DEVELOP PORTFOLIO COMPANIES.
CREATE VALUE.

BLUE CAP

EMPOWERING TRANSFORMATION

Annual Report 2021

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CONSOLIDATED KEY FIGURES

GOOD TO KNOW
You can find the adjusted consolidated income statement in the further information section starting on page 169

EUR thousand	2021	2020	Change in %
Revenue	267,347	232,999	14.7
Adjusted EBITDA	24,646	17,618	39.9
Adjusted EBITDA margin in %*	9.1	7.6	19.6
Adjusted EBIT	13,316	8,892	49.8
Adjusted EBIT margin in %*	4.9	3.8	28.9
Consolidated net income	4,715	16,492	71.4
Cash flow from operating activities	12,440	12.597	1.2
Cash flow from investing activities	-6,457	14,122	>100
Earnings per share in EUR	1.24	4.15	70.1
Dividend per share in EUR**	0.85	1.00	15.0
Dividend yield per share in %**	2.7	5.60	51.8

GOOD TO KNOW
You can find more information about the NAVstarting on page 77

	31 December 2021	31 December 2020	Change in %
Total assets	268,035	198,502	35.0
Net asset value in EUR million	172.8	153.9	12.3
Equity	98,243	80,301	22.3
Equity ratio in %	36.7	40.5	9.4
Working capital (net)	49,146	34,968	40.5
Net debt ratio in years	2.6	1.6	6.3
Average no. of employees in the Group	1,211	1,095	10.6
Average no. of employees in the holding company	13	15	13.3

* Adjustments: Adjusted to reflect extraordinary, prior-period and other effects resulting from reorganisation measures and one-off effects, as well as effects arising from the purchase price allocations
** Dividend and dividend yield subject to the approval of the Annual General Meeting, scheduled to be held in June 2022 Dividend yield based on the XETRA closing price for the financial year in each case

PROFILE

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

Taking SME business development to the next level:

Blue Cap's transformation gained ground in 2021. We have worked intensively on the development of our portfolio companies and have launched new projects. We take a look behind the scenes of the processes geared toward long-term value creation. One thing above all is required here: foresight.

DEVELOP PORTFOLIO COMPANIES. CREATE VALUE.

3

acquisitions

172.8

EUR m net asset value

EUR 0.85

proposed dividend per share in 2021

10%

capital increase

MISSION

Our portfolio companies are developed independently and pursue individual growth strategies. We actively support them in realising their goals and in their development. At the same time, the companies hold on to their established SME identity. With our best-owner approach, we do not have fixed holding periods. With us, every company is given the time it needs to achieve its long-term growth targets.

WE ARE ON TRACK

Over the past year, we continued to focus on developing our portfolio companies and creating value. The main targets here are competitive strength and future viability. By the same token, we have also changed. We remain true to our roots in the industrial SME sector, but it is our ambitious goal to expand the portfolio to include other attractive sectors of the economy. With the last two platform investments, we were able to set this in motion.

_ From left to right: Tobias Hoffmann-Becking, Chief Investment Officer and responsible for M&A and capital markets; Matthias Kosch, Chief Financial Officer and responsible for finance, accounting and IT;
Ulrich Blessing, Chief Operating Officer and responsible for portfolio management and ESG.

_ It is only during the process that it becomes clear how important flexible and decisive action is _

_ Ulrich Blessing, Member of the Management Board

__ Ulrich Blessing
is responsible for portfolio management and sustainability at Blue Cap AG. He holds degrees in banking and business management and has extensive consultancy and management experience with companies in the SME sector. His recent work has focused on implementing growth and restructuring initiatives in a range of industries.

How satisfied are you with the 2021 financial year? How would you describe the economic development?

T. HB. Very satisfied, because we achieved a lot again. We realised disposals at attractive valuations and made successful acquisitions to expand our portfolio. We also intensified our investor relations work. This translated into good feedback from our shareholders and the stock market. This is something we are particularly pleased about, because at the end of the day, our shareholders are our customers who give us a mandate to grow their money. In addition to value growth through share price performance, a stable and sustainable dividend policy is extremely important to us. To let our shareholders participate in the Group's commercial success, we will be proposing a dividend of EUR 0.85 per share to the Annual General Meeting.

M. K. Our Group achieved very good development in financial terms in particular due to three successfully completed acquisitions. Our revenue came to EUR 267.3 million, up by 14.7% year-on-year. The adjusted EBITDA ratio improved by 1.5 percentage points to 9.1%. con-pearl, Planatol and Uniplast, in particular performed well: con-pearl benefited from a very positive order trend in the logistics sector. The order situation at Planatol showed very encouraging development overall because forward-looking measures to build up inventory levels allowed the company to safeguard its supply capability. Uniplast benefited from improved cost structures and the fact that it was able to pass increases in raw material prices on to customers. The recently acquired HY-LINE also stood out with a very positive order trend. Our development also looks good on a like-for-like basis: excluding the two acquisitions, H+E (as of 1 March) and HY-LINE (as of 1 September), as well as the disposals, revenue was up by 3.2% with an adjusted EBITDA margin of 9.6%.

How is the onboarding process for the acquisitions H+E, HY-LINE and Transline going?

M.K. In line with our expectation and largely without surprises. Our onboarding has two aspects. On the commercial side we have the transition of processes and accounting guidelines, because we produce our consolidated financial statements in accordance with IFRS as a company listed on the capital markets. This is sometimes quite a challenge for SMEs whose accounting is based on HGB. We also provide support shortly after takeover, for instance, with improving reporting structures, increasing personnel in the commercial organisation and modernising hardware and ERP systems. Potential discovered during due diligence for optimising financing or introducing factoring is also initiated during onboarding.

U.B. Onboarding goes beyond this to kick off operational and strategic collaboration with the new portfolio companies. Together with the management, we refine the potential value levers discovered during the due diligence process and take them step-by-step. The issues here are very individual. We are regularly in touch with the three new companies in this regard. For me personally, it is very important to build up trust with the company's management. This allows us to discuss even sensitive topics openly. Individual topics can only be discussed constructively and decisions made if the parties understand each other's points of view.

_ The involvement of experts is an essential factor for success _

_ Matthias Kosch, Member of the Management Board

MATTHIAS KOSCH is responsible for Accounting and Controlling, Financing, Taxes, Legal and IT at Blue Cap AG. He is also responsible for the commercial integration of new portfolio companies into the Group. He holds a degree in business management and has long-standing investment experience and is very familiar with the topic of restructuring thanks to his previous position at a private equity fund.

How satisfied are you with operational developments at the other portfolio companies?

U.B. All in all, we are very satisfied, especially given the supply chain problems we've faced. But again, the situation varied considerably from company to company. con-pearl and Planatol have developed better than expected despite the problems on the procurement markets. At Planatol, this was also because we took timely action to prepare. Uniplast had major challenges to cope with, especially in the first half of the year. Raw materials prices rose significantly in a short amount of time. The company managed to offset this development in the course of the year, meaning that we actually closed the year

__ TOBIAS HOFFMANN-BECKING is responsible for the investment and capital market department at Blue Cap AG. With a business management degree and a master's in finance, he has many years of consultancy and investment experience at international and national private equity funds behind him. Before joining Blue Cap, he spent ten years as managing director of the investment bank Rothschild & Co.

_ We are focusing our attention on acquisitions that further diversify our portfolio _

_ Tobias Hoffmann-Becking, Member of the Management Board

slightly above target. Neschen saw pronounced negative deviations in industrial applications, especially in the third quarter, because the supply chain issues hit business very hard on both the supplier and the customer side. As an automotive supplier, H+E suffered greatly from the semiconductor issue. As customers kept shutting down their assembly lines, they did not place call-off orders as planned.

The supply chain issues apparently dominated developments in 2021...

U. B. Very much so. All companies in the Plastics and Adhesives & Coatings segments were affected by marked material price increases. These had to be passed on to customers in many rounds. In some cases, the material was not even available, forcing the companies to switch to alternatives. This is anything but trivial, because new materials first of all have to be tested with customers. Container availabilities in the international business also presented us with delivery problems. In many places around the world, containers are still not where they are needed.

Blue Cap has recently invested heavily in the visibility of the Group. Why?

T. HB. Many market participants overlooked us in the past and there is no reason why they should. So we decided to become more transparent and visible, making us a more interesting candidate for investors. In 2021 we came a long way towards achieving our objective of reducing the historically high discount on Blue Cap's intrinsic value. But we also want to use this visibility to target potential sellers and good employees, who are becoming increasingly difficult to find. We believe that this is money well invested.

ESG – to what extent is Blue Cap addressing this topic?

M. K. The topic is a top priority for us. Apart from the objective need to deal with it due to the European climate targets, sustainability is now a value-enhancing factor. Our investors and financial partners also approach us very specifically on this issue. We are currently in the process of establishing an ESG reporting system within our Group bit by bit. We will publish our first sustainability report in accordance with the German Sustainability Code (DNK) in May.

U. B. For us, ESG means encouraging portfolio companies to gradually make their products and production processes more sustainable and to focus on sustainable innovation. And we provide targeted support for projects used by our companies to improve their carbon footprint and promote recycling. One example is con-pearl where, following last year's acquisition of a plant in Hillscheid, we will be investing a significant amount in a new extruder for plastics recycling at the Leinefelde plant this year. At Planatol, we are currently investing in a photovoltaic system. Other photovoltaic projects are in the pipeline. By investing in renewable energy systems, we can protect the environment, become more independent in terms of power supplies and protect ourselves against rising energy costs.

You have changed your segment structure. What motivated this move?

M. K. There were three reasons for this new segment structure: the first was to achieve greater clarity. This involved grouping smaller portfolio companies together. The second reason was that we wanted to create a system that made sense in terms of the areas covered by the individual companies. To achieve this, we bundled the two companies Planatol and Neschen, which previously belonged to different segments, in one segment. And the third motivation was that we are tapping into additional segments by diversifying our investment portfolio. With the value-added distributor HY-LINE and the translation service provider Transline, we have acquired two companies outside of the classic industry focus.

There were also developments in terms of reporting in 2021…

M. K. That's true. These efforts focused on two main areas. First: we standardised and expanded our risk management system at all of our portfolio companies. We now have a risk manager and regular meetings where business risks are discussed in every company. Identifying and evaluating risks at company level is a regular item on the agenda. This includes cybersecurity. The threat posed by cybercrime is still severely underestimated in many SMEs. We have installed back-up systems in our companies, established emergency plans for the IT departments and raised employees' awareness of threats in the IT field. Cyber risks cannot be fully prevented, but we are at least well prepared and able to react quickly and minimise longer downtimes. Other issues that we have included in our risk management, and that are regularly monitored at the portfolio companies, are the development of raw materials prices and energy prices along with supply chain problems.

The second focus of our work relates to our commercial processes. We have enhanced and accelerated the collection and processing of financial data within the Group. This means that we can publish our Annual Report in April for the very first time this year, in line with standard practice on the regulated market.

Blue Cap is ambitious in its plans for driving the growth of the Group. Which sectors do you have a particular eye on at the moment?

T. HB. Our last few transactions have been in more cyclical areas: automotive and electronics/services. Economically, these companies were at the lower end of the scale, and, long term, should participate in any potential upswing. At present, we are turning our attention more to sectors that offer potential for structural growth in the long term. In addition to technologically minded companies, these include service-driven business models in particular.

HY-LINE and Transline are two companies you acquired outside of your historical investment focus. How open is Blue Cap to further opportunities like these?

T. HB. That's something we're very open about. We have a strong background in the manufacturing sector. This is an area in which free cash flow, return on capital employed and growth tend to be on the lower side in the long term. That is why we are now looking more at less capital-intensive business models that have the potential to grow mainly organically. Our goal is to offer the Blue Cap shareholders a cross-section of different business models, to achieve a healthy spread of risk and an above-average return on the capital employed.

The substantial liquidity in the market is currently driving company prices. What do you make of this trend and how is Blue Cap positioning itself in an environment of intense competition on the supply side?

T. HB. That's true in general, but not that bad in particular. Liquidity and, as a result, demand is high, especially for large and medium-sized transactions. In the segment we operate in, i.e. companies with EBITDA of up to EUR 5 million, the competition is intense, but here we do not have the immense inflow of liquidity from international investors. That is why we prefer to stay in our traditional segment and are not necessarily keen to acquire much larger companies.

Will that be enough to meet your ambitious growth targets?

T. HB. There are two levers for expanding the portfolio: on the one hand, acquisitions. We are always on the lookout for opportunities that might be suitable. And this approach is a successful one, as last year and also the recent announcement on our acquisition of Transline show. The other way to achieve growth is through organic development. Historically, the companies in our portfolio have achieved organic growth that has been more or less on a par with gross national product. Today, we have companies in our portfolio that can, and indeed should, achieve stronger growth in structural terms because the market is promising. We support these companies with add-on acquisitions where it makes sense to do so. This is a strategy we have already implemented at con-pearl. And we are also constantly exploring opportunities with our other portfolio companies.

What are your expectations for 2022?

M. K. In financial terms, we want to continue the positive development we achieved last year over the coming year: we are planning to achieve consolidated revenue of between EUR 305 million and EUR 325 million and an adjusted EBITDA margin of between 9% and 10%. Net gearing plus lease liabilities should not be higher than 3.5. In terms of the EBITDA margin, HY-LINE will contribute a comparatively weaker value due to its “asset-light” business model, but will be strong in terms of EBIT. At con-pearl, we still expect to see particularly good performance in the logistics sector.

U. B. In geopolitical terms, our attention is of course currently focused on the Russia-Ukraine war, which has us all very concerned. Its direct impact on Blue Cap is limited, as revenue from Ukrainian or Russian companies accounts for less than 1% of consolidated revenue. However, the indirect implications of the conflict, particularly with regard to raw material and energy price developments and supply chains, cannot yet be assessed. We are currently observing that customers from the H+E Group automotive sector and nokra are especially affected by the supply chain issues.

T. HB. We are also continually examining sale and purchase opportunities. Our business model offers sellers a good mix of a financial investor and a strategist. We work like a financial investor, which appeals to many sellers, and management teams in particular. At the same time, we are a listed company that offers a high level of transparency and a long-term horizon. This allows us to set ourselves apart from conventional private equity companies. In addition, we distinguish ourselves from classic strategists, because we are not looking to achieve cost synergies by consolidating factories, for example. Rather, every company can continue to develop independently over a period of five to ten years.

REPORT OF THE SUPERVISORY BOARD

__ **Prof. Dr Peter Bräutigam**
Chairman of the Supervisory Board

Dear readers,

The financial year under review was characterised by a strong economic recovery, the ongoing impact of the Covid-19 pandemic, as well as rising raw materials prices and supply chain bottlenecks. The Blue Cap Group showed positive development overall in this challenging environment. In 2021, the Supervisory Board continued to monitor, supervise and advise on the business development of Blue Cap AG and the work of the Management Board at regular intervals. The report below provides information on the activities of the Supervisory Board of Blue Cap AG in the 2021 financial year.

The Management Board provided the Supervisory Board with extensive, ongoing and timely information, 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. Discussions between the Supervisory Board and the Management Board were also based on the monthly financial reporting submitted to the Supervisory Board, which includes figures on financial position, financial performance, cash flows and staff for both the Group as a whole and individual portfolio companies. The Supervisory Board also consulted all material financial statement and budget planning documents and verified their accuracy and appropriateness. All of the reports and documents submitted were assessed carefully and to an appropriate extent by the Supervisory Board and did not give rise to any objections.

The Chairman of the Supervisory Board had no grounds to suspect any conflicts of interest on the part of members of the Management Board and the Supervisory Board. Any such conflicts of interest must be disclosed to the Supervisory Board without delay, and the Annual General Meeting has to be informed of the intended course of action to address them.

The members of the Supervisory Board take part in the continuous professional development measures required to perform duties on their own responsibility with appropriate support being provided by the company. The company also organised information and training measures on specific topics. By way of example, these measures covered key regulations set out in the German Corporate Governance Code and the effects of the German Financial Market Integrity Strengthening Act (Finanzmarktintegritätsstärkungsgesetz – FISG) on the Board's work.

Work of the Supervisory Board

In the 2021 financial year, a total of three meetings of the Supervisory Board were held as face-to-face meetings and, in light of the Covid-19 pandemic, 17 meetings were held as video or conference calls – in some cases also involving the Management Board. The meetings held on 4 March 2021, 10 March 2021, 31 March 2021, 16 April 2021, 30 November 2021, 16 December 2021 and 22 December 2021 were attended only by members of the Supervisory Board, and the meetings held on 28 January 2021, 8 February 2021, 26 April 2021, 27 April 2021, 21 June 2021, 24 June 2021, 16 July 2021, 5 August 2021, 12 August 2021, 15 September 2021, 16 November 2021, 22 November 2021 and 14 December 2021 were also attended by members of the Management Board.

In several cases, resolutions were prepared and discussed using telecommunications media, and were adopted either electronically or in writing.

There was also a regular exchange of information between the Supervisory Board and the Management Board on matters concerning Blue Cap AG and its Group companies outside of the meetings. Collaboration was always open, constructive and based on trust. The average attendance rate of Supervisory Board members at the meetings was just under 100%.

At each of the meetings, the current status of business and business development, business policy, economic and financial indicators of Blue Cap AG and the portfolio companies, corporate strategy and planning, important business events, personnel issues, the status of purchases and sales of portfolio companies, legal developments, sustainability projects (incl. the preparation of the first declaration in accordance with the German Sustainability Code [DNK] for the 2021 financial year), as well as matters requiring approval, were reviewed, debated and discussed with the Management Board on the basis of comprehensive and detailed reports provided by the latter. Matters requiring approval were submitted to the Supervisory Board in good time so as to allow a resolution to be passed and were approved in all cases following detailed discussions both within the Supervisory Board and with the Management Board. Current and potential risks, as well as compliance and risk management as a whole, were also discussed. The Management Board submitted all of the requested documents to the Supervisory Board and was available to answer questions and provide detailed information at all times and to the full satisfaction of the Supervisory Board – also outside of the face-to-face meetings.

Focus of the Supervisory Board's work

In addition to these regular topics, the Supervisory Board took an in-depth look at the annual financial statements and management report of Blue Cap AG, the consolidated financial statements and the Group management report, each as of 31 December 2020, and the report of the Supervisory Board for the 2020 financial year at its meeting held on 27 April 2021. Furthermore, in its meetings on 26 April 2021 and 27 April 2021, the Supervisory Board also dealt with the Management Board's resolution on the appropriation of net earnings for the 2020 financial year. Following extensive discussions and upon the recommendation of the Audit Committee, it approved both sets of financial statements without raising any objections by written circular on 29 April 2021, adopted the report of the Supervisory Board and approved the proposal put forward by the Management Board on the appropriation of net earnings.

In the past financial year, the Supervisory Board also addressed the continuing effects of the Covid-19 pandemic on the Group in detail, also looking at the development in raw materials prices and the supply chain problems as key sources of uncertainty for business development, and was on hand to support the Management Board in an advisory capacity in this context.

Another important topic addressed at the Supervisory Board meetings was the negotiation with, and the acquisition of, the plastics specialist H+E and the value-added distributor HY-LINE. The successful completion of the sale of Carl Schaefer and the disposal of any properties not required for operations were also on the agenda.

The meetings also focused on the Group's strategic planning, the development of the net asset value (NAV) and the capital increase of EUR 10.8 million that was placed successfully in August. Other key topics included the 2021 half-year financial statements and the 2022 budget.

The Supervisory Board's agenda also covered the short-term and long-term variable remuneration paid to the Management Board members, other Management Board matters, as well as several acquisition and divestment options.

Work of the committees

In order to efficiently perform the tasks incumbent upon it by law and in line with the company's Articles of Association, the Supervisory Board had already established an Audit Committee and an M&A Committee in the 2020 financial year. Dr Henning von Kottwitz, as acting Chairman of the Audit Committee in the year under review, and Dr Michael Schieble, as member of the Audit Committee, meet the requirements for expertise in the areas of accounting and auditing that apply to the Audit Committee. The M&A Committee is chaired by Mr Michel Galeazzi.

The Audit Committee held five meetings in the reporting year: on 24 March 2021, 22 April 2021, 15 September 2021, 16 November 2021 and 9 December 2021. In addition to a member of the Management Board, representatives of the auditing firm responsible for the annual financial statements, Deloitte GmbH Wirtschaftsprüfungsgesellschaft, also attended the March, April and November meetings. At the meeting held on 22 April 2021 and in the presence of the auditor, the Audit Committee discussed the annual and consolidated financial statements as well as the combined management report, including the auditor's draft audit reports and opinions, as well as the proposal for the appropriation of net earnings and the risk report, so as to prepare for the Supervisory Board's resolution. At the meeting held on 16 November 2021, the Audit Committee discussed the scope of the audit activities, the timing and the planned focal points of the audit and risks with the auditor, satisfying itself that the auditor met the impartiality requirement. The Audit Committee was also provided with information on the scope of the permissible non-audit services in the 2021 financial year and it was agreed that the auditor would inform the Supervisory Board without delay of any findings and incidents significant to the duties of the Supervisory Board arising during the course of the audit.

In addition, the Audit Committee dealt with the accounting process, the effectiveness of the internal control system, risk management and the compliance management system, as well as measures to ensure IT security within the Group, at its meeting on 15 September 2021. The meeting on 9 December 2021 focused on the presentation and discussion of the 2022 Group budget with the Management Board in preparation for the Supervisory Board's budget meeting. The Chairman of the Audit Committee provided the Supervisory Board with prompt and comprehensive information on the content and outcome of the committee meetings.

The M&A Committee held five meetings in the reporting year: on 14 January 2021, 27 January 2021, 2 March 2021, 18 March 2021 and 9 November 2021. In addition to members of the Management Board, Blue Cap M&A staff also attended the meetings. The M&A Committee looks at individual company acquisitions and disposals before a vote is organised within the Supervisory Board and, in doing so, acts as a sparring partner to the Management Board in the early phase of transactions that are already starting to take shape. New M&A projects and the progress of ongoing M&A projects were the main topics of discussion in the reporting year.

The committees were once again responsible for preparing topics and decision papers for the Supervisory Board meetings in the financial year under review. Decision-making powers can also be delegated to the committees to the extent permitted by law. In addition, the chairpersons of the committees reported to the Supervisory Board on the work of the committees regularly and in detail.

Corporate governance

The Supervisory Board once again dealt with corporate governance issues at Blue Cap AG in the reporting year. At the meeting on 15 September 2021, one of the topics addressed by the Supervisory Board was the definition of a standard age limit for members of the Management Board and the Supervisory Board, as well as the length of membership of the Supervisory Board. At the meeting of the Supervisory Board held on 14 December 2021, the amended Rules of Procedure were adopted, after which they were also published on the company's website.

Members of the Supervisory Board and the Management Board and meeting attendance

There were no changes in the composition of the Management Board or the Supervisory Board during the reporting period.

The composition of the Supervisory Board and the committees, and attendance at meetings within the Supervisory Board and the committees were as follows in the 2021 financial year:

Supervisory Board	Attendance	Attendance in %
Prof. Dr Peter Bräutigam	20/20	100
Dr Stephan Werhahn	20/20	100
Michel Galeazzi	18/20	90
Dr Henning von Kottwitz	20/20	100
Dr Michael Schieble	20/20	100

Audit Committee	Attendance	Attendance in %
Dr Henning von Kottwitz (Chair)	5/5	100
Dr Michael Schieble	5/5	100
Prof. Dr Peter Bräutigam	5/5	100

M&A Committee	Attendance	Attendance in %
Michel Galeazzi (Chair)	5/5	100
Dr Stephan Werhahn	5/5	100
Prof. Dr Peter Bräutigam	5/5	100

Report on the results of the audit of the annual financial statements

The Annual General Meeting held on 25 June 2021 elected Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, as the auditor of the financial statements and consolidated financial statements for the 2021 financial year. Deloitte GmbH Wirtschaftsprüfungsgesellschaft audited the annual and consolidated financial statements prepared by the Management Board, as well as the Group management report for the financial year 2021, which was combined with the management report of Blue Cap AG. The annual financial statements and the combined management report were prepared in accordance with the German statutory requirements. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and also in line with the applicable German statutory requirements. These consolidated financial statements exempt the company from the obligation to prepare consolidated financial statements in accordance with German law.

The auditor audited the annual financial statements, the consolidated financial statements and the combined management report in accordance with Section 317 of the German Commercial Code (HGB) and the German generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (IDW). The auditor issued an unqualified audit opinion on both sets of financial statements and the combined management report.

The annual and consolidated financial statements as well as the combined management report for the 2021 financial year, together with the respective audit reports and opinions, were sent to the members of the Supervisory Board for their perusal in good time in advance. The documents were discussed comprehensively and in detail with the Management Board, in the presence of the auditors, who reported on the main outcome of the audit, at the meeting dealing with the annual financial statements held on 21 April 2022. The auditors and the Management Board were available to explain the financial statements in detail and answered all questions raised by the Supervisory Board to the latter's full satisfaction.

The Chairman of the Audit Committee also took the meeting dealing with the annual financial statements as an opportunity to provide the Supervisory Board with detailed information on the committee's discussions on the annual and consolidated financial statements, as well as the combined management report, at the Audit Committee meeting on 19 April 2022.

Following the final review of the documents submitted and upon the recommendation of the Audit Committee, the Supervisory Board raised no objections to the annual financial statements, the consolidated financial statements or the combined management report, and concurred with the auditor's findings. As a result, the Supervisory Board approved the annual financial statements and the consolidated financial statements for 2021 in its meeting held on 21 April 2022, also approving the combined management report. This means that the 2021 annual financial statements of Blue Cap AG have been adopted.

The Management Board and the Supervisory Board also decided to propose to the Annual General Meeting in June 2022 that an amount of approximately EUR 3.7 million be distributed to the shareholders from the company's net earnings as of 31 December 2021. This corresponds to a dividend of EUR 0.85 per share carrying dividend rights based on the number of no-par value shares as of 31 December 2021. The remaining net earnings are to be carried forward to new account. The proposed dividend takes into account the company's cash flows and financial performance, as well as the medium-term financial planning, and yet again confirms Blue Cap's sustainable long-term dividend policy.

At its meeting held on 21 April 2022, the Supervisory Board also approved the proposed resolutions for the Annual General Meeting. In line with the recommendation put forward by the Audit Committee, the Supervisory Board proposes that Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, be selected as the auditor of the annual and consolidated financial statements of Blue Cap AG for the 2022 financial year.

Particularly in view of the supply chain problems, cost increases and other ongoing effects of the Covid-19 pandemic, the Blue Cap Group achieved a very positive performance in the past financial year. As a result, we would like to thank the managing directors and employees of all portfolio companies, as well as the employees and the Management Board team of Blue Cap AG, for their considerable commitment and successful work in 2021.

Munich, 21 April 2022

Prof. Dr Peter Bräutigam
Chairman of the Supervisory Board

HOW WE DRIVE DIGITALISATION

DRIVING DIGITAL TRANSFORMATION IN A WAY THAT MAKES SENSE

The term “digitalisation” has become synonymous with progress. But tapping into the potential for progress is not a matter of course. It requires good preparation and a lot of intuition, as the “Planatol customer portal” project goes to show.

CUSTOMISED XXL:

_ There are no shortcuts when it comes to developing a customer portal _

Hans Mühlhauser joined Planatol in 2004. He took over as operations manager in 2011 and was promoted to the management team in 2014.

_ Christoph Wirth has been Portfolio Manager at Blue Cap AG since May 2021. Before joining the company, he worked in corporate development and venture capital, allowing him to gain extensive experience with digital business models.

An interview with Hans Mühlhauser, Managing Director of Planatol, and Christoph Wirth, Blue Cap Portfolio Manager and expert on digitalisation issues.

Mr Wirth, let's start with a question about Blue Cap: What role does the topic of digitalisation play in the holding company?

C.W. A rather big one at the moment, because digitalisation is having an impact on business models in some form or other in almost all industries. In our existing portfolio, we address the topic on a case-by-case basis, meaning that we look at each company individually to see where processes and the business model could be improved or supported using digital solutions. That might involve a B2B customer portal, as in Planatol's case. But it could also be a procurement, production or marketing project.

We adopt the same approach for acquisitions. If we are interested in an industrial company, one of the things we check is how automated the production process is. And at a service company, we look at the interfaces with the customer, for example. But we are not interested in digitalisation simply for the sake of digitalisation. It is important for us to look at processes from a distance and think about whether what we see is a good fit for the industry environment of today and tomorrow?

Mr Mühlhauser, Mr Wirth, you have been working on a customer portal for Planatol for a few months now. How did the project come about?

H.M. It all started with a customer survey on our ordering and service processes. The results showed that there was certainly potential there for us: the majority of customers use digital shopping channels in other areas of their lives and appreciate the advantages they offer, for example the time they save and the data transparency the channels offer. The subsequent closer analysis made it clear that a customer portal would offer significant advantages for us as well: for example, we can save up to 50% of the time required for some processes – time that we can then invest in other areas, for example in advising our customers.

C.W. Digital purchasing and service channels have become increasingly important in the B2B segment over the last few years, with a time lag compared to the B2C segment. In addition to technological progress and changes in research and buying habits, the fundamental drivers behind this trend include the mounting competitive pressure and pressure to boost efficiency, as well as the prevalence of B2B marketplaces.

According to a recent survey conducted among small and medium-sized B2B companies in Germany (April 2021 – more on p. 18)), using online channels to purchase complex products is also important for B2B buyers. The challenge – particularly with technically sophisticated products like adhesives – remains the consultation process. But even this aspect can be supported using online tools like product finders, digital product catalogues and product and application videos.

Mr Mühlhauser, what sort of industry environment does Planatol operate in?

H.M. The adhesives industry is broad-based and is dominated by a number of big players, like Henkel or H.B. Fuller, but also by a number of SMEs that have specialised in different areas. Planatol is one of them. We use our adhesives, adhesive applications and application systems to occupy important niche markets for smart adhesive applications. Our market environment is complex and our business is based on customer relationships that have grown over a period spanning many years. Good advisory work played a key role in allowing us to establish these relationships.

Advisory work is a very personal matter. How can that be reconciled with the idea of a customer portal?

H.M. The two aspects do not have to be mutually exclusive. We believe that both will be important for

DRIVING B2B DIGITALISATION

- _ Technological progress towards the digitalisation of systems, information and processes (e.g. purchasing processes)
- _ Efficiency, competitive and innovation pressures
- _ Prevalence of digital sales approaches and system solutions (also through consultancy companies & IT companies)
- _ Changes in research, advice & buying habits (-> new generation of B2B decision-makers)
- _ Prevalence of B2B purchasing platforms (-> ~48% of B2C e-commerce runs on marketplaces)

_ Analyse, conceptualise, implement: Everything comes together under my watch. _

_ Christoph Wirth

_ The customer portal is a reflection of the modern development of our sales and service processes _

_Planatol Managing Director Hans Mühlhauser

us in the future. Today, the Internet is everywhere in our lives and gives us the opportunity to interact regardless of where we are. And as such, our customers are also increasingly signalling they want to be part of the era of digitalisation. This includes ordering processes in particular. Some customers want to place their orders in the evening or on a Sunday. Even if our conventional customer processes are still running smoothly, there is no doubt that more and more customers will be calling for these very changes in the future.

But it is also clear that the adhesive we sell is still a product that needs to be explained. The adhesive has to be the right product for the application. Temperature. Pressing times. There are a large number of factors to consider when it comes to ensuring optimum adhesive performance. Sometimes it takes laboratory tests to find the right solution. When orders are placed quickly on Amazon or at the DIY store, it is the customer who is responsible. And the product is easy to exchange. With our special solutions, we also bear some of the responsibility. This is something that our customers appreciate. We sell based on technology first and foremost.

How do you plan to get the sales portal off the ground?

H.M. Our customer relationships are our most important asset alongside our products and expertise. So it was clear to us early on in the process that we didn't want to experiment and start out with a high-end version right away. Rather we deliberately opted to go for a "light" version to begin with. We are gradually expanding this version to reflect the experience gleaned from the process.

To do this, we start by connecting customers that have indicated an interest in our satisfaction surveys to a closed customer portal. Closed means that users have to register first. We then learn from their feedback: how do the customers feel about individual aspects of the portal? What do we need to adjust and how to make sure we keep moving in the right direction? In the future, we will be able to expand the group of users to include not only existing customers but also new customers by gradually opening the portal up. Of course, we will always check that customers that want to sign up have been advised and approved for qualified purchasing in advance.

PLANATOL CUSTOMER PORTAL OBJECTIVES

EFFICIENT PROCESSES	MORE SERVICE & CUSTOMER LOYALTY	GROWTH	ENHANCED PROFILE
Lean sales and service processes for standard enquiries and orders	Time saved can be used to provide qualified customer advice, reduced error rates, 24/7 availability	Increase in revenue through customer-centric purchase & service processes, as well as through more, and new, customer contacts	Positioning as an innovative and forward-looking specialist on an equal footing with the big players

GREATER CUSTOMER BENEFIT & MORE SALES POWER

PLANATOL CUSTOMER PORTAL TWO LEVELS

LEVEL 1

Closed customer portal for existing customers

- Online orders
- Customer account with customer details
- Status information
- Online self-service (product data sheets, certificates, etc. to view and download)
- Connection to e-procurement systems of selected existing customers (EDI, etc.)

LEVEL 2

Open customer portal for new and existing customers

57%

According to a study, most companies consider the biggest challenge in the online sale of complex products to be the availability of sufficient advisory services.

Just like competitors such as Henkel are doing already ...

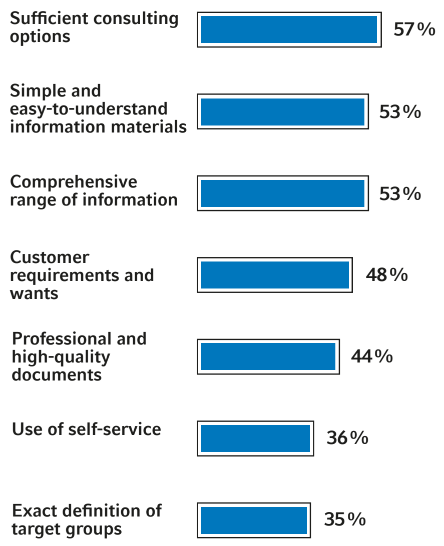
H.M. That's not really comparing apples with apples. But it's true: the big manufacturers are already working with portals that they use primarily to offer the products that involve less advisory work. What we can already see for ourselves from the existing portal solutions is that we have to be very prudent in how we design our platform. We can see, for example, that our competitors are offering their products at very high prices online so as not to cannibalise the specialised retail sector.

That's an issue for us as well: we have our roots in the graphic arts industry and supply specialist dealers across Germany. They supply bookbinding companies, for example, that are more difficult for us to reach through our customer contacts. When we launch our portal, we have to find a way to use an attractive offering to facilitate growth. At the same time, we have to make sure that the specialised retail sector also gets its margin.

So what's the solution?

H.M. It is becoming apparent to me that we will have to address the needs of different customer groups online in the future. The approach for the packaging industry has to be different to that used for the wood industry. Customers in Germany are different from those in Eastern Europe, Italy or France. Another idea is for us to target the market for standard products that we don't need to advise our customers on differently to the market for sophisticated products that might also come hand-in-hand with additional obligations, such as recycling. The

WHAT CHALLENGES WOULD YOU SAY ARE ASSOCIATED WITH SELLING COMPLEX PRODUCTS ONLINE?



Source: B2B E-Commerce Business Index ECC Cologne / Intellishop AG (04–06 / 2021; Deep Dive: complex products in B2B e-commerce)
Survey profile: 124 companies, 17% manufacturers, 29% trade, 41% services; 64% companies < EUR 50 million, 16% companies between EUR 50 million and EUR 500 million.

important thing is that each of our customer groups feels comfortable with the solution. As an SME, every customer is an important customer for us.

Mr Wirth, you are an Portfolio Manager and in this case you are also in charge of the project. Isn't that a bit unusual?

C. W. Yes, it is. I am currently involved in the project on both the conceptual and the operational side. But that is not the case with every project. The extent to which I am also involved in the operational side of things depends on the project and the time resources available to me at Blue Cap. In general, however, Blue Cap definitely maintains close relations with its portfolio companies. We operate in the small cap segment. This alone puts us closer to the companies we invest in than other investment companies. Other companies buy a target and then just send consultants in. Blue Cap sends its own professionals to the portfolio companies.

When are you planning to launch the project?

H. M. Now that we've decided on a software solution, we are in the final stages of the negotiations with a partner for the implementation phase. If everything goes to plan, we will have implemented the first stage before this year is out. We will then develop this initial version on a step-by-step basis – as explained earlier.

So, it's a step-by-step approach to greater success …

C. W. All of us are aware that the project needs to strike a balance. We want to leverage the benefits of digitalisation while maintaining close customer contact at the same time. That's what makes the project so interesting. But I am sure that if we get it right, Planatol will be able to take an important step in its development. Even in sectors in which a customer portal might not spring to mind immediately, companies are exploring the very same route. The mechanical and plant engineering company Kuka, for example, has just launched a large portal featuring a product configurator. Customers very soon become accustomed to the convenience that digital communication offers, and at some point this becomes part of what they expect from companies. In my view, Planatol is choosing the best approach: it is addressing the issue at the right time and involving its customers in the design process.

__ Go-live of the closed customer portal for existing customers in Germany and Austria in 2022

52%

of companies said in a survey that it is important or very important to their customers that they can buy complex products online.*

43%

__ Currently: 35%

Estimated share of online sales in the business customer segment in 5 years – products that require explanation.*

* Source: B2B E-Commerce Business Index ECC Cologne / Intellishop AG (04–06 / 2021; Deep Dive: complex products in B2B e-commerce) Survey profile: 124 companies, 17% manufacturers, 29% trade, 41% services; 64% companies < EUR 50 million, 16% companies between EUR 50 million and EUR 500 million.

HOW WE UNLOCK POTENTIAL

DEVELOPING POTENTIAL WITHOUT A TEMPLATE.

Blue Cap has close relationships with its portfolio companies. The Management Board works hand-in-hand with the people at the helm of the portfolio companies to make the investment decisions that make sense in both strategic and economic terms and that are the right move for the specific portfolio company concerned – be it an expansion investment or an add-on acquisition.

CASE BY CASE

Targeted investments in Blue Cap's portfolio companies

RENEWABLE ENERGIES

Better for nature, better for return on investment

Blue Cap constantly looks into whether or not, and how, environmentally friendly forms of energy, such as exhaust air or photovoltaic systems, can be used at its portfolio companies. Preference is given to measures and investments that both avoid emissions and offer a high ROI or a good payback period.

Planatol is in the process of installing a photovoltaic system at its Rohrdorf site. Provided that weather conditions allow the various stages in the construction process to be implemented as planned, approx. 410,000 kWh a year will have been connected to the grid by the third quarter of 2022 at the latest. The operating hours of production companies allow a larger share of renewable energy to be fed into the public grid than would be the case with a private system. Nevertheless, almost two-thirds of the power generated will be used by the company itself, covering around 30% of its total requirements. This will save approx. 195,000 kg in carbon emissions every year. Against the backdrop of mounting energy costs and favourable financing opportunities, this investment is also attractive from a financial perspective.

con-pearl is also harnessing the power of the sun: the project planning phase is currently under way. The large open spaces available at the Geismar site will allow the company to install modules capable of covering up to 30% of its energy consumption. Depending on the technical possibilities and when the necessary permit is granted, the system will produce between 1,250,000 and 3,000,000 kWh of electricity a year. Given that the company's annual energy costs run into the low seven digits, the use of the system also offers financial advantages.

WORKING STEPS

TOP-DOWN ANALYSIS

With a focus on photovoltaic systems, wind power and combined heat and power plants

_01

DEVELOPMENT OF SITE-SPECIFIC DRIVERS

Energy consumption, electricity prices, carbon emissions, open space

_02

IDENTIFICATION

Of suitable areas for renewable energy systems at the sites of the portfolio companies, taking the terrain conditions into account

_03

CALCULATION

Of the positive effects on the carbon footprint, operating result and enterprise value

_04

_ Making business models more sustainable is a central topic for all portfolio companies _

_ Ulrich Blessing, Member of the Management Board

At **Uniplast**, the modernisation of the refrigeration system is currently under review. The aim of the potential "winter relief" project is to find a sustainable and more cost-effective way of producing cooling water using natural ambient cold air. The background to this is that processing plastics requires large volumes of energy, a significant part of which is used to cool the production systems. Using the outside air, especially in winter, makes for a more efficient supply of cooling for both production and the indoor air conditioning system.

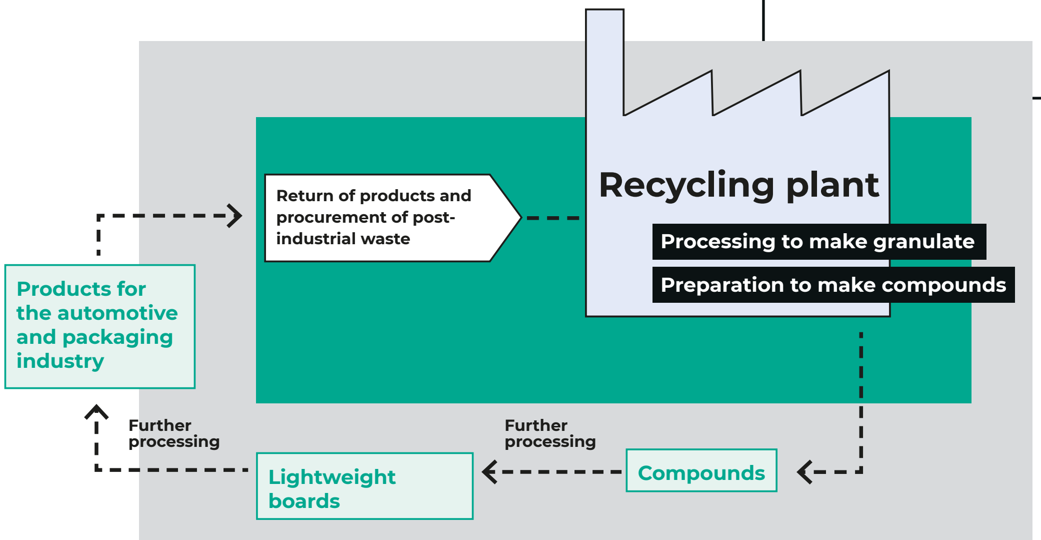
ADD-ON ACQUISITION

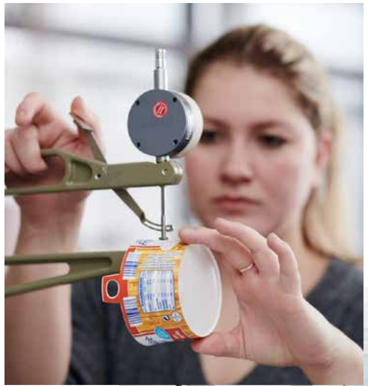
Stepping up recycling activities

The acquisition of Recyplast and further investments in systems will allow **con-pearl** to establish a second, independent recycling site for polypropylene and polyethylene regranulate in the coming years. This will see the company expand its raw material base and make it more attractive for industrial companies that want to dispose of their recyclable materials. At the same time, the site will ensure that the company has a sufficient supply of recyclates to be able to safeguard its own strong growth based on recycled polypropylene in the long term. With supply chains on shaky foundations and material in short supply, this aspect is particularly significant.

CLOSED-LOOP ECONOMY – ECO-LOOP AT CON-PEARL

con-pearl uses an average of about 80% regranulate from its two recycling plants in the production of its main product, lightweight boards for the logistics and automotive industries. con-pearl's products themselves are also 100% recyclable. This means that, at the end of the product life cycle, customers have the option of returning the products to con-pearl. The regranulate obtained from the returned products can then be used to produce new products or can be sold to external users as part of a closed-loop system.





_ Our portfolio company Uniplast develops and produces plastic cups for the dairy and food industries

RESEARCH & DEVELOPMENT

A TechLab sets the standards

Uniplast's analysis and research laboratory, established over the past two years, marks an exceptionally high standard at the level of a scientific institution for the food and packaging industry. The lab is responsible for precision work in the micrometre range and chemical-physical material analyses on a molecular level.

Spectrometric, microscopic, thermal, mechanical and geometric analysis methods are used to test material quality, protective properties and processing. This allows the measurement of contours not visible to the naked eye and the calculation of weight changes due the impact of temperatures, layer thickness and compression values. The very smallest processing or material fluctuations are detected and rectified early on.

The analysis results provide the development team with key insights into how to fully exploit the properties and advantages of plastic as a versatile material. The company aims to develop innovative products to reflect the need to reduce the use of plastics and increase the use of recyclable packaging. This also enables maximum control in production and offers optimum conditions for achieving and ensuring the highest quality standards.

PRODUCTION

More power and capacity – more output

The growth itself has to be generated on the market. It is the production capacities or means of production that provide the basis for being able to serve the market. Blue Cap provides targeted support to its portfolio companies in expanding their production facilities and optimising their production processes.

At **Planatol**, for example, Blue Cap is currently exploring the options for expanding production capacities for hot-melt adhesives together with the portfolio company's management team. Specifically, the plan is to construct a state-of-the-art underwater granulation plant. Initial talks with specialised consultancy firms for plant and permit planning in the chemicals industry were conducted at the end of 2021. A rough cost estimate will be prepared based on these talks and then elaborated to produce a specific quote. To prepare the rough cost estimate, a fire protection concept was also commissioned to identify any structural defects and necessary adjustments. Planatol is planning to review the specific investment in detail in the course of this year.

con-pearl is already one step further on in the process: in 2022, the company will invest several millions of euros in modernising and expand granulate production at the Leinefeld site to ensure the best possible material availability in the future. Manufacturing capacities at the Geismar site and at **con-pearl** North America were already increased in the last quarter of 2021.

RETROFITTING

Less is often more than enough

Before the portfolio companies invest in new machinery, they consider the options available for using second-hand or "retrofit" machinery. This form of modernisation involves getting the machinery up to the latest standards by installing new components, replacing obsolete assemblies or installing new software. Retrofitting ranges from minor cosmetic repairs to the integration of new components that allow the machinery to perform entirely new functions. Second-hand European systems are particularly suitable for the US market. Here, too, Blue Cap's motto is: "As much as necessary, as little as possible".

NEW SECTORS OPEN UP NEW OPPORTUNITIES

HOW WE EXPAND OUR HORIZONS

We were recently able to successfully diversify our portfolio further with the acquisition of the value-added distributor HY-LINE and the language service provider Transline. The outlook for the individual markets is positive, creating an excellent environment for growth.

NEW CONNECTIONS

Targeting new markets with the two newest portfolio companies HY-LINE and Transline

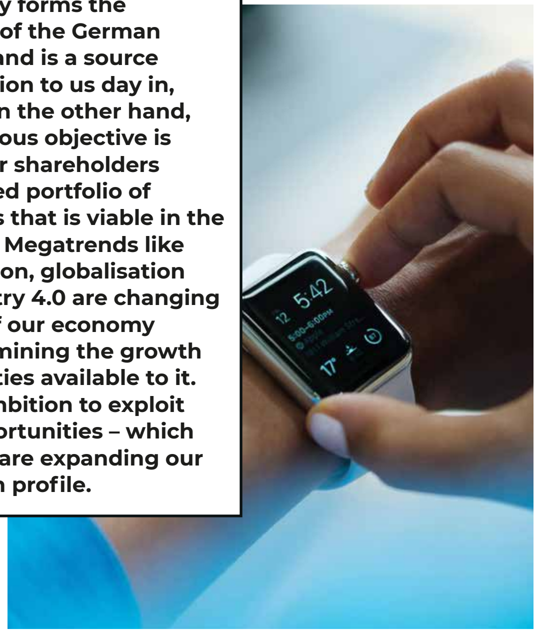
In recent months, we have selectively expanded the range of business models we invest in. To date, we have focused exclusively on manufacturing companies in the midst of a transition process or crisis. The Covid-19 pandemic and the disruption that has hit the global procurement markets in the recent past make one thing clear: this focus translates into a heavy reliance on economic cycles and the availability of raw materials.

That is why we took action last year to identify attractive economic sectors and companies outside our conventional industrial landscape. We are, however, committed to remaining true to our investment philosophy and criteria. Intact core business and potential for value growth remain at the forefront of our target selection. More so than in the past, the aim is for value growth to be achieved not only due to rather short-term cost and structural changes, but in particular by exploiting long-term organic growth and consolidation potential.

Our goal is to offer our shareholders a cross-section of different business models, to achieve a healthy spread of risk and an above-average return on the capital employed. As well as strengthening our industrial portfolio, we want to achieve this by investing in less capital-intensive business models going forward. The business services sector is a particular focal point of our attention. Its individual markets are often highly fragmented and the increasing demand for outsourcing solutions will support growth in the future. The companies that operate successfully in this area often evolve into industry leaders by making add-on acquisitions and expanding their service offerings.

PORTFOLIO IN TRANSITION

We have our roots in the industrial SME sector. Its diversity forms the backbone of the German economy and is a source of fascination to us day in, day out. On the other hand, our ambitious objective is to offer our shareholders a diversified portfolio of companies that is viable in the long term. Megatrends like digitalisation, globalisation and Industry 4.0 are changing the face of our economy and determining the growth opportunities available to it. It is our ambition to exploit these opportunities – which is why we are expanding our acquisition profile.



HY-LINE'S FOCUS SECTORS

_Electronics industry
_Medical technology
_Energy sector
_Media and communications sector

HY-LINE and Transline make up the new Business Services segment

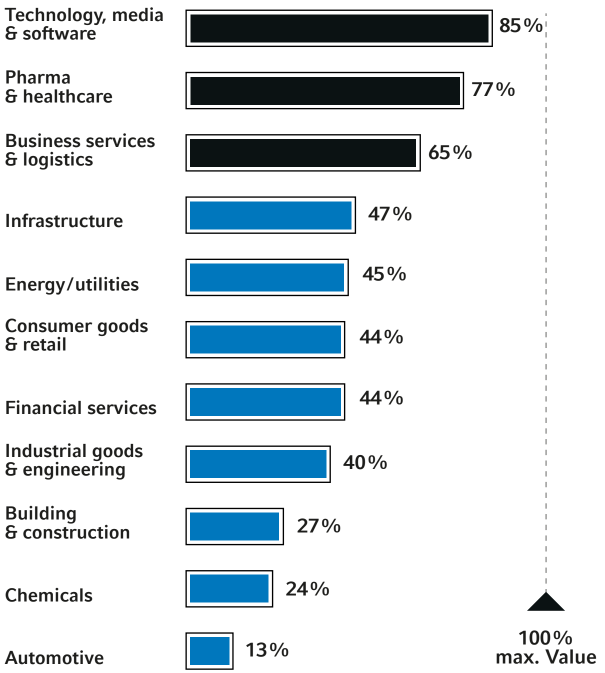
One company that offers this very potential is **HY-LINE**. The company, based in Unterhaching, Bavaria, is a product and system provider that focuses on technical consultancy and development expertise. It is reaping particular benefits from megatrends such as the Internet of things, smart home and Industry 4.0, as well as from the positive outlook for the individual end markets. As part of our strategy of value growth, our initial focus is on expanding new products and solutions and increasing the value contribution. The further development phase is to see HY-LINE evolve into a system provider – supported by inorganic growth.

We identified the language services industry as a potential growth sector in 2021 and spoke to a large number of different market players in the process. The vast potential that this market offers soon became apparent to us. It is characterised by three features. First, product globalisation, increasing regulatory requirements and the strong growth of online business will fuel a significant increase in the demand for language services. Second, digitalisation, in combination with size, makes it possible to achieve strong economies of scale. And third: the market is still highly fragmented, making it possible to achieve a market-leading position by building a strong company with the help of further acquisitions. The acquisition of the **Transline Group** in March 2022 marked a key strategic step for us in our quest to acquire a platform in this attractive market. The company has invested heavily in the digitalisation of its business model in recent years

What change do you expect to see in 2022 regarding the number of completed M&A transactions with PE involvement?

_We are not the only ones who consider business services to be a promising industry. According to Roland Berger's European Private Equity Outlook 2022, a survey conducted among 1,700 European private equity experts, 65% of respondents expect to see a large number of M&A transactions in this segment. The only two sectors expected to see even more substantial growth are "Technology, media and software" and "Pharmaceuticals and healthcare". The experts trace the positive business outlook in these three economic sectors back to their relative resilience in the face of crisis and comparatively substantial fundamental growth opportunities.

Likelihood of a high number of M&A transactions by industry – 2022 (%)



_ Source: Roland Berger European Private Equity Outlook 2022 and has already acquired various smaller competitors. Transline uses its own technology and software to ensure highly automated order processing. This technology is a unique selling point in the industry and lays the foundation for organic growth, the establishment of a buy-and-build platform and, as a result, the achievement of strong economies of scale. Acquiring smaller competitors will allow Transline to further consolidate the industry and build its enterprise value.

Although the business activities pursued by the two recently added portfolio companies are very different, they have key features in common: both business models are less capital-intensive than those of companies with their own production operations. What is more, they operate in markets with strong growth that present them with opportunities to expand their market share by making additional acquisitions.

TRANSLINE'S FOCUS SECTORS

- _ Life sciences
- _ Building technology
- _ E-commerce
- _ Medical technology
- _ Software
- _ Multimedia

In-depth industry knowledge and ability to see the bigger picture

We will continue to focus on the sectors in which we are already invested in the future. Even though synergies are not at the forefront of our investment decisions – except in the case of add-ons – this approach allows us to leverage the experience and expertise we have built up as a team over the last few years.

That aside, the German-speaking corporate landscape is far too appealing for us to want to close ourselves off to other sectors. Business models that offer particular development potential can be found in a large number of sectors. At the same time, whenever we invest in a company, we know that every due diligence process needs to end with a sound understanding of the business model and, first and foremost, a clear understanding of the value drivers that we can implement during our investment period. Wherever possible, after our time as an investor has come to an end, we want the companies to be bigger, more profitable and more sustainable as one of the market leaders in their niche markets, making them attractive targets for their next owners.

_ Particularly in fragmented markets, we can help companies grow faster and establish themselves as market leaders. This ultimately also benefits our shareholders, because market leaders tend to have better valuations than their smaller competitors, allowing Blue Cap to achieve above-average value growth _

_ Tobias Hoffmann-Becking, Member of the Management Board

BUSINESS MODEL AND STRATEGY

Blue Cap AG invests in niche SMEs with a healthy core business and significant potential for development. The autonomy of the companies is at the heart of the investment approach. We use our cross-sector expertise, however, to support our portfolio companies in their strategic and operational development in order to actively increase the value of the company. Corporate responsibility, sustainable value creation and treating others with respect are the core values that shape everyday life throughout the Group.

OUR BUSINESS MODEL: BUY, TRANSFORM, SELL

As an experienced investment company, we acquire and support SMEs that have clear potential for improving their earnings and strong growth prospects. We harness this potential by actively supporting these companies. Our investment in the portfolio companies does not assume a fixed holding period, but we generally step in as a temporary owner. Our companies secure Blue Cap's further growth with strong earnings, and remain in the Group until it makes more sense for them to pursue successful performance with a new ownership structure. Regardless of the path that lies ahead of them, all of our portfolio companies keep their established SME identity, independent structure and strategy.

BUY

Selection according to defined investment criteria
Focus on intact core business and potential for transformation growth.

Due diligence process
comprising several stages

Contract negotiations & closing

TRANSFORM

Development & implementation of individual strategies under independent management:
_ Strengthen growth
_ Kick off initiatives
_ Drive digitalisation forward
_ Boost sustainability
_ Reduce portfolio risks
_ Relieve financial pressure

Flexible holding period:
Companies are part of the portfolio as long as there is potential for transformation and value growth.

SELL

Active sale process based on the best-owner approach:
We actively look for the next owner once we have done all we can to help the company grow.

Passive sale process:
Targeting via strategists.

Proceeds realised
from exits are reinvested in new and existing companies

BUY: THROUGH A STRUCTURED M&A PROCESS

The transformation of our portfolio also involves brisk acquisition activity. This process is characterised by the systematic identification and selection of target companies based on fixed criteria and a structured M&A process. Blue Cap works with a broad network of M&A advisors and investment banks as part of this process. The main features that potential acquisition targets should have are:

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

The starting situations of our acquisitions are as varied as the companies themselves. There is always one common factor, however. We adapt to the unique circumstances of every acquisition process and make the well-being of the company our top priority. At the same time we do not lose sight of the corporate culture and the employees.

- **Succession planning** with the aim of successfully maintaining the company's course under new management and in an operationally modernised way, while at the same time preserving the essence of the company
- **Group spin-offs** with the aim of establishing the company as an independent entity on the market with a clear positioning and independent structure
- **Crisis situations and change** with the aim of making the company fit for the future in economic and strategic terms
- **Business growth** with the aim of providing the company with the necessary capital and all the skills to successfully achieve the next level of growth

TRANSFORM: BUSINESS DEVELOPMENT DRIVEN BY THE PORTFOLIO COMPANIES THEMSELVES

In line with our business model, it is essential that the management take independent operational decisions to allow our portfolio companies to grow. In principle, all of our companies pursue independent strategies.

At the same time, we provide close support to the companies we invest in. This applies both immediately after the acquisition and in connection with companies' further strategic and operational development. We agree on the central strategic targets with the management teams, coordinate the operational improvement and growth programmes and provide the portfolio companies with the financial resources and additional specialists they need. We also support the portfolio companies with add-on

acquisitions if this approach is important for their future development.

In general, we focus our attention on fundamental profitability parameters (growth, cost structures, margins), securing and expanding the company's financial capacity to act (liquidity) and adjusting the strategic orientation to allow for successful performance. With regard to the latter aspect, the topics of digitalisation and sustainability often play a prominent role as they are an important prerequisite for allowing almost all companies to be competitive.

PORTFOLIO APPROACH: BEST OWNER

Unlike other investment companies, we attach particular importance to only keeping investments in our portfolio for as long as we can support them as the best owner, with a focus on long-term performance. As soon as they have unlocked their potential with our help, we pass them on to the next owner. We then reinvest the freed-up capital in the existing portfolio and in new companies.

SELL: SALE AS PROOF OF CONCEPT

During the holding period, we focus all of our efforts on a company's successful performance. When we sell an investment, we realise the growth in value – as a proof of concept to some extent. It should show that our investment theories for this company have materialised. The company has become more valuable and offers further potential for a new owner with its functioning business model.

OBJECTIVE: SIGNIFICANT INCREASE IN THE COMPANY'S VALUE

Over the next few years, we are aiming to use this business model to continue to significantly increase Blue Cap AG's market capitalisation. We will achieve this by a) implementing the measures at the individual companies and achieving successful organic developments and b) developing the portfolio further by selling individual companies and reinvesting the proceeds in new SMEs. This approach can be supported by selective capital measures.

BLUE CAP ON THE CAPITAL MARKET

CAPITAL MARKET AND SHARES

Vaccination campaigns, material shortages and inflation made for a turbulent year on the stock market in 2021

In 2021, the international capital markets continued on the positive trajectory seen in the previous year and escaped the influence of the pandemic largely unscathed, especially in the first half of the year. In particular, hopes of rapid success in vaccinating against the coronavirus, coupled with continued monetary and fiscal policy support measures, led to a flight of fancy on the stock markets, with the DAX surpassing the 15,000 point mark for the first time in March. The mood of euphoria was curbed as the year progressed, however, prompted by global supply chain disruption, material shortages and inflation that was much higher than expected. At the end of the year, the new Omicron variant of the virus sparked considerably uncertainty on the capital markets and mounting fears of another lockdown. The DAX closed the year very successfully, up by just under 16%, while the SDAX gained 11%.

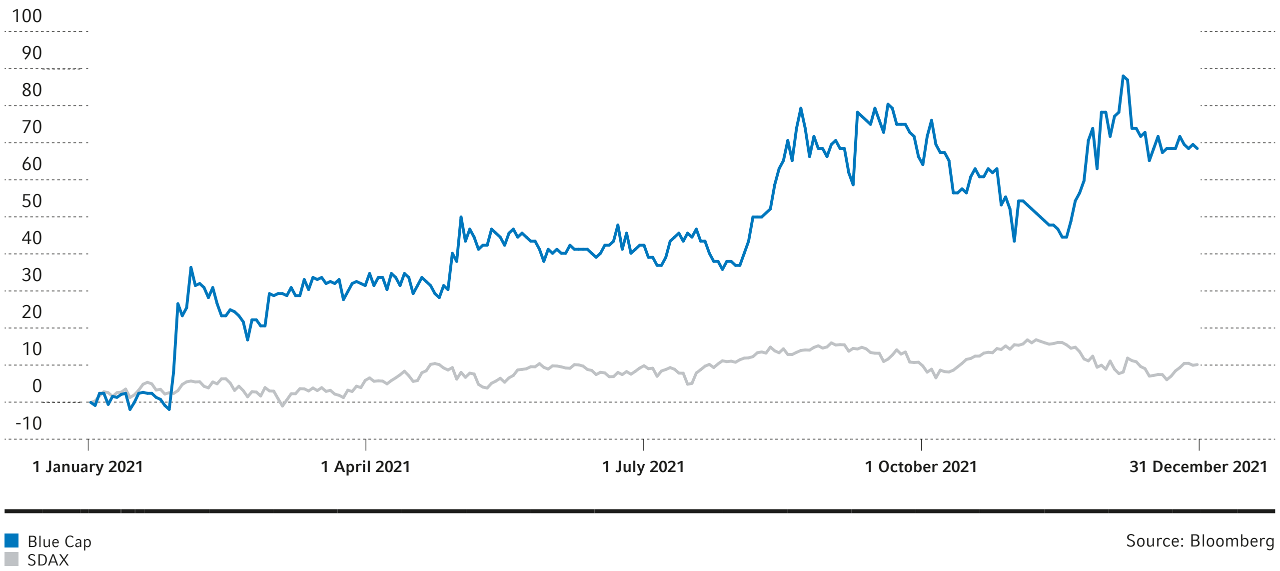
Blue Cap's shares show significant outperformance

Shares in Blue Cap AG ended the year at EUR 31.00, up by a substantial 75% as against the XETRA closing price for the previous year. This meant that the shares outperformed their benchmark index, the SDAX, by a considerable margin.

The first marked increase in the share price came in January 2021, when news of the acquisition of the H+E Group (formerly Hero) was published and the company announced that the revenue and earnings forecast for the 2020 financial year would be exceeded. The share price received a further boost from the announcement of the acquisition of the HY-LINE Group and the 10% capital increase implemented in August. In November, the sale of the portfolio company Carl Schaefer, as well as the sale of another property no longer required for operations, caused a significant upward movement in the

Share price performance of Blue Cap's shares | 2021

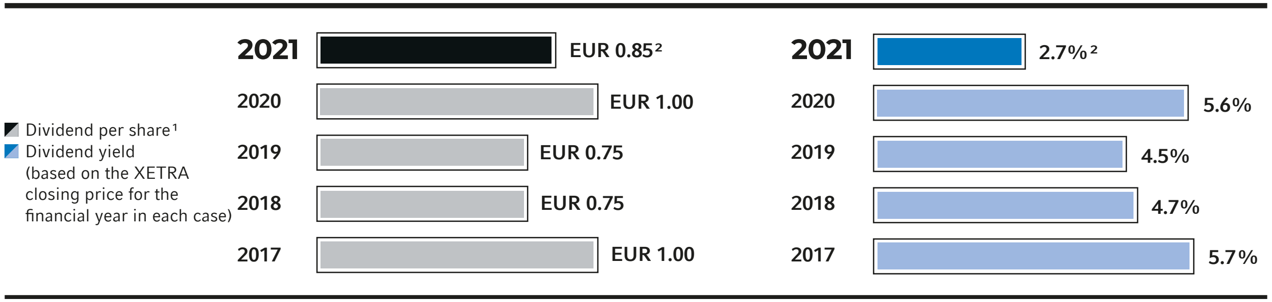
in %



Source: Bloomberg

share price, propelling it towards its all-time high of EUR 34.60 on 6 December 2021.

Blue Cap AG's market capitalisation came to around EUR 136 million (previous year: EUR 71 million) at the end of the reporting year, based on share capital of EUR 4,396,290 (previous year: EUR 3,996,628). The average daily trading volume increased slightly year-on-year and amounted to around 3,450 shares across all exchanges (previous year: 3,200). The daily average XETRA trading volume was approximately 1,530 shares (previous year: 1,540). The remaining shares were largely traded on the Tradegate securities exchange.



[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 2022

Equity analyses on Blue Cap AG

SMC Research started its coverage of Blue Cap's shares in the first quarter of 2021. In the initial study dated 2 March 2021, the share was given a "buy" recommendation with a price target of EUR 44.50. In 2021, M.M. Warburg and Edison Group also analyses of Blue Cap's shares. As of the reporting date, both M.M. Warburg and SMC Research issued a "buy" recommendation for the shares.

Institute	Date	Investment recommendation	Price target
M.M. Warburg	8 March 2022	buy	EUR 43.00
SMC Research	9 March 2022	buy	EUR 48.40
Edison[1]	10 September 2021	n/a	n/a

[1] For regulatory reasons, Edison's research report, which is mandatory for share issuers in the Scale segment for small and medium-sized companies (SMEs) until 31 March 2021, does not contain any investment recommendation. As of 1 April 2022, the Exchange Rules for the Frankfurter Wertpapierbörse were amended, as a result of which the automatic generation of research reports by Edison will be discontinued in the future.

Proposed dividend of EUR 0.85 per share

Blue Cap has been committed to a stable and sustainable dividend policy since its first dividend distribution in 2017. The idea is for shareholders to participate in a growing portfolio and share in the company's operational success by receiving a regular base dividend. There is also the possibility of bonus payments when Blue Cap records major exit success. The net earnings for the 2021 financial year amount to EUR 26.3 million (previous year: EUR 31.2 million). The Management Board and the Supervisory Board are proposing a total dividend payout of EUR 3.7 million (previous year: EUR 4 million) to the Annual General Meeting, and thus the payment of a dividend of EUR 0.85 per share (previous year: basic dividend of EUR 0.75 plus a bonus dividend of EUR 0.25). The proposed dividend of EUR 0.85 per share represents a 13% increase in the basic dividend compared to the previous year. With this, Blue Cap is confirming the dividend strategy it has initiated despite the overall uncertain macroeconomic situation. A bonus dividend is not taken into account for the past financial year, in which no significant portfolio companies were sold. In order to strengthen the company, it is essential to retain a significant share of the profits and to invest in further growth measures and new acquisitions.

75%

In a challenging year on the stock market, Blue Cap's share price at year-end rose significantly in a year-on-year comparison.

Key data on Blue Cap's shares

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

Key figures on Blue Cap's shares

EUR

	2021	2020	2019
Earnings per share	1.24	4.15	0.71
Dividend per share[1]	0.85	1.00	0.75
Dividend yield per share in %[1]	2.7	5.60	4.5
Total distribution in EUR million	3.7	4.00	2.99
Annual high [2]	34.60	20.70	20.70
Annual low [2]	18.05	10.00	14.00
Year-end price [2]	31.00	17.75	16.80
Market capitalisation at year-end in EUR million	136.28	70.94	66.86
Average daily turnover in no. of shares [3]	3,446	3,210	3,498

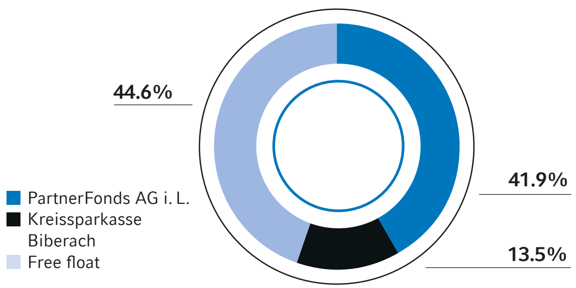
[1] Subject to the approval of the Annual General Meeting, scheduled to be held in June 2022
Dividend yield based on the XETRA closing price for the financial year in each case
[2] XETRA trading
[3] Across all trading venues

Capital increase and shareholder structure

On 12 August 2021, Blue Cap AG implemented a capital increase amounting to almost 10% of the share capital with gross issue proceeds before costs and commission of EUR 10.8 million. The 399,662 new shares (which carry a dividend entitlement as of 1 January 2021) were placed exclusively with institutional investors with an issue price of EUR 27.02. The subscription rights of existing shareholders were excluded. This brings the company's share capital to EUR 4,396,290.00 (previously EUR 3,996,628.00) with 4,396,290 shares (previously 3,996,628).

The capital increase reduced the interest held by our largest shareholder, PartnerFonds AG i.L., from 46% to 42%. Kreissparkasse Biberach increased its participating interest to 13.5% (previously 10.9%) as part of the capital increase. With its long-term investment strategy, Kreissparkasse is a key anchor shareholder for Blue Cap. The remaining shares are in free float.

At an extraordinary general meeting of PartnerFonds AG i.L. held in May 2020, the decision was made to liquidate the company. As part of this pro-



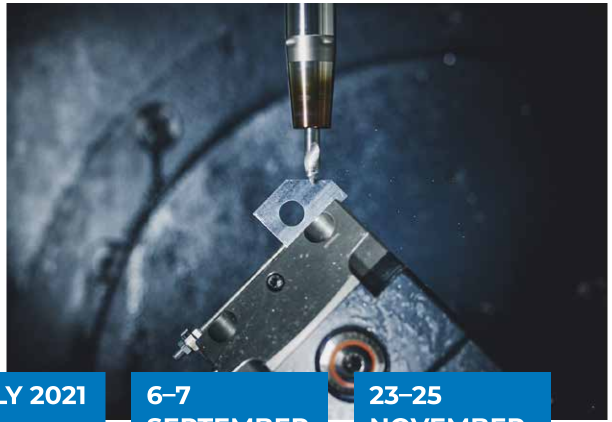
cess, the shares that PartnerFonds AG i.L. holds in Blue Cap are to be sold in the long term. There is currently no deadline by which this process is to have been completed. Nevertheless, PartnerFonds AG i.L. announced on 23 February 2022 that it would be looking into steps to dispose of its shares in Blue Cap. The aim is to dispose of the shares in a manner that has as little impact as possible on Blue Cap's shares. Despite the decision to liquidate PartnerFonds, PartnerFonds will continue not to sell any shares in Blue Cap via the stock exchange.

INVESTOR RELATIONS

Investor relations activities

Active and transparent dialogue with existing and potential shareholders is a top priority for Blue Cap AG. In the reporting year, it stepped up its investor relations work even further under the new Management Board team. The aim is to keep investors and capital market participants informed about the development of the company and its portfolio companies on an ongoing basis. In addition to the regular publication of company-specific information, the management was available to respond to enquiries from investors, media representatives and analysts by phone and email. The Management Board also attended more capital market events, intensifying its dialogue with shareholders. Key topics covered in the discussions with capital market participants included business developments at the individual portfolio companies, the numerous M&A activities, as well as the liquidation of the major shareholder PartnerFonds AG, which was announced in May 2020.

Blue Cap will continue its constructive and open communication with the capital market in 2022. All relevant dates can be found in the financial calendar on the Investor Relations website. Since the beginning of 2021, Blue Cap has also been a member of the German Investor Relations Association (DIRK), allowing it to contribute to the goal of transparent and ongoing capital market communication.



CAPITAL MARKET EVENTS IN 2021

4 MAY 2021	17–19 MAY 2021	14 JULY 2021	6–7 SEPTEMBER 2021	23–25 NOVEMBER 2021
31st Munich Capital Market Conference	Equity Forum Spring Conference	m:access Specialist Investment Companies Conference	Equity Forum Autumn Conference	German Equity Forum

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ANNUAL GENERAL MEETING

The Annual General Meeting makes decisions, in particular, on the discharge of the Management Board and the Supervisory Board for the conduct of the company's affairs, the appropriation of net earnings, amendments to the Articles of Association, the selection of the auditor of the annual financial statements and certain capital measures. Blue Cap AG made use of the Act to Mitigate the Consequences of the Covid-19 Pandemic Under Germany's Civil, Insolvency and Criminal Procedure Law (the "Covid-19 Act") for the second time in 2021 and held its Annual General Meeting as a virtual event on 25 June. Prof. Dr Bräutigam, Chairman of the Supervisory Board of Blue Cap, chaired the meeting and addressed the shareholders together with the Management Board from the company's headquarters in Munich. The Annual General Meeting was broadcast via live stream on the investor portal on the Investor Relations website.

All proposed resolutions were approved by a large majority with around 60% of the share capital represented at the meeting. The shareholders approved the proposal by the Management Board and the Supervisory Board to distribute a dividend for the past financial year of EUR 0.75 and a bonus dividend of EUR 0.25 per share from the successful sale of em-tec in May 2020 (previous year: EUR 0.75). The distribution marks the continuation of Blue Cap AG's stable and sustainable dividend policy.

Due to the ongoing uncertainty regarding the planning of face-to-face events, the planned Annual General Meeting will unfortunately once again take place without shareholders and shareholder representatives attending in person this year.

60%

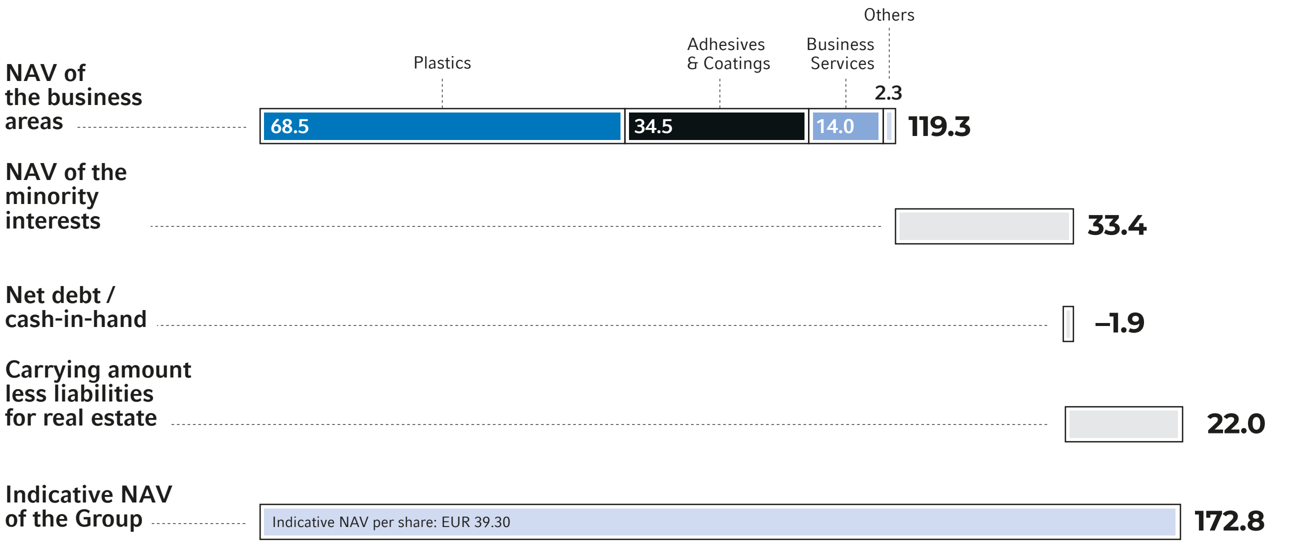
Almost two-thirds of the share capital was represented at the virtual Annual General Meeting held in 2021. This provided a solid basis for representative decisions.

NET ASSET VALUE

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

Indicative net asset value of the Group (as of 31 December 2021)

EUR million



The NAV is based on current plans, estimates and expectations, some of which are difficult to estimate and some of which are beyond Blue Cap's control. NAV is therefore subject to risks and uncertainties. Therefore, the NAV is not a forecast of the future development of the share price of Blue Cap, as it is calculated on the reporting date. Calculation of the NAV is presented in detail in the combined management report under section 2.2 Development of the Blue Cap Group (p. 77 et seqq.).

The Group's NAV comprises the NAV of the business areas, the net debt of the holding company and the real estate assets.

Blue Cap's NAV as of 31 December 2021 came to EUR 172.8 million, up by EUR 18.9 million on last year's value (EUR 153.9 million). The change can be traced back to the positive development at several portfolio companies (EUR +20.6 million) as well as to the sale of properties for a price above their carrying amount (EUR +11.9 million). The main contributors to the encouraging portfolio development were conpearl in the Plastics segment, Planatol from the Adhesives & Coatings segment and the medical technology company INHECO (minority interest), which is reporting growth with sustained profitability. On the other hand, the value of the portfolio company Neschen (Adhesives & Coatings) was written down due to a marked drop in earnings and expectations regarding future business development.

Value development is a key indicator of success for Blue Cap. It reflects how successfully the long-term capital base of both the Group and its individual companies are developing. The increase in NAV compared to 2020 amounts to

+12%

Indicative net asset value of the Group

EUR million

	31 December 2021	30 June 2021	31 December 2020
NAV of the segments	119.3	**118.8**	**106.0**
Plastics	68.5	56.9	42.3
Adhesives & Coatings	34.5	55.3	54.9
Business Services	14.0	0.0	0.0
Others	2.3	6.6	8.8
NAV of the minority interests	33.4	**29.1**	**26.1**
Net debt (–)/cash-in-hand – Blue Cap AG (+)	-1.9	**-1.9**	**9.9**
Carrying amount of properties less liabilities of asset holding company	22.0	**9.2**	**11.9**
Indicative NAV of the Group	172.8	**155.2**	**153.9**

[1] Others includes the portfolio companies nokra, Gämmerler and, up to and including the NAV for HY 2021, the investment in Carl Schaefer

MAKE THINGS BETTER

Sustainability work at Blue Cap takes shape

PUTTING CLIMATE PROTECTION INTO PRACTICE

Averting or reducing global warming and its implications is one of the biggest social challenges of our time. Blue Cap AG is aware of its responsibility for contributing to the attainment of climate targets and will actively play its part.

USE OF RENEWABLE ENERGIES AT BLUE CAP GROUP

The implementation of measures to reduce carbon emissions and to achieve the targets set out in the Paris Climate Agreement is an important part of Blue Cap's sustainability strategy, which was developed last year with "Make things better" as its guiding principle (see p. 41 et seqq.).

Blue Cap's portfolio companies, most of which are part of the manufacturing industry, are directly and indirectly responsible for generating carbon emissions in connection with their activities. Due to the nature of the business models, Scope 2 emissions from electricity purchases play a particularly key role. At around 30,500 tonnes of CO_2 equivalents, these emissions were responsible for 90% of the Group's[1] total emissions in 2021 as a whole. Consequently, reducing Scope 2 emissions will be at the heart of Blue Cap's sustainability measures over the next few years.

Our objective is to do more than just meet the statutory requirements. Although Scope 2 emissions could be reduced quickly by switching to green electricity, we do not believe that this approach is

[1] Scope 1/2; Excluding companies acquired/sold in 2021, incl. H+E

sustainable enough. After all, the renewable energy generation capacities currently available in Germany are far from sufficient to cover the current and future needs of the German economy. Rather, achieving the climate protection goals will require the steady expansion of generation capacities.

By building their own renewable energy generation plants, the idea is for Blue Cap's portfolio companies to contribute to the expansion of capacities. Creating local capacity right at the point of consumption also reduces the need for transportation or grid capacities. Last but not least, companies that generate their own power are less reliant on the electricity market and can save costs by reducing the need to purchase energy from third parties. As a result, the use of renewable energies at our portfolio companies is consistent with Blue Cap's approach of combining economic and ecological advantages. This will allow the portfolio companies to safeguard their development in the long term and achieve advantages over their peers.

For this reason, in the previous year an in-house project group at the holding company, working in cooperation with employees from the portfolio companies and external experts, conducted a comprehensive study on the potential for using renewable energies. In addition to photovoltaic technology (PV) and wind power, the technologies investigated also included combined heat and power (CHP) plants.

The feasibility study looked not only at the achievable system sizes for the different types of energy, but also investigated factors such as building structures, solar yields and wind speeds on site in order to identify the technically appropriate system types for each individual location. The economic feasibility study first of all calculated two key figures, the IRR (internal rate of return) and the amortisation period, based on the investment requirements and operating costs in relation to the electricity cost savings and feed-in remuneration. Second, the effect of the sustainability transformation on the enterprise value, i.e. the increase in the value of the portfolio company in the context of the NAV valuation or in the event of a sale, was included in the analysis. The sustainability effect in the form of reducing carbon emissions was calculated based on the current energy mix of the individual portfolio companies at the time the study was conducted.

While wind energy and CHP have turned out to be only conditionally practicable solutions for individual locations, the installation of photovoltaic systems is a technically viable solution for almost all of the sites investigated. With regard to economic efficiency, differences arise not least due to the structural conditions, which can make installation easier but also more difficult.

After an internal review and prioritisation, it was decided to start by installing a PV system at Planatol GmbH's Rohrdorf site. The project was launched at the end of 2021 and will be completed in 2022. The planning and implementation of a PV system at con-pearl's Geismar site is also on the agenda for 2022.

Using our own systems to generate electricity from renewable energy sources will only allow us to realise part of the total savings needed to achieve the climate targets. Nevertheless, the use of renewable energies is also the focus of Blue Cap's sustain-

_ Our portfolio companies are conducting intensive research into the use of alternative raw materials and innovative green products

ability strategy for the other locations and newly acquired portfolio companies, while at the same time accompanying measures are being worked on to further close the gap to the target value.

JOB BIKE: ENVIRONMENTALLY FRIENDLY EMPLOYEE MOBILITY

Blue Cap's holding company has been using the job bike company bike system since the beginning of this year. Employees expressed their interest in the system to the Management Board in 2021 and it was implemented as a way of boosting employee satisfaction. The portfolio companies con-pearl and Uniplast also, however, offer their employees company bikes, allowing them to take a further step towards sustainability. The job bike system allows employees to travel even long distances to the office on a high-quality bicycle or electric bicycle.

The aim of the job bike system is to motivate employees to use a climate-neutral mode of transport for both short and long journeys – not only on their way to work, but also for other everyday journeys. By making the switch from car to bike, each individual can help reduce emissions and protect the environment. We want to actively raise awareness of this issue, too.

For us, sustainability also includes issues such as the good health and satisfaction of our workforce. Cycling not only keeps you fit, but also promotes a general sense of well-being. The system also allows us to boost our appeal as an employer, because job benefits are important factors for many employees.

ENVIRONMENTAL PROTECTION AT NESCHEN

Based on the motto "Sustainability – more than just a trend", Neschen is looking at ways of continuously reducing the negative impact of its own actions on the environment. Keeping the big picture in mind, all areas are investigated for improvement options to come closer to the goal of improved environmental protection in both large and small steps.

Efforts are geared towards the objective of further eliminating harmful materials and practices from the company's activities. To this end, stringent standards for responsible production have been defined for all business areas.

The gradual expansion of "green" solutions to replace older and less environmentally friendly products is at the core of the efforts. This is an area in which Neschen is relying entirely on the strength of its innovation department and is aiming to pave the way towards a more sustainable business model.

As far as products are concerned, efforts are currently focused on the following applications:

Neschen uses

100%

recyclable corrugated cardboard to ship its products

- **Expansion of the PVC-free product portfolio**: Although it is now considered toxic and hazardous to health, PVC is still one of the most popular plastics due to its low price and versatility. Neschen has developed PVC-free alternatives for virtually all applications so that customers can be offered a suitable product that is free of PVC for every project.
- **Harmless to health**: Careful selection of the raw materials ensures that they are safe to use in the sense that they are not harmful to health and that they comply with REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals). Suppliers are expected to meet or exceed all relevant legal standards.
- **APEO-free**: All of the adhesives used at Neschen are free of APEOs (alkylphenol ethoxylates; non-ionic surfactants), which are not biodegradable and are highly toxic to all organisms living in water. To do this, Neschen uses water-based and therefore solvent-free adhesives. Neschen's book protection products are free of bisphenol A (BPA) to ensure the safe handling of protected books.
- **Certified suppliers**: The release liners, which are required for self-adhesive products and are only removed when they are actually used, are made from 90% paper that is sourced exclusively from FSC, PEF or SFI-certified suppliers. In addition, a whole range of environmental protection measures are also taken at various stages in the value chain.
- **Wastewater management**: Wastewater from production is processed in the company's own wastewater treatment facility first, and is only discharged into the municipal wastewater system once it has been treated. This relieves the environment of several thousand cubic metres of wastewater every year.
- **Energy recovery**: In production, Neschen relies on a highly efficient energy recovery system in combination with consistent energy management. This significantly reduces the energy required by the plant and allows peak loads for the supply grid to be effectively avoided.
- **Packaging:** Neschen uses 100% recyclable corrugated cardboard to ship its products. This material is so robust that the packaging can be reused several times over before being disposed of for recycling.

The aim is to identify further solutions to enhance environmental protection in the future. These efforts always involve taking a holistic view of the value chain: starting with primary products and their suppliers, a company's own manufacturing processes, shipping, use by the customer, and finally the end of the product's life after use.

Enhancement of Blue Cap AG's sustainability strategy

Building on the guideline drawn up in 2020 covering ecological and social aspects of corporate governance, Blue Cap AG developed a comprehensive sustainability strategy in 2021. This applies to the holding company and the portfolio companies. In formulating the targets and strategies, the focus was primarily on the portfolio companies, as they can affect the company's impact on the environment and society through their actions in a unique way. The strategy provides a resilient framework for the further integration of sustainability factors throughout the Group.

When drawing up the sustainability strategy, it was important for us to establish a direct link to the Group's "buy, transform & sell" strategy. We also set the targets and ambitions for Blue Cap's ESG approach.

MAKE THINGS BETTER

This is the guiding principle of Blue Cap's sustainability activities. This reflects the transformative approach outlined in the Group's strategy and business model. It also serves to set the company apart from the sustainability approaches of other companies in terms of its ambitions (see chart). In contrast to companies that simply aim their efforts at "doing no harm" and solely focus on meeting legal requirements and avoiding controversy in order to minimise ESG-related risks, we see the advancement of sustainability activities at our portfolio companies as an integral part of the transformation we are seeking to achieve among all our companies. Our mission is to increase the sustainability performance of our portfolio companies while they are part of the Blue Cap family. In addition to purely economic measures, the ESG transformation is an equally important lever with which we increase the value of our portfolio companies.

Our guiding principle also sets us apart from "green funds" which solely invest in explicitly green companies or have a clear ESG focus in their investment process in line with the mantra "do only good". This would limit our investment opportunities too much.

AMBITION	
"Do no harm"	_ Purely negative criteria for investment selection _ Fulfils statutory requirements _ Avoids controversy
"Make things better"	_ Extended selection criteria for identifying targets _ Introduction of ESG management and measures to increase sustainability _ Consideration of all stakeholders
"Do only good"	_ Positive criteria for target selection _ ESG focus in the investment case _ Green fund

ENGAGEMENT

passive	_ Creating an understanding of sustainability _ Pooling and restructuring of existing activities under "sustainability" umbrella
reactive	_ Identifying weak points _ Implementing measures for improvement
active	_ Strategically anchoring sustainability _ Communicating services externally _ Establishing sustainability as a brand add-on

WE ARE MANAGING THIS APPROACH STRATEGICALLY AND ACTIVELY FROM WITHIN THE HOLDING COMPANY

Just as there are different levels of ambition in this approach, there are also different levels of commitment in its implementation.

The passive solution would be to create an understanding of sustainability among the portfolio companies and their employees, but not to give them any targets or goals for improving sustainability. Instead, all existing projects and initiatives related to sustainability are pooled under an "sustainability" umbrella. Not only would this approach be open to accusations of greenwashing, but it also does not fit with Blue Cap's mission of "making things better".

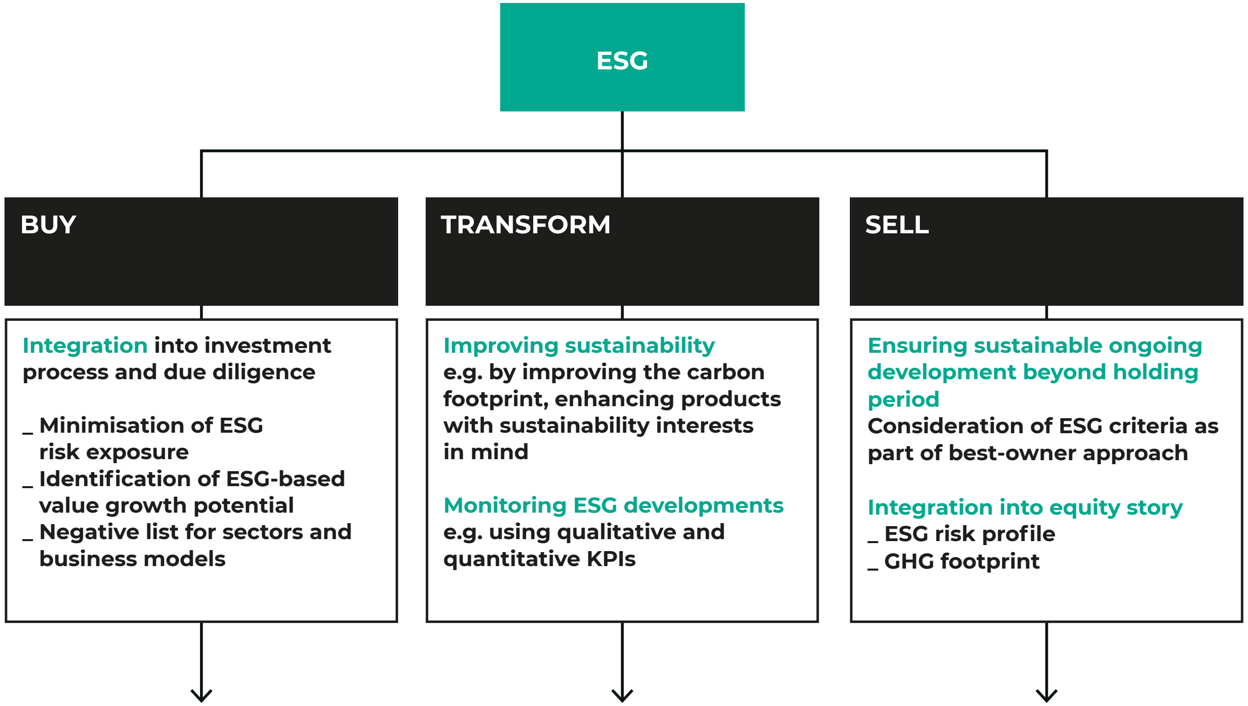
A reactive ESG approach is strongly linked with a risk-centric view of the issue of sustainability. Weak spots or issues that could have a negative impact on the company are addressed with targeted measures. This fulfils an essential feature of ESG management by protecting the company and the environment from negative impacts arising from sustainability issues. By purely aiming to avoid risk, the strongly operational approach of simply covering the basics leaves the opportunities of a forward-looking sustainability strategy untapped.

Blue Cap AG's approach is therefore to actively advance ESG as an integral part of our "buy, transform & sell" strategy and also to increase the value of our portfolio companies with targeted measures. This also includes increasing the transparency of the sustainability approaches at Group level and boosting the value of the portfolio companies over the medium term through the systematic integration of ESG and sustainability elements.

INTEGRATING THE SUSTAINABILITY STRATEGY INTO THE "BUY, TRANSFORM & SELL" BUSINESS MODEL

BUY

We are incorporating ESG criteria into our investment process and due diligence in order to minimise our ESG risk exposure, identify ESG-based value growth potential and exclude certain industries and business models using ESG negative lists.



We exclude sectors with a fundamental business model that is unacceptable from a sustainability standpoint or is associated with unacceptably high risks, and for which we do not see any possibility of bringing about a sustainable change through a transformation process. This applies to sectors such as the fur trade, unsustainable agriculture/forestry and embryonic stem cell research.

The situation is different for companies with ESG-related risks associated with their current business model that could be reduced through targeted measures, and thus offer additional value growth potential when it comes to transformation. One example would be partially substituting the use of electricity with renewable energies in the case of companies with energy-intensive operations.

TRANSFORM

Transformation is at the core of our sustainability strategy. We actively aim to “make things better” by improving the sustainability performance of our portfolio companies. For each of our portfolio companies, we identify the most important levers and address them with targeted measures. In view of our firm commitment to the climate protection targets of the Paris Agreement, the reduction of our carbon footprint is an integral part of the programme of measures implemented across all our portfolio companies. Additional measures depend on the individual ESG issues of the individual portfolio companies and may include, for example, the intensified development of sustainable products, improving employer attractiveness or inspecting the supply chain.

Progress is monitored according to clearly defined qualitative and quantitative indicators.

SELL

When we sell, we look for the next “best owner” for our portfolio companies. By integrating the ESG risk profile into the company’s equity story, and by demonstrating improved performance and transparency in the area of sustainability, we avoid the risk and price markdowns that many companies of comparable size often have to accept at present due to the high level of uncertainty regarding ESG risk.

MATERIALITY

Sustainability issues affect Blue Cap in many ways, but most notably through the potential impact on and by our portfolio companies. In spring 2020, a value chain analysis was carried out in cooperation with external partners, on the basis of which the Blue Cap Group identified key sustainability issues (see also Sustainability Report, criterion 9). As part of this in-house materiality analysis, the following key topics were identified: environment, climate protection, employees, product portfolio and value added. These issues are distinctive in that they have an impact on Blue Cap and are also influenced by Blue Cap.

For more information on sustainability, please read our report in accordance with the German Sustainability Code (DNK), which will be published in May 2022.

ENVIRONMENT: USE OF NATURAL RESOURCES

Our portfolio companies use a large amount of raw materials. Shortages of these resources would have a significant impact on the operations of our portfolio companies. At the same time it is important to minimize the use of these raw materials in order to keep the impact of our companies to a minimum.

CLIMATE CHANGE MITIGATION AND ADAPTATION

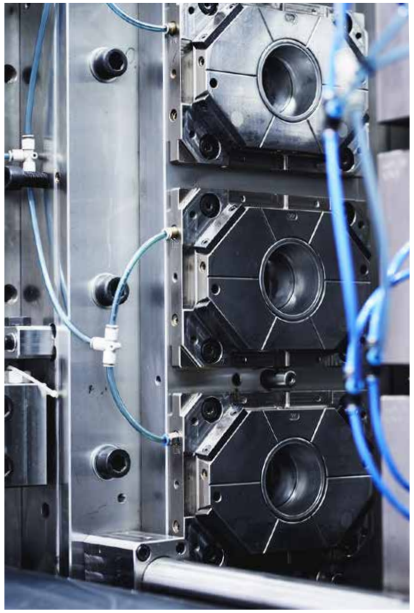
Climate change impacts both Blue Cap as a holding company, and its portfolio companies. Physical climate-related risks, such as extreme weather events, but also transitory risks, such as rising carbon pricing and regulatory requirements, must be increasingly taken into account. Carbon emissions are generated at all levels of the value chain of our portfolio companies and thus have an impact on climate change.

EMPLOYEES: BUSINESS PRACTICES AND ATTRACTIVENESS AS AN EMPLOYER

Respect for workers' rights and the safeguarding of health and safety at work must be ensured at every value-added stage. Both the portfolio companies and the holding company are heavily dependent on the availability of skilled workers for their business success. Making the company more attractive as an employer and the training and education it offers are therefore crucial to sustainable development.

PRODUCT PORTFOLIO AND VALUE ADDED: QUALITY AND SECURITY

The products our portfolio companies produce impact people and the environment. By ensuring a high level of quality and safety, along with durability and technical reliability, we aim to make these effects positive and completely eliminate any possible negative effects. After all, only products that fulfil social and ecological criteria can make a positive contribution to value added and corporate success in the long run.



PROGRESS REPORT

Key measures and projects aimed at the further development of the entire Blue Cap Group were driven forward and implemented at all levels in the reporting year. In addition to strategically important M&A activities that served to further diversify the portfolio, the portfolio companies continued to show successful development in the face of challenging overall conditions. Ultimately, the efforts made on all sides allowed the Blue Cap Group as a whole to report a record year.

MILESTONES BLUE CAP 2021

JAN. FEB. MAR. APR. MAY JUN. JUL. AUG. SEP. OCT. NOV. DEC. 2022

- Acquisition of the H+E Group with admission into Group on 1 March 2021
- Start of realignment at Gämmerler
- Add-on acquisition of Recyplast GmbH by the portfolio company con-pearl
- Publication of the Annual Report featuring the new logo, upgraded content and appealing design
- Capital increase corresponding to 10% of the share capital
- Acquisition of the HY-LINE Group with admission into Group on 1 September 2021
- Sale of the portfolio company Carl Schaefer
- Sale of another property no longer required for operations at a significant book profit
- Launch of the new website
- Portfolio company Uniplast sells property no longer required for operations
- Blue Cap outstrips expectations in terms of both revenue and earnings and reports record figures
- Acquisition of Transline Group GmbH
- Sale of Gämmerler GmbH

HIGH-LIGHTS

ATTRACTIVE GROUP GROWTH AT THE START OF THE YEAR

With the acquisition of a majority stake in the H+E Group (formerly Hero, renamed in 2021), Blue Cap started 2021 with a strong transaction. The H+E Group develops and manufactures high-quality plastic parts and assemblies for vehicle interiors and the household appliance industry.

GÄMMERLER: SUCCESSFUL SALE IN 2022 FOLLOWS REALIGNMENT IN 2021

The graphic industry has been in the midst of a challenging process of structural change for years now in the wake of digitalisation and changes in media use. The portfolio company Gämmerler countered this process last year by focusing on the after-sales sector. In addition, Gämmerler moved into a smaller company building in February 2022, which resulted in the very successful sale of the previously used company premises in November 2021.

Finally, the sale of Gämmerler to a strategic investor followed in February 2022.

CON-PEARL UNDERSCORES NEW STRATEGIC DIRECTION BY MAKING ACQUISITION

The portfolio company con-pearl purchased a second recycling plant in April 2021 to further expand its plastics recycling business. This will allow con-pearl to expand its raw material base and make it more attractive for recyclate customers and industrial companies that want to dispose of their waste. Stepping up its recycling activities is also part of Blue Cap's sustainability strategy.

NEW ANNUAL REPORT: "EMPOWERING TRANSFORMATION" PROVIDES A FRAMEWORK FOR MORE THAN JUST BLUE CAP'S DAY-TO-DAY BUSINESS

Blue Cap published a completely revamped annual report with the motto "Empowering transformation", featuring a new logo, upgraded content and an appealing design. It is more transparent, clearer and raises the company's profile. For the very first time, it features a dedicated sustainability chapter and the progress report provides readers with detailed information on the portfolio companies. The new Annual Report marks a key milestone in strengthening communication with the capital market.

ADDITIONAL PORTFOLIO DIVERSIFICATION THROUGH ACQUISITION OF THE HY-LINE GROUP

The acquisition of the value-added distributor and system provider HY-LINE diversifies Blue Cap's portfolio significantly. Megatrends such as the Internet of things, smart home and Industry 4.0, as well as the positive outlook for the individual end markets such as medical technology, create excellent market conditions for further growth.

CAPITAL INCREASE MEETS WITH POSITIVE CAPITAL MARKET RESPONSE

In August, Blue Cap implemented a capital increase corresponding to 10% of the share capital. The new shares were offered in a private placement and were placed with institutional investors. The gross issue proceeds before commission and expenses came to EUR 10.8 million. The transaction allowed Blue Cap to increase the number of shares in free float with the aim of further increasing the trading liquidity and appeal of Blue Cap's shares. The capital increase also met with a very positive market response and provided a significant boost to the share price.

ATTRACTIVE EXIT FOLLOWING COMPLETION OF TRANSFORMATION PROCESS

Carl Schaefer Gold- und Silberscheideanstalt GmbH was sold to a strategic investor in November. The company was able to sustainably increase its revenue and earnings as part of the Blue Cap Group's portfolio, which it joined back in 2016. With Blue Cap's active support, the company significantly expanded its sales activities and strengthened its precious metals purchasing. The sale is part of Blue Cap's best-owner strategy, under which portfolio companies are sold once their value growth potential has been leveraged. The purchase price achieved is just above the net asset value measurement and corresponds to a multiple on the capital employed of around 3.1x.

Capital increase corresponding to

10%

of the share capital in August 2021

SALE OF FURTHER PROPERTIES NOT REQUIRED FOR OPERATIONS

Following the sale of the former em-tec GmbH building and premises in Finning in April 2021, Blue Cap sold another property in November 2021. It has been leased to Gämmerler GmbH, a wholly owned subsidiary of Blue Cap, for the last few years. The sale is part of the restructuring of Gämmerler GmbH and the associated moves to reduce the size of the

EUR 267 MILLION

Blue Cap reports record sales for the 2021 financial year

company. At Group level, the transaction generated a book profit of around EUR 10 million, which will be recognised in 2022. In December 2021, Uniplast also sold a building that it no longer required for operations, with plans to reinvest the proceeds primarily in further strengthening the company's R&D work.

STATE-OF-THE-ART WEBSITE TO STRENGTHEN COMMUNICATION AND INVESTOR RELATIONS ACTIVITIES

The Blue Cap website was revamped over a period of several months and structured to make it more user-friendly. One of the key objectives of the new website is to address the various stakeholders of the Blue Cap Group in a manner that caters to each specific target group and to provide them with consistent information. It features an appealing, state-of-the-art design that is more transparent, clearer and more informative. The aim is for Blue Cap to offer shareholders, partners, journalists, employees, applicants and potential new entrepreneurs of the Blue Cap Group a comprehensive insight into its day-to-day work.

CONCLUSION OF A SUCCESSFUL FINANCIAL YEAR WITH NEW RECORD FIGURES

Blue Cap can look back on a successful financial year at the end of December. With revenue of EUR 267.3 million and adjusted EBITDA of EUR 24.6 million, the year came to a successful close despite the difficulties on the global procurement markets. The significant growth was due in particular to the positive momentum in the Plastics segment and the acquisitions of the H+E and HY-LINE Groups.

The supply chain bottlenecks eased considerably towards the end of the year, resulting in a substantial volume of deliveries in the fourth quarter, especially at the portfolio companies con-pearl and HY-LINE.

YEAR STARTS WITH NEW PLATFORM INVESTMENT

At the beginning of March, Blue Cap announced the acquisition of the Transline Group, one of the largest translation service providers in Germany. The company will strengthen the Business Services segment, which was newly created with the acquisition of HY-LINE. Transline's business model reaps the benefits of megatrends such as digitalisation and artificial intelligence. The workflow software developed in-house will form the basis for organic growth and the planned further expansion through acquisitions of smaller competitors.

THE PORTFOLIO COMPANIES

50 **01_NESCHEN COATING GMBH**
Specialist in modern self-adhesive products and coated media

52 **02_PLANATOL GMBH**
Specialist in adhesives, adhesive applications and application systems

54 **03_CON-PEARL GMBH**
Manufacturer of innovative lightweight plastic products with global operations

56 **04_UNIPLAST KNAUER GMBH & CO. KG**
Uniplast products can be found in every supermarket refrigerator

58 **05_H+E GROUP**
Solution provider of high-quality thermoplastic assemblies

60 **06_HY-LINE GROUP**
Newcomer delivers impressive performance with outstanding degree of vertical integration

62 **07_TRANSLINE GROUP**
Translation service provider with a high degree of automation and digitalisation

64 **08_NOKRA OPTISCHE PRÜFTECHNIK UND AUTOMATION GMBH**
Supplier of measuring and testing systems for manufacturing with international operations

01_NESCHEN COATING GMBH

Kai Tittgemeyer and Andreas Mertens, Managing Directors of Neschen Coating GmbH

Specialist for modern self-adhesive products and coated media

Neschen Coating GmbH is a leading international company for self-adhesive products and coated media. With more than 40 years of experience in special coating processes under its belt, the company offers products for a wide range of applications in the fields of "Graphic Media and Laminators", "Bookcare and Repair" as well as individual solutions for industrial applications, e.g. in electronic products. Customers include companies in the graphics sector, companies that need industrial surface applications, as well as designers, photographers, interior decorators and advertising agencies. **Neschen** has its production facility in Bückeburg and sells its products across the globe. In a number of European markets, unit sales are handled by the company's own trading company Filmolux; when it comes to global sales, the company has a network of independent trading partners.

DEVELOPMENT IN 2021 AND OUTLOOK

Neschen was unable to escape the Covid-19 pandemic and its implications, including ongoing lockdown measures as well as global disruption on the procurement markets, unscathed in 2021. The company was hit first of all by a sustained lower order volume for trade fair products and other graphic applications. Second, there was a marked slump in the Industrial Applications segment in the second half of 2021. This is due in particular to the shortage of raw materials, but also to the chip crisis, which sent the order volume for specific products for the electronics industry plummeting.

NESCHEN PROFILE

Company headquarters	Bückeburg, Lower Saxony
Managing Directors	Kai Tittgemeyer, Andreas Mertens, Nils Honscha (since 15 February 2022)
Revenue in 2021	EUR 51.9 million
Employees (31 Dec.)	250 (incl. trainees)
Established	1889 (renamed in 1946)
In the Blue Cap portfolio since	2016
Additional locations	Vienna (Austria), Raalte (Netherlands), Bagnolo (Italy), Paris (France), Emmen (Switzerland), Stockholm (Sweden), Greenville (USA), Hradec Králové (Czech Republic)
Segment	Adhesives & Coatings

MARKET TREND

SHORT TERM

→

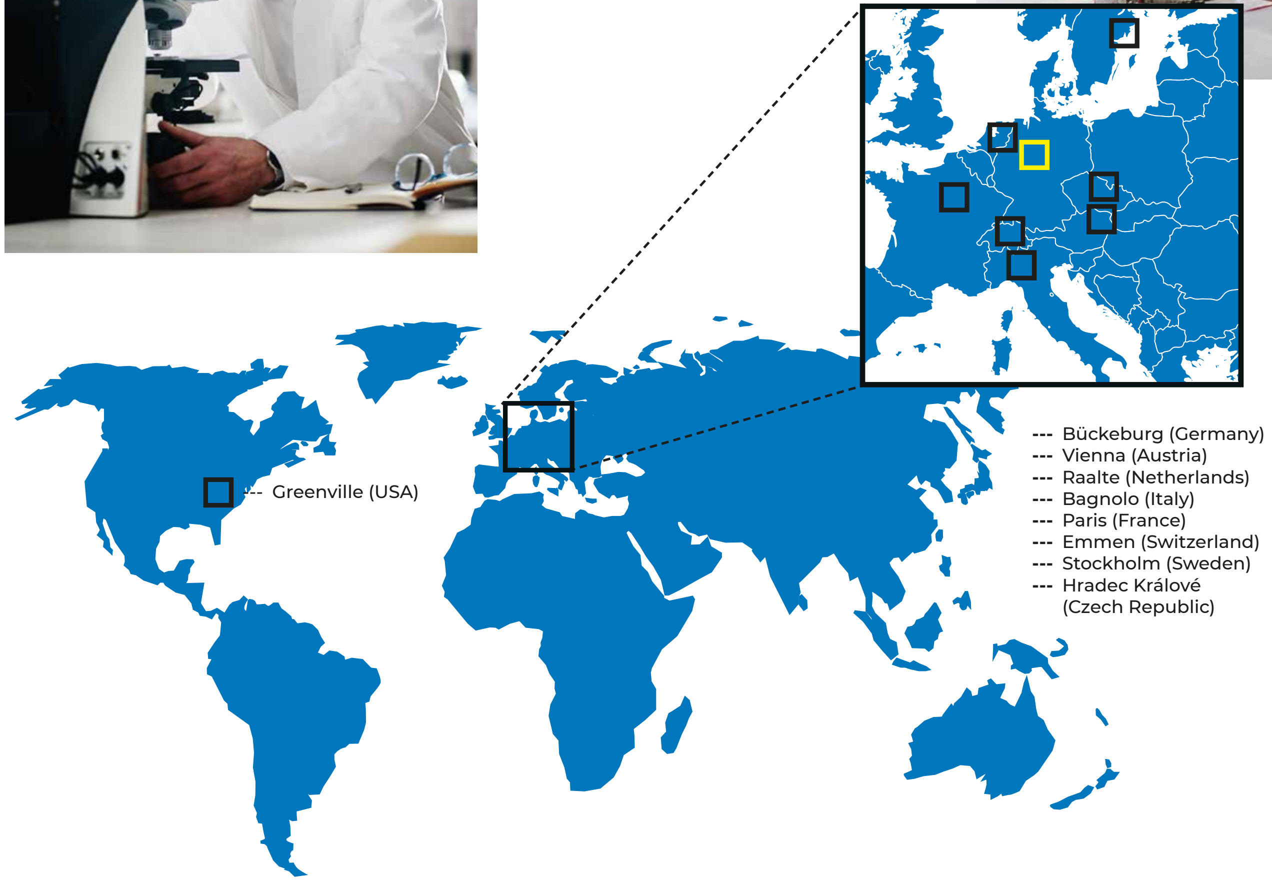
MEDIUM AND LONG TERM

↗

Neschen has been the specialist for self-adhesive products and high-quality coated media for more than

125

years now.



EQUITY STORY

Taken over after the company filed for insolvency in 2016, **Neschen** has evolved into an international leader in its sector since joining the Blue Cap Group thanks to systematic growth and optimisation measures. The Covid-19 pandemic, however, presented the company with major challenges. There is growth potential lurking in the very profitable industrial coatings segment, which is tipped to benefit from catch-up effects in the course of this year.

02_PLANATOL GMBH

Specialist in adhesives, adhesive applications and application systems

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

**Hans Mühlhauser,
Managing Director of Planatol GmbH**

PLANATOL PROFILE

Company headquarters	Rohrdorf-Thansau, Bavaria
Managing Director	Hans Mühlhauser
Revenue in 2021	EUR 36.4 million
Employees (31 Dec.)	122 (incl. trainees)
Established	1932 by Willy Hesselmann
In the Blue Cap portfolio since	2009, majority stake since 2011
Shareholding in %	100
Additional locations	Herford (North Rhine-Westphalia), Paris (France), Milan (Italy)
Segment	Adhesives & Coatings

Manufacturing of a single prototype part using a conventional milling process

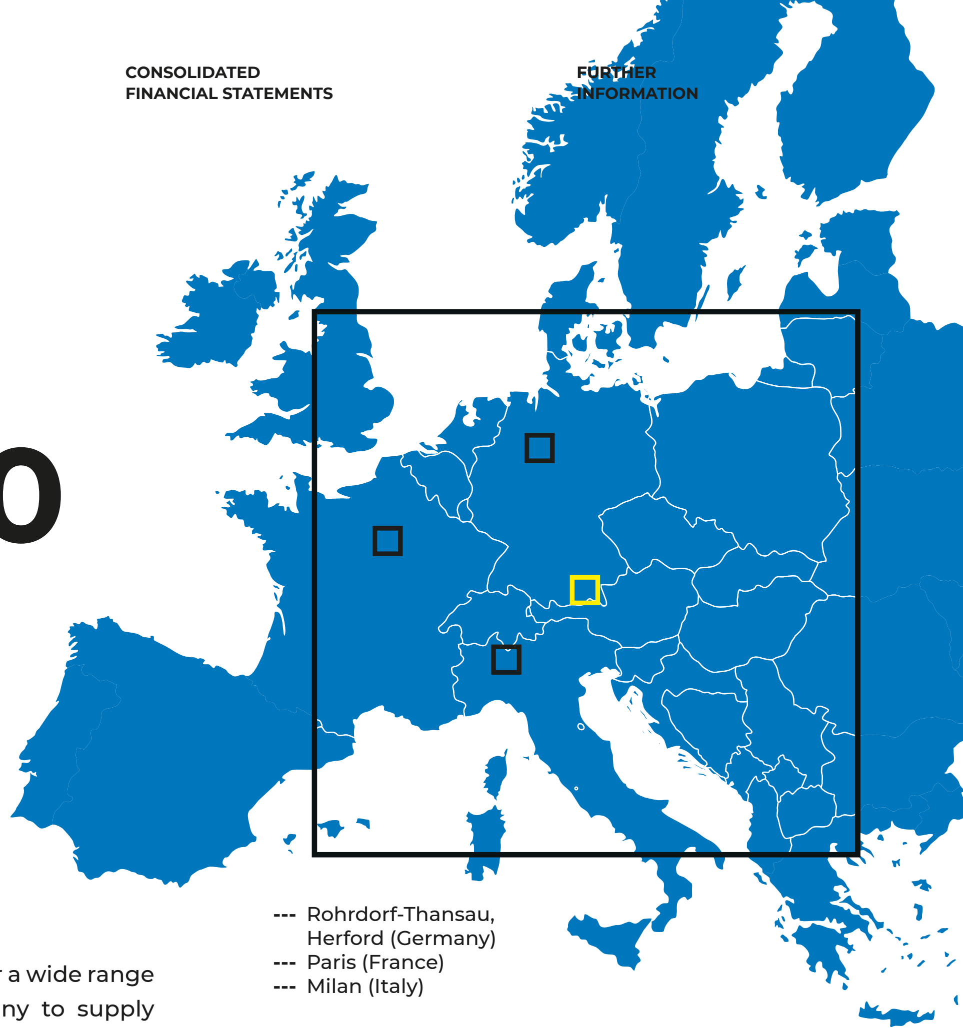
DEVELOPMENT IN 2021 AND OUTLOOK

Thanks to very forward-looking measures to build up inventory levels at the end of 2020, **Planatol** was able to meet all customer requests in the reporting year, even in an adhesives market that was marred by supply bottlenecks. The extreme price increases were gradually passed on to the company's customers. An increase in demand, especially in the domestic market, created positive momentum for the year as a whole. The foundation stone was also laid for a photovoltaic plant at the Rohrdorf site in 2021. The facility is scheduled to be connected to the grid at the beginning of the second half of 2022.

In 2022, **Planatol** will focus on three strategic goals: first, the company plans to press ahead with the digitalisation of its customer interfaces. Second, there are plans to launch an investment review regarding an expansion of manufacturing capacities. The third objective is to further strengthen distribution.

~13,000

tonnes of adhesive were produced by Planatol in 2021



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

EQUITY STORY

Planatol's products can be used for a wide range of applications, allowing the company to supply numerous industries. The development of systems for adhesive processing in the graphics industry increases the degree of vertical integration and, with the related offering of end-to-end solutions, access to customers. Thanks to customer-specific solutions, **Planatol** positions itself in particular in niches where the cost advantages of major competitors are often more or less irrelevant. Further potential lies in the digitalisation of customer interfaces, inorganic growth to round off the product range and moves to expand production capacities for hot-melt adhesives.

MARKET TREND

SHORT TERM	MEDIUM AND LONG TERM
→	↗

03_CON-PEARL GMBH

Manufacturer of innovative lightweight plastic products with global operations

con-pearl's value-added process begins with the extraction of the raw material at the company's own two recycling plants in Leinefelde and Hillscheid. This process involves obtaining plastic granulate from post-industrial polypropylene and polyethylene waste. The granulate is either processed to meet customer-specific requirements and sold directly as a high-quality recyclate or it is used in internal production at the main plant. Later on in the value chain, **con-pearl** specialises in the production of thermally laminated lightweight boards made of polypropylene foil layers. The potential applications in the two main customer industries are diverse: in the automotive industry, the lightweight boards are used in van flooring, head liner covers and floors of luggage areas in vans and buses. For the logistics industry, **con-pearl** develops and manufactures individual reusable packaging for transportation and storage.

Stefan Hoedt,
Managing Director of con-pearl GmbH

con-pearl's van linings and packaging solutions are

100%

recyclable

CON-PEARL PROFILE

Company headquarters	Geismar, Thuringia
Managing Directors	Stefan Hoedt, Ulrich Blessing
Revenue in 2021	EUR 58.9 million
Employees (31 Dec.)	272 (incl. trainees)
Established	1990 (renamed in 2019)
In the Blue Cap portfolio since	2019
Shareholding in %	100
Additional locations	Hillscheid (Rhineland-Palatinate), Leinefelde (Thuringia), Greenville (USA)
Segment	Plastics

DEVELOPMENT IN 2021 AND OUTLOOK

con-pearl strengthened its recycling business in the reporting year by acquiring its second recycling plant. This helped the company to counteract the reduced availability of raw materials. In the automotive business, **con-pearl** saw a drop in demand due to the chip shortage and the production slump at automotive manufacturers. This was more than offset by strong growth in the logistics business, allowing **con-pearl** to post new record figures for both revenue and earnings in 2021. A strategic process was used to reorganise the company's value-added process and market presence. In future, **con-pearl** will work and sell its products in three areas: "Material Services", "Foils & Boards" and "Technical Solutions". In 2022, the aim is to further expand all three areas and secure projects in new customer industries. The company is also working on establishing **con-pearl** as one of the few suppliers of reusable plastic packaging in the market so that it can offer its customers a closed-loop solution from a single source in the future.

MARKET TREND

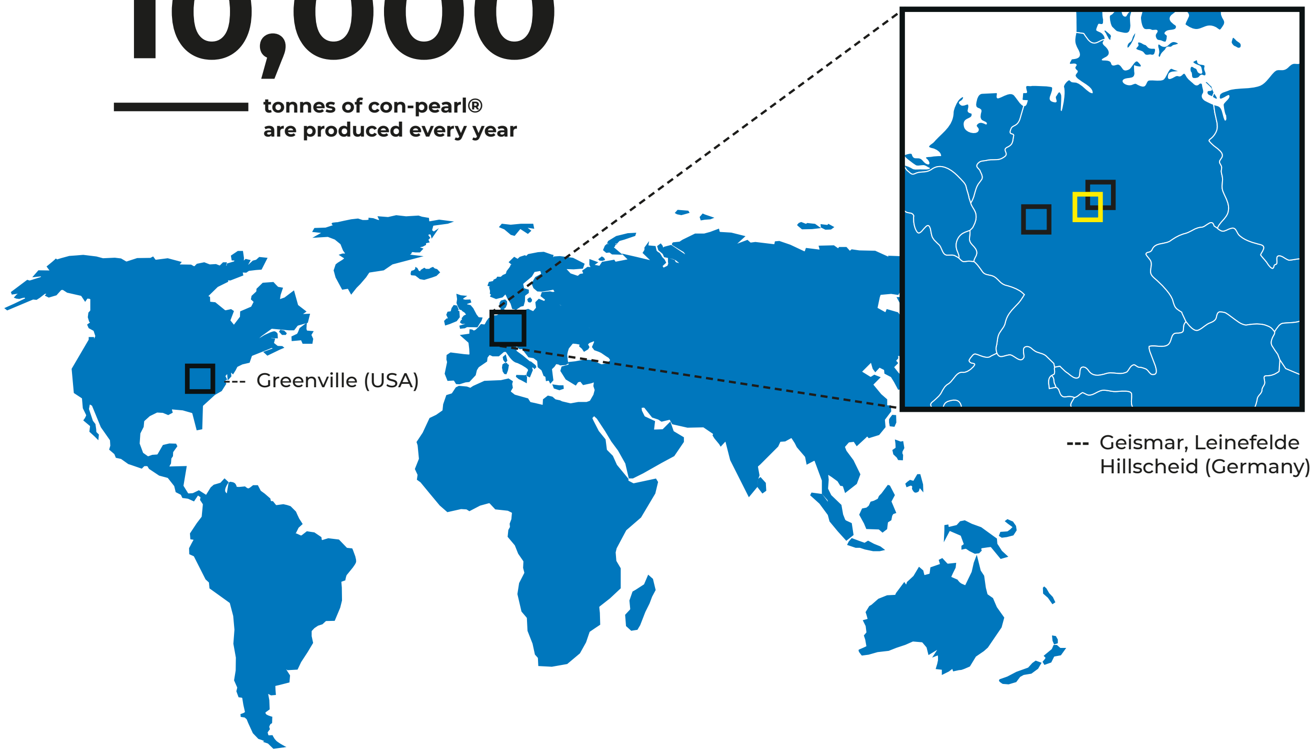
SHORT TERM ↗

MEDIUM AND LONG TERM ↗

Processing con-pearl's customised coloured boards into packaging systems

10,000

tonnes of con-pearl® are produced every year



EQUITY STORY

The acquisition of the second recycling site in April 2021 allowed **con-pearl** to expand its raw material base and become even more attractive to recyclate customers and industrial companies looking to dispose of their waste. The recycling plants also make the company less reliant on raw materials procurement in the plastics market. **con-pearl**'s products respond to the "lightweight construction" megatrend among automotive customers, meaning that, unlike other suppliers, the company is ideally positioned for the process of structural change that is currently under way in the automotive sector. In the Technical Solutions segment, the company has an excellent position to embark on a future growth course and will continue to benefit from the ongoing e-commerce trend, among other things. Thanks to its high-performance products, we believe that the company has further potential for value creation by tapping into new customer markets.

04_UNIPLAST KNAUER GMBH & CO. KG

Uniplast products can be found in every supermarket refrigerator

Uniplast has been developing and producing food packaging for the dairy industry for over 50 years now. The company produces around 2.5 billion cups and lids a year using injection moulding and thermoforming processes. The cups are used primarily for yoghurt, desserts and cream cheese products. They come in a variety of different shapes and sizes – with and without lids – and a whole range of decoration methods are used, from direct printing and sleeves to in-mould labelling and stickers. In addition to the standard range, which comprises more than 300 shapes, **Uniplast**'s experts also develop products to meet customer-specific requirements.

2.5 BN

cups can be produced every year

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

UNIPLAST PROFILE

Company headquarters	Dettingen an der Erms, Baden-Württemberg
Managing Director	Andreas Doster
Revenue in 2021	EUR 49.8 million
Employees (31 Dec.)	260 (incl. trainees)
Established	1968 by Alfred Knauer
In the Blue Cap portfolio since	2018
Shareholding in %	100
Segment	Plastics

Production of a yoghurt pot

DEVELOPMENT IN 2021 AND OUTLOOK

2021 saw **Uniplast** focus on managing the drastic increase in raw materials prices. The company was successful in passing on the extreme increases of up to 60% for various types of plastics to its customers during the year, meaning that it developed according to plan despite the challenges it faced.

The plan for the current year is to achieve volume growth via new projects and to further boost productivity. In particular, however, the company will be focusing on enhancing sustainability. **Uniplast** is committed to the responsible use of materials and resources; all plastic waste is 100% recycled. It also plans to increasingly substitute the use of fossil energy to supply its production operations and buildings.

Polypropylene (PP) – not a bad energy footprint at all: PP melts at only

160 °C

whereas glass requires temperatures that are several times higher.

MARKET TREND

SHORT TERM →

MEDIUM AND LONG TERM →

EQUITY STORY

Long-standing expertise and the fulfilment of customer-specific requirements make the company a market leader for packaging in the German dairy industry. Efficient production, a strong standard range and digital customer interfaces guarantee a smooth process right through to delivery. **Uniplast** focuses explicitly on expanding its innovative strength with the aim of being able to offer sustainable solutions that are cost-effective at the same time. The strengthened research and development team is working continuously on new ideas to take account of the need to reduce the use of plastics and to increase the use of recyclable packaging. The company is aiming to strengthen this area further over the coming years.

05_H+E GROUP

Solution provider of high-quality thermoplastic assemblies

H+E develops and manufactures high-quality plastic parts and assemblies for vehicle interiors and the household appliance industry. As a specialist in (gas-assisted) injection moulding, **H+E** supports its customers on the path from the product idea to series production. Its product expertise ranges from simple plastic parts to complex assemblies featuring high-quality surfaces and an appealing feel. Its core competencies also include toolmaking and process development. Thanks to decades of experience, the Group has in-depth expertise in process technology. This also allows **H+E** to meet customers' high complexity and quality requirements.

Philipp Bentzinger, Managing Director of H+E Group

H+E PROFILE

Company headquarters	Ittlingen, Baden-Württemberg
Managing Directors	Philipp Bentzinger, Mike Liphardt
Revenue in 2021	EUR 33.0 million
Employees (31 Dec.)	188 (incl. trainees)
Established	1976, renamed in 2021
In the Blue Cap portfolio since	2021
Shareholding in %	71
Additional locations	Sinsheim (Baden-Württemberg)
Segment	Plastics

The H+E Group generates

~90%

of its revenue in the automotive business

DEVELOPMENT IN 2021 AND OUTLOOK

With its strong focus on the automotive industry, **H+E** was affected by the economic implications of the material shortages in the reporting year. The semiconductor shortage was reflected in production downtimes in the automotive industry from the second quarter of 2021 onwards. This meant that revenue and earnings for the year as a whole fell well short of expectations. Expected catch-up effects and new business form a stable basis for long-term growth. The company is also in the process of planning the consolidation of its various sites and is also selectively exploring opportunities for inorganic growth.

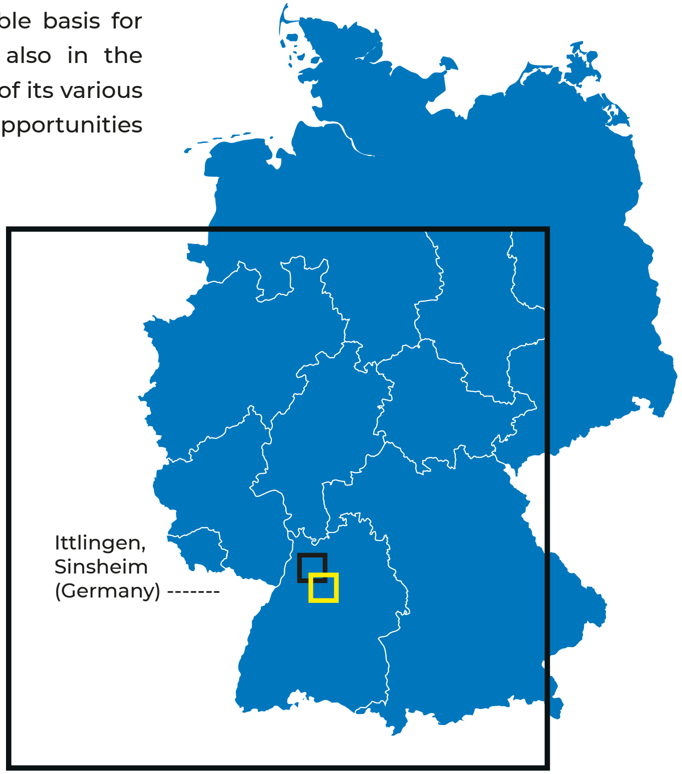
2021

Hero was renamed the H+E Group in 2021

MARKET TREND

SHORT TERM →

MEDIUM AND LONG TERM ↗



EQUITY STORY

The difficult market environment created by the Covid-19 pandemic in 2021 resulted in an excellent opportunity for Blue Cap to invest thanks to a low valuation multiple with earnings that were at an all-time low. **H+E** has the opportunity to increase its earnings and valuation multiple substantially over the next few years as the economy mounts a recovery and the company implements various growth measures. The group of companies is planning to step up its distribution activities further and examine options for inorganic growth. The transaction underlines Blue Cap AG's portfolio strategy of focusing on equity investments with an intact core business and clear growth and improvement potential.

06_HY-LINE GROUP

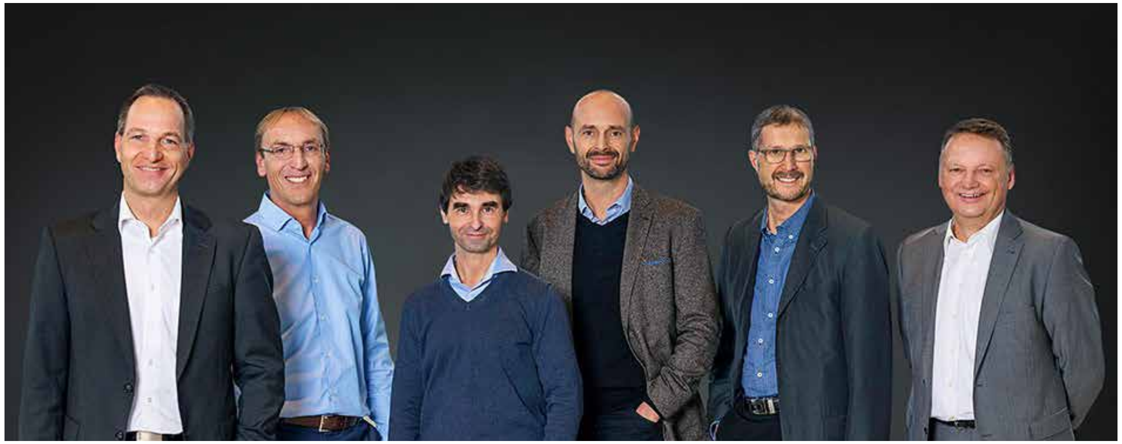
Newcomer delivers impressive performance with outstanding degree of vertical integration

The **HY-LINE Group** has its origins in the distribution of electronic components. Over the last few years the company has transformed itself into a product and systems supplier with a special focus on technical consulting and development expertise. This means that **HY-LINE** enters the value chain even earlier and creates additional added value for its customers by developing its own products and systems. Its customers primarily come from the electronics industry, medical technology, the energy sector and the media and communications industry. Its main sales markets are Germany, Austria and Switzerland.

HY-LINE generates more than

80%

of its revenue with system solutions or customised components



Managing Directors of the HY-LINE Group

HY-LINE PROFILE

Company headquarters	Unterhaching, Bavaria
Managing Directors	Guido Brüning, Martin Dibold, Sven Holfert, Jochen Krause, Carsten Pfaff, Gerhard Wilp
Revenue in 2021	EUR 46.7 million
Employees (31 Dec.)	77 (incl. trainees)
Established	1988
In the Blue Cap portfolio since	2021
Shareholding in %	93
Additional locations	Schaffhausen (Switzerland)
Segment	Business Services

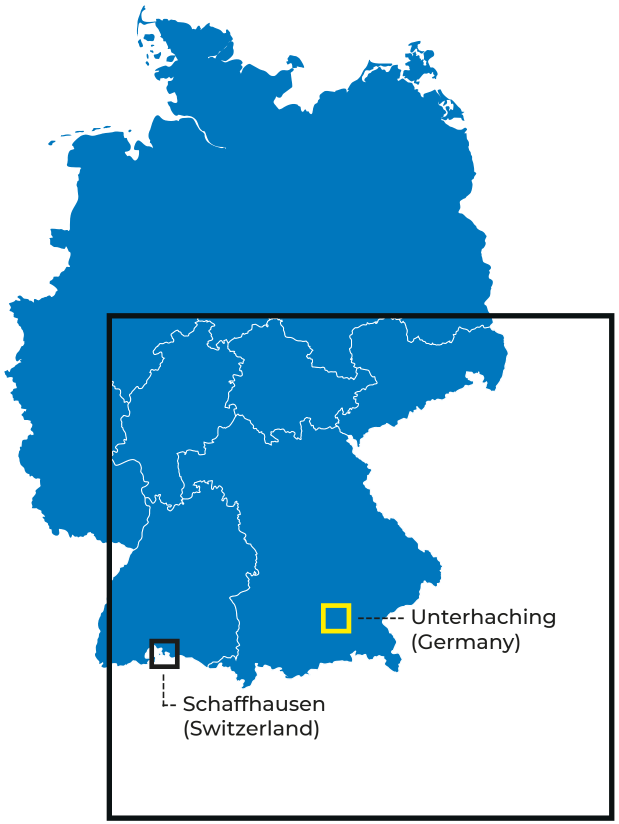
DEVELOPMENT IN 2021 AND OUTLOOK

The **HY-LINE Group** was also confronted with the global supply chain disruption in 2021. The chip shortage and bottlenecks affecting other primary products prompted a significant drop in revenue. At the same time, the record order intake bears testimony to the considerable confidence that customers have in **HY-LINE**'s services and products. Looking ahead to 2022, the supply chain problems in the electronics sector are expected to ease somewhat, allowing companies to gradually start processing and monetising the substantial order backlog. **HY-LINE** will continue to forge ahead systematically with the transformation process it has already embarked upon, with a focus on technical consulting and development expertise, and further expand the share of revenue that it generates with system solutions and its own products. Inorganic growth and measures to press ahead with the company's internationalisation offer further potential.

MARKET TREND

SHORT TERM ↗

MEDIUM AND LONG TERM ↗



EQUITY STORY

An important driver of **HY-LINE**'s success is the high level of development and consulting expertise in the product design phase, which leads to a high proportion of recurring sales during the product's life cycle. The high level of diversification in terms of industries and long-standing and trusting relationships with customers and suppliers serve to strengthen the sustainable and stable business model. Megatrends such as the Internet of things, smart home and Industry 4.0, as well as the positive long-term outlook for the individual end markets such as medical technology, create excellent market conditions and the opportunity for further growth. Its exceptionally differentiated and less capital-intensive business model allows **HY-LINE** to make a significant contribution to the further diversification of the Blue Cap portfolio.

07_TRANSLINE GROUP

Translation service provider with a high degree of automation and digitalisation

Over a period spanning 30 years, **Transline** has evolved from the typewriter to machine translation and artificial intelligence. Today, the company ranks among Germany's largest translation service providers, using a leading workflow software solution that was developed in-house. The digital platform automates processes and controls all translation-related workflows. **Transline**'s translation services range from technical documentation and marketing texts to contractual and patent documents. The company's strategic focus is on fast-growing market segments, especially in the medical technology, pharmaceutical, e-commerce and software sectors. **Transline** has long-standing relationships based on trust with around 5,000 customers, including a large number of major global companies such as Bosch, Miele and TeamViewer.

Katja Schabert, Managing Director of the Transline Group

TRANSLINE PROFILE

Company headquarters	Reutlingen, Baden-Württemberg
Managing Directors	Dr Wolfgang Sturz, Katja Schabert
Revenue in 2021	EUR 20.5 million
Employees (31 Dec.)	146 (incl. trainees)
Established	1986
In the Blue Cap portfolio since	2022
Shareholding in %	74
Additional locations	Olching (Bavaria), Walldorf (Baden-Württemberg), Cologne (North Rhine-Westphalia), Grünbach (Saxony), Modena (Italy), Schiltigheim (France)
Segment	Business Services

Transline works with around

5,000

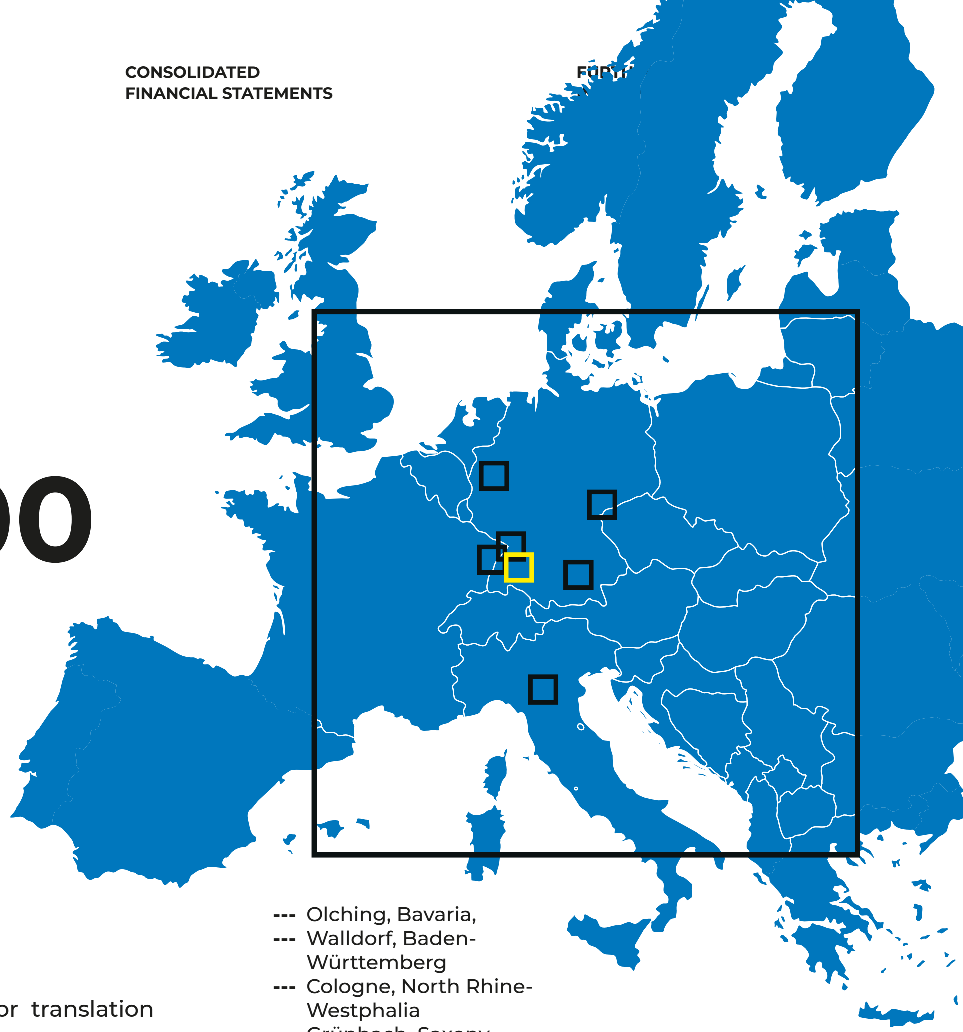
specialist translators across the globe

DEVELOPMENT IN 2021 AND OUTLOOK

The new Blue Cap subsidiary operates in an attractive market environment where structural growth is being driven by increasing digitalisation and globalisation. Experts expect the global translation services market to grow at a rate of 8% p.a. over the next few years. The aim is for the **Transline Group** to participate in this trend. Specifically, the company plans to push ahead with its international expansion and further develop its digital sales strategy. The company is also looking into expanding its service portfolio and developing new market areas. In addition to organic growth, **Transline** plans to further expand the group by acquiring smaller competitors.

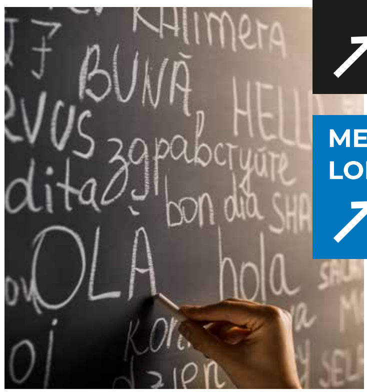
130,000

translation assignments are processed every year



--- Olching, Bavaria,
--- Walldorf, Baden-Württemberg
--- Cologne, North Rhine-Westphalia
--- Grünbach, Saxony
--- Modena (Italy)
--- Schiltigheim (France)

MARKET TREND



SHORT TERM ↗

MEDIUM AND LONG TERM ↗

EQUITY STORY

The highly fragmented market for translation service providers is facing considerable consolidation pressure, creating significant growth opportunities via buy-and-build measures designed to acquire new customers and tap into new sectors. The digital platform developed in-house will also play a major role in this process. It allows a larger number of customer requests to be processed more quickly, making the entire service process more efficient. Thanks to the company's M&A history, **Transline**'s management team has extensive experience in integrating new companies into the group. The acquisition is also strategically valuable for Blue Cap AG.

Transline serves to further diversify the existing portfolio and, following the acquisition of HY-LINE, enhances the Business Services segment, which is to be expanded even more in the coming years alongside the industrial business.

08_NOKRA OPTISCHE PRÜFTECHNIK UND AUTOMATION GMBH

Supplier of measuring and testing systems for manufacturing with international operations

nokra manufactures high-precision measurement systems using optical lasers for the automatic inline inspection of geometric sizes. Laser sensors are used to measure parameters such as flatness, straightness, profile, thickness and width contactlessly in the production flow. With its four product groups based on the alpha platform, **nokra** supplies automotive suppliers, plant engineering companies and steel and aluminium producers worldwide. Typical applications include flatness measurement of plate and panels, thickness measurement of strip materials, windscreen curvature and 3D dimensions of hot forged parts. In addition to the end customer business, **nokra** supplies integrators and OEM partners on the basis of measurement technology components or full measurement systems.

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

NOKRA PROFILE

Company headquarters	Baesweiler, North Rhine-Westphalia
Managing Director	Günter Lauven
Revenue in 2021	EUR 2.2 million
Employees (31 Dec.)	24 (incl. trainees)
Established	1991
In the Blue Cap portfolio since	2014
Shareholding in %	90
Segment	Others

Precision measurement of a pivot pin for a camshaft measuring machine

DEVELOPMENT IN 2021 AND OUTLOOK

As a production technology company serving partly cyclical customer industries, **nokra** was already hit hard by the economic slump triggered by the Covid-19 pandemic in 2020. There were also major project delays and postponements in the year under review. A small number of major projects made the revenue trend very volatile. A strong level of incoming orders was, however, recorded in the second half of 2021, the processing of which already left its mark on the fourth quarter. As a result, the current year should see capacity utilisation bounce back and the number of new projects increase again, though there are uncertainties due to ongoing supply chain issues. There are also plans to further expand the company's standard products and solutions so that it can also handle smaller orders profitably in the future and better tap into new customer segments.

Precise laser measurement at

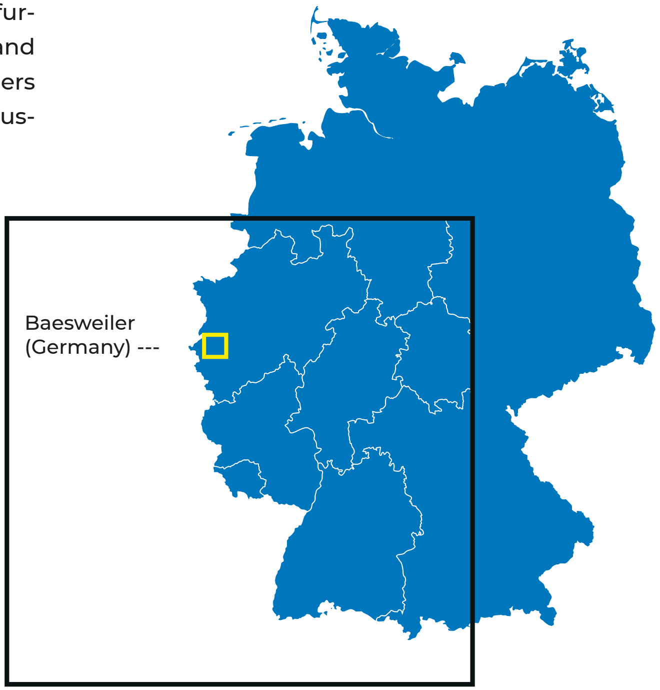
15 SECOND INTERVALS

on a windscreen heated to 450°C

MARKET TREND

SHORT TERM →

MEDIUM AND LONG TERM ↗



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 customer-specific problem definition to the assembly and implementation of the measuring systems, the focus is on innovative and effective solutions. Long-standing experience and high quality standards ensure that the measuring systems are being developed further on an ongoing basis and meet the very latest technological standards. The precision offered by the systems and traceability based on national and international standards are a competitive factor that the company intends to harness for further growth over the next few years.

COMBINED MANAGEMENT REPORT

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COMBINED MANAGEMENT REPORT

1. THE COMPANY

1.1 Business activities and focus

MAJORITY STAKE IN SMES

GOOD TO KNOW
You can find out more about our portfolio companies in the progress report starting on page 45

Blue Cap AG is a listed investment company established in 2006 with its registered office in Munich. The company invests in SMEs from the B2B sector and supports them in their entrepreneurial development. The companies are headquartered in Germany, Austria and Switzerland, tend to generate revenue of between EUR 30 million and EUR 80 million and have an intact core business. As of the reporting date, the company holds majority stakes in eight companies (previous year: seven) and one minority interest. The Group employed an average of 1,211 people in the reporting year and operates in Germany, Europe and the US.

Blue Cap AG is listed on the Frankfurt Stock Exchange in the "Scale" segment and the Munich Stock Exchange in the "m:access" segment (Blue Cap, ISIN: DE000A0JM2M1). Due to its capital market listing, the company has to provide an appropriate level of transparency, an obligation that it lives up to through its active investor communications and investor relations work. The Blue Cap team has extensive M&A, industrial and transformation experience in the German SME segment.

BUSINESS MODEL: BUY, TRANSFORM & SELL

GOOD TO KNOW
You can find out more about our business model starting on page 28

Blue Cap acquires companies that offer clear potential for operational improvements, as well as a promising growth outlook. The portfolio companies receive active support from Blue Cap in their strategic and operational development without losing their established SME identity. While Blue Cap's investment in the portfolio companies is not subject to any fixed holding period, it generally only steps in as a temporary owner. The portfolio companies are sold if it appears to make more sense to allow the company to continue its successful performance with a new ownership structure. Alternatively, the companies remain in the Group and contribute to Blue Cap's further growth with strong earnings.

STRUCTURED M&A PROCESS

Blue Cap acquires new investments as part of a structured M&A process. The process involves the systematic identification and selection of target companies based on fixed investment criteria. Blue Cap invests in companies where succession arrangements are unresolved and in Group spin-offs. Potential acquisitions also, however, include companies facing crisis situations and change or growth challenges.

1.2 Objectives and strategy

PORTFOLIO EXPANSION AND DEVELOPMENT OF PORTFOLIO VALUE

Blue Cap AG's goal is to increase the company's enterprise value with a commercially successful and growing portfolio. Performance is determined by the further growth and profitability of the portfolio companies and the expansion and diversification of the investment portfolio.

Blue Cap's portfolio companies are managed independently by the management teams. In principle, the companies pursue independent strategies.

At the same time, they receive close support provided by the Blue Cap Management Board and team. This applies both immediately after the acquisition and in connection with companies' further strategic and operational development. Blue Cap's Management Board agrees on the central strategic directions with the management teams of the portfolio companies, coordinates the operational improvement and growth programmes and provides the portfolio companies with any additional liquidity they need. Where it makes sense to do so, Blue Cap also strengthens the portfolio companies through add-on acquisitions.

1.3 Portfolio

PORTFOLIO STRUCTURE: EIGHT MAJORITY SHAREHOLDINGS IN FOUR SEGMENTS

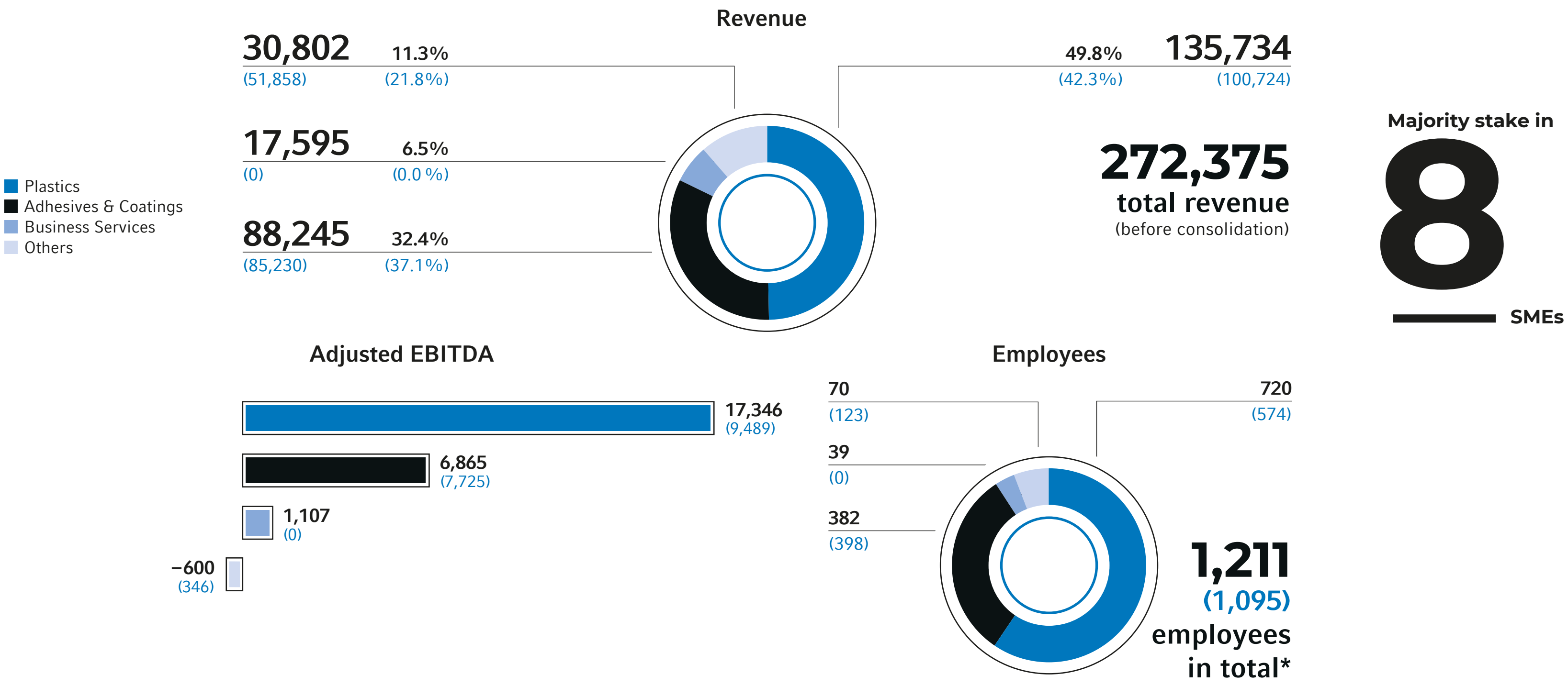
Blue Cap's portfolio comprised eight majority shareholdings as of the reporting date. They are allocated to four segments: Plastics (previous year: Plastics Technology), Adhesives & Coatings (previous year: Adhesive Technology and Coating Technology), Business Services and Others (previous year: Other).

In the 2021 financial year, the Plastics Technology segment was renamed **Plastics** and the Other segment was renamed **Others**. In addition, the Coating Technology segment (Neschen Coating GmbH together with its subsidiaries) was combined with the Adhesive Technology segment (companies belonging to the Planatol Group) to form the **Adhesives & Coatings segment** due to the many similarities among the companies in these segments. By way of example, both groups of companies produce their own adhesives using similar production processes. The Neschen Group adds coating as an additional processing step. The graphic arts industry is also a key customer group for both portfolio companies.

Up until 31 October 2021, the portfolio also included the Metal Technology segment, which was dissolved on this date with the successful sale of Carl Schaefer Gold- und Silberscheideanstalt GmbH (hereinafter also referred to as Carl Schaefer). As a result, key figures for Carl Schaefer as of the end of the reporting year are presented under the **Others** segment. In addition,

Key portfolio data | 2021 (2020)

EUR thousand



* incl. trainees

nokra Optische Prüftechnik und Automation GmbH and Gämmerler GmbH were assigned to the **Others** segment (both formerly Production Technology) due to their comparatively low volume of revenue.

The **Plastics** segment (formerly Plastics Technology) comprises the companies Knauer-Uniplast Management GmbH and Uniplast Knauer GmbH & Co. KG in Dettingen an der Erms. The segment also includes con-pearl Verwaltungs GmbH and con-pearl GmbH in Geismar, Thuringia, with its US subsidiaries con-pearl North America Inc. and con-pearl Automotive Inc., Greenville/USA. Since March 2021, the newly acquired companies H+E Molding Solutions GmbH (formerly Hero GmbH) in Ittlingen, Baden-Württemberg, H+E Kinematics GmbH (formerly Engel Formenbau und Spritzguss GmbH) and H+E Automotive GmbH, both in Sinsheim, Baden-Württemberg, have also been allocated to this segment.

Uniplast is a manufacturer of customised and standardised plastic packaging in the fast-moving consumer goods (FMCG) sector. In the dairy packaging segment, the Group has a market share of around 20% in the German-speaking countries. As a specialist in the production of cups and lids using injection moulding and thermoforming processes, Uniplast offers a wide range of products, as well as decoration processes.

The con-pearl Group is a manufacturer of lightweight plastic products with distribution focusing on the logistics and automotive sectors. The lightweight boards known under the con-pearl brand name are light, stable and consist almost entirely of high-quality recycled material. In order to achieve this, con-pearl operates two of its own recycling plants for the recycling of polypropylene plastics and the processing of other polyolefin plastics.

The H+E Group develops and manufactures high-quality plastic parts and assemblies for vehicle interiors and the household appliance industry. As specialists for high-quality surfaces and complex movement systems, the companies in the H+E Group act as a system supplier that is on hand to support their customers on the path from the product idea to series production. Its product expertise ranges from simple plastic parts to complex assemblies featuring high-quality surfaces based on (gas-assisted) injection moulding. The product range includes interior door opening mechanisms, roof handles, trims, coat hooks, as well as various handles and opening mechanisms.

Neschen Coating GmbH, together with its subsidiaries (formerly: Coating Technology segment) and the companies in the Planatol Group (formerly: Adhesive Technology segment), make up the **Adhesives & Coatings** segment.

In the Neschen Group, the company Neschen Coating GmbH (hereinafter also referred to as Neschen Coating) in Bückeburg, Lower Saxony, was active in the 2021 financial year together with the Filmolux distribution companies in Germany, Austria, Switzerland, France, Italy, the Netherlands and Sweden, Neschen Inc., in Richmond, USA and Neschen s.r.o. in Hradec Králové, Czech Republic. Neschen Coating is a manufacturer of innovative self-adhesive products and high-quality coated media for a range of industrial applications in the graphics, book protection and repair, and industrial coatings sectors. Neschen Coating distributes its own products in more than 70 countries across the globe. The Filmolux distribution companies are regionally specialised and distribute both Neschen products and other related merchandise. Neschen s.r.o., Hradec Králové, Czech Republic, is a mechanical engineering company focusing on laminator production. Neschen Inc., Richmond, USA, is the sales company responsible for the North American market.

The Planatol Group comprises the companies Planatol GmbH and PLANATOL System GmbH in Rohrdorf near Rosenheim, as well as the adhesives distribution companies Planatol France S.à r.l., in Sucy-en-Brie, France, and Planatol-Società Italiana Forniture Arti Grafiche S. I. F. A. G. S. r. l. (hereinafter also referred to as Planatol Sifag) in Milan, Italy. Planatol GmbH produces adhesives in particular for applications in the printing and graphic arts industry, as well as for the packaging and wood processing sectors, and sells these products both itself and through its own distribution companies, 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 applications outside the printing industry.

The companies in the HY-LINE Group acquired in August 2021 make up the new **Business Services** segment. The HY-LINE Group is an application specialist for electronic components and systems that has evolved in recent years from a value-added distributor to a supplier of products and systems with a special focus on technical consulting and application competence. Its customers primarily come from the electronics industry, medical technology, the energy sector and the media and communications industry. The Group's main sales market encompasses Germany, Austria and Switzerland.

The HY-LINE Group includes five independent companies: HY-LINE Holding GmbH, HY-LINE Computer Components Vertriebs GmbH, HY-LINE Power Components Vertriebs GmbH, HY-LINE Communication Products Vertriebs GmbH, all based in Unterhaching, Bavaria, and HY-LINE AG, Schaffhausen, Switzerland. HY-LINE Holding GmbH, as the parent company, provides intra-group services in the areas of finance and accounting, marketing, storage and IT, while the remaining companies each have specialised product areas. The expertise of HY-LINE Computer Components Vertriebs GmbH lies in the product areas of visualisation (display and touch technology) and embedded computing and signal management. HY-LINE Power Components GmbH, on the other hand, specialises in all matters and products relating to power electronics, power supply and energy storage. As a highly specialised sales partner and manufacturer representative, HY-LINE Communication Products Vertriebs GmbH boasts extensive application-specific expertise in wireless modules and M2M & IoT system solutions. HY-LINE AG focuses on customised lithium-ion batteries, battery systems, energy storage systems and power supply systems.

Blue Cap AG also has a minority interest in INHECO Industrial Heating and Cooling GmbH in Planegg near Munich, which is included in the Group as an associated company using the equity method. INHECO manufactures products for thermal management in the laboratory automation and medical technology markets.

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

The **Others** segment includes the holding and real estate management companies of the Blue Cap Group.

In addition, nokra Optische Prüftechnik und Automation GmbH (hereinafter also referred to as nokra) in Baesweiler near Aachen and Gämmerler GmbH (hereinafter also referred to as Gämmerler) in Geretsried-Gelting were assigned to the Others segment (both formerly Production Technology) in the 2021 financial year due to their comparatively low volume of revenue. Gämmerler has its origins in the development and production of systems and machinery for print finishing. As part of the company's realignment, Gämmerler focused on the profitable service and spare parts business in the 2021 financial year. Its customer base includes, in particular, large-scale printers, printing press manufacturers and bookbinding companies. nokra manufactures inline measurement systems using optical lasers with applications in the steel, aluminium and automotive industries. It offers solutions for glass, thickness and flatness measurement, customised systems and services, as well as spare parts.

Furthermore, with the sale and deconsolidation of Carl Schaefer as of 31 October 2021, the Metal Technology segment was dissolved and the revenue and earnings figures for this company were reclassified under the Others segment. In the same period of the previous year, the Other segment also included em-tec GmbH, which was sold and deconsolidated on 30 April 2020.

PORTFOLIO CHANGES

YOU CAN FIND FURTHER INFORMATION online at www.blue-cap.de/en/news

Blue Cap 11 GmbH acquired 71% of the shares in H+E Molding Solutions GmbH (formerly Hero GmbH) and its subsidiaries as part of a share deal under a purchase agreement dated 29 January 2021. The acquisition was completed successfully when the transaction was closed on 26 February 2021. The H+E Group was consolidated for the first time on 28 February 2021 and allocated to the **Plastics segment**.

Neschen Coating GmbH **(Adhesives & Coatings segment)** has taken over the remaining 40% of the shares in Filmolux Scandinavia AB from the previous co-shareholder effective 31 March 2021. This means that Neschen Coating GmbH holds 100% of the shares in Filmolux Scandinavia AB as of this date. Due to the acquisition's minor significance for the Group as a whole, no further information is provided.

con-pearl GmbH **(Plastics segment)** acquired the business operations, including all material assets and employees of Recyplast GmbH from the insolvency estate of Fischer GmbH for an amount running into the low single-digit millions under an agreement dated 7 April 2021. Recyplast, based in Hillscheid, Rhineland-Palatinate, specialises in the production of regranulate from various plastics. Income from a bargain purchase of EUR 24 thousand was generated as part of the acquisition. con-pearl GmbH is using the acquisition to strengthen its recycling activities and secure further supply sources for the production of regranulate.

HY-LINE Management GmbH (formerly: Blue Cap 12 GmbH) acquired 96.2% of the shares in HY-LINE Verwaltungs GmbH (which has now merged with HY-LINE Holding GmbH) as part of a share deal based on a purchase agreement dated 5 August 2021. The remaining shares were incorporated into HY-LINE Management GmbH by the management of the HY-LINE Group as part of a capital increase. This means that Blue Cap AG holds 92.9% of the shares in HY-LINE Management GmbH and that HY-LINE Management GmbH (formerly: Blue Cap 12 GmbH) in turn holds 100% of the shares in HY-Line Holding GmbH. The acquisition was completed successfully when the transaction was closed on 1 September 2021. The companies in the HY-LINE Group make up the new **Business Services** segment, which was created in the reporting year.

By way of a notarised purchase agreement dated 16 November 2021, Blue Cap AG sold its 100% stake in Carl Schaefer (**Others segment**) to the strategic investor Bauer-Walser AG. As part of the sale, the property, which had previously been partly let to third parties and partly used by Carl Schaefer itself, was sold by Carl Schaefer to Blue Cap 13 GmbH (**Others segment**), which was newly founded in 2021. A long-term lease agreement was concluded between Blue Cap 13 GmbH and Carl Schaefer for the part of the property still used by Carl Schaefer. The remaining lease agreements have been transferred to Blue Cap 13 GmbH. As a result of the sale, Carl Schaefer was deconsolidated as of 31 October 2021 and the Metal Technology segment was dissolved, with Carl Schaefer's revenue and earnings figures being reclassified to Others. Also due to the deconsolidation of Carl Schaefer as of 31 October 2021, the informational value of the reporting figures for the Others segment is limited in comparison with the prior-year figures.

1.4 Governance

COMPANY MANAGEMENT: MANAGEMENT BOARD AND SUPERVISORY BOARD

Blue Cap AG, the Group's parent company, is managed by the Management Board. It manages the company's business on its own responsibility and determines the company's strategic direction. The strategy is implemented in cooperation with the Supervisory Board. It receives regular reports from the Management Board on business developments, the company's strategy and potential opportunities and risks.

In the financial year under review, the Management Board consisted of three members: Ulrich Blessing (Chief Operating Officer), Tobias Hoffmann-Becking (Chief Investment Officer) and Matthias Kosch (Chief Financial Officer).

Supervision of the Management Board is the responsibility of the Supervisory Board. In the reporting year, the Supervisory Board consisted of five members and was chaired by Prof. Dr Peter Bräutigam. Other members included Deputy Chair Dr Stephan Werhahn, Michel Galeazzi, Dr Henning von Kottwitz and Dr Michael Schieble. The Supervisory Board was also involved in regular and constructive dialogue with the Management Board even outside of its meetings in the reporting year.

GOOD TO KNOW
You can find the Report of the Supervisory Board from page 10 on

COMMITMENT TO THE PRINCIPLES OF CORPORATE GOVERNANCE AND COMPLIANCE

The Management Board and the Supervisory Board are committed to the responsible management and supervision of the company in accordance with the principles of good corporate governance. These principles are a prerequisite for the company's long-term success and a guiding principle for the conduct of the day-to-day business of Blue Cap AG and its subsidiaries. The Management Board and the Supervisory Board are convinced that good corporate governance strengthens the trust of business partners and employees, as well as the public at large, in the company. It boosts Blue Cap's competitive standing and also secures the trust that financial partners have in the company. As a result, the Management Board implemented a Group-wide Code of Conduct and an Anti-corruption Policy. These documents contain principles of conduct designed to ensure that business activities throughout the Group are conducted in accordance with the regulations, guidelines, laws and other principles that apply within the Group.

1.5 Tax

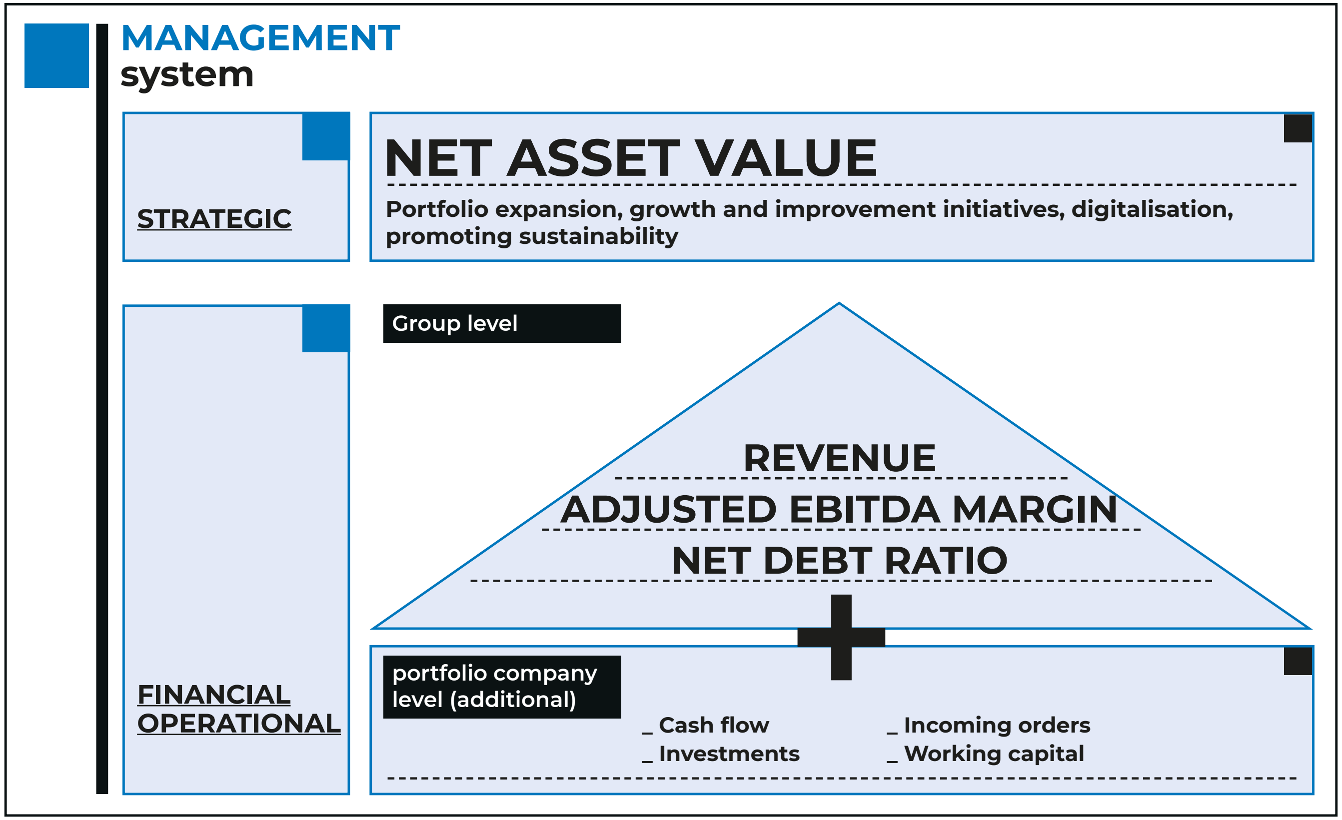
MANAGEMENT FOCUS: SUSTAINABLE VALUE CREATION AND INCREASE IN REVENUE AND EARNINGS

On a strategic level, we calculate the net asset value (NAV) as a key figure of the Blue Cap Group.

The key financial control parameters are derived from the company's strategic objectives. Across the Group, these parameters are revenue, the EBITDA margin, adjusted to reflect non-operating effects (adjusted EBITDA margin), and the net debt ratio. At the level of the portfolio companies, the cash flow, investments, the development of order intake and working capital also rank among the relevant key performance indicators.

The net asset value (NAV) corresponds to the proportionate fair value of the equity of the portfolio companies included in the segments, depending on the participating interest held, less the net debt of the holding company, the real estate assets less debt of the real estate management companies, as well as the value of minority interests. More detailed information on the calculation of the NAV can be found in the economic report in the section entitled "Net asset value of the segments and the Group".

GOOD TO KNOW
You can find out more about the NAV in the chapter Blue Cap on the capital market starting on page 31



The relevant financial indicators at Group level, i.e. revenue, adjusted EBITDA margin and net debt ratio, are calculated 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 split into cash flow from operating activities, investing activities and financing activities. The net debt ratio (in years) represents the debt less cash in relation to adjusted EBITDA. From this reporting year onwards, lease liabilities were also taken into account in addition to liabilities to banks when calculating net debt (in years).

MANAGEMENT PROCESSES: CLOSELY INTERLINKED

Blue Cap exerts influence over the success of the companies and, as a result, on the performance of the Group through the strategic and operational support it provides. To this end, Blue Cap’s management system is closely interlinked with the detailed operational management systems of the portfolio companies, which are based on day-to-day business.

The business plans of the portfolio companies are developed as part of an iterative process involving the portfolio companies and Blue Cap. The planning process is initiated in a meeting between the management of the portfolio companies and the Management Board to discuss the expectations for business development and strategy. The companies then develop detailed corporate plans for a period of three years in each case based on the fundamental strategic principles. Based on the dialogue with the management and the plans developed by the portfolio companies, the Management Board puts together an overall picture of the expected business development of the Group and prepares a consolidated plan.

The portfolio companies provide the holding company with information on their financial development on an ongoing basis and submit monthly reports consisting of key revenue, earnings, balance sheet and other financial figures, order development, risks and other specific topics. Blue Cap’s investment controlling team analyses the key figures of the portfolio companies on a monthly basis, compares them against the individual budgets and presents the results to the Management Board. At the same time, the Management Board discusses developments in the portfolio companies and important ongoing projects with the management teams and the investment management department. This gives the Blue Cap Management Board a regular overview of business developments at the portfolio companies and within the Group.

CLOSE DIALOGUE BETWEEN MANAGEMENT BOARD AND PORTFOLIO COMPANIES

Another management tool is the regular meetings between the Management Board, investment managers and the managing directors of the individual portfolio companies. These meetings are used to address key developments such as important contract awards, strategic investments and financing, and to discuss alternative courses of action. The management teams also keep an eye on, and analyse, the relevant market and competitive environment on an ongoing basis and share their findings with the Management Board.

The Blue Cap Management Board is also involved in defining improvement and growth programmes and receives regular updates about the status of their implementation and the results achieved so far.

In the context of the investment business, the Management Board is heavily involved in all essential core processes relating to the selection and review of new investment proposals, as well as negotiations on the purchase and sale of portfolio companies.

1.6 Non-financial performance indicators

The following non-financial performance indicators are aspects that are of fundamental importance to the Group’s successful business development. These indicators are not incorporated directly into the company management process.

EMPLOYEES

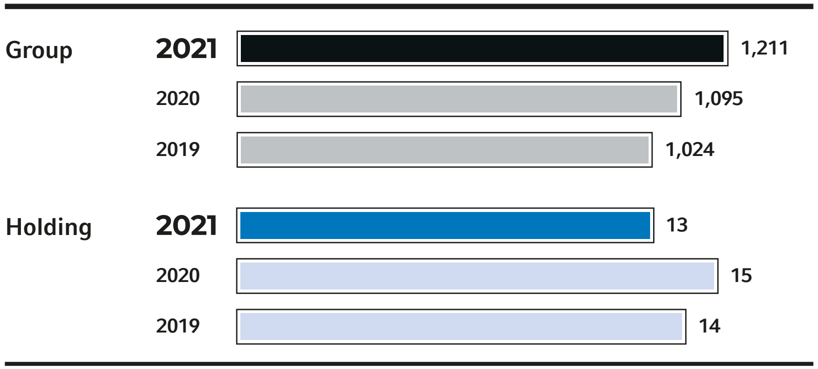
Within the Group: number of employees up by approx. 11% year-on-year

In the 2021 financial year, the Group had an average of 1,176 employees (previous year: 1,061) and 35 trainees (previous year: 34). The increase is due primarily to the first-time consolidations of the H+E Group as of 28 February 2021 and the HY-LINE Group as of 1 September 2021 within the Blue Cap Group. The deconsolidation of Carl Schaefer Gold- und Silberscheideanstalt GmbH as of 31 October 2021 had the opposite effect.

The individual management teams are responsible for the management and further development of employees of the portfolio companies. The holding company supports the management teams with the recruitment and selection of executives and also provides impetus for personnel development measures and the structure of collective agreements.

Development in the average number of employees

Number (incl. trainees)



The companies in the Blue Cap Group see high-quality training as a top priority to allow them to meet the long-term demand for qualified staff and to counteract demographic developments.

WITHIN THE HOLDING COMPANY: EXPERIENCED TEAM OF SPECIALISTS PROVIDING SUPPORT TO FOSTER VALUE CREATION

In the reporting year, Blue Cap AG employed 13 people, excluding the Management Board. This figure was down by two people compared to the previous year, although these positions will be filled.

The Management Board is convinced that satisfied and well-qualified employees are a key factor in the Group's success. As a result, Blue Cap offers its employees a flexible and modern working environment in which colleagues treat each other with respect, as well as performance-based pay. In addition, individual training opportunities, streamlined hierarchical structures and opportunities to take on responsibility are further factors allowing Blue Cap to establish itself successfully as an attractive employer.

INNOVATION

Research and development work is carried out within the portfolio companies and is based on the requirements of the markets in which they operate and their individual product range. Within the Group, each company ensures that development targets aimed at promoting growth are defined and implemented, and that market developments are recognised early on and are then taken into account in the development process. The Blue Cap Management Board is convinced that sustainable process and product innovations will ensure the long-term success of the portfolio companies. As a result, innovation projects are included in the annual planning process, discussed on a regular basis as part of the process of dialogue with the management teams and supported.

In the area of Plastics, R&D activities include the development of new, and the enhancement of existing, plastic products for the automotive and packaging sectors, as well as packaging solutions for the dairy sector, the use of new system technologies and materials, and the further development of recycling processes and products. These activities involve optimising existing formulation in terms of the materials used and costs, but also developing new formulations.

Research and development activities in the **Adhesives & Coatings s**egment include, in particular, the overhaul of adhesive formulations with regard to environmental compatibility and application requirements, the use of new raw materials and the development of new applications and customised solutions. Research and development activities within the Planatol Group in the PLANATOL System sub-area include, in particular, the modularisation and overhaul of the product range and the use of new technologies.

In the **Business Services** segment, the HY-LINE Group works in close consultation with the customers concerned to further expand its product portfolio of system solutions and services. Particular emphasis is placed on the areas of visualisation (display and touch technology), customised lithium-ion batteries and battery systems. In order to meet the high demands associated with complex electronic systems, a specialised team of technical experts and project managers has been set up for display/touch technology, for example. The team supports the customer from the concept design phase to series delivery of the final product, including quality management.

At nokra (**Others** segment), the focus of R&D activities is on the continuous further development of the measurement system product lines. In line with this focus, improved application software is currently being developed for glass measurement and a modular portal solution for flatness measurement. With regard to thickness measurement, work is under way to increase measurement stability with the help of a deformation sensor. nokra is also developing another product line, the hot measuring cell, which will be used for quality assurance in the forging industry.

Total expenses for research and development incurred by the Group in the financial year amounted to EUR 2,510 thousand (previous year: EUR 2,984 thousand). The decrease is due in particular to reduced and capitalised expenses in the 2021 financial year at the Neschen and Planatol Group, as well as the deconsolidation of em-tec GmbH after its sale in the 2020 financial year, meaning that this company is no longer included in the reporting year. As of 31 December 2021, the Neschen Group capitalised development costs of EUR 413 thousand (previous year: EUR 0 thousand). Amortisation of internally generated intangible assets totalled EUR 54 thousand in 2021 (previous year: EUR 94 thousand).

SUSTAINABILITY

Blue Cap is convinced that commercial success can only be achieved in the long run if sustainability criteria are taken into account in business activities. As a result, the Blue Cap Group is explicitly committed to its ecological, social and ethical responsibility. As a result, the Management Board of the holding company made the decision in the previous year to implement sustainability as an essential component of the corporate strategy. ESG criteria are to be reviewed and taken into account at all stages in the value chain of both Blue Cap AG and the portfolio companies. The main cornerstones of the Group's sustainability strategy include:

- Acquisition of portfolio companies: Inclusion of social, ethical, ecological and governance aspects when investments are reviewed, and identification of potential for improvement at the target companies
- Exclusion criteria: Exclusion of industries and companies that breach international standards or Blue Cap's values
- Dialogue: Regular dialogue with the management teams on environmental, social and governance aspects within the portfolio companies
- Optimisation approach: Identification and implementation of individual improvement measures within the companies

In 2022, a declaration in accordance with the German Sustainability Code (DNK) will be published for the first time for the 2021 financial year. This will provide further information on the topic of sustainability within the Blue Cap Group.

GOOD TO KNOW
You can find out more about the topic of sustainability starting on page 37

2. ECONOMIC REPORT

2.1 Development of the economic environment

MACROECONOMIC DEVELOPMENT: MARKED GLOBAL ECONOMIC RECOVERY DESPITE ONGOING IMPACT OF COVID-19 PANDEMIC AND SUPPLY CHAIN PROBLEMS, AS WELL AS RISING RAW MATERIALS PRICES[1]

Developments in the global economy in 2021 remained dominated by the Covid-19 pandemic. Since the widespread closures in the spring of 2020, however, global industrial production has been only impacted by the consequences of the pandemic to a limited extent. Against this backdrop, global economic output increased by 6.0% year-on-year overall in 2021 (previous year: -3.0%). The gross domestic product of the world's advanced economies made a return to pre-crisis levels for the first time in the third quarter of 2021 after the drastic slump in the previous year. The emerging markets had already exceeded the pre-crisis GDP level a year earlier, in particular thanks to China's rapid recovery (GDP growth of 8.1%, previous year: 2.3%). The increase in GDP in the emerging markets (7.3%, previous year: -0.4%) was more pronounced than in the world's industrialised nations overall (4.9%, previous year: -4.7%). In the United States, economic output increased by 5.5% in 2021 (previous year: -3.4%), with an increase of 5.0% in the euro area (previous year: -6.5%), 6.6% in the United Kingdom (previous year: -9.7%) and only 1.6% in Japan (previous year: -4.5%). The much better performance shown by the world's emerging markets was likely due to their much more successful measures to combat the pandemic.

The rapid and significant recovery in the global demand for goods triggered supply shortages, which in turn resulted in sharp price increases for raw materials, energy, transport, primary products and finished goods. Irrespective of the high demand for goods, supply chain issues exacerbated the supply shortages and, as a result, also the price increases. Raw materials prices, measured based on the index of the Hamburg Institute of International Economics (HWWI), are up by around 60% on the pre-crisis level, more than making up for the decline in the first half of 2020. This trend is also reflected in the current increase in the inflation rate, which came to a global average of 3.2% in 2021 as against 1.6% in the previous year.

After a 1.9% quarter-on-quarter decline in GDP in the first quarter of 2021, the German economy continued on the path to recovery in the summer half-year. In the second and third quarters, economic output grew at strong quarter-on-quarter rates of almost 2% on average. This narrowed the output gap considerably and reduced the underutilisation that the German economy experienced during the previous waves of the pandemic. Due to renewed restrictions imposed on the service sector in response to the Covid-19 pandemic, GDP then contracted by 0.5% in the fourth quarter. Looking at 2021 as a whole, gross domestic product increased by 2.5% compared to the previous year (-4.6%). The manufacturing sector has been locked in a "bottleneck" recession since the beginning of the year, according to the ifo Institute. Although incoming orders increased almost continuously until the summer, with order books fuller than ever before, supply bottlenecks for key industrial primary products meant that value creation in the manufacturing sector fell for what was already the third quarter in a row.

The inflation rate in Germany was 3.1% (previous year: 0.5%), putting it roughly on a par with the average for the world's advanced economies. The unemployment rate dropped back from 5.9% in the previous year to 5.7%. The situation on the German labour market eased in the summer, although this recovery process was temporarily curbed by the fourth wave of the pandemic and supply shortages in the manufacturing sector in the last quarter of the year.

SECTOR ENVIRONMENT

According to the German Private Equity and Venture Capital Association (Bundesverband Deutscher Kapitalbeteiligungsgesellschaften), investments in the German private equity industry in the past year were down on that of the previous year (study entitled "Der Deutsche Beteiligungskapitalmarkt 2021" [The German private equity market in 2021], published in March 2022). The investment volume in Germany, for example, came to around EUR 12.6 billion in 2021, down by approximately 16% compared to the previous year (EUR 15.0 billion). All in all, private equity companies provided 958 companies with equity capital last year (previous year: 1,121). As

[1] Cf. ifo Economic Forecast Winter 2021 of the ifo Institute, published in December 2021

in previous years, financial investors focused on small and medium-sized companies.

At EUR 4.8 billion, fundraising was up slightly compared to the previous year (EUR 4.4 billion). The number of closings recorded, however, was lower in a year-on-year comparison at 28 (previous year: 38). Of the new funds raised, 30% (previous year: 42%) were raised by venture capital funds and 69% (previous year: 35%) by buy-out funds. PE firms focusing on growth/minority investments and mezzanine capital, as well as generalist investors accounted for a combined total of 1% (previous year: 23%) of the new funds raised.

Buy-outs accounted for less than half of total investments at 43% as against 78% in the previous year. The volume also fell significantly compared to the previous year (EUR 11.79 billion) to EUR 5.5 billion. The number of transactions also remained below the previous year's figure (149) at 93. Venture capital investments amounted to around 32% of total investments (previous year: 13%) and reached a record level of EUR 4.0 billion (previous year: EUR 1.9 billion), more than doubling compared to the previous year. The share of growth financing (growth) and minority investments (replacement, turnaround) came to 25% or EUR 3.1 billion of the total volume and was significantly higher than in the previous year (9%, EUR 1.3 billion) due to a number of major individual investments.

The volume of investments sold rose by one third compared to the previous year from EUR 3.0 billion to EUR 4.0 billion. Sales to other private equity companies and trade sales were the most important exit channels, each accounting for 21% (previous year: 33% and 26% respectively) of the exit volume. This is followed by sales via the stock market (IPO or share sales) at 19% (previous year: 9%) and repayment of preference shares, loans or mezzanine at 18% (previous year: 13%). In addition, 15% (previous year: 2%) of the exit volume is attributable to sales to financial institutions. In the 2021 financial year, 4% (previous year: 13%) of the exit volume is attributable to a total loss.

2.2 Development of the Blue Cap Group

NET ASSET VALUE OF THE SEGMENTS AND THE GROUP

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

The valuation methodology was further improved this year to increase transparency regarding the enterprise value of the portfolio companies and the Group. The objective is to value the portfolio companies at the valuation date with the market price achievable in a transaction. In order to determine a fair value that is as representative as possible, the IPEV Guidelines recommend applying several valuation techniques and comparing the results. The NAV for 2021 is determined for the portfolio companies on the basis of the discounted cash flow method and the relative valuation using valuation multiples (enterprise value/EBITDA). The resulting value range is then used to determine the value that is judged to be representative of the price that can currently be achieved on the market. This takes into account that buyers in our market segment prefer relative valuation methods. On the reporting date, the enterprise value determined on the basis of the multiple method was used for the majority of the companies in the portfolio. Relative valuations using valuation multiples were taken into account for the first time in the NAV calculation as at 31 December 2021; a retroactive adjustment of the valuation methodology of previous NAVs was not made.

The discounted cash flow procedure is based on the approved budget planning of the individual portfolio companies for the years from 2022 to 2024 and their extrapolation for the years 2025 and 2026. The growth rates after the five-year period to calculate the terminal value have generally been put at 1.0% (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 averaged 7.4%.

For the relative valuation on the basis of multiples, valuation multiples (enterprise value/EBITDA) were determined based on the expected key financial figures in 2021 and the forecast key financial figures in 2022 of the peer group companies. Due to the generally smaller size of our portfolio companies, these figures were then used as a basis by applying a uniform size discount of 20% to the respective multiple in relation to the peer groups. To determine the relevant enterprise value, an average value was calculated from the multiple values for the past twelve months (2021) and for the coming planning year (2022). A multiple of 10.8 on average was applied in relation to EBITDA.

Companies for which a market price is available from a recent Blue Cap acquisition (executed in the last twelve months or less) are included at this purchase price in line with the IPEV Guidelines provided there are no indications of any significant change in value.

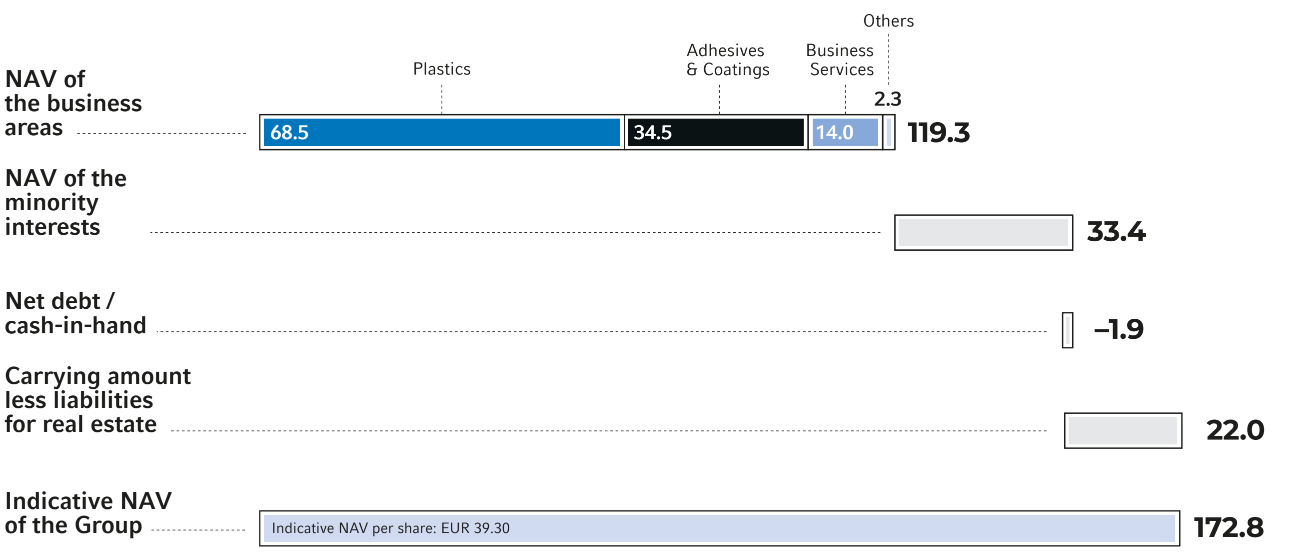
The Group's NAV comprises the NAV of the segments, the net debt of the holding company, the real estate assets and the value of the minority interests.

The NAV of the segments corresponds to the proportionate fair value of the portfolio companies included in the segments, depending on the participating interest held. The net debt of the holding company corresponds to the net amount of loans, cash-in-hand and bank balances. Real estate assets are generally stated at their carrying amount, less debt. In deviation from this, the property in Geretsried was taken into account with the sales proceeds realised in the first quarter of 2022.

Blue Cap's NAV as of 31 December 2021 came to EUR 172.8 million, up by EUR 18.9 million on last year's value (EUR 153.9 million). The change can be traced back primarily to the positive portfolio development (EUR 20.6 million) as well as to the sale of properties for a price above their carrying amount (EUR 11.9 million). The main contributors to the development of the portfolio value were con-pearl in the Plastics segment, Planatol in the Adhesives & Coatings segment and the medical technology company INHECO, which is reporting growth with sustained profitability. On the other hand, the valuation of Neschen (Adhesives & Coatings segment) was reduced due to a marked drop in earnings and expectations regarding future business development.

Indicative net asset value of the Group (as of 31 December 2021)

EUR million



Indicative net asset value of the Group

EUR million

	31 December 2021	30 June 2021	31 December 2020
NAV of the segments	119.3	**118.8**	**106.0**
Plastics	68.5	56.9	42.3
Adhesives & Coatings	34.5	55.3	54.9
Business Services	14.0	0.0	0.0
Others	2.3	6.6	8.8
NAV of the minority interests	33.4	**29.1**	**26.1**
Net debt (–)/cash-in-hand – Blue Cap AG (+)	-1.9	**-1.9**	**9.9**
Carrying amount of properties less liabilities of asset holding company	22.0	**9.2**	**11.9**
Indicative NAV of the Group	172.8	**155.2**	**153.9**

[1] Others includes the portfolio companies nokra, Gämmerler and, up to and including the NAV for HY 2021, the investment in Carl Schaefer

The further development of the valuation methodology described above and the further implementation of the IPEV Guidelines place the valuation approach on a broader and more market-oriented basis. The increased use of the multiple method generally leads to a more moderate increase in company values in relation to the operational development.

Summary explanation of revenue and earnings development in the reporting year

	Actual 2020	Forecast for 2021 (based on 2020 report)	Forecast adjustment (half-year report)	Forecast adjustment (as of 16 November 2021)	**Actual 2021**
Revenue (EUR million)	233.0	255–265	265–275	255–260	267.3
Adjusted EBITDA margin as % of adjusted total output	7.6	8.0–9.0	8.0–9.0	8.0–9.0	9.1
Net debt ratio (excluding lease liabilities) in years	1.6	≤ 2.75	≤ 2.75	≤ 2.75	1.7

The original 2021 budget plan for the Blue Cap Group was adopted in December 2020 on the basis of the Group composition at the time, and expected to see consolidated revenue that would be up significantly in a year-on-year comparison with an operating profit margin (adjusted EBITDA margin) that would also be above that seen in the previous year.

As a result of the changes in the portfolio (for details, see the section entitled "Portfolio changes"), the forecast was adjusted accordingly during the year on 29 January 2021 (acquisition of H+E Group), 5 August 2021 (acquisition of HY-LINE Group), 27 October 2021 (Q3 2021 figures) and for the last time on 16 November 2021 (sale of Carl Schaefer Gold- und Silberscheideanstalt GmbH). Against the backdrop of the sale of Carl Schaefer Goldund Silberscheideanstalt GmbH and in light of the challenges on the global procurement markets, the revenue forecast was recently reduced slightly from EUR 255–265 million to EUR 255–260 million.

At the end of the year, the company then managed to clearly outstrip the revised forecast for 2021 in terms of both revenue and the adjusted EBITDA margin. In a challenging environment, consolidated revenue rose by 14.7% year-on-year to EUR 267.3 million (previous year: EUR 233 million), putting it slightly above the expected (adjusted) revenue range of EUR 255–260 million. Adjusted EBITDA showed a more pronounced increase than revenue, rising to EUR 24.6 million (+39.9% compared to the previous year, previous year: EUR 17.6 million), allowing Blue Cap to further improve its profitability. This corresponds to a margin of 9.1% (previous year: 7.6%), which is marginally higher than the most recently expected range of 8.5% to 9.0%. The positive business development compared to the previous year is due in particular to the strong development witnessed in the Plastics segment and the acquisitions of H+E and HY-LINE. The decisive factor explaining the positive development compared to the revised 2021 forecast was the fact that business performance in the last two months of 2021 outstripped expectations. The organic development in revenue and earnings was, however, weaker overall than assumed at the beginning of 2021.

Substantial total investments, primarily driven by M&A activities, pushed net debt up in 2021. The net debt ratio in the 2021 forecast, defined as the ratio of net financial liabilities (excluding lease liabilities) to adjusted EBITDA, is 1.7 years, within the target corridor of less than 2.75 years.

Overall, the Management Board is satisfied with the company's business development as of 31 December 2021, also given the effects of the pandemic, which dominated the past financial year, and the associated challenges.

EARNINGS DEVELOPMENT

Revenue up significantly year-on-year with positive earnings development

In 2021, the consolidated revenue of the Blue Cap Group increased by 14.7% or EUR 34,348 thousand year-on-year (previous year: 3.2% or EUR 7,328 thousand) to total EUR 267,347 thousand. This was due in particular to the strong development in the Plastics segment and the acquisitions of the H+E and HY-LINE Groups. The deconsolidation of Carl Schaefer Gold- und Silberscheideanstalt GmbH, as well as lower revenue due to the ongoing effects of the Covid-19 pandemic and partly limited delivery capacity as a result of supply chain problems had the opposite effect.

GOOD TO KNOW
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Revenue development within the Group | 2021 (2020)

EUR thousand

Looking at the breakdown of consolidated revenue, the German market accounted for 53.4% or EUR 142,684 thousand (previous year: 52.8% or EUR 123,078 thousand), the rest of Europe for 30.4% or EUR 81,239 thousand (previous year: 28.4% or EUR 66,086 thousand) and third countries for 16.2% or EUR 43,424 thousand (previous year: 18.8% or EUR 43,835 thousand).

Other income amounts to EUR 7,440 thousand (previous year: EUR 25,906 thousand) and mainly includes income from the deconsolidation of the subsidiary that was sold, Carl Schaefer Gold- und Silberscheideanstalt GmbH, in the amount of EUR 1,434 thousand (previous year: deconsolidation of em-tec GmbH in the amount of EUR 20,808 thousand), income from the disposal of fixed assets in the amount of EUR 989 thousand (previous year: EUR 1,492 thousand), income from the reversal of provisions of EUR 1,365 thousand (previous year: EUR 1,529 thousand), income from foreign currency translation of EUR 657 thousand (previous year: EUR 57 thousand) and bargain purchase income of EUR 457 thousand (previous year: EUR 0 thousand) from the acquisition of the H+E Group and the acquisition of the business operations of Recyplast GmbH. The income from the disposal of fixed assets results in particular from the sale of production and administrative properties in Finning and Hofolding that are not required for operations.

The Group's total output in 2021 amounted to EUR 277,108 thousand, significantly higher than the previous year (EUR 257,098 thousand) due to the strong development in the Plastics segment and the acquisitions of the H+E and HY-LINE Groups.

At 52.1% of total output, the ratio of the cost of materials to total output was higher than a year earlier (48.1%). This is mainly due to the deconsolidation income from the sale of em-tec GmbH included in the previous year's total output, as well as to raw materials price increases that cannot be passed on in full. As a result, the gross profit ratio came to 47.9% (previous year: 51.9%) while gross profit, which represents the difference between total output and the cost of materials, came to EUR 132,826 thousand (previous year: EUR 133,352 thousand).

In the financial year under review, personnel expenses in the Group amounted to EUR 67,487 thousand (previous year: EUR 60,545 thousand), which corresponds to 24.4% (previous year: 23.5%) of total output. Depreciation and amortisation amounted to EUR 19,099 thousand (previous year: EUR 12,958 thousand) or 6.9% (previous year: 5.0%) of total output.

The adjusted EBITDA margin increased to

9.1%

due to the strong business development in Plastics and due to acquisitions.

Other expenses increased by EUR 1,592 thousand to EUR 39,927 thousand and, at 14.4% of total output, were slightly lower than in the previous year (14.9%). The increase in personnel expenses, depreciation and amortisation and other expenses compared to the previous year is due primarily to the first-time consolidation of the H+E and HY-LINE Groups in the Blue Cap Group. The deconsolidation of Carl Schaefer Gold- und Silberscheideanstalt GmbH had the opposite effect. The comparative period also included em-tec GmbH until April 2020.

In the 2021 financial year, EBIT came to EUR 7,821 thousand (previous year: EUR 21,373 thousand), which corresponds to 2.8% (previous year: 8.3%) of total output. EBIT also includes the contribution to earnings made by the minority interest in INHECO. The negative financial result of EUR -2,215 thousand (previous year: EUR -2,523 thousand) was down slightly compared to the previous year. This is due first and foremost to the amortisation of financial investments recognised in the previous year.

Consolidated earnings before taxes (EBT) amounted to EUR 5,099 thousand (previous year: EUR 17,525 thousand). The drop in EBIT and consolidated earnings before taxes is due in particular to the substantial deconsolidation income from the sale of em-tec GmbH included in the figures for the previous year.

ADJUSTED EBITDA AND ADJUSTED EBIT

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

GOOD TO KNOW

You can find the adjusted consolidated income statement in the further information section starting on page 169

price allocations (in particular income from "bargain purchases" and amortisation of disclosed hidden reserves) are also corrected.

In the 2021 financial year, adjustments in operating profit (EBIT) of EUR 5,867 thousand (previous year: EUR 25,397 thousand) and expenses of EUR 11,361 thousand (previous year: EUR 12,915 thousand) were identified that are not included in adjusted EBITDA/adjusted EBIT. This brought the total adjustments to EUR 5,495 thousand (previous year: EUR 12,481 thousand).

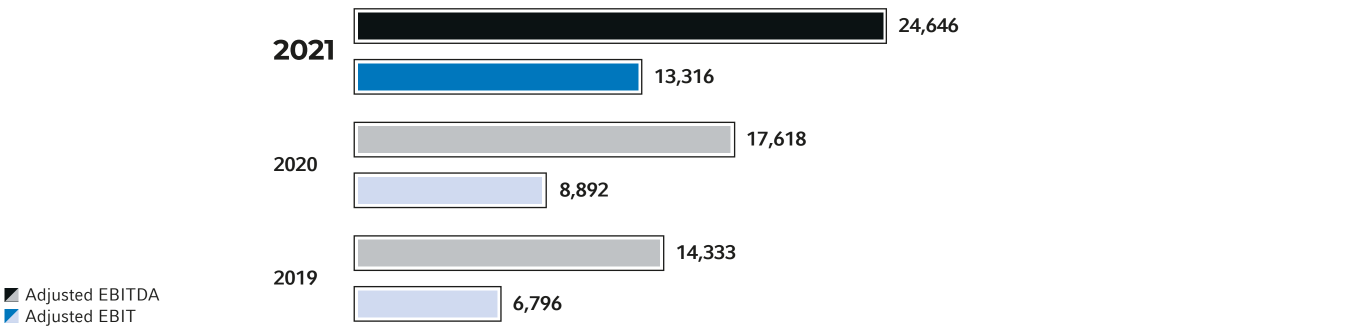
The reconciliation of the EBITDA presented in the IFRS income statement to adjusted EBITDA and adjusted EBIT is shown below:

EUR thousand	2021	2020	Change in %
EBITDA (IFRS)	**25,412**	**34,473**	**26.3**
Adjustments			
Income from bargain purchase	-457	0	100.0
Income from deconsolidation	-1,434	-20,808	93.1
Income from reversal of provisions	-1,365	-1,529	10.7
Income from asset disposals	-989	-1,492	33.7
Other non-operating income	-1,622	-1,568	3.5
Personnel costs in connection with personnel measures	1,256	1,316	4.6
Legal and consultancy costs in connection with acquisitions and personnel measures	993	1,072	7.4
Losses on disposal of fixed assets	231	486	52.5
Expenses from deconsolidation measures	0	1,603	100.0
Write-downs on inventories	0	1,060	100.0
Expenses from restructuring and reorganisation	1,004	1,484	32.3
Other non-operating expenses	1,400	1,521	8.0
Utilisation of disclosed hidden reserves in inventories	217	0	100.0
Adjusted EBITDA	**24,646**	**17,618**	**39.9**
Adjusted EBITDA margin as % of adjusted total output	9.1%	7.6%	19.7
Depreciation and amortisation	-19,099	-12,958	47.4
Impairment losses and reversals	-337	-1,551	78.3
Share of profit/loss in associates	1,845	1,409	30.9
Adjustments:			
Amortisation of disclosed hidden reserves	5,924	2,822	>100.0
Impairment losses and reversals	337	1,551	78.3
Adjusted EBIT	**13,316**	**8,892**	**49.8**
Adjusted EBIT margin as % of adjusted total output	**4.9%**	**3.8%**	**28.9**

The adjusted EBITDA margin in the reporting year was 9.1% (previous year: 7.6%), while the adjusted EBIT margin came to 4.9% (previous year: 3.8%) of adjusted total output. The increase in the adjusted EBITDA margin and the adjusted EBIT margin is due in particular to the strong business development in the Plastics segment and to the acquisitions of H+E and HY-LINE in the reporting year.

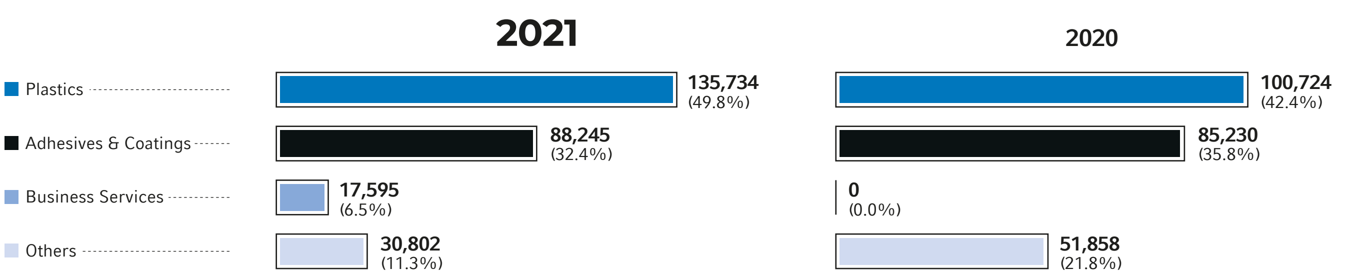
Earnings development within the Group

EUR thousand



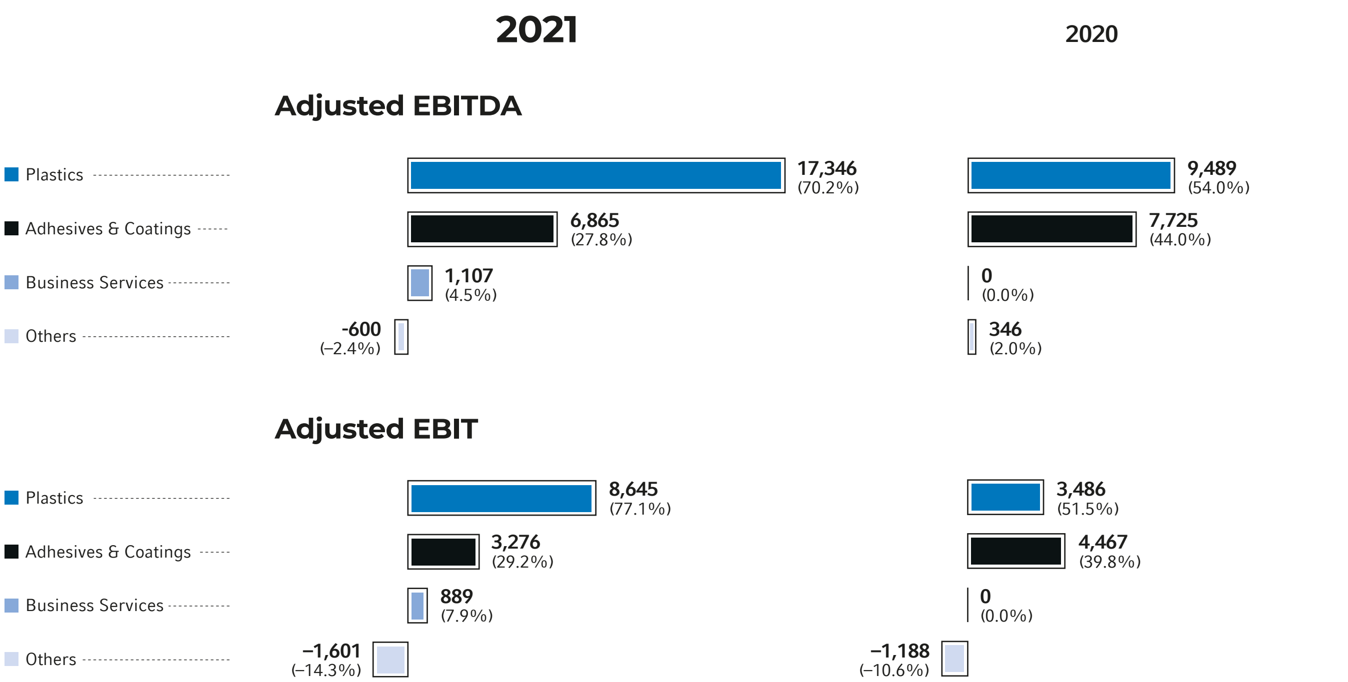
Revenue development by segment

EUR thousand



Earnings development by segment

EUR thousand



Revenue and earnings development in the individual segments changed year-on-year both in relation to each other and in absolute terms, in particular due to the continued impact of the Covid-19 pandemic, the supply chain problems and the changes in the portfolio structure. Further information, including information on investments at segment level, can be found in the notes to the consolidated financial statements in Chapter F, Segment reporting.

The contribution made by the **Plastics** segment (previous year: Plastics Technology) to total revenue increased significantly from 42.4% to 49.8% (or from EUR 100,724 thousand to EUR 135,734 thousand). As in the previous year, Plastics is the segment with the highest revenue. The significant increase is due on the one hand to the acquisition of the H+E Group in the reporting year, which has been included in the segment figures since the beginning of March 2021, although the development in revenue fell short of expectations due to reduced call-off orders placed by automotive manufacturers as a result of the chip crisis. On the other hand, con-pearl reported a high level of incoming orders, which made a significant contribution to the segment's increase in revenue. Similar to the situation with revenue, the Plastics segment also reported a significant improvement in its adjusted EBITDA and, at 70.2% (previous year: 54.1%) or EUR 17,346 thousand (previous year: EUR 9,491 thousand), accounted for considerably more than half of the adjusted EBITDA generated by the segments as a whole in the reporting year. In addition to the acquisition of the H+E Group and the positive order development at con-pearl, this is also due to the fact that Uniplast was able to pass on the high raw materials price increases to its customers during the year, meaning that the company reported satisfactory development despite the challenges it faced. The previous year's figures at Uniplast were also hit by special effects in connection with the breakdown of machinery.

Key figures for the Plastics segment

EUR thousand

	2021	2020	Change in %
Revenue	135,734	100,724	34.8
Adjusted EBITDA	17,346	9,491	82.8
Adjusted EBITDA margin as % of adjusted total output	12.5	9.6	30.1

The **Adhesives & Coatings** segment (previous year: Adhesive Technology and Coating Technology) accounted for the second-highest share of total segment revenue at 32.4% (previous year: 35.8%) or EUR 88,245 thousand (previous year: EUR 85,230 thousand). Revenue in the segment increased as Planatol managed to maintain a high level of delivery capability throughout the year and meet higher domestic demand. This was offset by the reduced order volume at Neschen in the area of graphic applications and by developments resulting from the chip shortage at customers in the industrial coatings business. This drop in revenue at Neschen came hand-in-hand with a decline in the adjusted EBITDA margin as a result of reduced capacity utilisation despite cost-saving measures. Due to the increase in the key earnings figures reported by the Plastics segment and the drop in adjusted EBITDA at Neschen, the adjusted EBITDA share attributable to this segment fell from 44.0% to 27.8%, or from EUR 7,725 thousand to EUR 6,865 thousand in the reporting year.

Key figures for the Adhesives & Coatings segment

EUR thousand

	2021	2020	Change in %
Revenue	88,242	85,230	3.5
Adjusted EBITDA	6,865	7,725	11.1
Adjusted EBITDA margin as % of adjusted total output	7.7	9.0	14.1

The share of total segment revenue attributable to the **Business Services** segment, which was created as a new segment in September 2021 due to the acquisition of the HY-LINE Group, came to 6.5% (previous year: 0%) or EUR 17,595 thousand (previous year: EUR 0 thousand) in the 2021 financial year. At the HY-LINE Group, which was consolidated for the first time as of 1 September 2021, the shortage of semiconductors and bottlenecks affecting other primary products and merchandise led to a drop in revenue and earnings at the year-end compared to the previous year. The end of the year did, however, bring higher deliveries. The segment contributed adjusted EBITDA of EUR 1,107 thousand or 4.5% to the adjusted EBITDA reported by the segments.

Key figures for the Business Services segment

EUR thousand

	2021	2020	Change in %
Revenue	17,595	0	100.0
Adjusted EBITDA	1,107	0	100.0
Adjusted EBITDA margin as % of adjusted total output	6.2	0	100.0

The **Others** segment includes the holding and real estate companies of the Blue Cap Group. In addition, and for materiality reasons, the portfolio companies from the Production Technology segment (nokra Optische Prüftechnik und Automation GmbH, Gämmerler GmbH) and, due to its sale, Carl Schaefer Gold- und Silberscheideanstalt GmbH, which operated in the Metal Technology segment, were allocated to this segment in the 2021 financial year. As a result, the segment accounted for 11.3% (previous year: 21.8%) or EUR 30,802 thousand (previous year: EUR 51,858 thousand) of total revenue (of which with external third parties: EUR 25,776 thousand; previous year: EUR 47,185 thousand). The segment's adjusted EBITDA amounted to EUR -600 thousand (previous year: EUR 346 thousand) or -2.4% (previous year: 0.7%) of the adjusted EBITDA of the segments in the reporting year. This was due in particular to business development at nokra and Gämmerler. A strong level of incoming orders was, however, recorded in the second half of 2021, the processing of which already left its mark on the fourth quarter. In addition, Gämmerler's revenue decreased significantly in a year-on-year comparison due to its reorganisation and focus on the service and spare parts business. Adjusted EBITDA was negative in the financial year under review, although the earnings situation improved significantly over the course of the financial year as a result of the operational restructuring measures. In the previous year, the Production Technology segment accounted for revenue of EUR 10,636 thousand and an adjusted EBITDA of EUR -1,883 thousand. The figures for Carl Schaefer had the opposite effect. Carl Schaefer Gold- und Silberscheideanstalt GmbH accounted for revenue of EUR 21,076 thousand (previous year: EUR 31,823 thousand) and adjusted EBITDA of EUR 470 thousand (previous year: EUR 955 thousand). In addition, the previous year's figures included em-tec GmbH, which was sold and accounted for revenue of EUR 4,198 thousand and adjusted EBITDA of EUR 720 thousand in the period leading up until April, and SMB-David GmbH, which was subsequently deconsolidated and accounted for revenue of EUR 1,351 thousand and adjusted EBITDA of EUR -786 thousand in the period leading up until June. As a result, the Others segment's figures for the reporting year are only comparable with the previous year to a limited extent.

Key figures for the Others segment

EUR thousand

	2021	2020	Change in %
Revenue	25,776	47,185	45.4
Adjusted EBITDA	-600	346	>100.0
Adjusted EBITDA margin as % of adjusted total output	-1.9	0.7	>100.0

CASH FLOWS AND FINANCIAL POSITION

GOOD TO KNOW
You can find out more in the consolidated financial statements starting on page 107

Fundamental principles of financial management

Blue Cap AG's financial management focuses on raising equity and debt capital, managing financing risks and assessing financing conditions on an ongoing basis. Furthermore, Blue Cap helps its subsidiaries to negotiate and raise new, or extend existing, financing.

The financing of the portfolio companies is managed at the level of the individual companies, with Blue Cap AG providing support in an advisory capacity. There is also no central cash pooling within the Group.

Blue Cap AG has firm, long-standing relationships with German and foreign financial institutions, allowing it to implement new financing and refinancing as required. This also results in synergy effects that the portfolio companies can also benefit from thanks to their affiliation with the Blue Cap Group.

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

Financing analysis

In the 2021 financial year, the Blue Cap Group met its capital requirements using its cash flow from operations and by raising or extending financing, as well as by implementing the capital increase in August. The main financial resources included long-term and revolving loans, as well as financing based on leasing and factoring. In individual cases, Blue Cap AG also supported its subsidiaries by providing intra-Group financing.

Lease financing is reflected in the consolidated statement of financial position as follows: the right-of-use assets from leasing/rental amounted to EUR 20,652 thousand as of 31 December 2021 (previous year: EUR 11,501 thousand). They are offset by financial liabilities from lease liabilities of EUR 21,053 thousand (previous year: EUR 11,452 thousand).

Liabilities to banks came to EUR 84,229 thousand as of the reporting date (previous year: EUR 64,579 thousand), most of which are denominated in euros. There was a small volume of foreign currency loans in US dollars in the amount of EUR 1,896 thousand (previous year: EUR 1,413 thousand) and in Swiss francs in the amount of EUR 111 thousand (previous year: EUR 0 thousand). In the previous year, there were foreign currency loans in Czech koruna amounting to EUR 8 thousand. Unused credit lines amounted to EUR 13,160 thousand (previous year: EUR 16,634 thousand).

Funds borrowed from banks are subject to standard market lending conditions (covenants), which require compliance with defined key financial figures in particular. Failure to comply with such covenants can result, among other things, in the lender's right to terminate or in a loan falling due for repayment early. In the past financial year, despite the negative economic impact of the Covid-19 pandemic and the supply chain problems, all covenants were met within the Group. Looking ahead to the current financial year, Blue Cap also expects to see compliance with the covenants thanks to the broad-based financing structure.

EUR **54,530** thousand
Cash funds incl. unutilised credit lines at the end of the Group financial year

Cash flows

Cash flow statement (abridged)

EUR thousand

	2021	2020	Change in %
Cash flow from operating activities	12,440	12,597	1.2
Cash flow from investing activities	-18,897	14,122	>100.0
Cash flow from financing activities	7,314	-9,249	>100.0
Changes in cash funds due to exchange rate fluctuations	-75	71	>100.0
Cash funds at the beginning of the period	26,542	9,002	>100.0
Cash funds at the end of the period	27,324	26,542	2.9

Calculation of cash flow
In the 2021 financial year, cash flow from operating activities amounted to EUR 12,440 thousand (previous year: EUR 12,597 thousand), cash flow from investing activities to EUR -18,897 thousand (previous year: EUR 14,122 thousand) and cash flow from financing activities to EUR 7,314 thousand (previous year: EUR -9,249 thousand).

The cash flow from operating activities is on a par with the previous year and is positively influenced primarily by the adjusted EBITDA of EUR 24,646 thousand (previous year: EUR 17,618 thousand) and the increase in other liabilities of EUR 7,223 thousand (previous year: EUR 3,246 thousand). The significant increase in working capital (excl. changes from company acquisitions and disposals) as a result of higher inventories and increased material prices, as well as the heavy workload to process orders at the end of the year, by EUR 8,679 thousand (previous year: EUR 1,002 thousand), the increase in other receivables and assets in the amount of EUR 5,633 thousand (previous year: decrease in the amount of EUR 1,020 thousand) as well as the expenses from adjustments included in the cash flow from operating activities (see reconciliation of EBITDA to adjusted EBITDA) had the opposite effect.

Cash flow from investing activities fell from EUR 14,122 thousand to EUR -18,897 thousand. This outflow of funds was due primarily to payments for additions to the scope of consolidation (acquisition of Recyplast, HY-LINE and H+E Group) amounting to EUR -29,244 thousand (previous year: EUR -125 thousand) and payments for investments in property, plant and equipment and intangible assets, especially in connection with replacement and expansion investments in technical equipment and machinery, amounting to EUR 6,061 thousand (previous year: EUR 6,285 thousand). This was offset by the proceeds from the disposal of assets held for sale in the amount of EUR 10,842 thousand (previous year: EUR 0 thousand). This line item includes the sale of the properties in Leisnig, Finning and Hofolding. Proceeds from disposals from the scope of consolidation in the amount of EUR 5,067 thousand (previous year: EUR 22,464 thousand) also had the opposite effect. These mainly include the proceeds from the sale of Carl Schaefer of EUR 2,367 thousand and proceeds from an escrow agreement in connection with the sale of em-tec GmbH in the amount of EUR 2,700 thousand (previous year: proceeds from the sale of em-tec GmbH of EUR 22,469 thousand).

Cash inflows from financing activities amounted to EUR 7,314 thousand in the 2021 financial year (previous year: cash outflows of EUR 9,249 thousand) and resulted primarily from proceeds from loans taken out of EUR 19,500 thousand (previous year: EUR 6,700 thousand) and proceeds from the capital increase of EUR 10,799 thousand (previous year: EUR 200 thousand). The payments for the repayment of loans in the amount of EUR 8,248 thousand (previous year: EUR 8,540 thousand), the dividend for the 2020 financial year in the amount of EUR 3,997 thousand (previous year: EUR 2,985 thousand), the repayment of lease liabilities in the amount of EUR 5,403 thousand (previous year: EUR 2,391 thousand), the payment of collateral at credit institutions in the amount of EUR 3,200 thousand (previous year: EUR 0 thousand) and the interest paid in the amount of EUR 2,135 thousand (previous year: EUR 2,249 thousand) had the opposite effect.

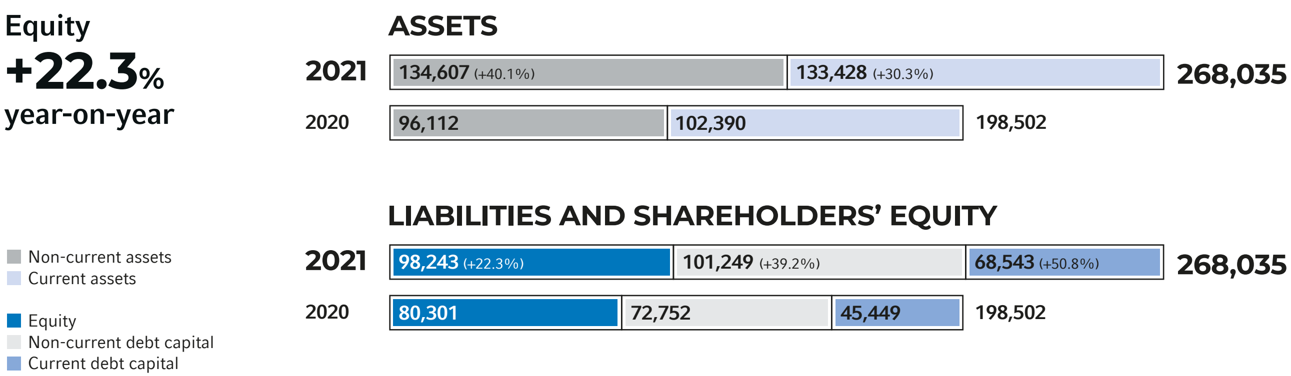
Overall, this led to a cash-effective increase in cash funds of EUR 857 thousand (previous year: EUR 17,469 thousand). Taking into account the changes in cash funds of EUR -75 thousand (previous year: EUR 71 thousand) that can be traced back to exchange rate fluctuations, positive cash funds of EUR 27,324 thousand (previous year: EUR 26,542 thousand) were calculated at the end of the Group's financial year.

As of 31 December 2021, there were unutilised credit lines in the amount of EUR 13,160 thousand (previous year: EUR 16,634 thousand). Together with cash-in-hand and bank balances of EUR 41,370 thousand (previous year: EUR 36,251 thousand), this results in cash funds, including unutilised credit lines, of EUR 54,530 thousand (previous year: EUR 52,885 thousand) at the end of 2021.

FINANCIAL POSITION

Key data from the consolidated statement of financial position

EUR thousand



Working capital

EUR thousand

	2021	2020	Change in %
Inventories	40,402	27,499	46.9
+ Trade receivables	25,698	16,622	54.6
– Trade payables	-16,954	-9,153	85.2
= Working capital (net)	49,146	34,968	40.5

Net financial debt

EUR thousand

	2021	2020	Change in %
Non-current financial liabilities	60,798	46,761	30.1
+ Current financial liabilities	23,431	17,844	31.3
– Cash and cash equivalents	-41,370	-36,251	14.1
= Net financial debt (excl. leasing)	42,859	28,354	51.2
+ Lease liabilities	21,053	11,452	83.8
= Net financial debt (incl. leasing)	63,912	39,806	60.64

Investments, depreciation and amortisation

EUR thousand

	2021	2020	Change in %
Investments	35,305	13,240	>100.0
of which in company acquisitions	29,244	125	>100.0
of which in intangible assets	739	141	>100.0
of which in property, plant and equipment	5,322	6,144	13.4
of which in assets held for sale	0	2,589	100.0
Depreciation and amortisation	19,099	12,958	47.4

As of the reporting date, the Group's **total assets** came to EUR 268,035 thousand, EUR 69,533 thousand or 35.0% higher than in the previous year (EUR 198,502 thousand).

Non-current assets came to EUR 134,607 thousand (previous year: EUR 96,112 thousand) or 50.2% (previous year: 48.4%) of total assets and are dominated by property, plant and equipment, which increased by EUR 2,881 thousand compared to the previous year to EUR 84,999 thousand or 31.7% (previous year: 41.4%) of total assets. The increase is mainly due to the acquisition of the H+E and HY-LINE Groups. The sale of the production and administrative properties in Finning and Hofolding, which are not required for operations, had the opposite effect. The increase in intangible assets by EUR 21,305 thousand to EUR 23,626 thousand or 8.8% (previous year: 1.2%) of total assets is attributable in particular to the acquisition of the H+E Group and the HY-LINE Group. The increase in goodwill from EUR 0 thousand to EUR 10,403 thousand, or 3.9% of total assets, is due to the first-time consolidation of the HY-LINE Group.

Current assets also increased from EUR 102,390 thousand or 51.6% to EUR 133,428 thousand or 49.8% of total assets, mainly due to the acquisition of the H+E and HY-LINE Groups and the increase in inventories. Inventories (EUR 40,402 thousand, previous year: EUR 27,499 thousand) accounted for 15.1% (previous year: 13.9%), trade receivables (EUR 25,698 thousand, previous year: EUR 16,622 thousand) for 9.6% (previous year: 8.4%), contract assets (EUR 13,238 thousand, previous year: EUR 2,617 thousand) for 4.9% (previous year: 1.3%) and cash and cash equivalents (EUR 41,370 thousand, previous year: EUR 36,251 thousand) for 15.4% (previous year: 18.3%) of total assets. Inventories increased compared to the previous year due to higher inventory levels as well as higher materials prices as a result of supply chain issues. The increase in trade receivables in a year-on-year comparison is due in particular to the acquisition of the H+E Group and the HY-LINE Group. Contract assets are up compared to the previous year due to the heavy workload to process customer orders at con-pearl and H+E.

The share of **equity** (EUR 98,243 thousand, previous year: EUR 80,301 thousand) in relation to total capital amounted to 36.7% (previous year: 40.5%) on the reporting date. The increase can be traced back to the positive annual result and the capital increase of EUR 10,799 thousand (previous year: EUR 200 thousand). The payment of the dividend for the 2020 financial year in the amount of EUR 3,997 thousand (previous year: EUR 2,985 thousand) had the opposite effect. Non-controlling interests account for EUR 5,169 thousand (previous year: EUR 114 thousand) of equity and are attributable in particular to the other shareholders of the H+E and HY-LINE Groups.

Non-current liabilities increased by EUR 28,497 thousand to EUR 101,249 thousand or 37.8% (previous year: 36.7%) of total capital, particularly in connection with the initial consolidation of the H+E and HY-LINE Groups and the financing of acquisitions during the reporting year. They consist of non-current financial liabilities to banks totalling EUR 60,798 thousand (previous year: EUR 46,735 thousand) or 22.7% (previous year: 23.6%), provisions for pensions and similar commitments of EUR 8,999 thousand (previous year: EUR 9,018 thousand) or 3.4% (previous year: 4.5%), non-current lease liabilities of EUR 14,800 thousand (previous year: EUR 8,701 thousand) or 5.5% (previous year: 4.4%), deferred tax liabilities of EUR 13,583 thousand (previous year: EUR 7,425 thousand) or 5.1% (previous year: 3.7%), and other non-current liabilities and provisions in the amount of EUR 3,070 thousand (previous year: EUR 873 thousand) or 1.1% (previous year: 0.4%) of total assets.

Current liabilities increased significantly by EUR 23,094 thousand to EUR 68,543 thousand or 25.6% (previous year: 22.9%) of total capital, due primarily to the acquisition of the H+E and HY-LINE Groups and the increase in working capital in the year under review. Current liabilities include, in particular, current liabilities to banks of EUR 23,431 thousand (previous year: EUR 17,844 thousand) or 8.7% (previous year: 9.0%), trade payables of EUR 16,954 thousand (previous year: EUR 9,153 thousand) or 6.3% (previous year: 4.6%), other current non-financial liabilities of EUR 10,254 thousand (previous year: EUR 6,160 thousand) or 3.8% (previous year: 3.1%), current lease liabilities of EUR 6,254 thousand (previous year: EUR 2,751 thousand) and other current provisions of EUR 3,865 thousand (previous year: EUR 4,043 thousand) or 1.4% (previous year: 2.0%) of total capital.

2.3 Economic development of Blue Cap AG

The single-entity forecast predicted a positive trend in revenue and adjusted EBITDA above the previous year's level in 2021 due to revenue from the intra-Group cost allocations. The revenue achieved in the 2021 financial year was ultimately slightly above, and the adjusted EBITDA slightly below, the previous year's value. As a result, the 2021 forecast was met in terms of revenue, while adjusted EBITDA fell short of expectations. The latter is due to the increase in other operating expenses and personnel expenses following deductions to reflect adjustment items.

NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

Financial performance of Blue Cap AG

Income statement (HGB)

EUR thousand	2021	2020	Change in %
Revenue	3,776	3,261	15.8
Other operating income	2,584	162	>100.0
Total output	6,360	3,424	85.7
Cost of purchased services	0	0	0.0
Gross profit	6,360	3,424	85.7
Personnel expenses	-3,327	-2,457	35.4
Depreciation and amortisation	-52	-57	8.8
Other operating expenses	-2,417	-4,787	49.5
Operating result	564	-3,877	>100.0
Income from portfolio companies	11	0	100.0
Profits from profit transfer agreements	1,405	1,870	24.9
Income from loans of financial assets	265	184	44.0
Other interest and similar income	104	224	53.6
Expenses from loss transfers	-387	-4,187	90.8
Amortisation of financial investments	-332	-1,310	74.7
Interest and similar expenses	-755	-502	50.4
Financial result	311	-3,722	>100.0
Earnings before tax	875	-7,599	>100.0
Income taxes	-1,756	1,259	>100.0
Earnings after tax	-881	-6,340	86.1
Other taxes	-2	-1	100.0
Net loss for the year	-883	-6,341	86.1
Profit carried forward	27,198	37,535	27.5
Net earnings	26,315	31,194	15.6

Blue Cap AG generated domestic revenue totalling EUR 3,776 thousand (previous year: EUR 3,261 thousand) mainly due to the services it provided as a holding company and to charges passed on.

Other operating income of EUR 2,584 thousand (previous year: EUR 162 thousand) includes income from the disposal of fixed assets of (largely from the sale of Carl Schaefer) in the amount of EUR 2,425 thousand (previous year: EUR 22 thousand), income from the reversal of provisions of EUR 88 thousand (previous year: EUR 52 thousand), income from benefits in kind of EUR 42 thousand (previous year: EUR 35 thousand) and miscellaneous income in the amount of EUR 28 thousand (previous year: EUR 53 thousand).

Blue Cap AG's total output came to EUR 6,360 thousand in 2021 (previous year: EUR 3,424 thousand). As in the previous year, no costs for purchased services were incurred in the reporting year, meaning that gross profit amounted to EUR 6,360 thousand (previous year: EUR 3,424 thousand).

Personnel expenses increased by EUR 870 thousand compared to the same period of the previous year and amounted to EUR 3,327 thousand in the reporting year. This is mainly due to the increase in performance-based bonuses. Depreciation and amortisation fell by EUR 5 thousand to EUR 52 thousand. The change can be traced back to lower depreciation of property, plant and equipment. Other operating expenses amounted to EUR 2,417 thousand (previous year: EUR 4,787 thousand). The drop compared to the previous year is due to the non-recurring expenses incurred in connection with the deconsolidated company SMB-David GmbH that were included in the previous year.

The operating result in the 2021 financial year came to EUR 564 thousand (previous year: EUR -3,877 thousand). Higher other operating income, particularly from the sale of Carl Schaefer, and lower other operating expenses were the main factors that had a positive impact on the result for the financial year.

The financial result for 2021 came to EUR 311 thousand, EUR 4,033 thousand higher than in the previous year (EUR -3,722 thousand). The increase is influenced primarily by the EUR 3,801 thousand drop in expenses from loss transfers to EUR 387 thousand. In the previous year, these were dominated by the reorganisation measures initiated and implemented at portfolio companies. In addition, impairment losses of EUR 1,220 thousand had been recognised in connection with the deconsolidated SMB-David in the previous year.

As a result, a net loss of EUR -883 thousand was reported in the 2021 financial year (previous year: net loss of EUR -6,341 thousand).

In the 2021 financial year, income of EUR 2,541 thousand (previous year: EUR 1,801 thousand) and expenses of EUR 2,626 thousand (previous year: EUR 4,994 thousand) were identified as adjustments. This brought the total adjustments to EUR -85 thousand (previous year: EUR 3,193 thousand). As a result, the adjusted EBITDA for the financial year under review corresponds to EUR -1,206 thousand (previous year: EUR -797 thousand).

Financial position of Blue Cap AG (HGB):

Key data from the statement of financial position

EUR thousand

	2021	2020	Change in %
ASSETS			
Fixed assets	58,315	34,552	68.8
Intangible assets	36	56	35.7
Property, plant and equipment	66	97	32.1
Financial investments	58,213	34,399	69.2
Current assets	23,916	34,755	31.2
Receivables and other assets	18,660	21,338	12.5
Cash-in-hand, bank balances	5,256	13,417	60.8
Prepaid expenses	58	57	1.8
Total assets	82,289	69,365	18.6
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity	46,899	40,979	14.4
Subscribed capital	4,396	3,997	10.0
Capital reserve	16,188	5,788	>100.0
Net earnings	26,315	31,194	15.6
Provisions	2,590	1,838	41.0
Liabilities	32,554	26,547	22.6
Deferred tax liabilities	245	0	100.0
Total equity and liabilities	82,289	69,365	18.6

The company's total assets as of 31 December 2021 rose by EUR 12,924 thousand as against the previous year to EUR 82,289 thousand. Fixed assets increased considerably by EUR 23,763 thousand and amounted to EUR 58,315 thousand (previous year: EUR 34,552 thousand) or 70.9% (previous year: 49.8%) of total assets. This was due in particular to the increase in financial investments in connection with the acquisitions of the H+E and HY-LINE Groups.

At the end of the reporting year, current assets had fallen in a year-on-year comparison to EUR 23,916 thousand (EUR 34,755 thousand) and accounted for 29.1% (previous year: 50.2%) of total assets. Cash-in-hand and bank balances dropped from EUR 13,417 thousand to EUR 5,256 thousand. This was due, among other things, to the purchase price payment related to the acquisition of H+E and HY-LINE. In addition, receivables and other assets fell by EUR 2,678 thousand to EUR 18,660 thousand. This is due to a drop in income tax receivables and a drop in receivables from affiliated companies.

Equity came to EUR 46,899 thousand as of 31 December 2021 (previous year: EUR 40,979 thousand). This brings the share of equity in relation to total capital to 57.0% (previous year: 59.1%).

Non-current liabilities consist of liabilities with a remaining term of more than one year (EUR 15,600 thousand, previous year: EUR 16,800 thousand), provisions for pensions (EUR 544 thousand, previous year: EUR 565 thousand) and deferred tax liabilities (EUR 245 thousand, previous year: EUR 0 thousand). Compared to the previous year, they fell by EUR 976 thousand to EUR 16,389 thousand, meaning that they make up 19.9% (previous year: 25.0%) of total capital. The decrease is due, in particular, to the loan principal repayments made in the 2021 financial year.

Current liabilities increased from EUR 11,011 thousand to EUR 19,001 thousand or from 15.9% to 23.1% of total capital, in particular due to the increase in liabilities from affiliated companies and higher current provisions. The drop in liabilities resulting from loss transfers from affiliated companies had the opposite effect.

Working capital corresponds to current assets (EUR 23,916 thousand; previous year: EUR 31,907 thousand) plus prepaid expenses (EUR 58 thousand; previous year: EUR 57 thousand) less current liabilities (EUR 19,001 thousand; previous year: EUR 11,011 thousand). In particular, the drop in current assets led to a decrease in working capital from EUR 20,953 thousand to EUR 4,973 thousand.

57.0%

Equity ratio of Blue Cap AG at year-end

3. REPORT ON EVENTS AFTER THE REPORTING DATE

By way of a purchase agreement dated 29 November 2021, Blue Cap Asset Management GmbH sold a building and business premises in Geretsried-Gelting to an investor. The transfer of beneficial ownership was completed in January 2022. This allowed Blue Cap Asset Management to achieve a book profit of around EUR 10 million after taxes for the 2022 financial year. Following the repayment of loans and payment of taxes, the cash inflow generated will be on a similar scale.

Blue Cap AG sold 100% of the shares in Gämmerler GmbH (Others segment) to the strategic investor the Merten Group in an agreement dated 4 February 2022. The sale was completed in February 2022. The company was deconsolidated as of 1 February 2022. This results in a small loss from deconsolidation for the 2022 financial year.

The subsidiary Blue Cap 14 GmbH acquired a qualified majority interest of 74% in Transline Gruppe GmbH and its five operating subsidiaries by way of a purchase agreement dated 2 March 2022. The provisional consideration agreed amounts to EUR 24.5 million. The group of companies offers translation services and employs more than 100 people in a total of seven locations. Over the past three years, revenue has increased by an average of 17% a

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year to around EUR 21 million (preliminary) in the 2021 financial year. The acquisition was completed on 4 March 2022. The plan is that the operational management team will acquire a stake of around 5% in Transline from Blue Cap AG within the months following the acquisition. The company will be fully consolidated for the first time on 1 March 2022 and will be allocated to the Business Services segment. As the transition to IFRS and the purchase price allocation have not yet been completed, no further disclosures can be made in accordance with IFRS 3 at the time the financial statements were prepared.

The war in Ukraine had no impact on the consolidated financial statements as of 31 December 2021. Possible effects on the Group's business performance are monitored on an ongoing basis. The expected effects and impact on the 2022 financial year are described in greater detail in the forecast report. It should be noted that Blue Cap AG does not have any subsidiaries or branches in Russia or Ukraine. In addition, direct revenue with Russian and Ukrainian companies in the Group accounts for less than 1% of consolidated revenue. The direct business activities of the Blue Cap Group in both countries are of immaterial significance with regard to the net assets, financial position and results of operations.

With regard to the full year 2022, however, the indirect consequences from the conflict, in particular on the development of raw material and energy prices as well as supply chains, cannot yet be conclusively assessed and therefore cannot be taken into account in the current forecast.

However, it is apparent that customers from the automotive sector of the H+E Group and nokra in particular are partly affected by supply chain problems. The effects of this on the Group's revenue and earnings for the year as a whole cannot yet be quantified at the time of preparing the financial statements.

The outlook does not include the impacts that the further tightening of the sanctions against Russia would have, nor the expansion of the conflict to other areas, which may result in further effects on raw materials and energy prices along with supply chains. The potential consequences of the conflict for the Group's business performance are being continuously and carefully monitored.

4. OPPORTUNITIES AND RISKS

Like any entrepreneurial activity, the business activities of Blue Cap AG and its portfolio companies are associated with both opportunities and risks which could have an impact on the business activities and on the net assets, financial position and results of operations of the Group were they to materialise. Blue Cap's risk management system comprises all organisational regulations and measures aimed at allowing the company to identify risks at an early stage and to take appropriate action to address them. The holding company and the portfolio companies also, however, analyse and take measures to foster opportunities. The aim is to support the Blue Cap management team in achieving the corporate objectives that have been defined.

4.1 Opportunity management

ACTIVE SUPPORT FOR PORTFOLIO COMPANIES

The holding company's remit lies, among other things, in actively supporting the portfolio companies as they move towards the next stage in their growth and development journey. With this in mind, the Management Board holds regular management conferences with the management teams and key employees of the portfolio companies. These events are used to discuss key issues affecting all portfolio companies. The 2021 management conference was used as an opportunity to discuss the digitalisation of B2B sales, the 2021 planning process and the risk management system in particular. The management teams also reported on market and technology trends in the sectors relevant to them.

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 keeps an eye on global trends and growth drivers, as these also represent opportunities for the strategic development of the Group. These include trends relating to sustainability, digitalisation, technical advances, further training and health.

Blue Cap AG also supports its portfolio companies in analysing and seizing growth opportunities by way of add-on acquisitions. Acquisition options are analysed and evaluated in partnership with the management teams, and the holding company provides support with the acquisition process.

EXPLOITATION OF OPPORTUNITIES BY THE PORTFOLIO COMPANIES

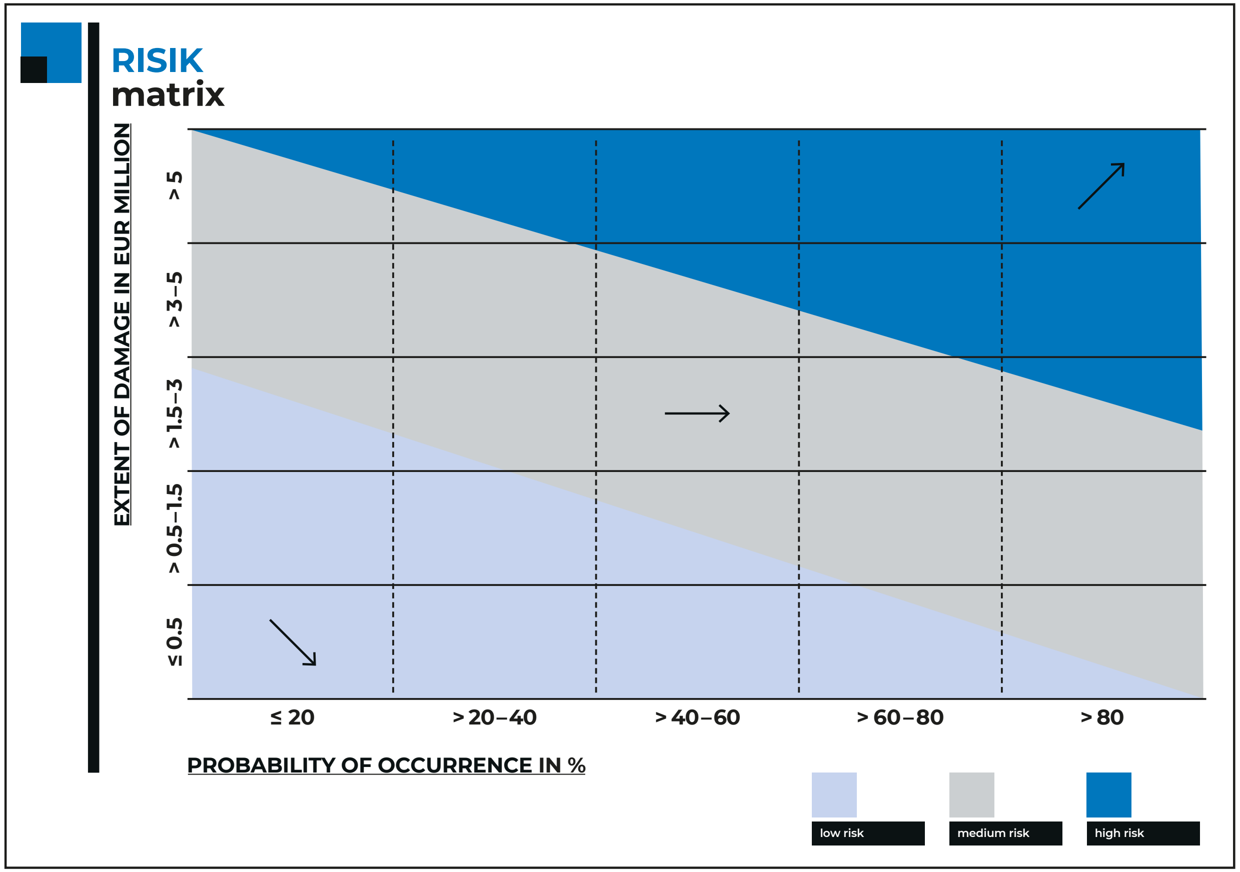
At an operational level, opportunities are analysed, evaluated and harnessed by the managing directors and executives of the portfolio companies at the level of the company concerned. Sales opportunities, for example, as well as product innovations and new fields of application for products are analysed and evaluated on the basis of market and competitive analyses. Potential opportunities for the portfolio companies also arise in connection with the evaluation of the use of new production technologies and processes.

4.2 Risk management

RISK MANAGEMENT STRUCTURE

Blue Cap's risk management system forms an integral component of the information and communication processes within the Group, the aim being to identify and analyse any potential risks and action taken to counter risks that have already materialised early on. The overall aim is to define imminent individual risks and monitor them accordingly, as risks like these can have adverse effects on business activities, as well as on the Group's net assets, financial position and results of operations.

Defined processes are used to record, analyse and monitor actual and potential risks at the holding company and at the level of the portfolio companies. The risks identified as part of this process are then assessed on the basis of their potential impact on the net assets, financial position and results of operations, as well as with regard to their probability of occurrence. The risk situation is reported to the holding company on a quarterly basis as part of the risk reporting system and is presented using the following risk matrix:



The portfolio companies also report to Blue Cap's investment controlling team on their operational risks on a monthly basis. Responsibility for designing the structure of the risk management system lies with the Management Board.

As well as recording and evaluating incidents, the system involves a monthly analysis of key figures and any deviations from projections at all portfolio companies. This is designed to allow Blue Cap to identify and communicate potential risks at an early stage. On the basis of this information, the Supervisory Board is also informed of any significant risks to which the Group is exposed in regular reports.

The Management Board reviews the risk management process at regular intervals. The results of this review, as well as any comments made by the auditor in the course of the audits of the consolidated and annual financial statements, are taken into account in the further development of the risk management system.

BLUE CAP'S INTERNAL CONTROL SYSTEM

Blue Cap AG's accounting-related internal control system (ICS) defines how control tools are used to avoid or reduce risks on an operational level. The design and measures to ensure the effectiveness of the ICS are at the discretion of the Management Board, which has overall responsibility for the system, and are monitored by the Supervisory Board/the Audit Committee. In addition, the managing directors of the portfolio companies are responsible for ensuring that their accounting and other systems are effective and ensure adherence to deadlines.

The aim of the internal control system is to ensure that accounting processes are consistent with the statutory provisions, the generally accepted accounting principles and the internal requirements. 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 the supplementary provisions set out in the German Commercial Code (HGB). The annual financial statements of Blue Cap AG are prepared in accordance with the provisions of the German Commercial Code (HGB).

To ensure due, proper and uniform Group accounting, the basic principles of the separation of functions, the dual-control principle and IT access management apply to prevent unauthorised access to accounting-related data. Employees of Group Accounting and Investment Controlling at Blue Cap manage the processes for Group accounting and the preparation of management reports and support the Group companies in preparing their separate financial statements and the Group reporting packages.

The preparation of the consolidated financial statements and the reporting packages received earlier, as well as the consolidation process, are carried out for all portfolio companies in a standardised IT system that is provided centrally by Blue Cap AG. In addition to IT-based reconciliations, manual reconciliations are also performed to limit or exclude risks. Together with the financial statement calendar, which applies throughout the Group, these elements form the basis for ensuring due and proper accounting processes.

4.3 Explanation of key individual risks

The table shows the risks discussed later on in this report and splits them into the risk categories defined above (low/medium/high) based on two relevant aspects (extent of damage and probability of occurrence).

Section	Individual risk	Risk category
	Economy	high
Economic and geopolitical risks	Geopolitical environment	high
Industry risks	Industry	medium
Financial risks	Financial	medium
	Unit sales	high
	Procurement	high
	Production/quality	low
Operational risks	Transformation	medium
Personnel risks	Personnel risks	low
IT risks	IT risks	medium
	Tax/legal	low
Legal risks	Compliance	low
Environmental risks	Environment	low

ECONOMIC AND GEOPOLITICAL RISKS

Following the marked recovery in global economic growth in 2021, the ifo Institute expects the global economy to continue to grow in the coming years, according to its economic forecast published in December 2021. Nevertheless, possible risks to global economic development outweigh the opportunities. The ifo Institute's forecasts do not reflect the effects of the Ukraine conflict on the global economy. The far-reaching sanctions imposed on Russia mean that oil and gas prices, as well as inflation, are expected to increase considerably. This, in turn, can have negative consequences for further economic development. The feedback effects on the global economy as a whole are, however, difficult to estimate. Given that the regional focus of the portfolio companies is on Germany, Austria and Switzerland, the direct impact of the conflict is expected to be low. Indirectly, however, the Blue Cap Group is likely to be affected by rising prices for primary products and energy, as well as possible supply chain disruptions and order postponements.

The forecast also depends to a considerable degree on the further impact of the Covid-19 pandemic, as well as the supply chain issues. There is a risk that more new variants of the virus will emerge for which the current vaccines are not sufficiently effective, which could prompt renewed restrictions on economic activities. Inflation could also be significantly higher than expected, forcing central banks to tighten the monetary policy reins to a greater extent than previously announced. This, in turn, would put a damper on economic growth. It also unclear how the tightening of monetary and fiscal policy will affect the world's emerging markets, highly indebted industrialised nations and financially ailing companies. Defaults could show a much sharper increase than expected overall.

The question as to how trade relations – especially between the US, China and Europe – will develop is still uncertain. A marked easing of the current trade restrictions has so far failed to materialise, even under the new US president. The significant increase in public debt also poses a risk for some euro area countries. The fiscal stabilisation measures have forced many countries to dramatically increase their new debt. In particular, countries that already had high debt ratios before the Covid-19 crisis run the risk of losing the confidence of financial markets. If risk premiums on government debt increase, this could endanger the stability of government finances and the banking system.

China's financial stability is subject to significant risks. The non-financial sector, which was already highly indebted before the crisis hit, has become even more indebted in the wake of the pandemic. If the number of insolvencies in China were to increase, this would make a reassessment of risks more likely and could lead to sudden sales of certain financial assets on a larger scale. Corporate debt has also increased significantly in advanced economies through the issuance of bonds. The longer the Covid-19 pandemic weighs on economic activity, the more likely it will be for these bonds to be downgraded to non-investment grade.

INDUSTRY RISKS

Blue Cap's business activities consist of the acquisition, strategic and operational development and sale of companies. As a result, Blue Cap's success depends to a large extent on its ability to identify attractive acquisition options and to develop them in collaboration with the management teams by adopting an active investment management approach. In this context, selecting the right staff members is also of particular importance when it comes to exploiting improvement and growth potential in the portfolio companies.

When it comes to acquiring a company, extensive analyses are carried out in order to identify opportunities and risks in the company, as well as in the market concerned. It is impossible to completely rule out a scenario in which 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. As a result, it is possible that these circumstances could have a material adverse effect on the Blue Cap Group.

In order to limit such risks to the greatest extent possible, no cash pooling or profit and loss transfer agreements are concluded between the portfolio companies and Blue Cap AG as a general rule. In certain circumstances and in order to seize opportunities for growth and development, however, sureties or guarantees may be provided in connection with financing transactions. The realisation of such collateral could have an adverse effect on the Blue Cap Group.

With its portfolio of investments, Blue Cap attaches a great deal of importance to a diversified portfolio spanning various industries. The idea is to reduce or offset risks associated with individual investments in their relevant sectors and regions. Due to the focus on the acquisition of companies in the German, Austrian and Swiss SME segment, the Group's development is heavily influenced by economic developments in Germany. This risk is countered by the partial regional diversification at the level of the second-tier subsidiaries.

FINANCIAL RISKS

The Group's corporate activities are generally financed by a combination of equity and debt capital, and the ratings and risk margins of the capital providers play a significant role in the financing process. Financing terms, the collateral requested by the capital providers and the synchronisation of cash flows are other important parameters that are taken into account in the financing processes.

Possible financial risks include, in particular, liquidity, default, interest rate and currency risks. The individual portfolio companies are generally self-financing and are supported by Blue Cap AG as and when required, i.e. by providing equity/debt capital or furnishing collateral. In order to ensure that the holding company remains able to act at all times and to secure the financing of the Group, Blue Cap AG also has a corresponding liquidity reserve. In order to reduce **liquidity risks**, the portfolio companies, as well as the holding company, prepare liquidity and cash flow plans and continuously monitor the individual income and expenditure flows, as well as their short-term liquidity.

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

11.4%

of the total exposure.

The Blue Cap Group has a diversified financing structure that is spread across eight core banks and several smaller institutions. This is intended to counteract reliance on individual lenders and limit **default risks**. The largest single exposure accounts for 11.4% (previous year: 12.4%) of the total exposure. External financing for the portfolio companies uses a mix of fixed-interest and variable-rate loans, depending on requirements. Two subsidiaries used interest rate swaps in the reporting year to hedge the **interest rate risk** associated with variable-rate loans. As the hedges are fully effective, they are generally not associated with any risks.

Funds borrowed from banks are subject to standard market lending conditions (covenants), which require compliance with defined key financial figures in particular. Failure to comply with such covenants can result, among other things, in the lender's right to terminate or in a loan falling due for repayment early. In the past financial year, despite the negative economic impact of the Covid-19 pandemic, all covenants were met within the Group. Looking ahead to the coming financial year, Blue Cap also expects to see compliance with the covenants thanks to the broad-based financing structure.

Default risks associated with customer receivables and, as a result, liquidity risks have increased due to the Covid-19 pandemic and the supply chain issues. Poorer financial performance of customers or delays in the completion of orders can lead to payment delays or even full-blown payment defaults. Blue Cap limits default risks on customer receivables through its diversified investment portfolio, as well as through the independent business models of the portfolio companies, which operate 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 report to the holding company on possible substantial default risks at regular intervals.

With its internationally active companies, the Blue Cap Group is subject to **currency risks** due to currency fluctuations in connection with business transactions in foreign currencies, which are countered in individual cases using currency hedging instruments. The operating companies of Blue Cap invoice the majority of their revenue in euros, limiting any currency risks.

OPERATIONAL RISKS

The business activities of the operational divisions within the Group play a key role in defining the Group's opportunity and risk profile. As a result, risks arise in particular with regard to unit sales, procurement and production, as well as in the context of the transformation and further development of portfolio companies. There are also potential risks in the Plastics segment in connection with the social debate on plastics, and in the Adhesives & Coatings segment as a result of structural change in the graphics industry.

Business developments in the individual segments vary depending, among other things, on the individual development status of the companies, extraordinary negative factors or positive special influences, as well as on customer demand in the individual sectors. Potential unit sales risks include, in particular, the loss of key customers or delays affecting larger incoming orders. Profit contribution losses and margin losses are also potential risks with regard to unit sales. Particularly as a result of the Covid-19 pandemic and supply chain problems, these unit sales risks have increased.

Active customer relationship management and improvements in the sales organisation and processes play an important role in all operating entities of the Blue Cap Group. Wherever possible, we endeavour to enter into longer-term agreements with larger individual customers in order to make it easier for us to plan our unit sales.

Price fluctuations on the procurement markets can have a negative impact on production costs and rank among the possible **procurement risks**. The lack of availability of individual preliminary products, sudden supplier unavailability, delayed component deliveries and the delivery of preliminary products of inferior quality are further risks that we counteract using supplier monitoring, regular supplier appraisals and quality controls. Strategic partnerships are entered into with suppliers of key components. At the same time, ensuring that we are not reliant on individual suppliers is a priority. In the 2021 financial year, almost all portfolio companies were affected by certain supply bottlenecks and hefty price increases for raw materials and primary products. The projections for the 2022 financial year assume that the situation regarding raw materials prices and supply bottlenecks will stabilise again in the second half of the year. Given the far-reaching sanctions imposed on Russia, the Ukraine conflict and its implications however, a recovery could take longer to materialise than expected. Blue Cap's portfolio companies counter these risks by monitoring developments in the countries and markets that are relevant to them and by ensuring close consultation with suppliers and logistics service providers.

Due to the electricity consumption and the large share of electricity costs in relation to gross value added, the limitation of the Renewable Energies Act levy (EEG levy) for companies with high electricity costs (according to the equalisation scheme pursuant to Section 64 (2) EEG in conjunction with Section 64 (4) EEG and Section 103 (3) EEG) play an important role on the procurement side in the Plastics segment. In its ruling of 28 March 2019, the European Court of Justice (ECJ) stated that the subsidies under the 2012 EEG do not constitute "aid" – contrary to the European Commission's assumption. It is therefore safe to assume that in the future, the refunded EEG levy amounts will not have to be repaid. The EEG levy is to be abolished with effect from 1 July 2022, taking an important component of electricity prices along with it. Given, however, that energy costs have been on the rise for some time now and in light of the substantial expenses required to switch energy supplies over to renewable energies, it is unlikely that the abolition of the EEG levy will push electricity prices down to any extent to speak of.

In those business areas involved in process manufacturing, **production risks** essentially relate to capacity utilisation levels that are too low due to potentially lower volumes. In business areas with a particularly large proportion of fixed assets, such as the Plastics segment, further production risks arise from possible machine failures. Those companies with customised products are exposed to design, calculation and project management risks. In the event of delayed or defective completion or delivery, reworking costs and, potentially, contractual penalties may be incurred. The risk management instruments used in this regard include flexible production management, an effective project management system and the management and limitation of contractual risks. Quality controls, certification processes and employee training, as well as regular plant maintenance, help to minimise production risks. In connection with the Covid-19 pandemic and the supply chain issues, there are also increased risks in production associated with potential production downtimes as a result of problems with the supply of primary products, as well as staff shortages or, in the worst-case scenario, plant closures. The Group counters these risks by implementing coronavirus regulations, contact restrictions and solutions for working from home to suit the portfolio companies in question, as well as by coordinating closely with suppliers and logistics providers on the procurement side.

The companies in the Group are at different stages in their development. Risks that could arise in connection with possible **restructuring and further development** measures are generally independent of the sector in which the company operates and need to be considered separately. A distinction has to be made between measures required in the short term, which tend to focus on company processes, costs and liquidity, and longer-term measures aimed at the strategic and sales development of the company concerned. The latter are usually associated with sustainable development tasks and investment programmes. Risks arise to the extent that these measures are not initiated in time or fail to have the desired effect.

With regard to operational risks, additional far-reaching risks may arise from the war in Ukraine, although Blue Cap AG does not have any subsidiaries or operating facilities in Russia or Ukraine. In addition, direct revenue with Russian and Ukrainian companies in the Group accounts for less than 1% of consolidated revenue. The direct business activities of the Blue Cap Group in both countries are therefore of immaterial significance with regard to the net assets, financial position and results of operations.

However, the war in Ukraine can have an indirect negative impact on the revenue and earnings performance, production processes, and 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 the supply of energy. Additional IT risks from cyber attacks and financial risks from direct and indirect payment defaults are also possible indirect consequences of the conflict.

PERSONNEL RISKS

Blue Cap AG's business model is heavily reliant on the professional skills, experience and commitment of its employees. Possible personnel risks relate to the loss of employees in key functions, scenarios in which positions are filled with unsuitable candidates and insufficient further training for employees. The Management Board reduces these risks by offering performance-based pay, a flexible and modern working environment, a streamlined hierarchical structure and individual further training opportunities. Personnel management and development within the portfolio companies is the responsibility of the individual management teams and is also a key factor in determining the success of the individual companies.

Due to demographic change and the overall robust development on the German labour market, the search for, and the selection of, qualified specialists also pose a particular challenge in all areas of the Group. As a result, a standardised Group careers portal has been introduced and recruitment is usually conducted over several channels. The Blue Cap Group also attaches a great deal of importance to qualified training so that it can meet the long-term demand for specialists.

IT RISKS

Blue Cap and its portfolio companies rely heavily on information technology systems and networks for business and production processes, as well as for communication. These systems and networks are exposed to the risk of cybercrime, as well as financial damage and various other disruptions. By way of example, third parties could use hacker attacks in an attempt to gain unauthorised access to confidential information and data or the systems themselves, potentially also making them unavailable for a prolonged period of time. What is more, these systems and data could end up being locked, damaged or destroyed by viruses and malware. Other risks include possible data centre or telecommunications network failures that result in systems and networks being unavailable for an extended period of time.

Technical and organisational safeguards are put in place to reduce these risks. They include, among other things, measures such as regular data backups with storage in separate physical locations, as well as the backup of data in external data centres subject to stringent security requirements. Regular training to raise awareness of the mounting threat of cybercrime and the development of contingency plans in the IT departments are also part of the measures taken. The measures taken help to reduce the existing risks significantly.

LEGAL RISKS

Blue Cap AG and its portfolio companies are exposed to various legal risks in the course of their business activities. These include, among other risks, possible warranty and product liability risks, guarantee risks in connection with company purchase agreements, as well as risks relating to patent and trademark law, data protection law, environmental protection and tax law. While Blue Cap and its portfolio companies endeavour to minimise and manage legal risks in principle, it is not possible to rule out these risks completely, despite exercising due diligence. External lawyers are called in to provide support in in-court and out-of-court legal disputes as and when required. Provisions are also set up if potential claims are likely to be made and the amount can be reliably estimated.

ENVIRONMENTAL RISKS

GOOD TO KNOW
More information about sustainable products from page 39 on

Blue Cap's portfolio companies operate in different markets and regions, meaning that they are exposed to environmental risks due to their predominantly manufacturing activities.

In the Plastics segment, one particularly relevant aspect is the fact that plastic packaging is the focus of political debate. **Plastics** in general are also coming under criticism due to increased environmental awareness among the population at large. In connection with these developments, however, we do not expect to see any significant effects or serious changes in legislation in the area of dairy packaging, due to both food law and economic conditions. The packaging specialist Uniplast Knauer, which operates in the Plastics segment, is keeping a very close eye on developments related to plastics, as well as research into alternative raw materials, and is investigating their possible use in the dairy and food segment as part of its R&D work. The con-pearl Group also operates in the Plastics segment and produces weight-saving polypropylene-based plastic products as part of its core business, primarily for the automotive and logistics industries. These are made almost entirely from recycled material and are largely recyclable themselves. con-pearl GmbH operates its own recycling plants for the recycling of polypropylene plastics at its Leinefelde and Hillscheid sites.

In addition to the specific environmental risks mentioned above, Blue Cap's portfolio companies are also exposed to more general ecological risks (e.g. effects of climate change). Blue Cap's decision to implement a sustainability strategy reflect this. In this context, a declaration in accordance with the German Sustainability Code (DNK) will be published for the first time in 2022 for the 2021 financial year, addressing ecology and sustainability within the Blue Cap Group.

GOOD TO KNOW
Find our more about sustainability starting on page 37

Blue Cap assesses and evaluates environmental risks as part of the investment review process in order to be able to adequately assess the future critical negative impact on commercial development. Compliance with legal requirements in the context of environmental protection is also part of the remit of the management teams within the portfolio companies. Environmental risks are a top priority for Blue Cap, as they can have a critical negative impact on its net assets, financial position and results of operations.

4.4 Overall assessment of the risk situation

NO SIGN OF ANY RISKS THAT COULD THREATEN THE COMPANY'S SURVIVAL

The Management Board has assessed the overall risk situation and presented corresponding information in the explanations on the individual risks. Based on the information currently available, there are no evident risks that, either individually or in combination, could pose a risk to the survival of the Blue Cap Group or have any material negative impact on its net assets, financial position and results of operations.

It is, however, possible that future developments could take a different path to that currently expected by the Management Board. The Blue Cap Group showed robust development in the 2021 financial year despite the Covid-19 pandemic, supply bottlenecks and rising prices for primary products. It is impossible to fully predict how this situation will continue to unfold and what the impact on the economy will be. The same applies to the consequences of the military conflict in Ukraine that has been ongoing since the end of February 2022.

The Management Board is convinced that it will be able to take advantage of the opportunities and challenges that present themselves in the future, too, without having to incur unreasonably high risks.

5. FORECAST REPORT

5.1 Expected development of the overall environment

OVERALL ECONOMIC ENVIRONMENT: CONSEQUENCES OF THE UKRAINE CONFLICT PUT PRESSURE ON GERMAN ECONOMIC OUTLOOK FOR 2022[2]

After a pronounced global economic recovery in the past year, the ifo Institute expects the Covid-19 pandemic, supply bottlenecks and rising raw materials prices to continue to have a decisive impact on overall economic development in 2022. The escalation of the Ukraine war on 24 February 2022 will add another factor of uncertainty into the equation. The ifo Institute expects the conflict to have a significant impact on economic development in 2022. In particular, the resulting sanctions imposed on Russia, further dramatic increases in raw materials prices, supply bottlenecks and increased economic uncertainty will put pressure on global economic development in 2022.

This is why, in its economic forecast published in March 2022, the ifo Institute expects to see a recovery in global economic output that is significantly less pronounced than previously expected. Based on this forecast, GDP is expected to increase by 3.8% in 2022. As a result, GDP growth of 3.3% (previous year: 5.0%) is expected to be achieved in the world's advanced economies in 2022. In the United States, economic output is set to increase by 3.4% in 2022 (previous year: 5.7%), with an increase of 2.7% in Japan (previous year: 1.7%), 3.4% in the euro area (previous year: 5.2%) and 3.7% in the United Kingdom (previous year: 7.5%). In the emerging markets, overall GDP growth is expected to come to 4.6%, down considerably year-on-year (previous year: 7.6%). The Chinese economy is expected to contribute with an increase of 5.0% (previous year: 8.1%).

The global increase in consumer prices in the forecast year is predicted to total 5.5%, up considerably on the level seen in the reporting year (3.2%). Inflation is expected to be well above the 2022 level in both the world's advanced economies, at 5.2%, and the emerging markets at 6.1% (previous year: 3.2%). Global inflation is expected to fall significantly to an average of 2.3% in 2023.

Given the considerable uncertainty in connection with the Ukraine conflict and the associated significant impact on factors such as raw materials prices, supply bottlenecks and economic sanctions imposed on Russia, the ifo Institute has investigated two different scenarios for its forecasts for the German economy. In the baseline scenario, it is assumed that the increase in raw materials prices, supply bottlenecks and uncertainty have already peaked and will gradually taper off, whereas the alternative scenario assumes that raw materials prices, supply bottlenecks and uncertainty will continue to rise until the middle of the year, and that the situation will only ease gradually thereafter.

Based on these assumptions, the German economy is expected to grow by around 3.1% in 2022 in the ifo Institute's baseline scenario, whereas an increase of 2.2% is expected in the alternative scenario. Due to high order backlogs at industrial companies as well as the gradual normalisation of the Covid-19 situation and the associated economic recovery, Germany's gross domestic product is expected to grow despite the Ukraine conflict.

The inflation rate in Germany is expected to come in at 5.1% in the baseline scenario and 6.1% in the alternative scenario, mainly due to higher raw materials prices. Looking ahead to 2023, the inflation rate is expected to fall significantly to 1.8% (baseline scenario) and 2.2% (alternative scenario). The unemployment rate is predicted to fall from 5.7% in the previous year to 4.9% (baseline scenario) or 5.0% (alternative scenario).

Despite the inclusion of the military conflict between Ukraine and Russia in the ifo Institute's forecasts, it is difficult to accurately assess its development and the resulting implications. A large number of other scenarios that are not covered by the two scenarios presented are within the realms of possibility. Despite Russia's low economic output, it is important to remember that Europe and especially Germany are heavily reliant on Russian gas and other primary products from Russia and Ukraine. As it would be impossible to make any immediate moves to cut these ties with Russian gas, the current reliance will continue in the short term, triggering even greater economic damage in the event of supply disruptions. The feedback effects on both the German and the global economy are difficult to estimate. Another risk factor will be the further development of the Covid-19 pandemic.

[2] Cf. ifo Economic Forecast Spring 2022 of the ifo Institute, published in March 2022

FURTHER INFORMATION
You can download a PDF of the survey here.

SECTOR ENVIRONMENT: CONSIDERABLE UNCERTAINTY FOR 2022 AFTER A STRONG 2021

The "2022 Global Private Equity Outlook" report published by Dechert LLP and Mergermarket in November 2021, including a survey of 100 PE executives, concludes that after a very strong 2021 in terms of deal flow and capital inflows from a global perspective, the private equity industry now enjoys a good starting position for further development in the 2022 financial year.

On the other hand, the survey respondents have also identified a number of factors that leave some uncertainty as to how things will develop going forward. For one, it is unclear how long the supply chain problems and other consequences of the pandemic will persist. For another, the interest rate turnaround in the US and the accompanying deterioration in financing conditions represent a potential risk factor for the PE sector.

Given the substantial investment capital available, there is also still intense competition for the companies for sale. This has a negative impact on purchase prices as well as on the availability of attractive investment opportunities. Conversely, however, this means that the conditions for the sale of portfolio companies remain favourable due to high demand.

The PE executives surveyed also mentioned compliance with ESG criteria as an increasingly important factor in the PE sector. The report concludes that ESG focus can create added financial value because, all other things being equal, companies that can act as ESG leaders will achieve higher levels of customer growth, meaning that they will be more successful commercially. This also makes a portfolio company more attractive in the event of a sale.

As far as the German private equity market is concerned, the German Private Equity Barometer shows an upward trend in the business climate for the fourth quarter of 2021. Since, however, the report covers the fourth quarter of 2021 and was published on 18 February 2022, the current geopolitical risks and their economic consequences have not yet been reflected.

9.0%–10.0%

The Group's forecast adjusted EBITDA margin for the 2022 financial year

5.2 Expected development of the company

The following forecast report is based on the 2022 budget that was prepared at the end of the reporting year and takes into account the deconsolidation of Gämmerler at the end of January 2022, as well as the first-time consolidation of the newly acquired Transline Group in accordance with the preliminary initial consolidation as of 1 March 2022.

With regard to the consequences of the war in Ukraine for the 2022 financial year, it should be noted that Blue Cap AG does not have any subsidiaries or operating sites in Russia or Ukraine. In addition, direct revenue with Russian and Ukrainian companies in the Group accounts for less than 1% of consolidated revenue. The direct business activities of the Blue Cap Group in both countries are of immaterial significance with regard to the net assets, financial position and results of operations.

With regard to the financial year 2022, however, the indirect consequences from the conflict, in particular on the development of raw material and energy prices as well as supply chains, cannot yet be conclusively assessed and therefore cannot be taken into account in the current forecast. However, it is apparent that customers from the automotive sector of the H+E Group and nokra in particular are affected by supply chain problems. The effects of this on the Group's revenue and earnings for the year as a whole cannot yet be quantified at the time of preparing the financial statements.

A further intensification of the sanctions against Russia and an expansion of the conflict situation with possible further effects on raw material and energy prices as well as supply chains are also not included in the outlook. Possible effects of the conflict on the Group's business performance are monitored continuously and very closely.

DEVELOPMENT OF THE GROUP AND BLUE CAP AG

In our projections, we expect the first half of 2022, in particular, to still be affected by the impact of the Covid-19 pandemic. With the measures taken in response to the Covid-19 pandemic expected to come to an end in spring 2022, the situation should improve again in this respect. Our forecast is based on the assumption that there will be no far-reaching business closures or production shutdowns in the industry and retail sectors in the course of 2022.

Our plans are also based on the assumption that both supply chains and raw materials prices will stabilise again in the second half of 2022. We have also assumed that companies will be able to pass on at least some of the expected price increases for individual primary products to their customers. If inflation rises significantly above the expected level, this could have far-reaching effects on the planned development of revenue and earnings.

Blue Cap Group forecast

EUR thousand

	Forecast for 2022	Actual 2021
Revenue (EUR million)	305–325	267.3
Adjusted EBITDA margin as % of adjusted total output	9.0–10.0	9.1
Net debt ratio (incl. lease liabilities) in years	≤ 3.5	2.6

Based on the current forecast, the Management Board expects the Group's revenue for 2022 as a whole to be in the range of EUR 305 million to EUR 325 million (2021: EUR 267.3 million) with an adjusted EBITDA margin of between 9.0% and 10.0% (2021: 9.1%). This expected positive development results in particular from the positive development in the Plastics segment, the first-time full-year inclusion of the HY-LINE and H+E Group, the first-time consolidation of the Transline Group in March 2022, an overall expected positive development in the remaining investment portfolio and the assumption that price increases for raw materials, energy and services can be passed on to customers. The deconsolidation of Gämmerler GmbH and Carl Schaefer Gold- und Silberscheideanstalt GmbH will result in lower revenue compared to the previous year, but will have a marked positive effect on the adjusted EBITDA margin of the Blue Cap Group.

Blue Cap's financial strength plays an important role for both financing banks and investors. As a result, the debt repayment period is an important control parameter for the Management Board. It is important to remember that, as of the forecast year of 2022, lease liabilities will also be taken into account in addition to liabilities to banks when calculating the net debt ratio (in years). This is designed to reflect the increasing importance of lease financing for the Blue Cap Group. This adjustment to the calculation of the ratio results in higher expectations for the Blue Cap Group's net debt ratio, such that it is not to exceed 3.5 years in 2022. The increase in the forecast from 2.75 years for 2021 to 3.5 years for 2022 is based on the difference between the two ratios in the 2021 financial year (incl. or excl. lease liabilities).

In addition to further developing its existing segments with a view to increasing their net asset value, Blue Cap is constantly looking into opportunities to expand. The target figures shown do not take into account effects from planned acquisitions or disposals of portfolio companies. The fact that the scope of consolidation can change between the reporting dates, over and above the changes that have already come to light, is also not taken into account.

Even though Blue Cap is not an exit-driven operating holding company, but rather is geared towards the long-term growth of its portfolio companies, purchase enquiries and sales are reviewed on a regular basis. In the 2022 financial year, we will therefore continue to pursue a strategy of organic and inorganic growth. The Management Board expects to see positive development in deal flow and acquisition activity, as well as further sales of property assets rented to third parties.

In the annual financial statements of Blue Cap AG, the Management Board is predicting a marked increase in revenue and adjusted EBITDA that is slightly above the reporting year's level in 2022 based on intra-Group cost allocations.

SEGMENT DEVELOPMENT

In the **Plastics** segment, the Management Board expects to see a slight increase in both revenue and the adjusted EBITDA margin in 2022. The inclusion of the H+E Group for the first full year and the positive order situation at con-pearl should contribute to this development. Uniplast is also expected to see a slight increase in both revenue and the adjusted EBITDA margin due to the passing on of price increases, and individual new projects. As far as the H+E Group is concerned, the projections assume that the order situation in the automotive sector will bounce back in 2022, meaning that both revenue and the adjusted EBITDA margin will increase. Given expectations of lower net debt compared to 2021 and an increase in adjusted EBITDA, the net debt ratio in the Plastics segment is expected to decrease considerably in the 2022 financial year. In view of the conflict in Ukraine and the resulting supply chain problems in the automotive industry, however, it was not yet possible, at the time the consolidated financial statements were prepared, to conclusively assess and quantify the extent to which the consequences will affect the development of the H+E Group in the 2022 financial year.

Revenue in the **Adhesives & Coatings** segment are expected to be up slightly year-on-year based on the current forecast. In particular, the expansion of international sales activities and measures to pass on cost increases for primary products should ensure an increase in revenue. The order situation at the Neschen Group is also expected to recover compared to the reporting year due to the anticipated relaxation of the Covid-19 measures. The costs for the further development of sales and reorganisation measures, the availability of preliminary products as well as the probably only proportionate passing on of cost increases are likely to contribute to a significant decline in the EBITDA margin compared to the previous year. Against this backdrop, a slight increase in the net debt ratio is expected to be on the cards for the Adhesives & Coatings segment in the 2022 financial year. This forecast does not yet reflect possible consequences of the conflict in Ukraine on the already tense supply chain situation and the price trend for raw materials, energy and transport costs.

The newly created **Business Services** segment is expected to report a significant increase in revenue and the adjusted EBITDA margin. This is due to the HY-LINE Group being included for a full year for the very first time, as well as to the first-time consolidation of the Transline Group as of 1 March 2022. The HY-LINE Group is also expected to report an increase in revenue as it continues to process its substantial order backlog. The availability of primary products and merchandise, however, will be key factors in this development. With regard to the adjusted EBITDA margin, a slight decline is expected for the HY-LINE Group in a year-on-year comparison due to the recruitment of staff in sales and development, a prerequisite for further growth. The first-time consolidation of the Transline Group had the opposite effect on the adjusted EBITDA margin. A significant reduction in the net debt ratio is expected for the Business Services segment in the 2022 financial year.

The **Others** segment is predicted to report a significant decline in revenue and a slight improvement in the adjusted EBITDA margin. This is mainly due to the deconsolidation of Gämmerler GmbH in February 2022 and Carl Schaefer Gold- und Silberscheideanstalt GmbH in October 2021, which together will reduce revenue compared to the previous year, but will have a marked positive effect on the adjusted EBITDA margin. At nokra, an increase in revenue and the adjusted EBITDA margin compared to the previous year is expected thanks to plans for new projects and the associated improvement in capacity utilisation. Various property sales in the 2021 financial year will lead to a drop in the revenue and the adjusted EBITDA margin at the real estate company Blue Cap Asset Management GmbH, which is included in the segment. Net debt/net financial credit in the Others segment is expected to fall considerably in the 2022 financial year.

Due to the ongoing impact of the Covid-19 pandemic, the supply chain problems and rising raw materials and energy prices, coupled with potential further consequences of the Ukraine conflict, it is possible that future results could take a very different path to that currently expected by the Management Board. The results reported by the Group and the individual segments are also influenced by other effects that are impossible to plan. These include, among other things, effects on results from the acquisition or restructuring of portfolio companies, as well as the sale and deconsolidation of subsidiaries.

Blue Cap sees the company's positive development to date and its tried-and-tested business model as confirmation of its strategy and is well positioned with its existing organisational structure in both the short and long term. As a result, the company expects to grow and strengthen its operating profitability over the next few financial years.

Munich, 21 April 2022

The Management Board

CONSOLIDATED FINANCIAL STATEMENTS

107_ **CONSOLIDATED FINANCIAL STATEMENTS**

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BLUE CAP AG CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2021

Consolidated income statement

EUR thousand

	Reference	2021	2020
Revenue	D.1	267,347	232,999
Change in inventories		2,115	-1,847
Other services provided by the company and capitalised		205	40
Other income	D.2	7,440	25,906
Total output		**277,108**	**257,098**
Cost of materials	D.3	-144,282	-123,746
Personnel expenses	D.4	-67,487	-60,545
Other expenses	D.5	-39,927	-38,335
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**25,412**	**34,473**
Depreciation and amortisation	D.6	-19,099	-12,958
Impairment losses and reversals	D.6	-337	-1,551
Share of profit/loss in associates		1,845	1,409
Earnings before interest and taxes (EBIT)		**7,821**	**21,373**
Impairment losses according to IFRS 9	D.7	-507	-1,326
Financing income	D.8	171	256
Financing expenses	D.8	-2,387	-2,779
Earnings before taxes (EBT)		**5,099**	**17,525**
Income tax expense	D.9	-384	-1,033
Consolidated net income		**4,715**	**16,492**
of which attributable to			
Owners of the parent company		5,153	16,573
Non-controlling interests		-438	-81
Earnings per share in EUR (basic)	D.10	**1.24**	**4.15**
Earnings per share in EUR (diluted)	D.10	**1.24**	**4.15**

Consolidated statement of comprehensive income

EUR thousand

	2021	2020
Consolidated net income	4,715	16,492
Remeasurements of defined benefit plans, before tax	303	-69
Remeasurement of financial assets measured under other comprehensive income and gains (losses) from the disposal of these, before tax	0	-93
Items that are not subsequently reclassified to profit or loss	**302**	**-162**
Currency translation differences, before tax	509	-190
Items that are subsequently reclassified to profit or loss subject to certain conditions	**509**	**-190**
Other comprehensive income before tax	**812**	**-352**
Income taxes related to remeasurements of defined benefit plans	121	-55
Income taxes related to the remeasurement of financial assets through profit or loss	0	0
Total income taxes on other comprehensive income that are not reclassified to income or expense	**121**	**-55**
Other comprehensive income	**933**	**-407**
of which attributable to		
Owners of the parent company	933	-407
Non-controlling interests	0	0
Total comprehensive income	**5,648**	**16,085**
of which attributable to		
Owners of the parent company	6,086	16,166
Non-controlling interests	-438	-81

Consolidated statement of financial position

EUR thousand

	Reference	2021	2020
ASSETS			
Goodwill	E.1	10,403	0
Intangible assets	E.2	23,626	2,321
Property, plant and equipment	E.3	84,999	82,118
Investment property	E.4	2,246	1,988
Financial investments accounted for using the equity method	E.5	5,601	3,757
Participating interests	E.6	133	176
Other financial assets	E.7	531	250
Other non-financial assets	E.8	2,185	1,372
Deferred tax assets	E.9	4,883	4,130
Non-current assets		**134,607**	**96,112**
Inventories	E.10	40,402	27,499
Current contract assets	E.11	13,238	2,617
Trade receivables	E.12	25,698	16,622
Other financial assets	E.13	1,962	6,569
Income tax assets	E.14	781	3,187
Other non-financial assets	E.15	3,756	1,949
Cash and cash equivalents	E.16	41,370	36,251
Assets held for sale	E.17	6,221	7,697
Current assets		**133,428**	**102,390**
Total assets		**268,035**	**198,502**

EUR thousand

	Reference	2021	2020
LIABILITIES AND SHAREHOLDERS' EQUITY			
Subscribed capital	E.18	4,396	3,997
Capital reserve	E.19	15,665	5,266
Other equity components	E.20	-187	-1,119
Retained earnings	E.21	73,200	72,044
Equity attributable to the owners of the parent company		93,075	80,187
Non-controlling interests	E.22	5,169	114
Total shareholders' equity		**98,243**	**80,301**
Provisions for pensions and similar commitments	E.23	8,999	9,018
Other provisions	E.24	**2,223**	**748**
Deferred tax liabilities	E.9	13,583	7,425
Non-current financial liabilities	E.27	76,444	55,561
Total non-current liabilities		**101,249**	**72,752**
Other provisions	E.24	3,865	4,043
Income tax liabilities	E.25	3,786	3,019
Current contract liabilities	E.11	1,446	604
Trade payables	E.26	16,954	9,153
Other current financial liabilities	E.27	32,237	22,469
Other current non-financial liabilities	E.28	**10,254**	**6,160**
Total current liabilities		**68,543**	**45,449**
Total equity and liabilities		**268,035**	**198,502**

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	Retained earnings	Total majority shareholders	Non-controlling interests	**Total**
As of 1 Jan. 2020	**3,980**	**5,082**	**38**	**29**	**-779**	**58,456**	**66,806**	**180**	**66,986**
Capital increase/reduction	17	183	0	0	0	0	200	18	218
Dividend payments	0	0	0	0	0	-2,985	-2,985	-3	-2,988
Total before total comprehensive income for the period	**3,997**	**5,266**	**38**	**29**	**-779**	**55,471**	**64,022**	**195**	**64,217**
Consolidated income	0	0	0	0	0	16,573	16,573	-81	16,492
Other comprehensive income after tax	0	0	-124	-190	-93	0	-407	0	-407
As of 31 Dec. 2020	**3,997**	**5,266**	**-86**	**-162**	**-872**	**72,044**	**80,187**	**114**	**80,301**
As of 1 Jan. 2021	**3,997**	**5,266**	**-86**	**-162**	**-872**	**72,044**	**80,187**	**114**	**80,301**
Capital increase/reduction	400	10,399	0	0	0	0	10,799	0	10,799
Dividend payments	0	0	0	0	0	-3,997	-3,997	-3	-4,000
Change in scope of consolidation	0	0	0	0	0	0	0	5,495	5,495
Total before total comprehensive income for the period	**4,396**	**15,665**	**-86**	**-162**	**-872**	**68,048**	**86,989**	**5,606**	**92,596**
Consolidated income	0	0	0	0	0	5,153	5,153	-438	4,715
Other comprehensive income after tax	0	0	423	509	0	0	933	0	933
As of 31 Dec. 2021	**4,396**	**15,665**	**337**	**348**	**-872**	**73,200**	**93,075**	**5,169**	**98,243**

Consolidated cash flow statement

EUR thousand

	2021	2020
Consolidated income	4,715	16,492
Increase (–)/decrease (+) in inventories	-6,841	354
Increase (–)/decrease (+) in trade receivables	-1,169	1,397
Increase (–)/decrease (+) in contract assets	-5,666	-906
Increase (–)/decrease (+) in other receivables and assets	-5,633	1,020
Increase (+)/decrease (–) in provisions	-1,358	-1,282
Increase (+)/decrease (–) in trade payables	4,171	-1,727
Increase (+)/decrease (–) in contract liabilities	827	-120
Increase (+)/decrease (–) in other liabilities	7,223	3,246
Depreciation, amortisation and impairment losses on intangible assets and property, plant and equipment	19,435	14,509
Profit (-)/loss (+) from the disposal of intangible assets and property, plant and equipment	-769	-1,007
Profit (–) from company acquisitions (bargain purchase)	-457	0
Profit (–) from deconsolidation measures	-1,434	-19,206
Other non-cash expenses (+)/income (–)	-1,656	-1,528
Contribution to earnings from currency effects	439	-94
Interest expenses (+)/interest income (–)	2,173	2,150
Income tax expense (+)/income tax income (–)	384	1,033
Income taxes paid (–)/income tax refunds (+)	-1,944	-1,733
Cash flow from operating activities	**12,440**	**12,597**
Proceeds (+) from disposals of property, plant and equipment	427	66
Payments (–) for investments in property, plant and equipment	-5,322	-6,144
Payments (–) for investments in intangible assets	-739	-141
Proceeds (+) from disposals of assets held for sale	10,842	0

EUR thousand

	2021	2020
Payments (–) from additions to assets held for sale	0	-2,589
Payments (–) from additions to investment property	0	0
Payments (–) for additions to the scope of consolidation	-29,244	-125
Proceeds (+) from disposals from the scope of consolidation	5,067	22,464
Proceeds (+) from disposals of investments accounted for using the equity method	1	42
Payments (–) for investments in participating interests	0	-44
Proceeds (+) from disposals of participating interests	42	343
Interest received (+)	29	249
Cash flow from investing activities	**-18,897**	**14,122**
Proceeds (+) from equity contributions from non-controlling interests	0	18
Proceeds (+) from equity contributions from shareholders of Blue Cap AG	10,799	200
Dividends paid (–) to shareholders of the parent company	-3,997	-2,985
Proceeds (+) from (financial) loans taken out	19,500	6,700
Payments (–) for the repayment of (financial) loans	-8,248	-8,540
Payments (–) for collateral to credit institutions	-3,200	0
Payments (–) for the repayment of lease liabilities	-5,403	-2,391
Interest paid (–)	-2,135	-2,249
Dividends paid (–) to other shareholders	-3	-3
Cash flow from financing activities	**7,314**	**-9,249**
Cash-effective change in cash funds	**857**	**17,469**
Changes in cash funds due to exchange rate fluctuations	-75	71
Cash funds at the beginning of the period	26,542	9,002
Cash funds at the end of the period	**27,324**	**26,542**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF BLUE CAP AG

AS OF 31 DECEMBER 2021

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A. GENERAL INFORMATION AND ACCOUNTING POLICIES

A.1 General information on the company

Blue Cap AG is a listed investment company established in 2006 with its registered office in Munich. The company invests in SMEs from the B2B sector and supports them in their entrepreneurial development. The companies are headquartered in Germany, Austria and Switzerland, tend to generate revenue of between EUR 30 million and EUR 80 million and have an intact core business. As of the reporting date, the company holds majority stakes in eight companies (previous year: seven) and one minority interest. The subsidiaries are allocated to four segments: Plastics (previous year: Plastics Technology), Adhesives & Coatings (previous year: Adhesive Technology and Coating Technology), Business Services and Others (previous year: Other). The Group employed an average of 1,211 people in the reporting year and operates in Germany, Europe and the US.

Blue Cap AG is listed on the Frankfurt Stock Exchange in the “Scale” segment and the Munich Stock Exchange in the “m:access” segment (Blue Cap, ISIN: DE000A0JM2M1). Due to its capital market listing, the company has to provide an appropriate level of transparency, an obligation that it lives up to through its active investor communications and investor relations work. The Blue Cap team has extensive M&A, industrial and transformation experience in the German SME segment.

Blue Cap acquires companies that offer clear potential for operational improvements, as well as a promising growth outlook. The portfolio companies receive active support from Blue Cap in their strategic and operational development without losing their established SME identity. While Blue Cap’s investment in the portfolio companies is not subject to any fixed holding period, it generally only steps in as a temporary owner. The portfolio companies are sold if it appears to make more sense to allow the company to continue its successful performance with a new ownership structure. Alternatively, the companies remain in the Group and contribute to Blue Cap's further growth with strong earnings.

Blue Cap acquires new investments as part of a structured M&A process. The process involves the systematic identification and selection of target companies based on fixed investment criteria. Blue Cap invests in companies where succession arrangements are unresolved and in Group spin-offs. Potential acquisitions also, however, include companies facing crisis situations and change or growth challenges.

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

A.2 Basis for preparing the annual financial statements

The consolidated financial statements for the 2021 financial year are prepared in accordance with International Financial Reporting Standards (IFRS) pursuant to Section 315e (3) of the German Commercial Code (HGB).

The 2021 consolidated financial statements of Blue Cap AG, consisting of the income statement and statement of comprehensive income, the statement of financial position, statement of changes in equity, cash flow statement and notes, have been prepared in accordance with Section 315e (3) of the German Commercial Code (HGB) in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union, and the required supplementary provisions. The term "IFRS" also includes all International Accounting Standards (IAS) that are 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 reporting date. To the extent that assets and liabilities have both a current and a non-current portion, these are broken down into their maturity components and reported as current and non-current assets/liabilities in accordance with the balance sheet classification.

The consolidated income statement is prepared in accordance with the total cost method.

The annual financial statements of the companies included in the consolidated financial statements are prepared based on uniform accounting policies as of 31 December. The financial year therefore corresponds to the calendar year. Blue Cap prepares and publishes its consolidated financial statements in euros (EUR), the Group's functional currency. Unless otherwise stated, all values are rounded to the nearest thousand euros (EUR thousand). Deviations of up to one unit (EUR thousand, %) are rounding differences related to the calculations.

New standards and interpretations in the current financial year

The following amendments to standards were applied for the first time as of 1 January 2021. They did not have any significant impact on the net assets, financial position and results of operations.

Standard	Title	To be applied for financial years beginning on or after the date specified
UIFRS 9, IAS 39, IFRS 7, IFRS 4	Interest Rate Benchmark Reform Phase 2	1 January 2021
IFRS 4	Insurance Contracts – deferral of IFRS 9	1 January 2021
IFRS 16	COVID 19-related rent concessions	1 April 2021

New standards and interpretations not yet applied

The IASB has issued the following amendments to standards and new standards whose application is not yet mandatory for the 2021 financial year and whose adoption by the European Union is still outstanding in some cases. In this respect, the following accounting standards have not yet been applied:

Standard	Title	To be applied for financial years beginning on or after the date specified
IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual Improvements to IFRS – Cycle 2018–2020	1 January 2022
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
General	Annual Improvements to IFRSs 2018–2020 Cycle	1 January 2022
IAS 16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
IFRS 3	Reference to the Conceptual Framework	1 January 2022
IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
IFRS 17	Insurance Contracts	1 January 2023
IAS 1	Disclosure of Accounting Policies	1 January 2023
IAS 8	Definition of Accounting Estimates	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	tbd

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

B. SCOPE OF CONSOLIDATION AND CONSOLIDATION METHODS

B.1 Scope of consolidation

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

In addition to the parent company, the scope of consolidation as of 31 December 2021 comprises 39 (31 December 2020: 29) companies that are fully consolidated. Of these companies, 26 (31 December 2020: 17) are based in Germany and 13 (31 December 2020: 12) have their registered offices in other countries.

The following subsidiaries are fully consolidated in the consolidated financial statements of Blue Cap AG as of 31 December 2021 and 31 December 2020, and the following associates are included (shareholding refers to the share of capital and voting rights in each case):

No.	Company	Registered office	Shareholding (%)	Investment held via no.	31 December 2021	31 December 2020	
	Parent company						
1.	Blue Cap AG	Munich	–	–	✓	✓	
	Direct participating interests						
2.	Planatol GmbH	Rohrdorf-Thansau	100.0	1.	✓	✓	
3.	Blue Cap Asset Management GmbH	Munich	94.0	1.	✓	✓	*
4.	Gämmerler GmbH	Geretsried-Gelting	100.0	1.	✓	✓	
5.	nokra Optische Prüftechnik und Automation GmbH	Baesweiler	90.0	1.	✓	✓	
6.	Blue Cap 05 GmbH	Munich	100.0	1.	✓	✓	
7.	Carl Schaefer Gold- und Silberscheideanstalt GmbH	Pforzheim	100.0	1.		✓	
8.	Neschen Coating GmbH	Bückeburg	100.0	1.	✓	✓	*
9.	Knauer Uniplast Management GmbH	Dettingen an der Erms	100.0	1.	✓	✓	
10.	Blue Cap 09 GmbH	Munich	100.0	1.	✓	✓	
11.	con-pearl Verwaltungs GmbH (formerly: Blue Cap 10 GmbH)	Geismar (formerly Munich)	100.0	1.	✓	✓	
12.	Blue Cap 11 GmbH	Munich	100.0	1.	✓		
13.	HY-LINE Management GmbH (formerly: Blue Cap 12 GmbH)	Unterhaching (formerly Munich)	92.9	1.	✓		
14.	Blue Cap 13 GmbH	Munich	100.0	1.	✓		
	Indirect participating interests						
15.	PLANATOL France S. à. r. l.	Sucy-en-Brie, France	100.0	2.	✓	✓	
16.	PLANATOL-Società Italiana Forniture Arti Grafiche S. I. F. A. G. S. à. r. l.	Milan, Italy	67.3	2.	✓	✓	
17.	PLANATOL System GmbH	Rohrdorf-Thansau	100.0	2.	✓	✓	
18.	PLANAX GmbH	Rohrdorf-Thansau	100.0	2.	✓	✓	
19.	Filmolux Austria GmbH	Vienna, Austria	100.0	8.	✓	✓	
20.	Filmolux Benelux B.V.	Raalte, Netherlands	100.0	8.	✓	✓	
21.	Filmolux Deutschland GmbH	Bückeburg	100.0	8.	✓	✓	*
22.	Filmolux Italia s. r. l.	Bagnolo, Italy	100.0	8.	✓	✓	
23.	Filmolux S. à. r. l.	Paris, France	100.0	8.	✓	✓	
24.	Filmolux Swiss AG	Emmen, Switzerland	100.0	8.	✓	✓	
25.	Filmolux Scandinavia AB	Nacka, Sweden	100.0	8.	✓	✓	
26.	Neschen Inc.	Richmond, USA	100.0	8.	✓	✓	

No.	Company	Registered office	Shareholding (%)	Investment held via no.	31 December 2021	31 December 2020	
27.	Neschen s. r. o.	Hradec Králové, Czech Republic	100.0	8.	✔	✔	
28.	Uniplast Knauer GmbH & Co.KG	Dettingen an der Erms	100.0	9.	✔	✔	*
29.	Uniplast Knauer Verwaltungs GmbH	Dettingen an der Erms	100.0	9.	✔	✔	
30.	con-pearl GmbH	Geismar	100.0	11.	✔	✔	
31.	con-pearl Automotive Inc.	Greenville, USA	100.0	30.	✔	✔	
32.	con-pearl North America Inc.	Greenville, USA	100.0	30.	✔	✔	
33.	H+E Molding Solutions GmbH (formerly Hero GmbH)	Ittlingen	71.0	12.	✔		
34.	H+E Kinematics GmbH (formerly Engel Formenbau und Spritzguss GmbH)	Sinsheim	100.0	33.	✔		
35.	H+E Automotive GmbH	Sinsheim	100.0	33.	✔		
36.	HY-LINE Verwaltungs GmbH (now merged with HY-LINE Holding GmbH)	Munich	100.0	13.	✔		
37.	HY-LINE Holding GmbH	Unterhaching	100.0	36.	✔		
38.	HY-LINE Computer Components Vertriebs GmbH	Unterhaching	100.0	37.	✔		
39.	HY-LINE Power Components Vertriebs GmbH	Unterhaching	100.0	37.	✔		
40.	HY-LINE Communication Products Vertriebs GmbH	Unterhaching	100.0	37.	✔		
41.	HY-LINE AG	Schaffhausen, Switzerland	100.0	37.	✔		
	Associates						
42.	GammerlerTech Corporation	Palmetto, USA	49.0	11.		✔	
43.	inheco Industrial Heating and Cooling GmbH	Planegg	42.0	1.	✔	✔	

The companies marked with a "*" are exempt from the obligation to prepare a management report and/or from the obligation to disclose the annual financial statements pursuant to Section 264 (3)/Section 264b HGB.

The following list shows all Group companies that were not included in the consolidated financial statements as of the reporting date. These subsidiaries were not included in the consolidated financial statements because they are of minor importance for the presentation of a true and fair view of the Group's net assets, financial position and results of operations. The total revenue of these companies corresponds to less than 1% of the Group's revenue.

Company	Registered office	Shareholding (%)	31 December 2021	31 December 2020
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. I.	Herrsching	70.0	✔	✔

B.2 Changes in the consolidated group

B.2.1 CHANGES TO THE SCOPE OF CONSOLIDATION IN 2021

In addition to the acquisitions and disposals shown below, the following changes in the consolidated group occurred in 2021.

The registered office of Blue Cap 10 GmbH was relocated from Munich to Geismar, with a corresponding entry made on 23 July 2021. The company has also been operating as con-pearl Verwaltungs GmbH since this date.

The companies Blue Cap 12 GmbH (now HY-LINE Management GmbH) and Blue Cap 13 GmbH, both established by Blue Cap AG in the second half of 2021, are included in the scope of consolidation as of the date of establishment.

The registered office of PLANAX GmbH, a subsidiary of Planatol GmbH, was relocated from Kolbermoor to Rohrdorf, with a corresponding entry made on 30 June 2021. The registered office of Planatol France S.à.r.l, a subsidiary of Planatol GmbH, was relocated from Bonneuil sur Marne, France to Sucy-en-Brie, France, on 18 October 2021.

ACQUISITIONS OF SUBSIDIARIES IN 2021

Blue Cap 11 GmbH acquired 71% of the shares in H+E Molding Solutions GmbH (formerly Hero GmbH) and its subsidiaries as part of a share deal under a purchase agreement dated 29 January 2021.

The full consolidation of the acquired shares requires a purchase price allocation (PPA) in accordance with IFRS 3. The PPA is used to reflect the assets and liabilities of H+E Molding Solutions GmbH and its subsidiaries in the consolidated financial statements of Blue Cap AG. The acquisition was completed successfully when the transaction was closed on 26 February 2021. For materiality reasons, H+E Molding Solutions GmbH and its subsidiaries, H+E Kinematics GmbH (formerly Engel Formenbau- und Spritzguss GmbH) and H+E Automotive GmbH, were fully consolidated for the first time as of 28 February 2021. This means that the acquisition date and measurement date for the PPA was 28 February 2021.

The H+E Group develops and manufactures high-quality plastic parts and assemblies for vehicle interiors and the household appliance industry in four locations in Baden-Württemberg. The H+E Group is allocated to the Plastics segment (formerly Plastics Technology) as of its inclusion in the Group.

The consideration for the acquisition amounted to EUR 10,629 thousand, paid in cash. Incidental costs of EUR 302 thousand were incurred in connection with the acquisition.

The amounts of the identifiable assets and liabilities acquired are as follows as of the acquisition date. Deferred tax assets and liabilities have not been netted:

EUR thousand	Fair value
Intangible assets	11,749
Property, plant and equipment	12,531
Other financial assets	198
Deferred tax assets	332
Other non-financial assets	11
Non-current assets	**24,822**
Inventories	2,012
Contract assets	4,569
Actual tax refund claims	45
Trade receivables	3,974
Other non-financial assets	383
Cash	**6,305**
Current assets	**17,287**
Provisions for employee benefits	241
Other provisions	1,372
Deferred tax liabilities	4,379
Other financial liabilities	8,687
Non-current liabilities	**14,678**
Other provisions	265
Actual tax liabilities	2,080
Trade payables	1,718
Other financial liabilities	6,506
Other non-financial liabilities	1,282
Current liabilities	**11,851**
Net assets	**15,580**
Consideration in cash	10,629
Non-controlling interests	4,518
Subtotal	**15,052**
Bargain purchase	**-433**

The key figures from the income statement of the H+E Group, which is part of the Plastics segment, were as follows in the reporting year:

Key figures from the income statement of the H+E Group for the period from 1 March to 31 December 2021

EUR thousand	2021
Revenue	27,033
Total output	28,602
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	4,378
Earnings before interest and taxes (EBIT)	-1,177

Two companies in the H+E Group were renamed in the 2021 financial year. ENGEL Formenbau und Spritzguss GmbH has traded as H+E Kinematics GmbH from this point on. Since then, HERO GmbH has been operating under the name H+E Molding Solutions GmbH.

Neschen Coating GmbH has taken over the remaining 40% of the shares in Filmolux Scandinavia AB from the latter's previous co-shareholder effective 31 March 2021. This means that Neschen Coating GmbH holds 100% of the shares in Filmolux Scandinavia AB as of this date. Due to the acquisition's minor significance for the Group as a whole, no further information is provided.

con-pearl GmbH acquired all material assets and employees of Recyplast GmbH from the insolvency estate of Fischer GmbH for an amount running into the low single-digit millions under an agreement dated 7 April 2021 as part of an asset deal. Recyplast, based in Hillscheid, Rhineland-Palatinate, specialises in the production of regranulate from various plastics. A bargain purchase of EUR 24 thousand was achieved as part of the acquisition. Due to the acquisition's minor significance for the Group as a whole, no further information is provided.

Blue Cap 12 GmbH (now HY-LINE Management GmbH) acquired 96.2% of the shares in HY-Line Verwaltungs GmbH (which has now merged with HY-LINE Holding GmbH) as part of a share deal based on a purchase agreement dated 5 August 2021. The remaining shares were incorporated into HY-LINE Management GmbH by the other shareholders of HY-LINE Verwaltungs GmbH as part of a capital increase. The shareholders received 7.1% of the shares in HY-LINE Management GmbH in return. This means that Blue Cap AG holds 92.9% of the shares in HY-LINE Management GmbH and that HY-LINE Management GmbH in turn holds 100% of the shares in HY-LINE Holding GmbH.

The full consolidation of the acquired shares requires a purchase price allocation (PPA) in accordance with IFRS 3. The PPA is used to reflect the assets and liabilities of HY-LINE Verwaltungs GmbH and its subsidiaries. The acquisition was completed successfully when the transaction was closed on 1 September 2021. HY-LINE Verwaltungs GmbH and its subsidiaries, HY-LINE Holding GmbH, HY-LINE Computer Components Vertriebs GmbH, HY-LINE Power Components Vertriebs GmbH, HY-LINE Communication Products Vertriebs GmbH and HY-LINE AG (Switzerland) are fully consolidated for the first time as of 1 September 2021. This means that the acquisition date and measurement date for the PPA is 1 September 2021.

The HY-LINE Group was founded in 1988 and has its origins in the value-added distribution of electronic components. Over the last few years the company has evolved into a product and systems supplier with a special focus on technical consulting and development expertise. This means that HY-LINE enters the value chain even earlier and creates additional added value for its customers by developing its own products and systems. Its customers primarily come from the electronics industry, medical technology, the energy sector and the media and communications industry. Its main sales markets are Germany, Austria and Switzerland. The HY-LINE Group is allocated to the Business Services segment, which was created as a new segment in the reporting year.

The consideration for the acquisition amounted to EUR 24,794 thousand, paid in cash. An expected performance-based earn-out of EUR 562 thousand was also taken into account. Incidental costs of EUR 384 thousand were incurred in connection with the acquisition.

The amounts of the identifiable assets and liabilities acquired are as follows as of the acquisition date. Deferred tax assets and liabilities have not been netted:

EUR thousand	Fair value
Intangible assets	12,523
Property, plant and equipment	2,321
Other financial assets	60
Deferred tax assets	1
Non-current assets	**14,905**
Inventories	5,614
Contract assets	386
Actual tax refund claims	34
Trade receivables	3,997
Other financial assets	739
Other non-financial assets	1,032
Cash	1,124
Current assets	**12,926**
Provisions for employee benefits	320
Other provisions	283
Deferred tax liabilities	3,441
Other financial liabilities	1,649
Non-current liabilities	**5,693**
Other provisions	169
Actual tax liabilities	1,239
Contract liabilities	15
Trade payables	1,914
Other financial liabilities	1,353
Other non-financial liabilities	1,353
Current liabilities	**6,045**
Net assets	**16,093**

EUR thousand	Fair value
Net assets	**16,093**
Consideration in cash	24,794
Earn-out component	562
Non-controlling interests	1,139
Subtotal	**26,496**
Goodwill	**10,403**

Goodwill results primarily from future market development potential, the expected broadening of the product and customer base, and the expertise of the workforce. Goodwill is not expected to be deductible for income tax purposes.

The key figures reported in the HY-LINE Group's income statement can be found in the segment reporting. The HY-LINE Group makes up the new Business Services segment.

If the first-time consolidation of the H+E Group and the HY-LINE Group had taken place on 1 January 2021, consolidated revenue would have amounted to EUR 302,422 thousand and net income for the year to EUR 6,323 thousand. For the pro forma information, it is assumed that the value ratios at the time of acquisition already existed at the beginning of the period.

SALE OF SUBSIDIARIES IN 2021

By way of a notarised purchase agreement dated 16 November 2021, Blue Cap sold its 100% stake in Carl Schaefer Gold- und Silberscheideanstalt GmbH (Carl Schaefer) to the strategic investor Bauer-Walser AG. As part of the sale, the property, which had previously been partly let to third parties and partly used by Carl Schaefer itself, was sold by Carl Schaefer to Blue Cap 13 GmbH. A long-term lease agreement was concluded between Blue Cap 13 GmbH and Carl Schaefer for the part of the property still used by Carl Schaefer. The remaining lease agreements have also been transferred to Blue Cap 13 GmbH.

The net assets disposed of comprise the following components:

EUR thousand	Carrying amounts
Property, plant and equipment	54
Other non-financial assets	9
Non-current assets	**63**
Inventories	1,584
Trade receivables	64
Other non-financial assets	15
Cash	162
Current assets	**1,825**
Other provisions	3
Deferred tax liabilities	83
Non-current liabilities	**86**
Other provisions	11
Actual tax liabilities	322
Trade payables	3
Other financial liabilities	132
Other non-financial liabilities	160
Current liabilities	**627**
Net assets	**1,175**
Consideration received in cash	2,609
Profit from disposal before tax and incidental transaction costs	**1,434**
Incidental transaction costs	-81
Income tax on disposal gains	-25
Profit from disposal after tax	**1,329**
Cash inflow from buyer	2,609
Cash outflow due to disposal of cash and cash equivalents	-162
Incidental transaction costs	-81
Net cash inflow from the disposal	**2,367**

Carl Schaefer was deconsolidated with effect from 31 October 2021. As a result, comparison with the previous year's income statement is only possible to a limited extent. Carl Schaefer's key figures for the period 1 January – 31 October 2021 are as follows:

Key figures from the income statement for the period from 1 January to 31 October 2021 of Carl Schaefer Gold- und Silberscheideanstalt GmbH

EUR thousand

	1 Jan.–31 Oct. 2021	1 Jan.–31 Dec. 2020
Revenue	21,076	31,823
Total output	23,138	31,906
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	1,278	993
Earnings before interest and taxes (EBIT)	1,203	885

The EBITDA and EBIT of the 2021 financial year shown include the proceeds from the intra-Group sale (consolidated at Group level) of the property in Pforzheim to Blue Cap 13 GmbH. These amount to EUR 798 thousand.

No further subsidiaries were sold in 2021.

B.3 Consolidation principles

Subsidiaries are companies that are controlled by Blue Cap AG. The Group obtains control when it has the ability to exercise power over the investee, is exposed to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect the amount of the investee's returns.

Even in cases in which Blue Cap does not hold a majority of the voting rights, control can occur if the Group has the power to unilaterally determine the investee's relevant activities. All facts and circumstances are taken into account when assessing control. They include, in particular, the purpose and design of the investee, identification of and decisions about the relevant activities, the size of the investee's holding of voting rights relative to the size and dispersion of other vote holders, potential voting rights and rights arising from other contractual arrangements. The assessment of control requires the consideration of all facts and circumstances using the management's judgement.

Blue Cap reviews the assessment of control if there are indications that one or more of the aforementioned control criteria have changed.

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

The acquisition of a company is accounted for using the acquisition method. The consideration transferred as part of the acquisition of a company corresponds to the fair value of the assets transferred, the equity instruments issued and the debts arising/being assumed at the time of the transaction. In addition, it contains the fair values of all recognised assets or liabilities resulting from a conditional consideration arrangement. Acquisition-related costs are recorded as expenses when they are incurred. Assets, liabilities and contingent liabilities that can be identified as part of a business combination 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 acquiree at fair value or based on the proportionate share of the acquiree's net assets.

Goodwill is recognised and tested for impairment at least once a year as the excess of the cost of the acquisition, the amount of any non-controlling interest in the acquiree and the fair value of any previously held equity interests at the date of acquisition 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 acquired subsidiary, the difference is recognised directly in the consolidated income statement following another review.

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

An associate is an entity over which Blue Cap can exert significant influence. Significant influence is defined as the power to participate in the financial and operating policy decisions of the investee without the power to control or jointly control those policies. If Blue Cap holds between 20% and 50% of the voting rights in an investee, either directly or indirectly, it is presumed that significant influence can be exerted. In cases involving a directly or indirectly held voting interest of less than 20%, significant influence is presumed if it can be clearly demonstrated.

Investments in associates are accounted for using the equity method, meaning that they are measured at cost upon initial recognition. Goodwill arising on the acquisition of an associate is included in the carrying amount of the investment in the associate. After initial recognition, the carrying amount of the investment increases or decreases in line with the investor's share of the net profit or loss for the period or of changes in equity of the investee that are recognised directly in equity – from the date on which significant influence is first exercised until such influence ceases. If Blue Cap's share of losses of an associate equals or exceeds its interest in the investee, its share is reduced to zero.

Balances and transactions with consolidated subsidiaries and the resulting income and expenses are eliminated in full for the purposes of preparing the consolidated financial statements. Unrealised gains based on transactions with associates are eliminated against the carrying amount of the investment in proportion to the interest held by Blue Cap. Unrealised losses are eliminated in the same manner, but only to the extent that there is no indication of impairment.

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

B.4 Currency translation

The consolidated financial statements have been 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 of the consolidated financial statements.

Transactions in foreign currencies are translated into the functional currency at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the respective functional currency at the exchange rate prevailing at the reporting date. The foreign exchange gains and losses resulting from these translations are recognised in the consolidated income statement under "Other income" or "Other expenses".

Balance sheet items of subsidiaries whose functional currency is not the euro are translated into the presentation currency at the closing rate, items in the consolidated income statement at the average exchange rate for the period in question, and equity items at historical exchange rates. The resulting translation differences are recognised in the currency translation reserve in other equity components

		Closing rate	
Currencies	1 EUR in	31 December 2021	31 December 2020
USD	USA	1.13	1.23
CHF	Switzerland	1.03	1.08
CZK	Czech Republic	24.86	26.24
SEK	Sweden	10.25	10.03

		Average rate	
Currencies	1 EUR in	2021	2020
USD	USA	1.13	1.22
CHF	Switzerland	1.04	1.08
CZK	Czech Republic	25.24	26.31
SEK	Sweden	10.27	10.17

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 for the consolidated financial statements.

The main accounting policies are explained below.

C.1 Revenue and expense recognition

Revenue is recognised at the fair value of the consideration (to be) received, less returns and any price and volume discounts granted.

C.1.1 Sale of goods

The Blue Cap Group recognises revenue when control over distinct goods or services is transferred to the customer. This means that the customer must have the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. The basis for this is a contract between Blue Cap Group and the customer. The contract and the agreements contained therein must have been approved by the parties, it must be possible to identify each party’s rights and the terms of payment, the contract must have commercial substance and it must be probable that the consideration to which the Group is entitled in exchange for the service will be collected. This means that there have to be enforceable rights and obligations. The transaction price generally corresponds to the revenue. Where a contract has multiple distinct performance obligations, the transaction price is allocated to the individual performance obligations by reference to their relative standalone selling prices. If the standalone selling prices are not observable, the Blue Cap Group estimates them. The individual performance obligations identified are realised either over time or at a point in time.

Payments are generally due no later than 90 days after acceptance by the customer. There are no significant financing components. The only warranty obligations correspond to the statutory obligation and are accounted for as a provision within the meaning of IAS 37.

C.1.2 Sale of services

Revenue from service contracts is recognised in the period in which the service is rendered. Revenue is recognised based on the percentage-of-completion method and provided that the outcome of the service can be reliably estimated.

C.1.3 Customer-specific series production

Series products that have no alternative use due to their specifications and in respect of which the Blue Cap Group has an enforceable payment claim against the customer, at least corresponding to the reimbursement of the costs incurred by the services already rendered, including a reasonable profit margin, are realised in the relevant period. The measurement of the percentage of completion is based on the products manufactured (output method). Payments are generally due no later than 90 days after acceptance by the customer.

C.1.4 Customer-specific construction contracts

Customer-specific products are subject to the recognition of revenue in the relevant period if the products have no alternative use due to their specifications and in respect of which the Blue Cap Group has an enforceable payment claim against the customer, at least corresponding to the reimbursement of the costs incurred by the services already rendered, including a reasonable profit margin.

In cases involving customer-specific construction, revenue is recognised using the input-based cost-to-cost method (over time accounting method) and, as a result, based on the stage of completion, provided that the outcome of a construction contract can be reliably estimated on the reporting date and it is probable that the economic benefits associated with the contract will flow to the Blue Cap Group. The percentage of completion on the reporting date is calculated either based on the ratio of the contract costs incurred up to the reporting date to the total contract costs estimated on the balance sheet date (cost-to-cost) or based on the ratio of the efforts expended to the total expected efforts (efforts expended). Contract costs include costs that are directly attributable to the contract, as well as production-related overheads.

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

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

C.1.5 Other income and expenses

Interest is recognised as income or expense in the period in which it is incurred using the effective interest method. Dividend income is recognised when the right to receive payment arises.

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 have to be capitalised as an intangible asset in accordance with IAS 38 if the corresponding requirement is met.

In the 2021 financial year, the Blue Cap Group recognised EUR 2,510 thousand (previous year: EUR 2,984 thousand) in research and development expenses as an expense.

C.2 Income taxes

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

C.2.1 Current taxes

Current tax expense is determined on the basis of the taxable income for the year. Taxable income differs from the earnings before taxes reported in the consolidated income statement as it includes expenses and income that are not, or never will be, taxable or tax-deductible in future years. The Group's liabilities for current taxes are calculated on the basis of the tax rates that apply or will apply shortly from the perspective of the reporting date.

C.2.2 Deferred taxes

Deferred taxes are calculated in accordance with IAS 12 on the basis of the internationally accepted balance sheet-oriented liability method. This method means that deferred taxes are recognised for all temporary differences between the tax carrying amounts and the carrying amounts recognised in the consolidated statement of financial position, as well as for tax loss carryforwards.

Deferred taxes on these calculated differences are always taken into account if they result in deferred tax liabilities. Deferred tax assets are only recognised if it is probable that the corresponding tax benefits will be realised. Deferred tax assets and liabilities are also recognised for temporary differences arising in the context of corporate acquisitions, with the exception of temporary differences on goodwill where 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 only recognised to the extent that it is probable that sufficient taxable profit will be available against which the temporary differences can be utilised. Furthermore, it must be possible to assume that the temporary differences will reverse in the foreseeable future.

The carrying amount of the deferred tax assets is reviewed annually on the reporting date and its value is reduced if it is no longer probable that sufficient taxable income will be available to realise the claim in full or in part.

The tax rates for future years are used to calculate deferred taxes to the extent that they are already legally established or the legislative process has essentially been completed. Changes in deferred taxes in the statement of financial position generally result in deferred tax expense/income. If items that result in a change in deferred taxes are booked directly against equity, the change in deferred taxes is also booked directly against equity.

C.3 Earnings per share

Basic 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 assuming that all potentially dilutive securities and share-based payment plans are converted or exercised.

C.4 Goodwill

In the context of business combinations, the consideration for the acquisition and the revalued net assets of the acquired company are compared and any resulting asset surplus is capitalised as goodwill.

In accordance with IAS 36, goodwill is subject to an annual impairment test, as well as to ad hoc testing if there are indications that the goodwill may be impaired. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

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

C.5 Intangible assets

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

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

The recognition of internally generated intangible assets requires cumulative fulfilment of the capitalisation criteria set out in IAS 38. The technical feasibility of the development project and a future economic benefit from the development project must be demonstrated 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 comprise 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 to be capitalised as part of the cost under IFRS. No qualifying assets were acquired or produced either in the reporting period or in the comparative period for which borrowing costs would have to be capitalised.

If a useful life can be determined, these intangible assets are subject to amortisation on a straight-line basis over their useful economic lives. Development costs capitalised on the reporting date whose development project has not yet been completed in full are subjected to an impairment test 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 upon its disposal or when no future economic benefits are expected from its use. The profit or loss arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in the income statement when the asset is derecognised.

C.6 Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation, if the assets are depreciable, 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. Internally generated assets are initially measured at the directly attributable production costs and production-related overheads.

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

The following useful lives are generally taken as a basis:

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

Land is not subject to depreciation.

Where significant parts of property, plant and equipment contain components with significantly different useful lives, for example in cases involving general overhauls, these are recorded 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 to be capitalised as part of the cost under IFRS. No qualifying assets were acquired or produced either in the reporting period or in the comparative periods for which borrowing costs would have to be capitalised.

The residual values and economic lives are reviewed on each reporting date and adjusted if necessary. The economic useful lives are based on estimates derived largely from experience regarding historical use and technical development.

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

If there are indications of impairment and if the carrying amount of property, plant and equipment exceeds the recoverable amount, impairment losses are recognised. The recoverable amount is the higher of fair value less costs to sell and value in use. If the reason for an existing impairment loss ceases to apply, the impairment loss is reversed to amortised cost.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected. The profit or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the proceeds from the sale and the carrying amount of the asset and is recognised in profit or loss.

C.7 Lease accounting

LEASES IN THE CAPACITY AS LESSEE

The Group assesses all contracts to determine whether they are, or contain, a lease. The provisions set out in IFRS 16 also apply to rights of use for intangible assets.

A lease is defined as a contract or part of a contract that grants the right to use an asset (the underlying asset) for a specified period of time. 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 or implicitly specified in the contract, meaning that it can be considered identified.
- The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout its useful life, taking into account its rights under the defined contract scope.
- The Group has the right to control the use of the identified asset throughout its useful life.

In cases involving contracts with several components, each separate lease component is accounted for separately. For contracts that contain non-lease components in addition to lease components, use is made – except in cases involving property leases – of the option to waive the separation of these components.

On the date on which the leased asset is made available, the Group recognises a right-of-use asset and a lease liability in the statement of financial position. The cost of the right-of-use asset at the inception date of the lease is the amount of the lease liability adjusted to reflect the Group's initial direct costs, an estimate of the costs associated with dismantling and removing the asset at the end of the lease, and the lease payments made before the inception date of the lease, less any lease incentives. In subsequent periods, the right-of-use assets are measured at amortised cost.

The lease liability is measured at the present value of the lease payments payable over the lease term, discounted at the interest rate implicit in the lease or, if that rate cannot be readily determined, at the incremental borrowing rate. For the purposes 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, expected payments under residual value guarantees and payments that are reasonably certain to be incurred under purchase options. Penalties for termination are also taken into account if the term is based on the assumption 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. Changes are recognised in the income statement if the carrying amount of the right-of-use asset has already been reduced to zero or if the change 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 date of the lease until either the end of the useful life of the leased asset or the end of the lease term, whichever is earlier. Any longer useful life of the leased asset is taken as the basis for the depreciation period if it is assumed that ownership will be transferred (e.g. due to the exercise of a purchase option) at the end of the lease term. The Group also performs impairment tests in accordance with IAS 36 whenever there are indications of impairment.

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

In the statement of financial position, the right-of-use assets are reported under property, plant and equipment and intangible assets. The lease liabilities are included in other financial liabilities.

LEASES IN THE CAPACITY AS LESSOR

In its capacity as lessor, the Group classifies its leases as either operating leases or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. Otherwise, leases are classed as operating leases.

The Group recognises the leased asset in operating leases in property, plant and equipment, unless it falls under IAS 40. Measurement is at amortised cost. Rental income is recognised in profit or loss on a straight-line basis over the lease term and is reported in revenue.

If the Group acts as the lessor as part of 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 the lessor under operating leases.

C.8 Investment property

Investment property is property held to earn rental income and/or for capital appreciation purposes. Investment property is initially measured 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 straight-line basis over the estimated useful life of the asset.

A useful life of 30 years is generally applied.

An investment property is derecognised upon its disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The profit or loss arising on disposal is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income in the period of disposal.

C.9 Impairment

In accordance with IAS 36, assets with a definite useful life are reviewed on each reporting date to determine whether there are indications of possible impairment, e.g. special events or market developments that indicate a possible reduction in value.

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

If there are indications of impairment, or as part of the mandatory annual impairment test for intangible assets with indefinite useful lives, the recoverable amount of the asset is calculated. The recoverable amount of an asset is the higher of the fair value of an asset or cash-generating unit (CGU) less sales costs and its value in use. The recoverable amount is 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 latter case, the recoverable amount is to be calculated on the basis of a CGU to which assets or groups of assets are allocated until they generate largely independent cash inflows as a group. This is the case for goodwill, for example. If it results from a business combination, goodwill is allocated, as of the acquisition date, to the CGU or group of CGUs that can benefit from the synergies resulting from 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 associated with 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. When determining the fair value less costs to sell, any recent market transactions are taken into account.

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

If, in a case involving goodwill, the impairment requirement is higher than the carrying amount of the CGU to which the goodwill is assigned, the goodwill is first of all written off in full and the remaining impairment requirement is allocated to the other assets in the CGU. Necessary impairments on individual assets in this CGU are taken into account before the impairment test for goodwill.

Impairment losses are reversed and written up to the new recoverable amount, except in cases involving goodwill, if the reasons for impairments recognised in previous years no longer apply. The upper threshold for the reversal of impairments is the amortised cost that would have resulted if no impairments had been recognised in previous years. No impairment losses were reversed with regard to intangible assets or property, plant and equipment in either the reporting period or the comparative period.

C.10 Participating interests 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.

Under IFRS 9, financial assets are classified depending on the underlying business model (hold to collect, hold to collect and sell [recycling] or hold for trading) and the cash flow criterion, according to which the contractual cash flows of a financial asset may consist exclusively of interest and repayment of the outstanding principal amount of the financial instrument. The cash flow criterion is always examined at the level of the individual financial instrument. The assessment of the business model relates to the question of 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. This means that 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. Blue Cap applies the simplified approach according to IFRS 9.5.5.15 for these assets. Accordingly, the impairment is always measured in the amount of the lifetime expected credit losses. Bank balances are invested with banks that have a good credit standing, meaning that they are not subject to any significant credit risk.

Blue Cap 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 only derecognises a financial asset 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 substantially all the risks and rewards of ownership and retains control of 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 receivables is recognised in profit or loss.

C.11 Contract assets and contract liabilities

Contract assets arise from the application of revenue recognition over a period of time. Within the Group, this is the case if the products have no alternative use due to their specifications and in respect of which the Group has an enforceable payment claim against the customer, at least corresponding to the reimbursement of the costs incurred by the services already rendered, including a reasonable profit margin. In these 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 the 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 using the zero profit margin method. The margin is then only recognised when the project ends.

Contract liabilities mainly result from prepayments received from customers if they are related to a customer contract and the products have not yet been delivered/the service has not yet been rendered.

Contract assets and contract liabilities are netted at contract level. Depending on their residual term, they are reported as current or non-current. The impairment provisions set out in IFRS 9 are applied to contract assets.

C.12 Inventories

Inventories are valued at cost or at their net realisable value, whichever is lower. The cost for raw materials, consumables and supplies is 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. Works in progress and internally produced finished goods are measured at cost. In addition to the material, production and special production costs, this cost also includes appropriate portions of the production overheads and production-related depreciation.

The net realisable value is defined as the estimated sale proceeds in the ordinary course of business, less the estimated costs of completion and the estimated necessary costs to sell.

C.13 Cash and cash equivalents

Cash and cash equivalents consist of cash-in-hand, generally bank balances due on demand and short-term deposits with banks, all of which have a term of less than three months. Utilised overdraft facilities are reported under current financial liabilities.

C.14 Current assets held for sale and discontinued operations

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

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

- represents a separate major line of business or geographical area of operations,
- is part of a single coordinated plan to dispose of a separate major line of business or
- is a geographical area of operations, or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation coincides with disposal or the time at which the operation meets the criteria to be classified as held for sale, whichever is earlier. If 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.

Due to the business model of the Blue Cap Group, the purchase and sale of companies forms part of its ordinary business activities. The Blue Cap Group generally does not pursue any long-term disposal plans, but rather reacts to market changes in the short term.

C.15 Employee benefits

The Blue Cap Group has pension obligations under 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. Not only are the pensions and vested pension rights known as of the reporting date included in the measurement, 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 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 calculated by multiplying the net liability 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 as well as interest income from plan assets (net interest expense) are reported in the financial result. Service cost is recognised in personnel expenses, with past service cost from plan amendments being recognised immediately in profit or loss.

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

C.16 Other provisions

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

Provisions are recognised at the expected settlement amount. Non-current provisions are discounted to the reporting date on the basis of corresponding market interest rates.

C.17 Financial liabilities

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

- Trade payables
- Other financial liabilities (especially liabilities to banks)

TRADE PAYABLES

Trade payables are initially measured at their nominal value, which corresponds to their fair value. As there are only current trade payables, the effective interest method is not applied to subsequent measurement.

OTHER FINANCIAL LIABILITIES

Upon initial recognition, financial liabilities are stated at their fair value and following deductions for transaction costs where applicable. Financial liabilities from non-derivative financial instruments are measured at amortised cost using the effective interest method. 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 reporting date.

C.18 Derivative financial instruments

Within the Blue Cap Group, derivative financial instruments are used to manage risks resulting 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 the income statement 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 models. They are reported in the consolidated statement of financial position under "Other financial assets" or "Other financial liabilities". No hedge accounting was applied in the Blue Cap Group in the periods presented.

C.19 Fair value measurement

The hierarchy levels and measurement techniques used for the purposes of assessing assets and liabilities measured at fair value on a recurring or non-recurring basis in the statement of financial position after initial recognition are presented in the following table, broken down by category.

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

There were no reclassifications between the individual hierarchy levels in the reporting periods covered by this report.

C.20 Key judgements and estimates

In applying the accounting policies, management has made judgements that have a significant effect on the amounts recognised in the consolidated financial statements. In preparing the consolidated financial statements, a certain amount of assumptions and estimates must be made that will affect the asset and liability, income and expense, and contingent liability amounts reported for the reporting period.

Assumptions and estimates are based on currently available information.

The key assumptions concerning the future and other key sources of estimation uncertainty as of the reporting date which entail a considerable risk of causing an adjustment to the carrying amounts of assets and liabilities in the following financial year are discussed below.

ESTIMATES RELATING TO 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, whereas marketable securities are recognised at their fair value. Valuation reports on the fair values of property, plant and equipment are subject to certain uncertainties due to the use of necessary assumptions. If intangible assets are involved, the fair value is determined using appropriate valuation techniques, generally based on a forecast of all future cash flows. Depending on the type of asset, as well as the availability of information, different valuation techniques are used which can be split into cost, market and income approaches. The income approach is to be emphasised due to its particular significance in the valuation of intangible assets. In order to determine the values for intangible assets, estimates of the economic lives are necessary in particular, and these are subject to certain uncertainties due to the use of assumptions. Likewise, when determining the fair values of contingent liabilities, assumptions have to be made regarding 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. Accelerated technical advances can, however, mean that faster depreciation may become necessary, for example.

EXPECTED CREDIT LOSSES

In estimating the amount of risk provisions for receivables, 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 customers' credit standing. As a result, these are subject to an inherent estimation uncertainty.

LEASES

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

In the management's view, no differentiated credit risk premiums need to be taken into account for individual subsidiaries, sub-divisions or segments of the Group, as there are no material differences with regard to credit risk. The credit risk premium is determined based on the Group's individual credit rating.

Some leases in the Group include renewal and termination options. When determining lease terms, the Group considers all of the 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 realised through future taxable profits based on the management's profit forecasts for the Group companies.

PROVISIONS

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

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

Actuarial assumptions have to be made for the measurement of pension provisions. These assumptions depend on the individual assessments of the management.

ASSETS HELD FOR SALE

Assets held for sale are recognised at the lower of carrying amount and fair value less costs to sell. The calculation of the fair value less costs to sell requires 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 cases involving contracts for assets that are to be performed over a period of time, the cost-to-cost input method is generally used, as the company is of the view that the incurrence of costs as part of the project provides a true and fair view of the performance of the contract. Insofar as contracts are expected to result in a loss, this must be recognised immediately and in full in the income statement. With regard to the amount and timing of the expected expenses, valuation uncertainties naturally arise that can have a significant impact on the result. By contrast, contracts for series products that meet the criteria for period-based revenue recognition are generally measured using the output method as, in these cases, the units created or delivered provide a true and fair view of the performance of the contract. For the period-related services, performance coincides with the provision of the service. In cases involving contracts that are performed at a specific point in time, the transfer of control over the asset is taken into account. The agreed Incoterms are generally used to assess the transfer of control.

D. NOTES TO THE CONSOLIDATED INCOME STATEMENT

D.1 Revenue

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

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

EUR thousand	2021	2020
Revenue recognised over time	129,474	103,059
Revenue recognised at a point in time	137,873	129,940
Revenue	**267,347**	**232,999**

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

Geographical revenue breakdown

EUR thousand

	2021	%	2020	%
Germany	142,684	53.37	123,078	52.82
Rest of Europe	81,239	30.39	66,086	28.36
Third countries	43,424	16.24	43,835	18.81
Revenue	**267,347**		**232,999**	

D.2 Other income

Other income includes the following:

EUR thousand	2021	2020
Profit from deconsolidation	1,434	20,808
Bargain purchase income	457	0
Foreign currency translation	657	57
Income relating to previous periods	331	357
Income from the disposal of non-current assets	989	1,492
Income from the reversal of provisions	1,365	1,529
Miscellaneous other income	2,207	1,663
Other income	**7,440**	**25,906**

The profit from deconsolidation results from the sale of the shares in Carl Schaefer Gold- und Silberscheideanstalt GmbH by Blue Cap AG. The bargain purchase income results from the acquisition of the H+E Group by Blue Cap 11 GmbH and the acquisition of the business operations of Recyplast GmbH by con-pearl GmbH.

The income from the disposal of non-current assets results in particular from the sale of production and administration properties in Finning and Hofolding that are not required for operations.

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	2021	2020
Cost of raw materials, consumables and supplies and of purchased merchandise	-141,580	-122,556
Cost of purchased services	-2,702	-1,190
Cost of materials	**-144,282**	**-123,746**

The year-on-year increase in the cost of materials is mainly due to the consolidation of the H+E Group and the HY-LINE Group during the year. The sale of Carl Schaefer had the opposite effect. The comparative period also included em-tec GmbH until April and SMB-David finishing lines GmbH until June.

D.4 Personnel expenses

EUR thousand	2021	2020
Wages and salaries	-55,703	-50,139
Social security costs and expenses for pension plans	-11,783	-10,405
Personnel expenses	**-67,487**	**-60,545**

Pension expenses amounted to EUR 207 thousand (previous year: EUR 160 thousand).

For defined contribution and other pension plans, the expense in the current period amounted to EUR 53 thousand (previous year: EUR 25 thousand).

The increase in employee benefit expenses compared to the same period of the previous year is mainly due to the consolidation of H+E and the HY-LINE Group in 2021. The sale of Carl Schaefer had the opposite effect. The comparative period also included em-tec GmbH until April and SMB-David finishing lines GmbH until June.

The Blue Cap Group received EUR 496 thousand (previous year: EUR 1,431 thousand) from reimbursements for furlough pay and comparable payments in 2021.

D.5 Other expenses

EUR thousand	2021	2020
Outgoing freight, commission and distribution costs	-7,753	-6,297
Advertising costs	-917	-1,037
Vehicle and travel expenses	-1,673	-1,481
Legal and consultancy costs	-4,395	-4,030
Training and temporary employment costs	-1,047	-853
Rent, leasing and storage costs	-1,442	-990
Operating costs and maintenance costs for operating resources	-14,665	-13,819
Contributions, fees and insurance costs	-2,567	-2,533
Losses from the disposal of assets	-231	-871
Extraordinary and prior-period expenses	-1,099	-3,338
Miscellaneous other expenses	-4,138	-3,085
Other expenses	**-39,927**	**-38,335**

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

In the consolidated financial statements of Blue Cap AG, fees for the auditor of the consolidated financial statements of EUR 443 thousand (previous year: EUR 373 thousand) are recognised as operating expenses for the 2021 financial year. The fees are divided into costs for auditing services (EUR 377 thousand, previous year: EUR 332 thousand), other certification services (EUR 38 thousand, previous year: EUR 27 thousand) (mainly for EEG certificates), tax consulting services (EUR 28 thousand, previous year: EUR 0 thousand) and other services (EUR 0 thousand, previous year: EUR 14 thousand) provided for the parent company or for subsidiaries.

Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, has audited the annual and consolidated financial statements of Blue Cap AG since the 2012 financial year. Deloitte GmbH Wirtschaftsprüfungsgesellschaft follows its own internal regulations and international guidelines on the internal rotation of auditors as a way of preserving independence, which goes beyond what is required by law. The responsible audit partner has been Mr Christof Stadter since the 2019 financial year. Another signatory is Mr Martin Kolb (since 2017).

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

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

The increase in expenses for depreciation and amortisation compared to the comparative period is mainly due to the full consolidation of H+E and the HY-LINE Group in 2021.

In the 2021 financial year, impairment losses were recognised primarily on a property held for sale and on property, plant and equipment that is not currently in use.

Reversals of impairment losses were recognised in a minor amount on previously impaired assets.

D.7 Impairment losses according to IFRS 9

The drop in impairment losses according to IFRS 9 in 2021 as against 2020 is mainly due to lower specific valuation allowances on trade receivables and adjusted risk provisions.

D.8 Financing income and expenses

EUR thousand	2021	2020
Other interest and similar expenses from affiliated and associated companies	11	27
Miscellaneous other interest and similar income	150	222
Income from changes in fair value (FVTPL instruments)	10	7
Financing income	**171**	**256**
Amortisation of financial investments and securities	-58	-377
Interest from lease liabilities	-268	-275
Interest expense for compounding	-75	-82
Miscellaneous interest and similar expenses	-1,980	-2,042
Expenses from changes in fair value (FVTPL instruments)	-5	-3
Financing expenses	**-2,387**	**-2,779**

As in previous years, miscellaneous interest and similar expenses mainly include interest from non-current liabilities to banks. These amount to EUR 1,797 thousand in the current financial year (previous year: EUR 1,669 thousand).

In addition, miscellaneous interest and similar expenses include interest on current liabilities to banks.

The interest income and interest expenses associated with the financial instruments are distributed among the following measurement categories:

EUR thousand		2021	2020
Total interest income			
Amortised cost	AC	150	249
Fair value OCI	FVOCI	0	0
Fair value PL	FVTPL	10	7

EUR thousand		2021	2020
Total interest expenses			
Amortised cost	AC	-2,249	-2,317
Fair value OCI	FVOCI	0	0
Fair value PL	FVTPL	-5	-3

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

D.9 Income taxes

Income tax expense includes the following:

EUR thousand		2021	2020
Current income taxes	AC	-2,270	-853
Deferred income taxes	FVOCI	1,886	-181
Income tax (expense (-)/income (+))	FVTPL	-384	-1,033

TAX RECONCILIATION

The following table shows a reconciliation of the tax expense expected in the financial year concerned to the tax expense reported in each case. The expected income tax rate of 33.0% (previous year: 33.0%) is made up of a corporation tax rate of 15.0% (previous year: 15.0%), a solidarity surcharge of 5.5% (previous year: 5.5%) and a trade tax rate of 17.2% (previous year: 17.2%).

EUR thousand	2021	2020
Profit before tax	5,099	17,525
Statutory tax rate (in %)	33.0%	33.0%
Expected tax expense	-1,681	-5,779
Reasons for excess/shortfall amounts:		
Non-capitalised deferred taxes on temporary differences and loss carryforwards	-84	-714
Miscellaneous non-tax-deductible expenses incl. withholding tax	-180	-1,227
Tax-free income	1,813	6,473
Back payments of tax and refunds from previous years	269	-66
Subsequent recognition of deferred taxes	0	73
Tax rate differences	-764	397
Other effects	244	-190
Expense (–) / income (+) reported for income taxes	**-384**	**-1,033**

Pursuant to IAS 12.47, deferred tax assets and liabilities are to be measured using the tax rates that are expected to apply to the period in which the temporary difference will reverse. These are the tax rates which have been enacted or substantively enacted by the reporting date.

D.10 Earnings per share

Earnings per share are as follows:

		2021	2020
Consolidated net income after tax attributable to the owners of the parent company	**EUR thousand**	**5,153**	**16,573**
Weighted average number of shares to calculate earnings per share			
Basic	No.	**4,151,018**	**3,992,766**
Diluted	No.	**4,151,018**	3,992,766
Earnings per share			
Basic	EUR	1.24	4.15
Diluted	EUR	1.24	4.15

Due to the increase in share capital by 399,662 shares as part of the capital increase implemented on 12 August 2021, the average weighted number of shares in circulation increased in the reporting year compared to the previous year.

E. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

E.1 Goodwill

In the 2021 financial year, goodwill arose from the acquisition of the shares in the HY-LINE Group.

Accordingly, the cost of goodwill developed as follows in 2021:

EUR thousand

As of 1 Jan. 2021	**0**
Addition from business combinations	10,403
As of 31 Dec. 2021	**10,403**

No impairment losses were recognised on goodwill in 2021.

Goodwill was allocated to the HY-LINE Group's cash-generating units, which form part of the Business Services segment, for the purposes of impairment testing. The four operating companies HY-LINE Computer Components Vertriebs GmbH, HY-LINE Power Components Vertriebs GmbH, HY-LINE Communication Products Vertriebs GmbH and HY-LINE represent the cash-generating units.

The recoverable amount for 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 input for the measurement technique used.

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

The discount rate used was the weighted average cost of capital (WACC) after corporate taxes, calculated using historical data on the basis of a peer group comparison. It amounts to 8.8% for all cash-generating units of the HY-LINE Group.

The average annual growth rate across all four cash-generating units is 7.1% for total output and 16.0% for EBIT. The sustainable growth rate applied for all cash-generating units is 1.0%.

The revenue growth rates forecast in the detailed planning phase are based on the detailed bottom-up projections of the main 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. During the rough planning period, revenue growth rates are defined 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 both empirical data and current data from the order backlogs. Average EBIT margins extrapolated from the past are used in the rough planning period.

The sustainable growth rate was determined based on an assessment of long-term inflation expectations and is geared towards 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**
Cost				
As of 1 Jan. 2020	**1,313**	**18,240**	**290**	**19,843**
Changes in the consolidated group	0	-6,276	0	-6,276
Reclassification	-7	7	0	0
Additions	0	142	17	159
Disposals	0	-481	-10	-491
Exchange rate effects	0	-1	0	-1
As of 31 Dec. 2020	**1,306**	**11,632**	**297**	**13,235**
As of 1 Jan. 2021	**1,306**	**11,632**	**297**	**13,235**
Changes in the consolidated group	0	25,468	0	25,468
Reclassification	0	0	0	0
Additions	413	226	6	646
Disposals	0	-25	-66	-91
Exchange rate effects	0	1	0	1
As of 31 Dec. 2021	**1,719**	**37,303**	**237**	**39,259**

EUR thousand	Internally generated intangible assets	Purchased concessions, industrial property rights and similar rights and assets	Rights to use intangible assets	**Total**
Accumulated depreciation and impairment losses				
As of 1 Jan. 2020	**-988**	**-11,865**	**-91**	**-12,944**
Changes in the consolidated group	0	2,591	0	2,591
Reclassification	0	0	0	0
Disposals	0	406	10	416
Depreciation and amortisation	-94	-810	-70	-975
Impairment losses/reversal of impairment losses	0	-4	0	-4
Exchange rate effects	**0**	**1**	**0**	**1**
As of 31 Dec. 2020	**-1,082**	**-9,681**	**-151**	**-10,914**
As of 1 Jan. 2021	**-1,082**	**-9,681**	**-151**	**-10,914**
Changes in the consolidated group	6	-1,183	0	-1,177
Reclassification	0	0	0	0
Disposals	0	24	66	90
Depreciation and amortisation	**-54**	**-3,510**	**-66**	**-3,631**
Impairment losses/reversal of impairment losses	0	0	0	0
Exchange rate effects	0	-1	0	-1
As of 31 Dec. 2021	**-1,129**	**-14,352**	**-152**	**-15,633**
Carrying amounts				
31 December 2020	224	1,951	146	**2,321**
31 December 2021	589	22,951	86	**23,626**

The additions resulting from changes in the consolidated group are due to the initial consolidation of H+E and the HY-LINE Group and relate, in particular, to an acquired patent, the order backlog at the time of acquisition and the acquired customer base.

Depreciation and amortisation in the amount of EUR 3,631 thousand (previous year: EUR 975 thousand) is shown in the consolidated income statement under the item "Depreciation and amortisation". Impairment losses on intangible assets in the amount of EUR 0 thousand had to be recognised in the current financial year. No reversals of impairment losses were recognised in the periods presented.

There were no order commitments for intangible assets on either the reporting date or the prior-year reporting dates.

In the financial year and previous years, no intangible assets were furnished as security for liabilities.

The rights to use intangible assets relate primarily to the 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**
Cost								
As of 1 Jan. 2020	**73,846**	**122,669**	**29,289**	**3**	**10,475**	**1,597**	**5,479**	**243,358**
Changes in the consolidated group	-1,473	-1,195	-490	0	-208	0	-135	-3,501
Reclassification	-1,867	1,275	0	0	0	0	0	-592
Additions	292	4,034	1,031	3	662	98	1,075	7,194
Disposals	-2	-791	-219	-5	-307	-419	-1,318	-3,061
Exchange rate effects	-9	-169	-18	0	-145	0	-1	-342
As of 31 Dec. 2020	**70,787**	**125,824**	**29,593**	**0**	**10,477**	**1,275**	**5,099**	**243,055**
As of 1 Jan. 2021	**70,787**	**125,824**	**29,593**	**0**	**10,477**	**1,275**	**5,099**	**243,055**
Changes in the consolidated group	2,195	10,405	4,445	0	7,518	7,002	954	32,520
Reclassification	-8,014	36	-141	0	0	0	0	-8,118
Additions	255	3,106	960	0	1,626	2,666	1,050	9,661
Disposals	192	-1,109	-186	0	-936	-285	-1,351	-3,674
Exchange rate effects	10	147	36	0	164	-1	9	364
As of 31 Dec. 2021	**65,425**	**138,408**	**34,707**	**0**	**18,850**	**10,657**	**5,760**	**273,809**

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 depreciation and impairment losses								
As of 1 Jan. 2020	**-33,576**	**-90,766**	**-23,804**	**0**	**-1,796**	**-333**	**-2,339**	**-152,613**
Changes in the consolidated group	164	673	357	0	144	0	67	1,405
Reclassification	51	0	0	0	0	0	0	51
Disposals	1	371	96	0	307	336	1,299	2,410
Depreciation and amortisation	-1,319	-5,855	-1,466	0	-1,447	-369	-1,390	-11,846
Impairment losses/reversal of impairment losses	0	-516	0	0	0	0	0	-516
Exchange rate effects	9	122	16	0	25	0	0	173
As of 31 Dec. 2020	**-34,670**	**-95,972**	**-24,799**	**0**	**-2,768**	**-366**	**-2,363**	**-160,937**
As of 1 Jan. 2021	**-34,670**	**-95,972**	**-24,799**	**0**	**-2,768**	**-366**	**-2,363**	**-160,937**
Changes in the consolidated group	-519	-6,940	-3,250	0	-2,418	-2,882	-448	-16,458
Reclassification	1,342	0	8	0	0	0	0	1,350
Disposals	7	668	158	0	842	283	1,337	3,294
Depreciation and amortisation	-1,377	-6,605	-1,637	0	-2,602	-1,791	-1,436	-15,449
Impairment losses/reversal of impairment losses	-83	-282	0	0	-31	0	0	-396
Exchange rate effects	-8	-120	-28	0	-53	0	-5	-213
As of 31 Dec. 2021	**-35,309**	**-109,251**	**-29,548**	**0**	**-7,030**	**-4,757**	**-2,915**	**-188,810**
Carrying amounts								
31 December 2020	**36,117**	**29,852**	**4,794**	**0**	**7,710**	**909**	**2,736**	**82,118**
31 December 2021	**30,116**	**29,157**	**5,159**	**0**	**11,820**	**5,901**	**2,846**	**84,999**

The additions due to the change in the consolidated group result from the first-time consolidation of H+E and the HY-LINE Group. The deconsolidation of Carl Schaefer Gold- und Silberscheideanstalt GmbH had the opposite effect.

Depreciation and amortisation of property, plant and equipment and rights of use for property, plant and equipment amounting to EUR 15,449 thousand (previous year: EUR 11,846 thousand) are shown in the consolidated income statement under the item "Depreciation and amortisation". Impairment losses of EUR 396 thousand (previous year: EUR 516 thousand) were recognised on property, plant and equipment – primarily on property, plant and equipment that is not currently in use or machinery that is not utilised in full. The impairment losses relate primarily to the Plastics segment and, to a lesser extent, to the Adhesives & Coatings and Others segments. No reversals of impairment losses were recognised.

The Blue Cap Group has concluded several property leasing agreements. These are mainly contracts for domestic production properties and the rental agreements for the foreign sales offices and the distribution warehouses in these countries.

With regard to technical equipment and machinery, the Group mainly has leases for production machinery and technical equipment required for operations.

The rights of use for operating and office equipment include, in particular, vehicle leases, as well as various pieces of necessary office equipment.

A property in Geretsried-Gelting previously included in property, plant and equipment was reclassified as held for sale in accordance with IFRS 5 due to the conclusion of a property purchase agreement on 29 November 2021. The transfer of beneficial ownership was completed in January 2022.

E.4 Investment property

EUR thousand	Investment property
Cost	
As of 1 Jan. 2020	**4,410**
Changes in the consolidated group	0
Reclassification	-4,884
Additions	2,596
Disposals	0
Exchange rate effects	0
As of 31 Dec. 2020	**2,122**
As of 1 Jan. 2021	**2,122**
Changes in the consolidated group	0
Reclassification	270
Additions	0
Disposals	0
Exchange rate effects	0
As of 31 Dec. 2021	**2,391**

EUR thousand	Investment property
Accumulated depreciation and impairment losses	
As of 1 Jan. 2020	**-420**
Changes in the consolidated group	0
Reclassification	392
Disposals	0
Depreciation and amortisation	-107
Impairment losses/reversal of impairment losses	0
Exchange rate effects	**0**
As of 31 Dec. 2020	**-134**
As of 1 Jan. 2021	**-134**
Changes in the consolidated group	0
Reclassification	7
Disposals	0
Depreciation	**-19**
Impairment losses/reversal of impairment losses	0
Exchange rate effects	0
As of 31 Dec. 2021	**-146**
Carrying amounts	
31 December 2020	1,988
31 December 2021	2,246

As of the reporting date, there is one investment property in Pforzheim and one undeveloped property in Finning that is held as an investment property. The part of the property in Pforzheim previously used by Carl Schaefer Gold- und Silberscheideanstalt GmbH itself was reclassified as investment property after the sale of the shares. The part of the property in Geretsried-Gelting that was previously rented out to third parties was reclassified as held for sale.

Investment property includes land, buildings and parts of buildings with a fair value of EUR 3,050 thousand (previous year: EUR 3,149 thousand) on the reporting date. The fair value was calculated based on external valuation reports and internal calculations (Level 3). The calculation assumes that the current use of the building represents the highest-value and best use.

As of 31 December 2021 and in the comparative period, there were no loan agreements for which investment property was pledged.

Investment property generated rental income of EUR 119 thousand (previous year: EUR 129 thousand) in the reporting period. Expenses of EUR 6 thousand (previous year: EUR 1 thousand) were incurred in the current year for the maintenance of the investment property used.

E.5 Financial investments accounted for using the equity method

As of 31 December 2021, one associate (31 December 2020: two) over which the Blue Cap Group can exert significant influence, but not control, through involvement in its financial and corporate policies, is included in the consolidated financial statements using the equity method.

The stake in GämmerlerTech Corporation (Palmetto, USA) was sold in the first half of 2021 to the co-shareholder who had held the remaining shares in this company up until that time.

Shareholding in %

Company name	Registered office	31 December 2021	31 December 2020
GammerlerTech Corporation	Palmetto, USA	0.0	49.0
inheco Industrial Heating and Cooling GmbH	Planegg	42.0	42.0

EUR thousand	2021	2020
Share of profit attributable to the shareholders of Blue Cap AG	1,845	1,409
Other comprehensive income	0	9
Total comprehensive income	1,845	1,419

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

The investment in the company shown is part of the Group's strategic orientation.

The positive development in profit and total comprehensive income is mainly due to the increased demand for the laboratory automation products of inheco Industrial Heating and Cooling GmbH, and in connection with the Covid-19 pandemic.

E.6 Participating interests

The investments shown as of the prior-year reporting date relate primarily to the investment in Greiffenberger AG, Augsburg, which was acquired in the 2017 financial year.

The investments are measured at fair value through other comprehensive income, as performance is not related to Blue Cap's operating business, meaning that presentation in other comprehensive income provides a more accurate presentation of results.

The change as against the previous year's reporting date is due primarily to changes in the market value and to the full sale of the shares in Greiffenberger AG, Augsburg, in 2021.

E.7 Other non-current financial assets

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

E.8 Other non-current non-financial assets

Other non-current non-financial assets amount to EUR 2,185 thousand as of the reporting date (31 December 2020: EUR 1,372 thousand). As of the reporting date, the item consists mainly of prepayments made on various items of property, plant and equipment.

E.9 Deferred tax assets and liabilities

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

EUR thousand	31 December 2021 Deferred tax assets	31 December 2021 Deferred tax liabilities	31 December 2020 Deferred tax assets	31 December 2020 Deferred tax liabilities
Intangible assets	20	-6,034	25	-200
Property, plant and equipment	1,363	-8,546	1,184	-5,399
Inventories	4,017	-38	1,134	0
Contract assets and contract liabilities	477	-4,360	199	-863
Other financial assets	0	-4,861	0	-3,146
Other non-financial assets	1,373	-1,705	88	-2,543
Provisions for pensions and similar commitments	1,131	0	1,111	0
Other provisions	1,977	0	1,489	0
Financial liabilities	10,528	-2,481	7,401	-2,986
Other non-financial liabilities	0	-3,394	0	-2,276
Loss carryforwards	1,835	0	1,486	0
Deferred taxes before netting	**22,720**	**-31,420**	**14,117**	**-17,412**
Netting	-17,838	17,838	-9,987	9,987
Deferred taxes after netting	**4,883**	**-13,583**	**4,130**	**-7,425**

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.

No deferred tax assets were recognised for corporation tax loss carryforwards of EUR 10,695 thousand (31 December 2020: EUR 9,173 thousand) and trade tax loss carryforwards of EUR 8,203 thousand (31 December 2020: EUR 10,322 thousand) as their utilisation cannot be predicted.

E.10 Inventories

EUR thousand	31 December 2021	31 December 2020
Raw materials, consumables and supplies	14,474	9,864
Unfinished goods, services in progress	6,520	5,342
Finished goods and merchandise	19,409	12,292
Inventories	**40,402**	**27,499**

The impairment losses recognised on inventories in the current financial year amount to EUR 3,518 thousand (previous year: EUR 3,541 thousand). The impairment takes marketability, age and all apparent storage and inventory risks into account.

The increase in inventories is mainly due to the first-time consolidation of H+E and the HY-LINE Group, higher raw material prices compared to the previous year and an overall increase in inventories. The sale of Carl Schaefer Gold- und Silberscheideanstalt GmbH had the opposite effect.

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

E.11 Contract assets and contract liabilities

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

EUR thousand	31 December 2021	31 December 2020
Non-current contract assets	0	0
Current contract assets	13,238	2,617
Non-current contract liabilities	0	0
Current contract liabilities	1,446	604

In 2021 and in the comparative period, no impairment losses were recognised on contract assets in accordance with IFRS 9.

The increase in current contract assets and current contract liabilities is due primarily to the first-time consolidation of the H+E Group, the HY-LINE Group and an increased customer-specific order volume in the con-pearl Group.

In the current reporting period, revenue of EUR 604 thousand was realised from contracts with customers that had been included in contract liabilities at the beginning of the period (previous year: 987 thousand). A total transaction price of EUR 3,654 thousand (previous year: EUR 1,693 thousand) is allocated to the performance obligations that were not fulfilled in full or in part at the end of the reporting period. The Blue Cap Group expects performance obligations in the amount of EUR 3,614 thousand (previous year: EUR 1,693 thousand) to be realised in the following period and EUR 40 thousand (previous year: EUR 0 thousand) in subsequent periods.

E.12 Trade receivables

EUR thousand	31 December 2021	31 December 2020
Trade receivables	25,994	17,764
Less expected credit losses	-296	-1,142
Trade receivables	**25,698**	**16,622**

As of the reporting date, there is a maximum default risk in the amount of the carrying amount. Trade receivables do not bear interest 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 according to IFRS 9 to measure expected credit losses for trade receivables.

In order to measure the expected credit losses, trade receivables were analysed on the basis of historical experience. The expected loss rates are based on the historical payment profiles prior to 31 December 2021/prior-year reporting dates and the corresponding historical defaults for these periods. The Blue Cap Group adjusts these loss ratios if current information comes to light that has a significant impact on customers' payment profiles, or if this is necessary due to future economic circumstances and events.

The table below shows the development of risk provisions on trade receivables pursuant to IFRS 9 in 2021 and the comparative period:

EUR thousand	31 December 2021	31 December 2020
Risk provisions as of 1 January	**1,142**	**851**
Additions	36	288
Transfer from/to Level 3	0	10
Utilisation	-128	0
Reversal	-817	-5
Change in scope of consolidation	62	-2
Risk provisions as of 31 December	**296**	**1,142**

FACTORING AGREEMENTS

The Blue Cap Group has also sold trade receivables with a carrying amount of EUR 4,226 thousand (previous year: EUR 3,485 thousand) to third parties on the basis of factoring agreements under which no significant opportunities and risks remain for the Group. Accordingly, these receivables were derecognised in accordance with IFRS 9.3.2.6 (a).

E.13 Other current financial assets

The other current financial assets include EUR 0 thousand (previous year: EUR 602 thousand) in receivables from associates and EUR 782 thousand (previous year: EUR 372 thousand) in receivables from companies in which the Group does not hold any significant participating interest. Purchase price receivables from disposals of EUR 0 thousand (previous year: EUR 5,050 thousand), as well as security retained and other loans, are also included.

E.14 Income tax assets

Income tax assets mainly comprise claims for domestic corporation tax and trade tax refunds.

E.15 Other current non-financial assets

EUR thousand	31 December 2021	31 December 2020
Prepayments on inventories	1,111	259
VAT receivables	774	435
Receivables from social benefits, levies and other statutory claims	81	68
Other receivables from employees (advances)	16	26
Miscellaneous other non-financial assets	1,775	1,162
Other non-financial assets	**3,756**	**1,949**

The miscellaneous other non-financial assets consist, in particular, of other prepaid expenses and creditors with debit balances.

E.16 Cash and cash equivalents

Bank balances are mainly subject to variable interest rates for demand deposits and fixed interest rates for time deposits. Short-term deposits are made for varying periods of time, ranging from one day to three months, depending on the Group's cash requirements. These bear interest at the applicable interest rates for short-term deposits. Due to the current low interest rate phase, the interest on balances in euros and foreign currency balances is insignificant in the financial year and in previous years. The fair values of cash and cash equivalents correspond to the carrying amounts.

As at 31 December 2021, the cash and cash equivalents shown include a current account of EUR 3,200 thousand deposited with a bank as collateral for a loan. This can only be used to a limited extent until the loan has been repaid.

E.17 Assets held for sale

Two properties in Finning and Hofolding that were held for sale as of the prior-year reporting date and were rented out to third parties were sold in the first half of 2021. The positive effect on earnings achieved amounts to a total of around EUR 1,000 thousand.

In addition to a former owner-occupied company property in Dettingen an der Erms (part of the Plastics segment) that is no longer needed, a production and administrative property (part of the Others segment) in Geretsried-Gelting, which is rented out partly within the Group and partly to third parties, is reported as held for sale as of the reporting date due to the conclusion of a purchase agreement on 29 November 2021. The transfer of beneficial ownership was completed in January 2022.

A purchase agreement for the property in Dettingen was concluded on 13 December 2021. The sale was also completed in January 2022.

E.18 Subscribed capital

The company's share capital as of 31 December 2021 amounts to EUR 4,396 thousand (previous year: EUR 3,997 thousand). It is divided into 4,396,290 (previous year: 3,996,628) no-par value shares. The pro rata amount of share capital attributable to each no-par value share is EUR 1.00.

By way of a resolution passed by the Annual General Meeting held on 7 August 2015, the company's share capital was conditionally increased by up to EUR 1,810 thousand through the issue of up to 1,810,000 new no-par value shares (Conditional Capital 2015/I). The conditional capital serves to fulfil convertible bonds and/or bonds with warrants.

The Annual General Meeting held on 12 August 2016 passed a resolution on the creation of new authorised capital (Authorised Capital 2016/I). Accordingly, the Management Board was authorised, in the period leading up to 31 July 2021, to increase the company's share capital, with the consent of the Supervisory Board, by up to EUR 500 thousand by issuing new no-par value shares (ordinary shares) on one or more occasions in return for cash contributions and/or contributions in kind (Authorised Capital 2016/I). The Authorised Capital 2016/I was cancelled by way of a resolution passed by the Annual General Meeting on 25 June 2021.

The Annual General Meeting held on 6 July 2018 passed a resolution on the creation of new authorised capital (Authorised Capital 2018/I). Accordingly, the Management Board was authorised, in the period leading up to 30 June 2023, to increase the company's share capital, with the consent of the Supervisory Board, by up to EUR 790 thousand by issuing new no-par value shares (ordinary shares) on one or more occasions in return for cash contributions and/or contributions in kind (Authorised Capital 2018/I).

Based on the authorisation granted by the Annual General Meeting on 6 July 2018, the Management Board made partial use of the authorised capital (Authorised Capital 2018/I) by way of a resolution passed on 12 August 2021 and with the approval of the Supervisory Board on the same day. The share capital was increased by EUR 400 thousand in return for a cash contribution through the issue of 399,662 new no-par value shares, each representing a notional share in the share capital of EUR 1.00. The new ordinary shares were subscribed to at an issue price of EUR 27.02 per share. The capital increase was entered in the commercial register at the Local Court (Amtsgericht) of Munich on 1 September 2021. The Authorised Capital 2018/I amounted to EUR 390 thousand as of 31 December 2021 following its partial utilisation.

The Annual General Meeting held on 3 July 2020 passed a resolution on the creation of 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 company's share capital, with the consent of the Supervisory Board, by up to EUR 700 thousand by issuing new no-par value shares (ordinary shares) on one or more occasions in return for cash contributions and/or contributions in kind (Authorised Capital 2020/I).

The Annual General Meeting held on 25 June 2021 passed a resolution on the creation of 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 company's share capital, with the consent of the Supervisory Board, by up to EUR 500 thousand by issuing new no-par value shares (ordinary shares) on one or more occasions in return for cash contributions and/or contributions in kind (Authorised Capital 2021/I).

E.19 Capital reserve

The capital reserve amounts to EUR 15,665 thousand as of the reporting date (previous year: EUR 5,266 thousand). The change of EUR 10,399 thousand can be traced back to the premium from the capital increase of 399,662 no-par value shares subscribed by institutional investors on 13 August 2021 at a price of EUR 27.02 per share.

E.20 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.21 Retained earnings

The change in retained earnings can be seen in the statement of changes in equity.

In the 2021 financial year, a dividend of EUR 1.00 (previous year: EUR 0.75) per share was distributed to the shareholders.

E.22 Non-controlling interests

The change in non-controlling interests can be seen in the statement of changes in equity.

By way of a notarised agreement dated 21 December 2021, Blue Cap AG entered into an option agreement that obliges it to acquire shares in a subsidiary at a fixed purchase price of EUR 450 thousand if the option is exercised. As of 31 December 2021, this option could not yet be exercised by the other party due to the contractually defined conditions. Once these conditions are fulfilled, the option can be exercised up until 31 December 2025 at the latest.

E.23 Provisions for pensions and similar commitments

Provisions for pension obligations are set up on the basis of pension plans for entitlements to retirement, invalidity and surviving dependants' benefits. The commitments are based on both works council/employer agreements and individual commitments. The benefits vary depending on the legal, fiscal and economic circumstances of the respective country and usually depend on length of service and the remuneration paid to the employees. The domestic pension obligations include both commitments for lifelong monthly pension payments and payments made as a lump sum. The foreign pension obligations mainly relate to the sites in Italy, Switzerland and France and are based on statutory obligations. When employees leave the company, this obligation requires corresponding payments to be made for retirement benefits.

Pension obligations from defined benefit plans are measured using the projected unit credit method in accordance with IAS 19, 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 statement of financial position corresponds to the present value of the share of the beneficiaries' pension benefits earned, less the fair value of the plan assets as of the reporting 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 ("asset ceiling").

The following table shows changes in pension obligations and plan assets from defined benefit plans:

Defined benefit obligations (DBO)

EUR thousand

	31 December 2021	31 December 2020
Present value of defined benefit obligations	11,517	9,308
Fair value of plan assets	2,518	290
Net liability from defined benefit obligations	**8,999**	**9,018**

Fair value of plan assets

EUR thousand

	2021	2020
As of 1 Jan.	**290**	**301**
Return on plan assets less typical interest rate	496	-11
Changes in the consolidated group	1,732	0
As of 31 Dec.	**2,518**	**290**

The plan assets used to finance the obligations exclusively include reinsurance policies.

Composition of the present value of the defined benefit obligations

EUR thousand

	2021	2020
As of 1 Jan.	**9,308**	**9,533**
Service cost	93	60
Interest expense	77	84
Actuarial gains and losses	117	26
Benefits paid/reimbursements	39	-468
Changes in the scope of consolidation	2,308	0
Other	-426	73
As of 31 Dec.	**11,517**	**9,308**

Actuarial assumptions

EUR thousand

	Discount rate (in %)	Salary trends (in %)	Pension trends (in %)	Fluctuation (in %)	Mortality tables
2021	0.30–1.18	1–2	1–2	Mercer-specific tables/ BVG 2020	RT Heubeck 2018 G/BVG 2020 GT
2020	0.62–1.15	2	1–2	Mercer-specific tables	RT Heubeck 2018 G

In connection with the defined benefit pension plans, Blue Cap is exposed to general actuarial risks and interest rate risks. The calculations of the benefit obligations were based on the following actuarial assumptions:

The assumption regarding the long-term interest rate of the plan assets is based on the information supplied by the insurance company and the underlying investments in fixed-income securities (including German government bonds and covered bonds (Pfandbriefe)). The selection of issuers takes into account, among other things, the individual rating awarded by international agencies, as well as the equity resources of the issuers.

The future amount of the financing interest rate and, as a result, of the pension obligations depends in particular on the development of the discount factor. As a result, a sensitivity analysis was performed with regard to the discount rate. This is based on the assumption that all other factors determining the value remain unchanged. A reduction in the discount rate by 0.25 basis points would lead to an increase in the present value of the defined benefit obligation in the amount of EUR 419 thousand (previous year: EUR 356 thousand). By contrast, an increase in the discount rate by 0.25 basis points would reduce the present value by EUR 374 thousand (previous year: EUR 334 thousand). This means that, all in all, the risk for the Blue Cap Group resulting from pension commitments and the reinsurance assets is minor.

The expected pension payments within the next twelve months amount to EUR 442 thousand (previous year: EUR 447 thousand). The average term of the pension obligations is 15.05 years (previous year: 15.52 years).

The expected contributions to the plan assets within the next twelve months amount to EUR 243 thousand (previous year: EUR 91 thousand).

E.24 Other provisions

Other provisions changed as follows:

EUR thousand	Other personal-related provisions	Onerous contracts	Miscellaneous other provisions	Total
As of 1 Jan. 2021	**167**	**1,374**	**3,250**	**4,791**
of which current	0	1,374	2,669	4,043
of which non-current	167	0	581	748
Exchange rate effects	-1	0	4	3
Changes in the consolidated group	0	0	2,206	2,206
Additions	104	515	4,922	5,541
Utilisation	-94	-617	-4,376	-5,088
Reversal	0	-304	-1,062	-1,365
As of 31 Dec. 2021	**176**	**968**	**4,944**	**6,088**
of which current	0	968	2,897	3,865
of which non-current	176	0	2,048	2,223

In addition to provisions for warranty claims and provisions for retention obligations, miscellaneous other provisions mainly consist of provisions for outstanding invoices, restructuring, customer bonuses and third-party sales premiums.

EUR thousand	Other personel-related provisions	Onerous contracts	Miscellaneous other provisions	Total
As of 1 Jan. 2020	**182**	**910**	**5,034**	**6,125**
of which current	0	910	4,304	5,214
of which non-current	182	0	730	911
Changes in the consolidated group	0	0	-186	-186
Additions	35	993	3,746	4,774
Utilisation	-51	-519	-4,713	-5,284
Compounding	2	0	9	11
Reversal	0	-10	-640	-650
As of 31 Dec. 2020	**167**	**1,374**	**3,250**	**4,791**
of which current	0	1,374	2,669	4,043
of which non-current	167	0	581	748

E.25 Income tax liabilities

Income tax liabilities mainly relate to domestic liabilities from corporation tax and trade tax.

E.26 Trade payables

As in previous years, trade payables for the financial year are exclusively due to third parties and are secured by retention of title on the part of suppliers to the extent that is customary in the industry.

As of the reporting date and previous periods, there were no trade payables with a remaining term of more than twelve months.

E.27 Other financial liabilities

Other financial liabilities include the following, broken down into maturity bands:

	31 December 2021			31 December 2020		
EUR thousand	Current	Non-current	**Total**	Current	Non-current	**Total**
Liabilities to banks	23,431	60,798	84,229	17,820	46,735	64,555
of which from loan agreements	12,585	60,798	73,383	8,111	46,735	54,846
of which under current account agreements	10,846	0	10,846	9,709	0	9,709
Lease liabilities	6,254	14,800	21,053	2,751	8,701	11,452
Other loan liabilities	29	0	29	0	0	0
Miscellaneous other financial liabilities excluding borrowings	2,523	846	3,370	1,899	125	2,024
Other financial liabilities	**32,237**	**76,444**	**108,681**	**22,470**	**55,561**	**78,031**

Liabilities to banks consist of annuity, amortising and bullet loans with interest rates ranging from 1.09% to 3.71% (previous year: 1.09% to 3.71%). The terms of the main loans amount to a maximum of six years.

Covenants have been agreed for some of the liabilities to banks and were met as of the reporting date. For the 2022 financial year, contractual principal repayments in the amount of EUR 12,585 thousand are to be made under loan agreements.

In addition to guarantees provided by Blue Cap AG, the following collateral was furnished:

EUR thousand	31 December 2021	31 December 2020
Security rights over real property	20,165	15,464
Other liens	3,200	0
Collateral assignment	9,696	1,250
Blanket assignment	5,188	5,525

Based on the information available, the obligations can be fulfilled by the companies concerned in all cases.

As of the reporting date, the Group had unused credit lines in the amount of EUR 13,160 thousand (previous year: EUR 16,634 thousand) for which all of the necessary conditions have been met.

LEASE LIABILITIES

The expense for short-term leases and low-value leases not included in the lease liability is as follows.

EUR thousand	2021	2020
Short-term leases	232	159
Low-value leases	96	20
Total	**327**	**179**

The total obligation under these leases amounts to EUR 378 thousand (previous year: EUR 226 thousand).

The total cash outflow from leases in the financial year and previous years consists of payments for principal repayments, interest, payments for short-term leases and payments for low-value leases. These are broken down as follows:

EUR thousand	2021	2020
Total cash outflow from leases	**5,990**	**3,431**
of which principal repayments	5,403	2,995
of which interest payments	260	257
of which payments for short-term leases	232	159
of which payments for low-value leases	96	20

The following table shows the maturity analysis of the future lease payments (undiscounted) underlying the lease liabilities:

	Minimum lease payments			
EUR thousand	< 1 year	1–5 years	> 5 years	Total
Future lease payments as of 31 Dec. 2020	3,081	6,770	2,716	12,567
Future lease payments as of 31 Dec. 2021	6,520	13,232	2,045	21,797

As of the reporting date, there is also an obligation (in accordance with IFRS 16.59b (iv)) from a lease that has already been entered into but has not yet commenced. The lease relates to a piece of production machinery with a value of EUR 342 thousand.

The lease liabilities are generally secured by the underlying leased assets.

E.28 Other current non-financial liabilities

EUR thousand	31 December 2021	31 December 2020
VAT liabilities	1,505	501
Other tax liabilities	657	554
Liabilities from social security	419	279
Personnel-related liabilities	5,365	3,912
Miscellaneous other liabilities	2,308	915
Other non-financial liabilities	**10,254**	**6,160**

All current liabilities have a remaining term of up to one year.

The personnel-related liabilities consist of obligations for wages and salaries, employee bonuses and annual leave entitlements.

F. SEGMENT REPORTING

The information provided to the Management Board of the Blue Cap Group (the Chief Operating Decision Maker) for the purposes of resource allocation and the assessment of segment performance focuses on the industrial sectors of the individual equity investments. The presentation of segment reporting is consistent with the management approach, and is based on the internal organisational and reporting structures.

The individual segments operate in different industries with different products and services and are managed separately. The legal entities can all be clearly assigned to a segment. In the 2021 financial year, the segments were modified to reflect the current Group structure due to acquisitions and disposals. The previous year's figures in the segment reporting also correspond to the new structure.

The companies in the con-pearl Group, the Knauer-Uniplast Group and, since March 2021, the H+E Group are allocated to the Plastics segment (formerly Plastics Technology). Neschen Coating GmbH with its subsidiaries, as well as the companies belonging to the Planatol Group, make up the Coatings & Adhesives segment (formerly Coating Technology and Adhesives Technology). The companies in the HY-LINE Group acquired in the reporting year make up the new Business Services segment. Carl Schaefer Gold- und Silberscheideanstalt GmbH, which has since been sold, was allocated to the Others segment (formerly Metal Technology) until its deconsolidation. In addition, nokra Optische Prüftechnik und Automation GmbH and Gämmerler GmbH were assigned to the Others segment (both formerly Production Technology). The comparative period also included em-tec GmbH and SMB-David finishing lines GmbH in the Others segment until their deconsolidation. Blue Cap AG and other holding and shelf companies are also allocated to the Others segment. Further information on the segments and the associated companies can be found in the combined management report.

As a result, the Group's reportable segments in accordance with IFRS 8 are as follows for the reporting and comparative periods:

2021 EUR thousand	Plastics	Adhesives & Coatings	Business Services	Others	**Total segments**	Consolidation	**Group**
Revenue with external third parties	**135,734**	**88,242**	**17,595**	**25,776**	**267,347**	**0**	**267,347**
of which from sales	79,333	76,744	16,127	24,528	196,733	0	196,733
of which from services	356	1,073	0	414	1,843	0	1,843
of which from contract manufacturing	55,989	10,425	1,467	512	68,394	0	68,394
of which other revenues	56	0	0	323	379	0	379
Revenue with Group companies	**0**	**2**	**0**	**5,026**	**5,028**	**-5,028**	**0**
Total revenue	**135,734**	**88,245**	**17,595**	**30,802**	**272,375**	**-5,028**	**267,347**
Total output	**140,449**	**89,546**	**17,987**	**37,595**	**285,577**	**-8,470**	**277,108**
EBITDA	**17,713**	**6,843**	**718**	**2,587**	**27,860**	**-2,448**	**25,412**
Depreciation, amortisation and impairment	**-14,306**	**-3,787**	**-902**	**-941**	**-19,936**	**500**	**-19,435**
of which impairment losses/reversals	**-365**	**-31**	**0**	**60**	**-337**	**0**	**-337**
Result from valuation based on the equity method	**0**	**0**	**0**	**0**	**0**	**1,845**	**1,845**
EBIT	3,407	3,056	-184	1,646	7,924	-103	7,821
Adjusted total output	**138,856**	**88,855**	**17,883**	**31,031**	**276,625**	**-5,151**	**271,475**
Adjusted EBITDA	**17,346**	**6,865**	**1,107**	**-600**	**24,718**	**-72**	**24,646**
Adjusted EBITDA margin	**12.5%**	**7.7%**	**6.2%**	**-1.9%**	**8.9%**	**1.4%**	**9.1%**
Net debt ratio incl. leases*	**1.8**	**3.1**	**9.0**	**neg.**	**2.6**	**0.0**	**2.6**
Net debt ratio excl. leases*	**1.1**	**2.2**	**7.0**	**neg.**	**1.9**	**0.0**	**1.7**
Investments/divestments**	**-8,474**	**-2,724**	**-23,689**	**15,960**	**-18,927**	**0**	**-18,927**
of which company acquisitions/disposals	**-5,573**	**0**	**-23,671**	**5,067**	**-24,178**	**0**	**-24,178**
Working capital (net)***	**15,075**	**25,500**	**6,484**	**2,086**	**49,146**	**0**	**49,146**
Segment assets	**115,374**	**63,640**	**43,745**	**92,175**	**314,934**	**-46,899**	**268,035**
Segment liabilities	**85,303**	**40,391**	**30,598**	**63,319**	**219,611**	**-49,819**	**169,792**

* The reported net debt ratio (in years) represents the segment's debt less cash in relation to adjusted EBITDA over the last twelve months (as of membership of the Group). From 2022 onwards, the information on the net debt ratio will take into account liabilities from leasing in accordance with IFRS 16

** The investments/divestments shown relate to proceeds from third parties (+) / payments to third parties (-) for property, plant and equipment, intangible assets, investment property, assets held for sale, acquisitions/disposals of companies and acquisitions/disposals of participating interests

*** The reported working capital (net) corresponds to the segments' inventories plus trade receivables, less trade payables

2020 EUR thousand	Plastics	Adhesives & Coatings	Others	Total segments	Consolidation	Group
Revenue with external third parties	**100,719**	**85,095**	**47,185**	**232,999**	**0**	**232,999**
of which from sales	100,682	69,838	34,165	204,685	0	204,685
of which from services	0	306	929	1,235	0	1,235
of which from contract manufacturing	0	14,941	11,147	26,089	0	26,089
of which other revenues	37	9	943	989	0	989
Revenue with Group companies	**5**	**135**	**4,673**	**4,813**	**-4,814**	**0**
Total revenue	**100,724**	**85,230**	**51,858**	**237,812**	**-4,814**	**232,999**
Total output	**100,549**	**86,427**	**75,109**	**262,085**	**-4,987**	**257,098**
EBITDA	**8,827**	**5,763**	**21,878**	**36,468**	**-1,995**	**34,473**
Depreciation, amortisation and impairment	**-9,030**	**-3,655**	**-2,575**	**-15,260**	**751**	**-14,509**
of which impairment losses/reversals	**-491**	**0**	**-1,060**	**-1,551**	**0**	**-1,551**
Result from valuation based on the equity method	**0**	**0**	**-186**	**-186**	**1,595**	**1,409**
EBIT	**-202**	**2,108**	**19,117**	**21,023**	**350**	**21,373**
Adjusted total output	**98,790**	**85,853**	**51,777**	**236,420**	**-4,409**	**232,011**
Adjusted EBITDA	**9,489**	**7,725**	**346**	**17,560**	**58**	**17,618**
Adjusted EBITDA margin	**9.6%**	**9.0%**	**0.7%**	**7.4%**	**-1.3%**	**7.6%**
Net debt ratio incl. leases*	**2.4**	**1.6**	**12.2**	**2.3**	**0.0**	**2.3**
Net debt ratio excl. leases*	**1.9**	**0.9**	**10.0**	**1.6**	**0.0**	**1.6**
Investments/divestments**	**-4,305**	**-1,268**	**15,249**	**9,676**	**0**	**9,676**
of which company acquisitions/disposals	**0**	**-125**	**22,464**	**22,339**	**0**	**22,339**
Working capital (net)***	**9,141**	**22,188**	**3,639**	**34,968**	**0**	**34,968**
Segment assets	**75,767**	**54,972**	**104,162**	**234,902**	**-36,399**	**198,502**
Segment liabilities	**58,751**	**35,075**	**62,502**	**156,328**	**-38,127**	**118,201**

* The reported net debt ratio (in years) represents the segment's debt less cash in relation to adjusted EBITDA over the last twelve months (as of membership of the Group). From 2022 onwards, the information on the net debt ratio will take into account liabilities from leases in accordance with IFRS 16

** The investments/divestments shown relate to proceeds from third parties (+) / payments to third parties (-) for property, plant and equipment, intangible assets, investment property, assets held for sale, acquisitions/disposals of companies and acquisitions/disposals of participating interests

*** The reported working capital (net) corresponds to the segments' inventories plus trade receivables, less trade payables

Blue Cap 11 GmbH, which was allocated to the Others segment in the notes to the 2020 Annual Report, was allocated to the Plastics segment as part of the acquisition of the H+E Group by this company.

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

Reconciliation to earnings before tax

EUR thousand

	Group 2021	2020
EBIT of the reportable segments	**6,278**	**1,906**
Others	1,646	19,117
Consolidation	-103	350
Impairment losses according to IFRS 9	-507	-1,326
Financing income	171	256
Financing expenses	-2,387	-2,779
Earnings before taxes (EBT)	**5,099**	**17,525**

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 reporting year and the comparative periods as a result of cash inflows and outflows. In accordance with IAS 7, a distinction is made between cash flows from operating activities and those from investing and financing activities. The cash flow statement was prepared using the indirect method.

The total cash inflows and outflows across all three cash flow items and the currency changes represent the change in cash and cash equivalents for the Group as a whole.

CASH FUNDS

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

The cash funds developed as follows:

Composition of cash funds

EUR thousand

	31 December 2021	31 December 2020
Cash and cash equivalents	41,370	36,251
Pledged cash and cash equivalents	-3,200	0
Liabilities to banks under current account agreements	-10,846	-9,709
Cash funds	**27,324**	**26,542**

The pledged cash and cash equivalents in the amount of EUR 3,200 thousand were deposited with a bank as collateral for a loan.

INFLOW/OUTFLOW FROM INVESTING ACTIVITIES

The main payments from investing activities in 2021 consist of investments in tools, machinery and operating resources amounting to EUR 5,322 thousand, as well as payments for additions to the consolidated group.

The main proceeds in 2021 resulted from the sale of a subsidiary in the amount of EUR 2,367 thousand and from the post hoc payment of EUR 2,700 thousand resulting from the sale of em-tec GmbH in the 2020 financial year. In addition, proceeds of EUR 10,842 thousand were received from the sale of properties held for sale in 2021.

The proceeds from disposals in connection with disposals from the scope of consolidation are broken down as follows:

EUR thousand	2021	2020
Cash inflow from buyer	5,228	22,474
Cash outflow/inflow from the sale/deconsolidation of cash and cash equivalents/current account liabilities	-162	-10
Net cash inflow from the disposal	**5,067**	**22,464**

The payments from acquisitions relating to additions to the scope of consolidation are broken down as follows:

EUR thousand	2021	2020
Cash outflow for acquisitions	36,670	88
Cash inflow/outflow from the acquisition of cash and cash equivalents/current account liabilities	-7,427	37
Net cash outflow from acquisitions	**29,244**	**125**

INFLOW/OUTFLOW FROM FINANCING ACTIVITIES

The payments from financing activities in 2021 result mainly from the scheduled repayment of long-term loans in the amount of EUR 8,248 thousand and the payment of a dividend to the company's shareholders in the amount of EUR 3,997 thousand.

The proceeds from financing activities mainly relate to several new long-term financial loans totalling EUR 19,500 thousand which were taken out for the acquisition of the HY-LINE Group, among other things.

In addition, payments in the amount of EUR 10,799 thousand were received as part of a capital increase.

DEVELOPMENT IN CASH FUNDS

In the reporting year, there was a total cash inflow for the Blue Cap Group – excluding changes in value due to exchange rates – of EUR 857 thousand (previous year: EUR 17,469 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. 2021	Amortised cost	Fair value through OCI	Fair value through profit or loss	Fair value 31 Dec. 2021	Hierarchy
Non-current assets							
Participating interests	FVOCI	133		133		133	Level 1
Miscellaneous other financial assets		531					
of which free-standing derivatives	FVPL	2			2	2	Level 2
of which miscellaneous other financial assets	AC	529	529			529	
Current assets							
Trade receivables		25,698					
of which recognised at amortised cost	AC	25,698	25,698			25,698	
of which measured at fair value through profit or loss	FVPL	0			0	0	Level 2
Other financial assets		1,962					
of which free-standing derivatives	FVPL	1			1	1	Level 2
of which miscellaneous other financial assets	AC	1,961	1,961			1,961	
Cash and cash equivalents	AC	41,370	41,370			41,370	

Financial assets by category		Carrying amount 31 Dec. 2021	Amortised cost	Fair value through OCI	Fair value through profit or loss	Fair value 31 Dec. 2021	Hierarchy
Non-current assets							
Non-current financial liabilities		76,444					
of which liabilities to banks	FLAC	60,798	60,798			63,172	Level 2
of which free-standing derivatives	FLFVPL	0			0	0	Level 2
of which lease liabilities	n/a	14,800					
of which miscellaneous other financial liabilities	FLAC	846	846			846	
Current assets							
Trade payables	FLAC	16,954	16,954			16,954	
Other financial liabilities		32,237					
of which liabilities to banks	FLAC	23,431	23,431			23,431	Level 2
of which free-standing derivatives	FLFVPL	0			0	0	Level 2
of which lease liabilities	n/a	6,254					
of which miscellaneous other financial liabilities	FLAC	2,552	2,552			2,552	

Summary per category		
Financial assets at fair value through profit or loss	FVPL	4
Financial assets at fair value through other comprehensive income	FVOCI	133
Financial assets measured at amortised cost	AC	69,558
Financial liabilities at fair value through profit or loss	FLFVPL	0
Financial liabilities measured at amortised cost	FLAC	104,582

Balance sheet value pursuant to IFRS 9

EUR thousand

Financial assets by category	Category according to IFRS 9	Carrying amount 31 Dec. 2020	Amortised cost	Fair value through OCI	Fair value through profit or loss	Fair value 31 Dec. 2020	Hierarchy
Non-current assets							
Participating interests	FVOCI	176		176		176	Level 1
Miscellaneous other financial assets		250					
of which free-standing derivatives	FVPL	8			8	8	Level 2
of which miscellaneous other financial assets	AC	242	242			242	
Current assets							
Trade receivables		16,622					
of which recognised at amortised cost	AC	8,446	8,446			8,446	
of which measured at fair value through profit or loss	FVPL	8,176			8,176	8,176	Level 2
Other financial assets		6,569					
of which free-standing derivatives	FVPL	0			0	0	Level 2
of which miscellaneous other financial assets	AC	6,569	6,569			6,569	
Cash and cash equivalents	AC	36,251	36,251			36,251	

Financial assets by category		Carrying amount 31 Dec. 2020	Amortised cost	Fair value through OCI	Fair value through profit or loss	Fair value 31 Dec. 2020	Hierarchy
Non-current assets							
Non-current financial liabilities		55,561					
of which liabilities to banks	FLAC	46,735	46,735			48,397	Level 2
of which free-standing derivatives	FLFVPL	0			0	0	Level 2
of which lease liabilities	n/a	8,701					
of which miscellaneous other financial liabilities	FLAC	125	125			125	
Current assets							
Trade payables	FLAC	9,153	9,153			9,153	
Other financial liabilities		22,469					
of which liabilities to banks	FLAC	17,820	17,820			17,820	Level 2
of which free-standing derivatives	FLFVPL	0			0	0	Level 2
of which lease liabilities	n/a	2,751					
of which miscellaneous other financial liabilities	FLAC	1,898	1,898			1,898	

Summary per category		
Financial assets at fair value through profit or loss	FVPL	8,184
Financial assets at fair value through other comprehensive income	FVOCI	176
Financial assets measured at amortised cost	AC	51,508
Financial liabilities at fair value through profit or loss	FLFVPL	0
Financial liabilities measured at amortised cost	FLAC	75,732

The net gains or losses in the individual categories according to IFRS 9 for the 2021 financial year and the comparison period shown are shown below:

EUR thousand		2021	2020
Financial assets at fair value through profit or loss	FVPL	-5	-3
Financial assets at fair value through other comprehensive income	FVOCI	0	-93
Financial assets measured at amortised cost	AC	290	-954
Financial liabilities at fair value through profit or loss	FLFVPL	10	7
Financial liabilities measured at amortised cost	FLAC	-2,294	-2,464
Total		**-1,999**	**-3,506**

There are no significant default risks on the reporting date.

H.2 Financial risk management

The management of the Blue Cap Group monitors and manages the financial risks associated with the Group's segments via the internal risk reporting system, which analyses risks based on their scale and extent. These risks include market risk (including exchange rate risks, interest rate-induced fair value risks and price risks), default risk, liquidity risk and interest rate-induced cash flow risks.

EXCHANGE RATE RISKS

The Blue Cap Group's business activities are conducted primarily in the euro area. The Group's remaining exchange rate risk is driven by unit sales and mainly relates to the risk between the US dollar and the euro. The transaction risk is significant in this regard, as the revenues are denominated in a foreign currency and the associated costs are incurred in euros. The risk positions are monitored by the Blue Cap Group on an ongoing basis and hedged if necessary. Currently and in the periods presented, the exchange rate risk was not hedged due to its minor significance.

INTEREST RATE RISKS

The Blue Cap Group is exposed to both an interest rate risk from variable-rate loans and an interest rate risk for fixed-rate loans at the time of refinancing. As the majority of the loans have fixed interest rates, there is only an insignificant interest rate risk for the current financing of the Blue Cap Group. With regard to the refinancing of expiring loans and in connection with the variable-rate loans, the market interest rate level is monitored by the management on an ongoing basis so that it can take action as and when required. Derivatives are used in individual cases to hedge the interest rate risk associated with variable-rate loans.

OTHER PRICE RISKS

There were no financial instruments in the portfolio that could give rise to any significant price risks either in the year under review or in previous years.

CREDIT RISK AND DEFAULT RISK

Credit risks apply in particular to trade receivables and other receivables, including cash investments and contract assets. They are limited by restricting exposures to individual counterparties with good credit ratings and by ongoing monitoring. As a rule, credit insurance (export insurance, advance payment, guarantees, etc.) is provided on the basis of the various assessments of customers' credit standing.

To the best of our current knowledge, there are no particular credit risks associated with the customers. There have been no major bad debt losses in the past. Particular importance is attached to assessing risks associated with the project business, for example the pre-financing of orders. The Group's default risks are limited to a normal business risk, which is taken into account through impairment losses if necessary. There is no evident concentration of credit risk.

Free liquidity is usually invested in current accounts with domestic and European commercial banks. The maximum default risk associated with the assets recognised corresponds to their carrying amount.

LIQUIDITY RISK

The management of the Blue Cap Group monitors the liquidity of the operating companies by looking at cash flow forecasts and active liquidity projections for each portfolio company. The main income and expenditure flows from operating activities, but also from significant individual projects, as well as from investing and financing activities, are recorded in these projections.

An adequate reserve of bank balances is maintained as part of liquidity management. The Group has also been granted undrawn credit lines with various financial institutions.

The risk from contractually agreed cash flows for financial liabilities is presented below:

31 December 2021 EUR thousand	Contractually agreed cash flows	Up to one year	1–5 years	More than 5 years
Liabilities to banks	84,229	23,431	43,746	17,052
Trade payables	16,954	16,954	0	0
Other financial liabilities	3,233	2,387	846	0

31 December 2020 EUR thousand	Contractually agreed cash flows	Up to one year	1–5 years	More than 5 years
Liabilities to banks	64,555	17,820	39,528	7,207
Trade payables	9,153	9,153	0	0
Other financial liabilities	1,929	1,830	99	0

The cash flows from other financial liabilities with a maturity of more than one year are primarily deposits received for rented properties and payments of outstanding liabilities from the sale of participating interests.

The Blue Cap Group also receives a small volume of insignificant cash flows from the derivatives used.

CAPITAL MANAGEMENT

EUR thousand	31 December 2021	31 December 2020
Total assets	268,035	198,502
Equity (excl. non-controlling interests)	93,075	80,187
Equity ratio	**34.72%**	**40.40%**

H.3 Contingent liabilities and other financial commitments

CONTINGENT LIABILITIES

There are no material contingent liabilities as of the reporting date.

OTHER FINANCIAL COMMITMENTS

As of the reporting date, the Group has commitments from outstanding orders amounting to EUR 4,594 thousand (previous year: EUR 4,912 thousand), of which EUR 4,398 thousand are current commitments (previous year: EUR 3,800 thousand).

H.4 Disclosures on relationships with related parties

Related parties within the meaning of IAS 24 include the members of the Management Board and the Supervisory Board, their close family members and companies controlled by them, as well as associates. Partner Fonds AG, Planegg, PartnerFonds >>Kapital für den Mittelstand<< Anlage GmbH & Co. KG, Planegg, and CoFonds GmbH, Planegg, each submitted a disclosure pursuant to Section 20 (5) AktG on 14 June 2018 stating that they directly or indirectly held more than one quarter of the shares in Blue Cap AG and are therefore also related parties.

As of the reporting date, there are outstanding liabilities to Supervisory Board members in the amount of EUR 149 thousand (previous year: EUR 111 thousand).

Blue Cap AG and its executive bodies are covered by a D&O insurance policy. There is no deductible for members of the Supervisory Board. For members of the Management Board, a deductible of at least 10% of the loss, up to at least one and a half times the fixed annual remuneration paid to the Management Board member, applies pursuant to Section 93 (2) AktG.

The following relationships were in place with other related parties in the financial year and the comparative period:

The transaction volume with associates in the 2021 financial year amounts to EUR 0 thousand (previous year: EUR 737 thousand), resulting in EUR 0 thousand (previous year: EUR 602 thousand) in outstanding receivables and EUR 0 thousand (previous year: EUR 10 thousand) in liabilities to associates as of the reporting date.

There were only insignificant business relationships with unconsolidated subsidiaries that also qualify as related parties, as well as with PartnerFonds AG and its affiliated companies, in both the reporting year and the comparative period.

H.5 Employees

The average number of employees developed as follows:

Number	2021	2020
Blue-collar workers	703	624
Salaried employees	472	437
Trainees	35	34
Total	**1,211**	**1,095**

H.6 Governing bodies of the parent company and remuneration of governing bodies

MANAGEMENT BOARD

The following individuals were members of the Management Board in the financial year:

- Ulrich Blessing (Chief Operating Officer), Munich
- Matthias Kosch (Chief Financial Officer), Munich
- Tobias Hoffmann-Becking (Chief Investment Officer), Munich

Responsibility for sustainability (ESG) lies with Mr Ulrich Blessing.

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.

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 had the following members in the reporting year:

- Prof. Dr Peter Bräutigam (lawyer), Munich (Chair)
- Dr Stephan Werhahn (lawyer), Munich (Deputy Chair)
- Michel Galeazzi (Economist), Zurich, Switzerland
- Dr Henning von Kottwitz (lawyer), Hamburg
- Dr Michael Schieble (Sparkasse Board member), Biberach an der Riss

Membership of the Supervisory Board should generally not exceed 15 years. The age limit for members of the Supervisory Board is 75.

BOARD REMUNERATION

The remuneration paid to the Management Board consists of non-performance-related and performance-related components with short-term and long-term incentive effects. The non-performance-related components include the fixed basic remuneration, which is paid as a monthly salary, and benefits in kind, the value of which is calculated based on tax guidelines for the use of company cars. The performance-related remuneration is divided into short-term qualitative and quantitative targets relating to one financial year and long-term targets covering a period of two to four financial years.

The long-term targets are assessed based on absolute share price performance, relative share price performance compared to the S-DAX, and the development in the Group's net asset value. The absolute and relative share price performance is calculated on the basis of the average share price for the last 30 stock market trading days prior to the reporting date.

The remuneration of the Management Board for the 2021 financial year is divided among the individual members of the Management Board as follows:

EUR thousand	Management Board remuneration earned in the current financial year					
	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	777	463	300	13	150	314
Tobias Hoffmann-Becking	775	461	300	11	150	314
Matthias Kosch	389	332	240	12	80	57

EUR thousand	Management Board remuneration paid in the current financial year					
	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	425	425	300	13	113	0
Tobias Hoffmann-Becking	411	411	300	11	100	0
Matthias Kosch	300	300	240	12	48	0

The remuneration paid to the Supervisory Board in the financial year under review is divided among the individual members as follows:

EUR thousand

	Remuneration of the Supervisory Board granted in the financial year
Prof. Dr Peter Bräutigam	42
Dr Stephan Werhahn	33
Michel Galeazzi	24
Dr Henning von Kottwitz	25
Dr Michael Schieble	25

The remuneration of the Supervisory Board consists of a fixed remuneration and attendance fees and is a short-term benefit. The Supervisory Board member Michel Galeazzi waived the remuneration due to him (fixed remuneration and attendance fees) in the financial year.

H.7 Proposal for the appropriation of the net earnings of the parent company

The Management Board proposes that an amount of EUR 3,737 thousand from the net earnings of Blue Cap AG as of 31 December 2021 in the amount of EUR 26,315 thousand, as determined in the annual financial statements according to the German Commercial Code (HGB), be distributed to the shareholders. This corresponds to a dividend of EUR 0.85 per share carrying dividend rights based on the number of no-par value shares as of 31 December 2021. The remaining net earnings are to be carried forward to new account. The proposed dividend is subject to shareholder approval at the Annual General Meeting and has not been recognised as a liability in these financial statements.

H.8 Events after the reporting date

Blue Cap Asset Management GmbH completed the sale of a building and company premises in Geretsried-Gelting to a private investor in January 2022 based on a purchase agreement concluded on 29 November 2021. This resulted in a book profit of approximately EUR 10,000 thousand after taxes. Following the repayment of loans and payment of taxes, the cash inflow generated will be on a similar scale.

Blue Cap AG sold 100% of the shares in Gämmerler GmbH (Others segment, previous year: Production Technology segment) to the Merten Group in an agreement dated 4 February 2022. The sale was completed in February 2022. The company was deconsolidated as of 1 February 2022. This results in a small loss from deconsolidation for the 2022 financial year.

The subsidiary Blue Cap 14 GmbH acquired a qualified majority interest of 74% in Transline Gruppe GmbH and its five operating subsidiaries by way of a purchase agreement dated 2 March 2022. The provisional consideration agreed amounts to EUR 24.5 million. The group of companies offers translation services and employs more than 100 people in a total of six locations. Over the past three years, revenue has increased by an average of 17% a year to around EUR 21 million (preliminary) in the 2021 financial year. The acquisition was completed on 4 March 2022. The plan is that the operational management team will acquire a stake of around 5% in Transline from Blue Cap AG within the months following the acquisition. The company will be fully consolidated for the first time on 1 March 2022 and will be allocated to the Business Services segment. As the transition to IFRS and the purchase price allocation have not yet been completed, no further disclosures can be made in accordance with IFRS 3 at the time the financial statements were prepared.

The war in Ukraine had no impact on the consolidated financial statements as of 31 December 2021. With regard to the effects on the 2022 financial year, it should be noted that Blue Cap AG does not have any subsidiaries or operating facilities in Russia or Ukraine. In addition, direct revenue with Russian and Ukrainian companies in the Group accounts for less than 1% of consolidated revenue. The direct business activities of the Blue Cap Group in both countries are of immaterial significance with regard to the net assets, financial position and results of operations.

With regard to the full year 2022, however, the indirect consequences from the conflict, in particular on the development of raw material and energy prices as well as supply chains, cannot yet be conclusively assessed and therefore cannot be taken into account in the current forecast.

However, it is apparent that customers from the automotive sector of the H+E Group and nokra in particular are partly affected by supply chain problems. The effects of this on the Group's revenue and earnings for the year as a whole cannot yet be quantified at the time of preparing the financial statements.

A further intensification of the sanctions against Russia and an expansion of the conflict situation with possible further effects on raw material and energy prices as well as supply chains are also not included in the outlook. Possible effects of the conflict on the Group's business performance are monitored continuously and very closely.

H.9 Approval of the consolidated financial statements in accordance with IAS 10.17

These consolidated financial statements of Blue Cap AG for the financial year ended 31 December 2021 were approved by the Management Board for review and adoption by the Supervisory Board on 21 April 2022.

Munich, 21 April 2022

Blue Cap AG
The Management Board

Ulrich Blessing	Tobias Hoffmann-Becking	Matthias Kosch

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ADJUSTED CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2021

	2021		2020		Change	
	EUR thousand	%	EUR thousand	%	2020	%
Revenue	267,401	98.5	232,770	100.3	34,631	14.9
Change in inventories	2,108	0.8	-1,696	-0.7	3,804	≤ 100
Other own work capitalised	205	0.1	40	0.0	165	100
Other operating income	1,760	0.6	897	0.4	863	96.2
Adjusted total output	**271,475**	**100.0**	**232,011**	**100.0**	**39,464**	**17.0**
Cost of materials	-144,087	-53.1	-122,639	-52.9	-21,448	17.5
Personnel expenses	-66,232	-24.4	-59,229	-25.5	-7,003	11.8
Other operating expenses	-36,509	-13.4	-32,525	-14.0	-3,984	12.2
Adjusted EBITDA	**24,646**	**9.1**	**17,618**	**7.6**	**7,029**	**39.9**
Depreciation and amortisation	-13,175	-4.9	-10,135	-4.4	-3,040	30.0
Share of profit/loss in associates	1,845	0.7	1,409	0.6	435	30.9
Adjusted EBIT	**13,316**	**4.9**	**8,892**	**3.8**	**4,424**	**49.8**
Financing income	63	0.0	249	0.1	-186	-74.8
Financing expenses	-2,318	-0.9	-2,122	-0.9	-196	9.2
Financial result	**-2,255**	**-0.8**	**-1,873**	**-0.8**	**-382**	**20.4**
Income from adjustments	7,436	2.7	26,868	11.6	-19,432	-72.3
Expenses from adjustments	-12,929	-4.8	-16,344	-7.0	3,415	-20.9
Adjustments	**-5,493**	**-2.0**	**10,524**	**4.5**	**-16,017**	**≤100**
Earnings before taxes	**5,568**	**2.1**	**17,542**	**7.6**	**-11,974**	**-68.3**
Income tax expense	-853	-0.3	-1,050	-0.5	198	-18.8
Minority interests	438	0.2	81	0.0	357	>100
Consolidated net income	**5,153**	**1.9**	**16,573**	**7.1**	**-11,420**	**-68.9**

Reconciliation from reported EBITDA (IFRS) to adjusted EBITDA and adjusted EBIT for the Group

EUR thousand

	2021	2020
EBITDA (IFRS)	**25,412**	**34,473**
Adjustments:		
Income from bargain purchase	-457	0
Income from deconsolidation	**-1,434**	**-20,808**
Income from reversal of provisions	-1,365	-1,529
Income from asset disposals	-989	-1,492
Other non-operating income	-1,622	-1,568
Personnel costs in connection with personnel measures	1,256	1,316
Legal and consultancy costs in connection with acquisitions and personnel measures	993	1,072
Losses on disposal of fixed assets	231	486
Expenses from deconsolidation measures	0	1,603
Write-downs on inventories	0	1,060
Expenses from restructuring and reorganisation	1,004	1,484
Other non-operating expenses	1,400	1,521
Utilisation of disclosed hidden reserves in inventories	217	0
Adjusted EBITDA	**24,646**	**17,618**
Depreciation and amortisation	-19,099	-12,958
Impairment losses and reversals	-337	-1,551
Share of profit/loss in associates	1,845	1,409
Adjustments:		
Amortisation from disclosed hidden reserves	5,924	2,822
Impairment losses and reversals	337	1,551
Adjusted EBIT	**13,316**	**8,892**

INDEPENDENT AUDITOR'S REPORT

TO BLUE CAP AG, MUNICH

Opinion

We have audited the consolidated financial statements of Blue Cap AG, Munich, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of 31 December 2021, the consolidated income statement and consolidated statement of comprehensive income, the consolidated statement of changes in group equity, the consolidated cash flow statement and the notes to the consolidated financial statements for the financial year from 1 January to 31 December 2021, including a summary of significant accounting policies. We have also audited the Group management report of Blue Cap AG, Munich, for the financial year from 1 January to 31 December 2021, which is combined with the management report of the parent company.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU, and the supplementary requirements of German commercial law pursuant to Section 315e (1) HGB and give a true and fair view of the financial position and cash flows of the Group at 31 December 2021, and of its financial performance for the financial year from 1 January to 31 December 2021, in accordance with these requirements, and
- the accompanying combined management report as a whole provides a suitable view of the Group's position. In all material respects, the combined management report is consistent with the consolidated financial statements, complies with German statutory requirements and suitably presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 HGB, we state that our audit has not led to any reservations with respect to compliance 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 in accordance with Section 317 HGB, taking into account the German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). Our responsibilities under those regulations and guidelines are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and combined management report" section of our report. We are independent of the Group companies in accordance with the requirements of German commercial law and the rules of professional conduct, and we have fulfilled our other ethical responsibilities under German professional law in accordance with these requirements. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements and combined management report.

Other information

The Management Board/Supervisory Board is responsible for the other information. The other information includes:

- the report of the Supervisory Board and
- all other parts of the Annual Report,
- but not the consolidated financial statements, the combined management report or our corresponding audit opinion.

The Supervisory Board is responsible for the Report of the Supervisory Board. In all other respects, the Management Board is responsible for the other information.

Our audit opinions on the consolidated financial statements and on the combined management report do not include the other information and, as a result, we do not provide a separate opinion or reach any other kind of audit conclusion in this regard.

As part of our audit, we are responsible for reading the other information referred to above and evaluating whether the other information

- is materially inconsistent with the consolidated financial statements, those disclosures in the combined management report whose content we audited, or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities 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, in all material respects, comply with IFRS, as adopted by the EU, and the supplementary requirements of German commercial law pursuant to Section 315e (1) HGB, and for ensuring that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. Furthermore, the Management Board is responsible for such internal control as it determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Management Board is responsible for assessing the Group's ability to continue as a going concern. It is also responsible for disclosing, as applicable, matters related to going concern. In addition, it is responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Moreover, the Management Board is responsible for preparing the combined management report, which as a whole provides a suitable view of the Group's position, and, in all material respects, is consistent with the consolidated financial statements, complies with German statutory requirements and suitably presents the opportunities and risks of future development. Furthermore, the Management Board is responsible for such arrangements and measures (systems) as it determines are necessary to enable the preparation of a combined management report in compliance with the applicable requirements of German commercial law and for providing sufficient and appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for monitoring the Group's financial reporting process for preparing the consolidated financial statements and the combined management report.

Auditor's responsibilities for the audit of the consolidated financial statements and the combined management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and whether the combined management report as a whole provides a suitable view of the Group's position, as well as, in all material respects, is consistent with the consolidated financial statements and our audit findings, complies with German statutory requirements, and suitably presents the opportunities and risks of future development, and to issue an auditor's report that includes our opinion on the consolidated financial statements and the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB, as well as in compliance with the German generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (IDW), will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatements of the consolidated financial statements and the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements, and of the arrangements and measures relevant to the audit of the combined management report, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies used by the Management Board and the reasonableness of estimates made by the Management Board and related disclosures.
- conclude on the appropriateness of the Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that such material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and combined management report or, if such disclosures are inadequate, to modify our particular opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e para. 1 HGB.
- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the combined management report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinions.
- evaluate the consistency of the combined management report with the consolidated financial statements, its legal compliance and presentation of the Group's position.
- perform audit procedures on the prospective information presented by the Management Board in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Management Board as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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, 21 April 2022

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

(Christof Stadter)	(Martin Kolb)
Auditor	Auditor

CONTACT, FINANCIAL CALENDAR AND LEGAL NOTICE

CONTACT

Please do not hesitate to contact us if you have any questions:

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NOTE

The Annual Report is published in German and English. The German version is always the authoritative version. You can also find the annual report on our website at www.blue-cap.de/investor-relations

FINANCIAL CALENDAR

Date	Event	Location
4–5 May 2022	33rd Munich Capital Market Conference	Munich and online
23–25 May 2022	Equity Forum Spring Conference	Frankfurt am Main
1 June 2022	Quirin Champions Conference	Online
June 2022	2022 Annual General Meeting	Online
13 July 2022	m:access Specialist Investment Companies Conference	Online
17 October 2022	22nd European Large & MidCap Event	Paris
28–30 November 2022	German Equity Forum	Frankfurt am Main

Version dated:
May 2022

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 financial report does not constitute an offer to sell, nor an invitation to submit an offer to buy, securities of Blue Cap AG.

LEGAL NOTICE

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