

PORTFOLIO HIGHLIGHTS

KARTESIA COMPLETES CAPITAL INCREASE AND ACQUIRES 100% STAKE IN ADL BIOPHARMA

In March 2021, Kartesia has completed a 12m€ capital increase in ADL Biopharma ("ADL") and has become the sole shareholder of the Spanish biopharmaceutical company, which focuses on the development and production of pharma APIs and specialty ingredients for the food, flavour and fragrances markets.

On 1st October 2020 Kartesia reached an agreement with former shareholder ADL Bionatur Solutions and former ultimate owner BTC. It included a new tranche of 5m€ made available at closing by Kartesia for the general corporate purposes of ADL that was fully drawn weeks thereafter, and a capital increase of at least 10m€ to be completed before year-end, pro rata of the stake of each party. The total capital increase approved was enlarged by 2m€ to fund committed investments in additional production capacity for a new client.

Kartesia funded its 6m€ pro rata on 28th December 2020 and committed to contribute the shortfall of ADL Bionatur Solutions by way of a 6m€ equitisation of debt, in accordance with the restructuring agreement. The capital increase was completed on 26th February 2021 and, consequently, Kartesia now holds 100% of the shares of ADL Biopharma.

In addition, the board of directors has been reduced to 3 seats, comprising the independent directors already appointed on 1st October 2020: Raúl Crespo, Ignacio Urbelz and Mirco Iwan. In the first board meeting held after being 100% owned by Kartesia, the board appointed Ignacio Urbelz as new CEO. Ignacio is a business leader whose experience spans companies such as Spanish food producer Grupo Pascual, Hewlett Packard and Flores Valles, where he has held top management positions including those

of CEO and COO.

Jaime Prieto, Founding Partner of Kartesia, commented: "ADL is committed to becoming the preferred development and production partner for companies in growing end-markets such as alternative bio-based food, cosmetics and healthcare products. We are confident that, through our increased shareholding and the experienced leadership of Ignacio, the business is well-positioned to execute its ambitious growth plan."

Linklaters has advised Kartesia since May 2020 in the debt restructuring and recently completed capital increase. ■

KARTESIA SUPPORTS FLYWHEEL PARTNERS IN THE ACQUISITION OF ES GLOBAL

Kartesia has provided a financing solution for independent long-term equity investor Flywheel Partners for its investment in London-headquartered events infrastructure firm ES Global, in March this year.

ES Global is an award-winning specialist in demountable overlay and infrastructure solutions. From artists' world tours to opening ceremonies of international sporting events, ES Global provides structures, stages, and temporary infrastructure. ES Global delivers

bespoke solutions to high standards from its headquarters in London and offices in Tokyo and Paris. The deal benefit customers, employees and industry collaborators as it accelerates ES Global's growth strategy.

Kartesia has provided support through a combination of debt and equity financing. The capital for this investment was drawn from Kartesia's KCO IV and KCO V funds with the deal led by Nick Holman, Guillermo Ferre and Carlos Vazquez.

Nick Holman, Director at Kartesia, commented: "We are very excited to announce another UK deal as we continue to partner with resilient businesses that have performed strongly. In addition, ES Global's strategy of providing demountable temporary structures, which avoid the larger carbon footprint of permanent structures, fits well with Kartesia's ethos as a responsible financing provider with a strong focus on sustainability. We look forward to seeing the team execute on ES Global's global growth strategy." ■

PALATINE PRIVATE EQUITY IS SUPPORTED BY KARTESIA IN THE ACQUISITION OF FOURNET

In June 2021, Kartesia has provided a financing solution to mid-market private equity firm Palatine Private Equity ("Palatine") for its acquisition of a majority stake in Manchester-headquartered digital transformation and customer experience specialist FourNet.

technology companies with the fastest-growing sales. The company has won a string of awards in recent years and has also been acknowledged as one of the Best Tech Companies to work for in Britain.

Palatine has previous experience of high-quality, successful investments in the sector with portfolio companies Acora, XLN and Selection Services.

Kartesia's facility proceeds will be supporting Palatine Private Equity with its purchase of FourNet and marks another successful transaction in the cloud-centric services sector for Kartesia's senior debt fund (KSO I) in the UK. Last month, Kartesia provided a £30m credit facility to finance the acquisition of cloudThing by Kerv and in August 2020, invested €29m in leading pan-European telecommunications provider Firstcom Europe via a senior loan

facility. The deal team at Kartesia comprised Nick Holman and Karan Patole.

Nick Holman, Director at Kartesia, commented: "We are excited to support Palatine in the acquisition of FourNet, a business which has established an excellent reputation for itself in a sector which has excellent growth prospects. FourNet's use of managed services and software assurance, coupled with highly competent and experienced employees, means it is well-placed to capitalise on the accelerating shift to cloud-centric services. We are very familiar with this sector through previous transactions, particularly our support of the recent transformative acquisition of cloudThing by Kerv, and look forward to bringing this expertise to bear as the business executes its growth strategy." ■

KARTESIA @ A GLANCE

A(NOTHER) YEAR OF RECOGNITION FOR KARTESIA

This year has seen Kartesia hit new highs when it comes to both fundraising and deployment of capital, with the closing of our KCO V and KSO I funds this year giving us €2.5bn to invest in Europe's most innovative and robust companies. And all this amidst the devastating impact of the coronavirus pandemic, through which we have supported our portfolio companies with additional liquidity and guidance.

Given the circumstances, it is even more pleasing to have received more external recognition and endorsement for this difficult but successful year for the Kartesia team, from two of the industry's most important sources of information.

In March this year, we were thrilled to win the 2020 Private Debt Investor (PDI) European "Lower Mid-Market Lender" award, being recognised as the best lender in the category for the third year in a row against some very tough competition. At around the same time,

Kartesia also placed fifth on Debtwire's 2020 Western Europe Direct Lending League Table for senior and subordinated debt, judged on the number of transactions and market share. Placing among such established market players is evidence of the impressive progress we have made in these markets and our position at the top of this asset class.

We'd like to thank the teams at Private Debt Investor and Debtwire for their consideration, as well as our investors and counterparties, without whom we would not be able to celebrate this continued success. ■

Private Debt Investor

AWARDS 2020

Lower mid-market lender of the year, Europe

KARTESIA PUBLISHES FIRST SUSTAINABILITY REPORT

Since the founding of Kartesia in 2013 we have been working hard to ensure the long-term sustainability of our business, its operations and our portfolio companies. After months of hard work, in June we were delighted to issue our first ever Sustainability Report, recognition of the increasing importance of ESG issues for our employees, investors and other stakeholders.

The 2021 report, built by our ESG & Operations Team, is full of evidence of the work we have been doing to improve our sustainability credentials and reporting at Kartesia, including relevant portfolio company case studies, our engagement within both our corporate loans and CLO investments, details of our philanthropic work, and a full outline of how sustainability is worked into our investment

process. We were lucky enough to be able to interview key people at the Institut Curie, one of our sponsored organisations, to see how they are helping provide essential care and support for young cancer patients in France, while also detailing the work we have been undertaking following the new Sustainable Finance Disclosure Regulation that has been impacting all the market players this year.

We look forward to continuing to grow sustainably throughout the rest of 2021 and working closely with portfolio companies to improve ESG credentials. One of our main priorities will be the application of the EU Action Plan for Sustainable Investment across our strategies and we will certainly keep all of our stakeholders' partners updated on developments in this area.

KARTESIA CALENDAR 2021



Kartesia's Annual Information Meeting 2021 will take place on 24th November and will be a hybrid event (virtual and onsite in Paris)



KARTESIA

INSIGHT KARTESIA

NEWSLETTER N°14

August 2021

> P. 2 ADDING VALUE

> P. 4 KEY METRICS @ KARTESIA

> P. 4 KARTESIA IN NUMBERS

> P. 5 PORTFOLIO HIGHLIGHTS

> P. 6 KARTESIA @ A GLANCE



EDITO Kartesia reaches fundraising milestones

The private debt model has continued to display its resilience to the impact of the coronavirus which, despite the encouraging rollout of vaccines and lifting of global lockdown restrictions, continues to bring volatility to public equity and fixed income markets. We have been able to continue deploying capital, providing essential financing for the exciting growth of key sectors of Europe's economies, with recent deals announced in the UK, Italy, France and Spain, evidence of our growing impact and footprint in an increasing number of markets.

This year has also seen Kartesia close its two largest funds ever, demonstrating the continual rise in investor appetite for this resilient private debt model and the need for non-bank financing among Europe's small and medium sized

businesses. Kartesia Senior Opportunities I (KSO I), the inaugural senior debt strategy launched in 2019, raised €1bn on its final close in March and now has on-the-ground representation in our main markets of the UK, France, Germany and Spain. The fund has made nearly 20 investments since it started investing and has a strong pipeline for the rest of this year.

We were also very pleased to close the fifth vintage of our flagship Kartesia Credit Opportunities (KCO) strategy at €1.5bn, almost double the size of KCO IV. We have already deployed over €500m from this fund over 27 investments and are excited about the rest of the year in both primary and secondary markets. While the senior debt fund still commits 50% of its capital to private equity sponsored transactions, KCO V largely

targets sponsorless transactions (76% of the more than €500m committed so far), which is a fast growing but less competitive segment of the lower mid-market and reduces our dependence on private equity dry powder. We believe this will continue to provide us with significant opportunities and give competitive advantage over some of our peers.

While it is always pleasing to close larger funds and enjoy the advantages this increased scale provides, we were particularly happy with the fact that both KSO I and KCO V attracted brand new capital from a broader geographic and type base. 53% and 65% of committed capital to KCO and KSO respectively was from new investors, evidence of the sharp rise in interest in the asset class in Europe and the proven track record of Kartesia in the lower mid-market. We also want to thank our loyal existing investors who committed additional capital to these funds, without whom our success so far would not have been possible!

In this edition, we look more closely at some of the deals that have been closed by both the KSO and KCO funds in recent months, with a focus on ES Global, Kallidus and ADL Biopharma. We also explore in more detail the fantastic Kartesia for Women Initiative, run by Coralie de Maeschalck, which is empowering Kartesia's female employees and providing counsel for those women keen to get involved with the private debt industry.

Happy reading!





Photo Credit: Babcock Wanson

ADDING VALUE

Kartesia builds on strong foundation and familiarity with acquisition of Babcock Wanson

In April this year, Kartesia announced that it would acquire a majority of the share capital of leading European industrial process heating equipment business Babcock Wanson, having already been a minority investor for the five years during which the business was owned by previous majority owner FCDE.

Since the investment by FCDE in 2016, at which point Kartesia also entered as minority shareholder, the Group has experienced a strong growth trajectory, with sales increasing by 7% per annum and reaching €118m in 2021. This strong performance was the result of the in-depth transformation efforts supported by FCDE and Kartesia. During the first three years, the implementation of a 360° transformation plan enabled operational improvements identified on commercial, industrial and financial fronts, including the digitalization of the Group, achieving productivity gains, an increased cash generation

- thanks to working capital optimization - and an improved management and financial control set-up.

The Group is well-positioned to capitalise on a growing market, as the supportive regulatory environment aligns the challenges of environmental and energy-efficient improvements for the European industry. The Group also benefits from strong exposure to resilient and growing industries like agri-food and pharmaceuticals. Kartesia's aim for the business, alongside the highly experienced management team, is to start

a new era of growth with a focus on accelerating the buy-and-build strategy and extending the services business in Europe.

This was a transaction the deal team were very confident in closing and being able to deliver on the business strategy given our familiarity with the operating environment the business has faced in recent years and, perhaps more importantly, its resilience through the difficulties of the coronavirus pandemic. We first invested as a minority shareholder five years ago, at a point of transition for the company coming out

of a larger industrial organization and worked closely and collaboratively with both FCDE and the management team to steer it through that period. It has been a steadily growing business in all its key markets in the past five years, which is testament to the strength of the management team, which was also able to manage performance and limit negative impact on revenues through the coronavirus.

The strong ESG credentials of the business also convinced us that this would be a suitable investment for our KCO strategy. The sector is a key component of the energy transition in Europe, by replacing ageing boilers with more efficient equipment both in terms of energy consumption and CO2 emissions. The digital offering is advanced compared to most peers, allowing customers to manage energy consumption effectively and efficiently. Babcock Wanson also has a dedicated product line designed to capture harmful gases in the atmosphere, the development of which will enhance their sustainability focus.

With the support of the financing capacity of Kartesia, we are certain that we can help the

management team develop on its already impressive growth through external acquisitions to help it grow across a broader range of European markets. Our European network, with offices in all of the key Western European markets, will allow us to source opportunities for the business to buy and build and develop the already impressive service offering embedded into the business model.

We are looking forward to continuing to work closely with the management team to realise continued success for the business. ■

Julien Rigon
Director

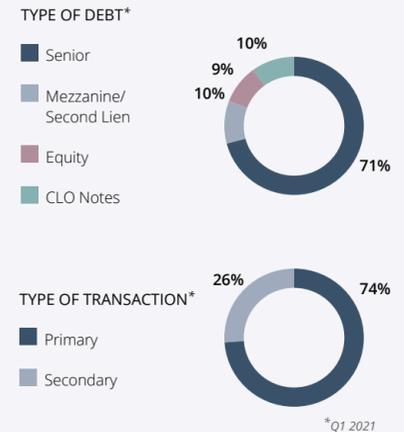
Kartesia's aim for the business is to start a new era of growth with a focus on accelerating the buy-and-build strategy and extending the services business in Europe.

KEY METRICS @ KARTESIA

Kartesia's team has currently 3.815 million euros of assets under management.



71% of KCO and KSO is invested in Senior debt. In line with the team's strategy, secondary debt and primary debt respectively account for 26% and 74% of the funds' transactions.



KARTESIA IN NUMBERS*

BUILDING A RESPONSIBLE CREDIT PLATFORM...

- 2014** The year Kartesia signed the UNPRI
- 2015** The year Kartesia started to report on carbon footprint
- 2018** The year Kartesia became carbon neutral

...SUPPORTED BY AN INTERNATIONAL TEAM...

- 13** Nationalities
- 19** Spoken languages
- 7** European offices

... THAT INVESTS IN EUROPEAN SMALL AND MID CAP COMPANIES...

- € 171 million** Average revenues of KCO and KSO borrowers
- € 22 million** Average EBITDA of KCO and KSO borrowers

... WITH GLOBAL PRESENCE...

- € 6 billion** Total revenues of KCO and KSO borrowers
- 36%** Average share of revenues generated outside their national markets

... ACTIVELY CONTRIBUTING TO EUROPE'S EMPLOYMENT...

- 32 397** Total number of employees of KCO and KSO borrowers

... AND INVESTING FOR TOMORROW.

- € 220 million per annum** Total annual capex of KCO and KSO borrowers

*CLO vehicles excluded