BLUE CAP

VALUE-ADD PERFORMANCE

2022 Annual Report

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VALUE-ADD PERFORMANCE

KEY FIGURES FOR THE GROUP

INTERESTING FACTS
The adjusted consolidated income statement can be found in the Further information section on page 167

EUR thousand	2022	2021	Change in %
Revenue	347,511	267,347	30.0
Adjusted EBITDA	30,377	24,646	23.3
Adjusted EBITDA margin in %*	8.6	9.1	5.1
Adjusted EBIT	16,332	13,316	22.6
Adjusted EBIT margin in %*	4.6	4.9	5.6
Consolidated net income	10,437	4,715	>100.0
Cash flow from operating activities	16,996	12,440	36.6
Cash flow from investing activities	–7,253	-18,897	61.6
Earnings per share in EUR	2.78	1.24	>100.0
Earnings per share in EUR**	0.90	0.85	5.9
Dividend yield per share in %**	3.6	2.7	33.3

INTERESTING FACTS
Further information on NAV can be found on page 75 et seqq.

	31.12. 2022	31 December 2021	Change in %
Total assets	298,701	268,035	11.4
Net Asset Value in EUR million	160.8	172.8	6.9
Equity	109,362	98,243	11.3
Equity ratio in %	36.6	36.7	0.1
Working capital (net)***	63,452	60,937	4.1
Net debt ratio in years	2.4	2.6	7.7
Average no. of employees in the Group	1,452	1,211	19.9
Average no. of employees in the holding company	13	13	0.0

* Adjustments: Adjusted to reflect extraordinary, prior-period and other effects resulting from reorganisation measures and one-off effects, as well as effects arising from the purchase price allocations
** Dividend and dividend yield (based on the respective XETRA closing price for the financial year) are subject to the approval of the Annual General Meeting, expected in June 2023
*** incl. contract assets and contract liabilities

PROFILE

Blue Cap AG is a listed investment company with more than 15 years of market experience. We invest in SMEs in the B2B sector, with a focus on attractive companies in industrial niches and business services segments. The companies generally generate revenue of between EUR 30 and 80 million, have an intact core business and offer significant development potential.

MISSION

EMPOWERING TRANSFORMATION

In principle, our portfolio companies pursue independent strategies that are operationally driven forward by the management teams themselves. At the same time, we actively support them in realizing their goals and their development in order to increase the enterprise value. The portfolio companies are sold as soon as successful growth appears more sensible in another ownership structure and Blue Cap has been able to successfully implement large parts of the planned transformation program.

8.6%

EBITDA MARGIN

160.8

million EUR net asset value

347.5

million EUR revenue

The development of Blue Cap has gone according to plan, and the good results confirm our course. We have succeeded in expanding the portfolio, minimising risks and driving value creation even under difficult circumstances. This year, we summarize this under the term Value-add performance, and on the following pages we show where we set out to achieve this in 2022. After all: Values do not grow by themselves – they have to be developed.

DEFYING THE ENVIRONMENT

Blue Cap closed the 2022 financial year with record revenues and results despite difficult framework conditions. The focus was on the resilience of our portfolio companies. We are working intensively on transforming our portfolio this year as well, in order to continuously and sustainably generate value for Blue Cap.

_ from left to right:
Henning Eschweiler, Chief Operating Officer and responsible for portfolio management and ESG, Tobias Hoffmann-Becking, Chief Executive Officer and responsible for M&A and Capital Markets, Matthias Kosch, Chief Financial Officer and responsible for finance, accounting and IT

The 2022 financial year closed with record figures. You can be satisfied with that, can't you?

_T.HB.: We really are. We have achieved significant growth despite considerable headwinds. This is a good sign for our portfolio companies' ability to transform successfully. The companies that we have acquired in the past two years have noticeably improved our portfolio. As a result, we have been able to outperform the overall market. We had cyclical downward issues here and there, but the positives clearly outweighed the negatives, as some companies delivered very strong results. I would like to mention HY-LINE as an example here; it has only been in our portfolio since 2021 and has made great progress.

_M.K.: This development is also partly reflected in the figures. Revenue increased to EUR 347.5 million, which corresponds to the upper end of the guidance, due to inflation and the good operational performance of some investments. The adjusted EBITDA ratio reached 8.6% despite the macroeconomic challenges. con-pearl, with its focus on logistics, was on the right track as well. As just mentioned, HY-LINE is included in the figures for the full year for the first time, with very good earnings data as well as a high order backlog that the company can work off in 2023.

Mr Eschweiler, you joined the board in September. What characterises Blue Cap according to your still fresh inside view?

_H.E.: I perceive a distinctly entrepreneurial attitude at Blue Cap. To sum things up: We are creators, not administrators. Moreover, there is a great openness towards the momentum I have been able to generate and a very constructive and reflective discourse on how we can continuously improve as a team. These are not only an excellent starting point for further development but also framework conditions that have allowed us to implement some changes very quickly: We work in hybrid teams – in other words, there is close communication between our specialists from the areas of operations and investments – and we align our portfolio companies more strongly with quantified goals to make changes measurable. That is my understanding of active portfolio management, and I believe we are very well positioned for this at Blue Cap.

_ Tobias Hoffmann-Becking, CEO
is responsible for Investment and Capital Markets at Blue Cap AG. With a business management degree and a master's in finance, he has many years of consultancy and investment experience at international and national private equity funds behind him. Before joining Blue Cap, he spent ten years as managing director of the investment bank Rothschild & Co.

_We want to increase the net asset value of our portfolio to EUR 55 per share by the end of 2025, enabling us to offer our shareholders interesting value enhancement opportunities. _

_ Tobias Hoffmann-Becking, CEO

What do you say about the development of the portfolio companies?

_H.E.: 2022 was without a doubt a challenging year. We all know the buzzwords: Corona pandemic, the war of aggression against Ukraine, supply chain issues, raw material and energy costs. Under these framework conditions, the teams at our portfolio companies did a very good job. We can be proud of that. However, we also learned some lessons in 2022: Our portfolio companies will focus on cash management more strongly in the future. In many cases, working capital and receivables have risen much more than was justified by the causes of the crisis because we did not react as quickly as other market participants. We have significantly improved our processes in this area and will act more confidently towards our customers and suppliers in the future as well.

_M.K.: The issue of working capital was problematic in two ways last year. First, our portfolio companies had to stock up more on raw materials due to the supply chain problems. Added to this was an inflationary price effect. This means that the companies had higher values in stock for the same quantity. Consequently, the stock quantities and the working capital simultaneously increased to double the planned level at times. However, we were able to resolve this situation to some extent through short-term measures, but will continue to pay close attention to changes in working capital on each individual portfolio company this year.

The net asset value has decreased slightly recently. What are the reasons for this?

_T.HB.: The decline is due to two individual effects, which we assume are only of a short-term nature. On the one hand, we have generally declining valuation multiples in the market, which we cannot escape either. In addition, we have special effects at two of our larger companies, con-pearl and INHECO. At con-pearl, a large order will probably be postponed until 2024. Something similar applies to INHECO. The company has recently invested heavily in new employees for further growth, in order to bring new products to market and to increase sales. Until the measures take effect, we will initially have higher costs with stable revenue. This negatively affects the NAV in the short term. However, we have already initiated various operational measures so that the NAV can recover significantly – especially since we also expect further growth in the rest of the portfolio. We are currently aiming for an NAV of EUR 55 per share by the end of 2025, which corresponds to more than doubling from the end of 2022.

_ Henning Eschweiler, COO
Mr Eschweiler is responsible for portfolio management and sustainability at Blue Cap AG. A graduate in mechanical engineering and business administration, he has many years of experience with German SMEs and in the private equity sector. Most recently, Mr Eschweiler worked at the private equity house Nimbus, where he was responsible for both M&A transactions as well as portfolio management.

Keyword crisis: What is Blue Cap doing to strengthen its resilience as well as its future viability?

_H.E.: Resilience and future viability are two sides of the same coin. In the current financial year, we are pursuing an 'all weather strategy'. This means that we have implemented good control systems in order to be able to react quickly and ensure very good cash management. Liquidity means the capacity to act – in a crisis as well as in an upturn. The focus on liquidity in no way means standstill, though. Take Neschen, for example. We have worked out a strategy with the management that reduces the cost base very consistently. At the same time, we are investing in the development of sales and are focusing strongly on the exciting segment of industrial applications, where we can demonstrate a differentiating customer benefit.

Future viability means first of all knowing exactly where we want to go. Once we have a clear goal, it is our responsibility as shareholders to pave the way. Carving out this focus for each company is the challenge – there is rarely a lack of ideas, the art is saying 'no'. It is about identifying the key value drivers and focusing on them and only them.

Supply chain issues, energy costs and sales prices: How do your companies solve the challenges associated with these issues?

_M.K.: In respect to supply chain management, we learned a great deal in 2022. We have done our homework here and are now well positioned. Fortunately, energy price issues have eased considerably. With the regulator's guidelines, we now have planning certainty again and therefore do not expect any substantial deviations. The big challenge remains the issue of sales prices. In 2023, our companies will still have to find adequate sales prices for both sides with our support and in dialogue with the customers.

How do you assess the share price development since the beginning of 2022?

_T.HB.: A negative share price development is never nice. Even the fact that we were in good company with almost all shares is no consolation, especially since we suffered more from the turbulence on the capital markets as a second-line stock. However, it should be emphasised that we outperformed many peers and the benchmark indices viewed over the entire year.

If we manage to improve our NAV by the end of 2025 as planned, the capital market should also take a noticeably positive view of this. We are doing everything we can to make this succeed; this is our aim and our promise to our shareholders.

_ The transformation of every portfolio company begins with the target vision. Based on this, we develop the milestones of our value enhancement projects. _

_ Henning Eschweiler, COO

Blue Cap is offering a stock dividend for the first time. Why?

_T.HB.: Blue Cap has a number of different shareholders: Some want a cash dividend to share in short-term success. Others want long-term value generation. They invest in Blue Cap because they believe we invest their money well for them. We want to satisfy both groups of shareholders. The advantage of a stock dividend for us is: We preserve our liquidity and have more internal financial strength for the implementation of our expansion projects. And the shareholders can simply and directly reinvest their dividends in their company, so it's a win-win situation.

There has been movement in the shareholder structure. How do you assess this?

_T.HB.: We have been dealing with this issue for some time. We are therefore pleased to have taken a positive first step with the reallocation of 15%. The new anchor shareholder understands what we are doing and is investing in our strategy for the long term. This way we can continue to work in the right direction. Another package is still pending for reallocation. Since our business model provides investors with good arguments for investing in our path in the long term, we are very confident about this.

How do you see the current situation in the investment market?

_T.HB.: The transaction volume declined considerably last year. As sellers, we were spoiled by the high achievable prices until the beginning of 2022. However, the environment then changed significantly with the spring of 2022: War, inflation and general uncertainty led to significant reduction expectations, so buyers and sellers often did not meet. This year, both sides are likely to converge again at a new level. I expect noticeably more transactions, especially in the second half of the year. The players are still there and so are the funds.

Mr Eschweiler, what new accents will you set as COO at Blue Cap?

_H.E.: A central item on my agenda is to strengthen active portfolio management further. I said at the beginning that we have got off to a good start with this, but it is an ongoing process in which we are continually improving together with our portfolio companies. Our task is to focus the portfolio on the key value drivers. This means we develop a target vision for the company in which we outline the target state. We use this as a basis to define the milestones in our transformation projects.

In the sense of a future-back approach?

_H.E.: Exactly. You've probably heard the expression "strategy execution gap" – you have a good strategy, but are unable to implement it efficiently. We try to counteract this by planning transformation projects starting from the goal. In this context, the goal should provide clear orientation but not needlessly restrict the solution space – thus the implementation in shorter sprints. Put simply: What do we want to achieve in the next two to three years? Where should we be by the end of the first year and what do we need to do today to get there? As trivial as it may sound, translating medium-term goals into day-to-day change processes – combined with effective performance measurement – is a major challenge. This strategy means we can empower our portfolio companies to each contribute their share to the value enhancement of the NAV to the previously mentioned EUR 55 by the end of 2025.

_We invest in growth. In 2023, the focus will be on the areas of productivity improvement, business expansion and digitalisation. _

_ Matthias Kosch, CFO

_ Matthias Kosch
is responsible for the areas of accounting and controlling, financing, taxes, legal and IT at Blue Cap AG. He is also responsible for the commercial integration of new portfolio companies into the Group. The graduate in business administration is closely familiar with the topic of restructuring due to his former work as an investment manager at Blue Cap and at a private equity fund.

How are the portfolio companies progressing on the topic of sustainability?

_H.E.: By now, everyone should have realised that living sustainably at all levels makes a company stronger and more resilient – and, importantly for us, more valuable. Our portfolio in this area is at different levels of maturity. con-pearl is without doubt a model enterprise. This company is currently taking big steps towards a circular economy and sustainable production. And the investments in sustainable energy production are also in full swing. The other companies are also working on concepts to improve their balance sheet, especially in the area of CO_2 emissions.

_M.K.: After all, environmentalism is only one aspect of ESG. Social aspects are also very important in times of extreme competition in the labour market. On 1 February 2023, we therefore brought on board a new person responsible for the topics of people and culture. In the future, this person will actively support the portfolio companies in enhancing their attractiveness as employers and help them to attract the right people. Modern workplaces, flexible working hours, digitalisation, further training, promotion of health – these are already part of everyday work for the employees in our holding. Since 2022, we have had a new, long-term incentive programme, through which we also let the team participate in our economic success. The programme is based on the development of the Blue Cap share price and is intended to increase involvement even further.

Where are the investment priorities at the moment?

_M.K.: These are essentially in the three areas of productivity improvement, business expansion and digitalisation. con-pearl, for example, is looking to invest in new extruders and in packaging. The company is also expanding in the USA as an important new core market. At Neschen, there will be a conversion to SAP S/4/Hana, in the H+E Group the structures of the locations are being harmonised, Transline is currently introducing a CRM system and HY-LINE an ERP system.

How do you secure the necessary funds?

_M.K.: Financing at the level of our subsidiaries is secured. We finance investments on the one hand from the cash flow, on the other hand we use leasing, hire-purchase and bank financing. Here we work as much as possible with banks that know us and understand our business model. We integrate subsidies where we can.

Interest rates have been an issue again since 2022. What does the increase mean for Blue Cap?

_M.K.: We have been and continue to be forward-looking here: Because most of our financing is fixed-rate or secured via interest rate hedges, the rise in interest rates is cushioned. Where we had expiring loans, we refinanced the loan agreements in advance. We will stick to this policy.

What are your economic expectations for 2023? What are the goals for the next growth stage?

_T.HB.: We expect 2023 to be a transition year with a mixed development. After a somewhat more moderate start to the year, we expect a recovery phase to begin in the second half of the year. On the acquisition side, we do not expect any major movements this year. If the right opportunities arise, we will of course seize them. The expansion of the existing platforms is given priority, not so much investment in completely new companies.

_ We see 2023 as a transition year in which we will continue to work on a strong future viability of our existing portfolio. _

_ Tobias Hoffmann-Becking, CEO

_M.K.: As far as the concrete figures are concerned, after another record year in 2022, we forecast that revenue and earnings for the 2023 financial year will be roughly at the same level as the good figures of the previous year, including special effects. In the two years that follow, we see good opportunities for substantial improvements and value enhancements, as our NAV target for 2025 shows.

_H.E.: We have talked a lot about transformation. As investors, we quickly forget that we can only be as effective a catalyst as the teams with which we set out to implement plans – in the end, it's the people in the portfolio that make the difference. We want to develop a culture that enables transformation, and we want to enable our portfolio companies to become and remain"great places to work". In doing so, we lay the foundations for finding the best talent for our portfolio companies. If we embed the transformation mindset in our daily lives, we will be able to continue to grow efficiently and profitably. ■

REPORT OF THE SUPERVISORY BOARD

_ Kirsten Lange
Chairwoman of the Supervisory Board

**Dear shareholders,
ladies and gentlemen,**

Following my election as Chairwoman of the Supervisory Board of Blue Cap AG in June 2022, I am pleased to inform you for the first time about our work on the Supervisory Board of Blue Cap AG. In this context, I would also like to look back on the many issues that concerned us in the past financial year.

The Corona pandemic accompanied us all for the third year in a row. Its effects and further course were still very uncertain at times. Starting in February 2022, the beginning of the Ukraine war also shook world affairs, and we saw increasing adverse effects on the global economy. The economic mood was shaped by fears of a recession. The Blue Cap Group had to deal with inflation, energy crisis and supply chain difficulties throughout the year. Managing these influences commercially was the most important task of the portfolio companies, intensively supported by the Blue Cap boards.

In this difficult environment, the Management Board acted decisively and quickly set appropriate priorities. The focus was on the operational development of the portfolio companies, especially in handling the increased raw material and energy prices as well as the supply chains, which were still severely impacted especially at the beginning of the year.

_ In the challenging 2022 financial year, the Management Board acted decisively and set the right priorities. This led to record revenue and earnings at the Group level._

_ Kirsten Lange, Chairwoman of the Supervisory Board

The results were encouraging: The Blue Cap Group proved to be resilient and developed very positively on the whole, both operationally and strategically, despite the very difficult framework conditions. We can therefore look back on a record year in terms of revenue and results.

Cooperation between the Management Board and the Supervisory Board

The Supervisory Board consisted of five members in 2022. In the reporting year, it fully carried out the duties required of it by law, the Articles of Association and the Rules of Procedure. We continuously monitored and advised the Management Board in its management of the company. The Management Board informed us continuously, comprehensively and promptly, both verbally and in writing, about current developments, corporate strategy, the status of transactions and major portfolio projects as well as the corporate and financial planning of the Group and its portfolio companies.

The Management Board fulfilled its duties to provide information at all times and in appropriate depth. Furthermore, it was available to us for questions and explanations at any time and to our full satisfaction – even outside the meetings. The Supervisory Board was thus able to satisfy itself at all times of the legality, appropriateness and regularity of the management.

In the plenary sessions and in our committees, we always had the opportunity to critically examine the reports and resolution proposals submitted by the Management Board and to make suggestions. Discussions between the Supervisory Board and the Management Board were also based on the monthly financial reporting submitted to the Supervisory Board with key income, financial, asset and personnel figures for the Group as a whole as well as for individual portfolio companies. All submitted reports and documents were carefully and adequately examined by our board and gave no cause for objection. We intensively discussed decisions of fundamental importance with the Management Board. Where the approval of the Supervisory Board for individual business transactions was required by law, the Articles of Association or the Rules of Procedure, we granted it after detailed examination.

As Chairwoman of the Supervisory Board, I was in close communication with all members of the Management Board, especially with the Chairman of the Management Board, outside of meetings as well. I informed the other members of the Supervisory Board about relevant findings in a timely manner, at the latest at the next meeting of the board. At no time did I have any indication of conflicts of interest on the part of Management Board or Supervisory Board members that had to be disclosed to the Supervisory Board without delay.

The company conducts information and training measures on specific topics of the Supervisory Board's work at regular intervals. Among other things, important regulations of the Corporate Governance Code and the effects of the Financial Market Integrity Strengthening Act (FISG) on the work of the Supervisory Board were presented. The new members who joined the Supervisory Board in the financial year were supported by an onboarding programme in the form of detailed information on the Group and its various business activities after taking up their mandate.

Last year, our Supervisory Board met for a total of

17 **meetings.**

Meetings

In the 2022 financial year, a total of 17 meetings of the Supervisory Board were held: six times in the form of a face-to-face meeting and eleven times in the form of a video or telephone conference. Only members of the Supervisory Board attended the meetings held on 10 January 2022, 22 March 2022, 29 March 2022, 8 April 2022, 19 May 2022, 15 June 2022, 29 June 2022 (constituent) and 25 July 2022, and members of the Management Board additionally attended the meetings held on 18 February 2022, 2 March 2022, 21 April 2022, 12 May 2022, 28 June 2022, 7 July 2022, 25 August 2022, 25 October 2022 and 13 December 2022.

The average attendance rate of the Supervisory Board members at the meetings was just under 99%. The absence of individual members was always excused. No member of the Supervisory Board attended fewer than half of the meetings during their term of office. The same applies to the committees. In preparation for the meetings, the Management Board provided us with comprehensive, informative written reports and resolution proposals in good time.

Main duties and topics in the Supervisory Board plenary sessions

In accordance with the duties incumbent upon us by law, the Articles of Associations and the Rules of Procedure, we dealt in detail with the operational and economic development of Blue Cap AG and its portfolio companies as well as their strategic further development in the 2022 financial year. This also included the economic and financial key figures of the Group, which comprised the development of the net asset value (NAV) as well as budget planning, among other things.

Key topics were significant business events, personnel matters, the status of portfolio acquisitions and sales, changes concerning corporate governance as well as sustainability projects. We intensively dealt with the economic challenges and the implications and risks for the portfolio companies of Blue Cap. The development of raw material and energy prices as well as the geopolitical situation were significant uncertainty factors for the course of business, and we were always available to the Management Board for advice in this context.

We additionally dealt with remuneration issues of the Management Board and other Management Board matters. On the one hand, we changed the remuneration system of the Management Board to make it more comprehensible and less complex. On the other hand, we strengthened the variable component in order to link the incentives of the Management Board more closely to the goals of our shareholders. In the deliberations on Management Board remuneration, we used a peer group comparison to determine that the market standard is given and the remuneration of the Management Board members is thus appropriate. We intensively discussed the Management Board composition following Ulrich Blessing's departure from the Management Board.

On 21 April 2022, the Supervisory Board held a meeting to approve the balance sheet. The board approved the annual financial statements and management report of Blue Cap AG as well as the consolidated financial statements and the Group management report each as of 31 December 2021. In addition, the plenary session adopted the report of the Supervisory Board for the 2021 financial year. The agenda for the Annual General Meeting was discussed and approved. The Supervisory Board approved the proposal to pay a dividend to the Annual General Meeting.

Supervisory Board plenary sessions

Member	Attendance abs.	Attendance in %
Kirsten Lange (Chairwoman, member since 29/06/2022)	6/6	100%
Prof. Peter Bräutigam (Chairman, member until 29/06/2022)	11/11	100%
Dr. Michael Schieble (Deputy Chairman)	17/17	100%
Dr Stephan Werhahn (Deputy Chairman, member until 29/06/2022)	11/11	100%
Michel Galeazzi	17/17	100%
Dr. Henning von Kottwitz	17/17	100%
Freya Oehle (member since 29/06/2022)	6/6	100%

Audit Committee

Member	Attendance abs.	Attendance in %
Dr. Michael Schieble (Chairman)	6/6	100%
Dr. Henning von Kottwitz	6/6	100%
Kirsten Lange (member since 29/06/2022)	3/3	100%
Prof. Peter Bräutigam (member until 29/06/2022)	3/3	100%

Nomination Committee

Member	Attendance abs.	Attendance in %
Dr. Henning von Kottwitz (Chairman)	4/4	100%
Dr. Michael Schieble	4/4	100%
Michel Galeazzi	4/4	100%

M&A Committee

Member	Attendance abs.	Attendance in %
Michel Galeazzi (Chairman)	3/3	100%
Kirsten Lange (member since 29/06/2022)	2/2	100%
Prof. Peter Bräutigam (member until 29/06/2022)	1/1	100%
Dr. Stephan Werhahn (member until 29/06/2022)	0/1	0%
Freya Oehle (member since 29/06/2022)	2/2	100%

The Management Board always submitted matters requiring approval to the Supervisory Board in good time for resolution. After extensive consultation and thorough consideration, we approved these in all cases.

Due to the new elections of the Supervisory Board members at the 2022 Annual General Meeting on 29 June 2022, a constituent meeting of the Supervisory Board was held on the same day. At this meeting, I was elected Chairperson of the Supervisory Board. Dr. Michael Schieble was elected as Deputy Chairman. The Supervisory Board also held an election to appoint members of the committees.

Tasks of the committees

The Supervisory Board used the existing committees (Audit Committee, M&A Committee, Nomination Committee) to perform its duties efficiently. The primary task of the committees is to prepare decisions and issues to be discussed or decided in plenary sessions. Decision-making powers can also be delegated to the committees if this is permitted by law. The chairpersons of the committees also reported to the Supervisory Board regularly and in detail on the contents and results of the committees.

In the 2022 financial year, the **Audit Committee** consisted of Dr. Michael Schieble (Chairman), Dr. Henning von Kottwitz and Kirsten Lange. Up until 29 June 2022, the Audit Committee consisted of Dr. Henning von Kottwitz, Prof. Dr. Peter Bräutigam and Dr. Michael Schieble. The Chairman of the Audit Committee, Dr. Schieble, has expertise in the areas of accounting and auditing due to his work as a Management Board member of Sparkasse responsible for the back office and as Chairman of the Audit Committee of Blue Cap. D.r Schieble is qualified in the sense of recommendation D.3 DCGK 2022. He has also acquired expertise in sustainability reporting due to his previous work. Dr. von Kottwitz, as a member of the Audit Committee, also has expertise in the area of accounting as a fully qualified lawyer and sole director of PartnerFonds AG i.L. and thus knowledge and experience in the application of accounting principles as well as internal control and risk management systems.

The Audit Committee held six meetings in the reporting year on 9 February 2022, 30 March 2022, 19 April 2022, 29 June 2022, 9 November 2022 and 9 December 2022. The Chief Financial Officer attended five of the six meetings, and representatives of the auditors Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, attended three meetings.

The focus of the committee's work was on the audit of the annual financial statements and the consolidated financial statements for 2021, including the combined management report, and the preparation of the resolutions in the Supervisory Board. In the course of the audit, the Audit Committee discussed the progress of the audit with the auditor and also included the reports of the company and the audit reports of the auditor. Together with the auditor, the Audit Committee also determined the focus of the audit for the 2022 financial year. Among other things, this included the first-time consolidations of Transline and Micado, the valuation of portfolio companies and inventories, and compliance with bank covenants. In addition, the Audit Committee dealt with the 2023– 2025 budget planning and the risk reporting of the Blue Cap Group.

In 2022, the **M&A Committee** was composed of the members Michel Galeazzi (Chairman), Kirsten Lange and Freya Oehle. Up until 29 June 2022, the M&A Committee consisted of Michel Galeazzi, Prof. Dr. Peter Bräutigam, Dr. Stephan Werhahn. The M&A Committee met three times last year: on 1 February 2022, 29 June 2022 and 2 December 2022. In addition to members of the Management Board, M&A employees of Blue Cap also attended the meetings.

In principle, the M& Committee deals with individual acquisitions and sales of companies in the run-up to the vote in the Supervisory Board; in this respect, it is the sparring partner of the Management Board in the early phase of transactions that are already taking shape. In 2022, the main topics of consultations were the developments in both ongoing and new M&A projects. These included the sale of Gämmerler GmbH as well as the acquisition of the Transline Group, among others.

The **Nomination Committee** was newly constituted last year and consisted of Dr. Henning von Kottwitz (Chairman), Michel Galeazzi and Dr. Michael Schieble. The Nomination Committee held four meetings in 2022: on 4 March 2022, 21 March 2022, 8 April 2022 and 29 June 2022. The committee dealt intensively with potential candidates to succeed the members of the Supervisory Board who retired in 2022; these candidates were proposed for election at the 2022 Annual General Meeting. In particular, it made sure that the Supervisory Board would be adequately staffed after the new elections in terms of diversity, financial expertise and fulfilment of the competence profile.

Corporate governance

The Supervisory Board dealt extensively with the German Corporate Governance Code (GCGC) in the 2022 financial year. At its meeting of 18 February 2022, the Supervisory Board analysed together with the Management Board the recommendations of the GCGC and Blue Cap AG's compliance with them.

Although Blue Cap is not obliged to issue a declaration of compliance with the German Corporate Governance Code due to its listing on the open market, the Supervisory Board and Management Board decided to issue a declaration of compliance for the first time in the interest of informing shareholders and the capital market. In addition, we reviewed the efficiency of our activities through a self-evaluation based on a detailed questionnaire, which was answered by all members of the Supervisory Board. The results were discussed in detail at our meeting on 7 July 2022 and compared with the results of the best supervisory boards. Overall, the audit gave a positive picture of the activities of our board and the cooperation with the Management Board. No significant deficits were identified. Nevertheless, we identified some areas of action in which we could become even faster and less bureaucratic, and we implemented all of these over the course of 2022 as well.

Audit

The Annual General Meeting of 29 June 2022 appointed Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, as auditors of the financial statements and consolidated financial statements for the 2022 financial year. Deloitte GmbH Wirtschaftsprüfungsgesellschaft audited the annual financial statements and consolidated financial statements prepared by the Management Board as well as the consolidated management report for the 2022 financial year, which was combined with the management report of Blue Cap AG, and issued an unqualified audit opinion in each case. The audit was conducted in accordance with Section 317 of the German Commercial Code (HGB) and the generally accepted standards for the auditing of financial statements specified by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany).

The annual financial statements and the combined management report were prepared in accordance with German legal requirements. The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), as applicable in the European Union, as well as the German statutory regulations which are also to be applied. These consolidated financial statements exempt the company from the obligation to prepare consolidated financial statements in accordance with German law.

The annual financial statements and consolidated financial statements as well as the combined management report for the 2022 financial year were sent to all members of the Supervisory Board in good time in advance for inspection, along with the respective audit reports and notes by the auditor. The documents were discussed comprehensively and in detail with the Management Board at the balance sheet meeting on 27 April 2023 in the presence of the auditors, who reported on the main results of the audits. The auditors and the Management Board were available for detailed explanations of the financial statements and answered all questions of the Supervisory Board to its full satisfaction.

The auditors confirmed their independence to the chairman of the Audit Committee and stated that there were no circumstances that would call into question their impartiality.

After a thorough examination of the submitted documents and the recommendation of the Audit Committee, we had no objections. We therefore approved the audit findings of the auditors. On April 28, 2023, in accordance with the proposal of the Audit Committee, we adopted the 2022 annual financial statements of Blue Cap AG together with the combined management report, and approved the 2022 consolidated financial statements along with the combined management report by way of the written consent procedure.

The Supervisory Board also approved the proposed resolutions for the Annual General Meeting, both at its meeting on April 27 2023 and by way of the written consent procedure on April 28 2023. In accordance with the recommendation of the Audit Committee, the Supervisory Board proposes that Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich be elected as auditor of the financial statements and consolidated financial statements of Blue Cap AG for the 2023 financial year.

Dividend

The Supervisory Board likewise reviewed the Management Board’s proposal for use of the net profit. In particular, the liquidity of the entire Group as well as the financial and investment planning were taken into account here. After extensive consultation, we endorse the proposal of the Executive Board to the Annual General Meeting to distribute to shareholders from the net profit for the 2022 financial year a dividend of EUR 0.90 per share, or a total of EUR 3,956,661, based on the number of no-par value shares as of 28 April 2023. The remaining net profit is to be carried forward. The Supervisory Board also endorses the proposal of the Management Board to the Annual General Meeting to pay the dividend a) in cash or b) partly in the form of shares in the company and partly in cash, at the shareholders choice. This gives shareholders the freedom to choose whether and to what extent they wish to make use of the offer of a stock dividend.

Personnel changes in the Supervisory Board and Management Board

The following personnel changes took place in the Supervisory Board of Blue Cap AG in the reporting year:

The long-standing Chairman of the Supervisory Board, Prof. Dr. Peter Bräutigam, resigned his Supervisory Board mandate with effect from the end of the Annual General Meeting on 29 June 2022. Dr. Stephan Werhahn, Deputy Chairman of the Supervisory Board, also resigned from office with effect from the end of the Annual General Meeting on 29 June 2022.

After prior internal discussion, the Supervisory Board proposed to the Annual General Meeting that Kirsten Lange and Freya Oehle be elected as new members of the Supervisory Board. In addition, Dr. Kerstin Kopp was proposed for election as a substitute member of the Supervisory Board. Freya Oehle and myself were elected to the Supervisory Board at the Annual General Meeting on 29 June 2022. Dr Kerstin Kopp was also elected as a substitute member.

Dr Michael Schieble, Dr Henning von Kottwitz and Michel Galeazzi, whose terms of office expired at the 2022 Annual General Meeting, stood for re-election and were re-elected to the Supervisory Board by the 2022 Annual General Meeting.

The members of the Supervisory Board express their sincere thanks to both departing members for their good, long-standing and constructive cooperation.

In its constituent meeting following the Annual General Meeting, the Supervisory Board elected me as its Chairwoman and Dr Schieble as its Deputy Chairman.

There were also personnel changes in the Management Board. With effect from 1 September 2022, the Supervisory Board appointed Tobias Hoffmann-Becking, previously Chief Investment Officer, as Chief Executive Officer of the company. His contract was extended until 31 December 2027. Henning Eschweiler was also appointed as a member of the Management Board (Chief Operating Officer) with effect from 1 September 2022. He succeeded Ulrich Blessing, who prematurely terminated his Management Board mandate, which runs until the end of 2022, by mutual agreement as of August 31 2022. The Supervisory Board would like to take this opportunity to thank Mr. Blessing once again for the trusting and successful cooperation and wishes him all the best for the future.

None of the members of the Supervisory Board exercises executive or advisory functions at what the company considers to be significant competitors of the company. There was no indication of conflicts of interest on the part of a member of the Supervisory Board or the Management Board.

On behalf of our board, I would like to thank the members of the Management Board and all employees of Blue Cap AG and its subsidiaries for their extraordinary commitment and outstanding performance in the 2022 financial year.

Munich, 28 April 2023

Kirsten Lange
Chairwoman of the Supervisory Board

ACTIVELY TRANSFORMED

Value enhancement measures

Blue Cap uses its newly introduced transformation radar to make valuations using individual focal points.

TRANSFORM: WE CREATE VALUE.

THE TRANSFORMATION of our portfolio is one of our business model's three main pillars – 'Buy, Transform, Sell'. We see this process as the core of Blue Cap Value Creation, from acquisition to exit. We act as drivers, sparring partners and pioneers as part of an active management approach. The goal is to develop each of our portfolio companies operationally and strategically by applying various transformation priorities in a way that allows us to continuously and sustainably generate value for Blue Cap. We assess the transformation potential of each portfolio company using our newly introduced transformation radar.

JOINT SELECTION OF TARGETS AS THE FOUNDATION FOR SUCCESSFUL VALUE ENHANCEMENT

The transformation potential of a new target is a key criterion for the appraisal ahead of the acquisition and forms the essential decision criterion for an acquisition. The Blue Cap M&A team works closely with the portfolio team as early as the due diligence process. **We make an acquisition only if we share the same idea about how we can develop the company and significant value enhancement potentials are evident.** The transformation process, divided into an onboarding phase and a value generation phase, then begins.

PHASE 1: CLEARLY DEFINED ONBOARDING PROCESSES FOR EACH NEW PORTFOLIO COMPANY

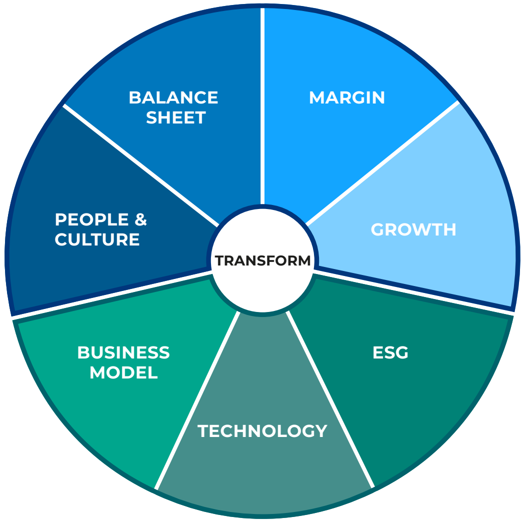
Immediately after the acquisition, the new company has to be integrated into the Blue Cap Group as quickly and efficiently as possible. This involves the commercial integration on the one hand. On the other, we initiate the key value drivers at an early stage according to the investment hypotheses we make based on the due diligence process. **Typically, the investment rationale is based on just a few clearly defined building blocks for value enhancement.** Nonetheless, the range of issues to be addressed is wide and depends largely on the company's situation. A cost efficiency programme may be particularly useful, or it might make sense to establish a new sales territory or search for suitable acquisitions immediately.

During this phase, we normally work with a 100-day plan which we develop together with the management team. This helps us get to know the new company and especially its culture and employees on a steep learning curve. **By the end of the onboarding phase, we have a clear vision of the new investment, typically for the three years that follow, including a medium-term plan to this effect.**

The challenge that transformation brings is identifying and focusing on the key value drivers.

_ Henning Eschweiler, COO

BLUE CAP
TRANSFORMATION RADAR



PHASE 2: DEFINING THE GOAL AND REALISATION BASED ON OUR TRANSFORMATION RADAR

A vision is specific. We answer the key question “How should the company change and develop over the next three years?” using quantitative indicators that describe the target situation. Starting from this “target”, we work with the teams in the companies to formulate the projects for change.

We call this methodology “future back”: Where do we need to be in twelve months' time if we want to achieve a certain goal in the medium term? What do we need to have achieved by the end of the next quarter and who is responsible for which project during this phase? This way, everyone in the company works towards the change – each incremental step helping to create a common vision. So we always have a clearly defined goal in mind and can adopt a flexible, agile response to change. Only then can we see in day-to-day business whether our measures are working or whether we need to readjust.

We methodically assess the potential for change in our portfolio using our recently established transformation radar. We defined seven dimensions for identifying value drivers and deriving measures adapted to the companies concerned together with the teams in the portfolio. In other words, we engage in active portfolio management.

ACTIVE PORTFOLIO MANAGEMENT: THE BLUE CAP AS A "TRANSFORMATION MANAGER" IN FOUR CORE DIMENSIONS

The core phase of the portfolio transformation begins with four dimensions – "People & Culture", "Balance Sheet", "Margin" and "Growth". **Here, the change expertise lies primarily with Blue Cap.** We have both the ambition and the responsibility to actively manage change projects in these dimensions, and to anchor this expertise and the desire for value-adding change in the company. In addition to the core expertise already in place in the holding company for the other dimensions, we established the "People & Culture" dimension as a stand-alone pillar at the beginning of 2023.

Change is successful only when driven from within the company as well. **We develop transformation standards in these four dimensions with a view to anchoring our expertise for change in our portfolio companies, spreading projects across as many shoulders as possible and empowering teams.** These standards range from best practices and optimisation standards for working capital, normative requirements for efficient sales organisations and the pragmatic development of control systems, all the way through to assessment and coaching in the "People & Culture dimension". **Ultimately, we want to achieve the cultural transformation of a company which is attractive to outstanding employees and which achieves very good margins and cash flows relative to its peer group.**

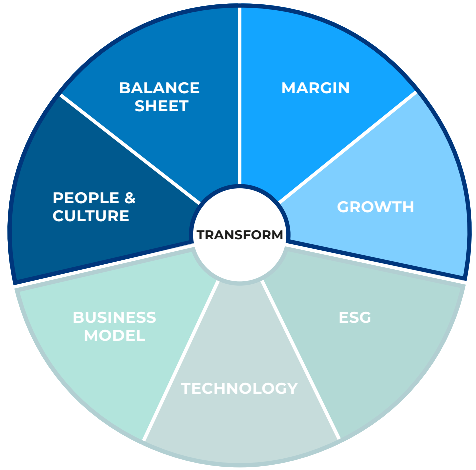
OUR ACTIVE PORTFOLIO MANAGEMENT STRATEGY CENTRES AROUND FOUR CORE DIMENSIONS

People & Culture

- Developing and empowering entrepreneurial directors, promoting leadership and developing team skills
- Encouraging a "can-do" corporate culture
- Ensuring the transfer of know-how from older to younger employees
- Making the company an attractive employer with an open mindset for transformation

Balance Sheet

- Structural improvement of the particularly relevant balance sheet ratios immediately after Blue Cap's acquisition
- Continuous improvement of balance sheet ratios, especially with a focus on liquidity (e.g. working capital, cash conversion cycle, return on capital employed)
- Establishing a healthy balance sheet and cash flow structure, enhancing resilience and capacity for action



Margin

- Continuous improvement of EBITDA drivers, including pricing, purchasing and material and energy costs, personnel productivity, etc.
- Structural optimisation, including the elimination of value destroyers from the product range, as well as portfolio optimisation
- Sustainable and noticeable improvement of the EBITDA margin

Growth

- Establishing suitable control and incentive systems (e.g. sales), developing organisational structures
- Defining targets for inorganic growth as part of the buy & build strategy
- Sparring partner for product development
- Defining, extracting and implementing potential growth drivers (organic and inorganic)

GREATER THAN THE SUM OF ALL CAPABILITIES: BLUE CAP AS AN ENABLER FOR ADDITIVE TRANSFORMATION POTENTIALS

The four dimensions outlined on the previous page are the core of our transformation expertise. This is where the Blue Cap team itself is the expert in successful value creation. That said, we are aware that the transformation potential of our companies is greater than the sum of our own capabilities. **In the "ESG", "Technology" and "Business Model" dimensions, then, we consider ourselves an "enabler" that helps our management teams identify additional potentials.** To achieve this, we rely on a network of experts who provide us with their professional and sector expertise for realising certain projects (e.g. technology). When it comes to expertise in long-term value differentiation, we also develop the skills required within the company.

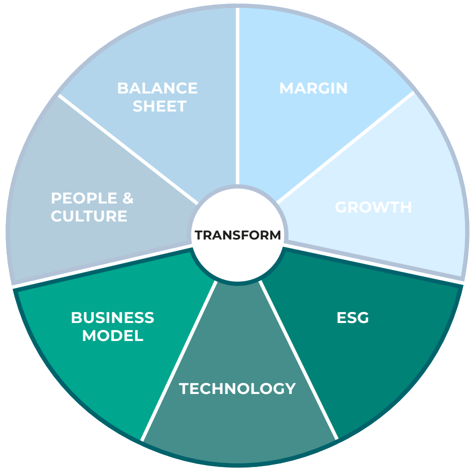
ADDITIVE TRANSFORMATION POTENTIALS

ESG

- Fulfilment and early anticipation of regulatory requirements
- Heightening management teams' awareness of all relevant ESG issues and facilitating dialogue with stakeholders
- Defining savings potentials through energy-related improvements in particular
- Motivation for environmental ("E") and social ("S") corporate management and good corporate governance ("G")

Technology

- Digitalisation of support processes and introduction of efficient tool standards
- IT-supported optimisation of corporate processes and cybersecurity improvements
- Lean corporate processes, enhanced people productivity
- Technological development of an exemplary, scalable basis for buy & build and
- technology innovations in the product portfolio



Business Model

- Analysis of USP, competitiveness, value creation relative to the market concerned
- Gleaning differentiation potentials
- Examination of technology potentials and how they adapt to the business model and the corporate culture
- Business models contribute to a clear value strategy

EACH PORTFOLIO COMPANY HAS DIFFERENT TRANSFORMATION PRIORITIES

Depending on the operating performance and the need for strategic further development, different transformation focus priorities are relevant for each of the currently nine portfolio companies. Accordingly, Blue Cap has worked with the management teams to define measures for the core dimensions outlined above, as well as for the other three additive value potentials. These measures have been initiated or partially or fully implemented at all existing portfolio companies, depending on the time of acquisition. The aim is to leverage transformation potentials in all value disciplines, document their realisation transparently and, if necessary, refine them with new or expanded measures.

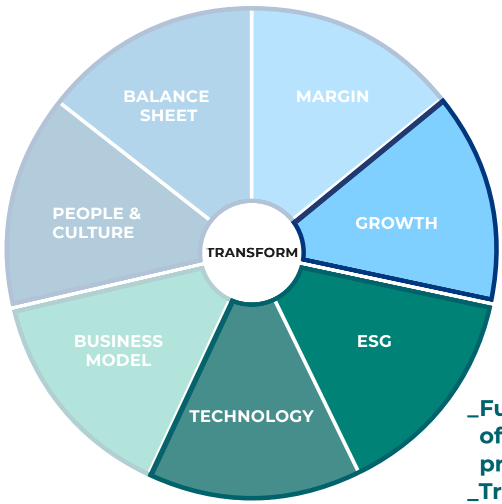
As a rule, the individual dimensions of the transformation radar are not to be treated independently of one another; rather, in the majority of companies they are even mutually dependent. It is not a matter of maximum selectivity, but rather of giving the key transformation drivers a name and clearly showing which dimension the initiatives in a portfolio company are contributing to. New investments are being examined to establish the extent to which all of the dimensions are relevant. In the existing portfolio, this is done at different stages depending on the degree of maturity.

The different approaches to transformation can be easily understood by looking at the two selected key studies for the portfolio companies **con-pearl** and **Neschen**.

KEY STUDY 1: DEVELOPMENT INTO AN EARNINGS AND GROWTH PEARL

After the acquisition in 2019, the focus of the transformation was on the balance sheet and margin dimensions. Loss-making areas were closed, processes in the main plant were restructured and sales were boosted in order to tap into new customer groups beyond the automotive industry. In the current transformation phase, we are focusing on the “Growth,” “ESG,” and “Technology” dimensions in line with our radar.

VISION con-pearl has become the circular economy benchmark as a provider of products and services concerning twin-wall sheets. con-pearl's customers use the company's outstanding sustainability positioning to argue benefits to their end customers. This enables con-pearl to achieve a premium pricing. Growth is profitable in clearly defined and diversified sales markets/industries, ensuring an optimal diversity of variants in the manufacturing process.



_Focus on profitable growth in revenue
_Structured add-on acquisition
_Identify target customers with a strong focus on tapping into the USA market

_Further development of circular economy processes
_Transformation concept

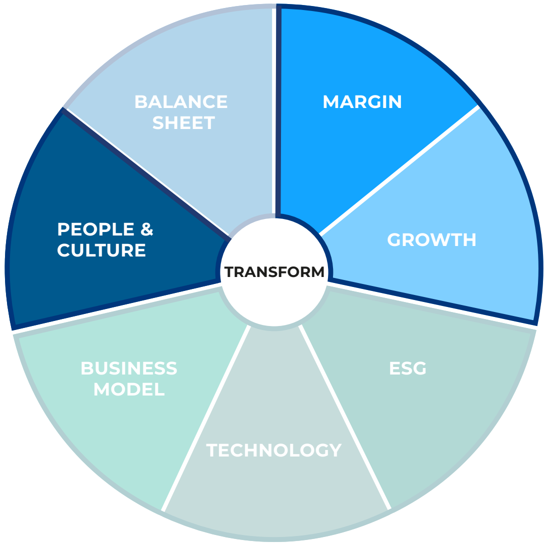
_Digitalization of business processes

KEY STUDY 2: NESCHEN – DEVELOPMENT INTO AN INNOVATIVE NICHE CHAMPION

With a crystal clear vision in mind, we at Neschen are currently working on the core dimensions of “People & Culture”, “Margin” and “Growth”.

_Sales focus on industrial applications
_Reorganization of the Filmolux division
_Fitness programme for the organisational structure

_Numerous changes in the management structure
_Building a skilled workforce



_Portfolio expansion through investment in hotmelt technology
_Specific growth in focal regions for each business unit (e.g. book protection in Italy, industrial applications in the USA)

VISION Neschen is an innovative champion in two niches: In the legacy segment of book protection, Neschen has no regional blind spots and is the number one choice for all discerning customers such as libraries, archives and restorers. Neschen has carved out a profitable niche position for itself in the innovative field of industrial applications. As a manufacturer – relative to the industry capacities – Neschen differentiates itself as a unique solution partner to its customers. Product management has succeeded in defining the company's application competence so precisely that the sales department can target customers and Neschen is growing faster than the market in this area. The regional Filmolux companies operate as independent profit centres and are geared to meeting local customer needs.

REGULAR REVIEW OF THE BEST OWNER FOR THE PORTFOLIO COMPANIES

It goes without saying that our strategic focus on “sell” plays an important role during the transformation phase as well. Ultimately, it is a question of monetising the significant increase in value realised in the ideal case or, if this is not possible, of allocating the resources available in the company more sensibly. **During the transformation process we therefore regularly question whether we are still the best owner of the portfolio company or whether a different owner would be better suited to leverage the identified potential.**

If the following factors apply, we work intensively on preparing an exit, which ideally leads to the realisation of an increase in value for our shareholders:

- Value enhancement potentials along the transformation radar are largely realised and bolster the equity story for new owners
- Upcoming development phases are aided by different transformation capabilities that a strategic partner, for example, can better deliver
- Friendly market environment for M&A activities, high demand from potential buyers and attractive valuation factors for comparable companies.

ONE HY-LINE

The transformation

The ONE HY-LINE transformation project brings together the individual companies in the Group – creating an even more valuable unit.

MORE THAN 35 YEARS AGO our subsidiary HY-LINE was founded with the mission of bringing new technologies to Germany from all over the world. This mission has succeeded very well: 2022 marks a record year with revenue of EUR 67.4 million. And it will not be the last one, because the Munich-based company has set its sights high for the next few years: transformation to the next level of growth!

DESIGN-IN DISTRIBUTION:
ACCOMPANYING THE CUSTOMER FROM THE SAMPLE DEVELOPMENT TO SERIES PRODUCTION RELEASE

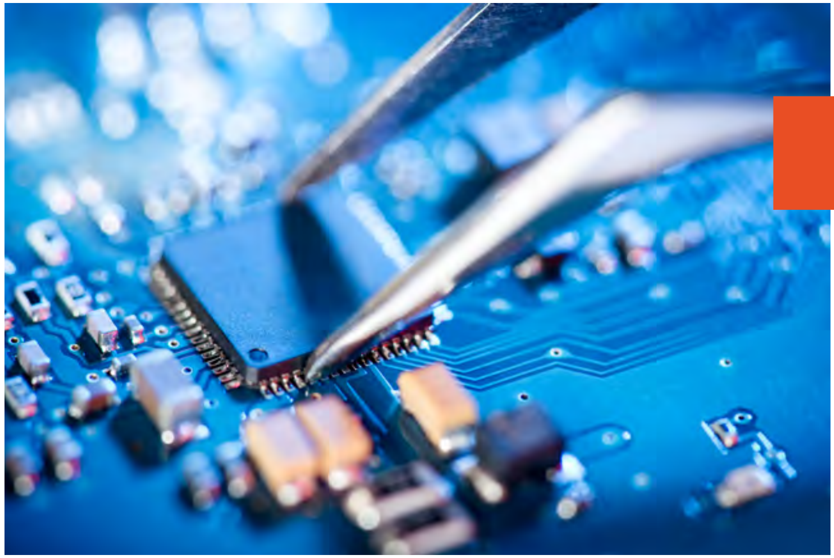
Design-in distribution starts early in a customer's value-added chain: with consultation and selection of a suitable product for a given specification. After the technical sampling, HY-LINE supports the customer with the approval and technical documentation of the product. From series release onwards, the company supplies the customer throughout the service life of the end product, usually between three and 15 years.

STATUS QUO: The HY-LINE started out in 1988 with the distribution of electronic components, moving on from being a mere dealer not long afterwards. Even though trading and fulfilment business are still parts of their business model, the strategic focus today is on expanding value creation to the design-in and system business. The associated focus on a high level of consulting and development competence makes the corporate group a unique value-added distributor and solution provider. The range of services and the target groups cover all industries in which professional electronics are required. Today, HY-LINE's customers include companies from the electronics industry, mechanical engineering, industrial engineering, automation, medical technology, the energy sector and the media and communications industry. The main sales markets are Germany, Austria and Switzerland.

SYSTEM SOLUTION:
SUPPORTING THE CUSTOMER FROM THE IDEA TO THE FINISHED PRODUCT

The system business is based on the promise to customers to supply a complete system from a single source – whether hardware or software and up to series production readiness. This means that HY-LINE supports its customers from the idea to the finished product. After analysis and consultation, HY-LINE begins with the selection of suitable components, some of which are modified by our specialists. As soon as design, construction and function mesh, production and commissioning starts. Of course, HY-LINE also supports its customers afterwards with quality assurance and logistics.

Future expansion is driven by the **strong growth and return potential of the design-in and systems business.** In addition to higher margins, it offers the opportunity to build long-term, trusting customer relationships and secure orders that extend far into the future. This is because the design-in and system business starts very early in a customer's value chain. One **of HY-LINE's competitive advantages** is that it uses almost exclusively single-source products. These differ from multiple-source products in that they are only offered by one manufacturer. The product is tested in the customer's application, released, certified if necessary and approved. Multiple-source products, on the other hand, can be exchanged without approval. A high proportion of single-source products therefore means that the likelihood of customers switching to another supplier is low, as this would involve a great deal of effort.



One of HY-LINE's products is high-quality embedded PC boards. The company supports its customers with selection, design as well as implementation and deployment – as a perfect partner for system integration.

SHORT VITA
JEROEN RIJSWIJK

Jeroen Rijswijk has been on board as CEO of the HY-LINE Group since October 2022. The qualified engineer and Master of Business Administration brings to his new role more than 21 years of management experience with a strong focus on business and marketing strategy as well as innovation and product management. Most recently, he held various executive positions and served as managing director at companies in the electronics industry. In his role as CEO, the 52-year-old is responsible for transforming the company into ONE HY-LINE. He will be responsible for the cultural, legal and operational merger of the previously highly autonomous business units.

_ONE HY-LINE brings together the high level of expertise in various business areas and makes it accessible to all product groups. This significantly increases our growth potential.

_ Jeroen Rijswijk, CEO of the HY-LINE Group

What is behind ONE HY-LINE?

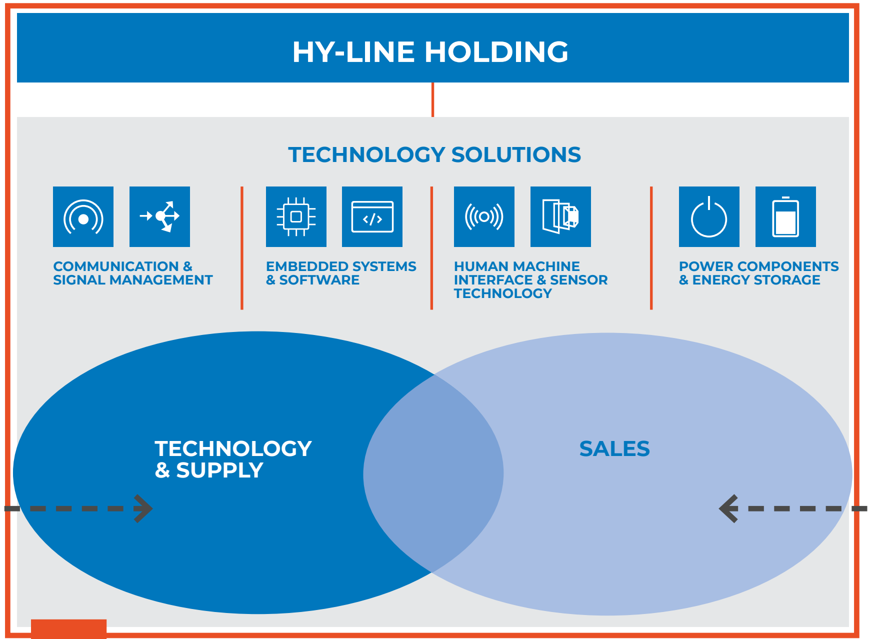
The company is to become leaner and more focused in order to adapt flexibly to the dynamically changing market processes and profit from them as efficiently as possible. The Group currently consists of four operationally independent companies with different application areas and product groups. Operating under a common name, they have so far been organised independently and decentrally. Each of the four business units thus has its own sales, its own purchasing, its own contracts, its own processes, its own personnel strategy and its own technology specialists. As a result, synergies could hardly be leveraged, cross-selling business between the individual product groups has been difficult to generate and scalability has been severely limited.

This will now change. Ultimately, the high proportion of design-in and system business also entails more know-how and expert knowledge regarding the products and technologies of the customers, the components of the manufacturers as well as the industries and sales markets. The company already has this knowledge in-house. **ONE HY-LINE** is now bringing this together **to make it available for all product groups and achieve synergies and efficiency gains.**

Enormous growth potentials through new applications, synergies and efficiency gains

This should be the case by 2026. On the one hand, there will be a Technology & Supply unit across all application areas and product groups at that time. **Close to the supplier**, it will identify interesting technologies and trends with the aim of constantly developing the solution portfolio, adapting it to current market conditions and expanding it. On the other hand, there will be a sales unit with a dedicated customer and market focus. This will have the **relevant market overview** to keep **HY-LINE**'s customers always close to what is happening. It will open up new markets and thus business potential.

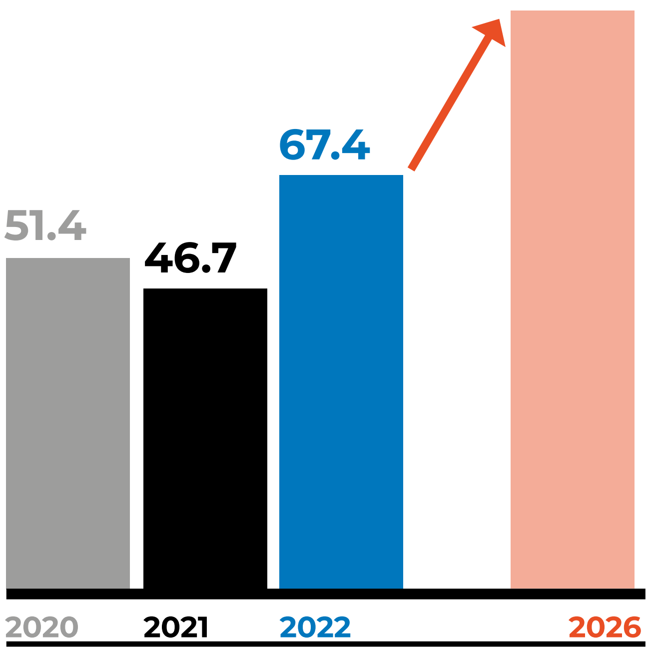
Target structure 2026: ONE HY-LINE



Focus on organic and external international growth

ONE HY-LINE enhances **three important value levers**: organic growth through the use of internal synergies, buy & build and internationalisation. Both add-on transactions and expansion into further European countries are the focus of the management for the coming years. Additional synergy effects are also to be achieved through centralised purchasing and supplier contracts as well as the merger of technical competencies into a single unit. The IT structures also have to be adapted accordingly. For example, a new, uniform ERP system is currently being developed.

Revenue in EUR million



_In the field of systems, HY-LINE offers individual solutions for the professional and industrial application of voice control, among other things.

FAVOURABLE PURCHASING OPPORTUNITY FOR BLUE CAP

In 2021, Blue Cap bought the HY-LINE Group in an exclusive M&A process. It was a promising entry opportunity. On the one hand, a decline in revenue was already on the horizon for 2021. On the other hand, however, the company had a very high order backlog and record orders received. The reason for this mismatch was the severe dislocations in global supply chains, which were limiting HY-LINE's value creation at the time. Our hypothesis that better availability of input products and an easing in transport routes would lead to an extraordinary rebound was confirmed last year.

Throughout the entire **change process, taking employees into account is** decisive. The new structure will challenge familiar routines and throw them overboard in case of doubt. The transformation offers a great opportunity to make the corporate culture more modern and agile – always with the goal in mind of maintaining the high motivation and satisfaction of employees. Because that promotes cohesion in the workforce as well as their performance. And last but not least, an open and innovative working environment is an important success factor for attracting new professionals.

We are able to clearly name the identified value drivers using our new transformation radar (see page 18 et seqq.). **GROWTH** and **MARGIN** contribute to profitable growth in the systems business as well as with design-in products. **PEOPLE & CULTURE** as well as **BUSINESS MODEL** focus on the cultural, legal and operational merger of the previously highly autonomous business units and uniting them in ONE HY-LINE. In the **TECHNOLOGY** dimension, we support the optimisation of a unified IT landscape. In this way, we are all working together towards the **ONE HY-LINE** goal.

DIGITALLY MANAGED

The value creation

of Transline is based on technology in an attractive and exciting market environment.

_ TRANSLINE: "Ready to connect people!"

The market for technical translations is fragmented. Still. With the acquisition of the Transline Group, Blue Cap intends to change this somewhat. The add-on acquisition of Micado Innovation GmbH last year was a first step towards achieving this goal. An interview with founder Dr. Wolfgang Sturz and managing director Katja Schabert.

Ms Schabert, first of all let's talk about your business: Translation into 160 languages. Coordination of 5,000 translators. How do you manage that with a team of just 150 people?

_K.S.: Ultimately, through automation. We now control orders in a way that requires very little manual input – ideally only from our customers and the translator. All other steps should be as automated as possible: submitting the order to us, accepting the order and preparing a quotation, placing it with the translator, sending it on to our quality assurance department and finally delivering it to the customer. This approach allows us to process a high number of orders, some small ones, with just a few people.

Does this also get over having to find a translator, which can be a time-consuming task?

_K.S.: Yes it does. We do all this through the TBlue® Connect translation platform. The system assigns the orders to the translators according to different procedures depending on the language and subject area. Translators retrieve the orders from the system and process them. TBlue® not only coordinates the translator, but the entire data run as well. Each customer or partner has a different CMS and wants to send, translate or receive their data using their own tools. We offer maximum flexibility here because the TBlue interface is based on open standards.

Where does that leave the personal customer relationship?

_W.S.: It's still important. However: The translation business is currently undergoing a kind of 'Amazonisation'. We do much the same as Amazon: We provide the logistics to the customer. The customer needs 100 words in 30 different languages. We have the 30 translators and the 30 proofreaders and organise the entire workflow.

And we cultivate the personal relationship alongside. I would like to use the online and retail bookseller Osiander as a comparison. The company is seeing double-digit growth. Osiander works with exactly the same technologies as Amazon. If I order a book from this shop at 11 in the morning, it will be biked over and on my desk by 2 in the afternoon. And if I need any advice, I speak to the employees who know me. In other words: The personal relationship is still nurtured. Technology like Amazon, personal relationships like Osiander – this is the concept we developed for successful growth.

Technology creates efficiency. Doesn't that impact yield?

_W.S.: No. The sole reason being that volumes have rocketed. Bosch, Porsche and other companies used to translate into three or four languages. Today, they need 30 to 50 languages. And globalisation is just one of the growth drivers in our industry. At the same time, documents are becoming more extensive and translation cycles are getting shorter. The manual for the VW Golf 1 contained about 100 pages, for a current model, it is many times more. And that's not all: 80 per cent of what we translate today has never been translated before. So we can assume that the need for translation will continue to increase for years to come. Those with a technological edge can enjoy a bigger slice of the cake.

_K.S.: Of course, a great deal is being streamlined with AI. But the systems will make life easier for the translators. We ourselves have been using AI for some time, but so far only in our quality assurance procedures. In the future, it will be an important productivity tool for us rather than a fearmonger that threatens our livelihood.

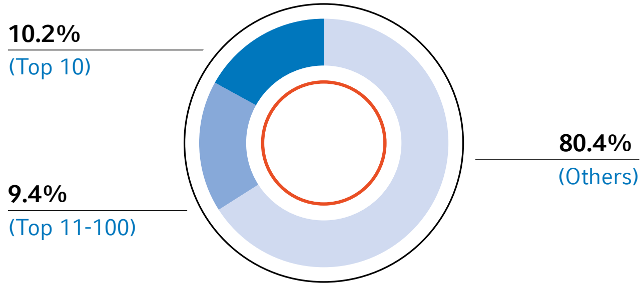
The competitors are not resting on their laurels either. How do you view the market right now?

_K.S.: Looking at the world market, there are a few global players with revenues of up to US$ 1 billion. These are followed by a number of medium-sized companies, including Transline. Then there are several small translation companies with a revenue of EUR 2 to 3 million. A year ago, we analysed the competition again in detail and found: Many of the companies on our scale are not yet as technically advanced as we are. Of course, they all have their technologies. But in terms of breadth and depth of possibilities, we believe we are excellently positioned.

Dr. Sturz, what was your reason for selling the majority of the shares?

_W.S.: I knew 20 years ago that I would not continue to run the company for ever more. Ten years ago, the penny dropped that private equity was the best way forward. So when I sold the majority of the company for the first time in 2014, I had two goals. First, that the company should continue to exist independently of me. And second that it should grow, inorganically.

THE TOP 100 LANGUAGE SERVICE PROVIDERS GENERATE ALMOST 20% OF GLOBAL REVENUE



_ The global language services market is fragmented. In 2022, the top 100 accounted for 19.6% (previous year: 17.9%) of revenue. At the same time, consolidation pressure is high and being driven by the pressure to invest in digitalisation and automation.

Source: THE 2023 NIMDZI 100 Report; https://www.nimdzi.com/nimdzi-100-top-lsp/#market-size-and-growth-projection

Those with a technological edge can enjoy a bigger slice of the cake.

_ Dr. Wolfgang Sturz, Founder of Transline

[1] https://www.languagewire.com/de/blog/die-fuhrenden-ubersetzungsunternehmen

We achieved both goals: Transline is management-led, has integrated four companies in eight years and tripled its revenue – with its own know-how, but also with the expertise and financial resources of the principal owner in recent years.

And then came the acquisition by Blue Cap ...

_W.S.: In 2022 the fund expired and the shares were up for sale. With the support of an M&A advisor, a structured process was initiated. The closing phase was hot because interest in the shares was very high. The important thing for me was that the new owner was another private equity company. The fact that it was Blue Cap was mainly because Blue Cap, with its scale and capital market listing, has the strength we need for our growth and an entrepreneurial mindset similar to our own. This has been confirmed since the acquisition in March 2022.

What makes Blue Cap special or even different from its predecessor?

_W.S.: The first investor taught us how M&A work. We are now learning from Blue Cap how to establish our structures and control procedures in a much more professional way. Until a year ago, I thought we were well placed here. When I now consider the requirements

we have to meet as a listed company, it's a wholly different level. Some people would say this is strenuous. Others would say it helps us position ourselves even more securely for the future. I share the latter view.

What are Transline's goals for the next few years?

_W.S.: We want to dynamically continue the growth we have achieved so far. Purely organic growth is not that easy in our industry. Customers swap translation provider as rarely as we change our GP in our personal lives. Unless we also offer them the X-ray machine and other services of a group practice convenient for them. This too, is an opportunity for us. We place a special focus on inorganic growth. Business at companies of a similar or smaller scale can be very volatile at the moment and our industry is under a lot of pressure to consolidate. This creates many opportunities for us that we intend to seize with Blue Cap's support.

Ms Schabert: So there's a lot to do?

_K.S.: The market will continue to undergo rapid change. There is supposedly a lot of technology that could replace us. But we keep pace with this technology to make it work for us. This offers huge potential to connect with both the technology and the needs of our customers. And that is precisely what we do.

_ There is supposedly a lot of technology that could replace us. But we keep pace with this technology to make it work for us. _

_Katja Schabert, CEO

BUSINESS MODEL AND STRATEGY

As an investment company, Blue Cap AG acquires and backs SMEs from the B2B sector that have clear potential for improving their earnings and growth prospects. Drawing on our cross-sector - expertise, we support our portfolio companies in their strategic and operational development to actively increase their value. At the same time, corporate responsibility, sustainable value creation and respectful conduct set the scene for day-to-day business throughout the Group.

"BUY": THROUGH A STRUCTURED M&A PROCESS

The transformation of our portfolio also involves brisk acquisition activity. This process involves the systematic identification and selection of target companies based on solid criteria. Value enhancement potentials and our ability to transform enterprises also come into play. Blue Cap works with a wide and varied network of consultants within a structured M&A process. The key features of potential acquisition targets are:

OUR FOCUS: MEDIUM-SIZED ENTERPRISES IN THE B2B SECTOR

- **Fundamentally intact core business**
- **Attractive positioning in a market niche**
- **Registered office in Germany, Austria or Switzerland**
- **Annual revenue: EUR 30 mil. to EUR 80 million**
- **Majority stake**
- **Potential for economic improvement**
- **Growth opportunities (organic and inorganic)**
- **Compatibility with our sustainability objectives**

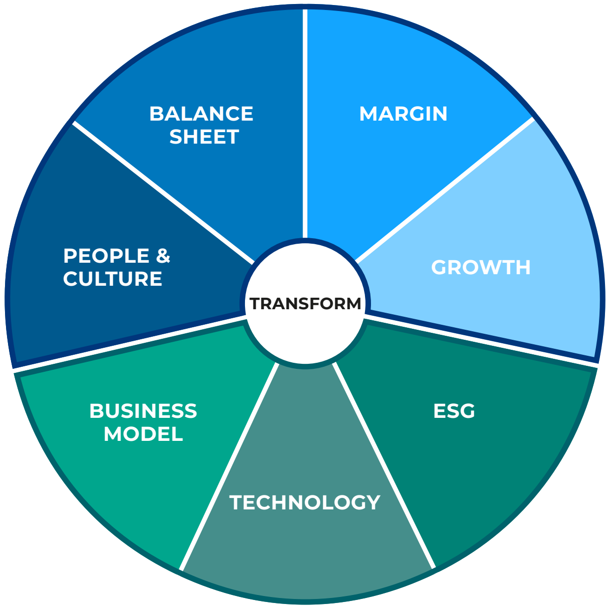
The initial situations are as diverse as the companies we acquire. We adapt to individual circumstances and put the well-being of the company at the forefront of our priorities. We focus our attention on corporate culture and on employees. Transformation is a team effort with the people behind the scenes in our companies. We can reap success only if we all pursue the same goal.

- _ **Succession planning,** the aim being to successfully keep the company on track with a new shareholder and upgraded operations, while maintaining its core at the same time
- _ **Group spin-off,** the aim being to establish the company on the market as a stand-alone entity with clear positioning and an independent structure
- _ **Crisis or upheaval situation,** the aim being to future-proof the company economically and strategically
- _ **Growth challenge,** the aim being to provide the company with the capital and all the skills it needs to successfully reach the next growth stage

"TRANSFORM": ACTIVE PORTFOLIO MANAGEMENT

As a matter of principle, all our companies pursue stand-alone, operational strategies designed to be driven forward by their management boards. At the same time, we provide active support to the portfolio companies. Both immediately after the acquisition during the onboarding phase, and also as part of the companies' further strategic and operational development.

In the onboarding phase, we closely support the company with commercial integration, accomplish defined quick wins from the due diligence process and we get to know the people and the corporate culture by collaborating on projects. At the end of the onboarding phase, we define the transformation projects together with the management team and devise a quantified vision. We do this using the Blue Cap transformation radar, which identifies value drivers in seven dimensions.



"People & Culture" as well as "Balance Sheet", "Margin" and "Growth" are the core of our transformation skills and value creation expertise. As a team, we have outstanding capabilities in these dimensions – they are at the centre of our active portfolio management.

In the "Technology", "ESG" and "Business Model" dimensions, we draw on an excellent network of experts. We act as the initiator and enabler for our portfolio and we take responsibility for project management to make the initiatives a success. Generally speaking, our companies have already reached a certain level of maturity in the four dimensions before we realise the additive value enhancement potentials.

PORTFOLIO APPROACH: "BEST OWNER"

In contrast to other investment companies, we firmly believe in keeping our investments in the portfolio only for as long as we can support them as best owners with a focus on long-term value development. This implies that we are able to achieve a disproportionately high annual increase in the net asset value of each portfolio company. Typically, value-oriented transformation or an inorganic growth strategy calls for a holding period of between three and seven years. However, value enhancement strategies that are designed for a longer period of time can be considered in equal measure. In principle: The portfolio companies are

Detailed information on transformation and an introduction to our new transformation radar can be found starting on page 17.

sold as soon as successful performance under a different ownership structure appears to make more sense and Blue Cap has been able to successfully implement large parts of the planned programme. We then reinvest the freed-up capital in the existing portfolio and in new companies.

"SELL": SALE AS PROOF OF CONCEPT

During the holding period, we focus all our efforts on a company's successful value development. With the sale, we realise an increase in value – as a proof of concept, so to speak. The sale is intended to show that our investment thesis for this company has worked out and that the individual transformation programme has borne fruit. The company has gained in value and, with its functioning business model, holds further potential for a new owner.

GOAL: SIGNIFICANT DEVELOPMENT OF THE ENTERPRISE VALUE

Our aim is to increase the net asset value per share to EUR 55 with our business model by the end of 2025. We will achieve this by implementing appropriate transformation strategies in each of the companies and through successful organic developments, as well as by further improving the portfolio by selling individual companies and reinvesting the proceeds in new medium-sized enterprises. This can be supported by selective capital measures.

BUY	TRANSFORM	SELL
Selection according to defined investment criteria The focus is on an intact core business and growth potential **Due diligence process** with the development of an investment hypothesis and consideration for our transformation expertise **Contract negotiation & closing**	**Active management within the dimensions** _ People & Culture _ Balance Sheet _ Margin _ Growth **Realisation of additive value levers together with a strong network** _ ESG _ Technology _ Business Model **Optimal holding period:** We measure our success in creating value against annual NAV growth. Should our commitment no longer facilitate a disproportionately high return on the equity invested, we review the options for an exit.	**Active sales process according to best-owner principle** When our potential is exhausted, we actively search for the next owner. **Passive sales process** Contact by strategists **Realised revenues** are reinvested in new and existing companies for the purpose of further growth.

BLUE CAP AT THE CAPITAL MARKET

CAPITAL MARKET AND SHARE

2022 was a stock market year of great uncertainties and strong volatilities

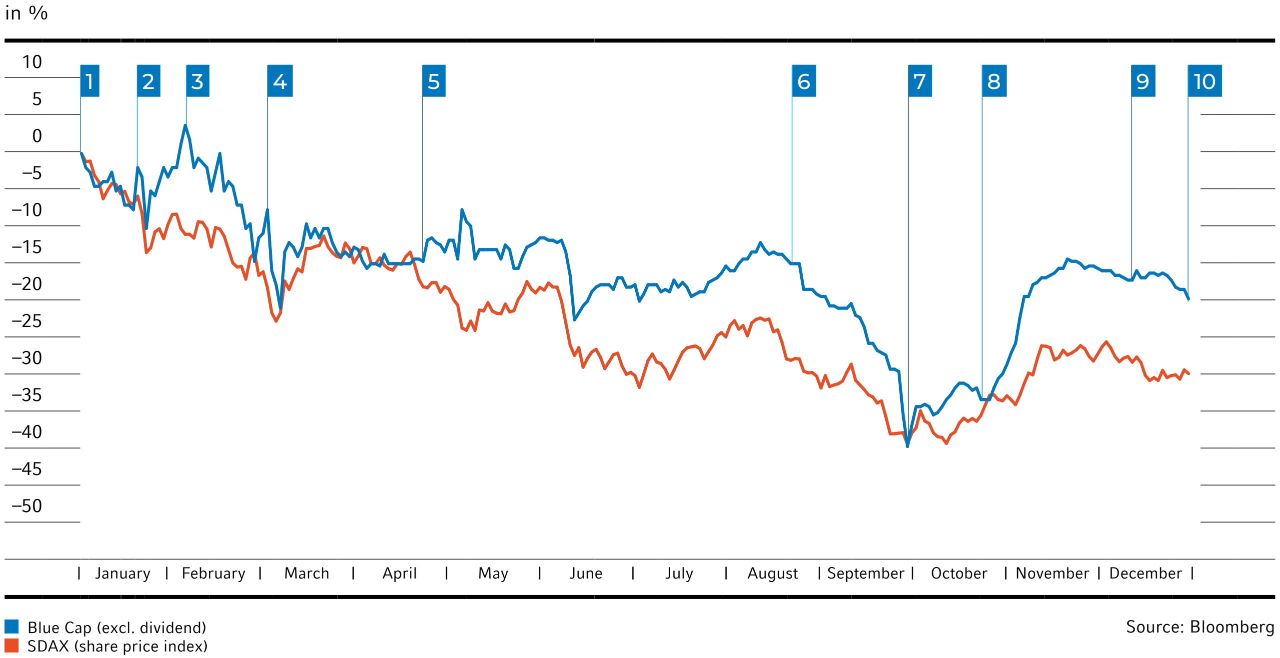
The Ukraine war and its economic consequences had a strong impact on the capital markets in 2022. Inflation, rising interest rates and a tight monetary policy led to massive losses on the stock markets and triggered a downward spiral that resulted in annual lows for all major indices in September 2022. A recovery followed in the fourth quarter, as market participants expected a less aggressive monetary policy from the central banks due to lower inflation. Nevertheless, the markets closed the year with losses overall. The DAX lost 12% and the SDAX 27%.

Strong correlation of the Blue Cap share with market developments

In the challenging stock market environment with low trading volumes, the Blue Cap share basically followed the general market trend. However, positive news from the company, especially about the very solid operational development of the Group, supported our share.

After opening the reporting year at a price of EUR 31.40 1, the share was able to briefly outperform the overall market at the end of January thanks to results for the 2021 financial year that exceeded the forecast 2. The same happened at the beginning of February: On 4 February 2022, the share marked its high for the year of EUR 32.20, supported by the sale of the Gämmerler portfolio company 3, announced that day. The announcement of the Transline acquisition at the beginning of March 4 did not provide any significant impetus due to the currently prevailing negative market sentiment. At the end of April, the publication of the 2021 Annual Report and a good first quarter helped the share price recover 5. In August, the share price fell due to our forecast adjustment 6. In line with the markets, the share reached its lowest point of the year 7 on 29 September 2022 at EUR 18.50. Shortly afterwards, it benefited from a tailwind thanks to very good nine-

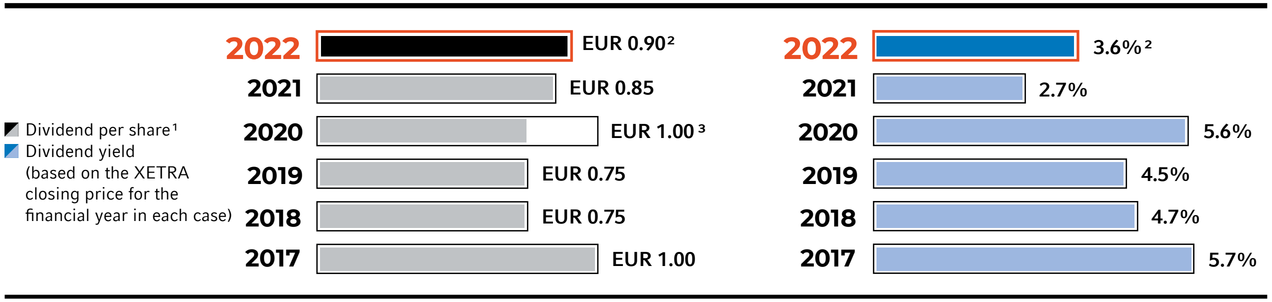
Share price performance of Blue Cap shares | 2022



Source: Bloomberg

month figures 8, whereas the SDAX was recording losses at this time. The announcement that our major shareholder, PartnerFonds AG i.L. (further information page 38), had sold a first block of shares to a new long-term investor 9, led only briefly to a slight upward movement, which was then replaced by a general market downturn. The share closed the stock market year at EUR 24.80 with an annual loss of 20%, relatively better than our benchmark index SDAX (price index) 10.

The economic downturn led to an increased preference among investors for more liquid and larger stocks over the course of the year. This was reflected in the average daily trading volume, which fell to 1,037 shares (previous year: 3,450 shares). The daily average XETRA trading volume was around 510 shares (previous year: 1,530). The remaining part was essentially traded on the Tradegate stock exchange. The market capitalisation of Blue Cap AG at the end of the reporting year was around EUR 109 million (previous year: EUR 136 million), based on the share capital of EUR 4,396,290 (previous year: EUR 4,396,290).



[1] Dividend payment for the financial year in question
[2] Subject to the approval of the Annual General Meeting, scheduled to be held in June 2023
[3] divided into EUR 0.75 basic dividend and EUR 0.25 special dividend

Share analysis for Blue Cap AG

The Blue Cap share is regularly monitored by M.M. Warburg and SMC Research. Both recently issued a "buy" investment rating.

Institute	State	Investment rating	Target price
M.M. Warburg	15 March 2023	Buy	EUR 40.00
SMC Research	9 March 2023	Buy	EUR 39.00

Dividend proposal of EUR 0.90 per share – distribution as a stock dividend for the first time

Blue Cap has been pursuing a stable and sustainable dividend policy since the first dividend payment in 2017. Shareholders are to participate in a growing portfolio and the operational success of the company with a regular basic dividend. In addition, there is an opportunity for special payments in the event of major sales successes of subsidiaries.

The net profit for the 2022 financial year amounts to EUR 47.7 million (previous year: EUR 26.3 million). The Management Board and the Supervisory Board propose to the Annual General Meeting the payment of a dividend of EUR 0.90 per share (previous year: EUR 0.85). This means that Blue Cap AG confirms its dividend policy despite the overall uncertain macroeconomic environment.

_We are very pleased to have a new anchor shareholder on board with us. The substantial investment of our new shareholder underlines their great confidence in the corporate strategy we are pursing for the sustainable value development of our portfolio companies.

_ Tobias Hoffmann-Becking, CEO

For the first time, we are letting our shareholders choose between payment of the dividend in cash or in the form of granting new shares. This gives them the freedom to choose whether and to what extent they wish to make use of the offer of a stock dividend.

Key data on Blue Cap shares

WKN	A0JM2M
ISIN	DE000A0JM2M1
Stock exchange symbol	B7E
Share capital	EUR 4,396,290
Number of shares	4,396,290
Trading venues	XETRA, Frankfurt, Munich, Stuttgart, Düsseldorf, Berlin, Tradegate
Stock exchange segments	Scale, m:access
Designated sponsor	BankM AG
Capital market partner	mwb fairtrade Wertpapierhandelsbank AG

Key figures for the share

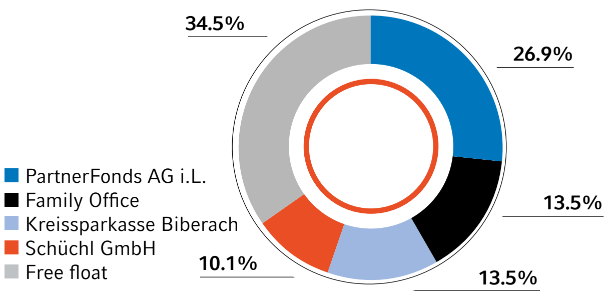
EUR

	2022	2021	2020
Earnings per share	2.78	1.24	4.15
Dividend per share [1]	0.90	0.85	1.00
Dividend yield per share in % [1]	3.6	2.74	5.63
Distribution amount in EUR thousand	3,956.6	3,736.8	3,996.6
Annual high price [2]	32.20	34.6	20.7
Annual low price [2]	18.50	18.05	10
Year-end price [2]	24.80	31.00	17.75
Market capitalisation at year-end in EUR million	109.03	136.28	70.94
Average daily revenue in shares [3]	1,037	3,446	3,210

[1] Subject to the approval of the Annual General Meeting, probably in June 2023
[2] Closing prices EXTRA trading
[3] Across all trading venues

Shareholder structure: Blue Cap AG gains new long-term oriented anchor shareholder

On 13 December 2022, Blue Cap's existing major shareholder PartnerFonds AG i. L. announced that it had sold 660,000 shares of the 1,842,500 shares it previously held. The new investor is a Germany family office that joins Blue Cap as a new anchor shareholder with a long-term horizon. As a result of the transaction, the shareholding of PartnerFonds AG i. L. Fell from 42% to 27%. The share of the family office amounts to 15%. Kreissparkasse Biberach, which pursues a long-term investment strategy, continues to hold 13.5% of Blue Cap's share capital. In addition, Schüchl GmbH informed us that it currently holds 10.1% of Blue Cap's share capital. It is pursuing a long-term investment strategy as well.



INVESTOR RELATIONS

Investor relations activities: Active dialogue

An active, transparent and continuous communication with the capital market, in other words with private and institutional investors, analysts and journalists, is very important to Blue Cap AG. We use a variety of communication channels for this purpose. By regularly publishing company-specific information via press releases, we aim to keep capital market participants continuously informed about the development of the Group and the portfolio companies. In addition, the management is available to investors, media representatives and analysts for discussions in the form of telephone calls, e-mails, personal meetings and at capital market events. In 2022, we attended five investor conferences where we had numerous discussions with investors and other capital market participants. A clear focus of the meetings in the reporting year was on the business development of the individual portfolio companies, especially against the backdrop of the energy crisis, inflation and economic slowdown.

In addition, we expanded the investor relations measurestoincludeearningscallsforthefirsttimein2022. The Management Board presented and explained the preliminary annual and half-year figures as well as the nine-month figures in conference calls in 2022. We also consider reporting on sustainability to be an important part of providing information to our shareholders. In May 2022, Blue Cap published its first sustainability report in accordance with the German Sustainability Code.

Blue Cap will continue its constructive and open communication with the capital market in 2023. All relevant dates can be found in the financial calendar on the Investor Relations website. Since the beginning of 2021, Blue Cap has also been a member of the German Investor Relations Association (DIRK), thereby contributing to the goal of transparent and continuous capital market communication.

CAPITAL MARKET EVENTS 2022

15 FEBRUARY 2022	4 MAY 2022	24 MAY 2022	13 JULY 2022	28–29 NOVEMBER 2022
M.M. Warburg Conference	33 Munich Capital Market Conference	Equity Forum Spring Conference	m:access Conference Investment Companies	Deutsches Eigenkapital-forum

IR CONTACT

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Investor Relations & Corporate Communications Manager

Tel.: +49 89 288909-24
Email: lschraml@blue-cap.de

ANNUAL GENERAL MEETING

The Annual General Meeting decides in particular on the formal approval of the Management Board and the Supervisory Board, the use of net profit, amendments to the Articles of Association, the election of the auditor as well as certain capital measures. Blue Cap AG made use of the Act to Mitigate the Consequences of the Covid 19 Pandemic in Civil, Insolvency and Criminal Procedure Law ('Covid 19 Act') for the third time in 2022 and held its Annual General Meeting virtually on 29 June. The Annual General Meeting was livestreamed on the investor portal on the Investor Relations website. We have ensured that shareholders receive comprehensive information about the Group despite the virtual format. All questions submitted by shareholders in advance were answered during the meeting.

In line with the Articles of Association, all five posts on the Supervisory Board were up for election. Kirsten Lange and Freya Oehle were newly elected to the Supervisory Board, replacing Prof. Peter Bräutigam and Dr. Stephan Werhahn, who no longer stood for election. The previous Supervisory Board members Dr. Henning von Kottwitz, Dr. Michael Schieble and Michel Galeazzi were re-elected to the Supervisory Board.

All other resolution proposals were approved by a large majority. The shareholders approved the proposal of the Management Board and the Supervisory Board to distribute a dividend of EUR 0.85 for the past financial year (previous year: basic dividend of EUR 0.75 plus special dividend of EUR 0.25).

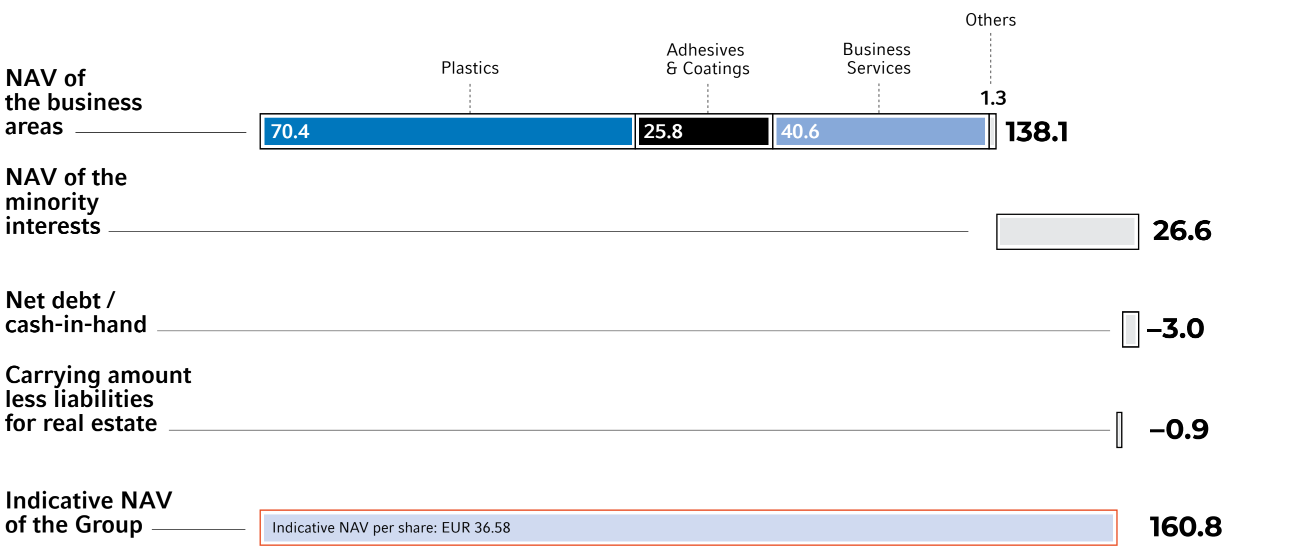
In light of the new statutory provision, we have decided to hold the 2023 Annual General Meeting once again in virtual format. The virtual format according to the new legislation offers shareholders the opportunity to actively participate in the Annual General Meeting and to fully exercise their rights, just as with a face-to-face event. At the same time, thanks to the elimination of travel barriers, we enable as many shareholders as possible to participate and minimise the environmental footprint of the Annual General Meeting.

NET ASSET VALUE

Blue Cap AG calculates the net asset value (NAV), which is a strategic performance indicator, every six months. The aim is to present the value of the portfolio according to what Blue Cap AG considers to be objective market criteria and to increase transparency with regard to the value of the company. The corresponding procedure is based on the International Private Equity and Venture Capital (IPEV) Guidelines.

Indicative net asset value of the Group (as of 31 December 2022)

EUR million



The NAV is based on currently valid plans, estimates and expectations, some of which are difficult to assess and some of which are beyond the control of Blue Cap. The NAV is therefore subject to risks and uncertainty factors. For these reasons and as the NAV is determined on the reporting date, it does not represent a forecast of the future development of the share price of Blue Cap. The calculation of the NAV is presented in detail in the combined management report in section 2.2 Development of the Blue Cap Group (page 75 et seqq.).

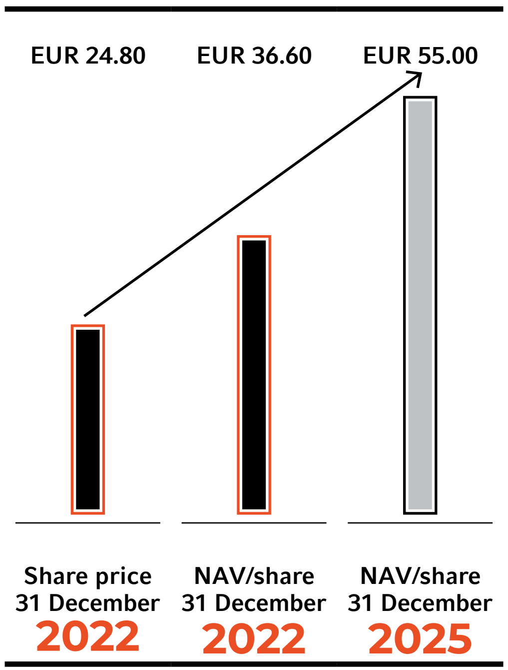
The NAV of the portfolio increased by EUR 12.7 million to EUR 164.7 million as of 31 December 2022. This was due in particular to the acquisition of Transline and the increase in value of HY-LINE and H+E Groups. The decline in value at INHECO due to high start-up investments and the resulting temporarily lower earnings performance had a counteracting effect. In the Adhesives & Coatings business unit, the NAV also declined due to a decrease in business volume at Planatol and an ongoing reorganisation programme at Neschen. The sale of the Geretsried-Gelting property (EUR 22.9 million) also reduced the NAV. As a result, the Group's NAV decreased by EUR 12.0 million to EUR 160.8 million as of 31 December 2022.

Indicative net asset value of the Group

EUR million

	31 December 2022	30 June 2022	31 December 2021
NAV of the segments	**138.1**	**128.5**	**119.3**
Plastics	70.4	68.8	68.5
Adhesives & Coatings	25.8	25.4	34.5
Business Services	40.6	32.6	14.0
Others	1.3	1.7	2.3
NAV of the minority interest	**26.6**	**40.9**	**33.4**
Net debt (–) / cash-in-hand (+) of Blue Cap AG	**–3.0**	**–0.1**	**–1.9**
Carrying amount of properties less liabilities of asset holding company	**–0.9**	**–0.9**	**22.0**
Indicative NAV of the Group	**160.8**	**168.4**	**172.8**

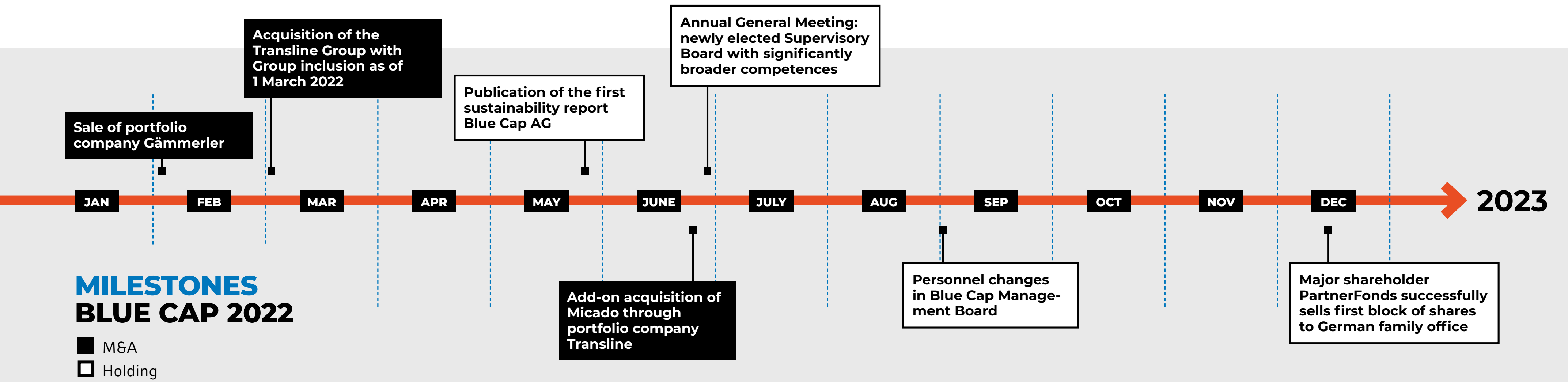
[1] Others contains the portfolio company nokra and up to and including NAV 2021 the investment in Gämmerler.



The NAV development is the decisive criterion for the Blue Cap management and an important indicator for successful value enhancement. The team has therefore set itself the NAV target of EUR 55 per share by the end of 2025 based on an individual analysis for each portfolio company. This significant increase is to be achieved through intensified activities in the area of operational transformation and also through further changes in the portfolio. The Management Board is convinced that if this target is reached, our share price can also rise in parallel, thus creating further interesting opportunities for our shareholders to increase value.

BLUE CAP AG PROGRESS REPORT

We can reflect on another successful year for the Blue Cap Group. The challenging economic environment pushed the strategic development and the safeguarding of our portfolio companies, as well as key transformation initiatives, to the top of our agenda. Yet we continued to develop at the level of the holding company as well.



HIGH-LIGHTS

ACQUISITION OF THE TRANSLINE-GROUP STRENGTHENS THE NEW BUSINESS SERVICES SEGMENT

At the beginning of March, Blue Cap announces its acquisition of the Transline Group, one of Germany's largest translation service providers. The company strengthens the newly added Business Services segment with HY-LINE in 2021. Transline's business model benefits from megatrends such as digitalisation and artificial intelligence represents an attractive buy-and-build platform. This is because, on the one hand, the language services market is experiencing high consolidation pressure and, on the other, the workflow software developed in-house offers an excellent basis for further expansion and economies of scale through acquisitions of smaller competitors.

2022 BEGAN WITH THE SUCCESSFUL SALE OF GÄMMERLER

After Gämmerler's former company building was sold in November 2021, the sale of the company finally follows in February 2022. The buyer is the Merten Group, a strategic investor. The aggregated sale of the property and the company corresponds to an internal rate of return of around 6% annually and a multiple on the initial investment of 3.3x.

BLUE CAP AG SETS CLEAR CLIMATE TARGET AND PUBLISHES ITS FIRST SUSTAINABILITY REPORT

True to the motto “Make Things Better”, Blue Cap AG publishes its first sustainability report. The report presents in detail the holding company's key sustainability topics, outlines the ESG targets and includes for the first time ESG key figures collected. In addition, Blue Cap announces its climate protection target of reducing CO_2 emission equivalents at participation level by 36% by 2030 and 58% by 2035.

TRANSLINE: FIRST ADD-ON ACQUISITION UNDER BLUE CAP AFFILIATION

The acquisition of Micado, a small translation service provider, represents a first step towards our goal of developing Transline into one of the largest language service providers in the German-speaking world through selective acquisitions. With Micado, Transline is broadening its range of services and winning impressive new customers.

NEW CHAIR FOR THE BLUE CAP SUPERVISORY BOARD

The Supervisory Board is rejuvenated and diversified with the new election of its members in accordance with the Articles of Association. The two new members, Kirsten Lange and Freya Oehle, bring with them wide-ranging and diverse expertise that greatly broadens the body's expertise. Ms. Lange is elected Chairwoman due to her extensive management experience.

THERE ARE ALSO CHANGES ON THE MANAGEMENT BOARD TEAM

Mr Tobias Hoffmann-Becking, who has been Chief Investment Officer (CIO) responsible for Mergers & Acquisitions and Capital Markets since April 2020, is appointed as Chairman of the Management Board (CEO). In addition, Mr Henning Eschweiler is appointed to the Management Board with effect from 1 September, and will take over the position of Chief Operating Officer (COO) of Blue Cap AG from Ulrich Blessing. Mr Eschweiler has many years of experience in the German SME sector and in private equity. Matthias Kosch remains CFO of the group of companies.

SALE OF THE FIRST BLOCK OF SHARES BY MAJOR SHAREHOLDER LEADS TO A NEW SHAREHOLDER STRUCTURE

The existing major shareholder PartnerFonds AG i. L. sells 660,000 of its previously held 1,842,500 shares in December. The buyer is a German Family Office, which joins Blue Cap as a new anchor shareholder with a long-term holding period. Read more in section Capital market and share on page 36 et seqq.

BLUE CAP REPORTED SIGNIFICANT GROWTH IN 2022

The Blue Cap was able to post new record results in a challenging environment. The year concluded successfully with revenue of EUR 347.5 million and an adjusted EBITDA of EUR 30.4 million.

Revenue increases 30% year-on-year to EUR

347.5 million

The share of PartnerFonds AG i.L. in the share capital of Blue Cap falls from 42% to

27%

A key factor in the significant growth was the performance of con-pearl, which as in the previous year benefited from a major order in the logistics sector, and improved volumes at H+E and HY-LINE, which had a record year thanks to a high order backlog and improved delivery capabilities. At inorganic level, the acquisition of Transline and the first full-year inclusion of H+E and HY-LINE contributed to the positive trend.

FROM THE PORTFOLIO COMPANIES

01_NESCHEN COATING GMBH

Nils Honscha, Managing Director of Neschen Coating GmbH

Specialist for modern self-adhesive products and coated media

Neschen Coating GmbH is a leading international company for self-adhesive products and coated media. Drawing on more than 40 years of expertise in self-adhesive coating applications, the company offers products and solutions for industrial applications, e.g. for use in smartphones, as well as for various applications in the "Graphic Media and Laminators" and "Book Protection and Repair" sectors.

Customers include industrial companies with a need for specific adhesive solutions for, e.g. electronics, automotive and medical technology (Industrial Applications), companies from the VisCom sector (Visual Communication) as well as from architecture, design and advertising (Graphics and Laminators), but also libraries, archives and museums (Documents). **Neschen** has its production facility in Bückeburg and sells its products all over the world. In some European markets, sales are handled by the company's own trading company Filmolux; for global sales, the company has a network of independent trading partners.

DEVELOPMENT IN 2022 AND OUTLOOK

In 2022, a realignment was initiated in many areas at **Neschen**. This included in particular the adjustment of the business model, the adjustment of the cost structure and changes on the management teams. **Neschen** decided to return its focus to the core area of production in the future and to reorganise the trading business handled by the Filmolux subsidiaries. Improving production efficiency was one of the first measures implemented in 2022. Although the first six months remained affected by supply chain problems, turnover and earnings gradually increased over the course of the year.

2023 too, will be all about transformation, with Blue Cap continuing to provide **Neschen** with close support. Alongside to the continuously pursued working capital reduction, the focus is on optimising the organisation and expanding industrial coatings. The optimisation of the product portfolio and the pricing process ensure an improvement in the quality of results in all areas.

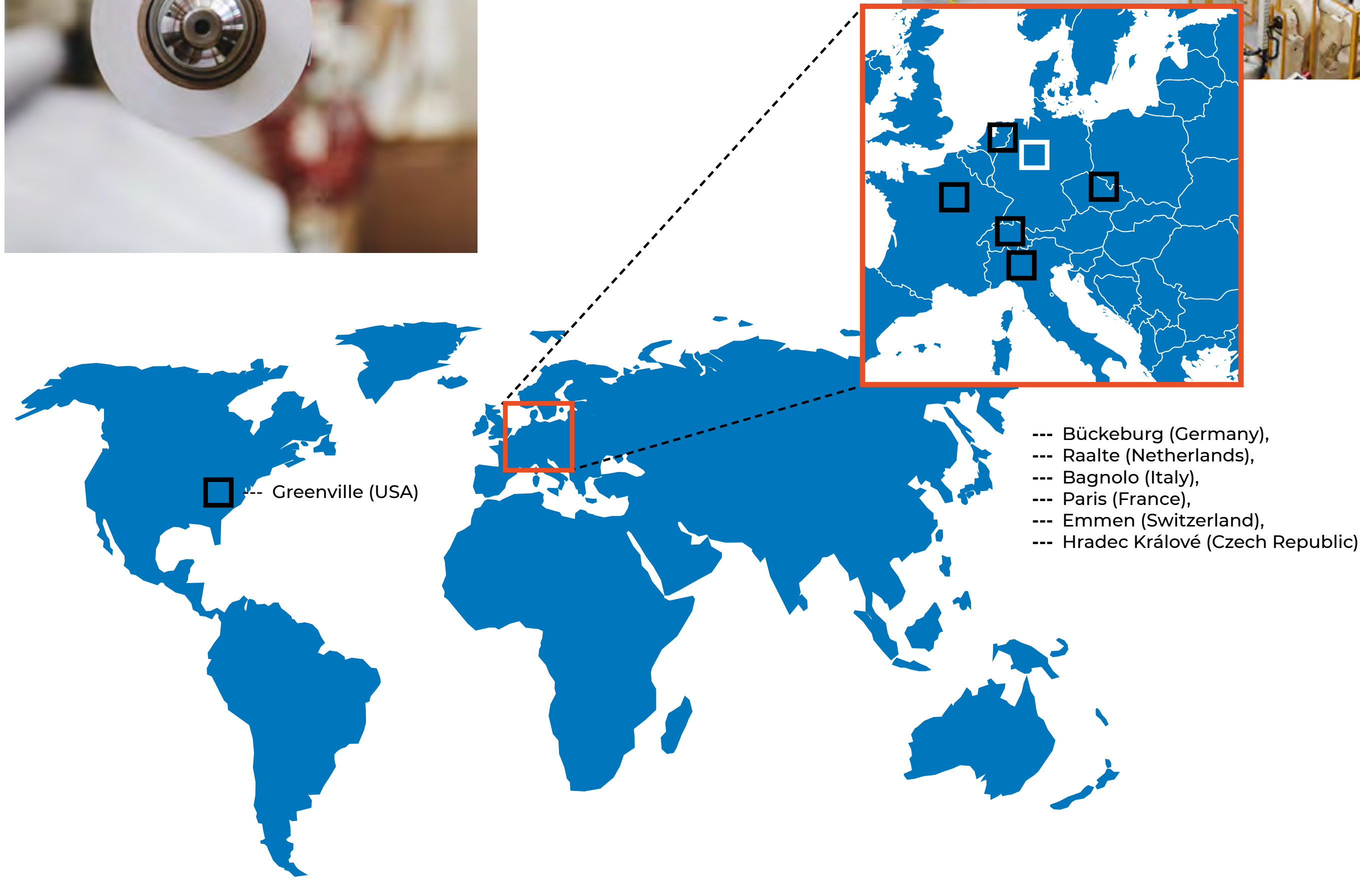
NESCHEN COMPANY HISTORY

Registered office	Bückeburg, Lower Saxony
Managing Director	Nils Honscha
Revenue 2022	EUR 57.0 million
Employees (31 December)	265 (incl. trainees)
Founded	1889 (name change in 1946)
Part of Blue Cap since	2016
Shareholding in %	100%
Other locations	Raalte (Netherlands), Bagnolo (Italy), Paris (France), Emmen (Switzerland), Greenville (USA), Hradec Králové (Czech Republic)
Segment	Adhesives & Coatings

MARKET TREND

CURRENT ↘

MEDIUM TO LONG-TERM ↗



~23%

generates this much of its turnover in the industrial coatings sector. The intention is to further expand this sector in the future due to its particular growth potential.

EQUITY STORY

The Coronavirus pandemic presented **Neschen** with major challenges that exposed weaknesses within the company structure. The company has identified these with the help of the Blue Cap management team and is now working rigorously on adapting to a leaner corporate structure. The Sales and Operations departments are at the core of this change. This is because the **Neschen** vision is innovation leadership with high-quality and specialised products.

Particular growth potential therefore lies in the very profitable area of industrial coatings, which will be a stronger focus of sales development in the future.

02_PLANATOL GMBH

Specialist for adhesives, applications and application systems

Planatol is a global supplier of solvent-free adhesive products and application. The customer industries are broadly diversified: The company's adhesives are used in book binding, for complex types of paper and for finished surfaces, as well as for other applications in the graphics sector. In the packaging industry, **Planatol** adhesives can be found in applications such as folding boxes and end-of-line packaging. **Planatol** also supplies the wood industry with adhesive solutions for furniture, kitchens, wood-based materials, doors and windows. The industrial adhesives are used in the construction industry and in the textile sector. The range is rounded off by adhesive processing systems, for example for fold gluing in rotary printing. Thanks to the continuous development of new solutions, **Planatol** strengthens customer loyalty and manages to meet even complex requirements with customised and individual products.

Hans Mühlhauser, Managing Director of Planatol GmbH

PLANATOL COMPANY HISTORY

Registered office	Rohrdorf-Thansau, Bavaria
Managing Director	Hans Mühlhauser
Revenue 2022	EUR 38.9 million
Employees (31 December)	128 (incl. trainees)
Founded	1932 by Willy Hesselmann
Part of Blue Cap since	2009, majority shareholding since 2011
Shareholding in %	100
Other locations	Herford (North Rhine-Westphalia), Paris (France), Milan (Italy)
Segment	Adhesives & Coatings

DEVELOPMENT IN 2022 AND OUTLOOK

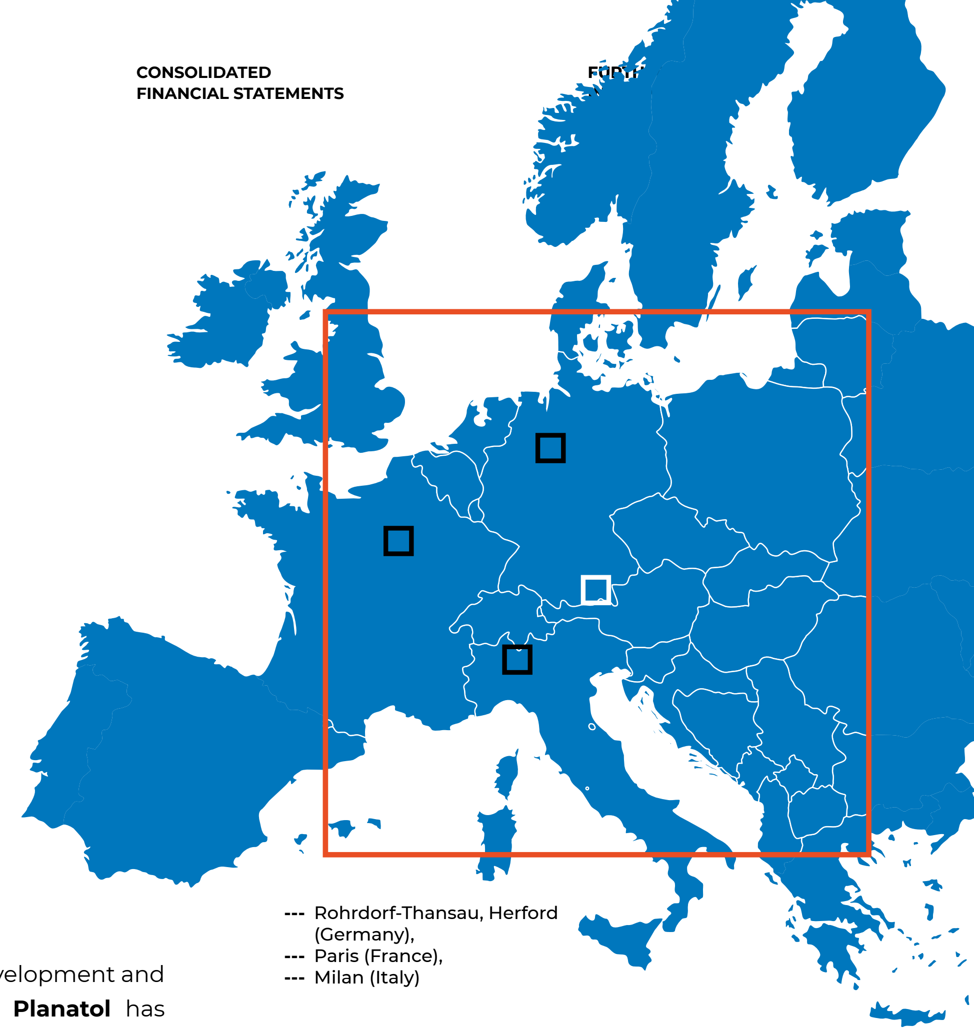
The first half of the year at **Planatol** was dominated by reduced raw material availability and the associated raw material cost increases. However, the company was able to pass these on to its customers in line with the market. In the second half of the year, customer demand declined due to higher energy prices and a slowing economy. Accordingly, **Planatol's** sales volumes declined in the second half of the year. One of the measures taken was to revise the price management strategy. The company continued to develop its sales strategy and organisation in order to grow in the future, especially through foreign business and cooperation with strategic sales partners.

Export and sales will continue to be key issues in 2023. It is also necessary to keep a closer eye on costs. This includes managing energy costs, inventories and liquidity. The B2B customer portal, which was implemented in 2022, will be further expanded this year. The aim is to digitalise ordering and service processes with a view to enhancing customer benefits.

Planatol's customers are located in more than

70

countries around the world, a solid prerequisite for international growth



--- Rohrdorf-Thansau, Herford (Germany),
--- Paris (France),
--- Milan (Italy)

The photovoltaic system installed at the Rohrdorf site in 2022 covers around 30% of the electricity demand, hence significantly cutting CO_2 emissions. In light of the rising energy costs, this investment made economic sense and was proactive.

EQUITY STORY

Thanks to customer-specific solutions, **Planatol** is able to concentrate on niches where the cost benefits of its large competitors often have little or no relevance. Planatol clearly differentiates itself through application expertise and a technically skilled sales force. This brings a competitive advantage in customer acquisition and retention. Adhesive processing systems in the graphic arts sector additionally increase vertical integration and hence also customer access.

Due to decades of experience in the development and production of high-quality adhesives, **Planatol** has acomprehensive product and application portfolio that has not yet been fully marketed abroad. This growth potential is set to be realised in the coming years by the new export sales team.

In addition, the product portfolio will be expanded in line with the market through innovations in sustainable adhesive solutions. In these areas, **Planatol** cooperates with the award-winning circular economy start-up traceless® from Hamburg and the Fraunhofer Institute.

MARKET TREND

CURRENT	MEDIUM TO LONG-TERM
↘	↗

03_CON-PEARL GMBH

Global manufacturer of innovative lightweight plastic products

con-pearl's added value begins with the extraction of the raw material in the company's two recycling plants in Leinefelde and Hillscheid. The process involves recovering plastic granulate from post-industrial polypropylene and polyethylene waste. The granulate is either processed according to customer-specific requirements and sold directly as a high-quality recyclate or used in internal production at the main plant. Further along the value chain, **con-pearl** specialises in the production of thermally laminated twin-wall sheets made of polypropylene film webs. Applications in two most important customer industries are diverse: In the automotive industry, the twin-wall sheets are used as loading floors, side wall panelling and luggage compartment floors in vans and buses. For the logistics industry, **con-pearl** develops and manufactures individual reusable transport or storage packaging.

Stefan Hoedt, Managing Director of con-pearl GmbH

In 2022, the logistics division accounted for

64%

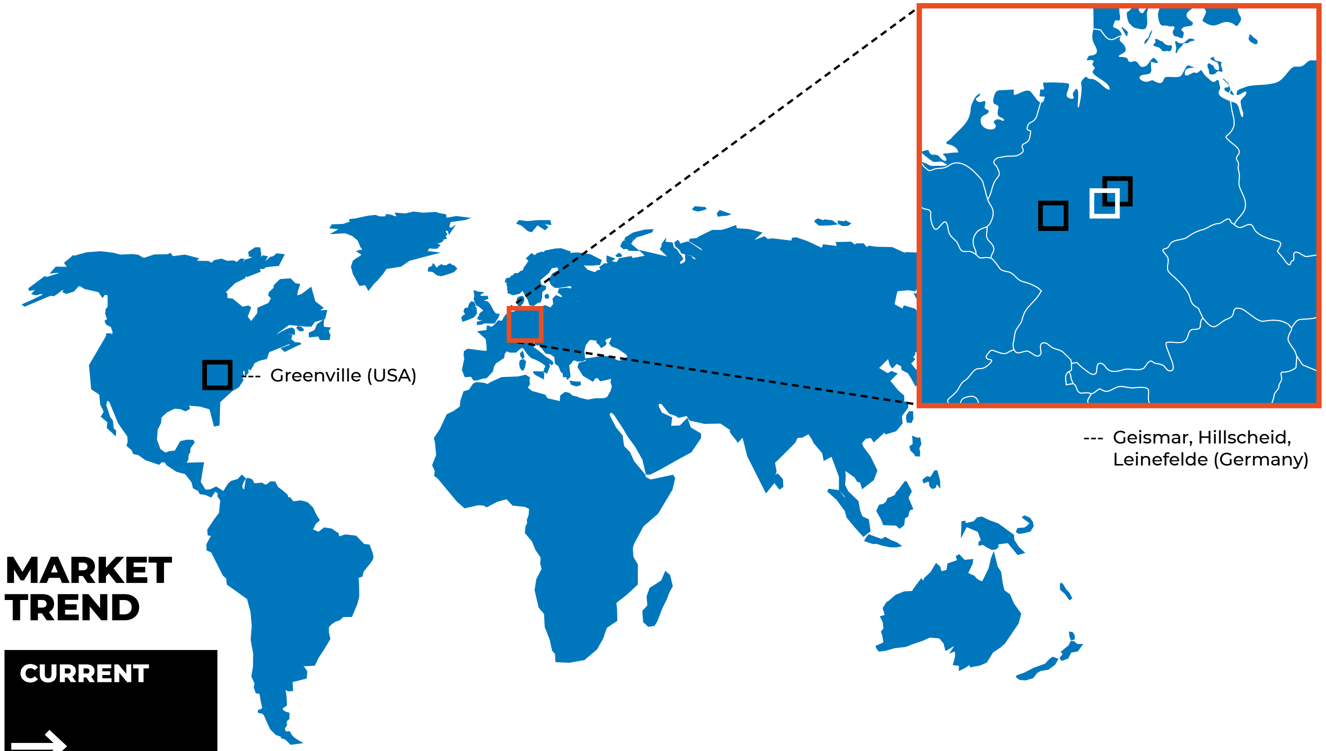
of total revenue

DEVELOPMENT IN 2022 AND OUTLOOK

At **con-pearl**, the reporting year was characterised by a very good order situation in the logistics sector. This was also reflected in the figures at the end of the year: the logistics sector accounted for 64% of revenue, the automotive sector 29%. Rising freight costs, especially for the transport of **con-pearl** products to the USA, had a counteracting effect during the year. In addition, less recycled material was available and so more expensive raw material had to be purchased.

CON-PEARL COMPANY HISTORY

Registered office	Geismar, Thüringen
Managing Director	Stefan Hoedt
Revenue 2022	EUR 67.3 million
Employees (31 December)	261 (incl. trainees)
Founded	1990 (last change of name in 2019)
Part of Blue Cap since	2019
Shareholding in %	100
Other locations	Hillscheid (Rhineland-Palatinate), Leinefelde (Thüringen), Greenville (USA)
Segment	Plastics



MARKET TREND

CURRENT

→

MEDIUM TO LONG-TERM

↗

In 2023, the focus will be on greater diversification in terms of customer industries and regions. It can be assumed that the logistics sector will be weaker in the reporting year than in the last two years due to the already foreseeable postponement of orders. The aim is to replace the lost orders with new ones and to acquire new customers. One plan is to strengthen distribution USA in order to achieve this. Another objective is the expansion of the circular flow model.

EQUITY STORY

con-pearl has an extraordinarily high level of sustainability expertise; not only significant from an ecological perspective, **this offers economic advantages as well.** On the one hand, the company's two recycling plants promote its independence from raw material procurement in the plastics market. On the other, **con-pearl** is able to offer its customers circular economy projects, taking advantage of the 100% recyclability of its products in the process. True to the motto "plastic waste = resource", the used products are recycled in the company's own plants and turned into new products.

The result is the lowest possible use of raw materials, which proves its worth when raw materials are scarce and prices are increasing at all levels. We see further potential for value creation in entering new customer markets by virtue of the high product performance. Geographically too, **con-pearl** is expected to expand, especially into the USA, where the company already has a location. The potential here is high, as there are hardly any suppliers of comparable products and customers are just beginning to appreciate **con-pearl's** sustainability expertise.

04_UNIPLAST KNAUER GMBH & CO. KG

Uniplast products can be found in every chiller cabinet

Uniplast has been developing and producing food packaging for the dairy industry for over 50 years. The company produces up to 2.5 billion cups and lids annually using injection moulding and thermoforming processes. The cups are used mainly for yoghurt, dessert and cream cheese preparations. Variants range from different shapes and sizes – with and without lids – to diverse decoration processes such as direct printing, sleeves, in-mould labelling or labels. In addition to the standard range of more than 300 shapes, the experts at **Uniplast** also develop products according to customer-specific requirements.

90%

of the material used is polypropylene, which is almost 100% recyclable

Andreas Doster, Managing Director of Uniplast Knauer GmbH & Co. KG

UNIPLAST COMPANY HISTORY

Registered office	Dettingen an der Erms, Baden-Württemberg
Managing Director	Andreas Doster
Revenue 20212	EUR 56.2 million
Employees (31 December)	278 (incl. trainees)
Founded	1968 by Alfred Knauer
Part of Blue Cap since	2018
Shareholding in %	100
Segment	Plastics

Production of a yoghurt pot

DEVELOPMENT IN 2022 AND OUTLOOK

The year 2022 presented **Uniplast**with major business challenges due to the distortions in the procurement market and the energy crisis. However, price escalator clauses coupled with proactive and forward-looking management meant that the financial year closed on a solid footing overall. Thanks to balanced and seasonally adapted working capital management, current assets returned to the target corridor at an early stage in the summer of 2022.

We will take the experience gained from active working capital management into 2023 to further improve the company's processes. In 2023, we will also focus on introducing new, innovative products and on winning orders outside the dairy industry, such as soups, salads and cheese. In addition, we will continue to make our production infrastructure more flexible to further expand our positioning as an innovative partner with a short time to market, continuously improving the differentiating value proposition for our customers.

20

years is the average length of Uniplast's customer relationships

MARKET TREND

CURRENT →

MEDIUM TO LONG-TERM →

EQUITY STORY

Long-standing customers, which include many of Germany's large-scale dairies, appreciate in particular the efficient production, a strong standard range and digital customer interfaces that guarantee a smooth process right through to delivery. Thanks to its well-established customer relationships, **Uniplast** was able to cushion the challenges last year. In the development of energy floating concepts – equivalent to price escalator clauses in the raw materials sector – the company assumed an important formative role in the industry.

Uniplast has identified three main development trajectories for the future. 1 Diversification includes establishing an efficient business development strategy in order to tap into adjacent packaging markets in the food industry. 2 Process innovation: With the introduction of the Flex system for injection moulding machines **Uniplast** can drastically shorten time-to-market and combine it with low capital expenditure. 3 Product innovation and sustainability: In addition to a cup/lid combination made entirely of PP, the company is working on further ecological improvements, such as the use of bioplastics.

05_H+E GROUP

Solution provider of high-quality assemblies made of thermoplastics

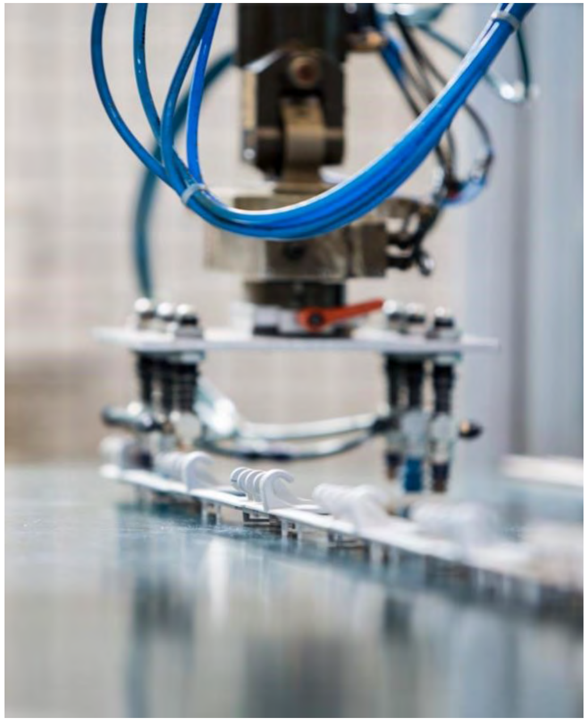
H+E develops and manufactures high-quality plastic parts and assemblies for car interiors and for the household appliance industry. As a specialist for gas injection moulding and injection moulding, **H+E** supports its customers from the product idea through to series production. Product expertise ranges from simple plastic parts to complex assemblies with high-quality surfaces and an appealing feel. Other core competences are toolmaking and process development. Thanks to decades of experience, the group of companies has profound expertise in process technology. This enables **H+E** to meet even high complexity and quality requirements of its customers.

Philipp Bentzinger, Managing Director of the H+E Group

H+E COMPANY HISTORY

Registered office	Ittlingen, Baden-Württemberg
Managing Director	Philipp Bentzinger, Mike Liphardt
Revenue 2022	EUR 39.9 million
Employees (31 December)	188 (incl. trainees)
Founded	1976, name change in 2021
Part of Blue Cap since	2021
Shareholding in %	71
Other locations	Sinsheim (Baden-Württemberg)
Segment	Plastics

Manufacture of a support plate with coat hooks to accommodate a roof grab handle



MARKET TREND

CURRENT	MEDIUM TO LONG-TERM
↗	↗

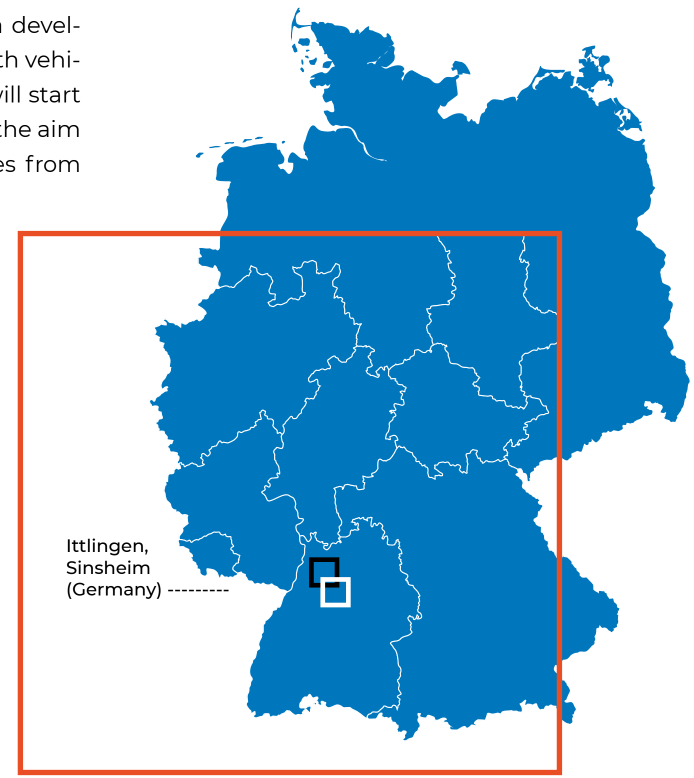
DEVELOPMENT IN 2022 AND OUTLOOK

With its strong focus on the automotive industry, **H+E** was still heavily affected by supply chain difficulties, especially in the first half of 2022. The semiconductor shortage was reflected in productionstoppages in the automotive industry and hence in a low call-off level. The situation increasingly eased in the second half of the year, allowing **H+E** to again improve its operating performance.

In the current year, **H+E** intends to deepen its value creation and position itself more strongly as a development supplier in order to intensify its ties with vehicle manufacturers. In addition, the company will start implementing its long-term location concept, the aim being to reduce the number of operating sites from four to three. In addition to working capital management, the strengthening of sales is high on the agenda for 2023.

~96%

– the H+E Group earns this much of its revenue from the automotive sector



EQUITY STORY

The current challenging macroeconomic situation led to an increased supply of attractive add-on acquisitions for **H+E** back in 2022. This trend is expected to endure in 2023 and **H+E** will therefore continue to selectively examine acquisitions. This is because inorganic growth creates potential for acquiring new customers, broadening the product range and value creation, and expanding geographically.

On the other hand, the economic recovery in the next few years and various growth measures will offer **H+E** the opportunity to substantially increase earnings and the valuation multiple. Expected catch-up effects and the broadening of the customer base in the OEM sector form a basis for long-term growth.

06_HY-LINE GROUP

Value-added distributor with outstanding vertical integration

The **HY-LINE Group** has its origins in the distribution of electronic components. In recent years, the company has transformed into a product and system provider with an increased focus on technical consulting and development competence. Consequently, **HY-LINE** starts even earlier in the value chain and creates added value for its customers by developing its own products and systems. Its customers come primarily from the electronics industry, medical technology, the energy sector and the media and communications industry. The main sales market is the German-speaking world.

HY-LINE generates

90%

of its revenue from system solutions or customized components.

Jeroen Rijswijk, CEO of the HY-LINE Group

HY-LINE COMPANY HISTORY

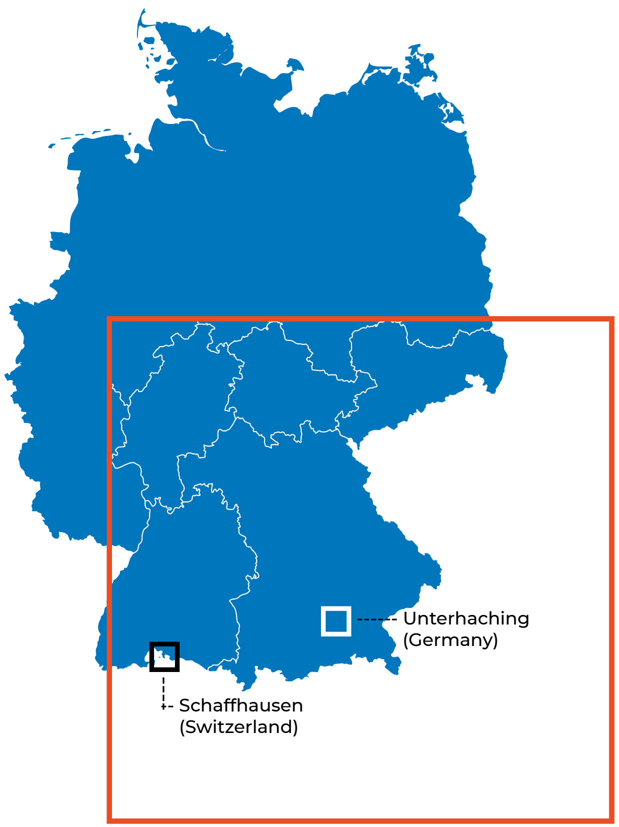
Registered office	Unterhaching, Bavaria
CEO	Jeroen Rijswijk
Revenue 2022	EUR 67.4 million
Employees (31 December)	85 (incl. trainees)
Founded	1988
Part of Blue Cap since	2021
Shareholding in %	93
Other locations	Schaffhausen (Switzerland)
Segment	Business Services

DEVELOPMENT IN 2022 AND OUTLOOK

The **HY-LINE Group** was one of the fastest growing companies in the Blue Cap portfolio in 2022. Thanks to steadily improving material and product availability throughout the year, the company was able to significantly increase its deliveries while order intake remained strong. The result was a record year in the company's history. A new CEO has also been on board since October 2022 to restructure the group of companies and create ONE **HY-LINE** (more about this starting on page). In addition to the cultural transformation and the value-differentiating expansion of customised design and system solutions, the CEO's key task is to manage growth. This challenge will be met both organically and inorganically.

Operationally, it will be important in 2023 to maintain delivery capability at a high level in order to work off the order backlog. Add-on acquisitions make it possible to grow regionally or to expand the product portfolio and will therefore be examined again and again in the coming months to round off the business model.

HY-Di® from HY-LINE is an intelligent system consisting of Smart Battery and analysis software and hardware for reliable management and monitoring of battery parameters. The product is used in the operation of complex medical devices.



EQUITY STORY

An important driver of **HY-LINE's** success is its high level of development and consulting expertise in the product design phase, which generates a high proportion of recurring sales during the product life cycle. The high level of diversification in terms of industries as well as long-standing and trusting business relationships with customers as well as suppliers strengthen the entire group.

The transformation to ONE **HY-LINE** pays off in terms of higher scalability and strong synergies within the group of companies. This is an essential step for achieving both organic and inorganic growth. Megatrends such as the Internet of Things and Smarthome, as well as the long-term positive outlook for the individual end markets like medical technology, also create excellent opportunities for further growth.

MARKET TREND

CURRENT →

MEDIUM TO LONG-TERM ↗

07_TRANSLINE GROUP

Language service provider with a high degree of automation and digitalisation

Within 30 years, **Transline** has evolved from working with a typewriter all the way through to machine translation and artificial intelligence. Today, the company is one of Germany's largest language service providers with a proprietary leading workflow software solution. The digital platform automates process steps and controls all workflows relevant to translation. **Transline's** translation services range from technical documentation and marketing texts to documents relating to contracts and patents. The company's strategic focus is on growing market segments, especially in the areas of medtech, pharmaceuticals, e-commerce and software. **Transline** has long-standing and trusting relationships with around 5,000 customers. Including many large, global companies such as Bosch, Miele and TeamViewer.

Transline's linguistic experts translate texts provided by its customers into

160

different languages

Katja Schabert, CEO of the Transline Group

TRANSLINE COMPANY HISTORY

Registered office	Reutlingen, Baden-Württemberg
Managing Director	Katja Schabert
Revenue 2022	EUR 20.7 million
Employees (31 December)	169 (incl. trainees)
Founded	1986
Part of Blue Cap since	2022
Shareholding in %	74
Other locations	Olching (Bavaria), Walldorf (Baden-Württemberg), Cologne (North Rhine-Westphalia), Grünbach (Saxony), Modena (Italy), Schiltigheim (France)
Segment	Business Services

Transline partners work with some

5,000

specialist translators around the world.

DEVELOPMENT IN 2022 AND OUTLOOK

As counterintuitive as it may seem, the war of aggression on Ukraine triggered a drop in demand in the relevant market for translation services. This is the result of postponed product launches, suspended medical studies or a decline in contract signings and patent applications. The company took advantage of this unexpected dip in demand to streamline its workflow organisation, integrate our first add-on, Micado, into the **Transline Group** and, in particular, to fully roll out TBlue, its proprietary workflow software. Overall, however, 2022 was significantly below expectations in terms of revenue and results.

In 2023, we will be working with **Transline** to tackle value-enhancing projects. In addition to continuing our buy-and-build strategy, this includes ongoing sales development, broadening our differentiating value proposition, leveraging efficiencies from the new software and, of course, continuing to optimise this technology platform.

EQUITY STORY

Transline operates in an attractive environment that is positively shaped by increasing digitalisation and globalisation (more on this starting from page 29). In addition, the market for translation services is very fragmented and under high consolidation pressure. This creates considerable growth opportunities through buy-and-build measures, which are designed to acquire new customers and tap into new sectors. The digital platform developed in-house will also play a key role. The software ensures higher and faster processing of customer requests and leads to efficiency increases throughout the service process. Thanks to the scalability of the workflow software and the high M&A competence of Blue Cap, **Transline** is ideally positioned for the integration of new companies.

MARKET TREND

CURRENT
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MEDIUM TO LONG-TERM
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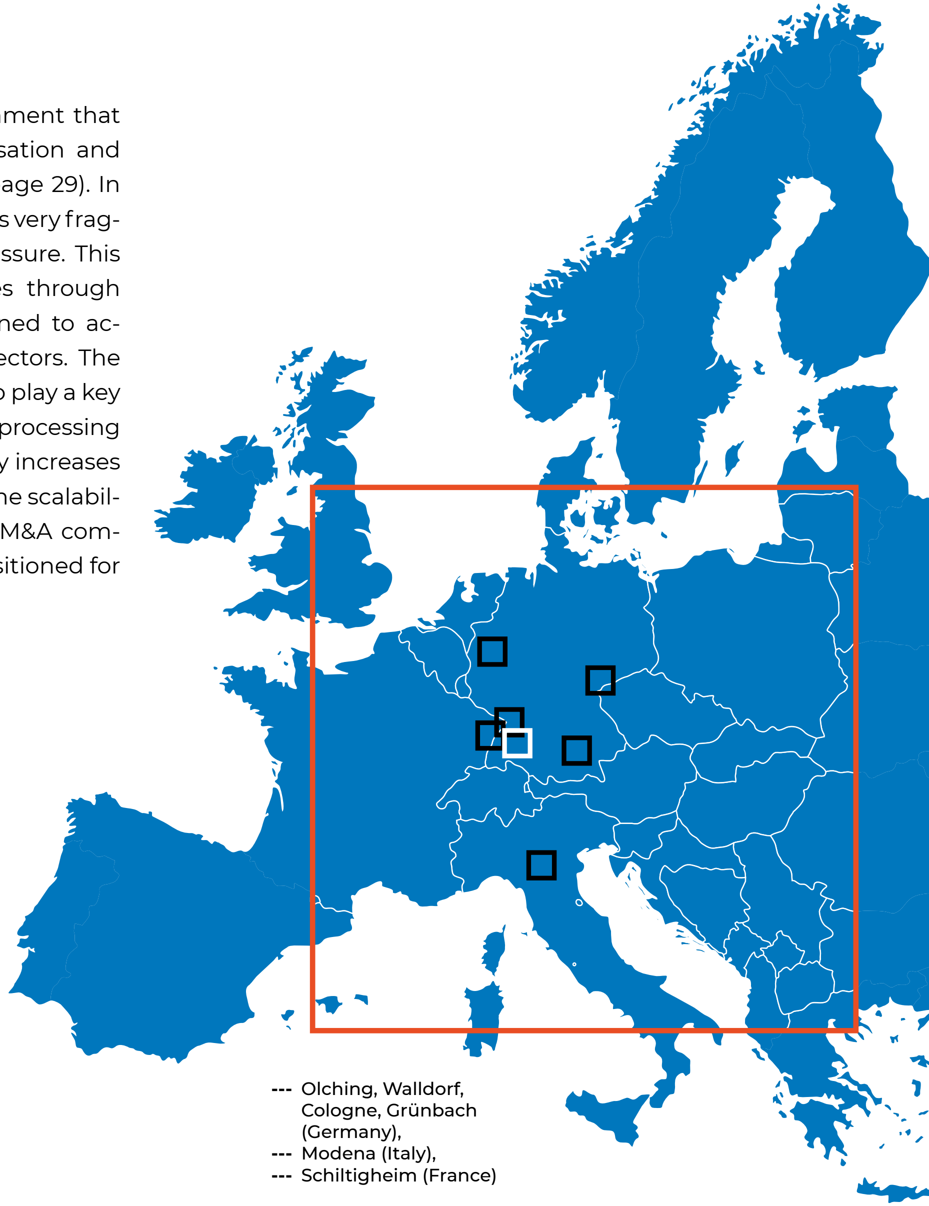

--- Olching, Walldorf, Cologne, Grünbach (Germany),
--- Modena (Italy),
--- Schiltigheim (France)

08_NOKRA OPTISCHE PRÜFTECHNIK UND AUTOMATION GMBH

International supplier of measurement and testing systems for manufacturing

nokra manufactures high-precision, laser-optical measuring systems for the automatic inline inspection of geometric parameters. Parameters such as flatness, straightness, profile, thickness and width are measured in the production flow without any contact using laser sensors. With its four product groups based on the alpha platform, **nokra** supplies automotive suppliers, plant manufacturers and steel and aluminium producers worldwide. Typical applications include flatness measurement of sheet and plate, thickness measurement of strip materials, curvature of windscreens and 3D dimensions of hot forged parts. In addition to the end customer business, nokra serves integrators and OEM partners on the basis of measurement technology components or complete measurement systems.

Günter Lauven, Managing Director of nokra Optische Prüftechnik und Automation GmbH

NOKRA COMPANY HISTORY

Registered office	Baesweiler, North Rhine-Westphalia
Managing Director	Günter Lauven
Revenue 2022	EUR 3.5 million
Employees (31 December)	24 (incl. trainees)
Founded	1991
Part of Blue Cap since	2014
Shareholding in %	90
Segment	Others

Precision measurement of a locating journal for a camshaft machine

DEVELOPMENT IN 2022 AND OUTLOOK

As a production technology company with partly cyclical customer industries, in 2022 **nokra** was hit by the war-related economic slump. There were project delays and postponements, which meant that the commercial goals were not fully achieved. Neverthe-less, 2022 was a good year for **nokra** as crucial value levers were activated. Besides moving to a new, mod-ern and energy-efficient building, the company met key sales targets. It successfully translated the broad technological competence profile from numerous successful projects into product offerings. This enables scaling, further expands the service share and lays the foundation for profitable growth. In 2023, the company will stick closely to the chosen path and expand its innovative product families for thickness and flatness measurement.

The innovative hot measuring cell from nokra measures test specimens at up to

1200°C

The new hot measuring cell measures the complete contour of hot forged parts and calculates the dimensions of the parts in a cooled state.

MARKET TREND

CURRENT

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MEDIUM TO LONG-TERM

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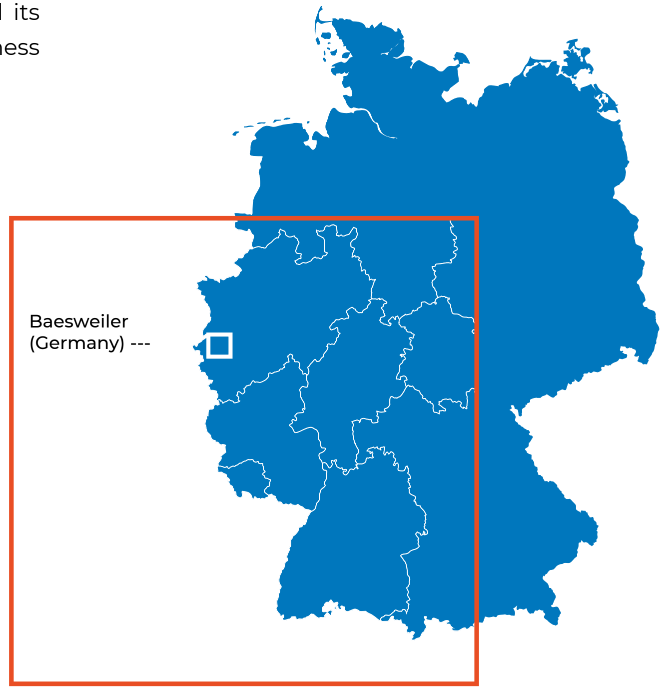


EQUITY STORY

nokra brings together an interdisciplinary team of physicists, engineers, electrical engineers, mathe-maticians and computer scientists who combine the necessary scientific and technical disciplines. From the customer-specific task to the assembly and imple-mentation of the measuring systems, the focus is on innovative and effective solutions. Many years of ex-perience and high quality standards ensure that the measuring systems are constantly developed further and correspond to the latest technological standards. **nokra** has successfully translated this competence into product groups that enable a focused growth path. The precision of the systems as well as the traceability to national and international norms and standards are an important and differentiating competitive factor.

09_INHECO INDUSTRIAL HEATING AND COOLING GMBH

Leading supplier of LabTech products for laboratory automation

Since its foundation in 2000, **INHECO** has become an established player in the medical technology market. As a leading manufacturer of various components for laboratory automation, INHECO supplies a broad group of customers from the life science sector and diagnostics. Products include heating, cooling and shaking assemblies, incubators and thermal cyclers. Air-conditioning systems for hazardous areas round off the range, which spans standard products and proprietary systems to customised OEM solutions. Among the numerous customers are renowned names such as Hamilton, Leica, ThermoFisher and Roche.

Günter Tenzler, Founder and CEO of INHECO Industrial Heating and Cooling GmbH

INHECO COMPANY HISTORY

Registered office	Martinsried (Bavaria)
Managing Director	Günter Tenzler
Revenue 2022	EUR 37.8 million
Employees (31 December)	149 (incl. trainees)
Founded	2000
Part of Blue Cap since	2006
Shareholding in %	42
Other locations	Delaware (USA), Taiwan
Segment	Medical

Single plate incubator shaker with extended plate holders

INHECO delivers its products to

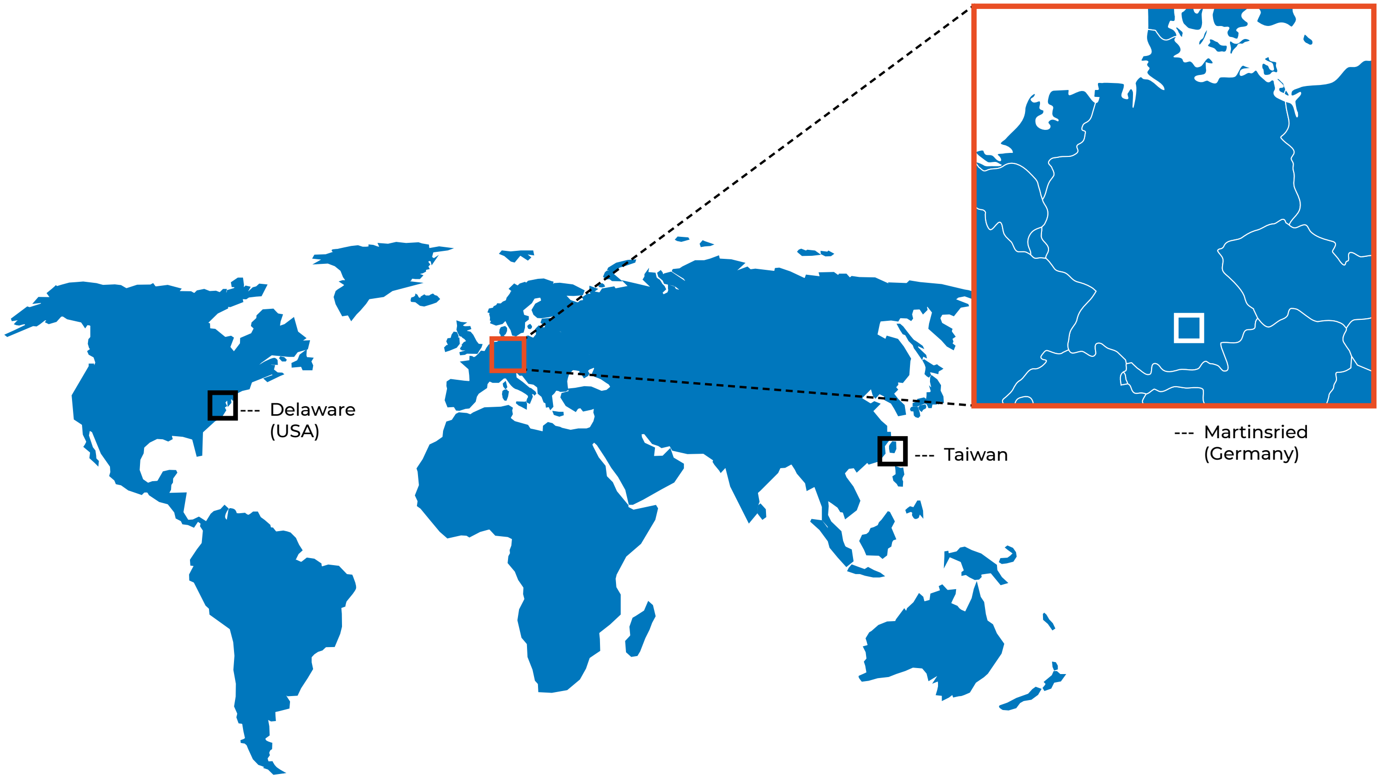
46

countries all over the world.

DEVELOPMENT IN 2022 AND OUTLOOK

At **INHECO** ,the years 2020 and 2021 were characterised by strong growth, driven most notably by the Coronavirus pandemic. The initial fear that there would be a decline in orders as the momentum of the pandemic waned proved unfounded. In 2022, the Corona-related orders were replaced by orders investing in long-term laboratory equipment. Another highlight in 2022 was the opening of the second supplier site in Taiwan.

INHECO starts 2023 with a strengthened R&D team, a larger sales team and expanded production capacities. Specifically, the expansion of value creation is planned – current and future products will become IoT-ready. This implies that **INHECOs** products can monitor themselves and communicate with their integration environment. In addition to product innovations, **INHECO** 2023 will also seek to intensify sales in 2023. This is why **INHECO** also gained a foothold in the USA at the beginning of the year in order to translate the strong market growth and high innovation momentum there into profitable growth.



This is what diversity looks like:

30

different nationalities work at INHECO.

DEVELOPMENT IN 2022 AND OUTLOOK

The entire life science industry is undergoing a digital transformation. Laboratory automation is the key catalyst and was given an additional boost by the Coronavirus pandemic. Thanks to the massive demand for testing capacities and the successful development of new vaccines against Covid-19 within just a few months, a new standard of laboratory automation entered the scientific community. This is characterised by speed, high precision and digital workflows. **INHECO** too will be able to benefit from this in the future and is optimally prepared for it today. Because **INHECO** anticipated this at an early stage and has spent the last two years investing in engineers, scientists, sales and production capacities.

MARKET TREND

CURRENT →

MEDIUM TO LONG-TERM ↗

COMBINED MANAGEMENT REPORT

64_ COMBINED MANAGEMENT REPORT

COMBINED MANAGE-MENT REPORT

1. THE COMPANY

1.1 Business activities and strategic orientation

MAJORITY INTERESTS IN THE SME SEGMENT

INTERESTING FACTS
More information about our portfolio companies can be found in the progress report starting on page 42

Blue Cap AG is a listed investment company established in 2006 with its registered office in Munich. The company invests in companies in the SME segment of the B2B sector and supports them in their business development. The companies are headquartered in Germany, Austria and Switzerland, normally generate revenue of between EUR 30 and EUR 80 million and have an intact core business. As of the reporting date, the company holds majority interests in eight groups (previous year: eight) and has one minority interest. In 2022, there was one disposal and one acquisition. The Group had an average of 1412 employees in the reporting year and operates in Germany, Europe and the USA.

Blue Cap AG is listed on the Frankfurt Stock Exchange in the "Scale" segment and on the Munich Stock Exchange in "m:access" (ISIN: DE000A0JM2M1). The capital market listing places the company under an obligation to provide an appropriate level of transparency, an obligation it fulfils through active capital market communication and investor relations work. The Management Board and the Blue Cap team have extensive M&A, industry and transformation experience in the German SME sector.

BUSINESS MODEL: "BUY, TRANSFORM & SELL"

INTERESTING FACTS
More information about our business model can be found starting on page 33

Blue Cap acquires companies that have a clear operational potential for improvement as well as growth prospects. The portfolio companies are actively supported by Blue Cap in their strategic and operational development without losing their established SME identity. Blue Cap is a temporary owner. The optimal holding period is between three and seven years. However, value enhancement strategies that are designed for a longer period of time can be considered in equal measure. Companies can remain in the portfolio even longer, especially if they have long-term growth prospects. In principle: The portfolio companies are sold as soon as successful performance under a different ownership structure appears to make more sense and Blue Cap has been able to successfully implement large parts of the planned programme.

STRUCTURED M&A PROCESS

Blue Cap acquires new portfolio companies through a structured M&A process. The process involves the systematic identification and selection of target companies based on fixed investment criteria. We invest in companies where succession arrangements are unresolved and in Group spin-offs. Our potential acquisitions also, however, include companies facing crisis situations or growth challenges.

1.2 Goals and strategy

PORTFOLIO EXPANSION AND DEVELOPMENT OF THE PORTFOLIO VALUE

The goal of Blue Cap AG is to increase the company's enterprise value through an economically successful and growing portfolio. Performance is determined by the growth and profitability of the portfolio companies as well as by the expansion and diversification of the investment portfolio. We seek diversification not only in terms of industries. Within our segments too, we aim to ensure that the business models and sales markets of our portfolio companies differ from one another.

In the past, Blue Cap's investment focus included manufacturing industrial companies. For the last two years, we have also been focusing on companies in the business services sector and hence on business models that are less capital-intensive and cyclical. The individual markets in this sector are often highly fragmented, and the increasing demand for outsourcing solutions will support growth in the future. The companies that operate successfully in this area seek to become industry leaders through add-on acquisitions and expansions of their service portfolios.

INTERESTING FACTS
More information about transformation can be found starting on page 17

ACTIVE SUPPORT DURING THE TRANSFORMATION PHASE

Blue Cap's portfolio companies are led independently by their management teams. As a matter of principle, the companies pursue stand-alone strategies. At the same time, the portfolio companies receive close support from the Management Board and the Blue Cap team. This applies both directly after the acquisition and also during the course of the companies' further strategic and operational development. The Management Board of Blue Cap agrees the key strategic decisions with the management teams, coordinates the operational improvement and growth programs; Blue Cap provides the portfolio companies with any additional liquidity they need. Blue Cap also bolsters the portfolio companies through add-on acquisitions wherever it makes strategic sense to do so.

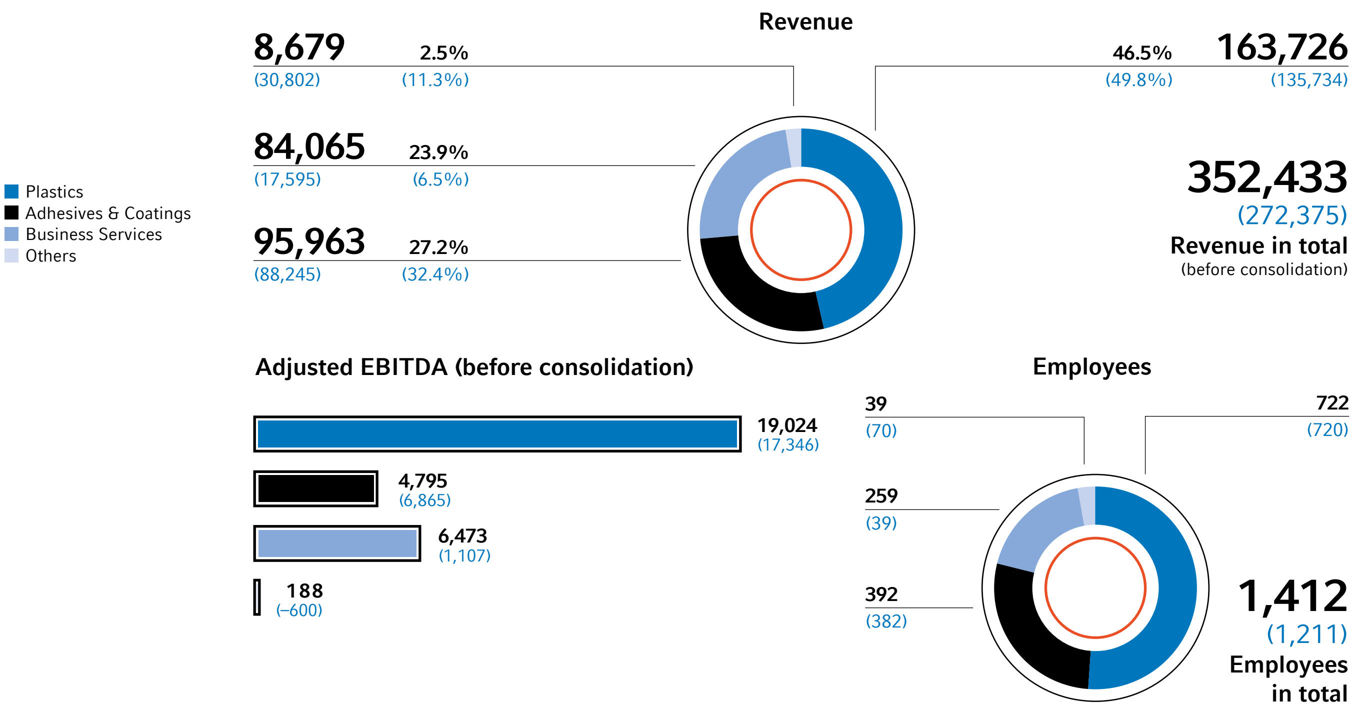
1.3 Portfolio

PORTFOLIO STRUCTURE: 8 MAJORITY INTERESTS IN 4 SEGMENTS

As of the balance sheet date, Blue Cap's portfolio comprised eight majority interests. These majority interests are allocated to four segments: **Plastics, Adhesives & Coatings, Business Services** and **Others**.

Key data on the portfolio 2022 (2021)

EUR thousand



8 Majority interests in medium-sized enterprises

The companies Knauer-Uniplast Management GmbH as well as Uniplast Knauer GmbH & Co. KG in Dettingen an der Erms operate in the **Plastics**. This segment also includes con-pearl Verwaltungs GmbH and con-pearl GmbH, Geismar in Thuringia, with the US subsidiaries con-pearl North America Inc. and con-pearl Automotive Inc., Greenville in the USA. Since March 2021, the companies of the H+E Group – H+E Molding Solutions GmbH, Ittlingen, Baden-Württemberg, H+E Kinematics GmbH and H+E Automotive GmbH, both Sinsheim, Baden-Württemberg – have also been allocated to this segment.

Uniplast is a manufacturer of customised and standardised plastic packaging in the fast moving consumer goods (FMCG) sector. In dairy packaging in particular, the group of companies holds a market share of around 20% in German-speaking countries. Specialising in the production of cups and lids using injection moulding and thermoforming processes, Uniplast offers a broad range of products as well as decoration processes.

The con-pearl Group is a manufacturer of lightweight plastic products. Its main sales markets are the logistics and automotive sectors. Known under the brand name con-pearl, twin-wall sheets are lightweight, strong and made almost entirely of high-quality recycled material. con-pearl operates two closed-loop systems for recycling polypropylene plastics and for reconditioning other polyolefins.

The H+E Group develops and manufactures high-quality plastic parts and assemblies for car interiors and for the household appliance industry. Specialising in high-quality surfaces and complex motion systems, H+E Group companies support their customers as system supplier from the product idea all the way through to series production. Product expertise ranges from simple plastic parts to complex assemblies with high-quality surfaces based on gas injection moulding and injection moulding technology. The product range includes interior door controls, roof grab handles, trim, coat hooks, as well as various handles and opening mechanisms.

Neschen Coating GmbH and its subsidiaries as well as the companies of the Planatol Group make up the **Adhesives & Coatings segment.**

In the 2022 financial year, the Neschen Group included Neschen Coating GmbH (referred to below also as Neschen Coating) in Bückeburg, Lower Saxony, with the Filmolux distributors in Germany, Austria, Switzerland, France, Italy, the Netherlands, and Sweden, Neschen Inc. in Richmond, USA, and Neschen s.r.o. in Hradec Králové, Czech Republic. Neschen Coating is a manufacturer of innovative self-adhesive products and high-quality coated media for various applications ranging from graphic media to book protection and repair films, as well as industrial coatings. Neschen Coating sells its products in over 70 countries worldwide. The Filmolux distributors specialise at regional level and sell both Neschen products and other related commodities. Neschen s.r.o., Hradec Králové, Czech Republic, is an engineering company focusing on the production of laminators. Neschen Inc., Richmond, USA, is the distributor responsible for the North American market.

The Planatol Group comprises the companies Planatol GmbH and PLANATOL System GmbH in Rohrdorf near Rosenheim, as well as the adhesive distributors Planatol France S.à.r.l., Sucy-en-Brie, France, and Planatol-Società Italiana Forniture Arti Grafiche S.I.F.A.G. s.r.l. (referred to below also as Planatol Sifag), Milan, Italy. Planatol GmbH manufactures adhesives for applications in the printing and graphics industry, as well as for the packaging and wood processing sectors. It sells these products itself and through its distributors Planatol France S.à.r.l. and Planatol Sifag. PLANATOL System GmbH manufactures adhesive application systems for fold gluing in rotary printing as well as other modular application systems for use outside of the printing industry.

The HY-LINE Group companies and the Transline Group acquired in March 2022 make up the **Business Services** segment.

The HY-LINE Group is an application specialist for electronic components and systems. The Group has evolved in recent years from a value-added distributor to a product and systems provider with a focus on technical consulting and application expertise. Its customers come primarily from the electronics industry, medical technology, the energy sector, and the media and communications industries. The Group focuses its sales on Germany, Austria and Switzerland.

The HY-LINE Group comprises five independent companies, HY-LINE Holding GmbH, HY-LINE Computer Components Vertriebs GmbH, HY-LINE Power Components Vertriebs GmbH, HY-LINE Communication Products Vertriebs GmbH – all based in Unterhaching, Bavaria - and also HY-LINE AG, Schaffhausen, Switzerland. As the parent company, HY-LINE Holding GmbH provides intra-group services in the areas of finance and accounting, marketing, storage and IT, the rest of the companies each having specialised product areas. HY-LINE Computer Components Vertriebs GmbH offers expertise in the product areas of visualization (display and touch technology), embedded computing and signal management. HY-LINE Power Components GmbH is a specialist for all products relating to power electronics, power supply and energy storage. A highly specialised distribution partner and manufacturers' representative, HY-LINE Communication Products Vertriebs GmbH has extensive application-specific know-how in wireless modules and M2M & IoT system solutions. HY-LINE AG focuses in the areas of customer-specific lithium-ion batteries, battery systems, energy storage systems as well as power supplies.

The Transline Group includes Transline Gruppe GmbH, Transline Deutschland GmbH and Micado Innovation GmbH in Reutlingen, Baden-Württemberg, as well as Transline Software Localization GmbH in Walldorf, Baden-Württemberg, medax – medizinischer Sprachdienst GmbH in Olching, Bavaria, Transline Europe s.a.r.l. (France) and Interlanguage s.r.l. (Italy). As a large German translation service provider, Transline operates in an attractive market environment whose structural growth is driven by increasing digitalisation and globalisation. Furthermore, the market for translation services is very fragmented and therefore characterised by strong consolidation pressure. Over the last few years, Transline has invested heavily in the digitalisation of its business model and established a workflow software solution that automates process steps, ensures better and faster processing of customer enquiries and achieves efficiency enhancements throughout the service process. In addition, Transline has focused on growing market segments via add-on acquisitions, especially in medtech, pharmaceuticals, eCommerce and software.

The **Others** segment includes the holding and property management companies of the Blue Cap Group. In addition, nokra Optische Prüftechnik und Automation GmbH (referred to below also as nokra) based in Baesweiler near Aachen is allocated to the Others segment due to its comparatively low sales volume. nokra manufactures laser-optical in-line measuring systems for applications in the steel, aluminium and automotive industries. The company offers solutions for glass, thickness and flatness measurement, customised systems and services as well as a range of spare parts. This segment also included Gämmerler GmbH from Geretsried-Gelting until February 2022. Gämmerler has its origins in the development and production of systems and machines for the finishing stage of printed products. Its customers include in particular large printing plants, printing press manufacturers, and bookbinders. Gämmerler GmbH was sold in February 2022.

In addition, Blue Cap AG holds a minority interest in INHECO Industrial Heating and Cooling GmbH in Planegg near Munich, which is included in the Group as an affiliated company by applying the equity method. INHECO manufactures products for thermal management processes in the laboratory automation and medical technology markets.

CHANGES IN THE PORTFOLIO

Blue Cap 14 GmbH, a subsidiary of Blue Cap AG, acquired 100.00% of the shares in Transline Gruppe GmbH by way of a share deal with a purchase agreement dated 2 March 2022. Part of the purchase price claim was contributed to Blue Cap 14 GmbH by the seller WES Holding GmbH as part of a capital increase. In return, WES Holding GmbH received 26.15% of the shares in Blue Cap 14 GmbH. On completion of the transaction, Blue Cap AG holds 73.85% of the shares in Blue Cap 14 GmbH. Blue Cap 14 GmbH, in turn, holds 100.00% of the shares in Transline Gruppe GmbH.

YOU CAN FIND MORE INFORMATION online at www.blue-cap.de/en/portfolio

The transaction was successfully concluded on 4 March 2022. The group of companies around Transline Gruppe GmbH and its subsidiaries, Transline Deutschland GmbH, Transline Software Localization GmbH, medax - medizinischer Sprachdienst GmbH, Transline Europe s.a.r.l. (France) and Interlanguage S.R.L. (Italy) is being fully consolidated for the first time since 1 March 2022. For the further growth of the Group, Transline Gruppe GmbH acquired 100% of the shares in Micado Innovation GmbH by way of a share deal with a purchase agreement dated 20 June 2022. This company will be fully consolidated for the first time on 30 June 2022 for reasons of materiality. The Transline Group is allocated to the **Business Services** segment.
In addition, Blue Cap AG sold 100% of the shares in Gämmerler GmbH (**Others** segment) to the Merten Group by way of an agreement dated 4 February 2022. The sale was finalised in February 2022. The company was deconsolidated on 1 February 2022.

PLANAX GmbH, a subsidiary of Planatol GmbH, was merged with Planatol System GmbH in April 2022 with retroactive effect from 1 January 2022. This is also a subsidiary of Planatol GmbH, which is allocated to the **Plastics** segment.

Blue Cap 12 GmbH was renamed HY-LINE Management GmbH (**Business Services** segment) by way of the registration on 18 March 2022. The company's registered office was transferred from Munich to Unterhaching.

HY-LINE Verwaltungs GmbH was merged with HY-LINE Holding GmbH (Business Services segment) with retroactive effect from 1 January 2022 by way of the registration on 18 March 2022.

Blue Cap 05 GmbH, a subsidiary of Blue Cap AG, was merged with Blue Cap AG in August 2022 with retroactive effect from 1 January 2022.

Blue Cap 15 GmbH, founded by Blue Cap AG in 2022, has been included in the scope of consolidation since the date of its foundation.

1.4 Governance

GOVERNANCE: MANAGEMENT BOARD AND SUPERVISORY BOARD

Blue Cap AG, as the Group's parent company, is governed by the Management Board. The Management Board manages the business under its own authority and determines the strategic orientation of the company and hence of the Group. The strategy is implemented in consultation with the Supervisory Board. The Management Board regularly advises the Supervisory Board on the course of business, strategy, and potential opportunities and risks.

During the 2022 financial year, the Management Board comprised three members. At the beginning of the financial year, the Management Board was composed of the following individuals: Ulrich Blessing (Chief Operating Officer), Tobias Hoffmann-Becking (Chief Investment Officer) and Matthias Kosch (Chief Financial Officer). Mr Tobias Hoffmann-Becking, who has been Chief Investment Officer (CIO) responsible for Mergers & Acquisitions and Capital Markets since April 2020, was appointed Chairman of the Management Board/CEO with effect from 1 September 2022. In addition, Mr Henning Eschweiler was appointed to the Management Board with effect from 1 September, and will take over the position of Chief Operating Officer (COO) of Blue Cap AG from Ulrich Blessing, who will prematurely terminate his Management Board mandate, which runs until the end of 2022, by mutual agreement.

The Management Board is overseen by the Supervisory Board. The Supervisory Board comprised five members during the financial year and was chaired by Prof. Dr. Peter Bräutigam until 29 June 2022. Other members up to this date were the Vice Chairman Dr. Stephan Werhahn, Michel Galeazzi, Dr. Henning von Kottwitz and Dr. Michael Schieble. During the Annual General Meeting on 29 June 2022, Kirsten Lange and Freya Oehle were newly elected to the Supervisory Board, replacing Prof. Dr. Peter Bräutigam and Dr. Stephan Werhahn, who were no longer standing for election. Existing Supervisory Board members Dr. Henning von Kottwitz, Dr. Michael Schieble and Michel Galeazzi were re-elected to the Supervisory Board during the Annual General Meeting. Dr. Kerstin Kopp was elected as a substitute member. The Supervisory Board subsequently moved to appoint Kirsten Lange as Chair and Dr. Michael Schieble as Deputy Chair of the Supervisory Board. In the reporting year, the Supervisory Board also maintained a regular and constructive exchange with the Management Board outside of the meetings. The Supervisory Board has formed three committees. The Audit Committee is composed of the members Dr. Michael Schieble (Chairman), Kirsten Lange and Dr. Henning von Kottwitz, the M&A Committee comprises the members Michel Galeazzi (Chairman), Kirsten Lange and Freya Oehle, and the Nomination Committee is composed of the members Dr. Henning von Kottwitz (Chairman), Dr. Michael Schieble and Michel Galeazzi.

COMMITMENT TO THE PRINCIPLES OF CORPORATE GOVERNANCE AND COMPLIANCE

The Management Board and Supervisory Board are committed to responsible management and supervision of the Company in accordance with the principles of good corporate governance. These principles are a prerequisite for sustainable corporate success and a central compass for conduct in the day-to-day business of Blue Cap AG and its subsidiaries. The Management Board and Supervisory Board are convinced that good corporate governance reinforces the confidence placed in the company by business partners, employees and the general public. It enhances competitiveness and also ensures the confidence of financial partners in the company. This is the backdrop against which the Management Board has implemented a Group-wide Code of Conduct and an Anti-Corruption Policy. They contain principles of conduct designed to ensure that business activities throughout the Group are performed in compliance with regulations, guidelines, laws and other principles of the Group.

MORE INFORMATION
You can find the Supervisory Board Report on page 11 et seqq.

1.5 Management

MANAGEMENT FOCUS: SUSTAINABLE VALUE CREATION AND INCREASE IN REVENUE AND INCOME

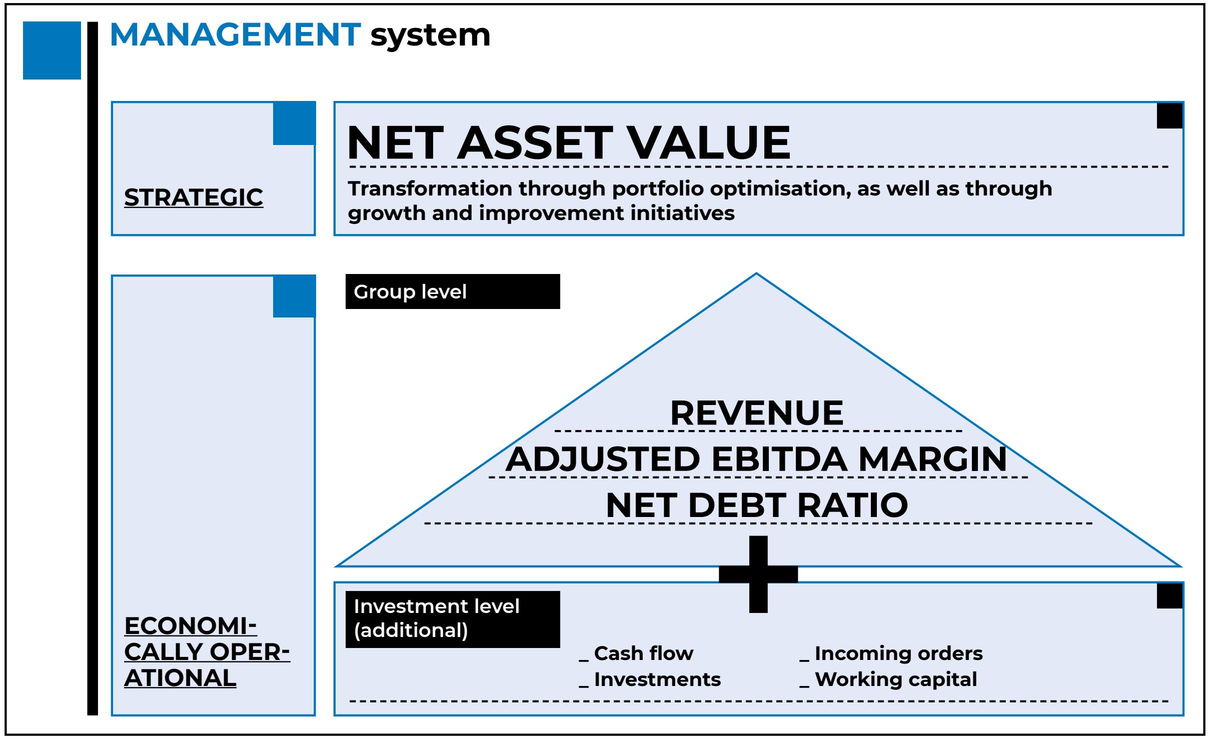
At strategic level, net asset value (NAV) is calculated as a key figure for determining the net asset value of the Blue Cap Group.

The key economic performance indicators are derived from the company's strategic objectives. Across the Group, these are revenue, the EBITDA margin adjusted for non-operating effects (adjusted EBITDA margin), and the net debt ratio. At investment level, cash flow, capital expenditure and the trends in incoming orders and working capital are also relevant key performance indicators.

Net asset value (NAV) corresponds to the proportionate fair value of the equity of the portfolio companies included in the segments less the net debt of the holding company, the property assets less the debt of the property management companies, and the value of the minority interests, depending on the shareholding ratio. More detailed information on the calculation of NAV can be found in the economic report in section 2.2 under "Net asset value of the segments and the Group".

The economic indicators relevant at Group level - revenue, adjusted EBITDA margin and net debt ratio - are determined in accordance with IFRS. The adjusted EBITDA margin is calculated as the ratio of adjusted EBITDA to total output. EBITDA and total output are adjusted to reflect extraordinary, prior-period and other effects resulting from reorganisation measures, as well as one-off effects (adjustments). In order to ensure consistency with the control parameters used for the portfolio companies, the effects resulting from purchase price allocations (in particular income from "bargain purchases" and amortisation of disclosed hidden reserves) are also corrected. Cash flow is divided into cash flow from operating activities, investment activities and financing activities. The net debt ratio (in years) represents debt

INTERESTING FACTS
More information on NAV starting on page 75



less cash in relation to adjusted EBITDA. Since 2021, leasing liabilities have been included in addition to liabilities to banks when calculating net debt (in years).

MANAGEMENT PROCESSES: CLOSELY INTERLINKED

Blue Cap influences the success of the companies and hence the performance of the Group by providing strategic and operational support. To achieve this, Blue Cap's management system dovetails closely with the detailed operational management systems of the portfolio companies, which are based on day-to-day business.

The business plans of the portfolio companies are developed in an iterative process between the portfolio companies and Blue Cap. The planning process is initiated by an exchange of information between the management of the portfolio companies and the Management Board concerning the expectations for business development and strategy. The companies then develop detailed corporate plans for a period of three years each on the basis of the strategic principles. On the basis of this exchange with the management and the planning of the portfolio companies, the Management Board forms an overall picture of the expected business development of the Group and prepares a consolidated plan.

The portfolio companies provide the holding company with ongoing information on the economic development of the companies and submit monthly reports consisting of sales, earnings, balance sheet and other key financial figures, order development, risks and other specific topics. The investment controlling department of Blue Cap analyses the key figures of the portfolio companies on a monthly basis, compares them with the respective budgets and presents the results to the Management Board. In parallel, the Management Board discusses developments at the portfolio companies and important ongoing projects with the management teams and investment management. On this basis, the Management Board of Blue Cap receives a regular overview of business development of the portfolio companies as well as of the Group.

THE MANAGEMENT BOARD IS IN CLOSE DIALOGUE WITH THE PORTFOLIO COMPANIES

Regular meetings between the Management Board, the investment managers and the management teams at the respective portfolio companies are another management tool. At these meetings, key developments such as important contract awards, strategic investments or financing are discussed and alternative courses of action are considered. The management teams also regularly monitor and analyse the respective market and competitive environment and share their insights with the Management Board.

Blue Cap's Management Board is also involved in devising improvement and growth programs and is regularly informed about their implementation status and results.

In the investment business, the Management Board is closely involved in all major core processes in the selection and review of new investment proposals, as well as in the negotiation of investment acquisitions and disposals.

1.6 Non-financial performance indicators

The following non-financial performance indicators are aspects that are of fundamental importance for the successful business development of the Group. These indicators are not directly integrated into the corporate management process.

EMPLOYEES

Within the Group: Headcount increased by approx. 20% compared to the previous year

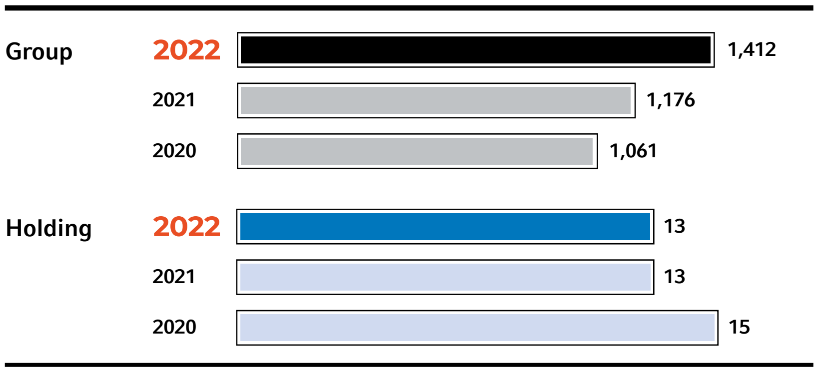
In the 2022 financial year, the Group had an average of 1,412 (previous year: 1,176) employees and 40 (previous year: 35) trainees in the reporting year. The increase is mainly down to the first-time full-year consolidation of the H+E and HY-LINE Groups and the first-time consolidation of the Transline Group into the Blue Cap Group as of 1 March 2022.

The leadership and development of the employees of the affiliated companies is the responsibility of the management teams concerned. The holding company helps the management teams recruit and select executives and also provides impetus for personnel development measures and the structuring of collective bargaining agreements.

MORE INFORMATION about Blue Cap AG as an employer can be found on our website at www.blue-cap.de/en/careers/

Development of average headcount

Number



The companies of the Blue Cap Group attach great importance to qualified training in order to be able to meet the long-term demand for qualified personnel and to counteract the demographic trend.

In the holding company: an experienced team of specialists for value-added support

In the reporting year, Blue Cap AG employed 13 people, not including the Management Board. The figure thus remained stable compared with the previous year. There are two vacancies, which have not yet been re-filled.

The Management Board is convinced that satisfied and well-qualified employees are a key factor in the Group's success. Blue Cap therefore offers its employees a flexible and modern working environment, respectful treatment and performance-based compensation. In addition, further success features of Blue Cap as an attractive employer include individual training opportunities, flat hierarchies and the opportunity to take on responsibility.

INNOVATION

Research and development work is carried out in the portfolio companies and this is geared to the respective market requirements and the individual product range. Within the Group, care is taken in each company to ensure that growth-supporting development targets are formulated and implemented, and that market developments are identified at an early stage and taken into account in the development process. Blue Cap's Management Board is convinced that sustainable process and product innovations ensure the long-term success of the portfolio companies. For this reason, innovation projects are taken into account as part of the annual planning process, regularly discussed with the management teams and supported.

In the **Plastics** sector, R&D activities include the new and further development of plastic products for the automotive and packaging sectors as well as packaging solutions for the dairy sector, the use of new system technologies and materials, and the further development of recycling processes and products. Within this framework, existing formulations are optimized in terms of material usage and costs, and new formulations are developed as well.

Research and development activities in the Adhesives & Coatings segment include, in particular, the re-engineering of adhesive formulations with regard to environmental compatibility and application requirements, the use of new raw materials, and the development of new applications and customised solutions. Research and development activities at the Planatol Group in the PLANATOL System subdivision include, in particular, the modularization and overhaul of the product range and the use of new techniques.

In the Business Services segment, the HY-LINE Group is working in close collaboration with its customers to further expand the product portfolio for system solutions and services. The particular focus here is on visualization (display and touch technology), customised lithium-ion batteries and battery systems. In order to meet the high demands of complex electronic systems, a dedicated team of technical experts and project managers has been set up for the display/touch technologies area, for example. This team supports customers from concept creation all the way through to the series delivery of the final product, including quality management.

At nokra (**Others** segment), R&D activities are focussed on the continuous development of the measuring system product lines. Accordingly, improved application software is currently being developed for glass measurement applications and a modular portal solution for flatness measurement applications. Work is underway in the field of thickness measurement to increase measurement stability with the aid of a deformation sensor. nokra is also developing another product line, the hot measuring cell, which is used as part of quality assurance processes in the forging industry.

Total research and development expenses in the Group amounted to EUR 2,356 thousand in the financial year (previous year: EUR 2,510 thousand). The decrease is due in particular to reduced and capitalized expenses in the 2022 financial year at the Neschen and con-pearl Groups. As of December 31 2022, the Neschen Group capitalised development costs of EUR 374 thousand (previous year: EUR 413 thousand). Depreciation and amortisation on internally generated intangible assets in 2022 totalled EUR 106 thousand (previous year: EUR 54 thousand).

SUSTAINABILITY

Blue Cap firmly believes that long-term economic success can be achieved only if sustainability criteria are incorporated into business activities. The Blue Cap Group is therefore expressly committed to its environmental, social and ethical responsibility. The Management Board of the holding company had therefore decided in 2020 to implement sustainability as a key component of the corporate strategy. In this process, ESG criteria are to be examined and taken into account in all areas of the value chain of Blue Cap AG and also of the portfolio companies. The main cornerstones of the Group's sustainability strategy include:

- Portfolio company acquisition: Inclusion of social, ethical, environmental and governance aspects in the investment review and identification of potential for improvement at the target companies
- Exclusion criteria: no consideration given to industries and companies that violate international standards or Blue Cap's values
- Communication: regular dialogue with the management teams on environmental, social and governance aspects in the portfolio companies
- Optimisation approach: Identification and implementation of individual improvement measures at the companies

In the Sustainability Report 2021 in accordance with the German Sustainability Code (DNK), Blue Cap provides information on its strategy and progress in implementing its sustainability goals. Blue Cap is planning to publish an updated sustainability report in the second quarter of 2023.

MORE INFORMATION
on sustainability can be found at: www.blue-cap.de/en/company/sustainability

2. ECONOMIC REPORT

2.1 Development of the economic environment

THE GLOBAL ECONOMY WEAKENED FURTHER IN 2022 [1]

The first months of 2022 were dominated by rising raw material prices and unstable supply chains. The Russian war of aggression on Ukraine has placed global commodity markets under severe pressure. This development has now improved again due to a weakening economy as well as receding Coronavirus restrictions. Although the impact of the pandemic has waned in most countries, its lingering ripples continue to affect economic activity, particularly in China. The sharp rise in raw material prices worldwide has led to a considerable increase in consumer prices. According to initial estimates, inflation in 2022 in the euro zone was 8.4% and 7.9% in the USA. Although high in the emerging markets as well, inflation has so far been below that of advanced economies. The central banks responded to the persistently high inflation rates with hikes in key interest rates.

Against this backdrop, the overall increase in global economic output in 2022 was a weak 2.8% year-on-year (previous year: 6.2%). GDP growth amounted to 3.4% in the emerging markets (previous year: 8.0%) and to 2.5% in the advanced economies (previous year: 5.3%). In the United States, economic output increased in 2022 by 1.9% (previous year: 5.9%), in the euro zone by 3.4% (previous year: 5.3%) in the United Kingdom by 4.4% (previous year: 7.5%), in Japan by 1.2% (previous year: 2.2%) and in China by 3.4% (previous year: 8.6%). In Russia, economic output decreased by 3.1% (previous year: rise of 4.7%).

Gross domestic product (GDP) in Germany increased by 1.8% in 2022 compared with 2.6% in the previous year. Economic growth was impacted in particular by bottlenecks in energy supplies, difficulties in the supply of raw materials and intermediate products, and an intensifying labour shortage. The demand for goods and services remained strong and was supported in particular by high private and government consumer spending and relief measures. Looking at the different sectors of the economy, there was a marked expansion in gross value added in the services sector, which benefited from the abating of the Coronavirus pandemic and the associated normalisation of household spending patterns. At the same time, the demand for goods also remained strong. Although new orders in the manufacturing sector gradually declined, presumably also as a result of high inflation, companies' order books are still so well filled that production has risen slightly until just recently.

The annual average inflation rate in Germany was 8.3% (previous year: 3.1%) and hence roughly corresponds to the average value of the advanced economies. Consumer price increases recently reached record rates of over 10%. In addition to energy (+38.4%) and food (+21.0%), other goods (+7.6%) were also appreciably more expensive than in the previous year. Although there are signs that inflation is slowly easing as a result of falling value market prices for oil and other raw materials, as well as key interest rate hikes, the pressure on consumer prices is likely to remain for some time. In light of higher energy prices and uncertainties caused by the war in Ukraine, the German labour market was in robust shape. Nonetheless, momentum on the labour market waned over the course of the year. Overall, unemployment fell to 2.42 million people on average for the year (unemployment rate: 5.3%) compared to 2.61 million people (unemployment rate: 5.7%) in the previous year.

INDUSTRY ENVIRONMENT: PRIVATE EQUITY BUSINESS CLIMATE STABILISES AT THE END OF THE YEAR [2]

According to the German Private Equity and Venture Capital Association (Bundesverband Deutscher Kapitalbeteiligungsgesellschaften[3], the development in the German private equity industry in terms of investments in the past year was significantly below the record year of 2021. Hence, the investment volume in Germany in 2022 was around EUR 13.9 billion, down by approximately EUR 5.703 billion compared to the previous year (EUR 19.6 billion). In total, investment companies financed 885 enterprises with equity

[1] Cf. ifo Economic Forecast Winter 2022 of the ifo Institute, published in December 2022:https://www.ifo.de/publikationen/2022/zeitschrift-einzelheft/ifo-schnelldienst-sonderausgabe-dezember-2022

[2] Cf. kfw German Private Equity Barometer, fourth quarter 2022, published on 22 February 2023: https://www.kfw.de/PDF/Download-Center/Konzernthemen/Research/KfW-Research/Economic-Research/Wirtschaftsindikatoren/German-Private-Equity-Barometer/PDF-Dateien/GPEB-Q4–2022.pdf

[3] Cf. The German Equity Capital Market 2022, published on 16 March 2023: https://www.bvkap.de/files/content/statistik-deutschland/pdfs/BVK Statistik 2022 in Tabellen.pdf

capital last year (previous year: 1,104). As in recent years, small and medium-sized enterprises were the focus of financial investors.

At EUR 6.541 billion, fundraising was up on the previous year (EUR 5.5 billion). Of the new funds raised, 74% (previous year: 30%) were accounted for by venture capital funds and 15% (previous year: 69%) by buy-out funds. PE firms focussing on growth, mezzanines and mixed players held a combined fundraising share of 11% (previous year: 1%).

Buyouts accounted for slightly more than half of total investments at 57%, compared with 43% in the previous year. The volume fell significantly compared with the previous year (EUR 11 billion) to EUR 7.9 billion. Venture capital investments amounted to around 24% of total investments (previous year: 32%) and, at EUR 3.4 billion (previous year: EUR 4.0 billion) were down on the previous year. The share of growth financing (Growth) and minority investments (Replacement, Turnaround) amounted to 19% or EUR 2.6 billion of the total volume and was also below the previous year's figure (25%, EUR 3.1 billion).

The volume of investment disposals also decreased compared with the previous year, from EUR 5.7 billion to EUR 3.1 billion (down 46% on the previous year). Accounting for 62% (previous year: 29%) of the exit volume, sales to other portfolio companies were the most important exit channels. Followed by Trade Sales at 23% (previous year: 28%), repayments of preference shares as well as loans and mezzanines at 3% (previous year: 13%) and total losses at 2% (previous year: 3%). Other investment disposals accounted for 10%.

2.2 Development of the Blue Cap Group

NET ASSET VALUE OF THE SEGMENTS AND THE GROUP

Blue Cap AG calculates the net asset value (NAV) of the segments and the Group every six months. The calculation of the NAV is based on the International Private Equity and Venture Capital (IPEV) Guidelines and also takes into account the auditor's opinion on the audit of the consolidated financial statements.

The objective is to value the portfolio companies on the valuation date at the market price achievable in a transaction. In order to determine as representative a fair value as possible, IPEV guidelines recommend using several valuation techniques and comparing the results. The NAV is therefore determined for the portfolio companies on the basis of the discounted cash flow method and the relative valuation using valuation multiples (enterprise value enterprise value/EBIT). The resulting value range is then used to determine the value that is judged to be representative of the price that can currently be achieved on the market. This takes into account the fact that buyers in our market segment prefer relative valuation methods. Based on this methodology, the enterprise value determined on the basis of the multiple method was applied to the majority of the companies in the portfolio as at the reporting date and also at the previous year's reporting date.

The discounted cash flow method is based on the approved budget plans of the respective portfolio companies for the years 2023 to 2025 and their extrapolation for the years 2026 and 2027. The growth rates after the five-year period for calculating the terminal value were generally assumed to be 1.5% (previous year: 1.0%). The weighted average cost of capital (WACC) was calculated for each portfolio company on the basis of individual peer groups and is within a range of 5.0–11.4%.

For the relative valuation based on multiples, valuation multiples (enterprise value/EBITDA) were determined based on the expected 2022 financials and the projected 2023 financials of the peer group companies. These were subsequently used as a basis due to the generally smaller size of our portfolio companies with a size & profitability discount of 0–30% to the respective multiple. To determine the relevant enterprise value, an average value was calculated from the multiple values for the past twelve months and for the following planning year (2023). Multiples of between 6.0 and 14.2x were applied to the portfolio companies in relation to EBITDA.
Companies for which a market price is available from a recently (up to twelve months) completed Blue Cap acquisition are taken into account with this purchase price in accordance with the IPEV guidelines, provided – as in the case of the Transline Group – there are no indications of a significant change in value.

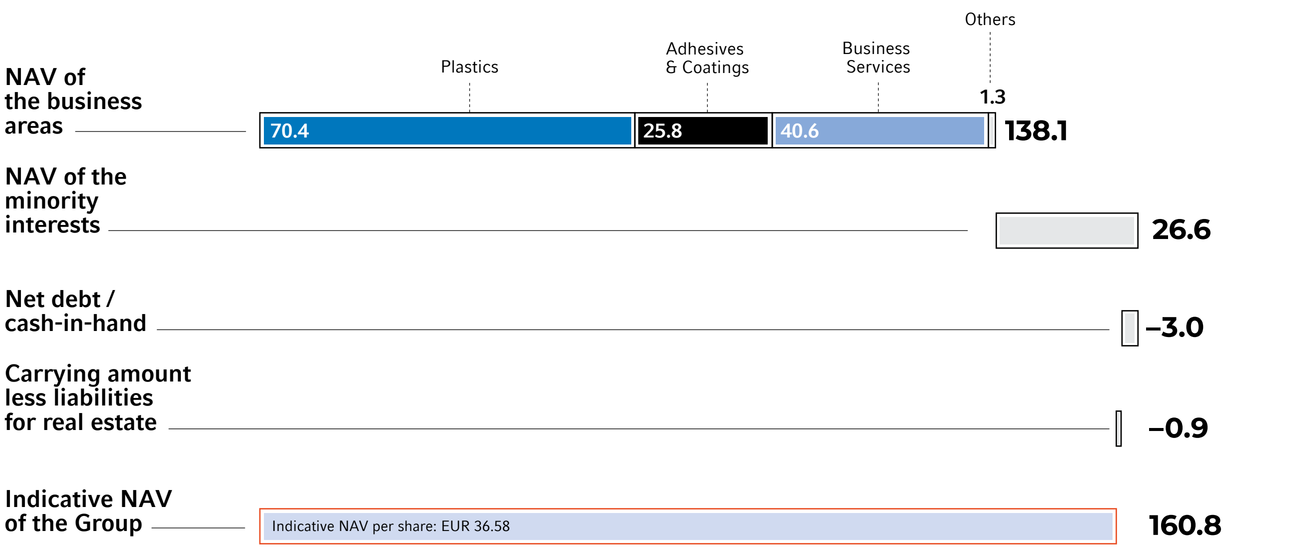
The NAV of the Group is composed of the NAV of the segments, the net debt of the holding company, the real estate assets and the value of the minority interests.

The NAV of the segments corresponds to the proportionate fair value of the portfolio companies included in the segments, depending on the shareholding ratio. The net debt of the holding company corresponds to the balance of loans and cash on hand as well as credit balances at banks. Real estate assets are generally recognised at book value less debt.

The NAV of the portfolio increased by EUR 12.7 million to EUR 164.7 million as of 31 December 2022. This was due in particular to the acquisition of Transline and the increase in value of HY-LINE and H+E Groups. The decline in value at INHECO due to high start-up investments and the resulting temporarily lower earnings performance had a counteracting effect. In the Adhesives & Coatings business unit, the NAV also declined due to a decrease in business volume at Planatol and an ongoing reorganisation programme at Neschen. The sale of the Geretsried-Gelting property (EUR 20.1 million) also reduced the NAV. As a result, the Group's NAV decreased by EUR 12.0 million to EUR 160.8 million as of 31 December 2022.

Indicative net asset value of the Group (as of 31 December 2022)

EUR million



Indicative net asset value of the Group

EUR million

	31.12.2022	30 June 2022	31 December 2021
NAV of the segments	**138.1**	**128.5**	**119.3**
Plastics	70.4	68.8	68.5
Adhesives & Coatings	25.8	25.4	34.5
Business Services	40.6	32.6	14.0
Others	1.3	1.7	2.3
NAV of the minority interest	**26.6**	**40.9**	**33.4**
Net debt (–) / cash-in-hand (+) of Blue Cap AG	**–3.0**	**–0.1**	**–1.9**
Carrying amount of properties less liabilities of asset holding company	**–0.9**	**–0.9**	**22.0**
Indicative NAV of the Group	**160.8**	**168.4**	**172.8**

[1] Others contains the portfolio company nokra and up to and including NAV 2021 the investment in Gämmerler.

SUMMARY OF THE DEVELOPMENT OF REVENUE AND EARNINGS IN THE REPORTING YEAR

	Actual 2021	Forecast for 2022 (based on the 2021 management report)	Forecast adjustment (2022 half-year report)	Actual 2022
Revenue (EUR million)	267	305–325	335–350	347.5
Adjusted EBITDA margin in % of total output, adjusted	9.1	9.0–10.0	8.0–9.0	8.6
Net debt ratio in years (excluding lease liabilities)	1.7	≤ 3.5	≤ 3.5	2.4

The original 2022 budget planning for the Blue Cap Group was adopted in December 2021 on the basis of the Group composition existing at that time and envisaged consolidated revenue significantly above the previous year with an operating profit margin (adjusted EBITDA margin) slightly above that of the previous year.

The forecast was adjusted during the year on 20 January 2022 (based on initial preliminary calculations as part of the ongoing preparation of the consolidated financial statements), on 2 March 2022 (as part of the acquisition of the Transline Group) and on 25 August 2022 (based on the forecast prepared for the second half of 2022). The revenue expectation was recently raised from EUR 305–325 million to EUR 335–350 million, the adjusted EBITDA margin was expected to be within a range of 8–9% (previously: 9–10%).

The final Group figures are in line with the last forecast. Hence, in a challenging environment, Group revenue increased by 30% year-on-year to EUR 347.5 million (previous year: EUR 267.3 million) and is therefore in the upper range of the expected (adjusted) revenue margin. Adjusted EBITDA increased at a lower rate than sales to EUR 30.3 million (+23% year-on-year, previous year: EUR 24.6 million). This corresponds to a margin of 8.6% (previous year: 9.1%), which is within the most recently expected range of 8–9%. Key factors in the significant growth included the performance of con-pearl which, as in the previous year, benefited from a major order in the logistics sector, and improved volumes at H+E and HY-LINE, the latter having had a record year thanks to a high order backlog and improved delivery capabilities. The acquisition of Transline and the first-time full-year consolidation of H+E and HY-LINE also contributed to the increase in sales and earnings.

High total capital expenditure, primarily driven by M&A activities, led to an increase in net debt in 2022. The net gearing ratio, defined in the 2022 forecast as the ratio of net financial liabilities (including lease liabilities) to adjusted EBITDA, is 2.4 years, below the target of 3.5 years.

Overall, the Management Board is satisfied with the course of business as of December 31 2022, especially in light of the economic slowdown and the challenges this presented in the past financial year.

EARNINGS PERFORMANCE

INTERESTING FACTS
More on the consolidated financial statements on page 102 et seq.

Revenue significantly above the previous year with positive earnings performance

In 2022, the Blue Cap Group's revenue increased by 30% or EUR 80,163 thousand compared to the previous year (previous year: 14.7% or EUR 34,349 thousand) to EUR 347,511 thousand. The increase is due in particular to the new acquisition of the Transline Group and the first-time full-year inclusion of the HY-LINE and H+E groups in the Blue Cap Group. By contrast, the sale of Carl Schaefer and Gämmerler have a reducing effect on revenue compared with the previous year.

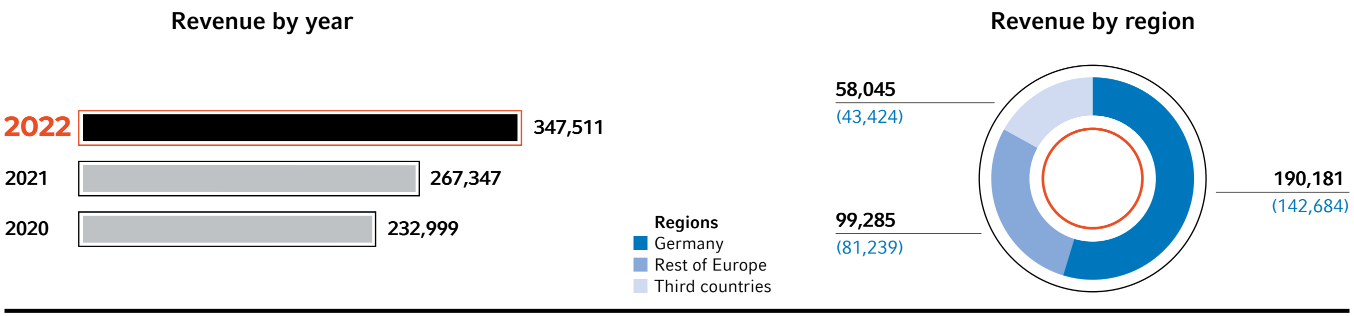
Looking at the breakdown of consolidated revenue, the German market accounts for 54.7% or EUR 190,181 thousand (previous year: 53.4% or EUR 142,684 thousand), the rest of the EU for 28.6% or EUR 99,285 thousand (previous year: 30.4% or EUR 81,239 thousand) and third countries for 16.7% or EUR 58,045 thousand (previous year: 16.2% or EUR 43,424 thousand).

Other operating income amounts to EUR 20,746 thousand (previous year: EUR 7,440 thousand) and mainly includes income from the disposal of fixed assets amounting to EUR 15,049 thousand (previous year: EUR 989 thousand), income from reversal of provisions amounting to EUR 1,071 thousand (previous year: EUR 1,365 thousand), income from reversal of provisions amounting to EUR 2,069 thousand (previous year: EUR 657 thousand) and rent and lease revenues amounting to EUR 335 thousand (previous year: EUR 220 thousand). Income from the disposal of fixed assets resulted in particular from the sale of a production and administration property in Geretsried-Gelting not required for operations.

The Group's total output in 2022 amounts to EUR 370,526 thousand and is significantly higher than in the previous year (EUR 277,108 thousand), in particular due to the first-time full-year inclusion of the HY-LINE Group, H+E and the new acquisition of Transline and the sale of the Geretsried-Gelting

Revenue performance within the Group 2022 (2021)

EUR thousand



property. By contrast, the sale of Carl Schaefer has a reducing effect on total output compared with the previous year.

At 51.5% of total output, the materials usage ratio was down on the previous year (52.1%). This was mainly due to the proceeds from the sale of the Geretsried-Gelting property included in total output. The gross profit ratio for the reporting year is 48.5% (previous year: 47.9%) and gross profit, which represents the difference between total output and material usage, amounts to EUR 179,721 thousand (previous year: EUR 132,826 thousand).

Personnel expenses in the Group amounted to EUR 80,945 thousand in the past financial year (previous year: EUR 67,487 thousand), which corresponds to 21.9% (previous year: 24.4%) of total output. Depreciation and amortisation amount to EUR 22,643 thousand (previous year: EUR 19,099 thousand) or 6.1% (previous year: 6.9%) of total output. Other expenses increased by EUR 15,863 thousand to EUR 55,791 thousand and, at 15.1% of total output, were slightly up on the previous year (14.4%). In addition to the organic growth of the existing portfolio companies, the first-time full-year consolidation of HY-LINE, H+E and the inclusion of the Transline Group in the Blue Cap Group in particular positively impacted personnel expenses, depreciation and amortisation and other expenses. With regard to other expenses, increased energy costs also contributed to the rise. As a proportion of total output, personnel expense ratio fell significantly, mainly as a result of the proceeds from the sale of the Geretsried-Gelting property included in total operating performance and the high growth in companies with a below-average personnel cost ratio (con-pearl, HY-LINE). The deconsolidation of Carl Schaefer and Gämmerler had a counteracting effect in the previous year.

In the 2022 financial year, EBIT amounts to EUR 16,959 thousand (previous year: EUR 7,821 thousand), which corresponds to 4.6% (previous year: 2.8%) of total output. EBIT also includes the earnings contribution from the minority interest INHECO. The negative financial result of EUR –1,606 thousand (previous year: EUR –2,215 thousand) was down on the previous year. This was mainly due to the first-time full-year consolidation of the HY-LINE and H+E Groups, the acquisition of Transline and the positive development in the Plastics segment.

Consolidated earnings before taxes (EBT) amount to EUR 14,841 thousand (previous year: EUR 5,099 thousand). The increase in EBIT and consolidated earnings before income taxes is mainly due to the sale of the Geretsried-Gelting property, the first full year consolidation of the HY-LINE and H+E and Groups, as well as the acquisition of Transline, but also to the positive development in the Plastics segment.

Adjusted EBITDA and adjusted EBIT

The portfolio companies and, as a result, also the Group are managed on the basis of the adjusted EBITDA margin, among other things. EBITDA, calculated in accordance with IFRS, is adjusted to reflect extraordinary, prior-period and other effects resulting from reorganisation measures, as well as one-off effects (adjustments). In order to ensure consistency with the control parameters used for the portfolio companies, the effects resulting from purchase price allocations (in particular income from “bargain purchases” and amortisation of disclosed hidden reserves) are also corrected.

In the 2022 financial year, the operating result (EBIT) was adjusted by income of EUR 18,098 thousand (previous year: EUR 5,867 thousand) and expenses of EUR 17,471 thousand (previous year: EUR 11,361 thousand) were identified that are not included in adjusted EBITDA/adjusted EBIT. This brings the total adjustments, on balance, to EUR 627 thousand (previous year: EUR 5,495 thousand).

INTERESTING FACTS
You can find the adjusted consolidated income statement in the Further information section on page 167

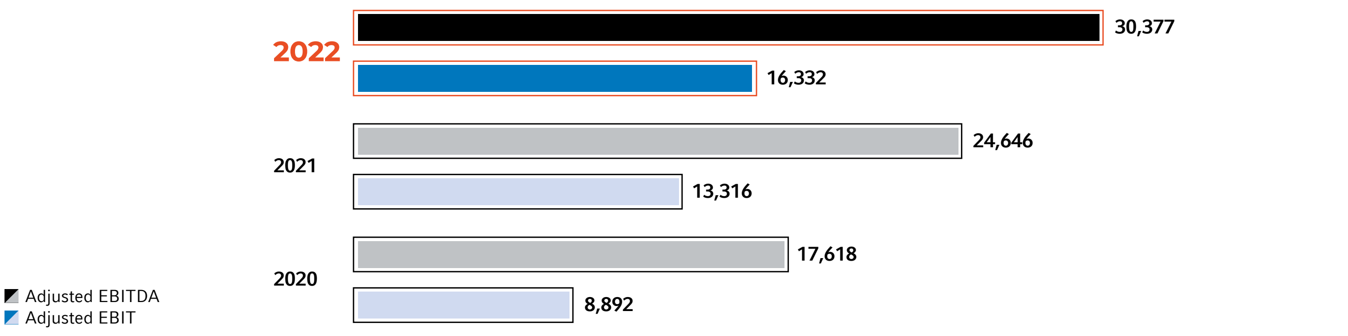
The reconciliation of EBITDA presented in the IFRS income statement to adjusted EBITDA and adjusted EBIT is shown below:

EUR thousand	2022	2021	Change in %
EBITDA (IFRS)	42,986	25,412	69.16
Adjustments:			
Income from asset disposals	-15,049	-989	>100.00
Income from the reversal of provisions	-1,071	-1,365	21.53
Other non-operating income	-1,762	-1,622	8.63
Income from bargain purchase	-216	-457	52.80
Income from deconsolidation	0	-1,434	100.00
Income from compensation related to a tenancy	0	0	0.00
Losses on disposal of fixed assets	67	231	70.78
Expenses from restructuring and reorganisation	218	1,004	78.31
Personnel costs in connection with personnel measures	188	1,256	85.07
Legal and consultancy costs related to with acquisitions and personnel measures	1,677	993	68.92
Other non-operating expenses	2,651	1,400	89.34
Utilisation of disclosed hidden reserves	348	217	60.55
Expenses from deconsolidation measures	340	0	100.00
Adjusted EBITDA	30,377	24,646	23.25
Adjusted EBITDA margin in % of total output, adjusted	8.62%	9.08%	5.06
Depreciation and amortisation:	-22,643	-19,099	18.55
Impairment losses and reversals	-4,360	-337	>100.00
Share of profit/loss in associates	976	1,845	47.12
Adjustments:			
Amortisation of disclosed hidden reserves	7,622	5,924	28.66
Impairment losses and reversals	4,360	337	>100.00
Adjusted EBIT	16,332	13,316	22.65
Adjusted EBIT margin in % of total output, adjusted	4.63%	4.90%	5.52

The adjusted EBITDA margin in reporting year amounts to 8.6% (previous year: 9.1%) and the adjusted EBIT margin in the reporting year amounts to 4.6% (previous year: 4.9%) of the adjusted total output. The increase in the adjusted EBITDA margin and the adjusted EBIT margin resulted in particular from the strong business performance in the Plastics segment and from the first-time full-year inclusion of the H+E and HY-LINE groups and the acquisition of Transline in the reporting year.

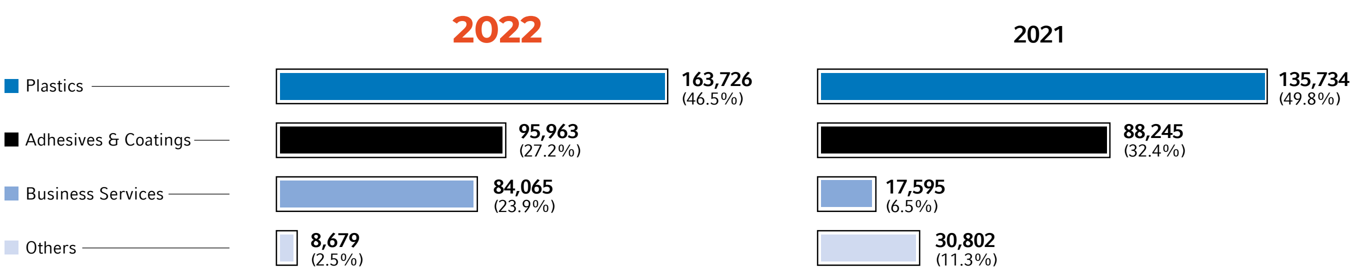
Earnings performance within the Group

EUR thousand



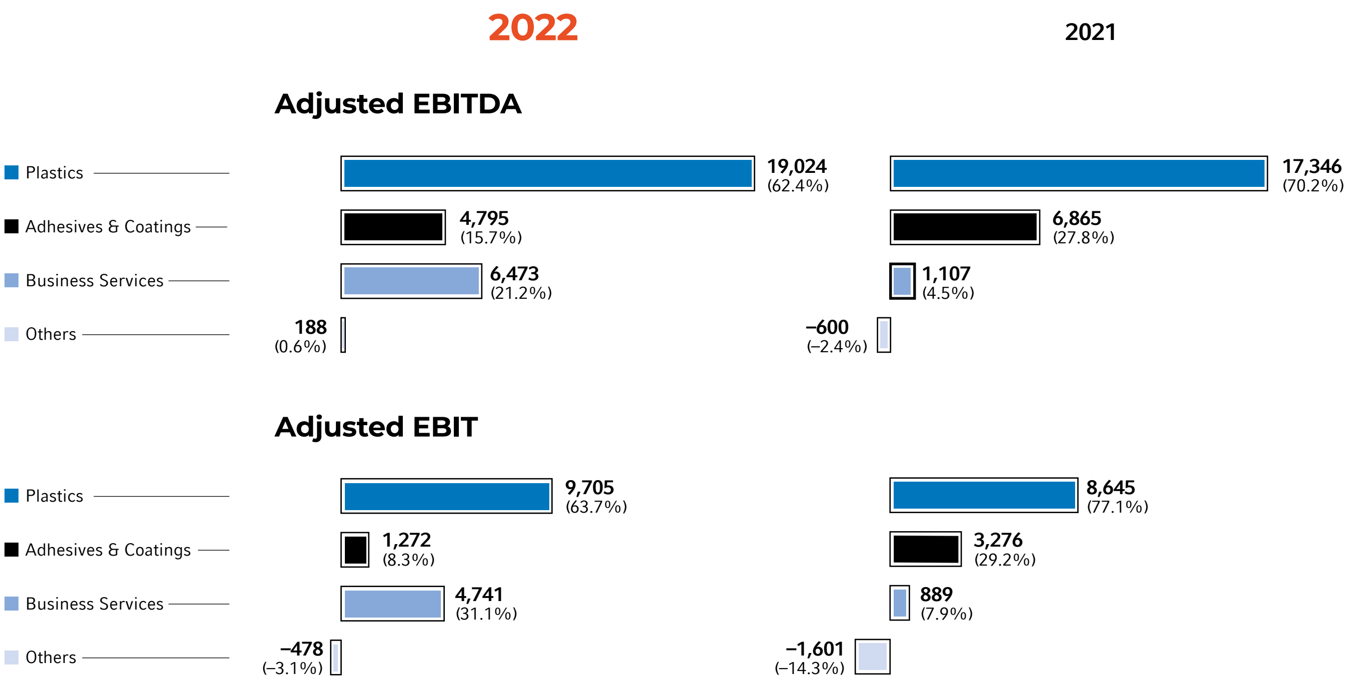
Revenue performance by segment (before consolidation)

EUR thousand



Earnings performance by segment (before consolidation)

EUR thousand



The development of sales and earnings in the individual segments changed in both relative and absolute terms compared with the previous year, in particular due to the impacts of the war conflict in Ukraine on energy prices and changes in the portfolio structure. Further information, including information on investments at segment level, can be found in the notes to the consolidated financial statements in section F, Segment reporting.

As in the previous year, the **Plastics** segment continues to be the segment with the highest sales. The contribution of the Plastics segment to total revenue decreased slightly from 49.8% to 46.5% (or from EUR 135,734 thousand to EUR 163,726 thousand). The increase in revenue is due firstly to the first-time full-year inclusion of the H+E Group in the reporting year, which effectively boosted revenue by 47.8% compared to the previous year, despite the decline in the European vehicle market. This enabled the H+E Group to gain significant market share, and there was a partial recovery from the pandemic-related declines of the previous two years. Secondly, con-pearl was able to contribute to the segment's positive revenue performance by working off the high order backlog at the beginning of the reporting year. Uniplast also reported an increased order intake. Similar to revenue, adjusted EBITDA in the Plastics segment also increased and, standing at 62.4% of revenue in the reporting year (previous year: 70.2%) or EUR 19,024 thousand (previous year: EUR 17,346 thousand), accounted for than half the adjusted EBITDA of the segments. In addition to the first-time full-year inclusion of the H+E Group in the reporting year, this was also due to the fact that Uniplast was able to pass on raw material price increases to customers in the course of the year, although higher energy prices had a negative impact on adjusted EBITDA.

Key figures for the Plastics segment

EUR thousand

	2022	2021	Change
Revenue	163,726	135,734	20.6%
Adjusted EBITDA	19,024	17,346	9.7%
Adjusted EBITDA margin in % of total output, adjusted	11.4%	12.5%	8.5%

The **Adhesives & Coatings** segment, at 27.2% (previous year: 32.4%) or EUR 95,963 thousand (previous year: EUR 88,245 thousand) represented the second-highest share of total revenue of the segments. The segment was again able to significantly increase revenues. Planatol, for example, benefited from the fact that printing plants abroad were put back into operation following the lockdowns and an increased demand from abroad was reported. While orders and revenues in the adhesive application systems business developed very well as a result, the order situation in the tech/wood and packaging sector looked significantly worse due to a decline in demand. The positive revenue development of the Neschen Group is attributable to the recovery of the key account business, the upward trend of the graphics area, and the passing on of raw material and energy price increases to customers. As a result of the sharp rise in energy and raw material prices, which could only be partially passed on to customers, particularly at Planatol, the adjusted EBITDA share of the segment fell from 27.8% to 15.7%, or from EUR 6,865 thousand to EUR 4,795 thousand, in the reporting year. The Neschen Group's French Filmolux company also contributed significantly to the negative impact on the adjusted EBITDA.

Key figures for the Adhesives & Coatings segment

EUR thousand

	2022	2021	Change
Revenue	95,963	88,242	8.7%
Adjusted EBITDA	4,795	6,865	30.2%
Adjusted EBITDA margin in % of total output, adjusted	5.0%	7.7%	35.5%

In the 2022 financial year, the **Business Services** segment accounted for 23.9% (previous year: 6.5%) or EUR 84,063 thousand (previous year: EUR 17,595 thousand) of total revenue of the segments. At the HY-LINE Group, which was consolidated for the full year for the first time in the reporting year, the initial availability of goods already ordered in 2021 and the Transline Group, included in the segment in 2022, contributed to a positive revenue trend. Due to the overall economic uncertainty, the Transline Group's result had a negative impact on the adjusted EBITDA. Overall, Business Services contributed an adjusted EBITDA of EUR 6,473 thousand (previous year: EUR 1,107 thousand) or 21.2% (previous year: 4.5%) to the adjusted EBITDA of the segments.

Key figures for the Business Services segment

EUR thousand

	2022	2021	Change
Revenue	84,063	17,595	>100.0%
Adjusted EBITDA	6,473	1,107	>100.0%
Adjusted EBITDA margin in % of total output, adjusted	7.5%	6.2%	21.3%

The **Others** segment includes the holding and property companies of the Blue Cap Group. In addition, for reasons of materiality, the investments from the Production Engineering segment (nokra Optische Prüftechnik und Automation GmbH, Gämmerler GmbH) were allocated to this segment in the financial year 2022. As a result, the segment accounted for 2.5% (previous year: 11.3%) or EUR 8,679 thousand (previous year: EUR 30,802 thousand) of total revenue (of which with external third parties: EUR 3,759 thousand, previous year: EUR 25,776 thousand). In the previous year, the **Others** segment also included Carl Schaefer, which was sold in financial year 2021. In the reporting year, the adjusted EBITDA of the segment amounted to EUR 188 thousand (previous year: EUR -600 thousand) or 0.6% (previous year: -2.4%) of the adjusted EBITDA of the segments. Due to the sale of Carl Schäfer in 2021 and Gämmerler in February 2022, revenue in the reporting year was significantly down on the previous year. Consequently, the figures for the reporting year in the **Others** segment are comparable with the previous year only to a limited extent. Blue Cap's smallest portfolio company, nokra, demonstrated a good service business and developed significantly better than in the same period of the previous year, leading to recovery in the adjusted EBITDA.

Key figures for the Others segment

EUR thousand

	2022	2021	Change
Revenue	3,759	25,776	85.4%
Adjusted EBITDA	188	-600	>100.0%
Adjusted EBITDA margin in % of total output, adjusted	2.1%	-1.9%	>100.0%

CASH FLOWS AND FINANCIAL POSITION

Fundamental principles of financial management

Blue Cap AG's financial management strategy focuses on the procurement of equity and debt capital, the management of financing risks and the ongoing review of financing conditions. Furthermore, Blue Cap supports its subsidiaries in negotiating and raising new or extending existing financing.

The financing of the portfolio companies is managed at the level of the respective companies and supported by Blue Cap AG in an advisory capacity. Furthermore, there is also no central cash pooling in the Group. In justified individual cases, however, Blue Cap provides portfolio companies with additional liquidity.

Blue Cap AG has long-standing and trusting relationships with German and foreign financial institutions in order to be able to implement new financing and refinancing as required. This also results in synergy effects from which the portfolio companies can also benefit through their membership of the Blue Cap Group.

Alternative financing instruments such as leasing and factoring are used in the portfolio companies if these forms of financing appear to make more sense than loan financing.

Financing analysis

In the 2022 financial year, the Blue Cap Group covered its capital requirements from cash and cash equivalents existing at the beginning of the financial year, borrowings, operating cash flow and the sale of properties held for sale. For the acquisition of the Transline Group (including Micado), an acquisition loan was taken out in addition to the equity capital employed. The main financial resources included long-term and revolving loans, as well as financing based on leasing and factoring. In individual cases, Blue Cap AG has also supported its subsidiaries with intra-Group financing.

Lease financing is reflected in the consolidated statement of financial position as follows: The rights of use resulting from leasing/rental amounted to EUR 21,662 thousand as of 31 December 2022 (previous year: EUR 20,652 thousand). This is offset by financial liabilities from lease liabilities amounting to EUR 22,031 thousand (previous year: EUR 21,053 thousand).

Liabilities to banks amounted to EUR 86,536 thousand as of the balance sheet date (previous year: EUR 84,229 thousand), which are predominantly denominated in euro. Foreign currency loans existed to a minor extent in U.S. dollars in the amount of EUR 47 thousand (previous year: EUR 1,896 thousand) and in Swiss francs in the amount of EUR 97 thousand (previous year: EUR 111 thousand). The unused credit lines stood at EUR 14,227 thousand (previous year: EUR 13,160 thousand).

Funds borrowed from banks are subject to standard market lending conditions (covenants), which require compliance with defined key financial figures in particular. Failure to comply with such covenants can result, among other things, in the lender’s right to terminate or in a loan falling due for repayment early. In the past financial year, the covenant of the investment holding of the Transline Group, Blue Cap 14 GmbH, could not be met due to a lower business volume. Negotiations are currently taking place with the relevant credit institution in this regard. Until such time as the negotiations are concluded, these liabilities will be reported as current.

Cash flows

Cash flow statement (overview)

EUR thousand

	2022	2021	Change in %
Cash flow from operating activities	16,996	12,440	36.6
Cash flow from investing activities	-7,253	-18,897	61.6
Cash flow from financing activities	-14,978	7,314	>100.0
Changes in cash funds due to exchange rate fluctuations	139	-75	>100.0
Cash funds at the beginning of the period	27,324	26,542	2.9
Cash funds at the end of the period	22,229	27,324	18.6

Calculation of cash flow

In the 2022 financial year, cash flow from operating activities amounted to EUR 16,996 thousand (previous year: EUR 12,440 thousand), cash flow from investing activities to EUR –7,253 thousand (previous year: EUR –18,897 thousand), and cash flow from financing activities EUR –14,978 thousand (previous year: EUR 7,314 thousand).

The increase in cash flow from operating activities was positively influenced mainly by the adjusted EBITDA of EUR 30,377 thousand (previous year: EUR 24,646 thousand) and the decrease in contract assets of EUR 4,833 thousand and increase in other liabilities of EUR 3,144 thousand. This was offset by the decrease in other receivables and assets of EUR 4,131 thousand and in inventories of EUR 7,042 thousand.

Cash flow from investing activities increased from EUR –18,897 thousand to EUR –7,253 thousand. The cash outflow mainly results from payments for additions to the scope of consolidation (Transline Group and Micado Innovation) in the amount of EUR –21,223 thousand (previous year: EUR –29,244 thousand) and payments for investments in property, plant and equipment and intangible assets, particularly in connection with replacement and expansion investments in technical equipment and machinery, amounting to EUR –7,784 thousand (previous year: EUR –6,061 thousand). This was offset in particular by the proceeds from the sale of properties held for sale in Gelting and Dettingen of EUR 21,056 thousand (previous year: EUR 10,842 thousand). This item includes the sale of the property in Geretsried-Gelting.

In the 2022 financial year, cash outflows from financing activities amounted to EUR –14,978 (previous year: EUR 7,314 thousand) and resulted mainly from payments for the repayment of loans amounting to EUR –23,926 thousand (previous year: EUR –8,248 thousand), the dividend for the 2021 financial year in the amount of EUR –3,737 thousand (previous year: EUR –3,997 thousand), the repayment of lease liabilities of EUR –6,820 thousand (previous year: EUR –5,403 thousand), and the interest paid amounting to EUR –2,961 thousand (previous year: EUR –2,135 thousand). This was offset by cash inflows from borrowings amounting to EUR 22,269 thousand (previous year: EUR 19,500 thousand) and the deposit from surety payments to banks of EUR 200 thousand (previous year: EUR: EUR –3,200 thousand).

Overall, this led to a net decrease in the cash fund of EUR –5,234 thousand (previous year: Increase of EUR 857 thousand). Taking into account the changes in cash funds due to exchange rate fluctuations of EUR 139 thousand (previous year: EUR –75 thousand), the cash fund amounts to EUR 22,229 thousand (previous year: EUR 27,324 thousand).

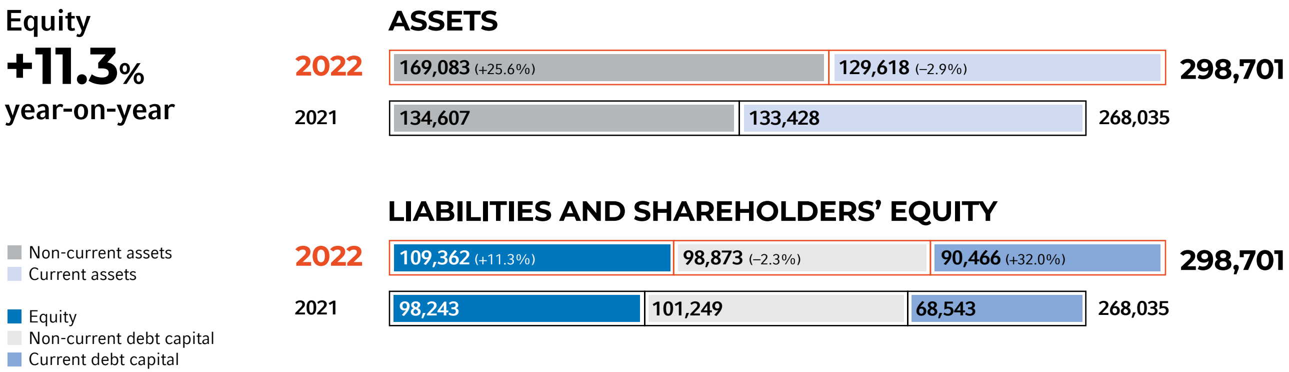
As of 31 December 2022 there are free credit lines amounting to EUR 14,227 thousand (previous year: EUR 13,160 thousand). Together with cash on hand and bank balances amounting to EUR 35,139 thousand (previous year: EUR 41,370 thousand), cash and cash equivalents including unused credit lines at the end of 2022 amounted to EUR 49,366 thousand (previous year: EUR 54,530 thousand).

EUR thousand
49,366
Cash and cash equivalents incl. free credit lines at the end of the Group financial year

Financial position

Key data from the consolidated statement of financial position

EUR thousand



Net working capital incl. contract assets/liabilities)

EUR thousand

	31 December 2022	31 December 2021	Change
Inventories	47,227	40,402	16.9%
+ Trade receivables	29,201	25,698	13.6%
+ Contract assets	8,405	13,238	36.5%
– Contract liabilities	-1,284	–1,446	11.2%
– Trade payables	-20,096	-16,954	18.5%
= Net working capital	63,452	60,937	4.1%

Net financial debt

EUR thousand

	31 December 2022	31 December 2021	Change
Non-current financial liabilities	52,785	60,798	13.2%
+ Current financial liabilities	33,751	23,431	44.0%
– Cash and cash equivalents	-35,139	-41,370	15.1%
= Net financial debt (not including leasing)	51,396	42,859	19.9%
+ lease liabilities	22,031	21,053	4.6%
= Net financial debt (including leasing)	73,428	63,912	14.9%

INVESTMENTS, DEPRECIATION AND AMORTISATION

EUR thousand

	2022	2021	Change
Investments	29,007	35,305	17.8%
of which in company acquisitions	21,223	29,244	27.4%
of which in financial assets	1,727	739	>100.0%
of which in property, plant and equipment	6,057	5,322	13.8%
Depreciation and amortisation	22,643	19,099	18.6%
of which in intangible assets	6,426	3,565	80.3%
of which in property, plant and equipment (not including leasing)	9,044	9,616	5.9%
of which in leasing usage rights	7,153	5,896	21.3%
of which miscellaneous	19	22	13.6%

As of the reporting date, the Group's **total assets** came to EUR 298,701 thousand, EUR 30,666 thousand or 11.4% higher than in the previous year (EUR 268,035 thousand).

Non-current assets amounted to EUR 169,083 thousand (previous year: EUR 134,607 thousand) or 56.6% (previous year: 50.2%) of total assets and continue to be dominated by property, plant and equipment, which had decreased by EUR 2,436 thousand to EUR 82,563 thousand or 27.6% (previous year: 31.7%) of the total assets compared to the previous year. The decrease is mainly due to regular depreciation and asset disposals. and is offset by the acquisition of the Transline Group. The increase in intangible assets by EUR 15,911 thousand to EUR 39,537 thousand or 13.2% (previous year: 8.8%) of total assets results in particular from the acquisition of the Transline Group.

In the financial year, an impairment loss of EUR 4,302 thousand (previous year: EUR 0 thousand) was recognised on the goodwill of the Transline Group (previous year: EUR 0 thousand).

Current assets also decreased from EUR 133,428 thousand, or 49.8%, to EUR 129,618 thousand, or 43.4%, of total assets, due to the decrease in cash and cash equivalents and contractual assets and the sale of a property held for sale. This was offset by the increase in inventories and receivables. The share of inventories (EUR 47,227 thousand, previous year: EUR 40,402 thousand) amounts to 15.8% (previous year: 15.1%), that of trade receivables (EUR 29,201 thousand, previous year: EUR 25,698 thousand) 9.8% (previous year: 9.6%), that of contract assets (EUR 8,405 thousand, previous year: EUR 13,238 thousand) 2.8% (previous year: 4.9%) and that of cash and cash equivalents (EUR 35,139 thousand, previous year: EUR 41,370 thousand) 11.8% (previous year: 15.4%) of total assets.

As of the balance sheet date, **Equity** (EUR 109,362 thousand, previous year: EUR 98,243 thousand) accounted for 36.6% of total capital (previous year: 36.7%). The increase is caused by the positive annual result. This is offset by the payment of the dividend for the 2021 financial year in the amount of EUR 3,737 thousand (previous year: EUR 3,997 thousand). The non-controlling interests amount to EUR 5,682 thousand (previous year: EUR 5,170 thousand) of equity and are attributable in particular to the co-shareholder of the Transline Group.

Non-current liabilities decreased by EUR 2,376 thousand to EUR 98,873 thousand or 33.1% (previous year: 37.8% of total capital, in particular due to the (net) redemption surplus in financial liabilities and the reduction in pension provisions as a result of the hike in the discount rate in the reporting year. Non-current liabilities consist of non-current financial liabilities to banks amounting to EUR 52,785 thousand (previous year: EUR 60,798 thousand) or 17.7% (previous year: 22.7%), provisions for pensions and similar obligations in the amount of EUR 6,118 thousand (previous year: EUR 8,999 thousand) or 2.1% (previous year: 3.4%), long-term lease liabilities amounting to EUR 15,577 thousand (previous year: EUR 14,800 thousand) or 5.2% (previous year: 5.5%), deferred tax liabilities in the amount of EUR 17,074 thousand (previous year: EUR 13,583 thousand) or 5.7% (previous year: 5,1%) as well as from other non-current liabilities and provisions in the amount of EUR 7,320 thousand (previous year: EUR 3,070 thousand) or 2.5% (previous year: 1.2%) of total assets.

Current liabilities also increased significantly by EUR 30,666 thousand to EUR 90,466 thousand or 30.3% (previous year: 25.6%) of total capital. The increase is related to the acquisition of the Transline Group as well as the reporting of the acquisition loans as current financial liabilities (EUR 12,100 thousand) due to non-fulfilment of a covenant as of

31 December 2022. Current liabilities include in particular current liabilities to banks of EUR 33,751 thousand (previous year: EUR 23,431 thousand) or 11.3% (previous year: 8.7%), trade liabilities of EUR 20,096 thousand (previous year: EUR 16,954 thousand) or 6.7% (previous year: 6,3%), other current non-financial liabilities of EUR 11,445 thousand (previous year: EUR 10,254 thousand) or 3.8% (previous year: 3,8%), current leasing liabilities of EUR 6,455 thousand (previous year: EUR 6,254 thousand) as well as other current provisions of EUR 4,659 (previous year: EUR 3,865 thousand) or 1.6% (previous year: 1,4%) of total capital.

2.3 Economic development of Blue Cap AG

The planning for the individual company Blue Cap AG foresaw a positive development in revenue and an adjusted EBITDA above the previous year's level for 2022 due to revenue from intra-group cost allocations. Thanks to these increases, the turnover achieved in the 2022 financial year and the adjusted EBITDA exceeded the forecast.

INCOME, ASSET AND FINANCIAL POSITION

Financial position of Blue Cap AG (HGB)

Income statement (HGB)

EUR thousand

	2022	2021	Change in%
Revenue	4,766	3,776	26.2
Other operating income	21,340	2,583	> 100.0
Total output	**26,106**	**6,360**	**> 100.0**
Cost of purchased services	0	0	0
Gross profit	**26,106**	**6,360**	**> 100.0**
Personnel expenses	-3,221	-3,327	3.2
Depreciation and amortisation	-70	-52	34.6
Other operating expenses	-2,506	-2,417	3.7
Operating result	**20,308**	**563**	**> 100.0**
Income from investments	0	11	100.0
Gains from profit transfer agreements	14,808	1,405	> 100.0
Income from loans of financial assets	1,107	265	> 100.0
Other interest and similar income	55	103	46.6
Expenses from loss transfers	-1,231	-387	> 100.0
Depreciation on financial assets	-5,096	-332	> 100.0
Interest and similar expenses	-581	-755	23.0
Financial result	**9,062**	**311**	**> 100.0**
Comprehensive income before tax	**29,370**	**875**	**> 100.0**
Taxes on income and earnings	-4,256	-1,755	> 100.0
Comprehensive income after tax	**25,114**	**-880**	**> 100.0**
Other taxes	-20	-2	> 100.0
Net profit for the year (previous year: Net loss for the year)	**25,095**	**-883**	**> 100.0**
Profit carried forward	22,578	27,198	17.0
Balance sheet profit	**47,673**	**26,315**	**81.2**

Blue Cap AG generated domestic revenues, accounted for primarily to the services provided as an investment holding, totalling EUR 4,766 thousand (previous year: EUR 3,776 thousand).

Other operating income amounting to EUR 21,340 thousand (previous year: EUR 2,583 thousand) includes extraordinary income from the merger (Blue Cap 05) amounting to EUR 21,103 thousand (previous year: EUR 0 thousand), income from the disposal of fixed assets amounting to EUR 10 thousand (previous year: EUR 2,425 thousand), income from reversal of provisions amounting to EUR 3 thousand (previous year: EUR 88 thousand), income from benefits in kind amounting to EUR 40 thousand (previous year: EUR 42 thousand) and intangible assets totalling EUR 185 thousand (previous year: EUR 28 thousand).

In the year 2022, the total output of Blue Cap AG stood at EUR 26,106 thousand (previous year: EUR 6,360 thousand). As in the previous year, no expenses for purchased services were incurred in the reporting year, bringing gross profit to EUR 26,106 thousand (previous year: EUR 6,360 thousand).

Personnel expenses decreased by EUR 106 thousand compared to the same period of the previous and amounted to EUR 3,221 thousand in the past financial year. Depreciation and amortisation rose by EUR 18 thousand to EUR 70 thousand. The change results from higher depreciation and amortisation of intangible assets. Other operating expenses stood at EUR 2,506 thousand (previous year: EUR 2,417 thousand). The increase compared to the previous year is mainly due to higher legal and consulting costs.

In the 2022 financial year, the operating result amounted to EUR 20,308 thousand (previous year: EUR 563 thousand). The result for the financial year was positively influenced in particular by the higher other operating income, especially from the merger with Blue Cap 05 GmbH.

The financial result amounted to EUR 9,062 thousand in 2022, hence EUR 8,751 thousand up on the previous year (EUR 311 thousand). The increase results from the sale of a property of Blue Cap Asset Management GmbH, with which a profit and loss transfer agreement exists. This was offset by the depreciation of financial assets.

A net profit amounting amounting to EUR 25,095 thousand (previous year: net loss of EUR 883 thousand) was therefore earned in the 2022 financial year.

In the 2022 financial year, income of EUR 21,363 thousand (previous year: EUR 2,541 thousand) and expenses of EUR 5,914 thousand (previous year: EUR 2,626 thousand) were defined as adjustments. Income from adjustments mainly includes the result of the merger with Blue Cap 05 GmbH (EUR 21,103 thousand). Expenses from adjustments mainly include the depreciation on financial assets (EUR 5,096 thousand). This brings the adjustments to EUR 15,439 thousand (previous year: EUR –85 thousand). Hence, the adjusted EBITDA for the financial year amounts to EUR –32 thousand (previous year: EUR –1,206 thousand).

Cash flows and financial position of Blue Cap AG (HGB)

Key data from the balance sheet

EUR thousand

	31 December 2022	31 December 2021	Change in%
ASSETS			
Fixed assets	**69,303**	**58,315**	**18.8**
Intangible assets	64	36	77.8
Property, plant and equipment	52	66	21.2
Financial assets	69,187	58,213	18.9
Current assets	**32,789**	**23,974**	**37.1**
Receivables and other assets	28,108	18,660	50.6
Cash on hand, bank balances	4,681	5,256	10.9
Accruals and deferrals	**70**	**58**	**20.7**
Total assets	**102,162**	**82,289**	**24.2**
LIABILITIES			
Equity	**68,257**	**46,899**	**45.5**
Subscribed capital	4,396	4,396	0.0
Capital reserve	16,188	16,188	0.0
Balance sheet profit	47,673	26,315	81.2
Provisions	**6,963**	**2,590**	**>100.0**
Liabilities	**26,878**	**32,554**	**17.4**
Deferred tax liabilities	**64**	**245**	**74.0**
Total assets	**102,162**	**82,289**	**24.2**

As of 31 December 2022, the company's total assets were EUR 19,873 up on the previous year to EUR 102,162 thousand. Fixed assets increased significantly by EUR 10.988 thousand and amounted to EUR 69,303 thousand (previous year: EUR 58,315 thousand) or 67.8% (previous year: 70.9%) of total assets. This was due in particular to the increase in financial assets in connection with the acquisition of the Transline Group.

At EUR 32,789, current assets were up on the previous year (EUR 23,916 thousand) and amounted to 32.1% (previous year: 29.1%) of total assets at the end of the reporting year. Cash on hand and bank balances fell from EUR 5,256 thousand to EUR 4,681 thousand. This was due in part to disbursements in connection with the acquisition of the Transline Group. In addition, receivables and other assets increased by EUR 9,448 thousand to EUR 28,108 thousand. This is primarily due to the increase in receivables from affiliated companies under the profit and loss transfer agreement with Blue Cap Asset Management.

As of 31 December 2022, equity stood at EUR 68,257 thousand (previous year: EUR 46,899 thousand). Hence, equity accounted for 66.8% of total capital (previous year: 57.0%).

Non-current liabilities consist of liabilities with a remaining term of more than one year (EUR 15,000 thousand, previous year: EUR 15,600 thousand), provisions for pensions (EUR 558 thousand, previous year: EUR 544 thousand) and deferred tax liabilities (EUR 64 thousand, previous year: EUR 245 thousand). Compared to the previous year, these decreased by EUR 767 thousand to EUR 15,622 thousand, hence amounting to 14.1% (previous year: 19.9%) of total capital. The decrease is due in particular to loan repayments made in the 2022 financial year.

Current liabilities decreased from EUR 19,001 thousand to EUR 18,283 thousand, or from 23.2% to 16.3% of total equity, in particular due to the decrease in liabilities to affiliated companies. This was offset by the increase in tax provisions.

Working capital corresponds to current assets (EUR 32.789 thousand, previous year: EUR 23,916 thousand) plus prepaid expenses (EUR 70 thousand, previous year: EUR 58 thousand) less current liabilities (EUR 18,283 thousand, previous year: EUR 19,001 thousand). In particular, the increase in current assets led to an increase in working capital from EUR 4,973 thousand to EUR 15,534 thousand.

66.9%

Equity ratio of Blue Cap at the end of the financial year

3 REPORT ON EVENTS AFTER THE REPORTING DATE

No events of particular significance occurred after the balance sheet date.

4 OPPORTUNITIES AND RISKS

The business activities of Blue Cap AG and its portfolio companies, just like any entrepreneurial activity, present both opportunities and risks that could have an impact on the business activities and on the financial position, cash flows and financial performance of the Group were they to materialise. Blue Cap's risk management system comprises all organizational regulations and measures to identify risks at an early stage and deal with them appropriately. However, opportunities are also analysed and encouraged in the holding company and the portfolio companies. The idea is to support Blue Cap's management in achieving the corporate goals that have been set.

4.1 Opportunity management

ACTIVE SUPPORT FOR THE PORTFOLIO COMPANIES

One of the holding company's tasks is to actively support the portfolio companies into the next stage of growth and development. With this in mind, the Management Board holds regular management conferences with the management teams and key employees of the portfolio companies. Important cross-participation issues are discussed at these meetings. The 2022 Management Conference discussed in particular the digitalization of B2B sales, the 2022 planning process, and the risk management system. The management also reported on market or R&D trends in their respective industries.

In addition, regular events are held at the portfolio companies, which the Management Board also attends on a case-by-case basis. These include strategy workshops and key sales events, as well as events related to ongoing improvement and growth projects. The Management Board also looks at global trends and growth drivers, as these also represent opportunities for the strategic further development of the Group. These include trends from the areas of sustainability, digitalisation, technical progress, further education and health.

Blue Cap AG also helps its portfolio companies analyse and exploit growth opportunities through add-on acquisitions. Acquisition options are analysed and evaluated together with the management teams, and acquisition processes from the holding company are supported.

USE OF OPPORTUNITIES BY THE PORTFOLIO COMPANIES

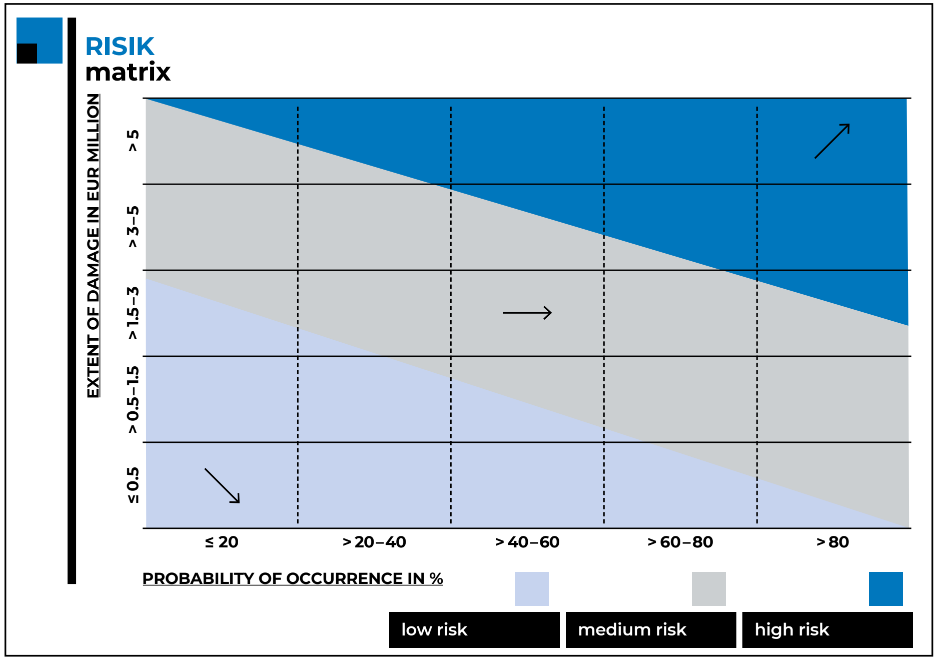
At operational level, opportunities are analysed, evaluated and seized by the managing directors and executives of the portfolio companies on site. For example, sales opportunities as well as product innovations and new fields of application for products are analysed and evaluated on the basis of market and competition analyses. Potential opportunities for the portfolio companies also arise in the context of examining the use of new production technologies and processes.

4.2 Risk management

RISK MANAGEMENT STRUCTURE

Blue Cap's risk management system is an integral part of the information and communication processes within the Group. This system aims to identify and analyse potential risks and to react to emerging risks early on. The overall aim is to define impending individual risks and monitor them accordingly, as such risks can have adverse effects on business activities as well as on the asset, financial and income position.

Actual and potential risks at the holding company and the portfolio companies are recorded, analysed and monitored as part of defined processes. The risks identified in this way are then assessed on the basis of their potential impact on the asset, financial and income position as well as on the probability of occurrence. The risk situation is reported to the holding company on a quarterly basis as part of risk reporting and is presented using the risk matrix below:



In addition, operational risks of the investments are reported to Blue Cap's investment controlling team on a monthly basis. The responsibility for the structuring of the risk management system lies with the Management Board.

In addition to recording and evaluating incidents, a monthly analysis of key figures and deviations from the plan is carried out across all portfolio companies. This aims to identify and communicate possible risks at an early stage. This information is also used to inform the Supervisory Board about the Group's significant risks through regular reports.

The Management Board reviews the risk management process at regular intervals. The results of these reviews, as well as comments made by the auditor during the audits of the consolidated financial statements and the annual financial statements, are taken into account with regard to the development of risk management.

INTERNAL CONTROL SYSTEM OF BLUE CAP

The internal control system (ICS) of Blue Cap AG regulates the avoidance or reduction of risks of all relevant business processes, including the accounting process, through the use of control instruments. The structuring and safeguarding of the adequacy and effectiveness of the ICS are at the discretion and responsibility of the Management Board and are monitored by the Supervisory Board and the Audit Committee. Furthermore, the management of the affiliated companies is responsible for the proper and timely execution of their accounting procedures and all other relevant business processes. In light of this, the Management Board has no indications that the ICS and risk management system were either inadequate or ineffective.

The internal control system aims to ensure that relevant business processes are carried out in compliance with statutory provisions and internal guidelines, and that accounting procedures follow generally accepted accounting principles. The consolidated financial statements of Blue Cap AG are prepared in accordance with the International Financial Reporting Standards (IFRS), as applicable in the European Union (EU), and supplementary regulations under commercial law. The annual financial statements of Blue Cap AG are prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG).

The Group has adequate analysis and reporting tools as well as monitoring and control systems in place. To ensure proper and uniform consolidated accounting, the basic principles of separation of functions, the dual control principle and IT access concepts apply to prevent unauthorised access to accounting-related data. Employees of consolidated accounting and investment controlling at Blue Cap regularly perform target/actual comparisons and variance analyses, control the processes for Group accounting and management reporting, and support the Group companies in the preparation of their annual financial statements and Group reporting packages.

The preparation of the consolidated financial statements and the preceding reporting packages, as well as the implementation of the consolidations, are carried out for all participations in a uniform IT system, which is provided centrally by Blue Cap AG. In addition to IT-supported reconciliations, manual reconciliations are also made in order to limit or eliminate risks. Together with the financial statement calendar, which is valid throughout the Group, these elements form the basis for the regularity of the accounting processes.

General rules of conduct for employees with regard to compliance-related or financial matters are also contained in the Code of Conduct and the Anti-Corruption Policy of the Blue Cap Group.

4.3 Note on significant individual risks

The table shows the risks discussed in the following and classifies them into the risk classes defined above (low/medium/high) based on two relevant dimensions (extent of damage and probability of occurrence).

Section	Individual risk	Risk class
	Economy	high
Economic and geopolitical risks	Geopolitics	high
Sector risks	Sector	medium
Financial risks	Finance	high
	Sales	high
	Procurement	high
	Production/quality	medium
Operational risks	transformation	high
Personnel risks	Personnel risks	medium
IT risks	IT risks	high
	Tax/legal	low
Legal risks	Compliance	low
Environmental risks	Environment	low

ECONOMIC AND GEOPOLITICAL RISKS

After a slowdown in global economic growth in 2022, the ifo Institute's economic forecast of December 2022 assumes modest growth (of 1.6% in 2023 and 2.6% in 2024). Overall, the downside risks to the global economy predominate. In particular, the war in Ukraine is putting a strain on both the Russian economy and that of the EU member states. There is nothing to indicate that the situation will ease in the short-term.

There is also a risk that inflationary tendencies will continue for some time to come. While inflation is forecast to cool over the next two years, further shocks in energy and food prices as well as rising wage costs could keep overall inflation higher for longer. Prolonged higher inflation would also increase the risk of rising inflation expectations or a wage-price spiral. So far, these risks still seem to be limited, partly due to the noticeable tightening of monetary policy. This in turn would dampen economic growth. Moreover, it is unclear how the tightening of monetary and fiscal policy will affect emerging markets, highly indebted industrialised countries and financially distressed companies. Overall, defaults could increase far more than expected.

For the US, the ifo Institute expects economic growth to decline from 2.1% in 2022 to 1.0% in 2023 and to rise to 1.5% in 2024. On 1 February, the Fed decided to raise the key interest rate by 0.25 percentage points to the 4.5 and 4.75% corridor. According to experts, the dampening effects of this monetary policy are likely to become more apparent from the second quarter of 2023 in particular. The burdens on the property market are likely to increase due to higher mortgage rates. Likewise, general consumer and investment demand is expected to decline.

After economic growth in China decelerated dramatically last year with a GDP change of just 3% - the lowest growth in more than four decades - the ifo Institute forecasts a recovery for 2023 and 2024 with GDP growth of 4.3% and 5.0%. The main reason is the relaxation of the mobility restrictions employed as part of the previous zero-Covid strategy. Geopolitical tensions, which are likely to increase further in the future, especially in relation to the Western Alliance of Values, represent an additional uncertainty factor and could have a dampening effect on growth. In comfortable contrast to other countries, China does not currently have an inflation problem.

SECTOR RISKS

Blue Cap's business activities consist of the acquisition, strategic and operational development and sale of companies. As a result, Blue Cap's success depends largely on finding interesting acquisition options and developing them together with the management teams through active investment management. Selection of the right personnel is also of particular importance for leveraging improvement and growth potential in the portfolio companies.

As part of the acquisition of a company, extensive analyses are carried out in order to identify opportunities and risks in the company as well as in the respective market. There is a possibility that not all tax, legal, economic or commercial risks will be known or identified at the time of acquisition despite extensive due diligence. Earnings potential, profitability, growth opportunities and other success factors can also be misjudged. It is therefore possible that these circumstances may have a material adverse effect on the Blue Cap Group.

To minimise these risks, no cash pooling or profit and loss transfer agreements are generally concluded between the portfolio companies and Blue Cap AG. However, in certain circumstances and in order to take advantage of opportunities for growth and development, sureties or guarantees may be granted in the case of financing. The use of such collateral may have an adverse effect on the Blue Cap Group.

With its investments, Blue Cap attaches great importance to a sector-diversified portfolio. This is intended to reduce or offset risks of individual investments in their respective sectors and regions. Due to the focus on the acquisition of medium-sized enterprises in the Germany-speaking world, the Group's development is significantly influenced by economic development in Germany itself. This risk is countered by the partial regional diversification at the level of the sub-subsidiaries.

FINANCIAL RISKS

The Group's corporate activities are usually financed from a combination of equity and debt capital, the rating and risk margins of the capital providers playing a significant role in the financing. Maturities, the capital providers' need for security and the synchronisation of the cash flow streams are further important parameters within the financing processes.

Possible financial risks include, but are not limited to, liquidity, default, interest rate and currency risks. The individual investments are generally self-financing and are supported as required by Blue Cap AG in the form of the provision of equity or debt capital or the granting of collateral. To remain capable of action at holding company level and to be able to secure the financing of the Group, Blue Cap AG also holds a liquidity reserve. In order to reduce **liquidity risks**, both the portfolio companies and the holding company prepare liquidity or cash flow plans and continuously monitor the individual income and expense flows as well as short-term liquidity. The significant increases in key interest rates in the USA and also in the EU in recent months, in response to high inflation, have resulted in rising financing costs.

The Blue Cap Group's financing structure is diversified and spread across eight core banks and several smaller institutions. This is intended to counteract dependence on individual lenders and limit **default risks**. The largest single exposure is 15% (previous year: 11.4%) of total liabilities. External financing for the portfolio companies is provided as needed from a mix of fixed-interest and variable loans. In the reporting year, four subsidiaries used interest rate swaps to hedge against the **interest rate risk** of variable loans.

Dependence on individual lenders is limited.
The largest single exposure is

15%

of total liabilities

Due to the full effectiveness of the hedging transactions, no risks arise from them in principle.

Funds borrowed from banks are subject to standard market lending conditions (covenants), which require compliance with defined key financial figures in particular. Failure to comply with such covenants can result, among other things, in the lender’s right to terminate or in a loan falling due for repayment early. In the past financial year, the covenant of the investment holding of the Transline Group, Blue Cap 14 GmbH, could not be fulfilled due to a lower business volume.

It appears that the difficult macroeconomic situation (Corona crisis, Ukraine war, inflation, etc.) has a clear negative effect on the profits and leverage of many companies. So far, this has not been reflected in any discernible increase in insolvencies due to a raft of government support measures (e.g. short-time work, tax deferrals, etc.). However, as soon as these measures are lifted or reduced, a larger number of corporate insolvencies could loom and increase the default risks on customer receivables and, as a consequence, liquidity risks. Blue Cap limits **default risks on customer receivables** through a diversified investment portfolio as well as the independent business models of the portfolio companies with their activities in different markets and regions. In order to reduce the risk of bad debts, the Group companies have an adequate accounts receivable management system in place, take out commercial credit insurance where it makes sense to do so and regularly report to the holding company on possible substantial default risks.

Blue Cap's international companies expose the Group to currency risks arising from currency fluctuations in connection with business transactions in foreign currencies, which are countered in individual cases through the use of currency hedging instruments. The operating companies of Blue Cap invoice the majority of their sales in euros, and therefore the corresponding currency risks are limited.

OPERATIONAL RISKS

The business activities of the operationally active divisions within the Group determine the opportunity and risk profile of the corporate group to a large extent. As a result, risks arise in particular on the sales, procurement and production side as well as in terms of the transformation and further development of participations. There are also potential risks in the Plastics segment in connection with the social debate on plastics and in the Adhesives & Coatings segment due to the structural change in the graphics industry.

Business in the various segments develops in different ways, depending on the respective development status in the companies, extraordinary burdens or positive special influences and the respective customer demand. Potential **sales risks** include, but are not limited to, the loss of important customers or delays in larger incoming orders. Contribution margin and margin losses are also potential risks related to sales. These sales risks have increased mainly due to supply chain problems.

Active customer relationship management and improvements in the sales organisation and processes play an important role in all operating units of the Blue Cap Group. Wherever possible, attempts are made to reach longer-term agreements with larger individual customers in order to increase the ability to plan on the sales side.

Price fluctuations in the procurement markets can have a negative impact on manufacturing costs and are one of the possible **procurement risks**. The lack of availability of certain preliminary products, sudden supplier failures, the delayed delivery of components and the delivery of inferior quality preliminary products are further risks that are countered through supplier monitoring, regular supplier meetings and quality controls. Strategic partnerships are entered into with suppliers of important components. Independence from individual suppliers is also a priority. In the 2022 financial year, almost all portfolio companies were affected by supply bottlenecks and high price increases for raw materials and intermediate products. As the situation eased considerably during the course of 2022, the planning for the 2023 financial year was based on the assumption that the situation with regard to raw material prices and supply bottlenecks will continue to stabilise. Blue Cap's portfolio companies counter such risks by monitoring developments in the countries and markets relevant to them and through close coordination with suppliers and logistics service providers.

In view of the rising energy costs for some time now as well as the high expenditure for the conversion of the energy supply to renewable energies, there is still a greater need for monitoring in this area.

In the business units with process manufacturing, **production risks** essentially consist of under-utilisation of capacity due to possible volume declines. In divisions with large amounts of equipment, such as the Plastics division, further production risks arise from possible machine failures. The companies offering customised products are exposed to construction, calculation and project management risks. In the event of late or deficient completion or delivery, rework costs and possibly contractual penalties may be incurred. Flexible production control, effectively organised project management system and the control and limitation of contractual risks serve as risk management instruments. Quality controls, certifications and the qualification of employees as well as regular maintenance of the plants contribute to minimising production risks.

The companies within the Group are at different stages of development. Risks that may arise in connection with possible restructuring and **further development** are generally independent of the industry and require separate consideration. A distinction must be drawn between measures that are necessary in the short term, which are mostly focused on company processes, costs and liquidity, and longer-term measures for the strategic and sales development of the company in question. The latter are usually associated with sustainable development tasks and investment programmes. Risks exist insofar as such measures are not initiated in time or fail to have the desired effect.

In terms of operational risks, additional far-reaching risks may arise from the ongoing war in Ukraine, despite Blue Cap AG having no subsidiaries or operating facilities in either Russia or Ukraine. Moreover, direct sales with Russian and Ukrainian companies in the Group are less than 1% of Group sales. The direct business activities of the Blue Cap Group in both countries are therefore of immaterial significance with regard to the asset, financial and income position.

However, the war in Ukraine can have an indirect negative impact on the development of sales results, production processes and the purchasing and logistics processes of the portfolio companies, for example as a result of significant increases in raw material and energy prices that cannot be passed on to customers, the interruption of supply chains or energy deliveries. Additional IT risks from cyberattacks and financial risks from direct and indirect payment defaults are also possible indirect consequences of the war.

PERSONNEL RISKS

Blue Cap AG's business model is highly dependent on the professional competence, experience and commitment of its employees. Possible personnel risks exist due to the loss of key employees, positions being wrongly filled and inadequate further qualification of employees. The Management Board reduces these risks through performance-based remuneration, a flexible and modern working environment, flat hierarchies and individual training opportunities. Human resources management and development in the portfolio companies is the responsibility of their management teams and is also a key factor for the success of the companies concerned.

Other possible personnel risks arise from non-compliance with employee rights and safety regulations in the workplace. We counter these risks through close contact with employees and employee representatives, regular further training of specialists in the area of employment law and occupational health and safety, and the introduction of a group-wide, anonymous whistle-blower system to report misconduct.

In addition, due to demographic change and the overall robust development of the German labour market, the recruitment and selection of qualified professionals is a particular challenge in all areas of the Group. For this reason, a uniform career portal has been implemented and recruitment is generally handled through several channels. Moreover, the Blue Cap Group attaches great importance to qualified training in order to be able to cover the long-term demand for skilled personnel.

IT RISKS

Blue Cap, with its portfolio companies, is heavily dependent on information technology systems and networks for business and production processes as well as communication. These systems and networks are exposed to the risk of cybercrime as well as economic damage and various other disruptions. For example, third parties may attempt to gain unauthorised access to confidential information and data or the systems themselves through hacker attacks and may also shut them down for prolonged periods. Furthermore, such systems as well as data can be blocked, damaged or destroyed by viruses and malware. Other risks include possible data centre or telecommunication network failures that result in systems and networks being inoperable for extended periods.

Technical and organisational precautions are taken to reduce such risks. These include measures such as regular, spatially outsourced data backup as well as the backup of data in external data centres in compliance with high security requirements. Such measures also include training to raise awareness of the increasing threat of cybercrime and putting emergency plans in place in the IT departments. The measures implemented help to significantly reduce the existing risks.

LEGAL RISKS

Blue Cap AG and its portfolio companies face various legal risks in the course of their business activities. These include, among other things, possible warranty and product liability risks, guarantee risks in connection with company purchase agreements as well as risks from the areas of patent and trademark law, data protection law, environmental protection and tax law. As a matter of principle, Blue Cap strives to keep legal risks as low as possible with its investments and to control them. Nevertheless, it is not possible to eliminate such risks entirely, despite due diligence. Legal disputes in and out of court are supported by external lawyers if necessary. In addition, provisions are booked if claims appear likely and the amount can be reliably estimated.

ENVIRONMENTAL RISKS

Blue Cap's portfolio companies operate in different markets and regions and are therefore exposed to environmental risks due to their mainly manufacturing activities.

In the Plastics segment, it is particularly relevant that plastic packaging is the focus of political debate. **Plastics** in general are also being critically discussed due to increased environmental awareness among the population. In connection with these developments, however, we do not expect any significant effects or serious legal changes for the dairy packaging sector due to both food law and economic circumstances. The packaging specialist Uniplast Knauer, which operates in the Plastics division, is closely following developments in plastics and research into alternative raw materials and examining their possible use in the dairy and food sector in its R&D division. The con-pearl Group also operates in the Plastics sector and produces weight-saving polypropylene-based plastic products in its core business, primarily for the automotive and logistics industries. These are obtained almost entirely from recycled material and are themselves largely recyclable. con-pearl GmbH operates its own recycling plants at the Leinefelde and Hillscheid sites for the recycling of polypropylene plastics.

In addition to the specific environmental risks mentioned, Blue Cap's portfolio companies are also exposed to general ecological risks (e.g. effects of climate change). This circumstance is taken into account with the implementation of a sustainability strategy. In 2022, a DNK statement on this, addressing the topic of ecology and sustainability in the Blue Cap Group, was published for the first time for the 2021 financial year.

Blue Cap already examines and evaluates environmental risks as part of the investment appraisal to be able to adequately assess any future critical negative impact on economic development. Compliance with legal requirements in the context of environmental protection is another task of the management teams at the portfolio companies. Environmental risks are crucially important to Blue Cap, as they can have critical negative effects on the asset, financial and income position.

4.4 OVERALL ASSESSMENT OF THE RISK SITUATION

NO DISCERNIBLE RISKS TO JEOPARDISE THE EXISTENCE OF THE COMPANY

The Management Board has assessed the overall risk situation and presented it as part of the notes on individual risks. Based on the information currently available, there are no identifiable risks which, individually or in combination, could jeopardise the continued existence of the Blue Cap Group or have a material adverse effect on its net asset, financial and income position.

According to the assessment of the Management Board, this basic statement also applies to all eight corporate groups currently belonging to the Group, as well as to their individual companies.

However, there is a possibility that future developments could deviate from the current expectations of the Management Board. The Blue Cap Group developed positively in the 2022 financial year despite a cooling economy, supply bottlenecks, energy cost increases and price increases for preliminary products. However, the further course of such events and its economic impacts cannot be fully assessed in their entirety. The same applies to the consequences of the war in Ukraine, which has been ongoing since the end of February 2022.

The Management Board firmly believes that it will be able to take advantage of the opportunities and challenges that arise in the future without having to take disproportionately high risks.

5 FORECAST REPORT

5.1 Expected development of the overall environment

OVERALL ECONOMIC ENVIRONMENT: HIGH INFLATION RATES WEIGH ON GERMAN ECONOMIC OUTLOOK FOR 2023

After a slowdown in global economic growth in 2022, the ifo Institute's economic forecast of March 2023 assumes modest growth of the global economy of 1.7% in 2023 and 2.6% in 2024. It expects world trade to stagnate in 2023 (+0.1%) and pick up pace again in 2024 at a rate of 4.1%.

High inflation rates continue to shape global development - a result of demand shocks and disrupted supply chains relating to the Coronavirus pandemic and price increases especially for energy and food as a consequence of the Russian war of aggression on Ukraine. As a result, central banks have tightened their monetary policy in recent months and hiked key interest rates. This has already led to the first positive effects on inflation rates, although not yet the ones hoped for. It can therefore be assumed that rising key interest rates will dominate economic environment well into next year.

In its spring forecast for the German economy, the ifo Institute expects price-adjusted gross domestic product to stagnate in 2023 at roughly the same level as the previous year (-0.1%). The inflation rate in Germany in 2023 is expected to be only slightly down on the previous year at an average of 6.2%. This is said to be due in particular to rising price pressure from wage costs and thus a higher core inflation rate than in the previous year. The unemployment rate is expected to rise slightly from 5.3% in the previous year to 5.4%.

For the USA, economic growth is expected to decline from 2.1% in 2022 to 1.0% in 2023 and 1.5% in 2024. On 22 March, the Fed decided to raise the key interest rate by 0.25 percentage points to the corridor 4.75% and 5.0%. Experts say that the dampening effects of this monetary policy are likely to become more apparent from the second quarter of 2023 onwards, with repercussions for the real estate market and general consumer and investment demand.

After economic growth in China decelerated dramatically last year as a result of the zero-covid policy with a GDP change of just 3% – the lowest growth in more than four decades – the ifo Institute forecasts GDP growth of 4.3% and 5.0% for 2023 and 2024 respectively. The reason, according to the IMF, is above all the easing of mobility restrictions that were used as part of the former zero-covid strategy. However, geopolitical tensions, which are likely to increase further in the future, especially in relation to the Western alliance of values, represent an uncertainty factor and could have a dampening effect on growth. In comfortable contrast to other countries, China does not currently have an inflation problem.

INDUSTRY ENVIRONMENT: RESTRAINED MARKET ACTIVITY EXPECTED FOR 2023 AS IN 2022

The “2023 Global Private Equity Outlook” report published by Dechert LLP as well as Mergermarket at the end of 2022 with a survey of 100 PE executives concludes that today's private equity (PE) landscape is at odds with the unusual level of activity in 2021. For example, a global economic downturn, rising interest rates and geopolitical tensions are leading to a slowdown in transaction activity. Nevertheless, buyouts remain above pre-pandemic levels.

In view of tighter funds and higher financing costs, the focus of the PE managers surveyed is on cost management to strengthen the portfolio companies. At the same time, the limited availability of PE capital leads to lower acquisition prices, from which companies that have liquidity reserves available can benefit.

According to the PE executives surveyed, the topic of ESG is here to stay. At the same time, the management of the tightening compliance requirements through to increasing reporting requirements continues to present a challenge for PE companies.

For the German private equity market, the German Private Equity Barometer for the fourth quarter of 2022 shows a temporary halt to the mood downturn.

5.2 Expected development of the Group and the AG

The following forecast report is based on the 2023 budget prepared at the end of the reporting year. Further findings available up to the preparation of this management report that may have an impact on the business development of Blue Cap and the portfolio companies were also taken into account.

With regard to the consequences of the war in Ukraine for the 2023 financial year, it should be noted that Blue Cap AG has no subsidiaries or operating facilities in Russia or Ukraine. There are supply and service relationships that are of immaterial significance in relation to the net asset, financial and income position of the Blue Cap Group.

Looking at the 2023 financial year, the further indirect consequences of the Russia-Ukraine war, especially on the development of raw material and energy prices as well as supply chains, cannot be assessed with any certainty and can therefore only be taken into account to a limited extent in the current forecast.

The outlook does not consider a further tightening of sanctions against Russia and an expansion of the war with possible further effects on raw material and energy prices as well as supply chains. Potential impacts of the war on the business development of the Group are monitored continuously and closely.

DEVELOPMENT OF THE GROUP AND THE AG

We are assuming for our planning a positive development of turnover and adjusted EBITDA. This forecast is based on the assumption that the effects of the Coronavirus pandemic on both supply chains and raw material prices will diminish and that the geopolitical uncertainties will not intensify any further. It was also assumed that there will be an easing on the cost side and that the expected increases in energy and wage costs, as well as the prices of individual preliminary products, can be passed on to customers on a pro rata basis. If inflation rises significantly above the expected level, this can have far-reaching effects on the planned development of turnover and results.

Blue Cap Group Forecast

	2023 forecast	Actual 2022
Revenue (EUR million)	340–355	347.5
Adjusted EBITDA margin in % of total output, adjusted	8.0–9.0	8.6
Net debt ratio in years (including lease liabilities)	≤ 3.5	2.4

Based on the current forecast, the Management Board expects Group revenue for the full year 2023 to be in the range of EUR 340 to EUR 355 million (2022: EUR 347.5 million) with an adjusted EBITDA margin between 8.0 and 9.0% (2022: 8.6%). This development, which is expected to be at the previous year's level, results in particular from positive effects from the ongoing reorganisation of the Neschen and Transline Group, intensified sales activities in the Plastics segment, an overall positive expected development in the remaining investment portfolio and the assumption that price increases for raw materials, energy and services can be passed on to customers.

Blue Cap's financial strength plays an important role for both financing banks and investors. Therefore, the debt repayment period is an important control parameter in the Group. The Management Board expects the Blue Cap Group's net debt ratio (incl. lease liabilities) to be less than 3.5 years in the forecast year.

In addition to further developing the existing business areas with a view to increasing their substance, Blue Cap is constantly examining opportunities for expansion. The target figures do not take into account the effects of planned acquisitions or disposals of portfolio companies or real estate assets. Furthermore, possible company acquisitions and sales can lead to changes in the Blue Cap's consolidated group between the reporting dates with a corresponding effect on the control parameters.

In line with its buy, transform, sell business model, Blue Cap regularly examines investment opportunities and, on the other hand, sales of portfolio companies. Against the backdrop of the complex macroeconomic situation, Blue Cap AG's focus is on portfolio measures to secure profitability and liquidity and the acquisition of smaller add-ons for existing platforms as well as selective sales.

8.0% – 9.0%

Forecast adjusted EBITDA margin for the 2023 financial year

The Management Board expects the annual financial statements of Blue Cap AG to show a slight decline in revenue for 2023 from intra-group cost allocations due to the standardisation of the calculation basis to gross profit with the first-time full-year inclusion of the Transline Group, as well as an adjusted EBITDA slightly below that of the reporting year.

SEGMENT DEVELOPMENT

In the **Plastics** segment, the Management Board expects a decline in both revenue and adjusted EBITDA margin in 2023. This is mainly due to the loss of a major customer at the con-pearl Group coupled with the increase in energy and labour costs. Uniplast reported a positive development in terms of revenue as well as adjusted EBITDA margin, which is due to both the passing on of price increases and individual new projects. For the H+E Group, an increase in turnover achieved by passing on rising wage, raw material and energy costs was assumed in the 2023 planning. As these costs cannot be fully passed on to customers, the adjusted EBITDA margin is expected to decline. Given that the adjusted EBITDA is likely to be down on 2022, a slight increase in the net gearing ratio is expected for the Plastics segment in the financial year 2023.

For the **Adhesives & Coatings** segment, an increase in sales and adjusted EBITDA margin is expected. In particular, the expansion of international sales activities at the Planatol Group should ensure an increase in sales and adjusted EBITDA margin. For the Neschen Group, the planned adjustment to the distribution model at the foreign Filmolux companies will lead to a slight decline in sales compared to the previous year, but also to a significant recovery in the adjusted EBITDA margin. Against this backdrop, the net gearing ratio is expected to decrease in the 2023 financial year for the Adhesives & Coatings segment.

For the **Business Services** segment, a significant increase in revenue as well as in the adjusted EBITDA margin compared to the previous year is still expected. This is due to the first-time inclusion of the Transline Group for the whole year. In addition, an increase in sales is expected for the HY-LINE Group as the high order backlog continues to be worked off. However, this will hinge on the availability of intermediate products and commodities. In terms of adjusted EBITDA margin, a slight decline is expected for the HY-LINE Group compared to the same period of the previous year due to the spending on consulting for strategy, processes and IT necessary for further growth. A significant reduction in the net debt ratio is expected for the Business Services segment in the 2023 financial year.

For the **Others** segment, a significant increase in revenue as well as in the adjusted EBITDA margin is expected. This is mainly due to nokra's growth in the product solutions sector. For the Others segment, a significant reduction in net debt is expected in the 2023 financial year.

FINAL REMARKS

Due to the uncertain further impacts of the Russia-Ukraine war as well as the persisting supply chain issues triggered during the Coronavirus pandemic, it is possible that future results may differ significantly from the Board's current expectations. The result of the Group and the individual segments is also influenced by other effects that cannot be planned. This includes, among other things, effects on results from the acquisition or restructuring of portfolio companies as well as the sale and deconsolidation of subsidiaries.

Based on the positive corporate development to date and the proven business model, Blue Cap sees its strategy confirmed and is well positioned with the existing organisational structure both in the short and long term. Therefore, the Company expects to grow and strengthen the Group's operating profitability in the financial years that follow.

Munich, 28 April 2023

The Management Board

CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED FINANCIAL STATEMENTS OF BLUE CAP AG

FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2022

Consolidated income statement

EUR thousand

	Reference	2022	2021
Revenue	D.1	347,511	267,347
Change in inventories		1,797	2,115
Other services provided by the company and capitalised		472	205
Other income	D.2	20,746	7,440
Total output		**370,526**	**277,108**
Cost of materials	D.3	-190,805	-144,282
Personnel expenses	D.4	-80,945	-67,487
Other expenses	D.5	-55,791	-39,927
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**42,986**	**25,412**
Depreciation and amortisation	D.6	-22,643	-19,099
Impairment losses and reversals	D.7/E.1	-4,360	-337
Share of profit/loss in associates	E.5	976	1,845
Earnings before interest and taxes (EBIT)		**16,959**	**7,821**
Impairment losses according to IFRS 9		-512	-507
Financing income	D.8	1,456	171
Financing expenses	D.8	-3,062	-2,387
Earnings before taxes (EBT)		**14,841**	**5,099**
Income tax expense	D.9	-4,404	-384
Consolidated net income		**10,437**	**4,715**
of which attributable to			
Owners of the parent company		12,204	5,153
Non-controlling interests		-1,767	-438
Earnings per share in EUR (undiluted)	D.10	**2.78**	**1.24**
Earnings per share in EUR (diluted)	D.10	**2.78**	**1.24**

Consolidated statement of comprehensive income

EUR thousand

	2022	2021
Consolidated net income	10,437	4,715
Remeasurements of defined benefit plans, before tax	2,549	303
Remeasurement of financial assets measured under other comprehensive income and gains (losses) from the disposal of these, before tax	0	0
Items that are not subsequently reclassified to profit or loss	**2,549**	**302**
Currency translation differences, before tax	397	509
Items that are subsequently reclassified to profit or loss subject to certain conditions	**397**	**509**
Other comprehensive income before tax	**2,946**	**812**
Income taxes related to remeasurements of defined benefit plans	-397	121
Total income taxes on other comprehensive income that are not reclassified to income or expense	**-397**	**121**
Other comprehensive income	**2,549**	**933**
of which attributable to		
Owners of the parent company	2,564	933
Non-controlling interests	-15	0
Total comprehensive income	**12,986**	**5,648**
of which attributable to		
Owners of the parent company	14,768	6,085
Non-controlling interests	-1,782	-438

Consolidated statement of financial position

EUR thousand

	Reference	31 December 2022	31 December 2021
ASSETS			
Goodwill	E.1	28,553	10,403
Intangible assets	E.2	39,537	23,626
Property, plant and equipment	E.3	82,563	84,999
Investment property	E.4	0	2,246
Financial investments accounted for using the equity method	E.5	6,577	5,601
Participating interests		181	133
Other financial assets	E.6	2,036	531
Other non-financial assets	E.7	3,185	2,185
Deferred tax assets	E.8	6,453	4,883
Non-current assets		**169,083**	**134,607**
Inventories	E.9	47,227	40,402
Current contract assets	E.10	8,405	13,238
Trade receivables	E.11	29,201	25,698
Other financial assets	E.12	1,560	1,962
Income tax receivables	E.13	930	781
Other non-financial assets	E.14	4,911	3,756
Cash and cash equivalents	E.15	35,139	41,370
Assets held for sale	E.16	2,245	6,221
Current assets		**129,618**	**133,428**
Total assets		**298,701**	**268,035**

EUR thousand

	Reference	31 December 2022	31 December 2021
LIABILITIES AND SHAREHOLDERS' EQUITY			
Subscribed capital	E.17	4,396	4,396
Capital reserve		15,665	15,665
Other equity components	E.18	1,953	-187
Retained earnings	E.19	81,665	73,200
Equity attributable to the owners of the parent company		103,679	93,075
Non-controlling interests	E.20	5,682	5,169
Total shareholders' equity		**109,362**	**98,243**
Provisions for pensions and similar obligations	E.21	6,118	8,999
Other provisions	E.22	**2,481**	**2,223**
Deferred tax liabilities	E.23	17,074	13,583
Non-current financial liabilities	E.25	73,200	76,444
Total non-current liabilities		**98,873**	**101,249**
Other provisions	E.22	4,659	3,865
Income tax liabilities	E.23	7,775	3,786
Current contract liabilities	E.10	1,284	1,446
Trade payables	E.24	20,096	16,954
Other current financial liabilities	E.25	45,207	32,237
Other current non-financial liabilities	E.26	11,445	10,254
Total current liabilities		**90,466**	**68,543**
Total assets		**298,701**	**268,035**

Consolidated statement of changes in equity

EUR thousand

	Equity attributable to shareholders of the parent company									
			Other equity components							
	Subscribed capital	Capital reserve	Reserve for remeasurements of defined benefit plans	Currency translation reserve	Reserve for changes in the fair value of financial assets	Other equity components	Retained earnings	Shareholders of the parent company in total	Non-controlling interests	**Total**
As of 1 January 2021	**3,997**	**5,266**	**-86**	**-162**	**-872**	**0**	**72,044**	**80,187**	**114**	**80,301**
Capital increase/reduction	400	10,399	0	0	0	0	0	10,799	0	10,799
Dividend payments	0	0	0	0	0	0	–3,997	-3,997	-3	-4,000
Changes in the consolidated group	0	0	0	0	0	0	0	0	5,495	5,495
Total comprehensive income	0	0	423	509	0	0	5,153	6,085	-438	5,648
As of 31 December 2021	**4,396**	**15,665**	**337**	**348**	**-872**	**0**	**73,200**	**93,075**	**5,169**	**98,243**
As of 1 January 2022	**4,396**	**15,665**	**337**	**348**	**-872**	**0**	**73,200**	**93,075**	**5,169**	**98,243**
Capital increase/reduction	0	0	0	0	0	0	0	0	0	0
Dividend payments	0	0	0	0	0	0	-3,737	-3,737	-3	-3,740
Transactions with non-controlling interests	0	0	0	0	0	-409	0	-409	-339	-748
Changes in the consolidated group	0	0	0	0	0	0	0	0	2,620	2,620
Total comprehensive income	0	0	2,152	397	0	0	12,204	14,753	-1,767	12,986
As of 31 December 2022	**4,396**	**15,665**	**2,490**	**744**	**-872**	**-409**	**81,665**	**103,679**	**5,682**	**109,362**

Consolidated cash flow statement

EUR thousand

	2022	2021
Consolidated income	10,437	4,715
Increase (-)/decrease (+) in inventories	-7,042	-6,841
Increase (-)/decrease (+) in trade receivables	-832	-1,169
Increase (-)/decrease (+) in contract assets	4,833	-5,666
Increase (-)/decrease (+) in other receivables and assets	-4,134	-5,633
Increase (+)/decrease (-) in provisions	-1,319	-1,358
Increase (+)/decrease (-) in trade payables	1,722	4,171
Increase (+)/decrease (-) in contract liabilities	-54	827
Increase (+)/decrease (-) in other liabilities	-3,137	7,223
Depreciation, amortisation and impairment losses on intangible assets and property, plant and equipment, as well as goodwill	27,003	19,435
Profit (-)/loss (+) from the disposal of intangible assets and property, plant and equipment	-14,981	-769
Profit (-) from company acquisitions (bargain purchase)	-216	-457
Profit (-) from deconsolidation measures	340	-1,434
Other non-cash expenses (+)/income (-)	-535	-1,656
Contribution to earnings from currency effects	109	439
Interest expenses (+)/interest income (-)	2,940	2,173
Income tax expense (+)/income tax income (-)	4,404	384
Income taxes paid (-)/income tax refunds (+)	-2,541	-1,944
Cash flow from operating activities	**16,996**	**12,440**
Proceeds (+) from disposals of property, plant and equipment	28	427
Payments (-) for investments in property, plant and equipment	-6,057	-5,322
Payments (-) for investments in intangible assets	-1,727	-739
Proceeds (+) from disposals of assets held for sale	21,056	10,842

EUR thousand

	2022	2021
Payments (-) from additions of assets held for sale	-119	0
Payments (-) for additions to the scope of consolidation	-21,223	-29,244
Proceeds (+) from disposals from the scope of consolidation	697	5,067
Proceeds (+) from disposals of investments accounted for using the equity method	0	1
Proceeds (+) from disposals of participating interests	0	42
Interest received (+)	91	29
Cash flow from investing activities	**-7,253**	**-18,897**
Proceeds (+) from capital contributions by shareholders of Blue Cap AG	0	10,799
Dividends paid (-) to shareholders of the parent company	-3,737	-3,997
Proceeds (+) from (financial) loans taken out	22,269	19,500
Payments (-) for the repayment of (financial) loans	-23,926	-8,248
Payments (-)/proceeds (+) for collateral to credit institutions	200	-3,200
Payments (-) for the repayment of lease liabilities	-6,820	-5,403
Interest paid (-)	-2,961	-2,135
Dividends paid (-) to other shareholders	-3	-3
Cash flow from financing activities	**-14,978**	**7,314**
Cash-effective change in cash funds	**-5,234**	**857**
Changes in cash funds due to exchange rate fluctuations	139	-75
Cash funds at the beginning of the period	27,324	26,542
Cash funds at the end of the period	**22,229**	**27,324**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF BLUE CAP AG

AS OF 31 DECEMBER 2022

A. GENERAL INFORMATION AND ACCOUNTING POLICIES

A.1 General information on the parent company

Blue Cap AG, registered with Munich District Court under HRB 162137, is a listed investment company established in 2006 with its registered office in Munich. The company invests in companies in the SME segment of the B2B sector and supports them in their business development. The companies are headquartered in Germany, Austria and Switzerland, normally generate revenue of between EUR 30 and EUR 80 million and have an intact core business. As of the reporting date, the company holds majority interests in eight companies and has one minority interest. In the period under review, the Group had an average of 1,412 employees and 40 trainees, and operates in Germany, other European countries and the USA.

Blue Cap AG is listed on the Frankfurt Stock Exchange in the "Scale" segment and on the Munich Stock Exchange in "m:access" (ISIN: DE000A0JM2M1). The capital market listing places the company under an obligation to provide an appropriate level of transparency, an obligation it fulfils through active capital market communication and investor relations work. The Management Board and the Blue Cap team have extensive M&A, industry and transformation experience in the German SME sector.

Blue Cap acquires companies that have a clear operational potential for improvement as well as growth prospects. The portfolio companies are actively supported by Blue Cap in their strategic and operational development without losing their established SME identity. Blue Cap is a temporary owner. The optimal holding period is between three and seven years. However, value enhancement strategies that are designed for a longer period of time can be considered in equal measure. Companies can remain in the portfolio even longer, especially if they have long-term growth prospects. In principle:

The portfolio companies are sold as soon as successful performance under a different ownership structure appears to make more sense and Blue Cap has been able to successfully implement large parts of the planned programme.

Blue Cap acquires new portfolio companies through a structured M&A process. The process involves the systematic identification and selection of target companies based on fixed investment criteria. We invest in companies where succession arrangements are unresolved and in Group spin-offs. Our potential acquisitions also, however, include companies facing crisis situations or growth challenges.

The business activities of Blue Cap AG and its subsidiaries (hereinafter also referred to as the "Blue Cap Group" or "Blue Cap") are presented in detail in the economic report of the management report.

A.2 Basis for preparing the annual financial statements

The consolidated financial statements of Blue Cap AG for the financial year from 1 January to 31 December 2022 are prepared as per Section 315e (3) of the German Commercial Code (HGB) in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). In addition, all supplementary provisions of the HGB mentioned in Section 315e (1) HGB were observed.

The consolidated financial statements, consisting of the income statement and statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, have been prepared in accordance with IFRS as adopted by the EU. The expression IFRS also includes all International Accounting Standards (IAS) still in force as well as all interpretations and amendments of the International Financial Reporting Standards Interpretations Committee (IFRS IC) and the former Standing Interpretations Committee (SIC).

As a rule, the Group classifies assets and liabilities as current if they are expected to be realised or settled within twelve months of the balance sheet date. If the financial assets and liabilities have both current and non-current elements, these are broken down into their maturity components and reported as current and non-current assets or liabilities in accordance with the balance sheet classification.

The consolidated income statement is prepared using the total cost method.

The annual financial statements of the companies included in the consolidated financial statements are prepared according to uniform accounting and valuation principles as at 31 December. The financial year matches the calendar year. Blue Cap prepares and publishes its consolidated financial statements in euros (EUR), the functional currency of the Group. Unless otherwise stated, all values are rounded to thousands of euros (EUR thousand). Deviations of up to one unit (EUR thousand, %) are rounding differences due to computational reasons.

New standards and interpretations of the current financial year

The following amendments to standards were applied for the first time as of 1 January 2022. They had no significant impact on the asset, financial and income position:

Standard	Title	To be applied for financial years beginning on or after the date indicated
IAS 37	Onerous contracts – costs of contractual fulfilment	01 January 2022
General information	Annual improvement to IFRS standards 2018 – 2020	01 January 2022
IAS 16	Property, plant and equipment: Income before the planned use	01 January 2022
IFRS 3	Reference to the framework concept	01 January 2022

New standards and interpretations not yet applied

The IASB has issued the following amendments to standards and new standards, the application of which, however, is not mandatory for the 2022 financial year and the adoption of which by the European Union has not yet been completed in some cases. Therefore, the following accounting standards have not yet been applied:

Standard	Title	To be applied for financial years beginning on or after the date indicated
IAS 1	Classification of liabilities as current or non-current	01 January 2023

IFRS 17	Insurance contracts	01 January 2023
IAS 1	Disclosure of accounting policies	01 January 2023
IAS 8	Definition of estimates	01 January 2023
IAS 12	Deferred taxes related to assets from a single transaction	01 January 2023
IFRS 10 and IAS 28	Sale or contribution of assets between an investor and an affiliated company of or joint venture	pending

The impacts of the amendments/new provisions not yet adopted into EU law on Blue Cap are currently still being examined. No significant impacts are anticipated.

B. SCOPE OF CONSOLIDATION AND CONSOLIDATION METHODS

B.1 Scope of consolidation

The scope of consolidation of Blue Cap AG results from the application of IFRS 10 (Consolidated Financial Statements) and IFRS 11 (Joint Arrangements).

As at 31 December 2022 , the scope of consolidation includes, in addition to the parent company, 44 (31 December 2021: 39) companies, fully consolidated. Of which, 28 (31 December 2021: 26) companies have their registered office in Germany and 16 (31 December 2021: 13) have their registered office abroad.

The consolidated financial statements of Blue Cap AG as of 31 December 2022 and as of 31 December 2021 include the following subsidiaries and the following affiliated companies respectively (shareholding corresponding in each case to the share of capital and voting rights):

No.	Company	Registered office	Shareholding (%)	Holding no.	31 December 2022	31 December 2021	
	Parent company						
1	Blue Cap AG	Munich	–	–	✔	✔	
	Direct shareholdings						
2	Planatol GmbH	Rohrdorf	100.0	1	✔	✔	
3	Blue Cap Asset Management GmbH	Munich	94.0	1	✔	✔	*
4	noKra Optische Prüftechnik und Automation GmbH	Baesweiler	90.0	1	✔	✔	
5	Neschen Coating GmbH	Bückeburg	100.0	1	✔	✔	*
6	Knauer Uniplast Management GmbH	Dettingen an der Ems	100.0	1	✔	✔	
7	Blue Cap 09 GmbH	Munich	100.0	1	✔	✔	
8	con-pearl Verwaltungs GmbH	Geismar	100.0	1	✔	✔	
9	Blue Cap 11 GmbH	Munich	100.0	1	✔	✔	
10	HY-LINE Management GmbH	Unterhaching (formerly: Munich)	95.0	1	✔	✔	
11	Blue Cap 13 GmbH	Munich	100.0	1	✔	✔	
12	Blue Cap 14 GmbH	Munich	73.9	1	✔		
13	Blue Cap 15 GmbH	Munich	100.0	1	✔		
	Indirect shareholdings						
14	PLANATOL France S.à.r.l.	Sucy-en-Brie, France	100.0	2	✔	✔	
15	PLANATOL-Società Italiana Forniture Arti Grafiche S.I.F.A.G. s.r.l	Milan, Italy	67.3	2	✔	✔	
16	PLANATOL System GmbH	Rohrdorf	100.0	2	✔	✔	
17	Filmolux Austria GmbH	Baden, Austria	100.0	5	✔	✔	
18	Filmolux Benelux B.V.	Deventer/Netherlands	100.0	5	✔	✔	
19	Filmolux Deutschland GmbH	Minden (previously: Bückeburg)	100.0	5	✔	✔	*
20	Filmolux Italia s.r.l.	Bagnolo Cremasco, Italy	100.0	5	✔	✔	
21	Filmolux S.à.r.l.	Sucy-en-Brie, France	100.0	5	✔	✔	
22	Filmolux Swiss AG	Emmenbrücke, Switzerland	100.0	5	✔	✔	
23	Filmolux Scandinavia AB	Nacka, Sweden	100.0	5	✔	✔	
24	Neschen Inc.	Richmond, USA	100.0	5	✔	✔	
25	Neschen s.r.o.	Hradec Králové, Czech Republic	100.0	5	✔	✔	
26	Uniplast Knauer GmbH & Co.KG	Dettingen an der Erms	100.0	6	✔	✔	*
27	Uniplast Knauer Verwaltungs GmbH	Dettingen an der Erms	100.0	6	✔	✔	
28	con-pearl GmbH	Geismar	100.0	8	✔	✔	

No.	Company	Registered office	Shareholding (%)	Holding no.	31 December 2022	31 December 2021
29	con-pearl Automotive Inc.	Greenville, USA	100.0	28	✓	✓
30	con-pearl North America Inc.	Greenville, USA	100.0	28	✓	✓
31	H+E Molding Solutions GmbH	Ittlingen	71.0	10	✓	✓
32	H+E Kinematics GmbH (formerly Engel Formenbau und Spritzguss GmbH)	Sinsheim	100.0	31	✓	✓
33	H+E Automotive GmbH	Sinsheim	100.0	31	✓	✓
34	HY-LINE Holding GmbH	Unterhaching	100.0	10	✓	✓
35	HY-LINE Computer Components Vertriebs GmbH	Unterhaching	100.0	34	✓	✓
36	HY-LINE Power Components Vertriebs GmbH	Unterhaching	100.0	34	✓	✓
37	HY-LINE Communication Products Vertriebs GmbH	Unterhaching	100.0	34	✓	✓
38	HY-LINE AG	Schaffhausen, Switzerland	100.0	34	✓	✓
39	Transline Gruppe GmbH	Reutlingen	100.0	12	✓	
40	Transline Deutschland GmbH	Reutlingen	100.0	39	✓	
41	medax - medizinischer Sprachdienst GmbH	Reutlingen	100.0	39	✓	
42	Transline Europe S.à.r.l	Schiltigheim, France	100.0	39	✓	
43	interlanguage S.r.l.	Modena, Italy	100.0	39	✓	
44	Transline Software Localization GmbH	Walldorf	100.0	39	✓	
45	Micado Innovation GmbH	Reutlingen	100.0	39	✓	
	Affiliated companies					
46	inheco Industrial Heating and Cooling GmbH	Martinsried	42.0	1	✓	✓

The companies marked with "*" make use of the relief provided by Section 264 (3) or Section 264b HGB.

As at 31 December 2022, HY-LINE Management GmbH held 2.2% of its own shares. This put Blue Cap AG's shareholding on the reporting date at 95.0% (previous year: 92.9%). The shares held by the company itself were sold under a condition precedent to a Managing Director of HY-LINE Holding GmbH appointed in 2022. The sale was completed in the first quarter of 2023. After the sale, Blue Cap AG's shareholding is 92.9%. once again.

The list below shows all Group companies that were not included in the consolidated financial statements as at the reporting date. These subsidiaries were not included in the consolidated financial statements because they are of minor importance for the presentation of a true and fair view of the Group's asset, financial and income position. The total revenue of these companies is equivalent to less than 1% of the Group's revenue.

Company	Registered office	Shareholding (%)	31 December 2022	31 December 2021
Flow 2021 Verwaltungs GmbH	Munich	100.0	✔	✔
Grundstücksgesellschaft Knauer UG	Dettingen an der Erms	100.0	✔	✔
Nokra Inc.	St. Charles, USA	100.0	✔	✔
Sauter & Schulte Bauherren GmbH & Co.KG	Dettingen an der Erms	100.0	✔	✔
Sauter & Schulte Verwaltungs GmbH	Dettingen an der Erms	100.0	✔	✔
SMB-David GmbH i. L.	Herrsching	70.0	✔	✔
SMB-David finishing Lines GmbH i. L.	Gerets-ried-Gelting	100.0	✔	✔
MEP Transline GmbH & Co. KG	Munich	100.0	✔	
Blue Cap Komplementär GmbH	Munich	100.0	✔	

B.2 Changes in the consolidated group

B.2.1 CHANGES TO THE SCOPE OF CONSOLIDATION IN H1 2022

In addition to the acquisitions and disposals presented below, the following changes in the scope of consolidation occurred in 2022:

PLANAX GmbH, a subsidiary of Planatol GmbH, was merged with Planatol System GmbH in April 2022 with retroactive effect from 1 January 2022. The latter is also a subsidiary of Planatol GmbH.

With the registration of 18 March 2022, HY-LINE Verwaltungs GmbH was merged into HY-LINE Holding GmbH with retroactive effect from 1 January 2022.

Blue Cap 12 GmbH was renamed HY-LINE Management GmbH by way of the registration dated 18 March 2022. The company's registered office was transferred from Munich to Unterhaching.

Blue Cap 15 GmbH, founded by Blue Cap AG in 2022, has been included in the scope of consolidation since the date of its foundation.

Blue Cap 05 GmbH, a subsidiary of Blue Cap AG, was merged with Blue Cap AG in August 2022 with retroactive effect from 1 January 2022.

ACQUISITIONS OF SUBSIDIARIES IN THE 2022 FINANCIAL YEAR

ACQUISITION OF THE TRANSLINE GROUP

Blue Cap 14 GmbH acquired 100.00% of the shares in Transline Gruppe GmbH by way of a share deal with a purchase agreement dated 2 March 2022. Part of the purchase price claim was contributed to Blue Cap 14 GmbH by the seller WES Holding GmbH as part of a capital increase. In return, WES Holding GmbH received 26.15% of the shares in Blue Cap 14 GmbH. On completion of the transaction, Blue Cap AG holds 73.85% of the shares in Blue Cap 14 GmbH. Blue Cap 14 GmbH, in turn, holds 100.00% of the shares in Transline Gruppe GmbH.

The full consolidation of the acquired shares requires a purchase price allocation (PPA) in accordance with IFRS 3. The PPA is used to reflect the assets and liabilities of Transline Gruppe GmbH and its subsidiaries. The acquisition was completed successfully when the transaction was closed on 4 March 2022. Transline Gruppe GmbH and its subsidiaries, Transline

Deutschland GmbH, Transline Software Localization GmbH, medax - medizinischer Sprachdienst GmbH, Transline Europe s.a.r.l. (France) and Interlanguage S.R.L. (Italy) were fully consolidated for the first time on 1 March 2022. The acquisition date and valuation date for the PPA is therefore 1 March 2022.

As a large German translation service provider, Transline operates in an attractive market environment whose structural growth is driven by increasing digitalisation and globalisation. Furthermore, the market for translation services is very fragmented and therefore characterised by strong consolidation pressure. Over the last few years, Transline has invested heavily in the digitalisation of its business model and established a workflow software solution that automates process steps, ensures better and faster processing of customer enquiries and achieves efficiency enhancements throughout the service process. In addition, Transline has recently placed a strategic focus on growing market segments via add-on acquisitions, particularly in medtech, pharmaceuticals, eCommerce and software. Long-standing and trusting relationships with around 500 customers are testimony to the business model's success.

The Transline Group is allocated to the Business Services segment. The acquisition of the Transline Group serves the strategic diversification of Blue Cap and the bolstering of the Business Services segment.

The amounts of the identifiable assets and liabilities acquired are as follows at the time of acquisition, with deferred tax assets and liabilities not having been netted:

In EUR thousand	Fair value
Intangible assets	18,029
Property, plant and equipment	1,325
Other financial assets	50
Deferred tax assets	348
Non-current assets	**19,752**
Inventories	428
Actual tax refund claims	219
Trade receivables	2,276
Other non-financial assets	222
Cash	746
Current assets	**3,891**
Other provisions	31
Deferred tax liabilities	4,754
Other financial liabilities	5,590
Non-current liabilities	**10,375**
Actual tax liabilities	288
Trade payables	1,311
Other financial liabilities	10,733
Other non-financial liabilities	992
Current liabilities	**13,324**
Net assets	**−55**
Consideration	22,397
of which consideration in cash	19,768
of which purchase price claim contributed against shares	2,629
Goodwill	**22,452**

The reported goodwill results from the economies of scale of a growing translation service provider and the expertise of its workforce.

Goodwill is not expected to be deductible for income tax purposes.

Incidental costs of EUR 624 thousand were incurred in connection with the acquisition.

ACQUISITION OF MICADO INNOVATION GMBH

Transline Gruppe GmbH, a subsidiary of Blue Cap 14 GmbH, acquired 100% of the shares in Micado Innovation GmbH by way of a share deal with a purchase agreement dated 20 June 2022. The acquisition was completed successfully when the transaction was closed on 23 June 2022.

The full consolidation of the acquired shares requires a purchase price allocation (PPA) in accordance with IFRS 3. The PPA is used to reflect the assets and liabilities of Micado Innovation GmbH. The company will be fully consolidated for the first time as of 30 June 2022. The acquisition date and valuation date for the PPA is therefore 30 June 2022.

Micado is a medium-sized translation service provider headquartered in Cologne. The company specialises in language services with a focus on project management and technical translations. This add-on acquisition contributes to the further growth of the Transline Group.

The consideration for the acquisition amounted to EUR 2,436 thousand, paid in cash. Incidental costs of EUR 65 thousand were incurred in connection with the acquisition.

The amounts of the identifiable assets and liabilities acquired are as follows at the time of acquisition, with deferred tax assets and liabilities not having been netted:

In EUR thousand	Fair value
Intangible assets	2,612
Property, plant and equipment	2
Non-current assets	**2,614**
Trade receivables	245
Other non-financial assets	9
Cash	908
Current assets	**1,161**
Deferred tax liabilities	834
Non-current liabilities	**834**
Other provisions	5
Actual tax liabilities	47
Trade payables	189
Other financial liabilities	10
Other non-financial liabilities	37
Current liabilities	**289**
Net assets	2,652
Consideration in cash	2,436
Bargain purchase	**216**

For reasons of materiality, the income statement of Micado Innovation GmbH will be included in the Blue Cap Group from 1 July 2022.

The Transline Group, therefore, comprises the acquired Transline Gruppe GmbH and its subsidiaries, as well as Micado Innovation GmbH, which was acquired in the further course of the 2022 financial year.

The key figures of the income statement of the Transline Group (including Micado Innovation GmbH), which is allocated to the Business Services segment, were as follows in the reporting year:

Key figures from the income statement of the Transline Group (including Micado Innovation GmbH) in the period of 1 March to 31 December 2022

EUR thousand	2022
Revenue	16,649
Total output	17,438
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	189
Earnings before interest and taxes (EBIT)	-6,521

Had the first-time consolidation of the Transline Group (including Micado Innovation GmbH) taken place on 1 January 2022, the consolidated revenue would have amounted to EUR 351,575 thousand and consolidated net profit to EUR 10,387 thousand. For the proforma disclosure, it is assumed that the value ratios at the time of acquisition already existed at the beginning of the period.

No further company acquisitions were completed in 2022.

SALE OF SUBSIDIARIES IN THE 2022 FINANCIAL YEAR

Blue Cap AG sold 100% of the shares in Gämmerler GmbH (Other segment) to the Merten Group with a contract dated 4 Feb. 2022. The sale was finalised in February 2022. The company was deconsolidated on 1 February 2022.

The net assets disposed of break down as follows:

In EUR thousand	Carrying amount
Intangible assets	26
Property, plant and equipment	86
Other non-financial assets	36
Non-current assets	**148**
Inventories	645
Actual tax refund claims	3
Trade receivables	158
Other financial assets	920
Other non-financial assets	83
Cash	96
Current assets	**1,905**
Other provisions	114
Deferred tax liabilities	10
Other financial liabilities	23
Non-current liabilities	**147**
Other provisions	432
Contract liabilities	108
Trade payables	79
Other financial liabilities	113
Other non-financial liabilities	41
Current liabilities	**773**
Net assets	**1,133**
Consideration in cash received	793
Net assets disposed of	-1,133
Loss from the disposal before tax	**-340**
Income tax on loss on disposal	0
Loss from the disposal after tax	**-340**
Cash inflow from buyer	793
Cash outflow due to disposal of cash and cash equivalents	-96
Incidental transaction costs	-16
Net cash inflow from the disposal	**681**

The sale of the shares in the Gämmerler GmbH serves the strategic orientation of the Blue Cap portfolio.

The key figures of Gämmerler for the period from 1 January to 31 January 2022 are as follows:

Key figures from the income statement of Gämmerler GmbH in the period from 1 January to 31 January 2022

EUR thousand

	1.1.-31.01. 2022	1 January to 31 December 2021
Revenue	163	2,215
Total output	166	2,362
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	5	-1,637
Earnings before interest and taxes (EBIT)	-1	-1,715

No further subsidiary sales were completed in 2022.

B.3 Consolidation principles

Subsidiaries are companies that are controlled by Blue Cap AG. The Group gains control when it has the ability to exercise control over the portfolio company, is exposed to variable returns from the portfolio company and is able to use its power over the portfolio company to affect the amount of the portfolio company return.

Even in cases where Blue Cap does not hold a majority of the voting rights, control can occur if the Group has the ability to unilaterally determine the significant activities of the portfolio company. All facts and circumstances are taken into account in the assessment of control. These include, but are not limited to, the purpose and structure of the portfolio company, the identification of and decisions about the significant activities, the ratio of own voting rights compared to the scope and distribution of other voting rights, and potential voting rights and rights under other contractual arrangements. The assessment of control requires consideration of all facts and circumstances at the management's discretion.

The assessment of control is reviewed by Blue Cap if there are indications that one or more of the aforementioned control criteria has changed.

The results of subsidiaries acquired or disposed of during the year are recognised in the consolidated income and other consolidated result statements with effect from the actual date of acquisition or until the actual date of disposal.

The acquisition of a company is accounted for using the purchase method (acquisition method). The consideration transferred in an acquisition is the fair value of the assets given, equity instruments issued and liabilities incurred or assumed on the transaction date. It also includes the fair values of all recognised assets or liabilities resulting from a contingent consideration agreement. Acquisition-related costs are expensed as incurred. Assets, liabilities and contingent liabilities identifiable under the terms of a merger are measured at their fair values at the acquisition date upon initial consolidation.

For each acquisition, the Group decides on a case-by-case basis whether to recognise the non-controlling interests in the acquired company at fair value or based on the proportionate share of the acquired company's net assets.

Goodwill is recognised and reviewed for impairment at least annually as the surplus of the cost of the acquisition, the amount of any non-controlling interest in the acquired company and the fair value of any previously held equity interest at the acquisition date over the Group's share of the net assets measured at fair value. If the acquisition cost is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement after reassessment.
Changes in the Group's ownership interest in subsidiaries that do not result in a loss of control are reported as equity transactions.

An affiliated company is a company in which Blue Cap has significant influence. Significant influence is defined as the power to participate in the financial and operating policy decisions of the portfolio company without having either control or joint control. If Blue Cap holds, either directly or indirectly, between 20% and 50% of the voting rights in a portfolio company, there is a presumption that significant influence can be exercised. In the case of a directly or indirectly held voting interest of less than 20%, significant influence is presumed if it can be clearly demonstrated.

Investments in affiliated companies are accounted for using the equity method and are therefore measured at cost upon initial recognition. Goodwill arising on the acquisition of an affiliated company is included in the carrying amount of the investment in the affiliated company. The carrying amount of the investment increases or decreases after initial recognition in accordance with the shareholder's share of profit or loss or other comprehensive income of the portfolio company from the date that significant influence is first exercised until such time as the influence ceases. If Blue Cap's share of an affiliated company's losses equals or exceeds the value of the investment share, the share is reduced to zero.

Balances and transactions with consolidated subsidiaries, as well as income and expenses arising therefrom, are eliminated in full for the purpose of preparing the consolidated financial statements. Unrealised gains based on transactions with affiliated companies are eliminated against the carrying amount of the investment in line with Blue Cap's share. Unrealised losses are eliminated in the same way, but only to the extent that there is no indication of impairment.

The tax deferrals required by IAS 12 were made on temporary differences from consolidation.

B.4 Currency conversion

The consolidated financial statements were prepared in accordance with the functional currency concept. The functional currency is the primary currency of the economic environment in which the Blue Cap Group operates. It corresponds to the euro, which is also the presentation currency for the consolidated financial statements.

Transactions in foreign currencies are converted to the functional currency at the exchange rate prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currencies are converted into the respective functional currency at the exchange rate prevailing on the balance sheet date. The foreign exchange gains and losses resulting from these conversions are recognised in the consolidated income statement under "Other income" or "Other expenses".

With the exception of equity, balance sheet items of subsidiaries whose functional currency is not the euro are converted into the presentation currency at the closing rate, the items of the consolidated income statement at the average rate for the respective period and equity items at historical foreign currency rates. The resultant conversion differences are recognised in the currency translation reserve in Other equity components.

		Closing rate	
Currencies	1 EUR in	31 December 2022	31 December 2021
USD	USA	1.07	1.13
CHF	Switzerland	0.98	1.03
CZK	Czech Republic	24.12	24.86
SEK	Sweden	11.12	10.25

		Average rate	
Currencies	1 EUR in	2022	2021
USD	USA	1.06	1.13
CHF	Switzerland	0.99	1.04
CZK	Czech Republic	24.27	25.24
SEK	Sweden	10.99	10.27

C. ACCOUNTING POLICIES

The consolidated financial statements are based on uniform accounting policies. The annual financial statements of the companies included in the consolidated financial statements are prepared as at the reporting date of the consolidated financial statements.

The essential accounting policies are explained below.

C.1 Revenue and expense recognition

Sales are reported as revenue and recognised at the fair value of the consideration received or to be claimed, net of returns and discounts and volume rebates granted.

C.1.1 SALE OF GOODS

The Blue Cap Group recognises sales revenues when control over identifiable goods or services is transferred to the customer. The customer must therefore have the ability to determine the use and essentially derive the remaining benefit from such use. The basis for this is a contract between the Blue Cap Group and the customer. The parties must have consented to the contract and the agreements contained therein, the individual obligations of the parties and the payment terms must be ascertainable, the contract must have economic substance and it must be likely that the Group will receive consideration for the service rendered. Enforceable rights and obligations must therefore exist. As a rule, the transaction price matches the sales revenue. If the contract contains more than one distinct performance obligation, the transaction price is allocated to the individual performance obligations based on the relative stand-alone selling prices. If the individual sales prices are not observable, the Blue Cap Group estimates them. The individual identified performance obligations are realised either over a certain period of time or at a certain point in time.

Payments are generally due no later than 90 days after acceptance by the customer. There are no significant financing components. Warranty obligations exist only within the legal obligation and are accounted for as a provision as defined by IAS 37.

C.1.2 SALE OF SERVICES

Revenues from service contracts are recognised on a time-apportioned basis in the period during which the service is rendered. Revenue is recognised according to the stage of completion and on the condition that result of the service business can be reliably estimated.

C.1.3 CUSTOMISED SERIES PRODUCTION

Series products that have no alternative use due to their specifications and for which the Blue Cap Group has an enforceable payment claim against the customer at least in the amount of a reimbursement of the costs incurred by the services already rendered, including a reasonable profit margin, are recognised over time. The performance progress is measured based on the products manufactured (output method). Payments are generally due no later than 90 days after acceptance by the customer.

C.1.4 CUSTOMISED PRODUCTION ORDERS

Customised products are subject to revenue recognition over time if the products have no alternative use due to their specifications and the Blue Cap Group has an enforceable payment claim against the customer at least in the amount of a reimbursement of the costs incurred as a result of the services already rendered, including a reasonable profit margin.

In the case of customised manufacturing, sales revenues are recognised using the input-based cost-to-cost method (over-time accounting method) and thus according to the stage of completion, on the condition that the outcome of a construction contract can be reliably estimated at the balance sheet date and it is probable that the economic benefits associated with the contract will flow to the Blue Cap Group. The stage of completion as at the balance sheet date is determined either by the ratio of the contract costs incurred up to the balance sheet date to the total estimated contract costs as at the balance sheet date (cost-to-cost) or the ratio of the efforts expended to the total expected efforts (efforts expended). Contract costs include costs directly allocable to the order as well as production-related overheads.

If the result from a construction contract cannot be reliably determined, contract revenue is recognised only to the extent that the contract costs incurred are likely to be recoverable (zero profit margin method). If it is likely that total contract costs will exceed total contract revenue, the expected loss is recognised immediately as an expense.

Payments are generally due no later than 90 days after acceptance by the customer.

C.1.5 OTHER INCOME AND EXPENSES

Interest is recognised as income or expense on an accrual basis using the effective interest method. Dividend income is recognised when the right to receive payment is established.

Expenses are recognised in the balance sheet when the service is utilised or at the time they are incurred.

Research expenses are recognised in the income statement in the period in which they are incurred. Development expenses are recognised in profit or loss when they are incurred, unless they are development costs that must be capitalised as an intangible asset in accordance with IAS 38 if the corresponding requirement is met.

In the 2022 financial year, the Blue Cap Group recognised EUR 2,356 thousand (previous year: EUR 2,510 thousand) of research and development expenditure as an expense.

C.2 Income tax

Income tax expense represents the sum of current tax expense and deferred taxes.

C.2.1 CURRENT TAXES

The current tax expense is determined on the basis of the taxable income for the year. Taxable income differs from profit before income taxes in the consolidated income statement due to expenses and income that are taxable or tax deductible in later years or never. The Group's liability for current tax is calculated using tax rates enacted or substantively enacted at the reporting date.

C.2.2 DEFERRED TAXES

Deferred taxes are determined in accordance with IAS 12 on the basis of the balance sheet-related liability method. According to this method, deferred tax items are created for all temporary differences between the tax valuations and the valuations in the consolidated balance sheet as well as for tax loss carryforwards.

In principle, deferred taxes on these identified differences are always taken into account if they lead to deferred tax liabilities. Deferred tax assets are only recognised if it is probable that the corresponding tax benefits will be recognised. Deferred tax assets and liabilities are also recognised on temporary differences arising in the course of business combinations, with the exception of temporary differences on goodwill if these are not taken into account for tax purposes.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from temporary differences associated with investments in subsidiaries are recognised only to the extent that it is probable that sufficient taxable profit will be available against which the temporary differences can be utilised. Furthermore, it must be possible to assume that the temporary differences will reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed each year at the balance sheet date and reduced in value if it is no longer probable that sufficient taxable income will be available to realise all or part of the asset.

The tax rates of future years are used to calculate deferred taxes, insofar as they have already been legally established or the legislative process has essentially been completed. Changes in deferred taxes in the balance sheet generally lead to deferred tax expense or income. Insofar as items that result in a change in deferred taxes are booked directly against equity, the change in deferred taxes is also recognised directly in equity.

C.3 Earnings per share

Undiluted earnings per share are calculated by dividing the share of profit after tax of the shareholders of the parent company by the weighted average number of shares outstanding during the financial year. Diluted earnings per share are calculated on the assumption that all potentially dilutive securities and share-based payment plans are converted or exercised.

C.4 Goodwill

Under the terms of corporate mergers, the consideration for the acquisition and the revalued net assets of the acquired company are compared and any resultant asset surplus is capitalised as goodwill.

The goodwill recognised in the balance sheet is subject to an annual impairment test in accordance with IAS 36 and additionally if there are indications that the goodwill may be impaired. Goodwill is allocated to cash-generating units for the purpose of impairment review.

The recoverable amount for the group of cash-generating units is the higher of value in use and fair value less costs to sell. The fair value is estimated by the discounted future cash flows of the cash-generating units. The fair value measurements were classified as Level 3 fair value based on the inputs to the valuation technique used.

C.5 Intangible assets

Acquired intangible assets, including software and licences, are capitalised at acquisition cost, internally generated intangible assets at production cost.

To determine whether internally generated intangible assets can be capitalised, research and development expenses must be separated. Expenditure on research activities with the prospect of gaining new scientific or technical knowledge is recognised as an expense in the period in which it is incurred.

The recognition of internally generated intangible assets requires the cumulative fulfilment of the capitalisation criteria of IAS 38: The technical viability of the development project and a future economic benefit from the development project must be demonstrable and Blue Cap must intend and be able to complete the intangible asset and use or sell it. Furthermore, adequate technical, financial and other resources must be available to Blue Cap and the expenditure attributable to the intangible asset during its development must be reliably measurable.

The capitalised production costs include the costs directly attributable to the development process as well as development-related overheads. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset under IFRS. In the reporting period as well as in the comparison period, no qualifying assets for which capitalisation of borrowing costs would be required were acquired or produced.

If a useful life can be determined, these intangible assets are amortised on a straight-line basis over their respective useful economic lives. Development costs capitalised on the balance sheet date whose development project has not yet been fully completed are subjected to an impairment test using the relief-from-royalty method.

Scheduled depreciation is based on the following useful lives:

Asset	Useful life in years
Internally generated intangible assets	4 to 10
Patents, concessions, other rights and software	3 to 15

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. Gains or losses arising from the derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the income statement when the asset is derecognised.

C.6 Property, plant and equipment

Property, plant and equipment are valued at acquisition or production cost less accumulated depreciation, insofar as these are depreciable assets, and impairment losses.

The cost of an item of property, plant and equipment includes all costs directly attributable to the acquisition of the asset. Repairs and maintenance are recognised as expenses in the consolidated income statement in the financial year in which they are incurred. Self-produced assets are reported for the first time at the directly attributable production costs and production-related overheads.

Depreciation is recognised in the consolidated income statement on a straightline basis over the estimated useful life of the asset.

The following useful lives are mainly used as a basis:

Asset	Useful life in years
Building	3 to 50
Technical equipment	1 to 25
Operating and office equipment	1 to 33

Land is not depreciated on a scheduled basis.

Insofar as significant parts of property, plant and equipment contain components with significantly different useful lives, such as major overhauls, these are recognised separately and depreciated over their respective useful lives.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset under IFRS. In the reporting period as well as in the comparison periods, no qualifying assets were acquired or produced for which capitalisation of borrowing costs would be required.

The residual values and economic useful lives are reviewed at each balance sheet date and adjusted if necessary. The economic useful lives are based on estimates and largely on experience garnered in historical use and technical development.

Gains and losses on the disposal of assets are determined as the difference between the proceeds on disposal and the carrying amount and are recognised in profit or loss.

If there are indications of impairment and the carrying amount of property, plant and equipment exceeds the recoverable amount, impairment losses are recognised. The recoverable amount is the higher of the fair value less costs to sell and the value in use. If the reason for an impairment loss already recognised no longer exists, the impairment loss is reversed to amortised cost.

An item of property, plant and equipment is derecognised on disposal or when there is no longer any future economic benefit. The gain or loss on disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

C.7 Lease accounting

LEASE RELATIONSHIPS AS LESSEE

For all contracts, the Group assesses whether a contract constitutes a lease or contains a lease. The regulations of IFRS 16 are also applied to rights of use to intangible assets.

A lease is defined as a contract or part of a contract that conveys the right to use an asset (the underlying asset) for a specified period of time in exchange for consideration. To apply this definition, the Group assesses whether the contract meets the following three conditions:

- The contract relates to an identified asset that is either explicitly identified in the contract or implicitly specified and can thus be considered identified.
- The Group is entitled to obtain essentially all of the economic benefits from use of the identified asset throughout its useful life, taking into account its rights under the defined scope of the contract.
- The Group is entitled to determine the use of the identified asset throughout the period of use.

For multi-component contracts, each separate lease component is accounted for separately. For contracts containing non-lease components in addition to lease components, with the exception of property leases, the option to waive the separation of these components is exercised.

At the provision date of the leased asset, the Group recognises a right-of-use asset and a lease liability in the balance sheet. The cost of the right-of-use asset at the inception of the lease is the amount of the lease liability adjusted for the Group's initial direct costs, an estimate of the costs of dismantling and removing the asset at the end of the lease and the lease payments made before the inception of the lease, less any incentives to lease. In subsequent periods, the right of use is measured at amortised cost.

The lease liability is measured as the present value of lease payments made during the lease term using the interest rate implicit in the lease or, if not available, the incremental borrowing rate. In the course of subsequent measurement, the carrying amount of the lease liability is compounded using the interest rate used for discounting and reduced by the lease payments made.

The lease payments included in the measurement of the lease liability comprise fixed payments (including de facto fixed payments), variable payments linked to an index or interest rate, payments expected to be received under residual value guarantees and payments that are reasonably certain to be received under call options. In addition, penalties for termination are also taken into account if the term considers the fact that the lessee will exercise a termination option and corresponding penalties have been agreed.

Changes in leases and remeasurements of lease liabilities are generally recognised directly in equity against the right-of-use asset. Recognition in the income statement occurs when the carrying amount of the right-of-use asset is already reduced to zero or results from a partial termination of the lease.

The Group generally depreciates the right-of-use asset on a straight-line basis from the inception of the lease until the end of the useful life of the leased asset or the end of the lease term, whichever is the earlier. Any longer useful life of the leased asset is used as the basis for the depreciation period if a transfer of ownership (e.g. by exercising a purchase option) is assumed at the end of the lease term. The Group also performs impairment tests in accordance with IAS 36 when appropriate indicators are available.

The Group has elected to use the practical expedients for short-term leases and low-value leases (less than EUR 5 thousand). Instead of recognising a right-of-use asset and a corresponding lease liability, the payments associated with such leases are recognised as an expense in the income statement on a straight-line basis over the lease term.

On the balance sheet, the rights of use are reported under Property, plant and equipment and intangible assets. The lease liabilities are included in Other financial liabilities.

LEASE RELATIONSHIPS AS LESSOR

As a lessor, the Group classifies its leases as either operating leases or finance leases. A lease is classified as a finance lease if it essentially transfers all the risks and opportunities associated with ownership of the underlying asset. Otherwise, it is classified an operating lease.

In the case of an operating lease, the Group recognises the leased asset in Property, plant and equipment unless it falls within the scope of IAS 40.

It is reported at amortised cost. Rental income is recognised in profit or loss on a straight-line basis over the lease term and reported in Sales revenues.

If the Group acts as lessor under a finance lease, a receivable is recognised in the amount of the net investment in the lease.

In the periods presented, the Blue Cap Group acts only as lessor under operating lease agreements.

C.8 Investment property

Investment property is property held to earn rental income and/or for capital appreciation. Investment property is initially recognised at cost, including transaction costs. Subsequently, investment property is measured at amortised cost in accordance with the cost model.

Depreciation is recognised in the consolidated income statement on a straightline basis over the estimated useful life of the asset. This is based primarily on a useful life of 30 years.

An investment property is derecognised on disposal or when it is permanently withdrawn from use and its disposal is not expected to reap future economic benefits. The gain or loss arising on disposal is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income in the period of disposal.

C.9 Impairments

In accordance with IAS 36, assets with a finite useful life are reviewed at each balance sheet date to determine whether there are indications of potential impairment, e.g. special events or market developments that could decrease the value.

Intangible assets with indefinite useful lives and internally generated assets under construction are examined for impairment at each reporting date.

The recoverable amount of the asset is determined if there are any indications of impairment, or during the mandatory annual impairment test for intangible assets with indefinite useful lives. The recoverable amount of an asset is the higher of the two amounts from an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. The recoverable amount shall be determined for each individual asset, unless an asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In the case of the latter, the recoverable amount is to be determined on the basis of a CGU to which assets or groups of assets are allocated until such time as, together, they generate largely independent cash inflows. This is the case for goodwill, among other items. If it results from a business combination, it is allocated from the acquisition date to the CGU or group of CGUs that can benefit from the synergies of the combination and at whose level the goodwill is monitored for internal management purposes.

Within the Blue Cap Group, the individual company level generally represents the smallest identifiable group of assets.

To determine the value in use, the expected future cash flows are generally discounted to their present value using a pre-tax discount rate that reflects current market expectations regarding the interest effect and the specific risks of the asset. In determining the value in use, the current and future expected level of earnings as well as technological, economic and general development trends are taken into account on the basis of approved financial plans. For the determination of the fair value less costs to sell, recent market transactions, if any, are taken into account.

If the carrying amount exceeds the recoverable amount of the asset or CGU, an impairment loss is recognised in profit or loss for the amount by which the carrying amount exceeds the recoverable amount.

If, in the case of goodwill, the impairment requirement is higher than the carrying amount of the CGU bearing the goodwill, the goodwill is first written off in full and the remaining impairment requirement is allocated to the other assets of the CGU. Necessary impairments on individual assets of this CGU are taken into account in the run-up to the impairment test for goodwill.

Write-ups to the new recoverable amount are made, except in the case of goodwill, if the reasons for impairments from previous years no longer apply. The upper value limit for write-ups is the amortised cost that would have resulted if no impairments had been recognised in previous years. Write-ups were not recognised on intangible assets or property, plant and equipment in the reporting period or in the comparative period.

C.10 Participations and financial assets

Financial assets include in particular:

- Trade receivables,
- Other financial assets as well as
- cash and cash equivalents.

Financial assets with a term of more than twelve months are reported under non-current financial assets.

Financial assets are classified in accordance with IFRS 9 depending on the underlying business model (holding, holding and selling (recycling) or trading purposes) and the cash flow criterion, according to which the contractual cash flows of a financial asset may only consist of interest and repayment on the outstanding principal amount of the financial instrument. The cash flow criterion is always checked at the level of the individual financial instrument. The assessment of the business model refers to how financial assets are managed to generate cash flows. Depending on the classification of the financial assets, they are recognised at amortised cost or fair value.

IMPAIRMENT OF FINANCIAL ASSETS

Financial assets, with the exception of financial assets at fair value through profit or loss, contract assets in accordance with IFRS 15, lease receivables, loan commitments and financial guarantees are subject to the impairment model as defined by IFRS 9.5.5. Accordingly, the Group recognises an impairment loss for these assets based on the expected credit losses.

The relevant class of assets for the Group for the application of the impairment model are trade receivables, contract assets and bank balances. For these, Blue Cap applies the simplified approach in accordance with IFRS 9.5.5.15. Accordingly, the value adjustment is always measured in the amount of the credit losses expected over the term. Bank balances are invested with banks that have a good credit rating and are therefore not subject to any significant default risk.

The Group only holds instruments for which there is a low risk of default.

DERECOGNITION OF FINANCIAL ASSETS

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Blue Cap Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to a third party. If the Blue Cap Group neither transfers nor retains all essential risks and opportunities of ownership and continues to have control over the transferred asset, the Group recognises its retained interest in the asset and a liability for any amounts payable.

When a financial asset measured at amortised cost is derecognised, the difference between the carrying amount of the asset and the total consideration received and receivable is recognised in profit or loss.

C.11 Contract assets and contract liabilities

Contract assets arise from the application of revenue recognition over a period of time. This is primarily the case within the Group if the products have no alternative use due to their specifications and there is an enforceable payment claim against the customer at least in the amount of a reimbursement of the costs incurred due to the services already provided, including a reasonable profit margin. In such cases, the Group recognises revenue on the basis of the input-oriented cost-to-cost method (plant construction) or an output-based method (series production). As revenue is recognised before the date on which Blue Cap has an unconditional right to receive the consideration, a contract asset is capitalised.

If the Group is unable to determine the amount of the margin with reasonable certainty, revenue is recognised by applying the zero profit margin method. The margin is then only recognised at the end of the project.

Contract liabilities mainly result from advance payments received from customers if they are related to a customer order and the products have not yet been delivered or the service has not yet been rendered.

Contract assets and contract liabilities are netted at contract level. Depending on the remaining term, they are reported as current or non-current. The impairment rules of IFRS 9 are applied to contract assets.

C.12 Inventories

Inventories are valued at acquisition or production cost, whichever is the lower, and net realisable value. Acquisition costs for raw materials and supplies are calculated using the moving average. Incidental acquisition costs are also taken into account as a lump sum on the basis of the average incidental acquisition costs incurred in the financial year. Work in progress and self-produced finished goods are valued at production cost. In addition to the material, manufacturing and special direct costs of production, the cost of production also includes appropriate portions of the overheads attributable to production as well as production-related depreciation.

Net realisable value is defined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

C.13 Pledged cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances that are generally available immediately and short-term deposits at banks, all of which have a term of less than three months. Utilised overdraft facilities are reported under Current financial liabilities.

C.14 Assets held for sale and discontinued operations

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The assets concerned are no longer depreciated on an ongoing basis from the time of their classification, but are measured at the lower of carrying amount and fair value, less costs to sell.

A discontinued operation is a component of the Group's business whose operation and cash flows can be clearly distinguished from the rest of the Group and which:

- constitutes a separate major line of business or geographical area of operations,
- forms part of a single coordinated plan to dispose of a separate major line of business or
- geographical area of operations or
- is a subsidiary acquired exclusively with the intention to resell.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, whichever is the earlier. When an operation is classified as a discontinued operation, the statement of comprehensive income for the comparative year is restated as if the operation had been discontinued from the beginning of the comparative year.

Under the business model of the Blue Cap Group, the purchase and sale of companies is part of ordinary business activities. As a rule, the Blue Cap Group does not pursue long-term disposal plans, but rather reacts to market changes at short notice.

C.15 Benefits to employees

The Blue Cap Group has pension obligations from defined benefit pension plans. Pension obligations are measured in accordance with IAS 19 using the projected unit credit method on the basis of actuarial reports. This method takes into account not only the pensions and acquired entitlements known on the balance sheet date, but also expected future increases in pensions and salaries. The plan assets are deducted from the present value of the pension obligations at their fair value. If the deduction of the plan assets results in an overfunding, the recognition of the net asset value is limited to the present value of the economic benefits associated with the plan asset surplus (so-called "asset ceiling").

The net interest expense for the financial year is determined by multiplying the net obligation by the underlying discount rate.

Actuarial gains and losses from the measurement of the gross defined benefit obligation, as well as the difference between the return on plan assets calculated at the beginning of the period and the return actually realised at the end of the period, are recognised in other comprehensive income and presented separately in the statement of comprehensive income. Expenses from the compounding of benefit obligations and interest income from plan assets (net interest expense) are reported in the financial result. Service cost is recognised in personnel expenses, whereas past service cost from plan changes is recognised immediately in profit or loss.

Payments for defined contribution plans are recognised as an expense when the employees have rendered the service that entitles them to the contributions.

C.16 Other provisions

A provision is recognised when Blue Cap 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.

Provisions are recognised at the expected settlement amount. Long-term provisions are discounted to the balance sheet date on the basis of corresponding market interest rates.

C.17 Financial liabilities

Financial liabilities give rise to an obligation to return cash and cash equivalents or another financial asset. Financial liabilities essentially include:

- Trade payables as well as
- Other financial liabilities (especially liabilities to credit institutions)

TRADE PAYABLES

Trade payables are initially measured at nominal value, corresponding to fair value. As there are only current trade payables, the effective interest method is not applied in the context of subsequent measurement.

OTHER FINANCIAL LIABILITIES

Other financial liabilities are initially recognised at fair value, net of transaction costs, if any. Financial liabilities from derivative financial instruments for which hedge accounting is not applied are measured at fair value through profit or loss.

Financial liabilities are classified as current unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

C.18 Derivative financial instruments

Within the Blue Cap Group, derivative financial instruments are used to manage risks from interest rate fluctuations. Derivative financial instruments are initially recognised as assets or liabilities at fair value in the category of financial assets at fair value through profit or loss, or financial liabilities at fair value through profit or loss. Attributable transaction costs are recognised in profit or loss in the period in which they are incurred.

Derivatives are measured at fair value through profit or loss. This corresponds to the market value determined and communicated by the counterparties involved on the basis of recognised financial mathematical models. They are reported in the consolidated balance sheet under "other financial assets" or "other financial liabilities". No hedge accounting was applied in the Blue Cap Group in the periods presented.

C.19 Valuation at fair value

For the assessment of assets and liabilities measured at fair value on a recurring or non-recurring basis in the statement of financial position after initial recognition, the hierarchy levels and valuation techniques are presented in the following table, broken down by class.

Type	Hierarchy	Valuation methods and significant input factors
Financial assets in equity instruments	Level 1	Share price on an active market as of the reporting date
Interest swap	Level 2	Discounted cash flows on the basis of yield curves observable on the market on the valuation date and the on the contractually agreed interest rates
Fixed-interest loan liability	Level 2	Discounted cash flows on the basis of yield curves observable on the market on the valuation date

There were no reclassifications between the individual hierarchy levels in the reporting periods under review.

C.20 Significant discretionary decisions and estimates

In applying the accounting policies, the management made judgements that have a significant effect on the amounts recognised in the consolidated financial statements. Accordingly, in preparing the consolidated financial statements, certain assumptions and estimates have to be made that affect the amount and presentation of the assets and liabilities, income and expenses and contingent liabilities recognised in the balance sheet for the reporting period.

The assumptions and estimates are based on premises that reflect the current state of knowledge.

The most important forward-looking assumptions and other key sources of estimation uncertainty as at the reporting date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years, are discussed below.

ESTIMATES WITHIN THE SCOPE OF PURCHASE PRICE ALLOCATIONS

Within the scope of company acquisitions, estimates are generally made regarding the determination of the fair value of the acquired assets and liabilities. Land, buildings and technical equipment and machinery are generally valued by an independent expert, while marketable securities are recognised at their fair value. Expert opinions on the fair values of property, plant and equipment are subject to certain uncertainties due to the use of necessary assumptions. If intangible assets exist, the fair value is determined using appropriate valuation methods, which are generally based on a forecast of all future cash flows. Depending on the type of asset as well as the availability of information, different valuation techniques are used, which can be differentiated according to cost, market price and capital value-oriented methods. The capital value-oriented method is to be emphasised due to its special significance in the valuation of intangible assets. In order to determine the values for intangible assets, estimates of the economic useful lives are necessary in particular, which are subject to certain uncertainties due to the use of assumptions. Likewise, when determining the fair values of contingent liabilities, assumptions must be made about their probable occurrence. These assumptions are also subject to certain uncertainties due to their nature.

DETERMINATION OF USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

When estimating the useful life of assets, Blue Cap is guided by past experience. However, due to accelerated technological progress, there is a possibility that, for example, faster depreciation may become necessary.

EXPECTED CREDIT LOSSES

In estimating the amount of risk provisions for receivables, the management is guided by historical default rates and converts these into expected default rates. The estimates with regard to the future development are partly subjective assessments with regard to the creditworthiness of the customers. These are therefore subject to an inherent uncertainty of judgement.

LEASE RELATIONSHIPS

If the interest rate underlying the lease is not known to the Group, a term-equivalent, country-specific and currency-specific risk-equivalent incremental borrowing rate is calculated for each lease.

According to the management's assessment, no differentiated credit risk premiums need to be taken into account for individual subsidiaries, subdivisions or segments of the Group, as there are no significant differences with regard to credit risk. The credit risk premium is derived on the basis of the Group's individual credit rating.

Certain leases in the Group include renewal and termination options. In determining the term of leases, the Group considers all relevant facts and circumstances that provide an economic incentive to exercise or not exercise renewal or termination options.

DEFERRED TAX ASSETS FOR TAX LOSS CARRYFORWARDS

Deferred tax assets are recognised for tax loss carryforwards to the extent that it is considered probable that the related tax benefit will be recovered through future taxable profits based on management's profit forecasts for the Group entities.

PROVISIONS

Provisions differ from liabilities in terms of uncertainties about the timing or amount of expenditure required in the future. A provision is recognised when the entity 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 (see IAS 37.14).

Due to differing economic and legal assessments and the difficulties in determining the probability of occurrence, there are considerable uncertainties in recognition and measurement.

Actuarial assumptions must be made for the valuation of pension provisions. These assumptions depend on the individual assessments of the management.

ASSETS HELD FOR SALE

Assets held for sale are measured at the lower of carrying amount and fair value less costs to sell. The determination of fair value less costs to sell requires the management to make estimates and judgements that are subject to uncertainty.

REVENUE RECOGNITION

The determination of the amount and timing of revenue from contracts with customers is subject to the discretion of the entity under IFRS 15.

In the case of contracts for assets to be performed over a period of time, the cost-to-cost input method is generally applied since the company believes that the incurring of costs in the project provides a true and fair view of the performance of the service. Insofar as a loss is expected from orders, this must be immediately recognised in full in the income statement. With regard to the amount and time horizon of the expected expenses, there are naturally valuation uncertainties that can significantly influence the result. Contracts for serial products that meet the criteria for time-based revenue recognition, on the other hand, are usually measured using the output method, since in these cases the units created or delivered provide a true and fair view of the performance of the service. For time-based services, performance takes place when the service is rendered. In the case of contracts fulfilled at a certain point in time,the transfer of the power of disposition over the property is cited. As a rule, the agreed Incoterms are used to assess the transfer of control.

D. NOTES TO THE CONSOLIDATED INCOME STATEMENT

D.1 Revenue

The Blue Cap Group's revenue consists primarily of revenue from contracts with customers. These primarily consist of sales of goods, services rendered and revenue from contract manufacturing. The Blue Cap Group also generates a small amount of other revenue (primarily from the rental of real estate).

In accordance with IFRS 15, revenue is recognised at a point in time or over time and comprises the following for the reporting year and the comparative period:

EUR thousand	2022	2021
Revenue recognised over time	175,960	129,474
Revenue recognised at a point in time	171,551	137,873
Revenue	**347,511**	**267,347**

The geographical revenue breakdown is based on the customer's registered office as follows:

Geographical revenue breakdown

EUR thousand	2022	%	2021	%
Germany	190,181	54.7	142,684	53.4
Rest of Europe	99,285	28.6	81,239	30.4
Third countries	58,045	16.7	43,424	16.2
Revenue	**347,511**		**267,347**	

D.2 Other income

Other income includes the following:

EUR thousand	2022	2021
Gains from deconsolidation	0	1,434
Bargain purchase income	216	457
Income from foreign currency conversion	2,069	657
Income relating to previous periods	244	331
Income from the disposal of non-current assets	15,049	989
Income from the reversal of provisions	1,071	1,365
Miscellaneous other income	2,097	2,207
Other income	**20,746**	**7,440**

The bargain purchase income results from the acquisition of Micado Innovation GmbH.

The income from the disposal of fixed assets mainly results from the sale of a property in Geretsried-Gelting formerly used by Gämmerler GmbH.

D.3 Cost of materials

The cost of materials includes the direct costs incurred in connection with the generation of revenue and comprises the following:

EUR thousand	2022	2021
Cost of raw materials, consumables and supplies, and purchased merchandise	-178,274	-141,580
Cost of purchased services	-12,531	-2,702
Cost of materials	**-190,805**	**-144,282**

The year-on-year increase in the cost of materials is mainly due to the full-year inclusion of the H+E Group, the HY-LINE Group and the pro rata inclusion of the Transline Group. This was counteracted by the deconsolidation of Gämmerler GmbH.

D.4 Personnel expenses

EUR thousand	2022	2021
Wages and salaries	-67,333	-55,703
Social security costs and expenses for pension plans	-13,612	-11,783
Personnel expenses	**-80,945**	**-67,487**

The expense for retirement benefits amounted to EUR 179 thousand (previous year: EUR 207 thousand).

For defined contribution and other pension plans, the expense in the current period amounted to EUR 57 (previous year: EUR 53 thousand).

The increase in employee benefit expenses compared to the same period of the previous year is mainly down to the full-year inclusion of the H+E Group, the HY-LINE Group and the pro-rata inclusion of the Transline Group. This was counteracted by the deconsolidation of Gämmerler GmbH.

From reimbursements for short-time allowances and comparable payments in 2022, the Blue Cap Group collected 2022 EUR 97 (previous year: EUR 496 thousand).

D.5 Other expenses

EUR thousand	2022	2021
Outgoing freight, commission and distribution costs	-8,584	-7,753
Advertising costs	-2,032	-917
Vehicle and travel expenses	-2,315	-1,673
Legal and consultancy costs	-6,071	-4,395
Training and temporary employment costs	-2,296	-1,047
Rent, leasing and storage costs	-1,238	-1,442
Operating costs and maintenance costs for operating resources	-21,891	-14,665
Contributions, fees and insurance costs	-3,416	-2,567
Losses from the disposal of assets	-62	-231
Extraordinary and prior-period expenses	-457	-1,099
Expenses from currency translation	-1,955	-196
Miscellaneous other expenses	-5,473	-3,942
Other expenses	**-55,791**	**-39,927**

The increase in operating costs and maintenance costs of the operating resources results predominantly from the higher energy costs compared to the previous year.

Miscellaneous other expenses mainly relate to expenses for IT, communications, office supplies and other taxes.

For the 2022 financial year, the consolidated statements of Blue Cap AG recognise auditor's fees of EUR 496 thousand (previous year: EUR 443 thousand) as operating expenses. The fees are broken down into costs for auditing services (EUR 454 thousand, previous year: EUR 377 thousand), other confirmation-related services (EUR 28 thousand, previous year: EUR 38 thousand) (mainly for EEG (renewable energy act) certificates), tax consultancy services (EUR 0 thousand, previous year: EUR 28 thousand) plus other services (EUR 14 thousand, previous year: EUR 0 thousand) rendered for the parent company or for subsidiaries.

Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, has audited the annual and consolidated financial statements of Blue Cap AG since the 2012 financial year. Deloitte GmbH Wirtschaftsprüfungsgesellschaft follows internal regulations and international guidelines on the internal rotation of the responsible auditors and thus on the preservation of independence, going beyond that required by law. The responsible audit partner has been Mr Christof Stadter since the 2019 financial year. The other signatory is Mr Michael Hehl (since 2022).

D.6 Depreciation and amortisation, as well as impairment losses and reversals of impairment losses

Depreciation and amortisation mainly relates to intangible assets, property, plant and equipment and the associated right-of-use assets under leases.

The increase in depreciation and amortisation expenses compared to the same period of the previous year is primarily due to the full consolidation of H+E and the HY-LINE Group and the pro rata inclusion of the Transline Group in 2022. This was also counteracted by the deconsolidation of Gämmerler GmbH.

In the 2022 financial year, impairment losses were recognised to a small extent on property, plant and equipment not currently in use. Furthermore, EUR 4,302 thousand is attributable to the impairment loss for the goodwill of the Transline Group acquired in 2022.

No reversals of impairment losses were made in the reporting year.

D.7 Impairment losses in accordance with IFRS 9

The reduction in impairment losses in accordance with IFRS 9 in 2022 compared to 2021 results mainly from reduced specific allowances on trade receivables and an adjusted risk provision.

D.8 Finance income and expenses

EUR thousand	2022	2021
Other interest and similar income from affiliated and affiliated companies	1	11
Miscellaneous other interest and similar income	117	150
Income from changes in fair value (FVTPL instruments)	1,338	10
Financing income	**1,456**	**171**
depreciation and amortisation on financial assets and securities	0	-58
Interest from leasing liabilities	-262	-268
Compounding interest expense	-70	-75
Miscellaneous other interest and similar expenses	-2,725	-1,980
Expenses from changes in fair value (FVTPL instruments)	-5	-5
Financing expenses	**-3,062**	**-2,387**

As in previous years, other interest and similar expenses mainly include interest from long-term liabilities to banks. In the current financial year, these amount to EUR 2,274 thousand (previous year: EUR 1,797 thousand).

In addition, other interest and similar expenses include interest for short-term liabilities to banks and factoring.

The interest income and expenses on financial instruments are distributed across the following valuation categories:

EUR thousand		2022	2021
Total interest income			
Amortised cost	AC	117	150
Fair Value OCI	FVOCI	0	0
Fair Value PL	FVTPL	**1,338**	**10**
Total interest income			
Amortised cost	AC	-2,987	-2,249
Fair Value OCI	FVOCI	0	0
Fair Value PL	FVTPL	**-5**	**-5**

Interest expenses and interest income mainly result from financial instruments measured at amortised cost (AC).

D.9 Income tax

Other income taxes include:

EUR thousand	2022	2021
Current income taxes	-8,076	-2,270
Deferred income taxes	3,672	1,886
Income tax (expense (-) / income (+))	**-4,404**	**-384**

TAX RECONCILIATION

The table below shows a reconciliation of the tax expense expected in the respective financial year to the tax expense reported in each case. The expected income tax rate of 33.0% (previous year: 33.0%) consists of a corporate income tax rate of 15.0% (previous year: 15.0%), plus a solidarity surcharge of 5.5% (previous year: 5.5%) and trade tax rate of 17.2% (previous year: 17.2%).

EUR thousand	2022	2021
Profit before taxes	**14,841**	**5,099**
Statutory tax rate (in %)	33.0	33.0
Expected tax expense	**-4,894**	**-1,681**
Reasons for surpluses/shortfalls:		
Non-capitalised deferred taxes on temporary differences and loss carryforwards	-130	-84
Non-tax-deductible amortisation of goodwill	-1,419	0
Other non-tax-deductible expenses incl. withholding tax	-386	-180
Tax-free income	238	1,813
Tax payments and refunds from previous years and other aperiodic tax effects	-752	269
Subsequent recognition of deferred taxes	1,386	0
Tax rate differences	1,587	-764
Other effects	-34	244
Reported expense (-)/income (+) for income taxes	**-4,404**	**-384**

According to IAS 12.47, deferred tax assets and liabilities are to be measured using the tax rates expected to apply to the period in which the temporary difference is expected to reverse. The tax rates to be used are those that are valid or have been announced as at the balance sheet date.

D.10 Earnings per share

Earnings per share are as follows:

EUR thousand		2022	2021
Consolidated net income for the year after tax attributable to owners of the parent company	**EUR thousand**	**12,204**	**5,153**
Weighted average number of shares to calculate earnings per share			
Undiluted	No.	4,396,290	4,151,018
Diluted	No.	4,396,290	4,151,018
Earnings per share			
Undiluted	EUR	2.78	1.24
Diluted	EUR	2.78	1.24

Due to the increase of the share capital by 399,662 shares in the course of the capital increase made on 12 August 2021, the weighted average number of shares in circulation increased in the current year.

E. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

E.1 Goodwill

In the 2022 financial year, goodwill arose from the acquisition of shares in the Transline Group.

Accordingly, the acquisition costs of goodwill developed as follows in the 2022 financial year:

EUR thousand	
As of 1 January 2022	**10,403**
Addition from company mergers	22,452
of which acquisition of the Transline Group	22,452
As of 31 December 2022	**32,855**

For the year 2022, impairment losses on goodwill were recognised in the amount of EUR 4,302 thousand.

This is attributable to the goodwill allocated to the cash-generating unit Transline Group in the amount of EUR 4,302 thousand. For the Business Services segment, total impairment losses on goodwill in the amount of EUR 4,302 thousand were recognised on the income statement.

No impairment was required for the goodwill allocated to the HY-LINE Group.

The goodwill of the HY-LINE Group was allocated to the HY-LINE Group cash-generating unit, which is part of the Business Services segment, for the purpose of impairment testing.

Impairment losses on goodwill are recognised in the income statement under impairment losses and reversals of impairment losses.

The impairment losses related to goodwill developed as follows:

EUR thousand	
As of 1 January 2022	**0**
Impairment losses recognised in the financial year	-4,302
As of 31 December 2022	**-4,302**

The carrying amount of goodwill is as follows:

EUR thousand	
Carrying amount as of 31 December 2021	10,403
Carrying amount as of 31 December 2022	28,553

The HY-LINE Group cash-generating unit consists of HY-LINE Management GmbH, HY-LINE Holding GmbH, HY-LINE Verwaltungs GmbH (merged with HY-LINE Holding GmbH in 2022), HY-LINE Computer Components Vertriebs GmbH, HY-LINE Power Components Vertriebs GmbH, HY-LINE Communication Products Vertriebs GmbH and HY-LINE AG.

The goodwill of the Transline Group was allocated to the Transline Group, which is part of the Business Services segment, as a cash-generating unit for the purpose of impairment testing.

The cash-generating unit Transline Group consists of Blue Cap 14 GmbH, Transline Gruppe GmbH, Transline Deutschland GmbH, medax – medizinischer Sprachdienst GmbH, Transline Software Localization GmbH, Micado Innovation GmbH, Transline Europe S.a.r.l. and Interlanguage s.r.l.

The recoverable amount for the cash-generating units is the higher of the value in use and the fair value less costs to sell. The fair value is estimated by the discounted future cash flows of the cash-generating units. The fair value measurements were classified as Level 3 fair value based on the inputs to the valuation technique used.

The cash flow forecasts contained specific estimates for each cash-generating unit for three years, a subsequent rough planning period of two years, and a sustainable growth rate (perpetuity) for the period thereafter.
The discount rate used was the weighted average cost of capital (WACC) after corporate taxes, historically determined on the basis of a group of comparable companies (peer group). This is 7.2% for the HY-LINE Group and 8.0% for the Transline Group.

The planned average annual growth rate is 5.1% for total output and 13.8% for the HY-LINE Group's EBIT. The planned average annual growth rate is 4.9% for total output and 21.2% for the EBIT of the Transline Group. The applied sustainable growth rate for all cash-generating units is 1.5%.

The revenue growth rates forecast in the detailed planning phase are based on the detailed bottom-up planning of the significant legal entities included in cash-generating units and take into account order data from the past as well as industry-specific market information from external sources. In the rough planning period, the sales growth rates are determined with a view to the longer-term growth rates obtained from external sources.

The EBIT margins forecast in the detailed planning phase take into account past experience and current data from the respective order backlogs. In the rough planning period, average EBIT margins extrapolated from the past are used.

The sustainable growth rate was determined based on the assessment of long-term inflation expectations and is oriented to the assumptions that a market participant would make.

E.2 Intangible assets

EUR thousand	Internally generated intangible assets	Purchased concessions, industrial property rights and similar rights and assets	Rights to use intangible assets	Total
Acquisition or production costs				
As of 1 January 2021	**1,306**	**11,632**	**297**	**13,235**
Changes in the consolidated group	0	25,468	0	25,468
Reclassification	0	0	0	0
Additions	413	226	6	646
Disposals	0	-25	-66	-91
Exchange rate effects	0	1	0	1
As of 31 December 2021	**1,719**	**37,303**	**237**	**39,259**
As of 1 January 2022	**1,719**	**37,303**	**237**	**39,259**
Changes in the consolidated group	-646	23,191	-85	22,460
Reclassification	0	0	0	0
Additions	19	1,757	0	1,775
Disposals	0	-29	-4	-33
Exchange rate effects	0	0	0	0
As of 31 December 2022	**1,092**	**62,222**	**149**	**63,462**

EUR thousand	Internally generated intangible assets	Purchased concessions, industrial property rights and similar rights and assets	Rights to use intangible assets	Total
Accumulated amortisation and impairment losses				
As of 1 January 2021	**-1,082**	**-9,681**	**-151**	**-10,914**
Changes in the consolidated group	6	-1,183	0	-1,177
Reclassification	0	0	0	0
Disposals	0	24	66	90
Amortisation	-54	-3,510	-66	-3,631
Impairment losses/reversal of impairment losses	0	0	0	0
Exchange rate effects	0	-1	0	-1
As of 31 December 2021	**-1,129**	**-14,352**	**-152**	**-15,633**
As of 1 January 2022	**-1,129**	**-14,352**	**-152**	**-15,633**
Changes in the consolidated group	646	-2,558	59	-1,853
Reclassification	0	0	0	0
Disposals	0	30	4	33
Amortisation	-106	-6,327	-39	-6,471
Impairment losses/reversal of impairment losses	0	0	0	0
Exchange rate effects	0	-1	0	-1
As of 31 December 2022	**-589**	**-23,208**	**-128**	**-23,925**
Carrying amounts				
31 December 2021	589	22,951	86	23,626
31 December 2022	502	39,014	21	39,537

The additions from changes in the scope of consolidation result from the initial consolidation of the Transline Group (incl. Micado) and relate in particular to the software and customer base acquired and the Transline brand. This is counteracted by the deconsolidation of Gämmerler GmbH.

Scheduled depreciation in the amount of EUR 6,471 thousand (previous year: EUR 3,631 thousand) are shown in the consolidated income statement under the item "Depreciation and amortisation". Impairment losses on intangible assets in the amount of EUR 0 thousand were recognised in the current financial year. No reversals of impairment losses were recognised in the periods presented.

There were no purchase commitments for intangible assets on the balance sheet date or on the previous year's balance sheet date.

No intangible assets were pledged as collateral for liabilities in the financial year or in previous year.

The rights to use intangible assets mainly relate to software required for the operations of the Group companies.

E.3 Property, plant and equipment

EUR thousand	Land and buildings	Technical equipment and machinery	Operating and office equipment	Prepayments and assets under construction	Rights of use for land and buildings	Rights of use for technical equipment and machinery	Rights of use for operating and office equipment	Total
Acquisition or production costs								
As of 1 January 2021	**70,787**	**125,824**	**29,593**	**0**	**10,477**	**1,275**	**5,099**	**243,055**
Changes in the consolidated group	2,195	10,405	4,445	0	7,518	7,002	954	32,520
Reclassification	-8,014	36	-141	0	0	0	0	-8,118
Additions	255	3,106	960	0	1,626	2,666	1,050	9,661
Disposals	**192**	**-1,109**	**-186**	**0**	**-936**	**-285**	**-1,351**	**-3,674**
Exchange rate effects	10	147	36	0	164	-1	9	364
As of 31 December 2021	**65,425**	**138,408**	**34,707**	**0**	**18,850**	**10,657**	**5,760**	**273,809**
As of 1 January 2022	**65,425**	**138,408**	**34,707**	**0**	**18,850**	**10,657**	**5,760**	**273,809**
Changes in the consolidated group	0	-37	1,023	0	1,816	0	103	2,905
Reclassification	46	-973	0	-46	0	1,025	0	52
Additions	1,030	3,076	2,008	46	4,216	1,052	1,134	12,562
Disposals	-1,573	-518	-346	0	-800	-343	-1,408	-4,989
Exchange rate effects	8	134	31	0	136	17	11	337
As of 31 December 2022	**64,936**	**140,090**	**37,424**	**0**	**24,218**	**12,407**	**5,600**	**284,676**

EUR thousand	Land and buildings	Technical equipment and machinery	Operating and office equipment	Prepayments and assets under construction	Rights of use for land and buildings	Rights of use for technical equipment and machinery	Rights of use for operating and office equipment	Total
Accumulated amortisation and impairment losses								
As of 1 January 2021	**-34,670**	**-95,972**	**-24,799**	**0**	**-2,768**	**-366**	**-2,363**	**-160,937**
Changes in the consolidated group	-519	-6,940	-3,250	0	-2,418	-2,882	-448	-16,458
Reclassification	1,342	0	8	0	0	0	0	1,350
Disposals	7	668	158	0	842	283	1,337	3,294
Amortisation	**-1,377**	**-6,605**	**-1,637**	**0**	**-2,602**	**-1,791**	**-1,436**	**-15,449**
Impairment losses/reversal of impairment losses	**-83**	**-282**	**0**	**0**	**-31**	**0**	**0**	**-396**
Exchange rate effects	-8	-120	-28	0	-53	0	-5	-213
As of 31 December 2021	**-35,309**	**-109,251**	**-29,548**	**0**	**-7,030**	**-4,757**	**-2,915**	**-188,810**
As of 1 January 2022	**-35,309**	**-109,251**	**-29,548**	**0**	**-7,030**	**-4,757**	**-2,915**	**-188,810**
Changes in the consolidated group	0	37	-682	0	-952	0	-67	-1,663
Reclassification	0	0	-1	0	0	0	0	-1
Disposals	1,573	571	310	0	728	214	1,364	4,760
Amortisation	-1,252	-6,069	-1,718	0	-3,354	-2,127	-1,633	-16,152
Impairment losses/reversal of impairment losses	0	-58	0	0	0	0	0	-58
Exchange rate effects	-7	-100	-26	0	-52	2	-6	-188
As of 31 December 2022	**-34,995**	**-114,869**	**-31,665**	**0**	**-10,661**	**-6,667**	**-3,256**	**-202,113**
Carrying amounts								
31 December 2021	30,116	29,157	5,159	0	11,820	5,901	2,846	84,999
31 December 2022	29,941	25,221	5,759	0	13,557	5,740	2,344	82,563

The additions due to the changes in the scope of consolidation result from the first-time inclusion of the Transline Group. This is counteracted by the deconsolidation of Gämmerler GmbH.

Depreciation and amortisation of property, plant and equipment and rights of use for property, plant and equipment amounting to EUR 16,152 thousand (previous year: EUR 15,449 thousand) are shown in the consolidated income statement under the item "Depreciation and amortisation". Impairment losses on property, plant and equipment were recognised in the amount of EUR 58 thousand (previous year: EUR 396 thousand), mainly on property, plant and equipment currently not in use or machinery not being fully utilised.

The Blue Cap Group has concluded several real estate leasing contracts. These are mainly contracts for domestic production real estate as well as the leases for the foreign sales offices and the local distribution warehouses.

In the area of technical equipment and machinery, the Group mainly has leases for production machinery and technical equipment required for operations.

The rights of use in the area of operating and office equipment include, in particular, vehicle leasing and various necessary office equipment.

E.4 Investment property

EUR thousand	Investment property
Acquisition or production costs	
As of 1 January 2021	**2,122**
Changes in the consolidated group	0
Reclassification	270
Additions	0
Disposals	0
Exchange rate effects	0
As of 31 December 2021	**2,391**
As of 1 January 2022	**2,391**
Changes in the consolidated group	0
Reclassification	-2,409
Additions	18
Disposals	0
Exchange rate effects	0
As of 31 December 2022	**0**

EUR thousand	Investment property
Accumulated amortisation and impairment losses	
As of 1 January 2021	**-134**
Changes in the consolidated group	0
Reclassification	7
Disposals	0
Amortisation	-19
Impairment losses/reversal of impairment losses	0
Exchange rate effects	0
As of 31 December 2021	**-146**
As of 1 January 2022	**-146**
Changes in the consolidated group	0
Reclassification	165
Disposals	0
Amortisation	-19
Impairment losses/reversal of impairment losses	0
Exchange rate effects	0
As of 31 December 2022	**0**
Carrying amounts	
31 December 2021	2,246
31 December 2022	0

The property in Pforzheim held as investment property in the comparative period and an undeveloped property in Finning held as investment property were reclassified as held for sale as at the balance sheet date.

E.5 Financial investments accounted for using the equity method

As at 31 December 2022, one (31 December 2021: one) affiliated company over which Blue Cap Group has significant influence – but not control – through participation in the financial and operating policies, is accounted for in the consolidated financial statements using the equity method of accounting.

Company	Registered office	Shareholding in % 31 December 2022	Shareholding in % 31 December 2021
inheco Industrial Heating and Cooling GmbH	Martinsried	42.0	42.0

EUR thousand	2022	2021
Share of profit attributable to Blue Cap AG shareholders	976	1,845
Other comprehensive income	0	0
Total comprehensive income	**976**	**1,845**

For reasons of materiality, no further disclosures are made.

More detailed information can be found in the financial statements of inheco Industrial Heating and Cooling GmbH published in the electronic Federal Gazette.

The investment in the company described facilitates the strategic orientation of the Group.

E.6 Other non-current financial assets

Interest rate hedges were concluded as part of the acquisition financing for the purchase of the Transline Group. There are also interest rate hedges from the acquisition of the HY-LINE Group. The con-pearl Group has also concluded an interest rate hedge. These derivatives are presented in other non-current financial assets as at the reporting date in the total amount of EUR 1,322 thousand (previous year: EUR 2 thousand).

The other non-current financial assets mainly relate to deposits paid for properties rented in Germany and abroad (office, warehouse and production properties).

E.7 Other non-current non-financial assets

Other non-current non-financial assets amounted to EUR 3,185 thousand as at the reporting date (31 December 2021: EUR 2,185 thousand). As at the reporting date, the item consists mainly of advance payments made on various items of property, plant and equipment.

E.8 Deferred tax assets and liabilities

The total amounts of deferred tax assets and liabilities result from the following items:

	31 December 2022		31 December 2021	
EUR thousand	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	768	-10,138	20	-6,034
Property, plant and equipment	1,874	-9,702	1,363	-8,546
Inventories	2,738	-16	4,017	-38
Contract assets and contract liabilities	401	-2,803	477	-4,360
Other financial assets	9,343	-13,453	0	-4,861
Other non-financial assets	1,023	-2,025	1,373	-1,705
Provisions for pensions and similar obligations	824	-130	1,131	0
Other provisions	2,655	0	1,977	0
Financial liabilities	14,962	-4,821	10,528	-2,481
Other non-financial liabilities	0	-5,732	0	-3,394
Loss carryforwards	3,612	0	1,835	0
Deferred taxes before netting out	**38,200**	**-48,821**	**22,720**	**-31,420**
Netting out	-31,747	31,747	-17,838	17,838
Deferred taxes after netting out	**6,453**	**-17,074**	**4,883**	**-13,583**

Deferred tax assets were recognised on loss carryforwards of the parent company and subsidiaries to the extent that tax planning provides for their utilisation in subsequent years.

For corporate income tax loss carryforwards in the amount of EUR 7,715 thousand (31 December 2021: EUR 10,695 thousand), and trade tax loss carryforwards amounting to EUR 3,229 thousand (31 December 2021: EUR 8,203 thousand) no deferred tax assets have been booked due to the lack of foreseeability of their use.

E.9 Inventories

EUR thousand	31 December 2022	31 December 2021
Raw materials, consumables and supplies	15,563	14,474
Unfinished goods, services in progress	7,189	6,520
Finished goods and merchandise	24,474	19,409
Inventories	**47,227**	**40,402**

The value adjustments recognised as expenses on inventories amount to EUR 2,568 thousand in the current financial year (previous year: EUR 3,518 thousand). The impairment takes into account marketability, age and all apparent storage and inventory risks.

Inventories recognised as expenses in the financial year amounted to EUR 184,929 thousand (previous year: EUR 151,130 thousand) and are included in the cost of materials.

Price and volume effects contributed significantly to the increase in inventories in the reporting year.

The Blue Cap Group does not hold any long-term inventories in the current reporting year.

E.10 Contract assets and contract liabilities

The table below shows the opening and closing balances of contract assets and contract liabilities from contracts with customers:

EUR thousand	31 December 2022	31 December 2021
Long-term contract assets	0	0
Current contract assets	8,405	13,238
Long-term contract liabilities	0	0
Current contract liabilities	1,284	1,446

In the year 2022 and in the comparative period, no impairment losses were recognised on contract assets in accordance with IFRS 9.

In the current period under review, revenue of EUR 445 thousand was recognised from contracts with customers, which were included in contract liabilities at the beginning of the period (previous year: EUR 604 thousand). The performance obligations not fulfilled in full or in part at the end of the period under review are allocated a total transaction price of EUR 4,605 thousand (previous year: EUR 3,654 thousand). The Blue Cap Group is expecting these performance obligations to be fulfilled in the amount of EUR 1,934 thousand (previous year: EUR 3,614 thousand) in the subsequent period and in the amount of EUR 2,671 thousand (previous year: EUR 40 thousand in the periods thereafter.

E.11 Trade receivables

EUR thousand	31 December 2022	31 December 2021
Trade receivables	29,294	25,994
Less expected credit losses	-93	-296
Trade receivables	29,201	25,698

As at the balance sheet date, there is a maximum default risk in the amount of the book value. Trade receivables are non-interest bearing and consist of contracts with third parties.

Trade receivables do not include any receivables with a term of more than one year in the periods presented.

The Blue Cap Group applies the simplified approach under IFRS 9 to measure expected credit losses for trade receivables.

To measure expected credit losses, trade receivables were analysed based on historical experience. The expected loss rates are based on the historical payment profiles prior to 31 December 2022 or previous year reporting dates and the corresponding historical defaults for those periods. The Blue Cap Group adjusts these loss rates should current information have a significant impact on the payment profiles of customers or future economic circumstances and events make this necessary.

The following table shows the development of the allowance for credit losses on trade receivables in accordance with IFRS 9 in the year 2022 and the comparative period:

EUR thousand	31 December 2022	31 December 2021
Risk provisioning as at 1 January	**296**	**1,142**
Additions	16	36
Utilisation	-1	-128
Liquidation	-196	-817
Change in scope of consolidation	-23	62
Risk provisioning as at 31 December	**93**	**296**

FACTORING AGREEMENTS

The Blue Cap Group has sold trade receivables with a carrying amount of EUR 6,991 thousand (previous year: EUR 4,226 thousand) to third parties on the basis of factoring agreements under which no material opportunities and risks remain for the Group. Accordingly, these receivables were derecognised in accordance with IFRS 9.3.2.6 (a).

Furthermore, as at the reporting date EUR 838 thousand (previous year: EUR 0 thousand) were sold to third parties on the basis of factoring agreements under which the material opportunities and risks remain for the Group (non-genuine factoring). The payments received for this are recognised as liabilities in accordance with IFRS 9.3.2.6 (b) until they are settled by the debtor.

E.12 Other current financial assets

Other current financial assets include EUR 0 thousand (previous year: EUR 782 thousand) in receivables from companies with which there is a non-significant shareholding ratio. This items also includes security retentions and other loans.

E.13 Income tax receivables

Income tax receivables essentially comprise claims for domestic corporate income tax and trade tax refunds.

E.14 Other current non-financial assets

EUR thousand	31 December 2022	31 December 2021
Advance payments on inventories	1,456	1,111
VAT receivables	559	774
Receivables from welfar benefits, levies and other statutory entitlements	60	81
Other receivables from employees (advances)	49	16
Miscellaneous other non-financial assets	2,786	1,775
Other non-financial assets	**4,911**	**3,756**

The miscellaneous other non-financial assets consist in particular of other deferrals.

E.15 Pledged cash and cash equivalents

Bank balances bear interest mainly at variable rates for deposits redeemable on demand and at fixed rates for time deposits. Short-term deposits are made for varying periods of time, ranging from one day to three months, depending on the Group's cash requirements. Interest is charged on these deposits at the applicable interest rates for short-term deposits. Due to the current low-interest phase, the interest on euro balances and foreign currency balances is immaterial in the financial year and previous years. The fair values of cash and cash equivalents correspond to the carrying amounts.

As at 31 December 2022, the cash and cash equivalents shown include a current account of EUR 3,000 thousand (previous year: EUR 3,200 thousand) as collateral deposited with a bank as security for a loan. These means of payment can only be used to a limited extent until the loan has been repaid.

E.16 Assets held for sale

As of 31 December 2021, a production and administrative property (part of "Other segment") in Geretsried-Gelting, which is rented out partly within the Group and partly to third parties, was reported as held for sale due to the conclusion of a purchase agreement of 29 November 2021. The transfer of beneficial ownership of the property in Geretsried-Gelting was completed in January 2022 and the transaction closed.

In addition, a former owner-occupied business property in Dettingen an der Erms (allocated to the Plastics segment) that was no longer needed was reported as held for sale as at 31 December 2021. A purchase agreement for the property in Dettingen was concluded on 13 December 2021. The sale was also completed in January 2022 and the transaction closed.

A property in Finning that is not used by the company itself and a rented property in Pforzheim are held for sale as of the reporting date. A sale is planned, since holding or leasing properties not used by the Blue Cap Group itself is not part of Blue Cap's long-term strategy.

The assets held for sale as at 31 December 2022 are part of the Others segment.

E.17 Subscribed capital

As at 31 December 2022, the company's share capital amounted to EUR 4,396 thousand (previous year: EUR 4,396 thousand). This amount is divided into 4,396,290 (previous year: 4,396,290) no-par value bearer shares. The proportionate amount of the share capital attributable to each no-par value share is EUR 1.00.

Based on the authorisation granted by the Annual General Meeting of 6 July 2018, the Management Board made partial use of the authorised capital (Authorised Capital 2018/1) by resolution of 12 August 2021 and with the approval of the Supervisory Board on the same date. The share capital was increased by EUR 400 thousand against cash contributions through the issuance of 399,662 new no-par value bearer shares with a notional share in the share capital of EUR 1.00 each. The subscription of the new ordinary shares took place at an issue price of EUR 27.02 per share. The capital increase was entered in the commercial register at the Munich District Court on 1 September 2021. After partial utilisation, the Authorised Capital 2018/1 amounts to EUR 390 thousand as at 31 December 2021. The Authorised Capital 2018/I was cancelled by resolution of the Annual General Meeting 29 June 2022.

The Annual General Meeting of 3 July 2020 resolved to create new authorised capital (Authorised Capital 2020/I). Accordingly, the Management Board was authorised in the period leading up to 30 June 2025 to increase the share capital of the company, with the consent of the Supervisory Board, by up to EUR 700 thousand through one or several issues of new no-par value bearer shares (ordinary shares) against cash contributions and/or contributions in kind (Authorised Capital 2020/I).

The Annual General Meeting of 25 June 2021 resolved to create a new Authorised Capital (Authorised Capital 2021/I). Accordingly, the Management Board was authorised in the period leading up to 31 May 2026 to increase the share capital of the company, with the consent of the Supervisory Board, by up to EUR 500 thousand through one or several issues of new no-par value bearer shares (ordinary shares) against cash contributions and/or contributions in kind (Authorised Capital 2021/I).

The Annual General Meeting of 29 June 2022 passed a resolution cancelling the Authorised Capital 2018/I, creating new authorised capital and amending Section 4 (Authorised Capital) of the Articles of Association.

The Annual General Meeting of 29 June 2022 resolved to create a new Authorised Capital (Authorised Capital 2022/I). Accordingly, the Management Board was authorised in the period leading up to 28 June 2027 to increase the share capital of the company, with the consent of the Supervisory

Board, by up to EUR 440 thousand through one or several issues of new no-par value bearer shares (ordinary shares) against cash contributions and/or contributions in kind (Authorised Capital 2022/I). The contingent capital is used to exercise share options.

By resolution of the Annual General Meeting on 29 June 2022, the Management Board is authorised in the period leading up to 28 June 2027 to acquire treasury shares up to 10% of the share capital existing at the time of the resolution of the Annual General Meeting – or if this value is lower – at the time of the exercise of the authorisation.

By resolution of the Annual General Meeting of 29 June 2022, the Management Board is authorised in the period leading up to 28 June 2027, with the consent of the Supervisory Board, to establish a share option programme for the issue of share options with subscription rights to shares in the Blue Cap AG for members of the Management Board as well as for selected executives and other top performers of the Blue Cap AG. Contingent capital in the amount of EUR 439,629 was booked for this purpose.

E.18 Other equity components

The other equity components consist of the reserves for remeasurements of defined benefit plans, the currency translation reserve, the increase/decrease in non-controlling interests and the reserve for changes in the fair value of equity instruments at fair value through other comprehensive income. The change in other equity components can be seen in the statement of changes in equity.

E.19 Retained earnings

The change in retained earnings can be seen in the statement of changes in equity.

In the 2022 financial year, a dividend amounting to EUR 0.85 thousand (previous year: EUR 1.00) per share was paid out to the shareholders.

E.20 Non-controlling interests

The development of non-controlling interests can be seen in the statement of changes in equity.

By notarised agreement dated 21 December 2021, the Blue Cap AG concluded an option agreement that obliges it to acquire shares in a subsidiary for a fixed purchase price of EUR 450 thousand if the option is exercised. As at 31 December 2021, this option could not yet be exercised by the other party due to the contractually defined prerequisites. As of 31 December 2022, the conditions for exercising the option are met. The option can be exercised until 31 December 2025 at the latest.

E.21 Provisions for pensions and similar obligations

Provisions for pension obligations are formed on the basis of pension plans for commitments to retirement, invalidity and survivors' benefits. The commitments are based on both company agreements and individual commitments. The benefits vary according to the legal, tax and economic circumstances of the respective country and generally depend on the length of service and remuneration of the employees. The domestic pension obligations include commitments for lifelong monthly pension payments as well as payments as a lump sum. The foreign pension obligations mainly relate to the locations in Italy, Switzerland and France and are based on legal obligations. When employees leave the company, commensurate pension payments must be made on the basis of this obligation.

Pension obligations from defined benefit plans are measured in accordance with IAS 19 using the projected unit credit method, taking into account future salary and pension increases as well as other benefit and portfolio adjustments. The provision for defined benefit plans recognised in the balance sheet corresponds to the present value of the earned share of the beneficiaries' pension benefits, less the fair value of the plan assets on the balance sheet date. If there is an asset surplus at the level of an individual pension plan, the recognition of the net asset value is limited to the present value of the economic benefits associated with the plan asset surplus (so-called "asset ceiling").

The development of pension obligations and plan assets from defined benefit plans is as follows:

Defined benefit obligations (DBO)

EUR thousand	31 December 2022	31 December 2021
Cash value of defined benefit obligations	8,892	11,517
Fair value of plan assets	2,774	2,518
Net liability from defined benefit obligations	**6,118**	**8,999**

EUR thousand	2022	2021
As of 1 January	**2,518**	**290**
Return on plan assets less typical interest rate	256	496
Change in the consolidated group	0	1,732
As of 31 December	**2,774**	**2,518**

The plan assets used to finance the obligations exclusively include reinsurance policies.

Composition of the cash value of the defined benefit obligations

EUR thousand	2022	2021
As of 1 January	**11,517**	**9,308**
Cost of services	146	93
Interest expense	111	77
Actuarial gains and losses	-2,734	117
Benefits paid/repayments	311	39
Changes in scope of consolidation	0	2,308
Other	-458	-426
As of 31 December	**8,892**	**11,517**

Blue Cap is exposed to general actuarial risks and interest rate risk in connection with the defined benefit pension plans. The calculations of the benefit obligations were based on the following actuarial assumptions:

	Actuarial interest (in %)	Salary trends (in %)	Pension trends (in %)	Fluctuation	Mortality tables
2022	2.3–4.2	0–2.5	0.3–2.5	Mercer-specific tables/ BVG 2020	RT Heubeck 2018 G/BVG 2020 GT
2021	0.3–1.2	1–2	1–2	Mercer-specific tables/ BVG 2020	RT Heubeck 2018 G/BVG 2020 GT

The assumption on the long-term rate of return on plan assets is based on the insurance company's notification and the underlying investments in fixed-income securities (including federal bonds and debentures). The selection of issuers takes into account, among other things, the individual rating by international agencies and the equity capitalisation of the issuers.

The future amount of the financing interest rate and thus of the pension obligations depends in particular on the development of the discount rate. A sensitivity analysis was therefore conducted on the discount rate. This is based on the assumption that all other value-determining factors remain unchanged. A reduction of the discount rate by 25 basis points would lead to an increase in the cash value of the defined benefit obligation in the amount of EUR 252 thousand (previous year: EUR 419 thousand). In contrast, an increase in the discount rate by 25 basis points would reduce the present value by EUR 292 thousand (previous year: EUR 374 thousand). For the Blue Cap Group, therefore, there is an overall subordinate risk from the pension commitments and the reinsurance assets.

The expected pension payments within the next twelve months amount to EUR 477 thousand (previous year: EUR 442 thousand). The average term of the pension obligations is 12.1 years (previous year: 15.1 years).

The expected contributions to plan assets within the next twelve months amount to EUR 271 thousand (previous year: EUR 243 thousand).

E.22 Other provisions

Other provisions developed as follows:

EUR thousand	Other personnel-related provisions	Impending losses	Miscellaneous other provisions	Total
As of 1 January 2022	**176**	**968**	**4,944**	**6,088**
of which short-term	0	968	2,897	3,865
of which long-term	176	0	2,048	2,223
Changes in the consolidated group	0	0	-515	-515
Additions	68	0	6,948	7,016
Utilisation	-116	-195	-4,067	-4,378
Liquidation	0	-231	-840	-1,071
As of 31 December 2022	**128**	**542**	**6,471**	**7,141**
of which short-term	0	542	4,118	4,659
of which long-term	128	0	2,353	2,481

The miscellaneous other provisions are mainly for warranty claims and provisions for restructuring.

E.2 Income tax liabilities

Income tax liabilities mainly relate to domestic liabilities from corporate income tax and trade tax.

E.24 Trade payables

As in previous years, trade payables for the financial year are due solely to third parties and are secured to the extent customary in the industry through retention of title by suppliers.

As at the reporting date and in previous periods, there were no trade payables with a remaining term of more than twelve months.

E.25 Other financial liabilities

The other financial liabilities are broken down by maturity as follows:

	31 December 2022			31 December 2021		
EUR thousand	Current	Non-current	Total	Current	Non-current	Total
Liabilities to banks	33,751	52,785	86,536	23,431	60,798	84,229
of which from loan agreements	23,841	52,785	76,626	12,585	60,798	73,383
of which from current account agreements	9,910	0	9,910	10,846	0	10,846
Lease liabilities	6,455	15,577	22,031	6,254	14,800	21,053
Other loan liabilities	0	0	0	29	0	29
Remaining other financial liabilities without borrowings	5,001	4,838	9,839	2,523	846	3,370
Other financial liabilities	**45,207**	**73,200**	**118,407**	**32,237**	**76,444**	**108,681**

Liabilities to banks consist of annuity, redemption and bullet loans with an interest rate range of 1.1% to 3.7%. (previous year: 1.1% to 3.7%). The terms of the main loans average five years.

Covenants have been agreed for some of the liabilities to banks. If such covenants are not fulfilled as at the balance sheet date, the corresponding liabilities will be reported as current until a corresponding agreement has been reached with the credit institution concerned. As of the balance sheet date, the agreed covenants were not met for secured liabilities to banks in the amount of EUR 12,100 thousand, and these are therefore reported as current. There was no default in the contractual debt service.

For the 2023 financial year, contractual redemption payments from loan agreements in the amount of EUR 12,941 thousand are to be made. In addition to guarantees by Blue Cap AG, the following collateral was provided:

EUR thousand	31 December 2022	31 December 2021
Real estate liens	14,451	20,165
Other liens	3,000	3,200
Transfer by way of security	8,431	9,696
Global cession	14,832	5,188

According to the information available, the obligations can be fulfilled by the Group in all cases.

As at the reporting date, the Group had undrawn credit lines in the amount of EUR 14,227 thousand (previous year: EUR 13,160 thousand), all necessary conditions for the utilisation thereof being fulfilled.

LEASE LIABILITIES

The expense for short-term leases and low-value leases, which are not to be recognised as a lease liability, is composed as follows.

EUR thousand	2022	2021
Short-term leases	23	232
Low- value leases	205	96
Global cession	**228**	**327**

The total obligation ensuing from these leases amounts to EUR 236 thousand (previous year: EUR 378 thousand).

The total cash outflow from leases in the financial year and previous years consists of payments for repayments, interest, payments for short-term leases and payments for leases with a low underlying value. These break down as follows:

EUR thousand	2022	2021
Total cash outflow from leases	**7,295**	**5,990**
of which redemption payments	6,820	5,403
of which interest payments	247	260
of which payments for short-term leases	23	232
of which payments for low value leases	205	96

The table below shows the maturity analysis of the future lease payments (undiscounted) underlying the lease liabilities:

	Minimum leasing payments			
EUR thousand	≤ 1 year	1–5 years	> 5 years	Total
Future lease payments as at 31 December 2021	6,520	13,232	2,045	21,797
Future lease payments as at 31 December 2022	6,629	14,060	1,944	22,633

The lease liabilities are generally secured by the leased assets underlying the leases.

E.26 Other current non-financial liabilities

EUR thousand	31 December 2022	31 December 2021
VAT liabilities	2,402	1,505
Other tax liabilities	997	657
Liabilities under the scope of social security	1,003	419
Personnel-related liabilities	5,738	5,365
Miscellaneous other liabilities	1,305	2,308
Other non-financial liabilities	**11,445**	**10,254**

All current liabilities have a remaining term of up to one year.

The personnel-related liabilities consist of obligations for wages and salaries, employee bonuses and holiday entitlements.

F. SEGMENT REPORTING

The information provided to the Management Board of the Blue Cap Group, as "Chief Operating Decision Maker" for the purposes of resource allocation and the assessment of segment performance, focuses on the industrial sectors of the individual equity investments. The presentation of segment reporting is consistent with the management approach, and is based on the internal organisational and reporting structures.

The individual segments represent different business areas with different products and services and are managed separately. The legal entities can all be clearly assigned to a segment.

The companies belonging to the con-pearl Group, the Knauer-Uniplast Group and the H+E Group are allocated to the Plastics segment. Neschen Coating GmbH and its subsidiaries as well as the companies of the Planatol Group make up the Adhesives & Coatings segment. The HY-LINE Group and the Transline Group acquired in the reporting period make up the Business Services segment. Carl Schaefer Gold- und Silberscheideanstalt GmbH, which was still included in the comparative period, was allocated to the Other segment until its deconsolidation. The companies nokra Optische Prüftechnik und Automation GmbH as well as the Gämmerler GmbH, until its deconsolidation, are allocated to the Others segment. Blue Cap AG and other holding and shelf companies are allocated to the Other segment as well. Further information on the segments and the affiliated companies can be found in the combined group management report.

The Group’s reportable segments in accordance with IFRS 8 are as follows for the reporting and comparative periods:

2022

EUR thousand	Plastics	Adhesives & Coatings	Business Services	Others	Total segments	Consolidation	Group
Revenue with external third parties	**163,726**	**95,963**	**84,063**	**3,759**	**347,511**	**0**	**347,511**
of which from disposals	100,022	79,261	84,063	1,410	264,757	0	264,757
of which from services	0	1,395	0	583	1,978	0	1,978
of which from contract manufacturing	63,454	15,306	0	1,633	80,393	0	80,393
thereof other revenues	**250**	**0**	**0**	**133**	**383**	**0**	**383**
Revenue with Group companies	**0**	**0**	**2**	**4,920**	**4,922**	**-4,922**	**0**
Total revenue	**163,726**	**95,963**	**84,065**	**8,679**	**352,433**	**-4,922**	**347,511**
Total output	**167,348**	**97,267**	**87,035**	**45,150**	**396,800**	**-26,274**	**370,526**
EBITDA	**19,290**	**5,255**	**4,085**	**35,876**	**64,506**	**-21,520**	**42,986**
Depreciation, amortisation and impairment	**-13,608**	**-3,623**	**-9,424**	**-5,763**	**-32,417**	**5,414**	**-27,003**
of which impairment losses/reversals	-58	0	-4,302	0	-4,360	0	-4,360
Result from valuation based on the equity method	0	0	0	0	0	976	976
EBIT	5,682	1,632	-5,338	30,113	32,088	-15,130	16,959
Adjusted total output	166,413	96,176	86,225	8,778	357,592	-5,164	352,428
Adjusted EBITDA	19,024	4,795	6,473	188	30,479	-102	30,377
Adjusted EBITDA margin	11.4%	5.0%	7.5%	2.1%	8.5%	2.0%	8.6%
Net debt ratio (in years)	**1.3**	**3.9**	**3.5**	**40.9**	**2.4**	**0.0**	**2.4**
Investments/divestments**	**-3,180**	**-1,922**	**-22,681**	**19,795**	**-7,989**	**0**	**-7,989**
of which company acquisitions/disposals	0	0	-21,171	645	-20,526	0	-20,526
31 December 2022							
Working capital (net)***	23,909	24,025	13,936	1,583	63,452	0	63,452
Segment assets	115,225	61,398	92,443	137,330	406,396	-107,695	298,701
Segment liabilities	80,492	36,512	74,871	62,664	254,538	-65,199	189,340

* The reported net debt ratio (in years) represents the segment's debt (including lease liabilities) less cash in relation to adjusted EBITDA over the last twelve months.
** The investments/divestments shown relate to proceeds from (+) / payments for (-) property, plant and equipment, intangible assets, investment property and acquisitions of companies and participating interests.
*** The reported working capital (net) corresponds to the segments' inventories plus trade receivables and contract assets, less trade payables and contract.

2021

EUR thousand	Plastics	Adhesives & Coatings	Business Services	Others	Total segments	Consolidation	Group
Revenue with external third parties	**135,734**	**88,242**	**17,595**	**25,776**	**267,347**	**0**	**267,347**
of which from disposals	79,333	76,744	16,127	24,528	196,733	0	196,733
of which from services	356	1,073	0	414	1,843	0	1,843
of which from contract manufacturing	55,989	10,425	1,467	512	68,394	0	68,394
thereof other revenues	**56**	**0**	**0**	**323**	**379**	**0**	**379**
Revenue with Group companies	**0**	**2**	**0**	**5,026**	**5,028**	**-5,028**	**0**
Total revenue	**135,734**	**88,245**	**17,595**	**30,802**	**272,375**	**-5,028**	**267,347**
Total output	**140,449**	**89,546**	**17,987**	**37,595**	**285,577**	**-8,470**	**277,108**
EBITDA	**17,713**	**6,843**	**718**	**2,587**	**27,860**	**-2,448**	**25,412**
Depreciation, amortisation and impairment	**-14,306**	**-3,787**	**-902**	**-941**	**-19,936**	**500**	**-19,435**
of which impairment losses/reversals	-365	-31	0	60	-337	0	-337
Result from valuation based on the equity method	0	0	0	0	0	1,845	1,845
EBIT	3,407	3,056	-184	1,646	7,924	-103	7,821
Adjusted total output	138,856	88,855	17,883	31,031	276,625	-5,151	271,475
Adjusted EBITDA	17,346	6,865	1,107	-600	24,718	-72	24,646
Adjusted EBITDA margin	12.5%	7.7%	6.2%	-1.9%	8.9%	1.4%	9.1%
Net debt ratio (in years)	**1.8**	**3.1**	**9.0**	**neg.**	**2.6**	**0.0**	**2.6**
Investments/divestments**	**-8,474**	**-2,724**	**-23,689**	**15,960**	**-18,927**	**0**	**-18,927**
of which company acquisitions/disposals	-5,573	0	-23,671	5,067	-24,178	0	-24,178
31 December 2021							
Working capital (net)***	26,644	25,476	7,311	1,506	60,937	0	60,937
Segment assets	115,374	63,640	43,745	92,175	314,934	-46,899	268,035
Segment liabilities	85,303	40,391	30,598	63,320	219,611	-49,819	169,792

* The reported net debt ratio (in years) represents the segment's debt (including lease liabilities) less cash in relation to adjusted EBITDA over the last twelve months.
** The investments/divestments shown relate to proceeds from (+) / payments for (-) property, plant and equipment, intangible assets, investment property and acquisitions of companies and participating interests.
*** The reported working capital (net) corresponds to the segments' inventories plus trade receivables and contract assets, less trade payables and contract.

The segment results for the reported segments can be reconciled to earnings before tax as follows:

RECONCILIATION TO EARNINGS BEFORE TAX

	Group	
EUR thousand	2022	2021
EBIT of the reportable segments	**1,975**	**6,278**
Others	30,113	1,646
Consolidation	-15,130	-103
Impairment losses according to IFRS 9	-512	-507
Financing income	1,456	171
Financing expenses	-3,062	-2,387
Earnings before taxes (EBT)	**14,841**	**5,099**

G. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

The cash flow statement shows how cash and cash equivalents in the Group have changed in the course of the reporting year and the comparative periods as a result of cash inflows and outflows. In accordance with IAS 7, a distinction is drawn between cash flows from operating activities and those from investing and financing activities. The cash flow statement was prepared using the indirect method.

The sum of the cash inflows and outflows across all three cash flows as well as the currency changes represent the change in cash and cash equivalents for the Group as a whole.

CASH FUNDS

The cash funds included in the cash flow statement contain all cash and cash equivalents reported in the statement of position (cash-in-hand, bank balances, time deposits and available-for-sale financial instruments with a maturity of no more than three months) less overdrafts that can be terminated at any time.

The cash funds developed as follows:

Composition of cash funds

EUR thousand	31 December 2022	31 December 2021
Cash and cash equivalents	35,139	41,370
Pledged cash and cash equivalents	–3,000	-3,200
Liabilities to banks under current account agreements	-9,910	-10,846
Cash funds	**22,229**	**27,324**

The pledged cash and cash equivalents in the amount of EUR 3,000 thousand (previous year: EUR 3,200 thousand) were deposited with a bank as collateral for a loan.

CASH INFLOW/OUTFLOW FROM INVESTING ACTIVITIES

The main cash outflows from investing activities in 2022 – apart from the cash outflows from acquisitions in connection with additions to the scope of consolidation presented below – comprise investments in tools, machinery and other equipment amounting to EUR 6,057 (previous year: EUR 5,322 thousand) and intangible assets totalling EUR 1,727 thousand (previous year: EUR 739) and from cash outflows for additions to the scope of consolidation.

The main cash inflows from investing activities in 2022 amount to EUR 697 thousand (previous year: EUR 2,367 thousand) from the sale of a subsidiary and in the amount of EUR 21,056 thousand (previous year: EUR 10,842 thousand) from the disposal of properties held for sale.

The proceeds from disposals in connection with disposals from the scope of consolidation break down as follows:

EUR thousand	2022	2021
Cash inflow from buyer	793	5,228
Cash outflow/inflow from the sale/deconsolidation of cash and cash equivalents/current account liabilities	-96	-162
Net cash inflow from the disposal	**697**	**5,067**

The payments from acquisitions of fully consolidated subsidiaries are broken down as follows:

EUR thousand	2022	2021
Cash outflow for acquisitions	22,282	36,670
Cash inflow/outflow from the acquisition of cash and cash equivalents/current account liabilities	-1,058	-7,427
Net cash outflow from acquisitions	**21,223**	**29,244**

INFLOW/OUTFLOW FROM INVESTING ACTIVITIES

The cash outflows from financing activities in 2022 result mainly from the scheduled repayment of long-term loans of EUR 23,926 thousand previous year: EUR 8,248) and the payment of a dividend to the shareholders amounting to EUR 3,737 thousand (previous year: EUR 3,997 thousand).

The cash inflows from financing activities relate mainly to several recently drawn-down long-term loans in the total amount of EUR 22,269 thousand (previous year: EUR 19,500 thousand) used, among other things, to acquire the Transline Group.

DEVELOPMENT IN CASH FUNDS

In the reporting year, there was an overall change in cash and cash equivalents for the Blue Cap Group – without taking into account changes in value due to exchange rates – amounting to EUR –5,234 (previous year: EUR 857 thousand).

H. OTHER DISCLOSURES

H.1 Financial instruments

The table below shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include any fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value.

Balance sheet value pursuant to IFRS 9

EUR thousand Financial assets by category		Carrying amount 31 December 2022	Amortised cost	Fair value through OCI	Fair value through profit or loss	Fair value 31 December 2022	Hierarchy
Non-current assets							
Participating interests	FVOCI	181		181		181	Level 1
Miscellaneous other financial assets		2,036					
of which free-standing derivatives	FVPL	1,322			1,322	1,322	Level 2
of which miscellaneous other financial assets	AC	714	714			714	
Current assets							
Trade receivables		29,201					
of which recognised at amortised cost	AC	29,201	29,201			29,201	
Other financial assets		1,560					
of which free-standing derivatives	FVPL	12			12	12	Level 2
of which miscellaneous other financial assets	AC	1,547	1,547			1,547	
Cash and cash equivalents	AC	35,139	35,139			35,139	

EUR thousand Financial assets by category		Carrying amount 31 December 2022	Amortised cost	Fair value through OCI	Fair value through profit or loss	Fair value 31 December 2022	Hierarchy

Non-current liabilities							
Non-current financial liabilities		73,200					
of which liabilities to banks	FLAC	52,785	52,785			48,238	Level 2
of which free-standing derivatives	FLFVPL	0			0	0	Level 2
of which lease liabilities	n/a	15,577					
of which miscellaneous other financial liabilities	FLAC	4,838	4,838			4,838	
Current liabilities							
Trade payables	FLAC	20,096	20,096			20,096	
Other financial liabilities		45,207					
of which liabilities to banks	FLAC	33,751	33,751			33,751	Level 2
of which free-standing derivatives	FLFVPL	0			0	0	Level 2
of which lease liabilities	n/a	6,455					
of which miscellaneous other financial liabilities	FLAC	5,001	5,001			5,001	

Summary per category

Financial assets at fair value through profit or loss	FVPL	1,334
Financial assets at fair value through other comprehensive income	FVOCI	181
Financial assets measured at amortised cost	AC	66,602
Financial liabilities at fair value through profit or loss	FLFVPL	0
Financial liabilities measured at amortised cost	FLAC	116,471

Balance sheet value pursuant to IFRS 9

EUR thousand Financial assets by category		Carrying amount 31 December 2021	Amortised cost	Fair value through OCI	Fair value through profit or loss	Fair value 31 December 2021	Hierarchy
Non-current assets							
Participating interests	FVOCI	133		133		133	Level 1
Miscellaneous other financial assets		531					
of which free-standing derivatives	FVPL	2			2	2	Level 2
of which miscellaneous other financial assets	AC	529	529			529	
Current assets							
Trade receivables		25,698					
of which recognised at amortised cost	AC	25,698	25,698			25,698	
Other financial assets		1,962					
of which free-standing derivatives	FVPL	1			1	1	Level 2
of which miscellaneous other financial assets	AC	1,961	1,961			1,961	
Cash and cash equivalents	AC	41,370	41,370			41,370	
Financial liabilities by category							
Non-current liabilities							
Non-current financial liabilities		76,444					
of which liabilities to banks	FLAC	60,798	60,798			63,172	Level 2
of which free-standing derivatives	FLFVPL	0			0	0	Level 2
of which lease liabilities	n/a	14,800					
of which miscellaneous other financial liabilities	FLAC	846	846			846	
Current liabilities							
Trade payables	FLAC	16,954	16,954			16,954	
Other financial liabilities		32,237					
of which liabilities to banks	FLAC	23,431	23,431			23,431	Level 2
of which free-standing derivatives	FLFVPL	0			0	0	Level 2
of which lease liabilities	n/a	6,254					
of which miscellaneous other financial liabilities	FLAC	2,552	2,552			2,552	

Summary per category

Financial assets at fair value through profit or loss	FVPL	4
Financial assets at fair value through other comprehensive income	FVOCI	133
Financial assets measured at amortised cost	AC	69,558
Financial liabilities at fair value through profit or loss	FLFVPL	0
Financial liabilities measured at amortised cost	FLAC	104,582

In addition, one Group company hedges the prices for the purchase of electricity via forward contracts. In accordance with IFRS 9.2.4 (own use exemption) fair value is not determined because the hedged electricity is required for the operation of the ordinary business and is consumed in the process.

The net gains or losses in the individual categories according to IFRS 9 for the 2022 financial year and the comparative period are shown below:

EUR thousand		2022	2021
Financial assets at fair value through profit or loss	FVPL	1,333	-5
Financial assets at fair value through other comprehensive income	FVOCI	0	0
Financial assets measured at amortised cost	AC	1,680	290
Financial liabilities at fair value through profit or loss	FLFVPL	0	10
Financial liabilities measured at amortised cost	FLAC	-4,750	-2,294
Total		**-1,737**	**-1,999**

There are no significant default risks on the reporting date.

H.2 Financial risk management

The management of the Blue Cap Group monitors and controls the financial risks associated with the Group's segments through internal risk reporting, which analyses risks by degree and extent of risk. These risks include market risk (including foreign exchange risk, interest rate-induced fair value risk and price risk), default risk, liquidity risk and interest rate-induced cash flow risks.

EXCHANGE RATE RISKS

The Blue Cap Group's business activities are predominantly conducted in the euro zone. The Group's remaining exchange rate risk is sales-driven and is mainly between the US dollar and the euro. The transaction risk is significant, as sales revenues are generated in foreign currencies and the associated costs are incurred in euros. The risk positions are continuously monitored by the Blue Cap Group and hedged if necessary. Currently and in the periods presented, the exchange rate risk was not hedged due to its minor significance.

INTEREST RATE RISKS

The Blue Cap Group is exposed to both an interest rate risk from variable-rate loans and an interest rate risk for fixed-rate loans at the time of refinancing. Since the majority of the loans are fixed-interest loans, there is only an insignificant interest rate risk for the current financing of the Blue Cap Group. With regard to the refinancing of loan expiries and in connection with the variable-interest loans, the interest rate level of the market is continuously monitored by the management in order to be able to take any necessary measures. In individual cases, derivatives are used to hedge the interest rate risk from variable-rate loans.

OTHER PRICE RISKS

Neither in the reporting year nor in previous years were there any financial instruments in the portfolio from which significant price risks could arise.

CREDIT RISK AND DEFAULT RISK

Credit risks exist in particular with regard to trade receivables and other receivables, including cash investments and contract assets. They are limited by limiting them to individual creditworthiness addresses and monitoring them on an ongoing basis. As a rule, credit insurance (export insurance, advance payment, guarantees, etc.) is taken out due to the different creditworthiness assessments of the customers.

As far as is known, there are no particular credit risks with the customers. There have been no major bad debt losses in the past. Particular importance is attached to the assessment of risks from the project business, for example in the pre-financing of orders. The Group's default risks are limited to a normal business risk, which is taken into account through value adjustments if necessary. There is no apparent concentration of credit risk.

Free liquidity is generally invested in current accounts with domestic and European commercial banks. The maximum default risk of the assets on the balance sheet corresponds to their book value.

LIQUIDITY RISK

The management of the Blue Cap Group monitors the liquidity of the operating companies within the framework of cash flow forecasts and active liquidity planning for each portfolio company. The main income and expense flows from operating activities, but also from notable individual projects as well as from investment and financing activities, are recorded in this planning.

A sufficient reserve of bank balances is maintained as part of liquidity management. Furthermore, the Group has committed, unused credit lines with various financial institutions.

The risk from contractually agreed payment flows for financial liabilities is presented below:

EUR thousand

31 December 2022	Contractually agreed cash flows	Up to one year	1–5 years	More than 5 years
Liabilities to banks	86,536	33,751	43,082	9,702
Trade payables	20,096	20,096	0	0
Other financial liabilities	9,839	5,001	253	4,585

The cash flows from other financial liabilities due in more than one year are primarily payments for deposits received for rented properties and payments to redeem a loan from a non-controlling shareholder.

CAPITAL MANAGEMENT

EUR thousand	31 December 2022	31 December 2021
Total assets	298,701	268,035
Equity (excl. shares of non-controlling shareholders)	103,679	93,075
Equity ratio	**34.71%**	**34.72%**

H.3 Contingent liabilities and other financial commitments

CONTINGENT LIABILITIES

There are no material contingent liabilities as of the reporting date.

OTHER FINANCIAL COMMITMENTS

As of the reporting date, the Group has commitments from outstanding orders amounting to EUR 4,582 thousand (previous year: EUR 4,594 thousand), of which short-term EUR 4,357 thousand, previous year: EUR 4,398 thousand).

H.4 Information on relationships with related persons and companies

Related parties within the meaning of IAS 24 are the members of the Management Board and the Supervisory Board, their close family members and companies controlled by them, as well as affiliated companies. Partner Fonds AG i.L., Planegg, PartnerFonds >>Kapital für den Mittelstand<< Anlage GmbH & Co. KG, Planegg, and CoFonds GmbH, Planegg, each submitted a notification on 14 June 2018 pursuant to Section 20 (5) of the German Stock Corporation Act (AktG) stating that, together, they directly or indirectly hold more than a fourth of the shares in Blue Cap AG and that they therefore also qualify as related parties.

As at the balance sheet date, there are outstanding liabilities to supervisory board members in the amount of EUR 128 (previous year: EUR 149 thousand).

A D&O insurance policy is in place for Blue Cap AG and its executive bodies. There is no deductible for members of the supervisory board. For members of the Management Board, there is a deductible of at least 10% of the loss up to at least one and a half times the fixed annual remuneration of the Management Board member in accordance with Section 93 (2) AktG.

The following relationships existed with other related persons and companies in the financial year and the comparative period:

In the 2022 financial year, the transaction volume amounts to EUR 95 thousand (previous year: EUR 0 thousand), including on the reporting date EUR 0 thousand (previous year: EUR 0 thousand) of outstanding receivables and EUR 0 thousand (previous year: EUR 0 thousand) of liabilities to affiliated companies.

There were only insignificant business relationships with non-consolidated subsidiaries, which also qualify as related parties, as well as with PartnerFonds AG and its affiliated companies in the reporting year and the comparative period.

H.5 Employees

The average number of employees developed as follows:

EUR thousand	2022	2021
Commercial workers	716	703
Employees	696	472
Total	**1,412**	**1,176**

Moreover, the company employed 40 (previous year: 35) trainees in the reporting year.

H.6 Executive bodies of the parent company and remuneration of executive bodies

MANAGEMENT BOARD

In the financial year, the Management Board comprised:

- Tobias Hoffmann-Becking (Chief Executive Officer since 1 September 2022; previously Chief Investment Officer), Munich.
- Ulrich Blessing (Chief Operating Officer), Munich (until 31 August 2022)
- Henning Eschweiler (Chief Operating Officer), Munich (from 1 September 2022)
- Matthias Kosch (Chief Financial Officer), Munich

Henning Eschweiler (previously Ulrich Blessing) has been responsible for sustainability (ESG) since 1 September 2022.

The members of the Management Board are each appointed for a term of three years. The age limit for members of the Management Board is 65 years.

The members of the Management Board represent the company jointly.

SUPERVISORY BOARD

According to the Articles of Association, the Supervisory Board consists of five members and was composed as follows in the reporting year:

- Kirsten Lange (Supervisory Board member and Adjunct Professor INSEAD), Ulm (Chairwoman and member of the Supervisory Board since 29 June 2022)
- Prof. Dr. Peter Bräutigam (lawyer), Munich (Chairman and member of the Supervisory Board until 29 June 2022),
- Dr. Stephan Werhahn (lawyer), Munich (Deputy Chairman and member of the Supervisory Board until 29 June 2022),
- Dr. Michael Schieble (Sparkasse Management Board), Biberach an der Riß (Deputy Chairman of the Supervisory Board since 29 June 2022),
- Freya Oehle (digital entrepreneur), Hamburg (Member of the Supervisory Board since 29 June 2022),
- Michel Galeazzi (Volkswirt), Zürich / Switzerland,
- Dr. Henning von Kottwitz (Attorney), Hamburg.

As a rule, membership of the Supervisory Board shall not exceed 15 years. The age limit for Supervisory Board members is 75 years.

The Supervisory Board is organised in the following committees:

COMMITTEES OF THE SUPERVISORY BOARD

Audit Committee	Dr. Michael Schieble (Chair) Kirsten Lange Dr. Henning von Kottwitz
M&A Committee	Michel Galeazzi (Chair) Kirsten Lange Freya Oehle
Nomination Committee	Dr. Henning von Kottwitz (Chair) Dr. Michael Schieble Michel Galeazzi

REMUNERATION OF THE EXECUTIVE BODIES

The remuneration of the Management Board is composed of non-performance-related and performance-related components with short-term and long-term incentive effects. Non-performance-related components are the fixed basic remuneration, which is paid as a monthly salary, and benefits in kind, the value of which is determined according to tax guidelines for the use of company cars. The performance-related remuneration is divided into short-term qualitative and quantitative targets covering one financial year and long-term targets covering two to four financial years. The long-term targets are assessed through absolute share performance, relative share performance compared to the S-DAX and the development of the Group's net asset value. The absolute and relative share performance is determined in each case on the basis of the average of the prices of the last 30 stock exchange trading days before the balance sheet date.

The remuneration of the Management Board for the 2022 financial year is divided among the individual members of the Management Board as follows:

Remuneration of the Management Board earned in the current financial year

EUR thousand	Total	of which Total short-term	of which Fixed remuneration	of which Fringe benefits	of which Short-term performance-related	of which Long-term performance-related
Ulrich Blessing	676	463	300	13	150	213
Henning Eschweiler	103	103	100	3	0	0
Tobias Hoffmann-Becking	641	462	300	12	150	179
Matthias Kosch	381	333	240	13	80	48

Remuneration of the Management Board paid in the current financial year

EUR thousand	Total	of which Total short-term	of which Fixed remuneration	of which Fringe benefits	of which Short-term performance-related	of which Long-term performance-related
Ulrich Blessing	544	425	300	13	113	119
Henning Eschweiler	103	103	100	3	0	0
Tobias Hoffmann-Becking	569	462	300	12	150	107
Matthias Kosch	336	326	240	13	73	11

The remuneration of the Supervisory Board in the financial year breaks down among the individual members as follows:

Remuneration of the Supervisory Board granted in the financial year

EUR thousand	
Prof. Dr. Peter Bräutigam (resigned from the Supervisory Board during the financial year)	33
Kirsten Lange	30
Dr. Stephan Werhahn (resigned from the Supervisory Board during the financial year)	25
Michel Galeazzi	24
Dr. Henning von Kottwitz	26
Freya Oehle	14
Dr. Michael Schieble	23

The remuneration of the Supervisory Board consists of a fixed remuneration and attendance fees and is a short-term benefit. The Supervisory Board member Michel Galeazzi waived the remuneration due to him (fixed remuneration and attendance fees) in the financial year.

H.7 Proposal for the appropriation of the balance sheet profit of the parent company

The Management Board proposes to distribute an amount of EUR 3,957 thousand to the shareholders from the net profit of Blue Cap AG as at 31 December 2022 in the amount of EUR 47,673 thousand as determined in the annual financial statements in accordance with the HGB. This corresponds to a dividend of EUR 0.90 per dividend-bearing share, based on the number of no-par value shares as at 31 December 2022. The remaining net profit is to be carried forward.

The Management Board further proposes that the dividend to be distributed, at the option of the shareholders, be paid either exclusively in cash or partly in cash and partly in the form of shares in Blue Cap AG. The proposed dividend is subject to shareholder approval at the Annual General Meeting and has not been recognised as a liability in these financial statements.

H.8 Events after the reporting date

After the end of the 2022 financial year, no events of particular significance with an impact on the assets, financial or income position of the Group have occurred.

H.9 Approval of the consolidated financial statements according to IAS 10.17

These consolidated financial statements of Blue Cap AG for the financial year from 1 January to 31 December 2022 were released by the Management Board to the Supervisory Board for review and approval on 28 April 2023.

Munich, 28 April 2023

Blue Cap AG
The Management Board

Henning Eschweiler | Tobias Hoffmann-Becking | Matthias Kosch

FURTHER INFORMATION

ADJUSTED CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD OF 1 JANUARY TO 31 DECEMBER 2022

	2022		2021		Change	
	EUR thousand	%	EUR thousand	%	EUR thousand	%
Revenue	347,321	98.6	267,401	98.5	79,919	29.9
Change in inventories	1,797	0.5	2,108	0.8	-311	-14.8
Other own work capitalised	472	0.1	205	0.1	267	> 100
Other operating income	2,839	0.8	1,760	0.6	1,079	61.3
Adjusted total output	**352,428**	**100.0**	**271,475**	**100.0**	**80,954**	**29.8**
Cost of materials	–190,429	-54.0	-144,087	-53.1	-46,342	32.2
Personnel expenses	-80,757	-22.9	-66,232	-24.4	-14,526	21.9
Other operating expenses	–50,865	-14.4	-36,509	-13.4	-14,355	39.3
Adjusted EBITDA	**30,377**	**8.6**	**24,646**	**9.1**	**5,731**	**23.3**
Depreciation and amortisation	–15,021	-4.3	-13,175	-4.9	-1,846	14.0
Share of profit/loss in associates	976	0.3	1,845	0.7	-869	-47.1
Adjusted EBIT	**16,332**	**4.6**	**13,316**	**4.9**	**3,016**	**22.6**
Financing income	108	0.0	63	0.0	46	72.7
Financing expenses	–1,724	-0.5	-2,318	-0.9	594	-25.6
Financial result	**–1,616**	**-0.5**	**-2,255**	**-0.8**	**639**	**-28.3**
Income from adjustments	18,238	5.2	7,436	2.7	10,802	> 100
Expenses from adjustments	–18,202	-5.2	-12,929	-4.8	-5,273	40.8
Adjustments	**36**	**0.0**	**-5,493**	**-2.0**	**5,529**	**> 100**
Earnings before taxes	**14,752**	**4.2**	**5,568**	**2.1**	**9,184**	**> 100**
Income tax expense	–4,315	-1.2	-853	-0.3	-3,462	> 100
Minority interests	1,767	0.5	438	0.2	1,329	> 100
Consolidated net income	**12,204**	**3.5**	**5,153**	**1.9**	**7,051**	**> 100**

Reconciliation from reported EBITDA (IFRS) to adjusted EBITDA and adjusted EBIT for the Group

EUR thousand

	2022	2021
EBITDA (IFRS)	**42,986**	**25,412**
Adjustments:		
Income from asset disposals	-15,049	-989
Income from the reversal of provisions	-1,071	-1,365
Other non-operating income	-1,762	-1,622
Income from bargain purchase	-216	-457
Income from deconsolidation	0	-1,434
Losses on disposal of fixed assets	67	231
Expenses from restructuring and reorganisation	218	1,004
Personnel costs in connection with personnel measures	188	1,256
Legal and consultancy costs related to with acquisitions and personnel measures	1,677	993
Other non-operating expenses	2,651	1,400
Utilisation of disclosed hidden reserves	348	217
Expenses from deconsolidation measures	340	0
Adjusted EBITDA	**30,377**	**24,646**
Adjusted EBITDA margin in % of total output, adjusted	**8.6%**	**9.1%**
Depreciation and amortisation	-22,643	-19,099
Impairment losses and reversals	-4,360	-337
Share of profit/loss in associates	976	1,845
Adjustments:		
Amortisation of disclosed hidden reserves	7,622	5,924
Impairment losses and reversals	4,360	337
Adjusted EBIT	**16,332**	**13,316**
Adjusted EBIT margin in % of total output, adjusted	**4.6%**	**4.9%**

INDEPENDENT

AUDITOR'S REPORT

ON BLUE CAP AG, MUNICH

Audit opinions

Wehave audited the consolidated financial statements of Blue Cap AG, Munich, and its subsidiaries (the Group) – comprising the consolidated balance sheet as at 31 December 2022, the consolidated income statement and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year from 1 January to 31 December 2022, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Blue Cap AG, Munich, for the financial year from 1 January to 31 December 2022, which is combined with the management report of the parent company, with the exception of the statements made in the section "Internal control system of Blue Cap" regarding the appropriateness and effectiveness of the internal control system and the risk management system.

In our opinion, based on the findings of our audit, the accompanying

- the attached consolidated financial statements comply in all material respects with IFRS as adopted by the EU and the additional requirements of German law pursuant to Section 315e (1) HGB and depict a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the financial year from 1 January to 31 December 2022 in accordance with these requirements and
- the attached combined management report as a whole depicts a true and fair view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and suitably presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the statements made on the appropriateness and effectiveness of the internal control system and the risk management system.

In accordance with section 322 (3), sentence 1 HGB, we declare that our audit has not led to any reservations concerning the correctness of the consolidated financial statements and the combined management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and the combined management report according to Section 317 HGB in compliance with the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW).

Our responsibility under those provisions and standards is further described in the section of our auditor's report entitled "Auditor's responsibility for the audit of the consolidated financial statements and the combined management report"s report. We are independent of the Group entities in accordance with German commercial law and professional regulations and have fulfilled our other German professional obligations in accordance with such requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and the combined management report.

Other information

The Management Board or the Supervisory Board are responsible for the other information. Other information includes:

- the Supervisory Board report, which is not expected to be made available to us until after the date of this audit opinion,
- the statements on the appropriateness and effectiveness of the internal control system and the risk management system contained in section "Internal control system of Blue Cap" of the combined management report, and
- all other parts of the annual report, which is expected to be made available to us after the date of this audit opinion,
- but not the consolidated financial statements, the audited content of the combined management report and our related audit opinion.

The Supervisory Board is responsible for the Supervisory Board Report. Moreover, the Management Board is responsible for the other information.

Our opinions on the consolidated financial statements and the combined management report do not cover other information and, accordingly, we do not express an opinion or any other form of audit conclusion on it-

Our responsibility in connection with the audit is to read the other information referred to above and, in doing so, consider whether it

- is materially inconsistent with the consolidated financial statements, the content of the audited disclosures in the combined management report or our knowledge obtained in the audit; or
- otherwise appears to be materially misrepresented.

Responsibility of the Management Board and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

TheThe Management Board is responsible for the preparation of the consolidated financial statements, which comply in all material respects with IFRS as adopted by the EU and the additional requirements of German law pursuant to section 315e (1) HGB, and for ensuring that the consolidated financial statements present a true and fair view of the Group's asset, financial and income situation pursuant to these requirements. The Management Board is also responsible for the internal controls it has deemed necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraudulent acts (i.e. manipulation of the accounting system or misstatement of assets) or errors.

In preparing the consolidated financial statements, the Management Board is responsible for assessing the Group's ability to continue as a going concern. It also has a duty to disclose matters related to the continuation of the company's activities, where relevant. In addition, the Management Board is responsible for ensuring that the continuation of the company's activities are reported based on accounting principles, unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative to doing so.

The Management Board is also responsible for the preparation of the combined management report, which as a whole provides an accurate picture of the Group's position, is consistent in all material respects with the consolidated financial statements, complies with German legal requirements, and accurately depicts the opportunities and risks of future development. Furthermore, the Management Board is responsible for the arrangements and measures (systems) it has deemed necessary to ensure the preparation of a combined management report in accordance with the applicable German legal requirements and to provide sufficient suitable evidence to support the statements in the combined management report.

The Supervisory Board is responsible for overseeing the Group's accounting process for the preparation of the consolidated financial statements and the combined management report.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements and the Combined Management Report

Our aim is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraudulent act or error, and whether the combined management report as a whole provides an accurate picture of the Group's position and is consistent, in all material respects, with the consolidated financial statements and the audit findings, complies with German legal requirements and accurately depicts the opportunities and risks of future development, and to issue an auditor's report that includes our audit opinion on the consolidated financial statements and the combined management report.

Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements may result from fraudulent act or error and are considered material if, individually or collectively, they could reasonably be expected to influence the economic decisions of addressees taken on the basis of these consolidated financial statements and combined management report.

During the audit, we exercise professional judgement and take a critical stand. Moreover

- we identify and assess the risks of material misstatement of the consolidated financial statements and the combined management report due to fraudulent act or error, plan and conduct audit procedures as a response to such risks, and obtain audit evidence that is adequate and appropriate as a basis for our audit opinion. The risk of failing to identify material misstatements resulting from fraudulent acts is higher than the risk of failing to identify material misstatements resulting from errors. This is because fraudulent acts may involve collusion, forgery, intentional omissions, misleading representations or override of internal controls.
- we obtain an understanding of the internal control system relevant to the audit of the consolidated financial statements and of arrangements and actions relevant to the audit of the combined management report in order to plan audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those systems.
- we assess the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- we draw conclusions on the appropriateness of the Management Board's application of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or circumstances that may cast significant doubt on the Group's ability to continue as a going concern. Should we conclude that a material uncertainty exists, we are required to draw attention in our auditor's opinion to the related disclosures in the consolidated financial statements and the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit opinion. However, future events or conditions may result in the Group being unable to continue as a going concern.
- we assess the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the net asset, financial position and income position of the Group in accordance with IFRS as adopted by the EU and the additional requirements of German law pursuant to Section 315e (1) HGB.
- we obtain sufficient appropriate audit evidence regarding the accounting information of the enterprises or business activities within the Group to express opinions on the consolidated financial statements and the combined management report. We are responsible for directing, supervising and conducting the audit of the consolidated financial statements. We bear sole responsibility for our audit opinions.
- we assess the consistency of the combined management report with the consolidated financial statements, its legality and the picture of the Group's position depicted by them.

- we conduct audit procedures on the forward-looking statements made by the Management Board in the combined management report. On the basis of sufficient suitable audit evidence, in particular we verify the significant assumptions underlying the forward-looking statements made by the Management Board and assess the appropriate derivation of the forward-looking statements from these assumptions. We do not express an independent opinion on the forward-looking statements or the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking statements.

Among other matters, we discuss with the entities responsible for governance, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Munich, 28 April 2023

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Christof Stadter	Michael Hehl
Auditor	Auditor

CONTACT, FINANCIAL CALENDAR AND LEGAL NOTICE

CONTACT

Please do not hesitate to contact us if you have any questions:

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NOTE

The Annual Report is published in German and English. The German version is always the authoritative version. You can also find the Annual Report on our website at www.blue-cap.de/en/investor-relations/reports/

FINANCIAL CALENDAR

Date	Event	Location
4 May 2023	35th MKK– Munich Capital Market Conference	Munich
9 May 2023	Publication Q1 2023 and Earnings Call	Virtual
23 June 2023	Annual General Meeting 2023	Virtual
5 July 2023	m:access Conference Investment Companies	Munich (hybrid)
23–24 August 2023	10th Hamburger Investor Day – HIT	Hamburg

Subject to change without notice

LEGAL NOTICE

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As of: May 2023

Disclaimer
This report contains forward-looking statements. These statements are based on the current experience, assumptions and forecasts of the Management Board, and on the information currently available to it. The forward-looking statements are not to be understood as guarantees of future developments and results referred to therein. Rather, future developments and results depend on a variety of factors. They involve various risks and uncertainties and are based on assumptions that may not prove to be accurate. These risk factors include, in particular, the factors mentioned in the risk report of the 2021 Annual Report. We assume no obligation to update the forward-looking statements included in this report.
half-year report does not constitute an offer to sell, nor an invitation to submit an offer to buy, securities of Blue Cap AG.

We generally follow a non-discriminatory approach and therefore want to use gender-neutral language. However, for reasons of better readability, we continue to use the generic masculine. Corresponding terms apply in principle to all genders in the sense of equal treatment and do not imply any valuation.