IT'S ALL ABOUT POTENTIAL

BLUE CAP

2023
Annual Report

CONTENTS

KEY FIGURES FOR THE GROUP

EUR thousand

	2023	2022	Variance in %
Revenue	273,322	291,268	–6.2
Adjusted EBITDA*	23,184	27,459	–15.6
Adjusted EBITDA margin in %	8.5	9.3	–8.2
Consolidated net income	–20,284	10,437	–294.3
Cash flow from operating activities	19,603	15,201	29.0
Cash flow from investment activities	8,821	–6,963	–226.7
Earnings per share in EUR (weighted average)	–4.02	2.78	–244.6
Earnings per share in EUR**	0.65	0.90	–27.8
Dividend yield per share in %**	3.7	3.6	2.8

	31 Dec. 2023	31 Dec. 2022	Variance in %
Balance sheet total	243,904	298,701	–18.3
Net Asset Value in EUR million	112.3	160.8	–30.2
Equity	87,254	109,362	–20.2
Equity ratio in %	35.8	36.6	–2.3
Working capital (net)***	47,263	62,056	–23.8
Net debt ratio in years	2.5	2.4	4.2
Average no. of employees in the Group	1,279	1,452	–11.9
Average no. of employees in the holding company	13	13	0.0

INTERESTING FACTS
Further information on NAV starting on page 59

* 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
** Dividend and dividend yield (based on the respective XETRA closing price for the financial year) are subject to the approval of the Annual General Meeting, expected in June 2024.
*** Incl. contract assets and contract liabilities

PROFILE

As an investment company, Die Blue Cap AG invests in SMEs from the B2B sector that are facing special situations. Although the primary focus is on situations involving an increased need for restructuring, Blue Cap comes into its own as a partner when the essence of the problem is outside the operational business – unresolved succession situations, complex shareholder structures or carve-outs. The expertise within our team lays the foundation for the successful turnaround of the acquired company. An investment is sold as soon as Blue Cap has successfully implemented its planned transformation program and the company is able to reach the next stage of its development under a different ownership structure.

MISSION

EMPOWERING TRANSFORMATION

When making an investment decision, we focus on identifying a company's healthy core and taking a close look at its potential for value appreciation. We deploy our expertise and active investment approach to develop the company strategically and operationally. The ultimate aim is to realise the increase in value achieved through a successful sale – with the highest possible return on the capital invested. As a listed company, the desire to create sustainable value for all stakeholders is at the centre of our daily work. Our "Blue Cap 2026" strategy sets the course.

In 2023, we held our own in a challenging market environment. The markets look set to remain unsettled in 2024 and a wide range of challenges will bring about change. In this environment, we are operate dynamically and pursue the clear vision of increasing earnings through active turn-around management. In many respects, this is determined by potential. Potential that offers crucial leverage for increasing the value of our companies. Potential that exists at our holding company and has an impact on our day-to-day activities. And finally, potential that is forever evolving to keep abreast of economic changes or market trends. This sets the scene for this year's annual report:

IT'S ALL ABOUT POTENTIAL

BACK ON THE GROWTH PATH: AND HERE'S HOW.

Dr. Henning von Kottwitz and Henning Eschweiler on a clear vision, more transactions and proven levers for increasing value.

_ From left to right:
Henning Eschweiler, Chief Operating Officer, responsible for Investment Management and Sustainability.
Dr. Henning von Kottwitz, Chair of the Management Board and CEO, responsible for Mergers & Acquisitions, Capital Markets, Finance and Legal.

Mr von Kottwitz, Mr Eschweiler, what would you say if you had to sum up the 2023 financial year?

_Mr v. K.: 2023 was generally a difficult year for Blue Cap. We saw both positives and negatives. Business performance, particularly in the middle of the year, was below original expectations. This has led to a clearly negative development of NAV and share price. Without a doubt, the short-notice change to the Management Board in the third quarter also had a negative impact – a challenge in any situation but especially in a phase like this. The positive to come out was that operations stabilised again in the fourth quarter. The restructuring measures we had put in place at some of our portfolio companies over the course of the year began to take effect. Overall, we performed well under difficult conditions and, based on the trend from the fourth quarter, are looking at 2024 with confidence.

_Mr E.: It's true that we faced headwinds in 2023, but what matters is how we tackled them. We focused on cash optimisation throughout the portfolio at an early stage – essentially by reducing inventories and managing receivables. All of our portfolio companies, without exception, have shown a great deal of commitment to this. And where needed, we were able to appreciably increase earnings with effective, performance-based turnaround programmes. These measures together have really helped increase resilience within the portfolio, and we will reap the benefits in 2024.

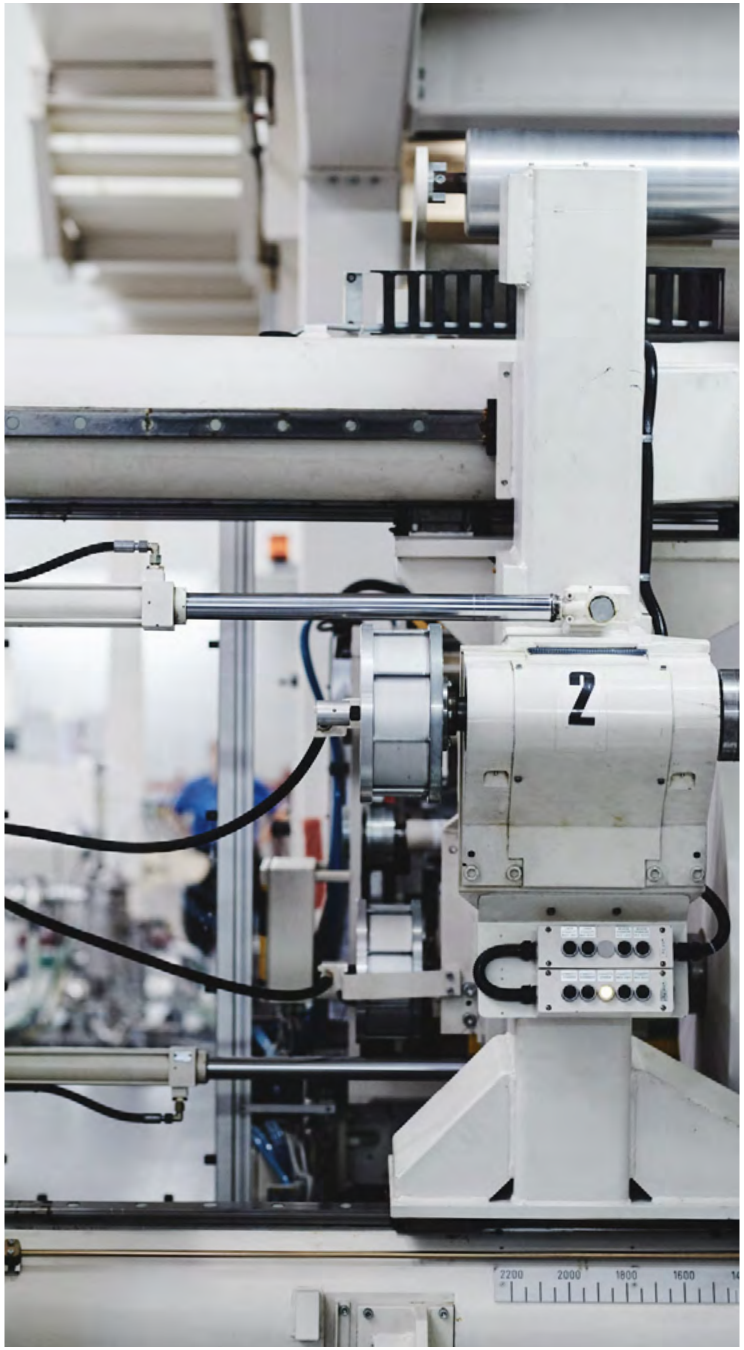
__ Dr. Henning von Kottwitz, CEO
A fully qualified lawyer, Dr. von Kottwitz has several years of experience in the investment sector and in German SMEs. He began his career at a leading strategy consultancy, advising mainly companies in the industrial goods sector. He has also spent many years in various management and leadership roles, including at medium-sized industrial and logistics companies.

M&A is fundamental to our business model and our value generation: We intend to reinvigorate our activities in this area.

_ Dr. Henning von Kottwitz

You also sold one company in 2023. How do you rate this deal for Blue Cap?

_Mr E.: The food packaging manufacturer Uniplast was sold in line with our Best Owner approach. Once the restructuring process had been successfully completed, we were no longer able to make a substantial contribution to performance and further development through our expertise. The logical step was to sell the company and I'm very happy that the management team with the best offer was able to prevail at the end of a competitive process.



Mr von Kottwitz, you transferred from the Supervisory Board to the Management Board in the autumn. How do you view this move now?

_Mr v. K.: I was delighted to be able to take on this challenge. Having known Blue Cap for some time, I am convinced that the company has huge potential. The backing of our major shareholders was important for this move from the Supervisory Board to the Management Board. Blue Cap benefits from the fact that our anchor shareholders take a long-term perspective and are headed in the same direction. Also, it was important to find a successor solution for the Management Board quickly. Now it's all about leveraging this potential together with my fellow Management Board member Henning Eschweiler, the Blue Cap team, the management teams and the employees in the companies.

What expertise do you bring to your work at Blue Cap?

_Mr v. K.: I'm a fully qualified lawyer specialising in company and corporate and commercial matters. I also have many years of experience as a management consultant in the industrial goods sector, so I have what it takes to make sure that Blue Cap stays on course for success. Years of professional practice have ensured I am closely familiar with restructuring and transformation processes. And I have managed similar companies in the past. Last but not least, Henning Eschweiler and I make a formidable team with our particular areas of expertise.

One of the first things you did was to update your strategy. Why? And what is at the strategy's core?

_Mr v. K.: Given the difficult course of business in 2023 and the change in the Management Board, we faced the inevitable question of what's next. At the same time, there had been relatively little M&A activity in the six months before I joined Blue Cap. So it was important for us to send out a clear signal that we believe in the company's potential and want to re-engage the growth lever. We quickly set about analysing the portfolio company's capabilities and the market environment and used the results to reset our strategic orientation. Our new focus is closely linked to Blue Cap's successful track record in value generation through Transformation and the current market environment: we fully intend to be much more active with M&A and will be selecting targets based on their potential for value growth through transformation and turnaround measures. We see great potential here and – more importantly – believe we can exploit it. This is reflected in our new medium-term goal of improving the NAV per share to EUR 60 by the end of 2026.

A NAV of EUR 60 is a sizeable increase compared to 2023. That sounds like some challenge.

_Mr v. K.: Yes – it's certainly an ambitious goal, but we chose this figure deliberately and believe we can achieve it. We appreciate that it will ultimately also require a gusty economic tailwind and just the right touch when it comes to acquisitions. But we want to be clear that we didn't merely throw the dice. This value is based on our particular scenarios. We believe that Blue Cap has what it takes to meet this target.

In 2023, we demonstrated our ability to turnaround and transform. This will be the core of our investment strategy in the future: increasing earnings through active turnaround management.

_ Henning Eschweiler

__ Henning Eschweiler, COO

Mr Eschweiler is a trained industrial mechanic and studied mechanical engineering and business administration at RWTH Aachen University and ETH Zurich. He started his career as a consultant at Struktur Management Partner GmbH. Most recently, he worked at private equity firm Nimbus, where he was responsible for both M&A transactions and portfolio management.

You just talked about more transactions and a greater focus on turnaround measures. Could you tell us a little more?

_Mr v. K.: First of all, our "Buy, Transform & Sell" business model remains unchanged. That said, we want to be much more active again in all three phases. "Sell" is a particular priority for us at the moment. Some of our companies are ripe for sale. We're having promising discussions right now. This is how we will realise the appreciation in value we have achieved and be in a position to make new acquisitions. In terms of turnaround, we plan to select our development projects by concentrating on the scenarios that have generated the most value in the past. And so we are increasingly focussing on companies that are going through crisis situations, or facing succession or carve-out issues. It goes without saying that any company has to be the right fit for our capabilities and hence our portfolio.

How are your investors responding to the strategy update?

_Mr v. K.: All in all very positively. We get clear feedback in our discussions that this approach makes sense. At the same time, however, the market is now also expecting to hear success stories. And until we can tell them, many investors will adopt a wait-and-see attitude towards our share price. After falling significantly over the course of the 2023, our share price has stabilised in the last few months. A distinct upward trend, though, has yet to emerge. So at this point, we're seeing a small stepping stone rather than a success story. Besides that, the discount of the share to the intrinsic value of our company is still much too high. This gap needs to be closed.

How do you see the situation on the transaction market?

_Mr v. K.: The market has cooled compared to previous years. However, we view it more favourably than is often portrayed in the public domain. Indeed, valuations on the market have fallen. But there is still a decent demand for lucrative assets, which means that good returns can be achieved from a sale. And we are getting numerous offers for acquisitions, particularly from the restructuring or turnaround sector due to the increasing number of special situations. This is the market in which we see a lot of potential.

Are you also considering acquiring larger companies?

_Mr E.: Yes, that's exactly what we are doing. The successful turnaround of a company with revenue of 100 million euros offers a much higher earnings potential than one with 20 million euros in revenue. There's not much difference in the resources required and the return on invested capital improves because, in an ideal scenario, the equity requirement is not proportionate to revenue. However, we decide whether an asset looks appealing on its merit. It's not in our interest to limit the options for striking an opportunistic deal by having a dogmatic size cluster. Our M&A pipeline therefore ranges from revenue of between 20 million euros and 200 million euros with an EBITDA margin of up to around 5%. However, being able to identify a healthy core that sustainably justifies the relevance of the target company is a far more important criterion for piquing our interest. Our restructuring expertise exposes this healthy core, which then forms the foundation of an adjusted, sustainable business model.

Turning to the existing portfolio, how do you decide when it's time to sell a company?

_Mr E.: We view our portfolio in three dimensions. First, we have to be able to demonstrate that we have achieved a measurably successful turnaround. Second, we concentrate on the company's "Exit Readiness" from the day of closing. By this we mean all aspects which do not directly increase earnings, but which can have a significant influence on the success of the transaction later on. So we write a crisp and compelling equity story that also tells of the potentials to be realised only by the next owner, and describes "content readiness" as well. By this we mean absolute clarity in the commercial management systems as well as in the supply chain and ESG documentation. In these disciplines, our portfolio also benefits from Blue Cap AG's stock market listing and the data quality standards this demands. Third, we do of course look at the dynamics of the transaction market. Here, M&A work like any other trading platform: we achieve the best return when there is competition for our assets.

Mr Eschweiler, what measures will be particularly important in 2024 to move the Blue Cap portfolio forward?

_Mr E.: 2023 was dominated by our portfolio-wide all-weather strategy, i.e. the optimisation of cash-relevant balance sheet figures, but not at the expense of development potential. This essentially remains the case for the current financial year. Furthermore, 2024 does not have this one leitmotif that can be applied to all portfolio companies in equal measure. Instead, we have a two-tier system in the portfolio: underperforming assets, where the focus is on completing projects to increase earnings, and performing assets, which we position specifically to achieve the "Exit Readiness" we have mentioned. We are also looking more closely at the value drivers above gross profit such as purchasing, pricing and sales at all companies. Here too, though, the initiatives are very individual.

The issue of sustainability is also a value driver ...

_Mr E.: ...one that we are addressing closely, with the value factor only coming into play indirectly in the first step. The CSRD requirements are extensive and call for new data collection processes and new personnel. This incurs costs that are clearly felt by organisations the size of our portfolio companies. Conversely, our portfolio companies are already benefiting from this when competing for orders. They are generally positioned somewhere along the supply chain of large companies that have to fulfil increasingly strict ESG regulations and pass these stricter requirements down to their suppliers as well.

What specific plans do you have for 2024?

_Mr v. K.: In short, we have three goals: First, we want to sell one or two of our portfolio companies – at least at NAV level and with good returns on our invested capital. Second, we want to realise attractive portfolio enhancements and, if possible, make one or two acquisitions in 2024. Third, we are tackling the issue of discount to Net Asset Value. We will explain and demonstrate even more clearly how we are achieving value increases for our shareholders through transformation. I should add that we are refocussing the Blue Cap team: the plan is to become more efficient and effective overall. In terms of concrete figures, we are forecasting slight sales growth with an increase in the adjusted EBITDA margin.

_Mr E.: For 2024, we have set ourselves the goal of delivering in all three dimensions of our “Buy, Transform & Sell” business model. “Transform” and “Sell” are therefore the predominant challenges in the portfolio. We have already highlighted the specific measures involved. To maintain momentum in the subsequent transformation phase of new portfolio companies following successful buy-side transactions, we will develop the resources we need in the team. Finding the right team members for this is also high on our agenda.

IT'S ALL ABOUT POTENTIAL

On the acquisition side, we focus on special situations with high potential for growth enhancement. Many companies have such potential lying dormant. Unleashing it, though, calls for the right skills and expertise in the team.

In a generally difficult 2023, the Blue Cap team once again demonstrated that this is where its strengths as an investor lie. An analytical view of our capabilities is crucial because, ultimately, our expertise is the key to successfully unlocking potential. It was against this backdrop that the "Blue Cap 2026" strategy update emerged at the end of 2023:

"Blue Cap 2026" reinforces the core competencies of Blue Cap

With its strategic focus on challenging cases, Blue Cap positions itself as an investor in special situations. Our perception of "special situations" is relatively broad. The primary focus is always on situations that involve an increased need for restructuring. That said, Blue Cap comes into its own as a partner when the essence of the problem is outside the operational business – unresolved succession situations, complex shareholder structures or carve-outs. Underlying conditions, then, that typically limit a company's ability to change and therefore curb its earning power as well.

The key, however, is having an instinct for a healthy core that justifies the relevance and potential of the target company over the long term. The Blue Cap team's restructuring expertise reveals this healthy core, which then forms the foundation of an adjusted, sustainable business model.

Since last autumn, the Management Board team has comprised Dr. Henning von Kottwitz as the new CEO, and Henning Eschweiler as COO. No sooner had the "Blue Cap 2026" strategy update been implemented, the management turned its focus to the special situations outlined above. This strategy is rigorously geared towards the core competencies of the investment team and will draw on these skills in the most efficient, effective way possible. The fundamental "Buy, Transform & Sell" business model remains unchanged. With the future target companies in mind, though, the transformation begins with the restructuring of performance. Our involvement at an earlier stage of the transformation process promises great potentials for value enhancement. We continue to rely on active portfolio management as the key to leveraging these potentials.

A typical target company has revenue of between EUR 20 million and EUR 200 million and an EBITDA margin of between 0 and 5% at the time we come on board.

Our core expertise:

We can restructure: Our Management Board team and key portfolio management employees have extensive restructuring expertise that they share very effectively in the transformation of our portfolio companies. At the same time, we ensure that know-how is transferred to those employees just starting out on their careers.

We act quickly and with agility: We react quickly and flexibly to changing circumstances and pivot to meet new requirements. We take decisions promptly and put the move in place right away. This allows us to exploit opportunities and assess risks at an early stage.

We rigorously implement measures: We devise a clear objective for our portfolio company and identify programmes for achieving these goals. We efficiently implement the measures involved by defining clear roles and responsibilities. We track progress and use KPI-based control tools to ensure rewarding implementation.

We pursue an active portfolio approach: As a hands-on investor, we are very close to our portfolio companies, work with the management teams to set the strategic course and provide support for operational implementation. That said, we do not interfere in day-to-day operations.

We make effective use of our resources: We strategically allocate capital, expertise and other resources based on the value enhancement we expect. To achieve this, we analyse potential and evaluate opportunities and risks in connection with the investments concerned.

The weak economy offers lucrative opportunities for Blue Cap

"Blue Cap 2026" is based on our core competences as an investor. Our focus on special situations, then, is not because this investment approach is currently on-trend. We are, however, benefiting from the current macroeconomic conditions. As well as the performance-related challenges we have seen in recent years, the interest rate turnaround is a source of more anxiety. This means there is an increasing number of companies with genuinely healthy business models needing a new equity partner. Our special abilities are creating extensive opportunities in this environment.

"Exit readiness" is a value lever for Blue Cap from the get-go

Transformation processes are characterised by a strong dynamic, never-ending learning and constantly changing environmental factors. It therefore makes sense to keep changing the perspective and deliberately take a step back from projects in day-to-day business. This change of perspective is aimed at creating "exit readiness".

The true point of exit is only reached when Blue Cap's expertise is no longer able to achieve an increase in value. Nonetheless, we do ask ourselves at a much earlier stage how our companies will be seen by a potential buyer and how we can positively impact this picture. So we write a crisp and compelling equity story that tells of the potentials to be realised only by the next owner, and describes "content readiness" as well. A company demonstrates in due diligence that, economically and operationally, it is healthy and saleable. That it has a robust balance sheet and income statement, and its corporate structure and processes ensure good performance. Also, the commercial management systems and the supply chain and ESG documentation exude clarity.

For the operating companies in the portfolio, focussing on genuine customer value is a key success factor. For us, "exit readiness" means transferring this approach to the transaction business and actively addressing the needs of our buyers even more than before.

NESCHEN CASE STUDY: GENERATING VALUE THROUGH TURNAROUND

Last year, Blue Cap focussed its portfolio management strategy on cash and liquidity. This was mainly in response to the high level of economic uncertainty. The turnaround at Neschen was a prime example. The company was clearly feeling the economic headwind. So we stepped up efforts to secure the result in the short term. During the restructuring process, however, we also put long-term measures in place to ensure our sustainable profitability.

Fitness programme returns Neschen to profitable growth

Back in early 2023, Neschen had foreseen that the end of the first quarter would come with a gap in revenue. This was due to the incipient economic slowdown, particularly in the Graphics division, and de-stocking measures by its customers. Our internal monitoring process identified the risk early, before it became apparent in the key financial figures or in production capacity utilisation.

Short-term intervention with a focus on flexibility: In order to meet the challenges head on, we initiated immediate measures with the management teams on site. Coordination cycles with sales were shortened, the idea being to gain a truer picture of developments and take an agile approach. We developed plans for short-time work that could be deployed flexibly and instantly should capacity utilisation drop. We also managed working capital more closely in order to strengthen our cash position.

Longer-term focus on growth: In a second phase, more extensive measures were identified to put Neschen on a better footing for sustainable positive development. These were aimed at four core dimensions of our transformation radar: "Growth", "Margin", "Balance Sheet" and "People & Culture". At all times, the focus remained on the target scenario for the company: Neschen is a problem solver in the field of self-adhesive coating solutions. The fitness programme addressed the issue of growth by improving sales. For example, additional capacities were shifted to Industrial Applications sales in order to intensify the impact in this growth area. In addition, the management has established a cross-divisional "Team for Innovation" to improve innovative strength and ultimately boost sales opportunities in all business divisions. The savings measures, particularly in terms of personnel and material costs, again concerned the "Margin" dimension – where the quality of earnings was improved and resilience was enhanced. The management of working capital, a classic balance sheet topic, secured the financial capacity to act. And last but not least, the "People & Culture" dimension played a key role in the success of the transformation. The lower management levels were systematically strengthened through coaching sessions in order to accelerate decisions and streamline processes.

Instantly visible wins: The first successes were quickly visible. We reduced personnel costs by more than 10% and material costs by more than 25% compared to the previous year. The measures were identified and implemented in a two-stage process and have been effective since summer 2023. Working capital management has also enabled us to reduce inventories by a further 30% over the course of the year, while maintaining the same high level of availability.

Positive outlook for the current year: The measures implemented are expected to enable Neschen to return to very good profitability in 2024, leaving the management free to focus fully on further developing sales. We are working with the Industrial Applications team to develop specific initiatives for the year ahead. Product Management is currently streamlining the product portfolio. This will allow Neschen to focus on the value drivers that sets it apart. Turning to innovations, several product ideas are in the pipeline and will be presented in the coming year.

BUSINESS MODEL AND STRATEGY

As an investment company, Blue Cap AG acquires and backs SMEs from the B2B sector that have clear potential for improving their earnings and growth prospects. Drawing on our cross-sector expertise, we assist our portfolio companies in their strategic and operational development in order to actively increase their value with a view to selling the company for a profit at a later date.

"BUY": THROUGH A STRUCTURED M&A PROCESS

The transformation of our portfolio also involves active acquisitions. Blue Cap acquires companies that face special situations, standing at a crossroads along their corporate journey. Target companies are systematically identified and selected on the basis of defined investment criteria. In particular, the potential for value enhancement and our turnaround and transformation expertise based on a sustainable business model are taken into account.

Blue Cap works with a wide and varied network of consultants within a structured M&A process. The key characteristics of potential acquisitions of SMEs from the B2B sector are defined.

OUR FOCUS: SMES IN THE B2B SECTOR

- _Special situation
- _Intact core business
- _Discernible value enhancement potential
- _Attractive positioning in a market niche
- _ Registered office in Germany, Austria or Switzerland
- _Annual revenue: EUR 20 million to EUR 200 million
- _EBITDA (adj.): 0–5%
- _Majority interest
- _Compatibility with our sustainability objectives

The initial situations are as diverse as the companies we acquire. These can include upheaval situations with extensive restructuring requirements or unresolved succession situations and group spin-offs. What they have in common is an increased need for active management. We adapt to individual circumstances and put the company's potential at the forefront of our priorities.

_**Upheaval or crisis situation**, the aim being to future-proof the company economically and strategically

_**Succession planning** , the aim being to successfully keep the company on track with a new shareholder and upgraded operations, while maintaining its core at the same time

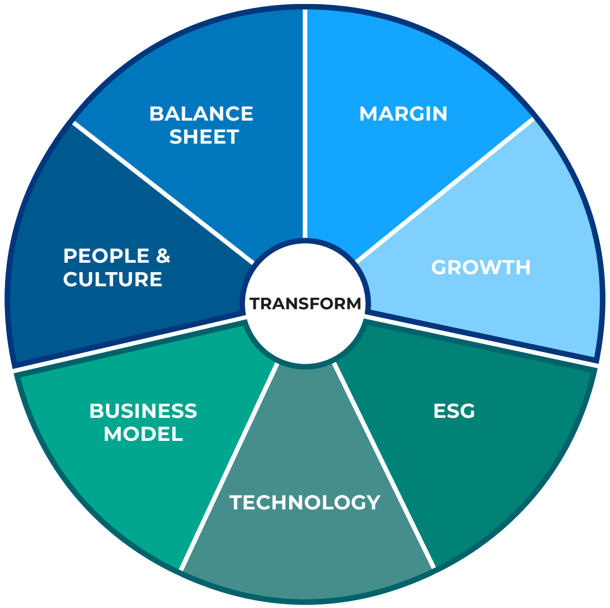
_**Group spin-off**, the aim being to establish the company on the market as a stand-alone entity with clear positioning and an independent structure

_**Growth challenge**, the aim being to provide the company with the capital and all the skills it needs to successfully reach the next growth stage

"TRANSFORM": ACTIVE PORTFOLIO MANAGEMENT

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

During the onboarding phase, we support the company closely with the commercial integration and achieve defined quick wins from the due diligence process. As early as the onboarding phase, we define the transformation projects together with the management team and devise a quantified vision. We do this using the Blue Cap transformation radar, which identifies value drivers in seven dimensions.



"People & Culture" as well as "Balance Sheet", "Margin" and "Growth" are the core of our transformation skills and value creation expertise. Our team has experts with experience in these dimensions who provide the portfolio companies with direct support – these experts are at the core of our active portfolio management.

In the "Technology", "ESG" and "Business Model" dimensions, we draw on an excellent network of experts.

During the transformation process, we act as initiator and enabler for our portfolio and we take responsibility for project management to make the initiatives a success. The aim is to position the portfolio companies in all relevant dimensions in such a way that they can implement their own strategies with their own resources – making them ready for their further sustainable development.

PORTFOLIO APPROACH: "BEST OWNER"

In contrast to other investment companies, we firmly believe in keeping our investments in the portfolio precisely for as long as we can support them as best owners with a focus on long-term value growth, without being tied to rigid time periods. Being the best owner implies that we are able to achieve a disproportionately high annual increase in the net asset value of each portfolio company. Typically, value-oriented transformation or an inorganic growth strategy calls for a holding period of between three and seven years. 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.

"SELL": SALE AS PROOF OF CONCEPT

We look at the exit strategy for a company as early as the acquisition phase and have the vision of a successful sale in mind from the outset. During the holding period, we focus all our efforts on a company's successful performance. With the sale, we realise an increase in value – as a proof of concept, so to speak. A successful exit shows that our investment theories for this company were correct 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. We reinvest the freed-up capital in the existing portfolio and in new companies. And we let our shareholders participate in significant sales successes in accordance with our proven dividend policy.

GOAL: SIGNIFICANT INCREASE IN ENTERPRISE VALUE

Our aim is to increase the net asset value per share to EUR 60 by the end of 2026. We intend to achieve this by implementing appropriate turnaround and transformation strategies in each of the companies and through successful organic developments, as well as by further improving the portfolio by selling individual companies and reinvesting the proceeds in new medium-sized enterprises.

BUY

Selection by defined investment criteria such as:
_Special situation
_Intact core business
_Revenue EUR 20–200 million and EBITDA margin 0–5%
_Majority interest
_Compatibility with our sustainability objectives

Due diligence process
with the development of an investment hypothesis and consideration for our transformation expertise

Contract negotiation & closing

TRANSFORM

Active management within the dimensions
_People & Culture
_Balance Sheet
_Margin
_Growth

Realisation of additive value levers together with a strong network
_ESG
_Technology
_Business Model

Optimum holding period
We measure our success in creating value against annual NAV growth. Should our commitment no longer facilitate a disproportionately high return on the equity invested, we review the options for an exit.

SELL

Active sales process according to best-owner principle
_Exit plan from day 1 of the purchase
_Ongoing preparations for exit
_Regular review of exit opportunities depending on maturity, growth potential and macro environment

Passive sales process
Contact by strategists

Realised revenues
are reinvested in new and existing companies for the purpose of further growth.

BLUE CAP ON THE CAPITAL MARKET

CAPITAL MARKET AND SHARE

Strong stock market year despite weak economy

The 2023 stock year began with optimism, backed by solid macro data and falling energy prices. The US banking crisis in the spring, which also touched Europe with the bankruptcy of Switzerland's global Credit Suisse, noticeably dampened the mood at the end of the first quarter. The market recovery that followed was driven primarily by the surge in AI, which gave the technology sector strong momentum. In the wake of the dampening effect of the escalation in the Middle East at the end of November, causing a low for the year, there was a year-end rally driven by the prospect of falling interest rates and an expected increase in consumption thanks to dropping inflation data. The DAX reached a new record high at the turn of the year and closed the year up by 20%. The SDAX gained 17%.

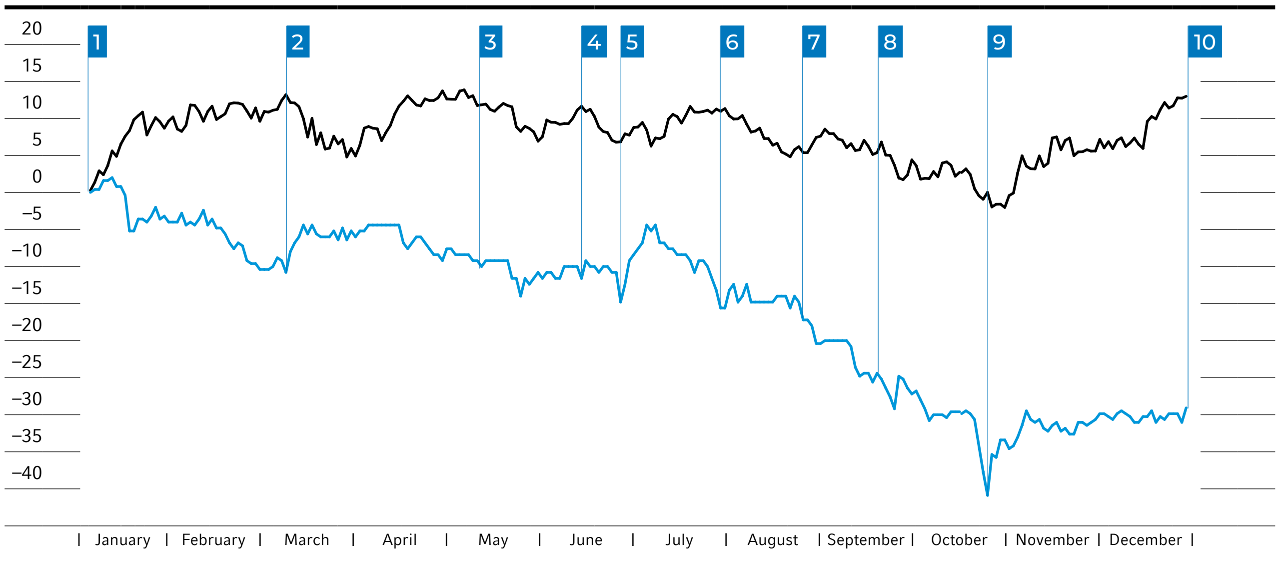
Decoupling of the Blue Cap share from the positive stock market trend

In 2023, the small cap segment lagged behind the strong price increases of large indices. The weak economy and higher interest rates led to investors exercising extreme caution with small stocks. The Blue Cap share also fell in value in the last financial year, something that is attributable to the generally subdued market sentiment as well as to the sometimes unsettling business news.

Although the share opened the year under review close to its high for the year of EUR 24.90 1, a downward trend was observed shortly afterwards. Positive figures for the 2022 financial year, which we published in a preliminary format at the beginning of March, triggered a slight recovery 2. The announcement of the key financial figures for the first quarter of 2023 3 put a damper on the recovery, as performance was well below the robust figures from the previous year. The announcement regarding the sale of the Uniplast 4 had no significant

Price performance of Blue Cap shares | 2023

in %



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

Source: Bloomberg

impact on the share price in a subdued market overall. 26 June marked the first trading day after our Annual General Meeting on 23 June, in which the dividend proposal of EUR 0.90 was approved by shareholders, and included the dividend discount (ex-dividend day) 5. Despite the publication of solid preliminary half-year figures at the end of July, the share was unable to escape the negative market sentiment prevailing on the German stock exchanges at the time 6. As the summer progressed, the publication of the half-year report, which was accompanied by the announcement of a Net Asset Value that had fallen from the end of 2022, and the unexpected resignation of CEO Tobias Hoffmann-Becking characterised the share price performance 7. Just one month later, a swift succession solution was presented with the appointment of Dr. Henning von Kottwitz as the new CEO 8. The downward adjustment of the forecast for the 2023 financial year resulted in our share reaching its low for the year of EUR 14.70, 9, a price from which it quickly recovered. Its closing price for the year was EUR 17.70. This corresponds to a loss of 29% over the year as a whole – a development that fell well below our benchmark index SDAX (price index) 10.

The reluctance on the part of investors in the small cap segment was also reflected in the average daily trading volume. Although this increased slightly compared to the previous year to 1,251 shares (previous year: 1,037 shares), it remains at a very low level. The daily average XETRA trading volume was around 666 shares (previous year: 501). The remainder was mainly traded on the Tradegate stock exchange. The market capitalisation of Blue Cap AG at the end of the reporting year was around EUR 79 million (previous year: EUR 109 million), based on the share capital of EUR 4,486,283 (previous year: EUR 4,396,290).

Share analysis for Blue Cap AG

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

Institute	Status	Investment rating	Target price
M.M. Warburg	18 March 2024	Buy	EUR 32.00
SMC Research	15 March 2024	Buy	EUR 32.60

KEY DATA ON BLUE CAP SHARES

WKN	A0JM2M
ISIN	DE000A0JM2M1
Ticker symbols	B7E
Share capital	EUR 4,468,283
Number of shares	4,468,283
Trading platforms	XETRA, Frankfurt, Munich, Stuttgart, Düsseldorf, Berlin, Tradegate
Stock exchange segments	Scale, m:access
Designated sponsor	BankM AG
Capital market partner	mwb fairtrade Wertpapierhandelsbank AG

Dividend proposal of EUR 0.65 per share

A balanced and attractive dividend policy is part of Blue Cap's investment story. The idea is that shareholders participate in the operating performance of the Group with a regular basic dividend. In addition, we also generally aim to pay a special dividend if sales successes with a good return on capital were realised in the financial year.

The net profit for the 2023 financial year amounts to EUR 33.6 million (previous year: EUR 47.7 million). The Management Board and the Supervisory Board propose to the Annual General Meeting the payment of a basic dividend of EUR 0.65 per share (previous year: EUR 0.90). The reduction compared to the previous year's level is due to the Group's lower operating performance. At 3.7%, the dividend yield is in line with previous years. As there were no significant sales successes, a special dividend will not be paid.

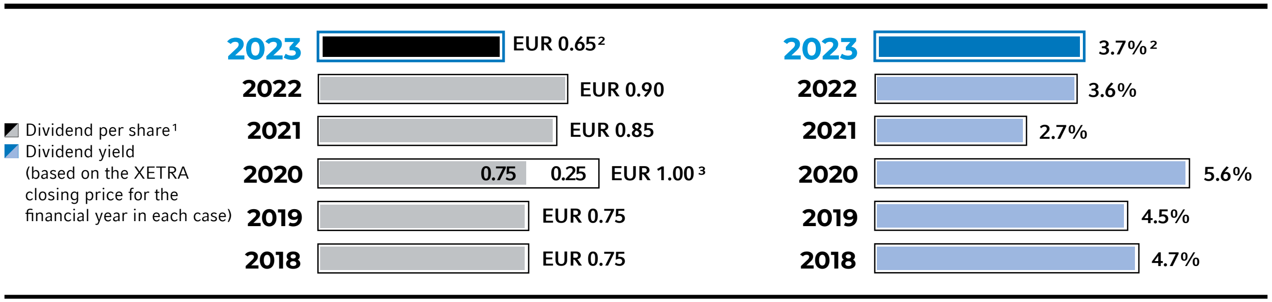
Key figures for the share

EUR

	2023	2022	2021
Earnings per share	–4.02	2.78	1.24
Dividend per share[1]	0.65	0.90	0.85
Dividend yield per share in %[1]	3.7	3.6	2.7
Distribution amount in EUR thousand[2]	2,916.1	3,956.6	3,736.8
Annual high price[3]	25.40	32.20	34.6
Annual low price[3]	14.70	18.50	18.05
Year-end price[3]	17.70	24.80	31.00
Market capitalisation at year-end in EUR million	79.41	109.03	136.28
Average daily revenue in shares[4]	1,251	1,037	3,446

[1] Subject to the approval of the Annual General Meeting, expected to be in June 2024
[2] Distribution amount 2023 related to capital increase in kind;
of which dividend entitlements totalling EUR 1,969,766.78 were exchanged for new Blue Cap shares.
[3] Closing prices EXTRA trading
[4] Across all trading venues

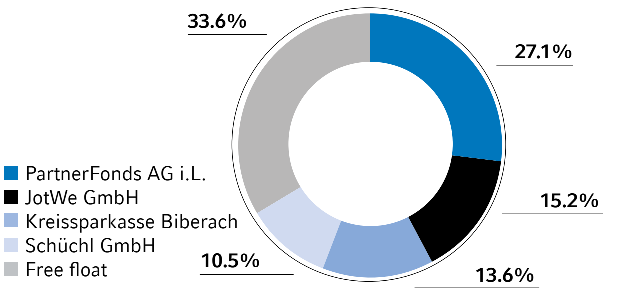
Dividend and dividend yield per financial year



[1] Dividend payment for the financial year in question
[2] Subject to the approval of the Annual General Meeting, scheduled to be held in June 2024
[3] Divided into EUR 0.75 basic dividend and EUR 0.25 special dividend

Shareholder structure is dominated by four major shareholders

Our shareholders include three anchors. Their holdings after the capital increase made for the 2023 stock dividend are as follows. JotWe GmbH, which purchased a large block of shares in PartnerFonds AG i.L. in December 2022, holds 15.2% of the share capital. Kreissparkasse Biberach currently holds a 13.6% stake and Schüchl GmbH holds 10.5 % of the share capital. 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. The shares held by PartnerFonds AG i. L. in will be sold during the course of the liquidation. There is currently no deadline by which this process is to be completed. The aim is that the sale impacts the Blue Cap share price as little as possible.



INVESTOR RELATIONS

Active dialogue with the capital market

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 team is available to investors, media representatives and analysts for discussions in the form of telephone calls, emails, face-to-face meetings and at capital market events. Discussions in 2023 focused on the business development of the individual portfolio companies. At the end of the year, the change in our Management Board and the "Blue Cap 2026" strategy update announced at the end of November were also important issues.

In the reporting year, we expanded our investor relations activities to include a newsletter, which appeared for the first time in April 2023 and has been published quarterly since then. In fixed categories, we inform our stakeholders about the portfolio companies, our holding company activities and the development of the Blue Cap share.

Blue Cap will continue its constructive and open communication with the capital market in 2024. All relevant dates can be found in the financial calendar on the Investor Relations website.

Since the beginning of 2021, Blue Cap has also been a member of Deutscher Investor Relations Verband e.V. (DIRK), helping reach the goal of transparent and continuous communication with the capital market.

CAPITAL MARKET EVENTS 2023

7 March 2023	Earnings call – Publication of the preliminary key financial figures 2022
4 May 2023	35th Munich Capital Markets Conference (MKK)
9 May 2023	Earnings call – Publication of the key financial figures Q1 2023
5 July 2023	m:access – Conference for Investment Companies
26 July 2023	Earnings call – Publication of the preliminary key financial figures H1 2023
23 Aug. 2023	Hamburg Investor Day (HIT)
25 Oct. 2023	Earnings call – Publication of the key financial figures Q3 2023
27 Nov. 2023	German Equity Forum

IR CONTACT

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Email: ir@blue-cap.de

ANNUAL GENERAL MEETING

The Annual General Meeting decides in particular on the formal approval of the Management Board and the Supervisory Board, the appropriation of net profit, amendments to the Articles of Association, the election of the auditor as well as certain capital measures.

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. It was also important to us to facilitate an interactive general debate. We believe we achieved this 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. The Annual General Meeting also approved the optional dividend (share dividend).

After three years of virtual Annual General Meetings, we have decided to hold this year's Annual General Meeting as a face-to-face event and look forward to welcoming our shareholders in person once again. This is also our way of encouraging dialogue among the shareholders.

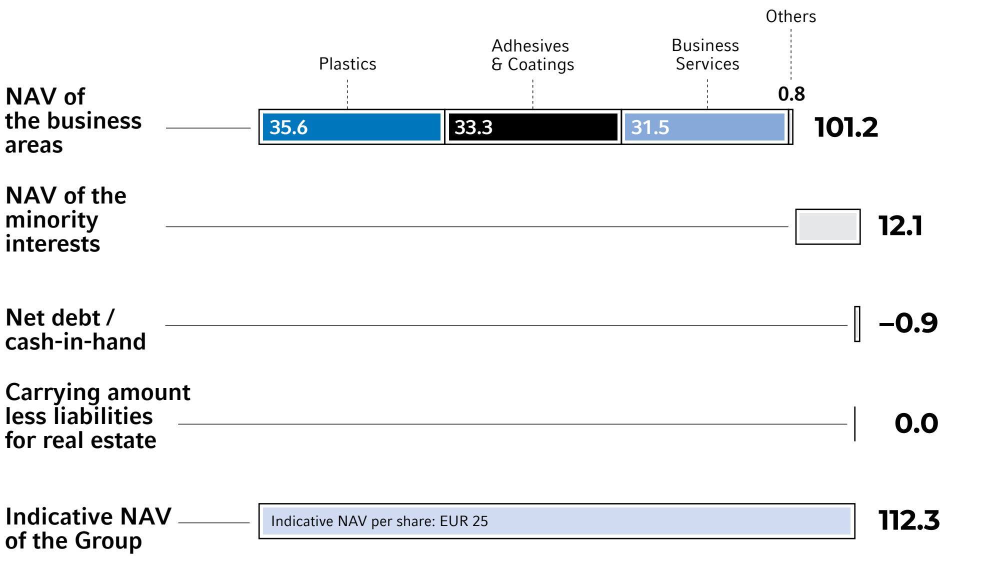
NET ASSET VALUE

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 current 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 and as the NAV is calculated on the reporting date, it does not constitute 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 (page 59).

Indicative net asset value of the Group (as of 31 December 2023)

EUR million



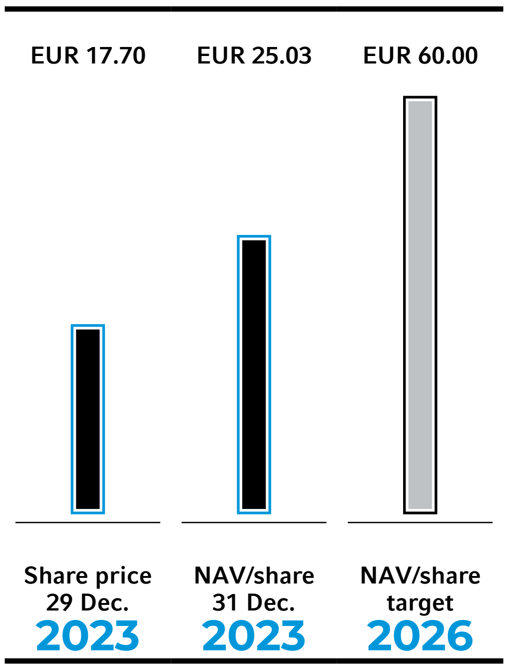
The NAV of the Group is composed of the NAV of the segments, the net debt of the holding company, the real estate assets (previous year only) and the value of the minority interests. As of 31 December 2023, the NAV of the divisions (including minority interest) amounted to EUR 113.3 million, hence EUR 51.4 million below the figure as of 31 December 2022 (EUR 164.7 million). The reduction compared to the half-year figure is partly because of an earnings-related decline in con-pearl from the Plastics segment. There was also a fall in the NAV in the Business Services division, which is due in particular to the decline in earnings and the multiples of Transline. In the Adhesives & Coatings division, the NAV of Neschen increased as a result of the completed restructuring programme. The NAV of Planatol in this segment developed in the opposite direction due to the low operating performance in 2023.

INDICATIVE NET ASSET VALUE OF THE GROUP

EUR million

	31 Dec. 2023	30 June 2023	31 Dec. 2022
NAV of the segments	**101.2**	**126.2**	**138.1**
Plastics	35.6	50.7	70.4
Adhesives & Coatings	33.3	23.7	25.8
Business Services	31.5	49.2	40.6
Others	0.8	2.5	1.3
NAV of the minority interest	**12.1**	**9.5**	**26.6**
Net debt (–) / cash-in-hand (+) of Blue Cap AG	**–0.9**	**–0.5**	**–3.0**
Carrying amount of properties less liabilities of asset holding company	**0.0**	**1.0**	**–0.9**
Indicative NAV of the Group	**112.3**	**136.2**	**160.8**

The NAV for 2022 includes the Knauer-Uniplast Group, which has since been sold.



The NAV development is a key indicator by which the Blue Cap management team measures successful value appreciation. The team has therefore set itself the NAV target of EUR 60 per share by the end of 2026 based on an individual analysis for each portfolio company. This substantial appreciation will be achieved through a significant increase in M&A transactions and the continued active transformation of the portfolio companies. The Management Board is convinced that our share price can also rise as we approach this goal, continuing to create attractive opportunities for our shareholders to increase value.

FROM THE PORTFOLIO COMPANIES

01_NESCHEN COATING GMBH

Specialist for modern self-adhesive products and coated media

Neschen Coating GmbH is a leading international company for self-adhesive products and coated media. Founded in 1889 and with more than 40 years of expertise in self-adhesive coating applications, **Neschen** is a specialist for cutting edge solutions in this field. In addition to industrial applications used in mobile devices such as tablets and smartphones, **Neschen** offers products and solutions for a wide range of sectors, including graphic media and laminators as well as book protection and repair. The customer base includes industrial companies with specific adhesive solutions for electronics, automotive and medical technology (Industrial Applications), companies in the fields of visual communication, architecture, design and advertising (Graphics and Laminators) as well as libraries, archives and museums (Documents). **Neschen** has its production facility in Bückeburg and sells its products all over the world through its own subsidiaries in Europe and the USA as well as through distributors.

DEVELOPMENT IN 2023 AND OUTLOOK

At **Neschen**, 2023 was marked by an extensive turnaround programme. At the beginning of the year, the company was confronted with destocking measures by its customers and the incipient economic slowdown. This left a considerable gap in revenue, which the management faced by immediately deploying its fitness programme. The measures essentially included saving initiatives in the areas of personnel and material costs, the strengthening of sales and the intensification of working capital management. Thanks to the rigorous implementation of the programme, **Neschen** was able to report a clear upward trend in relevant key figures in the second half of the year. In addition, the order volume in both the Industrial Applications and Documents divisions increased significantly again in the second half of the year.

This year, the efficiency improvements established with the fitness programme and the cost adjustments will be fully reflected in the earnings trend. A key value driver in the coming months will be the further optimisation of the sales structure with a focus on Industrial Applications.

Nils Honscha, Managing Director of Neschen Coating GmbH

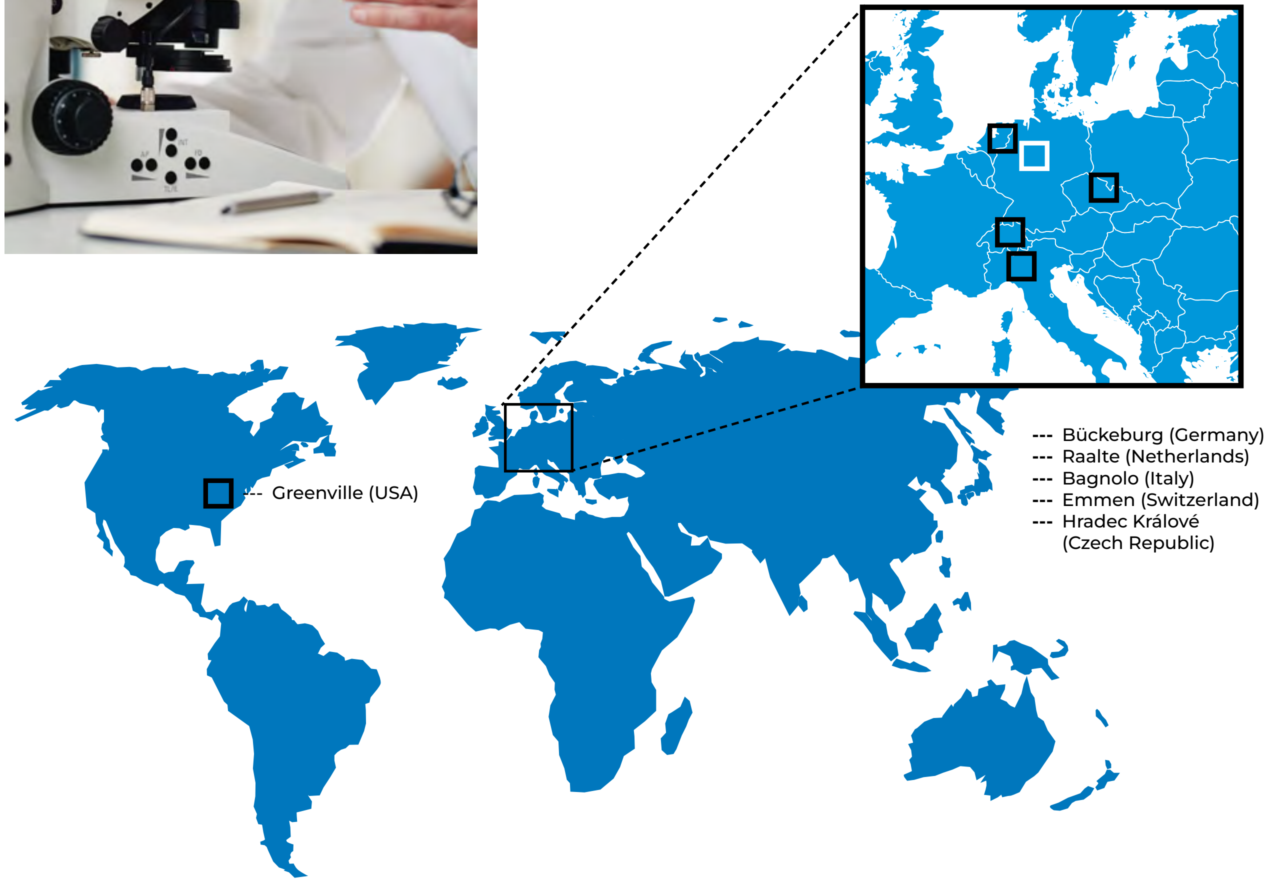
NESCHEN COMPANY HISTORY

Registered office	Bückeburg, Lower Saxony
CEO	Nils Honscha
Revenue 2023	EUR 51.1 million
Employees (31 Dec.)	215 (incl. trainees)
Founded	1889 (name change in 1946)
Part of Blue Cap since	2016
Shareholding in %	100
Other locations	Raalte (Netherlands), Bagnolo (Italy), Paris (France), Emmen (Switzerland), Greenville (USA), Hradec Králové (Czech Republic)
Segment	Adhesives & Coatings

Neschen sells its products in over

70

countries all over the world.



EQUITY STORY

Neschen operates in three complementary business segments, each of which serves its own markets and customers. This diversification strengthens **Neschen's** resilience to market fluctuations. The further expansion of the Industrial Applications segment is an important value driver. The company has already built up a good track record here in recent years and **Neschen** will intensify sales in this area to reinforce its position. This is because the end markets served here, such as electronics, medical technology and renewable energies, have fundamentally promising growth prospects. The measurably successful turnaround programme implemented in 2023 lays the foundation for **Neschen's** further growth. With a strong focus on quality, innovation and customer-centred solutions **Neschen** is a trusted partner for companies in various industries worldwide.

02_PLANATOL GMBH

Peter Prinz,
CEO of Planatol GmbH

Specialist for adhesives, applications and application systems

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

PLANATOL COMPANY HISTORY

Registered office	Rohrdorf-Thansau, Bavaria
CEO	Peter Prinz
Revenue 2023	EUR 32.7 million
Employees (31 Dec.)	127 (incl. trainees)
Founded	1932
Part of Blue Cap since	2009, majority shareholding since 2011
Shareholding in %	100
Other locations	Herford (North Rhine-Westphalia), Paris (France), Milan (Italy)
Segment	Adhesives & Coatings

DEVELOPMENT IN 2023 AND OUTLOOK

Planatol fell short of expectations in the 2023 financial year. The economic slowdown in Germany manifested itself in a significant reduction in demand. The main reasons for this were high inflation and the rise in interest rates, which led to a significant decline in consumption, particularly in the furniture and packaging sectors. The company took advantage of the weak demand to conduct a fundamental review of the organisation under the new CEO (since July 2023). Measures were identified that will primarily culminate in the optimisation of the sales structure and the improvement of commercial controls.

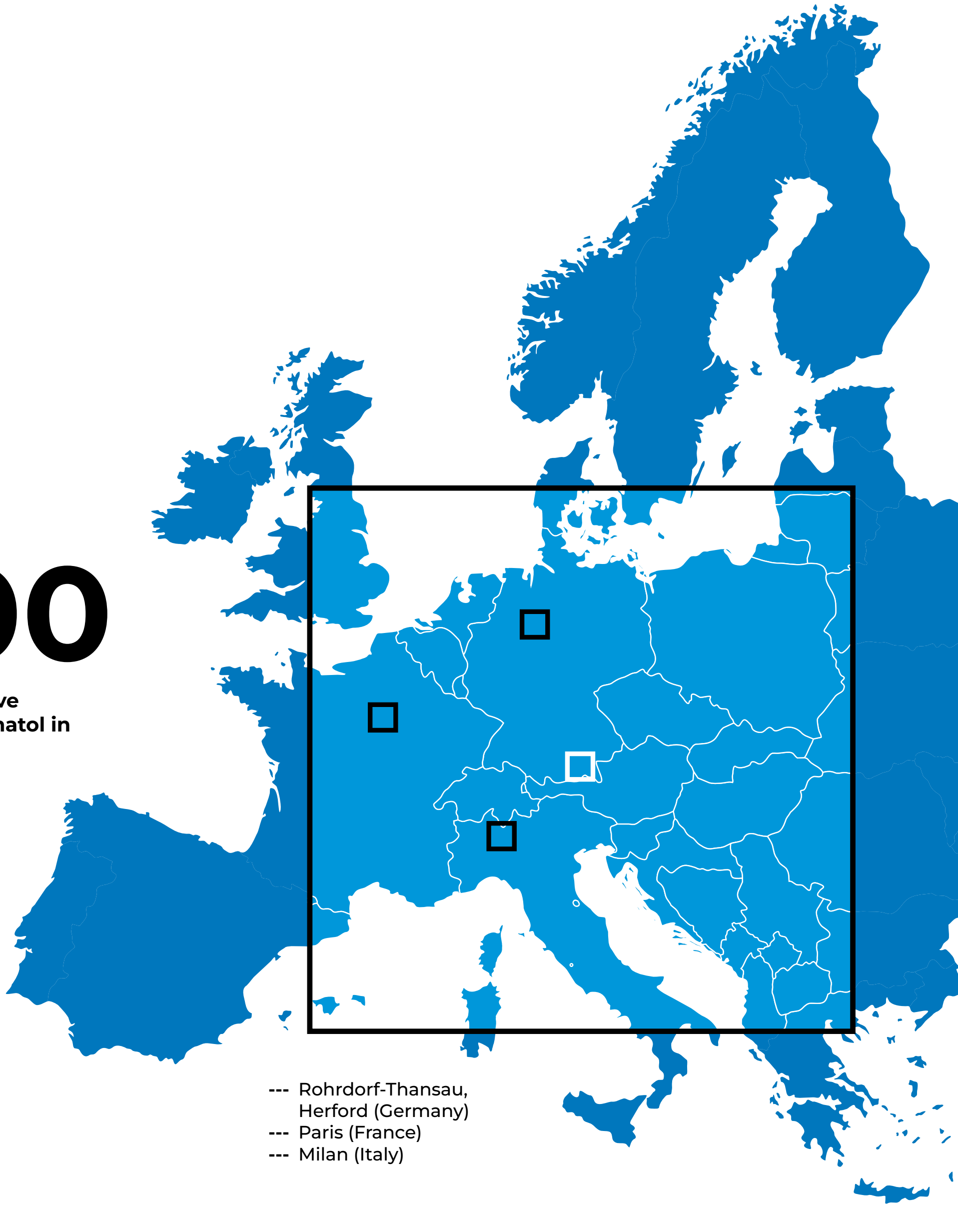
Planatol is looking at this year with confidence and expects demand in key sales markets to pick up. The process of internationalisation already initiated is also expected to have a positive impact on sales. A KPI-driven sales structure is aimed at strengthening existing customer loyalty and acquiring new customers.

EQUITY STORY

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

A key value driver for further development is the optimisation of the sales organisation. The aim is to acquire new customers, particularly in the wood, industrial and bookbinding sectors. In addition, the extensive product and application portfolio has not yet been fully marketed abroad. This growth potential is set to be realised in the coming years by the new export sales team.

Over
9,000
tonnes of adhesive produced by Planatol in 2023.



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

03_CON-PEARL GMBH

Stefan Hoedt,
Managing Director of con-pearl GmbH

Reusable large load carriers from con-pearl can be reduced in volume by up to

80%

Transport costs are reduced and emissions are cut.

Global manufacturer of innovative lightweight plastic products

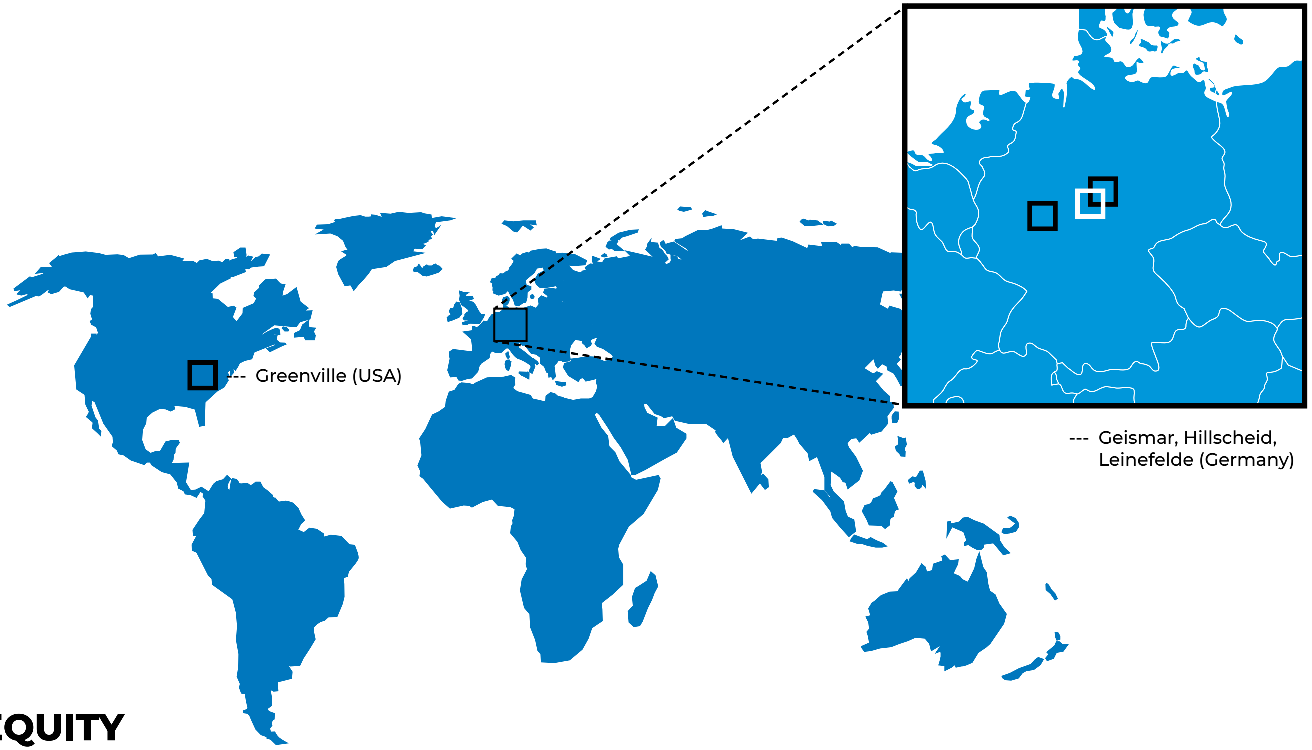
con-pearl's added value begins with the extraction of the raw material in the company's two recycling plants in Leinefelde and Hillscheid. The process involves recovering plastic granulate from post-industrial polypropylene and polyethylene waste. The granulate is either processed according to customer-specific requirements and sold directly as a high-quality recyclate or used internally for production at the main plant. Further along the value chain, **con-pearl** specialises in the production of thermally laminated twin-wall sheets made of polypropylene film webs with low weight, high robustness and 100% recyclability. Applications in two most important customer industries are diverse: In the automotive industry, the twin-wall sheets are used as loading floors, side wall panelling and luggage compartment floors in vans and buses. For the logistics sector, **con-pearl** develops and manufactures customised, reusable transport or storage packaging.

DEVELOPMENT IN 2023 AND OUTLOOK

con-pearl had anticipated in advance that 2023 would not be a repeat of the record year 2022. Nonetheless, the company performed well overall and reported good results. Major project postponements are due to the economic uncertainty and the sharp reduction in demand for e-commerce – including an expected reduction in orders in the logistics sector. In addition, the market remains weak in the Material Services sector. This was offset by positive momentum in the "Last Mile Logistics" segment. This trend is calling for new logistics systems that are characterised in particular by smaller

CON-PEARL COMPANY HISTORY

Registered office	Geismar, Thüringen
CEO	Stefan Hoedt
Revenue 2023	EUR 54.6 million
Employees (31 Dec.)	273 (incl. trainees)
Founded	1990 (last change of name in 2019)
Part of Blue Cap since	2019
Shareholding in %	100
Other locations	Hillscheid (Rheinland-Pfalz), Leinefelde (Thüringen), Greenville (USA)
Segment	Plastics



units and faster deliveries. The first customers were supplied with mobile logistics systems on castors in 2023.

con-pearl started 2024 with a good order book. New projects were acquired last year, particularly in the USA. In this market, **con-pearl's** goal for 2024 will be to further expand the sales team under the new CEO there (since November 2023) and increase process quality. Another key objective is to stabilise the Material Services segment business by expanding the external sale of recyclates from the Hillscheid site. Significant investments include the planned PV system at the Geismar site and projects in the energy-saving sector.

EQUITY STORY

con-pearl has an extraordinarily high level of sustainability expertise; not only significant from an ecological perspective, this offers economic advantages as well. On the one hand, the company's two recycling plants promote its independence from raw material procurement in the plastics market. On the other, **con-pearl** is able to offer its customers circular economy projects, taking advantage of the 100% recyclability of its products in the process. True to the motto "from plastic waste to resource", the used products are recycled in the company's own plants and turned into new products. The result is extreme frugality with raw materials, which proves its worth on all levels when raw materials are scarce and prices are increasing. The increased demand for sustainable concepts on the customer side, both in Europe and in the USA, confirms the high weighting of sustainability expertise in **con-pearl's** business model. The expansion into the USA is already bearing fruit thanks to new projects won. The potential in this market is high, as there are hardly any suppliers of comparable products and customers are just beginning to appreciate **con-pearl's** sustainability expertise.

04_H+E GROUP

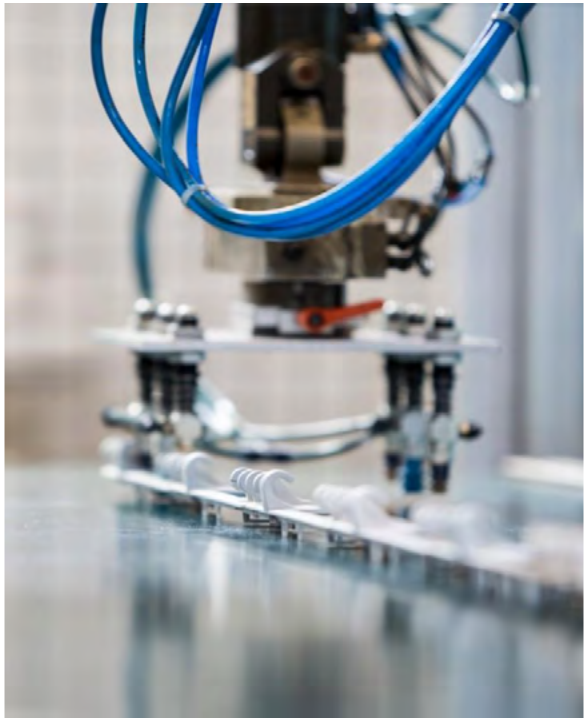
Solution provider of high-quality assemblies made of thermoplastics

The **H+E Group** develops and manufactures top-quality plastic parts and assemblies for car interiors and for the household appliance industry. Specialising in internal gas pressure injection moulding, **H+E** supports its customers from the product idea through to series production. Product expertise spans from simple plastic parts to complex assemblies with high-quality surfaces and an appealing feel. The product range includes interior door controls, roof grab handles, trim panels, lacquered and chromium-plated decorative elements as well as various handles and opening mechanisms. Other core competences are toolmaking and process development.

Philipp Bentzinger, Managing Director of the H+E Group

H+E COMPANY HISTORY

Registered office	Ittlingen, Baden-Württemberg
CEO	Philipp Bentzinger, Mike Liphardt
Revenue 2023	EUR 40.9 million
Employees (31 Dec.)	204 (incl. trainees)
Founded	1976, name change in 2021
Part of Blue Cap since	2021
Shareholding in %	71
Other locations	Sinsheim (Baden-Württemberg)
Segment	Plastics



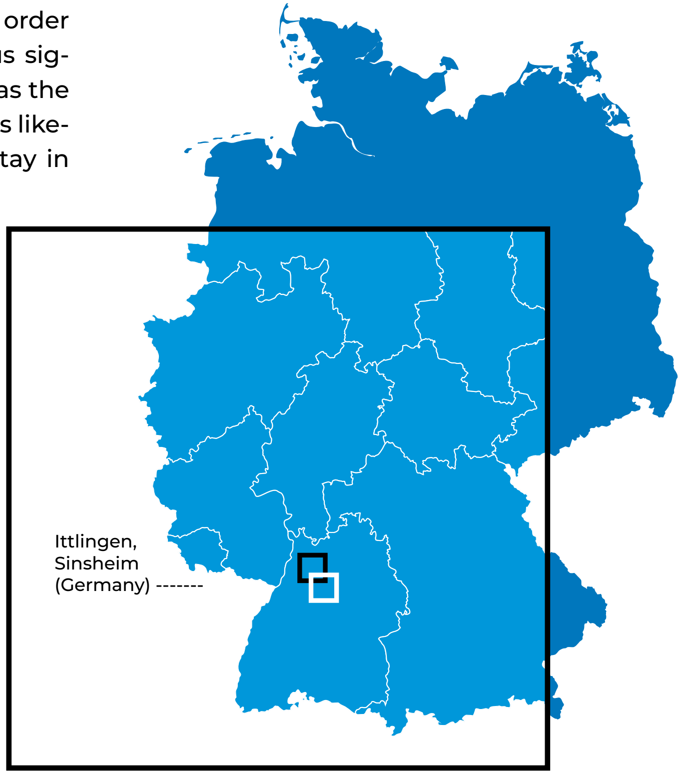
DEVELOPMENT IN 2023 AND OUTLOOK

The high proportion of sales in the cyclical automotive industry put pressure on the Group in 2023. The decline in demand was exacerbated in the second half of the year by the floods in Eastern Europe, which led to production stoppages at suppliers and OEMs. However, the withdrawal of some competitors from the market offered **H+E** very good opportunities to take on projects and win new orders. Overall, the company has come a great deal closer to its goal of positioning itself as a development supplier.

H+E will build on this success in 2024 in order to win further development orders and thus significantly intensify its ties with OEMs. As far as the market is concerned, the pressure on prices is likely to remain high. It is important that we stay in constant dialogue with both our own suppliers and our customers. One project that has already been completed in the current year is the consolidation of sites. The four sites have been merged into three to simplify processes and make structural cost savings. One IT project is the introduction of a document management system.

Over
90%

In 2023, the H+E Group earned this much of its revenue from the automotive sector.



EQUITY STORY

Thanks to decades of experience, the group of companies has profound expertise in process technology. This enables **H+E** to meet even high complexity and quality requirements of its customers. The company uses this ability to position itself as a development supplier for OEMs. The current mixed market situation moves the company closer to this vision. This is because the pressure on competitors offers considerable potential for acquiring new customers and projects and for deepening value creation. The company gains a further competitive advantage from the fact that it generally delivers its products directly to the OEMs' production lines.

05_HY-LINE-GROUP

Application specialist for electronic components and solutions

In recent years, **HY-LINE** has developed from a value-added distributor into a component and solution provider focussing on technical consulting and application expertise. Consequently, **HY-LINE** joins the value chain even earlier and creates added value for its customers by developing its own products and solutions. Its customers come from any sector in which professional electronics are required. In particular, these are companies from the medical sector, automation, mechanical engineering and industrial trucks.

more than

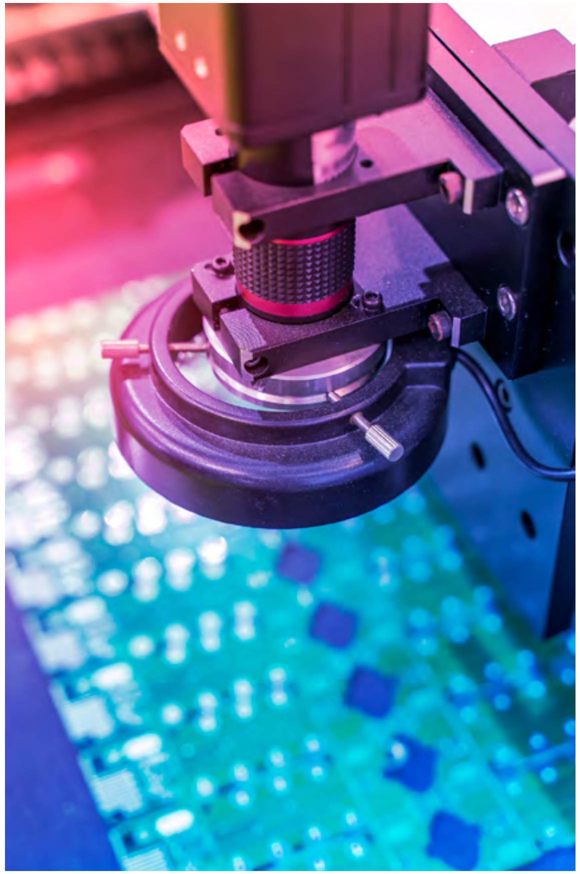
35

years ago, HY-LINE was founded as a distributor of electronic components

Jeroen Rijswijk, CEO of the HY-LINE Group

HY-LINE COMPANY HISTORY

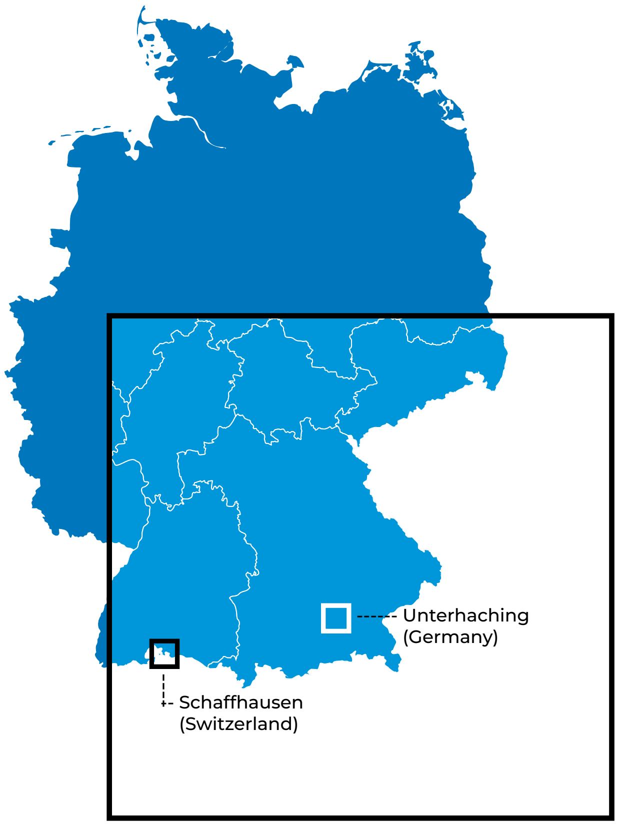
Registered office	Unterhaching, Bavaria
CEO	Jeroen Rijswijk
Revenue 2023	EUR 69.0 million
Employees (31 Dec.)	95 (incl. trainees)
Founded	1988
Part of Blue Cap since	2021
Shareholding in %	95
Other locations	Schaffhausen (Switzerland)
Segment	Business Services



DEVELOPMENT IN 2023 AND OUTLOOK

HY-LINE's performance in 2023 was on a par with the very strong previous year. As the company started the year with an extremely good order book, the first half of the year clearly stood out in terms of earnings. In the second half of the year, there was a noticeable drop in demand across the entire product portfolio. Customers' ordering behaviour returned to pre-coronavirus levels as the pressure on supply chains eased. They are reducing their full inventories and cutting replenishment times. The company has restructured itself with the transformation to ONE **HY-LINE** – further strengthening its position as a solution provider focusing on system developments.

With a stable cost base, **HY-LINE** expects development in 2024 to be below the strong level of 2023. The main focus will be on acquiring new customers and projects in order to counteract the reduced order intake. The transformation to ONE **HY-LINE** is very much helping reach this goal – firstly through significant cross-selling effects and secondly through the strengthened sales side. **HY-LINE** is also working on actively steering the product and customer mix towards higher-margin projects and realising cost savings within the organisation.



EQUITY STORY

An important driver of **HY-LINE's** success is its strong development and consulting expertise in the product design phase, which generates a high proportion of recurring sales during the product life cycle. The high level of diversification in terms of industries as well as long-standing and trusting business relationships with customers as well as suppliers strengthen the Group as a whole. The transformation to ONE **HY-LINE** is paying off in terms of higher scalability, strong synergies and cross selling within the group of companies. A key related measure was the strengthening of the sales organisation initiated in 2023. Focused strategic market development and optimised sales management while expanding the sales team will make a significant contribution to the company's success. Megatrends such as the Internet of Things and Smarthome, as well as the long-term positive outlook for the individual end markets like medical technology, also create good opportunities for further growth.

06_TRANSLINE GROUP

Language service provider with a high degree of automation and digitalisation

For more than 35 years, **Transline** has been actively involved in the transformation of the language industry. What all began with the typewriter has evolved to machine translation and AI. Today, the company is one of Germany's largest communications service providers and runs a proprietary digital order platform. A dedicated point of contact for each customer controls all process steps relating to language management, automated wherever possible. **Transline** is a language logistics provider that adapts its clients' messages intelligently, with cultural sensitivity, to the expectations and needs of the international target markets. Every year, the company delivers over 35 million words in 160 languages around the world, from technical documentation and marketing texts to contract and patent documents. The company's strategic focus is on growing market segments like medical technology, pharmaceuticals, e-commerce and software. **Transline** cultivates long-standing and trusting relationships with around 5,000 customers. Including many large, global companies such as Bosch, Miele and TeamViewer.

Maximilian Lachnit, CEO of the Transline Group

TRANSLINE COMPANY HISTORY

Registered office	Reutlingen, Baden-Württemberg
CEO	Maximilian Lachnit
Revenue 2023	EUR 21.3 million
Employees (31 Dec.)	155 (incl. trainees)
Founded	1986
Part of Blue Cap since	2022
Shareholding in %	70
Other locations	Munich (Bavaria), Walldorf (Baden-Württemberg), Cologne (North Rhine-Westphalia), Grünbach (Saxony), Modena (Italy), Schiltigheim (France)
Segment	Business Services

Every year, the company delivers over

35

million words to its customers.

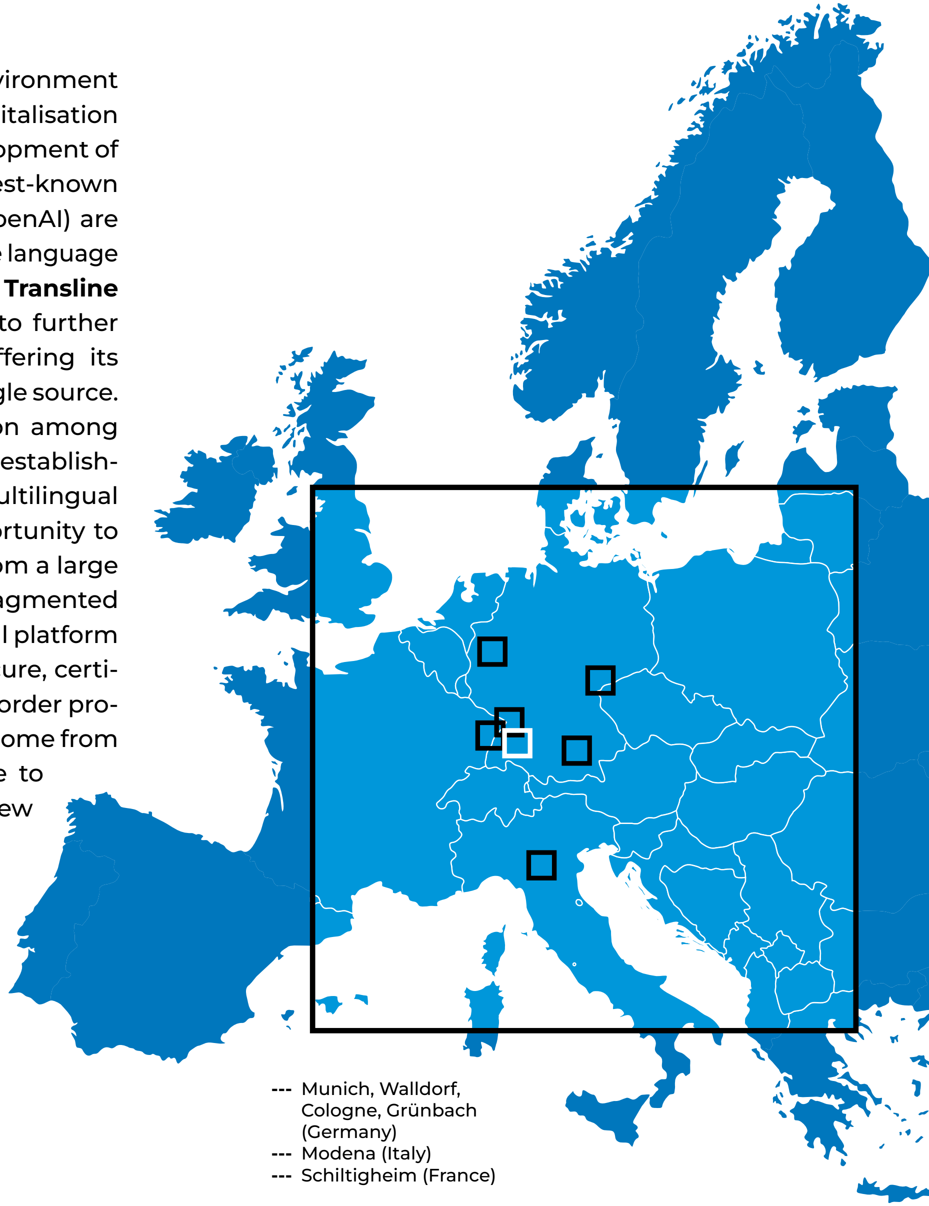
DEVELOPMENT IN 2023 AND OUTLOOK

Transline performed slightly better in 2023 than in the previous year. This is mainly due to the expansion of existing customers and the acquisition of some new ones. Overall, however, the tense economic situation is having an impact on incoming orders. This is because the economic downturn is leading **Transline's** customers to postpone product launches, shelve medical studies, reduce their marketing budgets and so on.

This year got off to a dynamic start with the strengthening of the sales team and the associated reorganisation of the customer acquisition process. This should be bolstered by a fundamentally positive market outlook based on steadily increasing globalisation and digitalisation. The optimisation of purchasing costs and efficiency gains in processes is also expected to have a value-enhancing effect.

EQUITY STORY

Transline operates in an attractive environment that is positively shaped by increasing digitalisation and globalisation. AI and the rapid development of large language models (LLMs – the best-known LLM is currently the GPT family from OpenAI) are likely to be the biggest transformers in the language services market over the next few years. **Transline** sees this disruption as an opportunity to further improve its own productivity, while offering its customers even more services from a single source. In addition, further market consolidation among smaller service providers is expected. By establishing itself as a full-service provider for multilingual communication, **Transline** has the opportunity to gain market share and set itself apart from a large number of competitors in a highly fragmented market. The company's proprietary digital platform also plays a key role here, ensuring a secure, certified infrastructure and high efficiency in order processing. Additional growth impetus can come from buy-and-build acquisitions, which serve to acquire new customers and tap into new sectors.



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

07_NOKRA OPTISCHE PRÜFTECHNIK UND AUTOMATION GMBH

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

International supplier of measurement and testing systems for manufacturing

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

NOKRA HISTORY

Registered office	Baesweiler, North Rhine-Westphalia
CEO	Günter Lauven
Revenue 2023	EUR 3.5 million
Employees (31 Dec.)	29 (incl. trainees)
Founded	1991
Part of Blue Cap since	2014
Shareholding in %	90
Segment	Others

DEVELOPMENT IN 2023 AND OUTLOOK

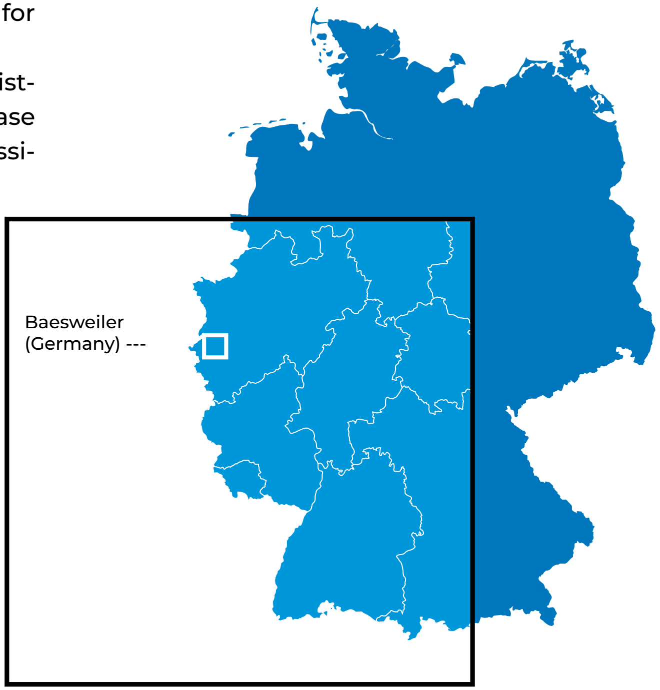
As a production technology company with mostly cyclical customer industries, **nokra's** business performance in 2023 was significantly impacted by the economic downturn. Projects were delayed and postponed, which meant that the commercial goals were not achieved in full. Strategically, however, the company continued to develop well. **nokra** managed to successfully optimise individual developments with a view to manufacturing new product groups in the future. As an example, a new generation of thickness measurement products was developed. In addition, the new innovative hot measuring cell met with great interest from **nokra's** customers in the forging industry last year and made a positive contribution to revenue for the first time.

In 2024, the company will continue to consistently pursue its chosen path in order to increase the scalability of its products to the greatest possible degree. This includes mainly the thickness and flatness measurement product groups and the new hot measuring cell. Another important objective is to secure the higher-margin service revenue, which declined in 2023.

The systems installed all over the world make use of almost

2,500

laser sensors.



EQUITY STORY

nokra brings together an interdisciplinary team of physicists, engineers, electrical engineers, mathematicians and computer scientists who combine the necessary scientific and technical disciplines. From the customer-specific task to the assembly and implementation of the measuring systems, the focus is on innovative and effective solutions. Many years of experience and high quality standards ensure that the measuring systems are continuously refined and fulfil the latest technological standards. The management team, which is very well networked in the industry, keeps an eye on market trends at all times. **nokra** has successfully translated these competences into product groups that ensure a focused growth path. The precision of the systems and conformity with national and international norms and standards are an important and differentiating competitive factor.

08_INHECO INDUSTRIAL HEATING AND COOLING GMBH

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

Leading supplier of LabTech products for laboratory automation

Since being founded in 2000, **INHECO** has become an established player in the laboratory automation market. As a leading manufacturer of various instruments for the control and monitoring of bio-chemical reaction processes, **INHECO** supplies a broad customer group from the life science and diagnostics sectors. Products include heating, cooling and shaking assemblies, incubators and thermal cyclers. The range spans standard products and proprietary systems to customised OEM solutions. Among the numerous customers are renowned names such as Hamilton, Agilent, ThermoFisher and Roche.

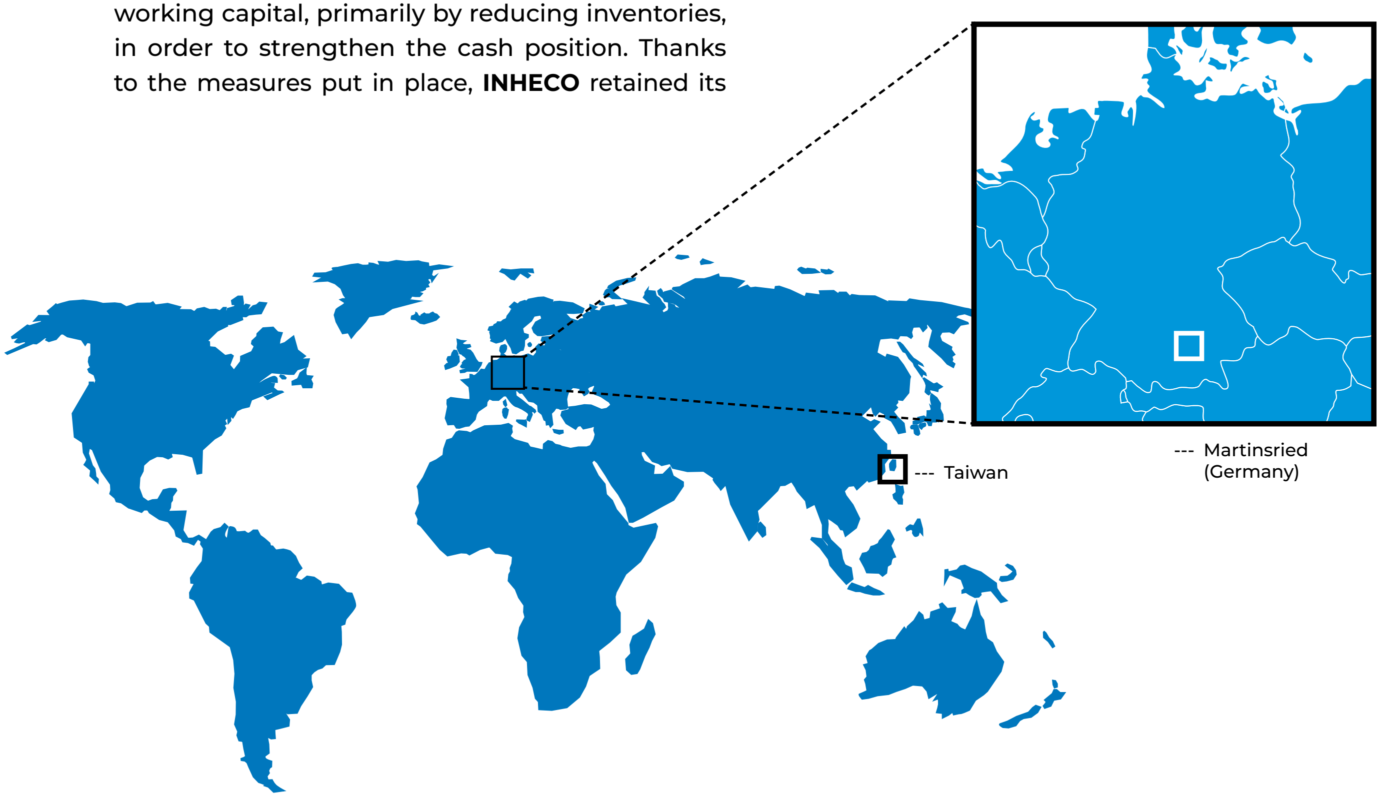
INHECO COMPANY HISTORY

Registered office	Martinsried (Bavaria)
CEO	Günter Tenzler
Revenue 2023	EUR 21.2 million
Employees (31 Dec.)	103 (incl. trainees)
Founded	2000
Part of Blue Cap since	2006
Shareholding in %	42
Other locations	Taiwan
Segment	Medical

DEVELOPMENT IN 2023 AND OUTLOOK

INHECO was confronted with the slowdown in the medical technology market in 2023 and suffered from a significant decline in demand. This stood contrary to the substantial expansion investments of the previous year, which were made on the basis of the strong growth in previous years. As a consequence, the management team immediately initiated the "Restart 2023" turnaround programme. The decline in sales was countered by rigorous savings initiatives in the area of personnel and material costs. It was also necessary to reduce working capital, primarily by reducing inventories, in order to strengthen the cash position. Thanks to the measures put in place, **INHECO** retained its capacity to act at all times in 2023. Nevertheless, from a purely economic perspective, the year fell far short of expectations with a negative contribution to earnings.

INHECO started the current year with a dramatically reduced cost level. However, the company is positioned in such a way that medium-term growth opportunities are not impeded. Very positive signals continue to come from the US market, and these are expected to translate into profitable growth in 2024. All in all, INHECO expects a clearly positive result again for the current year.



With a shareholding of

42%

INHECO is Blue Cap's sole minority interest.

EQUITY STORY

Although 2023 reaped little success for **INHECO**, the business model remains very promising. In light of the good medium to long term sales prospects in the life science sector, the company has an optimistic view of the future. It has also laid the foundations for sustained positive development with its turnaround programme. In addition, the optimism is fuelled by an intact market trend overall, also in line with the expectations of major competitors. Laboratory automation is the main catalyst for the development of the life science industry and has developed rapidly in recent years. **INHECO** can benefit greatly from this in the future with an adapted, efficient corporate structure.

REPORT OF THE SUPERVISORY BOARD

_ Kirsten Lange
Chair of the Supervisory Board

Dear shareholders,
dear readers,

Before I report on the work of the Supervisory Board and its committees in the past financial year, I would like to begin by discussing the key issues that kept us busy in 2023. This was another year dominated by geopolitical and economic tensions. While the Russian war of aggression against Ukraine continued, the conflict in the Middle East flared up again in the fourth quarter with the Hamas terrorist attack. The economic slowdown, persistently high inflation and recessionary pressure also caused great uncertainty in the global economy.

These different dynamics demanded a high level of attention from all Blue Cap AG participants. In summary, it can be said that the main task of Blue Cap and its subsidiaries in the past financial year was to recognise changes in the market environment and in the relevant sectors and to pivot in response at an early stage. In particular, this included effective transformation and turnaround measures in the portfolio companies. As the Supervisory Board, we closely monitored the strategic challenges and the implementation of corresponding initiatives and regularly discussed progress at our Board meetings. The Supervisory Board also looked closely at the personnel changes on Blue Cap's Management Board.

Against this backdrop, the Blue Cap Group has proven resilient despite the challenging conditions and has shown solid operational development.

Cooperation between the Management Board and the Supervisory Board

The Supervisory Board consisted of five members in 2023, four members from 1 October 2023 onwards. In the reporting year, it fully carried out the duties required of it by law, the Articles of Association and the Rules of Procedure. We monitored and advised the Management Board on its management of the company on an ongoing basis. The Management Board informed us continuously, comprehensively and promptly, both verbally and in writing, about current developments, corporate strategy, the status of transactions and major portfolio projects as well as the corporate and financial planning of the Group and its portfolio companies.

The Management Board fulfilled its duties to provide information at all times and with an appropriate level of detail. The Board was also on hand at all times to answer questions and provide explanations to our full satisfaction – even outside the meetings. The Supervisory Board was thus able to satisfy itself at all times of the legality, appropriateness and regularity of the management.

In the plenary sessions and in our committees, we always had the opportunity to critically examine the reports and resolution proposals submitted by the Management Board and to make suggestions. Discussions between the Supervisory Board and the Management Board were also based on the monthly financial reports submitted to the Supervisory Board with key income, financial, asset and personnel figures for the Group as a whole as well as for individual portfolio companies. All reports and documents submitted were examined carefully and to an appropriate extent by our committee. They did not give rise to any objections. We intensively discussed decisions of fundamental importance with the Management Board. Where the approval of the Supervisory Board for individual business transactions was required by law, the Articles of Association or the Rules of Procedure, we granted it after detailed examination.

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

The company conducts information and training measures on specific topics of the Supervisory Board's work at regular intervals. As an example, in 2023, we examined the latest corporate governance developments and remuneration structures for the Supervisory Board.

Our Supervisory Board met for a total of

14

meetings last year.

Meetings

In the 2023 financial year, a total of 14 meetings of the Supervisory Board were held: six times in the form of a face-to-face meeting and eight times in the form of a video or telephone conference. Only members of the Supervisory Board attended the meetings on 3 April 2023, 25 August 2023, 30 August 2023, 8 September 2023, 18 September 2023 and 4 October 2023, while the meetings on 16/17 February 2023, 27 April 2023, 13 June 2023, 14 June 2023, 23 June 2023, 24 August 2023, 10 October 2023 and 12 December 2023 were also attended by members of the Management Board.

The average attendance rate of the Supervisory Board members at the meetings was 100%. The same applies to the committees. In preparation for the meetings, the Management Board provided us with comprehensive, informative written reports and resolution proposals in good time.

Main duties and topics in the Supervisory Board plenary sessions

In accordance with the duties incumbent upon us by law, the Articles of Associations and the Rules of Procedure, we dealt in detail with the operational and economic development of Blue Cap AG and its portfolio companies as well as their strategic further development in the 2023 financial year. This also included the economic and financial key figures of the Group, which comprised the development of the net asset value (NAV) as well as budget planning and so on.

The main topics were significant business events and the status of acquisitions and disposals of investments. We intensively dealt with the economic challenges and the implications and risks for the portfolio companies of Blue Cap. The weak economy represented a significant uncertainty factor for the course of business, and we were on hand to advise the Management Board on this at all times.

We also paid close attention to personnel matters relating to the Management Board and discussed the composition of the Management Board following the departure of Tobias Hoffmann-Becking and Matthias Kosch. Another topic in one of our meetings was “People & Culture”, an area on which Blue Cap has focused more closely in its portfolio work since the beginning of 2023. We also discussed Supervisory Board remuneration and capital market-related topics.

In our deliberations on Management Board remuneration, we determined on the basis of a peer group comparison that the remuneration of its members is in line with market practice and therefore appropriate.

On 27 April 2023, the Supervisory Board held a meeting to approve the balance sheet. The board approved the annual financial statements and management report of Blue Cap AG as well as the consolidated financial statements and the Group management report each as of 31 December 2022. The plenary session also approved the report of the Supervisory Board for the 2022 financial year and the declaration of conformity. The agenda for the Annual General Meeting was likewise discussed and approved. The Supervisory Board approved the proposal to pay a dividend to the Annual General Meeting.

Supervisory Board Plenary Session

Member	Attendance abs.	Attendance in %
Kirsten Lange (Chair)	14/14	100%
Dr. Michael Schieble (Deputy Chair)	14/14	100%
Michel Galeazzi	14/14	100%
Dr. Henning von Kottwitz (member until 30 September 2023)	13/13	100%
Freya Oehle	14/14	100%

Audit Committee

Member	Attendance abs.	Attendance in %
Dr. Michael Schieble (Chair)	5/5	100%
Dr. Henning von Kottwitz (member until 30 September 2023)	3/3	100%
Kirsten Lange	5/5	100%

Nomination Committee

Member	Attendance abs.	Attendance in %
Dr. Michael Schieble (Chair since 01 October 2023)	1/1	100%
Michel Galeazzi	1/1	100%
Dr. Henning von Kottwitz (Chair until 30 September 2023)	0/0	Not specified

M&A Committee

Member	Attendance abs.	Attendance in %
Michel Galeazzi (Chair)	0/0	Not specified
Kirsten Lange	0/0	Not specified
Freya Oehle	0/0	Not specified

The Management Board always submitted matters requiring approval to the Supervisory Board for resolution in good time. After extensive consultation and thorough consideration, we approved these without exception.

Tasks of the committees

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

In the 2023 financial year, the **Audit Committee** consisted of Dr. Michael Schieble (Chair), Dr. Henning von Kottwitz and Kirsten Lange. As of 1 October 2023, the Audit Committee consisted of Dr. Michael Schieble (Chair) and Kirsten Lange following the departure of Dr. Henning von Kottwitz from the Supervisory Board. The Chair of the Audit Committee, Dr. Schieble, has particular expertise in the areas of accounting and auditing due to his back office activities as the member of Sparkasse's Management Board. Dr. Schieble is qualified in the sense of recommendation D.3 DCGK 2022. He has also acquired expertise in sustainability reporting due to his previous work.

The Audit Committee held five meetings in the reporting year – on 21 March 2023, 21 April 2023, 15 May 2023, 9 November 2023 and 5 December 2023. Chief Financial Officer Matthias Kosch attended three of the five meetings and representatives of the auditor Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, attended three meetings. CEO Dr. Henning von Kottwitz and the Head of Finance, Fabian Bracher, attended two of the five meetings.

The committee's work focussed on the audit of the annual financial statements and the consolidated financial statements for 2022, including the combined management report, and the preparation of the resolutions in the Supervisory Board. In the course of the audit, the Audit Committee discussed progress with the auditor and also included the reports of the company and the audit reports of the auditor. Together with the auditor, the Audit Committee also determined the focus of the audit for the 2023 financial year. This included the audit of the net asset value calculation, the valuation of investments and impairment tests as well as the remuneration of and resignations from the Management Board. The Audit Committee also addressed the Blue Cap Group's 2024 budget plan and medium-term plan as well as the Supply Chain Duty of Care Act and the EU taxonomy.

In 2023, the **M&A Committee** was made up of Michel Galeazzi (Chair), Kirsten Lange and Freya Oehle. The M&A Committee did not meet last year, as the sale of Uniplast Knauer GmbH & Co. KG had been discussed in the plenary session.

In principle, the M&A Committee deals with individual acquisitions and sales of companies in the run-up to the vote in the Supervisory Board. In this respect, it is the sparring partner of the Management Board in the early phase of transactions that are already taking shape.

The **Nomination Committee** consisted of Dr. Henning von Kottwitz (Chair), Michel Galeazzi and Dr. Michael Schieble. From 1 October 2023, the Nomination Committee consisted of Dr. Michael Schieble (Chair) and Michel Galeazzi following Dr. Henning von Kottwitz's departure of from the Supervisory Board. The Nomination Committee met on 21 December 2023. The committee addressed the finalisation of the Supervisory Board following the departure of Dr. Henning von Kottwitz. It made sure, in particular, that the Supervisory Board would be appropriately staffed in terms of diversity, financial expertise and fulfilment of the competence profile.

Corporate Governance and Declaration of Compliance

Corporate governance is a high priority for our Board and we keep a close eye on the latest developments in this area.

Although Blue Cap is not obliged to issue a Declaration of Compliance with the German Corporate Governance Code due to its listing on the open market, Blue Cap AG is again issuing a Declaration of Compliance on a voluntary basis this year in the interests of keeping shareholders and the capital market informed.

In addition, we reviewed the efficiency of our activities through a self-evaluation based on a detailed questionnaire which was answered by all members of the Supervisory Board. The results were discussed in detail at our meeting on 12 December 2023 and compared with the results of the best supervisory boards. Overall, the audit gave a positive picture of the activities of our board and the cooperation with the Management Board. No significant deficits were identified. Nevertheless, we have identified a number of areas in which we want to accelerate our processes and reduce bureaucracy in the future.

Audit

The Annual General Meeting of 24 June 2023 elected Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, as auditors of the financial statements and consolidated financial statements for the 2023 financial year. Deloitte GmbH Wirtschaftsprüfungsgesellschaft audited the annual financial statements and consolidated financial statements prepared by the Management Board as well as the consolidated management report for the 2023 financial year, which was combined with the management report of Blue Cap AG, and issued an unqualified audit opinion in each case. The audit was conducted in accordance with Section 317 of the German Commercial Code (HGB) and the generally accepted standards for the auditing of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany).

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

The annual financial statements and consolidated financial statements as well as the summarised management report for the 2023 financial year were sent to all members of the Supervisory Board in due time for review, along with the respective audit reports and notes. The documents were discussed extensively and in detail with the Management Board at the balance sheet meeting on 18 April 2024 in the presence of the auditors, who reported on the main audit findings. The auditors and the Management Board were available for detailed explanations on the financial statements and answered all questions raised by the Supervisory Board to its full satisfaction.

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

After a thorough examination of the submitted documents and the recommendation of the Audit Committee, we had no objections. We therefore approved the audit findings of the auditors. On 18. April 2024, in accordance with the proposal of the Audit Committee, we adopted the 2023 annual financial statements of Blue Cap AG together with the combined management report, and approved the 2023 consolidated financial statements along with the combined management report by way of the written consent procedure.

At its face-to-face meeting on 18 April 2024, the Supervisory Board also adopted the proposed resolutions for the Annual General Meeting.

Dividend

The Supervisory Board likewise reviewed the Management Board's proposal for the appropriation of net profit. In particular, the liquidity of the entire Group as well as the financial and investment planning were taken into account here. After extensive consultation, we endorse the proposal of the Management Board to the Annual General Meeting to distribute to shareholders from the net profit for the 2023 financial year a dividend of EUR 0.65 per share, or a total of EUR 2,916.1, based on the number of no-par value shares as of 18 April 2024. The remaining net profit is to be carried forward.

Personnel changes in the Management Board and Supervisory Board

There were two changes to the Management Board of Blue Cap AG in the 2023 reporting year. At the end of August, Mr Tobias Hoffmann-Becking, Chair of the Management Board/CEO, asked the Supervisory Board to terminate his Management Board mandate prematurely for personal reasons. The Supervisory Board immediately began the search for a successor and was able to present a solution just four weeks later. We appointed Dr. Henning von Kottwitz as Chair of the Management Board/CEO with effect from 1 October 2023. Mr Hoffmann-Becking stepped down from the Management Board on 30 September 2023.

The Supervisory Board also decided not to extend the Management Board mandate of Matthias Kosch (CFO), which was due to expire on 31 December 2023. Mr Kosch stepped down from the Management Board on 31 October 2023. It was decided that the Board would have no Chief Financial Officer in the future. The idea was to reduce the number of Board members and organise it more efficiently. The duties this leaves will be handled by Dr. Henning von Kottwitz and Henning Eschweiler.

The Supervisory Board would like to take this opportunity to thank Mr Hoffmann-Becking and Mr Kosch once again for their faithful and successful cooperation and wishes them all the best for the future.

Dr. von Kottwitz had been a member of the Supervisory Board of Blue Cap AG. He stepped down when he was appointed CEO. His resignation from the Supervisory Board reduced it from five to four members for the transitional period until the next Annual General Meeting.

No Supervisory Board member acts in an executive or advisory capacity at what the company considers to be its significant competitors. There was no indication of conflicts of interest on the part of a member of the Supervisory Board or the Management Board.

On behalf of our Board, I would like to thank the members of the Management Board and all employees of Blue Cap AG and its subsidiaries for their exceptional commitment and outstanding service during the 2023 financial year.

Munich, 18 April 2024

Kirsten Lange
Chair of the Supervisory Board

COMBINED MANAGEMENT REPORT

48_ COMBINED MANAGEMENT REPORT

COMBINED MANAGEMENT REPORT

1. THE COMPANY

1.1 Operating activities and strategic orientation

MAJORITY INTEREST IN THE SME SEGMENT

INTERESTING FACTS
More information about our portfolio companies can be found starting on page 25

Blue Cap AG is a listed investment company, established in 2006 and headquartered in Munich. The company acquires small and medium-sized enterprises from the B2B sector that are facing special situations and oversees their entrepreneurial development, the aim being to sell them for a profit at a later date. The companies acquired are primarily headquartered in Germany, Austria and Switzerland, generate revenue of between EUR 20 and EUR 200 million and have a sustainable and intact core business.

As of the reporting date, the company holds majority interests in seven groups (previous year: eight) and has one minority interest. One disposal was reported in 2023. The Group had an average of 1,241 employees in the reporting year and operates in Germany, Europe and the USA.

Blue Cap AG is listed on the Frankfurt Stock Exchange in the "Scale" segment and on the Munich Stock Exchange in "m:access" (ISIN: DE000A0JM2M1). The capital market listing places the company under an obligation to provide an appropriate level of transparency, an obligation it fulfils through active capital market communication and investor relations work.

BUSINESS MODEL: "BUY, TRANSFORM & SELL"

INTERESTING FACTS
More information about our business model can be found starting on page 16

Blue Cap acquires companies from the B2B sector that face special situations, standing at a crossroads along their corporate journey. This can include situations of upheaval with extensive restructuring requirements or unresolved succession situations and group spin-offs. Target companies are systematically identified and selected on the basis of defined investment criteria. The investment decision centres on clear operational improvement potential and prospects for value enhancement based on a sustainably stable business model. Blue Cap actively supports the portfolio companies in their strategic and operational development during the holding period. The optimal holding period is usually between three and seven years. In principle, Blue Cap is a temporary owner and sells its portfolio companies as soon as successful growth within a different ownership structure appears to make more sense and it has been able to successfully implement large parts of its planned transformation programme.

1.2 Goals and strategy

DEVELOPMENT OF THE PORTFOLIO VALUE

Blue Cap AG aims to increase the company's value by transforming both the portfolio and each individual portfolio company. Performance is determined by the growth and profitability of the portfolio companies. In the composition of its portfolio, Blue Cap ensures a balanced diversification in terms of business models and sales markets within its focus on special situations in the Industrials sector.

FOCUS ON TURNAROUND CASES WITH AN INCREASED NEED FOR RESTRUCTURING

In recent years, the investment focus has been on companies with healthy business models and EBITDA margins (adjusted) of between 7% and 10%. Since the end of 2023, we have increasingly focussed on companies facing special situations, the acquisition of which involves increased restructuring effort. These generally generate EBITDA margins (adjusted) of between 0% and 5%. The B2B sector for industrial goods and services is Blue Cap's investment focus. It has no preference for specific sectors. Our strategically adapted approach is designed to pursue the goal of significantly increasing the value of a company during the holding period and achieving an attractive return-on-investment.

ACTIVE SUPPORT DURING THE HOLDING PERIOD

The key to an investment decision is a company's potential to increase in value on the basis of a sustainably stable business model. Blue Cap's primary objective is to exploit this potential during the holding period through suitable operational and strategic measures. To achieve this goal, it takes an active investment approach. This strategy is based on the extensive M&A, industrial and turnaround experience of the Management Board and the Blue Cap team. Key strategic decisions are taken and improvement and growth programmes are coordinated with the management teams. When implementing suitable measures, the team supports the portfolio companies closely and actively with its in-depth expertise. Blue Cap provides the portfolio companies with additional liquidity if required. If inorganic growth makes sense, it also strengthens the portfolio companies through add-on acquisitions.

THE OBJECTIVE OF THE SALE IS A HIGH RETURN-ON-INVESTMENT

The optimum holding period for an investment is between three and seven years, as Blue Cap expects to be able to implement a large part of the transformation programme undertaken at the time of acquisition after this period. The aim of selling a portfolio company is a high return on the capital invested.

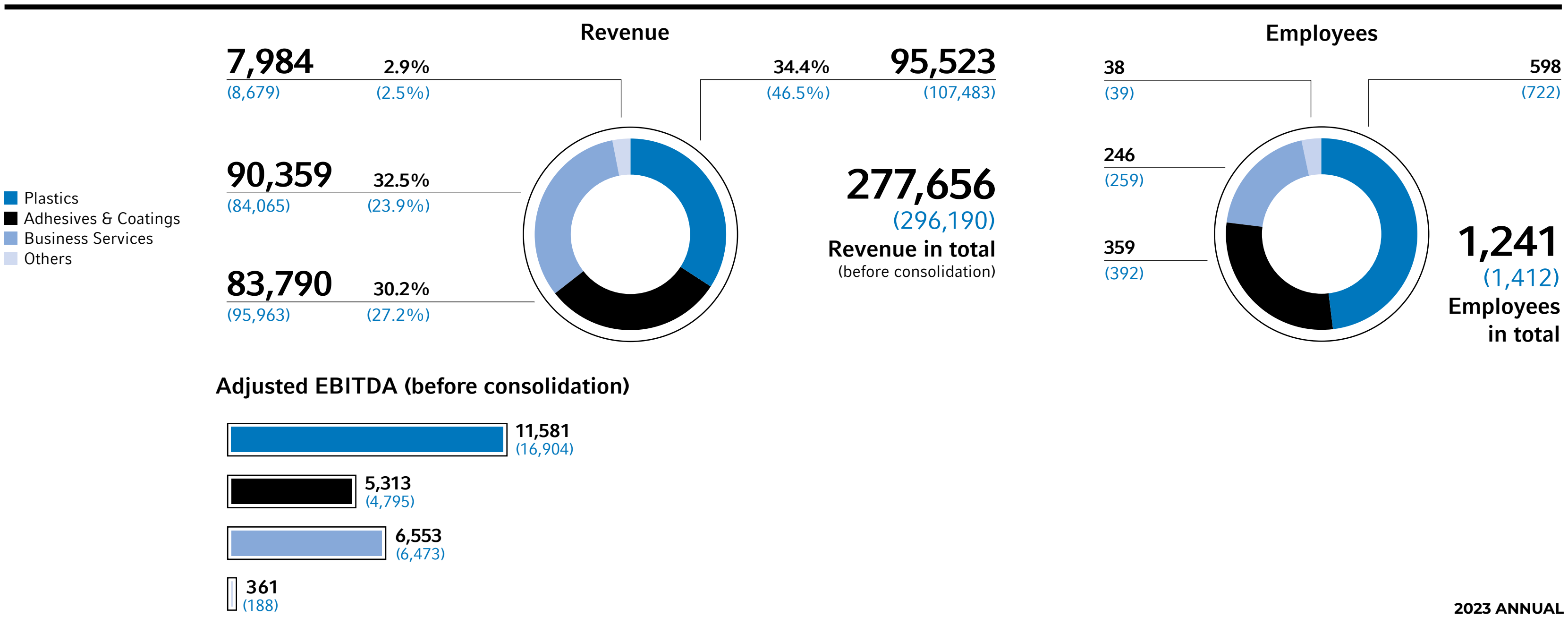
1.3 Portfolio

PORTFOLIO STRUCTURE: SEVEN MAJORITY INTERESTS IN FOUR SEGMENTS

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

Key data on the portfolio 2023 (2022)

EUR thousand



The **Plastics** segment includes con-pearl Verwaltungs GmbH and con-pearl GmbH from Geismar in Thuringia as well as the US spin-offs Con-pearl North America Inc. and Con-pearl Automotive Inc. based in Greenville in the USA. The H+E Group forms the second group of companies in this segment and consists of H+E Molding Solutions GmbH from Ittingen in Baden-Württemberg as well as H+E Kinematics GmbH and H+E Automotive GmbH, both based in Sinsheim in Baden-Württemberg.

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

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

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

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

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

The companies of the HY-LINE Group and the Transline Group make up the **Business Services** segment.

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

The HY-LINE Group consists of HY-LINE Management GmbH, HY-LINE Holding GmbH, HY-LINE Technology GmbH (formerly: HY-LINE Computer Components Vertriebs GmbH), all based in Unterhaching, Bavaria, and HY-LINE AG, Schaffhausen, Switzerland. As the parent company, HY-LINE Management GmbH and HY-LINE Holding GmbH provide in-Group services in the areas of strategic management, finance and accounting, marketing, storage and IT, the rest of the companies each having specialised product areas. HY-LINE Technology GmbH offers expertise in the product areas of visualisation (display and touch technology), embedded computing, signal management, power electronics, power supply and energy storage. The company is also a highly specialised sales partner and manufacturer representative and possesses extensive application-specific expertise in wireless modules as well as M2M and IoT system solutions. HY-LINE AG focuses in the areas of customised lithium-ion batteries, battery systems, energy storage systems as well as power supplies.

The Transline Group includes the companies Transline Gruppe GmbH and Transline Deutschland GmbH in Reutlingen, Baden-Württemberg as well as Transline Europe S.à.r.l. (France) and Interlanguage S.R.L. (Italy). As a large German translation service provider, Transline operates in an attractive market environment whose structural growth is driven by increasing digitalisation and globalisation. Furthermore, the market for translation services is highly fragmented and therefore characterised by strong consolidation pressure. In recent years, Transline has invested heavily in the digitalisation of its business model and established a workflow software solution that automates process steps, ensures better and faster processing of customer enquiries and achieves efficiency enhancements throughout the service process. In addition, Transline has focused on growing market segments via add-on acquisitions, especially in medical technology, pharmaceuticals, e-commerce and software.

The **Others** segment includes the holding and property management companies of the Blue Cap Group. nokra Optische Prüftechnik und Automation GmbH (referred to below also as nokra) based in Baesweiler near Aachen, North Rhine-Westphalia, is allocated to the Others segment due to its comparatively low sales volume. nokra manufactures laser-optical in-line measuring systems for applications in the steel, aluminium and automotive industries. The company offers solutions for glass, thickness and flatness measurement, customised systems and services as well as a range of spare parts.

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

PORTFOLIO AND STRUCTURAL CHANGES

In June 2023, Blue Cap AG sold its stake in Knauer-Uniplast Management GmbH by way of a management buy-out. The Knauer-Uniplast Group was deconsolidated on 30 June 2023.

In the financial year, Blue Cap AG acquired the remaining shares in Blue Cap Asset Management GmbH from the minority shareholder of this company by exercising an option right. The acquisition took place in the second half of 2023. This makes Blue Cap AG the sole owner of Blue Cap Asset Management GmbH.

HY-LINE Power Components Vertriebs GmbH and HY-LINE Communication Products Vertriebs GmbH were merged into HY-LINE Computer Components Vertriebs GmbH in order to streamline the **HY-LINE** Group's corporate structure and further advance the development of an integrated group. HY-LINE Computer Components Vertriebs GmbH has been operating as HY-LINE Technology GmbH since September 2023.

In order to further simplify the **Transline** Group's corporate structure, medax - Medizinischer Sprachdienst GmbH, Transline Software Localisation GmbH and Micado Innovation GmbH were merged into Transline Deutschland GmbH during the financial year. In August 2023, Blue Cap AG and a minority shareholder of Blue Cap 14 GmbH (Transline Group holding company) jointly sold or contributed a total of around 5% of the shares in Blue Cap 14 GmbH to MEP Transline GmbH & Co. KG as part of a management participation programme. The limited partner shares of this company were acquired by the newly appointed CEO of Blue Cap 14 GmbH. As of the reporting date, Blue Cap AG's shareholding in Blue Cap 14 GmbH therefore reduces to 70.2% (previous year: 73.9%).

1.4 Governance

MANAGEMENT BOARD

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

During the 2023 financial year, the Management Board comprised either three or two members. At the beginning of the financial year, the Management Board was made up of the following individuals: Tobias Hoffmann-Becking (Chair/Chief Executive Officer), Henning Eschweiler (Chief Operating Officer) and Matthias Kosch (Chief Financial Officer). At the end of August, Mr Tobias Hoffmann-Becking asked the Supervisory Board to terminate his Management Board mandate prematurely for personal reasons. He stepped down from the Management Board on 30 September 2023. Dr. Henning von Kottwitz was appointed Chair of the Management Board/Chief Executive Officer with effect from 1 October 2023. In addition, Mr Matthias Kosch's Management Board mandate was terminated by mutual agreement with effect from 31 October 2023.

SUPERVISORY BOARD

The Management Board is overseen by the Supervisory Board. In the financial year, it consisted of five or four members and was chaired by Kirsten Lange. The other members are Deputy Chair Dr. Michael Schieble, Michel Galeazzi, Dr. Henning von Kottwitz (until 30 September 2023) and Freya Oehle. Supervisory Board member Dr. Henning von Kottwitz resigned from the Supervisory Board on 30 September 2023 due to his appointment as Chief Executive Officer of Blue Cap AG with effect from 1 October 2023. In the year under review, the Supervisory Board also maintained a regular and constructive exchange with the Management Board outside of the meetings. The Supervisory Board has formed three committees. The Audit Committee is composed of the members Dr. Michael Schieble (Chair), Kirsten Lange and Dr. Henning von Kottwitz (until 30 September 2023), the M&A Committee comprises the members Michel Galeazzi (Chair), Kirsten Lange and Freya Oehle, and the Nomination Committee is composed of the members Dr. Henning von Kottwitz (Chair until 30 September 2023), Dr. Michael Schieble (Chair since 1 October 2023) and Michel Galeazzi.

MORE INFORMATION
You can find the Supervisory Board Report starting on page 42.

COMMITMENT TO THE PRINCIPLES OF CORPORATE GOVERNANCE AND COMPLIANCE[1]

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

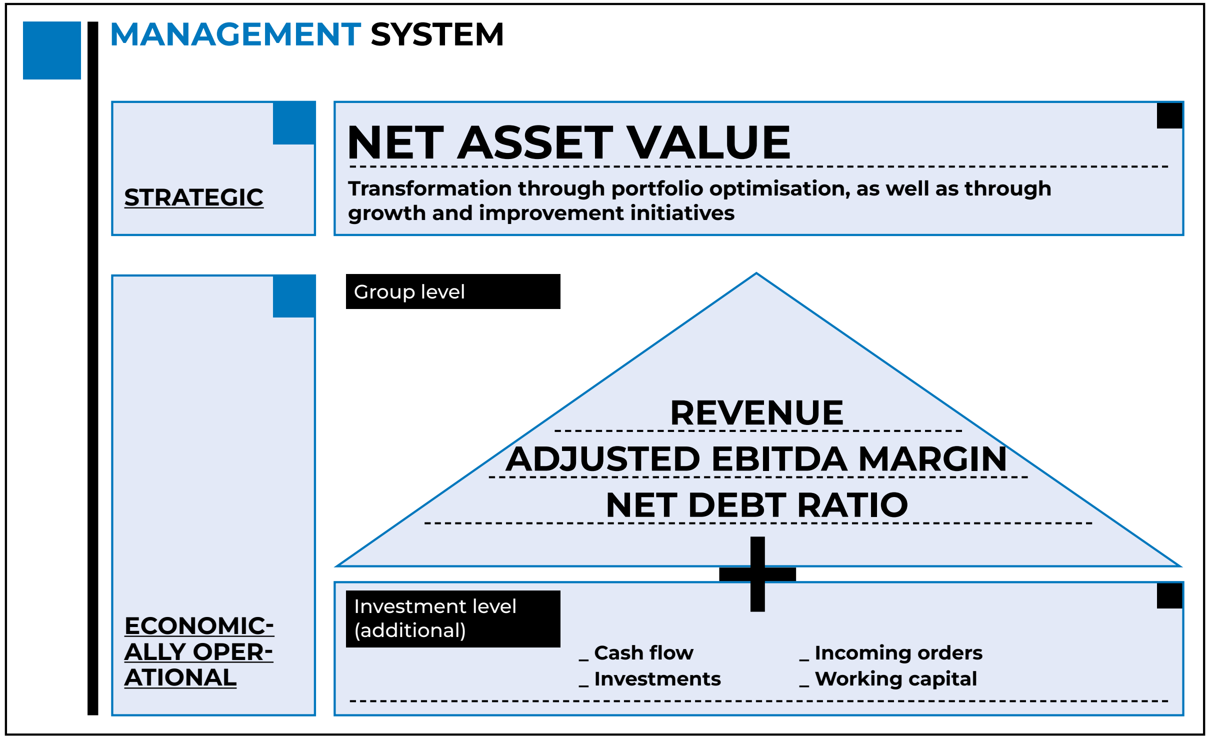
1 Subsection not reviewed by the auditor

1.5 Management

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

At strategic level, net asset value (NAV) is calculated to show the net asset value of the Blue Cap Group.

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



INTERESTING FACTS
More information on NAV starting on page 59

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

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

Net debt corresponds to the balance of non-current and current loan liabilities, lease liabilities and cash and cash equivalents. The net debt ratio (in years) represents net debt in relation to adjusted EBITDA.

CONTROL PROCESSES: CLOSELY DOVETAILED

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

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

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

THE MANAGEMENT BOARD IS IN CLOSE DIALOGUE WITH THE PORTFOLIO COMPANIES

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

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

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

1.6 Non-financial performance indicators

The factors mentioned in the sections below are fundamental to the successful business development of the Group. These factors are not directly integrated into the corporate control process through non-financial performance indicators.

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

EMPLOYEES

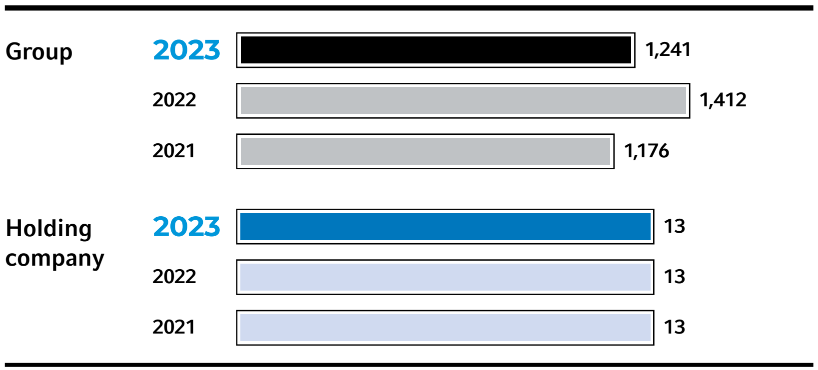
Within the Group: Number of employees fell by around 12% compared to the previous year

In the 2023 financial year, the Group had an average of 1,241 (previous year: 1,412) employees and 38 (previous year: 40) trainees in the reporting year. The decline is mainly due to the deconsolidation of the Knauer-Uniplast Group from the Blue Cap Group.

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

Development of average headcount

Number



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

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

In the year under review, Blue Cap AG employed 13 people, not including the Management Board (previous year: 13).

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

INNOVATION

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

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

Research and development activities in the **Adhesives & Coatings** segment include, but are not limited to, the reworking of adhesive formulas in terms of environmental compatibility and application requirements, the use of new raw materials, and the development of new applications and customised solutions. Research and development activities at the Planatol Group in the system solutions subdivision include, but are not limited to, the modularisation and overhaul of the product range and the use of new techniques.

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

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

Research and development expenditure for continuing operations in the Group totalled EUR 2,731 thousand in the financial year (previous year: EUR 1,958 thousand). The increase compared to the previous year is due in particular to intensified research and development activities in the Adhesives & Coatings and Plastics segments. Development costs were capitalised only insignificantly in the financial year (previous year: EUR 374 thousand)

Amortisation on internally generated intangible assets in 2023 totalled EUR 78 thousand (previous year: EUR 106 thousand).

SUSTAINABILITY[2]

Blue Cap firmly believes that long-term economic success can be achieved only if sustainability criteria are incorporated into business activities. The Blue Cap Group is therefore expressly committed to its environmental, social and ethical responsibility. Sustainability has been an integral part of the corporate strategy since 2020. ESG criteria are to be examined and taken into account in all parts of Blue Cap AG's value chain and also in every area of the portfolio companies. The main cornerstones of the Group's sustainability strategy include:

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

In the Sustainability Report 2022 in accordance with the German Sustainability Code (DNK), Blue Cap describes its strategy and progress in implementing its sustainability goals.

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

2 Subsection not reviewed by the auditor

2. ECONOMIC REPORT

2.1 Development of the economic environment

GLOBAL ECONOMY: ACCELERATED RECOVERY IN 2023 WITH ONGOING CHALLENGES[3]

The global economy accelerated in the third quarter of 2023, driven by strong expansion momentum in China and the US. That said, there was no sustained upturn in global industrial production and global trade in goods continued to decline. The consumer structure normalised In the wake of the pandemic with an increased demand for services. Despite stabilised crude oil prices, the price of natural gas rose, while key interest rates in the US and the eurozone reached what are possibly their highest levels and inflation fell significantly amid tense labour markets. In the USA, a robust economy and rising real incomes boosted consumer sentiment, while consumer demand in the eurozone continued to weaken and higher energy costs still weighed on industrial activity. Inflation for 2023 was 5.4% in the eurozone and 4.1% in the USA. Although high in the emerging markets as well, inflation has so far been below that of advanced economies. The central banks responded to the persistently high inflation rates with hikes in key interest rates.

Against this backdrop, the overall increase in global economic output in 2023 was a weak 2.7% year-on-year (previous year: 2.8%). In the emerging markets, GDP growth amounted to 4.8% (previous year: 3.3%) and in the advanced economies 1.6% (previous year: 2.5%). In the United States, economic output increased in 2023 by 2.5% (previous year: 1.9%), in the euro zone by 0.5% (previous year: 3.4%) in the United Kingdom by 0.1% (previous year: 4.3%), in Japan by 1.9% (previous year: 1.0%) and in China by 5.2% (previous year: 3.0%).

Gross domestic product (GDP) fell 0.3% in Germany in 2023. The previous year had seen an increase of 1.8%. Despite falling inflation and an accelerated rise in wage income, the German economy has stagnated since the beginning of the year. This is because the domestic market has not picked up and some of the purchasing power increase was saved or consumed due to the rising cost of living. Global trade in goods and industrial production also provided little positive impetus. In addition to that, the central banks' focus on combating inflation had a dampening effect on economic development. Impacted by the European Central Bank's interest rate hike, the property market cooled and German exports continued their downward slide.

In Germany, the average inflation rate for the year was 5.9% (previous year: 8.7%), roughly corresponding to the average value of the eurozone economies. Despite a decline in inflation and an increase in wage income, there was no all-encompassing economic recovery.

3 See ifo Digital Economic Forecast March 2024. Available at: https://www.ifo.de/en/publications/2024/article-journal/ifo-konjunkturprognose-fruhjahr-2024

INDUSTRY ENVIRONMENT: PRIVATE EQUITY BUSINESS CLIMATE BRIGHTENS SLIGHTLY AT THE END OF THE YEAR[4]

According to the German Private Equity and Venture Capital Association (Bundesverband der Deutschen Kapitalbeteiligungsgesellschaften)[5], the investment trend in the German private equity sector last year was below the previous year and significantly below the record years of 2019 to 2021. The investment volume in Germany in 2023 was around EUR 10.5 billion, a decrease of around EUR 4.9 billion compared to the previous year (EUR 15.4 billion). In total, investment companies financed 774 enterprises with equity capital last year (previous year: 979).

Fundraising fell significantly year-on-year to EUR 4.9 billion (previous year: EUR 8.7 billion). Of the new funds raised, 38% (previous year: 75%) were accounted for by venture capital funds and 59% (previous year: 12%) by buy-out funds. PE firms focussing on growth, mezzanines and mixed players held a combined fundraising share of 3% (previous year: 12%).

Buy-outs accounted for 62% of total investments. The volume fell significantly compared with the previous year (EUR 8.8 billion) to EUR 6.5 billion. Venture capital investments accounted for around 24% of total investments (previous year: 23%) and, at EUR 2.5 billion (previous year: EUR 3.6 billion) were down on the previous year in absolute terms. Growth financing (growth) and minority investments (replacement, turnaround) accounted for 15% or EUR 1.5 billion of the total volume and were also below the previous year's figure (18%, EUR 2.8 billion).

The volume of investment sales also fell slightly compared to the previous year from EUR 3.5 billion to EUR 3.2 billion. Trade sales were the most important exit channel, accounting for 50% (previous year: 32%). Sales to other affiliated companies fell significantly to 27% (previous year: 52%). Followed by total losses at 4% (previous year: 2%), repayments of preference shares as well as loans and mezzanines at 3% (previous year: 5%). Other disposals of portfolio companies accounted for 13% (previous year: 2%).

2.2 Development of the Blue Cap Group

NET ASSET VALUE OF THE SEGMENTS AND OF THE GROUP

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

The objective is to value the portfolio companies on the valuation date at the market price achievable in a transaction. In order to determine the most representative fair value 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/EBIT). The value range resulting from this is then used to determine the value that is judged to be representative of the price that can currently be achieved on the market. This takes into account the fact that buyers in our market segment prefer relative valuation methods. Based on this methodology, the enterprise value determined on the basis of the multiple method was applied to the majority of the companies in the portfolio as of the reporting date and also at the previous year's reporting date.

The discounted cash flow method is based on the approved or current budget plans of the respective portfolio companies for the years 2024 to 2026 and their extrapolation for the years 2027 and 2028. The growth rates after the five-year period for calculating the terminal value were generally assumed to be 1.5% (previous year: 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% to 13.8%.

For the relative valuation based on multipliers, valuation multiples (enterprise value/EBITDA) were determined based on the expected 2023 financials and the projected 2024 financials of the peer group companies.

4 See kfw German Private Equity Barometer 4th quarter 2023, published on 12 February 2024, available at: https://www.kfw.de/PDF/Download-Center/Konzernthemen/Research/KfW-Research/Economic-Research/Wirtschaftsindikatoren/German-Private-Equity-Barometer/PDF-Dateien-EN/GPEB-Q4-2023_EN.pdf
5 See The German Equity Capital Market 2023, published on 14 March 2024, available at: https://www.bvkap.de/files/content/statistik-deutschland/pdfs/20240314_BVK-Statistik_2023_Charts_final.pdf

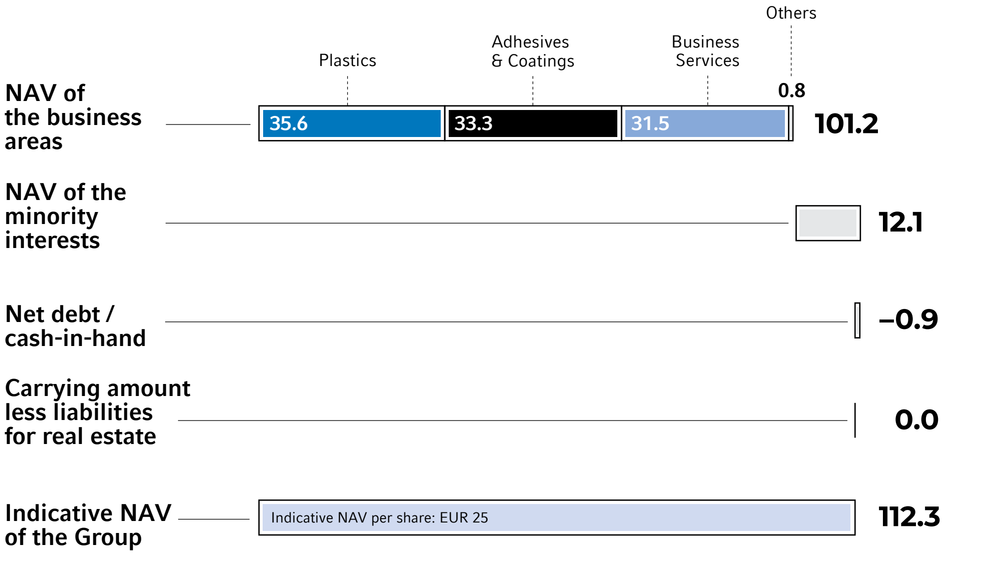
These were subsequently used as a basis due to the generally smaller size of our portfolio companies with a size and profitability discount of 0% to 20% to the multiple concerned. To determine the relevant enterprise value, an average value was calculated from the multiple values for the past twelve months and for the following planning year (2024). Multiples of between 4.0 and 18.1x were applied to the portfolio companies in relation to the EBITDA.

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. This was not relevant in the financial year.

As of 31 December 2023, the NAV of the divisions (including minority interest) amounted to EUR 113.3 million, hence EUR 51.4 million below the figure as of 31 December 2022 (EUR 164.7 million). The reduction compared to the half-year figure is partly because of an earnings-related decline in con-pearl from the Plastics segment. There was also a fall in the NAV in the Business Services division, which is due in particular to the decline in earnings and the multiples of Transline. In the Adhesives & Coatings division, the NAV of Neschen increased as a result of the completed restructuring programme. The NAV of Planatol in this segment developed in the opposite direction due to the low operating performance in 2023.

Indicative net asset value of the Group (as of 31 December 2023)

EUR million



INDICATIVE NET ASSET VALUE OF THE GROUP

EUR million

	31 Dec. 2023	30 June 2023	31 Dec. 2022
NAV of the segments	**101.2**	**126.2**	**138.1**
Plastics	35.6	50.7	70.4
Adhesives & Coatings	33.3	23.7	25.8
Business Services	31.5	49.2	40.6
Others	0.8	2.5	1.3
NAV of the minority interest	**12.1**	**9.5**	**26.6**
Net debt (–) / cash-in-hand (+) of Blue Cap AG	**–0.9**	**–0.5**	**–3.0**
Carrying amount of properties less liabilities of asset holding company	**0.0**	**1.0**	**–0.9**
Indicative NAV of the Group	**112.3**	**136.2**	**160.8**

The NAV for 2022 includes the Knauer-Uniplast Group, which has since been sold.

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

	Actual 2022*	Forecast for 2023 (based on the 2022 management report)*	Forecast adjustment (9-month figures)	Forecast adjustment (preliminary result)	Actual 2023
Revenue (EUR million)	291.3	275–295	265–285	265–285	273.3
Adjusted EBITDA margin in % of adjusted total output	9.3	8.0–9.0	7.0–8.0	8.3–8.5	8.5
Net debt ratio	2.7	≤ 3.5	≤ 3.5	≤ 3.5	2.5

* On the basis of continuing operations

The original 2023 budget plan for the Blue Cap Group was adopted in December 2022 on the basis of the Group's composition at that time (including the Knauer-Uniplast Group, which has since been sold) and envisaged consolidated sales slightly below the previous year (EUR 340–355 million) with an operating profit margin (adjusted EBITDA margin) slightly above that of the previous year (8–9%).

The forecast was updated twice during the year: on 25 October 2023 (after the financial figures for the third quarter of 2023 were announced) and on 19 January 2024 (based on the preliminary estimate of the 2023 annual result). The adjusted EBITDA margin was recently raised from 7.0–8.0% to 8.3–8.5%, while the sales forecast was adjusted to EUR 265–285 million (previously: EUR 275–295 million). Only the continuing operations were taken into account for both of the forecast updates.

The final Group figures are in line with the last forecast. Hence, in a challenging environment, Group revenue decreased by 6.2% year-on-year to EUR 273.3 million (previous year: EUR 291.3 million) and is therefore in the middle of the expected (adjusted) revenue margin. Adjusted EBITDA decreased at a lower rate than revenue to EUR 23.2 million (–15.6% year-on-year, previous year: EUR 27.5 million). This corresponds to a margin of 8.5% (previous year: 9.3%), which is at the upper end of the most recently expected range of 8.3–8.5%.

The Knauer-Uniplast Group was deconsolidated in June 2023. The contribution to consolidated earnings before tax of the Knauer Uniplast Group up until deconsolidation amounted to EUR 93 thousand in 2023 (previous year: EUR 76 thousand). The sales revenue no longer recognised under continuing operations amounted to EUR 26,785 thousand in 2023 (previous year: EUR 56,243 thousand).

During the financial year, the Blue Cap Group benefited from a strong increase in revenue at HY-LINE, particularly in the first half of the year. In contrast, reduced call-offs, postponed projects and general restraint by customers in a rather weak economic environment had the opposite effect for some portfolio companies. These effects were particularly noticeable in the Adhesives & Coatings segment in the first half of the year. Compared to the record year 2022, con-pearl was also negatively impacted by the weak demand, but was able to make an above-average contribution to the Group's earnings thanks to continued high profitability.

The net debt ratio of 2.5 years (31 December 2022: 2.4) taking into account the adjusted EBITDA contribution from continuing operations and 2.7 excluding the contribution from discontinued operations remained well within the target range of less than 3.5 years. In addition, net financial debt was reduced from EUR 73.4 million to EUR 58.9 million in relation to the reference date of 31 December 2022.

All in all, the Management Board is not content with performance in 2023. The financial year was a challenging one for Blue Cap AG and its portfolio companies, and this is reflected in particular in the marked decline in NAV. That said, the development of revenue and the EBITDA margin can still be described as satisfactory, demonstrating the stability of the diversified portfolio.

EARNINGS PERFORMANCE

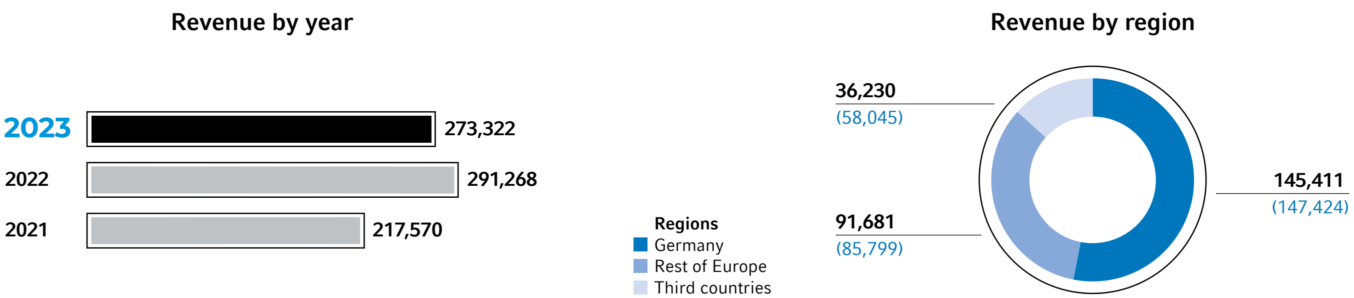
Slight decline in sales and earnings

In 2023, the Blue Cap Group's revenue reduced by 6% or EUR 17,945 thousand to EUR 273,322 thousand compared to the previous year (previous year: 8.9% or EUR 23,920 thousand). The decline is due in particular to the generally weak economic environment and the performance of individual portfolio companies. Specifically, con-pearl reported a decline in revenue and margin compared to the record year 2022.

Unless otherwise stated, the following notes on the income statement of the Blue Cap Group relate to continuing operations.

Group's revenue performance*

EUR thousand



*Continuing operations

Looking at the breakdown of consolidated revenue, the German market accounts for 53.2% or EUR 145,411 thousand (previous year: 50.6% or EUR 147,424 thousand), the rest of the EU for 33.5% or EUR 91,681 thousand (previous year: 29.5% or EUR 85,799 thousand) and third countries for 13.3% or EUR 36,230 thousand (previous year: 19.9% or EUR 58,045 thousand).

Other operating income amounts to EUR 6,145 thousand (previous year: EUR 20,485 thousand) and includes income from the disposal of fixed assets amounting to EUR 844 thousand (previous year: EUR 14,989 thousand), income from reversal of provisions amounting to EUR 1,869 thousand (previous year: EUR 1,050 thousand), income from reversal of provisions amounting to EUR 1,126 thousand (previous year: EUR 2,068 thousand). The income from the disposal of fixed assets results from the sale of a production and administration property in Pforzheim that is not required for operations.

In the financial year, the Group's total operating performance is EUR 276,190 thousand (previous year: EUR 314,461 thousand). The decline in total operating performance is mainly due to the high income from property transactions included in the comparative period and the fall in sales in the Adhesives & Coatings and Plastics segments in the current financial year.

At 51.3% of total output, the materials usage ratio was slightly up on the previous year (51.0%). This is mainly due to the proceeds from the sale of the Geretsried-Gelting property included in total output for the comparative period. The gross profit ratio for the reporting year is 48.7% (previous year: 49.0%) and gross profit, which represents the difference between total output and material usage, amounts to EUR 134,410 thousand (previous year: EUR 154,003 thousand).

Personnel expenses in the Group amounted to EUR 69,983 thousand in the past financial year (previous year: EUR 68,157 thousand) and amount to a ratio of 25.3% (previous year: 21.7%) of total output. Depreciation and amortisation amount to EUR 19,956 thousand (previous year: EUR 19,942 thousand) or 7.2% (previous year: 6.3%) of total output. Depreciation and amortisation amounted to EUR 19,956 thousand (previous year: EUR 19,942 thousand) or 7.2% (previous year: 6.3%) of total output.

Other expenses increased by EUR 3,371 thousand to EUR 49,251 thousand and, at 17.8% of total output, were above the previous year's figure (14.6%). The increase in personnel costs in the 2023 financial year is due to both the restructuring and settlement costs as well as salary adjustments, whereas depreciation and amortisation consisted largely of replacement investments and therefore remained stable in absolute terms. The largest single item in other expenses is the deconsolidation expense resulting from the sale of the Knauer-Uniplast Group at around EUR 6,354 thousand.

In the 2023 financial year, EBIT amounted to EUR –13,510 thousand (previous year: EUR 16,696 thousand), equivalent to –4.9% (previous year: 5.3%) of total output. EBIT also includes the earnings contribution from the minority interest INHECO. The negative financial result of EUR –4,204 thousand (previous year: EUR –1,448 thousand) increased compared to the previous year. This is mainly due to the first-time full-year consolidation of the Transline Group and the higher interest expenses for non-current loans.

Consolidated earnings before tax (EBT) amount to EUR –18,152 thousand (previous year: EUR 14,765 thousand). The main reason for the lower EBT and consolidated loss before income tax is the year-on-year decline in operating performance and INHECO's negative contribution to earnings. In addition, there were no substantial property sales in the financial year, unlike in the previous year.

Adjusted EBITDA

The portfolio companies and, hence also the Group as a whole, are managed on the basis of the adjusted EBITDA margin, among other factors. The EBITDA, calculated in accordance with IFRS, is adjusted to reflect extraordinary, prior-period and effects resulting from reorganisation measures, as well as other 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 depreciation and amortisation of disclosed hidden reserves) are also corrected.

INTERESTING FACTS
You can find the adjusted consolidated income statement in the "Further information" section on page 151

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

EUR thousand	2023	2022
EBITDA (IFRS)	15,176	**39,965**
Adjustments:		
Income from asset disposals	–844	–14,989
Income from the reversal of provisions	–1,869	–1,050
Other non-operating income	–1,284	–1,865
Losses on disposal of fixed assets and deconsolidation expenses	6,663	361
Expenses from restructuring and reorganisation	351	259
Personnel costs in connection with personnel measures	1,704	216
Legal and consultancy costs related to acquisitions and personnel measures	2,163	1,675
Other non-operating expenses	1,124	2,539
Utilisation of disclosed hidden reserves	0	348
Adjusted EBITDA	**23,184**	**27,459**
Adjusted EBITDA margin in % of adjusted total output	8.5%	9.3%

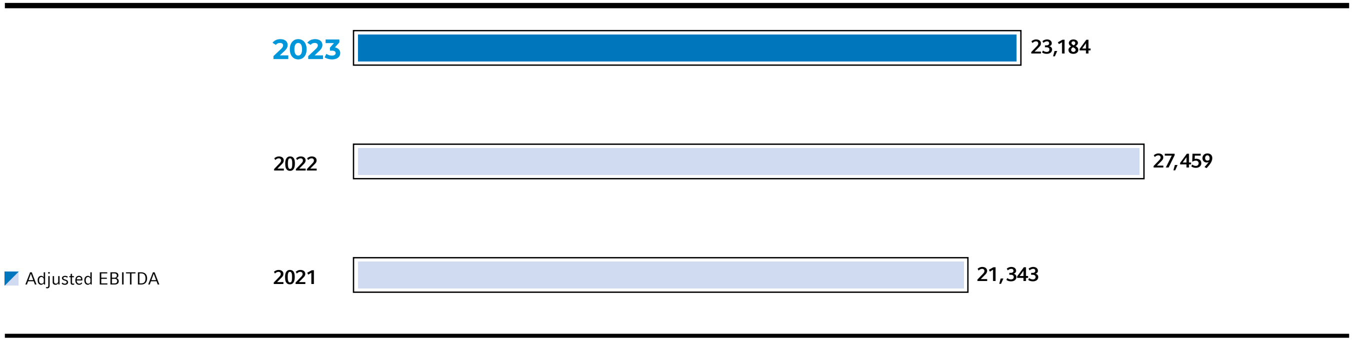
The adjusted EBITDA margin amounts to 8.5% in the year under review (previous year: 9.3%) of adjusted total output.

The adjusted total output of the Blue Cap Group is reconciled as follows:

EUR thousand	2023	2022
Total output of continuing operations	**276,190**	**314,461**
Adjustments:	**–3,997**	**–17,904**
of which income from the disposal of fixed assets	–844	–14,989
of which extraordinary, non-recurring and prior-period income	–1,030	–1,200
of which income from the reversal of provisions	–1,869	–1,050
of which other income	–254	–665
Adjusted total output of continuing operations	**272,193**	**296,556**

Earnings performance of the Group results (continuing operations)

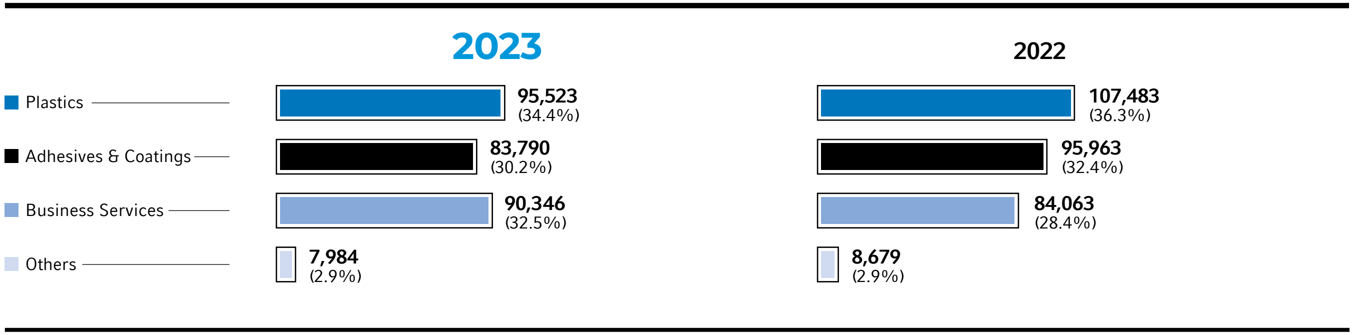
EUR thousand



SEGMENTS

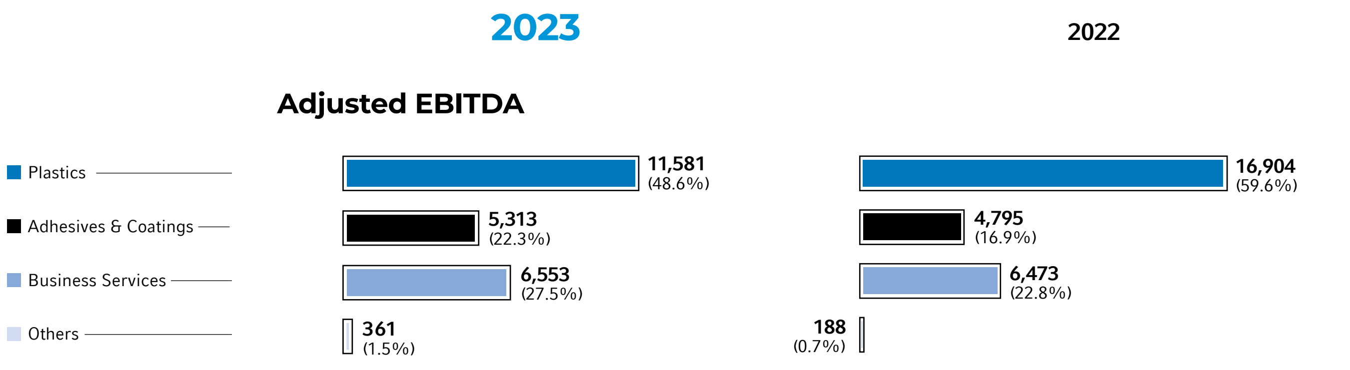
Revenue performance by segment (continuing operations before consolidation and revenue within the Blue Cap Group)

EUR thousand



Earnings performance by segment (before consolidation)

EUR thousand



The economic situation and the special circumstances in the individual sectors impacted how the revenues and profits of the various segments developed compared to the previous year, both in relative and absolute terms. Section F, Segment reporting, in the notes to the consolidated financial statements, contains further details on this topic and on investments at segment level.

As in the previous year, the Plastics segment was the segment with the highest revenue. However, the Plastics segment's share of total revenue fell slightly from 36.3% to 34.4% (or from EUR 107,483 thousand to EUR 95,523 thousand). The main reason for the fall in revenue was a significant reduction in the purchase volume by a major customer in the logistics sector (con-pearl). With the decline in revenue, adjusted EBITDA in the Plastics segment also fell and, at 48.6% (previous year: 59.6%) or EUR 11,581 thousand (previous year: EUR 16,904 thousand), now accounted for around half of the Group's adjusted EBITDA.

Key figures for the Plastics segment

EUR thousand

	2023	2022	Variance in %
Revenue (with external third parties)	95,523	107,483	11.1
Adjusted EBITDA	11,581	16,904	31.5
Adjusted EBITDA margin in % of adjusted total output	12.3%	15.3%	19.6

The Adhesives & Coatings segment accounted for EUR 83,790 thousand (previous year: EUR 95,963 thousand) or 30.2% (previous year: 32.4%) of the total revenue of the segments. Planatol in particular recorded a significant slump in orders in all adhesive areas. Demand in the industrial sector was also lower at Neschen, resulting in lower revenue compared to the previous year. In addition, ongoing reorganisation measures and strong competitive pressure had a negative impact on earnings at Planatol, which was reflected in the lower adjusted EBITDA margin. Neschen, on the other hand, once again achieved a higher adjusted EBITDA margin than in the previous year thanks to the successfully completed restructuring. The adjusted EBITDA share of the segment rose from EUR 4,795 thousand to EUR 5,313 thousand or from 16.9% to 22.3% in the year under review.

Key figures for the Adhesives & Coatings segment

EUR thousand

	2023	2022	Variance in %
Revenue (with external third parties)	83,790	95,963	12.7
Adjusted EBITDA	5,313	4,795	10.8
Adjusted EBITDA margin in % of adjusted total output	6.4%	5.0%	28.6

In the 2023 financial year, the Business Services segment accounted for 32.5% (previous year: 28.4%) or EUR 90,346 thousand (previous year: EUR 84,063 thousand) of total revenue of the segments. Thanks to decent availability and relaxed supply chains, the HY-LINE Group was able to reduce the high order backlog from the previous year and thus continue the sales growth from previous years. The Transline Group increased its revenue throughout the year thanks to its full integration into the Blue Cap Group and reported a stable order intake in the financial year. The Business Services division contributed adjusted EBITDA of EUR 6,553 thousand (previous year: EUR 6,473 thousand) or 27.5% (previous year: 22,8%) to the adjusted EBITDA of the segments.

Key figures for the Business Services segment

EUR thousand

	2023	2022	Variance in %
Revenue (with external third parties)	90,346	84,063	7.5
Adjusted EBITDA	6,553	6,473	1.2
Adjusted EBITDA margin in % of adjusted total output	7.2%	7.5%	4.6

The Others segment includes the holding and property companies of the Blue Cap Group as well as nokra Optische Prüftechnik und Automation GmbH. The segment generated 2.9% (previous year: 2.9%) or EUR 7,984 thousand (previous year: EUR 8,679 thousand) of total revenue (of which with external third parties: EUR 3.664 thousand, previous year: EUR 3,759 thousand). In the year under review, the adjusted EBITDA of the segment amounted to EUR 361 thousand (previous year: EUR 188 thousand) or 1.5% (previous year: 0.7%) of the adjusted EBITDA of the segments. Blue Cap's smallest portfolio company, nokra, reported good project business and revenue was at the previous year's level. Adjusted EBITDA, however, was lower than in the previous year due to higher personnel costs.

Key figures for the Others segment

EUR thousand

	2023	2022	Variance in %
Revenue (with external third parties)	3,664	3,759	2.5
Adjusted EBITDA	361	188	92.3
Adjusted EBITDA margin in % of adjusted total output	4.5%	2.1%	>100.0

Discontinued operations

The Knauer-Uniplast Group, which was sold and deconsolidated in the 2023 financial year, is shown as a discontinued operation for the period under review and comparative period. The contribution to the consolidated earnings from discontinued operations is as follows:

Result from discontinued operations

EUR thousand

	2023	2022
Total output	26,877	56,066
of which sales outside the Blue Cap Group	26,785	56,243
Expenses	–26,784	–55,990
Result from operating activities	**93**	**76**
Income tax	140	202
Income from discontinued operations after taxes	**233**	**278**

CASH FLOWS AND FINANCIAL POSITION

Fundamental principles of financial management

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

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

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

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

Financing analysis

In the 2023 financial year, the Blue Cap Group covered its capital requirements from cash and cash equivalents existing at the beginning of the financial year, borrowings, operating cash flow and the sale of properties held for sale. The main financial resources included non-current 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 Group balance sheet as follows: The rights of use resulting from leasing/rental amounted to EUR 21,436 thousand as of 31 December 2023 (previous year: EUR 21,662 thousand). This is offset by financial liabilities from lease liabilities amounting to EUR 22,522 thousand (previous year: EUR 22,031 thousand).

Liabilities to banks amounted to EUR 75,083 thousand as of the balance sheet date (previous year: EUR 86,536 thousand), dominated predominantly in euro. There were a small number of foreign currency loans in U.S. dollars in the amount of EUR 12 thousand (previous year: EUR 47 thousand) and in Swiss francs in the amount of EUR 83 thousand (previous year: EUR 97 thousand). The unused credit lines stood at EUR 15,290 thousand (previous year: EUR 14,227 thousand).

Bank borrowings 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 the reference date, 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 therefore recognised as current as of the reference date. A new version of the covenant agreement was negotiated in the current financial year and its terms had been fulfilled at the end of the year. Liabilities to banks as of 31 December 2023 are therefore reported as non-current.

INTERESTING FACTS
You can find the adjusted consolidated income statement in the "Further information" section on page 152

Financial position – cash flow statement and liquidity development

Cash flow statement (overview)

EUR thousand

	2023	2022	Variance in %
Cash flow from operating activities	19,603	15,201	29.0
Cash flow from investment activities	8,821	–6,963	>100.0
Cash flow from financing activities	–24,371	–13,337	82.7
Changes in cash funds due to exchange rate fluctuations	–143	139	>100.0
Cash funds at the beginning of the period	23,987	28,948	17.1
Cash funds at the end of the period	27,899	23,987	16.3

In the 2023 financial year, cash flow from operating activities amounted to EUR 19,603 thousand (previous year: EUR 15,201 thousand), cash flow from investment activities to EUR 8,821 thousand (previous year: EUR –6,963 thousand), and cash flow from financing activities EUR –24,371 thousand (previous year: EUR –13,337 thousand).

The increase in cash flow from ongoing operating activities is mainly due to the decrease in adjusted EBITDA by EUR –4,275 thousand to EUR 23,184 thousand (previous year: EUR 27,459 thousand) and the working capital measures amounting to around EUR 9,528 thousand implemented in the financial year. In particular, the successful reduction in inventories contributed to an increase in operating cash flow of EUR 17,236 thousand with a reporting date-related increase in receivables (trade receivables plus contract assets) of EUR –1,596 thousand and an increase in the settlement of trade payables (liabilities including contract liabilities) of EUR –6,111 thousand.

Cash flow from investing activities increased from EUR –6,963 thousand to EUR 8,821 thousand. As investments in property, plant and equipment and intangible assets totalling EUR –6,112 thousand remained almost at the previous year's level (previous year: EUR –6,443 thousand), the movements are primarily the result of special effects. The cash inflow in the financial year was mainly due to the purchase payment from a portfolio company (previous year: cash outflow from the acquisition of the Transline Group) and the sale of property and agricultural land (financial year: EUR 2,60 thousand, previous year: EUR 20,006 thousand).

In the 2023 financial year, cash outflows from financing activities amounted to EUR –24,371 thousand (previous year: EUR –13,337 thousand) and results primarily from the debt reduction (balance of borrowings less repayments) totalling EUR –10,169 thousand achieved during the financial year (previous year: EUR –409 thousand) as well as higher interest costs (increase of EUR –1,792 thousand to EUR 4,595 thousand). This was offset in the financial year by a cash dividend of EUR –1,987 thousand (previous year: EUR –3,737 thousand). In addition, minority interests were acquired in the financial year and lease payments increased slightly.

Overall, this led to a net increase in the cash fund of EUR 4,054 thousand (previous year: EUR –5,099 thousand). Taking into account the changes in cash funds due to exchange rate fluctuations of EUR –143 thousand (previous year: EUR +139 thousand), the cash fund at the end of the Group's financial year was positive at EUR 27,899 thousand (previous year: EUR 23,987 thousand).

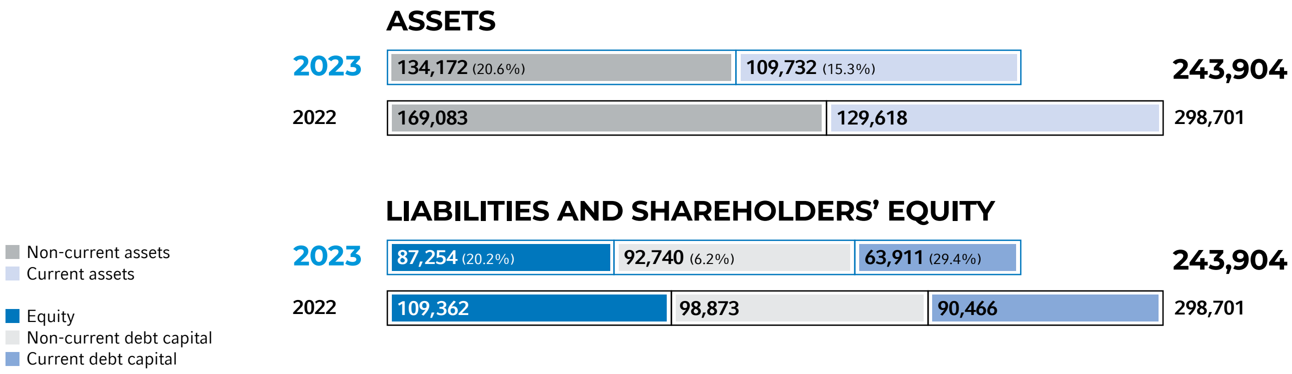
As of 31 December 2023 there are free credit lines amounting to EUR 15,290 thousand (previous year: EUR 14,277 thousand). Together with cash on hand and bank balances amounting to EUR 38,614 thousand (previous year: EUR 35,139 thousand), cash and cash equivalents including unused credit lines at the end of 2023 amounted to EUR 53,905 thousand (previous year: EUR 49,366 thousand).

EUR thousand
53,905
Cash and cash equivalents incl. free credit lines at the end of the Group financial year

Financial position

Key data on Group balance sheet

EUR thousand



WORKING CAPITAL

Net working capital (incl. contract assets and contract liabilities)

EUR thousand

	31 Dec. 2023	31 Dec. 2022	Variance in %
Inventories	28,784	47,227	39.1
+ Trade receivables	26,954	29,201	7.7
+ Contract assets	7,899	8,405	6.0
– Contract liabilities	–627	–1,284	51.2
– Trade payables	–15,748	–21,493	26.7
= Net working capital	**47,263**	**62,056**	**23.8**

Net financial debt

Net financial debt

EUR thousand

	31 Dec. 2023	31 Dec. 2022	Variance in %
Non-current financial liabilities	53,345	52,785	1.1
+ Current financial liabilities	21,738	33,751	35.6
– Cash and cash equivalents	–38,614	–35,139	9.9
= Net financial debt (not including leasing)	36,469	51,396	29.0
+ Lease liabilities	22,522	22,031	2.2
= Net financial debt (including leasing)	**58,991**	**73,428**	**19.7**

Investments, depreciation and amortisation

Investments, depreciation and amortisation

EUR thousand

	2023	2022	Variance in %
Investments	–6,675	–27,666	75.9
of which in company acquisitions	–562	–21,223	97.4
of which in financial assets	–1,147	–1,714	33.1
of which in property, plant and equipment	–4,966	–4,729	5.0
Depreciation and amortisation	–19,956	–19,942	0.1
of which in intangible assets	–6,451	–6,414	0.6
of which in property, plant and equipment (not including leasing)	–6,218	–6,621	6.1
of which in leasing usage rights	–7,287	–6,888	5.8
of which miscellaneous	0	–19	100.0

As of the reporting date, the Group's **balance sheet total** comes to EUR 243,904 thousand, EUR 54,797 thousand or 18.3% less than in the previous year (EUR 298,701 thousand).

Non-current assets amounted to EUR 134,172 thousand (previous year: EUR 169,083 thousand) or 55.0% (previous year: 56.6%) of the balance sheet total and continue to be dominated by property, plant and equipment, which had decreased by EUR 20,676 thousand to EUR 61,887 thousand or 25.4% (previous year: 27.6%) of the balance sheet total compared to the previous year. The decline is mainly due to the deconsolidation of the Knauer-Uniplast Group as well as regular depreciation and amortisation and asset disposals. The decrease in intangible assets by EUR 6,001 thousand to EUR 33,536 thousand or 13.8% (previous year: 13.2%) of the balance sheet total mainly result from ongoing amortisation.

Current assets likewise fell from EUR 129,618 thousand or 43.4% to EUR 109,732 thousand or 45.0% of the balance sheet total, mainly due to the deconsolidation of the Knauer-Uniplast Group, the sale of a property held for sale and the reduction in inventories, trade receivables and contract assets. The share of inventories (EUR 28,784 thousand, previous year: EUR 47,227 thousand) amounts to 11.8% (previous year: 15.8%), that of trade receivables (EUR 26,954 thousand, previous year: EUR 29,201 thousand) to 11.1% (previous year: 9.8%), that of contract assets (EUR 7,899 thousand, previous year: EUR 8,405 thousand) to 3.2% (previous year: 2.8%) and that of cash and cash equivalents (EUR 38,614 thousand, previous year: EUR 35,139 thousand) to 15.8% (previous year: 11.8%) of the balance sheet total at the end of the reporting year.

As of the balance sheet date, **equity** (EUR 87,254 thousand, previous year: EUR 109,362 thousand) accounted for 35.8% of total capital (previous year: 36.6%). The decrease is due to the negative annual result and the dividend distributed for the 2022 financial year amounting to EUR 3,957 thousand (previous year: EUR 3,737 thousand). This was offset by the capital increase against contributions in kind through the contribution of dividend entitlements by the shareholders of Blue Cap AG totalling EUR 1,970 thousand. The non-controlling interests amount to EUR 4,970 thousand (previous year: EUR 5,682 thousand) of equity.

Non-current liabilities decreased by EUR 6,134 thousand to EUR 92,740 thousand or 38.0% (previous year: 33.1%) of total capital. The decrease is mainly due to the deconsolidation of the Knauer-Uniplast Group, ongoing repayments of non-current financial liabilities and the reduction of deferred tax liabilities on hidden reserves. The reclassification of non-current loan financing from the acquisition of the Transline Group to non-current liabilities had the opposite effect. This was still recognised in current liabilities at the reference date. Non-current liabilities here consist of non-current financial liabilities to banks amounting to EUR 53,345 thousand (previous year: EUR 52,785 thousand) or 21.9% (previous year: 17.7%), provisions for pensions and similar obligations in the amount of EUR 5,374 thousand (previous year: EUR 6,118 thousand) or 2.2% (previous year: 2.1%), non-current lease liabilities amounting to EUR 14,770 thousand (previous year: EUR 15,577 thousand) or 6.1% (previous year: 5.2%), deferred tax liabilities in the amount of EUR 12,867 thousand (previous year: EUR 17,074 thousand) or 5.3% (previous year: 5.7%) as well as from other non-current liabilities and provisions in the amount of EUR 6,384 thousand (previous year: EUR 7,320 thousand) or 2.6% (previous year: 2.5%) of the balance sheet total at the end of the reporting year.

Current liabilities fell significantly by EUR 25,775 thousand to EUR 64,711 thousand or 26.2% (previous year: 30.3%) of total capital. The decrease is related to the deconsolidation of the Knauer-Uniplast Group and the long-term recognition of a loan liability recognised as a current liability as of the balance sheet date. Current liabilities include in particular current liabilities to banks of EUR 21,738 thousand (previous year: EUR 33,751 thousand) or 8.9% (previous year: 11.3%), trade liabilities of EUR 15,748 thousand (previous year: EUR 21,493 thousand) or 6.5% (previous year: 7,2%), other current non-financial liabilities of EUR 7,927 thousand (previous year: EUR 11,445 thousand) or 3.3% (previous year: 3.8%), current leasing liabilities of EUR 7,752 thousand (previous year: EUR 6,455 thousand) as well as other current provisions of EUR 1,819 (previous year: EUR 4,659 thousand) or 0.8% (previous year: 1.6%) of total capital.

2.3 Economic performance of Blue Cap AG

Blue Cap AG as a single entity was unable to increase its revenue (from intra-Group cost allocations) in the 2023 financial year compared to the same period of the previous year. It did, however, improve its adjusted EBITDA. The 2023 financial year therefore corresponded to the sales target planned for 2023 and the expected adjusted EBITDA.

INCOME, ASSET AND FINANCIAL POSITION

Financial position of Blue Cap AG (HGB)

Income statement (HGB)

EUR thousand

	2023	2022	Variance in %
Revenue	4,283	4,766	10.1
Other operating income	420	21,340	98.0
Total output	**4,703**	**26,106**	**82.0**
Gross profit	**4,703**	**26,106**	**82.0**
Personnel expenses	–2,620	–3,221	18.6
Depreciation and amortisation	–95	–70	35.2
Other operating expenses	–9,970	–2,506	>100.0
Operating result	**–7,982**	**20,308**	**>100.0**
Gains from profit transfer agreements	50	14,808	99.7
Income from loans of financial assets	1,405	1,107	100.0
Other interest and similar income	37	55	96.8
Expenses from loss transfers	–1,238	–1,231	0.6
Depreciation on financial assets	–1,800	–5,096	64.7
Interest and similar expenses	–772	–581	32.8
Financial result	**–2,318**	**9,062**	**>100.0**
Income before tax	**–10,300**	**29,370**	**>100.0**
Taxes on income and earnings	153	–4,256	>100.0
Income after tax	**–10,147**	**25,114**	**>100.0**
Other taxes	–1	–20	94.4
Net loss for the year (2022: net income for the year)	**–10.148**	**25,095**	**>100.0**
Profit carried forward	43,716	22,578	93.6
Balance sheet profit	**33,568**	**47,673**	**29.6**

Blue Cap AG generated sales revenues, accounted for primarily to the services provided as an investment company, totalling EUR 4,283 thousand (previous year: EUR 4,766 thousand).

Other operating income amounting to EUR 420 thousand (previous year: EUR 21,340 thousand) included income from the merger (Blue Cap 05) amounting to EUR 21,103 thousand. Income from the disposal of fixed assets in the amount of EUR 0 thousand (previous year: EUR 10 thousand), income from reversal of provisions amounting to EUR 227 thousand (previous year: EUR 3 thousand), income from benefits in kind amounting to EUR 40 thousand (previous year: EUR 40 thousand) and other income totalling EUR 152 thousand (previous year: EUR 185 thousand) were also reported.

In 2023, the total output of Blue Cap AG stood at EUR 4,703 thousand (previous year: EUR 26,106 thousand).

Personnel expenses decreased by EUR 600 thousand compared to the same period of the previous and amounted to EUR 2,620 thousand in the past financial year. Depreciation and amortisation rose by EUR 25 thousand to EUR 95 thousand. The change results from higher depreciation and amortisation of low-value assets. Other operating expenses stood at EUR 9,970 thousand (previous year: EUR 2,506 thousand). The variance compared to the previous year was mainly driven by the expenses from the disposal of the investment in the Knauer-Uniplast Group and higher legal and consulting costs.

In the 2023 financial year, the operating result amounted to EUR –7,982 thousand (previous year: EUR 20,308 thousand). The positive result in the comparative period was due in particular to the higher other operating income, especially from the merger with Blue Cap 05 GmbH.

The financial result amounted to EUR –2,318 thousand in 2023, hence EUR 11,380 thousand down on the previous year (EUR 9,062 thousand). The decline compared to the previous year is primarily due to the high effects from the previous year, namely the profit transfer from the sale of a property of Blue Cap Asset Management GmbH, with which a profit and loss transfer agreement exists, as well as a value adjustment on an associated company. In addition, the company recorded significantly higher interest income in the financial year (including income from loans of financial assets) than in previous years due to the rise in interest rates.

This resulted in a net loss for the 2023 financial year of 10,148 thousand (previous year: net profit of EUR 25,095 thousand).

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

Key data from the balance sheet

EUR thousand

	31 Dec. 2023	31 Dec. 2022	Variance in %
ASSETS			
Fixed assets	**61,682**	**69,303**	**11.0**
Intangible assets	45	64	29.8
Property, plant and equipment	233	52	>100
Financial assets	61,404	69,187	11.2
Current assets	**25,868**	**32,789**	**21.1**
Receivables and other assets	17,796	28,108	36.7
Cash on hand, bank balances	8,072	4,681	72.4
Accruals and deferrals	**63**	**70**	**10.0**
Balance sheet total	**87,613**	**102,162**	**14.2**
LIABILITIES			
Equity	**56,122**	**68,257**	**17.8**
Subscribed capital	4,486	4,396	2.0
Capital reserve	18,067	16,188	11.6
Balance sheet profit	33,568	47,673	29.6
Provisions	**5,442**	**6,963**	**21.9**
Liabilities	**26,049**	**26,878**	**3.1**
Deferred tax liabilities	**0**	**64**	**100.0**
Balance sheet total	**87,613**	**102,162**	**14.2**

As of 31 December 2023, the company's total assets were EUR 14,549 down on the previous year to EUR 87,613 thousand. Fixed assets increased significantly by EUR 7,622 thousand and amounted to EUR 61,682 thousand (previous year: EUR 69,303 thousand) or 70.4% (previous year: 67.8%) of the balance sheet total at the end of the reporting year. This resulted in particular from the sale of the investment in Knauer-Uniplast Management GmbH.

At EUR 25,868, current assets were up on the previous year (EUR 32,789 thousand) and amounted to 29.5% (previous year: 32.1%) of the balance sheet total at the end of the reporting year. Cash on hand and bank balances increased from EUR 4,681 thousand to EUR 8,072 thousand. The variance in the financial year is mainly due to the proceeds from the sale of a portfolio company and, conversely, the payment of dividends. In addition, receivables and other assets fell by EUR 10,312 thousand to EUR 17,796 thousand. This was mainly due to the sale of a subsidiary and the reduction in receivables from subsidiaries.

As of 31 December 2023, equity stood at EUR 56,122 thousand (previous year: EUR 68,257 thousand). Hence, equity accounted for 64.1% of total capital (previous year: 66.8%). The reduction in equity as of 31 December 2023 results from the distribution of dividends and the negative result for 2023.

Non-current liabilities consist of liabilities with a remaining term of more than one year (EUR 23,281 thousand, previous year: EUR 15,000 thousand), provisions for pensions (EUR 492 thousand, previous year: EUR 558 thousand) and deferred tax liabilities (EUR 0 thousand, previous year: EUR 64 thousand). Compared to the previous year, these increased by EUR 8,152 thousand to EUR 23,773 thousand, amounting to 27.1% (previous year: 14.1%) of total capital. The variance is mainly due to a liability to banks recognised as current in the comparative period.

Current liabilities fell by a total of EUR 10,565 thousand to EUR 7,718 thousand (8.8% of total equity), in particular due to the decrease in current liabilities to affiliated companies and the decrease in other liabilities and other provisions (previous year: 16.3%).

Working capital corresponds to current assets (EUR 25,868 thousand, previous year: EUR 32,789 thousand) plus prepaid expenses (EUR 63 thousand, previous year: EUR 70 thousand) less current liabilities (EUR 18,238 thousand, previous year: EUR 7,718 thousand). Particularly the decrease in current assets and the decrease in current liabilities led to an increase in working capital from EUR 15,534 thousand to EUR 18,213 thousand.

Blue Cap AG has concluded long-term financing agreements with European banks, the loan conditions (covenants) of which can be fulfilled as of the reporting date. As of 31 December 2023, there are no current liabilities or liabilities to banks due immediately.

64.1%

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

3. OPPORTUNITIES AND RISKS

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

3.1 Opportunity management

ACTIVE SUPPORT FOR THE PORTFOLIO COMPANIES

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

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

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

USE OF OPPORTUNITIES BY THE PORTFOLIO COMPANIES

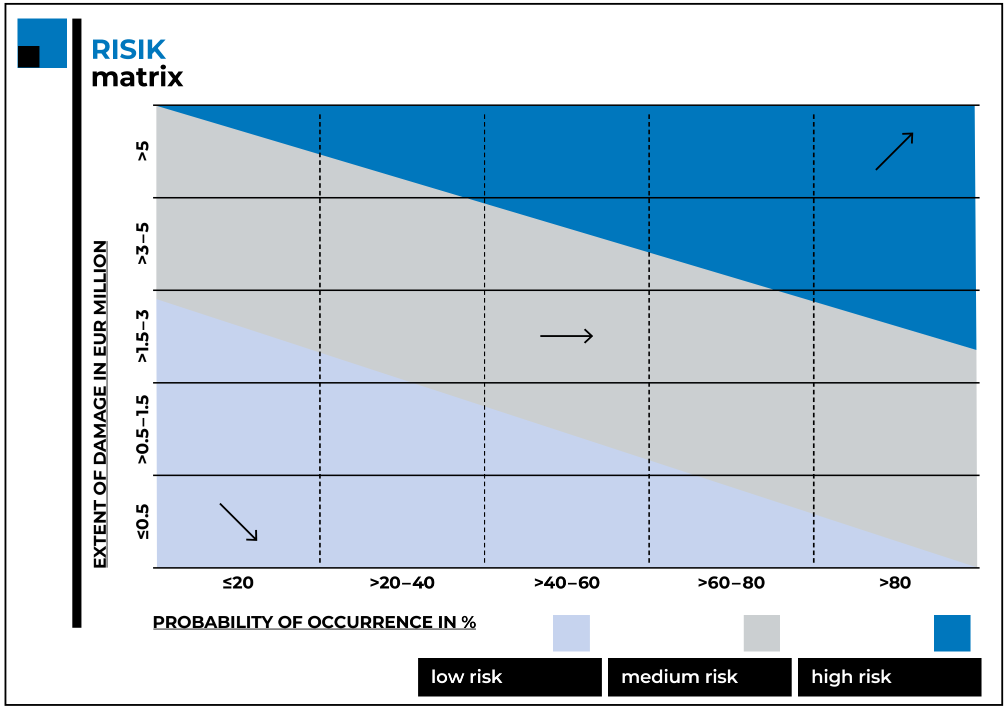
At operational level, opportunities are analysed, evaluated and seized by the managing directors and executives of the portfolio companies on site. For example, sales opportunities as well as product innovations and new fields of application for products are analysed and evaluated on the basis of market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

3.2 Risk Management and IKS

STRUCTURE OF THE RISK MANAGEMENT SYSTEM

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

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



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

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

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

STRUCTURE OF THE INTERNAL CONTROL SYSTEM

The internal control system (ICS) of Blue Cap AG and of the Group is geared towards avoiding or reducing risks of all relevant business processes, including the accounting process, through the use of control instruments. The structuring and safeguarding of the adequacy and effectiveness of the ICS are at the discretion and under the responsibility of the Management Board and are monitored by the Supervisory Board and the Audit Committee. Furthermore, the management teams of the portfolio companies are responsible for the proper and timely execution of their accounting procedures and all other relevant business processes.

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

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

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

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

ASSESSMENT OF THE INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT SYSTEM[6]

Given these findings, the Management Board has no indications that the ICS or the risk management system were either inadequate or ineffective during the period under review.

3.3 Note on significant risks

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

Unless otherwise stated, the risks apply to all segments and to Blue Cap AG in equal measure.

Section	Individual risk	Risk class annual financial statements 2022	Risk class annual financial statements 2023
Economic and geopolitical risks	Economy	High	High
	Geopolitics	High	High
Sector risks	Sector	Medium	High
Financial risks	Finance	High	High
Operational risks	Sales	High	High
	Procurement	High	Medium
	Production/quality	Medium	Medium
	Transformation	High	Medium
Personnel risks	Personnel risks	Medium	High
IT risks	IT risks	High	Medium
Legal risks	Tax/legal	Low	Medium
	Compliance	Low	Medium
Environmental risks	Environment	Low	Low

ECONOMIC AND GEOPOLITICAL RISKS

Following a slowdown in global economic growth in 2023, the ifo Institute's economic forecast from March 2024 for Germany assumes slight growth for 2024 and notes a slight decline for 2023 (by –0.3% in 2023 and by 0.2% in 2024).[7] Overall, the downside risks to the global economy predominate. In particular, the war in Ukraine is putting a strain on both the Russian economy and that of the EU member states. There is nothing to indicate that the situation will ease in the short-term.

6 Subsection not reviewed by the auditor
7 See ifo Institute ifo economic forecast, March 2024: available at https://www.ifo.de/en/publications/2024/article-journal/ifo-konjunkturprognose-fruhjahr-2024

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

For the USA, the ifo Institute is expecting a decline in economic growth by 0.2% points from 2.5% in 2023 to 2.3% in 2024 and a further decline to 1.7% in 2025. On 1 February 2024, the Fed decided to raise the key interest rate by 0.25 percentage points to the 4.5% and 4.75% corridor. According to experts, the dampening effects of this monetary policy are likely to become more apparent from the second quarter of 2024 in particular. The burdens on the property market are likely to increase due to higher mortgage rates. Likewise, general consumer and investment demand is expected to decline.

After economic growth in China slowed dramatically in 2022 with a GDP variance of just 3.0% – the lowest growth in more than four decades – the ifo Institute recorded GDP growth of 5.2% for 2023 and is forecasting growth of 4.4% for 2024. The main reason is the relaxation of the mobility restrictions employed as part of the previous zero-Covid strategy. It is possible that growing geopolitical rivalry, particularly with the Western alliance of values, could create even more uncertainty in the future, which would have a negative impact on China's growth. China currently has the advantage over other countries that prices for consumers are not rising significantly.

The influence of China's economic development does impact some of the Blue Cap Group's portfolio companies, particularly in connection with supply chain dependencies, and is therefore taken into account by the Management Board and the management teams when weighing up risks.

SECTOR RISKS

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

As part of the acquisition of a company, extensive analyses are carried out in order to identify opportunities and risks in the company as well as in the respective market. There is a possibility that not all tax, legal, economic or commercial risks will be known or identified at the time of acquisition despite extensive due diligence. Earnings potential, profitability, growth opportunities and other success factors can also be misjudged. It is therefore possible that these circumstances may have a material adverse effect on the Blue Cap Group.[8]

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

With its portfolio companies, Blue Cap AG considers a sector-diversified portfolio as paramount. This is intended to reduce or offset risks of individual investments in their respective sectors and regions. Due to the focus on the acquisition of medium-sized enterprises in the Germany-speaking world, the Group's performance is significantly influenced by economic development in Germany itself. This risk is countered by partial regional diversification (mainly in the eurozone and the USA) at the level of the second-tier subsidiaries.

8 See ifo Schnelldienst's Digital Economic Forecast March 2024. Available at: https://www.ifo.de/en/publications/2024/article-journal/ifo-konjunkturprognose-fruhjahr-2024

FINANCIAL RISKS

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

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

The Blue Cap Group's financing structure is diversified and spread across seven core banks and several smaller institutions. This is intended to counteract dependence on individual lenders and limit default risks on deposits. The largest single exposure is 20% (previous year: 15%) of total liabilities. External financing for the portfolio companies is provided as needed from a mix of fixed-interest and variable loans. In the year under review, four subsidiaries used interest rate swaps to hedge against the interest rate risk of variable loans. Due to the full effectiveness of the hedging transactions, no risks arise from them in principle.

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

20%

of total liabilities.

Bank borrowings are subject to standard market lending conditions (covenants), such as the debt-equity ratio, which require compliance with defined 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. Regular reporting is then required.

It is clear that the difficult macroeconomic situation (after-effects of the coronavirus crisis, recessive economic environment, higher interest rates, ongoing war in Ukraine and the conflict in the Middle East, inflation, etc.) has had a significant negative impact on the profits and debt levels of many companies. So far, this has not been reflected in any significant increase in insolvencies due to a raft of government support measures (e.g. short-time work, tax deferrals, etc.). The expiry of the measures and the weak 2023 financial year could lead to a larger number of corporate insolvencies in the coming financial year and an increase in default risks for customer receivables and, as a result, liquidity risks. Blue Cap limits default risks on customer receivables through a diversified investment portfolio as well as the independent business models of the portfolio companies with their activities in different markets and regions. In order to reduce the risk of bad debts, the Group companies have an adequate accounts receivable management system in place, take out commercial credit insurance where it makes sense to do so and regularly report to the holding company on possible substantial default risks.

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

OPERATIONAL RISKS

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

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

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

Price fluctuations in the procurement markets can have a negative impact on manufacturing costs and are one of the possible **procurement risks**. The lack of availability of certain preliminary products, sudden supplier failures, the delayed delivery of components and the delivery of inferior quality preliminary products are further risks that are countered through supplier monitoring, regular supplier meetings and quality controls. Strategic partnerships are entered into with suppliers of important components. Independence from individual suppliers is also a priority. In the 2022 financial year, almost all portfolio companies were affected by supply bottlenecks and high price increases for raw materials and intermediate products. As the situation eased considerably during the course of 2023, the planning for the 2024 financial year was based on the assumption that the situation with regard to raw material prices and supply bottlenecks will continue to stabilise. Blue Cap's portfolio companies counter such risks by monitoring developments in the countries and markets relevant to them and through close coordination with suppliers and logistics service providers.

In view of the rise in energy costs in recent years and the high expenditure on converting the energy supply to renewable energies, there is still a greater need for monitoring in this area, although the situation stabilised in the financial year.

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

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

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

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

PERSONNEL RISKS

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

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

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

The personnel risks listed above essentially exist both at the level of Blue Cap AG and in the individual portfolio companies and relate in particular, but not only, to the areas of accounting/finance and sales.

IT RISKS

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

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

LEGAL RISKS

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

Legal risks are discussed and strategies for minimising or mitigating such risks are defined as part of regular consultations between the Management Board of Blue Cap AG and its portfolio companies.

Due to the increasing degree of complexity and growing regulatory requirements (e.g. Supply Chain Duty of Care Act), Blue Cap works with external specialists to ensure that Blue Cap AG and the Group fulfil all the relevant requirements.

ENVIRONMENTAL RISKS

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

In the Plastics segment, it is particularly relevant that plastics are at the centre of the political debate. Plastics in general are also being critically discussed due to increased environmental awareness among the population. The con-pearl Group operates in the Plastics sector and produces weight-saving polypropylene-based plastic products in its core business, primarily for the automotive and logistics industries. These are obtained almost entirely from recycled material and are themselves largely recyclable. con-pearl GmbH operates its own recycling plants at the Leinefelde and Hillscheid sites for the recycling of polypropylene plastics.

In addition to the specific environmental risks mentioned, Blue Cap's portfolio companies are also exposed to general ecological risks (e.g. effects of climate change). This circumstance is taken into account with the implementation of a sustainability strategy.

Compliance with legal requirements in the context of environmental protection is another task of the management teams at the portfolio companies. Environmental risks are crucially important to Blue Cap, as they can have negative effects on the asset, financial and income position.

3.4 OVERALL ASSESSMENT OF THE RISK SITUATION

NO DISCERNIBLE RISKS TO JEOPARDISE THE EXISTENCE OF THE COMPANY

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

In line with the Management Board's appraisal, this basic statement also applies to all eight corporate groups currently belonging to the Group, as well as to their individual companies.

However, there is a possibility that future developments could deviate from the current expectations of the Management Board. The Blue Cap Group performed solidly in the 2023 financial year amid a cooling economy, easing supply bottlenecks and price increases in the primary product area. That said, it is not possible to fully assess the further course of such events and their economic impact. The same applies to the consequences of the war in Ukraine, which has been raging since 2022, and the emerging crisis in the Middle East as well as potential conflicts and political risks.

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

4. FORECAST REPORT

4.1 Expected development of the overall environment

OVERALL ECONOMIC ENVIRONMENT: HIGH INFLATION RATES WEIGH ON GERMAN ECONOMIC OUTLOOK FOR 2024[9]

Following the recovery in global economic growth in 2023 (+2.7%), the ifo Institute expects the global economy to grow by 2.3% in 2024 and 2.4% in 2025 in its economic forecast from March 2024. Global trade is expected to grow slightly again in 2024 (+1.7%) and increase again in 2025 at a rate of 4.1%.

Global development continues to be dominated by high, albeit falling, inflation rates. As a result, central banks have maintained their restrictive monetary policy in recent months and raised key interest rates further in 2023. This has already led to declining inflation rates, although the target rates of around 2% has not yet been reached. It can therefore be assumed that key interest rates will continue to shape the economic environment well into next year.

In its spring forecast for the German economy, which is important for the Group, the ifo Institute anticipates only a slight recovery in adjusted gross domestic product for 2024 (+0.2%), a recovery thus below the development of the rest of the eurozone (+0.7%). This is due in particular to increasing price pressure as a result of rising labour costs and the persistently high core inflation rate. The average inflation rate in Germany in 2024 is expected to be 2.3% below the previous year (5.9%) and therefore close to the ECB's mandate. The unemployment rate is expected to rise slightly from 5.7% in the previous year to 5.9%.

The cautiously positive development forecast for the German economy and the rest of the eurozone is expected to be driven primarily by impetus from the manufacturing industry and a downward trend in energy prices and borrowing costs. The hope is that this will be further boosted by increasing overall economic demand in the sales markets throughout Europe, triggered by a turnaround in monetary policy expected for early summer 2024.

9 See ifo Economic Forecast Spring 2024 of the ifo Institute, published in March 2024, available at: https://www.ifo.de/en/facts/2024-03-06/ifo-economic-forecast-spring-2024-german-economy-paralyzed

Economic growth in the US is expected to decline slightly from 2.5% in 2023 to 2.3% in 2024 and 1.7% in 2025. At its meeting in January, the Fed decided to leave the key interest rate unchanged in the corridor between 4.25% and 5.5% for the time being. According to experts, monetary policy is likely to "loosen" and interest rates will fall from the second quarter of 2024 in particular – with corresponding effects on the property market, a growing propensity to consume and an increased demand for investment.

INDUSTRY ENVIRONMENT: RESTRAINED MARKET ACTIVITY EXPECTED FOR 2024 AS IN 2023[10]

The "2024 Global Private Equity Outlook" report published by Dechert LLP and Mergermarket at the end of 2023, which included a survey of 100 PE executives, concludes that the current private equity (PE) landscape stands contrary to the unusually high level of activity in 2021 and 2022. In 2023, continued subdued economic growth, rising interest rates and the global decline in fundraising volumes led to a slowdown in transaction activity, including in Europe. In the EMEA region, the absolute PE deal volume also fell by 60%, while the number of transactions fell by 19% year-on-year.

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

According to the PE executives surveyed, ESG has become an integral part of the investment approach. Managing and implementing the ever-tighter compliance requirements and the associated reporting requirements presents a challenge for PE companies.

For the German private equity market, the German Private Equity Barometer shows a slight increase in sentiment for the fourth quarter of 2023. In the Plastics segment, Blue Cap expects only a slight increase in the volume of new registrations for Germany and Western Europe in 2024, despite the increase in car production in 2023 (+18% planned compared to the previous year according to the VDA). This is because supply bottlenecks and production relocations as well as potential production cutbacks in particular pose a challenge for OEMs. After a subdued 2023, con-pearl's logistics-related business is expected to grow slightly faster than the economy as a whole in 2024.

In the Adhesives & Coatings segment, Blue Cap expects stable development slightly above the previous year's level for key markets such as packaging, the printing and graphics industry and the wood processing industry.

For the Business Services segment, the topic of AI is expected to be a positive driver overall. In the Language Service Provider market, Blue Cap expects growth to outpace that of the economy as a whole in 2024 and beyond following a subdued 2023. In the HY-LINE Group's market segments, a recovery in order volumes is expected from the second half of 2024 in particular.

4.2 Expected development of the Group and the AG

The following forecast report is based on the 2024 budget prepared at the end of the reporting year. Further findings available up to the preparation of this combined management report that may have an impact on the business development of Blue Cap and the portfolio companies were also taken into account.

The weak to restrained economic development expected[11] by the ifo Institute in Germany has been factored into the forecast considerations. The forecast is fundamentally based on the assumption that inflationary pressure will continue to ease, primary products will be available and there will be no further intensification of geopolitical uncertainties. It was also assumed that there will be a further easing on the cost side and that the expected increases in energy and wage costs, as well as the prices of individual preliminary products, can be passed on to customers on a pro rata basis. However, if the German economy continues to stagnate, sentiment deteriorates further and inflation rises significantly above the expected level, this could have far-reaching effects on the planned revenue and earnings performance.

10 See 2024 Global Private Equity Outlook by Dechert LLP, published in March 2024, available at: https://www.dechert.com/knowledge/publication/global-private-equity-outlook.html
11 See ifo Economic Forecast Spring 2024 of the ifo Institute, published in March 2024, available at: https://www.ifo.de/en/facts/2024-03-06/ifo-economic-forecast-spring-2024-german-economy-paralyzed

Turning to the potential consequences of the war in Ukraine and the conflict in the Gaza Strip for the 2024 financial year, it should be noted that Blue Cap AG does not have any subsidiaries or operating facilities in Russia, Ukraine or the Middle East. Indirect supply and service relationships do exist, but these are currently insignificant in terms of the Blue Cap Group's net assets, financial position and results of operations.

Looking at the 2024 financial year, the further indirect consequences of the Russia-Ukraine war and Middle East conflict, especially on the development of raw material and energy prices as well as supply chains, cannot be assessed with any certainty and can therefore only be taken into account to a limited extent in the current forecast.

The outlook does not consider any further tightening of sanctions against Russia and an expansion of the war with possible further effects on commodity and energy prices as well as supply chains. The potential impact of the war in Eastern Europe and the conflict in the Middle East (Gaza) on the Group's business performance is constantly and closely observed and monitored.

DEVELOPMENT OF THE GROUP AND THE AG

We are forecasting a slightly positive development in sales and adjusted EBITDA.

Blue Cap Group forecast

	2024 forecast	Actual 2023
Revenue (EUR million)	270–290	273.3
Adjusted EBITDA margin in % of adjusted total output	8.5–9.5	8.5
Net debt ratio in years (including lease liabilities)	<3.5	2.5

Based on the current forecast, the Management Board expects Group revenue for the full year 2024 to be in the range of EUR 270 to 290 million (2023: EUR 273.3 million) with an adjusted EBITDA margin between 8.5 and 9.5% (2023: 8.5%). The expected sales growth slightly above the previous year's level is due in particular to an improved demand situation in the Plastics and Adhesives & Coatings segments. The increase in margins compared to the previous year is therefore mainly due to the transformation measures introduced in the financial year. The Management Board therefore assumes that price increases for raw materials, energy and services can be passed on to customers, that material and personnel costs will develop moderately due to the turnaround measures initiated and that there will be no significant supply chain problems or procurement bottlenecks and delays.

Blue Cap's financial strength plays an important role for both financing banks and investors. Therefore, the debt repayment period is an important control parameter in the Group. The Management Board reaffirms its target for the forecast year of keeping the Blue Cap Group's net debt ratio well below 3.5 years.

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

8.5%–9.5%

Forecast adjusted EBITDA margin for the 2024 financial year

As part of its "Buy, Transform & Sell" business model, Blue Cap regularly reviews investment and divestment opportunities. The existing portfolio will be developed in line with the individually defined earnings enhancement concepts.

FORECAST OF THE AG

In the separate financial statements of Blue Cap AG, the Management Board expects a slight decline in sales and a decline in adjusted EBITDA for 2024 compared to the reporting year due to lower expected costs.

SEGMENT DEVELOPMENT

In the **Plastics** segment, the Management Board expects slightly increased sales in 2024 with a declining adjusted EBITDA margin. At con-pearl, increased sales activities, particularly in the USA, will lead to an increase in revenue and adjusted EBITDA. For the H+E Group, the planning for 2024 envisages a decline in sales with a lower gross profit margin due to reduced cost transfers compared to the previous year. This will lead to a lower adjusted EBITDA margin despite further cost optimisation measures. Given the expectation of an absolute increase in adjusted EBITDA compared to 2023, net gearing for the Plastics segment is expected to remain virtually unchanged.

Sales and the adjusted EBITDA margin are also expected to increase in the **Adhesives & Coatings** segment. At the Planatol Group, for example, the realignment of the sales organisation and the expansion of international sales activities should ensure an increase in sales and adjusted EBITDA margin. At the Neschen Group, an increase in sales is planned as a result of growth in the industrial business. In addition, the fitness programme effectively implemented in 2023 will lead to an improvement in the adjusted EBITDA margin. Against this backdrop, the net gearing ratio is expected to decrease in the 2024 financial year for the Adhesives & Coatings segment.

The **Business Services** segment is expected to see a decline in sales with a slight increase in the adjusted EBITDA margin. Following the delivery of the HY-LINE Group's high order backlog in 2023, sales for the current financial year are expected to be below the previous year's level. This volume effect will also result in a lower adjusted EBITDA margin. An increase in sales is planned for the Transline Group, in particular through the acquisition of new customers in existing and new sectors. This increase, combined with a moderate rise in personnel and material costs, is expected to result in a significantly higher adjusted EBITDA margin compared to the previous year. Based on these assumptions, a reduction in the net gearing ratio is also expected for the Business Services segment in the 2024 financial year.

In the **Others** segment, sales are expected to increase while the adjusted EBITDA margin is expected to decline. Profitable growth is expected for nokra, supported by OEM partnerships concluded in 2023. A reduction in net debt is expected for the Others segment in the 2024 financial year.

FINAL REMARKS

Due to the uncertain further effects of the Russia-Ukraine war and the conflict in the Middle East, as well as the associated supply chain problems, it is possible that future results may deviate significantly from the Management Board's current expectations. The result of the Group and the individual segments is also influenced by other effects that cannot be planned. This includes, among other things, effects on results from the acquisition or restructuring of portfolio companies as well as the sale and deconsolidation of subsidiaries.

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

Munich, 18 April 2024

The Management Board

CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED FINANCIAL STATEMENTS OF BLUE CAP AG

FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2023

Consolidated income statement

EUR thousand	Reference	2023	2022
Revenue	D.1	273,322	291,268
Change in inventories		–3,669	2,236
Other services provided by the company and capitalised		391	472
Other income	D.2	6,145	20,485
Total output		**276,190**	**314,461**
Cost of materials	D.3	–141,779	–160,458
Personnel expenses	D.4	–69,983	–68,157
Other expenses	D.5	–49,251	–45,881
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**15,176**	**39,965**
Depreciation and amortisation	D.6	–19,956	–19,942
Impairment losses and reversals	D.6	–6,265	–4,302
Share of profit/loss in associates	E.4	–2,465	976
Earnings before interest and taxes (EBIT)		**–13,510**	**16,696**
Impairment losses according to IFRS 9		–438	–483
Financing income	D.7	1,323	1,439
Financing expenses	D.7	–5,527	–2,887
Earnings before taxes (EBT)		**–18,152**	**14,765**
Income tax	D.8	–2,365	–4,605
Earnings after taxes from continuing operations		**–20,516**	**10,159**
Earnings after taxes from discontinued operations	B.2	233	278
Consolidated net income		**–20,284**	**10,437**
of which attributable to			
Owners of the parent company		–17,824	12,204
Non-controlling interests		–2,460	–1,767
Earnings per share in EUR (undiluted)	D.9	**–4.02**	**2.78**
Earnings per share in EUR (diluted)	D.9	**–4.02**	**2.78**

Consolidated statement of comprehensive income

EUR thousand	Reference	2023	2022
Consolidated net income		–20,284	10,437
Remeasurements of defined benefit plans, before taxes		183	2,492
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		**174**	**2,492**
Currency translation differences, before taxes		–94	397
Items subsequently reclassified to profit or loss under certain conditions		**–94**	**397**
Other comprehensive income before tax		**80**	**2,889**
Income taxes related to remeasurements of defined benefit plans		–59	–397
Total income taxes on other comprehensive income that are not reclassified to income or expense		**–59**	**–397**
Other income from discontinued operations	B.2	–9	58
Other comprehensive income		**12**	**2,549**
of which attributable to			
Owners of the parent company		5	2,564
Non–controlling interests		6	–15
Total comprehensive income		**–20,272**	**12,986**
of which attributable to			
Owners of the parent company		–17,818	14,768
Non–controlling interests		–2,454	–1,782

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

Consolidated statement of financial position

EUR thousand	Reference	31 Dec. 2023	31 Dec.2022
ASSETS			
Goodwill	E.1	23,553	28,553
Intangible assets	E.2	33,536	39,537
Property, plant and equipment	E.3	61,887	82,563
Financial investments accounted for using the equity method	E.4	4,111	6,577
Participating interests		93	181
Other financial assets	E.5	5,013	2,036
Other non-financial assets	E.6	2,523	3,185
Deferred tax assets	E.7	3,457	6,453
Non-current assets		**134,172**	**169,083**
Inventories	E.8	28,784	47,227
Current contract assets	E.9	7,899	8,405
Trade receivables	E.10	26,954	29,201
Other financial assets	E.11	2,023	1,560
Income tax receivables	E.12	785	930
Other non-financial assets	E.13	4,672	4,911
Cash and cash equivalents	E.14	38,614	35,139
Assets held for sale	E.15	0	2,245
Current assets		**109,732**	**129,618**
Balance sheet total		**243,904**	**298,701**

EUR thousand	Reference	31 Dec. 2023	31 Dec.2022
LIABILITIES			
Subscribed capital	E.16	4,486	4,396
Capital reserve	E.18	17,545	15,665
Other equity components	E.19	2,374	1,953
Retained earnings	E.20	59,371	81,665
Equity attributable to the owners of the parent company		83,776	103,679
Non-controlling interests	E.21	3,478	5,682
Total equity		**87,254**	**109,362**
Provisions for pensions and similar obligations	E.22	5,374	6,118
Other provisions	E.23	**1,242**	**2,481**
Deferred tax liabilities	E.24	12,867	17,074
Non-current financial liabilities	E.25	73,257	73,200
Total non-current liabilities		**92,740**	**98,873**
Other provisions	E.23	1,819	4,659
Income tax liabilities	E.24	6,360	7,775
Current contract liabilities	E.9	627	1,284
Trade payables	E.25	15,748	21,493
Other current financial liabilities	E.26	31,429	43,810
Other current non-financial liabilities	E.27	7,927	11,445
Total current liabilities		**63,911**	**90,466**
Balance sheet total		**243,904**	**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 1 Jan. 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
Change in scope of consolidation	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 Dec. 2022	**4,396**	**15,665**	**2,490**	**744**	**–872**	**–409**	**81,665**	**103,679**	**5,682**	**109,362**
As of 1 Jan. 2023	**4,396**	**15,665**	**2,490**	**744**	**–872**	**–409**	**81,665**	**103,679**	**5,682**	**109,362**
Capital increase/decrease	90	1,880	0	0	0	0	0	1,970	0	1,970
Dividends	0	0	0	0	0	0	–3,957	–3,957	0	–3,957
Transactions with non-controlling interests	0	0	0	0	0	409	–452	–42	51	9
Change in scope of consolidation	0	0	0	0	0	0	–50	–50	198	149
Total comprehensive income	0	0	105	–94	0	0	–17,830	–17,818	–2,454	–20,272
As of 31 Dec. 2023	**4,486**	**17,545**	**2,596**	**651**	**–872**	**0**	**59,371**	**83,776**	**3,478**	**87,254**

Consolidated cash flow statement

Continuing operations

EUR thousand	2023	2022
Earnings after taxes from continuing operations	–20,516	10,159
Increase (–)/decrease (+) in inventories	10,349	–6,886
Increase (–)/decrease (+) in trade receivables	2,286	–445
Increase (–)/decrease (+) in contract assets	505	4,833
Increase (–)/decrease (+) in other receivables and assets	–4,682	–3,639
Increase (+)/decrease (–) in provisions	–1,066	–1,224
Increase (+)/decrease (–) in trade payables	–4,335	1,173
Increase (+)/decrease (–) in contract liabilities	–657	–54
Increase (+)/decrease (–) in other liabilities	1,023	–2,508
Depreciation, amortisation and impairment losses on intangible assets and property, plant and equipment, as well as goodwill	26,220	24,245
Profit (–)/loss (+) from the disposal of intangible assets and property, plant and equipment	–660	–14,967
Payments from earn-out agreements	–1,438	0
Profit (–) from company acquisitions (bargain purchase)	0	–216
Profit (–)/loss (+) from deconsolidation measures	6,444	340
Other non-cash expenses (+)/income (–)	2,234	–565
Contribution to earnings from currency effects	98	109
Interest expenses (+)/interest income (–)	3,841	2,782
Income tax expense (+)/income tax income (–)	2,365	4,605
Income taxes paid (–)/income tax refunds (+)	–2,408	–2,541
Cash flow from operating activities	**19,603**	**15,201**
Proceeds (+) from disposals of property, plant and equipment	89	28
Payments (–) for investments in property, plant and equipment	–4,966	–4,729
Payments (–) for investments in intangible assets	–1,147	–1,714
Proceeds (+) from disposals of assets held for sale	2,607	20,006

Continuing operations

EUR thousand	2023	2022
Payments (–) from additions of assets held for sale	0	–119
Proceeds (+) from disposal of other non-current assets	150	0
Payments (–) for additions to the scope of consolidation	–562	–21,223
Proceeds (+) from disposals from the scope of consolidation	11,804	697
Proceeds (+) from disposals of participating interests	16	0
Interest received (+)	829	90
Cash flow from investment activities	**8,821**	**–6,963**
Proceeds (+) from equity contributions of non-controlling shareholders	100	0
Proceeds from the disposal of shares of a consolidated company	39	0
Payments for the acquisition of shares of a consolidated company	–801	0
Dividends paid (–) to shareholders of the parent company	–1,987	–3,737
Proceeds (+) from (financial) borrowings	3,030	22,269
Payments (–) for the repayment of (financial) borrowings	–13,198	–22,678
Payments (–) for the repayment of lease liabilities	–7,158	–6,585
Payments (–)/proceeds (+) for collateral to credit institutions	200	200
Interest paid (–)	–4,595	–2,803
Dividends paid (–) to other shareholders	0	–3
Cash flow from financing activities	**–24,371**	**–13,337**
Effective variance in cash funds	**4,054**	**–5,099**
Changes in cash funds due to exchange rate fluctuations	–143	139
Cash funds at the beginning of the period	23,987	28,948
Cash funds at the end of the period	**27,899**	**23,987**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF BLUE CAP AG

AS OF 31 DECEMBER 2023

A. GENERAL INFORMATION AND ACCOUNTING POLICIES

A.1 General information on the parent company

Blue Cap AG, registered with Munich District Court under HRB 162137, is a listed investment company established in 2006 with its registered office in Munich. The company acquires small and medium-sized enterprises from the B2B sector that are facing special situations and oversees their entrepreneurial development, the aim being to sell them for a profit at a later date. The companies are headquartered in Germany, Austria and Switzerland, generate revenue of between EUR 20 million and EUR 200 million and have a sustainable and intact core business.

As of the reporting date, the company holds majority interests in seven groups (previous year: eight) and has one minority interest. One disposal was reported in 2023. The Group had an average of 1,241 employees in the reporting year and operates in Germany, Europe and the USA.

Blue Cap AG is listed on the Frankfurt Stock Exchange in the "Scale" segment and on the Munich Stock Exchange in "m:access" (ISIN: DE000A0JM2M1). The capital market listing places the company under an obligation to provide an appropriate level of transparency, an obligation it fulfils through active capital market communication and investor relations work.

Business model: "Buy, Transform & Sell"

Blue Cap AG acquires companies from the B2B sector that face special situations, standing at a crossroads along their corporate journey. This can include situations of upheaval with extensive restructuring requirements or unresolved succession situations and group spin-offs. Target companies are systematically identified and selected on the basis of defined investment criteria. The investment decision centres on clear operational improvement potential and prospects for value enhancement based on a sustainably stable business model. Blue Cap actively supports the portfolio companies in their strategic and operational development during the holding period. The optimal holding period is usually between three and seven years. In principle: Blue Cap is a temporary owner and sells its portfolio companies as soon as successful growth within a different ownership structure appears to make more sense and it has been able to successfully implement large parts of its planned transformation programme.

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 Group management report, which is combined with the management report of the company.

A.2 Basis for preparing the annual financial statements

The consolidated financial statements of Blue Cap AG for the financial year from 1 January to 31 December 2023 are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). In addition, all supplementary provisions of the HGB mentioned in Section 315e (1) HGB were observed.

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

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

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

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

New standards and interpretations of the current financial year

The following amendments to standards were applied for the first time as of 1 January 2023. They had no significant impact on the Group's asset, financial and income position:

Standard	Title	To be applied for financial years beginning on or after the date indicated
IFRS 17	Insurance contracts	1 Jan. 2023
IAS 1	Disclosure of accounting policies	1 Jan. 2023
IAS 8	Definition of estimates	1 Jan. 2023
IAS 12	Deferred taxes related to assets from a single transaction	1 Jan. 2023
IAS 12	Reform of the international tax system – model rules for Pillar 2	1 Jan. 2023

New standards and interpretations not yet applied

The IASB has issued the following amendments to standards and new standards, the application of which, however, is not mandatory for the 2023 financial year and the adoption of which by the European Union has not yet been completed in some cases. Therefore, the following accounting standards have not yet been applied:

Standard	Title	To be applied for financial years beginning on or after the date indicated
IAS 1	Classification of liabilities as current or non-current	1 Jan. 2024
IAS 1	Long-term debts with ancillary conditions	1 Jan. 2024
IFRS 16	Lease liability in a sale and leaseback transaction	1 Jan. 2024
IAS 7/IFRS 7	Supplier financing agreements	1 Jan. 2024
IAS 21	Lack of exchangeability of a currency	1 Jan. 2025
IFRS 10 and IAS 28	Sale or contribution of assets between an investor and an associate or joint venture	pending

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

B. SCOPE OF CONSOLIDATION AND CONSOLIDATION METHODS

B.1 Scope of consolidation

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

As of 31 December 2023 , the scope of consolidation includes, in addition to the parent company, 34 (31 December 2022: 44) companies, fully consolidated. Of which, 20 (31 December 2022: 28) companies have their registered office in Germany and 14 (31 December 2022: 16) have their registered office abroad.

The consolidated financial statements of Blue Cap AG as of 31 December 2023 and as of 31 December 2022 include the following subsidiaries and the following affiliated companies respectively (shareholding corresponding in each case to the share of capital and voting rights):

No.	Company	Registered office	Shareholding (%)	Holding no.	31 Dec. 2023	31 Dec. 2022	
	Parent company						
1.	Blue Cap AG	Munich	–	–	✓	✓	
	Direct shareholdings						
2.	Planatol GmbH	Rohrdorf	100.0	1.	✓	✓	
3.	Blue Cap Asset Management GmbH	Munich	100.0	1.	✓	✓	*
4.	nokra Optische Prüftechnik und Automation GmbH	Baesweiler	90.0	1.	✓	✓	
5.	Neschen Coating GmbH	Bückeburg	100.0	1.	✓	✓	*
6.	Knauer Uniplast Management GmbH	Dettingen an der Ems	100.0	1.		✓	
7.	Blue Cap 09 GmbH	Munich	100.0	1.	✓	✓	
8.	con-pearl Verwaltungs GmbH	Geismar	100.0	1.	✓	✓	
9.	Blue Cap 11 GmbH	Munich	100.0	1.	✓	✓	
10.	HY-LINE Management GmbH	Unterhaching (formerly: Munich)	95.4	1.	✓	✓	
11.	Blue Cap 13 GmbH	Munich	100.0	1.	✓	✓	
12.	Blue Cap 14 GmbH	Munich	70.2	1.	✓	✓	
13.	Blue Cap 15 GmbH	Munich	100.0	1.	✓	✓	
	Indirect shareholdings						
14.	PLANATOL France S.à r.l.	Sucy-en-Brie, France	100.0	2.	✓	✓	
15.	PLANATOL-Società Italiana Forniture Arti Grafiche S.I.F.A.G. s.r.l.	Milan, Italy	67.3	2.	✓	✓	
16.	PLANATOL System GmbH (now merged with Planatol GmbH)	Rohrdorf	100.0	2.		✓	
17.	Filmolux Austria GmbH	Baden, Austria	100.0	5.		✓	
18.	Filmolux Benelux B.V.	Deventer/Netherlands	100.0	5.	✓	✓	
19.	Filmolux Deutschland GmbH	Minden	100.0	5.	✓	✓	*
20.	Filmolux Italia s.r.l.	Bagnolo Cremasco, Italy	100.0	5.	✓	✓	
21.	Filmolux S.à r.l.	Sucy-en-Brie, France	100.0	5.	✓	✓	
22.	Filmolux Swiss AG	Emmenbrücke, Switzerland	100.0	5.	✓	✓	
23.	Filmolux Scandinavia AB	Nacka, Sweden	100.0	5.	✓	✓	
24.	Neschen Inc.	Richmond, USA	100.0	5.		✓	
25.	Neschen s.r.o.	Hradec Králové, Czech Republic	100.0	5.	✓	✓	
26.	Uniplast Knauer GmbH & Co. KG	Dettingen an der Erms	100.0	6.		✓	
27.	Uniplast Knauer Verwaltungs GmbH	Dettingen an der Erms	100.0	6.		✓	

No.	Company	Registered office	Shareholding (%)	Holding no.	31 Dec. 2023	31 Dec. 2022
28.	con-pearl GmbH	Geismar	100.0	8.	✓	✓
29.	con-pearl Automotive Inc.	Greenville, USA	100.0	28.	✓	✓
30.	con-pearl North America Inc.	Greenville, USA	100.0	28.	✓	✓
31.	H+E Molding Solutions GmbH	Ittlingen	71.0	10.	✓	✓
32.	HH+E Kinematics GmbH	Sinsheim	100.0	31.	✓	✓
33.	H+E Automotive GmbH	Sinsheim	100.0	31.	✓	✓
34.	HY-LINE Holding GmbH	Unterhaching	100.0	10.	✓	✓
35.	HY-LINE Technology GmbH (formerly HY-LINE Computer Components Vertriebs GmbH)	Unterhaching	100.0	34.	✓	✓
36.	HY-LINE Power Components Vertriebs GmbH (now merged with HY-LINE Technology GmbH)	Unterhaching	100.0	34.		✓
37.	HY-LINE Communication Products Vertriebs GmbH (now merged with HY-LINE Technology GmbH)	Unterhaching	100.0	34.		✓
38.	HY-LINE AG	Schaffhausen, Switzerland	100.0	34.	✓	✓
39.	Transline Gruppe GmbH	Reutlingen	100.0	12.	✓	✓
40.	Transline Deutschland GmbH	Reutlingen	100.0	39.	✓	✓
41.	Medax – Medizinischer Sprachdienst GmbH (now merged with Transline Deutschland GmbH)	Reutlingen	100.0	39.	✓	✓
42.	Transline Europe S.à r.l.	Schiltigheim, France	100.0	39.	✓	✓
43.	interlanguage S.r.l.	Modena, Italy	100.0	39.	✓	✓
44.	Transline Software Localization GmbH (now merged with Transline Deutschland GmbH)	Walldorf	100.0	39.		✓
45.	Micado Innovation GmbH (now merged with Transline Deutschland GmbH)	Reutlingen	100.0	39.		✓
	Affiliated companies					
46.	inheco Industrial Heating and Cooling GmbH	Martinsried	42.0	1.	✓	✓

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

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

Company	Registered office	Shareholding (%)	31 Dec. 2023	31 Dec. 2022
Flow 2021 Verwaltungs GmbH	Munich	100.0	✔	✔
Grundstücksgesellschaft Knauer UG	Dettingen an der Erms	100.0	✔	✔
nokra Inc.	St. Charles, USA	100.0		✔
Sauter & Schulte Bauherren GmbH & Co. KG	Dettingen an der Erms	100.0	✔	✔
Sauter & Schulte Verwaltungs GmbH	Dettingen an der Erms	100.0	✔	✔
SMB-David GmbH i. L.	Herrsching	70.0	✔	✔
SMB-David finishing Lines GmbH i. L.	Geretsried-Gelting	100.0	✔	✔
MEP Transline GmbH & Co. KG	Munich	100.0	✔	✔
Blue Cap Komplementär GmbH	Munich	100.0	✔	✔

Nokra Inc. was dissolved at the end of the 2023 financial year.

B.2 Changes to the scope of consolidation

B.2.1 CHANGES TO THE SCOPE OF CONSOLIDATION IN THE 2023 FINANCIAL YEAR

In addition to the acquisitions and disposals presented below, the following changes to the scope of consolidation occurred in 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. Filmolux Scandinavia AB was sold during the course of 2023.

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 operate as HY-LINE Technology GmbH as of 1 September 2023.

As of 31 December 2022, HY-LINE Management GmbH held 2.2% of its own shares. This put Blue Cap AG's shareholding at 95.0% as of the previous year's reporting date. 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.

HY-LINE Management GmbH acquired shares from a departing shareholder in December 2023 and therefore held 2.6% of its own shares as of the reporting date. This changed Blue Cap AG's pro rata shareholding in HY-LINE Management GmbH, which amounts to 95.4% as of the reporting date.

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 AGand 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 as part of a management participation programme. The limited partner shares of this company were acquired by the newly appointed CEO of Blue Cap 14 GmbH. Blue Cap AG's shareholding in Blue Cap 14 GmbH therefore now amounts to 70.2% (31 December 2022: 73.9 %).

In order to streamline the corporate structure of the Planatol Group, it was decided by way of a notarised agreement dated 30 August 2023 to merge Planatol System GmbH into Planatol GmbH.

In the 2021 financial year, Blue Cap AG concluded an option agreement with the minority shareholder of Blue Cap Asset Management GmbH on the acquisition of 6% of the shares in Blue Cap Asset Management GmbH by Blue Cap AG. This option was exercised in the second half of 2023 at the agreed purchase price of EUR 450 thousand. As a result, Blue Cap AG holds 100% of the shares in Blue Cap Asset Management GmbH as of the reporting date.

ACQUISITIONS OF SUBSIDIARIES IN THE 2023 FINANCIAL YEAR

No company acquisitions were completed in 2023.

SALE OF SUBSIDIARIES IN THE 2023 FINANCIAL YEAR

FILMOLUX S.À R.L.

By way of a contract dated 23 October 2023, Neschen Coating GmbH sold the main assets of its subsidiary, Filmolux S.à r.l. to a strategic buyer. The sale was finalised in October 2023.

The Group received cash and cash equivalents totalling EUR 33 thousand from the sale. The outstanding purchase price of EUR 592 thousand will be paid in 2024.

Exclusive distribution agreements for the main products of the Neschen Group were concluded with the buyer of the assets of Filmolux S.à r.l.

For reasons of materiality, no detailed presentation of the sale is provided.

The sale of the main assets of Filmolux S.à r.l. serves to strategically align the Blue Cap portfolio and place Filmolux Group in a more efficient position within the Neschen Group.

KNAUER-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. For reasons of materiality, the Knauer-Uniplast Group was deconsolidated on 30 June 2023.

The net assets disposed of by the Knauer-Uniplast Group break down as follows:

in EUR thousand	Carrying amount
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	1209
Trade payables	1,602
Other current financial liabilities	13,229
Other current non-financial liabilities	1,701
Current liabilities	**17,741**
Net assets	9,053

in EUR thousand	Carrying amount
Cash consideration received for shares	2,699
Net assets disposed of	–9,053
Loss from the disposal before tax	**–6,354**
Income tax on loss on disposal	0
Loss from the disposal after tax	**–6,354**
Cash inflow from buyer	4,000
of which for shares	2,699
of which for acquired receivables	1,301
Repayment of loans as part of the transaction	6,169
Cash outflow (–) / inflow (+) due to disposal of cash and cash equivalents as well as utilised current account lines	1,606
Net cash inflow from the transaction	**11,775**

Incidental transaction costs of EUR 567 thousand were incurred in connection with the transaction.

There is a secured, long-term loan to the buyer from the transaction in the amount of EUR 3,500 thousand.

The loss from the disposal after tax of the Knauer-Uniplast Group was recognised in other operating expenses as an expense from deconsolidation.

The sale of the Knauer-Uniplast Group serves to strategically align the Blue Cap portfolio.

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

Result from discontinued operations

EUR thousand

	2023	2022
Total output	26,877	56,066
of which sales outside the Blue Cap Group	26,785	56,243
Expenses	–26,784	–55,990
Result from operating activities	**93**	**76**
Income tax	140	202
Income from discontinued operations after taxes	**233**	**278**
Earnings per share in EUR (undiluted)	0.05	0.06
Earnings per share in EUR (diluted)	0.05	0.06

The cash flows of the Knauer-Uniplast Group are classified as discontinued operations and are broken down as follows:

Cash flow from discontinued operations

EUR thousand

	2023	2022
Cash flow from operating activities	1,901	1,795
Cash flow from investment activities	–810	–290
Cash flow from financing activities	–939	–1,640
Total cash flows	**152**	**–135**

No further subsidiary sales were completed in 2023.

B.3 Consolidation principles

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

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

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

The results of subsidiaries acquired or sold during the year are recognised in the consolidated income statement and other comprehensive income from or until the date of initial consolidation.

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

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

Goodwill is recognised and reviewed for impairment at least annually as the surplus of the cost of the acquisition, the amount of any non-controlling interest in the acquired company and the fair value of any previously held equity interest at the acquisition date over the Group's share of the net assets measured at fair value. If the acquisition cost is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement after reassessment.

Changes in the Group's ownership interest in subsidiaries that do not result in a loss of control are reported as equity transactions.

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

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

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

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

B.4 Currency conversion

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

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

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

		Closing rate	
Currencies	1 EUR in	31 Dec. 2023	31 Dec. 2022
USD	USA	1.11	1.07
CHF	Switzerland	0.93	0.98
CZK	Czech Republic	24.72	24.12
SEK	Sweden	11.10	11.12

		Average rate	
Currencies	1 EUR in	2023	2022
USD	USA	1.09	1.06
CHF	Switzerland	0.94	0.99
CZK	Czech Republic	24.48	24.27
SEK	Sweden	11.20	10.99

C. ACCOUNTING POLICIES

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

The essential accounting policies are explained below.

C.1 Revenue and expense recognition

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

C.1.1 SALE OF GOODS

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

As a rule, payments are due no later than 90 days after acceptance by the customer or upon transfer of control. There are no significant financing components. Warranty obligations exist only within the scope of the legal obligation and are recognised as provisions as defined by IAS 37, where applicable.

C.1.2 SALE OF SERVICES

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

C.1.3 CUSTOMISED SERIES PRODUCTION

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

C.1.4 CUSTOMISED PRODUCTION ORDERS

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

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

If the result from a construction contract cannot be reliably determined, contract revenue is recognised only to the extent that the contract costs incurred are likely to be recoverable (zero profit margin method). If the total contract costs are likely to exceed the total contract revenue, the expected loss is recognised immediately as an expense and a corresponding provision for onerous contracts is recognised if necessary.

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

C.1.5 OTHER INCOME AND EXPENSES

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

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

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

In the 2023 financial year, the continuing operations of the Blue Cap Group recognised EUR 2,731 thousand (previous year: EUR 1,958 thousand) of research and development expenditure as an expense. Development costs were capitalised to an insignificant extent (previous year: EUR 374 thousand).

C.2 Income tax

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

C.2.1 CURRENT TAXES

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

C.2.2 DEFERRED TAXES

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

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

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

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

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

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

C.3 Earnings per share

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

C.4 Goodwill

Under the terms of corporate mergers, the consideration for the acquisition and the revalued net assets of the acquired company are compared and any resultant asset surplus is capitalised as goodwill. Any liability carryover is recognised as badwill after a further audit in accordance with IFRS 3 and shown on the income statement.

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

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

C.5 Intangible assets

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

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

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

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

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

Amortisation is based on the following useful lives:

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

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

C.6 Property, plant and equipment

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

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

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

The following useful lives are mainly used as a basis:

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

Land is not depreciated on a scheduled basis.

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

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

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

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

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

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

C.7 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will meet the corresponding conditions attached to the grants and that the grants will also be received.

Government grants are recognised in the consolidated income statement on a scheduled basis, namely over the periods in which the Group recognises the expenses that are intended to compensate for the government grants as expenses.

Specifically, government grants whose main conditions are the purchase, construction or other acquisition of non-current assets (including property, plant and equipment) are recognised in the balance sheet as a deduction of the acquisition cost of the assets concerned.

Government grants that are paid as compensation for expenses or losses that have already been incurred or for immediate financial support without future related expenses are recognised in the consolidated income statement in the period in which the corresponding claim arises.

C.8 Lease accounting

LEASE RELATIONSHIPS AS LESSEE

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

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

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

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

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

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

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

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

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

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

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

LEASE RELATIONSHIPS AS LESSOR

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

In the case of an operating lease, the Group recognises the leased asset in Property, plant and equipment unless it falls within the scope of IAS 40. It is reported at amortised cost. Rental income is recognised in profit or loss on a straight-line basis over the lease term and reported in Sales revenues.

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

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

C.9 Investment property

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

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

This is based primarily on a useful life of 30 years.

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

C.10 Impairment losses

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

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

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

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

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

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

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

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

C.11 Participations and financial assets

Financial assets include in particular:

- Trade receivables
- Other financial assets
- Cash and cash equivalents

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

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

IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

DERECOGNITION OF FINANCIAL ASSETS

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

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

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

C.12 Contract assets and contract liabilities

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

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

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

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

C.13 Inventories

Inventories are valued at acquisition or production cost, whichever is the lower, and net realisable value. Acquisition costs for raw materials and supplies are calculated using the moving average. Incidental acquisition costs are also taken into account as a lump sum on the basis of the average incidental acquisition costs incurred in the financial year. Work in progress and self-produced finished goods are recognised at cost. In addition to the cost of materials, production costs and special direct production costs, the cost of sales also includes appropriate portions of the overheads attributable to production as well as production-related depreciation.
Net realisable value is defined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

C.14 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances that are generally immediately available and short-term bank deposits, all of which have an original term of no more than three months. Utilised overdraft facilities are reported under current financial liabilities and taken into account when calculating cash and cash equivalents in the cash flow statement.

C.15 Assets held for sale and discontinued operations

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

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

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

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

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

C.16 Benefits to employees

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

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

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

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

C.17 Other provisions

A provision is recognised when Blue Cap has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

C.18 Financial liabilities

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

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

TRADE PAYABLES

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

OTHER FINANCIAL LIABILITIES

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

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

C.19 Derivative financial instruments

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

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

C.20 Valuation at fair value

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

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

At the end of the respective reporting period, the Group determines whether transfers have occurred between the hierarchy levels by checking the classification (based on the input parameter of the lowest level that is essential for the overall fair value measurement).

The Group recognises reclassifications between different levels of the fair value hierarchy at the end of the reporting period in which the changes occurred.

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

C.21 Significant discretionary decisions and estimates

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

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

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

ESTIMATES WITHIN THE SCOPE OF PURCHASE PRICE ALLOCATIONS

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

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

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

EXPECTED CREDIT LOSSES

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

LEASE RELATIONSHIPS

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

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

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

DEFERRED TAX ASSETS FOR TAX LOSS CARRYFORWARDS

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

PROVISIONS

Provisions differ from liabilities in terms of uncertainties about the timing or amount of expenditure required in the future. A provision is recognised when the entity has a current obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the obligation amount can be reliably estimated (see IAS 37.14).

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

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

ASSETS HELD FOR SALE

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

REVENUE RECOGNITION

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

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

D. NOTES TO THE CONSOLIDATED INCOME STATEMENT

D.1 Revenue

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

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

EUR thousand	2023	2022
Revenue recognised over time	112,468	125,320
Revenue recognised at a point in time	160,854	165,948
Revenue	**273,322**	**291,268**

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

Geographical revenue breakdown

EUR thousand	2023	%	2022	%
Germany	145,411	53.2	147,424	50.6
Rest of Europe	91,681	33.5	85,799	29.5
Third countries	36,230	13.3	58,045	19.9
Revenue	**273,322**		**291,268**	

D.2 Other income

Other income includes the following:

EUR thousand	2023	2022
Bargain purchase income	0	216
Income from foreign currency conversion	1,126	2,068
Income relating to previous periods	848	195
Income from the disposal of non-current assets	844	14,989
Income from the reversal of provisions	1,869	1,050
Miscellaneous other income	1,458	1,968
Other income	**6,145**	**20,485**

The income from the disposal of non-current assets in the comparative period mainly results from the sale of a property in Geretsried-Gelting that was previously used in part by the company itself.

The income and expenses from currency translation included in other comprehensive income in the consolidated statement of comprehensive income can be found in the consolidated statement of changes in equity.

Expenses from currency translation are recognised under other expenses.

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	2023	2022
Cost of raw materials, consumables and supplies, and purchased merchandise	–126,037	–147,942
Cost of purchased services	–15,743	–12,516
Cost of materials	**–141,779**	**–160,458**

D.4 Personnel expenses

EUR thousand	2023	2022
Wages and salaries	–57,633	–56,766
Social security costs and expenses for pension plans	–12,350	–11,391
Personnel expenses	**–69,983**	**–68,157**

The expense for retirement benefits amounted to EUR 224 thousand (previous year: EUR 121 thousand).

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

From reimbursements for short-time allowances and comparable payments in 2023, the Blue Cap Group collected EUR 154 (previous year: EUR 97 thousand).

D.5 Other expenses

EUR thousand	2023	2022
Outgoing freight, commission and distribution costs	–6,725	–7,336
Advertising costs	–1,992	–1,954
Vehicle and travel expenses	–2,157	–2,267
Legal and consultancy costs	–6,395	–5,806
Training and temporary employment costs	–1,400	–2,249
Other rent, leasing and storage costs	–534	–1,231
Operating and maintenance costs for operating resources	–13,993	–14,380
Contributions, fees and insurance costs	–2,665	–3,053
Losses from the disposal of assets	–219	–21
Extraordinary and prior-period expenses	–1,976	–400
Expenses from currency translation	–1,432	–1,954
Expenses from deconsolidation measures	–6,444	–340
Miscellaneous other expenses	–3,319	–4,891
Other expenses	**–49,251**	**–45,881**

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

Expenses from deconsolidation in the financial year relate to the deconsolidation of the Knauer-Uniplast Group. For further details, please refer to sections B.2 "Changes to the scope of consolidation" and C.15 "Assets held for sale and discontinued operations".

For the 2023 financial year, the consolidated statements of Blue Cap AG include fees for the Group auditor Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, of EUR 552 thousand (previous year: EUR 482 thousand) as operating expenses. The fees are broken down into costs for auditing services (EUR 450 thousand, previous year: EUR 454 thousand), other confirmation related services – mainly for EEG (renewable energy act) certificates and covenant confirmations (EUR 102 thousand, previous year: EUR 28 thousand) – plus other services (EUR 0 thousand, previous year: EUR 14 thousand) rendered for the parent company or for the subsidiaries.

Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, has audited the annual and consolidated financial statements of Blue Cap AG since the 2012 financial year. Deloitte GmbH Wirtschaftsprüfungsgesellschaft follows internal regulations and international guidelines on the internal rotation of the responsible auditors and thus on the preservation of independence, going beyond that required by law. The audit partners responsible are Christof Stadter (since the 2019 financial year) and Cornelia Tauber (since the 2023 financial year).

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

Depreciation and amortisation mainly relates to intangible assets, property, plant and equipment and the associated right-of-use assets under leases.

In the financial year, impairment losses were recognised to a small extent on property, plant and equipment not currently in use and on land that has since been sold to third parties.

In the comparative period, impairment losses of EUR 4,302 thousand were recognised on the goodwill of the Transline Group.

No reversals of impairment losses were made in the reporting year.

D.7 Finance income and expenses

EUR thousand	2023	2022
Other interest and similar income from affiliated and associated companies	117	1
Miscellaneous other interest and similar income	975	100
Income from changes in fair value (FVTPL instruments)	231	1,338
Financing income	**1,323**	**1,439**
Depreciation and amortisation on financial assets and securities	25	0
Interest from leasing liabilities	–526	–259
Compounding interest expense	–200	–64
Miscellaneous other interest and similar expenses	–4,207	–2,559
Expenses from changes in fair value (FVTPL instruments)	–619	–5
Financing expenses	**–5,527**	**–2,887**

As in previous years, other interest and similar expenses mainly include interest from long-term liabilities to banks. In the current financial year, these amount to EUR 3,734 thousand (previous year: EUR 2,237 thousand).

In addition, other interest and similar expenses include interest for short-term liabilities to banks and factoring.

Interest and similar income from affiliated and associated companies results mainly from receivables from the Knauer-Uniplast Group. This is allocated to discontinued operations up until deconsolidation. It also includes interest income from receivables from companies that are not included in the scope of consolidation for reasons of materiality.

The interest income and interest expense on financial instruments are distributed across the following valuation categories:

EUR thousand		2023	2022
Total interest income			
Amortised cost	AC	975	100
Fair Value OCI	FVOCI	0	0
Fair Value PL	FVTPL	**231**	**1,338**
Total interest income			
Amortised cost	AC	–4,733	–2,818
Fair Value OCI	FVOCI	0	0
Fair Value PL	FVTPL	**–619**	**–5**

Interest expenses and interest income mainly result from financial instruments measured at amortised cost (AC).

D.8 Income tax

Other income taxes include:

EUR thousand	2023	2022
Current income taxes	–2,563	–8,076
Deferred income taxes	198	3,471
Income taxes (expense (–) / income (+))	**–2,365**	**–4,605**

TAX RECONCILIATION

The table below shows a reconciliation of the tax expense expected in the respective financial year to the tax expense reported in each case. The expected consolidated income tax rate of 33.0% (previous year: 33.0% consists of a corporate income tax rate of 15.0% (previous year: 15.0%), plus a solidarity surcharge of 5.5% (previous year: 5.5%) and trade tax rate of 17.2% (previous year: 17.2%).

EUR thousand	2023	2022
Earnings before taxes (EBT)	**–18,152**	**14,765**
Corporate tax rate (in %)	33.0	33.0
Expected expense (–)/income (+) for income taxes	**5,986**	**–4,869**
Reasons for surpluses/shortfalls:		
Non-capitalised deferred taxes on temporary differences and loss carryforwards	–2,867	–131
Non-tax-deductible impairment of goodwill	–1,675	–1,419
Other non-tax-deductible expenses incl. withholding tax	–196	–390
Tax-exempt income and expenses	–3,581	238
Tax payments and refunds from previous years and other aperiodic tax effects	–154	–801
Subsequent recognition of deferred taxes	1	1,306
Tax rate differences	131	1,561
Other effects	–8	–101
Reported expense (–)/income (+) for income taxes	**–2,365**	**–4,605**

According to IAS 12.47, deferred tax assets and liabilities are to be measured using the tax rates expected to apply to the period in which the temporary difference is expected to reverse. The tax rates to be used are those that are valid or have been announced as of the balance sheet date.

D.9 Earnings per share

Earnings per share are as follows:

EUR thousand		2023	2022
Consolidated net income for the year after tax attributable to owners of the parent company	**EUR thousand**	**–17,824**	**12,204**
Weighted average number of shares to calculate earnings per share			
Undiluted	No.	4,429,082	4,396,290
Diluted	No.	4,429,082	4,396,290
Earnings per share			
Undiluted	EUR	–4.02	2.78
Diluted	EUR	–4.02	2.78

The average weighted number of shares in circulation rose in 2023 due to the partial increase in share capital in the financial year as a result of the conversion of dividend entitlements into new shares.

E. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

E.1 Goodwill

The acquisition costs of goodwill developed as follows in the 2023 financial year:

EUR thousand	
As of 1 Jan. 2023	**32,855**
Addition from company mergers	0
As of 31 Dec. 2023	**32,855**

EUR thousand	
As of 1 Jan. 2022	**10,403**
Addition from company mergers	22,452
of which acquisition of the Transline Group	22,452
As of 31 Dec. 2022	**32,855**

For 2023, impairment losses on goodwill were recognised in the amount of EUR 5,000 (previous year: EUR 4,302 thousand).

The impairments recognised in the comparative period were fully attributable to the goodwill allocated to the cash-generating unit Transline Group.

Impairment losses on goodwill are recognised in the income statement under impairment losses and reversals of impairment losses.

The impairment losses related to goodwill developed as follows:

EUR thousand	
As of 1 Jan. 2023	**–4,302**
Impairment losses recognised in the financial year	–5,000
As of 31 Dec. 2023	**–9,302**

EUR thousand	
As of 1 Jan. 2022	**0**
Impairment losses recognised in the financial year	–4,302
As of 31 Dec. 2022	**–4,302**

The carrying amount of goodwill is as follows:

EUR thousand	
Carrying amount as of 31 Dec. 2022	28,553
Carrying amount as of 31 Dec. 2023	23,553

The goodwill of the HY-LINE Group was allocated to the HY-LINE Group cash-generating unit, which is part of the Business Services segment, for the purpose of impairment testing.

In the financial year, the HY-LINE Group cash-generating unit consists of HY-LINE Management GmbH, HY-LINE Holding GmbH, HY-LINE Technology GmbH and HY-LINE AG.

The goodwill of the Transline Group was allocated to the cash-generating unit the Transline Group, which is part of the Business Services segment, for the purpose of impairment testing.

In the financial year, the cash-generating unit Transline Group consists of Blue Cap 14 GmbH, Transline Gruppe GmbH, Transline Deutschland GmbH, Transline Europe S.à r.l. as well as Interlanguage S.R.L.

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

The cash flow forecasts contained specific estimates for each cash-generating unit for three years, a subsequent rough planning period of two years, and a sustainable growth rate (perpetuity) for the period thereafter.

The discount rate used was the weighted average cost of capital (WACC) after corporate taxes, historically determined on the basis of a group of comparable companies (peer group). In the reporting year, this amounted to 7.3% for the HY-LINE Group and 8.6% for the Transline Group.

The planned average annual growth rate is 4.0% for total output and 16.8% for the HY-LINE Group's EBIT. The planned average annual growth rate is 3.9% for total output and 20.9% for the EBIT of the Transline Group. The applied sustainable growth rate for all cash-generating units is 1.5%.

The revenue growth rates forecast in the detailed planning phase are based on the detailed bottom-up planning of the significant legal entities included in cash-generating units and take into account order data from the past as well as industry-specific market information from external sources. In the rough planning period, the sales growth rates are determined with a view to the longer-term growth rates obtained from external sources.

The EBIT margins forecast in the detailed planning phase take into account past experience and current data from the respective order backlogs. In the rough planning period, average EBIT margins extrapolated from the past are used.

The sustainable growth rate was determined based on the assessment of long-term inflation expectations and is oriented to the assumptions that a market participant would make.

E.2 Intangible assets

EUR thousand	Internally generated intangible assets	Purchased concessions, industrial property rights and similar rights and assets	Rights to use intangible assets	Total
Acquisition or production costs				
As of 1 Jan. 2022	**1,719**	**37,303**	**237**	**39,259**
Changes to the scope of consolidation	–646	23,191	–85	22,460
Reclassification	0	0	0	0
Additions	19	1,757	0	1,775
Disposals	0	–29	–4	–33
Exchange rate effects	0	0	0	0
As of 31 Dec. 2022	**1,092**	**62,222**	**149**	**63,462**
As of 1 Jan. 2023	**1,092**	**62,222**	**149**	**63,462**
Changes to the scope of consolidation	0	–1,118	0	–1,118
Reclassification	0	0	0	0
Additions	0	1,089	143	1,233
Disposals	0	–577	–143	–720
Exchange rate effects	0	–3	0	–3
As of 31 Dec. 2023	**1,092**	**61,612**	**149**	**62,853**

EUR thousand	Internally generated intangible assets	Purchased concessions, industrial property rights and similar rights and assets	Rights to use intangible assets	Total
Accumulated amortisation and impairment losses				
As of 1 Jan. 2022	**–1,129**	**–14,352**	**–152**	**–15,633**
Changes to the scope of consolidation	646	–2,558	59	–1,853
Reclassification	0	0	0	0
Disposals	0	30	4	33
Depreciation and amortisation	–106	–6,327	–39	–6,471
Impairment losses/reversal of impairment losses	0	0	0	0
Exchange rate effects	0	–1	0	–1
As of 31 Dec. 31 Dec. 2022	**–589**	**–23,208**	**–128**	**–23,925**
As of 1 Jan. 2023	**–589**	**–23,208**	**–128**	**–23,925**
Changes to the scope of consolidation	0	1,045	0	1,045
Reclassification	0	0	0	0
Disposals	0	1	132	133
Depreciation and amortisation	–78	–6,407	–54	–6,539
Impairment losses/reversal of impairment losses	0	–32	0	–32
Exchange rate effects	0	1	0	1
As of 31 Dec. 2023	**–667**	**–28,600**	**–50**	**–29,317**
Carrying amounts				
31 Dec. 2022	502	39,014	21	39,537
31 Dec. 2023	425	33,012	99	33,536

The disposals from changes to the scope of consolidation mainly result from the deconsolidation of the Knauer-Uniplast Group.

Depreciation and amortisation in the amount of EUR 6,539 thousand (previous year: EUR 6,471 thousand) is recognised in the consolidated income statement under the item "Depreciation and amortisation" to the extent that they are not attributable to Knauer-Uniplast. The portion attributable to Knauer-Uniplast in the amount of EUR 5 thousand (previous year: EUR 12 thousand) is not recognised in the consolidated income statement in accordance with IFRS 5, but is allocated to discontinued operations.

Impairment losses on intangible assets in the amount of EUR 32 thousand were recognised in the current financial year. No reversals were recognised in the periods presented.

There were no purchase commitments for intangible assets on the balance sheet date or on the previous year's balance sheet date.

No intangible assets were pledged as collateral for liabilities in the financial year or in previous year.

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

E.3 Property, plant and equipment

EUR thousand	Land and buildings	Technical equipment and machinery	Operating and office equipment	Prepayments and assets under construction	Rights of use for land and buildings	Rights of use for technical equipment and machinery	Rights of use for operating and office equipment	Total
Acquisition or production costs								
As of 1 Jan. 2022	**65,425**	**138,408**	**34,707**	**0**	**18,850**	**10,657**	**5,760**	**273,809**
Changes to the scope of consolidation	0	–37	1,023	0	1,816	0	103	2,905
Reclassification	46	–973	0	–46	0	1,025	0	52
Additions	1,030	3,076	2,008	46	4,216	1,052	1,134	12,562
Disposals	**–1,573**	**–518**	**–346**	**0**	**–800**	**–343**	**–1,408**	**–4,989**
Exchange rate effects	8	134	31	0	136	17	11	337
As of 31 Dec. 2022	**64,936**	**140,090**	**37,424**	**0**	**24,218**	**12,407**	**5,600**	**284,676**
As of 1 Jan. 2023	**64,936**	**140,090**	**37,424**	**0**	**24,218**	**12,407**	**5,600**	**284,676**
Changes to the scope of consolidation	–14,610	–59,075	–12,907	0	–34	–1,058	–262	–87,947
Reclassification	0	740	74	0	0	0	0	814
Additions	358	1,466	2,102	47	3,212	1,995	2,506	11,685
Disposals	1,543	–691	–172	0	–61	–2,248	–2,895	–4,524
Exchange rate effects	–6	–82	5	0	–14	–17	6	–108
As of 31 Dec. 2023	**52,221**	**82,449**	**26,525**	**47**	**27,320**	**11,079**	**4,955**	**204,596**

EUR thousand	Land and buildings	Technical equipment and machinery	Operating and office equipment	Prepayments and assets under construction	Rights of use for land and buildings	Rights of use for technical equipment and machinery	Rights of use for operating and office equipment	**Total**
Accumulated amortisation and impairment losses								
As of 1 Jan. 2022	**–35,309**	**–109,251**	**–29,548**	**0**	**–7,030**	**–4,757**	**–2,915**	**–188,810**
Changes to the scope of consolidation	0	37	–682	0	–952	0	–67	–1,663
Reclassification	0	0	–1	0	0	0	0	–1
Disposals	1,573	571	310	0	728	214	1,364	4,760
Depreciation and amortisation	–1,252	–6,069	–1,718	0	–3,354	–2,127	–1,633	–16,152
Impairment losses/reversal of impairment losses	0	–58	0	0	0	0	0	–58
Exchange rate effects	–7	–100	–26	0	–52	2	–6	–188
As of 31 Dec. 2022	**–34,995**	**–114,869**	**–31,665**	**0**	**–10,661**	**–6,667**	**–3,256**	**–202,113**
As of 1 Jan. 2023	**–34,995**	**–114,869**	**–31,665**	**0**	**–10,661**	**–6,667**	**–3,256**	**–202,113**
Changes to the scope of consolidation	8,550	48,804	11,541	0	22	362	36	69,314
Reclassification	0	0	0	0	0	0	0	0
Disposals	–1,550	748	71	0	186	3,553	2,721	5,728
Depreciation and amortisation	–1,353	–4,541	–1,480	0	–3,559	–2,233	–1,620	–14,786
Impairment losses/reversal of impairment losses	0	–13	–3	0	–900	0	0	–916
Exchange rate effects	5	63	–8	0	–1	5	–2	62
As of 31 Dec. 2023	**–29,343**	**–69,806**	**–21,544**	**0**	**–14,913**	**–4,981**	**–2,122**	**–142,709**
Carrying amounts								
31 Dec. 2022	29,941	25,221	5,759	0	13,557	5,740	2,344	**82,563**
31 Dec. 2023	22,878	12,643	4,981	47	12,407	6,098	2,833	**61,887**

The disposals from changes to the scope of consolidation mainly result from the deconsolidation of the Knauer-Uniplast Group.

Depreciation of property, plant and equipment and rights of use for property, plant and equipment amounting to EUR 14,786 thousand (previous year: EUR 16,152 thousand) are shown in the consolidated income statement under the item "Depreciation and amortisation" to the extent that they are not attributable to Knauer-Uniplast. The portion attributable to Knauer-Uniplast in the amount of EUR 1,386 thousand (previous year: EUR 2,689 thousand) is not recognised in the consolidated income statement in accordance with IFRS 5, but is allocated to discontinued operations.

Impairment losses on property, plant and equipment were recognised in the amount of EUR 916 thousand (previous year: EUR 58 thousand), primarily on property, plant and equipment not currently in use, lease usage rights or machines not fully utilised.

The Blue Cap Group has concluded several real estate leasing contracts. These are mainly contracts for domestic production real estate as well as the leases for the foreign sales offices and the local distribution warehouses.

In the area of technical equipment and machinery, the Group mainly has leases for production machinery and technical equipment required for operations.

The rights of use in the area of operating and office equipment include, but are not limited to, vehicle leasing and various necessary office equipment.

E.4 Financial investments accounted for using the equity method

As of 31 December 2023, one (31 December 2022: one) affiliated company over which Blue Cap Group has significant influence – though not control – through participation in the financial and operating policies, is accounted for in the consolidated financial statements using the equity method of accounting.

		Shareholding in %	
Company	Registered office	31 Dec. 2023	31 Dec. 2022
inheco Industrial Heating and Cooling GmbH	Martinsried	42.0	42.0

EUR thousand	2023	2022
Share of profit/loss (–) attributable to Blue Cap AG shareholders	–2,465	976

For reasons of materiality, no further disclosures are made.

More detailed information can be found in the financial statements of inheco Industrial Heating and Cooling GmbH published in the company register.

The investment in the company described facilitates the strategic orientation of the Group.

E.5 Other non-current financial assets

Interest rate hedges were concluded as part of the acquisition financing for the purchase of the Transline Group. There are also interest rate hedges from the acquisition of the HY-LINE Group. The con-pearl Group has also concluded an interest rate hedge (reclassified to other current financial assets as of 31 December 2023). These non-current derivatives are presented in other non-current financial assets as of the reporting date in the total amount of EUR 708 thousand (previous year: EUR 1,322 thousand) (as of 31 December 2023, the con-pearl derivative was to be reclassified to other current financial assets).

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

In addition, the Group holds an interest-bearing loan receivable from the Knauer-Uniplast Group. The Knauer-Uniplast Group was sold in 2023. As of 31 December 2023, the loan receivable is valued at EUR 3,500 thousand.

E.6 Other non-current non-financial assets

Other non-current non-financial assets amounted to EUR 2,523 thousand as of the reporting date (31 December 2022: EUR 3,185 thousand). As of the reporting date, the item consists mainly of advance payments made on various items of property, plant and equipment.

E.7 Deferred tax assets and liabilities

The total amounts of deferred tax assets and liabilities result from the following items:

	31 Dec. 2023		31 Dec. 2022	
EUR thousand	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	630	–8,967	768	–10,138
Property, plant and equipment	1,894	–8,721	1,874	–9,702
Inventories	2,692	–44	2,738	–16
Contract assets and contract liabilities	257	–2,605	401	–2,803
Other financial assets	2,088	–3,660	9,343	–13,453
Other non-financial assets	16	–1,049	1,023	–2,025
Provisions for pensions and similar obligations	792	–140	824	–130
Other provisions	1,371	0	2,655	0
Financial liabilities	6,291	–785	14,962	–4,821
Other non-financial liabilities	0	0	0	–5,732
Loss carryforwards	529	0	3,612	0
Deferred taxes before netting out	**16,560**	**–25,970**	**38,200**	**–48,821**
Netting out	–13,103	13,103	–31,747	31,747
Deferred taxes after netting out	**3,457**	**–12,867**	**6,453**	**–17,074**

Deferred tax assets were recognised on loss carryforwards of the parent company and subsidiaries to the extent that tax planning provides for their utilisation in subsequent years.

For corporate income tax loss carryforwards in the amount of EUR 17,118 thousand (31 December 2022: EUR 7,715 thousand), and trade tax loss carryforwards amounting to EUR 13,745 thousand (31 December 2022: EUR 3,229 thousand) no deferred tax assets have been booked due to the lack of foreseeability of their use.

E.8 Inventories

EUR thousand	31 Dec. 2023	31 Dec. 2022
Raw materials, consumables and supplies	9,319	15,563
Unfinished goods, services in progress	4,326	7,189
Finished goods and merchandise	15,140	24,474
Inventories	**28,784**	**47,227**

The value adjustments recognised as expenses on inventories amount to EUR 2,510 thousand in the current financial year (previous year: EUR 2,568 thousand). The impairment takes into account marketability, age and all apparent storage and inventory risks.

EUR 7,701 thousand of the change in inventories in relation to the comparative reporting date result from the sale of the Knauer-Uniplast Group. In addition, the Group's intensified working capital management had a reducing effect on the level of inventories.

The costs incurred for inventories for continued operations in the financial year amounted to EUR 152,186 thousand (previous year: EUR 162,507 thousand) and were recognised as expenses.

Inventories with a carrying amount of EUR 3,602 thousand (previous year: EUR 5,647 thousand) have been pledged as collateral for certain overdraft facilities of the Group.

The Blue Cap Group does not hold any long-term inventories in the current reporting year.

E.9 Contract assets and contract liabilities

The table below shows the opening and closing balances of contract assets and contract liabilities from contracts with customers:

EUR thousand	31 Dec. 2023	31 Dec. 2022
Long-term contract assets	0	0
Current contract assets	7,899	8,405
Long-term contract liabilities	0	0
Current contract liabilities	627	1,284

In the year 2023 and in the comparative period, no impairment losses were recognised on contract assets in accordance with IFRS 9.

The performance obligations not fulfilled in full or in part at the end of the period under review are allocated a total transaction price of EUR 10,047 thousand (previous year: EUR 4,605 thousand). The Blue Cap Group is expecting these performance obligations to be fulfilled in the amount of EUR 3,500 thousand (previous year: EUR 1,934 thousand) in the subsequent period and in the amount of EUR 6,548 thousand (previous year: EUR 2,671) thousand in the periods thereafter.

E.10 Trade receivables

EUR thousand	31 Dec. 2023	31 Dec. 2022
Trade receivables	27,316	29,294
Less expected credit losses	–362	–93
Trade receivables	**26,954**	**29,201**

As of the balance sheet date, there is a maximum default risk in the amount of the carrying amount. Trade receivables are non-interest bearing and consist of contracts with third parties.

Trade receivables do not include any receivables with a term of more than one year in the periods presented.

The Blue Cap Group applies the simplified approach under IFRS 9 to measure expected credit losses for trade receivables.

To measure expected credit losses, trade receivables were analysed based on historical experience. The expected loss rates are based on the historical payment profiles prior to 31 December 2023 or previous year reporting dates and the corresponding historical defaults for those periods. The Blue Cap Group adjusts these loss rates should current information have a significant impact on the payment profiles of customers or future economic circumstances and events make this necessary.

The following table shows the development of the allowance for credit losses on trade receivables in accordance with IFRS 9 in the year 2023 and the comparative period:

EUR thousand	31 Dec. 2023	31 Dec. 2022
Risk provisioning as of 1 January	**93**	**296**
Contributions	354	16
Utilisation	−2	−1
Liquidation	−79	−196
Change in scope of consolidation	−5	−23
Risk provisioning as of 31 December	**362**	**93**

FACTORING AGREEMENTS

The Blue Cap Group has sold trade receivables with a carrying amount of EUR 4,419 thousand (previous year: EUR 6,991 thousand) to third parties on the basis of factoring agreements under which no material opportunities and risks remain for the Group. Accordingly, these receivables were derecognised in accordance with IFRS 9.3.2.6 (a). As of the reference date, EUR 4,366 thousand of this amount was attributable to the Knauer-Uniplast Group, which has since been deconsolidated.

E.11 Other current financial assets

Other current financial assets include security deposits, current derivative financial instruments and other loans.

E.12 Income tax receivables

Income tax receivables essentially comprise claims for domestic corporate income tax and trade tax refunds.

E.13 Other current non-financial assets

EUR thousand	31 Dec. 2023	31 Dec. 2022
Advance payments on inventories	1,062	1,456
Receivables from value added tax and other taxes	852	675
Receivables from welfare benefits, levies and other statutory entitlements	38	60
Other receivables from employees (advances)	54	49
Miscellaneous other non-financial assets	2,666	2,671
Other non-financial assets	**4,672**	**4,911**

Miscellaneous other non-financial assets relate in particular to other accruals and deferrals.

Miscellaneous other non-financial assets also include a receivable from subsidies and grants in the amount of EUR 576 thousand (31 December 2023: EUR 0 thousand). This was deducted from the carrying amount of the subsidised assets under intangible assets. The subsidised funds are expected to be paid out to the Blue Cap Group in 2024.

E14 Cash and cash equivalents

Bank balances bear interest mainly at variable rates for deposits redeemable on demand and at fixed rates for time deposits. Short-term deposits are made for various periods of between one day and a maximum of three months, depending on the Group's cash requirements. These bear interest at the interest rates applicable to short-term deposits. The fair values of cash and cash equivalents correspond to the carrying amounts.

As of the reporting date of 31 December 2023, the cash and cash equivalents shown include a fixed-term deposit account of EUR 2,800 thousand deposited with a bank as collateral for a loan (previous year: EUR 3,000 thousand). The credit balance attracts interest at market rates on an ongoing basis. These means of payment can only be used to a limited extent until the loan has been repaid.

E.15 Assets held for sale

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 was completed in the second half 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 was completed in the second half of 2023.

An impairment loss of EUR 318 thousand was recognised on the property in Finning prior to disposal.

No assets were held for sale as of 31 December 2023.

E.16 Subscribed capital

As of 31 December 2023, the company's share capital amounted to EUR 4,486 thousand (previous year: EUR 4,396 thousand). This amount is divided into 4,486,283 (previous year: 4,396,290) no-par value bearer shares. The proportionate amount of the share capital attributable to each no-par value share is EUR 1.00.

The Annual General Meeting of 3 July 2020 resolved to create new authorised capital (Authorised Capital 2020/I). Accordingly, the Management Board was authorised in the period leading up to 30 June 2025 to increase the share capital of the company, with the consent of the Supervisory Board, by up to EUR 700 thousand through one or several issues of new no-par value bearer shares (ordinary shares) against cash contributions and/or contributions in kind (Authorised Capital 2020/I).

The Annual General Meeting of 25 June 2021 resolved to create a new Authorised Capital (Authorised Capital 2021/I). Accordingly, the Management Board was authorised in the period leading up to 31 May 2026 to increase the share capital of the company, with the consent of the Supervisory Board, by up to EUR 500 thousand through one or several issues of new no-par value bearer shares (ordinary shares) against cash contributions and/or contributions in kind (Authorised Capital 2021/I).

The Annual General Meeting of 29 June 2022 resolved to create a new Authorised Capital (Authorised Capital 2022/I). Accordingly, the Management Board was authorised in the period leading up to 28 June 2027 to increase the share capital of the company, with the consent of the Supervisory Board, by up to EUR 440 thousand through one or several issues of new no-par value bearer shares (ordinary shares) against cash contributions and/or contributions in kind (Authorised Capital 2022/I). In addition, a resolution was made to amend Section 4 (Authorised Capital) of the Articles of Association.

By resolution of the Annual General Meeting on 29 June 2022 the Management Board is authorised in the period leading up to 28 June 2027 to acquire own shares up to 10% of the share capital existing at the time of the resolution of the Annual General Meeting or – if this value is lower – at the time the authorisation is exercised.

By resolution of the Annual General Meeting of 29 June 2022, the Management Board is authorised in the period leading up to 28 June 2027, with the consent of the Supervisory Board, to establish a share option programme for the issue of share options with subscription rights to shares in Blue Cap AG for members of the Management Board as well as for selected executives and other top performers of the Blue Cap AG.

Also by resolution of the Annual General Meeting on 29 June 2022, the company's share capital was conditionally increased by up to EUR 439,629 by issuing up to 439,629 no-par value bearer shares (Conditional Capital 2022/I). The Contingent Capital 2022 serves to secure subscription rights from share options issued by Blue Cap AG in the period from 29 June 2022 to 28 June 2027 on the basis of the authorisation granted by the Annual General

Meeting of Blue Cap AG on 29 June 2022. The contingent capital increase will be implemented only to the extent that share options are issued and the holders of these share options exercise their subscription rights to shares in the company and the company does not optionally grant treasury shares in fulfilment of the subscription rights.

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 was paid either exclusively in cash or partly in cash and partly in the form of Blue Cap AG shares. Shareholders holding a total of 70 % of the share capital have chosen the stock dividend. Consequently, dividend entitlements totalling EUR 1,969,766.78 were exchanged for new shares in Blue Cap AG (contribution in kind of pro rata dividend entitlements for the 2022 financial year). Entering the execution of the capital increase in the commercial register increases the company's share capital to EUR 4,486 thousand.

E.17 Share-based payment

Starting on 1 January 2023, the Group has issued virtual share appreciation rights to 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 plus dividends paid during the holding period 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. Neither do they 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 (SAR) was determined on the reporting date using a Black-Scholes model based on the following parameters:

EUR thousand	31 Dec. 2023
Weighted average share price (EUR)	17.38
Weighted average exercise price (EUR)	24.91
Expected volatility (%)	10.2
Expected term (years)	3.0
Risk-free interest rate (%)	**2.5**

The expected volatility was determined by calculating the historical volatility of Blue Cap AG's share price over the last four years. The expected term used in the model was adjusted for the effects of non-transferability, exercise restrictions and behavioural considerations on the basis of management's best estimate.

The SARs allocated to employees developed as follows for the financial year:

Number of SARs (in thousands)	31 Dec. 2023
As of 1 Jan.	**0.0**
Granted during the period under review	8.5
Forfeited during the period under review	0.0
Exercised during the period under review	**0.0**
Expired during the period under review	0.0
As of 31 Dec.	**8.5**

The weighted average exercise price of the SARs recognised as of 31 December 2023 is EUR 24.9 per SAR.

In the Wages and salaries item, the Group recognised expenses for the formation of a provision for share appreciation rights for employees in the amount of EUR 1 thousand during the period under review (previous year: EUR 0 thousand).

As of 31 December, the Group reported liabilities for share-based payments from the employee remuneration programme described above in the amount of EUR 1 thousand (31 December 2022: EUR 0 thousand).

The Management Board of Blue Cap AG was also allocated virtual share appreciation rights from 1 January 2023. The fair value of these phantom shares is determined in the same way as the phantom shares of Blue Cap AG employees. For further details, please refer to chapter H.6 – subsection "Board remuneration".

E.18 Capital reserve

On the reporting date, the capital reserve amounted to EUR 17,545 (previous year: EUR 15,665 thousand). The increase of EUR 1,880 thousand results from the non-cash contribution of dividend entitlements for the 2022 financial year in exchange for new shares in Blue Cap AG.

E.19 Other equity components

The other equity components consist of the reserves for remeasurements of defined benefit plans, the currency translation reserve, and the reserve for changes in the fair value of equity instruments at fair value through other comprehensive income. The change in other equity components can be seen in the statement of changes in equity.

E.20 Retained earnings

The change in retained earnings can be seen in the statement of changes in equity.

In the 2023 financial year, a dividend amounting to EUR 0.90 (previous year: EUR 0.85) per share was paid out to the shareholders.

Part of the dividend distributed in the financial year was paid non-cash in the form of new shares in Blue Cap AG in return for a non-cash contribution of dividend entitlements (see also section E.16 "Subscribed capital").

E.21 Non-controlling interests

The development of non-controlling interests can be seen in the statement of changes in equity.

HY-LINE Management GmbH acquired shares from a departing shareholder in December 2023 and therefore held 2.6% of its own shares as of the reporting date. This changed Blue Cap AG's pro rata shareholding in HY-LINE Management GmbH, which amounts to 95.4% as of the reporting date. The share of non-controlling interests changed accordingly.

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 as part of a management participation programme. The limited partner shares of this company were acquired by the newly appointed CEO of Blue Cap 14 GmbH. Blue Cap AG's shareholding in Blue Cap 14 GmbH therefore amounts to 70.2% (31 December 2022: 73.9 %). The share of non-controlling interests changes accordingly.

In the 2021 financial year, Blue Cap AG concluded an option agreement with the minority shareholder of Blue Cap Asset Management GmbH on the acquisition of 6% of the shares in Blue Cap Asset Management GmbH by Blue Cap AG. This option was exercised in the second half of 2023 at the agreed purchase price of EUR 450 thousand. As a result, Blue Cap AG holds 100% of the shares in Blue Cap Asset Management GmbH as of the reporting date.

E.22 Provisions for pensions and similar obligations

Provisions for pension obligations are formed on the basis of pension plans for commitments to retirement, invalidity and survivors' benefits. The commitments are based on both company agreements and individual commitments. The benefits vary according to the legal, tax and economic circumstances of the country concerned and generally depend on the length of service and remuneration of the employees. The domestic pension obligations include commitments for lifelong monthly pension payments as well as payments as a lump sum. The foreign pension obligations mainly relate to the locations in Italy, Switzerland and France and are based on legal obligations. When employees leave the company, corresponding pension payments must be made on the basis of this obligation.

Pension obligations from defined benefit plans are measured in accordance with IAS 19 using the projected unit credit method, taking into account future salary and pension increases as well as other benefit and portfolio adjustments. The provision for defined benefit plans recognised in the balance sheet corresponds to the present value of the earned share of the beneficiaries' pension benefits, less the fair value of the plan assets on the balance sheet date. If there is an asset surplus at the level of an individual pension plan, the recognition of the net asset value is limited to the present value of the economic benefits associated with the plan asset surplus (so-called "asset ceiling").

The development of pension obligations and plan assets from defined benefit plans is as follows:

Defined benefit obligations (DBO)

EUR thousand	31 Dec. 2023	31 Dec. 2022
Cash value of defined benefit obligations	7,765	8,892
Adjustment due to asset ceiling	792	0
Fair value of plan assets	–3,183	–2,774
Net liability from defined benefit obligations	**5,374**	**6,118**

Plan assets at fair value

EUR thousand	31 Dec. 2023	31 Dec. 2022
As of 1 Jan.	**2,774**	**2,518**
Return on plan assets less typical interest rate	409	256
As of 31 Dec.	**3,183**	**2,774**

The plan assets used to finance the obligations consist exclusively of reinsurance policies.

Composition of the cash value of the defined benefit obligations

EUR thousand	2023	2022
As of 1 Jan.	**8,892**	**11,517**
Cost of services	193	146
Interest expense	278	111
Actuarial gains and losses	–954	–2,734
Benefits paid/repayments	429	311
Changes in scope of consolidation	–422	0
Other	–650	–458
As of 31 Dec.	**7,765**	**8,892**

Blue Cap is exposed to general actuarial risks and interest rate risk in connection with the defined benefit pension plans. The calculations of the benefit obligations were based on the following actuarial assumptions:

	Actuarial interest (in %)	Salary trends (in %)	Pension trends (in %)	Fluctuation	Mortality tables
2023	3.43–4.5	0–2.5	1.0–2.5	Mercer-specific tables	RT Heubeck 2018 G
2022	2.3–4.2	0–2.5	0.3–2.5	Mercer-specific tables/BVG 2020	RT Heubeck 2018 G/BVG 2020 GT

The assumption on the long-term rate of return on plan assets is based on the insurance company's notification and the underlying investments in fixed-income securities (including federal bonds and debentures). The selection of issuers takes into account the individual rating by international agencies and the equity capitalisation of the issuers, among other things.

The future amount of the financing interest rate and thus of the pension obligations depends in particular on the development of the discount rate. A sensitivity analysis was therefore conducted on the discount rate. This is based on the assumption that all other value-determining factors remain unchanged. A reduction of the discount rate by 25 basis points would lead to an increase in the cash value of the defined benefit obligation in the amount of EUR 337 thousand (previous year: EUR 252 thousand). In contrast, an increase in the discount rate by 25 basis points would reduce the present value by EUR 309 thousand (previous year: EUR 292 thousand). For the Blue Cap Group, therefore, there is an overall subordinate risk from the pension commitments and the reinsurance assets.

The expected pension payments within the next twelve months amount to EUR 403 thousand (previous year: EUR 477 thousand). The average term of the pension obligations is 11.8 years (previous year: 12.1 years).

The expected contributions to plan assets within the next twelve months amount to EUR 242 thousand (previous year: EUR 271 thousand).

E.23 Other provisions

Other provisions developed as follows:

EUR thousand	Other personnel-related provisions	Impending losses	Miscellaneous other provisions	Total
As of 1 Jan. 2023	**128**	**542**	**6,471**	**7,141**
of which short-term	0	542	4,118	4,659
of which long-term	128	0	2,353	2,481
Changes to the scope of consolidation	–40	0	–1,214	–1,254
Contributions	93	122	1,345	1,560
Utilisation	–50	–6	–2,423	–2,479
Liquidation	–10	–15	–1,881	–1,906
As of 31 Dec. 2023	**121**	**642**	**2,298**	**3,061**
of which short-term	0	642	1,177	1,819
of which long-term	121	0	1,121	1,242

E.24 Income tax liabilities

Income tax liabilities mainly relate to domestic liabilities from corporate income tax and trade tax.

E.25 Trade payables

As in previous years, trade payables for the financial year are due solely to third parties and are secured to the extent customary in the industry through retention of title by suppliers.

As of the reporting date and in previous periods, there were no trade payables with a remaining term of more than twelve months.

E.26 Other financial liabilities

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

	31 Dec. 2023			31 Dec. 2022		
EUR thousand	Current	Non-current	Total	Current	Non-current	Total
Liabilities to banks	21,738	53,345	75,083	33,751	52,785	86,536
of which from loan agreements	12,216	53,345	65,561	23,841	52,785	76,626
of which from current account agreements	9,522	0	9,522	9,910	0	9,910
Lease liabilities	7,752	14,770	22,522	6,455	15,577	22,031
Other loan liabilities	92	0	92	0	0	0
Remaining other financial liabilities without borrowings	1,846	5,142	6,988	3,604	4,838	8,443
Other financial liabilities	**31,429**	**73,257**	**104,686**	**43,810**	**73,200**	**117,010**

Non-current liabilities to banks consist of annuity, redemption and bullet loans with an interest rate range of 1.2% to 6.8% (previous year: 1.1% to 3.7%). The average interest rate weighted across the credit volume is 3.5% (previous year: 2.2%). The residual term of the main loans, weighted by the credit volume, is five years.

Covenants have been agreed for some of the liabilities to banks. If such covenants are not fulfilled as of the balance sheet date, the corresponding liabilities will be reported as current until a corresponding agreement has been reached with the bank concerned.

As of the previous year's balance sheet date, the agreed covenants were not met for secured liabilities to banks in the amount of EUR 12,100 thousand, and these are therefore reported as current. There was no default in the contractual debt service. As of 31 December 2023, this liability is again reported as non-current. The covenant is fulfilled.

For the 2024 financial year, contractual redemption payments from loan agreements in the amount of EUR 12,216 thousand are to be made. In addition to guarantees by Blue Cap AG, the following collateral was provided:

EUR thousand	31 Dec. 2023	31 Dec. 2022
Real estate liens	22,646	14,451
Other liens	2,800	3,000
Transfer by way of security	3,604	8,431
Global assignment	14,067	14,832

According to the information available, the Group will be able to fulfil its obligations in all cases.

As of the reporting date, the Group had undrawn credit lines in the amount of EUR 15,290 thousand (previous year: EUR 14,227 thousand), all necessary conditions for the utilisation thereof being fulfilled.

LEASE LIABILITIES

The expense for short-term leases and low-value leases, which are not to be recognised as a lease liability, is composed as follows.

EUR thousand	2023	2022
Short-term leases	34	23
Low-value leases	159	205
Global assignment	**194**	**228**

The total obligation ensuing from these leases amounts to EUR 224 thousand (previous year: EUR 236 thousand).

The total cash outflow from leases in the financial year and previous years consists of payments for repayments, interest, payments for short-term leases and payments for leases with a low underlying value. These break down as follows:

EUR thousand	2023	2022
Total cash outflow from leases	**7,746**	**7,057**
of which redemption payments	7,158	6,585
of which interest payments	389	244
of which payments for short-term leases	37	23
of which payments for leases of low-value assets	162	205

The table below shows the maturity analysis of the future lease payments (undiscounted) underlying the lease liabilities:

	Minimum leasing payments			
EUR thousand	≤1 year	>1–5 years	>5 years	Total
Future lease payments as of 31 Dec. 2023	6,970	14,709	1,334	23,013

The lease liabilities are generally secured by the leased assets underlying the leases.

E.27 Other current non-financial liabilities

EUR thousand	31 Dec. 2023	31 Dec. 2022
VAT liabilities	1,968	2,402
Other tax liabilities	546	997
Social security liabilities	746	1,003
Personnel-related liabilities	3,586	5,738
Miscellaneous other liabilities	1,081	1,305
Other non-financial liabilities	**7,927**	**11,445**

All current non-financial liabilities have a remaining term of up to one year.

The personnel-related liabilities consist of obligations for wages and salaries, employee bonuses and holiday entitlements.

F. SEGMENT REPORTING

The information provided to the Management Board of the Blue Cap Group, as "Chief Operating Decision Maker" for the purposes of resource allocation and the assessment of segment performance, focuses on the industrial sectors of the individual equity investments. The presentation of segment reporting is consistent with the management approach, and is based on the internal organisational and reporting structures.

The individual segments represent different business areas with different products and services and are managed separately. The legal entities can all be clearly assigned to a segment.

The companies belonging to the con-pearl Group 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. Blue Cap AG and other holding and shelf companies are allocated to the Others segment. In addition, the company noKra Optische Prüftechnik und Automation GmbH was allocated to the Others segment. Further information on the segments and the affiliated companies can be found in the combined group management report.

Revenues with external third parties in the Others segment mainly result from the sales revenues of noKra Optische Prüftechnik und Automation GmbH and, to a lesser extent, from the rental and leasing of non-operating properties.

Revenues between segments are offset at standard market prices. The accounting policies of the reportable segments correspond to the principles and methods presented in the section "Accounting policies".

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

2023

EUR thousand	Plastics	Adhesives & Coatings	Business Services	Others	Total segments	Consolidation	Consolidated
Revenues with external third parties	**95,523**	**83,790**	**90,346**	**3,664**	**273,322**	**0**	**273,322**
Revenues with Group companies	**0**	**0**	**14**	**4,320**	**4,333**	**–4,333**	**0**
Total revenue	**95,523**	**83,790**	**90,359**	**7,984**	**277,656**	**–4,333**	**273,322**
Total output	**95,595**	**83,410**	**92,230**	**8,963**	**280,199**	**–4,010**	**276,190**
EBITDA	**12,155**	**3,881**	**5,421**	**–7,142**	**14,315**	**861**	**15,176**
Depreciation, amortisation and impairment	**–10,418**	**–4,516**	**–10,585**	**–2,902**	**–28,422**	**2,201**	**–26,220**
of which impairment losses/reversals	0	–916	–5,031	–535	–6,482	217	–6,265
Result from valuation based on the equity method	0	0	0	0	0	–2,465	–2,465
EBIT	1,736	–635	–5,164	–10,044	–14,107	597	–13,510
Adjusted total output	94,189	82,858	91,535	8,096	276,678	–4,485	272,193
Adjusted EBITDA	11,581	5,313	6,553	361	23,807	–623	23,184
Adjusted EBITDA margin	12.3 %	6.4 %	7.2 %	4.5 %	8.6 %	13.9 %	8.5 %
Net debt ratio (in years)*	**1.9**	**3.1**	**2.9**	**4.8**	**2.5**	**0.0**	**2.5**
Investments/divestments**	**8,146**	**–1,469**	**–1,289**	**2,604**	**7,992**	**0**	**7,992**
of which company acquisitions/disposals	11,775	28	–562	0	11,242	0	11,242
31 Dec. 2023							
Working capital (net)***	17,558	21,047	6,854	1,810	47,269	–6	47,263
Segment assets	81,172	56,087	74,883	117,057	329,198	–85,294	243,904
Segment liabilities	57,427	31,690	65,448	54,154	208,719	–52,068	156,650

* 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 as well as contract liabilities.

2022

EUR thousand	Plastics	Adhesives & Coatings	Business Services	Others	**Total segments**	Consolidation	**Consolidated**
Revenues with external third parties	**107,483**	**95,963**	**84,063**	**3,759**	**291,268**	**0**	**291,268**
Revenues with Group companies	**0**	**0**	**2**	**4,920**	**4,922**	**–4,922**	**0**
Total revenue	**107,483**	**95,963**	**84,065**	**8,679**	**296,190**	**–4,922**	**291,268**
Total output	**111,282**	**97,267**	**87,035**	**45,150**	**340,734**	**–26,274**	**314,461**
EBITDA	**17,067**	**5,255**	**4,085**	**35,876**	**62,283**	**–22,318**	**39,965**
Depreciation, amortisation and impairment	**–10,850**	**–3,623**	**–9,424**	**–5,763**	**–29,659**	**5,414**	**–24,245**
of which impairment losses/reversals	0	0	–4,302	0	–4,302	0	–4,302
Result from valuation based on the equity method	0	0	0	0	0	976	976
EBIT	6,217	1,632	–5,338	30,113	32,624	–15,928	16,696
Adjusted total output	110,541	96,176	86,225	8,778	301,720	–5,164	296,556
Adjusted EBITDA	16,904	4,795	6,473	188	28,359	–900	27,459
Adjusted EBITDA margin	15.3 %	5.0 %	7.5 %	2.1 %	9.4 %	17.4 %	9.3 %
Net debt ratio (in years)*	**1.4**	**3.9**	**3.5**	**41.2**	**2.6**	**0.0**	**2.7**
Investments/divestments**	**–2,246**	**–1,922**	**–22,681**	**19,795**	**–7,054**	**0**	**–7,054**
of which company acquisitions/disposals	0	0	–21,171	645	–20,526	0	–20,526

EUR thousand	Plastics	Adhesives & Coatings	Business Services	Others	**Total segments**	Consolidation	**Group********
31 Dec. 2022							
Working capital (net)***	16,553	24,025	13,319	1,049	54,945	0	62,056
Segment assets	85,093	61,398	92,443	137,330	376,264	–107,695	298,701
Segment liabilities	59,706	36,512	74,871	62,664	233,752	–65,199	189,340

* The reported net debt ratio (in years) represents the segment's debt (including lease liabilities) less cash in relation to adjusted EBITDA over the last twelve months.
** The investments/divestments shown relate to proceeds from (+) / payments for (–) property, plant and equipment, intangible assets, investment property and acquisitions of companies and participating interests.
*** The reported working capital (net) corresponds to the segments' inventories plus trade receivables and contract assets, less trade payables as well as contract liabilities.
**** The figure for the Group as a whole includes the operation that was discontinued as of 31 December 2022.

The balance sheet figures as of the reference date include working capital (net) of EUR 7,110 thousand, segment assets of EUR 30,132 thousand and segment liabilities of EUR 20,787 thousand for the discontinued Knauer-Uniplast operation.

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

Reconciliation to earnings before tax

	Consolidated	
EUR thousand	2023	2022
EBIT of the reportable segments	**–4,063**	**2,510**
Others	–10,044	30,113
Consolidation	597	–15,928
Impairment losses according to IFRS 9	–438	–483
Financing income	1,323	1,439
Financing expenses	–5,527	–2,887
Earnings before taxes (EBT)	**–18,152**	**14,765**

G. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

The cash flow statement shows how cash and cash equivalents in the Group have changed during the course of the year under review and comparative periods as a result of cash inflows and outflows. In accordance with IAS 7, a distinction is drawn between cash flows from operating activities, investing activities and financing activities. The cash flow statement was prepared using the indirect method.

The sum of the cash inflows and outflows across all three cash flows as well as the currency changes represent the change in cash and cash equivalents for the Group as a whole.

CASH FUNDS

The cash and cash equivalents shown in the cash flow statement comprise all cash and cash equivalents recognised in the balance sheet (cash on hand, bank balances, time deposits and available-for-sale financial instruments with a maximum term of three months) less overdraft facilities utilised.

The cash funds developed as follows:

Composition of cash funds

EUR thousand	31 Dec. 2023	31 Dec. 2022
Cash and cash equivalents	38,614	35,139
Pledged cash and cash equivalents	–2,800	–3,000
Liabilities to banks under current account agreements	–9,522	–9,910
Cash funds per share from continuing and discontinued operations	**26,292**	**22,229**
Balance of cash and cash equivalents (–) and liabilities from current account agreements (+) of discontinued operations	1,607	1,758
Cash funds of continuing operations	**27,899**	**23,987**

The pledged cash and cash equivalents in the amount of EUR 2,800 thousand (previous year: EUR 3,000 thousand) were deposited with a bank as collateral for a loan.

CASH INFLOW/OUTFLOW FROM OPERATING ACTIVITIES

The increase in cash flow from operating activities in the reporting period is characterised by the reduction of working capital. Especially the successful reduction in inventories (EUR 10,349 thousand, previous year: increase in inventories of EUR 6,886 thousand) as well as the reduction of trade receivables (EUR 2,286 thousand, previous year: increase in trade receivables EUR 445 thousand) contributed to an increase in the operative cash flow. This was counteracted by the decrease in trade payables in the amount of EUR 4,335 (previous year: increase in trade payables of EUR 1,173 thousand).

CASH INFLOW/OUTFLOW FROM INVESTING ACTIVITIES

The main payments from investment activities in 2023 consist of investments in tools, machines and other operating resources in the amount of EUR 4,966 thousand (previous year: EUR 4,729 thousand) and intangible assets totalling EUR 1,147 thousand (previous year: EUR 1,714 thousand).

The cash flows from investing activities in 2023 result mainly from the sale of a subsidiary (sale of shares and receivables) in the amount of EUR 11,804 thousand (previous year: EUR 697 thousand) and in the amount of EUR 2,607 thousand (previous year: EUR 20,006 thousand) from the disposal of properties held for sale.

The proceeds from disposals in connection with disposals from the scope of consolidation break down as follows:

EUR thousand	2023	2022
Cash inflow from buyer	2,723	793
Cash inflow (+)/outflow (-) due to disposal/ deconsolidation of cash and cash equivalents or current account liabilities	1,611	-96
Disposal of receivables in connection with the sale of shares	1,301	0
Repayment of intragroup loans as part of the sale of shares	6,169	0
Net cash inflow from the disposal	**11,804**	**697**

INFLOW/OUTFLOW FROM INVESTING ACTIVITIES

The cash outflows from financing activities in 2023 result mainly from the scheduled repayment of long-term loans of EUR 13,198 thousand previous year: EUR 22,678 thousand) and the payment of a dividend to the shareholders amounting to EUR 1,987 thousand (previous year: EUR 3,737 thousand).

The cash inflows from financing activities are several recently drawn-down loans in the total amount of EUR 3,030 thousand (previous year: EUR 22,269 thousand).

DEVELOPMENT IN CASH FUNDS

In the reporting year, there was an overall change in cash and cash equivalents for the Blue Cap Group – without taking into account changes in value due to exchange rates – amounting to EUR 4,054 (previous year: EUR –5,099 thousand).

H. OTHER DISCLOSURES

H.1 Financial instruments

The table below shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include any fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value.

BALANCE SHEET VALUE PURSUANT TO IFRS 9

EUR thousand Financial assets by category		Carrying amount 31 Dec. 2023	Amortised cost	Fair value through OCI	Fair value through profit or loss	Fair value 31 Dec. 2023	Hierarchy
Non-current assets							
Participating interests	FVOCI	93		93		93	Level 1
Miscellaneous other financial assets		5,013					
of which free-standing derivatives	FVPL	708			708	708	Level 2
of which miscellaneous other financial assets	AC	4,305	4,305			4,305	
Current assets							
Trade receivables		26,954					
of which recognised at amortised cost	AC	26,954	26,954			26,954	
Other financial assets		2,023					
of which free-standing derivatives	FVPL	271			271	271	Level 2
of which miscellaneous other financial assets	AC	1,752	1,752			1,752	
Cash and cash equivalents	AC	38,614	38,614			38,614	

EUR thousand Financial assets by category		Carrying amount 31 Dec. 2023	Amortised cost	Fair value through OCI	Fair value through profit or loss	Fair value 31 Dec. 2023	Hierarchy
Non-current liabilities							
Non-current financial liabilities		73,257					
of which liabilities to banks	FLAC	53,345	53,345			44,745	Level 2
of which free-standing derivatives	FLFVPL	34			34	34	Level 2
of which lease liabilities	n/a	14,770					
of which miscellaneous other financial liabilities	FLAC	5,108	5,108			5,108	
Current liabilities							
Trade payables	FLAC	15,748	15,748			15,748	
Other financial liabilities		31,429					
of which liabilities to banks	FLAC	21,738	21,738			21,738	Level 2
of which free-standing derivatives	FLFVPL	0			0	0	Level 2
of which lease liabilities	n/a	7,752					
of which miscellaneous other financial liabilities	FLAC	1,939	1,939			1,939	

Summary per category

Financial assets at fair value through profit or loss	FVPL	978
Financial assets at fair value through other comprehensive income	FVOCI	93
Financial assets measured at amortised cost	AC	71,626
Financial liabilities at fair value through profit or loss	FLFVPL	34
Financial liabilities measured at amortised cost	FLAC	97,878

BALANCE SHEET VALUE PURSUANT TO IFRS 9

EUR thousand Financial assets by category	Category acc. to IFRS 9	Carrying amount 31 Dec. 2022	Amortised cost	Fair value through OCI	Fair value through profit or loss	Fair value 31 Dec. 2022	Hierarchy
Non-current assets							
Participating interests	FVOCI	181		181		181	Level 1
Miscellaneous other financial assets		2,036					
of which free-standing derivatives	FVPL	1,322			1,322	1,322	Level 2
of which miscellaneous other financial assets	AC	714	714			714	
Current assets							
Trade receivables		29,201					
of which recognised at amortised cost	AC	29,201	29,201			29,201	
Other financial assets		1,560					
of which free-standing derivatives	FVPL	12			12	12	Level 2
of which miscellaneous other financial assets	AC	1,547	1,547			1,547	
Cash and cash equivalents	AC	35,139	35,139			35,139	
Financial liabilities by category							
Non-current liabilities							
Non-current financial liabilities		73,200					
of which liabilities to banks	FLAC	52,785	52,785			48,238	Level 2
of which free-standing derivatives	FLFVPL	0			0	0	Level 2
of which lease liabilities	n/a	15,577					
of which miscellaneous other financial liabilities	FLAC	4,838	4,838			4,838	
Current liabilities							
Trade payables	FLAC	21,493	21,493			21,493	
Other financial liabilities		43,810					
of which liabilities to banks	FLAC	33,751	33,751			33,751	Level 2
of which free-standing derivatives	FLFVPL	0			0	0	Level 2
of which lease liabilities	n/a	6,455					
of which miscellaneous other financial liabilities	FLAC	3,604	3,604			3,604	

Summary per category

Financial assets at fair value through profit or loss	FVPL	1,334
Financial assets at fair value through other comprehensive income	FVOCI	181
Financial assets measured at amortised cost	AC	66,602
Financial liabilities at fair value through profit or loss	FLFVPL	0
Financial liabilities measured at amortised cost	FLAC	116,471

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

EUR thousand		2023	2022
Financial assets at fair value through profit or loss	FVPL	–619	–5
Financial assets at fair value through other comprehensive income	FVOCI	0	0
Financial assets measured at amortised cost	AC	1,780	1,690
Financial liabilities at fair value through profit or loss	FLFVPL	231	1,338
Financial liabilities measured at amortised cost	FLAC	–7,174	–4,577
Total		**–5,782**	**–1,554**

There are no significant default risks on the reporting date.

H.2 Financial risk management

The management of the Blue Cap Group monitors and controls the financial risks associated with the Group's segments through internal risk reporting, which analyses risks by degree and extent of risk. These risks include market risk (including foreign exchange risk, interest rate-induced fair value risk and price risk), default risk, liquidity risk and interest rate-induced cash flow risks.

EXCHANGE RATE RISKS

The Blue Cap Group's business activities are predominantly conducted in the euro zone. The Group's remaining exchange rate risk is sales-driven and is mainly between the US dollar and the euro. The transaction risk is significant, as sales revenues are generated in foreign currencies and the associated costs are incurred in euros. The risk positions are continuously monitored by the Blue Cap Group and hedged if necessary. Currently and in the period under review, the exchange rate risk between the US dollar and the euro was hedged with a volume in the mid double-digit million range.

INTEREST RATE RISKS

The Blue Cap Group is exposed to both an interest rate risk from variable-rate loans and an interest rate risk for fixed-rate loans at the time of refinancing. Since the majority of the loans are fixed-interest loans, there is only an insignificant interest rate risk for the current financing of the Blue Cap Group. With regard to the refinancing of loan expiries and in connection with the variable-interest loans, the interest rate level of the market is continuously monitored by the management in order to be able to take any necessary measures. In some cases, derivatives are used to hedge the interest rate risk from variable-rate loans.

OTHER PRICE RISKS

Neither in the reporting year nor in previous years were there any financial instruments in the portfolio from which significant price risks could arise.

CREDIT RISK AND DEFAULT RISK

Credit risks exist in particular with regard to trade receivables and other receivables, including cash investments and contract assets. They are limited by restricting them to individual creditworthy counterparties and monitoring them on an ongoing basis. As a rule, credit insurance (export insurance, advance payment, guarantees, etc.) is taken out due to the different credit ratings of customers.

Based on the information currently available, there are no particular credit risks with customers. There have been no major bad debt losses in the past. Particular importance is attached to the assessment of risks from the project business, for example in the pre-financing of orders. The Group's default risks are limited to a normal business risk, which is taken into account through value adjustments if necessary. There is no apparent concentration of credit risk.

Free liquidity is generally invested in overnight and fixed-term deposit accounts at domestic and European commercial banks. The maximum default risk of the assets on the balance sheet corresponds to their book value.

LIQUIDITY RISK

The management of the Blue Cap Group monitors the liquidity of the operating companies within the framework of cash flow forecasts and active liquidity planning for each portfolio company. The main income and expense flows from operating activities, but also from notable individual projects as well as from investment and financing activities, are recognised in this plan.

A sufficient reserve of bank balances is maintained as part of liquidity management. Furthermore, the Group has committed, unused credit lines with various financial institutions.

The risk from contractually agreed payment flows for financial liabilities is presented below:

EUR thousand

31 Dec. 2023	Contractually agreed cash flows	Up to one year	Between 1 and 5 years	More than 5 years
Liabilities to banks	75,083	21,738	39,159	14,186
Trade payables	15,748	15,748	0	0
Other financial liabilities	7,080	1,939	5,142	0

The cash flows from other financial liabilities due in more than one year are primarily payments for deposits received for rented properties and payments to redeem a loan from a non-controlling shareholder.

CAPITAL MANAGEMENT

EUR thousand	31 Dec. 2023	31 Dec. 2022
Balance sheet total	243,904	298,701
Equity (excl. shares of noncontrolling shareholders)	83,776	103,679
Equity ratio in %	**34.3**	**34.7**

H.3 Contingent liabilities and other financial commitments

CONTINGENT LIABILITIES

There are no material contingent liabilities as of the reporting date.

OTHER FINANCIAL COMMITMENTS

As of the reporting date, the Group has commitments from outstanding orders amounting to EUR 3,629 thousand (previous year: EUR 4,582 thousand), of which short-term EUR 3,399 thousand (previous year: EUR 4,357 thousand).

H.4 Information on relationships with related persons and companies

Related parties within the meaning of IAS 24 are the members of the Management Board and the Supervisory Board, their close family members and companies controlled by them, as well as affiliated companies. Partner Fonds AG i. L., Planegg, PartnerFonds >>Kapital für den Mittelstand<< Anlage GmbH & Co. KG, Planegg, and CoFonds GmbH, Planegg, each submitted a notification on 14 June 2018 pursuant to Section 20 (5) of the German Stock Corporation Act (AktG) stating that, together, they directly or indirectly hold more than a quarter of the shares in Blue Cap AG and that they therefore also qualify as related parties.

As of the balance sheet date, there are outstanding liabilities to supervisory board members in the amount of EUR 116 (previous year: EUR 128 thousand).

A D&O insurance policy is in place for Blue Cap AG and its executive bodies. There is no deductible for members of the supervisory board. For members of the Management Board, there is a deductible of at least 10% of the loss up to at least one and a half times the fixed annual remuneration of the Management Board member in accordance with Section 93 (2) AktG.

The following relationships existed with other related persons and companies in the financial year and the comparative period:

There were only insignificant business relationships with nonconsolidated subsidiaries, which also qualify as related parties, as well as with PartnerFonds AG and its affiliated companies in the reporting year and the comparative period.

H.5 Employees

The average number of employees developed as follows:

EUR thousand	2023	2022
Commercial workers	611	716
Employees	630	696
Total	**1,241**	**1,412**

Moreover, the company employed 38 (previous year: 40) trainees in the reporting year.

H.6 Executive bodies of the parent company and remuneration of executive bodies

MANAGEMENT BOARD

In the financial year, the Management Board comprised:

- Dr. Henning von Kottwitz (Chief Executive Officer since 1 October 2023; previously member of the Supervisory Board of Blue Cap AG), Hamburg
- Henning Eschweiler (Chief Operating Officer), Munich
- Tobias Hoffmann-Becking (Chief Executive Officer), Munich (until 30 September 2023)
- Matthias Kosch (Chief Financial Officer), Munich (until 31 October 2023)

Henning Eschweiler is responsible for the area of sustainability (ESG).

The members of the Management Board are each appointed for a term of three years. The age limit for members of the Management Board is 65 years.

The members of the Management Board represent the company jointly.

SUPERVISORY BOARD

According to the Articles of Association, the Supervisory Board consists of five members and was composed as follows in the reporting year:

- Kirsten Lange (Supervisory Board member and Adjunct Professor INSEAD), Ulm (Chair and member of the Supervisory Board)
- Dr. Michael Schieble (savings bank board member), Biberach an der Riß (Deputy Chair of the Supervisory Board)
- Freya Oehle (digital entrepreneur), Hamburg
- Michel Galeazzi (economist), Zurich/Switzerland
- Dr. Henning von Kottwitz (attorney), Hamburg (until 30 September 2023)

As a rule, membership of the Supervisory Board shall not exceed 15 years. The age limit for Supervisory Board members is 75 years.

The Supervisory Board is organised in the following committees:

COMMITTEES OF THE SUPERVISORY BOARD

Audit Committee	Dr. Michael Schieble (Chair) Kirsten Lange Dr. Henning von Kottwitz (until 30 September 2023)
M&A Committee	Michel Galeazzi (Chair) Kirsten Lange Freya Oehle
Nomination Committee	Dr. Henning von Kottwitz (Chair) (until 30 September 2023) Dr. Michael Schieble (Chair since 1 October 2023) Michel Galeazzi

REMUNERATION OF THE EXECUTIVE BODIES

The remuneration of the Management Board is composed of non-performance-related and performance-related components with short-term and long-term incentive effects. Non-performance-related components are the fixed basic remuneration, which is paid as a monthly salary, and benefits in kind, the value of which is determined according to tax guidelines for the use of company cars. The performance-related remuneration is divided into short-term qualitative and quantitative targets covering one financial year and long-term targets covering two to four financial years. The long-term targets are assessed through absolute share performance, relative share performance compared to the S-DAX and the development of the Group's net asset value. The absolute and relative share performance is determined in each case on the basis of the average of the prices of the last 30 stock exchange trading days before the balance sheet date.

The remuneration of the Management Board for the 2023 financial year is divided among the individual members of the Management Board as follows:

Remuneration of the Management Board earned in the current financial year

EUR thousand	Total	of which Total short-term	of which Fixed remuneration	of which Fringe benefits	of which Short-term performance-related	of which Long-term performance-related
Ulrich Blessing	58	0	0	0	0	58
Henning Eschweiler	316	315	250	15	50	1
Tobias Hoffmann-Becking	548	487	370	14	103	61
Matthias Kosch	303	293	213	14	67	10
Dr. Henning von Kottwitz	175	175	87	1	87	0

Remuneration of the Management Board paid in the current financial year

EUR thousand	Total	of which Total short-term	of which Fixed remuneration	of which Fringe benefits	of which Short-term performance-related	of which Long-term performance-related
Ulrich Blessing	365	150	0	0	150	215
Henning Eschweiler	265	265	250	15	0	0
Tobias Hoffmann-Becking	737	534	370	14	150	203
Matthias Kosch	344	307	213	14	80	38
Dr. Henning von Kottwitz	175	175	87	1	87	0

Starting on 1 January 2023, the Group issued virtual share appreciation rights to the Management Board 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 plus dividends paid during the holding period at the agreed exercise date and the previously agreed base price of the shares.

	Share appreciation rights / phantom stocks allocated for 2023	Underlying share price on the allocation date
	in thousands	in EUR
Henning von Kottwitz	0.0	n/a
Tobias Hoffmann-Becking	31.0	24.91
Henning Eschweiler	7.7	24.91
Matthias Kosch	0.0	n/a

During the period under review, the Group reported in wages and salaries expenses for the recognition of liabilities for share appreciation rights for members of the Management Board in the amount of EUR 2 thousand (previous year: EUR 0 thousand).

As of 31 December, the Group reports liabilities for share-based payments for Management Board members in the amount of EUR 2 thousand (31 December 2022: EUR 0 thousand).

The principles for determining the fair value of these share appreciation rights are explained further in section E.17 "Share-based remuneration".

The remuneration of the Supervisory Board in the financial year breaks down among the individual members as follows:

Remuneration of the Supervisory Board granted in the financial year

EUR thousand	
Kirsten Lange	35
Michel Galeazzi	17
Dr. Henning von Kottwitz (resigned from the Supervisory Board during the financial year)	18
Freya Oehle	18
Dr. Michael Schieble	29

The remuneration of the Supervisory Board consists of a fixed remuneration and attendance fees and is a short-term benefit.

H.7 Proposal for the appropriation of the balance sheet profit of the parent company

The Management Board proposes to distribute an amount of EUR 2,916 thousand to the shareholders from the net profit of Blue Cap AG as of 31 December 2023 in the amount of EUR 33,568 thousand as determined in the annual financial statements in accordance with the HGB. This corresponds to a dividend of EUR 0.65 per dividend-bearing share, based on the number of no-par value shares as of 31 December 2023. The remaining net profit is to be carried forward. The proposed dividend is subject to shareholder approval at the Annual General Meeting and has not been recognised as a liability in these consolidated financial statements.

H.8 Events after the reporting date

No events of particular significance with an impact on the assets, financial or income position of the Group have occurred since the end of the 2023 financial year.

H.9 Approval of the consolidated financial statements according to IAS 10.17

At the time the financial statements were approved, the Management Board had the justified expectation that the Group had sufficient resources to continue operating in the foreseeable future. The consolidated financial statements were therefore prepared based on the going concern assumption.

These consolidated financial statements of Blue Cap AG for the financial year from 1 January to 31 December 2023 were released by the Management Board to the Supervisory Board for review and approval on 18 April 2024.

Munich, 18 April 2024

Blue Cap AG
The Management Board

Dr. Henning von Kottwitz   Henning Eschweiler

FURTHER INFORMATION

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ADJUSTED CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2023 (CONTINUING OPERATIONS)

	2023		2022		Variance	
	EUR thousand	%	EUR thousand	%	EUR thousand	%
Revenue	273,322	100.4	291,078	98.2	–17,755	–6.1
Change in inventories	–3,669	–1.3	2,236	0.8	–5,904	<–100
Other capitalised own work	391	0.1	472	0.2	–81	100
Other operating income	2,148	0.8	2,771	0.9	–623	–22.5
Adjusted total output	**272,193**	**100.0**	**296,556**	**100.0**	**–24,364**	**–8.2**
Cost of materials	–142,765	–52.4	–160,082	–54.0	17,317	–10.8
Personnel expenses	–68,279	–25.1	–67,941	–22.9	–338	0.5
Other operating expenses	–37,965	–13.9	–41,074	–13.9	3,109	–7.6
Adjusted EBITDA	**23,184**	**8.5**	**27,459**	**9.3**	**–4,275**	**–15.6**
Depreciation and amortisation	–14,326	–5.3	–13,305	–4.5	–1,021	7.7
Share of profit/loss in associates	–2,465	–0.9	976	0.3	–3,441	<–100
Adjusted EBIT	**6,393**	**2.3**	**15,130**	**5.1**	**–8,737**	**–57.7**
Financing income	981	0.4	91	0.0	890	>100
Financing expenses	–5,296	–1.9	–1,549	–0.5	–3,746	>100
Financial result	**–4,314**	**–1.6**	**–1,458**	**–0.5**	**–2,856**	**>100**
Income from adjustments	4,831	1.8	18,144	6.1	–13,313	–73.4
Expenses from adjustments	–24,801	–9.1	–17,158	–5.8	–7,643	44.5
Adjustments	**–19,969**	**–7.3**	**987**	**0.3**	**–20,956**	**>–100**
Earnings before taxes	**–17,891**	**–6.6**	**14,658**	**4.9**	**–32,549**	**>–100**
Income tax	–2,625	–1.0	–4,499	–1.5	1,874	–41.7
Minority interests	2,460	0.9	1,767	0.6	693	39.3
Consolidated net income (shareholders)	**–18,056**	**–6.6**	**11,926**	**4.0**	**–29,982**	**>–100**

Reconciliation of reported EBITDA to the Group's adjusted EBITDA

EUR thousand	2023	2022
EBITDA (IFRS)	**15,176**	**39,965**
Adjustments:		
Income from asset disposals	–844	–14,989
Income from the reversal of provisions	–1,869	–1,050
Other non-operating income	–1,284	–1,865
Losses on disposal of fixed assets	6,663	361
Expenses from restructuring and reorganisation	351	259
Personnel costs in connection with personnel measures	1,704	216
Legal and consultancy costs related to with acquisitions and personnel measures	2,163	1,675
Other non-operating expenses	1,124	2,539
Utilisation of disclosed hidden reserves	0	348
Adjusted EBITDA	**23,184**	**27,459**
Adjusted EBITDA margin in % of adjusted total output	**8.5 %**	**9.3 %**

INDEPENDENT

AUDITOR'S REPORT

TO BLUE CAP AG, MUNICH

Audit opinions

We have audited the consolidated financial statements of Blue Cap AG, Munich, and of its subsidiaries (the Group), comprising the consolidated balance sheet as of 31 December 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year from 1 January to 31 December 2023, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Blue Cap AG, Munich, which is combined with the management report of the parent company, for the financial year from 1 January to 31 December 2023. In accordance with German statutory regulations, we have not audited the information contained in the subsections "Commitment to the principles of corporate governance and compliance", "Sustainability" and "Assessment of the internal control system and the risk management system" of the combined management report and marked as unaudited.

In our opinion, based on the findings of our audit,

- the attached consolidated financial statements comply in all material respects with IFRS as adopted by the EU and the additional requirements of German law pursuant to Section 315e (1) HGB and, in accordance with these requirements, depict a true and fair view of the Group's financial position as of 31 December 2023 and of its financial performance for the financial year from 1 January to 31 December 2023 and
- the attached combined management report as a whole depicts a true and fair view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and suitably presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the aforementioned disclosures in the combined management report that are marked as unaudited.

In accordance with Section 322 (3) sentence 1 HGB we declare that our audit has not led to any reservations concerning the correctness of the consolidated financial statements and the combined management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and the combined management report according to Section 317 HGB in compliance with the German principles governing the proper conduct of audits of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). Our responsibility under those provisions and standards is further described in the section of our auditor's report entitled "Auditor's responsibility for the audit of the consolidated financial statements and the combined management report". We are independent of the Group companies in accordance with German commercial law and professional regulations and have fulfilled our other German professional obligations in accordance with such requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and the combined management report.

Miscellaneous information

The Management Board or the Supervisory Board are responsible for the miscellaneous information. Miscellaneous information includes:

- the Supervisory Board report, which is not expected to be made available to us until after the date of this audit opinion,
- the information contained in the subsections "Commitment to the principles of corporate governance and compliance", "Sustainability" and "Assessment of the internal control system and the risk management system" of the combined management report and marked as unaudited, and
- all other parts of the annual report, which is expected to be made available to us after the date of this audit opinion,
- but not the consolidated financial statements, the audited content of the combined management report and our related audit opinion.

The Supervisory Board is responsible for the Supervisory Board Report. Moreover, the Management Board is responsible for the miscellaneous information.

Our opinions on the consolidated financial statements and the combined management report do not cover miscellaneous information and, accordingly, we do not express an opinion or any other form of audit conclusion on it.

Our responsibility in connection with the audit is to read the miscellaneous information referred to above and, in doing so, consider whether it

- is materially inconsistent with the consolidated financial statements, the content of the audited disclosures in the combined management report or our knowledge obtained in the audit; or
- otherwise appears to be materially misrepresented.

Responsibility of the Management Board and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The Management Board is responsible for the preparation of the consolidated financial statements, which comply in all material respects with IFRS as adopted by the EU and the additional requirements of German law pursuant to section 315e (1) HGB, and for ensuring that the consolidated financial statements present a true and fair view of the Group's asset, financial and income situation pursuant to these requirements. The Management Board is also responsible for the internal controls it has deemed necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraudulent acts (i.e. manipulation of the accounting system or misstatement of assets) or errors.

In preparing the consolidated financial statements, the Management Board is responsible for assessing the Group's ability to continue as a going concern. It also has a duty to disclose matters related to the continuation of the company's activities, where relevant. In addition, the Management Board is responsible for ensuring that the continuation of the company's activities are reported based on accounting principles, unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative to doing so.

The Management Board is also responsible for the preparation of the combined management report, which as a whole provides an accurate picture of the Group's position, is consistent in all material respects with the consolidated financial statements, complies with German legal requirements, and accurately depicts the opportunities and risks of future development. Furthermore, the Management Board is responsible for the arrangements and measures (systems) it has deemed necessary to ensure the preparation of a combined management report in accordance with the applicable German legal requirements and to provide sufficient suitable evidence to support the statements in the combined management report.

The Supervisory Board is responsible for overseeing the Group's accounting process for the preparation of the consolidated financial statements and the combined management report.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements and the Combined Management Report

Our aim is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraudulent act or error, and whether the combined management report as a whole provides an accurate picture of the Group's position and is consistent, in all material respects, with the consolidated financial statements and the audit findings, complies with German legal requirements and accurately depicts the opportunities and risks of future development, and to issue an auditor's report that includes our audit opinion on the consolidated financial statements and the combined management report.

Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements may result from fraudulent act or error and are considered material if, individually or collectively, they could reasonably be expected to influence the economic decisions of addressees taken on the basis of these consolidated financial statements and combined management report.

During the audit, we exercise professional judgement and take a critical stand. Moreover

- we identify and assess the risks of material misstatement of the consolidated financial statements and the combined management report due to fraudulent act or error, plan and conduct audit procedures as a response to such risks, and obtain audit evidence that is adequate and appropriate as a basis for our audit opinion. The risk of failing to identify material misstatements resulting from fraudulent acts is higher than the risk of failing to identify material misstatements resulting from errors. This is because fraudulent acts may involve collusion, forgery, intentional omissions, misleading representations or override of internal controls.
- we obtain an understanding of the internal control system relevant to the audit of the consolidated financial statements and of arrangements and actions relevant to the audit of the combined management report in order to plan audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those systems.
- we assess the appropriateness of the accounting policies used by the Management Board and the reasonableness of the accounting estimates and related disclosures made by the Management Board.
- we draw conclusions on the appropriateness of the Management Board's application of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or circumstances that may cast significant doubt on the Group's ability to continue as a going concern. Should we conclude that a material uncertainty exists, we are required to draw attention in our auditor's opinion to the related disclosures in the consolidated financial statements and the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit opinion. However, future events or conditions may result in the Group being unable to continue as a going concern.
- we assess the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the net asset, financial position and income position of the Group in accordance with IFRS as adopted by the EU and the additional requirements of German law pursuant to Section 315e (1) HGB.

- we obtain sufficient appropriate audit evidence regarding the accounting information of the enterprises or business activities within the Group to express opinions on the consolidated financial statements and the combined management report. We are responsible for directing, supervising and conducting the audit of the consolidated financial statements. We bear sole responsibility for our audit opinions.
- we assess the consistency of the combined management report with the consolidated financial statements, its legality and the picture of the Group's position depicted by them.
- we conduct audit procedures on the forward-looking statements made by the Management Board in the combined management report. On the basis of sufficient suitable audit evidence, in particular we verify the significant assumptions underlying the forward-looking statements made by the Management Board and assess the appropriate derivation of the forward-looking statements from these assumptions. We do not express an independent opinion on the forward-looking statements or the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Munich, 18 April 2024

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Christof Stadter	Cornelia Tauber
Auditor	Auditor

CONTACT, FINANCIAL CALENDAR AND LEGAL NOTICE

CONTACT

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NOTE

The Annual Report is published in German and English. The German version is always the authoritative version. You can also find the Annual Report on our website at www.blue-cap.de/en/investor-relations/reports

FINANCIAL CALENDAR

Date	Event	Location
25 April 2024	37th Munich Capital Market Conference	Munich
8 May 2024	Key financial figures Q1 2024 and earnings call at 12 noon	Virtual
13–15 May 2024	Equity Forum Spring Conference	Frankfurt am Main
24 June 2024	Annual General Meeting	Munich
3 July 2024	M:access – Investment Companies Conference 2024	Munich
22 August 2024	Hamburger Investor Day – HIT	Hamburg
16 October 2024	Vienna Capital Market Conference (Family Office Day)	Vienna
25–27 November 2024	German Equity Forum	Frankfurt am Main

Subject to change without notice

As of: April 2024

LEGAL NOTICE

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Disclaimer
This report contains forward-looking statements. These statements are based on the current experience, assumptions and forecasts of the Management Board, and on the information currently available to it. The forward-looking statements are not to be understood as guarantees of future developments and results referred to therein. Rather, future developments and results depend on a variety of factors. They involve various risks and uncertainties and are based on assumptions that may not prove to be accurate. These risk factors include, in particular, the factors mentioned in the risk report of the 2021 Annual Report. We assume no obligation to update the forward-looking statements included in this report. This half-year report does not constitute an offer to sell, nor an invitation to submit an offer to buy, securities of Blue Cap AG.