Cabka

22

# Annual Report

# Sound fundamentals

2022 promised to be a special year for Cabka. The COVID-19 pandemic started to retreat and we were looking forward to our initial public offering, a milestone in our history. Then on February 24, five days before the IPO on March 1, the war in Ukraine started. Energy prices went through the roof, there was a threat of scarcity of raw materials and uncertainty arose in financial markets.

In times like this, a company proves whether it is robust, whether it can respond quickly and successfully to radical changes. The answer to that, given the circumstances, is that we can be proud of what we have achieved. We achieved record sales of € 208.9 million, operational EBITDA of € 22.5 million, Net Income from operations € 1.5 million and a proposed distribution of €0.15 per share. We were able to continue our growth strategy, recording a 23% topline growth.

But above all, these results prove Cabka's sound fundamentals. They underline the value of our offering and pricing power, proving the strength of our business model. It is a compliment to our entire team as well. We have proven to be highly resilient, despite non-operational losses. For instance when we had to close our US plant after a flooding but did not lose one single day of delivery.

In answer to the rapidly rising input costs, we were forced to implement several rounds of price increases. By being in close contact with our clients throughout these volatile times, regularly providing the necessary transparency on the changing market conditions, we managed through this adversity together. A proof of the strong partnerships we have in place, as well as the added value of our products.

We worked intensively in 2022 to realize our growth strategy, to become even more sustainable, to protect our margins and at the same time to strengthen our innovative focus in close cooperation with our customers. Our performance in circularity, with over 85% of our products from recycled plastics, attracted blue chip customers opting for our solutions, helping them to meet their sustainability goals. It has played a key role in winning new business and new contracts with Target, CHEP and BMW, among others, further strengthening our base.
2022 has shown that the development towards a circular economy and the rationalization of the logistics chain, including digitization and automation, will give an extra boost to the market for recycled plastics in general, and to innovative players like Cabka in particular.

Looking ahead, I am convinced we are on the right track with our strategy. Barring unexpected circumstances, I am confident that we will deliver on high single-digit sales growth in 2023, with a recovery of EBITDA margin towards 13-15%.

***Tim Litjens***
*Chief Executive Officer*

# About this report

This document contains the Annual Report 2022 of **Cabka N.V.** a listed public company under Dutch law ('*naamloze vennootschap*') which is registered in the Chamber of Commerce Amsterdam under number 80504493 and has its registered office at Johan Cruijff Boulevard 65-71, 1101 DL Amsterdam, The Netherlands.

The current organization of Cabka N.V. is the outcome of a 'business combination' transaction of Cabka Group GmbH with Dutch Star Companies TWO B.V.. On March 1, 2022 Dutch Star Companies TWO B.V. ("DSC2") merged with Cabka Group GmbH, Berlin, Germany and immediately changed its name to Cabka N.V.

Cabka N.V. is based in the Netherlands with subsidiaries in the US, Spain, Germany and Belgium. Cabka is listed at Euronext Amsterdam under the "CABKA" ticker. Throughout this report, the name "Cabka", "Cabka Group", "the Company" or "the Group" will be used interchangeably to refer to Cabka N.V. and its subsidiaries. These consolidated financial statements comprise the Company and its subsidiaries.

The report will generally refer to the organization as Cabka throughout the reporting period, unless specified differently. This report covers all operations of Cabka N.V. as of January 1, 2022 so retroactive from listing on March 1, 2022, as if Cabka in its current structure was listed over the full year, although the scope of the listed entity has changed significantly since the beginning of the year.

Until March 1, 2022 the listed entity was known as Dutch Star Companies TWO, a Special Purpose Acquisition Company with the intention to invest in a significant minority stake of one target company active in Europe and preferably also the Netherlands. As the company was focused on investing all capital in one specific company it had only very limited operational activities.

Until March 1, 2022, Cabka Group GmbH was a German based privately owned company. For periods up to and including the year ended December 31, 2021, Cabka Group GmbH prepared its consolidated financial statements in accordance with local generally accepted accounting principles in Germany (German GAAP) according to German Commercial Code (HGB). As a result of the listing of Cabka on March 1, 2022, as of January 1, 2022, the Group financial statements are prepared in accordance with IFRS as adopted by the European Union (EU-IFRS) and also comply with financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code, as far as applicable. For comparison, the 2021 financials were retroactively prepared under IFRS.

This report also includes financial as well as environmental, social and governance (ESG) reporting for Cabka. It is the first time for Cabka to report on its ESG efforts. The TCFD index (Task Force on Climate-related Financial Disclosures) and the GRI index (Global Reporting Initiative) are included in this report.

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# About us

# Purpose and Mission

At Cabka, we want to transform things for the better. We want to bring change. For the industry, the environment, our people and everyone in-between. We take plastic waste and transform it into reusable transport packaging. This is how we turn the used into the useful. Transformation is our power because we know that while resources are limited, possibilities are endless. We combine innovation and sustainability to transform the world's supply chains together with our customers. In doing so, our strategic focus is based on four strategic objectives for Cabka:
- Continuous innovation
- Customized solutions
- Large container offering
- Leveraging our ECO business

Innovation has been an integral part of our work since we pioneered technology for processing recycled plastic more than 25 years ago. It goes beyond simply creating new products. We seek to transform entire systems and overcome thinking that stops at "good enough". Innovation at Cabka is based on a consistent focus on research and development. And it is cultivated by the courage and curiosity to seek and follow new paths.

We specialize in pallets and large containers made from recycled plastic, striving to be the circularity leader in our industry. Our mission is to enable breakthrough all over the supply chain and beyond with smart, reusable solutions for transport packaging. Because we believe in a world where supply chains do not just move things, but enable change, making a positive impact.

To us, the most innovative solution should also be the most sustainable. And success means creating solutions that are optimal for both our clients and for the planet.

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**Our vision** *A world in which supply chains do not only move things, but enable change in making a positive impact*

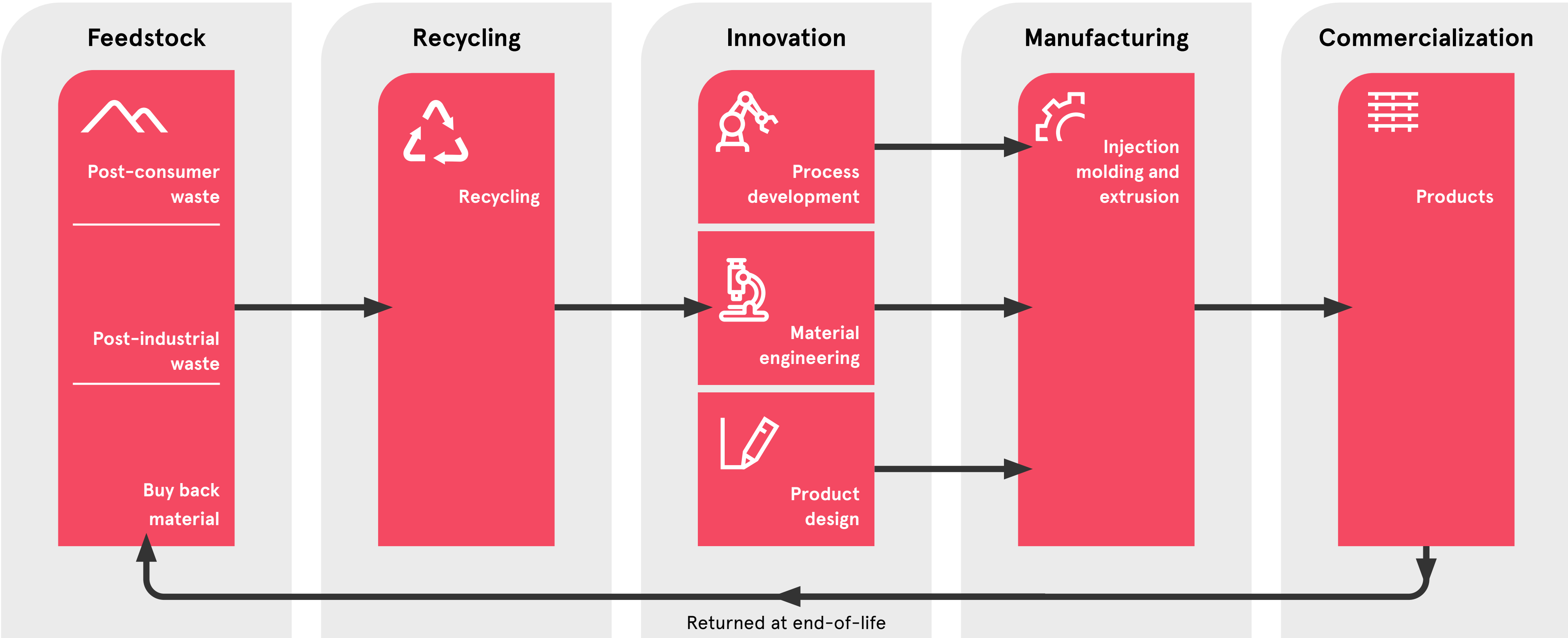
**Our mission** *Enabling breakthrough all over the supply chain, with smart reusable solutions for transport packaging*

**Our values**
*Pioneering* - We lead through innovation in design and in recycling
*Winning* - We play to win, delivering on our promises, balancing ecology and economics
*Respect* - We value our people, partners, and the environment and we always play fair
*Simplifying* - We succeed by keeping things simple

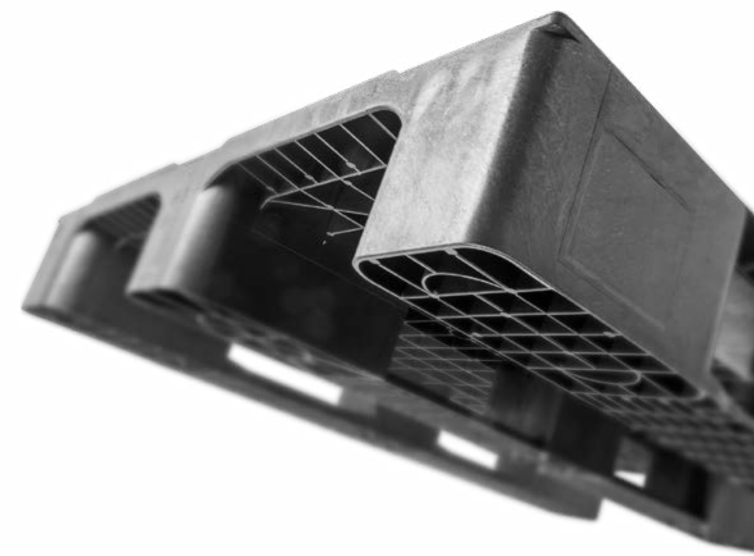
# Core Activities and Products

Cabka is creating clever and transformative packaging solutions for moving goods around the world in a sustainable fashion. We take post-industrial plastic waste and recycled plastics and transform it into reusable transport packaging (RTP), namely pallets and large containers. In addition to transport packaging, we develop and produce Eco products. These are made from post-consumer plastic waste and are used in road construction, traffic safety systems and gardening.

We are leading the industry in our integrated approach closing the loop from waste, to recycling, to manufacturing. Thanks to our many years of experience and the work of our engineers at our state-of-the-art Innovation Center, we are able to bring recycled plastics back into the production cycle at attractive prices. This enables us to significantly reduce both the costs and the environmental footprint of our customers.



# Cabka and its environment



Cabka is an internationally operating manufacturer of reusable transport packaging (RTP) made of recycled plastics, which are extracted from both post-consumer and post-industrial waste streams. Our innovative pallet and large container solutions are set to enhance the efficiency and sustainability of international logistic supply chains. To maximize circularity, the products are designed to be durable enough to ensure above average lifecycles, to be returned, recycled, and turned into new products once again at their end-of-life. To facilitate this approach, the company has built expertise along the value chain starting from waste sorting, and recycling, to unique material processing expertise as well as high-end production capabilities. Coming in at a revenue of € 209 million, Cabka employs a total of 595 FTE (2022YE) and operates production facilities in Europe and the United States.

**Markets**

Reusable transport packaging products are used for the storage and transport of goods along the entire value chain. Therefore, these products are intrinsically designed for multiple trip applications in closed-loop environments, such as warehouses, closed distribution networks, and open-loop systems including return logistics. Transport packaging is comprised of pallets, boxes, and containers in different sizes and weights, as well as auxiliary products such as divider sheets or protective dunnage for a broad set of target sectors and use cases. Cabka focuses solely on the two high-value product categories in this market environment, i.e., pallets and large containers.

The global pallet and container market was estimated at US$ 128.1 billion in 2020 and is expected to grow in the coming years at an average growth rate of 5.1%[1]. This stable growth is largely driven by rapid and frequent changes in international supply chain landscapes and the constant rise of e-commerce.

Roughly 90% of all pallets are made from wood[2], with other materials like plastic, corrugated paper, or metal making up the rest of the market landscape. Thanks to a wide array of key differentiators, plastic applications have gained substantial traction in the past decade, gradually replacing wood pallets.

With logistic excellence becoming an increasingly important strategic differentiator in a connected globalized economy, companies are looking to reconsider and future-proof their supply chains. This transformation mainly materializes in the desire to maximize both the efficiency and the sustainability of their logistic operation.

[1] Allied Market Research. (2021). Pallets Market Expected to Reach $122.3 Billion by 2030. https://www.alliedmarketresearch.com/press-release/pallets-market.html
[2] Freedonia. (2015). World Pallets Report.

**Products with an economic and environmental value proposition**
When it comes to efficiency, enterprises are focused on optimizing transportation, return logistics, and storage cost and simultaneously aim at reducing handling and cleaning times. The value proposition of plastic pallets in many ways plays into these requirements thanks to their superior properties compared to wooden solutions, such as higher precision in terms of measurements and weight, low volatility in overall quality, and low breakage rates.
A trend which serves a good example of how expectations towards load carrier systems have changed is the gradual adoption of automated warehouse systems, which inherently operate at zero tolerance for system failure, and hence require accurate, precise, and reliable carrier products, tailored to the specific needs of clients' internal logistic process.

Next to this shift in supply chain requirements, increasing awareness on sustainability is driving the development of sustainable products and processes. The overarching goal of the Paris Agreement is to limit the global temperature increase in this century to 1.5 degrees Celcius. With this binding commitment, climate change action has become a core component of corporate and regulatory agendas. Industry players must take charge to monitor their emissions and enforce measures. This is especially true and challenging for the logistic and transport sector, which historically has been one of the major emitters of greenhouse gases.

As a result of the sustainability developments, companies are increasingly interested in introducing circular business models and more sustainable products, with a strong focus on reusability, recyclability, and the general use of recycled materials. In the context of sustainability, logistic applications made from plastic can offer substantial benefits compared to other commonly used materials (i.e., wood and carton).

An important measure when it comes to lowering the environmental footprint of transport packaging is the number of trips a pallet is able to complete during its lifecycle. Plastic pallets have been proven to live through as many as 100 logistic trips whereas the lifespan of wooden pallets is considered to be much shorter, at a maximum of 20 trips before they are damaged from external influences such as humidity, mold, or vermin infestation (based on LCA studies). As opposed to using virgin plastics, the use of recycled plastics lowers the overall environmental impact of the pallets. First, the use of primary materials is avoided, and second, it prevents that plastic waste streams are incinerated or end up in landfill. Further optimization and customization of plastic pallets for specific customer needs has the potential to further decrease the product's environmental footprint.
At the end of their life, all of our transport packaging products are almost fully recyclable and the material can be re-used for the manufacturing of new products, making our products a truly circular solution.

100
Logistic trips is the average lifespan of plastic pallets

20
Logistic trips is the average lifespan of wooden pallets

# Innovation across the entire chain

**Material innovation**
With the company's origins laying in processing hard-to-recycle materials, Cabka has managed to establish key knowledge advantages in this field. The material innovation by our Innovation Center allows us to do material development and find ways to make products out of different waste types. From a strategic procurement side, Cabka has found more and more different waste sources that could be converted into finished goods. Where others are dependent on expensive external expertise and material engineering, Cabka can leverage in-house recycling competence, which leads to significantly lower input costs. Overall, almost 90% of the annually processed material by Cabka is recycled.

**Processing technology innovation**
While the use of recycled materials comes with clear upsides, it is also accompanied with challenges. Since it is waste, contaminations and foreign substances in the material are unavoidable. Furthermore, the overall quality (e.g., particle sizes, color, etc.) can be volatile. Cabka has established unique processing methods, using in-house developed and produced molds and tailor-made machinery, enabling the efficient recycling and consequent processing of these materials. To further assure stable and reliable manufacturing, Cabka is investing heavily in the automation of their production processes (e.g., waste separation, material transport, and internal logistics).

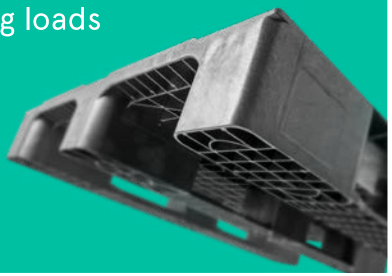
**Product innovation**
Another key differentiator for Cabka is our product innovation, enabled by our internal product development capabilities. Though pallets are often considered standardized commodity goods, the transformation of supply chains and sophisticated logistic systems require the adjustment of existing products, or even the design of dedicated, tailor-made solutions. With our own Innovation Center in Valencia, Cabka has the ability to design and produce products that meet a broad range of specific requirements of customers from different sectors.

# Product portfolio

Cabka's product portfolio consists of over 150 different pallets and large containers, together with our ECO products portfolio.

### Nest
Lightweight and nestable

### Eco pallets
Small price big loads



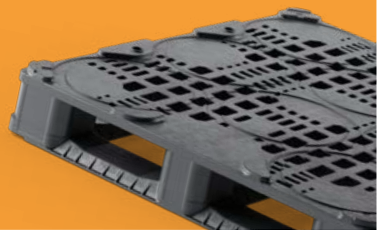
### Endur
Robust premium products

### Eco products

### Hygienic
Clean and food-safe

### Large containers
More mass more class

### Custom products
Specially designed for your needs



Cabka's product-market-combination overview

| Market | Food & Beverage | Retail | Chemical | Pharma | Automotive | Pooling |
|---|---|---|---|---|---|---|
| Nest | ● | ● | | | | ● |
| Eco | ● | | ● | ● | ● | |
| Endur | ● | ● | | ● | ● | ● |
| Hygienic | ● | | | ● | | |
| FLC | ● | ● | | | ● | ● |
| RLC | ● | | | | | |

**Pallets**
The basic pallet portfolio starts with lightweight and easy to handle nestable Nest pallets built to interlock, making them ideal for saving space during storage and transportation (up to 4 times less space required). For more intense use Cabka offers its Eco Pallets, designed for multi-trip or export uses, the ideal solution for automated conveyors and high stacking. When even higher performance and durability is expected Cabka offers Endur Pallets, high-performance pallets designed to withstand hard usage and significant impacts in high traffic environments. They are ideal in high circulation situations. For more specific use in demanding hygienic circumstances Cabka offers Hygienic Pallets, from food-safe HDPE; easy to clean and dry, with smooth, closed surfaces.

**Large containers**
Cabka offers a portfolio of large containers ideal for almost any shipping, storage, or even retail environment. Cabka offers two large container solutions: the CabCube (foldable large container, FLC) – a three-piece sleeve pack container for transportation of bulk and large volume parts, and the Pallet Box (rigid large container, RLC) – a rigid high-volume box for safe storage and transportation of loose products or bulk goods.

**Customized solutions**
Pallets or large containers designed for customer's specific supply chain can do both - reducing costs and carbon footprint. Many of the products Cabka developed jointly with customers have ended up becoming industry standards. Among them: many beverage and pooling pallets or the Light Foldable Containers introduced in the Automotive and Retail Industry.

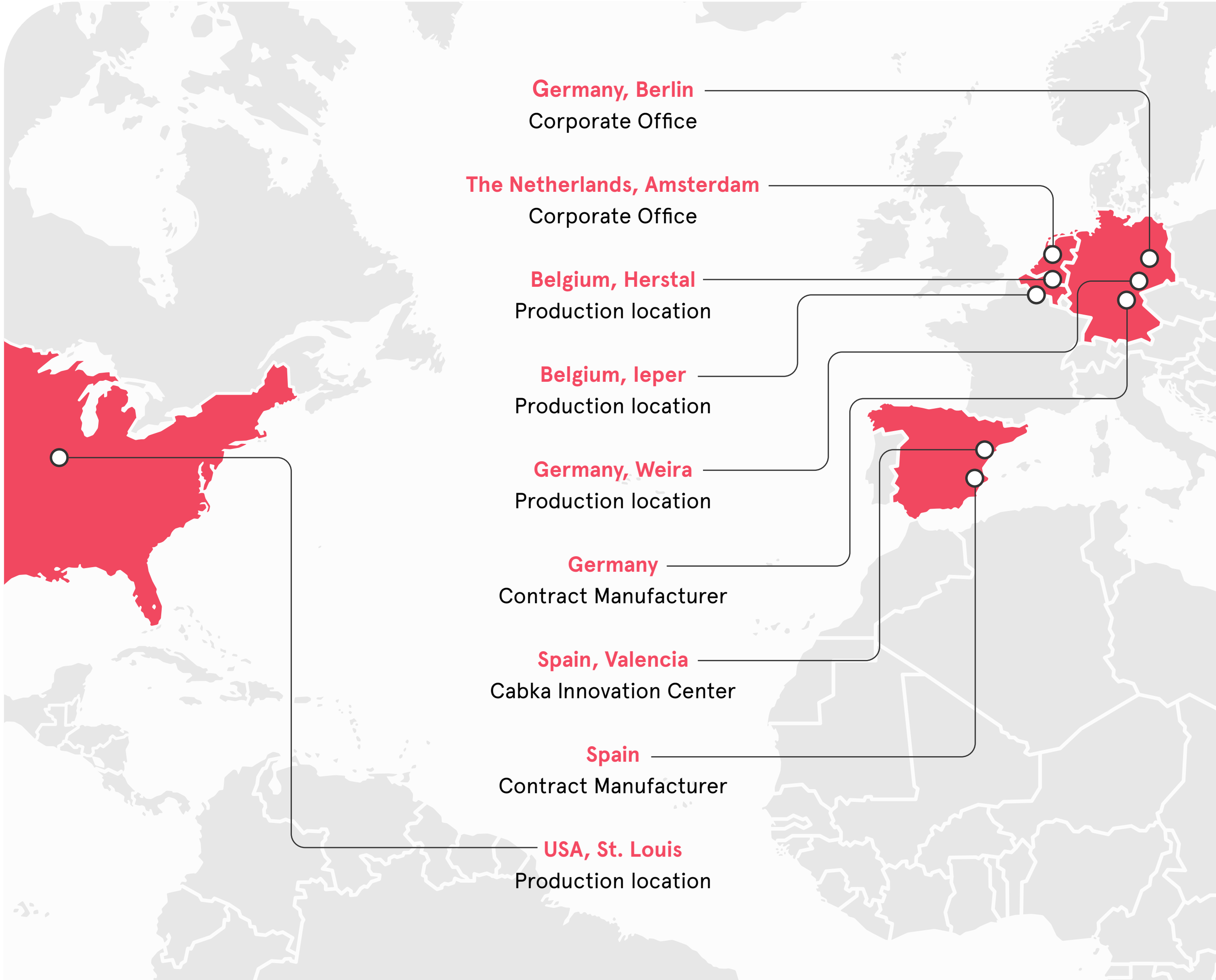
**Eco products**
Cabka's Eco products are innovative, sustainable products, made from unsorted mixed plastics which are generated out of 100% post-consumer plastic waste. Products are used for gardening and landscaping as well as for construction and transport.

**Services**
In addition to our products, Cabka offers a selection of advanced additional services to complete our product offering, focused on further improving sustainability and assisting customers in their journey towards fully circular logistics chains.

# Organizational structure

Cabka N.V. is a Netherlands based company with an international footprint. Most of Cabka's corporate functions are based in Berlin, Germany; while innovation, marketing and sales are concentrated in Valencia, Spain. Most of its operations and value creation is realized through several production sites and subsidiaries in Europe and the US, mainly in three plants: Weira, located in the German state of Thuringia; Ieper in Belgium and, St. Louis in Missouri, US. On top of the three main production facilities, Cabka runs a smaller site in Belgium, and has tolling agreements with two contract manufacturers in Belgium and Spain to broaden its production capacities.

While all of Cabka's subsidiaries are run by local management, most administrative functions and services are managed by the Group entities. While daily operational activities are tackled locally, the greater responsibilities, decisions, and guidelines are coordinated at Group level. This setup assures that the company collectively moves according to our corporate agenda and strategy.



## Company History

Cabka's history reflects 28 years of constant growth, putting recycling and sustainability first by turning waste into value, closing the loop from waste, to recycling, to manufacturing. These are our milestones.

**1994**
Incorporation of Cabka

**1998**
Start selling first recycled plastic pallet

**2005**
Start operations in the US

**2008**
Opening of sales office and production facility in Valencia (Spain)

**2012**
Opening of the headquarters in Berlin (Germany)

**2013**
Acquisition of IPS in Ieper (Belgium), expanding geographical footprint to Belgium, product portfolio and market diversification

**2015**
Acquisition of plastic pallet producer Eryplast (Belgium)

**2018**
Opening of innovation center in Valencia (Spain)

**2022**
Listing at Euronext Amsterdam after business combination with Dutch Star Companies TWO

# 02

# Management Report

# Proving Cabka's sound fundamentals

**Sales growth**

**+23%**

€ 208.9m

**Percentage of recycled material**

**86%**

121 kt

**Operational EBITDA**

**11%**

€ 22.5m

**Net Working Capital**

**18%**

€ 38.3m

**Operational Net income**

**€ 1.5**

# 2022: proving Cabka’s sound fundamentals

The year 2022 has been an exceptional year for Cabka. The listing on March 1, via a business combination with Dutch Star Companies TWO as well as the reorganization of the ECO business and the flooding of the St. Louis (MO, USA) plant influenced the IFRS results of Cabka to a large extent.

In order to give insight into the actual performance of the Cabka operations as well as the, mainly non-cash, incidental items, management has chosen for this section of the Annual Report to present certain financial measures that are not measures of financial performance under IFRS. These non-IFRS measures, or alternative performance measures, are presented because management considers them to be important supplemental measures of our performance and believes that they are widely used as a means of evaluating a company’s operating performance and providing stakeholders better insights in the actual operational performance. These measures include all items marked `operational’ like EBITDA and net profit. A bridge between operational and IFRS figures is provided in the table “Condensed income statement bridge operational to IFRS” on page 20 of this annual report.

Cabka

## Financial highlights 2022

- Record sales of € 208.9 million representing a 23% Year-on-Year (YoY) top-level growth based on organic growth (8%) as well as pricing effect (15%) covering the rapidly rising costs for energy and materials, reflecting strong market position
- Operational gross profit 6% higher at € 92.6 million (2021: € 87.1 million), gross margin at 44%. Without dilution effect of higher pricing and costs, margins would be comparable to last year (2021: 51%)
- Resilient operational EBITDA at € 22.5 million (2021: € 29.0 million); Operational EBITDA margin lower at 11%; Margin protected by price increases minus lagging effect
- Net Income from operations € 1.6 million (2021: € 3.4 million) or € 0.06 per share. Non-operational items totaling at € 31.3 million, mainly due to non-cash IPO listing expenses, leading to a Net Result under IFRS of € -29.7 million
- Net Working Capital at € 38.3 million or 18% of sales (2021: € 27.3 million, respectively 16%)
- Net debt € 44.6 million (2021: € 62.5 million), 29% lower mainly from proceeds of the listing
- Total CAPEX of € 24.6 million in 2022 including maintenance & replacement investments of € 7.4 million, 3.5% of sales

## Strategic & market highlights

- Cabka N.V. listed on March 1, 2022 after 100% shareholders' support for a business combination of Cabka Group GmbH and Dutch Star Companies TWO B.V. bringing in € 108.5 million of which € 63.3 million to buy out minority shareholders and € 45.2 million in new capital, excluding IPO costs
- Two-tier Board installed; management strengthened at executive level
- Recycled material used in products at 86% of total compared to a European average of 14%[3]
- Restructuring of Eco business completed, leading to closure of Genthin site (Germany) and consolidation of production capacity in Weira (Germany) overall raising production efficiency, albeit at temporary output reduction
- Cabka plant in St. Louis (MO, USA) forced shut down, due to exceptional flash floods on July 27. In a swift response Cabka was able to secure sales to Cabka's main customers, albeit at additional material & tolling costs
- Cabka gained full ownership of its US subsidiary Cabka North America Inc. by acquiring the remaining 7.71%

[3] Systemiq April 2022 report: Reshaping plastics. Pathway to a circular climate neutral plastics system in Europe

**Condensed income statement bridge operational to IFRS**
The condensed income statement below provides operational and non-operational result items for insight on underlying operational performance. The Financial Report section of this report provided integral IFRS statements without this distinction.

**Condensed income statement bridge operational to IFRS**

| IN EUR X MILLION | 2022 | 2021 | CHANGE |
|---|---|---|---|
| **Sales** | **208.9** | **170.0** | 23% |
| Other operating income items | 11.9 | 6.6 | 80% |
| **Total Operating Income** | **220.8** | **176.6** | **25%** |
| Expenses for materials, energy and purchased services | -128.2 | -89.5 | 43% |
| **Gross Profit** | **92.6** | **87.1** | 6% |
| Operating expenses | -70.0 | -58.1 | 21% |
| **Operational EBITDA** | **22.5** | **29.0** | -22% |
| Depreciation, amortization and impairment of intangible and tangible fixed assets | -18.0 | -19.7 | -9% |
| **EBIT /Operating Income** | **4.5** | **9.3** | -51% |
| Net Financial Result | -2.4 | -2.1 | 13% |
| **Earnings before taxes** | **2.2** | **7.2** | -70% |
| Taxes | -0.5 | -3.8 | -86% |
| **Net income from operations** | **1.6** | **3.4** | -53% |
| **Non-operational items** | | | |
| IPO listing expenses (non-cash accounting-only loss with no impact on IFRS Equity, Balance Sheet total, or Cash Flow) | -26.8 | | |
| IPO transaction related cost | -1.3 | -0,2 | |
| Bonuses and VSOP incl. tax charges | -3.4 | -3.8 | |
| Eco-restructuring | -0.6 | -0.6 | |
| St. Louis Flooding (both direct impact and indirect impact) | -6.9 | - | |
| Changes in fair value of Special Shares liability | 1.6 | - | |
| Tax on non-operational items | 5.0 | 1.3 | |
| Non-controlling interest | 0.1 | 0.3 | |
| **Net result reported IFRS** | **-29.7** | **0.4** | |

**Distribution**
Proposed distribution of € 0.15 per Ordinary Share, subject to AGM approval: €0.05 in cash and €0.10 in shares.

**Outlook**
Based on Cabka's strong fundamentals we reiterate our mid-term guidance (i.e. high single digit revenue growth; >20% EBITDA margin; ~4% maintenance and replacement CAPEX and ~20% NWC as percentage of revenues; ~30-35% pay-out ratio of net profit: € 0.15 for 2022FY). Barring unforeseen circumstances, for 2023 we expect to deliver on high-single digit sales growth, with a recovery of EBITDA margin towards 13-15%.

## Business overview

**Commercial performance**
- Cabka realized record sales in 2022 of € 208.9 million a 23% increase compared to 2021, of which 8% from organic growth. Growth was especially strong in Reusable Transport Packaging (RTP).
- Cabka RTP performed strongly in Europe with 24% growth to € 121.4 million. Customized Solutions in Europe grew with 53% to € 33.1 million, especially in the Pooling and Automotive sector. Cabka introduced several environmentally friendly solutions via its containers and pallets primarily made from recycled plastics, increasing reusability, and reducing transportation impact.
- Leading brands in the Automotive industry like BMW, Tesla and Continental opted for our solutions in 2022.
- Target was an important new contract for RTP. The multi-year contract was announced in May 2022. CHEP, a key player in the European pooling industry signed a new multi-year contract for reusable foldable containers out of recycled materials in September. Production is expected to start by half 2023, contributing approximately € 9 million in revenues on an annual basis.
- The Cabka business in North America grew 30% to € 34.9 million. The flooding of the St. Louis plant in July resulted in some temporary delays in growth for 2022.
- ECO products remained stable over the year with a total revenue of € 22.8 million. The relocation of all ECO activities from Genthin to Weira in Germany was completed according to plan. The temporary shutdown of production to facilitate the move reduced the intake of mixed plastics and hence performance of the ECO business in 2022, which was compensated by favorable pricing effects.

**Strategic objectives**
Throughout 2022, we made significant progress towards achieving our four key strategic objectives:
- Continuous innovation
- Focus on customized solutions
- Expansion of our large container offering
- Leveraging our ECO business

Continuous innovation is at the heart of our strategy. We extended our innovation center by moving to a new state-of-the-art facility in Valencia replacing the first location opened in 2018. The new center integrates additional R&D capacity along the three main activities of material development, product design, and processing technologies, ultimately allowing us to continue to deliver cutting-edge solutions to our customers.
Another important objective was to expand our customized solutions and large container offering, and we have successfully extended our market position in large containers with blue-chip customers across key sectors. We secured three significant new contracts for custom-designed large foldable container solutions with US retailer Target, pallet pooling market leader CHEP, and automotive company BMW. These partnerships are a testament to our commitment to delivering tailored solutions that meet the unique needs of our customers.

Finally, we have made significant progress in leveraging our ECO business. We restructured the business and consolidated operations in Weira, resulting in potential efficiency gains of 20%. We are optimistic about the potential for further efficiency increases in the mid-term as we continue to optimize our ECO operations.

Overall, we have made significant progress towards achieving our strategic objectives and are confident that our continued focus on innovation, customized solutions, the large container business, and ECO business will drive long-term growth and success.

As part of our progress on our strategic goals, we are also increasingly integrating ESG matters into our strategic decision-making throughout the organization. This was enabled by the establishment of an ESG framework following our listing in March 2022. We are continuously working on raising the awareness for ESG matters to assure that at Cabka, we live ESG on a day-to-day basis.

**Mergers and acquisitions**

The rapidly changing economic and geo-political circumstances in 2022 took most of the management's focus. Therefore, the focus on mergers & acquisitions (M&A), was less prominent as we have no immediate pressure to make an acquisition and will consider it only if we see real benefits.

In general, we believe that there is potential for acquisition in various fields, including growing our recycling capacities in line with our backward integration strategy and general sourcing of new feedstock. Additionally, we are considering opportunities for portfolio diversification, market share growth, and expansion of geographical footprint.
On the divestment side, we implemented the strategic decision to divest our Genthin site as part of the consolidation of our ECO business. We also sold our PVC business to focus more on our core business. While these actions have not yielded any material financial impact, from a strategic point of view they allow us to streamline our operations and enhance focus on driving growth in our core areas of expertise.

Overall, while we did not engage in any significant M&A activities in 2022, we continue to evaluate potential opportunities and remain opportunistic in our approach. We are committed to making strategic decisions that will drive long-term growth and success for our company.

**Pricing**

The war in Ukraine that started on February 24, had a severe impact on social and economic developments as well as financial markets leading to unprecedented volatility in prices for energy and materials. Cabka showed the strength of its competitive position by leading the industry in pricing as it was able to implement several price increases to compensate for higher input costs. That said, the steep rise over a short period did have bottom line impact, as higher costs were passed to the market with some unavoidable delay. In order to be able to react more dynamically to volatile conditions in the energy and material market, an indexed pricing adjustment mechanism is in place. Cabka's focus remains on profitable organic sales growth.

**EBITDA**

Operational EBITDA came in at € 22.5 million (2021: € 29.0 million). The decrease in operational EBITDA reflects the high increase in especially energy and material prices throughout the year. From the decrease in operational EBITDA-margin circa 2.5% margin loss was due to the lagging effect of mitigating price increases, the remainder from dilution as the cost base increased. Additionally, operating expenses were up 20% versus 2021 driven by growth, inflationary adjustments, post-COVID ramp-up, and organizational requirements as a listed company.

**St. Louis flooding**

As a result of the floods in the greater St. Louis area on July 27, 2022, Cabka's North America plant in Hazelwood (MO) had to be shut down. In a swift response to the flooding, Cabka was able to quickly recover essential injection molding tools to continue supplying key customers using alternative production capacities. The swift response secured sales to our main customers.
However, it indirectly resulted in € 3.3 million higher costs as production had to be moved to tollers and internally recycled materials could not be used. As production on site is gradually picking up, these effects should be fully mitigated by mid-2023.

# "We have made significant progress towards achieving our strategic objectives"

Over the past months, Cabka has worked on cleaning and restoring the St. Louis facilities. Production is ramping up and the site is expected to be fully operational by the end of the second quarter of 2023. Based on this timeline, an assessment of the impact of the flooding can now be made. The expenses for cleaning and repairs amounted to USD 4.0 million (€ 3.7 million) in 2022 and were fully covered by the flood insurance policy of Cabka.

Cabka further established that due to the flood a part of its inventory was irretrievably destroyed leading to an extraordinary write-off of USD 1.8 million (€ 1.7 million). The flooding is considered a 'triggering event' under IFRS therefore leading to an impairment and derecognition. Cabka recognizes an impairment and derecognition on assets of USD 4.3 million (€ 4.1 million). Prior to the flooding, Cabka had already placed orders for new machines to support its growth ambitions in the US market. With this coming to the ground, in combination with increased efficiencies, the capacity in the US is expected to be sufficient, and thus it will not seek to replace the impaired machines.
Insurance payments received in 2022 led to a positive cash flow impact of USD 2.3 million (€ 2.2 million). Repairs and starting up work will continue into the first half year of 2023. Cabka expects the total positive cash flow from the insurance in 2022 and 2023 – once all positions are recognized – to be sufficient to cover the total flood related out-of-pocket expenses. As part of the insurance claim has already been recognized in 2022, this could have negative impact on 2023 cash flow and recognized IFRS expenses.

**St. Louis flooding direct impact**

| IN EUR X MILLION | 2022 | REMARKS |
|---|---|---|
| Insurance payments received | 5.9 | |
| Out of pocket expenses cleaning repair | -3.7 | |
| **Total cash inflow** | **2.2** | |
| Write off, impairment and derecognition | **-5.8** | As required by IFRS accounting, no replacments required |
| **Total non-cash impact** | **-5.8** | |
| **Non-operational direct impact** | **-3.6** | Of which + € 5.8m non-cash |

**Listing**
Cabka N.V. was listed via a business combination of Cabka Group GmbH with Dutch Star Companies TWO B.V. (DSC2) on March 1, 2022. In total, Cabka spent in 2022 € 2.9 million in IPO related transaction costs.
To realize the business combination, DSC2 paid a total cash consideration of € 108.5 million after costs, negative interest, and warrant conversion.
€ 63.3 million was used to buy out Cabka minority shareholders and Cabka received the remaining € 45.2 million in new capital.

However, under IFRS the following accounting steps need to be taken:

- First, the cash consideration of € 108.5m is corrected for the financial liabilities of DSC2 as assumed by Cabka for the outstanding € 12 and € 13 Warrants and € 12 Special Shares. This results in a € 6.0 million liability deducted from the paid cash bringing the net cash consideration receivable by Cabka to € 102.4 million.
- Second, IFRS considers not the cash payment, but the market value of all 12.9 million shares received by DSC2 shareholders, including the conversion of the € 11 warrants and Special Shares immediately after listing, as the consideration paid by Cabka. This results in a valuation of the consideration paid for Cabka of € 129.2 million.
- Third, IFRS considers the difference between the € 129.2 million value 'paid by Cabka' to the DSC2 shareholders and the net assets received by Cabka from DSC2 of € 102.4 million to represent the value of the 'service' of providing Cabka with a listing via the business combination with DSC2. In a 'regular acquisition' this would have been capitalized as goodwill. However, as the only asset on the DSC2 balance sheet was cash, under IFRS, DSC2 does not qualify as a business. Hence no goodwill is recognized or can be capitalized, and the total difference of € 26.8 million should be qualified as a listing expense in the 2022 P&L, which is recorded directly into equity.
- The cash in equity received remains € 45.2 million and there is zero equity impact and zero cash flow impact resulting from these listing expenses.

**Listing Impact 2022**

| IN EURO X MILLION | P&L | BALANCE SHEET | CASH FLOW |
|---|---|---|---|
| Net cash received from listing | - | 45.2 | 45.2 |
| Listing expenses | -26.8 | - | - |
| IPO related transaction costs | -1.3 | -2.9 | -2.9 |
| Warrant & Special Shares liability at listing | - | -6.0 | - |
| Special Shares liability fair value change reclassification at year end | 1.6 | -1.6 | - |

Triggered by the IPO, Cabka spent in total € 3.4 million in staff related costs in 2022: € 0.6 million in bonuses for all staff; € 1.6m in settling the VSOP management share plan; € 1.0 million in tax charges linked to the VSOP; and € 0.2 million on marketing and IT. All these staff related costs are considered non-operational and hence, are not included in the operational results.
The conversion option of the € 12 Special Shares is measured at fair value based on market share price and classified as financial liability. The value change of the Special Shares liability over 2022 amounted to € 1.6 million (positive).

**Cash flows and cash position**
Net Working Capital at year-end was € 38.3 million or 18% of salesbeating mid-term guidance. Higher inventory value of € 10.9 million was predominantly caused by increased cost of goods and higher safety stocks. The movement in trade receivables and trade payables were aligned.

Cash flows from operating activities came in at € 5.3 million. This comprises of an inflow of € 16.0 million from operational activities minus € 10.7 million outflow for Net Working Capital including prepayments on molds on behalf of customers) and other liabilities.

Cash flows from investing activities totaling € 23.1 million of which € 24.2 million was related to property, plant and equipment investments and € 0.4 million to intangible assets. Disposing of certain assets contributed € 1.5 million.

Cash flows from financing activities totaled € 29.7 million. Net proceeds from the IPO -before costs- amounted to € 45.2 million, partially offset by direct listing related costs amounting € 1.7 million and the buy out of minority shareholders of Cabka North America totaling € 1.8 million. Repayment of banking debt facilities, lease liabilities (IFRS 16) and rental purchase liabilities, including interest and exchange rate changes, totaled € 12.0 million.

**CAPEX**
Total CAPEX for 2022 came at € 24.6 million including maintenance & replacement investments of € 7.4 million, or 3.5% of sales. The restructuring of the ECO business and concentration in Weira represented € 3.7 million in investments. In total, € 10.1 million was invested in machines and new molds to support growth and € 1.6 million in process & automation. The buyout of minority shareholders of Cabka's North America's business required € 1.8 million.

**Share price**
At the beginning of 2022, Cabka shares were still listed under the name of Dutch Star Companies TWO and closed on December 31, 2021 at € 11.20. After the business combination the name of the listed entity changed to Cabka N.V. on March 1, 2022 (closing price DSC2 on February 28, 2022 € 10.00) and the Cabka shares closed at € 6.12 on December 31, 2022.

In total during 2022, 1,005,403 shares were traded via Euronext Amsterdam at an average price of €7.86 per share.

**Shares issued and dilution**

| CABKA SHARE CAPITAL PER DECEMBER 31, 2022 | SHARES | ISIN |
|---|---|---|
| **Ordinary Shares issued** | **23,982,191** | CABKA / NL0015000OS7 |
| Ordinary Shares in treasury | 16,388,000 | DSC2S / NL00150002R5 |
| **Total Ordinary Shares** | **40,370,191** | |
| Special Shares | 97,778 | |
| **Total shares** | **40,467,969** | |

**Earnings per share**

Based on 23,982,191 Ordinary Shares issued the diluted, profit for the year attributable to ordinary equity holders of the parent amounts to € -1,28 per ordinary share (2021: € 0.02 per Ordinary Share).

**Analyst Coverage**

Cabka is covered by 3 analysts:

- ABN AMRO ODDO BHF, Eric Wilmer; eric.wilmer@aa-ob.com
- BNP Paribas Exane (sponsored), Thomas Martin: Thomas.Martin@exanebnpparibas.com
- Degroof Petercam, (sponsored) Luuk van Beek; l.vanbeek@degroofpetercam.com

**Tax positions**

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Management's assessment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits. The company does not use contrived or abnormal tax structures that are intended for tax avoidance. Details of the income tax expenses reported in the statement of profit and loss can be found in note 19 of the financial report.

**Relevant events after December 31, 2022**

- Frank Roerink was appointed interim Chief Financial Officer as of February 1, 2023 after Necip Küpcü stepped down as CFO and will continue in a senior finance role within the company.
- On March 15, 2023, following the lock up period, Cabka issued 385,022 Ordinary Shares from treasury to cover its obligations under the former 'VSOP' performance share program for key staff, resulting in a total of 24,367,213 Ordinary Shares issued and 16,002,978 Ordinary Shares remaining in treasury.

## "The year 2022 has been an extraordinary year for Cabka"

# Risk Management

As an organization, Cabka operates in a rapidly changing environment. The risk management process within Cabka involves the systematic identification, assessment, and management of risks throughout the business activities of the company. Hereby, the main objective is the reduction of uncertainty from organizational and environmental factors that may hinder the mid- to long-term success of Cabka. While it cannot cater a full guarantee, the process is designed to provide for an acceptable degree of assurance against material implications for the business and financial losses.

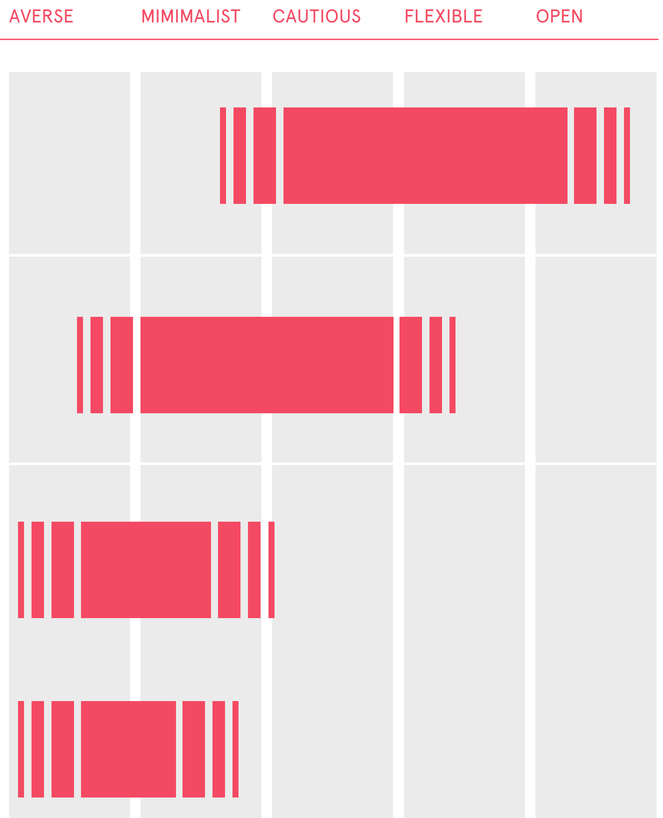
To diligently address the principal risks that result from Cabka's operations, a systematic evaluation process is followed. Over the past year, a comprehensive divisional risk assessment across the Group was conducted in which all departments were queried about their most relevant aspects and issues that may have material impact on the business performance. As part of this process, risks were evaluated into detail both from an impact and a likelihood perspective, resulting in a set of high priority risk factors.

In accordance with our by-laws, risk reporting is submitted to and reviewed by the Management Board and the Supervisory Board on a regular basis. The responsibility for the overall monitoring, assessment, and reporting process lies with the strategy department of Cabka.

With Cabka being listed at Euronext Amsterdam in March of 2022, this is the first comprehensive risk report issued by the company. There is therefore no previous assessment available that can serve as a benchmark for a 2022 evaluation. Starting from the Annual Report 2023, Cabka will also report on the effect of mitigation strategies in place and the progress on the management of concrete principal risks.

## Risk Appetite

The risk appetite defines the level of risk that we are prepared to accept for actions in different categories, such as strategic, financial, operational, people, and legal & compliance. It is defined by the management and Supervisory Board and is embedded in the decision making throughout the organization. Generally, Cabka's decision making orientation is risk-averse, but there are certain distinctions that we are making, pertinent to the context the decision is made in. The individual acceptable risk range per category is indicated in the illustration below.




### Strategic

Risk related to the overall strategic orientation and decision making of the company e.g. product strategy and innovation, people and culture, mergers & acquisition, communication.

### Operational

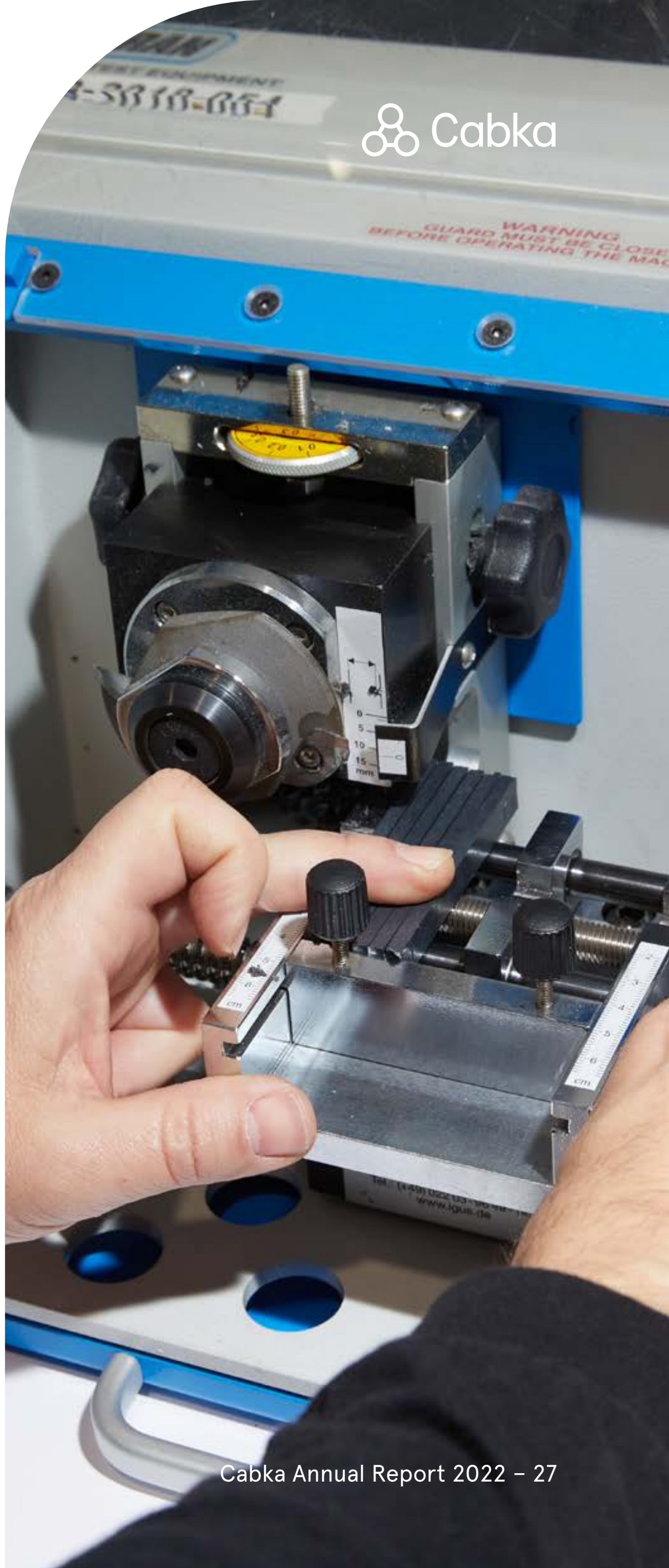
Risk related to the production and distribution of goods, e.g., manufacturing, raw material sourcing, supply chain and process management, energy supply, health and safety, sustainability.

### Financial

Risk related to the allocation of financial resources and cost management, e.g., accounting, liquidity, credit, interest and tax, pricing.

### Legal and Compliance

Risk related to legal frameworks and overall compliance, e.g., policies, regulations

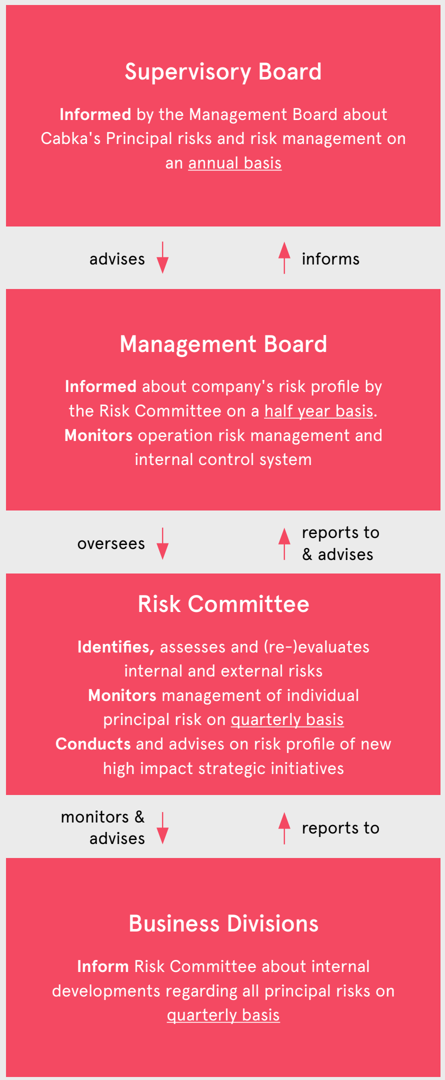


**Risk Framework**
As an organization operating in the plastics industry, we face specific strategic, financial, operational, and legal & compliance risks with varying degrees of controllability. Our risk framework is based on a structured process for identifying and evaluating the potential impact and likelihood of occurrence of such risks. Risk management is an inherent part of our strategic decision-making, and its processes are therefore firmly integrated into business activities.

The primary component of our risk framework is our risk committee, which is responsible for identifying, assessing, and evaluating internal and external risks with potentially material impacts on Cabka's business. ESG-related risks, especially regarding climate change, are fully integrated in this process. The committee reports principal risks and mitigation strategies to the Management Board to facilitate the directors' oversight on these risks. The management of individual principal risks is monitored by the committee. Moreover, the committee executes risk analyses on new high impact strategic business initiatives and advises the Management Board on the risk profile of such new initiatives.

The highest responsibility of risk management lies with the CFO, who is the head of the risk committee. The remaining members are representatives from the risk management team. On a quarterly basis, the committee conducts research on potential and existing risks arising through external developments. Additionally, the risk management team within the committee discusses internal developments regarding all individual risks with the function leaders responsible for managing the risks in fixed quarterly meetings. On a half year basis, the committee reports directly to the management. The Management Board monitors the operation of risk management and internal control systems. Furthermore, the managing directors are responsible of informing the Supervisory Board about Cabka's principal risks and risk management on an annual basis. The mechanisms underlying our risk framework are illustrated in the following flow chart.

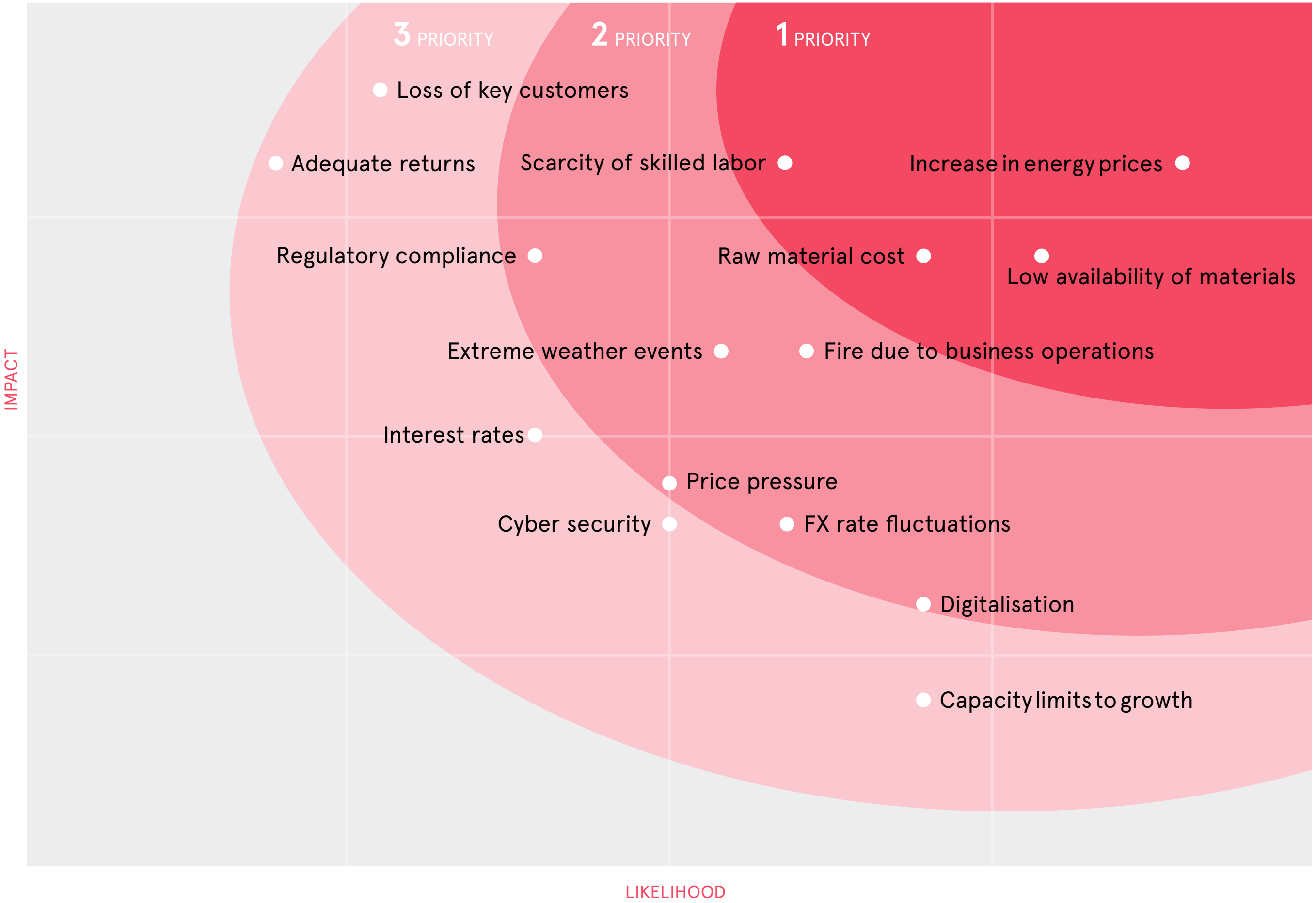
# "The objective of our risk management process is the reduction of uncertainty"



## Risk Matrix

In the risk identification process, the potential risks impacting Cabka's business were compiled through research of external developments in both an industry and geographical context. Each one of the identified risks was subsequently assessed and prioritized in interviews with the leaders of Cabka's strategic, financial, operational, and legal & compliance functions.
The prioritization followed a three-tier system for both the potential impact and the likelihood of occurrence. Risks with a low potential impact and likelihood are not considered material for the business. The result of this prioritization is a list of 15 principal risks influencing the business in various ways.

The risk matrix generated following the conclusion of the assessment process, gives an overview of the assessed likelihood and potential impact of each principal risk. Internal risk management and risk mitigation follows a three-step priority hierarchy based on the impact severity and likelihood of occurrence of each principal risk. Risks with both a potentially high impact on Cabka's business and a high likelihood of occurrence have highest priority.



## Principal Risk Overview

Each of the 15 principal risks outlined in the risk matrix receives special attention when it comes to the decision-making process within Cabka and is continuously monitored throughout the year. The following table provides a comprehensive overview of the most relevant risks concerning the organization and outlines the developments we observed during the past 12 months. The risk trend describes anticipated changes of both impact severity and likelihood in the coming period, which, pertinent to their actual development, may result in an adjustment of prioritization. The overview also summarizes concrete mitigation tactics that were put in place to limit Cabka's exposure to potential implications associated with the principal risks. Lastly, the overview shows if risks are TCFD-related (Task Force on Climate-related Financial Disclosures).

| SHORT NAME | DESCRIPTION | 2022 DEVELOPMENTS | TREND | MITIGATION TACTICS | TCFD |
|---|---|---|---|---|---|
| Increase in energy prices | Energy prices experiencing strong volatility and/or rising into unforeseeable levels constraining profitability | Energy prices fluctuated significantly in 2022, mainly driven by the insecurity in energy supply caused by the war in Ukraine, with spot prices reaching new highs in the cold months of Q1 and Q4. As energy is a significant cost factor for Cabka, we have made first efforts to solidify the supply and to detach ourselves as best as possible from the increasingly volatile market dynamics. | ↑ | · Reduction of consumption through replacement of existing assets with new, more energy efficient alternatives<br>· Active diversification of energy sources to limit impact from steep price increases for particular sources<br>· Driving initiatives for in-house production of green energy (i.e., solar, wind, biomass) to reduce external supply of energy and thus the exposure to market price dynamics<br>· Hedging strategy in place, including constant monitoring of forward market to maintain potential of locking in rates for part of overall consumption | Yes |
| Low availability of materials | Insufficient availability of main raw material streams, both pelletized polymers, recycled or virgin, and post-industrial or -consumer waste | In the past 12 months, several European countries have restricted the sales of virgin plastic packaging. This transition is accelerating the overall demand for recycled plastics, which may result in shortages of raw material supply in the future. In the reporting year, we have observed early signs of this development. However, thanks to Cabka's in-house recycling activities and existing supply agreements, the company was barely affected by these developments, successfully avoiding any shortages in input. | ↑ | · In-house material knowledge and backward integration to maximize the utilization of difficult to recycle, at times lower quality, and less sought-after material streams<br>· Focus on locking-in sufficient volumes through supply contracts for the mid-term (up to three years) to reduce exposure to sport market<br>· Further extend in-house recycling capacities to reduce overall dependency on market | Yes |

| SHORT NAME | DESCRIPTION | 2022 DEVELOPMENTS | TREND | MITIGATION TACTICS | TCFD |
|---|---|---|---|---|---|
| Scarcity of skilled labor | Low availability or difficulties to attract skilled labor force throughout the organization and increases in labor rates, also as a result of inflationary developments | The labor market continued to recover in 2022 after it experienced substantial shortages and disruptions during the COVID-19 pandemic. While some key vacant positions were successfully filled throughout the year, Cabka has faced difficulties to attract (mainly blue collar) workforce at some locations. As a result, several strategic steps have been taken to improve the company's access to talent. On the cost side, high inflation sparked by the pandemic and further accelerated by the conflict in the Ukraine, has led to a major adjustment in wage levels. Though Cabka was not affected at all locations equally, labor cost has noticeably taken a larger share of the overall cost base for the group. | ↑ | · Reform talent acquisition approach in both communications, e.g., through new alternative channels such as social media<br>· Addressing company representation and brand to initiate community<br>· Launching people charter defining company's values and expectations towards its employees<br>· Hiring policy to further improve great existing diversity profile<br>· Regarding cost, Cabka's large geographical footprint, including some low cost regions (i.e., Eastern Germany and Spain), reduces impact of changes in individual countries<br>· Automation of processes as central strategic objective, being gradually implemented into existing operations to reduce mid-term exposure | No |
| Raw material cost | Prices of main raw material streams experiencing strong volatility and pressurizing profit levels | With the COVID-19 pandemic continuously pressurizing international supply chains, crude oil prices and hence, polymer prices reached an all-time high in Q2 of 2022. After the virgin market experienced first signs of relief in the fall, recycled materials followed suit with a delay of ca. two months. | ↑ | · Backward integration strategy assures that large share of raw material input is recycled in-house, driving down input cost<br>· Several initiatives ongoing to further grow in-house recycling capacity and improve efficiency<br>· Constant efforts to fix volumes with suppliers as early as possible to limit exposure to spot market | No |
| Loss of key customers | Inability to retain customers that make up high revenue share in a specific product category or overall sales | Despite a challenging year for the economy as a whole, Cabka has proven its value and standing as a reliable development partner. We have extended existing large-scale partnerships, and also gained major accounts across several key sectors, further reducing the overall dependency on individual large clients. | → | · Maintaining large dependency of customers on Cabka through own intellectual property, patents, and product knowledge<br>· Legal pre-cautions in place, mitigating severity of immediate financial impact<br>· Continuous efforts to diversify customer base and to reduce impact of individual large accounts | No |
| Fires due to business operations | Fires resulting from the storage and processing of waste streams into finished goods with major implications for the productivity and potential of leading to significant cost | Thanks to a rigorous fire management concept and improved safety measures the number of fire events within the organization was limited to only one non-material incident in 2022. Nonetheless, existing systems have been further reinforced, to assure continued best possible protection. | → | · Fire risk for material handling limited thanks to comprehensive sprinkler system installed in all production halls<br>· For Eco business, fire alarm systems in place, including heat and smoke detection and additional sprinkler systems<br>· Fire management plan in place, including, e.g., in-house fire department, safety concept, and employee training at all sites<br>· In case of fires impacting production, contingencies, and alternative capacities in place to assure continued operations | No |

| SHORT NAME | DESCRIPTION | 2022 DEVELOPMENTS | TREND | MITIGATION TACTICS | TCFD |
|---|---|---|---|---|---|
| **Extreme weather events** | Major natural events such as floodings, storms, droughts, or forest fires disrupting production and causing productivity and financial losses | Climate change further advanced in 2022, with its implications being noticeable all over the globe in the form of heat waves and exceptionally heavy rainfalls. In August of 2022, Cabka was directly affected by such an extraordinary event, with the production facility of our US subsidiary in Hazelwood, MO, being heavily damaged by floods in the area. Even though fast reaction of the local team and successful outsourcing of crucial production capacities prevented severe commercial impact, on-site operations had to be halted, and repairs are expected to extend into 2023. As a result of this incident, comprehensive measures will be put in place to make the production site flood proof. | ↑ | · After flood at Cabka North America Hazelwood plant, working on preventive actions with Dutch water management company Arcadis to make site floodproof<br>· Impact from possible forest fires in Weira plant mitigated to through comprehensive fire management concept | Yes |
| **Regulatory compliance** | New or existing legislation limiting the company's ability to conduct its operations | As a result of the IPO in March 2022, regulatory requirements for Cabka have expanded, especially in relation to additional reporting and ESG compliance. Implications have been assessed and adaptations were implemented where applicable. Furthermore, several European countries have implemented a tax in 2022, which limits the use of virgin plastic in packaging. Broader implications of his development are being monitored. | → | · Legislation watch task force on group level for constant monitoring of potentially relevant developments facilitating immediate action if required<br>· Regular review cycles of necessary operational permits at all production sites to ensure continued compliance | Yes |
| **Digitalization** | Insufficient digitalization of internal processes or disruption of existing activities and processes by new technology leading to inefficiencies and/or lower output and revenues | The digitalization of processes within organizations experienced an acceleration during the first years of the pandemic. This has highlighted optimization potential in how the organization utilizes its existing digital infrastructure. In 2022 a comprehensive analysis outlining this potential was conducted. | → | · Sufficient digital infrastructure in place, just not fully utilized<br>· Gap analysis outlining potential optimization and maximization of utilization of existing systems, resulting in concrete countermeasures; implementation planned for 2023 | No |
| **Adequate returns** | Uncertain or disproportionately high input prices and operating cost limiting organization's ability to operate at sustainable profit levels that allow for continued operations | Due to the ongoing effects of the COVID-19 pandemic and the war in Ukraine, the past fiscal year represented a global economic challenge. As result, also Cabka's profitability was pressured, mainly driven by polymer and energy prices which reached new levels. Nonetheless, we were able to record good operational results, thanks to our in-house raw material recycling activities, favorable market position, and loyal customer base. | ↓ | · Strategically backward integrated, providing for stable input material prices (~60% of input volume recycled in-house)<br>· Provisions in place to reduce exposure to volatilities on energy market, see Increase in energy prices | No |
| **FX rate fluctuations** | Volatility in currency exchange rates leading to disadvantageous financial impact | Due to the ongoing armed conflict between Russia and the Ukraine, the Euro has suffered from an interim devaluation versus foreign currencies. Although Cabka's exposure to FX fluctuation is limited and the Euro has recovered towards the end of Q3, we have taken measures to further reduce this risk in the course of 2022, outlining a hedging strategy that will be rolled out early 2023. | ↓ | · FX hedging strategy defined for 2023, to be rolled out in Q1<br>· Rates to be fixed for date of payment and hedged at order date, which facilitates planning stability and limits extra cash expenditure | No |

| SHORT NAME | DESCRIPTION | 2022 DEVELOPMENTS | TREND | MITIGATION TACTICS | TCFD |
|---|---|---|---|---|---|
| Price pressure | Low price commodity goods from low-cost markets affecting price position and negatively influencing customer expectations | Volatile energy and raw material costs have substantially increased production cost in 2022. To recoup these increases, albeit partially, we implemented a series of pricing adjustments. | → | · Strategic focus on tailored products addressing customer-specific needs, thus increasing customer retention, and strengthening pricing power<br>· Large commercial agreements, often aimed at establishing long-term partnerships<br>· Backward integration facilitates input prices below market average, which secures competitive pricing for more commoditized product categories | No |
| Capacity limits to growth | Production and recycling capacities limiting potential output and hence restricting the company's ability to grow according to the communicated targets | Cabka production capacities have been historically utilized to a large degree thanks to healthy order books and 2022 was no exception. To facilitate mid-term growth targets, several new injection molding machines were ordered, which are set to secure the projections for 2023. In the ECO business, production was consolidated and optimized, with the goal to achieve capacity gains of up to 30%. | ↑ | · Yearly capacity reviews on group and site level based on sales forecasts, as well as ongoing evaluations based on product development pipeline<br>· Contingency secured through multiple sites in EU with similar capacities and asset park, to assure operational flexibility<br>· In US, additional capacities secured through extensive tolling network<br>· Routinely budgeting CAPEX of 10% of revenue | No |
| Cyber security | Protection of vital cyber and IT infrastructure such as servers, intranet, communication channels, and enterprise resource planning systems | With a steadily growing number of online and mobile interactions, and an increased reliance on digital communication infrastructure during the pandemic, the risk for cyberattacks and data breaches has further materialized. As a result, Cabka's IT department has commissioned a comprehensive assessment of its IT systems in Q3 of 2022, to outline potential measures assuring continuous protection from outside threats. | → | · Protective technological measures in place which are continuously improved in consultation with third party cyber security advisor<br>· Organizational improvements ongoing including systematic raising of employee awareness and offering various training facilities | No |
| Interest rates | High interest rates limiting the loan capacity and hence, financial flexibility of the company | Amid high inflation levels in the past 12 months, central banks have adjusted lending rates in comparison to the past years of economic prosperity. Although the IPO in March has supplied Cabka with a substantial cash injection, which serves some assurance in case of short-term cash requirements, we have started a process to further optimize the overall debt structure of the group. | ↑ | · In general, strong cash generating track-record of company facilitates attractive borrowing conditions<br>· Improved access to capital markets since listing due to global operations<br>· Necessity of short-term loans limited as a result of liquidity from IPO cash injection<br>· Active hedging of revolving short-term credit facilities<br>· Long-term loans at fixed rates, eliminating risk | No |

## ESG Risk Management

At Cabka, the assessment and evaluation of ESG-related risks is fully integrated into the general process of risk identification and risk management. Out of all principal risks enlisted in the overview, four ESG-related risks were identified during the assessment process. ESG-related risks are further categorized into risks regarding climate change, circular economy, and ESG governance. The risk of extreme weather events, along with the risk of increasing energy prices was determined to be related to climate change. The risk of low availability of materials is related to both climate change and circular economy aspects. Finally, the risk of regulatory compliance relates to ESG governance.

**Climate Change Risks**

Climate change risks are distinguished between physical and transition risks. Physical risks refer to risks related to the physical implications of climate change, concretely, the increased severity and frequency of extreme weather events. CABKAs principal risk Extreme weather events, which encompasses any potential financial impact through damages to our infrastructure, addresses this issue. This risk materialized at our US subsidiary in St. Louis in August 2022, when an extraordinary flooding event heavily damaged our production facility. To mitigate such incidents in the future and to further integrate this risk in financial and strategic planning, a scenario analysis for each Cabka location will be conducted in the short- to mid-term.
Transition risks are related to the move from a fossil fuel reliant economy to a low-carbon economy. In this category, Cabka's risk assessment highlighted two principal risks: Increase in energy prices and Low availability of raw materials. With energy and material making up a large share of our input costs, both may restrict our competitive edge, predominantly in the price sensitive portfolio business. In 2022, shortages of raw materials and increasing energy prices were accelerated due to COVID19-pandemic and the ongoing war in the Ukraine. Considering the ongoing transition away from fossil fuels towards a low-carbon economy, energy and raw material markets are expected to remain under pressure in the coming years. To mitigate the impact of these developments, we are working towards a diversification of our (renewable) energy sources, as well as an expansion of our raw material streams.

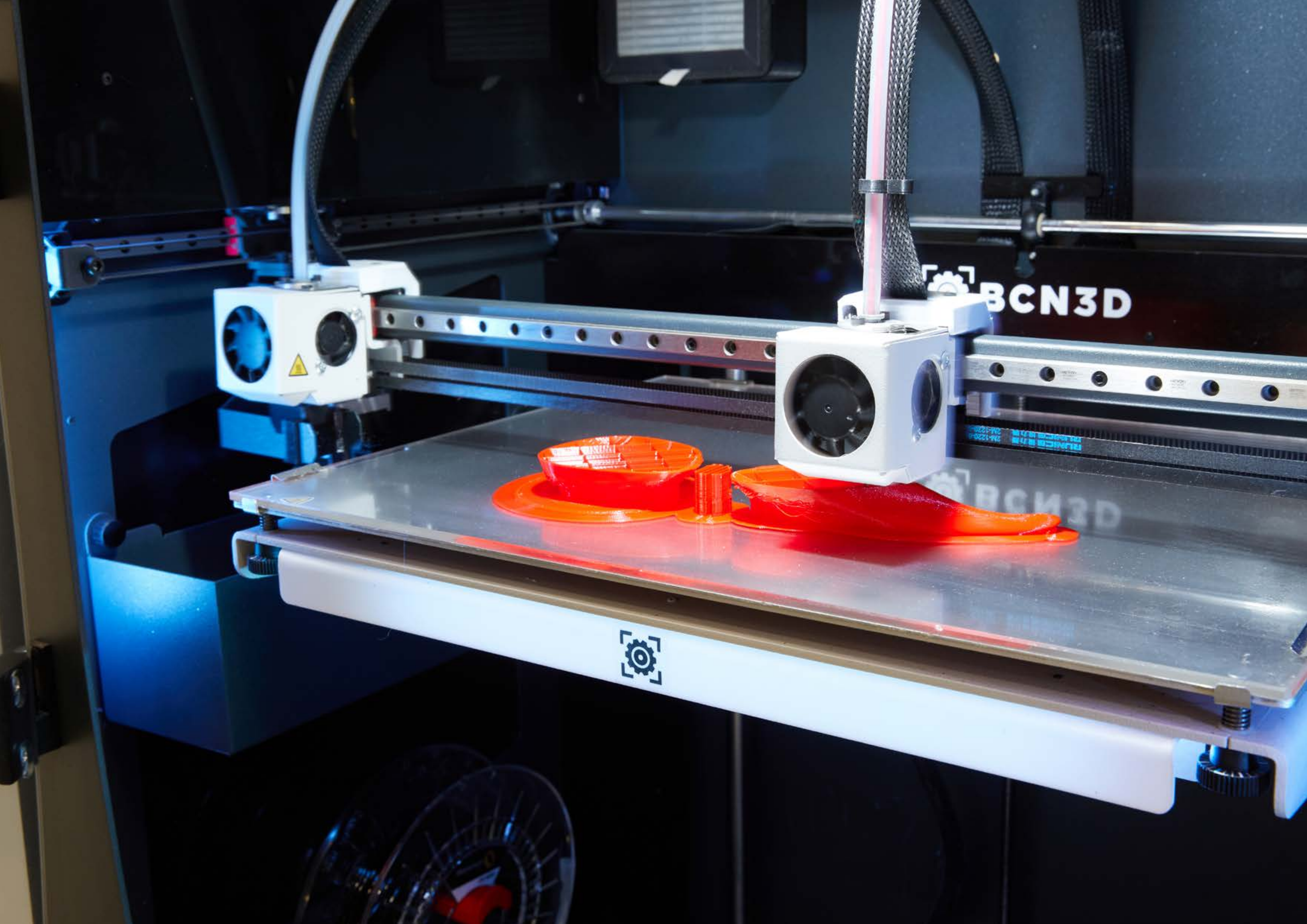
**Circular Economy Risks**

The previously addressed risk of Low availability of materials does not only affect Cabka from a climate change perspective but also regarding circular economy. The EU's plan to transition to a circular economy has recently begun to impact our industry through various restrictions on virgin plastic and virgin plastic packaging sales. While this development offers opportunities for Cabka as a manufacturer of predominantly recycled plastic products, the overall demand for plastic waste material will likely increase. To limit this risk, Cabka is continuously optimizing the use of different low value materials, thus extending in-house recycling capacity and diversifying material input streams.

**ESG Governance Risks**

The principal risk of Regulatory compliance applies to all three dimensions of ESG and is regularly evaluated in connection to ESG policy development. Staying informed about new legislation developments that could affect Cabka's operations both negatively and positively is an inherent part of our risk and ESG management. Several new regulations are gradually being adopted under the umbrella of the European Green Deal to drive sustainability in the EU. As we expect legislation and standards to further evolve, we aim to evaluate their impact on our operations with increasing proactivity to maximize arising opportunities. In light of this objective, Cabka supports and participates in initiatives along our value chain, which address such new regulatory requirements.

# "The assessment and evaluation of ESG-related risks is fully integrated"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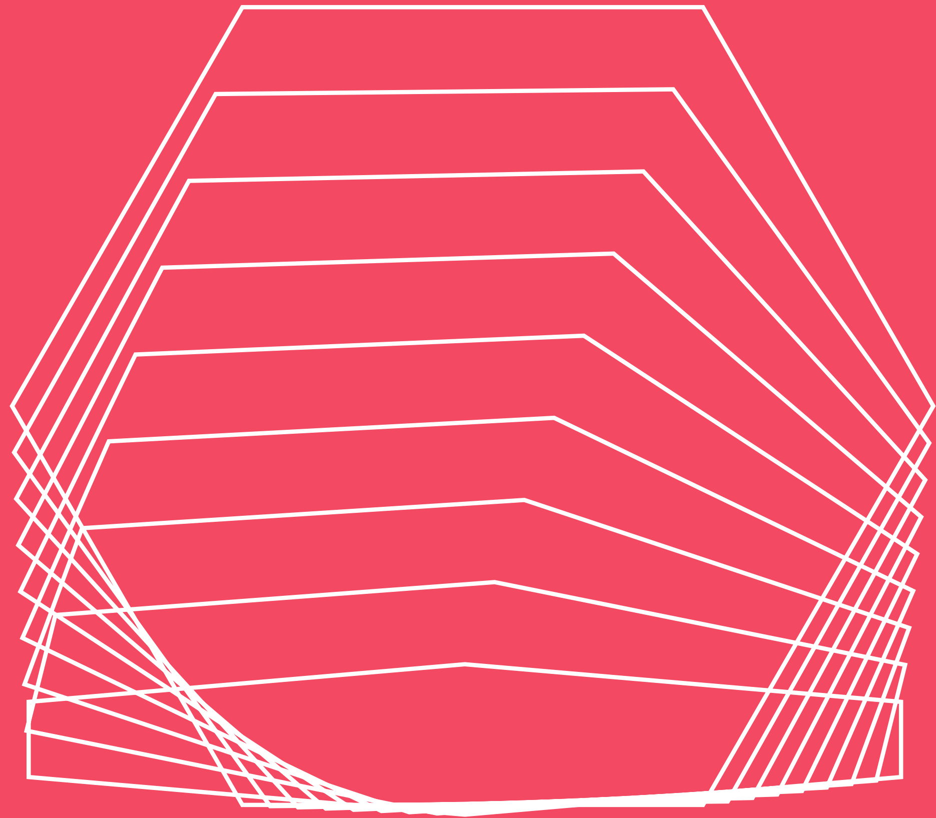


# Contributing to a better future

# Contributing to a better future

Sustainability reporting is an important tool for Cabka to communicate material sustainability matters and our performance regarding environmental, social, and governance matters to our stakeholders. This report introduces our Environment, Social and Governance (ESG) ambitions, targets and actions as well as relevant performance indicators for the upcoming years.

This is Cabka's first ESG Report as part its annual financial report and covers the period January 1, 2022 - December 31, 2022.

The data in this ESG report covers all entities that belong to the scope of the Consolidated Financial Statements as noted in Section B Note 1 of the Financial Report. Our sustainability reporting covers the six sites under financial control of Cabka, including our four production plants, the Innovation Center and our corporate office. The site in Genthin is considered until the end of its operation in May 2022. Other office locations are excluded due to their immaterial significance from environmental factor KPIs (S1, S2, energy, water). GHG emission calculations in Scope 3 include upstream and downstream emissions in the value chain. We report on sustainability according to the United Nations' Sustainable Development Goals and with reference to the GRI 2021 standard. Our reporting on energy and climate change is aligned with the international standard Greenhouse Gas Protocol. For the reporting on climate related risks and opportunities, we additionally follow the recommendations by the reporting guideline of the Taskforce on Climate-related Financial Disclosure (TCFD). The GRI and TCFD content indexes can be found at the end of this report. This chapter on sustainability covers Cabka's material ESG topics. For each of those topics, relevant company policies are portrayed as well as our approach and targets for the future. Our performance against these targets measured through carefully selected key performance indicators (KPIs) is presented in this report. The KPI results of this sustainability reporting serve as the baseline for future reports. Measures in place to ensure that we reach our targets are outlined. Potential ESG-related risks and opportunities arising for Cabka and its stakeholders are described together with the respective risk management approach in the management report. We have also disclosed all policies relevant for ESG on our website.

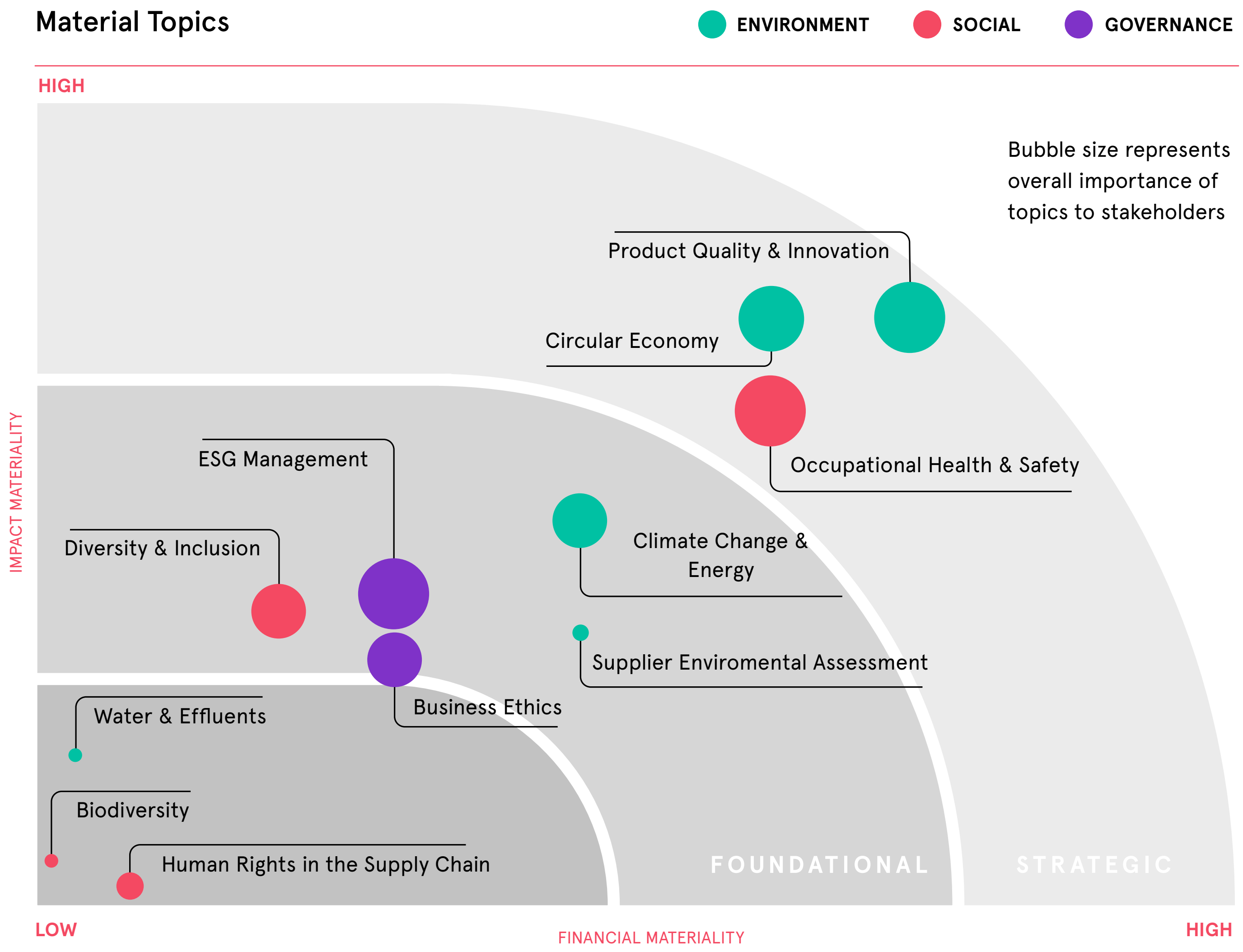
# Cabka's Main ESG Targets

| | 2023 | 2025 | 2030 |
|---|---|---|---|
| Circular Economy | Maintain above 80% recycled material input | Continuously work towards full circularity | |
| Climate Change & Energy | | 50% share of renewable energy | 100% renewable energy and carbon neutral in own operations |
| Innovation | Continuous innovation of smart reusable solutions for transport packaging | | |
| Health & Safety | Continuous communication and targeted training to foster a healthy and safe work environment | | |
| Business Ethics | 100% of employees signed Code of Ethics | | |
| Diversity & Inclusion | Implementation of people charter through workshops | Continuously work on increasing diversity level at Cabka | |
| Sustainable Procurement | 100% of continuous raw material suppliers assessed on ESG criteria | 100% of continuous raw material suppliers aligned with Cabka Supplier Code of Conduct | |

## Defining our ESG policy

The basis of Cabka's ESG policy is a double materiality assessment conducted together with PwC in early 2022 to determine which sustainability issues are most relevant to our business from a financial (or outside-in) and impact (or inside-out) perspective. In this process, two perspectives were analyzed to ensure that our focus stays on those areas that have the greatest relevance: the significance of ESG topics on the enterprise value of Cabka and the significance of impacts Cabka has on people and the environment. Additionally, stakeholder relevance was included in the analysis as a complementary aspect. Following the GRI 2021 guidance to determine material topics, European sustainability reporting guidance on CSRD available early 2022, the GRI 2021 Standard, a stakeholder analysis, and an evaluation of relevant industries were used to identify eleven relevant topics. The stakeholder analysis included interviews with key customers, input from peers and relevant organizations, and expert knowledge from different business functions within Cabka such as finance, operations, investor relations, and compliance. Additional to the analysis, a stakeholder engagement process was conducted to validate the preliminary results and ensure that we understand the importance of the different ESG topics to our stakeholders.
After review and validation by the Management Board, eight material topics were identified as high priority for Cabka. These are Circular Economy, Product Quality & Innovation, Occupational Health & Safety, Climate Change & Energy, Business Ethics, Diversity & Inclusion, Supplier Environmental Assessment, and ESG Management.

## Material Topics



The remaining topics of water and effluents, biodiversity, and human rights will be continuously monitored to assure awareness of potential changes in priority. The material topics are divided into strategic and foundational topics, where the foundational topics are the pillars that support the proper management of the business, and the strategic topics are those that allow us to continue pursuing the leadership of the sector. A review of material topics will be carried out every one to two years, and a complete reassessment every four years to ensure our policy reflects the financial and impact relevance of ESG topics for the business and remains aligned with the expectations and priorities of our stakeholders.

## Continuing the stakeholder dialogue

Our key stakeholders and their opinions are critical to our business decisions. Hence, it is key to know the needs and expectations of customers, investors, local communities, suppliers, and our people. It is also a core component of building and managing a robust ESG policy. Identifying our priority stakeholders stood at the very beginning of Cabka's sustainability policy.

In 2022, we conducted a dedicated stakeholder engagement process to validate our material ESG topics assessment and ensure we prioritize relevant sustainability issues. One part of this process were structured interviews with key customers and representatives from the investor community. Two rounds of interviews and a joint workshop with Cabka's management team and site management provided operational input and guidance for the development of our ESG policy. Cabka envisions a full revaluation of the materiality analysis assessment every four years. A yearly review by continuous stakeholder engagement is realized through a range of channels:

- The exchange with our customers is key in driving our innovation and circular economy strategies. We are in constant contact to understand their needs and integrate these into the strategic development of the business. Our sales team engages directly with our customers and indirectly at industry events and conferences. Our membership and engagement in industry associations as well as supplier evaluation programs also guide our ESG approach.
- The exchange with our investors on roadshows, discussions with analysts, and meetings with our investor relations team help us to identify trends and expectations on ESG in the finance community.
- We meet and exchange with local communities during company visits and local events. This is also critical to understand which environmental and social topics we need to address.
- Strong cooperation with our suppliers is key to achieving our ESG ambitions. Our sustainable procurement roadmap addresses the need for even more advanced interaction with the supply chain through our procurement team.
- Our people are our most valuable asset. Internal communication is supported among others via our Cabka intranet and Cabka App, on-site and online meetings and management updates. Personal development discussions, team events and trainings together with surveys and exchange with employee representatives help to identify social issues to be addressed in our sustainability agenda.

## Cabka's core commitments

At Cabka, we have put a strong focus on further developing and formalizing our ESG policy during 2022. As a business partner, we want to change established processes and systems to make them more efficient and sustainable. Responsibility for this starts in our own operations - responsibility towards the environment, the people, and the markets we operate in. Cabka has set firm commitments as a foundation for its sustainability approach. Overarching is Cabka's Code of Ethics, which defines our core values for working together and taking responsibility for the environment. The Code of Ethics also establishes the basic principles of how we work.

Core commitments to our people: respect for international human rights and equal treatment in a diverse and inclusive workplace committed to providing safe and healthy conditions.

Core commitments to the environment: we strive for continuous improvements in our environmental performance in the use of energy, water, and natural resources as well as in emissions and waste prevention.

In 2022, the Cabka management team involving all entities developed an ESG policy that translates these commitments into concrete targets. These objectives have been strategically set in line with our material topics, in areas where Cabka has a distinct impact, or in areas that potentially impact us in our future endeavors. These targets are described in detail in this ESG chapter.

## Cabka's Sustainability Governance Framework

In 2022, Cabka has established an ESG Task force. This working group was created to address the sustainability challenges faced by Cabka and to secure an optimal management of the Group's Environmental, Social and Governance aspects. Endorsed by the company's senior management, the Task Force performs the task of macro-oversight of the overall ESG policy and manages the aspects identified as material to Cabka. Among the concrete functions the Task Force performs are the assessment of progress of the Group's ESG policy, the provision of a platform to share milestones, challenges, and establish synergies between topics.

The Task Force is structured to enable ESG decision-making on Group level with a holistic perspective. Therefore, members of the Task Force are Cabka's CEO, CFO, COO, CPDO, our Sustainability Director, and the topic leaders of Cabka's material ESG topics. Other members who regularly attend the meetings are Cabka's Compliance Officer, the Head of Controlling, and the Responsible of Investor Relations and External Communications. Meetings are held at least twice a year to evaluate progress and results and conduct trainings on certain topics. Since the Management Board members are also part of the ESG Task Force, progress on the implementation of Cabka's ESG policy is regularly reported to them.

This decentralized approach to ESG governance benefits from the individual expertise of topic leaders, which allows Cabka to holistically monitor ESG trends and analyze improvement areas. Additionally, the governance approach supports the

## Cabka's ESG Task Force


periodical update of Cabka's materiality analysis.
Within Cabka's integrated ESG Management, the topic leaders from various business functions are responsible for the global supervision of their ESG topic and the monitoring of progress towards topic objectives, as well as the implementation of topic-related actions at Group level. Topic leaders are the people within Cabka with the optimum position and expertise to perform this role according to the specific material topic. With this management of ESG matters with members of the management team, we see a more agile integration of our ESG policy into our day-to-day business decisions and more importantly into strategic business decisions. Topic leaders are invited to join the Task Force. The Sustainability Director supports the topic leaders, providing the Group's holistic perspective and expertise in the technical aspects of ESG management.

We recognize that the further integration of ESG considerations into our day-to-day business can only be achieved with a committed, flexible, and professional team. In 2022, the management of ESG topics has been strengthened through the appointment of new key position holders. Notably, the positions of Global SHEQ (Safety, Health, Environment and Quality) Management, Global Quality Management, and the Sustainability Director have been added to the organization.
Already in 2020, we started to review our ESG management performance through an external company. Since then, we participate in the annual evaluation by EcoVadis. The rating agency EcoVadis wants to motivate companies to engage in the areas of environment, ethics, labor and human rights as well as sustainable procurement and annually evaluates their performance in these matters. It takes a close look at the ESG management of more than 90,000 companies from 160 countries and 200 different industries and rates them based on their measures, policies, and procedures.

Cabka has taken the EcoVadis assessment for sustainable companies in 2022 and once again received the silver medal. The score of 58 points achieved in the evaluation puts Cabka in the top 25 percent of all evaluated companies. Among the manufacturers of plastic products, we rank among the best 20 percent.


The rating agency EcoVadis rated more than 90,000 companies in the areas of environment, ethics, labor and human rights as well as sustainable procurement. Cabka has taken the EcoVadis assessment and once again received the silver medal.

# Cabka's contribution to the SDGs

As part of Cabka's ESG policy development, the determined material topics were aligned with the United Nations Sustainable Development Goals (SDGs). We have selected the SDGs that are most relevant to our operations, our targets, and what we stand for as a global enterprise. Subsequently we have assessed how we aim to contribute to each one of the goals. Throughout this ESG report, the individual SDGs are also mapped against the different topics.

| SDG | | OUR AMBITIONS |
|---|---|---|
| 5 GENDER EQUALITY | **Gender equality** | · We offer equal opportunities to women and men<br>· Diversity and inclusion are core topics at Cabka. Our diversity policy describes our commitment towards a diverse composition of our company boards.<br>· We specifically focus on the development of gender diversity in management and decision-making positions within the Group and aim to reach in the coming years diversity levels already achieved on supervisory board level.<br>· Our Code of Ethics sets our principles for equal treatment. |
| 7 AFFORDABLE AND CLEAN ENERGY | **Affordable and Clean Energy** | · Cabka plans to increase its share of green energy to 100% by 2030.<br>· Our production sites are evaluating on-site energy generation with renewable sources and will use this to increase the share of clean power. |
| 8 DECENT WORK AND ECONOMIC GROWTH | **Decent Work and Economic Growth** | · At Cabka, the provision of a healthy and safe workplace is key.<br>· We strive for technological improvements to increase energy and resource efficiency in consumption and production, making a sustained and positive impact on logistic chains worldwide. |
| 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | **Industry, Innovation, and Infrastructure** | Research and innovation already play and will continue to play a vital role for Cabka in further driving the use of recycled content in sustainable product solutions and increase the use of hard to recycle materials. With our innovative RTP solutions, we aim to achieve a breakthrough in supply chains and make a positive impact in our customers industries with durable, high-quality products with a low environmental impact. |
| 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | **Responsible Consumption and Production** | We will continue to focus our efforts on circularity in the use of our products and their recycling at the end of their life, and further improve the overall sustainability performance of our product portfolio. |
| 13 CLIMATE ACTION | **Climate Action** | Through the diversion of waste from incineration, our business model based on recycling and using the new primary material to manufacture reusable products reduces the use of virgin material and helps us make a positive impact. Concerning our own operations, we aim to reach carbon neutrality by 2030. |

# Working towards a positive climate impact

Climate change matters because it affects all life on earth. Governments around the world have made commitments to reduce the $CO_2$ impact of their economies. Many industries have started their transformation with the ultimate objective of becoming net zero. The goal is to limit global warming to 1.5°C compared to pre-industrial levels, in line with the Paris Agreement. At Cabka, we are committed to reducing our emissions in line with this goal.

**Our roadmap to reducing emissions**

As a leading integrated circular production company, we have set strong ambitions to reduce our carbon footprint at our sites and in our value chain. All our sites are currently developing and implementing roadmaps to reduce carbon emissions in Scope 1 (direct emissions) and Scope 2 (owned indirect emissions) with the objective to become carbon neutral by 2030. We are also looking to better understand our Scope 3 emissions, which are the emissions only indirectly associated to Cabka through upstream and downstream activities. For several years, we have been studying the environmental impact of our products. In 2022, Cabka has selected the Dutch specialist company Ecochain as a partner to develop specific Life Cycle Assessments. This will allow for a closer look at the materials and processes that contribute to the environmental footprint of our products and therefore influence our actions. In a first step and as a pilot project, we worked towards a cradle-to-gate analysis of raw material and production process impact. This work will continue during 2023 to further deepen our understanding of our value chain impact. As we are reducing the carbon intensity of our own operations, we further accelerate our climate impact reduction. Already, the high usage of recycled material contributes to reducing carbon emissions. Working with our customers on solutions with a higher circularity score – increasing pallet lifetime, reuse, and recycling - adds another level of carbon avoidance.

**Our climate & energy targets**

- Increase the share of renewable energy in total energy intake to 50% in 2025
- 100% renewable energy and carbon-neutral operations in 2030

**Our 2022 Climate Performance**

- Total energy consumption: 105,524 MWh
- Share of renewable energy: 5.1%
- Scope 1 emissions: 2,963 t CO2eq
- Scope 2 emissions: 47,009 t CO2eq
- Scope 3 emissions: 168,845 t CO2eq

**Carbon avoidance from working with recycled material**
In 2022, Cabka took in 121kt of plastic waste. Each kg of secondary raw material used instead of primary material saves up to 1.5 kg of $CO_2$. Each kg of plastic waste diverted from incineration saves more than 2kg of $CO_2$[3]. Our in-house waste processing and mainly recycled material input led to 298,069 t $CO_2$eq of GHG emissions being avoided in 2022. Hence, with our business model we avoided more emissions than ones that were generated through our overall company carbon footprint (Scope 1, 2, and 3)

**Key measures for climate protection**
We have developed a step-by-step roadmap for each of our production sites for planned measures to reduce our $CO_2$-footprint and limit energy consumption from non-renewable sources. Our 2022 energy and emissions performance serve as the baseline for this. The most pressing and decisive project is to green the electricity at every site, for instance through on-site electricity production and the provision of green electricity from electricity providers. We are planning to install solar panels on the roofs of our buildings at our production site in Ieper, Belgium in 2023. Simultaneously, we are working on electrifying on-site vehicles, heating, and different production processes. At our biggest production site in Weira we are working towards electrifying the entire fleet of forklifts. One building at the same site switched from oil-based heating to an electric heat pump in 2022. The already initiated implementation of a Manufacturing Execution System (MES) will bring further insights for additional energy efficiency improvement measures. Our operational site in Weira is ISO 50001 certified. For new machine investments, energy efficiency evaluations are a standard step in the process.

## Our climate & energy targets

50%
Increase the share of renewable energy in total energy intake to 50% in 2025

2030
100% renewable energy and carbon neutral in own operations in 2030

[3] European Environment Agency: Greenhouse gas emissions and natural capital implications of plastics (2021) https://www.eionet.europa.eu/etcs/etc-wmge/products/etc-wmge-reports/greenhouse-gas-emissions-and-natural-capital-implications-of-plastics-including-biobased-plastics/@@download/file/ETC_2.1.2.1._GHGEmissionsOfPlastics_FinalReport_v7.0_ED.pdf

[4] https://www.mckinsey.com/capabilities/sustainability/our-insights/how-a-materials-transition-can-support-the-net-zero-agenda

# Keeping plastics in the loop

In a perfectly circular economy, waste does not exist. Products and raw materials are designed to be reused as long and intensively as possible, again and again. Waste is the new raw material. The waste hierarchy is a concept to help this transition. Thinking of eliminating waste in the first place, the hierarchy prioritizes reduce, followed by reuse, and then recycle.

The increasing awareness for sustainability around the globe is driving the demand for sustainable products and regulations to raise sustainability standards. A more circular economy can also cut emissions from heavy industries by 56% by 2050[5]. Keeping plastics in the loop and abstaining as much as possible from virgin plastics are key instruments to reach both emission reduction and circularity targets.

**Taking our circular economy business model to the next level**

Cabka dedicates its knowledge and technology to the circular economy. In 2022, Cabka has processed over 121kt of waste to make new products, reaching a recycled content intake of 86%. We achieved this through our unique business model, which integrates the entire process from waste to product with in-house material and product engineering, tool development and owned recycling and production facilities. During 2022, priorities have been set to foster this strong positioning and further improve Cabka's circular economy performance in line with the EUs target of transitioning to a fully circular economy by 2050:

- Development of new post-consumer material streams using inhouse knowledge on recycling technologies and material uses.
- Proactive monitoring of increased legislative activity, in particular under the policy framework of the EU Circular Economy Action Plan (CEAP, the main building block of the European Green Deal) and the resulting market developments and new business opportunities. CEAP is a prerequisite to achieve the EU's 2050 climate neutrality target and to halt biodiversity loss. The framework is relevant for different aspects of Cabka's business model, such as waste and recycling, plastic strategy, circular products, design of sustainable products, critical raw materials, packaging waste, and industrial emission.
- Further development of buyback programs, already in place with some of our key customers. Through this, users of transport packaging feed their used pallets and


[5] https://www.mckinsey.com/capabilities/sustainability/our-insights/how-a-materials-transition-can-support-the-net-zero-agenda

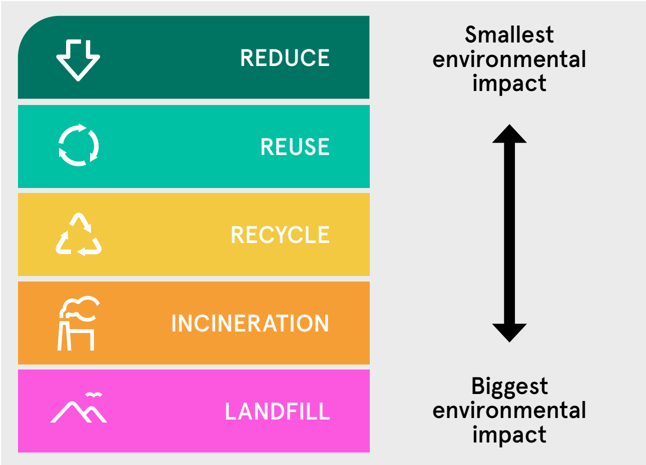
containers right into the dedicated recycling stream, supporting Cabka to close the loop.
- Strengthening the relationships with research organizations key to our future innovation capacity.
- Further efforts to get involved in non-profit waste collection projects.

**Our circularity target**
- Maintain a share of recycled content above 80% in our products

**Our 2022 circularity performance**
- Percentage recycled content in sold products: 86%
- Total amount of plastic waste intake: 121kt
- Total water consumption: 10,355 $m^3$

**Circularity in our own operations: waste and water recycling and closed loops**

Cabka's operational sites have waste management programs in place. The main types of waste are production scraps and residuals from our recycling processes.
- Scrap from production is re-routed into production through in-house shredding, hence there is no material waste in our manufacturing process. Cabka's Manufacturing Execution System implementation will further reduce production scrap.
- Residuals from Cabka's recycling processes and other operation waste are transferred to dedicated waste management and recycling companies. There is a dedicated handling and waste concept for working with, and handling of hazardous materials, e.g., in the form of hydraulic oils, cleaning detergents or coloring agents.
- Cabka uses low amounts of water in its production and recycling processes since we process waste through dry mechanical recycling. The main water usage is currently attributed to sanitary purposes. Where technically feasible, we already use, or are looking to implement closed circuit water systems. Due to the type of usage in our production, there is no specific sewage treatment required. Slurry from recycling is treated by specialized waste treatment companies.




The waste concept at our site in Weira has been reviewed and improvement measures have been implemented. We will analyze waste output on an annual basis, adjust accordingly and evaluate the possibility to expand circularity measures into new areas of our operation.

## Our 2022 circularity performance

**86%**
Percentage recycled content in sold products

**121 kt**
Total amount of plastic waste intake

# Innovation in our DNA

Innovation is at the heart of everything we do. We are committed to innovation in design, recycled plastic materials, and advanced processing and recycling technologies. We are constantly looking for new ways to improve our products and processes and to develop new solutions that meet the needs of our customers. We believe that innovation is key to keeping our position as a market leader. We prioritize innovation in all aspects of our business, including design, materials, technology, and sustainability.

**Enabling sustainable breakthroughs**

Cabka's mission is to provide smart and reusable solutions for transport packaging that focus on circularity and sustainability. Our goal is to enable breakthroughs throughout the supply chain by continuously innovating and improving products and processes. Cabka strives to create products that are durable, high-quality, and have a low environmental impact. We consider ourselves as generators and promoters of global change towards a circular economy. This is our business model and guides our innovation strategy.

We have implemented a structured stage gate process for innovation that allows us to identify and develop the most promising solutions for transport packaging.


Cabka's approach to innovation involves data-driven product development. We gather and analyze data from various sources such as customer feedback, market trends, and performance data from our products to help decision-making and guide development efforts. Additionally, data-driven development creates focus to identify new opportunities for innovation and stay ahead of market trends.

Innovation at Cabka is divided into three interlinked development areas:

- Materials
- Products
- Processing

**Our 2022 innovation performance**

The investment into our innovation capacity and the dedication of our team built the foundation for establishing long-lasting client relationships with large customers. In 2022, we signed three major contracts for customized foldable container solutions with US retailer Target, the pooling company CHEP and automotive company BMW. Beyond our innovation capability, Cabka's circular economy focus was another key factor contributing to the achievement of those agreements.

**Our innovation ecosystem**

Innovation at Cabka is a combination of three elements: culture, strategy, and the translation into a pragmatic roadmap with specific, measurable, and achievable goals that are set to drive innovation. Within Cabka, these elements are integrated and aligned, establishing an innovation ecosystem that enables us to be adaptive and responsive to the ever-changing market, customer needs, and technology advancements. Cabka's suppliers and customers have a very important impact on our innovation scheme, through collaborative meetings and strategic partnerships, allowing us to move fast, focused, and efficiently.

**Key role for our Innovation Center in Valencia**

Cabka has a dedicated team of engineers at its Innovation Center in Valencia, conducting research and development on new ways to utilize recycled plastics through new processes, products, and technologies. Our Innovation Center is key in driving innovation and growth by developing new solutions that are not only cost-effective but also environmentally friendly. Working closely with other departments such as marketing, operations, and sales ensures a broader view of the market and customer needs to define the best solutions and guarantee a smooth implementation. We collaborate intensively with our customers to develop solutions that meet their specific needs. A high-end lab facility was added to our Innovation Center in 2022, where all the incoming raw materials are monitored and further formulated on a global basis.

Innovation KPIs and targets used inhouse at Cabka are specific and measurable, allowing us to track our progress and make adjustments as needed, to allocate resources, set priorities and make decisions. Thus, we ensure that all innovation efforts align with the company's overall strategy and goals.

In 2022, Cabka has made considerable investments into new products, production capacity and automation. CAPEX in new molds and new machines reached € 10.1 million. This really sets our innovation center as the incubator of Cabka's future production. 6% of operating expenses went into R&D.

**Skills through learning and collaboration**

Innovation needs knowledge. Our colleagues are our best asset. That is why we provide dedicated training schemes

## "We believe that innovation is key to keeping our position as a market leader"

for everyone working at Cabka. On top of that, Cabka is embedded in several European projects, where we work with many other companies and organizations. This collaboration improves our skills, and subsequently our products, materials, and processes.
A few examples:

- ACROBA, a project on automation where cutting the burr of the pallet will be done by a robot – relevant for Cabka's future digitalization.
- INCREACE, a project aiming at developing recycled material with anti-static properties (ESD). This material does not exist nowadays. So it will significantly increase the amount of recycled material valid for this product application.
- Cabka is involved in a cluster for product development (Cluster of packaging innovation in Valencia, Spain), materials development (Anarpla, Spanish society for recycling companies), and working closely with technical institutes such as ITENE (Research Center for Packaging), AIMPLAS (national technical institute for plastic), IDF (design and fabrication institute), and Fraunhofer (Europe's largest application-oriented research organization).

**Quality management across the entire supply chain**
Quality is a main driver within our organization.
A comprehensive Quality Control Management is implemented, from supplier to end customer, across the entire supply chain. Cabka is committed to its customers' success and strives to meet customer needs through continuous improvement of our products, services, and processes. Customer satisfaction is the number one priority at Cabka. Complaints and results are discussed and reported to senior management during board meetings and improvement actions are scheduled, implemented, and then evaluated. Our internal quality control ensures the delivery of our end products at the high-quality standards demanded by our customers. The laboratories at our Innovation Center and production sites work according to the ISO 9001 certification and the ISO/DIN norms for our test methods.

We have prioritized specific fields of actions during 2022. We have analyzed our complaint management process and implemented actions to improve quality complaints handling. This will be further pursued in 2023. In operations, the introduction of our Manufacturing Execution System in Cabka was accompanied by the implementation of further quality control measures directly at the production line. In the coming years, an extended group-level quality system management is expected to develop synergies between Cabka sites and make the overall quality management system more efficient and impactful.

€ 10.1m
2022 CAPEX in new mold and new machines

# Business ethics

Cabka's ambition is to conduct our business in an ethical way and integrate our values into our daily business activities and work life. If we want to have a positive impact on society, we need to ensure that all our operations are conducted with the utmost respect, not only for the law, but also for human rights and the values that characterize us: respect, openness, cooperation and transparency. Our 2022 materiality analysis identified business ethics as a material topic for the Group. We have also disclosed all relevant business ethics policies on our website.

**Our framework of integrity**
Specific policies regarding human rights and working conditions complement the basic principles of our daily work outlined in our Code of Ethics. Our commitment of zero tolerance for corruption and bribery form the core of our internal organization and the cooperation with external partners. The General Counsel Legal & Compliance has been assigned as topic leader to drive initiatives on ethical issues. Risks related to business ethics were evaluated as part of Cabka's comprehensive risk assessment process, outlined in the risk management section of the management report.

**Our business ethics targets**
- 100% of employees signed Code of Ethics in 2023
- At least one communication campaign on Business Ethics at Group level per year

We have started measuring our performance to reach our business ethics targets and will start reporting these results in the full year report for 2023.

**Three main lines of action**
Cabka ensures maximum respect for its values and policies through three main lines of action:

1 ***Collaborate with management at site level to strengthen compliance processes and encourage their participation in awareness-raising, communication, and training processes.***
Our staff is currently located in five countries on two continents. Understanding the cultural and workplace differences in each of these locations is vital to ensure that we are able to properly communicate what we expect from our people. As part of our assessment and

updating of internal procedures, we have held working sessions with each of the site managers to involve them in the process and, through them, manage the Group's diversity.

2 ***Promote a culture of communication with colleagues and collaborators through our Whistleblowing Channel.***

In 2022, we have reinforced our commitment by updating our Whistleblowing Policy. We have developed a new whistleblowing procedure that seeks not only to ensure the use of our complaint channels, but also to encourage the use of these channels as a form of communication and consultation by users. The focus of the channel is therefore not only reactive, but also preventive, encouraging users to submit questions on how to proceed in situations that may involve a breach of Cabka's policies. Therefore, we have designed a training campaign on the use of the Whistleblowing Channel, which will be implemented in 2023. The goal is to encourage the use of the channel by our colleagues and collaborators, making them aware of how the process works and their rights and guarantees during the process.

3 ***Conduct training and awareness campaigns for colleagues and collaborators.***

One of the keys to ensuring compliance with our policies is the correct training of our people, so that they can detect behavior not acceptable for the Group. We therefore plan to prepare an internal dissemination campaign to be implemented during 2023. This campaign aims to train our people and direct collaborators in Cabka's standards of conduct, as well as to publicize the consultation and whistleblowing procedures in a simple way that is adapted to the day-to-day operations of our different centers and offices. In the coming years, we plan to conduct training campaigns with a more specific target within the Group, based on an analysis of our risks and the position and responsibility of our people.

"We aim to integrate our values into our daily business activities and work life"

Cabka

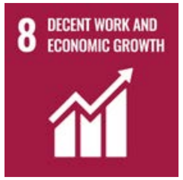
## Our business ethics targets

100%
of employees signed Code of Ethics in 2023

1
At least one communication campaign on Business Ethics at Group level each year

# Occupational Health & Safety

Cabka is committed to providing safe and healthy working conditions. As we are working towards health and safety excellence, the responsibility to keep our people protected has been ranked as a strategic priority on our current ESG agenda. Our focus lies on protecting the environment and our colleagues, as well as the sustainable use of the available resources.




**Our Health & Safety Management System**
The Cabka Health & Safety Policy and Environmental Policy provide the overarching principles we strive for, to foster a healthy and safe working environment, people engagement and further integrating health and safety into our culture, with annual improvements on the related indicators.

Health & Safety is embedded in Cabka's SHEE (Safety, Health, Environment and Energy) Management System at production and administrative sites. The defined responsibilities and regulations within the framework of this system apply to all Cabka staff and all external service providers of the company who have an influence on the result of the SHEE management system. For the latter, this applies notably to temporary workers at Cabka production sites as well as third party employees who provide on-site services. The management system is aligned with the requirements of the ISO standards 14001, 45001 and 50001. It starts with leadership commitment expressed in policies and risk and opportunity analysis looking at the essential business processes. Based on this analysis, relevant and site-specific KPIs can be developed and measured.

**Continuous improvement**
Targeted training and communication form the basis for a continuous improvement process. All Cabka employees are introduced and trained on their tasks and are actively encouraged to participate in improving the SHEE management system. A generic annual health & safety training is provided to everyone at Cabka. All employees are invited to address their inquiries as part of the internal suggestion system. To be able to react appropriately to emergencies, possible dangers, accidents and emergency situations, and the associated environmental and occupational safety, effects are determined by the safety specialist and responsible persons. Besides specifically trained staff, Cabka also works with external consultants in those assessments. Site visits from medical professionals are a legal requirement at our sites and provide the possibility to detect and address occupational health issues. They also advise on workplace design and provide medical certifications for

specific professions or tasks (e.g., working in heights and forklift driver check).

Essential hazard prevention and emergency precautions are regularly checked for their effectiveness and revised if necessary. Trainings are provided in practical manner and at the specific workplace as much as possible. This reaches from occupational safety instructions, over crane training, to fire extinguisher exercises. As part of the regular management review and internal audits, potentials for improvement are determined and appropriate measures taken.

**Site Certification and Effectiveness on Group Level**
In 2022, we have made the first steps to integrate Cabka's sites' SHEE management systems into a group SHEE management system and a roadmap for the coming years is being developed. Best-practice sharing and knowledge exchange between our sites are expected to make the overall system more effective. The main focus of this exchange in 2022 was on health and safety topics. We will continue to develop the exchange between Cabka's sites throughout 2023. Next to existing certifications with ISO 9001 and ISO 50001, the SHEE management system at Cabka's main production site in Weira, Germany was ISO 14001
and 45001 certified for the first time in 2022. We are looking to obtain these certifications for other Cabka sites as well. As the integration towards a group management system makes further progress, we are expecting to externally report on H&S Group KPIs and targets in the next financial year.

## "The responsibility to keep our people protected is a strategic priority"

### Site Certification on Group Level

**ISO**

Main operational sites are ISO 9001 certified. Cabka in Weira is ISO 50001 certified

Our site in Weira is ISO 14001 and ISO 45001 certified in 2022

# Diversity and inclusion

Differences in skills, backgrounds, culture, gender, age, and other characteristics help us to look at issues and solve problems together in different ways, to respond differently to challenges and to take more robust decisions. Diversity drives innovation and accelerates growth, enabling us to attract and maintain the best talented people, which is key to future business success.

All these different skills and backgrounds reflect the diverse nature of the environment in which Cabka operates and improves the effectiveness of our work through diversity of approach and thought. With our sites in five different countries, the Cabka Group embraces and nurtures diversity, bringing together a great variety of cultures, languages, and backgrounds. Cabka's ambition is to ensure a diverse and inclusive workplace. The objective for the coming years is to ensure that at least one-third of the Executive Committee and management positions will be held by women.

**Improving awareness of Cabka's values and gender diversity**
Our priority is to ensure that respect for diversity is embedded in Cabka's values and ensure that our people live the Cabka values providing clear rules and raising awareness in the organization. Cabka published a diversity policy in 2022, focusing on the development of gender diversity in management and decision-making positions within the Group. We pay specific attention to gender equality in the hiring, payment, and development process of our colleagues.

**Our diversity & inclusion targets**
- Implement people charter through workshops in 2023
- In the next five years, work on Management Board appointments to also reflect the diversity level already achieved in the Supervisory Board

**Our Diversity performance in 2022**
- Percentage of female in Supervisory Board: 33%
- Percentage of female in Management Board: 0%
- Percentage of female in Management Team: 12,5%
- Percentage of female across the organization (excl. temporary labor): 17%

**Diversity achievements and outlook**
The Chief People Officer position in the Executive Team has been filled in 2022. Our Code of Ethics has been complemented by a People Charter highlighting Cabka's

core values. The introduction of the Charter, signed off by management in 2022, will be accompanied with company workshops and communication activities. Diversity and non-discrimination are part of Cabka's Code of Ethics, Suppliers Code of Conduct and our Human Rights policy. Non-compliance with these policies is reported through our Whistleblowing Channel. No reports were received in 2022.

People are the cornerstone of Cabka's current and future success. To facilitate and assure our continued success and growth, we decided in 2022 to start developing our People Management organization. With this change in the structure of the team, we expect to further strengthen our intercultural competence. For the next five years, we are working on Management Board appointments to also reflect the diversity level already achieved in the Supervisory Board. The Management Board will report on progress in the Company's Annual Report.

"Diversity drives innovation and accelerates growth, enabling us to attract and maintain the best talented people, which is key to future success"

## Our Diversity performance in 2022

**33%**
Percentage of female in supervisory board

**17%**
Percentage of female across the organization

# Creating a sustainable supply chain

Our ambition to expand sustainably implies that, in addition to having the proper quality and price, our materials, goods, and services also need to be procured responsibly in a sustainable manner. Together with our suppliers we can create a more sustainable supply chain that will reduce costs, manage risks, open new economic opportunities, and enhance the value of Cabka. Ultimately, our supplier engagement supports our risk mitigation and cost management of our operations.

**Core principles for our suppliers**

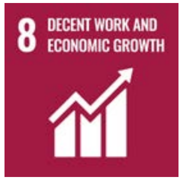
Our suppliers are required to comply with Cabka's Supplier Code of Conduct, introduced in 2020, accessible in English, French, German, Dutch, and Spanish on our website. Cabka's Suppliers' Code of Conduct sets environmental and social principles such as the exclusion of forced labor and human trafficking, ban of child labor, paying workers fairly, setting working hours in accordance with standards, freedom of association, and health, and creating a safe working environment. It also sets the expectation for our suppliers to ensure recruitment regardless of gender, ethnicity, or sexual orientation and includes requirements for environmental responsibility such as avoidance of pollution and waste minimization as well as voidance of hazardous substances.

**Our sustainable procurement targets:**

- 100% of continuous raw material suppliers assessed on ESG criteria in 2023
- 100% of continuous raw material suppliers aligned with Cabka Supplier Code of Conduct by 2025

**Our sustainable procurement performance in 2022**

- 35 % of purchased resin volume coming from continuous suppliers assessed on ESG criteria
- 35 % of purchased resin volume coming from continuous suppliers which are aligned with Cabka's Suppliers Code of Conduct




**Our progress with our partners in 2022**
The supplier sustainability assessment helps us to better understand our partners' positioning in environmental, social, and governance areas. We started the process with our top 20% continuous suppliers in resin materials – the heart of our business. They are asked to provide information on environmental, social, and governance topics in the supplier's sustainability questionnaire established in 2022. Cabka's Suppliers Code of Conduct is also included in the questionnaire, and suppliers are required to agree to or sign it. We will increase the use of sustainability assessments with new potential suppliers to guide selection of future partners. Sustainable procurement training accompanied the introduction of the supplier assessment program.

**Next step: global supplier evaluation matrix**
In 2023, Cabka will conduct assessments with more of our most critical suppliers. A global supplier evaluation matrix will be implemented in different Cabka sites to consolidate procurement and ESG criteria on a global level. This integrated matrix will help the procurement team to better include environmental and social criteria into procurement decisions. This holistic approach together with further training will help us to continuously improve our sustainable procurement management. We will also establish a sourcing policy, guided by the Cabka Suppliers Code of Conduct, to accomplish our commitments as well as the requirements of our stakeholders.

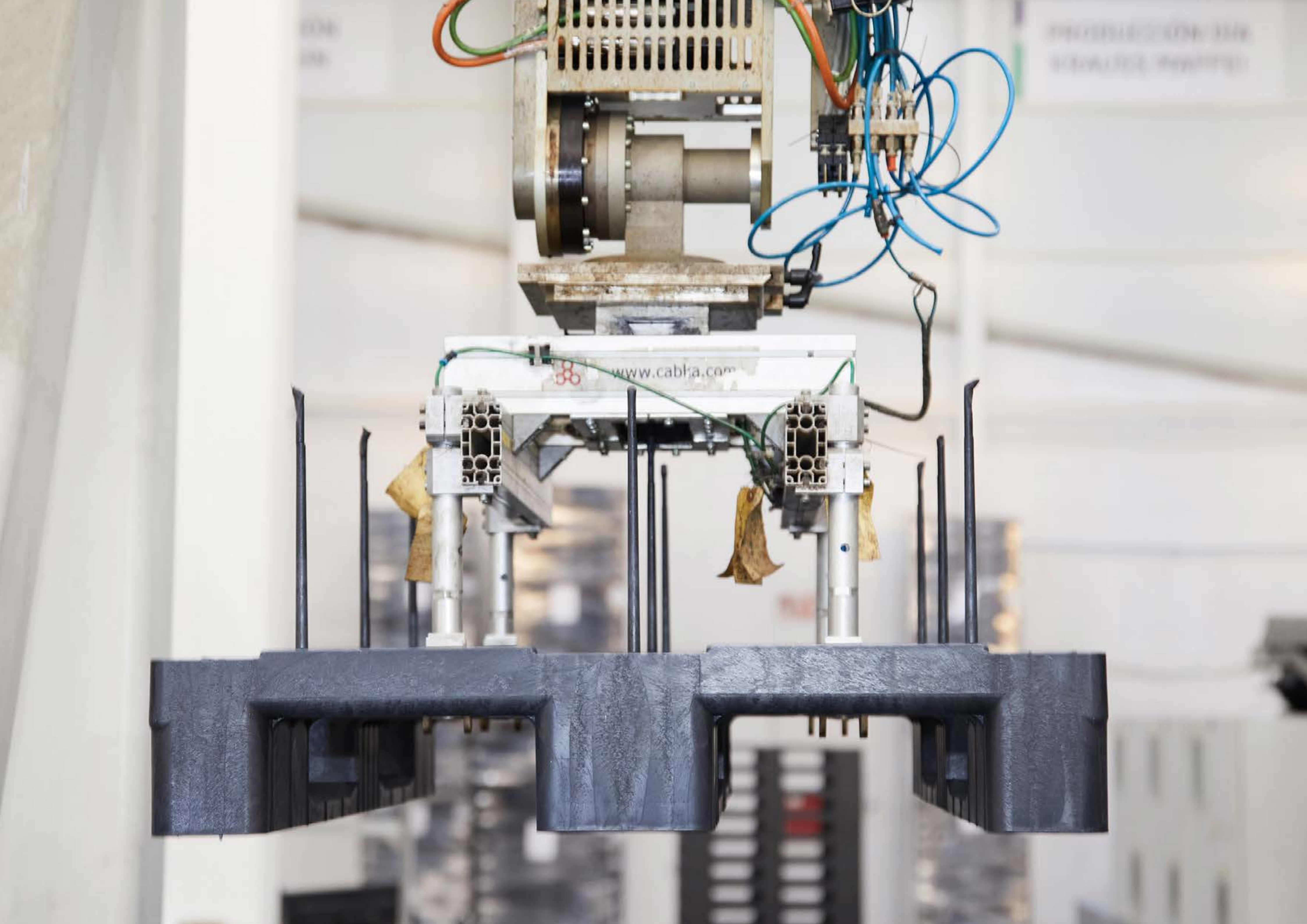
35%
of purchased resin volume coming from continuous suppliers assessed on ESG criteria in 2022

100%
of continuous raw material suppliers aligned with Cabka Supplier Code of Conduct by 2025

## Connecting through memberships and partnerships

Knowledge transfer, joint projects, and standard developments bring direct benefits to our own operations. That is why Cabka is an active member in European and US industry associations, to connect and exchange with other players. In the challenges different industries increasingly encounter nowadays, these organizations play a vital role in improving the economic, environmental, and social performance for whole business sectors.

- As a member of the Polyolefin Circular Economy Platform (PCEP), Cabka supports and contributes to the platform's voluntary pledge to increase the volume of recycled post-consumer polyolefin used in European products to 4 million tonnes a year by 2025, an increase of 2 million tonnes. Since 2021, our CEO is a member of the Steering Board.
- In the US, Cabka is a long-term member of the Reusable Packaging Association, an organization driving innovation in and performance of reusable packaging systems.
- Our Innovation Center collaborates with several research institutes and platforms. Currently, Cabka contributes with its knowledge, test capacity, and engineering expertise to European projects looking at increasing the share of recycled material in specific industrial packaging applications and validating performance of packaging solutions in advanced and novel production platform concepts.
- Cabka is a partner of INCREACE, a project funded by the European Health and Digital Executive Agency (HADEA) of the European Commission under the Horizon Europe Cluster 4 program. The project aims at increasing the uptake of recycled plastics in various products through innovative and interdisciplinary solutions along the plastics recycling value chain embedded in a systemic framework with a focus on Electronic and Electric Equipment. Increasing the share of recycled plastics in new products is a central aspect of the European Strategy for Plastics, adopted by the European Commission in 2018 as a part of the first Circular Economy Action Plan (2015).


www.cabka.com

# 04

# Corporate governance

# Building confidence

For Cabka, 2022 was a turbulent year in many ways. We made the transition to a listed company and everything that implies, and embarked on a new phase of life. At the same time, the world was confronted with increasing international tensions, especially due to the war in Ukraine. This led to unprecedented energy and polymer prices, and nervous financial markets. And on top of this, our St. Louis (MO, USA) production plant was hit by floods in July 2022.

The many challenges of 2022 compelled Cabka to react swiftly, serving our customers and securing our sustainable business. We have been continuously working on building up our teams and organizational processes.

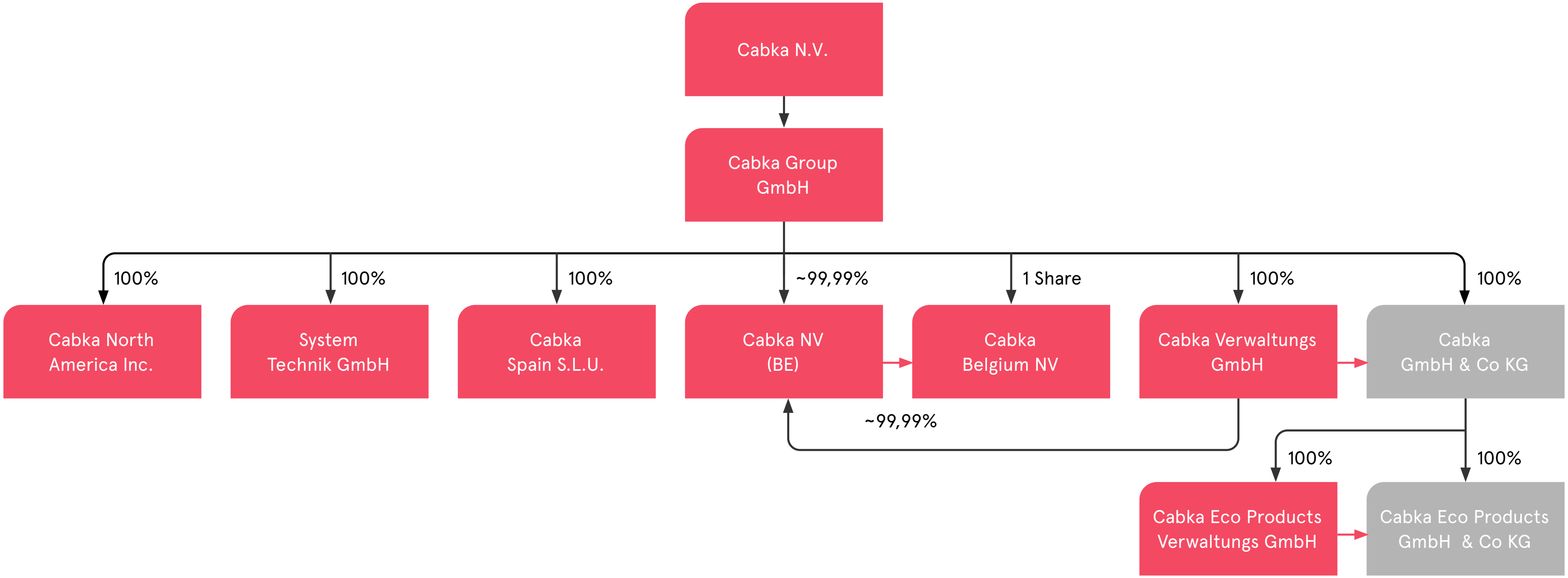
We owe our achievements in 2022 to our customers, our people and our shareholders.
Firstly, to our customers for showing confidence and for working with us on new, innovative sustainable solutions, both customized and portfolio, meeting their needs. In our state-of-the-art innovation center in Valencia, Spain, we have further strengthened the core components of Cabka's business: material research, production technologies, and product development.

Secondly, to our teams throughout Europe and the US for showing the required leadership, dedication, creativity and agility. We came out stronger by investing in people, by strengthening teams and our organization as a whole, including setting up a diverse and experienced Supervisory Board from scratch.

And thirdly, to our shareholders for their continued trust in Cabka and what it stands for: a strong, responsible and sustainable player in logistics, exchanging practices and learnings between Europe and the United States.

Today we can rely on a strong foundation, with our customer base, our people and all our stakeholders, giving us confidence for facing future challenges and take advantage of future opportunities. We are well prepared for the global shift from a linear to a circular economy. And we are grateful to all our stakeholders in helping us to achieve this.

***Manuel Beja***
*Chairperson Supervisory Board, CABKA N.V.*



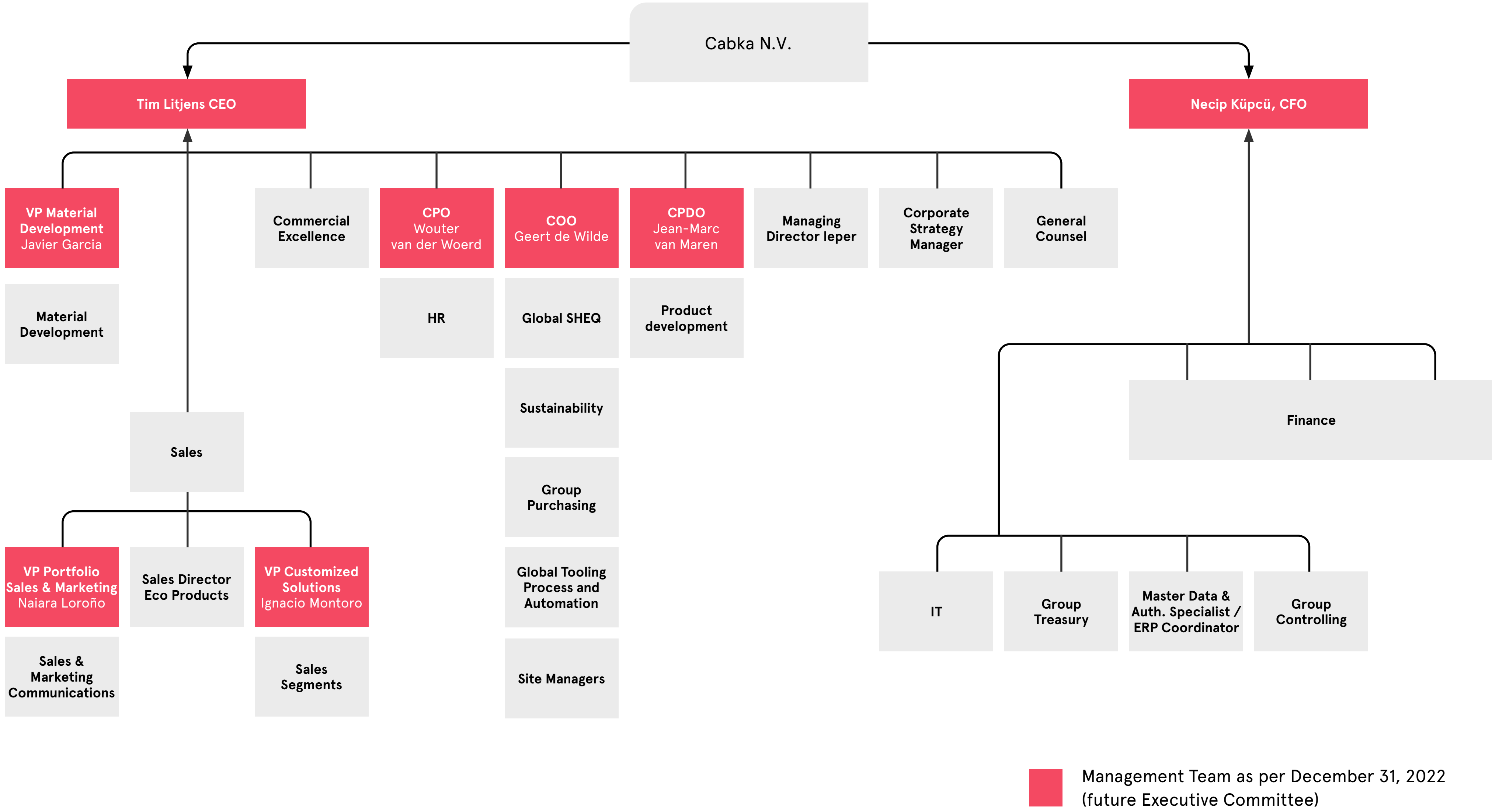

**Legend**

company

partnership

shareholding

general partner


Cabka N.V.
Tim Litjens CEO
Necip Küpcü, CFO
VP Material Development Javier Garcia
Material Development
Commercial Excellence
CPO Wouter van der Woerd
HR
COO Geert de Wilde
Global SHEQ
Sustainability
Group Purchasing
Global Tooling Process and Automation
Site Managers
CPDO Jean-Marc van Maren
Product development
Managing Director Ieper
Corporate Strategy Manager
General Counsel
Sales
VP Portfolio Sales & Marketing Naiara Loroño
Sales & Marketing Communications
Sales Director Eco Products
VP Customized Solutions Ignacio Montoro
Sales Segments
Finance
IT
Group Treasury
Master Data & Auth. Specialist / ERP Coordinator
Group Controlling
Management Team as per December 31, 2022 (future Executive Committee)

# Supervisory Board Report

This report provides further information on the way the Supervisory Board performed its duties in 2022. These include supervising the policy pursued by the Management Board, the Management Board's performance of its managerial duties, and the general course of affairs within our company and the business connected with it, as well as assisting the Management Board with advice, either upon request or proactively. Finally, these duties also include assessing the Management Board's performance and ensuring that their remuneration is in line with that performance and that it provides the appropriate incentives. The Supervisory Board has also been responsible for ensuring that the checks and balances that are part of the Dutch two-tier governance system are considered.

The responsibility of supervising the policy pursued by the Management Board includes evaluating the way the Management Board implements Cabka's strategy for long-term value creation and promotes conduct and culture.

**Composition of the Supervisory Board[6]**

The composition of Cabka's Supervisory Board is diverse in gender, nationality, background, knowledge, experience and expertise. The Board comprises four men and two women. Three members are Dutch, two Israeli, and one Portuguese. The Board's current members are Manuel Beja (Chair), Niek Hoek, Jeanine Holscher, Stephan Nanninga, Tova Posner Henkin and Gat Ramon. For detailed information on their backgrounds, please refer to the company website.

Following best practice 2.1.10 of the Dutch Corporate Governance Code, the Supervisory Board establishes that its members are able to act critically and independently of one another, the Management Board, and any particular interests involved. To safeguard this, the Supervisory Board is composed in such a way that all its members are independent in the meaning of best practice 2.1.8 of the Dutch Corporate Governance Code. Cabka has made an exception to this best practice as its two main shareholders are represented on the Supervisory Board and to ensure a responsible transition from both companies prior to business combination and listing. As a result, in accordance with the Shareholder Circular published January 10, 2022, three members of the Supervisory Board, Manuel Beja, Jeanine Holscher and Tova Posner Henkin, are fully independent and three, Gat Ramon, Niek Hoek and Stephan Nanninga, represent the major shareholders.

The profile of the Supervisory Board is reflected in its regulations, which are published on the company website under `Corporate Governance'. The Supervisory Board has three committees to cover key areas in greater detail: Audit, Remuneration (of both the Supervisory Board and Management Board), and Nominations (to the Supervisory

[6] All information on the Supervisory Board can be found in the investor section of the company website www.investors.cabka.com

| Cabka Supervisory Board key data and attendance records | MANUEL BEJA (CHAIR) | NIEK HOEK (DEPUTY-CHAIR) | GAT RAMON (DEPUTY-CHAIR) | JEANINE HOLSCHER | STEPHAN NANNINGA | TOVA POSNER-HENKIN |
|---|---|---|---|---|---|---|
| **Diversity** | | | | | | |
| Year of Birth | 1972 | 1956 | 1953 | 1965 | 1957 | 1947 |
| Gender | male | male | male | female | male | female |
| Nationality | Portuguese | Dutch | Israeli | Dutch | Dutch | Israeli |
| Main Profession in 2022 | Chairperson TAP | Founder DSC2 & Brandaris Capital | Founder Cabka | CEO Blokker | Founder DSC2 | Chairperson Plasson Ltd |
| **Tenure** | | | | | | |
| Initial appointment | 2022 | 2022 | 2022 | 2022 | 2022 | 2022 |
| End of current term | 2026 | 2026 | 2026 | 2026 | 2026 | 2026 |
| Reappointment possible | Yes | Yes | Yes | Yes | Yes | Yes |
| **Attendance** | | | | | | |
| Renumeration and Nomination Committees | 2/2 | n.a. | 2/2 | 2/2 Chair | 2/2 | n.a. |
| Audit Committee | 2/2 | 2/2 | 2/2 | 2/2 | n.a. | 2/2 Chair |
| Supervisory Board meetings | 5/5 | 5/5 | 5/5 | 5/5 | 5/5 | 5/5 |

Board and Management Board), the latter operate combined as one committee. Information on these committees is given elsewhere in this section. The By-laws of the committees are published on the company website under `Corporate Governance'.

**Supervisory Board meetings**

In 2022, the Supervisory Board started with a preparatory online meeting followed by three regular face-to-face meetings. The preparatory meeting was to decide and approve on the nomination of the External Auditor and the nomination of Manual Beja as Chairperson of the Supervisory Board. The face-to-face meetings took place in Belgium, The Netherlands, and Germany. The Supervisory Board meetings in Belgium and Germany were combined with site visits.

**Site visits**

Site visits are essential for a Supervisory Board member in order to get familiar with the company and its operations. As a newly composed Supervisory Board we therefore decided to invest time in two site visits in 2022. This fosters interaction with employees across different areas of the company and provides Supervisory Board members with opportunities for continuing education.

The first visit of 2022 took place in Ieper (Belgium) where the local management offered a tour in and around the production site. The second site visit was in Weira (Thuringa, Germany), Cabka's first and main production site. During both visits the members of the Supervisory Board were able to receive a full picture of Cabka's business activities while interacting with employees who explained the manufacturing process.

Employees and Supervisory Board members alike were impressed about the positive and transparent atmosphere. Finally, the Supervisory Board meetings on the days following the site visits, gave the Supervisory Board the opportunity to share its impressions with one another and with the Management Board members who also participated in the two site visits. The Supervisory Board meeting after the site visit in Weira, Thuringa was held at the corporate office in Berlin.

**Information gathering**
Monthly update meetings with the Management Board were held online, where the Management Board informed the Supervisory Board members about the monthly financials and discussed the progress of the business and current affairs. The Supervisory Board also held online meetings to discuss and approve the first half-year results of 2022. There were also online meetings in 2022 for which the decision-making had been mandated by the Supervisory Board to the Chair of the Supervisory Board and the Chair of the Audit Committee, who both attended these calls.

All Supervisory Board meetings were held in the presence of the Management Board for most of the meeting time. In addition, the Supervisory Board also convened in the absence of the Management Board, which usually happens either before or after a meeting. The chair of the Supervisory Board is in regular close contact with the CEO, as is the chair of the Audit Committee with the CFO. All meetings of the Supervisory Board and the Committees were fully attended.

**Main items discussed by the Supervisory Board in 2022**
The Supervisory Board performs its duties of supervising and advising the Management Board with respect to both recurring standard agenda items for Supervisory Board meetings and to specific topics that become relevant at any given point in time. Besides the recurring standard agenda items the following main items were on the agenda.

***Strategy update after IPO***
In 2022, the Management Board started a strategy process with the Supervisory Board supported by Deloitte. Starting point was a validation by Deloitte of the pre-IPO strategy document dated 2018. After discussion of the validation, the Supervisory Board requested the Management Board to work in cooperation with Deloitte on a strategy update proposal in the course of 2023.

***People and organizational***
Based on advice and recommendations of the combined Nomination and Remuneration Committee, the Supervisory Board determined crucial management positions below Management Board level, the so-called C-suite positions. First measure taken as a result of this determination was the appointment of Wouter van der Woerd as Chief People Officer responsible for HR and organizational development as of July 1, 2022.

The combined Nomination and Remuneration Committee followed by the Supervisory Board also discussed the pressure and function weight for the CFO in a listed environment, combined with the role in the Management Board. These discussions lead to Necip Küpcü's decision to step down as CFO and member of the Management Board as of February 1, 2023. Necip Küpcü will continue his long-term engagement in a senior finance role within Cabka N.V., maintaining his position on the board of Cabka Group GmbH.

The Supervisory Board appointed Frank Roerink as interim CFO of Cabka N.V. as of February 1, 2023.

***ESG***
The Supervisory Board considers ESG of great importance and is committed to the ESG policy from the start in 2022. The project was on the agenda of several meetings in 2022. ESG KPIs were established, and reporting and governance structure discussed. The first ESG reporting for 2022 is incorporated in this annual report.

***Governance***
Management Board and Supervisory Board worked together in this composition for the first time in 2022. The dynamics of countervailing powers were experienced in practice which was challenging, but the diverse business views helped the company to balance the interest of the different stakeholders. The Supervisory Board has invested significant time to develop solid processes and procedures to support and challenge the Management Board. Understanding the various backgrounds of each member, getting to know each other better, to earn and give trust and feel free to speak up, has been instrumental during this exciting journey.

Overall, the structure was made compliant with the governance principles of a listed company as from March 1, 2022. This included the introduction of a Two-tier Board with Tim Litjens as CEO and Necip Küpcü as CFO, both in statutory positions.  Furthermore, a process has been started to design, recruit and appoint the Executive Committee to strengthen the management and to guide further growth. This process will be finalized in 2023.

**Future Executive Committee**

| | Gender | Nationality |
|---|---|---|
| Tim Litjens | M | Dutch |
| Necip Küpcü | M | Turkish |
| Javier Garcia | M | Spanish |
| Naiara Loroño | F | Spanish |
| Jean-Marc van Maren | M | Dutch |
| Ignacio Montoro | M | Spanish |
| Geert de Wilde | M | Dutch |
| Wouter van der Woerd | M | Dutch |

**Governance framework**

The following figure depicts Cabka's overall governance framework and the most important governance elements and regulations at each level.

| | |
|---|---|
| **Shareholders** | Articles of Association |
| **Supervisory Board** | By-laws of the Supervisory Board<br>Terms of Reference Audit committee<br>Terms of Reference Nomination and Remuneration committee |
| **Managing Board** | By-Laws of the Managing Board |
| **Cabka Group overall** | Code of Ethics<br>Insider trading policy<br>Diversity policy<br>Environmental policy<br>Disclosure committee |

***Relationship and stakeholder management***

In performing its duties, the Supervisory Board acts in accordance with the interests of the company and the business connected with it, taking into consideration the interests of the company's stakeholders. The Supervisory Board interacts not only with the management but also with Cabka's employees on various occasions and in various contexts, for example at site visits or as part of the ongoing professional education of Supervisory Board members. Direct, one-to-one contact between Supervisory Board members and Management Board and senior management generally follows naturally from topics discussed in the meetings of the Supervisory Board. These discussions draw on the expertise of individual Supervisory Board members, whose advice is sought on a wide range of specialist topics as required. As both major shareholder Gat Ramon and two representatives of Dutch Star Companies TWO are a member of the Supervisory Board, a good understanding between major shareholders and Supervisory Board is ensured.

***Evaluation***

A first-time evaluation of the Supervisory Board took place by the end of 2022. As this was the first evaluation and the Supervisory Board was not yet operational for a full year, the evaluation was kept simple. In general, an evaluation will be performed every three years by an external advisor. In the other two years, including 2022, the evaluation of the Supervisory Board is to be performed by a self-assessment consisting of a written survey followed by interviews by the Chair and individual Supervisory Board members. Furthermore, the Deputy Chairs will interact with all Supervisory Board members to assess the performance of the Chair. The outcome of the evaluation was presented to, and discussed with, the Supervisory Board in February 2023, in the absence of the Management Board.

The Management Board's performance is (indirectly) also assessed as part of the evaluation, this happens throughout the year as part of the discussions on succession planning in the Nomination and Remuneration Committee. This applies particularly when the performance appraisals of Management Board members are discussed, as well as their performance versus their individual targets. The Nomination and Remuneration Committee reports back on these discussions to the Supervisory Board.

**Supervisory Board committees**
The Supervisory Board has preparatory committees to cover key areas in more detail: the Audit committee and the combined Nomination and Remuneration committee. These committees are described in more detail below.

**Audit Committee**
The activities of the Supervisory Board in the area of financials and auditing are prepared by the Audit Committee. The Audit Committee held two online meetings in 2022. Supervisory Board members Tova Posner Henkin (Chair), Gat Ramon, Manuel Beja, Jeanine Holscher and Niek Hoek are members of the Audit Committee. All Supervisory Board members have a standing invitation to attend Audit Committee meetings, which the remaining Supervisory Board member used for both meetings in 2022. The minutes of all Audit Committee meetings were shared with the full Supervisory Board, including Audit Committee advice and recommendations regarding topics to be approved by the full Supervisory Board. All Supervisory Board members also have access to all the meeting materials posted for the Audit Committee meetings.

On the agenda of the 2022 Audit Committee meetings were amongst others the financial developments, interim and first half-year results of 2022, as well as a proposal for the External Auditor and the Annual Report of Dutch Star Companies TWO B.V. for 2021.

Our external auditor BDO, and with regards to the DSC2 annual report Deloitte participated in the Audit Committee meetings. So did the Management Board. The Audit Committee also met with the external auditor without the Management Board being present. Going forward the Audit Committee will be actively involved in the company's risk management (see separate risk section) and will help to enhance the internal control framework. Building on the vast amount of experience and expertise of the members of the Audit Committee, the company will be able to further enhance its financial processes for internal and external planning and reporting.

**Nominations and Remuneration Committee**
The Nomination and Remuneration Committee is a combined standing committee of the Supervisory Board and comprises Supervisory Board members Jeanine Holscher (Chair), Manuel Beja, Gat Ramon and Stephan Nanninga. Other Supervisory Board members have a standing invitation to attend the committee meetings.

The Nomination and Remuneration Committee met two times in 2022. The CEO and the Chief People Officer were invited to attend most of the Committee's discussions. The recommendations and minutes of all Nomination and Remuneration Committee meetings were shared with the entire Supervisory Board. This feedback included advice and recommendations regarding topics to be approved by the full Supervisory Board. The Supervisory Board also has access to all the meeting materials posted for the Nomination and Remuneration Committee meetings.

In 2022, discussions in the Nomination and Remuneration committee focused on the composition and set up of the committee including discussions on Terms of Reference, scope and duties. Also on the committee agenda were remuneration policy, performance and the related remuneration of the members of the Management Board, in respect of both company and individual performance in 2022. The Nomination and Remuneration committee prepared the Supervisory Board appointment of Frank Roerink as interim CFO of Cabka N.V. as of February 1, 2023.

The full Terms of Reference of the Nomination and Remuneration committee can be found on the company website under Corporate Governance.

# Dutch Corporate Governance Code

The Dutch Corporate Governance Code, as amended, entered into force on, and applies to any financial year starting on or after, January 1, 2017, and finds its statutory basis in Book 2 of the Dutch Civil Code (the Dutch Corporate Governance Code). The Dutch Corporate Governance Code applies to Cabka as it has its registered office in the Netherlands and its Ordinary Shares are listed on Euronext Amsterdam.

The Dutch Corporate Governance Code is based on a "comply or explain" principle. Accordingly, companies are required to disclose in their management report whether they are complying with the various best practice principles of the Dutch Corporate Governance Code that are addressed to the Management Board (bestuur) or, if applicable, the Supervisory Board (raad van commissarissen) of the company. If a company deviates from a best practice principle in the Dutch Corporate Governance Code, the reason for such deviation must be properly explained in its management report.

Cabka does not comply with the following principle of the Dutch Corporate Governance Code:

***Best Practice Provision 2.1.7: Independency of the Supervisory Board***
In deviation from provision 2.1.7(ii) of the Dutch Corporate Governance Code, which outlines that more than half of the Supervisory Directors shall be independent within the meaning of the Dutch Corporate Governance Code, only three of the six Supervisory Directors are considered independent.

***Best Practice Provision 4.3.3: Cancelling the Binding Nature of a Nomination***
In deviation from provision 4.3.3 of the Dutch Corporate Governance Code, the General Meeting may only pass a resolution to cancel the binding nature of the nomination by the Supervisory Board for the appointment of Managing Directors and Supervisory Directors by majority representing at least two-thirds of the votes cast, representing more than one-half of the issued capital of the Company.

# Remuneration Report

This report explains how the remuneration policy approved by the General Meeting of Shareholders has been put into practice over the past financial year 2022, and it details the remuneration that has been paid to or accrued by the individual members of the Management Board. Members of the Management Board and Supervisory Board are considered key Group staff members. The full remuneration policy can be found in the remuneration page of the Cabka investor website (www.investors.cabka.com).

**Composition and results of the remuneration policy**
The remuneration policy is published on the company website and was adjusted for the listing of Cabka on March 1, 2022. The details of the Management Board's remuneration are given in the financial statements. The key points of the remuneration policy are that:

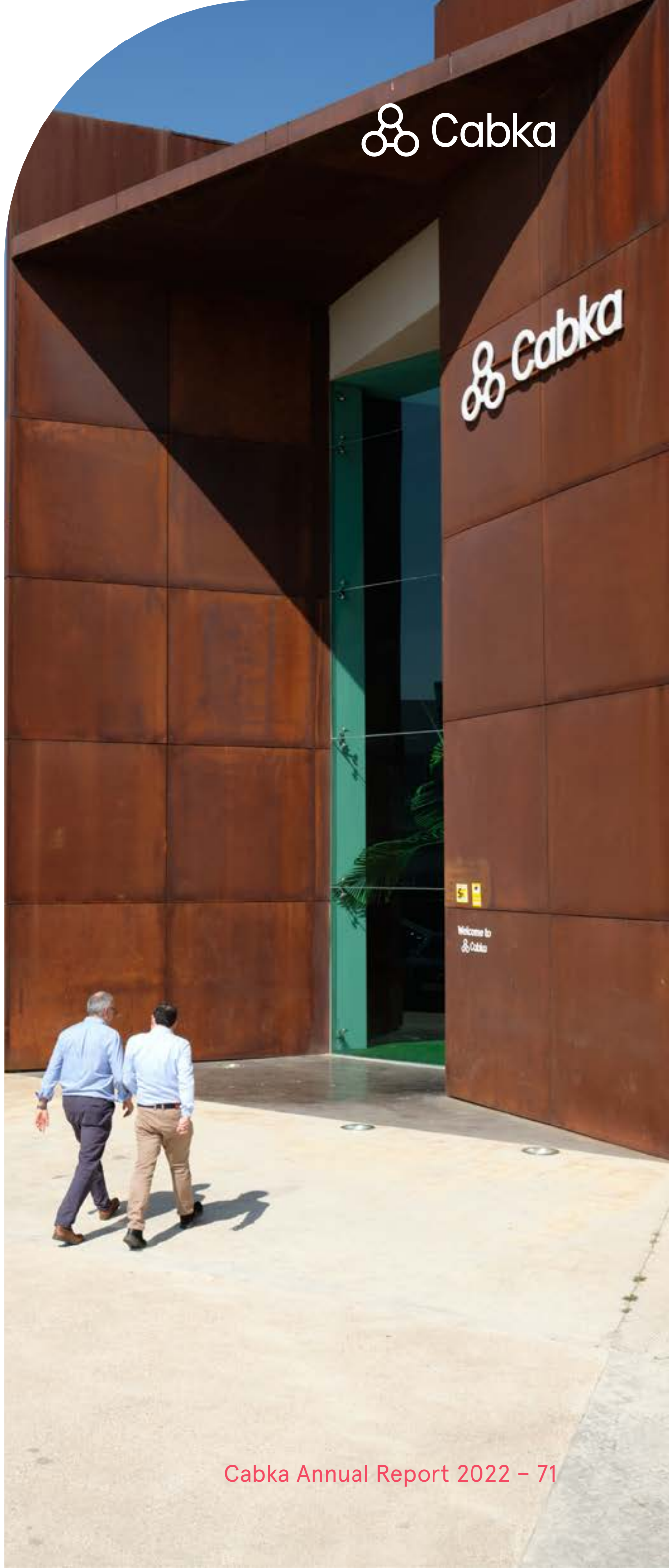
- the policy extends to the remuneration of both the Management Board and the Supervisory Board;
- the Supervisory Board drafts the policy and the General Meeting of Shareholders adopts it;
- the remuneration policy must be put to the General Meeting of Shareholders for readoption within four years of adoption of the existing policy;
- the policy provides the framework for attracting qualified candidates for the Management Board;
- the remuneration policy must be competitive while also reasonable in comparison to that of the other members of management and the pay and benefits package of the other employees in the company must also be taken into account. The starting point is competitive remuneration for members of the Management Board and other employees.

The remuneration package for the Management Board comprises:

- a fixed annual salary;
- participation in a share option scheme.
- for the CEO participation in a performance share scheme

Remuneration of Management Board members in 2022 that was charged to the result amounted to € 2,048,000 (in 2021 € 3,276,000).

At the General Meeting of Shareholders held on February 28, 2022, the Remuneration Policy was established with 100% of the votes in favor.




### Management Board remuneration

| IN EURO X 1,000 | 2022 TIM LITJENS | 2022 NECIP KÜPCÜ | 2022 TOTAL | 2021 TIM LITJENS | 2021 NECIP KÜPCÜ | 2021 TOTAL |
|---|---|---|---|---|---|---|
| Fixed Pay | 375 | 225 | 600 | 330 | 180 | 510 |
| VSOP expiration | 1,036 | 114 | 1,150 | 2,473 | 272 | 2,745 |
| PSU expiration | 115 | 25 | 140 | 0 | 0 | 0 |
| PSL expiration | 137 | 0 | 137 | 0 | 0 | 0 |
| Other compensation [7] | 11 | 10 | 21 | 11 | 10 | 21 |
| **Total remuneration** | **1,674** | **374** | **2,048** | **2,814** | **462** | **3,276** |

**Fixed pay**
The annual maximum base fee of the members of the Management Board will be set by the Supervisory Board on a level reflecting the responsibilities and is currently maximized at € 425,000 for the CEO and € 225,000 for the CFO.

The total annual base fee for each member of the Management Board consists of the base fee as also applicable under the German Contracts for the services / work they provide for Cabka Group GmbH, already before the listing on March 1, 2022 and an additional base fee for the additional services / work they provide for Cabka N.V. as of listing. The total annual base fee as included in this section has been defined as a maximum amount, which may be lower in practice, depending on the actual allocation of fees to the German Contract and the Dutch Contract respectively, and enables the Company to ensure that the net income to be received by the Management Board compared to the net income received immediately prior to listing will not be affected by such allocation.
The fixed annual pay is reviewed annually by the Supervisory Board, taking into account developments in the labor market and other factors, including potential changes in job sizes and the level of responsibility of both Managing Directors and fees paid by other companies of a similar size and complexity.

[7] Other benefits mainly include benefits in kind such as company cars and insurance expenses.

Members of the Management Board are entitled to a company car and reimbursement for other travel costs. Apart from their remuneration, Managing Directors shall be reimbursed for all reasonable costs incurred.

**Virtual Share Plan**
Prior to listing Cabka had a Virtual Share Plan (VSOP) for key staff in place that terminated at listing. Following the termination, participants were indirectly entitled to 1/3 of the total VSOP rights in cash, and 2/3 in ordinary shares. These ordinary shares were subject to a one-year lock-up.

**Overview VSOP-rights Management Board**

| AS PER 2022 | TIM LITJENS | NECIP KÜPCÜ | TOTAL |
|---|---|---|---|
| Opening balance before termination | 375,019 | 41,253 | 416,272 |
| VSOP termination -cash entitlement | -125,006 | -13,751 | -138,757 |
| **Closing balance ordinary shares entitlement** | **250,013** | **27,502** | **277,515** |

**Share Option Scheme**
The Group operates a share option scheme that applies to the Management Board, among others, linked to the growth and share value of the Company and accordingly to longer term value creation and sustainability of the Company. For the Management Board and key staff there is a PSU plan granted on March 1, 2022. If the price hurdles have not been reached within a five-year period the PSU's will automatically lapse. If a participant ceases to be employed by the Company, all non-vested PSU's will automatically lapse. In addition, for the CEO there is a performance shares plan. For both plans the Management Team / Executive Board has a holding period from five years as of granting. By using a holding period of five years, the remuneration structure is also geared towards forging a long-term mindset and long-term value creation. With this approach, a significant part of the remuneration is geared towards the longer term; this is in line with the company's strategic vision, which also focuses on long-term value creation.

**Overview Performance shares Management Board**

| GRANTED PER MARCH 1, 2022 | STRIKE PRICE | TIM LITJENS |
|---|---|---|
| Performance Shares 16 | € 16 | 150,000 |
| Performance Shares 18 | € 18 | 150,000 |
| Performance Shares 20 | € 20 | 150,000 |
| **Total** | | **450,000** |

Subject to the terms and conditions of the PSU Plan, vesting of the awarded PSU's will occur on different vesting dates subject to the performance conditions being met in the following manner:
- one/third over a period of three years (in three equal parts per year) after the shares have reached the conditions at the strike price of € 11.00
- one/third over a period of three years (in three equal parts per year) after the shares have reached the

conditions at the strike price of € 12.00
- one/third over a period of three years (in three equal parts per year) after the shares have reached the conditions at the strike price of € 13.00

**Overview PSU-rights Management Board**

| GRANTED PER MARCH 1, 2022, EXPIRE DATE MARCH 1, 2027 | STRIKE PRICE | TIM LITJENS | NECIP KÜPCÜ | TOTAL |
|---|---|---|---|---|
| PSU 11 | € 11 | 47,618 | 10,476 | 58,094 |
| PSU 12 | € 12 | 47,618 | 10,476 | 58,094 |
| PSU 13 | € 13 | 47,618 | 10,476 | 58,094 |
| **Total** | | **142,853** | **31,428** | **174,281** |

**Supervisory Board remuneration**

The fixed compensation for the chair of the Supervisory Board has been set at € 40,000 per year. The other Supervisory Directors will receive a fixed compensation of € 30,000 per year. The Supervisory Board members will receive an additional € 3,000 in case of membership of the Audit Committee and € 3,000 in case of membership of the Remuneration and Nomination committee, if any. In addition, each Supervisory Board member will receive an additional € 2,500 per year for compensation of daily and travel expenses. Supervisory Board chairman and member remuneration does not depend on the company's results. Total remuneration in 2022 amounted to € 586,000 including the consultancy agreement of Ram.on Finance GmbH (managed by the founder of Cabka Gat Ramon and his wife) with Cabka for services as disclosed in the Shareholder Circular for a total of € 500,000 for full year 2022.

Supervisory Board members are not awarded shares and/or share options, with the exception of Gat Ramon under the conditions as described in the Shareholder Circular dated January 10, 2022 and as in the overview below.

**Overview Performance shares Founder**

| GRANTED PER MARCH 1 2022 | STRIKE PRICE | GAT RAMON |
|---|---|---|
| Performance Shares 16 | € 16 | 600,000 |
| Performance Shares 18 | € 18 | 600,000 |
| Performance Shares 20 | € 20 | 600,000 |
| **Total** | | **1,800,000** |

No loans, advances and/or guarantees have been granted to Management Board and Supervisory Board members.


# "We turn plastic waste into clever and sustainable transport solutions"

Total remuneration per Supervisory Board member can be broken down as follows:

**SB remuneration 2022**

| IN EURO X 1,000 | MANUEL BEJA (CHAIR) | NIEK HOEK | GAT RAMON | JEANINE HOLSCHER | STEPHAN NANNINGA | TOVA POSNER-HENKIN | TOTAL |
|---|---|---|---|---|---|---|---|
| SB compensation | 33 | 25 | 25 | 25 | 25 | 25 | 158 |
| Committees' compensation | 4 | 3 | 5 | 5 | 2 | 3 | 20 |
| Other compensation | | | 395 | | | | 395 |
| Travel expenses | 2 | 2 | 2 | 2 | 2 | 2 | 13 |
| **Total remuneration** | **39** | **30** | **427** | **31** | **29** | **30** | **586** |

Furthermore, from their position as founders and/or sponsors of respectively Cabka and Dutch Star Companies TWO Gat Ramon, Niek Hoek and Stephan Nanninga are, via legal entities they directly or indirectly control, shareholders in the company as of listing with a one-year lock-up. Therefore, their (indirect) shareholdings as provided in the table below, did not change since listing at March 1, 2022. The other Supervisory Board members hold no shares in Cabka.

**SB shareholdings 2022**

| IN SHARES | NIEK HOEK | GAT RAMON | STEPHAN NANNINGA | TOTAL |
|---|---|---|---|---|
| **Total number of shares** | **489,317** | **11,172,000** | **426,128** | **12,087,445** |

# 05

# Financial report 2022

## I. Consolidated Statement of Comprehensive Income

for the year ending on December 31, 2022 and 2021

| Consolidated Statement of Profit and Loss<br>IN EURO X 1,000 | NOTES | 2022 | 2021 |
|---|---|---|---|
| **Revenue** | 8 | **208,893** | 169,989 |
| Change in inventories of finished goods and work in progress | 26 | 4,199 | 709 |
| Other operating income | 11 | 13,696 | 5,866 |
| **Total Operating income** | | **226,788** | **176,564** |
| Material expenses / expenses for purchased services | 12 | -131,494 | -89,502 |
| Personnel expenses | 13 | -40,425 | -36,978 |
| Amortization/depreciation and impairment of intangible and tangible fixed assets | 21, 22 | -18,023 | -19,684 |
| Other operating expenses | 15 | -43,582 | -25,744 |
| Share listing expenses | 5, 16 | -26,764 | - |
| **Total Operating expenses** | | **-260,288** | **-171,908** |
| Finance income | 17 | 1,588 | 19 |
| Finance expenses | 18 | -2,390 | -2,110 |
| **Net Financial Result** | | **-802** | **-2,091** |
| **Result before taxes** | | **-34,302** | **2,565** |
| Income tax expense | 19 | 4,480 | -2,476 |
| **Result for the year** | | **-29,822** | **89** |
| *Attributable to:* | | | |
| *Non-controlling interest* | | *-77* | *-323* |
| ***Equity holders of CABKA N.V.*** | | ***-29,745*** | ***412*** |

| Other comprehensive income<br>IN EURO X 1,000 | NOTES | 2022 | 2021 |
|---|---|---|---|
| **Result for the year** | | **-29,822** | **89** |
| **Items that may subsequently be reclassified to profit or loss** | | | |
| Exchange differences on translation of foreign operations | | -1,153 | 180 |
| **Total comprehensive (loss) / income** | | **-30,975** | **269** |
| *Attributable to:* | | | |
| Non-controlling interest | | -77 | -306 |
| **Equity holders of CABKA N.V.** | | **-30,898** | **575** |

| **Earnings per share** | | | |
|---|---|---|---|
| Basic = Diluted, profit for the year attributable to ordinary equity holders of the parent | 20 | **-1.28 €** | **0.02 €** |

The accompanying notes are an integral part of these consolidated financial statements.

## II. Consolidated Statement of Financial Position

as at December 31, 2022 and 2021

| Consolidated Statement of Financial Position<br>IN EURO X 1,000 | NOTES | 2022 | 2021 | 01.01.2021* |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Intangible assets | 21 | 687 | 606 | 1,112 |
| Property, plant and equipment | 22, 23 | 77,615 | 73,896 | 74,724 |
| Long-term financial assets | 24 | 91 | 90 | 91 |
| Other long-term assets | 25 | 85 | 9 | 4 |
| Deferred tax assets | 30 | 7,302 | 1,912 | 2,289 |
| | | **85,780** | **76,513** | **78,220** |
| **Current assets** | | | | |
| Inventories | 26 | 41,738 | 30,803 | 25,152 |
| Trade receivables | 27 | 31,769 | 27,219 | 20,484 |
| Short-term financial assets | 24 | 25 | 201 | 21 |
| Other short-term assets | 28 | 8,767 | 6,522 | 3,769 |
| Cash and cash equivalents | 29 | 21,035 | 9,982 | 9,178 |
| | | **103,334** | **74,727** | **58,604** |
| | | **189,114** | **151,240** | **136,824** |

| Consolidated Statement of Financial Position<br>IN EURO X 1,000 | NOTES | 2022 | 2021 | 01.01.2021* |
|---|---|---|---|---|
| **LIABILITIES** | | | | |
| **Equity** | | | | |
| Share capital | 31 | 405 | 3,363 | 3,363 |
| Treasury shares | 31 | -164 | - | - |
| Share premium | 31 | 75,125 | 12,983 | 12,983 |
| Other reserves | 33 | 11,035 | - | - |
| Retained earnings | | -12,139 | 17,605 | 17,257 |
| Foreign currency translation reserve | 34 | -1,533 | -380 | -543 |
| Non-Controlling interests | | - | 58 | 365 |
| | | **72,729** | **33,629** | **33,425** |
| **Non-current liabilities** | | | | |
| Long-term financial liabilities | 35 | 38,458 | 45,172 | 52,737 |
| Other long-term liabilities | 36 | 16 | 69 | 78 |
| Deferred tax liabilities | 30 | 490 | 1,713 | 1,689 |
| | | **38,964** | **46,954** | **54,504** |
| **Current liabilities** | | | | |
| Short-term financial liabilities | 35 | 27,281 | 27,380 | 21,930 |
| Provisions | 37 | 732 | 1,042 | 1,162 |
| Contract liabilities | 36 | 6,776 | 2,210 | 2,086 |
| Trade payables | 36 | 35,241 | 30,668 | 15,231 |
| Income tax liabilities | 36 | - | 1 | 880 |
| Other short-term liabilities | 36 | 7,391 | 9,356 | 7,606 |
| | | **77,421** | **70,657** | **48,895** |
| | | **189,114** | **151,240** | **136,824** |

The accompanying notes are an integral part of these consolidated financial statements.

***The Group is a first-time adopter of IFRS financial statements, therefore IFRS 1.21 requires presentation of at least two comparative statements of financial position*

## II. Consolidated Statement of Changes in Equity

as at December 31, 2022 and 2021

| IN EURO X 1,000 | SHARE CAPITAL | SHARE PREMIUM | TREASURY SHARES | OTHER RESERVES | FOREIGN CURRENCY EXCHANGE RESERVE | RETAINED EARNINGS | NON-CONTROLLING INTEREST | TOTAL EQUITY |
|---|---|---|---|---|---|---|---|---|
| **At December 31, 2020** | **3,363** | **12,982** | **–** | **–** | **-543** | **17,194** | **364** | **33,360** |
| Net result for the year | – | – | – | – | – | 412 | -323 | 89 |
| Other comprehensive income/(loss) for the year | – | – | – | – | 163 | – | 17 | 180 |
| **Total comprehensive income/(loss) for the year** | **–** | **–** | **–** | **–** | **163** | **412** | **-306** | **269** |
| **At December 31, 2021** | **3,363** | **12,982** | **–** | **–** | **-380** | **17,606** | **58** | **33,629** |
| Loss for the year | – | – | – | – | – | -29,745 | -77 | -29,822 |
| Other comprehensive income/(loss) | – | – | – | – | -1,153 | – | – | -1,153 |
| **Total comprehensive income/(loss) for the year** | **–** | **–** | **–** | **–** | **-1,153** | **-29,745** | **-77** | **-30,975** |
| **Transactions with owners of the Company** | | | | | | | | |
| Recapitalization of share capital Cabka Group GmbH ("CABKA") into share capital Dutch Star Companies Two B.V. ("DSC2")* | -3,024 | 3,188 | -164 | – | – | – | – | – |
| Capital increase due to acquisition of DSC2 | 129 | 129,124 | – | 3,282 | – | – | – | 132,535 |
| Capital decrease due to buy-out of minority shareholders | -63 | -63,217 | – | – | – | – | – | -63,280 |
| Share issuance costs | – | -1,661 | – | – | – | – | – | -1,661 |
| Issue of performance shares | – | -3,449 | – | 3,449 | – | – | – | – |
| Acquisition of non-controlling interests | – | -1,842 | – | – | – | – | 19 | -1,823 |
| Share-based payments | – | – | – | 4,304 | – | – | – | 4,304 |
| **Total transactions with owners** | **-2,958** | **62,143** | **-164** | **11,035** | **–** | **–** | **19** | **70,075** |
| **At December 31, 2022** | **405** | **75,125** | **-164** | **11,035** | **-1,533** | **-12,139** | **–** | **72,729** |

*(*) As at March 1, 2022, Dutch Star Companies Two B.V. was renamed into Cabka N.V.*

## III. Consolidated Statement of Cash Flows

for the year ending on December 31, 2022 and 2021

| Consolidated Statement of Cash Flows IN EURO X 1,000 | NOTES | 2022 | 2021 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net result after tax | | -29,822 | 89 |
| Adjustments for: | | | |
| Amortization/depreciation of intangible and tangible fixed assets | 21, 22 | 18,023 | 19,684 |
| Loss (-) on disposal / Profit (+) on sale of property, plant & equipment | 14 | 6,420 | -844 |
| Share-based payment expense | 32 | 487 | 3,833 |
| Share listing expenses (non-cash transaction) | 16 | 26,764 | - |
| Other non-cash transactions | | 71 | -242 |
| Finance income | 17 | -1,588 | -19 |
| Finance expenses | 18 | 2,390 | 2,110 |
| Income tax expenses | 19 | -4,480 | 2,476 |
| Net foreign exchange differences | 11, 15 | -134 | -396 |
| Changes in: | | | |
| Inventories | 26 | -10,935 | -5,651 |
| Trade receivables and other current assets | 27, 28 | -6,619 | -9,668 |
| Trade payables and other current liabilities | 36, 37 | 6,863 | 12,479 |
| **Cash generated from operations** | | **7,440** | **23,851** |
| Income taxes paid | 19 | -2,185 | -1,946 |
| **Cash flow (used in)/from operating activities** | | **5,255** | **21,905** |
| **Cash flow from investing activities** | | | |
| Cash inflow from sale of property, plant and equipment | 22 | 1,443 | 2,428 |

| Consolidated Statement of Cash Flows IN EURO X 1,000 | NOTES | 2022 | 2021 |
|---|---|---|---|
| Cash outflow for investment in property, plant and equipment | 22 | -24,182 | -18,937 |
| Cash outflow for investment in intangible assets | 21 | -416 | -298 |
| Interest received on cash and equivalents | 17 | 27 | 19 |
| **Net cash from/(used in) investing activities** | | **-23,128** | **-16,788** |
| **Cashflow from financing activities** | | | |
| Cash inflow from issue of new shares | 5 | 108,452 | - |
| Cash outflow from buyout of Cabka minority shareholders | 5 | -63,280 | - |
| Cash outflow from acquisition of non-controlling interests | 9 | -1,822 | - |
| Cash outflow share issuance costs | 5 | -1,661 | - |
| Cash outflow from other financial liabilities | 35 | -53 | - |
| Cash outflow for the repayment of liabilities to banks | 35 | -9,696 | - |
| Cash inflow from receipt of liabilities to banks | 35 | 5,275 | 6,215 |
| Cash outflow for the repayment of lease liabilities | 23 | -2,191 | -3,022 |
| Cash outflow for the repayment of rental purchase liabilities | 35 | -2,900 | -4,658 |
| Interest paid | 18 | -2,390 | -1,968 |
| **Net cash from/(used in) financing activities** | | **29,734** | **-3,433** |
| **Changes in cash and cash equivalents** | | **11,861** | **1,684** |
| Cash and cash equivalents at the beginning of the period | 29 | 9,982 | 9,178 |
| Net foreign exchange difference | | -808 | -880 |
| Cash and cash equivalents at the end of the period | 29 | 21,035 | 9,982 |

The accompanying notes are an integral part of these consolidated financial statements.

## Section B. Notes to the Consolidated Financial Statements

### 1. Corporate information

Cabka N.V. is a company, registered in the Chamber of Commerce Amsterdam under number 80504493 and has its registered office at Johan Cruijff Boulevard 65-71, 1101 DL Amsterdam, The Netherlands.

On March 1, 2022 a transaction was concluded between Cabka Group GmbH and Dutch Star Companies Two B.V. (DSC2). The Management Board has determined that based on the IFRS accounting principles and a number of facts and circumstances the legal acquiree, (Cabka Group GmbH) should be considered to be the accounting acquirer of the transaction (reversed acquisition). DSC 2 immediately changed its name to Cabka N.V. at closing of the transaction. Refer to note 5 for background and considerations for this transaction.

Cabka N.V is listed on Euronext Amsterdam. It has subsidiaries in the USA, Spain, Germany and Belgium. Throughout this report, the name "Cabka", "Cabka Group", or "the Group" will be used interchangeably to refer to Cabka N.V. including its consolidated subsidiaries. These consolidated financial statements are a continuation of those of Cabka Group GmbH and its subsidiaries, and include the figures of Cabka N.V. as of March 1, 2022 as further disclosed in Note 5.

Cabka is in the business of recycling plastics from post-consumer and post-industrial waste into innovative reusable pallets- and large container solutions enhancing logistics chain sustainability (the so-called "RTP-Business") and the "Eco-Products-Business". The latter are sustainable products made from 100% recycled post-consumer plastic waste. They are used, among other things, in construction, road and traffic safety, as well as in gardening and landscaping. With products made approximately 85-90% of recycled plastics Cabka is leading the industry in its integrated approach closing the loop from waste to recycling, to manufacturing.

The consolidated financial statements of Cabka N.V. and its subsidiaries for the year ending December 31, 2022 are presented in thousands of Euro, unless indicated otherwise.

***Statement of compliance***

The consolidated financial statements as of December 31, 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS IC interpretations (IFRIC), published by the International Accounting Standards Board (IASB) as adopted by the European Union (hereinafter referred to as EU-IFRS) and in accordance with the legal requirements of Part 9, Book 2 of the Dutch Civil Code. The Company financial statements are an integrated part of the 2022 financial statements of Cabka N.V. The financial statements were authorized for issue by the Management Board and Supervisory Board on April 24, 2023.

### 2. Basis of preparation

**2.1 First-time adoption of International Financial Reporting Standards**

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (as adopted by the European Union (EU-IFRS) and also comply with financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code, as far as applicable.
For all periods up to and including the year ended December 31, 2021, Cabka Group GmbH prepared its consolidated financial statements in accordance with local generally accepted accounting principles in Germany (German GAAP) according to German Commercial Code (HGB). As a result of the listing of Cabka on March 1, 2022, as of January 1, 2022, the Group financial statements are prepared in accordance with EU-IFRS with transition date January 1, 2021.

These financial statements for the year ended December 31, 2022 are the first the Group has prepared in accordance with IFRS. Refer to Note 4 for information on how the Group adopted IFRS.

**2.2 Basis of preparation: Going concern**

The accompanying consolidated financial statements of the Company have been prepared assuming the Company will continue as a going concern. The going concern basis of presentation assumes that we will continue in operation for at least a period of one year after the date these financial statements are issued and contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

The Management Board has assessed the going concern assumption, as part of the preparation of the consolidated financial statements. In assessing going concern, the impact of the war in Ukraine, restructuring of the ECO site and the impact of the US flood on the Group's operations and liquidity were considered in preparing forecasts. At the date of issuance of these financial statements, our manufacturing facilities and premises in US are open and repaired but working with some restrictions on operating capacity.

Management's assessment was based on the assumptions used in the 2023 budget and mid-term strategic plan 2023-2026. This supports the guidance leading to structurally positive EBITDA and cash flows towards year-end 2023 and beyond. Main key financial ratios, such as equity-ratio and net debt are at comfortable levels. Due to the non-recurring items in 2022, the covenant calculation of the syndicated loan for the interest coverage ratio has been successfully adjusted and waived until the 3rd quarter of 2023 to further secure financing. Based on forecasts, sufficient equity and available cash resources as well as complying with the agreed financial covenant obligations, Management is of the opinion that the going concern of Cabka N.V. is assured.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

**Measurement basis**
The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments, as derivatives, Special Shares liabilities, as well as share-based payments and warrants, which are measured at fair value. The accounting for the de-SPAC transaction also required fair value assessments. Refer to Note 3.4 and 10 for fair value measurement.

**2.3 Accounting judgements and sources of estimation uncertainty**
The preparation of the financial statements necessitates the use of estimates, assumptions and judgements by management. These estimates and assumptions affect the reported amounts of assets, liabilities and contingent assets and liabilities at the statement of financial position date as well as the reported income and expenses for the year. Although estimates are based on management's best knowledge and judgement of current facts as at the statement of financial position date, the actual outcome may differ from these estimates. As a result, there is a significant risk that the aforementioned causes a potential material adjustment to the carrying amounts of assets and liabilities within the next financial year, see notes:

- Note 4 – first time adoption of IFRS
- Note 5 – accounting for de-SPAC transaction
- Note 19 – utilization of tax losses
- Note 22 – impairments of property, plant and equipment
- Note 32 – accounting for share-based payments
- Note 37 – provisions.
- Note 38 – financial instruments risk management

Where relevant, the group has provided sensitivity analyses demonstrating the impact of changes in key estimates and assumptions on reported results.

**2.4 Presentation of cash flow statement**
The consolidated statement of cash flows is prepared using the indirect method. The cash flow statement distinguishes between operating, investing en financing activities. Cash flows in foreign currencies are converted at the exchange rate at the dates of the transactions. Currency exchange differences on cash held are separately shown. Payments and receipts of corporate taxes are included as cash flow from operating activities and interest paid is shown as cash flow from operating activities. Cash flows as a result from acquisition/divestment of financial interest in subsidiaries and associates are included as cash flow from investing activities, taking into account the available cash in these interests. Dividends paid are part of the cash flow from financing activities.

## 3. Summary of significant accounting policies

Cabka N.V. has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

### 3.1 Basis of consolidation

#### 3.1.1 Subsidiaries

The consolidated financial statements comprise the financial figures of the Company and its subsidiaries as of December 31, 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated, applying the equity method, from the date on which control is transferred to the Group. They are deconsolidated, applying the equity method, from the date that control ceases.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

#### 3.1.2 Transactions eliminated on consolidation

All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

#### 3.1.3 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

#### 3.1.4 Changes in ownership structure

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

## 3.2 Foreign currencies

The Group's consolidated financial statements are presented in Euros, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

On consolidation, the assets and liabilities of foreign operations are translated into Euro at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

## 3.3 Current and Non-Current Classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

## 3.4 Fair Value Measurement

The Group measures financial instruments such as derivatives at fair value through profit and loss. The Group does not perform hedge accounting.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair

value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes below.

For a summary of the categories specific to Cabka, refer to fair value measurement (Note 10).

## 3.5 Property Plant and Equipment

**3.5.1 Owned assets**
Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The costs include the purchase price and any directly attributable transaction costs. Supplier discounts have been deducted. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Self-developed assets are stated at cost, net of depreciation and accumulated impairment losses, if any. The costs include directly attributabletransaction costs, such as for material and personnel. Prepayments at the stage of assets under construction are stated at cash value.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:
- Buildings 25 to 50 years
- Plant, machinery and equipment, other office and business equipment including self-developed assets, vehicles 3 to 15 years

The Group reviews the estimated residual values and expected useful lives of assets at least annually. In particular, the Group considers the impact of health, safety, and environmental legislation in its assessment of expected useful lives and estimated residual values.
The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**3.5.2 Leases**
At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified assets for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

***Right-of-use assets***
The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated

on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:
· Land and buildings, plant, and machinery 3 to 15 years
· Motor vehicles and other equipment 3 to 5 years

*Lease Liabilities*
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The group presents right-of-use assets in "Property, plant and equipment" and lease liabilities in "Financial liabilities" in the statement of financial position. Interest on lease liabilities is included in "Interest expense" in the income statement and included in the cash flows from operating activities in the statement of cash flows. The group's leasing arrangements relate primarily to office buildings, warehouse space, equipment and motor vehicles.

***Lease expenses – short-term leases and leases of low-value assets***
The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and lease of low-value assets. Individual lease assets with a new value of € 5,000 or less (or any other foreign exchange equivalent) are considered to be low value assets. The Group recognizes the lease payments associated with these leases as an expense on straight-line basis over the lease term.

## 3.6 Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost.

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

There are only intangible assets with finite useful lives at the Group. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss.

Intangible assets at the Group are split into customer relationships, internally developed intangible assets, purchased intangible assets and advance payments charged.
The majority of the carrying value of the intangible assets at the Group relate to purchased software licenses falling in the category purchased intangible assets.

All categories of intangible assets are considered long term intangible assets and are amortized on a straight line basis over their useful economic life, between 3 and 5 years.

## 3.7 Financial Instruments and other investments

Financial instruments are contracts which result in a financial asset with one company and a financial liability or an equity instrument with another. Financial instruments comprise primary financing instruments such as receivables and trade payables or also financial receivables and financial liabilities.

Financial Instruments of the Group include derivative financial instruments such as forwards as well as interest rate swaps and currency swaps.

Financial assets and liabilities are categorized as follows:
1. Assets and liabilities measured at amortized cost
2. Asset and liabilities measured at fair value through profit or loss
3. Asset and liabilities measured at fair value through other comprehensive income

A financial asset or a financial liability is initially measured at fair value plus, in the case of the first category, transaction costs.

The subsequent measurement of financial assets and liabilities of the first category is made at amortized cost or by using the effective interest method at the lower of the fair value. Risks are covered by impairment losses, which are recognized and reversed affecting net income.

Financial assets and liabilities of the second category are measured at fair value on the balance sheet date. Market fluctuations are recognized in the income statement.

**3.7.1 Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and are carried out at amortized cost.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

**3.7.2 Trade and other receivables**

Trade and other receivables represent the Group's right to an amount of consideration that is unconditional. Trade and other receivables are carried at amortized cost, less impairment losses (see Note 27).

**3.7.3 Trade and other payables**

Trade and other payables are carried at amortized cost.

**3.7.4 Derivative financial instruments**

Derivative financial Instruments of the Group include forwards, interest rate swaps and – options as well as currency swaps. Derivative financial instruments are measured at fair value through profit & loss.

**3.7.5 Other non-derivative financial instruments**

Other non-derivative financial instruments are measured at amortized cost using the effective interest method, less any impairment losses.

## 3.8 Inventories

Raw materials and supplies, spare parts and trading goods are valued at acquisition costs on an average price basis.

Finished and work in progress goods are valued at the lower of cost or net realizable value. The production costs include material costs, manufacturing costs, and special costs of production as well as adequate parts of the necessary material costs, manufacturing costs, and the value consumption of the fixed assets.

Reasonable costs of the administration costs are also included in those costs.

## 3.9 Impairments

**3.9.1 Financial assets**
The Group recognizes impairments for financial assets based on the 'expected credit loss' model. The Group measures loss allowances at an amount equal to the lifetime expected credit losses.

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls, being the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive.
The Group makes use of the simplified method for trade receivables and contracts assets as set out in IFRS 9. The expected credit losses for significant financial assets are determined on an individual basis. The remaining financial assets are assessed collectively in groups of assets that have similar credit risk characteristics.

All impairment losses are recognized in the consolidated statement of comprehensive income. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.
For financial assets measured at amortized cost, the reversal is recognized in profit or loss.

**3.9.2 Non-financial assets**
The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash generating unit').

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

**3.9.3 Reversal of impairment losses**
Impairment losses in respect of goodwill are not reversed. Impairment losses in respect of other assets are reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.
Reversals of impairment losses are recognized in profit or loss.

## 3.10 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

## 3.11 Other assets

Other receivables and other assets are recognized at the lower of amortized cost or fair market value. Account is taken of all identifiable individual risks and general default risks by means of appropriate value reductions. Specific cases of default lead to the receivable in question being written off.

## 3.12 Revenue from contracts with customers

Cabka's business can be split between reusable pallets and large container solutions enhancing logistics chain sustainability (the so-called "RTP-Business"), as well as "Eco-Products" which find application mainly in the road safety and construction sector. Cabka receives a recycling fee from suppliers for handling and recycling of specific post-consumer waste, so called mixed plastics.
Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

***Sale of pallets and containers, Eco products, non-strategic products***

Revenue from sale of pallets, containers, Eco products and non-strategic products is recognized at the point in time when control of the asset is transferred to the customer, generally on collection of goods by customers ex works.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of pallets, containers, Eco products and non-strategic products, the Group considers the effects of variable consideration, existence of a significant financing component, noncash consideration, and consideration payable to the customer (if any).

***Recycling Fees***

Recycling fees are compensation for assuming the liability to recycle the mixed plastics. When mixed plastics are received, the recycling fee is recognized as a liability. This liability is extinguished when the mixed plastics are recycled in the production process. At that moment, the liability is released to profit and loss as revenue.

***Sale of materials and freights***

Revenue from sale of material is recognized at the point in time when control of the asset is transferred to the customer. Revenue for transportation is recognized over time after measuring its progress toward complete satisfaction of the performance obligation.

A receivable is recognized if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). A contract liability is recognized if a payment is received, or a payment is due (whichever applies first) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

## 3.13 Share capital

### 3.13.1 Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effect.

### 3.13.2 Repurchase, disposal and reissue of share capital (treasury shares)

When own shares recognized as equity are repurchased, the amount of the consideration paid, including directly attributable costs and net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. If treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred respectively to or from other reserves.

#### 3.13.3 Dividends
The holders of ordinary shares are entitled to receive dividends as determined from time to time by the General Meeting of Shareholders. The Management Board has the authority to decide, with the approval of the Supervisory Board, what portion of the profit will be allocated to the reserves. If applicable, the declared but unpaid dividends are recognized as a liability.

## 3.14 Taxes

#### 3.14.1 Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and reflects the effect of uncertainty in determining the related taxable profit if it is not probable that the taxation authority will accept an uncertain tax treatment.

#### 3.14.2 Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Cabka Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

#### 3.14.3 Sales tax
Expenses and assets are recognized net of the amount of sales tax, except:
- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

## 3.15 Share-based payments
Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled share-based payments transactions) or for cash-payments based on the value of equity instruments (cash-settled share-based payments).

*Equity-settled share-based payments*
The cost of equity-settled transactions share-based payments is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 32.

That cost is recognized in personnel expenses, together with a corresponding increase in equity (other reserves, as presented in the consolidated statement of changes in equity), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.
The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.
Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions and any other conditions attached to an award, but without an associated service requirement (non-vesting conditions) are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognized is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

*Cash-settled transactions*
A liability is recognized for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognized in employee benefits expense (see Note 13). The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The fair value is determined using an appropriate valuation model, further details of which are given in Note 32. The approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments.

## 3.16 Expenses
Expenses are recognized based on the accrual basis of accounting. This means that expenses are recognized when the product is received, or the service is provided regardless of when cash outflow takes place. In relation to the expenses recognized in relation to depreciation and impairments, reference is made to the specific accounting policy as is included in Notes 3.5 and 3.9. In relation to the costs as expensed in relation to inventory, reference is made to the specific accounting policy as is included in Note 3.7.

## 3.17 Employee benefits
The Group has a defined contribution plan for its employees. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit

expense in profit or loss when incurred. Prepaid contributions are recognized as an asset to the extent that a cash refund or reduction in future payments will occur.

## 3.18 Government Grants

The Group receives government grants, such as subsidies for the employment of permanent employees.
Grants that compensate the Group for expenses incurred are recognized in profit or loss as other operating income, unless the conditions for receiving the grant are not met yet. In this case, the grant is recognized when it becomes receivable.

## 3.19 New and amended IFRS

The Group applied for the first-time the following standards and amendments, which are effective for annual periods beginning on or after January 1, 2022 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

| NEW OR AMENDED STANDARDS | AMENDED | CONTENT | FIRST TIME ADOPTION | EU-ENDORSED | MAJOR IMPACT ON THE GROUP |
|---|---|---|---|---|---|
| IFRS 3 | Amended | Business combinations – Reference to Conceptual Framework | 2022 | Yes | None |
| IAS 16 | Amended | Proceeds before intended use | 2022 | Yes | None |
| IAS 37 | Amended | Onerous contracts – costs of fulfilling a contract | 2022 | Yes | None |
| IFRS 1, IFRS 9, IFRS 16 & IAS 41 | Amended | Annual improvements 2018-2020 | 2022 | Yes | None |

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below.
The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

| NEW OR AMENDED STANDARDS (ISSUED BUT NOT YET EFFECTIVE) | AMENDED | CONTENT | FIRST TIME ADOPTION | EU-ENDORSED | MAJOR IMPACT ON THE GROUP |
|---|---|---|---|---|---|
| IAS 1 | Amended | Presentation of financial statements – classification of debt as short and long term; disclosure of accounting policies | 2024 | No | None |
| IFRS 16 | Amended | Leasing liabilities at sale-and-leaseback transactions | 2024 | No | None |
| IFRS 17 | New/ Amended | Insurance contracts | 2023 | Yes | None |
| IFRS 17 | Amended | Initial application of IFRS 17 and IFRS 9 – comparative information | 2023 | Yes | None |
| IAS 1, IFRS Practice Statement 2 | Amended | Disclosure of accounting policies | 2023 | Yes | None |
| IAS 8 | Amended | Definition of accounting estimates | 2023 | Yes | None |
| IAS 12 | Amended | Deferred taxes related to assets and liabilities rising from a single transaction | 2023 | Yes | None |

None of the other new standards, interpretations and amendments to existing standards that are not yet effective are expected to have a significant impact on the group.

# 4 First-time adoption of IFRS

These financial statements, for the year ended December 31, 2022, are the first the Group has prepared in accordance with IFRS. For periods up to and including the year ended December 31, 2021, the Group prepared its financial statements in accordance with local generally accepted accounting principles in Germany (German GAAP) according to German Commercial Code (HGB).

Accordingly, the Group has prepared financial statements that comply with IFRS applicable as at December 31, 2022, together with the comparative period data for the year ended December 31, 2021, as described above in the summary of significant accounting policies. In preparing the financial statements, the Group's opening statement of financial position was prepared as at January 1, 2021, the Group's date of transition to IFRS.

This note explains the principal adjustments made by the Group in restating its Local GAAP financial statements, including the statement of financial position as at January 1, 2021 and the financial statements as of, and for, the year ended December 31, 2021.

IFRS 1 allows certain exceptions and exemptions in the application of particular standards to prior periods in order to assist companies with the transition process. The transitional disclosures regarding mandatory exceptions and optional exemptions as required by IFRS 1 are as follows:

Estimates in accordance with IFRS at the date of transition shall be consistent with estimates made for the same date in accordance with its previous assertions made for its internal financial information purposes, unless there is objective evidence that those estimates were in error. The Company has considered such information about historic estimates and has treated the receipt of any such information in the same way as non-adjusting events after the reporting period in accordance with IAS 10 Events after the reporting period thus ensuring IFRS estimates as at January 1, 2022 are consistent with the estimates as at the same date made previously. IFRS estimates as at January 1, 2022 are consistent with the estimates as at the same date made in conformity with German GAAP.

**Exemptions applied**

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS, the following exemptions have been applied by the Group.

*IFRS 3*

IFRS 3 Business Combinations has not been applied to either acquisitions of subsidiaries that are considered businesses under IFRS, or acquisitions of interests in associates and joint ventures that occurred before January 1, 2021. Use of this exemption means that the Local GAAP carrying amounts of assets and liabilities, that are required to be recognized under IFRS, are their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS statement of financial position.

The Group did not recognize any assets or liabilities that were not recognized under the Local GAAP or exclude any previously recognized amounts as a result of IFRS recognition requirements.

*IFRS 15*

IFRS 15 Revenue from Contracts with Customers has not been applied to contracts that were completed before the earliest period presented (January 1, 2021). A completed contract refers to a contract for which the entity has transferred all of the risks and rewards associated with goods and/or services identified in accordance with the previous German GAAP.

The Group has elected to apply this expedient and performed the assessment for contracts as of the transition date on January 1, 2021.

*IFRS 16*

The Group assessed all contracts existing at January 1, 2021 to determine whether a contract contains a lease based upon the conditions in place as at January 1, 2021.

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at January 1, 2021. Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of

## Group reconciliation of Consolidated statement of Financial Position as at January 1, 2021 (date of transition to IFRS)

| Group reconciliation of Consolidated statement of Financial Position on January 1, 2021<br>IN EURO X 1,000 | NOTES | LOCAL GAAP 12.31.2020 | REMEASUREMENT 01.01.2021 | RECLASSIFICATION 01.01.2021 | IFRS 01.01.2021 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Goodwill | | 90 | - | -90 | - |
| Other intangible assets | | 1,022 | - | 90 | 1,112 |
| Property, plant and equipment | A | 64,259 | 10,554 | -89 | 74,724 |
| Long-term financial assets | | 90 | - | - | 90 |
| Other long-term assets | | 4 | - | - | 4 |
| Deferred tax assets | B | - | 2,289 | - | 2,289 |
| | | **65,465** | **12,843** | **-89** | **78,220** |
| **Current assets** | | | | | |
| Inventories | | 25,152 | - | - | 25,152 |
| Trade receivables | | 20,484 | - | - | 20,484 |
| Other short-term assets | | 3,790 | - | - | 3,790 |
| Cash and cash equivalents | | 9,178 | - | - | 9,178 |
| | | **58,604** | **-** | **-** | **58,604** |
| | | **124,069** | **12,843** | **-89** | **136,823** |

| Group reconciliation of Consolidated statement of Financial Position on January 1, 2021<br>IN EURO X 1,000 | NOTES | LOCAL GAAP 12.31.2020 | REMEASUREMENT 01.01.2021 | RECLASSIFICATION 01.01.2021 | IFRS 01.01.2021 |
|---|---|---|---|---|---|
| **LIABILITIES** | | | | | |
| **Equity** | | | | | |
| Share capital | | 3,363 | - | - | 3,363 |
| Share premium | | 12,982 | - | - | 12,983 |
| Retained earnings | | 18,078 | -822 | - | 17,256 |
| Foreign currency translation reserve | | -542 | - | - | -542 |
| Non-controlling interests | | 365 | - | - | 365 |
| | | **34,246** | **-822** | **-** | **33,425** |
| **Non-current liabilities** | | | | | |
| Long-term financial liabilities | A | 44,929 | 7,808 | - | 52,737 |
| Other long-term liabilities | | 166 | - | -89 | 78 |
| Deferred tax liabilities | B | 470 | 1,219 | - | 1,689 |
| | | **45,565** | **9,027** | **-89** | **54,504** |
| **Current liabilities** | | | | | |
| Short-term financial liabilities | A | 19,184 | 2,745 | - | 21,930 |
| Provisions | G | 5,721 | - | -4,558 | 1,162 |
| Contract liabilities | C | 530 | 1,557 | - | 2,087 |
| Trade payables | | 15,230 | - | - | 15,230 |
| Income tax liabilities | | 880 | - | - | 880 |
| Other short-term liabilities | D,G | 2,713 | 335 | 4,558 | 7,606 |
| | | **44,258** | **4,637** | **-** | **48,895** |
| | | **124,069** | **12,843** | **-89** | **136,824** |

## Group reconciliation of Consolidated statement of Financial Position as at December 31, 2021

| Group reconciliation of Consolidated statement of Financial Position on December 31, 2021<br>IN EURO X 1,000 | NOTES | LOCAL GAAP 2021 | REMEASUREMENT 2021 | RECLASSIFICATION 2021 | IFRS 2021 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Goodwill | E | 60 | - | -60 | - |
| Other intangible assets | E | 545 | - | 60 | 605 |
| Property, plant and equipment | A | 65,664 | 8,336 | -104 | 73,895 |
| Long-term financial assets | | 90 | - | - | 90 |
| Other long-term assets | | 10 | - | - | 10 |
| Deferred tax assets | B | - | 1,912 | - | 1,912 |
| | | **66,369** | **10,248** | **-104** | **76,513** |
| **Current assets** | | | | | |
| Inventories | | 30,803 | - | - | 30,803 |
| Trade receivables | | 27,219 | - | - | 27,219 |
| Short-term financial assets | | 201 | - | - | 201 |
| Other short-term assets | | 6,522 | - | - | 6,522 |
| Cash and cash equivalents | | 9,982 | - | - | 9,982 |
| | | **74,727** | **-** | **-** | **74,727** |
| | | **141,096** | **10,248** | **-104** | **151,240** |

| Group reconciliation of Consolidated statement of Financial Position on December 31, 2021<br>IN EURO X 1,000 | NOTES | LOCAL GAAP 12.31.2020 | REMEASUREMENT 01.01.2021 | RECLASSIFICATION 01.01.2021 | IFRS 01.01.2021 |
|---|---|---|---|---|---|
| **EQUITY & LIABILITIES** | | | | | |
| **Equity** | | | | | |
| Share capital | | 3,363 | - | - | 3,363 |
| Share premium | F | 12,527 | 455 | - | 12,982 |
| Retained earnings | | 23,015 | -5,410 | - | 17,605 |
| Foreign currency translation reserve | | -345 | -35 | - | -380 |
| Non-controlling interests | | 58 | - | - | 58 |
| | | **38,618** | **-4,989** | **-** | **33,629** |
| **Non-current liabilities** | | | | | |
| Long-term financial liabilities | A | 39,639 | 5,533 | - | 45,172 |
| Other long-term liabilities | | 173 | - | -104 | 69 |
| Deferred tax liabilities | B | 490 | 1,223 | - | 1,713 |
| | | **40,302** | **6,756** | **-104** | **46,954** |
| **Current liabilities** | | | | | |
| Short-term financial liabilities | A | 24,386 | 2,904 | - | 27,290 |
| Provisions | G | 8,679 | - | -7,637 | 1,042 |
| Contract liabilities | C | - | 2,210 | - | 2,210 |
| Trade payables | G | 25,559 | - | 5,109 | 30,668 |
| Income tax liabilities | | - | - | - | - |
| Other short-term liabilities | D,G | 3,552 | 3,367 | 2,528 | 9,447 |
| | | **62,176** | **8,481** | **-** | **70,657** |
| | | **141,096** | **10,248** | **-104** | **151,240** |

## Group reconciliation of Consolidated statement of Profit and Loss for the year ended December 31, 2021

| **Group reconciliation of Consolidated Statement of Profit and Loss 2021** IN EURO X 1,000 | NOTES | LOCAL GAAP | REMEASUREMENT | RECLASSIFICATION | IFRS |
|---|---|---|---|---|---|
| **Revenue** | C | **170,643** | **-654** | **-** | **169,989** |
| Change in inventories of finished goods and work in progress | | 709 | - | - | 709 |
| Other operating income | F | 6,320 | -455 | - | 5,865 |
| **Total operating income** | | **177,672** | **-1,109** | **-** | **176,563** |
| Material expenses / expenses for purchased services | | -89,501 | - | - | -89,501 |
| Personnel expenses | D | -33,145 | -3,083 | -750 | -36,978 |
| Amortization/depreciation and impairments of intangible and tangible fixed assets | A | -16,754 | -2,930 | - | -19,684 |
| Other operating expenses | A | -29,516 | 3,022 | 750 | -25,744 |
| **Total operating expenses** | | **-168,915** | **-2,991** | **-** | **-171,907** |
| Finance income | | 19 | - | - | 19 |
| Finance expenses | A | -1,968 | -142 | - | -2,110 |
| **Net financial result** | | **-1,949** | **-142** | **-** | **-2,091** |
| **Result before taxes** | | **6,807** | **-4,242** | **-** | **2,565** |
| Income tax expense | B | -2,194 | -282 | - | -2,476 |
| **Net Result** | | **4,613** | **-4,524** | **-** | **89** |
| Attributable to: | | | | | |
| *Non-controlling interest* | | *-323* | - | - | *-323* |
| ***Equity holders of CABKA N.V.*** | | ***4,936*** | ***-4,524*** | **-** | ***412*** |

| **Group reconciliation of Other Comprehensive Income 2021** IN EURO X 1,000 | LOCAL GAAP | REMEASUREMENT | RECLASSIFICATION | IFRS |
|---|---|---|---|---|
| **Net Result** | **4,613** | **-4,524** | **-** | **89** |
| **Items that may subsequently be reclassified to profit or loss** | | | | |
| Exchange differences on translation of foreign operations | 214 | -34 | - | 180 |
| **Total comprehensive income** | **4,827** | **-4,558** | **-** | **269** |
| *Attributable to:* | | | | |
| *Non-controlling interest* | *-306* | - | - | *-306* |
| ***Equity holders of CABKA N.V.*** | ***5,133*** | ***-4,558*** | - | ***575*** |

**Notes to the reconciliation of Consolidated statement of Financial Position as at January 1, 2021 and December 31, 2021 and other comprehensive income for the year ended December 31, 2021**

**A IFRS 16 - Leases**

Under IFRS a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognize lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the date of transition to IFRS, the Group applied the transitional provision and measured lease liabilities at the present value of the remaining lease payments, discounted at the date of transition to IFRS. Right-of-use assets were measured at the amount equal to the lease liabilities.

As a result, the Group recognized an increase of € 10,553,000 (December 31, 2021: € 8,437,000) of lease liabilities included under long-term (€ 7,808,000; December 31, 2021: € 5,553,000) and short-term financial liabilities (€ 2,745,000; December 31, 2021: € 2,904,000). The right-of-use assets are recognized in the amount of € 10,553,000 (December 31, 2021: € 8,336,000) under property, plant, and equipment. Additionally, depreciation increased by € 2,930,000, finance costs increased by € 142,000 and leasing expenses decreased by € 3,021,000 for the year ended December 31, 2021.

**B Deferred tax**

The various transitional adjustments resulted in various temporary differences. Under German GAAP there is an option to recognize deferred tax assets (this applies in particular to deferred taxes on unused loss carryforwards). Deferred tax assets have not yet been recognized. According to IFRS the Group have to recognize the tax effects of differences in measurement and other impacts.

**C Revenue recognition**

IFRS has detailed regulations on when to recognize revenues. Therefore, adjustments were necessary. Revenues from contracts with customers for the year ended December 31, 2021 was reduced by € 653,000. The corresponding deferred revenues are to be reported as contract liabilities. The contract liabilities increased by € 1,557,000 as of December 31, 2020 and by € 2,210,000 as of December 31, 2021.

**D Measurement virtual stock option program (VSOP)**

According to IFRS the valuation of the VSOP differs from the valuation according to Local GAAP. Therefore, the other liabilities increased by € 335,000 as of December 31, 2020 and by € 3,367,000 as of December 31, 2021. The expenses relating the VSOP are to be presented as personnel expenses.

**E Reclassification within intangible assets**

Under German GAAP a Goodwill is shown in the amount of € 60,000 as per Dec 31,2021. This asset does not fulfil the criteria of a goodwill under IFRS as it does represent assets like customer relationship. Consequently, this amount was reclassified to other intangible assets.

**F Changes in parents' ownership in a subsidiary**

In 2020 Cabka did enter into an agreement, which did increase its ownership in a subsidiary. The subsidiary was already controlled and consequently consolidation before this transaction. Under German GAAP this transaction did result in other operating income of € 455,000 in the reporting period 2021. Under IFRS 10 this transaction was considered to be an equity transaction and the P&L impact was eliminated via share premium.

**G Presentation of Provisions, Trade Payables and other Liabilities**

Under German GAAP some positions are presented as provisions which do not fulfill the criteria of a provision under IFRS and need to be presented as a liability under IFRS: Under German GAAP Cabka does present a provision for outstanding invoices which is presented as a trade payable under IFRS. Under German GAAP Cabka does present provisions for example for overtime hours and outstanding holidays which is presented as other liabilities under IFRS.

## 5 Accounting for the de-SPAC Transaction between Dutch Star Companies Two B.V. and Cabka Group GmbH

On February 28, 2022 the General Meeting of Dutch Star Companies Two B.V. (DSC2) resolved in favor of a business combination with Cabka Group GmbH (CABKA). The (de-SPAC) Transaction was effectuated on March 1, 2022 when DSC2 acquired all shares of CABKA in return for cash and ordinary shares in DSC2 issued to the shareholders of CABKA. Based on this, DSC2 qualified as the legal acquirer and CABKA qualified as the legal acquiree in the Transaction.

Nevertheless, after analyzing all the factors involving the Transaction, management concluded that CABKA qualifies as the accounting acquirer and DSC2 as the accounting acquiree in the Transaction, which conclusion is amongst others driven by the relative voting rights in the combined entity after the business combination, the composition of Supervisory Board and Management Board of the combined entity after the business combination and the terms of the exchange of the equity interests in the Transaction. Management furthermore concluded that DSC2 did not meet the definition of a business in accordance with IFRS 3 Business Combinations. Since the consideration was largely paid in shares, the Transaction is within scope of IFRS 2 Share-Based Payments.

As it is difficult to determine the fair value of the shares issued by CABKA, due to its non-listed status, in de-SPAC transactions, the listed share price of the SPAC (DSC2) is used to determine the fair value of the consideration paid by CABKA. This approach is also preferred by Standard setters and commonly applied in accounting interpretations. On transaction date March 1, 2022, the fair value of the deemed consideration paid by CABKA in return of the identifiable net assets of DSC2 is therefore determined by multiplying the total number of shares in the combined entity held by existing shareholders of DSC2 multiplied by the listed share price of DSC2 per that date, representing a value of € 129,208,795.

On transaction date March 1, 2022, the fair value of the identifiable net assets of DSC2 amounted to € 102,445,198, consisting of cash and cash equivalents in the amount of € 108,452,211 and financial liabilities assumed by CABKA for warrants and special shares issued by DSC2 in the amount of € 6,007,013. The difference between the fair value of the deemed consideration paid by CABKA and the net assets acquired amounts to € 26,763,597 and has been recorded as a share listing expense in profit or loss in accordance with IFRS 2 (refer to Note 16). This share listing expense represents a non-cash IFRS accounting item that is recorded directly into equity, without impacting the total equity balance of the combined group.

Following the Transaction, DSC2 was renamed into Cabka N.V. on March 1, 2022.

***Comparative information:***
Considering the above, the consolidated financial statements of Cabka N.V. are treated as a continuation of those of Cabka Group GmbH with a restructuring of legal share capital. Consequently, Cabka N.V. is considered to be the parent company of the CABKA Group as of January 1, 2021 and has included comparatives for the year ended December 31, 2021. From this date, CABKA's consolidated financial statements will be the continuation of those issued by Cabka Group GmbH, recognizing the net assets and results of DSC2 as of March 1, 2022. Consequently, the buy-out of the minority CABKA shareholders by DSC2 for a cash consideration of € 63,280,000 has been accounted for as a purchase and cancellation of own shares, resulting in a direct equity movement of that same amount.

***Transaction costs:***
Management has analyzed the total costs incurred in the Transaction to determine which were incremental and directly attributable to the issuance of new shares, and therefore qualify to be deducted from equity directly rather than being expensed through profit or loss in accordance with IAS 32.

The total incremental and directly attributable costs incurred related to a combination of the issuance of new shares in exchange for cash and the issuance of new shares in exchange for obtaining the stock-listing status. Only the part that could be attributed to the issuance of new shares in exchange for cash was deducted from equity. The percentage for this allocation was determined as the ratio of the total fair value of net assets acquired to the total fair value of the shares issued. Consequently, a total amount of € 1,661,000 of incremental and directly attributable costs for the issuance of new shares has been deducted from share premium directly. Costs which are not incremental and directly attributable to the issuance of shares in exchange for cash are expensed in profit or loss.

***Issue of Performance Shares:***
At closing of the Transaction on March 1, 2022, as agreed between all parties in the Business Combination Agreement dated December 22, 2021, the combined entity issued 1,800,000 "Performance Shares" to the former majority shareholder of CABKA. Additionally, the combined entity issued 450,000 similar "Performance Shares" to the CEO of the combined entity (Mr. Tim Litjens).

These Performance Shares have no dividend rights nor voting rights until they are converted into ordinary shares. For this reason, these performance shares are considered non-substantive rights. Conversion to ordinary shares of Cabka N.V. will only take place if the share price of Cabka N.V. equals or exceeds the following price hurdles for any 15 trading days out of a 30 consecutive trading day period (whereby such 15 days trading days do not have to be consecutive):

1. At € 16.00 – 1/3 of the performance shares issued to each party will convert into an equal number of ordinary shares.
2. At € 18.00 – 1/3 of the performance shares issued to each party will convert into an equal number of ordinary shares.
3. At € 20.00 – 1/3 of the performance shares issued to each party will convert into an equal number of ordinary shares.

The Performance Shares issued to the former majority shareholder of CABKA are classified as an equity instrument in accordance with IAS 32 as the Performance Shares issued do not contain a contractual obligation to (i) deliver cash or another financial asset, or (ii) to exchange financial assets or financial liabilities that are potentially unfavorable to the combined entity. The Performance Shares do also not contain an obligation for the entity to deliver a variable number of its own equity instruments, but relate to the exchange of a fixed amount of cash (zero) for a fixed number of the entity's ordinary shares. As no service conditions are applicable for the Special Shares issued to the former majority shareholders, the performance shares issued are not in scope of IFRS 2 Share-based Payments. The fair value of the Performance Shares at grant date March 1, 2022 amounted to € 3,449,200 and has been recorded in other reserves against share premium.

The Performance Shares issued to the CEO, however, will only convert into ordinary shares when Mr. Litjens is still engaged with CABKA in the role of CEO of the Group when the above price hurdles are achieved. Due to this service (vesting) condition, the Performance Shares issued to the CEO qualify as compensation for post-Transaction employment services and hence are in scope of IFRS 2 Share-based Payments. The fair value of the Performance Shares at grant date March 1, 2022 amounted to € 698,186 and will be recorded as a share-based payment expense in profit or loss over the estimated vesting period based on graded vesting. For the financial year ending December 31, 2022 a total amount of € 136,000 has been recorded in profit or loss in connection with this grant (Note 32).

***(Re)classification of warrant liabilities assumed by CABKA in the Transaction:***
At closing of the Transaction on March 1, 2022, all warrants as issued by DSC2 prior to the Transaction are reclassified from financial liabilities into equity instruments. Prior to the closing of the Transaction, all warrants were still redeemable for cash if no business combination was entered into by DSC2 within two years from its IPO in accordance with the underlying terms of the warrants. Because of this redemption clause, the warrants did not meet the fixed-for-fixed criterion of IAS 32, and hence did not meet the classification of an equity instrument. Instead, these warrants were classified as financial liabilities measured at fair value through profit or loss (FVTPL), and CABKA is considered to have assumed these liabilities in the Transaction as part of the net assets acquired from DSC2. With the closing of the Transaction on March 1, 2022, however, the redemption clause forfeited automatically in accordance with the underlying terms. Management therefore concludes that the fixed-for-fixed criteria is no longer breached as of that date and reclassified the fair value of the financial liabilities assumed by CABKA in the amount of € 3,281,668 to other reserves. Further details on the terms and conditions of the warrants can be found in Note 33.

***(Re)classification of Special Shares issued to Founders of DSC2 (SPAC):***
Prior to the closing of the Transaction, DSC2 already had issued 293,333 Special Shares to the Founders of the SPAC. In accordance with the underlying terms, a total number of 195,555 Special Shares automatically converted into 1,368,887 ordinary shares on Transaction Date as the underlying conditions were met, being (i) a share price of DSC2 that equaled or exceeded € 11.00 for a period of 15 trading days out of a 30 consecutive trading day period and (ii) the closing of a Business Combination to be resolved by the General Meeting of DSC2. The remaining 97,778 Special Shares have equal dividend and voting rights as ordinary shares and are therefore considered substantive rights. The 1,368,887 ordinary shares and 97,778 remaining Special Shares were therefore both included in determining the fair value of the deemed consideration paid by CABKA in exchange for the identifiable net assets of DSC2. The remaining 97,778 Special Shares each will either (i) convert into 7 ordinary shares if the share price of Cabka N.V. equals or exceeds € 12.00 for any 15 trading days out of a 30 consecutive trading day period (whereby such 15 days trading days do not have to be consecutive) or (ii) convert into 1

ordinary share if this price hurdle is not being achieved before March 1, 2027. Management believes that the fair value of this conversion option does not meet the fixed-for-fixed criterion of IAS 32 and therefore classified this conversion option as a financial liability measured at fair value through profit or loss (FVTPL). The fair value of the financial liability as at March 1, 2022 amounted to € 2,725,345 and is considered to be assumed by CABKA in the Transaction as part of the net assets acquired from DSC2 (Note 35).

## 6 Significant events and transactions

The most impactful geopolitical event with economic repercussions was undoubtedly the Russian invasion of Ukraine on February 24, 2022, just a few days before the listing of Cabka. This led to unprecedented volatility in prices for energy and materials.
Until publication of this report, the situation and the further development of the war and Russian actions remain uncertain as is the outlook on further consequences for the global economy and financial markets.

More specific to the company, the following significant events and transactions occurred during the year:

- Cabka N.V. listed on March 1, 2022 after 100% shareholders' support for a business combination of Cabka Group GmbH and Dutch Star Companies TWO B.V. bringing in € 108,500,000 of which € 63,300,000 to buy out minority shareholders and € 45,200,000 in new capital. Further information is provided in Note 5.
- Cabka gained full ownership of its US subsidiary Cabka North America Inc. by acquiring the remaining 7.7% shares on March 22, 2022. Refer to note 9.
- Cabka North America's plant in St. Louis (MO) forced shut down, due to exceptional flash floods on July 27. Further information is provided in Note 14.
- The Genthin site was closed on May 31, 2022, enabling the company to concentrate all Eco production activities in the Weira plant.

The (financial) impact of above events are also described in more detail in the company statement preceding the financial section.

## 7 Group information

The consolidated financial statements of the Group includes:

| NAME | PRINCIPAL ACTIVITIES | COUNTRY OF INCORPORATION | % EQUITY INTEREST 2022 | 2021 |
|---|---|---|---|---|
| Cabka N.V., Amsterdam | Ultimate parent | Netherlands | | |
| Cabka Group GmbH, Berlin | Holding | Germany | 100 | 100 |
| Innova Packaging Systems, Ieper | Subsidiary | Belgium | 100 | 100 |
| Cabka Belgium N.V., Ieper | Subsidiary | Belgium | 100 | 100 |
| Cabka Spain S.L.U., Valencia | Subsidiary | Spain | 100 | 100 |
| System Technik GmbH, Weira | Subsidiary | Germany | 100 | 100 |
| Cabka North America Inc., Missouri | Subsidiary | USA | 100 | 92.3 |
| Cabka GmbH & Co. KG, Weira | Subsidiary | Germany | 100 | 100 |
| Cabka Eco Products GmbH & Co. KG, Weira | Subsidiary | Germany | 100 | 100 |

Cabka N.V. is the ultimate parent of the Group, for an overview of share ownership in Cabka N.V. we refer to note 18 of the Company financial statements. Cabka gained full ownership on March 22, 2022 of its US subsidiary Cabka North America Inc. by acquiring the remaining 7.7% shares for a total consideration of € 1,822,000. The acquisition was accounted for as an equity transaction in accordance with IFRS 10. The difference between the consideration paid and the carrying value of the non-controlling interest as at March 22, 2022 has been deducted from share premium as presented in the consolidated statement of changes in equity.

**The holding company**

The immediate and ultimate holding company of Cabka Group GmbH, located in Germany, is Cabka N.V. and is based and listed in the Netherlands. From the holding company in Germany services are provided in various functions, like for example IT, HR, Marketing, Finance and Purchasing to the subsidiaries.

The subsidiaries in Belgium, Germany, Spain and the US are primarily manufacturing the products for the RTP business as well as for Eco products and providing services to the customers. Recycling activities are spread all over the places.

In the subsidiary in Spain, additionally, the Innovation Center is established, primarily focusing on new product developments, automation projects and material developments for the entire group.

## 8 Revenue from contracts with customers and segment reporting

Sales of goods and services are recognized in line with the requirements of IFRS 15, Revenue from contracts with customers. Revenue is measured based on the consideration CABKA expects to receive in exchange for the goods or services.
Revenue from sales of goods is recognized in the income statement when all rights have been transferred to the buyer. This is usually upon delivery at a fixed point in time, at a fixed or determinable price, and when collectability is reasonably assured. Delivery is defined based on the terms of the sale contract. Revenue from services is recognized when the respective services have been rendered. Revenue is reported net of sales taxes, returns, discounts and rebates. Rebates to customers are provided for in the same period that the related sales are recorded based on the contract terms. CABKA periodically enters into prepayment contracts with customers whereby it receives contract liabilities for products to be delivered in a future period. These contract liabilities are recorded as liabilities and presented as part of Contract liabilities.

### 8.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers in primary business segments and geographical markets:

**Revenues by Product Segment**
IN EURO X 1,000

| | 2022 | 2021 | CHANGE |
|---|---|---|---|
| **RTP Europe** | **121,355** | **97,577** | ***24%*** |
| Portfolio | 66,758 | 57,220 | *17%* |
| Customized Solutions | 33,077 | 21,635 | *53%* |
| Contract Manufacturing | 21,520 | 18,721 | *15%* |
| **RTP US** | **34,922** | **26,851** | ***30%*** |
| **Eco Products** | **12,801** | **11,754** | ***9%*** |
| **Recycling Fees** | **10,045** | **11,183** | ***-10%*** |
| **Others** | **29,768** | **22,624** | ***32%*** |
| Non RTP-Products | 21,406 | 16,696 | *28%* |
| Material Sales & Freight | 8,362 | 5,927 | *43%* |
| **Total** | **208,893** | **169,989** | ***23%*** |

**Revenues by Geography**
IN EURO X 1,000

| | 2022 | 2021 | CHANGE |
|---|---|---|---|
| **Europe** | **170,409** | **139,714** | ***22%*** |
| DACH | 64,924 | 54,90 | *18%* |
| West & Nordics | 76,932 | 61,104 | *26%* |
| CEE | 5,960 | 5,081 | *17%* |
| South | 22,593 | 18,621 | *21%* |
| **North America** | **35,184** | **27,488** | ***28%*** |
| **RoW** | **3,300** | **2,787** | ***22%*** |
| **Total** | **208,893** | **169,989** | ***23%*** |

Since CABKA is selling primarily products from recycled plastic materials to customers, either in the Reusable Transport Packaging (RTP) segment or in the Eco Products business, the entity recognizes revenue when it satisfies an identified performance obligation by transferring a promised good or service to a customer. A good or service is transferred when the customer obtains control of that good or service, what mainly is at a certain point in time. Invoices are payable within agreed payment conditions, usually between 30 – 90 days.
Recycling Fees are recognized as revenue when the performance obligation, processing of the incoming mixed plastic materials, is fulfilled.
All of the Group's segments generate their revenue to the largest extent from the sale of products. These come in such a great variety that a meaningful grouping below the segment information is not monitored at this stage.

## 8.2 Segment information

For Management purposes, the Group is such organized, that steering the business results does not occur in product segments, but more on a legal entity level approach. Therefore, the segregation into the two main regions is the most appropriate way of presenting the segments. The segment information is clustered into the geographical regions Europe and North America summarized as following:

- Europe obtains the RTP business and the Eco Product business in the full value chain from inhouse recycling of plastic waste materials, manufacturing of products till sale of products and services. In the RTP business in Europe, there is one major customer amounting to 11% of the entity's revenue.
- North America is focused on the RTP business, obtaining the full value chain from recycling of post-industrial waste, manufacturing and sale of products and services.

| Segment Performance 2022<br>IN EURO X 1,000 | EUROPE | NORTH AMERICA | TOTAL |
|---|---|---|---|
| **Revenue** | **173,260** | **35,633** | **208,893** |
| Change in inventories of finished goods and work in progress | 4,874 | -675 | 4,199 |
| Other operating income | 6,165 | 7,531 | 8,749 |
| **Total Operating income** | **184,299** | **42,489** | **226,788** |
| Material expenses / expenses for purchased services | -108,995 | -22,498 | -131,493 |
| **Gross profit** | **75,304** | **19,991** | **95,295** |
| Personnel expenses | | | -40.425 |
| Amortization/depreciation and impairment of intangible and tangible fixed assets | | | -18.023 |
| Other operating expenses | | | -43,581 |
| Share listing expenses | | | -26.764 |
| **EBIT** | | | **-33.500** |
| Finance income | | | 1,589 |
| Finance costs | | | -2.390 |
| **Financial Result** | | | **-802** |
| **Result before taxes** | | | **-34,302** |
| Income tax expense | | | 4,480 |
| **Net result for the year** | | | **-29.822** |
| *Attributable to:* | | | |
| *Non-controlling interest* | | | *-77* |
| ***Equity holders of CABKA N.V.*** | | | ***-29,745*** |

In the above segment performance view are one-off non-recurring income and expenses, such as accounting and advisory costs in relation to the Transaction, share listing expenses and US flooding-related effects included.  In the financial year 2022 the Eco restructuring impacted the result for the year in Europe by direct expenses, such as for relocation, cleaning and disposal costs. As for the time of the relocation the recycling of incoming mixed plastic materials and the manufacturing of finished goods were only limited possible, the net result was also indirectly impacted by ultimately less revenue generation. As the relocation of the Eco products business from the plant in Genthin to Weira was fully completed in 2022, economies of scale and higher output performance by higher processing capacities put on the ground, is expected for the year 2023.

| **Segment Performance 2021**<br>IN EURO X 1,000 | EUROPE | NORTH AMERICA | TOTAL |
|---|---|---|---|
| **Revenue** | **142,459** | **27,530** | **169,989** |
| Change in inventories of finished goods and work in progress | 580 | 129 | 709 |
| Other operating income | 5,341 | 525 | 5,866 |
| **Total Operating income** | **148,380** | **28,184** | **176,564** |
| Material expenses / expenses for purchased services | -73,698 | -15,804 | -89,502 |
| **Gross profit** | **74,682** | **12,380** | **87,062** |
| Personnel expenses | | | -36,978 |
| Amortization/depreciation and impairment of intangible and tangible fixed assets | | | -19,684 |
| Other operating expenses | | | -25,744 |
| **EBIT** | | | **4,656** |
| Finance income | | | 19 |
| Finance costs | | | -2,110 |
| **Financial Result** | | | **-2,091** |
| **Result before taxes** | | | **2,565** |
| Income tax expense | | | -2,476 |
| **Net result for the year** | | | **89** |
| *Attributable to:* | | | |
| *Non-controlling interest* | | | *-323* |
| ***Equity holders of CABKA N.V.*** | | | ***412*** |

The revenue information above is based on the realization of sale assigned to the legal entity either in the US or in Europe.

The average FTE of permanent employed personnel per segment can be specified as follows:

| Full time equivalents per department | EUROPE 2022 | US 2022 | TOTAL 2022 | EUROPE 2021 | US 2021 | TOTAL 2021 |
|---|---|---|---|---|---|---|
| Production | 355 | 47 | **402** | 316 | 57 | **373** |
| Sales & Marketing | 40 | 5 | **45** | 28 | 5 | **33** |
| Innovation Center | 43 | 0 | **43** | 33 | 0 | **33** |
| General & Administration | 85 | 20 | **105** | 78 | 27 | **105** |
| **Total** | **523** | **72** | **595** | **455** | **89** | **544** |

Assets and liabilities are not monitored by segment and therefore not presented per segment. The Executive Management Committee monitors the Gross profit of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. The Group's financing (including finance costs, finance income and other income) is managed on Group basis in close alignment with local Management. Income taxes are managed on legal entity level in close coordination with Group Management.

Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties.

Finance costs, finance income, other income, and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a group basis.
Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

## 9 Changes to Non-Controlling interest

An agreement regarding the transfer of the remaining 7.7% shares in Cabka North America Inc., Missouri (USA) totaling a payment of € 1,822,000 was reached on March 22, 2022 providing Cabka N.V. full ownership of its US activities. As of this date, all subsidiaries within the Group are 100% owned. The acquisition was accounted for as an equity transaction in accordance with IFRS 10. The difference between the consideration paid and the carrying value of the non-controlling interest as at March 22, 2022 has been deducted from share premium as presented in the consolidated statement of changes in equity.

## 10 Fair value measurement

The Group's best estimate is that the book value of the following financial assets and liabilities is considered a reasonable approximation of their fair value:
- trade and other receivables;
- cash and cash equivalents;
- bank loans; lease liabilities and liabilities to other financial institutions;
- trade and other payables.

The fair value of the financial instruments is as follows:

| IN EURO X 1,000 | AT AMORTIZED COSTS | MANDATORY AT FVTPL | TOTAL CARRYING VALUE |
|---|---|---|---|
| **At December 31, 2022** | | | |
| Trade and other receivables | 32,22 | - | 32,228 |
| Cash and cash equivalents | 21,035 | - | 21,035 |
| **Financial assets at amortized costs** | **53,263** | **-** | **53,263** |
| Other long-term assets (Note 30) | - | 85 | 85 |
| **Financial assets measured at fair value** | **-** | **85** | **85** |
| Liabilities to banks | 52,049 | - | 52,049 |
| Lease liabilities | 7,340 | - | 7,340 |
| Rental purchase agreements | 5,087 | - | 5,087 |
| Trade and other payables | 35,241 | - | 35,241 |
| **Financial liabilities at amortized costs** | **99,717** | - | **99,717** |
| Special shares liabilities | | 1,176 | 1,176 |
| Other liabilities | - | 23 | 23 |
| **Financial liabilities measured at fair value** | - | **1,199** | **1,199** |

| IN EURO X 1,000 | AT AMORTIZED COSTS | MANDATORY AT FVTPL | TOTAL CARRYING VALUE |
|---|---|---|---|
| **At December 31, 2021** | | | |
| Trade and other receivables | 27,677 | - | 27,677 |
| Cash | 9,982 | - | 9,982 |
| **Financial assets at amortized costs** | **37,659** | **-** | **37,659** |
| Liabilities to banks | 56,469 | - | 56,469 |
| Lease liabilities | 8,386 | - | 8,386 |
| Rental purchase agreements | 7,556 | - | 7,556 |
| Trade and other payables | 30,668 | - | 30,668 |
| **Financial liabilities at amortized costs** | **103,079** | - | **103,079** |
| Special shares liabilities | - | - | - |
| Other liabilities | - | 33 | 33 |
| **Financial liabilities measured at fair value** | - | **33** | **33** |

At Transaction date March 1, 2022 all public warrants as issued by DSC2 prior to the Transaction with CABKA were measured at fair value based on the listed market price (level 1). At closing of the transaction, all warrants were reclassified from financial liabilities to equity as further disclosed in Note 5. Due to this reclassification to equity, the warrants are no longer remeasured at reporting date in accordance with IAS 32. Further details on the terms of the warrants are disclosed in Note 33.

Derivative financial instruments such as interest rate swaps are measured at fair value and are recorded as financial asset or financial liability depending on their fair value (positive or negative).

Such fair value measurements are classified as level 2 of the fair value hierarchy of IFRS 13.

Special Shares liabilities are measured at fair value based on estimations at each reporting date using a modified Black-Scholes-Merton option pricing model, taking into account the market conditions. Further details on the terms are disclosed in Note 35. Such fair value measurements are classified as level 3 of the fair value hierarchy of IFRS 13.

There have been no transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments. Such transfers may occur where directly observable prices may become available or where market data from independent sources may no longer be available.

## 11 Other operating income

The other operating income is summarized in the overview below:

**Other operating income**
IN EURO X 1,000

| | 2022 | 2021 |
|---|---|---|
| Income from Insurance St. Louis flooding | 5,919 | - |
| Other own work capitalized | 4,947 | 3,003 |
| Personnel related operating income | 990 | 644 |
| Foreign exchange results | 481 | 412 |
| Other operating income | 1,359 | 1,777 |
| **Total other operating income** | **13,696** | **5,866** |

Income from proceeds from Insurance of St. Louis flooding amounted to € 5,919,000. The Group is in further negotiation with the insurance company to obtain further proceeds of € 1,167,000 which are not accounted for as they do not meet the IFRS criteria to be recognized until virtually certain. Other own work capitalized in both financial years relates to operational costs, such as personnel expenses, capitalized for inhouse manufactured property and equipment, like molds and assets related to recycle lines. The personnel related operating income amounting to € 990,000 in 2022 is primarily related to governmental subsidies for the employment of permanent employees, especially for social securities.

## 12 Material expenses / expenses for purchased services

Material costs / expenses for purchased services include direct attributable costs, such as costs for raw materials and production-related materials, energy costs and purchased services. The latter are preliminary costs related to the external manufacturing of products and temporary employees, supporting the inhouse production of finished goods. Material costs amounted to € 131,494,000 in fiscal year 2022 (2021: € 89,502,000).

Despite the fact, that Cabka had no direct exposure to the Ukraine / Russia war, the indirect impact was significant. Especially energy and material prices increased unprecedentedly, leading to significantly higher costs for energy and materials. Cabka is leading the industry in pricing and has achieved several price increases to compensate for the higher input costs.

Additionally, the flooding in our US operation in St. Louis in the summertime lead to temporary increase of purchased services for the remainder of the year. As inhouse production in the US was not possible anymore, securing the top-line growth was achieved with external manufacturing companies, leading to higher costs for purchased services. Measures are taken to bring back the operation fully by the second half of the current business year.

## 13 Personnel expenses

| **Personnel expenses** IN EURO X 1,000 | 2022 | 2021 | CHANGE |
|---|---|---|---|
| Salaries and wages | 27,968 | 25,194 | 11% |
| Social securities and other benefits | 7,002 | 5,192 | 35% |
| Other staff costs | 3,363 | 2,759 | 22% |
| Share-based payment expense | 2,092 | 3,833 | -45% |
| **Total personnel expenses** | **40,425** | **36,978** | 9% |

*The stock option programs are further elaborated in the section share-based payments program (see Note 32)*

Personnel expenses increased due to growth, inflationary adjustments of labor costsand further strengthening our organization on key vacancies.

The average FTE growth is +9% in the financial year (2022: 595 FTE) compared to previous year (2021: 544 FTE). Reference is made to  Note 8 for further disclosure on FTE's per segment and per department.

## 14 Accounting for St. Louis flooding

As a result of the floods in the greater St. Louis area on July 27, Cabka's North America plant in Hazelwood (MO) had to be shut down. The expenses for cleaning and repairs amounted to € 3,747,000 in 2022. Cabka further established that due to the flood a part of its inventory was irretrievably destroyed leading to a write-off of € 1,690,000. The flooding is considered a `triggering event' under IAS 36, therefore leading to an impairment as the recoverable amount of machines decreased compared to the pre-flood situation. Two other machines were determined to be fully destroyed, leading to derecognition in accordance with IAS 16. Cabka recognized an impairment and derecognition on assets of a total of € 4,088,000, which is shown in the consolidated statement of cash flows under loss from disposal of PP&E, besides other disposals in the financial year. All above noted expenses are recognized in the other operating expenses (Note 15).

Insurance payments received in 2022 led to proceeds of € 5,919,000 (Note 11).
The Group is in further negotiation with the insurance company to obtain further proceeds of € 1,167,000 which are not accounted for as they do not meet the IFRS criteria to be recognized until virtually certain.

## 15 Other operating expenses

The other operating expense is summarized in the overview below:

| **Other operating expenses** IN EURO X 1,000 | 2022 | 2021 |
|---|---|---|
| Flood related expenses | 9,525 | - |
| Legal, audit and consulting fees | 6,134 | 4,113 |
| Repair and maintenance | 4,785 | 4,661 |
| Transport expenses | 4,331 | 3,915 |
| Insurance and fees | 2,302 | 1,880 |
| IT services | 2,195 | 1,356 |
| Sales and promotion expenses | 2,013 | 1,465 |
| Car, travel and representation costs | 1,822 | 1,080 |
| Waste and disposal | 1,817 | 1,960 |
| Rental costs | 1,518 | 262 |
| Foreign exchange results | 347 | 16 |
| Other costs | 6,793 | 5,036 |
| **Other operating expenses** | **43,582** | **25,744** |

The flood related expenses are split between an impairment of € 887,000 a loss on the disposal of assets of € 3,201,000, write off of inventories of € 1,690,000 and expenses for cleaning and repairs of € 3,747,000, refer to Note 14.
The other operating expenses in 2022 include expenses related to ECO-restructuring € 635,000 which are one-off costs.

Legal, audit and consulting fees relate primarily to listing related legal and consulting fees of € 1,279,000, audit fees of € 890,000 and other consulting expenses of € 3,261,000. The remainder includes, among others, consulting costs for legal, tax and patents.

During 2022, the increase in the other operating expenses when compared to the prior period without the one-off flood related expenses amounts to € 8,313,000 or 32%. The increase in most positions is mainly attributable to the Group's business growth. The increase of the category legal, audit and consulting fees relate primarily to the business combination and the post listing expenses (like IFRS conversion, ESG implementation and IT-security). While the financial year 2021 was still impacted by post Covid-19 effects, in 2022 activities like travel, marketing and representation increased corresponding with the growth ambitions. With higher business volume and inflationary cost adjustments also the transportation costs increased.

## 16 Share listing expenses

During 2022, the Group incurred a one-off share listing expense of € 26,763,597 (2021: nil) which represents the positive difference between the fair value of the deemed consideration paid by CABKA (€ 129,208,795) in exchange for the identifiable net assets of DSC2 (€ 102,445,198) as acquired by CABKA in the Transaction on March 1, 2022 as further detailed in Note 5.This share listing expense is a non-cash IFRS accounting item that is recorded against share premium, without impacting the total equity balance of the combined group.

## 17 Finance income

The Finance income is summarized in the overview below:

| **Finance income**<br>IN EURO X 1,000 | 2022 | 2021 |
|---|---|---|
| Changes in fair value of Special Shares liabilities | 1,561 | 0 |
| Interest income | 27 | 19 |
| **Total finance income** | **1,588** | **19** |

The change in fair value of the Special Shares conversion option relates to the revaluation of this financial liability at reporting date based and is based on changes in the ordinary share price of Cabka N.V. Further details on the Special Shares and its conversion option are disclosed in Note 5 and Note 35.

## 18 Finance expenses

The Finance costs are summarized in the overview below:

| **Finance costs**<br>IN EURO X 1,000 | 2022 | 2021 |
|---|---|---|
| Interest on debts and borrowings | 1,622 | 1,643 |
| Interest arising from revenue contracts | 274 | - |
| Interest on lease liabilities (IFRS 16) | 100 | 142 |
| Interest on rental purchase liabilities | 67 | 90 |
| Other interest and similar expenses | 327 | 235 |
| **Total finance costs** | **2,390** | **2,110** |

Other interest and similar expenses contain commitment and arrangement fees for the syndicated loan.

## 19 Income tax

The major component of income tax expense for the years  2022 and 2021 are:

**Income tax expenses reported in the statement of profit and loss**
IN EURO X 1,000

| | 2022 | 2021 |
|---|---|---|
| Current income tax | 2,456 | 2,171 |
| Adjustments in respect of current income tax of previous year | -223 | 4 |
| Deferred tax adjustments | -6,713 | 302 |
| **Income tax expenses reported in the statement of profit and loss** | **-4,480** | **2,476** |

Total income tax paid in 2022 is € 2,185,000 (2021: € 1.946.000).

**Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for 2022 and 2021**
IN EURO X 1,000

| | 2022 | 2021 |
|---|---|---|
| Result before taxes | **-34,302** | **2,565** |
| Income tax expense at statutory tax rate (25%) | -8,850 | 641 |
| Non-deductible expenses for tax purposes | 8,176 | 60 |
| Adjustments in respect of current income tax of previous years | -223 | -3 |
| Impact from the revaluation and previously unrecognized deferred taxes on tax loss carry forwards | -4,963 | 2,420 |
| Effect on temporary differences without recognized deferred taxes | -37 | -194 |
| Tax rate changes for deferred taxes | 357 | 0 |
| Differences to local tax rates | 1,060 | -448 |
| **Income tax expense reported in the statement of profit or loss** | **-4,480** | **2,476** |
| At the effective income rate of | 13,06% | 96,53% |

External events, such as the flooding in the US operation, the Russian/Ukraine war and the Covid 19 pandemic, impacted in the past years the profits generated in the Group. Especially the increased variable input costs like for energy in Europe and raw material shortages globally, but also one-off expenses in connection with the Transaction, lead to losses in the financial year. Considering the latest measurements taken to secure energy cost prices at decent levels and the non-recurring character of specific expenses, Cabka expects the full recoverability of the deferred tax assets in the coming years. Being well positioned in the RTP business, not least by several projects in the pipeline with various blue-chip companies and the ongoing efforts to bring back the US operation fully inhouse developing as expected, will support the recoverability.

**Critical judgements on Taxes**

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has € 46,810,000 (2021: € 19,787,000) of tax losses carried forward. Deferred tax assets for any unused tax losses are recognized to the extent that it is probable that taxable profit will be available against which the unused tax losses can be utilized. For this purpose, the Group has recognized deferred tax assets for the amount of € 8,855,000 (2021: € 209,000). Deferred tax assets have been recognized for tax losses resulting especially from entities in US, Germany and Netherlands. There are no tax losses carried forwards which expire within the following five years. € 6,075,000 will expire after five years (for which a deferred tax asset of € 1,519,000 is recognized in full) and € 37,709,000 can be carried forward indefinitely (for which a deferred tax asset of € 7,336,000 is recognized, representing € 32,571,000 of tax losses), However, the amount of tax loss carryforwards that can be utilized in one financial year can be restricted to a certain amount. There are tax losses in the amount of € 5,138,000 for which no deferred tax assets are recognized.

## 20 Earnings per share

Generally, basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares, such as the Roll-over shares (see note 32).

The following table reflects the income and share data used in the basic and diluted EPS calculations:

**Earnings per share**

| IN EURO X 1,000 | 2022 | 2021 |
|---|---|---|
| **Profit attributable to ordinary equity holders of the parent for basic and diluted earnings** | **-29,745** | **412** |
| **Weighted average number of ordinary shares for basic and diluted EPS** | **23,306,241** | **17,500,000** |

The weighted average number of shares were calculated applying the restructuring of shareholders equity in course of the business combination retrospectively to prior periods presented. The basic and diluted earnings per share in the financial year 2022 amounts to € -1.28 (in 2021: € 0.02).

The following instruments were not included in the basic or diluted EPS (Note 32, 33). As the Group has incurred a loss for the financial year ended December 31, 2022, the effect of the instruments below are not included in determining diluted earnings per share as these would decrease the loss per share and hence create an anti-dilutional effect. Therefore, diluted earnings per share equal basic earnings per share.

| INSTRUMENT | HURDLE | NUMBER OF POTENTIAL ORDINARY SHARES |
|---|---|---|
| PSU | EUR 11.00 | 152,852 |
| PSU | EUR 12.00 | 152,852 |
| SPECIAL SHARES CONVERSION | EUR 12.00 | 586.668 |
| DSC2 WARRANTS | EUR 12.00 | 880,000 |
| IPSU | EUR 13.00 | 152,852 |
| DSC3 WARRANTS | EUR 13.00 | 1.320.000 |
| PERFORMANCE SHARES | EUR 16.00 | 750,000 |
| PERFORMANCE SHARES | EUR 18.00 | 750,000 |
| PERFORMANCE SHARES | EUR 20.00 | 750,000 |

PSU and 450,000 of the Performance shares are additionally conditional upon service conditions for the eligible employees.

## 21 Intangible assets

The carrying value of other intangible assets including among others software licenses in the position purchased intangible assets is summarized below:

| Intangible Assets at December 31<br>IN EURO X 1,000 | 2022 | 2021 |
|---|---|---|
| Customer relationships | 30 | 60 |
| Internally developed intangible assets | – | 44 |
| Purchased intangible assets | 657 | 502 |
| **Other intangible assets** | **68** | **606** |

| Intangible assets<br>IN EURO X 1,000 | CUSTOMER RELATION-SHIP | INTERNALLY DEVELOPED INTANGIBLE ASSETS | PURCHASED INTANGIBLE ASSETS | ADVANCE PAYMENTS CHARGED | TOTAL |
|---|---|---|---|---|---|
| **Book value intangible assets At January 1, 2021** | **90** | **92** | **904** | **26** | **1,112** |
| Additions | – | – | 298 | -26 | 272 |
| **At December 31, 2021** | **90** | **92** | **1,202** | **-** | **1,384** |
| Additions | – | – | 416 | – | 416 |
| **At December 31, 2022** | **90** | **92** | **1,618** | **-** | **1,800** |
| **Amortization and impairment** | | | | | |
| **At January 1, 2021** | **-** | **-** | **-** | **-** | **-** |
| Amortization | 30 | 48 | 699 | – | 777 |
| **At December 31, 2021** | **30** | **48** | **699** | – | **777** |
| Amortization | 30 | 44 | 262 | – | 336 |
| **At December 31, 2022** | **60** | **92** | **961** | **-** | **1,113** |
| **Net book value** | | | | | |
| **At December 31, 2022** | **30** | **-** | **657** | **-** | **687** |
| **At December 31, 2021** | **60** | **44** | **501** | **-** | **606** |

## 22 Property, plant, and equipment

The carrying value of property, plant and equipment is summarized below:

| Property, plant and equipment at December 31 IN EURO X 1,000 | OWNED ASSETS | RIGHT OF USE ASSETS (NOTE 23) | 2022 TOTAL | OWNED ASSETS | RIGHT OF USE ASSETS (NOTE 23) | 2021 TOTAL |
|---|---|---|---|---|---|---|
| Land, land rights and buildings | 15,035 | 4,034 | 19,069 | 12,592 | 2,205 | 14,797 |
| Technical equipment and machines | 23,943 | 4,070 | 28,013 | 30,264 | 5,511 | 35,775 |
| Other equipment, factory and office equipment | 11,011 | 624 | 11,637 | 9.926 | 620 | 10,546 |
| Prepayments on tangible assets and construction in process | 18,896 | - | 18,896 | 12,778 | - | 12,778 |
| **Property, plant and equipment** | **68,885** | **8,730** | **77,615** | **65,560** | **8,336** | **73,896** |

As of December 31, 2022, mortgages of production facilities in Germany and Belgium, as well as individual machines, were assigned as collateral for liabilities to banks. Further information is provided in note financial liabilities (Note 35).

The movement during the year for the property, plant and equipment is as follows:

| **Property, plant and equipment (Including right of use assets)** IN EURO X 1000 | LAND, LAND RIGHTS AND BUILDINGS ON THIRD PARTY LAND | TECHNICAL EQUIPMENT AND MACHINES | OTHER EQUIPMENT, FACTORY AND OFFICE EQUIPMENT | PREPAY-MENTS ON TANGIBLE ASSETS AND CONSTRUC-TION IN PROCESS | TOTAL |
|---|---|---|---|---|---|
| **At January 1, 2021** | | | | | |
| Cost value | 30,079 | 113,559 | 56,115 | 4,098 | 203,851 |
| Cumulative depreciation and impairments | -14,440 | -70,950 | -43,672 | -65 | -129,127 |
| **Book value at January 1, 2021** | **15,639** | **42,593** | **12,443** | **4,033** | **74,724** |
| Currency differences | 145 | 464 | 120 | 200 | 929 |
| Additions | 933 | 6,670 | 1,693 | 10,353 | 19,649 |
| Disposals | -497 | -2,681 | -1,151 | -832 | -5.161 |
| Transfers | - | 957 | 19 | -976 | - |
| Depreciation and impairments | -1,763 | -13,117 | -3,979 | - | -18,859 |
| Depreciation on disposals | 340 | 873 | 1,401 | - | 2,614 |
| **Book value at December 31, 2021** | **14,797** | **35,775** | **10,546** | **12,778** | **73,896** |
| **At January 1, 2022** | | | | | |
| Cost value | 30,726 | 119,609 | 57,866 | 12,843 | 221,044 |
| Cumulative depreciation and impairments | -15,929 | -83,834 | -47,320 | -65 | -147,148 |
| **Book value at January 1, 2022** | **14,797** | **35,775** | **10,546** | **12,778** | **73,896** |
| Currency differences | 117 | 473 | 144 | 187 | 921 |
| Additions | 5,301 | 5,355 | 4,442 | 13,250 | 28,348 |
| Disposals | -1,425 | -5,641 | -479 | -4,066 | -11,611 |
| Transfers | 886 | 1,488 | 879 | -3,253 | - |
| Depreciation and impairments | -1,551 | -11,927 | -4,209 | - | -17,687 |
| Depreciation on disposals | 944 | 2,490 | 314 | - | 3,748 |
| **At December 31, 2022** | **19,069** | **28,013** | **11,637** | **18,896** | **77,615** |
| **Net book value** | | | | | |
| **At December 31, 2022** | **19,069** | **28,013** | **11,637** | **18,896** | **77,615** |
| **At December 31, 2021** | **14,797** | **35,775** | **10,546** | **12,778** | **73,896** |

In 2022, Cabka recognized an impairment of € 887,000 and derecognized the machines that were fully destroyed with a total of € 3,201,000 relating to the flood in US. The corresponding expenses are recognized in the other operating expenses (Note 15), further information on the flood is provided in note 14.

## 23 Leases

The Group has lease contracts for various items of land and buildings, plant, machinery, motor vehicles and other equipment used in its operations. Leases of land and buildings, plant and machinery generally have lease terms between 3 and 15 years. Motor vehicles and other equipment generally have lease terms between 3 and 5 years.

There are some lease contracts that include extension and purchase options and variable lease payments. This was taken into account accordingly in the calculations.

The Group also has certain leases with lease terms of 12 months or less and also with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The carrying amounts of the right-of-use assets included in the position property, plant, and equipment are summarized

| **Right-of-use assets at December 31** IN EURO X 1,000 | 2022 | 2021 |
|---|---|---|
| Land and buildings | 4,034 | 2,205 |
| Technical equipment and machines | 4,069 | 5,511 |
| Other equipment, factory and office equipment | 627 | 620 |
| **Right-of-use assets** | **8,730** | **8,336** |

Set out below are the carrying amount of the right-of-use assets recognized and the movements during the period:

| **Carrying amount of the right-of-use assets recognized and the movements during the period** IN EURO X 1,000 | LAND AND BUILDINGS | TECHNICAL EQUIPMENT /MACHINES | OTHER EQUIPMENT | TOTAL |
|---|---|---|---|---|
| **As at January 1, 2021** | **2,770** | **7,049** | **735** | **10,554** |
| Additions / Disposals | - | 65 | 55 | 712 |
| Depreciation expense | -565 | -2,196 | -170 | -2,930 |
| **As at December 31, 2021** | **2,205** | **5,511** | **620** | **8,336** |
| Additions/Disposals | 2,423 | 296 | 234 | 2,953 |
| Depreciation expense | -594 | -1,738 | -227 | -2,559 |
| **As at December 31, 2022** | **4,034** | **4,070** | **627** | **8,730** |

Additions in the financial year 2022 amount to € 4.166.000 and disposals amount to € 1.213.000. Disposals are primarily related to machines.

Set out below are the carrying amount of lease liabilities and the movements during the period:

| **Carrying amount of lease liabilities and movements during the period** IN EURO X 1,000 | 2022 | 2021 |
|---|---|---|
| **As at January 1** | **8,386** | **10,554** |
| Additions / Disposals | 1,144 | 712 |
| Payments | -2,291 | -3,022 |
| Interest | 100 | 143 |
| **As at December 31** | **7,340** | **8,386** |
| Current | 1,998 | 2,853 |
| Non-Current | 5,342 | 5,533 |

The maturity analysis of lease liabilities is disclosed in the financial liabilities, Note 35. New additions to lease liabilities in the financial year 2022 amount to € 4.166.000 offset by prepaid lease liability € -812.000 and disposal of lease liability € -2.210.000, totaling to € 1.144.000.

The following are the amounts recognized in profit or loss:

| **Lease liabilities recognized in profit or loss**<br>IN EURO X 1,000 | 2022 | 2021 |
|---|---|---|
| Depreciation expense of right-of-use assets | 2,559 | 2,930 |
| Interest expense on lease liabilities | 100 | 142 |
| Expense relating to short-term leases / leases of low-value assets | 1,398 | 267 |
| **Total amount recognized in profit or loss** | **4,057** | **3,340** |

The Group had total cash outflows for leases of € 2,291,000 in 2022 (€ 3,022,000 in 2021).

The future lease payments for recognized lease contracts are € 2,110,000 within one years and € 5,550,000 thereafter. The Group has no lease contracts that have not yet commenced as at December 31, 2022.

### Incremental Borrowing Rate on Leases

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

## 24 Financial assets

The Financial assets are summarized by maturity in the overview below:

| **Financial assets by maturity at December 31**<br>IN EURO X 1,000 | 2022<br>< 1 YEAR | 2022<br>1-5 YEARS | 2022<br>> 5 YEARS | 2022<br>TOTAL | 2021<br>TOTAL |
|---|---|---|---|---|---|
| Shares in affiliated companies | - | - | 87 | 87 | 87 |
| Shares in companies in which participations are held | - | - | 4 | 4 | 4 |
| Receivables to affiliated companies | 4 | - | - | 4 | 180 |
| Receivables to shareholders | 21 | - | - | - | - |
| **Financial assets** | **25** | **-** | **91** | **116** | **292** |

The shares in affiliated companies relate to shares in Cabka Verwaltungs GmbH, Weira, and Cabka Eco Products Verwaltungs GmbH (Weira), which are not included in the consolidation as they are individually and on aggregate not considered to be material for the Group. In accordance with the exemption provided in article 407 sub 1a of Part 9 of Book 2 of the Dutch Civil Code, these group companies are therefore excluded from consolidation.

## 25 Other long-term assets

Other long-term assets of € 85,000 relate to the hedge of the interest rate risk. Cabka has purchased an interest rate option with a nominal amount of € 5,000,000 and an initial term of 5 years. The paid premium of € 85,000 was recognized in other assets at purchased date and will be adjusted according to its fair value at the reporting dates. At reporting date, the fair value of this instrument was € 85,000.

## 26 Inventories

The inventories are summarized in the overview below:

| **Inventories at December 31** IN EURO X 1,000 | 2022 | 2021 |
|---|---|---|
| Raw material, consumables, and supplies | 12,991 | 13,288 |
| Work in process | 9,247 | 2,139 |
| Finished goods and merchandise | 19,500 | 15,376 |
| **Inventories** | **41,738** | **30,803** |

Due to the flood in US, part of the Group's inventory was irretrievably destroyed leading to a write-off of € 1,690,000. Refer to further information relating to the flood and proceeds recovered from insurance to Note 14. As of December 31, 2022, inventories of Cabka GmbH & Co. KG and Cabka Eco Products GmbH & Co. KG were assigned as collateral for liabilities to banks. Further information is provided in Note 35. Inventory changes for finished goods, and partially work in progress for finished goods, are totaling to € 4,199,000.

## 27 Trade receivables

The trade receivables are summarized in the overview below:

| **Trade receivables at December 31** IN EURO X 1,000 | 2022 | 2021 |
|---|---|---|
| Receivables from third-party customers | 31,870 | 27,308 |
| Allowance for expected credit losses (ECL) | -101 | -89 |
| **Trade receivables** | **31,769** | **27,219** |

As of December 31, 2022, receivables of Cabka GmbH & Co. KG and Cabka Eco Products GmbH & Co. KG were assigned as collateral for liabilities to banks. Further information is provided in Note 35. Further information on the ECL calculation is provided in Note 38.

## 28 Other short-term assets

The other short-term assets are summarized in the overview below:

| **Other short-term assets at December 31** IN EURO X 1,000 | 2022 | 2021 |
|---|---|---|
| VAT | 1,719 | 1,744 |
| Receivable staff | 195 | 14 |
| Energy taxes | 1,771 | 1,002 |
| Prepayments | 146 | 50 |
| Security deposit | 148 | 152 |
| Income tax | 1,423 | 1,682 |
| Accrued charges and other assets | 3,365 | 1,878 |
| **Other short-term assets** | **8,767** | **6,522** |

Increase on other short-term assets is primarily driven by refundable higher energy taxes coming from the increased cost of energies and the higher energy consumption as well as volume growth.

## 29 Cash and cash equivalents

The cash and cash equivalents are summarized in the overview below:

| **Cash and short-term deposits at December 31** IN EURO X 1,000 | 2022 | 2021 |
|---|---|---|
| Cash at bank and on hand | 21,035 | 9,982 |
| **Cash and short-term deposits** | **21,035** | **9,982** |

Within the cash at banks an amount of € 33,000 (2021 € 31,000) is held as security deposit.

## 30 Deferred tax

Deferred tax relates to the following financial positions:

| **Deferred taxes as at December 31** IN EURO X 1,000 | 2022 | 2021 |
|---|---|---|
| **Deferred tax assets on** | | |
| Intangible assets | 53 | - |
| Inventories | 11 | 58 |
| Trade Receivables | 5 | 2 |
| Provisions | 560 | 1,499 |
| Contract liabilities | 234 | 663 |
| Financial liabilities | 1,670 | 2,019 |
| Losses available for offsetting against future taxable income | 8,855 | 209 |
| Deferred tax assets, gross | 11,387 | 4,450 |
| Offsetting with deferred tax liabilities | -4,085 | -2,538 |
| **Deferred tax assets reflected in statement of financial position, net** | **7,302** | **1,912** |
| **Deferred tax liabilities on** | | |
| Property, plant and equipment | 4,137 | 4,174 |
| Financial liabilities | 439 | 77 |
| Deferred tax liabilities, gross | 4,575 | 4,251 |
| Offsetting with deferred tax assets | -4,085 | -2,538 |
| **Deferred tax liabilities reflected in statement of finanical position, net** | **490** | **1,713** |

## 31 Share capital and share premium

***Share Capital:***

Following the Transaction (Note 5), as per January 1, 2022, the existing share capital of accounting acquirer Cabka Group GmbH was cancelled and recapitalized into 17,500,000 new ordinary shares of DSC2 with a nominal value of € 0.01 per share. Additionally, 16,388,000 ordinary shares held in treasury issued by DSC2 were recapitalized at a nominal value of € 0.01 leading to a new issued share capital position as per January 1, 2022 of € 339,000.

On Transaction Date, March 1, 2022, the issued share capital was increased by issuing 12,810,191 ordinary shares and 97,778 Special Shares in exchange for the net assets of DSC2, each at a nominal value of € 0.01 per share. Per that same date, the issued share capital was decreased by purchasing and cancelling 6,328,000 ordinary shares from former Cabka Group GmbH minority shareholders.

As a result, the issued share capital of Cabka N.V. as at December 31, 2022 can be specified as follows:

| **Cabka Share Capital** | SHARES | NOMINAL VALUE IN EURO | SHARE CAPITAL IN EURO | ISIN |
|---|---|---|---|---|
| Ordinary shares in treasury | 16,388,000 | € 0,01 | € 163,880 | DSC2S / NL00150002R5 |
| Ordinary shares outstanding | 23,982,191 | € 0,01 | € 239,822 | CABKA / NL00150000S7 |
| **Total ordinary shares issued** | **40,370,191** | | **€ 403,702** | |
| Special Shares | 97,778 | € 0,01 | € 978 | |
| **Total shares issued** | **40,467,969** | | **€ 404,680** | |

The 97,778 Special Shares are held by the Founders of DSC2 and are not publicly listed. These Special Shares have equal dividend and voting rights as ordinary shares. In accordance with the underlying terms, the Special Shares will either (i) convert into 7 ordinary shares if the share price of Cabka N.V. equals or exceeds € 12.00 for any 15 trading days out of a 30 consecutive trading day period (whereby such 15 days trading days do not have to be consecutive) or (ii) convert into 1 ordinary share if this price hurdle is not being achieved before March 1, 2027. This conversion option has been classified as a financial liability measured at fair value through profit or loss (FVTPL). The fair value of the financial liability as at December 31, 2022 amounts to € 1,176,000 (Note 35).

For an overview of the ownership of the ordinary shares issued we refer to Note 18 of the Company financial statements.

***Share premium:***

The share premium reserve relates to contribution on issued shares in excess of the nominal value of the shares. The share premium is freely distributable, provided that equity is not lower than the sum of share capital and legal reserves as a result of such distribution. During 2022, a total amount of € 1,661,000 of incremental and directly attributable share issuance costs has been deducted from share premium. Additionally, deducted from share premium in 2022 is an amount of € 1,842,000 in connection with the acquisition of the 7.7% non-controlling interest of Cabka North America Inc. as further disclosed in Note 9.

## 32 Share-based payments

**VSOP**

Cabka Group GmbH issued in prior years a "Virtual stock-option plan" (hereinafter referred to as "VSOP") to offer virtual shares in Cabka Group GmbH to employees and members of the management as variable compensation. The VSOP entitled the participating employees to a cash payment in the amount of the excess of the equity value per share over a specified exercise price, provided that the employees remain employed over a specified period of time from grant date.

The fair value of the VSOP was estimated, initially and at the end of each reporting period until settled, using a Black-Scholes-Merton option pricing model. Since the VSOP entitles for cash compensation only, it was accounted for as cash-settled share-based payment. The carrying amount of the liability relating to the VSOP at December 31, 2021 was € 4,168,000, with a share-based payment expense of € 3,833,000 being recognized in financial year 2021.

**Roll-over shares (RoS)**

Following the Transaction and listing of Cabka on March 1, 2022 as disclosed in Note 5, the „VSOP" agreement was converted in a Rollover Agreement including accelerated vesting. At time of conversion, the liability relating to the VSOP was increased to € 5,774,000, following the recognition of a share-based payment expense of € 1,606,000. In accordance with the Rollover Agreement, 1/3rd of the VSOP amount, representing a value of € 1,957,000 is to be settled in cash of which € 1,712,000 is already paid out during 2022. The remaining portion is accrued for and will be paid out in 2023 without being subject to any further (service) conditions. The other 2/3rd of the VSOP amount, representing a value of € 3,817,000 has been settled in stock options to acquire ordinary shares of Cabka N.V. (roll-over shares, RoS). These stock options have a lock-up period of one year and can be exercised without any strike price as of March 1, 2023. As at December 31, 2022, these stock options are fully vested and are not subject to any further (service) conditions.

The roll-over shares are accounted for as a modification of an existing cash-settled share-based payment plan into an equity-settled share-based payment, with the existing liability of € 3,837,000 being reclassified to other reserves in equity as at March 1, 2022.

The fair value of the roll-over shares was estimated at the grant date using a Black-Scholes-Merton option pricing model. Since the options are directly exercisable after a one-year period and have no strike price, the fair value of the option is close to the listed stock price of the ordinary shares of Cabka N.V. as at March 1, 2022.

**PSU Plan**

Effective as of March 1, 2022, a performance share unit plan has been adopted (the PSU Plan). The PSU Plan allows key employees a one-off award of performance share units

(PSU) where each PSU covers (the value) of one ordinary share of Cabka N.V. Subject to the terms and conditions of the PSU Plan, vesting of the awarded PSUs will occur on different vesting dates subject to the performance condition being met. Performance conditions are market conditions of the quoted share price of Cabka reaching € 11.00, € 12.00 and € 13.00 (hurdles) within five years' time from grant date. Once a hurdle is met, the PSU vest in three equal installments over a period of three years. The employee is then entitled to receive one ordinary share per PSU without any payment, provided that the employee is still employed at that time. When the hurdles are not achieved within 5 years, the option forfeites. The market conditions are achieved if the share price equals or exceeds the stated hurdles for any 15 trading days out of a 30 consecutive trading day period (whereby such 15 trading days do not have to be consecutive).

There are no cash settlement alternatives. The Group accounts for the PSU as an equity-settled share-based payment.
The fair value of the PSU is estimated at the grant date using a modified Black-Scholes-Merton option pricing model, taking into account the market conditions. The total fair value of the grant is recorded as share-based payment expense over the estimated vesting period based on graded vesting. Vesting period was estimated based on the date of highest probability that hurdles are met according to option pricing model applied.

**PS**
Finally, the CEO is entitled to Performance Shares (PS) subject to the performance conditions being met. Performance conditions are market conditions of the quoted share price of Cabka reaching € 16.00, € 18.00 and € 20.00 (hurdles). Once a hurdle is met, the CEO is then entitled to receive one ordinary share per PS without any payment, provided that he is still employed at that time. Further details are provided in Note 5.

There are no cash settlement alternatives. The Group accounts for the PS as an equity-settled share-based payment.
The fair value of the PS is estimated at the grant date using a modified Black-Scholes-Merton option pricing model, taking into account the market conditions. The total fair value of the grant is recorded as share-based payment expense over the estimated vesting period based on graded vesting.
For years end December 31, 2022 (December 31, 2021), the Group has recognized the following share-based payment expenses for the above-mentioned plans in the statement of profit or loss:

| **Share- based payment expense**<br>IN EURO X 1,000 | 2022 | 2021 |
|---|---|---|
| VSOP | 1,606 | 3,833 |
| PSU | 350 | - |
| PS | 137 | - |
| **Share-based payment expenses** | **2,093** | **3,833** |

Movements of equity-settled options during the year:

| **Number of options** | ROS | PS | PSU |
|---|---|---|---|
| Outstanding at January 1, 2022 | - | - | - |
| Granted during the year | 387,520 | 450,000 | 458,557 |
| Forfeited during the year | - | - | -19,999 |
| **Outstanding at December 31, 2022** | **387,520** | **450,000** | **438,558** |

VSOP options had an exercise price of € 29.73. All other options have an exercise price of zero. None of the options are exercisable as at December 31, 2022. The weighted average remaining contractual life of the option is summarized as follows:

| Weighted average remaining contractual life of options in years | 2022 | 2021 |
|---|---|---|
| VSOP | - | 0.49 |
| RoS | 0.17 | - |
| PSU | 7.17 | - |
| PS | 4.25 | - |

Remaining contractual life of PSU options reflects the maximum possible contractual lifespan of 5 years for achieving the hurdles plus a consecutive 3 years vesting period. The PS options granted to the CEO have in principle no contractual lifetime, but are linked to a continuous employment clause. Vesting of the PS options is therefore, amongst others, depending of the annual reappointment of the CEO by the General Meeting. As at December 31, 2022, the contractual lifetime is estimated at 4.25 years assuming annual reappointment of the CEO by the General Meeting.

The weighted average fair value of options at measurement date is summarized as follows:

| Weighted average fair value of options at measurement date (IN EUR) | 2022 | 2021 |
|---|---|---|
| VSOP | - | 16.10 |
| RoS | 9.90 | - |
| PSU | 4.41 | - |
| PS | 1.55 | - |

The model inputs are summarized in the overview as follows:

| Model used | 2022 PS | 2022 PSU | 2022 ROS | 2021 VSOP |
|---|---|---|---|---|
| Model used | Modified BS | Modified BS | Modified BS | BS |
| Measurement date | March 1, 2022 | March 1, 2022 | March 1, 2022 | December 31, 2021 |
| Dividend yield (%) | 1.49 | 1.49 | 1.49 | 1.49 |
| Expected volatility (%) | 30.00 | 30.00 | 25.99 | 31.83 |
| Risk-free rate (%) | -0.43 | -0.50--0.30 | -0.70 | -0.70--0.50 |
| Expected life of options (years) | 4.25 | 2.42 – 7.03 | 1.00 | 0.16 – 5.75 |
| Underlying share price (€) | 10.05 | 10.05 | 10.05 | 45.62 |

The expected life of the options and VSOPs is based on expectations at measurement date, taking into account early exercise behavior generally observed for employees, and is not necessarily indicative of exercise patterns that may occur. Expected life of the PSU and PS options is less than the maximum contractual lifespan. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.
The underlying share price of the VSOP is based on the share capital structure of Cabka Group GmbH rather than Cabka N.V., reference is made to Note 5 and Note 31 for further details.

**Critical judgements on Share-based payments**
Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them.

## 33 Other reserves

The other reserves comprises the warrant reserve, Performance Shares reserve and share-based payment (IFRS 2) reserve. These reserves are freely distributable provided that equity is not lower than the sum of share capital and legal reserves as a result of such distribution. The movement and breakdown of the other reserves can be stated as follows:

| IN EURO X 1,000 | WARRANTS | PERFORMANCE SHARES | SHARE-BASED PAYMENTS | TOTAL OTHER RESERVES |
|---|---|---|---|---|
| **At December 31, 2021** | **-** | **-** | **-** | **-** |
| Acquisition of DSC2 (Note 5) | 3,282 | - | - | 3,282 |
| Issue of performance shares (Note 5) | - | 3,449 | - | 3,449 |
| Roll-over of VSOP (Note 32) | - | - | 3,817 | 3,817 |
| Share-based payment expense PSU/PS (Note 32) | - | - | 487 | 487 |
| **At December 31, 2022** | **3,282** | **3,449** | **4,304** | **11,035** |

*Warrants:*

In the Transaction, Cabka Group GmbH has assumed the financial liabilities of the Warrants that were issued by DSC2 upon its IPO in November 2020. On March 1, 2022, these warrant liabilities were measured at its listed fair market value (Level 1) and subsequently reclassified to equity as further disclosed in Note 5.

The Warrants automatically and mandatorily convert when the closing price of the Ordinary Shares of Cabka N.V. on Euronext Amsterdam reaches the respective minimum share price threshold (€ 12.00 / € 13.00) for such Warrant on 15 trading days out of a 30 consecutive trading day period (whereby such 15 trading days do not have to be consecutive), after which each corresponding Warrant converts into a number of Ordinary Shares based on the pre-determined conversion ratio as further detailed below. As a consequence, a single Warrant cannot convert into an Ordinary Share, other than together with and at the same time as such a number of Warrants that, pursuant to the Warrant Conversion Ratio, entitles such Warrant Holder to a minimum of one Ordinary Share. Upon conversion of Warrants, the Warrant Holders will be charged € 0.10 per Ordinary Share transferred to it in return for his or her conversion of Warrants, of which € 0.01 is required for payment of the nominal value of the Ordinary Share allotted following the conversion, and € 0.09 will be added to the share premium reserve.

| **Number of warrants** | WARRANTS (UNITS) | CONVERSION RATIO | ORDINARY SHARES (UNITS) |
|---|---|---|---|
| Warrants for ordinary shares – hurdle € 12.00 | 1,833,334 | 0.24 | 880,000 |
| Warrants for ordinary shares – hurdle € 13.00 | 1,833,334 | 0.36 | 1,320,000 |
| **Outstanding at December 31, 2022** | **3,666,668** | | **2,200,000** |

*Performance Shares:*

At closing of the Transaction on March 1, 2022, as agreed between all parties in the Business Combination Agreement, Cabka N.V. issued 1,800,000 "Performance Shares" to the former majority shareholder of Cabka Group GmbH.

These Performance Shares have no dividend rights nor voting rights until they are converted into ordinary shares. For this reason, these performance shares are considered non-substantive rights. Conversion to ordinary shares of Cabka N.V. will only take place if the share price of Cabka N.V. equals or exceeds the following price hurdles for any 15 trading days out of a 30 consecutive trading day period (whereby such 15 days trading days do not have to be consecutive):

- At € 16.00 – 600,000 performance shares will automatically convert into an equal number of ordinary shares.
- At € 18.00 – 600,000 performance shares will automatically convert into an equal number of ordinary shares.
- At € 20.00 – 600,000 performance shares will automatically convert into an equal number of ordinary shares.

The Performance Shares issued to the former majority shareholder of CABKA are classified as an equity instrument in accordance with IAS 32 as the Performance Shares issued do not contain a contractual obligation to (i) deliver cash or another financial asset, or (ii) to exchange financial assets or financial liabilities that are potentially unfavorable to the combined entity. The Performance Shares do also not contain an obligation for the entity to deliver a variable number of its own equity instruments, but relate to the exchange of a fixed amount of cash (zero) for a fixed number of the entity's ordinary shares. The fair value of the Performance Shares at grant date March 1, 2022 amounted to € 3,449,200 and has been recorded in other reserves against share premium.

The fair value of the Performance Shares is estimated at grant date using a modified Black-Scholes-Merton option pricing model, taking into account the market conditions. The fair value is not remeasured at each reporting date in accordance with IAS 32 requirements.

## 34 Foreign currency translation reserve

The foreign currency translation reserve of € -1,533,000 comprises all foreign currency differences arising from the translation of the financial statements of foreign operations (2021: € -380,000). This legal reserve is not freely distributable in accordance with Dutch law.

## 35 Financial liabilities

The contractual maturities of the Group's financial liabilities are as follows:

| **Financial liabilities split by remaining term on December, 31 2022** IN EURO X 1,000 | CURRENT < 1 YEAR | NON-CURRENT 1 - 5 YEARS | TOTAL |
|---|---|---|---|
| Special Shares liabilities | 1,176 | - | 1,176 |
| Liabilities to banks | 21,215 | 30,833 | 52,048 |
| Lease liabilities (IFRS 16) | 1,998 | 5,342 | 7,340 |
| Lease-purchase agreement | 2,804 | 2,283 | 5,087 |
| Others | 89 | - | 89 |
| **Financial liabilities** | **27,282** | **38,458** | **65,740** |

The financial liabilities of the previous financial year is summarized as follows:

| **Financial liabilities split by remaining term on December 31, 2021** IN EURO X 1,000 | CURRENT < 1 YEAR | NON-CURRENT 1 - 5 YEARS | TOTAL |
|---|---|---|---|
| Liabilities to banks | 20,844 | 35,625 | 56,469 |
| Lease liabilities (IFRS 16) | 2,853 | 5,533 | 8,386 |
| Rental purchase liabilities | 3,542 | 4,014 | 7,556 |
| Others | 142 | - | 142 |
| **Financial liabilities** | **27,381** | **45,172** | **72,553** |

To cover its financing needs, Cabka uses leasing, long term loans and a syndicated loan contracted in 2019. The syndicated loan contains facilities of € 58,800,000 at December 31, 2022 of which € 12,872,000 were unused at reporting date. The syndicated loan had an initial term of 5 years with a maturity in June 2024 and contains an increase option of € 5,000,000. Besides the secured syndicated loan there are secured long term loans of € 6,875,000 (thereof € 5,000,000 subordinated) with a maturity in December 2025. The weighted average interest rate at December 31, 2022 was 3.7% for liabilities to banks in EUR and 6.1% for liabilities to banks in USD. The financings are secured by mortgages, pledges, assignments of receivables, inventories and machines. Cabka was obliged to maintain the covenant interest rate financial ratio on Cabka Group GmbH subgroup level. In order to comply with all covenant obligations on December 31, 2022, it has been agreed by the banks to waive and adjust the covenant interest coverage ratio covenants up and until the 3rd quarter of 2023 due to the US flood event, ECO restructuring and IPO related expenses during FY 2022. Additionally, Cabka entered an interest swap as disclosed in Note 25.

Financial liabilities movements are summarized as follows:

| IN EURO X 1,000 | LIABILITIES TO BANKS | LEASE LIABILITITES | RENTAL PURCHASE LIABILITIES | SPECIAL SHARES LIABILITIES | OTHERS | TOTAL |
|---|---|---|---|---|---|---|
| **At December 31, 2020** | **50,254** | **10,554** | **12,214** | **-** | **1,645** | **74,667** |
| Cash flows | 6,215 | -2,880 | -4,658 | - | 1,503 | -2,826 |
| Addition of leases | - | 712 | - | - | - | 712 |
| **At December 31, 2021** | **56,469** | **8,386** | **7,556** | **-** | **142** | **72,553** |
| Cash flows | -4,421 | -2,191 | -2,900 | - | -53 | -9,565 |
| Addition of leases | - | 1,145 | 431 | - | - | 1,576 |
| Initial recognition upon acquisition of DSC2 | - | - | - | 2.737 | - | 2,737 |
| Fair value changes | - | - | - | -1.561 | - | -1,561 |
| **At December 31, 2022** | **52,048** | **7,340** | **5,087** | **1,176** | **89** | **65,740** |

***Rental purchase liabilities:***
The rental purchase liabilities result from agreements entered into for the acquisition of property, plant and equipment based on deferred payments, for which the agreement includes the option to purchase the underlying asset. Because of this purchase option, the underlying assets are considered to classify as owned assets under property, plant and equipment rather than right-of use assets. Similarly, the rental purchase liabilities are presented separately from regular lease liabilities.

***Special Shares liabilities:***
As detailed in Note 30, the Special Shares held by the Founders of DSC2 will either (i) convert into 7 ordinary shares if the share price of Cabka N.V. equals or exceeds €12.00 for any 15 trading days out of a 30 consecutive trading day period (whereby such 15 days trading days do not have to be consecutive) or (ii) convert into 1 ordinary share if this price hurdle is not being achieved before March 1, 2027. This conversion option has been classified as a financial liability measured at fair value through profit or loss (FVTPL). The fair value of the financial liability as at December 31, 2022 amounts to € 1,176,000.

The fair value of the Special Shares liabilities are estimated at each reporting date using a modified Black-Scholes-Merton option pricing model, taking into account the market conditions. During 2022, a fair value gain of € 1,561,000 has been recorded in financial income (Note 17), which is the result of a lower ordinary share price of Cabka N.V. as at December 31, 2022 when compared to the Transaction Date (March 1, 2022) as further detailed in Note 5.

## 36 Trade payables, other liabilities and contract liabilities

The trade payables and other liabilities are summarized in the overview below:

| **Trade payables and other liabilities at December 31** IN EURO X 1,000 | 2022 TOTAL | 2021 TOTAL |
|---|---|---|
| **Trade payables** | **35,241** | **30,668** |
| Personnel related liabilities | 4,985 | 7,132 |
| Others | 2,406 | 2,224 |
| **Other liabilities** | **7,391** | **9,356** |
| **Trade payables and other liabilities** | **42,632** | **40,024** |

Others relate to numerous other liabilities such as VAT & Wage taxes amounting to €2,221,000. As at December 31, 2021, personnel related liabilities includes an amount of € 4,168,000 in connection with the VSOP plan, further discussed in Note 32.

The contract liabilities are summarized in the overview below:

| **Contract liabilities**<br>IN EURO X 1,000 | 2022 | 2021 |
|---|---|---|
| Received prepayments on contracts | 2,249 | - |
| Other contract liabilities | 4,527 | 2,210 |
| **Total provisions** | **6,776** | **2,210** |

Other contract liabilities relate to received materials at the Eco-Products-Business which are not processed for recycling yet. Therefore, according to IFRS 15, the received Eco materials which are included in stock as at balance sheet date, are included as other contract liabilities.

## 37 Provisions

The provisions are summarized in the overview below:

| IN EURO X 1000 | 2022 | 2021 |
|---|---|---|
| Remaining other provisions | 519 | 772 |
| Provisions for sales and marketing | 213 | 270 |
| **Total provisions** | **732** | **1,042** |

Remaining other provisions include various smaller items, of which the major liability position is with uncertain timing towards a specific customer, where returned pallets were received in exchange for new ones. Cabka sold pallets in the past to the customer with a buyback clause, where a certain amount of those were receipt as per end of December 31, 2022. This will result in a future outflow of assets, where the timing is uncertain.

## 38 Financial instruments risk management objectives and policies

The Group's principal financial liabilities comprise liabilities to banks and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, and cash and cash equivalents that derive directly from its operations. The Group also enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by specialists who advise on financial risks and the appropriate financial risk governance framework for the Group. This includes appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialists who have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

**Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

Cabka uses derivative financial instruments as forwards and swaps to economically hedge the foreign currency risk exposure. Derivatives are measured at fair value and are generally recognized in profit or loss. On December 31, 2022, Cabka had foreign exchange derivatives outstanding with a nominal amount of approx. € 2,393,000. At December 31, 2022, the fair value of these instruments was € -23,000.

**Foreign currency sensitivity**
The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives.

The main foreign exchange risk results from the relation of USD and GBP against the EUR. If the foreign currencies would have increased (decreased) against the EUR of +(-)10%, the profit & loss statement would be affected with
€ -45,000 higher (€ 45,000 lower).

**Interest rate risk**
The Group is exposed to interest rate risk. To economically hedge the interest rate risk Cabka uses interest rate swaps or options. On December 31, 2022, Cabka had outstanding interest rate derivatives with a nominal amount of € 5,000,000. If the interest rates at December 31, 2022 would have been 100bps higher (lower), the interest expenses would have been € 176,000 higher (€ 176,000 lower).

**Market risk**
The market risk is the risk of the deterioration of the Group's income due to movements in market prices, such as those relating to exchange rates and interest rates. The management of market risk exposure is intended to keep the market risk position within acceptable limits. Derivatives are used to manage specific market risks. These transactions are carried out within the treasury framework of the Group.

**Liquidity risk**
The Group has implemented a group wide daily cash reporting and monitors its liquidity with a rolling liquidity forecast. Funding contains long term loans and lease contracts as well es short term loans within the syndicated loan to maintain the necessary financial flexibility. The syndicated loan facility matures in June 2024 and contains certain financial covenants. If the financial covenants are not met at the reporting dates, the banks have the right to request repayment of the outstanding loans. In order to comply with all covenant obligations for financial year 2022, it has been agreed by the banks to waive and adjust the covenant interest coverage ratio. For further details on the credit facilities are provided in Note 35.

The following tables show the undiscounted future contractual cash flows from financial liabilities at December 31, 2022 and 2021 including contractual interest payments:

| **Contractual cashflow of financial liabilities 2022**<br>IN EUR X 1,000 | NET BOOK VALUE | CURRENT < 1 YEAR | NON-CURRENT 1 - 5 YEARS | TOTAL |
|---|---|---|---|---|
| Liabilities to banks | 52,048 | 22,749 | 31,467 | 54,216 |
| Lease- and rental purchase liabilities | 12,427 | 4,914 | 7,834 | 12,748 |
| Trade payables | 35,241 | 35,241 | - | 35,241 |
| Other financial liabilities | 89 | 89 | - | 89 |
| **Total** | **99,805** | **62,993** | **39,301** | **102,294** |

| **Contractual cashflow of financial liabilities 2021**<br>IN EUR X 1,000 | NET BOOK VALUE | CURRENT < 1 YEAR | NON-CURRENT 1 - 5 YEARS | TOTAL |
|---|---|---|---|---|
| Liabilities to banks | 56,469 | 21,778 | 36,735 | 58,513 |
| Lease- and rental purchase liabilities | 15,942 | 6,496 | 9,684 | 16,180 |
| Trade payables | 30,668 | 30,668 | - | 30,668 |
| Other financial liabilities | 142 | 142 | - | 142 |
| **Total** | **103,221** | **59,084** | **46,419** | **105,50 3** |

**Credit risk**
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables).

**Capital management**
The Management Board's policy is designed to maintain a strong capital gearing to retain the confidence of investors, creditors and the markets, and to safeguard the future development of the business activities. The Management Board monitors the return on equity and the level of dividend distributed to ordinary shareholders.

**Trade receivables**
Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and contract assets are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 23. The Group does not hold collateral as security. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

**Credit risk exposure on the Group's trade receivables**

| **Trade receivables overview at December 31, 2022 (Days past in due)** IN EURO X 1,000 | CURRENT | < 30 DAYS | 30 – 60 DAYS | 60+ DAYS | TOTAL |
|---|---|---|---|---|---|
| Receivables outstanding | 25,768 | 4,287 | 716 | 1,099 | 31,870 |
| Expected credit loss rate | 0.08% | 0.47% | 2.82% | 3.68% | 0.32% |
| Expected credit loss allowance | 20 | 20 | 20 | 41 | 101 |

For the previous year this is summarized as follows:

| **Trade receivables overview at December 31, 2021 (Days past due)** IN EURO X 1,000 | CURRENT | < 30 DAYS | 30 – 60 DAYS | 60+ DAYS | TOTAL |
|---|---|---|---|---|---|
| Receivables outstanding | 22,063 | 4,203 | 209 | 833 | 27,308 |
| Expected credit loss rate | 0.08% | 0.43% | 8.56% | 4.29% | 0.33% |
| Expected credit loss allowance | 17 | 18 | 18 | 36 | 89 |

The probability of default for trade receivables was determined on the basis of actual historical bad debt losses. Actual historical bad debt losses are considered on basis of individual companies. The expected probability of default is less than 1%. An expected loss in the amount of € 101,000 (prior year € 89,000) was recognized. Additionally individual impairments in the amount of € 55,000 (prior year € 36,000) were recognized for trade receivables where actual circumstances lead to high probability of default.

For the other financial assets such as other receivables and deposits the assumption is applied that no expected credit loss is needed, due to low credit risk, the expected credit losses are deemed as not significant.

**Fraud and non-compliance**
Management of Cabka N.V. is aware of the inherent risk of fraud that it faces, both internally and externally, in carrying out its activities. External parties must be able to trust that Cabka N.V. and its employees do business in a reliable, honest and careful manner. Therefore, Cabka N.V. has drawn up a code of ethics that is shared with every employee at the start of their employment. The importance of the code of ethics and compliance is periodically emphasized and is subject of discussion between manager and employee. In addition, a separate suppliers code of conduct is available so that external supplier's actions are in line with those of Cabka.

A confidential advisor and tipline, including a whistleblower policy where any abuses can be reported confidentially, have been implemented. The code of ethics, suppliers code of conduct and the whistleblower are available on our website and are therefore also shared with our external relations.

Cabka N.V. has measures in place to significantly reduce its exposure to fraud. An important measure is the restriction of access (both physical and digital) for individuals to only those areas where they perform their day-to-day activities, and segregation of duties (SoD) so that important checks and balances are not combined within the same person. Both the user access and SoD are reviewed and adjusted to be in line with the risk appetite if situations change. A significant number of general IT controls around user access and SoD have been implemented. Cabka continues to address and improve the design and effectiveness of the IT controls. On top of the foundation of access management and SoD, Cabka also has an authorization matrix to clearly define the responsibilities and authorization limits for each function within the company. This ensures that only the right employees are involved when information is processed or decisions are made with a certain level of (fraud) risk.

Despite all internal control measures, there remains the risk of management or the board overriding internal controls and the risk of collusion between employees. Transparent decision-making, the governance structure, an open culture in which we dare to call each other to account, the presence of a confidential advisor to report non-ethical actions (anonymously), and periodic internal and external audits on compliance, are measures that must contribute to detecting instances of override of controls.

**Conclusion**
Management is of the opinion that, with all procedures and control measures taken in account, the risk assessment provides a complete overview of the risks the company faces and that adequate procedures are in place to mitigate these risks.

## 39 Commitments and Contingencies

**Commitments**
The Group has no lease contracts that have not yet commenced as at December, 31 2022. The Group has short-term lease commitments in the amount of € 32,000.

Since Cabka is offering a buyback clause for pallets sold to specific customers, where the raw material cost price is determined at fair market prices, there is a potential obligation for Cabka to buy these returned pallets. If this occurs, it will be treated as material expense in the consolidated statement of comprehensive income.

Additionally, there are investment commitments into machine capacities amounting € 7,747,000 in the US and Europe with expected commissioning date in 2023.

Commitments with regards to repairs and maintenance were made in the US amounting to € 2,800,000 facilitate a quick recovery of the in-house manufacturing after the flooding in our plant in St. Louis mid 2022. These cash commitments will be partially offset by outstanding insurance proceeds to be received in 2023 (see also Note 14).

**Legal claim contingency**
There are no legal claims and contingencies outstanding that could have a material impact on the Group.

**Guarantees**
The only guarantees provided are to wholly owned subsidiaries within the Group, there are no guarantees provided for unrelated parties or their liabilities.

## 40 Related party balances and transactions/disclosures

The following table provides the total amount of non- eliminated transactions with related parties for the relevant financial year. Transactions between consolidated Group companies are eliminated in the consolidation and therefore not disclosed.

| **Related parties 2022** IN EURO X 1.000 | SALES TO RELATED PARTIES | PURCHASES FROM RELATED PARTIES | AMOUNTS OWED BY RELATED PARTIES | AMOUNTS OWED TO RELATED PARTIES |
|---|---|---|---|---|
| **Entity with significant influence over the Group** | | | | |
| RAM.ON Finance GmbH | - | 395 | - | - |
| DSC Executive Directors Holding B.V. | - | 31 | - | - |
| Brandaris Capital | - | 6 | - | 4 |
| **Associate** | | | | |
| RAM.ON Real Estate GmbH | - | 371 | - | 7 |
| Oceansix GmbH | 67 | 105 | 47 | 6 |
| Gat & Heike Ramon | 4 | - | 1 | 7 |

The sales to and purchases from related parties are made on terms aiming to be equivalent to transactions at arm's length. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.
On November 1, 2017, Cabka Group GmbH entered into a rental agreement for the office in Berlin with Ram.on real estate GmbH for a period of 10 years, where total fees are amounting to € 289,000 in 2022. In addition to that Cabka Spain S.L.U. entered into a rental agreement with Ram.on real estate GmbH for the office building in Valencia from the June 5, 2022 for 10 years as well, with total fees in the fiscal year of € 82,000. Both

*Transactions with related parties that are outside the Group are classified as trade receivables and trade payables, respectively (see Notes 27 and 36)* agreements are reflected in the Balance Sheet under PPE, treated as Right of Use. Right of Use is split out in Note 23.

In addition to the above-mentioned agreements there is a consultancy agreement between Cabka N.V. (NL) and Ram.ON finance GmbH with effective starting date March 1, 2022 for four years, covering services for high level strategic consulting with regard to the future corporate strategy and positioning of Cabka in the market using the special know-how of the consultant. The fees amount to € 500,000 per year.

Cabka entered into a related party transaction with the non-controlling shareholder of its US subsidiary on March 22, 2022. The Group acquired the remaining 7.7% shares and gained full ownership of Cabka North America Inc. for a total consideration of € 1,822,000 as further disclosed in Note 9.

In addition to the related party transactions as disclosed above, the Group has issued several equity instruments to shareholders and key management employees during the year ended December 31, 2022. Further details on these transactions are provided in Note 5, Note 30 (Share Capital and Share Premium), Note 31 (Share-based Payments), Note 32 (Other Reserves) and Note 34 (Financial Liabilities).

**Compensation and share ownership of key management personnel and Supervisory Board of the Group**

For further disclosure of the compensation of key management personnel and Supervisory Board of the Group we refer to Note 17 of the Company financial statements. For further disclosure of share ownership we refer to Note 18 of the Company financial statements.

## 41 Events after the reporting date

On March 15, 2023, following the lock up period, Cabka issued 385,020 Ordinary Shares from treasury to cover its obligations under the former 'VSOP' performance share program for key staff, resulting in a total of 24,367,211 Ordinary Shares issued per March 15 and 16,002,980 Ordinary Shares remaining in treasury.

# Company Financial Statements

## Company Statement of Profit and Loss

for the year ending on December 31, 2022 and 2021
(the comparative figures are from DSC2 for the period of October 1, 2020 to December 31, 2021)

| Company Statement of Profit and Loss IN EURO X 1,000 | NOTES | 2022 | 2021 |
|---|---|---|---|
| Personnel expenses | 4 | -4,773 | - |
| Other operating expenses | 5 | -3,335 | -794 |
| Share listing expenses | 6 | -26,764 | - |
| **Total Operating expenses** | | **-34,872** | **-794** |
| Finance income | 7 | 1,927 | 590 |
| Finance expenses | 8 | -263 | -3,011 |
| **Net Financial Result** | | **1,664** | **-2,421** |
| Result before taxes | | **-33,208** | **-3,216** |
| Income Taxes | 21 | 520 | - |
| Share of result in subsidiaries after income taxes | | 2,794 | - |
| **Net Result after income taxes** | | **-29,894** | **-3,216** |

## Company Statement of Financial Position

as at December 31, 2022 and 2021 (after appropriation of results)

| Company Statement of Financial Position IN EURO X 1,000 | NOTES | 2022 | 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Investments in subsidiaries | 9 | 33,370 | - |
| Deferred tax assets | 21 | 520 | - |
| **Total non-current assets** | | **33,891** | **-** |
| **Current Assets** | | | |
| Short-term financial assets | 10 | 26,878 | - |
| Receivable from foundation | 20 | - | 108,312 |
| Other Short-term assets | | 917 | - |
| Cash and cash equivalents | 11 | 15,305 | 400 |
| **Total current assets** | | **43,100** | **108,712** |
| **Total assets** | | **76,991** | **108,712** |

| Company Statement of Financial Position IN EURO X 1,000 | NOTES | 2022 | 2021 |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 12 | 405 | 34 |
| Treasury shares | 12 | -164 | - |
| Share premium | 13 | 75,125 | - |
| Other reserves | 12 | 11,035 | - |
| Retained earnings | 14 | -12,139 | -3,216 |
| Foreign currency translation reserve | 13 | -1,533 | - |
| **Total Equity** | | **72,729** | **-3,182** |
| **Non-current liabilities** | | | |
| Long-term financial liabilities | 19 | - | 3,474 |
| **Total Non-current liabilities** | | - | **3,474** |
| **Current liabilities** | | | |
| Short-term financial liabilities | 19 | 1,176 | 108,309 |
| Other payables | 19 | - | 61 |
| Other short-term liabilities | 19 | 3,086 | 50 |
| **Total current liabilities** | | **4,262** | **108,420** |
| **Total liabilities** | | **4,262** | **111,894** |
| **Total equity plus liabilities** | | **76,991** | **108,712** |

## Notes to the Company Financial Statements

### 1. Corporate information

Cabka N.V., previously named Dutch Star Companies Two B.V., is a listed public company which is registered in the Chamber of Commerce Amsterdam under number 80504493 and has its registered office at Johan Cruijff Boulevard 65-71, 1101 DL Amsterdam, The Netherlands.

The company financial statements, together with the consolidated financial statements, are part of the statutory financial statements of Cabka N.V. (the Company). The financial information of the Company is included in the consolidated financial statements.

### 2. Basis of preparation

In selecting the principles employed in the company financial statements for the valuation of assets and liabilities and determination of results, Cabka N.V. has made use of the option provided by Section 362, subsection 8, of Book 2 of the Dutch Civil Code. Consequently, the principles employed in the Company financial statements of Cabka N.V. for the valuation of assets and liabilities and determination of results (the 'accounting policies') are identical to those employed in the consolidated EU-IFRS financial statements. These policies are discussed in Note 3 of the consolidated financial statements.

In addition, to the accounting policies described in the consolidated financial statements, the Company applies the accounting policies below.

**Investments in subsidiaries**

Group companies are all entities in which the Company has directly or indirectly control. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the group companies and has the ability to affect those returns through its power over the group companies. Group companies are recognized from the date on which control is obtained by the Company and derecognized from the date that control by the Company over the group company ceases. Investments in subsidiaries are measured according to the net asset value method. If the net asset value method is used, newly acquired subsidiaries are initially measured based on the fair value of their identifiable assets and liabilities at the acquisition date. For subsequent valuations, the principles that apply for these financial statements are used, with the values upon their initial recognition as the basis. If the valuation of a subsidiary based on the net asset value is negative, it will be stated at nil. Any long-term, subordinated receivables which qualify as net investment in the subsidiary are impaired up to an amount equal to the negative net asset value. If the recoverable amount of the receivables is lower than their book value, the receivables are further impaired. If the company fully or partly guarantees the liabilities of such underlying entity, a provision is set up, comprising primarily the receivables from the subsidiary, plus the company's share of the losses incurred by the subsidiary or the amount the company might be obliged to pay on behalf of the subsidiary, all to the extent greater than the receivables.

### 3. Financial reporting period and comparative figures

After Dutch Star Companies Two B.V. (DSC2) entered into a Business Combination (also called De-SPACing) with Cabka Group GmbH (CABKA) on March 1, 2022, the legal entity was renamed into CABKA N.V. Therefore, the comparative financial year of the company financial statements of Cabka N.V. represents those of DSC2. These comparative figures present the period October 1, 2020 up to and including December 31, 2021. Therefore, the Cabka N.V. comparative figures makes use of an extended financial year.

### 4. Personnel expenses

The personnel expenses during the year relate to the following.

**Personnel expenses**
IN EURO X 1,000

| | 2022 | 2021 |
|---|---|---|
| Wages and salaries | 402 | - |
| Social security charges | 215 | - |
| Share-based payment expense | 4,115 | - |
| Other costs of personnel | 41 | - |
| **Personnel expenses** | **4,773** | **-** |

In the financial year 2022 the average FTE was 3 and in the previous year zero. The details of directors compensation are presented in Note 19. Part of the Management Board members are incorporated in the overview above.

Share-based payments expense of the Company financial statements includes the aggregated value of the rollover shares, charged from Cabka Group GmbH to Cabka N.V. in 2022 and the expenses for PS and PSU. Further details on the share-based payment expenses are disclosed in Note 32 of the consolidated financial statements.

## 5. Other operating expenses

The other operating expenses during the year relate to the following:

| Other operating expenses<br>IN EURO X 1,000 | 2022 | 2021 |
|---|---|---|
| Legal, audit and consulting fees | 2,888 | 794 |
| Supervisory Board fees | 191 | - |
| Other operating expenses | 256 | - |
| **Other operating expenses** | **3,335** | **794** |

The other operating expenses include primarily legal, audit and consulting fees, such as for investor relations, ESG and the statutory audit.

With reference to Section 2:382a of the Dutch Civil Code, the following fees have been charged to the Company, its subsidiaries and other consolidated entities by BDO Audit & Assurance B.V. and its member firms and affiliates in 2022, and by Deloitte Accountants B.V. and its member firms and affiliates in 2021:

| IN EURO X 1,000 | 2022 BDO NL | 2022 OTHER BDO NETWORK FIRMS | 2022 TOTAL | 2021 DELOITTE | 2021 TOTAL |
|---|---|---|---|---|---|
| Auditor of financial statements | 662 | 221 | 883 | 33 | 33 |
| Tax advisory services | - | 7 | 7 | - | - |
| Other non-audit services | - | - | - | - | - |
| **Fees to the auditor** | 662 | 228 | **890** | **33** | **33** |

The fees listed above relate to the services provided to the Company by accounting firms and external independent auditors as referred to in Section 1 (a) of the Dutch Accounting Firms Oversight Act (wta).

## 6. Share listing expense

During 2022, the Group incurred a one-off share listing expense of € 26,763,597 which represents the positive difference between the fair value of the deemed consideration paid by CABKA (€ 129,208,795) in exchange for the identifiable net assets of DSC2 (€ 102,445,198) as acquired by CABKA in the Transaction on March 1, 2022 as further detailed in Note 5 of the consolidated financial statements. This share listing expense is a non-cash accounting item that is recorded against share premium, without impacting the total equity balance of the combined group.

## 7. Finance income

The finance income relates primarily to the fair value change of the Special Shares conversion option for the amount of € 1,561,000 as further detailed in Note 18 (Finance Income) and Note 34 (Financial Liabilities) of the consolidated financial statements. The remaining € 366,000 relates to interest received on intercompany loans receivable.

## 8. Finance expense

The interest expense relates to negative interests and deposit fee. The negative interest is a result of interest paid on bank loans and deposit fees.

## 9. Investments in subsidiaries

This relates to the Company's wholly-owned interest in Cabka Group GmbH, Berlin, Germany.

A complete overview of subsidiaries that are indirectly held by Cabka N.V. through its wholly-owned interest in Cabka Group GmbH is presented in Note 7 of the consolidated financial statements.

The movement of the investments in subsidiaries balance can be specified as follows:

**Investment in subsidiaries**
IN EURO X 1,000

| | |
|---|---|
| **At December 31, 2021** | **-** |
| Acquisition of subsidiaries | 33,571 |
| Acquisition of non-controlling interests by subsidiaries | -1,842 |
| Share in result of subsidiaries | 2,794 |
| Foreign currency translation differences | -1,153 |
| **At December 31, 2022** | **33,370** |

On March 1, 2022, the Company acquired all shares in Cabka Group GmbH in exchange for the issue of 5,000,000 new ordinary shares of the Company, the transfer of 6,172,000 ordinary treasury shares of the Company, and the transfer of € 63,280,000 in cash to the former shareholders of Cabka Group GmbH. Management identified Cabka Group GmbH (and not the Company) as the accounting acquirer in this Transaction, and hence the acquisition of the investment in Cabka Group GmbH has been recorded at existing book values as per January 1, 2022. Further details on the Transaction are disclosed in Note 5 of the consolidated financial statements.

On March 22, 2022, Cabka Group GmbH acquired the 7.7% non-controlling interest of its investment in subsidiary Cabka North America Inc. for a total consideration of € 1,822,000. This acquisition has been accounted for as a direct equity transaction in Cabka Group GmbH. Further details on this acquisition are disclosed in Note 9 of the consolidated financial statements.

## 10. Short-term financial assets

The short-term financial assets relate to receivables on Group Companies and can be specified as follows:

**Short-term financial assets**
IN EURO X 1,000

| | 2022 | 2021 |
|---|---|---|
| Receivable on Cabka Group GmbH | 25,865 | - |
| Receivable on Cabka Spain S.L.U. | 1,013 | - |
| **Other short-term assets** | **26,878** | **-** |

The receivables on Group companies have a maturity of 12 months and bear an interest of 3.76%. No securities were obtained.

## 11. Cash and cash equivalents

Cash and cash equivalents of € 15,305,000 consist of cash at bank balances. The cash and cash equivalents are freely disposable to Cabka N.V.

## 12. Share capital

As at December 31, 2022, the authorized capital of Cabka N.V. consists of 150,000,000 ordinary shares and 300,000 Special Shares, of which 23,982,191 ordinary shares and 97,778 Special Shares are issued. A total number of 16,388,000 ordinary shares are held in treasury, the remaining shares our outstanding. The ordinary shares are listed on the Euronext Stock Exchange. The Special Shares issued to the Founders of the Company are not publicly listed.

The issued share capital as at December 31, 2022 can be specified as follows:

| Share Capital | SHARES (UNITS) | NOMINAL VALUE IN EURO | SHARE CAPITAL IN EURO | ISIN |
|---|---|---|---|---|
| Ordinary shares in treasury | 16,388,000 | € 0.01 | € 163,880 | DSC2S / NL00150002R5 |
| Ordinary shares outstanding | 23,982,191 | € 0.01 | € 239,822 | CABKA / NL00150000S7 |
| **Total ordinary shares issued** | **40,370,191** | | **€ 403,702** | |
| Special Shares | 97,778 | € 0.01 | € 978 | |
| **Total shares issued** | **40,467,969** | | **€ 404,680** | |

The Special Shares have equal dividend and voting rights as ordinary shares. In accordance with the underlying terms, the Special Shares will either (i) convert into 7 ordinary shares if the share price of Cabka N.V. equals or exceeds €12.00 for any 15 trading days out of a 30 consecutive trading day period (whereby such 15 days trading days do not have to be consecutive) or (ii) convert into 1 ordinary share if this price hurdle is not being achieved before March 1, 2027. This conversion option has been classified as a financial liability measured at fair value through profit or loss (FVTPL). The fair value of the financial liability as at December 31, 2022 amounts to € 1,176,000 (Note 19).

The issued share capital as at December 31, 2021 can be specified as follows:

| Share Capital | SHARES (UNITS) | NOMINAL VALUE IN EURO | SHARE CAPITAL IN EURO |
|---|---|---|---|
| Special Shares | 293,333 | € 0.07 | € 20,533 |
| High Net Value (HNV) Shares | 1,302 | € 10.00 | € 13,020 |
| **Total ordinary shares issued** | **294,635** | | **€ 33,553** |

On February 28, 2022, at closing of the Transaction with Cabka Group GmbH, a total number of 195,555 Special Shares was converted into 1,368,885 ordinary shares with a nominal value of € 0.01 per share as the underlying conditions were met, being (i) a share price of the Company that equaled or exceeded € 11.00 for a period of 15 trading days out of a 30 consecutive trading day period and (ii) the closing of a Business Combination. Subsequently, the nominal value of the remaining 97,778 Special Shares was changed from € 0.07 per share to € 0.01 per share with the difference being recorded in share premium. Per this same date, all 1,302 HNV shares were converted into 1,302 ordinary shares with a nominal value of € 0.01 per share.

As at December 31, 2021, all 51,455,941 ordinary shares issued by the Company, of which 11,00,004 outstanding with investors and 40,455,937 held in treasury by the Company, were still redeemable for cash if no business combination was entered into by the Company within two years from its IPO in November 2020. Due to this redemption clause, the ordinary shares did not meet the classification of an equity instrument as at December 31, 2021. Instead, these ordinary shares were classified as financial liabilities (Note 19). With the closing of the Transaction with Cabka Group GmbH on March 1, 2022, the redemption clause forfeited, resulting in a reclassification to equity. Prior to the closing of the Transaction with Cabka Group GmbH, the Company has cancelled 17,455,937 treasury shares.

On March 1, 2022, the Company issued 5,000,000 new ordinary shares and transferred 6.172.000 treasury shares in exchange for all shares in Cabka Group GmbH under the Transaction as disclosed in Note 5 of the consolidated financial statements. Additionally, all 1,833,334 "€ 11.00 warrants" as issued in the prior financial period were automatically converted into 220,000 ordinary shares and resulted in a transfer or ordinary treasury shares as the underlying conditions were met, being (i) a share price of the Company that equaled or exceeded € 11.00 for a period of 15 trading days out of a 30 consecutive trading day period and (ii) the closing of a Business Combination.

At closing of the Transaction, and in accordance with the Prospectus of the Company as filed at its IPO, the Company furthermore transferred from treasury all 1,833,334 issued "€ 11.00 Warrants" (which were immediately converted into 220,000 ordinary shares), 1,833,334 issued "€ 12.00 Warrants" and 1,833,334 issued "€ 13.00 Warrants". Further details on the outstanding Warrants as at December 31, 2022 are disclosed in Note 32 of the consolidated financial statements.

## 13. Share premium

The share premium reserve relates to contribution on issued shares in excess of the nominal value of the shares. The share premium is freely distributable, provided that equity is not lower than the sum of share capital and legal reserves as a result of such distribution. During 2022, a total amount of € 1,661,000 of incremental and directly attributable share issuance costs has been deducted from share premium. Additionally, deducted from share premium in 2022 is an amount of € 1,842,000 in connection with the acquisition of the 7.7% non-controlling interest of Cabka North America Inc. as further disclosed in Note 9 of the consolidated financial statements.

## 14. Other reserves

The other reserves comprises the Warrant reserve, Performance Shares reserve and Share-based Payment reserve. These reserves are freely distributable provided that equity is not lower than the sum of share capital and legal reserves as a result of such distribution. Further details on the composition and movement of the other reserves is disclosed in Note 32 of the consolidated financial statements.

## 15. Foreign currency translation reserve

The foreign currency translation reserve of € -1,533,000 comprises all foreign currency differences arising from the translation of the financial statements of foreign operations (2021: € -380,000). This legal reserve is not freely distributable in accordance with Dutch law.

## 16. Equity overview

As at December 31, 2022, the shareholders' equity in the Company financial statements equals the equity attributable to common shareholders as presented in the consolidated financial statements.

The Company's loss for the year is € 149,000 higher than the consolidated loss for the year, which difference is explained by expenses incurred by the Company during the period January 1, 2022 to March 1, 2022. The Company is only included in the consolidation as of March 1, 2022, being the date that the Transaction with Cabka Group GmbH was effectuated as disclosed in Note 5 of the consolidated financial statements.

As at December 31, 2021, the shareholders' equity and result for the year in the Company financial statements does not equal the consolidated equity attributable to common shareholders and result for the year as presented in the consolidated financial statements. Reason is that the consolidated financial statements are prepared as a continuation of those of Cabka Group GmbH as further disclosed in Note 5 of the consolidated financial statements.

Pursuant to Dutch law, limitations exist relating to the distribution of equity attributable to equity holders. Such limitations relate to the share capital and legal reserves (foreign translation reserve) required by Dutch law as presented below.

The movement in the Company's equity during the financial year is as follows:

**Company statement of changes in equity 2022**
IN EURO X 1,000

| | SHARE CAPITAL | SHARE PREMIUM | TREASURY SHARES | OTHER RESERVES | FOREIGN CURRENCY TRANSLATION RESERVE | RETAINED EARNINGS | TOTAL EQUITY |
|---|---|---|---|---|---|---|---|
| **October 1, 2020** | **-** | **-** | **-** | **-** | **-** | **-** | - |
| Issue of new shares | 33 | - | - | - | - | - | 34 |
| Net result for the financial period | - | - | - | - | - | -3,216 | -3,215 |
| **At December 31, 2021** | **34** | **-** | **-** | **-** | **-** | **-3,216** | **-3,182** |
| **February 28, 2022** | | | | | | | |
| Reclassification of ordinary shares issued in prior period from financial liabilities | 515 | 108,200 | -405 | - | - | - | 108,310 |
| Capital decrease at cancellation of 17.455,937 ordinary treasury shares | -175 | - | 175 | - | - | - | - |
| Change of nominal value of Special Shares from € 0,07 per share to € 0,01 per share | -6 | 6 | - | - | - | - | - |
| Conversion of 1.302 HNV shares into 1.302 ordinary shares | -13 | 13 | - | - | - | - | - |
| **March 1, 2022** | | | | | | | |
| Capital increase at acquisition of Cabka Group GmbH | 50 | -26,370 | 62 | - | -380 | 20,971 | -5,667 |
| Capital increase at conversion of € 11.00 warrants | - | 1,869 | 4 | - | - | - | 1,873 |
| Share issuance costs | - | -1,661 | - | - | - | - | -1,661 |
| Reclassification of € 12.00 and € 13.00 warrants issued in prior period from financial liabilities | - | - | - | 1,641 | - | - | 1,641 |
| Issue of new € 12.00 and € 13.00 warrants | - | -1,641 | - | 1,641 | - | - | - |
| Issue of Performance Shares | - | -3,449 | - | 3,449 | - | - | - |
| Net result for the financial year | - | - | - | - | - | -29,894 | -29,893 |
| Foreign currency result on translation of foreign operations | - | - | - | - | -1,153 | - | -1,153 |
| Acquisition of non-controlling interests | - | -1,842 | - | - | - | - | -1,842 |
| Share-based payments | - | - | - | 4,304 | - | - | 4,304 |
| **At December 31, 2022** | **405** | **75,125** | **-164** | **11,035** | **-1,533** | **-12,139** | **72,729** |

## 17. Remuneration

The remuneration of current Management Board members charged to the Company and Group companies, including pension expenses as referred to in Section 383, subsection 1, of Book 2 of the Netherlands Civil Code, amounted to € 2,048,000 (2021: € 3,276,000).

The remuneration is as follows:

| **Remuneration Management board 2022** IN EURO X 1,000 | FIXED REMUNERATION | VSOP EXPENSES | PSU EXPENSES | PS EXPENSES | OTHER COMPENSATION | TOTAL |
|---|---|---|---|---|---|---|
| T. Litjens | 375 | 1,036 | 115 | 137 | 11 | 1,674 |
| N. Küpcü | 225 | 114 | 25 | - | 10 | 374 |
| **Total** | **600** | **1,150** | **140** | **137** | **21** | **2,048** |

| **Remuneration Management board 2021** IN EURO X 1,000 | FIXED REMUNERATION | VSOP EXPENSES | PSU EXPENSES | PS EXPENSES | OTHER COMPENSATION | TOTAL |
|---|---|---|---|---|---|---|
| T. Litjens | 330 | 2,473 | - | - | 11 | 2,814 |
| N. Küpcü | 180 | 272 | - | - | 10 | 462 |
| **Total** | **510** | **2,745** | **-** | **-** | **21** | **3,276** |

The Management Board has no pension plan and therefore no separate column for post-employment benefits is included in above tables.

As disclosed in Note 32 of the consolidated financial statements, the former VSOP program was rolled over as per March 1, 2022 into a share-based payment program. On March 1, 2022 1/3th was paid in cash (cash consideration VSOP above) and 2/3rd, (respectively T. Litjens 250,013 and N. Küpcü 27,502 shares) was rolled over into real shares with a lock up period of 1 year ending March 1, 2023. The roll-over shares were physically transferred to the members of the Management board on March 15, 2023.

In 2022, a total of 142,853 PSU's have been granted to T. Litjens and a total of 31,428 PSU's to N. Küpcü.

### Supervisory board

The total remuneration of current and former Supervisory Board members in 2022 amounts to € 586,000 (2021: € 0)

This remuneration is as follows:

| **Remuneration Supervisory board** IN EURO X 1,000 | FIXED REMUNERATION | OTHER REMUNERATION | TOTAL REMUNERATION |
|---|---|---|---|
| M. Beja | 33 | 6 | 39 |
| G. Ramon | 25 | 402 | 427 |
| N. Hoek | 25 | 5 | 30 |
| T. Posner Henkin | 25 | 5 | 30 |
| J. Holscher | 25 | 6 | 31 |
| S. Nanninga | 25 | 4 | 29 |
| **Total** | **158** | **428** | **586** |

The current Supervisory Board of Cabka N.V. was appointed by the General Meeting on March 1, 2022. The remuneration of the Supervisory Board for financial year 2022 has been charged pro rato for the total number of days in office.

No remuneration was charged in the financial year ended December 31, 2021 for the former Supervisory Board of Dutch Star Companies Two B.V.

The fixed compensation for the chair of the Supervisory Board has been set at € 40,000 per year. The other Supervisory Directors will receive a fixed compensation of € 30,000 per year. The Supervisory Directors will receive an additional 3,000 in case of membership of the Audit committee and 3,000 in case of membership of the Remuneration and nomination committee, if any. In addition, each Supervisory Director will receive an additional 2,500 per year for compensation of daily travel expenses. Other remuneration of Mr. Gat Ramon is including consulting fees as stated in Note 40 of the consolidated financial statements.

In addition to the remuneration of Mr. G. Ramon as stated above, on March 1, 2022 the Company has issued 1,800,000 Performance Shares to a personal company of Mr. G. Ramon as further detailed in Note 33 of the consolidated financial statements. These Performance Shares were however granted in the capacity of shareholder and not in the capacity of Supervisory Board member. As such, the total fair value of these Performance Shares at grant date of € 3,449,000 are not considered to classify as remuneration for employment services provided by Mr. Ramon.

## 18. Share ownership

The issued ordinary shares are divided as follows:

**Share ownership**
IN EURO X 1,000

| | SHARES | % SHARES |
|---|---|---|
| RAM.ON Finance GmbH | 11,172,000 | 46.58% |
| DSC Executive Directors Holding BV | 1,370,187 | 5.71% |
| Eikenbosch Holding BV | 1,040,002 | 4.34% |
| Miscellaneous C.V. | 400,002 | 1.67% |
| De Vaart der Volkeren C.V. | 400,002 | 1.67% |
| Free Float | 9,599,998 | 40.03% |
| **Total shares outstanding** | **23,982,191** | **100%** |

The ownership structure didn't change since the listing at the Euronext Amsterdam on March 1, 2022.

Potential dilution of the total number of issued ordinary shares can be triggered at the following thresholds (Note 32, 33 of the consolidated financial statements)
- VSOP, former performance share program management: maximum of 385,520 shares on March 15, 2023
- € 11 share price: maximum of 190,471 shares resulting from PSU current performance share program management
- € 12 share price: maximum of 190,471 shares resulting from PSU; DSCW2 warrants conversion into maximum of 880,000 shares; and conversion of remaining 1/3rd of Special Shares converting into 684,446 shares :
- € 13 share price: maximum of 190,471 shares resulting from PSU; and DSCW3-warrants conversion into maximum of 1,320,000 shares
- € 16 share price: 750,000 shares from Performance Shares.
- € 18 share price: 750,000 shares from Performance Shares.
- € 20 share price: 750,000 shares from Performance Shares.

The Management Board members of Cabka. N.V. had no share ownership as of the end of the financial year 2022 and 2021. As disclosed in Note 32 of the consolidated financial statements, the former VSOP program was rolled over as per March 1, 2022 into a share-based payment program. On March 1, 2022 1/3th was paid in cash and 2/3rd was rolled over into real shares with a lock up period of 1 year ending March, 1 2023. The roll-over shares were physically transferred to the members of the Management board on March 15, 2023.

The share ownership of the Supervisory Board as of listing on March 1, 2022 is as in the table below. No comparison with 2021 is made as the shareholding prior to the listing was in two independent entities with different share structures: For Gat Ramon in Cabka Group GmbH and for Niek Hoek and Stephan Nanninga in Dutch Star Companies TWO B.V.

| **Share ownership Supervisory Board** IN ORDINARY SHARES | 2022 |
|---|---|
| M. Beja | - |
| G. Ramon | 11,172,000 |
| N. Hoek | 489,317 |
| T.P. Henkin | - |
| J. Holscher | - |
| S. Nanninga | 426,128 |
| **Total** | **12,087,445** |

## 19. Financial liabilities

The financial liabilities during the year relate to the following:

| **Financial liabilities at December 31,** IN EURO X 1,000 | 2022 < 1 YEAR | 2022 > 1 YEAR | 2022 TOTAL | 2021 TOTAL |
|---|---|---|---|---|
| Special Shares liabilities | 1,176 | - | 1,176 | - |
| Redeemable ordinary shares | - | - | - | 108,309 |
| Warrant liabilities | - | - | - | 3,474 |
| Liabilities to Group companies | 2,095 | - | 2,095 | - |
| Liabilities to tax authorities | 607 | - | 607 | - |
| Accruals | 220 | - | 220 | - |
| Others | 164 | - | 164 | 111 |
| **Financial liabilities** | **4,262** | **-** | **4,262** | **111,894** |

***Special Shares liabilities:***

As detailed in Note 30 of the consolidated financial statements, the Special Shares held by the Founders of DSC2 will either (i) convert into 7 ordinary shares if the share price of Cabka N.V. equals or exceeds €12.00 for any 15 trading days out of a 30 consecutive trading day period (whereby such 15 days trading days do not have to be consecutive) or (ii) convert into 1 ordinary share if this price hurdle is not being achieved before March 1, 2027. This conversion option has been classified as a financial liability measured at fair value through profit or loss (FVTPL). The fair value of the financial liability as at December 31, 2022 amounts to € 1,176,000.

***Redeemable ordinary shares:***

As at December 31, 2021, all 51,455,941 ordinary shares issued by the Company, of which 11,00,004 outstanding with investors and 40,455,937 held in treasury by the Company, were still redeemable for cash if no business combination was entered into by the Company within two years from its IPO in November 2020. Due to this redemption clause, the ordinary shares did not meet the classification of an equity instrument as at December 31, 2021. Instead, these ordinary shares were classified as financial liabilities. With the closing of the Transaction with Cabka Group GmbH on March 1, 2022, the redemption clause forfeited, resulting in a reclassification to equity (Note 12).

*Warrant liabilities:*
As at December 31, 2021, all €11.00, € 12.00 and €13.00 Warrants issued by the Company were still redeemable for cash if no business combination was entered into by DSC2 within two years from its IPO in accordance with the underlying terms of the warrants. Because of this redemption clause, the warrants did not meet the classification of an equity instrument. Instead, these warrants were classified as financial liabilities. With the closing of the Transaction on March 1, 2022, however, the redemption clause forfeited automatically in accordance with the underlying terms, after which the warrants were reclassified to equity. Per this same date, all € 11.00 warrants were converted into ordinary shares as the underlying conditions were met, being (i) a share price of the Company that equaled or exceeded € 11.00 for a period of 15 trading days out of a 30 consecutive trading day period and (ii) the closing of a Business Combination. Further details on the outstanding warrants as at December 31, 2022 are disclosed in Note 32 of the consolidated financial statements.

*Liabilities to Group Companies:*
Liabilities to affiliated companies are IPO related expenses recharged from Cabka Group GmbH to the parent company.

## 20. Receivable from foundation

As at December 31, 2021, the total proceeds of the offering amounted to €110,000,040, of which 99% was deposited on the Escrow account with a Foundation, representing a gross amount of € 108,900,040. Only costs suffered by the Escrow account is negative interest expenses. As at December 31, 2021, a cash amount of €108,312,183 was available on the Escrow account. These funds were released to Cabka N.V. at closing of the Transaction on March 1, 2022, after which the Escrow account was closed.

## 21. Deferred taxes

The Deferred tax assets in an amount of € 520,000 have been recognized in respect of all tax losses in an amount of € 2,081,000.

## 22. Commitments

No commitments made in the financial year 2022.

## 23. Post-balance sheet events

On March 15, 2023, following the lock up period, Cabka issued 385,020 Ordinary Shares from treasury to cover its obligations under the former 'VSOP' performance share program for key staff, resulting in a total of 24,367,211 Ordinary Shares issued per March 15 and 16,002,980 Ordinary Shares remaining in treasury.

## 24. Appropriation of result

The Management Board of the Company proposes, with the approval from the Supervisory Board, that the result for the financial year 2022 should be transferred to reserves.
In addition, the Board proposes to distribute a payment to the shareholders totaling € 0,15 per ordinary share, thereof is € 0.10 per ordinary share in stock and € 0.05 in cash insofar as the shareholders' equity exceeds the paid-up and called-up part of the capital plus the statutory reserves and exceeds the amounts resulting from the distribution test, performed by the Management Board at the date of each payment.

**Management and Supervisory Board statement**

The members of the Supervisory Board signed the financial statements in order to comply with their statutory obligation pursuant to Article 2:101, paragraph 2, of the Dutch Civil Code. The members of the Management Board signed the financial statements in order to comply with their statutory obligation pursuant to Article 2:101, paragraph 2, of the Dutch Civil Code and Article 5:25c, paragraph 2 sub c, of the Financial Markets Supervision Act.

**Management Board**

T. Litjens
N. Küpcü *(until February 1, 2023)*
F. Roerink *(acting interim CFO as of February 1, 2023)*

**Supervisory Board**

M. Beja
G. Ramon
N. Hoek
T.P. Henkin
J. Holscher
S. Nanninga

# Other information

## Provisions in the Articles of Association governing the appropriation of profit

Under article 32.1 and 32.2 of the Articles of Association of the Company, the Management Board shall, with the approval of the Supervisory Board, determine which part of the profits is added to the reserves.

The profit remaining after transfer to the reserves is available to the General Meeting of Shareholders. The Management Board, with the approval of the Supervisory Board, shall make a proposal for that purpose. A proposal to pay dividend shall be dealt with as a separate agenda item at the General Meeting.

The Company can only make payments to the shareholders and other parties entitled to the distributable profit insofar as the shareholders’ equity exceeds the paid-up and called-up part of the capital plus the statutory reserves and exceeds the amounts resulting from the distribution test, performed by the Management Board at the date of each dividend payment.

# Independent auditor's report

To: the shareholders and Supervisory Board of Cabka N.V.

## A. REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2022 INCLUDED IN THE ANNUAL REPORT

### Our opinion

We have audited the financial statements 2022 of Cabka N.V. based in Amsterdam (Netherlands). The financial statements comprise the consolidated financial statements and the company financial statements.

| WE HAVE AUDITED | OUR OPINION |
|---|---|
| The consolidated financial statements comprise:<br><br>1. the consolidated statement of financial position as at 31 December 2022;<br>2. the following statements for 2022: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows; and<br>3. the notes comprising a summary of the significant accounting policies and other explanatory information. | In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of Cabka N.V. as at 31 December 2022 and of its result and its cash flows for 2022 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code. |
| The company financial statements comprise:<br>1. the company balance sheet as at 31 December 2022;<br>2. the company profit and loss account for 2022; and<br>3. the notes comprising the accounting policies and other explanatory information. | In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of Cabka N.V. as at 31 December 2022 and of its result and its cash flows for 2022 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code. |

### Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Cabka N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## B. INFORMATION IN SUPPORT OF OUR OPINION

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

### Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at € 3,000,000. The materiality is based on a benchmark of revenues (representing 1.5% of reported revenues) which we consider to be one of the principal considerations for members of the company in assessing the financial performance of the group. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board, in particular with the Audit Committee, that misstatements in excess of € 150,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

### Scope of the group audit

Cabka N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Cabka N.V.

Our group audit mainly focused on significant group entities. We consider an entity significant when;

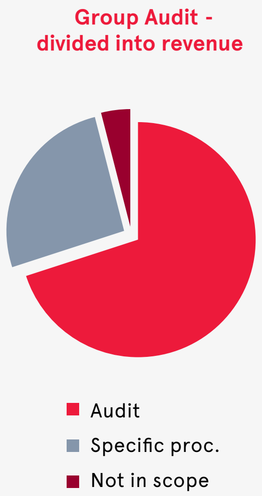
- it is of individual financial significance to the group; or
- the component, due to its specific nature or circumstances, is likely to include significant risks of material misstatement, whether due to fraud or error of the group financial statements.

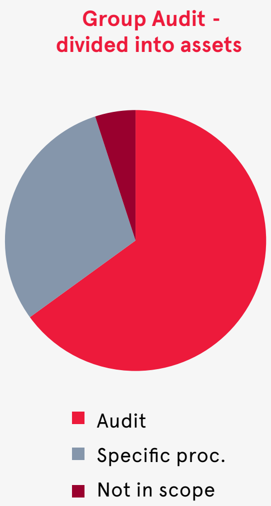
We have:

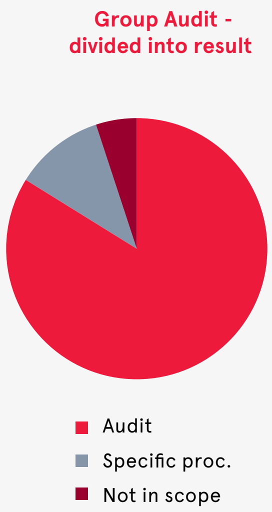
- performed audit procedures ourselves at group entities Cabka N.V. and Cabka North America Incorporated;
- used the work of other auditors when auditing entity Cabka GmbH & Co. KG, Cabka Eco Products GmbH & Co. KG, Cabka N.V. (Belgium) and Cabka Spain S.L.U;
- performed specific audit procedures at other group entities.

We developed a plan for overseeing each component audit team based on its relative significance and specific risk characteristics. Our oversight procedures included issuing tailor-made group audit instructions, virtual meetings throughout the audit process with the component auditors, remote working paper reviews as well as site visits for Cabka GmbH & Co. KG, Cabka Eco Products GmbH & Co. KG, Cabka N.V. (Belgium) and Cabka Spain S.L.U, virtual meetings with the component auditors and component management and reviewing component audit team deliverables to gain sufficient understanding of the work performed.

For clarification purposes we hereby show our scope:




By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

### Audit approach going concern

As explained in the section Basis of preparation: Going concern in Note 2.2 of the financial statements, the Management Board has carried out a going concern assessment and identified no going concern risks. Our procedures to evaluate the going concern assessment of the board included, amongst others, the following:

- considered whether the Management Board's going concern assessment contains all relevant information that we have knowledge of, as a result of our audit and inquired the board on key assumptions and estimates;
- evaluated the budgeted operating results and related cash flows for the period of twelve months from the date of preparation of the financial statements taking into account developments in the industry, other external factors and our knowledge from the audit;
- analyzed whether the current and necessary financing to be able to continue all the business activities is secured, including compliance with relevant covenants;
- obtained information from the board about its knowledge of going concern risks beyond the period of the going concern assessment carried out by the board.

Our audit procedures did not reveal any information that conflicts with the Management Board's assumptions and the going concern assumption used.

### Audit approach fraud risks and non-compliance with laws and regulations

We identified and assessed the risks of material misstatements of the financial statements due to fraud and non-compliance with laws and regulations. During our audit we obtained an understanding of the entity and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the Supervisory Board exercises oversight, as well as the outcomes. We refer to section Financial instruments risk management objectives and policies in Note 38 for management's fraud risk assessment for further details.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as among others the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks.
As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due fraud is present.
We identified the following fraud risks and performed the following specific procedures:

| RISK OF MANAGEMENT OVERRIDE OF CONTROLS | AUDIT PROCEDURES AND OBSERVATIONS |
| --- | --- |
| Management is in a unique position to perpetrate fraud because management is able to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.<br>Therefore, in all our audits, we pay attention to the risk of management override of controls at:<br>· Journal entries and other adjustments made throughout the year and during the course of preparing the financial statements;<br>· Estimates and estimation processes;<br>· Significant transactions outside the ordinary course of business.<br><br>More specific, for Cabka we have identified a fraud risk in the revenue recognition, for which we refer to the next fraud risk in this paragraph.<br><br>In this context, we also paid specific attention to the significant transaction outside of the ordinary course of business, related to a possible misstatement in the accounting of the business combination with Dutch Star Companies Two B.V. ('DSC2') since this is out of the ordinary and requires significant judgement as further described in the section 'Our key audit matters' of this report. | In response to the assessed fraud risk, our audit procedures included, amongst others, the following:<br>· Where relevant for the audit, we evaluated the design and implementation of internal control measures in the processes for preparation of the financial statements, generating and processing journal entries and making estimates, assuming a risk of management override of controls of that process.<br>· We have sealected manual journal entries based on risk criteria, such as, journal entries in revenue recognition. We performed substantive audit procedures on these, in which, we also paid attention to significant transactions outside the ordinary course of business such as the business combination entered into with DSC2 as further described in the section 'Our key audit matters' of this report.<br>· We evaluated the notes to the financial statements.<br><br>Our audit procedures did not reveal any specific indications of fraud or suspicions of fraud in respect of management override of controls, potentially resulting in material misstatements. |

| RISK OF FRAUDULENT FINANCIAL REPORTING DUE TO OVERSTATEMENT OF REVENUES | AUDIT PROCEDURES AND OBSERVATIONS |
|---|---|
| We addressed the risk of fraud in revenue recognition. This relates to the presumed management incentive that exists to overstate revenue.<br><br>The majority of the Group's revenue relates to the sale of goods, which is recorded at the time that control over the goods transfers to the customer. For the majority of sales transactions this is when the products are leaving the Group's warehouse.<br><br>Revenues from the rendering of services are recorded in the period in which the services are performed. Since such services generally take a short period of time, this is usually at completion of the service.<br><br>Considering the above, there is limited risk of management manipulation. Rather, the risk of fraud in revenue recognition is focused on the cut-off of revenue and accounting of revenue in the appropriate accounting period as well as occurrence of inappropriate manual transactions. | For the audit work performed in response to the assessed fraud risk, we refer to the key audit matter 'revenue recognition', as set out in the section 'Our key audit matters' of this report.<br><br>Our audit procedures did not reveal any specific indications of fraud or suspicions of fraud in respect of fraudulent financial reporting due to overstatement of revenues, potentially resulting in material misstatements. |

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.
We considered available information and made enquiries of relevant executives, directors and the Audit Committee.
This did not lead to indications for fraud, potentially resulting in material misstatements.

### Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Audit Committee. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The table below describes the key audit matters, a summary of our procedures carried out and our key observations.

## DE-SPAC TRANSACTION

As disclosed in Note 5 of the consolidated financial statements, Cabka Group GmbH ('Cabka') entered into a business combination with Dutch Star Companies Two B.V. ('DSC2') on 1 March 2022.

Accounting for this transaction is complex, requiring the group to exercise judgment on how the structure and substance of the transaction is treated under International Financial Reporting Standards. Management determined that this transaction qualifies as a reversed acquisition for the accounting treatment.

The audit of the accounting for this transaction is a key audit matter due to the magnitude of the transaction and the significant judgement and complexity involved in accounting for the transaction.

## OUR AUDIT APPROACH

Our audit procedures included, but were not limited to:

- Obtaining an understanding of the background and terms and conditions of the transaction by having discussions with management and its accounting advisors and by reviewing the Business Combination Agreement and other related documents and agreements.
- Evaluating management's judgment on the accounting of the transaction, that qualifies as a reversed acquisition for the accounting treatment, including application of the relevant accounting standards as disclosed in Note 5 of the consolidated financial statements.
- Evaluating and testing management's estimations of the fair value of the net assets of DSC2 at transaction date, and management's estimation of the fair value of the deemed shares issued by Cabka on transaction date in exchange for these net assets of DSC2.
- Assessing management's calculation of the difference between the estimated net assets acquired and the estimated fair value of the deemed shares issued (consideration paid) and the proper accounting of this difference as a "listing expense" in profit or loss.
- Evaluating management's assessment on the classification of the outstanding Warrants and Special Shares as issued by DSC2 as either equity or financial liability in accordance with IAS 32 Financial Instruments: Presentation, as well as the valuation of these financial instruments.
- Testing the appropriateness of the accounting of transaction costs incurred for the business combination in accordance with IAS 32 Financial Instruments: Presentation.
- Assessing the adequacy of the related disclosures in the financial statements on the business combination between Cabka and DSC2.

Based on the audit procedures performed, we are satisfied that the transaction has been properly accounted for in the financial statements in all material aspects.

| REVENUE RECOGNITION | OUR AUDIT APPROACH |
|---|---|
| During the year ended 31 December 2022, the group recognised revenue from contracts with customers amounting to<br>€ 208.9 million relating to sales of goods and services as disclosed in Note 8.<br><br>The Group's management focuses on revenue as a key driver by which the performance of the Group is measured. This area is a key audit matter due to revenue being the most significant item in the financial statements. Also Cabka has several large customers and therefore a few extensive contracts that are related to a large number of transactions.<br><br>We have identified the existence of revenues as a significant risk and identified a risk that revenues may be overstated through pre-mature revenue recognition or fictitious revenues as a result of management override in order to meet market and shareholders' expectation.<br><br>As set out in section 'Audit approach fraud risks' of this report, the risk of fraud in revenue recognition is focused on the cut-off of revenue and accounting of revenue in the appropriate accounting period as well as occurrence of inappropriate manual transactions. | Our audit procedures included, amongst others:<br>· Evaluating the revenue recognition policies for all material streams of revenue to ensure these were in accordance with IFRS 15 Revenue from Contracts with Customers.<br>· Evaluating the design and implementation of the Group's internal control measures relating to the recognition of revenue.<br>· Performing detailed substantive testing of revenue by vouching a sample of sales invoices to supporting records of goods dispatched or services rendered and authorized sales contracts.<br>· Verifying the existence of outstanding accounts receivable positions as at year-end with customer confirmations and by subsequent cash collection tests.<br>· Obtaining and evaluating credit notes issued during the year, and subsequent to year-end, and performing cut-off testing to ensure revenue transactions have been recorded in the correct reporting period.<br>· Performing specific manual journal entry testing procedures, such as assessing write-offs of trade debtors other than cash receipts.<br>· Assessing the adequacy of the disclosures in the financial statements relating to revenues (Note 8).<br><br>Based on the audit procedures performed, we have not identified any material findings. |

## C. REPORT ON OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:
- the Management report;
- the Supervisory Board report;
- the remuneration report;
- other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:
- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the Management report and the other information as well as the information as required by Sections 2:135b and 2:145 sub-Section 2 of the Dutch Civil Code for the remuneration report.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2, of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Management Board is responsible for the preparation of the other information, including the Management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

## D. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Engagement

We were engaged by the General Meeting as auditor of Cabka N.V. on 12 April 2022, as of the audit for financial year 2022 and have operated as statutory auditor ever since that financial year.

### Prohibited non-audit services

Except for the below we have not provided prohibited non-audit services as referred to article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public interest entities. During 2022, a BDO tax team outside of The Netherlands, not involved in the audit of the financial statements 2022 of Cabka N.V., conducted a non-assurance related engagement for a subsidiary of Cabka N.V., with a fee value of € 3,600 (or: 0.4% of the total audit fees for the group). Under the EU Regulation this non-assurance related engagement is a non-permissible service, and should therefore not have been commenced. Upon identification, the non-assurance engagement was immediately terminated. In our professional judgement, we confirm that based on our assessment of the breach our integrity and objectivity as auditor has not been compromised. When BDO became aware of this breach it was, together with the mitigating and corrective measures taken, reported to Cabka N.V.'s Audit Committee. Cabka's N.V. Audit Committee has agreed with our conclusion given the nature and size of the prohibited services as mentioned above.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### European Single Electronic Format (ESEF)

Cabka N.V. has prepared its annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report prepared in XHTML-format, including the financial statements of Cabka N.V., has been prepared in all material respects with the RTS on ESEF.
The Management Board is responsible for preparing the annual report including the financial statements, in accordance with the RTS on ESEF.
Our responsibility is to obtain reasonable assurance for our opinion whether the annual report complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting).

Our examination included amongst others:
- obtaining an understanding of the entity's financial reporting process, including the preparation of the annual financial report in XHTML-format;
- identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
- obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications as included in the RTS on ESEF;
- examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

## E. DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

### Responsibilities of the Management Board and the Supervisory Board for the financial statements

The Management Board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Management Board is responsible for such internal control the Management Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Management Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Management Board should prepare the financial statements using the going concern basis of accounting, unless the Management Board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Management Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

### Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:
- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board;
- concluding on the appropriateness of the use of the going concern basis of accounting by the Management Board, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determine the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amstelveen, 24 April 2023

For and on behalf of BDO Audit & Assurance B.V.,

sgd. drs. J.F. van Erve RA

# In-Control Statement

Cabka's assessment is that there are no major failings in its internal risk management and control systems in the reporting year.

It should be noted that the above does not imply that our systems and procedures provide certainty as to the realization of strategic, operational, compliance and reporting objectives, nor that they can prevent all misstatements, inaccuracies, errors, fraud and non-compliance with laws and regulations. On this basis, Cabka's Management Board states that to the best of its knowledge:

- the Annual Report provides sufficient insight into the effectiveness of Cabka's internal risk management and control systems
- the aforementioned risk management and control systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies, and
- based on the current state of affairs, financial reporting on a going concern basis is justified (refer to going concern note).

In accordance with provision 1.4.3. of the Dutch Corporate Governance Code and Article 5:25c of the Financial Supervision Act, the Management Board declares that, to the best of its knowledge:

- the sections in the Report of the Management Board as included in this report provide sufficient insights into any deficiencies in the effectiveness of Cabka's internal risk management and control systems
- the financial reporting systems provide reasonable assurance that Cabka's financial reporting does not contain any material errors
- based on Cabka's current state of affairs, it is justified that the financial reporting is prepared on a going concern basis (refer to going concern note)
- the sections in the Report of the Management Board list those material risks and uncertainties relevant to expectations regarding Cabka's continuity for the period of 12 months after the preparation of the Report of the Management Board
- the financial statements as included in this report provide a true and fair view of the assets, liabilities, financial position and results for the financial year of Cabka, and
- the sections in the Report of the Management Board provide a true and fair view of the situation on the balance sheet date and the business development during the financial year of Cabka included in the financial statements.

Amsterdam, April 25, 2023

**Tim Litjens**
Chief Executive Officer

**Frank Roerink**
Chief Financial Officer a.i.

# EU Taxonomy

**Regulatory Framework**
In order to meet the EU's climate targets as well as the objectives of the European Green Deal, investments must be directed towards sustainable economic undertakings. Prerequisite for this is a common language and definition of the sustainability of different economic activities. The EU Taxonomy serves as such a common classification system, enabling the financing of sustainable developments through the identification of economic activities that support the EU's sustainability goals.

The EU Taxonomy Regulation entered into force in July 2020. It establishes six environmental objectives of which climate change mitigation (1) and climate change adaptation (2) became effective in 2021. Technical Screening Criteria for these two objectives enable the evaluation of taxonomy eligibility of those economic activities. For alignment with EU Taxonomy, meaning the definition of an economic activity to be considered environmentally sustainable, activities undergo further screening to confirm that there is no significant harm to other environmental objectives and minimum safeguards are being met.

Requirements for economic activities which contribute to the remaining objectives of sustainable use and protection of water and marine resources (3), transition to circular economy (4) and pollution prevention and control (5) and protection and restoration of biodiversity and ecosystems (6) are still under review.

The Taxonomy framework provisions effective at the publishing date of this Annual Report requires Cabka to disclose the proportion of its turnover, capital, and operating expenditure (CapEx and OpEx) from taxonomy-eligible and non-eligible economic activities and the share of turnover, CapEx and OpEx from taxonomy-aligned activities.

**Cabka's taxonomy eligibility**

| IN EURO X 1000 | | ELIGIBILITY | ALIGNMENT |
|---|---|---|---|
| Revenue | 208,893 | 5.2% | 0% |
| CapEx | 24,598 | 0.0% | N/A |
| OpEx | 110,771 | 0.0% | N/A |

The Technical Screening Criteria in the Delegated Regulation (EU) 2021/2139 were used to identify which of Cabka's activities are taxonomy eligible. At present, none of the economic activities included in the Regulation fully describe Cabka's business model or individual economic activities of producing economic goods (e.g., plastic pallets, large load carriers, etc.) from recycled plastics. Cabka uses in-house recycled material for its own production and does only generate to a limited extent direct revenues from this process.

For the purpose of the calculation of eligible activities, the financial information has been derived from Cabka's financial statements. Turnover under EU taxonomy are equal to consolidated turnover as reported in our Consolidated Statement of Profit and Loss amount to € 208,893,000 The calculation of CapEx and OpEx also follows principles used for Consolidated Statement. Determination of all KPIs is in accordance with ANNEX I of delegated regulation 2021/2178/EU.

Taxonomy eligibility is only given to those economic services in which Cabka has generated turnover with the recycling and sale of the plastic raw material. These "plastics in primary forms" produced by Cabka meet the first criterion mentioned on p.61 under point 3.17 in document (EU) 2021/2139: "The plastic in primary is produced entirely by mechanical recycling of plastic waste". Taxonomy eligibility is only given to those economic activities in which Cabka has generated turnover with materials from its mechanical recycling activities.

Ultimately, Cabka's taxonomy-eligible revenue share is very low according to current definitions in EU Delegated Acts and supplementing FAQ documents. In other words, the value created within Cabka with recycling activities may be considered taxonomy eligible, but the integrated business model currently prevents the majority of that value from being assessed as taxonomy eligible.

**Status on alignment**
Reporting on Taxonomy alignment is new and proving compliance with the technical screening criteria therefore entails a significant effort for all reporting entities. We have made an initial effort to report alignment. Based on the assessment of the criteria we cannot confirm alignment with the EU Taxonomy for eligible turnover.

This also effects the identification of specific CapEx and OpEx positions for taxonomy alignment. Per our current interpretation of the Technical Screening Criteria, none of these positions can be considered taxonomy aligned in FY2022.

**Future opportunities**
In 2023, we will work to better understand and correctly interpret the EU Taxonomy Regulation for Cabka's unique business model, and all our reporting entities located in different geographies. Requirements of the EU Taxonomy coincide with actions on our ESG strategy implementation roadmap, such as the realization of comprehensive climate risk assessments.

With the EU continuing to develop sustainability criteria for other environmental objectives such as the circular economy, we foresee significant opportunities to increase eligibility of our economic activities in the coming years. This also accelerates our efforts to ensure future alignment. With more revenues classified as EU taxonomy aligned, we will also see forward-looking OpEx and CapEx positions to become taxonomy aligned.

Cabka

**Turnover**

| Description of activity | Taxonomy code | "Related turnover in euro x1.000" | % of total turnover | Substantial contribution criteria | Do not significant harm (DNSH) criteria (Y/N) | Minimum social safeguards (Y/N) | "Taxonomy aligned turnover in euro x 1,000 | "Taxonomy non-aligned turnover in euro x 1,000 | Category enabling | Category transitional |
|---|---|---|---|---|---|---|---|---|---|---|
| Manufacture of plastics in primary form<br>Eligble Turnover (A) | 3.17 | 10,965 | 5.20% | 100% | N | Y | 0 | 10,965 | | T |
| Taxonomy non-eligible Turnover (B) | | 197,928 | 94.80% | | | | | | | |
| **Total (A+B)** | | **208,893** | **100%** | | | | | | | |

**CapEx**

| Description of activity | Taxonomy code | Related CapEx in euro x 1,000 | % of total CapEx | Substantial contribution criteria | Do not significant harm (DNSH) criteria (Y/N) | Minimum social safeguards (Y/N) | Taxonomy aligned CapEx | Taxonomy non-aligned CapEx |
|---|---|---|---|---|---|---|---|---|
| Not applicable, no eligible CapEx identified (A) | N/A | 0 | 0% | N/A | N/A | N/A | N/A | N/A |
| Taxonomy non-eligible CapEx (B) | | 24,598 | 100% | | | | | |
| **Total (A+B)** | | **24,598** | **100%** | | | | | |

**OpEx**

| Description of activity | Taxonomy code | Related OpEx in euro x 1,000 | % of total OpEx | Substantial contribution criteria | Do not significant harm (DNSH) criteria (Y/N)* | Minimum social safeguards (Y/N) | Taxonomy aligned OpEx | Taxonomy non-aligned OpEx |
|---|---|---|---|---|---|---|---|---|
| Not applicable, no eligible OpEx identified (A) | N/A | 0 | 0% | N/A | N/A | N/A | N/A | N/A |
| Taxonomy non-eligible OpEx (B) | | 110,771 | 100% | | | | | |
| **Total (A+B)** | | **110,771** | **100%** | | | | | |

## Appendix I – GRI Content Index

**Statement of use:** Cabka has reported the information cited in this GRI content index for the reporting period of January 1 to December 31, 2022 with reference to the GRI Standards.

**GRI 1 used:** GRI 1: Foundation 2021
**Applicable GRI Sector Standard(s):** Non applicable

| GRI STANDARD | GRI DISCLOSURE NUMBER | DISCLOSURE TITLE | PAGE(S) |
|---|---|---|---|
| **GRI 2: General Disclosures 2021** | | | |
| Organizational profile | 2-1 | Organizational details | 3, 13 |
| | 2-2 | Entities included in the organization’s sustainability report | 37 |
| | 2-3 | Reporting period, frequency and contact point | 37, 160 |
| | 2-4 | Restatements of information | N/A |
| | 2-5 | External assurance | 150 |
| Activities and workers | 2-6 | Activities, value chain and other business relationships | 6-12 |
| | 2-7 | Employees | 104 |
| Governance | 2-9 | Governance structure and composition | 64 |
| | 2-10 | Nomination and selection of the highest governance body | 64 |
| | 2-11 | Chair of the highest governance body | 65 |
| | 2-12 | Role of the highest governance body in overseeing the management of impacts | 66 |
| | 2-13 | Delegation of responsibility for managing impacts | 67 |
| | 2-14 | Role of the highest governance body in sustainability reporting | 41, 66 |
| | 2-15 | Conflicts of interest | 64 |
| | 2-16 | Communication of critical concerns | 66 |
| | 2-19 | Remuneration policies | 70 |
| | 2-20 | Process to determine remuneration | 71 - 73 |
| Strategy, policies, and practices | 2-22 | Statement on sustainable development strategy | 40 |
| | 2-23 | Policy commitments | 40 |
| | 2-24 | Embedding policy commitments | 41, 50 |
| | 2-25 | Processes to remediate negative impacts | 41 |
| | 2-26 | Mechanisms for seeking advice and raising concerns | 50 - 51, 126 |
| | 2-27 | Compliance with laws and regulations | 32, 126 |
| | 2-28 | Membership associations | 58 |
| Stakeholder engagement | 2-29 | Approach to stakeholder engagement | 40 |
| **GRI 3: Material Topics 2021** | | | |
| Disclosures on material topics | 3-1 | Process to determine material topics | 39 |
| | 3-2 | List of material topics | 39 |

| GRI STANDARD | GRI DIS-CLOSURE NUMBER | DISCLOSURE TITLE | PAGE(S) |
|---|---|---|---|
| | 3-3 | Management of material topics | 41 |
| **Economy**<br>GRI 201 Economic Performance 2016 | 201-1 | Direct economic value generated and distributed | 77 |
| | 201-2 | Financial implications and other risks and opportunities due to climate change | 35 - 36 |
| | 201-3 | Defined benefit plan obligations and other retirement plans | 70 |
| GRI 205 Anti-corruption 2016 | 205-2 | Communication and training about anti-corruption policies and procedures | 50- 51, 126 |
| **Environment**<br>GRI 301 Materials 2016 | 301-1 | Materials used by weight or volume | 45 - 46 |
| | 301-2 | Recycled input materials used | 45 - 46 |
| GRI 302 Energy 2016 | 302-1 | Energy consumption within the organization | 43 |
| GRI 305 Emissions 2016 | 305-1 | Direct (Scope 1) GHG emissions | 43 |
| | 305-2 | Energy indirect (Scope 2) GHG emissions | 43 |
| | 305-3 | Other indirect (Scope 3) GHG emissions | 43 |
| GRI 306 Waste 2020 | 306-4 | Waste diverted from disposal | 46 |
| GRI 308 Supplier environmental assessment 2016 | 308-1 | New suppliers that were screened using environmental criteria | 56 |

| GRI STANDARD | GRI DIS-CLOSURE NUMBER | DISCLOSURE TITLE | PAGE(S) |
|---|---|---|---|
| **People**<br>GRI 403 Occupational health & safety 2018 | 403-1 | Occupational health and safety management system | 52 - 53 |
| | 403-5 | Worker training on occupational health and safety | 52 - 53 |
| | 403-6 | Promotion of worker health | 52 - 53 |
| GRI 405 Diversity & equal opportunity 2016 | 405-1 | Diversity of governance bodies and employees | 54 |

## Appendix II – TCFD index

| PILLAR | RECOMMENDED DISCLOSURES | PAGE(S) |
|---|---|---|
| Disclose the company's governance around climate-related risks and opportunities. | Describe the board's oversight of climate-related risks and opportunities. | 28 |
| | Describe management's role in assessing and managing climate-related risks and opportunities. | 41 |
| Disclose the actual and potential impacts of climate-related risks and opportunities on the company's businesses, strategy, and financial planning where such information is material. | Describe the climate-related risks and opportunities the company has identified over the short, medium, and long term. | 30-33 |
| | Describe the impact of climate-related risks and opportunities on the company's businesses, strategy, and financial planning. | 30-33 |
| | Describe the resilience of the company's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. | 34 |
| Disclose how the company identifies, assesses, and manages climate-related risks. | Describe the company's processes for identifying and assessing climate-related risks. | 34 |
| | Describe the company's processes for managing climate-related risks. | 34 |

| PILLAR | RECOMMENDED DISCLOSURES | PAGE(S) |
|---|---|---|
| | Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the company's overall risk management. | 34 |
| Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material. | Disclose the metrics used by the company to assess climate-related risks and opportunities in line with its strategy and risk management process. | 43 - 44 |
| | Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. | 43 - 44 |
| | Describe the targets used by the company to manage climate-related risks and opportunities and performance against targets. | 43 - 44 |

Cabka

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Statement – This copy of the annual report of Cabka N.V. for the year 2022 is not in the ESEF format as specified by the European Commission in Regulatory Technical Standard on ESEF (Regulation (EU) 2019/815). The ESEF reporting package is available at https://investors.cabka.com/reporting-and-investor-library/reports-and-presentation