Cabka N.V.

Amsterdam

Interim Report
&
Unaudited interim condensed consolidated financial statements first six months of 2023

Company Statement

Introduction to the first six months of Cabka N.V. in 2023

This is the second half-year report published by Cabka N.V. since listing at Euronext Amsterdam on March 1, 2022.

Based on new insights on market practice Cabka recognized listing fees related to its 2022 listing differently in its full year reporting than reported for half-year. For comparison purposes, Cabka uses the same assumptions on listing fees as reported at half-year 2022 and does not include a listing fee in its 2022HY comparable figures. For the impact of listing fees and all other items not covered in this half-year report we refer to the Cabka N.V. Annual Report 2022 published April 25, 2023.

Governance

On February 1, 2023, Mr. Necip Küpcü stepped down as CFO and Mr. Frank Roerink took over as interim-CFO. Mr. Roerink was appointed as member of the Management Board and CFO at the June 8, 2023, AGM of Cabka.

Financial and operational performance first six months of 2023

Following a dynamic 2022, Cabka successfully resumed its regular operations during the first half of 2023. All in all, we have seen our operations become more resilient. We addressed energy and material cost volatility by indexing customer contracts. In addition, we have started mitigating energy cost fluctuations by transitioning to long-term renewable energy contracts. Our in-house recycling and material blending expertise further minimized the impact of fluctuating (recycled) material markets.

Profitability showed a strong recovery, especially compared to the second half of 2022. Gross profit from regular operations for 2023HY increased to € 50.8 million (2022HY: € 47.3 million), a 3 percent point higher margin of 49% over sales compared to last year (2022HY: 46%) and EBITDA from regular operations at the indicated level of 13% (2022HY: 13%). Net Income from operations more than quadrupled to € 3.0 million (2022HY: € 0.7million) and the net result including all non-operational of € 0.8 million profit, an improvement of € 2.7 million compared to last year (2022HY: € -1.9 million).

Our sales in the first half of 2023 amounted to € 104.3 million, reflecting a modest 2% growth versus last year. The impact of higher inflation and interest rates led to economic deceleration, resulting in destocking and reduced demand. Especially in our core Northern European market we saw demand weakening, while Southern Europe remained strong. In the US destocking effects were offset by robust sales to Target. Excluding the impact of our strategic decision to divest our PVC business and reduced sales of non-RTP legacy products, underlying overall growth was 6%.

Following the flooding of our US facility in July 2022, the clean-up and restoration process was concluded early 2023. During the first half of 2023, production lines were gradually reinstated or upgraded, culminating in full operational capacity by the end of the second quarter. Simultaneously we continued to invest in prevention for any future flooding risks. In late June we celebrated together with our customers the re-opening of the US-facilities. Now that we have restored full production capacity in-house, our competitive position has been significantly enhanced. The average age of our machine park has been reduced from 13 to 3 years and our capacity has been expanded, enabling us to further grow our US business. We have stopped using external tollers as of the second half of the year, improving recycling capacity and profitability.

The restructuring of the ECO business in Weira, initiated last year, was completed resulting in stable operations by the second quarter of this year. This allows us to leverage anticipated economies of scale and additional processing capacities.

Overall, we see the economic landscape, particularly in our core European markets is still exhibiting a slowdown. Destocking and limiting / postponing of purchases as seen in the second quarter may probably extend also to the second half of the year limiting our growth figure to single-digit in the short term, before returning to mid-term high single-digit growth levels.

Restoring profitability remains on track. The challenges experienced in the second half of 2022, stemming from elevated raw materials, energy prices, and the US facility flooding, have improved, and the outlook is positive barring unforeseen events. In the second half of 2023 we foresee new customer contracts in Customized Solutions coming into production. Furthermore, management tightened cost control to reduce the inflationary impact of the past period supporting the expected recovery of EBITDA margin towards 13-15% this year, growing to mid-term targets thereafter.

EBITDA
EBITDA from regular operations amounted to € 13.4 million, slightly higher than the previous year (2022HY: € 13.1 million). This represents a strong improvement from the second half of 2022, which was significantly affected by elevated raw materials and energy costs, along with the US facility flooding. Despite some structural inflationary effects, with the resumption of US operations to regular production as of July, and the effects of the 2022 rationalization of the mixed plastics business in Weira coming into effect, we expect a sound continued development of our profitability.

Cash flows and cash position
Net Working Capital (inventories and trade receivables minus trade payables and received prepayments funding investments in molds) was € 37.0 million or 17.6% of Sales LTM per June 30, 2023, compared to € 38.8 million and 20.3% per June 30, last year.

Cash flows from operating activities was € 7.1 million (2022HY: € -11 million). The increase of € 18.1 million was mainly driven by improved results and tighter control of Net Working Capital positions. The change in total cash over the half year 2023 was € 37.5 million less compared to the same period last year be it that the 2022HY cash position included the net capital inflow of € 43.3 million from the March 2022 listing, while in 2023 financial liabilities were reduced by € 6.5 million. Net debt increased to € 52.6 million per June 30, 2023, up € 9.1 million compared to year-end 2022.

The changes in cash and cash equivalents result in a June 30, 2023, cash position of € 9.8 million compared to € 21.0 million at the year-end 2022.

CAPEX
Group CAPEX for first six months of 2023 came at € 12.9 million, a similar level as for 2022HY including financial assets. This included a higher-than-average maintenance & replacement investment component of € 8.2 million, or 7.9% of sales, driven by investments in the US plant recovering from flooding damages. Excluding the US, a maintenance & replacement investment of € 3.6 million or 3.5% of sales remained.

Commercial performance
The economic conditions in Europe, particularly in Germany, have shown signs of slowdown during the first half of 2023. Customers have taken measures to reduce their stock levels and limit their purchasing activities. This cautious approach has had a mixed impact on the performance of our segments.

Despite the challenging economic environment, our European Portfolio business demonstrated strong growth with sales reaching € 36 million, marking an 11% increase compared to 2022HY. This growth is attributed to a mix of winning new customers and structural expansion from several smaller existing customers. However, segment growth was tempered by the performance of our

US Portfolio sales, resulting overall in a slight decrease for this segment of 2% versus the first half of 2022.

In the first six months of 2023, Customized Solutions achieved € 27.7 million in sales, representing 41% growth compared to the same period last year. This is primarily attributable to sales to Target. Meanwhile, the EU business in this segment slightly trailed, likely due to uncertainty in the Retail sector.

Contract Manufacturing faced challenges during the first half of 2023, experiencing an overall decline of 20%. Part of this decline is attributable to our decision to reduce focus on non-strategic products, as outlined in our full year results for 2022. This included divesting the PVC business and reducing sales of non-RTP legacy products.

The ECO business showed a strong performance in the first half of 2023, following a difficult year in 2022. The segment achieved a turnover of € 12.8 million, reflecting a 16% growth compared to 2022HY. This recovery is mainly attributed to efficiency gains resulting from the consolidation of production in Weira, which showed a 25% increase in production value. Increased intake of mixed plastic bales for the Eco business also increased the total portion of recycled material to 88% of our 75 kton total intake in the first half of 2023.

Overall, the performance for the first half of 2023 results in moderate growth at 2%. When adjusted for non-strategic products, the underlying growth stands at 6%.

Cabka

Key figures first six months 2023 including split in operational and non-operational items

Condensed income statement bridge regular operations to IFRS[1] *in Euro million*	2023 HY	2022 HY[2]	Change
Sales	**104.3**	**102.2**	*2%*
Other operating income items	0.4	4.5	*-90%*
Total Operating Income	**104.7**	**106.8**	***-2%***
Expenses for materials, energy and purchased services	(53.9)	(59.5)	*-9%*
Gross Profit from regular operations	**50.8**	**47.3**	*7%*
Operating expenses	(37.4)	(34.2)	*9%*
EBITDA from regular operations	**13.4**	**13.1**	*2%*
Depreciation, amortization and impairment of intangible and tangible fixed assets	(8.0)	(9.3)	*-14%*
EBIT /Operating Income	**5.3**	**3.7**	*43%*
Financial results	(1.3)	(1.1)	*20%*
Earnings before taxes	**4.0**	**2.6**	*53%*
Taxes	(1.0)	(1.9)	*-47%*
Net income from regular operations	**3.0**	**0.7**	*429%*
Non-operational items as reported			
Net impact of flooding	(3.1)	-	
Changes of value in special shares/warrants	0.1	3.5	
Extraordinary items 2022 (incl. IPO Related costs)	-	(6.1)	
Non-operational tax impact	0.8	-	
Non-controlling interest	-	(0.1)	
Net result reported IFRS	**0.8**	**(1.9)**	*n.m.*

Specification non-operational impact of flooding *in Euro million*		Shown in IFRS accounting as
Reversal 2022 impairment on production line	0.5	Other operating income
Insurance proceeds received	1.2	Other operating income
Extra ordinary expenses flooding	(1.7)	Other operating expenses
Extra tolling expenses due to flooding	(3.1)	Material expenses
Net impact of flooding 2023HY	**(3.1)**	

[1] The condensed income statement provides operational and non-operational result items for insight on underlying operational performance. The statements in the attached Half Year Report 2023 provide integral IFRS statements without this distinction.

[2] As Cabka was still working on the accounting of the De-SPAC/listing transaction at the publication date of the 2022HY results and therefore only included the expenses at 2022FY -and as reported in Cabka's Annual Report 2022 published April 25, 2023- but not in its 2022HY results as published on August 17, 2022, all affected comparable figures for 2022HY are provided as published on August 17, 2022 i.e. without taking into account listing expenses

Strategic progress

Throughout the first half of 2023, Cabka remained steadfast in pursuing its strategic objectives. Notably the Customized Solutions segment was further extended. The company has continued to focus on enhancing its market position in this segment, driving innovation, and optimizing the offering to meet the evolving needs of clients and the market.

In addition, the transition of the ECO business into one consolidated production site in Weira was completed successfully. This has streamlined operations, improved efficiency, and positioned Cabka to leverage financial benefits from ECO products.

Risk Management

Building on the foundation of our risk management framework in the previous year, we conducted two scheduled reviews of our risk landscape during the first half of 2023, as defined in the risk management framework. The 15 principal risks are subject to a quarterly assessment. This review process encompassed in-depth market research and interviews with the designated topic owners. As a result of these reviews, two principal risks were adjusted.

The risk associated with achieving Adequate Returns has shown a decreasing trend in the last six months. Input prices, especially energy, have witnessed a substantial decline since the previous year, positively impacting our cost structure. This decline has improved our profitability. Nevertheless, some level of uncertainty remains, as current market dynamics remain volatile.

On the other hand, the risk of Price Pressure has exhibited an increasing trend. Escalating inflationary pressures have led to increased labor and material costs across the board. This inflation-driven price increase poses challenges to maintaining competitive pricing strategies.

Apart from the specific changes highlighted above, the remaining risks in our portfolio have remained stable. Our ongoing risk management strategies and mitigation plans continue to effectively address these areas of concern. With regards to risk mitigation, different strategies were reported in Cabka's last Annual Report. As we reach the midpoint of the year, we have made significant strides in implementing further risk mitigation strategies. For each principal risk, specific additional policies or guidelines have been defined and are at different stages of their formalization, renewal, and execution, out of which some highlights are outlined below.

In response to the evolving landscape of cyber threats, our IT policy is currently undergoing a renewal. This renewal entails a detailed review and enhancement of our cybersecurity protocols, data protection measures, and incident response strategies. The new policy is on track to be rolled out by the end of 2023.

The anticipated risks posed by extreme weather events have prompted us to take proactive steps. For instance, we have implemented flood protection measures at our production site in St. Louis, USA. These measures, designed in consultation with water management experts Arcadis, will enhance our preparedness and resilience against future flood risks in the area. Completion of the final solution is scheduled for the first quarter of 2024. Moreover, the execution of a detailed climate scenario analysis is currently being prepared. This analysis will provide an assessment of potential additional climate-related impacts on our operations, allowing us to tailor our risk mitigation efforts accordingly.

As we navigate the evolving business landscape, we remain committed to attentive risk monitoring and proactive mitigation, maintaining the ability to adapt swiftly to emerging challenges while capitalizing on opportunities. By addressing evolving risks head-on, we aim to safeguard our business and sustain our growth trajectory.

ESG

After introducing our Environmental, Social, and Governance (ESG) ambitions as well as targets and actions in Cabka's last Annual Report, we are now making progress on policy development and implementation. For all material ESG topics, individual roadmaps are being developed, setting the time horizons, deadlines, and actions towards our various ESG targets. Some specific actions have already been underway or completed in the first half of 2023.

Together with our suppliers we aim at improving the sustainability of our supply chain, thereby reducing costs and risks, and creating new opportunities for Cabka. We have set ourselves the targets to assess 100% of our continuous raw material suppliers on ESG criteria by the end of 2023 and have all of them aligned with Cabka's Code of Conduct by 2025. As a step towards the achievement of these targets, we are now working on a companywide Sustainable Procurement Policy.

Secondly, energy efficiency and climate impact reduction measures continue to be implemented to work towards our climate target of carbon neutrality in own operations by 2030. An example for this is the roll out of a Manufacturing Excellence System. Options to further green Cabka's energy supply are continuously being studied and we stay on track to reach our intermediate target of increasing the share of renewable energy to 50% by 2025.

Lastly, the review on Cabka's KPI data collection and analysis processes is ongoing to streamline our management information systems and prepare for advanced reporting standards that will become mandatory for the financial year 2024. A Group Quality Manager has been appointed to further drive the implementation of a companywide quality strategy. To better understand our impact on the circular economy, a waste management project with a centralized system has been implemented at our largest production location in Weira.

Finally, we consolidated our position as frontrunner in the use of recycled plastics in our product portfolio increasing the total portion of recycled material to 88% of our 75 kton total intake in the first half of 2023, compared to a European average[3] of 14%.

Outlook

Based on Cabka's strong fundamentals we reiterate our mid-term guidance[4]. Based on current challenging market conditions, we expect 2023 revenues of € 200 - 210 million with a recovery of EBITDA margin towards 13-15%.

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

[4] Mid-term guidance: 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)

Statement of the directors' responsibilities

The Directors declare that, to the best of their knowledge:

1. Half-year financial statements, as included on pages 13 to 21 of this report, give a true and fair view of the assets, liabilities, financial position, and profit or loss of Cabka N.V. and the undertakings included in the consolidation taken as a whole; and
2. The half-year report, as included on pages 13 to 21 of this report, gives a true and fair view of the development and performance of the business and the position of Cabka N.V. and the undertakings included in the consolidation taken as a whole (details of which are included in the half-year financial statements) on the reporting date. The half-year report also gives a true and fair view of the expected development and performance of the business, the investments and the conditions on which the development of revenues and return depend.

Tim Litjens, CEO
Frank Roerink, CFO

SECTION A. 2023 HY FINANCIAL OVERVIEW

I. Interim condensed consolidated statement of profit and loss and other comprehensive income (unaudited)
first six months 2023 (2022)

Interim condensed statement of profit and loss *in Euro million*	notes	2023 HY	2022 HY
Revenue	7	**104.3**	**102.2**
Change in inventories of finished goods and work in progress		(2.3)	2.1
Other operating income	4	4.5	2.4
Total Operating income		**106.4**	**106,8**
Material expenses / expenses for purchased services		(57.0)	(59.5)
Personnel expenses		(21.2)	(21.1)
Amortization/depreciation of intangible and tangible fixed assets		(8.0)	(9.3)
Other operating expenses	4	(18.0)	(18.3)
Total Operating expenses		**(104.2)**	**(108.1)**
Finance income	9	0.2	3.5
Finance expenses		(1.5)	(1.1)
Net Financial Result		**(1.3)**	**2.4**
Result before taxes		**1.0**	**1.0**
Income tax expense	4	(0.2)	(3.0)
Result for the period		**0.8**	**(2.0)**
Attributable to:			
Non-controlling interest	*8*	-	0.1
Equity holders of CABKA N.V.		**0.8**	**(1.9)**

Other comprehensive income *in Euro million*	notes	2023 HY	2022 HY
Results for the period		**0.8**	**(2.0)**
Items that may subsequently be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(0.2)	(0)
Total comprehensive loss / income		**0.6**	**(2.0)**
Attributable to:			
Non-controlling interest	8	-	0.1
Equity holders of CABKA N.V.[5]		**0.6**	**(1.9)**

[5] The basic and diluted Earnings Per Share are included in paragraph 11 of this Report.

II. Consolidated interim Statement of Financial Position (unaudited)

as at June 30, 2023 (and December 31, 2022)

Consolidated Statement of Financial Position *in Euro million*	**notes**	**06.30.2023**	**12.31.2022**
ASSETS			
Non-current assets			
Intangible assets		0.8	0.7
Property, plant and equipment	4	84.7	77.6
Long-term financial assets		0.1	0.1
Other long-term assets		0.1	0.1
Deferred tax assets	4	8.7	7.3
		94.5	**85.8**
Current Assets			
Inventories		41.1	41.7
Trade receivables		26.8	31.8
Short-term financial assets		0.0	0.0
Other short-term assets		9.7	8.8
Cash and cash equivalents		9.8	21.0
		87.4	**103.3**
		181.9	**189.1**
LIABILITIES			
Equity			
Share capital		0.4	0.4
Treasury shares	6	(0,2)	(0.2)
Share premium	6,10	71.5	75.1
Other reserves	9	11.3	11.0
Retained earnings		(11.4)	(12.1)
Foreign currency translation reserve		(1.7)	(1.5)
Non-controlling interests	8	-	-
		69.9	**72.7**
Non-current liabilities			
Long-term financial liabilities		36.5	38.5
Other long-term liabilities		0.0	0.0
Deferred tax liabilities		0.5	0.5
		37.0	**39.0**
Current liabilities			
Short-term financial liabilities	9,10	30.7	27.3
Provisions		0.9	0.7
Contract liabilities		8.4	6.8
Trade payables		26.8	35.2
Income tax liabilities		0.5	-
Other short-term liabilities		7.6	7.4
		74.9	**77.4**
		181.9	**189.1**

Interim condensed consolidated statement of changes in equity
for the six months ended June 30, 2023 and December 31, 2022

Interim condensed consolidated statement of changes in equity (01.01.2023 – 06.30.2023) *In Euro million*	Share capital	Share premium	Treasury shares	Other reserves	Foreign currency exchange reserve	Retained earnings	Non-Controlling interest	Total equity
At December 31, 2022	**0.4**	**75.1**	**(0.2)**	**11.0**	**(1.5)**	**(12.1)**	**-**	**72.7**
Net result for the period	-	-	-	-	-	0.8	-	0.8
Other comprehensive income/(loss) for the period	-	-	-	-	(0.2)	-	-	(0.2)
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**-**	**(0.2)**	**0.8**	**-**	**0.6**
Transactions with owners of the Company								
Issue of performance shares	-	-	-	-	-	-	-	-
Liabilities from distribution rights		(3.7)						(3.7)
Roll-over VSOP	-	(0.0)	0.0	-	-	-	-	-
Share-based payments	-	-	-	0.3	-	-	-	0.3
Total transactions with owners of the Company	**-**	**(3.7)**	**0.0**	**0.3**	**-**	**-**	**-**	**(3.4)**
At June 30, 2023	**0.4**	**71.5**	**(0.2)**	**11.3**	(1.7)	(11.4)	**-**	**69.9**

Interim condensed consolidated statement of cash flow
for the six months ended June 30, 2023, and 2022

Consolidated Statement of Cash Flows		
In Euro million	2023 HY	2022 HY
Cash flows from operating activities		
Net result after tax	0.8	(2.0)
Adjustments for:		
Amortization/depreciation of intangible and tangible fixed assets	8.0	9.3
Attribution from reversal impairments	(0.5)	
Other non-cash transactions	1.6	(4.4)
Income taxes paid	(1.5)	(1.0)
Changes in:		
Inventories, trade receivables and other current assets	4.6	(12.5)
Trade payables and other current liabilities	(5.9)	(0.4)
Cash flow (used in)/from operating activities	7.1	(11.0)
Cash flow from investing activities		
Cash inflow from sale of property, plant and equipment	0.6	0.7
Cash outflow for investment in property, plant and equipment	(12.5)	(10.9)
Cash outflow for investment in intangible assets	(0.4)	(0.2)
Net cash from/(used in) investing activities	(12.3)	(10.5)
Cashflow from financing activities		
Cash inflow/outflow from investments in fully consolidated companies	-	43.3
Cash inflow from sale of Treasury shares	1.2	
Cash outflow from VSOP Rollover	(1.1)	
Cash outflow for the repayment of liabilities to banks, leasing, rental purchases, interests	(5.1)	(1.0)
Cash inflow from receipt of liabilities to banks	0.5	6.7
Interest paid	(1.4)	(1.1)
Net cash from/(used in) financing activities	(5.9)	48.0
Changes in cash and cash equivalents	**(11.0)**	**26.5**
Cash and cash equivalents at the beginning of the period	21.0	10.0
Net foreign exchange difference	(0.2)	-
Cash and cash equivalents at the end of the period	**9.8**	**36.5**

Section B. Notes to the interim condensed consolidated financial statements

1. Corporate information

Cabka N.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.

Cabka N.V is based in the Netherlands with subsidiaries in the US, Spain, Germany and Belgium. Cabka is listed at Euronext Amsterdam. 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.

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.

The interim condensed consolidated financial statements of Cabka N.V. and its subsidiaries for the six months ended June 30, 2023, are presented in millions of Euro, unless indicated otherwise. They have been authorized for publication by the Supervisory Board on August 21, 2023, and are unaudited.

2. Basis of preparation

These unaudited interim condensed consolidated financial statements for the six months ended June 30, 2023, have been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ as adopted by the European Union. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

The consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments, such as derivatives, Special Shares liabilities, as well as share-based payments and warrants, which are measured at fair value.

These condensed consolidated interim financial statements are based on the annual financial statements of Cabka N.V., for the year ended December 31, 2022, and shall be read with this.

Cabka was still working on the accounting of the De-SPAC/listing transaction at the publication date of the 2022HY results and therefore only included the expenses in its 2022FY reporting as reflected and reported in Cabka’s Annual Report 2022 published April 25, 2023. Therefore, no listing expenses were taken into account on preparing 2022HY results as published on August 17, 2022. For consistency purposes, this report does not take any listing results into consideration for the comparable figures 2022HY.

Further, also first-time adoption of IFRS and the accounting for de-SPAC transaction between DSC2 and Cabka GmbH included in the Annual Report 2022 are not included in this Half Year Report 2023.

3. *Summary of significant accounting policies*

The Groups applied accounting standards effective for annual periods beginning on or after January 1, 2022, as described in detail in the 2022 Annual Report financial section.

The interim condensed consolidated financial statements comprise the interim financial figures of the Company and its subsidiaries as of June 30, 2023. 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.

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. 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.

There is no change in the ownership interest of the subsidiaries in the first six months of 2023.

The Group's interim condensed 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.

There are no material changes or amendments compared to the accounting policies presented in the 2022 Annual Report.

4. *Significant judgements and estimates*

In preparing these interim condensed consolidated financial statements, management has made a number of judgements, estimates, and assumptions about recognition and measurement of assets, liabilities, income, and expenses. The actual results may differ from these judgements. There are no material changes of judgements compared to the accounting policies presented in the 2022 Annual Report.

Post-Flooding judgement in the US operation
Cabka North America's plant in St. Louis (MO) forced shut down, due to exceptional flash floods on July 27, 2022. The flooding is considered a 'triggering event' under IAS 36, therefore leading to an impairment in the financial year 2022 as the recoverable number of machines decreased compared to the pre-flood situation.

IAS 36 requires a company to assess at each reporting date (annual or interim) whether triggers of impairment reversal exist. IAS 36 subscribes, when the circumstances that caused the impairment loss are favorably resolved, the impairment loss is reversed immediately in profit or loss. As per June 2023 the impaired machine has been repaired and invoiced with the machine ready for use, therefore the initial circumstances, not working machine as at 2022YE, no longer apply and the impairment loss is favorably resolved. The impact of the reversal totaling € 549,000 is recognized under other operating income in 2023HY.

Additional costs related to machines occurred in the first six months 2023. IAS 16.12 states that repairs & maintenance are expensed in the P&L as occurred. However, it does allow subsequent expenditure and replacement costs to be capitalized when the replacement improved the asset beyond its original condition (IAS 16. BC5-BC12). This means that if the usefulness (lifetime) and/or efficiency (better performance or production) are improved compared to the initial economical lifetime, the replacement costs may be capitalized. Management concluded that the underlying criteria for capitalization are fulfilled. Therefore, these subsequent expenditures and replacement costs related to machines of € 1.3 million were capitalized.

Remaining insurance proceeds of € 1.2 million to cover expenses from flooding were received according to expectations in the first half of the year 2023, accounted under other operating income.

Critical judgement 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. In the first half year 2023 deferred tax assets of € 1.4 million were recognized, which are expected to be utilized in the coming periods. Further, there are no significant changes in management's estimates compared to the financial statements in 2022.

5. Seasonal fluctuations

There are no seasonal fluctuations besides the mentioned ones that are considered to have material impact during the first six months of 2023.

6. Significant events and transactions

VSOP / Rollover shares
Following the Transaction and listing of Cabka on March 1, 2022, the "Virtual stock-option plan" agreement (hereafter referred to as "VSOP") with the key employees of the Company was converted into a Rollover Agreement including accelerated vesting. While one-third of the VSOP amount was cash-settled in 2022, the remaining portion has been settled in stock options to acquire ordinary shares of Cabka N.V. (roll-over shares) after a lock-up period of one-year.

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 being reclassified to other reserves in equity as at March 1, 2022. These stock options were fully vested and not subject to any further (service) conditions.

On March 15, 2023, following the lock up period, Cabka issued 385,022 ordinary shares from treasury to cover its obligations. Thereof 168,198 shares were held for sell from the Company, acting on behalf of the employees, to cover the social securities and taxes of the beneficiaries. Next 181,198 shares in treasury were sold in 2 tranches resulting in 15,989,978 shares in treasury as per end of June 2023.

Reversal of impairment loss
As indicated in note 4 an impairment loss of an asset in the US operation accounted in the financial year 2022 was reversed in 2023HY based on latest developments.

No breach of loan agreements
As per reporting date, there is no existing breach of a loan agreement or a loan default.

7. Revenue from contracts with customers and segment reporting

Set out below is the disaggregation of the Group's revenue from contracts with customers split to different segments and ECO-products.

Revenues by Product Segment *in Euro million*	**2023 HY**	**2022 HY**	**Change**
RTP Europe	**62.5**	**62.7**	*-0%*
Portfolio EU	36.0	32.6	*11%*
Customized Solutions EU	16.5	18.8	*-12%*
Contract Manufacturing EU	10.0	11.3	*-11%*
RTP US	**20.3**	**15.0**	*35%*
Eco Products Business	**12.8**	**11.0**	***16%***
Material Sales & Freight	0.9	2.6	*-65%*
Total strategic	**96.5**	**91.3**	***6%***
Non RTP-Products	7.8	10.9	*-28%*
Total	**104.3**	**102.2**	***2%***

Segment Performance Half Year 2023 *In Euro million*	**Europe**	**North America**	**Total**
Revenue	**84.0**	**20.3**	**104.3**
Change in inventories of finished goods and work in progress	1.2	(3.5)	(2.3)
Other operating income	2.7	1.8	4.5
Total Operating income	**87.9**	**18.5**	**106.4**
Material expenses / expenses for purchased services	(46.1)	(10.8)	(57.0)
Gross profit	**41.7**	**7.7**	**49.4**
Personnel expenses			(21.2)
Amortization/depreciation and impairment of intangible and tangible fixed assets			(8.0)
Other operating expenses			(18.0)
Share listing expenses			-
EBIT			**2.2**
Finance income			0.2
Finance costs			(1.5)
Financial Result			**(1.3)**
Result before taxes			**1.0**
Income tax expense			(0.2)
Net result for the period			**0.8**
Attributable to:			
Non-controlling interest			-
Equity holders of CABKA N.V.			***(0.8)***

Segment Performance Half Year 2022 *In Euro million*	Europe	North America	Total
Revenue	**87.2**	**15.0**	**102.2**
Change in inventories of finished goods and work in progress	1.7	0.4	2.1
Other operating income	1.6	0.18	2.4
Total Operating income	**90.6**	**16.2**	**106.8**
Material expenses / expenses for purchased services	(51.4)	(8.0)	(59.5)
Gross profit	**39.1**	**8.2**	**47.3**
Personnel expenses			(21.4)
Amortization/depreciation and impairment of intangible and tangible fixed assets			(9.3)
Other operating expenses			(17.9)
EBIT			**(1.4)**
Finance income			3.5
Finance costs			(1.1)
Financial Result			**2.4**
Result before taxes			**1.0**
Income tax expense			(3.0)
Net result for the period			**(2.0)**
Attributable to:			
Non-controlling interest			*0.1*
Equity holders of CABKA N.V.			***(1.9)***

Assets and liabilities are not monitored by segment and therefore not presented per segment.

8. *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. In 2023HY no non-controlling interests are applicable anymore.

9. *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.

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. Due to this reclassification to equity, the warrants are no longer remeasured at reporting date in accordance with IAS 32. This approach is also in line with what presented in the 2022 Annual Report. Further details on the terms of the warrants are disclosed in Note 10.

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 10. 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.

10. Share Capital and share premium

An overview of the issued share capital of Cabka N.V. can be specified as follows:

Cabka share capital	Shares 12.31.22	Shares 06.30.23	ISIN
Ordinary Shares issued	23,982,191	24,380,213	CABKA / NL00150000S7
Ordinary Shares in treasury	16,388,000	15,989,978	DSC2S / NL 00150002R5
Total Ordinary Shares	**40,370,191**	**40,370,191**	
Special Shares	97,778	97,778	
Total shares	**40,467,969**	**40,467,969**	

A number of warrants, special shares and "performance shares" are still outstanding and may be converted to ordinary shares based on the share price performance. Significant dilution for the existing shareholders may result when these instruments are converted into shares. Potential dilution of the total number of issued ordinary shares can be triggered at the following thresholds.

- € 11 share price: maximum of 190,471 shares resulting from PSU current performance share program management of which 154,879 are already granted.
- € 12 share price: maximum of 190,471 shares resulting from PSU of which 154,879 are already granted; DSCW2 warrants conversion into maximum of 880,000 shares; and conversion of remaining 1/3rd of Special Shares converting into 684,446 shares[6]:
- € 13 share price: maximum of 190,471 shares resulting from PSU of which 154,879 are already granted; 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.

[6] If Specials Shares DSCT have not vested by March 1, 2027 they will vest at a conversion rate of 1 (i.e., 1 ordinary share per special share) into 97,778 ordinary shares. See shareholder circular for full details.

Cabka share capital (including fully diluted)		Shares 06.30.23
Ordinary Shares issued		**24,380,213**
Special Shares		97,778
Potential dilution from		
-	*Distribution 2022 payable August 25, 2023*	*330,355*[7]
-	*Warrants*	*2,200,000*
-	*Special shares*	*586,668*
-	*Performance Shares*	*2,250,000*
-	*PSU's*	*571,411*
Total Shares fully diluted		**30,416,425**

Distribution in relation to the financial year 2022
The AGM of Cabka decided on June 8, 2023, to distribute to the holders of ordinary shares a total amount of € 0.15 per ordinary share, of which € 0.05 will be distributed in cash and € 0.10 will be distributed in ordinary shares. The distribution will be payable by August 25, 2023.

The number of ordinary share distribution rights entitled to one new ordinary share will be determined based on the volume-weighted average price ("VWAP") of all traded Company's ordinary shares at Euronext Amsterdam on Monday August 21, 2023, and Tuesday August 22, 2023. Rights to fractions of ordinary shares shall be paid in cash. There will be no trading in ordinary share distribution rights. As a result, the number of ordinary shares issued will change by August 25, 2023. Liabilities from distribution rights totaling € 3,657,000 are recorded under short-term financial liabilities.

11. Earnings Per Share

Based on 24,380,231 shares issued entitled to dividend, the Net Income per ordinary share for 2023HY amounts to € 0.03 per share up € 0.11 from the same period in 2022 (2022HY € -0.08 per share). The Earnings Per Share on a fully diluted basis if all potential conversions have materialized for 2023HY would be € 0.03.

12. Related party balances and transactions/disclosures

There are no material related party transactions other then also presented in the 2022 Annual Report. All transactions are charged at arm's length as summarized below.

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.

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.

[7] This number is calculated based on the closing price of the Cabka shares on August 21 of €7.38. As the actual distribution will be based on the volume-weighted average price ("VWAP") of all traded Company's ordinary shares at Euronext Amsterdam on Monday 21 August 2023 and Tuesday 22 August 2023, the final number may differ.

In addition to the related party transactions as disclosed above, the Group has issued several equity instruments to shareholders and key management employees.

13. Events after the reporting date

ORBIS Corporation (US) and Cabka jointly agreed to extend their successful existing manufacturing contract for another three years. The contract between ORBIS and Cabka is considered material with regards to the estimated annual revenues involved.

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