BLUE CAP

TRANSFORMATION

EMPOWERING TRANSFORMATION

Annual Report 2020

CONTENTS

GROUP KEY FIGURES

EUR thousand	2020	2019	Change in %
Revenue	232,999	225,671	3.2
Adjusted EBITDA *	17,618	14,333	22.9
Adjusted EBITDA margin in % *	7.6	6.4	18.8
Adjusted EBIT *	8,892	6,796	30.8
Adjusted EBIT margin in % *	3.8	3.0	26.7
Consolidated net income	16,573	2,821	>100
Free cash flow	26,719	–17,102	>100
Earnings per share in EUR	4.15	0.71	>100
Dividend per share in EUR **	1.00	0.75	33.3
Dividend yield per share in % **	5.6	4.5	24.4

	31 Dec. 2020	31 Dec. 2019	Change in %
Total assets	198,502	201,340	1.4
Net asset value in EUR million	153.9	141.2	9
Equity	80,301	66,986	19.9
Equity ratio in %	40.5	33.3	21.6
Working capital (net)	34,968	40,551	13.8
Net debt ratio in years	1.6	3.4	52.9
Average no. of employees in the Group	1,095	1,024	6.9
Average no. of employees in the holding company	15	14	7.1

* 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 2021

GOOD TO KNOW
The adjusted consolidated income statement can be found from page 190 f.

GOOD TO KNOW
You can find more information about the NAV starting on page 38 f.

PROFILE

------ Blue Cap AG is a listed investment company with 15 years of market experience. We invest in SMEs that manufacture, trade in, and offer services relating to industrially manufactured physical goods. The companies generally generate revenues of between EUR 30 million and EUR 80 million and have an intact core business.

MISSION

Our portfolio companies develop and pursue individual growth strategies. We actively support them in achieving their goals. This way, they can flourish without losing their long-held SME identity. While Blue Cap's investments are not subject to any fixed holding period, it generally acts as a temporary owner.

EMPOWERING TRANSFORMATION

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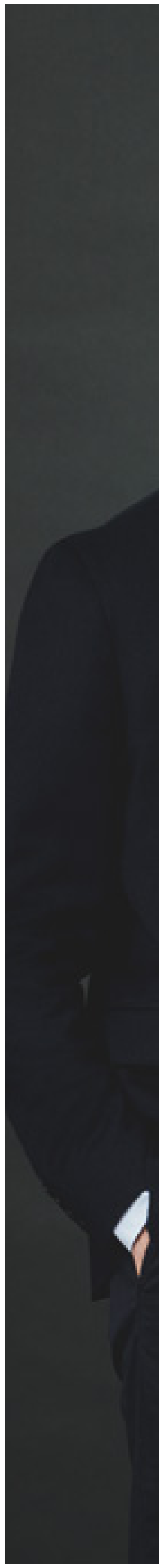
----- Handing over Companies to Blue Cap will put them on the right track for a successful future. We make our portfolio companies fit for the future by establishing a business model that enhances their competitiveness.



TRANSFORMATION

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Blue Cap entered a new phase in 2020 with its new Management Board who's objective is to achieve significant growth over the coming years.

INTERVIEW WITH THE MANAGEMENT BOARD

The past year has once again accelerated the process of change in a large number of industries. How does the Management Board see the current situation, and which topics are particularly high up on the agenda at the moment? The answers are provided below.

2020 was a year like no other.
------- How did the Blue Cap Group get through this period?

Matthias Kosch_ Unexpectedly well, which we could never have predicted when the lockdown started back in March. Some portfolio companies, such as Inheco, con-pearl and Carl Schaefer, showed better development than expected at the turn of the year despite the pandemic. All in all, the negative effects remained limited, meaning that we were able to achieve an improved annual result with our Group. It is encouraging to see that this is also reflected in the development of our share price, which increased by approximately 6% year-on-year to EUR 17.75 at the end of 2020. As of 30 April 2021, the share price reached EUR 24.00, which can be traced back to the positive mood on the capital market, but also to Blue Cap's earnings performance in the past year.

Ulrich Blessing_ The Group really benefited from the fact that the portfolio companies swiftly made operational adjustments to reflect the Covid-19 situation system. Procedures to protect employees were implemented extremely fast. Short-time working arrangements were put in place where necessary. In addition, the companies paid more attention to their cost structures – without losing sight of their growth path. SMB-David, which was already ailing before the Covid-19 crisis, filed for insolvency. The economic impact on the Group's performance, however, was very small.

Tobias Hoffmann-Becking_ I think that we reaped considerable benefits from our broad diversification and from the relatively high stability of the industrial sector compared to the service sector in 2020. When business isn't going so well at one company, the loss is ideally offset by increased business at another. It is encouraging to see that in this difficult environment, we managed to sell our medical technology company em-tec to a strategic investor with a significant increase in value after six years of development.

In what sort of areas was there particular demand for support from the holding company?

UB_ Having someone to bounce ideas off is particularly valuable in a crisis. We maintained very close dialogue with the management teams last year – sometimes talking to them several times a week, with quite a few on-site visits, too. We provided as much technical and emotional support as possible in helping them to implement their measures and get through the "dry spell".

MK_ It was the same on the financial side of things, for example when it came to implementing government-funded short-time work models or dealing with financing issues related to the Covid-19 pandemic. As part of our holding company function, we ensured that we had additional liquidity available to be prepared for any extraordinary negative effects.

To what extent has Covid-19 accelerated the pressure on portfolio companies to step up development?

UB_ We are currently in the midst of a major economic upheaval that affects the vast majority of companies. Business models and recipes for success are changing. Digitalisation, in particular, is a strong driver of change. This means that the pressure on companies is already intense to begin with – even leaving Covid-19 out of the equation. The solution for the companies we support is further development and growth. Growth paves the way towards independence and stability. Both help to secure the supply chain and customer relationships. Overall, growth promotes resilience even in difficult times, provided the trend isn't exaggerated and cash flow does not spiral out of control.

How would you assess the M&A market at the moment? ------- What sort of acquisition opportunities are currently open to Blue Cap?

THB_ The investment market remained intact in 2020 despite declining values in some cases. With the onset of the crisis, the first half of the year started out very weak. This was, however, offset by more buoyant buying and selling activity in a large number of areas in the second half of the year. We are currently witnessing a stable deal flow for new transaction opportunities, even if the mix has changed somewhat. Furthermore, we are still seeing substantial excess liquidity in the market, fuelling high demand for new transactions. This means that competitive pressure and prices for company acquisitions remain high. Irrespective of this, we expect to have further opportunities to make attractive acquisitions. We have already made our first acquisition of the year in the first three months with Hero.

"The Group has fared well throughout the crisis in terms of its financial stability.

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.

Why are you still focusing so heavily on the manufacturing SME sector? ------- Does this mean that Blue Cap is missing out on opportunities in other areas?

THB_ The economic world is changing. This has prompted us to start looking beyond the classic manufacturing industry as well. At the same time, we have to focus on our core competencies. Our target companies are not start-ups or providers of software or financial services. The intense competition for company acquisitions is also making it increasingly important to be able to advertise a clear profile so that you stand out from your peers. That's why we are sticking to our industrial core business, which we are developing further to include related areas. But that doesn't mean that we are neglecting areas like digitalisation or sustainability. These are key topics that we are addressing in our work with each individual company.

MK_ The pure desire to manage new industries is not sufficient to be successful in the investment business. Credibility, management experience and a proven track record are key factors when it comes to acquisitions. Sellers want to feel that their "baby" is in good hands with Blue Cap. Blue Cap's expertise and wealth of experience is with companies whose core business lies in the production of, trading in and services related to industrially manufactured physical goods. This is where our focus lies.

In the family business segment, people have been talking about succession bottlenecks for a long time. ------- Why is Blue Cap a good port of call in these situations?

UB_ Because we think and act like entrepreneurs. We look at a company's growth opportunities and are focused on improving their competitiveness in every respect. Breaking up businesses or focusing exclusively on cost management is not our approach. We have former managing directors of SMEs on our team and we know that if a company wants to be successful, it has to remain agile and to invest in the future. This often requires patience. Limiting ourselves to a short-term investment horizon is not an option for us. We give companies the time they need.

THB_ An entrepreneur who is considering passing a company on always asks: "What will become of my life's work under the new owner?" They usually want to ensure that the company can continue on a positive trajectory with its employees and can seize new opportunities with Blue Cap. This is why we offer the transferring owners a transparent platform on which their company can continue to develop independently without having to relinquish the strengths of a family business or, worse still, lose its identity.

"We are aiming to significantly expand our portfolio over the next three years.

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

"As they grow, companies also become more independent and stable.

Ulrich Blessing is responsible for portfolio management at Blue Cap AG. He holds degrees in banking and business management and has extensive consulting 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.

What qualifies Blue Cap to handle larger investments if you have to?

THB_ Our stock exchange listing makes us extremely flexible when it comes to raising capital. As long as we do a good job in developing the portfolio, investor interest in our shares should remain intact, giving us the option to implement a capital increase. And this is certainly an option we intend to use when the time is right. In addition, the financial markets naturally provide us with other financing options, too. There is a lot of capital on the market that is looking to be invested wisely at the moment. We believe that we are the right investor to contact because of our reliability.

MK_ In order to strengthen confidence on the capital market, we are constantly increasing and improving our transparency. Following the successful implementation of IFRS, we are currently in the process of refining our capital market reporting and further accelerating our publication processes. In this annual report, for example, we are providing clear and specific guidance for the 2021 financial year for the first time. This guidance provides a yardstick that the capital market can use to measure the extent to which we have kept our promises and, as a result, our reliability very accurately. We will also in future not only produce reports every six months, but will publish interim reports as well, as we started doing in 2020.

What are Blue Cap's financial targets for the current year? ------- And what is the medium-term outlook?

MK_ We can see that the main markets covered by our portfolio companies are essentially intact despite the pandemic. As expected, the first quarter of 2021 was still impacted by Covid-19. As the year progresses, however, earnings figures will improve, meaning that revenue will increase by between 10% and 14% in a year-on-year comparison – also thanks to the figures of the Hero Group, which will be consolidated from March onwards. The adjusted EBITDA margin is expected to come in at between 8.0% and 9.0%, meaning that it is also tipped to increase.

UB_ We want to combine the overall positive economic development with further growth. We believe that we can expand our portfolio significantly from our current position over the next three years.

THB_ At the moment, we are still a relatively small company on the stock market. In order to become more stable, transparent and relevant, we are aiming for a market capitalisation of around EUR 200 million. This is how we can attract new investors, particularly from the institutional segment, and significantly improve the liquidity of our shares. This objective will have to be achieved to a large extent through the organic development of the individual companies, but also through inorganic growth in the form of acquisitions. This means both new acquisitions made by the holding company and supplementary acquisitions made by our existing portfolio companies.

REPORT OF THE SUPER-VISORY BOARD

Dear readers,

In 2020, 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 2020 financial year.

The Management Board provided the Supervisory Board with extensive information, both verbally and in writing, about current developments, corporate strategy, the status of transactions, corporate planning, the company's financial position, cash flows and financial performance and that of individual Group companies, together with the associated projected and prior-year figures, as well as information on significant opportunities and risks, on an ongoing basis and in a timely manner. Discussions between the Supervisory Board and the Management Board were also based on the regular written reports submitted to the Supervisory Board. The Supervisory Board also consulted all material financial statement and corporate 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.

Work of the Supervisory Board

In the 2020 financial year, a total of eight meetings of the Supervisory Board were held as face-to-face meetings and, in light of the Covid-19 pandemic, eleven meetings were held as video or conference calls – in some cases also involving the Management Board. The meetings held on 15 January 2020, 27 January 2020, 31 August 2020, 9 September 2020 and 25 September 2020 were attended by all members of the Supervisory Board, and the meetings held on 28 February 2020, 9 March 2020, 28 April 2020, 6 May 2020, 15 May 2020, 19 May 2020, 18 June 2020, 23 June 2020, 3 August 2020, 25 August 2020, 20 October 2020, 30 November 2020, 9 December 2020 and 22 December 2020 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 regular contact 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 100%. No conflicts of interest were reported to the Supervisory Board during the reporting period.

At each of the meetings, all key matters relating to financial and business policy, in particular the economic and financial development of Blue Cap AG and the Group companies, corporate strategy and planning, important business events, personnel issues, the status of investment reviews and sales, legal developments, 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 a detailed look at the annual financial statements and management report of Blue Cap AG, the consolidated financial statements and the Group management report, in each case as of 31 December 2019, at its meeting held on 6 May 2020, and also addressed the report of the Supervisory Board for the 2019 financial year and the resolution passed by the Management Board on the appropriation of net earnings for the 2019 financial year at its meeting held on 15 May 2020. Following extensive discussions, it approved both sets of financial statements without raising any objections and supported the Management Board's proposal for the appropriation of net earnings.

In the financial year under review, the Supervisory Board also dealt intensively with the impact of the Covid-19 pandemic on the Group and supported the Management Board in an advisory capacity within this context. The meetings focused in particular on the impact of the pandemic on the subsidiaries' revenue and liquidity, action plans and the adoption of the corporate planning, which had been supplemented to take account of the Covid-19 effects, in the second quarter of 2020.

Another important topic addressed at the meetings of the Supervisory Board was the negotiation and successful conclusion of the sale of the portfolio company em-tec GmbH, as well as the termination of profit and loss transfer agreements between Blue Cap AG and the portfolio companies Planatol and Gämmerler, allowing both companies to be managed more independently in the future.

The further strategic orientation of Blue Cap AG, the 2020 half-year financial statements, the development of the Group's net asset value (NAV) and the introduction of a new compliance management system were other important topics handled at the meetings.

The Supervisory Board also addressed the review and approval of the new rules of procedure of the Management Board, as well as contractual matters involving members of the Management Board. By way of example, a resolution was passed to extend the Management Board employment contract with Mr Matthias Kosch until the end of 2023.

Several acquisition and divestment options were also on the agenda of the Supervisory Board meetings. These included, in particular, the investment in the Hero Group, which was then completed in 2021, as well as the streamlining of the real estate portfolio to dispose of any properties not required for operations.

Work of the committees

At its meeting held on 25 August 2020, the Supervisory Board passed a resolution on the establishment of an Audit Committee and an M&A Committee. The Audit Committee is responsible in particular for reviewing the financial statements and for preliminary communication with the auditor. It also prepares for the appointment of new auditors and is responsible for monitoring the independence of the audit of the annual financial statements and the additional services provided by the auditor. In addition, it performs preparatory tasks relating to compliance (including the internal control system) and IT security and monitors the prompt rectification of any shortcomings identified by the auditor. The M&A Committee looks at potential company acquisitions and divestments 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.

The committees are also responsible for preparing topics and decision papers for the Supervisory Board meetings. Decision-making powers can be delegated to the committees to the extent permitted by law. The chairpersons of the committees report to the Supervisory Board on the work of the committees regularly and in detail.

The Audit Committee held two meetings in the 2020 financial year: on 20 October 2020 and 10 December 2020. 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 October meeting. The auditor reported on the planned scope of the audit activities, the audit schedule, as well as the planned audit focal points and risks. The auditor also declared to the Audit Committee that there were no circumstances giving reason to assume that the auditor was not impartial. Other key topics of discussion included the preparation of the 2020 annual financial statements and the 2021 corporate planning.

The M&A Committee held three meetings in the reporting year: on 14 September 2020, 5 October 2020 and 7 December 2020. In addition to members of the Management Board, Blue Cap M&A staff also attended the meetings. New, and the progress of ongoing, M&A projects were the main topics of discussion.

Members of the Supervisory Board and the Management Board

Up until the Annual General Meeting held on 3 July 2020, the Supervisory Board of Blue Cap AG consisted of Prof. Dr Peter Bräutigam, Dr Stephan Werhahn and Michel Galeazzi. The appointment of Prof. Dr Thorsten Grenz as the fourth member of the Supervisory Board in accordance with the resolution passed by the Annual General Meeting held on 6 June 2019 did not come into effect, as the amendment to the Articles of Association adopted at the same Annual General Meeting on the expansion of the Supervisory Board to include four members was not entered in the commercial register due to action brought by a shareholder against the resolution, meaning that it did not take effect.

After the term of office of Mr Michel Galeazzi was limited to one year, Mr Galeazzi was re-elected as a member of the Supervisory Board at the Annual General Meeting held on 3 July 2020. The Annual General Meeting also passed a resolution to increase the size of the Supervisory Board from three to five members by way of an amendment to the Articles of Association and to appoint Dr Henning von Kottwitz and Dr Michael Schieble as the fourth and fifth members of the Supervisory Board respectively. At the Supervisory Board meeting held on 25 August 2020, the Supervisory Board met for the first time in its new composition, with Prof. Dr Peter Bräutigam being confirmed as Chairman and Dr Werhahn as Deputy Chairman of the Supervisory Board.

Furthermore, Ulrich Blessing (COO) and Matthias Kosch (CFO) were appointed as members of the Management Board with effect from 1 January 2020. Mr Tobias Hoffmann-Becking joined the Management Board team as scheduled on 1 April 2020, assuming the role of Chief Investment Officer (CIO).

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 2020 financial year:

Supervisory Board	Participation	Participation in %
Prof. Dr Peter Bräutigam	19/19	100
Dr Stephan Werhahn	19/19	100
Michel Galeazzi	19/19	100
Dr Henning von Kottwitz – since 3 July 2020	8/8	100
Dr Michael Schieble – since 3 July 2020	8/8	100

Audit Committee	Participation	Participation in %
Dr Henning von Kottwitz (Chair)	2/2	100
Dr Michael Schieble	2/2	100
Prof. Dr Peter Bräutigam	2/2	100

M&A Committee	Participation	Participation in %
Michel Galeazzi (Chair)	3/3	100
Dr Stephan Werhahn	3/3	100
Prof. Dr Peter Bräutigam	3/3	100

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

The Annual General Meeting held on 3 July 2020 elected Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, as the auditor of the financial statements and consolidated financial statements for the 2020 financial year. Deloitte GmbH Wirtschaftsprüfungsgesellschaft audited the annual financial statements and the combined management report of Blue Cap AG, the consolidated financial statements and the combined management report, each as of 31 December 2020. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS). The auditor issued an unqualified audit opinion on the annual financial statements and the consolidated financial statements.

At the meeting of the Supervisory Board on 27 April 2021 dealing with the financial statements, the auditor then reported on the main outcome of the audit of the annual financial statements and the combined management report, as well as the consolidated financial statements and the combined management report. In particular, the financial position, cash flows and financial performance of Blue Cap AG and the Group were explained, and supplementary information was provided on the past financial year. The auditors and the Management Board were available to explain both sets of financial statements in detail and answered all questions raised by the Supervisory Board to the latter's full satisfaction.

The auditors' report on the audit of the annual financial statements and the combined management report of Blue Cap AG, the consolidated financial statements and the combined management report, each as of 31 December 2020, was submitted to the Supervisory Board for the members to consult in advance. The documents were discussed comprehensively and in detail with the Management Board, in the presence of the auditors, at the meeting dealing with the annual financial statements held on 27 April 2021.

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. The Supervisory Board therefore approved the 2020 annual financial statements and the 2020 consolidated financial statements by written circular on 29 April 2021. This means that the 2020 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 on 25 June 2021 that an amount of approximately EUR 4.0 million be distributed to the shareholders from the company's net earnings as of 31 December 2020. This corresponds to a dividend of EUR 1.00 per share carrying dividend rights based on the number of no-par value shares as of 31 December 2020. The proposed dividend of EUR 1.00 per share carrying dividend rights comprises a base dividend of EUR 0.75 and a bonus dividend of EUR 0.25 due to the successful sale of the investment in em-tec GmbH, Finning, in the past financial year. The remaining net earnings are to be carried forward to new account. The proposed dividend serves as renewed confirmation of Blue Cap's sustainable long-term dividend policy – despite the Covid-19 crisis.

Particularly in view of the impact of the Covid-19 pandemic, the Blue Cap Group achieved very positive performance in the past financial year. The Supervisory Board 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 excellent performance in 2020.

Munich, 29 April 2021

Prof. Dr Peter Bräutigam
Chairman of the Supervisory Board

CHANGE IS CREATING NEW OPPORTUNITIES FOR INDUSTRIES

----- **Digital transformation** is currently taking many SMEs into previously uncharted territory. If they want to remain successful, they need to review their processes and business models. But changes are also offering new avenues – sector boundaries are becoming increasingly blurred, freeing up space for new opportunities.


ACT
.IVE
We help companies to tap into new opportunities.

NOT A BUZZ-WORD, BUT A DEVELOPMENT APPROACH

Nowadays, **AGILITY** is an essential component of any company's agenda. This is no coincidence, but rather reflects the process of digital transformation.

In 2020, German investment companies provided equity capital to finance more than 1,000 companies. Given the far-reaching changes sweeping through the economy, this figure could be significantly higher. This is because the issues facing companies are fundamental and will involve substantial investment over the next few years. This is where investment companies can make a key contribution.

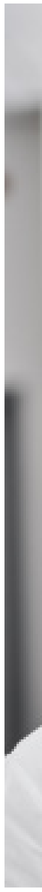
Digitalisation is advancing the networking of structures and processes at a rapid pace. The increasing importance of big data and artificial intelligence is offering more and more opportunities for action at many levels of entrepreneurship. The topic of sustainability has been an emerging issue for a number of years now, and also creates a completely new framework of expectations for corporate action. Not only governments are setting clear targets for the corporate sector in terms of emissions and resource consumption. The capital markets and other stakeholder groups articulate increasing expectations regarding the ESG compliance of companies. Ongoing globalisation means that companies have to react quickly and efficiently to international competitive impetus. They can rise to this challenge by achieving a high level of innovation. German companies are faced with a particular challenge in this regard, as they have to compensate for the disadvantages of a high-cost-country.

THE POSITIVE CHANGE INTO SUCCESS

01 – Break with tradition

02 – Admit mistakes

03 – Stick to new paths



In addition to all of these external influences, the Blue Cap companies' intrinsic motivation to continuously improve their performance and productivity provides a significant driver for change. The Management Board maintains ongoing dialogue with the management teams which is characterised by the overarching goal of "transformation". This is not just about ensuring a company's competitiveness in an ever-tougher economy. The aim is for individual companies to work on their own growth and success.

Regarding digitalisation, the companies in the group are addressing various aspects – in logistics, in manufacturing processes and in information and organisational processes. In the industrial B2B environment, the digitalisation of customer interfaces is also becoming increasingly important. Neschen Coating GmbH is planning to expand and standardise its digital distribution channels in 2021. This will include a uniform web shop, blogs and a digital product showroom. These measures will standardise the website and e-commerce functions at the level of the Filmolux companies and will make ordering processes faster and easier.

TARGETED

"We aim to achieve the planned and active transformation of our portfolio companies, keeping a constant eye on megatrends such as digitalisation and sustainability in the process."

Tobias Hoffmann-Becking

All companies are actively addressing the issue of sustainability – not just at process level, but also at product level. In Planatol's wide-ranging product portfolio, some adhesives have excellent ecological properties – such as consisting of up to 90% renewable raw materials. Initiating the development of a new and biodegradable dispersion family that has just been launched to enable environmentally friendly disposal after use marks a further step towards greater sustainability. Uniplast's development team is continually working on new ideas and innovations, e.g. single-material packaging, which is easier to recycle. Uniplast is also aiming to reduce the plastic content of its products on an ongoing basis.

Neschen is currently setting the pace within the Group when it comes to tapping into international markets. When Blue Cap took the company over at the end of 2016, it was already represented by trading companies in Austria, Italy, France and the Netherlands. It also held shares in a joint venture in Japan. Neschen now also has its own companies in Switzerland, Sweden, the Czech Republic and the US. Going forward, Neschen is focusing on expanding outside Europe. The company will start by establishing its own commercial agencies in Qatar and Russia in 2021 as part of this quest.


FAST
We provide companies
with fresh capital.

GROWTH COMES WITH FINANCIAL STRENGTH

----- **As markets develop faster** the task to not only secure market share but to expand it is getting exponentially more challenging. Companies therefore need the financial means to act quickly whenever necessary.

When an SME approaches its bank to talk about an investment project, a solid equity base, coupled with a business relationship that has become established over the years, is a good starting point. But what happens if the amount required and the entrepreneurial risk increase and the bank is only willing to provide support to a limited extent? And what if the company temporarily finds itself in a critical situation, meaning that the bank is not willing to provide any support whatsoever? In cases like these, it is good to have a strong partner at its side to provide security, or perhaps even use its own capital to support the project.

Even though Blue Cap's primary objective is to strengthen each company's own financial resources, its portfolio companies can make use of this advantage. Blue Cap uses its own liquidity, as well as the financing options open to the holding company, and makes targeted use of them for the individual portfolio company as and when required. The process is swift and professional and the support provided is tailored to suit the respective situation. There are, however, two conditions that always apply. Firstly the investment project must be calculated in detail. Secondly it must be designed to foster the company's further development – preferably by having a direct impact on its growth.

A higher investment risk is not putting the decision-makers at the holding company off. On the contrary, they expect the management teams of the portfolio companies to show entrepreneurial spirit and work hand-in-hand with them to evaluate the risk-reward profile associated with the investments.

Often, however, efficient structures need to be put in place before corresponding growth measures can be taken. con-pearl is a good example. Blue Cap raised the funds required to reorganise the manufacturer of lightweight plastic products – an amount running into the low seven digits. The investment paid off. After an intensive process that included focusing on profitable product segments and improving the company's organisational structure, the realignment project was completed successfully in 2020.

5 TOP INVESTMENT SCENARIOS

01 – Internationalisation

02 – New customer groups

03 – Innovative products

04 – Add-on acquisitions

05 – Digitalisation

---- **The capital strength** that a Group can offer is also a valuable benefit for an individual company. Especially when there are different ways of raising capital.

COMMITMENT THAT PAYS OFF

TARGETED

"The best way of securing a successful future is by making focused investments. In better quality. At greater speed. And, of course, to boost returns."

Ulrich Blessing

As far as the amount and the origin of the funds are concerned, Blue Cap is flexible. As long as it is sufficient, the holding company uses its own capital, generated through successful sales, for example, to make the necessary funds available. If more equity capital is required because the (growth) projects are on a larger scale, the option of a capital increase is also available thanks to the company's stock market listing.

On the debt side, Blue Cap maintains good relationships with a number of principal banks. The use of programmes offered by the German state-owned development bank KfW is another option. The SME sector is an important pillar of the German economy and receives active support from state organisations. Recently, the adhesives specialist Planatol took out a KfW loan to finance its working capital.

Another way of raising liquidity is factoring. This involves transferring customer receivables to a financial services provider before they fall due. Last year, the factoring system at con-pearl and Uniplast was revamped entirely. The new factoring agreements reduced the financing costs by up to 25%. It is often the case that the impetus for these or similar measures comes from the holding company. The management of the holding company also tends to be more than happy to be involved in negotiations with capital partners.

Naturally, the ideal scenario is one in which a company can raise the necessary funds for investments itself – as was the case last year when the coating specialist Neschen moved into the US market and acquired the Czech laminator manufacturer Linus. Even more, the financing framework for further digitalisation and automation projects has already been secured in joint discussions with Neschen's bank. These measures will include investments in strengthening digital interfaces and the company's website.

PERFORMANCE SECURES COMPETITIVENESS

----- **Specialists need to be aware of their strengths.** For hidden champions, it is a daily struggle to maintain the necessary expertise and to secure leading edge skills. In a world that is developing as fast as it is today, this is an ongoing challenge.

INDIVI DUAL

We strengthen our companies with cross-industry knowledge.

IMPROVING STEP BY STEP EVERY DAY

STATE-OF-THE-ART MANAGEMENT METHODS can be used to improve business processes. The view from the outside helps to recognise potential and to apply the best-suited business management tools.

In many people's minds, the term "SME" still conjures up images of a risk-averse company quietly doing its thing, looking no further than its surrounding area. No doubt that there are companies like that out there. For the majority of small and medium-sized enterprises, however, the very opposite is true. These companies are efficient specialists, agile, innovative and open to pursuing new avenues. And indeed they have to be, because they tend to operate in an intense competitive environment that extends far beyond their own national borders.

Just like the companies in Blue Cap's portfolio. They, too, are specialists with a relevant position in their respective markets. In order to maintain and build on this standing, they need to continuously strengthen their USP and keep their organisational structure and processes up-to-date. This is a balancing act that some companies find more challenging than others.

With its broad-based management expertise, the Blue Cap team helps the portfolio companies to rise to this challenge together. The holding company management team and its specialists take an approach that is tailored to suit each portfolio company concerned. Their independent view from the outside is a huge advantage. It allows to identify weaknesses much faster and enables the team to make difficult but necessary decisions. One example is the recent strategic

WHAT MAKES COMPANIES BETTER !

01 – **Outside perspective**

02 – **Methodological knowledge**

03 – **Openness to different solutions**

reset launched at Gämmerler. In the future, the company will be focusing exclusively on the profitable service and spare parts market, aimingfor further growth in this area.

There are also important issues regarding the work force that need to be managed well if a company wants to be successful in its further development. This includes the area of collective agreements. Finding an approach in this regard that everyone is willing to support calls not only for assertiveness, but also for tact. Blue Cap's management team brings both of these skills to the table. Under its leadership, collective agreements that secured the backing of the worker's councils were recently reached at Uniplast and Neschen.

Blue Cap has acquired a broad spectrum of knowledge in the past by supporting a diverse investment portfolio over a period of many years. It passes its expertise on matters relating to financing and investments, organisational management, corporate processes and the expansion of distribution channels on to its portfolio companies. Establishing uniform controlling and reporting systems is also one of Blue Cap's core competencies. When it comes to issues that require particular expertise, such as contractual and employment law matters, Blue Cap draws on the support of lawyers and other specialists.

This benefits each and every portfolio company in its day-to-day business. Regardless of the support provided, Blue Cap's objective and aspiration remains to ensure that the individual portfolio company can operate independently at a high level in all of its operational activities, and thus that the cooperation between the individual company and Blue Cap can focus as much as possible on transformation and growth.

Despite this decentralised approach, there is one area in which the holding company focuses on bundling. Wherever possible, Blue Cap uses master agreements to purchase services such as telecommunications, fleet and insurance solutions – but always in such a way that the individual company can be removed from the agreement easily at any time.

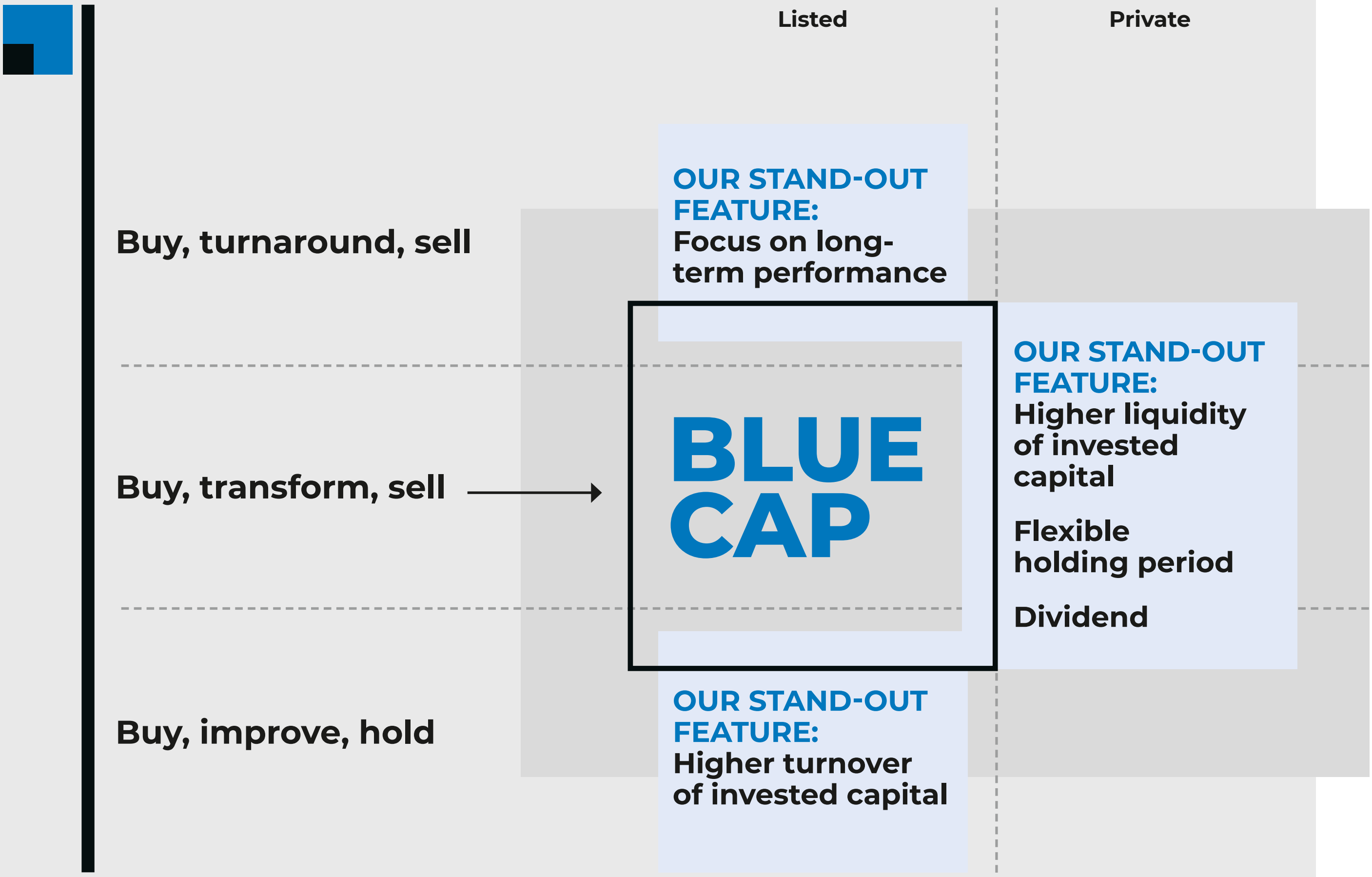
CONSCIOUS DECISIONS

"By sharing knowledge, we give our companies a targeted opportunity to build extensive experience over a shorter time."

Matthias Kosch

BUSINESS MODEL AND STRATEGY

Today, many SME companies need capital and structured development expertise to enable them to develop successfully. Some of them need to fundamentally rethink their set-up and orientation, while others need a succession plan or support to take the next step in their growth journey. Blue Cap acquires these companies and actively supports them through the next phase in their development. With its "buy, transform & sell" business model, Blue Cap stands out from other investment companies on a number of levels.



OUR BUSINESS MODEL: BUY, TRANSFORM & SELL

As an experienced investment company, we acquire and support SMEs that have clear potential to improve earnings and strong growth prospects. We exploit this potential by actively supporting the companies. Our investment in the portfolio companies does not assume a fixed holding period, but we do generally only step in as a temporary owner. These companies secure Blue Cap's further growth with strong earnings, and remain in the Group until there is a clear case that they might prosper more in a new ownership structure. Regardless of the path that lies ahead of them, all of our portfolio companies keep their established SME identity and their independent structure and strategy.

BUY, TRANSFORM, SELL
Strategy

BUY

_Selection based on defined investment criteria
_Due diligence process comprising several stages
_Agreement with the owner

TRANSFORM

Margin increase
e.g. site adjustments, improvements in staff structure, of the supply chain

Free cash flow
e.g. improving working capital, asset structure and financing set-up

Growth initiatives
e.g. internationalisation, new customer segments, new product development, expanding business field, add-on acquisitions

Digitalisation
e.g. improving administrative processes, customer interfaces and distribution channels, introduction of ERP

Sustainability
e.g. reducing the carbon footprint, enhancing sustainability-oriented products in mind

SELL

Active sale process:
_Based on the best-owner approach
_Targeted auction
_Equity story

Passive sale process:
_Approach by strategic buyer

OBJECTIVE: SIGNIFICANT DEVELOPMENT OF THE COMPANY'S MARKET CAPITALIZATION

Over the next few years, we are aiming to use this business model to increase Blue Cap AG's market capitalisation to in excess of EUR 200 million, i.e. more than double the current level. 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 in order to increase the number of our portfolio companies from nine today to 12–15 companies of a comparable size in the future.

BUY: STRUCTURED M&A PROCESS

Blue Cap usually acquires new investments in a structured M&A process. The process is characterised by the systematic identification and selection of target companies based on fixed criteria. Blue Cap works with a broad network of M&A advisors and investment banks as part of this process. The main features that characterize our targets are:

- SMEs that manufacture, trade in, and offer services relating to, industrially manufactured physical goods
- Fundamentally intact core business
- Attractive niche positioning
- Head office in Germany, Austria or Switzerland
- Annual revenues of EUR 30 million to EUR 80 million
- Majority stake
- Potential for commercial improvement
- Growth opportunities (organic and inorganic)

The starting situations of potential investments can vary, and are sometimes very complex. We use our broad-based experience to find individual ways of responding to the different tasks at hand:

- **Responding to new leadership,** for example acclimatising the company to a new management and modernising operations
- **Group spin offs,** for example positioning the company on the market as an independent entity with a clear USP
- **Alignment,** for example turning various strategies into a single solution to give the company long-term prospects
- **Crisis situation,** for example making company economically and strategically fit for the future again
- **Growth,** for example providing the company with the necessary capital

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, the Management Board of Blue Cap, agree with the management teams of the individual portfolio companies on the central strategic direction the companies take, coordinate the operational improvement and growth programmes and provide the portfolio companies with the financial resources 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 keeping the fundamental profitability parameters (cost structures, margins) intact, 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 play a prominent role as they are an important prerequisite for competitive advantages in the markets of tomorrow..

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. This demonstrates that our equity story for the company in question has materialized. The company has become more valuable and offers further potential for a new owner with its functioning business model.

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 "best owner". The companies can then continue operating as entirely independent entities with their new owners. We reinvest our freed-up capital and capacities into new companies, actively using our resources to foster their development.

-------- **Blue Cap supports SME companies as they are key drivers of economic development**

BLUE CAP ON THE CAPITAL MARKET

+5.6%

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

CAPITAL MARKET AND SHARES PRICE DEVELOPMENT

High levels of volatility on the capital markets in the wake of the Covid-19 pandemic

The 2020 stock market year was dominated by the Covid-19 pandemic. The rapid spread of the virus and the associated economic shock triggered historic price slumps on global stock markets in the first quarter of the year. Fiscal and monetary policy support measures on a huge scale allowed the first signs of recovery to emerge as early as April. The prospect of a vaccine counteracted the renewed lockdown measures imposed, and the associated uncertainties, in the fourth quarter. The stock markets bounced back from their lows for the year. The DAX closed the year up 3.5% year-on-year, while the SDAX gained as much as 18%.

Sideways share price movement with slight outperformance year-on-year

The Covid-19-induced collapse on the financial markets sent Blue Cap's shares sliding to their low for the year of EUR 10 on 16 March 2020. Moving in sync with global equity markets, it mounted a visible recovery to reach its high for the year of EUR 20.70 in July. This development was supported by positive corporate newsflow, such as the sale of em-tec GmbH. In the second half of the year, Blue Cap's share price essentially moved sideways in a volatile market environment. In addition to corporate news, the announcement of the liquidation of the major shareholder PartnerFonds AG and the associated newsflow influenced Blue Cap's share price during the remainder of the year. The share price closed the challenging stock market year at EUR 17.75, up slightly by 5.6% against the closing price for the previous year.

Blue Cap AG's market capitalisation came to EUR 70.94 million at the end of the reporting year, based on share capital of EUR 3,996,628. The average daily XETRA trading volume in 2020 was around 1,540 shares. The average daily trading volume across all trading venues was 3,200 shares.

Blue Cap's new management team is also pursuing a sustainable dividend policy. At the same time, it is focused on strengthening the company's capital base so that Blue Cap can continue to grow.

EUR 1.00

Equity analyses on Blue Cap AG

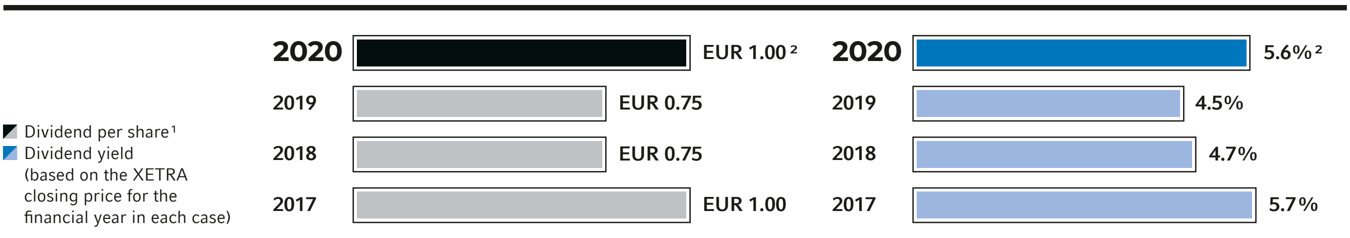
Warburg Research and Edison Investment Research prepared regular analyses of Blue Cap's shares in 2020. As of the reporting date, Warburg issued a "buy" recommendation for the shares. For regulatory reasons, Edison's research report, which is mandatory for share issuers in the Scale segment for small and medium-sized companies (SMEs), does not contain any investment recommendation. In addition, SMC Research started its coverage of Blue Cap's shares in the first quarter of 2021. In the initial study, the share was given a "buy" recommendation with a price target of EUR 44.50. The latest SMC Research comment raised the price target again slightly to EUR 46.00.

Institute	Date	Investment recommendation	Price target
M.M. Warburg	4 February 2021	buy	EUR 38.00
SMC Research	29 April 2021	buy	EUR 46.00
Edison Research	18 September 2020	n/a	n/a

Proposed dividend of EUR 1.00 per share

Blue Cap is committed to a stable and sustainable dividend policy. 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 subsidiaries record major sales success. In these cases, shareholders will receive one-off bonus payments.

The net earnings of Blue Cap AG for the 2020 financial year amount to EUR 31.2 million (previous year: EUR 40.5 million). The Management Board and the Supervisory Board are proposing a dividend payout of EUR 1.00 per share (previous year: EUR 0.75) to the Annual General Meeting. This comprises a base dividend of EUR 0.75 plus a bonus dividend of EUR 0.25 from the successful sale of em-tec GmbH, Finning, in 2020. The total distribution amount of the dividend payment comes to just under EUR 4 million, which is above the previous year's level (EUR 3 million). As usual, the remaining net income for the year will be reinvested into the existing portfolio or put into new acquisitions.



[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 2021

KEY DATA ON BLUE CAP'S SHARES

WKN	A0JM2M
ISIN	DE000A0JM2M1
Stock exchange symbol	B7E
Share capital	EUR 3,996,628.00
Number of shares	3,996,628
Trading venues	XETRA, Frankfurt, Munich, Stuttgart, Düsseldorf, Berlin, Tradegate
Stock exchange segments	Scale, m:access
Designated Sponsors	BankM AG
Capital Market Partner	mwb fairtrade Wertpapierhandelsbank AG

KEY FIGURES ON BLUE CAP'S SHARES

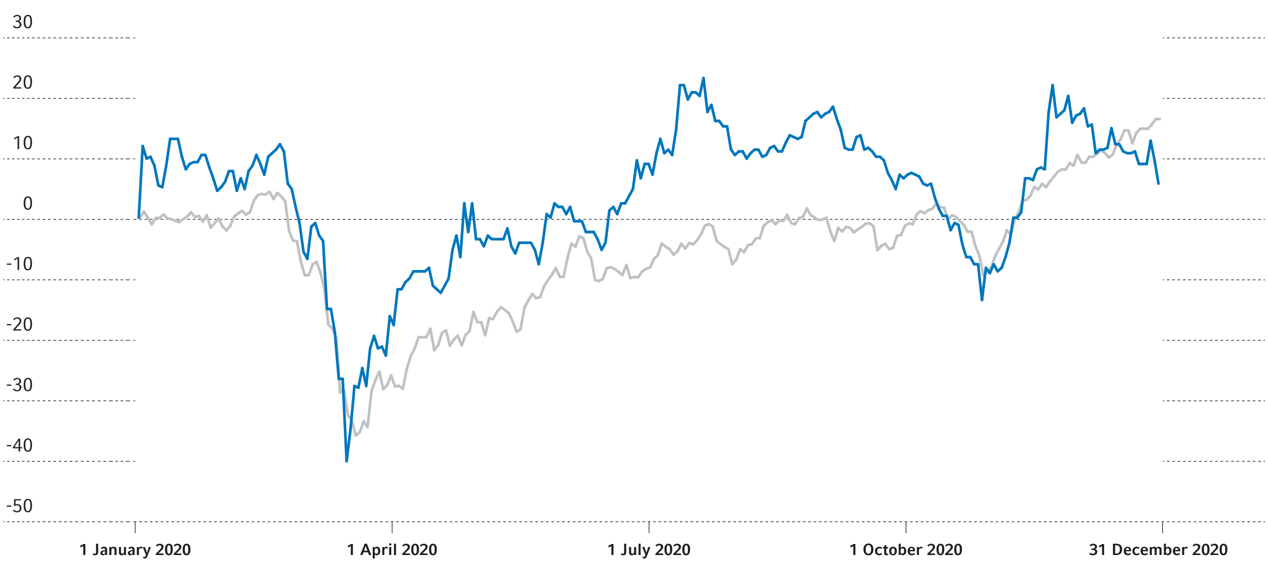
EUR

	2020	2019	2018
Earnings per share	4.15	0.71	3.14
Dividend per share	1.00[1]	0.75	0.75
Dividend yield per share in %	5.6[1]	4.5	4.7
Total distribution in EUR million	4.00[1]	2.99	2.99
Annual high [2]	20.70	20.70	27.90
Annual low [2]	10.00	14.00	14.95
Year-end price [2]	17.75	16.80	16.00
Market capitalisation at year-end in EUR million	70.94	66.86	63.68
Average daily turnover in no. of shares [3]	3,210	3,498	5,755

[1] Subject to the approval of the Annual General Meeting, scheduled to be held in June 2021
[2] Closing prices in XETRA trading
[3] Across all trading venues

SHARE PRICE PERFORMANCE OF BLUE CAP'S SHARES | 2020

in %



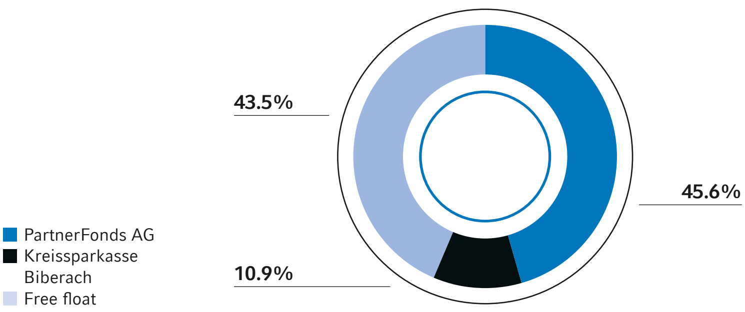
Blue Cap
SDAX

Source: Bloomberg

Shareholder structure

Based on the knowledge available to us, the biggest shareholder, with a stake of 45.6%, is still PartnerFonds AG, whose liquidation was approved at an extraordinary general meeting of the company held in May 2020. As part of the liquidation process, the shares that PartnerFonds AG holds in Blue Cap AG are to be sold in the long term. There is currently no deadline by which this process is to have been completed. As an anchor shareholder, Kreissparkasse Biberach holds 10.9% of the shares in the company as part of its long-term investment strategy. The remaining shares are in free float.

In the reporting period, the two members of the Management Board Ulrich Blessing and Tobias Hoffmann-Becking each purchased 8,314 shares worth EUR 100,017.42 each. This is their way of reaffirming their confidence in Blue Cap AG as a growth stock. The related mandatory disclosures were published immediately and can be consulted on the website at www.blue-cap.de/aktuelles.



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 its investor relations work up 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 during the Covid-19 crisis, as well as the liquidation of the major shareholder PartnerFonds AG, which was announced in May 2020.

IR CONTACT

----- **Lisa Marie Schraml**
----- **Investor Relations manager**
Tel.: +49 89 288909-24
Email: ir@blue-cap.de

CAPITAL MARKET EVENTS 2020

29 APRIL — 29th Munich Capital Market Conference

17 JUNE — Family Office Day

30 JUNE — Equity Forum Spring Conference

15 JULY — m:access Specialist Investment Companies Conference

3 DECEMBER — Family Office Day

9 DECEMBER — 30th Munich Capital Market Conference

Blue Cap will continue with its constructive and open communication with the capital market in 2021. All relevant dates can be found in the financial calendar at the end of the report and 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.

70%

More than two-thirds of the share capital was represented at the virtual Annual General Meeting held in 2020. This provided a solid basis for representative decisions.

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") in 2020 and held its Annual General Meeting as a virtual event on 3 July. All proposed resolutions were approved by a large majority with around 70% of the share capital represented at the meeting.

The Supervisory Board was expanded to include five members. In addition to Mr Galeazzi's re-election, Dr Kottwitz and Dr Schieble were appointed as new members of the Supervisory Board. The proposed dividend of EUR 0.75 per share for the 2019 financial year met with widespread support.

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.

NET ASSET VALUE

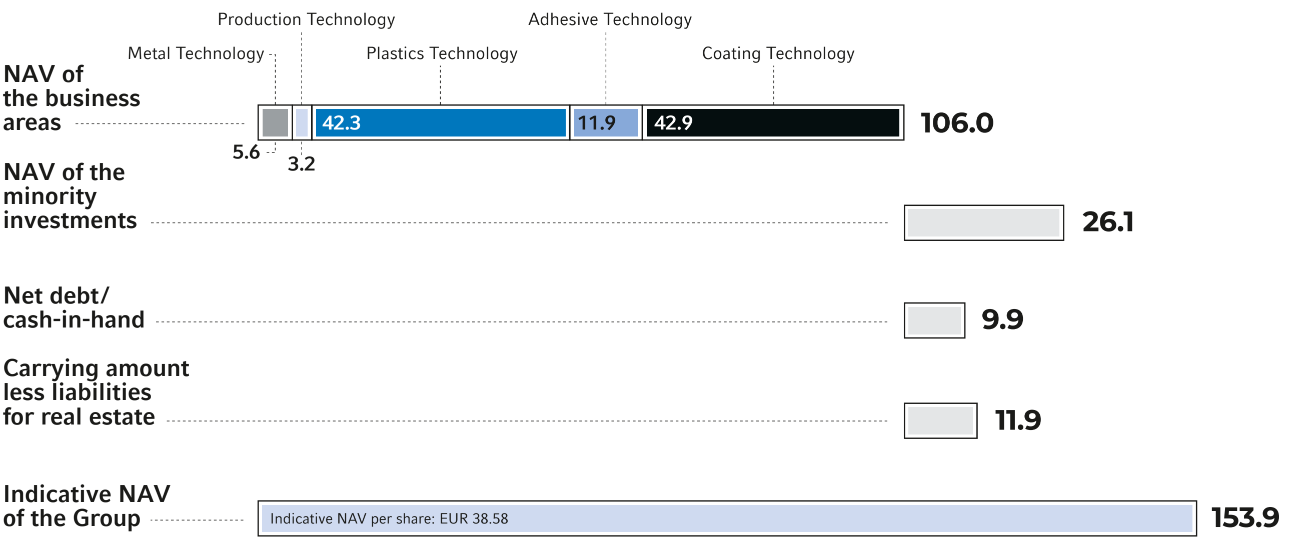
In order to value the investments in the individual companies and to improve the transparency of the Group's potential enterprise value, Blue Cap AG calculates the net asset value (NAV) every six months. The procedure is based on the guidelines for comparable private equity companies and is set out in the International Private Equity and Venture Capital Guidelines (IPEV Guidelines).

Blue Cap AG's NAV as of 31 December 2020 came to EUR 153.9 million, up by EUR 15.4 million on the value as of 30 June 2020 (HY 2020: EUR 138.5 million). The NAV corresponds to the fair value of the portfolio companies included in the business areas, less net financial liabilities. The value is calculated using a discounted cash flow model. The calculation is based on the approved budget planning of the individual portfolio companies for the years from 2021 to 2023, or their extrapolation for 2024 and 2025. The majority of the growth rates after the 5-year period have been put at 1.5% (HY 2020: 1.5%). The weighted average cost of capital (WACC) was calculated for each business area on the basis of individual peer groups and comes to 6.6% (HY 2020: 7.5%). The peer group data required for the purposes of the calculation is taken from the annual reports of the companies concerned.

Furthermore, the indicative NAV includes a value for the net debt of the holding company, which corresponds to the net amount of loans and credit balances with banks. Properties that are either used by the company itself or leased to third parties are recognised at their carrying amount less outstanding debt for the NAV calculation. The minority interest in INHECO is included in the calculation at fair value.

INDICATIVE NET ASSET VALUE OF THE GROUP (as of 31 December 2020)

EUR million



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 the half-year value for 2020 amounts to

+11.0%

Its increase in value in the 2020 financial year was taken into account in the calculation for the first six months of 2020. It should be noted that all intercompany receivables and liabilities, e.g. from profit and loss transfer agreements, have not been included in the NAV calculation, as this would have negatively affected the transparency and validity of the calculation.

The change compared to the NAV as of 30 June 2020 is mainly due to an increase in value in the Plastics Technology business area, which was recognised at EUR 42.3 million (HY 2020: EUR 28 million). The 51% increase is attributable to the successful completion of the reorganisation of the Plastics Technology segment, which has already had a very positive impact in 2020.

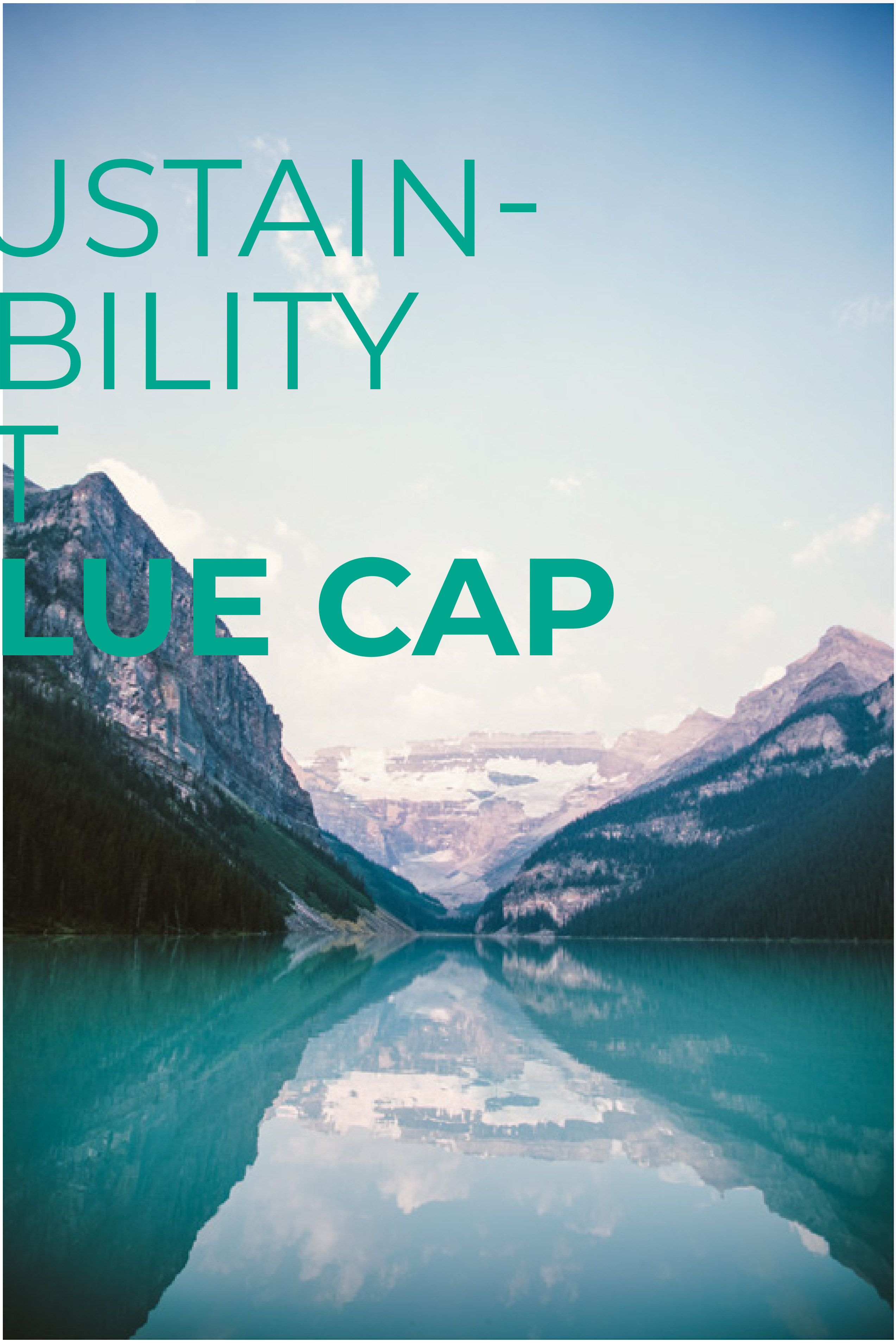
INDICATIVE NET ASSET VALUE OF THE GROUP

EUR million

	31 Dec. 2020	30 Jun. 2020	31 Dec. 2019
NAV of the business areas	106.0	**88.1**	**128.6**
Coating Technology	42.9	39.5	60.9
Adhesive Technology	11.9	14.2	15.9
Plastics Technology	42.3	28.0	22.1
Production Technology	3.2	2.8	12.2
Metal Technology	5.6	3.6	3.5
Medical Technology[1]	–	–	14.0
NAV of the minority interest[2]	26.1	**26.0**	**3.0**
Net debt (–)/cash-in-hand – Blue Cap AG (+)	9.9	**12.3**	**–2.8**
Carrying amount of properties less liabilities of asset holding company	11.9	**12.1**	**12.4**
Indicative NAV of the Group	153.9	**138.5**	**141.2**

[1] The sale of em-tec GmbH means that this business area no longer exists.
[2] The minority stake in INHECO Industrial Heating & Cooling GmbH has been recognised at fair value since the 2020 half-year report, as with the majority shareholdings, to reflect the company's positive business development.

SUSTAIN-ABILITY AT **BLUE CAP**



ESG GUIDELINE

In 2020, a uniform guideline for ESG issues was developed in a workshop with the management.

SUSTAINABILITY
– A VALUE-DETERMINING FACTOR

It is not only within society at large and in the political sphere that awareness of sustainability has increased considerably of late. Rather, the realisation that sustainable value creation is only possible by taking economic, ecological and social impacts and goals into account as part of a holistic approach is also gaining ground in the business world. In addition to the vital self-interest resulting from this realisation, economic players are also seeing themselves confronted with demands being made by a large number of external stakeholders. These include, for example, the directives for sustainable action resulting from the United Nations Sustainable Development Goals (SDGs) and the European Union's Green Deal, as well as increasingly far-reaching regulatory requirements, as reflected, for example, in the Supply Chain Act initiative launched by the German government earlier this year. The topic of sustainability is now highly important on the capital markets and other areas of business. This is reflected in the increasing inclusion of non-financial sustainability factors in investors' investment decisions.

At the level of Blue Cap's operating portfolio companies, demands regarding sustainable value creation are also being increasingly placed on the companies by their customers.

FIRST STEPS
AT THE PORTFOLIO COMPANIES

Within the Blue Cap Group, we stepped up our focus on this topic in 2020 and began developing a comprehensive sustainability strategy covering environmental, social and governance (ESG) aspects from within the holding company. Based on the realisation that the impact the Blue Cap Group has on the environment and society is determined primarily by the operating activities of its portfolio companies, these companies were initially the focal point of these efforts. Together with the management teams of the portfolio companies, the key topics for the individual portfolio companies were identified, a uniform ESG Policy was drawn up and measures to increase sustainability were defined at the level of the individual companies and then set out in a staggered implementation plan. We are aiming to give equal consideration to economic, ecological and social objectives at the level of the Group and the individual portfolio companies in the long run, allowing us to achieve sustainable further development – and in doing so also to create sustainable value. We are managing this approach strategically and actively from within the holding company.

GOVERNANCE & COMPLIANCE

COMMITMENT
TO RESPONSIBLE CORPORATE GOVERNANCE

COMMITMENT

Compliance is a top priority for Blue Cap. This is why the company has a dedicated compliance team in place.

Blue Cap defines corporate governance as responsible management focused on long-term oriented value creation. Together with adherence to compliance principles, it forms the basis for the trust that our shareholders, clients, employees, business partners and also the general public place in the company. The Management Board and the Supervisory Board are committed to good corporate governance and communicate this philosophy throughout the organisation on a day-to-day basis.

A compliance management system serves to ensure compliance with all laws and internal regulations by Blue Cap employees. The system is responsible for preventing, identifying and sanctioning violations of the law and regulations. Compliance officers have been appointed at the level of both the holding company and the portfolio companies. They are responsible for making the topic an established part of day-to-day business, for familiarising employees with compliance issues at annual training sessions and for serving as a port of call for employees who have questions or concerns about compliance at any time. The Management Board is responsible for compliance and can be contacted on compliance-related matters at any time. A whistle-blower hotline has been set up to allow compliance violations to be reported, allowing employees to report any irregularities anonymously and without having to fear negative consequences.

A uniform Group-wide Code of Conduct and an Anti-Corruption Policy that also applies as standard across the Group provide clarity on sensitive issues and desirable conduct and serve as a guide for the employees of the holding company and the portfolio companies in their day-to-day work.

Planatol GmbH employees manufacturing a single prototype part using a conventional milling process.

EMPLOYEES

DEVELOPING AND SUPPORTING EMPLOYEES AS KEY TOP PERFORMERS

The corporate culture at Blue Cap is characterised by a streamlined hierarchical structure and a high level of employee orientation. Responsibility for employees of the holding company lies directly with the Management Board. The Blue Cap Group's corporate philosophy is based on the conviction that employees are at the core of the company's success and play an essential role in allowing the company to achieve its medium to long-term goals. In order to retain our employees and attract qualified new specialists, we offer them a variety of responsible duties, attractive areas of activity and performance-based pay.

Short reporting lines and direct and open communication between all levels promote constructive cooperation. We attach a great deal of importance to allowing our employees to develop in both professional and personal terms. This also includes staff development in the form of targeted internal and external training within the boundaries of the training budget. The training sessions are held based on individual agreements and are tailored to suit employees' personal needs. Personal and professional development promotes our employees' satisfaction with their work and ensures that we as a company can meet the mounting market demands.

Blue Cap promotes an inclusive working environment and an open work culture in which individual differences are respected, valued and encouraged. As a matter of principle, positions and tasks are allocated based on merit.

FLEXI BILITY

18 years after starting her vocational training at Planatol, Martina Maier is responsible for the HR administration of 130 employees. As Planatol values a balance between work and family commitments, she doesn't have to sacrifice family life.

------- "The wide variety of tasks and the people you interact with is sometimes the very best thing about this job."

TRAINING AND EDUCATION OPPORTUNITIES AT PLANATOL

One example of successful training and schemes to develop up-and-coming young talents is Planatol employee Martina Maier. In 2003, she started her training as an industrial clerk at Planatol's headquarters in Rohrdorf. After completing her training, Martina Maier was awarded a contract, initially working in the HR department as well as in the production planning department. In order to be able to devote her full attention to her preferred professional area, she then embarked on further training in HR management. Planatol supported her in her further training by covering part of the costs and granting her the necessary leave. This allowed Martina Maier to find the best possible way of focusing on her professional development alongside her work. After passing her final examination, she ultimately took on the full remit of an HR administrator. When the company was bought by Blue Cap AG, her remit was expanded to include a large number of new challenges, interesting new tasks and insights. Further training as an HR specialist and the associated promotion to this position were the next logical steps in her career. The company's inclusion in the Blue Cap Group means that there is always an opportunity to learn from dialogue with other portfolio companies and to harness synergy effects. Thanks to her experience, Martina Maier is now a highly sought-after contact among colleagues seeking advice.

Together with the commercial management team at Planatol, she has since assumed responsibility for all HR matters and, in particular, has taken on more complex personnel issues, is responsible for personnel cost planning and restructuring issues, and supports her team whenever problems arise in day-to-day business. **She is responsible for the administration of, and provision of support to, around 130 employees and was able to remain in this position even after her parental leave – now on a part-time basis so as to strike a balance between work and family commitments. Flexible working hours models provide additional support in this regard.**

THE RECIPE FOR SUCCESSFUL EMPLOYEE LEADERSHIP

01 – **Individual training and education**

02 – **Needs-based working hours models**

03 – **Focus on promoting health & safety**

Blue Cap paid particularly close attention to health and safety issues last year. During the Covid-19 pandemic, the portfolio companies have been following the German government's recommendations, taking extensive measures to ensure employee health and safety. Employees were allowed, or were even explicitly encouraged, to work from home wherever possible. In areas in which employees had no option but to come into the workplace, especially in production areas, the best possible level of employee protection was ensured not only by putting standard coronavirus regulations in place, but also by strictly separating staff from individual departments and shifts. These measures also made it possible to ensure that isolated quarantine cases within the companies only had a very limited impact on business operations and other employees, averting any greater damage.

Like many companies in the SME segment, the portfolio companies in the Blue Cap Group are particularly exposed to the challenges associated with the increasing shortage of skilled workers. **The demand for skilled workers is high and the supply is limited in a large number of areas. Accordingly, the management teams of the portfolio companies are very keen for their companies to be perceived as attractive employers for their employees.**

Training, in particular, plays a key role in securing the next generation of skilled workers. The quality of traineeships meets the very highest standards and at Planatol, for example, has been recognised by the Chamber of Industry and Commerce. The good to excellent results achieved by the trainees also speak for themselves. **Due to the large proportion of trainees that are taken on after they complete their training, the companies benefit from the skills acquired by the employees in the long term, while trainees and future employees can be offered clear prospects at an early stage. Being awarded a contract right after completing training is often only the first step in a long and successful career within the portfolio companies. Thanks to the targeted talent development measures described above, more and more management positions can be filled by employees who started out in the companies as trainees over time.** A move from the portfolio companies to the holding company is also a step that several employees have already embarked upon, and one that is not possible in this form at other SMEs.

It goes without saying that occupational safety is a top priority at all manufacturing companies. As a result, all of the companies focus on compliance with stringent safety standards and have them audited or certified externally on a regular basis in line with the DIN ISO 45001 standard. Compliance with the standards is ensured through regular training.

ENVIRONMENT

IMPORTANCE
IN THE PORTFOLIO COMPANIES

Considering the impact that their own activities have on the environment plays a significant role at all companies. The focus is on both the environmental impact of the manufacturing process and the environmental friendliness of the company's own products.

The companies operating in the plastics and adhesives sector, in particular now all offer "green" product lines as an environmentally friendly alternative to conventional solutions. Development efforts in this area are focused not least on making these solutions competitive alternatives for price-sensitive customers as well.

Specifically, Neschen is working at full tilt on non-toxic alternatives to PVC banners, for example, as well as on new types of polyurethane-based printing films. Uniplast is looking into recycling rejects from the production process with a view to using them as a raw material and for heat recovery, as well as developing innovative packaging that reduces waste and increases recyclability. Planatol has been producing and developing adhesives from renewable raw materials such as starch-based systems for many years now, and is working hand-in-hand with its large network of suppliers on an ongoing basis to identify new raw materials for sustainable production.

INNOVATION

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

con-pearl plays a leading role within the Blue Cap Group in terms of sustainable value creation. The company's own recycling plant allows it to achieve a share of recycled raw materials in production averaging 80%, putting it among the industry leaders. con-pearl is also one of only a handful of providers in the packaging sector to offer a closed-loop recycling system for reusable packaging from a single source, namely by collecting the packaging again at the end of its lifespan and then recycling it in its own plant so that new packaging can then be produced using the recovered regranulate.

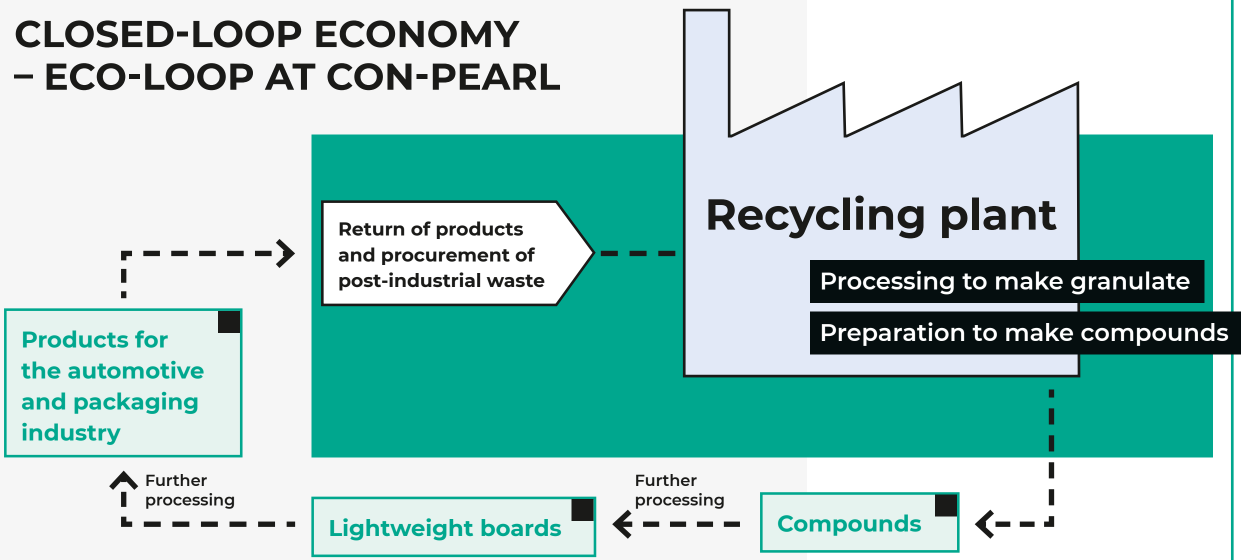
con-pearl's products, which are significantly lighter than conventional packaging systems and vehicle liners, allow customers to save fuel by reducing the product weight, meaning that they also help to reduce the carbon footprint further down the value chain as well.

USE OF SUSTAINABLE MATERIALS AT NESCHEN AND PLANATOL

The use of sustainable raw materials is becoming increasingly important. This is why research and development work at our portfolio companies is investigating the development of more environmentally friendly products and solutions on an ongoing basis. By systematically dispensing with solvent adhesives in the coating process, Neschen Coating GmbH has clearly positioned itself as one of the first market participants. When it comes to its printable substrates, Neschen is working on replacing the main raw material used, polyvinyl chloride (PVC), with innovative printing films based on polyurethane and polypropylene, as well as organic film solutions for surface protection, among other things. Most of the paper and packaging materials are sourced from FSC, PEFC or SFI-certified companies.

Our portfolio company Planatol, a leading manufacturer of adhesives and adhesive applications, is also focusing on the use of sustainable materials. Planatol has been producing and developing adhesives from renewable raw materials for decades now. Their performance is being continuously optimised to keep the impact on the environment to a minimum. Another step towards greater sustainability is the ongoing development of a family of dispersion products that are biodegradable, allowing for environmentally friendly disposal once the products have been used, too. At the moment, price sensitivity among customers is often still the main obstacle to the widespread use of sustainable product alternatives.

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

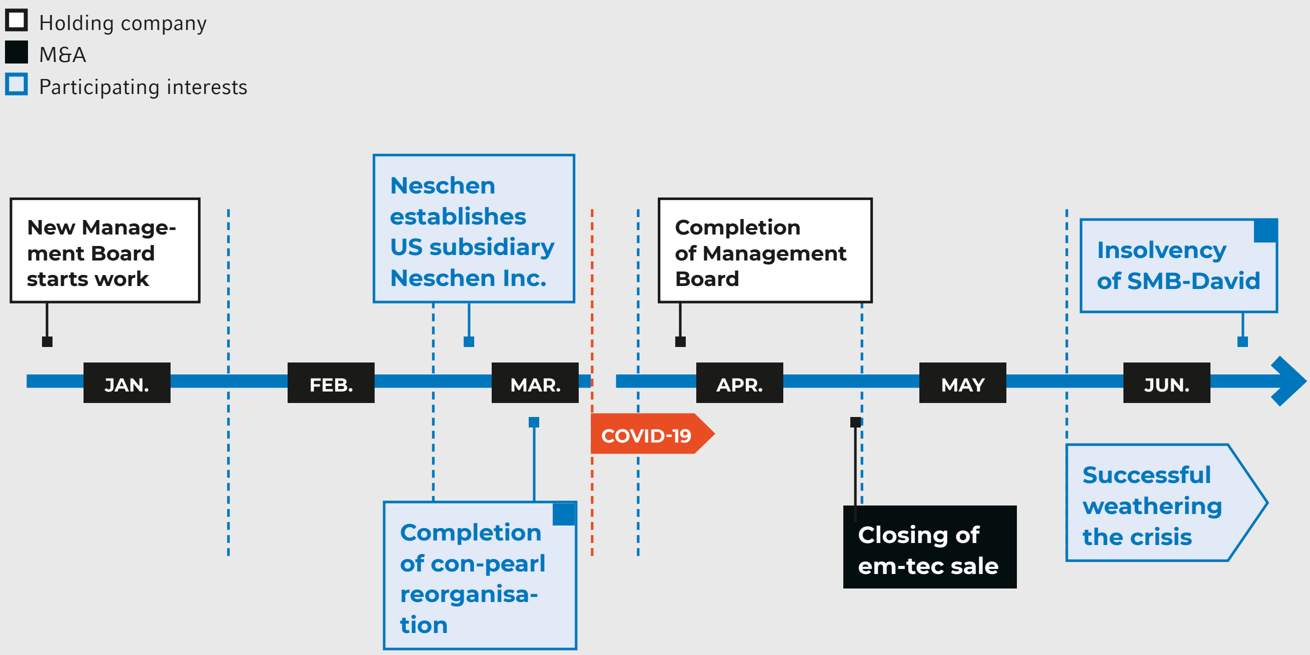


At con-pearl GmbH, sustainability is not just a product development issue, but rather has been a fundamental component of the business model for years now. con-pearl uses an average of over 80% regranulate from its own recycling plant in Leinefelde in the production of its main product, lightweight boards for the logistics- and automotive industries. By using only plastics made from the same material that are suitable for recycling, 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 for the same customer, as an ingredient in other products, or can be sold to external users as part of a closed-loop system. As well as using returns of products it manufactured itself, con-pearl sources post-industrial waste from other providers which it adds to the raw materials cycle as a certified disposal company.

PROGRESS REPORT

Over the past 16 months, key strategic decisions have been made both at the holding company and within the portfolio companies. At the holding level, new Management Board members have been appointed and the Supervisory Board has been expanded. The company's business direction has been refined and the portfolio has been expanded further through acquisitions and disposals. Despite the difficult environment resulting from the Covid-19 pandemic, important measures and projects aimed at further improving the performance of the portfolio companies were implemented successfully.

MILESTONES
Blue Cap 2020



HIGHLIGHTS

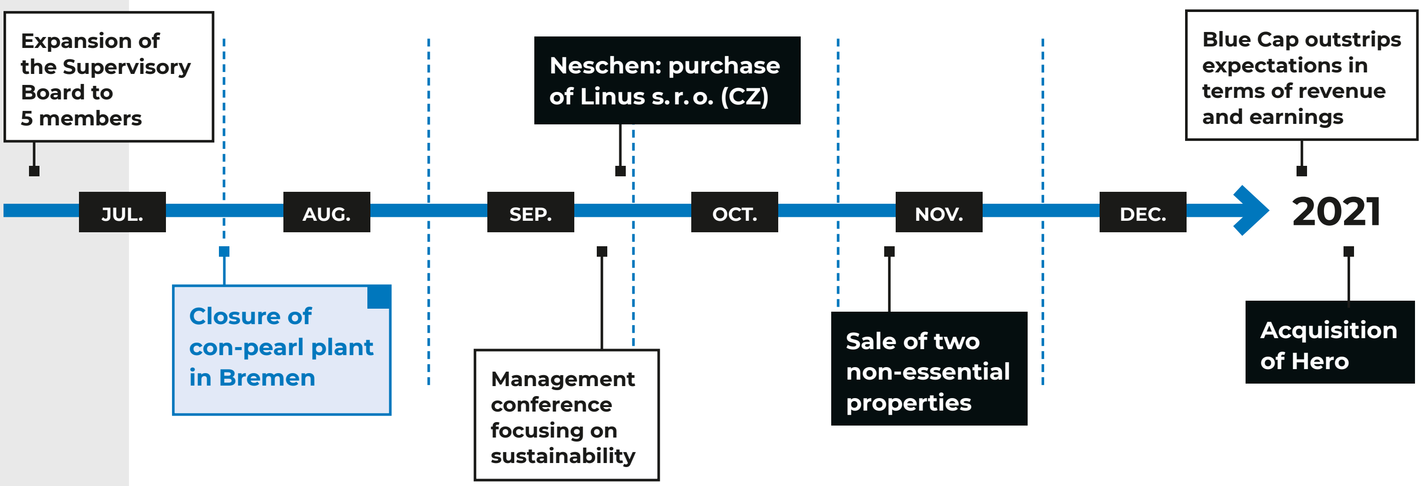
----- A NEW LEADERSHIP TEAM AND AN EXPANDED STRATEGY

Two of the new Management Board members, Ulrich Blessing and Matthias Kosch, started work in January 2020. In April, Tobias Hofmann-Becking joins the Management Board to complete the management team. The change at the top level of the company also means an adjustment to Blue Cap's strategy. The focus of acquisitions and the development of portfolio companies is being expanded from restructuring of ailing companies to a more forward-looking approach of developping companies with growth potential. The creation of a separate Management Board position for Mergers & Acquisitions (M&A) and capital markets emphasises the increased importance of active portfolio management as part of the strategy. Instead of what has historically been a rather narrow approach to company acquisitions and disposals, opportunities are now being explored systematically and the portfolio is being managed and developed in line with the "best owner" approach. Changes were also made to the Supervisory Board in July 2020. The Supervisory Board was expanded from three members to five, with a board member from the major shareholder PartnerFonds AG and a board member from the anchor shareholder Kreissparkasse Biberach joining the team.

----- CON-PEARL SUCCESSFULLY FINALIZES REORGANISATION PROCESS

In March, con-pearl completed its extensive organisational transformation process at its two main sites in Geismar and Leinefelde. Significant cost savings and efficiency gains have been achieved by adjusting production and personnel capacities and streamlining administrative structures. At the end of July, the con-pearl plant in Bremen ceased operations and was shut down. This measure marks the successful implementation of con-pearl's strategic reorientation to focus on its core competencies in the area of innovative lightweight boards.

Further highlights →



----- ONSET OF THE PANDEMIC AND RAPID ACTION

The first lockdown in March brought large parts of the economy to a short-term standstill. Blue Cap took immediate action, developing appropriate coronavirus regulations to safeguard employee health both at Group level and at the level of its portfolio companies. At the same time, the holding company took further measures to provide the companies with financial and operational support. Within a short period of time, plans were revised to ensure the reliable management of the companies in spite of the considerable prevailing uncertainty. Cost savings, short-time working programmes and precise control allowed the portfolio companies to avoid any serious/long-term negative effects. As a result of this systematic management, the portfolio companies fared well throughout the crisis and ultimately even outstripped expectations.

SUS
TAIN
ABILITY

----- This issue is becoming a key value driver for companies. More from page 40

----- SUSTAINABILITY AS PART OF THE CORPORATE STRATEGY MOVES INTO THE SPOTLIGHT

Environmental, social and governance (ESG) issues are becoming increasingly important both in social debate and in the business world. Blue Cap sees sustainable management as a priority and is starting to incorporate it into the transformation strategy for its portfolio companies. At a management conference in September, Blue Cap presented the ESG guidelines for the operating portfolio companies, which had been developed as part of a joint effort prior to the event, to the management teams and other executives. Participants used a workshop to develop further measures to support sustainability efforts at the operational level.

----- NESCHEN EXPANDS ITS INTERNATIONAL POSITION THROUGH FURTHER GROWTH

In March 2020, the portfolio company Neschen established the subsidiary Neschen Inc. in the US. The market entry is designed to establish and expand the business on the North American continent over the next few years. In order to be able to serve the market efficiently and without any delays, Neschen had already set up a US warehouse in advance at the site of its sister company con-pearl in South Carolina. In September, Neschen also acquired the Czech mechanical engineering company Linus s.r.o., integrating another piece of the value chain in the laminator segment. The move secures technological leadership and access to key expertise. Neschen and Linus s.r.o. have been collaborating since 2015. In recent years, their cooperation has been so successful that Neschen has become Linus' biggest, and soon its only, customer. This makes the acquisition a logical step and Linus is to be renamed Neschen s.r.o.

----- SALE OF EM-TEC WITH SIGNIFICANT VALUE GAINS

Despite the adverse circumstances, Blue Cap was able to successfully conclude the sale of em-tec to a strategic investor in May. The purchase price achieved is significantly above the company's reported NAV and confirms the value of the investment approach, as well as the success of the operational development work.

----- PORTFOLIO ADJUSTMENTS

The subsidiary SMB-David, which had already been facing difficulties before the Covid-19 crisis, filed for insolvency in June 2020 after unsuccessful efforts to sell it. The impact on the Group is limited. The step will contribute to the streamlining of the portfolio and allow Blue Cap to focus on its remaining portfolio companies and new investments. With the sale of buildings no longer used for operations by its subsidiaries Gämmerler and Blue Cap Asset Management, in November the Group also continued with its strategy of selling off real estate that were kept as financial assets. The proceeds are to be used to develop the portfolio further and reduce debt.

----- END TO A SUCCESSFUL FINANCIAL YEAR

Despite adverse circumstances, Blue Cap was able to look back on a successful financial year at the end of December. With revenue of EUR 233 million and an adjusted EBITDA of EUR 17.6 million, the year came to a successful close. This was due primarily to a positive business development in Plastics Technology, also thanks to the successful reorganisation and strategic development of con-pearl, as well as at the medical technology manufacturer INHECO Industrial Heating & Cooling GmbH, in which Blue Cap holds a minority interest.

The HERO Group office in Ittlingen, Baden-Württemberg

----- ATTRACTIVE GROUP GROWTH AT THE START OF THE YEAR

With the acquisition of a majority stake in the Hero Group, Blue Cap started 2021 with a strong transaction. Hero and its subsidiaries develop and manufacture high-quality plastic parts and assemblies for vehicle interiors and the household appliance industry. The Group generates annual revenue of around EUR 35 million with more than 200 employees at four locations in the federal state of Baden-Württemberg. The acquisition will strengthen the Plastics segment and has prompted Blue Cap to lift its forecast for 2021 as a whole significantly. As a profitable company with strong growth prospects, Hero is consistent with the new strategic focus of Blue Cap's portfolio management.

NEWS FROM THE PORTFOLIO COMPANIES

01_NESCHEN COATING GMBH

Internationally leading specialist ------ for media coating

Neschen Coating GmbH is a leading international company specialising in 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 the larger European markets, 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.

Kai Tittgemeyer and Andreas Mertens, managing directors of Neschen Coating GmbH

130

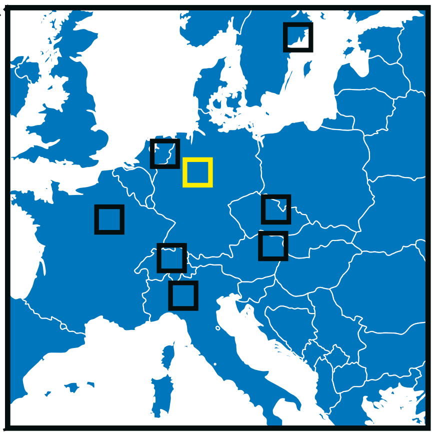
years – from the company's establishment as a plaster factory to an internationally established company specialising in state-of-the-art self-adhesive products and high-quality coated media.

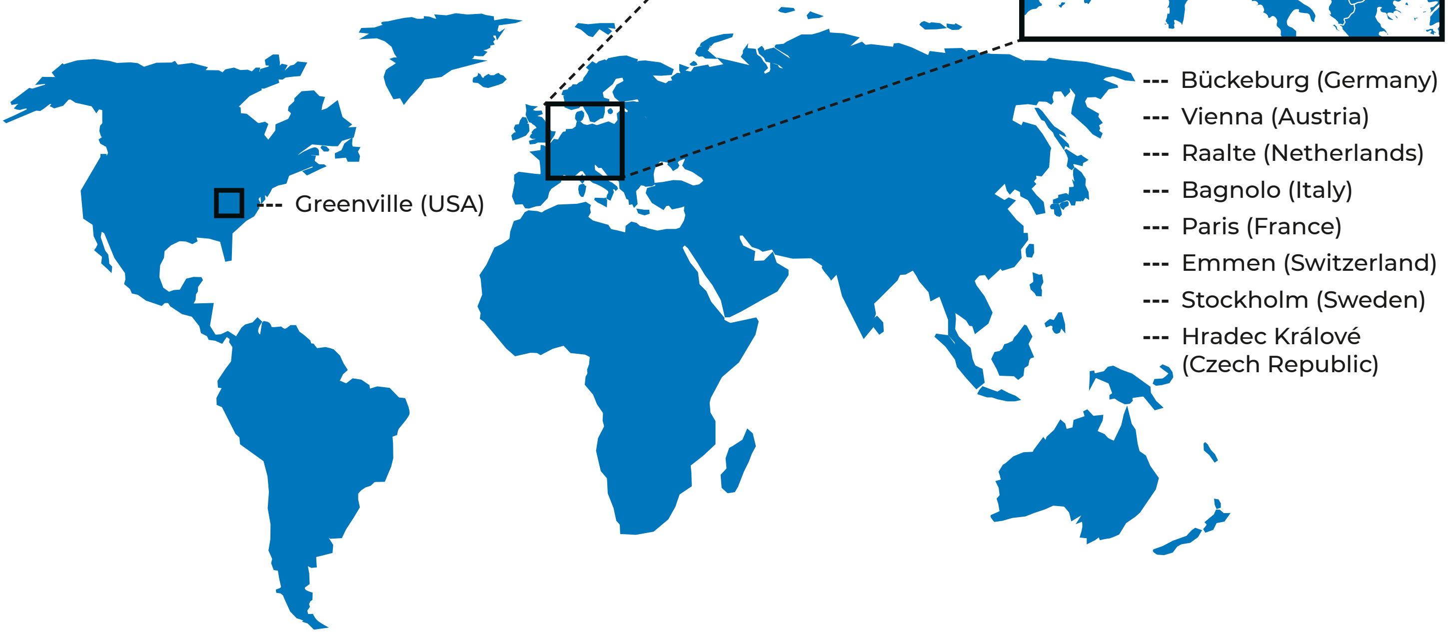
NESCHEN PROFILE

Company headquarters	Bückeburg, Lower Saxony
Managing directors	Kai Tittgemeyer, Andreas Mertens
Revenue in 2020	EUR 54.5 million
Employees in 2020	263 (incl. trainees)
Established	1889 (renamed in 1946)
In the Blue Cap portfolio since	2016
Shareholding in %	100
Additional locations	Vienna (Austria), Raalte (Netherlands), Bagnolo (Italy), Paris (France), Emmen (Switzerland), Stockholm (Sweden), Greenville (USA), Hradec Kralove (Czech Republic)
Segment	Coating Technology

DEVELOPMENT IN 2020 AND OUTLOOK

Following the outbreak of the Covid-19 pandemic, the Group experienced a difficult second quarter. This was largely due to the slump in trade fair construction, an important customer sector for Neschen's graphic products. Thanks to catch-up effects, particularly in the industrial coating solutions segment, as well as the development of new applications, e.g. social distancing stickers, Neschen was able to close 2020 satisfactorily overall. At the same time, the company laid important strategic foundations for the future, such as entering the US market with the establishment of the US subsidiary Neschen Inc. and the full integration of laminator production through the purchase of the mechanical engineering company Linus s.r.o. from the Czech Republic. The planned restructuring of the Filmolux subsidiary in France, including the adjustment of the local business model, was implemented from the summer onwards. The challenging market situation in Germany led to adjustments being made to the sales and management structure at Filmolux Deutschland, too, in order to position this company better for the future. On this basis the company will continue to expand and grow its business in 2021.





Market trend ------- short-term ↗

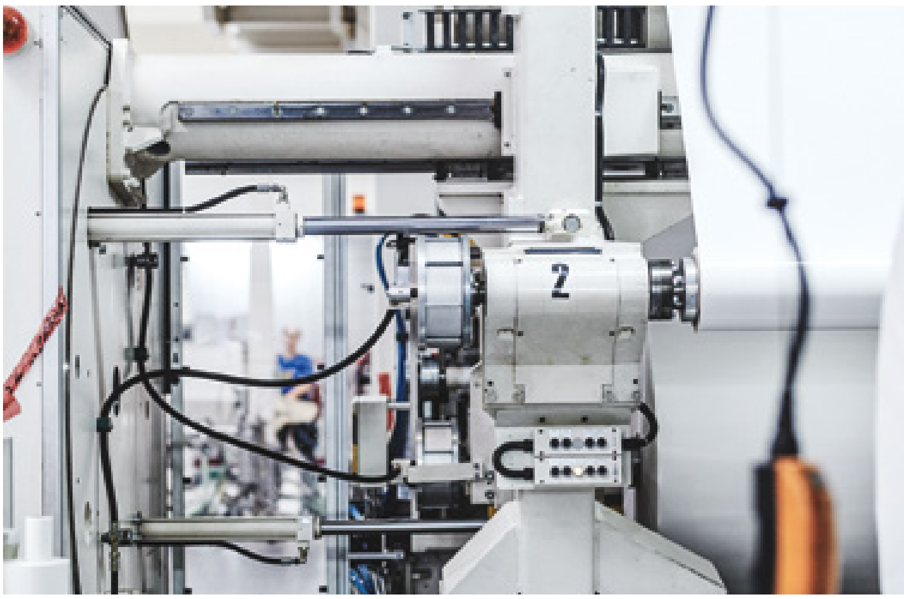
Market trend ------- medium to long-term ↗

Countries in which the filmolux group is currently operating with distribution companies:

8

EQUITY STORY

Taken over after the company filed for insolvency **in 2016**, Neschen has since developed into an international leader in its sector thanks to systematic growth and operational improvements. In addition to further internationalisation, there is considerable growth potential in the very profitable industrial coatings segment, which the company plans to expand systematically. With the expansion of the distribution network under the Filmolux Group, Neschen recently established a unique selling point in the European competitive landscape. The digitalisation of distribution processes offers further potential for value creation.



The raw materials are fed from the continuous winding unit roll in the adhesive film production process.

NEWS FROM THE PORTFOLIO COMPANIES

02_UNIPLAST KNAUER GMBH & CO. KG

Leading manufacturer ------ of plastic packaging

Uniplast has been developing and producing plastic cups for the dairy and food industries **for over 50 years now**. The company produces more than 3 billion cups 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 individual products to meet customer-specific requirements.

Andreas Doster, managing director of Uniplast Knauer GmbH & Co. KG

Production of cream cheese packaging
High-speed transfer axis with video monitoring of an injection moulding production system

UNIPLAST PROFILE

Company headquarters	Dettingen an der Erms, Baden-Württemberg
Managing director	Andreas Doster
Revenue in 2020	EUR 49.6 million
Employees in 2020	288 (incl. trainees)
Established	1968 by Alfred Knauer
In the Blue Cap portfolio since	2018
Shareholding in %	100
Segment	Plastics Technology

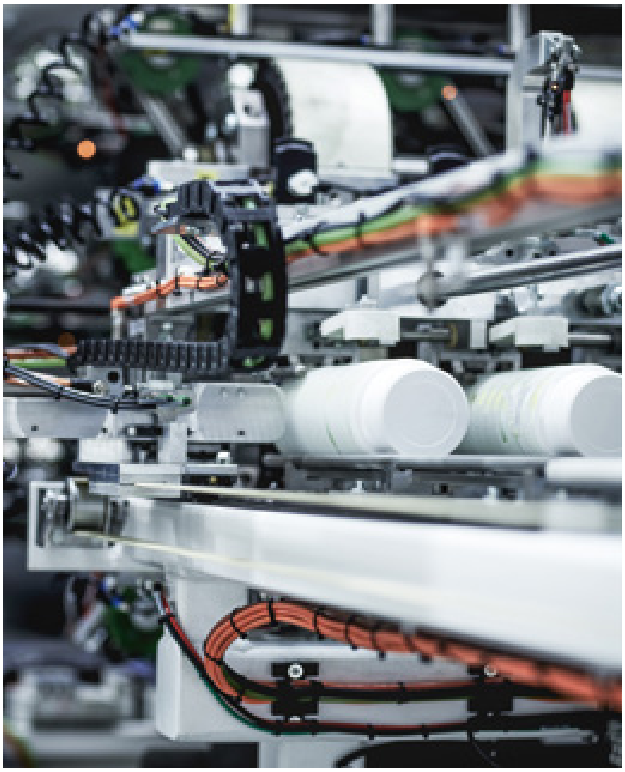
DEVELOPMENT IN 2020 AND OUTLOOK

In the first half of the year, Uniplast benefited from increased food consumption at home and stockpiling by its customers, triggered by the first lockdown in the spring of 2020. As the year progressed, restrictions in the hotel and restaurant industry, among other things, had a negative impact on unit sales. The company also deliberately avoided orders with low contribution margins. In 2021, the focus will be on further process optimisation in production and procurement, as well as on profitable orders.

Market trend ------- short-term →
Market trend ------- medium to long-term →

50%

The innovative GREEN Cup uses a smaller amount of fossil raw materials than a standard plastic cup.



3

billion cups are produced every year.

EQUITY STORY

High quantities, speed and efficiency are the key ingredients to Uniplast's success. These characteristics are supported by a large standard range. Long-standing expertise and the fulfilment of customer-specific requirements make the company a market leader for packaging in the German dairy industry. The measures to strengthen the R&D segment launched in 2019 are intended not only to maintain, but to expand, this position in the future. The larger research and development team is working continuously on new ideas and innovations to take account of the need to reduce the use of plastics and increase the use of recyclable packaging. The company is aiming to strengthen this area further over the coming years.

The Uniplast cups are used primarily for yoghurt, desserts and cream cheese products.

NEWS FROM THE PORTFOLIO COMPANIES

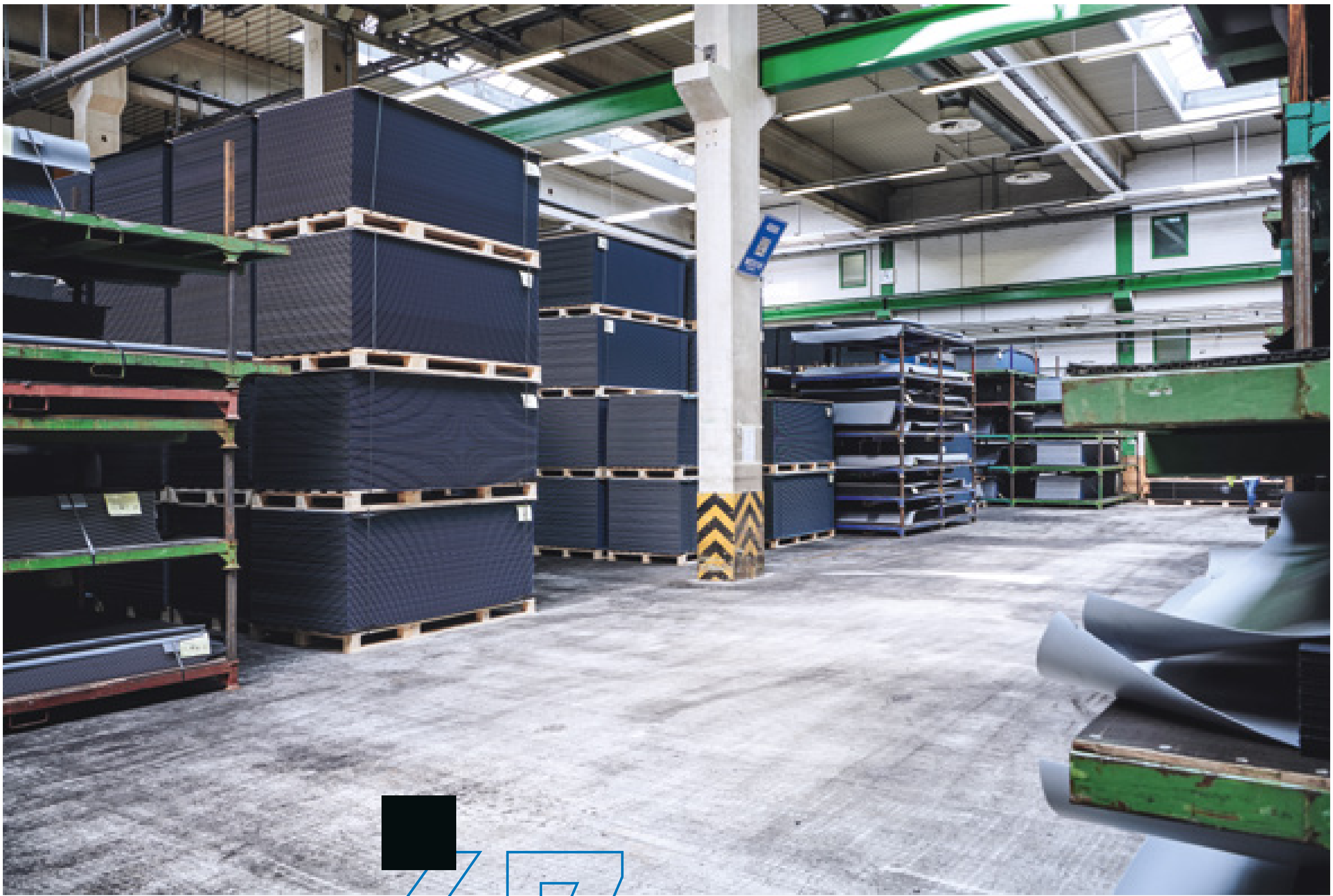
03_CON-PEARL GMBH

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 recycling plant in Leinefelde. This process involves obtaining plastic granulate from post-industrial polypropylene waste. The granulate is either processed to meet customer-specific requirements and sold directly as a high-quality recyclate or 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 trunk floors 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



47%

con-pearl's packaging boxes are 47% lighter than standard commercial wire mesh collapsibles.

CON-PEARL PROFILE

Company headquarters	Geismar, Thuringia
Managing director	Stefan Hoedt, Ulrich Blessing
Revenue in 2020	EUR 51.2 million
Employees in 2020	286 (incl. trainees)
Established	1888 (last change of name in 2019)
In the Blue Cap portfolio since	2019
Shareholding in %	100
Additional locations	Leinefelde (Thuringia), Greenville (USA)
Segment	Plastics Technology

DEVELOPMENT IN 2020 AND OUTLOOK

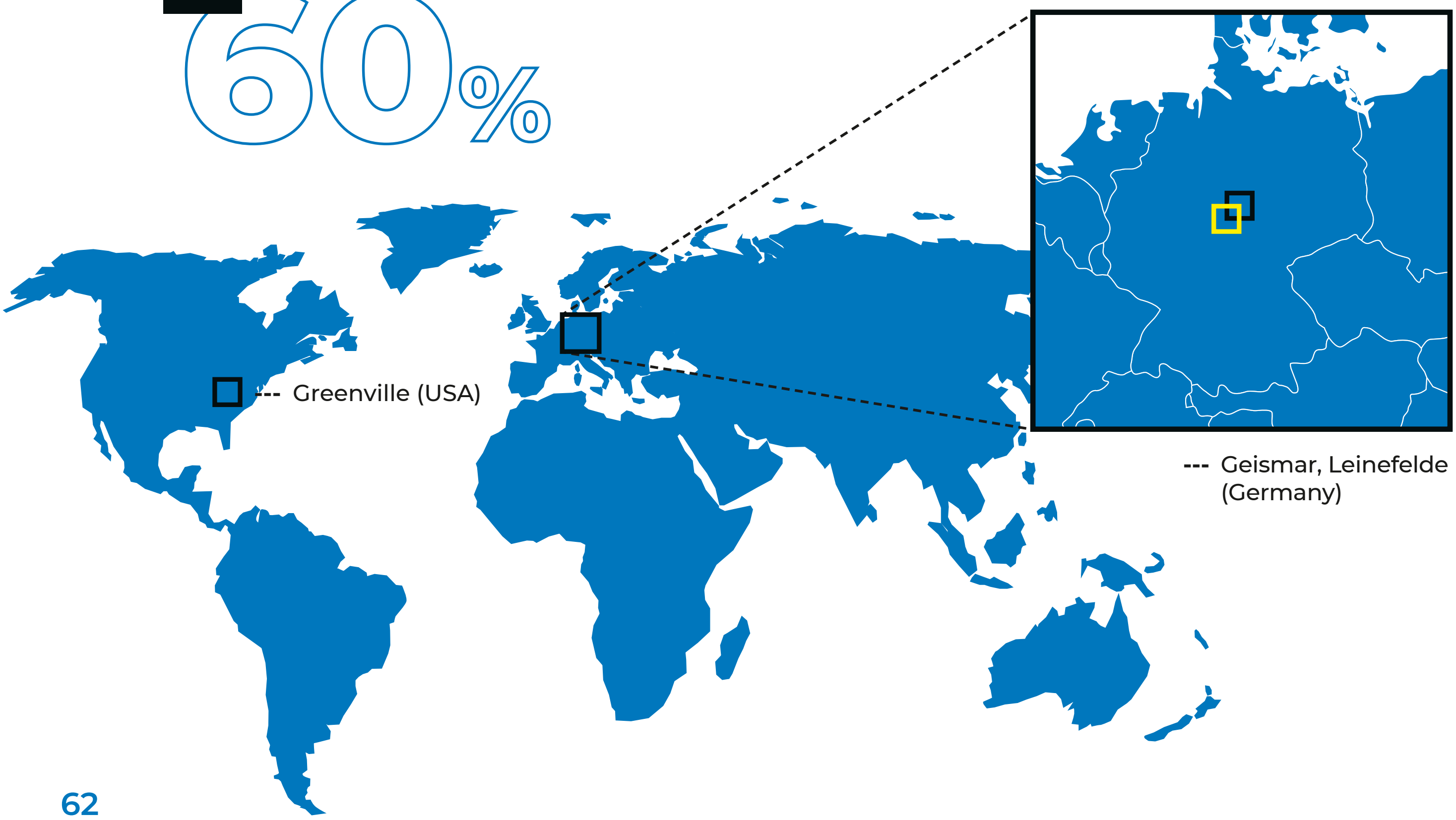
Revenue development was influenced to a considerable degree by the volatility associated with the Covid-19 pandemic in the reporting year. In some cases, the pandemic brought the plants of major automotive customers to a standstill, reducing the call-off volumes of these customers. At the same time, however, the company managed to participate in the growth of the online retail segment, especially in the US market, where it sold large quantities of custom-made boards for reusable transportation packaging. This demand in the second half of the year, coupled with targeted cost management in the second and third quarters, led to positive results at the end of the year. The restructuring measures completed in 2020, in particular the reorganisation measures at the two sites in Geismar and Leinefelde and the closure of the plant for the production of vehicle carpets in Bremen, have helped create a stable basis for future profitable growth. Looking ahead to 2021, the company plans to continue on the development path it has carved out, as well as to further establish itself in sectors other than the automotive industry.

Market trend ------- short-term ↗

Market trend ------- medium to long-term ↗

con-pearl's van linings are the alternative to heavy wooden linings and are up to 60% lighter

60%



con-pearl's van linings and packaging solutions are 100% recyclable.

100%

EQUITY STORY

Almost all of the plastic **used in production** is obtained from the company's own recycling plant in Leinefelde. This makes the company partially independent of raw materials procurement in the plastics market. In future, it will also be one of the few suppliers in the market for reusable plastic packaging to be able to offer its customers a closed-loop solution from a single source. con-pearl's products respond to the "lightweight construction" megatrend in the automotive sector, 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. Thanks to its high-performance products, we believe that the company has further potential for value creation by tapping into markets outside the automotive and logistics sectors.

con-pearl's customised coloured boards are processed into packaging systems on the production line.

NEWS FROM THE PORTFOLIO COMPANIES

04_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

15,000

Planatol produces 15,000 tonnes of adhesives every year.

PLANATOL PROFILE

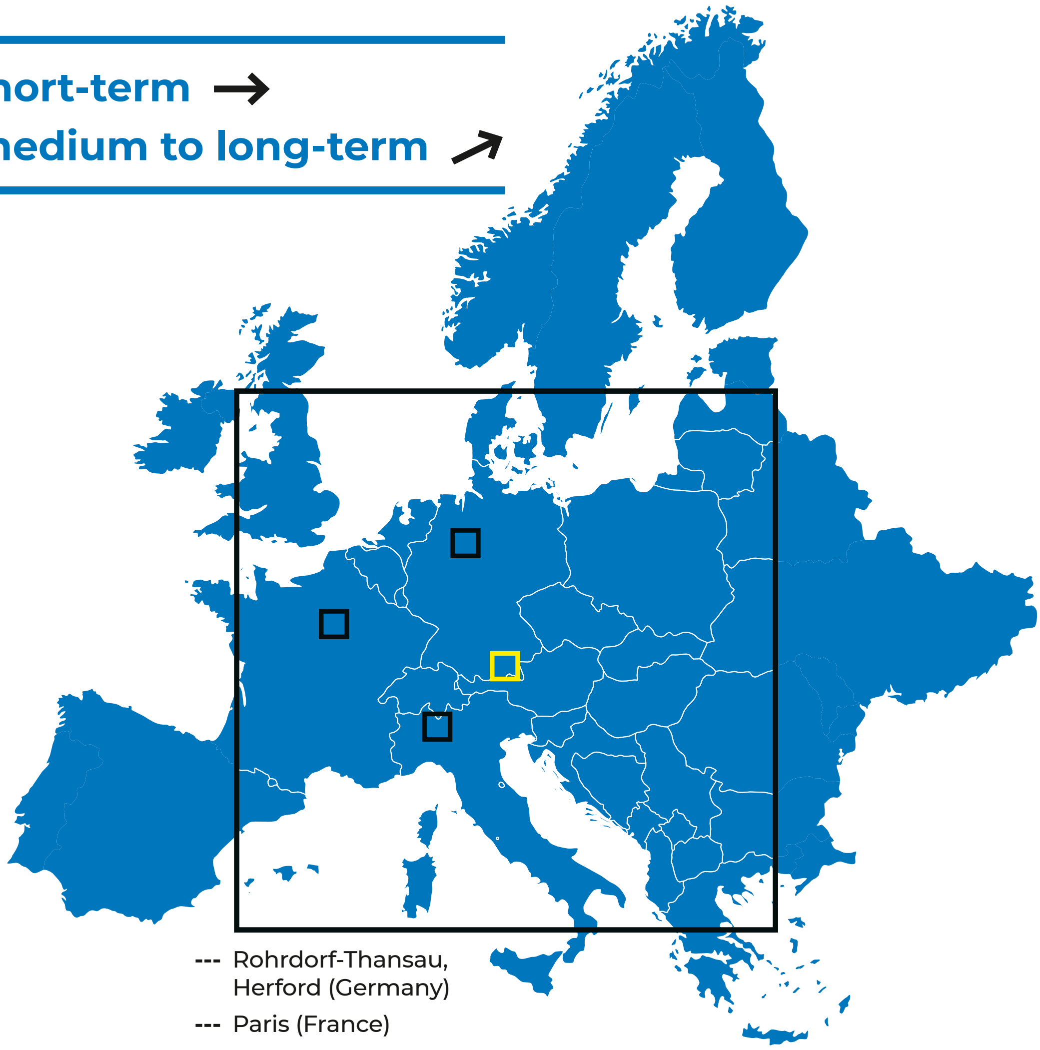
Company headquarters	Rohrdorf-Thansau, Bavaria
Managing director	Hans Mühlhauser
Revenue in 2020	EUR 30.8 million
Employees in 2020	135 (incl. trainees)
Established	1932 by Willy Hesselmann
In the Blue Cap portfolio since	2009, majority stake since 2011
Shareholding in %	100
Additional locations	Herford (North Rhine-Westphalia), Paris (France), Milan (Italy)
Segment	Adhesive Technology

DEVELOPMENT IN 2020 AND OUTLOOK

To begin with, **Planatol was hit hard by the economic impact** of the Covid-19 pandemic. Thanks to systematic cost management, the company was able to hit its target despite revenue losses. At the same time, the degree of vertical integration was adjusted on the basis of a "make-or-buy analysis" performed at the subsidiary Planatol System GmbH, which produces application systems for adhesives. Parts of the mechanical production process were outsourced and adjustments were made to internal capacities. Various sale and closure scenarios were reviewed at the subsidiary Planax GmbH, which is not relevant from a strategic perspective; in February 2021, it has been decided to close the subsidiary down, a move that will have been implemented by the end of the second quarter of 2021. In addition, the company introduced the "Blue & Green" sustainability programme in the year under review, further promoting the use of environmentally friendly adhesives. These are characterised by a high proportion of renewable raw materials. In the current year, the aim is to further systematise and digitalise the company's distribution processes, in particular. It plans to expand its management team to achieve this objective.

Market trend ------- short-term →

Market trend ------- medium to long-term ↗



2020

Planatol introduces the "Blue & Green" sustainability range – putting it bang on trend.

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 development of biodegradable adhesives by the company's recently expanded R&D unit, and in inorganic growth to round off the product range.

Milling cycle in the production of a joint piece using precise 5-axis CNC machining centres.

NEWS FROM THE PORTFOLIO COMPANIES

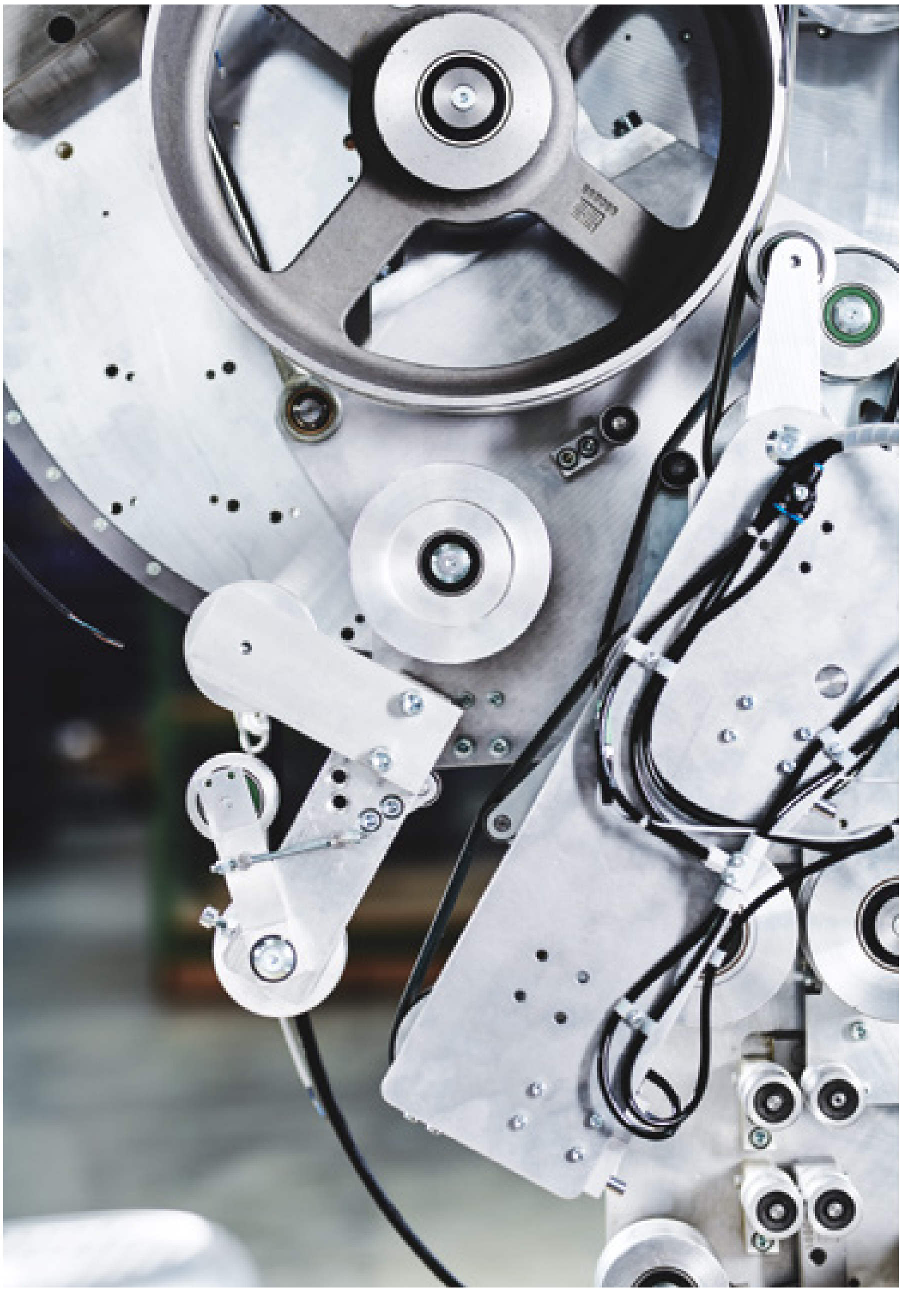
05_GÄMMERLER GMBH

Strategic reorientation ------ to focus on the service and spare parts business

Since its establishment in 1978, Gämmerler GmbH has specialised in the development, planning, construction and assembly of systems and machinery for print finishing in the web offset and gravure printing sectors worldwide. Extensive services, which aim to provide comprehensive professional support throughout the systems' life cycle, round off the range of products and services and make up the company's new strategic focus. This includes spare parts and repair services, preventive inspections and general overhauls.

These services are offered actively on site via representatives in more than 30 countries and avoid production downtimes at the facilities of Gämmerler's customers. The company is a trusted, recognised service provider serving a global customer base in the commercial, bookbinding and newspaper markets.

Eckhardt Hörner-Marass, managing director of Gämmerler GmbH



EUR 300 MILLION

Active installed machine base worldwide

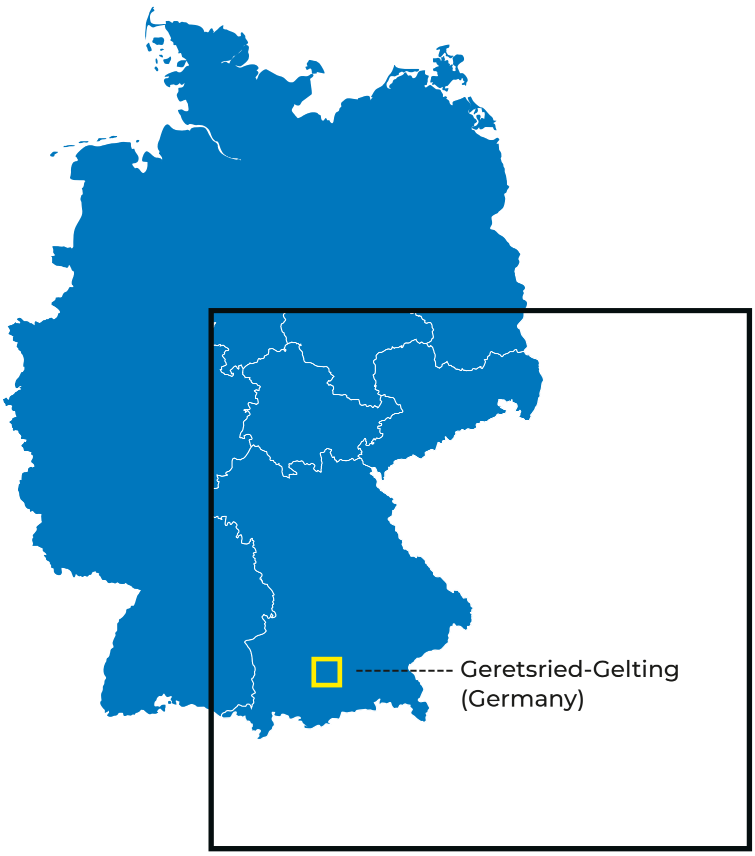
GÄMMERLER PROFILE

Company headquarters	Geretsried-Gelting, Bavaria
Managing director	Eckhardt Hörner-Marass
Revenue in 2020	EUR 7 million
Employees in 2020	37 (incl. trainees)
Established	1978, by Hagen Gämmerler
In the Blue Cap portfolio since	2011
Shareholding in %	100
Segment	Production Technology

DEVELOPMENT IN 2020 AND OUTLOOK

In 2020, as in previous years, business performance was dominated by consolidation pressure in the printing industry, which was exacerbated by the impact of the Covid-19 pandemic from the second quarter onwards. As a result, customers were very reluctant to make new investments, which translated into a significant drop in orders for new machines. Travel restrictions also prevented the company from completing planned installations for ongoing system projects. In light of these circumstances, the lack of any positive market outlook and a situation that has been challenging for years now, Gämmerler plans to direct its focus towards the service and spare parts business, which remains profitable, with plans to abandon its plant and machinery business in the future. These plans are to be implemented in the first half of 2021.

Market trend ------- short-term ↘
Market trend ------- medium to long-term ↘



>30

Active in more than 30 countries. **Gämmerler has representatives on all continents.**

EQUITY STORY

The aim of Gämmerler GmbH is to use the machine base that has been built up over the decades and to maintain a profitable core by adopting a targeted strategic focus on the high-margin service and spare parts business. This orientation will make the company less reliant on the structurally weak and cyclical customer sector in the printing industry and on a small number of large-scale orders for new machinery. The service and spare parts business has long been a firmly established pillar in which Gämmerler has built up significant technical competence, sound expertise and, due to the high degree of networking, an extremely broad customer base. The latter is reflected in the world's largest installed base of print finishing systems, with active machinery worth around EUR 300 million.

Fine centring with product pressing to prepare for optimum package formation in the compensating stacker.

NEWS FROM THE PORTFOLIO COMPANIES

06_CARL SCHAEFER GOLD- UND SILBER-SCHEIDEANSTALT GMBH

Renowned gold and silver refinery ------ based in Pforzheim

Pforzheim-based Carl Schaefer has ranked among the most renowned gold and silver refineries for more than 160 years. Today, the company, which is steeped in tradition, is a specialist in recycling of precious metals. Experts from Carl Schaefer extract the pure precious metal from the goods delivered. Further analysis and laboratory services offer customers a high degree of transparency. The company boasts an extensive range of semi-finished precious metal products such as wires, rolled sections, sheets and tubes, as well as finished goods.

Contacts with major trading centres enable Carl Schaefer to provide its customers with extensive support in the buying and selling of precious metals. These include precious metal dealers, goldsmiths, jewellers, dental laboratories, dentists and private individuals.

Hansjörg Howe, authorised signatory of Carl Schaefer Gold- und Silberscheideanstalt GmbH

160

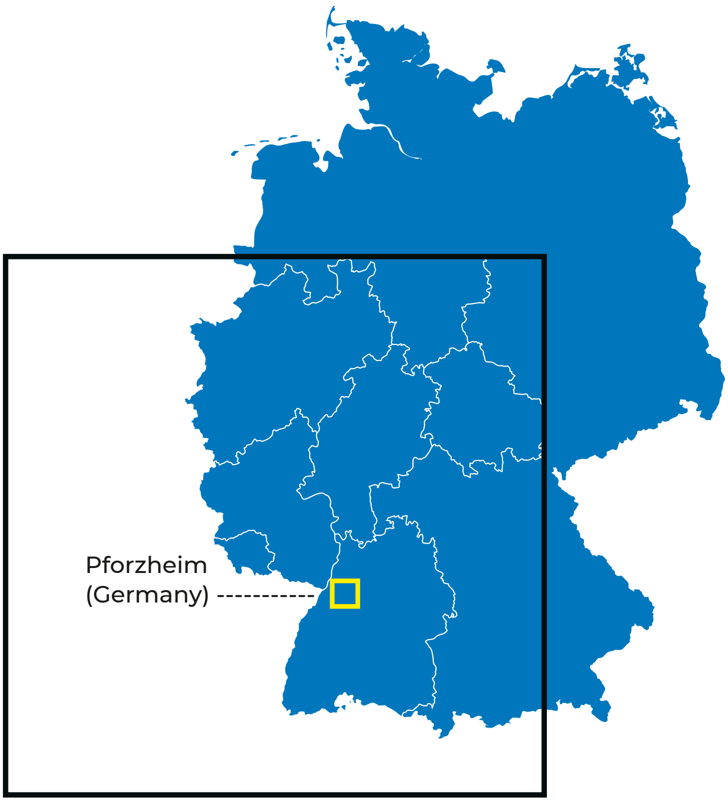
Carl Schaefer can boast **160 years** of tradition.

CARL SCHAEFER PROFILE

Company headquarters	Pforzheim, Baden-Württemberg
Managing director; authorised signatory	Ulrich Blessing; Hansjörg Howe
Revenue in 2020	EUR 31.8 million
Employees in 2020	15 (incl. trainees)
Established	1861 by Carl Schaefer
In the Blue Cap portfolio since	2016
Shareholding in %	100
Segment	Metal Technology

DEVELOPMENT IN 2020 AND OUTLOOK

In 2020, Carl Schaefer was able to continue on the path it has successfully carved out for itself since the takeover and significantly expand its business volume. The simultaneous increase in the price of gold as a major influencing factor allowed the company to achieve revenue and earnings well in excess of its projections. Carl Schaefer plans to expand its distribution in 2021 with the aim of increasing delivery volumes and driving growth in less cyclical segments, such as dental laboratories.



Market trend ------- short-term ↗
Market trend ------- medium to long-term ↗

8,400 kg
of refining material processed

2,650 kg
of precious metals handled

EQUITY STORY

Thanks to its decades of experience and its state-of-the-art technical equipment, Carl Schaefer is able to offer its customers an extremely wide range of services. One key success factor is the trust among customers in the analysis and settlement of their deliveries. The team at Carl Schaefer is ideally positioned in this regard – long-standing customer relationships are testimony to the fact that the company is on the right track. As a counter-cyclical company, the company makes a significant contribution to the diversification of Blue Cap's portfolio. In order to counteract its reliance on gold price development and to do even more to exploit existing potential, the company's distribution system is to be expanded further and systematised in the future.

Small ingots made from melted scrap silver (e.g. necklaces, silver cutlery).

NEWS FROM THE PORTFOLIO COMPANIES

07_NOKRA OPTISCHE PRÜFTECHNIK UND AUTOMATION GMBH

Supplier of measuring and testing systems ------ for manufacturing with international operations

nokra develops, produces and distributes laser measuring systems for the automatic inline inspection of geometric sizes such as flatness, straightness, profile, thickness and width. The measuring systems work optically, and hence contactlessly, directly in the production flow with the help of almost 2,500 laser sensors. The company supplies globally automotive manufacturers, plant manufacturers, glass manufacturers, and steel and aluminium producers. In addition to shaft shape and flatness measurement, nokra's product portfolio includes single or multi-track thickness measurements of metal plate and strips, glass measurement and systems for inspecting brake disks. The range of products is rounded off by special systems, which are designed, for example, for the inspection of railway lines and large pipes for pipelines. With measuring systems in Europe, America and Asia, nokra has a strong international position.

Günter Lauven, managing director of nokra Optische Prüftechnik und Automation GmbH

>250

Nokra has installed more than 250 testing systems worldwide.

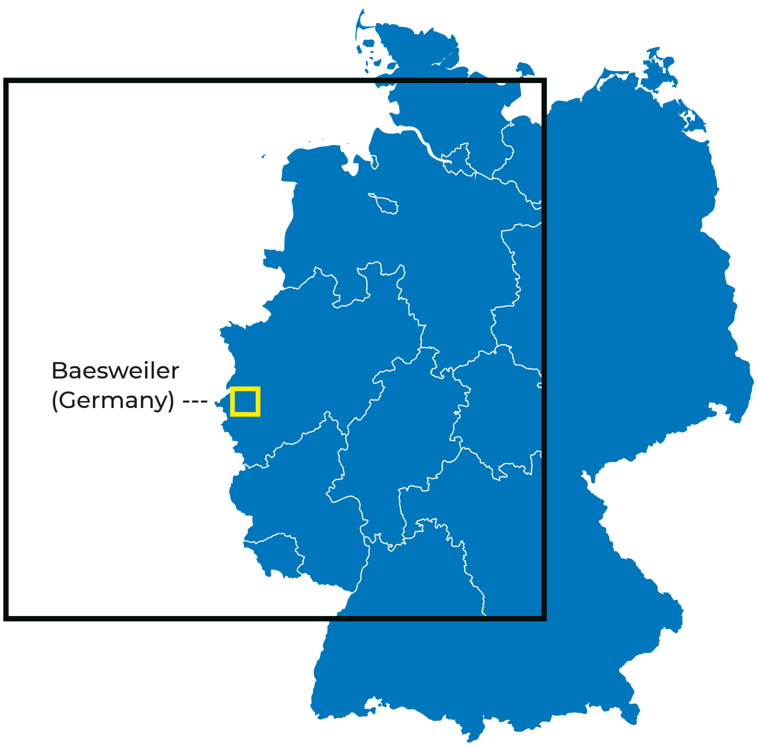
NOKRA PROFILE

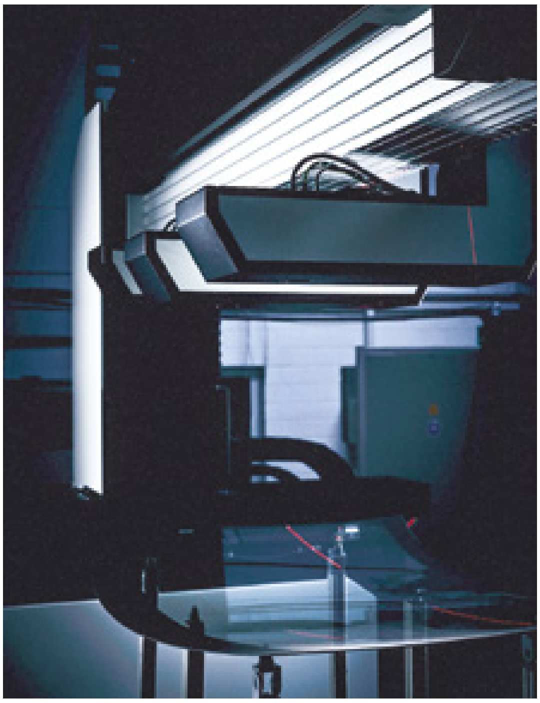
Company headquarters	Baesweiler, North Rhine-Westphalia
Managing director	Günter Lauven
Revenue in 2020	EUR 2.3 million
Employees in 2020	23 (incl. trainees)
Established	1991
In the Blue Cap portfolio since	2014
Shareholding in %	90
Segment	Production Technology

DEVELOPMENT IN 2020 AND OUTLOOK

As a production technology company serving partly cyclical customer industries, nokra was hit hard by the economic slump triggered by the Covid-19 pandemic. Its customers' plants were shut down completely at times, and investments were largely postponed or shelved entirely. In order to reduce its reliance on a small number of large projects and its current customers/customer groups, nokra is increasingly developing standard products and solutions in order to also be able to handle smaller orders profitably in the future and to better tap into new customer segments. This should also make revenue less volatile in the medium term.

Market trend ------- short-term ↗
Market trend ------- medium to long-term ↗





Almost 2,500 laser sensors are used in systems installed across the world.

2,500

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.

Precision measurement of a pivot pin for a camshaft measuring machine guarantees maximum functionality with minimum tolerance levels.

NEWS FROM THE PORTFOLIO COMPANIES

08_HERO GMBH

The latest addition to the portfolio ------ offers impressive plastics expertise

Hero 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, Hero 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 of companies has in-depth expertise in process technology. This also allows Hero to meet customers' high complexity and quality requirements.

Philipp Bentzinger, managing director of Hero GmbH

4

production facilities offer potential for further integration.

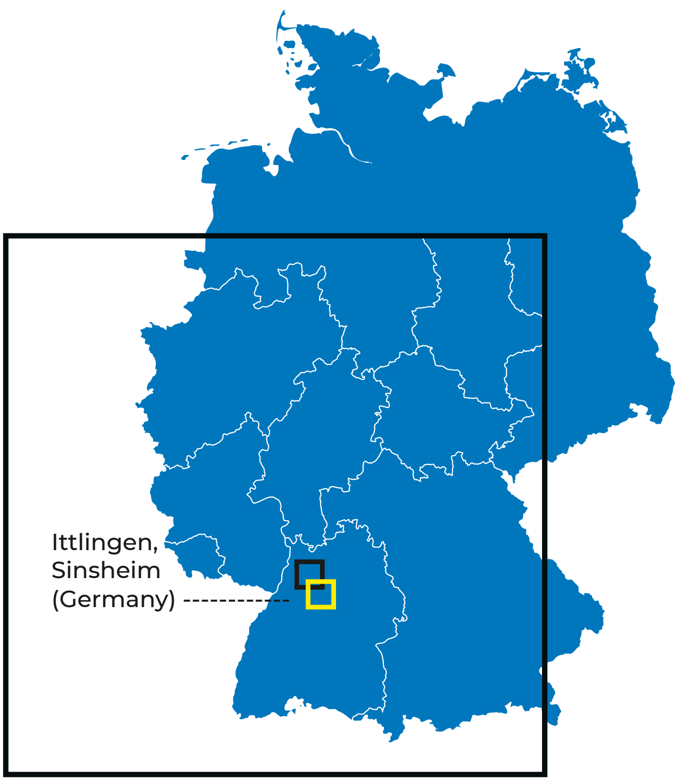
HERO PROFILE

Company headquarters	Ittlingen, Baden-Württemberg
Managing director	Philipp Bentzinger, Mike Liphardt
Revenue in 2020	EUR 34.7 million
Employees in 2020	210 (incl. trainees)
Established	1976
In the Blue Cap portfolio since	2021
Shareholding in %	71
Additional location	Sinsheim (Baden-Württemberg)
Segment	Plastics Technology

DEVELOPMENT IN 2020 AND OUTLOOK

With its strong focus on the automotive industry, Hero was also affected by the economic implications of the Covid-19 pandemic in the reporting year. Revenue and EBITDA were down in a year-on-year comparison. However, the market bounced back in the third quarter. Long-term ongoing projects, as well as new orders that the company has managed to secure, form a stable basis for a rapid return to growth. Over the coming years, Hero will be focusing on tapping into new markets and customer groups. It will also be looking into selective opportunities for inorganic growth.

Market trend ------- short-term ↗
Market trend ------- medium to long-term ↗



71%

of the shares in the Hero Group were acquired by Blue Cap in January 2021, with the remaining 29% staying in the management's hands.

EQUITY STORY

The difficult market environment caused by the Covid-19 pandemic created an excellent opportunity for Blue Cap to invest thanks to a low valuation multiple with earnings that were at an all-time low. Hero 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.

Hero has a wealth of expertise in the injection moulding of plastic granulate.

COMBINED MANAGEMENT REPORT

COMBINED MANAGEMENT REPORT

COMBINED MANAGEMENT REPORT

1. THE COMPANY

Business activities and focus

GOOD TO KNOW
You can find out more about our portfolio companies in the progress report starting on page 48

MAJORITY STAKE IN SMES

Blue Cap AG is a listed industrial holding company established in 2006 with its registered office in Munich. The company invests in SMEs that manufacture, trade in, and offer services relating to, industrially manufactured physical goods. 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 seven companies and one minority interest. The Group employed an average of 1,095 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.

GOOD TO KNOW
You can find out more about our business model starting on page 26

BUSINESS MODEL: BUY, TRANSFORM & SELL

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.

Majority shareholdings in SMEs

7

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, in Group spin-offs and in the event of shareholder disputes. Potential acquisitions also, however, include companies facing crisis situations or growth challenges.

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. 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.

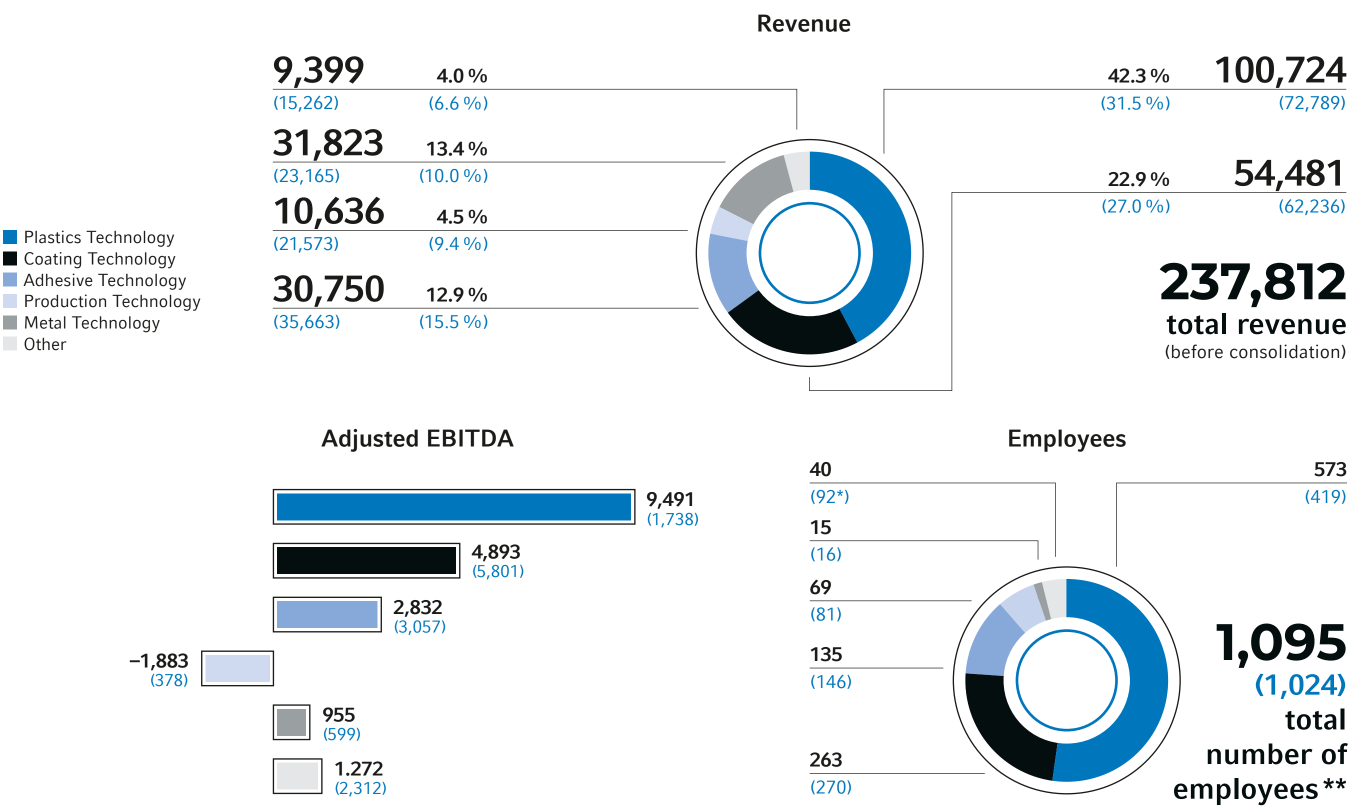
Portfolio

PORTFOLIO STRUCTURE: 7 MAJORITY SHAREHOLDINGS IN 5 SEGMENTS

Blue Cap's portfolio comprised seven majority shareholdings as of the reporting date. They are assigned to five segments: Plastics Technology, Coating Technology, Adhesive Technology, Production Technology and Metal Technology. Up until 30 April 2020, the portfolio also included the Medical Technology segment, which was dissolved on this date with the successful sale of em-tec GmbH. As a result, key figures for the Medical Technology segment as of the end of the reporting year are presented under the Other segment.

KEY PORTFOLIO DATA | 2020 (2019)

EUR thousand



* incl. Medical Technology
** incl. trainees

The **Plastics Technology** segment comprises the companies Knauer-Uniplast Management GmbH and Uniplast Knauer GmbH & Co. KG in Dettingen an der Erms. The segment also includes con-pearl GmbH, Geismar/Thuringia, with its US subsidiaries con-pearl North America Inc. and con-pearl Automotive Inc., Greenville/USA.

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 for the packaging and automotive industries, as well as other sectors. The lightweight boards known under the con-pearl brand name are light, stable and flame-retardant and consist almost entirely of high-quality recycled material. con-pearl operates its own recycling plant for the recycling of polypropylene plastics in order to achieve this.

In the **Coating Technology** segment, the company Neschen Coating GmbH (hereinafter also referred to as Neschen Coating) in Bückeburg/Lower Saxony was active in the 2020 financial year together with the Filmolux distribution companies in Germany, Austria, Switzerland, France, Italy, the Netherlands and Sweden, Neschen Inc., Richmond/USA and Neschen s.r.o. (formerly Linus 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.

The **Adhesive Technology** segment comprises the companies Planatol GmbH and PLANATOL System GmbH in Rohrdorf near Rosenheim, PLANAX GmbH in Kolbermoor and the adhesives distribution companies Planatol France S.à r.l., Bonneuil-sur-Marne/France, and Planatol-Società Italiana Forniture Arti Grafiche S.I.F.A.G. S.r.l. (hereinafter also referred to as Planatol Sifag), 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. PLANAX GmbH manufactures and distributes perfect binding equipment and consumables for use by bookbinding companies, copy shops and law and tax consultancy firms.

At the end of the financial year, the **Production Technology** segment consisted of Gämmerler GmbH (hereinafter also referred to as Gämmerler) in Geretsried-Gelting and nokra Optische Prüftechnik und Automation GmbH (hereinafter also referred to as nokra) in Baesweiler near Aachen. Gämmerler develops, manufactures and distributes machines and systems for conveying, cutting, stacking and palletising printed products, as well as automation solutions for industry, and offers a wide range of after-sales services for its equipment range. Its customer base includes large-scale printers, printing press manufacturers, bookbinding companies and companies from the packaging industry in particular. As part of the company's realignment, Gämmerler will concentrate on the profitable service and spare parts business from this coming year. 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.

The **Metal Technology** segment is represented by Carl Schaefer Gold- und Silberscheideanstalt GmbH (hereinafter also referred to as Carl Schaefer) in Pforzheim. The company was established by its namesake in 1861 and operates as a gold refinery in the field of precious metal recovery, as well as trading in precious metal products. It offers its customers a large number of analysis and processing services related to the recovery of precious metals, as well as an extensive range of semi-finished products and merchandise. Carl Schaefer's customers include precious metal dealers, goldsmiths, jewellers, dental laboratories, dentists and private individuals.

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.

The **Other** segment includes the holding and real estate management companies of the Blue Cap Group. Furthermore, with the sale and deconsolidation of em-tec GmbH as of 30 April 2020, the Medical Technology segment was dissolved and the revenue and earnings figures for this segment were reclassified under "Other".

YOU CAN FIND FURTHER INFORMATION on the internet at www.blue-cap.de/portfolio

YOU CAN FIND FURTHER
information on the internet at
www.blue-cap.de/aktuelles

PORTFOLIO CHANGES

The shares in em-tec GmbH in Finning, which operates in the **Medical Technology** segment, were sold by way of a purchase agreement dated 17 March 2020. em-tec GmbH develops and produces systems for non-invasive flow measurement using ultrasound technology for medical and other industrial applications. It also develops and produces sensors and components for installation in medical devices (including heart-lung machines), as well as customised solutions to meet customers' individual needs. After the closing conditions for the execution of the purchase agreement were met, the company was deconsolidated as of 30 April 2020 and the Medical Technology segment was dissolved with effect from this date.

SMB-David finishing lines GmbH i. I. (hereinafter referred to as SMB-David) in Geretsried-Gelting, Germany, operates in the **Production Technology** segment and manufactures mechanical equipment for the processing of insulating materials, industrial foams and composite panels, particularly for the construction sector and other industrial applications. The difficult economic development at SMB-David, which has been ongoing for several years now, was exacerbated further by the Covid-19 crisis, particularly due to difficulties associated with installing and formally accepting plants abroad. Despite extensive efforts starting from the end of 2019, it was not possible either to identify a viable plan for the company's survival or to find a strategic buyer. As a result, the management of SMB-David filed for insolvency on 29 June 2020. The company was deconsolidated with effect from 30 June 2020.

As part of the growth strategy it has embarked upon, Neschen Coating GmbH (**Coating Technology** segment) established a distribution company in Richmond/USA, Neschen Inc., in March 2020 and acquired the laminator manufacturer Linus s.r.o., Hradec Králové/Czech Republic, in October 2020, renaming it Neschen s.r.o.

Gammerler S.à r.l., Bonneuil sur Marne/France, a distribution company of Gämmerler GmbH (**Production Technology** segment), which also worked for Planatol System GmbH, merged with the distribution company Planatol France S.à r.l., Bonneuil sur Marne/France, in September 2020 to leverage synergy potential.

Company management

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, since 1 January 2020), Tobias Hoffmann-Becking (Chief Investment Officer, since 1 April 2020) and Matthias Kosch (Chief Financial Officer, since 1 January 2020).

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

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 (since 3 July 2020) and Dr Michael Schieble (since 3 July 2020). The Supervisory Board was also involved in regular and constructive dialogue even outside of its meetings in the reporting year.

COMMITMENT TO THE PRINCIPLES OF CORPORATE GOVERNANCE AND COMPLIANCE

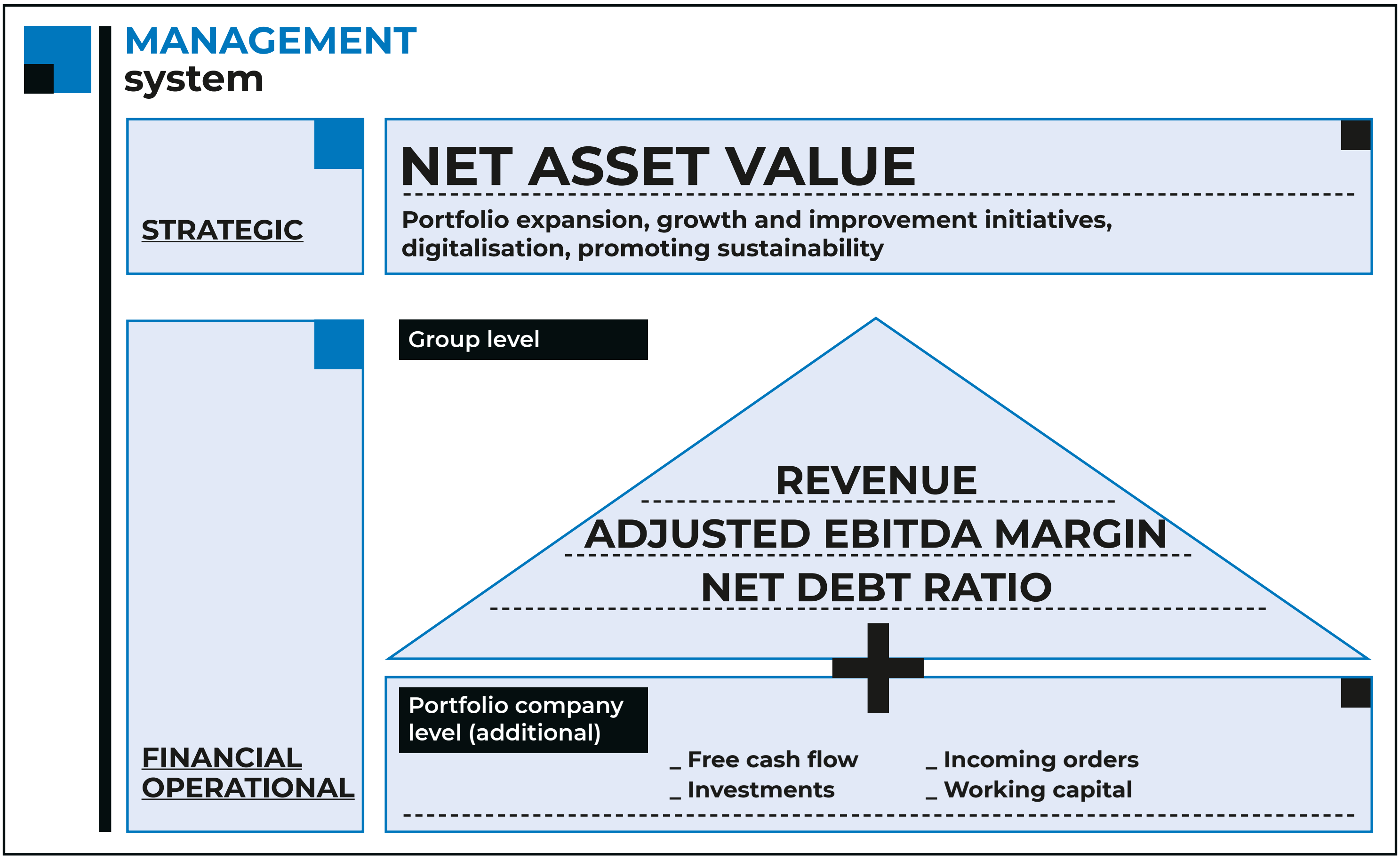
The Management Board and the Supervisory Board are committed to the responsible management and supervision of the company in accordance with the principles of good corporate governance. These principles are a prerequisite for the company's long-term success and a guiding principle for the conduct of 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 adopted and implemented a Group-wide Code of Conduct and an Anti-Corruption Policy in the 2020 reporting year. 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.

Management

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 have been revenue, the EBITDA margin, adjusted to reflect non-operating effects (adjusted EBITDA margin), and the net debt ratio since this financial year. At the level of the portfolio companies, the free cash flow, investments, the development of order intake and working capital also rank among the relevant key performance indicators.



GOOD TO KNOW
You can find out more about the NAV in the Blue Cap on the capital market chapter starting on page 32

The net asset value (NAV) corresponds to the fair value of the portfolio companies included in the segments less their net financial liabilities, the net debt of the holding company, the real estate assets less the liabilities of the real estate management companies, as well as the value of minority interests.

The relevant financial indicators at Group level, i.e. revenue, adjusted EBITDA margin and net debt ratio, are calculated in accordance with IFRS. The EBITDA margin is calculated as the ratio of 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. Free cash flow corresponds to cash available for distributions and to service debt, and the net debt ratio (in years) corresponds to debt less cash in relation to adjusted EBITDA.

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 and 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.

Increase in number of employees within the Group

~7.0%

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

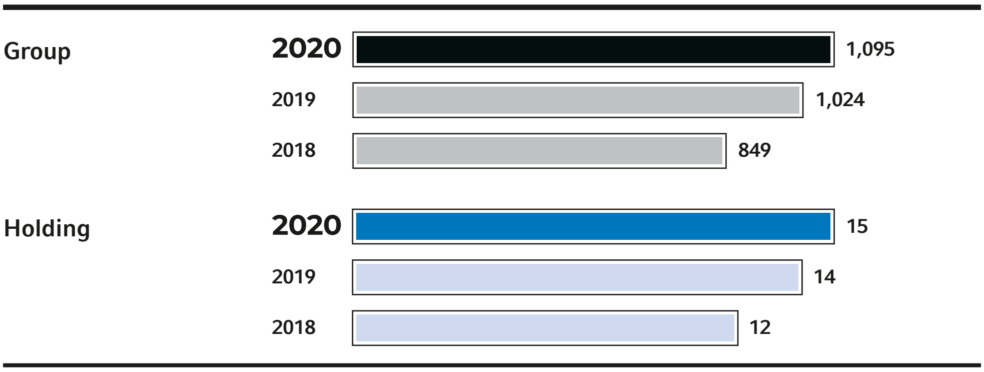
Within the Group: number of employees up by approx. 7% year-on-year

In the 2020 financial year, the Group had an average of 1,061 employees (previous year: 987) and 34 trainees (previous year: 37). The increase is due primarily to the fact that the con-pearl Group was included in the Blue Cap Group for a full year for the very first time. The deconsolidation of em-tec as of 30 April 2020 and SMB-David as of 30 June 2020 had the opposite effect.

GOOD TO KNOW
You can find out more about training and education in the Sustainability chapter starting on page 40

DEVELOPMENT IN THE AVERAGE NUMBER OF EMPLOYEES

Number



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.

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 financial year under review, Blue Cap's holding company employed 15 people, excluding the Management Board. This figure was up by one person compared to the previous year.

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 the objectives pursued in individual innovation measures.

Research and development activities in the **Adhesive and Coating Technology** segments include, in particular, the overhaul of adhesive formulations, the use of new raw materials and the development of new applications and customised solutions.

In the area of **Plastics Technology**, 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.

Research and development activities in the adhesive application systems sub-area of the **Adhesive Technology** segment and in the **Production Technology** segment include, in particular, the modularisation and overhaul of the product range and the use of new technologies. In the **Metal Technology** segment, work focuses on the further development of analysis and recycling processes, as well as the product portfolio of semi-finished products, and in Medical Technology, on further technological product development and measures to adapt products so as to reflect regional, market and regulatory requirements.

Total expenses for research and development incurred by the Group in the financial year amounted to EUR 2,984 thousand (previous year: EUR 3,533 thousand). The decline is due in particular to the deconsolidation of em-tec GmbH following its sale. This was offset by the addition of con-pearl and increased R&D expenditure at Planatol. As in the previous year, no development costs were capitalised in the reporting year. Amortisation of internally generated intangible assets totalled EUR 94 thousand in 2020 (previous year: EUR 88 thousand).

SUSTAINABILITY

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GOOD TO KNOW
You can find out more about sustainability starting on page 40

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. The Blue Cap Group is also explicitly committed to its ecological, social and ethical responsibility. As a result, the Management Board of the holding company made the decision in the 2020 reporting 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

2. ECONOMIC REPORT

Development of the economic environment

MACROECONOMIC DEVELOPMENT: COVID-19 PANDEMIC KEEPS THE GLOBAL ECONOMY ON TENTERHOOKS[1]

In the first half of 2020, global GDP slumped by almost 10% as against the final quarter of 2019, also due to the introduction of infection control measures in response to the Covid-19 pandemic. In the summer of 2020, the measures to combat the virus were largely withdrawn and macroeconomic production started to gather considerable speed again. Overall, global economic output contracted by 3.6% in 2020 (previous year: growth of 2.6%).

The drop in GDP in the emerging markets (1.2%, previous year: increase of 4.7%) was much more moderate than in the world's industrialised nations (5.2%, previous year: increase of 1.6%). This trend was driven primarily by China (1.9%, previous year: 6.1%), where production made a rapid recovery after the shutdown at the beginning of the year. By contrast, the drop in economic output in 2020 came to 3.6% in the United States (previous year: increase of 2.2%), 5.2% in Japan (previous year: increase of 0.3%), 7.4% in the euro area (previous year: increase of 1.3%) and as much as 11.3% in the United Kingdom (previous year: increase of 1.3%). 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 increase in economic output in the third quarter also sent the price of crude oil soaring after it had reached a low point in April. Measures taken by oil-exporting countries to curb oil production are likely to have contributed to this trend. Nevertheless, the global inflation rate came to only 1.7% compared to 2.1% in the previous year. The extensive monetary and fiscal policy measures led to a marked improvement in financing conditions in most economies from late spring onwards. The stock markets, for example, have since made up for a large part of the losses witnessed between March and April. The situation on the labour markets, on the other hand, has deteriorated, especially in the world's advanced economies. In the US in particular, employment has fallen significantly, while the increase in the unemployment rate in the UK, Japan and the euro area is less pronounced than the drop in price-adjusted GDP. This is due to measures taken to safeguard jobs, such as short-time working programmes and wage subsidies.

The German economy bounced back quickly after the shutdown in the spring. While the overall decline in the first two quarters of the reporting year came to 11.5%, economic output in the third quarter increased by 8.5% in a quarter-on-quarter comparison. A renewed shutdown in the service sector from November onwards meant that GDP declined by 0.4% in the fourth quarter. Looking at 2020 as a whole, gross domestic product fell by 5.1% compared to the previous year (0.6%). The inflation rate came in at 0.5% (previous year: 1.4%), putting it at a relatively low level, mirroring the development in other advanced economies. The unemployment rate climbed from 5.0% in the previous year to 5.9%. This means that the Covid-19 crisis has also interrupted the prolonged upswing on the labour market and is leaving a clear mark, despite the widespread use of short-time working programmes.

[1] Cf. ifo Economic Forecast Winter 2020 of the ifo Institute, published in December 2020

SECTOR ENVIRONMENT

According to the German Private Equity and Venture Capital Association (Bundesverband Deutscher Kapitalbeteiligungsgesellschaften), performance in the private equity industry in the past year was down on that of the previous year (study entitled "Der Deutsche Beteiligungskapitalmarkt 2020" (The German private equity market in 2020), published in March 2021). The investment volume in Germany, for example, came to around EUR 12.55 billion in 2020, down by almost a quarter compared to the record value reported in the previous year (EUR 16.6 billion). All in all, private equity companies provided almost 1,050 companies with equity capital last year (previous year: 1,130). As in previous years, financial investors focused on small and medium-sized companies.

At EUR 3.9 billion, fundraising also fell short of the previous year's record figure (EUR 6.0 billion). The number of closings recorded, however, remained virtually unchanged at 30 (previous year: 33). Of the new funds raised, 41% (previous year: 50%) were raised by venture capital funds and 35% (previous year: 44%) 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 24% (previous year: 7%) of the new funds raised.

Buy-outs accounted for the majority of investments at 75%, as in the previous year. At EUR 9.43 billion, however, their volume declined compared to the previous year (EUR 11.53 billion). Venture capital investments accounted for 15% of the total investments and, at EUR 1.85 billion, were down by around 18% on the previous year. The share of growth financing (growth) and minority investments (replacement, turnaround) came to 10% or EUR 1.27 billion of the total volume. Despite the pandemic, the number of transactions remained at a high level of 134, but below the previous year's figure (169).

The volume of investments sold climbed slightly compared to the previous year from EUR 2.71 billion to EUR 2.85 billion. After trade sales were the main exit channel in 2019, sales to other private equity companies accounted for the lion's share in 2020, at 44% of the exit volume. These sales were followed by trade sales at 16% and sales via the stock exchange (IPOs or share sales) at 13%.

Development of the Blue Cap Group

SUMMARY EXPLANATION OF REVENUE AND EARNINGS DEVELOPMENT IN THE REPORTING YEAR

	Actual 2019	Forecast for 2020 (as of December 2019)	Forecast adjustment (based on actual figures for March 2020)	**Actual 2020**
Revenue (EUR million)	225.7	258–268	215–222	233.0
Adjusted EBITDA margin as % of total output, adjusted	6.4	6.5–7.5	4.3–5.0	7.6
Net debt ratio in years	3.4	≤ 3.0	≤ 3.0	1.6

The original 2020 budget plan for the Blue Cap Group was adopted in December 2019 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. The positive expectations for the 2020 financial year were based in particular on the fact that the con-pearl Group would be included for a full year for the first time, and on the overall positive business development.

The measures introduced to contain the Covid-19 pandemic at the beginning of Q2 2020, however, then resulted in significant restrictions on economic activity across the globe. In the course of the second quarter, too, there was considerable uncertainty regarding the further course that the pandemic would take and what consequences it would have for the economy.

This prompted the Management Board to review its original 2020 budget planning at the beginning of the second quarter of 2020 to identify any need for adjustments. The revised forecast predicted consolidated revenue that would be slightly below the prior-year level, with operating profit that would be significantly below the 2019 level.

At the end of the year, the company managed to clearly outstrip the revised forecast for 2020 in terms of both revenue and earnings. Consolidated revenue at the end of the financial year amounted to EUR 233 million (adjusted forecast: between EUR 215 million and EUR 222 million) and the adjusted EBITDA margin came to 7.6% of total output (adjusted forecast: between 4.3% and 5.0% of total output). The fact that developments were more positive than in the revised forecast is due in particular to the positive business development in the Plastics Technology segment. What is more, lower revenue triggered by the Covid-19 pandemic was partly offset by cost savings, and further progress was made in the reorganisation and further development of con-pearl, a company in the Plastics Technology segment.

Overall, the Management Board is satisfied with the company's business development as of 31 December 2020, also given the special situation that dominated the past financial year.

EARNINGS DEVELOPMENT

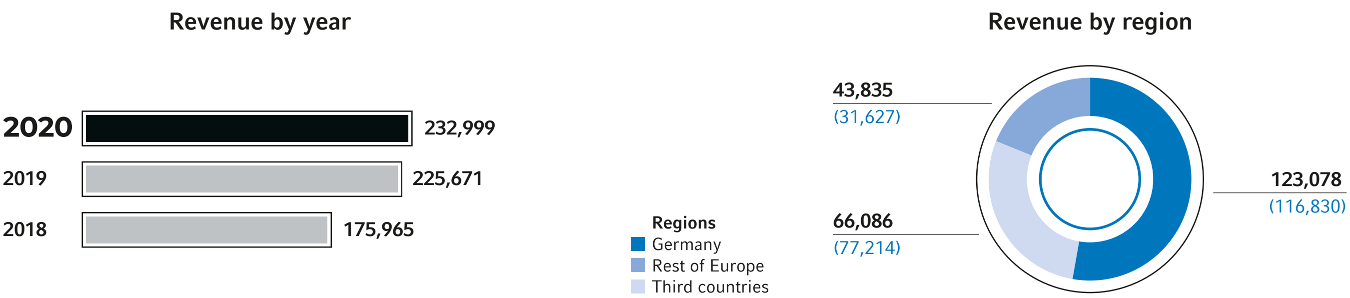
GOOD TO KNOW
You can find out more in the consolidated financial statements starting on page 124 f.

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

In 2020, the consolidated revenue of the Blue Cap Group increased by 3.2% or EUR 7,328 thousand year-on-year (previous year: 28.2% or EUR 49,706 thousand) to total EUR 232,999 thousand. This was due in particular to the fact that 2020 was the first year in which the con-pearl Group was included in Blue Cap's consolidated revenue for the full year. The deconsolidation of em-tec GmbH as of 30 April 2020 and SMB-David as of 30 June 2020, as well as lower revenue due to the Covid-19 pandemic, had the opposite effect.

REVENUE DEVELOPMENT WITHIN THE GROUP | 2020 (2019)

EUR thousand



Looking at the breakdown of consolidated revenue, the German market accounted for 52.82% or EUR 123,078 thousand (previous year: 51.77% or EUR 116,830 thousand), the rest of Europe for 28.36% or EUR 66,086 thousand (previous year: 34.22% or EUR 77,214 thousand) and third countries for 18.81% or EUR 43,835 thousand (previous year: 14.01% or EUR 31,627 thousand).

Other operating income amounted to EUR 25,906 thousand (previous year: EUR 6,876 thousand) and mainly includes income from the deconsolidation of the subsidiary em-tec GmbH following its sale in the amount of EUR 20,808 thousand (previous year, deconsolidation of Biolink Grundstücksgesellschaft mbH: EUR 258 thousand), income from the disposal of fixed assets of EUR 1,492 thousand (previous year: EUR 406 thousand) and income from the reversal of provisions totalling EUR 1,529 thousand (previous year: EUR 681 thousand). In the previous year, this item also included income from compensation for a terminated lease (EUR 1,200 thousand).

The Group's total output in 2020 amounted to EUR 257,098 thousand, up in a year-on-year comparison (EUR 230,446 thousand) due to the inclusion of the con-pearl Group's revenue for the full year and the deconsolidation income in connection with the sale of em-tec GmbH.

At 48.1% of total output, the ratio of the cost of materials to total output was lower than in the previous year (53.8%), mainly due to the inclusion of deconsolidation income from em-tec GmbH in total output. As a result, the gross profit ratio came to 51.9% (previous year: 46.2%) while gross profit, which represents the difference between total output and the cost of materials, came to EUR 133,352 thousand (previous year: EUR 106,552 thousand).

EBT up to EUR 17.5 million in 2020, also due to successful sale of em-tec

17.5

In the financial year under review, personnel expenses in the Group amounted to EUR 60,545 thousand (previous year: EUR 58,287 thousand), which corresponds to 23.5% (previous year: 25.3%) of total output. Depreciation and amortisation amounted to EUR 12,958 thousand (previous year: EUR 10,687 thousand) or 5.0% (previous year: 4.6%) of total output. Other expenses increased by EUR 5,082 thousand to EUR 38,335 thousand and, at 14.9% of total output, were higher than in the previous year (14.4%). The increase in personnel expenses, depreciation and amortisation and other expenses compared to the previous year is due primarily to the inclusion of the con-pearl Group in the Blue Cap Group in September 2019. The insolvency of SMB-David also had the effect of increasing other expenses in the amount of EUR 1,603 thousand.

In the 2020 financial year, EBIT came to EUR 21,373 thousand (previous year: EUR 4,649 thousand), which corresponds to 8.3% (previous year: 2.0%) of total output. EBIT also includes the contribution to earnings made by the minority interest in INHECO. The negative interest result of EUR –2,523 thousand (previous year: EUR –1,861 thousand) is increased in particular by the funds borrowed as part of the growth strategy to finance the acquisitions and investments made.

Consolidated earnings before taxes (EBT) amounted to EUR 17,525 thousand (previous year: EUR 2,423 thousand). The increase in EBIT and consolidated earnings before taxes is due in particular to the deconsolidation income from the sale of em-tec GmbH included in the figures for the reporting year. In particular, the deconsolidation of SMB-David, including related expenses, had the opposite effect.

ADJUSTED EBITDA AND ADJUSTED EBIT

GOOD TO KNOW

The adjusted consolidated income statement can be found in the section "Further information" from page 190

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

In the 2020 financial year, adjustments in operating profit (EBIT) of EUR 25,397 thousand (previous year: EUR 6,378 thousand) and expenses of EUR 12,915 thousand (previous year: EUR 8,525 thousand) were identified that are not included in adjusted EBITDA/adjusted EBIT. This brought the total cumulative adjustments to EUR 12,481 thousand (previous year: EUR –2,147 thousand).

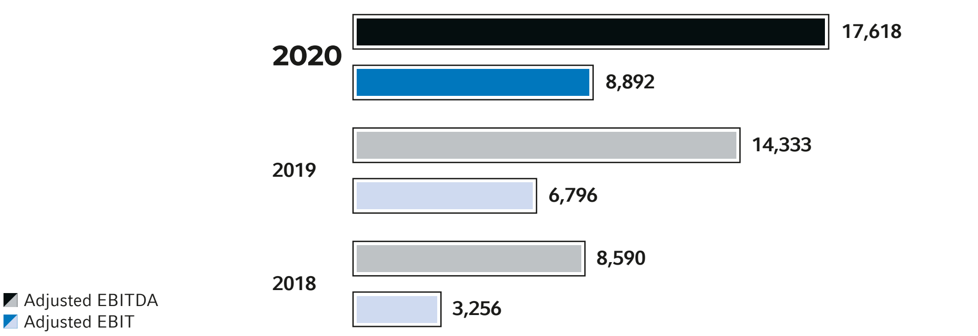
The reconciliation of the EBITDA presented in the IFRS statement of comprehensive income to adjusted EBITDA and adjusted EBIT is shown below:

EUR thousand	2020	2019	Change in %
EBITDA (IFRS)	**34,473**	**15,011**	**>100.0**
Adjustments			
Income from bargain purchase	0	−2,688	100.0
Income from compensation in connection with a lease	0	−1,200	100.0
Income from deconsolidation	−20,808	−258	>100.0
Income from reversal of provisions	−1,529	−681	>100.0
Income from asset disposals	−1,492	−410	>100.0
Other non-operating income	−1,568	−1,140	37.4
Personnel costs in connection with personnel measures	1,316	2,744	52.0
Legal and consultancy costs in connection with acquisitions and personnel measures	1,072	830	29.2
Losses on disposal of fixed assets	486	280	73.7
Expenses from deconsolidation measures	1,603	0	>100.0
Write-downs on inventories	1,060	0	>100.0
Expenses from restructuring and reorganisation	1,484	843	76.1
Other non-operating expenses	1,521	1,002	51.7
Adjusted EBITDA	**17,618**	**14,333**	**22.9**
Adjusted EBITDA margin as % of total output, adjusted	**7.6%**	**6.4%**	**18.8**
Depreciation and amortisation	−12,958	−10,687	21.2
Impairment losses and reversals	−1,551	−29	>100.0
Share of profit/loss in associates	1,409	353	>100.0
Adjustments:			
Amortisation of disclosed hidden reserves	2,822	2,797	0.9
Impairment losses and reversals	1,551	29	>100.0
Adjusted EBIT	**8,892**	**6,796**	**30.8**
Adjusted EBIT margin as % of total output, adjusted	**3.8%**	**3.0%**	**26.7**

The adjusted EBITDA margin in the reporting year came to 7.6% (previous year: 6.4%) of the adjusted total output. The adjusted EBIT margin in the reporting year came to 3.8% (previous year: 3.0%) of the adjusted total output. The increase in the adjusted EBITDA margin and the adjusted EBIT margin was due, in particular, to positive business development in the Plastics Technology segment.

EARNINGS DEVELOPMENT WITHIN THE GROUP

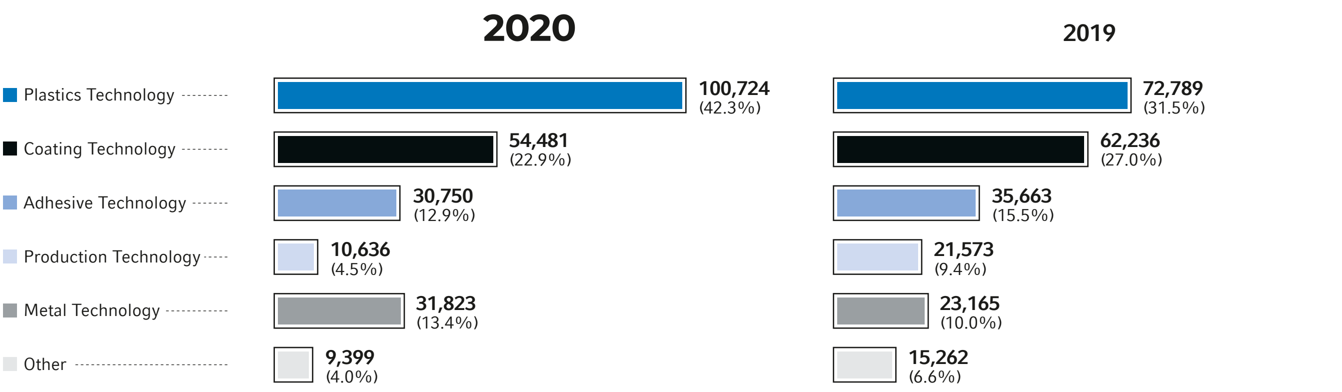
EUR thousand



SEGMENT DEVELOPMENT

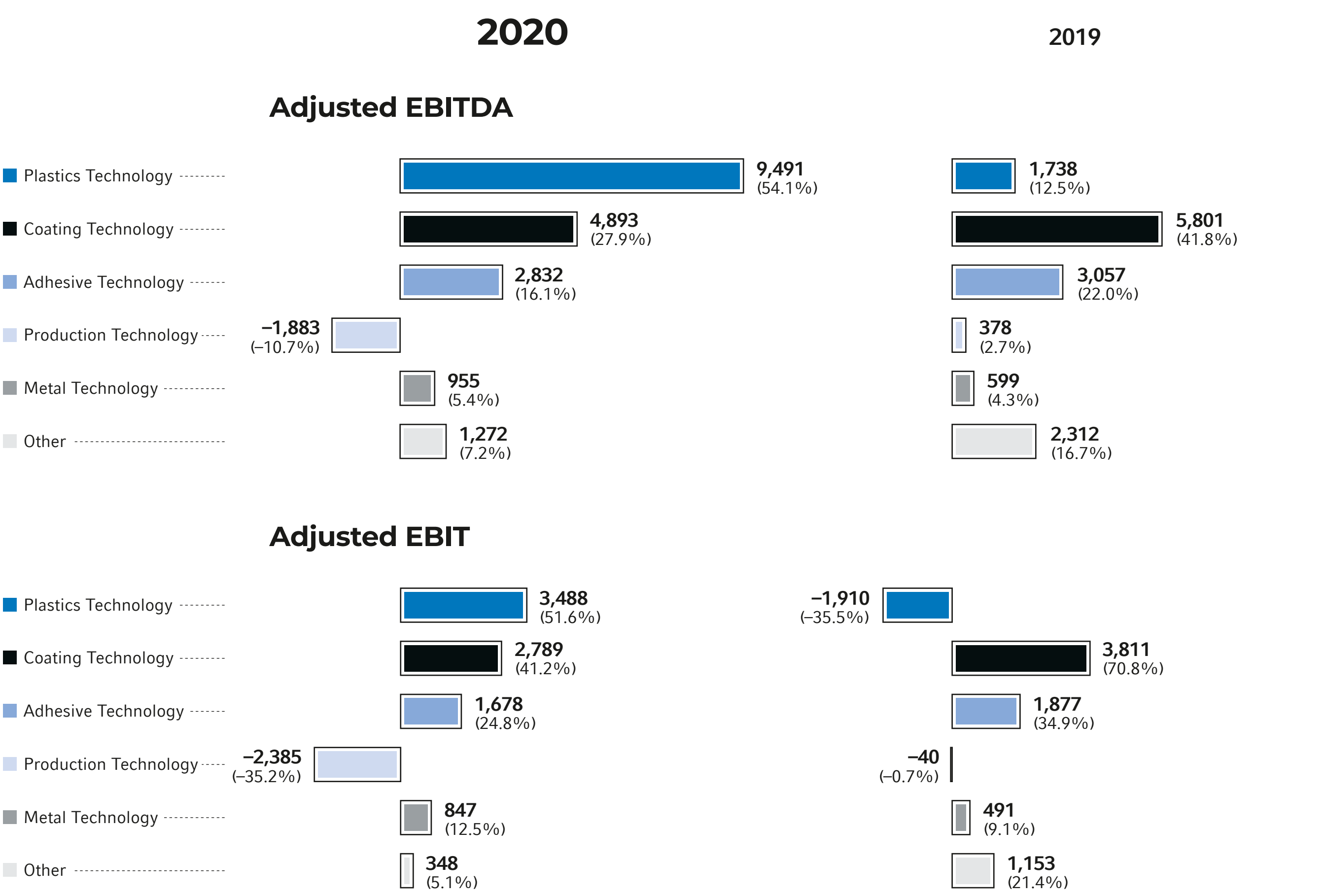
SALES DEVELOPMENT BY SEGMENT

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 drop in revenue as a result of the pandemic and changes in the portfolio structure.

The contribution made by the **Plastics Technology segment** to total revenue increased significantly from 31.5% to 42.3% (or from EUR 72,789 thousand to EUR 100,724 thousand). As in the previous year, Plastics Technology is the segment with the highest revenue. This is also because 2020 was the first year in which the con-pearl Group was included in the segment figures for the full year. As in the case of revenue, the Plastics Technology segment was also able to achieve a significant improvement in its adjusted EBITDA and, at 54.1% (previous year: 12.5%) or EUR 9,491 thousand (previous year: EUR 1,738 thousand), accounted for more than half of the adjusted EBITDA generated by the segments as a whole in the reporting year. This is due first and foremost to a positive order trend overall, but also to further steps taken as part of the ongoing reorganisation process at con-pearl GmbH. In addition, there was a negative impact of EUR 1,594 thousand on the annual result reported by con-pearl GmbH in connection with the successful reorganisation measures implemented at the company's German sites in the reporting year, minus the reversal of provisions.

KEY FIGURES FOR THE PLASTICS TECHNOLOGY SEGMENT

EUR thousand

	2020	2019	Change in %
Revenue	100,724	72,789	38.4
Adjusted EBITDA	9,491	1,738	>100.0
Adjusted EBITDA margin as % of total output, adjusted	9.6	2.4	>100.0

The **Coating Technology** segment accounted for the second-highest share of total segment revenue at 22.9% (previous year: 27.0%) or EUR 54,481 thousand (previous year: EUR 62,236 thousand). On the revenue side, extensive lockdown measures in Germany and other European countries, the loss of trade fair construction business and cancelled events contributed to the drop in revenue. The segment was only able to make up for some of these losses by making cost savings. Due to the increase in the key earnings figures reported by the Plastics Technology segment and the drop in revenue due to the Covid-19 crisis, the adjusted EBITDA share attributable to this segment fell from 41.8% to 27.9%, or from EUR 5,801 thousand to EUR 4,893 thousand in the reporting year.

KEY FIGURES FOR THE COATING TECHNOLOGY SEGMENT

EUR thousand

	2020	2019	Change in %
Revenue	54,481	62,236	12.5
Adjusted EBITDA	4,893	5,801	15.7
Adjusted EBITDA margin as % of total output, adjusted	8.9	9.2	3.3

Adhesive Technology accounted for 12.9% (previous year: 15.5%) or EUR 30,750 thousand (previous year: EUR 35,663 thousand) of the total segment revenue in the 2020 financial year. A drop in revenue in the graphics industry and in the area of adhesive application systems, mainly as a result of the Covid-19 pandemic, contributed to this development. These effects were largely offset by cost savings, meaning that adjusted EBITDA fell slightly from EUR 3,057 thousand to EUR 2,832 thousand, or from 22.0% to 16.1% of the adjusted EBITDA for the segments.

KEY FIGURES FOR THE ADHESIVE TECHNOLOGY SEGMENT

EUR thousand

	2020	2019	Change in %
Revenue	30,750	35,663	13.8
Adjusted EBITDA	2,832	3,057	7.4
Adjusted EBITDA margin as % of total output, adjusted	9.2	8.6	7.0

The **Production Technology** segment halved its share of total revenue compared to the previous year (4.5%, previous year: 9.4% or EUR 10,636 thousand, previous year: EUR 21,573 thousand). As a result of the Covid-19 pandemic, the project business of the companies operating in this segment has declined significantly. In addition, the company SMB-David was deconsolidated as of 30 June 2020, at which point it stopped contributing to consolidated revenue. The segment's adjusted EBITDA also fell significantly from 2.7% to a negative share of 10.7% of consolidated earnings, or from EUR 378 thousand to EUR −1,883 thousand, mainly due to the drop in revenue. In connection with the realignment of Gämmerler GmbH, write-downs on inventories and receivables put pressure on the annual result. These are included in the adjustments in the consolidated financial statements in the amount of EUR 1,749 thousand.

KEY FIGURES FOR THE PRODUCTION TECHNOLOGY SEGMENT

EUR thousand

	2020	2019	Change in %
Revenue	10,636	21,573	50.7
Adjusted EBITDA	−1,883	378	>100.0
Adjusted EBITDA margin as % of total output, adjusted	−20.2	1.9	>100.0

Due to positive development in the delivery volume overall, as well as the positive gold price trend, the **Metal Technology** segment was able to increase its share of consolidated revenue from 10.0% to 13.4%, or from EUR 23,165 thousand to EUR 31,823 thousand, replacing the Adhesive Technology as the third-strongest segment in terms of revenue. The Metal Technology segment's share of adjusted EBITDA rose from 4.3% to 5.4%, or from EUR 599 thousand to EUR 955 thousand, of the total adjusted EBITDA of the segments.

KEY FIGURES FOR THE METAL TECHNOLOGY SEGMENT

EUR thousand

	2020	2019	Change in %
Revenue	31,823	23,165	37.4
Adjusted EBITDA	955	599	59.4
Adjusted EBITDA margin as % of total output, adjusted	3.0	2.6	15.4

The **"Other"** segment includes the holding and real estate companies of the Blue Cap Group. In addition, the Medical Technology segment was dissolved as of 30 April 2020 with the sale and deconsolidation of em-tec GmbH, and the key figures of em-tec were allocated to the Other segment. As a result, the segment accounted for 4.0% (previous year: 6.6%) or EUR 9,399 thousand (previous year: EUR 15,262 thousand) of total revenue (of which with external third parties: EUR 4,793 thousand; previous year: EUR 10,755 thousand). The segment's adjusted EBITDA amounted to EUR 1,272 thousand (previous year: EUR 2,312 thousand) or 7.2% (previous year: 16.7%) of the adjusted EBITDA of the segments in the reporting year. In the reporting year, em-tec GmbH accounted for revenue of EUR 4,198 thousand (previous year: EUR 10,525 thousand) and adjusted EBITDA of EUR 720 thousand (previous year: EUR 1,372 thousand).

KEY FIGURES FOR THE OTHER SEGMENT

EUR thousand

	2020	2019	Change in %
Revenue (with external third parties)	4,793	10,755	55.4
Adjusted EBITDA	1,272	2,312	45.0
Adjusted EBITDA margin as % of total output, adjusted	12.0	15.8	24.1

GOOD TO KNOW
You can find out more in the consolidated financial statements starting on page 126 ff.

CASH FLOWS AND FINANCIAL POSITION

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 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 2020 financial year, the Blue Cap Group met its capital requirements using its cash flow from operations and by raising or extending financing. 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.

As a result of the new IFRS lease accounting regulations that have applied since the 2019 financial year, lease obligations previously recognised off the balance sheet are now reported on the face of the balance sheet. The right-of-use assets resulting from leasing/rental amounted to EUR 11,501 thousand as of 31 December 2020 (previous year: EUR 13,282 thousand). They are offset by financial liabilities from lease liabilities of EUR 11,452 thousand (previous year: EUR 12,994 thousand).

Liabilities to banks came to EUR 64,579 thousand as of the reporting date (previous year: EUR 73,979 thousand), most of which are denominated in euros. There was a small volume of foreign currency loans denominated in US dollars in the amount of EUR 1,413 thousand (previous year: EUR 1,320 thousand) and in Czech koruna in the amount of EUR 8 thousand (previous year: EUR 0 thousand). There were credit lines of EUR 16,634 thousand that had not been utilised (previous year: EUR 16,584 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, 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.

Cash flows

CASH FLOW STATEMENT (ABRIDGED)

EUR thousand

	2020	2019	Change in %
Cash flow from operating activities	12,597	1,843	>100.0
Cash flow from investing activities	14,122	−18,945	>100.0
Cash flow from financing activities	−9,249	8,972	>100.0
Changes in cash funds due to exchange rate fluctuations	71	32	>100.0
Cash funds at the beginning of the period	9,002	17,100	47.4
Cash funds at the end of the period	**26,542**	**9,002**	**>100.0**

Calculation of free cash flow

In the 2020 financial year, free cash flow amounted to EUR 26,719 thousand (previous year: EUR –17,102 thousand) and comprises cash flow from operating activities of EUR 12,597 thousand (previous year: EUR 1,843 thousand) and cash flow from investing activities of EUR 14,122 thousand (previous year: EUR –18,945 thousand).

The increase in cash flow from operating activities is positively influenced largely by the adjusted EBITDA of EUR 17,618 thousand and the decrease in working capital (net) of EUR 5,584 thousand. The expenses from adjustments included in the cash flow from operating activities had the opposite effect.

Cash flow from investing activities increased from EUR –18,945 thousand to EUR 14,122 thousand. This mainly includes payments received from the sale of em-tec GmbH in the amount of EUR 22,469 thousand (previous year, payments received from the sale of Biolink Grundstücksgesellschaft mbH: EUR 1,062 thousand), payments made for investments in property, plant and equipment and intangible assets, especially in connection with replacement and expansion investments in technical equipment and machinery, in the amount of EUR 6,285 thousand (previous year: EUR 8,462 thousand) and payments made for additions to assets held for sale of EUR 2,589 thousand (previous year: EUR 0 thousand).

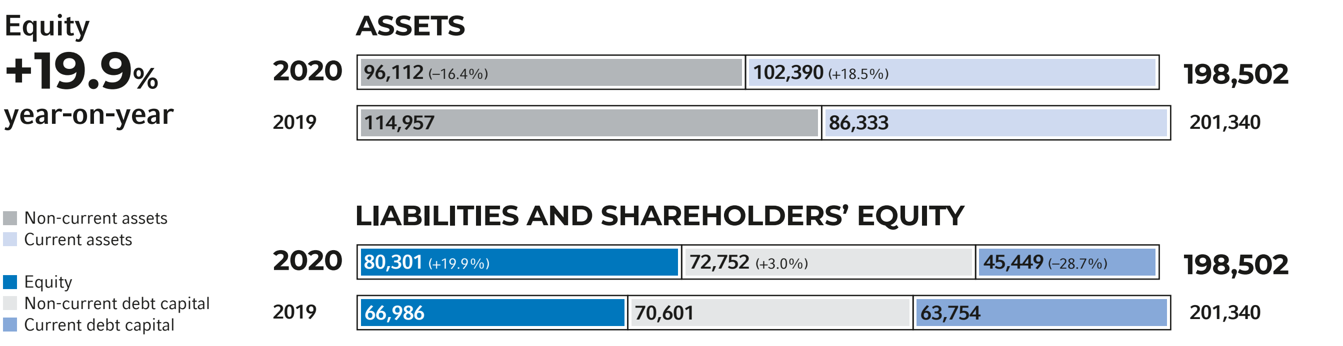
Cash outflows from financing activities amounted to EUR 9,249 thousand (previous year: EUR 8,972 thousand) in the 2020 financial year and resulted primarily from the payments for the repayment of loans of EUR 8,540 thousand (previous year: EUR 6,043 thousand), the dividend for the 2019 financial year of EUR 2,985 thousand (previous year: EUR 2,985 thousand), the repayment of lease liabilities in the amount of EUR 2,391 thousand (previous year: EUR 2,391 thousand) and for interest paid of EUR 2,249 thousand (previous year: EUR 1,803 thousand). This was offset by proceeds from loans taken out in the amount of EUR 6,700 thousand (previous year: EUR 22,120 thousand).

Overall, this led to a cash-effective increase in cash funds of EUR 17,469 thousand (previous year: EUR –8,130 thousand). Taking into account the changes in cash funds of EUR 71 thousand (previous year: EUR 32 thousand) that can be traced back to exchange rate fluctuations, positive cash funds of EUR 26,542 thousand (previous year: EUR 9,002 thousand) were calculated at the end of the Group's financial year. As of 31 December 2020, there were unutilised credit lines in the amount of EUR 16,634 thousand. Together with cash-in-hand and bank balances of EUR 36,251 thousand, this results in cash funds, including unutilised credit lines, of EUR 52,885 thousand at the end of 2020.

FINANCIAL POSITION

KEY DATA FROM THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand



Cash funds incl. unutilised credit lines at the end of the Group financial year in EUR thousand

52,885

WORKING CAPITAL

EUR thousand

	2020	2019	Change in %
Inventories	27,499	30,476	9.8
+ Trade receivables	16,622	21,778	23.7
− Trade payables	−9,153	−11,703	21.8
= Working capital (net)	34,968	40,551	13.8

NET FINANCIAL DEBT

EUR thousand

	2020	2019	Change in %
Non-current financial liabilities	46,761	43,000	8.7
+ Current financial liabilities	17,844	30,979	42.4
− Cash and cash equivalents	−36,251	−25,074	44.6
= Net financial debt	28,354	48,905	42.0

INVESTMENTS, DEPRECIATION AND AMORTISATION

EUR thousand

	2020	2019	Change in %
Investments	13,240	22,881	42.1
of which in company acquisitions	125	13,366	99.1
of which in financial assets	0	1,053	100.0
of which in property, plant and equipment	6,144	8,034	23.5
of which in assets held for sale	2,589	0	>100.0
Depreciation and amortisation	12,958	10,687	21.3

As of the reporting date, the Group’s **total assets** came to EUR 198,502 thousand, EUR 2,838 thousand or 1.4% lower than in the previous year.

Non-current assets came to EUR 96,112 thousand (previous year: EUR 114,957 thousand) or 48.4% (previous year: 57.1%) of total assets and are dominated by property, plant and equipment, which decreased by EUR 8,626 thousand compared to the previous year to EUR 82,118 thousand or 41.4% (previous year: 45.1%) of total assets. This was due primarily to the reclassification of an investment property to assets held for sale. The drop in intangible assets by EUR 4,579 thousand to EUR 2,321 thousand or 1.2% (previous year: 3.4%) of total assets is attributable in particular to the deconsolidation of em-tec GmbH and SMB David.

Current assets increased from EUR 86,383 thousand or 42.9% to EUR 102,390 thousand or 51.6% of total assets, in particular due to the collection of the proceeds from the sale of em-tec GmbH and the reclassification of a property previously held as an investment property. Inventories (EUR 27,499 thousand, previous year: EUR 30,476 thousand) accounted for 13.9% (previous year: 15.1%), trade receivables (EUR 16,622 thousand, previous year: EUR 21,778 thousand) for 8.4% (previous year: 10.8%) and cash and cash equivalents (EUR 36,251 thousand, previous year: EUR 25,074 thousand) for 18.3% (previous year: 12.5%) of total assets.

The share of **equity** (EUR 80,301 thousand, previous year: EUR 66,986 thousand) in relation to total capital amounted to 40.5% (previous year: 33.3%) on the reporting date. The increase is due in particular to the positive business development overall and to the income from the sale of em-tec GmbH, which was recognised in profit and loss. One-off effects in connection with the deconsolidation of SMB-David had the opposite effect.

Non-current liabilities increased slightly by EUR 2,151 thousand to EUR 72,752 thousand or 36.7% (previous year: 35.1%) of total capital. They consist of non-current financial liabilities to banks totalling EUR 46,735 thousand (previous year: EUR 43,000 thousand) or 23.6% (previous year: 21.4%), provisions for pensions and similar commitments of EUR 9,018 thousand (previous year: EUR 9,232 thousand) or 4.5% (previous year: 4.6%), non-current lease liabilities of EUR 8,701 thousand (previous year: EUR 10,071 thousand) or 4.4% (previous year: 5.0%), deferred tax liabilities of EUR 7,425 thousand (previous year: EUR 7,181 thousand) or 3.7% (previous year: 3.6%), and other non-current liabilities and provisions in the amount of EUR 873 thousand (previous year: EUR 1,117 thousand) or 0.4% (previous year: 0.6%) of total assets.

Current liabilities decreased significantly by EUR 18,305 thousand to EUR 45,449 thousand or 22.9% (previous year: 31.7%) of total capital due to the repayment of short-term loans and a reclassification of a loan due to its maturity. Current liabilities include, in particular, current liabilities to banks of EUR 17,844 thousand (previous year: EUR 30,979 thousand) or 9.0% (previous year: 15.4%), trade payables of EUR 9,153 thousand (previous year: EUR 11,703 thousand) or 4.6% (previous year: 5.8%), other current non-financial liabilities of EUR 6,160 thousand (previous year: EUR 7,591 thousand) or 3.1% (previous year: 3.8%) and other current provisions of EUR 4,043 thousand (previous year: EUR 5,214 thousand) or 2.0% (previous year: 2.6%) of total capital.

Economic development of Blue Cap AG

As a result of the Covid-19 pandemic, Blue Cap AG revised the budget plan for 2020 that it had originally adopted in December 2019. The revised single-entity plan predicted revenue for 2020 that would be lower than the original plan and slightly higher than in the previous year. Operating profit was to be on a par with the previous year. The revised forecast for 2020 was exceeded in terms of revenue. The revenue achieved was also up slightly year-on-year. Operating profit in the reporting year, however, was below the revised forecast and below the previous year's value.

FINANCIAL POSITION, CASH FLOWS AND FINANCIAL PERFORMANCE

Financial performance of Blue Cap AG

INCOME STATEMENT

EUR thousand

	2020	2019	Change in %
Revenue	3,261	3,209	1.6
Other operating income	162	231	29.6
Cost of purchased services	0	0	0.0
Personnel expenses	−2,457	−1,820	35.0
Depreciation and amortisation	−57	−34	68.6
Other operating expenses	−4,787	−2,233	>100.0
Profits from profit transfer agreements	1,870	3,677	49.1
Income from loans of financial assets	184	184	0.0
Other interest and similar income	224	318	29.5
Expenses from loss transfers	−4,187	−400	>100.0
Amortisation of financial investments	−1,310	−497	>100.0
Interest and similar expenses	−502	−512	1.8
Earnings before tax	**−7,599**	**2,122**	**>100.0**
Income taxes	1,259	−894	>100.0
Earnings after tax	−6,340	1,228	>100.0
Other taxes	−1	−90	98.2
Net income for the year	−6,341	1,138	>100.0
Profit carried forward	37,535	39,382	4.7
Net earnings	**31,194**	**40,520**	**23.0**

Blue Cap AG generated domestic revenue totalling EUR 3,261 thousand (previous year: EUR 3,209 thousand) mainly due to the services it provided as an industrial holding company and to charges passed on.

Other operating income of EUR 162 thousand (previous year: EUR 231 thousand) includes income from the reversal of provisions of EUR 52 thousand (previous year: EUR 13 thousand), income from benefits in kind of EUR 35 thousand (previous year: EUR 35 thousand) and miscellaneous income in the amount of EUR 75 thousand (previous year: EUR 183 thousand).

Blue Cap AG's total output came to EUR 3,424 thousand in 2020 (previous year: EUR 3,440 thousand). As in the previous year, no costs for purchased services were incurred in the reporting year, meaning that gross profit amounted to EUR 3,424 thousand (previous year: EUR 3,440 thousand).

Personnel expenses increased by EUR 637 thousand compared to the same period of the previous year and amounted to EUR 2,457 thousand in the reporting year. This is due primarily to the expansion of the holding company's staff structure. Depreciation and amortisation increased by EUR 23 thousand to EUR 57 thousand. The change can be traced back to higher amortisation of intangible assets and depreciation of property, plant and equipment. Other operating expenses amounted to EUR 4,787 thousand (previous year: EUR 2,233 thousand) and are due in particular to non-recurring expenses in connection with the deconsolidated SMB-David.

The operating result in the 2020 financial year came to EUR -3,877 thousand (previous year: EUR 648 thousand). The result in the financial year under review was hit in particular by higher other operating expenses and personnel expenses.

The financial result for 2020 came to EUR –3,722 thousand, EUR 6,492 thousand lower than in the previous year (EUR 2,770 thousand). The difference is influenced to a significant degree on the one hand by the income from profit transfer agreements, which is EUR 1,806 thousand lower than in the previous year and amounts to EUR 1,870 thousand. Furthermore, in connection with the reorganisation measures initiated at portfolio companies, the expenses from loss transfers increased by EUR 3,787 thousand to EUR 4,187 thousand. In addition, impairment losses of EUR 1,220 thousand were recognised in connection with the deconsolidated SMB-David.

As a result, a net loss of EUR 6,341 thousand was reported in the 2020 financial year (previous year: net income of EUR 1,138 thousand).

In the 2020 financial year, income of EUR 1,919 thousand (previous year: EUR 825 thousand) and expenses of EUR 4,994 thousand (previous year: EUR 1,526 thousand) were identified as adjustments. This brought the total adjustments to EUR 3,075 thousand (previous year: EUR 701 thousand).

Financial position of Blue Cap AG

KEY DATA FROM THE STATEMENT OF FINANCIAL POSITION

EUR thousand

	2020	2019	Change in %
ASSETS			
Fixed assets	**34,552**	**36,078**	**4.2**
Intangible assets	56	59	5.1
Property, plant and equipment	97	82	19.1
Financial investments	34,399	35,937	4.3
Current assets	**34,755**	**37,330**	**6.9**
Receivables and other assets	21,338	20,911	2.0
Cash-in-hand, bank balances	13,417	16,419	18.3
Prepaid expenses	57	57	0.0
Total assets	**69,365**	**73,465**	**5.6**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity	**40,979**	**50,105**	**18.5**
Subscribed capital	3,997	3,980	0.4
Capital reserve	5,788	5,605	3.3
Net earnings	31,194	40,520	23.3
Provisions	**1,838**	**1,029**	**78.6**
Liabilities	**26,547**	**22,165**	**19.8**
Deferred tax liabilities	**0**	**166**	**100.0**
Total equity and liabilities	**69,365**	**73,465**	**5.6**

The company's total assets as of 31 December 2020 decreased by EUR 4,110 thousand as against the previous year to EUR 69,355 thousand. Fixed assets fell slightly by EUR 1,525 thousand and amounted to EUR 34,552 thousand (previous year: EUR 36,078 thousand) or 49.8% (previous year: 49.1%) of total assets.

At the end of the reporting year, current assets had fallen in a year-on-year comparison to EUR 34,755 thousand (EUR 37,330 thousand) and accounted for 50.2% (previous year: 50.9%) of total assets. Cash-in-hand and bank balances dropped from EUR 16,419 thousand to EUR 13,417 thousand. By contrast, receivables and other assets increased by EUR 427 thousand from EUR 20,911 thousand to EUR 21,338 thousand. This is because the increase in income tax receivables virtually cancelled out the drop in receivables from affiliated companies.

59.1%

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

Equity came to EUR 40,979 thousand as of 31 December 2020 (previous year: EUR 50,105 thousand). This brings the share of equity in relation to total capital to 59.1% (previous year: 68.2%).

Non-current liabilities consist of liabilities with a remaining term of more than one year (EUR 16,800 thousand, previous year: EUR 18,000 thousand), provisions for pensions (EUR 565 thousand, previous year: EUR 572 thousand) and deferred tax liabilities (EUR 0 thousand, previous year: EUR 166 thousand). Compared to the previous year, they fell by EUR 1,373 thousand to EUR 17,365 thousand, meaning that they make up 25.0% (previous year: 25.5%) of total capital. The decrease is due, in particular, to the principal repayments made in the 2020 financial year.

Current liabilities increased from EUR 4,622 thousand to EUR 11,011 thousand or from 6.3% to 15.9% of total capital, in particular due to a short-term loan with an affiliated company and due to the increased assumption of losses from affiliated companies.

Deferred tax liabilities in the financial year amounted to EUR 0 thousand (previous year: EUR 166 thousand).

Working capital corresponds to current assets (EUR 31,907 thousand; previous year: EUR 31,630 thousand) plus prepaid expenses (EUR 57 thousand; previous year: EUR 58 thousand) less current liabilities (EUR 11,011 thousand; previous year: EUR 4,622 thousand). In particular, the increase in current liabilities led to a decrease in working capital from EUR 27,066 thousand to EUR 20,953 thousand.

3. REPORT ON EVENTS AFTER THE REPORTING DATE

YOU CAN FIND FURTHER INFORMATION on the internet at www.blue-cap.de/aktuelles

By way of a purchase agreement dated 29 January 2021, Blue Cap AG acquired 71% of the shares in Hero GmbH and its subsidiaries through its subsidiary Blue Cap 11 GmbH. The Hero Group develops and manufactures high-quality plastic parts and assemblies for vehicle interiors and the household appliance industry. With more than 200 employees at four locations in Baden-Württemberg, Hero generates revenue of around EUR 35 million. In future, the group of companies will complement Blue Cap's portfolio in the Plastics Technology segment. The transaction was closed successfully on 26 February 2021 and the group of companies will be fully consolidated for the first time as of 1 March 2021.

con-pearl GmbH, a portfolio company of Blue Cap AG, acquired all material assets and employees of Recyplast GmbH from the insolvency estate of Fischer GmbH, Achern, 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. The transaction is subject to the approval of the creditors' meeting and the conclusion of a long-term lease agreement.

By way of purchase agreements dated 24 November 2020 and 21 December 2020, the Group's in-house real estate management company Blue Cap Asset Management GmbH concluded agreements on the sale of the property in Hofolding and the new building in Finning. The property sales are being used to streamline the real estate portfolio and dispose of any properties not used by the company itself. The two agreements are scheduled to be executed in 2021.

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 financial position, cash flows and financial performance of the Group were they to materialise. Blue Cap's risk management system comprises all organisational regulations and measures 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.

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 an annual management conference with the management teams and key employees of the portfolio companies. These events are used to discuss key issues affecting all portfolio companies. The 2020 management conference served, in particular, to address the sustainability strategy that Blue Cap has introduced and its implementation by the portfolio companies, as well as the compliance management system. 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 important sales events. 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

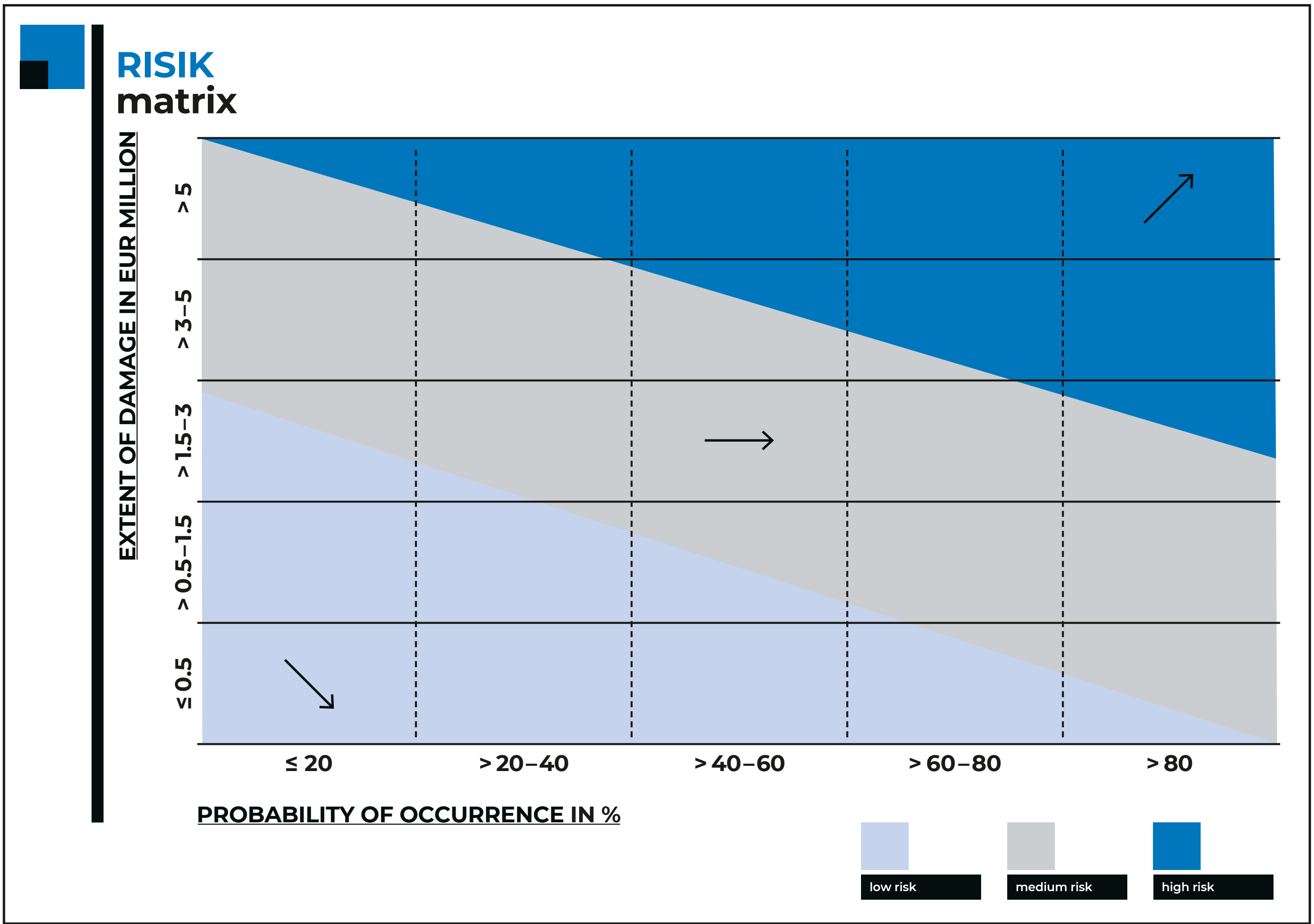
At an operational level, opportunities are analysed, evaluated and harnessed by the managing directors and executives of the portfolio companies at the level of the company concerned. Sales opportunities, for example, are analysed on the basis of market and competitive analyses, and product innovations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

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 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 financial position, cash flows and financial performance.

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 financial position, cash flows and financial performance, 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 annual financial statements, are taken into account in the further development of the risk management system.

BLUE CAP'S INTERNAL CONTROL SYSTEM

Blue Cap'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. 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.

Explanation of key individual risks

ECONOMIC AND GEOPOLITICAL RISKS

Following a marked drop in global economic growth in 2020, the ifo Institute expects the global economy to bounce back in the coming years, according to its economic forecast published in December 2020. Nevertheless, possible risks to global economic development outweigh the opportunities. The forecast depends to a considerable degree on the course the pandemic takes and the infection control measures taken in response to it. The downside risk is that it will not be possible to reduce new infections to a sufficient degree and that further economic shutdowns will prove inevitable. There could also be delivery bottlenecks for the new vaccines developed to combat Covid-19 or low vaccination take-up among the population.

The question as to how trade relations – especially between the US, China and Europe – will develop is still uncertain. The statements made by the newly elected US president show that we cannot expect to see any swift measures to lift all of the trade restrictions in full. The significant increase in public debt also poses a risk for some eurozone countries. The fiscal stabilisation measures have forced all 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 again 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 many 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 and economic 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 production 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 financial resources 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.

The Blue Cap Group has a diversified financing structure that is spread across six 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 12.4% (previous year: approx. 10.8%) of the total exposure. External financing for the portfolio companies uses a mix of fixed-interest and variable-rate loans, depending on requirements. One subsidiary uses an interest rate swap to hedge the **interest rate risk** associated with a variable-rate loan. As the hedge is fully effective, it is generally not associated with any risks.

Funds borrowed from banks are also 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 current 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. 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 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 Technology segment due to the social debate surrounding plastic, as well as at the Carl Schaefer gold refinery as a result of the trend in gold prices.

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. (Contribution) margin losses are also potential risks with regard to unit sales. Particularly as a result of the Covid-19 pandemic and the associated drop in revenue, these 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 use supplier monitoring and regular supplier appraisals, as well as quality controls, to counteract. 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. As a result of the Covid-19 pandemic, governments in a number of countries have introduced various infection control measures, including border closures. These can lead to potential supply interruptions and production losses. The portfolio companies operating in the Plastics Technology segment, in particular, were also confronted with considerable price increases and an ongoing shortage of raw materials in the course of the first and second quarters of 2021. Blue Cap's portfolio companies counter these risks by monitoring the measures in the countries 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 Technology 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, and nor will the limitation of the EEG levy for companies with high electricity costs be called into question.

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 Technology segment, further production risks arise from possible machine failures. Companies from the mechanical and plant engineering sectors 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, 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.

In the Metal Technology segment, special **precious metal risks** are particularly significant. We counter the financial and commercial precious metal risks, primarily the price risk associated with volatile precious metal prices, by buying and selling the precious metals that are traded directly and by implementing stringent guidelines for financing and commercial settlement. The fundamental guidelines include, most importantly, avoiding speculative positions that bet on rising or falling prices. Targeted business partner screening also, however, serves to avoid payment defaults and tax risks. Precious metal risks also include analytical process risks. We reduce these by applying analysis techniques in line with, or based on, the DIN German industry standards. We take account of the physical precious metal risks, including theft, by ensuring appropriate internal and external valuables logistics, safeguarding the infrastructure used, taking physical and accounting monitoring measures, taking inventories and, finally, also by taking out adequate insurance cover.

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.

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 careers portal has been introduced and recruitment is usually conducted over on 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 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

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 Technology segment, one particularly relevant aspect is the fact that plastic packaging is currently 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 Technology segment, is nevertheless 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 Technology 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 100% recyclable themselves. con-pearl GmbH operates its own recycling plant for the recycling of polypropylene plastics at its Leinefelde site.

GOOD TO KNOW
You can find out more about sustainable products in the information box on page 47

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 financial position, cash flows and financial performance.

GOOD TO KNOW
You can find out more in the Sustainability chapter starting on page 40

con-pearl's products are made almost entirely from recycled material and are 100% recyclable

100%

4.4 Overall assessment of the risk situation

NO SIGN OF ANY RISKS THAT COULD POSE A RISK TO 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 financial position, cash flows and financial performance.

It is, however, possible that future developments could take a different path to that currently expected by the Management Board. While the Blue Cap Group has reported robust performance in the course of the Covid-19 pandemic so far, it is still impossible to assess the full economic impact that the crisis will have going forward.

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

Expected development of the overall environment

OVERALL ECONOMIC ENVIRONMENT: GLOBAL ECONOMY EXPECTED TO GROW IN 2021

After global economic output declined last year due to the pandemic, GDP is expected to increase by 5.8% this year. In its economic forecast published in December 2020, the ifo Institute expects most of the infection control measures in Europe and the US to have been scaled back by the summer of 2021. The increasing number of vaccinations against Covid-19 should also contribute to this trend. As a result, GDP growth of 4.3% (previous year: –5.2%) is expected to be achieved in the world's advanced economies in 2021.

In the United States, economic output is set to increase by 4.1% over the course of this year (previous year: –3.6%), with an increase of 3.3% in Japan (previous year: –5.2%), 5.1% in the euro area (previous year: –7.4%) and 5.6% in the United Kingdom (previous year: –11.3%). Economic activity is expected to pick up considerable speed, especially in the second half of 2021. Asia has made a much better job of controlling the spread of the virus. As a result, the development of real economic activity is likely to be less influenced by the pandemic. In the emerging markets, overall GDP growth is expected to come to 8.1% (previous year: –1.2%). The Chinese economy is expected to report strong growth of 9.7% (previous year: 1.9%).

The global increase in consumer prices in the current year is predicted to total 1.7%, putting it on a par with the level seen in the reporting year. Inflation is expected to rise slightly overall in the advanced economies and to remain below the level seen in the reporting year in the world's emerging markets.

The German economy is set to grow by around 4.2% in the current year after contracting by 5.1% in the reporting year. Although the shutdown in November 2020 slowed down the recovery process, the infection control measures are mainly affecting service providers and the retail sector. The manufacturing sector remains on the road to recovery. The measures in place are expected to be gradually relaxed from the spring onwards and then lifted by the summer. The inflation rate in Germany is expected to rise from 0.5% in the reporting year to 1.6%, especially in connection with the rise in oil prices. The unemployment rate is expected to come in at around 5.9%, as in 2020.

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

INDUSTRY ENVIRONMENT: COVID-19 PANDEMIC DRIVING PROCESS OF CHANGE

The "Private equity after Covid-19" survey conducted among 30 PE executives and published by the research company IHS Markit and Mergermarket in January 2021, shows that most companies in the industry are aware of the challenges associated with the pandemic.

37% of those surveyed, for example, indicated that downside risk management will be a priority for their portfolio companies over the next twelve months. This includes supporting portfolio companies affected by the Covid-19 pandemic, as well as managing other operational and ESG risks. A further 23% indicated that their strategy remains essentially unchanged against the pre-pandemic era, and 20% of the study participants plan to focus more on add-on acquisitions to the existing investment portfolio in the future.

More than a third of the PE firms surveyed see acquisition opportunities in impact investing (healthcare, sustainable food, renewable energy) and another 27% in niche segments. The screening of acquisitions based on ESG benchmarks is playing an increasingly important role in the investment process. Companies that contribute to sustainable development are generally given priority. Efforts to increase the ESG performance of companies' own portfolios are also becoming a more significant focal point in the PE industry.

The main challenges identified by the survey participants are the reduced deal flow, protecting portfolio companies from increased liquidity risks and the differences in how buyers and sellers evaluate company valuations.

Expected development of the company

The following forecast report is based on the 2021 budget that was prepared at the end of the reporting year, supplemented by the projected figures for the newly acquired Hero Group in accordance with the preliminary initial consolidation as of 1 March 2021. In addition, further information available up until the time at which this management report was prepared that could have an impact on the business development of Blue Cap and its portfolio companies was taken into account.

DEVELOPMENT OF THE GROUP AND BLUE CAP AG

We expect the first quarter of 2021, in particular, to still be affected by the Covid-19 pandemic. With the relaxation of the lockdown measures, the situation should improve significantly by the summer at the latest, with the increasing number of Covid-19 vaccinations from then on expected to ease the situation further. Developments on the commodity markets are likely to have the opposite effect in the course of the year. Some signs of bottlenecks in the supply of raw materials, as well as increases in raw material prices, started to emerge in the first quarter of 2021, particularly in the area of polymers and other raw materials.

BLUE CAP GROUP FORECAST

	Forecast for 2021	Actual 2020
Revenue (EUR million)	255–265	233.0
Adjusted EBITDA margin as % of total output, adjusted	8.0–9.0	7.6
Net debt ratio in years	≤ 2.75	1.6

8.0–9.0%

is the Group's forecast adjusted EBITDA margin for the 2021 financial year

Based on the current forecast, the Management Board expects the Group's revenue for 2021 as a whole to be in the range of EUR 255 million to EUR 265 million (2020: EUR 233.0 million) with an adjusted EBITDA margin of between 8.0% and 9.0% (2020: 7.6%). The positive development is due, in particular, to the first-time consolidation of the Hero Group in the Plastics Technology segment in March 2021, as well as to satisfactory development overall in the rest of the portfolio. The positive effects will also be able to compensate for the loss of revenue and earnings from em-tec, which was sold and deconsolidated in April 2020.

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. This year, the Blue Cap Group's net debt ratio, based on adjusted EBITDA, is not expected to exceed 2.75 years. In addition to further developing its existing business areas 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 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 financial year that lies ahead, 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 positive trend in sales and adjusted EBITDA that is above the previous year's level in 2021 based on intra-Group cost allocations.

SEGMENT DEVELOPMENT

In the Plastics Technology segment, the Management Board expects to see a significant increase in revenue and the adjusted EBITDA margin in 2021, in particular due to the first-time consolidation of the Hero Group as of 1 March 2021. Moves to abandon unprofitable projects at Uniplast and expected increases in raw material prices are likely to have the opposite effect on revenue.

Revenue and the adjusted EBITDA margin in the Coating Technology segment will also be up in a year-on-year comparison based on the current forecast. Planned growth in the industrial business and the expansion of international sales activities are likely to provide a boost to both revenue and earnings.

In terms of revenue, the Adhesive Technology segment expects to see growth in the graphic sector this year. In particular, the further development of the sales organisation is expected to contribute to this trend. Due to increased costs and changes in the product mix, however, the adjusted EBITDA margin is expected to fall short of the prior-year level.

By contrast, revenue in the Production Technology segment is likely to be down year-on-year in 2021, with the adjusted EBITDA margin predicted to outstrip the previous year's level. This trend should be helped along by the reorganisation measures at Gämmerler GmbH and its decision made in the first quarter of 2021 to focus on the profitable service and spare parts business, as well as by the removal of the loss-making SMB-David from the portfolio last year. The segment's annual result is likely to be hit by non-recurring costs resulting from the reorganisation of Gämmerler GmbH this year.

In the course of this year, the Metal Technology segment is expected to outperform the previous year slightly in terms of revenue and to report an adjusted EBITDA margin that is roughly on a par with the previous year's level. The Medical Technology segment ceased to exist with the profitable sale and deconsolidation of em-tec on 30 April 2020. In the Other segment, revenue and the adjusted EBITDA margin are expected to be more or less the same as in the previous year.

Due to the uncertainty arising from the Covid-19 pandemic with regard to macroeconomic development, as well as possible further negative effects, it is possible that future results could take a 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 others, 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, 29 April 2021

The Management Board

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CONSOLIDATED FINANCIAL STATEMENTS OF BLUE CAP AG

for the financial year from 1 January to 31 December 2020

Consolidated income statement

EUR thousand

	Reference	2020	2019
Revenue	D.1	232,999	225,671
Change in inventories		−1,847	−2,114
Other services provided by the company and capitalised		40	13
Other income	D.2	25,906	6,876
Total output		**257,098**	**230,446**
Cost of materials	D.3	−123,746	−123,894
Personnel expenses	D.4	−60,545	−58,287
Other expenses	D.5	−38,335	−33,253
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**34,473**	**15,011**
Depreciation and amortisation	D.6	−12,958	−10,687
Impairment losses and reversals	D.6	−1,551	−29
Share of profit/loss in associates		1,409	353
Earnings before interest and taxes (EBIT)		**21,373**	**4,649**
Impairment losses according to IFRS 9	D.7	−1,326	−364
Financing income	D.8	256	93
Financing expenses	D.8	−2,779	−1,954
Earnings before taxes (EBT)		**17,525**	**2,423**
Income tax expense	D.9	−1,033	396
Consolidated net income		**16,492**	**2,819**
of which attributable to			
Owners of the parent company		16,573	2,821
Non-controlling interests		−81	−2
Earnings per share in EUR (basic)	**D.10**	**4.15**	**0.71**
Earnings per share in EUR (diluted)	**D.10**	**4.15**	**0.71**

Consolidated statement of comprehensive income

EUR thousand

	Reference	2020	2019
Consolidated net income		16,492	2,819
Remeasurements of defined benefit plans, before tax		−69	106
Remeasurement of financial assets measured under other comprehensive income and gains (losses) from the disposal of these, before tax		−93	121
Items that are not subsequently reclassified to profit or loss		**−162**	**226**
Currency translation differences, before tax		−190	18
Items that are subsequently reclassified to profit or loss subject to certain conditions		**−190**	**18**
Other comprehensive income before tax		**−352**	**244**
Income taxes related to remeasurements of defined benefit plans		−55	−28
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		**−55**	**−28**
Other comprehensive income		**−407**	**216**
Total comprehensive income		**16,085**	**3,035**
of which attributable to			
Owners of the parent company		16,166	3,037
Non-controlling interests		−81	−2

Consolidated statement of financial position

EUR thousand

	Reference	2020	2019
ASSETS			
Intangible assets	E.1	2,321	6,900
Property, plant and equipment	E.2	82,118	90,744
Investment property	E.3	1,988	3,990
Financial investments accounted for using the equity method	E.4	3,757	2,564
Participating interests	E.5	176	475
Other financial assets	E.6	250	528
Other non-financial assets	E.7	1,372	6,354
Deferred tax assets	E.8	4,130	3,402
Non-current assets		**96,112**	**114,957**
Inventories	E.9	27,499	30,476
Current contract assets	E.10	2,617	2,301
Trade receivables	E.11	16,622	21,778
Other financial assets	E.12	6,569	1,930
Income tax receivables	E.13	3,187	1,228
Other non-financial assets	E.14	1,949	3,596
Cash and cash equivalents	E.15	36,251	25,074
Assets held for sale	E.16	7,697	0
Current assets		**102,390**	**86,383**
Total assets		**198,502**	**201,340**

EUR thousand

	Reference	2020	2019
LIABILITIES AND SHAREHOLDERS' EQUITY			
Subscribed capital	E.17	3,997	3,980
Capital reserve	E.18	5,266	5,082
Other equity components	E.19	−1,119	−712
Retained earnings	E.20	72,044	58,456
Equity attributable to the owners of the parent company		80,187	66,806
Non-controlling interests	E.21	114	180
Total shareholders' equity		**80,301**	**66,986**
Provisions for pensions and similar commitments	E.22	9,018	9,232
Other provisions	E.23	748	911
Deferred tax liabilities	E.8	7,425	7,181
Non-current financial liabilities	E.26	55,561	53,276
Total non-current liabilities		**72,752**	**70,601**
Other provisions	E.23	4,043	5,214
Income tax liabilities	E.24	3,019	3,110
Current contract liabilities	E.10	604	987
Trade payables	E.25	9,153	11,703
Other current financial liabilities	E.26	22,469	35,148
Other current non-financial liabilities	E.27	6,160	7,591
Total current liabilities		**45,449**	**63,754**
Total equity and liabilities		**198,502**	**201,340**

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
As of 1 Jan. 2019	**3,980**	**5,082**	**−40**	**11**
Dividend payments	0	0	0	0
Change in scope of consolidation	0	0	0	0
Total before total comprehensive income for the period	**3,980**	**5,082**	**−40**	**11**
Consolidated net income				
Other comprehensive income after tax			78	18
As of 31 Dec. 2019	**3,980**	**5,082**	**38**	**29**
As of 1 Jan. 2020	**3,980**	**5,082**	**38**	**29**
Capital increase/reduction	17	183		
Dividend payments				
Change in scope of consolidation				
Total before total comprehensive income for the period	**3,997**	**5,266**	**38**	**29**
Consolidated net income				
Other comprehensive income after tax			−124	−190
As of 31 Dec. 2020	**3,997**	**5,266**	**−86**	**−162**

Reserve for changes in the fair value of financial assets	Reserve from accounting using the equity method	Retained earnings	Total majority shareholders	Non-controlling interests	**Total**
−900	**0**	**58,621**	**66,754**	**107**	**66,861**
0	0	−2,985	−2,985	−3	−2,988
0	0	0	0	77	77
−900	**0**	**55,636**	**63,770**	**181**	**63,951**
		2,821	2,821	**−2**	2,819
121		0	216		216
−779	**0**	**58,456**	**66,806**	**180**	**66,986**
−779	**0**	**58,456**	**66,806**	**180**	**66,986**
			200	18	218
		−2,985	−2,985	−3	−2,988
			0		0
−779	**0**	**55,471**	**64,021**	**195**	**64,216**
		16,573	16,573	−81	16,492
−93			−407		−407
−872	**0**	**72,044**	**80,187**	**114**	**80,301**

Consolidated cash flow statement

EUR thousand

	2020	2019
Consolidated net income	16,492	2,819
Increase (–)/decrease (+) in inventories	354	3,547
Increase (–)/decrease (+) in trade receivables	1,397	197
Increase (–)/decrease (+) in contract assets	–906	–506
Increase (–)/decrease (+) in other receivables and assets	1,020	–707
Increase (+)/decrease (–) in provisions	–1,282	772
Increase (+)/decrease (–) in trade payables	–1,727	293
Increase (+)/decrease (–) in contract liabilities	–120	–1,641
Increase (+)/decrease (–) in other liabilities	3,246	–7,687
Depreciation, amortisation and impairment losses on intangible assets and property, plant and equipment	14,509	10,716
Profit (–)/loss (+) from the disposal of intangible assets and property, plant and equipment	–1,007	–448
Profit (–) from company acquisitions (bargain purchase)	0	–2,688
Profit (–) from deconsolidation measures	–19,206	–258
Other non-cash expenses (+)/income (–)	–1,528	–341
Contribution to earnings from currency effects	–94	–4
Interest expenses (+)/interest income (–)	2,150	1,862
Income tax expense (+)/income tax income (–)	1,033	–396
Income taxes paid (–)	–1,733	–3,687
Cash flow from operating activities	**12,597**	**1,843**

EUR thousand

	2020	2019
Proceeds (+) from disposals of property, plant and equipment	66	1,682
Payments (–) for investments in property, plant and equipment	–6,144	–8,034
Payments (–) for investments in intangible assets	–141	–428
Proceeds (+) from disposals of assets held for sale	0	1,103
Payments (–) from additions to assets held for sale	–2,589	0
Payments (–) from additions to investment property	0	–1,053
Payments (–) for additions to the scope of consolidation	–125	–13,366
Proceeds (+) from disposals from the scope of consolidation	22,464	1,062
Proceeds (+) from disposals of investments accounted for using the equity method	42	0
Payments (–) for investments in participating interests	–44	0
Proceeds (+) from disposals of participating interests	343	0
Interest received (+)	249	90
Cash flow from investing activities	**14,122**	**–18,945**
Proceeds (+) from equity contributions from non-controlling interests	18	77
Proceeds (+) from equity contributions from shareholders of Blue Cap AG	200	0
Dividends paid (–) to shareholders of the parent company	–2,985	–2,985
Proceeds (+) from (financial) loans taken out	6,700	22,120
Payments (–) for the repayment of (financial) loans	–8,540	–6,043
Payments (–) for the repayment of lease liabilities	–2,391	–2,391
Interest paid (–)	–2,249	–1,803
Dividends paid (–) to other shareholders	–3	–3
Cash flow from financing activities	**–9,249**	**8,972**
Cash-effective change in cash funds	17,469	–8,130
Changes in cash funds due to exchange rate fluctuations	71	32
Cash funds at the beginning of the period	9,002	17,100
Cash funds at the end of the period	**26,542**	**9,002**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF BLUE CAP AG

as of 31 December 2020

A. GENERAL INFORMATION AND ACCOUNTING POLICIES

A.1 General information on the company

Blue Cap AG is registered in the commercial register of the Local Court (Amtsgericht) of Munich, Germany, under the number HR B 162 137. The company's address is Ludwigstrasse 11, 80539 Munich.

Blue Cap AG (hereinafter referred to as "Blue Cap" for short, ISIN: DE000A0JM2M1, listed in the "Scale" segment of the Frankfurt Stock Exchange and the "m:access" segment of the Munich Stock Exchange) is a listed investment holding company established in 2006 that has its registered office in Munich. Blue Cap invests in manufacturing companies in the SME segment offering clear potential for improvement and growth. Blue Cap focuses on target companies with revenue of between EUR 30 million and EUR 80 million and stable core business. Its potential investment targets also include companies with unresolved succession arrangements and group spin-offs. The focus of our target companies' activities tends be in Germany, Austria and Switzerland. Blue Cap makes a long-term commitment to its portfolio companies, contributing its own operational expertise and liquidity. A new Management Board team was appointed at the beginning of 2020 as part of a succession plan. The management has long-standing M&A, industrial and restructuring experience. All Blue Cap subsidiaries are managed independently and pursue independent strategies.

GOOD TO KNOW

You can find out more about our business model in the Business model and strategy chapter on page 26

The Blue Cap portfolio currently includes companies from the fields of adhesives and coating technology, plastics technology, production technology, medical technology (up until April 2020) and metal technology.

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 under F. Segment reporting.

GOOD TO KNOW
You can find out more about our portfolio companies in the progress report starting on page 48

A.2 Basis for preparing the annual financial statements

The consolidated financial statements for the 2020 financial year are prepared in accordance with International Financial Reporting Standards (IFRS) pursuant to Section 315e (3) of the German Commercial Code (HGB).

The 2020 consolidated financial statements of Blue Cap AG, consisting of the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the cash flow statement and the notes, have been prepared in accordance with the IFRS as adopted by the European Union. 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 and end on 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 2020. They did not have any significant impact on the financial position, cash flows and financial performance.

Standard	Title	To be applied for financial years beginning on or after the date specified
Conceptual Framework	Amendments to the Conceptual Framework and Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
Amendments to IAS 1 and IAS 8	Definition of Material	1 January 2020
Amendments to IFRS 3	Definition of a Business	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform	1 January 2020

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 2020 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 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform Phase 2	1 January 2021
IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9	1 January 2021
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
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 2020 comprises 29 (31 December 2019: 31) companies that are fully consolidated. Of these companies, 17 (31 December 2019: 20) are based in Germany and 12 (31 December 2019: 11) 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 2020 and 31 December 2019, 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 Dec. 2020	31 Dec. 2019	
	Parent company						
1.	Blue Cap AG	Munich	–	–	✔	✔	
	Direct participating interests						
2.	Blue Cap 09 GmbH	Munich	100.0	1.	✔	✔	
3.	Blue Cap 10 GmbH	Munich	100.0	1.	✔	✔	
4.	Blue Cap 11 GmbH	Munich	100.0	1.	✔		
5.	Blue Cap Asset Management GmbH	Munich	94.0	1.	✔	✔	*
6.	Carl Schaefer Gold- und Silberscheideanstalt GmbH	Pforzheim	100.0	1.	✔	✔	
7.	Blue Cap 05 GmbH	Munich	100.0	1.	✔	✔	
8.	Gämmerler GmbH	Geretsried-Gelting	100.0	1.	✔	✔	*
9.	Knauer Holding Verwaltungs GmbH	Dettingen an der Erms	100.0	1.		✔	
10.	Knauer Uniplast Management GmbH	Dettingen an der Erms	100.0	1.	✔	✔	
11.	Neschen Coating GmbH	Bückeburg	100.0	1.	✔	✔	*
12.	nokra Optische Prüftechnik und Automation GmbH	Baesweiler	90.0	1.	✔	✔	
13.	Planatol GmbH	Rohrdorf-Thansau	100.0	1.	✔	✔	
14.	SMB-David finishing lines GmbH i. I.	Geretsried-Gelting	100.0	1.		✔	
	Indirect participating interests						
15.	con-pearl GmbH	Geismar	100.0	3.	✔	✔	
16.	con-pearl Automotive Inc.	Greenville/USA	100.0	15.	✔	✔	
17.	con-pearl North America Inc.	Greenville/USA	100.0	15.	✔	✔	
18.	em-tec GmbH	Finning	100.0	7.		✔	
19.	Filmolux Austria GmbH	Vienna/Austria	100.0	11.	✔	✔	
20.	Filmolux Benelux B.V.	Raalte/Netherlands	100.0	11.	✔	✔	
21.	Filmolux Deutschland GmbH	Bückeburg	100.0	11.	✔	✔	*
22.	Filmolux Italia s.r.l.	Bagnolo/Italy	100.0	11.	✔	✔	
23.	Filmolux S.à r.l.	Paris/France	100.0	11.	✔	✔	
24.	Filmolux Swiss AG	Emmen/Switzerland	100.0	11.	✔	✔	
25.	Filmolux Scandinavia AB	Nacka/Sweden	60.0	11.	✔	✔	
26.	Neschen Inc.	Richmond/USA	100.0	11.	✔		
27.	Neschen s.r.o.	Hradec Králové/Czech Republic	100.0	11.	✔		
28.	Gammerler S.à r.l.	Bonneuil-sur-Marne/France (formerly: Athis-Mons/France)	100.0	8.		✔	
29.	Knauer Holding GmbH & Co. KG	Dettingen an der Erms	100.0	10.		✔	
30.	PLANATOL France S.à r.l.	Bonneuil-sur-Marne/France	100.0	13.	✔	✔	
31.	PLANATOL-Società Italiana Forniture Arti Grafiche S.I.F.A.G. S.à r.l.	Milan/Italy	67.3	13.	✔	✔	
32.	PLANATOL System GmbH	Rohrdorf-Thansau	100.0	13.	✔	✔	
33.	PLANAX GmbH	Kolbermoor	100.0	13.	✔	✔	
34.	Uniplast Knauer GmbH & Co.KG	Dettingen an der Erms	100.0	10.	✔	✔	*
35.	Uniplast Knauer Verwaltungs GmbH	Dettingen an der Erms	100.0	10.	✔	✔	
	Associates						
36.	Gämmerler Limited	York/United Kingdom	50.0	8.		✔	
37.	GammerlerTech Corporation	Palmetto/USA	49.0	8.	✔	✔	
38.	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 financial position, cash flows and financial performance. The total revenue of these companies corresponds to less than 1% of the Group's revenue.

Company	Registered office	Shareholding (%)	31 Dec. 2020	31 Dec. 2019
Flow 2021 Verwaltungs GmbH (formerly: em-tec Flow GmbH)	Munich (formerly: Finning)	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

The con-pearl Group (as subsidiaries of the holding company Blue Cap 10 GmbH) was included in the consolidated financial statements of Blue Cap AG for the first time as of 1 September 2019. As a result, comparison with the previous year's income statement is only possible to a limited extent. The key figures from the income statement of the con-pearl Group, which is part of the Plastics Technology segment, were as follows in 2020:

KEY FIGURES FROM THE INCOME STATEMENT OF THE CON-PEARL GROUP
for the period from 1 January to 31 December 2020

EUR thousand

	2020	2019
Revenue	51,153	16,890
Total output	**50,905**	18,947
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**7,490**	774
Earnings before interest and taxes (EBIT)	**1,726**	−1,606
Net income for the year	**1,349**	21

B.2.1 Changes to the scope of consolidation in 2020

In addition to the sale of the shares in em-tec GmbH and the acquisition of Neschen s.r.o., the scope of consolidation changed as follows in 2020:

- Following the sale of the stake in em-tec GmbH, em-tec Verwaltungsgesellschaft mbH was renamed Blue Cap 05 GmbH. The company's registered office was relocated from Finning to Munich.
- Gammerler S.à r.l. was merged with PLANATOL France S.à r.l. by way of a contract dated 10 August 2020 in order to leverage synergy effects on the French market and allow for the optimum use of resources.
- The management of SMB-David finishing lines GmbH, a wholly owned subsidiary of Blue Cap AG, filed for insolvency on 29 June 2020. The company was subsequently deconsolidated as of 30 June 2020. The insolvency and deconsolidation resulted in expenses of EUR 1,603 thousand for the Group.

Company law measures were also taken within the Knauer Uniplast sub-group to streamline and improve the sub-group structure. In detail, the following measures were implemented:

- As of 2 January 2020, Knauer Holding GmbH & Co. KG was merged with Knauer Uniplast Management GmbH. In addition, Knauer Holding Verwaltungs GmbH was merged with Knauer Uniplast Management GmbH in May 2020 with retroactive effect from 1 January 2020.

The wholly-owned subsidiary Neschen Inc., Richmond/USA, which was established by Neschen Coating GmbH in March 2020, has been included in the scope of consolidation since the date of its establishment.

ACQUISITIONS OF SUBSIDIARIES IN 2020

In October 2020, Neschen Coating GmbH acquired 100% of the shares in Neschen s.r.o. (formerly: Linus s.r.o.) as part of a share deal. The company was consolidated for the first time in October 2020. Due to the company's minor significance for the Group as a whole, no further information is provided on the acquisition.

No further company acquisitions were made in the 2020 financial year.

FURTHER INFORMATION
You can find out more about current changes in our scope of consolidation at www.blue-cap.de/aktuelles

SALE OF SUBSIDIARIES IN 2020

By way of a notarised purchase agreement dated 17 March 2020, Blue Cap sold the 100% share in em-tec GmbH held by its subsidiary Blue Cap 05 GmbH (formerly: em-tec Verwaltungsgesellschaft mbH) to Dover Germany GmbH, which belongs to the Dover Corporation, Downers Grove/USA.

The net assets disposed of comprise the following components:

EUR thousand	Carrying amounts
Intangible assets	3,685
Property, plant and equipment	2,087
Other non-financial assets	39
Non-current assets	**5,811**
Inventories	2,386
Trade receivables	2,323
Other non-financial assets	87
Cash	5
Current assets	**4,800**
Other provisions	12
Deferred tax liabilities	967
Other financial liabilities	19
Non-current liabilities	**997**
Other provisions	208
Actual tax liabilities	1,165
Trade payables	698
Other financial liabilities	2,871
Other non-financial liabilities	108
Current liabilities	**5,049**
Net assets	**4,566**

EUR thousand

Consideration received in cash	25,374
Net assets disposed of	−4,566
Profit from disposal before tax	**20,808**
Income tax on disposal gains	**−256**
Profit from disposal after tax	**20,552**

EUR thousand

Cash inflow from buyer	22,474
Cash outflow due to disposal of cash and cash equivalents	−5
Net cash inflow from the disposal	**22,469**

The amount of consideration to be received in cash has not yet been finalised. As of the reporting date of 31 December 2020, cash consideration of EUR 2,900 thousand had not yet been received due to an escrow agreement.

em-tec GmbH was deconsolidated with effect from 30 April 2020. As a result, comparison with the previous year's income statement is only possible to a limited extent. The key figures from the income statement of em-tec GmbH, which was part of the Medical Technology segment in 2019 and will be reported in the Other segment in 2020 as part of its disposal, were as follows:

KEY FIGURES FROM THE INCOME STATEMENT OF EM-TEC GMBH

for the period from 1 January to 30 April 2020/1 January to 31 December 2019

EUR thousand

	2020	2019
Revenue	4,198	10,525
Total output	**4,482**	10,570
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**743**	1,399
Earnings before interest and taxes (EBIT)	**605**	998
Net income for the year	**447**	−102

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.

GOOD TO KNOW
The consolidated income statement can be found on page 124

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 operating income" or "Other operating 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 accumulated other comprehensive income.

		Closing rate	
Currencies	1 EUR in	31 Dec. 2020	31 Dec. 2019
USD	USA	1.23	1.12
CHF	Switzerland	1.08	1.09
CZK	Czech Republic	26.24	n/a
SEK	Sweden	10.03	10.45

		Average rate	
Currencies	1 EUR in	31 Dec. 2020	2019
USD	USA	1.22	1.11
CHF	Switzerland	1.08	1.09
CZK	Czech Republic	26.31	n/a
SEK	Sweden	10.17	10.48

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 (percentage-of-completion 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 when the service is used/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 2020 financial year, the Blue Cap Group recognised EUR 2,984 thousand (2019: EUR 3,533 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 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 comparable 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.5 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 comparable 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 and are largely based on 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.6 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.7 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.8 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 costs to sell 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.

No goodwill is recognised in the Blue Cap Group in the periods presented.

C.9 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.10 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.11 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. Work 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.12 Cash and cash equivalents

Cash and cash equivalents consist of cash-in-hand, 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.13 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 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.14 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.15 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.16 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.17 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.18 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.19 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 (primarily in the area of plant and mechanical engineering). 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	2020	2019
Revenue recognised over time	103,059	91,927
Revenue recognised at a point in time	129,940	133,744
Revenue	**232,999**	**225,671**

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

GEOGRAPHICAL REVENUE BREAKDOWN

EUR thousand

	2020	%	2019	%
Germany	123,078	52.82	116,830	51.77
Rest of Europe	66,086	28.36	77,214	34.22
Third countries	43,835	18.81	31,627	14.01
Revenue	**232,999**		**225,671**	

D.2 Other income

Other income includes the following:

EUR thousand	2020	2019
Profit from deconsolidation	20,808	258
Bargain purchase income	0	2,688
Foreign currency translation	57	41
Income relating to previous periods	357	535
Income from the disposal of fixed assets	1,492	406
Income from the reversal of provisions	1,529	681
Miscellaneous other income	1,663	2,266
Other income	**25,906**	**6,876**

The miscellaneous other income as of 31 December 2020 mainly consists of income from insurance compensation and other benefits in kind. In the 2019 comparative period, in addition to benefits in kind, miscellaneous other income mainly included EUR 1,200 thousand in compensation in connection with a rental agreement of Filmolux S.à r.l. and EUR 274 thousand for a subsidy for Neschen Coating GmbH.

D.3 Cost of materials

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

EUR thousand	2020	2019
Cost of raw materials, consumables and supplies and of purchased merchandise	−122,556	−121,448
Cost of purchased services	−1,190	−2,446
Cost of materials	**−123,746**	**−123,894**

D.4 Personnel expenses

EUR thousand	2020	2019
Wages and salaries	−50,139	−48,485
Social security costs and expenses for pension plans	−10,405	−9,802
Personnel expenses	**−60,545**	**−58,287**

Pension expenses amounted to EUR 160 thousand (previous year: EUR 126 thousand). For defined contribution and other pension plans, the expense in the current period amounted to EUR 25 thousand (2019: EUR 60 thousand).

The increase in employee benefit expenses compared to the same period of the previous year is mainly due to the full consolidation of the con-pearl companies in 2020. In the comparative period, these companies were only part of the Blue Cap Group from September 2020 onwards. The Blue Cap Group received EUR 1,431 thousand from reimbursements for short-time working programme payments and comparable payments in 2020.

D.5 Other expenses

EUR thousand	2020	2019
Outgoing freight, commission and distribution costs	−6,297	−6,819
Advertising costs	−1,037	−1,653
Vehicle and travel expenses	−1,481	−2,393
Legal and consultancy costs	−4,030	−4,038
Training and temporary employment costs	−853	−915
Rent, leasing and storage costs	−990	−825
Operating costs and maintenance costs for operating resources	−13,819	−10,788
Contributions, fees and insurance costs	−2,533	−2,060
Losses from the disposal of assets	−871	−352
Extraordinary and prior-period expenses	−3,338	−987
Miscellaneous other expenses	−3,085	−2,424
Other expenses	**−38,335**	**−33,253**

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

The increase in operating costs and maintenance costs for operating resources compared to the same period of the previous year is mainly due to the full consolidation of the con-pearl companies in 2020. In the comparative period, these companies were only part of the Blue Cap Group from September onwards.

In the consolidated financial statements of Blue Cap AG, fees for the auditor of the consolidated financial statements of EUR 373 thousand (2019: EUR 418 thousand) are recognised as operating expenses for the 2020 financial year. The fees are broken down into costs for audit services for the annual financial statements (EUR 332 thousand, 2019: EUR 374 thousand), other assurance services (EUR 27 thousand, 2019: EUR 29 thousand) (mainly for certificates pursuant to the German Renewable Energy Sources Act (EEG)) and other services (EUR 9 thousand, 2019: EUR 15 thousand) provided for the parent company or for subsidiaries.

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

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

The increase in depreciation and amortisation expenses compared to the same period of the previous year is mainly due to the full consolidation of the con-pearl companies in 2020. In the comparative period, these companies were only part of the Blue Cap Group from September onwards.

In the 2020 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. In the comparative period, no material impairment losses were recognised on intangible assets or on property, plant and equipment.

D.7 Impairment losses according to IFRS 9

The increase in impairment losses according to IFRS 9 in 2020 as against 2019 is mainly due to specific valuation allowances on trade receivables and increased risk provisions in the wake of the Covid-19 pandemic.

D.8 Financing income and expenses

EUR thousand	2020	2019
Other interest and similar income from affiliated companies	27	26
Miscellaneous other interest and similar income	222	64
Income from changes in fair value (FVTPL instruments)	7	3
Financing income	**256**	**93**
Amortisation of financial investments and marketable securities	−377	0
Interest and similar expenses from affiliated and associated companies	0	−113
Interest from lease liabilities	−275	−214
Interest expense for compounding	−82	−88
Miscellaneous interest and similar expenses	−2,042	−1,537
Expenses from changes in fair value (FVTPL instruments)	−3	−2
Financing expenses	**−2,779**	**−1,954**

As in previous years, miscellaneous interest and similar expenses mainly include interest from non-current liabilities to banks. These amount to EUR 1,669 thousand in the current financial year (2019: EUR 1,474 thousand).

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

EUR thousand		2020	2019
Total interest income			
Amortised cost	AC	249	90
Fair value OCI	FVOCI	0	0
Fair value PL	FVTPL	7	3
Total interest expense			
Amortised cost	AC	−2,317	−1,864
Fair value OCI	FVOCI	0	0
Fair value PL	FVTPL	−3	−2

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	2020	2019
Current income taxes	−853	−1,710
Deferred income taxes	−181	2,106
Income tax expense	**−1,033**	**396**

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% (2019: 33.0%) is made up of a corporation tax rate of 15.0% (2019: 15.0%), a solidarity surcharge of 5.5% (2019: 5.5%) and a trade tax rate of 17.2% (2019: 17.2%).

EUR thousand	2020	2019
Profit before tax	**17,525**	**2,423**
Statutory tax rate (in %)	33.0%	33.0%
Expected tax expense	**−5,779**	**−799**
Reasons for excess/shortfall amounts:		
Non-capitalised deferred taxes on temporary differences and loss carryforwards	−714	−319
Miscellaneous non-tax-deductible expenses incl. withholding tax	−1,227	−212
Tax-free income	6,473	1,192
Back payments of tax and refunds from previous years	−66	801
Subsequent recognition of deferred taxes	73	464
Tax rate differences	397	−666
Other effects	−190	−64
Expense (–) / income (+) reported for income taxes	**−1,033**	**396**

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:

		2020	2019
Consolidated net income after tax attributable to the owners of the parent company	EUR thousand	**16,573**	**2,821**
Weighted average number of shares to calculate earnings per share			
Basic	No.	3,992,766	3,980,000
Diluted	No.	3,992,766	3,980,000
Earnings per share			
Basic	EUR	4.15	0.71
Diluted	EUR	4.15	0.71

GOOD TO KNOW
You can find out more about this topic in the Blue Cap on the capital market chapter starting on page 32

Due to the increase in share capital by 16,628 shares in March 2020, the average weighted number of shares in circulation also increased as of the reporting date compared to the previous year.

E. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

E.1 Intangible assets

EUR thousand	Internally generated intangible assets	Purchased concessions, industrial property rights and similar rights and assets	Rights to use intangible assets	**Total**
Cost				
As of 1 Jan. 2019	**1,313**	**11,888**	**296**	**13,497**
Changes in the consolidated group	0	5,965	0	5,965
Reclassification	0	0	0	0
Additions	0	435	104	539
Disposals	0	−48	−110	−158
Exchange rate effects				
As of 31 Dec. 2019	**1,313**	**18,240**	**290**	**19,843**
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**

EUR thousand	Internally generated intangible assets	Purchased concessions, industrial property rights and similar rights and assets	Rights to use intangible assets	**Total**
Accumulated amortisation and impairment losses				
As of 1 Jan. 2019	**−867**	**−6,000**	**−76**	**−6,942**
Changes in the consolidated group	0	−4,974	0	−4,974
Reclassification	−4	0	0	−4
Disposals	0	48	110	158
Depreciation	−88	−939	−125	−1,153
Impairment losses/reversal of impairment losses	−29	0	0	−29
Exchange rate effects	0	0	0	0
As of 31 Dec. 2019	**−988**	**−11,865**	**−91**	**−12,944**
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	−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**
Carrying amounts				
31 Dec. 2019	325	6,375	199	6,900
31 Dec. 2020	224	1,951	146	2,321

The disposals from intangible assets resulting from the change in the scope of consolidation are due to the deconsolidation of em-tec GmbH.

Amortisation in the amount of EUR 975 thousand (2019: EUR 1,153 thousand) is shown in the consolidated income statement under the item “Depreciation and amortisation”. Impairment losses on intangible assets in the amount of EUR 4 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.2 Property, plant and equipment

EUR thousand	Land and buildings	Technical equipment and machinery	Operating and office equipment	Prepay-ments 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. 2019	**49,553**	**71,436**	**17,820**	**428**	**2,249**	**1,152**	**3,629**	**146,266**
Changes in the consolidated group	25,097	56,386	11,125	−373	4,146	394	1,621	98,396
Reclassification	0	454	0	−100	0	0	0	355
Additions	1,131	1,309	1,008	48	4,497	81	472	8,545
Disposals	−1,932	−6,881	−660	0	−398	−30	−244	−10,144
Exchange rate effects	−2	−35	−4	0	−18	0	0	−60
As of 31 Dec. 2019	**73,846**	**122,669**	**29,289**	**3**	**10,475**	**1,597**	**5,479**	**243,358**
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**

EUR thousand	Land and buildings	Technical equipment and machinery	Operating and office equipment	Prepayments and assets under construction	Rights of use for land and buildings	Rights of use for technical equipment and machinery	Rights of use for operating and office equipment	**Total**
Accumulated amortisation and impairment losses								
As of 1 Jan. 2019	**−18,456**	**−51,820**	**−13,892**	**0**	**−934**	**−124**	**−1,384**	**−86,609**
Changes in the consolidated group	−15,847	−40,330	−9,370	0	0	0	0	−65,547
Reclassification	0	−1	0	1	0	0	0	0
Disposals	1,877	5,833	586	0	398	30	244	8,968
Depreciation	−1,152	−4,475	−1,132	−1	−1,261	−238	−1,200	−9,459
Impairment losses/reversal of impairment losses	0	0	0	0	0	0	0	0
Exchange rate effects	2	27	4	0	1	0	0	33
As of 31 Dec. 2019	**−33,576**	**−90,766**	**−23,804**	**0**	**−1,796**	**−333**	**−2,339**	**−152,613**
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	−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**
Carrying amounts								
31 Dec. 2019	40,271	31,903	5,486	3	8,679	1,264	3,139	90,744
31 Dec. 2020	36,117	29,852	4,794	0	7,710	909	2,736	82,118

The disposals from property, plant and equipment resulting from the change in the scope of consolidation are due to the deconsolidation of em-tec GmbH and the deconsolidation of SMB-David finishing lines GmbH i. I.

Depreciation of property, plant and equipment and rights of use for property, plant and equipment amounting to EUR 11,846 thousand (2019: EUR 9,459 thousand) are shown in the consolidated income statement under the item "Depreciation and amortisation". Impairment losses of EUR 516 thousand (2019: EUR 0 thousand) were recognised on property, plant and equipment, primarily on property, plant and equipment that is not currently in use. 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.

E.3 Investment property

EUR thousand	Investment property
Cost	
As of 1 Jan. 2019	**6,029**
Changes in the consolidated group	−2,673
Reclassification	0
Additions	1,053
Disposals	0
Exchange rate effects	0
As of 31 Dec. 2019	**4,410**
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**

EUR thousand	Investment property
Accumulated amortisation and impairment losses	
As of 1 Jan. 2019	**−344**
Changes in the consolidated group	0
Reclassification	0
Disposals	0
Depreciation	−76
Impairment losses/reversal of impairment losses	0
Exchange rate effects	0
As of 31 Dec. 2019	**−420**
As of 1 Jan. 2020	**−420**
Changes in the consolidated group	0
Reclassification	392
Disposals	0
Depreciation	−107
Impairment losses/reversal of impairment losses	0
Exchange rate effects	0
As of 31 Dec. 2020	**−134**
Carrying amounts	
31 Dec. 2019	3,990
31 Dec. 2020	1,988

The new company property in Finning built by Blue Cap Asset Management is let to the former subsidiary em-tec GmbH. This property was recognised in accordance with IAS 40 following its completion in the first half of 2020 and was reclassified to this area. In August 2020, with the start of the disposal process, the property was reclassified in accordance with IFRS 5 and was no longer reported in accordance with IAS 40. Depreciation on this property was no longer recognised as of this date. At the end of the year, an impairment loss of EUR 1,031 thousand was recognised on this property.

The company properties in Hofolding and Leisnig, which are rented to third parties, were reclassified as held for sale in June (Leisnig) and August 2020 (Hofolding), meaning that they are no longer reported in accordance with IAS 40. Depreciation on these properties was no longer recognised after the reclassification.

As of the reporting date, there is one investment property in Pforzheim, one property in Geretsried-Gelting that is partially rented to third parties, and one undeveloped property in Finning that is held as an investment property.

Investment property includes land, buildings and parts of buildings with a fair value of EUR 3,149 thousand (2019: EUR 6,628 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 2020 and in the comparative period, there were no loan agreements for which investment property was pledged.

Investment property generated rental income of EUR 129 thousand (2019: EUR 544 thousand) in the reporting period. Expenses of EUR 1 thousand (2019: EUR 36 thousand) were incurred in the current year for the maintenance of the investment property used.

E.4 Financial investments accounted for using the equity method

As of 31 December 2020, 2 (31 December 2019: 3) associates over which the Blue Cap Group can exert significant influence, but not control, through involvement in their financial and corporate policies are included in the consolidated financial statements using the equity method.

The stake in Gämmerler Ltd. (York/United Kingdom) was sold in May 2020 to the co-shareholder who had held the remaining shares in this company up until that time. This disposal is part of the strategic alignment of the Production Technology segment within the Blue Cap Group.

		Shareholding in %	
Company name	Registered office	31 Dec. 2020	31 Dec. 2019
Gämmerler Limited	York/United Kingdom	0.0	50.0
GammerlerTech Corporation	Palmetto/USA	49.0	49.0
inheco Industrial Heating and Cooling GmbH	Planegg	42.0	42.0

As the individual associates are not material for the Blue Cap Group in their own right, no detailed financial information has been provided.

EUR thousand	2020	2019
Profit	1,409	353
Other comprehensive income	9	24
Total comprehensive income	**1,419**	**378**

The investment in the companies 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 products of inheco Industrial Heating and Cooling GmbH in connection with the Covid-19 pandemic.

The profit stated also includes the expense from the sale of Gämmerler Ltd. in the amount of EUR 110 thousand.

E.5 Participating interests

The investments shown 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 is due primarily to changes in the market value and to the sale of part of the shares in Greiffenberger AG, Augsburg. Gains and losses from the disposal of these shares are also recognised in other comprehensive income. With regard to the presentation currency of the fair values, reference is made to the section on financial instruments.

E.6 Other non-current financial assets

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

E.7 Other non-current non-financial assets

Other non-current non-financial assets amount to EUR 1,372 thousand as of the reporting date (31 December 2019: EUR 6,354 thousand). The change in this item is due primarily to the reclassification of the construction project in Finning, which has since been completed, from prepayments on property, plant and equipment to investment property (see also section E.3) and the final reclassification to assets held for sale (see also section E.16).

As of the reporting date, the item consists mainly of prepayments made on various items of property, plant and equipment.

E.8 Deferred tax assets and liabilities

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

	31 Dec. 2020		31 Dec. 2019	
EUR thousand	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	25	−200	10	−1,165
Property, plant and equipment	1,184	−5,399	758	−7,235
Inventories	1,134	0	2,070	−93
Contract assets and contract liabilities	199	−863	0	−1,859
Other financial assets	0	−3,146	521	−3,639
Other non-financial assets	88	−2,543	55	0
Provisions for pensions and similar commitments	1,111	0	1,366	0
Other provisions	1,489	0	548	0
Financial liabilities	7,401	−2,986	3,276	0
Other non-financial liabilities	0	−2,276	51	−363
Loss carryforwards	1,486	0	1,922	0
Deferred taxes before netting	**14,117**	**−17,412**	**10,575**	**−14,354**
Netting	−9,987	9,987	−7,173	7,173
Deferred taxes after netting	**4,130**	**−7,425**	**3,402**	**−7,181**

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 9,173 thousand (31 December 2019: EUR 17,456 thousand) and trade tax loss carryforwards of EUR 10,322 thousand (31 December 2019: EUR 15,818 thousand) as their utilisation cannot be predicted.

E.9 Inventories

EUR thousand	31 Dec. 2020	31 Dec. 2019
Raw materials, consumables and supplies	9,864	12,652
Unfinished goods, services in progress	5,342	4,708
Finished goods and merchandise	12,292	13,117
Inventories	**27,499**	**30,476**

The impairment losses recognised on inventories in the current financial year amount to EUR 3,541 thousand (2019: EUR 2,947 thousand). The impairment takes marketability, age and all apparent storage and inventory risks into account.

The inventories recognised as expenses in the 2020 financial year amounted to EUR 105,396 thousand (2019: EUR 119,624 thousand) and are included in the cost of materials.

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

E.10 Contract assets and contract liabilities

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

EUR thousand	31 Dec. 2020	31 Dec. 2019
Non-current contract assets	0	0
Current contract assets	2,617	2,301
Non-current contract liabilities	0	0
Current contract liabilities	604	987

In 2020 and in the comparative period, no impairment losses were recognised on contract assets in accordance with IFRS 9.

In the current reporting period, revenue of EUR 987 thousand was realised from contracts with customers that had been included in contract liabilities at the beginning of the period (2019: EUR 2,368 thousand). A total transaction price of EUR 1,693 thousand (31 December 2019: EUR 2,146 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 1,693 thousand (31 December 2019: EUR 2,146 thousand) to be realised in the following period and EUR 0 thousand (31 December 2019: EUR 0 thousand) in subsequent periods. The transaction prices stated are generally prices for customer-specific products in plant construction. In accordance with IFRS 15, the transaction price is not disclosed for performance obligations with a term of one year or less.

E.11 Trade receivables

EUR thousand	31 Dec. 2020	31 Dec. 2019
Trade receivables	17,764	22,629
less expected credit losses	−1,142	−851
Trade receivables	**16,622**	**21,778**

As of the reporting date, there is a maximum default risk in the amount of the carrying amount. Trade receivables do not bear interest. Trade receivables consist of contracts with third-party customers.

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 2020/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 2020 and the comparative period:

EUR thousand	2020	2019
Risk provisions as of 1 January	**851**	**786**
Additions	288	71
Transfer from/to Level 3	10	0
Utilisation	0	−17
Reversal	−5	−93
Change in scope of consolidation	−2	103
Risk provisions as of 31 December	**1,142**	**851**

FACTORING AGREEMENTS

The Blue Cap Group has also sold trade receivables with a carrying amount of EUR 3,485 thousand (31 December 2019: EUR 7,670 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.12 Other current financial assets

The other current financial assets include EUR 602 thousand (31 December 2019: EUR 1,114 thousand) in receivables from associates and EUR 372 thousand (31 December 2019: EUR 252 thousand) in receivables from companies in which the Group does not hold any significant participating interest. Purchase price receivables from disposals of EUR 5,050 thousand (31 December 2019: EUR 0 thousand) are also included.

E.13 Income tax assets

Income tax assets mainly comprise claims for domestic corporation tax and trade tax refunds.

E.14 Other current non-financial assets

EUR thousand	31 Dec. 2020	31 Dec. 2019
Prepayments on inventories	259	1,576
VAT receivables	435	409
Receivables from social benefits, levies and other statutory claims	68	43
Other receivables from employees (advances)	26	36
Miscellaneous other non-financial assets	1,162	1,532
Other non-financial assets	**1,949**	**3,596**

The miscellaneous other non-financial assets consist, in particular, of other prepaid expenses and creditors with debit balances.

E.15 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 EUR balances 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.

E.16 Assets held for sale

A production and warehouse property in Leisnig (part of the Production Technology segment) rented out to third parties was reported as held for sale in accordance with IFRS 5, as it was not used by any Group company for operational purposes and its further long-term rental is not consistent with the Blue Cap Group's strategic orientation. The disposal process for this property was completed in the fourth quarter of 2020. Disposal gains of EUR 1,349 thousand were realised from the sale.

Two production and administrative properties (part of the Other segment) rented out to third parties were reported as held for sale in accordance with IFRS 5 on the reporting date, as they were not used by any Group company for operational purposes and their further long-term rental is not consistent with the Blue Cap Group's strategic orientation. Contracts for the sale of both properties were concluded in the fourth quarter of 2020. The disposals will be completed on schedule in the first half of 2021.

E.17 Subscribed capital

The company's share capital as of 31 December 2020 amounts to EUR 3,997 thousand (31 December 2019: EUR 3,980 thousand). It is divided into 3,996,628 (31 December 2019: 3,980,000) 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 Management Board and the Supervisory Board on 25 March 2020, the share capital was increased by EUR 17 thousand (16,628 shares). The capital increase was subscribed to by the Management Board members Ulrich Blessing and Tobias Hoffmann-Becking.

The Annual General Meeting held on 7 August 2015 passed a resolution on the creation of new authorised capital (Authorised Capital 2015/I). Accordingly, the Management Board was authorised, in the period leading up to 6 August 2020, to increase the company's share capital, with the consent of the Supervisory Board, by up to EUR 930,000.00 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 2015/I).

Based on the authorisation granted by the Annual General Meeting on 7 August 2015, the Management Board made partial use of the authorised capital (Authorised Capital 2015/I) by way of a resolution passed on 16 November 2015 and with the approval of the Supervisory Board on the same day. The share capital was increased by EUR 360 thousand in return for a cash contribution through the issue of 360,000 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 6.00 per share. The capital increase was entered in the commercial register at the Local Court (Amtsgericht) of Munich on 2 December 2015.

The authorised capital of 7 August 2015 (Authorised Capital 2015/I) amounted to EUR 570 thousand as of 31 December 2019 following its partial utilisation. After the capital increase on 25 March 2020, it amounts to EUR 553 thousand.

The authorised capital of 7 August 2015 (Authorised Capital 2015/I) expired on 6 August 2020.

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 TEUR 500 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 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 TEUR 790 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).

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 TEUR 700 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).

E.18 Capital reserve

The capital reserve amounts to EUR 5,266 thousand as of the reporting date (31 December 2019: EUR 5,082 thousand). The change of EUR 183 thousand results from the capital increase subscribed to by the Management Board members Ulrich Blessing and Tobias Hoffmann-Becking in March 2020.

E.19 Other equity components

The other equity components consist of the reserves for remeasurements of defined benefit plans, the currency translation reserve and the reserve for changes in the fair value of equity instruments at fair value through other comprehensive income. The change in other equity components can be seen in the statement of changes in equity.

E.20 Retained earnings

The change in retained earnings can be seen in the statement of changes in equity.

In the 2020 and 2019 financial years, a dividend of EUR 0.75 per share was distributed to the company's shareholders.

E.21 Non-controlling interests

The change in non-controlling interests can be seen in the statement of changes in equity.

E.22 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 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 Dec. 2020	31 Dec. 2019
Present value of defined benefit obligations	9,308	9,533
Fair value of plan assets	290	301
Net liability from defined benefit obligations	**9,018**	**9,232**

FAIR VALUE OF PLAN ASSETS

EUR thousand

	2020	2019
As of 1 Jan.	**301**	**312**
Return on plan assets less typical interest rate	–11	–11
As of 31 Dec.	**290**	**301**

The plan assets used to finance the obligations exclusively include reinsurance policies.

COMPOSITION OF THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATIONS

EUR thousand

	2020	2019
As of 1 Jan.	**9,533**	**3,175**
Service cost	60	38
Interest expense	84	89
Actuarial gains and losses	26	98
Benefits paid	−468	−315
Changes in the scope of consolidation	0	6,717
Other	73	−270
As of 31 Dec.	**9,308**	**9,533**

ACTUARIAL ASSUMPTIONS

in %

	Discount rate	Salary trends	Pension trends	Staff turnover	Mortality tables
2020	0.62–1.15	2	1–2	Mercer-specific tables	RT Heubeck 2018 G
2019	0.85–0.92	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 356 thousand (31 December 2019: EUR 366 thousand). By contrast, an increase in the discount rate by 0.25 basis points would reduce the present value by EUR 334 thousand (31 December 2019: EUR 344 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 447 thousand (31 December 2019: EUR 346 thousand). The average term of the pension obligations is 15.52 years (31 December 2019: 12.59 years).

E.23 Other provisions

Other provisions changed as follows:

EUR thousand	Other personnel-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**
Exchange rate effects	0	0	0	0
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**

In addition to provisions for warranty claims and provisions for retention obligations, miscellaneous other provisions in the financial year and in the comparative period consist primarily of provisions for outstanding invoices, restructuring, customer bonuses and third-party sales premiums.

EUR thousand	Other personnel-related provisions	Onerous contracts	Miscellaneous other provisions	**Total**
As of 1 Jan. 2019	**74**	**595**	**3,083**	**3,752**
of which current	**0**	**595**	**2,438**	**3,033**
of which non-current	**74**	**0**	**645**	**719**
Exchange rate effects	0	0	0	0
Changes in the consolidated group	98	819	146	1,063
Additions	52	91	4,434	4,577
Utilisation	−43	−595	−2,336	−2,974
Compounding	1	0	0	1
Reversal	0	0	−294	−294
As of 31 Dec. 2019	**182**	**910**	**5,034**	**6,125**
of which current	**0**	**910**	**4,304**	**5,214**
of which non-current	**182**	**0**	**730**	**911**

E.24 Income tax liabilities

Income tax liabilities mainly relate to domestic liabilities from corporation tax and trade tax.

E.25 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 12 months.

E.26 Other financial liabilities

Other financial liabilities include the following, broken down into maturity bands:

EUR thousand	31 Dec. 2020			31 Dec. 2019		
	Current	Non-current	**Total**	Current	Non-current	**Total**
Liabilities to banks	17,820	46,735	64,555	30,979	43,000	73,979
of which from loan agreements	8,111	46,735	54,846	14,907	43,000	57,907
of which under current account agreements	9,709	0	9,709	16,071	0	16,071
Lease liabilities	2,751	8,701	11,452	2,924	10,071	12,994
Miscellaneous other financial liabilities excluding borrowings	1,899	125	2,024	1,246	205	1,451
Other financial liabilities	**22,470**	**55,561**	**78,031**	**35,148**	**53,276**	**88,424**

Liabilities to banks consist of annuity, amortising and bullet loans with interest rates ranging from 1.09% to 3.71% (31 December 2019: 1.4% to 3.5%). The terms of the main loans amount to a maximum of six years.

Covenants have been agreed for some of the liabilities to banks. If these are not met as of the reporting date, the corresponding liabilities are reported as current liabilities. For the 2021 financial year, contractual principal repayments in the amount of EUR 8,111 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 Dec. 2020	31 Dec. 2019
Security rights over real property	15,464	15,025
Other liens	0	550
Collateral assignment	1,250	1,706
Blanket assignment	5,525	7,625

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 16,634 thousand (31 December 2019: EUR 16,584 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	2020	2019
Short-term leases	159	280
Low-value leases	20	71
Total	**179**	**351**

The total obligation under these leases amounts to EUR 226 thousand (31 December 2019: EUR 233 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	2020	2019
Total cash outflow	**3,431**	**2,986**
of which principal repayments	2,995	2,391
of which interest payments	257	214
of which payments for short-term leases	159	295
of which payments for low-value leases	20	86

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. 2019	3,181	7,286	3,549	14,015
Future lease payments as of 31 Dec. 2020	3,081	6,770	2,716	12,567

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 1,224 thousand.

The lease liabilities are generally secured by the underlying leased assets.

MISCELLANEOUS OTHER FINANCIAL LIABILITIES EXCLUDING BORROWINGS

The miscellaneous other financial liabilities excluding borrowings mainly consist of current accruals for outstanding invoices.

E.27 Other current non-financial liabilities

EUR thousand	31 Dec. 2020	31 Dec. 2019
VAT liabilities	501	923
Other tax liabilities	554	630
Liabilities from social security	279	39
Personnel-related liabilities	3,912	4,510
Miscellaneous other liabilities	915	1,490
Other non-financial liabilities	**6,160**	**7,591**

As in previous years, 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 represent different industries with different products and services and are managed separately. The legal entities can all be clearly assigned to a segment.

GOOD TO KNOW
You can find out more about our individual segments in the progress report starting on page 48

The companies belonging to the con-pearl Group and the Knauer-Uniplast Group are allocated to the Plastics Technology segment. Neschen GmbH and its sales subsidiaries make up the Coating Technology segment. The Adhesive Technology segment comprises the companies in the Planatol Group. Carl Schaefer Gold- und Silberscheideanstalt GmbH is included in the Metal Technology segment and the companies nokra Optische Prüftechnik und Automation GmbH and Gämmerler GmbH make up the Production Technology segment. Blue Cap AG and other holding and shelf companies are allocated to the Other segment. em-tec GmbH was included in the Medical Technology segment in the comparative period and was allocated to the Other segment in the reporting period up until the time at which the company was deconsolidated. 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:

2020 EUR thousand	Plastics Technology	Coating Technology	Adhesive Technology	Metal Technology	Production Technology	Other segments	**Total segments**	Consolidation	**Group**
Revenue with external third parties	**100,719**	**54,481**	**30,614**	**31,816**	**10,577**	**4,793**	**232,999**	**0**	**232,999**
of which from sales	100,682	40,059	29,779	31,759	1,869	537	204,685	0	204,685
of which from services	0	0	306	0	794	136	1,235	0	1,235
of which from contract manufacturing	0	14,421	520	0	7,621	3,526	26,089	0	26,089
of which other revenues	37	0	9	57	292	594	989	0	989
Revenue with Group companies	**5**	**0**	**135**	**7**	**59**	**4,606**	**4,814**	**−4,814**	**0**
Total revenue	**100,724**	**54,481**	**30,750**	**31,823**	**10,636**	**9,399**	**237,812**	**−4,814**	**232,999**
Total output	**100,549**	**55,549**	**30,878**	**31,906**	**12,501**	**30,701**	**262,085**	**−4,987**	**257,098**
EBITDA	**8,829**	**3,977**	**1,786**	**993**	**−1,015**	**21,898**	**36,468**	**−1,995**	**34,473**
Depreciation, amortisation and impairment	**−9,030**	**−2,104**	**−1,551**	**−107**	**−355**	**−2,112**	**−15,260**	**751**	**−14,509**
of which impairment losses/reversals	−491	0	0	0	0	−1,060	−1,551	0	−1,551
Result from valuation based on the equity method	**0**	**0**	**0**	**0**	**−186**	**0**	**−186**	**1,595**	**1,409**
EBIT	**−200**	**1,873**	**235**	**885**	**−1,556**	**19,785**	**21,023**	**350**	**21,373**
Adjusted total output	**98,790**	**55,178**	**30,674**	**31,862**	**9,297**	**10,618**	**236,420**	**−4,409**	**232,011**
Adjusted EBITDA	**9,491**	**4,893**	**2,832**	**955**	**−1,883**	**1,272**	**17,560**	**58**	**17,618**
Adjusted EBITDA margin	9.6%	8.9%	9.2%	3.0%	−20.2%	12.0%	7.4%	−1.3%	7.6%
Net debt ratio*	**1.9**	**1.1**	**0.6**	**0.5**	**0.0**	**1.7**	**1.6**	**0.0**	**1.6**
Investments/divestments**	**−4,305**	**−1,181**	**−87**	**−12**	**1,416**	**13,845**	**9,676**	**0**	**9,676**
of which company acquisitions/disposals	0	−125	0	0	0	22,464	22,339	0	22,339
Working capital (net)***	**9,141**	**15,181**	**7,006**	**1,343**	**2,189**	**107**	**34,968**	**0**	**34,968**
Segment assets	**75,743**	**39,548**	**15,425**	**2,853**	**9,889**	**121,242**	**264,700**	**−66,198**	**198,502**
Segment liabilities	**58,750**	**24,732**	**10,343**	**1,569**	**6,232**	**54,702**	**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.
** The investments/divestments shown relate to proceeds from (+) / payments (–) for property, plant and equipment, intangible assets, investment property and acquisitions of companies and participating interests.
*** The reported working capital (net) corresponds to the segments' inventories plus trade receivables, less trade payables.

2019	Plastics Tech-nology	Coating Tech-nology	Adhesive Tech-nology	Metal Tech-nology	Pro-duction Tech-nology	Medical Tech-nology	Other segments	**Total segments**	Consoli-dation	**Group**
EUR thousand										
Revenue with external third parties	**72,789**	**62,233**	**35,230**	**23,165**	**21,493**	**10,525**	**230**	**225,665**	**0**	**225,665**
of which from sales	14,739	53,051	33,488	23,119	3,889	1,344	0	129,630	0	129,630
of which from services	0	0	611	0	2,034	341	0	2,986	0	2,986
of which from contract manufacturing	58,050	9,182	1,131	0	15,297	8,840	0	92,500	0	92,500
of which other revenues	0	0	0	46	274	0	230	549	0	549
Revenue with Group companies	**0**	**2**	**433**	**0**	**79**	**0**	**4,508**	**5,023**	**−5,017**	**6**
Total revenue	**72,789**	**62,236**	**35,663**	**23,165**	**21,573**	**10,525**	**4,737**	**230,687**	**−5,017**	**225,671**
Total output	**76,077**	**64,636**	**35,730**	**23,215**	**20,088**	**10,570**	**5,154**	**235,471**	**−5,025**	**230,446**
EBITDA	**2,660**	**6,428**	**2,385**	**622**	**576**	**1,393**	**929**	**14,994**	**17**	**15,011**
Depreciation, amortisation and impairment	**−5,957**	**−1,990**	**−1,284**	**−108**	**−428**	**−786**	**−759**	**−11,311**	**595**	**−10,716**
of which impairment losses/reversals	0	0	0	0	−29	0	0	−29	0	−29
Result from valuation based on the equity method	**0**	**0**	**0**	**0**	**−19**	**0**	**0**	**−19**	**372**	**353**
EBIT	**−3,297**	**4,438**	**1,101**	**514**	**130**	**607**	**171**	**3,664**	**985**	**4,649**
Adjusted total output	**72,337**	**63,044**	**35,560**	**23,191**	**19,779**	**10,536**	**4,143**	**228,591**	**−4,456**	**224,135**
Adjusted EBITDA	**1,738**	**5,801**	**3,057**	**599**	**378**	**1,366**	**946**	**13,886**	**447**	**14,333**
Adjusted EBITDA margin	2.4%	9.2%	8.6%	2.6%	1.9%	13.0%	22.8%	6.1%	−10.0%	6.4%
Net debt ratio (in years)*	**9.6**	**1.3**	**1.0**	**1.1**	**16.0**	**0.0**	**0.0**	**3.5**	**0.0**	**3.4**
Investments/divestments**	**−14,872**	**−2,272**	**200**	**−17**	**−30**	**−273**	**−1,771**	**−19,035**	**0**	**−19,035**
of which company acquisitions/disposals	−13,136	−230					1,062	−12,304	0	−12,304
Working capital (net)***	**7,728**	**17,322**	**7,399**	**900**	**4,281**	**3,117**	**−197**	**40,551**	**0**	**40,551**
Segment assets	**94,165**	**41,848**	**13,361**	**2,653**	**13,692**	**10,753**	**113,261**	**289,734**	**−88,393**	**201,340**
Segment liabilities	**75,503**	**25,918**	**8,563**	**1,932**	**10,205**	**10,412**	**58,776**	**191,310**	**−56,955**	**134,354**

* The reported net debt ratio (in years) represents the segment's debt less cash in relation to adjusted EBITDA.
** The investments/divestments shown relate to proceeds from (+) / payments (–) for property, plant and equipment, intangible assets, investment property and acquisitions of companies and participating interests.
*** The reported working capital (net) corresponds to the segments' inventories plus trade receivables, less trade payables.

In the comparative period, con-pearl GmbH and its subsidiaries were not part of the scope of consolidation and the Plastics Technology segment until September 2019. As a result, the data can only be compared with the current reporting period to a limited extent.

The year-on-year drop in segment assets and segment liabilities in the Production Technology segment as of 31 December 2020 is due, in particular, to the deconsolidation of SMB-David i. I. with effect from 30 June 2020.

The Medical Technology segment was dissolved with the complete sale of the shares in em-tec GmbH. Up until 30 April 2020, em-tec GmbH was part of the Blue Cap Group. The segment assets and segment liabilities have been reduced accordingly to EUR 0 thousand since 30 April 2020 due to the deconsolidation of the company.

Since the sale of the investment in em-tec GmbH, the former Medical Technology segment has been allocated to the Other segment. This results in a significant increase in the segment assets in the Other segment compared to 31 December 2019. The gains from the deconsolidation of em-tec GmbH are also shown in the Other segment.

Details on the realisation of revenues from sales, services and contract manufacturing can be found in the accounting policies for revenue recognition.

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

RECONCILIATION TO EARNINGS BEFORE TAX

EUR thousand

	Group	
	2020	2019
EBIT of the reportable segments	**1,238**	**3,493**
Other segments	19,785	171
Consolidation	350	985
Impairment losses according to IFRS 9	−1,326	−364
Financing income	256	93
Financing expenses	−2,779	−1,954
Earnings before taxes (EBT)	**17,525**	**2,423**

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:

RECONCILIATION TO PROFIT BEFORE TAX

EUR thousand

	31 Dec. 2020	31 Dec. 2019
Cash and cash equivalents	36,251	25,074
Liabilities to banks under current account agreements	−9,709	−16,071
Cash funds	**26,542**	**9,002**

INFLOW/OUTFLOW FROM INVESTING ACTIVITIES

In addition to investments in tools and machinery, the main payments from investment activities in 2020 result from the costs of completing the company property in Finning, which is leased to third parties and is held for sale as of the reporting date, in the amount of EUR –2,589 thousand.

The main payments in 2019 result from the acquisition of the con-pearl Group at EUR –13,366 thousand and the investment in property, plant and equipment at EUR –8,034 thousand.

The main proceeds in 2020 result from the sale of a subsidiary in the amount of EUR 22,469 thousand. The main proceeds in 2019 result from the sale of a subsidiary in the amount of EUR 1,062 thousand.

The proceeds from disposals are broken down as follows:

EUR thousand	2020	2019
Cash inflow from buyer	22,474	1,250
Cash outflow/inflow from the sale/deconsolidation of cash and cash equivalents/current account liabilities	−10	−188
Net cash inflow from the disposal	**22,465**	**1,062**

The payments from acquisitions are broken down as follows:

EUR thousand	2020	2019
Cash outflow for acquisitions	88	12,657
Cash inflow/outflow from the acquisition of cash and cash equivalents/ current account liabilities	37	709
Net cash outflow from acquisitions	**125**	**13,366**

INFLOW/OUTFLOW FROM FINANCING ACTIVITIES

The payments from financing activities in 2020 result mainly from the scheduled repayment of long-term loans in the amount of EUR 8,540 thousand and the payment of a dividend to the company's shareholders in the amount of EUR 2,985 thousand.

The payments from financing activities in 2019 result mainly from the scheduled repayment of long-term loans in the amount of EUR 6,043 thousand and the payment of a dividend to the company's shareholders in the amount of EUR 2,985 thousand.

The proceeds from financial loans taken out in the financial year mainly relate to follow-up financing for long-term loans.

The proceeds from financial loans taken out in 2019 are characterised by the financing of company acquisitions. Otherwise, they mainly relate to follow-up financing for long-term loans.

Significant non-cash changes in liabilities from financing activities result from the conclusion of new lease agreements. In 2020, this resulted in a non-cash increase in lease liabilities of EUR 1,852 thousand (2019: EUR 5,154 thousand).

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 17,469 thousand (2019: cash outflow of EUR 8,130 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. 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		1,519					
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 liabilities 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 liabilities							
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 liabilities							
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

BALANCE SHEET VALUE PURSUANT TO IFRS 9

EUR thousand

Financial assets by category	Category according to IFRS 9	Carrying amount 31 Dec. 2019	Amortised cost	Fair value through OCI	Fair value through profit or loss	Fair value 31 Dec. 2019	Hierarchy
Non-current assets							
Participating interests	FVOCI	475		475		475	Level 1
Miscellaneous other financial assets		528					
of which free-standing derivatives	FVPL	10			10	10	Level 2
of which miscellaneous other financial assets	AC	517	517			517	
Current assets							
Trade receivables		21,778					
of which recognised at amortised cost	AC	14,108	14,108			14,108	
of which measured at fair value through profit or loss	FVPL	7,670			7,670	7,670	Level 2
Other financial assets		1,930					
of which free-standing derivatives	FVPL	0			0	0	Level 2
of which miscellaneous other financial assets	AC	1,930	1,930			1,930	
Cash and cash equivalents	AC	25,074	25,074			25,074	

Financial liabilities by category		Carrying amount 31 Dec. 2019	Amortised cost	Fair value through OCI	Fair value through profit or loss	Fair value 31 Dec. 2019	Hierarchy
Non-current liabilities							
Non-current financial liabilities		53,276					
of which liabilities to banks	FLAC	43,000	43,000			38,071	Level 2
of which free-standing derivatives	FLFVPL	3			3	3	Level 2
of which lease liabilities	n/a	10,071					
of which miscellaneous other financial liabilities	FLAC	202	202			202	
Current liabilities							
Trade payables	FLAC	11,703	11,703			11,703	
Other financial liabilities		35,148					
of which liabilities to banks	FLAC	30,979	30,979			30,979	Level 2
of which free-standing derivatives	FLFVPL	0			0	0	Level 2
of which lease liabilities	n/a	2,924					
of which miscellaneous other financial liabilities	FLAC	1,246	1,246			1,246	

Summary per category		
Financial assets at fair value through profit or loss	FVPL	7,680
Financial assets at fair value through other comprehensive income	FVOCI	475
Financial assets measured at amortised cost	AC	41,629
Financial liabilities at fair value through profit or loss	FLFVPL	3
Financial liabilities measured at amortised cost	FLAC	87,130

The net gains or losses in the individual categories according to IFRS 9 for the 2020 financial year and the comparison period shown are shown below:

EUR thousand		2020	2019
Financial assets at fair value through profit or loss	FVPL	−3	−2
Financial assets at fair value through other comprehensive income	FVOCI	−93	121
Financial assets measured at amortised cost	AC	−954	−233
Financial liabilities at fair value through profit or loss	FLFVPL	7	3
Financial liabilities measured at amortised cost	FLAC	−2,464	−1,802
Total		**−3,507**	**−1,913**

There are no significant default risks on the reporting date.

GOOD TO KNOW
You can find out more about risk management in the Group management report under Opportunities and risks starting on page 110

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 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 Dec. 2020	Contractually agreed cash flows	Up to one year	1–5 years	More than 5 years
EUR thousand				
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

31 Dec. 2019	Contractually agreed cash flows	Up to one year	1–5 years	More than 5 years
EUR thousand				
Liabilities to banks	73,979	30,979	20,705	22,295
Trade payables	11,703	11,703	0	0
Other financial liabilities	1,451	1,246	205	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

The central objective of capital management for the Group is to ensure that it can continue as a going concern and to maintain an optimal capital structure. The capital structure is monitored by means of the equity ratio, net equity ratio and net financial debt.

EUR thousand	31 Dec. 2020	31 Dec. 2019
Financial liabilities	64,605	73,979
Less liquid assets up to a maximum of the total amount of the liabilities set out above	36,251	25,074
Net financial debt	**28,354**	**48,905**
Total assets	198,502	201,340
Net total assets	162,251	176,267
Equity (excl. non-controlling interests)	80,187	66,806
Equity ratio	**40.4%**	**33.2%**
Net equity ratio	**49.4%**	**37.9%**

The proceeds from the sale of the shares in em-tec GmbH resulted in a significant improvement in the equity ratio and the net equity ratio.

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 4,912 thousand (31 December 2019: EUR 4,860 thousand), of which EUR 3,800 thousand are current commitments (31 December 2019: EUR 3,876 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 related parties.

We provide the following information on the remuneration paid to executive bodies within the meaning of Section 314 (1) no. 6 HGB and IAS 24.17:

- 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 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 total remuneration paid to the Management Board for the 2020 financial year amounted to EUR 1,175 thousand (2019: EUR 436 thousand). EUR 1,025 thousand (2019: EUR 436 thousand) of this amount relates to short-term benefits and EUR 150 thousand (2019: EUR 0 thousand) to an addition to a provision for long-term performance-related remuneration.
- The total remuneration paid to the Supervisory Board for the financial year amounts to EUR 115 thousand (2019: EUR 43 thousand). The total remuneration is a benefit due in the short term.
- As of the reporting date, there are outstanding liabilities to Supervisory Board members in the amount of EUR 111 thousand (31 December 2019: EUR 21 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 2020 financial year amounts to EUR 737 thousand (2019: EUR 1,915 thousand), resulting in EUR 602 thousand (31 December 2019: EUR 1,511 thousand) in outstanding receivables and EUR 0 thousand (31 December 2019: EUR 361 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

GOOD TO KNOW
You can find out more about our employee management in the Group management report from page 95

The average number of employees developed as follows:

Number	2020	2019
Blue-collar workers	624	543
Salaried employees	437	444
Trainees	34	37
Total	**1,095**	**1,024**

H.6 Executive bodies of the parent company

MANAGEMENT BOARD

The following members had been appointed to the Management Board as of 1 January 2020:

- Ulrich Blessing (Chief Operating Officer), Munich
- Matthias Kosch (Chief Financial Officer), Munich

The following members had been appointed to the Management Board as of 1 April 2020:

- Tobias Hoffmann-Becking (Chief Investment Officer), Frankfurt am Main

The members of the Management Board represent the company jointly.

In the 2019 financial year, management was carried out by the Management Board member Dr Hannspeter Schubert (management consultant), Valley. Dr Hannspeter Schubert resigned from the Management Board of Blue Cap AG with effect from 31 December 2019.

SUPERVISORY BOARD

According to the Articles of Association, the Supervisory Board consists of five members and had the following members in the reporting years:

- Prof. Dr Peter Bräutigam (lawyer), Munich (Chair)
- Dr Stephan Werhahn (lawyer), Munich (Deputy Chair)
- Michel Galeazzi (economist), Zurich/Switzerland, since 7 June 2019
- Dr Henning von Kottwitz (lawyer), Hamburg, since 3 July 2020
- Dr Michael Schieble (savings bank Board member), Biberach an der Riss, since 3 July 2020
- Dr Ida Bagel (economist), Düsseldorf, until 7 June 2019

One shareholder has filed an action for rescission and, in the alternative, an action for annulment against resolutions passed by the 2019 Annual General Meeting of Blue Cap AG on amendments to the Articles of Association and the appointment of Supervisory Board members, although the action against the appointment of the Supervisory Board members no longer has any effect on the composition of the Supervisory Board, as the term of office of the contested appointments (1 year) has expired anyway.

Likewise, the action against the amendments to the Articles of Association no longer has any effect insofar as the amendments to the Articles of Association were repealed by the Annual General Meeting of Blue Cap AG held on 3 July 2020 and these resolutions of repeal are final.

H.7 Proposal for the appropriation of the net earnings of the parent company

The Management Board proposes that an amount of EUR 3,997 thousand from the net earnings of Blue Cap AG as of 31 December 2020 in the amount of EUR 31,194 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 1.00 per share carrying dividend rights based on the number of no-par value shares as of 31 December 2020. The proposed dividend of EUR 1.00 per share carrying dividend rights comprises a base dividend of EUR 0.75 per share carrying dividend rights and a bonus dividend of EUR 0.25 per share carrying dividend rights due to the successful sale of em-tec GmbH in the 2020 financial year. 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

By way of a purchase agreement dated 29 January 2021, Blue Cap AG acquired 71% of the shares in Hero GmbH and its subsidiaries through its subsidiary Blue Cap 11 GmbH. The agreed consideration totals EUR 10.6 million. The Hero Group develops and manufactures high-quality plastic parts and assemblies for vehicle interiors and the household appliance industry. With more than 200 employees at four locations in Baden-Württemberg, Hero generates revenue of around EUR 35 million. In future, the group of companies will complement Blue Cap's portfolio in the Plastics Technology segment. The transaction was closed successfully on 26 February 2021 and the group of companies will be fully consolidated for the first time as of 1 March 2021.

con-pearl GmbH, a portfolio company of Blue Cap AG, acquired all material assets and employees of Recyplast GmbH from the insolvency estate of Fischer GmbH, Achern, 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. The transaction is subject to the approval of the creditors' meeting and the conclusion of a long-term lease agreement.

By way of purchase agreements dated 24 November 2020 and 21 December 2020, the Group's in-house real estate management company Blue Cap Asset Management GmbH concluded agreements on the sale of the property in Hofolding and the new building in Finning. The property sales are being used to streamline the real estate portfolio and dispose of any properties not used by the company itself. The two agreements will be executed in 2021. The expected positive effect on earnings amounts to approximately EUR 1,000 thousand.

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 2020 were approved by the Management Board for review and adoption by the Supervisory Board on 29 April 2021.

Munich, 29 April 2021

Blue Cap AG
The Management Board

Ulrich Blessing **Tobias Hoffmann-Becking** **Matthias Kosch**

FURTHER INFORMATION

FURTHER INFORMATION

CONSOLIDATED INCOME STATEMENT, ADJUSTED

for the period from 1 January to 31 December 2020

EUR thousand

	2020	%	2019	%	Change in %
Revenue, adjusted	232,770	100.3	225,642	100.7	3.2
Change in inventories	−1,696	−0.7	−2,247	−1.0	24.5
Other own work capitalised	40	0.0	13	0.0	>100
Other operating income	897	0.4	726	0.3	23.5
Operating performance, adjusted	**232,011**	**100.0**	**224,135**	**100.0**	**3.5**
Cost of materials	−122,639	−52.9	−123,894	−55.3	1.0
Personnel expenses	−59,229	−25.5	−55,544	−24.8	6.6
Other operating expenses	−32,525	−14.0	−30,364	−13.5	7.1
Adjusted EBITDA	**17,618**	**7.6**	**14,333**	**6.4**	**22.9**
Depreciation and amortisation	−10,135	−4.4	−7,890	−3.5	28.5
Share of profit/loss in associates	1,409	0.6	353	0.2	>100
Adjusted EBIT	**8,892**	**3.8**	**6,796**	**3.0**	**30.8**
Financial income	249	0.1	90	0.0	>100
Financial expenses (financial result less financial income)	−2,122	−0.9	−1,954	−0.9	8.6
Financial result	**−1,873**	**−0.8**	**−1,864**	**−0.8**	**0.5**
Income from adjustments	26,868	11.6	6,495	2.9	>100
Expenses from adjustments	−16,344	−7.0	−9,004	−4.0	81.5
Adjustments	**10,524**	**4.5**	**−2,509**	**−1.1**	**>100**
Earnings before taxes	**17,542**	**7.6**	**2,423**	**1.1**	**>100**
Income tax expense	−1,050	−0.5	396	0.2	>100
Minority interests	81	0.0	2	0.0	>100
Consolidated net income	**16,492**	**7.1**	**2,819**	**1.3**	**>100**

RECONCILIATION FROM REPORTED EBITDA (IFRS) TO ADJUSTED EBITDA AND ADJUSTED EBIT FOR THE GROUP

EUR thousand

	2020	2019
EBITDA (IFRS)	**34,473**	**15,011**
Adjustments		
Income from bargain purchase	0	−2,688
Income from compensation in connection with a lease	0	−1,200
Income from deconsolidation	−20,808	−258
Income from reversal of provisions	−1,529	−681
Income from asset disposals	−1,492	−410
Other non-operating income	−1,568	−1,140
Personnel costs in connection with personnel measures	1,316	2,744
Legal and consultancy costs in connection with acquisitions and personnel measures	1,072	830
Losses on disposal of fixed assets	486	280
Expenses from deconsolidation measures	1,603	0
Write-downs on inventories	1,060	0
Expenses from restructuring and reorganisation	1,484	843
Other non-operating expenses	1,521	1,002
Adjusted EBITDA	**17,618**	**14,333**
Adjusted EBITDA margin as % of total output, adjusted	**7.6%**	**6.4%**
Depreciation and amortisation	−12,958	−10,687
Impairment losses and reversals	−1,551	−29
Share of profit/loss in associates	1,409	353
Adjustments		
Amortisation of disclosed hidden reserves	2,822	2,797
Impairment losses and reversals	1,551	29
Adjusted EBIT	**8,892**	**6,796**
Adjusted EBIT margin as % of total output, adjusted	**3.8%**	**3.0%**

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 2020, 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 2020 to 31 December 2020, 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 2020, 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 International Financial Reporting Standards (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 2020, and of its financial performance for the financial year from 1 January 2020 to 31 December 2020, 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 financial position, cash flows and financial performance of the Group in accordance with these requirements. Furthermore, the Management Board is responsible for such internal control as it determines necessary, in line with the German generally accepted accounting principles, 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 financial position, cash flows and financial performance 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, 29 April 2021

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:

Lisa Marie Schraml
Investor Relations Manager
Tel.: +49 89 288909-24
Email: ir@blue-cap.de

Financial calendar

Date	Event
3–4 May 2021	**31st Munich Capital Market Conference** Location: online
17–19 May 2021	**2021 Equity Forum Spring Conference** Location: online
25 June 2021	**2021 Annual General Meeting**
14 July 2021	**m:access Specialist Investment Companies Conference** Location: Munich
August 2021	**2021 half-year financial statements**
22–24 November 2021	**German Equity Forum** Location: online

Legal notice

Management Board contact
Matthias Kosch

Published by
Blue Cap AG
Ludwigstrasse 11
80539 Munich
+49 89 288909-0
office@blue-cap.de

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koenigshofer.biz
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NOTE

The annual report is published in German and English. The German version is authoritative. You can also find the annual report on our website at www.blue-cap.de/investor-relations

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 2020 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.

Blue Cap AG
Ludwigstrasse 11
80539 Munich

Tel.: +49 89 288909-0
blue-cap.de