

## Corporate news

### **KAP AG ACHIEVES SIGNIFICANT IMPROVEMENT IN PROFITABILITY IN THE 2024 FINANCIAL YEAR IN A CHALLENGING MARKET ENVIRONMENT**

- Revenue down 4.8% to €252.5 million (previous year: €265.3 million on a comparable basis)
- Restructuring and optimisation measures implemented lead to a 99.1% increase in normalised EBITDA to €21.9 million (previous year: €11.0 million on a comparable basis)
- Continued strategic portfolio optimisation including the divestment of all material parts of the *precision components* segment in the fourth quarter of 2024 places focus on three core segments
- Significant impairment losses in the *precision components* and *surface technologies* segments have no impact on normalised EBITDA and liquidity

**Fulda, 12 March 2025** – KAP AG (“KAP”), a medium-sized industrial holding company listed on the stock exchange (German securities identification number: WKN 620840; ISIN DE0006208408), held its own in a difficult market environment in the 2024 financial year,<sup>1</sup> generating revenue of €252.5 million (previous year: €265.3 million on a comparable basis, namely without the subsection of the *flexible films* segment sold in April 2023). The slight decrease of 4.8% on a comparable basis is due in particular to weak customer demand in the automotive sector, which had a negative impact on performance in the *surface technologies* segment and to some extent in the *engineered products* segment. This effect was almost, but not entirely, offset by the highly positive development in the *flexible films* segment. In terms of revenue including the divested subsection (previous year: €285.6 million), the decrease in the reporting year was 11.6%.

#### **Restructuring and optimisation measures lead to higher profitability**

The successfully implemented restructuring and optimisation measures, under which capacities and structures were adjusted early and consistently to the challenging conditions, had a positive impact on the Group’s profitability as expected. Normalised earnings before interest, taxes, depreciation and amortisation (normalised EBITDA) grew significantly by 99.1% to €21.9 million (previous year: €11.0 million on a comparable basis). This corresponds to a widening of the normalised EBITDA margin by 4.6 percentage points to 8.7% (previous year: 4.1% on a comparable basis). In terms of normalised EBITDA including the divested subsections (previous year: €12.7 million), the growth rate in the reporting year reached 72.4%. The normalised EBITDA margin (previous year: 4.4%) improved accordingly by 4.3 percentage points.

**Marten Julius, member and Spokesman of the Management Board of KAP AG:** “There were two main notable factors in the 2024 financial year: the persistently challenging economic situation and the successful implementation of the restructuring and efficiency measures we had announced. We have taken decisive action and intensively optimised our production and administrative processes further. Together with our segment managers we have also adjusted our capacities and cost structures to the challenging market situation. This has empowered us to significantly increase our profitability, although the level achieved is still far from satisfactory. With the divestment of all material parts of the *precision components* segment in the fourth quarter of 2024, we have systematically driven forward our portfolio optimisation and are now focusing on three core segments as a foundation for the profitable growth of the KAP Group as a whole. Notwithstanding all the progress we have made at an operational level, we cannot yet be satisfied with the development of net profit for the year.”

### **Performance varied across segments**

The *engineered products* segment was clearly faced with persistently weak customer demand, particularly from the automotive sector but also from other industrial sectors. The optimisation of the product portfolio and the associated conscious decision to do without low-margin business additionally impacted the development of revenue, which decreased by 5.3% to €110.5 million in the 2024 financial year (previous year: €116.7 million). The positive effects as a result of the implemented restructuring measures and the portfolio optimisation were clearly reflected in the development of normalised EBITDA, which doubled from €3.1 million in the previous year to €6.2 million in the reporting year.

In the *flexible films* segment, business was characterised by demand returning to normal. While our customers had still been reducing their very high inventories on account of the COVID-19 pandemic in the previous year, this effect no longer played a role in the financial year. Revenue was up 4.5% at €81.5 million in the 2024 financial year (previous year: €78.0 million on a comparable basis), not least due to the segment entities’ good positioning in high-quality pool liners. In terms of revenue including the divested subsections (previous year: €98.3 million), the decrease in the reporting year was 17.1%. The structural measures implemented are taking effect as planned, along with the increasing utilisation of synergies between the segment entities. Normalised EBITDA climbed by 43.2% – outpacing revenue – to €11.6 million (previous year: €8.1 million on a comparable basis). In terms of normalised EBITDA including the divested subsections (previous year: €9.8 million), the growth rate in the reporting year reached 18.4%.

The *surface technologies* segment was impacted above all by persistently weak customer demand from the automotive sector in the 2024 financial year. Lower registration figures for new vehicles – particularly in Germany – led to a noticeable decline in demand for surface coatings for automotive parts. Accordingly, capacity utilisation was low, as a result of which further adjustments to the current market situation were initiated and the first measures were implemented before the end of 2024. Although these negative effects were partially offset by price adjustments with some major customers, revenue fell on aggregate by 12.7% to €59.9 million (previous year: €68.6 million). Normalised

EBITDA climbed 27.9% to €7.8 million (previous year: €6.1 million), particularly as a result of the price adjustments implemented.

In the 2024 financial year, impairment losses recognised in the *precision components* and *surface technologies* segments on account of the deteriorated environment in the automotive sector burdened the Group without affecting normalised EBITDA. The measures implemented, which relate exclusively to the two segments mentioned above, comprise a total volume expected to be in the mid-double-digit million euro range and have no impact on the KAP Group's liquidity or operating result.

### **Focus on core segments holds growth potential sustainable in the long term**

The significant improvement in profitability demonstrates the positive effects of active portfolio management and the advantages of placing a strategic focus on the three existing core segments that offer a good basis for sustainable upside potential. Restructuring and optimisation measures will remain a strategic focus in the future. In addition, the KAP Group will make targeted investments in optimising and further developing existing capacity to strengthen the segments' competitiveness and create the basis for sustainable growth. One of the foundational pillars to this end is KAP's healthy and strong capital and financing structure.

The complete and audited annual report 2024 and the guidance forecast for the 2025 financial year will be published on 29 April 2025 and made available to [download](#) on KAP AG's website.

<sup>1</sup> The Group's consolidated group as of 31 December 2024 differs from that of the previous year following the sale of all material parts of the precision components segment in the fourth quarter of 2024. In accordance with International Financial Reporting Standards (IFRSs), in the 2024 consolidated financial statements the effects relevant to earnings associated with the divested segment were presented in the statement of income in the item "profit/loss from discontinued operations after taxes." The previous year's figures were also adjusted accordingly and therefore differ from the figures published in the 2023 Annual Report.

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### **About KAP AG**

KAP AG is a listed industrial holding company focused on upper mid-size operating companies that seizes attractive growth opportunities in their respective niche markets. Specifically, KAP AG currently focuses on three core segments: *engineered products*, *flexible films* and *surface technologies*. KAP AG currently has over 1,800 employees at 20 locations in ten countries. With active investment management, KAP focuses on continuously optimizing the existing portfolio and creating value. At the same time, the individual strengths and identities of the companies operating successfully on the market are preserved. KAP AG's shares are listed on the Regulated Market of the Frankfurt Stock Exchange (General Standard, ISIN DE0006208408).