BLUE CAP

VALUE-ADD PERFORMANCE

2023 half-year report

CONTENTS

GROUP KEY FIGURES

INTERESTING FACTS
You can find more details about the NAV starting on page 16

EUR thousand

Continuing operations	H1 2023	H1 2022	Change in%
Revenue	145,375	145,828	0.3
Adjusted EBITDA	11,453	15,795	27.5
Adjusted EBITDA margin in% *	7.9%	10.5%	24.8
Adjusted EBIT	4,128	10,114	59.2
Adjusted EBIT margin in% *	2.8%	6.7%	57.8
Consolidated income	–7,876	14,387	>100
Cash flow from operating activities	7,865	–4,833	>100
Cash flow from investment activities	–2,173	–4,330	49.8
Earnings per share in EUR	–1.78	3.36	>100

	30 June 2023	31 December 2022	Change in%
Total assets	282,243	298,701	5.5
Net asset value in EUR million	136.2	160.8	15.3
Equity	97,777	109,362	10.6
Equity ratio in%	34.6%	36.6%	5.4
Working capital (net) **	59,462	63,452	6.3
Net debt ratio in years***	3.1	2.4	29.2
No. of employees in the Group (average)	1,475	1,452	1.6
No. of employees in the holding company (average)	13	13	0

* Adjustments: Adjusted to reflect extraordinary, non-period and other effects resulting from reorganisation measures and one-off effects, as well as effects arising from the purchase price allocations
** incl. contract assets and contract liabilities
*** Taking into account the net cash inflows from the sale of the Knauer Uniplast Group collected in July 2023, the net gearing ratio as at 30 June 2023 is 2.7 years

LETTER TO OUR SHAREHOLDERS

Dear shareholders,

Blue Cap AG performed solidly as expected in the first six months of the financial year, considering the challenging economic environment. After a subdued first quarter of the year, earnings in particular made headway in the second quarter and were on target by the end of the first half of the year.

This was mainly thanks to the successes of the operational transformation measures implemented at the individual portfolio companies. Introducing an optimised pricing and cost management strategy at many of the portfolio companies prompted an increase in the adjusted EBITDA margin from 6.2% in the first quarter of 2023 to 9.7% in the second quarter. For the first half of the year as a whole, this corresponds to a margin of 7.9% which, as expected, did not reach the previous year's high level of 10.5%. The foundation for this is consolidated net sales of EUR 145.4 million and an operating result (adjusted EBITDA) of EUR 11.5 million. The strong business performance of HY-LINE and improvements at H+E had a positive impact. The year-on-year decline in earnings is mainly down to weaker business at con-pearl as anticipated, following the record year 2022, as well as at the two companies in the Adhesives & Coatings segment.

Alongside the company's operational development, all our activities in the first half of the year focussed on strategic advancement and on additional earnings improvement through active portfolio management in particular. 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, from acquisition to exit. To achieve our goal, we are developing strategic focus areas for our portfolio companies along our transformation radar. In the first half of 2023, these were reflected most especially in the “People & Culture,” “Margin” and “Balance Sheet” dimensions. In the first half of the year, we completed the restructuring of the management levels of our portfolio companies. Cost-saving measures in many of the companies are paying off in terms of securing margins, and stringent working capital management is improving liquidity in the portfolio as a whole. All told, we have succeeded in increasing the portfolio's resilience in a measurable way. In order to benefit from this for the full year, we are relying on the second half

_ 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

of the year being at least equal to the first six months in terms of turnover.

In operational terms, we are continuing the transformation across the entire portfolio. Having implemented the rigorous measures to secure earnings in the first six months, our focus for the second half of the year is increasingly on creating the basis for value-oriented growth and leveraging synergies in the operational structure concerned – the "growth" dimension of our transformation radar. In most of our companies, the targeted improvement in sales performance offers not only the opportunity to benefit early from an economic upturn, but also to present growth in the medium term in a scenario of sideways developing markets. At inorganic level, we are increasingly screening potential add-on targets, particularly for HY-LINE.

Let us emphasise this one thing: None of these initiatives stands contrary to the clear focus on cost control. We are expecting a challenging second half of the year, will act in line with the situation concerned and maintain the cost discipline we have learned.

On the M&A side, we were able to post a success with the Uniplast sale in the first half of the year. Total proceeds (before taxes) were in the low double-digit million range. We are particularly pleased that we have transformed the company in the last few years with numerous measures to increase results in such a way that it could be sold to the Managing Director and COO&CIO in a management buy-out and they can continue the growth in a new constellation.

Despite the overall solid results, there is no disguising the fact that we are not happy with the development of our share price. However, we are firmly convinced that we are setting the right course with our initiatives, creating the basis for a medium-term recovery of the share price.

Overall, we feel well positioned with our portfolio companies for the second half of 2023. With this in mind, we are expecting consolidated sales of between 275–295 million euro and an adjusted EBITDA margin of 8–9% for the full year 2023, excluding the divested Uniplast. In the medium term, we see significant growth and earnings potential at most of our portfolio companies as a result of the measures described above and have set ourselves the target of achieving a net asset value per share of EUR 55 for the Group by the end of 2025. We are doing everything in our power to achieve this – ultimately, Blue Cap's potential should be reflected in generating value for you, our shareholders.

We would like to take this opportunity to thank our employees for their outstanding commitment, without which these positive developments and changes in our Group would not be possible.

We would also like to thank you, our shareholders, for your confidence in our company. Our appreciation is also reflected in the increase in the dividend to 0.90 EUR per share. This year, for the first time, we offered the alternative of receiving new shares, an option which was taken up by 70% of our shareholders. We consider this a huge show of support, which we intend to live up to in our day-to-day activities.

It would give us the greatest of pleasure to have you with us on the journey we have planned to sustainable and profitable growth.

Munich, August 2023

Your Management Board

OUR BUSINESS MODEL
BUY, TRANSFORM & SELL

As an investment company, Blue Cap AG acquires and supports SMEs from the B2B sector that have clear potential for improving their earnings and growth prospects.

"BUY": STRUCTURED M&A PROCESS

Our acquisition 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. The initial situations are as diverse as the companies we acquire. However, we always apply one general principle: We adapt to individual circumstances and put the well-being of the company in the foreground. We focus our attention on corporate culture and on employees.

"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. 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 take responsibility for project management to make the initiatives a success.

OUR FOCUS: MEDIUM-SIZED ENTERPRISES IN THE B2B SECTOR

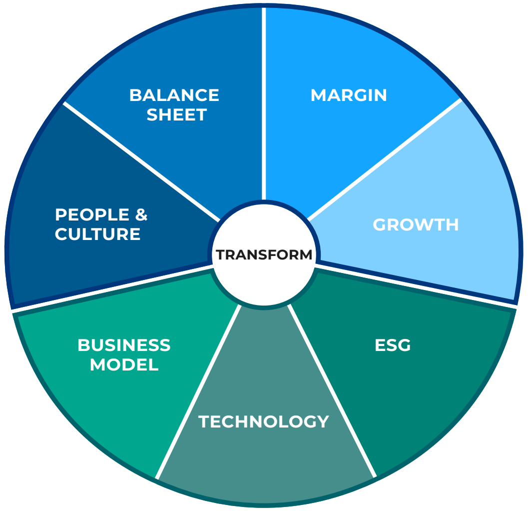
- Fundamentally intact core business
- Attractive positioning in a market niche
- Registered office in Germany, Austria or Switzerland
- Annual revenue: EUR 30 million to EUR 80 million
- Majority stake
- Potential for economic improvement
- Growth opportunities (organic and inorganic)
- Compatibility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

ACTIVE PORTFOLIO MANAGEMENT: 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.

The standards in these transformation dimensions 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.

BLUE CAP- TRANSFORMATION RADAR



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

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 specific projects. When it comes to expertise in long-term value differentiation, we also develop the skills required within the company.

"SELL": SALE AS PROOF OF CONCEPT

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 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. 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.

HIGHLIGHTS IN THE FIRST HALF OF 2023

Operational Transformation

This year, our focus is very much on strengthening the operations of our portfolio companies. Our aim is to align the portfolio companies for growth in the years ahead to create value for our shareholders. Let us illustrate this with an example:

At the turn of the year, we launched an all-embracing “fitness programme” at Neschen – one of our portfolio companies – keeping our portfolio team busy for the first half of 2023. The reason for this was a lack of sales – a combined effect of destocking measures and a decline in demand, mainly in the Graphics sector.

At the core of the fitness programme is the focus, initiated last year, on the Industrial Applications growth area. In the future, Neschen will strive even harder to position itself as a problem solver in the field of self-adhesive coating solutions. To achieve this goal, we are boosting sales in this area. A newly established innovation team is also playing a key role in the advancement of innovative coating solutions.

In organisational terms, the fitness programme works in two ways. First, the empowerment of the second management level streamlines processes and speeds up decision-making. Second, the organisation is empowered to achieve the same operational performance with fewer resources. This enabled us to reduce personnel expenses by some EUR 1.5 million. In production, the priority is to streamline structures and make them more flexible, while in administration the focus is on increasing efficiency. For material costs, potential savings of around 15% of total costs were identified. We implemented a strict cash management policy to ensure that the company's financial capacity to act was unrestricted at all times, despite the significant decline in sales and the expenses incurred by the restructuring activities.

The cost reduction measures in the areas of personnel and material costs have largely been completed, so the focus over the next few months will be on sales, innovations and portfolio streamlining.

_The fitness programme at Neschen is paying off in the transformation dimensions of “People & Culture”, “Margin” and “Growth”. We are laying a foundation for increasing the company's profitability over the long term. The Industrial Applications segment is set to support this initiative.

_ Henning Eschweiler, COO

Uniplast produces food packaging for the dairy industry

Exit: Sale of the Uniplast Group

In mid-June, the Management Board of Blue Cap AG concluded an agreement on the sale of its 100% stake in Uniplast. The buyers are the long-standing CEO of Uniplast, Andreas Doster, and the COO&CIO Sascha Sander.

Blue Cap AG acquired a stake in the Uniplast Group in 2018. Since then, we have successfully developed the company strategically and operationally together with the management team. Transformation measures initially included site consolidation and a rigorous streamlining of the product portfolio, followed by enhancing production flexibility and, most recently, negotiating price escalation clauses in the wake of significant raw material and energy price increases.

Total proceeds (before taxes) were in the low double-digit million range. A small portion of the purchase price will be made available to the company as a loan for an extended period and will be repaid to Blue Cap only as part of a future refinancing package.

Successful conclusion of stock dividend with a take-up rate of 70%

On June 23, 2023, a resolution was passed at the Annual General Meeting to pay a dividend of EUR 0.90 (previous year: EUR 0.85) for the financial year 2022. Hence, the dividend yield was an attractive ~4%. Noteworthy this year: The distribution was made either in cash or in the form of new shares (share dividend). This gave our shareholders until mid-July to decide whether and to what extent they wished to take up the offer of a share dividend. The participation rate was 70% and resulted in the creation of 89,993 new shares. Consequently, the share capital increased to EUR 4,486,283. The subscription price for the new shares was EUR 21.888 and the subscription ratio stood at 34.2 to 1.

70%

of our shareholders chose the share dividend option

_We are pleased with the excellent take-up rate of the stock dividend. This is a great vote of confidence by our shareholders and we are doing everything in our power to live up to it.

_ Tobias Hoffmann-Becking, CEO

BLUE CAP ON THE CAPITAL MARKET

CAPITAL MARKET AND SHARE

Small caps diverge from positive sentiment on the share markets

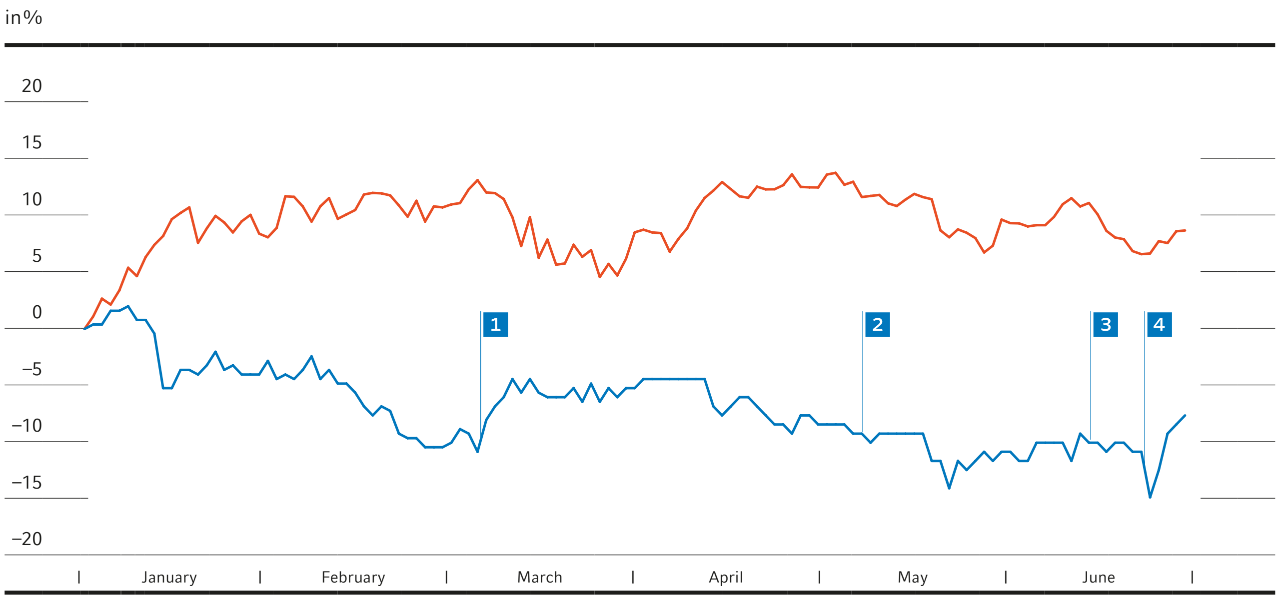
The share markets performed better than expected in the first half of 2023. Although inflation, central bank policy and the economy continued to shape the market environment, the DAX and SDAX recorded gains of 16% and 12% respectively in the first six months of the year.

Unfortunately, the small cap segment diverged from this positive trend. The typical phenomenon of investors paying little attention to smaller market players during downturns can be evident since the start of the Ukraine war and has become more pronounced in 2023.

In this respect, we too have suffered losses in our share since the beginning of the year. Any good company news, such as the sale of the Uniplast investment, fizzled out amidst the generally subdued mood in the small cap segment with virtually no effect on the share price. The Blue Cap share fell 7.7% in the first half of the year.

The market capitalisation of Blue Cap as of 30 June 2023 stood at EUR 101.1 million. The average daily trading volume fell slightly compared to the same period of the previous year and amounted to 1,091 shares across all stock exchanges. (H1 2022: 1,189). The daily average XETRA trading volume was 566 shares (H1 2022: 601). The remainder was essentially traded on the Tradegate stock exchange.

Share price performance of Blue Cap's shares | 1 January to 30 June 2023



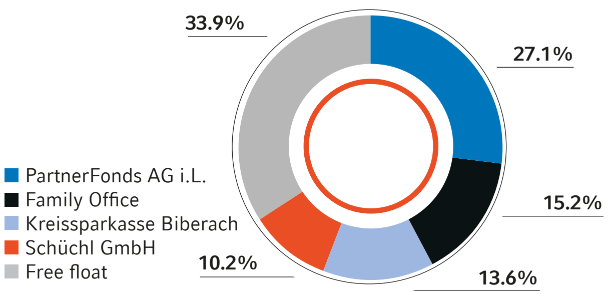
Blue Cap (excl. dividend)
SDAX (price index)

Source: Bloomberg

1 07 March 2023: Publication of preliminary key financial figures 2022
2 09 May 2023: Publication of solid Q1 figures
3 14 June 2023: Successful sale of Uniplast
4 23 June 2023: Annual General Meeting approves dividend of EUR 0.90

Shareholder structure dominated by three anchors with a long-term investment strategy

Our shareholders include three anchors, whose shareholdings after the capital increase made for the stock dividend are as follows. The Family Office, which purchased a large block of shares from PartnerFonds AG i.L. in December 2022, holds 15.2% of the share capital. Kreissparkasse Biberach currently holds 13.6% of the share capital. Schüchl GmbH holds a share of 10.2%. All three shareholders pursue a long-term investment strategy. In addition, the share of PartnerFonds AG i.L. stands at 27.1%. The resolution to liquidate PartnerFonds AG i.L. was passed at an extraordinary general meeting of the company in May 2020. As part of the liquidation, the shares held by PartnerFonds AG i.L in Blue Cap AG will be sold. There is currently no deadline by which this process is to be completed. The idea is that the sale impacts the Blue Cap share price as little as possible.



Share analysis for Blue Cap AG

The Blue Cap share is regularly monitored by M.M.Warburg and SMC Research. Both organisations recently issued a “Buy” investment rating.

Institute	Status	Investment rating	Target price
M.M.Warburg	27 July 2023	Buy	EUR 38.00
SMC Research	31 July 2023	Buy	EUR 33.40

Key data on Blue Cap shares

WKN	A0JM2M
ISIN	DE000A0JM2M1
Stock exchange symbol	B7E
Share capital	EUR 4,486,283.00
Number of shares	4486283
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

INVESTOR RELATIONS

Intensive investor relations activities

Blue Cap AG attaches great importance to an active, transparent and continuous exchange with already invested and potential shareholders as well as other capital market players. These parties are regularly informed about current developments in the company by press releases and quarterly earnings calls. 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. The discussions in the first half of 2023 focused on the business performance and earning power of the individual portfolio companies in light of the current economic environment. In April 2023 we also sent out our first newsletter, and this will be published quarterly in the future. In fixed categories, the newsletter informs our stakeholders about the portfolio companies, our holding company activities and the development of the Blue Cap share.

Annual General Meeting approves dividend of EUR 0.90 per share

Our Annual General Meeting was held on June 23, 2023 in virtual format in accordance with the new legislation and was livestreamed on the investor portal on the Investor Relations website. Around 78% of the voting capital stock was represented. In its presentation, the Management Board provided the shareholders with detailed information on current developments in the Group. In addition, it was important to us to facilitate an interactive general debate. We believe we achieved this successfully thanks to the lively participation and the numerous questions from the shareholders.

All proposed resolutions were approved by a large majority. The dividend of EUR 0.90 per share proposed by the Management Board and Supervisory Board met with broad approval among shareholders (previous year: EUR 0.85). This corresponds to a dividend yield of 4% based on the XETRA closing price of 23 June 2023. With this distribution, Blue Cap AG continues its stable and sustainable dividend policy. The Annual General Meeting also approved the optional dividend (stock dividend).

Successful implementation of the stock dividend

Following approval of the stock dividend by the Annual General Meeting, shareholders had a choice during the subscription period between payment of the dividend either in cash or partly in cash and partly in the form of new shares. The subscription price for the new shares was EUR 21.888 and the subscription ratio stood at 34.2 to 1. The take-up rate was 70%. Consequently, dividend claims totalling EUR 1,969,766.78 were exchanged for new shares in Blue Cap. This results in the creation of 89,993 new shares. The total number of outstanding shares of Blue Cap after the capital increase was entered in the commercial register amounts to 4,486,283 (2% increase).

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 procedure for this is based on the International Private Equity and Venture Capital Valuation (IPEV) Guidelines.

The NAV is based on currently valid plans, estimates and expectations, some of which are difficult to assess or beyond the control of Blue Cap AG. The NAV is therefore subject to risks and uncertainty factors. For these reasons, 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 the section entitled Development of the Blue Cap Group (starting on page 16).

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 (incl. minority interests) as of 30 June 2023 is EUR 135.7 million, EUR 29 million below the value as of 31 December 2022 (EUR 164.7 million). The reduction is based on the one hand on the significant decline in value of INHECO, which is due to the slump in sales and the restructuring programme currently underway. On the other hand, the sale of Uniplast by way of an agreement dated 14 June 2023 and a devaluation of con-pearl due to the weakened business development in 2023 lead to a decrease in NAV in the Plastics segment. In the Adhesives & Coatings segment, a slight decline in value must be taken into account due to lower expectations for the development of Planatol. The higher value contribution of HY-LINE in the Business Services segment is having a positive impact due to the very strong development of the last twelve months.

Net debt decreased to EUR EUR 0.5 million. This is due to the proceeds from the sale of Uniplast, which were offset by the payment of the dividend and a property transferred to Planatol from the property division. A plot of land in Finning sold in July and a property in Pforzheim were recognised at the agreed sales price less associated loans.

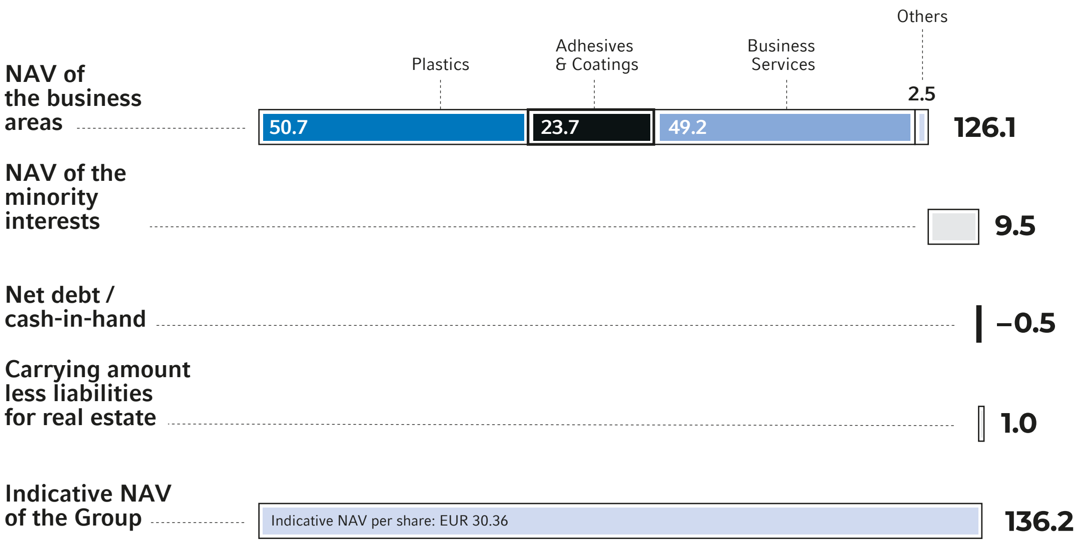
As a result, the Group's NAV decreased by EUR 24.6 million to EUR 136.2 million as of 30 June 2023.

Indicative Net Asset Value of the Group

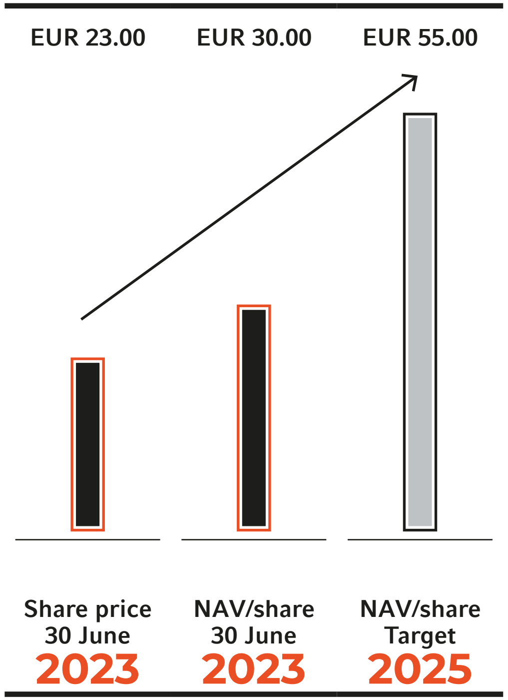
EUR million

	30 June 2023	31 December 2022	30 June 2022
NAV of the segments	**126.1**	138.1	128.6
Plastics	50.7	70.4	68.8
Adhesives & Coatings	23.7	25.8	25.4
Business Services	49.2	40.6	32.7
Others	2.5	1.3	1.7
NAV of the minority interest	**9.5**	26.6	40.9
Net debt (–) / cash-in-hand (+) of Blue Cap AG	**–0.5**	–3.0	–0.1
Carrying amount of properties less liabilities of asset holding company	**1.0**	–0.9	–0.9
Indicative NAV of the Group	**136.2**	160.8	168.5

Indicative Net Asset Value of the Group (as of 30 June 2023)



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. Specific focal points are growth initiatives, which should be supported by economic recovery, active cost and price management as well as the consistent debt reduction at our portfolio companies. The Management Board is convinced that if this target is reached, our share price can also rise in parallel, continuing to create attractive opportunities for our shareholders to increase value.



CAPITAL MARKET EVENTS
01 JANUARY–30 JULY 2023

07 MARCH 2023	04 MAY 2023	09 MAY 2023	05 JULY 2023	26 JULY 2023
Earnings call upon publication of the preliminary key financial figures 2022	35th Munich Capital Markets Conference (MKK)	Earnings call upon publication of the key financial figures Q1 2023	m:access Conference Investment Companies	Earnings call upon publication of the key financial figures H1 2023

_ Two more analyst conferences are currently planned for the remainder of 2023. All relevant dates can be found in the financial calendar on the Investor Relations website.

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INTERIM GROUP-MANAGEMENT REPORT

14_ INTERIM GROUP MANAGEMENT REPORT

COMBINED MANAGE-MENT REPORT

1 ECONOMIC REPORT

1.1 Business development in the first half of 2023

ECONOMY AS A WHOLE AND INDUSTRY ENVIRONMENT

Although restrictive monetary policy has a curbing effect on inflation, it also increasingly slowing the global economy[1]

Since its peak in September 2022, global trade has declined significantly. In the first quarter of 2023, the global economy gained some momentum in response to the positive development in China, but this is not yet a real trend reversal. Inflation remains very high in both the US and the eurozone, despite monetary policy measures having been put in place. Although a clear decline in price increases for energy and raw materials has been observed for several months now, the restrictive monetary policy in response to high inflation is slowing down the global economy at an increasing rate.

After overcoming weak growth in the first half of 2022, the US economy gained renewed momentum in the quarters that followed. The impending recession forecast by some leading indicators has yet to materialise. In the eurozone, economic output stagnated during the winter of 2022/23. In particular, the decline in Germany's price-adjusted gross domestic product in the fourth quarter of 2022 and the first quarter of 2023 had a significant impact. The UK economy was also hit hard by the restrictive monetary policy and the high inflation rate.

China experienced a surprising 2.2% quarter-on-quarter increase in aggregate output in the first quarter of 2023. Chinese consumption expanded forcefully at the beginning of the year in response to household demand that had been pent up during the Coronavirus crisis. In contrast to the USA and the eurozone, the inflation rate in China was very restrained in the wake of the Coronavirus crisis. It peaked in September 2022 at just 2.8%, and has steadily declined ever since.

German economic growth suffered a major setback in the last winter half-year. GDP shrank for two quarters in succession and was 0.9% lower at the beginning of 2023 than in summer 2022. The main reason for this was the weakening of demand induced by inflation. However, the gradual easing of the supply-side production constraints that thwarted the recovery from the Coronavirus crisis last year is supporting economic activity.

Private equity business climate brightens[2]

The business climate in the German private equity market has improved steadily in 2023. At the end of the first quarter of 2023, the business climate indicator had risen by 17.7 points to –12.9 balance points compared to the previous quarter. The indicator for the current business position is improving by 20.4 points to –16.7 balance points and the indicator for business expectations is increasing by 15.0 points to –9.1 balance points compared to the previous quarter.

The individual components of KfW Research's Private Equity Barometer mostly declined at the end of the first quarter. The further development of portfolio and potential target companies has become more predictable once again since there is less uncertainty regarding economic development and price pressure is on the decrease. This also opens up more opportunities for exits and investments. The associated exit and deal flow indicators rose accordingly. In addition, the assessment of entry valuations remained at a very good level in a historical comparison. With the increase in the quantity and quality of deal flow, this should mean good entry opportunities overall. However, the willingness to make new investments would appear to remain restrained, as indicated by the investment climate being around the long-term average.

The mediocre investment climate is most likely down to the renewed hikes in key interest rates. These have raised the interest rate level on the

1 Cf. ifo Economic Forecast Summer 2023 of the ifo Institute, published in June 2023 at: https://www.ifo.de/fakten/2023-06-21/ifo-konjunkturprognose-sommer-2023-inflation-flaut-langsam-ab-aber-konjunktur.
2 Cf. German Private Equity Barometer 1st Quarter 2023, published May 2023 at: https://www.kfw.de/PDF/Download-Center/Konzernthemen/Research/KfW-Research/Economic-Research/Wirtschaftsindikatoren/German-Private-Equity-Barometer/PDF-Dateien/GPEB-Q1-2023.pdf

capital markets, making the debt capital and loan financing typically used for PE transactions more expensive for portfolio companies as well. The climate indicators on interest rates and terms and conditions of acquisition financing are therefore hitting new lows. However, the availability of acquisition financing has evidently improved somewhat, although the indicator remains deep in negative territory. The rising interest rate level on the capital markets also pushed down company valuations. This impacts the appetite for fundraising and value adjustments. Both climate indicators are still well in negative territory as a result.

1.2 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 Valuation (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 and sellers 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 all companies in the portfolio as at the reporting date.

The discounted cash flow method is based on the 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% (31 December 2022: 1.5%). 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 5.8–16.5%.

For the relative valuation on the basis of multiples, valuation multiples (enterprise value/EBITDA) were determined based on the latest available financial figures for the last twelve months (LTM) and the forecast financial figures for 2023 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 and profitability discount of 0–20% to the respective multiple. To determine the relevant enterprise value, an average value was calculated from the multiple values for the past twelve months (H1/2023) and for the following planning year (2024).

Companies for which a market price is available from a recently (up to twelve months) completed Blue Cap acquisition are included in this purchase price in accordance with the IPEV guidelines, provided there is nothing to suggest a significant change in value. Since the affiliation of all investments is more than twelve months as of the reporting date, this does not affect any of our portfolio companies in the current calculation.

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 segments (incl. minority interests) as of 30 June 2023 is EUR 135.7 million, EUR 29 million below the value as of 31 December 2022 (EUR 164.7 million). The reduction is based on the one hand on the significant decline in value of INHECO, which is due to the slump in sales and the restructuring programme currently underway. On the other hand, the disposal of Uniplast by way of an agreement dated 14 June 2023 and a devaluation of con-pearl due to the weakened business development in 2023 lead to a decrease in NAV in the Plastics segment. In the Adhesives & Coatings segment, a slight decline in value must be taken into account due to lower expectations for the development of Planatol.

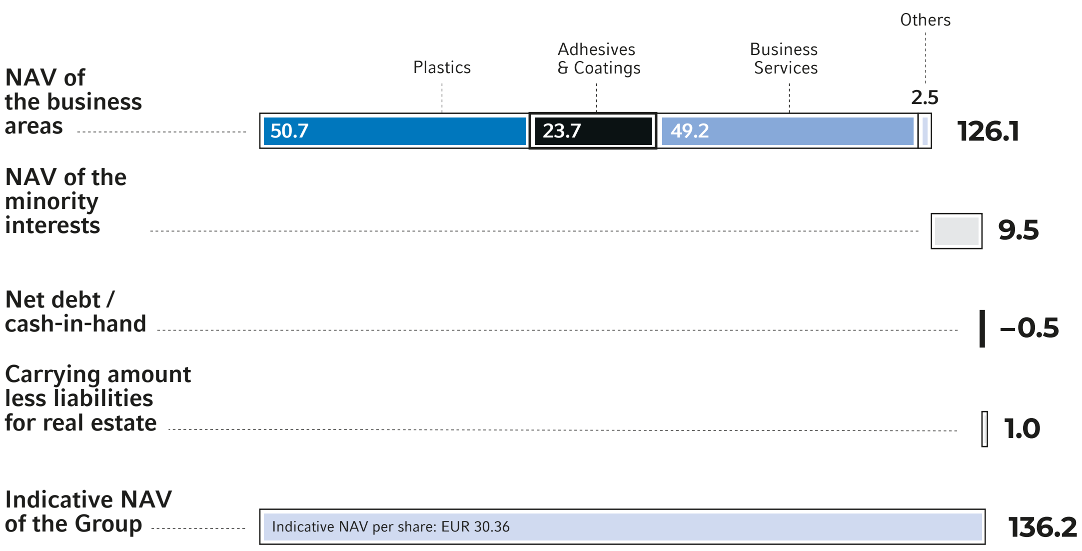
The higher value contribution of HY-LINE in the Business Services segment is having a positive impact due to the very strong development of the last twelve months.

Net debt decreased to EUR 0.5 million. This is due to the proceeds from the sale of Uniplast, which were offset by the payment of the dividend and a property transferred to Planatol from the property division. A plot of land in Finning sold in July and a property in Pforzheim were recognised at the agreed sales price less associated loans.

As a result, the Group's NAV decreased by EUR 24.6 million to EUR 136.2 million as of 30 June 2023.

Indicative Net Asset Value of the Group (as of 30 June 2023)

EUR million



BLUE CAP GROUP IS DEVELOPING IN LINE WITH EXPECTATIONS

Despite the uncertain overall economic situation, the Blue Cap Group developed in line with expectations in the first half of 2023. Consolidated Group turnover from continuing operations amounted to EUR 145.4 million, hence remaining at the previous year's level (previous year: EUR 145.8 million).

The adjusted EBITDA attributable to the continuing operations fell by a total of 27.5% from EUR 15.8 million to EUR 11.5 million. This corresponds to an adjusted EBITDA margin of 7.9% (previous year: 10.5%) of total output. The decline is mainly due to the expected drop in orders from a major customer at con-pearl, which operates in the Plastics division. Despite these challenges, the Group as a whole showed some initial signs of recovery during the first half of the year. In the second quarter, the adjusted EBITDA increased by 40.2% to EUR 6.7 million compared to the previous quarter. This is also down to the operational transformation measures in the individual portfolio companies. In particular, the optimised pricing and cost management strategy prompted an increase in the adjusted EBITDA margin from 6.2% in the first quarter to 9.7% in the second quarter of 2023. The strong business development of HY-LINE, which operates in the Business Services segment, and improvements at H+E from the Plastics segment also had a positive impact on the operating result.

The adjusted EBIT of the continuing operations decreased compared to the previous period to EUR 4.1 million (previous year: EUR 10.1 million). The corresponding margin fell to 2.8% (previous year: 6.7%). Besides the weaker order development at con-pearl, this was also due to the negative earnings share of the INHECO minority interest.

At 3.1x (31 December 2022: 2.4x), the net debt ratio was within the target corridor of below 3.5 years.

Taking into account the net cash inflows from the sale of the Knauer Uniplast Group collected in July 2023, the net gearing ratio is 2.7 years and also within the target corridor of below 3.5 years.

The discontinued operation contributed revenue of EUR 26.8 million to the Group as a whole in the first half of the year (previous year: EUR 27.5 million), and an adjusted EBITDA, including attributed consolidation effects of EUR 1.7 million (previous year: EUR 1.9 million).

SALE OF THE UNIPLAST GROUP

On 14 June 2023, Blue Cap AG concluded an agreement on the sale of its 100% stake in Knauer Uniplast Management GmbH. The buyers are the CEO of Uniplast, Andreas Doster, and the COO&CIO Sascha Sander. The purchase agreement was executed on 17 July 2023. The total proceeds (before taxes) consisting of the purchase price for the shares and the sold shareholder loans are in the lower double-digit millions. A small portion of the purchase price will be made available to the company by Blue Cap as a loan and will be repaid to Blue Cap only as part of a future refinancing package.

The Knauer Uniplast Group is reported as an asset held for sale as of the reporting date in accordance with IFRS 5. The key figures presented in the interim Group management report do not include any disclosures on this operation. All figures refer to continuing operations, which include all portfolio companies except Uniplast. For information on discontinued operations, please refer to chapter E.7 in the notes to the consolidated financial statements.

Overall, the Management Board is satisfied with the business development to date as of 30 June 2023, particularly due to the stable revenue development compared to the previous year, an improved adjusted EBITDA margin in the first half of the year and in light of the challenging macroeconomic environment.

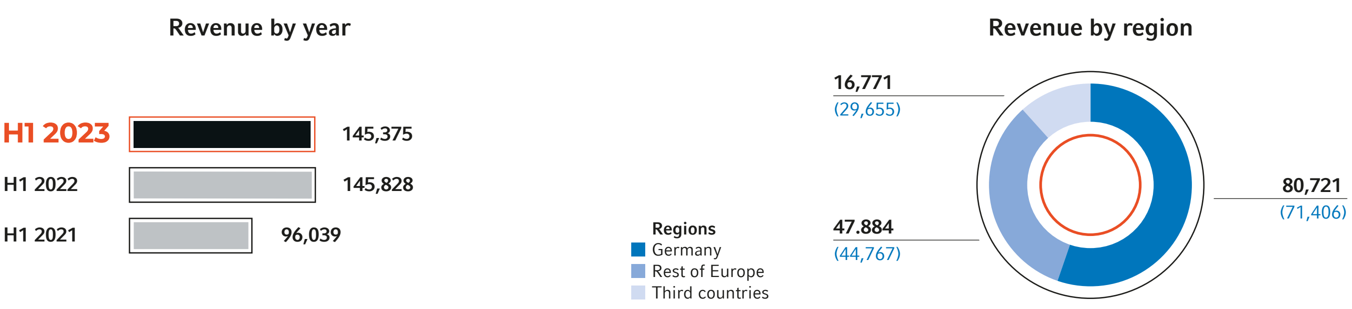
EARNINGS PERFORMANCE

Solid development in the first half of 2023

In the first half of 2023, the consolidated revenue of the Blue Cap Group from continuing operations decreased by 0.3% or EUR 453 thousand compared to the same period of the previous year (previous year: increase of 51.8% or EUR 49,789 thousand to EUR 145,375 thousand). The slight decline is mainly due to the weaker order intake, as expected, and the resultant sales development, particularly at con-pearl and the companies Neschen and Planatol from the Adhesives & Coatings segment. On the other hand, the strong business development of HY-LINE and improvements in H+E had a positive impact.

Revenue performance within the group H1 2023 (H1 2022)

EUR thousand



Looking at the breakdown of consolidated revenue, the German market accounts for 55.5% or EUR 80,721 thousand (previous year: 49.0% or EUR 71,406 thousand), the rest of the EU for 32.9% or EUR 47,884 thousand (previous year: 30.7% or EUR 44,767 thousand) and third countries for 11.5% or EUR 16,771 thousand (previous year: 20.3% or EUR 29,655 thousand).

Other operating income amounts to EUR 2,336 thousand (previous year: EUR 17,244 thousand), and essentially contains income from reversal of provisions amounting to EUR 752 thousand (previous year: EUR 199 thousand), income from reversal of provisions amounting to EUR 639 thousand (previous year: EUR 866 thousand), income from other benefits in kind amounting to EUR 269 thousand (previous year: EUR 274 thousand), income from the disposal of fixed assets amounting to EUR 141 thousand (previous year: EUR 15,038 thousand) and non-period income totalling EUR 124 thousand (previous year: EUR 106 thousand).

In the first half of 2023, the Group's total output stood at EUR 147,018 thousand, hence lower than in the same period of the previous year (EUR 166,864 thousand). This is mainly because the sale of the property in Geretsried-Gelting was included in the first half of 2022.
At 53.8% of total output, the material usage ratio at the end of the first half of 2023 was higher than in the same period of the previous year (49.0%). The increase in the material usage ratio compared to the same period of the previous year is mainly due to the HY-LINE Group's sharply increased, but lower-margin business volume. This was offset in part by changes in the product mix at con-pearl. Accordingly, the gross profit ratio for the reporting year is 46.2% (previous year: 51.0%) and gross profit, which represents the difference between total output and material usage, amounts to EUR 67,946 thousand (previous year: EUR 85,109 thousand).

In the half year under review, personnel expenses in the Group amounted to EUR 36,507 thousand (previous year: EUR 33,555 thousand), which corresponds to 24.8% (previous year: 20.1%) of total output. Depreciation and amortisation amount to EUR 10,011 thousand (previous year: EUR 10,085 thousand) or 6.8% (previous year: 6.0%) of total output. Other expenses decreased by EUR 1,011 thousand to EUR 21,016 thousand. At 14.3% of total output, however, they were slightly up on the previous year (13.2%). The proportional increase in personnel and other expenses as well as depreciation and amortisation in relation to total output is because the previous year's total output included the proceeds from the sale of the Geretsried-Gelting property. The full inclusion of the Transline Group for the first time in 2023 as well as wage and salary increases have also had an increasing effect on personnel expenses. Operational transformation measures in the individual portfolio companies as well as the decrease in energy costs, on the other hand, led to a decrease in other expenses.

At the end of 2023, the EBIT amounts to EUR –645 thousand (previous year: EUR 20,373 thousand), which corresponds to –0.4% (previous year: 12.2%) of total output. The EBIT also includes the negative contribution to earnings from the minority interest INHECO (EUR –709 thousand, previous year: EUR 931 thousand). The financial result of EUR –1,776 thousand (previous year: EUR –785 thousand) was down on the previous year. This is mainly due to the first-time full inclusion of the Transline Group and its interest expenses incurred in connection with the acquisition loans taken out, as well as an increase in the interest level for short-term financial debt.

Consolidated earnings before taxes (EBT) amount to EUR –2,488 thousand (previous year: EUR 19,666 thousand). The decline in EBIT and consolidated earnings before income taxes is mainly due to the reduced business development and the one-off effect from the sale of the Geretsried/Gelting property included in the first half of 2022.

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. The 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 reclassified to reflect the adjustments.

In the first half of 2023, adjustments in operating result (EBIT) of EUR 1,139 thousand (previous year: EUR 15,914 thousand) and expenses of EUR 5,911 thousand (previous year: EUR 5,655 thousand) were identified that are not included in the adjusted EBITDA/adjusted EBIT. The adjustments, which have improved the adjusted EBIT compared to the EBIT (IFRS), thus totalled EUR 4,773 thousand (previous year: adjusted EBIT reduced by EUR 10,259 thousand).

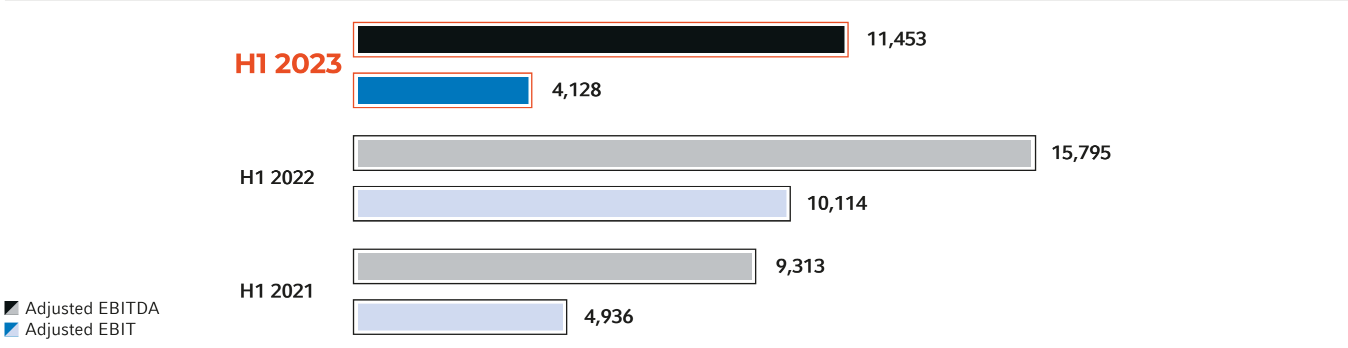
The reconciliation of the EBITDA presented in the IFRS income statement to the adjusted EBITDA and the adjusted EBIT is shown below:

EUR thousand	H1 2023	H1 2022
EBITDA (IFRS)	10,423	29,527
Adjustments:		
Income from asset disposals	–141	–15,038
Income from the reversal of provisions	–752	–199
Other non-operating income	–245	–676
Losses on disposal of fixed assets	107	365
Expenses from restructuring and reorganisation	31	195
Personnel costs in connection with personnel measures	809	4
Legal and consultancy costs related to with acquisitions/divestments and personnel measures	738	682
Other non-operating expenses	483	673
Utilisation of disclosed hidden reserves	0	264
Adjusted EBITDA	**11,453**	**15,795**
Adjusted EBITDA margin in% of total output, adjusted	**7.9%**	**10.5%**
Depreciation and amortisation	–10,011	–10,085
Impairment losses and reversals	–349	0
Share of profit/loss in associates	–709	931
Adjustments:		
Amortisation of disclosed hidden reserves	3,425	3,473
Impairment losses and reversals	318	0
Adjusted EBIT	**4,128**	**10,114**
Adjusted EBIT margin in% of total output, adjusted	**2.8%**	**6.7%**

The adjusted EBITDA margin in the half year under review amounts to 7.9% (previous year: 10.5%) and the adjusted EBIT margin in the reporting year amounts to 2.8% (previous year: 6.7%) of the adjusted total output. The decline in the adjusted EBITDA margin and the adjusted EBIT margin compared to the previous year is mainly due to the weaker order intake at con-pearl, as expected, after a very successful first half of 2022, as well as an overall weaker development at the companies in the Adhesives & Coatings segment.

Earnings development of the Group results (continuing operations)

EUR thousand

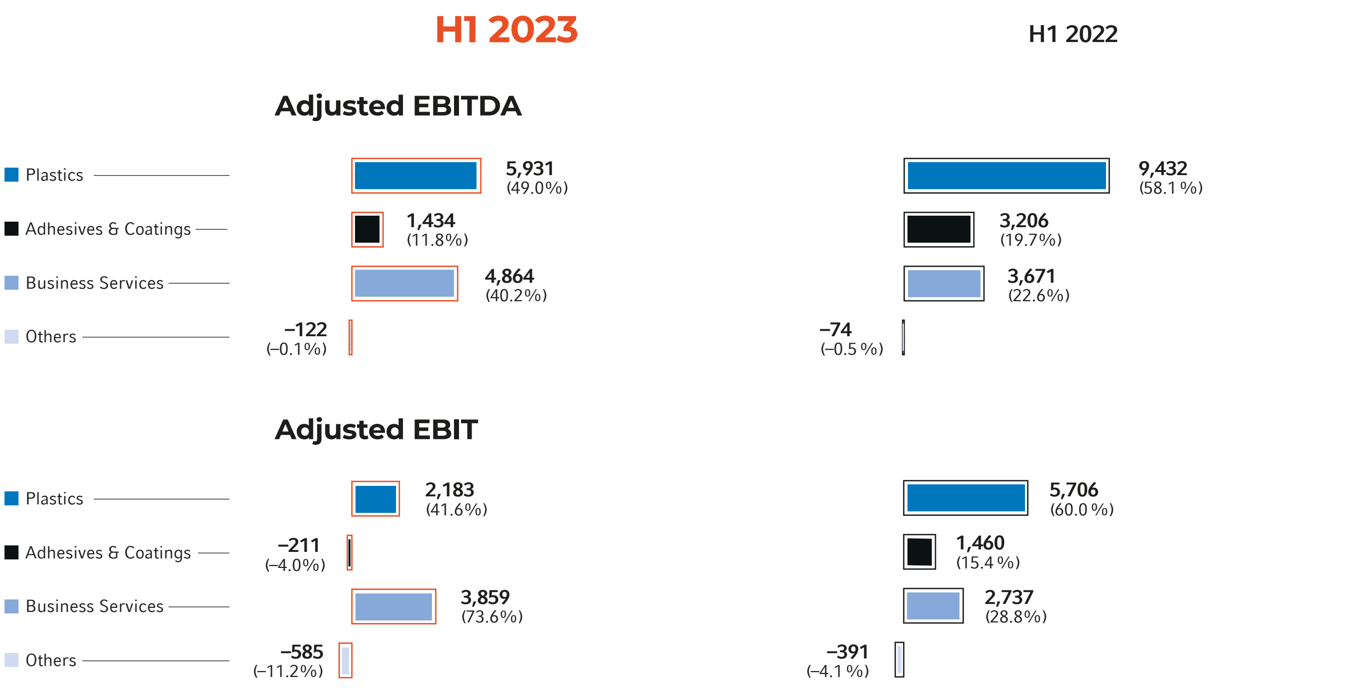


Revenue performance by segment (continuing operations before consolidation)

EUR thousand

Earnings performance by segment (before consolidation)

EUR thousand



As in the first half of 2022, the Plastics segment continues to be the most lucrative segment. The contribution of the Plastics segment to total revenue decreased from 38.4% to 34.2% (or from EUR 57,017 thousand to EUR 50,491 thousand). For example, the expected decline in orders from a major customer made itself felt at con-pearl in a year-on-year comparison. Reduced raw material prices and energy costs had an overall positive effect on the EBITDA margin, at least in the second quarter. H+E was able to successfully conclude outstanding price negotiations in the second quarter and is up on the previous year in terms of both revenue and adjusted EBITDA as of 30 June 2023. The adjusted EBITDA of the Plastics segment nevertheless declined overall in comparison to the previous year and, at 49.0% (previous year: 58.1%) or EUR 5,931 thousand (previous year: EUR 9,432 thousand), accounted for just under half the adjusted EBITDA of the segments.

Key figures for the Plastics segment

EUR thousand

	H1 2023	H1 2022	Change
Revenue	50,491	57,017	−11.4%
Adjusted EBITDA	5,931	9,432	−37.1%
Adjusted EBITDA margin in% of total output, adjusted	11.7%	16.0%	−26.5%

The Knauer-Uniplast Group, formerly presented in the Plastics segment, is reported as a discontinued operation held for sale. The key figures of the Knauer-Uniplast Group are as follows:

Key figures of the discontinued/divested operation (IFRS 5)

EUR thousand

	H1 2023	H1 2022	Change
Revenue	26,785	27,493	–2.6%
Adjusted EBITDA	1,275	1,474	–13.5%
Adjusted EBITDA margin in% of total output, adjusted	4.8%	5.2%	–9.5%

In the first half of the year, the Adhesives & Coatings segment accounted for 29.3% (previous year: 32.5%) or EUR 43,299 thousand (previous year: EUR 48,171 thousand) of total revenue of the segments. Declines in demand at Neschen and Planatol led to a weaker first half-year in the Adhesives & Coatings segment compared to the previous year. At Neschen, this affected especially the Industrial Applications segment, and at Planatol the Wood Adhesives and Furniture segments. Compared to the first quarter of 2023, Neschen is showing improvements on the back of the reorganisation that has been underway since the beginning of the year. The adjusted EBITDA for the segment fell by 19.7% to 11.8% or from EUR 3,206 thousand to EUR 1,434 thousand during the period under review.

Key figures for the Adhesives & Coatings segment

EUR thousand

	H1 2023	H1 2022	Change
Revenue	43,299	48,171	–10.1%
Adjusted EBITDA	1,434	3,206	–55.3%
Adjusted EBITDA margin in% of total output, adjusted	3.3%	6.3%	–47.6%

The Business Services segment accounted for 33.8% (previous year: 26.1%) or EUR 49,911 thousand (previous year: EUR 38,659 thousand), representing the second-highest share of total revenue of the segments. The HY-LINE Group continued to benefit from the processing of the high order backlog and a delivery capacity to match. The Transline Group, which was included for the full year for the first time in the reporting period, developed positively in terms of revenue and adjusted EBITDA, especially in the second quarter. This is down to the increasing dynamics in the language services industry. In addition, the implemented cost efficiency measures positively impacted the development of the result in the first half of the year. Overall, Business Services contributed an adjusted EBITDA of EUR 4,864 thousand (previous year: EUR 3,671 thousand) or 40.2% (previous year: 22.6%) to the adjusted EBITDA of the segments.

Key figures for the Business Services segment

EUR thousand

	H1 2023	H1 2022	Change
Revenue	49,901	38,657	29.1%
Adjusted EBITDA	4,864	3,671	32.5%
Adjusted EBITDA margin in% of total output, adjusted	9.6%	9.3%	3.3%

The Others segment includes the holding and real estate companies of the Blue Cap Group and, for reasons of materiality, nokra Optische Prüftechnik und Automation GmbH, a production technology company. As a result, the segment accounted for 2.7% (previous year: 3.0%) or EUR 3,960 thousand (previous year: EUR 4,480 thousand) of total revenue (of which with external third parties: EUR 1,684 thousand, previous year: EUR 1,983 thousand). In the previous year, the Others segment also included Gämmerler GmbH, which was sold in financial year 2022. In the half year under review, the adjusted EBITDA of the segment amounted to EUR –121 thousand (previous year: EUR –74 thousand) or –1.0% (previous year: –0.5%) of the adjusted EBITDA of the segments. Due to the sale of Gämmerler in February 2022, revenue in the reporting year was significantly down on the previous year. As a result, the key figures for the Others segment in the current financial year are not comparable with those of the previous year. nokra was below the previous year's revenue and the adjusted EBITDA due to projects being postponed.

Key figures for the Others segment

EUR thousand

	H1 2023	H1 2022	Change
Revenue	1,684	1,983	–15.1%
Adjusted EBITDA	–121	–74	62.2%
Adjusted EBITDA margin in% of total output, adjusted	–3.0%	–1.6%	83.7%

CASH FLOWS AND FINANCIAL POSITION

Financing analysis

In the first half of the year, the Blue Cap Group covered its capital requirements from cash and cash equivalents existing at the beginning of the financial year and from operating cash flow. 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 22,149 thousand as of 30 June 2023 (31 December 2022: EUR 21,662 thousand). This is offset by financial liabilities from lease liabilities amounting to EUR 21,970 thousand (31 December 2022: EUR 22,031 thousand).

Liabilities to banks amounted to EUR 78,192 thousand as of the balance sheet date (31 December 2022: EUR 86,536 thousand), which are predominantly denominated in euro. Furthermore, the unused credit lines of the continuing operations as at the reporting date amounted to EUR 13,354 thousand (31 December 2022: EUR 14,227 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. As of 31 December 2022, the covenant of the investment holding of the Transline Group, Blue Cap 14 GmbH, could not be met due to a lower business volume. Liabilities to banks were reported as current as at 31 December 2022. Negotiations with the bank concerned resulted in a waiver of contractual termination rights up until 31 December 2023. Therefore, the liabilities are again reported as non-current at the half-year point.

Cash flows

Cash flow statement (overview)

EUR thousand

	H1 2023	H1 2022	Change in%
Cash flow from operating activities	7,865	–4,833	>100%
Cash flow from investment activities	–2,173	–4,330	49.8%
Cash flow from financing activities	–10,536	–3,892	>100%
Changes in cash funds due to exchange rate fluctuations	–69	–27	>100%
Cash funds at the beginning of the period	23,987	28,948	17.1%
Cash funds at the end of the period	**19,075**	**15,866**	**20.2%**

Calculation of cash flow

In the first half of the year, cash flow from operating activities amounted to EUR 7,865 thousand (previous year: EUR –4,833 thousand), cash flow from investment activities to EUR –2,173 thousand (previous year: EUR –4,330 thousand), and cash flow from financing activities EUR –10,536 thousand (previous year: EUR –3,892 thousand).

The cash flow from operating activities was positively influenced mainly by the adjusted EBITDA of EUR 11,453 thousand (previous year: EUR 15,795 thousand) and by the decrease in inventories of EUR 3,153 thousand and the increase in other liabilities of EUR 2,804 thousand. This was offset by the increase in trade receivables in the amount of EUR 4,569 thousand and the decrease in trade payables in the amount EUR 1,810 of thousand.

Negative cash flow from investment activities fell from EUR –4,330 thousand to EUR –2,173 thousand. The cash outflow results mainly from the payments for investments in property, plant and equipment and intangible assets, especially in connection with replacement and expansion investments in technical equipment and machinery as well as software investments, in the total amount of EUR 2,497 thousand (previous year: EUR 3,847 thousand). No payments were made for additions to the scope of consolidation (previous year: EUR 21,206 thousand). No significant cash inflows from divestments were collected in the period under review (previous year: EUR 20,006 thousand).

Cash outflows from financing activities amounted to EUR 10,536 thousand in the first half of 2023 (previous year: EUR 3,892 thousand) and resulted mainly from payments for the repayment of loans amounting to EUR 5,943 thousand (previous year: EUR 17,294 thousand), the repayment of lease liabilities of EUR 3,478 thousand (previous year: EUR 3,177 thousand), and the interest paid amounting to EUR 1,405 thousand (previous year: EUR 1,082 thousand). The dividend for financial year 2022 was not paid out in the first half of 2023, as in the same period of the previous year. The cash inflows from borrowings amounting to EUR 291 thousand (previous year: EUR 17,462 thousand) had a counteracting effect. In the comparative period, the Group also received repayments from collateral provided to banks in the amount of EUR 200 thousand.

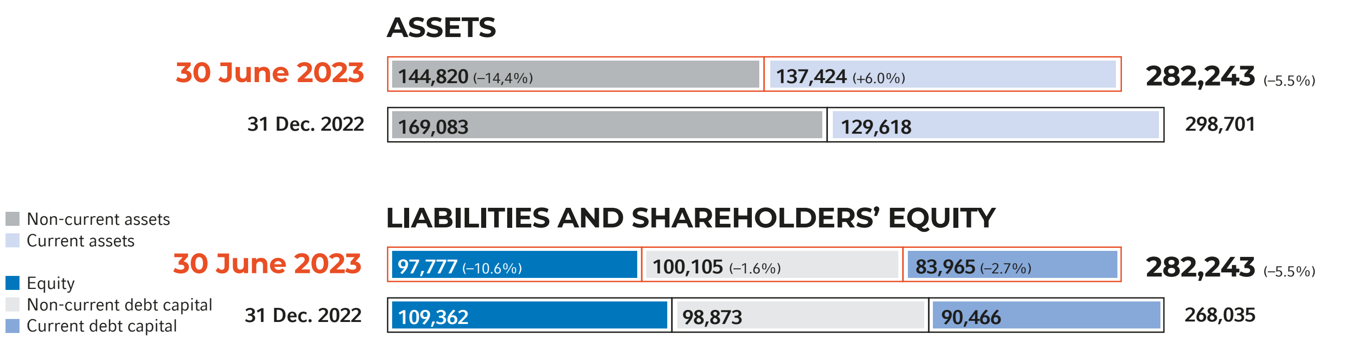
Overall, this led to a cash-effective decrease in the cash fund of EUR 4,843 thousand (previous year: EUR 13,055 thousand). Taking into account the decrease in cash funds due to exchange rate fluctuations of EUR 69 thousand (previous year: EUR 27 thousand), the cash fund at the end of the Group's financial year was positive at EUR 19,075 thousand (previous year: EUR 15,866 thousand).

As of 30 June 2023, there are free credit lines for the continuing operations amounting to EUR 13,354 thousand. Together with cash on hand and bank balances of EUR 28,410 thousand, this results in cash funds including free credit lines for the continuing operations of EUR 41,764 thousand (of which EUR 3,000 thousand restricted) as of 30 June 2023.

FINANCIAL POSITION

Key data from the consolidated statement of financial position

EUR thousand



WORKING CAPITAL

Net working capital (incl. contract assets/liabilities)

EUR thousand

	30 June 2023	31 December 2022	Change
Inventories	36,058	47,227	–23.6%
+ Trade receivables	33,272	29,201	13.9%
+ Contract assets	9,248	8,405	10.0%
– Contract liabilities	–2,186	–1,284	70.2%
– Trade payables	–16,931	–20,096	–15.8%
= Net working capital	59,462	63,452	–6.3%

NET FINANCIAL DEBT

Net financial debt

EUR thousand

	30 June 2023	31 December 2022	Change
Non-current financial liabilities	59,109	52,785	12.0%
+ Current financial liabilities	19,083	33,751	–43.5%
– Cash and cash equivalents	–28,410	–35,139	–19.2%
= Net financial debt (not including leasing)	49,782	51,396	–3.1%
+ lease liabilities	21,970	22,031	–0.3%
= Net financial debt (including leasing)	71,752	73,428	–2.3%

INVESTMENTS, DEPRECIATION AND AMORTISATION

Investments, depreciation and amortisation (of continuing operations)

EUR thousand

	H1 2023	H1 2022	Change in%
Investments	–2,497	–25,071	–90.0%
of which in company acquisitions	0	–21,206	–100.0%
of which in property, plant and equipment	–2,124	–3,128	–32.1%
of which in intangible assets	–373	–719	–48.2%
of which in assets held for sale	0	–18	0.0%
Depreciation and amortisation	–10,011	–10,085	–0.7%
of which in property, plant and equipment	–3,057	–3,372	–9.3%
of which in intangible assets	–3,439	–3,366	2.2%
of which in leasing usage rights	–3,514	–3,334	5.4%
of which miscellaneous	–1	–13	–94.2%

As of the reporting date, the Group's **total assets** came to EUR 282,243 thousand, EUR 16,458 thousand or 6.0% less than in the previous year (EUR 298,701 thousand).

Non-current assets amounted to EUR 144,820 thousand (previous year: EUR 169,083 thousand) or 51.3% (previous year: 56.6%) of total assets and continue to be dominated by property, plant and equipment, which had decreased by EUR 19,007 thousand to EUR 63,556 thousand or 22.5% (previous year: 27.6%) of the total assets compared to the previous year. The decrease is mainly due to the reclassification of the property, plant and equipment of the Knauer Uniplast Group as assets held for sale. Intangible assets decreased by EUR 2,998 thousand to EUR 36,539 thousand or 13.0% (previous year: 13.2%) of total assets, resulting in particular from scheduled depreciation.

Current assets increased, mainly due to the reclassification of the assets of the Knauer Uniplast Group as assets held for sale, from EUR 129,618 thousand or 43.4% of total assets to EUR 137,424 thousand or 48.7% of total assets. This was offset by the decline in cash and cash equivalents. The share of inventories (EUR 36,058 thousand, previous year: EUR 47,227 thousand) amounts to 12.8% (previous year: 15.8%), that of trade receivables (EUR 33,272 thousand, previous year: EUR 29,201 thousand) 11.8% (previous year: 9.8%), that of contract assets (EUR 9,248 thousand, previous year: EUR 8,405 thousand) 3.3% (previous year: 2.8%) and that of cash and cash equivalents (EUR 28,410 thousand, previous year: EUR 35,139 thousand) 10.1% (previous year: 11.8%) of total assets at the end of the reporting year.

As of the balance sheet date, **equity** (EUR 97,777 thousand, previous year: EUR 109,362 thousand) accounted for 34.6% of total capital (previous year: 36.6%). The decrease is due to the settlement of the dividend for the 2022 financial year in the amount of EUR 3,957 thousand (previous year: EUR 3,737 thousand) as well as depreciation and amortisation on the assets of the discontinued operation in the amount of EUR 6,354 thousand. The non-controlling interests amount to EUR 5,685 thousand (previous year: EUR 5,682 thousand) of equity and are attributable in particular to the co-shareholder of the H+E Group.

Non-current liabilities increased by 2.0% to EUR 100,501 thousand or 35.6% (previous year: 33.1%) of total capital, in particular due to the change in the maturity of the financial liabilities of Blue Cap 14 GmbH. This was offset by the reclassification of the non-current liabilities allocated to the Knauer-Uniplast Group as current liabilities, which are allocated to the disposals due to the sale. Non-current liabilities consist of non-current financial liabilities to banks amounting to EUR 59,109 thousand (previous year: EUR 52,785 thousand) or 20.9% (previous year: 17.7%), provisions for pensions and similar obligations in the amount of EUR 5,809 thousand (previous year: EUR 6,118 thousand) or 2.1% (previous year: 2.1%), long-term lease liabilities amounting to EUR 14,727 thousand (previous year: EUR 15,577 thousand) or 5.2% (previous year: 5.2%), deferred tax liabilities in the amount of EUR 13,906 thousand (previous year: EUR 17,074 thousand) or 4.9% (previous year: 5,7%) as well as from other non-current liabilities and provisions in the amount of EUR 6,950 thousand (previous year: EUR 7,320 thousand) or 2.5% (previous year: 2.5%) of total assets at the end of the reporting year.

Current liabilities fell significantly by EUR 6,501 thousand to EUR 83,965 thousand or 29.8% (previous year: 30.3%) of total capital. The decrease is associated with the change in the presentation of acquisition loans as non-current financial liabilities compared to the last reporting date. Current liabilities include in particular current liabilities to banks of EUR 19,083 thousand (previous year: EUR 33,751 thousand) or 6.8% (previous year: 11.3%), trade liabilities of EUR 16,931 thousand (previous year: EUR 20,096 thousand) or 6.0% (previous year: 6,7%), other current non-financial liabilities of EUR 10,062 thousand (previous year: EUR 11,445 thousand) or 3.6% (previous year: 3,8%), current leasing liabilities of EUR 7,242 thousand (previous year: EUR 6,455 thousand) as well as other current provisions of EUR 2,896 (previous year: EUR 4,659 thousand) or 1.0% (previous year: 1,6%) of total capital.

Supplementary report

On 14 June 2023, Blue Cap AG concluded an agreement on the sale of its 100% stake in Knauer Uniplast Management GmbH. The buyers are the CEO of Uniplast, Andreas Doster, and the COO&CIO Sascha Sander. The purchase agreement was executed on 17 July 2023. The total proceeds (before taxes) consisting of the purchase price for the shares and the shareholder loans are in the lower double-digit millions. A small portion of the purchase price is expected to be made available to the company as a loan until 31 October 2029 and will be repaid to Blue Cap only as part of a future refinancing package. The deconsolidation of the Knauer Uniplast Group will result in a deconsolidation expense of around EUR 6.4 million. This expense was recognised as an impairment loss on the assets of the discontinued operation as at 30 June 2023.

Blue Cap 13 GmbH sold two parcels of land with three conjoined buildings in Pforzheim to an investor by way of a purchase agreement dated 18 July 2023. The transfer of beneficial ownership is expected to be completed in the third quarter of 2023.

Blue Cap Asset Management sold a plot of agricultural land in Finning to Finning local authority by way of a purchase agreement dated 27 July 2023. The transfer of beneficial ownership is expected to be completed in the third quarter of 2023.

On 17 July 2023, the Management Board of Blue Cap AG resolved, with the consent of the Supervisory Board, to increase the company's share capital of EUR 4,396,290.00 by EUR 89,993.00 by issuing 89,993 new no-par value bearer shares, each representing EUR 1.00 of the share capital, in return for a contribution in kind and making partial use of the Authorised Capital 2021/I. The contribution in kind within the framework of the capital increase with subscription rights is based on entitlements to pro rata dividends for the financial year 2022.

With regard to the dividend for the financial year 2022 in the amount of EUR 0.90 per share, for the first time there was the option to receive the distribution either exclusively in cash (EUR 0.90 per share) or partly in cash (EUR 0.26 per share) and partly in the form of new shares in the company in return for a contribution of pro rata dividend entitlements (EUR 0.64 per share). Shareholders holding a total of 70% of the share capital have chosen the stock dividend. Consequently, dividend entitlements totalling EUR 1,969,766.78 will be exchanged for new shares in Blue Cap AG.

Entering the execution of the capital increase in the commercial register increases the company's share capital to EUR 4,486,283.00.

In order to streamline the corporate structure of the HY-LINE Group, a decision was made by way of a notarial agreement of 26 July 2023 to merge HY-LINE Power Components Vertriebs GmbH and HY-LINE Communication Products Vertriebs GmbH into HY-LINE Computer Components Vertriebs GmbH. HY-LINE Computer Components Vertriebs GmbH will then operate under the name HY-LINE Technology GmbH as of 1 September 2023.

In order to streamline the corporate structure of the Transline Group, a decision was made by way of a notarial agreement of 21 August 2023 to merge medax – medizinischer Sprachdienst GmbH, Transline Software Localization GmbH and Micado Innovation GmbH into Transline Deutschland GmbH.

In August 2023, Blue Cap AG and the minority shareholder of Blue Cap 14 GmbH jointly sold a total of around 5% of the shares in Blue Cap 14 GmbH to MEP Transline GmbH & Co. KG or contributed them to this company. The limited partner shares of this company were acquired by the newly appointed managing director of Blue Cap 14 GmbH.

The Management Board employment contract of Matthias Kosch will end on 31 December 2023 at the latest.

2 Opportunities and risks

The business activities of Blue Cap AG and its portfolio companies are associated with both opportunities and risks which 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. As part of its opportunity and risk management strategy, Blue Cap has established organisational regulations and measures that enable the company to identify opportunities and risks at an early stage and to take appropriate action to address them.

A detailed explanation of the opportunity and risk management system, as well as the relevant individual risks, can be found in the 2022 Annual Report on pages 90 to 97. The overall assessment of the risk situation also included here continues to apply unchanged. Based on the information currently available, there are no evident risks that, either individually or in combination, could pose a risk to the survival of the Blue Cap Group or have any material negative impact on its financial position, cash flows and financial performance.

In light of the dynamic overall economic development, we have set the industry risks from "medium" to "high" compared to the end of 2022 (see table). Procurement risks, on the other hand, have been reduced from "high" to "medium", while legal risks (tax/legal) have been raised from "low" to "medium". The respective risk categories and their risk classes are shown in the following table. Background information on the changes made is explained below.

Section	Individual risk	Risk class (annual report 2022)	Change of risk class (H1 report 2023)
Economic and geopolitical risks	Economy	High	No change
	Geopolitics	High	No change
SECTOR RISKS	Sector	Medium	High
Financial risks	Finance	High	No change
Operational risks	Sales	High	No change
Personnel risks	Procurement	High	Medium
	Production/quality	Medium	No change
	transformation	High	No change
	Personnel risks	Medium	No change
IT risks	IT risks	High	No change
Legal risks	Tax/legal	low	Medium
Environmental risks	Compliance	low	No change
	Environment	low	No change

SECTOR RISKS

The sector risk of Blue Cap also depends to a certain extent on the sector risks of the portfolio companies. In particular, portfolio companies from the Plastics and Adhesives & Coatings segments are partly dependent on customers from cyclical industries (including automotive, logistics, furniture industry) and are therefore also exposed to higher sector risks. An economic downturn could lead to customers from such cyclical industries reducing their orders and investments, which would have a direct impact on the revenue of the portfolio companies concerned. Moreover, the dependence on a few large customers could exacerbate these declines in sales.

In light of the current economic slowdown, we have therefore raised the industry risk from "medium" to "high" at the end of the first half of 2023. To meet these challenges, we are continuing to work on targeted countermeasures. These include further diversification of the customer base to reduce dependence on individual customers. In addition, we are closely monitoring order trends at the portfolio companies to be able to respond to fluctuations and, if necessary, adjust production capacities and related operating costs. Despite the increased industry risks, we are confident that our portfolio companies are well positioned to successfully overcome the challenges through appropriate countermeasures.

OPERATIVE RISKS (PROCUREMENT)

In the past financial year, several portfolio companies, particularly from the Plastics and Adhesives & Coatings segments, faced significant supply chain disruptions and rising energy costs. These challenges were caused by global issues such as raw material shortages, transport bottlenecks and logistical disruptions. This also exposed our company to increased sourcing risks, which impacted production costs and delivery capabilities.

Since the beginning of 2023, the situation surrounding supply chain disruptions and energy costs has eased again, reducing the procurement risk rating from "high" to "medium". However, we will continue to work on strengthening our supply chains to improve their robustness and resilience going forward. Similarly, we will continue to focus on investing in renewable energy and examining hedging against rising energy prices to further minimise potential risks.

LEGAL RISKS (TAX/LAW)

The increasing legal requirements as well as guidelines for companies present a growing challenge. Ensuring compliance with these requirements entails increased legal risks. In particular, laws such as the Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz) require companies to audit the entire supply chain for compliance with social, environmental and human rights standards. However, the complexity of global supply chains makes it difficult to meet such requirements and can lead to liability risks if violations are not detected or adequately remedied.

We have therefore bumped up the legal risk category from "low" to "medium". We are fully aware of these risks and are working in close cooperation with the local management teams, compliance officers and Group risk managers on measures to minimise such risks. Our aim is to ensure responsible and sustainable business practices.

3 FORECAST REPORT

EXPECTED DEVELOPMENT OF THE OVERALL ENVIRONMENT

According to the ifo Institute, the global economy will expand by 2.1% in 2023 and 2.0% in 2024 after an increase of 2.8% last year. The global increase in consumer prices is expected to slow significantly from 7.1% in 2022 to 4.5% this year and 2.8% next year.

In the USA, consumer surveys have been showing a decline in household confidence since the beginning of the year. Economic surveys of US industrial companies also suggest that a recession is imminent. Overall, the US economy is expected to expand by 0.9% in 2023 (previous year: 2.1%). Despite a slight revival of economic momentum next year, growth in 2024 is expected to be subdued at 0.6%. The US inflation rate is expected to be 4.5% in 2023 and 2.9% in 2024, after 8.0% last year.

In the eurozone, the economy is unlikely to pick up in the coming quarters after the slight decline in GDP in the winter half-year. For 2023 as a whole, GDP is expected to increase by just 0.6% (previous year: 3.5%). Next year, the global economy is also expected to revive the eurozone and growth is expected to accelerate to 1.3%. Consumer prices are likely to rise by a total of 5.4% in 2023, after 8.4% in the previous year. For 2024, the inflation rate is expected to fall to just 2.0%.

The UK's GDP is expected to grow by just 0.4% in 2023 and 1.3% in 2024, following strong growth of 4.1% last year. According to calculations by the ifo Institute, the inflation rate will fall from 9.1% last year to 6.5% in 2023 and 2.4% in 2024. Chinese economic growth is expected to slow down in the further course after the strong start to the year. Overall, price-adjusted GDP is expected to grow by 5.6% in 2023 and 4.6% in 2024, following growth of 3.0% in 2022. Inflation in China, unlike in advanced economies, is expected to remain lower at around 1.4% in 2023 (previous year: 2.0%) and approx. 2.4% in 2024.

The German economy is expected to recover and grow from the end of 2023. Overall, the gross domestic product will decline by approx. 0.4% this year after a growth of 1.8% in 2022, but will increase again by 1.5% next year. The inflation rate is likely to fall from 8.7% in 2022 to 5.5% in 2023 and 1.9% in 2024. Declining energy prices in particular are likely to contribute to a fall in inflation. The economic slowdown is also expected to leave its mark on the job market. Employment growth is expected to drop noticeably during the course of 2023. The unemployment rate will be 5.5% in 2023 and 5.3% in 2024 after 5.3% last year.

EXPECTED DEVELOPMENT OF THE COMPANY

Blue Cap Group Forecast*

	Adjusted forecast 2023 (26 July 2023)	Actual 2022
Revenue (EUR million)	275 – 295	291.1
Adjusted EBITDA margin in% of total output, adjusted	8 – 9%	9.3%
Net debt ratio in years (including lease liabilities)	≤3.5	2.4

* On the basis of continuing operations

Based on current order development and the ongoing and planned organisational measures, Blue Cap prepared a forecast for the full year in the first half of 2023. According to this forecast, the Management Board expects consolidated revenues from continuing operations, excluding Uniplast, to be in the range of EUR 275 to 295 million for the full year 2023, with an adjusted EBITDA margin of between 8.0 and 9.0%. The second half of 2023 will continue to present a challenge. That said, the Blue Cap Group is well positioned due to operational transformation measures it rigorously pursues.

The financial strength of Blue Cap 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 continues to expect the Blue Cap Group's net debt ratio (incl. lease liabilities) based on adjusted EBITDA to be no more than 3.5 years for the forecast year.

In addition to further developing the existing business areas with a view to increasing their substance, Blue Cap is constantly examining further opportunities for expansion and sales. The target figures do not take into account the effects of possible further acquisitions or disposals of portfolio companies or real estate assets. Furthermore, potential company acquisitions and sales can lead to changes in the Blue Cap's scope of consolidation between the reporting dates, which could have an impact on the control parameters. In view of the current macroeconomic uncertainties and business development, Blue Cap's focus is currently on portfolio measures to secure profitability and liquidity as well as on the acquisition of smaller add-ons for existing platforms.

EXPECTED DEVELOPMENT OF THE SEGMENTS

Given the business development in the first half of 2023 and the rolling operating forecasts made by the portfolio companies, the Management Board expects subdued development in the Plastics segment for the second half of the year. Both con-pearl and H+E anticipate recession influences that may impact business development. con-pearl is experiencing a cautious order situation, particularly in the DACH region, while US business remains good. As communicated at the turn of the year, con-pearl will remain behind the very good previous year in terms of revenue and earnings. However, we assume that the company will still develop within the confidence range of the planning for 2023 overall, despite noticeable pressure on the margin. The revenue forecast for H+E correlates directly with expected sales of OEM customers which, given the a high forecast uncertainty, are expecting a downturn in the relevant model series. Consequently, the Management Board is taking a conservative view of the development in the second half of the year and expects overall turnover and EBITDA to be slightly below the previous year's level.

Declines in demand at Neschen and Planatol led to a weaker first half-year in the Adhesives & Coatings segment compared to the previous year. The Management Board continues to expect difficult market conditions for both companies. This is the reason why overall turnover forecasts are below the previous year. Nonetheless, there are signs of a slight recovery at Neschen and the EBITDA margin is expected to improve further due to the fitness programme implemented in the first half of 2023. An adjusted EBITDA above the first half of 2023 as well as above the comparable period is therefore likely. At Planatol, the market situation is more challenging and the results from the sales measures implemented will become apparent only in the medium term. Consequently, the Management Board is not anticipating a recovery in the second half of the year and expects to see an EBITDA significantly below that of the previous year.

The outlook for the second half of 2023 for the two companies in the Business Services segment varies considerably. At HY-LINE, after a period of record months, there are signs that incoming orders will cool off. This means that revenue and margin for the second half of the year are expected to be below the levels of first half year and also below the previous year. At Transline, we expect a continuation of the slight upturn in the business environment in the second half of the year and a further sustained improvement in margins. Overall, revenue and adjusted EBITDA for the Business Services segment are expected to be above the previous year's levels.

In the Others segment, Blue Cap's smallest portfolio company, nokra, was below the previous year due to projects being postponed. In the second half of the year, a reduced order volume caused by the financial difficulties of a large customer are impacting the forecast. In terms of revenue, nokra is expected to close the 2023 financial year at about the same level as the previous year, while the order backlog is developing at a slightly higher level. At the minority shareholding INHECO, a noticeable decline in demand is curbing sales and increased costs compared to the previous year due to expansion investments are impacting the result. To secure earnings, a turnaround programme is being implemented at INHECO. This essentially involves a rigorous adjustment of the cost structure and will quickly restore the company's profitability. For 2023, the Management Board expects a negative contribution from INHECO as part of the at-equity consolidation.

FINAL REMARKS

Due to the uncertain further impacts of the Russia-Ukraine war and the global economic situation dominated by inflation and partial recession, 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 overall 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, 21 August 2023

The Management Board

INTERIM CONSOLIDATED FINANCIAL STATEMENT

33_ INTERIM CONSOLIDATED FINANCIAL STATEMENT

INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF BLUE CAP AG

AS OF 30 JUNE 2023

Consolidated income statement

EUR thousand

Continuing operations	Reference	H1 2023	H1 2022
Revenue	D.1	145,375	145,828
Change in inventories		–851	3,628
Other services provided by the company and capitalised		159	164
Other income	D.2	2,336	17,244
Total output		**147,018**	**166,864**
Cost of materials	D.3	–79,073	–81,755
Personnel expenses	D.4	–36,507	–33,555
Other expenses	D.5	–21,016	–22,026
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**10,423**	**29,527**
Depreciation and amortisation		–10,011	–10,085
Impairment losses and reversals		–349	0
Share of profit/loss in associates		–709	931
Earnings before interest and taxes (EBIT)		**–645**	**20,373**
Impairment losses and reversals pursuant to IFRS 9		–67	78
Financing income		403	32
Financing expenses		–2,179	–817
Earnings before taxes (EBT)		**–2,488**	**19,666**
Income tax expense		734	–5,773
Earnings after taxes from continuing operations		**–1,754**	**13,893**
Earnings after taxes from discontinued operations	E.7	–6,122	494
Consolidated income		**–7,876**	**14,387**
of which attributable to			
Owners of the parent company		–7,807	14,770
Non-controlling interests		–69	–383
Earnings per share in EUR (undiluted)	D.6	**–1.78**	**3.36**
Earnings per share in EUR (diluted)	D.6	**–1.78**	**3.36**

Consolidated statement of comprehensive income

EUR thousand

	H1 2023	H1 2022
Consolidated income	–7,876	14,387
Remeasurements of defined benefit plans, before taxes	–16	–14
Remeasurement of financial assets at fair value under other comprehensive income and gains (losses) on disposal of such assets, before tax	0	0
Items not subsequently reclassified to profit or loss	**–16**	**–14**
Currency translation differences, before taxes	–130	559
Items subsequently reclassified to profit or loss under certain conditions	**–130**	**559**
Other comprehensive income	**–146**	**545**
of which attributable to		
Owners of the parent company	–146	545
Non-controlling interests	0	0
Total comprehensive income	**–8,021**	**14,932**
of which attributable to		
Owners of the parent company	–7,952	15,315
Non-controlling interests	–69	–383

The comparative period H1 2022 has been adjusted in accordance with the requirements of IFRS 5 concerning discontinued operations.

Consolidated statement of financial position

EUR thousand	Reference	30 June 2023	31 December 2022
ASSETS			
Goodwill		28,553	28,553
Intangible assets	E.1	36,539	39,537
Property, plant and equipment	E.2	63,556	82,563
Financial investments accounted for using the equity method		5,868	6,577
Participating interests		116	181
Other financial assets	E.3	1,906	2,036
Other non-financial assets	E.4	1,981	3,185
Deferred tax assets		6,301	6,453
Non-current assets		**144,820**	**169,083**
Inventories	E.5	36,058	47,227
Current contract assets		9,248	8,405
Trade receivables		33,272	29,201
Other financial assets		917	1,560
Income tax receivables		1,004	930
Other non-financial assets		3,568	4,911
Cash and cash equivalents	E.6	28,410	35,139
Assets held for sale	E.7	24,946	2,245
Current assets		**137,424**	**129,618**
Total assets		**282,243**	**298,701**

EUR thousand	Reference	30 June 2023	31 December 2022
LIABILITIES			
Subscribed capital	E.8	4,396	4,396
Capital reserve		15,665	15,665
Other equity components		1,798	1,953
Retained earnings		70,232	81,665
Equity attributable to the owners of the parent company		92,092	103,679
Non-controlling interests		5,685	5,682
Total equity		**97,777**	**109,362**
Provisions for pensions and similar obligations		5,809	6,118
Other provisions		**2,334**	**2,481**
Deferred tax liabilities		13,906	17,074
Non-current financial liabilities	E.10	78,453	73,200
Total non-current liabilities		**100,501**	**98,873**
Other provisions		2,896	4,659
Income tax liabilities		6,163	7,775
Current contract liabilities		2,186	1,284
Trade payables		16,931	20,096
Other current financial liabilities	E.10	36,289	45,207
Other current non-financial liabilities		10,062	**11,445**
Liabilities related to assets held for sale	E.7	9,437	**0**
Total current liabilities		**83,965**	**90,466**
Total assets		**282,243**	**298,701**

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 01 January 2022	**4,396**	**15,665**	**337**	**348**	**–872**	**0**	**73,200**	**93,075**	**5,169**	**98,243**
Dividends	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**
As of 01 January 2023	**4,396**	**15,665**	**2,490**	**744**	**–872**	**–409**	**81,665**	**103,679**	**5,682**	**109,362**
Dividends	0	0	0	0	0	0	–3,957	–3,957	–2	–3,958
Transactions with non-controlling interests	0	0	0	0	0	0	330	330	47	377
Changes in the consolidated group	0	0	0	0	0	0	0	0	27	27
Total comprehensive income	0	0	–25	–130	0	0	–7,807	–7,961	–69	–8,031
As of 30 June 2023	**4,396**	**15,665**	**2,466**	**614**	**–872**	**–409**	**70,232**	**92,092**	**5,685**	**97,777**

Consolidated cash flow statement

EUR thousand Continuing operations	H1 2023	H1 2022
Consolidated income	–1,754	13,893
Increase (-)/decrease (+) in inventories	3,153	–6,349
Increase (-)/decrease (+) in trade receivables	–4,569	–10,816
Increase (-)/decrease (+) in contract assets	–844	1,052
Increase (-)/decrease (+) in other receivables and assets	–758	–1,669
Increase (+)/decrease (-) in provisions	–463	2,634
Increase (+)/decrease (-) in trade payables	–1,810	1,856
Increase (+)/decrease (-) in contract liabilities	901	–474
Increase (+)/decrease (-) in other liabilities	2,804	–3,460
Depreciation, amortisation and impairment losses on intangible assets and property, plant and equipment	10,359	10,085
Profit (-)/loss (+) from the disposal of intangible assets and property, plant and equipment	–124	–15,013
Profit (-)/loss (+) from deconsolidation measures	90	340
Other non-cash expenses (+)/income (-)	622	–1,528
Contribution to earnings from currency effects	–24	402
Interest expenses (+)/interest income (-)	1,812	1,182
Income tax expense (+)/income tax income (-)	–734	5,773
Income taxes paid (-) /income tax refunds (+)	–797	–2,525
Cash flow from operating activities	**7,865**	**–4,833**

EUR thousand	H1 2023	H1 2022
Proceeds (+) from disposals of property, plant and equipment	76	33
Payments (-) for investments in property, plant and equipment	–2,124	–3,128
Payments (-) for investments in intangible assets	–373	–719
Proceeds (+) from disposals of assets held for sale	0	20,006
Payments (-) from additions to investment property	0	–18
Payments (-) for additions to the scope of consolidation	0	–21206
Proceeds (+) from disposals from the scope of consolidation	0	697
Interest received (+)	247	5
Cash flow from investment activities	**–2,173**	**–4,330**
Dividends paid (-) to shareholders of the parent company	0	0
Proceeds (+) from (financial) borrowings	291	17,462
Payments (-) for the repayment of (financial) borrowings	–5,943	–17,294
Payments (-) for the repayment of lease liabilities	–3,478	–3,177
Payments (-)/proceeds (+) from security deposits at banks	0	200
Interest paid (-)	–1,405	–1,082
Dividends paid (-) to other shareholders	–2	–1
Cash flow from financing activities	**–10,536**	**–3,892**
Cash-effective change in cash funds	**–4,843**	**–13,055**
Changes in cash funds due to exchange rate fluctuations	–69	–27
Cash funds at the beginning of the period	23,987	28,948
Cash funds at the end of the period	**19,075**	**15,866**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF BLUE CAP AG

AS OF 30 JUNE 2023

A. GENERAL INFORMATION AND ACCOUNTING POLICIES

A.1 General information on the 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 1,434 employees and 41 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. Blue Cap invests in companies where succession arrangements are unresolved and in Group spin-offs. 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

These unaudited interim consolidated financial statements, prepared as of the reporting date of 30 June 2023, should be read in conjunction with the consolidated financial statements for 2022. The disclosures contained also apply to these interim consolidated financial statements, unless changes are explicitly addressed in these interim consolidated financial statements.

New standards and interpretations not yet applied

All mandatory pronouncements issued by the International Accounting Standards Boards (IASB) which have been adopted by the EU as part of the endorsement process were taken into account when preparing these interim consolidated financial statements.

The effects of the amendments/new provisions not yet adopted into EU law on the Blue Cap Group are currently still being examined. No significant impact is expected at present.

B. SCOPE OF CONSOLIDATION AND CONSOLIDATION METHODS

B.1 Scope of consolidation

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

As at 30 June 2023 , the scope of consolidation includes, in addition to the parent company, 42 (31 December 2022: 44) companies, fully consolidated. Of which, 28 (31 December 2022: 28) companies have their registered office in Germany and 14 (31 December 2022: 16) have their registered office abroad.

As of 30 June 2023, ten subsidiaries were not included in the interim consolidated financial statements because they are of minor importance for the presentation of a true and fair view of the Group's financial position, cash flows and financial performance. The total revenue of these companies corresponds to less than one per cent of the Group's revenue.

As at 31 December 2022, HY-LINE Management GmbH held 2.2% of its own shares. Taking into account these shares and the management participation, Blue Cap AG's shareholding as at 31 December 2022 therefore amounted to 95.0%. 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 as of 30 June 2023 is 92.9% once again.

Blue Cap AG carried out a capital increase in favour of its subsidiary Blue Cap 14 GmbH in June 2023. As a result, Blue Cap AG's shareholding increased from 73.9% to 84.6%.

B.2 Changes in the consolidated group

B.2.1 Changes to the scope of consolidation in H1 2023

The following changes in the scope of consolidation occurred during the first half of 2023:

Filmolux Austria GmbH and Filmolux Scandinavia AB, both subsidiaries of Neschen Coating GmbH, were deconsolidated on 1 January 2023 for reasons of materiality. The companies' operations have been discontinued and their customers will be taken on and looked after by Neschen Coating GmbH and its distributors. The deconsolidation of the two companies resulted in a deconsolidation expense of EUR 90 thousand. This is included in Other expenses.

Filmolux Austria GmbH was deleted from the Austrian commercial register in January 2023.

Acquisitions of subsidiaries in H1 2023

No company acquisitions were completed in the first half of 2023.

The Transline Group was included in the consolidated financial statements of Blue Cap AG in the comparative period from 1 March 2022. As a result, a year-on-year comparison in the income statement for the half year under review is possible only to a limited extent.

The key figures of the income statement of the Transline Group, including Micado Innovation GmbH (consolidated for the first time as at 30 June 2022 and not reported separately for reasons of materiality), which is part of the Business Services segment, were as follows in the first half of 2023:

Key figures from the income statement of the Transline Group in the period from 1 January to 30 June 2023

EUR thousand	01 January – 30 June 2023	01 March – 30 June 2022
Revenue	11,065	6,778
Total output	11,234	7,179
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	880	191
Earnings before interest and taxes (EBIT)	–736	–986

Sale of subsidiaries in H1 2023

No subsidiary sales were completed in the first half of 2023.

B.2.2 CHANGES TO THE SCOPE OF CONSOLIDATION IN H1 2022

For information on changes in the scope of consolidation in the comparative period, please refer to the notes to the consolidated financial statements that form part of the consolidated financial statements as of 31 December 2022.

C. ACCOUNTING POLICIES

The accounting policies applied in the past business year generally continued to apply unchanged to these interim consolidated financial statements.

In general, the main assumptions, estimates and judgements used in the preparation of the interim consolidated financial statements match those used in the consolidated financial statements as of 31 December 2022.

D. NOTES TO THE CONSOLIDATED INCOME STATEMENT

D.1 Revenue

The Blue Cap Group's revenue consists primarily of revenue from customer contracts. 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 half year under review and the comparative period:

EUR thousand	H1 2023	H1 2022
Revenue recognised over time	58,041	62,983
Revenue recognised at a point in time	87,334	82,845
Revenue	**145,375**	**145,828**

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

GEOGRAPHICAL REVENUE BREAKDOWN

EUR thousand

	H1 2023	%	H1 2022	%
Germany	80,721	55.5	71,406	49.0
Rest of Europe	47,884	32.9	44,767	30.7
Third countries	16,771	11.5	29,655	20.3
Revenue	**145,375**		**145,828**	

D.2 Other income

Other income includes the following:

EUR thousand	H1 2023	H1 2022
Bargain purchase income	0	216
Income from foreign currency conversion	639	866
Income relating to previous periods	124	106
Income from the disposal of fixed assets	141	15,038
Income from the reversal of provisions	752	199
Miscellaneous other income	679	819
Other income	**2,336**	**17,244**

The income from the disposal of fixed assets in the comparative period 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	H1 2023	H1 2022
Cost of raw materials, consumables and supplies, and purchased merchandise	–70,618	–76,788
Cost of purchased services	–8,455	–4,967
Cost of materials	**–79,073**	**–81,755**

The increase in the cost of purchased services compared with the previous year is mainly due to the full inclusion of the Transline Group in the Blue Cap Group in the half year under review.

D.4 Personnel expenses

EUR thousand	H1 2023	H1 2022
Wages and salaries	−30,317	−27,930
Social security costs and expenses for pension plans	−6,190	−5,625
Personnel expenses	**−36,507**	**−33,555**

In relation to the comparative period, the development of wages, salaries, social security contributions and expenses for pension plans was mainly influenced by the full consolidation of the Transline Group in the period under review.

D.5 Other expenses

EUR thousand	H1 2023	H1 2022
Outgoing freight, commission and distribution costs	−3,500	−3,602
Advertising costs	−996	−1,058
Vehicle and travel expenses	−1,109	−1,033
Legal and consultancy costs	−2,634	−2,915
Training and temporary employment costs	−726	−1,106
Rent, leasing and storage costs	−647	−717
Operating and maintenance costs for operating resources	−7,185	−7,176
Contributions, fees and insurance costs	−1,342	−1,825
Losses from the disposal of assets	−87	−53
Extraordinary and prior-period expenses	−404	−544
Expenses from currency translation	−730	−356
Miscellaneous other expenses	−1,654	−1,641
Other expenses	**−21,016**	**−22,026**

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

D.6 Earnings per share

Earnings per share are as follows:

Earnings per share from continuing and discontinued operations

EUR thousand

		H1 2023	H1 2022
Consolidated net income for the year after tax attributable to owners of the parent company	**EUR thousand**	**−7,807**	**14,770**
Weighted average number of shares to calculate earnings per share			
Undiluted	No.	4,396,290	4,396,290
Diluted	No.	4,396,290	4,396,290
Earnings per share			
Undiluted	EUR	−1.78	3.36
Diluted	EUR	−1.78	3.36

E. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

E.1 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 01 January 2023	**1,092**	**62,222**	**149**	**63,462**
Changes in the consolidated group	0	–17	0	–17
IFRS 5 reclassification	0	–1,098	0	–1,098
Additions	0	488	86	573
Disposals	0	0	0	0
Exchange rate effects	0	–2	0	–2
As of 30 June 2023	**1,092**	**61,593**	**234**	**62,919**
Accumulated amortisation and impairment losses				
As of 01 January 2023	**–589**	**–23,208**	**–128**	**–23,925**
Changes in the consolidated group	0	–36	0	–36
IFRS 5 reclassification	0	1,078	0	1,078
Disposals	0	0	0	0
Depreciation and amortisation	–39	–3,406	–21	–3,466
Impairment losses/reversal of impairment losses	0	–31	0	–31
Exchange rate effects	0	0	0	0
As of 30 June 2023	**–628**	**–25,603**	**–149**	**–26,380**
Carrying amounts				
31 December 2022	502	39,014	21	39,537
30 June 2023	464	35,990	85	

The IFRS 5 reclassifications were made for the intangible assets of the Knauer Uniplast Group held for sale as of the reporting date.

Scheduled depreciation and amortisation amounting to EUR 3,466 thousand (H1 2022: EUR 3,393 thousand) were recognised during the period under review. Of this amount, discontinued operations account for EUR 5 thousand (H1 2022: EUR 6 thousand), which are not recognized in the consolidated income statement. Impairment losses on intangible assets in the amount of EUR 0 thousand (H1 2022: EUR 0 thousand) had to be recognised in the current financial year. No reversals were recognised in the periods presented.

The rights to use intangible assets relate primarily to the software required for the operations of the Group companies.

E.2 Property, plant and equipment

EUR thousand	Land and buildings	Technical equipment and machinery	Operating and office equipment	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 01 January 2023	**64,936**	**140,090**	**37,424**	**24,218**	**12,407**	**5,600**	**284,676**
Changes in the consolidated group	0	–5	–67	–1	0	0	–73
IFRS 5 reclassification	–14,610	–57881	–12,770	–34	–1,058	–262	–86,616
Additions	205	810	515	1,070	3,159	786	6,546
Disposals	0	–763	–49	–14	–2,126	–1,353	–4,305
Exchange rate effects	–3	–44	–5	–26	–9	0	–88
As of 30 June 2023	**50,528**	**82,207**	**25,047**	**25,214**	**12,373**	**4,772**	**200,141**
Accumulated amortisation and impairment losses							
As of 01 January 2023	**–34,995**	**–114,869**	**–31,665**	**–10,661**	**–6,667**	**–3,256**	**–202,113**
Changes in the consolidated group	0	5	67	1	0	0	73
IFRS 5 reclassification	8,550	48,644	11,430	22	362	36	69,043
Disposals	0	742	24	10	2,126	1,393	4,295
Depreciation and amortisation	–640	–2,859	–763	–1,679	–1,191	–804	–7,936
Impairment losses/reversal of impairment losses	0	0	0	0	0	0	0
Exchange rate effects	2	33	2	12	2	0	52
As of 30 June 2023	**–27,082**	**–68,304**	**–20,904**	**–12,295**	**–5,369**	**–2,632**	**–136,585**
Carrying amounts							
31 December 2022	29,941	25,221	5,759	13,557	5,740	2,344	82,563
30 June 2023	23,446	13,903	4,144	12,919	7,004	2,140	63,556

The IFRS 5 reclassifications were made for the tangible fixed assets of the discontinued operation of the Knauer Uniplast Group held for sale as of the reporting date.

Depreciation and amortisation of property, plant and equipment and rights of use for property, plant and equipment amounting to EUR 7,936 thousand (H1 2022: EUR 8,030 thousand) are shown in the consolidated income statement under the item "Depreciation and amortisation". Of this amount, discontinued operations account for EUR 1,386 thousand (H1 2022: EUR 1,345 thousand), which are not recognized in the consolidated income statement.

Impairment losses on unused property, plant and equipment and rights of use totalling EUR 0 thousand (H1 2022: EUR 58 thousand) were recognised. These relate to discontinued operations. No reversals of impairment losses were recognised, as in the comparative period.

E.3 Other non-current financial assets

Interest rate hedges were concluded as part of the acquisition financing for the purchase of the HY-LINE Group and the Transline 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 1,274 thousand (31 December 2022: EUR 1,322 thousand).

Other non-current financial assets also mainly relate to deposits paid for properties rented in Germany and abroad (office, warehouse and production properties).

E.4 Other non-current non-financial assets

As of the reporting date, this item mainly consists of prepayments made on various items of property, plant and equipment and, to a lesser extent, prepayments made on intangible assets.

E.5 Inventories

EUR thousand	30 June 2023	31 December 2022
Raw materials, consumables and supplies	12,172	15,563
Unfinished goods, services in progress	4,605	7,189
Finished goods and merchandise	19,281	24,474
Inventories	**36,058**	**47,227**

The impairment losses recognised on inventories in the current financial year amount to EUR 2,671 thousand (31 December 2022: EUR 2,568 thousand). The impairment takes into account marketability, age and all apparent storage and inventory risks.

The change in inventories as of the comparative reporting date results in the amount of EUR 7,701 thousand from the reclassification in accordance with IFRS 5 for discontinued operations.

E.6 Cash and cash equivalents

As of the reporting date, the cash and cash equivalents presented include a current account in the amount of EUR 3,000 thousand (31 December 2022: EUR 3,000 thousand) deposited with a bank as collateral for a loan. The security amount is reduced pro rata by EUR 200 thousand per calendar year. These means of payment can only be used to a limited extent until the loan has been repaid.

In the financial year, cash and cash equivalents amounting to EUR 93 thousand are reported as held for sale in accordance with the provisions of IFRS 5.

E.7 Assets held for sale

DISCONTINUED OPERATIONS

In June 2023, the Group concluded an agreement on the sale of its 100% stake in Knauer Uniplast Management GmbH and its subsidiaries. Once the Knauer Uniplast Group had been successfully developed strategically and operationally, it was sold in line with Blue Cap's best-owner strategy.

The Knauer-Uniplast group had not previously been classified as a discontinued operation or as held for sale. The reported and previous year's figures in the consolidated statement of comprehensive income have been adjusted accordingly to show the discontinued operation separately from continuing operations.

Intragroup transactions have been eliminated in full from the consolidated financial results.

As of 30 June 2023, assets of EUR 23,019 thousand and liabilities of EUR 9,437 thousand allocated to the Knauer Uniplast Group are recognised as held for sale. These are broken down as follows:

in EUR thousand	30 June 2023
Impairment losses on assets held for sale	**–6,354**
Intangible assets	20
Property, plant and equipment	18,313
Other non-current assets	1,664
Non-current assets	**19,998**
Inventories	7,701
Receivables and other current assets	771
Cash and cash equivalents	93
Other current assets	811
Current assets	**9,376**
Provisions for pensions	422
Other provisions	40
Deferred tax liabilities	1,445
Non-current financial liabilities	672
Non-current liabilities	**2,579**
Other provisions	1,209
Trade payables	1,602
Other current financial liabilities	2,347
Other current non-financial liabilities	1,701
Current liabilities	**6,859**

As of 30 June 2023, the Knauer Uniplast Group, consolidated in the Blue Cap Group, also has liabilities to holding companies of the Group in the amount of EUR 10,882 thousand.

In addition, Blue Cap AG, consolidated in the Blue Cap Group, is due a receivable from the Knauer Uniplast Group in the amount of EUR 1,300 thousand, which is also to be sold.

The result of the discontinued operation included in the consolidated result is as follows:

Result from discontinued operation

EUR thousand

	H1 2023	H1 2022
Total output	26,877	28,251
of which sales outside the Blue Cap Group	**26,785**	**27,493**
Expenses	–33,138	–27,737
of which impairment of assets held for sale	–6,354	0
Result from operating activities	**–6,261**	**514**
Income tax expense	140	–21
Income from discontinued operations after taxes	**–6,122**	**494**
Earnings per share in EUR (undiluted)	–1.39	0.11
Earnings per share in EUR (diluted)	–1.39	0.11

The result from the discontinued operation is fully attributable to the owners of the parent company.

As the proceeds expected from the sale of the shares are lower than the carrying amount of the net assets concerned, impairment losses of EUR 6,354 thousand were recognized on the classification of these operations as held for sale.

During the course of year, the Knauer Uniplast Group contributed to the Group's cash flows as follows:

Cash flows from discontinued operations

EUR thousand

	H1 2023	H1 2022
Cash flow from operating activities	1,901	215
Cash flow from investment activities	–810	661
Cash flow from financing activities	–939	–771
Total cash flows	**152**	**104**

The cash flows shown relate only to discontinued operations and are not included in the consolidated cash flow statement.

ASSETS HELD FOR SALE

During the half year under review, a property in Pforzheim leased to a third party and a plot of land in Finning amounting to a total of EUR 1,927 thousand are also reported as held for sale. An impairment loss of EUR 318 thousand was recognized on the property in Finning.

E.8 Subscribed capital

As at 30 June 2023, the company's share capital amounted to EUR 4,396 thousand (previous 31 December 2022). This amount is divided into 4,396,290 (31 December 2022: 4,396,290) no-par value bearer shares. The pro rata amount of the share capital attributable to each no-par value share is EUR 1.00.

The Annual General Meeting held on 23 June 2023 resolved to distribute an amount of EUR 0.90 per dividend-bearing no-par value share. At the option of the shareholders, the dividend to be distributed will be paid either exclusively in cash or partly in cash and partly in the form of Blue Cap AG shares. As at 30 June 2023, a total of EUR 3,957 thousand had been recognised in other current financial liabilities for the settlement of these dividend claims.

E.9 Share-based payment

Starting on 1 January 2023, the Group issued virtual share appreciation rights to two members of the Management Board and selected senior employees of the Group holding company Blue Cap AG. Once the agreed holding period expires, these rights commit the Group to compensate in cash a positive difference between the price of the underlying Blue Cap AG share at the agreed exercise date and the previously agreed base price of the shares.

As virtual shares, these share appreciation rights or “phantom stocks” do not constitute a shareholding under company law. Likewise, they do not confer any rights to information, participation rights or voting rights or any participation in the annual result under company law.

This issue of virtual share-based share appreciation rights serves to commit employees to the company over the long term.

The fair value of the share appreciation rights is determined on the reporting date using a Black-Scholes model.

During the period under review, the Group recognised expenses for the formation of a provision for share appreciation rights in the amount of EUR 79 thousand (H1 2022: EUR 0 thousand).

E.10 Other financial liabilities

The other financial liabilities are broken down by maturity as follows:

	30 June 2023			31 December 2022		
EUR thousand	Current	Non-current	Total	Current	Non-current	Total
Liabilities to banks	19,083	59,109	78,192	33,751	52,785	86,536
of which from loan agreements	11,142	59,109	70,251	23,841	52,785	76,626
of which from current account agreements	7,941	0	7,941	9,910	0	9,910
Lease liabilities	7,242	14,727	21,970	6,455	15,577	22,031
Remaining other financial liabilities without borrowings	9,964	4,616	14,580	5,001	4,838	9,839
Other financial liabilities	**36,289**	**78,453**	**114,742**	**45,207**	**73,200**	**118,407**

F. SEGMENT REPORTING

The information provided to the Management Board of the Blue Cap Group (the “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 con-pearl 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 make up the Business Services segment. nokra Optische Prüftechnik und Automation GmbH, Blue Cap AG and other holding and shelf companies are allocated to the Others segment. Further information on the segments and the associated companies can be found in the combined interim group management report.

The Knauer Uniplast Group is reported as an operation held for sale as of the reporting date. The segment information provided below does not include any disclosures about this discontinued operation. For information on the operation held for sale, please refer to chapter E.7.

The Group's reportable segments in accordance with IFRS 8 are therefore as follows for the reporting and comparative periods:

H1 2023

EUR thousand	Plastics	Adhesives & Coatings	Business Services	Others	Total segments	Consolidation	Group
Revenue with external third parties	50,491	43,299	49,901	1,684	145,375	0	145,375
Revenue with Group companies	0	0	10	2,276	2,286	–2,286	0
Total revenue	50,491	43,299	49,911	3,960	147,661	–2,286	145,375
Total output	50,788	43,447	51,027	4,335	149,597	–2,579	147,018
EBITDA	6,116	455	4,782	–102	11251	–828	10,423
Depreciation, amortisation and impairment	–5,223	–1,648	–2,952	–815	–10638	279	–10,359
of which impairment losses/reversals	0	0	–31	–515	–546	197	–349
Result from valuation based on the equity method	0	0	0	0	0	–709	–709
EBIT	893	–1,193	1,830	–917	613	–1,258	–645
Adjusted total output	50,551	43,175	50,511	4,001	148,238	–2,358	145,880
Adjusted EBITDA	5,931	1,434	4,864	–121	12,108	–655	11,453
Adjusted EBITDA margin	11.7%	3.3%	9.6%	–3.0%	8.2%	27.8%	7.9%
Net debt ratio (in years)*	1.6	6.0	2.9	72.7	3.3	0.0	3.1
Investments/divestments**	–1,236	–819	–242	–123	–2,420	0	–2,420
of which company acquisitions/disposals	0	0	0	0	0	0	0
30 June 2023							
Working capital (net)***	18,877	23,704	15,060	1,821	59,462	0	59,462
Segment assets	85,575	61,943	86,489	125,142	359,149	–99,924	259,225
Segment liabilities	60,117	38,596	67,858	61,209	227,779	–63,633	164,147

* 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.

H1 2022

EUR thousand	Plastics	Adhesives & Coatings	Business Services	Others	Total segments	Consolidation	Group
Revenue with external third parties	**57,017**	**48,171**	**38,657**	**1,983**	**145,828**	**0**	**145,828**
Revenue with Group companies	**0**	**0**	**2**	**2,497**	**2,499**	**–2,499**	**0**
Total revenue	**57,017**	**48,171**	**38,659**	**4,480**	**148,328**	**–2,499**	**145,828**
Total output	**59,308**	**50,709**	**39,824**	**19,590**	**169,432**	**–2,567**	**166,864**
EBITDA	**9,405**	**3,106**	**3,050**	**14,745**	**30,306**	**–779**	**29,527**
Depreciation, amortisation and impairment	**–5,607**	**–1,746**	**–2,526**	**–316**	**–10,194**	**109**	**–10,085**
of which impairment losses/reversals	0	0	0	0	0	0	0
Result from valuation based on the equity method	**0**	**0**	**0**	**0**	**0**	**931**	**931**
EBIT	**3,798**	**1,360**	**524**	**14,429**	**20,112**	**261**	**20,373**
Adjusted total output	**59,064**	**50,589**	**39,398**	**4,531**	**153,582**	**–2,560**	**151,022**
Adjusted EBITDA	**9,432**	**3,206**	**3,671**	**–74**	**16,235**	**–439**	**15,795**
Adjusted EBITDA margin	16.0%	6.3%	9.3%	–1.6%	10.6%	17.2%	10.5%
Net debt ratio (in years)*	**1.4**	**3.7**	**5.0**	**neg.**	**2.7**	**0.0**	**2.8**
Investments/divestments**	**–2,008**	**–1,062**	**–21,910**	**20,646**	**–4,334**	**0**	**–4,334**
of which company acquisitions/disposals	0	0	–21,171	662	–20,509	0	–20,509

* 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 segment assets and segment liabilities shown are reconciled to the total assets and total liabilities of the Group as a whole as follows:

in EUR thousand	30 June 2023
Segment assets	259,225
Assets of the discontinued operation	23,019
Assets of the Group as a whole	**282,243**
Segment liabilities	164,147
Liabilities of the discontinued operations (including liabilities consolidated from the perspective of the Group as a whole)	20,320
Debts of the Group as a whole	**184,466**

The segment results for the reported segments can be reconciled to earnings before tax as follows:

Reconciliation to profit before tax for continuing operations

EUR thousand	Group	
	H1 2023	H1 2022
EBIT of the reportable segments	**1,530**	**5,683**
Other segment	–917	14,429
Consolidation	–1,258	261
Impairment losses according to IFRS 9	–67	78
Financing income	403	32
Financing expenses	–2,179	–817
Earnings before taxes (EBT)	**–2,488**	**19,666**

G. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

For a better understanding of the cash flow statement prepared for the Group, please refer to the disclosures on discontinued operations in Chapter E.7 as well as the reclassifications of assets and liabilities made in this respect.

CASH FUNDS

The cash funds included in the cash flow statement include all cash and cash equivalents reported in the statement of financial position (cash-in-hand, bank balances, time deposits and financial instruments available-for-sale with a maturity of less than three months) less overdrafts of continuing operations that can be called at any time.

The Group's cash funds are composed as follows:

Composition of cash funds

EUR thousand	30 June 2023	30 June 2022
Cash and cash equivalents	28,410	30,370
Pledged cash and cash equivalents	–3,000	–3,000
Liabilities to banks under current account agreements	–7,941	–13,023
Cash funds per share from continuing and discontinued operations	**17,468**	**14,347**
Cash and cash equivalents (-) and liabilities from current account lines (+) of discontinued operations	1,606	1,519
Cash funds of the continuing operations as at the reporting date	**19,075**	**15,866**

CASH INFLOW/OUTFLOW FROM INVESTMENT ACTIVITIES OF CONTINUING OPERATIONS

The main cash outflows from investment activities in the first half of 2023 resulted from investments amounting to EUR 2,497 thousand in various tangible and intangible assets.

No significant cash inflows from divestments were received in the first half of 2023.

There were no cash inflows or outflows from acquisitions or disposals of subsidiaries.

DEVELOPMENT OF CASH FUNDS OF CONTINUING OPERATIONS

In the period under review, there was a total cash outflow for the Blue Cap Group – excluding changes in value due to exchange rates – of EUR 4,843 thousand (H1 2022: EUR 13,055 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 30 June 2023	Amortised cost	Fair value through OCI	Fair value through profit or loss	Fair value 30 June 2023	Hierarchy
Non-current assets							
Participating interests	FVOCI	116		116		116	Level 2
Miscellaneous other financial assets		1,906					
of which derivatives	FVPL	1,274			1,274	1,274	Level 2
of which miscellaneous other financial assets	AC	632	632			632	
Current assets							
Trade receivables		33,272					
of which recognised at amortised cost	AC	33,272	33,272			33,272	
Other financial assets		917					
of which derivatives	FVPL	95			95	95	Level 2
of which miscellaneous other financial assets	AC	822	822			822	
Cash and cash equivalents	AC	28,410	28,410			28,410	

Balance sheet value pursuant to IFRS 9

EUR thousand

Financial liabilities by category		Carrying amount 30 June 2023	Amortised cost	Fair value through OCI	Fair value through profit or loss	Fair value 30 June 2023	Hierarchy
Non-current liabilities							
Non-current financial liabilities		78,453					
of which liabilities to banks	FLAC	59,109	59,109			53,052	Level 2
of which derivatives	FLFVPL	0			0	0	Level 2
of which lease liabilities	n/a	14,727					
of which miscellaneous other financial liabilities	FLAC	4,616	4,616			4,616	
Current liabilities							
Trade payables	FLAC	16,931	16,931			16,931	
Other financial liabilities		36,289					
of which lease liabilities	FLAC	19,083	19,083			19,083	Level 2
of which free-standing derivatives	n/a	7,242					
of which miscellaneous other financial liabilities	FLAC	9,964	9,964			9,964	

Summary per category

Financial assets at fair value through profit or loss	FVPL	1,369
Financial assets at fair value through other comprehensive income	FVOCI	116
Financial assets measured at amortised cost	AC	63,137
Financial liabilities at fair value through profit or loss	FLFVPL	0
Financial liabilities measured at amortised cost	FLAC	109,703

The net gains or losses in the individual categories according to IFRS 9 for the first half of 2023 and the comparative period are shown below:

EUR thousand		H1 2023	H1 2022
Financial assets at fair value through profit or loss	FVPL	–64	392
Financial assets at fair value through other comprehensive income	FVOCI	0	0
Financial assets measured at amortised cost	AC	874	973
Financial liabilities at fair value through profit or loss	FLFVPL	101	4
Financial liabilities measured at amortised cost	FLAC	–2,679	–1,434
Total		–1,768	–64

There are no significant default risks on the reporting date.

H.2 Disclosures on relationships with related persons and companies

On 1 January 2023, the Group issued virtual share appreciation rights to members of the Management Board of Blue Cap AG. Once the agreed holding period expires, these rights commit the Group to compensate in cash a positive difference between the price of the underlying Blue Cap AG share at the agreed exercise date and the previously agreed base price of the shares.

As virtual shares, these share appreciation rights or "phantom stocks" do not constitute a shareholding under company law. Likewise, they do not confer any rights to information, participation rights or voting rights or any participation in the annual result under company law.

The following share appreciation rights were allocated to the Management Board members:

	Share appreciation rights / phantom stocks allocated as at 01 January 2023	Underlying share price on the allocation date
	in thousands	in EUR
Tobias Hoffmann-Becking	31	24.9
Henning Eschweiler	8	24.9
Matthias Kosch	0	n/a

H.3 Events after the reporting date

On 14 June 2023, Blue Cap AG concluded an agreement on the sale of its 100% stake in Knauer Uniplast Management GmbH. The buyers are the CEO of Uniplast, Andreas Doster, and the COO&CIO Sascha Sander. The purchase agreement was executed on 17 July 2023. The total proceeds (before taxes) consisting of the purchase price for the shares and the shareholder loans are in the lower double-digit millions. A small portion of the purchase price is expected to be made available to the company as a loan until 31 October 2029 and will be repaid to Blue Cap only as part of a future refinancing package. The deconsolidation of the Knauer Uniplast Group will result in a deconsolidation expense of around EUR 6.4 million. This expense was recognised as an impairment loss on the assets of the discontinued operation as at 30 June 2023.

Blue Cap 13 GmbH sold two parcels of land with three conjoined buildings in Pforzheim to an investor by way of a purchase agreement dated 18 July 2023. The transfer of beneficial ownership is expected to be completed in the third quarter of 2023.

Blue Cap Asset Management sold a plot of agricultural land in Finning to Finning local authority by way of a purchase agreement dated 27 July 2023. The transfer of beneficial ownership is expected to be completed in the third quarter of 2023.

On 17 July 2023, the Management Board of Blue Cap AG resolved, with the consent of the Supervisory Board, to increase the company's share capital of EUR 4,396,290.00 by EUR 89,993.00 by issuing 89,993 new no-par value bearer shares, each representing EUR 1.00 of the share capital, in return for a contribution in kind and making partial use of the Authorised Capital 2021/I. The contribution in kind within the framework of the capital increase with subscription rights is based on entitlements to pro rata dividends for the financial year 2022.

With regard to the dividend for the financial year 2022 in the amount of EUR 0.90 per share, for the first time there was the option to receive the distribution either exclusively in cash (EUR 0.90 per share) or partly in cash (EUR 0.26 per share) and partly in the form of new shares in the company in return for a contribution of pro rata dividend entitlements (EUR 0.64 per share). Shareholders holding a total of 70% of the share capital have chosen the stock dividend. Consequently, dividend entitlements totalling EUR 1,969,766.78 will be exchanged for new shares in Blue Cap AG.

Entering the execution of the capital increase in the commercial register increases the company's share capital to EUR 4,486,283.00.

In order to streamline the corporate structure of the HY-LINE Group, a decision was made by way of a notarial agreement of 26 July 2023 to merge HY-LINE Power Components Vertriebs GmbH and HY-LINE Communication Products Vertriebs GmbH into HY-LINE Computer Components Vertriebs GmbH. HY-LINE Computer Components Vertriebs GmbH will then operate under the name HY-LINE Technology GmbH as of 1 September 2023.

In order to streamline the corporate structure of the Transline Group, a decision was made by way of a notarial agreement of 21 August 2023 to merge medax – medizinischer Sprachdienst GmbH, Transline Software Localization GmbH and Micado Innovation GmbH into Transline Deutschland GmbH.

In August 2023, Blue Cap AG and the minority shareholder of Blue Cap 14 GmbH jointly sold a total of around 5% of the shares in Blue Cap 14 GmbH to MEP Transline GmbH & Co. KG or contributed them to this company. The limited partner shares of this company were acquired by the newly appointed managing director of Blue Cap 14 GmbH.

The Management Board employment contract of Matthias Kosch will end on 31 December 2023 at the latest.

Beyond that, there were events of particular significance that need to be included in the income statement and or the statement of financial position.

H.4 Approval of the consolidated interim financial statements in accordance with IAS 10.17

These interim consolidated financial statements of Blue Cap AG for the first half of 2023 were approved for publication by the Management Board on 21 August 2023.

Munich, 21 August 2023

Blue Cap AG
The Management Board

Henning Eschweiler   Tobias Hoffmann-Becking   Matthias Kosch

FURTHER INFORMATION

58_ FURTHER INFORMATION

ADJUSTED CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD FROM 01 JANUARY TO 30 JUNE 2023 (CONTINUING OPERATIONS)

	H1 2023		H1 2022		Change	
	EUR thousand	%	EUR thousand	%	EUR thousand	%
Revenue	145,375	99.7	145,828	96.6	–453	–0.3
Change in inventories	–851	–0.6	3,628	2.4	–4,479	< –100
Other own work capitalised	159	0.1	164	0.1	–5	100
Other operating income	1,198	0.8	1,402	0.9	–204	–14.6
Adjusted total output	**145,880**	**100.0**	**151,022**	**100.0**	**–5,142**	**–3.4**
Cost of materials	–79,073	–54.2	–81,464	–53.9	2,391	–2.9
Personnel expenses	–35,698	–24.5	–33,551	–22.2	–2,147	6.4
Other operating expenses	–19,656	–13.5	–20,212	–13.4	556	–2.7
Adjusted EBITDA	**11,453**	**7.9**	**15,795**	**10.5**	**–4,342**	**–27.5**
Depreciation and amortisation	–6,617	–4.5	–6,612	–4.4	–4	0.1
Share of profit/loss in associates	–709	–0.5	931	0.6	–1,640	< –100
Adjusted EBIT	**4,128**	**2.8**	**10,114**	**6.7**	**–5,986**	**–59.2**
Financing income	292	0.2	–115	–0.1	407	< –100
Financing expenses	–2,078	–1.4	–693	–0.5	–1,385	> 100
Financial result	**–1,786**	**–1.2**	**–808**	**–0.5**	**–978**	**> 100**
Income from adjustments	1,650	1.1	15,977	10.6	–14326	–89.7
Expenses from adjustments	–6,339	–4.3	–5,607	–3.7	–732	13.1
Adjustments	**–4,689**	**–3.2**	**10,370**	**6.9**	**–15,058**	**< –100**
Earnings before taxes	**–2,347**	**–1.6**	**19,676**	**13.0**	**–22,022**	**< –100**
Income tax expense	592	0.4	–5,773	–3.8	6,365	< –100
Minority interests	69	0.0	383	0.3	–314	–81.9
Consolidated income	**–1,685**	**–1.2**	**14,286**	**9.5**	**–15,971**	**< –100**

Reconciliation from reported ebitda (IFRS) to adjusted ebitda and adjusted ebit for the group (continuing operations)

EUR thousand

	H1 2023	H1 2022
EBITDA (IFRS)	**10,423**	**29,527**
Adjustments:		
Income from asset disposals	–141	–15,038
Income from the reversal of provisions	–752	–199
Other non-operating income	–245	–676
Losses on disposal of fixed assets	107	365
Expenses from restructuring and reorganisation	31	195
Personnel costs in connection with personnel measures	809	4
Legal and consultancy costs related to with acquisitions/divestments and personnel measures	738	682
Other non-operating expenses	483	673
Utilisation of disclosed hidden reserves	0	264
Adjusted EBITDA	**11,453**	**15,795**
Adjusted EBITDA margin in% of total output, adjusted	**7.9%**	**10.5%**
Depreciation and amortisation	–10,011	–10,085
Impairment losses and reversals	–349	0
Share of profit/loss in associates	–709	931
Adjustments:		
Amortisation of disclosed hidden reserves	3,425	3,473
Impairment losses and reversals	318	0
Adjusted EBIT	**4,128**	**10,114**
Adjusted EBIT margin in% of total output, adjusted	**2.8%**	**6.7%**

CONTACT, FINANCIAL CALENDAR AND LEGAL NOTICE

LEGAL NOTICE

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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 half-year report on our website at www.blue-cap.de/en/investor-relations/reports

FINANCIAL CALENDAR

Date	Event	Location
23–24 August 2023	10th Hamburger Investor Day – HIT	Hamburg
27–29 November 2023	German Equity Forum - EKF	Frankfurt am Main

Subject to change without notice

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 2022 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.