

H1 Results Presentation

S E R I **industrial** GROUP



Agenda

Main financials H1 Overview	pag. 4
Main events H1 Overview	pag. 8
Company Overview	pag. 13
Appendix	pag. 26

Shareholders and highlights

Highlights



800
Employees

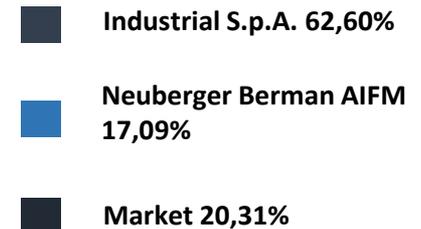
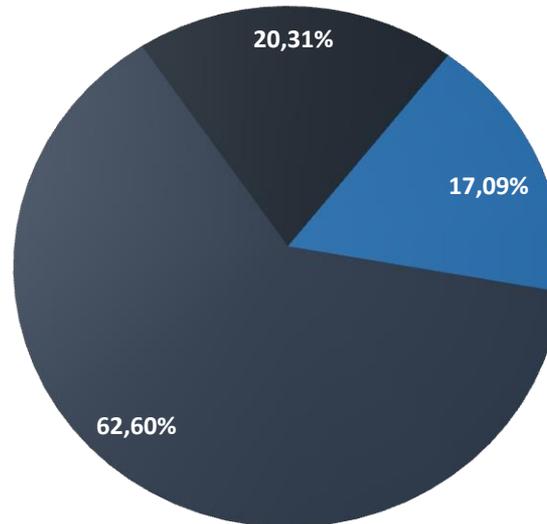


55 M€ Revenues during H1
2020



14 plants
3 R&D centers
9 operating sites

Shareholder Base



Seri Industrial is controlled by Industrial, owned by the Civitillo family (founders of SERI)

Main financials H1 Overview

Key Highlights

54,1 M€*
Turnover

- Revenues strongly impacted by Covid-19: -19 M€ compared to 2019 (entirely related to the Emergency)
- -36,2% in the Plastic Material business (SERI Plast) due to the shutdown of many customers during the Emergency
- -6% in Electric Accumulator business (FIB)

0,65 M€
EBITDA
adjusted**
Operating
Cash Flow
10,8 M€

- Positive result on EBITDA, still positive, even considering the decrease in Revenues
- The Group has kept same margins as in 2019 – the lower revenues determined the change in the EBITDA compared to 2019
- Strong operating Cash Flow generation – thanks to a careful treasury policy on net working capital

71,5 M€
NFP
Capex
9,5 M€

- Slight increase in the Net Financial Position (+2,5 M€ vs 2019) – thanks to treasury policies
- Capex mainly related to the completion of the Lithium Project (in addition to about 52 M€ Capex in 2019)

*Other Revenues for about 3,9 M€ are not included

** Special items details at page 26

H1 2020 Key Financials vs 2019

MAIN FINANCIALS - (€ mln)	H1 2020	H1 2019
Turnover	54,108	73,106
Total Revenues	57,985	78,972
Reported EBITDA	0,167	7,875
EBITDA Adjusted	0,643	7,875
Adjusted Net Consolidated Result	(5,895)	(504)
Free Operating cash flow	10,847	22,425
Adjusted Free operating cash flow	11,323	22,425
Capex	9,507	25,611

MAIN BS FIGURES	H1 2020	2019
Assets	282,802	293,306
Net Equity	112,142	120,15
Net Debt	71,543	69,022

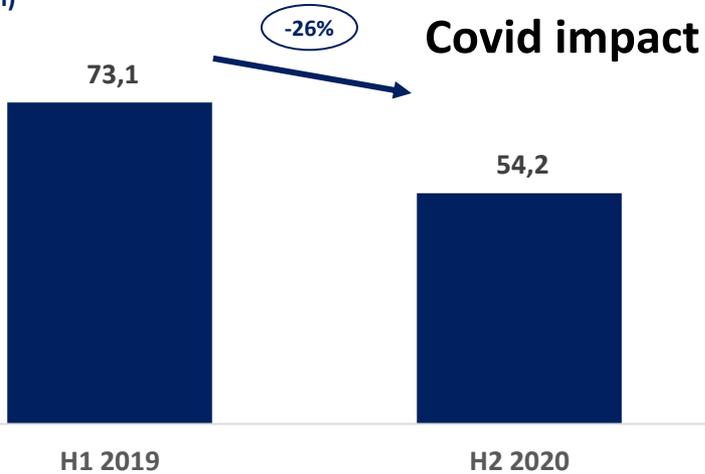


These results are strongly conditioned by the Covid-19 emergency which had a heavy impact on the economic result of the first half. The reduction compared to 2019 is exclusively related to the Covid-19 Emergency, after a two-month period (January-February), which was in line with Management forecasts

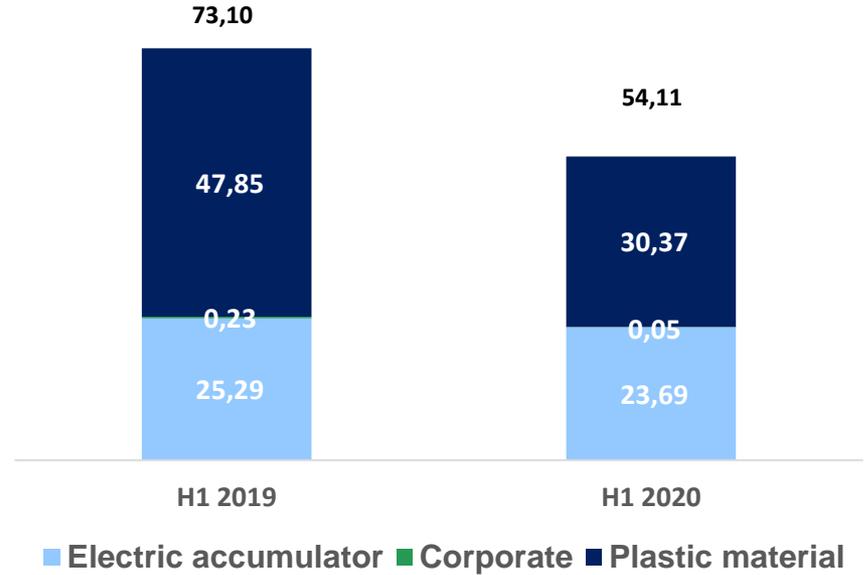
SALES

Sales H1 2019 – H2 2020

(€ mln)



Revenues breakdown H1 2019 – H1 2020



Ebitda H1 2020 equal to 0,642 M€

Ebitda H1 2019 equal to 7,875 M€

The reduction of Sales, totally related to Covid-19 Emergency, has determined the change in the EBITDA – considering a Contribution Margin% of 35%

Main Events H1 Overview

Teverola 1 Project

Teverola 1 Project

- The Group has **completed the Teverola 1 investment**– the first plant in Italy for the production of Li-ion cells and modules
- During the first two months of 2020 the Group has started all the activities related to the commissioning phase, involving the **three main suppliers** (anode and cathode production, cell assembling and formation) mainly **coming from EU and Extra EU countries** (e.g. USA and Japan)
- **The commissioning has been stopped due to all the restrictions related to the lockdown in Italy and in the travelling**
- SERI was expecting to start up the production and the sale of lithium batteries in the last 2020 quarter.
- Due to Covid-19 (without considering any other relevant restriction – still in place in Campania) – **SERI is now shifting the start up in the First Quarter of 2021.**



Teverola 2 Project - IPCEI

BACKGROUND

- In February 2019 SERI, through the subsidiary FIB (with the brand FAAM), has presented an innovative project for the realization of state of the art lithium cells and modules and the recycling of end-life lithium batteries
- In December 2019, the European Commission has approved an overall 3,2 Bn € project for 17 countries in Italy, Belgium, Finland, France, Germany, Poland and Sweden
- FAAM project has been evaluated and considered innovative and consistent with IPCEI objectives
- FAAM will receive 100% non repayable funds on a 505 M€ overall investment (both Capex and Opex) during the R&D&I and First Industrial Deployment
- At fully operations FAAM will produce 2,5 GWh/year of innovative li-ion cells and modules and the treatment of 50ton/day of end life batteries

DECRETO AGOSTO AND FUTURE DEVELOPMENTS

- The Decreto Legge of August 14th 2020 has been officially published in the Gazzetta Ufficiale and approved by the Cabinet
- Article 60, comma 6th, includes the allocation of further 950 M€ for the IPCEI Fund to support the project on Batteries
- At today, the drafting of the inter-ministerial decrees and the decree for the granting is on-going
- **SERI expects to start the investments in the first months of 2021.**
- SERI will be the First Mediterrean Gigafactory

New financings to support growth

- **33 M€ Loan to support the expected growth** in the AS IS business (Plastic and Lead Acid) and in the Lithium Project (Teverola 1)
- Loan part of “**Decreto Liquidità**” programme with competitive interest rates;
- **Additional options to other 14,5 M€ loans** – for a maximum of 47,5 M€
- 6 years loans with 2 years of pre-amortization period

SUPPORT

- 10 M€ from Cassa Depositi e Prestiti (already finalized);
- 20 M€ from Unicredit (in progress);
- 3 M€ from Deutsche Bank (in progress);
- Other potential loans (if needed) for 14,5 M€ with other relevant banks

USE OF PROCEEDS

- Increase of working capital related to Teverola 1 project and turnover increase in the AS IS business;
- Investments;
- Backup for any potential new Emergency related to Covid

Short term forecast and Business Plan

- The Group is registering **an increase of revenues in July/August compared to the same period in 2019** with a good backlog that represents the recovery of commercial and production activities
- If the increase of revenues is projects in the whole H2 2020 – **the Group could expect H2 2020 Revenues equal to H2 2019 Revenues**
- **Lithium Project and related revenues postponed to Q1 2021**
- **% Margins during H1 2020 not changed**
- **IPCEI project to be included – with an 8 times bigger capacity of lithium cells and modules compared to Teverola 1**



- Seri has approved the 2019-2021 (and then the projection to 2022) Business Plan on September 27th 2019. The Business Plan is not including any Covid-19 effect
- **SERI will update the Business Plan by the first months of 2021, also including any other potential Covid Outbreak.**

Company Overview

Mission



CIRCULAR ECONOMY

A new way of thinking the economy, with **sustainable processes and products** and supporting the transition of the paradigm to a **circular economy model**

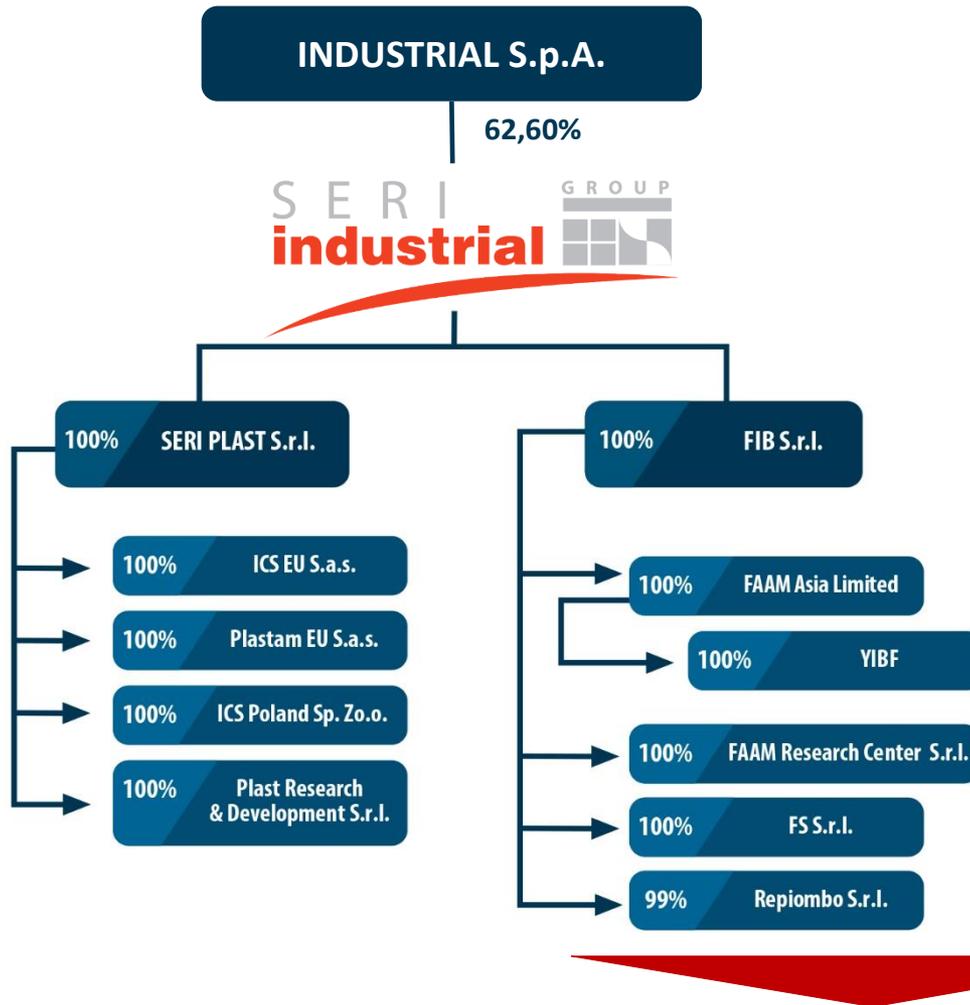
INTEGRATION ALONG THE VALUE CHAIN

Control of the entire value chain of plastic material and electric accumulator, from the raw material to the finished product

TAILOR MADE PRODUCTS

Tailor made products, customizing production processes along the supply chain
Strong R&D background and **partnership with clients and suppliers**
Supporting the global energetic transition to sustainability and decarbonization

Group Structure



SBU	ACTIVITY
	<p>Production and recycling of plastic material</p> <ul style="list-style-type: none"> Production of special compounds for the moulding of boxes and lids for electric accumulators Production of special compounds for the automotive Production of special compounds for the moulding and extrusion of pipes and fittings for the thermo-hydro sanitary market
	<p>Electric Accumulators</p> <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

SERI Industrial is a listed company on the MTA. The mission is to accelerate the energetic transition to sustainability and decarbonization, controlling the supply chain of electric accumulators and plastic material

Milestones

SERI establishment



Acquisition of **Plastam and ICS** – for the moulding of plastic components for batteries

IMI Fondi Chiusi SGR enters in the share capital of Seri

Exide Technologies French and Spanish plastic moulding activities acquisition

SERI Group acquires **Teverola complex from Whirlpool Corporation** to start up lithium cells production

Reverse merger with **Krenergy**, a company listed on the MTA

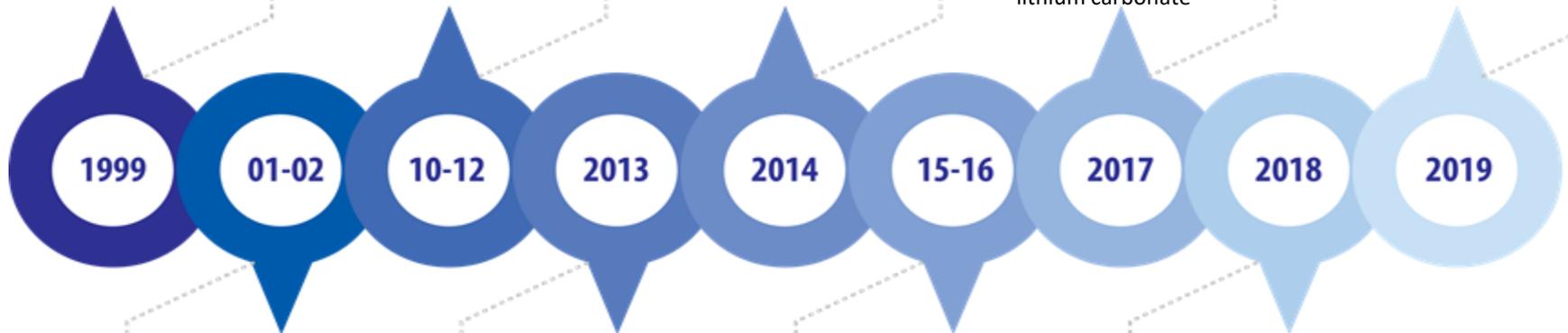
Joint Venture in **Argentina** for the supply of lithium carbonate

IPCEI Project for 505 M€ investment

Start up of activities in **Poland** (plastic business unit)

Start up phase of **Teverola** production plant for li-ion batteries

Acquisition of **COES Company** production of pipes and fittings



1999

01-02

10-12

2013

2014

15-16

2017

2018

2019

Start up of **SERI PLANT Division** – **turnkey plants for the recycling of exhausted batteries**

Start up of **PP compounds production from the recycling of exhausted batteries**

Acquisition of **FAAM** – a leading company in the production of **lead-acid and li-ion batteries** for industrial, storage and starter applications

Acquisition of **Lithops** by **FAAM**, an **R&D company** active in the development of innovative li-on cells

Upstream integration with the **acquisition of Repiombo**, a smelter active in the recycling of exhausted batteries

Rights Issue in July 2018 for **Seri Industrial** – to fund development projects

Invitalia Determina for 55M€ investment (Lithium Project)

ESTABLISHMENT

M&A

CONSOLIDATION AND GROWTH

Footprint



Plants



Moulding of plastic components



PP Compounds



Lead Acid Batteries



Smelter



Lithium batteries



INDUSTRIAL FOOTPRINT

PLASTIC MATERIAL

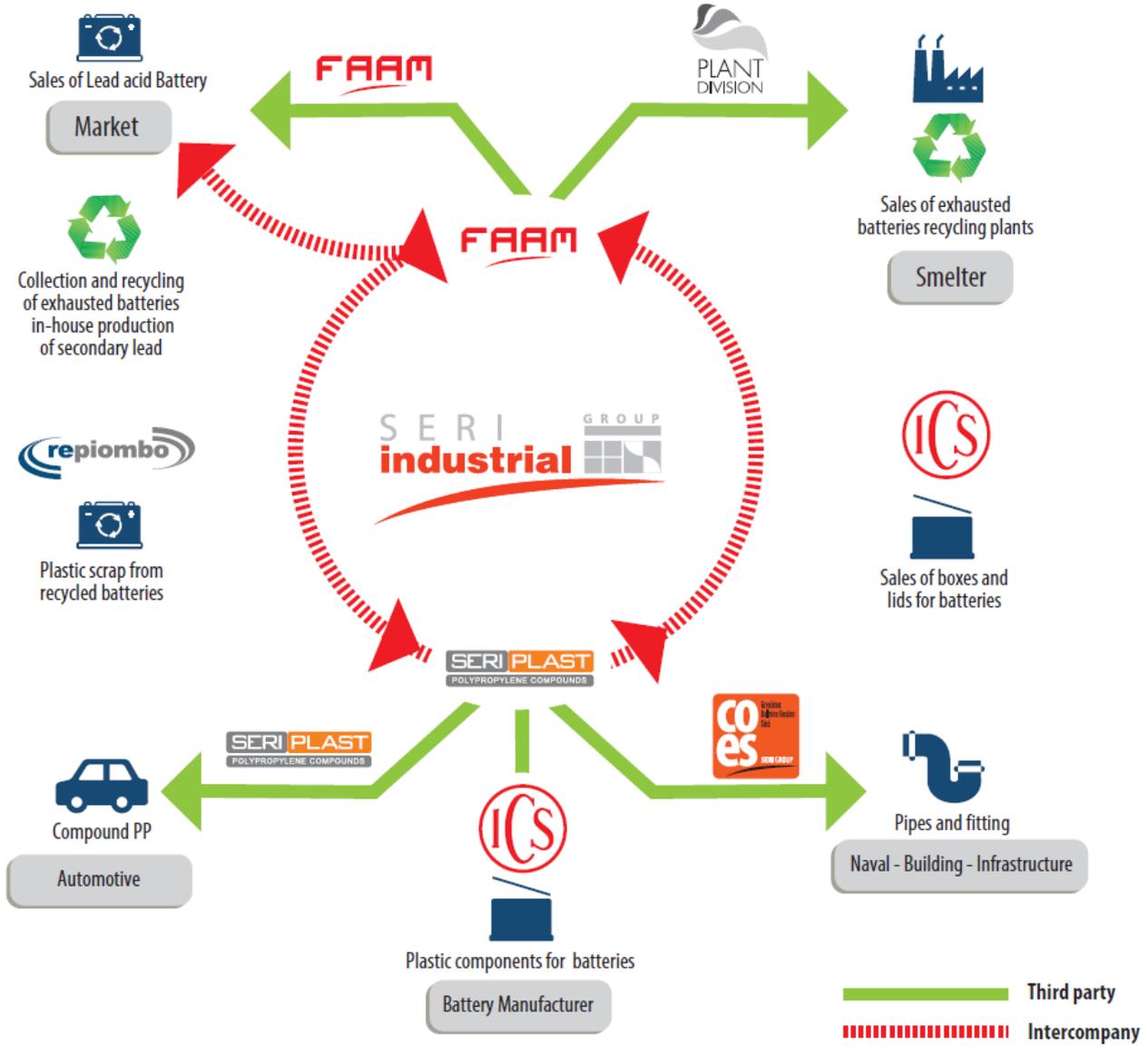
- Canonica d'Adda (BG)
- Pioltello (MI)
- Gubbio (PG)
- Alife (CE)
- Avellino (AV)
- Arras - FRANCE
- Peronne - FRANCE
- Warsaw - POLAND

ELECTRIC ACCUMULATORS

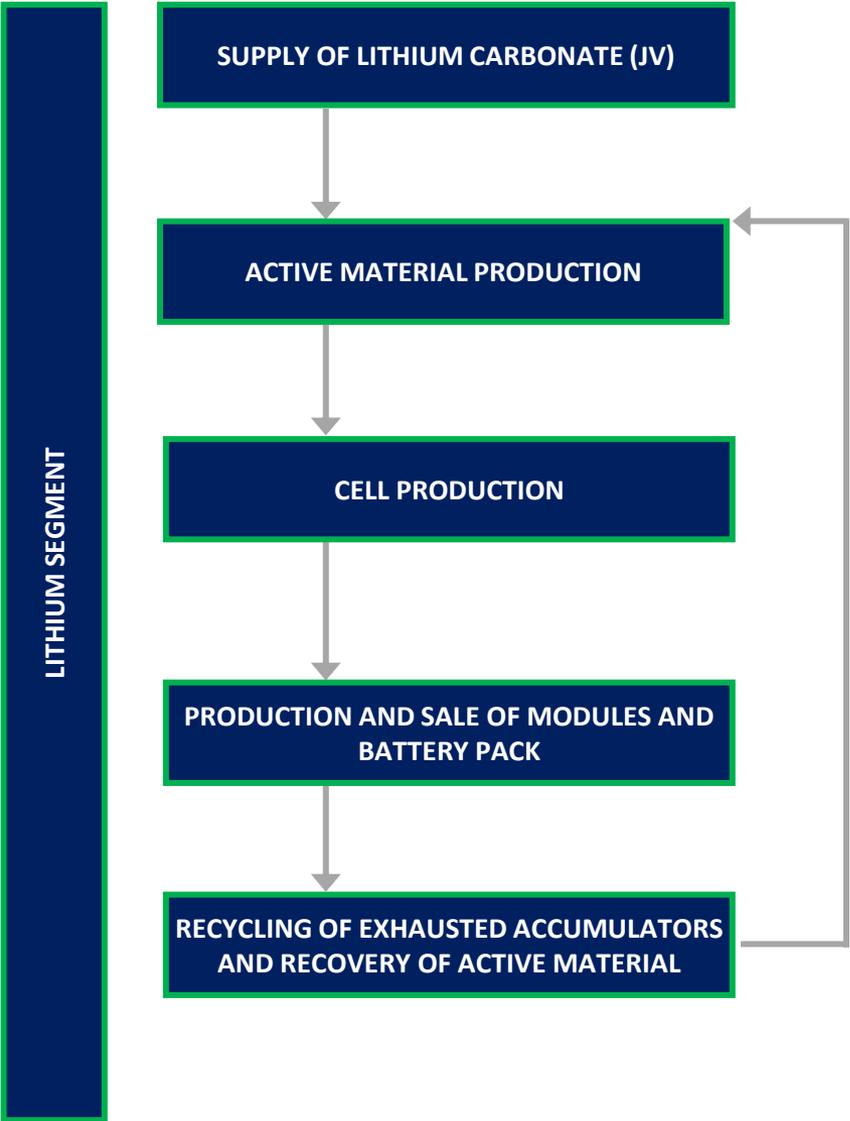
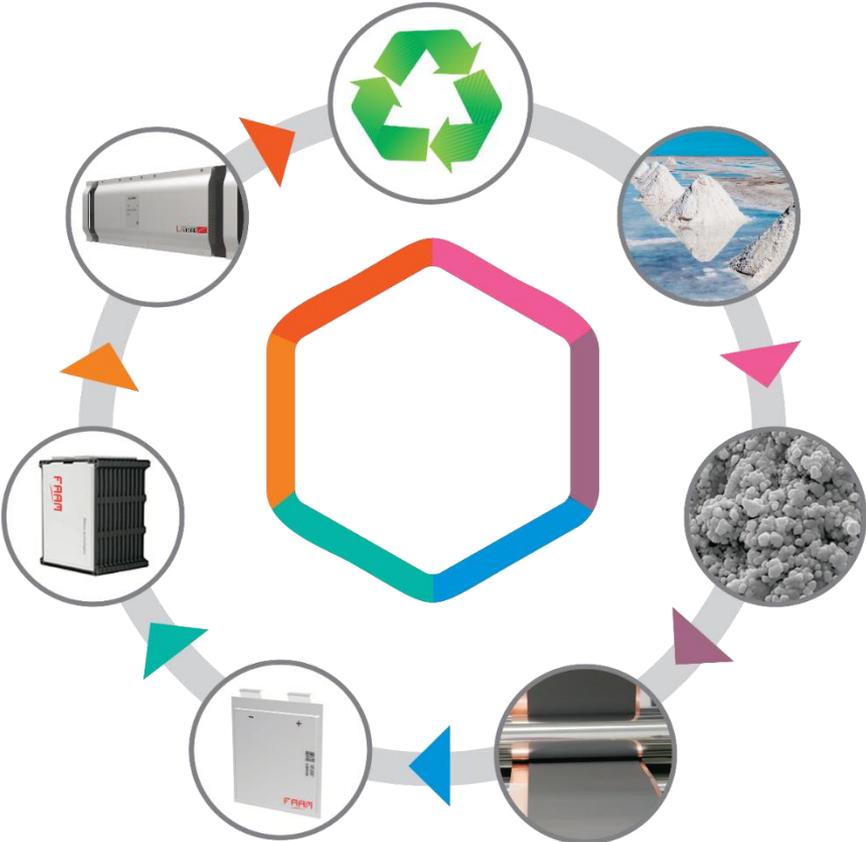
- Manfredonia (FG)
- Monterubbiano (FM)
- Teverola (CE)
- Avellino (AV)
- Yixing - CHINA
- Calitri (AV)
- Alife (CE)



Circular Economy



Circular Economy: Lithium



Teverola Plant – present and future

TEVEROLA 1

Capacity: First step 300 MWh

Technology: Gen 1 LFP soft pouch (gen 2 availability too)

55,4M€ Investment – 36,7 M€ subsidized/grant from Italian Gov

Applications: Motive Power, ESS, Public transport, Naval and Defense

Joint Venture in Argentina for the **supply of lithium carbonate**

Ability to adapt the chemistry used in the realization of the cell (e.g. Automotive)



280.000 sqm
of complex
area (80.000
indoor)

TEVEROLA 2

Project timesheet: 2020-2027

Capacity: 2,5/3 GWh at the end of the R&D&I project

Technology: Gen 3b and 4 (solid state)

505 M€ of public grant (IPCEI project)

50 ton/day of battery treatment in the **recycling pilot line**

Applications: mainly Automotive and storage

Partnership with European players along the supply chain



IPCEI (1/2)

IMPORTANT PROJECTS OF COMMON EUROPEAN INTEREST



RATIO

Europe wants to accelerate the decarbonization and energetic transition, supporting the creation of strategic supply chain to produce li-ion cells (currently produced outside Europe).

SUPPLY CHAIN

The plan include the participation of different players among the lithium battery supply chain, from the production of raw materials (mining and active material) to recycling, involving the cells development and collaborating with the final users (car-makers).

PLAN TIMING

The Group project is focused on the development of the green technology and “beyond the state of the art” for Automotive and Storage application, for the annual production of 2,5 GWh. Nevertheless, one pilot line for the recycling of the lithium ion battery with hydro-metallurgic technology.

The main goal is to accelerate the decarbonization, with an autonomous supply of lithium-ion cells in Europe

IPCEI (2/2)

IMPORTANT PROJECTS OF COMMON EUROPEAN INTEREST



FAAM project has been approved for the production of **beyond the state of the art li-ion cells** and **recycling of end-life li-ion batteries**

Appendix

Special Items

Special items- in €/000	H1 2020
EBITDA Reported	167
EBIT Reported	(5.856)
Net Income	(7.648)
Revenues	-
Operating Costs	476
<i>Operating Costs related to Covid-19 (sanitization, masks, etc.)</i>	100
<i>Start up costs for Teverola and FS</i>	276
<i>Write downs and extraordinary legals costs (Chinese subs)</i>	100
Effect on EBITDA	476
<i>Teverola lease cost - Amortization</i>	515
<i>Write downs</i>	356
Effect on EBIT	1.347
<i>Teverola lease cost and special charges</i>	405
Effect on EBT	1.752
Effect on Net Income	1.752
Ebitda adjusted	643
Ebit adjusted	(4.509)
Net Income adjusted	(5.895)

The significant decrease of Revenues due to Covid-19 Emergency is not included in the adjustment

Consolidated BS

(Euro/1000)	H1 2020	2019
Current Assets	114.033	129.660
Fixed Assets	165.895	163.646
Assets in disposal	2.873	0
ASSET	282.802	293.306
Current Liabilities	123.121	128.810
Fixed Liabilities	45.941	44.350
Liabilities in disposal	1.597	0
Group Net Equity	110.692	118.394
Third parties Net Equity	1.450	1.752
Consolidated Net Equity	112.142	120.146
LIABILITIES + NET EQUITY	282.802	293.306

Consolidated P&L

(Euro/000)	H1 2020	H1 2019
Revenues from customers (Turnover)	54.108	73.106
Other Operating Revenues	1.497	4.332
Increases in fixed assets constructed internally	2.380	1.533
Total	57.985	78.972
Operating Costs	57.817	71.097
EBITDA	167	7.875
Amortization	5.668	6.059
Write-down/Depreciation	356	446
EBIT	(5.856)	1.370
Financial Income	314	208
Financial Charges	1.818	1.809
EBT	(7.360)	(231)
Taxes	288	1.141
Net result discontinuing operations	(7.648)	(1.372)
Net Consolidated Result	(7.648)	(1.372)
Third Parties Result	(237)	372
Group Net Result	(7.411)	(1.744)