

Half year 2023 Results

September 21, 2023

S E R I  GROUP
industrial



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Pursuant to art.154-bis, paragraph 2, of the Italian Unified Financial Act of February 24,1998, the executive in charge of preparing the corporate accounting documents at Seri Industrial S.p.A., Pasquale Basile, declares that the accounting information related to results at 31 December 2022 contained here in correspond to document results, books and accounting records.

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Mission & Vision

Vision

A new way of thinking the economy, with **sustainable processes and products** and supporting the **transition** of the paradigm from a linear model (take, transform and throw) to a full **circular economy model**



Mission

*Seri Industrial is pursuing strategic goals to **accelerate the energy and ecological transition** in line with the Paris Agreement and recent European and Italian initiatives*





FY H1 2023 Highlights

€/Mln

€ 95,869 ^{thousands}

TOTAL REVENUES

€ 101,477 thousands in H1 2022

€ 6,855 ^{thousands}

EBITDA

€ 8,855 thousands in H1 2022

€ (6,685) ^{thousands}

EBIT

€ (1,932) thousands in H1 2022

€ (7,042) ^{thousands}

**CONSOLIDATED
NET RESULT**

€ (5,194) thousands in H1 2022

€ 265,855 ^{thousands}

**NET INVESTED
CAPITAL**

€ 247,811 thousands in H1 2022

€ 135,740 ^{thousands}

**CONSOLIDATED
EQUITY**

€ 143,522 thousands in H1 2022

€ 97,484 ^{thousands}

**ADJUSTED
NET DEBT**

€ 79,018 thousands in H1 2022

€ 7,052 ^{thousands}

INVESTMENT ACTIVITIES

€ 6,402 thousands in H1 2022

H1 2023 Results overview

YOY COMPARISON H1 2023 – H1 2022

| Key Financials - €/Mln | H1 2023 | H1 2022 | Change | % 23 vs 22 |
|---|----------------|----------------|---------------|-------------|
| Total Revenues* | 95,869 | 101,477 | (5,61) | -6% |
| EBITDA | 6,855 | 8,855 | (2,00) | -23% |
| Adjusted EBITDA | 7,154 | 9,071 | (1,92) | -21% |
| Depreciation and Amortization | 13,540 | 10,787 | 2,75 | |
| EBIT | (6,685) | (1,932) | (4,75) | |
| Adjusted EBIT | (6,126) | (1,716) | (4,41) | |
| Consolidated Net Result | (7,042) | (5,194) | (1,85) | 43% |
| Consolidated Adjusted Net Result | (6,335) | (4,286) | (2,05) | 48% |

| Key indicators - €/Mln | H1 2023 | H1 2022 | Change | % 23 vs 22 |
|------------------------------------|---------------|---------------|--------------|------------|
| Net Invested Capital | 265,855 | 247,811 | 18,04 | 7% |
| Consolidated Net Equity | 135,740 | 143,522 | (7,78) | -5% |
| Investment Activities | 7,052 | 6,402 | 650 | 10% |
| Net Financial Debt | 130,115 | 104,289 | 25,83 | 25% |
| Adjusted Net Financial Debt | 97,484 | 79,018 | 18,47 | 23% |

* Revenues, other revenues and internal works



Business Update

RELEVANT EVENTS

Business as is

- Volumes increasing compared to last year – effect on average selling prices (lower cost)
- Extraordinary energy costs in the two plants in France

Teverola 1

- A new CTO* has been appointed (for both T1/T2)
- New productions standards currently under control – ramp-up progressing

Teverola 2

- Cash in of the advance payment of the IPCEI subsidy (83,4 Mln EURO)
- Definition of process parameters of the new factory on-going (accelerated during last months)

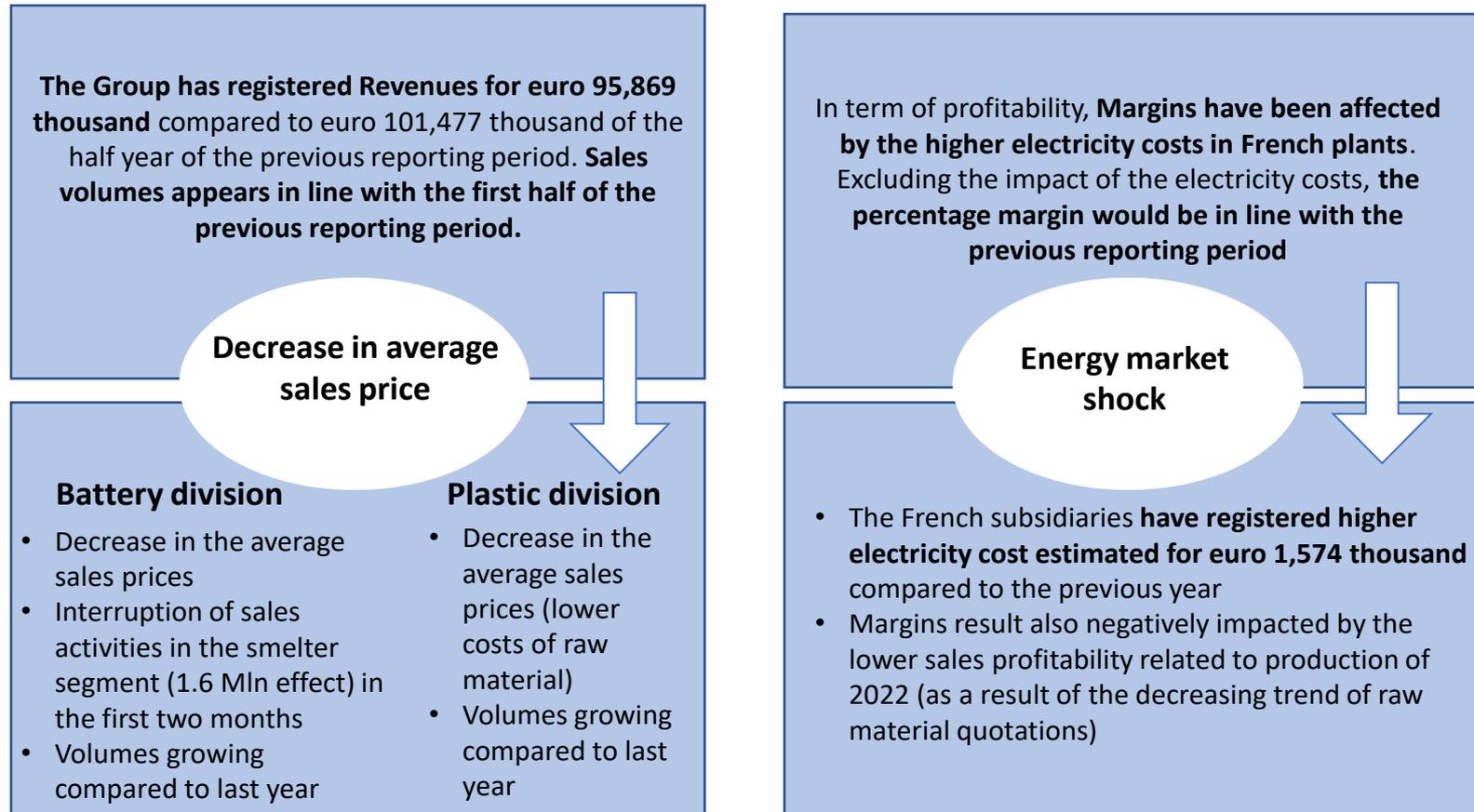
P2P

- Signed the Development Agreement by MIMIT and Invitalia S.p.A. for €82 million
- Completed site preparation and demolition activities of the old plants

Business update

Financials- Business impact in a context of high volatility

Following, the relevant events that have affected Revenues and Margins:



Business update

Relevant events – Teverola 1 and Teverola 2



Teverola 1

- During the first half of 2023, the **production capacity** of the Teverola 1 plant has been **gradually increased**.
- In June 2023, Mr. Dominique Ligeois, one of the world's leading expert on lithium cells, has been appointed as **CTO**. His contribute, together with an international team whose constitution is still on going , will be fundamental to aim at increasing current production capacity and efficiency and significantly reducing scrap
- During the verification of the process – scrap and downtime machine increased – also due to persistent problems on the power line. In order to fix these issues, the CTO has considered it appropriate to bring some modifications to the production process.
- In this context, FAAM decided to delay sales, necessary to guarantee customers continuity and timeliness in supplies.
- **Lead time required** (actually slightly longer than forecasted) is **in line with** the start-up times of the other plants being built by the **main European competitors**

Teverola 2

- **Teverola 2** investment program has undergone a **significant acceleration**
- The Company **received an advance payment of EUR 84 million** out of the total IPCEI subsidy granted by the Ministry of Enterprise and Made in Italy
- FIB is continuing the assessment with a pool of banks for the activation of a revolving credit line in order to anticipate the timing of the disbursement of the grants

2023-2026 Business Plan

On July 27, 2023, the Board of Directors has approved the **Consolidated 2023-2026 Business plan**. Despite the delays related to Teverola 1 plant, the Plan **forecasts revenues** equal to about euro **2,2 billion** in 2026, **in line with the economic projections** approved on 22 July 2021-2025. As of today – the Plan is confirmed

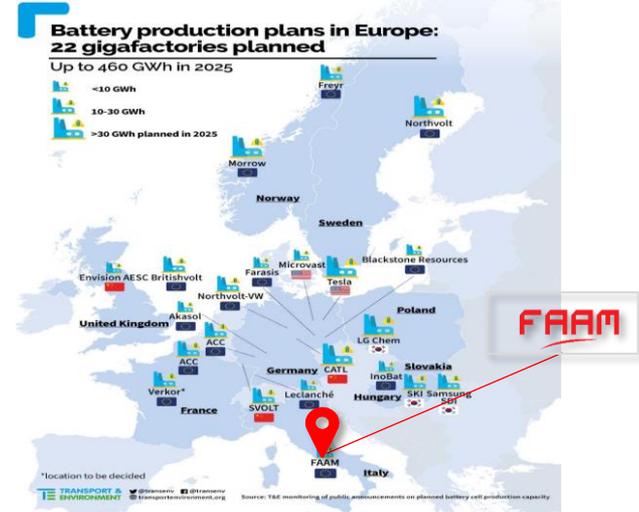
Any update following the outcome of the checks currently underway on activity related to process parameters will be communicated

Business update

Teverola 2

IMPORTANT PROJECTS OF COMMON EUROPEAN INTEREST

| | |
|---------------|--|
| December 2019 | Authorization Decision from the European Commission |
| ↓ | |
| April 2021 | Inter-ministerial Decree defining the general criteria for the operation of the IPCEI Fund |
| ↓ | |
| July 2021 | Activation Decree enabling the ICPEI Fund in support of the IPCEI Batteries 1 |
| ↓ | |
| October 2021 | Submission of the application for the grant |
| ↓ | |
| March 2022 | Concession decree in favour of FIB amounting € 417,046,521.84 (communicated to be increased) |
| ↓ | |
| August 2023 | Received the first disbursement of approximately EUR 84 million of the IPCEI subsidy (20% of the total amounts) |



A Mediterranean Gigafactory

Teverola will become the **first technological cluster** to produce lithium batteries in Italy and among the first in Europe, with an **estimated production of about 8/8,5 Gwh/year**

Building ready – no issue in the construction



Next steps

Disbursement of grants to be made within the first semester of each year

Activation of a specific revolving credit facility to be opened by a pool of banks – to advance the amounts of the grant

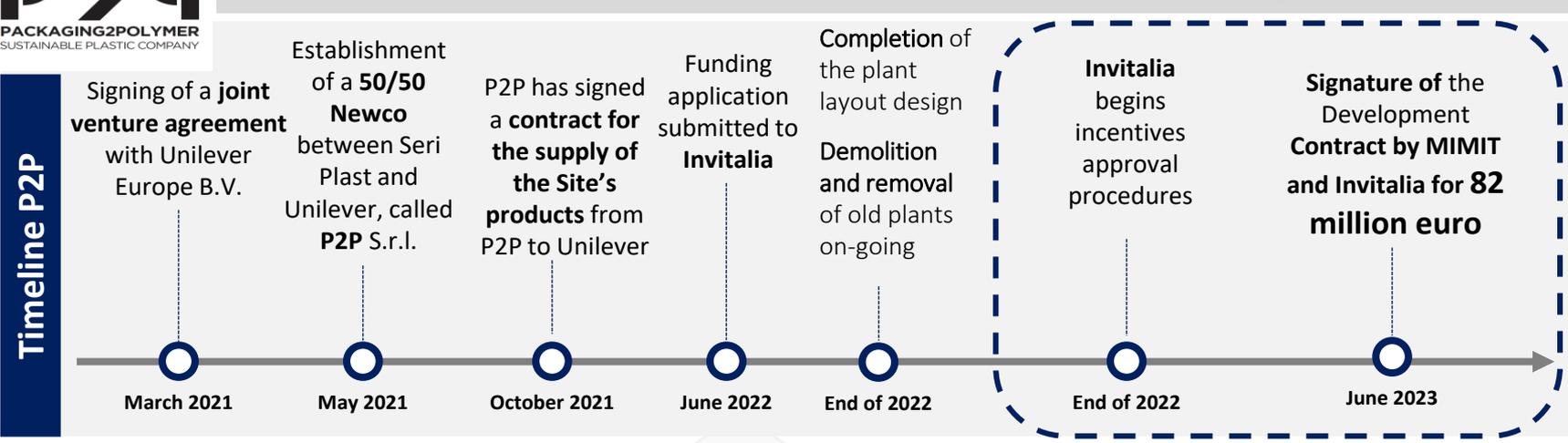
Signing of the contract with the suppliers of equipment & machinery – talks are currently underway

Business update

P2P



New update



Off-take Agreement

Term of the Agreement 5 years, renewable for a further 5 years, making a total of **10 years**

Unilever's commitment to purchase at least **65 k tons/year** of recycled plastic raw materials

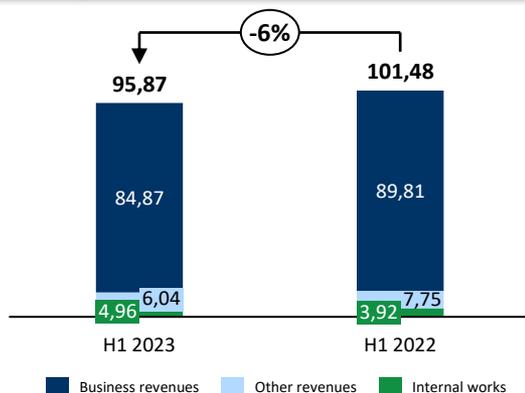
Unilever expected revenues **€ 110 mln/year****, € 1,1 billion in 10 years

About € 109 million expected CAPEX between production investment and R&D investment to be funded by subsidized loan of euro 52 million and non repayable grants for euro 30 million

* The time period may be extended by a further 6 months.
 **Based on actual prices of raw materials and on the pricing formula.

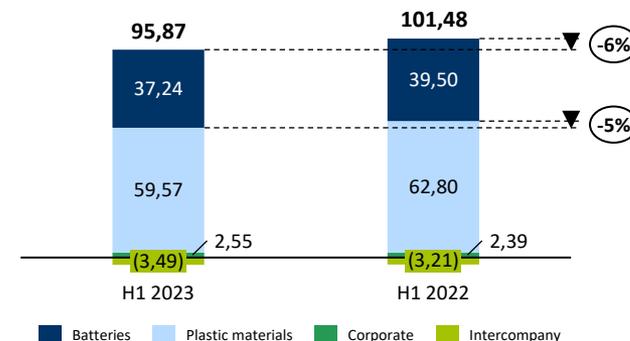
H1 2023 Key Financials

Reported Consolidated Revenues



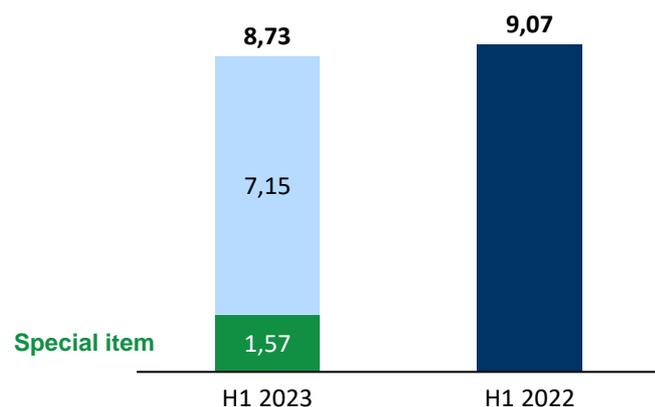
The Group has registered **Revenues** for € **95,87 Mln**, with a decrease of **(6%)** vs H1 2022 (€ **101,48 Mln**). **Revenues results negatively impacted** by the decrease in average sales price

Revenues Breakdown



Plastic Materials and Batteries Division have registered respectively **-5%** and **-6%** decrease in Revenues vs H1 2022

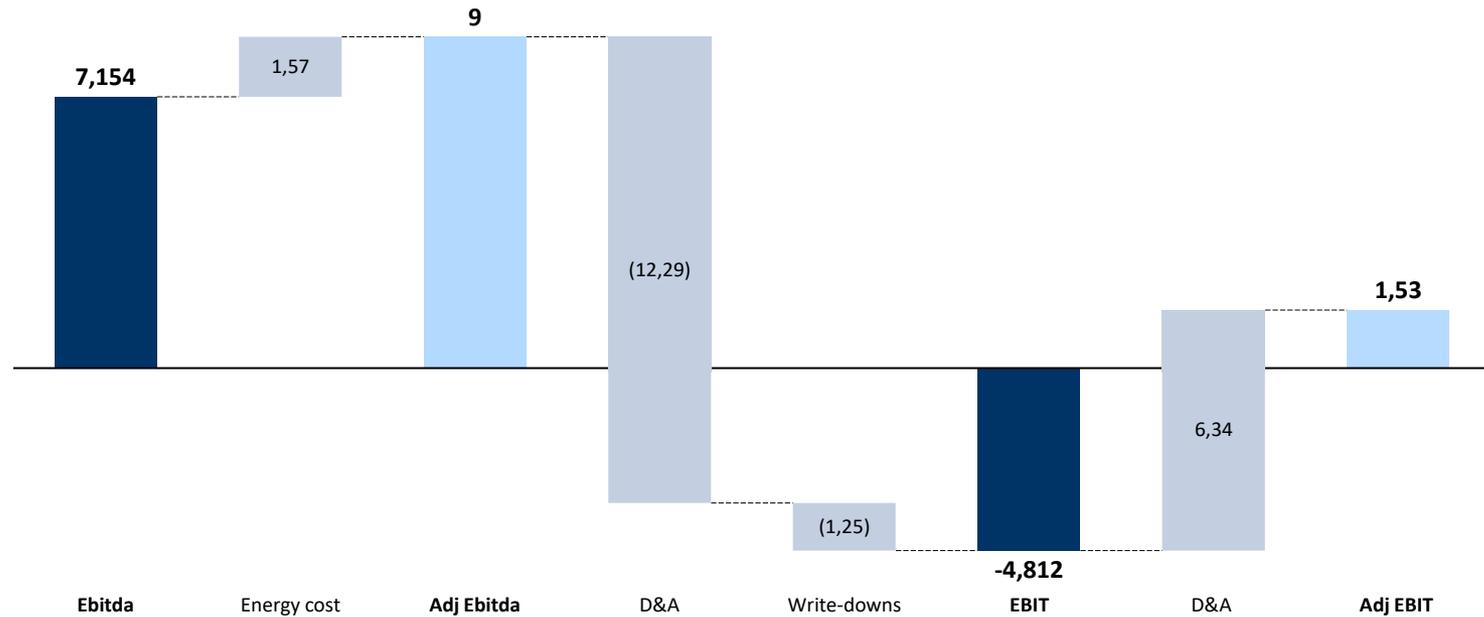
Adj Ebitda – Consolidated



- The result registered in H1 2023 equal to € **7,15 Mln**, is **strongly influenced by the greater impact on operating costs**, due to the increase in electricity costs that French subsidiaries have afforded, **estimated at € 1,574 Mln**. Excluding the impact of the electricity costs, **Adj. EBITDA would be €8,724**.
- Moreover, margins result negatively impacted by the lower sales profitability related to production of the previous reporting period, as a result of the decreasing trend of raw material quotations.
- Likewise, the **percentage margin** is equal to **7.2%** vs 8.7% of H1 2022. Excluding the impact of the electricity costs described above, the **percentage margin would be in line with the previous reporting period**

H1 2023 Key Financials – From EBITDA to Adj EBIT

€/Mln

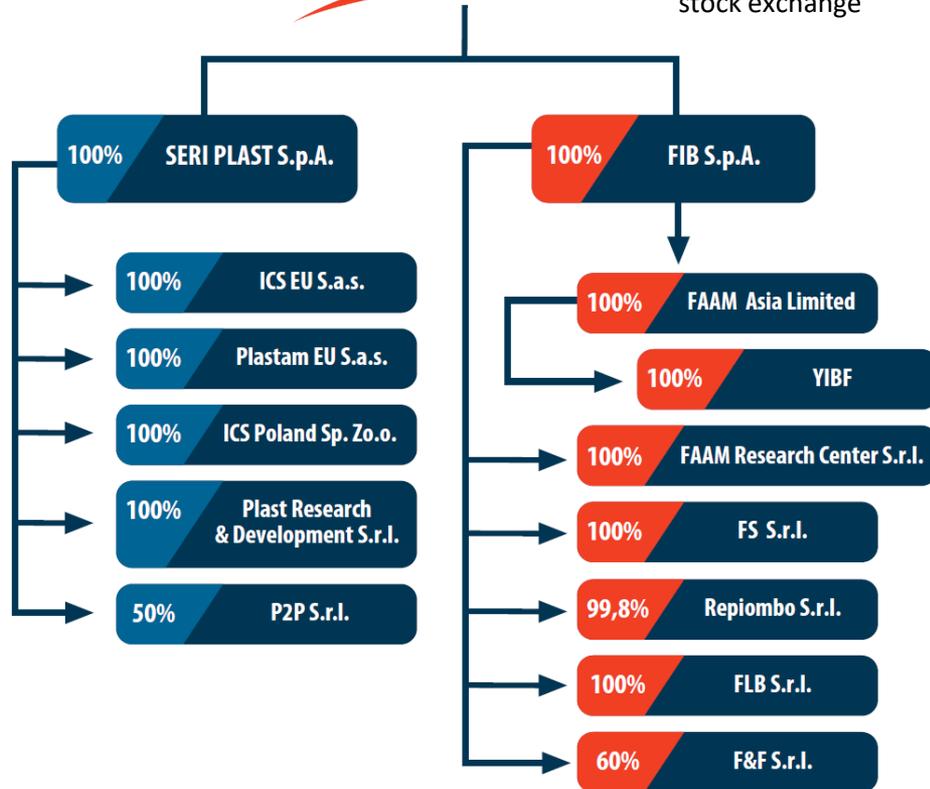
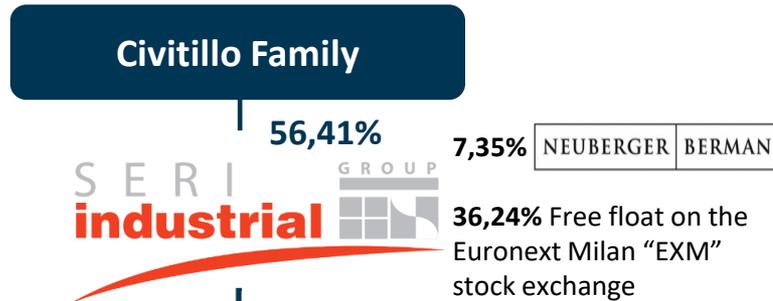


EBIT is equal to negative euro 4,812 thousand, after depreciation and amortization of euro 12,287 thousand, of which euro 6,342 thousand related to the investment made and on-going in Teverola 1 and 2.

Excluding the impact of the D&A, the business *as is* has registered an Adj. EBIT for € 1,53mn.

Appendix – Business units

Group Structure



| SBU | ACTIVITY |
|--------------------------|--|
| | Plastic Materials <ul style="list-style-type: none"> Production of special compounds for the moulding of boxes and lids for batteries Production of special compounds for the automotive and packaging Production of special compounds for the moulding and extrusion of pipes and fittings for the thermo-hydro sanitary market |
| | Batteries <ul style="list-style-type: none"> Production and recycling of lead-acid and li-ion batteries for motive power, storage, starter and special applications Design and construction of plants for the recycling of exhausted batteries |

Consolidated Profit & Loss

As follows the Group's Income Statement as of June 30, 2023, compared to the results registered in the same period of previous year:

| CONSOLIDATED P&L - Euro / 000 | 30-Jun-2023 | 30-June-2022 |
|--|----------------|----------------|
| Revenues from contract with customers | 84,870 | 89,811 |
| Other operating revenues | 6,041 | 7,751 |
| Internal works | 4,958 | 3,915 |
| Total revenues, income and internal works | 95,869 | 101,477 |
| Operating costs | 89,014 | 92,622 |
| Gross Operating Income - EBITDA | 6,855 | 8,855 |
| Depreciation and amortisation | 12,287 | 10,826 |
| Write-downs/write-backs | 1,253 | (39) |
| Net Operating Income (loss) – EBIT | (6,685) | (1,932) |
| Finance income (expense) | (3,017) | (2,401) |
| Profit (Loss) before tax | (9,702) | (4,333) |
| Income taxes | (2,660) | 861 |
| Profit (Loss) | (7,042) | (5,194) |

Consolidated Balance Sheet

As follows the Group's Balance Sheet as of June 30, 2023, compared to the balance sheet in the same period of previous year:

| CONSOLIDATED BS - Euro / 000 | 30-June-2023 | 30-June-2022 |
|-------------------------------|----------------|----------------|
| Current assets | 153,127 | 166,893 |
| Non-current assets | 209,803 | 201,993 |
| ASSETS | 362,930 | 368,886 |
| Current liabilities | 129,360 | 128,155 |
| Non-Current liabilities | 97,830 | 97,209 |
| Equity | 135,740 | 143,522 |
| LIABILITIES AND EQUITY | 362,930 | 368,886 |

Plastic Materials – P&L

As follows the economic trend as of June 30, 2023, compared with the same period in the previous year:

| P&L - Euro / 000 | 30/06/2023 | 30/06/2022 | Change | Change % |
|--|----------------|---------------|----------------|---------------|
| Revenues from contract with customers | 56,487 | 59,250 | (2,763) | (5%) |
| Other operating revenues | 1,967 | 2,328 | (361) | (16%) |
| Internal works | 1,113 | 1,222 | (109) | (9%) |
| Total revenues, income and internal works | 59,566 | 62,800 | (3,234) | (5%) |
| Operating costs | 55,708 | 58,417 | (2,709) | (5%) |
| Gross Operating Income - EBITDA | 3,858 | 4,382 | (524) | (12%) |
| Depreciation and amortisation | 4,066 | 3,746 | 320 | 9% |
| Write-downs/write-backs | 755 | (148) | 903 | (610%) |
| Net Operating Income (loss) – EBIT | (963) | 785 | (1,748) | (223%) |
| Finance income | 450 | 83 | 367 | 442% |
| Finance expense | 1,766 | 1,092 | 674 | 62% |
| Profit (Loss) before tax | (2,278) | (224) | (2,054) | 917% |
| Income taxes | 568 | 474 | 94 | 20% |
| Profit (Loss) | (2,846) | (698) | (2,148) | 308% |

Batteries – P&L

As follows the economic trend as of June 30, 2023, compared with the same period in the previous year:

| P&L - Euro / 000 | 30/06/2023 | 30/06/2022 | Change | Change % |
|--|----------------|----------------|----------------|--------------|
| Revenues from contract with customers | 29,302 | 31,444 | (2,142) | (7%) |
| Other operating revenues | 4,095 | 5,459 | (1,364) | (25%) |
| Internal works | 3,841 | 2,600 | 1,241 | 48% |
| Total revenues, income and internal works | 37,238 | 39,503 | (2,265) | (6%) |
| Operating costs | 33,824 | 34,648 | (824) | (2%) |
| Gross Operating Income - EBITDA | 3,415 | 4,855 | (1,440) | (30%) |
| Depreciation and amortisation | 8,112 | 6,987 | 1,125 | 16% |
| Write-downs/write-backs | 488 | 110 | 378 | 344% |
| Net Operating Income (loss) – EBIT | (5,185) | (2,241) | (2,944) | 131% |
| Finance income | 210 | 511 | (301) | (59%) |
| Finance expense | 2,092 | 1,659 | 433 | 26% |
| Profit (Loss) before tax | (7,067) | (3,390) | (3,677) | 108% |
| Income taxes | 256 | 372 | (116) | (31%) |
| Profit (Loss) | (7,323) | (3,761) | (3,562) | 95% |

Consolidated Net financial position

As follows the Group's Net Financial Position:

| NFP - Euro / 000 | 30/06/2023 | 30/06/2022 | Change | Change % |
|--|----------------|----------------|-----------------|--------------|
| Cash | 2,996 | 24,818 | (21,822) | (88%) |
| Cash equivalents | 1,121 | 1,133 | (12) | (1%) |
| Other current financial assets | 533 | 1,588 | (1,055) | (66%) |
| Total Liquidity C = (A + B + C) | 4,650 | 27,539 | (22,889) | (83%) |
| Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt) | 48,601 | 47,552 | 1,049 | 2% |
| Current portion of long-term financial debt | 15,698 | 16,006 | (308) | (2%) |
| Current financial Indebtedness G = (E + F) | 64,299 | 63,558 | 741 | 1% |
| Net Current Financial indebtedness H = (G - D) | 59,649 | 36,019 | 23,630 | 66% |
| Current financial debt (excluding current portion and debt instruments) | 29,988 | 34,400 | (4,412) | (13%) |
| Debt instruments | 4,000 | 4,000 | 0 | 100% |
| Non-current trade and other payables | 36,478 | 29,870 | 6,608 | 22% |
| Non-current financial indebtedness L = (I + J + K) | 70,466 | 68,270 | 2,196 | 3% |
| Total Financial indebtedness (H+L) | 130,115 | 104,289 | 25,826 | 25% |
| IFRS 16 adjustment | 32,631 | 25,271 | 7,360 | 29% |
| Adjusted total financial indebtedness | 97,484 | 79,018 | 18,466 | 23% |