECHLO™ systems. Mangrove will use De Nora's electrochemical technologies in the patented Clear-LiTM technology process to refine lithium, both from mines and from waste battery recovery, for the production of new batteries, helping to unblock bottlenecks in the lithium supply chain. The collaboration with the Canadian company demonstrates the flexibility of De Nora's technological solutions, able to meet the multiple needs of the market and positions the company as a leading partner in lithium electrolysis processes, a fundamental step in the development of energy storage to contribute to a more sustainable future. In fact, the CECHLO electrolyzer, traditionally used for the production of chlorine, as part of the partnership will be configured for the production and recovery of lithium, creating a virtuous cycle of this rare metal and facilitating the large-scale adoption of electric vehicles thanks to the reduction of costs and the increased availability of raw materials. Mangrove, whose customers include various global players from the entire lithium battery production chain, including battery extractors, manufacturers and recyclers, covers the markets for the production of materials for batteries in North America, South America, Europe and

Australia. Through the partnership with De Nora, Mangrove will be able to offer the market a more competitive value proposition, meeting the needs of the various players who, using the CECHLO solution, will be able to offer a circular economy approach, thus supporting the penetration of electric vehicles and consequently generating significant business growth opportunities.

— Industrie De Nora is one of the partners in the European project "HyTecHeat", along with, among others, Snam and Tenova. This project involves the use of hybrid technologies for the production of steel with low CO_2 emissions. De Nora will supply the new 1MW capacity Dragonfly® on-site electrolytic hydrogen generation system, contributing to emissions' reduction in a traditionally hard-to-abate sector. The HyTecHeat (Hybrid Technologies for sustainable steel reheating) project is an initiative part of the "Horizon Europe" program, funded by the European Union with about 3.3 million euros. The project envisages the use of the Dragonfly® system in steel production processes, an activity that is energy-intensive and therefore highly impactful on an environmental level. The goal is to reduce this impact in the heat treatment and heating stages, which are still exclusively based on natural gas, by increasing the percentage of low-carbon hydrogen used in these processes in a more and more virtuous hybridization of the two resources. This is the first use case of the new Dragonfly® electrolyzer, an innovative product developed by De Nora as a natural evolution of the company's vast experience in electrode design and production. The high performance of this new product is possible thanks to the use of DSA® electrodes, developed by De Nora, which guarantee maximum efficiency. In particular, the electrolyzer makes it possible to meet the needs of a wide range of industries that require on-site hydrogen generation, such as the chemical, pharmaceutical, biogas, oleochemical, and refinery industries, as it is a small unit designed to be installed at the end customer's facility. The system, that has been in testing at an industrial site for more than a year and has already obtained all certifications to operate, is now for the first time being used in a project of European significance. In this particular case, project partner Tenova, a world leader in providing technologies for the metallurgical and mining industries, will host this best case demonstration with the support of Snam, which will oversee the hydrogen storage system.

Outlook

2024 is proving to be extremely challenging. Global economic prospects continue to be difficult and uncertain: inflation is still high and financial markets are extremely volatile due to geopolitical and macroeconomic reasons. Despite this, De Nora is confident in its growth prospects, even though keeping performance levels high will be very difficult. In this context, it is essential to maintain a very high focus on cost control and the planning of production activities, ready to adapt to the market with agility and flexibility.

The Group plans to maintain and consolidate its leadership position in the reference markets of the Electrode Technologies and Water Technologies business segments. The hydrogen production market still plays a fundamental role in the Energy Transition segment for the Group's growth in the medium term.

The De Nora Group is actively working on expanding its production capacity, partly already in place and partly that will be completed in the near future.

The 2024-2026 Business Plan has been updated and is submitted for approval to the Board of Directors of the parent company together with these consolidated financial statements of the De Nora Group as at December 31, 2023.

On behalf of the Board of Directors

The Chief Executive Officer

Paolo Enrico Dellachà

02

Consolidated Financial Statements

Consolidated Statement of Financial Position

		As of December 31,			
Assets	Notes	2023	Of which Related parties	2022	Of which Related parties
		(in € thousands)			
Goodwill and other intangible assets	18	115,787		131,552	
Property, plant and equipment	19	254,273		184,177	
Equity-accounted investees	20	231,511		122,664	
Financial assets, including derivatives	21	3,180		4,610	
Deferred tax assets	22	16,216		13,096	
Trade receivables	27	7,360	52	9,030	52
Employee benefits	30	3,465		3,331	
Total non-current assets		631,792		468,460	
Inventory	23	257,146		295,476	
Financial assets, including derivatives	21	14,185		159,036	
Current tax assets	24	10,310	-	4,893	376
Construction contracts	25	39,767		29,135	
Trade receivables	26	141,927	26,724	123,421	7,267
Other receivables	27	38,391	18	33,074	-
Cash and cash equivalents	28	198,491		174,129	
Total current assets		700,217		819,164	
Total assets		1,332,009		1,287,624	
Liabilities					
Equity attributable to the parent		904,488		741,218	
Equity attributable to non-controlling interests		5,700		3,586	
Total Equity	29	910,188		744,804	
Employee benefits	30	25,222		23,959	
Provisions for risks and charges	31	1,896		2,142	
Deferred tax liabilities	22	8,873		8,664	
Financial liabilities, net of current portion	32	133,716		267,544	
Trade payables	33	86		83	
Income tax payable	34	549		-	
Other payables	35	2,231	47	2,384	444
Total non-current liabilities		172,573		304,776	
Provisions for risks and charges	31	16,150		18,546	
Financial liabilities	32	10,199		13,655	
Construction contracts	25	8,030		12,702	
Trade payables	33	106,752	1,012	80,554	889
Income tax payable	34	19,196		10,970	
Other payables	35	88,921	40,881	101,617	34,869
Total current liabilities		249,248		238,044	
Total equity and liabilities		1,332,009		1,287,624	

Consolidated Income Statement

		For the year ended December 31			
	Notes	2023	Of which Related parties	2022	Of which Related parties
		(in € thousands)			
Revenue	4	856,411	211,637	852,826	148,324
Change in inventory of finished goods and work in progress	5	(4,096)		34,815	
Other income	6	14,683	1,174	6,451	752
Costs for raw materials, consumables, supplies and goods	7	(357,991)	(202)	(399,904)	(1,056)
Personnel expenses	8	(143,982)	(5,969)	(154,561)	(23,283)
(of which Management Incentive Plan)	*8*	-	-	*(19,360)*	*(17,679)*
Costs for services	9	(178,330)	(3,711)	(161,819)	(1,751)
Other operating expenses	10	(11,103)	(10)	(9,676)	(3)
Amortization and depreciation	18 – 19	(30,617)		(28,123)	
(Impairment)/write-back of non-current assets and net accrual of provisions for risks and charges	11	(8,057)		(14,200)	
Operating profit		136,918		125,809	
Share of profit of equity-accounted investees	12	5,435		(1,196)	
Finance income	13	145,018		23,505	
Finance expenses	14	(22,090)	-	(27,688)	(1)
Profit before tax		265,281		120,430	
Income tax expense	15 – 16	(34,231)		(30,765)	
Profit for the period		231,050		89,665	
Attributable to:					
Owners of the parent		*230,050*		*89,564*	
Non-controlling interests		*1,000*		*101*	
Basic earnings per share (in Euro)	17	1.14		0.47	
Diluted earnings per share (in Euro)	17	1.14		0.47	

Consolidated Statement of Comprehensive Income

	For the year ended December 31	
	2023	2022
	(in € thousands)	
Profit for the period	231,050	89,665
Items that will not be reclassified to profit or loss:		
Actuarial reserve	(540)	7,238
Tax effect	156	(2,105)
Total items that will not be reclassified to profit or loss, net of the tax effect (A)	(384)	5,133
Items that may be reclassified subsequently to profit or loss:		
Effective portion of the change in fair value of financial instruments hedging cash flows	(247)	589
Change in fair value of financial assets	170	218
Translation reserve	(24,742)	(690)
Tax effect	34	(214)
Total items that may be reclassified subsequently to profit or loss, net of the tax effect (B)	(24,785)	(97)
Total other comprehensive income net of the tax effects (A) + (B)	(25,169)	5,036
Total comprehensive income	205,881	94,701
Attributable to:		
Owners of the parent	*205,012*	*94,714*
Non-controlling interests	*869*	*(13)*

Consolidated Statement of Cash Flows

	Notes	For the year ended December 31 2023	Of which Related parties	2022	Of which Related parties
		(in € thousands)			
Cash flows from operating activities					
Profit for the period	29	231,050		89,665	
Adjustments for:					
Amortization and depreciation	18-19	30,617		28,123	
Impairment/(write-back) of property, plant and equipment	11- 18-19	8,918		8,988	
Finance expenses	14	22,090	-	27,688	1
Finance income	13	(145,018)		(23,505)	
Share of profit of equity-accounted investees	12	(5,435)	(5,435)	1,196	1,196
(Gains) losses on the sale of property, plant and equipment and intangible assets	18-19	644		330	
Income tax expense	15	34,231		30,765	
Share based payments	29	262	256	19,464	17,679
Change in inventory	23	28,771		(60,408)	
Change in trade receivables and construction contracts	25-26	(38,561)	(19,782)	15,614	14,344
Change in trade payables	33	29,636	157	19,509	(61)
Change in other receivables/payables	27-35	(18,604)	6,422	5,494	7,731
Change in provisions and employee benefits	30	(3,368)		(6,537)	
Cash flows generated by operating activities		175,233		156,386	
Interest and other finance expenses paid	14	(17,860)		(24,889)	
Interest and other finance income collected	13	11,681		18,226	
Income tax paid	15	(28,804)		(36,748)	
Net cash flows (used in) generated by operating activities		140,250		112,975	
Cash flows from investing activities					
Sales of property, plant and equipment and intangible assets	18-19	1,126		382	
Investments in property, plant and equipment	18-19	(81,000)		(38,116)	
Investments in intangible assets	18-19	(7,496)		(8,026)	
Investments in/Disposal of associated companies	19	26,439	-	(17)	(17)
Investment in/Disposal of financial activities	21	144,580		(159,291)	
Acquisitions, net of cash acquired	3	(2,046)		-	
Net cash flows used in investing activities		81,603		(205,068)	
Cash flows from financing activities					
Share capital increase	29	1,300		196,707	
Treasury shares buy-back	29	(17,042)		-	
New loans	32	-		276,412	
(Repayments) of loans	32	(150,582)		(257,265)	
Payment of leases	32	(2,898)		(2,497)	
Increase (decrease) in other financial liabilities	32	(7)		(8)	
Dividends paid	29	(24,257)		(20,030)	
Net cash flows generated by (used in) financing activities		(193,486)		193,319	
Net increase (decrease) in cash and cash equivalents		28,367		101,226	
Opening cash and cash equivalents		174,129		73,843	
Exchange rate gains/(losses)		(4,005)		(940)	
Closing cash and cash equivalents	28	198,491		174,129	

Statement of Changes in the Net Consolidated Equity

(in € thousands)	Share capital	Legal reserve	Share premium	Retained earnings	Translation reserve	Other reserves	Profit for the period	Equity attributable to the parent	Equity attributable to non-controlling interests	Total Equity
Balance as of December 31, 2021	16,786	3,357	24,915	340,546	5,563	(7,404)	66,696	450,459	3,503	453,962
Transactions with shareholders:										
Share capital increase	1,482	-	198,518	-	-	(3,419)	-	196,581	126	196,707
Allocation of profit for 2021	-	-	-	66,696	-	-	(66,696)	-	-	-
Distribution of Dividends	-	-	-	(20,000)	-	-	-	(20,000)	(30)	(20,030)
Other movements - Share based payments	-	-	-	-	-	19,464	-	19,464	-	19,464
Comprehensive income statement:										
Profit for the period	-	-	-	-	-	-	89,564	89,564	101	89,665
Actuarial reserve	-	-	-	-	-	5,137	-	5,137	(4)	5,133
Effective portion of the change in fair value of financial instruments hedging cash flows	-	-	-	-	-	429	-	429	-	429
Change in fair value of financial assets	-	-	-	-	-	88	-	88	76	164
Translation reserve	-	-	-	-	(504)	-	-	(504)	(186)	(690)
Balance as of December 31, 2022	18,268	3,357	223,433	387,242	5,059	14,295	89,564	741,218	3,586	744,804
Transactions with shareholders:										
Share capital increase	-	-	-	-	-	-	-	-	1,300	1,300
Allocation of profit for 2022	-	297	-	89,267	-	-	(89,564)	-	-	-
Distribution of Dividends	-	-	-	(24,202)	-	-	-	(24,202)	(55)	(24,257)
Treasury Shares buy-back	-	-	-	-	-	(17,042)	-	(17,042)	-	(17,042)
Other movements - Share based payments	-	-	-	-	-	447	-	447	-	447
Other movements related to Equity-accounted investees	-	-	-	-	-	(904)	-	(904)	-	(904)
Comprehensive income statement:										
Profit for the period	-	-	-	-	-	-	230,050	230,050	1,000	231,050
Actuarial reserve	-	-	-	-	-	(380)	-	(380)	(4)	(384)
Effective portion of the change in fair value of financial instruments hedging cash flows	-	-	-	-	-	(170)	-	(170)	-	(170)
Change in fair value of financial assets	-	-	-	-	-	68	-	68	59	127
Translation reserve	-	-	-	-	(24,597)	-	-	(24,597)	(186)	(24,783)
Balance as of December 31 2023	18,268	3,654	223,433	452,307	(19,538)	(3,686)	230,050	904,488	5,700	910,188

Notes to the Consolidated Financial Statements

A. General information

The Company

Industrie De Nora S.p.A. (hereinafter the "Company" or "IDN" and together with its subsidiaries the "Group" or the "De Nora Group") is a joint-stock company incorporated and registered in Italy at the Company Register Office of Milan. The registered office is located at Via Bistolfi 35, Milan (Italy). The Company has been listed on Euronext Milan since June 30, 2022.

The Group was founded by the engineer Oronzio De Nora and prides itself of 100 years in the electro-chemical industry. Today it is known as a world leader in supplying electrodes for the electrochemical industry. The Group is also active in the design and supply of technologies for water treatment and disinfection, and is committed to developing solutions for the energy transition, particularly holding a prominent position in supplying technologies for hydrogen production through water electrolysis.

As at December 31, 2023, the Company is controlled by Federico De Nora S.p.A., with registered office at Via Bistolfi 35, Milan.

1. Statement of compliance with international accounting standards

The Consolidated financial statements of the De Nora Group for the financial year ended December 31, 2023 (hereinafter the "Consolidated Financial Statements") have been prepared in accordance with international accounting standards (International Accounting Standard – IAS and International Financial Reporting Standard – IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union in the European Parliament and the European Council with Regulation no. 1606/2002 of July 2002 issued by the European Parliament and the European Council in July 2002 and in force as at December 31, 2023, with the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as well as the interpretations of the Standing Interpretations Committee (SIC), in force at the same date. All the above standards and interpretations are collectively referred to below as "IFRS". The IFRS have been applied consistently in all the years presented. The Consolidated Financial Statements consist of the mandatory financial statements required by IAS 1, namely the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in net consolidated equity and the consolidated statement of cash flows, as well as the related notes. For comparative purposes, the data relating to the financial year ended December 31, 2022 have been presented.

The Consolidated Financial Statements were prepared on a going concern basis, as the Directors verified the absence of financial, management or other indicators that could indicate significant uncertainties about the Group's ability to meet its obligations in the foreseeable future and, in particular, in the 12 months following the closing date.

The assessments made confirm that the Group is able to operate in compliance with the going concern assumption and in compliance with financial covenants.

These Consolidated Financial Statements were approved by the Board of Directors of the Company on March 18, 2024 and are subject to an audit by the independent auditors PricewaterhouseCoopers S.p.A.

The main accounting criteria and standards applied in the preparation of the Consolidated Financial Statements are shown below.

Changes in accounting policies

1. Accounting standards, amendments and interpretations that came into effect and applied as at January 1, 2023

The following new amendments were issued by the International Accounting Standards Board ("IASB") and adopted by the European Union, and are effective as at January 1, 2023.

Accounting standard/amendment	Approved by the EU	Effective date
IFRS 17 (Insurance contracts): First application of IFRS 17 and IFRS 9 - Comparative information	Yes	January 1, 2023
Amendments to IAS 1 Presentation of the Financial Statements and to IFRS Practice Statement 2: informationl on accounting policies	Yes	January 1, 2023
Amendments to IAS 8 Accounting standards, changes in accounting estimates and errors: definition of accounting estimates	Yes	January 1, 2023
Amendments to IAS 12 Income taxes: deferred taxes relating to assets and liabilities deriving from a "Single Transaction"	Yes	January 1, 2023
Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules	Yes	January 1, 2023 (*)

These amendments did not result in any noteworthy impacts on the Consolidated Financial Statements

(*) The Legislative Decree No. 209 of December 27, 2023, implementing the tax reform on international taxation, has adopted Directive No. 2022/UE/2523, regarding "Global Minimum Tax" (commonly referred to as "Pillar 2 regulation"), with the explicit aim of ensuring, starting from January 1, 2024, a minimum level of taxation for multinational or national groups.

In compliance with what is internationally agreed upon based on OECD guidelines and, more specifically, the provisions of the aforementioned EU Directive 2022/2523, the mentioned Legislative Decree provides that the potential supplementary "Pillar 2" taxation is collected through:

1.) National Minimum Tax (QMDTT), applicable to multinational or national groups located in Italy and subject to low taxation.

2.) Supplementary Minimum Tax (IIR), applicable to controlling entities located in Italy of multinational or national groups in relation to companies subject to low taxation within the group.

3.) Supplemental Minimum Tax (UTPR), applicable to one or more companies of a multinational group located in Italy in relation to foreign companies within the group subject to low taxation when an equivalent supplementary minimum tax has not been applied, in whole or in part, in other countries.

The new regulations apply to companies located in Italy that are part of a multinational or national group with annual revenues equal to or exceeding 750 million euros, a revenue threshold that must be reached in at least two of the four fiscal years preceding the one considered for the application of the new rules.

Therefore, starting from January 1, 2024, the De Nora Group falls within the scope of the Pillar 2 regulation, as outlined in Directive No. 2022/UE/2523 and Legislative Decree No. 209/2023, having exceeded the revenue threshold of 750 million euros for two of the four preceding fiscal years.

Regarding this, it is important to underline that paragraph 4.A of IAS 12 provides, as an exception to the provisions of such Standard, not to recognize and disclose information about deferred tax assets and liabilities related to Pillar 2 taxes. In this financial statement, therefore, no assets or liabilities for deferred taxes related to taxes under Pillar 2 are recognized.

In 2023, the De Nora Group promptly took action to assess the potential impacts of Pillar 2 regulations in the jurisdictions where it operates and ensure compliance with the current regulatory obligations. It is important to note that the exposure of the De Nora Group to Pillar 2 regulations is a direct consequence of the effective taxation level in each individual jurisdiction. The effective tax rate is influenced by various concurrent and/or linked factors, including, for example, the income generated in the respective jurisdiction, the nominal tax rate, tax rules for determining the taxable base, or the establishment, form, and utilization of tax incentives or benefits.

In a particularly complex regulatory environment, the rules regarding Pillar 2 envision, for the initial periods of effectiveness, the option to apply simplifications to the calculation of effective taxation, known as "Transitional Country by Country Reporting (CbCR) Safe Harbour." Specifically, if at least one of the three tests specified by the Transitional CbCR Safe Harbour is met, it results in the automatic elimination of any additional taxation that may be due, along with a simultaneous reduction in compliance burdens for the Group.

Based on the information known or reasonably estimable, De Nora Group's exposure to pillar 2 income tax at the closing date of the financial year is assessed as not significant because:

- For the majority of entities within the group located in jurisdictions that meet at least one of the three tests specified by the Transitional CbCR Safe Harbour, conditions for the elimination of pillar 2 taxes are met.
- For the remaining entities within the group located in jurisdictions that do not meet any of the three tests specified by the Transitional CbCR Safe Harbour, simulating the application (in general terms) of the GloBE Rules indicates that the effective taxation level of such jurisdictions is insignificant or nil.

The Group, with the support of external consultants, is organizing and preparing to be compliant with pillar 2 legislation. This includes managing exposure for subsequent periods through the establishment of appropriate systems and procedures to:

- Identify, locate, and characterize, on an ongoing basis, for pillar 2 legislation purposes, all businesses within the Group.
- Compute simplified tests (so-called Transitional CbCR Safe Harbour) for each relevant jurisdiction to benefit from corresponding advantages such as reduced compliance burdens and elimination of pillar 2 taxes and conduct comprehensive and detailed calculations of relevant metrics as required by pillar 2 legislation for any jurisdictions that may not meet the aforementioned tests.

2. Accounting standards, amendments and interpretations applicable after the reporting date of these consolidated financial statements

Below is a summary of accounting principles and amendments applicable subsequent to the reference date of this consolidated financial statement, both approved and not approved.

Accounting standard/amendment	Approved by the EU	Effective date
Amendments to IAS 1 Presentation of the Financial Statements: classification of Liabilities as Current or Non-current	Yes	January 1, 2024
Amendments to IAS 1 Presentation of the Financial Statements: classification of Liabilities as Current or Non-current - Postponement of the effective date	Yes	January 1, 2024
Amendments to IAS 1 Presentation of the Financial Statements: non-current liabilities with covenants	Yes	January 1, 2024
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback	Yes	January 1, 2024
Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements	No	January 1, 2024
Amendments to IAS 21 Determination of the exchange rate when there is a long-term lack of exchangeability	No	January 1, 2025

The Group does not expect significant impacts from these amendments.

Structure and content of the Consolidated Financial Statements

The Consolidated Financial Statements include the economic and financial situation of the Company and of the subsidiaries approved by the respective administrative bodies, prepared on the basis of the related accounting records and, where applicable, appropriately adjusted to make them compliant with IFRS.

The following table summarises, with reference to the subsidiaries of the Company and its associates, the information relating to the company name, registered office, functional currency, share capital and the % of capital held.

Company	Registered office	Functional currency	Share Capital as at 31.12.2023		% of capital held as of December 31,		Consolidation method
			in local currency	in Euro	2023	2022	
Oronzio De Nora International BV - OLANDA:	Prins Bernhardplein, 200 - Amsterdam - THE NETHERLANDS	Euro	4,500,000.00	4,500,000.00	100%	100%	line-by-line
*De Nora Deutschland GmbH - GERMANY	Industriestrasse 17 63517 Rodenbach - GERMANY	Euro	100,000.00	100,000.00	100%	100%	line-by-line
*Shotec GmbH - GERMANY	An der Bruchengrube 5, 63452 Hanau - GERMANY	Euro	40,000.00	40,000.00	100%	-	line-by-line
*De Nora India Ltd - INDIA	Plot Nos. 184, 185 & 189 Kundaim Industrial Estate Kundaim 403 115, Goa, INDIA	INR	53,086,340.00	577,625.03	53.67%	53.67%	line-by-line
*De Nora Permelec Ltd - JAPAN:	2023-15 Endo, Fujisawa City - Kanagawa Pref. 252 - JAPAN	JPY	90,000,000.00	575,705.24	100%	100%	line-by-line
*De Nora Hong Kong Limited - HONG KONG	Unit D-F 25/F YHC Tower 1 Sheung YUET Road Kowllon Bay KL - HONG KONG	HKD	100,000.00	11,585.61	100%	100%	line-by-line
De Nora do Brasil Ltda - BRASIL	Avenida Jerome Case No. 1959 Eden -CEP 18087-220 - Sorocoba/SP - BRASIL	BRL	9,662,257.00	1,802,054.72	100%	100%	line-by-line

Company	Registered office	Functional currency	Share Capital as at 31.12.2023		% of capital held as of December 31,		Consolidation method
			in local currency	in Euro	2023	2022	
De Nora Elettrodi (Suzhou) Co., Ltd - CHINA:	No. 113 Longtan Road,Suzhou Industrial Park 215126, CHINA	USD	25,259,666.00	22,859,426.24	100%	100%	line-by-line
*De Nora China - Jinan Co Ltd - CHINA	Building 3,No.5436,Wenquan Rd.,Lingang Development Zone,Licheng District,Jinan City. Shandong Province PR CHINA	CNY	15,000,000.00	1,910,608.97	100%	100%	line-by-line
*De Nora Glory (Shanghai) Co Ltd - CHINA	No.2277 Longyang Rd. Unit 1605 Yongda Int'l Plaza - Shanghai - CHINA	CNY	1,000,000.00	127,373.93	80%	80%	line-by-line
De Nora Italy S.r.l. - ITALY	Via L.Bistolfi, 35 - 20134 Milan - ITALY	Euro	5,000,000.00	5,000,000.00	100%	100%	line-by-line
De Nora Water Technologies Italy S.r.l. - ITALY:	Via L.Bistolfi, 35 - 20134 Milan - ITALY	Euro	78,000.00	78,000.00	100%	100%	line-by-line
*De Nora Water Technologies FZE - DUBAI	Office No: 614, Le Solarium Tower, Dubai Silicon Oasis - DUBAI	AED	250,000.00	61,605.18	100%	100%	line-by-line
De Nora Italy Hydrogen Technologies S.r.l. - ITALY	Via L.Bistolfi, 35 - 20134 Milan - ITALY	Euro	1,410,000.00	1,410,000.00	90%	90%	line-by-line
De Nora Holding UK Ltd. -UNITED KINGDOM:	c/o Pirola Pennuto Zei & Associati Limited, 5th Floor, Aldermary House, 10-15 Queen Street, London EC4N 1TX - UNITED KINGDOM	Euro	19.00	19.00	100%	100%	line-by-line
*De Nora Water Technologies UK Services Ltd. -UNITED KINGDOM	Daytona House Amber Close, Amington, Tamworth B77 4RP - UNITED KINGDOM	GBP	7,597,918.00	8,742,785.80	100%	100%	line-by-line
*De Nora Holding US Inc. - USA:	7590 Discovery Lane , Concord, OH 4407 - U.S.A.	USD	10.00	9.05	100%	100%	line-by-line
*De Nora Tech LLC - USA	7590 Discovery Lane , Concord, OH 4407 - U.S.A.	USD	-	-	100%	100%	line-by-line
*De Nora Water Technologies LLC - USA:	3000 Advance Lane 18915 - Colmar - PA - U.S.A.	USD	968,500.19	876,470.76	100%	100%	line-by-line
*De Nora Water Technologies (Shanghai) Co. Ltd - CHINA	2277 Longyang Road, Unit 305 Yongda International Plaza - 201204 - Pudong Shanghai - CHINA	CNY	16,780,955.00	2,137,456.22	100%	100%	line-by-line
*De Nora Water Technologies Ltd. - UNITED KINGDOM:	c/o Pirola Pennuto Zei & Associati Limited, 5th Floor, Aldermary House, 10-15 Queen Street, London EC4N 1TX - UNITED KINGDOM	GBP	1.00	1.00	100%	100%	line-by-line
*De Nora Water Technologies (Shanghai) Ltd - CHINA	No 96 Street A0201 Lingang Marine Science Park, Pudong New District, Shanghai - CHINA	CNY	7,757,786.80	988,139.81	100%	100%	line-by-line

Company	Registered office	Functional currency	Share Capital as at 31.12.2023		% of capital held as of December 31,		Consolidation method
			in local currency	in Euro	2023	2022	
*De Nora Marine Technologies LLC - USA	1110 Industrial Blvd., Sugar Land, TX 77478 - U.S.A.	USD	-	-	100%	100%	line-by-line
*De Nora Neptune LLC - USA	305 South Main Street, Fort Stockton, Texas 76735 - U.S.A.	USD	-	-	80%	80%	line-by-line
Capannoni S.r.l.- ITALY:	Via L.Bistolfi, 35 - 20134 Milan - ITALY	Euro	8,500,000.00	8,500,000.00	100%	100%	line-by-line
*Capannoni LLC - USA	7590 Discovery Lane , Concord, OH 4407 - U.S.A.	USD	3,477,750.00	3,147,285.07	100%	100%	line-by-line
thyssenkrupp nucera AG & Co. KGaA	GERMANY	Euro	126,315,000.00	126,315,000.00	25.85%	34%	equity
*thyssenkrupp Nucera Italy S.r.l.	ITALY	Euro	1,080,000.00	1,080,000.00	25.85%	34%	equity
*thyssenKrupp Nucera Australia Pty.	AUSTRALIA	AUD	500,000.00	307,446.35	25.85%	34%	equity
*thyssenkrupp nucera Arabia for Contracting Limited	SAUDI ARABIA	SAR	2,000,000.00	492,841.48	25.85%	-	equity
*thyssenkrupp Nucera Japan Ltd.	JAPAN	JPY	150,000,000.00	959,508.73	25.85%	34%	equity
*thyssenkrupp Uhde Chlorine Engineers (Shanghai) Co., Ltd.	CHINA	CNY	20,691,437.50	2,635,549.75	25.85%	34%	equity
*thyssenkrupp Nucera USA Inc.	U.S.A.	USD	700,000.00	633,484.16	25.85%	34%	equity
*thyssenkrupp nucera Participations GmbH	GERMANY	Euro	25,000.00	25,000.00	25.85%	-	equity
*thyssenkrupp nucera India Private Limited	INDIA	INR	200.00	2.18	25.85%	-	equity
tk nucera Management AG	GERMANY	Euro	50,000.00	50,000.00	34%	34%	equity

The reporting date of the consolidated financial statements used coincides with that of the Company (December 31), which is the same as all of the consolidated companies, with the exception of:

— De Nora India Ltd (whose financial year ends on March 31) for which specific annual data as of December 31 of each financial year have been prepared;

— the company thyssenKrupp (the financial year of the parent company thyssenkrupp nucera AG & Co. KGaA closes as at September 30) for which annual data as at December 31 of each financial year have been prepared.

The main changes in the consolidation area are briefly described below:

— Effective January 1, 2023, De Nora ISIA S.r.l was merged by incorporation into De Nora Water Technologies Italy S.r.l. This transaction had no impact on the consolidated financial statements;

— On May 15, 2023, Industrie De Nora S.p.A. completed, through its German subsidiary De Nora Deutschland GmbH, the acquisition of 100% of the share capital of Shotec GmbH.

This acquisition is an important step as it represents an opportunity for De Nora to expand the portfolio of processes and technologies for the production of electrodes, while improving production capacity. The transaction also allows De Nora and Shotec to further strengthen their Research and Development activities with a view to gradually reducing the use of precious metals in anodic and cathodic coating activities, to make the electrochemical processes in which the coatings are used increasingly competitive.

Starting from the acquisition date, Shotec GmbH became part of the Group's scope of consolidation and was consolidated line-by-line pursuant to the provisions of IFRS 10 Consolidated Financial Statements. The acquisition of Shotec GmbH represents a business combination transaction recognized in compliance with IFRS 3 Business Combinations. To this end, at the date of acquisition of control, the individual assets acquired and liabilities assumed were recognized at their fair value. The fair values of the assets and liabilities acquired are summarized in the table below.

(in € thousands)

ASSETS	31/05/2023	PPA impacts	Total
NON CURRENT ASSETS			
Intangible assets	-	1,456	1,456
Property, plant and equipment	2,128	-	2,128
Other receivables	11	-	11
Total non current assets	**2,139**	**1,456**	**3,595**
CURRENT ASSETS			
Inventory	116	-	116
Trade receivables	109	-	109
Other receivables	15	-	15
Cash and cash equivalents	72	-	72
Total current assets	**312**	**-**	**312**
TOTAL ASSETS	2,451	1,456	3,907

LIABILITIES	31/05/2023	PPA impacts	Total
Equity	1,111	1,007	2,118
NON CURRENT LIABILITIES			
Financial liabilities	826	-	826
Deferred tax liabilities	77	449	526
Total non current liabilities	**903**	**449**	**1,352**
CURRENT LIABILITIES			
Financial liabilities	100	-	100
Trade payables	63	-	63
Income tax payable	88	-	88
Other payables	186	-	186
Total current liabilities	**437**	**-**	**437**
TOTAL EQUITY AND LIABILITIES	2,451	1,456	3,907

The price defined for the acquisition was Euro 2,117.8 thousand and does not provide for any adjustments. This acquisition price is fully allocated to the assets and liabilities of Shotec GmbH and therefore no goodwill is recognized,differently from what was reported in the previous interim consolidated financial statements (consolidated semi-annual as of June 30, 2023, and abbreviated interim consolidated financial statements as of September 30, 2023), which instead provisionally recognized a goodwill.

The transaction costs relating to the transaction described are not significant.

The contribution of Shotec GmbH to the Consolidated Financial Statements as at December 31, 2023 amounts to revenues of Euro 973 thousand (Euro 1,375 thousand for the full year 2023) and a net loss of Euro 54 thousand.

Basis of consolidation

The financial statements of the companies in which the Company directly or indirectly has control have been consolidated using the "line-by-lineconsolidation method", through the full assumption of the assets and liabilities and the costs and revenues of the subsidiaries. Companies in which the Group exercises significant influence (associated companies) are measured using the "equity method", which foresees the initial recognition of the equity investment at cost and the subsequent adjustment of its carrying amount to reflect the investor's share of profit or loss of the associated company's after the acquisition date.

Consolidation policies

The criteria adopted by the Group for the definition of the consolidation area and the related consolidation principles are shown below.

Subsidiaries

An investor controls an entity when: (i) has power over the entity being invested in, (ii) is exposed to, or has the right to participate in, the variability of its economic returns, and (iii) is able to exercise decision-making power over the entity's relevant operations in a manner that influences those returns. The exercise of control is verified whenever facts and/or circumstances indicate a change in one of the aforementioned elements qualifying for control. Subsidiaries are consolidated on a line-by-line basis starting from the date on which control was acquired and cease to be consolidated from the date on which the loss of control occurs. The criteria adopted for line-by-line consolidation are as follows:

- the assets and liabilities, charges and income of the subsidiaries are assumed on a line-by-line basis, attributing to minority shareholders, where applicable, the share of shareholders' equity and of the net result for the period due to them; these portions are shown separately in the shareholders' equity and in the statement of comprehensive income;
- the profits and losses, including the related tax effects, deriving from transactions carried out between fully consolidated companies and not yet realized in relation to third parties, are eliminated, except for losses which are not eliminated if the transaction provides evidence of an impairment of the transferred asset. Furthermore, the reciprocal debt and credit relationships, costs and revenues, as well as finance income and expenses are derecognized;
- dividends distributed by the consolidated companies are eliminated from the income statement and reinstated in equity.

Associated companies

Companies in which the Group exercises significant influence are measured using the equity method, which foresees the initial recognition of the equity investment at cost and the subsequent adjustment of its carrying amount to reflect the investor's share of the related company's profits or losses after the acquisition date.

Business combinations

Business combinations, by virtue of which control of a business is acquired, are recognized in accordance with IFRS 3, applying the so-called acquisition method. In particular, the identifiable assets acquired and liabilities and contingent liabilities assumed are recognized at their fair value at the acquisition date, i.e. the date when control is acquired, except for deferred tax assets and liabilities, assets and liabilities relating to employee benefits and assets held for sale, which are recognized in accordance with the relevant accounting standards. The difference between the fair value of the consideration transferred and the current value of the assets and liabilities, if positive, is recognized in intangible assets as goodwill.

The shares of non-controlling interests, at the acquisition date, can be valued at fair value or at the pro-quota value of the net assets recognized for the acquired company. The choice of the valuation method is made on a transaction-by-transaction basis.

When the determination of the values of the assets and liabilities of the business acquired is made provisionally, it must be concluded within a maximum period of twelve months from the acquisition date, taking into account only the information relating to facts and circumstances existing at the acquisition date. In the financial year in which the aforementioned determination is concluded, the provisionally recognized values are adjusted with a retrospective effect. Accessory charges to the transaction are recognized in the statement of comprehensive income at the time they are incurred.

The acquisition cost is the fair value at the acquisition date of the assets transferred, the liabilities assumed and the equity instruments issued for the purpose of the acquisition, and also includes, if applicable, contingent consideration, i.e. that portion of consideration whose amount and timing depend on future events.

In the case of assumption of control in subsequent phases, the purchase cost is determined by adding the fair value of the equity investment previously held in the acquired company and the amount paid for the additional share. Any difference between the fair value of the previously held equity investment and its carrying amount is recognized in the income statement. On assumption of control, any amounts previously recognized in other comprehensive income are recognized in the statement of comprehensive income, or in another equity item if there is no reclassification to the statement of comprehensive income.

Translation of the financial statements of foreign companies

The financial statements of subsidiaries are drawn up using the currency of the country in which they have their registered office. The rules for translating the financial statements of companies expressed in currencies other than the Euro are as follows:

- assets and liabilities are translated using the exchange rates in effect at the reporting date;
- costs and revenues are translated at the average exchange rate for the financial year, calculated using the monthly averages of official figures;
- the “translation reserve”, whose changes are included in the items of the statement of comprehensive income, includes both exchange differences generated by the translation of income statement amounts at an exchange rate different from the closing rate and those generated by the translation of opening shareholders’ equity at the historical exchange rate;
- goodwill, if any, and fair value adjustments related to the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the year-end exchange rate.

The following table summarises the exchange rates used to convert the financial statements of companies that have a functional currency other than the Euro for the periods indicated.

Currency	Average exchange rate for the year ended December 31		Exchange rate at December 31	
	2023	2022	2023	2022
US Dollar	**1.0813**	1.0530	**1.1050**	1.0666
Japanese Yen	**151.9903**	138.0274	**156.3300**	140.6600
Indian Rupee	**89.3001**	82.6864	**91.9045**	88.1710
Chinese Yuan Renminbi	**7.6600**	7.0788	**7.8509**	7.3582
Brazilian Real	**5.4010**	5.4399	**5.3618**	5.6386
GB Pound	**0.8698**	0.8528	**0.8691**	0.8869

Translation of foreign currency items

Transactions in currencies other than the functional currency are recognized at the exchange rate in effect as at the transaction date. Monetary assets and liabilities denominated in currencies other than the Euro are subsequently adjusted at the exchange rate prevailing as at the reporting date. Any exchange differences that may arise are reflected in the income statement under the items relating to finance income or charges.

2. Summary of accounting standards and measurement criteria

General principles

The Consolidated Financial Statements were prepared:

- on the basis of the best knowledge of the IFRS and taking into account the best doctrine on the subject; any future directives and updates in interpretation will be adopted in subsequent financial years, in accordance with the procedures from time to time provided for by the reference accounting standards;
- in the assumption of the continuity of the company's business, according to the principle of accrual basis of accounting, in compliance with the principle of relevance and significance of the information, of the prevalence of substance over form and with a view to favoring consistency with future presentations. The assets and liabilities, costs and revenues are not offset against each other, unless this is permitted or required by International Accounting Standards;
- on the basis of the conventional historical cost criterion, except for the valuation of financial assets and liabilities in cases where the application of the fair value criterion is mandatory, and for the financial statements of companies operating in economies subject to hyperinflation, drawn up on the basis of the current cost criterion.

A description of the financial reporting formats and the most significant accounting standards and related valuation criteria applied in the preparation of the Consolidated Financial Statements is provided below.

Financial statements formats

The Consolidated Financial Statements consist of the mandatory financial statements required by IAS 1 (consolidated income statement, consolidated statement of financial position, consolidated statement of cash flows, statement of changes in the net consolidated equity and consolidated statement of comprehensive income) and are accompanied by these explanatory notes. The formats used are those that best represent the Group's economic, equity and financial situation.

The consolidated income statement is presented by the nature of the expenses, highlighting the intermediate results relating to the operating result and the result before tax.

The statement of financial position is prepared using the format whereby assets and liabilities are presented on a "current/non-current" basis. An asset is classified as current when:

- it is assumed that this activity is carried out, or is held for sale or consumption, in the normal course of the operating cycle;
- it is mainly owned for the purpose of trading it;
- it is assumed that it will take place within twelve months from the closing date of the financial year;
- it consists of cash and cash equivalents (unless it is forbidden to exchange it or use it to settle a liability for at least twelve months from the closing date of the financial year).

All other assets are classified as non-current. In particular, IAS 1 includes property, plant and equipment, intangible assets and long-term financial assets among non-current assets.

A liability is classified as current when:

- it is expected to be settled in the normal operating cycle;
- it is mainly owned for the purpose of trading it;
- it will be settled within twelve months from the closing date of the financial year;
- there is no unconditional right to defer its settlement for at least twelve months after the end of the financial year. The clauses of a liability that could, at the option of the counterparty, give rise to its settlement through the issue of equity instruments, do not affect its classification.

All other liabilities are classified by the company as non-current.

The operating cycle is the time that elapses between the acquisition of assets for the production process and their realisation in cash or cash equivalents. When the normal operating cycle is not clearly identifiable, its duration is assumed to be twelve months.

The statement of cash flows is prepared using the indirect method.

The statement of changes in the net consolidated equity shows the changes in shareholders' equity items related to:

- the recognition of the result for the period and allocation of the result of the previous period;
- amounts relating to transactions with shareholders;
- all gains and losses, net of tax, which, as required by IAS/IFRS, are taken directly to equity (actuarial gains and losses arising from defined benefit plans and hedging reserves);
- changes in the fair value reserves relating to cash flow hedges, net of taxes;
- changes in the consolidation scope;
- the effect of the differences deriving from the conversion of the financial statements of foreign companies;
- changes in accounting standards.

The consolidated statement of comprehensive income presents, on a separate basis, the result for the period and any income and expense not taken to income statement, but is instead recognized directly in equity, in accordance with specific IFRS standards.

The Consolidated Financial Statements have been drawn up in Euro, the Company's functional currency. The financial position and income statements, the explanatory notes and the tables are expressed in thousands of Euros, unless otherwise indicated..

Accounting standards and criteria

The criteria adopted with reference to the classification, recognition, valuation and derecognition of the various asset and liability items, as well as the criteria for recognizing the income components, are described below.

Intangible assets

An intangible asset is an asset which, at the same time, meets the following conditions:

- is identifiable;
- it is non-monetary;
- it has no physical consistency;
- it is under the control of the company preparing the financial statements;
- it is expected to produce future economic benefits for the company.

If an asset does not meet the above requirements to be defined as an intangible asset, the expense incurred to purchase the asset or to generate it internally is recognized as an expense when it is incurred.

Intangible assets are initially recognized at cost. The cost of intangible assets acquired from outside includes the purchase price and any directly attributable costs.

Internally generated goodwill is not recognized as an asset in the same way as intangible assets arising from research (or from the research phase of an internal project).

An intangible asset deriving from the development or development phase of an internal project is recognized if compliance with the following conditions is met:

- the technical feasibility of completing the intangible asset so that it is available for use or for sale;
- the intention to complete the intangible asset in order to use or sell it;
- the ability to use or sell the intangible asset;
- the way in which the intangible asset is capable of generating future economic benefits and in particular the existence of a market for the output of the intangible asset or for the intangible asset itself or, if it is to be used for internal purposes, its usefulness;
- the availability of adequate technical, financial and other resources to complete the development and for the use or sale of the asset;
- the ability to reliably assess the cost attributable to the intangible asset during its development.

Intangible assets are measured using the cost method in accordance with IAS 38. The cost method provides that after initial recognition an intangible asset must be recognized at cost net of accumulated amortization and any accumulated impairment loss.

The following main intangible assets can be identified within the Group:

(a) Goodwill

Goodwill is classified as an intangible asset with an indefinite useful life and is initially accounted for at cost, as previously described, and subsequently subjected to valuation, at least annually, aimed at identifying any impairment losses (see in this regard what is reported in the following paragraph "Impairment of goodwill and of property, plant and equipment and of intangible assets and right-of-use assets"). The reinstatement of the value is not allowed in the event of a previous write-down due to impairment.

(b) Intangible assets with a finite useful life

Intangible assets with a finite useful life are recognized at cost, as previously described, net of accumulated amortization and any impairment losses.

Amortization begins when the asset is

available for use and is allocated systematically in relation to the residual possibility of its use, i.e. on the basis of its estimated useful life; for the value to be depreciated and the recoverability of the book value, the criteria indicated respectively in the paragraphs "Property, plant and equipment" and "Impairment of Goodwill, Property, plant and equipment and intangible assets and right-of-use assets" apply.

The useful life estimated by the Group for the various categories of intangible assets is shown below:

Intangible asset category	Useful life
Industrial patents and intellectual property rights	from 3 to 5 years
Concessions, licences and trademarks	from 3 to 10 years
Know-how and Technologies	from 13 to 25 years
Customer Relationships	from 10 to 25 years
Development costs	from 5 to 15 years
Other intangible assets	from 3 to 11 years

Right-of-use assets and liabilities and leasing

In accordance with IFRS 16, a contract is, or contains, a lease if, in exchange for consideration, it grants the right to control the use of a specified asset for a period of time; this right exists if the contract gives the lessee the right to direct the use of the asset and substantially obtain all the economic benefits from its use. The contract is re-valued to verify whether it is, or contains, a lease only in the event of a change in the terms and conditions of the contract.

For a contract that is, or contains, a lease, each lease component is separate from the non-lease component, unless the Group applies the practical expedient referred to in paragraph 15 of IFRS 16. This practical expedient allows the lessee to choose, for each underlying asset class, not to separate the non-lease components from the lease components and to account for each lease component and the associated non-lease components as a single lease component.

The duration of the lease is determined as the non-cancellable period of the lease, to which both the following periods must be added:

— periods covered by a lease extension option, if the lessee has reasonable certainty that it is exercising the option;

— periods covered by the lease termination option, if the lessee has reasonable assurance that it will not exercise the option.

In assessing whether the lessee has reasonable certainty to exercise the option to extend the lease or not to exercise the option to terminate the lease, all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease or not to exercise the option to terminate the lease are considered. The lessee must re-determine the duration of the lease in the event of a change in the non-cancellable period of the lease.

At the effective date of the contract, the Group recognizes the right-of-use asset and the related lease liability.

At the effective date of the contract, the right-of-use asset is valued at cost. The cost of the right-of-use asset includes:

a) the amount of the initial measurement of the lease liability;

b) the lease payments made on or before the effective date net of the lease incentives received;

c) the initial direct costs incurred by the lessee;

d) the estimate of the costs that the lessee will have to incur for the dismantling and removal of the underlying asset and for the restoration of the site in which it is located or for the restoration of the underlying asset under the conditions set out in the terms and conditions of the lease, unless these costs are incurred for the production of inventories. The obligation related to the aforementioned costs arises on the lessee on the effective date or as a result of the use of the underlying asset during a given period.

At the effective date of the contract, the lessee must assess the lease liability at the current value of the payments due for the lease not yet paid at that date. Payments due for the lease include the following amounts:

a) fixed lease amounts, net of any lease incentives to be received;

b) variable lease amounts that depend on an index or rate, initially measured using an index or rate as at the effective date;

c) the amounts that the lessee is expected to pay as guarantees of the residual value;

d) the price to exercise the call option, if the lessee is reasonably certain that it is exercising the option;

e) the lease termination penalty payments, if the lease term takes into account the lessee's exercise of the lease termination option.

Payments due for the lease should be discounted using the implied lease interest rate if this can be easily determined. If this is not possible, the lessee must use its marginal borrowing rate, which is the incremental interest rate that the company would have to pay to obtain a loan of the same duration and amount as the lease.

After initial recognition, the right-of-use asset is valued at cost:

a) net of accumulated amortization and accumulated impairment;

b) adjusted to take into account any restatements of the lease liability.

After initial recognition, the lease liability is assessed:

a) increasing the carrying amount to take into account the interest on the lease liability;

b) decreasing the carrying amount to take into account the payments due for the leases made;

c) restating the carrying amount to reflect any revaluation or modification of the lease or revision of payments due on leases that are fixed in substance.

In the event of changes to the lease that do not qualify as a separate lease, the right-of-use asset is restated (up or down), in line with the change in the lease liability at the date of the change. The lease liability is restated on the basis of the new conditions set out in the lease contract, using the discount rate at the date of the change.

It should be noted that the Group avails itself of the exemption provided for by IFRS 16, with reference to the leases of low value assets (i.e. when the value of the underlying asset, if new, is indicatively lower than USD 5,000). In such cases, the right-of-use asset and the related lease liability are not recognized, and the payments due for the lease are recognized in the income statement.

The Group has decided to avail itself of the exemption provided for by IFRS 16 in relation to short-term leases (i.e. lease contracts that have a duration equal to or less than twelve months from the effective date).

The lessor must classify each of its leases as operating or financial. A lease is classified as a financial lease if it essentially transfers all the risks and benefits associated with the ownership of an underlying asset. A lease is classified as operating if, in substance, it does not transfer all the risks and benefits associated with the ownership of an underlying asset. In the case of a financial lease, on the effective date the lessor must recognize the assets held under financial leases in the statement of financial position and present them as a receivable at a value equal to the net investment in the lease. In the case of operating leases, the lessor must recognize the payments due as income on a straight-line basis or on another systematic basis. The lessor must also recognize the costs, including depreciation, incurred to realize the proceeds of the lease.

Property, Plant and Equipment

The recognition of property, plant and equipment takes place only when the following conditions are met at the same time:

- it is likely that the future economic benefits referable to the asset will be enjoyed by the company;
- the cost can be reliably determined.

Property, plant and equipment are initially valued at purchase or replacement cost, defined as the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset, or at production cost. After initial recognition, property, plant and equipment are valued using the cost method, net of any depreciation and any accumulated impairment.

The cost includes charges directly incurred to make possible their use, as well as any dismantling and removal charges that will be incurred as a result of contractual obligations requiring the asset to be restored to its original condition.

The cost of an internally produced asset includes the cost of materials used and direct personnel expenses, as well as any costs directly attributable to bringing the asset to the location and in the condition necessary for it to be capable of operating in the manner intended by management and the costs of dismantling and removing the asset and restoring the site on which it is located.

The charges incurred for maintenance and repairs of an ordinary and/or cyclical nature are directly charged to the income statement when incurred. The capitalization of costs relating to the extension, modernization or improvement of structural elements owned or used by third parties is made to the extent that they meet the requirements to be separately classified as an asset or part of an asset.

The depreciation criterion used for property, plant and equipment is the straight-line method, over their useful life.

The useful life estimated by the Group for the various categories of property, plant and equipment is shown below.

Property, Plant and Equipment category	Useful life
Buildings	from 25 to 35 years
Plants and machinery	from 8 to 25 years
Equipment	from 5 to 10 years
Leased assets	from 3 to 25 years
Other tangible assets	from 4 to 10 years

Owned land is not depreciated.

At the end of each financial year, the Group verifies whether significant changes have occurred in the expected characteristics of the economic benefits deriving from capitalized assets and, if so, it modifies the depreciation criteria, which is considered as a change in estimate in accordance with IAS 8.

The value of property, plant and equipment is derecognized in full upon disposal or when the company expects that no economic benefit will derive from its disposal.

Gains or losses generated on the sale of property, plant and equipment are calculated as the difference between the net sale consideration and the asset's carrying amount and are recognized in the income statement under "other income". When a revalued item of property, plant and equipment is sold, the amount included in the revaluation reserve is reclassified to retained earnings.

Capital grants are recognized when there is reasonable certainty that they will be received and that all the conditions relating to them are satisfied. Contributions are then suspended under liabilities and credited pro rata to the income statement over the useful life of the related assets.

Impairment of goodwill, property, plant and equipment and intangible assets and right-of-use assets

(a) Goodwill

As previously indicated, goodwill is subject to an annual impairment test or more frequently, in the presence of indicators that could lead to believe that it may be subject to an impairment, in accordance with the provisions of IAS 36 (Impairment of assets). The test is normally carried out at the end of each financial year and, therefore, the reference date for this test is the closing date of the financial statements.

The impairment test is carried out with reference to the cash generating units ("CGU"), corresponding to the business segments, to which the goodwill has been allocated. The CGU of an asset is the smallest group of assets that includes the asset itself and that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Any impairment of goodwill is recognized in the event that its recoverable value is lower than its book value in the financial statements. The recoverable value is understood to be the greater of the fair value of the groups of CGU on which the impairment test is carried out, net of disposal costs, and the related value in use, meaning the present value of the future cash flows estimated for this asset. In determining value in use, expected future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the cost of money, relative to the period of the investment and the risks specific to the asset. In the event that the impairment deriving from the impairment test is greater than the value of the goodwill allocated to the group of CGU on which the impairment test has been carried out, the residual excess is allocated to the assets included in the group of CGU in proportion to their book value.

The original value of goodwill may not be reinstated if the reasons for the impairment no longer apply.

(b) Assets (tangible, intangible and right-of-use assets) with a finite useful life

At each reporting, an assessment is carried out to ascertain whether there are indicators that the property, plant and equipment, intangible assets and right-of-use assets may be subject to an impairment. To this end, both internal and external sources of information are considered. With regard to the former (internal sources), the following are considered: obsolescence or physical deterioration of the asset, any significant changes in the use of the asset and the economic performance of the asset with respect to that foreseen. With regard to external sources, the following are considered: the trend in the market prices of the assets, any technological, market or regulatory discontinuities, the trend in market interest rates or the cost of capital used to evaluate investments.

If the presence of such indicators is identified, an estimate is made of the recoverable value of the aforementioned assets, recognizing any write-down, with respect to the relative book value, in the statement of comprehensive income. The recoverable value of an asset is represented by the greater of the fair value, net of ancillary costs of sale, and the related value in use, determined by discounting the estimated future cash flows for that asset, including, if significant and reasonably determinable, those deriving from the sale at the end of its useful life, net of any disposal costs. In determining value in use, expected future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the cost of money, relative to the period of the investment and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable value is determined in relation to the CGU to which the asset belongs.

A loss in value is recognized in the statement of comprehensive income if the book value of the asset, or of the group of CGU to which it is allocated, is higher than the related recoverable value. Reductions in the value of a group of CGU are firstly charged to reduce the carrying amount of any goodwill attributed to it and then, to reduce other assets, in proportion to their carrying amount and within the limits of the related recoverable value. If the conditions for a previously carried out write-down no longer exist, the carrying amount of the asset is restored with recognition in the income statement, within the limits of the net book value that the asset in question would have had if the write-down had not been carried out and the related depreciation had been made.

Financial assets

At the time of their initial recognition, financial assets must be classified in one of the three categories indicated below on the basis of the following elements:

- the entity's business model for managing financial assets;
- the characteristics relating to the contractual cash flows of the financial asset.

Financial assets are subsequently derecognized only if the sale has resulted in the transfer of substantially all the risks and benefits associated with the assets. On the other hand, if a significant portion of the risks and benefits related to the financial assets sold has been maintained, they continue to be recognized in the financial statements, even if legal ownership of the assets has actually been transferred.

(a) Financial assets measured at amortized cost

Financial assets that meet both of the following conditions are included in this category:

- the financial asset is held according to a business model whose objective is achieved by collecting the cash flows provided for in the contract ("Hold to Collect" business model);
- the contractual terms of the financial asset provide, on certain dates, financial flows represented solely by payments of capital and interest on

the amount of capital to be repaid ("SPPI test" is passed).

Upon initial recognition, these assets are accounted for at fair value, including any transaction costs or income directly attributable to the instrument itself. After initial recognition, such financial assets are valued at amortized cost, using the effective interest rate method. The amortized cost method is not used for assets – valued at historical cost – whose short duration makes the effect of applying the discounting logic negligible, and for assets without a defined maturity as well as for revocable loans.

(b) Financial assets measured at fair value through comprehensive income

Financial assets that meet both of the following conditions are included in this category:

— the financial asset is held in accordance with a business model whose objective is achieved both by collecting the contractual cash flows and by selling the financial asset ("Hold to Collect and Sell" business model);

— the contractual terms of the financial asset provide, on certain dates, financial flows represented solely by payments of capital and interest on the amount of capital to be repaid ("SPPI test" is passed).

This category includes equity interests that do not qualify as subsidiaries, associates and joint ventures, that are not held for trading purposes, for which the option to designate them at fair value with an impact on comprehensive income has been exercised.

Upon initial recognition, the assets are accounted for at fair value, including transaction costs or income directly attributable to the instrument itself. Subsequent to initial recognition, non-controlling, associating and jointly controlled equity interests are measured at fair value, and the amounts recognized as a balancing entry in equity (statement of comprehensive income) are not subsequently required to be transferred to income statement, even if they are sold. The only component referable to the equity securities in question that is recognized in the income statement is represented by the related dividends.

For equities included in this category that are not quoted in an active market, cost is used as an estimate of fair value only on a residual basis and in a limited number of circumstances, i.e. when the most recent information available to measure fair value is insufficient, or if there is a wide range of possible fair value measurements and cost is the best estimate of fair value in that range.

(c) Financial assets measured at fair value through the income statement

Financial assets other than those classified under "Financial assets measured at amortized cost" and "Financial assets measured at fair value through comprehensive income" are classified in this category.

This category includes financial assets held for trading and derivative contracts that cannot be classified as hedges (which are represented as assets if the fair value is positive and as liabilities if the fair value is negative).

Upon initial recognition, financial assets measured at fair value through the income statement are recognized at fair value, without considering transaction costs or income directly attributable to the instrument. At subsequent reporting dates, they are measured at fair value and the valuation effects are recognized in the income statement.

Derivative financial instruments and hedging transactions

Derivative financial instruments are accounted for in accordance with the provisions of IFRS 9.

At the date of stipulation of the contract, derivative financial instruments are initially recognized at fair value, as financial assets measured at fair value through the income statement when the fair value is positive, or as financial liabilities measured at fair value through the income statement when the fair value is negative.

If the financial instruments are not accounted for as hedging instruments, the changes in fair value recognized after the first entry are treated as components of the result for the year. If, on the other hand, the derivative instruments meet the requirements to be classified as hedging instruments, the subsequent changes in fair value are accounted for according to specific criteria, described below.

A derivative financial instrument is classified as a hedging instrument if the relationship between the hedging instrument and the hedged item is formally documented, including the risk management objectives, the strategy for hedging and the methods that will be used to verify its prospective and retrospective effectiveness. The effectiveness of each hedge is verified both when each derivative instrument is entered into and during its life, and in particular at each balance sheet or interim report date. Generally, a hedge is considered highly "effective" if, either at inception or during its life, changes in the fair value, in the case of a fair value hedge, or in the expected future cash flows, in the case of a cash flow hedge, of the hedged item are substantially offset by changes in the fair value of the hedging instrument.

The IFRS 9 accounting standard provides for the possibility of designating the following three hedging relationships:

a) fair value hedge: when the hedge concerns changes in the fair value of assets and liabilities recognized in the financial statements, both changes in the fair value of the hedging instrument and changes in the object of the hedge are recognized in the income statement;

b) cash flow hedge: in the case of cash flow hedges aimed at neutralising the risk of changes in cash flows arising from the future performance of contractual obligations at the reporting date, changes in the fair value of the derivative instrument recorded subsequent to initial recognition, are reported, to the extent of the effective portion only, in the statement of comprehensive income and therefore in an equity reserve. When the economic effects of the hedged item occur, the portion recognized in the statement of comprehensive income is reversed through the income statement. If the hedge is not fully effective, the change in fair value of the hedging instrument relating to the ineffective portion of the hedge is immediately recognized in the income statement;

c) hedge of a net investment in a foreign transaction (net investment hedge).

If the tests do not confirm the effectiveness of the hedge, hedge accounting is discontinued and the hedging derivative contract is reclassified either to financial assets measured at fair value through the income statement or to the financial liabilities measured at fair value through the income statement. Furthermore, the hedging relationship also ceases when:

- the derivative expires, is sold, terminated or exercised;
- the hedged item is sold, expires or is refunded;
- it is no longer highly probable that the future hedged transaction will take place.

Trade receivables

Trade receivables arising from the transfer of goods and the provision of services are recognized in accordance with the terms of the contract executed with the customer in compliance with the provisions of IFRS 15 and classified according to the nature of the debtor and/or the due date of the receivable (this definition includes invoices to be issued for services already rendered).

Furthermore, since trade receivables are generally short-term and do not provide for the payment of interest, the amortized cost is not calculated, and they are accounted for on the basis of the nominal value reported in the invoices issued or in the contracts stipulated with customers: this provision is also adopted for trade receivables with a contractual maturity of more than twelve months, unless the effect is particularly significant. The choice derives from the fact that the amount of short-term receivables is very similar when applying either the historical cost method or the amortized cost method and the impact of the discounting logic would therefore be completely negligible.

Trade receivables are subject to impairment testing on the basis of the provisions of IFRS 9. For the purposes of the valuation process, trade receivables are divided into overdue time bands. For performing receivables, a collective assessment is carried out by grouping individual exposures on the basis of similar credit risk. The valuation is made on the basis of expected losses over the life of the receivable, determined from losses recorded for assets with similar credit risk characteristics based on historical experience, and adjusted to reflect expected future economic conditions.

Inventory

Inventories are assets:

- held for sale in the normal course of business;
- employed in production processes for sale;
- in the form of materials or supplies of goods to be used in the production process or in the provision of services.

Inventories are recognized at cost and subsequently valued at the lower of cost and net realisable value. Net realisable value reflects the estimated sale price less estimated costs to completion and estimated selling costs.

The cost of inventories includes all purchase costs, transformation costs as well as other costs incurred to bring the inventories to their current location and condition, while it does not include exchange differences in the case of inventories invoiced in foreign currencies. In compliance with the provisions of IAS 2, the weighted average cost method is used to determine the cost of inventories.

When the net realisable value is lower than the cost, the excess is immediately written down in the income statement.

Construction contracts

Construction contracts are recognized based on the progress (or percentage of completion) according to the following assumptions: a) the product does not have an alternative use (or the costs of modification to obtain an alternative use are significant in relation to the value of the asset) and b) the Group has the contractual right to be paid for the work carried out up to any termination. According to this criterion, the costs, revenues and margins are identified based on the activities carried out. The percentage of completion is determined applying the cost-to-cost method.

The assessment reflects the best estimate of work performed at the reporting date. The assumptions at the basis of the assessments are periodically updated. Any effects of these updates on the income statement are recognized in the financial year when they arise. Contract revenues include: contractually agreed considerations, variations in contract work, price revisions and incentive payments, to the extent that they can be reliably determined.

Contract costs include: all costs that relate directly to the contract, costs that are attributable to contract activity in general and can be allocated to the contract and any other costs that are specifically chargeable to the customer under the terms of the contract.

Contract costs also include: pre-operating costs, i.e., costs incurred in the initial start-up phase of the contract before the commissioned work begins, post-operating costs incurred after the contract is closed and, finally, costs for any services to be provided subsequent to contract completion.

In the event that the completion of a contract is expected to generate a loss, the loss will be recognized in full in the financial year when it becomes reasonably foreseeable.

When the profit or loss of a contract cannot be reliably estimated, contract work in progress is calculated on the basis of costs incurred, when it is reasonably expected that they will be recovered, without the recognition of a contract profit or loss. If, after the reporting date, favorable or unfavorable events arise due to situations that were already existing at the reporting date, the recognized amounts are adjusted to reflect the consequences of such events on results of operations, financial position and equity.

Construction contracts are stated net of any allowances for write-downs and/or final losses, as well as progress payments and advances. In this respect, the amounts invoiced on a progress basis (progress payments) are taken as a reduction in the gross value of the contract, to the extent that they are covered, and any excess is recognized in liabilities. Conversely, the invoicing of advances is of a financial nature and is not recognized as revenue. Accordingly, advances have a mere financial nature and are always recognized in liabilities, as they are received in exchange for work to be performed.

Cash and cash equivalents

Cash and other cash equivalents are recognized, depending on their nature, at nominal value or amortized cost. The other cash equivalents represent short-term and highly liquid financial investments that are readily convertible into known cash values and subject to an insignificant risk of changes in their value, whose original maturity or at the time of purchase is not greater than 3 months.

Payables

Trade payables and other payables are initially recognized at fair value and subsequently valued according to the amortized cost method.

Bank loans and borrowings and loans and borrowings from other financial backers are initially designated at fair value, net of directly imputable accessory costs and are subsequently valued at amortized cost, by applying the effective interest rate criterion.

Payables are removed from the financial statements when they are extinguished and when the Group has transferred all the risks and charges relating to the instrument itself.

Employee benefits

Employee benefits include benefits provided to employees or their dependants and may be settled by payments (or the provision of goods and services) made directly to employees, their spouses, children or other dependants or to third parties such as insurance companies and are divided into short-term benefits, termination benefits and post-employment benefits.

Short-term benefits, which also include incentive schemes such as annual bonuses, MBOs and one-off renewals of national collective agreements, are accounted for as a liability (accrual of costs) after deducting any amounts already paid, and as an expense, unless some other IFRS requires or permits the inclusion of the benefits in the cost of an asset (e.g. the cost of personnel employed in the development of internally generated intangible assets).

The category of employment termination benefits includes redundancy incentive plans, which arise in the event of voluntary resignation whereby the employee or a group of employees enters into the union agreements for the activation of so-called solidarity funds, and redundancy plans, which arise in the event of termination of employment following a unilateral choice by the company. The company recognizes the cost of those benefits as a liability in the financial statements on the earliest date between the time when the company cannot withdraw the offer of those benefits and the time when it recognizes the costs of a restructuring that falls within the scope of IAS 37. Provisions for redundancies are reviewed at least every six months.

Post-employment benefit plans are broken down into two categories: defined contribution plans and defined benefit plans.

Defined contribution plans mainly include:

- supplementary pension funds which involve a defined amount of contribution by the company;
- the post-employment benefits, limited to the portions accruing from January 1, 2007 for Italian companies with over 50 employees, whatever the allocation option chosen by the employee;
- the portions of post-employment benefits accrued from January 1, 2007 and intended for supplementary pensions, in the case of Italian companies with fewer than 50 employees;
- the supplementary health care funds.

Defined benefit plans, on the other hand, include:

- post-employment benefits limited to the portion accrued up to December 31, 2006 for all Italian companies, as well as the portions accrued from January 1, 2007 and not intended for supplementary pension schemes for Italian companies with fewer than 50 employees;
- supplementary pension funds whose conditions provide for the payment to members of a defined benefit;
- seniority bonuses, which provide for an extraordinary payment to the employee upon reaching a certain level of seniority.

In the defined contribution plans, the obligation of the company preparing the financial statements is determined on the basis of the contributions due for that financial year and therefore the valuation of the obligation does not require actuarial assumptions and there is no possibility of actuarial gains or losses.

The accounting of defined benefit plans is characterized by the use of actuarial assumptions to determine the value of the obligation. This valuation, normally entrusted to an external actuary, is carried out annually for each individual plan by estimating the amount of future benefits that employees have vested in exchange for their service in the current and previous financial years. For discounting purposes, the Group uses the projected unit credit method which provides for the projection of future disbursements based on historical statistical analyses, the demographic curve and the financial discounting of these flows on the basis of a market interest rate. Actuarial gains and losses are recognized as a balancing entry in equity (under the item "Reserve for actuarial profit and loss") as required by accounting standard IAS 19. Any unrecognized costs relating to past service and the fair value of any plan assets are deducted from liabilities.

Other long-term employee benefits

The Group's net obligation for long-term employee benefits other than pension plans relates to the amount of the future benefits that employees have vested in exchange for their service in the current and previous financial years. This benefit is discounted, while the fair value of any assets is deducted from liabilities. The discount rate is the return at the reporting date on primary obligations whose maturity approximates the terms of the Group's obligations. The obligation is calculated using the projected unit credit method. Any actuarial gains and losses are taken to the income statement when they arise.

Share-based payments

Share-based payment plans for employees are recognized on the basis of the fair value of the financial instruments attributed at the grant date, dividing the expense over the period of the plan. The fair value of the shares underlying the incentive plan is determined on the grant date, taking into account, where applicable, the forecasts regarding the achievement of the performance parameters associated with market conditions and is not subject to adjustment in subsequent financial years. In the presence of options, their fair value is calculated using a model that considers, in addition to information such as the exercise price and the life of the option, the current price of the shares and their expected volatility, the expected dividends and the risk-free interest rate, also the specific characteristics of the existing plan. In the valuation model, the option and the probability of the conditions to materialise on the basis of which the options were assigned, are evaluated separately. Any reduction in the number of financial instruments assigned is accounted for as a cancellation of a part thereof.

Provisions for risks and charges and contingent assets and liabilities

Contingent assets and liabilities can be broken down into several categories according to their nature and their accounting effects. In particular:

- provisions are actual obligations of uncertain amount and contingency/expiration that arise from past events and for which an outflow of economic resources is probable and for which a reliable estimate of the amount can be made;
- contingent liabilities are possible obligations for which the probability of an outlay of economic resources is not remote;
- remote liabilities are those for which disbursement of economic resources is unlikely;
- contingent assets are assets for which the requirement of certainty is lacking and cannot be accounted for in the financial statements;
- the onerous contract is a contract in which the non-discretionary costs necessary to fulfill the obligations assumed are greater than the economic benefits that are supposed to be obtainable from the contract;
- the restructuring is a program scheduled and controlled by the company management that significantly changes the field of action of an activity undertaken by the company or the way in which the activity is managed.

For the purpose of recognizing the expense, provisions are accounted for when there is uncertainty about the maturity or amount of the flow of resources required to settle the obligation or other liabilities and in particular trade payables or provisions for assumed liabilities.

Provisions are distinguished from other liabilities in that there is no certainty as to the due date or amount of the future expense required for settlement. Given their different nature, provisions are shown separately from trade payables and provisions for presumed payables.

The recognition of a liability or the accrual to a provision occurs when:

- there is a current legal or constructive obligation as a result of past events;
- it is likely that an outflow of resources embodying economic benefits will be required to settle the obligation;
- a reliable estimate of the amount of the obligation can be made.

Provisions require the use of estimates. In extremely rare circumstances in which a reliable estimate cannot be made, a liability that cannot be reliably determined arises and is therefore described as a contingent liability.

The provision for risks and charges is made for an amount that represents the best possible estimate of the expenditure necessary to liquidate the related obligation existing at the reporting date and takes into account the risks and uncertainties that inevitably surround many facts and circumstances. The amount of the provision reflects any future events that may affect the amount required to settle an obligation if there is sufficient objective evidence that said events will occur.

Once the best possible estimate of the expenditure required to settle the related obligation existing at the reporting date has been determined, the present value of the provision is determined, if the effect of the present value of money is a material consideration.

Revenue from contracts with customers

Revenues from contracts with customers are recognized when the following conditions are met:

- the customer contract has been identified;
- the performance obligations set forth in the contract have been identified;
- the price has been determined;
- the price has been allocated to the individual performance obligations set out in the contract;
- the contractual obligation set out in the contract has been fulfilled.

The Group recognizes revenue from contracts with customers when (or as) it fulfills its obligations by transferring the promised goods or services (i.e. the asset) to the customer. The asset is transferred when (or as) the customer gains control of it.

The Group transfers control of the goods or services over time, and therefore fulfills the contractual obligation and recognizes revenues over time, if one of the following criteria is met:

- the customer simultaneously receives and uses the benefits deriving from the entity's performance as the latter performs it;
- the Group's performance creates or improves the asset (e.g. work in progress) which the customer controls as the asset is being created or improved;
- the Group's performance does not create an asset with an alternative use for the Group and the Group has an enforceable right to payment for the completed performance up to the set out date.

If the contractual obligation is not fulfilled over time, the contractual obligation is fulfilled at a point in time. In this case, the Group recognizes the revenue when the customer acquires control of the promised asset.

The contractual consideration included in the contract with the customer can include fixed amounts, variable amounts or both. If the contractual consideration includes a variable amount (e.g. discounts, price concessions, incentives, penalties or other similar elements), the Group estimates the amount of consideration to which it will be entitled in return for the transfer of the promised goods or services to the customer. The Group includes in the price of the transaction the amount of the variable consideration estimated only to the extent that it is highly probable that when the uncertainty associated with the variable consideration is subsequently resolved, there will not be a significant downward adjustment in the amount of accumulated revenues recognized.

In the event that the Group has the right to receive a consideration in exchange for goods or services transferred to the customer, the Group recognizes an asset deriving from contracts with customers. In the case of an obligation to transfer to the customer goods and services for which consideration has been received from the customer, the Group recognizes a liability arising from contracts with customers.

The incremental costs for executing contracts with customers are accounted for as assets and are amortized over the duration of the underlying contract, if the Group expects to recover them. The incremental costs for executing the contract are the costs that the Group incurs to obtain the contract with the customer and that it would not have incurred if it had not executed the contract. The costs for executing the contract that would have been incurred even if the contract had not been executed, must be recognized as costs at the time they are incurred, unless they are explicitly chargeable to the customer even if the contract is not executed.

Costs incurred for the fulfillment of

contracts with customers are capitalized as assets and amortized over the life of the underlying contract only if these costs are not within the scope of application of another accounting standard (e.g. IAS 2 - Inventories, IAS 16 - Property, plant and equipment and IAS 38 - Intangible assets) and meet all the following conditions:

- the costs are directly related to the contract or an expected contract, which the entity can specifically identify;
- the costs allow the entity to have new or increased resources to use to fulfill (or continue to fulfill) its obligations in the future;
- it is expected that these costs will be recovered.

Operating lease income

Operating lease income is recognized as revenue on a straight-line basis over the term of the lease. Lease incentives are recognized as an integral part of total lease income over the term of the lease.

Government research grants

Government grants are recognized in the income statement as income when the government grant becomes collectable.

Cost recognition

Costs are recognized in the income statement according to the accrual principle.

Finance income and expenses

Finance income and expenses are taken to the income statement on an accruals basis and include the gain from disposal of equity accounted investees.

In particular, interest income and expenses are recognized on an accruals basis considering the financed amount and the applicable effective interest rate, which is the rate that discounts estimated future collections/payments over the expected life of the financial asset/liability to align them to the asset's book value.

Income tax expense

The tax charge for the year includes the current and deferred tax charges. Income taxes are recognized in the income statement, except for those relating to transactions taken directly to equity, which are recognized in equity as well.

Current taxes reflect the estimated amount of income tax expense due, calculated on taxable income of the year, determined at the tax rates currently or substantially enacted at the reporting date, and any adjustments to the prior financial year balance.

Deferred taxes are recognized by calculating the temporary differences between the carrying amounts of recognized assets and liabilities and their corresponding tax bases. Deferred taxes are not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction other than a business combination that does not affect profit (or loss) or taxable income (or the tax loss), or differences relating to investments in subsidiaries or joint ventures in which it is not probable that the temporary difference will reverse in the foreseeable future. Furthermore, the Group does not recognize deferred tax liabilities arising from the initial recognition of goodwill. Deferred taxes are measured at the tax rates expected to apply in the financial year in which the related asset will be realized or the liability settled, on the basis of the tax rates established by measures enacted or substantially enacted at the reporting date. Deferred taxes are offset when the Group has a legally enforceable right to offset current tax assets against current tax liabilities and if the deferred tax assets and liabilities relate to income taxes levied by the same tax authorities on the same tax subject or other subjects that intend to settle current tax assets and liabilities on a net basis or realize assets and settle liabilities at the same time.

Deferred tax assets are recognized insofar as it is probable that the company will generate future taxable profit against which such assets can be used. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized. Additional income taxes resulting from the distribution of dividends are recognized when the liability for the payment of the dividend is recognized.

In the presence of uncertainties in the application of the tax regulations: (i) in cases where it is considered probable that the tax authority will accept the uncertain tax treatment, income taxes (current and/or deferred) are determined according to the tax treatment applied or expected to be applied in the tax return; (ii) in cases where it is considered unlikely that the tax authority will accept the uncertain tax treatment, this uncertainty is reflected in the determination of income taxes (current and/or deferred) to be recognized in the financial statements.

Dividends received/distributed

Dividends received are recognized in the income statement according to the accrual principle, i.e. in the financial year in which the related credit right arises, following the shareholders' resolution for the distribution of dividends by the investee company.

Dividends distributed are shown as a change in equity in the financial year in which they are approved by the shareholders' meeting.

Earnings per share

Basic earnings per share is calculated by dividing the Group's share of net income by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares.

Diluted earnings per share is calculated by dividing the Group's result by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares. For the purpose of calculating the diluted earnings per share, the weighted average number of shares in circulation is modified by assuming the exercise by all the assignees of rights that potentially have a dilutive effect, if any, while the result pertaining to the Group is adjusted to take into account any effects, net of taxes, of the exercise of said rights.

Operating segments

An operating segment is a component of an entity:

- who undertakes entrepreneurial activities that generate revenues and costs (including revenues and costs related to transactions with other components of the same entity);
- Whose operating results are periodically reviewed by the highest operational decision-making level of the entity for the purpose of making decisions regarding the resources to be allocated to the segment and of evaluating the results;
- for which separate financial information is available.

Please refer to Note 37 for segment reporting.

Estimates and assumptions

The preparation of the financial statements requires the directors to apply accounting standards and methods which, in some circumstances, are based on difficult and subjective valuations and estimates, based on historical experience and on assumptions that are considered reasonable and realistic from time to time according to the relevant circumstances.

The application of these estimates and assumptions affects the amounts reported in the financial statements, such as the statement of financial position, the income statement, the statement of comprehensive income, the cash flow statement, as well as the reports provided. The final results of the items in the financial statements for which the aforementioned estimates and assumptions were used, could differ, even significantly, from those reported in the financial statements that detect the effects of the occurrence of the event being estimated, due to the uncertainty that characterizes the assumptions and conditions on which the estimates are based.

The areas that require more than others greater subjectivity on the part of the directors in preparing the estimates and for which a change in the conditions underlying the assumptions used could have a significant impact on the financial results of the Group are the following:

a) Impairment of property, plant and equipment and intangible assets with a finite useful life: property, plant and equipment and intangible assets with a finite useful life are subject to assessment in order to ascertain whether an impairment has occurred when there are indicators that it will be difficult to recover its net book value through use. Assessment of the existence of the afore-mentioned indicators requires directors to make subjective assessments based on information available from both internal and external sources, as well as on historical experience. Furthermore, if it is determined that a potential impairment may have been generated, this is determined using valuation techniques deemed suitable. The correct identification of the indicators of potential impairment, as well as the estimates for its determination, depend on subjective assessments as well as on factors that may vary over time, affecting the assessments and estimates made by management.

b) Impairment of intangible assets with an indefinite useful life (goodwill): the value of goodwill is checked annually in order to ascertain the existence of any impairment to be recognized in the income statement. In particular, the verification in question involves the allocation of goodwill to the cash-generating units and the subsequent determination of the related recoverable value, understood as the greater of the fair value and the value in use. If the recoverable value is lower than the carrying amount of the cash-generating units, the goodwill allocated to them is written down.

c) Bad debt reserve: the determination of this reserve reflects the management's estimates linked to the historical and expected solvency of customers.

d) Provisions for risks and charges and contingent liabilities: the Group is involved in legal and tax disputes that could create complex and difficult issues and which present varying degrees of uncertainty, including the events and circumstances relating to each dispute, the jurisdiction and the different applicable laws. Given the uncertainties of these issues, it is difficult to predict with any certainty the amount of expenditure that could arise as a result of the disputes. Accordingly, on the basis of its legal advisors and legal and tax experts, the Management recognizes a liability in relation to these disputes when it believes that a financial outlay is probable and when the amount of the related losses can be reasonably estimated. When the Directors believe that the occurrence of a liability is only possible, the risks are indicated in the specific information note on commitments and risks, without giving rise to any provision.

e) Useful life of property, plant and equipment and of intangible assets: the useful life is determined at the time of recording the asset in the financial statements and reviewed at least at the end of each financial year. Valuations on the duration of the useful life are based on historical experience, on market conditions and on the expectations of future events that could affect the useful life itself, including technological changes. As a result, it is possible that the actual useful life may differ from the estimated useful life.

f) Deferred tax assets and liabilities: the Group recognizes current taxes and deferred tax assets and liabilities in accordance with the current legislation enacted in the countries where it operates. The recognition of taxes requires the use of estimates and assumptions relating to how to interpret the applicable regulations concerning transactions performed in the financial year and their tax effect on the individual companies. Furthermore, the recognition of deferred tax assets requires the use of estimates relating to the forecast taxable income of the individual Group companies and their developments, as well as the tax rates that are effectively applicable. These activities are carried out by analysing transactions and their tax profiles, also with the support, where necessary, of external consultants for the various issues addressed and through simulations of prospective income and sensitivity analyses of the same.

g) Inventory: the final inventory of products with obsolescence or slow revenue characteristics is periodically subject to valuation tests and written down if their recoverable value is lower than the carrying amount. The write-downs that were carried out were based on the assumptions and estimates of the directors according to their experience and the historical results achieved.

h) Recognition of revenues and costs related to construction contracts: the Group uses the percentage of completion method to account for long-term contracts. The margins recognized in the income statement are a function of both the progress of the order and the margins that it is believed will be recognized on the entire work upon its completion; therefore, the correct recording of the work in progress and of the margins relating to works not yet completed assumes the correct estimate by the directors of the revenues and the final costs, including any contractual changes and any extra costs and penalties that could reduce the expected margin. The use of the percentage of completion method requires the Group to estimate the costs of completion, which involves the assumption of estimates that depend on factors that are potentially changeable over time and which could therefore have significant effects on the recognition of revenues and margins in progress.

i) Determination of the fair value of share-based payments: the Group evaluates these plans on the basis of uncertain events and valuation assumptions that include volatility, dividend yield and risk-free rates. The Group makes use of valuations carried out by external specialists to determine the fair value of share-based employee benefits, requesting its determination at the grant date, using estimates and assumptions linked to the Group's future plans and to the use of suitable valuation techniques.

3. Other Information

Seasonality

The Group's activities show no significant seasonal or cyclical variations.

Russia-Ukraine conflict

The Group did not encounter any significant critical issues attributable to the ongoing Russia-Ukraine conflict in terms of procurement, production and sales. As at December 31, 2023, the Group's main suppliers of strategic materials are located outside Russia and Ukraine. The group has only one significant project with a Russian customer operating in the mining and metallurgical sector, who currently is not among the sanctioned entities, with which the Group has booked revenues in 2023 for Euro 18 million. Group customers located in the area affected by the conflict accounted for 2.1% of Group revenues for the financial year ended December 31, 2023 (in line with the previous year). As at December 31, 2023, the exposure to Russian or Ukrainian customers totalled just Euro 1.8 thousand.

The situation is evolving, and the Company continuously monitors each new set of sanctions issued.

However, it cannot be ruled out that the continuation of a situation of military conflict in Ukraine and the increase in tensions between Russia and the countries in which the Group operates could negatively affect global macroeconomic conditions and the economies of those countries, leading to a possible contraction in demand and a consequent decrease in production levels, also taking into account the continuous evolution of the sanctions framework, which is constantly monitored by the Group's management.

B. Notes to the main financial statements items - Income statement

4. Revenues

The table below shows the detail of revenues from contracts with customers for the financial years ended December 31, 2023 and 2022.

	For the year ended December 31,	
	2023	2022
	(in € thousands)	
Sales of electrodes	447,789	462,198
Sales of systems	33,458	31,928
After-market and other sales	283,650	287,906
Change in construction contracts	91,514	70,794
Total	856,411	852,826

Revenues for the financial year ended December 31, 2023 amounted to Euro 856,411 thousand (Euro 852,826 thousand for the financial year ended December 31, 2022). Revenues in 2023 refer to the Electrode Technologies segment for Euro 464,214 thousand (Euro 473,444 thousand in 2022), to the Water Technologies segment for Euro 289,962 thousand (Euro 336,719 thousand in 2022) and to the Energy Transition segment for Euro 102,235 thousand (Euro 42,663 thousand in 2022). Revenues increased by a total of Euro 3,585 thousand, with a negative exchange rate effect of Euro 30,136 thousand; at constant exchange rates, Group revenues in 2023 would have actually increased by Euro 33,721 thousand compared to the previous financial year.

Operating lease income is included in the item "After-market and other sales" and amounted to Euro 28,066 thousand for the financial year ended December 31, 2023 (Euro 32,623 thousand for the financial year ended December 31, 2022) and relate to electrodes and their components leased to customers under long-term contracts.

The following table shows the operating lease income to be recognized in subsequent years in relation to the non-cancellable portion of the contract for the financial years ended December 31, 2023 and December 31, 2022, for each of the first five years and the total amounts for the remaining years.

(in € thousands)	Within one year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over 5 years
Non-cancellable lease portion as of December 31, 2023	20,355	18,631	14,679	12,560	10,235	42,742
Non-cancellable lease portion as of December 31, 2022	18,754	18,074	15,385	12,948	10,674	50,365

Revenue is analyzed by geographical segment below:

	For the year ended December 31	
	2023	2022
	(in € thousands)	
Europe, Middle East, India and Africa (EMEIA)	**308,396**	269,216
(of which Italy)	***29,994***	*12,910*
North and Latin Americas (AMS)	**257,834**	282,021
Asia and South Pacific (APAC)	**290,181**	301,589
Total	856,411	852,826

Almost all the contracts with customers stipulated by the Group do not provide for variable fees.

Almost all contracts do not contain a significant financial component, i.e. for which the period between the transfer of the agreed asset to the customer and the payment made by the customer exceeds twelve months. Therefore, the Group did not make any adjustment to the transaction consideration so as to take into account the effects of the time value of money.

For the financial year ended December 31, 2023, almost all of the obligations to be fulfilled by the Group refer to contracts with a duration of less than 12 months.

For revenues from construction contracts with contractual obligations fulfilled over time, the Group recognizes revenues from contracts with customers on the basis of methods based on the inputs used to fulfill the contractual obligation, consisting of the costs incurred. For contractual obligations fulfilled at a point in time, revenues from contracts with customers are recognized at the time of the transfer of control of the assets, based on the contract.

For further information on the trend in revenues, please refer to what is reported in the Directors' report on business performance.

5. Change in inventory of finished goods and work in progress

For the financial year ended December 31, 2023, the Group shows a negative change in inventories of semi-finished and finished products equal to Euro 4,096 thousand, compared to a positive change of Euro 34,815 thousand for the financial year ended December 31, 2022 and includes the amount of Euro 2,813 thousand relating to the release to the income statement of the excess portions of the inventory write-down provision for finished and work-in-progress products (Euro 2,780 thousand for the financial year ended December 31, 2022).

6. Other income

The table below shows the details of other income for the financial years ended December 31, 2023 and 2022.

	For the year ended December 31	
	2023	2022
	(in € thousands)	
Sundry income	11,937	4,380
R&D grants	1,208	940
R&D tax credit	363	773
R&D income	134	154
Gain on sale of non-current assets	12	157
Insurance refund	1,029	47
Total	14,683	6,451

Other income mainly refers to income from ancillary operations, including rental income. In 2023 they amounted to Euro 11,937 thousand, and the increase compared to Euro 4,380 thousand in the comparison year is essentially attributable to non-recurring income, totalling Euro 6,692 thousand, recognized by the US subsidiaries De Nora Tech LLC and De Nora Water Technologies LLC for one-off contributions granted by the United States government as part of the COVID measures in favor of companies, specifically linked to theretention of employees.

The insurance refund for the fiscal year ended December 31, 2023, amounting to Euro 1,029 thousand, include, among others, Euro 500 thousand related to the dispute with a customer in the Marine Technologies business. This dispute arose following the cancellation of the contract for the construction of a water treatment system to be installed on cruise ships.

7. Raw materials, ancillary materials, consumables and goods

The table below shows the cost for raw materials, consumables, supplies and goods for the financial years ended December 31, 2023 and 2022.

	For the year ended December 31	
	2023	2022
	(in € thousands)	
Purchase of raw materials	219,816	314,779
Change in inventory	20,865	(21,796)
Purchase of semi-finished and finished goods	93,821	88,538
Purchase of consumables and supplies	20,785	16,327
Purchase of packaging material	2,600	1,929
Other purchases and related charges	104	127
Total	357,991	399,904

Consumption of raw materials, consumables and goods for the year ended December 31, 2023 amounted to Euro 357,991 thousand, with an overall decrease of Euro 41,913 thousand compared to Euro 399,904 thousand for for the financial year ended December 31, 2022, attributable to the lower consumption of raw materials.

Cost for raw materials, consumables and goods are shown net of capitalized costs, amounting to Euro 7,183 thousand for the financial year ended December 31, 2023 (Euro 7,364 thousand in the comparative financial statements) and refer to costs incurred by the Group companies for the internal development of capitalized projects and products which met the capitalization requirements.

8. Personnel expense

The table below shows the detail of personnel expenses for the financial years ended December 31, 2023 and 2022.

	For the year ended December 31	
	2023	2022
	(in € thousands)	
Wages and salaries	113,262	107,399
Management Incentive Plan (MIP)	-	19,360
Social security contributions	24,843	23,058
Post-employment benefits and other pension plans	2,464	2,467
Other personnel net (income)/expenses	3,413	2,277
Total	143,982	154,561

Personnel costs amounted to Euro 143,982 thousand for the year ended December 31, 2023, with a decrease compared to the previous period of Euro 10,579 thousand (Euro 154,561 thousand in 2022). The comparison year included the costs relating to the MIP incentive plan, equal to Euro 19,360 thousand; net of this non-recurring component that characterized the figure for 2022, personnel costs would therefore have increased overall by Euro 8,781 thousand, as a direct consequence of the expansion of the workforce.

The table below shows the average number of Group employees for the financial years ended December 31, 2023 and 2022.

	For the year ended December 31	
	2023	2022
Average number of employees	1,979	1,829

The item Wages and Salaries includes also the cost for the Performance Share Plan (PSP), a regulation accounted for on the basis of IFRS 2 (approved by the Company's corporate bodies) that provides for the assignment to a certain number of beneficiaries, identified in the regulation itself, of rights of subscription of ordinary shares of the Company based on the achievement of performance objectives. In particular, the total number of attributable rights is 126,556, which could increase to 239,972. The launch of the PSP formally took place on October 14, 2022 with a multi-year vesting period and pay-out expected between 2025 and 2027. The fair value measurement of the PSP for the 2022-2024 cycle, totalling Euro 1,854 thousand, was carried out according to a Monte Carlo method on the basis of the following parameters and assumptions:

- the risk-free rate used was obtained from the zero-coupon government bond yield of the European Central Bank ("ECB") as at the performance period end date and is equal to 1.85%;
- the volatility of De Nora shares was estimated at 35.1%, based on the three-year time series of the comparable companies included in the STOXX Europe 600;
- the dividend yield was estimated at 0.74%;
- the lack of marketability was estimated at 15%;
- participants are not expected to leave the group;
- correlation: on the basis of the time series of daily returns with a depth of 3 years, the correlation matrix between the companies included in the STOXX Europe 600 and De Nora.

On October 31, 2023, a new PSP Incentive Plan was announced with a multi-year vesting period and pay-out expected between 2026 and 2028. The total number of attributable rights is 103,218, which could increase to 197,632. The fair value measurement of the PSP for the 2023-2025 cycle, totalling Euro 1,110 thousand, was carried out according to a Monte Carlo method on the basis of the following parameters and assumptions:

- the risk-free rates used were obtained from the zero-coupon government bond yields of the European Central Bank ("ECB") for a duration of 2.17, 3.17 and 4.17 years, respectively, and are equal to 2.97% for the tranche with vesting on January 1, 2026, 2.77% for the tranche with vesting on January 1, 2027, and 2.66% for the tranche with vesting on January 1, 2028, respectively;
- the volatility of De Nora shares was estimated at 34.2%, based on the three-year time series (until October 31, 2023) of the comparable companies included in the STOXX Europe 600;
- the dividend yield was estimated at 0.94%;
- the lack of marketability was estimated using the Finnerty model and applied to the tranches with vesting on January 1, 2027 and vesting on January 1, 2028 and is respectively 7.7% and 10.7%;
- participants are not expected to leave the group;
- correlation: on the basis of the time series of daily returns with a depth of 3 years, the correlation matrix between the companies included in the STOXX Europe 600 and De Nora. The average correlation is 16.3%.

The charge posted in the income statement in the year ended as at December 31, 2023 under personnel expenses for the two plans described above amounts to Euro 262 thousand, recognized with a corresponding balancing entry in Other reserves in Equity.

"Other net personnel costs/(income)" amounting to Euro 3,413 thousand in 2023 (Euro 2,277 thousand for the year ended December 31, 2022), are mainly related to charges and incentives for personnel termination, costs for medical and insurance coverage, and expatriate benefits.

Personnel expenses are shown net of capitalized costs, amounting to Euro 4,080 thousand for the financial year ended December 31, 2023 (Euro 4,051 thousand in the comparative financial statements) and refer to costs incurred by the Group companies for the internal development of projects and products that meet the requirements for capitalization.

9. Service Costs

The table below shows the detail of costs for services for the financial years ended December 31, 2023 and 2022.

	For the year ended December 31	
	2023	2022
	(in € thousands)	
Outsourcing expenses	66,478	54,073
Consultancies:		
- Production and technical assistance	16,485	15,303
- Selling	242	220
- Legal, tax, administrative and ICT	16,005	18,081
- M&A and Business development	182	199
Utilities	11,324	10,333
Maintenance	20,649	15,952
Travel expenses	9,682	8,339
R&D	1,703	1,149
Statutory auditors' fees	125	134
Insurance	4,342	3,603
Rents and other lease expenses	3,050	2,676
Commissions and royalties	5,179	7,822
Freight	11,214	13,233
Waste disposal, office cleaning and security	3,764	3,340
Promotional, advertising and marketing expenses	1,191	1,839
Patents and trademarks	1,211	1,326
Canteen, training and other personnel expenses	4,240	3,378
Board of Directors' fees	1,264	819
Total	178,330	161,819

Costs for services amounted to Euro 178,330 thousand in 2023 (Euro 161,819 thousand in 2022) with an increase compared to the previous period of Euro 16,511 thousand mainly for outsourced work and maintenance costs.

10. Other operating expenses

The table below shows the detail of other operating expenses for the financial years ended December 31, 2023 and 2022.

	For the year ended December 31	
	2023	2022
	(in € thousands)	
Indirect taxes and duties	8,335	6,998
Losses on sale of non-current assets	657	488
Losses on receivables (not covered by utilization of bad debt provision)	19	10
Other miscellaneous expenses	2,092	2,180
Total	11,103	9,676

Other operating expenses amounted to Euro 11,103 thousand in 2023 (Euro 9,676 thousand in 2022).

11. (Impairment) /write back of non-current assets and provisions

The following table shows the detail of the item (impairment) /write back of non-current assets and provisions for the financial years ended December 31, 2023 and 2022.

	For the year ended December 31	
	2023	2022
	(in € thousands)	
Net accrual of provisions for risks and charges	1,606	3,367
Net accrual of bad debt provision	(2,467)	1,844
Impairment/(Write back) of Intangible Assets - Property, Plant and Equipment	8,918	8,989
Total	8,057	14,200

The impairment of Intangible assets - Property, Plant and Equipment in the year ended December 31, 2023 is essentially a result of the resolution of the Board of Directors of Industrie De Nora S.p.A. to close the Marine Technologies business belonging to the Water Technologies division, and in particular includes:

- Euro 6,013 thousand for the impairment of Intangible assets of De Nora Marine Technologies, LLC;
- Euro 2,074 thousand relating to the zeroing of the residual value of the intangible asset (Development costs) recognized in the company De Nora Water Technologies Italy S.r.l. for the development of a water treatment system onboard the cruise ships (Advanced Wastewater Treatment Plant, hereinafter "AWTP");
- Euro 831 thousand for the impairment of Property, plant and equipment of De Nora Marine Technologies, LLC.

While the impairment of Intangible Assets - Property, Plant and Equipment during the year of comparison included:

- Euro 4,323 thousand relating to the AWTP intangible asset recognized in the company De Nora Water Technologies Italy S.r.l.;

— Euro 2,848 thousand relating to plant and machinery of the Cash Generating Unit De Nora Neptune used as part of hydraulic fracturing activities (so-called Fracking), an impairment made following the assessment of current market prospects. This Cash Generating Unit is part of the Water Technologies segment.

For more information on the write-down of Intangible Assets - Property, Plant and Equipment, see Note 18 "Goodwill and Intangible Assets" and Note 19 "Property, Plant and Equipment", respectively.

12. Share of profit of equity-accounted investees

For the year ended December 31, 2023, the item amounted to an income of Euro 5,435 thousand, compared to the loss of Euro 1,196 thousand in the year ended December 31, 2022. This value represents De Nora's share of the consolidated net result for the period of the associate tk nucera (34% until June 30, 2023, 25.85% from July 1, 2023).

13. Finance income

The table below shows the detail of finance income for the financial years ended December 31, 2023 and 2022.

	For the year ended December 31	
	2023	2022
	(in € thousands)	
Gain from Disposal of investments in associated companies	17,377	-
Dilution gain on tk nucera equity investment	115,846	-
Exchange rate gains	7,229	20,700
Fair value (positive) on financial instruments	34	1,847
Profit from non-current financial assets	682	96
Bank interest	3,551	713
Interest on trade receivables	5	-
Other Finance income	294	149
Total	145,018	23,505

The gain from the disposal of investments in associates realized in the year ended December 31, 2023 of Euro 17,377 thousand relates to the exercise of the "greenshoe option" on the basis of which Industrie De Nora sold 1,342,065 shares as part of the IPO of tk nucera.

The "dilution gain" in the equity investment in tk nucera amounting to Euro 115,846 thousand is related to the listing of tk nucera through the issue of new shares placed exclusively on the market.

As a result of both the dilutive effect and the sale of shares following the exercise of the "greenshoe option", the percentage of equity investment in tk nucera decreased from 34% to the current 25.85%.

14. Finance expenses

The table below shows the detail of finance expenses for the financial years ended December 31, 2023 and 2022.

	For the year ended December 31	
	2023	2022
	(in € thousands)	
Bank interest and interest on loans and borrowings	8,733	6,417
Exchange rate losses	9,765	19,371
Fair value (negative) on financial instruments	136	-
Finance expenses on personnel costs	718	306
Bank fees	949	997
Other finance expenses	1,789	597
Total	22,090	27,688

15. Income tax expense

The table below shows the detail of income tax expense for the financial years ended December 31, 2023 and 2022.

	For the year ended December 31	
	2023	2022
	(in € thousands)	
Current taxes	36,318	34,098
Deferred taxes	(2,993)	(6,425)
Prior years taxes	906	3,092
Total	34,231	30,765

16. Reconciliation of the effective tax rate

The following is a reconciliation of the effective tax provision with the theoretical tax provision that would have been obtained by applying the current tax rate to the profit before tax for the years ended December 31, 2023 and 2022.

	For the year ended December 31			
	2023		2022	
	(in € thousands, except percentages)			
Profit for the period		231,050		89,665
Income tax expense		34,231		30,765
Profit before tax		265,281		120,430
Income tax expense at Italian nominal tax rate	24.0%	63,667	24.0%	28,903
Effect of foreign tax rates - higher rate	1.9%	5,087	4.0%	4,833
Effect of foreign tax rates - lower rate	(0.4%)	(1,104)	(1.0%)	(1,164)
Italian Regional Tax (IRAP) and other taxes	0.7%	1,858	1.3%	1,614
Tax effect of non-deductible expense	1.4%	3,714	6.1%	7,319
Tax effect of non-taxable revenue and income	(12.9%)	(34,308)	(5.5%)	(6,654)
Tax benefits	(0.6%)	(1,672)	(0.7%)	(804)
Utilization of tax losses carried forward	(1.3%)	(3,460)	(0.7%)	(884)
Change in tax rates	(0.1%)	(241)	(0.1%)	(70)
Change in previously unrecognized temporary differences	(0.2%)	(513)	(2.0%)	(2,442)
Other	0.5%	1,203	0.1%	114
Total	12.9%	34,231	25.5%	30,765

The tax effect related to non-taxable revenues and income for the fiscal year ended December 31, 2023, primarily pertains to financial gains ('Dilution Gain' and the gain from disposal of investments in associates) related to the equity investment in tk nucera. The taxation on these gains was accounted for using the 1.2% tax rate, considering the application of the so-called "participation exemption".

17. Earnings per share

The following tables show basic and diluted earnings per share for the financial years ended December 31, 2023 and 2022:

	For the year ended December 31	
	2023	2022
Profit for the period attributable to the owners of the parent distributable to shareholders (in Euro)	230,050	89,564
Weighted average number of shares for basic earnings per share	201,593,719	190,180,575
Basic earnings per share (in Euro)	1.14	0.47
Weighted average number of shares for diluted earnings per share	201,642,382	190,180,575
Diluted earnings per share (in Euro)	1.14	0.47

C. Notes to the main financial statements items - Statement of equity and financial position - Assets

18. Goodwill and intangible assets

The table below shows the breakdown and changes in intangible assets for the financial years ended December 31, 2023 and 2022.

(in € thousands)	Goodwill	Industrial patents and intellectual property rights	Concessions licenses and trademarks	Know-how and Technologies	Customer relationships	Development costs	Other	Assets under construction and advance payments	Total intangible assets
Historical cost at December 31, 2021	63,226	14,253	34,921	47,909	50,362	15,909	8,376	14,855	249,811
Increase	-	411	719	-	-	1,022	-	5,874	8,026
Decrease	-	(75)	(2)	-	-	-	(67)	(126)	(270)
Impairment	-	-	-	-	-	(4,323)	-	-	(4,323)
Reclassifications/other changes	-	409	1,820	6	-	9,498	540	(11,869)	404
Translation differences	3,755	(120)	239	(474)	2,068	648	287	234	6,637
Historical cost at December 31, 2022	66,981	14,878	37,697	47,441	52,430	22,754	9,136	8,968	260,285
Change in scope of consolidation	-	-	-	848	474	-	134	-	1,456
Increase	-	431	722	-	-	-	88	6,255	7,496
Decrease	-	-	-	-	-	-	-	(533)	(533)
Impairment	-	-	(33)	-	-	(7,790)	(264)	-	(8,087)
Reclassifications/other changes	-	273	2,479	-	-	2,663	457	(6,395)	(523)
Translation differences	(2,239)	(180)	(1,480)	(3,084)	(2,142)	(732)	(265)	(306)	(10,428)
Historical cost at December 31, 2023	64,742	15,402	39,385	45,205	50,762	16,895	9,286	7,990	249,667

(in € thousands)	Goodwill	Industrial patents and intellectual property rights	Concessions licenses and trademarks	Know-how and Technologies	Customer relationships	Development costs	Other	Assets under construction and advance payments	Total intangible assets
Accumulated amortization as at December 31, 2021	-	12,460	25,866	31,229	35,991	6,744	4,716	-	117,006
Increase	-	1,077	2,934	1,588	1,172	2,571	416	-	9,758
Decrease	-	(65)	-	-	-	-	(67)	-	(132)
Reclassifications/other changes	-	-	-	5	-	-	-	-	5
Translation differences	-	(72)	(80)	163	1,768	161	156	-	2,096
Accumulated amortization as at December 31, 2022	-	13,400	28,720	32,985	38,931	9,476	5,221	-	128,733
Increase	-	998	3,244	1,510	1,162	3,195	553	-	10,662
Reclassifications/other changes	-	-	74	-	-	107	(181)	-	-
Translation differences	-	(122)	(1,229)	(1,995)	(1,539)	(465)	(165)	-	(5,515)
Accumulated amortization as at December 31, 2023	-	14,276	30,809	32,500	38,554	12,313	5,428	-	133,880
Net carrying value as at December 31, 2022	66,981	1,478	8,977	14,456	13,499	13,278	3,915	8,968	131,552
Net carrying value as at December 31, 2023	64,742	1,126	8,576	12,705	12,208	4,582	3,858	7,990	115,787

Investments in intangible assets for the financial year 2023 amounted to Euro 7,496 thousand and mainly refer to:

(i) industrial patent rights and intellectual property rights for Euro 431 thousand, mainly attributable to the registration and acquisition of industrial patents by the Parent Company Industrie De Nora S.p.A.;

(ii) concessions, licenses and trademarks for Euro 722 thousand, mainly relating to the implementation of SAP management system and other ICT systems;

(iii) other intangible assets for Euro 88 thousand;

(iv) intangible assets under construction amounting to Euro 6,255 thousand, relating to: Euro 1,224 thousand for industrial patent rights and intellectual property rights attributable to the registration and acquisition of industrial patents, by the parent company De Nora S.p.A. and the Japanese subsidiary De Nora Permelec Ltd.; Euro 2,173 thousand for concessions, licenses and trademarks mainly related to the implementation of the SAP management system and other ICT systems; and Euro 2,858 thousand related to other intangible assets mainly regarding product development costs of the Water Technologies business segment.

Intangible assets with a finite useful life

Industrial patents and intellectual property rights

This item mainly relates to costs incurred to acquire or file new industrial patents or for the geographical extensions of existing rights.

Concessions, licences and trademarks

The item mainly consists of costs relating to the implementation of the SAP management system and other ICT systems. These rights are amortized on a straight-line basis over the estimated period of use.

Know-how and Technologies

It represents the adoption of specific technologies in the production and sale of products and systems; these are typically assets identified in the purchase price allocation following business combinations that involved the Group companies. These rights are amortized on a straight-line basis over the estimated period of use.

Customer Relationships

It represents the valuation of customer relationships; these assets were identified in the purchase price allocation following business combinations that involved Group companies.

Development costs

This is the capitalization of the development costs incurred by some Group companies, relating to activities/projects where the technical and commercial feasibility for development and subsequent sale has been determined.

The impairment of Euro 7,790 thousand in the year ended December 31, 2023 is essentially due to the resolution of the Board of Directors of Industrie De Nora S.p.A. to close the Marine Technologies business belonging to the Water Technologies division.

Other intangible fixed assets

The item mainly includes, for Euro 2,520 thousand as at December 31, 2023 (Euro 2,966 thousand as at December 31, 2022), the valuation of trademarks identified in the purchase price allocation, following business combinations that involved the Group companies.

The impairment of Euro 264 thousand in the year ended December 31, 2023 relates to trademarks of the Marine Technologies business belonging to the Water Technologies division.

Assets under construction and advance payments

This item relates to costs incurred to implement and develop software projects and new products which have not yet gone into use.

As at December 31, 2023, a check was carried out on the recoverability of the book value of Euro 4,734 thousand recognized in the company De Nora Water Technologies LLC (USA) relating to product development costs (R&D) in the Water Technologies area, subject to capitalization.

The recoverability of said intangible assets was verified at Water Technologies Systems sub-segment level, which essentially groups together all the assets pertaining to the Water Technologies segment, with the exclusion of the business line pertaining to Pools. This is because the Product Technology Management assets subject to capitalization developed by the company De Nora Water Technologies LLC are in the interest and to the benefit of all the companies operating in the aforementioned sub-segment.

The main parameters used to estimate the present value of cash flows relating to said asset are shown below.

Asset analysed	WACC	G-rate
Water Technologies Systems	10.7%	2.3%

The Water Technologies Systems sub-segment saw a 2023 beyond expectations, in particular with reference to profitability, and the business plan assumptions into years 2024-2026 of the industrial plan, on the basis of the impairment tests carried out, foresee the further progression of the performance, both in terms of turnover levels and profitability.

The checks carried out confirmed the recoverability of the values of the intangible assets subject to analysis, highlighting excesses of the value in use with respect to the corresponding book values, of about 70%.

In relation to the sensitivity analysis, an increase in WACC of up to 16.6%, or a zero g-rate or a reduction in EBIT over the plan period of 39%, with a similar impact on terminal flow, would not lead to impairment.

Intangible assets with an indefinite useful life

As at December 31, 2023 and 2022, the value of goodwill refers to:

— the acquisition of the company De Nora Tech LLC (U.S.A.) (Electrode Technologies segment) in 2005;

— the acquisition in 2015 of De Nora Ozone S.r.l., subsequently merged into De Nora Water Technologies Italy S.r.l. (Italy) (Water Technologies segment).

In line with the requirements of IAS 36, as at December 31, 2023, an impairment test was carried out to ascertain the existence of any impairment of goodwill. To this end, it should be noted that, for the purposes of verifying the recoverability of the goodwill recorded under intangible assets, the following groups of Cash Generating Units have been identified:

	December 31	
	2023	2022
	(in € thousands)	
Electrode Technologies segment	63,242	65,481
Water Technologies segment	1,500	1,500
Total	64,742	66,981

In order to identify the groups of CGUs, the elements referred to in the reference standards were considered, including the way in which management monitors the Group's operations and makes strategic decisions, with particular reference to product offerings and investment decisions. In particular, the goodwill relating to the acquisition of the company De Nora Tech LLC (U.S.A.) is verified at the Electrode Technologies business segment level, while the goodwill relating to the acquisition of De Nora Ozone S.r.l. (now incorporated into De Nora Water Technologies Italy S.r.l.) is verified at the Water Technologies business segment level.

As at December 31, 2023, the goodwill was subjected to an impairment test in accordance with the provisions of accounting standard IAS 36, or by comparing the book value of the CGU group which includes goodwill with its recoverable value. Specifically, the configuration of the recoverable value is that of the value in use, determined by discounting the forecast data of the CGU group ("DCF Method") relating to the three-year period following the reporting date. The key assumptions used to determine the forecast data are the estimate of the growth levels in revenue, EBITDA, operating cash flows, the growth rate of the terminal value and the weighted average cost of capital (discount rate), taking into consideration past economic-income and financial performance and future expectations. For the data as at December 31, 2023, these future expectations were derived from the 2024-2026 business plan approved on March 18, 2024 by the Board of Directors.

The terminal value was determined on the basis of the perpetuity criterion of the normalized cash flow of the CGUs, with reference to the last period of the forecast data considered, applying an annual inertial growth (rate "g" or "g-rate").

For the purposes of estimating the value in use of the CGU group to which the goodwill is allocated, the following sources of information were used:

- internal sources: IAS 36 requires that the estimate of value in use be based on the most up-to-date cash flow projections made by senior management. For the purposes of the impairment test of goodwill at the reference dates, the business plans indicated above were used;
- external sources: for the purposes of the impairment test of goodwill, external sources of information were used to calculate the weighted average cost of capital (WACC), determined using the capital asset pricing model ("CAPM"). In particular, as required by IAS 36, the cost of capital was calculated considering the target financial structure deriving from the analysis of the financial structure of comparable listed companies.

The parameters used to estimate the present value of cash flows are shown in the following table.

	December 31	
	2023	2022
WACC		
Electrode Technologies segment	10.5%	10.5%
Water Technologies segment	10.3%	9.7%
G-rate		
Electrode Technologies segment	2.1%	2.0%
Water Technologies segment	2.3%	2.3%

The business plan assumptions for the Electrode Technologies segment, underlying the impairment tests carried out, envisage the maintenance and further consolidation of De Nora's positioning in the reference markets; the 2024-2026 industrial plan confirms high levels and volumes of turnover, and consequent profitability based on the expected evolution of the production mix.

The business plan assumptions for the Water Technologies segment, underlying the impairment tests carried out, envisage a progression in performance, both in terms of turnover levels and volumes and profitability, in particular in the Water Technologies Systems sub-segment, i.e. not considering the Pools business line; with regard to the latter, after the significant decrease in volumes expected during 2023, the 2024-2026 industrial plan confirms the normalization of market demand connected to the return to normal pre-COVID-19 pandemic consumption habits, always and in any case with high levels of profitability.

The impairment test as at December 31, 2023 showed that, for both business segments tested, the value in use, determined by discounting the plan reference data using the "DCF Method", is higher than the corresponding value of the net invested capital (including goodwill).

For the Electrode Technologies segment, the determined value in use is approximately 44% higher than the net invested capital associated with the segment. For the Water Technologies segment, the determined value in use is just over the double of the net invested capital associated with the segment.

A sensitivity analysis was also carried out to verify the stability of the book values of goodwill in the presence of worsening changes in the main assumptions.

In particular, in relation to the financial year ended December 31, 2023:

— for the Electrode Technologies segment, an increase in WACC of up to 14.3%, or a zero g-rate or a reduction in EBIT over the plan period of 27%, with a similar impact on terminal flow, would not lead to impairment;

— for the Water Technologies segment, an increase in WACC of up to 19.8%, or a zero g-rate or a reduction in EBIT over the plan period of 49%, with a similar impact on terminal flow, would not lead to impairment.

19. Property, Plant and Equipment

The following table shows the breakdown and changes in property, plant and equipment for the financial years ended December 31, 2023 and 2022.

	Land	Buildings	Plant and Machinery	Other assets	Leased assets	Right of use of PPE:	- of which Buildings	- of which Other assets	Assets under construction and advance payments	Total property, plant and equipment
					(in € thousands)					
Historical cost as of December 31, 2021	30,314	90,584	101,161	18,794	122,305	8,079	6,050	2,029	4,474	375,711
Increase	-	1,263	2,286	710	8,053	3,588	3,386	202	25,803	41,703
Decrease	-	(33)	(1,129)	(247)	(1,742)	(752)	(650)	(102)	-	(3,903)
Impairment	-	-	(2,848)	-	(1,817)	-	-	-	-	(4,665)
Reclassifications/ other changes	-	1,174	6,897	1,381	83	-	-	-	(10,157)	(622)
Translation differences	(1,509)	762	704	(61)	(4,291)	(60)	(94)	34	(19)	(4,474)
Historical cost as of December 31, 2022	28,805	93,750	107,071	20,577	122,591	10,855	8,692	2,163	20,101	403,750
Change in scope of consolidation	-	474	714	14	-	926	877	49	-	2,128
Increase	15,275	1,587	4,696	428	7,980	17,360	17,057	303	51,034	98,360
Decrease	-	(821)	(2,054)	(1,544)	(3,786)	(1,660)	(689)	(971)	-	(9,865)
Impairment	-	(23)	(614)	-	-	-	-	-	(195)	(832)
Reclassifications/ other changes	-	9,366	11,912	1,419	289	-	-	-	(22,691)	295
Translation differences	(2,265)	(3,872)	(3,808)	(873)	(8,627)	(431)	(413)	(18)	(668)	(20,544)
Historical cost as of December 31, 2023	41,815	100,461	117,917	20,021	118,447	27,050	25,524	1,526	47,581	473,292

	Land	Buildings	Plant and Machinery	Other assets	Leased assets	Right of use of PPE:	- of which Buildings	- of which Other assets	Assets under construction and advance payments	Total property, plant and equipment
					(in € thousands)					
Accumulated depreciation as at December 31, 2021	10	35,142	57,806	14,801	97,198	3,127	1,886	1,241	-	208,084
Increase	-	3,201	6,442	1,197	5,675	1,851	1,352	499	-	18,366
Decrease	-	(6)	(810)	(227)	(1,530)	(299)	(197)	(102)	-	(2,872)
Reclassifications/ other changes	-	32	(131)	293	(269)	-	-	-	-	(75)
Translation differences	-	(145)	135	(95)	(3,834)	9	(13)	22	-	(3,930)
Accumulated depreciation as at December 31, 2022	10	38,224	63,442	15,969	97,240	4,688	3,028	1,660	-	219,573
Increase	-	3,198	6,354	1,274	5,912	3,218	2,867	351	-	19,956
Decrease	-	(540)	(1,483)	(1,460)	(3,633)	(1,660)	(689)	(971)	-	(8,776)
Reclassifications/ other changes	-	(136)	179	(23)	-	-	-	-	-	20
Translation differences	-	(1,600)	(2,448)	(675)	(6,871)	(160)	(144)	(16)	-	(11,754)
Accumulated depreciation as at December 31, 2023	10	39,146	66,044	15,085	92,648	6,086	5,062	1,024	-	219,019
Net carrying value as at December 31, 2022	28,795	55,526	43,629	4,608	25,351	6,167	5,664	503	20,101	184,177
Net carrying value as at December 31, 2023	41,805	61,315	51,873	4,936	25,799	20,964	20,462	502	47,581	254,273

Additions to property, plant and equipment amounted to Euro 98,360 thousand for the financial year 2023. In particular, investments in property, plant and equipment, excluding increases in the rights of use of property, plant and equipment, amounted to a total of Euro 81,000 thousand and mainly refer to:

(i) purchase of land for Euro 10,495 thousand relating to the industrial area in Cernusco sul Naviglio for the construction of the "Italian Gigafactory" project (the value also includes the demolition costs of the existing structures). Such project is financed by the Italian "Ministry of Enterprises and Made in Italy";

(ii) purchase of land for Euro 4,780 thousand relating to the acquisition of a disused industrial area adjacent to the existing area of Via Bistolfi 35. The objective of this acquisition is to host new offices, laboratories, and co-working spaces, improving the Milan headquarters by creating a "campus" and enabling the planned increase of the workforce;

(iii) buildings for Euro 1,587 thousand relating to the properties located in Italy, the plant in Germany and the construction of the buildings on the land referred to in points (i) and (ii) above;

(iv) leased assets for Euro 7,980 thousand related to anodes to be leased within the Electrode Technologies business segment;

(v) plant and machinery for Euro 4,696 thousand relating mainly to the plants in China, Germany and the Gigafactory;

(vi) other assets (furniture and furnishings, office equipment and vehicles) for Euro 428 thousand;

(vii) fixed assets in progress and advances for Euro 51,034 thousand, relating for Euro 31,299 thousand to plant and machinery following the technological modernization and the planned expansion of production capacity mainly in Italy, Germany, China, United States, Brazil and Japan and for the installation of photovoltaic panels at the headquarters in Via Bistolfi and in the Cologno Monzese plant, for Euro 14,610 thousand to buildings mainly in Italy, China, Germany, the United States, Brazil and Japan, for Euro 1,684 thousand to other assets under construction, for Euro 289 thousand relating to anodes to be leased and for Euro 3,152 thousand to advances. The latter refer to the advances paid for the expansion projects of the production sites in China and Germany.

The total impairment of Euro 832 thousand in the year ended December 31, 2023 are essentially the result of the resolution of the Board of Directors of Industrie De Nora S.p.A. to close the Marine Technologies business belonging to the Water Technologies division.

The cumulative write-downs as at December 31, 2023 concerning Property, plant and equipment amounted to a total of Euro 3,808 thousand.

The following table provides the main information relating to lease agreements in which the Group acts as a lessee:

	As of December 31	
	2023	2022
	(in € thousands)	
Historical cost of Right of use of PPE (buildings)	25,524	8,691
Historical cost of Right of use of PPE (other assets)	1,526	2,164
Total historical cost of Right of use of PPE	27,050	10,855
Accumulated depreciation of Right of use of PPE (buildings)	5,062	3,026
Accumulated depreciation of Right of use of PPE (other assets)	1,024	1,662
Total accumulated depreciation of Right of use of PPE	6,086	4,688
Net book value of Right of use of PPE (buildings)	20,462	5,665
Net book value of Right of use of PPE (other assets)	502	502
Total net book value of Right of use of PPE	20,964	6,167
Current lease liabilities	3,698	1,633
Non-current lease liabilities	17,829	4,803
Total lease liabilities	21,527	6,436
Depreciation of Right of use of PPE (buildings)	2,867	1,352
Depreciation of Right of use of PPE (other assets)	351	499
Total depreciation for right of use	3,218	1,851
Lease instalments paid	3,523	2,697
of which interest expense for leases paid	*625*	*200*
Short-term and low-value leases	3,050	2,676

The significant increase in the value of the asset for rights of use in 2023 is a consequence of the new lease agreements signed during the year, including a ten-year lease contract for a building in Germany by the subsidiary De Nora Deutschland.

During the financial year ended December 31, 2023, a total of Euro 3,523 thousand of lease payments were made, of which Euro 2,898 thousand as a reduction of the financial liability and Euro 625 thousand as interest, recognized under finance expenses. The total cost recognized in the income statement for rents and leases excluded from the scope of application of IFRS 16 amounted to Euro 3,050 thousand.

20. Equity-accounted investees

This item refers essentially to the investment in the associate thyssenkrupp nucera AG & Co. KGaA (Germany) ("tk nucera"). The following table provides details and changes in equity investments accounted for using the equity method for the years ended December 31, 2023 and 2022.

	For the year ended December 31	
	2023	2022
	(in € thousands)	
Opening balance	122,664	121,785
Share of profit	5,435	(1,196)
Other increases (decreases)	103,412	2,075
Closing balance	231,511	122,664
Investment %	25.85%	34%

As at December 31, 2023, the value of equity investments accounted for using the equity method amounted to Euro 234,511 thousand, an increase of approximately Euro 110 million compared to the figure as at December 31, 2022, mainly due to the "dilution gain" recognized as a result of the listing of tk nucera carried out in July 2023 through the issue of new shares placed exclusively on the market, and consequent reduction in the percentage interest held by Industrie De Nora.

The main consolidated economic and financial data of tk nucera as at and for the years ended December 31, 2023 and 2022 are provided below.

	For the year ended December 31	
	2023	2022
	(in € thousands)	
Intangible assets	55,145	57,438
Property, plant and equipment	13,054	7,987
Deferred tax assets	19,402	10,329
Other non-current assets	2,746	2,493
Inventory	122,321	76,605
Trade receivables	37,712	39,491
Financial assets and other current receivables	153,905	339,204
Cash and cash equivalent	770,285	27,239
Total assets	1,174,570	560,786
Share Capital	126,315	100,000
Reserves	617,424	117,139
Deferred tax liabilities	10,615	9,516
Financial liabilities	4,612	1,370
Other non-current payables	9,094	8,964
Trade payables	133,622	42,368
Construction contracts and other current payables	272,888	281,429
Total liabilities and equity	1,174,570	560,786

	For the year ended December 31	
	2023	2022
	(in € thousands)	
Revenues	706,333	437,795
Operating costs(*)	(694,403)	(426,852)
Finance income/(expense)	15,864	2,355
Income tax expense	(10,987)	(4,744)
Profit for the period	16,807	8,554
Other components of the comprehensive income statement	(5,788)	(2,758)
Profit of the comprehensive income statement for the year	11,019	5,796

(*) For the financial year ended December 31, 2023, it includes amortization, depreciation and write-downs for roughly Euro 5.3 million. For the financial year ended December 31, 2022, it includes amortization, depreciation and write-downs for roughly Euro 3.5 million.

The economic data of tk nucera shown in the table are the result of a pro forma exercise, determined by considering the fiscal year of the associated company from October 1, 2022, to September 30, 2023. This calculation excludes the data for the quarter from October 1 to December 31, 2022, and includes the data for the quarter from October 1 to December 31, 2023.

21. Financial assets, including derivatives

The table below shows the breakdown of non-current financial assets as at December 31, 2023 and 2022.

	As of December 31	
	2023	2022
	(in € thousands)	
Non-current		
Financial receivables	-	1,823
Investments in financial assets	3,180	2,787
Total	3,180	4,610

Investments in financial assets mainly refer to some pension funds and supplementary company funds for employees.

The table below shows the breakdown of current financial assets as at December 31, 2023 and 2022.

	As of December 31	
	2023	2022
	(in € thousands)	
Current		
Financial receivables	32	150,234
Investments in financial assets	13,610	8,158
Fair value of derivatives	543	644
Total	14,185	159,036

Financial receivables as at December 31, 2022 referred essentially to the parent company, Industrie De Nora S.p.A., which in 2022 had signed time deposits with some leading banks, fully expired and no longer renewed.

Investments in financial assets, amounting to Euro 13,610 thousand as at December 31, 2023 (Euro 8,158 thousand as at December 31, 2022) relate primarily to investments in monetary funds subject to short-term time restrictions, but can be liquidated at any time.

The fair value of derivative instruments as at December 31, 2023 refers to derivative contracts on forward currencies, signed by the parent company and by De Nora Water Technologies Italy S.r.l.

22. Deferred tax assets and liabilities

Deferred tax assets of the Group as at December 31, 2023 amounted to Euro 16,216 thousand (Euro 13,096 thousand as at December 31, 2022); while the deferred tax liabilities of the Group as at December 31, 2023 amounted to Euro 8,873 thousand (Euro 8,664 thousand as at December 31, 2022).

Deferred tax assets and liabilities are offset when the Group has the legal right to offset current tax assets and liabilities and when the deferred taxes relate to the same tax jurisdiction. For better comparability, the figures for the year of comparison have been reclassified to reflect this offsetting. Deferred tax assets on tax losses carried forward are recognized to the extent that the Group expects to realize the related tax benefits as it is probable that it will generate future taxable income.

During the financial year, deferred taxes were recognized on the temporary differences between the carrying amounts of assets and liabilities and their tax bases.

These differences mainly arose on changes between the profit before taxation and the taxable income in one financial year and will reverse in one or more subsequent financial years.

The following tables show the changes in 2023 and 2022 in the net difference between deferred tax assets and deferred tax liabilities.

	At December 31, 2022	Change in scope of consolidation	(Charges) Credits to profit or loss	(Charges) Credits to equity	Exchange rate difference	As of December 31, 2023
			(in € thousands)			
Property, plant and equipment	(10,259)	(77)	(2,849)	-	594	**(12,591)**
Intangible assets	(2,951)	(449)	(1,992)	-	512	**(4,880)**
Equity-accounted investees	(217)	-	(1,316)	3	-	**(1,530)**
Trade receivables and inventory	4,658	-	1,338	-	(322)	**5,674**
Financial assets/ liabilities	280	-	3,948	31	(2)	**4,257**
Other assets	1,151	-	684	-	(43)	**1,792**
Employee benefits	(621)	-	1,052	156	110	**697**
Provisions for risks and charges	7,184	-	1,440	-	(301)	**8,323**
Trade payables	3,675	-	(564)	-	(94)	**3,017**
Other liabilities	1,700	-	(494)	-	(173)	**1,033**
Other sundry	(168)	-	1,746	-	(27)	**1,551**
Total	4,432	(526)	2,993	190	254	7,343

	As of December 31, 2021	(Charges) Credits to profit or loss	(Charges) Credits to equity	Exchange rate difference	As of December 31, 2022
			(in € thousands)		
Property, plant and equipment	(5,479)	(4,942)	-	162	(10,259)
Intangible assets	(12,495)	9,861	-	(317)	(2,951)
Equity-accounted investees	(208)	13	(22)	-	(217)
Trade receivables and inventory	5,019	(332)	-	(29)	4,658
Financial assets/ liabilities	257	207	(192)	8	280
Other assets	455	676	-	20	1,151
Employee benefits	461	953	(2,105)	70	(621)
Provisions for risks and charges	6,120	914	-	150	7,184
Trade payables	2,865	635	-	175	3,675
Other liabilities	2,774	(970)	-	(104)	1,700
Other sundry	385	(590)	-	37	(168)
Total	154	6,425	(2,319)	172	4,432

There are no deferred tax assets not recognized in the financial statements as at December 31, 2023 against previous year losses not yet used.

23. Inventory

The table below shows the breakdown of inventory as at December 31, 2023 and 2022.

	As of December 31					
	2023			2022		
	Gross value	Inventory write-down reserve	Net value	Gross value	Inventory write-down reserve	Net value
			(in € thousands)			
Raw materials and consumables	107,777	(2,238)	105,539	135,731	(1,597)	134,134
Work in progress and semi-finished products	95,026	(8,035)	86,991	107,407	(13,564)	93,843
Finished products and goods	68,454	(8,877)	59,577	70,731	(8,080)	62,651
Goods in transit	5,039	-	5,039	4,848	-	4,848
Total	276,296	(19,150)	257,146	318,717	(23,241)	295,476

Inventories, amounting to Euro 257,146 thousand as at December 31, 2023, decreased overall by Euro 38,330 thousand, mainly as a result of the decrease of the stock of raw materials and work in progress and semi-finished products.

Inventory is shown net of the write-down reserve equal to Euro 19,150 thousand as at December 31, 2023 (Euro 23,241 thousand as at December 31, 2022).

The change in the inventory write-down reserve is as follows:

	Raw materials and consumables	Work in progress and semi-finished products	Finished products and goods	Total
	(in € thousands)			
Balance as of December 31, 2021	3,778	12,313	5,871	21,962
Accruals of the year 2022	136	3,147	1,842	5,125
Utilization and releases of the year 2022	(734)	(1,462)	(1,318)	(3,514)
Reclassifications/other changes	(1,733)	(60)	1,612	(181)
Exchange rate difference	150	(374)	73	(151)
Balance as of December 31, 2022	1,597	13,564	8,080	23,241
Accruals of the year 2023	1,317	67	3,073	4,457
Utilization and releases of the year 2023	(635)	(4,970)	(2,031)	(7,636)
Exchange rate difference	(41)	(626)	(245)	(912)
Balance as of December 31, 2023	2,238	8,035	8,877	19,150

24. Current tax assets

Current tax assets amounted to Euro 10,310 thousand as at December 31, 2023 (Euro 4,893 thousand as at December 31, 2022) and refer mainly to income tax advances paid by some companies of the Group, net of the related liability.

25. Construction contracts

Details of construction contracts classified as current assets and current liabilities as at December 31, 2023 and 2022 are shown in the tables below.

	As of December 31	
	2023	2022
	(in € thousands)	
Current assets		
Construction contracts	139,170	107,946
(Progress payments)	(99,227)	(77,544)
Provision for losses on construction contracts	(176)	(1,267)
Total	39,767	29,135

	As of December 31	
	2023	2022
	(in € thousands)	
Current liabilities		
Construction contracts	47,017	68,031
(Progress payments and Advances)	(54,645)	(80,695)
Provision for losses on construction contracts	(402)	(38)
Total	(8,030)	(12,702)
Total Construction contracts (net of advances)	31,737	16,433

Construction contracts (net of contractual advances) amounted to Euro 31,737 thousand ad at December 31, 2023 (an increase compared to Euro 16,433 thousand as at December 31, 2022) and mainly refer to contracts relating to the Water Technologies business segment.

26. Trade receivables

The table below shows the detail of trade receivables as at December 31, 2023 and 2022.

	As of December 31	
	2023	2022
	(in € thousands)	
Current		
Third parties	121,616	124,008
Related parties	26,724	7,267
Bad debt reserve	(6,413)	(7,854)
Total	141,927	123,421

Trade receivables, recognized entirely under current assets, derive from sales transactions and the provision of services and amounted, as at December 31, 2023, to Euro 141,927 thousand, an increase compared to Euro 123,421 thousand as at December 31, 2022.

The carrying amount of trade receivables, net of the bad debt reserve, is deemed to approximate its fair value. Following are the changes in the bad debt provision.

	For the year ended December 31	
	2023	2022
	(in € thousands)	
Current		
Opening balance	7,854	7,387
Accrual of the year	3,458	1,186
Utilisation and releases of the year	(4,826)	(1,418)
Reclassifications/other changes	47	489
Exchange rate difference	(120)	210
Closing balance	6,413	7,854

27. Other receivables

The following table shows the detail of the other receivables as at December 31, 2023 and 2022, with the distinction between the current and non-current amounts.

	As of December 31	
	2023	2022
	(in € thousands)	
Non-current		
Tax receivables	4,471	6,416
Other - third parties	2,837	2,561
Prepayments and accrued income	-	1
Related parties	52	52
Total	7,360	9,030

	As of December 31	
	2023	2022
	(in € thousands)	
Current		
Tax receivables	14,878	14,708
Advances to suppliers	8,464	9,017
Other - third parties	8,704	2,377
Prepayments and accrued income	6,327	6,972
Related parties	18	-
Total	38,391	33,074

As at December 31, 2023, other receivables, between the current and non-current portions, amounted to Euro 45,751 thousand (Euro 42,104 thousand as at December 31, 2022).

Non-current tax receivables relate to withholding taxes incurred mainly by the Parent Company against collections of receivables from foreign subsidiaries.

The other non-current receivables from third parties are mainly attributable to the contributions paid by the Italian companies of the Group against existing supplementary pension funds as a counter-entry to the contribution due by the employer.

Current receivables from tax authorities mainly refer to VAT receivables.

28. Cash and cash equivalents

The table below provides a breakdown of cash and cash equivalents as at December 31, 2023 and 2022.

	As of December 31	
	2023	2022
	(in € thousands)	
Bank and postal accounts	192,602	170,639
Cash on hand	26	28
Deposit accounts	5,863	3,462
Cash and cash equivalents	198,491	174,129

Cash and cash equivalents are made up of effectively available values and deposits. As regards the amounts on deposits and current accounts, the related interests have been recognized on an accrual basis.

Cash and cash equivalents, amounting to Euro 198,491 thousand as at December 31, 2023, increased by Euro 24,362 thousand compared to December 31, 2022; for details on cash and cash equivalents generated during the financial year, please refer to the consolidated cash flow statement.

D. Notes to the main financial statements items – Statement of financial position - Liabilities

29. Equity

Equity as at December 31, 2023 amounts to Euro 910,188 thousand, up from Euro 744,804 thousand as at December 31, 2022.

The shares issued are fully paid up and have no nominal value.

Changes in equity for the financial years ended December 31, 2023 and 2022 are shown in the "Consolidated statement of changes in equity", while the "Consolidated statement of comprehensive income" sets out the other components of the income statement for the period, net of the tax effects.

During the financial year ended December 31, 2023, dividends in the amount of Euro 24,257 thousand (Euro 20,030 thousand in the financial year ended December 31, 2022) were distributed.

Equity attributable to the shareholders of the parent company

Share capital

As a result of the sale of shares by the shareholders of Asset Company 10 S.r.l., a company wholly-owned by Snam S.p.A., Federico De Nora S.p.A. and Norfin S.p.A. on April 5, 2023, 7,304,480 multiple voting shares of Industrie De Nora S.p.A. were automatically converted into ordinary shares, based on the conversion ratio of 1 (one) ordinary shares for each multiple voting share, without the need for any manifestation of will on the part of the respective holders and without any change in the amount of the Company's share capital. The conversion took effect on April 11, 2023.

Following this share conversion, the share capital of Industrie De Nora S.p.A. remained equal to Euro 18,268,203.90 and the number of ordinary shares increased from 43,899,499 to 51,203,979, with no nominal value, corresponding to the same number of voting rights, while the number of multiple voting shares decreased from 157,785,675 to 150,481,195, with no nominal value, corresponding to a total of 451,443,585 voting rights. The total number of shares remained unchanged, equal to 201,685,174, while the total number of voting rights went from 517,256,524 to 502,647,564.

The current composition of the share capital of Industrie De Nora S.p.A. is summarized below.

	Share Capital as of December 31, 2023	
	Euro	Number of shares
Total, of which:	18,268,203.90	201,685,174
Ordinary Shares (regular entitlements)	4,637,944.92	51,203,979
Multiple voting shares (*)	13,630,258.98	150,481,195

(*) Owned by the shareholders Federico De Nora, Federico De Nora S.p.A., Norfin S.p.A. and Asset Company 10 S.r.l. Multiple voting shares are not admitted to trading on Euronext Milan and are not counted in the free float and market capitalization value

Based on the program communicated to the market by Industrie De Nora S.p.a. on November 8, 2023 and launched on November 9, 2023, the Company, as at December 31, 2023, acquired and holds in its portfolio 1,158,505 treasury shares, equal to 0.574% of the share capital.

Legal Reserve

The legal reserve as at December 31, 2023 amounted to Euro 3,654 thousand, increased in 2023 due to the allocation of the 2022 net result.

Share Premium Reserve

The share premium reserve as at December 31, 2023 amounted to Euro 223,433 thousand, unchanged compared to December 31, 2022.

Retained earnings, Translation reserve and other reserves

Retained earnings, translation reserve and other reserves pertaining to the Group as at December 31, 2023, amounted to Euro 429,083 thousand (Euro 406,596 thousand as at December 31, 2022), a net increase of Euro 22,487 thousand over December 31, 2022, including:

— Euro 89,267 thousand increase due to the allocation of the previous financial year's results pertaining to the parent company shareholders;

— Euro 24,202 thousand decrease due to the distribution of dividends to shareholders (corresponding to Euro 0.12 per share);

— Euro 17,042 thousand decrease due to the purchase by the parent company of treasury shares, the consideration for which is recognized as a reduction of shareholders' equity;

— Euro 447 thousand increase in Other Reserves, related to the PSP Incentive Plan, whose charge was recorded in the income statement under personnel expenses;

— Euro 904 thousand increase in Other reserves, related to other movements in the Net Equity of the associated tk nucera pertaining to the Group;

— Euro 25,079 thousand net decrease due to the effect of the other components of the statement of comprehensive income, including a reduction of Euro 24,597 thousand due to differences arising from the translation of financial statements of foreign subsidiaries.

Equity attributable to non controlling interests

The table below shows the breakdown of equity attributable to non-controlling interests as at December 31, 2023 and 2022.

	As of December 31	
	2023	2022
	(in € thousands)	
Share capital and reserves	4,831	3,599
Profit (Loss) for the period	1,000	101
Other comprehensive income	(131)	(114)
Total	5,700	3,586

The increase in share capital and reserves during the year ended December 31 is essentially attributable to De Nora Italy Hydrogen Technologies S.r.l. following the payments made by the minority shareholder Snam S.p.A. (totalling Euro 1,300 thousand).

30. Employee benefits

The table below shows the detail of the employees benefits as at December 31, 2023 and 2022.

	As of December 31	
	2023	2022
	(in € thousands)	
Present value of Post-employment benefits	18,903	17,590
Present value of Pension Plans for employees	17,287	18,533
Fair value of plan assets	(14,433)	(15,495)
Total	21,757	20,628

The Group companies offer post-employment benefits to their employees both directly and by contributing to funds outside the Group. The methods by which these benefits are ensured varies on the basis of the relevant legal, tax and economic conditions in each country in which the Group operates. The benefits are normally based on employee remuneration and years of service. The obligations relate to both active and no longer active employees. The Group companies ensure post-employment benefits on the basis of defined contribution and/or defined benefit plans. With defined contribution plans, the Group companies pay contributions to public or private insurance companies, in accordance with legal or contractual obligations or on a voluntary basis. With payment of these contributions, the companies meet all their obligations. On the other hand, defined benefit plans may be unfunded or entirely or partially funded by contributions paid by the company and, at times, by the employees, to a company or fund that is legally separate from the company providing the employee benefits.

Post-employment benefits

The following table shows the composition of and changes in the Post-employment benefits for employees in the financial years ended December 31, 2023 and 2022.

	For the year ended December 31	
	2023	2022
	(in € thousands)	
Opening liability	17,590	22,574
Current service cost	826	922
Interest cost	630	316
Actuarial (profit) loss	1,081	(5,412)
Benefits paid	(1,224)	(810)
Total	18,903	17,590

Post-employment benefits as at December 31, 2023 stood at Euro 18,903 thousand (Euro 17,590 thousand as at December 31, 2022). The item also includes employee benefits attributable to the German subsidiary similar to Italian post-employment benefits (Trattamento di Fine Rapporto or TFR).

The obligation to employees is calculated by an independent actuary as follows:

- projection of the post-employment benefits already vested at the measurement date and of the future amounts that will be vested until termination of employment or of the partial payment of vested amounts in the form of advances;
- discounting at the measurement date of the expected cash flows that will be paid to employees in the future;
- re-proportioning of discounted service costs on the basis of the seniority reached at the measurement date compared to the expected seniority when termination might occur.

The actuarial method has a technical basis consisting of the demographic and financial assumptions related to the parameters used for the calculation.

In short, the main actuarial assumptions applied for the Group companies' calculation are the following:

	As of December 31			
	2023		2022	
	Italy	Germany	Italy	Germany
Annual discount rate (*)	3.17%	3.19%	3.77%	3.65%
Annual inflation rate	2.00%	N/A	2.30%	N/A
Annual increase in obligation	3.00%	2.00%	3.23%	1.75%
Annual rate of salary increase	2.30%	2.00%	2.30%	2.00%

(*) The discount rate used to determine the present value of the Italian post-employment obligation was inferred, consistently with par. 83 of IAS 19, by the Iboxx Corporate AA index with duration 10+ recorded at the valuation date. For this purpose, the yield with a duration comparable to the duration of the collective of workers subject to valuation was chosen.

The mortality assumptions are based on published statistics concerning mortality rates.

The following table summarizes the sensitivity analysis for each actuarial, financial and demographic assumption relating only to the Italian companies of the Group, showing the effects (in absolute value) that would have occurred following changes in the reasonably possible actuarial assumptions as at December 31, 2023 and 2022.

	Annual discount rate		Annual inflation rate		Annual rate of turnover	
	0.25%	-0.25%	0.25%	-0.25%	1.00%	-1.00%
	(in € thousands)					
Employees Benefits as of December 31, 2023 (*)	(81)	83	64	(61)	14	(15)
Employees Benefits as of December 31, 2022 (*)	(81)	85	63	(63)	21	(23)

(*) The sensitivity analysis on the actuarial assumptions refers to the post-employment benefits for companies under Italian law.

Pension plans

The item "pension plans" includes obligations of De Nora Group companies operating mainly in the United States, Japan and India.

The existing pension plans generally provide for the payment of contributions to a trust which independently administers the plan assets. The trusts provide for fixed contributions from employees and variable contributions from employers to at least meet the minimum funding requirements provided for by legislation and regulations in each country. If the plans are overfunded, i.e., they show a surplus beyond the legal requirements, the concerned Group companies may be authorized to suspend contributions as long as they remain overfunded.

The strategy for managing plan assets depends on the characteristics of the plan and the maturity of the obligations; typically, pension plans with long-term maturities are funded through investments in equity securities; those with medium to short-term maturities are funded through investments in fixed income securities.

In short, the main actuarial assumptions applied for the Group companies' calculation are the following:

	As of December 31					
	2023			2022		
	U.S.A	India	Japan	U.S.A	India	Japan
Annual discount rate	5.40%	7.33%	1.20%	5.00%	7.48%	1.10%
Annual rate of salary increase	N/A	8.00%	1.00%	N/A	8.00%	1.00%

The changes in the pension funds are summarized in the following table:

	For the year ended December 31	
	2023	2022
	(in € thousands)	
Opening balance	18,533	20,445
Current service cost	867	1,407
Interest cost	32	36
Benefits paid	(1,197)	(1,577)
Actuarial (profit) loss	437	(1,043)
Exchange rate differences	(1,385)	(735)
Closing balance	17,287	18,533

The pension plan fund, as at December 31, 2023, amounted to Euro 17,287 thousand (Euro 18,533 thousand as at December 31, 2022).

Changes in plan assets are analyzed below:

	For the year ended December 31	
	2023	2022
	(in € thousands)	
Opening fair value of plan assets	15,495	16,983
Contributions paid	43	88
Benefits paid	(396)	-
Expected return on plan assets	23	26
Adjustment of plan assets	835	(365)
Exchange rate differences	(1,567)	(1,237)
Closing fair value of plan assets	14,433	15,495

The main risks to which the Group is exposed in relation to pension funds are detailed below:

— volatility of the assets serving the plans: in order to balance liabilities, the investment strategy cannot limit its horizon exclusively to risk-free assets. This implies that some investments, such as listed shares, are charachterized by high volatility in the short term and that this exposes the plans to risks of reduction in the value of assets in the short term and consequently to an increase in imbalances. However, this risk is mitigated by the diversification of investments in numerous investment classes, through different investment managers, different investment styles and with exposures to multiple factors that are not perfectly correlated with each other. Furthermore, investments are continually reviewed in light of market conditions, with adjustments to keep the overall risk at adequate levels;

— changes in bond yields and expected inflation: expectations of falling bond yields and/or rising inflation lead to an increase in liabilities. The plans reduce this risk by investing in liability hedging assets;

— life expectancy: the increase in life expectancy leads to an increase in the plan's liabilities.

31. Provisions for risks and charges

The following table shows the composition of the provisions for risks and charges for the years ended December 31, 2023 and 2022.

	As of December 31	
	2023	2022
	(in € thousands)	
Non-current		
Provision for contractual warranties	315	179
Provision for other risks	1,581	1,963
Total	1,896	2,142
Current		
Provision for contractual warranties	11,612	11,605
Provision for other risks	4,538	6,941
Total	16,150	18,546
Total provisions for risks and charges	18,046	20,688

The provisions for risks and charges mainly include: (i) the provision for other risks, which includes provisions for environmental and tax risks; and (ii) the provision for contractual warranties, which represents an estimate of the costs for the guarantees given in contracts in relation to the supply of the plants and has a value of Euro 11,927 thousand for the year 2023 (Euro 11,784 thousand as at December 31, 2022).

The provision for other risks, as at December 31, 2023, amounted to Euro 6,119 thousand (Euro 8,904 thousand as at December 31, 2022). The changes fort he financial year ended December 31, 2023 were as follows:

	Provision for contractual warranties	Provision for other risks
	(in € thousands)	
Balance as of December 31, 2022	11,784	8,904
Accrual of the year	7,892	3,719
Utilization and releases of the year	-7,139	-6,480
Exchange rate differences	-610	-24
Balance as of December 31, 2023	11,927	6,119

32. Financial liabilities

The following table shows the detail of financial liabilities as at December 31, 2023 and 2022.

	As of December 31	
	2023	2022
	(in € thousands)	
Non-current		
Bank loans and borrowings	115,887	262,741
Lease payables	17,829	4,803
Total	133,716	267,544
Current		
Bank overdrafts	105	282
Bank loans and borrowings	6,397	11,740
Lease payables	3,697	1,633
Total	10,199	13,655
Total financial liabilities	143,915	281,199

Bank loans and borrowings

The table below shows the details of bank loans and borrowings and bank overdrafts.

	As of December 31 2023			As of December 31 2022		
(in € thousands)	Non Current	Current	Total	Non Current	Current	Total
Pool Financing (IDN)	79,776	-	79,776	178,772	-	178,772
Pool Financing (De Nora Holdings US Inc)	36,111	-	36,111	83,969	10	83,979
Sumitomo Mitsui Banking Co. (De Nora Permelec Ltd)	-	-	-	-	9,953	9,953
Sumitomo Mitsui Trust Bank (De Nora Permelec Ltd)	-	-	-	-	355	355
Bank of Yokohama (De Nora Permelec Ltd)	-	-	-	-	1,422	1,422
Mizuho Bank (De Nora Permelec Ltd)	-	6,397	6,397	-	-	-
Overdrafts and accrued finance expenses	-	105	105	-	282	282
Total	115,887	6,502	122,389	262,741	12,022	274,763

As at December 31, 2023 and 2022, the fair value of bank loans and borrowings approximates their book value to the amortized cost.

Pool Financing (IDN) - Pool Financing (De Nora Holdings US Inc)

Considering the financial resources of the Group, at the end of the first quarter of 2023 the decision was taken to repay part of these loans in advance, in particular the repayment concerned Euro 100,000 thousand of the loan facility in Euro granted to Industrie De Nora S.p.A. and USD 50,000 thousand of the USD loan facility granted to De Nora Holdings US Inc. Therefore, as at December 31, 2023 these credit lines remain open for Euro 80,000 thousand and USD 40,000 thousand, respectively, and are shown under financial liabilities net of upfront fees and other charges directly related to the taking out of loans that, paid at the date of stipulation of the loan agreement, are presented in the financial statements as a reduction of the total payable according to the amortized cost criterion.

The pool loan considers interest rates based on the 3month Euribor for the Euro portion and on the SOFR for the USD portion, in addition to a margin that may change semi-annually, based on the evolution of the Group's Leverage level. The "leverage ratio," given by the ratio of consolidated net debt to consolidated EBITDA, is the only financial covenant included in the loan agreement, and it is stipulated that it cannot exceed a value of 3.5 throughout the term of the agreement. As at December 31, 2023, this parameter was largely met. Non-compliance with the financial covenant is considered an event of default or non-performance. Specifically, an event of default or non-performance would result in the banks' discretion to require immediate repayment of funds unless the situation is remedied, pursuant to and in accordance with the terms and conditions set forth in the loan agreement, within 20 business days of the submission of the certification of such financial covenant.

Mizuho Bank loan

The short-term loan facility with Mizuho Bank was subscribed by De Nora Permelec Ltd. for a total of JPY 1.5 billion and used as at December 31, 2023 for a total of JPY 1 billion (Euro 6,397 thousand).

Lease payables

These represent the financial liabilities recognized in accordance with IFRS 16 "Leasing"; in particular, the payable is the obligation to make the payments foreseen over the duration of the contract. For additional information on the contractual maturities of lease payables, please refer to Note 36 - Risks.

The significant increase in lease payables in 2023 is a consequence of the new lease contracts signed during the year, including a ten-year lease contract for a building in Germany by the subsidiary De Nora Deutschland.

Net financial indebtedness

The following table details the composition of the Group's net financial indebtedness (Net liquidity) determined in accordance with the provisions of the CONSOB Communication DEM/6064293 of July 28, 2006, as amended by CONSOB Communication No. 5/21 of April 29, 2021 and in accordance with ESMA Recommendations contained in Guidelines 32-382-1138 of March 4, 2021 on disclosure requirements under the Prospectus Regulation (the "Net Financial Indebtedness - ESMA"). The table below includes figures as at December 31, 2023 and as at December 31, 2022.

		As of December 31	
		2023	2022
		(in € thousands)	
A	Cash	192,628	170,667
B	Cash equivalents	5,863	3,462
C	Other current financial assets	13,642	158,392
D	Liquidity (A + B + C)	212,133	332,521
E	Current financial debt	6,502	12,022
F	Current portion of non-current financial debt	3,697	1,633
G	Current financial indebtedness (E + F)	10,199	13,655
	- Of which secured	-	-
	- Of which unsecured	*10,199*	*13,655*
H	Net current financial indebtedness/ (Net current Liquidity) (G - D)	(201,934)	(318,866)
I	Non-current financial debt	133,716	267,544
J	Debt instruments	-	-
K	Non-current trade and other payables	-	-
L	Non-current financial indebtedness (I + J + K)	133,716	267,544
	- Of which secured	-	-
	- Of which unsecured	*133,716*	*267,544*
M	Net Financial Indebtedness/ (Net Liquidity) - ESMA (H + L)	(68,218)	(51,322)

The reconciliation between the Net Financial Indebtedness (Net Liquidity) - ESMA and the net financial indebtedness of the Group as monitored by the Group (hereinafter the „Net Financial Indebtness (Net Liquidity) – De Nora“) as at December 31, 2023 and 2022, is shown below.

	As of December 31	
	2023	2022
	(in € thousands)	
Net Financial Indebtedness /(Net Liquidity) - ESMA	(68,218)	(51,322)
Fair value of derivatives covering currency risks	(543)	(644)
Net Financial Indebtedness /(Net Liquidity) – De Nora	(68,761)	(51,966)

In 2023, Net Liquidity - ESMA increased by Euro 16,896 thousand, from Euro 51,322 thousand as at December 31, 2022 to Euro 68,218 thousand as at December 31, 2023. This improvement is mainly attributable to the combined effect of the following factors:

(i) cash generated from operating activities amounting to Euro 140,250 thousand in 2023;

(ii) the collection of Euro 26,439 thousand from the Parent Company relating to the exercise of the “greenshoe option”, on the basis of which Industrie De Nora sold 1,342,065 shares of tk nucera as part of the related IPO;

(iii) total investments in Property, Plant and Equipment and intangible assets of Euro 105,856 thousand, including those in rights of use;

(iv) dividends distributed by the Parent Company amounting to Euro 24,202 thousand;

(v) the purchase of treasury shares for a total of Euro 17,042 thousand;

(vi) the acquisition of the new company Shotec GmbH (consideration of Euro 2,046 thousand net of the liquidity acquired).

For further details on the cash flows for the period, please refer to the consolidated cash flow statement.

33. Trade payables

The table below shows the detail of trade payables as at December 31, 2023 and 2022.

	As of December 31	
	2023	2022
	(in € thousands)	
Non-current		
Third parties	86	83
Total non-current payables	86	83
Current		
Third parties	105,740	79,665
Related parties	1,012	889
Total current payables	106,752	80,554

Trade payables as at December 31, 2023 amounted to a total of Euro 106,838 thousand, including the current and non-current portions, an increase compared to Euro 80,637 thousand as at December 31, 2022.

This item mainly includes payables related to the purchase of goods and services, which are due within twelve months. It is deemed that the carrying amount of trade payables is close to their fair value.

34. Income tax payables

Current income tax payables as at December 31, 2023 amounted to Euro 19,196 thousand (Euro 10,970 thousand as at December 31, 2022).

35. Other payables

The table below shows the detail of the other payables as at December 31, 2023 and 2022.

	As of December 31	
	2023	2022
	(in € thousands)	
Non-current		
Payables to employees	1,696	1,357
Tax payables	-	263
Advances from customers	4	4
Other - third parties	484	316
Other - related parties	47	444
Total	2,231	2,384
Current		
Advances from customers	17,659	34,482
Advances from related parties	38,603	33,024
Accrued expenses	6,201	6,322
Payables to employees	16,852	16,493
Social security payables	2,687	2,524
Withholding tax payables	1,190	1,810
VAT payables	777	2,745
Other tax payables	1,826	1,963
Other - third parties	3,098	2,254
Other - related parties	28	-
Total	88,921	101,617
Total Other payables	91,152	104,001

Other payables as at December 31, 2023 amounted to Euro 91,152 thousand between the current and non-current portions, down compared to Euro 104,001 thousand as at December 31, 2022.

Payables to employees relate to amounts accrued but not yet liquidated, such as vacations and bonuses.

E. Financial Risks

36. Financial Risks

In the context of business risks, the main financial risks identified, monitored and, as specified below, actively managed by the Group, are the following:

- credit risk, deriving from the possibility of default of a counterparty;
- liquidity risk, deriving from the lack of financial resources to meet financial commitments;
- market risk.

The Group's objective is to maintain, over time, a balanced management of its financial exposure, in order to guarantee a liability structure that is balanced with the composition of the assets on the statement of financial position and able to ensure the necessary operating flexibility through the use of the liquidity generated by current operations and the use of bank loans.

The Group considers risk monitoring and control systems a top priority to guarantee an efficient risk management. In line with this objective, the Group has adopted a risk management system with formalized strategies, policies and procedures to ensure the identification, measurement and control of individual risks at centralized level for the entire Group.

The Group's financial risk management policies aim to:

- identify and analyze the risks to which the Group is exposed;
- define the organizational structure with the identification of the organizational units involved, responsibilities assigned and the system of proxies;
- identify the risk management criteria on which the operational management of risks is based;
- identify the types of transactions for which risks can be hedged.

The following note provides qualitative and quantitative reference information on the incidence of these risks on the Group.

Credit risk

Credit risk is the risk that a customer or one of the counterparties to a financial instrument causes a financial loss by not meeting an obligation. It mainly arises from the Group's trade receivables and financial investments.

The Group manages its exposure to the credit risk inherent in the possibility of default and/or deterioration of the creditworthiness of its customers by evaluating each individual counterparty through a dedicated organizational structure, equipped with the appropriate tools to constantly monitor, on a daily basis, the behavior and creditworthiness of its customers.

Trade and other receivables

Credit risk is mainly due to the possibility that customers will not honor their payables to the companies of the Group at the agreed due date.

The Group has had long-term business relationships with most of its customers and losses on receivables have, in general, had a very limited impact on revenue. The Group monitors customer credit risk through reporting, which entails an analysis of exposure on the basis of the characteristics of the receivable, also considering geographical location, the business channel, the age of the receivable and past payment history.

The Group accrues a bad debt provision

that reflects estimated potential losses on trade and other receivables, the main components of which are specific individual losses on significant past due receivables and collective losses on classes of receivables grouped by due date, based on historical experience.

Investments in financial assets

This item includes investments in the equities of listed companies, high quality corporate bonds and equity and bond funds. Given their nature and credit rating, credit risk relating to potential non-fulfillment by the issuers of financial instruments recognized as assets is negligible.

The carrying amount of the financial assets reflects the Group's maximum exposure to credit risk.

The following table provides the credit exposure details for the financial years ended December 31, 2023 and 2022.

	As of December 31	
	2023	2022
	(in € thousands)	
Trade receivables	141,927	123,421
Investments in financial assets	16,790	10,945
Other receivables	56,094	199,054
Cash and cash equivalents	198,491	174,129
Total	413,302	507,549

Given the nature, characteristics and diversification of bonds, bond and monetary funds and shares to which the "Investments in financial assets" refer, changes in fair value during the year and cumulative changes in fair value are not believed to be dependent on changes in the credit risk of the related issuers.

An ageing analysis of the trade receivables for the years ended December 31, 2023 and 2022 is as follows:

	As of December 31		% Overdue as ofDecember 31	
	2023	2022	2023	2022
	(in € thousands, except percentages)			
Not yet due	101,849	85,700	71.8%	69.4%
Overdue 1-30 days	23,759	19,009	16.7%	15.4%
Overdue 31-120 days	9,752	12,934	6.9%	10.5%
Overdue more than 120 days	6,567	5,778	4.6%	4.7%
Trade receivables	141,927	123,421	100.0%	100.0%

The Group believes there are no reasons to assume the uncollectability of the past due trade receivables, where specific provisions have not been made on the basis of specific recoverability assessments.

Liquidity risk

Liquidity risk is represented by the possibility that the Group is unable to find the financial resources necessary to guarantee current operations and the fulfillment of expiring obligations, or that they are available at high costs.

The Group's approach to manage liquidity risk entails ensuring, insofar as possible, that it always has sufficient funds to meet its obligations at the due date, under both normal conditions and at times of financial tension, without having to incur exorbitant expense or to risk damaging its reputation.

Generally, the Group ensures that there is sufficient cash on hand to cover the needs generated by the operating and investment cycle, including the management of the financial cycle.

The management of financial requirements and related risks is carried out by the individual companies of the De Nora Group on the basis of guidelines defined by the corporate function of the Company.

The parent company's Finance Department centrally manages the short- and long-term loan strategies, relationships with the main financing banks and the provision of the necessary guarantees. It also centrally defines any hedging policies to be implemented for financial risks. Centralized management by the parent company's Finance Department is aimed at achieving a balanced financial structure and maintaining the Group's financial soundness.

The main aim of these guidelines is to ensure that liabilities are always balanced by assets such to maintain a very sound financial position.

The contractual due dates of financial liabilities, including derivatives, are indicated below for the financial years ended December 31, 2023 and December 31, 2022.

	As of December 31, 2023						
			Due date				
	Carrying amount	Contractual cash flows*	0-12 months	1-2 years	2-3 years	3-5 years	Over 5 years
	(in € thousands)						
Financial liabilities							
Bank loans and overdrafts	122,389	122,701	12,859	6,339	6,339	118,353	-
Lease payables	21,526	21,526	3,697	3,023	2,494	4,208	8,104
Trade payables	106,838	106,838	106,752	86	-	-	-
Other	91,152	91,152	88,921	2,231	-	-	-
Total financial liabilities	341,905	342,217	212,229	11,679	8,833	122,561	8,104

** The difference between the book value of total bank loans and borrowings and bank overdrafts and the related contractual cash flows is due to the Upfront Fees which, paid on the date of stipulation of the loan agreement, are recognized in the financial statements as a decrease of the total amount payable according to the amortized cost criterion. Furthermore, the amounts maturing for bank loans and borrowings and bank overdrafts include both principal and interest. Specifically, the interest has been estimated on the Pool Financing Pool of Industrie De Nora S.p.A. and of De Nora Holdings US Inc. based on the conditions existing at the closing date of the fiscal year.*

	As of December 31, 2022						
	Due date						
	Carrying amount	Contractual cash flows*	0-12 months	1-2 years	2-3 years	3-5 years	Over 5 years
	(in € thousands)						
Financial liabilities							
Bank loans and overdrafts	274,763	276,402	12,022	-	-	264,380	-
Lease payables	6,436	6,436	1,633	1,442	1,018	1,180	1,163
Trade payables	80,637	80,637	80,554	83	-	-	-
Other	104,001	104,001	101,617	2,384	-	-	-
Total financial liabilities	465,837	467,476	195,826	3,909	1,018	265,560	1,163

** The difference between the book value of total bank loans and borrowings and bank overdrafts and the related contractual cash flows is due to the Upfront Fees which, paid on the date of stipulation of the loan agreement, are recognized in the financial statements as a decrease of the total amount payable according to the amortized cost criterion.*

Management believes that currently available funds and credit facilities, in addition to the cash flows that will be generated by operating and financing activities, will enable the Group to meet its cash requirements as a result of investing activities, the management of working capital and the repayment of liabilities when they fall due.

Capital management

The management of the Group's funding is aimed at guaranteeing a solid credit rating and adequate levels of indicators to support the investment plans, in compliance with the contractual commitments undertaken with the lenders.

The Group provides itself with the necessary capital to finance its business development and operational requirements. The sources of financing are a balanced mix of risk capital and debt capital, to ensure a balanced financial structure and minimize the overall cost of capital, to the benefit of all stakeholders.

The return on risk capital is monitored on the basis of market trends and business performance, once all other obligations, including debt service, have been met. Therefore, in order to ensure an adequate return on capital, safeguard business continuity and business development, the Group constantly monitors the evolution of the level of debt in relation to equity, business performance and expected cash flows in the short and medium-long term.

Market risk

Market risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market prices, exchange rates and interest rates or other price risks. The aim of market risk management is to manage and control the Group's exposure to such risk within acceptable levels, while optimizing the return on investments.

The Group trades in derivatives in the course of its normal operations and takes on financial liabilities to manage market risk. These transactions are performed to manage volatility in results and, accordingly, they have no speculative purpose.

Currency risk

The Group operates internationally both as buyer of goods and services and as seller of goods and services. Accordingly, it is exposed to currency risk arising from fluctuations in the currencies in which it carries out commercial transactions, particularly the US dollar. The Group's policy is to maintain a consistent balance between assets and receivables and liabilities and payables in the same foreign currency.

As at December 31, 2023, the Group had currency derivative contracts in place against USD denominated loans. 2023 See Note 21 for further details.

Sensitivity analysis

With reference to these loans, the effect of a hypothetical, instantaneous and unfavorable change of five percentage points in the USD/Euro exchange rate would result in an impact on the income statement of Euro 3.4 million in the financial year ended December, 31 2023.

Interest rate risk

For investments in financial assets, interest rate risk particularly relates to the effects that changes in interest rates have on their price; impairment losses and revaluation of these assets are debited/credited to the income statement or, alternatively, directly to equity. Conversely, with respect to financial liabilities, the risk of changes in interest rates impacts profit or loss by generating lower or higher finance expenses.

Sensitivity analysis

Most of the Group's financial instruments bear interest at variable rates.

The position of the Group for the financial years ended December 31, 2023 and 2022 has been summarized in the table below.

	As of December 31	
	2023	2022
	(in € thousands)	
Financial liabilities (*)	(122,701)	(276,402)
Hedged financial liabilities	-	-
Fixed rate financial liabilities	-	11,730
Financial liabilities exposed to interest rate risk	(122,701)	(264,672)
Financial assets exposed to interest rate risk	204,215	179,052
Total	81,514	(85,620)

(*) The value of the financial liabilities shown in the table relates to the contractual cash flows and therefore differs from the carrying amount due to the Upfront Fees, which are paid at the date of the loan agreement and are recognized in the statement of financial position as a reduction of the overall debto.

The effect of a hypothetical, instantaneous and unfavorable variation of one percentage point in the level of interest rates would result in a negative impact on the income statement of around Euro 1.2 milion in the financial year ended December 31, 2023, compared to Euro 2.6 milion in the fiancial year ended December 31, 2022.

Other price risks

The Group is exposed to price risk in respect of purchases and sales of strategic materials and components, the purchase price of which is subject to market volatility. In particular, during the last three-year period, several industries, including those from which the Group sources its supplies, have experienced an increase in the price of strategic materials, other basic raw materials and advanced strategic components, which has led to a rapid increase in prices, a consequent increase in purchasing costs as well as issues in the supply chain. In order to cope with these difficulties, the Group proceeded with increased purchases of strategic materials, which led to an increase in inventories and consequently negatively affected the Group's net financial position.

Thanks to the fact that part of the contracts signed with customers provide for an adjustment of sales prices based on changes in the cost of strategic materials, and thanks to the commercial power that allows the Group to pass on increases in costs to sales prices (pass-through), the Group was able to avoid negative effects on its economic situation.

Other price risks also relate to the possibility that the fair value of a financial instrument may change for reasons other than interest or exchange rates fluctuations. The Group is exposed to price risk as it holds equity instruments (shares) recognized under investments in financial assets. Given the negligible absolute values of the Group's financial instruments, a sensitivity analysis is deemed not necessary.

Classification and fair value

The table below indicates the carrying amount of each financial asset and liability recognized in the statement of financial position.

In addition, the following table classifies the financial assets and liabilities, designated at fair value, on the basis of the specific measurement method used. The different levels have been defined as described below:

- Level 1: listed prices (unadjusted) on active markets for identical assets or liabilities;
- Level 2: input data other than the listed prices in level 1, which can be observed for the asset or liability either directly or indirectly;
- Level 3: input data relating to the asset or liability that is not based on observable market data.

The financial instruments in these consolidated financial statements belong to all three levels.

The following tables provide a breakdown of financial assets and liabilities by category, in accordance with IFRS 9, as at December 31, 2023 and 2022.

Classification and fair value as of December 31, 2023			Carrying amount				Fair Value		
(in € thousands)	Notes	Loans and receivables	Investments in financial assets - Fair value	Derivatives at fair value	Other financial liabilities	Total	Livel 1	Livel 2	Livel 3
Financial assets									
Cash and cash equivalents	28	198,491	-	-	-	198,491	-	-	-
Trade and other receivables	26/27	197,988	-	-	-	197,988	-	-	-
Financial assets including derivatives	21	32	16,790	543	-	17,365	5,209	543	11,581
		396,511	**16,790**	**543**	**-**	**413,844**	**5,209**	**543**	**11,581**
Financial liabilities									
Bank loans and borrowings, and Bank overdrafts	32	-	-	-	122,389	122,389	-	-	-
Loans and borrowing - Other fin. Institution	32	-	-	-	-	-	-	-	-
Lease payables	32	-	-	-	21,526	21,526	-	-	-
Trade and other payables	33/34/35	-	-	-	217,735	217,735	-	-	-
		-	**-**	**-**	**361,650**	**361,650**	**-**	**-**	**-**

Classification and fair value as of December 31, 2022		Carrying amount					Fair Value		
(in € thousands)	Notes	Loans and receiva-bles	Invest-ments in financial assets - Fair value	Deri-va-tives at fair value	Other financial liabilities	Total	Livel 1	Livel 2	Livel 3
Financial assets									
Cash and cash equivalents	28	174,129	-	-	-	174,129	-	-	-
Trade and other receivables	26/27	170,418	-	-	-	170,418	-	-	-
Financial assets including derivatives	21	152,057	10,945	644	-	163,646	4,288	644	6,657
		496,604	**10,945**	**644**	**-**	**508,193**	**4,288**	**644**	**6,657**
Financial liabilities									
Bank loans and borrowings, and Bank overdrafts	32	-	-	-	274,763	274,763	-	-	-
Lease payables	32	-	-	-	6,436	6,436	-	-	-
Trade and other payables	33/34/35	-	-	-	195,608	195,608	-	-	-
		-	**-**	**-**	**476,807**	**476,807**	**-**	**-**	**-**

F. Segment reporting

37. Segment reporting

The information relating to business segments was prepared in accordance with the provisions of IFRS 8 “Operating segments” (hereinafter “IFRS 8”), which require that the provided information is consistent with the reports submitted to the highest operational decision-making level for the purpose of making decisions regarding the resources to be allocated to the sector and assessing the related results. In particular, the Group identifies the following three operational business segments:

— Electrode Technologies: this includes the offering of metal electrodes (anodes and cathodes) coated with special catalysts, electrolyzer components and systems, with multiple applications, in particular (i) for the production processes of chlorine and caustic soda; (ii) for the electronics industry and in the production of components for lithium battery production; (iii) for the refining of non-ferrous metals (nickel and cobalt); (iv) for the galvanic finishing industry; (v) for the cellulose and paper industry; and (vi) for the infrastructure sector for corrosion prevention of reinforced concrete and metal structures;

— Water Technologies: this includes offerings related to water treatment systems, which includes electrodes, equipment, systems and facilities for disinfection and filtration of drinking, wastewater and processing water; the main applications are residential swimming pool disinfection, municipal water disinfection and filtration, and industrial and marine water treatment;

— Energy Transition: this includes the offer of electrodes (anodes and cathodes), electrolyzer components and systems (i) for the generation of hydrogen and oxygen through water electrolysis processes, (ii) for use in fuel cells for electricity generation from hydrogen or another energy carrier (e.g., methanol, ammonia) without CO_2 emissions, and (iii) for use in redox flow batteries.

In support of these business segments there are the so-called Corporate activities, whose costs are entirely allocated to the segments.

The following tables show the economic information by business segment for the financial years 2023 and 2022.

	For the year ended December 31, 2023			
	Group	Segment Electrode Technologies	Segment Water Technologies	Segment Energy Transition
	(in € thousands)			
Revenue	856,411	464,214	289,962	102,235
Royalties and commissions	(9,544)	(6,279)	(3,182)	(83)
Cost of goods sold	(555,158)	(291,115)	(195,065)	(68,978)
Selling expenses	(30,115)	(8,920)	(18,894)	(2,301)
G&A expenses	(52,048)	(23,503)	(23,536)	(5,009)
R&D expenses	(15,966)	(2,834)	(2,671)	(10,461)
Other operating income (expenses)	9,203	4,090	4,772	341
Corporate costs allocation to business segments	(31,754)	(16,715)	(11,250)	(3,789)
EBITDA	171,029	118,938	40,136	11,955
Depreciation and amortization	(30,617)			
Impairment	(8,918)			
Provisions for risks and charges	5,424			
Operating profit - EBIT	136,918			
Share of profit of equity-accounted investees	5,435			
Finance income	145,018			
Finance expenses	(22,090)			
Profit before tax	265,281			
Income tax expense	(34,231)			
Profit for the period	231,050			

	For the year ended December 31, 2022			
	Group	Segment Electrode Technologies	Segment Water Technologies	Segment Energy Transition
	(in € thousands)			
Revenue	852,826	473,444	336,719	42,663
Royalties and commissions	(11,054)	(8,639)	(2,281)	(134)
Cost of goods sold	(533,381)	(296,398)	(209,183)	(27,800)
Selling expenses	(30,553)	(9,601)	(19,927)	(1,025)
G&A expenses	(49,992)	(19,886)	(27,925)	(2,181)
R&D expenses	(12,897)	(3,180)	(1,533)	(8,184)
Other operating income (expenses)	579	38	184	357
Corporate costs allocation to business segments	(30,992)	(17,050)	(12,423)	(1,519)
MIP allocation	(19,360)	(10,748)	(7,644)	(968)
EBITDA	165,176	107,980	55,987	1,209
Depreciation and amortization	(28,123)			
Impairment	(8,988)			
Provisions for risks and charges	(2,256)			
Operating profit - EBIT	125,809			
Share of profit of equity-accounted investees	(1,196)			
Finance income	23,505			
Finance expenses	(27,688)			
Profit before tax	120,430			
Income tax expense	(30,765)			
Profit for the period	89,665			

The following table illustrates the capital expenditures by business segment for the financial years ended December 31, 2023 and 2022.

	Group	Segment Electrode Technologies	Segment Water Technologies	Segment Energy Transition	Not Allocated
2023					
Property, plant and equipment (*)	81,000	42,605	2,418	30,438	5,539
Intangible assets	7,496	2,812	3,785	899	-
Total Investments 2023	88,496	45,417	6,203	31,337	5,539
2022					
Property, plant and equipment (*)	38,116	28,029	2,074	7,539	474
Intangible assets	8,026	1,940	5,941	104	41
Total Investments 2022	46,142	29,969	8,015	7,643	515

(*) It does not include increases related to the rights of use of Property, Plant and Equipment.

Not allocated capital expenditures include mainly the acquisition of a disused industrial area adjacent to the existing area of Via Bistolfi 35, Milan. The objective of this acquisition is to host new offices, laboratories, and co-working spaces, improving the Milan headquarters by creating a "campus" and enabling the planned increase of the workforce.

In accordance with the provisions of IFRS 8, paragraph 34, it should also be noted that for the financial years ended December 31, 2023 and 2022, there was only one customer (tk nucera) related to the Electrode Technologies and Energy Transition business segments that generated revenues exceeding 10% of the total, amounting to Euro 209,829 thousand and Euro 148,286 thousand, respectively. For more details, see Note 38.

The table below shows the non-current assets, other than financial assets and deferred tax assets, by geographical area as at December 31, 2023 and 2022, allocated on the basis of the country in which the assets are located.

	As of December 31, 2023				
	Italy	EMEIA, excluding Italy	APAC	AMS	Total
			(in € thousands)		
Intangible assets	5,289	6,020	14,865	89,613	115,787
Property, plant and equipment	50,017	54,269	85,627	64,360	254,273
Other receivables	6,240	36	1,031	53	7,360
Total	61,546	60,325	101,523	154,026	377,420

	As of December 31, 2022				
	Italy	EMEIA, excluding Italy	APAC	AMS	Total
			(in € thousands)		
Intangible assets	8,482	4,570	17,263	101,237	131,552
Property, plant and equipment	26,903	27,471	69,725	60,078	184,177
Other receivables	8,169	15	783	63	9,030
Total	43,554	32,056	87,771	161,378	324,759

G. Related Party Transactions

38. Related Party Transactions

Transactions with related parties, as defined by IAS 24 - Related Party Disclosures, mainly relate to commercial, administrative and financial transactions. They are carried out as part of ordinary operations, within the scope of the core business of each party and take place on an arm's length basis. In particular, the Group has relations with the following related parties:

— the direct parent company, Federico De Nora S.p.A. (the "Parent Company");

— the associated company tk nucera and its subsidiaries (the "Associates");

— minority shareholders and related companies, also through key management personnel (the "Other Related Parties");

— key management personnel ("Top Management").

The table below details the statement of financial position values referring to the related party transactions as at December 31, 2023 and 2022.

(in € thousands)	Parent Company	Associates	Other - related parties	Total	Total statement of financial position item	As percentage of Total statement of financial position item
Other non-current receivables						
As of December 31, 2023	-	-	52	52	7,360	0.7%
As of December 31, 2022	-	-	52	52	9,030	0.6%
Current tax assets						
As of December 31, 2023	-	-	-	-	10,310	0.0%
As of December 31, 2022	376	-	-	376	4,893	7.7%
Current trade receivables						
As of December 31, 2023	14	26,474	236	26,724	141,927	18.8%
As of December 31, 2022	17	7,250	-	7,267	123,421	5.9%
Other current receivables						
As of December 31, 2023	-	-	18	18	38,391	0.0%
As of December 31, 2022	-	-	-	-	33,074	0.0%
Other non-current payables						
As of December 31, 2023	-	47	-	47	2,231	2.1%
As of December 31, 2022	-	444	-	444	2,383	18.6%
Current trade payables						
As of December 31, 2023	65	732	215	1,012	106,752	0.9%
As of December 31, 2022	25	775	89	889	80,554	1.1%
Other current payables						
As of December 31, 2023	-	38,603	28	38,631	88,921	43.4%
As of December 31, 2022	-	33,024	-	33,024	101,617	32.5%

Transactions with related parties reported in the Statement of Financial Position are related to Associates: relate to current trade receivables amounting to Euro 26,474 thousand as at December 31, 2023, compared to Euro 7,250 thousand as at December 31, 2022; these receivables refer mainly to the sale of electrodes under the "Toll Manufacturing and Services Agreement" initially stipulated on April 1, 2015 with tk nucera and subsequently amended.

Similarly, other current payables to associates amounted to Euro 38,603 thousand as at December 31, 2023, compared to Euro 33,024 thousand as at December 31, 2022, related to advances obtained with reference primarily to the aforementioned supply contract, while trade payables amounting to Euro 732 thousand as at December 31, 2023 compared to Euro 775 thousand as of December 31, 2022 are related to the supply of goods and services by tk nucera.

The table below shows the detail of the economic values relating to transactions with related parties for the financial years ended December 31, 2023 and 2022.

(in € thousands)	Parent Company	Associates	Other - related parties	Total	Total statement of financial position item	As percentage of Total statement of financial position item
Revenue						
For the year ended December 31, 2023	-	209,829	1,808	211,637	856,411	24.7%
For the year ended December 31, 2022	-	148,286	38	148,324	852,826	17.4%
Other income						
For the year ended December 31, 2023	58	1,116	-	1,174	14,683	8.0%
For the year ended December 31, 2022	56	696	-	752	6,451	11.7%
Costs for raw materials, consumables, supplies and goods						
For the year ended December 31, 2023	-	19	183	202	357,991	0.1%
For the year ended December 31, 2022	-	1,056	-	1,056	399,904	0.3%
Costs for services						
For the year ended December 31, 2023	89	1,590	642	2,321	178,330	1.3%
For the year ended December 31, 2022	88	499	1,030	1,617	161,819	1.0%
Personnel expenses						
For the year ended December 31, 2023	-	-	3	3	143,982	0.0%
For the year ended December 31, 2022	-	-	2	2	154,561	0.0%
Other operating expenses						
For the year ended December 31, 2023	-	-	10	10	11,103	0.1%
For the year ended December 31, 2022	-	-	3	3	9,676	0.0%
Finance expenses						
For the year ended December 31, 2023	-	-	-	-	22,090	0.0%
For the year ended December 31, 2022	-	-	1	1	27,688	0.0%

The economic relations with the associates mainly relate to revenues, amounting to Euro 209,829 thousand in 2023, compared to Euro 148,286 thousand in 2022, mainly arising from the sale of electrodes under the "Toll Manufacturing and Services Agreement" mentioned above.

Transactions with Top Management, Directors' and Statutory Auditors' fees

In addition to the balance sheet and income statement values with related parties presented in the tables above, the Group has recognized compensation to Top Management for the amount of Euro 5,966 thousand in 2023, compared to Euro 23,281 thousand in 2022, of which Euro 2,030 thousand not yet paid as at December 31, 2023.

The table below shows the breakdown of the aforementioned fees under the cost categories identified by IAS 24.

	For the year ended December 31	
	2023	2022
	(in € thousands)	
Short-term employee benefits	5,416	5,286
Post-employment benefits	294	316
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payment	256	17,679
Total	5,966	23,281

The incidence of senior management's remuneration on total personnel costs was 4.1% in the year ended December 31, 2023 and 15.1% in the year ended December 31, 2022.

With regard to the Board of Directors' and the Statutory Auditors' fees, reference is made to the subsequent paragraph 40.

H. Non-recurring events

39. Non-recurring events

Pursuant to Consob Communication No. DEM/6064293 of July 28, 2006, information on the impact of non-recurring events and transactions in the period on the Group's economic and financial results is provided below.

	Income statement	Equity	Cash Flows
		(in € thousands)	
Financial income - Dilution gain on tk nucera equity investment	115,846	115,846	-
Financial income - Gain from disposal of tk nucera shares	17,377	17,377	26,439

I. Directors', Statutory Auditors' and Independent Auditors' fees

40. Directors', Statutory Auditors' and Independent Auditors' fees

Pursuant to Art. 38 of Italian Legislative Decree 127/91, the fees paid to the directors and statutory auditors of the Company for the performance of their duties, and to the independent auditors' fees for the audit of the consolidated financial statements are detailed below:

	For the year ended December 31	
	2023	2022
	(in € thousands)	
Fees to Board of Directors	1,264	819
Fees to Board of Statutory Auditors	125	134
Fees for the audit of the annual and consolidated financial statements (including the activities carried out on the financial statements prepared for the purposes of consolidation by foreign subsidiaries)	1,658	1,660
Fees for other audit services	157	84
Fees for non audit services	616	2,266

J. Commitments, guarantees, contingent liabilities, public subsidies

41. Commitments, guarantees, contingent liabilities, public subsidies

Commitments

The company has not undertaken any commitments that have not been redorded in the statement of financial position, except for orders for the purchase of capital assets amounting to Euro 21.6 milion as at December 31, 2023.

Guarantees

As at December 31, 2023, the following guarantees were in place within the Group:

— Industrie De Nora S.p.A. issued guarantees in favor of suppliers of subsidiaries for Euro 9,400 thousand and guarantees in favor of customers of subsidiaries for Euro 14,917 thousand;

— the parent company has also issued guarantees in favor of credit institutions for both cash and unsecured credit lines, issued in favor of subsidiaries for Euro 76,326 thousand; as at December 31, 2023, these credit lines were used only for unsecured loans;

— as security for contractual obligations undertaken by the Group, sureties have been granted by banks or insurance companies to customers amounting to Euro 70,988 thousand, of which Euro 42,625 thousand in relation to the credit lines guaranteed by the parent company as indicated above.

Contingent liabilities

The Group has not assumed any contingent liabilities that have not been recognized in the financial statements.

Public subsidies

The law of August 4, 2017, No. 124, titled 'Annual Law for the Market and Competition,' (Legge annuale per il mercato e la concorrenza) which came into effect on August 29, 2017, aims to ensure greater transparency in the financial relationships between public entities and other subjects.

During the fiscal year, the contributions recognized to the Italian companies of the Group, as per Law No. 124/2017, Article 1, paragraph 25, amounted to a total of Euro 250 thousand.

K. Reconciliation of the result for the year and equity of Industrie De Nora S.p.A. and the Group

42. Reconciliation of the result for the year and equity of Industrie De Nora S.p.A. and the Group

The result for the year and equity of the Company are reconciled with those of the Group taken from the consolidated financial statements in the table below.

	For the year ended December 31, 2023	
(in € thousands)	Profit of the period	Equity
As for the financial statements of the parent company	80,386	522,364
Dividends collected by the parent company	(36,300)	-
Equity-accounted investments in JV/associates	114,528	112,484
Adjusted profit of subsidiaries and difference between adjusted equity of the consolidated companies and relevant carrying amount	72,413	275,317
Consolidated entries of the parent company	23	23
As of the Consolidated Financial Statements of the De Nora Group	231,050	910,188

L. Events after the reporting date

43. Events after the reporting date

There are no events after the reporting date with significant effect on the financial statements.

On behalf of the Board of Directors

The Chief Executive Officer

Paolo Enrico Dellachà

Management's Certification of the Consolidated Financial Statements

The undersigned Paolo Enrico Dellachà and Massimiliano Moi, in their respective capacities as Chief Executive Officer and Manager responsible for preparing the Company's financial reports of Industrie De Nora S.p.A., hereby certify, also taking into account the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

— the adequacy in relation to the characteristics of the company and

— the effective application of the administrative and accounting procedures for the preparation of the consolidated financial statements as at 31 December 2023.

It is also certified that:

The consolidated financial statements as at 31 December 2023:

— have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;

— correspond to the information contained in the accounting ledgers and records;

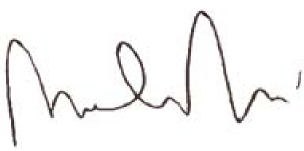
— provide a true and fair representation of the equity, economic and financial situation of the Issuer and the whole of the companies included in the scope of consolidation.

The Directors' Report includes a fair review of the development and performance of operations and of the position of the issuer and of the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties to which it is exposed

Milan, March 18, 2024

Paolo Enrico Dellachà

Chief Executive Officer



Massimiliano Moi

Manager responsible for preparing the Company's financial reports

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of Industrie De Nora SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Industrie De Nora SpA and its subsidiaries (De Nora Group), which comprise the consolidated statement of financial position as of 31 December 2023, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in the net consolidated equity, the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including material accounting policies information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the De Nora Group as of 31 December 2023, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of Industrie De Nora SpA (the Company) pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

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Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Revenues and construction contracts	
Notes to the Consolidated Financial Statements Part A.2 – Summary of accounting standards and measurement criteria – "Construction contracts", "Revenue from contracts with customers" and "Estimates and assumptions" Part B – Notes to the main financial statements items – Income statement – Note 4 "Revenues" Part C – Notes to the main financial statements items – Statement of equity and financial position – Assets – Note 25 "Construction contracts"	
Revenue from contracts with customers of the De Nora Group comprises mainly sales of electrodes and systems, post-sales services and revenue from construction contracts mainly referred to water treatment systems. Revenue generated in 2023 amounts to euro 856.4 million and comprises revenue from sales of goods and services for euro 764.9 million and revenue from construction contracts for euro 91.5 million. Revenue is recognised in accordance with IFRS 15 – "Revenue from contracts with customers", when control of the goods or services is transferred to the customer. The contractual obligation of revenue from sales of electrodes, systems and post-sales services is satisfied at a point in time when the customer obtains control of the promised assets, whereas the contractual obligation of revenue from construction contracts is satisfied over time. Revenue from construction contracts is recognised along the duration of each project based on its percentage of completion. The percentage of completion of each project is determined on the basis of the costs incurred compared to the total costs incurred and to be incurred to complete the project. The correct recognition of construction contracts from projects that are not yet complete assumes, among other things, the correct estimation of the	Our audit approach involved, preliminarily, understanding and evaluating the methods and procedures defined by the De Nora Group for the recognition and measurement of revenues in accordance with the requirements of IFRS 15. Moreover, we understood and evaluated the internal control system over this area and we planned our tests paying special attention to the existence and cut-off of transactions for the sale of goods and services and to the accuracy of estimation of the percentage of completion for construction contracts. As part of the activities performed: - for the main revenue streams, identified on the basis of IFRS 15, we understood and evaluated the relevant controls implemented by the De Nora Group and validated some of them; - we verified the correct recognition of revenue through analyses, on a sample basis, of the documentation supporting sales transactions and of the clauses governing the various contractual obligations; - we verified, for a sample of sales transactions, the correct recognition of revenue cut-off, through analyses of the supporting documentation;

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
costs to complete, of the effects of any contract modifications and of any extra costs and penalties that could modify the estimated margin. Revenue from contracts with customers is a key audit matter for the consolidated financial statements both in consideration of the materiality of the financial statements line item and the number of underlying transactions, and due to the complexity that may affect the process of estimation of the percentage of completion.	- we performed, on a sample basis, external confirmation procedures to obtain evidence supporting the trade receivables recognised; - we analysed, on a sample basis, the correct recognition of returns and credit notes issued and the related year-end accruals; - we analysed the determination of the percentage of completion through recalculation and analyses, on a sample basis, of documentation supporting the contract values of construction contracts, the costs incurred up to the reporting date, and the estimated costs to complete the project. For the purposes of this analysis we also took into account information on events subsequent to the reporting date and held critical discussions with the managers of individual projects so as to obtain additional supporting evidence; - we verified, on a sample basis of construction contracts, the deviation between the estimated costs to complete the project and the actual costs incurred, evaluating the estimates reliability; - we verified, on a sample basis, the correct recognition of construction contracts open at year end and their correct classification in the statement of financial position of construction contracts assets and liabilities; - we verified the accuracy and completeness of disclosures in the notes to the consolidated financial statements.

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Assessment of the recoverability of non-current assets *Notes to the Consolidated Financial Statements Part A.2 – Summary of accounting standards and measurement criteria –"Impairment of goodwill, property, plant and equipment and intangible assets and right-of-use assets" and "Estimates and assumptions"* *Part C – Notes to the main financial statements items – Statement of equity and financial position – Assets – Note 18 "Goodwill and intangible assets" and Note 19 "Property, plant and equipment"*	
De Nora Group non-current assets comprise intangible assets including goodwill for euro 115.8 million and property, plant and equipment for euro 254.3 million. Those items are measured at cost. Based on IAS 36 "Impairment of assets", property, plant and equipment and intangible assets with finite useful lives are tested for impairment when indicators exist that there may be difficulties in recovering the related net book values through use. Goodwill and indefinite-lived intangible assets recoverability, instead, is assessed through impairment tests performed at least annually. The recoverable amount of an asset is the higher of fair value less costs of disposal and value in use, which is determined by discounting to present value the estimated future cash flows expected to be derived from the asset, including, if significant and reasonably determinable, those from the sale of the asset at the end of its useful life, less any costs of disposal. In determining value in use, the estimated future cash flows are discounted to present value using a discount rate that reflects current market assessments of the time value of money, referred to the period of the investment, and the risks specific to the asset. Specifically, the configuration of recoverable amount adopted by the Company is value in use,	We performed specific analyses to understand and evaluate internal controls over management's evaluations in this area, including the identification of impairment indicators. We also verified the preliminary analyses performed for the identification of impairment indicators. This was performed also through an analysis of performance recorded in the period against business plans, based on financial projections and through critical discussion with company personnel involved in the valuation process. Where impairment indicators were identified, and for the impairment testing of goodwill, we obtained an understanding of the valuation criteria adopted by management and verified their consistent application in the process of calculation of the recoverable amount. We verified the adequacy of the impairment testing model used in accordance with IAS 36 "Impairment of assets" requirements and evaluation practices. We assessed the reasonableness of the assumptions underlying the calculation of the recoverable amount, also through the involvement of experts from the PwC

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Key Audit Matters	*Auditing procedures performed in response to key audit matters*
determined by discounting to present value the forecast cash flows of the cash generating units (CGUs) or groups of CGUs, for the period of three years after the reporting date, based on the business plan 2024-2026 approved by the Board of Directors on 18 March 2024, and adding a terminal value. The key assumptions used to determine the forecast cash flows of the cash generating units (CGUs) or groups of CGUs are the estimated levels of turnover, EBITDA, operating cash flows, perpetual growth rate and weighted average cost of capital (discount rate), taking into consideration past earnings and financial performance and future expectations. In the year, impairment losses were recognised on intangible assets for euro 8.1 million and on property, plant and equipment for euro 0.8 million, mainly related to the director decision to close the Marine Technologies business, belonging to the Water Technologies division. As a result of the year-end test, no further impairment was noted. The assessment of the recoverability of the carrying amounts of fixed assets was a key audit matter for the consolidated financial statements because of the relevance of the amounts involved and the complexity of the process of estimating the recoverable amounts of the CGUs or groups of CGUs as those amounts are based on valuation assumptions that are affected by economic and market conditions subject to uncertainties.	network, verifying the reasonableness of the most relevant financial projections used to determine the future cash flows from the CGUs/groups of CGUs, the discount rates applied, the definition of the terminal value and the mathematical accuracy of the impairment testing model and of CGU/groups of CGUs book value. We verified the deviation between financial projections made in previous years and actual results, evaluating the reliability of estimates. Moreover, we performed sensitivity analyses for the most significant assumptions. Finally, we verified the adequacy and completeness of disclosures in the notes to the consolidated financial statements.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group’s ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate Industrie De Nora SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated

financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related risks, or safeguards applied.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 18 February 2022, the general meeting of the shareholders of Industrie De Nora SpA engaged us to perform the audit of the Company's statutory and consolidated financial statements for the years ending 31 December 2022 to 31 December 2030.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The directors of Industrie De Nora SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format ESEF - European Single Electronic Format (the "Commission Delegated Regulation") to the consolidated financial statements as of 31 December 2023, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Commission Delegated Regulation.

In our opinion, the consolidated financial statements as of 31 December 2023 have been prepared in XHTML format and have been marked up, in all significant respects, in compliance with the provisions of the Commission Delegated Regulation.

Due to certain technical limitations, some information included in the explanatory notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/1998

The directors of Industrie De Nora SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the De Nora Group as of 31 December 2023, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/1998, with the consolidated financial statements of the Industrie De Nora Group as of 31 December 2023 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of De Nora Group as of 31 December 2023 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree No. 254 of 30 December 2016

The directors of Industrie De Nora SpA are responsible for the preparation of the non-financial statement pursuant to Legislative Decree No. 254 of 30 December 2016. We have verified that the directors approved the non-financial statement.

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Milan, 29 March 2024

PricewaterhouseCoopers SpA

Signed by

Francesco Ronco
(Partner)

As disclosed by the Directors, the accompanying consolidated financial statements of the De Nora Group constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

03

Separate Financial Statements

Statement of Financial Position

Assets	Notes	31/12/2023	Of which related parties	31/12/2022	Of which related parties
Non current assets					
Intangible Asset	16	1,665,659		2,268,816	
Tangible Asset	17	5,694,384		5,194,048	
Equity-accounted investees	18	337,563,611		325,725,647	
Financial assets, including derivatives	19	12,669,683	12,669,683	13,125,820	
Other receivables	20	5,153,907		7,038,557	
Deferred tax assets	21	1,291,895		423,310	
Total non current assets		364,039,139		353,776,198	
Current assets					
Financial assets, including derivatives	19	112,893,836	112,444,224	209,335,000	71,861,669
Trade receivables	22	56,877,551	56,817,141	43,225,973	42,384,847
Other receivables	20	23,285,372	2,545,469	14,412,250	1,748,139
Cash and cash equivalents	23	86,067,346		81,930,974	
Total current assets		279,124,105		348,904,197	
Total assets		643,163,244		702,680,395	

Liabilities	Notes	31/12/2023	Of which related parties	31/12/2022	Of which related parties
Equity	24				
Share capital		18,268,204		18,268,204	
Legal reserve		3,653,641		3,357,345	
Share premium		223,432,730		223,432,730	
Other reserves		196,622,850		225,955,133	
Profit /(Loss) for the period		80,386,406		11,814,300	
Total Equity		522,363,831		482,827,712	
Non current liabilities					
Employee benefits	25	3,647,068		3,627,094	
Financial liabilities, net of current portion	26	82,006,275		181,008,467	
Other payables	29	168,284		67,124	
Total non-current liabilities		85,821,627		184,702,685	
Current liabilities					
Financial liabilities, current portion	26	3,578,947	3,156,057	14,346,654	13,864,619
Trade payables	27	14,947,453	8,440,500	12,067,731	4,751,952
Income tax payable	28	10,405,731		2,319,772	
Other payables	29	6,045,655	1,808,891	6,415,841	1,656,533
Total current liabilities		34,977,786		35,149,998	
Total equity and liabilities		643,163,244		702,680,395	

Income Statement

	Notes	2023	Of which related parties	2022	Of which related parties
			(in €)		
Other income	4	79,702,865	78,897,265	78,879,401	78,243,980
Costs for raw materials, consumables, supplies and goods	5	(1,320,112)		(1,291,739)	
Personnel expenses	6	(16,885,995)	(262,164)	(28,262,017)	(12,298,569)
(of which Management Incentive Plan MIP)	*6*	-	-	*(13,451,949)*	*(12,239,070)*
Costs for services	7	(31,504,621)	(10,885,303)	(30,755,163)	(8,127,469)
Other operating expenses	8	(1,182,444)		(372,651)	
Amortization and depreciation	9	(1,721,207)		(1,832,708)	
Impairment (losses)/revaluations and provisions for risks and charges	10	-		(20,658,000)	
Operating profit		27,088,486		(4,292,877)	
Income from Equity investments	11	59,094,777	36,300,000	17,670,000	17,670,000
Finance income	12	10,691,240	6,116,822	12,582,980	2,262,263
Finance expenses	13	(10,085,036)	(404,101)	(11,414,307)	(140,018)
Profit before tax		86,789,467		14,545,796	
Income tax expense	14/15	(6,403,061)		(2,731,496)	
Profit/(Loss) for the period		80,386,406		11,814,300	
Profit (losses) from discontinuing operations		-		-	
Profit/(Loss) for the period		80,386,406		11,814,300	

Statement of Comprehensive Income

	2023	2022
	(in €)	
Profit/(Loss) for the period	80,386,406	11,814,300
Items that will not be reclassified to profit or loss:		
Actuarial reserve	(69,736)	255,998
Tax effect	16,737	(61,440)
Total items that will not be reclassified to profit or loss, net of the tax effect (A)	(52,999)	194,558
Items that may be reclassified subsequently to profit or loss:		
Effective portion of the change in fair value of financial instruments hedging cash flows, net of tax effect	-	(54,726)
Tax effect	-	-
Total items that may be reclassified subsequently to profit or loss, net of the tax effect (B)	-	(54,726)
Total other comprehensive income net of the tax effects (A) + (B)	(52,999)	139,832
Profit/(Loss) of comprehensive income for the period	80,333,407	11,954,132

Statement of Cash Flows

	Notes	2023	2022
		(in €)	
Cash flows from operating activities			
Profit for the period		80,386,406	11,814,300
Adjustments for:			
Amortization and depreciation	9	1,721,207	1,832,708
Share based payments	6	262,164	13,516,706
Release of provisions		-	(109,000)
Write down of investements	10	-	20,751,400
Finance expenses	13	10,085,036	11,414,307
Finance income	12	(10,691,240)	(12,582,980)
Dividends	11	(59,094,777)	(17,670,000)
(Gains) losses on the sale of property, plant and equipment and intangible assets	8	(850)	1,413
Income tax expense	14/15	6,403,061	2,731,496
Change in trade receivables and other receivables	20/22	(18,266,768)	(25,364,325)
Change in trade payables and other payables	27/29	837,459	5,519,979
Change in provisions and employee benefits	25	(49,763)	185,313
Cash flows generated by operating activities		11,591,935	12,041,317
Interest and net other finance expenses paid	13	(6,546,305)	(10,497,994)
Interest and net other finance income collected	12	7,449,373	8,662,099
Income tax paid		938,079	(740,955)
Net cash flows generated (used in) by operating activities		13,433,082	9,464,467
Cash flows from investing activities			
Investments in tangible assets	17	(1,098,745)	(1,204,074)
Investments in intangible assets	16	(125,192)	(584,552)
Investments in subsidiaries	18	(15,700,000)	(7,151,000)
Investments in equity accounted investees	18	26,841,300	-
Investments in financial activities	19	86,188,739	(150,000,000)
Dividends collected	11	36,300,000	17,670,000
Net cash flows used in investing activities		132,406,102	(141,269,626)
Cash flows from financing activities			
Dividends paid		(24,202,221)	(20,000,000)
Buyback Shares		(17,041,717)	-
New loans	26	-	178,608,970
Repayments of loans	26	(100,005,715)	(221,000,000)
Increase (decrease) in other financial liabilities	26	(453,159)	(526,401)
(Increase) decrease in financial assets	19	-	67,792,122
Share capital increase	24	-	196,839,988
Net cash flows generated by (used in) financing activities		(141,702,812)	201,714,679
Net increase (decrease) in cash and cash equivalents		4,136,372	69,909,521
Opening cash and cash equivalents	23	81,930,974	12,021,453
Closing cash and cash equivalents	23	86,067,346	81,930,974

Statement of Changes in the Net Equity

(in €)	Share capital	Legal reserve	Share premium	Revaluation reserve ex art. 55 DPR 497	Fair value reserve - Cash flow hedges	Retained earnings	Actuarial gain/losses reserve	IFRS Reserve	Other reserves	Reserve for treasury shares	Profit for the period	Total Equity
Distributable reserves	B	B	ABC	B	AB	ABC	B		ABC		ABC	
Balance as of December 31, 2021	16,786,723	3,357,345	24,914,223	264,760	54,726	192,991,847	(412,070)	7,166,735	-	-	29,704,652	274,828,941
Transactions with shareholders:												
Allocation of profit for 2021	-	-	-	-	-	29,704,652	-	-	-	-	(29,704,652)	-
Share capital increase	1,481,481	-	198,518,507	-	-	-	-	-	-	-	-	199,999,988
Dividend distribution	-	-	-	-	-	(20,000,000)	-	-	-	-	-	(20,000,000)
Other movements	-	-	-	-	-	-	-	-	16,044,651	-	-	16,044,651
Comprehensive income statement:												
Profit/ (Loss) for the period	-	-	-	-	-	-	-	-	-	-	11,814,300	11,814,300
Revaluation of net (liabilities)/ assets on the defined benefit obligation	-	-	-	-	-	-	194,558	-	-	-	-	194,558
Effective portion of the change in fair value of financial instruments hedging cash flows	-	-	-	-	(54,726)	-	-	-	-	-	-	(54,726)
Balance as of December 31, 2022	18,268,204	3,357,345	223,432,730	264,760	-	202,696,499	(217,512)	7,166,735	16,044,651	-	11,814,300	482,827,712

A=Share Capital increase
B=Loss coverage
C=Distribution to Shereolder

(in €)	Share capital	Legal reserve	Share premium	Revaluation reserve ex art. 55 DPR 497	Fair value reserve - Cash flow hedges	Retained earnings	Actuarial gain/losses reserve	IFRS Reserve	Other reserves	Reserve for treasury shares	Profit for the period	Total Equity
Distributable reserves	B	B	ABC	B	AB	ABC	B		ABC		ABC	
Balance as of December 31, 2022	18,268,204	3,357,345	223,432,730	264,760	-	202,696,499	(217,512)	7,166,735	16,044,651	-	11,814,300	482,827,712
Transactions with shareholders:												
Allocation of profit for 2022	-	296,296	-	-	-	11,518,004	-	-	-	-	(11,814,300)	-
Share capital increase	-	-	-	-	-	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-	(24,202,221)	-	-	-	-	-	(24,202,221)
Other movements	-	-	-	-	-	-	-	-	446,650	(17,041,717)	-	(16,595,067)
Comprehensive income statement:												
Profit/ (Loss) for the period	-	-	-	-	-	-	-	-	-	-	80,386,406	80,386,406
Revaluation of net (liabilities)/ assets on the defined benefit obligation	-	-	-	-	-	-	(52,999)	-	-	-	-	(52,999)
Effective portion of the change in fair value of financial instruments hedging cash flows	-	-	-	-	-	-	-	-	-	-	-	-
Balance as of December 31, 2023	18,268,204	3,653,641	223,432,730	264,760	-	190,012,282	(270,511)	7,166,735	16,491,301	(17,041,717)	80,386,406	522,363,831

A=Share Capital increase
B=Loss coverage
C=Distribution to Shereolder

Notes to the Separate Financial Statements

A. General information

1. The Company

Industrie De Nora S.p.A. (hereinafter the "Company" or "IDN S.p.A.") is a company limited by shares. It was set up in Italy and is enrolled in the Milan register of companies. The Company, with registered office at Via Bistolfi 35 - Milan, Italy, has been listed on Euronext Milan since June 30, 2022.

IDN S.p.A. is not subject to management and coordination by companies or entities and defines its general and operational strategic guidelines in full autonomy. Pursuant to art. 2497 bis of the Italian Civil Code, the Italian subsidiaries have identified IDN S.p.A. as the entity that exercises management and coordination; this activity consists in indicating the group's general and operational strategic guidelines and takes the form of defining and adapting the internal control system and the governance model and corporate structures.

IDN S.p.A. is the holding company of the De Nora Group (hereinafter also the "Group") where the corporate structures and services are centralized. The De Nora Group was founded by the engineer Oronzio De Nora and has, by now, 100 years in the electro-chemical industry. Today it is known as a world leader in supplying electrodes for the electrochemical industry. The Group is also active in the design and supply of technologies for water treatment and disinfection, and is committed to developing solutions for the energy transition, particularly holding a prominent position in supplying technologies for hydrogen production through water electrolysis. The Company controls and coordinates intellectual property and makes decisions regarding the approach to the markets and which product portfolio and production strategies are to be adopted. The other corporate functions, providing services to the various Group companies, are centralized at IDN S.p.A.: Administration, Finance and Control, Legal, Information and Communications Technology, Marketing, Business Development and Product Management, Global Operations, Production Technologies, Global Procurement and Human Resources.

2. Statement of compliance with international accounting standards

These separate Financial Statements (hereinafter also the "Financial Statements") have been prepared in accordance with the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union in accordance with Regulation (EC) no. 1606/2002 issued by the European Parliament and the European Council in July 2002, in effect as from January 1, 2015, and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), and those of the Standing Interpretations Committee (SIC), in effect at the same date.

These financial statements have also been prepared in compliance with the implementation regulations issued in Article 9, paragraph 3, of Italian Legislative Decree no. 38 of February 28, 2005.

The data in these financial statements are compared with the data in the financial statements of the previous year, which have been drawn up and if necessary restated with the same criteria.

The financial statements comprise the mandatory financial schedules (statement of financial position, income statement, statement of comprehensive income, statement of cash flows, and statement of changes in net equity) and are accompanied by these Notes.

Industrie De Nora S.p.A., in its capacity as the Parent Company, has also prepared the consolidated financial statements of the Group as at December 31, 2023.

The Financial Statements were prepared on a going concern basis, as the Directors verified the absence of financial, management or other indicators that could indicate significant uncertainties about the Company's ability to meet its obligations in the foreseeable future and in particular in the next 12 months.

The assessments made confirm that the Company is able to operate in compliance with the going concern assumption and in compliance with financial covenants.

These Financial Statements are subject to statutory audit by PricewaterhouseCoopers S.p.A. on the basis of the mandate conferred by the Shareholders' Meeting of February 18, 2022.

These financial statements are expressed in Euro, the Company's functional currency.

Changes in accounting policies

With regard to the illustration of the accounting standards, amendments and interpretations that entered into force and applied starting from January 1, 2023, as well as of the accounting standards, amendments and interpretations not yet applicable, please refer to the corresponding paragraph in the Notes to the consolidated financial statements of IDN S.p.A.

The adoption of the standards, amendments and interpretations that entered into force and applied starting from January 1, 2023, had no impact on the separate financial statements of IDN S.p.A. closed as at December 31, 2023.

With regard to the new standards, amendments and interpretations that are not yet applicable, preliminary analyses have shown that the impact on the separate financial statements of IDN S.p.A. is not significant.

3. Accounting policies

The accounting principles and valuation criteria adopted are the same as those used in the preparation of the consolidated financial statements, to which reference should be made, with the exception of the principles set out below.

Equity investments

Equity investments in subsidiaries, jointly controlled companies and associated companies, other than those held for sale, are valued at purchase cost.

In the presence of events that lead to the presumption of a reduction in value, the recoverability of the book value of the investments is verified by comparing the carrying value with the relative recoverable value represented by the greater of fair value, net of disposal costs, and value of use.

If the aforementioned verification reveals a carrying value higher than the recoverable value, the relative investment is written down to the recoverable value.

If the reasons for write-downs cease to apply, investments valued at cost are revalued within the limits of the write-downs carried out, with the effect charged to the income statement under "Income/charges from equity investments".

The risk deriving from any losses exceeding the Shareholders' equity is recognized in a specific provision to the extent that the investor is committed to fulfilling legal or implicit obligations towards the investee company or in any case to cover its losses.

Income from dividends is recognized in the Income Statement when the right to collection arises, which normally corresponds to the Shareholders' resolution for their distribution, regardless of whether such dividends derive from profits before or after the acquisition of the investee companies. The distribution of dividends to Shareholders is recorded as a liability in the Company's financial statements at the time the distribution of such dividends is approved.

Use of estimates

The preparation of the financial statements and related notes in accordance with IFRS requires that management make estimates and assumptions with an effect on the carrying amounts of recognized assets and liabilities and on disclosures relating to contingent assets and liabilities at the reporting date. The estimates and assumptions used are based on past experience and other relevant factors. Actual results could differ from such estimates. The estimates and assumptions are periodically revised and the effects of any changes made are taken to profit or loss when the estimate is revised, if the revision has effects on that period alone, or in subsequent periods if it has effects on both the current and future periods.

A summary is provided below of the critical measurement processes and key assumptions used by Management in the application of accounting policies relating to the future and which could significantly impact carrying amounts or which could entail significant adjustments to the carrying amount of assets and liabilities in the year after the reporting date.

Determination of the fair value of share-based payments

The company assesses these plans on the basis of uncertain events and valuation assumptions that include volatility, dividend yield and risk-free rates. The Company makes use of valuations carried out by external specialists to determine the fair value of share-based employee benefits, requesting its determination at the grant date, using estimates and assumptions linked to the Group's future plans and to the use of suitable valuation techniques.

Recoverable amount of non-current assets

Non-current assets include plant and machinery, investment property, intangible assets, equity investments and other financial assets. These assets are subject to assessment in order to ascertain whether an impairment has occurred when there are indicators that suggest difficulties in recovering the related net book value through use. Assessment of the existence of the afore-mentioned indicators requires directors to make subjective assessments based on information available from both internal and external sources, as well as on historical experience. Furthermore, if it is determined that a potential impairment may have been generated, this is determined using valuation techniques deemed suitable. The correct identification of the indicators of potential impairment, as well as the estimates for its determination, depend on subjective assessments as well as on factors that may vary over time, affecting the assessments and estimates made by management.

Deferred tax assets and liabilities

The Company recognizes current and deferred tax assets and liabilities in accordance with the applicable legislation. The recognition of taxes requires the use of estimates and assumptions relating to how to interpret the applicable regulations concerning transactions performed in the year and their effect on taxes. Furthermore, the recognition of deferred tax assets requires the use of estimates relating to the forecast taxable income and their developments, as well as the tax rates that are effectively applicable. These activities are carried out on the basis of analyses of transactions and their tax profiles, with the support, where necessary, of external advisors in relation to the various issues considered and using simulated prospective income and sensitivity analyses.

Provisions for risks and charges and potential liabilities

The Company is subject to legal and tax disputes that could create complex and difficult issues and which present varying degrees of uncertainty, including the events and circumstances relating to each dispute, the jurisdiction and the different applicable laws.

Given the uncertainties of these issues, it is difficult to predict with any certainty the amount of expenditure that could arise as a result of the disputes.

Accordingly, on the basis of its legal advisors and legal and tax experts, Management recognizes a liability in relation to these disputes when it believes that a financial outlay is probable and when the amount of the related losses can be reasonably estimated. When the Directors believe that the occurrence of a liability is only possible, the risks are indicated in the specific information note on commitments and risks, without giving rise to any provision.

Useful life of property, plant and equipment and of intangible assets

The useful life is determined at the time of recording the asset in the financial statements and reviewed at least at the end of each financial year. Valuations on the duration of the useful life are based on historical experience, on market conditions and on the expectations of future events that could affect the useful life itself, including technological changes. As a result, it is possible that the actual useful life may differ from the estimated useful life.

B. Notes to the main financial statements items - income statement

All values are expressed in € thousands, unless otherwise indicated.

4. Other Income

It amounts to € 79,703 thousand, an increase of € 824 compared to 2022, and is made up as follows:

	For the year ended December 31	
	2023	2022
	(in € thousands)	
Research expenses recharges	172	180
R&D grants	796	1,109
Intercompany recharges	71,233	70,379
Other income	7,502	7,211
Total	79,703	78,879

The item "Research expenses recharges" includes charge-backs of research costs to thyssenKrupp nucera Italy S.r.l. for € 46 thousand, to the subsidiaries De Nora Deutschland GmbH for € 79 thousand and De Nora Water Technologies Italy S.r.l. for € 11 thousand; in addition to patent assistance activities for the companies De Nora Water Technologies LLC, De Nora Water Technologies UK Services Limited and De Nora Holdings US Inc for a total of € 28 thousand.

The item "R&D grants" includes operating grants for European Community research projects for € 433 thousand and the operating grant for the tax credit pursuant to Law Decree no. 145 of December 23, 2013 for € 363 thousand.

The item "Intercompany recharges" includes revenues from subsidiaries for services provided by the corporate functions for € 20,710 thousand and for licences for the use of patents, trademarks and know-how for € 50,523 thousand.

The item "Other income" mainly includes recharges to subsidiaries

5. Raw materials, ancillary materials, consumables and goods

They amount to € 1,320 thousand, with an increase of € 28 thousand, and are made up as follows:

	For the year ended December 31	
	2023	2022
	(in € thousands)	
Consumables and supplies	1,317	1,289
Packaging material	3	3
Total	1,320	1,292

Consumables mainly refer to purchases relating to Research and Development activities.

6. Personnel expenses

They amount to € 16,886 thousand, with a decrease of € 11,376 thousand compared to 2022, and are made up as follows:

	For the year ended December 31	
	2023	2022
	(in € thousands)	
Wages and salaries	12,474	11,266
Management Incentive Plan MIP	-	13,452
Performance Share Plan PSP	262	65
Social security contributions	3,211	2,626
Post-employment benefits	889	807
Other personnel expenses	50	46
Total	16,886	28,262

The PSP Incentive Plan item relates to the Performance Share Plan (PSP), accounted for on the basis of IFRS 2 (approved by the Company's corporate bodies) that provides for the assignment to a certain number of beneficiaries, identified in the regulation itself, of rights of subscription of ordinary shares of the Company based on the achievement of performance objectives. In particular, the total number of attributable rights is 126,556, which could increase to 239,972. The launch of the PSP formally took place on October 14, 2022 with a multi-year vesting period and pay-out expected between 2025 and 2027. The fair value measurement of the PSP for the 2022-24 cycle, totalling Euro 1,854 thousand, was carried out according to a Monte Carlo method on the basis of the following parameters and assumptions:

- the risk-free rate used was obtained from the zero-coupon government bond yield of the European Central Bank ("ECB") as at the performance period end date and is equal to 1.85%;
- the volatility of De Nora shares was estimated at 35.1%, based on the three-year time series of the comparable companies included in the STOXX Europe 600;
- the dividend yield was estimated at 0.74%;
- the lack of marketability was estimated at 15%;
- participants are not expected to leave the group;
- correlation: on the basis of the time series of daily returns with a depth of 3 years, the correlation matrix between the companies included in the STOXX Europe 600 and De Nora.

On October 31, 2023, a new PSP Incentive Plan was announced with a multi-year vesting period and pay-out expected between 2026 and 2028. The total number of attributable rights is 103,218, which could increase to 197,632. The fair value measurement of the PSP for the 2023-25 cycle, totalling € 1,110 thousand, was carried out according to a Monte Carlo method on the basis of the following parameters and assumptions:

- the risk-free rates used were obtained from the zero-coupon government bond yields of the European Central Bank ("ECB") for a duration of 2.17, 3.17 and 4.17 years, respectively, and are equal to 2.97% for the tranche with vesting on January 1, 2026, 2.77% for the tranche with vesting on January 1, 2027, and 2.66% for the tranche with vesting on January 1, 2028, respectively;

- the volatility of De Nora shares was estimated at 34.2%, based on the three-year time series (until October 31, 2023) of the comparable companies included in the STOXX Europe 600;
- the dividend yield was estimated at 0.94%;
- the lack of marketability was estimated using the Finnerty model and applied to the tranches with vesting on January 1, 2027 and vesting on January 1, 2028 and is respectively 7.7% and 10.7%;
- participants are not expected to leave the group;
- correlation: on the basis of the time series of daily returns with a depth of 3 years, the correlation matrix between the companies included in the STOXX Europe 600 and De Nora. The average correlation is 16.3%.

The charge posted in the income statement under personnel expenses for the two plans described above, amounting to € 262 thousand, was recognized with a corresponding balancing entry in Other reserves in Equity; likewise, the residual amount of € 185 thousand, relating to personnel of other Group companies, was recognized as an increase in the carrying value of the corresponding investments, with a corresponding balancing entry in Other reserves in Equity.

The following table compares the number of employees in the financial years 2023 and 2022.

	Employees at		Average per year	
	31/12/2023	31/12/2022	2023	2022
Executives	20	20	20	19
Managers	34	27	32	24
White-collar workers	88	82	87	75
Blue-collar workers	1	1	1	1
Total	143	130	140	119

7. Costs for services

They amount to € 31,505 thousand, with an increase of € 750 thousand, and are made up as follows:

	For the year ended December 31	
	2023	2022
	(in € thousands)	
Consultancies:		
- Production and technical assistance	2,192	2,604
- Commercial	337	237
- Legal and tax	835	2,389
Utilities	235	384
Maintenance	357	176
Travel expenses	1,207	908
R&D	1,321	824
Statutory Auditors' fees	98	98
Directors' compensation	1,264	819
Insurance	670	612
Rents and other lease expenses	594	561
Commissions and royalties	83	134
Freight	140	124
Waste disposal, office cleaning and security	69	59
Patents and trademarks	687	671
Canteen, training and other personnel expenses	968	730
Intercompany services	5,819	5,728
HW, SW Mainteinance and ICT consultancies	8,652	8,154
Telephone and communication expenses	537	620
Other	5,440	4,923
Total	31,505	30,755

8. Other operating expenses

They amount to € 1,183 thousand, with an increase of € 811 thousand compared to 2022, and are made up as follows:

	For the year ended December 31	
	2023	2022
	(in € thousands)	
Indirect taxes and duties	779	69
Loss on sale of non-current assets	-	1
Other expenses	404	302
Total	1,183	372

Indirect taxes mainly include CONSOB Supervisory Contributions for € 729 thousand.

Other expenses mainly include previous years expenses.

9. Depreciation

They amount to € 1,721 thousand, with a decrease of € 112 thousand compared to 2022, and are made up as follows:

	For the year ended December 31	
	2023	2022
	(in € thousands)	
Depreciation of buildings, plant and machinery and other assets (A)	518	389
Leasehold Improvements	2	1
Plants and machinery	436	346
Other assets	80	42
Amortization of rights of use of property, plant and equipment (B)	475	555
Industrial buildings	368	330
Other assets	107	225
Amortization of intangible assets with a finite life (C)	728	889
Industrial patents and intellectual property rights	728	889
Total (A)+(B)+(C)	1,721	1,833

10. Impairment (losses)/revaluations of non-current assets and Provisions

In 2023, no write-downs or revaluations were recognized. In the previous year they amounted to € 20,658 thousand.

	For the year ended December 31	
	2023	2022
	(in € thousands)	
Write-down of equity investments	-	20,751
Provisions (Releases) for legal disputes and complaints	-	(93)
Total	-	20,658

11. Income and expenses from equity investments

They amount to € 59,095 thousand, with an increase of € 41,425 thousand compared to 2022 and refer to dividends collected during the year from subsidiaries, and in particular from Oronzio De Nora International BV for € 28,000 thousand and from De Nora Italy S.r.l. for € 8,300 thousand and the capital gain from the disposal of equity investments in associated companies, equal to € 22,795 thousand, relates to the exercise of the "greenshoe option" on the basis of which Industrie De Nora sold 1,342,065 shares as part of the IPO of thyssenkrupp nucera AG & Co. KGaA. Following this sale and the dilutive effect deriving from the listing, the percentage interest in the company thyssenKrupp nucera AG & Co. KGaA decreased to the current 25.85%.

12. Finance income

It amounts to € 10,691 thousand, a decrease of € 1,892 thousand compared to 2022, and is broken down as follows:

	For the year ended December 31	
	2023	2022
	(in € thousands)	
Interest income on loans and cash pooling	6,117	2,262
Interests income on bank accounts	2,720	309
Exchange rate gains	1,819	8,392
Other Finance income	1	3
Positive fair value of derivatives	34	1,617
Total	10,691	12,583

Interest income on loans and cash flows is exclusively from subsidiaries De Nora Holdings US, Inc. for € 2,454 thousand, De Nora Tech. Inc. for € 1,775 thousand, De Nora Water Technologies FZE for € 115 thousand, De Nora Do Brasil Ltda for € 576 thousand, De Nora Deutschland GmbH for € 223 thousand, De Nora Water Technologies UK Services Limited for € 27 thousand, Capannoni S.r.l. for € 552 thousand and De Nora Water Technologies Italy S.r.l. for € 395 thousand.

The increase in interest income on loans and cash pooling and in bank interest income is mainly linked to the increase during the year of the variable component of the interest rate receivable, based on the USD SOFR and the Euribor, increased respectively by more than 100% and 300% in 2023; the remaining part of the increase is instead determined by the rise in the average amount of loans and loan receivables.

13. Finance expenses

They amount to € 10,085 thousand, with a decrease of € 1,329 thousand compared to 2022, and are made up as follows.

	For the year ended December 31	
	2023	2022
	(in € thousands)	
Bank interest and interest on loans and borrowings	5,523	3,318
Exchange rate losses	3,616	7,719
Finance expenses on personnel costs	85	48
Other Finance expenses	861	329
Total	10,085	11,414

Part of the increase in bank interest expense and on loans is linked to the increase during the year of the variable component of the interest rate payable (Euribor), from an average of 0.6% in 2022 to an average of 3.15% in the year 2023, despite a sharp decrease in average debt to banks compared to the previous year. The remaining part of the increase is attributable to the increase in the average amount of cash-pooling payables to subsidiaries.

14. Income tax expense

Income tax expense for the years ended December 31, 2023 and 2022 is detailed below:

	For the year ended December 31	
	2023	2022
	(in € thousands)	
Current taxes	7,017	1,325
Deferred taxes	(852)	(641)
Prior years taxes	238	2,047
Total	6,403	2,731

15. Reconciliation of the effective tax rate

	For the year ended December 31			
	2023		2022	
	(in € thousands except percentages)			
Profit for the period		80,386		11,814
Income tax expense		6,403		2,731
Profit before tax		86,789		14,545
Income tax expense at Italian nominal tax rate	24.00%	20,829	24.00%	3,491
IRAP effect	1.75%	1,523	7.61%	1,107
Tax effect of non-deductible expense	1.78%	1,545	48.90%	7,113
Tax effect of non-taxable revenue (excluding dividends)	-7.64%	(6,630)	-31.78%	(4,622)
Tax effect on dividends	-9.92%	(8,612)	-28.93%	(4,208)
Tax benefits	-0.52%	(450)	-4.35%	(633)
Other	0.64%	552	15.09%	2,195
Losses carried forward	-2.71%	(2,354)	-11.77%	(1,712)
Total	7.38%	6,403	18.78%	2,731

The item "Tax Effect of Non-taxable Revenues" also includes the tax effect of the capital gain from the disposal of the shareholding described in paragraph 11.

C. Notes to the main financial statements items - Statement of financial position - assets

16. Intangible assets

Intangible assets as at December 31, 2023 amounted to € 1,666 thousand, with a decrease in net value of € 603 thousand compared to the previous year due to net investments of approximately € 125 thousand and net depreciation and amortization of € 728 thousand.

The composition of intangible assets and related accumulated amortization as at December 31, 2023 is as follows:

	Industrial patents and intellectual property rights	Other intangible assets	Intangible assets in progress	Total
		(in € thousands)		
Historical cost as of December 31, 2022	16,653	331	1,093	18,077
Increases	420	-	158	578
Decreases	-	-	(380)	(380)
Reclassifications	5	-	(78)	(73)
Historical cost as of December 31, 2023	17,078	331	793	18,202
Accumulated amortization as of December 31, 2022	15,477	331	-	15,808
Amortizazion of the year	728	-	-	728
Accumulated amortization as of December 31, 2023	16,205	331	-	16,536
Net book value as of December 31, 2022	1,176	-	1,093	2,269
Net book value as of December 31, 2023	873	-	793	1,666

Industrial patents and intellectual property rights

This item mainly relates to costs incurred to acquire or file new industrial patents or for the geographical extensions of existing rights. Also included are costs for software licences, which are measured at historical cost and amortized over their useful life.

Intangible assets in progress

The item mainly refers to IT projects not yet completed for approximately € 486 thousand and ERP licences not yet in use for € 293 thousand.

17. Tangible assets

Tangible assets as at December 31, 2023 amounted to € 5,694 thousand, with an increase in net value of € 501 thousand compared to the previous year due to net investments of € 1,321 thousand (including the rights of use of leased assets recognized according to IFRS 16), and net of depreciation of € 820 thousand.

The breakdown of tangible assets and related accumulated depreciation as at December 31, 2023 is as follows:

	Leasehold Improvements	Plant and machinery	Others	Rights of use of Property, Plant and Equipment	Tangible assets in progress	Total
			(in € thousands)			
Historical cost as of December 31, 2022	2,424	6,593	3,040	4,367	259	16,683
Increases	-	816	58	394	161	1,429
Decreases	-	(181)	-	-	-	(181)
Reclassifications	-	304	-	-	(231)	73
Historical cost as of December 31, 2023	2,424	7,532	3,098	4,761	189	18,004
Accumulated depreciation as of December 31, 2022	2,400	4,618	2,573	1,899	-	11,490
Depreciation	1	437	80	475	-	993
Decreases	-	(173)	-	-	-	(173)
Accumulated depreciation as of December 31, 2023	2,401	4,882	2,653	2,374	-	12,310
Net book value as of December 31, 2022	24	1,975	467	2,468	259	5,193
Net book value as of December 31, 2023	23	2,650	445	2,387	189	5,694

Below are details, per category of asset, of the Rights of use for Property, Plant and Equipment:

	Buildings	Others	Total
		(in € thousands)	
Historical cost as of December 31, 2022	3,543	824	4,367
Increases	265	129	394
Historical cost as of December 31, 2023	3,808	953	4,761
Accumulated depreciation as of December 31, 2022	1,229	670	1,899
Depreciation	368	107	475
Accumulated depreciation as of December 31, 2023	1,597	777	2,374
Net book value as of December 31, 2022	2,314	154	2,468
Net book value as of December 31, 2023	2,211	176	2,387

The rights of use of Buildings refer to the properties owned by the subsidiary Capannoni S.r.l. leased to Industrie De Nora S.p.A. (administrative headquarters and R&D laboratories).

The rights of use of other assets essentially include motor vehicles and office equipment.

During 2023, a total of € 566 thousand in lease instalments was paid, of which € 453 thousand as a reduction of the financial liability and € 113 thousand as interest, recorded under Finance expenses.

The total cost recognized in the income statement for rents and leases excluded from the scope of application of IFRS 16 amounts to € 594 thousand.

18. Investments in subsidiaries and associates

The equity investments held in subsidiaries and associates are shown in the following table (in thousands):

Company name	Registered office	% Shareholding	Currency	Share capital in local currency	Result for the period in local currency	Equity in local currency	Equity in Euro	Note
Capannoni S.r.l.	Milan-Italy	100%	Euro	8,500	(497)	18,285	18,285	1)
Oronzio De Nora International BV	Amsterdam-The Netherlands	100%	Euro	4,500	14,810	42,348	42,348	2)
De Nora Elettrodi Suzhou Co.	Suzhou-China	100%	CNY	183,404	34,266	388,596	49,497	2)
De Nora do Brasil Ltda*	Sorocaba-Brazil	89%	BRL	9,662	28,482	83,436	15,561	3)
De Nora Water Technologies Italy S.r.l.	Milan-Italy	100%	Euro	78	(1,061)	621	621	1)
thyssenkrupp nucera AG & Co. KGaA	Dortmund-Germany	25.85%	Euro	126,315	2,820	743,739	743,739	4)
thyssenkrupp nucera Management AG	Dortmund-Germany	34%	Euro	50	-	-	-	5)
De Nora Holding (UK) Limited	London-UK	100%	Euro	19	(25)	108,042	108,042	2)
De Nora Italy S.r.l.	Milan-Italy	100%	Euro	5,000	7,060	29,320	29,320	1)
De Nora Italy Hydrogen Technologies S.r.l.	Milan-Italy	90%	Euro	1,410	(832)	12,878	12,878	1)

* The remaining 11% is held indirectly through the subsidiary company Oronzio De Nora International BV.

1) Data relating to the draft financial statements closed as at 12/31/2023 and approved by the related corporate bodies

2) Data relating to the financial statements closed as at 12/31/2022 approved by the related corporate bodies

3) Data relating to the reporting package as at 12/31/2023 prepared for the purposes of the De Nora consolidated financial statements; there are no local obligations regarding the approval of the financial statements by the related corporate bodies

4) Data relating to the consolidated financial statements as at 12/31/2023

5) Company whose economic data are not yet available

The changes in the book value of equity investments are shown below.

Company name	31/12/2022	Increase	Decrease	31/12/2023
		(in € thousands)		
Capannoni S.r.l.	8,835	-	-	**8,835**
Oronzio De Nora International BV	58,446	80	-	**58,526**
De Nora Elettrodi Suzhou Co.	22,503	-	-	**22,503**
De Nora do Brasil Ltda*	445	-	(1)	**444**
thyssenkrupp nucera AG & Co. KGaA	102,515	-	(4,047)	**98,468**
thyssenkrupp nucera Management AG	17	-	-	**17**
De Nora Holding (UK) Limited	112,663	95	-	**112,758**
De Nora Water Technologies Italy S.r.l.	-	4,010	-	**4,010**
De Nora Italy S.r.l.	19,168	1	-	**19,169**
De Nora Italy Hydrogen Technolgies S.r.l.	1,134	11,700	-	**12,834**
Total	325,726	15,886	(4,048)	337,564

* The remaining 11% is held indirectly through the subsidiary company Oronzio De Nora International BV.

The carrying amount of the equity investment in thyssenKrupp nucera AG & Co. KGaA decreased by € 4,047 thousand due to the exercise of the "greenshoe option" on the basis of which Industrie De Nora sold 1,342,065 shares as part of the IPO of ThyssenKrupp Nucera AG & Co. KGaA. Following this sale and the dilutive effect deriving from the listing, the percentage interest in the company ThyssenKrupp Nucera AG & Co. KGaA decreased to the current 25.85%.

During the year, a shareholder payment was made in favor of the subsidiary De Nora Italy Hydrogen Technologies S.r.l. for € 11,700 thousand.

During the year, a shareholder payment was made in favor of the subsidiary De Nora Water Technologies Italy S.r.l. for € 4,000 thousand.

The remaining increases (totalling € 185 thousand) in the investments in Oronzio De Nora International BV, De Nora Holding (UK) Limited and De Nora Water Technologies Italy S.r.l., relate to the recognition of the PSP incentive plans, for which reference should be made to Note 6, Personnel expenses.

The value of the equity investments was maintained at cost even in the presence of a book value of the equity investment higher than the related share of Shareholders' equity in consideration of the income prospects of these investee companies as well as the presence of unexpressed capital gains in the relative assets.

In detail, as regards the sub-holdings Oronzio De Nora International BV, De Nora Holding UK Ltd and thyssenKrupp nucera AG & Co. KGaA, it should be noted that the value of the equity investments held by them is such as to broadly offset the difference between cost and share of equity.

At December 31 2023, an impairment test was carried out in order to verify the recoverability of the carrying value of the investment in De Nora Water Technologies Italy S.r.l.

Below are the main parameters used to estimate the present value of the cash flows relating to this asset:

Analyzed activity	WACC	G-rate
De Nora Water Technologies Italy S.r.l.	12.1%	2.81%

The checks carried out confirmed the recoverability of the values of the subsidiary's assets, which highlights an Equity Value (Recoverable value of the related assets, net of financial debt and liabilities for employee benefits) of approximately Euro 8,5 million, approximately 2 times higher than the book value of the investment in the subsidiary.

19. Financial assets, including derivatives

	As of December 31	
	2023	2022
	(in € thousands)	
Non current		
Financial assets	12,670	13,126
Total	12,670	13,126
Current		
Fair value of derivatives	450	415
Financial assets	112,444	58,736
Time Deposits	-	150,000
Accrued income on financial receivables	-	184
Total	112,894	209,335
Total Receivables and other Financial Assets	125,564	222,461

The amount of non-current financial assets from subsidiaries refers to receivables for loans remunerated at a market rate from the subsidiary De Nora Do Brasil Ltda.

The amount of current financial assets refers mainly to:

- receivables for cash pooling, remunerated at market rates from: De Nora Deutschland GmbH for € 13,112 thousand, Capannoni S.r.l. for € 16,929 thousand and De Nora Water Technologies Italy S.r.l. for € 13,193 thousand;
- receivables for short-term loans, remunerated at market rates: De Nora Holdings US for € 40,724 thousand; De Nora Tech LLC for € 22,624 thousand; De Nora Water Technologies UK Service Limited for € 400 thousand and De Nora Water Technologies FZE for € 2,262 thousand.

Derivatives for hedging the fluctuation of the exchange rate

The fair value of derivative instruments as at December 31, 2023 (€ 450 thousand) refers to currency derivative contracts for forward purchases/sales entered into by the Company against USD-denominated financial receivables from its US subsidiaries De Nora Tech LLC and De Nora Holdings US, Inc.. The fair value is determined using the forward exchange rate at the balance sheet date.

The details of the derivative contracts hedging the exchange rate fluctuation put in place by the Company as at December 31, 2023 are shown below:

Derivative	Description	Notional (USD thousands)	Notional (€ thousands)	Inception date	Expiry date
SWP	pay amount EUR/ receive amount USD	9,100	8,155	December 2023	March 2024
SWP	pay amount EUR/ receive amount USD	15,000	13,848	December 2023	March 2024
SWP	pay amount EUR/ receive amount USD	6,000	5,379	December 2023	March 2024
SWP	pay amount EUR/ receive amount USD	15,000	13,449	December 2023	March 2024
SWP	pay amount EUR/ receive amount USD	15,000	13,850	December 2023	March 2024
Total		60,100	54,681		

20. Other receivables

Other receivables as at December 31, 2023 totalled € 28,438 thousand, with an increase of € 6,986 thousand compared to December 31, 2022. The composition, divided between non-current and current part, is as follows:

	As of December 31	
	2023	2022
	(in € thousands)	
Non current		
Tax receivables	3,882	5,720
Other - third parties	1,271	1,320
Total	5,153	7,040
Current		
Advances to suppliers	180	297
Tax receivables	18,586	8,760
Other - third parties	9	19
Prepayments and accrued income	4,510	5,336
Total	23,285	14,412
Total Other receivables	28,438	21,452

Non-current tax receivables are represented by receivables for withholding taxes on foreign receivables.

Other receivables from third parties include receivables from insurance companies for post-employment benefits policies for € 1,227 thousand.

Current receivables from tax authorities include a VAT credit of approximately € 3,208 thousand for the year, a tax credit of € 1,314 thousand on Research and Development activities envisaged by Law Decree no. 145/2013; € 6,239 thousand in receivables for withholding taxes on foreign receivables usable in the short-term, receivables for tax consolidation from subsidiaries for € 2,499 thousand and a receivable from the German tax authorities for withholding taxes on royalties paid by De Nora Deutschland GmbH in the years 2016-21, withdrawn in excess of the limit established in the Italian/German Double Taxation Agreement for € 2,828 thousand.

Prepayments and accrued income are mainly attributable to contracts relating to licence fees and long-term maintenance of IT operating systems.

21. Deferred tax assets and liabilities

Deferred tax assets refer to the following items:

	As of December 31, 2022	(Debits) credits to the income statement	(Debits) credits to equity	As of December 31, 2023
	(in € thousands)			
Intangible assets	28	(17)	-	11
Payables for variable components of personnel costs	542	(89)	-	453
Receivables and inventory write-downs	127	(39)	-	88
Property, Plant and Equipment	125	(12)	-	113
Unrealized exchange rate differences	134	460	-	594
Other provisions	21	3	17	41
Total	977	306	17	1,300

Deferred tax liabilities refer to the following items:

	As of December 31, 2022	(Debits) credits to the income statement	(Debits) credits to equity	As of December 31, 2023
	(in € thousands)			
Property, Plant and Equipment	1	5	-	6
Unrealized exchange rate differences	553	(551)	-	2
Total	554	(546)	-	8

Deferred tax assets and liabilities are shown in the statement of financial position for their net value (€ 1,292 thousand net assets as at December 31, 2023, compared to € 423 thousand in net liabilities as at December 31, 2022).

22. Trade receivables

As at December 31, 2023 they totalled € 56,878 thousand net of the related write-down provisions, with an increase of € 13,652 thousand compared to December 31, 2022, and are made up as follows:

	As of December 31	
	2023	2022
	(in € thousands)	
Current		
Receivables from third parties	413	1,453
Receivables from subsidiaries	56,784	42,367
Receivables from associates	46	30
Bad debt provision	(365)	(624)
Total Trade receivables	56,878	43,226

Receivables are mainly from subsidiaries and refer to services provided by Corporate functions and licenses for the use of patents, trademarks and know-how.

The carrying amount of trade receivables, net of the bad debt reserve, is deemed to approximate its fair value.

Following are the changes in the bad debt provision:

	For the year ended December 31	
	2023	2022
	(in € thousands)	
Opening balance	624	627
Utilization and releases of the year	(259)	(3)
Closing balance	365	624

23. Cash and cash equivalents

Cash and cash equivalents amounted to € 86,067 thousand as at December 31, 2023, up by € 4,136 thousand compared to December 31, 2022, and are detailed as follows:

	For the year ended December 31	
	2023	2022
	(in € thousands)	
Bank and postal accounts	86,067	81,931
Cash and cash equivalents	86,067	81,931

This item is composed of the cash and bank deposits available on demand.

As regards the amounts on deposits and current accounts, the related interests have been recognized on an accrual basis, taking into account the tax credit claimed for withholding taxes incurred.

The detailed financial changes are shown in the cash flow statement presented in the financial statements.

D. Notes to the main financial statements items - Statement of financial position - liabilities

24. Equity

The changes in the categories that make up the shareholders' equity for the years 2022 and 2023 are shown in the specific "Statement of changes in Net Equity".

In the course of the 2023 financial year, dividends of € 24,202 thousand were distributed.

Share capital

The share capital amounted to € 18,268 thousand as at December 31, 2023 (unchanged as at December 31, 2022).

The current composition of the share capital of Industrie De Nora S.p.A. is shown below:

Share Capital as of December 31, 2023	Number of shares	Number of voting rights
Share Capital (Euro)	18,268,203.90	18,268,203.90
Total shares	201,685,174	502,647,564
Ordinary shares	51,203,979	51,203,979
Multiple voting shares (*)	150,481,195	451,443,585

(*) Owned by the shareholders Federico De Nora, Federico De Nora S.p.A., Norfin S.p.A. and Asset Company 10 S.r.l. Multiple voting shares are not admitted to trading on Euronext Milan and are not counted in the free float and market capitalization value.

Legal Reserve

It amounted to € 3,654 thousand, with an increase of € 296 thousand compared with December 31, 2022.

Share Premium Reserve

This amounts to € 223,433 thousand, unchanged from December 31, 2022.

Reserve pursuant to Article 55 of Presidential Decree 597

This amounts to € 265 thousand, unchanged from December 31, 2022.

Retained earnings

As at December 31, 2023 they amounted to € 190,012 thousand. The reserve decreased by € 12,684 thousand due to the allocation of the result for the previous year (€ 11,814 thousand) and to the distribution of dividends for € 24,202 thousand.

Reserve from actuarial profit (loss)

The "reserve from actuarial profit (loss)" includes the actuarial components relating to the valuation of defined benefit plans, charged directly to shareholders' equity. As at December 31, 2023, it amounted to € -271 thousand, compared to € -217 thousand at the end of 2022.

IAS transition reserve

The IAS reserve (€ 7,167 thousand, unchanged during the year) includes the effect on shareholders' equity of all the adjustments made at the date of transition to the IAS / IFRS standards (01/01/2007) on the various balance sheet items, net of related tax effects.

Other Reserves

As at December 31, 2023, they amounted to € 16,491 thousand, an increase of € 447 thousand and relate to the MIP and PSP incentive plans.

Reserve for treasury shares

On November 8, the company announced the start of the treasury share purchase program, as per the authorization of the Shareholders' Meeting of April 28, 2023, pursuant to the combined provisions of Articles 2357 and 2357-ter of the Italian Civil Code, as well as art. 132 of Italian Legislative Decree no. 58 of February 24, 1998, as subsequently amended (the "TUF") and Article 144-bis of the CONSOB regulation adopted with resolution no. 11971 of May 14, 1999, as subsequently amended (the "Issuers' Regulation"), without prejudice to the application of Regulation (EU) no. 596 of April 16, 2014, relating to market abuse (the "MAR"), of Delegated Regulation (EU) no. 1052 of March 8, 2016, relating to the conditions applicable to the repurchase of treasury shares and to the stabilization measures (the "Delegated Regulation") in relation to the purchase of shares by the Company.

The program is aimed at the purchase of ordinary shares of the Company, with the following purposes:

a) implement the remuneration policies adopted by the Company and specifically fulfill the obligations deriving from the remuneration plans based on financial instruments pursuant to Article 114-bis of the TUF already adopted by the Company (Performance Share Plan) and any other plans that should be approved in the future, as widespread shareholding plans, including any programs for the free assignment of shares to shareholders; and/or

b) as part of actions related to future industrial and financial projects consistent with the strategic lines that the Company intends to pursue, including through the trade, exchange, contribution, sale or other deed of disposal of treasury shares for the acquisition of equity investments or share packages, for industrial projects or other extraordinary finance transactions that involve the assignment or disposal of treasury shares (such as, for example, mergers, demergers, bond issues convertible into shares, liquidation of shares on the market through operations to optimize the financial structure).

The 9-month purchase program started on November 9, 2023 will end on August 9, 2024.

This reserve, not present in 2022, has a negative sign in Shareholders' Equity and as at December 31, 2023 amounted to € 17,042 thousand for 1,158,505 shares.

25. Employee benefits

Post-employment benefits

Post-employment benefits accrued by the Company reflect the indemnity vested by employees in Italy over the course of their employment, which is paid when the employee leaves the company. In specific circumstances, the indemnity may be partially advanced to the employee during employment.

Under IAS 19, employee benefits that fall under the Italian regulations (so called Trattamento di fine rapporto - TFR) are considered post-employment benefits and unfunded defined benefit plans. Accordingly, they are measured using the Projected Unit Credit Method.

The obligation to employees is calculated by an independent actuary as follows:

— projection of the post-employment benefits (TFR) already vested at the measurement date and of the future amounts that will be vested until termination of employment or of the partial payment of vested amounts in the form of advances;

— discounting at the measurement date of the expected cash flows that the Company will pay to employees in the future;

— re-proportioning of discounted service costs on the basis of the seniority reached at the measurement date compared to the seniority expected at the time of settlement by the Company.

The actuarial method has a technical basis consisting of the demographic and financial assumptions related to the parameters used for the calculation.

In summary, the main actuarial assumptions used in the calculation were as follows:

	As of December 31	
	2023	2022
	(Economic - Financial technical basis)	
Annual discount rate*	3.17%	3.77%
Annual inflation rate	2.00%	2.30%
Annual rate of increase in post-employment benefits	3.00%	3.23%
Annual rate of wage increase	2.30%	2.30%

(*) The discount rate used to determine the present value of the Italian post-employment obligation was inferred, consistently with par. 83 of IAS 19, by the Iboxx Corporate AA index with duration 10+ recorded at the valuation date. For this purpose, the yield with a duration comparable to the duration of the collective of workers subject to valuation was chosen.

The mortality assumptions are based on published statistics concerning mortality rates.

The following table summarizes the sensitivity analysis for each actuarial, financial and demographic assumption, showing the effects (in absolute value) that would have occurred following changes in the reasonably possible actuarial assumptions as at December 31, 2023:

Sensitivity analysis of the main valuation parameters	Euro Thousands
Turnover rate +1,00%	2,429
Turnover rate -1,00%	2,411
Inflation rate +0,25%	2,453
Inflation rate -0,25%	2,389
Discount rate +0,25%	2,379
Discount rate -0,25%	2,464

Changes in post-employment benefits are summarized in the table below:

	For the year ended December 31	
	2023	2022
	(in € thousands)	
Opening balance	2,352	2,445
Current service cost	306	256
Interest cost	85	48
Actuarial profit/(loss)	70	(256)
Benefits paid	(393)	(141)
Closing balance	2,420	2,352

Pension plans

The existing pension plans provide for the payment of contributions to a separate fund which independently administers the plan assets. The funds provide for a fixed contribution from the employer.

The changes in the pension funds are summarized in the following table:

	For the year ended December 31	
	2023	2022
	(in € thousands)	
Opening provision	1,275	1,205
Accruals of the year	161	141
Utilization and releases of the year	(209)	(71)
Closing balance	1,227	1,275

26. Financial liabilities

Financial payables as at December 31, 2023 totalled € 85,585 thousand with a decrease of € 109,771 thousand compared to December 31, 2022. The breakdown between non-current and current liabilities is provided below:

	As of December 31	
	2023	2022
	(in € thousands)	
Non current		
Bank loans and borrowings	79,776	178,772
Lease payables	2,230	2,237
Total	82,006	181,009
Current		
Bank loans and borrowings	-	6
Financial payables to subsidiaries	3,156	13,865
Lease payables	423	476
Total	3,579	14,347
Total financial liabilities	85,585	195,356

Bank loans and borrowings

As at December 31, 2023, the fair value of payables to banks approximates their book value.

As at December 31, 2022, a medium-term loan agreement was in place, expiring on July 19, 2023. In light of the Group's financial resources, at the end of the first quarter of 2023, the decision was taken to repay part of this loan in advance for Euro 100,000 thousand. Therefore, as at December 31, 2023, this credit line remains open for € 80,000 thousand and is shown under financial liabilities net of upfront fees and other charges directly related to the taking out of loans which, paid at the date of stipulation of the loan agreement, are presented in the financial statements as a decrease of the total payable according to the amortized cost method.

The pool loan considers interest rates based on the 3- month Euribor for the Euro portion and on the SOFR for the USD portion, in addition to a margin that may change semi-annually, based on the evolution of the Group's Leverage level. The "leverage ratio," given by the ratio of consolidated net debt to consolidated EBITDA, is the only financial covenant included in the loan agreement, and it is stipulated that it cannot exceed a value of 3.5 throughout the term of the agreement. As at December 31, 2023, this parameter was largely met. Non-compliance with the financial covenant is considered an event of default or non-performance. Specifically, an event of default or non-performance would result in the banks' discretion to require immediate repayment of funds unless the situation is remedied, pursuant to and in accordance with the terms and conditions set forth in the loan agreement, within 20 business days of the submission of the certification of such financial covenant.

Financial payables to subsidiaries

They refer to financial payables remunerated at market rate for cash pooling to the subsidiary De Nora Italy S.r.l..

Lease payables

They represent financial liabilities recognized in accordance with the provisions of IFRS 16 "Leases". The debt is in particular the obligation to make the payments foreseen over the duration of the contract and refers almost entirely to the properties owned by the subsidiary Capannoni S.r.l. leased to Industrie De Nora S.p.A. (administrative headquarters and R&D laboratories).

With regard to the contractual maturities of lease payables, please refer to note 33 - Information on risks.

The detail of the net financial position is as follows:

	As of December 31,	
	2023	2022
	(in € thousands)	
Cash	86,067	81,931
Cash and cash equivalents	**86,067**	**81,931**
Current financial assets	**112,894**	**209,335**
Current financial debt	-	(6)
Short term loans and borrowings from other financial backers	(3,156)	(13,865)
Lease payables	(423)	(476)
Current financial indebtedness	**(3,579)**	**(14,347)**
Net current financial position	**195,382**	**276,919**
Non-current financial debt	(79,776)	(178,772)
Lease payables	(2,230)	(2,237)
Net non-current financial position	**(82,006)**	**(181,009)**
Net financial position	**113,376**	**95,910**

In 2023, the company moved from cash and cash equivalents of € 95,910 thousand as at December 31, 2022, to Net cash and cash equivalents of € 113,376 thousand as at December 31, 2023. The improvement of a total of Euro 17,466 thousand is mainly attributable to the combined effect of the following factors:

— the cash generated by the Company's operating activities net of related costs partially offset by cash absorbed by Finance expenses and taxes paid;

— the liquidity generated by investment activities in the year ended December 31, 2023 due to the combined effect of (i) dividends collected from the Subsidiaries for € 36,300 thousand, (ii) exercise of the Green-shoe option on the thyssenKrupp nucera listed stock, which resulted in a collection of € 26,400 thousand against the sale of 1,342,065 shares; (iii) absorption for purchase of treasury shares as per the Buy-back plan presented to the stock market for € 17,100 thousand;

— the cash absorption of € 15,700 thousand relating to the share capital increases of the company De Nora Italy Hydrogen Technologies S.r.l. for € 11,700 thousand and De Nora Water Technologies S.r.l. for € 4,000 thousand;

— the liquidity absorbed by the dividends paid in the year ended December 31, 2023 amounted to € 24,200 thousand.

For further details on the cash flows for the period, please refer to the cash flow statement.

27. Trade payables

As at December 31, 2023, they amounted to € 14,947 thousand, an increase of € 2,879 thousand over December 31, 2022, and are broken down as follows:

	As of December 31	
	2023	2022
	(in € thousands)	
Current		
Third parties	7,157	8,015
Payables to Subsidiaries	7,009	3,948
Associated companies	781	105
Total payables	14,947	12,068

This item primarily includes amounts related to payables for the purchase of goods and services, all of them with due date within 12 months. It is deemed that the carrying amount of trade payables is close to their fair value.

28. Income tax payables

The item as at December 31, 2023 amounted to € 10,406 thousand, an increase of € 8,086 thousand compared to December 31, 2022. This payable refers to IRES and IRAP and tax payables to subsidiaries that have entered into the national tax consolidation agreement.

29. Other payables

The item as at December 31, 2023 amounts to a total of € 6,214 thousand, with a decrease of € 201 thousand compared to December 31, 2022. Their breakdown is as follows:

	As of December 31	
	2023	2022
	(in € thousands)	
Non current		
Payables to employees	168	67
Total	168	67
Current		
Payables to employees	3,344	3,590
Withholding tax payables	587	573
Social security charges payables	726	656
Advances from customers	798	773
Accrued expenses and deferred income	20	30
Other - third parties	571	793
Total	6,046	6,415
Total Other payables	6,214	6,482

Payables to employees refer to accrued and unpaid portions such as: holidays, additional months, bonuses and related contributions divided between non-current and current.

Social security charges payables refer to the amounts owed by the Company and its employees for wages and salaries for the month of December 2023.

30. Commitments and guarantees

The Company, as the parent company, has a number of commitments and guarantees in place as at 31.12.2023 in favor of its subsidiaries, divided as follows:

Commitments

The Company has not undertaken any off-balance sheet commitments, except for some orders for the purchase of capital assets amounting to € 11 thousand as at December 31, 2023.

Guarantees

— Indemnity issued in the interest of the Group companies in support of letters of credit and guarantees given by credit institutions in their favor: € 25,454 thousand. This item mainly refers to letters of credit and bank guarantees (Bid bonds, Advance payment bonds, Performance bonds) in favor of the Group companies operating in the water technologies segment, according to multi-year contracts;

— guarantees issued by IDN S.p.A. in favor of customers and third party suppliers (Parent company guarantee) to guarantee commitments undertaken by its subsidiaries: € 24,317 thousand;

— in addition, IDN S.p.A. issues corporate guarantees in favor of banks for the granting of credit lines in favor of subsidiaries: at the closing date, the corporate guarantees by IDN S.p.A. amounted to a total of € 76,326. The aforementioned credit lines are used by the subsidiaries in the amount of € 41,264 thousand in the form of direct guarantees to beneficiaries or counter-guarantees to the credit institutions that have issued the type of bank guarantees already mentioned in the previous paragraph (bid bonds, performance bonds and advance payment bonds);

— furthermore, the company is jointly and severally guarantor with De Nora Tech LLC and De Nora Permelec Ltd. of the share financed in USD of the Senior Facilities Agreement, granted to the subsidiary De Nora Holdings US on May 5, 2022. The Euro equivalent value of the loan outstanding as at December 31, 2023 amounts to € 36,199 thousand.

E. Risks

31. Risks

In addition to general business risks, related to its activities and financial instruments, the Company is exposed to the following risks:

- credit risk;
- liquidity risk;
- market risk;
- other risks.

The Company considers risk monitoring and control systems a top priority to guarantee an efficient risk management. In line with this objective, the Company has adopted a risk management system with formalized strategies, policies and procedures to ensure the identification, measurement and control of individual risks at centralized level for the entire Group.

The purpose of the Company's risk management policies is to:

- identify and analyze the risks to which the Company is exposed;
- define the organizational structure with the identification of the organizational units involved, responsibilities assigned and the system of proxies;
- identify the risk management criteria on which the operational management of risks is based;
- identify the types of transactions for which risks can be hedged.

The following note provides qualitative and quantitative reference information on the incidence of these risks on the Company.

Credit risk

Credit risk is the risk that a customer or one of the counterparties to a financial instrument causes a financial loss by not meeting an obligation. It mainly arises from the Group's trade receivables and financial investments.

Trade and other receivables

Credit risk is mainly due to the possibility that customers will not honor their payables to the Company at the agreed due date.

Customers are mainly subsidiaries and the credit risk is therefore very limited.

The Company accrues, where appropriate, a bad debt reserve that reflects estimated possible losses on trade and other receivables, the main components of which are individual specific write-downs of past due exposures.

The carrying amount of the financial assets reflects the Company's maximum exposure to credit risk. This exposure at the reporting date is illustrated below:

	As of December 31	
	2023	2022
	(in € thousands)	
Trade receivables	56,878	43,226
Other financial receivables and sundry receivables	154,002	243,913
Cash and cash equivalents	86,067	81,931
Total Financial asset	296,947	369,070

An ageing analysis of trade receivables at the reporting date is provided below:

	As of December 31		% Overdue as of December	
	2023	2022	2023	2022
	(in € thousands, except percentages)			
Not yet due	22,478	26,394	40.00%	61.00%
Overdue 0-30 days	173	10	0.00%	0.00%
Overdue 31-60 days	8,772	10,409	15.00%	24.00%
Overdue more than 60 days	25,455	6,413	45.00%	15.00%
Total trade receivables	56,878	43,226	100.00%	100.00%

The Group believes there are reasons to assume full collectability of the overdue trade receivables where specific provisions have not been made on the basis of specific recoverability assessments.

Liquidity risk

Liquidity risk is represented by the possibility that the Company is unable to find the financial resources necessary to guarantee current operations and the fulfillment of obligations due to expire, or that they are available at high costs.

The Company's approach to managing liquidity risk entails ensuring, insofar as possible, that it always has sufficient funds to meet its obligations at the due date, under both normal conditions and at times of financial tension, without incurring excessive costs or risking damage to their reputation.

In general, the Company ensures that it has sufficient cash and cash equivalents available on demand to meet the cash requirements of its operating cycle and investments, including the cost of financial liabilities.

The Company's Treasury department centrally manages the short and long-term loan strategies, relationships with the main financing banks and the provision of the necessary guarantees. It also centrally defines any hedging policies to be implemented for financial risks. Centralized management by the Company's Treasury function is aimed at achieving a balanced financial structure and maintaining the Group's financial soundness.

The main aim of these guidelines is to ensure that liabilities are always balanced by assets such to maintain a very sound financial position.

The contractual due dates of liabilities, including derivatives, are shown below for the current and previous years.

	31/12/2023	As of December 31, 2023 Due date					
		0-12 months	2 years	3 years	4 years	5 years	Over 5 years
		(in € thousands)					
Bank loans and borrowings*	79,776	3,884	3,873	3,873	81,316	-	-
Financial payables to subsidiaries	3,156	3,156	-	-	-	-	-
Lease payables	2,653	423	414	425	441	442	507
Trade payables to third parties	7,157	7,157	-	-	-	-	-
Other payables	14,004	14,004	-	-	-	-	-
Total	**106,746**	**28,624**	**4,287**	**4,298**	**81,757**	**442**	**507**

* The difference between the total bank loans and borrowing as at December 31, 2023 and the contractual cash flows is due to the Upfront Fees which, paid on the date of stipulation of the loan agreement, are recognized in the financial statements as a decrease of the total amount payable. The maturing amounts of Bank loans and borrowings include capital and interest; in particular, the interests were estimated on the Pool Financing of Industrie De Nora S.p.A. based on the conditions existing at the closing date of the financial year.

	31/12/2022	As of December 31, 2022 Due date					
		0-12 months	2 years	3 years	4 years	5 years	Over 5 years
		(in € thousands)					
Bank loans and borrowings*	178,778	-	-	-	-	180,000	-
Financial payables to subsidiaries	13,865	13,865	-	-	-	-	-
Lease payables	2,713	476	374	348	355	370	790
Trade payables to third parties	8,015	8,015	-	-	-	-	-
Other payables	10,535	10,535	-	-	-	-	-
Total	**213,906**	**32,891**	**374**	**348**	**355**	**180,370**	**790**

*The difference between the total bank loans and borrowing as at December 31, 2022 and the contractual cash flows is due to the Upfront Fees which, paid on the date of stipulation of the loan agreement, are recognized in the financial statements as a decrease of the total amount payable according to the amortized cost method.

Management believes that currently available funds and credit facilities, in addition to the cash flows that will be generated by operating and financing activities, will enable the Company to meet its cash requirements as a result of investing activities, the management of working capital and the repayment of liabilities when they fall due.

Capital management

The management of the Company's capital is aimed at guaranteeing a solid credit rating and adequate levels of capital indicators to support the investment plans, in compliance with the contractual commitments undertaken with the lenders.

The Group provides itself with the necessary capital to finance its business development and operational requirements. The sources of financing are a balanced mix of risk capital and debt capital, to ensure a balanced financial structure and minimize the overall cost of capital, to the benefit of all stakeholders.

The return on risk capital is monitored on the basis of market trends and business performance, once all other obligations, including debt service, have been met. Therefore, in order to ensure an adequate return on capital, safeguard business continuity and business development, the Company constantly monitors the evolution of the level of debt in relation to equity, business performance and expected cash flows in the short and medium-long-term.

Market risk

Market risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market prices, exchange rates and interest rates or other price risks. The aim of market risk management is to manage and control the Company's exposure to such risk within acceptable levels, while optimizing the return on investments.

Currency risk

The following table shows the Company's exposure to the currency risk on the US dollar as at December 31, 2023 based on the notional value:

Receivables / payables in thousands of US dollars	
Receivables	86,513
Payables	(415)
Net exposure	86,098

The exchange rate applied during the year is as follows:

	Average exchange rate	End of financial year exchange rate
US dollar	1.0813	1.1050

Sensitivity analysis

Exposure is almost exclusively with Group companies.

An appreciation of the Euro by 5 cents against the US dollar would have led to a decrease in the operating result of approximately € 3.4 million as at December 31, 2023, assuming that all other variables are constant.

If, by contrast, as at December 31, 2023, the Euro had depreciated by 5 cents against the US dollar, the impact on the result for the year would have been positive for approximately € 3.7 million, all other variables being equal.

Interest rate risk

This specifically relates to the effects of changes in interest rates on the price of held-for-trading financial assets. Losses and revaluation of held-for-trading financial assets are taken to profit or loss or directly to equity. Conversely, with respect to financial liabilities, the risk of changes in interest rates impacts profit or loss by generating lower or higher Finance expenses.

The Company's position is summarized in the table below.

	As of December 31	
	2023	2022
	(in € thousands)	
Financial liabilities	(85,585)	(195,356)
Hedged financial liabilities	-	-
Fixed rate financial liabilities	-	-
Financial liabilities exposed to interest rate risk	(85,585)	(195,356)
Financial assets	-	-
Cash and cash equivalents	86,067	81,931
Receivables and other Financial Assets	125,114	222,046
Financial assets exposed to interest rate risk	211,181	303,977

Sensitivity analysis

A hypothetical, instantaneous and unfavorable change of one percentage point in the level of interest rates would generate, on financial liabilities, on an annual basis, a higher pre-tax charge of approximately € 0.85 million.

Other price risks

These relate to the risk that the fair value of a financial instrument could vary for reasons other than fluctuations in interest or exchange rates.

The Company is not exposed to price risk as it does not hold equity securities (shares) among its financial assets.

Classification and fair value

The table below indicates the carrying amount of each financial asset and liability recognized in the statement of financial position and its fair value.

Classification and fair value as of December 31,2023		Carrying amount				
	Notes	Loans and receivables	Derivatives at fair value	Other financial liabilities	Total	Fair value
		(in € thousands)				
Cash and cash equivalents	23	86,067	-	-	86,067	86,067
Trade and other receivables	20/22	85,316	-	-	85,316	85,316
Receivables and other financial assets	19	125,114	-	-	125,114	125,114
Derivatives at FV	19	-	450	-	450	450
Financial assets		296,497	450	-	296,947	296,947
Bank loans and borrowings	26	-	-	(79,776)	(79,776)	(79,776)
Financial payables to subsidiaries	26	-	-	(3,156)	(3,156)	(3,156)
Lease payables	26	-	-	(2,653)	(2,653)	(2,653)
Trade payables	27	-	-	(14,947)	(14,947)	(14,947)
Other payables	28/29	-	-	(16,620)	(16,620)	(16,620)
Financial liabilities		-	-	(117,152)	(117,152)	(117,152)

Classification and fair value as of December 31, 2022		Carrying amount				
	Notes	Loans and receivables	Derivatives at fair value	Other financial liabilities	Total	Fair value
				(in € thousands)		
Cash and cash equivalents	23	81,931	-	-	81,931	81,931
Trade and other receivables	20/22	64,678	-	-	64,678	64,678
Receivables and other financial assets	19	222,046	-	-	222,046	222,046
Derivatives at FV	19	-	415	-	415	415
Financial assets		**368,655**	**415**	**-**	**369,070**	**369,070**
Bank loans and borrowings	26	-	-	(178,778)	(178,778)	(178,778)
Financial payables to subsidiaries	26	-	-	(13,865)	(13,865)	(13,865)
Lease payables	26	-	-	(2,713)	(2,713)	(2,713)
Trade payables	27	-	-	(12,068)	(12,068)	(12,068)
Other payables	28/29	-	-	(8,803)	(8,803)	(8,803)
Financial liabilities		**-**	**-**	**(216,227)**	**(216,227)**	**(216,227)**

Hierarchical scale of fair value

The following table shows the financial instruments recognized at fair value based on the valuation technique used. The different levels have been defined as described below:

- Level 1: listed prices (unadjusted) on active markets for identical assets or liabilities;
- Level 2: input data other than the listed prices in level 1, which can be observed for the asset or liability either directly or indirectly;
- Level 3: input data relating to the asset or liability that are not based on observable market data (unobservable data).

The financial instruments in these financial statements can be divided as follows:

		December 31, 2023	
	Level 1	Level 2	Level 3
		(in € thousands)	
Fair value of derivatives	-	450	-
Total	**-**	**450**	**-**

		December 31, 2022	
	Level 1	Level 2	Level 3
		(in € thousands)	
Fair value of derivatives	-	415	-
Total	**-**	**415**	**-**

Other risks

Pursuant to the General Data Protection Regulation (EU 2016/679), the directors acknowledge that the Company has updated personal data protection measures within the deadline and as required by such legislation.

Pursuant to Italian Legislative decree no. 231 of June 8, 2001, entitled "Standards governing the administrative liability of legal entities, companies and associations, including those without legal status, pursuant to article 11 of Law no. 300 of September 29, 2000", the Company has adopted an "Organizational, management and control model" to prevent offences set out in the decree. The aforesaid decree has introduced company liability for a number of offences committed in their interest or to their advantage by persons who act on their behalf or in their name, such as directors, managers, employees or consultants acting under the control or management of persons employed by these companies.

In compliance with the decree, a Supervisory Body was appointed to supervise and monitor the functioning, effectiveness, adequacy of and compliance with the "Organizational, management and control model", adopted by the Company with a Board of Directors' resolution of December 20, 2012 and subsequent updates, in order to prevent the offences which may entail the Company's administrative liability.

As at February 18, 2022, the Board of Directors confirmed as members of the Company's Supervisory Body for the three-year period between the date of the above resolution and the date of approval of the Company's draft financial statements as at December 31, 2024, Ms. Antonini, Mr. Necchi and Mr. Sardo (Chairman). By subsequent resolution of August 3, 2022, Mr. Vitacca was appointed member of the Supervisory Body to replace Ms. Antonini.

F. Related Party Transactions

32. Related Party Transactions

The table below shows the detailed statement of the balance sheet values relating to the relationships maintained by the Company with related parties as at December 31, 2023 and 2022.

(in € thousands)	Parent company	Subsidiaries	Associates	Other related parties	Total
Trade receivables					
December 31, 2023	4	56,769	46	-	56,819
December 31, 2022	2	42,356	30	-	42,388
Financial assets					
December 31, 2023	-	125,114	-	-	125,114
December 31, 2022	-	71,861	-	-	71,861
Other receivables					
December 31, 2023	-	2,499	-	47	2,546
December 31, 2022	-	1,702	-	47	1,749
Trade payables					
December 31, 2023	50	7,672	569	148	8,439
December 31, 2022	16	4,632	17	87	4,752
Income tax payables					
December 31, 2023	-	1,809	-	-	1,809
December 31, 2022	-	1,657	-	-	1,657
Financial liabilities					
December 31, 2023	-	3,156	-	-	3,156
December 31, 2022	-	13,864	-	-	13,864

The table below shows the detailed statement of the economic values relating to the relationships maintained by the Company with related parties for the years ended December 31, 2023 and 2022:

(in € thousands)	Parent company	Subsidiaries	Associates	Other related parties	Total
Other income					
For the year ended December 31, 2023	4	78,848	46	-	78,898
For the year ended December 31, 2022	2	78,188	55	-	78,245
Finance income					
For the year ended December 31, 2023	-	6,116	-	-	6,116
For the year ended December 31, 2022	-	2,263	-	-	2,263
Income from equity investments					
For the year ended December 31, 2023	-	36,300	-	-	36,300
For the year ended December 31, 2022	-	17,670	-	-	17,670
Personnel expenses					
For the year ended December 31, 2023	-	-	-	262	262
For the year ended December 31, 2022	-	-	-	12,299	12,299
Service cost					
For the year ended December 31, 2023	-	685	-	1,264	1,949
For the year ended December 31, 2022	-	569	-	-	569
Other operating expenses					
For the year ended December 31, 2023	65	8,006	602	263	8,936
For the year ended December 31, 2022	58	7,314	-	186	7,558
Finance expenses					
For the year ended December 31, 2023	-	345	-	-	345
For the year ended December 31, 2022	-	140	-	-	140

Transactions with the Parent Company

Balance sheet transactions with the Parent Company mainly relate to trade payables for services rendered, amounting to € 50 thousand.

Income statement amounts with the Parent Company are mainly related to other expenses amounting to € 65 thousand and to the charge-back by the Parent Company of the costs of some services related to corporate obligations, under the contract in force between the parties.

Transactions with Subsidiaries

The table below shows details of the balance sheet items relating to the Company's transactions with its subsidiaries as at December 31, 2023 and 2022:

	As of December 31, 2023				
(in € thousands)	Trade receivables	Financial assets	Trade payables	Financial liabilities	Other receivables (payables)
Subsidiaries					
Capannoni S.r.l.	179	17,125	172	-	(160)
De Nora Italy S.r.l.	2,276	-	278	3,156	1,116
De Nora Italy S.r.l. Singapore Branch	120	-	-	-	-
De Nora Elettrodi (Suzhou) Ltd.	2,847	-	14	-	-
De Nora Deutschland GmbH	34,761	13,248	5,094	-	-
De Nora Do Brasil Ltda	647	12,877	-	-	-
De Nora India Ltd	278	-	-	-	-
De Nora Tech.Inc.	5,847	23,538	889	-	-
De Nora Permelec Ltd	4,952	-	848	-	-
De Nora Water Technologies Italy, S.r.l.	647	13,352	14	-	(1)
De Nora Water Technologies, Inc. - Abu Dhabi Branch	22	-	-	-	-
De Nora Water Technologies FZE	168	2,334	-	-	-
De Nora Water Technologies UK Services Limited	907	415	-	-	-
De Nora China - Jinan Co., Ltd.	57	-	-	-	-
De Nora Holdings US, Inc.	18	42,225	-	-	-
De Nora Water Technologies (Shanghai), Ltd.	25	-	-	-	-
De Nora Water Technologies, LLC	1,215	-	115	-	-
De Nora Water Technologies, LLC - Singapore Branch	1,687	-	-	-	-
De Nora Marine Technologies, LLC	98	-	-	-	-
De Nora Italy Hydrogen Technologies S.r.l.	18	-	248	-	(265)
Total Subsidiaries	56,769	125,114	7,672	3,156	690

	As of December 31, 2022				
(in € thousands)	Trade receivables	Financial assets	Trade payables	Financial liabilities	Other receivables (payables)
Subsidiaries					
Capannoni S.r.l.	20	3,970	108	-	(34)
De Nora Italy S.r.l.	2,257	-	293	6,506	1,702
De Nora Italy S.r.l. Singapore Branch	155	-	-	-	-
De Nora Elettrodi (Suzhou) Ltd.	2,902	-	24	-	-
De Nora Deutschland GmbH	16,222	83	807	7,358	-
De Nora Do Brasil Ltda	671	13,357	-	-	-
De Nora India Ltd.	375	-	-	-	-
De Nora Tech. Inc.	12,617	28,737	2,259	-	-
De Nora Permelec Ltd.	3,211	-	693	-	-
De Nora Water Technologies Italy, S.r.l.	497	11,006	62	-	(1,095)
De Nora Water Technologies, Inc. - Abu Dhabi Branch	30	-	-	-	-
De Nora Water Technologies FZE	138	1,410	-	-	-
De Nora Water Technologies UK Services Limited	424	603	-	-	-
De Nora China - Jinan Co.,Ltd.	58	-	-	-	-
De Nora Holdings US, Inc.	25	11,495	-	-	-
De Nora Water Technologies (Shanghai), Ltd.	17	-	-	-	-
De Nora Water Technologies, LLC	1,090	-	386	-	-
De Nora Water Technologies, LLC - Singapore Branch	1,046	-	-	-	-
De Nora Marine Technologies, LLC	86	-	-	-	-
De Nora Italy Hydrogen Technologies S.r.l.	472	-	-	-	(175)
De Nora ISIA S.r.l.	43	1,200	-	-	(353)
Total Subsidiaries	42,356	71,861	4,632	13,864	45

Trade receivables

Trade receivables, amounting to € 56,769 thousand (€ 42,356 as at December 31, 2022), mainly refer to the services provided by the corporate functions of the Company, and to the licences for the use of patents, trademarks and know-how.

Financial assets

Financial assets amounted to € 125,114 thousand (€ 71,861 thousand as at December 31, 2022) and refer to receivables for cash pooling from Capannoni S.r.l., De Nora Deutschland GmbH and De Nora Water Technologies Italy s.r.l. and receivables for loans from De Nora Do Brasil Ltda, De Nora Holdings US, De Nora Tech LLC, De Nora Water Technologies FZE, De Nora Water Technologies UK Services Limited.

Trade payables

Trade payables, amounting to € 7,672 thousand (€ 4,632 thousand as at December 31, 2022), refer mainly to services for R&D activities provided to De Nora Permelec Ltd. and De Nora Tech. LLC related to the development of intellectual property and payables to De Nora Deutschland GmbH for tax credits.

Financial liabilities

Financial liabilities, amounting to € 3,156 thousand (€ 13,864 thousand as at December 31, 2022), refer to financial payables for cash pooling to De Nora Italy S.r.l.

Other receivables/Other payables

Starting from financial year 2022 and for a three-year period, the Company has signed a special agreement for consolidated taxation, in its capacity as consolidating company, with the following subsidiaries: Capannoni S.r.l., De Nora Italy S.r.l., De Nora Water Technologies S.r.l., De Nora Italy Hydrogen Technologies S.r.l.. Each company participating in the national tax consolidation scheme transfers the tax income or loss to the consolidating company, recognizing a credit or debit equal to the IRES offset at the group level. These receivables/payables are shown in this category.

The following table shows the detailed statement of the economic values referring to the relations maintained by the Company with the Subsidiaries as at December 31, 2023 and 2022:

	For the year ended December 31, 2023					
(in € thousands)	Other income	Income from equity investments	Finance income	Operating	Other expenses	Finance expenses
Subsidiaries						
Capannoni S.r.l.	10	-	552	-	736	108
De Nora Italy S.r.l.	6,979	8,300	-	7	651	237
De Nora Italy S.r.l. Singapore Branch	378	-	-	-	-	-
De Nora Elettrodi (Suzhou) Ltd.	7,268	-	-	69	2	-
De Nora Deutschland GmbH	23,388	-	223	209	174	-
De Nora Do Brasil Ltda	1,985	-	576	-	-	-
De Nora India Ltd.	785	-	-	-	-	-
De Nora Tech. Inc.	22,198	-	1,775	2	3,278	-
Oronzio De Nora BV.	-	28,000	-	-	-	-
De Nora Permelec Ltd.	8,934	-	-	75	2,506	-
De Nora Water Technologies Italy, S.r.l.	1,362	-	395	-	173	-
De Nora Water Technologies, Inc. - Abu Dhabi Branch	59	-	-	-	-	-
De Nora Water Technologies UK Services Limited	499	-	26	-	-	-
De Nora China - Jinan Co.,Ltd.	183	-	-	-	-	-
De Nora Holdings US, Inc.	17	-	2,454	-	-	-
De Nora Water Technologies (Shanghai), Ltd.	15	-	-	-	-	-
De Nora Water Technologies, LLC	3,112	-	-	-	43	-
De Nora Water Technologies, LLC - Singapore Branch	903	-	-	-	-	-
De Nora Marine Technologies, LLC	321	-	-	-	-	-
De Nora Water Technologies FZE	385	-	115	-	-	-
De Nora Italy Hydrogen Technologies S.r.l.	67	-	-	318	443	-
Shotec Gmbh	-	-	-	5	-	-
Total Subsidiaries	78,848	36,300	6,116	685	8,006	345

	For the year ended December 31, 2022					
(in € thousands)	Other income	Income from equity investments	Finance income	Operating	Other expenses	Finance expenses
Subsidiaries						
Capannoni S.r.l.	14	-	59	-	771	110
De Nora Italy S.r.l.	8,111	2,770	-	4	525	30
De Nora Italy S.r.l. Singapore Branch	416	-	-	-	-	-
De Nora Elettrodi (Suzhou) Ltd.	7,464	-	-	136	-	-
De Nora Deutschland GmbH	18,262	-	195	396	87	-
De Nora Do Brasil Ltda	1,370	-	231	-	2	-
De Nora India Ltd.	685	-	-	-	-	-
De Nora Tech. Inc.	27,023	-	838	15	3,406	-
Oronzio De Nora BV.	-	14,900	-	-	-	-
De Nora Permelec Ltd.	7,976	-	-	18	2,187	-
De Nora Water Technologies Italy, S.r.l.	996	-	188	-	115	-
De Nora Water Technologies, Inc. - Abu Dhabi Branch	65	-	-	-	-	-
De Nora Water Technologies UK Services Limited	602	-	3	-	-	-
De Nora China - Jinan Co.,Ltd.	161	-	-	-	-	-
De Nora Holdings US, Inc.	6	-	745	-	-	-
De Nora Water Technologies (Shanghai), Ltd.	8	-	-	-	-	-
De Nora Water Technologies, LLC	3,032	-	-	-	221	-
De Nora Water Technologies, LLC - Singapore Branch	854	-	-	-	-	-
De Nora Marine Technologies, LLC	327	-	-	-	-	-
De Nora Water Technologies FZE	269	-	4	-	-	-
De Nora Italy Hydrogen Technologies S.r.l.	411	-	-	-	-	-
De Nora ISIA S.r.l.	136	-	-	-	-	-
Total Subsidiaries	78,188	17,670	2,263	569	7,314	140

Other Income

Other income amounted to € 78,848 thousand (€ 78,188 thousand in 2022). Other income is mainly attributable to: (i) intercompany charge-backs which include income for services provided by corporate functions in the amount of € 20,710 thousand (€ 19,624 thousand in 2022), and for licenses to use intellectual property, trademarks and know-how in the amount of € 50,523 thousand (€50,755 thousand in 2022); and (ii) other income, which mainly includes charge-backs of expenses.

Income from equity investments

Income from equity investments, amounting to € 36,300 thousand (€ 17,670 thousand in 2022), refers to dividends received by the company Oronzio De Nora BV for € 28,000 thousand, and by the company De Nora Italy S.r.l. in the amount of € 8,300 thousand.

Finance income

Finance income, amounting to € 6,116 thousand (€ 2,263 thousand in 2022), mainly refers to:

(i) interest income on loans; this interest income relates to transactions with De Nora Holdings US Inc., De Nora Tech LLC, De Nora Water Technologies FZE, De Nora Do Brasil Ltda, De Nora Water Technologies UK Services Limited;

(ii) interest income on cash pooling transactions; this interest income relates to transactions with De Nora Water Technologies Italy, S.r.l. and Capannoni S.r.l.

Operating expenses

Operating expenses, amounting to € 685 thousand (€ 569 thousand in 2022), mainly refer to the supply of materials used by the Company in R&D.

Other expenses

Other expenses, amounting to € 8,006 thousand (€ 7,314 thousand in 2022), mainly refer to: services for R&D activities related to the development of intellectual property provided by De Nora Permelec Ltd. and De Nora Tech. LLC, costs for administrative services provided by De Nora Italy S.r.l. (such as general accounting, support in tax compliance, procurement, personnel administration, etc.), and costs for utilities, building expenses and ordinary maintenance related to the leased properties by Capannoni S.r.l..

Finance expenses

Finance expenses, amounting to € 345 thousand (€ 140 thousand in 2022), refer to: (i) lease payables related to the lease of the administrative headquarters and R&D laboratories to the company Capannoni S.r.l. amounting to € 108 thousand and (ii) the cash pooling referring to the above-mentioned loans to De Nora Italy S.r.l. amounting to € 237 thousand.

Transactions with Associates

Transactions with Associated Companies are mainly related to income for the provision of research and development services for € 648 thousand (€ 55 thousand in 2022).

Transactions with Other Related Parties

Relations with Other Related Parties mainly refer to:

— other receivables, amounting to € 45 thousand (unchanged from the financial statements as at December 31, 2022) attributable to the transactions with Norfin S.p.A. described above;

— remuneration to directors and the Board of Statutory Auditors, for which reference should be made to note 34;

— payables attributable to transactions for directors' fees with the companies Gencap Advisory S.r.l., Snam S.p.A., Ischyra Europa GmbH.

Below is the list of directly or indirectly investee companies.

Company name	Registered office
Directly owned investments:	
Capannoni S.r.l.	Italy
De Nora Italy S.r.l.	Italy
Oronzio De Nora International BV.	The Netherlands
De Nora Elettrodi (Suzhou) Ltd.	China
De Nora do Brasil Ltda	Brazil
De Nora Holding UK Ltd.	United Kingdom
De Nora Water Technologies Italy S.r.l.	Italy
De Nora Italy Hydrogen Technologies S.r.l.	Italy
thyssenkrupp Nucera AG & Co. KGaA	Germany
Indirectly owned investments:	
De Nora Deutschland Gmbh	Germany
De Nora India Ltd - INDIA	India
De Nora Tech. LLC	US
De Nora Permelec Ltd.	Japan
De Nora Hong Kong Limited	Hong Kong
De Nora China - Jinan Co. Ltd.	China
De Nora Glory (Shanghai) Co. Ltd.	China
De Nora Water Technologies UK Services Ltd.	United Kingdom
De Nora Holding US Inc.	US
De Nora Water Technologies (Shanghai) Co. Ltd.	China
De Nora Water Technologies LLC	US
De Nora Marine Technologies LLC	US
De Nora Water Technologies Ltd.	United Kingdom
De Nora Water Technologies (Shanghai) Ltd.	China
De Nora Neptune LLC	US
De Nora Water Technologies FZE	U.A.E.
Shotec GmbH	Germany
Capannoni USA LLC	US
thyssenkrupp nucera Italy S.r.l.	Italy
thyssenkrupp nucera Japan Ltd.	Japan
thyssenkrupp nucera (Shanghai) Co. Ltd.	China
thyssenkrupp nucera USA Inc.	US
thyssenkrupp nucera Australia Pty.	Australia
thyssenkrupp nucera Arabia for Contracting Limited	Saudi Arabia
thyssenkrupp nucera Participations GmbH	Germany
thyssenkrupp nucera India Private Limited	India
thyssenkrupp nucera Management AG	Germany

G. Directors', Statutory Auditors' and Independent Auditors' fees

33. Directors', Statutory Auditors' and Independent Auditors' fees

Pursuant to article 38 of Italian Legislative Decree 127/91, the fees paid to the Directors and Statutory Auditors of the company Industrie De Nora S.p.A. for the performance of their duties are detailed below:

- Fees for the members of the Board of Directors and Supervisory Committees: € 1,264 thousand in 2023 (compared to € 819 thousand in 2022);
- Statutory Auditors' fees: € 98 thousand in 2023 (compared to € 98 thousand in 2022);
- Independent Auditors' fees (statutory financial statements): € 58.8 thousand (compared to € 54 thousand in 2022).

H. Events after the reporting date

34.Events after the reporting date

No significant events occurred after the end of the year.

I. Annual law for the market and competition (L. 124/2017)

35. Annual law for the market and competition (L. 124/2017)

The law no. 124 of August 4, 2017, “Annual law for the market and competition”, which entered into force on August 29, 2017, aims to ensure greater transparency in the system of financial relations between public entities and other subjects.

During the year, the Company recorded revenues for contributions recognized but not yet disbursed for € 198 thousand pursuant to Italian Law no. 124/2017, Article 1, paragraph 25.

L. Allocation of the year’s results

36. Allocation of the year’s results

We propose the distribution of dividend of € 0.123 per share; the residual part of the Net profit resulting from the financial statements closed at December 31, 2023 to allocate instead to the retained earnings reserve.

On behalf of the Board of Directors

The Chief Executive Officer

Paolo Enrico Dellachà

Management's Certification of the Separate Financial Statements

The undersigned Paolo Enrico Dellachà and Massimiliano Moi, in their respective capacities as Chief Executive Officer and Manager responsible for preparing the Company's financial reports of Industrie De Nora S.p.A., hereby certify, also taking into account the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

— the adequacy in relation to the characteristics of the company and

— the effective application of the administrative and accounting procedures for the preparation of the separate financial statements as at December 31 2023.

It is also certified that:

The separate financial statements as at 31 December 2023:

— have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;

— correspond to the information contained in the accounting ledgers and records;

— provide a true and fair representation of the equity, economic and financial situation of the Issuer.

Milan, March 18, 2024

Paolo Enrico Dellachà

Chief Executive Officer

Massimiliano Moi

Manager responsible for preparing the Company's financial reports

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of Industrie De Nora SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Industrie De Nora SpA (the Company), which comprise the statement of financial position as of 31 December 2023, the income statement, the statement of comprehensive income, the statement of changes in the net equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2023, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

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Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Assessment of the recoverability of the carrying amounts of investments *Notes to the Separate Financial Statements Paragraph A.3 – Accounting policies –"Equity investments" and "Use of estimates" paragraphs Part C – Notes to the main financial statements items – Statement of financial position, Assets – Note 18 "Investments in subsidiaries and associates"*	
Investments in subsidiaries and associates amount to euro 337.6 million and are recognised in the Company statement of financial position as non-current assets. Investments are measured at cost; when impairment indicators exist, the recoverability of the carrying amounts is tested by comparing the carrying amount of each investment with its recoverable amount that is the higher of fair value less costs of disposal and value in use, as defined by IAS 36 *"Impairment of assets"*. Specifically, the configuration of recoverable amount adopted by the Company is value in use, determined by discounting to present value of the forecast cash flows of the subsidiaries and associates, for the period of three years after the reporting date, based on the business plan 2024-2026 approved by the Board of Directors on 18 March 2024, and adding a terminal value. The key assumptions used to determine the forecast cash flows of the subsidiaries and associates are the estimated levels of turnover, EBITDA, operating cash flows, perpetual growth rate and weighted average cost of capital (discount rate), taking into consideration past earnings and financial performance and future expectations. In the preparation of the financial statements as of 31 December 2023 the Company has not recognised impairment losses on investments. The assessment of the recoverability of the carrying amounts of investments is a key audit matter for the financial statements both in consideration of the relevance of the amount and	We performed specific analyses to understand and evaluate internal controls over management's evaluations in this area. We also verified management's analyses for the identification of impairment indicators. We verified the adequacy of the impairment testing model used in accordance with IAS 36 "Impairment of assets" requirements and evaluation practices. Where impairment indicators were identified we obtained an understanding of the valuation criteria adopted by management and verified their consistent application in the process of calculation of the recoverable amount of each investment. We assesses the reasonableness of the assumptions underlying the calculation of the recoverable amount, also through the involvement of experts from the PwC network, verifying the reasonableness of the most relevant financial projections used to determine the future cash flows of the individual investments, the discount rates applied, the definition of the terminal value and the mathematical accuracy of the impairment testing model. Moreover, we performed sensitivity analyses for the most significant assumptions. Finally, we verified the adequacy and completeness of disclosures in the notes to the financial statements.

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
because of the presence of significant elements of estimation. The correct identification of potential impairment indicators, as well as estimations to determine the recoverable amount, depend on subjective evaluations as well as factors that may change over time affecting management's evaluations and estimates.	

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related risks, or safeguards applied.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No 537/2014

On 18 February 2022, the general meeting of the shareholders of Industrie De Nora SpA engaged us to perform the audit of the Company's statutory and consolidated financial statements for the years ending 31 December 2022 to 31 December 2030.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

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Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The directors of Industrie De Nora SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format ESEF - European Single Electronic Format (the "Commission Delegated Regulation") to the financial statements as of 31 December 2023, to be included in the annual report.
We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Commission Delegated Regulation.
In our opinion, the financial statements as of 31 December 2023 have been prepared in XHTML format in compliance with the provisions of the Commission Delegated Regulation.

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/1998

The directors of Industrie De Nora SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Industrie De Nora SpA as of 31 December 2023, including their consistency with the relevant financial statements and their compliance with the law.
We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/1998, with the financial statements of Industrie De Nora SpA as of 31 December 2023 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Industrie De Nora SpA as of 31 December 2023 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree No. 254 of 30 December 2016

The directors of Industrie De Nora SpA are responsible for the preparation of the non-financial statement pursuant to Legislative Decree No. 254 of 30 December 2016.
We have verified that the directors approved the non-financial statement.

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Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Milan, 29 March 2024

PricewaterhouseCoopers SpA

Signed by

Francesco Ronco
(Partner)

As disclosed by the Directors, the accompanying financial statements of Industrie De Nora SpA constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

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