ANNUAL FINANCIAL REPORT AT 31 DECEMBER, 2022

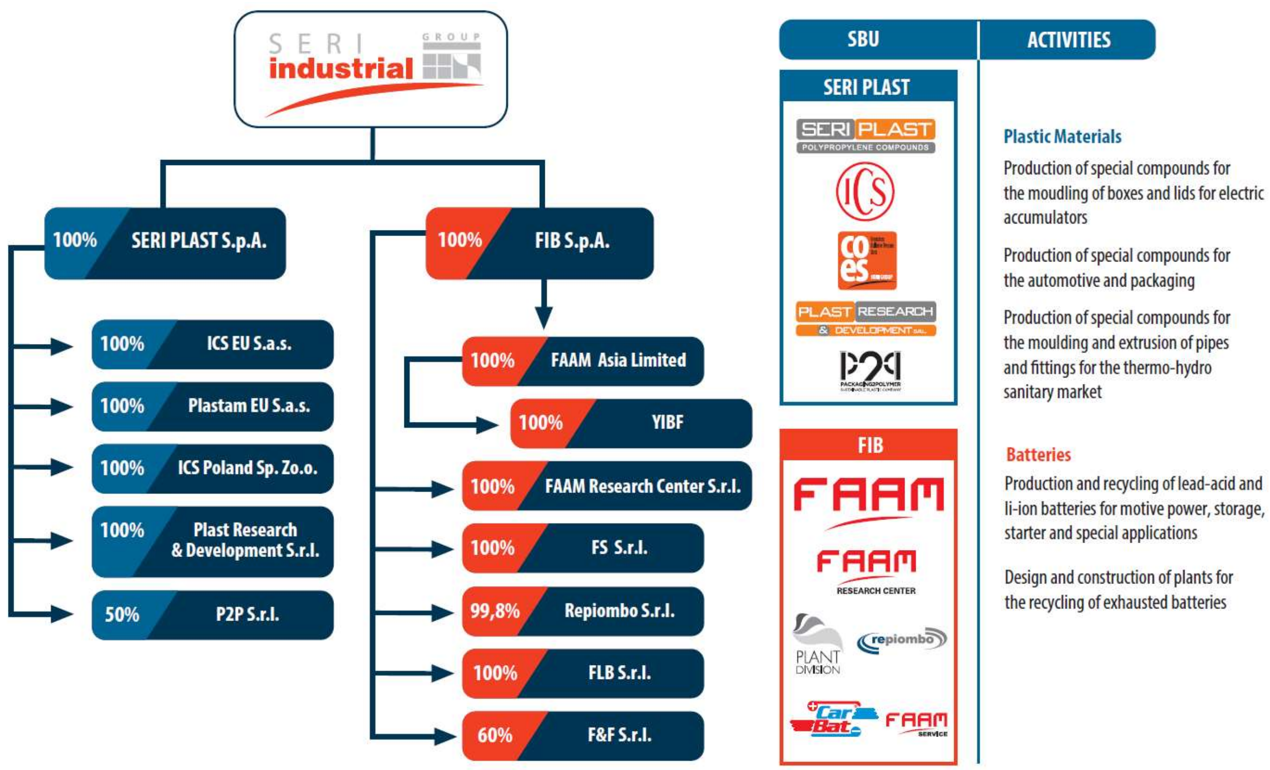
Contents

Seri Industrial Group

Profile

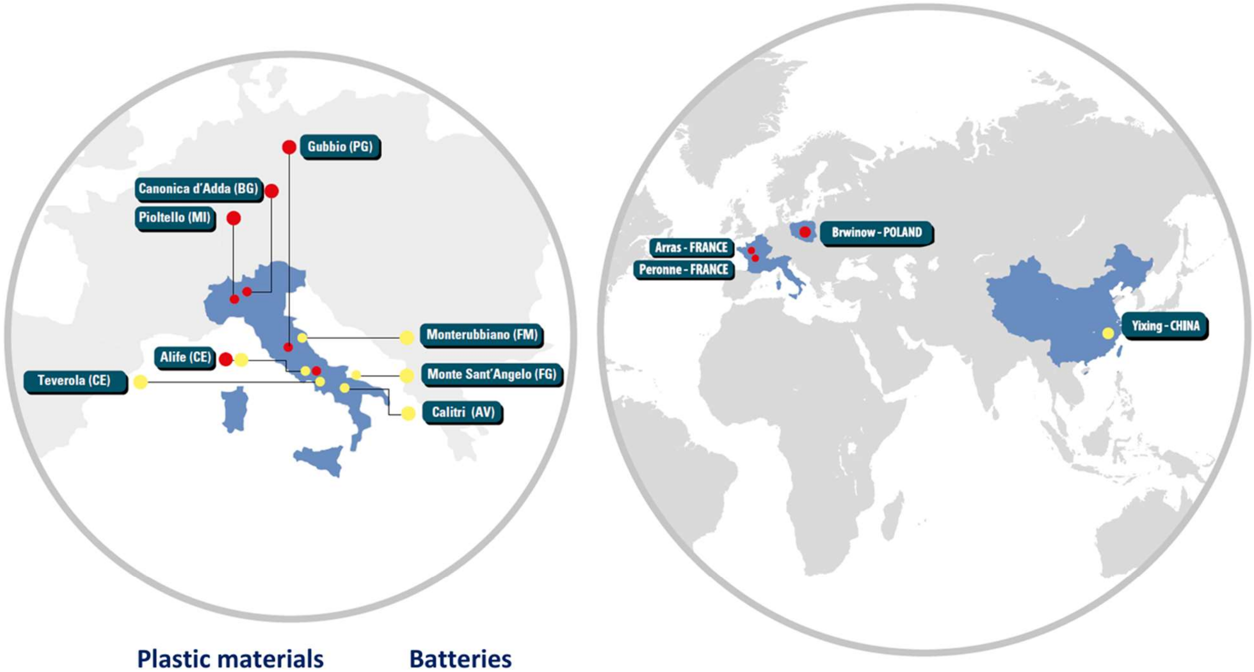
Seri Industrial SpA (**"Seri Industrial"** or the **"Company"** and, together with its subsidiaries, the "**Group**") is a company listed on Milan's Euronext ("EXM") regulated stock exchange managed by Borsa Italiana SpA.
The Company operates as a controlling holding of two industrial companies, operating in two business lines (or "**Sectors**"): [1]

- **Seri Plast SpA** (**"Seri Plast"**) is active in the recycling and production of plastic materials for the (i) battery market (production of special compounds and molding of battery boxes and lids), (ii) automotive (production of special compounds) and (iii) hydro-thermal sanitary, civil and shipbuilding (production of special compounds, extrusion and molding of pipes, fittings and special parts);
  "Plastic Materials" business line
- **FIB SpA** ("**Fib"** or **"FIB"** or **"Faam"**) is active, under the Faam brand name, in the production and recycling of lead-acid and lithium batteries for industrial traction, storage, and start-up applications and in the plant construction for the recovery of end-of-life batteries.
  "Batteries" business line



The Group operates in 22 production/directional units worldwide and in 16 sites, with about 800 employees and collaborators. The parent company, which carries out management and coordination for its subsidiaries, is based in San Potito Sannitico (CE).

[1] The subsidiary Tolo Energia Srl in liquidation is excluded.



Plastic materials

- Canonica d'Adda (BG)
- Pioltello (MI)
- Gubbio (PG)
- Alife (CE)
- Arras (France)
- Peronne (France)
- Brwinow (Poland)

Batteries

- Monte Sant'Angelo (FG)
- Monterubbiano (FM)
- Teverola 1 (CE)
- Yixing (China)
- Calitri (AV)
- Alife (CE)

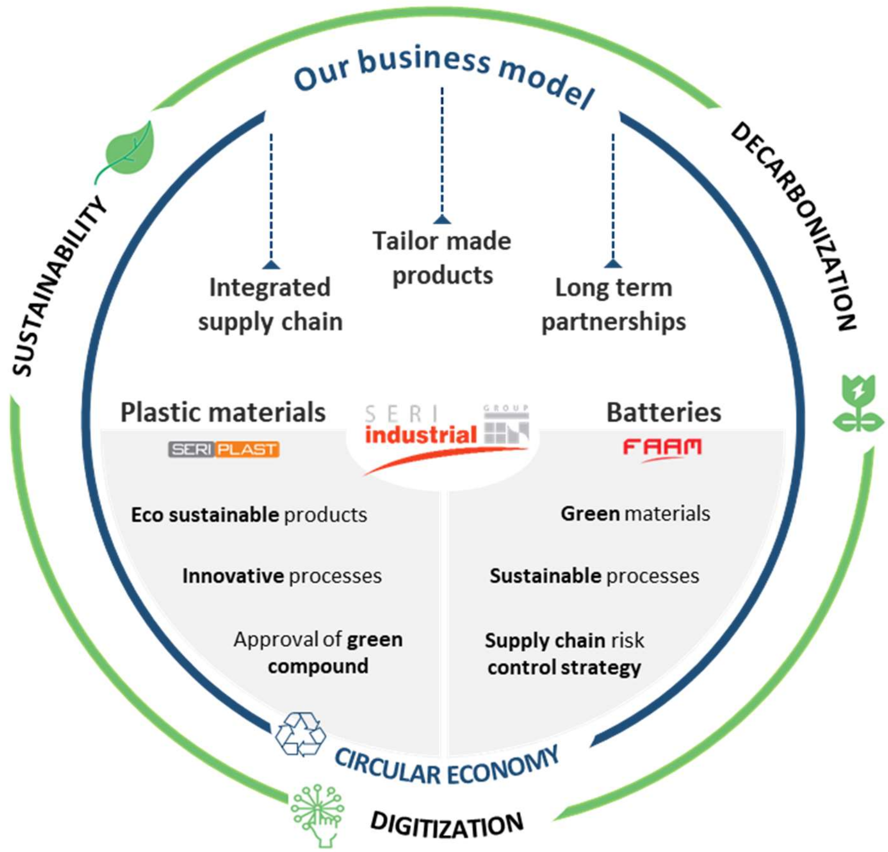
FAAM CUSTOMER SERVICE

RESEARCH AND DEVELOPMENT CENTRE

Mission and business model

Our Mission is to accelerate the energy and ecological transition

A new way of thinking the economy, **with virtuous, innovative and low-impact products and production processes**, supporting the **transition** of the economy **from a linear to a circular model.**



Following in the wake of the Paris COP 21 climate conference and the recent COP 26, the Seri Industrial Group envisages sustainable development for its future, firmly rooted in the idea that it must actively participate in the energy and ecological revolution that is just around the corner, and fully aware of the need to be ready for the challenges that the energy sector is preparing to face.

Proud of our Italian origins and our roots in our territory, we promote collaborations with other companies that share our mission, to create long-term value, sharing the knowledge acquired to seize market opportunities, in this historical phase of ecological and energy transition. We are ready to accept challenges and compete in the international environment, without fear and with courage, in the awareness of the strength of our skills.

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

Sustainability

To be achieved through (i) a model of **full vertical integration of the supply chain**, (ii) the development of products for special applications capable of **innovating current technologies** in niche markets and **new technologies for waste recovery** as well as the integration of the Group's R&D centres.

Digitisation

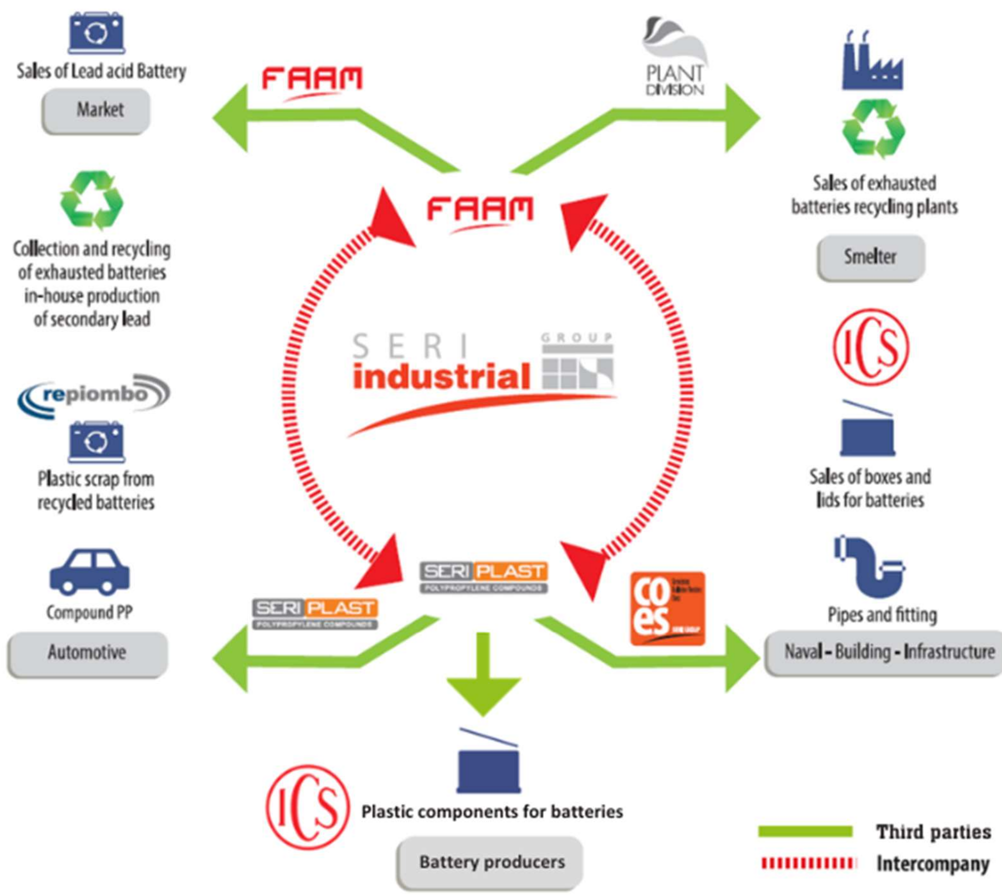
To be implemented through the development of **innovative technologies** applied to storage systems to ensure the ongoing **"energy transition"**, with the introduction of 'blockchain' technology in energy exchanges and research into hardware and software solutions for products dedicated to Digital Energy.

Decarbonisation

To be supported by **innovating production technologies** and offering **low-emission products** to the market.

The Group is fully committed to developing an integrated sustainable business model in plastics and energy storage, based on the principles of circular economy and innovation, to reduce the impacts of the entire production process on the environment and support the energy transition to a decarbonized economy.

Current business model



Highlights

€ 204,120 thousand

REVENUES, INCOME AND INTERNAL WORKS

€ 177,120 thousand
at 31 december 2021

€ 17,281 thousand

ADJUSTED GROOS OPERATING INCOME

€ 20,502 thousand
at 31 december 2021

€ 247,811 thousand

NET INVESTED CAPITAL

€ 218,951 thousand
al 31 dicembre 2021

€ 79,050 thousand

ADJUSTED NET FINANCIAL POSITION

€ 75,047 thousand
al 31 december 2021

Economic and financial results

Euro / 000	31/12/2022	31/12/2021	Change	Change %
Revenues, income and internal works	204,120	177,120	27,000	15%
Gross Operating Income - EBITDA	17,732	20,114	(2,382)	(12%)
Adjusted Gross Operating Income - Adjusted EBITDA	17,281	20,502	(3,221)	(16%)
Depreciation and amortisation	*21,661*	*20,184*	*1,477*	*7%*
Write-downs/write-backs	*160*	*811*	*(651)*	*(80%)*
Net Operating Income (Loss) - EBIT	(4,089)	(881)	(3,208)	364%
Adjusted Net Operating Income (Loss) - Adjusted EBIT	(4,540)	38	(4,578)	(12,047%)
Profit (Loss)	(4,442)	(1,494)	(2,948)	197%
Adjusted Profit (Loss)	(3,371)	462	(3,833)	(829%)
Adjusted investment activities	17,839	15,814	2,025	13%

Balance sheet data

Euro / 000	31/12/2022	31/12/2021	Change	Change %
Net invested capital	247,811	218,951	28,860	13%
Equity	143,522	120,934	22,588	19%
Net Financial Position	104,289	98,018	6,271	6%
Adjusted Net Financial Position	79,018	75,047	3,971	5%

Staff

Number of employees	31/12/2022	31/12/2021	Change	Change %
FIB Division - Batteries	355	351	4	1%
Seri Plast Division - Plastic materials	302	309	(7)	(2%)
Corporate and other activities	55	50	5	10%
Group	712	710	2	0%

Innovation, health, safety and environment

Innovation, health, safety and environment	31/12/2022	31/12/2021	Change	Change %
Waste recovery in tonnes	16,046	14,772	1,274	9%
Waste recovery (%)	80%	89%	0	0%
Total recorded accidents	11	21	(10)	(48%)
Direct GHG emissions (Scope 1)	3,464	3,961	(497)	(13%)
Electrical energy (GigaJoule)	202,868	221,874	(19,006)	(9%)

EU Taxonomy Indicators

Indicatori Tassonomia UE	31/12/2022	Eligible and aligned activities	Eligible and non-aligned activities	Non-eligible activities
Turnover "Revenue from customers"	175,452	73%	0%	27%
Capital expenditures - Capex	17,839	74%	0%	26%
Operating expenses - Opex	1,921	48%	0%	52%

During 2022, there is a 15% growth in Revenues, income, and internal works compared to 2021, due to both increased sales volumes in certain business segments and higher average prices.

As a result of the sudden and severe shock inflicted on commodity markets by the war in Ukraine, with significant and unexpected increases in, among others, energy costs, there was a decrease in Adjusted EBITDA of 16%.

Regarding raw materials (plastics and lead), contracts are indexed to their cost and prices are adjusted with an average time lag of about 60 days. This mechanism has made it possible to contain the effects on margins in the Batteries sector, while in the Plastic Materials sector there is a reduction in margins, albeit limited, for products in the pipes and fittings segment. During the last quarter of 2022 and the first months of 2023, a significant increase in marginality is appreciated for these products, even compared to FY 2021.

The energy market shock, on the other hand, caught operators in the reference market unprepared, and the adjustment of prices required lengthy negotiations with the Group's customers, in a competitive environment that was, moreover, unfavorable given the higher increase in the cost of energy in Italy compared to other countries. Only during the year and for the main customers was it possible to define commercial agreements based, also in the future, on the application of an *energy surcharge*, indexed to the single national price of electricity.

On revenues from customers and other operating income (net of registered contributions), the incidence of the cost of electricity purchase changed from 5.0% in 2021 to 7.0% in 2022 (+2.0%), for a total amount of about euros 3.6 million.

At the consolidated level, the Group recorded an Adjusted Loss of euros 3,371 thousand after incurring depreciation and amortization of euros 21,661 thousand, of which euros 11,254 thousand related to the investment made and in progress for the Teverola 1 and 2 projects.

Adjusted net financial debt amounted to euros 79,018 thousand, a slight increase over 2021 (+ euros 3,971 thousand) with cash and cash equivalents as of December 31, 2022 amounting to euros 24,817 thousand, which increased by euros 5,317 thousand over 2021. This result is mainly affected, on the one hand, by the exercise of the 2017-2022 Warrants and, on the other hand, by the increase of euros 12,146 thousand in inventories, amounting to euros 75,753 thousand as of December 31, 2022.

Current projects

During the last two months of 2022, the Group completed the startup of the Teverola 1 plant to produce lithium cells and batteries, which was delayed compared to the initial forecasts due to the upgrades and improvements of the production processes required for product innovation (battery with LFP active material in water-based solution, totally recyclable and with productions without the use of solvents and pollutant emissions). The plant is currently in production with a monthly capacity of about 30 percent, progressively increasing, of the theoretical production capacity (about 28 MWh/month) and is expected to gradually increase, up to the maximum installed capacity, by the third quarter of the current fiscal year.

As market demand remains significant, management will update the 2023-2026 business plan over the next few months, which will take into account both the reduction in production expected in 2023 and the higher average selling prices of lithium batteries, which at present are 37.5 percent higher than the prices in the current business plan (2022-2026).

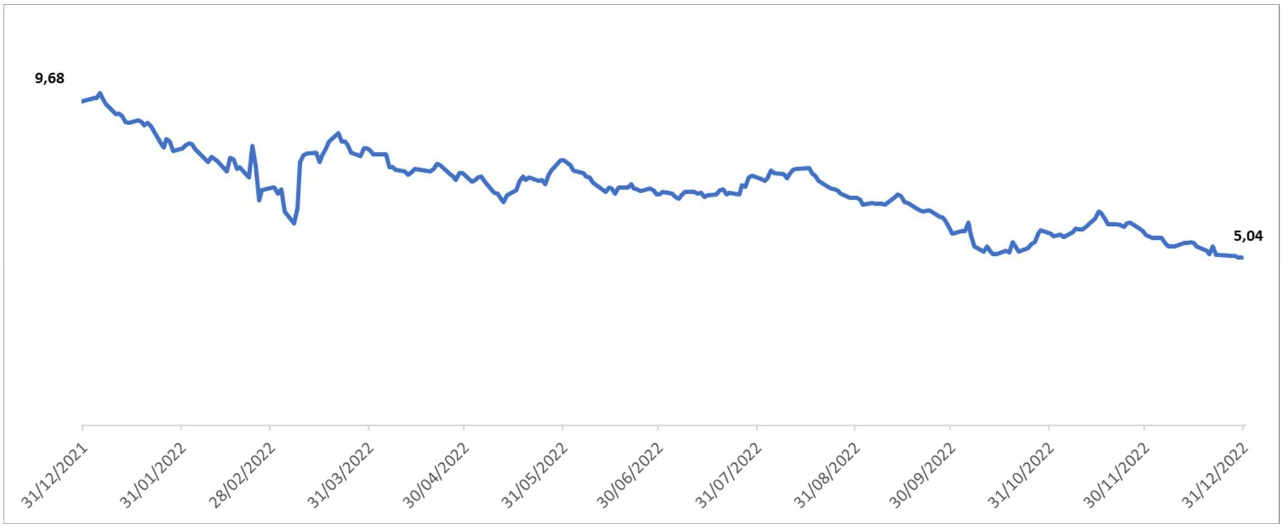
With reference to the Teverola 2 gigafactory project, the first investments have been started and the activities related to the basic choices of the new plant, the identification of suppliers and technological partners, as well as related supply agreements are at an advanced stage. Total expenses incurred until December 31, 2022 amount to euros 3.8 million. The Ministry of Economic Development has, in the meantime, communicated a further integration of the contribution granted for investment in research and development up to 100% of the total expenditure envisaged in the investment program approved by the European Commission. Finally, agreements for the supply of the plant are being finalized.

With reference to the project with Unilever (P2P), Invitalia has formally started the preliminary assessment for the granting of the grants and the subsidized loan, and the plant designs have been completed, as well as the demolition and dismantling activities of the brownfield site by Unilever are being completed.

Seri Industrial stock performance

The current macroeconomic environment, characterized by a combination of effects related to the pandemic, inflation, rising interest rates, and generally geopolitical risks related to Russia's military aggression against Ukraine, continues to weigh on the outlook for financial markets.
The performance of Seri Industrial's share price appears to be in line with the general market trend, with the share price fluctuating between euros 5.01 and euros 5.65 per share during the period, settling at euros 5.04 per share at the end of the December 30, 2022 trading session (-48% compared to the December 31, 2021 share price of euros 9.68).
Market capitalization as of December 31, 2022 is approximately euros 249 million (equal to euros 467 million as of December 31, 2021) against consolidated shareholders' equity as of the same date of euros 144 million.

Seri stock price from December 31, 2021 to December 31, 2022



The Italian stock market (prices as of 12/30/22) is down 3.4 percent in December, bringing the year 2022 performance down 14.1 percent. The FTSE MIB index is also down 11.5 percent in 2022. Seri stock appears aligned with this dynamic by registering a 35.2% decline over the same period. It should be noted, however, that the summary figure does not capture the recovery that Seri stock has experienced in the last few sessions of the year and continues to propel the stock in the early days of 2023.

Seri stock performance and FTSE-MIB index from January 1, 2022 to December 31, 2022 ***(Yahoo finance)***

Group strategy and risk management

Group strategy

In an uncertain macroeconomic environment, stemming from the ongoing geopolitical crisis and the consequences of the still ongoing Covid-19 pandemic, accelerating the transition process to a zero-emission business model is increasingly an indispensable strategic driver.

Such a scenario provides the best understanding of the value of the work done to date by the Seri Industrial Group, which has always, since its establishment, placed sustainability and circularity at the center of its strategy, even when these issues were far from being the focus of European and global attention. Over the years, the Group has consistently operated with such a vision, providing its customers with innovative, safe and *eco-friendly* products, with control of the entire production chain.

Continuing on the path of sustainability and technological innovation initiated with the Teverola 1 project, the Group has outlined its medium- and long-term strategic actions to fully realize its sustainability, decarbonization and digitalization goals. In particular, the Group plans to strengthen its commitment to the energy transition through circular economy models with the implementation of the "Unilever-Pozzilli" project, in partnership with Unilever, and the "Teverola 2" project, as part of the European IPCEI Batteries 1 project. Both projects pursue the goals of the "*Net Zero*" transition to a zero-emission global economy and are linked to strategies to reduce the use of virgin raw materials in favor of secondary raw materials from recycling, which will significantly reduce the carbon footprint of products, increasing the Group's resilience to the constraints of virgin material supply chains.

The **strategic actions and investments** underway pursue, in a determined manner, the medium- and long-term objectives of the **Seri Industrial Group** to accelerate the **energy and ecological transition**.

Investment Projects and the Business Plan

€ **505** mln
Capex and **Opex**

8/8,5 GWh/yr
production capacity

Lithium-ion batteries
and development of a
pilot line for recycling

Teverola 2

The Teverola 2 project is part of the IPCEI Batteries 1 Project, whose objective is to support the creation of a European lithium-ion battery supply chain for a decarbonised economy that favours the energy and ecological transition, encouraging electric mobility and reducing emissions.

With the IPCEI Project, the Group aims at developing a technology cluster through the construction of the first and only gigafactory in Italy and Southern Europe to produce lithium-ion batteries.

The project envisages investments of about euros 505.8 million to be realised through the facilities granted by the European Commission, in the form of a contribution to expenditure.

The investment program was reviewed by the Ministry of Economic Development and the European Commission and was found to be consistent with the project objectives.

The gigafactory will be built in the same area as the Teverola 1 plant, totaling 265,000 square meters, where the Group has already started a highly innovative plant for the production of lithium battery cells and modules, with an initial installed capacity of about 330 MWh/year for ESS (Energy Storage System), Motive Power, Naval, and electric mobility applications. The gigafactory will have an estimated annual production capacity of about 8.5 GWh to meet growing market demand. In order to promote the efficient management of natural resources and the development of circular economy processes, the project includes the development of a pilot line for the recycling of spent lithium accumulators and the recovery of active material. The goal is to replicate the business model of the lead-acid battery segment, based on circularity, for the lithium battery segment as well, thanks to the Group's long experience in the sector.

With these goals in mind, the Group has chosen a lithium-iron-phosphate-based active material that combines safety with the high performance and sustainability of the materials used. In addition to the choice on LFP chemistry, FIB is strongly supporting the development of a production process that uses so-called "water-based" preparations, without the use of organic solvents. This process makes it possible to reduce atmospheric emissions into the environment, both due to lower energy consumption of the plant resulting from the absence of a chemical solvent recovery system (the water-based solution is recycled and fed back into the production cycle) and a lower temperature present in some processes. In addition, the use of water as a replacement for solvents allows greater safety and flexibility in the future battery recycling process, as there will be no need to treat the solvent at the end of its life.

Unilever-Pozzilli

The project, in partnership with Unilever, envisages an industrial reconversion programme of the Pozzilli plant, which will allow the construction of one of the most advanced sites in Europe for the production of recycled plastic and the only one in Southern Italy capable of recovering mixed plastic material from post-consumer waste, currently sent to landfills, waste-to-energy plants and cement factories.
The plant will be built with the application of the best technological standards and will make it possible to reduce the production and use of virgin plastic from hydrocarbons, virtuously adhering to the guidelines of the European Green Deal.
Unilever is committed to purchasing at least 65 thousand tonnes/year of recycled plastic raw materials at an already agreed price, indexed to raw material trends, guaranteeing the saturation of 50% of the theoretical maximum production capacity of 130 thousand tonnes/year.

€ **109** mln **Capex**

+130 K t/yr
mechanical recycling capacity

Prodotti
rPP, rHDPE, rLDPE, ralle, rPET,
Food Grade rPET

The Group plans to invest an estimated euros 109.4 million between production investments and R&D investments, financed in part by subsidized loans and grants.

Business Plan 2022-2026

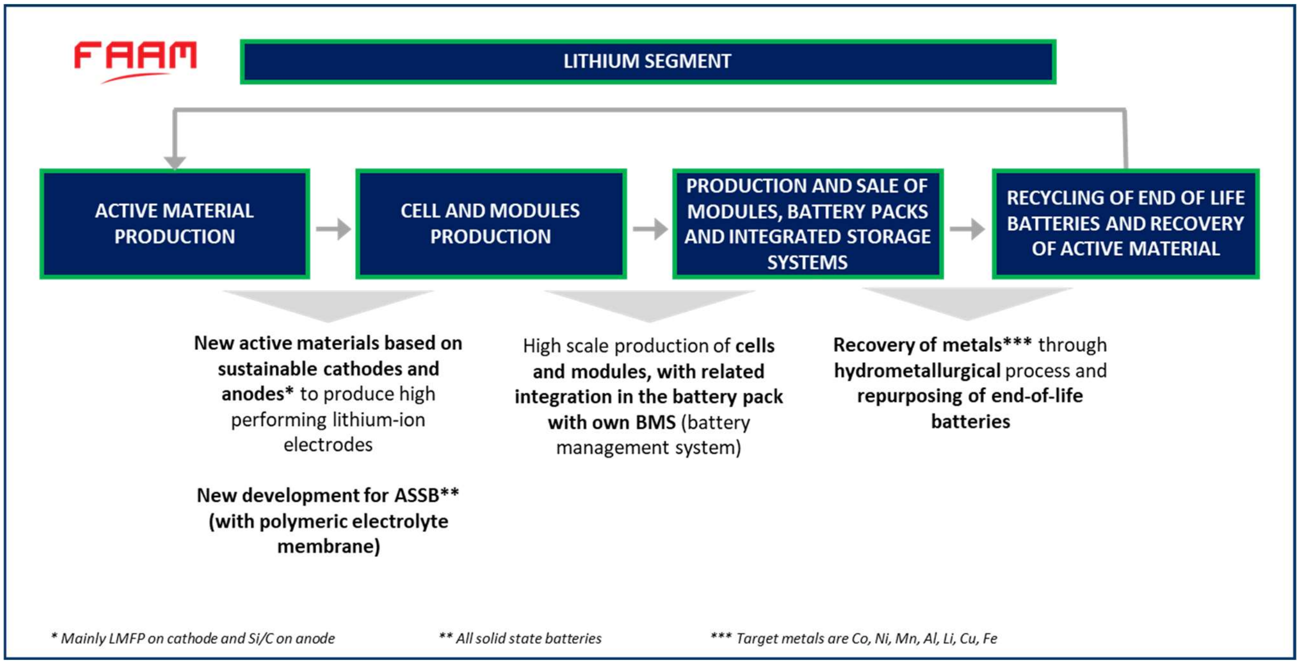
Strategic actions and investments are reflected in the 2022-2026 Business Plan, updated and approved by the Board of Directors on June 22, 2022. The update, like the plan previously approved on July 22, 2021, was prepared in cooperation with a leading advisor, who verified the degree of plausibility and consistency of the underlying working hypotheses as well as the reasonableness of the related assumptions.

The Plan envisages revenues, in the year 2025 and in the year 2026, in line with the economic forecasts approved on July 22, 2021, considering the same scope of activities, for a total amount of about euros 2.2 billion. The Plan also includes economic and financial forecasts related to the new post-consumer packaging recovery project to be implemented in Pozzilli, in partnership with Unilever B.V., through the subsidiary P2P S.r.l., with respect to which we refer to the press release issued on October 29, 2021.

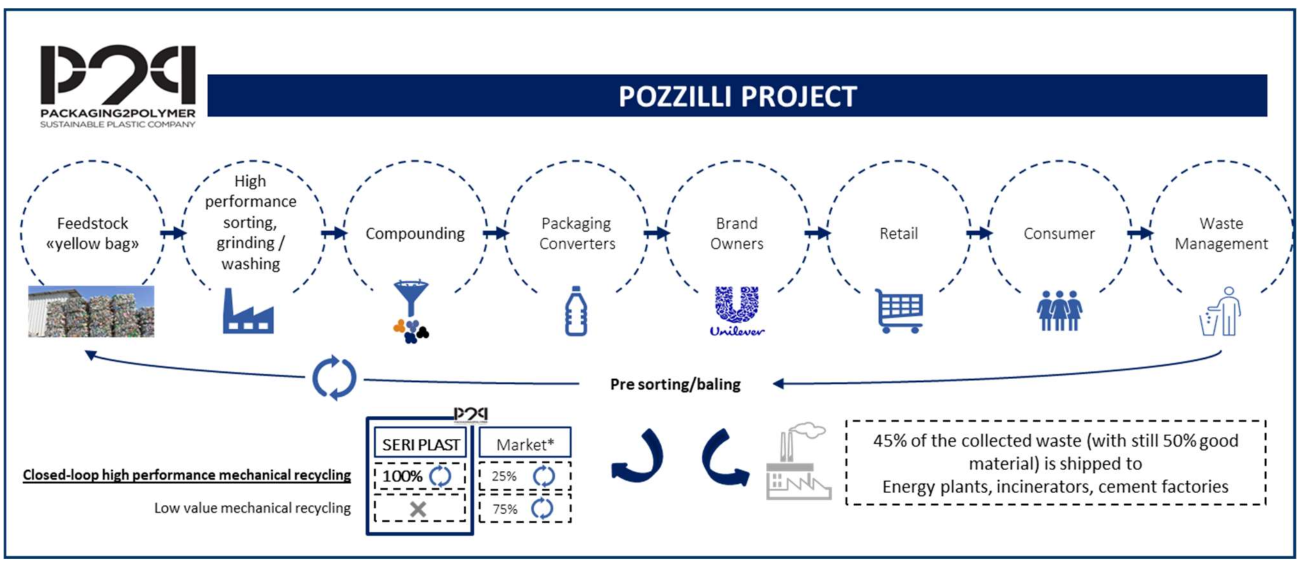
The circular economy

The circular economy is a strategic driver for Seri Industrial Group to respond to today's major environmental and social challenges.

Teverola: the circular economy in the Lithium segment.



Unilever-Pozzilli: sustainable packaging



Brief description of the activities of Group companies

Plastic Materials Sector

PP Compound

Alife, Caserta, Italy

Alife: 6,000 sqm (indoor); 20,000 sqm (outdoor)

Employees: 18 FTE

Market: EMEA – end global market

Main clients: Tier-1 in the Automotive Market; brand owners.

Seri Plast is a major player in Europe in the field of polypropylene compounds for the production of plastic accessories for starter and industrial batteries. At its Alife plant, it produces special thermoplastic compounds from both primary and recycled polymers, mainly from end-of-life batteries and post-consumer packaging.

The compounds are made for battery manufacturers-Serifill product lines-and for the automotive market-Serilene product lines.

Serifill and Serilene represent a standard for professional end-users: automotive manufacturers for the procurement of starter batteries, forklift and traction vehicle manufacturers for the procurement of traction batteries, and Tier 1 operating in the production of automotive plastic parts.

Through strong research and development, Seri Plast has succeeded over the years in developing increasingly high-performance and aesthetic compounds, guaranteeing continuity over time thanks to the high know-how of the raw material supply market. Seri Plast's plant, built through proprietary technology, is fully automated. The company, thanks to continuous investments in cutting-edge technologies, has managed to enhance the value of raw materials, ennobling them in order to produce polypropylene compounds that are substitutes for integrated producers (from petrochemicals) and guaranteeing its customers a "*tailor made"* formula that marries specific *cost-saving* needs through reduced processing times (molding cycles).

The performance of Serifill and Serilene is guaranteed with the help of a modern testing laboratory, which is used both to validate finished product batches but also to design new materials on a pilot scale, through the use of laboratory facilities for the sampling and approval stages. Through the family of products called Serilene, Seri Plast has espoused the concept of circular economy for years. The raw materials used for Serilene, in fact, come from the recycling of end-of-life batteries. By doing so, the "end of life" of the plastic components of batteries is guaranteed through their reuse.

Battery boxes and lids

Canonica d'Adda: 24,000 sqm (indoor), 41,000 sqm (outdoor).
Peronne: 9,000 sqm (indoor), 60,000 sqm (outdoor).
Arras: 15,000 sqm (indoor), 60,000 sqm (outdoor)
Brwinow: 6,000 sqm

Canonica d'Adda: 66 FTE.
Peronne: 39 FTE
Arras: 17 FTE
Brwinow: 23 FTE

Market: Global Market

Main clients : Exide Technologies, other international clients, FIB.

Through the ICS brand, Seri Plast manufactures, by molding, plastic battery boxes, lids and accessories for automotive and industrial applications. Specifically, the company makes boxes, lids and accessories for:

- Starter batteries (car, motorcycle, truck and special applications);
- traction batteries (forklifts and ground-movement machines);
- Stationary batteries (storage power plants).

Seri Plast operates in Italy in its plants located at Canonica d'Adda (BG), in France through its subsidiaries ICS EU and Plastam EU in its plants in Arras and Peronne, and in Poland (Brwinow) through its subsidiary ICS Poland sp z.o.o.

The company manufactures from both recycled and virgin material and has assets in molds, amounting to more than a thousand for the production of hundreds of versions of batteries on the market; it also supplies the FIB Group company and third-party battery manufacturer customers.

The manufacturing nature of SERI Plast means that customization is possible mainly in the production processes and raw material used rather than in the functionality and basic features of the product itself.

Battery box	Arrestor device for the box	Battery pole handle	Battery lids

Pipes and fittings

Pioltello: 22,000 sqm (indoor), 80,000 sqm (outdoor)
Gubbio: 19,000 sqm (indoor), 50,000 sqm (outdoor)

Pioltello: 101 FTE
Gubbio: 46 FTE

Market: Global

Main clients: Global retail market, Fincantieri in the shipbuilding sector

Through the COES brand, Seri Plast specializes in the molding of fittings and extrusion of plastic pipes for the thermo-hydro sanitary, Building, Infrastructure and Naval applications. In particular, it produces:

- drainage systems-installations used for drainage within both residential and industrial buildings;
- adduction and heating systems used for plumbing, heating (traditional and radiant panel systems), air conditioning (chilled water), and irrigation (greenhouses and gardens).

The company operates in Italy in plants located at Gubbio (PG), where it makes large-diameter applications (Infrastructure) and Pioltello (MI), where it makes small-diameter applications (Building and Naval).

Battery Sector

Lead-acid batteries

Monterubbiano 7,500 sqm (indoor), 7,000 sqm (outdoor)
Monte Sant'Angelo: 8,000 sqm (indoor), 6,000 sqm (outdoor)
Yixing: 9,000 sqm (indoor), 4,000 sqm (outdoor).

Monterubbiano (FM) : 60 FTE
Monte Sant'Angelo: 75 FTE
Yixing: 52 FTE

Market: Global

Main clients: Motive Power/Heavy duty (OEM e Aftermarket), Stand-by or, Starter power.

FIB is the Seri Industrial Group company specializing in the production and sale of lead-acid batteries for industrial, automotive, storage and specialties applications.

The company's business model is based on the principles of circular economy and technological innovation through a strong presence throughout the business value chain.

The company manages the entire supply chain of the business in an integrated way, thanks also to the contribution of the other Group companies, both upstream through the production of secondary lead recovered from the recycling of end-of-life batteries, and downstream with the production of the finished product - the battery - and the offer of after-sales services to its partners and customers through its subsidiary FS Srl, with a solid and widespread network of professionals.

Plants in Monterubbiano (FM), Monte Sant'Angelo (FG) and subsidiary YIBF near Yixing (China) are producing:

- traction batteries (Motive power - forklifts and earthmoving), both for OEMs (Original Equipment Manufacturers) and, predominantly, for the aftermarket, with service and maintenance services spread across the market;
- storage/stationary batteries (Standby Power) for storage power plants (mainly telecommunications, UPS, and power plants) for both OEMs and the aftermarket;
- starter batteries (Starter Power-cars, motorcycles, trucks, and specialty applications), mainly for the aftermarket sector and for selected OEMs in the truck and specialty segments.

In addition, the subsidiary FS Srl also performs replacement services, in case of failure, of car batteries, under the Carbat brand, developing a widespread service and sales network throughout Italy, which is being further expanded.

In its Alife (CE) plant, FIB also designs and builds plants for the production of secondary lead from the recovery of spent accumulators.

PLANT DIVISION

The business targets an international market. The company has signed several international contracts over the years, acquiring unique know-how in the development of plant technologies that promote energy conservation, environmental friendliness and quality of the refined lead produced. The customers served become primary suppliers of lead and plastic scrap, generating the flow of raw materials into the Group's production chain.

Through its subsidiary Repiombo Srl, at its plant in Calitri (AV), FIB has set up a highly innovative plant, in terms of energy saving and environmental friendliness, consisting of a shredding and recovery section for end-of-life batteries, which is fully operational, and a melting and subsequent refining section, for the production of the complex alloys of the metal part, to be launched in the near future.

The Calitri plant has outdoor areas dedicated to storage and viability of about 20,000 square meters in which is installed a perfectly sealed tank for the storage of end-of-life batteries, a crushing and separation plant for the different metal parts, plastic, acid and other components, a melting plant of the metal part for the production of raw lead, and boilers and ingot mills for refining and production of lead alloy ingots with the "recipe" required by FIB itself.

Lithium batteries

Teverola 1 and Teverola 2

Teverola : 265,000 sqm (outdoor) 82,000 sqm (indoor).

Employees Teverola 1: 119 FTE

Market: global

Main clients: Motive Power, Storage, Marine, Electric Mobility and Military

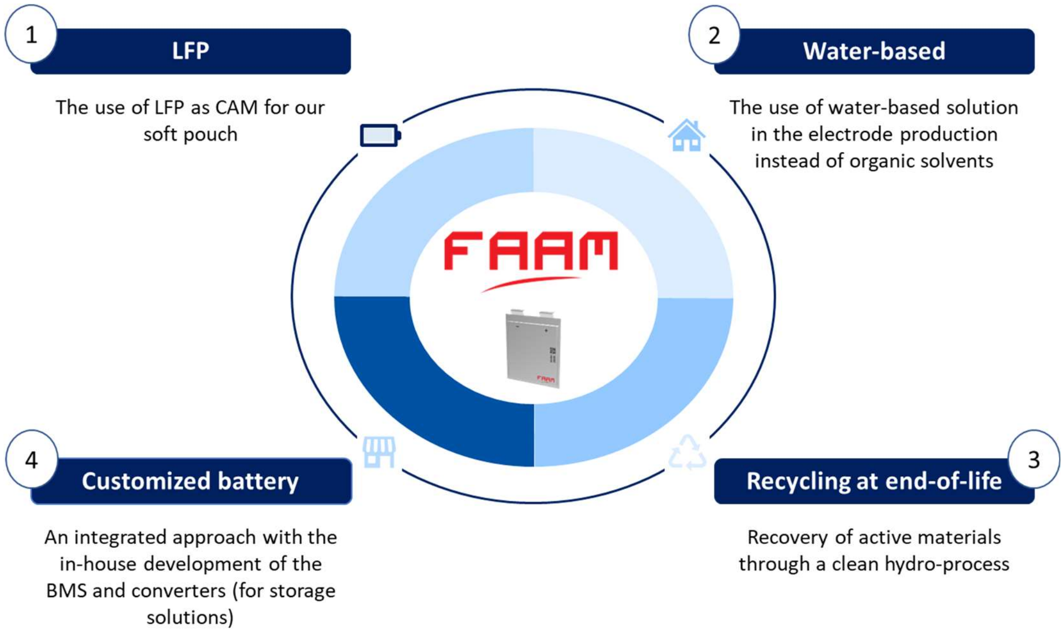
In Teverola (CE), a highly innovative plant for the production of lithium storage battery cells and modules was started up during 2021. The plant has an initial installed capacity of about 330 MWh/year of lithium batteries for Motive Power, Storage, Public Transportation, Naval and Defense applications.
In the same area, a second production site is being developed as part of the European program called IPCEI - Batteries 1, with the aim of increasing the current production capacity of 330 MWh/year (Teverola 1) to about 8.5 GWh per year, capable of meeting growing market demand. In addition, in order to promote the efficient management of natural resources and the development of circular economy processes, the project includes the development of a pilot line for the recycling of exhausted lithium batteries and the recovery of the active material.

The Teverola area will be the first technology cluster for lithium-ion battery production in Italy and southern Europe.

FIB, in an effort to preside over the entire battery production chain, making itself independent of Asian lithium cell suppliers, who at present control the global supply, repeating what has already been done for lead-acid batteries, is producing all the components of lithium batteries, controlling the entire production chain: anode and cathode, cell assembly, cell formation, module and lithium battery assembly, also making the electronics for the BMS (*Battery Management System*) in-house, which makes possible the management and control of the battery and also the communication with any connected equipment.

The Company has chosen to focus on LFP (lithium-iron-phosphate) chemistry, instead of NMC (nickel-cobalt-manganese) or NMC-high nickel (with reduced cobalt levels) chemistry. A strategic choice, shared by major market players, that combines safety (through increased temperature control) with high performance (including the use of blends in chemical compositions), as well as sustainability of the materials used. Moreover, LFP applications are preferred in certain applications, such as storage applications, where a battery lifetime of more than 10 to 15 years with a life cycle of 2000/4000 cycles is required. This is also true in industrial and commercial applications where the Total Cost of Ownership of electric vehicles (forklift, earth moving machine, commercial vehicle) is strongly impacted by the lifetime of the storage system.
In addition, lithium-iron-phosphate applications are less affected by the widespread *shortage* in markets for NMC chemistry caused by the control of mining mines by a few countries, mainly Russia and China. In addition, LFP chemistry has a lower level of toxicity than NMC chemistry, which also involves issues related to nickel metal and cobalt mining in emerging countries.
In addition to the choice on LFP chemistry, FIB has developed a production process that uses so-called "water-based" formulations, without the use of organic solvents. This process makes it possible to reduce atmospheric emissions into the environment, both due to lower energy consumption of the plant resulting from the absence of a chemical solvent recovery system (the water-based solution is recycled and fed back into the production cycle) and a lower temperature present in some processes. In addition, the use of water in place of solvents allows for greater safety and flexibility in the future battery recycling process, as there will be no need to treat the solvent at the end of its life.

Below is a summary of the 4 *pillars* underlying FIB's vision for lithium-ion applications:



In addition to manufacturing the cells, FIB also makes complete battery packs, integrating the cells into the modules and then into the batteries, through the assembly of an in-house developed Battery Management System (BMS) that allows the peak battery control, combining reliability and safety. FIB's approach to the market is to integrate complete systems, starting with the production of the cell and ending with the realization of the complete battery pack.

The Teverola laboratory has a semi-industrial-scale plant for the production of innovative lithium cells and modules.

The main applications include:

- **Motive Power:** applications for the material handling segment (e.g., electric forklifts, AGVs, telehandlers, cranes, etc.), agriculture, platforms, ground support equipment, pallet trucks, railway, and light traction.
- **Storage:** lithium storage solutions (Battery Energy Storage Systems) serving renewable energy plants, stabilizing power grids, serving the Mini-Grid and Off Grid, domestic, Telecommunications, Data Center, UPS (Uninterruptible Power Supply), etc.
- **Marine**: applications for electric boats, such as Cruise & Ferry, Offshore, Subsea, boating, fishing and merchant vessels, etc.
- **Electric mobility**: public transportation (electric buses, streetcars, trolley buses), commercial vehicles and integrated storage solutions at electric vehicle charging stations (so-called fast recharge).
- **Military**: land and marine.

FIB is active in the Residential Storage segment with the LiHome product that enables integration of the storage system with photovoltaic systems; for the Storage utility scale segment it provides *all-in* solutions, from the battery (LiStorage) to the complete cabinet (so-called LiBESS). The integration of the energy converter into the lithium storage is made possible through commercial partnerships with several Italian and European players.
Finally, for Motive Power applications, FIB has developed a product that combines high performance with a lifetime tailored to the needs of users and allows the product portfolio to be completed with lead and lithium technology.

Subsidized projects

The Teverola 1 investment project has been subsidized by Invitalia S.p.A. (hereinafter "Invitalia"). With reference to the production investment, the acceptance of the plant was verified by both Invitalia and the Ministry of Economic Development. In reference to the experimental research and development investment program, an extension of the deadline for the completion of the investment was granted to December 31, 2023 in order to complete the experimental plant for the production of active material (LFP).

As of December 31, 2022, investment program expenses were equal to euros 77,356 thousand, including euros 64,154 thousand for tangible investments and euros 13,202 thousand for intangible investments.

Against the expenses incurred and in relation to the expenses reported, Invitalia disbursed grants and loans totaling euros 31,554 thousand, including euros 13,889 thousand in grants and euros 17,665 thousand in subsidized loans.

(Euro/000)	Year	Subsidized loans	Non-repayable grant	Total
Deliberated		**19,921**	**16,656**	**36,577**
Disbursed as of 12/31/2021		**17,665**	**13,889**	**31,554**
30% down payment	*2018*	*5,976*	*5,033*	*11,009*
I° SoW Productive Investment	*2019*	*5,278*	*2,552*	*7,830*
II° SoW Productive Investment	*2019*	*5,262*	*2,544*	*7,806*
I° SoW Research and Development	*2020*	*175*	*2,362*	*2,537*
III° SoW Productive Investment	*2021*	*974*	*470*	*1,444*
IV SoW Productive Investment	*2022*		*928*	*928*
Residual as of 12/31/2022		**2,256**	**2,767**	**5,023**

Given the expenses incurred and the non-repayable grants received, the impact of the investment on the Company's financial debt is approximately euros 63,467 thousand.

As of December 31, 2022, the balance of facilities due, totaling euros 5,023 thousand, was made up as follows:

- euros 4,456 thousand for expenses still unreported on the experimental development investment program. Specifically, following the granting of the extension of the deadline for the completion of the experimental development investment, FIB will have to report by December 31, 2023, the expenses for the construction of the experimental plant for the production of the active material totaling euros 8,490 thousand in order to receive the planned grants and subsidized loans;
- euros 486 thousand for receivables already accrued by FIB, as a grant, and euros 82 thousand as the balance of the subsidized loan.

Specifically, the receivables recorded as of December 31, 2022, amounting to 486 thousand euros, are related to:

- euros 373 thousand related to 10% accrued, as the balance of grants for industrial research activities;
- euros 113 thousand for the balance of the grant on the experimental development investment, for the expenses planned for the construction of the plant for the production of the *sheet organ*, completed during 2020, for a total reported investment of euros 1 million.

In September 2021, the Ministry of Economic Development issued the report ascertaining that the facilitated initiative had been completed (final acceptance) and, therefore, the receivables of euros 373 thousand mentioned above are liquidated by the lender.

To realize the investment, FIB signed a loan agreement in 2018 with a pool of banks (Banca Popolare di Milano SpA, UniCredit SpA and Banca del Mezzogiorno - MCC SpA). The loan was granted for a maximum amount of 15 euros million in order to advance non-repayable grants and subsidized loans granted by Invitalia. As of December 31, 2022, the outstanding loan to be repaid is euros 6,047 thousand.

It should also be noted that the lead bank BPM has positively resolved to extend the repayment term of the loan agreement until June 30, 2023 (initially scheduled for December 31, 2021) in order to complete the investment program in experimental research and development for the production of active material from lithium carbonate.

Reference scenario

Macroeconomic Context

Since the beginning of the year, the global economic environment has weakened significantly due to the effects of the Russian-Ukrainian conflict and tight monetary policies that have dampened international economic activity, resulting in a slowdown in global demand. Inflation, despite some signs of decline led by the containment of energy prices, remained high, standing at 7.1 percent in the United States and 10.5 percent in the United Kingdom in the fourth quarter of 2022. Since mid-October, prices for oil (Brent quality) and natural gas, traded on the Dutch market (TTF), have declined, although remaining at historically high values, as a result of falling industrial demand and favorable weather conditions during the fall.

On December 5, 2022, the EU countries' embargo on the import of Russian crude oil came into effect and the concomitant ceiling set by the G7 members on the price of Russian oil exported to third countries of $60 per barrel, to be revised every two months based on market conditions. In addition, on December 19, 2022, EU countries agreed on a correction mechanism to the price of natural gas that came into effect from February 2023, in order to calm price spikes. Against this backdrop, central banks have continued monetary tightening in order to bring inflation back to levels compatible with the defined targets.

According to the projected framework for 2023, global GDP would slow to 2.2 percent, down from 3.1 percent last year. Weighing on these projections are predominantly downward estimates stemming from the continuation of the war in Ukraine, continued high levels of inflation, and continued weakness in activity in China due to measures imposed in October and November to contain the COVID-19 pandemic.

In the euro area after an initial expansion in the first half of the year, GDP stagnated suffering mainly from energy price increases and the resulting rise in inflation. The GDP projections of Eurosystem experts were again revised downward for 2023 by almost half a percentage point from last year's projection of 3.4 percent, mainly due to the weakening of the global business cycle and the continuation of sustained price dynamics. This would be followed by an acceleration of GDP in 2024-2025 (1.9 percent and 1.8 percent in the two years, respectively).

Consumer inflation remained high (9.2 percent in December on an annual basis) although it has been declining since November. Price dynamics continued to be supported by the energy component, although the latter decelerated. The Governing Council of the European Central Bank prolonged the tightening of monetary policy by further raising official rates by 75 and 50 basis points, respectively, making the conditions applied to long-term refinancing operations less advantageous, communicating a further increase to encourage the return of inflation. The cost of financing for households and businesses rose by about 130 basis points (3.1 percent).

In Italy, GDP increased nearly 4 percent over the previous fiscal year, remaining high for the first quarters of the year and slowing in the last quarter of 2022. Growth was supported by an initial acceleration in domestic demand, with a strong expansion in household consumption, weakening again in late 2022.

In general, domestic economic activity has slowed compared to the previous year due to high energy prices and a softening recovery in the sectors most affected by the COVID-19 pandemic. Uncertainty related to the conflict in Ukraine continues to weigh on the recovery of activity mainly related to difficulties in the supply of raw materials, although confidence indicators show a more favorable picture overall. Problems with the supply of raw materials and intermediate inputs affected about 30 percent of companies in the narrow industry and service sector and approximately half of those in construction. Energy price increases have significantly affected operating costs both directly, through growth in energy expenses, and indirectly through increases in intermediate goods attributable in turn to higher energy charges to suppliers. To source this, companies reacted with higher selling prices and a concomitant reduction in profit margins as this increase in selling prices failed to offset the increase in costs incurred for raw materials. In November, the Italian government once again intervened in energy matters, with LDs. 176/2022 and 179/2022, extending until the end of 2022 most of the measures of a temporary nature adopted to contain the effects of rising energy commodity prices on the budgets of households and businesses. In particular, both tax credits to partially offset the increase in energy costs incurred by companies and the reduction of excise taxes on fuels were extended.

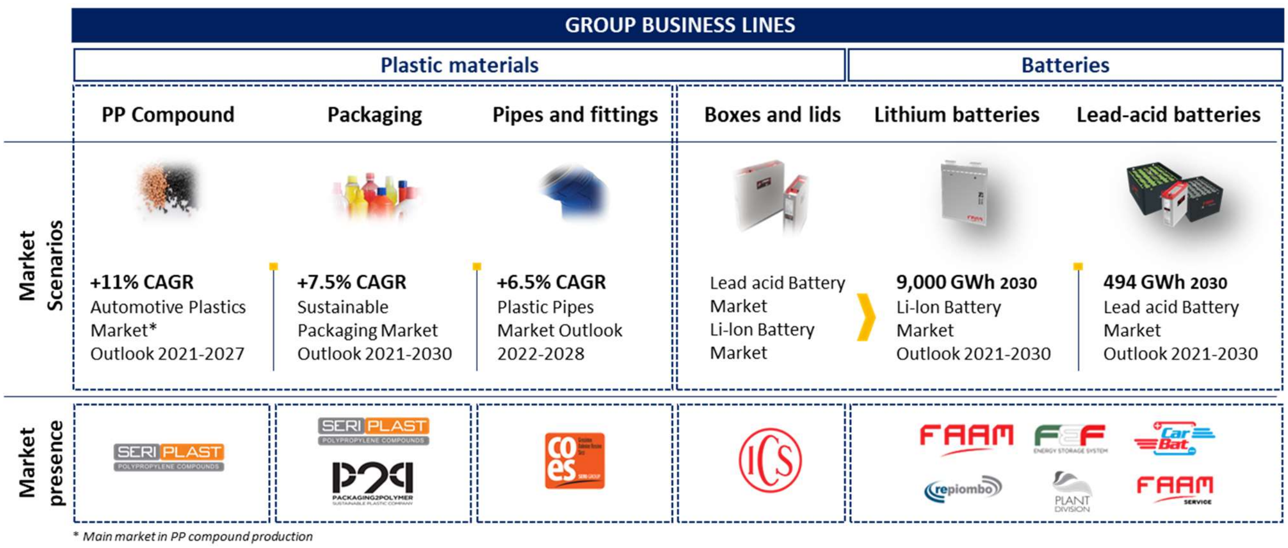
Estimates for the Italian economy predict, after growth of nearly 4 percent in 2022, a slowdown in the next three years, expanding by 0.6 percent in 2023 and 1.2 percent in both 2024 and 2025. Inflation, which rose to nearly 9 percent on average in 2022, would fall to 6.5 percent this year and more sharply thereafter, rising to 2 percent in 2025. The decline depends heavily on the assumption of a gradual decline in commodity prices, the effects of which would be only partly offset by accelerating wages.

However, growth prospects remain subdued due to the evolution of the conflict in Ukraine, which continues to be a major factor of instability for the macroeconomic environment. In the baseline scenario, it is assumed that the tensions associated with the conflict will still remain significant in the early months of this year, gradually declining over the forecast horizon.

(Source: Economic Bulletin No. 1/2023 - Bank of Italy, Jan. 20, 2023)

Group's reference markets

The assessment of the external context and its evolution is a fundamental element on which the definition and development of the Group's long-term strategy is based. Analysis of the evolving scenarios of the Plastic Materials and Battery markets is, therefore, a functional factor in defining the Group's positioning in these contexts. In particular, the reference scenario can be summarized as follows:



Plastic Materials

Automotive Plastics Market
+11% CAGR$_{2021\text{-}2027}$

- The global plastic compounds market is estimated to reach $104.09 billion in terms of sales by 2028 with a compound annual growth rate (CAGR) of 6.5 percent[2] . The characteristics and properties of plastic compounds (flexibility, strength, stability, ect.) are, in fact, the main strategic factor for the growth of the market, in almost every field of application, from automotive to construction, from packaging to medical, from electronics to communications.

The substantial increase in the market is estimated to be driven mainly by the growing use of PP compounds in the automotive industry. In fact, polypropylene accounts for more than half of all plastics used in automotive, due to its excellent mechanical and molding properties that enable it to meet the performance requirements of automotive plastic components. In particular, the automotive plastics market is expected to grow in terms of sales with a CAGR of more than 11 percent between 2021 and 2027[3] .

Despite the impact of the Covid-19 emergency, which is weighing on the automotive market downturn, a recovery in demand is estimated to be linked mainly to electrification trends and related regulations related to the reduction of CO_2 emissions. The use of innovative, increasingly sustainable and lightweight plastics to replace other materials, such as metal, will, in fact, play an increasingly strategic role for OEMs - *Original Equipment Manufacturers*.

[2] "*Global Plastic Compounding Market Outlook 2022*," Valuates Reports, January 2022
[3] "*Global Automotive Plastics Market Report 2021-2027*," Global Market Insights, February 2022

Sustainable Packaging Market

+7.5% CAGR$_{2021-2030}$

The global recycled plastics market is estimated to reach $53.5 billion by 2028, up from about $39.9 billion in 2022, showing a growth rate of 4.9 percent over the period 2023-2028. Growing environmental concerns, together with the increasing inclination toward the use of "green" products in order to minimize waste disposal and control carbon emissions, are mainly driving the European recycled plastics market. In this regard, governments in various countries are introducing stringent regulations and plastic recycling programs to minimize waste generation, promote reuse and recycling of plastic waste, and encourage sustainable waste treatment. [4]

In this context, the global sustainable packaging market is a fast-growing segment, projected to increase by 7.5 percent in terms of CAGR by 2030, with sales of $409.2 billion, up from about $229.5 billion in 2021.

Major multinational companies are increasing their commitments to new sustainable packaging solutions. In this context, the "*Clean Future*" global innovation strategy designed by Unilever is positioned, within which the project to reconvert the Pozzilli plant through the establishment of the P2P 50-50 joint venture is also part of, representing an important step forward in the transition to a circular economy aimed at reducing the carbon footprint of its products. The goal is to replace 100 percent of carbon from fossil fuels in product formulation, following the principle of "reduce, reuse and recycle," rather than "extract, produce and throw away."

Plastic Pipes Market

+6.5% CAGR$_{2022-2028}$

Finally, regarding the global market for plastic plumbing pipes, it is estimated to reach $83 billion in 2028, with a CAGR of 6.5 percent[5] . While urban population growth and the resulting increase in infrastructure demand, mainly in Asia Pacific and African countries, is the main driving force behind the market, environmental concerns related to the use of plastic pipes may hinder its growth.

Batteries

Lead acid Battery Market

494 GWh $_{2030}$

The global lead-acid battery market is estimated to reach $47 billion by 2030, for volumes of 494 GWh, up from about $38 billion in 2021, of which about $18 billion relates to Energy Storage System (ESS), Uninterruptible Power Supply (UPS), Telecom, Forklift (forklifts), Other Motive - the Group's target segments - and Power tools, E-Bikes and other applications[6] .

With reference to the Italian context, the lead-acid battery market in 2021 showed a 17.1 percent increase over 2020 supported by an increase in volume in starter batteries (+7 percent), stationary batteries (+67.7 percent), and traction batteries (+15 percent)[7] .

It should be noted that the overall performance of the lead-acid battery market is being influenced by the regulations adopted on sustainability and circular economy, which are increasingly incentivizing major players in the industry to improve the quality of batteries to reduce their impacts on the environment. To this end, companies are increasingly investing in research to develop and improve lithium batteries to replace lead-acid batteries.

[4] *"Green Packaging Market Size is projected to reach USD 409.2 Billion by 2030, growing at a CAGR of 7.5%," Straits Research, October 2022*

[5] *"Global Plastic Pipes Market Growth, Share, Size, Trends and Forecast (2022-2028)*," ReAnIn, June 2022

[6] "*The Rechargeable Battery Market and Main Trends 2020-2030 - Threats, Challenges and Opportunities*," Avicenne Energy, June 2022

[7] "*Electric Accumulators*," Cerved Market Intelligence, May 2022

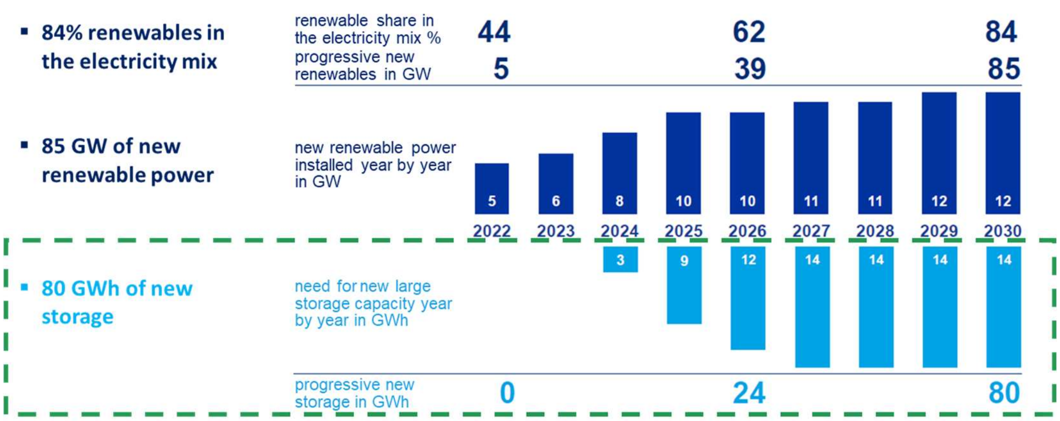
Li-Ion Battery Market

9,000 GWh 2030

On May 18, 2022, the European Commission proposed the REPower package in response to the difficulties and disruptions in the global energy market caused by the Russian invasion of Ukraine, with the aim of making Europe independent of Russian fossil fuels and giving further impetus to decarbonization. In connection with the above initiatives, it is estimated that energy demand will increase from the current target of 40 percent to 45 percent, registering a total capacity of 1,236 GWh by 2030 compared to the 1,067 GWh projected in the previous European "Fit for 55" plan[8] (hereafter FF55). For Italy, it is estimated that approx. 80 GWh of additional storage is needed to meet REPowerEU targets, from the 60 GWh set by FF55.

2030, in Italy:	Fit for 55	REPowerEU
New GW renewable power	+70	+85
Additional storage GWh	+60	+80
Share of renewable electricity in the electricity mix %	72	84
CO_{2eq} emission reduction of the electricity sector % *(base 1990)*	-58	-75

To hit the target, 85 GW of new renewable energy and 80 GWh of new storage systems need to be installed in Italy. Below is a graphic representation of the REPower 2030 Electricity Development Plan for Italy[9] .



Among the scenarios described, the FF55 scenario with a 2030 horizon plays a special role, not only because it targets policy goals to 2030, but more importantly because it assumes an efficient mix of investments in grid infrastructure, renewables, storage, and new digital technologies that are compatible with the major technical, economic, and administrative constraints that might otherwise prevent their realizability in such a tight timeframe. Specifically, the FF55 scenario predicts that maximizing the use of renewable electricity requires adequate storage capacity, estimated to be ca. 100 GWh, of which ca. 80 GWh--as described above--for utility scale applications (electrochemical batteries with a rather high energy/power ratio 8 hours) and capacity market (electrochemical batteries with an energy/power ratio of 2 or 4 hours) and ca. 16 GWh for small scale applications

[8] *"Repower EU: secure, sustainable and affordable energy for Europe," https://commission.europa.eu/strategy-and-policy*

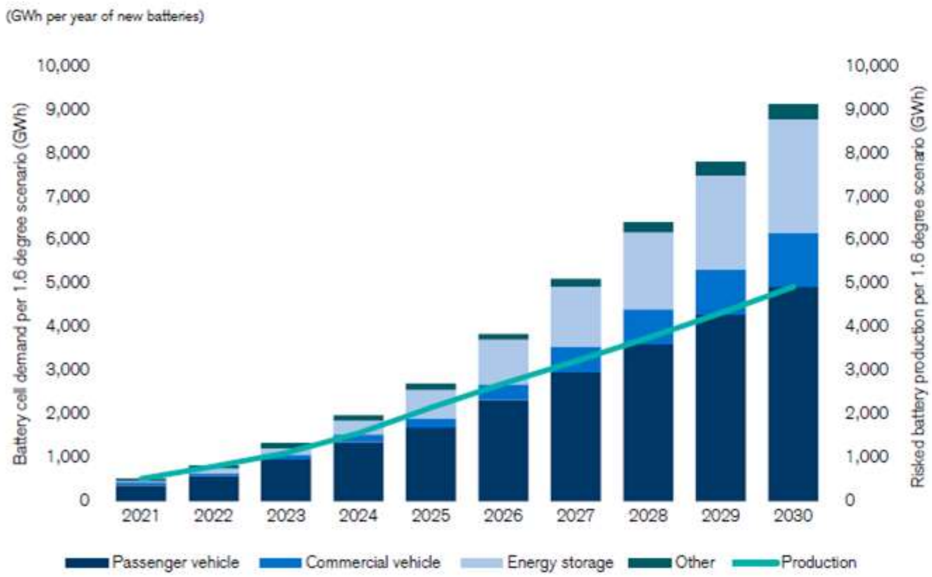
[9] *"Accenture study "REPowerEU for Italy: Scenario 2030 for the electricity system"*

(batteries electrochemical batteries with an energy/power ratio of 4 hours designed to complement the development of small-scale solar PV).

The increase in the overall evolution of storage is estimated to be quite high in southern Italy, driven mainly by utility-type plants that account for an average of 90 percent of the newly installed storage capacity.

In this context, the growth of the lithium-ion battery market, the aim of which is to encourage the use of renewable energy sources as an alternative to fossil fuels, takes on a major role. In particular, the IPCEI on batteries is Europe's response to the need for next-generation lithium-ion batteries to support the transition to a decarbonized economy.

The lithium battery market, globally, is estimated to increase to approx. 9,000 GWh by 2030, up from approx. 580 GWh in 2021[10] (+36% CAGR 2021-2030). More specifically, the global market for *Passenger vehicles* and *Energy storage* applications account for the largest increase in estimated demand. ESS applications, a segment of particular importance to the Group, is estimated to reach about 2,500 GWh, or 29% of total lithium battery demand by 2030, up from 139 GWh in 2021.



Although estimates of lithium battery markets show favorable development scenarios, there is a mismatch between supply and demand. This *shortage* situation highlights a gap between the estimated production capacity in 2030 of 5,000 GWh and the projected demand, meeting only about 56 percent of it. The delay in starting production and obtaining the necessary financing for investment are the main reasons for this scenario.

[10] *"Global battery demand to surge by 2030", Rystad Energy Battery*

Risk management

The following are the risks considered to be a priority by the Company and the Group, which are monitored in order to anticipate potential negative effects and take appropriate mitigation actions.

Strategic risks	
Climate change	*Risk/Opportunity* The energy transition towards a "low carbon" and more environmentally sustainable economy can determine risks and opportunities for the businesses in which the Group operates, induced both by transition scenarios, such as possible accelerations in the severity of climate and environmental policies, trends in technological development, and consequent market dynamics, and by physical variables, related to the occurrence of acute and chronic weather and climate conditions.
	Management mode Risks related to climate change are constantly analyzed, assessed and managed by management considering aspects relevant to the Group's activities, related to both transition scenarios (reduction of CO_2 emissions, development of renewable capacity) and physical events (potential impact of acute and chronic phenomena on industrial assets and plant production). The Group pursues an industrial strategy aimed at seizing all opportunities arising from the energy transition and oriented toward the continuous efficiency improvement of production processes and raw material use in order to reduce impacts on the environment. In this context, the Group has chosen to operate in the market through an integrated business model based on the cardinal principles of the circular economy, managing the entire supply chain of the Batteries and Plastic Materials sector, from the recovery of raw materials to the production of the finished product. The Group also has a strong focus on research and technological development activities aimed at the innovation of processes and products with a reduced environmental impact and functional in combating climate change. These objectives are also pursued through international industrial collaboration initiatives aimed at improving energy efficiency and promoting the circular economy, such as the IPCEI Batteries project, which envisages the introduction of highly sustainable and safe technologies on the European market, incentivizing electric mobility, the development of renewable energies and the reduction of emissions. In order to mitigate potential negative impacts resulting from physical phenomena, the Group has activated specific insurance coverage for damage to real estate and movable property from natural events.
Competitive environment	*Risk* The Group is exposed to the risk that any potential competitors might enter the same market, as well as that current competitors might improve their positioning, attracting the same customers as the Group and thus depriving the Group of market share. In the event that the Group, is unable to counter, by leveraging its own expertise, the possible strengthening of current competitors or the entry of new players, this situation could lead to repercussions on the Group's economic, equity and financial situation.
	Management mode In order to better guide business strategy, the Group constantly monitors the changing competitive landscape in both the Plastic Materials and Batteries businesses. The Group pursues a strategy of product portfolio diversification, characterized by a high degree of *customization* - starting from recycled raw materials via plastic components and lead and lithium batteries, which together with an increasingly *customer satisfatcion* and product innovation-oriented approach, are an important factor in mitigating the risks associated with increased competition.

Strategic risks	
Technological evolution	*Risk* The Group is exposed to the risk of obsolescence of particular technologies and components used for some of its products, which are subject to continuous evolution and innovation. The life cycle of the Group's products, as well as the production cycle including any multi-year development phase preparatory to product launch, which are characterized by high longevity, increase the risk of obsolescence.
	Management mode The Group structurally invests in research and development, both product and process, in order to anticipate and respond to possible business developments and consolidate technological leadership. Specifically, with regard to the lithium battery market and the recycled plastics market, the Group invests significant resources in the development of new, sustainable, high-performance materials through basic and applied research activities on both existing and newly applied technologies, in full compliance with the cardinal principles of the *green* economy and the circular economy.
Legislative and regulatory developments	*Risk* The Group operates in highly regulated business sectors and is subject to European and national regulations that affect the way in which it carries out its industrial activities. Of particular importance is the regulation of batteries; in fact, legislative and regulatory changes affecting, inter alia, the way in which energy accumulators are produced (e.g., by prohibiting the use of a certain component, which is used to date) could result in limitations to the Group's operations (e.g., by reconsidering some of the production lines currently developed) or an increase in costs.
	Management mode The Group operates in the performance of its activities in accordance with current regulations and ensures the constant monitoring of legislative and regulatory developments through its structures in order to enable the smooth conduct of business and operational activities. In view of the risks that may arise from such developments, the Group promotes dialogue and the development of relationships with international industry bodies, adopting an approach of transparency and collaboration.
Macroeconomic and geo-political trends	*Risk* The companies' presence in different countries and operations in international markets exposes the Group to so-called "country risk," i.e., risks related to macroeconomic and geo-political, institutional, social conditions, as well as possible changes in regulatory and tax regimes. In view of this, it cannot be ruled out that such risks may have a negative effect on income flows and the value of corporate assets in the countries in which the Group operates.
	Management mode The Group constantly monitors the riskiness of the countries in which it operates, with a specific focus on regulatory aspects that could lead to potential impacts on the relevant businesses. Particular attention is paid to the development of risks related to countries whose political and economic environment could prove unstable, including as a result of the possible effects of the Russia-Ukraine conflict.
Procurement and raw material price trend	*Risk* The Group is exposed to the risk of incurring economic or financial losses due to both increased volatility in the prices of raw materials used - including lithium and lead - and the unavailability of these materials. These risks, if not effectively managed, can affect the Group's results.

Strategic risks	
	The year 2021 witnessed the significant increase in prices of many commodities due to widespread *shortage* situations as *a result of* the complex global economic crisis generated by the pandemic spread of the Covid-19 virus. This situation was exacerbated in early 2022 as a result of the Russia-Ukraine conflict, which led to further effects on global financial markets in terms of volatility in commodity prices, especially energy.
	Management mode To mitigate these risks, the Group considers the adoption, albeit limited, of hedging policies for the risk of commodity price fluctuations through the use of derivative hedging contracts. As of December 31, 2022, the Group has no commodity hedging instruments in place, partly because of the difficulty of identifying and structuring derivative financial products in the current macroeconomic environment characterized by uncertainty and high market volatility. In any case, it cannot be ruled out that significant fluctuations in the prices of raw materials, used directly by the Group, may generate decreases in revenues and consequent reduction in margin in absolute value. With reference to the Russia-Ukraine conflict, the Company has no strategic or other supplies from the countries involved in the conflict.
Strategic partners	*Risk* The Group, with particular reference to the company Seri Plast, has existing supply agreements for specific products with some strategic customers. The possible termination of such agreements, including the default of one of the parties, and/or the non-renewal of such agreements could affect the Group's business and its economic and financial situation.
	Management mode In order to mitigate these risks, the Group is committed to maintaining positive long-term relationships with its various strategic customers. In this context, the active presence of top management in managing relationships with strategic customers is a mitigating factor in identifying and managing any critical operational issues in a timely manner.

Operational risks	
Cyber security	*Risk* The gradual acceleration toward digitization and the resulting increase in the use of technology have increased companies' exposure to increasingly complex cyber risks, including the risk of *cyber*-attacks, which can compromise corporate information systems as well as steal sensitive information, with both economic and reputational impacts.
	Management mode The Group pays extreme attention to protecting networks from major threats, working to prevent them and minimize the effects any attacks may have. In particular, in order to mitigate the exposure to *cyber* risk, the Group launched an investment plan in the IT area in 2022 that includes an assessment, also aimed at evaluating the adoption of a cloud-based email system for some Group companies that do not adopt this solution, the renewal of existing infrastructure (servers, licensing, networking, firewall) and the adoption of a *cyber security* system.
Product responsibility and reputation	*Risk* The Group, like all operators in the industry, is exposed to the risk of product liability actions in the countries in which it operates, resulting in possible reputational damage, which could erode the perception of the Group's public image in the marketplace, undermining the relationship of trust with current or potential customers.

Operational risks	
	<u>*Management mode*</u> In order to mitigate any risks arising from product and professional liability, the Group has cautiously taken out special insurance policies with leading insurance companies.
Environment	<u>*Risk*</u> The Group is exposed to environmental risks such as, but not limited to, air, soil and water pollution from waste disposal, toxic-harmful emissions and spills of hazardous substances. Any irregularities and/or violations of requirements established by permits or environmental regulations could expose the Group to both administrative and criminal sanctions, including under Legislative Decree No. 231/01, as well as a consequent reputational risk, with potential negative effects on its image and competitiveness.
	<u>*Management mode*</u> The Group is committed to the effective prevention and minimization of environmental impacts and risks throughout the life cycle of its products and related processes. This objective is also pursued through the adoption of Environmental Management Systems certified in accordance with ISO 14001, which ensure the adoption of structured policies and procedures aimed at identifying and managing environmental risks associated with the company's various activities in order to minimize any risk of non-compliance.
Related party transactions	<u>*Risk*</u> There is a risk that the Company's and the Group's business dealings with related parties are settled on non-market terms.
	<u>*Management mode*</u> In order to mitigate these risks, the Company has established the safeguards provided for in current regulations aimed at preventing transactions executed in conflict of interest from undermining the conditions of efficiency and profitability of the Group's corporate business.
Legal proceedings	<u>*Risk*</u> The Group is a party to civil and administrative proceedings and legal actions, related to the normal course of business, which could damage the Group's reputation and undermine the relationship of trust with shareholders.
	<u>*Management mode*</u> The Group in the presence of current obligations resulting from past events, which may be of a legal or contractual nature or arise from statements or conduct of the company such as to induce in third parties a valid expectation that the company itself will be responsible or assume responsibility for fulfilling an obligation, periodically makes appropriate *provisions* in special *reserves for risks and charges* present among the liabilities on the balance sheet. In "Note 45. Contingent Liabilities and Contingent Assets" in the consolidated financial statements is a description of the status of these proceedings and assessments about the foreseeable outcomes, including through the support of its legal advisors.

Financial risks	
For more details on financial risk management, please refer to "Note 46. Risk Disclosure" in the consolidated financial statements.	
Credit and counterparty	*Risk* Credit risk is the firm's exposure to potential losses arising from the non-performance of contractual payment obligations undertaken by the counterparty. The Group's exposure to credit risk is mainly attributable to business transactions carried out in the ordinary course of business. The maximum theoretical exposure to credit risk is represented by the book value of assets on the balance sheet.
	Management mode The credit risk management policy includes preliminary assessment and constant monitoring of the creditworthiness of counterparties in order to anticipate situations of potential risk of default or late payment. In addition, the Group carries out non-recourse (*non-recourse)* assignment of receivables, which results in the full elimination of counterparty risk. With regard to the Russia-Ukraine conflict, at present, there are no particular risks, taking into account (i) the insignificance of business volumes in the areas affected by the conflict, (ii) that there are no overdue receivables, and (iii) that in some cases the Company operates with advance payment from customers.
Liquidity	*Ris*k Liquidity risk is the risk that the firm will not be able to meet its financial commitments in a timely manner due to the difficulty of raising funds or liquidating assets in the market.
	Management mode The two main factors that determine the Group's liquidity situation are on the one hand the resources generated or absorbed by operating and investing activities, and on the other hand the maturity and renewal characteristics of debt or liquidity of financial investments and market conditions. The Group pursues a strategy of diversifying its sources of financing, which it uses to cover scheduled commitments, characterized by a balanced maturity profile. The Group's management has in place a series of policies and processes for monitoring the prospective liquidity conditions in relation to the business planning process and the procurement of financial resources that enable it to forecast the needs arising from investment activities, working capital management, and the repayment of outstanding debts, taking into account the forecast plans drawn up. In addition, in order to ensure efficient liquidity management, treasury activities-managed through a cash pooling system-are centralized at the Parent Company level for appropriate management of cash flows and any surpluses. In "Note 46. Risk Disclosure" of the consolidated financial statements, the time profile of the Group's financial liabilities based on contractual payment schedules is shown.
Interest rate	*Risk* The Group is exposed to financial risk related to changes in interest rates that affect the level of borrowing costs and the market value of financial assets and liabilities.

Financial risks	
	<u>*Management mode*</u> The interest rate risk management policy aims to contain borrowing costs and their volatility through also the use of derivative financial contracts, which fall under the category of "*Interest Rate Swaps.*" In particular, it is the Group's policy to review whether to convert a portion of its floating rate debt to fixed rate in order to normalize financial outlays. As expected, derivative instruments, are measured at fair value, corresponding to the *mark-to-market value* assessed by the reference market and through valuation models and tools. Derivative contracts are entered into with primary banking counterparties in order to reduce the risk of contractual default. For those derivative instruments where the variable rate stabilization strategy has been set up to a predetermined level and there is no hedging on rate levels above those thresholds, the fair value value of the derivative not hedged against rate risk is charged to the income statement.
Exchange rate	<u>*Risk*</u> The Group operates in international markets by concluding transactions in currencies other than the euro, particularly in U.S. dollars, and is therefore exposed to the risk of exchange rate fluctuations between different currencies that could cause more onerous economic conditions. In particular, the exposure to risk arises from the geographic distribution of the Group's industrial activities with respect to the geographic distribution of markets and, more specifically, from the fact that the purchase and sale of goods and services are carried out in currencies other than the euro, the Group's functional currency (so-called economic exchange rate risk), just as trade payables and receivables in foreign currencies may be impacted by the conversion rates used with effects on the economic result (so-called transactional exchange rate risk).
	<u>*Management mode*</u> The exchange rate risk management policy is geared towards the systematic hedging of exposures to which Group companies are subject, with the exception of translation risk. In particular, the Group can contain the risk related to exchange rate fluctuations associated with the purchase and sale of goods and services by fixing, only where possible, in euros the purchase price of certain components from suppliers, where the finished product is destined for Europe, and, to a limited extent, by means of derivative financial instruments to hedge exchange rate risk such as forward contracts or currency options.

Governance

Seri Industrial has structured a Corporate Governance Model through which to respond effectively to the interests of all stakeholders, based on the recommendations of the Corporate Governance Code of Borsa Italiana. Over the years, the Group has paid particular attention to the continuous adjustment of its corporate model, the updating of its internal reference regulations and the improvement of processes for risk management, including corporate compliance, based on reference *best practices.* In order to promote a corporate governance model that expresses constant attention to all stakeholders and, in particular, to institutional investors and the financial market, the Group has constantly monitored its governance principles and models by adjusting its structural and organizational reality in a logic of continuous improvement.

Seri Industrial S.p.A. has adopted a traditional corporate governance model. Therefore, corporate management is vested in the Board of Directors, supervisory functions in the Board of Statutory Auditors, and statutory auditing, as well as accounting control, in the Independent Auditors appointed by the Shareholders' Meeting.

The following are the corporate bodies as of December 31, 2022:

Board of Directors

The Shareholders' Meeting held on May 6, 2022, in the ordinary part, renewed the administrative body composed of ten members, who will hold office for three fiscal years (2022-2024), until the meeting to approve the financial statements for the year ending December 31, 2024. On the same date, the Board of Directors, upon taking office, assigned offices and powers to its members.

Roberto Maviglia [11-12]	Chairman and independent director
Luciano Orsini	Vice-Chairman and executive director
Vittorio Civitillo	Chief Executive Officer and Executive Director
Andrea Civitillo	Executive director
Marco Civitillo	Executive director
Fabio Borsoi [11]	Non-executive director
Annalisa Cuccaro [11-12]	Independent director
Manuela Morgante [11]	Independent director
Rosaria Martucci	Non-executive director
Alessandra Ottaviani	Non-executive director

Pursuant to Article 25 of the bylaws, the representation of the company before third parties and also in court, with the power to issue mandates, is vested in (i) the chairman of the administrative body; (ii) the vice-chairman in case of absence or impediment by the chairman; (iii) the directors with delegated powers, within the scope of the powers conferred on them; and (iv) one or more directors, including those not holding special offices, subject to a resolution of the board of directors.

Board of Statutory Auditors

The Ordinary Shareholders' Meeting held on May 14, 2021, appointed the Board of Statutory Auditors, consisting of three standing auditors and two alternate auditors, to serve for three fiscal years (2021 - 2023), until the Shareholders' Meeting to approve the annual financial statements as of December 31, 2023. The Board of Statutory Auditors consists of the following standing auditors:

Matthew Caratozzolo	Chairman
Daniel Cauzillo	Statutory Auditor
Susanna Russo	Statutory Auditor

The powers, duties, and term of office of auditors are those established by the law and regulations in effect from time to time.

Audit Firm

The audit firm EY SpA was appointed for nine fiscal years (2019-2027) by the Shareholders' Meeting on December 3, 2019.

[11] Independent Director ex TUF

[12] Independent Director ex Corporate Governance Code

Financial review and other information

Consolidated economic performance

As follows the economic situation as of December 31, 2022 of the Group compared with that as of December 31 of the previous year:

Euro / 000	31/12/2022	31/12/2021	Change	Change %
Revenues from contract with customers	175,452	157,704	17,748	11%
Other operating income	17,435	11,643	5,792	50%
Internal works	11,233	7,773	3,460	45%
Total revenues, income and internal works	**204,120**	**177,120**	**27,000**	**15%**
Operating costs	**186,388**	**157,006**	**29,382**	**19%**
Gross operating income	**17,732**	**20,114**	**(2,382)**	**(12%)**
Depreciation and amortisation	21,661	20,184	1,477	7%
Write-downs/write-backs	160	811	(651)	(80%)
Net operating income (loss)	**(4,089)**	**(881)**	**(3,208)**	**364%**
Finance income (expense)	(5,853)	(3,823)	(2,030)	53%
Profit (Loss) before tax	**(9,942)**	**(4,704)**	**(5,238)**	**111%**
Income taxes	(5,500)	(3,210)	(2,290)	71%
Profit (Loss)	**(4,442)**	**(1,494)**	**(2,948)**	**197%**

Net operating result is negative for euros 4,089 thousand, after depreciation and amortization of euros 21,821 thousand. It should be noted that the amortization of the Batteries segment relates for euros 11,254 thousand to the investment made and in progress related to the Teverola 1 and 2 projects, of which euros 8,857 thousand for amortization of investments made (Teverola 1 and 2) and euros 2,397 thousand for rights of use related to the lease of the Teverola 1 (euros 1,030 thousand) and Teverola 2 (euros 1,367 thousand) buildings.

In relation to the increase in electricity costs recorded in fiscal year 2022, in addition to what has been described above, there was a greater impact on operating costs estimated at approximately euros 8,819 thousand. The higher charges incurred due to the increase in the cost of energy were partially offset by grants obtained during the year, amounting to euros 3,681 thousand, as part of the facilities introduced by the Sostegni-ter Decree in favor of energy-intensive companies.

The assessment of the Group's economic performance is also carried out by considering certain alternative performance indicators (Alternative Performance Measures, hereinafter also "MAPs"), as required by the European Securities and Markets Authority (ESMA) following the issuance of Consob Communication No. 92543/15 of December 3, 2015, which makes applicable the guidelines published on October 5, 2015 by ESMA regarding their presentation in the regulated information disseminated or prospectuses published as of July 3, 2016.

Management believes that MAPs allow for better analysis of business performance, ensuring clearer comparability of results over time by isolating nonrecurring events, so as also to make reporting consistent with forecast trends. These indicators should not be considered as substitutes for conventional IFRS indicators. In fact, MAPs are not required by IFRS and, although they are derived from the Group's financial statements, they are not subject to audit. Therefore, MAPs should be read in conjunction with the Group's financial information dealt with in the consolidated financial statements.

Specifically, alternative performance indicators refer to the adjustment of key financial statement indicators from non-recurring and/or non-repetitive items, so-called special items[13] .

[13] Income components are classified as special items when: (i) they are related to events or operations that are not repetitive, i.e., from operations that are not frequently repeated in the Group's recurring operations; (ii) they arise from operations that are not representative of the Group's normal operations, such as in the case of extraordinary restructuring charges, environmental charges, charges related to the disposal and valuation of an asset, charges related to extraordinary operations, even if they occurred in previous years or are likely to occur in subsequent years, charges related

The adjusted financial position of the Group as of December 31, 2022 is shown below:

Profit and loss	**31/12/2022**	**Special items**	**31/12/2022 Adjusted**	**31/12/2021**	**Special items**	**31/12/2021 Adjusted**
Revenues from contract with customers	175.452		175.452	157.704		157.704
Other operating income	17.435	(1.610)	15.825	11.643	(2.105)	9.538
Internal works	11.233		11.233	7.773		7.773
Total revenues, income, and internal works	**204.120**	**(1.610)**	**202.510**	**177.120**	**(2.105)**	**175.015**
Purchase of materials	121.652	(22)	121.630	102.575	(118)	102.457
Change in inventories	(14.692)		(14.692)	(11.059)		(11.059)
Services expense	47.202	(284)	46.918	33.353	(1.056)	32.297
Other operating costs	2.975	(854)	2.121	3.232	(1.009)	2.223
Personnel costs	29.251		29.251	28.905	(310)	28.595
Operating costs	**186.388**	**(1.159)**	**185.229**	**157.006**	**(2.493)**	**154.513**
Gross operating Income – EBITDA	**17.732**	**(451)**	**17.281**	**20.114**	**388**	**20.502**
Depreciation and amortisation	21.661		21.661	20.184	0	20.184
Write-downs/write-backs	160		160	811	(531)	280
Net Operating Income (Loss) – EBIT	**(4.089)**	**(451)**	**(4.540)**	**(881)**	**919**	**38**
Finance income	425		425	753	0	753
Finance expense	6.277		6.277	4.580	0	4.580
Profit (Loss) from equity-accounted investments	(1)		(1)	4	0	4
Profit (Loss) before tax	**(9.942)**	**(451)**	**(10.393)**	**(4.704)**	**919**	**(3.785)**
Income taxes	(5.500)	(1.391)	(6.891)	(3.210)	(1.277)	(4.487)
Theoretical tax effect	0	(131)	(131)	0	240	240
Profit (Loss)	**(4.442)**	**1.071**	**(3.371)**	**(1.494)**	**1.956**	**462**

The impact of special items on Profit (Loss) before tax is negative for euros 451 thousand, due to income having a nonrecurring nature of euros 1,610 thousand and nonrecurring operating costs of euros 1,159 thousand. Non-recurring

to the start-up of new plants, etc; (iii) any capital gains or losses, write-downs or revaluations of investments and/or assets, adjustments/reversals and depreciation associated with extraordinary transactions.

Below is a description of the main alternative performance measures:

- EBITDA (or Gross Operating Margin): represents an indicator of operating performance and is calculated by adding Depreciation and Amortization and Impairment/Repairment to Operating Income;
- Adjusted EBITDA (or Adjusted Gross Operating Margin): represents an indicator of recurring operating performance and is calculated by summing EBITDA and special items, i.e., nonrecurring or non-repetitive operating revenues and costs;
- Adjusted Operating Income (or adjusted EBIT): is calculated by summing Operating Income and special items, i.e., revenues, operating costs, depreciation and amortization, and non-recurring or non-repetitive impairments/reversals;
- Consolidated Adjusted Profit (Loss): is calculated by adding the special items to Consolidated Profit (Loss);
- Net financial debt or Net Financial Position: represents an indicator of financial structure and is calculated in accordance with the provisions of Guideline No. 39 issued on March 4, 2021, applicable as of May 5, 2021, and in line with the Attention Call No. 5/21 issued by Consob on April 29, 2021;
- Adjusted Net Financial Debt or Adjusted Net Financial Position: is calculated by deducting from Net Financial Debt (or Net Financial Position) the financial debt related to the application of IFRS 16;
- Cash flow from operations: is calculated by adding changes in inventories, trade receivables, trade payables and other current assets/liabilities to EBITDA;
- Adjusted investment activity: is calculated by deducting from investment activity the additions related to user rights recognized in accordance with IFRS 16;
- Percentage marginality: is calculated as the ratio of Gross Operating Margin to Total revenue, income and additions for internal work.

income relates to insurance reimbursements, premiums from related parties, and contributions received for charitable donations; nonrecurring operating costs are mainly attributable to (i) compensation for damages to customers of euros 294 thousand and (ii) defaults and penalties of euros 407 thousand (iii) social promotion activities of euros 292 thousand (iv) *claims & litigation* euros 166 thousand. Taxes are also adjusted for a total of euros 1,391 thousand mainly attributable to the *reversal of* deferred tax assets recorded on the revaluation asset balances of the subsidiaries FIB, Seri Plast and Repiombo.

Consolidated balance sheet and financial position

The following table shows the composition of net invested capital as of December 31, 2022 compared with that at the end of the previous year:

Euro / 000	31/12/2022	31/12/2021	Change	Change %
Net fixed assets:				
Property, plant and equipment, intangible assets and rights of use	118,687	114,421	4,266	4%
Goodwill	55,042	55,042	0	0%
Equity-accounted investments	538	554	(16)	(3%)
Other non-current assets and liabilities	(22,797)	(25,857)	3,060	(12%)
Total net fixed assets	**151,470**	**144,160**	**7,310**	**5%**
Net working capital				
Trade receivables	32,270	37,015	(4,745)	(13%)
Inventories	75,753	63,606	12,147	19%
Trade payables	(46,520)	(47,930)	1,410	(3%)
Other current assets and liabilities	15,387	9,280	6,107	66%
Net working capital	**76,890**	**61,971**	**14,919**	**24%**
Gross invested capital	**228,360**	**206,131**	**22,229**	**11%**
Other provisions:				
Provisions for employee benefits	(4,235)	(4,676)	441	(9%)
Provisions for risks and charges	(823)	(1,261)	438	(35%)
Provisions for net deferred taxes	24,509	18,757	5,752	31%
Total provisions	19,451	12,820	6,631	52%
Net Invested Capital	**247,811**	**218,951**	**28,860**	**13%**
Equity	(143,522)	(120,934)	(22,588)	19%
Net Financial Position	(104,289)	(98,017)	(6,272)	6%
Coverage	**(247,811)**	**(218,951)**	**(28,860)**	**13%**

Net invested capital as of December 31, 2022 is euros 247,811 thousand and is covered by consolidated shareholders' equity of euros 143,522 thousand and net financial debt of euros 104,289 thousand.

The following is a breakdown of the statement of net invested capital by sector:

Euro / 000	Batteries	Plastic materials	Other	Corporate	Conso. effects	Consolidated
Net fixed assets:						
Property, plant and equipment, intangible assets and rights of use	79,008	39,277	0	429	(27)	118,687
Goodwill	705	0	0	0	54,337	55,042
Equity-accounted investments	537	0	0	141,387	(141,386)	538
Other non-current assets and liabilities	(20,611)	(2,146)	0	3,085	(3,125)	(22,797)
Total net fixed assets	**59,638**	**37,131**	**0**	**144,902**	**(90,201)**	**151,470**
Net working capital						
Trade receivables	17,634	15,414	0	712	(1,489)	32,270
Inventories	37,006	38,747	0	0	0	75,753
Trade payables	(20,667)	(25,991)	(3)	(1,346)	1,489	(46,520)
Other current assets and liabilities	16,524	(540)	161	(758)	0	15,387
Net working capital	**50,496**	**27,630**	**157**	**(1,393)**	**0**	**76,890**
Gross invested capital	**110,134**	**64,761**	**157**	**143,509**	**(90,201)**	**228,360**
Other provisions:						
Provisions for employee benefits	(1,388)	(2,071)	0	(776)	0	(4,235)
Provisions for risks and charges	(531)	(127)	0	(165)	0	(823)
Provisions for net deferred taxes	2,446	1,818	0	20,245	0	24,509
Total provisions	527	(380)	0	19,304	0	19,451
Net Invested Capital	**110,661**	**64,381**	**157**	**162,813**	**(90,201)**	**247,811**
Equity	(63,474)	(24,276)	(268)	(142,580)	87,076	(143,522)
Net Financial Position	(47,187)	(40,105)	111	(20,233)	3,125	(104,289)
Coverage	**(110,661)**	**(64,381)**	**(157)**	**(162,813)**	**90,201**	**(247,811)**

Below is the Group's balance sheet as of December 31, 2022, compared with the balance sheet at the end of the previous year:

Euro/000	31/12/2022	31/12/2021	Change	Change %
Current assets	166,893	153,734	13,159	9%
Non-current assets	201,993	192,316	9,677	5%
ASSETS	368,886	346,050	22,836	7%
Current liabilities	128,155	153,733	(25,578)	(17%)
Non-current liabilities	97,209	71,383	25,826	36%
Equity	143,522	120,934	22,588	19%
LIABILITIES AND EQUITY	368,886	346,050	22,836	7%

Current assets amounted to euros 167 million as of December 31, 2022 compared to euros 154 million as of December 31, 2021, an increase of euros 13 million. Non-current assets were euros 202 million as of December 31, 2022 compared to euros 192 million as of December 31, 2021, up by euros 10 million.

Current liabilities amounted to euros 128 million as of December 31, 2022 compared to euros 154 million as of December 31, 2021, a decrease of euros 26 million. This reduction is mainly attributable to the disclosure in noncurrent liabilities of the non-current portions of loan agreements backed by financial covenants, which, in accordance with IAS 1, were classified as current liabilities as of December 31, 2021. Non-current liabilities amounted to euros 97 million as of December 31, 2022 compared to euros 71 million as of December 31, 2021, an increase of euros 26 million.

Consolidated shareholders' equity was euros 144 million as of December 31, 2022 and increased by euros 23 million from euros 121 million as of December 31, 2021.

Euro / 000	31/12/2022	31/12/2021	Change	Change %
Equity	143,522	120,934	22,588	19%
of which: Equity attributable to owners of the Parent	*143,493*	*120,520*	*22,973*	*19%*
of which: Equity attributable to non-controlling interests	*29*	*414*	*(385)*	*(93%)*

The increase in consolidated shareholders' equity is mainly attributable to capital increases related to the exercise of warrants of approximately euros 25.5 million.

Current assets are euros 167 million against current liabilities of euros 128 million. The availability margin is euros 39 million, with a *current ratio* of 1.30, demonstrating the Group's ability to generate liquidity and meet short-term commitments.

Shown below is the reconciliation of separate shareholders' equity and operating income with the consolidated as of December 31, 2022:

Reconciliation of equity and profit (loss)	**31/12/2022**		**31/12/2021**	
	Equity	**Profit (Loss)**	**Equity**	**Profit (Loss)**
Seri Industrial Sp.A. - Separate financial statements	**142,581**	**5,323**	**110,801**	**3,932**
Equity/Income aggregate of Parent	114,286	(13,819)	74,457	(10,241)
Adjustment to the Group Principles	1,442	1,058	(177)	310
Elimination of revaluation reserve	(12,361)	3,123	(15,540)	3,131
Equity-accounted investments	(155,517)	680	(102,389)	918
Goodwill	54,339	0	54,339	0
Other adjustments	(1,248)	(807)	(557)	416
Total adjustments	***941***	***(9,765)***	***10,133***	***(5,466)***
Seri Industrial - Consolidated financial statements	***143,522***	***(4,442)***	***120,934***	***(1,534)***

The following is the Group's adjusted net financial debt (or NFP - Net Financial Position) as of December 31, 2022, showing the short-term components separately disclosed from the medium- to long-term components, compared with the same information as last published in the consolidated annual financial report as of December 31, 2021:

	NFP - NET FINANCIAL POSITION	31/12/2022	31/12/2021	Change	Change %
A)	Cash	24,818	19,500	5,318	27%
B)	Cash equivalents	1,133	1,702	(569)	(33%)
C)	Other current financial assets	1,588	509	1,079	212%
D)	**Liquidity D = (A + B + C)**	**27,539**	**21,711**	**5,828**	**27%**
E)	Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	47,552	40,252	7,300	18%
F)	Current portion of non-current financial debt	16,006	40,777	(24,771)	(61%)
G)	**Current financial indebtedness G = (E + F)**	**63,558**	**81,029**	**(17,471)**	**(22%)**
H)	**Net current financial indebtedness H = (G - D)**	**36,019**	**59,318**	**(23,299)**	**(39%)**
I)	Non-current financial debt (excluding current portion and debt instruments)	34,400	8,700	25,700	295%
J)	Debt securities	4,000		4,000	100%
K)	Non-current trade and other payables	29,870	30,000	(130)	(0%)
L)	**Non-current financial indebtedness L = (I + J + K)**	**68,270**	**38,700**	**29,570**	**76%**
M)	**Total financial indebtedness (H+L)**	**104,289**	**98,018**	**6,271**	**6%**
N)	IFRS 16 adjustment	25,271	22,971	2,300	10%
O)	**Adjusted total financial indebtedness**	**79,018**	**75,047**	**3,971**	**5%**

Cash and cash equivalents were euros 24.8 million as of December 31, 2022 compared to euros 19.5 million as of December 31, 2021 (+ euros 5.3 million).

The Group's adjusted net financial debt of euros 79 million (net financial debt of euros 104 million) increased by euros 4 million.

The net financial position at the end of the year includes lease and right-of-use payables arising from the application of IFRS 16, totaling euros 25 million.

With reference to indirect indebtedness, the total amount of provisions for risks recorded in the balance sheet is euros 823 thousand.

Below is the adjusted net financial debt broken down by sector:

	NFP - Segment	Batterie	Materie Plastiche	Corporate	Altro	Effetti Conso.	Consolidato
A)	Cash	1,009	297	23,512	0	0	24,818
B)	Cash equivalents	19,394	4,785	1,889	111	(25,046)	1,133
C)	Other current financial assets	86	0	1,501	0	1	1,588
D)	**Liquidity D = (A + B + C)**	**20,490**	**5,082**	**26,902**	**111**	**(25,046)**	**27,539**
E)	Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	31,105	30,558	10,934	0	(25,045)	47,552
F)	Current portion of non-current financial debt	10,206	0	5,800	0	0	16,006
G)	**Current financial indebtedness G = (E + F)**	**41,311**	**30,558**	**16,734**	**0**	**(25,045)**	**63,558**
H)	**Net current financial indebtedness H = (G - D)**	**20,821**	**25,477**	**(10,168)**	**(111)**	**0**	**36,019**
I)	Non-current financial debt (excluding current portion and debt instruments)	4,100	0	30,300		0	34,400
J)	Debt securities	4,000	0	0		0	4,000
K)	Non-current trade and other payables	18,266	14,628	101		(3,125)	29,870
L)	**Non-current financial indebtedness L = (I + J + K)**	**26,366**	**14,628**	**30,401**	**0**	**(3,125)**	**68,270**
M)	**Total financial indebtedness (H+L)**	**47,187**	**40,105**	**20,233**	**(111)**	**(3,125)**	**104,289**
N)	IFRS 16 adjustment	12,054	13,021	198	0	0	25,271
O)	**Adjusted total financial indebtedness**	**35,133**	**27,084**	**20,036**	**(111)**	**(3,125)**	**79,018**

With regard to consolidation effects, it should be noted that aggregate financial debt is reduced by euros 3.125 million, as noncurrent financial debts of subsidiaries are eliminated and against financial assets of the Parent Company that are not included in NFP because they are noncurrent.

The table below shows the Group's adjusted financial debt with evidence of the technical form of financial instruments:

	NFP - Technical format	31/12/2022	31/12/2021	Variazione	Variazione %
A)	**Cash:**	**24,818**	**19,500**	**5,318**	**27%**
	Bank deposits - current accounts	*24,781*	*19,471*	*5,310*	*27%*
	Cheques	*10*	*0*	*10*	*100%*
	Cash on hand	*27*	*29*	*(2)*	*(7%)*
B)	**Cash equivalents:**	**1,133**	**1,702**	**(569)**	**(33%)**
	Other bank deposits	*268*	*278*	*(10)*	*(4%)*
	Financial receivables from Invitalia SpA	*864*	*1,413*	*(549)*	*(39%)*
	Financial receivables with related parties	*1*	*11*	*(10)*	*(91%)*
C)	**Other current financial assets**	**1,588**	**509**	**1,079**	**212%**
	Securities - Current derivative financial assets	*1,588*	*509*	*1,079*	*212%*
D)	**Liquidity C = (A + B + C)**	**27,539**	**21,711**	**5,828**	**27%**
E)	**Current financial debt**	**42,395**	**35,063**	**7,332**	**21%**
	Current bank debt - advance accounts	*35,041*	*28,218*	*6,823*	*24%*
	Current bank debt - current accounts	*2,596*	*2,716*	*(120)*	*(4%)*
	Other current debt - Invitalia/Mise subsidised loan	*2,532*	*2,409*	*123*	*5%*
	Advances for contributions	*1,221*	*978*	*243*	*25%*
	Financial debt with related parties	*1,005*	*742*	*263*	*35%*
F)	**Current portion of non-current financial debt:**	**16,006**	**40,778**	**(24,772)**	**(61%)**
	Current bank debt - loans	*16,006*	*40,738*	*(24,732)*	*(61%)*
	Derivatives	*0*	*40*	*(40)*	*(100%)*
G)	**Current financial indebtedness G = (E + F)**	**58,401**	**75,841**	**(17,440)**	**(23%)**
H)	**Net current financial indebtedness H = (G - D)**	**30,862**	**54,130**	**(23,268)**	**(43%)**
I)	**Non-current financial debt:**	**34,400**	**8,700**	**25,700**	**295%**
	Non-current bank debt - loans	*34,400*	*8,700*	*25,700*	*295%*
J)	**Debt securities**	**4,000**	**0**	**4,000**	**100%**
K)	**Non-current trade and other payables:**	**9,756**	**12,217**	**(2,462)**	**(20%)**
	Other non-current payables - Invitalia/Mise subsidised loan	*9,756*	*10,729*	*(974)*	*(9%)*
	Financial payables with related parties	*0*	*1,488*	*(1,488)*	*(100%)*
L)	**Non-current financial indebtedness L = (I + J + K)**	**48,156**	**20,917**	**27,239**	**130%**
M)	**Adjusted total financial indebtedness (H+L)**	**79,018**	**75,047**	**3,971**	**5%**
E)	**Current financial debt**	**5,156**	**5,189**	**(33)**	**(1%)**
	Current financial debt - IFRS 16	*5,156*	*5,189*	*(33)*	*(1%)*
K)	**Non-current trade and other payables:**	**20,115**	**17,782**	**2,333**	**13%**
	Non-current financial payables - IFRS 16	*20,115*	*17,782*	*2,333*	*13%*
O)	**Total financial indebtedness**	**104,289**	**98,018**	**6,271**	**6%**

Below is a breakdown of cash flows:

Financial cash flows	31/12/2022	31/12/2021
Net financial position at the beginning of the period	**(98,018)**	**(95,967)**
IAS 20 effect	0	2,479
Net financial position at the beginning of the adjusted period	**(98,018)**	**(93,488)**
Net Operating Income (Loss)	**(4,089)**	**(881)**
Amortisation, depreciation and write-downs/write-backs	21,821	20,995
Gross operating income	**17,732**	**20,114**
Change in inventories	(12,147)	(15,383)
Change in trade receivables	4,745	2,374
Change in trade payables	(1,410)	10,129
Change in other current assets and liabilities	(6,107)	397
Changes in working capital	*(14,919)*	*(2,483)*
Cash flow from operations	**2,813**	**17,631**
Proceeds from sale of property, plant and equipment	500	535
Investments in rights of use	(9,562)	(9,736)
Investments in tangible assets	(8,297)	(9,090)
Investments in intangible assets	(9,542)	(6,724)
(Increase)/Decrease in other investment activities	17	(162)
Cash flow from investment activities	**(26,884)**	**(25,177)**
Changes in provisions and other non-current assets/liabilities	(9,690)	(4,135)
Cash flow from operations after payment of investments	**(33,761)**	**(11,681)**
Other finance income (expense)	(5,229)	(4,350)
Net cash flow	**(38,990)**	**(16,031)**
Other changes	5,689	3,036
Other flows from financing sources	27,030	8,465
Net financial position at the end of the period	**(104,289)**	**(98,018)**
Debt pursuant to IFRS 16 at the beginning of the period	*22,970*	*19,004*
Increases	*9,562*	*7,912*
Payments	*(7,261)*	*(3,945)*
Debt pursuant to IFRS 16 at the end of the period	**25,271**	**22,971**
Adjusted net financial position at the end of the period	**(79,018)**	**(75,047)**

Adjusted Net Financial Position at the end of the year was euros 79,018 thousand compared to euros 75,047 thousand in 2021, an increase due to increases in working capital of euros 14,919 thousand and investment activities in tangible and intangible assets, partially offset by an increase in sources of financing related to the exercise of warrants of euros 25,549 thousand. The change in working capital is mainly attributable to an increase in the value of inventories of euros 12,147 thousand resulting from both the higher unit cost of raw materials and processing costs and the increase in inventories at the Teverola 1 site. The increase in investments in tangible and intangible assets of euros 8,297 thousand and euros 9,542 thousand, respectively, is substantially in line with the previous year of reference, and mainly related to investment activities in the Batteries Division.

Economic information by sector

Below are the summary tables of economic performance by sector as of December 31, 2022:

Economic information by segments	Batteries	Plastic materials	Other	Corporate	Conso. effects	Consolidated
Revenues from contract with customers	66,008	111,089	0	4,539	(6,184)	175,452
Other operating income	10,584	6,942	15	170	(277)	17,435
Internal works	7,232	3,852	0	0	149	11,233
Total revenues, income and internal works	**83,824**	**121,883**	**15**	**4,709**	**(6,312)**	**204,120**
Purchase of materials	53,208	69,984	0	12	(1,553)	121,652
Change in inventories	(9,376)	(5,317)	0	0	1	(14,692)
Services expense	17,641	31,921	10	2,305	(4,675)	47,202
Other operating costs	1,554	1,162	0	305	(46)	2,975
Personnel costs	12,642	13,567	0	3,039	3	29,251
Operating costs	**75,668**	**111,318**	**11**	**5,661**	**(6,270)**	**186,388**
Gross operating income	**8,156**	**10,566**	**5**	**(952)**	**(42)**	**17,732**
Depreciation and amortisation	14,177	7,295	0	197	(8)	21,661
Write-downs/write-backs	190	(127)	0	93	5	160
Net operating income (loss)	**(6,211)**	**3,398**	**5**	**(1,241)**	**(39)**	**(4,089)**
Finance income	224	126	0	990	(915)	425
Finance expense	3,498	2,375	0	1,320	(916)	6,277
Profit (Loss) from equity-accounted investments	0	0	0	(1)	0	(1)
Profit (loss) before tax	**(9,485)**	**1,149**	**5**	**(1,573)**	**(37)**	**(9,942)**
Income taxes	681	714	0	(6,896)	1	(5,500)
Profit (Loss)	**(10,167)**	**434**	**5**	**5,323**	**(38)**	**(4,442)**

The following table shows the contribution of segments to total revenues from customers, other operating income, and increases in fixed assets for internal work as of December 31, 2022:

Euro / 000	Batteries	Plastic materials	Other	Corporate	Consolidated
Revenues from contract with customers	65,520	109,855	0	77	175,452
Other operating income	10,579	6,748	15	93	17,435
Internal works	7,232	4,001			11,233
Total revenues, income and internal works	**83,331**	**120,604**	**15**	**170**	**204,120**

With reference to the impacts arising from the Russia-Ukraine conflict, it should be noted that the Group has no significant sales or strategic supplies from the countries involved in the conflict.

Plastic Materials Sector

The table below shows the economic performance of the Plastic Materials segment as of December 31, 2022 (consolidated segment data not including elisions with Batteries, Corporate, and Other):

Plastic materials	31/12/2022	31/12/2021	Change	Change %
Revenues from contract with customers	111,089	99,133	11,956	12%
Other operating income	6,942	2,876	4,066	141%
Internal works	3,852	2,683	1,169	44%
Total revenues, income and internal works	**121,883**	**104,692**	**17,191**	**16%**
Purchase of materials	69,984	59,293	10,691	18%
Change in inventories	(5,317)	(5,190)	(127)	2%
Services expense	31,921	24,034	7,887	33%
Other operating costs	1,162	1,202	(40)	(3%)
Personnel costs	13,567	14,193	(626)	(4%)
Operating costs	**111,318**	**93,532**	**17,786**	**19%**
Gross operating income	**10,566**	**11,160**	**(594)**	**(5%)**
Depreciation and amortisation	7,295	6,786	509	8%
Write-downs/write-backs	(127)	317	(444)	(140%)
Net operating income (loss)	**3,398**	**4,056**	**(658)**	**(16%)**
Finance income	126	33	93	283%
Finance expense	2,375	1,798	577	32%
Profit (loss) before tax	**1,149**	**2,291**	**(1,142)**	**(50%)**
Income taxes	714	1,340	(626)	(47%)
Profit (Loss)	**434**	**951**	**(517)**	**(54%)**

During 2022, there was a growth in Total revenue, income and internal works of 16%, compared to the previous year. In terms of profitability, Gross Operating Income was euros 10,566 thousand, with a percentage margin (Gross Operating Income/Total Revenues, Income and Internal Works), equal to 9%. Net Operating Income was a positive euros 3,398 thousand, after depreciation and amortization of euros 7,168 thousand.
The higher charges incurred in 2022 due to the increase in the cost of energy were estimated to be approximately euros 6,501 thousand, partially offset by grants obtained in the same period, amounting to euros 2,581 thousand, as part of the facilities introduced by the Sostegni-ter Decree in favor of energy-intensive companies.

Battery Sector

The following table shows the economic performance of the Batteries segment as of December 31, 2022 (consolidated segment data not including elisions with the Plastic Materials, Corporate, and Other segments):

Batteries	**31/12/2022**	**31/12/2021**	**Change**	**Change %**
Revenues from contract with customers	66,008	61,113	4,895	8%
Other operating income	10,584	8,745	1,839	21%
Internal works	7,232	4,695	2,537	54%
Total revenues, income and internal works	**83,824**	**74,553**	**9,271**	**12%**
Purchase of materials	53,208	45,417	7,791	17%
Change in inventories	(9,376)	(5,870)	(3,506)	60%
Services expense	17,641	11,551	6,090	53%
Other operating costs	1,554	1,767	(213)	(12%)
Personnel costs	12,642	11,902	740	6%
Operating costs	**75,668**	**64,767**	**10,901**	**17%**
Gross operating income	**8,156**	**9,785**	**(1,629)**	**(17%)**
Depreciation and amortisation	14,177	13,221	956	7%
Write-downs/write-backs	190	492	(302)	(61%)
Net operating income (loss)	**(6,211)**	**(3,928)**	**(2,283)**	**58%**
Finance income	224	682	(458)	(67%)
Finance expense	3,498	2,641	857	32%
Profit (loss) before tax	**(9,485)**	**(5,886)**	**(3,599)**	**61%**
Income taxes	681	491	190	39%
Profit (Loss)	**(10,167)**	**(6,377)**	**(3,790)**	**59%**

In FY2022, there was a growth in Total revenue, income and internal works of 12%, compared to the previous year.
In terms of profitability, Gross Operating Income is positive euros 8,156 thousand with a percentage margin (Gross Operating Income/Total Revenues, Income and internal works) of 10%. Net Operating result was negative euros 6,211 thousand after depreciation and amortization of euros 14,367 thousand. It should be noted that depreciation and amortization in the Batteries segment pertains for euros 11,254 thousand to the investment made and in progress related to the Teverola 1 and 2 projects, of which euros 8,857 thousand for depreciation of investments made (Teverola 1 and 2) and euros 2,397 thousand for rights of use related to the lease of the Teverola 1 (euros 1,030 thousand) and Teverola 2 (euros 1,367 thousand) buildings.
The impact on EBITDA is mainly attributable to the higher charges incurred in 2022 due to the increase in the cost of energy, quantifiable at approximately euros 2,282 thousand, partially offset by contributions obtained in the same period, amounting to euros 1,100 thousand, as part of the facilities introduced by the Sostegni-ter Decree in favor of energy-intensive companies.

Holding

Holding manages all management and coordination activities of the Group. It coordinates administration, finance and control, human resources, communications, treasury, legal and corporate affairs, quality, environment and safety, audit activities, and, more generally, supervises the production and business activities delegated to the various production units and sets strategic guidelines. The summary income statement of the parent company is shown below:

Euro / 000	31/12/2022	31/12/2021	Change	Change %
Revenues from contract with customers	4,539	4,380	159	4%
Other operating income	171	217	(46)	(21%)
Total revenues and other income	**4,710**	**4,597**	**113**	**2%**
Operating costs	5,663	5,414	249	5%
Gross operating income	**(953)**	**(817)**	**(136)**	**17%**
Net Operating Income (Loss)	**(1,241)**	**(1,008)**	**(233)**	**23%**
Finance income (expense)	(332)	(100)	(232)	232%
Profit (Loss) before tax	**(1,573)**	**(1,108)**	**(465)**	**42%**
Income taxes	(6,896)	(5,040)	(1,856)	37%
Profit (Loss)	**5,323**	**3,932**	**1,391**	**35%**

In terms of assets, the structure is as follows:

Euro/000	31/12/2022	31/12/2021	Change	Change %
Current assets	28,159	42,422	(14,263)	(34%)
Non-current assets	165,549	135,315	30,234	22%
ASSETS	**193,708**	**177,737**	**15,971**	**9%**
Current liabilities	19,660	60,838	(41,178)	(68%)
Non-current liabilities	31,467	6,098	25,369	416%
Equity	142,581	110,801	31,780	29%
LIABILITIES AND EQUITY	**193,708**	**177,737**	**15,971**	**9%**

The net financial position of the Parent Company, compared with that of the previous year, is as follows:

	NFP - NET FINANCIAL POSITION	31/12/2022	31/12/2021	Change	Change %
A)	Cash	23,512	17,530	5,982	34%
B)	Cash equivalents	1,889	22,954	(21,065)	(92%)
C)	Other current financial assets	1,502	509	993	195%
D)	**Liquidity D = (A + B + C)**	**26,903**	**40,993**	**(14,090)**	**(34%)**
E)	Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	10,934	26,743	(15,809)	(59%)
F)	Current portion of non-current financial debt	5,800	30,421	(24,621)	(81%)
G)	**Current financial indebtedness G = (E + F)**	**16,734**	**57,164**	**(40,430)**	**(71%)**
H)	**Net current financial indebtedness H = (G - D)**	**(10,169)**	**16,171**	**(26,340)**	**(163%)**
I)	Non-current financial debt (excluding current portion and debt instruments)	30,300	3,600	26,700	742%
K)	Non-current trade and other payables	101	1,665	(1,564)	(94%)
L)	**Non-current financial indebtedness L = (I + J + K)**	**30,401**	**5,265**	**25,136**	**477%**
M)	**Total financial indebtedness (H+L)**	**20,232**	**21,436**	**(1,204)**	**(6%)**
N)	IFRS 16 adjustment	198	266	(68)	(26%)
O)	**Adjusted total financial indebtedness**	**20,034**	**21,170**	**(1,136)**	**(5%)**

Significant events in the period

Russia-Ukraine Conflict

The Russia-Ukraine conflict has significantly aggravated the global macroeconomic environment, leading to a tightening of energy commodity costs and new difficulties in supply chains, in addition to pre-existing supply bottlenecks.
Considering the reference scenario, which is characterized by high uncertainty, and the various recommendations of national and supranational supervisory bodies, Seri Industrial has activated a system of constant monitoring of conflict developments in order to assess the possible repercussions of the international crisis on its business activities and define the necessary actions to mitigate direct and indirect risks on the Group.
In terms of direct impacts, the Group has no significant customers or suppliers in the area affected by the conflict.
In relation to the indirect effects of the war, the Group analyzed the impacts with particular reference to the reduced availability of raw material supplies from the areas affected by the conflict and the increase in the prices of energy goods, which consequently led to a generalized increase in the prices of other goods, industrial products and services.
All Group companies adjust the prices of finished products by indexing them to the cost of the main raw materials (plastic and lead) with an average time lag of about 60 days.
The energy market shock, on the other hand, caught operators in the Group's reference market unprepared, and the adjustment of prices required lengthy negotiations with customers, also in view of the fact that some competitors, with production units in other countries, did not experience increases in energy costs comparable to those in Italy. Finally, during the year, a commercial agreement was defined for the main customers to apply, also in the future, an energy surcharge, dependent on the energy cost and indexed to the single national electricity price.
In particular, Russia's significant role in mining certain rare metals has led to a direct impact on the market for lithium batteries with NMC (nickel-manganese-cobalt) chemistry in terms of disruption of supply chains for materials such as nickel and even cobalt. This resulted in a shortage of these materials as well as a significant increase in the price level, which, combined with the toxicity and poor sustainability of the chemistry, led several global players to change strategy. This situation has had limited repercussions for the Group due to the strategy, pursued since the beginning of the project, of focusing on LFP (Lithium Iron Phosphate) chemistry, with materials that are green and less prone to shortage situations due to geopolitical and supply chain tensions.

Teverola 1

During the last two months of 2022, the Group completed the startup of the Teverola 1 plant for the production of lithium cells and batteries, which was delayed compared to the initial forecasts due to the upgrades and improvements to the production processes required for product innovation (battery with LFP active material in water-based solution, totally recyclable and with productions without the use of solvents and pollutant emissions).

Teverola 2

On March 8, 2022, the Ministry of Economic Development-Directorate General for Business Incentives-issued the decree granting the facilitation, in the form of a contribution to expenditure, from the IPCEI Batterie 1 fund, in favor of the FIB, in the amount of euros 417,046,521.84 out of the total amount of aid that can be granted, defined on the basis of the nominal financing gap, which is euros 505,843,200. The Ministry of Economic Development communicated a further supplement of the granted aid for investment in research and development up to 100 percent of the total expenditure. Disbursement of the facility granted will take place in accordance with the terms and conditions set forth in the activation decree published in the Official Gazette in August 2021, i.e., within the first half of each year, subject to the first request for disbursement, which may be arranged as an advance payment up to a maximum of 20 percent of the total facility.
The first investments were started during the year and agreements for the supply of plant and machinery are currently being finalized. Total expenses incurred until December 31, 2022 amount to euros 3.8 million.

Exercise of Seri Warrants Uno 2017-2022

During fiscal year 2022, 5,079,245 Seri Industrial ordinary shares (ISIN code IT0005283640) were issued at a price of euros 5.03 per share, of which euros 3.03 was a share premium, for a total countervalue of euros 25,549 thousand. It is specified that the Warrants for which a subscription request has not been submitted, amounting to residual No. 32,360,387, are to be considered forfeited of all rights, becoming definitively invalid for all purposes, as provided by the Regulations.

It should also be noted that, the largest shareholder Seri S.p.A., a holding company held by the Civitillo Family, exercised 8,420,480 Warrants Uno Seri 2017-2022, subscribing to 842,048 newly issued shares of the Company for a countervalue of 4,235,501 euros.

Stock Option Plan and Allocation

On May 6, 2022, the Shareholders' Meeting ("the Meeting"), convened in ordinary and extraordinary session in a single call, was constituted and resolved favorably about the introduction of a stock option plan and the related increase in share capital.

- Stock Option Plan

  The Shareholders' Meeting resolved favorably on the proposal to introduce a stock option plan involving ordinary shares of Seri Industrial S.p.A. called the "2022 Stock Option Plan" for executive directors, managers and employees of the Company and its subsidiaries.

- Proposed capital increase to service the 2022 Stock Option Plan

  The Shareholders' Meeting approved the proposal to increase the share capital for cash, in one or more installments, with the exclusion of option rights pursuant to Article 2441, paragraphs 4, second sentence, 6 and 8 of the Civil Code, for a total amount of up to 1,956,000 euros (plus premium), by issuing, also in several installments, up to 978,000 ordinary shares with no par value, reserved for the beneficiaries of the "2022 Stock Option Plan," and consequent amendment of Article 5 of the Articles of Association.

The options become exercisable upon the achievement of specific performance targets, divided between TSR targets, determined on the basis of the Total Shareholder Return of the stock compared to certain panels of stocks, and ESG targets, determined on the basis of the use in the production cycle of a certain percentage of recycled material (for traditional business lines, excluding the lithium battery sector) and on the basis of the development of technologies that promote the recycling of lithium batteries at the end of their life and the containment of environmental impact (for the lithium battery sector).

On December 16, 2022 (the "Grant Date"), the Board of Directors of Seri Industrial S.p.A. resolved, upon the proposal of the Nomination and Remuneration Committee which met on December 15, 2022 and pursuant to the Consob Issuers' Regulations, to grant 342,500 options, giving the right to receive 342,500 Seri Industrial ordinary shares, under the first grant cycle of the 2022 Stock Option Plan approved by the Shareholders' Meeting of May 6, 2022.

The Exercise Price, equal to the arithmetic average of the official prices of the Company's Shares on Euronext during the thirty trading days prior to the Date of Granting of Options to Beneficiaries, is euros 5.78.

For more details see the press releases dated March 25, 2022, June 27, 2022, and December 16, 2022.

Unilever-Pozzilli: Industrial Development Contract - Invitalia

On June 1, 2022, P2P, a company jointly owned by Unilever B.V. and its subsidiary Seri Plast S.p.A, submitted to Invitalia S.p.A. ("Invitalia") the Proposal for Industrial Development Contract provided for in Article 9 of the Decree of the Minister of Economic Development of December 9, 2014, as amended and supplemented, for the implementation of the investment program that provides for the reconversion of Unilever's Pozzilli site and the construction of a plant for the production of plastic compounds recovered from end-of-life packaging.

On December 15, 2022, Invitalia announced the start of the preliminary activities for the granting of the facilities, the plant designs have been completed, and the dismantling and reclamation activities of the facilities owned by Unilever are being completed.

Business Plan 2022-2026

On June 22, 2022, the Board of Directors approved the Seri Industrial Group's 2022-2026 Business Plan. The plan is an update of the previous one, which was approved on July 22, 2021, and was prepared in cooperation with a leading advisor, who verified the degree of plausibility and consistency of the underlying working hypotheses as well as the reasonableness of the relevant assumptions.

The Plan envisages revenues in the year 2025 and in the year 2026 in line with the economic forecasts approved on July 22, 2021, considering the same scope of activities, for a total amount of about 2.2 billion euros.

Compared to the previous 2021-2025 plan, the Plan also includes the economic and financial forecasts inherent in the new post-consumer packaging recovery project to be implemented in Pozzilli, as described in the previous section "Unilever-Pozzilli: Industrial Development Contract - Invitalia."

Financing contracts so called “Cura Italia”

On June 20, 2022, Seri Industrial signed a new loan agreement with Cassa Depositi e Prestiti S.p.A. ("CDP") for 15 million euros (the "New CDP Loan"). These euros 10 million loan was for the repayment of the previous loan with CDP signed on July 29, 2020 (the "First CDP Loan"); the contribution of new finance is therefore euros 5 million. The New CDP Loan has a pre-amortization period of 2 years and an overall duration of 6 years; it also provides for a SACE guarantee, equal to 90% of the financed amount, within the framework of the provisions of the Cura Italia and Liquidity Decree to support investments and net working capital.

On October 14, 2022, subsidiary FIB issued a subordinated non-convertible bond with a total nominal amount of 4 million euros (the "Bond Loan"), represented by 40 bonds with a nominal value of 100 thousand euros each, reserved for subscription by Cassa Depositi e Prestiti S.p.A. The Bond Loan will have a maturity of six years and the bonds issued will bear interest from the date of issue.

Subsequent events after the end of period and business outlook

Subsequent events

There are no events reported after the end of the fiscal year.

Business outlook

For key business and economic-financial developments, please refer to paragraphs (i) "Group strategy and risk management (ii) "Significant events in the period" (section "Business Plan 2022-2026").

Teverola 1

The plant is currently producing at a monthly capacity of about 30 percent of the theoretical production capacity (about 28 MWh/month) and is expected to gradually increase to the maximum installed capacity by the third quarter of the current fiscal year.

Business Plan 2023-2026

Management will update the 2023-2026 business plan in the coming months, taking into account the delays that have occurred in the startup of production at the Teverola 1 plant and verifying the timing for the Teverola 2 plant to be fully operational.

Other information

Related party transactions

The notes to the financial statements provide summarized balance sheet/financial and economic data on transactions between the various companies that are part of the Group during the year under review. Information is also provided in relation to transactions with related parties as required by international accounting standard IAS 24.

Relations with subsidiaries

Transactions with subsidiaries are elided when preparing the annual and semi-annual consolidated financial statements. The above transactions with subsidiaries mainly concern:

- the provision of financing, the management of cash pooling and the issuance of guarantees, such as co-bonding for VAT refunds, the issuance of letters of patronage under lease agreements, and the issuance of guarantees under share transfer agreements;
- The provision of centralized services for the management of administrative, corporate, legal and contractual, tax and personnel management activities;
- Relationships with subsidiaries within the framework of tax consolidation for IRES purposes.

Transactions between companies included in the scope of consolidation also include, but are not limited to: (i) relations for the supply of products and semi-finished products (between Seri Plast and Fib and between Fib and FS/Repiombo); (ii) labor account relations between Seri Plast Plast and the subsidiaries Plastam Europe Sas, ICS EU Sas and ICS Poland; (iii) recognition of royalties to FIB from the subsidiaries Yixing Faam Industrial Batteries (YIBF) and FS for the use of the "Faam" trademark and of the "Carbat" trademark, respectively.
These transactions are excluded from the application of the procedural rules provided for transactions with related parties being transactions with or between companies controlled, even jointly, by Seri Industrial.

Related party transactions[14]

The Group has had and has significant financial and economic relationships with related parties, the latter mainly referring to companies related to Vittorio Civitillo. Certain corporate representatives of Seri Industrial - namely Vittorio Civitillo, Andrea Civitillo and Marco Civitillo, and his father Giacomo Civitillo (the "**Civitillo Exponents**") - have significant interests pursuant to Article 2391 of the Italian Civil Code on behalf of parties related to the Company and the Group (the aforementioned individuals hold positions or functions as directors in companies that are part of the Company's chain of control and/or in other parties related to the Company).

On June 28, 2021, the Board of Directors of Seri Industrial S.p.A. resolved to adjust the Procedure regarding the regulation of related party transactions by incorporating the amendments introduced by Consob Resolution No. 21624 of December 10, 2020 to the Regulations adopted by Resolution No. 17211 of March 12, 2010.
During the year, two major transactions were authorized for more information see "Note 44. Related Party Transactions."

Major Related Parties

The following individuals are the most significant related parties of the Company and Seri Industrial Group:

- the Civitillo Exponents;
- companies that even indirectly are held by Esponenti Civitillo.

Engineer Vittorio Civitillo, CEO, and Andrea Civitillo, as of December 31, 2022, indirectly hold, through SE.R.I. S.p.A., shares in the Company corresponding in total to 60.4% of the Company's share capital. SE.R.I., in which Vittorio Civitillo holds 50.60 percent, and Andrea Civitillo holds 49.40 percent.
Finally, it should be noted that on July 23, 2021, the Company's Shareholders' Meeting approved the plan for the merger of Industrial S.p.A. into the wholly owned parent company SE.R.I. S.p.A. The merger took effect from the civil law point of view as of May 1, 2022, i.e., the first day of the month following the last of the registrations at the competent Registry of Companies of the deed of merger signed last March 17, 2022.

[14] Disclosure also provided at the request of Consob (see "Other Information"), following Order No. 0838644/21 of July 28, 2021.

The main transactions that Seri Industrial Group has carried out with Related Parties.

The Group's main transactions with related parties concern:

- Real estate leases: the Company and Group companies have rental contracts for office and industrial properties with Pmimmobiliare Srl and Azienda Agricola Quercete a r.l., companies indirectly owned by Vittorio Civitillo and Andrea Civitillo;
- Guarantees and endorsements: through SERI, factoring companies and banking institutions, respectively, have granted Seri Industrial Group's Italian companies opportunities to use advances on receivables and short-term credit facilities;
- Other reports.

For all qualitative and quantitative information on related party transactions, please refer to the notes to the consolidated financial statements "Note 44. Related Party Transactions."

Information pursuant to and for the purposes of Article 114, paragraph 5, Legislative Decree No. 58/1998

On July 28, 2021, following Order No. 0838644/21, Consob announced that the disclosure requirements on a monthly basis pursuant to Article 114(5) of Legislative Decree No. 58/98 had ceased to apply. The obligation to provide supplementary information, pursuant to the aforementioned regulation, remains in reference to annual and half-yearly financial reports and interim management reports. It should be noted that the requirement for supplementary information to be reported, with reference to the first and third quarters of each financial year, may be fulfilled by means of a specific press release, or in the quarterly report, if published on a voluntary basis.
In view of the above, the following provides information regarding:
(a) the net financial position of the Company and its Group, showing short-term components separately from medium- to long-term components.
Please refer to "Comments on Results and Other Information-Consolidated Statement of Financial Position" above; information on the Company's net financial position is presented in "Comments on Results and Other Information-Economic Information by Business Segment - Holding Company" above;
(b) the overdue debt positions of the Company and the Group headed by it, broken down by nature (financial, commercial, tax, social security, and employee) and any related creditor response initiatives (reminders, injunctions, suspensions in supply, etc.):

Nature of the debt	Seri Industrial S.p.A.		Seri Industrial Group	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Trade payables	917	697	19,698	15,338
Tax payables	15	58	169	232
Other payables	27	8	550	451

As of December 31, 2022, payment orders amounted to euros 505 thousand.
(c) the main changes in related party transactions of the Company and its Group since the last financial report approved under Article 154-ter of the TUF.
Information on related party transactions is provided in "Note 44. Related Party Transactions" to the consolidated financial statements;
(d) any failure to comply with covenants, negative pledges and any other clauses in the Group's indebtedness involving limits on the use of financial resources.
With reference to the verification of covenants on loan agreements outstanding as of December 31, 2022, the following should be noted: (i) Cassa Depositi e Prestiti S.p.A. and Unicredit S.p.A., on December 23, 2022 and November 28, 2022, respectively, granted the waiver requests received by the Company. In the first case, the disapplication of the verification of the financial parameters was granted, while Unicredit granted a modification of the parameters, which were found to have been met; (ii) in relation to the FIB-Deutsche Bank loan - recorded for a residual € 1.8 million in current liabilities and regularly repaid at the respective due dates - no requests for early repayment were received due to the failure to meet the financial parameters; (iii) with reference to the FIB-Pool banks loan, recorded for euros 6 million in current liabilities, the lending banks on February 24, 2023 granted an extension of the maturity date to June 30, 2023; the financial parameters as of December 31, 2022 have not been met with the consequent possibility of forfeiture of the

benefit of the term, without prejudice to the possibility of implementing the remedies provided for in the loan agreement.
(e) the status of implementation of any industrial and financial plans, highlighting the deviations of the actual figures from the planned ones.
In relation to the status of implementation of investment projects, please refer to what is described in the section "Highlights - Projects underway." With reference to the traditional business (As Is), revenues are in line with plan forecasts; there is a reduction in margins related to the increase in energy costs, as mentioned above. The so-called Teverola 1 project has experienced delays for the full-scale start-up of production (see above).

Share capital

As of December 31, 2022, the share capital is 97,313,186.03 euros divided into 49,407,254 ordinary shares.
The Shareholders' Meeting approved the proposal to increase the share capital for cash, in one or more installments, with the exclusion of option rights pursuant to Article 2441, paragraphs 4, second sentence, 6 and 8 of the Civil Code, for a total amount of up to 1,956,000 euros (plus premium), by issuing, also in several installments, up to 978,000 ordinary shares with no par value, reserved for the beneficiaries of the "2022 Stock Option Plan," and consequent amendment of Article 5 of the Articles of Association.

Own shares and shares or quotas of parent companies held

As of the end of the fiscal year under review, the Company did not own any of its own shares or shares or quotas of its parent company, even indirectly through trust companies or intermediaries; the Company, during the period, did not purchase or dispose of its own shares or shares or quotas of its parent company, even through trust companies or intermediaries.

Management and coordination activities

Please refer to "Note 6. Management and coordination activities" to the Consolidated Financial Statements as of December 31, 2022.

Registered office

The registered office of Seri Industrial SpA is at Via Provinciale per Gioia snc in San Potito Sannitico (CE), at the Quercete Corporate Center.

Procedure on related party transactions

On June 28, 2021, the Board of Directors of Seri Industrial S.p.A. resolved to adjust the Procedure regarding the regulation of related party transactions by incorporating the amendments introduced by Consob Resolution No. 21624 of December 10, 2020 to the Regulations adopted by Resolution No. 17211 of March 12, 2010.
This adjustment, in deference to an earlier opinion of the Committee for Related Party Transactions ("OPC Committee"), also takes into account certain changes made on the basis of the indications discussed at the October 25 and November 5, 2019 Board of Directors meetings, particularly with regard to the expansion of the list of relevant transactions and the restriction of the category of ordinary transactions.
In fact, the Company, on a voluntary basis, has considered expanding the list of transactions to be considered Related Party Transactions ("RPTs") of Greater Significance to include the assumptions:

- in which at least one of the applicable materiality ratios is higher than 5.0%, respectively;
- relating to real estate leases entered into with the parent company or related parties of the parent company, which are themselves related to the Company, where the materiality ratio of the countervalue, is greater than 2.5%;
- Of transactions carried out with the parent company or related parties of the parent company that are themselves related to the Company, regardless of the extent of materiality ratios, applicable depending on the specific transaction, relating to:
    - (i) the purchase or sale, in any way made, or the contribution of companies, business branches or shareholdings in other companies or entities, as well as the conclusion of active or passive contracts of lease or usufruct of companies or business branches;

(ii) The establishment of companies and/or other entities, or the subscription of equity interests in the capital of companies and/or other entities;
(iii) Merger or demerger operations;
(iv) The buying and selling of real estate.

Regarding ordinary RPTs concluded on terms equivalent to market or standard terms, which are excluded from the scope of application of the RPT Procedure in accordance with the provisions of Article 13 of the Consob Regulations, it has been established that the RPT Committee must assess in advance the RPTs of greater significance and, in any case, that real estate lease transactions cannot be considered ordinary RPTs concluded on terms equivalent to market or standard terms.

Significant non-recurring transactions

During the fiscal year, there were no events or transactions whose occurrence is non-recurring, i.e., transactions or events that are not frequently repeated in the usual course of business, that had an impact on the financial position, results of operations, and cash flows of the Company and/or the Group except as reported in the section "Commentary on Results and Other Information."

Atypical and unusual transactions

Atypical and/or unusual transactions are all those transactions that, due to their significance/relevance, the nature of the counterparties, the subject of the transaction, the way in which the transfer price is determined and the timing of the event (close to year-end), may give rise to doubts as to: the correctness/completeness of the information in the financial statements, conflict of interest, the safeguarding of company assets, and the protection of minority shareholders.

No atypical and/or unusual transactions took place during the financial year, except for the transaction of "sale of a property by the subsidiary Plastam Europe Sas to Pmimmobiliare S.r.l., consequent signing of a property lease contract for commercial use between Plastam Europe S.a.s. and Pmimmobiliare S.r.l. and simultaneous signing of a framework agreement between Seri Industrial S.p.A. and Pmimmobiliare S.r.l. itself".

It should be noted that this transaction, carried out close to the end of the financial year and characterised by a particular method of determining performance and counter-performance, as a transaction with a related party, was subject to the scrutiny of both the Committee for Transactions with Related Parties (as regards the lease transaction) and the relevant Alternative Control (as regards the purchase and sale of the property and the conditions provided for in the framework agreement) and that from the opinions expressed by the above-mentioned committees, it emerged the interest and convenience, inherent in the transaction considered as a whole, for the Company and the Group to carry out this transaction.

For a description of the transaction, please refer to 'Note 44. Related Party Transactions" to the consolidated financial statements and the Information Document published by the Company on 27 December 2022.

Below is a description of the main economic, equity and financial effects arising from the above transaction.

Sale and Purchase Transaction and Lease Transaction:

- from an economic point of view, before the tax effect, the Group realised a capital gain of euros 1,014 thousand;
- from a balance sheet standpoint, the effect on shareholders' equity, before the tax effect, was equal to the capital gain; there was also the elimination of the asset for euros 848 thousand and the recognition of a right of use amounting to euros 2,057 thousand against a financial liability for leasing of euros 694 thousand (of which euros 67 thousand current and euros 627 thousand non-current);
- from a financial point of view, financial payables were reduced by euros 500 thousand, as the settlement of the receivable arising from the sale of the asset was made by offsetting it against pre-existing financial payables. In addition, the financial liability for leasing of euros 694 thousand (of which euros 67 thousand current and euros

627 thousand non-current) was recognised, determined as the present value of future monthly flows, at the Group's marginal rate of 3.50%.

Framework Agreement Transaction:

- from an economic point of view, positive income components of euros 1,200 thousand accrued before the tax effect;
- from a balance sheet point of view, a receivable of euros 1,200 thousand settled by the end of the year emerged. Before the tax effect, a positive impact on consolidated shareholders' equity was recognised to the extent of the income;
- from a financial point of view, this resulted in a lower net financial debt of euros 1,200 thousand.

The premiums of euros 1,200 thousand recognised in the Consolidated Income Statement under other operating income were considered as special items in assessing the Group's economic performance and therefore do not count for the purpose of determining Adjusted EBITDA, Adjusted EBIT and Adjusted Profit (Loss).

Please also refer to "Note 48 Atypical and/or unusual transactions" in the consolidated financial statements for a tabular representation of the effects of the transaction.

Exemption from the requirement to make a disclosure document available to the public in the case of significant transactions

On Oct. 18, 2012, pursuant to Article 3 of Consob Resolution No. 18079 of Jan. 20, 2012, the Company made the choice provided for in Articles 70, paragraph 8 and 71, paragraph 1-bis, of Consob Regulation No. 11971/99 by availing itself of the option to waive the obligation to make a disclosure document available to the public in the case of significant merger, spin-off, capital increase by contribution in kind, acquisition and disposal transactions.

Provisions Article 15 of the Market Regulations

With reference to the subsidiaries Yixing Faam Industrial Batteries Limited (YIBF Ltd) ("YIBF"), incorporated and governed by the law of the People's Republic of China, and FAAM Asia Ltd ("FAAM Asia") incorporated and governed by the law of Hong Kong and thus of non-EU states, the Company has taken measures to comply with the provisions of Article 15 of Consob Regulation No. 16191/2007 (the "Market Regulations"). In particular, (i) the accounting statements of YIBF and FAAM Asia prepared for the purpose of preparing the consolidated financial statements, including at least the balance sheet and the income statement, are available to the public through filing at the registered office; (ii) the Company has acquired from YIBF and FAAM Asia the bylaws and the composition and powers of the corporate bodies; (iii) the Company has ascertained that YIBF and FAAM Asia have provided the Independent Auditors with the information they need to conduct the audit of the Seri Industrial Group's annual and interim financial statements and has an adequate administrative and accounting system to regularly provide management and the Independent Auditors with the income statement, balance sheet, and financial data necessary for the preparation of the consolidated financial statements.

Model of organization, management and control in accordance with Legislative Decree 231/2001

Seri Industrial SpA has adopted an Organization, Management and Control Model in accordance with Legislative Decree 231/2001, after (i) verifying the activities carried out by each company function, (ii) studying current organizational provisions (iii) conducting interviews with Company personnel, and (iv) ascertaining individual activities at risk of crime.

In the Governance/Control System/Code of Ethics and Organization and Control Model sections on the Company's website www.seri-industrial.it, the Code of Ethics and the excerpt of the Organization, Management and Control Model are available.

Research and development activities

During the year ended December 31, 2022, the Seri Industrial Group conducted research and development activities. For related information, please refer to the "Consolidated non-financial statement" prepared in accordance with Articles 3 and 4 of Legislative Decree No. 254 of 2016.

Human Resources and Environment

On the subject of health and safety, please refer to the "Consolidated non-financial statement" prepared pursuant to Articles 3 and 4 of Legislative Decree No. 254 of 2016.

Legal and regulatory framework

The following is a brief description of certain statutory and regulatory provisions deemed significant by the Issuer for the conduct of its business and the activities of its subsidiaries. The Group believes that it operates in the conduct of its business in accordance with the current regulations set out below to the extent applicable to it, it being understood and necessary, however, to bear in mind that the application of primary rules and regulations is subject to constant jurisprudential developments and evolution both in their application and in their interpretation, including by the competent Authorities.
In addition to the regulations applicable to all legal entities, the Group is subject to the following laws and regulations, among others.

Holding

- "Testo unico delle disposizioni in materia di intermediazione finanziaria" (TUF) as amended, enacted by Legislative Decree No. 58 of February 24, 1998. The TUF organically regulates the interactions between entities operating in the financial market, regulating the main aspects of financial intermediation and is the main regulatory source of financial market law in the Italian legal system.
- Consob Regulation No. 11971/1999 (Issuers) of May 14, 1999, as amended and supplemented, implementing Legislative Decree No. 58 of February 24, 1998, concerning the regulation of issuers.
- Consob Regulation No. 17221 of March 12, 2010, as amended, laying down provisions on related party transactions. The Regulation dictates the principles to which Italian companies with shares listed on regulated markets in Italy or other countries of the European Union and with shares widely distributed among the public to a significant extent must adhere in order to ensure the transparency and substantive and procedural fairness of related party transactions carried out directly or through subsidiaries.
- Market Regulations and related Instructions issued by Borsa Italiana, as amended and supplemented, which govern the organization and management of regulated markets, establishing their conditions, methods of organization and operation.

In addition to the above, the Group has voluntarily adhered to the "Corporate Governance Code" prepared by the Corporate Governance Committee promoted by Borsa Italiana and composed of the business associations (ABI, ANIA, Assonime, Confindustria), Borsa Italiana S.p.A. and the Association of Professional Investors (Assogestioni). The Corporate Governance Code contains recommendations that constitute a "*best practice*" model for the organization and operation of Italian listed companies.

Industrial Activities

- Legislative Decree No. 81/08, as amended - Consolidated Occupational Safety Act - The Consolidated Occupational Health and Safety Act (also known by its acronym TUSL) is a set of regulations in the Italian legal system on occupational health and safety.
- Legislative Decree No. 152/2006, as amended and subsequent regulations - Environmental Regulations - The primary objective of this legislative decree is to promote the quality levels of human life, to be achieved through the preservation and improvement of the conditions of the environment and the use of natural resources.
- Regulation (EU) No. 517/2014, as amended - Regulation of the European Parliament and of the Council on fluorinated greenhouse gases, repealing Regulation (EC) No. 842/2006 (Text with EEA relevance - European Economic Area), aimed at protecting the environment by reducing emissions of fluorinated greenhouse gases. Specifically, this Regulation:

(i) Establishes provisions on containment, use, recovery and destruction of fluorinated greenhouse gases and related ancillary measures;
(ii) imposes conditions on the placing on the market of specific products and equipment that contain or whose operation depends on fluorinated greenhouse gases (Article 11 and Annex III); specific provisions on HFC-precharged equipment (Article 14); and the reduction of the amount of HFCs placed on the market (HFC allocation mechanism);
(iii) Imposes conditions for particular uses of fluorinated greenhouse gases;
(iv) Sets quantitative limits for the placing on the market of hydro fluorocarbons.

- Directive of the European Parliament and of the Council 2006/42/EC, as amended, on machinery, amending Directive 95/16/EC (recast). The Directive was transposed and implemented in Italy by Legislative Decree No. 17 of January 27, 2010, and replaces Directive 98/37/EC of the European Parliament. The Directive defines the essential health and safety requirements that machinery must meet when it is designed, manufactured and operated before being placed on the market.
- Directive 2014/35/EU as amended cd. Low Voltage Directive or LVD (from the English acronym Low Voltage Directive), which concerns the approximation of the laws of Member States relating to electrical equipment designed for use within certain voltage limits. The Low Voltage Directive does not define any specific technical standards, but refers explicitly to IEC/ISO EN technical standards to which manufacturers of electrical products must adhere.
- Directive 2014/30/EU on the harmonization of the laws of the Member States relating to electromagnetic compatibility (recast), regulating the electromagnetic compatibility of equipment. It aims to ensure the functioning of the internal market by requiring equipment to comply with an appropriate level of electromagnetic compatibility.
- Directive 2014/68/EC, on the harmonization of the laws of the Member States concerning the making available on the market of pressure equipment (text relevant for the EEA - European Economic Area). The Directive applies to the design, manufacture and conformity assessment of pressure equipment and assemblies subjected to a maximum allowable pressure PS greater than 0.5 bar.
- Decree of the Ministry of Health No. 174 of April 6, 2004, as amended - "Regulations concerning the materials and objects that may be used in fixed installations for the capture, treatment, adduction and distribution of water intended for human consumption." The provisions of the regulation define the conditions to which materials and objects used in fixed facilities for the capture, treatment, adduction and distribution of water intended for human consumption, referred to in Legislative Decree No. 31 of February 2, 2001, must comply. These provisions shall apply to the materials of new facilities and those used for replacements in repairs, as of twelve months from the date of publication of these regulations, in the Official Gazette of the Italian Republic, unless otherwise stated in the text.
- Decree of the Ministry of the Interior of November 24, 1984, as amended - Fire safety standards for the transportation, distribution, storage and use of natural gas with a density not exceeding 0.8. The purpose of the decree is to regulate, for safety purposes, installations for the transportation and distribution of natural gas, by pipelines, from production fields to users. They also apply to internal installations of industrial utilities and to utility branch installations at operating pressure above 0.04 bar.

Industrial property rights

- Civil Code, Book V, Title IX and Legislative Decree No. 30/2005, as amended - "Industrial Property Code pursuant to Article 15 of Law No. 273 of December 12, 2002," as subsequently amended, which comprehensively reformed the previous regulations by introducing autonomous and organic regulations on the protection of intellectual property rights into the legal system. This Code is supplemented by related implementing legislation, including the regulations set forth in Ministerial Decree No. 33 of January 13, 2010 and Ministerial Decree May 11, 2011.

Report on the system of corporate governance and ownership structure

The annual report of the board of directors on the system of corporate governance and ownership structure for the closing fiscal year, as required by Article 123-bis of the TUF, is prepared in a separate document, which is approved separately by the administrative body and forms an integral part of the annual financial report. The same, as governed by Article 89-bis, paragraph 2, of the Issuers' Regulations, is made available to shareholders, within the terms of the law, at the Company's registered office and on the Company's website www.seri-industrial.it in the Governance/Corporate Governance section.

Report on remuneration and compensation paid

The Board of Directors has prepared and approved the annual report on remuneration and compensation paid, required by Article 123-ter of the TUF and Article 84-quater of the Issuers' Regulations containing data on the shareholdings held and compensation of directors and auditors, which is made available to shareholders, within the terms of the law, at the registered office and on the Company's website www.seri-industrial.it in the Governance/Remuneration section.

Consolidated non-financial information

Seri Industrial's sustainable business model is explained in the Consolidated Non-Financial Statement prepared in accordance with Articles 3 and 4 of Legislative Decree No. 254 of 2016, as amended, contained in the Annual Financial Report.

The Consolidated Non-Financial Statement contains information related to the following areas: i) environment, ii) community of reference, iii) personnel, iv) human rights, and v) combating both active and passive corruption that are relevant given the Group's activities and characteristics.

The Consolidated Non-Financial Statement is prepared in a separate document, which is approved separately by the administrative body and forms an integral part of the Annual Financial Report. This statement will be made available to shareholders, together with the Annual Financial Report, at the Company's registered office and on the Company's website www.seri-industrial.it in the Governance/Non-Financial Statement section.

Proposed resolution

Shareholders,

the company's financial statements as of December 31, 2022 closed with a profit for the year of 5,323,251 euros.

In convening the Meeting called to approve these financial statements, the Board of Directors deems it appropriate to submit the following proposed resolution to the Meeting:

The Shareholders' Meeting of Seri Industrial S.p.A,

- Examined the draft financial statements and consolidated financial statements as of December 31, 2022, the report of the Board of Directors on management, the report on corporate governance and ownership structure, and the consolidated non-financial statement;
- Having regard to the reports of the Board of Statutory Auditors and the Independent Auditors;
- Noted that these documents were filed at the company's registered office within the legal deadlines and that they were also posted on the company's website;

DELIBERATION

1) to approve the financial statements for the year ended December 31, 2022, together with the Board of Directors' report on operations, showing a profit for the year of 5,323,251 euros and
2) to allocate the profit for the year of 266,163 euros to Legal Reserve and 5,057,088 euros to Retained Earnings.

If you agree with us, we invite you to approve the Management Report and Financial Statements consisting of the balance sheet, income statement, statement of comprehensive income, statement of cash flows, statement of changes in shareholders' equity, and accompanying notes.

Per il Consiglio di Amministrazione
(Roberto Maviglia)

Consolidated financial statements as of December 31, 2022

Company Information

Name of reporting entity	Seri Industrial S.p.A.
Principal Activities	Acquisition of interests, including equity interests in companies (Holding companies)
Address of registered office	Via Provinciale per Gioia SNC, 81016 San Potito Sannitico (CE)
Country of incorporation	Italy
Domicile of entity	Italy
Principal place of business	Italy
Legal form of entity	Joint Stock Company
Name of parent entity	SE.R.I. Spa
Name of ultimate parent group	SERI INDUSTRIAL S.P.A.
Description of nature of financial statements	Consolidated financial statements
Date of end of reporting period	31/12/2022
Period covered by financial statements	01/01/2022 to 31/12/2022
Description of presentation currency	EUR
Level of rounding used in financial statements	1000
Explanations	N/A

Consolidated Balance Sheet(*)

	Notes	31-dic-22	31-dic-21
Cash and cash equivalents	8	24,817	19,500
Financial assets	9	1,133	1,702
Financial assets at fair value through profit or loss	10	459	509
Current derivative financial assets	11	1,129	0
Trade receivables	12	32,270	37,015
Other current assets	13	31,332	31,402
Inventories	14	75,753	63,606
Current assets		**166,893**	**153,734**
Intangible assets	15	73,140	67,312
Rights-of-use assets	16	27,066	23,191
Property, plant and equipment	17	73,523	78,960
Equity-accounted investments	18	538	554
Other non-current assets	19	1,207	1,208
Deferred tax assets	20	26,519	21,091
Non-current assets		**201,993**	**192,316**
ASSETS		**368,886**	**346,050**
Liabilities and Equity			
Trade payables	21	46,520	47,930
Other current liabilities	22	15,945	22,122
Current borrowings	23	58,401	75,801
Current lease liabilities	24	5,156	5,188
Current derivative financial liabilities	25	0	40
Current tax liabilities	26	1,444	1,498
Short term provisions	27	689	1,154
Current liabilities		**128,155**	**153,733**
Non-current borrowings	28	48,155	20,917
Non-current lease liabilities	29	20,115	17,782
Provisions for employee benefits	30	4,235	4,676
Deferred tax liabilities	31	566	836
Other non-current liabilities	32	24,004	27,065
Long-term provisions	33	134	107
Non-current liabilities		**97,209**	**71,383**
Share capital		97,313	95,066
Statutory reserve		730	533
Share premium		8,710	5,305
Other reserves		41,125	21,150
Profit (Loss)		(4,385)	(1,534)
Equity attributable to owners of the Parent	**34**	**143,493**	**120,520**
Share capital and reserve		86	374
Profit (Loss)		(57)	40
Non-controlling interest	**35**	**29**	**414**
Total equity	**34**	**143,522**	**120,934**
LIABILITIES AND EQUITY		**368,886**	**346,050**

(*) Pursuant to CONSOB Resolution No.15519 of July 27, 2006, the effects of related party transactions and significant non-recurring events and transactions on the Balance Sheet are shown in the appropriate Balance Sheet schedule in Annex 4a.

Consolidated Income Statement[(*)]

	Notes	31-dic-22	31-dic-21
Revenues from contract with customers		175,452	157,704
Other operating income		17,435	11,643
Internal works		11,233	7,773
Total revenues, income and internal works	**38**	**204,120**	**177,120**
Purchase of materials		121,652	102,575
Changes in inventories		(14,692)	(11,059)
Services expense		47,202	33,353
Other operating costs		2,975	3,232
Personnel costs		29,251	28,905
Operating costs	**39**	**186,388**	**157,006**
Gross operating income		**17,732**	**20,114**
Depreciation and amortisation	40	21,661	20,184
Write-downs/write-backs	40	160	811
Net operating income (loss)		**(4,089)**	**(881)**
Finance income	41	425	753
Finance expense	41	6,277	4,580
Profit (Loss) from equity-accounted investments	41	(1)	4
Profit (Loss) before taxes		**(9,942)**	**(4,704)**
Income taxes	42	(5,500)	(3,210)
Profit (Loss)	**34**	**(4,442)**	**(1,494)**
Attributable to non-controlling interests		(57)	40
Attributable to owners of the Parent	**34**	**(4,385)**	**(1,534)**

Profit (Loss) attributable to owners of the Parent	**34**	**31-dic-22**	**31-dic-21**
- basic		(0,0906)	(0,0321)
- diluted		(0,0766)	(0,0268)

(*) Pursuant to CONSOB Resolution No.15519 of July 27, 2006, the effects of related party transactions and significant non-recurring events and transactions on the Income Statement are shown in the appropriate Income Statement Schedule in Annex 4b.

Consolidated Comprehensive Income Statement

	Notes	31-dic-22	31-dic-21
Profit (Loss)	**34**	**(4,442)**	**(1,494)**
Other comprehensive income/(expense) that may be subsequently reclassified to profit or loss (net of taxes)			
Change in the fair value of cash flow hedging derivatives	34	871	225
Change in translation reserve	34	46	108
Other components of comprehensive income/(expense) that may not be subsequently reclassified to profit or loss (net of taxes)			
Remeasurement of defined benefit plans	34	431	92
Total other comprehensive income/(expense) for the year		**1,348**	**425**
Consolidated comprehensive income/(expense) for the year		**(3,094)**	**(1,069)**
Attributable to non-controlling interests		(57)	40
Attributable to owners of the Parent		(3,151)	(1,109)

Consolidated Cash Flow Statement

	Notes	31-dic-22	31-dic-21
Profit (Loss)		**(4,442)**	**(1,494)**
Adjustments to reconcile profit (loss) to net cash			
Depreciation and net impairment losses (reversals) of property, plant and equipment and rights-of-use	40	18,250	17,507
Amortization and net impairment losses (reversals) of intangible assets	40	3,411	3,125
Gain/(Loss) on disposal of property, plant and equipment		(995)	22
Finance income	41	436	73
Finance expense	41	5,665	4,407
Other non-cash changes		2,127	24
Net change in deferred tax assets (liabilities)	20-26-31	(5,751)	(4,841)
Net change in the provisions and employee benefits	27-30-33	(879)	(632)
Changes in working capital:			
Change in trade receivables	12	4,744	2,374
Change in other assets	13	(170)	(2,459)
Change in inventories	14	(12,147)	(15,383)
Change in trade payables	21	(1,411)	10,129
Change in other liabilities	22	(9,235)	3,829
Interest received	41	436	56
Interest paid	41	5,665	4,406
Net cash flows from (used in) operating activities		**(6,498)**	**12,185**
Investing activities			
Purchase of tangible assets	17	(8,297)	(18,826)
Purchase of intangible assets	15	(9,542)	(6,724)
Investments in tangible assets, rights of use and intangible assets		*(17,839)*	*(25,550)*
Cash flows from losing control of subsidiarie		80	0
Proceeds from sales of property, plant and equipment		500	535
Change in financial receivables and other financial assets	09/10/2019	636	413
Net cash flows from (used in) investing activities		**(16,623)**	**(24,602)**
Financing activities			
Proceeds from lease liabilities	24-29	0	9,736
Payments of lease liabilities	24-29	(7,261)	(5,769)
Proceeds from borrowings classified as financing activities	11-23-28	13,424	15,300
Repayments of borrowings classified as financing activities	11-23-28	(4,755)	(3,645)
Other flows from financing activities	34-35	27,030	8,465
Net cash flows from (used in) financing activities		**28,438**	**24,087**
Increase/(Decrease) in cash and cash equivalents	**8**	**5,317**	**11,670**
Cash and cash equivalents at January 1st, 2022	8	19,500	7,830
Cash and cash equivalents at December 31, 2022	**8**	**24,817**	**19,500**

Changes in Consolidated Equity (Note 34-35)

	Share capital	Statutory reserve	Share premium	Other reserves	Profit (Loss)	Equity attributable to owners of the Parent	Share capital and reserve	Profit (Loss)	Equity attributable to non-controlling interests	Total equity
01-gen-21	**93,091**	**421**	**2,313**	**21,849**	**(4,079)**	**113,595**	**591**	**(224)**	**367**	**113,962**
Retained earnings	0	112	0	(4,191)	4,079	0	(224)	224	0	0
Capital increase	1,975	0	2,992	3,100	0	8,067	7	0	7	8,074
Other changes in equity	0	0	0	(33)	0	(33)	0	0	0	(33)
Other comprehensive income	0	0	0	425	0	425	0	0	0	425
Profit (Loss)	0	0	0	0	(1,534)	(1,534)	0	40	40	(1,494)
31-dic-21	**95,066**	**533**	**5,305**	**21,150**	**(1,534)**	**120,520**	**374**	**40**	**414**	**120,934**
01-gen-22	**95,066**	**533**	**5,305**	**21,150**	**(1,534)**	**120,520**	**374**	**40**	**414**	**120,934**
Retained earnings	0	197	0	(1,730)	1,534	0	40	(40)	0	0
Capital increase	2,247	0	3,405	19,896	0	25,548	0	0	0	25,548
Other changes in equity	0	0	0	461	0	461	(328)	0	(328)	134
Other comprehensive income	0	0	0	1,348	0	1,348	0	0	0	1,348
Profit (Loss)	0	0	0	0	(4,385)	(4,385)	0	(57)	(57)	(4,442)
31-dic-22	**97,313**	**730**	**8,710**	**41,125**	**(4,385)**	**143,493**	**86**	**(57)**	**29**	**143,522**

Explanatory notes

Note 1. Form and Content

The Consolidated Financial Statements for the year ending December 31, 2022 have been prepared in accordance with *International Accounting* Standards (IAS) and *International Financial Reporting Standards (*IFRS) issued by the International Accounting Standards Board (IASB) and interpretations of the IFRS Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), which are recognized in the European Union under Regulation (EC) No.1606/2002 and in force at the close of the period. The set of all the above referenced standards and interpretations is hereinafter referred to as "IFRS-EU".

The Consolidated Financial Statements were authorized for publication by the Board of Directors meeting held on March 22, 2023.

Specifically, the Consolidated Financial Statements consist of the Consolidated Balance Sheet, Consolidated Income Statement, Consolidated Comprehensive Income Statement, Consolidated Cash Flows Statement, Changes in Consolidated Equity, and related Notes.

In the Consolidated Balance Sheet, assets and liabilities are classified on a "current/non-current" basis with specific separation of assets classified as held for sale and liabilities included in a disposal group classified as held for sale. Current assets, which include cash and cash equivalents, are those that are intended to be realized, sold, or consumed in the Group's normal operating cycle or in the 12 months following the end of the fiscal year; current liabilities are those that are expected to be settled in the Group's normal operating cycle or in the 12 months following the end of the fiscal year and the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the fiscal year.

The Consolidated Income Statement is classified according to the nature of costs, with separate evidence of net income from *continuing operations* and net income from *discontinued operations* attributable to shareholders of the parent company and third parties. The Income Statement also presents subtotals-such as operating costs (given by the sum of: cost of materials purchases, change in inventories, cost of services, other operating costs, and personnel costs)-and sub-results-such as Gross Operating Margin (equal to the algebraic sum of Operating Income, Depreciation and Amortization, and Impairment/Recoveries)-as they are considered significant for understanding the Group's financial position. Both subtotals and partial results are therefore made up of items that consist of amounts recognized and measured in accordance with IFRS.

The Consolidated Cash Flow Statement is presented using the indirect method, with separate evidence of net cash flow from operating activities, investing activities and financing activities. In particular, although in classifying the items the Group does not deviate from the requirements of IAS 7, the following should be noted:

- In net cash flows from operating activities, interest on loans granted and obtained is reported in addition to cash flows from core operations;
- investing/disinvesting activities include investments in tangible assets and intangible assets and their divestments. They also include the effects of *business combinations* in which the Group acquires or loses control of companies or business units and changes in financial receivables and other financial assets;
- Net cash flows from financing activities, on the other hand, include cash flows originated from liability management and leasing operations, dividends paid to third parties by the parent company or consolidated companies.

For comments on cash flows in the Consolidated Cash Flows Statement, please refer to the "Financial review and other Information" section in the Management Report.

The schedules attached to these consolidated financial statements are as follows:

- Statement of changes in Intangible assets;
- Statement of changes in rights-of-use assets;
- Statement of changes in property, plant and equipment;
- Information on relations with related parties, in implementation of Consob resolution 15519 of 27 July 2006.

The Income Statement and Balance Sheet show transactions with related parties in the schedules attached (Annex 4) to these Notes to the Consolidated Financial Statements.

The currency used by the Group for the presentation of the Consolidated Financial Statements is the euro, the functional currency of Seri Industrial SpA. These Consolidated Financial Statements are expressed in thousands of euros, except where otherwise indicated, and provide comparative information with the previous year.
The Consolidated Financial Statements are prepared on a going concern basis by applying the historical cost method, with the exception of balance sheet items that under IFRS-EU are recognized at fair value, as indicated in the measurement criteria for individual items, and non-current assets (or disposal groups) classified as held for sale, which are measured at the lower of carrying amount and fair value less costs to sell.
In particular, management has carried out checks on the existence of the going concern assumption in the preparation of the Consolidated Financial Statements through an analysis of the Group's historical results and an estimation of prospective results and the resulting expected cash flows, considering the main risks and uncertainties to which the Group and its activities are exposed, most of which are exogenous in nature, arising from the current macroeconomic environment, characterized by uncertainty arising from the Russia-Ukraine conflict, high inflation, driven by the energy component, and increases in interest rates.
The factors considered by management regarding the maintenance of the going concern assumption in its assessments are: (i) the forecasts of the 2022-2026 Consolidated Business Plan, approved in June 2022, (ii) the continuation of a situation of substantial economic-financial equilibrium in the short and medium term, (iii) the obtaining of contractual waivers from credit institutions in relation to the verification of financial parameters as of December 31, 2022, (iv) access to new sources of financing and in particular to the issue of the bond by FIB for a total of euro 4 million, and (v) the successful exercise of warrants following the conclusion of the last exercise period for a countervalue of euro 22.9 million.
The assessments made by management also took into account significant events after the end of the period, which are commented on in the Management Report in the section "Events after the end of the year and outlook."
Based on these factors, management believes that at present there is no uncertainty about the Group's prospects for going concern.
The Consolidated Financial Statements as of December 31, 2022 are audited by EY SpA.

Note 2. Factors that may affect the results

2.1 Russia-Ukraine Conflict

During the year, the Group carefully monitored the direct and indirect effects of the international crisis related to the conflict in Ukraine on its business activities, financial position and economic performance, with particular reference to the reduced availability of raw material supplies and the general increase in energy commodity prices. In this regard, please refer to the section "Significant events in the period" in the Management Report for more details.
In view of the various recommendations of national and supranational supervisory bodies on the subject, particular attention was also paid to the effects of the conflict on the impairment of nonfinancial assets. In the current scenario, the analysis of impairment indicators, in fact, became even more important as we tried to assess whether the impacts of the current macroeconomic environment, in particular the general increase in commodity prices and interest rates, could have reduced the book value of certain non-financial assets as of December 31, 2022. More details can be found in the note "Intangible assets" in these consolidated financial statements.

2.2 Impacts resulting from climate change

The Group is committed to the goals set by the Paris climate conference (COP21), last revised at the November conference (COP26), as well as the Global Sustainability Goals (*Sustainable Development* Goals), set by the United Nations.
With this in mind, the Group is fully committed to developing an integrated sustainable business model in plastics and energy storage, based on the principles of circular economy and innovation, in order to reduce the impacts of the entire production process on the environment and support the energy transition to a decarbonized economy. In particular, it manages the entire lead-acid electric accumulator production supply chain in an integrated manner, both upstream through the production of secondary lead recovered from the recycling of end-of-life batteries and downstream with the production of the finished product and after-sales service activities. In the Plastic Materials business, the Group produces PP compounds from industrial waste materials, end-of-life batteries, and selected raw materials, selling mainly

to Tier-1 in the molding of plastic components, as well as directly supplying the key raw material (plastic cassette) to the lead-acid accumulator business, making that finished product entirely in-house.
The main objective on which the Group is focusing is the development of a circular economy model, which has already been achieved along the lead accumulators and plastics supply chain, also in the lithium battery segment, through the implementation of technological solutions in line with the era of energy digitization.
In preparing the Consolidated Financial Statements as of December 31, 2022, management has considered the impacts arising from climate change; in particular, the accounting assumptions used in the estimation process underlying the valuation of assets and liabilities have been determined in a manner consistent with the risks arising from climate change, as specified in the "Risk Management" section of the Management Report, to which reference should be made for further details.
Management's analysis of the possible financial implications related to *climate change* issues took into consideration the following main aspects:

- the Group continues to invest in new technologies with the aim of improving existing production processes and its products in terms of sustainability; the main goal is to implement a "green footprint" of production processes, eliminating toxic solvents and reducing atmospheric emission of CO_2 during the production of plastic materials and batteries (such as the lithium-ion cell made with a "water-based" process);
- the Group promotes investments in energy infrastructure and technologies used for renewable energy (such as the photovoltaic plants at the Gubbio and Monte Sant'Angelo production sites), as well as for the recycling of raw materials used in the relevant businesses with the aim of reducing total energy consumption and CO_2 emissions.

2.3 Emergency from Covid-19

Some three years after the outbreak of the pandemic crisis, the macroeconomic environment continues to be characterized by an economic slowdown conditioned mainly by the repercussions of the war in Ukraine and high inflation, as well as by the stringent pandemic containment measures imposed in October and November in China, which led to disruptions in production activities and growing social tensions, resulting in a marked deterioration in the economic environment. The Chinese government then decided on a sudden relaxation of these policies in early December, with a positive effect on domestic demand countered by the negative effect of a strong new wave of contagions in an environment of low population immunization.
In line with the recommendations of the supervisory authorities, the Group has continued to constantly monitor the developments of the Covid-19 pandemic with regard to its main areas of interest and in the countries in which it operates, in continuity with what has been done in previous years, in order to assess the significance of the impacts on the Group's business activities, financial position and economic performance. In this regard, it should be noted that the figures in the Consolidated Financial Statements are not significantly affected by the effects of the Covid-19 pandemic.

Note 3. Accounting policies, use of estimates, and significant management judgments

3.1 Principles of consolidation

Subsidiaries

The consolidated financial statements as of December 31, 2022 include the financial statements of subsidiary entities, included in the scope of consolidation, prepared in accordance with the accounting standards adopted by the Group.
Control is obtained when the parent company Seri Industrial SpA holds, directly or indirectly, a majority of the voting rights or is exposed to or entitled to the variable results that result from its involvement in another enterprise and has the ability to influence those results through the exercise of its power over the enterprise.
Specifically, the Group controls an investee if, and only if, it has:

- power over the entity being invested in (i.e., he holds valid rights that give him the current ability to direct the relevant activities of the entity being invested in);
- exposure or rights to variable returns arising from the relationship with the entity being invested in;
- The ability to exert their power over the entity being invested in to affect the amount of its returns.

Generally, there is a presumption that a majority of voting rights involves control. To support this presumption and when the Group holds less than a majority of voting rights (or similar rights), the Group considers all relevant facts and circumstances to determine whether it controls the entity being invested in, including:

- Contractual arrangements with other holders of voting rights;
- Rights arising from contractual agreements;
- voting rights and potential voting rights of the Group.

The Group reconsiders whether or not it has control of an investee if facts and circumstances indicate that there have been changes in one or more of the three elements relevant to the definition of control. Consolidation of a subsidiary begins when the Group obtains control and ceases when the Group loses control. The assets, liabilities, revenues, and expenses of the subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group obtains control until the date the Group no longer exercises control over the company.

Profit (loss) for the year and each of the other components of comprehensive income are attributed to the shareholders of the parent company and minority interests, even if this implies that minority interests have a negative balance. When necessary, appropriate adjustments are made to subsidiaries' financial statements to ensure compliance with the Group's accounting policies. All assets and liabilities, shareholders' equity, revenues, expenses, and intercompany cash flows related to transactions between group entities are eliminated completely upon consolidation.

Changes in shares in a subsidiary that do not result in loss of control are accounted for in equity.

If the Group loses control of a subsidiary, it must derecognize the related assets (including goodwill), liabilities, minority interests, and other components of equity, while any gain or loss is recognized in the income statement. Any retained interest must be recognized at fair value.

Investments in associates and joint ventures

An associate is a company over which the Group exercises significant influence. Significant influence is defined as the power to participate in determining the financial and management policies of the investee without having control or joint control over it.

A joint venture is a jointly controlled arrangement in which the parties with joint control have rights to the net assets of the arrangement. Joint control is defined as sharing control of an arrangement on a contractual basis, which exists only when decisions about the relevant assets require the unanimous consent of all parties sharing control. The considerations made to determine significant influence or joint control are similar to those required to determine control over subsidiaries.

The Group's investments in associates and joint ventures are valued using the equity method.

With the application of the equity method, these investments are initially recognized at cost by allocating to the carrying value of the investments any goodwill arising from the difference between the cost of the investment and the Group's share of the net fair value of the identifiable assets and liabilities of the investee at the date of acquisition. Subsequent to the acquisition date, the carrying amount of the investment is increased or decreased to recognize the investor's share of the investee's profits and losses realized after the acquisition date.

The statement of profit/(loss) for the year reflects the Group's share of the profit/(loss) for the year of the associate or joint venture. Any changes in other comprehensive income related to these investees are presented as part of the Group's comprehensive income. In addition, where an associate or joint venture recognizes a change with a direct charge to equity, the Group recognizes its share, where applicable, in the statement of changes in equity. Unrealized gains and losses arising from transactions between the Group and associates or joint ventures are eliminated in proportion to the Group's interest in the associates or joint ventures.

The Group's aggregate share of the profit/(loss) for the year of associates and joint ventures is recognized in the statement of profit/(loss) for the year after operating profit/(loss) and represents the profit/(loss) after tax and the shares due to other shareholders of the associate or joint venture.

The financial statements of associates and joint venture are prepared as of the same closing date as the Group's financial statements. Where necessary, the financial statements are adjusted to conform to Group accounting principles.

Subsequent to the application of the equity method, the Group assesses whether it is necessary to recognize an impairment of its investment in associates or joint ventures. The Group assesses at each balance sheet date whether

there is objective evidence that investments in associates or joint ventures are impaired. If so, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 as a single asset.
Upon the loss of significant influence over an associate or joint control over a joint venture, the Group measures and recognizes the residual investment at fair value. The difference between the carrying value of the investment at the date of loss of significant influence or joint control and the fair value of the residual investment and consideration received is recognized in the income statement.
When there are intangible investments, usually in non-operating or newly established companies, the Group has decided not to consolidate them but to provide additional information in the notes.

Conversion of financial statements in currencies other than the euro

The financial statements of investee companies operating in currencies other than the euro, which is the functional currency of the Parent Company as well as the presentation currency of the Consolidated Financial Statements, are translated into euros by applying the exchange rates prevailing at the end of the year to asset and liability items in the balance sheet, historical exchange rates to equity items, and average exchange rates for the year to income statement and cash flow statement items. Foreign exchange differences from the translation of financial statements of investee companies operating in currencies other than the euro are recognized in the equity item "Reserve for foreign exchange differences from translation" for the portion attributable to the Group. The reserve for translation exchange differences is recognized in the income statement upon full disposal or upon loss of control, joint control or significant influence over the investee.

3.2 Significant accounting standards

The following are the significant accounting policies and measurement criteria adopted by the Group in preparing the consolidated financial statements.

Current/non-current classification

Assets and liabilities in the Group's financial statements are classified on a current/non-current basis. An asset is current when:

- is supposed to be realized, or is owned for sale or consumption, in the normal course of operation;
- Is held primarily for the purpose of trading it;
- Is supposed to be realized within twelve months after the end of the fiscal year; or
- consists of cash or cash equivalents unless it is prohibited to be exchanged or used to settle a liability for at least 12 months after the end of the fiscal year.

All other assets are classified as non-current.
A liability is current when:

- Is expected to die out in its normal operating cycle;
- Is held primarily for the purpose of trading it;
- Must be paid off within twelve months after the end of the fiscal year; or
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the fiscal year-end date.

Contractual terms of the liability that could, at the option of the counterparty, result in its settlement through the issuance of equity instruments do not affect its classification.
The Group classifies all other liabilities as non-current.
Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Related parties

The Group has identified related parties in accordance with Article 4 of the Related Party Transaction Regulations adopted by Consob Resolution No. 17221 of March 12, 2010, as amended and supplemented.
Pursuant to Consob Resolution No. 15519 of July 27, 2006, the effects of related party transactions on assets and liabilities and income statement items are highlighted in Appendix 4, in order not to compromise the overall readability of the same. Transactions with related parties are identified according to the extended definition provided by IAS 24, i.e., including transactions with administrative and supervisory bodies as well as with executives with strategic responsibilities. For further details, please refer to what is specified in the section "Other Information - Related Party

Transactions" in the Management Report, as well as in the note "Related Party Transactions" and Appendix 4 of these Consolidated Financial Statements.

Disclosures by areas of operation

An operating sector is a component of an entity:

- Undertaking entrepreneurial activities that generate revenues and costs (including revenues and costs relating to transactions with other components of the same entity);
- Whose operational performance is reviewed periodically at the entity's highest operational decision-making level for the purpose of making decisions about resources to be allocated to the sector and evaluating performance; and
- For which separate economic and financial information is available.

The operating segments were identified by management, consistent with the management and control model used, with the business sectors in which the Group operates (*Batteries, Plastic Materials, Corporate and Other*).

Fair Value Measurement

For fair value measurements, the Group applies IFRS 13. Fair value is the price that would be received for the sale of an asset, or that would be paid for the transfer of a liability, in a regular transaction between market participants on the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place:

- In the *main market of* the asset or liability, or.
- in the absence of a main market, in the *most advantageous market* for the asset or liability.

The main or most advantageous market must be accessible to the Group.

The fair value of an asset or liability is measured by adopting the assumptions that market participants would use in pricing the asset or liability, assuming that they would act to satisfy their economic interest in the best way possible.

An assessment of the fair value of a nonfinancial asset considers the ability of a market participant to generate economic benefits by employing the asset to its highest and best use or by selling it to another market participant who would employ it to its highest and best use.

The Group uses valuation techniques that are appropriate to the circumstances and for which there is sufficient data available to assess fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized according to the fair value hierarchy, as described below:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - Inputs other than quoted prices included in Level 1, observable directly or indirectly for the asset or liability;
- Level 3--valuation techniques for which the input data are unobservable for the asset or liability.

The fair value measurement is classified entirely in the same level of the fair value hierarchy in which the lowest level of the hierarchy input used for the measurement is classified.

For assets and liabilities recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels of the hierarchy by reviewing the categorization (based on the lowest level input that is significant to the fair value measurement in its entirety) at each financial statement closing.

In measuring the fair value of assets and liabilities, the Group uses valuation techniques that are appropriate to the circumstances and for which sufficient data are available to assess the fair value itself, maximizing the use of observable inputs and minimizing the use of unobservable inputs.

For the purpose of fair value disclosures, the Group determines asset and liability classes based on the nature, characteristics, and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Business combinations

Business combinations are accounted for by applying the *purchase method*.

The cost of an acquisition is determined as the sum of the consideration transferred, measured at fair value at the acquisition date, and the amount of the non-controlling interest in the acquiree. For each business combination, the Group determines whether to measure the minority interest in the acquiree at fair value or in proportion to the minority interest's share of the acquiree's identifiable net assets. Acquisition costs are expensed during the year and classified as administrative expenses.

Goodwill is initially recognized at cost represented by the excess of the aggregate of the consideration paid and the amount recognized for non-controlling interests over the identifiable net assets acquired and liabilities assumed by the Group. If the fair value of the net assets acquired exceeds the aggregate of the consideration paid, the Group reassesses whether it has correctly identified all assets acquired and all liabilities assumed and revises the procedures used to determine the amounts to be recognized at the acquisition date. If the reassessment still results in the fair value of the net assets acquired exceeding the consideration, the difference (gain) is recognized in the income statement.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated from the date of acquisition to each cash-generating unit of the Group that is expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities of the acquired entity are assigned to those units.

If goodwill has been allocated to a cash-generating unit and the entity disposes of part of the assets of that unit, the goodwill associated with the disposed asset is included in the carrying amount of the asset when determining the gain or loss on disposal. Goodwill associated with the divested asset is determined based on the relative values of the divested asset and the retained portion of the cash-generating unit.

A contingent liability recognized in a business combination is initially measured at its fair value. It is then measured at the higher of the amount that should be recognized in accordance with contingent liability recognition requirements and the amount initially recognized less, if applicable, the accumulated amortization recognized in accordance with revenue recognition requirements.

Business combinations - Transactions between entities under common control

"*Business combinations involving entities or businesses under common control*" are excluded from the mandatory scope of IFRS 3.

In the absence of references to specific IFRS standards or interpretations for such transactions, IAS 1.13. requires in general terms that financial statements must provide a reliable and faithful representation of the effects of transactions, other events, and conditions in accordance with the definitions and recognition criteria set forth in the so-called IFRS Framework for assets, liabilities, expenses, and revenues, and IAS 1.15 establishes the obligation to select, in accordance with the hierarchy established by IAS 8, the accounting policies appropriate for achieving the general objective of reliable and faithful representation.

In view of the fact that IFRS does not specifically address such transactions, it is believed that the choice of the most appropriate accounting standard should be guided by the general canons provided by IAS 8.

In the search for an accounting treatment that falls within the conceptual scope of the *Framework* and meets the criteria of IAS 8.10, the critical element is the fact that the accounting standard chosen to represent transactions under common control must reflect their substance, regardless of their legal form and without relevance to the concept of the otherness of legal entities.

The substance must consist of a generation of added value for all the parties involved (such as increased revenues, cost savings, realization of synergies) that materializes in significant changes in the pre- and post-transaction cash flows of the transferred assets, and, therefore, it is irrelevant whether the price paid may be fair compared to the economic value of the acquired asset. The legal structure put in place to effect the transaction has little relevance for these purposes.

This meaning of economic substance is similar to that referred to in IAS 16 and 38 regarding the "commercial" substance of exchange transactions.

In accordance with the above, the accounting treatments for transactions under common control are therefore consequential on whether or not there is evidence of a significant influence on the future cash flows of the net assets transferred for the entities involved:

1.Transactions that do not have a significant influence on the future cash flows of the transferred net assets -the principle of continuity of values

Application of the principle of continuity of values results in the recognition in the Statement of Financial Position of values equal to those that would result if the combined enterprises had always been combined. The net assets acquired must therefore be recognized at the book values they had in their respective accounts prior to the transaction. In principle, subsequent accounting entries will continue by carrying forward the values used for the previous accounting. Therefore, where transfer values are higher than historical values:

- the acquirer/conferring party reverses the excess by making a downward adjustment to its equity, with an appropriate charge to a reserve, regardless of whether the goodwill paid may have economic value of its own;
- the seller/conferring party ensures that any difference between the transaction price and the pre-existing carrying value of the transferred assets is not recognized in the income statement, which is instead recorded in equity.

2.Transactions that have a significant influence on the future cash flows of the net assets transferred

- the acquirer/transferee recognizes the cost construed as the fair value of the net assets transferred at the time of the transaction in accordance with the acquisition method under IFRS 3, including goodwill;
- the seller/transferor, on the other hand, provide for the recognition in the income statement of the gain/(loss) equal to the difference between the consideration received and the book value of the transferred assets.

Intangible assets

Goodwill

Under IFRS 3 (Business Combinations), goodwill is recognized in the financial statements on the date control of a business is acquired and is determined as the excess of (a) over (b), as follows:

a) The summation of:
   - consideration paid (measured according to IFRS 3, which is generally determined on the basis of fair value at the date of acquisition);
   - the amount of any non-controlling interest in the acquiree measured in proportion to the non-controlling interest's share of the acquiree's identifiable net assets expressed at their fair value;
   - in the case of a business combination achieved in several stages, the fair value as of the date of acquisition of control of the interest already held in the acquired enterprise;

b) the fair value of the identifiable assets acquired net of the identifiable liabilities assumed, measured at the date of acquisition of control.

IFRS 3 provides, among other things:

- The charging of incidental costs associated with the business combination transaction to the separate income statement;
- in the case of a business combination achieved in stages, the acquirer must remeasure the value of the interest it previously held in the acquiree at fair value on the date of acquisition of control by recognizing the difference in the separate income statement.

Goodwill is classified in the statement of financial position as an intangible asset with an indefinite useful life. After initial recognition, goodwill is not subject to amortization, but is subject to at least annual impairment testing for recoverability in the manner described in the note "Impairment test on the value of goodwill and tangible and intangible assets" below. For the purpose of the impairment test, goodwill is allocated from the date of acquisition to each identified *cash generating unit* (CGU). If control of a previously acquired business is transferred, the corresponding value of goodwill is taken into account in determining the gain or loss on disposal.

Other intangible assets with a finite useful life

Intangible assets acquired separately are initially recorded at cost, while those acquired through business combinations are recorded at fair value at the date of acquisition. After initial recognition, intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses. Internally produced intangible assets, with the exception of development costs, are not capitalized and are recognized in the income statement in the period in which they are incurred. The useful life of intangible assets is measured as defined. Intangible assets with a finite useful life are amortized over their useful life and are tested for impairment whenever there are indications of possible impairment.

The amortization period and amortization method for an intangible asset with a finite useful life is reconsidered at least at each fiscal year-end. Amortization is determined, on a straight-line basis, by applying the following rates:

- Brands and Similars 20%
- Software user licenses20%
- Development projectsbased on the duration of the individual project
- Other fixed assets 20%.

Directors review useful life annually to reflect the remaining time period in which an asset is expected to be usable.
An intangible asset is derecognized upon disposal (i.e., on the date the acquirer obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss resulting from the elimination of the asset (calculated as the difference between the net disposal consideration and the carrying amount of the asset) is included in the income statement.

Research and development costs

Research costs are charged to the income statement in the year in which they are incurred. Development costs incurred in connection with a given project are recorded at purchase or construction cost including incidental expenses and recognized as an intangible asset when the Group is able to demonstrate: (i) the technical feasibility of completing the intangible asset so that it is available for use or sale; (ii) the intention to complete the asset and its ability and intention to use or sell it; (iii) the manner in which the asset will generate future economic benefits; (iv) the availability of resources to complete the asset; and (v) the ability to reliably estimate the cost attributable to the asset during development. After initial recognition, development assets are measured at cost less accumulated depreciation or accumulated impairment losses. Depreciation of the asset begins when the development is completed and the asset is available for use. Development assets are depreciated by reference to the period of expected benefits and the related depreciation allowances are included in cost of sales. During the development period, the asset is subject to annual impairment testing.
They are enrolled subject to the consent of the Board of Auditors.

Property, plant and equipment

Property, plant and equipment are valued at cost of purchase or production, net of accumulated depreciation and any impairment losses. This cost includes incidental costs attributable to bringing the asset to the location and condition necessary for its operation and for the use for which it was purchased. The cost also includes the costs of replacing part of the machinery and equipment as they are incurred, if they meet the recognition criteria. Where periodic replacement of significant parts of plant and equipment is necessary, the Group depreciates them separately based on their specific useful lives. Similarly, when major overhauls take place, the cost is included in the carrying amount of the plant or machinery as in the case of replacement, where the criteria for recognition is met. All other repair and maintenance costs are recognized in the income statement when incurred. The present value of the cost of dismantling and removing the asset at the end of its useful life is included in the cost of the asset if the criteria for recognition for a provision are met.
Property, plant and equipment are shown net of related accumulated depreciation and any write-downs. Depreciation is calculated from the time the individual asset enters service on a straight-line basis over the estimated useful life of the asset for the enterprise. The estimated realizable value that is expected to be recovered at the end of the useful life is not depreciated. The useful life of each asset is reviewed annually and any changes, if necessary, are made in order to properly record the value of the asset.
Depreciation of major tangible assets is as follows:

- Buildings: 3%.
- Plant and machinery: 12.50% - 15%
- Industrial and commercial equipment: 30 percent
- Other assets:
    - Furniture and furnishings: 12%.
    - Electronic office machines: 20%.
    - Passenger cars: 25%.
    - Other tangible goods: 10%.

If the asset being depreciated is composed of distinctly identifiable elements whose useful life differs significantly from that of the other parts comprising the fixed asset, depreciation is calculated separately for each of the parts comprising the asset in application of the principle of the so-called "*component approach.*"
The carrying amount of an item of property, plant and equipment and any significant component initially recognized is eliminated upon disposal (i.e., on the date the acquirer obtains control) or when no future economic benefit is expected from its use or disposal. The gain/loss arising when the asset is derecognized (calculated as the difference between the net book value of the asset and the consideration received) is recognized in the income statement when the item is derecognized.
The residual values, useful lives, and depreciation methods of property, plant, and equipment are reviewed at each fiscal year-end and, where appropriate, adjusted prospectively.

Capitalized financial charges

Borrowing costs directly attributable to the acquisition, construction, or production of an asset that requires a fairly long period before it is available for use are capitalized to the cost of the asset. All other borrowing costs are recognized as an expense in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with obtaining financing.

Leasing

The Group assesses when entering into a contract whether it is, or contains, a lease. In other words, whether the contract confers the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

The Group adopts a single recognition and measurement model for all leases, except for short-term leases and leases of low-value assets. The Group recognizes liabilities related to lease payments and the right-of-use asset representing the right to use the asset underlying the lease.

Right-of-use asstes

In accordance with IFRS 16, the accounting representation of leases payable is done through the recognition in the statement of financial position of a liability of a financial nature, represented by the present value of future rentals, against the recognition in the assets of the right to use the leased asset.
On the effective date of the contract, the right of use is recorded at cost, which includes: the amount of the initial valuation of the lease liability, any payments due for the lease made on or before the effective date, the initial direct costs incurred in entering into the contract, and the present value of the estimated restoration and decommissioning costs under the contract, net of any incentives received.
Thereafter, the right of use is amortized over the contractual term (or the useful life of the asset if shorter), subject to any impairment, and adjusted for any restatement of the lease liability.

Liabilities related to leasing

On the effective date of the lease, the Group recognizes lease liabilities by measuring them at the present value of the unpaid lease payments due on that date. Payments due include fixed payments (including fixed payments in substance) net of any lease incentives to be received, variable lease payments that depend on an index or rate, and amounts expected to be payable as residual value guarantees. Lease payments also include the exercise price of a purchase option if it is reasonably certain that such an option will be exercised by the Group and lease termination penalty payments if the lease term takes into account the Group's exercise of its lease termination option.
Variable lease payments that do not depend on an index or rate are recognized as costs in the period in which the event or condition that generated the payment occurs.
In calculating the present value of payments due, the Group uses the marginal borrowing rate at the inception date if the implied interest rate cannot be easily determined. After the effective date, the amount of the lease liability increases to take into account the interest on the lease liability and decreases to consider the payments made. In addition, the carrying amount of the lease liability is restated in the event of any changes in the lease or for revision of the contractual terms for the change in fixed payments in substance; it is also restated if there are changes with regard to the valuation of the purchase of the underlying asset or for changes in future payments that results from a change in the index or rate used to determine such payments.

Short-term leases and Leasing of low-value assets.

The Group applies the exemption for the recognition of short-term leases related to machinery and equipment (i.e., leases that have a term of 12 months or less from the commencement date and do not contain a purchase option). The Group also applied the exemption for leases related to low-value assets with reference to leases related to office equipment or leases of movable and immovable property whose value is considered low (less than 5,000 euros). Fees related to short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis over the lease term.

Sale and leaseback transactions

Under IFRS 16, in the case of a *sale and lease-back* transaction, i.e., when the sale of asset is followed by its leaseback, it is first necessary to determine whether the sale qualifies as such as defined by IFRS 15. If so: (i) the lessee-seller must value the asset consisting of the right of use arising from the leaseback at the percentage of the previous carrying amount of the asset that relates to the right of use it retained and consequently must recognize only the gain or loss that relates to the rights transferred to the lessor-buyer; (ii) the lessor-buyer must account for the purchase of the asset in accordance with applicable standards and for the lease must apply the provisions of IFRS 16. If the consideration received for the sale of the asset does not equate to the fair value of the asset itself or if the lease payments due are not at market prices, the transferor must recognize the following adjustments to bring the sale proceeds back to fair value: (i) contractual terms below market prices should be recognized as an upfront payment of lease payments due; (ii) contractual terms above market prices should be recognized as additional financing provided by the buyer to the seller. If the lessee-seller's transfer of the asset does not meet the requirements to be accounted for as a sale under IFRS 15: (i) the lessee-seller must continue to recognize the transferred asset as an asset and must recognize a financial liability equal to the transfer proceeds; (ii) the lessor-buyer must not recognize the transferred asset as an asset, but must recognize a financial asset equal to the transfer proceeds.

Impairment of non-financial assets

Goodwill

Goodwill is tested for impairment annually or more frequently if specific events or changed circumstances indicate that it may be impaired, in accordance with IAS 36 (Impairment of Assets); however, the original value is not reinstated if the reasons for the impairment no longer apply.

Verification is usually carried out at the end of each financial year, and therefore the reference date for such verification is the balance sheet date. Goodwill acquired and allocated during the fiscal year is tested for recoverability of value at the end of the fiscal year in which the acquisition and allocation occurred.

In order to test its recoverability, goodwill is allocated, as of the acquisition date, to each cash generating unit (CGU) or group of CGUs that benefit from the acquisition. If the carrying amount of the cash generating unit (or group of units) exceeds its respective recoverable amount, an impairment loss is recognized in the separate consolidated income statement. The impairment loss is charged first against the carrying amount of goodwill allocated to the cash-generating unit (or group of units) and only then to the other assets of the unit in proportion to their carrying amount up to the amount of the recoverable amount of assets with finite useful lives. The recoverable amount of a cash-generating unit (or group of units) to which goodwill is allocated is the higher of the fair value less costs to sell and the value in use of the same unit. The value in use of an asset is the present value of expected cash flows calculated by applying a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Future cash flows refer to those expected over an explicit time horizon of three to five years, as well as those extrapolated from the last year of the explicit time horizon to estimate terminal value. The long-term growth rate used for the purpose of estimating the terminal value of the cash-generating unit (or group of units) is assumed not to exceed the average long-term growth rate of the industry, country, or market in which the cash-generating unit (or group of units) operates. Future cash flows are estimated by reference to the current conditions of the cash-generating unit (or group of units) and, therefore, neither benefits from future restructuring to which the entity is not yet committed nor future investments in improving or optimizing the unit are considered. For the purpose of impairment testing, the carrying amount of a cash-generating unit is determined consistent with the basis by which the recoverable amount of the cash-generating unit is determined, excluding so-called surplus assets (i.e., financial assets, deferred tax assets, and net noncurrent assets held for sale) and including the portion of goodwill attributable to minority shareholders.

Assets (intangible and tangible) with a definite useful life and rights of use of third-party assets

At each balance sheet date, the Group checks whether there are any indications that both intangible and tangible assets with finite useful lives and rights of use on third-party assets may be impaired. For this purpose, both internal and external sources of information are considered. Relative 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 relative to what was expected. Relative to external sources, on the other hand, the following are considered: market price trends of the assets, any technological, market or regulatory discontinuities, trends in market interest rates and the cost of capital used to value investments, and finally if the book value of the Group's net assets should be higher than the market capitalization.

If there are indications that both intangible and tangible assets with a finite useful life and rights of use of third-party assets are impaired, the carrying value is reduced to its recoverable amount. Recoverable value is defined as the higher of fair value, less costs to sell, and its value in use. Value in use is the present value of expected cash flows calculated by applying a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or right. When the recoverable amount cannot be estimated, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Impairment is recognized in the separate consolidated income statement.

When the reasons for impairment subsequently cease to exist, the carrying amount of the asset/right-of-use or cash-generating unit is increased up to the new estimate of recoverable amount, which, however, may not exceed the amount that would have been determined had no impairment been recognized. The reversal of impairment is recognized in the income statement.

Financial instruments

Financial instruments are defined as any contract that gives rise to a financial asset for an entity and a financial liability or equity instrument for the counterparty.

Financial assets

Initial recognition

Upon initial recognition, financial assets are classified according to the subsequent measurement methods, as appropriate, i.e., amortized cost, fair value recognized in the OCI statement of comprehensive income, and fair value recognized in the income statement.

The classification of financial assets upon initial recognition depends on the characteristics of the contractual cash flows of financial assets and the business model the Group uses to manage them. Except for trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined in accordance with IFRS 15. Please refer to the following section "Revenue Recognition" in these notes.

For a financial asset to be classified and measured at amortized cost or fair value recognized in OCI, it must generate cash flows that depend solely on principal and interest on the amount of principal to be repaid (so-called 'solely payments of principal and interest (SPPI)'). This assessment is referred to as the SPPI test and is performed at the instrument level. Financial assets whose cash flows do not meet the above requirements (e.g. SPPI) are classified and measured at fair value through profit or loss.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will come from the collection of contractual cash flows, the sale of financial assets, or both.

The purchase or sale of a financial asset that requires its delivery within a time frame generally established by regulation or market convention (so-called standardized sale or regular way trade) is recognized on the trade date, i.e., the date on which the Group committed to buy or sell the asset.

Subsequent evaluation

For the purpose of subsequent evaluation, financial assets are classified into four categories:

(i) Financial assets at amortized cost;
(ii) financial assets at fair value recognized in other comprehensive income with recycling of accumulated gains and losses;
(iii) Financial assets designated at fair value recognized in other comprehensive income without recycling accumulated gains and losses on derecognition (equity instruments); and
(iv) Financial assets at fair value through profit or loss.

Administrators determine their classification when they are first entered.

Elimination

Financial assets are eliminated from the balance sheet when the right to receive cash flows is extinguished or the Group has transferred to a third party the right to receive cash flows from the asset or has assumed a contractual obligation to pay them in full and without delay and (a) has transferred substantially all the risks and rewards of ownership of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of it. A financial asset is also derecognized when there is no reasonable expectation of recovery of contractual cash flows.

In cases where the Group has transferred the rights to receive cash flows from an asset or has entered into an agreement under which it retains the contractual rights to receive the cash flows from the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients (so-called pass-through), it assesses whether and to what extent it has retained the risks and rewards inherent in ownership. In the event that it has neither transferred nor retained substantially all of the risks and rewards or has not lost control over it, the asset continues to be recognized in the Group's financial statements to the extent of its remaining involvement in the asset. In this case, the Group also recognizes an associated liability. The transferred asset and associated liability are measured to reflect the rights and obligations that remain with the Group.

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are the most relevant category for the Group.

The Group measures financial assets at amortized cost if both of the following requirements are met:

(i) the financial asset is owned as part of a business model whose objective is the ownership of financial assets aimed at collecting contractual cash flows; and
(ii) the contractual terms of the financial asset provide for cash flows at certain dates represented solely by payments of principal and interest on the amount of principal to be repaid

Such assets are initially recognized at fair value, adjusted for transaction costs where appropriate, and subsequently measured at amortized cost using the effective interest method and are subject to impairment. Gains and losses are recognized in the income statement when the asset is derecognized, modified, or revalued.

The Group's financial assets at amortized cost mainly include trade receivables.

Financial assets at fair value recognized in OCI (debt instruments)

For assets from debt instruments measured at fair value recognized in OCI, interest income, changes in exchange rate differences, and impairment losses, together with reversals, are recognized in the income statement and are calculated in the same way as for financial assets measured at amortized cost. The remaining changes in fair value are recognized in OCI. Upon derecognition, the cumulative change in fair value recognized in OCI is reclassified to the income statement. Assets from the Group's debt instruments measured at fair value recognized in OCI include investments in listed debt instruments included in other non-current financial assets.

Financial assets at fair value through profit or loss

Financial instruments at fair value with changes recognized in the income statement are recognized in the statement of financial position at fair value and net changes in fair value recognized in the statement of profit/(loss) for the year.

This category includes derivative instruments and listed equity investments that the Group has not irrevocably elected to classify at fair value recognized in OCI. Dividends on listed equity investments are recognized as other income in net income/(loss) for the year when the right to payment has been established.

This category includes assets held for trading, assets designated upon initial recognition as financial assets at fair value with changes recognized in the income statement, or financial assets that must mandatorily be measured at fair value. Assets held for trading are all those assets acquired for their sale or repurchase in the short term. Derivatives, including hived-off derivatives, are classified as financial instruments held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not represented solely by principal and interest payments are classified and measured at fair value through profit or loss, regardless of the business model.

Loss in value of financial assets

The Group recognizes an *Expected Credit Loss* 'ECL' for all financial assets represented by debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all cash flows the Group expects to receive, discounted at an approximation of the original effective interest rate. Expected cash flows will include cash flows arising from the enforcement of collateral held or other credit guarantees that are an integral part of the contractual terms.

Expected losses are recognized in two stages. Relative to credit exposures for which there has not been a significant increase in credit risk since initial recognition, one must recognize the credit losses that result from estimated default events that are possible within the next 12 months (12-month ECL). For credit exposures for which there has been a significant increase in credit risk since initial recognition, you must recognize in full the expected losses that relate to the remaining life of the exposure, regardless of when the default event is expected to occur (''Lifetime ECL'').

For trade receivables and contract assets, the Group applies a simplified approach in calculating expected losses. Therefore, the Group does not monitor changes in credit risk, but fully recognizes the expected loss at each reporting date. The Group has established a matrix system based on historical information, revised to consider forward-looking elements with reference to specific types of debtors and their economic environment, as a tool for determining expected losses.

The Group usually considers a financial asset to be in default when contractual payments are 180 days past due. In some cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to recover contractual amounts in full before considering credit collateral held by the Group .

Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand and short-term deposits, highly liquid deposits with a maturity of three months or less, which are readily convertible into a given amount of cash and subject to a significant risk of change in value.

For the purposes of presentation in the consolidated cash flow statement, cash and cash equivalents are represented by cash and cash equivalents as defined above, net of bank overdrafts as these are considered an integral part of the Group's cash management.

Financial liabilities

Initial recognition

Financial liabilities are classified upon initial recognition as financial liabilities at fair value through profit or loss, as loans and borrowings, or as derivatives designated as hedging instruments.

All financial liabilities are initially recognized at fair value plus, in the case of mortgages, loans and debts, the transaction costs directly attributable to them.

The Group's financial liabilities include trade and other payables, mortgages and loans, including overdrafts and derivative financial instruments.

Subsequent evaluation

The valuation of financial liabilities depends on their classification. The Group presents only loans and payables at amortized cost. After initial recognition, loans are measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liability is settled, as well as through the amortization process. Amortized cost is calculated by recognizing the discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Amortization at the effective interest rate is included in finance charges in the statement of income/(loss).

Elimination

A financial liability is cancelled when the obligation underlying the liability is extinguished, canceled, or fulfilled. Where an existing financial liability is exchanged for another from the same lender, on substantially different terms, or the terms of an existing liability are substantially changed, such an exchange or change is treated as an accounting cancellation of the original liability, accompanied by the recognition of a new liability, with any differences between the carrying amounts recognized in net income/(loss).

Derivative instruments

The Group uses derivative financial instruments such as interest rate swaps and commodity forward purchase contracts to hedge interest rate risks and commodity price risks, respectively. These derivative financial instruments are initially recognized at fair value on the date the derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are accounted for as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For hedge accounting purposes, hedges are of three types:

- fair value hedge where the exposure is hedged against changes in the fair value of the recognized asset or liability or unrecognized firm commitment;
- cash flow hedge where exposure is hedged against variability in cash flows attributable to a particular risk associated with all recognized assets or liabilities or a highly probable planned transaction or foreign currency risk on unrecognized firm commitment;
- hedging a net investment in a foreign operation.

When initiating a hedging transaction, the Group formally designates and documents the hedging relationship to which it intends to apply hedge accounting, its objectives in risk management, and the strategy pursued.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk, and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements. The hedging relationship meets the eligibility criteria for hedge accounting if it meets all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not override the changes in value resulting from the above economic report;
- the hedging ratio of the hedging relationship is the same as that resulting from the amount of the hedged item that the Group actually hedges and the amount of the hedging instrument that the Group actually uses to hedge that amount of the hedged item.

Transactions that meet all qualifying criteria for hedge accounting are accounted for as follows:

Fair value hedge

The change in fair value of hedging derivatives is recognized in net income/(loss) in other expenses. The change in the fair value of the hedged item attributable to the hedged risk is recognized as part of the carrying value of the hedged item and is also recognized in operating profit/(loss) in other expenses.

With regard to fair value hedges referring to items accounted for under the amortized cost method, any adjustment to the carrying amount is amortized to net income/(loss) over the remaining period of the hedge using the effective interest rate (EIR) method. The amortization thus determined may begin as soon as an adjustment exists but may not extend beyond the date on which the hedged item ceases to be adjusted for changes in fair value attributable to the hedged risk.

If the hedged item is cancelled, the unamortized fair value is recognized immediately in the statement of profit/(loss) for the year.

When an unrecorded firm commitment is designated as a hedged item, subsequent cumulative changes in its fair value attributable to the hedged risk are accounted for as assets or liabilities and the corresponding gains or losses recognized in net income/(loss).

Cash flow hedge

The portion of gain or loss on the hedged instrument related to the effective portion of the hedge is recognized in other comprehensive income in the "cash flow hedge" reserve, while the ineffective portion is recognized directly in net income/(loss) for the year. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in the fair value of the hedged item. The Group uses forward currency contracts to hedge its exposure to foreign exchange risk related to both anticipated transactions and already established commitments; likewise, it uses forward commodity contracts to hedge against volatility in commodity prices. The ineffective portion of currency forward contracts is recognized in other so and the ineffective portion of commodity forward contracts is recognized in other operating expenses or income.

The Group designates only the spot component of forward contracts as a hedging instrument. The forward component is cumulatively recognized in OCI in a separate line item.

Amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a nonfinancial component, the amount accumulated in equity is removed from the separate component of equity and included in the cost or other carrying amount of the hedged asset or liability. This is not considered a reclassification of items recognized in OCI for the period. This also applies in the case of a hedged forecast transaction of a nonfinancial asset or nonfinancial liability that subsequently becomes a firm commitment to which fair value hedge accounting applies.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to the income statement as a reclassification adjustment in the same period or periods during which the hedged cash flows impact the income statement. If cash flow hedge accounting is discontinued, the amount accumulated in OCI must remain as such if the hedged future cash flows are expected to occur. Otherwise, the amount must be immediately reclassified to net income/(loss) for the year as a reclassification adjustment. After suspension, once the covered cash flow occurs, any accumulated amount remaining in OCI should be accounted for depending on the nature of the underlying transaction as previously described.

Clearing of financial instruments

A financial asset and financial liability can be offset and the net balance shown in the statement of financial position if there is a current legal right to offset the amounts recognized in the accounts and there is an intention to settle the net residual, or realize the asset and simultaneously settle the liability.

Debts and other liabilities

Payables and other liabilities are initially recorded in the balance sheet at *fair value* less transaction costs: they are subsequently measured at amortized cost, using the effective interest rate method.

Accounts payable and other liabilities are classified as current liabilities unless the Group has a contractual right to settle its obligations at least beyond 12 months from the balance sheet date.

Inventories

Inventories are carried at the lower of cost and net realizable value. The cost determination method adopted by the Group is weighted average cost. Net realizable value is the selling price in the normal course of business, less the estimated costs of completion and those required to realize the sale. The risks of obsolescence are met with appropriate value adjustment provisions. Any write-down is eliminated in subsequent years if the reasons for it no longer exist.

The Group classifies inventories into the following categories:

- raw materials;
- work-in-progress and semi-finished products;
- finished products and goods;
- down payments.

Work-in-progress products are valued at cost of production, excluding financial charges and structural overhead.

Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying value will be recovered primarily through a sale transaction rather than through their continued use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and their fair value less costs to sell. The condition for classification as held for sale is considered met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition.

A disposal group qualifies as a discontinued operation if it is part of an entity that has been disposed of or is classified as held for sale, and (i) represents a major stand-alone line of business or geographic area of operations, (ii) is part of a single coordinated plan to dispose of a major line of business or geographic area of operations, or is a subsidiary acquired solely with a view to resale. Depreciation of property, plant and equipment and intangible assets ceases when they are classified as available for sale. Assets and liabilities classified as held for sale are presented separately under current items in the financial statements. Assets held for sale are excluded from income from operating activities and are presented in the statement of profit/(loss) for the year in a single line as Net income/(loss) from assets held for sale.

Employee benefits

Post-employment benefits can take the form of various pension (or supplementary) schemes, which under IFRS are made to fall into the following macro-types:

- *Defined contribution plans* in which the firm pays fixed contributions to a separate entity (e.g., a fund) and will not have a legal or constructive obligation to pay further contributions if the designated entity does not have sufficient assets to pay benefits in relation to service rendered during employment with the firm. The enterprise recognizes contributions to the plan for accounting purposes only when employees have rendered their services in exchange for those contributions;
- *Defined benefit plans* in which the company obligates itself to grant agreed benefits for current employees by assuming the actuarial and investment risks related to the plan. The cost of such a plan is therefore not defined according to the contributions due for the year, but is restated based on demographic, statistical and wage dynamics assumptions. The methodology applied is called the "projected unit credit method." Severance pay (T.F.R.), falls within the definition of these plans.

In accordance with IAS 19, the Group attributes actuarial gains and losses related to "Defined Benefit Plans" to the consolidated statement of comprehensive income (OCI) when they are recognized.

With reference to the classification of costs related to defined benefit plans, service costs (current and past) are recognized under "Personnel costs." Conversely, *interest costs*, net of the expected return on plan assets, are classified under "financial interest."

Share-based payments

On May 6, 2022, the introduction of a stock option plan involving ordinary shares of Seri Industrial, called the "2022 Stock Option Plan," was approved for executive directors, employees and collaborators of the Parent Company and its subsidiaries, who hold strategically important positions or are able to make a significant contribution to the pursuit of the Group's strategic objectives.

The Group's long-term incentive plan, Stock Option Plan 2022, provides for the assignment of option rights to Seri Industrial shares to recipients. For further details on the incentive plan, please refer to Note 39 commentary "Employee Incentive Plans with Seri Industrial Shares."

The Group recognizes services rendered by employees as personnel costs and indirectly estimates their value, and the corresponding increase in shareholders' equity, based on the fair value of equity instruments (i.e., share options) at the grant date. This fair value is quantified through financial valuation techniques, including any market conditions in the valuation and adjusting at each balance sheet date the number of rights expected to be granted. Conversely, the fair value initially determined is not updated in subsequent financial statements.

The cost for these equity-settled share-based payment transactions is recognized in the income statement, with an offset to a specific equity item, over the period in which the service and performance conditions are met (vesting period).

The total cost recognized is adjusted at each balance sheet date up to the vesting date to reflect the best estimate available to the Group of the number of equity instruments for which the service conditions and non-market performance conditions are expected to be met, so that the amount recognized at the end is based on the actual number of equity instruments that meet the service conditions and non-market performance conditions at the vesting date. No cost is recognized for awards that do not ultimately vest because the non-market performance conditions and/or service conditions have not been met. Conversely, transactions are considered vested regardless of whether the market or non-vesting conditions are met, as long as all other performance and/or service conditions are met.

Provisions for risks and charges

Provisions for risks and charges are recorded for losses and charges of a definite nature, of certain or probable existence, the amount and/or date of occurrence of which, however, cannot be determined at the date of reporting.

Provisions for risks and charges are recognized when in the presence of a legal or constructive obligation arising from a past event, it is probable that an outlay of resources will be required to satisfy the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects the current market assessment of the time value of money and, if applicable, includes the effects related to the specific risk associated with each liability. When the liability is discounted, the increase in the provision due to the passage of time is recognized as a finance charge.

Onerous contracts

If the Group has an onerous contract, the current obligation present in the contract is recognized and determined as a provision. However, before making a specific provision for an onerous contract, the Group recognizes any impairment losses that the assets associated with the contract have suffered.

An onerous contract is a contract under which the nondiscretionary costs (i.e., the costs that the Group cannot avoid because it has the contract) of fulfilling the obligations assumed by the contract exceed the economic benefits expected to be received from the same contract. The non-discretionary costs of a contract reflect the lower net cost of exiting the contract, which is the lower of the cost of performance and any compensation or penalties resulting from non-performance.

Shareholders' Equity

Share capital

Share capital is represented by the parent company's subscribed and paid-up capital. Costs closely related to the share issue are classified in a specific reserve, net of any deferred tax effect, if attributable to the capital transaction.

Other reserves - Retained earnings/(losses)

They include the economic results for the year and previous years for the portion not distributed or allocated to reserves (in the case of profits) or to be replenished (in the case of losses). The item also includes transfers from other equity reserves when the restriction to which they were subject is released, as well as the effects of the recognition of changes in accounting principles and material errors.

Other Reserves - OCI Reserves

They include, among others, the *fair value* reserve related to items accounted for under this criterion with a balancing entry in shareholders' equity, the *cash flow hedge* reserve related to the recognition of the "effective" portion of the hedge, net of the related tax effects; it also includes the reserve for translation of financial statements prepared in foreign currencies and the reserve for measurement of employee benefits.

Treasury shares

Treasury shares are recorded at cost and deducted from shareholders' equity. The purchase, sale or cancellation of treasury shares does not give rise to any gain or loss in the income statement. The difference between the purchase value and the consideration, in case of reissuance, is recognized in the share premium reserve.

Revenue recognition

The Group's revenues are mainly derived from contracts with customers within the scope of IFRS 15. The Group recognizes these revenues in a manner that faithfully represents the transfer of control of the goods and services promised to customers, in an amount that reflects the consideration to which the Group expects to be entitled in exchange for the goods and services provided. The Group applies this cardinal principle using a model consisting of 5 steps (steps).

The Group recognizes revenue when (or as) each obligation to do is fulfilled with the transfer of the promised good or service to the customer, or when the customer acquires control.

The criteria used according to IFRS 15 and the principles for the main cases are summarized as follows:

(i) revenues from sales of goods: are recognized at the time when the customer obtains control of the goods, if the Group considers that the sale of such goods is fulfilled at a given time;
(ii) Revenues for the provision of services: are recognized by reference to the state of completion of the service at the balance sheet date, in the accounting periods in which the services are provided;
(iii) revenues are recorded net of returns, discounts, rebates and premiums as well as taxes directly related to the sale of goods and provision of services.

If the contractually agreed consideration includes a variable component, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. Variable consideration is estimated at the time the contract is entered into and cannot be recognized until it is highly probable that when the uncertainty associated with the variable consideration is subsequently resolved, a significant downward adjustment to the amount of cumulative revenue that has been recognized should be recognized. Return rights and volume discounts give rise to variable consideration.

Contractual liabilities

A contract liability is an obligation to transfer to the customer goods or services for which the Group has already received consideration (or for which a portion of the consideration is due). If the customer pays the consideration before the Group has transferred control of the goods or services to the customer, the contract liability is recognized when payment is made or (if earlier) when it is due. Liabilities arising from contract are recognized as revenue when the Group satisfies the obligations to do in the relevant contract.

Public grants

Government grants are recognized when there is reasonable certainty that they will be received and that all conditions related to them are met.
The benefit of a government loan at a below-market interest rate is treated as a government grant. The loan is initially recognized at fair value, and the government grant is measured as the difference between the initial carrying amount and the funding received. The loan is subsequently measured in accordance with the provisions for financial liabilities. Grants related to cost components are recognized as revenue, but are systematically allocated between periods so as to be commensurate with the recognition of the costs they are intended to offset. A grant related to an asset is recognized as revenue on a straight-line basis over the expected useful life of the related asset.
Where the Group receives a non-cash contribution, the asset and the related contribution are recognized at face value and released to the income statement on a straight-line basis over the expected useful life of the relevant asset.

Costs

Costs are recognized when related to goods and services sold or consumed during the year or by systematic allocation or when the future utility of the same cannot be identified. costs referring to services within the scope of IFRS 15 are accounted for in accordance with the requirements therein.

Financial income and expenses

Interest is recognized on an accrual basis based on the effective interest method, that is, using the interest rate that makes financially equivalent all inflows and outflows (including any premiums, discounts, commissions, etc.) that make up a given transaction.

Dividends

The parent company recognizes a liability for the payment of a dividend when the distribution is properly authorized and is no longer at the discretion of the company. Under current European corporate law, a distribution is authorized when it is approved by the shareholders. The corresponding amount is recognized directly in equity.

Income taxes

Current taxes

Current tax assets and liabilities for the year are valued at the amount expected to be recovered or paid to the tax authorities. The tax rates and regulations used to calculate the amount are those enacted, or substantially in effect, at the balance sheet date in the countries where the Group operates and generates its taxable income.
Current taxes related to items recognized directly in equity are also recognized in equity and not in net income/(loss) for the year. Management periodically assesses the position taken in the tax return in cases where tax rules are subject to interpretation and makes provisions where appropriate.

Deferred taxes

Deferred taxes are calculated by applying the liability method to temporary differences at the balance sheet date between the tax bases of assets and liabilities and the corresponding values in the financial statements.
Deferred tax liabilities are recognized on all taxable temporary differences, with the following exceptions:

- deferred tax liabilities arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the financial statement result nor the tax result;
- the reversal of taxable temporary differences, associated with investments in subsidiaries, associates and joint ventures, can be controlled, and it is likely that it will not occur in the foreseeable future.

Deferred tax assets are recognized against all deductible temporary differences and unused tax credits and tax losses carried forward to the extent that it is probable that sufficient future taxable income will be available to allow the use of deductible temporary differences and tax credits and tax losses carried forward, except where:

- the deferred tax asset associated with deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the financial statement result nor the tax result;
- in the case of deductible temporary differences associated with investments in subsidiaries, associates, and joint ventures, deferred tax assets are recognized only to the extent that it is probable that they will reverse in the foreseeable future and that there will be sufficient taxable income to allow recovery of such temporary differences.

The carrying value of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available in the future to allow all or part of this credit to be utilized. Unrecognized deferred tax assets are reexamined at each balance sheet date and are recognized to the extent that it becomes probable that sufficient taxable income will be available in the future to permit recovery of such deferred tax assets.

In assessing the recoverability of deferred tax assets, the Group relies on the same forward-looking assumptions used elsewhere in the financial statements and other management reports, which, among other things, reflects the potential impact of climate-related developments on the business, such as increased production costs as a result of measures to reduce carbon emissions.

Deferred tax assets and liabilities are measured by the tax rates that are expected to apply in the year in which such assets are realized or such liabilities are settled, considering the rates in effect and those already enacted, or substantially in effect, as of the balance sheet date.

Deferred taxes related to items recognized outside the income statement are also recognized outside the income statement and, therefore, in equity or comprehensive income, consistent with the item to which they relate.

Tax benefits acquired as a result of a business combination, but which do not meet the criteria for separate recognition at the date of acquisition, are recognized later, if any, as new information about changes in facts and circumstances is obtained. The adjustment is recognized as a reduction of goodwill (up to the amount of goodwill), if it is recognized during the measurement period, or in the income statement, if recognized subsequently.

The Group offsets deferred tax assets and deferred tax liabilities if and only if there is a legal right to offset current tax assets and current tax liabilities and the deferred tax assets and liabilities refer to income taxes owed to the same taxing authority by the same taxpayer or by different taxpayers who intend to settle the current tax assets and liabilities on a net basis or realize the asset and settle the liability simultaneously, with reference to each future period in which the deferred tax assets and liabilities are expected to be settled or recovered.

Conversion of currency items

Foreign currency transactions are initially recognized in the functional currency, applying the spot exchange rate on the date of the transaction.

Monetary assets and liabilities, denominated in foreign currencies, are translated into the functional currency at the exchange rate on the balance sheet date.

Realized exchange differences or those arising from the translation of monetary items are recognized in the statement of income, with the exception of monetary items that are part of the hedge of a net investment in a foreign operation. Such differences are recognized in the statement of comprehensive income until the net investment is disposed of, and only then is the total amount reclassified to the income statement. Taxes attributable to foreign exchange differences on monetary items are also to be recognized in the statement of comprehensive income.

Non-monetary items measured at historical cost in foreign currencies are translated at the exchange rates on the date of initial recognition of the transaction. Non-monetary items recorded at fair value in foreign currency are translated at the exchange rate on the date of determination of that value. The gain or loss arising from the translation of nonmonetary items is treated consistently with the recognition of gains and losses related to the change in fair value of those items (i.e., translation differences on items whose change in fair value is recognized in the statement of comprehensive income or the income statement are recognized in the statement of comprehensive income or the income statement, respectively).

3.3 Use of significant management estimates and judgments

The preparation of the Group's financial statements requires management to make discretionary judgments, estimates, and assumptions that affect the values of revenues, expenses, assets, and liabilities and the disclosure of contingent liabilities. Management's estimates and judgments are based on past experience and other factors considered reasonable in the case; they are adopted when the carrying value of assets and liabilities is not readily apparent from other sources. The results that will be achieved, therefore, may differ from these estimates. Estimates and assumptions are reviewed periodically, and the effects of any changes are reflected in the income statement if the revision affects only that year. Where, on the other hand, it affects both current and future periods, the change is recognized in the period in which the revision is made and in related future periods.

The following summarizes the critical valuation processes and key assumptions used in the process of applying accounting standards with respect to the future and which may have a significant effect on the amounts recognized in the financial statements or for which there is a risk that significant adjustments to the carrying amount of assets and liabilities may arise in the year following the reporting period. The Group has based its estimates and assumptions on parameters available at the time of preparing the Consolidated Financial Statements. However, current circumstances and assumptions about future events could change due to changes in the market or events beyond the Group's control. Such changes, if they occur, are reflected in the assumptions when they occur.

Key updates to significant estimates and judgments are provided below:

- with reference to the recoverability of non-financial assets, the Group has proceeded to verify the existence of impairment indicators in accordance with IAS 36, paragraph 9, as later set out in the note "Intangible Assets," to which reference should be made;
- with reference to the recoverability of financial assets, the Group verified the update of parameters for the matrix of *Expected Credit Loss* calculation in light of the deterioration of some credit positions;
- with reference to deferred tax assets, the Group, assuming "stress" scenarios, has proceeded to monitor the timing of the reversal of deductible temporary differences and the resulting recoverability of deferred tax assets. From the activities carried out, the deferred tax assets recognized as of December 31, 2022 are deemed recoverable based on the 2022-2026 Business Plan approved by the Board of Directors on June 22, 2022.

Use of estimates

Impairments of non-financial assets - Impairment test

An impairment occurs when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable and willing parties, less the costs of disposal. The calculation of value in use is based on a discounted cash flow model.

The cash flows used to calculate value in use are based on the most recent Business Plan, approved by management, and do not include restructuring activities for which the Group has not yet committed itself or significant future investments that will increase the results of the business included in the cash-flow generating unit being evaluated.

The recoverable amount depends significantly on the discount rate used in the discounted cash flow model, as well as the expected future cash flows and growth rate used for extrapolation.

In the current scenario, the analysis of impairment indicators has become even more important as we also sought to assess whether the direct and indirect impacts of Russia's invasion of Ukraine and the current macroeconomic environment of uncertainty are an indicator that one or more assets may have been impaired as of December 31, 2022.

The key assumptions used to determine the recoverable amount for the various cash-generating units, including a sensitivity analysis, are described in detail in the "Intangible Assets" note to these Consolidated Financial Statements.

Leases - Estimating the marginal financing rate

The Group cannot easily determine the implicit interest rate of the lease and therefore uses the marginal financing rate to measure lease-related liabilities. The marginal financing rate is the interest rate that the lessee would have to pay for a loan, with a similar term and with similar collateral, required to obtain an asset of similar value to the asset consisting of the right of use in a similar economic environment. The marginal financing rate, therefore reflects what the Group would have to pay, and this requires estimating when there is no observable data or when rates need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the marginal financing rate using observable data (such as market interest rates) if available.

Expected losses on trade receivables and contract assets

At the end of each reporting date, the Group recognizes a provision for expected losses on trade receivables and other contractual assets. Provisions for expected losses on financial assets are based on assumptions regarding the risk of default and the measurement of expected losses. In making these assumptions and selecting inputs for the expected loss calculation, management uses its professional judgment, based on the Group's past experience, current market conditions, as well as forward-looking estimates at the end of each reporting date.
The Group uses a matrix to calculate ECLs for trade receivables and contract assets. Provision rates are based on days past due for each customer class. The matrix is initially based on the Group's observed historical default rates, updated at each reporting date. Assessing the correlation between historical default rates and ECLs is a meaningful estimate. The amount of ECLs is sensitive to changes in circumstances and expected economic conditions. Historical experience on the Group's credit loss trends and forecast of future economic conditions may also not be representative of actual customer insolvency in the future.

Defined benefit plans and share-based payments

The cost of defined benefit pension plans and other post-employment benefits and the present value of the defined benefit obligation are determined using actuarial valuations. Actuarial valuations require the development of various assumptions that may differ from actual future developments. These assumptions include the determination of the discount rate, future salary increases, mortality rates, and future pension increases. Because of the complexity of the valuation and its long-term nature, these estimates are extremely sensitive to changes in assumptions. All assumptions are reviewed semi-annually. The discount rate represents the parameter most subject to change. In determining the appropriate discount rate, the directors use as a benchmark the interest rate of bonds (corporate bonds), in currencies consistent with the currencies of the defined benefit obligations, that have a minimum rating of AA, assigned by internationally recognized rating agencies, and with average maturities corresponding to the expected duration of the defined benefit obligation. Bonds are subjected to further qualitative analysis, and those with a credit spread deemed excessive are excluded from the basket of bonds from which the discount rate is calculated, as they do not represent a high quality bond category. The mortality rate is based on available country-specific mortality tables. These tables tend to change only in response to a change in demographic assumptions. Future wage and pension increases are based on expected inflation rates for each country.
The Group has carefully analyzed the possible impacts of the current macroeconomic environment, characterized by high instability related to the conflict in Ukraine, high inflation, and rising interest rates, on the actuarial assumptions used in the valuation of plan liabilities and assets.
Further details, including a sensitivity analysis, are provided in the note "Post-employment benefits and similar".
Similar to what can be found in the determination of the fair value of financial instruments, the use of complex valuation techniques and the identification through the exercise of articulated and/or subjective judgments of the assumptions to be adopted in the valuation also characterize the estimation of the market value of the equity instruments underlying the incentive plans.

Litigation

The Group is subject to lawsuits concerning certain types of issues. Given the uncertainties inherent in such issues, it is difficult to predict with certainty the outlay that will result from such litigation. Lawsuits and litigation against the Group often result from complex and difficult legal issues, which are subject to varying degrees of uncertainty, including the facts and circumstances inherent in each lawsuit and different applicable laws. In the normal course of business, management consults with its legal advisors and experts in legal and tax matters. The Group establishes a liability for such litigation when it believes it is probable that a financial outlay will occur and when the amount of losses that will result can be reasonably estimated. Where a financial outlay becomes possible but the amount cannot be determined, that fact is disclosed in the notes to the financial statements.

Development costs

The Group capitalizes costs related to product development projects. Initial capitalization of costs is based on whether the directors' judgment on the technical and economic feasibility of the project is confirmed, usually when the project has reached a definite stage in the development plan. To determine the values to be capitalized, the directors develop forecasts of the future cash flows expected from the project, the discount rates to be applied, and the periods of manifestation of the expected benefits.

Recoverability of deferred tax assets

The consolidated financial statements include deferred tax assets, related to the recognition of tax losses that can be used in future years and income components with deferred tax deductibility, in an amount whose recovery in future years is deemed by the Directors to be highly probable. The recoverability of the aforementioned deferred tax assets is subject to the achievement of future taxable profits sufficiently large to absorb the aforementioned tax losses and to utilize the benefits of other deferred tax assets. A management estimate is required to assess the likelihood of the recoverability of deferred tax assets, considering all possible evidence, both negative and positive, and to determine the amount that can be recognized in the financial statements, based on the timing and amount of future taxable income, future tax planning strategies as well as the tax rates in effect at the time of their reversal. However, should it be found that the Group is unable to recover all or part of the recognized deferred tax assets in future years, the resulting adjustment will be charged to the Income Statement for the year in which such a circumstance arises.
For further details on deferred tax assets recognized or not recognized in the financial statements, please refer to the detailed notes to the financial statements.

Tax credits and other tax breaks

Certain tax benefits can sometimes take the form of tax credits. Tax credits are not defined under IFRS, and judgment is required in determining how the receipt of a tax credit should be accounted for: as a reduction of tax under IAS 12 Income Taxes or as the receipt of a government grant under IAS 20. When the benefit is structured as a cash payment or has the characteristics of a subsidy as in the case of no tax conditions related to the benefit generally the requirements of IAS 20 are relevant. A tax credit to be treated in accordance with IAS 20 will be settled on a cash basis if there are no taxes payable (or not enough to offset) and nontax related conditions. A tax receivable to be treated in accordance with IAS 12 will have characteristics such as a reduction in income taxes (so it will be collected or deferred if there are insufficient taxes to be paid) and with few, if any, related nontax conditions. The Group considers all facts and circumstances related to the specific benefit to assess its substance by observing the following indicators: method of realization; number of conditions; restrictions relative to the expense incurred; and the tax status of the grant.

Management judgments

Assessment of the existence of control requirements

According to the provisions of IFRS 10, control is obtained when the Group is exposed to, or has the right to, variable returns from its relationship with the investee and has the ability, through the exercise of power over the investee, to influence its relative returns. Power is defined as the current ability to direct the relevant activities of the investee by virtue of existing substantive rights. The existence of control does not depend solely on the possession of a majority of voting rights, but on the investor's substantive rights over the investee. Consequently, management judgment is required to assess specific situations that result in substantial rights that give the Group the power to direct the relevant activities of the investee so as to influence its returns. For the purpose of assessing the control requirement, management analyzes all facts and circumstances, including agreements with other investors, rights under other contractual arrangements, and potential voting rights. Such other facts and circumstances may be particularly relevant

as part of this assessment especially in cases where the Group holds less than a majority of the voting rights, or similar rights, of the investee.
The Group reviews the existence of the conditions of control over an investee when facts and circumstances indicate that there has been a change in one or more of the elements considered in verifying its existence.

Significant judgment in determining the term of leases that contain an option to extend or terminate early - The Group as lessee

The Group determines the term of leases as the non-cancelable period of the lease to which should be added both the periods covered by the option to extend the lease itself (or to terminate it early), if there is reasonable certainty of exercising that option, and the periods covered by the option to terminate the lease if there is reasonable certainty of not exercising that option.
The Group has the option, for some of its leases, to extend the lease or terminate it early. The Group applies its judgment in assessing whether there is reasonable certainty of exercising renewal options. That said, the Group considers all factors noted that may result in an economic incentive to exercise the renewal options or terminate the contract. After the effective date, the Group revises its estimates about the term of the lease if there is a significant event or significant change in circumstances within its control that may affect the ability to exercise (or not exercise) the renewal option or early cancellation (e.g., investment in leasehold improvements or significant specific changes on the leased asset).
The Group has included the renewal period as part of the term of certain leases related to properties with a short contract period (e.g., 12 months), when provided for in the forecast plan approved by the Board of Directors. The Group usually exercises its renewal option for these contracts as there would be negative impacts on its operations if alternative assets are not available. Such leases have a relatively short non-cancelable period, and in the event of unavailability of a similar asset, there would be a significantly negative effect on production.

Note 4. New accounting standards, amendments and interpretations

Below are the new accounting standards, interpretations and amendments that came into effect on January 1, 2022.
The Group has not early adopted any new standards, interpretations or amendments issued but not yet in force.

Reference to the Conceptual Framework - Amendments to IFRS 3

The amendments are intended to replace references to the *Framework for the Preparation and Presentation of Financial Statements* with references to the *Conceptual Framework for Financial Reporting* published in March 2018 without a significant change in the standard's requirements.
The amendment added an exception to IFRS 3 measurement principles to avoid the risk of potential "day-after" losses or gains arising from liabilities and contingent liabilities that would fall within the scope of IAS 37 *Provisions,* Contingent *Liabilities and Contingent Assets* or IFRIC 21 *Levies*, if contracted separately. The exemption requires entities to apply the requirements of IAS 37 or IFRIC 21, rather than the *Conceptual Framework*, to determine whether a present obligation exists at the acquisition date.
The amendment also added a new paragraph to IFRS 3 to clarify that contingent assets do not qualify as recognizable assets at the date of acquisition.
In accordance with the transition rules, the Group applies the amendment prospectively. These amendments had no impact on the Group's consolidated financial statements because no contingent assets, liabilities, and contingent liabilities were recognized in purpose for these amendments.

Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16

The amendments prohibit entities from deducting from the cost of an item of property, plant and equipment any revenue from the sale of products sold during the period when that asset is brought to the location or conditions necessary for it to be capable of operating in the manner for which it was designed by management. An entity accounts for the revenue from the sale of such products, and the costs of producing those products, in the income statement.

In accordance with the transition rules, the Group applies the amendment retrospectively only for items of property, plant and equipment that came into operation after or at the beginning of the comparative year to the year in which this amendment is first applied (date of first application).

These changes had no impact on the Group's consolidated financial statements as there were no sales related to these items of property, plant and equipment before they came into operation before or after the beginning of the previous comparative period.

Onerous Contracts - Costs of Fulfilling a Contract - Amendments to IAS 37

An onerous contract is one in which the nondiscretionary costs (ie, costs that the Group cannot avoid because it is a party to a contract) required to fulfill its obligations are greater than the economic benefits that are supposed to be obtainable from the contract.

The amendment specifies that in determining whether a contract is onerous or loss-generating, an entity must consider costs directly related to the contract for the provision of goods or services that include both incremental costs (ie, direct labor and material costs) and costs directly attributable to contractual activities (ie, depreciation of equipment used to perform the contract as well as costs for managing and supervising the contract). General and administrative expenses are not directly related to a contract and are excluded unless they are explicitly chargeable back to the other party on the basis of the contract.

These changes had no impact on the Group's consolidated financial statements as no onerous contracts were identified.

IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter

This amendment allows a subsidiary that chooses to apply paragraph D16(a) of IFRS 1 to account for cumulative translation differences on the basis of the amounts accounted for by the parent, considering the date of transition to IFRS by the parent, if no adjustments had been made in consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This change also applies to associates or joint ventures that elect to apply paragraph D16(a) of IFRS 1.
This change had no impact on the Group's consolidated financial statements as the Group is not a *first time adopter*.

IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities

This amendment clarifies what *fees* an entity includes in determining whether the terms of a new or modified financial liability are materially different from the terms of the original financial liability. These *fees* include only those paid or received between the debtor and the lender, including *fees* paid or received by the debtor or lender on behalf of others. No such change has been proposed with regard to IAS 39 *Financial Instruments: Recognition and Measurement*.
In accordance with the transition rules, the Group applies the amendment to financial liabilities that are modified or exchanged after or at the beginning of the fiscal year in which such amendment is first applied (date of first application). This amendment had no impact on the Group's consolidated financial statements as there were no changes in the Group's financial liabilities.

IAS 41 Agriculture - Taxation in fair value measurements.

The amendment removes the requirements in paragraph 22 of IAS 41 related to the exclusion of cash flows for taxes when measuring the fair value of an asset in the scope of IAS 41. This amendment had no impact on the Group's consolidated financial statements because the Group did not have any assets in the scope of IAS 41 at the reporting date.

****

As of the reporting date of these Consolidated Financial Statements, the following new accounting standards, amendments and interpretations have been issued by the IASB and have not yet come into force:

	Mandatory application from
New accounting standards, amendments and interpretations transposed by the EU	
Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies.	1/1/2023
Amendments to IAS 8 - Definition of Accounting Estimates.	1/1/2023
IFRS 17 - Insurance Contracts.	1/1/2023
Amendments to IAS 12 - Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.	1/1/2023
New accounting standards, amendments and interpretations not yet transposed by the EU	
Amendments to IAS 1 - Classification of Liabilities as Current or Non-current.	1/1/2024
Amendments to IAS 1 - Non-current Liabilities with Covenants.	1/1/2024
Amendments to IFRS 16 - *Lease Liability in a Sale and Leaseback.*	1/1/2024

Any impacts on the Group's consolidated financial statements from the new Standards/Interpretations are still being assessed; no material impacts are expected.

Note 5. Scope of consolidation

Listed below are the Group companies with evidence of their inclusion in or exclusion from the scope of consolidation as of December 31, 2022 as well as the Group's relative percentages of ownership:

Company	Registered office	Group's share of ownership	Shareholders	Consolidation or valuation method (*)	Currency	Share capital	Value of the share held
PARENT COMPANY							
SERI INDUSTRIAL S.P.A.	San Potito Sannitico (CE)						
SUBSIDIARIES							
SERI PLAST SPA	San Potito Sannitico (CE)	100,00%	SERI INDUSTRIAL S.P.A.	F.C.	EUR	1.000.000	1.000.000
ICS EU SAS	Peronne – Francia	100,00%	SERI PLAST SPA	F.C.	EUR	10.000	10.000
PLASTAM EUROPE SAS	Arras – Francia	100,00%	SERI PLAST SPA	F.C.	EUR	2.376.000	2.376.000
PLAST RESEARCH & DEVELOPMENT SRL	San Potito Sannitico (CE)	100,00%	SERI PLAST SPA	F.C.	EUR	10.000	10.000
ICS POLAND SP. Z O.O.	Brwinów - Polonia	100,00%	SERI PLAST SPA	F.C.	PLN	5.000	5.000
PACKAGING TO POLYMERS S.R.L.	San Potito Sannitico (CE)	50,00%	SERI PLAST SPA	F.C.	EUR	10.000	5.000
FIB SPA	San Potito Sannitico (CE)	100,00%	SERI INDUSTRIAL S.P.A.	F.C.	EUR	8.000.000	8.000.000
FS SRL	San Potito Sannitico (CE)	100,00%	FIB SPA	F.C.	EUR	10.000	10.000
FAAM ASIA LIMITED	Hong Kong - Cina	100,00%	FIB SPA	F.C.	HKD	49.010.000	49.010.000
YIXING FAAM INDUSTRIAL BATTERIES LTD (YIBF)	Yixing – Cina	100,00%	FAAM ASIA LIMITED	F.C.	CNY	51.506.955	51.506.955
REPIOMBO SRL	San Potito Sannitico (CE)	99,82%	FIB SPA	F.C.	EUR	2.260.000	2.256.000
FAAM RESEARCH CENTER SRL	San Potito Sannitico (CE)	100,00%	FIB SPA	F.C.	EUR	10.000	10.000
FAAM BATERIAS SL	Barcellona - Spagna	51,00%	FIB SPA	CO.**	EUR	3.000	1.530
FLB SRL	San Potito Sannitico (CE)	100,00%	FIB SPA	F.C.	EUR	10.000	10.000
F&F SRL	San Potito Sannitico (CE)	60,00%	FIB SPA	F.C.	EUR	10.000	6.000
TOLO ENERGIA SRL in liquidazione	San Potito Sannitico (CE)	100,00%	SERI INDUSTRIAL S.P.A.	F.C.	EUR	207.119	207.119
JOINTLY CONTROLLED AND ASSOCIATED COMPANIES							
JUJUY LITIO SA	San Salvador de Jujuy - Arg.	40,00%	FIB SPA	CO.**	ARS	1.000.000	400.000
BLUECAP RL	Newport - Regno Unito	20,00%	FIB SPA	CO.**	USD	28.121	5.624
OTHER HOLDINGS							
TURKUAZ GOLD MADENCILIK	Ankara - Turchia	2,00%	BLUECAP RL				

(*) F.C. = full consolidation, EQ. = equity accounted, CO. = valuated at cost

(**) When there is no significant effect on the Group's results of operations and financial position, joint ventures, affiliated companies and non-significant subsidiaries excluded from the scope of consolidation, are valued at cost adjusted for impairment

Compared to December 31, 2021, it should be noted that in September 2022 the company Lithops in liquidation Srl, 60% owned by FIB SpA, was sold. No significant economic and financial impacts emerged from the sale.

In addition to the aforementioned change in the scope of consolidation, we also note the divestment of minority interests in the company Matica Technologies Group SA, held at 3% by Seri Industrial SpA, although not characterized as a transaction that resulted in the acquisition or loss of control, but as a change in the interest held by the Group in the relevant investees.

With regard to P2P Srl, management analyzed the existence of the requirement of control, in application of IFRS 10, by evaluating all the facts and circumstances underlying the investment agreement between the shareholders. The existence of control, in fact, does not depend solely on the possession of the majority of voting rights, but rather, on the substantive rights of each investor over the investee company. As a result of the above analysis, the Group fully consolidated the company even though it did not hold a majority of the voting rights, thus assessing the existence of requirements (see paragraph Principles of Consolidation) that led to the finding of the condition of control over the company.

Subsidiary FAAM Baterias SL based in Barcelona, Spain, was not included in the scope of consolidation as there would be no significant effects on the Group's financial position, results of operations and financial position considering also its inactivity.

The companies Jujuy Litio SA and Bluecap RL are excluded from the scope of consolidation as the hypothesis of control does not arise.

Note 6. Management and coordination activities

Although the Company is directly controlled by right, pursuant to Article 2359, Paragraph 1, No. 1 of the Civil Code and Article 93 of the TUF, through SE.R.I. SpA, by Vittorio Civitillo and Andrea Civitillo, it is no longer subject to the management and coordination of SE.R.I. SpA.

In fact, on June 28, 2021, the Board of Directors of Seri Industrial SpA, at the outcome of a lengthy verification process, resolved to determine that there are no longer effective elements to consider the Company subject to the management and coordination activities of others.

For further details, please refer to the Management Report, "Other Information - Management and Coordination Activities" section.

Note 7. Disclosure by sectors

The Seri Industrial Group is organized into two business lines, plus corporate functions and a residual non-core business. These business lines form the basis on which the Group reports segment information according to the primary format.

The two operational areas into which the activities are divided are as follows:

- ***"Plastic Materials"*** (traceable to Seri Plast SpA and its subsidiaries), active in recycling and production of plastic materials for the (i) battery market (production of special compounds and molding of battery boxes and lids), (ii) automotive (production of special compounds) and (iii) hydro-thermo sanitary, civil and shipbuilding (production of special compounds, extrusion and molding of pipes, fittings and special parts);
- ***" Batteries"*** (traceable to "Fib" or "FIB" or "Faam"), active, under the Faam brand name, in the production and recycling of lead-acid and lithium batteries for industrial traction, storage, and starting applications, and in the construction of facilities for the recovery of end-of-life batteries.

The two sectors are joined by the ***"Corporate"*** sector related to the activities carried out through Seri Industrial SpA, which, as part of its guidance and coordination function, provides to the other Group companies, also in relation to the organizational structure adopted, activities of Holding functions, related to the coordination of governance processes at the Group level: Administration, Finance and Control; Human Resources and Organization; Communications; Legal and Corporate Affairs; Information Systems; and Audit.

The ***"Other"*** segment includes residual activities conducted during the year through Tolo Energia Srl in liquidation.

The economic performance as of December 31, 2022 of the business broken down by sector is as follows:

Economic information by segments	Batteries	Plastic materials	Other	Corporate	Conso. effects	Consolidated
Revenues from contract with customers	66.008	111.089	0	4.539	(6.184)	175.452
Other operating income	10.584	6.942	15	170	(277)	17.435
Internal works	7.232	3.852	0	0	149	11.233
Total revenues, income and internal works	**83.824**	**121.883**	**15**	**4.709**	**(6.312)**	**204.120**
Purchase of materials	53.208	69.984	0	12	(1.553)	121.652
Change in inventories	(9.376)	(5.317)	0	0	1	(14.692)
Services expense	17.641	31.921	10	2.305	(4.675)	47.202
Other operating costs	1.554	1.162	0	305	(46)	2.975
Personnel costs	12.642	13.567	0	3.039	3	29.251
Operating costs	**75.668**	**111.318**	**11**	**5.661**	**(6.270)**	**186.388**
Gross operating income	**8.156**	**10.566**	**5**	**(952)**	**(42)**	**17.732**
Depreciation and amortisation	14.177	7.295	0	197	(8)	21.661
Write-downs/write-backs	190	(127)	0	93	5	160
Net operating income (loss)	**(6.211)**	**3.398**	**5**	**(1.241)**	**(39)**	**(4.089)**
Finance income	224	126	0	990	(915)	425
Finance expense	3.498	2.375	0	1.320	(916)	6.277
Profit (Loss) from equity-accounted investments	0	0	0	(1)	0	(1)
Profit (loss) before tax	**(9.485)**	**1.149**	**5**	**(1.573)**	**(37)**	**(9.942)**
Income taxes	681	714	0	(6.896)	1	(5.500)
Profit (Loss)	**(10.167)**	**434**	**5**	**5.323**	**(38)**	**(4.442)**

Consolidation effects mainly include elisions of intra-sectoral economic ratios.
Revenues, income and additions for internal work, and operating costs by line of business are shown below to highlight the weight of the different sectors in the market. These figures are expressed net of intersegment ratios, taking into account that the Group is highly integrated across the entire supply chain.

Total revenues, income and internal works and costs by segment	31/12/2022				31/12/2021			
	Revenues	%	Cost	%	Revenues	%	Cost	%
Batteries	83.332	41%	72.106	39%	73.211	41%	60.616	39%
Plastic materials	120.600	59%	108.627	58%	103.639	59%	90.983	58%
Other	15	0%	0	0%	6	0%	6	0%
Corporate	170	0%	5.649	3%	264	0%	5.398	3%
Total	**204.120**	**100%**	**186.388**	**100%**	**177.120**	**100%**	**157.006**	**100%**

The following is the economic information by segment as of December 31, 2021:

Economic information by segments	Batteries	Plastic materials	Other	Corporate	Conso. effects	Consolidated
Revenues from contract with customers	4,380	61,113	99,133	0	(6,922)	157,704
Other operating income	217	8,745	2,876	6	(201)	11,643
Internal works	0	4,695	2,683	0	395	7,773
Total revenues, income and internal works	**4,597**	**74,553**	**104,692**	**6**	**(6,728)**	**177,120**
Purchase of materials	12	45,417	59,293	0	(2,148)	102,575
Change in inventories	0	(5,870)	(5,190)	0	0	(11,059)
Services expense	2,264	11,551	24,034	15	(4,511)	33,353
Other operating costs	325	1,767	1,202	0	(63)	3,232
Personnel costs	2,812	11,902	14,193	0	(2)	28,905
Operating costs	**5,414**	**64,767**	**93,532**	**16**	**(6,723)**	**157,006**
Gross operating income	**(817)**	**9,785**	**11,160**	**(10)**	**(4)**	**20,114**
Depreciation and amortisation	179	13,221	6,786	0	(2)	20,184
Write-downs/write-backs	12	492	317	0	(10)	811
Net operating income (loss)	**(1,008)**	**(3,928)**	**4,056**	**(10)**	**8**	**(881)**
Finance income	788	682	33	0	(750)	753
Finance expense	892	2,641	1,798	0	(751)	4,580
Profit (Loss) from equity-accounted investments	4	0	0	0	0	4
Profit (loss) before tax	**(1,108)**	**(5,886)**	**2,291**	**(10)**	**9**	**(4,704)**
Income taxes	(5,041)	491	1,340	0	(1)	(3,210)
Profit (Loss)	**3,932**	**(6,377)**	**951**	**(10)**	**10**	**(1,494)**

The following is the balance sheet by segment as of December 31, 2022:

Balance sheet by segment	Batteries	Plastic materials	Other	Corporate	Conso. effects	Consolidated
Cash and cash equivalents	1,008	297	0	23,512	(0)	24,817
Financial assets	11,037	64	113	1,888	(11,969)	1,133
Financial assets at fair value through profit or loss	0	0	0	459	0	459
Current derivative financial assets	86	0	1	1,042	0	1,129
Trade receivables	17,634	15,413	0	711	(1,488)	32,270
Other current assets	25,608	5,004	178	547	(5)	31,332
Inventories	37,005	38,747	1	0	0	75,753
Current assets	**92,378**	**59,525**	**292**	**28,159**	**(13,461)**	**166,893**
Intangible assets	10,141	8,576	(0)	113	54,310	73,140
Rights-of-use assets	11,644	15,217	(2)	207	(0)	27,066
Property, plant and equipment	57,928	15,485	(1)	111	(0)	73,523
Equity-accounted investments	538	0	0	141,387	(141,387)	538
Other non-current assets	890	317	0	3,125	(3,125)	1,207
Deferred tax assets	3,040	2,872	1	20,606	0	26,519
Non-current assets	**84,181**	**42,467**	**(2)**	**165,549**	**(90,202)**	**201,993**
ASSETS	**176,559**	**101,992**	**290**	**193,708**	**(103,663)**	**368,886**
Liabilities and Equity						
Trade payables	20,666	25,992	5	1,346	(1,489)	46,520
Other current liabilities	9,085	5,544	14	1,306	(4)	15,945
Current borrowings	30,023	23,709	1	16,637	(11,969)	58,401
Current lease liabilities	2,932	2,130	(2)	96	0	5,156
Current tax liabilities	526	805	2	111	0	1,444
Short term provisions	463	61	0	165	0	689
Current liabilities	**63,695**	**58,241**	**19**	**19,661**	**(13,461)**	**128,155**
Non-current borrowings	17,243	3,736	1	30,300	(3,125)	48,155
Non-current lease liabilities	9,122	10,891	0	102	(0)	20,115
Provisions for employee benefits	1,388	2,071	1	775	0	4,235
Deferred tax liabilities	68	248	0	250	0	566
Other non-current liabilities	21,502	2,463	(1)	40	0	24,004
Long-term provisions	68	66	0	0	0	134
Non-current liabilities	**49,391**	**19,475**	**1**	**31,467**	**(3,125)**	**97,209**
Share capital	0	0	0	97,313	(0)	97,313
Statutory reserve	0	0	0	730	0	730
Share premium	0	0	0	8,710	0	8,710
Other reserves	73,557	23,838	265	30,504	(87,039)	41,125
Profit (Loss)	(10,119)	444	4	5,323	(37)	(4,385)
Equity attributable to owners of the Parent	**63,438**	**24,282**	**270**	**142,580**	**(87,077)**	**143,493**
Share capital and reserve	83	3	0	0	0	86
Profit (Loss)	(48)	(9)	0	0	0	(57)
Non-controlling interests	**35**	**(6)**	**0**	**0**	**(0)**	**29**
Total equity	**63,473**	**24,276**	**270**	**142,580**	**(87,077)**	**143,522**
LIABILITIES AND EQUITY	**176,559**	**101,992**	**290**	**193,708**	**(103,663)**	**368,886**

The following is the balance sheet by segment as of December 31, 2021:

Balance sheet by segment	Batteries	Plastic materials	Other	Corporate	Conso. effects	Consolidated
Cash and cash equivalents	1,810	160	1	17,529	0	19,500
Financial assets	26,899	891	120	22,954	(49,162)	1,702
Financial assets at fair value through profit or loss	0	0	0	509	0	509
Trade receivables	20,777	16,246	2	341	(351)	37,015
Other current assets	23,225	6,964	177	1,087	(51)	31,402
Inventories	30,176	33,431	(0)	0	(1)	63,606
Current assets	**102,887**	**57,692**	**299**	**42,420**	**(49,564)**	**153,734**
Intangible assets	6,004	6,816	(2)	155	54,339	67,312
Rights-of-use assets	13,582	9,340	0	269	0	23,191
Property, plant and equipment	61,442	17,418	0	100	(0)	78,960
Equity-accounted investments	263	0	(0)	89,810	(89,519)	554
Other non-current assets	901	307	0	31,250	(31,250)	1,208
Deferred tax assets	3,531	3,827	0	13,733	0	21,091
Non-current assets	**85,725**	**37,708**	**(3)**	**135,317**	**(66,431)**	**192,316**
ASSETS	**188,612**	**95,400**	**296**	**177,737**	**(115,995)**	**346,050**
Liabilities and Equity						
Trade payables	21,284	25,938	14	1,045	(351)	47,930
Other current liabilities	10,262	9,664	19	2,228	(51)	22,122
Current borrowings	51,660	16,249	0	57,055	(49,163)	75,801
Current lease liabilities	2,932	2,168	(0)	88	0	5,188
Strumenti finanziari derivati	19	0	0	21	0	40
Current tax liabilities	447	861	0	190	(0)	1,498
Short term provisions	900	41	1	212	0	1,154
Current liabilities	**87,505**	**54,922**	**31**	**60,839**	**(49,564)**	**153,733**
Non-current borrowings	42,704	4,375	0	5,088	(31,250)	20,917
Non-current lease liabilities	10,985	6,619	0	178	0	17,782
Provisions for employee benefits	1,293	2,551	0	832	0	4,676
Deferred tax liabilities	180	656	0	0	(0)	836
Other non-current liabilities	24,265	2,799	1	0	0	27,065
Long-term provisions	61	46	0	0	0	107
Non-current liabilities	**79,488**	**17,046**	**1**	**6,098**	**(31,250)**	**71,383**
Share capital	0	0	0	95,066	(0)	95,066
Statutory reserve	0	0	0	533	0	533
Share premium	0	0	0	5,305	0	5,305
Other reserves	27,626	22,477	274	5,964	(35,191)	21,150
Profit (Loss)	(6,417)	951	(10)	3,932	10	(1,534)
Equity attributable to owners of the Parent	**21,209**	**23,428**	**264**	**110,800**	**(35,181)**	**120,520**
Share capital and reserve	370	4	0	0	0	374
Profit (Loss)	40	0	(0)	0	0	40
Non-controlling interests	**410**	**4**	**0**	**0**	**(0)**	**414**
Total equity	**21,619**	**23,432**	**264**	**110,800**	**(35,181)**	**120,934**
LIABILITIES AND EQUITY	**188,612**	**95,400**	**296**	**177,737**	**(115,995)**	**346,050**

Comment on the Consolidated Balance Sheet items

Current Assets

	31/12/2022	31/12/2021	Change	Change %
Cash and cash equivalents	24,817	19,500	5,317	27%
Financial assets	1,133	1,702	(569)	(33%)
Financial assets at FV through profit or loss	459	509	(50)	(10%)
Current derivative financial assets	1,129	0	1,129	100%
Trade receivables	32,270	37,015	(4,745)	(13%)
Other current assets	31,332	31,402	(70)	(0%)
Inventories	75,753	63,606	12,147	19%
Current Assets	**166,893**	**153,734**	**13,159**	**9%**

Note 8. Cash and cash equivalents

Cash and cash equivalents, amounting to euros 24,817 thousand, mainly relate to positive current account balances and show an increase of euros 5,317 thousand. The item includes euros 23,512 thousand in cash and cash equivalents held by the Parent Company as *pooler* in the context of centralized treasury management. The amount of cash and cash equivalents is mainly attributable to the conversion in the last exercise period of Uno SERI 2017-2022 Warrants of 45,717,480 Warrants with a countervalue of euros 22,996 thousand. There are no restrictions on utilization.

Note 9. Financial assets

Current **financial assets** are recorded at 1,133 thousand euros; they mainly include receivables from Invitalia for euros 485 thousand, from third parties for the sale of the Matica Technologies Group SA shareholding for euros 289 thousand and other residual assets for euros 359 thousand. For valuation purposes, all financial assets are classified as "Financial assets at amortized cost" (IFRS9.5.2.1).

Note 10. Financial assets at fair value through profit or loss

Financial assets at fair value through profit and loss are recorded in the amount of 459 euros thousand and include investments in readily marketable securities called *"Cash collect protection 100%"* issued by Unicredit and held by the Parent Company.

Note 11. Current derivative financial assets

Current derivative financial asstes are recorded in the amount of euros 1,129 thousand. The balance includes the valuation of two hedging derivatives entered into by Seri Industrial and the subsidiary FIB. Euros 1,042 thousand refer to Seri Industrial, which signed a swap derivative financial instrument in order to hedge itself against the risk of interest rate fluctuation in relation to a medium/long-term, variable-rate unsecured loan agreement signed on September 25, 2020 with Unicredit S.p.a., accounted for in accordance with IFRS 9. 87 thousand euros refer to the subsidiary FIB, which signed a swap derivative financial instrument in order to hedge itself against the risk of interest rate fluctuations in connection with an unsecured, floating-rate loan agreement signed on September 29, 2020 with Deutsche Bank, accounted for in accordance with IFRS 9. Given that the underlying elements of the underwritten financial instrument and the underlying loan are closely related, in accordance with paragraph B6.4.4 of IFRS 9 it is therefore inferred that there is an economic relationship between the value of the hedging instrument and the hedged item such that it causes a similar reaction to the risk being hedged. Pursuant to paragraph B6.4.14 of IFRS 9, the carrier elements of the hedging instrument and the hedged item are substantially aligned, so only a test from a "qualitative" point of view is carried out with reference to the effectiveness of the hedge.

Note 12. Trade receivables

Trade receivables are recorded in the amount of euros 32,270 thousand and show a decrease of euros 4,745 thousand compared to the previous year. They are claimed for euros 17,546 thousand by the Batteries sector, for euros 14,560 thousand by the Plastic Materials sector, and for euros 164 thousand by the Corporate sector; the Batteries sector accounts for a decrease in trade receivables (euros 20,708 thousand as of December 31, 2021), equally the Plastic Materials sector accounts for a decrease (euros 16,008 thousand as of December 31, 2021). No significant financial components and return rights are reported.

The Group has outstanding contracts for the assignment of receivables with recourse in favor of factoring companies; as of December 31, 2022, there were outstanding assignments of receivables for a total nominal amount of euros 16,116 thousand (euros 14,161 thousand in 2021), against which financial advances of euros 8,469 thousand (euros 10,597 thousand in 2021) have been received from factoring companies. These financial advances have been removed from the financial statements as the conditions under IFRS 9 for the derecognition of the relevant financial liabilities have been met.

Accounts receivable recorded in the nominal amount of euros 36,614 thousand are adjusted by an allowance for doubtful accounts of euros 4,344 thousand, the movement of which during the year is as follows:

	31/12/2021	Increases	Decreases	31/12/2022
Allowance for doubtful accounts	4.287	304	(247)	4.344

The Group's exposure to credit risk consists of potential losses that could result from the failure of counterparties to meet their obligations. In order to measure this risk over time, as part of the impairment of its assets (including trade receivables from customers), the introduction of IFRS 9 required a shift from the incurred loss model under IAS 39 to the expected credit loss model. The Group uses a matrix to calculate Expected Credit Losses (ECL) for trade receivables and contract assets. The matrix is based on the Group's observed historical default rates. The amount of ECL is sensitive to changes in circumstances and expected economic conditions.

Note 13. Other current asstes

Other current assets amounted to euros 31,332 thousand and showed a decrease of euros 70 thousand compared to the previous year. Tax credits total euros 21,924 thousand and show a net increase of euros 2,385 thousand; they mainly include tax credits for investments in Southern Italy and other investments in the amount of euros 16,514 thousand and tax credits for research, development and technological innovation activities in the amount of euros 1,315 thousand. Receivables from the parent company SE.R.I. SpA for transfers made under the Group VAT system amounted to euros 344 thousand; against these receivables, payables of the same nature totaling euros 1,875 thousand were recorded.

The following is a breakdown of the item and comparison with the previous year:

Other current assets	31/12/2022	31/12/2021	Change	Change %
Other current receivables	8,300	6,021	2,279	38%
Current tax assets	21,924	19,539	2,385	12%
Accruals and prepayments	764	759	5	1%
Other assets with related parties	0	10	(10)	(100%)
Group VAT receivables	344	5,073	(4,729)	(93%)
Total other current assets	**31,332**	**31,402**	**(70)**	**(0%)**

The following is a breakdown of the item with evidence of the relevant sectors:

Other current assets	Batteries	Plastic materials	Other	Corporate	Total
Other current receivables	6,198	1,892	0	209	8,300
Current tax assets	18,790	2,908	179	49	21,924
Accruals and prepayments	278	197	0	289	764
Other assets with related parties	0	0	0	0	0
Group VAT receivables	344	0	0	0	344
Total other current assets	**25,610**	**4,997**	**179**	**547**	**31,332**

It should be noted that "other current receivables" are recorded for a nominal euros 8,866 thousand, adjusted by an allowance for doubtful accounts of euros 566 thousand. In the Batteries sector, the item mainly includes (i) receivables of euros 3,833 thousand related to Mise contributions for the Teverola 2 project, (ii) receivables of euros 793 thousand from social security and welfare institutions, and (iii) receivables of euros 776 thousand from minority shareholders of

Repiombo. In the Plastic Materials sector, the item mainly includes (i) receivables from Invitalia of euros 460 thousand for contributions related to the investment in the Alife site and (ii) receivables for insurance reimbursements of about euros 520 thousand.
The following is a breakdown of the item as of December 31, 2021 with evidence of the relevant sectors:

Other current assets	Batteries	Plastic materials	Other	Corporate	Total
Other current receivables	3,762	2,037	0	221	6,021
Current tax assets	17,182	1,890	175	293	19,539
Accruals and prepayments	282	150	0	327	759
Other assets with related parties	0	0	0	10	10
Group VAT receivables	2,000	2,887	0	186	5,073
Total other current assets	**23,226**	**6,964**	**175**	**1,037**	**31,402**

Note 14. Inventories

Inventories are recorded in the amount of euros 75,753 thousand and show an increase of euros 12,147 thousand resulting from both the higher unit cost of raw materials and processing costs and the increase in inventories at the Teverola 1 site.
The composition of inventories broken down by business sector is as follows:

Inventories	Batteries	Plastic materials	Total
Raw materials	14,991	9,214	24,205
Work in progress	10,213	1,378	11,592
Finished products and goods	9,683	28,155	37,838
Down payments	2,118	0	2,118
Total inventories	**37,005**	**38,747**	**75,753**

The comparative figure as of December 31, 2021 for inventories is as follows:

Inventories	Batteries	Plastic materials	Total
Raw materials	9,265	10,280	19,545
Work in progress	9,187	1,408	10,595
Finished products and goods	6,942	21,743	28,684
Down payments	4,782	0	4,782
Total inventories	**30,176**	**33,431**	**63,606**

Inventories as of December 31, 2022 are shown net of the provision for inventory write-down (amounting to euro 1,568 thousand as of December 31, 2022 versus euro 1,741 thousand as of December 31, 2021). The residual provision was recorded in previous years in order to adjust their value against the best estimate made about the damage suffered in the fire at the Avellino site. The change is attributable to the sale of work-in-progress and semi-finished products previously written down. The following table shows the value of inventories with evidence of the related provisions for write-downs:

Inventories	Batteries	Plastic materials	Total
Raw materials (gross value)	14,991	9,682	24,673
Inventory write-down provision	0	(468)	(468)
Raw materials	**14,991**	**9,214**	**24,205**
Work in progress	10,213	1,418	11,632
Inventory write-down provision	0	(40)	(40)
Work in progress	**10,213**	**1,378**	**11,591**
Finished goods products (gross value)	9,683	29,215	38,898
Inventory write-down provision	0	(1,060)	(1,060)
Finished goods	**9,683**	**28,155**	**37,838**
Down payments	**2,118**	**0**	**2,118**
Total inventories	**37,005**	**38,747**	**75,753**

Non-current assets

	31/12/2022	31/12/2021	Change	Change %
Intangible assets	73,140	67,312	5,828	9%
Rights-of-use assets	27,066	23,191	3,875	17%
Property, plant and equipment	73,523	78,960	(5,437)	(7%)
Equity-accounted investments	538	554	(16)	(3%)
Other non-current assets	1,207	1,208	(1)	(0%)
Deferred tax assets	26,519	21,091	5,428	26%
Non-current Assets	**201,993**	**192,316**	**9,677**	**5%**

Note 15. Intangible assets

Intangible assets are recorded at euros 73,140 thousand and show an increase of euros 5,828 thousand. The breakdown of intangible noncurrent assets by type is as follows:

Intangible assets	31/12/2022	31/12/2021	Change	Change %
Goodwill	55,042	55,042	0	0%
Development costs	6,567	3,953	2,614	66%
Patents and concessions	953	723	230	32%
Other intangible assets	1,464	1,766	(302)	(17%)
Intangible assets in progress	9,113	5,827	3,286	56%
Total intangible assets	**73,140**	**67,312**	**5,828**	**9%**

Information on changes in the year is detailed in Annex 1.

The increase in development costs is attributable to reclassifications from assets in progress and is mainly related to the development activity of innovative battery projects. 102

Investments in intangible assets for the year amounted to euros 9,542 thousand.

The following is a breakdown of the item with evidence of the relevant sectors:

Intangible assets	Batteries	Plastic materials	Other	Corporate	Total
Goodwill	15,330	39,712	0	0	55,042
Development costs	2,482	4,086	0	0	6,567
Patents and concessions	651	187	0	113	953
Other intangible assets	1,023	442	0	0	1,464
Intangible assets in progress	5,251	3,862	0	0	9,113
Total intangible assets	**24,737**	**48,290**	**0**	**113**	**73,140**

The following is a breakdown of the item as of December 31, 2021 with evidence of the relevant sectors:

Intangible assets	Batteries	Plastic materials	Other	Corporate	Total
Goodwill	15,330	39,712	0	0	55,042
Development costs	738	3,215	0	0	3,953
Patents and concessions	193	376	0	155	723
Other intangible assets	1,254	512	0	0	1,766
Intangible assets in progress	3,114	2,713	0	0	5,827
Total intangible assets	**20,629**	**46,529**	**0**	**155**	**67,312**

Below is the allocation of goodwill to the CGUs identified by the Group.

CGU	31/12/2022	31/12/2021
Batteries	15,330	15,330
Plastic materials	39,712	39,712
Total	**55,042**	**55,042**

Impairment test on the value of goodwill and tangible and intangible assets

The impairment test conducted in accordance with IAS 36 did not reveal the need for impairment during the year. With specific regard to the value of goodwill, based on the strategic and organizational choices implemented by the Group, for the purposes of the test reference was made to the specific CGUs to which goodwill is attributed.

The analysis of impairment tests was conducted by estimating the recoverable value based on the value configuration represented by the value in use, i.e., on the verification of the expected cash flows (*Discounted Cash Flow* methodology) from the CGUs and reflected in the forecast plans for the period 2023 -2026 approved by the Board of Directors on March 20, 2023.

The 2023-2026 forward-looking plans reflect the best estimates that can be made regarding the main assumptions, which underlie the company's operations (macroeconomic and price trends, operating assumptions of production *assets*). These assumptions and the corresponding economic, asset and financial information were deemed suitable for the purpose of conducting the *impairment test* by the Board of Directors, which approved the results.
Tests were performed based on a time horizon of four years and a terminal value based on normalized operating cash flow, taking into account a growth rate of 2 percent. The discount rates were estimated by determining the weighted average cost of capital.
Management has based its estimate of flows from forecast plans on specific assumptions while also taking into account, where available, external sources:

CGU Plastic Materials

With regard to revenues, the estimate was made for each business unit taking into account customer relationships and long-term contracts signed, as well as forecasts of underlying outlet markets that predict positive volume *outlooks.*

CGU Batteries

With reference to revenues, the estimate was made for each business unit taking into account developments in the target markets, and new projects, which forecast positive *outlooks in* terms of volumes

In determining the value in use of CGUs, reference was made to an explicit forecasting horizon of medium-term plans and long-term forecasts made by management. These elaborations present the characteristics of uncertainty and aleatoriness typical of future forecasts and economic estimates; in fact, estimates are by their nature subject to exogenous variables that cannot be governed by management and that, in certain circumstances, can also significantly affect the accuracy of the forecasts made. Cash flow risks have been taken into account in the discounting essays.

The following table shows the time extension taken as a reference, the application of a terminal value (if any), relative growth rate and discount rate (WACC) used for impairment testing purposes for the two CGUs:

CGU	Time horizon	Terminal value	Growth rate	Discount rate
Plastic Materials	2023-2026	Si-Perpetuity	2%	11.68%
Batteries	2023-2026	Si-Perpetuity	2%	12.32%

As for the discount rates, consistent with the flows described above, they were estimated by determining the weighted average cost of capital. Following the process described above, recoverable values above the book value were determined such that no impairment was recorded under goodwill.

In order to verify the robustness of the value in use of CGUs, sensitivity analyses were conducted on changes in key assumptions such as WACC and EBITDA, the results of which fully support this value.

Below is the reduction in EBITDA and increase in WACC that taken individually would result in the recoverable value being aligned with the carrying value of individual CGUs:

CGU	EBITDA Variation from Forecast Plans	WACC Variation from Forecast Plans
Plastic Materials	(14.70%)	+1.4%
Batteries	(72.71%)	+11.69%

Note 16. Rights-of-use assets

Rights-of-use assets are recorded at euros 27,066 thousand and show an increase of euros 3,875 thousand. The breakdown of tangible assets for rights of use divided between leases and finance leases is as follows:

	31/12/2022	31/12/2021	Change	Change %
Rights-of-use assets	27,066	23,191	3,875	17%
of which: Rights of use - rental	*24,353*	*20,840*	*3,513*	*17%*
of which: Rights of use - leasing	*2,713*	*2,351*	*362*	*15%*
Total	**27,066**	**23,191**	**3,875**	**17%**

Information on changes in the year is detailed in Annex 2.

The following is a breakdown of the item with evidence of the relevant sectors:

	Batteries	Plastic materials	Corporate	Total
Rights-of-use assets	11,644	15,217	207	27,066
of which: Rights of use - rental	*11,250*	*12,965*	*138*	*24,353*
of which: Rights of use - leasing	*394*	*2,252*	*69*	*2,713*

The following is a breakdown of the item as of December 31, 2021 with evidence of the relevant sectors:

	Batteries	Plastic materials	Corporate	Total
Rights-of-use assets	13,583	9,340	269	23,191
of which: Rights of use - rental	*13,298*	*7,354*	*189*	*20,840*
of which: Rights of use - leasing	*285*	*1,986*	*80*	*2,351*

Usage rights refer mainly to lease contracts for industrial plants concluded with the related party Pmimmobiliare Srl.
With regard to leases, the valuation period is between 3 and 7 years, taking into account the expiration of contracts and any renewal periods. It should be noted that rents are discounted at the Company's marginal financing rate, identified as 3.5 percent on an annual basis.
Utilization rights are recorded (net of the related provision for amortization), in the amount of euros 11,644 thousand in the Batteries segment, euros 15,217 thousand in the Plastic Materials segment, and euro 207 thousand in the Corporate segment.

Lease take-ups in fiscal year 2022, totaling euros 900 thousand, relate specifically to the Plastic Materials sector for euro 685 thousand and the Batteries sector for euros 215 thousand.

Note 17. Property, plant and equipment

Property, plant and equipment are recorded at euros 73,523 thousand and show a decrease of euros 5,437 thousand. The breakdown of tangible fixed assets by type is as follows:

Property, plant and equipment	31/12/2022	31/12/2021	Change	Change %
Land and buildings	903	2,042	(1,139)	(56%)
Plant and machinery	65,422	72,465	(7,043)	(10%)
Commercial and industrial equipment	3,249	3,274	(25)	(1%)

Other tangible assets	823	647	176	27%
Tangible assets in progress	3,126	532	2,594	488%
Total property, plant and equipment	**73,523**	**78,960**	**(5,437)**	**(7%)**

Information on changes in the year is detailed in Annex 3.

Investments in property, plant and equipment amount to euros 8,297 thousand and refer to investments made mainly in the Batteries sector at the Teverola site.

The following is a breakdown of the item with evidence of the relevant sectors:

Property, plant and equipment	Batteries	Plastic materials	Other	Corporate	Total
Land and buildings	805	98	0	0	903
Plant and machinery	52,917	12,504	0	0	65,422
Commercial and industrial equipment	1,431	1,818	0	0	3,249
Other tangible assets	258	455	0	111	823
Tangible assets in progress	2,517	610	0	0	3,126
Total property, plant and equipment	**57,928**	**15,485**	**0**	**111**	**73,523**

The following is a breakdown of the item as of December 31, 2021 with evidence of the relevant sectors:

Property, plant and equipment	Batteries	Plastic materials	Other	Corporate	Total
Land and buildings	968	1,074	0	0	2,042
Plant and machinery	58,628	13,837	0	0	72,465
Commercial and industrial equipment	1,497	1,777	0	1	3,274
Other tangible assets	49	499	0	99	647
Tangible assets in progress	300	231	0	0	532
Total property, plant and equipment	**61,442**	**17,418**	**0**	**100**	**78,960**

Tangible assets are recorded (net of the related accumulated depreciation), euros 57,928 thousand in the Batteries segment, euros 15,485 thousand in the Plastic Materials segment, and euros 111 thousand in the Corporate segment.

Note 18. Equity-accounted investments

Equity-accounted investments are recorded at euros 538 thousand and show a decrease of euros 16 thousand. The net change is attributable to (i) a reduction of euros 290 thousand related to the divestment of minority interests in Matica Technologies Group SA, 3% owned by Seri Industrial SpA, and (ii) an increase of euros 273 thousand related to the subscription of tranches of capital increases in Bluecap RL.

The following is a breakdown of the item, broken down by reference sector:

	Batteries	Plastic materials	Other	Corporate	Total
Equity-accounted investments	538	0	0	0	538
Total	**538**	**0**	**0**	**0**	**538**

The comparative figure as of December 31, 2021 is as follows:

	Batteries	Plastic materials	Other	Corporate	Total
Equity-accounted investments	263	0	0	290	554
Total	**263**	**0**	**0**	**290**	**554**

Note 19. Other non-current assets

Other non-current assets are recorded in the amount of euros 1,207 thousand (euros 1,208 thousand as of December 31, 2021) and include security deposits recorded under lease agreements, of which euros 1,151 thousand are with the related company Pmimmobiliare Srl.

Note 20. Deferred tax assets

Deferred tax assets amounted to euros 26,519 thousand (euros 21,091 thousand as of December 31, 2021) and showed a change of euros 5,428 thousand. As at December 31, 2022, the item mainly consists of assets recognized (i) for euros 5,069 thousand (euros 6,338 thousand as at December 31, 2021) for revaluation asset balances recorded by the subsidiaries FIB, Seri Plast and Repiombo and reversed during the year for euros 1,269 thousand (ii) for euro 20,606 thousand (euros 13,710 thousand as at December 31, 2021) for tax losses recognized by the Parent Company under the tax consolidation scheme as shown in the table below:

(Euro/000)	31/12/2021	Uses	Increases	31/12/2022
On losses before 2018	5.418			5.418
On 2020 losses	3.297			3.297
On losses 2021	4.995	4		4.991
On losses 2022			6.901	6.901
Total	13.710	4	6.901	20.606

The recognition of the above deferred tax assets was made after verifying the forecast of future taxable profits sufficiently capacious to absorb them and additional benefits related to other deferred tax assets.

Current liabilities

	31/12/2022	31/12/2021	Change	Change %
Trade payables	46,520	47,930	(1,410)	(3%)
Other current liabilities	15,945	22,122	(6,177)	(28%)
Current borrowings	58,401	75,801	(17,400)	(23%)
Current lease liabilities	5,156	5,188	(32)	(1%)
Current derivative financial liabilities	0	40	(40)	(100%)
Current tax liabilities	1,444	1,498	(54)	(4%)
Short term provisions	689	1,154	(465)	(40%)
Current Liabilities	**128,155**	**153,733**	**(25,578)**	**(17%)**

Note 21. Trade payables

Trade payables are recorded in the amount of euros 46,520 thousand (euros 47,930 thousand as of December 31, 2021) and show a change of euro 1,410 thousand compared to December 31, 2021 mainly attributable to the Batteries and Plastic Materials segments. Specifically, euros 19,760 thousand related to the Batteries segment, up from euros 21,024 thousand as of December 31, 2021, and euros 25,413 thousand related to the Plastic Materials segment, down from euros 25,860 thousand as of December 31, 2021.

Trade payables	Batteries	Plastic materials	Other	Corporate	Total
Trade payables with third parties	19,599	25,276	4	1,293	46,173
Trade payables with related parties	161	137	0	49	347
Total trade payables	**19,760**	**25,413**	**4**	**1,342**	**46,520**

Below is a table containing comparison data for the previous fiscal year:

Trade payables	Batteries	Plastic materials	Other	Corporate	Total
Trade payables with third parties	20,880	24,619	4	945	46,447
Trade payables with related parties	144	1,241	0	96	1,483
Total trade payables	**21,024**	**25,860**	**4**	**1,041**	**47,930**

Overdue trade payables as of December 31, 2022 amounted to euros 19,968 thousand (euros 15,170 thousand as of December 31, 2021).

Note 22. Other current liabilities

Other current liabilities are recorded in the amount of euros 15,945 thousand (euros 22,122 thousand as of December 31, 2021) and show a decrease of euros 6,177 thousand compared to December 31, 2021.
The item includes payables to employees and payables to social security and welfare institutions related to current monthly payments, accrued and unused vacation and additional monthly payments.
The following is a breakdown of the item and comparison with the previous year:

Other current liabilities	31/12/2022	31/12/2021	Change	Change %
Other liabilities to employees	4,603	4,510	93	2%
Other social security and welfare liabilities	2,703	3,147	(444)	(14%)
Other liabilities to third parties	1,409	4,920	(3,511)	(71%)
Other liabilities with related parties	100	111	(11)	(10%)
Fees and payables to institutions	0	111	(111)	0%
Accruals and prepayments	5,255	4,391	864	20%
Group VAT payables	1,875	4,932	(3,057)	(62%)
Total other current liabilities	**15,945**	**22,122**	**(6,177)**	**(28%)**

The following is a table summarizing the composition of the item broken down by reference sector:

Other current liabilities	Batteries	Plastic materials	Other	Corporate	Total
Other liabilities to employees	1,880	2,159	0	564	4,603
Other social security and welfare liabilities	1,135	1,390	0	178	2,703
Other liabilities to third parties	1,013	162	18	219	1,409
Other liabilities with related parties	0	2	0	98	100
Accruals and prepayments	4,578	669	0	8	5,255
Group VAT payables	478	1,162	0	234	1,875
Total other current liabilities	**9,084**	**5,544**	**18**	**1,301**	**15,945**

Other liabilities to third parties mainly include advance payments from customers, amounting to euros 642 thousand, of which euros 95 thousand relate to the Plastic Materials sector and euros 547 thousand relate to the Batteries sector.

The item accruals and prepayments shows an increase of euros 864 thousand compared to December 31, 2021; the balance is mainly composed of deferred income recorded as a result of the recognition of tax credits as well as of deferred income recorded against the facilities accrued to Invitalia as part of the Litio project and the investment of the subsidiary Seri Plast in the Alife site. The Invitalia facility, as well as the tax facilities, are in fact charged to the income statement under grants for plant in correlation with the depreciation of the assets for which the grant is received. The subsidies are then deferred for the portion that is not accrued. These deferrals do not contain the portions beyond 12 months that are shown in the noncurrent liabilities section.
Group VAT payables includes VAT payables to SE.R.I. SpA in the amount of euros 1,875 thousand, of which euros 1,162 thousand related to the Plastic Materials sector, euros 478 related to the Batteries sector and euros 234 related to the Corporate sector.

Note 23. Current borrowings

Current borrowings are recorded in the amount of euros 58,401 thousand and show a decrease of euros 17,400 thousand compared to December 31, 2021. This reduction can be attributed to the disclosure in non-current liabilities of the portions of non-current debt of loan agreements backed by financial covenants, which in accordance with IAS 1 as of December 31, 2021 had been classified as current liabilities .

A table summarizing the type of debt compared to the previous year is shown below:

Current borrowings	31/12/2022	31/12/2021	Change	Change %
Bank advances	35,041	28,218	6,823	24%
Bank loans	16,006	39,347	(23,341)	(59%)
Subsidised loans	2,532	2,409	123	5%
Bank accounts	2,596	2,717	(121)	(4%)
Other financial debts	2,225	3,110	(885)	(28%)
Total	**58,401**	**75,801**	**(17,400)**	**(23%)**

A table summarizing the type of indebtedness by reference sector is shown below:

Current borrowings	Batteries	Plastic materials	Other	Corporate	Total
Bank advances	13,609	21,432	0	0	35,041
Bank loans	10,206	0	0	5,800	16,006
Subsidised loans	2,398	134	0	0	2,532
Bank accounts	2,589	7	0	0	2,596
Other financial debts	1,221	761	0	243	2,225
Total	**30,023**	**22,334**	**0**	**6,043**	**58,401**

With reference to the verification of covenants on loan agreements outstanding as of December 31, 2022, the following should be noted: (i) Cassa Depositi e Prestiti S.p.A. and Unicredit S.p.A., on December 23, 2022 and November 28, 2022, respectively, granted the waiver requests received by the Company. In the first case, the disapplication of the verification of the financial parameters was granted, while Unicredit granted a modification of the parameters, which were found to have been met; (ii) in relation to the FIB-Deutsche Bank loan - recorded for a residual euros 1.8 million in current liabilities and regularly repaid at the respective due dates - no requests for early repayment were received due to the failure to meet the financial parameters; (iii) with reference to the FIB-Pool banks loan, recorded for euros 6 million in current liabilities, the lending banks on February 24, 2023 granted an extension of the maturity date to June 30, 2023; the financial parameters as of December 31, 2022 have not been met with the consequent possibility of forfeiture of the benefit of the term, without prejudice to the possibility of implementing the remedies provided for in the loan agreement.

The Group monitors the financial risks to which it is exposed in order to assess their potential negative effects in advance and take appropriate actions to mitigate them. Refer to "Note 46. Risk disclosure" for more details.

The following is a breakdown of the item as of December 31, 2021 with evidence of the relevant sectors:

Current borrowings	Batteries	Plastic materials	Other	Corporate	Total
Bank advances	13,230	14,988	0	0	28,218
Bank loans	8,947	0	0	30,400	39,347
Subsidised loans	2,409	0	0	0	2,409
Bank accounts	2,609	108	0	0	2,717
Other financial debts	2,370	528	0	213	3,110
Total	**29,565**	**15,624**	**0**	**30,613**	**75,801**

Note 24. Current lease liabilities

Current lease liabilities are recorded in the amount of euros 5,156 thousand and show a decrease of euros 32 thousand compared to December 31, 2021.

A summary table of the type of debt is shown below, with evidence of the relevant sector:

Current lease liabilities	Batteries	Plastic materials	Other	Corporate	Total
Lease liabilities	2,932	2,130	0	96	5,156
of which: rental	*2,845*	*1,785*	*0*	*80*	*4,708*
of which: leasing	*87*	*345*	*0*	*16*	*448*

A table summarizing the type of debt related to the previous year is shown below, with evidence of the relevant sector:

Current lease liabilities	Batteries	Plastic materials	Other	Corporate	Total
Lease liabilities	2,933	2,169	0	88	5,188
of which: rental	*2,901*	*1,935*	*0*	*72*	*4,907*
of which: leasing	*32*	*234*	*0*	*16*	*281*

Note 25. Current derivative financial liabilities

Derivative financial liabilities amounted to 0 euros as of December 31, 2022. Please refer to "Note 11. Current derivative financial assets" for more details.

	31/12/2022	31/12/2021	Variazione	Variazione %
Derivative financial liabilities	0	40	(40)	(100%)
Total	**0**	**40**	**(40)**	**(100%)**

Note 26. Current tax liabilities

Current tax liabilities are entered in the amount of euros 1,444 thousand and compared with the previous year show a decrease of euros 54 thousand.

Note 27. Short term provisions

Short term provisions are recorded in the amount of euros 689 thousand and show a decrease of euros 465 thousand compared to December 31, 2021 attributable to utilizations by the subsidiary FIB.

This includes euros 463 thousand from the Batteries sector (euros 900 thousand as of December 31, 2021), euros 61 from the Plastic Materials sector (euros 42 thousand as of December 31, 2021), and euros 165 from the Corporate sector (euros 212 thousand as of December 31, 2021).

	Batteries	Plastic materials	Other	Corporate	Total
Short term provisions	463	61	0	165	689
	463	**61**	**0**	**165**	**689**

Non-current liabilities

	31/12/2022	31/12/2021	Change	Change %
Non-current borrowings	48,155	20,917	27,238	130%
Non-current lease liabilities	20,115	17,782	2,333	13%
Provisions for employee benefits	4,235	4,676	(441)	(9%)
Deferred tax liabilities	566	836	(270)	(32%)
Other non-current liabilities	24,004	27,065	(3,061)	(11%)
Long-term provisions	134	107	27	25%

Non-current liabilities	**97,209**	**71,383**	**25,826**	**36%**

Note 28. Non-current borrowings

Non-current borrowings are entered in the amount of euros 48,155 thousand and show an increase of euros 27,238 thousand compared to the previous year.
A table summarizing the type of debt is shown below:

	31/12/2022	31/12/2021	Change	Change %
Subsidised loans	9,755	10,729	(974)	(9%)
Bank loans	34,400	8,700	25,700	295%
Debenture loans	4,000	0	4,000	100%
Other financial debts	0	1,488	(1,488)	100%
Total	**48,155**	**20,917**	**27,238**	**130%**

The significant increase can be attributed to (i) the disclosure in noncurrent liabilities of the non-current portions of loan agreements backed by financial covenants, which in accordance with IAS 1 as of December 31, 2021 were classified as current liabilities (ii) the renegotiation and extension of the loan agreement with Cassa Depositi e Prestiti Spa and (iii) the subscription of a bond loan. Please refer to "Note 46. Risk disclosure" for more details.

Below is the summary table of the type of indebtedness by reference sector:

Non-current borrowings	Batteries	Plastic materials	Other	Corporate	Total
Subsidised loans	9,143	611	0	0	9,755
Bank loans	4,100	0	0	30,300	34,400
Debenture loans	4,000	0	0	0	4,000
Other financial debts	0	0	0	0	0
Total	**17,243**	**611**	**0**	**30,300**	**48,155**

A table summarizing the type of debt related to the previous year is shown below, with evidence of the relevant sector:

Non-current borrowings	Batteries	Plastic materials	Other	Corporate	Total
Subsidised loans	10,729	0	0	0	10,729
Bank loans	5,100	0	0	3,600	8,700
Debenture loans	0	0	0	0	0
Other financial debts	0	0	0	1,488	1,488
Total	**15,829**	**0**	**0**	**5,088**	**20,917**

Note 29. Non-current lease liabilities

Non-current lease liabilities are recorded in the amount of euros 20,115 thousand and show an increase of euros 2,333 thousand compared to December 31, 2021.
A summary table of the type of debt is shown below, with evidence of the relevant sector:

Non-current lease liabilities	Batteries	Plastic materials	Other	Corporate	Total
Lease liabilities	9,122	10,891	0	102	20,115
of which: rental	*8,933*	*10,098*	*0*	*66*	*19,097*
of which: leasing	*189*	*793*	*0*	*36*	*1,018*

A table summarizing the type of debt related to the previous year is shown below, with evidence of the relevant sector:

Non-current lease liabilities	Batteries	Plastic materials	Other	Corporate	Total
Lease liabilities	10,985	6,619	0	178	17,782
of which: rental	*10,869*	*5,960*	*0*	*126*	*16,956*
of which: leasing	*116*	*659*	*0*	*52*	*826*

Note 30. Provision for employee benefits

Provision for employee benefits, related to the provision for severance and termination indemnity, includes the value of the amount payable to employees for the treatment due at the end of employment. As of December 31, 2022, it is recorded in the amount of euros 4,235 thousand, a decrease of euros 441 thousand compared to December 31, 2021.
The main actuarial assumptions used in the valuation of the defined benefit pension plans and the severance fund component, which has retained the nature of a *defined benefit plan*, are as follows:

	31/12/2022	31/12/2021
Technical annual discount rate	3,77%	0,98%
Annual rate of inflation	5,9%-2023, 2,3%-2024, 2,0%-2025	1,20%
Annual wage growth rate	Inflation +1%	2,20%
Annual rate of increase TFR	5,93%-2023, 3,33%-2024, 3,0%-2025	2,40%

The valuation of the average annual discount rate took as a reference the iBoxx Eurozone Corporates AA 10+ index as of the last useful date. This maturity is in fact related to the average remaining tenure of employees of Group companies, weighted by expected payments.
For the inflation rate, the document on the forecast of inflation measured by the HICP index for the years 2021 - 2024, published by ISTAT on June 4, 2021, was used as a reference and the constant value of 1.20 percent was also assumed for the years after 2024. Sensitivities on BOD are reported as required by IAS19 *revised*:

	Discount rate		Inflation rate		Annual turnover rate	
Society	**0,50%**	**(0,50%)**	**0,25%**	**(0,25%)**	**2,00%**	**(2,00%)**
Seri Industrial	741	813	783	768	773	776
Seri Plast	1.646	1.761	1.718	1.685	1.716	1.686
FIB	950	1.021	995	974	994	974
FS	250	272	263	258	261	262
Repiombo	57	62	60	59	59	60
Plast R&D	10	11	11	10	11	10
FRC	20	20	20	20	20	20
Total	**3.674**	**3.960**	**3.850**	**3.774**	**3.834**	**3.788**

Organic

As of December 31, 2022, the Group's workforce is composed as follows:

Category	Initial value	Hirings	Terminations	Internal transfers	Final Value
Senior managers	1	0	0	0	1
Junior manager	41	1	(2)	0	40
Employees and apprentices	213	36	(40)	3	212
Workers	455	83	(79)	0	459
Total employees	**710**	**120**	**(121)**	**3**	**712**

The number of employees as of December 31, 2022 is 712, while the average number is 589.

Note 31. Deferred tax liabilities

Deferred tax liabilities are recorded in the amount of euros 566 thousand and show a decrease of euros 270 thousand compared to December 31, 2021. The change derives mainly from the accounting of leases in application of IFRS 16 and post-employment benefits in application of IAS 19.

Note 32. Other non-current liabilities

Other non-current liabilities are recorded in the amount of euros 24,004 thousand and show a decrease of euros 3,061 thousand compared to the previous reporting period. The following is a breakdown of the item and comparison with the previous reporting period:

Other non-current liabilities	31/12/2022	31/12/2021	Change	Change %
Deferred income for tax credits	14,398	16,457	(2,059)	(13%)
Other non-current deferrals	7,021	7,810	(789)	(10%)
Other non-current payables	2,585	2,798	(213)	(8%)
Total other non-current liabilities	**24,004**	**27,065**	**(3,061)**	**(11%)**

Other non-current liabilities are recorded in the amount of euros 21,502 thousand in the Batteries segment and euros 2,463 thousand in the Plastic Materials segment. Deferred income for tax credits is recorded in the amount of euros 12,604 thousand in the Batteries segment and euros 1,791 thousand in the Plastic Materials segment and is attributable to the noncurrent portion of deferred income recorded against the recognition of tax credits for tax benefits. The item also includes other deferred income related to the non-current portion of Invitalia grants, of which euros 6,464 thousand related to the investment in the Lithium project and euros 557 thousand related to the investment of the subsidiary Seri Plast in the Alife site.

As required by IAS 20, Invitalia facilities, like other tax benefits, are similar to grants for equipment and therefore charged to the income statement in correlation with the depreciation of the assets for which the grant is received. The subsidies are therefore deferred for the portion not pertaining to the year. These deferrals contain the non-current portions for income related to depreciation expected beyond 12 months from December 31, 2022.

Note 33. Long-term provisions

Long-term provisions are recorded in the amount of euros 134 thousand and increased by euros 27 thousand. The item includes allocations made in the Batteries sector, for euros 68 thousand, and in the Plastic Materials sector, for euros 66 thousand.

Note 34. Equity

The following is a breakdown of equity items as of December 31, 2022 and a comparison with the previous year:

Equity	31/12/2022	31/12/2021	Change	Change %
Share capital	97,313	95,066	2,247	2%
Statutory reserve	730	533	197	37%
Share premium	8,710	5,305	3,405	64%
Other reserves	41,125	21,150	19,975	94%
Profit (Loss)	(4,385)	(1,534)	(2,851)	186%
Equity attributable to owners of the Parent	**143,493**	**120,520**	**22,973**	**19%**
Share capital and reserve	86	374	(288)	(77%)
Profit (Loss)	(57)	40	(97)	(243%)
Non-controlling interests	**29**	**414**	**(385)**	**(93%)**
Total equity	**143,522**	**120,934**	**22,588**	**19%**

Share capital

As of December 31, 2022, the share capital is euros 97,313,186.03 divided into 49,407,254 ordinary shares following the conclusion of the 18th Exercise Period of Uno SERI Warrants 2017-2022.

As of the date of approval of the consolidated financial statements, the share capital is euros 106,456,682.03 divided into 53,979,002 ordinary shares following the conclusion of the last Exercise Period of Uno SERI Warrants 2017-2022. During the last period, 45,717,480 Warrants were exercised and 4,571,748 newly issued Seri Industrial Ordinary Shares amounting to euros 22,995,892.44 were subscribed at a price of 5.03 euros per share (at a ratio of 1 ordinary share for every 10 Warrants exercised). It is specified that the Warrants for which a subscription request was not submitted, amounting to a residual No. 32,360,387, are to be considered forfeited of all rights, becoming permanently invalid for all purposes, as provided by the Regulations. It should also be noted that, the largest shareholder Seri S.p.A., a holding company held by the Civitillo Family, exercised 8,420,480 Uno Seri 2017-2022 Warrants, subscribing to 842,048 newly issued shares of the Company for a countervalue of euros 4,235,501.

During 2022, the following warrants were exercised in the exercise periods of Uno SERI Warrants 2017 - 2022, which are in addition to those exercised in previous years, as of the subscription date:

Description	Periods	Number of Warrants	Shares issued	Equivalent	Share Capital Increase
Uno SERI 2017 – 2022' Warrants issued		99,312,807			
Total for the 2018 financial year	1-4	37,930	3,793	19,078,79	7,586
Residual 'Uno SERI 2017 – 2022' Warrants at year-end 2018		99.274.877			
Total for the 2019 financial year	5-8	83,550	8,355	42,025,65	16,710
Warrant Uno SERI 2017-2022 residui a fine esercizio 2019		99.191.327			
Total for the 2020 financial year	9-12	4,460	446	2,243,38	892
Residual 'Uno SERI 2017 – 2022' Warrants at year-end 2020		99.186.867			
Total for the 2021 financial year	13-16	83,152,837	1,603,403	8,065,117,09	3,206,806
March 2022	17	1,125,910	112,591	566,332,73	225,182
June 2022	18	587,040	58,704	295,281,12	117,408
September 2022	19	3,362,020	336,202	1,691,096,06	672,404
December 2022*	20	45,717,480	4,571,748	22,995,892,44	9,143,496
Residual 'Uno SERI 2017 – 2022' Warrants		0			

(*) The change in share capital occurred in January 2022.

Profit (Loss) per share

Basic earnings (loss) per share is calculated by dividing the profit (loss) for the period attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings (loss) per share is calculated by dividing the profit (loss) attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year and those potentially arising from the conversion of warrants commented on above.

	Dec 31-2022	Dec 31-2021
- basic (B)	48.420.700	47.296.052
- diluted (C)	57.215.040	57.215.040
- basic (A/B)	(0,0906)	(0,0324)
- diluted (A/C)	(0,0766)	(0,0268)

Statutory reserve

The item contains the Parent Company's legal reserve of 730 thousand euros.

Share premium

The share premium reserve amounted to 8,710 thousand euros.

Other reserves

The item contains other reserves of the Parent Company in addition to undivided profits (losses). Also included are other OCI reserves amounting to positive euros 356 thousand as of December 31, 2022 (negative euros 992 thousand as of December 31, 2021). The following is a breakdown of the items of other OCI reserves and a comparison with the previous year:

Other OCI reserves	31/12/2022	31/12/2021	Change	Change %
Currency exchange differences reserve	(452)	(498)	46	(9%)
Derivative financial instruments cash flow hedge reserve	858	(13)	871	(6.700%)
Employee defined benefit plan reserve	(50)	(481)	431	(90%)
Total	**356**	**(992)**	**1.348**	**(136%)**

Profit (Loss)

The result for the year amounted to negative euros 4,442 thousand.

Note 35. Non-controlling interest

The item consisting of minority interests' capital, reserves and net income for the year includes amounts related to the minority interests' share of equity in F&F Srl (40%), P2P Srl (50%) and Repiombo Srl (0.18%). The reduction in minority interests in shareholders' equity is attributable to the sale of shares and thus the de-consolidation of Lithops Srl in liquidation equal to 40%.

Note 36. Net financial position

The following is a statement of the Group's net financial debt (or NFP - Net Financial Position[15]) as of December 31, 2022, prepared as required by CONSOB's "Attention Reminder 5/21 of April 29, 2021" and in accordance with ESMA Recommendation 32-382-1138 of March 4, 2021, with evidence of the short-term components separately disclosed from the medium- to long-term components, placed in comparison with the same information last published in the consolidated annual financial report as of December 31, 2021, as well as the relevant reconciliation with the adjusted net financial debt commented in the management report under "Consolidated financial position":

[15] Disclosure also provided at the request of Consob (see "Other Information"), following Order No. 0838644/21 of July 28, 2021.

	NFP - NET FINANCIAL POSITION	31/12/2022	31/12/2021	Change	Change %
A)	Cash	24,818	19,500	5,318	27%
B)	Cash equivalents	1,133	1,702	(569)	(33%)
C)	Other current financial assets	1,588	509	1,079	212%
D)	**Liquidity C = (A + B + C)**	**27,539**	**21,711**	**5,828**	**27%**
E)	Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	47,552	40,252	7,300	18%
F)	Current portion of non-current financial debt	16,006	40,777	(24,771)	(61%)
G)	**Current financial indebtedness G = (E + F)**	**63,558**	**81,029**	**(17,471)**	**(22%)**
H)	**Net current financial indebtedness H = (G - D)**	**36,019**	**59,318**	**(23,299)**	**(39%)**
I)	Non-current financial debt (excluding current portion and debt instruments)	34,400	8,700	25,700	295%
J)	Debt securities	4,000		4,000	100%
K)	Non-current trade and other payables	29,870	30,000	(130)	(0%)
L)	**Non-current financial indebtedness L = (I + J + K)**	**68,270**	**38,700**	**29,570**	**76%**
M)	**Total financial indebtedness (H+L)**	**104,289**	**98,018**	**6,271**	**6%**
N)	IFRS 16 adjustment	25,271	22,971	2,300	10%
O)	**Adjusted total financial indebtedness**	**79,018**	**75,047**	**3,971**	**5%**

The Group's net financial debt of euros 104,289 thousand (net financial debt of euros 98,018 thousand as of December 31, 2021) is mostly related to the significant investment activity recorded in the Batteries sector for the construction of the Teverola 1 project.

With reference to indirect indebtedness, the total amount of provisions for risks recorded in the balance sheet is euros 823 thousand.

Note 37. Commitments and guarantees

The main commitments made and guarantees given and received are shown below.

Guarantees given

During the past fiscal year 2021, the companies Repiombo, FIB, Faam Research Center, issued in favor of the Internal Revenue Service surety guarantees issued by the insurance company Allianz SpA with regard to the VAT brought to offset as part of the Group's VAT management related to the fiscal year 2020. The insurance company requested that SE.R.I. SpA act as co-obligor for a total of 664 thousand euros.

In fiscal year 2020, the subsidiaries Fib and Seri Plast provided (as part of the management of the 2019 Group VAT) the same insurance guarantee, with co-obligation of SE.R.I. SpA for a total of euros 7.98 million of which Fib for euros 3.98 million and Seri Plast for euros 4.0 million. In relation to the framework agreement signed during fiscal year 2015 between Seri Industrial and Eva Energia Valsabbia SpA regarding the sale of 100% of the capital of the investee Co.s.e.r. Srl, Seri Industrial guarantees to the acquiring counterparty, as principal obligor, the payment of any amounts due by the company subject to the sale referred to in the framework agreement. In relation to the framework agreements relating to the sale of the shares of Murge Green Power Srl, signed during fiscal year 2018 between Tolo Energia and the buyers, Seri Industrial issued a letter of patronage to guarantee the regular fulfillment of the obligations assumed by Tolo Energia in relation to the transactions.

Guarantees received

From related parties

Vittorio and Andrea Civitillo, SE.R.I. S.p.A. and Pmimmobiliare S.r.l. have issued commitments and guarantees in favor of credit institutions and leasing companies in connection with credit facilities granted, among other things, to Seri Industrial Group companies for the benefit and in the interest of Seri Industrial and the companies themselves.

Beneficiary	Amount Guarantee	Guaranteed Subject	Subject Guarantor	Subject Warranty
Ifitalia SPA	14.000	Fib - Seri Plast	SME - A. and V. Civitillo - Seri Industrial	Factoring
Invitalia SpA	19.921	Fib	SME (mortgage)	Invitalia Funding
Intesa San Paolo SPA	6.600	Fib	A. and V. Civitillo - Seri Industrial	Cash credits/receivables
Intesa San Paolo SPA	5.525	Fib	A. and V. Civitillo - Seri Industrial	Factoring
Intesa San Paolo SPA	5.200	Seri Plast	A. and V. Civitillo - Seri Industrial	Cash credits/receivables
Intesa San Paolo SPA	4.525	Seri Plast	A. and V. Civitillo - Seri Industrial	Factoring
Banco BPM SPA	3.050	Fib	SE.R.I.	Cash credits/receivables
Banco BPM SPA	350	FS	SE.R.I.	Cash credits/receivables
Alba Leasing SPA	60	Seri Plast	SE.R.I.	Leasing
BPER Bank SPA	220	Seri Plast	SE.R.I.	Cash credits/receivables

From third parties

Guarantees received from third parties pertain to loans received under the Liquidity Decree. Below are details of guarantees received as of December 31, 2022 that benefit from SACE guarantees:

Beneficiary	Amount Guarantee	Guaranteed Subject	Subject Guarantor	Subject Warranty	Original Financing Amount	Amount Financing. residual
Deutsche Bank S.p.A.	2.700	FIB	SACE	Funding to FIB	3.000	1.800
Unicredit S.p.A.	15.000	Seri Industrial	FIB	Fin.to Seri Industrial	15.000	17.500
Unicredit S.p.A.	13.500	Seri Industrial	SACE	Fin.to Seri Industrial		
Unicredit S.p.A.	5.000	Seri Industrial	SERI PLAST	Fin.to Seri Industrial	5.000	
Unicredit S.p.A.	4.500	Seri Industrial	SACE	Fin.to Seri Industrial		
Cassa Depositi e Prestisti S.p.A.	22.500	Seri Industrial	FIB	Fin.to Seri Industrial	15.000	15.000
Cassa Depositi e Prestisti S.p.A.	13.500	Seri Industrial	SACE	Fin.to Seri Industrial		
Bank Project SpA	3.600	Seri Industrial	SACE	Fin.to Seri Industrial	4.000	3.600
Bank Project SpA	4.500	FIB	SACE	Funding to FIB	5.000	4.500

Intragroup guarantees

Beneficiary	Amount Guarantee	Guaranteed Subject	Subject Guarantor	Subject Warranty
BPER Bank SPA	2.600	Fib	Seri Industrial	Cash credits/receivables
Credit Agricole SPA	1.853	Fib	Seri Industrial	Cash credits/receivables
Unicredit SPA	7.500	Fib	Seri Industrial	Pooled Funding
Credit Agricole SPA	2.600	Fib	Seri Industrial	Cash credits/receivables
Medio Credito Centrale SPA	6.500	Fib	Seri Industrial	Pooled Funding
Banco BPM SPA	7.500	Fib	Seri Industrial	Pooled Funding
Credit Agricole SPA	3.747	Seri Plast	Seri Industrial	Cash credits/receivables
Deutsche Bank SPA	2.600	Fib	Seri Industrial	Cash credits/receivables
Deutsche Bank SPA	390	Seri Plast	Seri Industrial	Cash credits/receivables
Unicredit Leasing SPA	2.220	Seri Plast	Seri Industrial	Leasing
Unicredit Leasing SPA	408	Repiombo	Seri Industrial	Leasing
Unicredit Factoring SPA	16.500	Seri Plast	Seri Industrial	Factoring
Unicredit Factoring SPA	14.000	Fib	Seri Industrial	Factoring
Unicredit SPA	10.270	Fib	Seri Industrial	Cash credits/receivables
Unicredit SPA	16.510	Seri Plast	Seri Industrial	Cash credits/receivables

Commitments

Seri Industrial provided an onerous shareholder loan to the subsidiary FIB of euros 22.8 million as part of the Lithium Project and the Invitalia loan for which the subsidiary FIB obtained a revolving loan. The shareholder loan is subject to the credit terms of the bank pool loan, completion of the Invitalia investment, and repayment of the bond loan.

Comment on Consolidated Income Statement items

The Group recorded a significant increase in customer revenues and other operating income in FY2022 compared to the previous year. The figures below are expressed in thousands of euros.

Note 38. Revenues from contract with customers, income and internal works

Revenues	31/12/2022	31/12/2021	Change	Change %
Revenues from contract with customers	175,452	157,704	17,748	11%
Other operating income	17,435	11,643	5,792	50%
Internal works	11,233	7,773	3,460	45%
Total revenues, income and internal works	**204,120**	**177,120**	**27,000**	**15%**

The following table shows revenues and other operating income by geographical area as of December 31, 2022 with the corresponding year of comparison:

Total revenues from contract with customers and other operating income by geographical area	31/12/2022		31/12/2021	
	Revenues	%	Revenues	%
Italy	111.413	58%	93.314	55%
Europe	60.092	31%	61.577	36%
Asia	12.105	6%	8.764	5%
Africa	4.090	2%	2.298	1%
America	4.755	2%	3082	2%
Oceania	432	0%	312	0%
Total	**192.887**	**100%**	**169.347**	**100%**

Revenues from contract with customers

The breakdown of revenues from customers between revenues from the sale of goods and the provision of services by business segment for the current fiscal year is as follows:

Revenues from contract with customers	Batteries	Plastic materials	Other	Corporate	Total
Revenue from sale of goods	63,254	109,809	0	0	173,064
Revenue from services	2,267	44	0	77	2,388
Total	**65,521**	**109,853**	**0**	**77**	**175,452**

Sales revenues pertaining to contracts entered into with customers derive from both the sale of goods and the provision of services. The Group uses standard contract terms depending on the type of goods sold and/or services offered. Revenues from customers are almost entirely point-in-time.

In the Batteries segment, revenues are derived from the production and recycling of lead-acid and lithium-ion batteries for various applications such as (i) traction batteries (forklifts and earthmovers), both, predominantly, for the aftermarket, with service and maintenance services spread across the market both for OEMs (Original Equipment Manufacturers), (ii) storage/stationary batteries for storage power plants (mainly telecommunications, UPS, and electric power plants) both for OEMs and the aftermarket, (iii) starter batteries (cars, motorcycles, trucks, and special applications), mainly for the aftermarket sector. In addition, a spent battery recovery business is carried out through a *smelter*, consisting of a fully operational spent battery crushing and recovery section and a smelting and subsequent refining section, for making complex alloys, of the metal part. Lastly, in this sector, revenues are also derived from the construction of facilities for the recovery of end-of-life batteries.

In the Plastic Materials segment, revenues are derived from the production of plastic materials for the (i) battery market (production of special compounds and molding of battery boxes and lids), (ii) automotive (production of special compounds), and (iii) hydro-thermo sanitary, civil and shipbuilding (production of special compounds, extrusion and molding of pipes, fittings and special parts).

Revenues are also derived from the sale of thermoplastic compounds from both primary and post-consumer recycled polymers (mainly end-of-life batteries). The compounds produced are offered to the market of manufacturers of battery boxes, lids and accessories (Serilene product) and for the automotive market (Serifill).

Other operating income

The breakdown of other operating income by business segment for the current period is as follows:

Other operating income	Batteries	Plastic materials	Other	Corporate	Total
Contributions to research and development	376	230	0	0	607
Contributions for tax credits	2,619	334	0	4	2,957
Contributions for energy-intensive enterprises	1,121	2,581	0	10	3,712
Grants for operating expenses	3,361	189	0	0	3,550
Grants for capital expenses	131	0	0	0	131
Invitalia grants	1,208	102	0	0	1,310
Revenues from certificates and contributions	0	104	0	0	104
Extraordinary income	380	116	0	1	497
Capital gains on fixed assets	0	1,031	0	0	1,031
Other income	1,383	2,059	15	78	3,536
Total	**10,579**	**6,746**	**15**	**93**	**17,435**

Compared with the previous year, there was an increase in other operating income of euros 5,792 thousand.
The summary table for the previous year is shown below:

Other operating income	Batteries	Plastic materials	Other	Corporate	Total
Contributions to research and development	491	336	0	0	827
Contributions for tax credits	2,639	195	0	0	2,834
Contributions for energy-intensive enterprises	0	0	0	0	0
Grants for operating expenses	373	181	0	0	554
Grants for capital expenses	150	0	0	0	150
Invitalia grants	1,208	55	0	0	1,263
Revenues from certificates and contributions	0	123	0	0	123
Extraordinary income	1,797	424	6	148	2,375
Capital gains on fixed assets	14	33	0	0	47
Other income	2,065	1,388	0	17	3,470
Total	**8,737**	**2,735**	**6**	**165**	**11,643**

Internal work

The item relating to increases in fixed assets for internal work, amounting to euros 11,233 thousand (euros 7,773 thousand as of December 31, 2021), is recorded for euros 7,232 thousand in the Batteries segment and euros 4,001 thousand in the Plastic Materials segment and relates to the development activity of innovative projects for batteries and Plastic Materials and the fine-tuning activity of the production process of the Teverola 1 plant.

Note 39. Operating costs

Operating costs	31/12/2022	31/12/2021	Change	Change %
Purchase of materials	121,652	102,575	19,077	19%
Changes in inventories	(14,692)	(11,059)	(3,633)	33%
Services expense	47,202	33,353	13,849	42%
Other operating costs	2,975	3,232	(257)	(8%)
Personnel costs	29,251	28,905	346	1%
Total operating costs	**186,388**	**157,006**	**29,382**	**19%**

Individual items of operating costs are commented on below, providing details. The significant increase in operating costs compared to the previous period is mainly attributable to the significant increase in the cost of raw materials and electricity.

Material purchase costs of euros 121,652 thousand mainly refer to raw materials amounting to euros 98,825 thousand, of which euros 37,379 thousand related to the Batteries segment and euros 61,446 thousand related to the Plastic Materials segment.

The item change in inventories reflects the utilization of raw materials, semi-finished goods goods, finished goods and contract work in progress.

Below is the detail of the change in inventories:

Changes in inventories	31/12/2022	31/12/2021	Change	Change %
Changes in finished products	(9,569)	(3,297)	(6,272)	190%
Changes in goods	(484)	(349)	(135)	39%
Changes in raw materials	(4,639)	(7,413)	2,774	(37%)
Changes in inventories	**(14,692)**	**(11,059)**	**(3,633)**	**33%**

Services expense, amounting to euros 47,202 thousand, is composed as follows:

Services expense	31/12/2022	31/12/2021	Change	Change %
Professional advices	2,618	2,627	(9)	(0%)
Transportation and duties	10,831	8,599	2,232	26%
Electricity	16,569	8,241	8,328	101%
Bonuses and commissions	2,720	3,671	(951)	(26%)
Outsourced work	5,504	4,656	848	18%
Fees to statutory auditors	230	223	7	3%
Fees to Committees	52	60	(8)	(13%)
Auditing service fees	253	219	34	16%
Other services	8,425	5,057	3,368	67%
Total services expense	**47,202**	**33,353**	**13,849**	**42%**

The increase in service costs is mainly attributable to the higher incidence of *utility* costs and in particular electricity as well as transportation.

Other operating costs are recorded in the amount of euros 2,975 thousand; a breakdown of the item follows:

Other operating costs	31/12/2022	31/12/2021	Change	Change %
Lease expense	1,468	1,478	(10)	(1%)
Provisions	30	446	(416)	(93%)
Other expenses	1,477	1,308	169	13%
Other operating costs	**2,975**	**3,232**	**(257)**	**(8%)**

The Group has leases relating to industrial buildings, plant and machinery, vehicles and other assets that are used in operations. Leases referring to industrial buildings, plant and machinery generally have a term of between 3 and 15 years, while those for vehicles and other assets generally have a term of between 3 and 5 years. The Group's liabilities referred to these leases are secured by the lessor's title to the leased assets. Generally, the Group cannot itself lease the leased assets to third parties, and certain contracts require compliance with certain liquidity ratios. In addition, for certain leases for machinery whose term is 12 months or less and office equipment whose value is modest, the Group has chosen for these contracts to apply the exemptions provided by IFRS16 regarding leases of short duration or modest value.

Personnel costs are recorded in the amount of euros 29,251 thousand; a breakdown of the item follows.

Personnel costs	31/12/2022	31/12/2021	Change	Change %
Wages and salaries of employees	19,839	19,588	251	1%
Wages and salaries of Directors	1,561	1,419	142	10%
Social security contributions of employees	5,506	5,435	71	1%
Social security contributions of Directors	142	137	5	4%
Cost related to employee benefit plans	1,407	1,330	77	6%
Stock Option Plan 2022	6	0	6	100%
Other personnel costs	790	996	(206)	(21%)
Personnel costs	**29,251**	**28,905**	**346**	**1%**

Personnel costs include, in addition to current costs referring to employees and assimilated personnel, also the portions pertaining to the fiscal year referring to accrued and untaken vacation, holidays, accruals for additional months' pay, and legal provisions. Wages and salaries and social security contributions refer not only to employee costs, totaling euros 25,345 thousand, but also to directors' fees and related contributions, totaling euros 1,703 thousand. Cost related to employee benefit plans contains the accrued portion for the year relating to future benefits that will accrue upon termination of employment. Other personnel costs mainly refer to the canteen service and the purchase of meal vouchers for employees and other incidental costs.

Employee incentive plans with Seri Industrial shares

On December 16, 2022, the Board of Directors of Seri Industrial S.p.A. resolved to grant 342,500 options, giving the right to receive an equal number of Seri Industrial ordinary shares, under the first granting cycle of the 2022 Stock Option Plan ("PSO 2022") approved by the Shareholders' Meeting of May 6, 2022. The options were granted to executive directors, employees and associates of Seri Industrial, Fib and Seri Plast, who hold strategically relevant roles or are able to make a significant contribution to the pursuit of the Group's strategic objectives. The fair value of options granted is estimated on the date of grant using the Monte-Carlo simulation model, taking into account the terms and conditions under which the options were granted. The model takes into account historical dividends and expected dividends, share price volatility of the Group and its competitors in order to predict the return on shares, the rate of employee turnover, the rationality of the recipients when exercising the options, and assumptions about the achievement of the planned objectives of the PSO 2022.

The Exercise Price set at EUR 5.78 is equal to the arithmetic average of the official prices of the Company's Shares on Euronext during the thirty trading days prior to the date of granting the options to the beneficiaries.

The cost recognized for services received from employees during the year is 6 thousand euros and is allocated pro-rata temporis to the income statement according to the so-called grant date and vesting period.

The following table shows the number and weighted average exercise prices (PMPE) of options as of December 31, 2022:

	31/12/2022	PMPE
In circulation as of January 1	0	n.a.
Assigned during the year	342.500	2,19 €
Cancelled during the year	0	n.a.
Practice during the year	0	n.a.
Expired during the year	0	n.a.
In circulation as of December 31	342.500	2,19 €
Exercisable as of December 31	0	n.a.

The remaining contractual term for options outstanding as of December 31, 2022 is 5 years. The weighted average fair values of options granted during the year is euros 2.19.
The table below lists the information with which the models used for the plan adopted for the year ending December 31, 2022 were fed:

	31/12/2022
Weighted fair value at the date of measurement	2,19 €
Dividend yield (%)	0%
Expected volatility (%)	52,13%
Free risk interest rate (%)	3,2%
Expected useful life of options (in years)	5
Weighted average price per share (€)	2,19 €
Model adopted	Monte Carlo

The volatility shown in the table indicates the historical volatility of Seri Industrial stock; the historical volatility of the FTSE Italia STAR benchmark index and a panel of 10 comparables were also considered in calculating the fair value of the options.

Note 40. Depreciation, amortisation and write-downs/write-backs

The following table summarizes depreciation and amortization, amounting to euros 21,661 thousand, and write-downs/reversals of value amounting to euros 160 thousand:

Depreciation, amortisation and write-downs/write-backs	31/12/2022	31/12/2021	Change	Change %
Depreciation and amortisation	21,661	20,184	1,477	7%
Write-downs/write-backs	160	811	(651)	(80%)
Total	**21,821**	**20,995**	**826**	**4%**

The summary table with evidence of the relevant industry is shown below:

Depreciation, amortisation and write-downs/write-backs	Batteries	Plastic materials	Other	Corporate	Total
Depreciation and amortisation	14,171	7,295	0	196	21,661
Write-downs/write-backs	190	(127)	0	97	160
Total	**14,361**	**7,168**	**0**	**293**	**21,821**

It should be noted that the amortization of the Batteries segment relates for euros 11,254 thousand to the investment made and in progress related to the Teverola 1 and 2 projects, including euros 8,857 thousand for amortization of the investments made (Teverola 1 and 2) and euros 2,397 thousand for rights of use related to the lease of the Teverola 1 (euros 1,030 thousand) and Teverola 2 (euros 1,367 thousand) buildings.

Note 41. Finance income (expense)/ Profit (Loss) from equity-accounted investments

Below is the summary table as of December 31, 2022 with evidence of the relevant industry:

Financial management	Batteries	Plastic materials	Other	Corporate	Total
Finance income	223	127	0	73	425
Finance expense	2,689	2,267	0	1,320	6,277
Profit (Loss) from equity-accounted inv.	0	0	0	(1)	(1)
Total	**(2,466)**	**(2,140)**	**0**	**(1,248)**	**(5,853)**

Financial management shows finance income of euro 425 thousand. Financial expenses are recorded in the amount of euros 6,277 thousand and are mainly attributable to interest on financing sources taken out to meet the investments made and working capital management.

The summary table for the previous year is shown below:

Financial management	Batteries	Plastic materials	Other	Corporate	Total
Finance income	683	33	0	39	753
Finance expense	1,999	1,689	0	892	4,580
Profit (Loss) from equity-accounted inv.	0	0	0	4	4
Total	**(1,316)**	**(1,656)**	**0**	**(849)**	**(3,823)**

Note 42. Income taxes

Below is the summary table as of December 31, 2022 with evidence of the relevant industry:

Income taxes	Batteries	Plastic materials	Other	Corporate	Total
Current taxes	263	50	0	0	313
Deferred taxes expense/(income)	418	665	0	(6,896)	(5,813)
Total	**681**	**715**	**0**	**(6,896)**	**(5,500)**

The item refers mainly to the reversal of deferred tax assets, in the amount of euros 1,275 thousand, recorded on the revaluation asset balances recorded in the financial statements prepared in accordance with OIC national accounting standards of the subsidiaries FIB, Seri Plast and Repiombo. For more details see "Note 20. Deferred tax assets".
The summary table for the previous year is shown below:

Income taxes	Batteries	Plastic materials	Other	Corporate	Total
Current taxes	447	318	0	(46)	718
Deferred taxes expense/(income)	45	1,023	0	(4,995)	(3,928)
Total	**492**	**1,341**	**0**	**(5,041)**	**(3,210)**

Note 43. Public disbursements under Article 1, paragraphs 125-129, of Law No. 124/2017

The following are grants, contributions, paid positions and otherwise economic benefits received from national public administrations and assimilated entities. Those attributable, directly or indirectly, to public entities of other states (European or non-European) and European institutions remain excluded.

Society	Description of facilitation	Aid element (euro/000)	Date granted	National aid registry
Seri Industrial Spa	COVID-19: Sace Guarantee Italy	15,000	09/06/2022	YES
Seri Industrial Spa	Contribution relief for employment in disadvantaged areas - Decontribution South (Art. 27 Decree Law 104/2020)	27	23/02/2022	YES
Seri Plast Spa	Facilities for electricity-intensive enterprises	869	03/02/2022	YES
Seri Plast Spa	Waiver of social security contributions for companies that do not apply for layoff benefits	18	19/02/2022	YES
Seri Plast Spa	Contribution relief for employment in disadvantaged areas - Decontribution South (Art. 27 Decree Law 104/2020)	19	23/02/2022	YES
Seri Plast Spa	Facilities for electricity-intensive enterprises	1,045	07/07/2022	YES
Seri Plast Spa	Exemption from payment of social security contributions for companies that do not apply for redundancy payments	2	11/11/2022	YES
Seri Plast Spa	Tax credit for research and development activities in the areas of southern Italy and regions affected by the earthquake events of 2016 and 2017	846	02/12/2022	YES
Seri Plast Spa	Aid to businesses for higher costs related to the energy crisis	20	22/12/2022	YES
Fib Spa	Contribution relief for employment in disadvantaged areas - Decontribution South (Art. 27 Decree Law 104/2020)	80	23/02/2022	YES
Fib Spa	Italy COVID-19: Heritage Relaunch	4,000	28/06/2022	YES
Fib Spa	Facilities for electricity-intensive enterprises	205	07/07/2022	YES

Society	Description of facilitation	Aid element (euro/000)	Date granted	National aid registry
Fib Spa	Tax credit for investment in special economic zones	3,222	22/07/2022	YES
Fib Spa	Tax credit for research and development activities in the areas of southern Italy and regions affected by the earthquake events of 2016 and 2017	121	02/12/2022	YES
Fib Spa	Tax credit for investment in the Mezzogiorno.	591	02/12/2022	YES
Fib Spa	Tax credit for research and development activities in the areas of southern Italy and regions affected by the earthquake events of 2016 and 2017	76	02/12/2022	YES
Fib Spa	Aid to businesses for higher costs related to the energy crisis	20	22/12/2022	YES
Repiombo Srl	Contribution relief for employment in disadvantaged areas - Decontribution South (Art. 27 Decree Law 104/2020)	5	23/02/2022	YES
Repiombo Srl	Tax credit for investment in the Mezzogiorno.	925	02/12/2022	YES
Fs Ltd.	Exemption from the payment of social security contributions for companies that do not apply for redundancy payments (Art. 3 Decree Law 104/2020)	2	19/02/2022	YES
Fs Ltd.	Exemption from the payment of social security contributions for companies that do not apply for redundancy payments (Art. 3 Decree Law 104/2020)	2	21/02/2022	YES
Fs Ltd.	Contribution relief for employment in disadvantaged areas - Decontribution South (Art. 27 Decree Law 104/2020)	5	23/02/2022	YES
Fs Ltd.	Contribution relief for employment in disadvantaged areas - Decontribution South (Art. 27 Decree Law 104/2020)	2	24/02/2022	YES
Fs Ltd.	Contribution relief for employment in disadvantaged areas - Decontribution South (Art. 27 Decree Law 104/2020)	17	18/11/2022	YES

Note 44. Related party transactions

In implementation of the provisions of Article 2391 bis of the Italian Civil Code as well as the Regulations adopted on the matter by CONSOB Resolution No. 17221 of March 12, 2010, and subsequent amendments and additions, during June 2021, the Board of Directors of Seri Industrial SpA updated the procedure governing the approval and execution of transactions with related parties entered into by Seri Industrial, either directly or through subsidiaries. This procedure (available on the Company's website at https://www.seri-industrial.it/index.php/procedura-per-le-operazioni-con-le-parti-correlate) identifies the *set of* rules aimed at ensuring the transparency and fairness, both substantive and procedural, of related party transactions.
Pursuant to Consob Resolution No. 15519 of July 27, 2006, the effects of related party transactions on assets and liabilities and income statement items are highlighted in a special annex (Annex 4) in order not to compromise the overall readability of the same. Transactions with related parties are identified according to the extended definition provided by IAS 24, i.e., including transactions with administrative and supervisory bodies as well as with executives with strategic responsibilities.

Major Related Parties[16]

The following individuals are the most significant Related Parties of the Company and Seri Industrial Group:

- the Civitillo Exponents;
- companies that are even indirectly owned by Esponenti Civitillo.

Vittorio Civitillo - Chief Executive Officer, and Andrea Civitillo, as of December 31, 2022 indirectly hold, through SE.R.I. SpA, shares in the Company corresponding in total to 60.4% of the Company's share capital. The following are the main transactions that Seri Industrial Group has carried out with Related Parties.

[16] Disclosure also provided at the request of Consob (see "Other Information"), following Order No. 0838644/21 of July 28, 2021.

Transactions of major significance 2022

Two major transactions were authorized during the year.

October 4, 2022

The Company as part of the industrial reconversion program of the site of to be carried out through the company P2P S.r.l. ("P2P") - 50% owned by Seri Plast and 50% by Unilever Ventures Holdings B.V., authorized the transaction of waiver of the purchase by the subsidiary Seri Plast in favor of the related party Pmimmobiliare S.r.l. ("PM") of the Pozzilli property.

Authorization for the purchase waiver transaction, which was evaluated as a "related party transaction" of "major significance" pursuant to the provisions of the Procedure for the Management of Related Party Transactions, was granted by acquiring a favorable opinion from the committee composed of two independent directors and a member of the Board of Statutory Auditors.

At the same time, the committee issued a favorable opinion on the lease transaction to be signed between PM and P2P, which constitutes a "related party transaction" of "minor significance" for an annual fee of 450 thousand euros.

December 20, 2022

The Company's Board of Directors authorized the sale of a property for industrial use by the French subsidiary Plastam Europe SaS ("Plastam") to the related party PM for a consideration of euro 500 thousand, conditioned on the lease for 9 years at an annual rent of euro 90 thousand of the same property to Plastam itself.

At the same time, the Board of Directors resolved to sign a framework agreement between the Company and PM that provides for the recognition of benefits to the affiliates Seri Plast S.p.A. and FIB S.p.A., which have a lease relationship with PM.

The sale transaction and framework agreement were assessed as a "related party transaction" of "major significance." The opinion on the interest, convenience, and substantive fairness of the related terms was rendered by a committee consisting of two independent directors and a member of the Board of Statutory Auditors.

The committee also issued an opinion on the lease transaction to be signed between PM and Plastam, which constitutes a "related party transaction" of "minor significance."

For more information, please refer to the disclosure document, prepared in accordance with Annex 4 of Consob Regulation 17221/2010, published on December 27, 2022 on the Company's website

Relations with the parent company and other related parties

The following are the main relationships with the parent company and other companies in the Group to which it belongs and the shareholders, as well as companies related to them, that hold significant stakes in the Company's capital:

Real estate leases

The Company and Group companies have rental contracts for office and industrial properties with Pmimmobiliare Srl and Azienda Agricola Quercete a r.l., companies indirectly controlled by Vittorio Civitillo and Andrea Civitillo.

Conductor	Location	Landlord	Use	Deadline *(mm/yyyyy)*	Annual rent	Security Deposits
FS Ltd.	Dragoni (CE)	Pmimmobiliare Srl	Warehouse	11/2028(5)	18.000	1.500
Fib Spa	Monte Sant'Angelo (FG)	Pmimmobiliare Srl	Industrial	10/2024(6)	125.040	45.000
Fib Spa	Monterubbiano (FM)	Pmimmobiliare Srl	Industrial	02/2024(6)	121.000	25.000
Fib Spa	Teverola (CE)	Pmimmobiliare Srl	Industrial	02/2027(3)	1.200.000	400.000
Fib Spa	Teverola (CE)	Pmimmobiliare Srl	Industrial	10/2026(5)	1.500.000	375.000
Seri Plast Spa	Avellino (AV)	Pmimmobiliare Srl	Industrial	12/2023(6)	144.600	50.000
Seri Plast Spa	Canonica D'Adda (BG)	Pmimmobiliare Srl	Industrial	12/2023(6)	578.400	
Seri Industrial	San Potito Sannitico (CE)	Az. Agr. Quercete	Offices	08/2024(7)	78.000	n/a
Fib Spa	Alife (CE)	Pmimmobiliare Srl	Industrial	04/2023(10)	130.000	n/a
Seri Plast Spa	Alife (CE)	Pmimmobiliare Srl	Industrial	04/2023(10)	239.000	n/a
ICS EU Sas	Peronne (France)	Pmimmobiliare Srl	Industrial	05/2032(8)	180.000	100.000
Seri Plast Spa	Pioltello MI	Pmimmobiliare Srl	Industrial	03/2023(10)	686.040	150.000
Repiombo Srl	Calitri (AV)	Pmimmobiliare Srl	Industrial	12/2025(5)	20.000	3.333
Plastam EU	Arras (France)	Pmimmobiliare Srl	Industrial	12/2031(6)	90.000	n/a

Conductor	Location	Landlord	Use	Deadline (mm/yyyyy)	Annual rent	Security Deposits
Seri Industrial	San Potito Sannico (CE)	Az. Agr. Quercete	Guesthouse	07/2026(11)	6.000	n/a
Seri Plast Spa	Alife (CE)	Pmimmobiliare Srl	Land	04/2023(10)	10.000	1.667
Total					**5.126.080**	**1.151.500**

(1) Rent determined on the date of the contract, plus VAT, subject to ISTAT revaluation.
(2) Pmimmobiliare Srl is a related party of the Issuer because it is indirectly controlled through SE.R.I. by A. and V. Civitillo.
(3) Term 9 years with automatic renewal for an additional 6 years unless terminated by the landlord 12 months earlier (at 2nd renewal 6 months).
(4) Term 6 years with automatic renewal for an additional 6 years unless terminated by the landlord 12 months earlier (at 2nd renewal 6 months).
(5) Term 6 years with automatic renewal for an additional 6 years unless terminated by either party 12 months in advar
(6) Term 9 years with automatic renewal for additional 9 years unless terminated by either party 12 months in advance
(7) Term 6 years with automatic renewal for additional 6 years unless terminated by either party 12 months earlier (at 2nd renewal 6 months).
(8) Term 9 years with automatic renewal for additional 9 years unless terminated by either party 18 months in advance and option to terminate to landlord with 6 months n
(9) Azienda Agricola Quercete società agricola a.r.l. is a related party of the Issuer because it is wholly owned by related party Pmimmobiliare Srl (see Note 2 above).
(10) Duration 1 year with express renewal by the tenant for 1 additional year, to be notified at least 2 months in advance.
(11) Duration 4 years without renewal.

Warranties and indemnities

Through SE.R.I., factoring companies and banking institutions, respectively, have granted Seri Industrial Group's Italian companies opportunities to use advances on receivables and short-term credit facilities.

SE.R.I. SpA (the "Guarantor") has undertaken a guarantee and indemnity commitment, with cumulative delegation of debt and payment and assumption of debt, in the context of factoring relationships of trade receivables by the Group.

Specifically, by private deeds dated April 26, 2018, the Guarantor signed agreements with Group companies that assigned their receivables with recourse to factoring companies. By these agreements, the Group companies are held harmless from any claims and/or demands made by the factoring companies arising from the non-payment by the debtors (assigned) of receivables claimed and assigned by them. If any of the factoring companies should demand, by virtue of "with recourse" assignments of receivables, the retrocession of the assigned receivables and/or the repayment of the amount advanced due to non-payment of the assigned receivables, the Guarantor undertook to indemnify and hold them harmless from any claim made by the factoring companies, proceeding to direct payment through the signed delegation of payment or debt.

For the above guarantee and indemnity commitment, each of the Group companies recognizes, in favor of the Guarantor, a lump sum amount equal to 0.2% of its assigned receivables. It is envisaged that the Group companies will transfer to the Guarantor the receivables due from factoring in order to allow for the retrocession of the receivables due from the assigned debtors in case of non-payment.

The above transaction constitutes a "related party transaction" of "greater significance" due to the position of Eng. Vittorio Civitillo, pursuant to the provisions of the Consob Related Parties Regulation and the RPT Procedure. Please refer for further details to the disclosure document published on May 3, 2018 and available on the Company's website pursuant to Article 5 of the Consob Related Parties Regulation.

Finally, Eng. Vittorio Civitillo, Andrea Civitillo, and SE.R.I. have issued commitments and guarantees in favor of credit institutions and leasing companies in connection with credit facilities granted to Seri Industrial Group companies for the benefit and in the interest of Seri Industrial and the companies themselves.

Should these transactions - considered cumulatively - be configured as transactions between related parties pursuant to Article 13 of the Consob Regulation containing provisions on transactions with related parties, the transactions would be in the nature of ordinary transactions of greater significance concluded at market-equivalent or standard terms and therefore excluded from the procedural scope provided by the RPT Procedure adopted by the Company.

Other reports

Group VAT

SE.R.I. SpA has signed a contract with Seri Industrial Group companies for the management of Group VAT with regard to periodic and annual VAT settlements; as of December 31, 2022, the Group has a total credit position of euro 344 thousand and a debit position of euro 1,875 thousand.

Other relationships with SE.R.I. member.

Seri Industrial Group has additional financial transactions with SE.R.I. S.p.A. resulting in a debtor of 1,004 thousand euro.

Other residual relationships

Lastly, there are also certain relationships with other companies related to the Civitillo family in relation to supplies and services of a technical and industrial, consulting and professional nature, governed by conditions similar to those generally applied in the sector in which the individual companies operate for details of which please refer to the tables below, in which economic and financial information on existing relationships with Related Parties is provided. The

following tables provide quantitative information on the financial and economic relations outstanding as of December 31, 2022 with Related Parties.
The following is a summary table of the Seri Industrial Group's financial transactions with related parties as of December 31, 2022 (where shown as "0" these are transactions of less than Euro 1 thousand):

Asset ratios by counterparty	31/12/2022		31/12/2021	
	Credits	Debts	Credits	Debts
Other companies				
WWS Group Ltd.		654	0	632
Luvim			7	
Marzano New Distribution Ltd.			19	1
Rental Srl in liquidation			15	132
FRIEM Spa		14		14
Total SUB		***668***	***41***	***779***
Companies traceable to Civitillo exponents				
Cotton Movie & Food Ltd.		4		3
C.S. Ltd.	12	60	8	99
Cotton Tech Ltd.		2		2
Elektra Ltd.	47	315	76	360
Hm Srl		0	2	
Manita Creative Ltd.		97		146
Seri Lab Ltd.	15	40	14	29
Quercete Agricultural Society Ltd.	0	33	0	14
Trade and Plant Ltd.		30		21
Total SUB	***74***	***582***	***100***	***674***
Companies belonging to the SERI SPA Group				
Arco Felice Srl	22		15	
Quercete farm arl	25	136	16	238
Cam Ltd.	2		1	
Deagle Ltd.	5		3	
Dema Ltd.	2		1	
Italo Srl	2		1	
Kronos Srl	2		2	
Makespresso Ltd.	1		1	
Marvit Ltd.	2		2	
Pmimmobiliare Srl	1,747	22,047	1,536	22,646
Polisportiva Matese	14		5	58
Seri Development & Real Estate Ltd.			33	139
Total SUB	***1,824***	***22,183***	***1,616***	***23,081***
Parent Companies				
Industrial			3	2,247
SE.R.I. SpA	346	2,897	5,103	4,936
Total SUB	***346***	***2,897***	***5,103***	***4,936***
Total	**2,244**	**26,330**	**6,860**	**29,470**

It should be recalled that in application of the international accounting standard IFRS 16, leases are recognized through the recognition of "Right of use" and financial payables. In this regard, payables to Pmimmobiliare are attributable for euros 21,981 thousand to the application of IFRS 16 accounting standard. Payables to Azienda Agricola Quercete are attributable for euros 126 thousand to the application of IFRS 16 accounting standard.

With reference to the capital transactions outstanding as of December 31, 2022, the following table shows the balances with details of the counterparty and by nature of the relationship:

Asset relations by nature	Comm.credits	Financial Credits	Other Credits	Comm.Debts	Financial Debts	Other Payables
Other related parties						
WWS Group Ltd.						654
FRIEM Spa				14		
Total SUB				***14***		***654***
Companies traceable to Civitillo exponents						
Cotton Movie & Food Ltd.				4		
C.S. Ltd.	12			60		
Cotton Tech Ltd.				2		
Elektra Ltd.	47			315		
Hm Srl				0		
Manita Creative Ltd.				97		
Seri Lab Ltd.	15			40		
Soc.Ag. Quercete Srl	0			33		
Trade and Plant Ltd.				30		
Total SUB	***74***			***582***		
Companies belonging to the SERI Group SPA						
Arco Felice Srl	22					
Az.Ag. Quercete arl	25			10	126	
Cam Ltd.	2					
Deagle Ltd.	5					
Dema Ltd.	2					
Italo Srl	2					
Kronos Srl	2					
Makespresso Ltd.	1					
Marvit Ltd.	2					
Polisportiva Matese	14					
Pmimmobiliare Srl	594	1	1,152	64	21,981	2
Total SUB	***672***	***1***	***1,152***	***74***	***22,107***	***2***
Parent Companies						
SE.R.I. SpA	1		344	18	1,004	1,875
Total SUB	***1***		***344***	***18***	***1,004***	***1,875***
Total	**747**	**1**	**1,496**	**688**	**23,111**	**2,530**

The following is a summary table of economic relations with related parties, referring to fiscal year 2022 (where reported "0" these are relations of less than 1 thousand Euro):

Costs and Revenues by Counterparty	31/12/2022		31/12/2021	
	COSTS	REVENUES	COSTS	REVENUES
Other companies				
WWS Group Ltd.	22			
Marzano Nuova Distribution Ltd.			3	8
Rental Srl in liquidation			161	6
Luvim				2
Total SUB	***22***		***164***	***16***
Companies traceable to Civitillo exponents				
Cotton movie & food Ltd.	6		6	
Cotton S. Ltd.	428	2	98	2
Elektra Ltd.	223	37	439	38
Manita Creative Ltd.	372		393	
Seri Lab Ltd.	18	1	16	1
Quercete Agricultural Society Ltd.	53		24	0
Trade and Plant Ltd.	42		42	
Total SUB	***1,142***	***40***	***1,018***	***41***
Companies belonging to the SERI SPA Group				
Arco Felice Srl		6		6
Quercete farm arl	22	8	11	7
Deagle Ltd.		2		2
Dema Ltd.		1		1
Italo Srl		1		1
Kronos Srl		1		1
Makespresso Ltd.		1		1
Marvit Ltd.		1		1
Repol Ltd.				1
Cam Ltd.		1		1
PMImmobiliare Srl	1,507	1,257	1,022	49
Polisportiva Matese	442	7	58	2
Seri Development & Real Estate Ltd.			469	15
Total SUB	***1,971***	***1,283***	***1,560***	***88***
Parent Companies				
Industrial SpA			72	10
SE.R.I. SpA	409	21	10	8
Total SUB	***409***	***21***	***82***	***18***
Compensation to directors				
Administrators	1,703		1,556	
Compensation to committees	52		60	
More	108		108	
Total SUB	***1,863***		***1,724***	***0***
Total	**5,407**	**1,344**	**4,548**	**163**

It should be recalled that in application of IFRS 16, leases are recognized through the recognition of "Right of use," consequently the income statement is impacted by the financial charges and not also by the cost of lease payments. At the Group level, the lease cost (considered for IFRS 16 purposes) recognized to related parties in FY 2022 amounted to euros 5,033 thousand, the financial charges related to rights of use, recorded in application of IFRS 16, amounted to euros 680 thousand. The Group's costs incurred with corelate parties mainly concern supplies and services of a technical and industrial, consulting and professional nature, settled at conditions similar to those generally applied in the sector in which the individual companies operate.

These relationships are mainly with the following companies:

- Fees for technical services and O&M: As part of related party transactions in FY2022, Seri Development & Real Estate was merged by incorporation into SE.R.I. S.p.A. so the technical services previously offered by Seri Development & Real Estate to the Group were transferred to PMImmobiliare Srl;
- Purchases for investment: Elektra Srl and Cotton S. Srl provide the Group with materials and services for ordinary and extraordinary plant maintenance;
- Advertising and marketing: Manità Creative Ltd. provides marketing services and takes care of the printing of advertising materials;
- Sponsorships and liberal disbursements: granted by the FS and FIB Spa to Polisportiva Matese, respectively.

In relation to correlation profiles:

Azienda Agricola Quercete a rl is wholly owned by P mimmobiliare Srl , which in turn is wholly owned by SE.R.I. S.p.A. Polisportiva Matese is a wholly owned subsidiary of SE.R.I. S.p.A. Elektra Srl is 51% owned by Charity Srl, while Cotton Sport Srl and Manita Creative Srl are 100% owned. Charity Srl is in turn 50% owned by Andrea Civitillo.

Relationships with administrative and supervisory bodies, as well as executives with strategic responsibilities

As of the date of this report, Vittorio Civitillo, Managing Director, and Andrea Civitillo indirectly own, through SE.R.I. Spa, shares in Seri Industrial corresponding in total to 56.37% of the Company's share capital.

SE.R.I. Spa is controlled by Vittorio Civitillo, who owns 50.6 percent, while Andrea Civitillo owns 49.4 percent.

It should be noted that the compensation accrued by members of the Company's Board of Directors, Committees, and the Attorney represents a relationship with related parties.

Note 45. Contingent liabilities and assets.

The Group is a party to proceedings of various kinds. Where the risk has been assessed as probable, a special provision for risks has been set aside, also based on the assessments of the lawyers assisting the various Group companies.

Contingent liabilities

The main legal proceedings involving the Group are listed below.

Civil litigation

Repiombo/Ecopiombo Litigation.

The company is in litigation, divided into several proceedings, with the company Ecopiombo Srl, referring to (i) the sale of a business unit from Ecopiombo to Repiombo, the effectiveness of which the selling party disputes, (ii) to the payment injunction served against Repiombo concerning settlement of a residual portion of the debt for the sale of the business unit, and (iii) to the holding of the property in which the company operates its business activities, which is currently governed by a contract under which Repiombo pays Ecopiombo an occupancy indemnity.

Repiombo, on the other hand, is an active party to a dispute brought by the same and relating to the recovery of a receivable of 456 thousand euros, acquired from a third company, also as part of a prospective transaction to purchase the industrial factory owned by Ecopiombo.

The company, supported by the opinion of its lawyers, has qualified as possible and/or remote the risk of losing the case in the number 8 judgments and therefore no provisions for risks and charges have been set aside; moreover, the receivables are considered fully collectible, on the assumption of the prospective transfer of the property.

The dispute is the subject of amicable settlement negotiations between the parties, which provide for the final closure of all legal disputes and the subsequent acquisition of the property in Calitri.

The balance sheet shows receivables totaling 776,557 euros and payables totaling 2,880 euros as of December 31, 2022.

Labor disputes

Fib litigation/former employees

The labor dispute arose from the appeal by 17 former IBF SpA employees of the February 2013 union agreement, through which they had been excluded from transfer to the employees of FIB SpA (as part of an extraordinary business lease transaction). The appeal was upheld by the Court of Foggia and confirmed by the Bari Court of Appeal ruling. Following the second instance ruling, the 17 former IBF employees, served injunctive decrees for the payment of salary entitlements from Feb. 26, 2013 to Nov. 26, 2020 (proposed reinstatement), plus interest and revaluation. FIB filed an opposition to the injunction, No. 14 judgments were settled with the settlements concluded in December 2021 and February 2022 and the others following the judgment confirming the injunctions in December 2022.

With regard to settlements, as previously commented, during 2021 the Company settled the dispute with 9 parties, in the amount of euro 519,000 plus legal fees. During February 2022, there was an amicable settlement of the dispute with 5 additional former workers, in the amount of euro 300,000 including legal fees, and during December 2022, there was a successful settlement with the remaining 3 parties, in the total amount of euro 295,000.
In July, the Company initiated a staff reduction procedure that resulted in the dismissal of 7 workers who had previously been reinstated; in response to the workers' challenge to the dismissals, FIB is preparing defense briefs. As of December 31, 2022, payables of 250,750 euros were recorded.

Tax assessments

FIB Spa for the merged Seri Plant Division Srl: Minutes of Findings regarding the years 2012 to 2015 delivered on June 20, 2017 by the Caserta Tax Police Nucleo - Revenue Protection Section

Fib appealed notices of assessment before the Provincial Tax Commission of Caserta for the annulment after suspension of notices of assessment issued by the Caserta Revenue Agency contesting the erroneous temporal allocation of negative income components with reference to the tax years 2013, 2014 and 2015.
The judgments are settled by a judgment of dismissal. Fib appealed each judgment.
The total contingent liability is euro 1,296, of which euro 200 thousand is for IRAP and euro 1,096 for IRES; with the support of its consultants, FIB decided not to record any tax provisions.
It should be noted that the economic impact resulting from the notices of assessment issued with reference to the tax years 2013, 2014 and 2015, being exclusively a matter of incorrect temporal allocation of both negative income components as well as of greater and related positive income components, would be limited to the applicable penalties, assessed by the lawyer assisting the company in the reduced amount of 250 euros for each judgment, due to the evident absence of fiscal damage. Therefore, the funds are recorded in the reduced amount of the penalties.

Potential activities

Seri Industrial Group companies are parties to active litigation for the compensation of damages suffered or for the recovery of sums from third parties. Given the uncertainty of the outcomes of these litigations, the related contingent assets cannot be recognized in the financial statements due to the absence of the necessary prerequisites required by IAS 37. The main contingent assets include the following:

Liability action resolved by the shareholders' meeting of Seri Industrial

The General Shareholders' Meeting of December 18, 2018 passed a favorable resolution on the proposal to bring liability action, pursuant to Articles 2392, 2393 Civil Code, and, to the extent necessary, pursuant to Article 2043 Civil Code, against Mr. Antonio Bruno and Mr. Serge Umansky as former directors of the Company during the period January 1, 2015 - August 3, 2016, as well as, pursuant to Article 2407 Civil Code, and, to the extent necessary, pursuant to Article 2043 Civil Code, against the following member - at the time - of the Board of Statutory Auditors of the Company Fabio Petruzzella, as former Chairman of the Board of Statutory Auditors.
The corporate liability action against the above-mentioned individuals in office in the period from January 2015 to August 3, 2016, was triggered by the complaint made pursuant to Article 2408 of the Civil Code on May 11, 2016 by a shareholder and the set of audits carried out, on the corporate acts, independently by the new corporate bodies and with reference to the decisions made in the period from January 2015 to August 3, 2016.

Active litigation of the subsidiary YIBF

In previous years, the Chinese subsidiary YIBF, as a result of some internal investigations carried out also with the help of external consultants, became aware of embezzlement by the previous management of the same company, which was removed as soon as the facts became known. The Group has therefore initiated during 2019 a number of compensatory actions aimed at recovering the amounts embezzled by the aforementioned individuals and companies referable to them and claiming compensation for the damages they caused. Criminal charges have been filed against individuals (including the former General Manager) for misappropriation of corporate resources, and civil litigation has been initiated aimed at (i) recovering the unjust enrichment of these individuals (ii) the unjustified use of the FAAM trademark by certain companies related to them (iii) recovering trade receivables from companies related to them, and (iv) recovering damages suffered by the Group as a result of the conduct of the former management. In the intervening period from 2019 to the present, some of these disputes for which a final judgment has been received have come to a conclusion. The judgments issued so far have been positive for the company on the aforementioned issues, and relief of claims and recognition of damages have been obtained for the time being, although they are still partial with respect to the cases initiated. It should be noted that during the fiscal year: (i) trade receivables from companies related to the management removed in the amount of approximately 340 thousand euros were recovered and a favorable judgment was obtained (not appealed by the counterparty and therefore res judicata) regarding the claim for another total trade receivable of approximately 1.690 thousand (ii) the recognition of damages for the undue use of the FAAM trademark was obtained for approximately euro 67 thousand and (iii) the unjust enrichment of some individuals, also related to the aforementioned management, was recognized, with restitution to the company of an amount of approximately euro 27 thousand. Although we have recovered a good part of the claims and have seen the compensation of a good part of the damages suffered recognized, there are still a number of disputes underway for further claims for damages, unjust enrichment and debt recovery for which the Group is making all necessary efforts but for which it is not yet possible to estimate the related financial effects as well as the outcomes of the same.

Insurance claim following the Avellino fire that occurred in 2019

The fire that broke out on September 13, 2019 at the plant located in Avellino in which the subsidiary ICS Srl (now Seri Plast) carried out its activities, resulted in significant direct and indirect damages, including the complete destruction of much equipment, plant and machinery. Seri Plast sent a claim for damages amounting to euro 2,316 thousand, of which euro 1,666 thousand for the warehouse and euro 650 thousand for equipment, plant and machinery to PMImmobiliare Srl, sublessor of the property as the lessee of the same under a lease agreement with a leasing company. With a writ of summons brought before the Court of Bologna, served on the insurance company and the company owning the property, Seri Plast, in addition to requesting the amounts indicated above, also filed a claim for damages in the amount of euro 4,272 thousand for lost production, euro 217 thousand for payment of lease payments, euro 5,000 thousand for the loss of the supply contract with a primary customer, in addition to also requesting compensation for damages still outstanding. The trial judge issued a partial ruling on the preliminary exceptions raised by the counterparties, deeming Seri Plast's full active legitimacy to file the claim, as an insured party given the sublease authorization issued by the owner of the building. Preliminary briefs are in progress.
No receivables for insurance reimbursements are recorded in the consolidated financial statements.

Insurance claim following flooding at the Rectory site.

On October 3, 2020, due to the rising level of the Adda River - adjacent to the plant there was overflow of water from manholes resulting in flooding of the yard. This flooding caused numerous pallets containing finished products to fall, resulting in damage to the goods, which for that reason became unmarketable. Not having received payment of the requested indemnity, Seri Plast with a writ of summons served on the Insurance Company, requested payment of the indemnity provided for in the insurance contract for the damage reported to the products for 181 thousand euros. At the first appearance hearing before the Court of Bologna, held on September 9, 2021, the Judge adjourned the hearing to January 2, 2022, for the trial of the mediation attempt. Subsequently, the preliminary briefs were completed and the case was retained for decision.
No receivables for insurance reimbursements are recorded in the consolidated financial statements.

Note 46. Risk disclosure

Credit risk

The maximum theoretical exposure to credit risk for the Group is represented by the book value of assets represented in the balance sheet. Positions for which there is an objective condition of partial or total uncollectability are subject to individual impairment. The amount of write-downs takes into account an estimate of recoverable flows and the relevant collection date, future recovery charges and expenses.

				Ageing of the expired			
	31/12/2022	To expire	Expired	30gg	60days	90gg	>90days
Financial assets	1,133	1,133	0	0	0	0	0
Financial assets at fair value throught P&L	459	459	0	0	0	0	0
Trade receivables	36,614	20,641	15,973	5,247	2,446	318	7,962
- Allowance for doubtful trade receivables	(4,344)	0	(4,344)	(30)	(85)	(21)	(4,209)
Other current assets	31,898	30,425	1,473	0	0	0	1,473
- Allowance for other receivables	(566)	0	(566)	0	0	0	(566)
Current Assets	**65,194**	**52,658**	**12,536**	**5,217**	**2,361**	**297**	**4,660**

				Ageing of the expired			
	31/12/2022	To expire	Expired	30gg	60days	90gg	>90days
Other non-current assets	1,207	1,207	0	0	0	0	0
Non-current assets	**1,207**	**1,207**	**0**	**0**	**0**	**0**	**0**
Total	**66,401**	**54,865**	**12,536**	**5,217**	**2,361**	**297**	**4,660**

Trade receivables accrued by the companies are distributed among a large number of customers except for some sectors, such as battery box production where customers are concentrated on a very limited number of customers with a high credit rating class.
Overdue trade receivables are constantly monitored and the same have been expressed at their estimated realizable value.

Liquidity risk[17]

Liquidity risk is the risk that the company will not be able to meet its financial commitments in a timely manner due to the difficulty of raising funds or liquidating assets in the market. The two main factors that determine the Group's liquidity situation are, on the one hand, the resources generated or absorbed by operating and investing activities, and on the other hand, the maturity and renewal characteristics of debt or liquidity of financial investments and market conditions. The Group applies a financial policy aimed at minimizing risk through diversification of its short- and long-term sources of financing and counterparties, and strives to have access to sources of financing capable of meeting planned requirements.
The Group's liquidity is centrally managed by the Parent Company in order to monitor and optimize the overall availability of financial resources, performing management and coordination for other Group companies.

With reference to the Group's ability to meet its short- and medium-long term financial commitments, it should be noted that:

- as of December 31, 2022, cash and cash equivalents amounted to euros 24.82 million;
- credit lines granted and not used totaling 8.6 million euros are available;

The following table summarizes the Group's overdue debt positions[18] broken down by nature (trade, tax, ect):

Nature of the debt	Seri Industrial S.p.A.		Seri Industrial Group	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Trade payables	917	697	19,698	15,338
Tax payables	15	58	169	232
Other payables	27	8	550	451

The following table shows the contractually due payments related to financial debts and liabilities for leased assets and financial leases:

	31/12/2022	1 years	2 years	3 years	4 years	5 years	over 5 years
Bank loans	*50,407*	*16,007**	*9,763*	*10,700*	*8,200*	*4,800*	*938*
Subsidised loans	*12,288*	*2,532***	*1,655*	*1,647*	*1,592*	*1,610*	*3,252*
Bond loan	*4,000*	*0*	*0*	*0*	*0*	*0*	*4,000*
Other financial debts	*39,862*	*39,862*	*0*	*0*	*0*	*0*	*0*
Financial debts	106,558	58,401	11,418	12,347	9,792	6,410	8,189
Lease liabilities	25,271	5,156	4,588	4,304	4,446	4,446	2,332
Total	**131,829**	**63,557**	**16,006**	**16,651**	**14,237**	**10,856**	**10,521**

[17] Disclosure also provided at the request of Consob (see "Other Information"), following Order No. 0838644/21 of July 28, 2021.

[18] Disclosure also provided at the request of Consob (see "Other Information"), following Order No. 0838644/21 of July 28, 2021.

* includes the non-current portion of debt, amounting to euro 1,200 thousand, related to the Deutsche Bank S.p.A. loan backed by financial covenants, which, in accordance with IAS 1, had been classified as current liabilities as of December 31, 2021. As of December 31, 2022, no waiver has been requested and principal of 600 thousand euros has been repaid. As of the date of this report, no requests for early repayment have been received from the lending institution;
** includes the installment due on December 31, 2022 of the FIB-Invitalia and Seri Plast-Invitalia loan.

Details of contractually due payments in connection with the Deutsche Bank loan are given below:

	31/12/2022	**1 years**	**2 years**	**3 years**	**4 years**	**5 years**	**over 5 years**
Deutsche Bank Financing	*1,800*	*600*	*600*	*600*	*0*	*0*	*0*

The following summarizes the relationships outstanding as of December 31, 2022, broken down by technical form.

Bank loans

Bank loans amounted to euros 54,174 thousand; the outstanding transactions are shown below:

Society	Seri Industrial S.p.A.	Seri Industrial S.p.A.	Seri Industrial S.p.A.
Counterpart	CDP S.p.A.	UniCredit S.p.A.	Bank Project S.p.A.
Original amount	15,000	20,000	4,000
Remaining amount	15,000	17,500	3,600
of which current share	0	5,000	800
of which non-current share	15,000	12,500	2,800
Ignition date	20/06/2022	25/09/2020	22/07/2021
Duration	6 years	6 years	6 years
Rate Type (fixed or variable)	Variable	Variable	Variable
Spread (%) + par. of reference	1.140% + EUR3M	2.25% + EUR3M	3.80% + EURLRS
Financial covenants	Yes	Yes	No

Society	Fib S.p.A.	Fib S.p.A.	Fib S.p.A.	Fib S.p.A.
Counterpart	Deutsche Bank S.p.A.	Bank Project S.p.A.	BPM - Bank Pool	Sace - Simest
Original amount	3,000	5,000	15,000	600
Remaining amount	1,800	4,500	6,047	600
of which current share	1,800	1,000	6,047	0
of which non-current share	0	3,500	0	600
Ignition date	29/09/2020	22/07/2021	08/02/2018	15/10/2021
Duration	5 years	6 years	3 years [19]	6 years
Rate Type (fixed or variable)	Variable	Variable	Variable	Fixed
Spread (%) + par. of reference	1.10% + EUR3M	3.80% + EURLRS	2.50% p.a. EUR3M	0,55%
Financial covenants	Yes	No	Yes	No

Also outstanding under current liabilities is a *revolving* loan from the Chinese subsidiary YIBF to Bank of China for a residual euros 1,359 thousand.

It should be noted that the Deutsche Bank S.p.A. loan, recorded in the residual amount of euros 1,800 thousand, subject to a breach of the relevant covenant as of December 31, 2021 and December 31, 2022, for which a waiver has not been requested, is shown entirely under current liabilities. With reference to the FIB-Pool banks loan, recorded in the amount of euros 6,047 thousand under current liabilities, on February 24, 2023 the lending banks granted an extension of the maturity date to June 30, 2023; the financial parameters as of December 31, 2022 are not met with the consequent possibility of forfeiture of the benefit of the term, without prejudice to the possibility of implementing the remedies provided for in the loan agreement.

[19] On Feb. 24, 2023, an agreement amending the loan agreement was signed by which the maturity date was extended to June 30, 2023.

Subsidised loans

Subsidized loans amounted to 13,203 thousand euros; the outstanding transactions are shown below:

Society	Fib S.p.A.	Fib S.p.A.	Seri Plast S.p.A.
Counterpart	Invitalia	MiSE	Invitalia
Original amount	17,372	576	924
Residual nominal amount	13,665	259	881
Residual amount IAS 20	11,323	219	746
of which current share (nominal)	2,496	58	140
of which non-current share (nominal)	11,169	201	741
Ignition date	27/07/2018	26/07/2017	18/02/2022
Duration	10 years	10 years	9 years
Rate Type (fixed or variable)	Fixed	Fixed	Fixed
Financial covenants	No	No	No

Since these are concessional loans with a below-market interest rate: (i) the loans are recognized and measured in accordance with IFRS 9 - Financial Instruments using a marginal lending rate identified by the Company as 3.5% on an annual basis; (ii) in accordance with IAS 20, the government grants component has also been recognized. The benefit of the below-market interest rate is measured as the difference between the initial carrying amount of the loan determined in accordance with IFRS 9 and the consideration received.

Lease liabilities - IFRS 16

Liabilities under finance leases amounted to euros 25,271 thousand, of which euro 5,156 thousand related to the current portion and euro 20,115 thousand to the noncurrent portion; the outstanding transactions and the corresponding outstanding debt are shown below:

Lessee	Location	Lessor	Lease liabilities	Current	Non current
FS Srl	Dragoni (CE)	Pmimmobiliare Srl	96	15	81
Fib Spa	Monte Sant'Angelo (FG)	Pmimmobiliare Srl	475	110	365
Fib Spa	Monterubbiano (FM)	Pmimmobiliare Srl	460	107	353
Fib Spa	Teverola (CE)	Pmimmobiliare Srl	4,386	1,063	3,323
Fib Spa	Teverola (CE)	Pmimmobiliare Srl	5,373	1,333	4,040
FS Srl	Castenaso (BO)	Terzi	142	33	109
FS Srl	Mesero (MI)	Terzi	95	22	73
FS Srl	Roma (RM)	Terzi	179	39	140
Seri Plast Spa	Avellino (AV)	Pmimmobiliare Srl	36	36	0
Seri Plast Spa	Canonica D'Adda (BG)	Pmimmobiliare Srl	4,873	413	4,460
Seri Industrial SpA	San Potito Sannitico (CE)	Pmimmobiliare Srl	19	5	14
Seri Industrial SpA	San Potito Sannitico (CE)	Az. Agr. Quercete	126	75	51
Fib Spa	Alife (CE)	Pmimmobiliare Srl	494	105	389
Seri Plast Spa	Alife (CE)	Pmimmobiliare Srl	909	211	698
Seri Plast Spa	Alife (CE)	Pmimmobiliare Srl	37	9	28
ICS EU Sas	Peronne (Francia)	Pmimmobiliare Srl	1,443	132	1,311
Plastam EU	Arras (Francia)	Pmimmobiliare Srl	694	67	627
Seri Plast Spa	Pioltello MI	Pmimmobiliare Srl	2,606	604	2,002
Seri Plast Spa	Gubbio (PG)	Terzi	423	98	325
Repiombo Srl	Calitri (AV)	Pmimmobiliare Srl	78	18	60
ICS Poland	Brwinow (Polonia)	Terzi	862	214	648
Total			**23,806**	**4,709**	**19,097**

In application of IFRS 16, the debit transactions shown in the table above are recorded against existing lease contracts, mainly pertaining to the Group's production sites. For euros 22,107 thousand these are leases to Pmimmobiliare Srl and to Azienda Agricola Quercete.

Finance lease liabilities amount to euros 1,465 thousand and are mainly attributable to the subsidiary Seri Plast Spa. The current portion is euros 448 thousand, while the non-current portion is euros 1,017 thousand.

Note 47. Valuation of financial instruments

The disclosures required under the categories required by IFRS 9 are shown below. In particular, we indicate what is required by IFRS 13, which governs the measurement of *fair value* and related *disclosure*.
Fair value is the price that would be received for the sale of an asset or that would be paid for the transfer of a liability in an orderly transaction between market participants (i.e., not in a forced liquidation or below-cost sale) at the valuation date.

Fair value hierarchy

The Group must measure the *fair value of* an asset or liability by adopting the assumptions that market participants would use in pricing the asset or liability, assuming that market participants would act to best serve their economic interest (Level 1). In the absence of a quotation on an active market or in the absence of regular market functioning, that is, when the market does not have a sufficient and continuous number of transactions, bid-ask spreads, and volatility that are not sufficiently contained, the determination of the *fair value of* financial instruments is mainly accomplished through the use of valuation techniques having the objective of establishing the price of a hypothetical independent transaction, motivated by normal market considerations, on the valuation date. These techniques include: reference to market values that can be indirectly linked to the instrument being valued and inferred from products that are similar in terms of risk characteristics (level 2), and valuations carried out using - even in part - inputs that are not inferred from observable market parameters, for which estimates and assumptions formulated by the valuer are used (level 3).
The choice among the above methodologies is not optional, as they must be applied in hierarchical order:

- (Level 1) absolute priority is given to official prices available in active markets for the assets and liabilities to be valued;
- (Level 2) i.e., for assets and liabilities measured on the basis of valuation techniques that take as reference observable market parameters other than the quotations of the financial instrument;
- (Level 3) lower priority to assets and liabilities whose *fair value* is calculated on the basis of valuation techniques that take as reference parameters that are not observable in the market and, therefore, more discretionary.

The valuation method defined for a financial instrument is adopted continuously over time and is changed only as a result of major changes in market conditions or subjective changes in the Company.
IFRS 13 requires that we provide information with reference to the measurement of default risk (*nonperformance risk*) if we are determining the *fair value* of over-the-counter (OTC) derivatives, i.e., that set of transactions that are not listed on exchange lists, whose functionality is organized by some actors, and whose contractual characteristics are not standardized. This default risk includes both changes in the creditworthiness of the counterparty and changes in the creditworthiness of the Company itself (*own credit risk*). In order to fulfill the requirements of the standard, a calculation model, called *Bilateral Credit Value Adjustment* (BVA), is used, which values not only the effects of changes in the counterparty's creditworthiness (previously the subject of the valuation adjustment methodology called *credit risk adjustment*), but also changes in the own creditworthiness (*Debt Value Adjustment* - DVA). BVA consists of two addends, calculated considering the possibility of bankruptcy of both counterparties, called *Credit Value Adjustment* (CVA) and *Debt Value Adjustment* (DVA).

In the following table, financial assets and liabilities measured at *fair value* are divided among the different levels of the *fair value* hierarchy described above.

Criteria applied in the balance sheet valuation of assets and liabilities										
	Financial assets and liabilities measured at fair value							**Assets and liabilities measured at amortized cost**	**Unlisted equity investments measured at cost**	**Book value**
	With change in fair value recorded to:			**total fair value (A)**	**fair value hierarchy (notes a, b, c)**					
	profit and loss account	**equity**			**1**	**2**	**3**	**(B)**	**©**	**(A + B + C)**
	a	**b**	**c**					**d**	**e**	
Current financial assets				0				1,133		1,133
Financial assets at fair value through profit and loss	459			459	459					459
Derivative financial instruments		1,129		1,129	1,129					1,129
Trade receivables				0				32,270		32,270
Other current assets				0				31,332		31,332
Equity-accounted investments				0			538		538	538
Other non-current assets				0				1,207		1,207
Trade payables				0				46,520		46,520
Other current liabilities				0				15,945		15,945
Current borrowings				0				58,401		58,401
Current lease liabilities				0				5,156		5,156
Non-current borrowings				0				48,155		48,155
Non-current lease liabilities				0				20,115		20,115

a. Financial assets and liabilities measured at fair value with changes in fair value recognized in the income statement.
b. Hedging Derivatives (Cash Flow Hedge).
c. Available-for-sale financial assets measured at fair value with gains/losses recognized in equity.
d. Financial assets and liabilities measured at amortized cost.
e. Financial assets consisting of unlisted equity investments for which the fair value cannot be reliably measured are valued at Cost possibly reduced for impairment.

Note 48. Atypical and/or unusual transactions

No atypical and/or unusual transactions took place during the year, except for the transaction of "sale of a property by the subsidiary Plastam Europe Sas to Pmimmobiliare S.r.l., consequent signing of a property lease contract for commercial use between Plastam Europe S.a.s. and Pmimmobiliare S.r.l. and simultaneous signing of a framework agreement between Seri Industrial S.p.A. and Pmimmobiliare S.r.l. itself".

For further information, please refer to the Management Report "Other Information", for a description of the transaction please refer to "Note 44. Related party transactions" to the consolidated financial statements and the Information Document published by the Company on 27 December 2022.

Details of the equity and financial effects of the transaction are provided below:

Euro/000	31/12/2022	for atypical and/or unusual transactions
Current assets	166,893	1,200
Non-current assets	201,993	1,208
ASSETS	**368,886**	**2,408**
Current liabilities	128,155	(433)
Non-current liabilities	97,209	627
Equity	143,522	2,214
LIABILITIES AND EQUITY	**368,886**	**2,408**

The economic effects of the transaction are detailed below:

Euro / 000	31/12/2022	for atypical and/or unusual transactions
Revenues from contract with customers	175,452	
Other operating income	17,435	2,214
Internal works	11,233	
Total revenues, income and internal works	**204,120**	**2,214**
Operating costs	**186,388**	
Gross operating income	**17,732**	**2,214**
Depreciation and amortisation	21,661	
Write-downs/write-backs	160	
Net operating income (loss)	**(4,089)**	**2,214**
Finance income (expense)	(5,853)	
Profit (Loss) before tax	**(9,942)**	**2,214**
Income taxes	(5,500)	
Profit (Loss)	**(4,442)**	**2,214**

Note 49. Non-recurring transactions

During the fiscal year, there were no events or transactions whose occurrence is non-recurring, i.e., transactions or events that are not frequently repeated in the usual course of business, that had an impact on the financial position, results of operations, and cash flows of the Company and/or the Group except as noted in the Management Report "Commentary on Results and Other Information."

Note 50. Subsequent events

Please refer to "Subsequent events" in the Management Report.

Note 51. Fees of the Audit Firm

Please refer to the comments in the notes to the financial statements for the year regarding the fees related to the audit services and other miscellaneous services rendered by the auditing firm pertaining to the fiscal year as required by Article 149-duodecies of the Issuers' Regulations.

Per il Consiglio di Amministrazione
(Roberto Maviglia)

Annexes

1. Statement of changes in intangible assets
2. Statement of changes of rights-of-use assets
3. Statement of changes of property, plant and equipment
4. Information on transactions with related parties, pursuant to the Consob resolution 15519 of July 27, 2006

Annex 1. Statement of changes in intangible assets

(€/000)	Development costs	Patents and concessions	Goodwill	Intangible assets in progress	Other intangible assets	Total
Value at the beginning of the year						
Gross carrying amount	14,014	1,782	55,042	5,827	8,366	85,032
Accumulated amortisation	(10,062)	(1,058)	0	0	(6,601)	(17,720)
Net carrying amount - beginning of the year	3,952	723	55,042	5,827	1,766	67,312
Changes						
Additions	817	216	0	7,871	638	9,542
Transfers	4,179	371	0	(4,580)	7	(23)
Change in the scope of consolidation	(88)	0	0	0	(7)	(95)
Disposals	(177)	0	0	(6)	0	(183)
Amortisation	(2,116)	(356)	0	0	(940)	(3,412)
Changes in the period	2,615	231	0	3,286	(301)	5,828
Value at the end of the year						
Gross carrying amount	17,781	2,327	55,042	9,113	8,971	93,233
Accumulated amortisation	(11,214)	(1,373)	0	0	(7,506)	(20,094)
Net carrying amount – end of the year	6,567	955	55,042	9,113	1,465	73,140

Annex 2. Statement of changes in rights-of-use assets

(€/000)	Rights-of-use
Value at the beginning of the year	
Gross carrying amount	39,124
Accumulated depreciation	(15,933)
Net carrying amount - beginning of the year	23,191
Changes	
Acquisitions	9,562
Disposals	(220)
Depreciation	(5,466)
Changes in the period	3,876
Value at the end of the year	
Gross carrying amount	48,424
Accumulated depreciation	(21,357)
Net carrying amount – end of the year	27,067

Annex 3. Statement of changes of property, plant and equipment

(€/000)	Land and buildings	Plant and machinery	Commercial and Industrial equipment	Other tangible assets	Tangible assets in progress	Total
Value at the beginning of the year						
Gross carrying amount	5,899	99,414	13,342	1,635	532	120,822
Accumulated depreciation	(3,857)	(26,949)	(10,068)	(989)	0	(41,862)
Net carrying amount - beginning of the year	2,043	72,465	3,274	646	532	78,960
Changes	0	0	0	0	0	0
Additions	11	3,928	1,003	328	3,027	8,297
Transfers	(8)	395	11	14	(433)	(21)
Disposals	(848)	(75)	(1)	(6)	0	(931)
Depreciation	(295)	(11,290)	(1,038)	(161)	0	(12,783)
Changes in the period	(1,139)	(7,043)	(26)	175	2,595	(5,437)
Value at the end of the year	0	0	0	0	0	0
Gross carrying amount	3,130	103,452	14,336	1,966	3,126	126,012
Accumulated depreciation	(2,227)	(38,030)	(11,087)	(1,144)	0	(52,489)
Net carrying amount – end of the year	903	65,422	3,249	821	3,126	73,523

Annex 4a. Information on transactions with related parties, pursuant to the Consob resolution 15519 of 27 July 2006.

Consolidated Balance Sheet

	31/12/2022	Related parties	% on the item	31/12/2021	Related parties	% on the item
Cash and cash equivalents	24,817		0%	19,500		0%
Financial assets	1,133	1	0%	1,702	11	1%
Financial assets at fair value through profit or loss	459		0%	509		0%
Current derivative financial assets	1,129		0%	0		0%
Trade receivables	32,270	747	2%	37,015	615	2%
Other current assets	31,332	344	1%	31,402	5,083	16%
Inventories	75,753		0%	63,606		0%
Current Assets	**166,893**	**1,093**	**1%**	**153,734**	**5,709**	**4%**
Intangible assets	73,140		0%	67,312		0%
Rights-of-use assets	27,066		0%	23,191		0%
Property, plant and equipment	73,523		0%	78,960		0%
Other non-current assets	538		0%	554		0%
Other activities	1,207	1,152	95%	1,208	1,151	95%
Deferred tax assets	26,519		0%	21,091		0%
Non-current assets	**201,993**	**1,152**	**1%**	**192,316**	**1,151**	**1%**
ASSETS	**368,886**	**2,244**	**1%**	**346,050**	**6,860**	**2%**
Liabilities and Equity						
Trade payables	46,520	688	1%	47,930	4,177	9%
Other current liabilities	15,945	1,877	12%	22,122	5,682	26%
Current borrowings	58,401	1,005	2%	75,801	742	1%
Current lease liabilities	5,156	4,303	83%	5,188	4,388	85%
Current derivative financial liabilities	0		0%	40		0%
Current Tax liabilities	1,444		0%	1,498		0%
Short term provisions	689		0%	1,154		0%
Current liabilities	**128,155**	**7,873**	**6%**	**153,733**	**14,989**	**10%**
Non-current borrowings	48,155		0%	20,917	1,488	7%
Non-current lease liabilities	20,115	17,803	89%	17,782	15,358	86%
Provisions for employee benefits	4,235		0%	4,676		0%
Deferred tax liabilities	566		0%	836		0%
Other non-current liabilities	24,004	654	3%	27,065		0%
Long-term provisions	134		0%	107		0%
Non-current liabilities	**97,209**	**18,457**	**19%**	**71,383**	**16,846**	**24%**
Share capital	97,313		0%	95,066		0%
Statutory reserve	730		0%	533		0%
Share premium	8,710		0%	5,305		0%
Other reserves	41,125		0%	21,150		0%
Profit (Loss)	(4,385)		0%	(1,534)		0%
Equity attributable to owners of the Parent	**143,493**	**0**	**0%**	**120,520**	**0**	**0%**
Share Capital and reserve	86		0%	374		0%
Profit (Loss)	(57)		0%	40		0%
Non-controlling interest	**29**	**0**	**0%**	**414**	**0**	**0%**
Total equity	**143,522**	**0**	**0%**	**120,934**	**0**	**0%**
LIABILITIES AND EQUITY	**368,886**	**26,330**	**7%**	**346,050**	**31,835**	**9%**

Annex 4b. Information on transactions with related parties, pursuant to the Consob resolution 15519 of 27 July 2006.

Consolidated Income Statement

	31/12/2022	Related parties	% on the item	31/12/2021	Related parties	% on the item
Revenues from contract with customers	175,452	94	0%	157,704	88	0%
Other operating income	17,435	1,250	7%	11,643	72	1%
Internal works	11,233		0%	7,773		0%
Total revenues, income and internal works	**204,120**	**1,344**	**1%**	**177,120**	**160**	**0%**
Purchase of materials	121,652	863	1%	102,575	502	0%
Change in inventories	(14,692)		0%	(11,059)		0%
Services expense	47,202	1,202	3%	33,353	1,122	3%
Other operating costs	2,975	467	16%	3,232	394	12%
Personnel cost	29,251	1,705	6%	28,905	1,556	5%
Operating costs	**186,388**	**4,236**	**2%**	**157,006**	**3,574**	**2%**
Gross operating income	**17,732**	**(2,892)**	**(16%)**	**20,114**	**(3,414)**	**(17%)**
Depreciation and amortisation	21,661		0%	20,184		0%
Write-downs/write-backs	160		0%	811		0%
Net operating income (loss)	**(4,089)**	**(2,892)**	**71%**	**(881)**	**(3,414)**	**388%**
Finance income	425		0%	753		0%
Finance expense	6,277	1,171	19%	4,580	973	21%
Profit (Loss) from equity-accounted investments	(1)		0%	4		0%
Profit (Loss) before taxes	**(9,942)**	**(4,063)**	**41%**	**(4,704)**	**(4,387)**	**93%**
Income taxes	(5,500)		0%	(3,210)		0%
Profit (Loss)	**(4,442)**	**(4,063)**	**91%**	**(1,494)**	**(4,387)**	**294%**
Attributable to non-controlling interests	(57)		0%	40		0%
Attributable to owners of the Parent	**(4,385)**		**0%**	**(1,534)**		**0%**

Financial statements as of December 31, 2022

Balance Sheet (*)

Euros / 000	Notes	31/12/2022	31/12/2021
Cash and cash equivalents	6	23,512	17,530
Financial assets	7	1,888	22,954
Financial assets at fair value through profit or loss	8	459	509
Current derivative financial assets	9	1,042	0
Trade receivables	10	711	342
Other current assets	11	547	1,087
Current assets		**28,159**	**42,422**
Intangible assets	12	113	155
Rights-of-use assets	13	207	268
Property, plant and equipment	14	111	99
Equity-accounted investments	15	141,387	89,810
Other non-current assets	16	3,125	31,250
Deferred tax assets	17	20,606	13,733
Non-current assets		**165,549**	**135,315**
ASSETS		**193,708**	**177,737**
Liabilities and Equity			
Trade payables	18	1,346	1,045
Other current liabilities	19	1,305	2,227
Current borrowings	20	16,637	57,055
Current lease liabilities	21	96	88
Current derivative financial liabilities	22	0	21
Current tax liabilities	23	111	190
Short term provisions	24	165	212
Passività correnti		**19,660**	**60,838**
Non-current borrowings	25	30,300	5,088
Non-current lease liabilities	26	102	178
Provisions for employee benefits	27	775	832
Deferred tax liabilities	28	250	0
Other non-current liabilities	29	40	0
Non-current liabilities		31,467	6,098
Share capital		97,313	95,066
Statutory reserve		730	533
Share premium		8,710	5,305
Other reserves		30,505	5,965
Profit (Loss)		5,323	3,932
Total equity	**30**	**142,581**	**110,801**
LIABILITIES AND EQUITY		**193,708**	**177,737**

(*) Pursuant to CONSOB Resolution No.15519 of July 27, 2006, the effects of related party transactions and significant non-recurring events and transactions on the Balance Sheet are shown in the appropriate Balance Sheet Schedule in Annex 4a.

Income Statement(*)

Euros / 000	**Notes**	**31/12/2022**	**31/12/2021**
Revenues from contract with customers		4,539	4,380
Other operating income		171	217
Total revenues, income and internal works	**34**	**4,710**	**4,597**
Purchase of materials		12	12
Services expense		2,305	2,264
Other operating costs		306	326
Personnel costs		3,040	2,812
Operating costs	**35**	**5,663**	**5,414**
Gross operating income		**(953)**	**(817)**
Depreciation and amortisation	36	196	179
Write-downs/write-backs	36	92	12
Net Operating Income (Loss)		**(1,241)**	**(1,008)**
Finance income	37	989	788
Finance expense	37	1,320	892
Profit (Loss) from equity-accounted investments	37	(1)	4
Profit (Loss) before taxes		**(1,573)**	**(1,108)**
Income taxes	**38**	**(6,896)**	**(5,040)**
Profit (Loss)		**5,323**	**3,932**

(*) Pursuant to CONSOB Resolution No.15519 of July 27, 2006, the effects of related party transactions and significant non-recurring events and transactions on the Income Statement are shown in the appropriate Income Statement Schedule in Annex 4b.

Comprehensive Income Statement

Euros / 000	Notes	31/12/2022	31/12/2021
Profit (Loss)	**30**	**5,323**	**3,932**
Other comprehensive income/(expense) that may be subsequently reclassified to profit or loss (net of taxes)			
Change in the fair value of cash flow hedging derivatives	30	790	200
Other components of comprehensive income/(expense) that may not be subsequently reclassified to profit or loss (net of taxes)			
Remeasurement of defined benefit plans	30	126	38
Total other comprehensive income/(expense) for the year		**916**	**238**
Consolidated comprehensive income/(expense) for the year		**6,239**	**4,170**

Cash Flow Statement

Euros / 000	Notes	31/12/2022	31/12/2021
Profit (Loss)		**5,323**	**3,932**
Adjustments to reconcile profit (loss) to net cash			
Depreciation and net impairment losses (reversals) of property, plant and equipment and rights-of-use	36	40	115
Amortization and net impairment losses (reversals) of intangible assets	36	157	65
Gain/(Loss) on disposal of property, plant and equipment	36	0	0
Finance income	37	(990)	(788)
Finance expense	37	1,320	892
Other non-cash changes		315	(2)
Net change in deferred tax assets (liabilities)	17-28	(6,702)	(4,965)
Net change in the provisions and employee benefits	24-27	(103)	(0)
Variazioni del capitale circolante:			
Change of trade receivables	10	(370)	3,033
Change of trade payables	18	301	1
Change of other liabilities	19	(883)	759
Interest received		990	788
Interest paid		(1,320)	(892)
Income taxes paid		0	0
Net cash flows from (used in) operating activities		**(1,382)**	**3,139**
Investing activities			
Purchase of tangible assets	14	(50)	(107)
Purchase of intangible assets	12	(31)	(57)
Investments in tangible assets, rights of use and intangible assets		*(81)*	*(164)*
Change in financial receivables and other financial assets	07-08	(2,668)	(2,310)
Net cash flows from (used in) investing activities		**(2,749)**	**(2,474)**
Financing activities			
Proceeds from lease liabilities	21-26	0	89
Payments of lease liabilities	21-26	(75)	(22)
Finanziamenti ricevuti	20-25	5,000	7,700
Increase/(Decrease) in borrowings	20-25	(21,268)	(1,384)
Other flows from financing activities	30	26,456	8,304
Net cash flows from (used in) financing activities		**10,113**	**14,688**
Increase/(Decrease) in cash and cash equivalents	6	5,982	15,353
Cash and cash equivalents at January 1st	6	17,530	2,177
Cash and cash equivalents at December 31	**6**	**23,512**	**17,530**

(*) Other flows from financing sources include the effects of the conclusion of the last Warrant Exercise Period in the amount of 22,996 thousand euros.

Changes in Shareholders' Equity (Note 30)

Euros/000	Share capital	Statutory reserve	Share premium	Other reserves	Profit (Loss)	Total equity
January 1, 2021	93,091	421	2,313	497	2,242	98,564
Retained earnings		112		2.130	(2.242)	
Capital increase	1,975		2,992	3,100		8,067
Other changes in equity						
Other comprehensive income				238		238
Profit (Loss)					3,932	3,932
December 31, 2021	95,066	533	5,305	5,965	3,932	110,801
January 1, 2022	95,066	533	5,305	5,965	3,932	110,801
Retained earnings		197		3,735	(3,932)	
Capital increase	2,247		3,405	19,896		25,548
Other changes in equity				(7)		(7)
Other comprehensive income				916		916
Profit (Loss)					5,323	5,323
December 31, 2022	97,313	730	8,710	30,505	5,323	142,581

Explanatory notes

Note 1. Foreword

Seri Industrial SpA is a joint-stock company incorporated in Italy and is registered with the Caserta Business Registry Office. The addresses of the registered office and locations where the main activities of the Company are conducted are given in the Management Report.
The activities that Seri Industrial SpA, as part of its guidance and coordination function, performs with respect to other Group companies, also in relation to the organizational structure adopted by the Company, can be summarized as follows: activities of Holding Functions, related to the coordination of governance processes at the Group level:

- Administration, Finance and Control;
- Human Resources and Organization;
- Communication;
- Legal and Corporate Affairs;
- Information Systems;
- Audit.

In this context, the Company in its role as an investment holding company focuses its activities:

- On the management and coordination of Group companies;
- On the strategic direction of activities, remunerated through dividends received from subsidiaries;
- On institutional services provided by holding company staff functions for the benefit of subsidiaries (remunerated through service contracts).

Within the Group, Seri Industrial SpA meets liquidity needs mainly through cash flows generated through centralized treasury management and from ordinary operations and through the use of a variety of financing sources.
Seri Industrial SpA, as the Parent Company, has prepared the Consolidated Financial Statements of the Seri Industrial Group as of December 31, 2022, which is an integral part of this Annual Financial Report pursuant to Article 154 ter, paragraph 1, Consolidated Law on Finance (Legislative Decree No. 58 of February 24, 1998).
The publication of these financial statements was authorized by the Board of Directors at its meeting on March 22, 2023.
These financial statements of Seri Industrial SpA for the fiscal year January 1 - December 31, 2022 are prepared in thousands of euros. These financial statements are audited by the independent auditors EY SpA.

Note 2. Form and Content

The financial statements for the year ended December 31, 2022 have been prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), which are recognized in the European Union under Regulation (EC) No. 1606/2002 and in force at the close of the fiscal year. The set of all the above-mentioned standards and interpretations of reference is hereinafter referred to as "IFRS-EU." These financial statements have been prepared in implementation of Paragraph 3 of Article 9 of Legislative Decree No. 38 of February 28, 2005.
The financial statements consist of the Balance Sheet, Income Statement, Statement of Comprehensive Income recognized during the year, Statement of Changes in Shareholders' Equity, Statement of Cash Flows, and related notes.
In the Balance Sheet, assets and liabilities are classified on a "current/non-current" basis with specific separation, if any, of assets classified as held for sale and liabilities included in disposal groups classified as held for sale. Current assets, which include cash and cash equivalents, are those that are intended to be realized, sold, or consumed in the Company's normal operating cycle or in the 12 months after the end of the fiscal year; current liabilities are those that are expected to be settled in the Company's normal operating cycle or in the 12 months after the end of the fiscal year and the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the fiscal year.
The Income Statement is classified according to the nature of costs, with separate evidence of the net result of continuing operations and that of any discontinued operations. The Income Statement also presents subtotals-such as operating costs (given by the sum of: cost of materials purchases, change in inventories, cost of services, other operating costs and personnel costs)-and partial results-such as Gross Operating Margin (equal to the algebraic sum of Operating Income, Depreciation and Amortization and Impairment/Recoveries)-as they are considered significant for understanding the Group's financial position. Both subtotals and partial results are therefore made up of items that consist of amounts recognized and measured in accordance with IFRS.

The Statement of Cash Flows is presented using the indirect method with evidence of net cash flows from operating, investing, and financing activities and, where applicable, that associated with discontinued operations.
The Income Statement and Balance Sheet schedules attached to the explanatory notes (Appendix 4) show transactions with related parties.
The financial statements are prepared on a going concern basis by applying the historical cost method, except for those items that under IFRS-EU are recognized at fair value, as indicated in the accounting policies for individual items in the consolidated financial statements, to which reference should be made, and non-current assets (or disposal groups) classified as held for sale, which are measured at the lower of carrying amount and fair value less costs to sell. The currency used for the presentation of the financial statements is the euro, the Company's functional currency, and the amounts reported in the Notes to the Financial Statements are expressed in euro thousands, unless otherwise indicated.

Note 3. Accounting policies, use of estimates, and significant management judgments

3.1 Significant accounting standards

The accounting principles and valuation criteria adopted for the preparation of the annual financial statements are the same, where applicable, as those adopted for the preparation of the consolidated financial statements, to which reference should be made, except for investments in subsidiaries and affiliates.

Investments in subsidiaries and affiliated companies

Control is achieved when the Company is exposed or entitled to the variable returns from its relationship with the investee and has the ability, through the exercise of its power over the investee, to influence its returns. Power is defined as the current ability to direct the relevant activities of the investee by virtue of existing substantive rights.
Affiliates are defined as companies over which the Company exercises significant influence. Significant influence is the power to participate in determining the financial and management policies of the investee without having control or joint control over it.
Investments in subsidiaries and affiliates are valued at acquisition cost. Cost is adjusted for any impairment losses; these are subsequently reinstated if the assumptions that caused them cease to exist; the reinstatement of value may not exceed the original cost.
In the event that the loss attributable to Seri Industrial SpA exceeds the carrying value of the investment and the investor is obligated to fulfill legal or implied obligations of the investee company or otherwise cover its losses, any excess over the carrying value is recorded in a special liability reserve under provisions for risks and charges.
In the case of the sale, without economic substance, of an equity investment to a company under common control, any difference between the consideration received and the carrying value of the equity investment is recognized within equity.

Dividends from subsidiaries and affiliates

Dividends from equity investments are recognized in the Income Statement when the shareholders' right to receive payment is established. Dividends payable to third parties are represented as a movement in shareholders' equity on the date they are approved by the Shareholders' Meeting.

3.2 Use of significant management estimates and judgments

The use of estimates and management judgments adopted in the preparation of the annual financial statements are the same, where applicable, as those adopted in the preparation of the consolidated financial statements, to which reference should be made, except for the recoverability of the carrying value of equity investments, which is discussed below:

Recoverability of the carrying value of equity investments

The Company assesses at least annually the presence of indicators of impairment of each equity investment, should they arise, and subjects these assets to impairment testing. The processes and methods for assessing and determining the recoverable amount of each equity investment are based on sometimes complex assumptions that by their nature involve reliance on the judgment of the directors, particularly with regard to identifying indicators of impairment, forecasting their future profitability for the period of the Group's business plan, determining the normalized cash flows underlying the estimate of terminal value, and determining the long-term growth and discount rates applied to the forecasts of future cash flows.

Note 4. New accounting standards, amendments and interpretations

With reference to the recently issued accounting standards, please refer to what has already been stated in the consolidated financial statements.

Note 5. Management and coordination activities

Although the Company is directly controlled by right, pursuant to Article 2359, Paragraph 1, No. 1 of the Civil Code and Article 93 of the TUF, through SE.R.I. SpA, by Vittorio Civitillo and Andrea Civitillo, it is no longer subject to the management and coordination of SE.R.I. SpA.
In fact, on June 28, 2021, the Board of Directors of Seri Industrial SpA, as a result of a lengthy verification process, resolved to determine that there are no longer effective elements to consider the Company subject to the management and coordination activities of others.
For further details, please refer to the Management Report, "Other Information - Management and Coordination Activities" section.

Comment on balance sheet items

The values shown in the notes to the financial statements, unless otherwise specified, are shown in thousands of euros.
The balance sheet figures presented in the comments and tables in the Notes are consistent and comparable with the figures as of December 31, 2021.

Current assets

The following table shows the breakdown of the item:

	31/12/2022	31/12/2021	Change	Change %
Cash and cash equivalents	23,512	17,530	5,982	34%
Financial assets	1,888	22,954	(21,066)	(92%)
Financial assets at FV through profit or loss	459	509	(50)	(10%)
Current derivative financial assets	1,042	0	1,042	100%
Trade receivables	711	342	369	108%
Other current assets	547	1,087	(540)	(50%)
Current Assets	**28,159**	**42,422**	**(14,263)**	**(34%)**

Note 6. Cash and cash equivalents

	31/12/2022	31/12/2021	Change	Change %
Cash and cash equivalents	23,512	17,530	5,982	34%
Total	**23,512**	**17,530**	**5,982**	**34%**

The item **cash and cash equivalents, amounting to** 23,512 thousand euros, relates to positive current account balances. The company acts as a pooler in the context of the cash pooling relationships in place with its subsidiaries. The amount of cash and cash equivalents is mainly attributable to the conversion in the last exercise period of Uno SERI 2017-2022 Warrants of 45,717,480 Warrants with a countervalue of 22,996 thousand euros.
Cash and cash equivalents are free of encumbrances and have no disposal costs.

Note 7. Financial assets

	31/12/2022	31/12/2021	Change	Change %
Financial assets	1,888	22,954	(21,066)	(92%)
Total	**1,888**	**22,954**	**(21,066)**	**(92%)**

Current **financial assets** are recorded in the amount of euro 1,888 thousand; they mainly include receivables of a financial nature from the subsidiary Seri Plast Spa for euro 1,375 thousand, from third parties for the sale of the equity investment Matica Technologies Group SA for euro 289 thousand and other residual assets for euro 224 thousand. The change from the previous year is attributable to the full waiver of shareholder loans provided to the subsidiary FIB for a total amount of euro 51.8 million.

For measurement purposes, all financial assets are classified as "Financial assets at amortized cost" (IFRS9.5.2.1).

Note 8. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are recorded in the amount of 459 thousand euros and include investments in readily marketable securities called *"Cash collect protection 100%"* issued by Unicredit.

Note 9. Current derivative financial assets

Current derivative financial assets are recorded in the amount of 1,042 thousand euros. The balance includes the valuation of the hedging derivative (swap derivative financial instrument) entered into in order to hedge against the risk of interest rate fluctuations in relation to a medium/long-term, variable-rate, unsecured loan agreement signed on September 25, 2020 with Unicredit S.p.a., accounted for in accordance with IFRS 9. Given that the underlying elements of the underwritten financial instrument and the underlying loan are closely related, pursuant to paragraph B6.4.4 of IFRS 9, it is therefore inferred that there is an economic relationship between the value of the hedging instrument and the hedged item such that it causes a similar reaction to the risk being hedged. Pursuant to paragraph B6.4.14 of IFRS 9, the carrier elements of the hedging instrument and the hedged item are substantially aligned, so only a test from a "qualitative" point of view is carried out with reference to the effectiveness of the hedge.

Note 10. Trade receivables

	31/12/2022	31/12/2021	Change	Change %
Trade receivables	711	342	369	108%
Total	**711**	**342**	**369**	**108%**

The item contains **trade receivables** from third parties and Group companies of euro 711 thousand, mainly related to:

- nominal euro 176 thousand (amounting to nominal euro 150 thousand as of December 31, 2021) mainly from companies previously belonging to the Group. The item is shown net of an allowance for doubtful accounts of 159 thousand euros (amounting to 62 thousand euros as of December 31, 2021);
- euro 15 thousand from related companies;
- 132 thousand euros from companies subject to the control of the parent company SE.R.I. S.p.A.
- euro 547 thousand to directly or indirectly controlled companies;

Please refer to "Note 40 Risk Disclosure - Credit Risk," for the breakdown of receivables between past due and overdue.

Note 11. Other current assets

	31/12/2022	31/12/2021	Change	Change %
Other current assets	547	1,087	(540)	(50%)
Total	**547**	**1,087**	**(540)**	**(50%)**

The following is a breakdown of the item and comparison with the previous year:

Other current assets	31/12/2022	31/12/2021	Change	Change %
Other current receivables	209	221	(12)	(5%)
Current tax assets	49	293	(244)	(83%)
Accruals and prepayments	289	327	(38)	(12%)
Other assets with related parties	0	10	(10)	(100%)
Group VAT receivables	0	236	(236)	(100%)
Total other current assets	**547**	**1.087**	**(540)**	**(50%)**

Tax receivables decreased by euro 244 thousand mainly attributable to the settlement of a receivable from the tax authorities for VAT reimbursement that amounted to euro 250 thousand as of December 31, 2021.
Please refer to "Note 40 Risk Disclosure - Credit Risk," for the breakdown of receivables between past due and overdue.

Non-current assets

The following table shows the breakdown of the item:

	31/12/2022	31/12/2021	Change	Change %
Intangible assets	113	155	(42)	(27%)
Rights-of-use assets	207	268	(61)	(23%)
Property, plant and equipment	111	99	12	12%
Equity-accounted investments	141,387	89,810	51,577	57%
Other non-current assets	3,125	31,250	(28,125)	(90%)
Deferred tax assets	20,606	13,733	6,873	50%
Non-current Assets	**165,549**	**135,315**	**30,234**	**22%**

Note 12. Intangible assets

	31/12/2022	31/12/2021	Change	Change %
Intangible assets	113	155	(42)	(27%)
Total	**113**	**155**	**(42)**	**(27%)**

The item includes software use licenses related to the information system and website, as well as registered trademarks. In relation to intangible non-current assets, no indicators were identified that showed the need for impairment testing. Intangible assets have not been subject to impairment or revaluation in previous years. Attached to the explanatory notes is a table of changes in the item (Annex 1).

Note 13. Rights-of-use assets

	31/12/2022	31/12/2021	Change	Change %
Rights-of-use assets	207	268	(61)	(23%)
of which: Rights of use - rental	*138*	*188*	*(50)*	*(27%)*
of which: Rights of use - leasing	*68*	*80*	*(12)*	*(15%)*
Total	**207**	**268**	**(61)**	**(23%)**

The item includes the recognition, as required by IFRS 16, of usage rights related to the lease of the company's headquarters, guest quarters and other finance leases. The office lease agreement provides for the payment of a monthly rent of euro 6.5 thousand. The asset recorded at the inception date is 390 thousand euros; the debt, initially recorded at the same value as the asset, is discounted using a discount rate of 3.50%. Attached to the notes to the financial statements is a table showing the changes that have occurred to tangible assets for rights of use (Annex 2).

Note 14. Property, plant and equipment

	31/12/2022	31/12/2021	Change	Change %
Property, plant and equipment	111	99	12	12%
Total	**111**	**99**	**12**	**12%**

The item includes miscellaneous equipment, electronic machines, furniture and fixtures, and other assets.
In relation to property, plant and equipment, no indicators were identified that showed the need for impairment testing. Tangible fixed assets have not been subject to impairment or revaluation in previous years. Attached to the explanatory notes is a table containing the changes that have occurred to tangible fixed assets (Annex 3).

Note 15. Equity-accounted investments

	31/12/2022	31/12/2021	Change	Change %
Equity-accounted investments	141,387	89,810	51,577	57%
Total	**141,387**	**89,810**	**51,577**	**57%**

The following table shows the breakdown of the item:

	31/12/2021	*Sales/wind-down*	*Loss/Value Adj*	*Capital contributions*	*Other movements*	31/12/2022	% of ownership
Subsidiary companies							
Fib S.p.A.	39,006			51,858	4	90,868	100%
Seri Plast S.p.A.	50,250				1	50,251	100%
Tolo Energia Srl in liqu.	264		4			268	100%
Investments in other companies							
Matica Technologies SA	290	(283)	(7)			0	0,00%
Total	**89,810**	**(283)**	**(3)**	**51,858**	**5**	**141,387**	

The list containing the essential data of the investee companies is contained in the table attached to the explanatory commentary (Appendix 5).
During the year, (i) the value of the equity investment held in Tolo Energia Srl in liquidation was reinstated taking into account the expected realizable value compared to the equity that is expected to be monetized by the investee (ii) the shares held in Matica Technologies Group SA were sold (iii) capital contributions in the total amount of 51.8 million euros were made by waiving shareholder loans in the subsidiary Fib. 156

Impairment test

The equity investments have been subjected to impairment testing. The table attached to the explanatory notes (Appendix 5) shows the comparison between the carrying value and the pro-rata share of equity held in the investee.
The checks carried out were conducted, as indicated above, by conducting impairment tests in the manner set out below.
The impairment test analysis was conducted by estimating the recoverable value based on the value configuration represented by the value in use, i.e., on the verification of the expected cash flows (*Discounted Cash Flow* methodology) reflected in the 2023-2026 forecast plans updated taking into account the effects of the inclusion of the accounting situation as of December 31, 2022 and any time slippages of ongoing projects) and approved by the Company's Board of Directors on March 20, 2023.
As for the 2023-2026 forecast plans for the investee companies, they reflect the best estimates that can be made regarding the main assumptions, which underlie the company's operations (macroeconomic and price trends, operating assumptions of the production *assets*). These assumptions and the corresponding economic, equity and financial information were deemed suitable for the purpose of conducting the impairment test by the Board of Directors, which approved the results.
Management has based its estimate of flows from forecast plans on specific assumptions while also taking into account, where available, external sources:

Seri Plast Spa Participation

With regard to revenues, the estimate was made for each business unit taking into account customer relationships and long-term contracts signed, as well as forecasts of the underlying outlet markets that predict positive outlooks in terms of volumes.

FIB Spa shareholding

With reference to revenues, the estimate was made for each business unit taking into account the developments in the target markets, and new projects, which foresee positive outlooks in terms of volumes, and customer relationships and long-term contracts signed.

Regarding the investments held in Fib and Seri Plast, the valuation was carried out starting from the medium- to long-term plans. The analysis was carried out on the basis of an explicit forecasting horizon of the medium-term plans and on the basis of long-term forecasts. These elaborations present the characteristics of uncertainty and aleatoriness typical of future forecasts and economic estimates; in fact, the estimates are by their nature subject to exogenous variables that cannot be governed by management and that, under certain circumstances, can also significantly affect the accuracy of the forecasts made.
The time horizon used is four years, with the calculation of a terminal value based on operating cash flow appropriately normalized to maintain current business operating conditions and considering a diversified growth rate based on the different holdings.
The following table shows the time extension taken as a reference, the application of a terminal value, if any, and the associated growth rate and discount rate (WACC) used for impairment testing purposes:

Participated	Time horizon	Terminal value	Growth rate	Discount rate
Fib Spa	2023-2026	Yes - Perpetuity	2%	12.32%
Seri Plast Spa	2023-2026	Yes - Perpetuity	2%	11.68%

Comparative information regarding the impairment tests carried out in FY2022 performed on the investment held in Seri Industrial SpA are as follows:

Participated	Time horizon	Terminal value	Growth rate	Discount rate
Fib Spa	2023-2026	Yes - Perpetuity	2%	12.32%
Seri Plast Spa	2023-2026	Yes - Perpetuity	2%	11.68%

The discount rates, consistent with the flows described above, were estimated by determining the weighted average cost of capital. Following the process described above, recoverable values were determined to be higher than book values, such that no write-downs were recorded in relation to the investments held in Fib Spa and Seri Plast Spa.
A number of factors were taken into account in the evaluation that may affect individual companies depending on their technological, geographical and competitive characteristics.
In addition, further analysis and *sensitivity* were conducted based on the forecasts recorded at the end of 2022 and based on different assumptions regarding the performance of scenarios (growth rate and discount rate). The sensitivity analyses on the impairment test conducted, following the process described above, applying a growth rate plus/minus 0.5 percent and a discount rate plus/minus 0.5 percent, did not reveal any reductions in recoverable value compared to the carrying value.
Additional sensitivities were carried out in order to determine the increases in discount rates and reductions in EBITDA that would, taken individually, result in the recoverable value being aligned with the carrying value of the individual investments; the findings are as follows:

Participated	EBITDA Variation from Forecast Plans	WACC Variation from Forecast Plans
Fib Spa	(67.73%)	+10.09%
Seri Plast Spa	(28.61%)	+3.07%

With regard to the investment held in Tolo Energia S.r.l in liquidation, the recoverable amount was determined using the simple equity method based on an estimate of the market value as of December 31, 2022, of individual adjusted assets and liabilities.

Note 16. Other non-current assets

	31/12/2022	31/12/2021	Change	Change %
Other non-current assets	3,125	31,250	(28,125)	(90%)
Totale	**3,125**	**31,250**	**(28,125)**	**(90%)**

The item includes the non-current portion of loans granted to the subsidiary Seri Plast for euro 3,125. The aforementioned loan relates to a medium/long-term loan agreement (guaranteed by Sace), maturing on June 30, 2026, that Unicredit SpA granted to Seri Industrial for euro 20 million as part of the Liquidity Decree with a restriction on its allocation to the wholly owned subsidiaries Fib Spa (for euro 15 million - equal to zero as of December 31, 2022) and Seri Plast Spa for euro 5 million (equal to euro 4,375 thousand as of December 31, 2022 - of which euro 3,125 is non-current). The change from the previous year is attributable to the full waiver of shareholder loans provided to the subsidiary FIB in the total amount of euro 51.8 million.

Note 17. Deferred tax assets

	31/12/2022	31/12/2021	Change	Change %
Deferred tax assets	20,606	13,733	6,873	50%
Total	**20,606**	**13,733**	**6,873**	**50%**

The item includes **tax assets for deferred tax assets** determined on tax losses under tax consolidation as shown in the following table:

(Euro/000)	31/12/2021	Uses	Increases	31/12/2022
On losses before 2018	5,418			5,418
On 2020 losses	3,297			3,297
On losses 2021	4,995	4		4,991
On losses 2022			6,901	6,901
Total	13,710	4	6,901	20,606

The above deferred tax assets were recognized after verifying the existence of future taxable profits sufficiently large to absorb them and additional benefits related to other deferred tax assets.

The companies under Italian law belonging to the Group that have exercised, as consolidated companies, the option for the domestic tax consolidation scheme, pursuant to Article 117 et seq. of Chairmanial Decree 917/86, under which taxable income for IRES purposes is transferred to the consolidating company Seri Industrial SpA are:

- Plast Research & Development Srl, Tolo Energia Srl in liquidation, who joined the option for 2018-2019-2020-2021-2022;
- Seri Plast Spa, FIB Spa, Lithops Srl in liquidation, Repiombo Srl, Faam Research Center Srl and FS Srl who have joined the option for the three-year period 2019-2020-2021-2022;
- F&F Srl and FLB Srl who have taken up the option for the 2021-2022 fiscal year.

Current liabilities

The following table shows the breakdown of the item:

	31/12/2022	31/12/2021	Change	Change %
Trade payables	1,346	1,045	301	29%
Other current liabilities	1,305	2,227	(922)	(41%)
Current borrowings	16,637	57,055	(40,418)	(71%)
Current lease liabilities	96	88	8	9%
Current derivative financial liabilities	0	21	(21)	(100%)
Current tax liabilities	111	190	(79)	(42%)
Short term provisions	165	212	(47)	(22%)
Current Liabilities	**19,660**	**60,838**	**(41,178)**	**(68%)**

Note 18. Trade payables

	31/12/2022	31/12/2021	Change	Change %
Trade payables	1,346	1,045	301	29%
Total	**1,346**	**1,045**	**301**	**29%**

This item is recorded in the amount of 1,346 thousand euros and includes trade payables to third parties and Group companies, specifically:

Trade payables	31/12/2022	31/12/2021	Change	Change %
Trade payables with third parties	1,293	945	348	37%
Trade payables with related parties	53	100	(47)	(47%)
Total trade payables	**1,346**	**1,045**	**301**	**29%**

Overdue trade payables as of December 31, 2022 amounted to euro 917 thousand (euro 729 thousand as of December 31, 2021).

Note 19. Other current liabilities

	31/12/2022	31/12/2021	Change	Change %
Other current liabilities	1,305	2,227	(922)	(41%)
Total	**1,305**	**2,227**	**(922)**	**(41%)**

Other current liabilities amounted to 1,305 thousand euros.
The following is a breakdown of the item and comparison with the previous year:

Other current liabilities	31/12/2022	31/12/2021	Change	Change %
Other liabilities to employees	564	607	(43)	(7%)
Other social security and welfare liabilities	178	195	(17)	(9%)
Other liabilities to third parties	218	352	(134)	(38%)
Other liabilities with related parties	98	110	(12)	(11%)
Accruals and prepayments	8	0	8	100%
Other liabilities to related parties	239	963	(724)	(75%)
Total other current liabilities	**1.305**	**2.227**	**(922)**	**(41%)**

The reduction is mainly attributable to (i) the reduction in the sub-item other payables to third parties related to the installment payment to Banca Akros (ii) the reduction in VAT payable balances to the parent company SE.R.I. Spa.

Note 20. Current borrowings

	31/12/2022	31/12/2021	Change	Change %
Current borrowings	16,637	57,055	(40,418)	(71%)
Total	**16,637**	**57,055**	**(40,418)**	**(71%)**

Current borrowings are recorded in the amount of 16,637 thousand euros and show a decrease of 40,418 thousand euros compared to December 31, 2021. This reduction can be attributed to the disclosure in non-current liabilities of the non-current portions of the loan agreements backed by financial covenants, which in accordance with IAS 1 as of December 31, 2021 had been classified as current liabilities.
A summary table of the type of indebtedness is shown below, with evidence of the technical form of indebtedness compared to the previous year:

Current borrowings	31/12/2022	31/12/2021	Change	Change %
Bank loans	5,800	30,400	(24,600)	(81%)
Other financial debts	10,837	26,655	(15,818)	(59%)
Total	**16,637**	**57,055**	**(40,418)**	**(71%)**

Bank loans include the current portion of noncurrent bank loans signed with Unicredit S.p.A and Banca Progetto S.p.A. for euro 5,000 thousand and euro 800 thousand, respectively. Other financial payables mainly include the balance of cash pooling to the subsidiary Fib.

With reference to the verification of the covenants on the loan agreements in place as of December 31, 2022, it should be noted that Cassa Depositi e Prestiti S.p.A. and Unicredit S.p.A., on December 23, 2022 and November 28, 2022, respectively, granted the waiver requests received by the Company. In the former case, the disapplication of the verification of financial parameters was granted, while Unicredit granted a modification of the parameters, which were found to be met.

The Company monitors the financial risks to which it is exposed in order to assess their potential negative effects in advance and take appropriate actions to mitigate them. Please refer to "Note 40 Risk Disclosure - Credit Risk" for more details.

Note 21. Lease liabilities

	31/12/2022	31/12/2021	Change	Change %
Lease liabilities	96	88	8	9%
Total	**96**	**88**	**8**	**9%**

The item current **lease liabilities, amounting** to 96 thousand euros, includes the current portion of financial liabilities, recorded in accordance with IFRS 16, for the right to use leased and rented assets.

Note 22. Derivative financial instruments

Derivative financial instruments liabilities amounted to 0 euros as of December 31, 2022. Please refer to "Note 9. Derivative financial instruments" for more details.

Note 23. Taxes payable

	31/12/2022	31/12/2021	Change	Change %
Current tax liabilities	111	190	(79)	(42%)
Total	**111**	**190**	**(79)**	**(42%)**

Taxes payable, amounting to euro 111 thousand, mainly refer to payables to the tax authorities for withholding taxes on employees' and collaborators' income in the amount of euro 96 thousand and minor tax payables for the remainder.

Note 24. Funds

	31/12/2022	31/12/2021	Change	Change %
Short term provisions	165	212	(47)	(22%)
Total	**165**	**212**	**(47)**	**(22%)**

The provision for risks is allocated for pending proceedings. The allocation was also made taking into account the assessments provided by the appointed lawyers and professionals. During the year, the risk provision changed as follows:

	31/12/2021	Increase	Decrease	31/12/2022
Short term provisions	212	0	(47)	165

The provision for risks decreased by 47 thousand euros due to utilizations.

Non-current liabilities

The following table shows the breakdown of the item:

	31/12/2022	31/12/2021	Change	Change %
Non-current borrowings	30,300	5,088	25,212	496%
Non-current lease liabilities	102	178	(76)	(43%)
Provisions for employee benefits	775	832	(57)	(7%)
Deferred tax liabilities	250	0	250	100%
Other non-current liabilities	40	0	40	100%
Non-current liabilities	**31,467**	**6,098**	**25,369**	**416%**

Note 25. Financial debts

	31/12/2022	31/12/2021	Change	Change %
Non-current borrowings	30,300	5,088	25,212	496%
Total	**30,300**	**5,088**	**25,212**	**496%**

Current **financial liabilities** are recorded in the amount of euro 30,300 thousand and show an increase of euro 25,212 thousand compared to December 31, 2021. The significant increase can be attributed to (i) the disclosure in non-current liabilities of the non-current portions of loan agreements backed by financial covenants, which in accordance with IAS 1 as of December 31, 2021 were classified as current liabilities (ii) the renegotiation and extension of the loan agreement with Cassa Depositi e Prestiti Spa and (iii).

Bank loans include the non-current portion of loans signed with Unicredit S.p.A and Banca Progetto S.p.A. and Cassa Depositi e Prestiti S.p.a. for 12,500 thousand and 2,800 thousand euros and 15,000 thousand euros, respectively.

A summary table of the type of indebtedness is shown below, with evidence of the technical form of indebtedness compared to the previous year:

	31/12/2022	31/12/2021	Change	Change %
Other financial debts	0	1,488	(1,488)	(100%)
Bank loans	30,300	3,600	26,700	742%
Non-current borrowings	**30,300**	**5,088**	**25,212**	**496%**

Note 26. Financial liabilities for leasing

The balance, amounting to 102 thousand euros, refers to the noncurrent portion of financial payables for the right to use leased and rented tangible assets.

A table summarizing the types of debt is shown below:

	31/12/2022	31/12/2021	Change	Change %
Lease liabilities	102	178	(76)	(43%)
of which: rental	*66*	*126*	*(60)*	*(48%)*
of which: leasing	*36*	*52*	*(16)*	*(31%)*

Note 27. Post-employment benefits

	31/12/2022	31/12/2021	Change	Change %
Provision for employee benefits	775	832	(57)	(7%)
Total	**775**	**832**	**(57)**	**(7%)**

The balance refers entirely to the provision for severance pay including taxes and contributions. The liability corresponds to the Company's obligations to its employees arising from the application of laws, labor contracts and company agreements in effect at the end of the fiscal year. These liabilities have been subject to actuarial valuation.

The main actuarial assumptions used in the valuation of the defined benefit pension plans and the severance fund component, which has retained the nature of a *defined benefit plan*, are as follows:

	31/12/2022	31/12/2021
Technical annual discount rate	3,77%	0,98%
Annual rate of inflation	5,9%-2023, 2,3%-2024, 2,0%-2025	1,20%
Annual wage growth rate	Inflation +1%	2,20%
Annual rate of increase TFR	5,93%-2023, 3,33%-2024, 3,0%-2025	2,40%

The valuation of the average annual discount rate took as a reference the iBoxx Eurozone Corporates AA 10+ index as of the last useful date. This maturity is in fact related to the average remaining tenure of the company's employees, weighted by expected payments.
For the inflation rate, the document on the forecast of inflation measured by the HICP index for the years 2021 - 2024, published by ISTAT on June 4, 2021, was used as a reference and the constant value of 1.20 percent was also assumed for the years after 2024. Sensitivities on BOD are reported as required by IAS19 *revised*:

	Discount rate		Inflation rate		Annual turnover rate	
Society	**0,50%**	**(0,50%)**	**0,25%**	**(0,25%)**	**2,00%**	**(2,00%)**
Seri Industrial	741	813	783	768	773	776

Organic

As of December 31, 2022, the Company's workforce is composed as follows:

Category	Initial value	Hiring	Terminations	Final Value
Executives	1	0	0	1
Squares	10	0	0	10
Employees	37	6	3	40
Workers	2	2	0	4
Total	**50**	**8**	**3**	**55**

The number of employees at the end of the year was 55, while the average number of employees for the year was at 53.

Note 28. Deferred taxes

Deferred taxes are recorded in the amount of 250 thousand euros and include deferred taxes related to the *mark-to-market* adjustment of derivative financial instruments.

Note 29. Other liabilities

Other liabilities are recorded in the amount of 40 thousand euros and include miscellaneous noncurrent payables mainly to supervisory bodies.

Note 30. equity

Summaries with changes in the amount of equity items since the previous year are summarized in the preface to the commentary items.
The following is a breakdown of the items as of December 31, 2022 and a comparison with the previous year:

Equity	**31/12/2022**	**31/12/2021**	**Change**	**Change %**
Share capital	97,313	95,066	2,247	2%
Statutory reserve	730	533	197	37%
Share premium	8,710	5,305	3,405	64%
Other reserves	30,505	5,965	24,540	411%
Profit (Loss)	**5,323**	**3,932**	**1,391**	**35%**
Total equity	**142,581**	**110,801**	**31,780**	**29%**

Seri Industrial SpA is a company issuing shares admitted to trading on the EXM regulated market managed by Borsa Italiana SpA, where it was admitted, by Order No. 1513 of February 9, 2001, to trading on the New Market as of March 2, 2001. The shares are dematerialized.
Equity items are distinguished according to their origin, possibility of use, distributability, and whether they have been used in the previous three years.

Equity Items (in Euro/000)	Amount	Possibility of utilization (*)	Quota available	Summary of uses made in the previous three fiscal years	
				For loss coverage	More
Share capital	97.313	B			
Reserves:					
- Legal reserve	730	B	730		
- Share premium reserve [1]	8.710	A,B,C,D	8.710		
- Other reserves - w/future capital increases FISI	5.000	A,B**	5.000		
- Other reserves	23.788		23.788		
- IFRS Reserves	(8.347)				
- Profits/(Losses) carried forward	10.064	A,B,C,D	10.064		
Total	**137.258**		**48.292**		
Non-distributable share			7.734		
Residual distributable share			**0**		

[1] According to Article 2431 C.C., the full amount of this reserve can be distributed only if the legal reserve has reached the limit set by Article 2340 C.C.
(*) Key: (A) for capital increase - (B) for loss coverage - (B**) for loss coverage in the event of full share capital reduction to zero - (C) for distribution to shareholders - (D) for other statutory constraints

The Statement of Changes in Shareholders' Equity, provided for in the 4th paragraph of Article 2427 of the Civil Code, shows the main items that make up the same.

Share capital

As of December 31, 2022, the share capital is 97,313,186.03 euros divided into 49,407,254 ordinary shares following the conclusion of the 18th Exercise Period of Uno SERI Warrants 2017-2022.
As of the date of this report, the share capital is 106,456,682.03 euros divided into 53,979,002 ordinary shares following the conclusion of the last Exercise Period of Uno SERI Warrants 2017-2022. During the last period, 45,717,480 Warrants were exercised and 4,571,748 newly issued Seri Industrial Ordinary Shares amounting to 22,995,892.44 euros were subscribed at a price of 5.03 euros per share (at a ratio of 1 ordinary share for every 10 Warrants exercised). It should be noted that the Warrants for which a subscription request has not been submitted, amounting to a residual 32,360,387, are to be considered forfeited of all rights, becoming permanently invalid for all purposes, as provided by the Regulations. It should also be noted that, the largest shareholder Seri S.p.A., a holding company held by the Civitillo Family, exercised 8,420,480 Uno Seri 2017-2022 Warrants, subscribing to 842,048 newly issued shares of the Company for a countervalue of 4,235,501 euros.
During 2022, the following warrants were exercised in the exercise periods of Uno SERI Warrants 2017 - 2022, which are in addition to those exercised in previous years, as of the subscription date:

Description	Periods	N° Warrant	Shares issued	Equivalent	Share Capital Increase
Warrant Uno SERI 2017-2022 issued		99,312,807			
Total for the 2018 financial year	1-4	37,930	3,793	19,078,79	7,586
Residual 'Uno SERI 2017 – 2022' Warrants at year-end 2018		99,274,877			
Total for the 2019 financial year	5-8	83,550	8,355	42,025,65	16,710
Residual 'Uno SERI 2017 – 2022' Warrants at year-end 2019		99,191,327			
Total for the 2020 financial year	9-12	4,460	446	2,243,38	892
Residual 'Uno SERI 2017 – 2022' Warrants at year-end 2020		99,186,867			
Total for the 2021 financial year	13-16	83,152,837	1,603,403	8,065,117,09	3,206,806
March 2022	17	1,125,910	112,591	566,332,73	225,182
June 2022*	18	587,040	58,704	295,281,12	117,408
Residual Warrant Uno SERI 2017-2022		81,439,887			

(*) The change in share capital occurred in January 2022.

163

Own shares

As of the end of the period under review, the Company did not own any of its own shares or shares or units of its parent company, even indirectly through trust companies or intermediaries. The Company, during the period, did not purchase or dispose of its own shares or shares or units of its parent company, even through trust companies or intermediaries.

Legal reserve

The item contains the Parent Company's legal reserve of 730 thousand euros.

Share premium reserve

The Share Premium Reserve amounts to 8,710 thousand euros the increase is attributable to the exercise of Warrants during fiscal year 2022.

Other reserves

The item contains the Parent Company's other reserves in addition to undivided profits (losses). The change in other reserves is mainly attributable to the conclusion of the last Warrant Exercise Period in the amount of 22,996 thousand euros, other OCI reserves of 750 thousand euros as of December 31, 2021 are also included, an increase of 916 thousand euros compared to the previous year. The change in OCI reserves is mainly attributable to the change in the *mark-to-market* of the Company's derivative financial instruments. The following is a breakdown of the items of other OCI reserves as of December 31, 2022 and a comparison with the previous year:

Other OCI reserves	**31/12/2022**	**31/12/2021**	**Change**	**Change %**
Derivative financial instruments cash flow hedge reserve	792	2	790	39,500%
Employee defined benefit plan reserve	(42)	(168)	126	(75%)
Total	**750**	**(166)**	**916**	**(552%)**

Profit (Loss) for the year

Net income for the year amounted to positive 5,323 thousand euros.

Note 31. Net financial position

The following is the statement of net financial debt (or NFP - Net Financial Position[20]) of Seri Industrial as of December 31, 2022, prepared as required by CONSOB's "Attention Reminder 5/21 of April 29, 2021" and in accordance with ESMA Recommendation 32-382-1138 of March 4, 2021, with evidence of the short-term components separately disclosed from the medium- to long-term components, placed in comparison with the same information last published in the consolidated annual financial report as of December 31, 2021, as well as the relevant reconciliation with the adjusted net financial debt commented in the management report under "Consolidated financial position":

	NFP - NET FINANCIAL POSITION	31/12/2022	31/12/2021	Change	Change %
A)	Cash	23,512	17,530	5,982	34%
B)	Cash equivalents	1,889	22,954	(21,065)	(92%)
C)	Other current financial assets	1,502	509	993	195%
D)	**Liquidity D = (A + B + C)**	**26,903**	**40,993**	**(14,090)**	**(34%)**
E)	Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	10,934	26,743	(15,809)	(59%)
F)	Current portion of non-current financial debt	5,800	30,421	(24,621)	(81%)
G)	**Current financial indebtedness G = (E + F)**	**16,734**	**57,164**	**(40,430)**	**(71%)**
H)	**Net current financial indebtedness H = (G - D)**	**(10,169)**	**16,171**	**(26,340)**	**(163%)**
I)	Non-current financial debt (excluding current portion and debt instruments)	30,300	3,600	26,700	742%
K)	Non-current trade and other payables	101	1,665	(1,564)	(94%)
L)	**Non-current financial indebtedness L = (I + J + K)**	**30,401**	**5,265**	**25,136**	**477%**
M)	**Total financial indebtedness (H+L)**	**20,232**	**21,436**	**(1,204)**	**(6%)**
N)	IFRS 16 adjustment	198	266	(68)	(26%)
O)	**Adjusted total financial indebtedness**	**20,034**	**21,170**	**(1,136)**	**(5%)**

The Company's net financial debt of 20,232 thousand euros (net financial debt of 21,436 thousand euros as of December 31, 2021).
With reference to indirect indebtedness, the total amount of provisions for risks recorded in the financial statements is 165 thousand euros.

Note 32. Other information

Receivables and payables over five years and secured debts

There are no receivables or payables with a maturity of more than five years except as disclosed in "Note 40 Risk Disclosure - Liquidity Risk"; nor are there any payables secured by collateral on corporate assets except as disclosed in Note 37 - Commitments and Guarantees to the Consolidated Financial Statements.

Any significant effects of changes in currency exchange rates.

The Company does not engage in foreign currency transactions.

Receivables and payables related to transactions involving the obligation of the buyer to retrocession forward

There are no receivables and payables recorded in connection with transactions in which the buyer is obligated to retrocession on a forward basis.

Capitalized financial charges

No borrowing costs were charged to balance sheet asset items during the year.

[20] Disclosure also provided at the request of Consob (see "Other Information"), following Order No. 0838644/21 of July 28, 2021.

Income from equity investments other than dividends

Loans provided to Group companies bear interest.

Beneficial shares and convertible bonds issued by the company

The Company has not issued any beneficial shares or bonds convertible into shares and securities or similar securities.

Financial instruments issued by the company

During fiscal year 2022, the last exercise period for the Warrants ended. The Warrants for which a subscription request was not submitted, amounting to residual No. 32,360,387, are to be considered forfeited of all rights, becoming permanently invalid for all purposes, as provided in the Rules.

Loans made by shareholders

The company Industrial SpA, merged by incorporation into SE.R.I. SpA effective May 1, 2022, as per the deed of merger dated May 29, 2022, which holds 59.92% of the Company's share capital, has made a commitment to financially support the Group. The balance of financial payables to the shareholder as of December 31, 2022 was 243 thousand euros.

Assets earmarked for a specific business

The Company has not established assets earmarked for a specific business.

Funding earmarked for a specific business

The Company has not issued loans intended for a specific business.

Note 33. Commitments and guarantees

With reference to the Company's commitments and guarantees, reference is made to what has already been stated in the consolidated financial statements.

Commentary on items in the Income Statement

The economic data presented in the comments and tables in the Notes to the Financial Statements are consistent and comparable with the data as of December 31, 2021.

Note 34. Revenues and other operating income

The following is a breakdown of revenues:

Revenues	**31/12/2022**	**31/12/2021**	**Change**	**Change %**
Revenues from contract with customers	4,539	4,380	159	4%
Other operating income	171	217	(46)	(21%)
Total	**4,710**	**4,597**	**113**	**2%**

Revenues from customers

The item related to revenues from customers, recorded for a total of 4,539 thousand euros, refers exclusively to services and in particular to management fees charged mainly to the subsidiaries, as well as to other companies for centralized services provided by the holding company. These are activities related to administrative, legal and information systems management provided to other companies belonging to the Group.
The following is a breakdown of the item and comparison with the previous year:

Revenues from contract with customers	**31/12/2022**	**31/12/2021**	**Change**	**Change %**
Management Fees	4,466	4,281	185	4%
Revenue from services	73	99	(26)	(26%)
Total	**4,539**	**4,380**	**159**	**4%**

Other operating income

The item related to other operating income, recorded for a total of euro 171 thousand, includes euro 107 thousand in recharges of costs incurred for subsidiaries, euro 26 thousand in compensation for damages, euro 22 thousand in recovery of legal fees and interest, euro 10 thousand in energy and gas contribution from non-energy companies, and euro 6 thousand in other miscellaneous revenues and income.

Note 35. Operating costs

Operating costs are broken down as follows:

	31/12/2022	31/12/2021	Change	Change %
Purchase of materials	12	12	0	0%
Services expense	2,305	2,264	41	2%
Other operating costs	306	326	(20)	(6%)
Personnel costs	3,040	2,812	228	8%
Total operating costs	**5,663**	**5,414**	**249**	**5%**

Material purchase costs

Material purchase costs amounting to euro 12 thousand mainly refer to stationery and printing costs.

Costs for services

Costs for services are in line with those incurred last year and are broken down as follows:

Services expense	31/12/2022	31/12/2021	Change	Change %
Professional advices	912	1,224	(312)	(25%)
Electricity	76	44	32	73%
Bonuses and commissions	35	42	(7)	(17%)
Outsourced work	52	0	52	100%
Fees to statutory auditors	140	140	0	0%
Auditing service fees	144	105	39	37%
Other services	998	710	288	41%
Total services expense	**2,305**	**2,264**	**41**	**2%**

Other operating costs

The item for other operating costs is broken down as follows:

Other operating costs	31/12/2022	31/12/2021	Change	Change %
Lease expense	111	188	(77)	(41%)
Other expenses	195	138	57	41%
Other operating costs	**306**	**326**	**(20)**	**(6%)**

Other operating costs are basically in line with the previous fiscal year. The item "Use of third-party assets" refers to rentals for company cars.

Personnel costs

Personnel costs are broken down as follows:

Personnel costs	31/12/2022	31/12/2021	Change	Change %
Wages and salaries of employees	1,865	1,786	79	4%
Wages and salaries of Directors	563	449	114	25%
Social security contributions of employees	368	391	(23)	(6%)
Social security contributions of Directors	20	18	2	11%
Cost related to employee benefit plans	131	141	(10)	(7%)
Other personnel costs	93	27	66	244%
Personnel costs	**3,040**	**2,812**	**228**	**8%**

In addition to current costs referring to employees and assimilated personnel, the items also include the accruals for the year referring to accrued and untaken vacation, holidays, accruals for thirteenth and fourteenth month's pay, and statutory provisions.
The breakdown between costs for wages and salaries, social security and ancillary charges, and directors' compensation, in accordance with IAS 19, is shown in the table below:

Personnel costs	31/12/2022	31/12/2021	Change	Change %
Wages and salaries of employees	2,457	2,345	112	5%
Wages and salaries of Directors	583	467	116	25%
Personnel costs	**3,040**	**2,812**	**228**	**8%**

Employee incentive plans with Seri Industrial shares

On December 16, 2022, the Board of Directors of Seri Industrial S.p.A. resolved to grant 342,500 options, giving the right to receive an equal number of Seri Industrial ordinary shares, under the first allocation cycle of the 2022 Stock Option Plan ("PSO 2022") approved by the Shareholders' Meeting of May 6, 2022. The options were granted to executive directors, employees and associates of Seri Industrial, Fib and Seri Plast, who hold strategically relevant roles or are able to make a significant contribution to the pursuit of the Group's strategic objectives. The fair value of options granted is estimated on the date of grant using the Monte-Carlo simulation model, taking into account the terms and conditions under which the options were granted. The model takes into account historical dividends and expected dividends, share price volatility of the Group and its competitors in order to predict the return on shares, the rate of employee turnover, the rationality of the recipients when exercising the options, and assumptions about the achievement of the planned objectives of the PSO 2022.
The Exercise Price set at EUR 5.78 is equal to the arithmetic average of the official prices of the Company's Shares on Euronext during the thirty trading days prior to the date of granting the options to the beneficiaries.
The cost recognized for services received from employees during the year is 6 thousand euros and is allocated pro-rata temporis to the income statement according to the so-called grant date and vesting period.
The following table shows the number and weighted average exercise prices (PMPE) of options as of December 31, 2022:

	31/12/2022	PMPE
In circulation as of January 1	0	n.a.
Assigned during the year	342.500	2,19 €
Cancelled during the year	0	n.a.
Practice during the year	0	n.a.
Expired during the year	0	n.a.
In circulation as of December 31	342.500	2,19 €
Exercisable as of December 31	0	n.a.

The remaining contractual term for options outstanding as of December 31, 2022 is 5 years. The weighted average fair values of options granted during the year is €2.19.
The table below lists the information with which the models used for the plan adopted for the year ending December 31, 2022 were fed:

	31/12/2022
Weighted fair value at the date of measurement	2,19 €
Dividend yield (%)	0%
Expected volatility (%)	52,13%
Free risk interest rate (%)	3,2%
Expected useful life of options (in years)	5
Weighted average price per share (€)	2,19 €
Model adopted	Monte Carlo

The volatility shown in the table indicates the historical volatility of Seri Industrial stock; the historical volatility of the FTSE Italia STAR benchmark index and a panel of 10 comparables were also considered in calculating the fair value of the options.

Note 36. Depreciation and Amortization - Write-downs/Write-backs.

Depreciation, amortisation and write-downs/write-backs	31/12/2022	31/12/2021	Change	Change %
Depreciation and amortisation	196	179	17	9%
Write-downs/write-backs	92	12	80	667%
Total	**288**	**191**	**97**	**51%**

Depreciation

Depreciation is broken down as follows:

Dettaglio ammortamenti	31/12/2022	31/12/2021	Change	Change %
Depreciation and amortisation	196	179	17	9%
of which: Am. Property, plant and equipment	*39*	*34*	*5*	*15%*
of which: Am. Intangible assets	*72*	*65*	*7*	*11%*
of which: Am. Right of Use (IFRS 16)	*85*	*80*	*5*	*6%*

Devaluation/Repreciation

The item Write-downs/Reversals of value refers mainly to (i) the write-down of current asset items in the amount of euro 97 thousand, as already described in the note to the balance sheet relating to the item "trade receivables" (ii) the revaluation of non-current asset items in the amount of euro 5 thousand for details of which please refer to the note to the balance sheet relating to the item "equity investments."

Note 37. Financial Income/Financial Expenses/Income (Expenses) from Participation.

Financial management	31/12/2022	31/12/2021	Change	Change %
Finance income	989	788	201	26%
Finance expense	1,320	892	428	48%
Profit (Loss) from equity-accounted inv,	(1)	4	(5)	(125%)
Total	**(332)**	**(100)**	**(232)**	**232%**

Financial income includes 916 thousand euros in interest income accrued on loans granted to subsidiaries.

Financial expenses mainly refer to interest expenses accrued on loan agreements signed with Unicredit Spa, Cassa Depositi e Prestiti Spa and Banca Progetto Spa in the amount of 764 thousand euros, up from the previous year as a result of the general increase in interest rates.
Financial expenses recorded against the application of IFRS 16 accounting standard amounted to 8 thousand euros.
Income from equity investments relates to the capital gain from the sale of other equity investments as already described in the notes to the balance sheet regarding the item "equity investments"

Note 38. Taxes

The composition of the tax item is as follows:

Income taxes	**31/12/2022**	**31/12/2021**	**Change**	**Change %**
Current taxes	0	(45)	45	(100%)
Deferred taxes expense/(income)	(6,896)	(4,995)	(1,901)	38%
Total	**(6,896)**	**(5,040)**	**(1,856)**	**37%**

No current taxes are recognized because the Company has achieved a negative tax result.
The following is a reconciliation table between pretax income and related taxable income for IRES purposes.

Ires	**2022**	**2021**
Profit before tax	**(1.573)**	**(1.108)**
Theoretical tax burden 24%	0	0
Temporary differences deductible in later periods	0	0
Non-deductible interest expense	0	0
Non-deductible allowance for doubtful accounts	0	0
Provision for risks	0	0
Directors' fees not disbursed	42	74
Differences that will not carry over into subsequent years		0
Write-downs of equity investments	7	10
Income from consolidated	0	(50)
Deferred tax assets	(6.896)	(4.995)
Deduction of costs charged to PN (for IAS purposes) - ART. 109 C. 4	0	(294)
Retained earnings	0	0
Use of risk funds	(3)	(47)
Other decreases	(45)	(14)
Other changes in increase	217	201
Total taxable income	**(8.255)**	**(6.227)**
Current income taxes for the year	0	0

Below is a reconciliation table between the statutory result and the related IRAP taxable income.

Irap	**2022**	**2021**
Difference between value and cost of production	900	1.301
Increasing changes	1.615	1.292
Decreasing changes	(3.476)	(2.996)
Total	(961)	(404)
Irap for the year	0	0

Note 39. Related party transactions

In implementation of the provisions of Article 2391-bis of the Civil Code as well as the Regulations adopted on the matter by CONSOB Resolution No. 17221 of March 12, 2010, as amended and supplemented, during June 2021, the Board of Directors of Seri Industrial SpA updated the procedure governing the approval and execution of transactions with related parties entered into by Seri Industrial, either directly or through subsidiaries.
The following tables provide quantitative information on the Company's existing financial and economic relationships with Related Parties[21] with its subsidiaries, parent company, other Group companies to which it belongs, and with shareholders who hold significant stakes in the capital of the Company and/or its subsidiaries (*minorities*).

Relations between companies included in the scope of consolidation

Transactions with subsidiaries are elided when preparing the annual and semi-annual consolidated financial statements. The above transactions with subsidiaries mainly concern:

- the provision of financing, the management of cash pooling and the issuance of guarantees, such as co-bonding for VAT refunds, the issuance of letters of patronage under lease agreements, and the issuance of guarantees under share transfer agreements;
- The provision of centralized services for the management of administrative, corporate, legal and contractual, tax and personnel management activities;
- Relationships with subsidiaries within the framework of tax consolidation for IRES purposes.

Transactions between companies included in the scope of consolidation also include, by way of illustration: (i) relationships for the supply of products and semi-finished products (between Seri Plast and Fib and between Fib and FS/Repiombo); (ii) labor account relationships between Seri Plast and the subsidiaries Plastam Europe Sas, ICS EU Sas and ICS Poland; (iii) recognition of royalties to FIB from the subsidiaries Yixing Faam Industrial Batteries (YIBF) and FS for the use of the "Faam" and "Carbat" trademarks, respectively. These transactions are excluded from the application of the procedural rules provided for transactions with related parties ("RPT Procedure") since they are transactions with or between companies controlled, even jointly, by Seri Industrial.

[21] Disclosure also provided at the request of Consob (see "Other Information"), following Order No. 0838644/21 of July 28, 2021.

The following is a summary table of balance sheet transactions with Subsidiaries and related parties as of December 31, 2022 (where shown as "0" these are transactions of less than 1 thousand euros):

Asset ratios by counterparty	31/12/2022		31/12/2021	
	Credits	Debts	Credits	Debts
Other companies				
Luvim			7	
Marzano New Distribution Ltd.			19	1
Rental Srl in liquidation			15	40
Lithops Ltd. in liquidation			49	
Total SUB			***90***	***41***
Companies traceable to Civitillo exponents				
Cotton Movie & Food Ltd.		4		1
Cotton S. Ltd.		2		1
Elektra Ltd.	11		31	
Manita Creative Ltd.		1		4
Seri Lab Ltd.	4	4	3	2
Quercete Agricultural Society Ltd.		29		11
Total SUB	***15***	***39***	***34***	***19***
Companies belonging to the SERI SPA Group				
Arco Felice Srl	22		15	
Quercete farm arl	24	136	16	238
Cam Ltd.	2		1	
Deagle Ltd.	5		3	
Dema Ltd.	2		1	
Italo Srl	2		1	
Kronos Srl	2		2	
Makespresso Ltd.	1		1	
Marvit Ltd.	2		2	
Pmimmobiliare Srl	56	20	33	4
Polisportiva Matese	14		5	
Seri Development & Real Estate Ltd.			33	
Total SUB	***133***	***157***	***113***	***242***
Parent Companies				
Industrial			3	1.700
SE.R.I. SpA		478	216	962
Total SUB		***478***	***219***	***2.662***
Subsidiaries				
Fib Spa	45	10.482	48.975	25.486
Seri Plast Spa	4.992	9	5.012	840
F&F Ltd.	11			
Plast Research & Development Ltd.			16	
FS Ltd.				1
Repiombo Srl			10	
Tolo Energia Srl in liquidation		111	10	120
Total SUB	***4.047***	***10.602***	***54.023***	***26.447***
Total	**5.195**	**11.275**	**54.477**	**29.411**

With reference to the capital transactions outstanding as of December 31, 2022, the following table shows the balances with details of the counterparty and by nature of the relationship:

Asset relations by nature	Comm.credits	Financial Credits	Comm.Debts	Financial Debts	Tax Payables
Companies traceable to Civitillo exponents					
Cotton Movie & Food Ltd.			4		
Cotton S. Ltd.			2		
Elektra Ltd.	11				
Manita Creative Ltd.			1		
Seri Lab Ltd.	4		4		
Quercete Agricultural Society Ltd.			29		
Total SUB	***15***		***39***		
Companies belonging to the SERI SPA Group					
Arco Felice Srl	22				
Quercete farm arl	24		10	126	
Cam Ltd.	2				
Deagle Ltd.	5				
Dema Ltd.	2				
Italo Srl	2				
Kronos Srl	2				
Makespresso Ltd.	1				
Marvit Ltd.	2				
Pmimmobiliare Srl	56		0	20	
Polisportiva Matese	14				
Total SUB	***133***		***10***	***146***	
Parent Companies					
SE.R.I. SpA				243	234
Total SUB				***243***	***234***
Subsidiary Companies					
Fib Spa	45			10.482	
Seri Plast Spa	491	4.500	4		5
F&F Ltd.	11				
Plast Research & Development Ltd.					
FS Ltd.					
Repiombo Srl					
Tolo Energia Srl in liquidation				111	
Total SUB	***547***	***4.500***	***4***	***10.593***	
Total	***695***	***4.500***	***53***	***10.983***	***239***

The following is a summary table of economic relations with Subsidiaries and related parties, referring to fiscal year 2022 (where reported "0" are relations of less than 1 thousand Euro):

Costs and Revenues by Counterparty	31/12/2022		31/12/2021	
	COSTS	REVENUES	COSTS	REVENUES
Other companies				
Lithops Ltd. in liquidation		8		11
Marzano Nuova Distribution Ltd.			3	8
Rental Srl in liquidation	16		57	6
Luvim				2
Total SUB	***16***	***8***	***60***	***27***
Companies traceable to Civitillo exponents				
Cotton movie & food Ltd.	6		5	
Cotton S. Ltd.	2		2	
Elektra Ltd.		9		12
Manita Creative Ltd.	3		3	
Seri Lab Ltd.	1	1	2	1
Quercete Agricultural Society Ltd.	44		21	
Total SUB	***57***	***10***	***33***	***13***
Companies belonging to the SERI SPA Group				
Arco Felice Srl		6		6
Quercete farm arl	22	7	11	6
Deagle Ltd.		2		2
Dema Ltd.		1		1
Italo Srl		1		1
Kronos Srl		1		1
Makespresso Ltd.		1		
Marvit Ltd.		1		1
Cam Ltd.		1		1
PMImmobiliare Srl	41	16	6	17
Polisportiva Matese		7		2
Seri Development & Real Estate Ltd.			19	14
Total SUB	***63***	***40***	***36***	***52***
Parent Companies				
Industrial SpA				10
SE.R.I. SpA	116	21		8
Total SUB	***116***	***21***	***0***	***18***
Subsidiary Companies				
Fib Spa		2.752		2.223
Seri Plast Spa	12	2.078	16	2.307
F&F Ltd.		36		
Plast Research & Development Ltd.		16		34
FS Ltd.	0	176		239
Repiombo Srl		164		194
Plastam Eu Sas		51		
P2P Ltd.		10		
FLB SRL		2		
ICS Poland Sp. z.o.o.		41		
Faam Research Center Ltd.		4		72
I.C.S. EU Sas		108		
Tolo Energia Srl in liquidation		10		10
Total SUB	***13***	***5.448***	***16***	***5.079***
Compensation to directors				
Administrators	583		467	
Compensation to committees	52		60	
Total SUB	***634***		***527***	***0***
Total	**900**	**5.527**	**671**	**5.188**

Note 40. Risk disclosure.

Credit risk

The maximum theoretical exposure to credit risk for the Group is represented by the book value of assets represented in the balance sheet. Positions for which there is an objective condition of partial or total uncollectability are subject to individual impairment. The amount of write-downs takes into account an estimate of recoverable flows and the relevant collection date, future recovery charges and expenses.

				Ageing of the expired			
	31/12/2022	**To expire**	**Expired**	**30gg**	**60days**	**90gg**	**>90days**
Financial assets	1.889	1.889	0	0	0	0	0
Financial assets to PV on income statement	459	459	0	0	0	0	0
Trade receivables	870	65	805	3	223	0	579
- Allowance for doubtful trade receivables	(159)	0	(159)	0	0	0	(159)
Other activities	837	492	345	0	0	0	345
- Allowance for other receivables	(290)	0	(290)	0	0	0	(290)
Current Assets	**3.606**	**2.904**	**702**	**3**	**223**	**0**	**476**
Other activities	3.125	3.125	0	0	0	0	0
Non-current assets	**3.125**	**3.125**	**0**	**0**	**0**	**0**	**0**
Total	**6.731**	**6.029**	**702**	**3**	**223**	**0**	**476**

Overdue trade receivables are constantly monitored and the same have been expressed at their estimated realizable value. For "short-term financial assets," such as bank deposits, the maximum exposure risk is equal to the book value.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial commitments in a timely manner due to the difficulty of raising funds or liquidating assets in the market. The two main factors that determine the Group's liquidity situation are, on the one hand, the resources generated or absorbed by operating and investing activities, and on the other hand, the maturity and renewal characteristics of debt or liquidity of financial investments and market conditions. The Group applies a financial policy aimed at minimizing risk through diversification of its short- and long-term sources of financing and counterparties, and strives to have access to sources of financing capable of meeting planned requirements.

The Group's liquidity is centrally managed by the Parent Company in order to monitor and optimize the overall availability of financial resources, performing management and coordination for other Group companies.

With reference to the Group's ability to meet its short and medium-long term financial commitments, it should be noted that as of December 31, 2022, cash and cash equivalents amounted to euros 23.512 million;

The following table summarizes the Group's overdue debt positions[22] broken down by nature (trade, tax, ect):

Nature of debt	Seri Industrial
Trade payables	917
Tax debts	15
Other debts	27
Total	959

The following summarizes the relationships outstanding as of December 31, 2022, broken down by technical form.

[22] Disclosure also provided at the request of Consob (see "Other Information"), following Order No. 0838644/21 of July 28, 2021.

<u>Bank financing</u>

Bank loans amounted to 36,100 thousand euros; the outstanding transactions are presented below:

Society	Seri Industrial S.p.A.	Seri Industrial S.p.A.	Seri Industrial S.p.A.
Counterpart	CDP S.p.A.	UniCredit S.p.A.	Bank Project S.p.A.
Original amount	15.000	20.000	4.000
Remaining amount	15.000	17.500	3.600
of which current share	0	5.000	800
of which non-current share	15.000	12.500	2.800
Ignition date	20/06/2022	25/09/2020	22/07/2021
Duration	6 years	6 years	6 years
Rate Type (fixed or variable)	Variable	Variable	Variable
Spread (%) + par. of reference	1.140% + EUR3M	2.25% + EUR3M	3.80% + EURLRS
Financial covenants	Yes	Yes	No

<u>Liabilities for leases and finance leases IFRS 16</u>

Pursuant to IFRS 16, accounts payable to Azienda Agricola Quercete a rl shown in the table above are recorded against existing leases in the amount of euro 198 thousand. The current portion of IFRS 16 liabilities for leases is euro 72 thousand, while the non-current portion is euro 126 thousand.

Finance lease liabilities amount to euro 68 thousand. The current portion is euro 16 thousand, while the non-current portion is euro 52 thousand.

Note 41. Valuation of financial instruments

The disclosures required under the categories required by IFRS 9 are shown below. In particular, we indicate what is required by IFRS 13, which governs the measurement of *fair value* and related *disclosure*.

Fair value is the price that would be received for the sale of an asset or that would be paid for the transfer of a liability in an orderly transaction between market participants (i.e., not in a forced liquidation or below-cost sale) at the valuation date.

Criteria applied in the balance sheet valuation of assets and liabilities

	Financial assets and liabilities measured at fair value							**Assets and liabilities measured at amortized cost**	**Unlisted equity investments measured at cost**	**Book value**
	With change in fair value recorded to:			**total fair value (A)**	**fair value hierarchy (notes a, b, c)**					
	profit and loss account	**equity**			**1**	**2**	**3**	**(B)**	**©**	**(A + B + C)**
	a	**b**	**c**					**d**	**e**	
Current financial assets				0				5.638		5.638
Financial assets to PV on income statement	459			459	459					459
Derivative financial instruments		1.042		1.042	1.042					1.042
Trade receivables				0				711		711
Other current assets				0				547		547
Participations				0			268		89.261	89.529
Other non-current assets				0				51.233		51.233
Trade payables				0				1.346		1.346
Other current liabilities				0				1.305		1.305
Current financial debts				0				16.637		16.637
Financial liabilities for leasing				0				96		96
Non-current financial debts				0				30.300		30.300
Financial liabilities for leasing				0				102		102

Note 42. Fees to the Audit Firm

Pursuant to Article 149 - *duodecies* of the Issuers' Regulations, the fees for the year 2022 for audit and other non-audit services related to the Company and its subsidiaries paid to EY SpA are provided:

Type of service	Seri Industrial	Check
Auditing	87,5	77
Attestation services	20	25
Other services	25	0

The following is a summary table of fees to the Auditing Firm with reference to the previous year:

Type of service	Seri Industrial	Check
Auditing	80	75
Attestation services	0	25
Other services	25	0

Note 43. Compensation and shareholdings of directors, key management personnel and auditors

Regarding:

- Compensation to directors and auditors;
- To shareholdings held by directors in the Company;

please refer to the Annual Report on remuneration and compensation paid prepared pursuant to Article 123-ter of Legislative Decree No. 58 of February 24, 1998.

Note 44. Atypical and/or unusual transactions

During the fiscal year, there were no events or transactions whose occurrence is non-recurring, or transactions or events that are not frequently repeated in the usual course of business, which had an impact on the Company's financial position, results of operations as well as cash flows.

Note 45. Non-recurring transactions

During the fiscal year, there were no events or transactions whose occurrence is non-recurring, i.e., transactions or events that are not frequently repeated in the usual course of business, that had an impact on the financial position, results of operations, and cash flows of the Company and/or the Group except as noted in the Management Report "Commentary on Results and Other Information."

Note 46. Subsequent events

Please refer to "Subsequent events" in the Management Report.

Proposed resolution

Shareholders,

the company's financial statements as of December 31, 2022 closed with a profit for the year of 5,323,251 euros.

In convening the Meeting called to approve these financial statements, the Board of Directors deems it appropriate to submit the following proposed resolution to the Meeting:

The Shareholders' Meeting of Seri Industrial S.p.A,

- Examined the draft financial statements and consolidated financial statements as of December 31, 2022, the report of the Board of Directors on management, the report on corporate governance and ownership structure, and the consolidated non-financial statement;
- Having regard to the reports of the Board of Statutory Auditors and the Independent Auditors;
- Noted that these documents were filed at the company's registered office within the legal deadlines and that they were also posted on the company's website;

DELIBERATION

1) to approve the financial statements for the year ended December 31, 2022, together with the Board of Directors' report on operations, showing a profit for the year of 5,323,251 euros and
2) to allocate the profit for the year of 266,163 euros to Legal Reserve and 5,057,088 euros to Retained Earnings.

If you agree with us, we invite you to approve the Management Report and Financial Statements consisting of the balance sheet, income statement, statement of comprehensive income, statement of cash flows, statement of changes in shareholders' equity, and accompanying notes.

Per il Consiglio di Amministrazione
(Roberto Maviglia)

Attachments

1. Statement of Changes in Intangible Assets
2. Statement of Changes in Tangible Assets for Rights of Use
3. Statement of Changes in Intangible Assets
4. Disclosure of related party transactions in implementation of Consob Resolution 15519 of July 27, 2006
5. List of holdings

All 1. Statement of changes in intangible assets.

	Concessions, licenses,trademarks and similar rights	Total
Initial value		
Historical cost	382	382
Accumulated depreciation	(227)	(227)
Accumulated depreciation	0	0
Initial net worth	155	155
Movements		0
Acquisitions	31	31
Reclassifications	0	0
Alienations	0	0
Accumulated depreciation	(73)	(73)
Write-downs	0	0
Net value at the end of the period	114	114
Final value		0
Historical cost	413	413
Accumulated depreciation	(300)	(300)
Accumulated depreciation	0	0
Final net worth	113	113

All 2. Statement of Changes in Tangible Assets for Rights of Use

	Tangible assets for rights of use	Total
Initial value		
Historical cost	479	479
Accumulated depreciation	(210)	(210)
Accumulated depreciation	0	0
Initial net worth	268	268
Movements		0
Acquisitions	22	22
Reclassifications	0	0
Alienations	0	0
Accumulated depreciation	(85)	(85)
Write-downs	0	0
Net value at the end of the period	205	205
Final value		0
Historical cost	501	501
Accumulated depreciation	(295)	(295)
Accumulated depreciation	0	0
Final net worth	206	206

All 3. Statement of Changes in Tangible Assets

(Euro/000)	Equipment	Other assets	Total
Initial value			
Historical cost	1	291	292
Accumulated depreciation	0	(192)	(192)
Accumulated depreciation	0	0	0
Initial net worth	1	98	99
Movements			0
Acquisitions	0	50	50
Reclassifications	0	0	0
Alienations	0	0	0
Accumulated depreciation	(1)	(39)	(40)
Write-downs	0	0	0
Net value at the end of the period	0	109	109
Final value			0
Historical cost	1	341	342
Accumulated depreciation	(1)	(231)	(232)
Accumulated depreciation	0	0	0
Final net value	0	110	110

All° 4a. Disclosure of related party transactions in implementation of Consob Resolution 15519 of July 27, 2006.

Consolidated Balance Sheet

	31/12/2022	Related parties	% on the item	31/12/2021	Related parties	% on the item
Cash and cash equivalents	23.512		0%	17.530		0%
Financial assets	1.888	1.375	73%	22.954	22.729	99%
Financial assets to PV on income statement	459		0%	509		0%
Derivative financial instruments	1.042		0%	0		0%
Trade receivables	711	695	98%	342	250	73%
Other activities	547		0%	1.087	247	23%
Current Assets	**28.159**	**2.070**	**7%**	**42.422**	**23.226**	**55%**
Intangible fixed assets	113		0%	155		0%
Tangible assets for rights of use	207		0%	268		0%
Tangible fixed assets	111		0%	99		0%
Equity investments valued using the equity method	141.387		0%	89.810		0%
Other activities	3.125	3.125	100%	31.250	31.250	100%
Deferred tax assets	20.606		0%	13.733		0%
Non-current assets	**165.549**	**3.125**	**2%**	**135.315**	**31.250**	**23%**
ACTIVE	**193.708**	**5.195**	**3%**	**177.737**	**54.477**	**31%**
Liabilities and Equity						
Trade payables	1.346	53	4%	1.045	108	10%
Other liabilities	1.305	239	18%	2.227	963	43%
Financial debts	16.637	10.837	65%	57.055	26.852	47%
Financial liabilities for leasing	96	80	84%	88	72	82%
Derivative financial instruments	0		0%	21		0%
Taxes payable	111		0%	190		0%
Funds	165		0%	212		0%
Current liabilities	**19.660**	**11.210**	**57%**	**60.838**	**27.995**	**46%**
Financial debts	30.300		0%	5.088	1.488	29%
Financial liabilities for leasing	102	66	64%	178	126	71%
Post-employment and similar benefits	775		0%	832		0%
Deferred taxes	250		0%	0		0%
Other liabilities	40		0%	0		0%
Non-current liabilities	**31.467**	**66**	**0%**	**6.098**	**1.614**	**26%**
Share capital	97.313		0%	95.066		0%
Legal reserve	730		0%	533		0%
Share premium	8.710		0%	5.305		0%
Other reserves	30.505		0%	5.965		0%
Group profit (loss)	5.323		0%	3.932		0%
Net worth	**142.581**	**0**	**0%**	**110.801**	**0**	**0%**
LIABILITIES AND EQUITY	**193.708**	**11.275**	**6%**	**177.737**	**29.609**	**17%**

Attachment 4b. Disclosure of related party transactions in implementation of Consob Resolution 15519 of July 27, 2006.

Consolidated Income Statement

Euro / 000	31/12/2022	Related parties	% on the item	31/12/2021	Related parties	% on the item
Revenues from customers	4.539	4.536	100%	4.380	4.280	98%
Other operating income	171	75	44%	217	160	74%
Total revenue, income and increases for internal work	**4.710**	**4.611**	**98%**	**4.597**	**4.440**	**97%**
Material purchase costs	12	4	30%	12		0%
Costs for services	2.305	167	7%	2.264	51	2%
Other operating costs	306	33	11%	326	72	22%
Personnel cost	3.040	585	19%	2.812	476	17%
Operating costs	**5.663**	**788**	**14%**	**5.414**	**599**	**11%**
Gross operating margin	**(953)**	**3.823**	**(401%)**	**(817)**	**3.841**	**(470%)**
Depreciation	196		0%	179		0%
Write-downs/write-ups	92		0%	12		0%
Operating income	**(1.241)**	**3.823**	**(308%)**	**(1.008)**	**3.841**	**(381%)**
Financial income	989	916	93%	788	749	95%
Financial charges	1.320	111	8%	892	12	1%
Income from affiliated investments valued PN	(1)		0%	4		0%
Profit (Loss) before taxes	**(1.573)**	**4.628**	**(294%)**	**(1.108)**	**4.578**	**(413%)**
Taxes	(6.896)		0%	(5.041)		0%
Profit (Loss)	**5.323**	**4.628**	**87%**	**3.933**	**4.578**	**116%**

All 5. List of holdings

Name	Headquarters	As of	Share of ownership	Share capital	Share value held	Participation		Shareholders' equity including the result		Result last fiscal year	
						Purchase value	Accumulated depreciation	Total	pro-rata	Total	pro-rata
FIB S.p.A.	S.Potito Sannitico (CE)	31/12/2022	100,0%	8.000.000	8.000	39.006	0	81.714	81.714	(7.122)	(7.122)
Seri Plast S.p.A.	S.Potito Sannitico (CE)	31/12/2022	100,0%	1.000.000	1.000	50.250	0	26.138	26.138	(3.523)	(3.523)
Tolo Energia Srl in liq.	S.Potito Sannitico (CE)	31/12/2022	100,0%	207.119	207	57.392	(57.124)	268	268	5	5

Attestation of the annual and consolidated financial statements

Certification of the statutory and consolidated financial statements pursuant to Article 81-ter of Consob Regulation No. 11971 of May 14, 1999, as amended and supplemented

1. The undersigned Vittorio Civitillo, in his capacity as "Chief Executive Officer" and Pasquale Basile, in his capacity as "Manager in charge of drafting corporate accounting documents" of Seri Industrial S.p.A., attest, also taking into account the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:

a) The adequacy in relation to the characteristics of the enterprise and

b) The effective application of administrative and accounting procedures for the preparation of the annual and consolidated financial statements during the period from January 1 to December 31, 2022.

2. It is further attested that:

2.1. The annual and consolidated financial statements as of December 31, 2022:

a) are prepared in accordance with the applicable international accounting standards recognized in the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 (International Financial Reporting Standards - IFRS), as well as with the laws and regulations in force in Italy, including with particular reference to the provisions issued in implementation of Article 9 of Legislative Decree No. 38 of February 28, 2005;

b) correspond to the findings in the books and records;

c) are suitable to provide a true and fair representation of the financial position, results of operations and financial position of the Issuer and the set of companies included in the consolidation.

2.2. The directors' report on operations shall include a reliable analysis of references to major events that occurred in FY2022 and their impact on the annual and consolidated financial statements as of December 31, 2022, together with a description of the major risks and uncertainties to which they are exposed.

The directors' report on management also includes a reliable analysis of information on material transactions with related parties.

San Potito Sannitico, March 22, 2023

L'Amministratore Delegato

(Vittorio Civitillo)

Il Dirigente preposto alla redazione dei documenti contabili societari

(Pasquale Basile)