

# Letter to Shareholders

S E R I      G R O U P  
**industrial** 

**FAAM** **SERIPLAST**

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## Dear Shareholders,

2020-2023 has been an extremely complex four-year period.

From the Covid 19 pandemic to the war in Ukraine, along with the shock on the energy and commodities markets, and finally the war between Israel and Palestine.

Even if this geopolitical instability does not involve us, as Italians and Europeans, as direct protagonists, at least apparently, it teaches us - once again – how can be dangerous being swept away by adverse currents, where it is not possible to exercise control, both economically and, now also politically and in terms of defending individual freedom.

We are dragged by events struggling for a new world balance. Namely, an empire that appeared or still appears decadent (the United States) that tries to prevent a shift in the Earth's economic centre of gravity in favour of Asia and, above all, China.

Shifts that, like faults, cause geopolitical earthquakes, creating, or perhaps fostering, a global disorder to prevent United States' economy world leadership, as well as, in the noblest sense of the word, preventing this from happening in favour of a nation that does not have freedom as a founding value, which is a concrete danger to global stability.

Europe is in the middle, pressed by two superpowers, persisting for decades an 'economic war' between each other. We need to take clear and defined decisions without hesitation, clearly in favour of a Europe/United States axis which, in its thousand contradictions, is the only one that can guarantee a future of economic and political freedom. This does not exclude collaborations with China, in order to reverse a process that until now has seen the Chinese learning from European and American companies through acquisitions or investments solely aimed at transferring knowledges; it is time to act in an opposite way by acquiring skills more quickly, with the aim of closing an enormous technological gap in certain strategic sectors, and favouring a cooperation that meet the enormous need of Chinese companies to preside over the European market. Only by bridging that technology gap will it be possible to reduce dependence from China and prevent Chinese companies from invading the European market.

The first decisive steps are finally being taken to make Europe independent: major investments in Community defence and the development of EU production and supply chains, as far as possible. There are no other options.

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To make this huge effort, we also need to tackle the immobility and sluggishness of European governments and financial institutions. Stop saying no all the time, no more addressing the innovation and speed of modern times with old methods. Changing approach is a necessity.

We need to make Europe more competitive through more investments and increased human capital competences. Giving priority to climate change and the necessary environmental and energy transition and digital innovation by the artificial intelligence.

Dear Shareholders, our Group has always had a focus on the environment, energy, and an autonomous value chain. Our three traditional pillars appear to be increasingly relevant today.

In the plastic materials sector, we control the entire supply chain, from product recycling (end-of-life battery casings) to the production of battery boxes and lids, as well as pipes and fittings. With the reconversion project of the former Unilever site in Pozzilli, we will integrate this activity with post-consumer packaging, through innovative sorting technology, using optical sorters that self-learn the characteristics of the materials with the support of artificial intelligence.

In the lead-acid battery sector, we control the entire production chain, moreover thanks to the completion of the investment in Calitri, we have significantly increased our treatment capacity for end-of-life batteries.

In the lithium-ion battery sector, we produce all primary battery components with environmentally friendly technology, using water-based, non-solvent solutions and a lithium iron phosphate active material. Finally, we have started an investment program for the recovery and recycling of end-of-life batteries.

We are always consistent with our three pillars: environment, energy and control of the supply chain.

We are very proud of results achieved during the year 2023:

- our 'as is' business performed very well;
- the Teverola 1 plant (330 MWh/year plant) is operational;
- the Teverola 2 (8 GWh/year plant) and Pozzilli investment programs have started;
- the lead recovery and metallurgy plant in Calitri is operational;
- our technical team has been enriched during the year with experts from all over the world.

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We are no longer under pressure due to delays in the development of the Teverola 1 turnover. All the technical problems of the start-up phase have been overcome, there are no critical issues (with regard to production efficiency and battery formation capacity) for which we do not know the key for future improvements and, 'last but not least', we are focused on acquiring more knowledge and skills to better develop the Teverola 2 project, with which our group will evolve, in terms of size, into a new and different reality.

The target market is more than promising and production capacity will necessarily have to be increased in the upcoming years through new plants, also to be built at other sites. The group is increasingly focused on storage, industrial traction, public transport, naval and special projects. These represent markets with a huge demand that today is not even potentially satisfied by the planned future lithium battery production plants, all focused in the automotive sector, which will operate as subcontractors to the carmakers.

We will evaluate possible extensions of the production value chain, with particular interest on those products for which the lithium electric accumulator is a key element, both in terms of cost and above all in terms of innovation and future development.

I would like to thank all our employees for their support, dedication and innovative spirit.

The Chief Executive Officer

Ing. Vittorio Civitillo

