

 DE NORA

Execution and Profitability drive our Sustainable business

Q1 2023 Financial Results

11 May 2023







# Agenda

## Speakers:



Paolo Dellachà - CEO



Matteo Lodrini - CFO



Q1 2023  
MAIN ACHIEVEMENTS



BUSINESS  
HIGHLIGHTS



Q1 2023  
RESULTS REVIEW



FINAL  
REMARKS



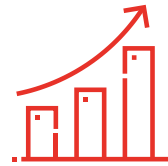
Q&A



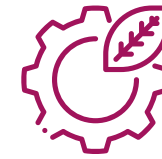
# Q1 2023 ACHIEVEMENTS

Execution drove the quarter results, supported by solid profitability

Solid start to 2023 with Q1 Results in line with Guidance, +8.4% Revenue



1



7

Published our Corporate Sustainability Report, accelerating the journey to improve our impact

Confirmed growth in the Energy Transition BU



2



6

Manufacturing Capacity Expansion ongoing

+5.9X Q1 2022

Robust Profitability 21.5% supported by Electrode Tech and Energy Transition Businesses



3

5



Backlog at €740m  
~70% 2023 production volumes covered

4



Solid Capital Structure,  
Net Cash Position €10m

### GROWTH IN LINE WITH GUIDANCE

**€216.9m**

*Revenue*

**+8.4%** vs Q1 2022

### SOUNDING PROFITABILITY

**€46.7m**

*Ebitda Adjusted (€55.2m in Q1 2022)*

**21.5%** Ebitda Adj margin

### CONFIRMED ENERGY TRANSITION'S GROWTH

**€26.6m**

*Revenue, ~5.9x Q1'22*

**20%** Ebitda Margin

### ROBUST BACKLOG COVERAGE

**€741m**

*€181 Energy Transition*

**~70%** 2023 volume coverage<sup>1</sup>

### POSITIVE NET RESULT

**€25m**

*(€26.5m Q1 2022)*

**11.5%** margin on Revenue

### SOLID CAPITAL STRUCTURE

**€10m**

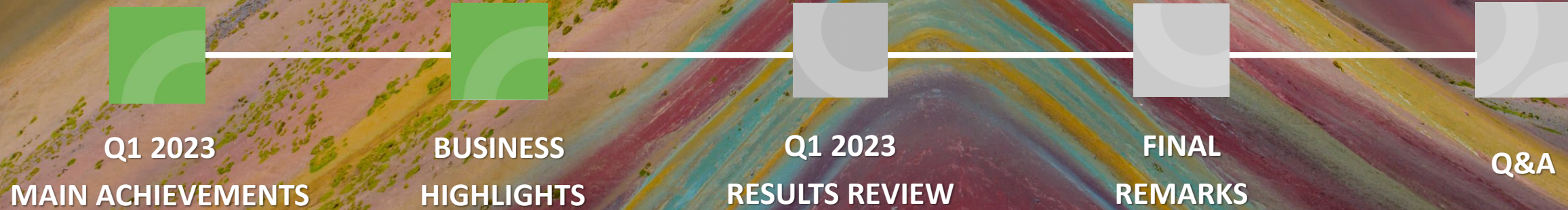
*Net Cash Position  
(€51M Dec 2022)*





# Agenda

## Execution and Profitability drive Our Sustainable Business







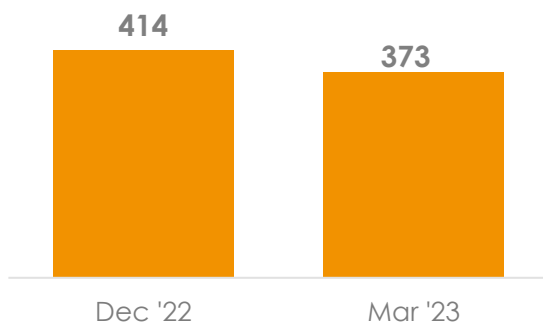
### Electrode Technologies



55%<sup>1</sup>

- Revenue growth driven by Chlor-Alkali projects in main geographies
- Aftermarket revenue: 35%
- New orders expected to be signed in Q2, due to rich current pipeline

#### BACKLOG €m



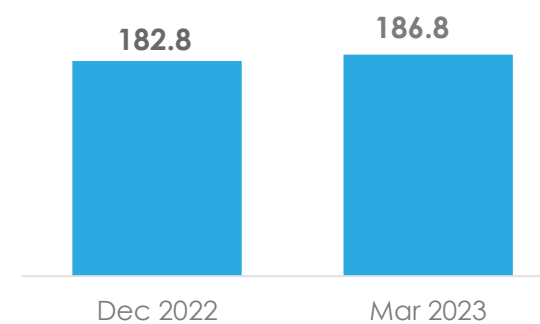
### Water Technologies



33%<sup>1</sup>

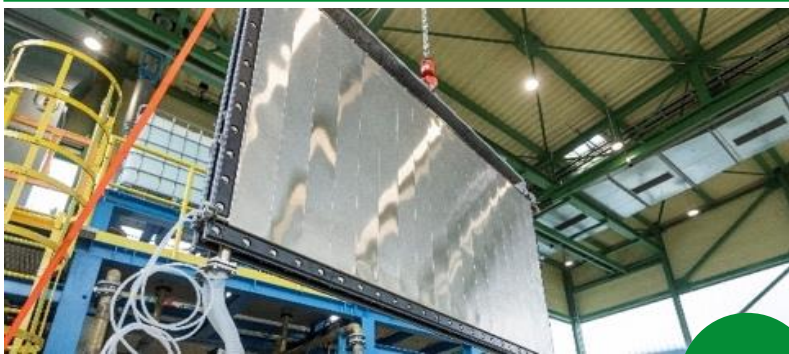
- Growth in Electrochlorination, Filtration & Disinfection products line partially off-set pools softer performances
- Pools persistent normalization phase despite growth in volumes vs. Q4'22
- + €14 m YoY Water Systems Orders

#### BACKLOG €m





**Energy Transition**



12%<sup>1</sup>

- Good Backlog execution
- 200 MW produced
- 5.9X revenue growth vs Q1'22 driven by good backlog execution
- Strong profitability driven by product mix

Total Production 2022 – Q1 2023:  
~500 mw

**BACKLOG (31 March) 2.1GW – € 181 m**

Main projects

NEOM, Saudi Arabia , Largest H<sub>2</sub> Project Globally  
**>2 GW** H<sub>2</sub> to Green Ammonia



Camacari Complex, 1° industrial-scale green H<sub>2</sub> Site in Brazil  
**60 MW** H<sub>2</sub> to Fertilizers



H<sub>2</sub> Holland Project, Largest H<sub>2</sub> Project in Europe  
**Almost completed** H<sub>2</sub> to Refineries / eFuels



**Projects Announced<sup>2</sup> in Q1 2023 – not in backlog**

MoU to extend Camacari project to **240 MW**



Reservation production capacity agreement by EU customer in the carbon-intensive industry for **Green H<sub>2</sub>** in EU (large project)

# ENERGY TRANSITION PIPELINE

Confirmed our large and concrete pipeline of 42 GW, providing visibility for future growth

<b>BACKLOG</b>	~2.1 GW	<ul style="list-style-type: none"> <li>• ELECTRODES</li> <li>• CELL MANUFACTURING</li> <li>• ELECTRODE PACKAGE</li> </ul>	~181 m€
<b>HOT DEALS <sup>1</sup></b>	~3.0 GW		~287 m€
<b>ACTIVELY PURSUED PROJECTS<sup>2</sup></b>	~7.0 GW		~660 m€
<b>IDENTIFIED PIPELINE<sup>3</sup></b>	~32 GW		~3.0 bn€

## 2030 H<sub>2</sub> MARKET

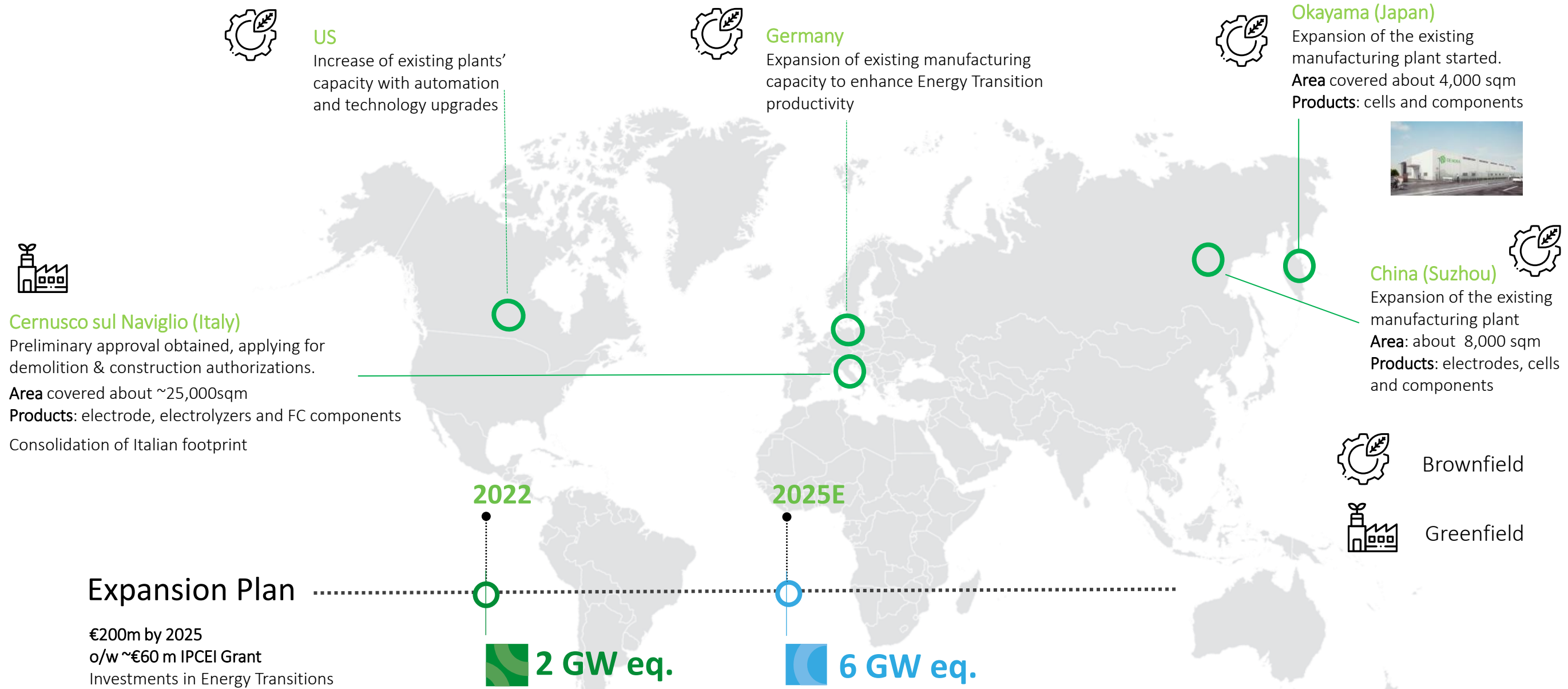
<b>IEA NET ZERO AMBITION SCENARIO<sup>4</sup></b>	~ 700-750 GW	<b>CREDIBLE PROJECT CAPACITY<sup>5</sup></b>	~ 500 GW	<b>ADDRESSABLE MARKET<sup>6</sup></b>	~67-100 GW
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<sup>1</sup>Hot Deals: projects with high probability of award in the short term. <sup>2</sup>Actively pursued projects in which our partners, and especially those with whom we are closely cooperating, have been having active interactions <sup>3</sup>Identified pipeline: Projects with which our partners had first interactions. <sup>4</sup>IEA Forecasts Net Zero Scenario 2021/2022. <sup>5</sup>Roland Berger: total credible announced project capacity expected operational in 2030. <sup>6</sup>Roland Berger: cumulated AWE market at 2030



# EXPANSION PRODUCTION CAPACITY

Q1 2023 Ongoing developments in brown and green fields projects

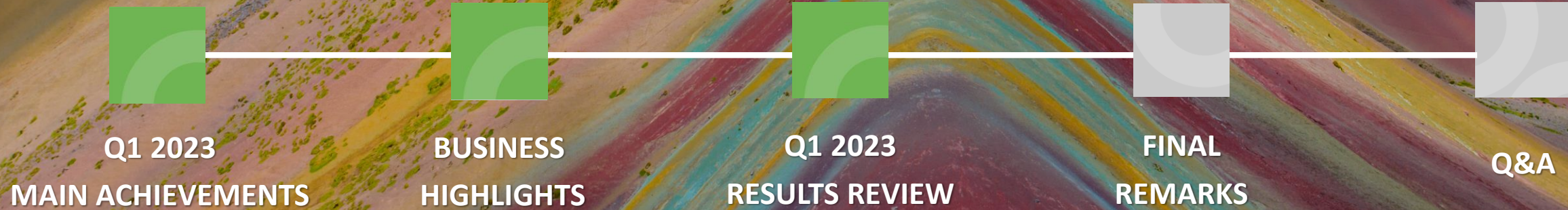






# Agenda

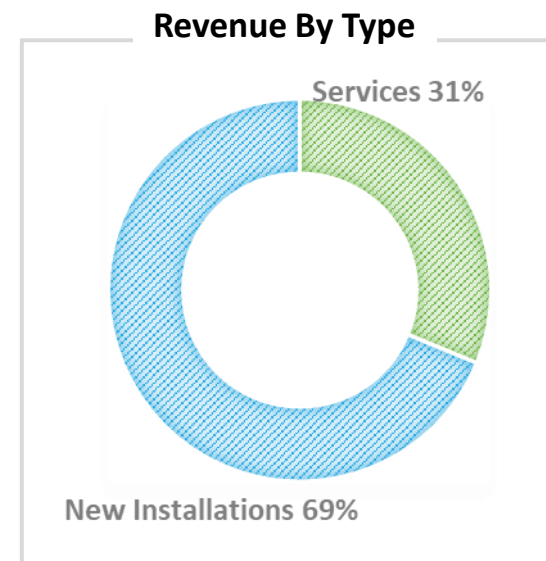
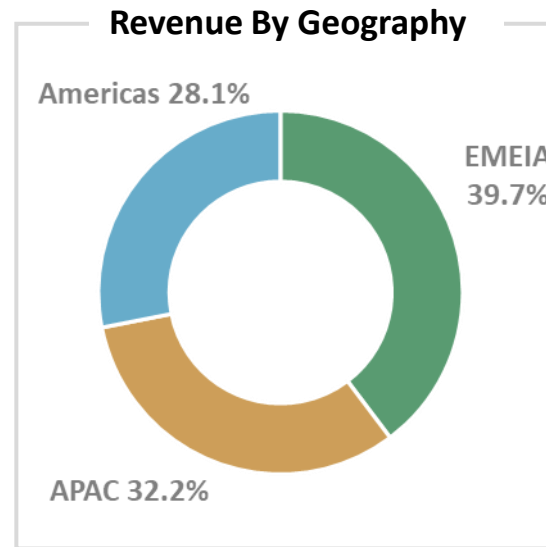
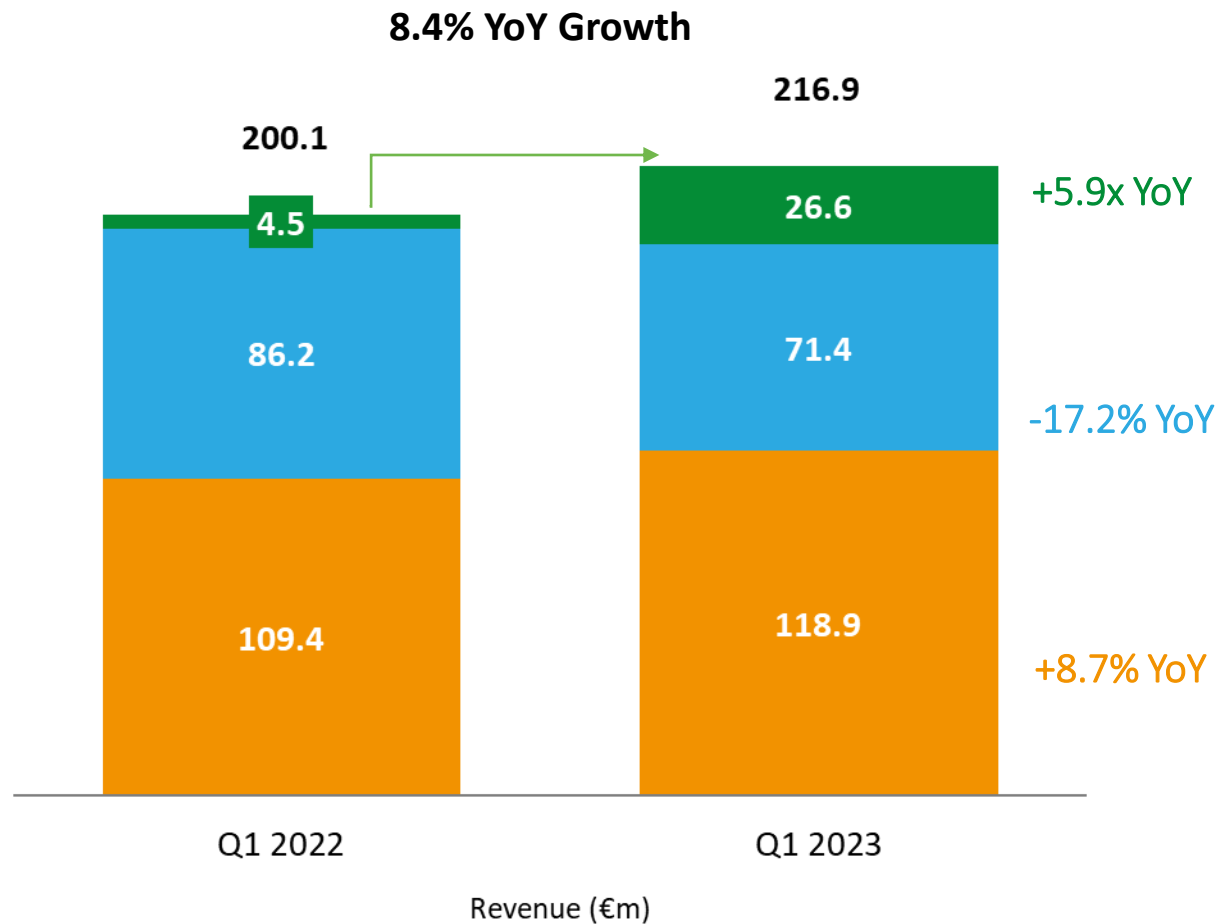
## Execution and Profitability drive Our Sustainable Business





# Q1 2023 REVENUE

Organic Growth in line with guidance



## KEY HIGHLIGHTS

### ELECTRODE TECHNOLOGIES

- Growth was driven by volume increase mainly in Chlor-alkali (Membrane)
- Softer performance in Electronics and Electrowinning due to project time effect
- Aftermarket Revenues 35%

### WATER TECHNOLOGIES

#### Water Systems

- Revenue increase; +27% YoY
- After Market revenue 39.5%

#### Pools

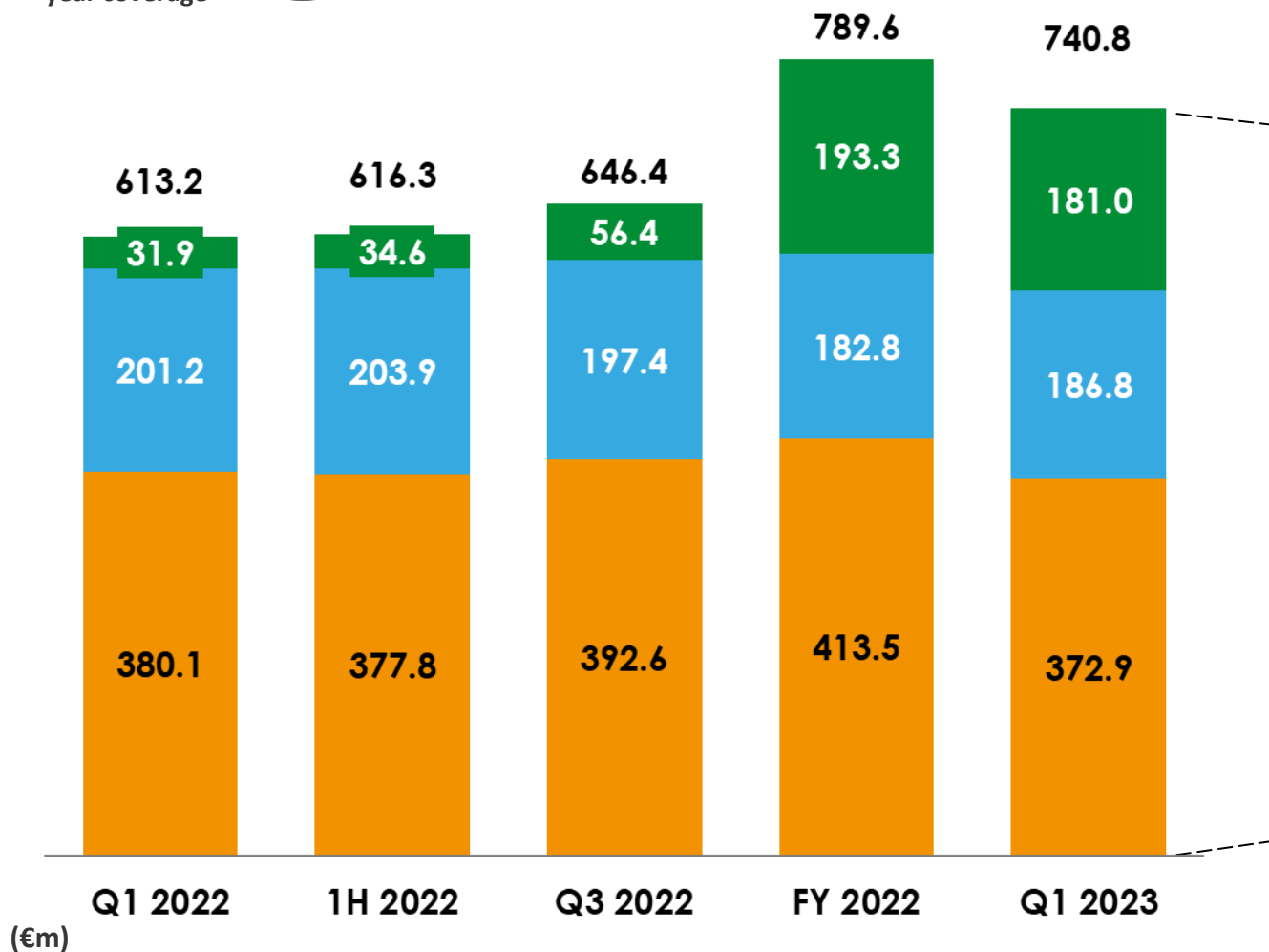
- +€2m vs Q4'22, driven by volumes
- -€24m YoY, softer performance as expected due to higher channel inventories

### ENERGY TRANSITION

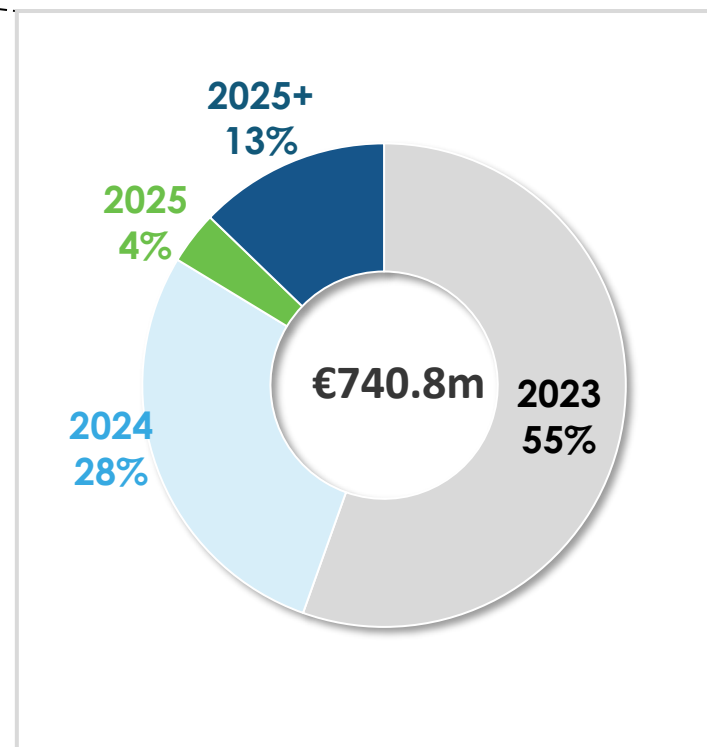
**Growth** continued in **Q1** (+€22.1m YoY) thanks to the solid execution of backlog



Backlog current year coverage **70%**



Q1 2023 Backlog by Year of Deployment



### KEY HIGHLIGHTS

#### ELECTRODE TECHNOLOGIES

- The backlog reflects strong project execution in the quarter
- New orders expected in Q2, due to our rich current pipeline

#### WATER TECHNOLOGIES

- Backlog increase reflects new orders in the Water Systems Divisions (+€14m YoY), mainly in the Middle East

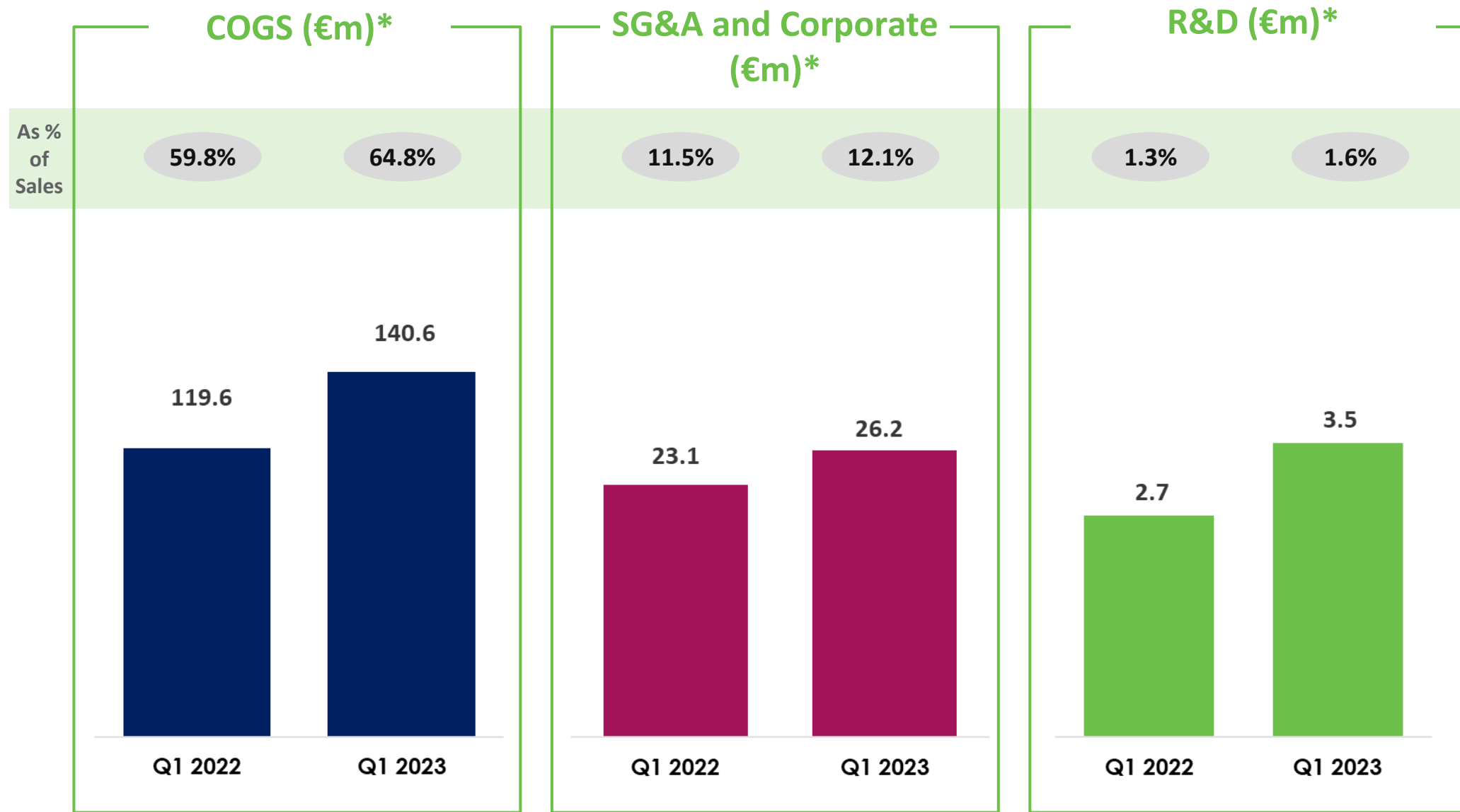
#### ENERGY TRANSITION

- Projects execution partially offset by new orders accounted (i.e 60 MW Unigel)



# Q1 2023 OPERATING COSTS

Costs structure mainly in line with last 2022 quarters



## KEY HIGHLIGHTS

**COGS** increase reflects changes in product mix, mainly in Water and Electrode Technologies Businesses

**G&A and Corporate costs:** reported a slight increase in incidence on revenue mainly due to corporate structure enhancement

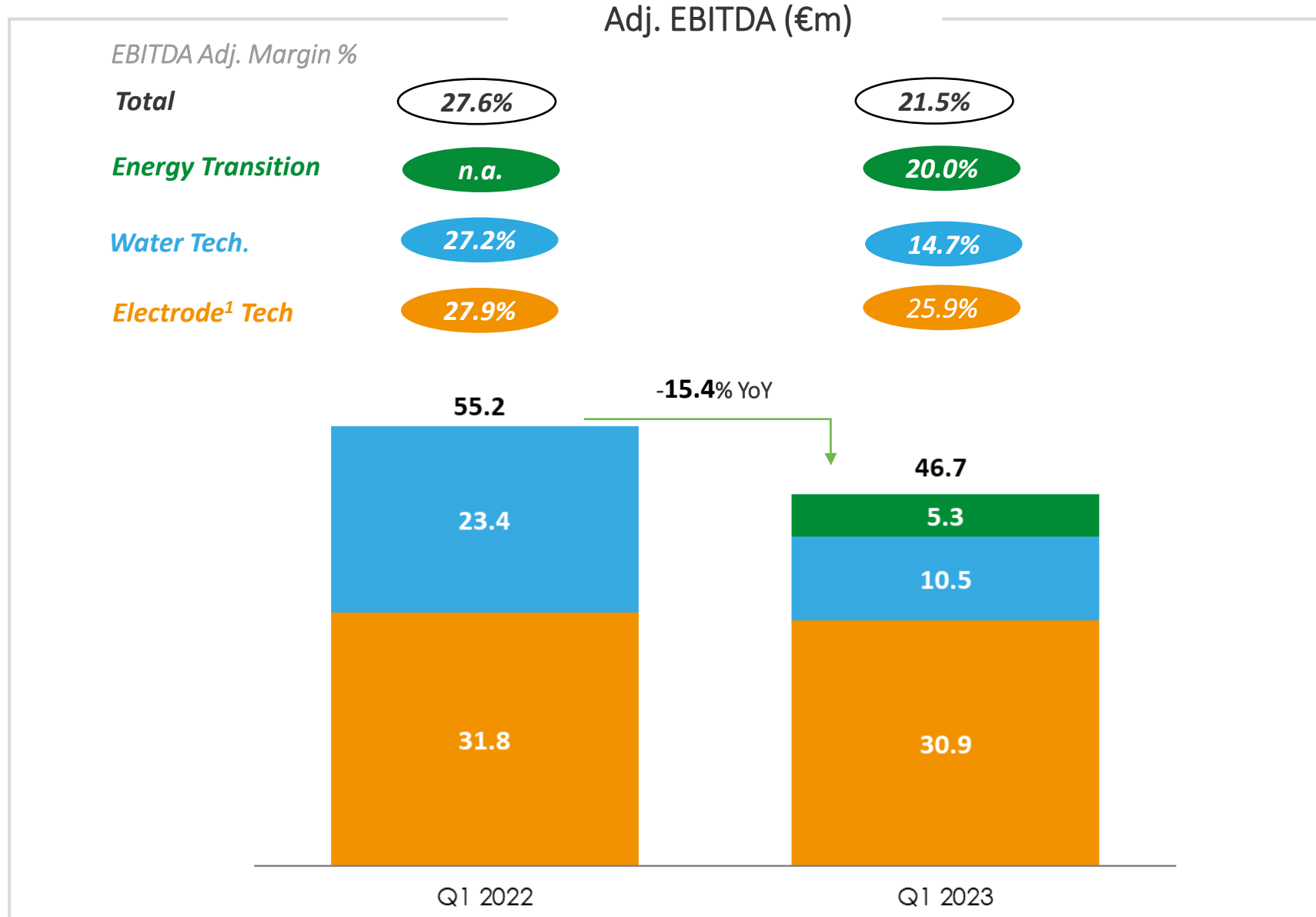
**R&D** expenses mainly relate energy transition business. Incidence on revenues broadly in line with the average of last 2Ys

\*Net of non-recurring costs: 1) COGS: € 24 K in Q1 22; € 1 K in Q1 2023; 2) SG&A: € 92 K in Q1 22; € 136 K in Q1 2023; 3) Corporate: € 1.090 K in Q1 22; € 24 K in Q1 2023 (o/w € 1.090 K for IPO costs in Q1 2022).



# Q1 2023 EBITDA ADJUSTED

Solid Profitability, largely confirming 2023 Guidance



## KEY HIGHLIGHTS

### ELECTRODE TECHNOLOGIES

- Profitability change reflects
  - extraordinary performance in Q1 2022
  - different product mix with lower incidence of Electronics and Electrowinning products lines

### WATER TECHNOLOGIES

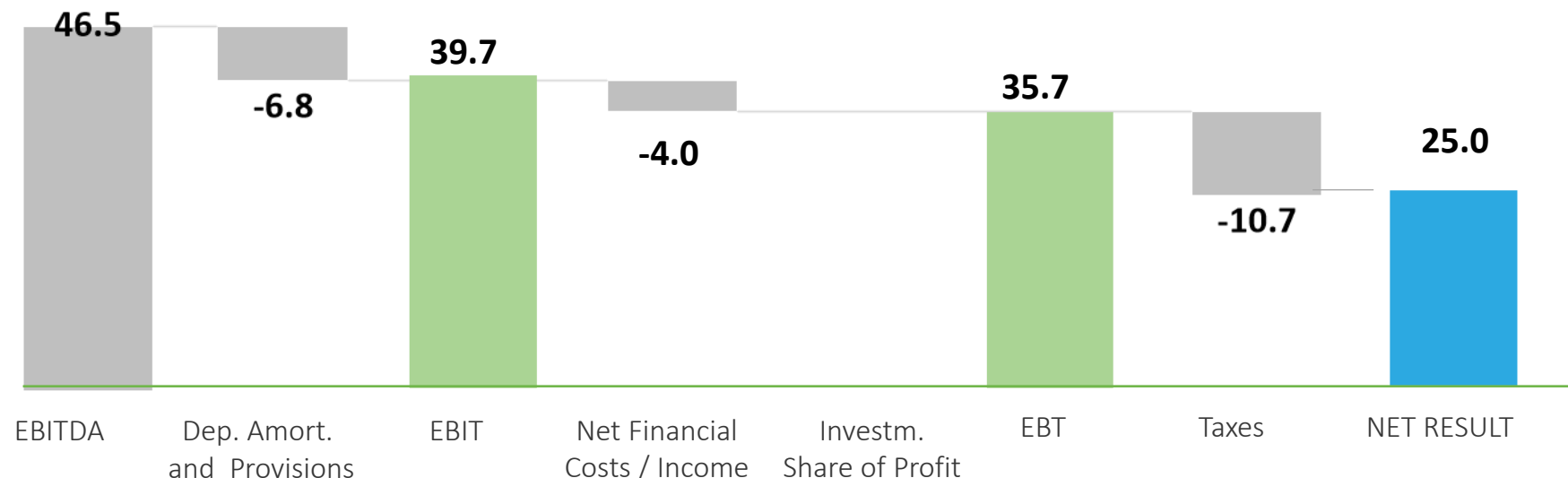
Profitability mainly impacted by lower Pool's revenue incidence which was exceptional in Q1 2022

### ENERGY TRANSITION

**Positive** EBITDA reflects revenue growth and favorable product mix



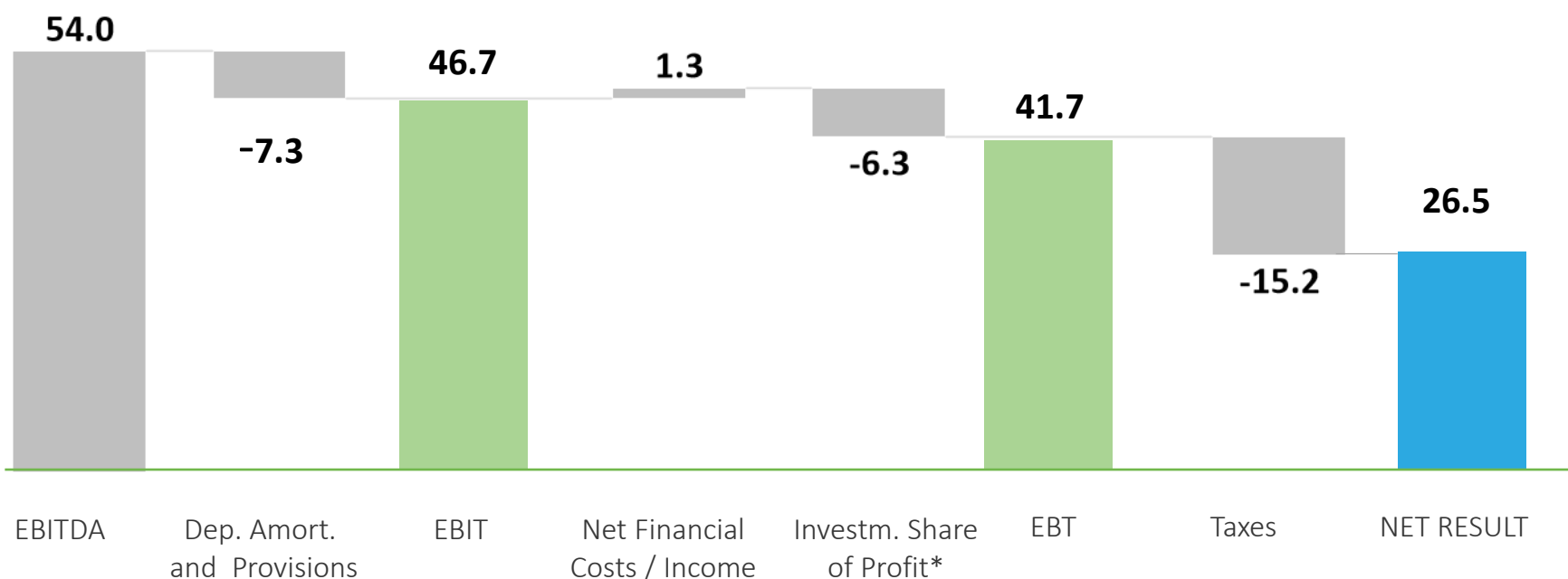
Q1  
2023



## KEY HIGHLIGHTS

- EBIT trend mainly attributable to EBITDA performance
- Changes in Net Financial costs reflect
  - Higher financial costs in Q1 2023
  - Higher Financial income in Q1 2022 due to differences in exchange rates

Q1  
2022



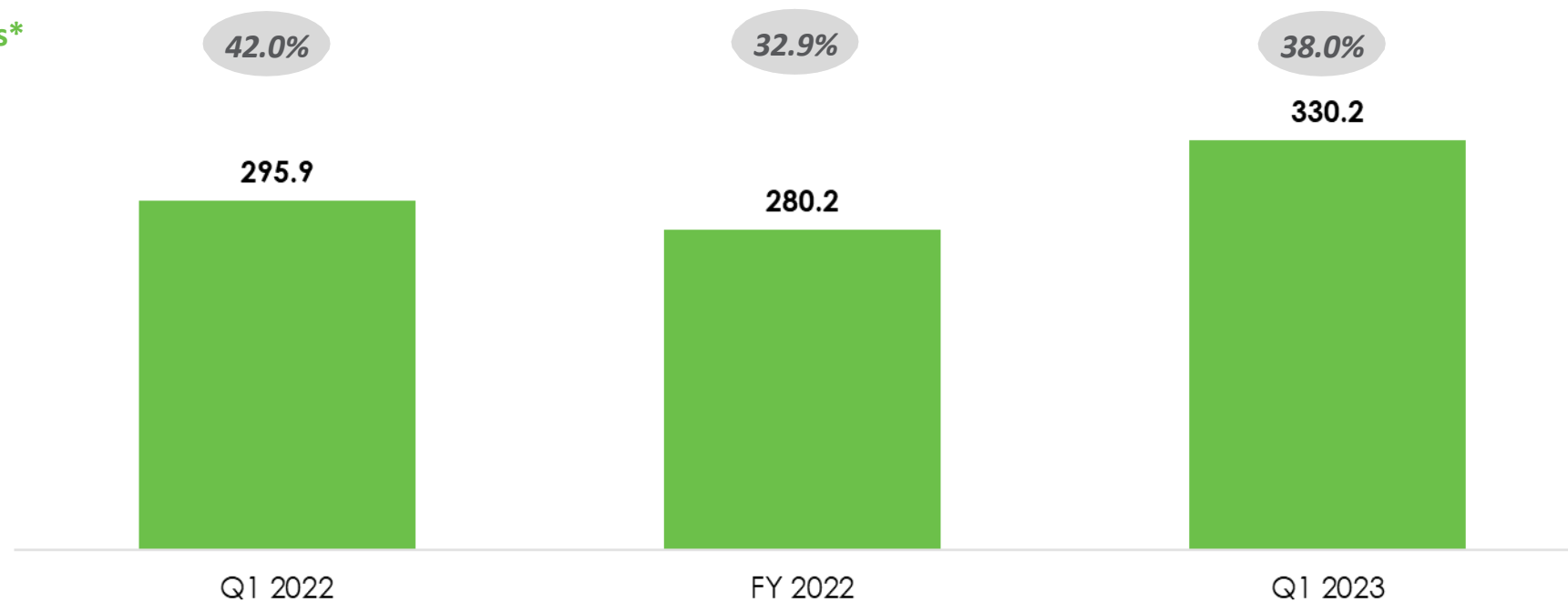
Partial **repayment** (56%) of the Senior Facility, which occurred in March'23, is expected **to have a positive impact** on Financial costs in the next quarters

Net result Q1'23 at €25

Q1'22 data was impacted by accounting adjustments related to tk nucera FY 2021 net profit



NWC % Sales\*



(€m)

	Q1 2022	FY 2022	Q1 2023
Inventories	243.3	295.5	293.5
Contract WIP	16.1	16.4	18.0
Trade Receivables	153.4	123.4	145.5
Trade Payables	(53.6)	(80.6)	(76.6)
Other current assets and liabilities	(63.3)	(74.6)	(50.5)
<b>Net Working Capital</b>	<b>295.9</b>	<b>280.2</b>	<b>330.2</b>

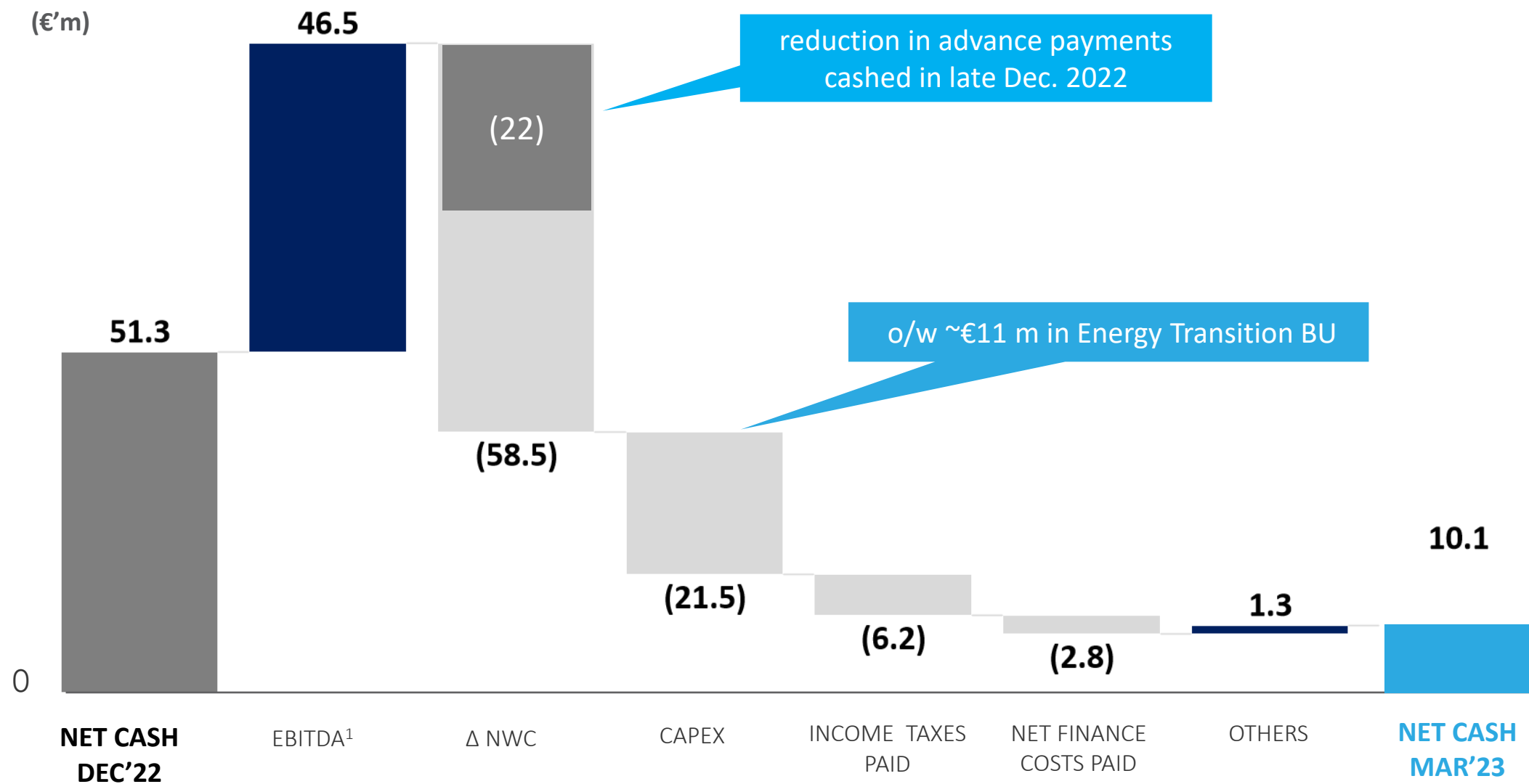
	Q1 2022	FY 2022	Q1 2023
Inventories % of sales	34.5%	34.6%	33.8%
DSO	68.0	68.0	65.0
DPO	38.0	49.0	45.0

### KEY HIGHLIGHTS

NWC was €330m with a slight increase in the incidence on revenues vs. Dec 2022

Main Drivers:

- Increase in Trade Receivables driven by some concentration of revenues accounted in March
- Decrease in Advance Payments, due to projects execution
- Healthy Inventories trend is expected to continue towards an incidence of 30% on revenue



<sup>1</sup> Ebitda Reported



# CONFIRMED 2023 GUIDANCE

Consolidation in Electrodes and Water Divisions, further ramp-up in Energy Transition

CONSOLIDATED	REVENUES	€900- 950m 2023E
	EBITDA	€175-185m 2023E Ebitda Margin 18%-19%
ENERGY TRANSITION	REVENUES	€130-150m 2023E
	EBITDA Margin	Low Double Digit
	VOLUMES	1.3 GW





# Agenda

## Execution and Profitability drive Our Sustainable Business



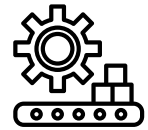




Solid set of Results in line with the 2023 guidance, driven by backlog execution and solid profitability



Growth in the Energy Transition division continues (5.9x revenues vs Q1 2022) with a sounding profitability (EBITDA margin 20%)



Electrode technologies business grows at a stable pace with a robust Ebitda margin (25.9%), and Water BU performances were supported by Water Systems product line



Solid backlog and promising pipeline of the Energy Transition division support revenue growth visibility



2023 Guidance confirmed





# Agenda

## Execution and Profitability drive Our Sustainable Business

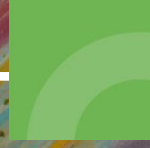


Q1 2023

MAIN ACHIEVEMENTS



BUSINESS  
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Q1 2023  
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FINAL  
REMARKS



Q&A



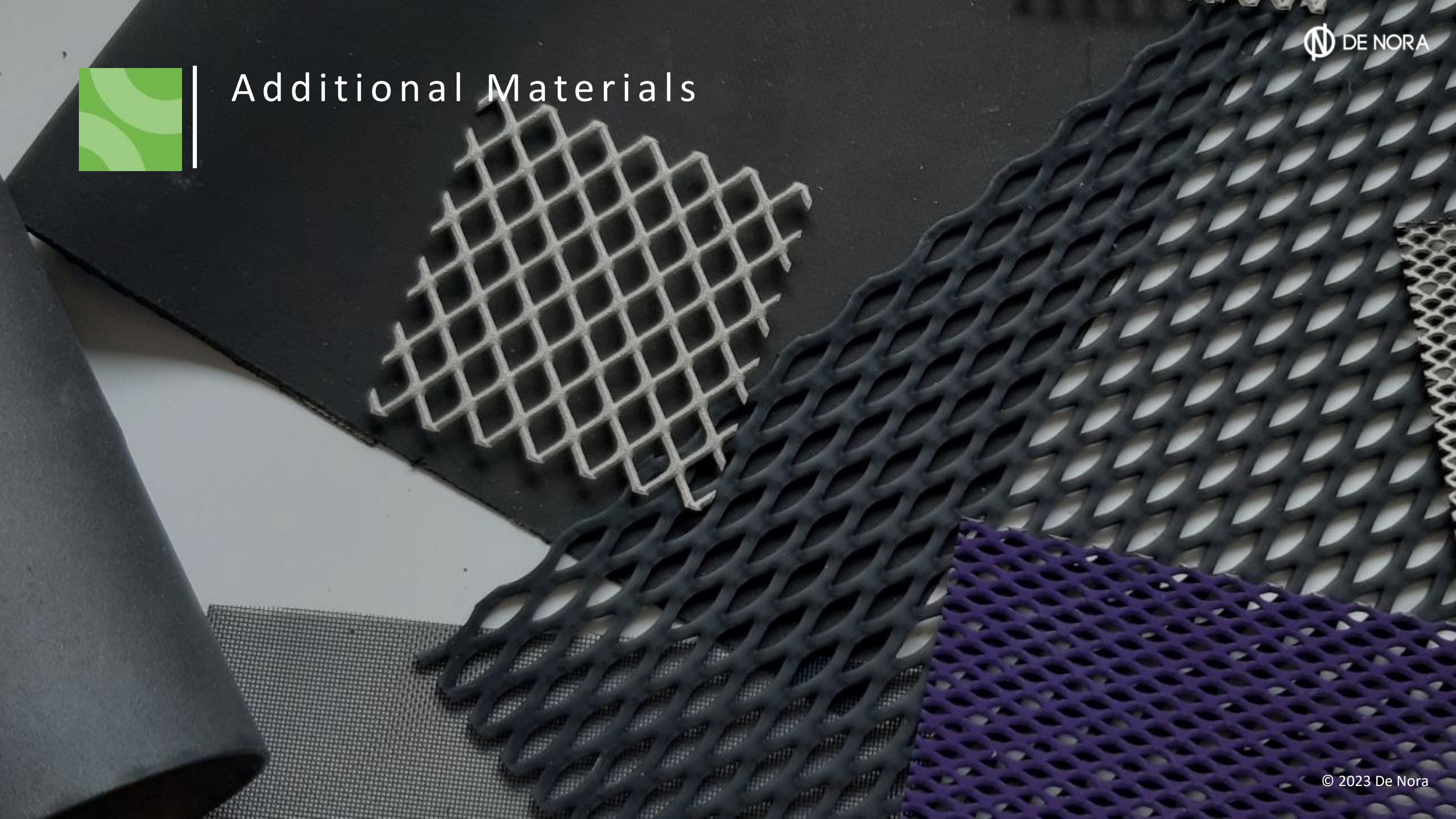


# Q&A Session





# Additional Materials





(€m)	FY 2022	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
<b>Revenue</b>	852.8	200.1	210.4	206.2	236.2	216.9
YoY Growth (%)	38.5 %	79.8 %	47.8 %	35.2 %	12.6 %	8.4 %
Change in inventory of finished goods and work in progress	34.8	6.8	7.7	23.4	(3.1)	16.8
Other income	6.5	1.6	0.9	0.7	3.2	1.4
Material consumption	(401.8)	(89.5)	(100.5)	(108.8)	(103.0)	(107.3)
Personnel cost	(154.7)	(31.2)	(52.3)	(34.7)	(36.4)	(36.2)
Costs for services	(162.1)	(31.5)	(38.1)	(42.3)	(50.2)	(42.7)
Other operating expenses/income	(10.4)	(2.3)	(2.5)	(2.3)	(3.4)	(2.4)
<b>EBITDA</b>	165.2	54.0	25.6	42.3	43.2	46.5
Margin (%)	19%	27%	12%	21%	18%	21%
Amortization and depreciation	(28.1)	(6.8)	(6.8)	(6.9)	(7.6)	(7.2)
Reinstatement (write down) of property, plant and equipment & intangible assets	(9.0)	(0.2)	(2.8)	0.3	(6.2)	-
Net provision for risk and charges <sup>1</sup>	(2.3)	(0.3)	0.2	(1.2)	(0.9)	0.4
<b>EBIT</b>	125.8	46.7	16.1	34.5	28.5	39.7
Margin (%)	15%	23%	8%	17%	12%	18%
Share of profit of equity-accounted investees	(1.2)	(6.3)	0.8	1.3	3.0	-
Finance income	23.5	7.4	14.1	9.1	(7.1)	2.4
Finance expenses	(27.7)	(6.1)	(11.7)	(8.6)	(1.3)	(6.3)
<b>Profit before tax</b>	120.4	41.7	19.2	36.3	23.1	35.7
Income tax expense	(30.8)	(15.2)	(6.1)	(12.1)	2.6	(10.7)
<b>Profit for the period</b>	89.7	26.5	13.2	24.2	25.8	25.0

Source: Company Information. <sup>1</sup> This item includes the utilization of provisions on the following Income Statement line items: Material consumption, Personnel cost, Costs for services, and Other operating expenses/income.

# QUARTERLY REVENUE AND ADJ.EBITDA BY DIVISION

€m	Q1'22	Q2'22	Q3'22	Q4'22	Q1 '23
<b>REVENUES</b>	<b>200.1</b>	<b>210.4</b>	<b>206.2</b>	<b>236.2</b>	<b>216.9</b>
Electrode Technologies	109.4	118.5	123.5	122.0	118.9
Energy Transition	4.5	2.4	7.2	28.6	26.6
Water Technologies	86.2	89.5	75.4	85.6	71.4
<b>EBITDA Adj.</b>	<b>55.2</b>	<b>47.1</b>	<b>43.6</b>	<b>44.9</b>	<b>46.7</b>
<b>EBITDA Adj. Margin</b>	<b>27.6%</b>	<b>22.4%</b>	<b>21.1%</b>	<b>19.0%</b>	<b>21.5%</b>
Electrode Technologies*	31.8	30.2	32.0	25.3	30.9
<i>Ebitda Adj. Margin</i>	27.9%	25.0%	25.9%	20.8%	25.9%
Energy Transition	na	na	(0.4)	6.2	5.3
<i>Ebitda Adj. Margin</i>			nm	21.7%	20.0%
Water Technologies	23.4	16.9	11.9	13.4	10.5
<i>Ebitda Adj. Margin</i>	27.2%	18.9%	15.8%	15.6%	14.7%



# INCOME STATEMENT

## Focus on EBITDA Adjustments

(€m)	Q1 2023	Q1 2022
<b>Sales</b>	216.9	200.1
<b>EBITDA</b>	46.5	54.0
<i>Margin (%)</i>	21.4%	27.0%
Terminations costs (labor + legal expenses)	0.1	0.0
Costs relative to IPO process	0.0	1.1
Other non recurring costs	0.0	0.1
<b>Adj. EBITDA</b>	46.7	55.2
<i>Margin (%)</i>	21.5%	27.6%

(€m)	Q1 2023	FY 2022
Intangible assets	128.4	131.6
Property, plant and equipment	196.3	184.2
Equity-accounted investees	122.7	122.7
<b>Fixed asset</b>	<b>447.3</b>	<b>438.4</b>
Inventories	293.8	295.5
Contract work in progress, net of advances from customers	18.0	16.4
Trade receivables	145.5	123.4
Trade payables	(76.6)	(80.6)
<b>Operating working capital</b>	<b>380.6</b>	<b>354.8</b>
Other current assets and liabilities	(50.5)	(74.6)
<b>Net working capital</b>	<b>330.2</b>	<b>280.2</b>
Deferred tax assets	11.6	13.1
Trade receivables	-	-
Other receivables and non-current financial assets	13.5	13.6
Employee benefits	(20.0)	(20.6)
Provisions for risks and charges	(20.6)	(20.7)
Deferred tax liabilities	(7.3)	(8.7)
Trade payables	(0.1)	(0.1)
Income tax payables	-	-
Other payables	(2.2)	(2.4)
<b>Other net non current asset and liabilities</b>	<b>(25.1)</b>	<b>(25.7)</b>
<b>Net invested capital</b>	<b>752.3</b>	<b>692.8</b>
Net current financial indebtedness	131.6	318.9
Non-current financial indebtedness	(121.5)	(267.5)
<b>Net financial indebtedness - ESMA</b>	<b>10.1</b>	<b>51.3</b>
Fair value of financial instruments	0.8	0.6
<b>Net financial indebtedness</b>	<b>10.9</b>	<b>52.0</b>
<b>Total Equity</b>	<b>(763.2)</b>	<b>(744.8)</b>
<b>Total sources</b>	<b>(752.3)</b>	<b>(692.8)</b>



# CASH FLOW STATEMENT

(€m)	FY 2022	Q1 2023
<b>EBITDA</b>	<b>165.2</b>	<b>46.5</b>
Losses on the sale of property, plant and equipment and intangible assets	0.3	0.2
Other non-monetary items	10.7	0.0
<b>Cash flows generated by operating activities before changes in net working capital</b>	<b>176.2</b>	<b>46.7</b>
Change in inventory	(60.4)	(2.3)
Change in trade receivables and construction contracts	15.6	(25.6)
Change in trade payables	19.5	(3.0)
Change in other receivables/payables	5.5	(27.7)
<b>Cash flows generated by changes in net working capital</b>	<b>(19.8)</b>	<b>(58.5)</b>
<b>Cash flows generated by operating activities</b>	<b>156.4</b>	<b>(11.8)</b>
Net Interest and Net other financial expense paid	(6.7)	(2.8)
Income taxes paid	(36.7)	(6.2)
<b>Net cash flows generated by operating activities</b>	<b>113.0</b>	<b>(20.8)</b>
Sales of property, plant and equipment and intangible assets	0.4	0.0
Investments in tangible and intangible assets <sup>1</sup>	(46.1)	(19.7)
Investments in Associated companies (TK nucera Management AG)	(0.0)	-
Acquisitions (net of cash acquired)	-	-
	-	-
<b>Net cash flows used in investing activities</b>	<b>(205.1)</b>	<b>90.4</b>
Share capital increase	196.7	0.9
New loans/(Repayment) of loans	16.7	(133.9)
Increase (decrease) in other financial liabilities	(0.0)	(0.0)
(Increase) decrease in financial assets	-	-
Dividends paid	(20.0)	-
<b>Net cash flows generated by financing activities</b>	<b>193.3</b>	<b>(133.0)</b>
	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>101.2</b>	<b>(63.4)</b>
Opening cash and cash equivalents	73.8	174.1
Exchange rate gains/(losses)	(0.9)	(1.1)
<b>Closing cash and cash equivalents</b>	<b>174.1</b>	<b>109.6</b>

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