

KAP AG

We build market leaders!

2023 Full Year Figures

Disclaimer

This presentation was prepared by KAP AG exclusively for the benefit and internal use of the Recipient and solely as a basis for discussion of certain issues described herein. This presentation is strictly confidential and may not be reproduced, summarised or disclosed, in whole or in part, without the prior written authorisation of KAP AG, and by accepting this presentation you hereby agree to be bound by the restrictions contained herein.

Any estimates and projections contained herein involve significant elements of subjective judgment and analysis, which may or may not be correct. KAP AG does not assume any responsibility with respect to the authenticity, origin, validity, accuracy or completeness of the information and data contained herein or assumes any obligation for damages, losses or costs (including, without limitation, any direct or consequential losses) resulting from any errors or omissions in this presentation. The Recipient are advised not to rely solely on the information provided in this presentation but to undertake their own assessments and/or obtain their own professional tax, legal, financial and other advice of any kind as it deems necessary. Any liabilities arising from a breach of duty at the time of contracting (Section 311 para 2 and 3 of the German Civil Code (culpa in contrahendo)) shall be excluded.

The opinions contained in this presentation are necessarily based on current market conditions, which may change significantly over a short period of time. Changes and events occurring after the date hereof may, therefore, affect the validity of the conclusions contained in this presentation and KAP AG assumes no obligation to update and/or revise this presentation or the information and data upon which it has been based.

Table of contents

- 1 Company overview and business model
- 2 Financials 2023
- 3 Outlook

Marten Julius
CEO



- Responsibilities (i.a.): strategy, business development, M&A, Finance, IR, Sustainability
- Overall, >25 years relevant experience in Management, M&A, Finance & Controlling

Dr. Hartmut Sauer



- Mainly responsible for the surface technologies segment
- Overall, >20 years relevant experience in Management

Company overview & business model

Focus on attractive niche markets in selected industrial sectors

KAP at a glance

Industrial holding focused on midsize niche markets

- Long-term segment strategy for developing market leaders with sustainable growth potential
- Clear focus on profitable industrial sectors in attractive niche markets
- Experienced solution specialist serving individual and complex customer needs
- Global presence with 24 locations in 11 countries
- Listed on Regulated Market of Frankfurt Stock Exchange (General Standard)

Revenue 2023

€337.0m
(-22.3%)

EBITDA 2023
(normalised)

€17.3m
(-51.8 %)

Employees
Dec-2023

2,479

Market Cap⁽¹⁾

€109.5m

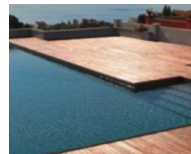
(1) Calculation with XETRA closing price on 29 Dec, 2023

We develop industrial products and technological solutions for international clients

KAP Group – Segment overview

flexible films	engineered products	surface technologies	precision components
<p>One of the leading specialists of PVC calendaring in Europe</p> <ul style="list-style-type: none"> Market leading in premium reinforced swimming pools membranes, decorated foil laminate for outdoor window profiles, Elvaflex membranes for large water reservoirs, high-end projection screens. Broad range of applications in swimming pool lining, window profile laminate, technical waterproofing and entertainment 	<p>Leading manufacturer of technical textiles with global presence</p> <ul style="list-style-type: none"> Application in the areas of mobility, industry, mining, pharmaceuticals, consumer goods, aviation and oil & gas Special threads and fabrics improve stability and reduce weight in the end products Great potential for the future through new developments and improved recyclability 	<p>Leading market position in surface technology</p> <ul style="list-style-type: none"> Diverse surface processes in refinement of metal surfaces for customers from the furniture, machinery and electrical industries as well as food, automotive and e-mobility Customised process adaptations for corrosion protection and durability as well for decorative purpose 	<p>European leading manufacturer of precision components</p> <ul style="list-style-type: none"> Development and production of highly complex plastic and plastic-metal composite parts in large quantities and low tolerance Application in electro- and electromechanical special drives such as electric motors and e-bikes, wipers and washing machines

Pool liners



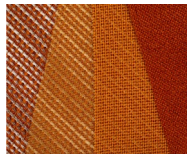
High-end Projection screens



Engineered yarns



Engineered Fabrics



Zinc Nickel



Passivation



Composite metal-plastic parts







Plastic parts






Segment attractiveness...

....underpinned by mega trends, defensible barriers to entry, and strong customer base

	flexible films	engineered products	surface technology	precision components
Segment attractiveness	<ul style="list-style-type: none"> ▪ Mega trends such as global Warming and demographic changes drive business ▪ Spending growth driven by new builds and need for renovation of pools built in the boom years. Also increasing demand for reinforced liner, over other more expensive solutions, such as mosaic. ▪ High entry barriers due to: <ul style="list-style-type: none"> – Strong customer relationships with high quality design products – Capital intensity of production machinery 	<ul style="list-style-type: none"> ▪ Mega trends support significant growth in high-end applications such as light-weight manufacturing and sustainability ▪ Sustainable demand for power transmission belts in several industries. Continued development from automotive to industrial applications and from original equipment to replacement markets ▪ Entry barriers are high due to significant initial investments, customer certification requirements, and extensive need for chemical and production technology experience 	<ul style="list-style-type: none"> ▪ Light-weight trend and electrification in mobility/automotive business support significant growth in specific solutions for corrosion protection of a variety of metal applications ▪ Entry barriers are high due to significant asset-heavy production and customer specifications. Additionally, customer proximity, and access to qualified staff is critical. KAP ST runs several training and development programmes also as part of university cooperations ▪ Critical company size in the field of surface technology to win large scale projects internationally 	<ul style="list-style-type: none"> ▪ Growth of the group is supported by automotive mega trends such as autonomous driving, electrification as well as light-weight manufacturing ▪ Entry barriers are high due to significant capex, specific technological customer requirements, and customer approval processes ▪ Proven track-record to also run low cost production sites ▪ Long lasting and resilient relationship to a highly reputable customer base support organic growth
Top customers				

Longer term market outlook for KAP underpinned by structural mega trends

Mega trends

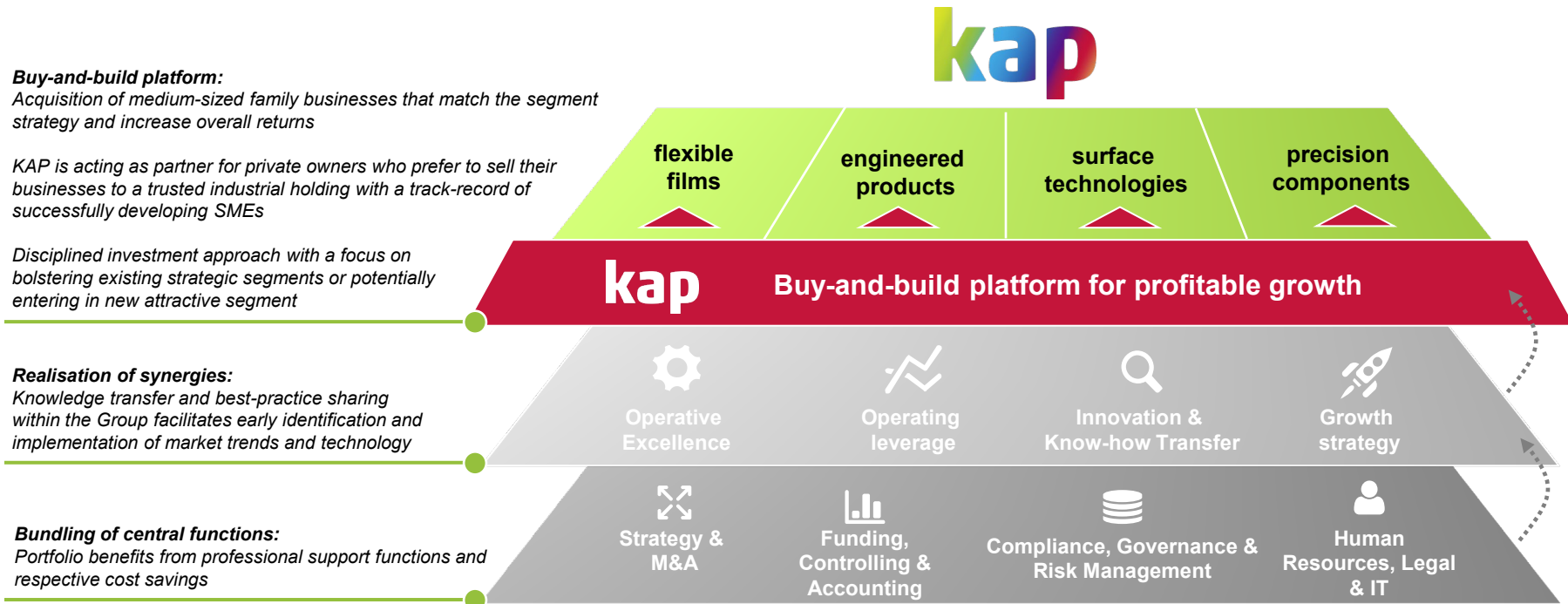
Mega trends	engineered products	flexible films	surface technologies	precision components	kap Group
 Mobility The future of passengers and goods transport	+	○	+	+	+
 Sustainability Consideration of environmental, economic and social aspects	+	+	+	+	+
 Electrification Hybrid or electric powertrains and batteries	+	○	+	+	+

KAP's future growth path is supported by multiple long-term mega trends

Synergistic buy-and-build platform with active portfolio management and value creation

Business model

KAP operates a professional holding structure that enables its portfolio companies to seize attractive market opportunities



Financials 2023

Figures in-line with reduced guidance – but overall disappointing

KAP Group – Highlights FY 2023

- Various challenges remain:
 - Markets do not fully absorb rise in energy and material costs
 - Special issues in key sectors like automotive and construction
- Structural adjustments and improvement measures to meet challenges are already implemented
- On a like-for-like basis (adjusted for the companies sold in April 23): Revenues down by 12.1 %, normalised EBITDA by 33.6 %
- Normalised EBITDA margin at 5.1 %
- Consolidated profit after taxes at -0.1 Mio EUR

Revenue and EBITDA impacted by various challenges

FY 2023 – Earnings position KAP Group

Revenue

(in €m)

-22.3 %

433.5

337.0

2022

2023

Normalised EBITDA

(in €m / margin in %)

-51.8 %

35.9

8.3%

17.3

5.1%

2022

2023

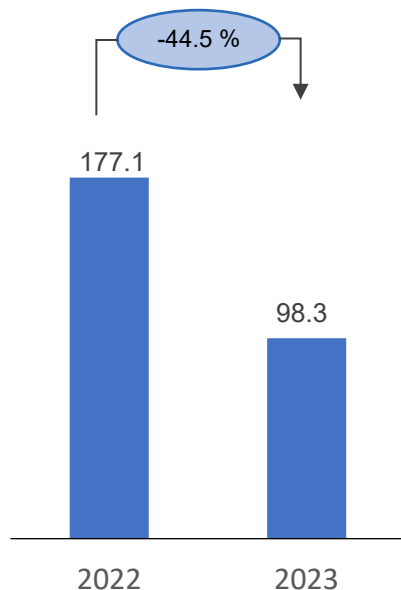
- Revenues down significantly; on a like-for-like basis by -12.1 %
- Multiple negative impacts weigh especially on normalised EBITDA and margin
- Normalised EBITDA margin at 5.1 %
- Only precision components with increase in revenue and normalised EBITDA

Decline in revenue and in normalised EBITDA

FY 2023 – flexible films

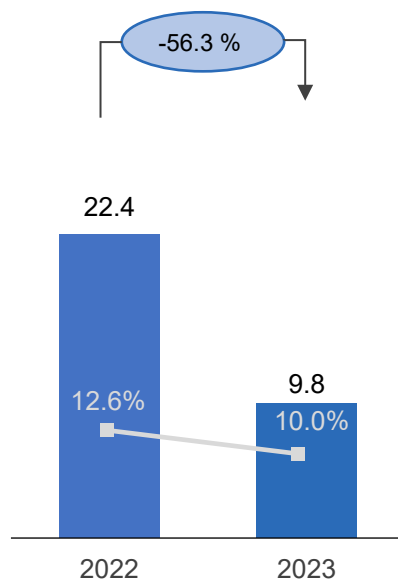
Revenue

(in €m)



Normalised EBITDA

(in €m / margin in %)



- Revenue down by 44.5 %; on a like-for-like basis by 24.8 %
- Normalised EBITDA also down significantly (-56.3 %); like-for-like: 21.4 %
- ⁽¹⁾ Margin slightly down from 12.6 % to 10.0 %; like-for-like: up from 9.9 % to 10.4 %
- End of positive COVID-effect (“Cocooning”)
- Stocks fully piled and not yet entirely sold
- Markets turning positive since end of Q4/2023

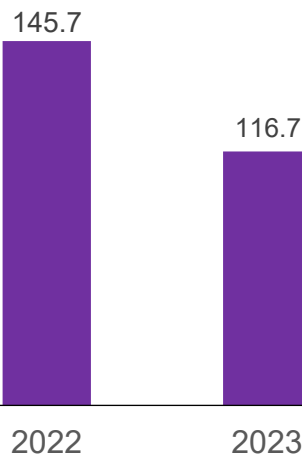
Impacted by negative automotiv sector

FY 2023 – engineered products

Revenue

(in €m)

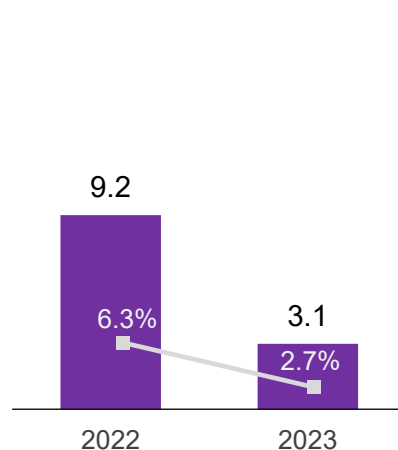
-19.9%



Normalised EBITDA

(in €m / margin in %)

-66.3 %



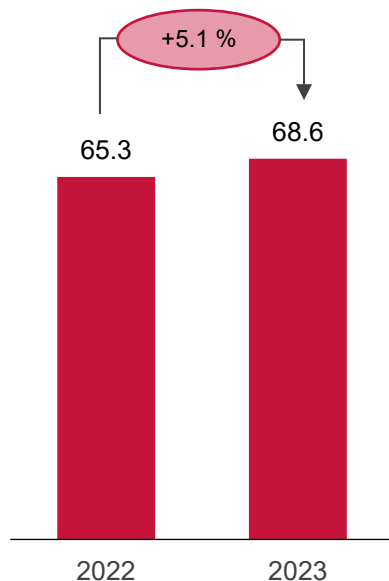
- Revenue down from 145.7 Mio. EUR to 116.7 Mio EUR
- Normalised EBITDA also down to 3.1 Mio. EUR (previous year: 9.2 Mio. EUR)
- Normalised EBITDA margin at 2.7 %
- Burdened by structural changes in automotiv sector
- Large and high-margin client order ran out end of 2022
- Structural measures for more efficiency and leaner production already taking effect

Higher revenue but slightly reduced normalised EBITDA

FY 2023 – surface technologies

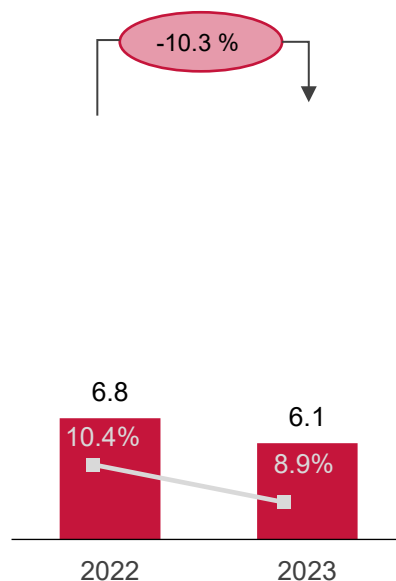
Revenue

(in €m)



Normalised EBITDA

(in €m / margin in %)



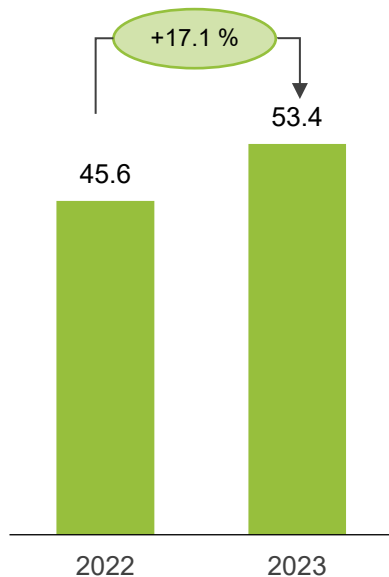
- Revenue up 5.1 % to 68.6 Mio. EUR
- Normalised EBITDA down from 6.8 Mio. EUR to 6.1 Mio. EUR
- Increase in energy costs still burden EBITDA as clients do not bear these additional costs fully
- Negative impact from automotive economy

Increase in revenue, normalised EBITDA and margin

FY 2023 – precision components

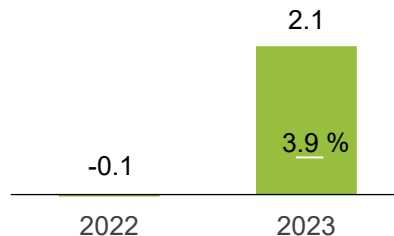
Revenue

(in €m)



Normalised EBITDA

(in €m)



- Revenue up 17.1 % to 53.4 Mio. EUR
- Normalised EBITDA turned positive (2.1 Mio EUR after -0.1 Mio. EUR in 2022)
- Margin on normalised EBITDA: 3.9 % (-0.2% in 2022)
- Increased costs for raw materials and for energy have been put forward to clients to a large extend

Outlook

Forecast uncertainty due economical and political threats

Outlook

Forecast 2024

Results FY 23*

- Revenues: € 316.7 million
- Normalised EBITDA: € 15.6 million

Guidance 2024

- Revenues: moderately higher than FY 2023*
- Normalised EBITDA: significantly above FY 23*

Assumption

Our overall assessment takes into account the foreseeable effects on the KAP Group's business development at the time the annual report was finalised, which result from the disruptions in the supply chains and the wars between Russia and Ukraine and in the Middle East. Additional consequences of the supply chain disruptions and the two wars mentioned, which could not yet be specifically estimated at the time the report was finalised, may lead to results that deviate from the forecast.

*Adjusted for the companies sold in April 2023

IR contact

KAP AG

Kai Knitter

Head of Investor Relations & Corporate Communications

Edelzeller Str. 44

36043 Fulda

P +49 661 103 327

E investorrelations@kap.de

Please feel free to visit our Investor Relations website: www.kap.de/investor-relations