



**WELCOME
TO KAFRIT GROUP**

COMPANY PRESENTATION

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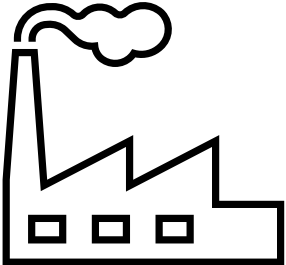
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All forward-looking statements in this presentation are made based on the Company's current expectations

evaluations and forecasts, and actual results may differ materially from those anticipated, in whole or in part, as a result of different factors including, but not limited to, changes in market conditions and in the competitive and business environment, regulatory changes, currency fluctuations or the occurrence of one or more of the Company's risk factors. In addition, forward-looking forecasts and evaluations are based on information in the Company's possession while preparing the presentation.

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Our Place in the Supply Chain



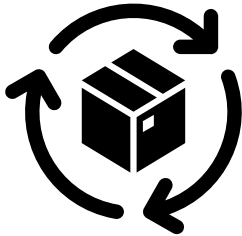
Suppliers

Polymers and Additives Producers



Compounders

Solutions for Plastic Manufacturers



Plastic Manufacturer

Final Products



Consumers

We are here



01

**ABOUT
KAFRIT GROUP**



KAFRIT GROUP IS A LEADING PRODUCER
OF MASTERBATCHES AND COMPOUNDS
FOR THE PLASTICS INDUSTRY

**Our purpose is
to unite talent and technology
to drive the future of plastic,
together.**

Our new challenging Strategy for the next 5 years

Enhance our strong Business Portfolio while **Increasing Profitability** driven by a significant Transformation from a Production-based Company to a **Customer-Centric** Company, focused on **Added Value Service**

Must Win Battles	Marketing and Service	Colors	Business Units	Business Development & Innovation
Mission	Be the Best-in-Class Service and Solution Provider	Become a Multi-Local Player in Colors Segment	Improve Profitability and Strengthen Market position	Form & Execute Strategic Alliances generating significant added value
Our People and Structure	Build a Group Leadership Team, Leverage Knowhow and Synergies			

Kafrit Sustainability Strategy for 2030

Our Sustainability aspirations are that our **People, Products' design** and our aligned **Actions**, together with our **Stakeholders** – will make a **Better World**.

Areas of Action	Operating Sustainably	Living Sustainably	Innovating Sustainably	Business Developing Sustainably
Mission	We continuously limit the negative impact our operations have on the environment	We work to ensure that our people are safe and act according to our values	We help our Customers to become more eco-friendly through Product Innovation	We Balance our Portfolio through Relevant Business Development and Strategic Alliances
Report Sustainably	We measure our actions, setting long and short-term goals striving to achieve results and Report them			



MULTI-NATIONAL
PLAYER



43

PRODUCTION LINES



~500

EMPLOYEES



~118,000

MT CAPACITY

Milestones

Founded in Kibbutz Kfar Aza, PVC Compounds

1973



1978

Expansion into Polyolefins Masterbatches

IPO (Tel Aviv Stock Exchange)

1993



2003

Acquisition of Constab Polyolefin Additives GmbH (Germany)

Acquisition of Constab Suzhou Engineering Plastic (China), 51%

2008



2009

Acquisition of Silon Na. (Canada), 51% (Name changed to: Kafrit NA)

Becoming a sole shareholder in both Constab Suzhou and Kafrit NA

2012/3



2018

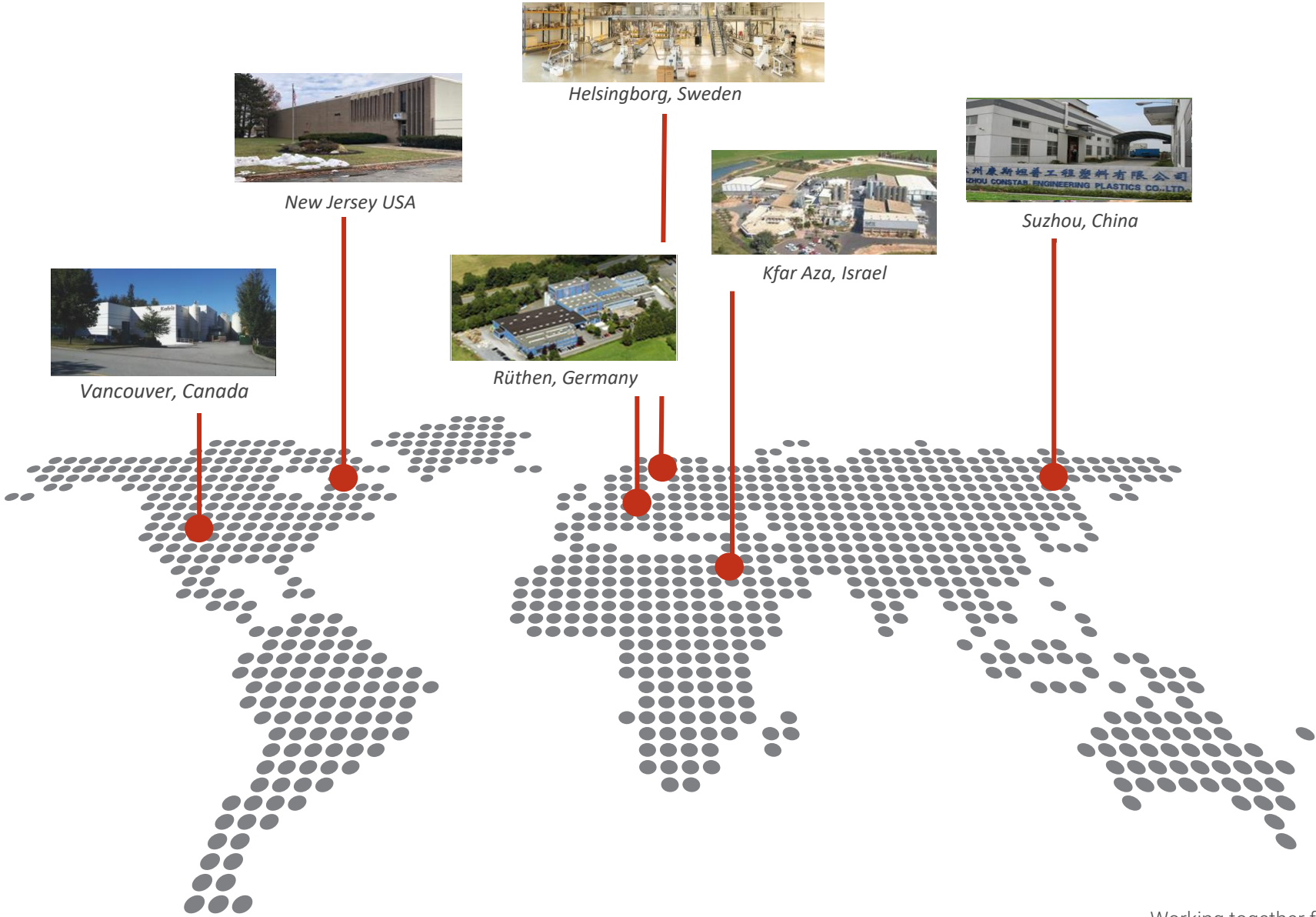
Acquisition of Polyfil Inc. (USA)

Acquisition of Advanze AB (Sweden)

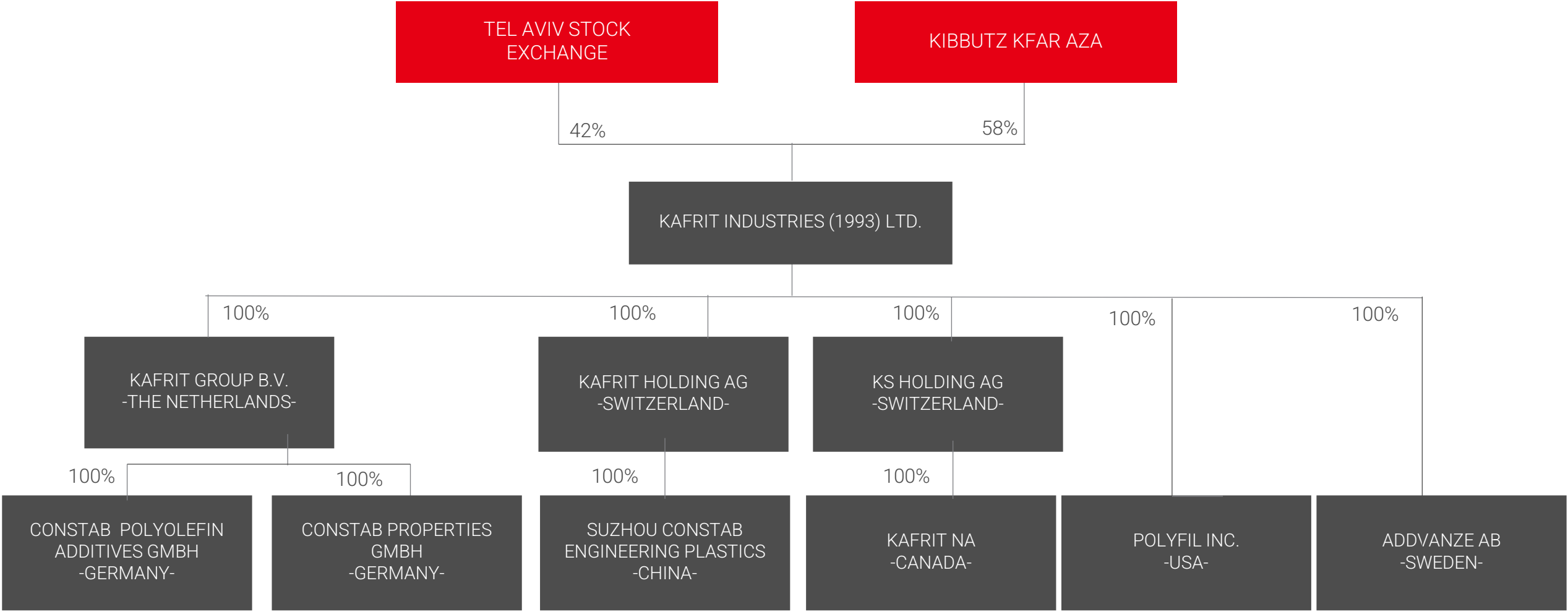
2021



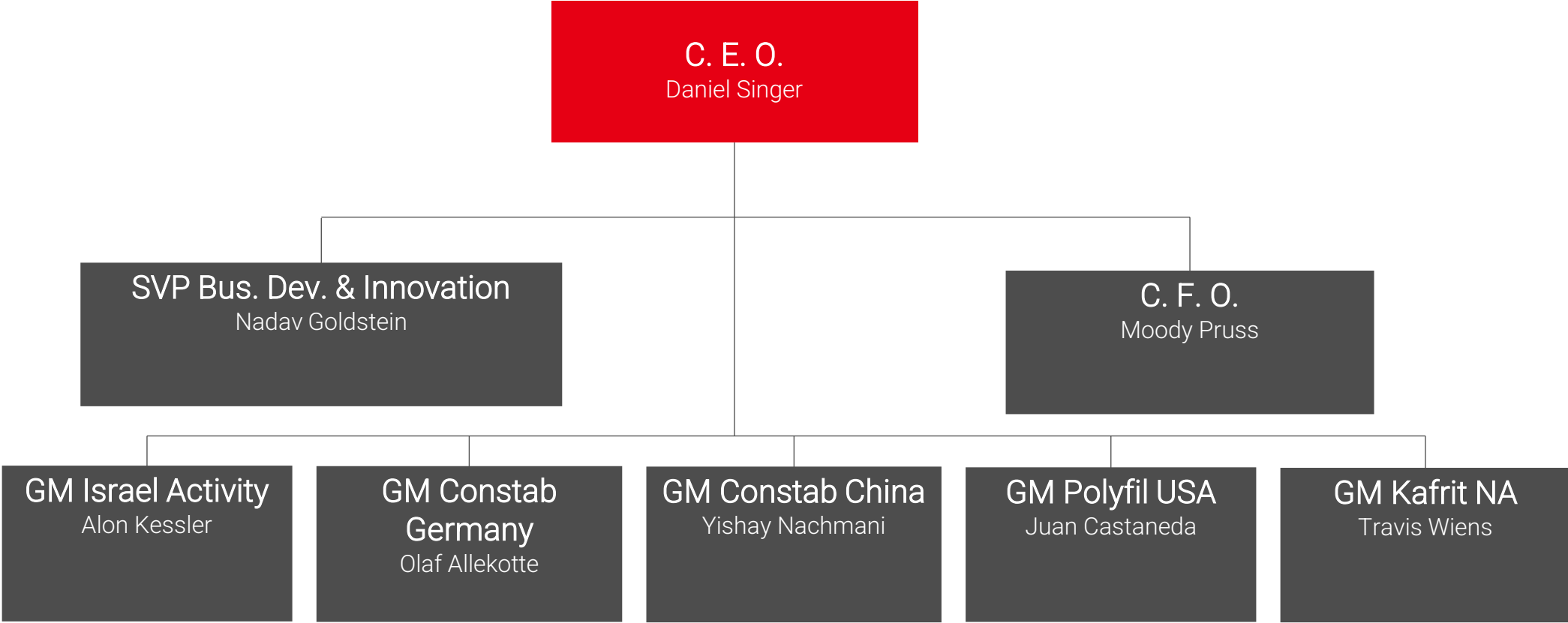
Around the World



Legal Group Structure



Kafrit Group Leadership Team





02

PORTFOLIO

The Members of Kafrit Group

 **KAFRIT IL**

158

Employees

25,300 MT

Capacity

Business Areas

- Agriculture
- PE Films
- Flame Retardants
- Colors
- Polycarbonate
- Pipes

 **CONSTAB GER**

136

Employees

26,300 MT

Capacity

Business Areas

- BOPP Films
- PE Films
- PP Films
- BOPE

 **CONSTAB CN**

109

Employees

26,200 MT

Capacity

Business Areas

- PEX Compounds for Pipes
- BOPP Films

 **KAFRIT NA**

22

Employees

13,200 MT

Capacity

Business Areas

- PEX Compounds for Pipes

 **POLYFIL USA**

33

Employees

22,900 MT

Capacity

Business Areas

- PE Films

 **ADDVANZE SWE**

28

Employees

4,300 MT

Capacity

Business Areas

- Colors

Applications



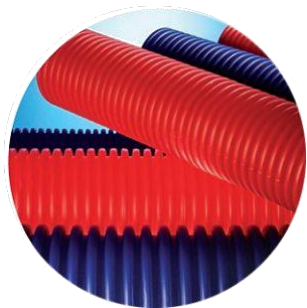
INJECTION MOLDING / BLOW MOLDING



POLYCARBONATE AND PMMA SHEETS



POLYETHYLENE PACKAGING POLYPROPYLENE CAST AND CALENDER FILMS



HALOGEN FREE SOLUTIONS FOR SHEETS AND PIPES



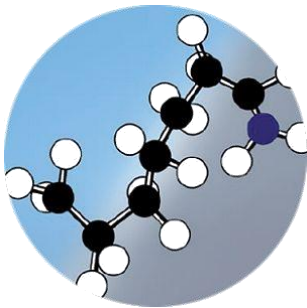
BLOWING AGENTS



OPTIMIZING BOPP FILM PRODUCTION



CONSTAB AND CONPEEL COMPOUNDS



ECOCELL



ANTIMONY FREE / REDUCED ANTIMONY FR SOLUTIONS



AGRICULTURAL FILM



ANTIOXIDANTS



ADDING VALUE TO FIBERS AND NONWOVENS

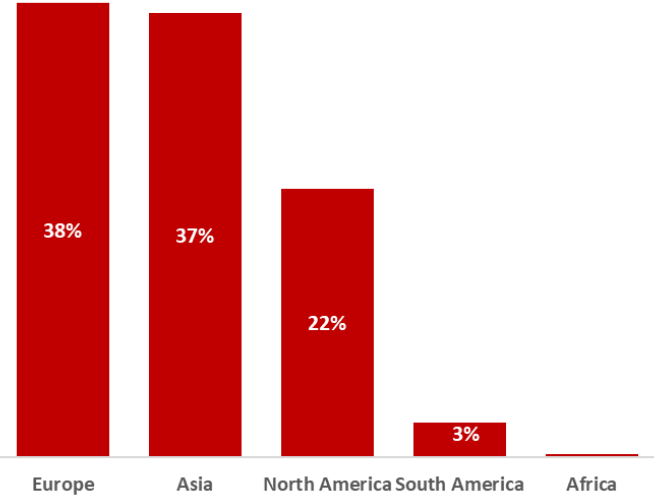
Functionality

ACID SCAVENGERS
ANTIBLOCKING AGENTS
ANTIFOGGING AGENTS
ANTISLIP AGENTS
ANTISTATICS
CAVITATING AGENTS
CLEANING COMPOUNDS
COLOUR CONCENTRATES
FILLERS
FLAME RETARDANTS
FOAMING AGENTS
HYDROCARBON RESINS

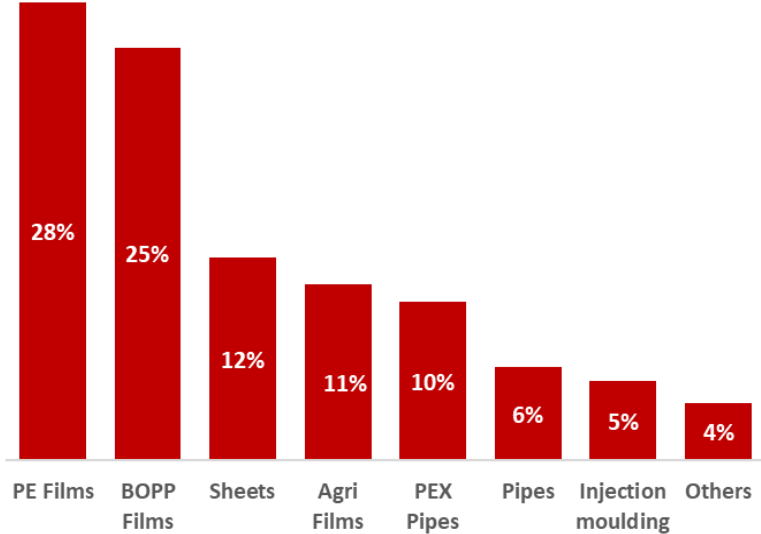
MATT COMPOUNDS
METAL DEACTIVATORS
NUCLEATING AGENTS
OPTICAL BRIGHTENERS
PEEL COMPOUNDS
PHARMACOPOEIA MB
PROCESSING AIDS
SLIP AGENTS
SYNTHETIC PAPER COMPOUNDS
THERMOSTABILISERS
UV ABSORBERS
UV STABILIZERS

Well Diversified Portfolio

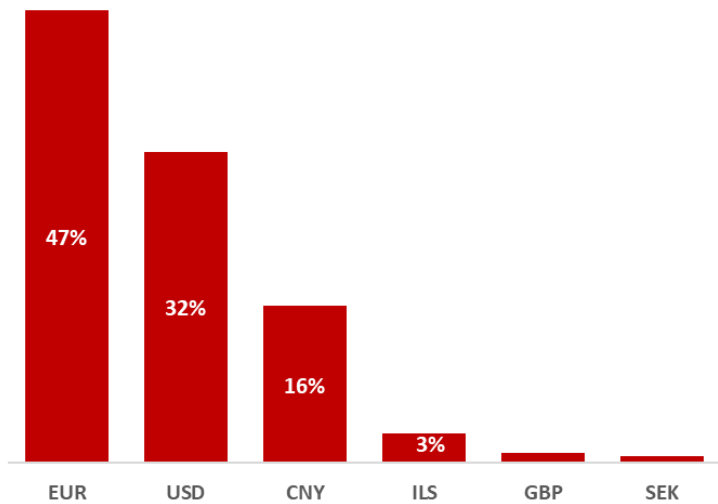
Sales by Geography



Sales by Application



Sales by Currency



(*) H1/2022 NIS Value Sales

Among our Customers – None of them > 5%





PERFORMANCE HIGHLIGHTS

H1

H1 -2022 Highlights

NET REVENUE

555MNIS

42MNIS

OPERATING PROFIT

57MNIS

EBITDA

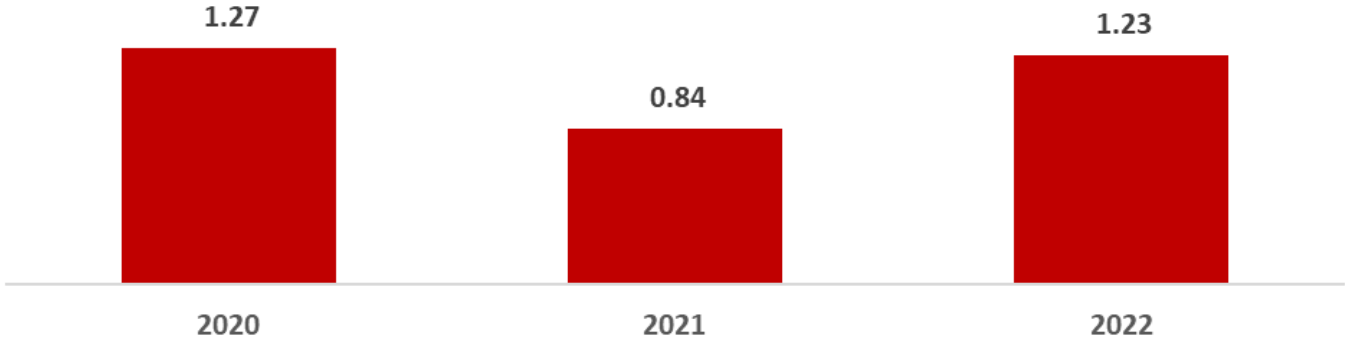
NET DEBT INCREASE

26MNIS

Safety Performance

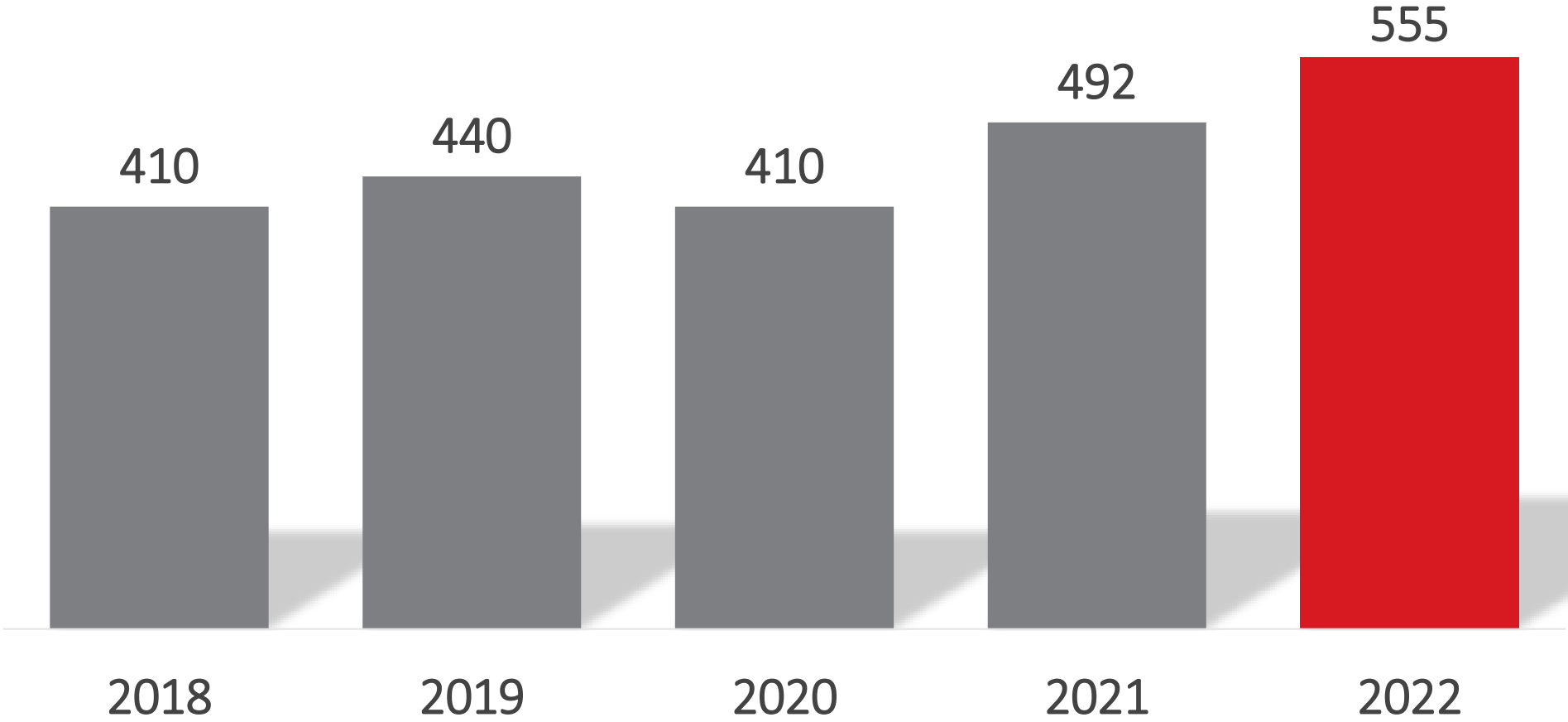
Striving for continuous improvement

Recordable Incident Rate

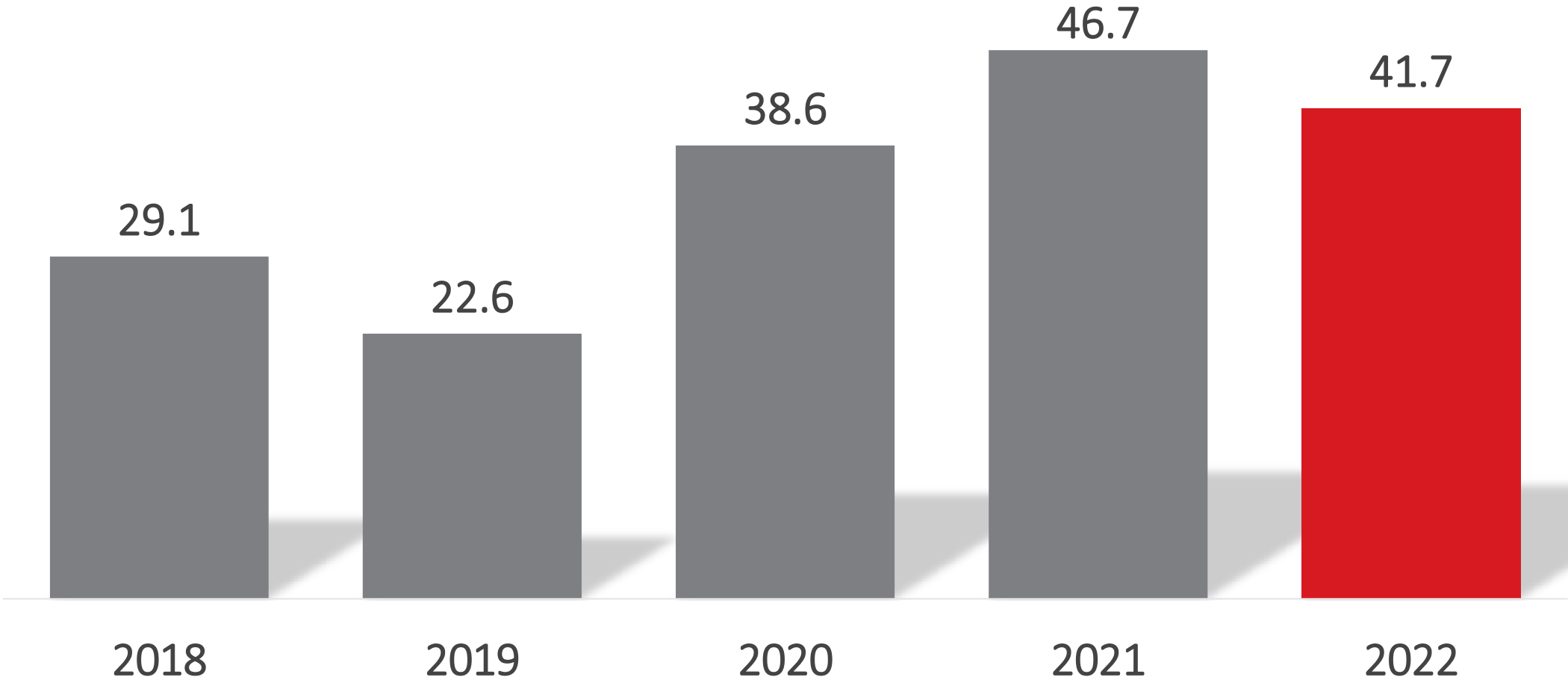


OSHA = #LTA / 200KHours

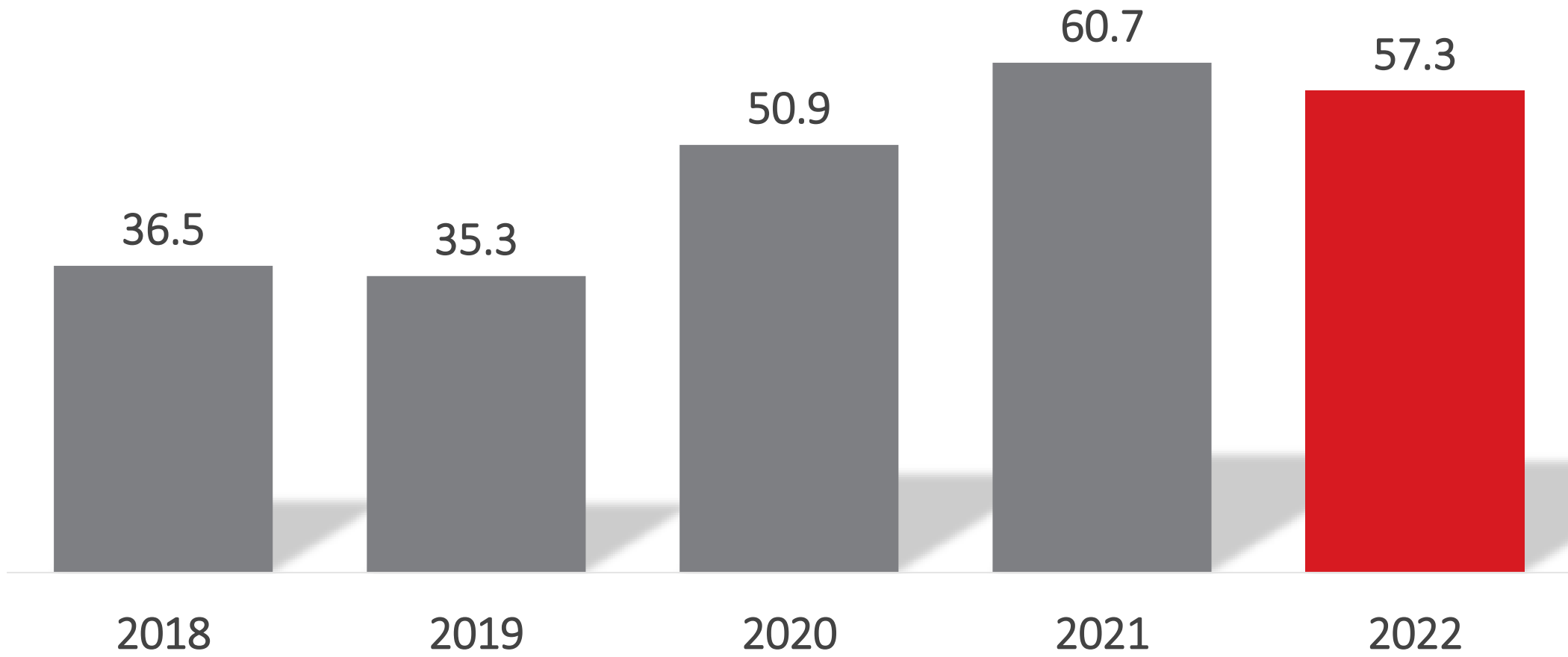
Sales (MNIS)



Operating Profit (MNIS)



EBITDA (MNIS)



The Company continues to deliver strong results under a volatile business environment

- Revenues growth driven by the selling Prices increase to compensate Raw Materials and electricity inflation
- Succeeded to cope with significant Raw Materials crisis, prices, availability, delays, increasing Inventory to minimize the risk towards our customers
- Lack of Labor in almost all geographies after Covid-19 – the “Big Resignation”
- Transportation crisis – maritime, ports delays, lack of drivers, price increase and availability

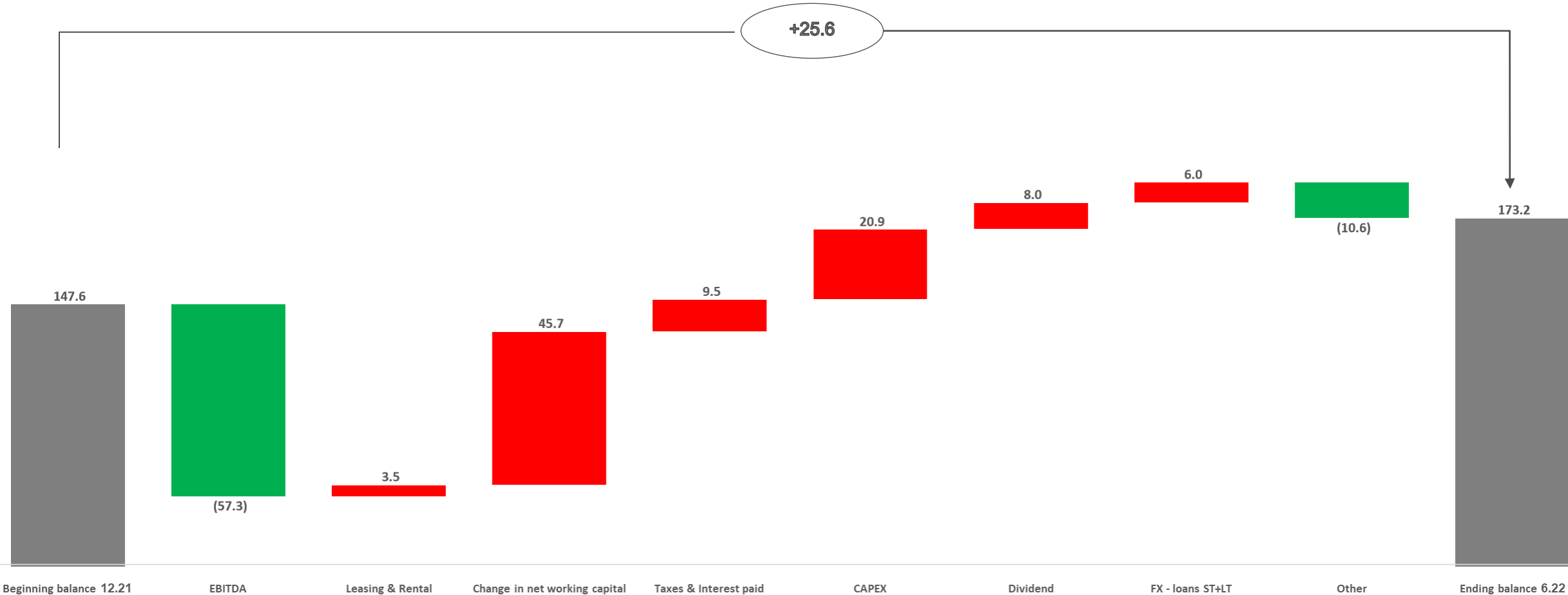
Coping with Serious Supply chain issues

	M-ILS		Change
	2022	2021	2021
Volume Sales (Tone)	44,215	44,690	(1.1%)
Sales	555.4	491.9	12.9%
Materials	385.3	335.2	14.9%
Manufacture & Labor	69.1	58.6	17.7%
COST OF SALES	454.3	393.9	15.4%
GROSS PROFIT	101.1	98.1	3.0%
	18.2%	19.9%	
Sale & Marketing	36.6	31.0	18.2%
General & Admin	22.7	20.5	11.1%
Operating Profit	41.7	46.7	(10.6%)
	7.5%	9.5%	
EBITDA	57.3	60.7	(5.5%)
	10.3%	12.3%	

EBITDA decline was driven by an increase in Electricity, Transportation and Labor costs and small Volume decrease, with negative impact of Foreign Currencies (MNIS)



Debt growth – driven by Inventory increase to cope with challenges in the Supply chain, and seasonality





04

Q2/2022

PERFORMANCE

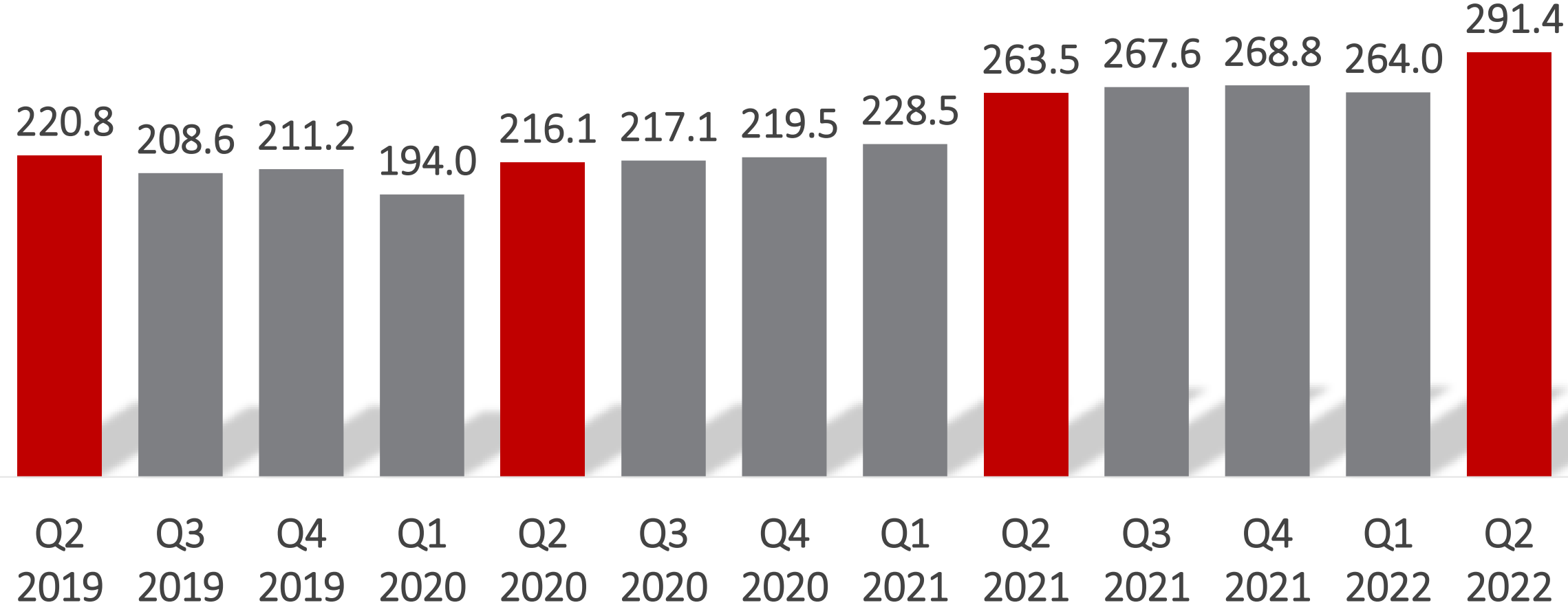
The Company delivered strong value and margin growth in Q2 with a decrease in the bottom line

- Top Line Growth Driven by: Rising selling prices to compensate for the continued rise in raw material prices, and rising electricity and transportation costs
- The company was able to maintain the trading margin, which increased the gross profit
- The increase in manufacture expenses is mainly driven by the increase in global electricity prices
- The increase in Sales and Marketing expenses and General & Admin originated by the significant increase in transportation costs and the acquisition of the company in Sweden.
- The war between Ukraine and Russia had a non-significant impact on our sales

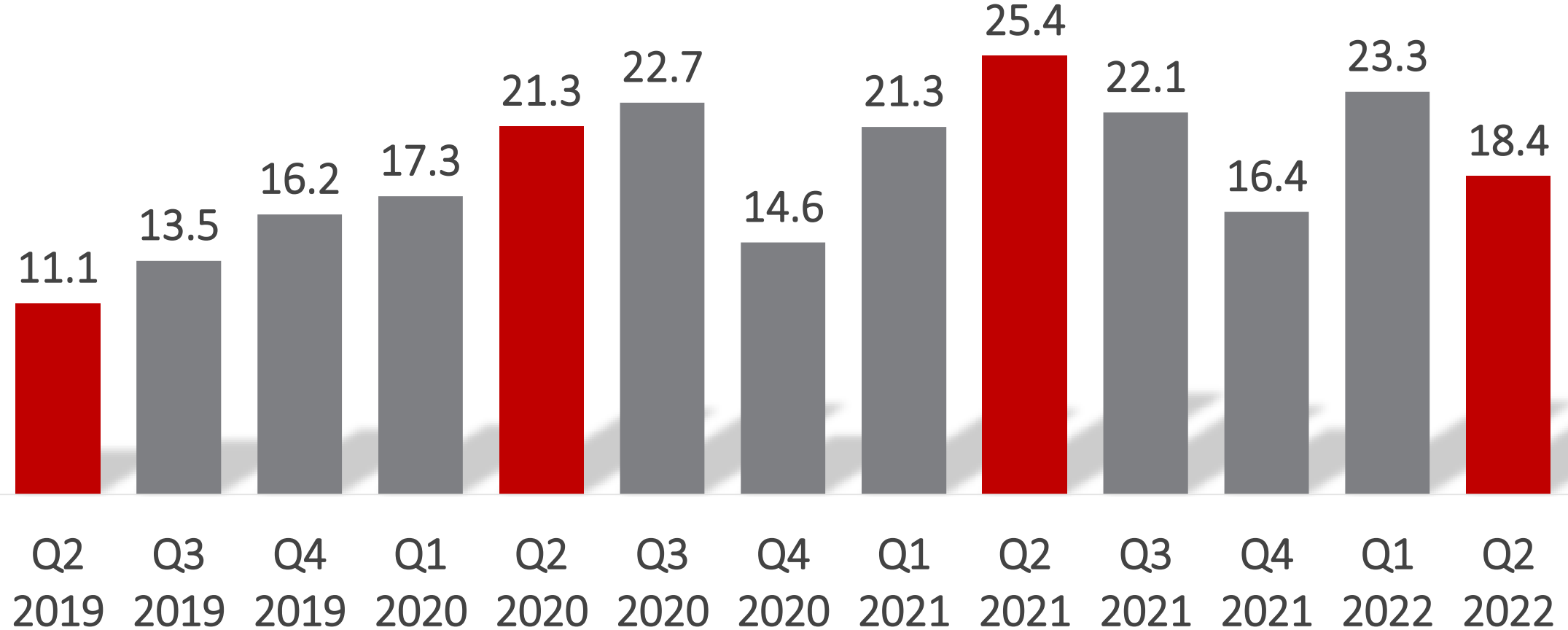
Coping with Serious Supply chain issues

	M-ILS		Change
	2022	2021	2021
Volume Sales (Tone)	22,391	22,755	(1.6%)
Sales	291.4	263.5	10.6%
Materials	206.6	180.9	14.2%
Manufacture & Labor	34.8	29.7	17.0%
COST OF SALES	241.3	210.6	14.6%
GROSS PROFIT	50.0	52.8	(5.3%)
	17.2%	20.1%	
Sale & Marketing	19.8	16.6	19.7%
General & Admin	11.8	10.9	8.3%
Operating Profit	18.4	25.4	(27.4%)
	6.3%	9.6%	
EBITDA	26.3	32.7	(19.8%)
	9.0%	12.4%	

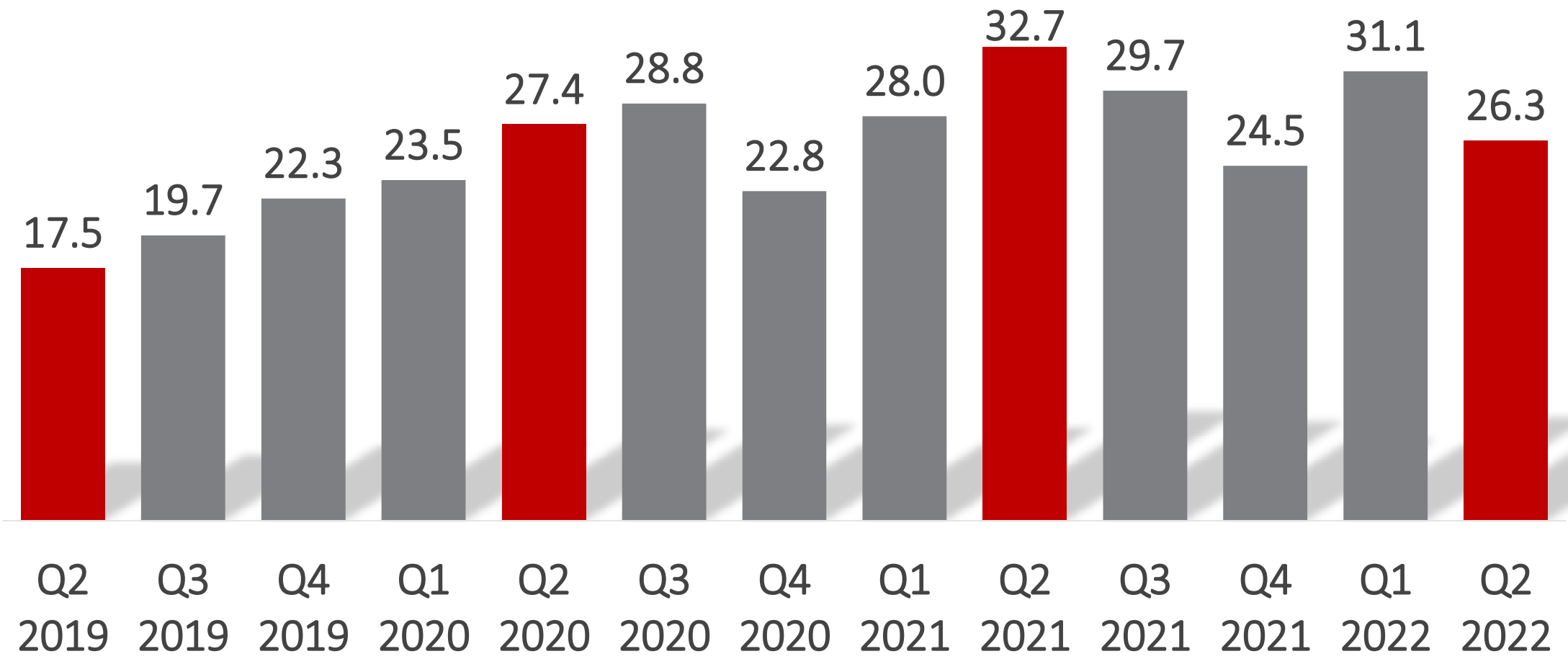
Sales (MNIS)



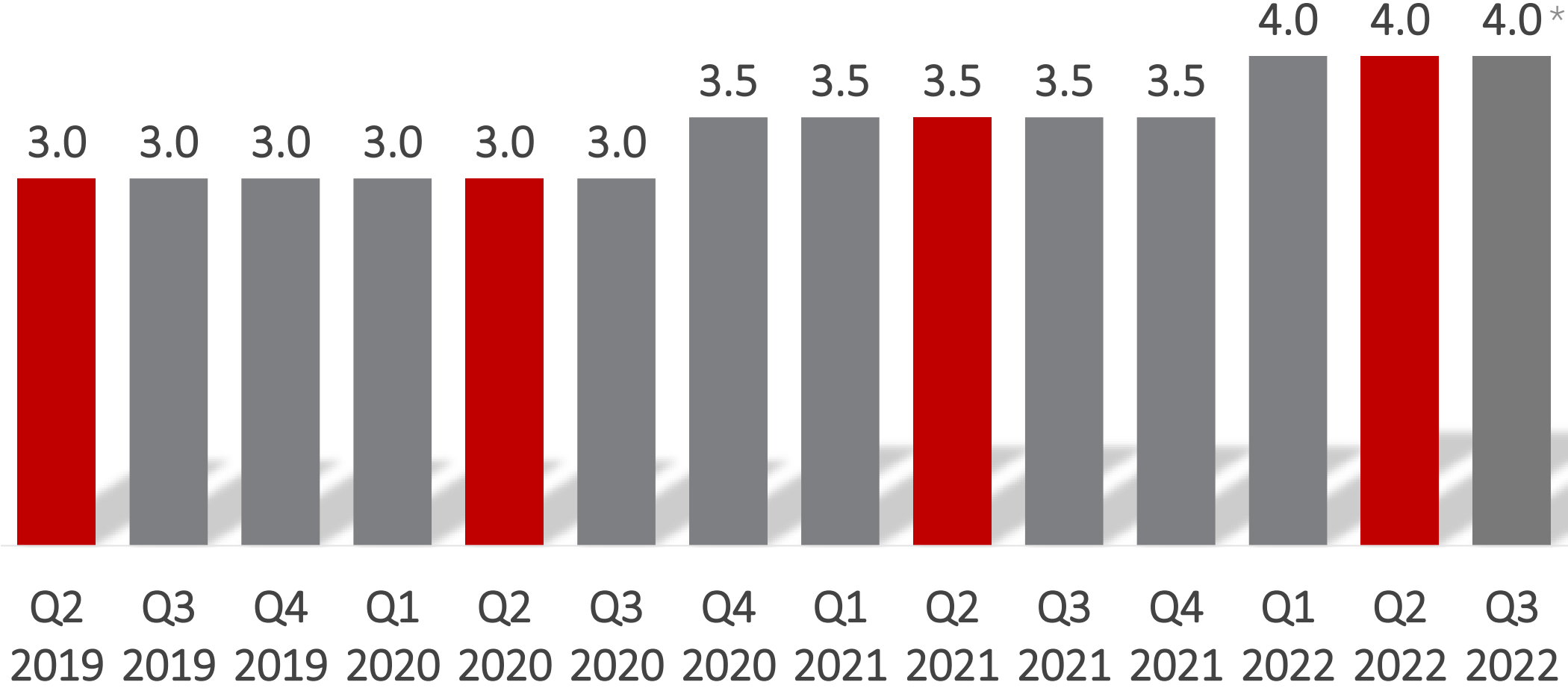
Operating profit (MNIS)



EBITDA (MNIS)



Dividend distribution (M-ILS)



*Q3 2022 – As approved in BOD (31/08/2022)



Thank you