

Press Release

Berlin, 22 February 2022

Online investor Q&A at 14.00 hrs CET today. Registration via: [Cabka's FY 2021 Q&A link](#)

Cabka reports 2021 preliminary results: Strong post-Covid recovery

- Nomination Manuel Beja to Supervisory Board Cabka N.V. with the intention to be appointed as chairperson
- On track for 1 March 2022 Euronext listing

Cabka Group GmbH (together with its subsidiaries, “Cabka”), a leading integrated circular production company expecting to form a business combination with Dutch Star Companies TWO B.V., a special purpose acquisition company listed on Euronext Amsterdam (symbol: DSC2), published its preliminary unaudited results for the full year 2021¹, today. Audited 2021 results and annual report will be published on 13 April 2022.

Financial Highlights (German GAAP) ²			
(in EUR million)	2021	2020	Change
Revenue	170.6	134.6	27%
Gross Profit	87.8	74.3	18%
Underlying EBITDA	28.0	20.2	39%
IFRS-16 ³ Underlying EBITDA	31.0	21.9	41%
Net Income	4.5	(3.2)	n.m.

Financial KPI's (German GAAP)		
	2021	2020
Underlying EBITDA margin	16.4%	15.0%
IFRS-16 adjusted underlying EBITDA margin	18.2%	16.3%
Net Working Capital ⁴	19.3%	22.6%
Gross Margin	51.5%	55.2%
Maintenance & Replacement Capital Expenditure	4.2%	4.1%

Tim Litjens, CEO Cabka, comments:

“2021 has been a very successful year for Cabka. After a tough 2020, impacted by the Covid pandemic, we managed a full recovery in 2021; setting record sales, underlying EBITDA and net income.

¹ Cabka reports up to and including full year 2021 under German GAAP. As of 2022 Cabka will report under IFRS. Comparable figures 2021 under IFRS will be provided at Half Year publication 2022

² A summarized Income Statement for 2021 (2020), balance sheet per 31 December 2021 (2020) and reconciliation of EBITDA 2021 (2020) is provided as respectively appendix A., B. and C. of this press release. A full financial report and overview including cash flow statements will be included in the audited 2021 results to be published 13 April 2022

³ The IFRS-16 adjustment is based on a high-level gap analysis by DSC2 and its advisors

⁴ As defined in the shareholder circular

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Much of this success is rooted in Cabka's DNA, combining in-house recycling and material expertise, with a state-of-the-art product portfolio. Our unique business model allows us to provide substantial added value to our customers through enhanced cost efficiency and superior carbon-footprint.

In December 2021, we announced a business combination with Dutch Star Companies TWO enabling Cabka to list at Euronext Amsterdam as of 1 March 2022. The listing provides increased visibility and financial flexibility to Cabka, enhancing our growth towards a leading EUR 500 million plus revenue circular manufacturer.

The start to 2022 is characterized by high overall inflation, particularly manifesting itself through significantly higher energy and material costs. In anticipation Cabka announced a round of price increases in the fourth quarter of 2021, effective per January 2022. However, as these inflationary effects came in even stronger than anticipated, there is an expected delay in the full conversion to the market, impacting our gross margin on the shorter term. That said, supported by further mitigating actions focused on enhancing our product mix and efficiencies, we stick to the mid-term guidance as provided earlier."

Nomination Manuel Beja as member of the Supervisory Board

At the publication of the shareholder circular on 10 January 2022, Cabka communicated a vacancy in the Supervisory Board. Meanwhile, the Supervisory Board has nominated Mr. Manuel Beja for appointment as member of the Supervisory Board by the Annual General Meeting to be held on 31 May 2022. Thereupon, the Supervisory Board intends to appoint Mr. Manuel Beja as chairperson of the Supervisory Board.

Mr. Manuel Beja (1972) is of Portuguese nationality and serves currently as chairperson of the board of directors of TAP Air Portugal (since 2021). Before, he held several executive positions at Novabase (1997 - 2018) in Portugal and Brazil.

Operational and financial performance 2021

The year 2021 showed a strong comeback after following a year that was severely impacted by the COVID pandemic. All relevant parameters, revenue, underlying EBITDA and net income improved to record levels. The revenue increased to EUR 170.6 million or 26.8% year-on-year in 2021, corresponding to approximately 6% versus pre-COVID 2019 levels. This despite lagging demand in the first quarter of 2021 caused by continued COVID effects, and supply interruptions in the automotive sector.

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Total revenue per product sector			
in EUR million	2021	2020	Change
Large Container US	5.0	0.2	n.m.
Large Container EU	15.5	10.5	48%
Pallets US	21.8	21.2	3%
Pallets EU	82.2	69.4	18%
Total Reusable Transport Packaging	124.6	101.3	23%
Eco Products	22.9	19.0	20%
Total RTP + Eco Products	147.5	120.3	23%
Construction and other products	16.8	10.0	69%
Non-product revenue (freight & materials)	6.3	4.2	49%
Total revenue	170.6	134.5	27%

Revenue

Revenue growth is supported predominantly by the increase of Cabka's global reusable pallets and large container business. Total growth was well above 20% in both Europe and the US, with especially strong growth in the large container business, almost doubling in revenue. The US pallet business, however, experienced slower growth, amid initiating expansion of local operations. Meanwhile, Cabka's ECO business and other products also showed strong growth.

Total revenue per geography				
in EUR million	2021	2020	Change	Share per region 2021
DACH	54.7	45.3	21%	32%
Netherlands	16.0	16.5	-3%	9%
Other Europe	68.7	49.1	40%	40%
US	27.2	20.5	33%	16%
Rest of World	3.9	3.1	27%	2%
Total revenue	170.6	134.5	27%	100%

Costs

Material and energy prices significantly increased over the year. In 2021 the gross margin decreased slightly to 51.5%, compared to an exceptionally high result in 2020 at 55.2%, primarily effected by higher raw material costs, and reinstated temporary staffing in production. The gross margin includes temporary employment under cost of purchased services according to the Handelsgesetzbuch (HGB) under German GAAP. Figures as published in the shareholder circular are excluding temporary staffing. Applying this definition would lead to a gross margin of 54.8%.

Own personnel expenses increased by EUR 2.1 million or 6.6% compared to 2020. Main drivers are the increase of production output, and further expansion of our Innovation Center,

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strengthening our core competencies in product development, material formulations, processing & automation technologies.

In line with the defined operational levers supporting future growth and profitability, Cabka decided to physically consolidate the Genthin ECO business within the Weira production site, driving up efficiencies and overall capacity. The consequential closure of the Genthin production site results in a provision for one-off severance and restructuring costs in 2021. The integration is expected to be completed in the third quarter of 2022.

Finally, other operating expenses increased by 17%, compared to a 27% increase in revenues, illustrating the company's operational leverage.

All in all, Cabka realized a net profit of EUR 4.5 million in 2021, versus a loss of EUR 3.2 million in 2020.

Tax structure in 2021 was equal to 2020, with a tax burden for the German entities of approximately 30%⁵ and some 25% for all other entities. As Cabka pays taxes on a national level without loss compensation between the different national legal entities this can influence the overall effective tax rate.

Capital Expenditures 2021 (2020)

Total capital expenditures are at EUR 16.9 million, whereby the maintenance- and replacement-CAPEX equals EUR 7.1 million or 4.2% over revenue, in line with Cabka's mid-term guidance. Growth- and cost-reduction-CAPEX comes in at EUR 9.8 million, including the restructuring of the ECO business.

Reconciliation of Capital Expenditures			
(in EUR thousands)	2021	2020	Change
Investments in intangible fixed assets	426	142	200%
Investments in tangible fixed assets	16,515	12,408	33%
Capital Expenditures	16,940	12,550	35%
- <i>Of which maintenance and replacement capital expenditures</i>	7,134	5,559	28%
- <i>Of which growth and cost reduction capital expenditures</i>	9,807	6,991	40%

⁵ As taxes in Germany differ per region, actual taxes can too

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Net Working Capital

Net Working Capital improved in 2021 to 19.3% over revenue, in line with the mid-term guidance.

Reconciliation of Net Working Capital (excluding cash and cash equivalents)			
(in EUR thousands)	2021	2020	Change
Raw materials, consumables, and supplies	13,323	8,349	60%
Work in progress/ Services	2,374	2,012	18%
Finished goods and merchandise	15,439	14,792	4%
Trade receivables	27,114	20,484	32%
Trade payables	(25,372)	(15,230)	67%
Net Working Capital (excluding cash and cash equivalents)	32,878	30,406	8%
Net Working Capital as percentage of revenue	19.3%	22.6%	

Debt covenant

In 2019, Cabka has combined all previous bilateral credit agreements into a five-year syndicated credit facility with an international banking group. Besides considerably increased access to financing, the Company ensured cross-border flexibility within the Group and drastically reduced handling complexity. The financial resources provided in this syndicated facility are subject to normal market credit terms (covenants).

Financial covenants	At 31 Dec 2021	As of 2022
Equity ratio	> 30.0%	> 30.0%
Interest cover ratio	> 2.75x	> 3.25x
Senior leverage	< 3.5x	< 2.75x

The interest rate is the aggregate of the applicable margin and Euribor. The margin depends on the senior leverage as in the table below. Over the year 2021 the senior leverage was between 2.00 and 2.50x EBITDA, implying an interest rate of 1.9% above Euribor.⁶

⁶ Covenant interest rates since mid-2019 based on ratio to EBITDA: <2.00x @ 1.65%; as of 2.00x and <2.50x @1.9%; as of 2.50x and <3.00x@ 2.15%; as of 3.00x @2.75%

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Debt overview		
(in EUR thousands)	2021YE	2020YE
Liabilities to banks	(56,448)	(50,254)
Liabilities from lease financing	(7,556)	(12,215)
Cash and cash equivalents	9,961	9,178
German GAAP net debt	(54,043)	(53,291)
IFRS-16 adjustment	(8,387)	(8,800)
IFRS-16 adjusted net debt	(62,430)	(62,091)

The business combination with Dutch Star Companies is expected to lead to a cash inflow of approximately EUR 45 million at closing 1 March 2022.⁷

Outlook 2022

The start to 2022 is characterized by high overall inflation, particularly manifesting itself through significantly higher energy and material costs. In anticipation Cabka announced a round of price increases in the fourth quarter of 2021, effective per January 2022. However, as these inflationary effects came in even stronger than anticipated, there is an expected delay in the full conversion to the market, impacting our gross margin on the shorter term. That said, supported by further mitigating actions focused on enhancing our product mix and efficiencies, we stick to the mid-term guidance as provided earlier.

Financial Calendar Cabka 2022

- 22 February 2022 Online Investor Question & Answer with Cabka management
- 28 February 2022 EGM Dutch Star Companies TWO
- 1 March 2022 Expected first day of listing Cabka N.V.
- 2 March 2022 Ex Date BC Warrants and IPO Warrants
- 3 March 2022 Record Date allotment BC Warrants and conversion of IPO warrants and BC warrants in ordinary shares for warrants that have converted
- 13 April 2022 Publication Annual Report and audited results Cabka Group GmbH 2021 (German Gaap)
Publication Annual Report and audited results Dutch Star Companies TWO 2021 (IFRS)
- 31 May 2022 Cabka Annual General Meeting
- 17 August 2022 Publication results and report of Cabka N.V. over the first six months of 2022 (IFRS)
- 15 March 2023 Publication preliminary full year results 2022 Cabka N.V. (IFRS)

⁷ Based on latest information of Dutch Star Companies TWO assuming a 100% votes in favor of the business combination.



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Listing of Cabka shares expected at 1 March

Subject to outstanding customary approvals, including EGM approval of the proposed Business Combination, trading in shares in the combined company under the new name “Cabka N.V.” is expected on Tuesday 1 March 2022. The company will hence trade under the symbol CABKA with international securities identification number NL00150000S7.

Registration for Online investor Q&A at 14.00 hrs CET today

Investors can register for a short online presentation of the 2021 results followed by a Q&A session with Cabka CEO Tim Litjens and Cabka CFO Necip Küpcü at 14.00 CET today. You are able to register for this session by clicking on the link:

https://channel.royalcast.com/landingpage/cabka/20220222_1/

The session will be opened at 13.30 CET, and you will be asked to provide your first and last name, as well as your email-address, in order to join. You will be able to submit your questions during the session by clicking the ‘ask question’ button on screen.

The session will be recorded and made available on the website www.dutchstarcompanies.com within 24h after the call. Additionally, you will be able to access it on the News & Investor section on www.cabka.com, as of 1 March.

For more information, please contact:

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Appendix A. Income Statement 2021 (2020)

P&L Cabka under German GAAP			
<i>(in EUR thousands)</i>	2021	2020	Change %
Revenue	170,644	134,552	27%
Inventory changes	979	(1,188)	-182%
Own work capitalized	2,104	2,496	-16%
Other operating income	3,773	2,927	29%
Cost of raw materials, consumables and supplies and purchased goods	(75,350)	(54,725)	38%
Cost of purchased services	(14,312)	(9,780)	46%
Cost of goods sold	(82,807)	(60,269)	37%
Gross profit	87,837	74,283	18%
<i>Gross margin</i>	51.5%	55.2%	
Wages and salaries	(27,218)	(26,353)	3%
Social security and old age pension cost	(5,198)	(4,752)	9%
Personnel expenses	(32,416)	(31,106)	4%
Other operating expenses	(28,421)	(24,209)	17%
EBITDA	27,000	18,968	42%
<i>% of revenue</i>	15.8%	14.1%	
Depreciation	(16,693)	(18,220)	-8%
EBIT	10,307	748	n.m.
<i>% of revenue</i>	6.0%	0.6%	
Other interest and similar income	9	9	-1%
Interest and similar expenses	(1,955)	(2,350)	-17%
Taxes on income	(2,255)	(813)	177%
Other taxes	(813)	(807)	1%
Existing VSOP accrual	(750)	0	n.m.
Net income	4,542	(3,214)	-241%
<i>% of revenue</i>	2.7%	-2.4%	
Deduction of minority interests at annual result	323	183	77%
EBITDA adjustments			
Adjustments non-recurring costs	988	1,236	n.m.
Underlying EBITDA	27,989	20,204	39%
<i>% of revenue</i>	16.4%	15.0%	
IFRS-16 adjustment	3,022	1,730	n.m.
IFRS Adjusted Underlying EBITDA	31,010	21,934	41%
<i>% of revenue</i>	18.2%	16.3%	

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Appendix B. Balance Sheet as of 31 December 2021 (2020)

Balance sheet Cabka (active)		
(in EUR thousands)	31/12/ 2021	31/12/ 2020
A FIXED ASSETS		
I Intangible assets		
1. Self-created industrial property rights and similar rights and values	44	92
2. Industrial rights and assets and similar rights and assets	501	904
3. Goodwill	60	90
4. Payments on account for intangible assets		26
	606	1,112
II Property, plant and equipment		
1. Land, land rights and buildings	12,576	12,870
2. Technical plant and machines	30,234	35,544
3. Other assets, factory and office equipment	9,958	11,812
4. Payments on account and assets under construction	12,496	4,033
	65,264	64,259
III Financial assets		
1. Shares of affiliates enterprises	87	87
2. Participations	3	3
	90	90
	65,960	65,461
B CURRENT ASSETS		
I Inventories		
1. Raw materials, consumables and supplies	13,323	8,349
2. Work in progress / Services	2,374	2,012
3. Finished goods and merchandise	15,439	14,792
	31,135	25,152
II Receivables and other assets		
1. Trade receivables	27,114	20,484
2. Receivables from shareholders	-	-
3. Other assets	5,036	1,749
	32,150	22,233
III Cash and cash equivalents	9,961	9,178
	73,246	56,563
C PREPAID EXPENSES	2,264	2,045
TOTAL ASSETS	141,471	124,069

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Balance sheet Cabka (passive)		
(in EUR thousands)	31/12/ 2021	31/12/ 2020
A EQUITY		
I Subscribed capital	3,363	3,363
II Capital reserve	12,528	12,528
III Retained earnings	285	285
IV Balance sheet profit	22,659	17,793
V Equity capital difference from currency conversion	(332)	(543)
VI Adjustment item for minority interests	59	365
	38,563	33,792
B SPECIAL ITEM	128	621
C ACCRUALS		
1. Tax accruals	13	880
2. Other accruals	8,561	5,721
	8,573	6,601
D LIABILITIES		
1. Liabilities to banks	56,448	50,254
2. Liabilities from finance leasing	7,556	12,215
3. Payments received on account of orders	-	530
4. Trade payables	25,372	15,230
5. Payables to affiliated enterprises	67	93
6. Liabilities to shareholders	-	1,492
7. Other liabilities	4,294	2,772
	93,736	82,585
E ACCRUED EXPENSES	-	-
F DEFERRED TAX LIABILITIES	470	470
TOTAL EQUITY AND LIABILITIES	141,471	124,069

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Appendix C. EBITDA developments 2021 (2020)

Reconciliation of EBITDA to (IFRS Adjusted) Underlying EBITDA			
(in EUR thousands)	2021	2020	Change
Net income	4,542	(3,214)	n.m.
Other taxes	813	807	1%
Taxes on income	2,255	813	177%
Interest and similar expenses	1,955	2,350	-17%
Other interest and similar income	(9)	(9)	-1%
Depreciation and amortization on intangible fixed assets and tangible fixed assets	16,693	18,220	-8%
Existing VSOP accruals	750	-	n.m.
EBITDA⁸	27,000	18,968	42%
Non-recurring items ⁹	988	1,236	-20%
Underlying EBITDA	27,988	20,204	39%
Estimated IFRS impact ¹⁰	3,022	1,730	77%
IFRS Adjusted Underlying EBITDA	31,010	21,934	41%

⁸ Most of transaction expenses related to the Business Combination are assumed to be incurred in 2022 and therefore not presented in 2021 figures.

⁹ Non-recurring items comprise transaction related expenses, ECO-restructuring and gain on sale of assets. Other one-off transaction related expenses will follow in 2022.

are assumed to be incurred in 2022 and therefore not presented in 2021 figures.

¹⁰ Under IFRS 16 EBITDA is corrected for the impact of leases resulting in a higher EBITDA (margin) than under German GAAP.



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Shareholder circular

Information on the business combination of Cabka and Dutch Star Companies TWO is included in a shareholder circular published on the website of Dutch Star Companies <https://www.dutchstarcompanies.com/dutch-star-companies-two/>.

About Cabka

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. Cabka is leading the industry in its integrated approach closing the loop from waste, to recycling, to manufacturing. Backed by its own innovation center it has the rare industry knowledge, capability, and capacity of making maximum use bringing recycled plastics back in the production loop at attractive returns. Cabka is fully equipped to exploit the full value chain from waste to end-products.

Cabka employs some 700 FTE in Europe and the US recycling 150 kton of plastics into some 10 million pallets and 200,000 large containers realizing €171m in revenues, in 2021.

Cabka intends to list at Euronext Amsterdam as of 1 March 2022 under the CABKA ticker.

Disclaimer

The content of this press release may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements reflect the Company's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company's business, results of operations, financial position, liquidity, prospects, growth or strategies. A list and description of the risks, uncertainties and other risks relating to the Company can be found in the shareholder circular that has been made generally available in the Netherlands and copies of which may be obtained at no cost through the website www.Dutchstarcompanies.com.

Readers are cautioned that any forward-looking statements are not guarantees of future performance. Given these uncertainties, the reader is advised not to place any undue reliance on such forward-looking statements. These forward-looking statements speak only as of the date of publication of this press release. The Company undertakes no obligation to publicly update or revise the information in this press release, including any forward-looking statements, except as may be required by law.

This document contains information that qualifies as inside information within the meaning of Article 7(1) of Regulation (EU) No 596/2014 on market abuse.