

Letter to Shareholders

S E R I G R O U P
industrial 

FAAM  **SERI PLAST**



Letter to Shareholders

Dear Shareholders,

We are experiencing a new phase of geopolitical chaos and, consequently, of the global economy—yet another in a series of events—pandemic, market shocks following the war in Ukraine, and now tariffs—that tell a story of success for those operating in finance, energy, and trading, sectors that benefit from (and often control) chaos. But it is a completely different story for those engaged in manufacturing: a story with a non-linear plot, non-sequential events, and a sense of suspense and uncertainty, verging on mystery, where only those who overcome difficulties with resourcefulness, ingenuity, creativity, and the ability to adapt to ever-changing scenarios can endure.

These difficulties become even more acute for those attempting to produce new products or introduce new production methods—challenges that can only be met with resilience, tenacity, and unwavering perseverance.

This chaos has particularly impacted European countries, which suffer from a significant delay in certain strategic technology sectors, especially sustainable mobility, green energy, and artificial intelligence. Europe has lacked a common and shared vision, as well as an industrial policy aligned with an innovation agenda that we have instead undergone passively—leaving others the burden and privilege of planning events and transformations we have ignored or denied, at times unconsciously, but often arrogantly and culpably, with the presumption of those who once held, or thought they held, a dominant position but now no longer do.

Germany and its automotive companies come to mind, France and its dramatic energy transition, and the entire continent, which has delayed investments in the development and application of artificial intelligence.

Italy, among European nations, has not suffered the same devastating consequences of this geopolitical chaos and has recorded economic performances above the EU average. However, while current economic policies deserve recognition, this is also due to the limited impact of these epochal transitions on sectors where Italy does not have a significant position or has already experienced major crises. In the medium to long term, in the absence of a decisive reaction, this poses a serious threat to our economy.

We must launch, at both national and European level, a process to achieve independence from the United States and China. Within the triangle of the EU, China, and the U.S., we always find ourselves on the losing side—trapped at the vertex of an inverted triangle, squeezed into an unstable and weak position. Before the triangle collapses on us, we must try to reverse it.

We must distance ourselves from the United States while preserving a strategic alliance. Europe, undoubtedly, has prospered under American protection, benefiting from a stable international order and relatively free global trade. These certainties allowed us to neglect both defense and economic competitiveness. Today's geopolitical dynamics demand a new strategy. In terms of defense, while rejecting the idea of uncontrolled and uncoordinated military spending, we must acknowledge that the U.S. is progressively shifting its strategic focus to the Pacific, thereby marginalizing Europe and reducing its influence in global affairs. This necessitates political and military independence at the European level. But such independence cannot be achieved without a strong economic foundation—on a continent where over 50% of GDP depends on global trade, and which has a critical dependency in energy, semiconductors, AI, and now increasingly—and no one saw this coming—in mobility.

With China, we must act quickly and decisively to protect ourselves, without hesitation or compromise. One must not only focus on the theoretical downsides of protectionist policies, which always exist, but also weigh these against the positive effects. Free markets have already been significantly distorted by Chinese companies, which benefit from state subsidies and lower environmental compliance costs, making it impossible for European companies to compete. We have endured unfair, irrational, and blatantly evident dumping practices.

To this we must add a massive technological gap in strategic sectors, which must be closed through

significant public and private investment in order to achieve a truly autonomous transition in energy, digital infrastructure, and mobility.

We must not waver as we did with the transition to electric mobility. Decisive action is needed to rebalance conditions and promote fairer competition.

This includes applying countervailing duties on Chinese companies receiving government subsidies that distort free markets—especially in a continent with strict (and at times self-defeating) state aid regulations. We must also apply duties on raw materials via the CBAM (Carbon Border Adjustment Mechanism), targeting all imports from China and avoiding weak and ineffective approaches. The CBAM was created to prevent “ecological dumping” and ensure a level playing field between domestic and foreign producers—offsetting our high carbon costs with those of Chinese companies, which continue to produce without adhering to any environmental agreements and are responsible for nearly 30% of global greenhouse gas emissions, surpassing the combined emissions of the United States, the European Union, India, and Russia.

It is, finally, paradoxical that Europe supports the energy transition with public funds, only for these to be funneled to Chinese companies supplying the necessary products: from photovoltaic panels (over 80% of global manufacturing) to batteries (over 80% of components), and even in wind turbine components (44%) and now electric mobility.

We are effectively allocating funds to reduce emissions that end up increasing them—supporting those who continue to emit more, even to meet our own demand for products. The emissions reduced may well be outweighed by the emissions generated. A staggering paradox.

In this context, our company has always had a clear strategy. We did not attempt to imitate or chase Chinese companies engaging in dumping practices. Instead, we focused on our own offering, on quality, on full environmental compatibility (making bold choices that, at the time, many deemed outdated, but are now very relevant), on customer service, and on product innovation.

This is a long-term strategy which, as is now evident, is beginning to yield results.

We are closing the year with results in line with forecasts and clearly improved compared to last year.

It was a very intense year: Teverola 1 successfully launched production, overcoming previous technological hurdles. We initiated the investment program for Teverola 2 and signed the revolving credit facility with our banking pool, allowing us to meet the timeline for the Gigafactory's launch. We negotiated the grant agreement with Invitalia S.p.A. in support of P2P S.r.l., which also finalized additional commercial agreements with Unilever. We acquired Industria Italiana Autobus S.p.A., now Menarini S.p.A., through a complex operation and a detailed turnaround plan, which we hope to complete by year-end. We are currently negotiating the investment program for the Gigafactory in Brindisi, located at the Eni S.p.A. site, with whom we are finalizing agreements for the creation of two SPVs. This would position us as a global player—thanks also to the stature of our partner—in the production of storage and industrial traction batteries.

Significant challenges lie ahead. We are actively involved in the most important national and European projects in environmental, energy, and mobility transitions.

Amidst this global geopolitical chaos, we will find our way toward a new, more stable and lasting equilibrium. We will remain resilient and stay the course, confident that we are on the right path.

Chief Executive Officer Eng. Vittorio Civitillo