Deutsche Beteiligungs AG

Long-term planning

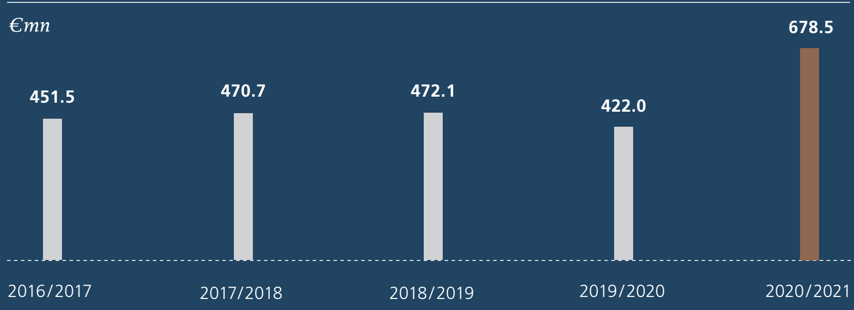
Success through responsible investments

Sustainable growth

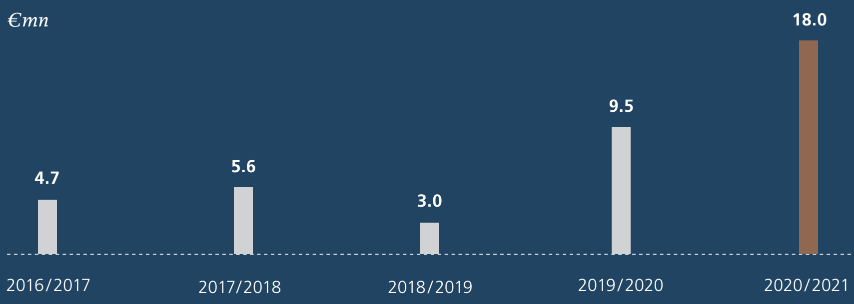
ANNUAL REPORT

2020/2021

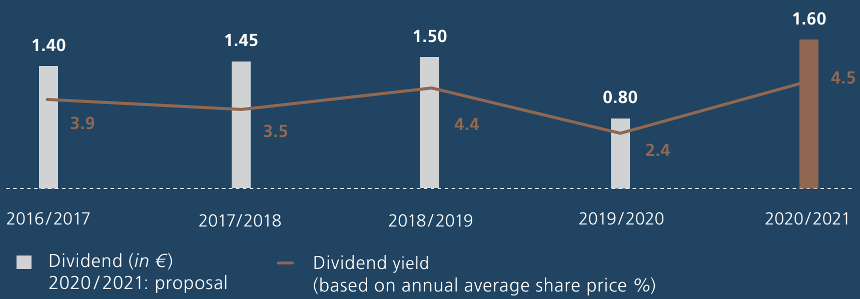
LONG-TERM SUCCESS



NET ASSET VALUE Net asset value of Private Equity Investments rose by 256.5 million euros to 678.5 million euros, largely reflecting the strong performance of the portfolio companies. Taking into account the distribution to the Company's shareholders (12.0 million euros) and the capital increase (99.9 million euros), this amounts to a 39.9 per cent increase within the financial year.



EARNINGS FROM FUND INVESTMENT SERVICES Markedly higher income from Fund Services and cost discipline contributed to earnings from Fund Investment Services that once again exceeded the original expectations. The result of 18.0 million euros represents an increase of 90 per cent compared to the previous year.



DIVIDEND AND DIVIDEND YIELD The proposed dividend is in line with the unchanged dividend policy, which was suspended in the previous year on account of the pandemic. The proposed dividend of 1.60 euros per share is above the market expectations and equates to a dividend yield of 4.5 per cent, in relation to the average share price for the year.

FINANCIAL YEAR 2020/2021

NET ASSET VALUE

678.5

MILLION EUROS

EARNINGS FROM FUND INVESTMENT SERVICES

18.0

MILLION EUROS

SHAREHOLDERS' DIVIDEND YIELD

4.5

PER CENT

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LEGEND

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TORSTEN GREDE
Spokesman of the Board of Management

JANNICK HUNECKE
Member of the Board of Management

SUSANNE ZEIDLER
Chief Financial Officer

TOM ALZIN
Member of the Board of Management

Dear shareholders,

Our success only becomes apparent when we sell the companies we have invested in. At this point it becomes clear how much they have grown, improved their structures, expanded their range of services – in short, how much they have developed. During the past financial year, we successfully agreed on or concluded the sale of four companies in which we had held an interest for between four and eight years. Their disposal enables us to realise the increase in value that has accumulated over time. 2020/2021 proved to be an extremely successful financial year, not least because we achieved higher than expected proceeds from disposals. Furthermore, the value of our other company investments increased overall. We benefited from capital markets tailwinds, mainly driven by the higher earnings multiples of listed peers, which compensated to some extent for what was lost due to the pandemic during the previous year. What is of greater importance to us, however, is that portfolio companies have been very much committed to implementing their strategies, mainly through acquisitions in 2021. We are reaping the rewards of having broadened our investment focus. Some companies from the growth sectors, in particular, are seeing better operating performance, while the industrial portfolio continues to offer catch-up potential.

As a result, the net asset value of Private Equity Investments has increased by 40 per cent within a year. When calculating this figure, we have taken into account the distribution you received in February 2021 as well as the additional capital you provided in the spring. This net increase is far greater than we announced at the beginning of the financial year.

In our second business segment, we are reaping the fruits of the previous business year: earnings from Fund Investment Services totalled 18.0 million euros, almost twice as much as in the previous year. This was attributable to higher income from Fund Services, and marks the first full financial year for which we have earned fees from our new fund, DBAG Fund VIII. This stable and highly reliable income contributes to the financing of our business operations and our ability to pay dividends. The capital markets are keeping an eye on this performance indicator and clearly attribute value to this business.

A 40 per cent increase in net asset value, almost doubling earnings from Fund Investment Services, and, at 185.1 million euros, a net income figure that is by far the highest since the introduction of IFRS accounting 16 years ago – 2020/2021 was without doubt an exceptional year. This applies not only to the Company's business performance, but also to the circumstances under which this performance was achieved. Our employees worked from home for most of the year. In addition to the associated personal burdens, it was particularly challenging for our business, which thrives on exchange, communication, and face-to-face meetings. We would like to thank all of our colleagues for their huge commitment.

Dear shareholders, one of our financial targets is – as always – to allow you to participate in DBAG's financial performance. We are resuming our dividend policy which we suspended last year in view of the uncertain consequences of the pandemic. If you accept our proposed dividend, you will be receiving a current yield of 4.5 per cent on your investment in Deutsche Beteiligungs AG, measured against the average share price in 2020/2021, alongside the appreciation gained through the share price development.

We are not only satisfied with 2020/2021 in quantitative terms; we are equally pleased with the strategic development of your Company.

We established DBAG Italia and recruited the initial staff for this subsidiary. Transaction opportunities are being explored in Milan with DBAG's arrival as a provider on the Italian private equity market, representing a significant expansion in our investment strategy. We have more than 50 years of investment experience in the German Mittelstand that we can bring to our business activities in Italy. Similar to Germany, the business landscape in Italy is mainly dominated by the many medium-sized family-owned companies that have often managed to establish themselves in international markets. One of our core areas of expertise is accompanying such companies in their development. Around two-thirds of the 32 companies in the DBAG portfolio have been acquired from their founders or families. Our entry into the Italian market gives us access to further investment potential, providing growth opportunities beyond the German market.

We are well placed to finance this growth. In 2021, we increased our capital base considerably by extending our credit lines, but mainly through a rights issue. Added to this are the returns from recent disposals. We can use this significantly greater financial scope for manoeuvre to finance our ambitious investment programme. Our planning includes investments averaging 114 million euros per year for the current year and the next two financial years – an increase of around 50 per cent on the amount invested over the past three years.

During the financial year under review, DBAG has focused heavily on the aspect of sustainability of its business model. As part of an extensive project, alongside our portfolio companies, we have defined fields of action to improve our sustainable development and developed key performance indicators to achieve this. We will set further target values during the current financial year. We aim to expand our sustainability reporting; going forward, we will regularly report on our key fields of action. The commitment to act sustainably is fundamental to our target system. In signing the Principles for Responsible Investment (PRI) developed by investors and supported by the United Nations at the end of the last financial year, we are once again publicly documenting the importance we attach to environmental and social aspects as well as the principles of good corporate governance in our business activities.

TORSTEN GREDE
Spokesman of the Board of Management

Born in 1964.
Spokesman of the Board of Management since March 2013;
member of the Board of Management since January 2001; appointed until December 2023.

Strategy and Business Development, Investment Business and Investment Process, Investor Relations (funds), Investment Controlling, Corporate Communications, Compliance and ESG, M&A/Legal

TOM ALZIN
Member of the Board of Management

Born in 1980.
Member of the Board of Management since March 2021, appointed until February 2026.

Investment Business, Market Development Italy, Long-Term Investments

We are publishing this annual report in digital form only, taking the changed use of the report into consideration. In view of the steadily declining demand for printed copies, this change is also required in economic terms. Our internet presence has now become the central platform for sharing our financial market information and other news.

The performance achieved in the financial year under review cannot be easily continued into the future. This is due to the nature of our business model, with each of the two segments having its own special features: for instance, income from Fund Services decline with each disposal. This is because assets under management or advisory – the basis for this income – decrease over time as planned until they increase again at the start of the investment phase of a successor fund. We therefore expect lower income from our existing funds in the financial year 2021/2022, until particulary a successor fund for DBAG Fund VIII leads to rising income and correspondingly higher earnings.

The performance of our Private Equity Investments business is not linear either. Following the extremely high increase in 2020/2021, we initially expect to see performance return to more normal levels in the new financial year. As part of our planning, we have taken into account that operating performance of investments linked to manufacturing businesses and related service providers in our portfolio are likely to continue to be affected by supply bottlenecks and higher raw materials prices for some time to come. As the economy continues to recover, these burdens may ease; this offers the opportunity for additional value increases.

Based on the performance of the two segments, we expect net income in 2021/2022 to be in line with the average of the past five financial years. Five years is also the average holding period of our investments, and therefore a good measure for assessing our success.

We want to continue to consistently implement our investment strategy in the new financial year, thanks to our solid capital base, thus securing value-oriented growth beyond 2022. In doing so, we are creating the necessary conditions to ensure that Deutsche Beteiligungs AG shares continue to represent a good investment. Your continued support is very much appreciated.

Frankfurt/Main, 2 December 2021

Yours sincerely,

The Board of Management

Torsten Grede Tom Alzin

Jannick Hunecke Susanne Zeidler

SUSANNE ZEIDLER
Chief Financial Officer

Born in 1961.
Member of the Board of Management
since November 2012,
apppointed until October 2025.

Finance and Accounting, Investor Relations (capital markets), Legal (capital markets) and Tax, Portfolio Valuation, Risk Management and Internal Audit, Human Resources, Organisation and IT

JANNICK HUNECKE
Member of the Board of Management

Born in 1974.
Member of the Board of Management
since March 2021,
appointed until February 2026.

Investment Business and Investment Process, Investment Team Development

A very successful year: 2020/2021 at a glance

Disposals at attractive multiples, operating enhancements and the broadening of our investment strategy were amongst the key performance drivers during the financial year under review. We have built the foundation for further good years – with new investments, the ongoing development of our team, and a strong capitalisation.

Forecasts clearly exceeded

The net asset value of Private Equity Investments increased by 40 per cent[1]. Our Fund Investment Services segment generated earnings before taxes of 18.0 million euros – both figures are at levels not seen in the past. Likewise, net income significantly exceeded our original forecast, at 185.1 million euros. This has turned the financial year 2020/2021 into one of the best years in the Company's history.

Investments in growth sectors were the primary contributors to the good performance: they were bolstered by higher valuations driven by capital market developments, and were able to increase their results in a gratifying manner. Disposals at attractive valuations are testimony to the further development of such companies in recent years. Both trends can be attributed to the successful expansion of our investment focus to include investments in broadband telecommunications, IT services/software and healthcare – a strategy we initiated during the past decade. Whilst investments linked to manufacturing businesses and related service providers have largely recovered from the adverse effects of the pandemic, their development is frequently being impaired by shortages of materials.

Expansion of our investment focus is paying off once again.

NET ASSET VALUE OF PRIVATE EQUITY INVESTMENTS RISES TO

678.5

MILLION EUROS

EARNINGS FROM FUND INVESTMENT SERVICES REACHES

18.0

MILLION EUROS

[1] Reference value: Net asset value, excluding the net proceeds from the capital increase, adjusted for the dividend distributed in February 2021

Equity facilitates growth and value creation

DNS:NET

High levels of investment are required for the expansion of fibre-based internet connections before revenues can be generated from their use later on. The equity provided by DBAG and the DBAG ECF has enabled company founder Alexander Lucke to significantly accelerate DNS:Net's growth. The number of accessible households around Berlin increased sixfold during our investment, and the number of employees rose from 30 to 220.

EXIT MULTIPLE

5.8

TELIO

Telio develops, installs and operates communications and media systems for the prison service across 21 countries, supporting the rehabilitation of prisoners. Four company acquisitions also contributed to the threefold increase in revenues during DBAG's and DBAG Fund VI's investment period: Telio has thus been able to tap into new regional markets and expand its product range, tripling results.

EXIT MULTIPLE

1.8

BLIKK

Resources provided by a financial investor can significantly help to improve services in the capital-intensive field of radiological medicine: patients value the centralised appointment scheduling system, a broad team of experts with specialised knowledge and state-of-the-art equipment. During DBAG's and DBAG Fund VII's investment, revenues doubled for the radiology chain; following seven acquisitions, it now operates in nearly thirty locations.

EXIT MULTIPLE

2.2

OUR ROLE AS A FINANCIAL INVESTOR IS TO ACHIEVE VALUE APPRECIATION BY PROVIDING SUPPORT TO COMPANIES IN THEIR DEVELOPMENT.

Acquisitions are an integral part of this, through which the portfolio companies can realign their strategic positioning – and, in turn, accelerate their own transformation. Objectives might include offering a broader range of products or to expand a company's geographical presence, for example. Several of our portfolio companies are driving consolidation through acquisitions aimed at strengthening their market position.

During the past year, almost one in three portfolio companies completed at least one acquisition. For the most part (10 out of 17), these acquisitions were funded by the companies themselves; we make sure that our portfolio companies have sufficient capital available to be able to access attractive debt financing. Seven other acquisitions benefited from further equity injection from the funds and DBAG.

Already during the first two months of the new financial year, four additional company acquisitions have been agreed, including those executed by IT services company Cloudflight and the Silbitz foundry group.

Inorganic growth accelerates development

10 PORTFOLIO COMPANIES COMPLETE

17

COMPANY ACQUISITIONS

MORE THAN

300

MILLION EUROS IN ACQUIRED REVENUE

New investments reaffirm investment strategy

In the financial year 2020/2021, three new investments were agreed upon. Three investments that demonstrate how favourably the market is responding to the further development of our investment strategy.

R+S Group is a provider of technical building services. DBAG has made a Long-Term Investment in R+S. We finance it exclusively from DBAG funds and can therefore hold this investment for a longer period than the terms allowed for by standard private equity funds. Long-Term Investment is strengthening R+S's equity position, thus accelerating the successful realignment of the company.

Itelyum is a leading European circular economy player, specialised in recycling complex streams of hazardous liquid waste. DBAG holds a stake in the company alongside DBAG Fund VII; the majority shareholder is the UK financial investor Sterling Square. Itelyum represents our second investment in Italy[2]. DBAG opened an office there in September 2021. An investment team based at the DBAG Italia s.r.l. subsidiary office in Milan will identify and structure investment opportunities and support the portfolio companies in their further development. Italy, with its diverse, traditional and successful industrial landscape, is an attractive market for private equity firms. Going forward, up to a quarter of any given fund may be invested there. This strategic development also broadens our market coverage.

Both climate change and the wellness trend, as well as stricter regulations for more efficient energy use, provide a good foundation for Dantherm's market success. The leading international player in the development and manufacture of mobile and fixed heating, cooling, ventilation, air conditioning and air purification technology products is the fourth investment of DBAG Fund VIII[2]. The company's growth in recent years has been strongly driven by acquisitions. It plans to continue its buy-and-build strategy: In view of the funds required for this, the investment was structured using DBAG Fund VIII's top-up fund, which also allows equity investments over 100 million euros.

For more details on the portfolio structure, please see page 78.

Capital increase and increase in credit lines

Excellent platform for further growth

We successfully placed a capital increase in May 2021, thanks to the strong support of our shareholders. This demonstrates our continued commitment to a strategy of financing equity investments over the long term through the stock market. DBAG raised 100 million euros as a result of this initiative. This capital is in addition to the significant proceeds from the recent successful disposals, and increases the scope for future investments. Extended credit lines provide us with additional flexibility. This provides an excellent platform on which to build our extensive investment programme: we plan to invest an average of 114 million euros per annum during the new financial year 2021/2022 and the two subsequent years. This equates to an increase of approximately 50 per cent compared to the previous three financial years.

NET INFLOW OF FUNDS

100

MILLION EUROS

SHAREHOLDERS' VOTE OF CONFIDENCE: 99 PER CENT OF SUBSCRIPTION RIGHTS WERE EXERCISED

[2] Our investments in Itelyum and Dantherm were agreed upon in August 2021 and completed in October 2021 and November 2021 respectively, after the start of the new financial year.

Skills and experience

The Managing Directors of DBAG

Deutsche Beteiligungs AG's investment team has ranked among the largest and most experienced in our market for some time now. We expanded it even further last year. Our investment team comprises 25 members, along with three Board of Management members involved in the investment business. DBAG's growth over the past few years has seen the entire team grow: 79 employees – including two trainees – make our successful business possible. We expect to appoint more colleagues to the DBAG team, in our Milan office, for example.

More information is available on our website.

Sustainable investing

DBAG SIGNS THE UN PRI PRINCIPLES

In 2020/2021 we continued to develop our sustainability strategy: we now collect key figures relating to environmental, social and governance (ESG) aspects at Deutsche Beteiligungs AG and at our portfolio companies. We use this data to manage and monitor our business and our portfolio companies.

Moreover, in September 2021 DBAG signed the Principles for Responsible Investment (PRI) developed by investors and endorsed by the United Nations. Established in 2006, the PRI initiative is recognised as the leading global network for investors committed to integrating ESG considerations into their investment practices.

For more information, please see Page 20.

Signatory of:

PRI Principles for Responsible Investment

Sustainability at DBAG

We assume responsibility for the impact our decisions have on others – now and in the future. We align our actions and behaviour accordingly in the way we manage our Company, and especially in the way we carry out the investment process in (as well as the development and later disposal of) our portfolio companies. We have complemented our corporate governance in the past financial year with regard to sustainability aspects; we also signed the Principles for Responsible Investing developed by investors and endorsed by the United Nations.

CORPORATE GOVERNANCE

Sustainability as a corporate objective

Deutsche Beteiligungs AG is committed to the principles of sustainable corporate behaviour. This aspiration is in line with our core corporate objective: "We aim to sustainably increase the value of Deutsche Beteiligungs AG". By this, we mean achieving a long-term increase in DBAG's value, taking ecological, social and governance criteria into account.

Companies everywhere are increasingly being called upon to have their business performance measured by the extent to which they are in line with globally defined targets to protect the environment and improve working conditions. Different stakeholder groups are increasingly approaching us and our portfolio companies with ever more specific questions on the sustainability of our actions. After all, sustainability issues are becoming of central relevance to society as a whole, employees and the world of politics.

Sustainability aspects are also becoming more and more important for availability of capital: fund investors increasingly tie their capital commitments to compliance with ESG (environmental, social, governance) criteria within the investment process and progressively expect a high level of commitment. The same applies to investors on the equity market. Finally, banks grant interest rate benefits for acquisition financings if the funds are invested in projects which fulfil certain ESG-related criteria.

Identifying fields of action

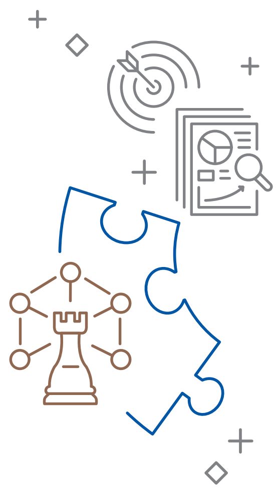
Entrepreneurial success – for Deutsche Beteiligungs AG as an investor and fund advisor, or for our portfolio companies – will only be possible if sustainability is firmly anchored within the corporate strategy. We have therefore performed an in-depth analysis in the past financial year to identify possible fields of action, isolating sustainability topics with a direct or indirect impact on the financial situation or operating performance, at least in the medium term, by way of a materiality analysis. We aim to take these topics into account within our Company management, and have begun by taking a look at DBAG and most of our portfolio companies. We have (for now) not included the investments in which DBAG and the DBAG funds hold only a minority stake, as well as three other investments, partly because they were only recently added to the portfolio. As at the most recent reporting date, data from 24 of the 32 portfolio companies was available.

The insights gained from this process are helping us refine our "Guideline on Sustainability and Responsible Investment" which addresses both the integration of the UN Principles for Responsible Investing in our investment process as well as corporate governance issues.

We have long excluded investments in certain industries and companies, especially any arms producers. We do not engage in hostile takeovers either. Strict adherence to laws and regulations remains of utmost importance.

With increased emphasis on environmental and employee matters, and solid corporate governance in our minds, new tasks arise. We have identified tasks that are relevant not only for all portfolio companies, but also for DBAG; that includes general goals such as reducing or avoiding harmful greenhouse gas emissions and promoting gender equality.

Beyond these general tasks, each business model yields its own fields of action. Whilst employee loyalty and development are two especially important factors for the sustainable success of software companies, foundries will create higher value if they can reduce the amount of water and sand needed in their production process, without compromising on quality. Other companies rely particularly on customer satisfaction and a comprehensive control of the supply chain to increase their enterprise value.



For us, sustainability means achieving a long-term increase in DBAG's value, taking ecological, social and governance criteria into account.

Developing key performance indicators
We have defined non-financial key performance indicators (KPIs) for DBAG and our portfolio companies which serve to measure the progress made in the respective fields of action and facilitate appropriate management. These non-financial KPIs for ESG criteria will become part of regular reporting and thus highlight not only our business model's sustainability, but also the progress in these areas, helping us increase the level of trust that our stakeholders, especially our fund investors and shareholders, place in us. Last but not least, our non-financial ESG KPIs show that we are true to our social commitment.

Within the scope of our reporting, we differentiate between KPIs we apply to all portfolio companies and DBAG on the one side, and business model-specific KPIs on the other: since the latter may refer to factors that are decisive for a company's success (and are thus important to uphold a competitive position) we only publish some of these KPIs.

Our general key performance indicators concern key challenges:

- **reducing or avoiding greenhouse gas emissions**
- **reducing or avoiding accidents in the workplace**
- **improving employee satisfaction**
- **promoting gender parity and diversity**
- **preventing compliance breaches**

We determine these KPIs in line with generally applicable standards and apply definitions typical for capital markets-oriented sustainability reporting.

Regular reporting strengthens stakeholder confidence.

Activity field	*Non-financial performance indicator*	*Definition*
GREENHOUSE GASES	CO_2 emissions due to energy consumption	Scope 1 and 2 emissions in compliance with the GHG Protocol, CO_2 per one million euros in revenues
SAFETY AT WORK	Workplace accidents	Number of accidents (with absence of at least one day, as defined by the statutory accident insurance)
	Total absence	Number of days absent
	Accident frequency	Accidents per working hour * 1,000
EMPLOYEE SATISFACTION	System which regularly and systematically captures employee satisfaction	Digital answer: yes or no
GENDER PARITY	Share of women holding management positions	Number of women in the top 10 per cent salary bracket (per cent)
	Sex ratio in the workforce	Breakdown by sex (per cent)
COMPLIANCE	Number of employees who have completed compliance trainings	(per cent)

NON-FINANCIAL ESG-RELATED KEY PERFORMANCE INDICATORS IN THE DBAG PORTFOLIO

Environment: Focus on greenhouse gas emissions
Our portfolio comprises 32 investments in companies with very different business models. With regard to harmful greenhouse gas emissions, the companies in our portfolio cover a wide range: from a foundry group and its energy-intensive production process, to assembly services at a mechanical engineering company, through to a software company, resulting in carbon emissions per one million euros in revenues of between 2.3 and 256 tonnes. The average carbon footprint of the portfolio companies observed is 34.4 tonnes per one million euros in revenues. However, a small number of investments is responsible for skewing this number; the median is significantly below the average, at 20.3 tonnes.

The collected data allows us to establish a starting point based upon which we can define an emissions reduction target and identify ways to achieve these goals. Our portfolio companies are already pursuing numerous strategies to reduce these emissions – which go beyond purchasing electricity from renewable energy sources: one company, for example, is setting up a photovoltaic system on the roof of its production facilities, another is planning a new climate-neutral building.

As investors, we also ask ourselves whether it makes sense to avoid investing in companies with comparatively high carbon emission levels, even though we, as shareholders, could contribute to mitigating these emissions. We have to make a balanced assessment between what is valued by society and what is economically advisable, considering the demands of our shareholders and investors.

Social: Safe working environment, high employee satisfaction and gender parity
We have been observing ESG criteria along the value chain of (potential) portfolio companies for several years. Today we focus not only on risks, but especially on opportunities. For example, if a company succeeds in improving occupational safety and enhancing the loyalty of experienced employees, it will generate better results and increase its value. Companies pursuing a sustainable strategy are more appealing as an employer, win over more customers, and increase acceptance of their actions. We therefore intend for all our portfolio companies to have a system in place which regularly and systematically captures employee satisfaction.

The strong esteem in which employees in our portfolio companies are held is reflected in successful accident prevention. In two-thirds of the companies observed, the number of accidents is below the respective peer group average. Our aim is for all portfolio companies to achieve a lower accident frequency rate than the industry average.

We have to make a balanced assessment between what is valued by society and what is economically advisable, considering the demands of our shareholders and investors.

34.4
TONNES OF CO_2 PER ONE MILLION EUROS IN REVENUES

29
PER CENT OF COMPANIES ASK ABOUT EMPLOYEE SATISFACTION

19
WORKPLACE ACCIDENTS PER ONE MILLION WORKING HOURS

It is social consensus that we need more women in management positions, not only for socio-political reasons, but also due to economic sense: diversity in teams (which also include management bodies) enhances creativity and productivity and thus their efficiency, generating better results. Diversity thus makes an important contribution to entrepreneurial success. It is our aim to increase the number of female executives on the management levels of our portfolio companies. This goal shapes and drives our actions as a shareholder who decides upon the appointments to management boards. We also act from the inside of our portfolio companies, using our voice on advisory boards to promote female leadership.

Corporate governance: Zero tolerance for non-compliance
Ensuring that the relevant statutory provisions are adhered to within Deutsche Beteiligungs AG itself – and in the portfolio companies we lend our support to – is an absolute must for us. That includes, for example, antitrust and competition law provisions, prevention of money laundering, bribery and corruption, as well as cyber-security and data protection measures. Each portfolio company must have a compliance system in place. If this is not the case upon the investment of DBAG or a DBAG fund, we will work towards the introduction of such system in a timely manner. The company that did not have a compliance system in place as at the reporting date is currently establishing one.

We attach great importance to regular seminars for employees who are affected by such regulations; at DBAG that applies to each and every staff member. We maintain records of the number of relevant employees who have received compliance training during the course of a year at DBAG and at all of our portfolio companies, and endeavour to ensure that the share amounts to at least 95 per cent. Today that is already the case at half of the companies.

We use our position on advisory boards to work towards a zero-tolerance approach to compliance breaches – so that the portfolio companies follow in DBAG's footsteps. We perform in-depth analyses of potential compliance breaches in the past as early as within the scope of our due diligence process for new investments – not only to identify compliance risks, for instance in the areas of anti-corruption and antitrust laws, but also to gain valuable insights into the management and corporate culture of potential portfolio companies. We want to ensure that all portfolio companies have the same understanding of compliance as we do.

As soon as we have initiated our investment in a company, we see to modern compliance systems being established and existing systems being improved, regularly reviewed and enhanced if necessary.

We want to ensure that all portfolio companies have the same understanding of compliance as we do.

IN
38
PER CENT OF PORTFOLIO COMPANIES, MORE THAN 20 PER CENT OF EXECUTIVES RECEIVING THE TOP 10 PER CENT OF SALARIES ARE WOMEN

23
OUT OF 24 COMPANIES OBSERVED HAVE A COMPLIANCE SYSTEM IN PLACE

DBAG'S NON-FINANCIAL ESG-RELATED KEY PERFORMANCE INDICATORS

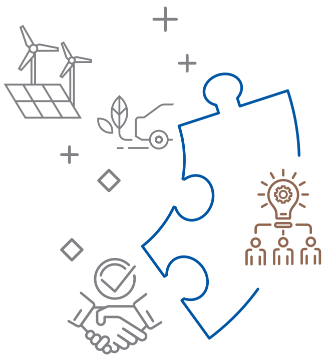
Above and beyond the non-financial performance indicators we put to use in our portfolio companies, there are three key performance indicators that we consider material for our success to manage DBAG's business.

Business travel has a material impact on DBAG's carbon footprint
Business travel accounts for more than half of DBAG's carbon footprint. Not withstanding the positive experience during the pandemic, not all business travel can be replaced by video conferencing and other communications technology in the long-term because business in the mid-market sector, where companies are often family-run, is built on trust – and to develop trust, people need to meet face-to-face. It is crucial that we see the companies in which we want to invest our investors' and shareholders' funds with our own eyes; we want to get to know the management and other staff members in their working environment, and we appreciate the professional exchange of views at conventions and conferences.

To prevent the generation of climate-damaging greenhouse gas emissions through travel, we encourage our employees to use the train as an alternative to short-range flights. Deutsche Bahn, the German railway operator, relies on renewable energy sources for its long-distance trains, thus making these train journeys carbon-neutral. Likewise, DBAG has sourced the energy consumed in its office building from renewables since 2019. During the past financial year, we changed our directive on the use of company cars, creating incentives for not using a car in the first place, reducing the permissible maximum of carbon emissions per kilometre travelled, and promoting e-mobility.

The pandemic limited travel in 2020 and 2021. While we do not expect business travel to regain the level of previous years, we expect the most recent figure on carbon emissions per employee to at first rise again, notwithstanding our efforts.

We want to reduce the emissions generated through our business activities – not only in relation to our number of employees, but in absolute terms and irrespective of our growing business. We plan to adequately compensate for emissions that cannot be prevented, and will select a respective project at the beginning of the new financial year.



We want to reduce the emissions generated through our business activities – not only in relation to our number of employees, but also in absolute terms.

2.66

TONNES OF CO_2 PER EMPLOYEE

Activity field	*Non-financial performance indicator*	*Definition*
GREENHOUSE GASES	CO_2 emissions from business activity	Scope 1, scope 2 and scope 3 emissions in compliance with the GHG Protocol, CO_2 emissions per FTE
EMPLOYEE SATISFACTION	Employee satisfaction indicator from TeamEcho	Arithmetic mean, based on all TeamEcho surveys for a given financial year (value between 0 and 100)
COMPLIANCE	Penalties due to compliance violations	Total penalties, fines for violation or similar expenses (in euros) as a result of compliance or transparency violations

Board of Management focuses on employee satisfaction

DBAG's material business processes are almost exclusively based on our employees' skills, their expertise and dedication. Our employees are our single most important resource.

We use software to receive feedback about our organisational culture, DBAG's management, working conditions and other aspects on a monthly basis. This allows us to gain valuable insights that help us develop solutions to challenges and evolve our corporate culture. The software was developed by TeamEcho, an Austrian start-up enterprise in which one of our portfolio companies (Cloudflight) holds a stake.

The software also calculates an employee satisfaction index. During the past financial year, this index moved between 64 and 69 per cent; the average of twelve surveys was 68 per cent. In the nine surveys that took place in the previous year (since the launch in February 2020), the index averaged 71 per cent. The particular challenges of work during a pandemic played a role in the responses given by our employees, as did the consequences of DBAG's growth and the changes in the organisation that were made as a result of this growth. We want to **continuously improve employee satisfaction**. That is why the Board of Management regularly reviews the comments and assessments, and discusses possible conclusions from the employee survey results with the second management level. We take these findings into account in the further development of our business processes.

We want to offer all DBAG employees the best possible working environment. This includes health-promoting measures as well as modern workstations. **As a matter of principle, mobile working is possible for all employees** in line with the requirements of their duties. This also supports compatibility of family and working life. To ensure smooth mobile working from a technical point of view, all employees have been equipped with a laptop, smartphone and a monitor for a workplace outside the DBAG premises.

We promote a culture of respect, openness and flat hierarchies – just as we promote professionalism and stable processes. Our remuneration system ensures that all employees participate in the Company's success. In 2020/2021, we **redesigned** our **system for employee performance assessment** and professional development.

In relation to the size of the Company, DBAG invests an above-average amount in training. However, due to the pandemic, we could not hire any new trainees in 2021. As a result, DBAG employed only two vocational trainees as at 30 September 2021. For the new, current financial year, we aim to regain a **higher trainee rate.**

As a capital markets-oriented company, DBAG has set binding targets regarding the proportion of female members on the Board of Management and at the management level immediately below the Board. Among the four members of the Board of Management is one woman, Susanne Zeidler. The next management level comprises 18 senior executives, two of whom are women. Of the executives in the top 10 per cent salary bracket (seven persons), one is a woman.

68

PER CENT EMPLOYEE SATISFACTION

Our employees are our single most important resource.

Compliance: Zero-tolerance approach

We are strictly against all forms of corruption or other unethical business practices. In order to meet these high compliance standards both within our Company and in our dealings with portfolio companies, we have introduced a far-reaching compliance system that documents and regulates our obligations.

Our Code of Conduct sets out our central values and guiding principles. Our Compliance Guideline sets out detailed regulations and information on implementation with regard to business trips and hospitality or dealing with gifts and invitations. There are also precise requirements governing the organisation and monitoring of the compliance system – including its enhancement.

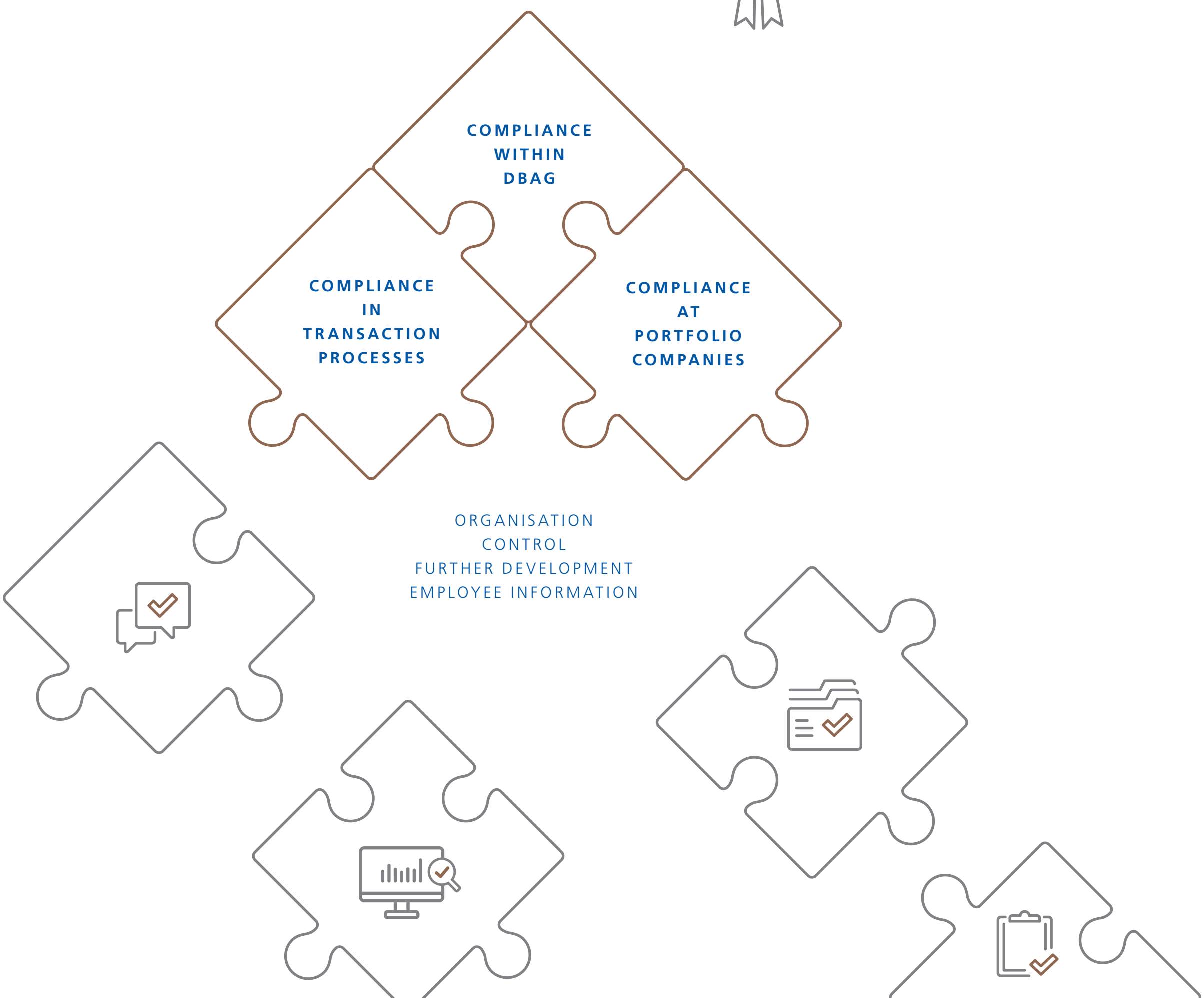
In accordance with our strict approach, the target value for fines or penalties imposed for compliance violations at DBAG amounts to zero euros.

0

EUROS OF FINES OR PENALTIES DUE TO COMPLIANCE VIOLATIONS

Our Code of Conduct sets out our central values and guiding principles.

THE DBAG COMPLIANCE SYSTEM



UN PRI: COMMITMENT TO RESPONSIBLE INVESTMENT

As a private equity company, we carry responsibility: we invest the funds of our shareholders and of the DBAG fund investors, and we become shareholders in companies with a large number of employees. What is more, we bear a responsibility towards other parts of society and the environment. In order to underscore this responsibility, we have committed ourselves as an investor and fund manager and advisor to bindingly comply with the Principles for Responsible Investment ("UN PRI") that were defined jointly by investors and the United Nations.

With this clear commitment to responsible investing, we want to align the targets of our shareholders and of DBAG fund investors even more closely with those of society. We are guided by the conviction that environmental, social and governance aspects can positively influence the success of our investment decisions.

As a signatory to the six Principles for Responsible Investment, we will in future report annually on our investment activities according to a fixed scheme. This makes our investment decisions measurable and comparable. We will prepare a first report in spring 2023.

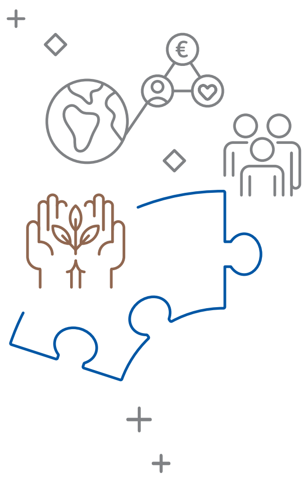
SOCIAL COMMITMENT

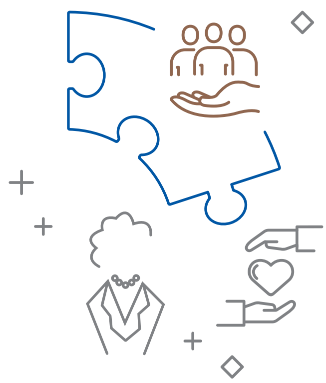
Charitable foundation: Individual support and cultural promotion
The charitable foundation "Gemeinnützige Stiftung der Deutschen Beteiligungs AG" forms the basis of DBAG's ongoing social and cultural commitment. It aims to support active and former employees of current and former portfolio companies – and their relatives in times of need. These are, for example, situations in which the standard social security systems cannot grant benefits. Beyond these very individual social projects, the DBAG Foundation is also committed to the arts and culture in Frankfurt/Main. It has sponsored programmes which make classical and contemporary music more accessible for children and young people, as well as an arthouse cinema and the lighting culture festival "Luminale" in Frankfurt.

Social Day: Promoting social projects
DBAG supports the Malteser Social Day. This nationwide Social Day allows teams of employees from numerous companies to be released from their duties in order to work on projects at social institutions that could not otherwise be realised due to a lack of financial or staff resources. To protect our employees, we refrained from participating in 2021 due to the pandemic, but we are planning to support the event again in 2022.

Level 20: Enthusing more women for the private equity sector
In 2021, we decided to support the Level 20 initiative. Level 20 is a non-profit organisation founded in 2015 to enthuse more women to enter the private equity sector and support their success in this industry.

Less women than men get involved in the private equity sector, and only a small portion of those who do achieve an executive position. It can be assumed that a stronger participation of women – especially in executive positions – will lead to a better and more sustainable performance. Numerous studies have shown a correlation between gender diversity in executive teams and higher returns on equity in listed companies. There is no reason why that should be different for private equity companies. We therefore support the organisation's objective: at least every fifth executive position ("20 per cent") in the European private equity sector is to be filled by a woman. ■





Gemeinnützige Stiftung der Deutschen Beteiligungs AG

LEVEL 20

More information on the Principles for Responsible Investment is available at PRI.

Climate protection on the foundry floor

Germany is on its way to becoming climate neutral: greenhouse gas emissions must be 65 per cent below 1990 levels by the end of the decade – Germany is set to be carbon neutral by the year 2045. Any remaining greenhouse emissions will have to be offset. Significant changes are necessary within each individual sector in order to achieve this goal, particularly in the industrial and energy sectors. Our portfolio company Silbitz Group is well positioned to take advantage of the opportunities arising from such changes, and the foundry is playing a significant role in the energy transition thanks to the products it manufactures.

With a view to the much-discussed energy transition, the open sea is where the action is. Experts agree that the power plants of the future will be located at sea and will supply the huge amount of green electricity needed for increasing electrification and the production of renewably generated hydrogen. Electricity produced from offshore wind farms, along with photovoltaics, are seen as the best way to reduce CO_2 emissions. The potential here appears to be huge: Europe's installed offshore capacity is expected to quadruple between 2020 and 2030, with around ten GW of new capacity being added every year. Based on current turbine performance, this equates to up to 1,000 new turbines per year.

"We are able to make a significant contribution to facilitating the large-scale expansion of offshore power generation and ultimately helping to make the energy transition a success. It bears testimony to the fact that a sustainable economy is not viable without traditional industries."

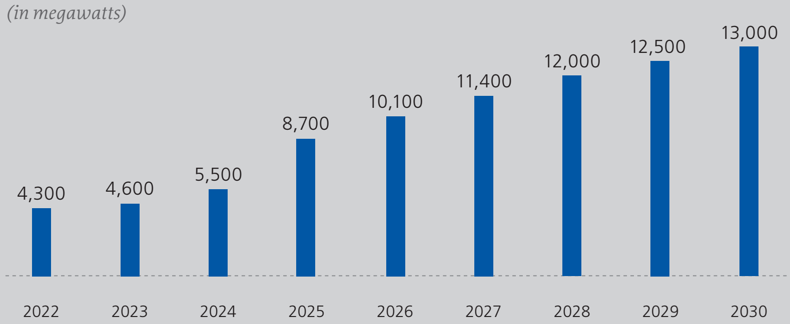
ALMOST 50 PER CENT OF REVENUES FROM WIND POWER PLANTS

The outlook for the Silbitz Group is very promising: each wind turbine produced requires around 100 tonnes of cast iron, and as the size of the turbine increases, so does the amount of material required. Already, a significant share of the foundry group's revenue is generated from the manufacture of components for wind turbines. In 2020, this was 36 per cent. The acquisition of the Torgelow iron foundry in autumn 2021 will see a sharp increase in this figure, to almost 50 per cent. Torgelow specialises in producing castings used in wind turbines, with the foundry contributing a locational advantage to the Group that others will not be able to match in the near future: it is located in the north-east of Mecklenburg-Western Pomerania, just ten kilometres from the Baltic seaport of Ueckermünde. As onshore locations are becoming increasingly scarce, most new wind turbines are being built offshore.

Dr Torsten Tiefel,
Managing Director
of Silbitz Group

NEWLY INSTALLED OFFSHORE WIND ENERGY CAPACITY IN EUROPE

(in megawatts)



Source: Market survey by Roland Berger (2022-2027), extrapolated to 2028-2030 based on expert judgement

There is a logistical problem that puts the Torgelow site at a further advantage: as the size of the turbines grows, so does the weight of the castings, the rotor hubs and rotor axles, the gearbox housings and machine carriers – the individual parts can now weigh up to 80 tonnes each and measure more than six metres in each dimension. Since a tremendous amount of force is exerted on the parts, there is no other alternative than to manufacture them in iron. These components can only be transported at reasonable cost over short distances on land. So, thanks to its proximity to Ueckermünde, anyone looking to erect high-performance wind turbines at sea over the coming years will naturally gravitate towards the Torgelow iron foundry as a supplier.

CO_2 EMISSIONS ARE BEING CONTINUOUSLY REDUCED

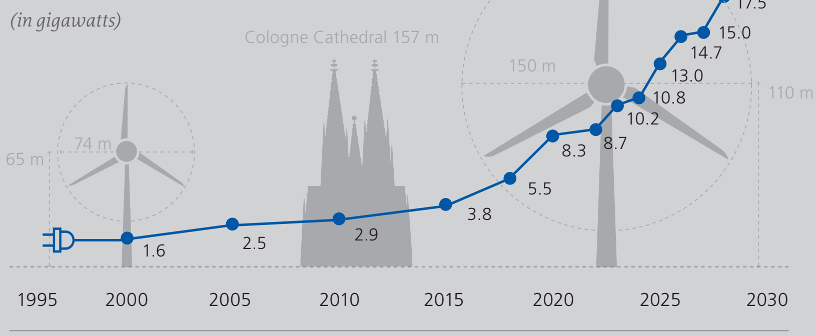
Torgelow has been producing high-quality iron castings for more than 250 years now. The other Silbitz Group locations also boast long company histories. As with all foundries, these are the companies that can make a major contribution to climate protection. This is because industry represents the second-largest source of harmful emissions after the energy sector; iron and steel production accounts for the largest share of emissions from industry, at almost 30 per cent. The majority of emissions from foundries arise from the use of fossil fuels for smelting and processing.

This is not only a burden on the atmosphere, but also on the income statement – after raw materials, energy is the second-largest cost block: for more than ten years now, production at the Silbitz Group has therefore been geared towards increasing energy efficiency. The carbon intensity, that is the CO_2 emissions per tonne of cast iron produced, has fallen by 25 per cent over the past seven years. Going forward, the aim is to further reduce energy and raw material consumption and to decarbonise as many stages of production and the products as possible. “Our goal is to halve our CO_2 emissions within the next five years, and to reach zero by 2045,” said Dr Torsten Tiefel, Managing Director of Silbitz.

The measures for achieving this go far beyond purchasing electricity from renewable sources. However, as a major supplier of offshore wind turbines, the Silbitz Group’s involvement in generating electricity from renewable sources will grow over the coming years. Climate protection is already in place on the foundry floors at Silbitz, Torgelow, Zeitz and the other locations. ■

AVERAGE POWER OF NEWLY INSTALLED OFFSHORE WIND TURBINES

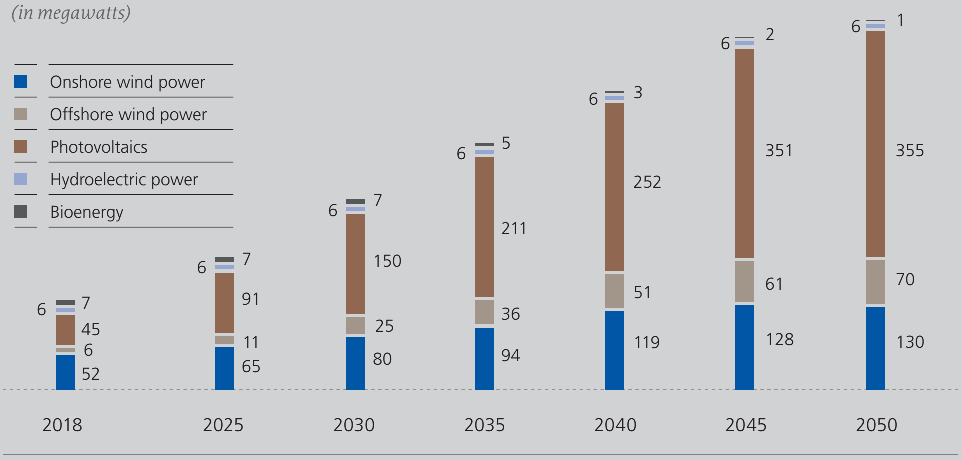
(in gigawatts)



Source: Roland Berger market survey

INSTALLED RENEWABLE ENERGY CAPACITY IN GERMANY

(in megawatts)



Sources: Agora Energiewende (June 2021), following Prognos AG (2020)

CO_2 INITIATIVES AT SILBITZ GROUP

SCRAP TO STEEL, DUST TO GOLD, AND CASTINGS FOR NEW ENGINES

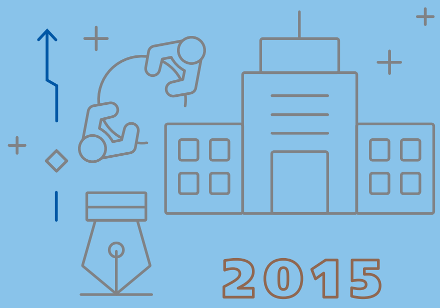
As one of the few foundries in Germany, Silbitz Group offers its customers to use their scrap metals in the production of forging ingots, thus feeding this waste back into the materials cycle: very high quality rolling and forging ingots are thus manufactured from automotive industry waste products.

Soon it will be possible to do with dust what is already possible with scrap: until now, steel dust has been disposed of in landfills or underground at great expense and in a manner that is harmful to the climate – the Silbitz Group wants to reintroduce it into the material cycle. This provides a sustainable and profitable reprocessing of waste and by-products for the foundry's customers. The company has created a process for producing solid, metallic briquettes from filter dust and metal powders, which are then melted down in a similar way to lump scrap. The Silbitz Group draws on its extensive technical expertise here.

Without this knowledge, nurtured and developed over many years, it would not have been possible to develop and manufacture the components for the world's first passenger train powered by a hydrogen fuel cell.

HISTORY OF THE INVESTMENT

DBAG Fund VI, which is advised by DBAG, invested in Silbitz Group in August 2015 within the scope of a management buyout. Following refinancing in 2016 and a partial disposal of the investment in February 2018, the Fund and DBAG continue to hold a majority stake. DBAG Fund VI and DBAG provided additional equity for the latest company acquisition.



SILBITZ GROUP LOCATIONS

SILBITZ GROUP, SILBITZ

This foundry group is one of the industry's leading companies in Europe. Following the Torgelow acquisition, the company now employs around 1,250 people, including 56 trainees. The four foundries in Silbitz, Torgelow, Zeitz and Košice are complemented by a mechanical processing company in Stassfurt. The new Torgelow site increases the foundry group's casting capacity by 50,000 tonnes to around 125,000 tonnes per annum. It mainly supplies the wind power industry, but also mechanical engineering, engine manufacturers, the railway industry and other sectors.

PRO-FORMA REVENUES 2021

189 million euros

1,250 EMPLOYEES

More information is available on the website of Silbitz Group.

Digital solutions and their compelling benefit

How to make that leap into the digital era? How are business models, operational processes and organisational aspects being transformed by new technology? For companies to be able to sustain their success over the long term, merely implementing a new software solution will not suffice. Rather, a fundamental cultural change is necessary – in all business processes – towards agility and automation. Cloudflight provides new and sustainable ways for its customers to shape the digital future along the value creation chain. How does it do this? First and foremost, by having a highly skilled and motivated workforce.

Satellite data enables us to monitor deforestation and forest degradation in Africa. A digital equivalent of a waste incinerator avoids CO_2 emissions during the burning of waste and helps conserve resources. Also: a start-up is looking to grow seafood sustainably in urban and desert environments. A listed satellite operator aims to exploit vast quantities of data, in a targeted manner. Sounds impressive? Cloudflight is looking at a very broad range of applications for its digital solutions. It is not always about the extraordinary, as in the four examples. Machinery and plant construction, transport, logistics and mobility – these are the areas where the majority of our customers come from. Cloudflight also supports public sector administrations and organisations.

THE FOCUS IS ON SOLVING THE CUSTOMER'S PROBLEMS

In most cases, the processing of large amounts of data plays an important role. This data relates to areas such as the Internet of Things or artificial intelligence (AI), i.e. the recognition of patterns in existing data sets in order to independently find solutions to problems. In this context, each customer requires a customised solution. Since 2005, the software and IT services company and its predecessor companies have implemented more than 600 of these "made-to-measure" projects. The objective is always the same: Cloudflight wants its software products to contribute to the crucial applications and processes, products and business models of its customers, whilst giving them a competitive edge.

NUMBER OF EMPLOYEES GROWING BY 20 PER CENT ANNUALLY

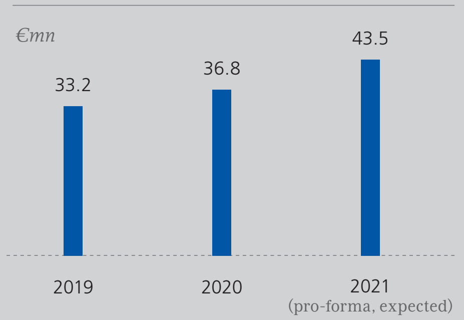
Cloudflight now employs more than 370 people to fulfil this value proposition. "Our employees are our most important asset" – this is what many companies say. At Cloudflight, this is not just an empty phrase: after all, individual solutions require individual knowledge. Knowledge that needs to be constantly refreshed and updated. Knowledge that also needs to be shared. For this reason, Cloudflight places great emphasis on training and personal development. Attracting and retaining talent is one of the company's key strengths. While other companies, for example, pay close attention to their use of resources, workplace safety and customer satisfaction, among the most important non-financial performance indicators for Cloudflight are those relating to its staff.

Together with Linz-based start-up TeamEcho, Cloudflight – at first for its own purposes – has developed a smart system for measuring employee satisfaction, which can now also be used by other companies. It also gets recognised elsewhere. It has been named the "most family-friendly IT company" in Austria – which is where most of the approximately 400 employees work – by the kununu employer rating platform, and has also received above-average ratings on comparable portals.

Dr Roger E. Kehl,
Chairman (CEO)
of Cloudflight GmbH

"We have brilliant people working for us who are passionate about helping shape the digital future and enable each other to grow. It is paramount for us to give our employees the space to be doers and innovators."

REVENUE GROWTH



CURIOUS PEOPLE MAKE BETTER EMPLOYEES

Continuous professional development is given high priority at Cloudflight: each employee receives up to four hours of paid learning time per month for independent and self-directed learning. This is in addition to the general training initiatives that Cloudflight organises anyway. This learning time can be converted into a fixed amount of money, which is available for personal professional development. Over the past year, the average time spent on training has increased by about 10 per cent. We want to achieve even more growth: “Like no other industry, the IT sector is characterised by incredibly fast innovation cycles,” says Cloudflight CEO Dr Roger E. Kehl. “We can see technological paradigm shifts every two years – most recently we have noted that our clients attach a markedly higher importance to solutions with artificial intelligence. Our innovation radar needs to constantly identify the latest trends with business potential, so that we can then invest in the respective training of our employees. This is the only way to maintain our competitive position.”

It is not only at Cloudflight that employees also seek personal fulfilment in their work and ask questions about why they are doing what they are doing, as many Generation Y employees do. Projects that are about sustainable business or environmental protection appeal to the needs of younger people, in particular. And they represent the majority at Cloudflight, where the average age is under 30 years. Working in this high-end tech environment, where the latest technology is being applied, is particularly attractive for career starters. Cloudflight’s customers are often among the very best in their field. The list includes global corporations, market leaders and those at the forefront of innovation. ■

ENTRY OPPORTUNITIES FOR YOUNG PROGRAMMERS

Around 3,000 participants from 37 host cities, 13 countries and two continents, stretching from Germany to South Africa: The CCC (short for Cloudflight Coding Contest), one of the largest on-site coding competitions of its kind, held its 35th event on 5 November 2021. The contest mainly involves young programmers competing against each other in a level-based coding game. Most of them took part online again this year. Following on from last year’s pandemic-related break, 275 participants returned in person at the Vienna City Hall Grand Ballroom to try their hand at completing the coding game. This autumn’s CCC was all about artificial intelligence. An AI Challenge was launched to complement the existing "School" and "Classic" categories. The candidate or team that reaches the highest level within the shortest time wins.

The idea behind the coding competition is to work alongside other team members, within a four-hour time limit, and come up with practical, creative and/or entertaining software products. Just as in previous years, lots of the younger pupils attended the classic CCC in the afternoon straight after taking part in the school CCC that morning. Many of them were able to keep up with the older students or professionals with no problem at all.

Cloudflight first started organising the CCC in 2007 and has continued to build on it ever since. The aim of the competition is to increase the visibility of male and female programmers around the world and to open up internship and entry-level opportunities. Indeed, just one local champion can gain global reach and recognition within the wider programming community. Each competition attracts more and more talent which we can all benefit from. And top talent is hard to come by in today’s fast-growing demand for software developers.

The Cloudflight Coding Contest now has its own Wikipedia entry, which ranks it as Europe's biggest coding contest.

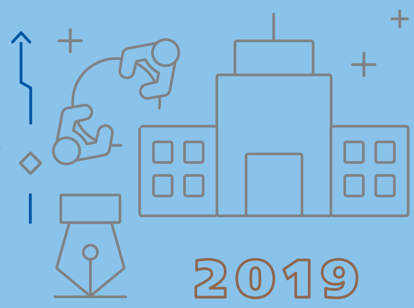
FURTHER GROWTH THROUGH ADD-ONS

Cloudflight acquired two additional companies in the autumn of 2021, once again broadening its range of products and services. Firstly, Cognostics is set to reinforce Cloudflight in the area of AI-based software solutions that support thinking, learning and decision-making. This acquisition will enable the company to exploit the full potential of AI and strengthen its offering in software development for cognitive systems. Secondly, macio is a specialist in embedded software, i.e. software developed for interactive applications in devices, machines and systems as well as in laboratory and medical technology. A typical application is operating solutions: macio links Cloudflight's digital value chain with optimised human-machine communication and digitalisation expertise in production.

Both acquisitions will make a positive difference to the working environment for the workforce, which will be around 600 people by then. Through new projects, customers and technologies, they will get opportunities for personal growth and development expertise. By working together at one of the many locations – from Vienna to Cluj-Napoca in Romania, Munich and Amsterdam to Kiel – employees have the chance to gain international and intercultural experience. All this leads to greater fulfilment in their day-to-day work. In short, by becoming even more culturally, geographically and thematically diversified, Cloudflight is enhancing its appeal to attracting new talent.

HISTORY OF THE INVESTMENT

DBAG Fund VII, advised by DBAG, formed Cloudflight in June 2019 from the software specialist Catalysts and the IT research and consulting firm Crisp Research, which specialised in cloud computing, as part of a management buy-out and as a holding company with the built-in ability for acquisitions. Two such acquisitions, as detailed above, were agreed in October 2021 and further M&A activities are ongoing



CLOUDFLIGHT, MUNICH

Cloudflight is a leading software developer and provider of artificial intelligence (AI)-based IT solutions in Europe. To date, the Company employs around 400 software developers and cloud experts at 13 locations across four European countries. The two company acquisitions agreed upon in October (Cognostics and macio) will add around 200 employees and four locations. Cloudflight's customers predominantly operate in themechanical, plant engineering, aerospace, transportation and automotive industries, together with logistics businesses and the public sector.

CLOUDFLIGHT LOCATIONS

PRO-FORMA-REVENUES 2021

(expected, exluding acquisitions)
43.5 million euros

372 EMPLOYEES

More information is available on the Cloudflight website.

Private Equity – a highly attractive asset class

Private equity is a highly attractive asset class in its own right, which is usually only accessible for strongly-capitalised institutional investors via closed-end funds. DBAG offers access to this asset class at the price of one share – tradeable on a daily basis, and with the maximum transparency that only a listed company can offer.

AN EXCEPTIONAL BUSINESS MODEL – AN EXCEPTIONAL SHARE

DBAG shares allow investors to participate in a unique integrated business model: they are given access to continuous earnings contributions made by the advisory services provided to private equity funds and, at the same time, the opportunity to participate in the performance of a portfolio of top-performing mid-sized companies that are not themselves listed. We therefore invest predominantly alongside the DBAG Funds. We also exclusively deploy our own financial resources to invest in companies that do not fit the investment strategy of the funds.

The DBAG share combines the advantages of an investment in attractive mid-sized businesses with value levers that private equity investors can apply. By creating good corporate governance for our portfolio companies, through the establishment of advisory boards comprising true entrepreneurs, and with the know-how that we offer, they have the opportunity to implement their resources in a more targeted way – in order to bring their corporate visions to reality. Moreover, we can create a financing structure that fits their plans. Not only do we strengthen our investments by doing this, we also create value for our own shareholders.

CAPITAL INCREASE SUCCESSFULLY EXECUTED

DBAG's Board of Management – with the approval of the Supervisory Board – resolved on 12 April 2021 to conduct a rights issue against cash contributions at a ratio of 4:1 from Authorised Capital. This means that shareholders were able to purchase one new share, at the subscription price, for every four shares held.

With a 99 per cent take-up rate, the capital increase was very well received on the market. Whilst existing shareholders exercised their subscription rights to a large extent, we were also able to attract new shareholders. A total of 3,760,998 new no-par value registered shares, with a proportional (rounded) amount of the share capital of 3.55 euros each, were issued at a subscription price of 28 euros per share. Gross issue proceeds amounted to approximately 106 million euros. This has increased DBAG's share capital by 13,346,664.33 euros (equivalent to 25 per cent of the previous share capital), from 53,386,664.43 euros to 66,733,328.76 euros. The new shares carry full dividend rights from 1 October 2020.

Dividend rises from 0.80 to 1.60 euros per share – dividend policy unchanged

TOTAL DISTRIBUTION

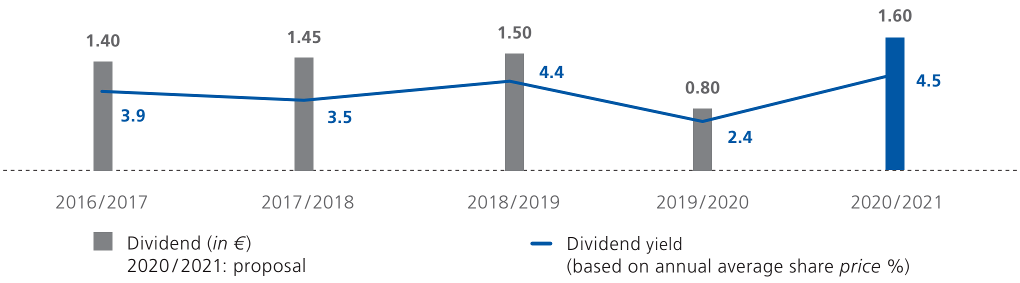
30.1

MILLION EUROS

DIVIDEND YIELD

4.5

PER CENT



More information is available on our [website.]

Our major shareholders have also strongly supported the capital increase, thereby expressing confidence in the Company and its management team. The members of the Supervisory Board and the Board of Management have exercised their subscription rights in full.

The new shares were included in the existing listings on the Frankfurt Stock Exchange and the Dusseldorf Stock Exchange on 3 May 2021, as well as in the sub-segment of the Frankfurt Stock Exchange's Regulated Market with additional post-admission listing obligations (Prime Standard).

We intend to have our shareholders participate in financial gains in the form of stable, preferably increasing, dividends. We also view an attractive dividend yield – in relation to the capital markets environment – as a significant element of our shareholders' participation in DBAG's success. In fact, this is one of our financial objectives.

Given the disruption to our business caused by the pandemic, we had to suspend our dividend policy – which otherwise remains unchanged – for the financial year 2019/2020. The dividend of 0.80 euros per share was at the upper end of market expectations and corresponded to a dividend yield of 2.6 per cent, based on the share price at 30 September 2019.

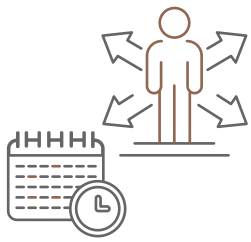
Following successful disposals, and backed by the advisory fee collected from DBAG Fund VIII for the entire reporting year – both of which provide us with the necessary financial room for manoeuvre – we will return to our policy of stable, preferably increasing, dividends for the year under review. We would like to propose to the Annual General Meeting to distribute a dividend of 1.60 euros per share. This corresponds to a dividend yield of 4.5 per cent, based on the share price at the end of the financial year. On the basis of this proposal, the total dividend payout will amount to 30.1 million euros. The distributable net retained profit (Bilanzgewinn) of Deutsche Beteiligungs AG amounted to 254.0 million euros at the end of the financial year.

INVESTOR RELATIONS: FOCUS ON PROACTIVE COMMUNICATIONS

Deutsche Beteiligungs AG is synonymous with maintaining close, transparent communications with the capital markets; that is, with private shareholders, institutional investors, financial analysts and journalists. We employ a variety of communication channels and participate in dedicated conferences for this purpose. We always place the emphasis on face-to-face communication, as well as making sure that we actively approach our capital markets partners. In the course of the capital increase, these activities were once again significantly expanded. During the past financial year, we put on 30 days of roadshows and held around 85 meetings with investors – most of them online. We presented our share, talked about the attractiveness of our business model and the development outlook for our portfolio companies, and explained DBAG's strategic outlook in particular.

For the year under review, in light of the abating pandemic, we will return to our policy of stable, preferably increasing, dividends.

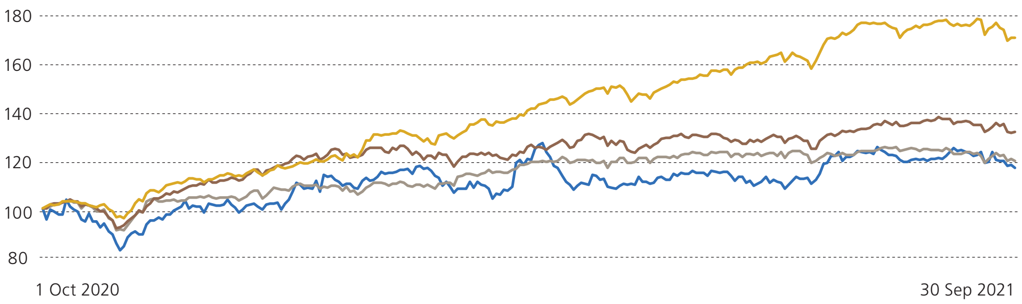
DBAG IS A MEMBER OF DAI, BVK, DIRK AND LISTED PRIVATE CAPITAL (LPEC)



30
DAYS OF (DIGITAL) ROADSHOWS

85
MEETINGS

Share price performance
(1 October 2020 – 30 September 2021, indexed to: 1October 2020 = 100)



Start of financial year,
1 October 2020: €33.85

High,
9 April 2021: €41.60

Low,
29 October 2020: €27.40

End of financial year,
30 September 2021: €35.85

At the beginning of the financial year under review, after a market-induced setback at the end of October, the DBAG share price moved steadily upwards from the beginning of November to the end of February – with some moderate fluctuations.

In the run-up to the Annual General Meeting on 25 February 2021 and the dividend distribution on 2 March 2021, the price decreased roughly to the level seen at the start of the year. In our opinion, the removal of our share from the S-Dax index, which was communicated by Deutsche Börse on 6 March 2021, also contributed to this decline. Our share was removed from the index in the course of a regular exit, because it was ranked at no. 171 in terms of order book turnover at the end of February 2021, which is not sufficient for inclusion in the index.

However, the DBAG share price recovered again in the course of the past financial year. It received a major boost from the increase in our forecast for the past financial year, announced on 26 March 2021. On 9 April 2021, it reached its high of 41.60 euros, thus exceeding the price at the beginning of the financial year by almost 25 per cent.

The announcement of the capital increase initially triggered a share price decline, which is a usual occurrence for such transactions. The share was traded 'ex-subscription rights' on 14 April. However, even during the subscription period for the new shares the share price began to rise again, and continued its moderate development. Another increase in our forecast for the past financial year, announced on 22 July 2021, gave the share price another boost, resulting in a performance since the start of the year roughly in line with the DAX.

Taking into account the distributed dividend of 0.80 euros per share and the capital increase, this results in a positive share price performance of 16.6 per cent for the past financial year. Performance thus remained below the DAX (19.9 per cent) and significantly below the S-Dax (31.7 per cent), which benefited in particular from the strong increase of e-commerce issues, and the LPX50 (71.0 per cent), which was driven in particular by a very strong increase from a few large index constituents.

Our business model is a key factor driving our share price performance – capital markets volatility has a two-fold effect on our share price. Firstly, movements in the market as a whole inevitably have an effect on individual securities, while secondly, changes in capital markets multiples lead to valuation adjustments in our investment portfolio and have a direct impact on the net asset value of our Private Equity Investments, which is highly correlated with the share price over the long term.

We therefore continue to stress that short-term considerations are only of limited value to DBAG, because the value enhancement strategies of our portfolio companies are designed for a horizon of several years. From our point of view, the longer-term development of our share is therefore of greater importance. On a five-year comparison, the DBAG share performed better than the DAX but worse than the S-Dax and the LPX50. On a ten-year comparison, it performed better than the DAX and roughly in line with the S-Dax.

Key data and financial indicators for the DBAG share can be found on our website.

Performance[1] over …
(p.a. in %)

		DBAG share	Dax	S-Dax	LPX50[2]
1 year	Financial year 2020/2021	16.6	19.9	31.7	71.0
3 years	Financial years 2018/2019 to 2020/2021	5.9	7.3	11.3	20.3
5 years	Financial years 2016/2017 to 2020/2021	8.1	2.7	12.0	18.1
10 years	Financial years 2011/2012 to 2020/2021	14.4	11.0	14.6	19.1

[1] Allowing for the distribution of dividends
[2] Index of the 50 largest internationally listed private equity companies in terms of market capitalisation; the DBAG share is included in this index.

SHAREHOLDER STRUCTURE – HIGHER PROPORTION OF INSTITUTIONAL INVESTORS

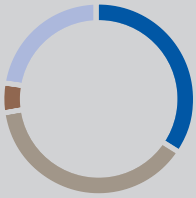
DBAG has always enjoyed a great deal of trust among private individual investors, family offices and foundations – investors from these three groups hold more than three quarters of DBAG's shares. This basic structure has remained the same over the past twelve months.

In addition to German, European and American small-cap funds, among the institutional investors who hold our shares are those who focus on investments in listed private equity companies. As at 30 September 2021, 34 per cent of our shares were held by almost 16,200 private individuals and joint shareholders. Thus, the proportion of this investor group is about three percentage points lower than last year.

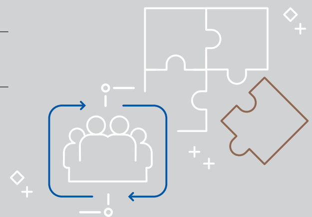
The proportion attributable to Family Offices, on the other hand, has increased once again, from 36 per cent to 38 per cent. This includes the two shareholders who hold more than five per cent of the shares: Rossmann Beteiligungs GmbH announced in November 2019 that it holds a 25.01 per cent investment in the Company. According to a notification dated December 2017, Mr Ricardo Portabella holds a stake of 6.65 per cent in DBAG via Anpora S.A., an investment vehicle associated with him. These two positions reduce the proportion of shares in free float. According to the voting rights notifications that are available to us, the free float was at 68.4 per cent as at the reporting date, calculated in accordance with Deutsche Börse's definition. ■

SHAREHOLDER STRUCTURE (AS AT 30 SEPTEMBER 2021)

in %



Private individual shareholders	34.1
Family offices	38.3
Foundations	4.9
Other institutional investors	22.7



DBAG has always enjoyed a great deal of trust among private individual investors, family offices and foundations.

Combined Management Report

OF DEUTSCHE BETEILIGUNGS AG
AND THE DEUTSCHE BETEILIGUNGS AG GROUP
FOR FINANCIAL YEAR 2020/2021

COMBINED MANAGEMENT REPORT

BUSINESS OVERVIEW

In the 2020/2021 financial year, Deutsche Beteiligungs AG achieved the highest net income since the introduction of IFRS accounting back in 2004/2005. A pronounced increase in the value of portfolio companies – especially in the growth sectors – played a key role in this development. Net income was also boosted by the valuation multiples of listed peer group companies, which were up year-on-year. In addition, Deutsche Beteiligungs AG completed a number of disposals and Fund Investment Services also made a higher contribution to earnings than it did a year earlier. Information on positive business developments at our portfolio companies, which became increasingly reliable in the course of the financial year, coupled with the knowledge gleaned from our disposals prompted us to lift our forecasts for the key performance indicators relevant to DBAG several times.

Market activity in the private equity sector was buoyant in the financial year under review, opening up a whole range of opportunities. This, together with the various channels that we use to actively gain access to companies, allowed us to address 306 investment opportunities. This figure also outstripped our expectations.

The net asset value of the Group's Private Equity Investments segment increased by 256.5 million euros to 678.5 million euros; taking into account the dividends distributed (12.0 million euros) and the capital increase, this represents a 39.9 per cent increase over the value for the previous year. The 2020/2021 financial year saw two companies added to the portfolio, while two were disposed of. A partial disposal was also agreed and completed for two investments. The portfolio consisted of 32 equity investments as at the reporting date, plus one investment in an international buyout fund managed by third parties.

Net income came to 185.1 million euros, as against -16.8 million euros in the previous year. The improvement was driven by earnings before taxes in the Private Equity Investments segment that made it back into positive territory, coming in at 167.7 million euros in the year under review, after being in the red at -25.2 million euros in the previous year.

Earnings before taxes in the Fund Investment Services segment rose to 18.0 million euros, as against 9.5 million euros in the previous year. This was largely due to the fact that this was the first full financial year for which we were able to earn fees from DBAG Fund VIII.

At 64.5 million euros, the net income generated by the Group's parent company was markedly higher than in the 2019/2020 financial year, when it amounted to 45.9 million euros. This was attributable, first and foremost, to the successful disposals and the increased current income from investments, as well as to higher fees in Fund Investment Services.

Following numerous profitable disposals in previous financial years, the parent company can report a further increase in its net retained profit to 254.0 million euros; 1.60 euros per share is to be distributed to shareholders, i.e. a total of 30.1 million euros.

FUNDAMENTAL INFORMATION ABOUT THE GROUP

Structure and business activity: Listed private equity company

Deutsche Beteiligungs AG (hereinafter also referred to as “DBAG”) is a publicly-listed private equity company with its roots dating back to 1965. Since then, DBAG and its predecessor company have entered into equity investments in more than 300 companies – from the outset (also) through closed-end funds that invest on their own account.

DBAG initiates and structures closed-end private equity funds (“DBAG funds”) for investment in equity or equity-like instruments predominantly of unlisted companies, and provides advice for these funds. It enters into investments, also employing its own assets, predominantly as a co-investor alongside DBAG funds (“co-investments”) – and, since the financial year 2019/2020, also independently of these funds (“Long-Term Investments“).

As an investor and fund advisor, DBAG’s investment focus historically lies in mid-market German companies. On a regional level, most of the portfolio companies have their registered office or main business focus on the German-speaking region of Europe (“DACH region”). Since 2020, DBAG has also invested in Italy, one of the most important industrialised economies in the European Union with a high proportion of family-owned businesses. Going forward, up to a quarter of a fund’s volume will be invested in this region. In individual cases, DBAG also invests in companies elsewhere in Europe.

The Group has its registered office in Frankfurt/Main, Germany, with all of the Company’s business processes and management also bundled here. In the year under review, DBAG announced that it would be opening a new local office in Milan, establishing the subsidiary DBAG Italia s.r.l. for this purpose. A team based in Milan will identify and structure investment opportunities for the DBAG funds and support the portfolio companies in their further development. This process is set to involve close cooperation between the two DBAG offices.

DBAG supports its portfolio companies during a phase of strategic development that usually spans several years, as a partnership-based financial investor committed to increasing value. Once the planned development phase is completed, each company continues to grow and develop under a different arrangement: with a strategic partner, a new financial investor, or as a listed company, for example. It is at this point that the achieved increase in value is realised.

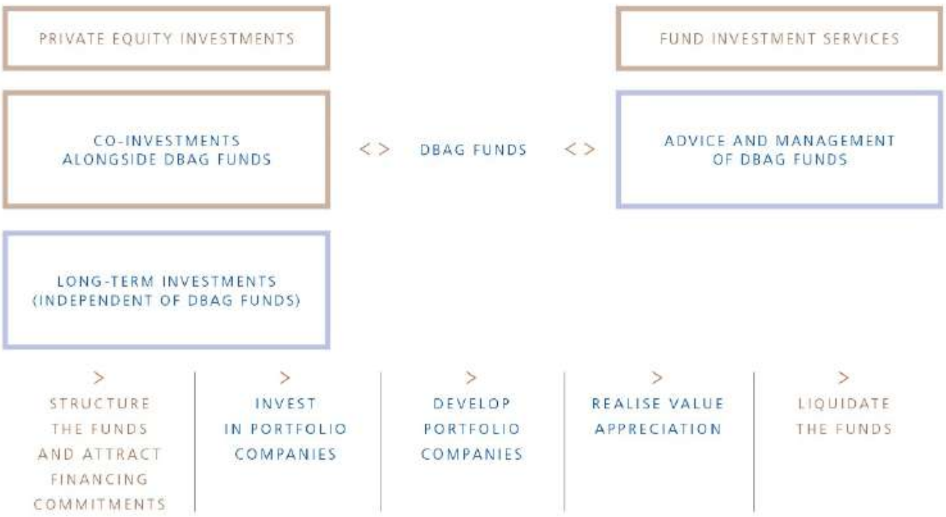
DBAG’s shares have been listed on the Frankfurt Stock Exchange since 1985. They are traded in the market segment with the highest transparency requirements, the Prime Standard.

Deutsche Beteiligungs AG is recognised as a special investment company, as defined by German statutory legislation on special investment companies (*Gesetz über Unternehmensbeteiligungsgesellschaften* – UBGG), and is therefore exempt from municipal trade tax. DBG Managing Partner GmbH & Co. KG, which is registered as a small capital management company (*Kapitalverwaltungsgesellschaft* – KVG) in accordance with the German Capital Investment Code (*Kapitalanlagegesetzbuch* – KAGB) is responsible for the management of DBAG's German funds; DBG Management GP (Guernsey) Ltd. is registered in Guernsey as a KVG pursuant to the Protection of Investors (Bailiwick of Guernsey) Law and manages the funds based in Luxembourg and Guernsey.

DBAG's integrated business model

DBAG's business model, which is geared towards increasing value for its shareholders, rests on two pillars – Private Equity Investments and Fund Investment Services. They are strongly interlinked through the DBAG funds. Because the DBAG funds are at the core of our business model, we refer to it as being integrated.

DBAG'S INTEGRATED BUSINESS MODEL



DBAG's role with regard to these DBAG funds is to initiate and structure new funds, and then to advise them. As part of these advisory services, DBAG identifies and evaluates investment opportunities, conducts negotiations and prepares the recommendations for the fund's investment decision. In addition, it oversees the value appreciation processes of the portfolio companies, their disposal at the end of the investment period as well as winding up the DBAG funds at the end of their term. DBAG also deploys its own assets to co-invest alongside the DBAG Funds.

INTEGRATION BETWEEN DBAG FUNDS AND DBAG'S TWO BUSINESS SEGMENTS

Since the financial year 2019/2020, DBAG has also been investing exclusively from its own assets in Long-Term Investments with an expected investment term of seven years or more. This exceeds the typical investment duration of private equity funds and therefore also falls outside the investment criteria of the current DBAG funds.

Raising capital for DBAG funds is advantageous for DBAG and its shareholders, as well as for the investors in the funds.

- DBAG's shareholders participate in the fee income earned for advising DBAG funds ("Fund Investment Services") and in the value appreciation from the co-investments ("Private Equity Investments").
- The funds' assets create a substantially larger capital base, enabling it to invest in larger companies without reducing the portfolio's diversity.
- As a special investment company, DBAG is only permitted to take majority positions within strict limits; it can, however, structure management buyouts (MBOs) together with the DBAG funds.
- Fund investors can be confident that their advisor is pursuing the same interests as they are, as DBAG enters into co-investments alongside its funds.

Six DBAG funds at different stages of their life cycle

The following table summarises the key information about the current DBAG funds:

Fund		Target	Start of investment period	End of investment period	Size[1]	thereof DBAG	Share of DBAG's co-investment
DBAG Fund IV (in liquidation)	Managed by DBG New Fund Management	Buyouts	September 2002	February 2007	€322mn	€94mn	29%
DBAG Fund V	Managed by DBG Managing Partner	Buyouts	February 2007	February 2013	€539mn	€105mn	19%
DBAG Expansion Capital Fund (ECF)	Managed by DBG Managing Partner	Growth financing	May 2011	May 2017	€212mn	€100mn	47%
DBAG ECF first new investment period ("DBAG ECF I")	Managed by DBG Managing Partner	Growth financing and small buyouts	June 2017	June 2018	€85mn	€35mn	41%
DBAG ECF second new investment period ("DBAG ECF II")	Managed by DBG Managing Partner	Growth financing and small buyouts	June 2018	December 2020	€96mn	€40mn	41%
DBAG Fund VI	Advised by DBG Advising	Buyouts	February 2013	December 2016	€700mn	€133mn	19%
DBAG Fund VII	Advised by DBG Advising	Buyouts	December 2016	July 2022	€1,010mn[2]	€200mn[3]	20%[4]
DBAG Fund VIII	Advised by DBG Advising	Buyouts	August 2020	December 2026 by the latest	€1,109mn[5]	€255mn[6]	23%

1 DBAG Fund VI, DBAG Fund VII, DBAG Fund VIII: each excluding investments made by experienced members of the DBAG investment team
2 DBAG Fund VII consists of two sub-funds: a principal fund (808 million euros) and a top-up fund (202 million euros). The top-up fund invests exclusively in transactions involving an equity investment, whose total exceeds the concentration limit of the principal fund for a single investment.
3 DBAG has committed 183 million euros to the principal fund and 17 million euros to the top-up fund.
4 The share of co-investments amounts to 20 per cent for the principal fund and 8 per cent for the top-up fund.
5 DBAG Fund VIII consists of two sub-funds: a principal fund (910 million euros) and a top-up fund (199 million euros). The top-up fund invests exclusively in transactions involving an equity investment, whose total exceeds the concentration limit of the principal fund for a single investment.
6 DBAG has committed 210 million euros to the principal fund and 45 million euros to the top-up fund; the proportion of co-investments amounts to around 23 per cent in each case.

- DBAG Fund IV has sold all of its portfolio companies; it is in liquidation. The final distribution was paid out to investors as at 31 December 2019 and the entry in the commercial register will be deleted after the final tax notices have been issued.
- Its two follow-on funds are in the disinvestment phase. DBAG Fund V has sold ten of its eleven original portfolio companies. DBAG Fund VI still holds investments in seven out of a previous total of eleven MBOs, of which one is already partly sold.
- DBAG ECF ended its original investment period in May 2017. It made growth financing available to eight companies and entered into one MBO. Four of these investments have since been sold. The first investment period began in June 2017, followed by the second in July 2018, ending at the end of 2020. DBAG ECF I and DBAG ECF II each participated in three MBOs. In the year under review, vitronet and DING – two investments of DBAG ECF and DBAG ECF II, respectively – merged.
- DBAG initiated DBAG Fund VII in 2016. The fund's investment period started in December 2016. Since then, the fund has structured nine MBOs. In addition, in the case of one company, a sub-segment was spun off and subsequently developed as an independent investment of the fund. One portfolio company was disposed of during the reporting year. Around 90 per cent of the fund had been invested by the reporting date. The fund can make further investments and its investment period lasts at the most until July 2022.
- DBAG Fund VIII was initiated in 2019. The fund's investment period started in August 2020. As at the reporting date, DBAG had structured three MBOs for the fund. The investments agreed to represent just under 14 per cent of the fund's capital commitments.

DBAG's wide range of services for the DBAG funds

DBAG's primary task with regard to its funds is first of all to initiate and structure new funds. The advisory services provided for the DBAG funds during their term are summarised in the following chart, and are also described in the chapter on "Implementing a structured investment process". The typical structure of a DBAG fund is illustrated using the example of DBAG Fund VI in the notes to the consolidated financial statements on page (see Note 39).

ADVISORY SERVICES FOR THE DBAG FUNDS DURING THEIR LIFETIME

As a fund advisor, DBAG prepares the recommendations for the fund manager's investment decision, for example regarding new investments or disposals of fund investments. In addition, the manager makes all of the decisions typically made by a shareholder, for example electing and appointing members of administrative bodies or approving distributions and capital increases. To do even more to ensure that the fund manager and the latter's decisions are impartial, the right to appoint fund managers does not lie with DBAG, but rather with legal entities supervised by the investment team members.

DBAG enters into co-investments alongside the DBAG funds based on co-investment agreements with the DBAG funds that provide for a fixed investment ratio for the lifetime of a fund. This means that DBAG always co-invests in the same companies and in the same instruments as the funds, on the same terms.

Private Equity Investments business segment

The Private Equity Investments business segment largely comprises equity investments that DBAG has entered into either as co-investments alongside its funds or as Long-Term Investments exclusively funded from its own assets. Income is generated from the value appreciation achieved when investments are sold, as well as from profit distributions and interest during the term of the investment.

Co-investments alongside DBAG funds

Investments alongside DBAG funds are mostly entered into as MBOs and generally have an investment term of between four and seven years.

The focus is on investments in companies with a value of between 50 and 250 million euros, that is, companies at the upper end of the mid-market segment. If one of the two top-up funds is incorporated, investments with an enterprise value of up to 400 million euros can be structured. The companies generally achieve revenues in the range of 50 to 500 million euros.

Long-Term Investments that exceed the terms of standard private equity funds

DBAG undertakes Long-Term Investments exclusively funded by its own assets. This enables us to support companies' value appreciation strategies that span a longer time horizon, while at the same time pursuing the same disciplined, professional and value-oriented investment strategy applied to co-investments alongside DBAG funds. The approach also generally opens up the scope for other investment scenarios that are not consistent with the investment strategies pursued by the existing DBAG funds.

We structure Long-Term Investments as minority interests, primarily in family businesses, for example if they need capital to fund the company's growth. By contrast, we enter into majority investments when capital is required in special situations, for example the sort of scenarios created by the pandemic or where a company requires operational support.

Limitation of the volume of individual investments

DBAG aims to limit the importance of individual risks in its investment portfolio. Its funds largely provide for equity investments in a single MBO of between 40 and 100 million euros. When it comes to structuring larger transactions with equity investments of up to 220 million euros, we include the top-up fund of DBAG Fund VII, or of DBAG Fund VIII. For DBAG, this equates to equity investments of between 10 and 22 million euros, and for transactions involving the top-up fund, equity investments of up to 34 million euros in principle. Long-Term Investments are set to amount to between 15 and 35 million euros and therefore reach a comparable equity investment; we may also enter into larger investments with co-investors.

Investments in attractive mid-market companies

We invest in established, well-positioned companies with a proven and scalable business model and potential for development. This can come about from companies strengthening their strategic positioning – for example, by introducing a broader product range or by expanding regionally. Acquisitions that accelerate the strategic development of companies or drive consolidation in an industry are often part of companies' development strategies. The improvement of operational processes is almost always part of the strategy.

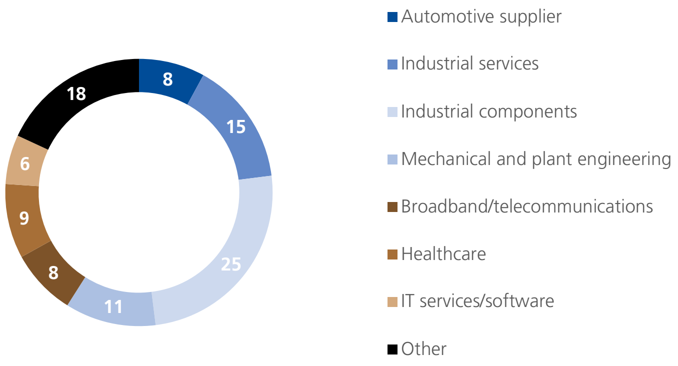
Moreover, we attach importance to entrepreneurially-driven management teams that are able to realise the agreed objectives. The companies that are a good fit for our investment universe are also characterised by leadership positions in their (possibly small) markets, strong innovative capacity and future-viable products. The business models of these companies are also aimed at reaping the benefits from the key structural trends in their respective sectors. Germany is home to many such mid-market companies.

Broadly diversified sector spectrum

For many years, DBAG's investment focus lied in manufacturing companies and their service providers, which form the basis of the excellent global reputation of Germany's *Mittelstand*. This market segment has also included IndustryTech companies for quite some time now – i.e. companies whose products provide the foundation for automation, robotics and digitalisation. For almost a decade, we have also invested in companies from the industry sectors of broadband telecommunications, IT services/software and healthcare. This means that we have opened our portfolio to business models that benefit particularly from the rapidly accelerating digitalisation of large parts of modern companies.

These growth sectors are less exposed to cyclical influences than business models linked to the manufacturing industry. Not least in the interest of further diversifying the risk in our portfolio, we have therefore materially increased the share of companies from such sectors in our portfolio over recent years.

SECTOR STRUCTURE BY ACQUISITION COSTS
%



Some of our portfolio companies produce capital goods or offer services for industrial companies. The demand for these goods and services is subject to stronger cyclical swings than the demand for consumer goods. This means that we pay particular attention to an appropriate financing structure for these companies.

We also aim to achieve a diversified portfolio within individual sectors. For investments in several companies in the same sector, we make sure that they serve different niche markets, have their own regional sales markets, operate in different geographical areas and pursue different business models.

Expansion of the portfolio's geographical focus

Most of our portfolio companies operate internationally. This applies to the markets they serve, but also to their production sites in part. In geographical terms, the majority of the portfolio companies have their registered office or main business focus in the German-speaking region of Europe. Since 2020, we have also invested in Italy, one of the most important industrialised economies in the European Union with a high proportion of family-owned companies. In future, up to 25 per cent of any given fund's volume may be invested in Italy. Deutsche Beteiligungs AG has committed a total investment volume of 255 million euros for its co-investments alongside DBAG Fund VIII – i.e. for the principal fund and the top-up fund taken together. In line with the fund's investment strategy, up to one quarter of this amount is to be invested in Italy.

We also invest in companies elsewhere in Europe, focusing on sectors in which we have a lot of experience. As at 30 September 2021, companies domiciled in the DACH region accounted for 90.3 per cent of the value of our equity investments (30 September 2020: 85.1 per cent). 4.4 per cent was attributable to companies domiciled in Switzerland (30 September 2020: 6.8 per cent) und 3.1 per cent to companies domiciled in Italy (30 September 2020: 2.5 per cent).

Long-term financing of DBAG's co-investments and Long-Term Investments via the equity market

DBAG finances its equity investments over the long term through the equity market. Long-term debt financing is only used to structure MBOs at the level of the portfolio companies. This allows us to prevent the accumulation of debt across the various levels of an investment hierarchy. We manage the amount of DBAG's equity capital via share repurchases (as in 2005, 2006 and 2007) and capital increases (as in 2004, 2016 and 2021). Distributions also have an impact on the amount of equity capital.

The private equity business requires DBAG, as an investor, to always have sufficient financial resources available to allow it to exploit investment opportunities whenever they arise and to comply with its co-investment agreements. On the other hand, too high a level of financial resources dilutes returns. Considerable uncertainty regarding planning is the other side of the coin – this is due to the nature of private equity business: investments and realisations depend on market conditions and can only be planned to a certain extent; some years are dominated by investments and others by realisations. This results in considerable fluctuation in cash flow from investment activity. While regular income from Fund Investment Services cannot mitigate this effect, it makes a key financial contribution to financing ongoing business expenses and securing the dividend payment.

This is why DBAG is using two revolving credit lines in an aggregate amount of 106.7 million euros to provide any funds required to finance investments until it receives funds from realisations. Please refer to the chapter "Financial position – assets" for details on changes in credit lines during the reporting period.

Fund Investment Services business segment

Advisory services provided to, and the management of, DBAG funds are bundled in the Fund Investment Services business segment. A detailed description is provided in the chapter on "Implementing a structured investment process".

DBAG receives fees for its advisory services to the DBAG funds that are calculated predominantly based on the size of the funds it advises; they constitute a continuous and readily forecastable source of income. For the buy-out funds (currently DBAG Fund VI, DBAG Fund VII and DBAG Fund VIII – principal fund in each case), fees during the investment period are based on the committed capital. After that, they are measured by the invested capital. The fees for the services provided to the DBAG Fund VII and DBAG Fund VIII top-up funds are based on the capital invested or committed, whichever is lower, during the entire fund term. DBAG receives a fee based on the capital invested for DBAG ECF and, for DBAG ECF I and DBAG ECF II, additional one-off transaction-related fees. The fact that the fees after the end of the investment period are based on the capital invested means that fee income falls every time an investment from a fund's portfolio is sold. In principle, considerable increases can only be achieved when a new fund is launched.

Implementing a structured investment process

We use the same resilient investment process for both our Long-Term Investments and our co-investments alongside DBAG funds. It has proven effective over a period of many years and is being enhanced and increasingly standardised as part of an ongoing process.

Invest

IDENTIFYING INVESTMENT OPPORTUNITIES

We use several channels to identify investment opportunities. The most important of these come from the existing relationships that we have built up over several decades of market presence. These include relationships with both potential sellers and M&A advisors. We also actively generate investment opportunities by engaging with industry experts, through targeted marketing and by attending industry events in the form of conferences and trade fairs.

We often gain access to companies at an early stage of the sales process by way of these channels, our many years of industry experience and our Executive Circle. This increases the chances of successfully closing the transaction. We participate in auctions in selected situations when we believe that our deep understanding of a business model or a company's development potential gives us a significant competitive advantage.

We also use our own research capabilities to systematically analyse industries and companies on an ongoing basis with the aim of identifying suitable investment opportunities. Moreover, we employ a customer relationship management system to support our activities aimed at identifying investment opportunities.

PROJECT TEAM

Once an investment opportunity is identified, a project team consisting of two to four people including a project manager known as a "deal captain" is formed. One of the three members of the Board of Management who are part of the investment team is assigned to each project team.

In particular, they are involved in generating investment opportunities (deal flow) as well as in due diligence and negotiating company acquisitions. Additionally, they discuss new investment opportunities and key new developments within the portfolio companies on a regular basis with those members of the investment team who are involved in transactions or in supporting the portfolio companies.

SELECTION AND ALLOCATION OF INVESTMENTS

The investment team discusses potential investment opportunities as part of the investment process. An Allocation Committee determines as to which of the various DBAG funds an investment opportunity will be proposed, or whether it will be classified as a potential Long-Term Investment. The time expected to be required to successfully complete the various development steps of an equity investment is the decisive factor in this question. The decision-making process is fully documented and substantiated for each individual case, so as to avoid any potential conflict of interest.

In the event of a favourable initial assessment, the project team will prepare a recommendation for the manager of the DBAG fund (in the case of DBAG fund investments) or for DBAG (in the case of long-term investments).

DUE DILIGENCE

The next step is to conduct a detailed assessment of the potential portfolio company using a comprehensive and reliable process. This is to ensure that we can concentrate our resources on the most attractive investment opportunities, address all key issues and examine them in detail, while still being flexible and quick in our decision-making.

INVESTMENT MEMORANDUM, INVESTMENT DECISION, AGREEMENT AND COMPLETION OF TRANSACTIONS

If the due diligence is favourable, the project team prepares an investment memorandum, on the basis of which an offer is submitted to the seller. In cases involving Long-Term Investments, the investment decision is made by DBAG, which is also responsible for agreeing and completing the transaction. Investment decisions relating to investments made by DBAG funds are made by the manager of the fund in question. DBAG, as the fund advisor, together with its legal advisors, is responsible for implementing decisions for these investments.

Develop

As soon as an investment opportunity is under consideration, DBAG's investment team discusses with the company's management team its future strategy for developing the company and creating the resulting potential for value appreciation. The company's management team implements the strategy. Interests are kept aligned due to the management's personal involvement in the company.

During the investment period, a member of DBAG's project team typically takes a seat on the advisory board or supervisory board of the respective portfolio company. Additionally, experienced entrepreneurs – usually from DBAG's Executive Circle – who have experience relevant to the portfolio company in question, are appointed to sit on these boards. These managers also usually hold (indirect) stakes in the company. The advisory boards and supervisory boards accompany and monitor the company's management to ensure that the financial and strategic goals for unlocking the potential for value appreciation are achieved.

During the investment period, the portfolio company may, for example, require additional equity, to finance an acquisition, realise an expansion, or access further financing. DBAG's project team is responsible for making the appropriate decisions. In the case of Long-Term Investments, these decisions are made by DBAG while, for investments made by the DBAG funds, the manager of the fund concerned is responsible.

Realise

Our experience suggests that it usually takes four to seven years before the further development of a portfolio company leads to a significant increase in its profitability and, as a result, to an increase in the value of the company that can be realised by selling it.

In some cases, an opportunity arises for a disposal to be realised earlier than after the aforementioned four to seven years. Sometimes the investment period can be longer, for example, if expectations are not met. The exact timing of a disposal depends on a variety of factors, such as the overall economic cycle and the respective sector trends, technological changes or disruptions, the political environment, financial market sentiment or market developments in private equity investments.

In principle, we use three different methods in the disposal of a portfolio company, depending on whether we are selling to:

- a strategic investor;
- a financial investor, or
- selling via the stock market, for example by placing shares.

In the case of non-controlling shareholdings, there may also be the option of selling to the main shareholder.

In the past, we have sought to sell to strategic investors; that is, to investors who could, for example, expand their product offering, regional presence or value creation chain through the purchase of our portfolio company. For these types of synergies, strategic investors are often willing to pay an additional premium. However, given the low interest rate environment, we have sold an increasing number of portfolio companies to financial investors in recent years.

Decisions on how to initiate the disinvestment process of DBAG funds are made by the manager of the respective fund. DBAG helps them prepare this decision, advises the fund manager and supports the process, for example by identifying suitable buyers and by structuring, preparing and realising the sale. In this context, an investment bank or an M&A advisor is often appointed to approach potential buyers, or to manage the IPO process.

DBAG’s particular strengths play a key role in market success

We strongly believe that DBAG’s unique selling point lies in a number of particular strengths, which is why we are continuously working on building on these strengths.

Experienced and highly motivated investment team

DBAG's investment team is responsible for advising the DBAG funds and the investment entity subsidiaries on the development, evaluation, assessment and structuring of investment opportunities. It supports the portfolio companies' development process and supports the DBAG funds when the right time has come to part ways with an investment in a well-structured manner.

The investment team, including the three members of the Board of Management, consists of 28 (previous year: 27) investment managers, of which ten are deal captains. The deal captains have been with DBAG for an average of eleven years. The investment team has over 250 years of combined experience in the private equity sector.

The investment team has a broad skill set combined with multifaceted experience in the investment business. It is complemented by four employees in Research and Business Development, one debt financing specialist and two lawyers specialised in M&A law, who support the team in contract negotiations and legal structuring.

Alignment of interest and incentives for the investment team

A key element of our strategy is to align the interests of DBAG and its shareholders, our investment team and investors in the DBAG funds. This is why the members of the investment team with greater experience in investing, three Board of Management members responsible for the investment team, and additional staff members (19 individuals in total) personally co-invest their own money alongside the DBAG funds, investing between around one and two per cent of the capital raised by the fund investors and DBAG, as is common practice in the industry. In so doing, they meet the fund investors' expectation that these personal investments are made as evidence of an alignment of interests. This approach also benefits DBAG’s shareholders. The total amount of these personal co-investments stood at 18.7 million euros as at 30 September 2021. The co-investing members of the investment team have an incentive for generating the best possible financial performance for a fund. They receive a profit share on their personal co-investment that is disproportionate to their capital commitment ("carried interest") after the fund investors and DBAG have realised their invested capital plus a preferred return. Members of the investment team participate in the success of Long-Term Investments via a specific variable-remuneration system for this investment strategy.

Investment team supported by strong network

The investment team can draw on a strong external network with which it is in constant dialogue; this network consists of a core of 99 people known as the Executive Circle. The members of the Executive Circle support the team in identifying and initiating investment opportunities, assessing specific sectors or, prior to making an investment, providing extra support during the extremely careful and thorough due diligence of a target company. The Executive Circle comprises experienced industrial experts, including partners of earlier investment transactions. The members have industry experience that is relevant to DBAG. The network is supplemented by a large group of financial experts, consultants, lawyers and auditors.

Strong brand opens up attractive investment opportunities

DBAG has been an active investor in, and advisor to, closed-end private equity funds since it was established. Since 1997, when it was first involved in structuring MBOs, DBAG has financed a total of 60 MBOs alongside DBG Fund III, DBAG Fund IV, DBAG Fund V, DBAG Fund VI, DBAG Fund VII and DBAG Fund VIII, and, since June 2017, DBAG ECF. In addition, 19 minority investments have been structured with the aim of driving corporate growth with DBG Fund III and DBAG ECF ("growth financing"), plus Long-Term Investments since the 2019/2020 financial year. DBAG currently holds two Long-Term Investments.

To date, the value of the equity invested since 1997 has been increased to 2.0 times (MBOs) and 2.5 times (growth financing/Long-Term Investments) the original amount. 32 MBOs and 16 growth financing arrangements had been realised completely, or for the most part, by the end of the reporting period. Disposals generated multiples of 2.7 (MBOs) and 2.9 (growth financing) times the invested capital.

This track record demonstrates our ability to build a brand that is strengthened further by our listing in the Frankfurt Stock Exchange's Prime Standard – the segment with the highest transparency requirements. This in turn repeatedly gives us direct and personal access to investment opportunities beyond public offerings.

Competitive business processes

Each of the key elements of the investment process – from identifying and assessing transaction opportunities, to supporting the portfolio companies' development processes, through to realising the value appreciation – is carried out internally by DBAG using its own resources based on tried-and-tested business processes. This applies both to the investment team and to the corporate functions that support the investment team. Over the past few years, we have increasingly standardised processes enabling us to now be able to react quickly and efficiently to investment opportunities. By standardising our business processes, we are also able to realise transactions and support our portfolio companies' development in a more effective manner.

Access to family-owned or founder-managed mid-market companies

29 of the 60 MBOs that DBAG has financed since 1997 involved companies that were previously family-owned. In our view, the high proportion of family-owned or founder-managed portfolio companies in DBAG funds is one of our unique selling points. Between

2011 and 2020, 59 per cent of the MBOs structured by DBAG involved this type of company, compared to 35 per cent in the overall market during the same period (sources: FINANCE Magazine, Buy-out Statistics 2020; DBAG). The foundations of this success lie in a comprehensive understanding of the specifics of the mid-market sector and the industries in which we invest. This also includes our focus on value creation by enhancing business models and thus offering our portfolio companies more than purely financial support.

Comprehensive equity platform for mid-market companies

DBAG sees itself as a provider of full-service equity capital solutions for mid-market companies. In addition to advising and financing MBOs, it also offers Long-Term Investments. This opens up access to family businesses for whom financing with a rather shorter investment time horizon is difficult to secure. Potential portfolio companies can review both MBO and Long-Term Investments as possible financing alternatives with DBAG, and decide on the solution that best suits their situation.

The DBAG funds we advise also benefit from this broad market access. As a private equity investor seeking to exploit the potential for value appreciation during a limited investment period, we also pursue a different approach than holding companies pursuing a buy-and-hold strategy.

Commitment to sustainability

In line with our commitment to sustainability, we take environmental and social aspects into account, as well as the principles of good corporate governance (ESG aspects), in our business activities.

We continually work towards stepping up our efforts in this area, and we signed the Principles for Responsible Investing developed by investors and endorsed by the United Nations in the year under review. We have also identified fields of action that are particularly relevant to Deutsche Beteiligungs AG. While DBAG has been collecting data on these fields of action for many years in some cases, we requested data from our portfolio companies for the first time in the year under review. DBAG's fields of action are: reducing or avoiding greenhouse gas emissions, reducing or avoiding accidents in the workplace, improving employee satisfaction, promoting gender parity and diversity and preventing compliance breaches.

Target system comprising financial and non-financial objectives

Core objective: Sustainable increase in the Company's value

The core business objective of Deutsche Beteiligungs AG's activity is to sustainably increase the Company's value. This objective is to be achieved by increasing the value of the two business segments, Private Equity Investments and Fund Investment Services, while taking ESG aspects into account.

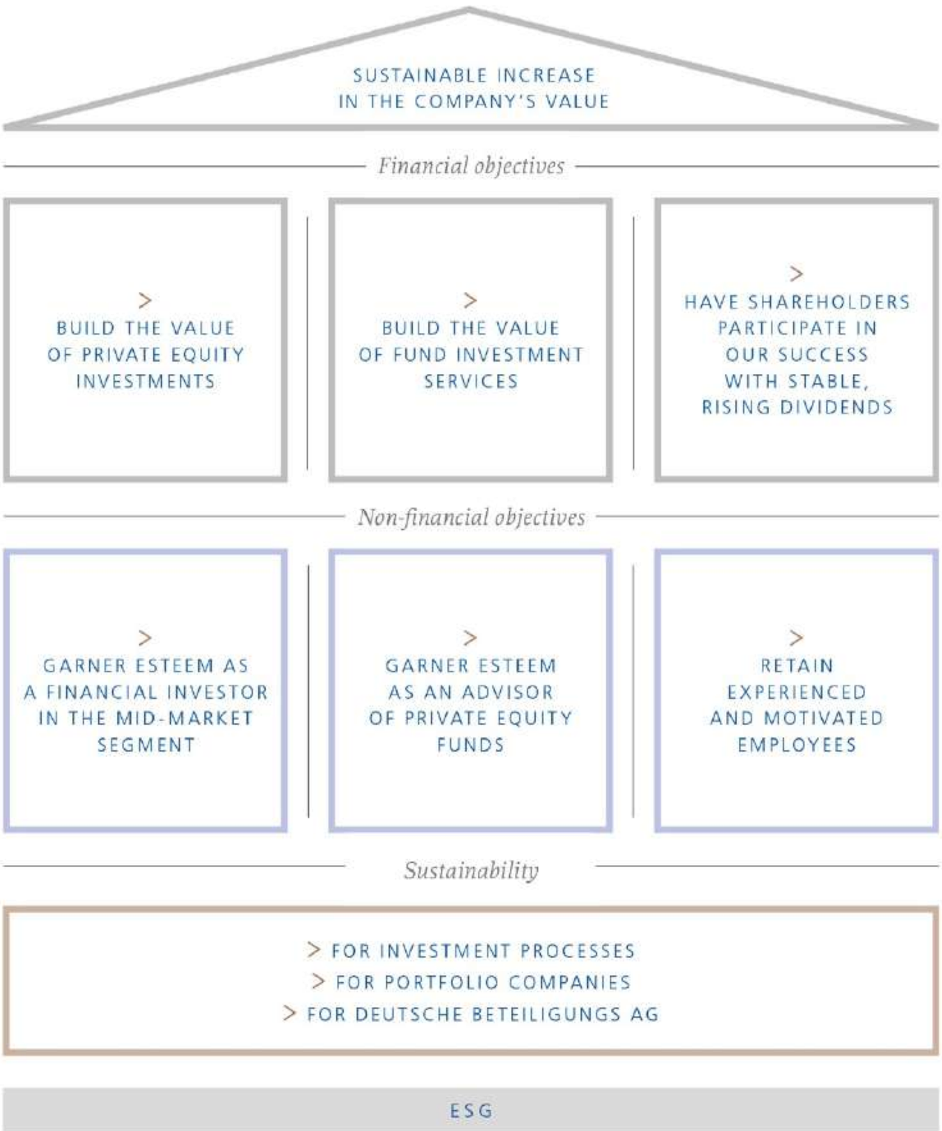
As is common in the private equity sector, a long period of time is required before DBAG can be judged on its success. This is why, for us, "sustainable" first of all means "in the long term". Income from investment activity is influenced to a significant degree by the appreciation in value of our portfolio companies. Exploiting development potential requires patience; in management buyout scenarios, DBAG generally supports the companies over a period of four to seven years, supporting Long-Term Investments for at least seven years. Income from Fund Services is significantly influenced by the initiation of new funds. A fund is launched approximately every four to five years, while the usual lifetime of a fund is ten years.

Key performance indicators can also be headed on a downward trajectory in the short term. This is partly a typical feature of the business because, for example, income from Fund

Services falls after investments are disposed of. This can also be attributable to external factors that can change significantly at short notice. This is the case, for example, with the valuation levels of listed peer group companies when we measure the fair value of our equity investments on a quarterly basis. This means that a single quarter and even an entire financial year say very little about DBAG's success. It is only when viewed over a sufficiently long period of time that it is possible to assess whether the core objective of DBAG's business activity has been reached.

DBAG pursues three financial and three non-financial objectives which make indirect and direct contributions to achieving the core business objective. Our commitment to sustainability is fundamental to our target system. Taking responsibility for the impact of our decisions on others, both now and in the future, is consistent with the long-term nature of our business. This applies equally to the decisions we make in the investment process, in the development and subsequent disposal of our portfolio companies, and in the way we manage our Company.

SUSTAINABILITY ENSHRINED IN OUR TARGET SYSTEM



Financial objective: Build the value of Private Equity Investments

Building the value of Private Equity Investments in the long run requires investments to be made in promising mid-market business models. To grow the value of equity investments, DBAG supports the portfolio companies during a phase of strategic development spanning several years. The increase in the value of the equity invested is realised through distributions and when an investment is sold. The higher the increases in value that can be realised with the investments made, and the higher the proportion of the returns from earlier investments that is reinvested in new investments, the greater the increase in the value of the business segment.

Financial objective: Build the value of Fund Investment Services

An increase in the value of the Fund Investment Services business segment requires substantial assets under management or advisory that increase in the medium term. The value of the business segment is measured by the long-term growth in fee income from Fund Investment Services, which tends to be volume-based, and the extent to which it exceeds the corresponding expenses. The value of the Fund Services business can be determined using the discounted cash flow method, or by applying a multiple based on a peer group or market transactions.

Financial objective: Have shareholders participate in the Company's success through dividends that are stable and which rise whenever possible

We intend to have our shareholders participate in financial gains by paying stable dividends that will thrive as much as possible. Three aspects play a key role when it comes to deciding on the amount of the distribution: the inflow of funds from the two business segments (income from Fund Services and net inflows after disposals), future liquidity requirements for (co-)investments and securing the dividend capacity in the long run. DBAG also views an attractive dividend yield – in relation to the capital markets environment – as a significant element of shareholders' participation in the Company's success.

Non-financial objective: Garner esteem as a financial investor in the mid-market segment

We want to invest the funds entrusted to us by shareholders and fund investors into company holdings that have attractive development potential. In order to achieve this, we not only need to identify and analyse investment opportunities in our target market. In a highly competitive environment, it is also about setting ourselves apart from our peers. Esteem and appreciation are crucial factors in the decision-making processes of company owners, and are therefore an important basis for our success.

Esteem and trust are nurtured by our market presence in the mid-market segment spanning several decades. Our success is measured in terms of the value appreciation of our portfolio companies, i.e. the return that we generate on our invested capital. It is at least just as important, however, for our investments to continue to show positive development, expand their market position and boost their earnings power after they are sold.

Non-financial objective: Garner esteem as an advisor of private equity funds

The assets of the DBAG funds constitute a substantial part of our investment base. The funds are organised as closed-end funds. They should be sufficiently successful so that we can maintain and expand our room for manoeuvre in terms of determining fund volume and conditions.

Regularly raising successor funds is a requirement. This is why it is important for investors to value DBAG to as an advisor – and ideally, to invest on a recurring basis. This will only succeed if investors in current funds achieve commensurate returns, and if we are perceived to be solid and trustworthy. We therefore attach great importance to open, trusting interaction with fund investors.

Non-financial objective: Retain experienced and motivated employees

Our success thrives on the professional and personal skills of our people in all areas of the Company. At the same time, the investment activity requires tremendous commitment and a huge amount of resilience from employees, which in turn calls for strong identification with each and every role. We promote all of these aspects in various ways. We foster a culture of direct communication, team-based project organisation and delegating responsibility early on, in all areas of the Company. Our remuneration and incentive system is geared towards encouraging achievement and offering not only a motivating work environment, but also a financial incentive to retain our employees in the long run, driving our performance at the same time.

Steering and control

Key performance indicators

Key performance indicator for the core business objective of achieving a "sustainable increase in DBAG's value"

The aim is to increase the value of DBAG in the long term: all financial and non-financial objectives are targeted towards achieving this. DBAG's company value is made up of the total value of the Private Equity Investments and Fund Investment Services business segments. Every valuation, however, is of a subjective nature. This is why we do not carry out our own valuation. By offering the greatest possible degree of transparency, we instead want to ensure that market participants can carry out their valuation on the most objective basis possible.

Key performance indicator for the financial objective "Build the value of Private Equity Investments"

The Private Equity Investments business segment is structured like a listed private equity portfolio managed by an external manager. Such business models are usually valued based on the net asset value.

Net asset value consists of financial assets, other financial instruments and financial resources, with credit lines being deducted to the extent that they have been drawn. Financial assets largely include the gross portfolio value, reduced by carried interest entitlements resulting from private investments made by members of the investment team in the DBAG funds. The gross portfolio value corresponds to the market value of the portfolio companies on the relevant reporting date, which is calculated using the recognised valuation methods that are applied as standard in the industry. It is entirely possible for the gross portfolio value to fall in some years because it is also subject to influences that DBAG cannot control, such as the economy or developments on the capital market. The other financial instruments include short-term loans to investment entity subsidiaries for the pre-financing of co-investments alongside the DBAG funds.

The net asset value does not change directly as a result of investments and disposals; in a first step, these merely produce a shift between financial investments and financial resources. Net asset value changes primarily as a result of changes in the value of the portfolio over the holding period of investments. The higher the proportion of invested funds, the greater the change, in both positive and negative territory, and vice versa: the greater the share of the net asset value that is attributable to financial resources, the more stable the value is.

The net asset value is reduced by the costs associated with the stock exchange listing (including the fee for listing the DBAG shares on the Frankfurt Stock Exchange and expenses for investor relations) and the costs of portfolio management (real and synthetic fees paid to the Fund Investment Services segment).

While the dividend allows DBAG's shareholders to participate in DBAG's success, the distribution reduces the financial resources and, as a result, the net asset value. In order to make the increase in the net asset value visible in a given financial year, the closing balance of the net asset value is adjusted to reflect the distribution made in that financial year and, where appropriate, the inflow from a capital increase[1].

Key performance indicators for the financial objective "Build the value of Fund Investment Services"

In order for the Fund Investment Services business segment to be successful, there have to be substantial assets under management or advisory that increase in the medium term; the volume of these assets determines the income from Fund Services. In addition to income from Fund Services, which is determined by the volume of assets under management or advisory, earnings before taxes generated by Fund Investment Services are significantly influenced by the cost of identifying investment opportunities, of supporting the portfolio companies, and of their ultimate disinvestment. We measure whether we have achieved the financial objective "Build the value of Fund Investment Services" by looking at the long-term development of earnings from Fund Investment Services.

Earnings from Fund Investment Services may decline in individual periods. This is due to the fact that the calculation basis for advisory fee income depends on the portfolio volume. Even if advisory fees remain constant for a longer period of time, as is generally the case during a fund's investment phase, higher costs can send results on a downward trajectory. This explains why a longer observation period is important for this key performance indicator, too.

Key performance indicator for the financial objective "Have shareholders participate in the Company's success through dividends that are stable and which rise whenever possible"

We measure and manage the participation of the shareholders in our performance using the dividend per share and the dividend yield. We aim for a stable distribution per share in euros that would ideally increase on an annual basis. At the same time, we aim to provide our shareholders with an attractive dividend yield. In other words: we also take the capital markets environment into consideration when determining the dividend proposal.

Key performance indicator for the non-financial objective "Garner esteem as a financial investor in the mid-market segment"

The proportion of MBOs that involve company founders or family shareholders on the seller side is higher at DBAG than the market average. We aim to continue to generate a large proportion of our transactions from this environment. This is based on a market presence that generates an attractive selection of potential investment opportunities. We measure the achievement of this objective in particular based on the number and quality of investment opportunities that we address each year.

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1 In the previous year, it was still the opening balance that was adjusted to reflect the distribution made. The change brings the calculation of the key performance indicator into line with the remuneration system for the Board of Management.

Key performance indicator for the non-financial objective "Garner esteem as an advisor of private equity funds"

We measure and manage our reputation as an advisor of private equity funds based on the percentage of capital commitments made to a fund by investors in previous DBAG funds. A high level of esteem is generally reflected in the highest value possible. This figure is not, however, viewed in isolation from strategic considerations. It can make sense, for example, to tap into new investor groups and, as a result, make a conscious decision to accept lower values than those that could be generated from the demand of previous investors. We can only update this figure in a year in which a new DBAG fund has been launched.

Key performance indicator for the non-financial objective "Retain experienced and motivated employees"

We measure whether we have succeeded in retaining experienced employees on the basis of the average length of service. We conduct surveys on an ongoing basis to collect information on employee satisfaction. We also review the appropriateness of the remuneration paid compared with the market on a regular basis and offer the investment team the opportunity to participate in investment performance (carried interest for DBAG funds, variable remuneration for Long-Term Investments) as part of the sort of incentive systems that are customary in the industry, which we also review on a regular basis to check that they can be considered appropriate.

Future key performance indicators for non-financial ESG targets

Going forward, we want to measure and manage progress regarding a corporate governance that conserves environmental resources, shows consideration for social issues and complies with regulatory and legal frameworks based on several indicators relating to DBAG's five central fields of action that we will define both for DBAG and for its portfolio companies.

BUSINESS REVIEW OF THE GROUP

Comparison between actual business developments and the forecast

		Actual 2019/2020 and 30 Sep 2020	Original forecast November 2020	New forecast October 2021	Actual 2020/2021 and 30 Sep 2021	Degree of fulfillment forecast November 2020	Degree of fulfillment forecast October 2021
Financial performance indicators							
Private Equity Investments							
Net asset value (reporting date)	€mn	422.0	415,0 to 460,0	620,00 to 690,00	678.5	Expectation exceeded	Expectation met
Net income from investment activity	€mn	(16.9)	30,0 to 35,0		178.4	Expectation exceeded	
Cash flow from investment activity	€mn	(33.5)	-5,0 to 0,0		28.2	Expectation exceeded	
Fund Investment Services							
Income from Fund Services	€mn	30.6	42,0 to 44,0		43.4	Expectation met	
Earnings from Fund Investment Services[1]	€mn	9.5	15,0 to 16,0	19,0 to 20,0	18.0	Expectation exceeded	Expectation not met
Assets under management or advisory (reporting date)	€mn	2,582.6	2.320,0 to 2.440,0		2,473.2	Expectation exceeded	
Shareholders							
Dividend per share	€	0.80	1,00 to 1,20		1.60	Expectation exceeded	
Non-financial performance indicators							
Private Equity Investments							
Investment opportunities		193	238 to 263		306	Expectation exceeded	
Fund Investment Services							
Share of capital commitments of returning investors[2]	%	86	at least 75		86		
Employees							
Average length of company service	Years	7.9	unchanged		7.4	Expectation not met	
Other indicators							
Net income in accordance with IFRS	€mn	(16.8)	40,0 to 45,0	175,00 to 195,00	185.1	Expectation exceeded	Expectation met
Net income in accordance with the HGB	€mn	45.9	70,0 to 80,0		64.5	Expectation not met	

1 Also used as a key performance indicator for the core business objective; 2 The value in the column "Actual 2020/2021 and 30 Sep 2021" refers to the most recent fundraising of DBAG Fund VIII, which took place in the 2019/2020 financial year.

Information on positive business developments at our portfolio companies, which became increasingly reliable in the course of the financial year 2020/2021, coupled with the knowledge gleaned from our disposals prompted us to lift our forecasts for the key performance indicators relevant to DBAG several times. We also raised our assumptions for earnings from Fund Investment Services within the scope of the last increase in guidance. The original guidance was clearly exceeded for most key metrics and the most recent forecast met.

The net asset value and net income from investment activity were largely defined by the performance of the portfolio companies; the net asset value in the 2020/2021 financial year reached the upwardly revised expectations and net income from investment activity clearly exceeded the original expectations, driven in particular by the positive performance of the portfolio companies. Cash flow from investment activity was clearly positive during the year under review, marked in particular by four disposals (two of which were partial disposals), offset by two acquisitions. Income from Fund Services confirmed the target, supported by DBAG Fund VIII, whose investment period started in August 2020. Earnings from Fund Investment Services fell slightly short of the recently lifted expectations. Assets under management or advisory changed only marginally during the period under review, as expected. Supported by an active M&A market, we were able to examine a large number of investment opportunities. As no new funds were raised in the period under review, the share of capital commitments of returning investors was not applicable in this period.

Given the one-off disruption to our business caused by the pandemic, we suspended our dividend policy – which otherwise remains unchanged – for the 2019/2020 financial year. The dividend proposed for the year under review exceeds the previous year's figure as well as the forecast. The average length of service of employees of Deutsche Beteiligungs AG declined slightly due to new employee hires and the departure of employees. Net income exceeded our original expectations for the same reasons as net asset value of Private Equity Investments and net income from investment activity. Net income in accordance with the German Commercial Code (HGB) fell short of the forecast range, because of lower than expected income from Fund Services. Unlike in the Group, this item in the financial statements in accordance with the HGB is reduced by the expenses of the subsidiaries performing fund advisory and management services. Moreover, the costs for the capital increase were outside the plan.

Macroeconomic and sector-specific environment

Real economy: Recovery path intact but hampered by supply bottlenecks and pandemic

The global economy remained on its path to recovery in the year under review. In 2021, the strong upswing at the start of the year was hampered by various factors, including the pandemic, a lack of chips, a general shortage of materials and a sharp rise in transport costs. Inflation also increased sharply, due to the rise in energy prices, raw materials and other intermediate goods, among other things, as well as the rise in overall economic demand.

All in all, the October 2021 Joint Economic Forecast issued by several economic research institutes expect global gross domestic product to rise by 5.7 per cent in 2021 compared with the previous year[2]. The strong impact of the corona waves and measures taken to contain them, which varied from region to region, also led to a very heterogenous economic performance in the individual regions of the world. Overall economic production in the US, for example, also supported by considerable fiscal demand impetus, increased by 1.5 per cent in each of the first two calendar quarters; growth of 5.6 per cent is expected for the year 2021 as a whole. At 4.9 per cent, the growth rate expected in the EU is somewhat lower. The pandemic hampered economic recovery in those countries where governments took measures at the start of the year to limit social contact in response to high infection figures and in

[2] Joint Economic Forecast Project Group (issuer): "Crisis Is Gradually Being Overcome – Align Action with Lower Growth", "Joint Economic Forecast autumn 2021", Halle (Saale) 2021. The Joint Economic Forecast Project Group includes the following members (as at October 2021): German Institute for Economic Research (DIW), Berlin, ifo Institute – Leibniz Institute for Economic Research of the University of Munich in cooperation with the Swiss Institute for Business Cycle Research (KOF) at the Technical University of Zurich, Kiel institute for the World Economy (ifW), Leibniz Institute for Economic Research in Halle (IWH), RWI – Leibniz Institute for Economic Research in Essen in cooperation the Institute for Advanced Studies, Vienna

connection with the emergence of new variants of the virus. The economy in China had already reached pre-crisis levels at the end of 2020. A shortage in particular of intermediary products, including computer chips, as well as a more restrictive lending policy in the important construction sector, is having a weakening effect on the economy in China. Gross domestic product there is expected to rise by 7.8 per cent in 2021.

Having recently downgraded its forecast slightly for global economic growth in 2021[3], the International Monetary Fund (IMF) now expects a 5.9 per cent rise in world economic output for the current year. Even though the IMF has lowered its growth expectations for the global economy only slightly (by 0.1 percentage points) for 2021 compared with its previous expectations from July 2021, this decline is based on a significantly more pessimistic outlook for emerging markets, whose growth rates will be burdened by lower vaccination levels in particular.

In their Joint Economic Forecast published in October 2021, the economic institutes expect Germany's gross domestic product to rise by 2.4 per cent in 2021; this compares with the figure of 3.7 per cent stated in their Joint Economic Forecast published in spring of 2021. Following the marked improvement in economic conditions since the spring, the economic institutes now expect burdens to arise in the manufacturing industry, due to supply bottlenecks and a shortage of raw materials in particular. Furthermore, consumer prices are expected to rise by three per cent in Germany in 2021, also due to rising energy prices, which will likely impact demand.

The year-on-year improvement and associated real economic catch-up processes are also felt by DBAG's portfolio companies. Manufacturing businesses and related service providers initially performed well for the most part. Their recovery would have been even better, if they had not been burdened by new factors. For the year under review, these included in particular supply bottlenecks due to a shortage of components despite a high order backlog – largely because of a shortage of semiconductors in the automotive industry – rising raw materials and energy costs, and rising freight costs. By expanding its investment strategy to sectors outside manufacturing industry, DBAG was able to reduce the risks arising from economic and structural changes for the entire portfolio in the previous years. Broadband telecommunications investments, for example, continued to benefit from the trend towards nationwide coverage with high-performance gigabyte networks. The digitalisation trend is also supporting the demand for services and products of the investments in the IT services/software sector.

Financial markets: Conditions remain favourable

Towards the end of 2020, the central banks in the advanced economies once again extended their expansive measures in response to rising infection numbers. At the start of 2021, the European Central Bank (ECB) then announced that the purchase volume for securities under the Pandemic Emergency Purchase Programme (PEPP) with a total volume of 1,850 billion euros would remain unchanged until the end of March 2022 at least, and in any event until the corona crisis is overcome[4]. It also announced that the monthly volume of 20 billion euros in assets purchased as part of the Asset Purchase Programme (APP) would be continued. This is aimed at maintaining favourable liquidity conditions. The ECB also stated here that it intends to continue these purchases as long as they are necessary to bolster the effect of key interest rates.

Key interest rates in the euro area have also remained low since autumn 2019, at zero per cent for the main refinancing rate, 0.25 per cent for the peak refinancing facility and -0.5 per cent for the deposit rate. Corporate lending in Germany rose by six per cent[5] in August 2021

[3] International Monetary Fund: "World Economic Outlook – Recovery during a Pandemic", October 2021
[4] European Central Bank (ECB): "Monetary Policy Decisions", September 2021
[5] Joint Economic Forecast Project Group (issuer): "Crisis Is Gradually Being Overcome – Align Action with Lower Growth", Joint Economic Forecast Autumn 2021", Halle (Saale) 2021

compared with January 2021, as companies increased borrowing to bridge liquidity shortfalls. The results of a quarterly bank lending survey conducted by the national central banks in cooperation with the ECB showed that the lending conditions for business loans offered by the banks in the third quarter of 2021 remained largely unchanged compared with the second quarter of 2021[6]. All in all, the financing situation of companies in Germany remains very favourable. Most of DBAG's portfolio companies have solid, or even very good, levels of financing.

Furthermore, the important supply of acquisition financing remains good, supported above all by the offerings from private debt funds that account for over 65 per cent of all financings in the German market, according to CGA Alzium.[7]

Currencies: Low impact on portfolio value

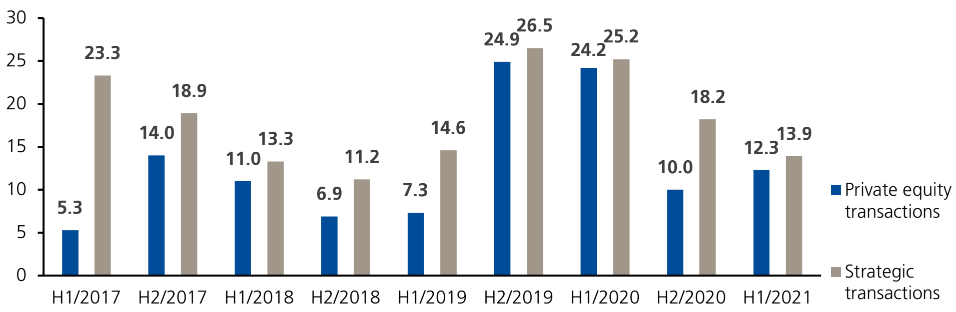
The direct impact of exchange rate fluctuations on the value of DBAG's portfolio continues to be negligible, as investments are only made in non-euro currencies in exceptional cases. At present, six portfolio companies (congatec, duagon, mageba, More than Meals, Pfaudler and Sjølund) are exposed to currency risks affecting the value of the investment. The pound sterling appreciated by 5.8 per cent against the euro from the start of the financial year up to the reporting date. The Swiss franc remained stable, the Danish krone is unchanged relative to the euro and the US dollar gained 0.9 per cent versus the euro. On balance, compared to the reporting date of 30 September 2020, changes in exchange rates had a negative impact of 0.3 million euros on gross gains and losses on measurement and disposal; in the 2019/2020 financial year, changes in exchange rates burdened net gains and losses on measurement and disposal in the amount of 1.3 million euros.

Beyond that, exchange rate fluctuations also have a direct influence on the business activities of those portfolio companies with activities in international markets. This is partly compensated for by the fact that the companies have manufacturing operations in various currency areas.

Private equity market: Number of transactions up significantly over the previous year

Due to the limited size and varied structure of the private equity market, comparisons over short periods of time continue to offer only low informational value. Furthermore, transparency is limited, as for every transaction on which a value is published, there are several transactions on which no quantitative information is released. As a result, the statistical information available from various sources does not provide a true picture of market activity.

M&A-MARKET GERMANY - TRANSACTION VALUE
€bn



[6] European Central Bank (ECB): "The euro area bank lending survey, Third quarter of 2021, October 2021
[7] GCA Altium: "MidCapMonitor Q2 2021"

In the first half of 2021, the aggregate value of private equity transactions in Germany exceeded 12 billion euros.[8] Adjusted for each of the largest transactions, Thyssenkrupp Elevator with a value of 17.2 billion euros in the first half of 2020 and Birkenstock with a value of 3.8 billion euros in the first half of 2021, this represents market growth of more than 20 per cent. Notwithstanding the lockdown measures, the easing uncertainty in spring 2021 contributed to a large number of private equity-led sales processes.

The number of transactions on the German private equity market increased significantly in 2020/2021. During the twelve-month period ending on 30 June 2021, 287 transactions involving financial investors were registered in Germany. This is an increase of 81 transactions compared to the previous twelve-month period. Of the 287 transactions in total, 156 occurred in the period from January to June 2021. This is the highest value since 2017 and is defined in particular by a large number of smaller and medium-sized transactions.

Broken down by sectors, transactions in the IT sector had a significant overweight in the first half of 2021 (46 out of 156), followed by 17 transactions in the industrial sector.

Broken down by financing phase, buyouts continue to dominate the private equity business in Germany. In 2020, 9.4 billion euros or around 75 per cent of all funds invested in Germany were invested in this type of majority acquisition; this share has been at a continuously high level in recent years. Growth financing accounts for around ten per cent of investments; this share has also remained constant over the years – albeit with fluctuations.[9]

Over the ten-year period from 2011 to 2020, DBAG has achieved the highest share in this highly fragmented market (25 out of 345 MBOs, equivalent to seven per cent)[10]; the next position in the market segment analysed is held by three competitors having each structured 18 or 15 transactions respectively in the market segment analysed; all other market participants being significantly lower. DBAG's competitors in this market are predominantly unlisted financial investors. They can be broken down into investors that – like DBAG – concentrate primarily on investments in German-speaking countries, and in others that pursue a pan-European investment approach. The funds can also be split into those that invest in our market on an ongoing basis and those that only make occasional investments. If we look at an appropriately long period of time – in line with our business model – Bregal, Capiton and Paragon rank among our main competitors, based on the number of completed MBOs, in the Germany, Austria and Switzerland (DACH) region. The group of pan-European funds that invest in our market more than merely sporadically include Equistone, H.I.G. Capital and Triton.

Review of key events and transactions

Office opened in Milan

In the year under review, DBAG opened an office in Milan, to further enhance its coverage of the Italian market. DBAG's investment strategy had already been developed further with the decision to invest in Italy several years ago. The new office represents an important step in implementing this strategic decision. A team based at the DBAG Italia s.r.l. subsidiary office in Milan will identify and structure investment opportunities for the DBAG funds and support the portfolio companies in their further development. DBAG made its first investment in an Italian company in the 2019/2020 financial year; a further larger investment in an Italian company was agreed in August 2021. In future, up to 25 per cent of any given fund's volume may be invested in Italy.

[8] Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft (EY): "German Private Equity Deal Survey 2021 HY1"
[9] German Private Equity and Venture Capital Association (BVK): "German Equity Capital Market 2020", "Market statistics, investments according to financing phase purpose", March 2021
[10] This information is based on a survey conducted by the industry magazine FINANCE on behalf of DBAG. The figure includes majority takeovers in the form of MBOs, MBIs and secondary/tertiary buyouts of German companies involving a financial investor with a transaction volume of between 50 and 250 million euros.

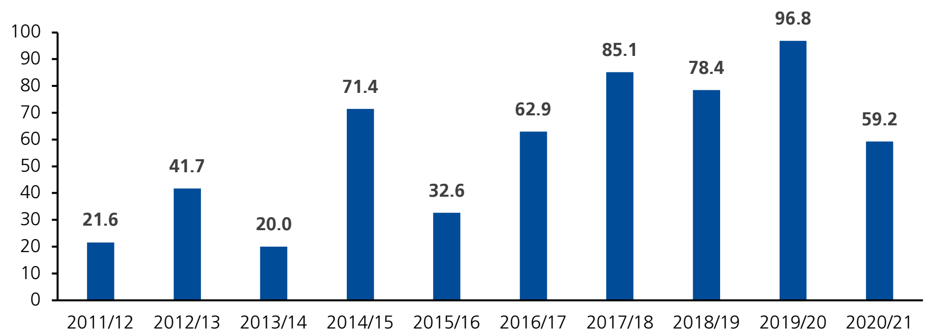
Private Equity Investments: Expanding the portfolio to include attractive, new investments, dynamic development of the existing portfolio, successful disposals

Investment team implements investment decisions worth 304 million euros

Having added six equity investments to DBAG's portfolio in the 2019/2020 financial year, the focus in the past financial year 2020/2021 shifted to the disposal of mature equity investments and development of the recently acquired investments. Accordingly, we have supported many acquisitions that have enabled companies to implement and accelerate their strategic development. In some cases, we have also provided additional funds alongside the DBAG funds.

DBAG invested 59.2 million euros from its balance sheet in 2020/2021 (previous year: 96.8 million euros): this sum not only comprises new investments, but also increases in existing investments that were completed in the year under review. In 2020/2021, DBAG made investment decisions on equity investments of around 304 million euros (previous year: 314 million euros), which were agreed in the year under review. 57.6 million euros (previous year: 77.5 million euros) of the investment decisions were attributable to co-investments made by DBAG (largely) alongside DBAG Fund VII and DBAG Fund VIII, with a further 16.0 million euros attributable to the second Long-Term Investment. The investment decisions made as advisors to/managers of DBAG funds not only related to the new MBOs. 34.8 million euros (thereof DBAG: 9.3 million euros) was also attributable to the financing of acquisitions by the portfolio companies and to capital invested in existing portfolio companies (37.4 million euros, thereof DBAG: 8.9 million euros).

INVESTMENT IN THE PORTFOLIO
€mn



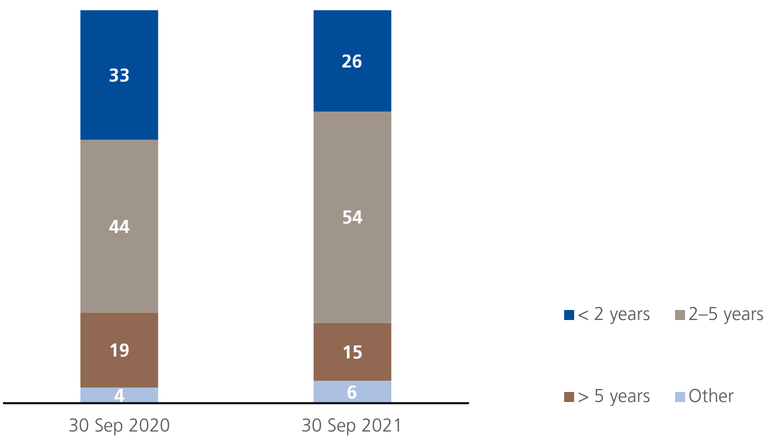
In addition, we were again able to explore a wide range of new investment opportunities and provide support for four new equity investments, of which two were completed in the year under review. These include congatec, an international technology company for embedded computing products, whose MBO was agreed upon in the previous year, but not completed until the year under review, and R+S, a leading provider of technical building services and the second company in the portfolio to be financed as a Long-Term Investment, independently of a DBAG fund. Two of the new equity investments were agreed in the reporting period but had not been yet completed by the reporting date. DBAG invested in Itelyum together with the UK's Stirling Square Capital Partners. Itelyum is DBAG's second equity investment in Italy; it was agreed in August 2021. The equity investment in Dantherm, a provider of heating, cooling, drying ventilation and air cleaning products and solutions, was also agreed in August 2021.

The new equity investments were offset by four disposals, two of which were partial disposals that were completed in the year under review. This compares with only one disposal in the

2019/2020 financial year. The four disposals completed – in chronological order – are: Pfaudler (partial disposal), a firm that specialises in mechanical engineering solutions for the chemical and pharmaceutical industries; Rheinhold & Mahla, a leading industrial services provider for ship interior fittings; DNS:Net, a broadband telecommunications company; and radiology group blikk, in which DBAG re-invested after the disposal, as it continues to see good development opportunities there. The disposal of Telio, a provider of communications and media systems for correctional facilities, was agreed in June 2021, but not yet completed during the reporting period.

Besides the two additions and four disposals, one spin-off and one merger also took place in the year under review. The spin-off of the nephrology division from radiology group blikk, managed by operasan, was completed in January 2021. In May 2021, the vitronet and Deutsche Infrastruktur und Netzgesellschaft investments merged and now trade as vitronet in the market for fibre optics and energy infrastructure. At the end of the financial year 2020/2021, DBAG's investment portfolio therefore consisted of 32 companies, including two partially disposed equity investments, blikk and Pfaudler. Added to this are the investments which are no longer expected to deliver any appreciable value contributions, including the investment in an externally managed foreign buyout fund, and companies through which warranties on disposals are settled. The portfolio had comprised 33 investments at the end of the previous financial year.

STRUCTURE OF THE PORTFOLIO ON BASIS OF ACQUISITION COSTS
%



Holding period of the portfolio companies

The share of investments in the portfolio for less than two years was 26 per cent on the reporting date on the basis of the acquisition costs (previous year: 33 per cent). Investments that we have already been supporting for two to five years account for around 54 per cent (previous year: 44 per cent). This is typically the period during which the implementation of the agreed measures for realising the development potential gain momentum. However, the pandemic and the negative cyclical influences felt in the industry since 2019 may delay the company's performance and lead to a longer holding period. As was already evident as at 30 September 2020, this was reflected in the significantly higher proportion of acquisition costs attributable to companies that have already been in the portfolio for more than five years: This share was reduced in the period under review and is now 15 per cent (previous year: 19 per cent).

DBAG Fund VIII: Dantherm and congatec MBOs, Fire (formerly Multimon) with acquisitions

DBAG agreed the investment in **DANTHERM**. Headquartered in Denmark, with subsidiaries in ten European countries, the company offers heating, cooling, drying ventilation and air cleaning (HVAC) products and solutions. DBAG Fund VIII, advised by DBAG, has acquired the majority of the shares in Dantherm from a fund managed by Swedish private equity house Procuritas. DBAG will be investing 22.4 million euros alongside DBAG Fund VIII, thereby holding a stake of up to 14 per cent in Dantherm. Dantherm’s management team will retain a stake in the company. Dantherm’s MBO was agreed in August 2021 but will not be completed until after the reporting date.

The Dantherm investment is the fourth investment of DBAG Fund VIII, which has been investing in medium-sized companies since August 2020. Including the investment in Dantherm, DBAG Fund VIII is 26 per cent invested. Its regional investment focus is on Germany, Austria, and Switzerland; however, up to 25 per cent of the fund volume may also be invested in other European countries.

In August 2020, the DBAG-advised DBAG Fund VIII had agreed to acquire the majority of the shares in **CONGATEC** from the founding shareholders. This MBO, which was structured using DBAG Fund VIII's top-up fund, was closed in October 2020. DBAG invested 22.9 million euros alongside the fund, for which it received around 20 per cent of the shares. The fast-growing technology company supplies the necessary computer components required for the Internet of Things and Industry 4.0. It is active in the area of embedded computing with a focus on high-performance computer-on-modules and industrial single-board computers. congatec generated sales revenues of around 128 million US dollars across a wide range of applications in 2020, enabling the company to balance out the fluctuations in individual sales markets. congatec reports in US dollars, since the majority of revenue is invoiced in this currency, as is common practice in the industry.

FIRE (formerly Multimon), a leading provider of fire protection systems, agreed its first add-on acquisition in December 2020, which it closed in January 2021. It’s second add-on acquisition was agreed in August 2021 but not completed until after the reporting date. The acquired companies offer their products to some extent to customers in complementary sectors and to end markets, for the most part in Germany and the Benelux region, thereby broadening Fire’s market reach. The two acquired companies generated total revenues of 111.4 million euros in 2020. DBAG contributed no additional capital to the acquisition of both companies.

At the end of November 2021, DBAG agreed a further investment alongside DBAG Fund VIII – the fund’s fifth investment. The contracting parties have agreed not to disclose transaction details for the time being. DBAG will invest up to 23 million euros approximately.

DBAG Fund VII: Second equity investment agreed in Italy, disposal of blikk, spin-off of operasan followed by two acquisitions, acquisition of Sero

In their role as co-investor, DBAG and DBAG Fund VII invested alongside the British Stirling Square Capital Partners in the Italian **ITELYUM GROUP**. In line with an agreement reached in August 2021, DBAG Fund VIII acquired a minority stake in Itelyum. Itelyum’s management also took a significant stake in the transaction.

The circular economy business possesses more than 50 years of industry know-how, specialising in recycling of complex liquid industrial waste, using unique chemical processes. Itelyum operates in 26 locations and has more than 800 employees. As a professionally managed and leading single-source supplier of proven services and procedures in Europe, Itelyum targets industrial companies that need to comply with increasingly strict waste regulations and achieve higher recycling rates.

DBAG has successfully concluded its investment in the radiology group **BLIKK**. The disposal of its shares in blikk to EQT Infrastructure V, a fund managed by Sweden's EQT, was agreed in July 2021 and closed in August 2021. The shares held by DBAG Fund VII (advised by DBAG) and by blikk's management were also sold. As DBAG and DBAG Fund VII continue to see good development opportunities for blikk, they used a significant part of the proceeds for a re-investment of around 13 per cent, with approximately two percentage points attributable to DBAG.

The disposal proceeds realised by DBAG markedly exceeded the valuation of the investment as at 30 September 2020, with a value contribution of 25.9 million euros.

The disposal of the investment in blikk is the first disposal of an MBO from DBAG Fund VII's portfolio. The Fund, whose investment period is still ongoing, structured ten MBOs between 2017 and 2021. DBAG Fund VII was DBAG's first fund to include a so-called top-up fund, allowing for up to 200 million euros in equity being invested into a single transaction, more than twice the amount usually targeted by DBAG. 105.7 million euros was invested in blikk, partly funded by the top-up fund. 18.7 million euros came from DBAG, which had held a stake in blikk of around 11 per cent on a look-through basis. The radiology group's MBO was agreed in March 2017. Owing to a complex approval process, however, it did not take effect until May 2019.

blikk completed the acquisition of the Bochum-based Angio-Radiologisches Institut (ARI) in January 2021 and of Berlin-based Radiologie am Europa Center in June 2021. This improved the group's market position within the scope of a buy-and-build strategy. DBAG invested a total of 1.0 million euros for the two acquisitions.

The spin-off of the nephrology division (nephrology including dialysis) from blikk, managed by **OPERASAN,** which is headquartered in Büren (North Rhine-Westphalia), was agreed in December 2020; the transaction was closed in January 2021. Representing the tenth investment of DBAG Fund VII, the plan is to further develop operasan as a standalone healthcare platform investment, using a buy-and-build strategy.

Within the scope of this transaction, DBAG invested around 4.0 million euros alongside DBAG Fund VII (including the top-up fund); blikk used the funds received to improve its funding structure, and to focus on its core business. DBAG Fund VII holds around 71 per cent of operasan, of which approximately 13 per cent is attributable to DBAG. Other shareholders include the company's management and a digital transformation consultancy firm focused on the healthcare sector.

Three dialysis centres – the medical centres in Brake and Hennef, plus the Morlock practice – were previously acquired under blikk. Shortly after the spin-off of operasan, a fourth acquisition, the Nuremberg medical centre, was completed in January 2021. A fifth, the medical centre in Göttingen, was completed in September 2021. DBAG invested a total of 3.1 million euros for these five acquisitions, of which 1.2 million euros for the centre in Nuremberg and 1.2 million for the centre in Göttingen.

In June 2021, **SERO** completed the acquisition of Solid Semecs B.V. (Semecs), which was agreed in May 2021. Like Sero, the Dutch company is a developer and manufacturing service provider for EMS (electronic manufacturing services – full contract manufacturing of electronic components, devices and systems). Semecs employs around 480 people and expects to generated revenues of around 72 million euros in the current year. Its customers mainly come from the industrial sector, with the remainder emanating from medical engineering applications and products for the automotive industry. DBAG invested 3.6 million euros for the purchase. The objectives of the transaction are to broaden the customer base, explore new buyer industries and expand production capacity with a site in Eastern Europe. The seller is the Dutch company Rademaker Beheer B.V.

DBAG Fund VII, which is advised by DBAG, invested in Sero in November 2018, within the scope of a management buyout. DBAG itself co-invested approximately 11 million euros at the time; it holds 20 per cent of Sero's shares.

DBAG Fund VI: Telio disposal agreed, proceeds received from the partial disposal of Pfaudler, Gienanth is growing inorganically

DBAG has successfully concluded its investment in telecommunications and software company **TELIO**. The disposal to Charterhouse Capital Partners LLP, a UK-based financial investor, was agreed in June 2021. The stakes held by DBAG Fund VI (advised by DBAG) and by Telio's management will also be sold. Completion of the disposal is still subject to approval by the authorities.

A reinvestment may generate additional value contributions from the company's future performance: DBAG und DBAG Fund VI reinvested a part of the disposal proceeds.

DBAG and DBAG Fund VI had invested in Telio in April 2016 within the scope of a MBO. Since then, Telio has evolved into a leading provider in inmate communications, together with the requisite technology and infrastructure. Sales have more than tripled, to approximately 83 million euros in 2020. Besides entering into new regional markets, Telio has significantly expanded its product offer – for example, through technology which detects and blocks illegal use of mobile phones in correctional facilities. It is also concentrating increasingly on digital solutions, including the areas of video telephony and e-learning.

The disposal of the investment in Telio is the fifth exit of an MBO from DBAG Fund VI's portfolio. The Fund structured eleven MBOs between 2013 and 2016.

In the 2019/2020 financial year, we sold part of our stake in the **PFAUDLER**, an MBO executed in December 2014. In the midst of the global pandemic, we succeeded in realising around 130 per cent of our original investment through the placement of shares in its Indian subsidiary and the disposal of 80 per cent of Pfaudler's international business. We received the funds from the placement and from the disposal during the reporting period. Pfaudler had implemented profound changes in recent years and completed a comprehensive modernisation exercise. It was a particular challenge to strategically reposition the group through an expansion of its product range, as well as the reduction of an investment backlog.

The foundry group **GIENANTH** continued to grow inorganically in the first half of 2020/2021, during which it agreed and closed two add-on acquisitions. The group's revenues have thus increased by around 63 million euros (2020: 161 million euros). With the acquisition of Zaigler Maschinenbau GmbH, Gienanth expanded its product range through machining its own castings in-house, thus strengthening its competitive position. Thanks to the acquisition, it can now offer ready-to-install cylinder crankcases for large engines from a single source and thus ensuring greater delivery reliability. The acquisition of Trompetter Guss Chemnitz GmbH, a previously owner-operated foundry, completes the product range with the addition of larger casting components. This will make Gienanth a leading provider for brake components in Europe. DBAG contributed no additional capital to the acquisition of both companies.

DBAG Fund V: Heytex completes acquisition

HEYTEX, a leading provider of technical textiles, completed the acquisition of Dutch textiles manufacturer TenCate Outdoor Fabrics BV in August 2021. DBAG contributed no additional capital to the acquisition.

DBAG ECF: Two mergers, two disposals, broadband telecommunications acquisitions

vitronet GmbH and Deutsche Infrastruktur und Netzgesellschaft (DING), two investments in the portfolio of private equity fund DBAG ECF managed by DBAG, merged in May 2021. The combined entity now trades as **VITRONET GROUP** in the market for fibre optics and energy infrastructure. The group's pro-forma revenues in 2020 amounted to around 360 million euros. It now employs around 2,300 people at more than 30 locations in Germany. In the fast-growing market for expanding fibre optics and energy infrastructure, it is a provider with broad regional coverage and a service offering comprising all material steps in the value creation chain – from planning and construction of networks right through to operations and servicing. vitronet Group sees good opportunities to actively shape the continued consolidation of this fragmented market in the future too.

The group therefore continued its buy-and-build strategy in the reporting period. The group's growth strategy is aimed at rapidly expanding its market presence throughout Germany, providing as many services as possible from a single source for increasingly large-volume projects and systemically extending its customer portfolio. As the business grows in size, access to subcontractors, who often provide essential service packages, will also improve. With TriOpt Group and Bergert Group GmbH, two acquisitions were agreed and completed. The two companies generated combined revenues of around 53.0 million euros in 2020. DBAG contributed no additional capital to the acquisition of both companies. In addition, the acquisition of three further companies was agreed and completed:

The acquisitions of KronoBau GmbH, H-J Tief- und Rohrleitungsbau GmbH and Meyer Straßenbau GmbH were completed in December 2020, March 2021, and July 2021 respectively. DBAG contributed no additional capital to the acquisition of the three companies.

Another investment in broadband telecommunications, **NETZKONTOR**, an investment alongside DBAG ECF, agreed and closed the acquisition of Elektronik Hammer GmbH in January 2021. DBAG contributed no additional capital to the transaction. Elektronik Hammer GmbH generated revenues of around five million euros in 2020. netzkontor completed a refinancing at the end of September 2021, which comprises a term loan and, above all, an additional acquisition facility to support the company in furthering its inorganic growth. The funds from the new term loan were used to repay the current bank loan, settle transaction costs and pay out a distribution to the shareholders (repayment of shareholder loans and equity). This resulted in a repayment of 10.5 million euros for DBAG.

As a leading industrial services provider for ship interior fittings, **RHEINHOLD & MAHLA**, attracted the interest of a strategic buyer in the financial year 2019/2020, a subsidiary of the world's largest shipbuilder, the China State Shipbuilding Corporation. Rheinhold & Mahla had shown strong development in recent years with regard to its efforts to tap into the Chinese market, enabling the company to continue its future development under new ownership. The transaction was closed in the reporting period.

In June 2021, we completed the disposal of our investment in **DNS:NET**, which was agreed in March 2021. As part of the transaction, the UK's 3i Infrastructure plc acquired the non-controlling interests held by DBAG Expansion Capital Fund (DBAG ECF), including the shares held by DBAG.

In 2013, DBAG had co-invested alongside DBAG ECF during the course of a capital increase, taking a minority stake in the company, and providing additional capital thereafter. Within the eight-year holding period of the investment, DBAG invested a total of 25.8 million euros for a 15.7 per cent stake in the company's capital (on a look-through basis). During the holding period, DNS:Net has become the second-largest provider of VDSL connections in the German federal state of Brandenburg.

FLS has merged with the Austrian company impactit GmbH (impactit) and with Städtler Logistik GmbH & Co. KG (Städtler). The three entities will now form the **SOLVARES GROUP**. All three companies distribute software products enabling their customers to enhance efficiency, with a focus on software to optimise the tours and route planning for vehicle fleets and field staff, as well as logistics processes. DBAG and DBAG ECF (advised by DBAG) supported the business combination with a capital increase of 9.3 million euros; 3.9 million euros of this is attributable to DBAG, which has now invested a total of 14.3 million euros in this investment and holds just under 29 per cent of the group's shares. The companies in the group generated combined (pro forma) revenues of around 21 million euros in 2020. They currently employ 179 people at seven locations in four countries. In the first step of this transaction, FLS agreed the merger with impactit in September 2020. Städtler then joined the group in the current financial year. The overall transaction was closed in January 2021.

The investment period of DBAG ECF II ended on 31 December 2020. Investment commitments for the fund’s second new investment period were increased by 8.8 million euros during the reporting period, of which 3.6 million is attributable to DBAG. These funds are available to further support the three MBOs financed with this tranche of the fund (BTV Multimedia, DING – vitronet Group after the merger, Solvares) in their future development.

Long-Term Investments: Acquisition of R+S Group

With **R+S**, Deutsche Beteiligungs AG agreed its second Long-Term Investment in March 2021, which it completed in May 2021. DBAG invested around 16 million euros, thereby strengthening the company's equity base. R+S is a leading provider of technical building services. Current high-profile projects that the company is involved in include the construction of the new Terminal 3 at Frankfurt Airport and expansion of the University Hospital in Frankfurt. Technical building services account for slightly more than 50 per cent of revenues. The company’s range of services is complemented by two organisationally independent business divisions – personnel services and a high-performance electrical wholesale operation. R+S generated revenues of around 368 million euros in 2020. The company employs 3,000 staff at 30 locations in Germany. By investing in R+S, DGAB has acquired a stake in a company that occupies an attractive market position, which has created an excellent platform for successful further development over the past two years.

Fund Investment Services

The investment period of DBAG Fund VIII started in August 2020. The outstanding capital commitments, and therefore the assets under management or advisory, have increased significantly to around 2.5 billion euros with DBAG Fund VIII. This also impacted positively on income from Fund Services, which was clearly evident in the year under review.

Financial performance

Overall assessment: Highest net income since switching to IFRS accounting

In the year under review, the extremely positive development of our portfolio companies and successful disposals were the main reasons why the Group was able to achieve its highest net income since IFRS accounting was introduced in the 2004/2005 financial year. The previous year's result was adversely affected by the pandemic and as a result was negative.

Net income from investment activity also turned positive during the year under review and was thus significantly higher than the negative balance of the previous year. The Fund Investment Services segment also contributed to the strong business performance. Income from Fund Services exceeded the previous year's figure, as this was the first full financial year for which we were able to earn fees from DBAG Fund VIII. Net expenses under "Other income/expense items" in the condensed consolidated statement of comprehensive income increased, largely as a result of higher personnel expenses. Higher provisions for performance-related remuneration were recognised, to reflect the Group's strong business performance.

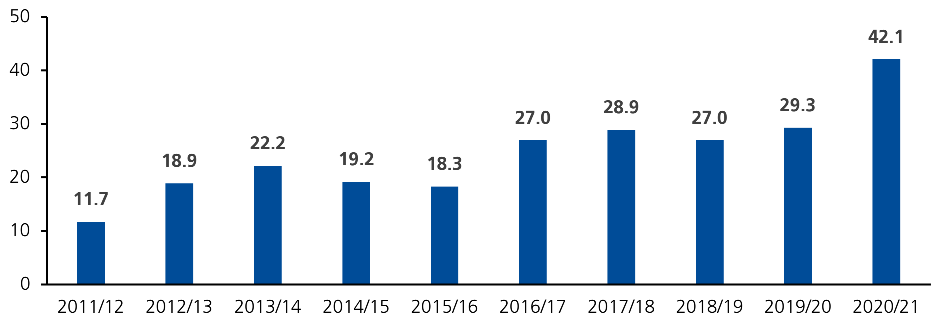
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€'000	2020/2021	2019/2020
Net income from investment activity	178,378	(16,864)
Income from Fund Services	42,083	29,304
Income from Fund Services and investment activity	**220,461**	**12,440**
Personnel expenses	(23,101)	(18,397)
Other operating income	3,623	4,534
Other operating expenses	(14,546)	(13,911)
Net interest income	(718)	(448)
Other income/expense items	**(34,741)**	**(28,222)**
Earnings before taxes	**185,720**	**(15,782)**
Income taxes	(577)	(965)
Earnings after taxes	**185,143**	**(16,747)**
Net income attributable to other shareholders	(9)	(9)
Net income	**185,134**	**(16,757)**
Other comprehensive income	2,199	2,702
Total comprehensive income	**187,333**	**(14,055)**

Overview: The Private Equity Investments and Fund Investment Services business segments performed very positively.

INCOME FROM FUND SERVICES AND INVESTMENT ACTIVITY increased considerably compared with the previous year. The increase was a result of higher net income from investment activity that mainly determines this item, both in terms of amount and volatility (for details, please refer to the information under "Net income from investment activity"). In addition, income from Fund Services also exceeded the previous year's level. In the year under review, we received fees of 18.7 million euros from DBAG Fund VIII, compared to 3.0 million euros in the previous year. The fund's investment period only started in August 2020, just two months before the end of the financial year 2019/2020. Income from DBAG ECF remained unchanged, while income from DBAG Fund VI and DBAG Fund VII declined as expected (for details on the development of fees paid, please refer to the information under "Fund Investment Services segment").

INCOME FROM FUND SERVICES
€mn



Other income/expense items: Increase in net expenses

The rise in net expenses in **OTHER INCOME/EXPENSE ITEMS**, i.e. the net amount of personnel expenses, other operating income and expenses as well as net interest income, resulted primarily from higher **PERSONNEL EXPENSES** (please refer to note 11 to the consolidated financial statements). This was partly attributable to higher expenses for fixed salaries because the number of employees averaged 77 in the year under review, compared to 71 for the previous year. In addition, there are now four Board of Management members, up from three in the previous year. Furthermore, the increase resulted largely from higher provisions for performance-related remuneration, which rose by a total of 2.8 million euros, of which 1.0 million euros is attributable to the members of the Board of Management. For more information on Board remuneration, please refer to the remuneration report, which is an integral part of this management report. Where the variable remuneration paid to employees is linked to the commercial development of portfolio companies and to disposals or to DBAG's net income, it also increased.

OTHER OPERATING INCOME declined compared to the previous year (please refer to note 12 to the consolidated financial statements). This item is largely made up of income from consultancy expenses that can be passed through, and at 2.9 million euros remained below the previous year's figure of 3.2 million euros. In contrast to the previous year (0.3 million euros), there was no income from the disposal of securities and the item "Other" declined to 0.4 million euros (previous year: 1.0 million euros). Income from the reversal of provisions increased to 0.2 million euros (previous year: 47,000 euros).

Income from consultancy expenses that can be passed through is offset by corresponding expense items of 3.0 million euros (slightly below the previous year' figure of 3.2 million euros), which are reported under **OTHER OPERATING EXPENSES** (for more information, please refer to note 13 to the consolidated financial statements). The latter showed a slight increase in the year under review. Consulting expenses associated with identifying and developing new investment opportunities rose to 2.0 million euros (previous year: 1.2 million euros) as a result of the increased number of potential investments the investment team was able to evaluate. In addition, maintenance and license costs for hardware and software increased to 0.9 million euros as part of the continuous expansion of our digital networks and security enhancements (previous year: 0.5 million euros). In contrast, as a result of the pandemic, travel and entertainment expenses decreased to 0.3 million euros compared to 0.5 million euros in the previous year. Premises expenses were unchanged at 0.3 million euros. Expenses for external staff and other personnel costs dropped to 0.5 million euros (previous year: 0.8 million euros), while depreciation and amortisation fell to 1.2 million euros (previous year: 1.4 million euros).

NET INTEREST INCOME deteriorated overall (please refer to notes 14 and 15 to the consolidated financial statements). The increased drawdown of credit lines during the year resulted in higher interest expenses of 1.2 million euros (previous year: 0.4 million euros). At the same time, we received higher interest income from other financial instruments of 0.7 million euros (previous year: 0.2 million euros).

Other comprehensive income: No significant impact on net income

OTHER COMPREHENSIVE INCOME declined slightly in the year under review. This was due to lower actuarial gains on measurement of pension obligations (please refer to note 26 to the consolidated financial statements "Gains (+) / losses (-) on remeasurement of the net defined benefit liability (asset)"). The underlying discount rate for pension provisions increased by 0.29 percentage points to 0.88 per cent.

Net income from investment activity

The increase in **NET INCOME FROM INVESTMENT ACTIVITY** was due primarily to the performance of the investments in the portfolio companies, which – with one exception (JCK) – are held via investment entity subsidiaries, as reflected in **GROSS GAINS AND LOSSES ON MEASUREMENT AND DISPOSAL.**

NET INCOME ATTRIBUTABLE TO OTHER SHAREHOLDERS OF INVESTMENT ENTITY SUBSIDIARIES corresponds to gross gains and losses on measurement and disposal. Specifically, this relates to carried interest entitlements resulting from private investments made by members of the investment team in the DBAG funds' investment entity subsidiaries. The carried interest entitlements essentially reflect the net performance of the DBAG fund investments. This means that the carried interest changes depending on the further performance of the investments of the funds and in the course of distributions following disposals from a fund's portfolio, provided that the contractual conditions are met. These entitlements account for those active and former members of the DBAG investment team who co-invested alongside the funds.

In the year under review, entitlements rose primarily for DBAG ECF. They increased slightly for DBAG Fund VI. Carried interest was recognised for the first time in the year under review for DBAG Fund VII's top-up fund, whilst entitlements for DBAG Fund V were slightly lower. DBAG Fund VIII only commenced investments in August 2020. No carried interest has been recognised for this fund to date.

NET INCOME FROM INVESTMENT ACTIVITY

€'000	2020/2021	2019/2020
Gross gains and losses on measurement and disposal portfolio	202,722	(22,832)
Net income attributable to other shareholders of investment entity subsidiaries	(32,780)	4,663
Net gains and losses on measurement and disposal portfolio	**169,942**	**(18,170)**
Current portfolio income	14,809	9,606
Net portfolio income	**184,752**	**(8,563)**
Net gains and losses from other assets and liabilities of investment entity subsidiaries	(6,690)	(8,641)
Income from other financial assets	316	341
Net income from investment activity	**178,378**	**(16,864)**

CURRENT PORTFOLIO INCOME mainly relates to interest payments on shareholder loans, and exceeded the previous year's figure. This was primarily due to the disposals of investments in Rheinhold & Mahla and DNS:Net, which were completed in financial year 2020/2021. In accordance with the contractual agreements in connection with these investments, DBAG was now able to recognise interest. The year-on-year increase in the amount of loans granted to existing and new portfolio companies also had an effect.

The change in **NET GAINS AND LOSSES FROM OTHER ASSETS AND LIABILITIES OF INVESTMENT ENTITY SUBSIDIARIES** was mainly due to the remuneration paid to the manager of DBAG Fund VIII, which is determined on the basis of capital commitments. **INCOME FROM OTHER FINANCIAL ASSETS** was negligible, as in the previous year.

Analysis of gross gains and losses on measurement and disposal

SOURCE ANALYSIS 1: As at the 30 September 2021 reporting date, we determined the fair value of 26 portfolio companies (previous year: 24) using the multiples method. We based this calculation (largely) on the expected result for 2021 and the company debt levels expected at the end of the year, as well as on capital market valuations and exchange rates at the reporting date.

The contribution made by the **CHANGE IN EARNINGS** of portfolio companies improved in the financial year 2020/2021. 16 companies (previous year: six) made a positive contribution, with six companies (previous year: 17) making a negative contribution. For some companies, improved earnings were the result of company acquisitions, which were accompanied by an increase in debt. In the case of another portfolio company, the impact of regulatory changes on the business turned out to be less pronounced than originally expected.

Investments in manufacturing businesses and related service providers also performed well for the most part. Their contributions would have been even higher had it not been for burdens on earnings. For the year under review, these included – in particular – supply bottlenecks due to a shortage of components despite a high order backlog (largely because of a shortage of semiconductors in the automotive industry), rising raw material and energy costs, and increasing freight costs.

GROSS GAINS AND LOSSES ON MEASUREMENT AND DISPOSAL PORTFOLIO BY SOURCES: SOURCE ANALYSIS 1

€'000	2020/2021	2019/2020
Fair value of unlisted investments		
Change in earnings	148,021	(58,308)
Change in debt	(73,748)	(32,548)
Change in multiples	85,581	66,754
Change in exchange rates	(247)	(1,336)
Change – other	1,415	1,153
Subtotal	161,022	(24,285)
Net gains and losses on disposal	41,277	1,616
Other	423	(163)
	202,722	**(22,832)**

As a general rule, we do not receive any current distributions from portfolio companies during the holding period. The portfolio companies therefore mostly use surpluses to reduce their DEBT and occasionally also for distributions in conjunction with refinancings. At the same time, acquisition growth is a core element of the corporate strategy of many of our portfolio companies, designed to accelerate the expansion of their market presence.

During the financial year 2020/2021, our portfolio companies' increased borrowings provided a higher net negative value contribution than in the previous year. These higher debt levels are offset by higher earnings contributions from the acquisitions. While one portfolio company in particular is pursuing its buy-and-build strategy swiftly, at eleven companies the negative value contribution from debt increased to a lesser extent and at twelve portfolio companies the value contribution from debt was positive, totalling 17.2 million euros.

The change in MULTIPLES includes two effects. Firstly, we report the earnings contribution from changes to valuation multiples of listed peer group companies, which we use for the valuation of portfolio companies. Secondly, we take into consideration the findings derived from transaction processes. In the year under review, the change in multiples led to a positive effect on earnings, primarily among investments in broadband telecommunications and IT services/software. Net contributions from these earnings components had been lower in the previous year compared to the year under review.

As in the previous year, **CHANGES IN EXCHANGE RATES** and the **CHANGE – OTHER** item only had a minor impact on net gains and losses on measurement and disposal.

NET GAINS AND LOSSES ON DISPOSAL was particularly influenced by the disposals of blikk, DNS:Net and Rheinhold & Mahla, which were closed during the period under review, as well as the repayment of equity and shareholder loans in connection with a refinancing at netzkontor. Value contributions from the partial disposal of the stake in Pfaudler, as well as subsequent gains from the disposal of a stake in the remaining externally-managed foreign buyout fund, are also included here.

Contributions to net measurement gains and losses shown in the OTHER item can be attributed largely to slight changes in the valuation of purchase price retentions and discounting effects relating to residual items.

SOURCE ANALYSIS 2: In the year under review, 18 – and thus the majority of our portfolio companies (previous year: eleven portfolio companies) – made a positive contribution to the development of net gains and losses on measurement and disposal. Of these, three companies are valued at their disposal price. There was also a positive valuation effect for the remaining stake in an externally-managed foreign buy-out fund.

Eleven equity investments (previous year: 16 and the remaining investment in an externally-managed foreign buyout fund) made a negative contribution to net gains and losses on measurement and disposal in the financial year 2020/2021. In two cases, the negative contribution resulted exclusively from lower multiples of listed peer companies. For the other portfolio companies, the reasons are specific to each company, such as delays with regard to customer decisions for one company or declining demand and market changes for another company.

Three portfolio companies (previous year: five) are still carried at their original transaction price because they have been held for less than twelve months. They account for 7.5 per cent of the portfolio value (previous year: 13.5 per cent). Our valuation of the externally-managed foreign buyout fund was based on the valuation of the fund manager.

GROSS GAINS AND LOSSES ON MEASUREMENT AND DISPOSAL PORTFOLIO BY SOURCES: SOURCE ANALYSIS 2

€'000	**2020/2021**	2019/2020
Positive movements	216,725	53,436
Negative movements	(14,003)	(76,269)
	202,722	**(22,832)**

SOURCE ANALYSIS 3: Net gains and losses on measurement and disposal in the financial year 2020/2021 reflect the extremely positive operating performance of the portfolio companies. Unrealised net gains and losses on disposal relate to the disposal of Telio, which had not yet been closed at the reporting date. Net gains and losses on disposal are explained in source analysis 1.

GROSS GAINS AND LOSSES ON MEASUREMENT AND DISPOSAL PORTFOLIO BY SOURCES: SOURCE ANALYSIS 3

€'000	**2020/2021**	2019/2020
Net measurement gains and losses	161,099	(33,826)
Unrealised disposal gains on imminent sales basis	346	9,378
Net gains and losses on disposal	41,277	1,616
	202,722	**(22,832)**

TEN-YEAR SUMMARY OF EARNINGS

	2011/ 2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	**2020/2021**
				11 months						
Net income from investment activity[1]	51.3	41.0	50.7	29.2	59.4	85.8	31.1	49.6	-16.9	178.4
Income from Fund Services			22.2	19.2	18.3	27.0	28.9	27.0	29.3	42.1
Other income/expense items[2]	(4.0)	(7.3)	(24.5)	(21.3)	(28.4)	(30.9)	(30.2)	(31.5)	(28.2)	(34.7)
EBT	47.0	33.8	48.4	27.1	49.3	82.0	29.7	45.1	-15.8	185.7
Net income	44.5	32.3	48.0	27.0	49.5	82.0	29.7	45.9	-16.8	185.1
Other comprehensive income[3]	(6.2)	(3.7)	(6.4)	0.4	(6.5)	2.9	(1.2)	(7.7)	2.7	2.2
Total comprehensive income	38.3	28.6	41.6	27.4	43.0	84.9	28.5	38.2	-14.1	187.3
Return on equity per share (%)[4]	16.7	11.5	15.9	9.6	14.9	24.1	6.9	9.1	-3.2	44.2

1 Net gains and losses on measurement and disposal as well as current income from financial assets
2 Net amount of other income and expense items; up to and including financial year 2012/2013, including income from Fund Investment Services
3 Actuarial gains/losses on plan assets are recognised directly in equity, via other comprehensive income.
4 Since financial year 2020/2021: Total comprehensive income divided by the opening balance of equity (in previous years: total comprehensive income divided by opening balance less distributions).

Financial position – liquidity

Overall assessment: High volume of financial resources plus two credit lines secure funding of investment projects for the financial year 2021/2022

As at 30 September 2021, DBAG's financial resources totalling 112.8 million euros consisted exclusively of cash and cash equivalents and units in money market funds. The investment entity subsidiaries hold additional financial resources – exclusively cash and cash equivalents – amounting to 11.3 million euros. Credit lines totalling 106.7 million euros remained undrawn as at the reporting date (for the financing strategy and credit lines, please refer to the information under "Long-term financing of DBAG's co-investments and Long-Term Investments via the equity market").

The following statement of cash flows in accordance with IFRSs shows the changes in cash and cash equivalents.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

INFLOWS (+)/OUTFLOWS (-)

€'000	2020/2021	2019/2020
Net income	185,134	(16,757)
Measurement gains (-)/losses (+) and gains (-)/losses (+) on disposal of financial assets	(177,135)	19,440
Other non-cash changes	(15,637)	(9,379)
Cash flow from operating activities	**(7,638)**	**(6,696)**
Proceeds from disposals of financial assets	112,643	68,462
Payments for investments in financial assets	(90,107)	(92,965)
Proceeds from disposals of other financial instruments	25,988	17,069
Payments for investments in other financial instruments	(20,332)	(26,055)
Cash flow from investment activity	28,192	(33,490)
Proceeds from (+)/payments for (-) investments in securities	(75,112)	25,517
Other cash inflows and outflows	(75)	(412)
Cash flow from investing activities	**(46,996)**	**(8,385)**
Proceeds from capital increases	99,933	0
Payments for lease liabilities	(795)	(1,020)
Proceeds from drawdowns of credit facilities	60,500	13,100
Payments for redemption of loans	(73,600)	0
Payments to shareholders (dividends)	(12,035)	(22,566)
Cash flow from financing activities	**74,003**	**(10,486)**
Net change in cash and cash equivalents	**19,370**	**(25,567)**
Cash and cash equivalents at start of reporting period	18,367	43,934
Cash and cash equivalents at end of reporting period	**37,737**	**18,367**

CASH AND CASH EQUIVALENTS in accordance with IFRSs increased in the financial year 2020/2021. In spite of the Group's very strong net income, the **BALANCE OF CASH FLOW FROM OPERATING ACTIVITIES** is negative, only marginally higher than the previous year's figure. This is mainly attributable to the fact that the net income is largely based on the increase in value in connection with the valuation of the portfolio at fair value, not on realised proceeds from disposals. Another factor is that there have been no fees collected for advising DBAG Fund VII since the fourth quarter of 2018/2019. Deferred fees accrued from this fund amounted to 27.8 million euros. This amount was received in October 2021 (please refer to the information under "Events after the reporting date", note 40 to the consolidated financial statements).

The negative balance of **CASH FLOW FROM INVESTING ACTIVITY** increased in the year under review. It is characterised mainly by the cash flow from investment activity and is also influenced by the change in securities holdings, in which surplus funds were temporarily invested until they were needed for investments. In the financial year 2020/2021, money market fund units in the amount of 75.1 million euros were purchased.

Investment activity resulted in an inflow of funds in the year under review, compared to an outflow in the previous year. The volatility of the cash flows relating to investment activities is due to reporting-date factors and also due to cash flows being concentrated on a few – yet sizeable – amounts in the transaction business, which is typical for Deutsche Beteiligungs AG's business model.

DBAG Fund VII and DBAG Fund VIII structure the financing of their investments in two stages: before the structure of the acquisition financing is finalised, the investments are initially pre-financed using loans over a period of up to nine months. This approach optimises the return on the capital employed for the funds. As a result, DBAG grants short-term loans to its investment entity subsidiaries ("Payments for investments in other financial instruments"), which are subsequently refinanced ("Payments for investments in financial assets", "Proceeds from disposals of other financial instruments").

Proceeds from disposals of financial assets mainly related to the closed disposals of DNS:Net and Rheinhold & Mahla. This also includes a distribution from netzkontor (DBAG ECF) in conjunction with a refinancing, as well as the closed disposals of blikk (DBAG Fund VII) and Pfaudler (DBAG Fund VI). Payments for investments in financial assets primarily resulted from capital calls by investment entity subsidiaries for the new investment in congatec as well as follow-on investments made by DBAG Fund VII, DBAG ECF and DBAG Fund VI. In the year under review, we also invested in R+S in the form of a Long-Term Investment.

CASH FLOW FROM FINANCING ACTIVITIES was largely attributable to the proceeds from the capital increase in May 2021. Furthermore, additional drawdowns were made on credit lines during the year. These were fully repaid by the end of the financial year. In addition, the dividend was paid out to DBAG's shareholders following the Annual General Meeting on 25 February 2021.

TEN-YEAR SUMMARY OF CASH POSITION

€'000	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	**2020/2021**
				11 months						
Cash flow from operating activiies	(9.6)	(12.0)	0.0	7.1	(0.6)	(0.5)	9.9	(12.3)	(6.7)	(7.6)
Cash flow from investing activities	(18.2)	18.7	67.9	20.1	1.9	95.1	(93.2)	54.5	(8.4)	(47.0)
Cash flow from financing activities	(10.9)	(16.4)	(16.4)	(27.4)	23.5	(18.1)	(21.1)	(21.8)	(10.5)	74.0
Net change in financial resources[1]	(38.8)	(9.8)	51.5	(0.1)	24.8	76.6	(104.4)	20.4	(25.6)	19.4

1 Financial resources: Cash and cash equivalents excluding financial resources of investment entity subsidiaries

Financial position – assets

Overall assessment: Solid statement of financial position strengthened further

DBAG's financial position is strongly dominated by its financial assets which are fully equity-financed. The equity ratio rose to 95.1 per cent of total assets (previous year: 89.2 per cent) due to the capital increase and the very good net income achieved by the Group. Equity still covers non-current assets in full, and also covers current assets at 65.9 per cent (previous year: 34.0 per cent).

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€'000	30 Sep 2021	30 Sep 2020
Financial assets	545,339	390,741
Long-term securities	75,059	0
Other non-current assets	5,306	6,250
Deferred tax assets	3,170	214
Non-current assets	**628,874**	**397,204**
Other financial instruments	20,332	25,988
Receivables and other assets	45,962	10,595
Cash and cash equivalents	37,737	18,367
Other current assets	2,049	22,432
Current assets	**106,079**	**77,382**
Total assets	**734,953**	**474,587**
Equity	698,762	423,531
Non-current liabilities	18,409	21,305
Current liabilities	17,782	29,751
Total equity and liabilities	**734,953**	**474,587**

Asset and capital structure: Further increase in financial assets and increase in cash and cash equivalents as well as long-term securities

Total assets rose significantly in the financial year 2020/2021. Factors increasing total assets on the assets side included the higher valuation of financial assets and long-term securities. In addition, cash and cash equivalents as at the reporting date were higher than in the previous year. Dividend payments (12.0 million euros) reduced cash and cash equivalents and thus offset the increase in total assets.

A significant part of the increase in receivables and other assets resulted from a reclassification of items that had still been included under other current assets in the 2019/2020 financial year. As a result, these declined year-on-year.

Due to the increase in financial assets and the investment of cash and cash equivalents in long-term securities, the **ASSET STRUCTURE** shifted further in favour of long-term assets. They now account for 85.6 per cent of total assets (previous year: 83.7 per cent). Of the total assets, 74.2 per cent (previous year: 82.3 per cent) are accounted for by financial assets and 10.2 per cent by long-term securities. There were no holdings of securities in the previous year. Together, these and cash and cash equivalents account for 15.3 per cent (previous year: 3.9 per cent) of the total assets.

The **CAPITAL STRUCTURE** has shifted in favour of equity compared to the end of the last financial year.

EQUITY increased by 99.9 million euros as a result of the capital increase, by 185.1 million euros due to net income, and by 2.2 million euros due to other comprehensive income. The dividend payment reduced it by 12.0 million euros.

Equity per share thus increased from 28.15 euros to 37.16 euros. Based on equity per share (reduced by the dividend payment and adjusted to take into account the effect of the capital increase), at the beginning of the financial year, this corresponds to a return on equity of 44.2 per cent; a drop of 3.2 per cent was recorded in the previous year.

NON-CURRENT LIABILITIES decreased slightly. The decrease in **CURRENT LIABILITIES** was mainly due to the repayment of credit lines, which totalled 13.1 million euros as at the previous year's reporting date.

Financial assets: Portfolio value increased significantly

Financial assets are largely determined by the **VALUE OF THE PORTFOLIO**. Value increases, primarily due to the strong business performance of our portfolio companies, are the main reason for the significant increase in financial assets as at 30 September 2021; the value increases alone exceeded the sum of disposals from the completion of disposals. Additions from new investments also contributed.

INTERESTS OF OTHER SHAREHOLDERS IN INVESTMENT ENTITY SUBSIDIARIES have increased compared to the levels at the beginning of the year under review, largely due to the increase in performance-based profit shares from private investments by members of the investment team for the DBAG ECF (please refer to the information under "Net income from investment activity").

OTHER ASSETS/LIABILITIES OF INVESTMENT ENTITY SUBSIDIARIES include cash and cash equivalents of 11.3 million euros, receivables from investments from loans and interest in the amount of 21.7 million euros, and other financial assets and other assets of 26.0 million euros, which include, but are not limited to, outflows of funds prior to the reporting date for a transaction that has not yet been completed. This is offset by liabilities from other financial instruments and unpaid advisory fees of 30.4 million euros.

FINANCIAL ASSETS

€'000	30 Sep 2021	30 Sep 2020
Portfolio value		
gross	569,875	428,475
Interests of other shareholders in investment entity subsidiaries	(53,318)	(32,871)
net	516,557	395,604
Other assets and liabilities of investment entity subsidiaries	28,675	(4,917)
Other financial assets	107	55
Financial assets	**545,339**	**390,741**

Portfolio and portfolio value

As at 30 September 2021, DBAG's total investment portfolio consisted of 32 equity investments, including two partially sold equity investments, blikk and Pfaudler. In addition, there is one investment in an externally-managed foreign private equity fund, which is of minor significance, and investments in companies through which representations and warranties on previous disposals are settled, and which are no longer expected to deliver any appreciable value contributions ("Other" investments).

As at 30 September 2021, the value of the 32 equity investments, including loans and receivables extended to them and excluding short-term interim financing, amounted to 564.5 million euros (previous year: 421.0 million euros). These are attributable to 25 management buyouts, three growth financings and two Long-Term Investments – one majority and one minority interest each – and the two aforementioned partially sold equity investments; in addition, other investments totalled 5.4 million euros (previous year: 7.5 million euros). This brought the portfolio value to a total of 569.9 million euros (previous year: 428.5 million euros).

The portfolio's growth during the course of the financial year 2020/2021 was attributable to positive net changes in value of 161.4 million euros, additions of 57.5 million euros and disposals of 77.6 million euros. With regard to the number of portfolio companies that contributed to the net amount of positive and negative changes in value respectively, and the reasons for this development, we draw attention to source analysis 1 and 2, respectively (please refer to the information under "Financial performance").

The additions mainly relate to the two new investments of congatec and R+S. Furthermore, we supported the acquisitions of portfolio companies by providing additional equity. Solvares, operasan and Sero accounted for the highest individual amounts in this respect. Disposals mainly relate to the sale of DNS:Net, Pfaudler and Rheinhold & Mahla and the reduction in acquisition costs relating to a refinancing at netzkontor. blikk is included in the change in portfolio value with the disposal of the original investment and the addition of the re-investment.

The delayed economic recovery due to disruptions in global supply chains and massive increases in purchase prices weighed particularly on our investments linked to manufacturing businesses and related service providers. As a result, their valuation increased to only 0.92 times acquisition cost as at the reporting date, compared to 0.87 times in the previous year, which was heavily affected by the pandemic. In contrast, the valuation of investments in the broadband telecommunications, IT services/software and healthcare sectors improved to 2.80 times (previous year: 1.58 times).

The share of companies with leverage (net debt/EBITDA) of 3.0 or more decreased significantly again in the year under review, to 63 per cent. At the previous year's reporting date, this had risen to 72 per cent, mainly due to the burdens on the portfolio companies as a result of the pandemic and also due to debt-financed acquisitions. For information on the development of the portfolio companies' debt, please refer to source analysis 1 (under "Financial performance").

Our portfolio companies are measured at fair value, which corresponds to the acquisition costs in the first twelve months after the investment was made. The bulk of the expected increase in value is often generated in the second to fifth year after entering into the investment. Therefore, in absolute terms, the largest share of the increase in value of our portfolio is accounted for by investments with this holding period. However, we have also seen positive development in the relatively small number of companies that we have held in the investment portfolio for a longer period of time, so that their value as at the reporting date – albeit over a longer period of time than the group of companies mentioned above – had increased to 1.57 times their original acquisition cost.

As at 30 September 2021, the 15 largest investments accounted for 82 per cent of the portfolio value (30 September 2020: 76 per cent). The table below shows these 15 companies sorted by their portfolio value. They are split into three groups of five companies each, and are listed alphabetically within their group. The first group consists of the five companies with the highest portfolio value, followed by the next five, which includes the sixth- to tenth-largest and the last group with the eleventh- to fifteenth-largest companies (in each case by their value in the portfolio).

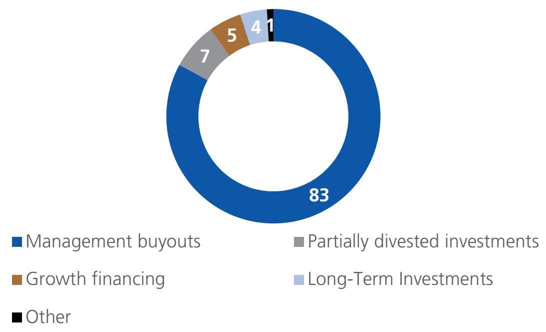
The following information on the structure of the portfolio is based on the valuations and resulting portfolio value of the 32 equity investments as at the reporting date. The information on leverage (net debt, EBITDA) relates largely to the (updated) expectations of the portfolio companies for the 2021 financial year.

PORTFOLIO STRUCTURE (15 LARGEST INVESTMENTS IN TERMS OF PORTFOLIO VALUE ON 30 SEPTEMBER 2021)

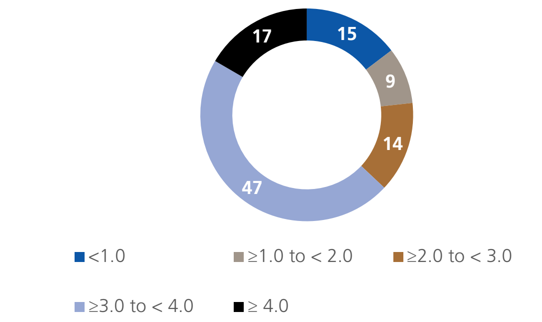
Company	**Acquisition cost**	**Equity share DBAG**	**Investment type**	**Sector**	**Group share of the portfolio**
	€mn	%			%
Cartonplast	25.3	16.4	MBO	Industrial services	
Cloudflight	10.3	17.1	MBO	IT services/software	
Pfaudler	1.2	17.6	MBO	Mechanical and plant engineering	
vitronet	14.7	41.2	MBO	Broadband/telecommunications	
von Poll Immobilien	11.7	30.1	MBO	Other	47.4
congatec	22.9	21.2	MBO	Industrial components	
duagon	24.6	21.4	MBO	Industrial components	
Oechsler	11.2	8.4	Growth	Automotive suppliers	
Solvares	14.3	16.9	MBO	IT services/software	
Telio	14.3	15.8	MBO	Broadband/telecommunications	19.7
blikk	16.3	2.4	MBO	Healthcare	
netzkontor	1.2	32.9	MBO	Broadband/telecommunications	
PM Flex	11.2	12.5	MBO	Industrial components	
Polytech Health & Aesthetics	14.6	15.3	MBO	Healthcare	
R+S	16.0	75.1	Long-Term Investments	Industrial services	14.7

Portfolio structure[1]

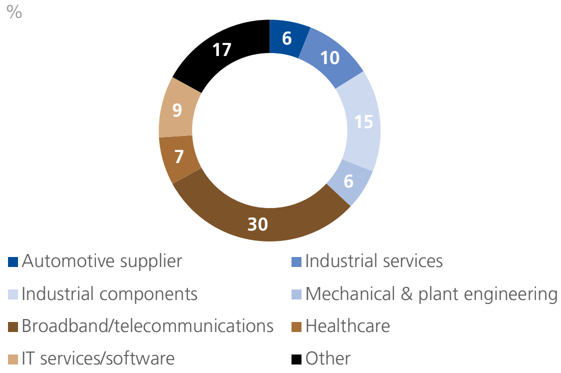
PORTFOLIO VALUE BY TYPE OF INVESTMENT
%



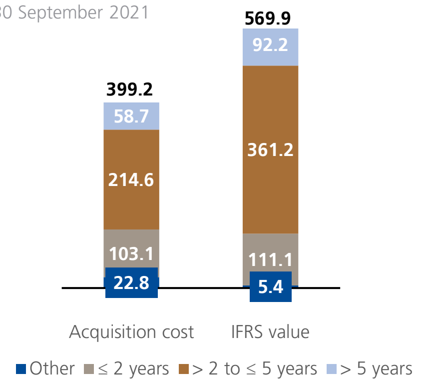
PORTFOLIO VALUE BY NET DEBT/EBITDA
%



PORTFOLIO VALUE BY SECTORS
%



PORTFOLIO VALUE BY AGE STRUCTURE
€mn at 30 September 2021



1 Portfolio value by leverage does not include any partial disposals or residual items

TEN-YEAR SUMMARY OF THE STATEMENT OF FINANCIAL POSITION

	31 Oct 2012	31 Oct 2013	31 Oct 2014	30 Sep 2015	30 Sep 2016	30 Sep 2017	30 Sep 2018	30 Sep 2019	30 Sep 2020	**30 Sep 2021**
					adjusted[1]	adjusted[2]	adjusted[2]			
Financial assets[3]	150.7	166.8	163.4	247.7	316.3	254.2	318.9	385.7	390.7	545.3
Securities/cash and cash equivalents	105.8	98.3	140.7	58.3	72.6	161.6	119.0	69.4	18.4	112.8
Other assets	42.5	45.6	28.5	21.2	15.2	48.2	43.4	36.5	65.5	76.8
Equity	266.2	278.4	303.0	303.1	369.6	436.4	443.8	460.2	423.5	698.8
Liabilities	32.8	32.3	29.6	24.1	34.5	27.5	37.5	31.5	51.1	36.2
Total assets	299.0	310.7	332.6	327.2	404.2	464.0	481.3	491.6	474.6	735.0

1 Adjusted due to amendments to IFRS 10 (see note 3 of the notes to the consolidated financial statements 2016/2017)
2 Restated in accordance with IAS 8
3 Until 2018/2019: including loans and receivables

Business performance by segment

Private Equity Investments segment

SEGMENT EARNINGS STATEMENT – PRIVATE EQUITY INVESTMENTS		
€'000	**2020/2021**	2019/2020
Net income from investment activity	178,378	(16,864)
Other income/expense items	(10,670)	(8,378)
Earnings before taxes	**167,708**	**(25,241)**

EARNINGS BEFORE TAXES in the Private Equity Investments segment were higher than the previous year's figure, which was negative as a result of the pandemic. This is due to the increase in **NET INCOME FROM INVESTMENT ACTIVITY**. Please refer to the notes on this item in the section on "Financial performance". The negative balance of **OTHER INCOME/EXPENSE ITEMS** (the sum of internal management fees, personnel expenses, other operating income and expenses as well as net interest income) exceeded the previous year's figure, mainly due to provisions that had to be recognised for higher performance-related remuneration. In addition, the negative balance of interest income and expenses increased, mainly because the amounts drawn on credit lines during the year under review were higher than in the previous year. The net figure includes internal management fees paid to the Fund Investment Services segment, which now only relate to DBAG ECF, in the amount of 1.3 million euros (previous year: 1.3 million euros).

NET ASSET VALUE AND AVAILABLE LIQUIDITY		
€'000	**30 Sep 2021**	30 Sep 2020
Financial assets	545,339	390,741
Other financial instruments	20,332	25,988
Financial resources	112,796	18,367
Credit liabilities	0	(13,100)
Net asset value	**678,466**	**421,997**
Financial resources	112,796	18,367
Credit lines	106,660	76,900
Available liquidity	**219,456**	**95,267**
Co-investment commitments alongside DBAG funds	**273,401**	**311,324**

The **NET ASSET VALUE** exceeded the previous year's figure. Please refer to the "Financial position – assets" and "Financial position – liquidity" sections for information on the changes to individual components.

In the year under review, available liquidity increased significantly. The net proceeds from the capital increase in May 2021 of 99.9 million euros and the cash flow from investment activity of 28.2 million euros contributed to the increase in financial resources – they include cash and cash equivalents and shares in money market funds (please refer to the information under "Financial position – liquidity"). In October 2021, we also received 27.8 million euros in deferred advisory fees for DBAG Fund VII.

With a view to the co-investment commitments and the funds required for long-term investments, we also expanded the range of debt financing options available to us during the financial year under review, to compensate for the irregular cash flows which are a typical feature of our business. One credit line totalling 50 million euros to date was increased to

66.7 million euros and extended until May 2025. There is also a second line of 40 million euros with the same final term. Both credit lines were not drawn down as at the reporting date.

The outstanding **CO-INVESTMENT COMMITMENTS ALONGSIDE DBAG FUNDS** were lower year-on-year at the current reporting date, due to DBAG's continued investment activity. The largest share is attributable to DBAG Fund VIII, whose investment period runs at most until December 2026.

Due to the significant increase in available funds and the decrease in co-investment commitments, the latter were covered by available liquidity to a significantly higher extent on 30 September 2021 (80.3 per cent), compared to 30.6 per cent in the previous year. The surplus of co-investment commitments relative to financial assets dropped to only 9.9 per cent, compared to 55.3 per cent at 30 September 2020.

Fund Investment Services segment

SEGMENT EARNINGS STATEMENT – FUND INVESTMENT SERVICES

€'000	2020/2021	2019/2020
Income from Fund Services	43,408	30,589
Other income/expense items	(25,397)	(21,130)
Earnings before taxes	**18,012**	**9,459**

The Fund Investment Services segment ended the financial year with significantly higher **EARNINGS BEFORE TAXES** compared to the previous year. In comparison with the previous year, **INCOME FROM FUND SERVICES** benefited from the new DBAG Fund VIII. Income from this fund was higher than in the previous year (18.7 million euros compared to 3.0 million euros), as this was the first full financial year for which fees were recognised, whereas in the previous year, only two months of fees were recognised, as the investment period did not start until August 2020.

Income from DBAG Fund VI and DBAG Fund VII declined as expected, to 7.2 million euros (previous year: 7.9 million euros) and 14.5 million euros (previous year: 16.6 million euros) respectively, as the income from these funds is now calculated on the basis of capital invested and no longer on the basis of the committed funds. However, the fact that a new investment was structured using the top-up fund of DBAG Fund VII had an offsetting effect. Income from DBAG ECF remained unchanged at 1.7 million euros. Fees are no longer paid for DBAG Fund V, as agreed. The segment information also takes internal income from the Private Equity Investments segment in the amount of 1.3 million euros (previous year: 1.3 million euros) into account.

The negative balance of **OTHER INCOME/EXPENSE ITEMS** was higher year-on-year, resulting primarily from the higher provisions for performance-related remuneration in this reporting period.

ASSETS UNDER MANAGEMENT OR ADVISORY

€'000	30 Sep 2021	30 Sep 2020
Funds invested in portfolio companies	1,375,459	1,403,316
Short-term bridge financing for new investments	106,882	135,856
Outstanding capital commitments of third-party investors	878,099	1,025,023
Financial resources (of DBAG)	112,796	18,367
Assets under management or advisory	**2,473,235**	**2,582,562**

ASSETS UNDER MANAGEMENT OR ADVISORY decreased by 4.2 per cent. Funds invested in portfolio companies were offset by declines as a result of successful disposals, the addition of congatec and the Long-Term Investment in R+S. We also supported the acquisitions of our portfolio companies by providing additional equity. On balance, the funds invested in portfolio companies remained virtually unchanged. Outstanding capital commitments of third-party investors decreased slightly, while DBAG's funds increased following the capital increase in April 2021 and due to the positive cash flow from investment activity. The dividend distribution after the Annual General Meeting in February 2021 had an offsetting effect. Please refer to the "Financial position – liquidity" section for information on changes in DBAG's financial resources.

FINANCIAL REVIEW OF DEUTSCHE BETEILIGUNGS AG (COMMENTARY BASED ON THE GERMAN COMMERCIAL CODE – HGB)

The management report on Deutsche Beteiligungs AG and the Group management report for the financial year 2020/2021 are presented combined, in conformity with section 315 (5) in conjunction with section 298 (2) sentence 1 HGB. The presentation of DBAG's economic position is based on a condensed statement of financial position and a condensed profit and loss account derived from the statement of financial position and profit and loss account as prescribed by HGB. The complete annual financial statements of DBAG based on HGB are published in the Federal Gazette, together with the consolidated financial statements.

Comparison between actual business developments and the forecast

		Actual 2019/2020	Expectations 2020/2021	**Actual 2020/2021**	
Net income	€mn	45.9	70,0 to 80,0	64.5	Expectation not met
Dividend	€	0.80	1,00 to 1,20	1.60	Expectation exceeded

Net income for the year under review significantly exceeded the previous year's figure, however, it missed the forecast range due to lower than expected income from Fund Services. Unlike in the Group, this item in the financial statements in accordance with the HGB is reduced by the expenses of the subsidiaries performing fund advisory and management services. In addition, expenses for the capital increase were outside the plan. The dividend proposal for the year under review is up compared to the previous year and higher than the forecast.

Financial performance

Overall assessment: Net income markedly higher year-on-year

Net income for 2020/2021 exceeded the previous year's figure due to successful disposals completed during the year under review, higher current income from investments, and income from Fund Services above the previous year's level. The (negative) balance of other income/expense items rose in the year under review, as provisions for performance-related remuneration as well as other operating expenses increased.

Income from Fund Services and investment activity: Significantly above the previous year's level

Income from Fund Services and investment activity is generally determined by gains or losses from the disposal of investments and by the balance of write-downs or write-ups on investments. The latter are carried out according to the moderate lower of cost or market principle and the applicable procedure for the reversal of impairment losses according to HGB.

The current year's **NET GAINS AND LOSSES ON MEASUREMENT AND DISPOSAL** largely include earnings contributions from the disposals of investments in DNS:Net, blikk, Pfaudler, and Rheinhold & Mahla as well as from the partial disposal of netzkontor due to a refinancing. These transactions account for a total of 53.5 million euros. In the previous year, net gains and losses on measurement and disposal were primarily impacted by the disposals of inexio and Romaco.

One significant component of **CURRENT INCOME FROM INVESTMENTS** are profit distributions and interest from portfolio companies. At 13.4 million euros, interest payments on shareholder loans exceeded the previous year's level of 2.0 million euros, primarily due to the disposals of investments in Rheinhold & Mahla and DNS:Net. In accordance with the contractual agreements in connection with these investments, DBAG was now able to recognise interest. The year-on-year increase in the amount of loans granted to existing and new portfolio companies also had an effect.

CONDENSED PROFIT AND LOSS STATEMENT OF DEUTSCHE BETEILIGUNGS AG (BASED ON THE HGB)

€'000	**1 Oct 2020 to 30 Sep 2021**	1 Oct 2019 to 30 Sep 2020
Net gains and losses on measurement and disposal[1]	54,263	44,442
Current income from investments	13,770	2,735
Income from Fund Services	35,687	26,988
Total income from Fund Services and investment activity	**103,720**	**74,165**
Personnel expenses	(22,436)	(16,741)
Other operating income (excluding write-ups)	1,099	1,250
Other operating expenses	(13,973)	(8,740)
Depreciation and amortisation on intangible fixed assets and property, plant and equipment	(249)	(411)
Income from other securities, or loans and advances held as financial assets	1	0
Other interest and similar income	779	260
Interest and similar expenses	(3,458)	(3,517)
Total other income/expense items	**(38,239)**	**(27,899)**
Earnings before taxes	**65,481**	**46,267**
Income taxes	(925)	(324)
Other taxes	(6)	(6)
Net income	**64,550**	**45,937**

1 Net gains and losses on measurement and disposal comprise the income statement items "Income from disposal of investments" of 56.3 million euros (previous year: 45.1 million euros), offset by the two items "Losses from disposal of investments" and "Write-downs of financial assets" in the aggregate amount of 2.0 million euros (previous year: 0.6 million euros).

INCOME FROM FUND SERVICES increased compared to the previous year's figure, as this was the first full financial year for which income from DBAG Fund VIII was recognised. While the gross income from Fund Investment Services is taken into account in the consolidated financial statements, this item includes – as mentioned above – net income less the expenses of the subsidiaries involved in fund advisory or management services.

Other income/expense items: Higher balance due to higher personnel expenses and higher other operating expenses

The (negative) balance of other income/expense items increased compared with the previous year. Personnel expenses were higher because higher provisions were set up for variable remuneration for employees and the Board of Management, in the light of positive business developments. There was virtually no change in other operating income. Other operating expenses increased, driven by expenses related to the capital increase in the amount of 5.6 million euros.

The **FINANCIAL RESULT** improved, positively impacted by significantly higher interest income from short-term loans to investment entity subsidiaries.

Net income for the year: 64.5 million euros

Deutsche Beteiligungs AG generated net income of 64.5 million euros for the financial year 2020/2021. Including the profit carried forward from the previous year and the dividend payment, the net retained profit amounted to 254.0 million euros, of which 2.8 million euros are barred from distribution on account of statutory requirements.

Financial position – assets

DBAG's total assets largely consist of the investment portfolio held via investment entity subsidiaries, short-term receivables, and financial resources including its securities portfolio.

CONDENSED STATEMENT OF FINANCIAL POSITION OF DEUTSCHE BETEILIGUNGS AG (BASED ON THE HGB)

€'000	30 Sep 2021	30 Sep 2020
Interests in affiliated companies	411,181	378,808
Loans to affiliated companies	1,000	0
Investments	3,349	3,349
Securities held as non-current assets	75,112	0
Other non-current assets	720	899
Non-current assets	**491,362**	**383,055**
Receivables and other assets	86,606	75,882
Cash and cash equivalents	33,240	1,811
Current assets	**119,847**	**77,693**
Prepaid expenses	**626**	**357**
Total assets	**611,835**	**461,106**
Subscribed capital	66,733	53,387
Capital reserve	267,344	175,177
Retained earnings	403	403
Net retained profit	253,966	201,451
Equity	**588,446**	**430,417**
Provisions	**22,690**	**17,003**
Liabilities	**700**	**13,686**
Total equity and liabilities	**611,835**	**461,106**

Assets: Marked increase due to new investments and investment of cash and cash equivalents

EQUITY SHARES IN ASSOCIATES represent the largest item in DBAG's non-current assets. Associates are companies through which DBAG makes its investments. The co-investments in the investments made by the individual DBAG funds are bundled in these investment entity subsidiaries. DBAG also enters into Long-Term Investments via one investment entity subsidiary in each case. The increase in the item during the financial year 2020/2021 resulted from additions totalling 90.2 million euros, primarily consisting of new investments and funds to support acquisitions made by DBAG's portfolio companies. This was offset by disposals of 55.8 million euros, largely involving disposals which generated returns from investment entity subsidiaries.

The item "loans granted to affiliated companies" relates to our new subsidiary in Italy, which launched its business operations just before the reporting date. The item "investments" relates to an older directly held investment. In addition, funds received through the capital increase were partially invested in money market funds, meaning that – as opposed to the previous year – non-current assets included securities at the reporting date.

Current assets: Significant increase in cash and cash equivalents

The structure of current assets has changed considerably following the capital increase. As opposed to the previous year, cash and cash equivalents accounted for a considerable share of current assets at the reporting date for the financial year 2020/2021. Receivables and other assets have increased as well.

Higher provisions for performance-related remuneration

Higher provisions compared to the previous year largely resulted from higher provisions for performance-related remuneration of staff. At 7.9 million euros, these were well above the figure at the start of the financial year (5.4 million euros).

Liabilities: Credit line not drawn as at the reporting date

To manage its short-term financing requirements, DBAG uses two revolving credit lines in an aggregate amount of 106.7 million euros. Those had been partly drawn on the previous year's reporting date, but were repaid in full in the course of the year under review. This is the main reason behind the year-on-year differences in liabilities.

Financial position – liquidity

Financial resources were always more than adequate and sufficient to fulfil co-investment agreements, and to finance the Company’s operations.

Particularities in assessing the liquidity position: Cash flows characterised by uneven outflows

At the end of the reporting year, DBAG had financial resources of 108.4 million euros (previous year: 1.8 million euros). In addition, it can draw the aforementioned credit lines at any time. As at the reporting date, advisory fees for DBAG Fund VII of 27.8 million had been deferred, which the Company received after the end of the year under review in October 2021. We assume that we will be able to cover the anticipated need for the planned investments in the new financial year and the two years that follow with financial resources, returns form disposals and credit lines.

Capital structure: Equity ratio increased once again

DBAG funded its activities in the financial year 2020/2021 temporarily by drawing parts of its credit lines and using existing financial resources or its own cash flow. Equity increased as at 30 September 2021 due to the capital increase in April 2021 and returns from disposals. The distribution of a dividend in the amount of 12.0 million euros had an offsetting effect. The **EQUITY RATIO** improved once more and reached 96.2 per cent (previous year: 93.3 per cent).

OPPORTUNITIES AND RISKS

Objective: Contribution to value creation by consciously balancing opportunities and risks

Deutsche Beteiligungs AG is exposed to multiple risks through its business activities in the Private Equity Investments and Fund Investment Services business segments. These risks result, among other things, from the expected returns that are customary in our business, from our geographical focus, our sector focus and from the investment volume targeted annually.

As a private equity company, we consider risk management to be one of our core competencies. In our more than 50-year history, we have proven our ability to successfully balance the risks and rewards of our business. We want to exploit our opportunities and moderately take on the exposure to the risks involved. Risk that endangers the Company's continued existence must be avoided in principle.

DBAG's risk profile is influenced by our risk propensity. We steer it using the risk management activities set out subsequently. Our risk propensity derives from our objective of sustainably augmenting the value of DBAG. To that end, we pursue a conservative approach, which, among other things, is reflected in the high equity ratio in DBAG's statement of financial position.

Risk management system

We consider risk management to be a proactive and preventative process for controlling risk. Risk, in our opinion, refers to potentially negative events that ensue from possible hazards and can lead to a deviation from the forecast. Hazards, in turn, are either non-predictable events or basically predictable, but nevertheless coincidental, events.

The risk management system is an integral part of our business processes. It takes into account the statutory requirements set out by legislation and resulting from court decisions, the German Corporate Governance Code and international accounting standards.

The system is based on our values and our experience, and it serves the objective of contributing to value creation by balancing rewards and risks. To achieve this, our risk management needs to ensure a comprehensive overview of the Group's risk profile. In particular, risks involving material negative financial implications must be recognised promptly so that action can be taken to avoid, mitigate or control these risks.

Structures: Decentralised organisation of risk management

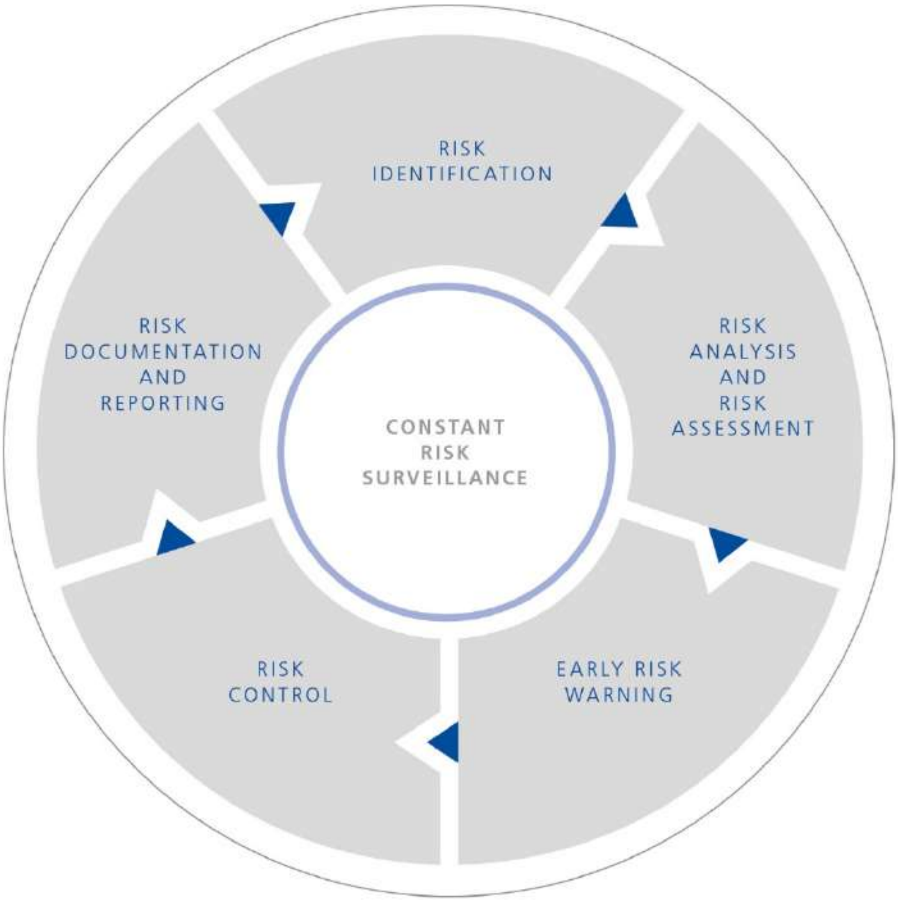
Risk management is the direct responsibility of the Board of Management. It is overseen by the Audit Committee of the Supervisory Board. Furthermore, the Internal Audit department, as an independent entity, monitors the efficacy of the risk management system. DBAG has delegated the internal audit services to an auditing firm.

The Risk Committee, which reflects the decentralised organisation of risk management within DBAG, plays a key role. The committee consists of the Board of Management and the Risk Manager, who reports directly to the Chief Financial Officer, and also comprises risk officers at the level below the Board of Management. The Managing Directors in charge of the individual corporate departments support the Risk Manager in identifying and assessing risk in their areas of responsibility.

The Risk Manager develops the risk management system on an ongoing and systematic basis. The risk management manual was last checked to ensure that it was up to date, and comprehensively adjusted, in July 2018. The objective of our risk management system is to inform the Board of Management and the Supervisory Board about the risks involving high and very high expected values ("significant risks"; expected value is a combination of probability of occurrence and extent of impact). The risk assessment criteria are aligned with the Board of Management's risk strategy. Risks are recorded, monitored and managed on an ongoing basis.

Processes: Risk identification in individual corporate departments

DBAG's risk management process is structured according to the following procedure:



Risks are identified directly at a departmental level by the Managing Directors responsible for these units. Particular attention is paid to risks that may jeopardise the continuity of the Company as well as risks of major significance to the financial position and financial performance of DBAG. To that end, appropriate early warning indicators are employed – measures, in other words, that are either themselves indicators of changes to a risk or suitable as measurement tools to identify changes in risk-driving factors. Such indicators include, for instance, the number of transaction opportunities screened, the employee turnover rate or employee satisfaction.

During the risk analysis and assessment process, identified risks are classified by the responsible Risk Administrator in coordination with the Risk Manager on the basis of a matrix. First, they are categorised according to the probability of their occurrence on a four-point scale. In addition, their impact is evaluated, based on four criteria; potential impact is assessed subsequent to the action taken to avoid or mitigate the risk. The following chart outlines the details of this risk matrix.

The Risk Manager subsequently examines the individual risks – and the actions adopted – to ascertain their completeness and effectiveness in order to manage the risks. The implementation of these actions as well as their management and monitoring is the responsibility of the Risk Administrators in the respective corporate units.

The principal objective for risk management is to keep overall risk at acceptable and manageable levels for DBAG. The objective is therefore not to completely preclude risk, since that would generally also mean precluding opportunities for reward. This form of risk intervention can thus only be applied to risks for which security takes priority over other corporate objectives. Measures taken to reduce risk are meant to decrease the probability of occurrence of the risk and/or limit the impact. The residual risk that remains after the action has been implemented is consciously accepted or transferred to third parties. Insurance contracts, a classical risk management instrument, serve to transfer risk. Special contractual arrangements and financial instruments are also examples of transferring risk to third parties.

Risks are reported to the entire Board of Management on a quarterly basis. In addition, the entire Board of Management is involved in risk management through the Risk Committee. Risks that are identified outside of these regular intervals must be reported to the Risk Manager immediately. This ensures a comprehensive and current analysis of risk exposure at all times. Once every financial year, the Board of Management extensively informs the Audit Committee about DBAG's risk exposure. In the event of an unexpected material change in the exposure to risk, the Board of Management informs the Audit Committee of the Supervisory Board immediately.

Instruments: Risk register with 56 risk factors

The risk management system is based on a risk management manual and a risk register. The manual contains company-specific principles on the methodology of risk management and describes the risk management instruments and their mode of operation. The risk register is updated on a quarterly basis; at the period ending 30 September 2021, it outlined and evaluated 56 individual risks (previous year: 49). The significant risks, their causes and effects, as well as the actions required to manage these risks, are also documented on a quarterly basis in a risk report addressed to DBAG's Board of Management.

The following table outlines the significant risks as at the reporting date. None of the risks was classified as having a "very high" expected value.

RISK FACTORS WITH A HIGH EXPECTED VALUE

	Risk exposure vs previous year	Probability of occurrence	Extent of impact
Risks of the Fund Investment Services segment			
Inability to cover the personnel requirement	unchanged	low	high
Inability to raise capital commitments from external investors for DBAG Fund IX	unchanged	low	very high
Extraordinary termination of investment period or extraordinary liquidation of one or several DBAG funds	unchanged	unlikely	very high
Risks of the Private Equity Investments Segment			
Investment strategy proves to be unattractive or is insufficiently implemented	unchanged	low	high
Insufficient access to new, attractive investment opportunities	unchanged	possible	high
Transaction opportunities not transformed into investments	unchanged	low	high
External risks			
Negative impact of general economy and economic cycles on earnings, financial and asset position of portfolio companies	unchanged	possible	high
Lower valuation level on the capital markets	unchanged	possible	high
Threat to DBAG's independence	unchanged	unlikely	very high
Operational risks			
Insufficient protection of confidential data against unauthorised access	unchanged	low	high

Material changes compared with the preceding year

DBAG encountered no new significant risk during the reporting period. The probability of occurrence for the risk factor "Access to stock and credit markets is not ensured", which had been assessed as significant in the financial year 2019/2020, has been reduced to "unlikely". In our opinion, the expected value of this risk is now "moderate"; it thus no longer is a significant risk.

In our view, the probability of occurrence for the risk factor "Inability to raise capital commitments from external investors to DBAG Fund IX" has increased from "unlikely" to "low" in the year under review.

The table below summarises the changes to individual risks during the reporting period. A total of eight new risks were added, one risk was excluded from the register.

CHANGE IN INDIVIDUAL RISK EXPOSURES IN THE RISK REGISTER, COMPARED TO THE END OF THE PRECEDING QUARTER

	Q1 2020/2021	Q2 2020/2021	Q3 2020/2021
Changes in risk exposure	**4**	**0**	**4**
of which: material risks	**1**	**0**	**1**
Increase in probability of occurrence/extent of losses	1	0	0
Decrease in probability of occurrence/extent of losses	0	0	1
of which: other risks	**3**	**0**	**3**
Increase in probability of occurrence/extent of losses	2	0	0
Decrease in probability of occurrence/extent of losses	1	0	3
New risks	**0**	**6**	**2**

Explanation of individual risk factors

We subsequently outline those risks (out of the total of 56 individual risks) with a "high" expected value, based on our definition. We allocate operational risks to the business segment that is most strongly affected by the respective risk. However, over the long term, the consequences of risks allocated to the Fund Investment Services segment would also affect the Private Equity Investments segment and vice versa.

Risks of the Fund Investment Services segment

Inability to cover the personnel requirement

Performance in the private equity business is closely linked to the people acting in the field. Investors in funds also base their capital commitment decision on the stability and experience of the investment team. Dissatisfied employees or a high staff fluctuation rate can cause greater workloads for other employees; if DBAG were to earn a negative reputation as an employer, this would be detrimental to the Company's personnel recruitment. We limit the risk of possible staff turnover among other things using a competitive remuneration scheme that fits to standard practice in the industry, and by allowing members of the investment team with prolonged investment experience, as well as selected other employees, to make private investments in the DBAG funds, enabling them to enjoy participation in fund performance that is disproportionate to the profit-sharing awards (carried interest). We regularly offer individualised training programmes; personality-based training activities are an integral constituent of career plans.

We conduct recurring surveys several times a year to check employee satisfaction levels. The number of employees was reduced by two, to 79, in the year under review. In view of the Company's current position, we do not expect bottlenecks to occur over the short or medium term.

Inability to raise capital commitments from external investors to DBAG Fund IX

DBAG will only be able to continue to pursue its strategy in the long term if the Company succeeds in soliciting capital commitments to DBAG funds. To achieve this, the Company and its investment team must establish a proven track record over many years of successful investment activity yielding attractive returns, which depends on the solid performance of investments in absolute terms, and on the investment progress of a fund. Further influencing factors are the macroeconomic environment, sentiment on the capital markets and general readiness of private equity investors to make new capital commitments. Changes to tax legislation that would lead to taxes being imposed on foreign partners of German fund entities would have serious disadvantages for DBAG. Without further capital commitments, the stability of the management and staff that DBAG needs to support the portfolio would not be ensured.

We address this risk, among other things, by a regular dialogue with existing and potential investors in DBAG funds. In selecting investors, we place special emphasis on their ability to possibly also invest in follow-on funds. Additionally, we regularly review our investment strategy.

Extraordinary termination of investment period or extraordinary liquidation of one or several DBAG funds

The investment period of DBAG funds ends automatically when fund investment services are no longer provided by certain key persons defined in the fund agreements (the leading members of the investment team). Moreover, the fund investors have the right (typically with a 75 per cent majority) to end the investment period of that respective fund. Various reasons could cause them to initiate such a resolution, including an unsatisfactory performance of the fund's investments, insufficient investment progress or a fundamental lack of confidence. In cases involving serious contractual breaches, investors have the right to replace the fund management company or liquidate the fund.

Ending the investment period of a fund would consequently lead to a considerable reduction in fee income for advisory services to that fund. Should fund investors revoke DBAG's advisory mandate for a DBAG fund, DBAG would forfeit the fee income from that fund. Should this happen with all funds, it would forfeit fee income from Fund Investment Services altogether. Furthermore, DBAG would no longer be able to exert any influence over the management of the investments entered into with the fund in question. Without the funds at its side, DBAG's opportunities to make its own investments would also be limited. Ongoing communication and early response to the concerns of fund investors serve to mitigate this risk. Above all, however, our investment performance counteracts this risk.

Risks of the Private Equity Investments segment

Investment strategy proves to be unattractive or its implementation is inadequate

A key prerequisite for our performance is an attractive investment strategy. Without successful investing activity, we would be unable to realise the targeted value appreciation, investors would withdraw their committed capital, and new commitments to funds could not be raised. In order to mitigate this risk, the Board of Management and the investment team examine on a regular basis the extent to which our sector focus, our geographical emphasis and the equity solutions we offer for the mid-market segment provide an adequate deal flow and a sufficient number of promising investment opportunities.

Moreover, we regularly review our investment strategy and monitor the market. The investment team discusses experience gleaned from due diligence processes with consultants and service providers on a regular basis, in order to prevent incorrect due diligence results. The standardisation of internal processes and the accelerated transfer of knowledge within the investment team also help us achieve this.

Insufficient access to new, attractive investment opportunities

Access to new investment opportunities is crucial for our operations. We need these opportunities to be able to achieve an increase in net asset value of Private Equity Investments in the first place, at least in the long term. Moreover, the structure of our statement of financial position would change even in the absence of new investments. The portfolio value and, as a result, the net asset value would exhibit slower growth and the proportion of financial resources on the statement of financial position that hardly bear interest (or negative interest) would increase. In the medium term, the performance of the Fund Investment Services segment would also be adversely affected: the investors in the DBAG funds expect investment progress that is commensurate with the committed fund size. If this progress was not achieved, our chances of raising funds for a successor fund would be diminished, thus impacting the performance of Fund Investment Services in the medium term.

However, we have no influence on developments in the private equity market. With a view to the persistent low interest rate environment and the abundant stream of capital associated with it, we are competing not only with strategic investors and other private equity companies, but also with foundations and family offices seeking more profitable investment opportunities. By contrast, the maintenance of our network and our marketing efforts are aspects that we can influence ourselves.

Our ability to mitigate the risk that the number of potential transactions declines is very limited. If we invest less, the potential for value growth in the Private Equity Investments segments will decline in the medium term. We address this risk, among other things, by originating investment opportunities that are not broadly available in the market. We have also implemented an ongoing process to improve how we identify investment opportunities. This also includes the constant expansion of our network of M&A consultants, banks and industry experts.

Transaction opportunities are not transformed into investments

Even if there is a sufficient supply of attractive investment opportunities, there is a risk of these not culminating in concrete investments. One reason for this may be a lack of competitiveness – for example because we react too slowly due to insufficient processes, offer a price which is too low or are unable to arrange the acquisition financing. To avoid the consequences arising from this risk, we continually strive to improve our internal knowledge transfer and to adapt the relevant processes to a changed competitive environment.

External risks

Negative impact of general economy and economic cycles on the financial position and financial performance of portfolio companies

The development of our portfolio companies is influenced by market factors such as geographical and sector-related economic cycles, political and financial changes, commodity prices and exchange rate trends. These market factors, in turn, are subject to a variety of influences themselves. The past financial year showed that even during a subsiding pandemic we have to expect significant short-term macroeconomic risks – particularly because persistent supply chain disruptions lead, amongst other things, to a massive increase in prices for commodities, primary products, logistics services and energy products. There is also the possibility that cyclical impacts in the wake of political instability or limited capability of the banking system could affect the portfolio companies' financial position and financial performance. Technological changes can also have a negative impact on individual companies, or on the companies operating in a certain sector.

These factors – either individually or as a whole – could extend the holding periods of investments, resulting in the gains on disposal being postponed or reduced. In extreme cases, it could lead to a total loss of capital for individual investments. In such an event, our reputation would be at stake. Market factors, in particular, sometimes change at very short notice, and our ability to address them is limited.

In general, short-term results are not decisive for success in the private equity business. Our investment decisions are based on plans that target value development over a span of several years. The holding periods for investments generally extend beyond the duration of individual cyclical phases. If appropriate, we adapt our value development approach to an individual investment. This requires close monitoring of the portfolio companies' progress. The portfolio's diversification basically already counters the risk arising from cyclical trends in individual sectors.

Lower valuation levels on the capital markets

Valuation levels on the capital markets are reflected in the measurement of the fair value of our portfolio companies and, thereby, the portfolio value. A lower valuation level, expressed in lower valuation multiples of listed peer group companies, generally results in a lower portfolio value and can be a burden on the prices at which we are able to divest companies, thus impairing our profitability.

We cannot avert the risk arising from the capital markets. We can, however, mitigate that risk by avoiding excessive entry prices. Achieving an improved strategic position of the portfolio companies would justify a higher multiple. Since sectors are rarely all equally affected by changes on the capital market, diversifying the portfolio also counters exposure to this risk.

Threat to DBAG's independence

A sub-par valuation of DBAG shares could enable the entry of a principal shareholder and result in them exerting control over the Company. But since the investors in DBAG funds expect the DBAG investment team to provide their advisory services free from the influence of third parties, this loss of independence would basically jeopardise DBAG's business model: investors would possibly neither commit to new DBAG funds – on the contrary, they could terminate existing advisory agreements – nor would future capital increases be possible at attractive terms. As described above, investors could also end the funds' investment period if (e.g. through the control of a principal investor) the key personnel defined in the fund agreements were no longer materially involved in investment services to the funds.

By fostering intensive contact with current and potential equity investors we mitigate this risk. We have additionally set out a legal structure that shields the Fund Investment Services business from the influence of third parties. In the event that such control is exerted, DBAG's management authority for the Group company charged with providing advisory and management services to DBAG funds may be withdrawn.

Operational risks

Insufficient protection of confidential data against unauthorised access

Our business not only requires suitable software and hardware, but also effective data security as well as data access by authorised persons at any time. Of key significance is secure protection against unauthorised access, for instance, to sensitive information about potential transactions, the portfolio companies or DBAG's economic data. There is a risk of such unauthorised access through cyberattacks, weak spots in our network or, for example, through installation of undesirable software by DBAG staff. Our knowledge advantage would be lost, and we could be open to extortion. We would also risk losing our good reputation with our investors or investment partners if confidential information were to fall into the hands of unauthorised third parties.

DBAG has its own qualified IT specialists; they are supported by external consultants, if needed. DBAG responds to the continually growing IT risk by, among other things, conducting regular internal and external reviews. We have considerably stepped up the efforts made to protect our systems and data in recent years – with regard to both staff and technical resources. In addition, we perform recurring security audits for the DBAG systems that can be accessed from the internet, for the configuration of our office communication software and for the website, implementing the insights gained from these audits in a timely manner.

Description of opportunities

Opportunity management is an integral constituent of our operating business; we therefore continuously improve its processes. We do not actively pursue opportunity management outside of ordinary business operations, such as optimising investments of cash and cash equivalents.

Private Equity Investments: Strategic advances with Long-Term Investments and expansion of geographical focus

In the financial year 2019/2020, we added Long-Term Investments (cf. section "Long-Term Investments that exceed the terms of standard private equity funds") to the platform we use to provide equity solutions to the mid-market segment, expanding our offering and tapping into new investment opportunities. DBAG currently holds two Long-Term Investments. We aim to increase their number.

The expansion of our geographical focus to include investments in Northern Italy has opened the door to new investment opportunities. We are currently invested in two Italian companies. The prospects for further MBOs in Northern Italy are favourable: there are only a few private equity companies active in Italy with as strong a focus on companies with industrial business models as DBAG. We have been present on the Italian market via our office in Milan since September 2021; this will help us service the Italian market directly.

Private Equity Investments: Strengthening our competitive edge by expanding the investment team

Competition for attractive investment opportunities remains intense. A factor that is sometimes crucial in the competitive field is the ability to come to an agreement with the vendor within a tight time frame. Among other things, this means that due diligence has to be performed, acquisition financing structured and management participation programmes have to be agreed in a short space of time. The size of its investment team, which continuously welcomed more new members over the past years, and its entire workflow can open up opportunities for DBAG. After all, the Company is in a position to execute transactions, and sometimes several transactions at once, within a short period of time.

Aside from its speed and capacity to act during the investment phase, a large and experienced investment team offers attractive perspectives to future portfolio companies when it comes to supporting the implementation of value creation strategies. That allowed DBAG to support acquisitions by many of its portfolio companies in the year under review which also strengthens DBAG's competitive edge when company owners choose a private equity partner.

Fund Investment Services: Higher fees thanks to investment progress made by top-up funds

Income from Fund Investment Services is readily forecastable, because fee agreements are largely fixed for a fund's term. Following the start of the investment period of DBAG Fund VIII in August 2020, fee income from buyout funds is therefore capped initially until the end of the investment period, which will last for six years at the most. Opportunities could arise from the use of the top-up funds, both for DBAG Fund VIII and its predecessor, DBAG Fund VII: the fee for these two sub-funds is based not on the amount of funds committed, but rather on the lower of funds committed and invested. If we are successful in structuring transactions using the top-up funds, DBAG generates correspondingly higher income from Fund Investment Services.

If the recent addition of Long-Term Investments to the investment strategy ramps up successfully, we could launch a fund specifically for this investment strategy which would generate further advisory fee income. Expanding our regional investment focus to Italy also offers us the opportunity to generate additional advisory fee income – provided that the wider geographical footprint helps us raise more funds than for a fund with a stronger focus on the Germany, Austria and Switzerland region.

External changes: Increase in value thanks to higher capital market multiples and economic improvement, positive effect from higher interest rates

The value of our portfolio companies at a specific reporting date is significantly influenced by capital market conditions. Higher valuation multiples would have a positive impact on our valuations. Multiples change constantly. Our planning generally does not take account of any changes in multiples.

The valuations of our industrial portfolio companies are relatively low as at the most recent reporting date – partly due to structural changes in these markets, but also due to the economic burden as a result of supply chain disruptions and increased purchase and energy prices – with some companies valued at a level that is lower than (or near) their historical cost. If these factors were to improve, resulting in higher economic growth, the respective portfolio companies could generate better results and be valued at improved multiples.

Higher interest rate levels would allow us to reverse an additional part of our pension provisions in the consolidated financial statements; this would increase the equity per share by way of an increase in other comprehensive income.

General statement on opportunities and risks

In the financial year 2020/2021, we seized numerous opportunities by making very successful disposals, investing in attractive new companies and supporting our portfolio companies in realising their development potential. There was no material change in the exposure to risks and opportunities compared with the preceding year. Based on the information at our disposal today, there are currently still no recognisable individual or cumulative risks that would endanger the continued existence of DBAG or the Group as a going concern. This estimation is based on an analysis and assessment of the previously mentioned significant individual risks to which the Company is exposed, as well as on the risk management system in place. We do not perceive any extraordinary opportunities either.

Key features of the accounting-related internal control and risk management system (sections 289 (4) and 315 (4) HGB)

The internal control system (ICS) is an integral constituent of the risk management system at Deutsche Beteiligungs AG. It is based on the internationally recognised framework document for internal control systems issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The extent and design of the internal control and risk management system are aligned with the special requirements of the Fund Investment Services and Private Equity Investment businesses. The task of Internal Audit – which has been delegated to an external service provider – is to monitor the functioning and effectiveness of the ICS independently of processes in a multi-year examination scheme at Group level and at Deutsche Beteiligungs AG, and to thereby promote ongoing improvements to business processes. The accounting-related part of the ICS is a component of the annual audit within the scope of a risk-oriented audit approach. Finally, the Supervisory Board's Audit Committee oversees the ICS, as required by section 107 (3) AktG.

DBAG prepares its separate and consolidated financial statements in conformity with the applicable accounting policies of the HGB and the International Financial Reporting Standards (IFRS). The internal accounting guidelines are set out in an accounting manual and in measurement/valuation guidelines; they consider the different principles of the IFRS and HGB standards. New accounting rules are regularly reviewed to ascertain the implications for DBAG and its Group companies, and if necessary, the accounting guidelines are adapted.

Moreover, DBAG possesses clearly defined organisational, control and surveillance structures. Explicit assignments of responsibility within the accounting process are in place. The IT systems used in accounting are largely operated with standard software products; these are protected against unauthorised internal and external access by comprehensive access restrictions. All individuals involved in the accounting process are qualified for their assignments. The number of individuals working here is sufficient to handle the workflow. The aim is to minimise the risk of erroneous accounting. Staff regularly participate in continuous development programmes on tax- and accounting-related topics. Additionally, advice from external experts is solicited on specific accounting issues.

We regularly analyse material accounting-related processes in respect of the availability and operability of the installed internal controls, focusing on different aspects each time, implementing the insights gained without undue delay. The completeness and validity of accounting data are regularly reviewed manually, based on random samples and plausibility checks. For processes that are particularly relevant to accounting, we consistently employ the principle of dual control.

The internal controls are designed to ensure that external financial reporting by DBAG and the Group is reliable and complies with the valid accounting rules. The aim is to minimise the risk of possible misstatements on the actual financial position and financial performance. We also gain important insights into the quality and operability of accounting-related internal controls through the annual audit of the separate and consolidated financial statements, as well as the review of the half-yearly consolidated financial statements.

REPORT ON EXPECTED DEVELOPMENTS

Period covered by this report: Short-term predictions do not do justice to business model

Our business lends itself to a medium- to long-term planning and forecast horizon. That applies to the co-investment activity, the Long-Term Investments and to Fund Services.

Events or trends that were not predictable at the beginning of a financial year frequently have a significant impact on the earnings contribution of our investment activities in a given period. These include company disposals that, at times, achieve prices in excess of their most recent valuation, as well as unexpected developments in the individual customer markets of the portfolio companies or on the capital market.

DBAG funds have a term of ten years. With the exception of the top-up funds and DBAG ECF, the fees we receive for fund management or advisory services are contractually fixed over that period. That is why fee income is readily projectable, but at the same time it is also capped. Increases can only result from a follow-on fund, as a matter of principle. Its size and, consequently, its income potential is orientated around the predecessor fund's investment performance, which can only be determined at the end of its term. This, too, is indicative of the long-term orientation of our business.

As a result, we will be forecasting key figures not only for the current, new financial year 2021/2022. We will also take this forecast as a basis for setting out our ambitious objectives for the 2023/2024 financial year.

The forecast is based on our medium-term planning for 2024, which consists of a projected profit and loss statement, a projected statement of financial position, and a projected statement of cash flows. For the Private Equity Investments segment, it is based on detailed assumptions on future co-investments alongside the DBAG funds and on Long-Term Investments, as well as on the holding period and the expected capital multiple for each individual portfolio company. We use this information to predict the development of the cost and fair values of the portfolio and, based on these figures, net gains or losses on measurement and disposal based on the IFRSs, the net gains or losses from disposal based on the German Commercial Code and – at the level of the individual DBAG fund via which the Company made investments in the companies – the development of carried interest. We do not assume a linear increase in the value of the individual portfolio companies over the holding period. Rather, we apply a standardised value appreciation trend that includes smaller increases in value at the start of the holding period and larger ones towards the end.

In the Fund Investment Services segment, we take into account the development in income from Fund Services and other income/expense items, i.e. mainly personnel expenses, variable remuneration and advisory expenses, including expenses for fundraising (such as for a successor fund or other private equity fund) in individual years. We prepare detailed plans for expenses in the first planning year; thereafter, the various expense items are projected based on aggregate assumptions.

All plan assumptions that have an impact on cash are included in the projection of cash and cash equivalents.

Type of forecast: We continue to use interval forecast

With the exception of the two non-financial key performance indicators (KPIs) "Share of capital commitments of returning investors" and "Average length of company service", we forecast ranges between two numerical values for all KPIs, in which the respective performance indicators are expected in the forecast period.

The interval ranges for the indicators included in the forecast are based on the varying degrees to which they can be planned: income from Fund Services is largely pre-determined for the forecast period, making it easy to plan. As a result, we are forecasting this indicator using a narrower range than, for example, the development in the net asset value or other indicators for the Private Equity Investments segment.

Expected development of underlying conditions

Market: Return to largely constant demand following a sharp increase

On the basis of the latest market data from EY as at H1 2021[11], activity on the M&A market recovered significantly year-on-year, driven in particular by a greater number of small and medium-sized transactions that market participants were able to conduct as uncertainty eased despite the lockdown measures implemented in the spring. Based on the investment opportunities we have become aware of up to the end of the reporting year, we expect to report largely constant demand at a relatively high level – in terms of numbers and volume of potential investments – in the market that is relevant for us, in the current financial year 2021/2022 and in the next two financial years.

Borrowings: Broad availability at slightly better conditions

The debt market for acquisition finance remains broad and continues to offer attractive options. Private debt funds, in particular, continue to broaden their offering: besides the firmly-established unitranche debt format, they are now offering alternative structures to set themselves apart in the competitive environment. They have recently increased their market share further, as stated in the "Macroeconomic and sector-specific environment" section. Given that banks have accordingly been continuously losing market share to debt funds for some time now, the more progressive market participants have developed various strategies to help them regain their competitive edge. This too boosts the financing market, as also supported by the outcome of the Bank Lending Survey[12]. One of the drivers of the further increase in private debt offerings and improved availability of capital markets-oriented financing is the broad availability of liquidity in general on the market and the resulting pressure on institutional investors to (re)invest. Therefore, we expect to see a sufficient supply of this sort of financing during our forecast period. As far as the 2021/2022 financial year is concerned, we generally expect to see a constant supply at conditions that are largely unchanged. However, we cannot rule out that the willingness to finance transactions in certain sectors, such as mechanical and plant engineering, will continue to be challenging, hampering the financing of transactions in these sectors.

[11] Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft (EY): "German Private Equity Deal Survey 2021 HY1"
[12] European Central Bank (ECB): "The euro area bank lending survey, Third quarter of 2021", October 2021

Asset class of private equity: Still attractive for investors

Private equity is firmly rooted as an asset class worldwide. It is an integral part of the investment strategy of many institutional investors. An investor survey shows that not only were they satisfied with their investments but are also considering higher allocations, having seen that alternative investments – which also include private equity – demonstrated their resilience and adaptability in 2020[13]. With a view to the persistent low interest rate policy in the US and Europe, we still think it likely that shifts in investor asset allocation will not be to the detriment of private equity. This suggests at least a consistent offer of capital commitments for private equity funds.

We wish to point out again that our experience shows that the attractiveness of DBAG funds is less dependent on investors' general view of the market, and more on their sentiment toward specific sub-markets (Europe, Germany, manufacturing industry, services, etc.) – and in particular on the investment performance DBAG funds have delivered so far. The successful fundraising for DBAG Fund VIII supports our view: given its investment history and at least under current market conditions, DBAG can assume that it will succeed in launching successor funds in due time before the end of the investment period of the currently investing funds, with sufficient capital commitments solicited. While we assume that the probability of the risk of not being able to raise capital has increased from "unlikely" to "low" in the reporting year, we are convinced that we can successfully address this risk with our management measures.

Macroeconomic environment: Recovery, recently dimmed

The macroeconomic environment continues to be marked by a recovery, even though momentum has deteriorated somewhat of late. In the manufacturing industry, industrial production is hampered by the shortage of primary products, in particular by the scarcity of computer chips and price increases largely due to higher energy, commodity and transport costs. This led the IMF to adjust down its growth expectations for global gross domestic product in 2021 slightly to 5.9 per cent. German gross domestic product is expected to grow by 2.4 per cent in 2021[14]. For the year ahead (2022), economists are forecasting economic growth in Germany to be 4.8 per cent. This figure, published in October 2021, suggests an upgrade in growth expectations compared with the Joint Economic Forecast published in spring 2021, which predicted growth of only 3.9 per cent. The economists' underlying expectations are that the supply bottlenecks for primary products will gradually ease during 2022 and that the German economy will return to normal capacity utilisation in summer 2022.

Our portfolio companies operate in numerous markets and regions. This holds all the more true following the expansion of our sector spectrum. This means that our investments are subject to very different cyclical influences in general, which is why we look at the economic environment for the different business models individually, and take our assessment into account when evaluating the development opportunities open to the companies in 2022 that form the basis for our forecasts. We have not included the impact of changes in commodity prices or exchange rates in our forecast. Given the variety of business models in our portfolio, we expect these different factors to offset each other, at least in part.

The macroeconomic environment continues to be marked by uncertainty, albeit to a lesser extent than at the end of the 2019/2020 financial year. Production is hampered by adverse effects caused by supply bottlenecks of primary products and we can assume that this will ease only gradually. A recent rise in infection figures in Europe seems to impact economic activity to an insignificant degree only, as suggested by consumer mobility data. In contrast,

[13] Preqin (issuer): "Preqin Investor Outlook: Alternative Assets, H2 2021", https://www.preqin.com/insights/research/investor-outlooks/preqin-investor-outlook-alternative-assets-h2-2021, update date 11.11.2021
[14] Joint Economic Forecast Project Group (issuer): "Crisis Is Gradually Being Overcome – Align Action with Lower Growth", "Joint Economic Forecast autumn 2021", Halle (Saale) 2021

there is a degree of uncertainty among economists concerning the further development of inflation; it has accelerated considerably recently due to rising commodity costs[15].

Expected business development

Our forecasts assume that the expectations outlined above regarding the development of the private equity market, the supply of debt financing and capital as well as the economy will materialise. A scenario in which the circumstances described in the risks mentioned would materialise to a greater degree is not reflected in our planning.

		Actual 2020/2021 and 30 Sep 2021	Expectations 2021/2022	Ambitions 2023/2024
Financial performance indicators				
Private Equity Investments				
Net asset value[1] (reporting date)	€mn	678.5	680,0 to 755,0	815,0 to 905,0
Net income from investment activity	€mn	178.4	60,0 to 75,0	85,0 to 100,0
Cash flow from investment activity	€mn	28.2	50,0 to 65,0	5,0 to 10,0
Fund Investment Services				
Income from Fund Services[1]	€mn	43.4	41,0 to 44,0	50,0 to 54,0
Earnings from Fund Investment Services	€mn	18.0	11,0 to 12,0	17,0 to 19,0
Assets under management or advisory (reporting date)	€mn	2,473.2	2.475,0 to 2.605,0	3.270,0 to 3.445,0
Shareholders				
Dividend per share	€	1.60	1,60	1,60
Non-financial performance indicators				
Private Equity Investments				
Investment opportunities		306	266 to 294	266 to 294
Fund Investment Services				
Share of capital commitments of returning investors	%	86	at least 75	at least 75
Employees				
Average length of company service	Years	7.4	unchanged	unchanged
Other indicators				
Net income in accordance with IFRS	€mn	185.1	60,0 to 75,0	90,0 to 105,0
Net income in accordance with the HGB	€mn	64.5	80,0 to 95,0	90,0 to 105,0

1 Also used as a key performance indicator for the core business objective; 2 The value in the column "Actual 2020/2021 and 30 Sep 2021" refers to the most recent fundraising of the DBAG Fund VIII, which took place in the 2019/2020 financial year.

We concluded the reporting year significantly above the expectations we had at the start of the 2020/2021 financial year, posting the highest net income since the introduction of IFRS accounting in the 2004/2005 financial year. This was achieved as a result of successful disposals and positive performance of the portfolio companies, particularly in the growth sectors. We upgraded our forecasts for the relevant KPIs several times. This remarkable performance cannot be extrapolated to the years ahead. One reason for this is that in some cases we had already seized the opportunity to dispose of portfolio companies in the past financial year 2020/2021 – at an earlier date than originally planned. In light of the outlined slowdown in macroeconomic developments and having weighed up the opportunities and risks, we expect the further increase in portfolio value to initially remain muted in 2021/2022, especially concerning the industrial portfolio.

15 International Monetary Fund (IMF): "World Economic Outlook – Recovery during a Pandemic", October 2021

Taking into account the distribution to be made after the 2022 Annual General Meeting – 30.1 million euros are proposed – the **NET ASSET VALUE** as at the reporting date of 30 September 2022 is therefore expected in a range between 680 and 755 million euros. Adjusted for the proposed distribution, this equates to an increase in value of between five per cent and 16 per cent. The potential increase of the net asset value also depends on its structure, as an increase can only be achieved on the funds invested, but not in the financial resources. By the end of the 2020/2021 financial year, the share of financial resources in net asset value had risen to 16.6 per cent, compared to 4.4 per cent in the previous year.

We then expect to see this value increase further in the following two years, meaning that by the end of the 2023/2024 financial year, i.e. by the end of our planning horizon, the net asset value will amount to between 815 and 905 million euros.

Net asset value is largely determined by the portfolio value. We expect the portfolio value of the DBAG Fund VIII in particular to increase significantly, as we are planning to invest the committed funds, but do not yet anticipate any disposals. In case of the DBAG ECF and DBAG Fund VII, however, we expect the portfolio value of each fund to decrease by the end of the planning horizon, as successful disposals will exceed the amount of further investments. The investment phases of the DBAG Fund V and the DBAG Fund VI were concluded successfully. Both funds are in the disinvestment phase. Other planned Long-Term Investments are also expected to increase net asset value.

Dividends distributed will have an offsetting effect; this is based on the assumption that distributions will initially remain unchanged in line with our dividend policy. As a result, these premises point towards an average annual increase in the net asset value of between ten and just under 14 per cent.

Net income from investment activity is the item that has the greatest impact on the portfolio value and, consequently, on the net asset value. Net asset value – adjusted for the dividend distribution of the financial year – can only increase if net income exceeds the amount earmarked for distribution. At the same time, net income from investment activity is the item with the greatest budgetary and forecast uncertainty. It is determined to a considerable degree by net gains or losses on measurement and disposal; current income from financial assets and loans and receivables, on the other hand, is less relevant.

Projections of the earnings contribution for the portfolio are based on current assumptions regarding the holding period and on a standardised annual increase in the value of the investments during this holding period. The assumptions on the holding period include our assessment of the impact that the current macroeconomic environment will have on the individual investments. We also take into account deviations from the initial premises on which our assessment on the absolute value contribution of the change measures initiated in the portfolio companies is based.

Net measurement gains and losses represent the net amount of positive and negative value movements of the portfolio companies. These changes in value derive from the assumptions on the change in the fair value of an investment in comparison to the preceding reporting date. In the past – and in the recently concluded financial year – there were instances when sizeable gains were realised on the disposal of investments, for example because industrial buyers were willing to pay premiums on the estimated fair value for strategic reasons, or because financial investors paid such premiums after intense competition among bidders. Such events are not predictable. This is why we have assumed that the sale price corresponds to the fair value calculated in each case.

The changes in earnings multiples for the listed reference companies are not predictable either. We therefore always assume unchanged multiples from when the forecast is prepared. On the other hand, the value contribution generated from their actual development during a planning period can be positive, as in the recently concluded financial year, as well as negative. Current income from financial assets and loans and receivables is also not forecast individually.

We assume that earnings generated from the portfolio companies are ploughed back in and therefore flow into the achievable market price to the same extent.

Based on our assumptions, we expect to see **NET INCOME FROM INVESTMENT ACTIVITY** ranging from 60 to 75 million euros in the current financial year 2021/2022. We anticipate an increase for the 2023/2024 financial year and expect net income in a range between 85 and 100 million euros.

Based on the co-investment agreements with DBAG funds and our strategic expansion to include Long-Term Investments, we are planning for investments to be higher in 2021/2022, compared to the previous financial year. However, inflows from disposals and distributions from portfolio companies are expected to exceed these investments. This indicates a positive **CASH FLOW FROM INVESTMENT ACTIVITY** in 2021/2022, which should be in a range of 50 to 65 million euros and therefore significantly higher than in the 2020/2021 financial year. Looking ahead to the end of the financial year 2021/2022, we predict that financial resources will be higher than at the most recent reporting date. The inflow of fees previously deferred from DBAG Fund VII in the amount of 27.8 million euros in October 2021 will also make a contribution here. Regardless of this, it is typical for our business that the amount of cash flow can fluctuate considerably due to reporting date factors.

INCOME FROM FUND SERVICES is largely determined by the volume of funds. The terms and conditions that govern the compensation for our management and advisory services are usually fixed for a fund's entire term. This makes it easy for us to budget for this income. We anticipate largely unchanged income from Fund Services for 2021/2022, in a range of 41 to 44 million euros. This is projected to rise to between 50 and 54 million euros until the end of the planning horizon, driven in particular by a successor fund for DBAG Fund VIII. Assumed disposals, especially from DBAG ECF and DBAG Fund VII, will have an offsetting effect.

We expect **EARNINGS FROM FUND INVESTMENT SERVICES** to be in a range of 11 to 12 million euros for 2021/2022. This figure is lower than in the previous financial year because the income will remain largely unchanged, while expenses, in particular for the further expansion of the investment team, will increase. Earnings from Fund Investment Services are expected to rise to between 17 and 19 million euros in the last year of the planning period. The volume of **ASSETS UNDER MANAGEMENT OR ADVISORY** is expected in a range of 2,475 to 2,605 million euros as at 30 September 2022. This volume is projected to increase substantially by the end of the 2023/2024 financial year, especially due to a successor fund for DBAG VIII, and is expected to be in a range of 3,270 to 3,445 million euros by then.

Following a pandemic-related reduction in the dividend to 0.80 euros per share last year, we are proposing a **DIVIDEND** of 1.60 euros per share for the past financial year 2020/2021. This means we are returning to our dividend policy of stable and, if possible, rising dividends. We have assumed dividends for the two subsequent planning years to remain unchanged, based on the assumption that net retained profit (in accordance with the HGB) will permit distributions in that amount.

General forecast

Performance expected to continue after exceptional year

The forecasting framework for the current financial year 2021/2022 has improved compared to the previous year, when uncertainty triggered by the pandemic was even more pronounced. Nonetheless, the pandemic is by no means over. There are concerns that during winter 2021/2022 incidence levels could continue to rise sharply, potentially reaching new highs, meaning that we can expect the economy's business processes to remain burdened, with ongoing disruptions to the supply chains in particular. In Germany, there is additional uncertainty due to the fact that the government formation has not been completed yet. We therefore expect the macroeconomic environment to improve continuously, albeit with some delay.

With net income achieved in the previous financial year 2020/2021 being the highest since switching to IFRS accounting, we expect a normalisation of Deutsche Beteiligungs AG's performance in the current financial year, remaining positive. Given the significantly increased level achieved, we expect further increases in the net asset value to be moderate. Earnings from Fund Investment Services are likely to ease temporarily against the previous financial year 2020/2021, in line with the life cycle of the funds and in view of the cost development. **NET INCOME FOR 2021/2022** is expected in a range of 60 million to 75 million euros. This would make the 2021/2022 financial year a significantly above-average year measured against a ten-year period.

Profit for 2021/2022 in accordance with the German Commercial Code expected to rise year-on-year

Deutsche Beteiligungs AG is reporting net retained profit in accordance with the German Commercial Code of 254.0 million euros as at 30 September 2021. On the basis of the proposed dividend of 1.60 euros per share, 30.1 million euros of this amount is to be distributed following the 2022 Annual General Meeting. We expect the **PROFIT** for the 2021/2022 financial year to be between 80 and 95 million euros, i.e. higher than the previous year's figure. This would once again make the 2021/2022 financial year an above-average year, measured against the long-term average. The profit for the financial year is expected to be in the range between 90 and 105 million euros at the end of the planning horizon.

Frankfurt/Main, 29 November 2021

Consolidated Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 October 2020 to 30 September 2021

€'000	Notes	1 Oct 2020 to 30 Sep 2021	1 Oct 2019 to 30 Sep 2020
Net income from investment activity	9	178,378	(16,864)
Income from Fund Services	10	42,083	29,304
Income from Fund Services and investment activity		**220,461**	**12,440**
Personnel expenses	11	(23,101)	(18,397)
Other operating income	12	3,623	4,534
Other operating expenses	13	(14,546)	(13,911)
Interest income	14	771	350
Interest expenses	15	(1,489)	(799)
Other income/expense items		**(34,741)**	**(28,222)**
Earnings before taxes		**185,720**	**(15,782)**
Income taxes	16	(577)	(965)
Earnings after taxes		**185,143**	**(16,747)**
Net income attributable to other shareholders	25	(9)	(9)
Net income		**185,134**	**(16,757)**
a) Items that will not be reclassified subsequently to profit or loss			
Gains (+)/losses (-) on remeasurements of the net defined benefit liability (asset)	26	2,199	2,702
Other comprehensive income		**2,199**	**2,702**
Total comprehensive income		**187,333**	**(14,055)**
Earnings per share in € (diluted and basic)[1]	36	10.76	(1.05)

1 The earnings per share calculated in accordance with IAS 33 are based on net income divided by the average number of DBAG shares outstanding in the reporting period. The average number of DBAG shares outstanding (basic and diluted) was adjusted for the previous year retroactively to take into account the effect of the difference between the subscription price of the new shares issued as part of the capital increase and the market price of the existing shares.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period from 1 October 2020 to 30 September 2021

INFLOWS (+) / OUTFLOWS (-)

€'000	Notes	1 Oct 2020 to 30 Sep 2021	1 Oct 2019 to 30 Sep 2020
Net income		185,134	(16,757)
Measurement gains (-)/losses (+) on financial assets, depreciation/amortisation/impairment of property, plant and equipment and intangible assets, gains (-)/losses (+) on securities	9, 17, 18, 20	(175,860)	20,702
Gains (-)/losses (+) from disposals of assets	9, 17	(6)	(26)
increase (+)/decrease (-) in income tax assets	22	4,695	308
increase (+)/decrease (-) in other assets (net)	19, 21, 22, 23	(22,692)	(15,406)
increase (+)/decrease (-) in pension provisions	26	(2,766)	(3,144)
Increase (+)/decrease (-) in income taxes payable	22	3,533	509
Increase (+)/decrease (-) in other provisions	27	4,108	(1,671)
Increase (+)/decrease (-) in other liabilities (net)	22, 25, 29	(3,785)	8,789
Cash flow from operating activities		**(7,638)**	**(6,696)**
Proceeds from disposals of financial assets	9, 18	112,643	68,462
Payments for investments in financial assets	9, 18	(90,107)	(92,965)
Proceeds from disposals of other financial instruments	21	25,988	17,069
Payments for investments in other financial instruments	21	(20,332)	(26,055)
Cash flow from investment activity	32	28,192	(33,490)
Proceeds from disposals of property, plant and equipment and intangible assets	17	14	69
Payments for investments in property, plant and equipment and intangible assets	17	(89)	(481)
Proceeds from disposals of securities	20, 32	0	35,503
Payments for investments in securities	20, 32	(75,112)	(9,986)
Cash flow from investing activities		**(46,996)**	**(8,385)**
Proceeds from capital increases		99,933	0
Payments for lease liabilities	29, 32	(795)	(1,020)
Proceeds from drawdowns of credit facilities	28, 32	60,500	13,100
Payments for redemption of credit lines	28, 32	(73,600)	0
Payments to shareholders (dividends)	24	(12,035)	(22,566)
Cash flow from financing activities		**74,003**	**(10,486)**
Net change in cash and cash equivalents		19,370	(25,567)
Cash and cash equivalents at start of reporting period	32	18,367	43,934
Cash and cash equivalents at end of reporting period		**37,737**	**18,367**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2021

€'000		30 Sep 2021	30 Sep 2020
ASSETS			
Non-current assets			
Intangible assets	17	439	490
Property, plant and equipment	17	4,220	5,144
Financial assets	18	545,339	390,741
Long-term securities	20	75,059	0
Other non-current assets	23	647	616
Deferred tax assets	22	3,170	214
Total non-current assets		**628,874**	**397,204**
Current assets			
Receivables	19	45,132	5,071
Other financial instruments	21	20,332	25,988
Income tax assets	22	829	5,524
Cash and cash equivalents		37,737	18,367
Other current assets	23	2,049	22,432
Total current assets		**106,079**	**77,382**
Total assets		**734,953**	**474,587**
EQUITY AND LIABILITIES			
Equity	24		
Subscribed capital		66,733	53,387
Capital reserve		260,349	173,762
Retained earnings and other reserves		(9,127)	(11,326)
Consolidated retained profit		380,807	207,708
Total equity		**698,762**	**423,531**
Liabilities			
Non-current liabilities			
Liabilities under interests held by other shareholders	25	58	57
Provisions for pensions obligations	26	13,683	16,449
Other non-current provisions	27	1,519	846
Other non-current liabilities	29	3,149	3,953
Total non-current liabilities		**18,409**	**21,305**
Current liabilities			
Other current provisions	27	11,457	8,021
Credit liabilities	28	0	13,100
Income tax liabilities	22	4,059	526
Other current liabilities	29	2,267	8,104
Total current liabilities		**17,782**	**29,751**
Total liabilities		**36,191**	**51,056**
Total equity and liabilities		**734,953**	**474,587**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from 1 October 2020 to 30 September 2021

€'000		1 Oct 2020 to 30 Sep 2021	1 Oct 2019 to 30 Sep 2020
Subscribed capital			
At start of reporting period		53,387	53,387
Change in reporting period		13,347	0
At end of reporting period	24	**66,733**	**53,387**
Capital reserve			
At start of reporting period		173,762	173,762
Change in reporting period		86,587	0
At end of reporting period	24	**260,349**	**173,762**
Retained earnings and other reserves			
Legal reserve			
At start and end of reporting period		403	403
First-time adoption of IFRS			
At start and end of reporting period		16,129	16,129
Reserve for changes in accounting methods			
At start and end of reporting period		(109)	(109)
Reserve for gains/losses on remeasurements of the net defined benefit liability (asset)			
At start of reporting period	26	(27,748)	(30,450)
Change in reporting period	26	2,199	2,702
At end of reporting period	26	(25,550)	(27,748)
At end of reporting period		**(9,127)**	**(11,326)**
Consolidated retained profit			
At start of reporting period		207,708	247,031
Dividend	24	(12,035)	(22,566)
Net income		185,134	(16,757)
At end of reporting period		**380,807**	**207,708**
Total		**698,762**	**423,531**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR FROM 1 OCTOBER 2020 TO 30 SEPTEMBER 2021

GENERAL INFORMATION

1. Principal activity of the Group

Deutsche Beteiligungs AG (DBAG) is a listed private equity company in the form of a German public limited company (*Aktiengesellschaft*). It initiates and structures closed-end private equity funds ("DBAG funds") for investment in equity or equity-like instruments predominantly of unlisted companies, and provides advice for these funds. It enters into investments, also employing its own assets, as a co-investor alongside DBAG funds ("co-investments") and, since the financial year 2019/2020, also independently of these funds by exclusively using its own financial resources ("Long-Term Investments").

As an investor and fund advisor, DBAG's investment focus historically lies in mid-market German companies. On a regional level, most of the portfolio companies have their registered office or main business focus in the German-speaking region of Europe ("DACH region"). Since 2020, DBAG has also invested in Italy, one of the most important industrialised economies in the European Union with a high proportion of family-owned businesses. In individual cases, DBAG also invests in companies elsewhere in Europe.

DBAG receives income as an investor through the increase in value of the companies in which it has invested, and also as a fund advisor, performing services for the DBAG funds.

DBAG's registered office is at Börsenstrasse 1, 60313 Frankfurt/Main, Germany. The Company is registered in the Commercial Register at the Frankfurt/Main local court (Amtsgericht Frankfurt/Main) under HRB 52491.

2. Basis of the consolidated financial statements

The consolidated financial statements of DBAG as at 30 September 2021 are consistent with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Commission for use in the European Union. The mandatory interpretations of the IFRS Interpretations Committee (IFRIC) relevant for the consolidated financial statements are also applied. In addition, the applicable commercial law requirements as stipulated in section 315e (1) of the German Commercial Code (Handelsgesetzbuch - HGB) have been taken into account.

The consolidated financial statements consist of the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of financial position, the consolidated statement of changes in equity as well as these notes to the consolidated financial statements. They comprise the financial statements of DBAG and its fully-consolidated subsidiaries ("DBAG Group").

Apart from DBAG, seven (previous year: six) of the companies included in the consolidated financial statements prepare their respective financial statements as at the reporting date 30 September. For the remaining four (previous year: four) consolidated companies, the financial year corresponds to the calendar year. These companies prepare interim financial statements as at DBAG's reporting date for consolidation purposes.

The accounting and consolidation policies as well as the notes and disclosures to the consolidated financial statements are applied consistently, except when IFRSs require changes to be made (see Note 3) or the changes result in more reliable and relevant information. For the first time as at the current reporting date, we reported receivables from DBAG funds under the line item "Receivables" in order to enhance clarity of presentation (see Note 6).

The consolidated statement of comprehensive income is structured based on the nature of expense method. In the interests of presenting information that is relevant to the business of DBAG as a private equity firm, "Net income from investment activity" as well as "Income from Fund Services" are presented instead of revenues. The items of other comprehensive income are stated after taking into account all related tax effects as well as the respective reclassification adjustments. Reclassifications between other comprehensive income and profit or loss are disclosed in the notes to the consolidated financial statements.

In the consolidated statement of cash flows, cash flows are broken down into cash flows from operating activities, cash flows from investing activities and cash flows from financing activities (see Note 32).

The consolidated financial statements were prepared in euros. The amounts are rounded to thousands of euros, except when transparency reasons require amounts to be presented in euros. Rounding differences in the tables in this report may therefore occur.

On 29 November 2021, the Board of Management of DBAG authorised the consolidated financial statements and the combined management report for submission to the Supervisory Board. On 1 December 2021, the Supervisory Board will resolve on the approval of the consolidated financial statements.

3. Changes in accounting methods due to amended rules

Standards and interpretations as well as amendments to standards and interpretations applicable for the first time that have an impact on the reporting period ending 30 September 2021

In the financial year 2020/2021, there were no new standards and interpretations or amendments to standards and interpretations required to be applied for the first time that have an effect on the consolidated financial statements as at 30 September 2021.

Standards and interpretations as well as amendments to standards and interpretations applicable for the first time that have no impact on the reporting period ending 30 September 2021

In the consolidated financial statements as at 30 September 2021, the following new standards and interpretations or amendments to standards and interpretations are required to be applied for the first time:

- Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"
- Amendments to IFRS 3 "Business Combinations",
- Amendments to IFRS 9 "Financial instruments", IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures",
- Amendments to IFRS 16 "Leases",
- Amendments to References to the Conceptual Framework in IFRS Standards.

These standards do not have any consequences for DBAG's consolidated financial statements.

New standards and interpretations that have not yet been applied

a) Endorsed by the European Union

The following standards and interpretations were issued by the IASB and endorsed by the European Commission for application in the European Union. The effective date, indicating when the respective standard or interpretation is required to be applied, is given in parentheses. DBAG intends to initially apply the respective standard or interpretation for the financial year beginning after that date. No use will therefore be made of voluntary early application of these standards and interpretations.

- Amendments to IAS 16 "Property, Plant and Equipment" (1 January 2022)
- Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" (1 January 2022)
- Amendments to IFRS 3 "Business Combinations" (1 January 2022)
- Amendments to IFRS 4 "Insurance Contracts" (1 January 2021)
- Amendments to IFRS 9 "Financial instruments", (IAS) 39 "Financial Instruments: Recognition and Measurement", IFRS 7 "Financial Instruments: Disclosures", IFRS 4 "Insurance Contracts" and IFRS 16 "Leases" (1 January 2021)
- Amendments to IFRS 16 "Leases" (1 April 2021)
- IFRS 17 "Insurance Contracts" and Amendments to IFRS 17 "Insurance Contracts" (1 January 2023)
- Annual Improvements to IFRS Standards 2018-2020 Cycle (1 January 2022):
  - IFRS 1 "First-time Adoption of International Financial Reporting Standards"
  - IFRS 9 "Financial Instruments"

- IAS 41 "Agriculture"

These amendments are not relevant for DBAG.

b) Not yet endorsed by the European Union

The following standards and interpretations have already been issued by the IASB, but have not yet been endorsed by the European Commission for application in the European Union.

› Amendments to IAS 1 "Presentation of financial statements",

› Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors",

› Amendments to IAS 12 "Income Taxes",

› Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures",

› IFRS 14 "Regulatory Deferral Accounts".

DBAG expects the amendments listed above to have no impact on its consolidated financial statements.

4. Disclosures on the group of consolidated companies and on interests in other entities

4.1. Status of DBAG as an investment entity as defined in IFRS 10

DBAG initiates closed-end private equity funds for investments in equity or equity-like instruments, predominantly in unlisted companies. It solicits capital commitments from institutional investors to DBAG funds and provides asset management services to them via fully-consolidated subsidiaries. The management companies of the DBAG funds are under the obligation to their investors to invest the capital based on a contractually agreed investment strategy that aims to realise increases in value through sales and to generate current income. DBAG measures and evaluates the performance of the investments made by the DBAG funds as well as of its long-term investments at quarterly intervals on a fair value basis. Thus, DBAG, as a parent company, meets the criteria of an investment entity as defined in IFRS 10.

DBAG is recognised as a special investment company, as defined by German statutory legislation on special investment companies (Gesetz über Unternehmensbeteiligungsgesellschaften – UBGG) and has made investments in more than 300 companies since its foundation. DBAG is a listed public limited company; its shareholder structure is composed of private individual investors, family offices and institutional investors. Employing its own assets, it enters into investments predominantly as a co-investor alongside the DBAG funds, but also independently from the DBAG funds outside of their investment strategies. Based on co-investment agreements with the DBAG funds, DBAG and the funds invest in the same companies and in the same instruments based on the same terms. Employees (related parties) and former employees of DBAG also co-invest in the co-investment vehicles and DBAG funds. Due to the low investment share of related parties, this has no effect on DBAG's status as an investment entity. The status of DBAG as an investment entity is also not affected by the investments that are entered into independently from the DBAG funds. All typical characteristics of an investment entity are therefore met.

4.2. Fully-consolidated subsidiaries

As an investment entity within the meaning of IFRS 10, DBAG only consolidates such subsidiaries that provide investment-related services to the investment entity. The following subsidiaries are included in the consolidated financial statements as at 30 September 2021:

Name	Registered office	Equity Interest %	If different, voting interest %
AIFM-DBG Fund VII Management (Guernsey) LP	St. Peter Port, Guernsey	0.00	
DBAG Italia S.r.l.	Milan, Italy	100.00	
DBG Advising GmbH & Co. KG	Frankfurt/Main, Germany	20.00	
DBG Fund VI GP (Guernsey) LP	St. Peter Port, Guernsey	0.00	
DBG Fund VII GP S.à r.l.	Luxembourg-Findel, Luxemburg	0.00	
DBG Fund VIII GP (Guernsey) L.P.	St. Peter Port, Guernsey	0.00	
DBG Management GmbH & Co. KG	Frankfurt/Main, Germany	100.00	
DBG Management GP (Guernsey) Ltd.	St. Peter Port, Guernsey	3.00	0.00
DBG Managing Partner GmbH & Co. KG	Frankfurt/Main, Germany	20.00	
DBG New Fund Management GmbH & Co. KG	Frankfurt/Main, Germany	100.00	
European PE Opportunity Manager LP	St. Peter Port, Guernsey	0.00	

1 Share in capital or voting rights, respectively, that is effectively attributable to DBAG.

These subsidiaries – including DBAG Italia S.r.l., which is consolidated for the first time after having been founded – provide management and advisory services for the DBAG funds. The range of advisory services comprises the identification, analysis and structuring of investment opportunities, negotiation of the investment agreements, compilation of investment memorandums for the funds, support for the portfolio companies during the holding period, and realisation of the funds' portfolio companies. When managing DBAG funds, the range of services additionally includes taking investment decisions. DBG Managing Partner GmbH & Co. KG, which is registered as a small capital management company (Kapitalverwaltungsgesellschaft – KVG) in accordance with the German Capital Investment Code (Kapitalanlagegesetzbuch – KAGB) is responsible for the management of DBAG's German funds; DBG Management GP (Guernsey) Ltd. is registered in Guernsey as a KVG pursuant to the Protection of Investors (Bailiwick of Guernsey) Law and manages the funds based in Luxembourg and Guernsey.

In the case of DBAG Italia S.r.l., DBG Management GmbH & Co. KG and DBG New Fund Management GmbH & Co. KG, the parent-subsidiary relationship results from the fact that DBAG holds the majority of voting rights in these entities and obtains control over these entities.

DBAG does not hold the majority of the voting rights in the case of AIFM-DBG Fund VII Management (Guernsey) LP, DBG Advising GmbH & Co. KG, DBG Fund VI GP (Guernsey) LP, DBG Fund VIII GP (Guernsey) L.P., DBG Management GP (Guernsey) Ltd., DBG Managing Partner GmbH & Co. KG and European PE Opportunity Manager LP. However, in the entities mentioned, there are partners with voting rights who are parties related to DBAG and give DBAG a controlling position within the meaning of IFRS 10. DBAG therefore has control over the entity's relevant activities; it also receives the majority of the distributable amounts and can influence the amount of these variable returns.

DBAG obtains control over DBG Fund VII GP S.à r.l. via the fully-consolidated AIFM-DBG Fund VII Management (Guernsey) LP which holds all of the equity interests in the company.

4.3. Unconsolidated investment entity subsidiaries

The co-investments that DBAG makes using its own assets in order to align its interests with those of managed and/or advised DBAG funds within the scope of its business activity are made through its own companies (referred to as "co-investment vehicles"). These companies do not provide investment-related services but serve the sole purpose of bundling the co-investments of DBAG alongside a fund.

Long-Term investments that DBAG enters into independently from the DBAG funds using DBAG's own financial resources are also made via a separate company ("on-balance sheet investment vehicle"). Every on-balance sheet investment vehicle exclusively serves the purpose of holding a Long-Term investment of DBAG; it does not provide any investment-related services. In the reporting year, two new companies were established for this purpose: DBAG Bilanzinvest II (TGA) GmbH & Co. KG and DBAG Bilanzinvest III GmbH & Co. KG. DBAG holds a majority stake in R+S Beteiligungs GmbH via DBAG Bilanzinvest II (TGA) GmbH & Co. KG. For further information concerning registered office and share in capital or voting rights, please refer to Note 43. The third Long-Term Investment of DBAG is currently planned to be entered into via DBAG Bilanzinvest III GmbH & Co. KG.

Deutsche Beteiligungsgesellschaft mbH (DBG) meets the criteria for classification as an investment entity. Before the introduction of the co-investments alongside the DBAG funds, DBAG invested in individual portfolio companies and international funds via this company. Distributions from DBG are expected only after the disposal of a remaining investment. The company additionally provides investment-related services.

The co-investment vehicles, the on-balance sheet-investment vehicles and DBG – known collectively as investment entity subsidiaries – are not consolidated but rather recognised at fair value through profit or loss and presented under financial assets (see also the comments in Note 6 under the heading "Fair value measurement of financial assets through profit or loss").

Name	Registered office	Equity/voting interest %
DBAG Bilanzinvest I (Smart Metering) GmbH & Co. KG	Frankfurt/Main, Germany	100.00
DBAG Bilanzinvest II (TGA) GmbH & Co. KG	Frankfurt/Main, Germany	100.00
DBAG Bilanzinvest III GmbH & Co. KG	Frankfurt/Main, Germany	100.00
DBAG Expansion Capital Fund Konzern GmbH & Co. KG[1]	Frankfurt/Main, Germany	99.00
DBAG Fund V Konzern GmbH & Co. KG	Frankfurt/Main, Germany	99.00
DBAG Fund VI Konzern (Guernsey) L.P.	St. Peter Port, Guernsey	99.99
DBAG Fund VII Konzern SCSp	Luxembourg-Findel, Luxemburg	99.99
DBAG Fund VII B Konzern SCSp	Luxembourg-Findel, Luxemburg	99.99
DBAG Fund VIII A Konzern (Guernsey) L.P.	St. Peter Port, Guernsey	99.99
DBAG Fund VIII B Konzern (Guernsey) L.P.	St. Peter Port, Guernsey	99.99
DBG Fourth Equity Team GmbH & Co. KGaA i. L.	Frankfurt/Main, Germany	100.00
Deutsche Beteiligungsgesellschaft mbH	Königstein/Taunus, Germany	100.00

1 DBAG Expansion Capital Fund Konzern GmbH & Co. KG comprises three consecutive investment periods of DBAG ECF (original investment period, first and second new investment periods) which are managed as separate accounting areas.

The investments made by DBAG using its own assets alongside the DBAG funds are based on co-investment agreements with the funds. This means that DBAG has a contractual obligation to provide financing for investments and costs at a fixed quota for each of the funds; it can, however, unilaterally waive that contractual obligation (right to opt out), but would then forgo the opportunity of investing alongside the respective fund for the remaining term of that DBAG fund. In order to invest its funds profitably and at the same time aligning its own interests with those of the fund investors, DBAG does not intend to exercise this right to opt out.
At the reporting date, DBAG has the following obligations under co-investment agreements ("callable capital commitments"):

€'000

Name	Capital Commitment	Accumulated capital calls as at 30 Sep 2021	Callable capital commitments as at 30 Sep 2021
DBAG ECF Konzern GmbH & Co. KG Original Investment Period (DBAG ECF)	100,000	98,797	2,160
DBAG ECF Konzern GmbH & Co. KG First New Investment Period (DBAG ECF I)	34,751	25,550	16,151
DBAG ECF Konzern GmbH & Co. KG Second New Investment Period (DBAG ECF II)	43,302	33,470	9,832
DBAG Fund V Konzern GmbH & Co. KG	103,950	103,805	1,181
DBAG Fund VI Konzern (Guernsey) L.P.	133,000	132,987	7,419
DBAG Fund VII Konzern SCSp	183,000	179,608	21,785
DBAG Fund VII B Konzern SCSp	17,000	17,240	3,293
DBAG Fund VIII A Konzern (Guernsey) L.P.	210,000	33,616	176,384
DBAG Fund VIII B Konzern (Guernsey) L.P.	45,000	9,804	35,196
	870,003	**634,876**	**273,401**

€'000

Name	Capital Commitment	Accumulated capital calls as at 30 Sep 2020	Callable capital commitments as at 30 Sep 2020
DBAG ECF Konzern GmbH & Co. KG Original Investment Period (DBAG ECF)[1]	100,000	97,732	3,544
DBAG ECF Konzern GmbH & Co. KG First New Investment Period (DBAG ECF I)[1]	34,751	25,528	13,901
DBAG ECF Konzern GmbH & Co. KG Second New Investment Period (DBAG ECF II)[1]	39,715	28,414	11,300
DBAG Fund V Konzern GmbH & Co. KG[1]	103,950	103,805	1,181
DBAG Fund VI Konzern (Guernsey) L.P.	133,000	132,987	9,079
DBAG Fund VII Konzern SCSp	183,000	153,292	29,708
DBAG Fund VII B Konzern SCSp	17,000	13,611	3,389
DBAG Fund VIII A Konzern (Guernsey) L.P.	210,000	14,402	195,598
DBAG Fund VIII B Konzern (Guernsey) L.P.	45,000	1,376	43,624
	866,416	**571,146**	**311,324**

2 The previous year's figures were adjusted since the amounts were mixed up.

In the reporting year, the agreed capital commitments for DBAG ECF II were increased by 8.8 million euros; 3.6 million euros of which is attributable to DBAG.

The callable capital commitments are determined in accordance with the Articles of Association of the fund. They comprise capital commitments that have not yet been called, as well as callable distributions. The partnership agreements for the DBAG funds allow distributions of up to 20 per cent[16] of the initial capital commitment to be called for follow-on investments in existing portfolio companies. This means that an individual fund can achieve accumulated capital calls of up to 120 per cent. As at the reporting date, the callable capital commitments at the co-investment vehicles of DBAG ECF, DBAG ECF I, DBAG Fund V, DBAG Fund VI and DBAG Fund VII include callable distributions.

Based on its co-investing activity in the past financial year, DBAG received the following disbursements from, or made the following investments in, investment entity subsidiaries:

€'000	2020/2021	
Name	Disbursements	Investments
DBAG ECF Konzern GmbH & Co. KG Original Investment Period (DBAG ECF)	60,614	1,399
DBAG ECF Konzern GmbH & Co. KG First New Investment Period (DBAG ECF I)	10,526	22
DBAG ECF Konzern GmbH & Co. KG Second New Investment Period (DBAG ECF II)	0	5,055
DBAG Fund VI Konzern (Guernsey) L.P.	19,290	1,660
DBAG Fund VII Konzern SCSp	18,393	18,497
DBAG Fund VII B Konzern SCSp	3,533	4,272
DBAG Fund VIII A Konzern (Guernsey) L.P.	0	31,542
DBAG Fund VIII B Konzern (Guernsey) L.P.	0	9,482
	112,355	**71,931**

€'000	2019/2020	
Name	Disbursements	Investments
DBAG ECF Konzern GmbH & Co. KG Original Investment Period (DBAG ECF)	51,691	19,120
DBAG ECF Konzern GmbH & Co. KG First New Investment Period (DBAG ECF I)	4,590	3
DBAG ECF Konzern GmbH & Co. KG Second New Investment Period (DBAG ECF II)	0	11,444
DBAG Fund V Konzern GmbH & Co. KG	6,395	189
DBAG Fund VI Konzern (Guernsey) L.P.	1,317	3,218
DBAG Fund VII Konzern SCSp	0	37,642
DBAG Fund VII B Konzern SCSp	0	8,200
DBAG Fund VIII A Konzern (Guernsey) L.P.	0	2,074
DBAG Fund VIII B Konzern (Guernsey) L.P.	0	322
DBG Fourth Equity Team GmbH & Co. KGaA i. L.	181	0
	64,173	**82,212**

The disbursements of the co-investment vehicle of DBAG ECF are attributable to a distribution following the disposal of two shareholdings. The investments were made to support acquisitions at one portfolio company and for follow-up financing in relation to another portfolio company.

The disbursements of the co-investment vehicle of DBAG ECF I refer to returns from a portfolio company following recapitalisation.

[16] In DBAG ECF, of the distributions made after 30 April 2020, up to 10 per cent of the relevant capital commitments are callable for follow-on investments.

The co-investment vehicle of DBAG ECF II primarily made follow-on investments in an existing portfolio company to support acquisitions.

The disbursements of the co-investment vehicle of DBAG Fund VI are largely attributable to a distribution following the disposal of two shareholdings. The investments were largely made to support follow-on investments in two existing portfolio companies by contributing additional equity.

The disbursements of the co-investment vehicles of DBAG Fund VII are largely attributable to distributions following the disposal of one shareholding. DBAG Fund VII Konzern SCSp (main pool) invested in two new portfolio companies and supported acquisitions of two existing portfolio companies by contributing additional equity. DBAG Fund VII B Konzern SCSp (top-up fund) acted as a co-investor for the two new portfolio companies.

The co-investment vehicles of DBAG Fund VIII invested in three new portfolio companies, DBAG Fund VIII B Konzern (Guernsey) L.P. (top-up fund) acted as a co-investor for two of these portfolio companies.

4.4. Interests in portfolio companies

DBAG holds direct interests in one portfolio company:

Name	Registered office	Equity interest %	If different, voting interest %
JCK Holding GmbH Textil KG	Quakenbrück, Germany	3.60	0.00

DBAG does not have a significant influence on the portfolio company. Since the entity is allocated to the investment business, it is recognised at fair value through profit or loss and presented under financial assets (see also the comments in Note 6 under the heading "Fair value measurement of financial assets through profit or loss").

4.5. Unconsolidated subsidiaries

The following subsidiaries are not included in the consolidated financial statements:

Name	Registered office	Equity/voting interest %
DBAG Bilanzinvest I (Smart Metering) Verwaltungs GmbH	Frankfurt/Main, Germany	100.00
DBAG Bilanzinvest II (TGA) Verwaltungs GmbH	Frankfurt/Main, Germany	100.00
DBAG Bilanzinvest III Verwaltungs GmbH	Frankfurt/Main, Germany	100.00
DBG Advising Verwaltungs GmbH	Frankfurt/Main, Germany	20.00
DBG Fund HoldCo GmbH & Co. KG	Frankfurt/Main, Germany	13.04
DBG Fund LP (Guernsey) Limited	St. Peter Port, Guernsey	13.04
DBG Fund VIII GP (Guernsey) Limited	St. Peter Port, Guernsey	13.04
DBG Managing Partner Verwaltungs GmbH	Frankfurt/Main, Germany	20.00
DBG Service Provider Verwaltungs GmbH	Frankfurt/Main, Germany	13.04
RQPO Beteiligungs GmbH	Frankfurt/Main, Germany	81.00
RQPO Beteiligungs GmbH & Co. Papier KG	Frankfurt/Main, Germany	90.00

These subsidiaries do not provide investment-related services and are therefore not consolidated but are instead accounted for at fair value through profit or loss.

In the reporting year, DBAG obtained control over two new companies. DBAG Bilanzinvest II (TGA) Verwaltungs GmbH and DBAG Bilanzinvest III Verwaltungs GmbH are the general partners of the second and third on-balance sheet investment vehicle, respectively.

For further details, please refer to Note 39 under the headings "Relationships to DBG Managing Partner GmbH & Co. KG and DBG Advising GmbH & Co. KG" and "Relationships to DBG Fund HoldCo GmbH & Co. KG and DBG Fund LP (Guernsey) Limited".

4.6. Unconsolidated structured companies

Within the scope of the business activity of DBAG and its subsidiaries as external capital management companies or investment service providers to private equity funds, contractual arrangements exist between DBAG and structured entities of managed or advised DBAG funds that DBAG initiated within the scope of its business activity. In particular, in the founding phase of a DBAG fund, the managed subsidiaries of DBAG prepay certain charges. These costs are reimbursed to the companies by the investors in the relevant funds upon the start of the respective investment period. In the financial year 2020/2021, there were no prepaid costs (previous year: costs in the amount of 2,713,000 euros were prepaid due to the establishment of DBAG Fund VIII).

The following companies that DBAG initiated within the scope of its business activity described above are the investment vehicles for the German and international investors in DBAG funds. From the DBAG Group's perspective, these vehicles are so-called structured entities that were neither consolidated nor recognised at fair value through profit or loss as at 30 September 2021:

Name	Registered office	Equity/voting interest %
DBAG Expansion Capital Fund GmbH & Co. KG	Frankfurt/Main, Germany	0.00
DBAG Expansion Capital Fund International GmbH & Co. KG	Frankfurt/Main, Germany	0.00
DBAG Fund IV GmbH & Co. KG i.L.	Frankfurt/Main, Germany	0.00
DBAG Fund IV International GmbH & Co. KG i.L.	Frankfurt/Main, Germany	0.00
DBAG Fund V GmbH & Co. KG	Frankfurt/Main, Germany	0.00
DBAG Fund V International GmbH & Co. KG	Frankfurt/Main, Germany	0.00
DBAG Fund V Co-Investor GmbH & Co. KG	Frankfurt/Main, Germany	0.00
DBAG Fund VI (Guernsey) L.P.	St. Peter Port, Guernsey	0.00
DBAG Fund VI Feeder GmbH & Co. KG	Frankfurt/Main, Germany	0.00
DBAG Fund VII SCSp	Luxembourg-Findel, Luxembourg	0.00
DBAG Fund VII B SCSp	Luxembourg-Findel, Luxembourg	0.00
DBAG Fund VII Feeder GmbH & Co. KG	Frankfurt/Main, Germany	0.00
DBAG Fund VII B Feeder GmbH & Co. KG	Frankfurt/Main, Germany	0.00
DBAG Fund VIII A (Guernsey) L.P.	St. Peter Port, Guernsey	0.00
DBAG Fund VIII B (Guernsey) L.P.	St. Peter Port, Guernsey	0.00
DBAG Fund VIII Feeder GmbH & Co. KG	Frankfurt/Main, Germany	0.00
European Private Equity Opportunities I LP	St. Peter Port, Guernsey	0.00
European Private Equity Opportunities II LP	St. Peter Port, Guernsey	0.00

The DBAG Group does not have contractual or economic commitments to these structured entities nor has it an obligation to transfer funds or assets to these companies. Exposure to economic risk relates exclusively to the advisory or management activities conducted for the

DBAG funds. Group companies receive fees based on contractual agreements for the services provided to the DBAG funds (see Note 4.2 and Note 39).

Exposure to losses from these structured entities result mainly from receivables in relation to the payment of the contractually agreed management fee. This fee is due within 30 days after payment is requested. An amount of 27,768,000 euros (previous year: 16,692,000 euros) of the receivables existing as at the reporting date refers to the management fee for DBAG Fund VII accrued since July 2019. This management fee was offset against the first distribution from DBAG Fund VII and was received by DBAG in October 2021.

€'000	**30 Sep 2021**	30 Sep 2020
Name	**Maximum loss exposure**	Maximum loss exposure
DBAG Expansion Capital Fund GmbH & Co. KG First New Investment Period (DBAG ECF I)	35	35
DBAG Expansion Capital Fund International GmbH & Co. KG First New Investment Period (DBAG ECF I)	97	98
DBAG Expansion Capital Fund International GmbH & Co. KG Second New Investment Period (DBAG ECF II)	204	0
DBAG Fund VI (Guernsey) L.P.	1,396	1,633
DBAG Fund VII SCSp	25,099	14,692
DBAG Fund VII B SCSp	3,822	2,000
DBAG Fund VIII A (Guernsey) L.P.	4,008	68
DBAG Fund VIII B (Guernsey) L.P.	123	0
DBAG Fund VIII Feeder GmbH & Co. KG	20	0
	34,804	**18,525**

All other unconsolidated structured entities in which DBAG acted as an initiator did not result in any contractual or economic commitments as at the reporting date (previous year: none) that could result in an inflow or outflow of funding, or involve an exposure to losses for the DBAG Group.

Disclosures on list of shareholdings pursuant to section 313 (2) HGB

The disclosures on the list of shareholdings pursuant to section 313 (2) of the German Commercial Code (Handelsgesetzbuch – HGB) can be found in Note 43 of these notes to the consolidated financial statements.

5. Consolidation methods

Capital consolidation is performed using the purchase method based on the date on which DBAG obtained a controlling influence over the relevant subsidiary (acquisition date). Acquisition costs are offset against the fair value of the acquired identifiable assets and assumed liabilities as well as contingent liabilities. The carrying amounts are amortised in subsequent periods.

Intra-Group balances and transactions, as well as any unrealised income and expenses from intra-Group transactions, are eliminated in the preparation of the consolidated financial statements. Deferred income taxes are taken into account in the consolidation procedures.

6. Accounting policies

Recognition of assets and liabilities

Non-financial assets are recognised in the consolidated statement of financial position if it is probable that a future economic benefit will flow to DBAG and their cost can be reliably measured.

Non-financial liabilities are recognised in the consolidated statement of financial position if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the settlement can be reliably measured.

Regular-way purchases or sales of financial assets are recognised for all financial instruments as at the settlement date.

Financial assets

Financial instruments are classified according to two criteria – the business model criterion and the cash flow criterion – into three categories. Measurement follows from the classification.

The following three categories of financial assets are used:

- "measured at amortised cost",
- "measured at fair value through other comprehensive income",
- "measured at fair value through profit or loss".

Financial assets whose cash flows consist solely of payments of principal and interest satisfy the cash flow criterion; they are classified in line with DBAG's business model:

- If the business model provides for the asset to be held in order to collect contractual cash flows, the asset is measured at amortised cost.
- If the business model provides for both the holding and the sale of assets, to cover a certain liquidity requirement for instance, these assets are measured at fair value through other comprehensive income.

However, financial assets attributable to DBAG's investment business are always measured at fair value through profit or loss. The same applies to financial assets whose cash flows do not consist solely of payments of principal and interest.

Fair value measurement of financial assets through profit or loss

Due to the operating activities of DBAG Group as a financial investor, the consolidated financial statements are largely characterised by the measurement of financial assets at fair value through profit or loss. Financial assets chiefly comprise:

- interests in investment entity subsidiaries (see Note 4.3); and
- interests in one portfolio company (see Note 4.4).

Regardless of whether they are held directly or via investment entity subsidiaries, all interests in portfolio companies are measured at fair value initially and at all subsequent quarterly and annual reporting dates by DBAG's internal Valuation Committee. The Valuation Committee includes the members of the Board of Management, two employees of the finance unit and the investment controllers.

DBAG has developed valuation guidelines for fair value measurement in accordance with IFRS 13. These guidelines are based on the recommendations set out in the International Private Equity and Venture Capital Valuation (IPEV) Guidelines as amended in December 2018, insofar as these are consistent with IFRS. DBAG's valuation guidelines specify the application of the IPEV Guidelines, insofar as the latter are vague or compliance with IFRS so requires, in order to allow them to be applied in intersubjectively clear terms to DBAG. The IPEV Guidelines do not have to be applied mandatorily; rather, they summarise standard valuation practices in the private equity industry.

General principles of fair value measurement

The fair values of the various classes of financial instruments are determined in accordance with consistent measurement methods and on the basis of uniform input factors. All assumptions and parameters which are relevant to valuation are taken into account in accordance with the IPEV Guidelines.

The valuation is performed at each quarterly and annual reporting date (valuation date), taking all the information that has an impact on value into account, i.e. all of the events between the valuation date and the date on which the consolidated financial statements are prepared, insofar as these events provide information that is relevant for valuation purposes that market participants were already aware of, or ought to have been aware of, on the valuation date.

In determining the fair value, critical judgements on the part of the Valuation Committee will become necessary to a certain extent, i.e. assumptions and estimates must be made. These are constructively substantiated by the Valuation Committee and documented in the valuation records. The assumptions and estimates are based on current knowledge developments, and the experience of the Valuation Committee, and are consistently applied without arbitrariness.

Upon the disposal of a portfolio company, the Valuation Committee analyses whether and, if so, to what extent the realised value differs from the most recently calculated fair value (a process known as "backtesting"). Backtesting provides information on the causes of the changes in value upon disposal in order to make ongoing improvements to the valuation process.

Fair value upon initial recognition

Upon initial recognition, the fair value corresponds to the acquisition price. Ancillary transaction costs are not capitalised, but are immediately expensed. Ancillary transaction costs include fees paid to intermediaries, advisers (such as legal advisers or consultants), brokers and dealers, charges levied by regulatory authorities and securities exchanges, as well as taxes and other charges incurred for the transaction.

Fair value hierarchy for subsequent measurement

On subsequent reporting dates, the fair value is measured on a going concern basis.

As far as possible, the fair value of a portfolio company as at the subsequent reporting dates is measured based on prices from transactions in the market that were observed on the valuation date or immediately prior to that date. This is normally possible for companies whose shares are quoted on the stock exchange. These portfolio companies are measured at the closing rate on the valuation date, or the closing rate on the last day of trading prior to this date. In determining prices, the principal market or the most advantageous market is used as the relevant stock exchange. The fair value thus determined is neither reduced by premiums or discounts attaching to the sale of larger blocks of shares nor by deductions for disposal costs.

For unlisted companies, a valuation methodology may be considered that is based on a signed purchase agreement or a binding purchase bid – if the completion of the purchase agreement is sufficiently assured or if the purchase bid seems realisable with reasonable assurance. If appropriate, valuations of unlisted companies can be based on relevant comparative amounts of recent transactions involving equity or equity-like instruments of the portfolio company (financing rounds) or based on relevant comparative prices of transactions that have recently taken place in the market.

If the transaction price observable in the market as at the valuation date or the price of the most recent transaction made prior to the valuation date does not constitute a sufficiently reliable measurement – for example due to insufficient liquidity in the market or in the event of a forced transaction or distressed sale – valuation methods are used that measure fair value on the basis of assumptions.

Fair value measurement methods on hierarchy level 3

The net asset value of unconsolidated subsidiaries – in particular, investment entity subsidiaries (co-investment vehicles, on-balance sheet-investment vehicles and DBG), is determined using the sum-of-the-parts procedure.

With this method, individual asset and liability items are measured separately at fair value and then aggregated to the net asset value of the unconsolidated subsidiaries.

Selected members of the investment team as well as selected members of senior management who are not members of the investment team have committed to take an interest in DBAG funds. Under certain conditions (see Note 39), this can result in a share of earnings for the members that is disproportionate to the capital invested ("carried interest"). For the purposes of fair value measurement, the total liquidation of a fund's portfolio as at the reporting date is assumed when assessing whether these conditions are met. If the total sales proceeds already realised as at a reporting date plus the fair values of the equity investments still held in the portfolio are equivalent to the full repayment of capital, then the co-investment vehicle's share in the net asset value is reduced by the computed carried interest.

The portfolio companies are measured using the multiples method. One indirectly held international fund investment is measured using the DCF method.

In case of the multiples method, the total enterprise value is determined at first by applying a multiple for a reference value of the company to be valued. In the past, the reference values used were exclusively profitability indicators. In the year under review, two portfolio companies were measured initially using revenue as the reference value since these companies are still in the start-up phase. Reference values used in the past generally were earnings before interest, tax, depreciation and amortisation (EBITDA) and earnings before interest, tax and amortisation (EBITA). The total enterprise value was generally measured as a mean on the basis of EBITDA and EBITA, in exceptional cases solely on the basis of EBITDA. As a new data source was used for the first time, valuations as at the reporting date were based for the first time exclusively on the basis of EBITDA (see below and Note 8).

The reference value is derived from a portfolio company's current financial metrics. To obtain a sustainably achievable reference value, these metrics are adjusted for special effects such as non-recurring expenses or discounts for risk projects. In addition, discounts or premiums are applied to the reference values used if there is current information that is not yet reflected in these financial metrics.

The multiple is derived from comparable recent transactions if representative recent transactions for the portfolio company were observed on the market and relevant comparative amounts for these transactions are available in sufficiently reliable and detailed form.

Since there are generally no listed companies that are comparable with the portfolio company to be valued (especially in terms of size, growth rates and margins), the multiple is predominantly derived from the starting multiple. These starting multiples are extrapolated in line with the development of the reference multiple which is in turn determined using the median for a peer group of similar companies that are as comparable as possible (so-called calibration). This calibration is applied consistently.

For the sake of consistency, an exception to the rule exists for single companies that have been included in the portfolio for a longer time. Instead of calibration, premiums or discounts are applied to the median of the peer group in order to account for the differences between the portfolio companies and the peer group companies in terms of business model, geographical focus of their business activities and their size.

The peer group multiples are obtained from external data sources. As at 30 September 2021, a changeover was made to another provider in order to improve quality of inputs. In this context, we have taken into account the further development of our investment strategy by reorganising the peer groups and defining sector-specific peer groups for each sector.

The investment in an externally-managed international fund was measured using the DCF method. Under this method, the net proceeds expected by the manager to be received from the sale of the last remaining portfolio company (after deduction of carried interest) are discounted to the valuation date by applying a discount rate.

Revenue recognition

Due to the particularities arising from the operating activities of the DBAG Group as a financial investor, "Net income from investment activity" as well as "Income from Fund Services", instead of revenues, are presented in the consolidated statement of comprehensive income. Net income from investment activity comprises the net gains and losses on measurement and disposal as well as current income from financial assets net of carried interest.

The net measurement gains and losses comprise the changes in the fair values of financial assets that are determined as at each reporting date based on the principles set out above.

The net gains and losses on disposal contain gains realised upon the (partial) disposal of financial assets. For regular-way transactions, (partial) disposals are recognised at the settlement date. The gains achieved on the transaction are therefore recorded at that date as net gains and losses on disposal. The settlement date is the day on which the contractually agreed obligations between the selling and purchasing parties are fulfilled. In the DBAG Group, this is usually the day on which the interests in the divested portfolio company are transferred in exchange for the receipt of cash and cash equivalents, a purchaser's loan or other financial assets. In the event of contractually agreed purchase price retentions for representations and warranties or other risks, these are recognised only at the date at which claims to warranty obligations or other risks are no longer probable. This may also be done on a contractually agreed pro rata basis in partial amounts per period.

Current income comprises distributions from investment entity subsidiaries as well as dividends and interest payments of the directly held portfolio company:

- Distributions from co-investment vehicles primarily consist of proceeds from the disposal of portfolio companies (after deducting carried interest, if applicable), current distributions from portfolio companies, interest on shareholder loans and repayments of shareholder loans. The distributions are triggered by the manager of the relevant DBAG fund, based on contractual terms. They are recognised as incurred.

- Distributions from the on-balance sheet investment vehicles are recognised when payment is received, while distributions from DBG are recognised on the day the distribution is resolved.

- Ongoing distributions of the directly held portfolio company are recognised on the day the distribution is resolved, while interest is recognised pro rata temporis.

Income from Fund Services is recognised when the service has been provided.

Loss allowance for financial assets not measured at fair value through profit or loss

A loss allowance is recorded for financial assets not measured at fair value through profit or loss upon its initial recognition and on every subsequent reporting date to reflect any potential future impairment. DBAG determines the loss allowance using an approach that is based on parameters. If there is insufficient parameter-based information, the loss allowance is determined individually based on cash flows. Due to the relatively minor significance of impairment in DBAG's current portfolio, simplified approaches are used where appropriate.

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are exclusively acquired for a consideration. Property, plant and equipment also comprise right-of-use assets from leases (please also refer to the explanations in the section "Leases").

These items are measured at amortised cost. Intangible assets have a determinable useful life ranging from two to five years. Property, plant and equipment have useful lives of between three and 13 years, while leases have a term of three to five years. Both intangible assets and property, plant and equipment are amortised or depreciated, respectively, on a straight-line basis over the useful life, or in the case of right-of-use assets, over the term of the lease agreement. Additions are amortised or depreciated pro rata temporis, starting in the month of recognition.

In addition, intangible assets and property, plant and equipment are tested for impairment if certain events or changes in circumstances indicate that the carrying amount is no longer recoverable. An impairment loss is recorded in the amount by which the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of fair value (less costs to sell) and its value in use.

Securities

Securities include units held in mutual funds; they are measured at fair value. Changes in the fair value are reported in the item "Other operating income" or "Other operating expenses".

Other assets

Other assets comprise other receivables and prepaid expenses. Where applicable, this item also contains the excess of plan assets over pension obligations. With the exception of prepaid expenses, value-added tax and the excess of plan assets over pension obligations, other assets are financial assets.

The financial assets included in this line item are measured at amortised cost using the effective interest method and less a loss allowance for expected credit losses

(see "Loss allowance for financial assets not measured at fair value through profit or loss").
The loss allowance is recognised in the item "Other operating expenses".

Receivables

The line item "Receivables" contains receivables from co-investment vehicles and – for the first time in the financial year 2020/2021 – receivables from DBAG funds. In the previous year, the receivables from DBAG funds were included in other current assets. Receivables are measured at amortised cost. They are presented by analogy with other assets.

Other financial instruments

The item "Other financial instruments" includes short-term loans to our co-investment vehicles. They are measured at fair value through profit or loss as they are attributable to our investment business. Changes in the fair value correspond to interest accrued during the reporting period and are recorded in the line item "Interest income".

Income tax assets

The item "Income tax assets" contains receivables from corporation and withholding tax. These relate to current taxes that are withheld upon distributions and interest payments and are recoverable for corporation tax purposes. Income tax assets are recognised in the relevant amount for tax purposes.

Cash and cash equivalents

Cash and cash equivalents relate to cash in hand and bank balances. They are measured at amortised cost. They are presented by analogy with other assets.

Deferred taxes

Deferred taxes are determined on temporary differences arising between the tax base of assets and liabilities and their IFRS carrying amounts, as well as on tax loss carryforwards. They are calculated on the basis of a combined Group income tax rate of currently 31.925 per cent. The combined income tax rate comprises corporation tax, trade tax and solidarity surcharge. Deferred tax assets and liabilities are offset. Deferred tax liabilities are recognised in the statement of financial position if there is an overall tax charge. A tax benefit is recognised as deferred tax assets to the extent that future sufficient taxable profit will be available.

Liabilities under interests held by other shareholders

The item "Liabilities under interests held by other shareholders" comprises interests held by non-Group shareholders in the fully-consolidated companies included in the consolidated financial statements. They are recognised under liabilities since they are interests held in partnerships or callable shares in corporations. They represent financial liabilities and are therefore recorded using the pro-rata share in the company's share capital.

Pension obligations and plan assets

DBAG has pension obligations arising under various defined benefit plans. Application of the plans is subject to the date at which the respective employees joined the Company. The amount of the pensions is measured on the basis of the underlying plan, the amount of the salary and the employees' length of service.

The pension obligations of the Group companies are offset by assets of a legally independent entity ("contractual trust agreement" in the form of a bilateral trust) that may only be used to cover the pension commitments granted and are not accessible to any creditors (qualified plan assets).

The pension obligations under the defined benefit obligations are measured using the actuarial projected unit credit method. This method involves measuring the future obligations based on the pro rata benefit entitlements acquired by the reporting date. They show the part of the benefit obligations that has been recognised in profit or loss by the reporting date. The measurement includes assumptions regarding the future development of certain actuarial parameters, such as the life expectancy of current and future pensioners, increases in salaries and pensions as well as the interest rate used to discount the obligations. The discount rate is calculated based on the returns that are applicable at the reporting date for long-term corporate bonds of issuers with highest credit ratings with a comparable maturity.

Plan assets are measured at fair value.

For presentation in the financial statements, the present value of pension obligations is netted against the fair value of the plan assets. Any net defined benefit assets or liabilities are neither aggregated nor offset. Should the fair value of any plan assets exceed the present value of the related pension obligations, such net defined benefit asset will be recognised in "Other non-current receivables". Any net defined benefit liability is reported under "Provisions for pension obligations".

Service cost is recognised in personnel expenses and net interest on the net defined benefit liability in interest expenses. Net interest comprises interest cost for pension obligations and interest income on plan assets. It is calculated using the actuarial rate that applies to pension obligations.

Remeasurements of the net defined benefit liability are recognised in other comprehensive income. They comprise actuarial gains and losses from changes in financial and demographic assumptions as well as from experience adjustments.

Other provisions

Other provisions are recognised as liabilities if there is a third-party obligation and it is probable that there will be an outflow of resources to settle the obligation. Non-current provisions are subject to discounting.

Credit liabilities

Loan liabilities refer to liabilities to banks. They are initially recognised at cost. They are subsequently measured at amortised cost, using the effective interest method.

Other liabilities

Other liabilities comprise current non-interest-bearing liabilities and lease liabilities. Non-interest-bearing liabilities are recognised at their nominal value. We refer to the explanations with regard to lease liabilities included in the following section.

Leases

In the case of leases, an asset for the usage right as well as a corresponding lease liability for the outstanding lease payments is recognised.

The carrying amount of lease liabilities upon initial measurement corresponds to the present value of the lease payments required to be made. The present value is determined using the incremental borrowing rate that is applicable when the leased asset is made available for use. For subsequent measurement, the carrying amount of the lease liability is increased by the same interest rate and reduced to reflect the lease payments made. The lease liabilities are recognised in other liabilities; interest on the lease liabilities is recorded as interest expense. Both the principal portion and the interest portion of a lease payment are presented within cash flow from financing activities.

The cost of the right-of-use asset equals the present value of any lease payments to be made plus any lease payments made at or before the commencement of the lease term, any initial direct costs and any expected costs incurred in dismantling and removing the leased asset. Any lease incentives received are deducted. Upon subsequent measurement, the right-of-use asset is recognised at amortised cost. Right-of-use assets are recognised in property, plant and equipment.

DBAG does not record a right-of-use asset or a lease liability in the case of leases for low-value assets. Instead, lease payments are recorded as other operating expenses.

Other financial commitments, contingent liabilities and trusteeships

Other financial commitments are disclosed outside the statement of financial position: they arise to the extent that there is a legal or constructive third-party obligation for DBAG as at the reporting date.

Permanent debt obligations are disclosed in the notes to the consolidated financial statements at the sum total of future minimum lease payments. Contingent liabilities are disclosed at the settlement amount and trusteeships at their fair values in the notes to the consolidated financial statements.

Other comprehensive income

In addition to net income, other comprehensive income is the second component of total comprehensive income. Transactions that do not affect net income are recognised through other comprehensive income. Non-Group shareholders are not allocated a share in other comprehensive income.

Currency translation

Foreign currency receivables and liabilities, if any, are recognised through profit or loss at the closing exchange rate. Since the functional currency of the foreign subsidiaries is the euro, there is no currency translation within the context of consolidation.

7. Use of judgement in applying the accounting methods

Application of the accounting methods requires making judgements that can materially influence the reported amounts in the consolidated financial statements.

The judgement that has the largest effect on the amounts recognised in the consolidated financial statements is the assessment whether DBAG, as the parent company, is deemed to have the status of an investment entity pursuant to IFRS 10.

Please refer to Note 4 above. Due to the status of DBAG as an investment entity, the investment entity subsidiaries continue to be not included in the consolidated financial statements as fully-consolidated companies, but are instead recognised at fair value.

The consolidation methods and accounting policies applied that were based on the other judgements are detailed in Notes 4 to 6.

8. Future-oriented assumptions and other major sources of estimation uncertainty

Preparation of the consolidated financial statements requires the use of future-oriented assumptions and estimations. These can have a material impact on the carrying amounts of consolidated statement of financial position items as well as the level of income and expenses. What future-oriented assumptions and estimations have in common is the uncertainty about the outcomes. The Board of Management makes decisions on assumptions and estimations after careful consideration of the most recently available reliable information as well as from past experience. Assumptions and estimations also relate to issues over which the Board of Management has no influence, for instance, economic or financial market conditions. The actual outcomes can therefore differ from the assumptions and estimations underlying these consolidated financial statements. In the event that new information or changed empirical values become available, the assumptions and estimations are adjusted accordingly. The effect of a change in an assumption or estimation is recognised in the financial year in which the change takes place and, if appropriate, in later financial years in the carrying amount of that item in the consolidated statement of financial position as well as in the consolidated statement of comprehensive income.

As at the reporting date, the multiples used for portfolio valuation of listed peer group companies are derived for the first time from a new external data source; the goal of this is to improve the quality of the inputs used for measurement. Two additional changes were introduced in the context of the changeover to the new external data source: On the one hand, sector-specific peer groups were defined rather than company-specific peer groups for the calibration of starting multiples, and on the other hand, the total value of the portfolio companies is calculated for the first time exclusively on the basis of EBITDA (see Note 6 under the heading "Fair value measurement methods on hierarchy level 3"). The effect of this change in estimates was taken into account in the measurement of financial assets and in net income from investment activity for the first time as at the reporting date 30 September 2021. The cumulative effect from these changes on total comprehensive income and equity of the Group amounts to -6,529,000 euros.

Due to assumptions about the future and other sources of estimation uncertainty, there is a risk of having to make material adjustments to the carrying amounts of assets or liabilities as at the following reporting date. We judge the materiality, inter alia, by means of the effects on Group equity. We consider an adjustment to the carrying amount in the range of three per cent of Group equity as being material. Moreover, we consider the effects on the overall presentation of the Group's financial position and performance as well as qualitative aspects.

The risk of a subsequent adjustment of carrying amounts exists particularly as far as financial assets are concerned, to the extent that their fair values were determined using inputs that were not mainly based on observable market data (fair value hierarchy level 3, see Note 6).

Fair values of level 3 are contained in the item "Financial assets" in the amount of 545,339,000 euros (previous year: 390,741,000 euros) (see Note 34.1). They largely concern those financial assets that are measured at fair value using the multiples method. The extent of possible effects on these fair values in the event of an adjustment of assumptions and estimations cannot be quantified. However, should the underlying multiples change by +/-1, this would result – ceteris paribus – in an adjustment in the fair values by +/-21,283,000 euros (previous year: +/-18,871,000 euros). This equates to three per cent of Group equity (previous year: four per cent).

NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

9. Net income from investment activity

€'000	2020/2021	2019/2020
Interests in investment entity subsidiaries	178,676	(16,829)
Interests in portfolio companies	(301)	(24)
International fund investments	0	(17)
Other financial assets	3	7
	178,378	**(16,864)**

Interests in investment entity subsidiaries are subsidiaries of DBAG (see Note 4.3) through which DBAG makes its equity investments, i.e. both its co-investments alongside DBAG funds and its Long-Term Investments which DBAG makes independently from DBAG funds. The significant assets of these investment entity subsidiaries are interests in and receivables from portfolio companies. Interests in investment entity subsidiaries are recognised at fair value through profit or loss.

The item includes the gross change in the fair values of the interests in portfolio companies held via the investment entity subsidiaries in the amount of 120,938,000 euros (previous year: -63,788,000 euros). In addition, this item includes the net returns from the disposal or partial disposal and the recapitalisation of portfolio companies, as well as current income (interest income and distributions) in the amount of 57,738,000 euros (previous year: 46,959,000 euros). The gross change is reduced by the increase of the imputed carried interest (32,212,000 euros; previous year: reduced by the reversal in the amount of 4,932,000 euros).

Directly held interests in portfolio companies relate to one DBAG investment entered into prior to the launch of DBAG Fund V (see Note 4.4). The net income results from the change in the fair value of the interests as well as from current income from distributions.

The international fund investment was derecognised in the previous year after the disposal of the last portfolio company.

For further information on net income from investment activity, we refer to the explanations included in the combined management report under the heading "Net income from investment activity".

10. Income from Fund Services

€'000	2020/2021	2019/2020
DBAG ECF	1,678	1,726
DBAG Fund VI	7,182	7,891
DBAG Fund VII	14,489	16,576
DBAG Fund VIII	18,664	3,042
Other	70	69
	42,083	**29,304**

Income from Fund Services results from management or advisory services for the DBAG funds.

Income from DBAG ECF and DBAG Fund VI fell compared to the previous year, following divestments of portfolio companies.

Upon the start of the investment phase of DBAG Fund VIII, the calculation base for the DBAG Fund VII changed; since then, income has been determined on the basis of the invested capital, rather than on the basis of capital commitments, as previously used. As a result, this income declined during the reporting period.

Income from DBAG Fund VIII, which has been received since the start of its investment period on 1 August 2020 and is calculated on the basis of capital commitments, increased accordingly.

11. Personnel expenses

€'000	**2020/2021**	2019/2020
Wages and salaries		
Fixed salary and fringe benefits	13,273	11,706
Variable remuneration, performance-related	7,922	5,159
Variable remuneration, transaction-related	89	-256
	21,284	16,609
Social contributions and expenses for pension plans	**1,817**	**1,788**
thereof for state pension plan	648	832
	23,101	**18,397**

The performance-related variable remuneration refers to members of the Board of Management and DBAG employees. For more information on the remuneration of the Board of Management, please refer to the remuneration report, which is, for the last time, an integral part of the combined management report.

Since the financial year 2014/2015, the performance-related variable remuneration scheme for managing members of the investment team has been based on new investments entered into, portfolio performance and the success of divestments. For the other members of the investment team and employees in corporate functions, the variable remuneration is based on company and personal performance.

Transaction-related variable remuneration refers to current and former members of the Board of Management and members of the investment team based on older systems no longer in use. More information regarding these systems is also included in the remuneration report.

The number of employees (excluding members of the Board of Management) in the DBAG Group was as follows as at the reporting date:

	30 Sep 2021	30 Sep 2020
Employees (full-time)	63	64
Employees (part-time)	14	13
Trainees	2	4

As at the end of the financial year 2020/2021, the Board of Management consisted of four (previous year: three) members.

In the financial year 2020/2021, an average of 77 (previous year: 71) employees and two (previous year: five) trainees were employed in the DBAG Group.

12. Other operating income

€'000	**2020/2021**	2019/2020
Income from consultancy expenses that can be passed through	2,898	3,152
Income from securities	0	289
Income from exchange rate differences	0	1
Income from positions held on supervisory boards and advisory councils	50	54
Income from the reversal of provisions	232	47
Other	443	990
	3,623	**4,534**

Consultancy expenses that can be passed through refer to advances on behalf of DBAG funds and/or portfolio companies. The decline of income from consultancy expenses that can be passed through corresponds to the decrease of the consultancy expenses that can be passed through (see Note 13).

Income from positions held on supervisory boards and advisory councils relates to income from activities of DBAG employees on the supervisory boards of portfolio companies whose shares are held DBAG or external companies. Remuneration for work on the boards of portfolio companies held via the DBAG funds are presented under income from Fund Services.

Income from the reversal of provisions increased year on year and primarily resulted from the reversal of other personnel-related provisions.

13. Other operating expenses

€'000	**2020/2021**	2019/2020
Consultancy expenses that can be passed through	2,960	3,186
Other consultancy expenses	1,028	1,441
Consultancy expenses for deal sourcing	2,007	1,168
Audit and tax consultancy expenses	804	639
Total consultancy expenses	6,800	6,433
Value-added tax	1,163	622
Travel and hospitality expenses	278	454
Premises expenses	308	338
Maintenance and license costs for hardware and software	866	543
External employees and other personnel expenses	539	844
Corporate communications, investor relations, media relations	466	503
Depreciation and amortisation of property, plant and equipment and intangible assets	1,215	1,417
Annual report and general meeting	716	668
Supervisory Board remuneration	501	502
Other	1,694	1,586
	14,546	**13,911**

The decrease of the consultancy expenses that can be passed through corresponds to the decline in income from consultancy expenses that can be passed through (see Note 12).

The item "Value-added tax" refers to non-deductible input taxes as a result of revenues that are not taxable.

As in the previous year, the further decrease in travel and hospitality expenses is attributable to the COVID-19 pandemic as a number of meetings were held in a virtual meeting format and entertainment expenses also declined. In the year under review, employees of DBAG mainly were working from home for a period of ten months.

Maintenance and license costs for hardware and software increased in connection with expanding the digital network and intensifying security measures.

The item "Other" consists of miscellaneous operating expenses, mainly motor vehicles, fund fees, insurance and office material.

14. Interest income

€'000	**2020/2021**	2019/2020
Other financial instruments	703	233
Securities	0	90
Tax authorities	60	21
Other	9	6
	771	**350**

Interest income from other financial instruments relates to short-term bridge financings granted to co-investment vehicles (see Note 21).

15. Interest expenses

€'000	**2020/2021**	2019/2020
Interest cost for pension obligation	222	202
Expected interest income from plan assets	(142)	(116)
Net interest on net defined benefit liability	81	86
Securities	0	253
Credit lines	1,192	441
Tax authorities	166	0
Other	51	19
	1,489	**799**

The expected interest income from plan assets is calculated based on the same interest rate used for the determination of present value of the pension obligations. We refer to Note 26 for information on the parameters for the two components of the net interest on net defined benefit liability.

Interest expenses for the credit lines relate to the annual commitment fee as well as interest for the drawdown of both credit lines (see Note 28). The increase is attributable to the drawdown of credit lines as well as the step-up during the reporting year.

The interest expenses from leases amounts to 25,000 euros (previous year: 11,000 euros) and is reported under the item "Other". This item also comprises expenses from the interest cost on jubilee payment obligations.

16. Income taxes

€'000	2020/2021	2019/2020
Current taxes	3,534	521
Deferred taxes	(2,957)	444
	577	**965**

Expenses from current taxes result from the increase of income taxes payable for the assessment period 2021. The tax expense consists of corporate income tax and solidarity surcharge in the amount of 926,000 euros (previous year: 341,000 euros) at the level of DBAG as well as of trade taxes of 2,608,000 euros (previous year: 185,000 euros) at the level of one subsidiary.

Corporate income tax and solidarity surcharge in the amount of 508,000 euros refer to the 2021 assessment period and in the amount of 418,000 to the 2020 assessment period (corporate income tax and solidarity surcharge increased from 341,000 euros to 759,000 euros compared to the preliminary calculation set out in the 2019/2020 Annual Report within the context of preparing the tax returns for the 2020 assessment period).

Trade taxes in the amount of 1,897,000 euros refer to the 2021 assessment period (previous year: 379,000 euros; trade taxes increased from 185,000 euros to 379,000 euros compared to the preliminary calculation set out in the 2019/2020 Annual Report within the context of preparing the tax returns for the 2020 assessment period). In addition, trade taxes in the amount of 517,000 euros refer to the 2018 assessment period as a result of changed assessments.

Income from deferred tax assets in the amount of 2,957,000 euros (previous year: expense in the amount of 444,000 euros) results from expenses in the amount of 214,000 euros on the level of a subsidiary and income in the amount of 3,170,000 euros on DBAG level. As at 30 September 2021, the subsidiary no longer reports any trade tax loss carryforwards (previous year: 1,326,000 euros). Trade tax loss carryforwards were used in the reporting year due to a changed assessment for the 2018 assessment period, while the deferred tax assets of 214,000 euros were derecognised. There are no taxable temporary differences for the subsidiary. Income in the amount of 3,170,000 euros refers to DBAG and is based on the first-time recognition of corporate income tax loss carryforwards as deferred tax assets (see the following explanations).

As at the reporting date, DBAG has corporation tax loss carryforwards in the amount of 81,983,000 euros (previous year: 95,477,000 euros; the loss carryforward of the previous year has declined from 95,477,000 euros to 87,796,000 euros compared to the preliminary calculation set out in the 2019/2020 Annual Report within the context of preparing the tax returns for the 2019 and 2020 assessment periods). Since DBAG has been subject to accumulated (taxable) gains during the observation period, which includes the reporting year as well as the two previous years, deferred tax assets have to be recognised in the amount of losses that are expected to be utilised. Based on the adopted medium-term planning for the next three financial years and the tax planning derived therefrom, it can be assumed that the corporate income tax loss carryforwards of 20,033,000 euros will be used within the next three assessment periods. Deferred tax income is calculated using the combined tax rate of 15.825 per cent and amounts to 3,170,000 euros.

Deferred tax liabilities on temporary differences exist in a total amount of 2,854,000 euros (previous year: 1,324,000 euros). These result from financial assets (1,327,000 euros), from pension provisions (626,000 euros), from right-of-use assets (604,000 euros), from current assets (161,000 euros), from provisions for expenses (78,000 euros) and from tax adjustment items (57,000 euros), which were offset against deferred tax assets on temporary differences in the same amount. These deferred tax assets on temporary differences are primarily attributable to securities used to cover pension obligations (3,881,000 euros), to lease liabilities (629,000 euros), current assets (103,000 euros), other liabilities (78,000 euros), property, plant and equipment (54,000 euros), other provisions (42,000 euros) as well as provisions for partial retirement, bonuses and jubilee payments (23,000 euros).

In the year under review, there are no temporary differences in connection with interests in subsidiaries for which no deferred tax liabilities were recognised.

In the reporting year, none of the other fully-consolidated Group companies had temporary differences between IFRS measurement and the tax base.

In the case of one of these subsidiaries, there is an excess of deferred tax assets which is due to tax loss carryforwards (which can be utilised for an indefinite period of time) in the amount of 6,879,000 euros (previous year: 6,745,000 euros); the loss carryforward of the previous year decreased from 13,130,000 euros to 6,745,000 euros compared to the preliminary calculation set out in the 2019/2020 Annual Report as a result of a changed assessment for the 2013 to 2017 assessment periods). Based on the conducted business activities and the determination of taxable profit, it is not probable that, in future, there will be sufficient trade income to utilise the tax benefit. Therefore, we did not recognise deferred tax assets at this Group company.

As at 30 September 2021 – as in the previous year – there were neither deferred income tax assets nor deferred income tax liabilities that were directly offset against equity. In addition, no income taxes are allocated to components of other comprehensive income.

The reconciliation of a corporation's tax expense (previous year: tax income) that can be expected in theoretical terms to the tax expense actually recognised in DBAG's consolidated financial statements is as follows:

€'000	**2020/2021**	2019/2020
Earnings before taxes	185,720	(15,782)
Applicable tax rate for corporations (%)	31,925	31,925
Theoretical tax expenses/income	**59,291**	**(5,038)**
Change in theoretical tax expenses/income:		
Tax-exempt net gain on measurement and on disposal	(15,928)	(1,389)
Tax-exempt net loss on measurement and on disposal	0	11,708
Current income from financial assets	(8,871)	(7,331)
Non-deductible operating expenses	116	52
Effect from trade tax exemption	(28,024)	3,358
Effect from the utilisation of loss carryforwards not recognised	(920)	0
Effect from unrecognised losses in the reporting period	0	(670)
Effects from the recognition of previously unrecognised deferred tax assets on loss carryforwards	(3,170)	0
Unrecognised deferred tax assets on tax loss carryforwards	(1,140)	668
Effect of tax rate differences	(1,864)	(67)
Effects from taxes relating to previous periods	1,128	0
Other effects	(41)	(326)
Income taxes	**577**	**965**
Tax rate (%)	0.31	(6.12)

The expected tax rate of 31.925 per cent for corporations is composed of corporation tax and a solidarity surcharge (totalling 15.825 per cent) as well as municipal trade tax of the city of Frankfurt/Main (16.10 per cent) (also see explanations in Note 6 under the heading "Deferred taxes"). DBAG's actual tax rate remains unchanged at 15.825 per cent, consisting of corporation tax and solidarity surcharge. As a special investment company, DBAG is exempt from municipal trade tax. The effect from the exemption from trade tax amounted to -28,024,000 euros in the reporting year (previous year: 3,358,000 euros).

A main pillar of DBAG's business is the acquisition and disposal of investments which mainly are corporations. The tax effect in accordance with section 8b German Corporation Tax Act (Körperschaftsteuergesetz – KStG) amounts to -24,799,000 euros (previous year: 2,988,000 euros), comprising tax-exempt net gains and losses on measurement and disposal as well as current income from financial assets.

The tax effect resulting from non-deductible operating expenses amounts to 116,000 euros in the reporting year (previous year: 52,000 euros).

Due to the use of the corporate income tax loss carryforwards, which previously have not been recognised as deferred tax assets, the tax effect arising in the reporting year amounts to -920,000 euros (previous year: nil euros). The first-time recognition of deferred tax assets on corporate income tax loss carryforwards results in a tax effect of -3,170,000 euros (previous year: nil euros). There were no tax effects from unrecognised losses of the reporting year (previous year: -670,000 euros).

Unrecognised deferred tax assets on temporary differences lead to a tax effect of -1,140,000 euros in the reporting year (previous year: 668,000 euros).

The tax effect from taxes on income for prior years amounts to 1,128,000 euros in the reporting year (previous year: nil euros).

The other effects amounted to -41,000 euros in the reporting year (previous year: -326,000 euros, including -17,000 euros from the derecognition of the tax liability for the 2018 assessment period).

The tax effect from tax rate differences amounted to -1,864,000 euros in the reporting year (previous year: -67,000 euros).

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

17. Intangible assets/property, plant and equipment

€'000	Acquisition cost			
	1 Oct 2020	Additions	Disposals	30 Sep 2021
Intangible assets	2,167	53	0	2,220
Property, plant and equipment	8,236	233	231	8,238
of which right-of-use assets	5,722	197	177	5,741
	10,403	**286**	**231**	**10,458**

€'000	Depreciation, amortisation and impairment				Carrying amounts	
	1 Oct 2020	Additions	Disposals	30 Sep 2021	30 Sep 2021	30 Sep 2020
Intangible assets	1,677	103	0	1,781	439	490
Property, plant and equipment	3,092	1,112	185	4,018	4,220	5,144
of which right-of-use assets	987	965	145	1,807	3,934	4,735
	4,769	**1,215**	**185**	**5,799**	**4,659**	**5,634**

€'000	Acquisition cost			
	1 Oct 2019	Additions	Disposals	30 Sep 2020
Intangible assets	1,794	373	0	2,167
Property, plant and equipment	4,397	4,091	253	8,236
of which right-of-use assets	1,774	3,983	36	5,722
	6,191	**4,464**	**253**	**10,403**

€'000	Depreciation, amortisation and impairment				Carrying amounts	
	1 Oct 2019	Additions	Disposals	30 Sep 2020	30 Sep 2020	30 Sep 2019
Intangible assets	1,494	184	0	1,677	490	301
Property, plant and equipment	2,041	1,234	183	3,092	5,144	582
of which right-of-use assets	0	1,007	20	987	4,735	0
	3,535	**1,417**	**183**	**4,769**	**5,634**	**883**

The right-of-use assets refer to business premises in the amount of 3,700,000 euros (previous year: 4,502,000 euros) as well as motor vehicles and copiers in the amount of 234,000 euros (previous year: 233,000 euros).

Depreciation, amortisation and impairment for the financial year exclusively comprised scheduled depreciation/amortisation. An amount of 801,000 euros (previous year: 824,000 euros) of the depreciation for right-of-use assets was attributable to business premises.

DBAG makes use of the option provided for under IFRS 16 and does not recognise right-of-use assets from leases for which the underlying asset is of low value. The expenses from such leases amounted to 14,000 euros in the reporting year (previous year: nil euros).

18. Financial assets

€'000	**30 Sep 2021**	30 Sep 2020
Interests in investment entity subsidiaries	541,748	386,535
Interests in portfolio companies	3,483	4,152
Other financial assets	107	55
	545,339	**390,741**

Financial assets are measured at fair value through profit or loss.

This item exhibited the following movements during the reporting period:

€'000	1 Oct 2020	Additions	Disposals	Changes in value	**30 Sep 2021**
Interests in investment entity subsidiaries	386,535	90,058	55,783	120,938	541,748
Interests in portfolio companies	4,152	0	0	(668)	3,483
Other financial assets	55	54	0	(2)	107
	390,741	**90,112**	**55,783**	**120,268**	**545,339**

€'000	1 Oct 2019	Additions	Disposals	Changes in value	30 Sep 2020
Interests in investment entity subsidiaries	380,275	92,938	22,873	(63,805)	386,535
Interests in portfolio companies	4,937	0	0	(786)	4,152
International fund investment	406	0	406	0	0
Other financial assets	74	27	42	(4)	55
	385,693	**92,965**	**23,321**	**(64,595)**	**390,741**

Additions to interests in investment entity subsidiaries mainly refer to capital calls for investments in equity interests as well as acquisition cost for Long-Term Investments.

Disposals of interests in investment entity subsidiaries result from distributions due to the divestment of shares in portfolio companies as well as the repayment of equity and shareholder loans in connection with recapitalisations or short-term bridge financings granted to portfolio companies.

The changes in value are recorded under the item "Net income from investment activity" in the consolidated statement of comprehensive income.

For further information on financial assets, we refer to the combined management report under the heading "Financial assets".

19. Receivables

€'000	30 Sep 2021	30 Sep 2020
Receivables from Fund Services	33,647	0
Receivables from expenses that can be passed through	1,863	0
Receivables from DBAG funds	35,510	0
Receivables from co-investment vehicles	9,593	5,071
Receivables from portfolio companies	29	0
	45,132	**5,071**

The receivables from Fund Services are mainly due from DBAG Fund VII, for which the management fee since July 2019 has not yet been called from investors.

The receivables from expenses that can be passed through are mainly due from DBAG Fund VII and DBAG Fund VIII. The refer to advisory costs for transactions that eventually were not entered into.

The receivables from DBAG funds were reported under other assets in the previous year (see Note 23) and were reclassified to receivables in the reporting year.

Receivables from co-investment vehicles also primarily result from the management fee for DBAG Fund VII.

20. Securities

In the financial year 2020/2021, financial resources that are not needed for the time being in the amount of 75,112,000 euros (previous year: nil euros) were invested in money market funds. The fair value amounts to 75,059,000 euros as at the reporting date (previous year: nil euros).

21. Other financial instruments

Other financial Instruments exclusively comprise loans to co-investment vehicles in the amount of 20,332,000 euros (previous year: 25,988,000 euros). As at the reporting date, these exclusively refer to DBAG Fund VII. They represent loans that are granted by DBAG for the pre-financing of investments in new portfolio companies with a term of up to 270 days.

22. Tax assets and income taxes payable

€'000	30 Sep 2021	30 Sep 2020
Tax assets		
Deferred tax assets	3,170	214
Income tax assets	829	5,524
Income tax liabilities	4,059	526

Income tax assets contain applicable taxes for the financial year 2020/2021 and the previous year.

Additions to income taxes payable as at 30 September 2021 refer to a preliminary calculation of corporate income tax and solidarity surcharge of 926,000 euros (previous year: 341,000 euros) as well as trade tax of a subsidiary in the amount of 2,608,000 euros (previous year: 185,000 euros).

Corporate income tax and solidarity surcharge in the amount of 508,000 euros refer to the 2021 assessment period and in the amount of 418,000 euros to the 2020 assessment period. Corporate income tax and solidarity surcharge increased from 341,000 euros to 759,000 euros compared to the preliminary calculation presented in the 2019/2020 Annual Report within the context of preparing the tax returns for the 2020 assessment period.

Trade taxes in the amount of 1,897,000 euros refer to the 2021 assessment period (previous year: 379,000 euros). Trade taxes increased from 185,000 euros to 379,000 euros compared to the preliminary calculation set out in the 2019/2020 Annual Report within the context of preparing the tax returns for the 2020 assessment period. In addition, trade taxes in the amount of 517,000 euros refer to the 2018 assessment period as a result of changed assessments.

Tax loss carryforwards were recognised in deferred taxes as follows:

€'000	**30 Sep 2021**	30 Sep 2020
Tax loss carryforwards for corporation tax	81,983	87,796
thereof usable	20,033	0
Tax loss carryforwards for trade tax	6,879	6,745
thereof usable	0	0

The corporation tax loss carryforwards preliminarily determined in the previous year in the amount of 95,477,000 euros declined to 87,796,000 euros due to the income tax returns prepared in the reporting year for the assessment periods 2019 and 2020.

No deferred taxes were recorded for the trade tax loss carryforwards of a subsidiary.

The usable trade tax loss carryforwards reported in the 2019/2020 financial year relate to a subsidiary for which deferred tax assets of 214,000 euros exist as at the reporting date (previous year: 658,000 euros). As a result of a changed assessment for the assessment periods 2017 and 2018, the usable trade tax loss carryforwards were fully offset against a trade tax income; as a consequence, the deferred tax asset of 214,000 euros was derecognised.

Since DBAG has been subject to accumulated (taxable) gains during the observation period, which includes the reporting year as well as the two previous years, deferred tax assets have to be recognised in the amount of losses that are expected to be utilised. Based on the adopted medium-term planning for the next three financial years and the tax planning derived therefrom, it can be assumed that the corporate income tax loss carryforwards of 20,033,000 euros will be used within the next three assessment periods. Deferred tax income is calculated using the combined tax rate of 15.825 per cent and amounts to 3,170,000 euros.

Deductible temporary differences exist at DBAG in the amount of 12,371,000 euros (previous year: 19,575,000 euros) which were not recognised in the financial statements.

23. Other assets

Other assets can be broken down as follows:

€'000	30 Sep 2021	30 Sep 2020
Receivables from Fund Services	0	18,205
Receivables from expenses that can be passed through	0	2,616
Receivables from DBAG funds	0	20,819
Rental deposit	405	405
Value-added tax	781	1,132
Other loans and advances	1,510	691
	2,696	**23,047**

Receivables from DBAG funds are recorded under receivables for the first time in the reporting year (see Note 19).

Value-added tax pertains to outstanding refunds of input tax credits.

Other loans and advances mainly comprise prepaid expenses and loans granted to employees.

Rental deposits and other loans and advances in the amount of 242,000 euros (previous year: 212,000 euros) have a term of more than one year and are shown as non-current assets.

24. Equity

Share capital/number of shares

After the implementation of the capital increase, the Company's subscribed capital (share capital) amounts to 66,733,328.76 euros as at 30 September 2021 (previous year: 53,386,664.43 euros) and is fully paid in.

Share capital in €'000	2020/2021	2019/2020
At start of reporting period	53,387	53,387
Additions	13,347	0
At end of reporting period	**66,733**	**53,387**

The share capital is divided into 18,804,992 no-par value registered shares (previous year: 15,043,994).

Number of shares	2020/2021	2019/2020
At start of reporting period	15,043,994	15,043,994
Additions	3,760,998	0
At end of reporting period	**18,804,992**	**15,043,994**

The notional interest in the share capital amounts to approximately 3.55 euros per share. Each share is entitled to one vote.

The shares are admitted to trading on the Frankfurt Stock Exchange (Prime Standard) and the Dusseldorf Stock Exchange (Regulated Market). Shares in the Company are also traded on the over-the-counter markets of the stock exchanges in Berlin, Hamburg-Hanover, Munich and Stuttgart.

Capital increase

On 12 April 2021, the Board of Management, with the approval of the Transaction Committee of the Supervisory Board issued on the same date, resolved to utilise Authorised Capital 2017 and to increase the Company's share capital through the issuance of up to 3,760,998 new no-par value registered shares against cash contributions. The new shares were offered to the Company’s existing shareholders in the period from 14 April 2021 to 27 April 2021 at a subscription ratio of one new share for every four existing shares by way of an indirect subscription right, at a subscription price of 28.00 euros for each new share.

Within the context of the subscription offer, 3,725,104 shares from the rights issue were subscribed by the Company’s shareholders. The remaining unsubscribed 35,894 shares from the rights issue were placed in the market by the underwriting banks at a price of 33.75 euros per share. Upon the registration of the capital increase in the commercial register on 29 April 2021, the Company's share capital was increased from 53,386,664.43 euros by 13,346,664.33 euros to 66,733,328.76 euros following the issue of 3,760,998 new no-par value registered shares.

The gross issue proceeds from the capital increase amount to approximately 105 million euros. The transaction costs directly related to the capital increase amounted to 5,581,048.71 euros and were deducted from the capital reserve. The capital reserve increased from 173,761,896.85 euros by 86,586,621.46 euros to 260,348,518.31 euros.

Authorised capital

On 22 February 2017, the Annual General Meeting had authorised the Board of Management to increase the share capital of the Company, with the consent of the Supervisory Board, until 21 February 2022 by up to a total of 13,346,664.33 euros through one or more issues of new no-par value registered shares in exchange for cash or non-cash contributions (Authorised Capital 2017).

The Authorised Capital 2017 was fully utilised upon the implementation of the capital increase in April 2021.

Purchase of treasury shares

By way of a resolution passed by the Annual General Meeting held on 21 February 2018, the Board of Management is authorised up to 20 February 2023, subject to the consent of the Supervisory Board, to acquire treasury shares for purposes other than trading in treasury shares up to a maximum volume of ten per cent of the existing share capital at the time (53,386,664.43 euros) when the Annual General Meeting was held or – if this value is lower – of the share capital existing at the time of exercising this authorisation. In the reporting year, the Board of Management did not make use of this authorisation.

Conditional capital

The Board of Management is authorised, subject to the consent of the Supervisory Board, to issue on one or more occasions in the period up to 21 February 2022 warrant-linked bonds and/or convertible bonds in bearer or registered form (together referred to as ”bonds”) with a limited or an unlimited term in a total nominal amount of up to 140,000,000.00 euros. It is also authorised to grant holders of warrant-linked bonds warrants, and the holders or creditors of convertible bonds conversion rights (or to impose conversion obligations, if applicable), to acquire registered shares in the Company with a proportionate interest in the share capital of up to 13,346,664.33 euros under the terms and conditions specified for the warrant-linked bonds or convertible bonds (jointly referred to as ”bond conditions”).

As an alternative to the issuance in euro, the bonds may also be issued in any currency which is the legal tender of an OECD member state (limited, however, by the equivalent value in euro).

The bonds may also be issued by companies in which the Company directly or indirectly holds a majority stake. In such an event, the Board of Management shall be authorised, subject to the consent of the Supervisory Board, to assume the guarantee for the bonds on behalf of the Company and to grant the holders and/or creditors of such bonds option or conversion rights (or to impose conversion obligations) to acquire no-par value registered shares in the Company. In the reporting year, the Board of Management did not make use of this authorisation.

Capital reserve

€'000	**2020/2021**	2019/2020
At start of reporting period	173,762	173,762
Additions	86,587	0
At end of reporting period	**260,349**	**173,762**

As before, the capital reserve comprises amounts received in the issuance of shares in excess of nominal value. The increase of the capital reserve in the past financial year is the result of the capital increase.

Retained earnings and other reserves

Retained earnings and other reserves comprise

- the legal reserve as stipulated by German stock corporation law,
- first-time adopter effects from the IFRS opening statement of financial position as at 1 November 2003,
- the reserve for actuarial gains/losses from different pension plans/plan assets (see Note 26) as well as
- the effects from first-time adoption of IFRS 9.

Consolidated net retained profit

The Annual General Meeting on 25 February 2021 had resolved to use the net retained profit (*Bilanzgewinn*) for the financial year 2019/2020 of 201,450,935.47 euros to pay a dividend of 0.80 euros per no-par value share on the 15,043,994 shares with dividend entitlement and to carry forward to new account the remaining amount of 189,415,740.27 euros (previous year: 155,514,019.68 euros).

	2020/2021	2019/2020
Total distribution	**12,035,195.20**	**22,565,991.00**

The net retained profit of DBAG as reported in the separate financial statements as at 30 September 2021 in accordance with HGB amounts to 253,965,509.03 euros (previous year: 201,450,935.47 euros).

At the Annual General Meeting, the Board of Management and the Supervisory Board will propose to pay a dividend of 1.60 euros per share (equivalent to a total of

30,087,987.20 euros) for the financial year 2020/2021, and to carry forward the remaining net retained profit of 223,877,521.83 euros to new account.

In Germany, dividends paid to shareholding corporations are subject to a corporation tax rate of five per cent plus a solidarity surcharge and, to the same extent, municipal trade tax, insofar as these shares are not part of the free float (i.e. interests of less than ten per cent for corporation tax purposes and 15 per cent for trade tax purposes, respectively). Dividends earned by natural persons are subject to a flat rate withholding tax (Abgeltungssteuer) of 25 per cent plus solidarity surcharge and, if applicable, church tax, which the dividend-paying company pays directly to the taxation authority.

25. Liabilities under interests held by other shareholders

€'000	**2020/2021**	2019/2020
At start of reporting period	57	55
Distribution	2	2
Share of earnings	4	4
At end of reporting period	**58**	**57**

Liabilities under interests held by other shareholders include interests in capital and earnings attributable to non-Group shareholders. They relate to the following entities: AIFM-DBG Fund VII Management (Guernsey) LP, DBG Advising GmbH & Co. KG, DBG Fund VI GP (Guernsey) LP, DBG Fund VIII GP (Guernsey) LP, DBG Management GP (Guernsey) Ltd., DBG Managing Partner GmbH & Co. KG and European PE Opportunity Manager LP (see Note 4.2).

26. Provisions for pension obligations

The measurement in the statement of financial position has been derived as follows:

€'000	**30 Sep 2021**	30 Sep 2020
Present value of pension obligations	38,015	40,435
Fair value of plan assets	(24,331)	(23,986)
Provisions for pension obligations	**13,683**	**16,449**

The present value of the pension obligations changed as follows:

€'000	**2020/2021**	2019/2020
Present value of pension obligations at start of reporting period	40,435	44,210
Interest expenses	222	202
Service cost	349	566
Benefits paid	(996)	(1,094)
Actuarial gains (-) / losses (+)	(1,995)	(3,448)
Present value of pension obligations at end of reporting period	**38,015**	**40,435**

An amount of 1,565,000 euros (previous year: 718,000 euros) of the actuarial gain in the amount of 1,995,000 euros (previous year: loss in the amount of 3,448,000 euros) is attributable to the increased discount rate. The discount rate amounted to 0.88 per cent as at the reporting date, compared to 0.59 per cent in the previous year. Additional effects result from experience adjustments in the amount of 430,000 euros (previous year: 2,730,000 euros).

The present value of the pension obligations as at the reporting date is calculated based on an actuarial expert opinion. The expert opinion is based on the following actuarial assumptions:

	30 Sep 2021	30 Sep 2020
Discount rate (%)	0.88	0.59
Salary trend (incl. career trend) (%)	2.50	2.50
Pension trend (%)	2.00	2.00
Life expectancy based on modified mortality tables by Prof. Dr Klaus Heubeck	2018G	2018G
Increase in income threshold for state pension plan (%)	2.00	2.00

Company-specific employee turnover probabilities depending on age and gender are used to take into account employee turnover. The turnover is within a range of 0.1000 to 0.0050 for an age between 15 and 65 years.

The discount rate is calculated using the i-boxx corporate AA10+ interest rate index, which is calculated based on interest rates for long-term bonds of issuers with the highest credit ratings.

DBAG applies the mortality tables issued by Prof Dr Heubeck (RT 2018G).

Since October 2013, DBAG has used modified mortality tables in order to account for the particularities of the beneficiaries of DBAG Group's defined benefit plans and individual commitments. A comparison with similar groups of individuals revealed an average longer life expectancy of three years for the DBAG scheme members and beneficiaries.

As at 30 September 2021, the weighted average term of defined benefit obligations was 15.3 years (previous year: 14.6 years).

Plan assets changed as follows in the reporting year:

€'000	**2020/2021**	2019/2020
Fair value of plan assets at start of reporting period	23,986	24,617
Expected interest income	142	116
Gains (+)/losses (-) from the difference between actual and expected return on plan assets	204	(747)
Fair value of plan assets at end of reporting period	**24,331**	**23,986**

The gain of 204,000 euros (previous year: loss of 747,000 euros) results from the increase in the fair value of plan assets as well as the application of the same interest rate that is also used to determine the present value of pension obligations.

The following amounts were recognised in net income:

€'000	**2020/2021**	2019/2020
Service cost	349	566
Interest expenses	222	202
Expected interest income from plan assets	(142)	(116)
	429	**652**

The service cost is shown under personnel expenses.

The net amount from interest cost and expected interest income from plan assets is reported in the item "interest expense".

Gains (+)/losses (-) on remeasurements of the net defined benefit liability (asset) – reported in other comprehensive income – developed as follows in the financial year 2020/2021:

€'000	2020/2021	2019/2020
Actuarial gains (+)/losses (-) at start of reporting period	(27,748)	(30,450)
Gains (+)/losses (-) from the difference between actual and expected return on plan assets	204	(747)
Actuarial gains (+)/losses (-) from changes in the present value of pension obligations	1,995	3,448
Gains (+)/ losses (-) on remeasurement of the net defined benefit liability (asset)	**2,199**	**2,702**
Actuarial gains (+)/losses (-) at end of reporting period	**(25,550)**	**(27,748)**

Amount, timing and uncertainty of future cash flows

DBAG is exposed to risks arising from pension obligations for defined benefit plans and individual commitments. These risks are mainly associated with changes in the present value of pension obligations as well as the development of the fair value of plan assets.

Changes in the present value of pension obligations result in particular from changes in actuarial assumptions. The discount rate and life expectancy have a significant influence on the present value. The discount rate is subject to interest rate risk. A change in average life expectancy impacts the length of pension payments and, consequently, the liquidity risk. Based on our estimates, possible changes in these two actuarial parameters would have the following impact on the present value of pension obligations:

€'000	30 Sep 2021	30 Sep 2020
Discount rate		
Increase by 50 bps	(2,471)	(2,786)
Decrease by 50 bps	2,766	3,133
Average life expectancy		
Increase by 1 year	(1,350)	(1,491)
Decrease by 1 year	1,383	1,531

The sensitivity analysis shown above is based on a change in one parameter, while the others remain constant.

Since February 2015, the plan assets have been invested in a special fund. This special fund has an unlimited term and is managed based on a capital investment strategy with a long-term horizon aiming at capital preservation. The objective of the investment strategy is to generate returns that at least correspond to the discount rate.

Depending on the asset class, the performance of the special fund is exposed to interest rate risk (interest-bearing securities) or market price risk (equities). If the interest rate for interest-bearing securities rises (falls), the return on plan assets will rise (fall). If the market price of equities rises (falls), the return on plan assets will rise (fall).

As is the case for interest-bearing securities, the present value of the pension obligations depends on the interest rate risk. If the market interest rate for interest-bearing securities rises (falls), the present value of pension obligations will fall (rise).

27. Other provisions

€'000	1 Oct 2020	Utilisation	Reversals	Additions	**30 Sep 2021**
Personnel-related obligations	7,274	6,328	212	10,152	10,885
Expert opinions and other advisory services	111	87	6	173	191
Audit fees	261	247	14	288	288
Costs for annual report and annual general meeting	456	456	0	440	440
Tax advisory expenses	194	102	2	116	207
Other	571	549	36	979	964
	8,867	**7,769**	**270**	**12,148**	**12,976**

The provisions for personnel-related obligations mainly contain variable remuneration in the amount of 8,236,000 euros (previous year: 5,414,000 euros). Of that amount, 8,072,000 euros (previous year: 5,165,000 euros) are attributable to performance-related remuneration; an additional amount of 164,000 euros (previous year: 250,000 euros) refers to transaction-related remuneration (see Note 11). Corresponding provisions have been recognised for transaction-related remuneration since the financial year 2005/2006. In the reporting year, an amount of 138,000 euros (previous year: 135,000 euros) was paid out and an amount of 37,000 euros (previous year: 394,000 euros) was reversed.

In the year under review, "Miscellaneous" included, in particular, provisions for value-added tax (600,000 euros) as well as a disputed amount related to remuneration for the Board of Management (126,000 euros). Provisions for value-added tax were recognised due to an ongoing tax audit for the assessment periods of 2012 to 2015.

As at 30 September 2021, there were non-current provisions for personnel-related obligations in the amount of 1,519,000 euros (previous year: 846,000 euros). These relate to one partial retirement agreement, provisions for severance pay and jubilee payment obligations.

The other provisions have a remaining term of up to one year.

28. Credit liabilities

There were no credit liabilities from the drawdown of credit lines as at the reporting date (previous year: credit liabilities in the amount of 13,100,000 euros).

29. Other liabilities

Other non-current liabilities exclusively refer to lease liabilities.

Other current liabilities can be broken down as follows:

€'000	**30 Sep 2021**	30 Sep 2020
Liabilities to co-investment vehicles	9	25
Advance management fees	0	5,838
Trade payables	365	423
Lease liabilities	948	769
Other liabilities	945	1,049
	2,267	**8,104**

The other liabilities mainly refer to liabilities for Supervisory Board remuneration as well as liabilities for wage taxes.

The management fees received in advance in the previous year relate to DBAG Fund VIII for the period from October to December 2020.

30. Leases

As at 30 September 2021, property, plant and equipment includes right-of-use assets from leases in the amount of 3,934,000 euros (previous year: 4,735,000 euros) (see Note 17).

The corresponding lease liabilities are included in other non-current liabilities in the amount of 3,149,000 euros (previous year: 3,953,000 euros) and other current liabilities in the amount of 948,000 euros (previous year: 769,000 euros) (see Note 29). The interest cost on lease liabilities is recorded as interest expenses (see Note 15).

31. Other financial commitments, contingent liabilities and trusteeships

Other financial commitments consist of call commitments and permanent debt obligations in the following nominal amounts:

€'000	**30 Sep 2021**	30 Sep 2020
Call commitments	4	4
Permanent debt obligations	919	534
	923	**538**

The maturities of the permanent debt obligations as at 30 September 2021 are shown in the following table:

€'000	< 1 Year	1-5 Years	> 5 Years	**Total**
Permanent debt obligations	631	287	0	**919**

There were no contingent liabilities as at 30 September 2021, in line with the previous year.

Trust assets amounted to 4,474,000 euros as at the reporting date (previous year: 6,953,000 euros). Of that amount, 4,470,000 euros (previous year: 6,949,000 euros) were attributable to balances held on trust accounts for purchase price settlements. Trust liabilities exist in the same amount. DBAG does not generate any income from trustee activities.

32. Notes to the consolidated statement of cash flows

In accordance with IAS 7, cash flows are recorded in the consolidated statement of cash flows in order to present information about the changes in the Group's cash funds. Cash flows are broken down into cash flows from operating activities, cash flows from investing activities and cash flows from financing activities. The indirect presentation method was applied for cash flows from operating activities.

Proceeds and payments relating to financial assets are recorded in cash flows from investing activities instead of in cash flows from operating activities, since this classification gives a more faithful representation of DBAG's business model. In order to provide information that is relevant for DBAG's activities as a private equity company, the subtotal "Cash flow from investment activity" is reported.

Proceeds and payments arising on interest are presented in the cash flow from operating activities. In the reporting year, this includes interest received in the amount of 481,000 euros (previous year: 116,000 euros) as well as interest paid in the amount of -1,154,000 euros (previous year: -441,000 euros).

Furthermore, this item includes income taxes received and paid in the amount of 4,695,000 euros (previous year: 306,000 euros) as well as dividends in the amount of 367,000 euros (previous year: 761,000 euros).

The cash flows from financing activities includes payments for lease liabilities, proceeds from drawdowns of credit lines as well as payments for redemption of credit lines.

€'000	**1 Oct 2020**	Cash flows	Other changes	**30 Sep 2021**
Credit liabilities	13,100	(13,100)	0	0
Lease liabilities	4,722	(795)	169	4,096
	17,822	**(13,895)**	**169**	**4,096**

The other changes in lease liabilities are largely attributable to the conclusion of new agreements.

Cash and cash equivalents at the start and end of the period mainly existed in the form of bank balances.

In the year under review, a portion of the financial resources not needed for the time being was invested in securities (mutual funds). The objective of these securities, like cash and cash equivalents, is to meet the Group’s payment obligations. In accordance with IAS 7, these securities cannot be allocated to cash and cash equivalents since the mutual funds have an unlimited term. The purchase of the securities is reported in the cash flows from investing activities.

OTHER DISCLOSURES

33. Financial risks and risk management

DBAG is exposed to financial risks that arise from investments in equity or equity-like instruments, predominantly in unlisted companies, and from the investment of financial resources (sum total of cash and cash equivalents and securities). As a result of these financial risks, the value of assets may decline and/or profits may be reduced. These risks are not hedged by DBAG.

The following section describes the financial risks, as well as objectives and methods of DBAG's risk management.

33.1. Market risk

The fair value of financial instruments or future cash flows of financial instruments may fluctuate due to rising or falling market prices. Market risk can be further differentiated into currency risk, interest rate risk and other price risks. Exposure to market risks is regularly monitored as a whole.

33.1.1. Currency risk

The exposure to currency risk results from investments denominated in British pounds sterling, Danish krone, Swiss francs or US dollars, where future returns will be received in a foreign currency. The fact that future returns are impacted by currency risks may also lead to a change in fair values of the respective portfolio companies. Moreover, the changes in exchange rates have an influence on their operations and competitiveness. The extent of that impact depends in particular on the value-creation structure and the degree of internationalisation.

Extent of currency risk and exchange rate sensitivity

Financial assets are exposed to an exchange rate risk against British pound sterling of 81,000 euros (previous year: 4,420,000 euros), to Danish krone exchange rate risk of 170,000 euros (previous year: 1,765,000 euros), to Swiss franc exchange rate risk of 25,291,000 euros (previous year: 29,956,000 euros), and to US dollar exchange rate risk of 25,772,000 euros (previous year: 40,550,000 euros). The effect on profit or loss resulting from taking into account changes in the fair value of financial assets amounts to 224,000 euros (previous year: -3,588,000 euros).

An increase or decrease of the exchange rates by ten per cent would result in a decrease or increase of net income and Group equity by 5,131,000 euros (previous year: 7,669,000 euros) exclusively due to currency translation.

Currency risk management

Individual transactions denominated in foreign currency are not hedged, since both the holding period of the investments and the amount of returns from them are uncertain. The currency risk is reduced as a result of returns from investments denominated in foreign currency.

33.1.2. Interest rate risk

Changes in the interest rate level primarily affect income generated from investing financial resources, the fair values of the indirectly held international fund investments measured using the DCF method as well as the interest expense in relation to drawdowns of credit lines. The changes in the interest rate level also influence the profitability of portfolio companies.

Extent of interest rate risk and interest rate sensitivity

Financial resources amount to 112,796,000 euros (previous year: 18,367,000 euros). Cash and cash equivalents in the amount of 37,737,000 euros (previous year: 18,367,000 euros) are invested with a short-term horizon; these investments did not result in any interest income. Securities in the amount of 75,059,000 euros (previous year: nil euros) refer to units held in money market funds measured at fair value. Their fair value declined by 54,000 euros (previous year: 162,000 euros) in the reporting year. An amount of 995,000 euros of the financial assets was attributable to indirectly held international fund investments measured using the DCF method (previous year: 17,875,000 euros attributable to investments measured using the DCF method). The credit liabilities had been fully repaid by the reporting date (previous year: credit liabilities in the amount of 13,100 euros).

In relation to the international fund investment measured using the DCF method, an increase or decrease of the reference interest rate by 100 basis points overall would result in a decrease or increase of net income and Group equity in the amount of 9,000 euros (previous year: 597,000 euros in relation to the investments measured using the DCF method).

Interest rate risk management

The exact amount of financial resources may be subject to strong fluctuations and cannot be reasonably forecast; therefore, no hedging transactions are concluded in this regard. There is also no hedge for the indirectly held international fund investment since both the remaining term of the fund and the amount of the returns is uncertain. The interest rate risk is reduced when there are any returns from the fund. The interest rates for the agreed credit lines correspond to the EURIBOR plus a margin. The EURIBOR level applied when the credit line is utilised is based on the selected interest period, which can be up to six months.

33.1.3. Other price risks

Exposure to other price risks is primarily related to the future fair value measurement of the interests in investment entity subsidiaries and portfolio companies. The measurement of portfolio companies is influenced by a number of factors that are related to financial markets, or to the markets the portfolio companies are active on. The influencing factors include, for example, valuation multiples, performance measures and the indebtedness of the portfolio companies.

Extent of other price risks and sensitivity

Financial assets are measured at fair value through profit or loss. The net measurement gains and losses amount to 161,099,000 euros (previous year: -33,826,000 euros).

The sensitivity of measurement is largely determined by multiples used to determine the fair value of Level 3 financial instruments. In case of a change in the multiples by +/- 1, the fair value of the Level 3 financial instruments, ceteris paribus, would have to be adjusted by 21,283,000 euros (previous year: 18,871,000 euros) (also see Note 8).

Management of other price risks

The Board of Management constantly monitors the market risk inherent in the portfolio companies held directly or through investment entity subsidiaries. For this purpose, DBAG receives information about the portfolio companies' business development on a timely basis. Board of Management members or other members of the investment team hold offices on supervisory or advisory boards of the portfolio companies. In addition, the responsible investment team members monitor the business development of the portfolio companies through formally implemented processes.

For information on risk management, we refer to the discussions in the combined management report in the "Opportunities and risks" section.

33.2.Liquidity risk

There is currently no liquidity risk identifiable for DBAG. Freely available cash and cash equivalents amount to 37,737,000 euros (previous year: 18,367,000 euros). Including securities in the amount of 75,059,000 euros (previous year: nil euros) and the two credit lines not utilised in a total of 106,660,000 euros (previous year: portion from two credit lines not utilised in a total amount of 76,900,000 euros), available liquidity amounts to 219,456,000 euros (previous year: 95,267,000 euros).

Other current liabilities of 2,267,000 euros (previous year: 8,104,000 euros) are due within one year; of that amount, 948,000 euros (previous year: 769,000 euros) refer to current lease liabilities. The co-investment agreements alongside the DBAG funds amount to 273,401,000 euros (previous year: 311,324,000 euros).

DBAG expects that it will be able to cover the shortfall of 56,212,000 euros (previous year: 224,161,000 euros) by cash inflows from the disposal of portfolio companies.

33.3.Default risk

DBAG may also be exposed to risks when a contracting party fails to meet its obligations, causing financial losses to be incurred by DBAG.

Extent of default risk

The carrying amount represents the maximum exposure to default risk for the following items of the statement of financial position:

€'000	**30 Sep 2021**	30 Sep 2020
Receivables	45,132	5,071
Other financial instruments	20,332	25,988
Cash and cash equivalents	37,737	18,367
Other assets[1]	917	21,459
	104,118	**70,885**

1 Excluding deferred items, value-added tax and other items in the amount of 1,778,000 euros (previous year: 1,589,000 euros).

No default risk can be identified in relation to the securities as at the reporting date.

The loss allowance for financial assets measured at amortised cost amounted to 25,000 euros (previous year: 4,000 euros).

Management of default risk

Receivables: debtors are our co-investment vehicles and, since the reclassification in the reporting year, the DBAG funds. The payment obligations may be fulfilled by capital calls from DBAG or from their investors, respectively.

Other financial instruments: this item includes short-term loans to our co-investment vehicles. After the end of the term of up to 270 days, the funds are called at DBAG and the loans are repaid.

Cash and cash equivalents: cash and cash equivalents are deposits held at German credit institutions and are part of the respective institutions' protection systems.

Other assets: in the previous year, other assets also comprised receivables from DBAG funds; these are reported under receivables since the year under review.

34. Financial instruments

Financial assets, other financial instruments and securities are carried completely at fair value. Receivables, cash and cash equivalents and financial instruments contained in other assets are measured at amortised cost and largely reported under current assets. They are of good credit quality and are unsecured. For these instruments, we assume that the carrying amount reflects their fair value.

Financial liabilities are measured at amortised cost. We assume that the carrying amount reflects their fair value.

CARRYING AMOUNT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

€'000	Carrying amount	Fair value	Carrying amount 30 Sep 2020	Fair value 30 Sep 2020
Financial assets measured at fair value through profit or loss				
Financial assets	545,339	545,339	390,741	390,741
Other financial instruments	20,332	20,332	25,988	25,988
Securities	75,059	75,059	0	0
	640,730	**640,730**	**416,730**	**416,730**
Financial assets at amortised cost				
Receivables	45,132	45,132	5,071	5,071
Cash and cash equivalents	37,737	37,737	18,367	18,367
Other assets[1]	917	917	21,459	21,459
	83,786	**83,786**	**44,897**	**44,897**
Financial liabilities at amortised cost				
Liabilities under interests held by other shareholders	58	58	57	57
Loan liabilities	0	0	13,100	13,100
Other liabilities[2]	936	936	6,971	6,971
	994	**994**	**20,128**	**20,128**

1 Excluding deferred items, value-added tax and other items in the amount of 1,778,000 euros (previous year: 1,589,000 euros).
2 Excluding lease liabilities and tax liabilities in the amount of 4,480,000 euros (previous year: 4,723,000 euros).

34.1. Disclosures on the hierarchy of financial instruments

Financial instruments measured at fair value are allocated to the following three levels in accordance with IFRS 13:

LEVEL 1: Use of prices in active markets for identical assets and liabilities.

LEVEL 2: Use of inputs that are observable, either directly (as prices) or indirectly (derived from prices).

LEVEL 3: Use of inputs that are not materially based on observable market data (unobservable parameters). The materiality of these inputs is judged on the basis of their influence on fair value measurement.

The financial instruments measured at fair value on a recurring basis can be classified as follows:

MEASUREMENT HIERARCHY FOR FINANCIAL ASSETS MEASURED AT FAIR VALUE

€'000	Fair value 30 Sep 2021	Level 1	Level 2	Level 3
Financial assets measured at fair value through profit or loss				
Financial assets	545,339	0	0	545,339
Other financial instruments	20,332	0	0	20,332
Securities	75,059	0	75,059	0
	640,730	**0**	**75,059**	**565,671**

MEASUREMENT HIERARCHY FOR FINANCIAL ASSETS MEASURED AT FAIR VALUE

€'000	Fair value 30 Sep 2020	Level 1	Level 2	Level 3
Financial assets measured at fair value through profit or loss				
Financial assets	390,741	0	0	390,741
Other financial instruments	25,988	0	0	25,988
	416,730	**0**	**0**	**416,730**

There are no assets or liabilities that were not measured at fair value on a recurring basis.

The valuation categories in accordance with IFRS 9 have been defined as classes in accordance with IFRS 13 for Level 1 and 2 financial instruments. Level 3 financial instruments are allocated to the following classes:

CLASSIFICATION OF LEVEL 3 FINANCIAL INSTRUMENTS

€'000	Interests in investment entity subsidiaries	Interests in portfolio companies	Other	Total
30 Sep 2021				
Financial assets	541,748	3,483	107	545,339
Other financial instruments	20,332	0	0	20,332
	562,080	**3,483**	**107**	**565,671**
30 Sep 2020				
Financial assets	386,535	4,152	55	390,741
Other financial instruments	25,988	0	0	25,988
	412,523	**4,152**	**55**	**416,730**

The following tables show the changes in Level 3 financial instruments in the year under review and in the previous year, respectively:

CHANGES IN LEVEL 3 FINANCIAL INSTRUMENTS

€'000	1 Oct 2020	Additions	Disposals	Changes in value	**30 Sep 2021**
Financial assets					
Interests in investment entity subsidiaries	386,535	90,058	55,783	120,938	541,748
Interests in portfolio companies	4,152	0	0	(668)	3,483
Other	55	54	0	(2)	107
	390,741	**90,112**	**55,783**	**120,268**	**545,339**

CHANGES IN LEVEL 3 FINANCIAL INSTRUMENTS

€'000	1 Oct 2019	Additions	Disposals	Changes in value	30 Sep 2020
Financial assets					
Interests in investment entity subsidiaries	380,275	92,938	22,873	(63,805)	386,535
Interests in portfolio companies	4,937	0	0	(786)	4,152
International fund investment	406	0	406	0	0
Other	74	27	42	(4)	55
	385,693	**92,965**	**23,321**	**(64,595)**	**390,741**

The changes in value are recognised in net income from investment activity.

In both the year under review and the previous year, there were no transfers between levels.

The possible ranges for unobservable inputs regarding Level 3 financial instruments are as follows:

RANGES FOR UNOBSERVABLE INPUTS

€'000	**Fair value 30 Sep 2021**	Valuation method	Unobservable inputs	Range
Financial assets				
Interests in investment entity subsidiaries	541,748	Net asset value[1]	Average EBITDA-margin	-2 to 48%
			Net Debt[2] to EBITDA	0.2 to 10.8
			Multiples discount	0 to 10%
Interests in portfolio companies	3,483	Multiples method	Average EBITDA-margin	7%
			Net Debt[2] to EBITDA	2.4
			Multiples discount	0%
Other	107	Net asset value	n/a	n/a
	545,339			

1 The net asset value is determined using the sum-of-the-parts method. If the multiples method is used for the investments included therein, the same unobservable parameters are used as those for calculating the fair value of interests in portfolio companies (see Note 6).

2 Net debt of portfolio company

RANGES FOR UNOBSERVABLE INPUTS

€'000	Fair value 30 Sep 2020	Valuation method	Unobservable inputs	Range
Financial assets				
Interests in investment entity subsidiaries	386,535	Net asset value[1]	Average EBITDA-/ EBITA-margin	3 to 45%
			Net Debt[2] to EBITDA	-3.9 to 20.5
			Multiples discount	0 to 20%
Interests in portfolio companies	4,152	Multiples method	Average EBITDA-/ EBITA-margin	7%
			Net Debt[2] to EBITDA	3.4
			Multiples discount	0%
Other	55	Net asset value	n/a	n/a
	390,741			

1 See footnote 1 in the preceding table
2 See footnote 2 in the preceding table

In our view, the change in unobservable inputs used for calculating the fair value of Level 3 financial instruments has the following effects on measurement amounts

RANGES FOR UNOBSERVABLE INPUTS

€'000	Fair value 30 Sep 2021	Change in unobservable inputs		Change in fair value
Financial assets[1]				
Interests in investment entity subsidiaries	541,748	EBITDA	+/- 10%	46,524
		Net debt	+/- 10%	16,903
		Multiples discount	+/- 5 percentage points	1,145
Interests in portfolio companies	3,483	EBITDA	+/- 10%	371
		Net debt	+/- 10%	156
		Multiples discount	+/- 5 percentage points	0
Other	107		n/a	n/a
	545,339			

1 In the case of recently acquired investments, a change in the unobservable inputs has no effect on the fair value.

RANGES FOR UNOBSERVABLE INPUTS

€'000	Fair value 30 Sep 2020	Change in unobservable inputs		Change in fair value
Financial assets[1]				
Interests in investment entity subsidiaries	386,535	EBITDA and EBITA[2]	+/- 10%	42,472
		Net debt	+/- 10%	18,685
		Multiples discount	+/- 5 percentage points	1,928
Interests in portfolio companies	4,152	EBITDA and EBITA[2]	+/- 10%	1,978
		Net debt	+/- 10%	888
		Multiples discount	+/- 5 percentage points	0
Other	55		n/a	n/a
	390,741			

1 See footnote 1 in the preceding table
2 The key factors influencing income have an effect on both unobservable parameters; consequently, there is a correlation between EBITDA and EBITA. For that reason, the change in fair value is shown together in the sensitivity analysis for the two unobservable parameters, with all other parameters remaining constant.

For the first time in the year under review, two portfolio companies indirectly held via investment entity subsidiaries are measured based on revenue. Should the underlying multiples change by +/-10 per cent, this would result ceteris paribus in an adjustment in the fair values by +/-1,553,000 euros.

34.2.Net gain or loss on financial instruments measured at fair value

The net gain or loss on financial instruments measured at fair value comprises fair value changes recognised through profit or loss, realised gains or losses from the disposal of financial instruments, current income as well as exchange rate changes.

The following net gains or losses on financial assets recognised at fair value are included in the consolidated statement of comprehensive income:

NET GAIN OR LOSS FROM FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

€'000	2020/2021	Level 1	Level 2	Level 3	2019/2020	Level 1	Level 2	Level 3
Net income from investment activity	178,378	0	0	178,378	(16,864)	0	0	(16,864)
Other operating income	0	0	0	0	289	0	289	0
Other operating expenses	(54)	0	(54)	0	0	0	0	0
Net interest income	703	0	0	703	71	0	(162)	233
	179,028	**0**	**(54)**	**179,081**	**(16,503)**	**0**	**127**	**(16,630)**

34.3.Net gain or loss on financial instruments measured at amortised cost

The net gain or loss on financial instruments measured at amortised cost largely comprises income from Fund Services, consultancy expenses and costs that can be passed through as well as interest.

NET GAIN OR LOSS ON FINANCIAL INSTRUMENTS CARRIED AT AMORTISED COST

€'000	2020/2021	Level 1	Level 2	Level 3	2019/2020	Level 1	Level 2	Level 3
Income from Fund Services	42,083	0	0	42,083	29,304	0	0	29,304
Other operating income	2,898	0	0	2,898	3,152	0	0	3,152
Other operating expenses	(4,968)	0	0	(4,968)	(4,353)	0	0	(4,353)
Net interest income	(12)	0	0	(12)	2	0	0	2
	40,002	**0**	**0**	**40,002**	**28,105**	**0**	**0**	**28,105**

35. Capital management

The objective of DBAG's capital management is to ensure the availability of the Group's long-term capital requirements as well as to increase the enterprise value of DBAG over the long term.

The amount of equity is managed on a long-term basis by distributions and share repurchases and by capital increases.

Overall, the capital of DBAG consists of the following components:

€'000	30 Sep 2021	30 Sep 2020
Liabilities		
Liabilities under interests held by other shareholders	58	57
Provisions	26,659	25,316
Credit liabilities	0	13,100
Lease liabilities	4,096	4,722
Other liabilities	5,378	7,861
	36,191	**51,056**
Equity		
Subscribed capital	66,733	53,387
Reserves	251,221	162,436
Consolidated retained profit	380,807	207,708
	698,762	**423,531**
Equity as a proportion of total capital (in %)	95.08	89.24

Above and beyond the capital requirements as stipulated in the German Stock Corporation Act, DBAG is subject to capital restrictions pursuant to the German statutory legislation on special investment companies (Gesetz über Unternehmensbeteiligungsgesellschaften – UBGG). In order to maintain the status of a special investment company, a capital contribution of 1,000,000 euros on its share capital must have been paid in. This amount was fully paid in, both in the reporting year and the previous year.

36. Earnings per share based on IAS 33

	2020/2021	2019/2020
Net income (€'000)	185,134	-16,757
Number of shares at the reporting date 30 September	18,804,992	15,043,994
Number of shares outstanding at the reporting date 30 September	18,804,992	15,043,994
Average number of shares outstanding	17,211,180	16,034,795
Basic and diluted earnings per share (in €)	10.76	-1.05

On 12 April 2021, the Board of Management, with the approval of the Transaction Committee of the Supervisory Board issued on the same date, resolved to utilise Authorised Capital 2017 (section 5 (3) of the Articles of Association) and to increase the Company's share capital through the issuance of up to 3,760,998 new registered no-par value shares against cash contributions (also see Note 24). The subscription price for the new shares was below the market price of the existing shares. Accordingly, the average number of shares for all periods prior to April 2021 was adjusted by the effect of the difference between the subscription price and the market price.

Basic earnings per share are computed by dividing the net income for the year attributable to DBAG by the weighted average number of shares outstanding during the financial year.

Earnings per share may be diluted due to so-called potential shares arising under stock option programmes. DBAG has not launched such a stock option programme for years. Accordingly, there are no stock options outstanding as at the reporting date. Therefore, diluted earnings per share correspond to basic earnings per share.

37. Disclosures on segment reporting

DBAG's business policy is geared towards augmenting the Company's value over the long term through successful investments in equity investments, in conjunction with sustainable income from Fund Services. The investments are entered into as co-investor of DBAG funds and also independently from these funds: either as majority investments by way of management buyouts (MBOs) or minority investments aimed at financing growth.

In order to be able to separately manage the two described business lines of DBAG, the internal reporting system calculates a separate operating result (segment earnings). For that reason, the business lines "Private Equity Investments" and "Fund Investment Services" are presented as reportable segments.

SEGMENTAL ANALYSIS FROM 1 OCTOBER 2020 TO 30 SEPTEMBER 2021

€'000	Private Equity Investments	Fund Investment Services	Group Reconciliation[1]	Group 2020/2021
Net income from investment activity	178,378	0	0	178,378
Income from Fund Services	0	43,408	(1,325)	42,083
Income from Fund Services and investment activity	**178,378**	**43,408**	**(1,325)**	**220,461**
Other income/expense items	(10,670)	(25,397)	1,325	(34,741)
Earnings before taxes (segment result)	**167,708**	**18,012**	**0**	**185,720**
Income taxes				(577)
Earnings after taxes				**185,143**
Net income attributable to other shareholders				(9)
Net income				**185,134**
Financial assets	545,339			
Other financial instruments	20,332			
Financial resources[2]	112,796			
Credit liabilities	0			
Net asset value	**678,466**			
Assets under management or advisory[3]		**2,473,235**		

1 A synthetic management fee is calculated for the Investment segment and taken into account when determining segment earnings in the internal reporting system. The fee is based on DBAG's co-investment interest.
2 The financial resources are used by DBAG for investments in equity or equity-like instruments. They contain the line items "Cash and cash equivalents" and, if applicable, "Long-term securities" and "Short-term securities".
3 Assets under management or advisory comprises the funds invested in portfolio companies, other financial instruments and the financial resources of DBAG as well as the funds invested in portfolio companies and the callable capital commitments of the funds managed or advised by DBAG.

SEGMENTAL ANALYSIS FROM 1 OCTOBER 2019 TO 30 SEPTEMBER 2020

€'000	Private Equity Investments	Fund Investment Services	Group Reconciliation[1]	Group 2019/2020
Net income from investment activity	(16,864)	0	0	(16,864)
Income from Fund Services	0	30,589	(1,285)	29,304
Income from Fund Services and investment activity	**(16,864)**	**30,589**	**(1,285)**	**12,440**
Other income/expense items	(8,378)	(21,130)	1,285	(28,222)
Earnings before taxes (segment result)	**(25,241)**	**9,459**	**0**	**(15,782)**
Income taxes				(965)
Earnings after taxes				**(16,747)**
Net income attributable to other shareholders				(9)
Net income				**(16,757)**
Financial assets	390,741			
Other financial instruments	25,988			
Financial resources[2]	18,367			
Credit liabilities	(13,100)			
Net asset value	**421,997**			
Assets under management or advisory[3]		**2,582,562**		

1 See footnote 1 in the preceding table
2 See footnote 2 in the preceding table
3 See footnote 3 in the preceding table

Products and services

DBAG invests in companies as a co-investor alongside DBAG funds by way of majority or minority investments. We basically structure majority investments as so-called management buyouts. Growth financing is made by way of a minority investment, for example via a capital increase. In addition, DBAG invests independently from the DBAG funds outside the scope of their investment strategies. Within the scope of its investment activity, DBAG achieved net gains and losses on measurement and disposal as well as current income from financial assets totalling 178,378,000 euros (previous year: -16,864,000 euros). Income from Fund Services amounted to 42,083,000 euros in the reporting year (previous year: 29,304,000 euros).

Geographical activities and sector focus

On a regional level, the majority of the portfolio companies have their registered office or main business focus in the German-speaking region of Europe. Since 2020, we have also invested in Italy, one of the most important industrialised economies in the European Union with a high proportion of family-owned companies. We also invest in companies elsewhere in Europe. Net income from investment activity refers to companies domiciled in the DACH region in the amount of 170,361,000 euros (previous year: -29,905,000 euros) and to companies domiciled in Italy and other European countries in the amount of 8,016,000 euros (previous year: 13,041,000 euros).

DBAG has always invested in manufacturing companies and their service providers that form the basis of the excellent global reputation of Germany's mid-market sector. This market segment has also included IndustryTech companies for quite some time now – i.e. companies whose products provide the foundation for automation, robotics and digitalisation. For almost a decade, we have also invested in companies from the sectors of broadband telecommunications, software, IT services and healthcare. Further information on the key sectors can be found in the combined management report under the heading "Broadly diversified sector spectrum".

€'000	Automotive suppliers	Industrial services	Industrial components	Mechanical and plant engineering	Broadband/ Telecommuni-cations	IT services/ software	Healthcare	Other	**Total**
30 Sep 2021									
Interests in investment entity subsidiaries	755	2,524	(1,156)	2,470	86,649	18,978	26,725	41,732	178,676
Interests in portfolio companies	0	0	0	0	0	0	0	(301)	(301)
International fund investment	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	3	3
	755	**2,524**	**(1,156)**	**2,470**	**86,649**	**18,978**	**26,725**	**41,434**	**178,378**
30 Sep 2020									
Interests in investment entity subsidiaries	(9,547)	1,974	(29,588)	4,729	11,753	2,539	(6,584)	7,896	(16,829)
Interests in portfolio companies	0	0	0	0	0	0	0	(24)	(24)
International fund investment	0	0	0	0	0	0	0	(17)	(17)
Other	0	0	0	0	0	0	0	7	7
	(9,547)	**1,974**	**(29,588)**	**4,729**	**11,753**	**2,539**	**(6,584)**	**7,861**	**(16,864)**

For more information on the composition of the portfolio and its development, we refer to the section "Private Equity Investments business line" in the combined management report.

Clients

DBAG's customers are the investors in DBAG funds. They comprise German and international institutional investors, especially pension funds, funds of funds, banks, foundations, insurance companies or family offices.

DBAG generates its income from Fund Services from investors, none of whom account for more than ten per cent of DBAG's total income.

38. Declaration of Compliance with the German Corporate Governance Code

A "Declaration of Compliance" pursuant to section 161 of the German Stock Corporation Act (Aktiengesetz – AktG) was submitted by the Board of Management and the Supervisory Board of Deutsche Beteiligungs AG and is permanently accessible to shareholders at DBAG's website[17].

39. Disclosures on related parties

Related companies within the meaning of IAS 24 are: investment entity subsidiaries (see Note 4.3) and the companies indirectly held via the investment entity subsidiaries, provided DBAG holds at least 20 per cent of the relevant company's shares (primarily holding companies in DBAG ECF, subsidiaries of Deutsche Beteiligungsgesellschaft mbH and of DBAG Bilanzinvest II (TGA) GmbH & Co. KG), the unconsolidated subsidiaries of DBAG (see Note 4.5) as well as the unconsolidated structured companies (see Note 4.6).

Related persons, within the meaning of IAS 24, are key management personnel. At the DBAG Group, these include all members of the Board of Management, senior executives and the members of DBAG's Supervisory Board.

[17] https://www.dbag.com/investor-relations/corporate-governance/declarations-of-compliance

Income and expenses, receivables and liabilities from Fund Services

DBAG provides asset management services to the DBAG funds and the co-investment vehicles via its fully-consolidated subsidiaries.

The following fully-consolidated companies are responsible for asset management: AIFM-DBG Fund VII (Guernsey) LP, DBG Fund VI GP (Guernsey) LP, DBG Fund VII GP S.à r.l., DBG Fund VIII GP (Guernsey) L.P., DBG Management GmbH & Co. KG, DBG Management GP (Guernsey) Limited, DBG Managing Partner GmbH & Co. KG and DBG New Fund Management GmbH & Co. KG. DBAG pays no fees for the management of the co-investment vehicles of DBAG ECF and DBAG Fund V. Since the launch of DBAG Fund VI, DBAG has paid a volume-based fee for the management of its co-investments to DBG Fund VI GP (Guernsey) LP, to DBG Fund VII GP S.à r.l., and to AIFM DBG Fund VII (Guernsey) L.P. as well as to DBG Fund VIII GP (Guernsey) L.P. Based on the same principles and terms and conditions as for the investors in DBAG funds, this fee is determined by reference to a fixed percentage of a fund's committed or invested capital.

The management companies receive advisory services from DBG Advising GmbH & Co. KG and DBAG Italia S.r.l., and pay an advisory fee for these services.

The fees from these activities – including amounts received from DBAG fund investors – are recognised in the item "Income from Fund Services" (see Note 10). In the year under review, income from Fund Services consisted of income from co-investment vehicles in the amount of 8,641,000 euros (previous year: 5,651,000 euros) and income from the DBAG funds in the amount of 33,134,000 euros (previous year: 23,458,000 euros). Fees paid by DBAG are also recognised in the "Net gain or loss from investment activity" item, reducing value (see Note 9).

As at the reporting date, receivables from management fees against DBAG funds amount to 33,647,000 euros (previous year: 18,205,000 euros, see Notes 19 and 23), while receivables from management fees against the co-investment vehicles amounted to 9,593,000 euros (previous year: 5,071,000 euros, see Note 19).

Relationships to DBG Managing Partner GmbH & Co. KG and DBG Advising GmbH & Co. KG

DBAG itself holds a capital interest of 20 per cent in the fully-consolidated DBG Managing Partner GmbH & Co. KG. The remaining 80 per cent are held by the Board of Management members who are part of the investment team. Income from the interest on their capital accounts amounts to 236 euros (previous year: 236 euros). The interests in the general partner of DBG Managing Partner GmbH & Co. KG are held by DBG Managing Partner GmbH & Co. KG itself. The general partner receives an annual liability fee in the amount of 3,125 euros.

DBAG itself holds a capital interest of 20 per cent in the fully-consolidated DBG Advising GmbH & Co. KG. 80 per cent of the shares are held by the Board of Management members who are part of the investment team. Income from the interest on their capital accounts amounts to 113 euros (previous year: 113 euros). The interests in the general partner of DBG Advising GmbH & Co. KG are held by DBG Advising GmbH & Co. KG itself. The general partner receives an annual liability fee in the amount of 3,125 euros.

For more information on the interests held by the members of the Board of Management, we refer to Note 25.

Relationships to DBG Fund HoldCo GmbH & Co. KG and DBG Fund LP (Guernsey) Limited

DBAG holds 13.04 per cent of the shares in DBG Fund HoldCo GmbH & Co. KG (Fund HoldCo). The remaining 86.96 per cent of the shares in Fund HoldCo are held by the Board of Management members who are part of the investment team. Income from the interest on their capital accounts amounts to 465 euros (previous year: 464 euros). Fund HoldCo's general partner receives an annual liability fee in the amount of 1,250 euros. DBAG is entitled to the remaining net retained profit.

Fund HoldCo is the general partner of the fully-consolidated companies AIFM-DBG Fund VII (Guernsey) LP, DBG Fund VI GP (Guernsey) LP, DBG Fund VIII GP (Guernsey) L.P. and European Private Equity Opportunity Manager LP. In the year under review, net retained profit totalling 2,321 euros (previous year: 1,006 euros) was allocated to Fund HoldCo from these companies, and an amount of 1,006 euros (previous year: 1,029 euros) was paid out to Fund HoldCo.

Via the interest held by DBAG in Fund HoldCo, 13.04 per cent of the shares in Fund HoldCo's subsidiary, DBG Fund LP (Guernsey) Limited, are indirectly held by DBAG. DBG Fund LP (Guernsey) is the founding limited partner of the fully-consolidated companies AIFM-DBG Fund VII (Guernsey) LP, DBG Fund VI GP (Guernsey) LP, DBG Fund VIII GP (Guernsey) L.P. and European PE Opportunity Manager LP. In the year under review, net retained profit totalling 862 euros (previous year: 1,006 euros) was allocated to DBG Fund LP (Guernsey) Limited from these companies, and an amount of 1,006 euros (previous year: 1,029 euros) was paid out to DBG Fund LP (Guernsey) Limited.

Via the interest held by DBAG in Fund HoldCo, a further 11.05 per cent of the shares in DBG Management GP (Guernsey) Ltd. are indirectly held by DBAG. As in the previous year, no distribution was made in the financial year 2020/2021.

Relationships to co-investment vehicles

The co-investment vehicles of DBAG Fund VII and DBAG Fund VIII are granted short-term loans as pre-financing of investments in new portfolio companies. These are reported in the item "Other financial instruments" (see Note 21); any resulting interest income is recognised in interest income (see Note 14). As at 30 September 2021, there are liabilities to co-investment vehicles in the amount of 9,000 euros (previous year: liabilities to the co-investment vehicles of DBAG Fund VI and DBAG Fund VIII amounted to 1,361,000 euros, mainly referring to advance management fees).

Other related party disclosures

As at the reporting date, receivables from portfolio companies amounted to 29,000 euros (previous year: none, see Note 19). These relate to receivables from expenses that can be passed through that are due from a holding company.

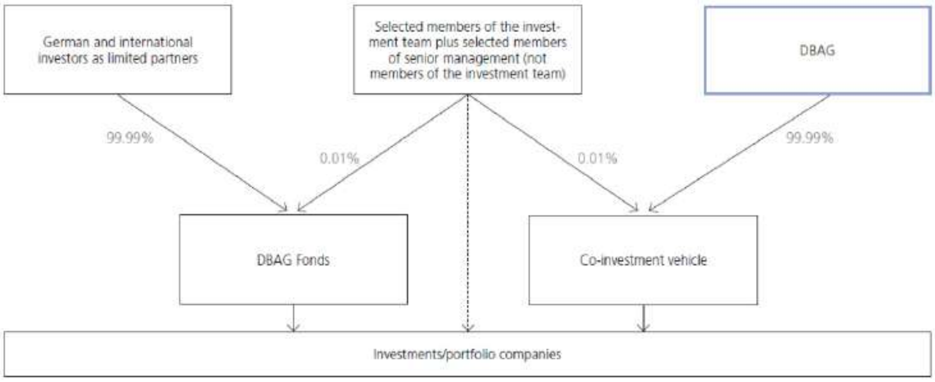
Private co-investments of team members and carried interest

Selected members of the investment team as well as selected members of senior management who are not members of the investment team have committed to take an interest in DBAG funds. For those participating – in addition to the returns from the partnership – this can result in a share of earnings that is disproportionate to their capital commitment ("carried interest") after the fund has fulfilled certain conditions overall. This is the case if the DBAG Group or the investors in the respective DBAG fund have realised their invested capital, plus a preferred return of eight per cent per annum ("Full Pay-Out"). Carried interest of not more than 20 per cent[18] is paid out once proceeds on disposal are generated and Full Pay-Out has been achieved; the remaining 80 per cent[19] (net proceeds) is paid to the investors in the relevant DBAG fund and to DBAG. The structure of the investment, its implementation and key economic aspects are in conformity with common practice in the private equity industry and constitute a prerequisite for the placement of DBAG funds. For the individuals participating, their partnership status constitutes a privately assumed investment risk which serves the purpose of aligning their interests with those of DBAG fund investors; the purpose of carried interest is to promote their initiative and their dedication to the success of the investment.

Since the launch of DBAG Fund VI, the investment structure of DBAG funds is as follows (significantly simplified):

OVERVIEW INVESTMENT STRUCTURE

The percentages relate to the equity interest.



Company included in DBAG's consolidated financial statements
Fixed shareholding, usually between 0.5 per cent and 2.0 per cent

The Board of Management members who are part of the investment team as well as the senior executives entitled to carried interest made the following investments in the financial year 2020/2021 and the previous year, respectively, and received the following repayments from the DBAG funds and the co-investment vehicles:

	Investments during the reporting period		Repayments during the reporting period	
€'000	Key management personnel	of which: Board of Management	Key management personnel	of which: Board of Management
1 Oct 2020 - 30 Sep 2021				
DBAG Fund IV	0	0	146	146
DBAG ECF	32	5	457	84
DBAG ECF I	24	11	0	0
DBAG ECF II	198	49	0	0
DBAG Fund VI	131	58	1,054	426
DBAG Fund VII	440	231	0	0
DBAG Fund VIII	1,237	699	0	0
Total 2019/2020	**2,061**	**1,054**	**1,657**	**656**

[18] The maximum disproportionate share of earnings for DBAG Fund VII B [Konzern] SCSp and DBAG Fund VIII B [Konzern] (Guernsey) L.P. amounts to 10 per cent.
[19] The maximum disproportionate share of the investors and DBAG for DBAG Fund VII B [Konzern] SCSp and DBAG Fund VIII B [Konzern] (Guernsey) L.P. amounts to a total 90 per cent.

€'000	Investments during the reporting period: Key management personnel	of which: Board of Management	Repayments during the reporting period: Key management personnel	of which: Board of Management
1 Oct 2019 - 30 Sep 2020				
DBAG Fund V	17	7	5,605	2,426
DBAG ECF	217	39	634	127
DBAG ECF I	30	13	98	68
DBAG ECF II	275	110	0	0
DBAG Fund VI	223	64	964	341
DBAG Fund VII	1,734	898	0	0
DBAG Fund VIII	946	520	0	0
Total 2019/2020	**3,443**	**1,651**	**7,302**	**2,963**

The following table outlines carried interest entitlements from the co-investment vehicles and DBAG funds for the Board of Management members entitled to carried interest and the members of senior management entitled to carried interest. For details regarding the share of the co-investment vehicles, we refer to the section "DBAG's integrated business model" in the combined management report.

	1 Oct 2020[1]		Reduction due to disbursement[1]		Addition (+) / reversal (-)[1]		**30 Sep 2021**	
€'000	Key management personnel	of which: Board of Management	Key management personnel	of which: Board of Management	Key management personnel	of which: Board of Management	Key management personnel	of which: Board of Management
DBAG Fund V	6,101	2,638	0	0	(3,122)	(797)	2,979	1,842
DBAG ECF	24,969	4,913	(11,321)	(2,108)	6,646	975	20,294	3,779
DBAG ECF I	8,016	2,535	0	0	12,854	2,482	20,871	5,016
DBAG ECF II	0	0	0	0	20,111	4,436	20,111	4,436
DBAG Fund VI	10,869	3,729	0	0	249	1,564	11,118	5,293
DBAG Fund VII	0	0	0	0	4,602	1,935	4,602	1,935
	49,956	**13,815**	**(11,321)**	**(2,108)**	**41,340**	**10,595**	**79,974**	**22,301**

1 Carried interest entitlements at the start and end of the financial year relate to key management personnel and the members of the Board of Management as at the respective reporting date. Additions and reversals may be due – inter alia – to key management personnel and members of the Board of Management joining or leaving the Company as well as – with regard to the "of which" disclosure in relation to the Board of Management– due to key management personnel joining the Board of Management during the year.

	1 Oct 2019		Reduction due to disbursement		Addition (+) / reversal (-)		**30 Sep 2020**	
€'000	Key management personnel	of which: Board of Management	Key management personnel	of which: Board of Management	Key management personnel	of which: Board of Management	Key management personnel	of which: Board of Management
DBAG Fund V	11,747	5,080	(5,112)	(2,211)	(533)	(231)	6,101	2,638
DBAG ECF	22,495	4,419	0	0	2,474	494	24,969	4,913
DBAG ECF I	4,006	1,267	0	0	4,010	1,268	8,016	2,535
DBAG Fund VI	56,627	20,154	0	0	(45,758)	(16,425)	10,869	3,729
	94,875	**30,920**	**(5,112)**	**(2,211)**	**(39,807)**	**(14,893)**	**49,956**	**13,815**

In the consolidated financial statements, carried interest is taken into account in the fair value measurement of the shares of DBAG in the co-investment vehicles of a fund ("net asset value"). In this context, the total liquidation of the fund portfolio as at the reporting date is assumed (see Note 6, paragraph "Fair value measurement methods on hierarchy level 3"). In the year under review, the net asset values of the co-investment vehicles DBAG Fund V, DBAG ECF, DBAG ECF I, DBAG ECF II, DBAG Fund VI and DBAG Fund VII (top-up fund) are reduced by carried interest in a total amount of 51,649,000 euros (previous year: 31,000,000 euros), of which 30,672,000 euros (previous year: 18,461,000 euros) are attributable to key management personnel. The carried interest for DBAG Fund VII (main pool) and DBAG Fund VIII remains unchanged at nil euros.

This carried interest, which is taken into account upon measurement, may increase or decrease in value in the future, and is not disbursed until the requirements under the Articles of Association are met.

Remuneration based on employment or service contracts

Total remuneration for members of the Board of Management amount to 3,944,000 euros (previous year: 2,609,000 euros). This includes long-term benefits of 884,000 euros (previous year: 46,000 euros) and current service cost of 160,000 euros (previous year: 146,000 euros). An amount of 3,851,000 euros (previous year: 4,501,000 euros) of the provisions for pension obligations was attributable to Board of Management members. There are neither termination benefits nor share-based payments.

The total remuneration for senior executives amounts to 9,874,000 euros (previous year: 8,090,000 euros), This includes long-term benefits of 3,000 euros (previous year: 32,000 euros) and current service cost of 114,000 euros (previous year: 206,000 euros). An amount of 3,638,000 euros (previous year: 4,647,000 euros) of the provisions for pension obligations was attributable to senior executives. There was no share-based payment.

The total remuneration for Supervisory Board members amounts to 495,000 euros (previous year: 523,000 euros).

For information on the basic principles of the remuneration system and the amount of total remuneration for members of the Board of Management and the Supervisory Board, we refer to the remuneration report. The remuneration report is an integral constituent of the combined management report. It also discloses individual information as required pursuant to section 314 (1) no. 6 HGB.

Other transactions with key management personnel

Senior executives acquired 1,600 (previous year: 940) shares of DBAG at preferential terms. The resulting pecuniary advantage amounted to 19,000 euros (previous year: 13,000 euros), and is recognised under personnel expenses. The resulting receivables of DBAG to senior executives amounted to 42,000 euros as at the reporting date. The receivables were settled at the beginning of the new financial year.

DBAG granted loans to senior executives in the amount of 252,000 euros at standard market conditions (previous year: 226,000 euros). Interest income amounts to 6,000 euros (previous year: 4,000 euros). Moreover, there are undrawn loan commitments to senior executives in the amount of 53,000 euros (previous year: 79,000 euros).

There are no contingent liabilities for key management personnel.

40. Events after the reporting date

At the beginning of the new financial year, DBAG received the deferred management fee of DBAG Fund VII (since July 2019) in the amount of 27,768,000 euros. The fee was retained from the first distribution from the DBAG Fund VII after the partial disposal of blikk by way of a capital call. The net proceeds from the partial disposal of blikk was paid to DBAG on 30 September 2021.

DBAG alongside DBAG Fund VIII agreed the investment in Dantherm in the fourth quarter of the year under review. The transaction was completed in November 2021. DBAG Fund VIII acquired the majority of the company's shares as part of an MBO. DBAG invested 22,394,000 euros and holds around 13 per cent of the shares in Dantherm. At the end of November 2021, DBAG agreed a further investment alongside DBAG Fund VIII – the fund's fifth investment. The contracting parties have agreed not to disclose transaction details for the time being. DBAG will invest up to 23 million euros approximately.

DBAG alongside DBAG Fund VII agreed the investment in Itelyum also in the fourth quarter of the year under review. The transaction was completed at the start of the new financial year. DBAG invested 16,715,000 euros and holds around five per cent of the shares in the Itelyum. One portfolio company (operasan) agreed upon a further add-on acquisition, which DBAG Fund VII will support by contributing additional equity.

One portfolio company of DBAG Fund VI (Silbitz) agreed and closed another acquisition. DBAG Fund VI supported the acquisition by contributing additional equity in the amount of 7,500,000 euros; of that amount, 1,407,000 euros are attributable to DBAG.

41. Fees for the auditor

Total fees for the auditor BDO can be broken down as follows:

	2020/2021			2019/2020		
€'000	**Parent company**	**Subsidiary**	**Total**	Parent company	Subsidiary	Total
Audit of separate/consolidated financial statements	369	2	371	328	22	349
Other assurance services	3	0	3	5	0	5
Other services	312	0	312	0	0	0
	683	**2**	**685**	**333**	**22**	**354**

The services associated with auditing the separate and consolidated financial statements also include activities concerning the review of the half-yearly financial statements as at 31 March 2021, as well as audit activities relating to the audit of the financial statements as at 30 September 2021 that were conducted early. Of that amount, 42,000 euros refer to the additional expense for the audit of the consolidated financial statements and the supplementary audit for the previous year.

Other assurance services refer to confirmations of financial covenants included in loan agreements.

Other services comprise the preparation of a comfort letter, the audit of the 2020/2021 earnings forecast and the review of the quarterly financial statements as at 31 December 2020 in connection with the capital increase, which required the publication of a prospectus.

42. Members of the Supervisory Board and the Board of Management

Supervisory Board*

Dr Hendrik Otto

Dusseldorf (Chairman)

Member of the Board of Management of WEPA SE, Arnsberg, Germany

No statutory offices or comparable offices in Germany and abroad

Philipp Möller

Hamburg (Vice Chairman)

Managing Partner of Möller & Förster GmbH & Co. KG, Hamburg, Germany

Statutory offices

- GWF Messsysteme AG, Luzern, Switzerland

Sonja Edeler

Hanover, Germany

Head of Finance, Audit and Corporate Security at Dirk Rossmann GmbH, Burgwedel, Germany

No statutory offices or comparable offices in Germany and abroad

Axel Holtrup

London, United Kingdom

Independent investor

No statutory offices or comparable offices in Germany and abroad

Dr Jörg Wulfken

Bad Homburg v. d. Höhe, Germany

Attorney and Partner at Bruski, Smeets & Lange Rechtsanwälte, Frankfurt/Main, Germany

Comparable offices in Germany and abroad

- Georgian Credit, Tbilisi, Georgia (Chairman)

Dr Maximilian Zimmerer

Munich, Germany

Supervisory Board

Statutory offices

- Investmentaktiengesellschaft für langfristige Investoren TGV, Bonn, Germany (Chairman)
- Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft, Munich, Germany

*Statutory office: offices held on other statutory supervisory boards; comparable offices in Germany and abroad: offices held on comparable domestic and international supervisory bodies of commercial enterprises, each as at 30 September 2021

Board of Management*

Torsten Grede

Frankfurt/Main, Germany (Spokesman)

Comparable offices in Germany and abroad

- Treuburg Beteiligungsgesellschaft mbH, Ingolstadt, Germany
- Treuburg GmbH & Co. Familien KG, Ingolstadt, Germany

Tom Alzin

Frankfurt/Main, Germany (since 1 March 2021)

Comparable offices in Germany and abroad

- Discus Investment SARL, Luxembourg
- Calypso Investment B.V., Amsterdam, Netherlands

Jannick Hunecke

Frankfurt/Main, Germany (since 1 March 2021)

Comparable offices in Germany and abroad

- Gienanth Group GmbH, Eisenberg, Germany
- Frimo International GmbH, Lotte, Germany

Dr Rolf Scheffels

Frankfurt/Main, Germany (until 28 February 2021)

Comparable offices in Germany and abroad

- JCK Holding GmbH Textil KG, Quakenbrück, Germany
- Preh GmbH, Bad Neustadt a. d. Saale, Germany

Susanne Zeidler

Frankfurt/Main, Germany

Statutory offices

- Fresenius Management SE, Bad Homburg v. d. Höhe, Germany (since 21 May 2021)

Comparable offices in Germany and abroad

- DWS Investment GmbH, Frankfurt/Main, Germany

*Statutory office: offices held on other statutory supervisory boards; comparable offices in Germany and abroad: offices held on comparable domestic and international supervisory bodies of commercial enterprises, each as at 30 September 2021 or until the date of retirement from the Board of Management, respectively

43. List of subsidiaries and associates pursuant to section 313 (2) HGB

Name	Registered office	Equity interest *in %*
Fully-consolidated and unconsolidated subsidiaries		
AIFM-DBG Fund VII Management (Guernsey) LP	St. Peter Port, Guernsey	0.00
DBAG Bilanzinvest I (Smart Metering) Verwaltungs GmbH[1]	Frankfurt/Main, Germany	100.00
DBAG Bilanzinvest II (TGA) Verwaltungs GmbH[1]	Frankfurt/Main, Germany	100.00
DBAG Bilanzinvest III Verwaltungs GmbH[1]	Frankfurt/Main, Germany	100.00
DBAG Italia S.r.l.	Milan, Italy	100.00
DBG Advising GmbH & Co. KG	Frankfurt/Main, Germany	20.00
DBG Advising Verwaltungs GmbH[1]	Frankfurt/Main, Germany	100.00
DBG Fund HoldCo GmbH & Co. KG[1]	Frankfurt/Main, Germany	13.04
DBG Fund LP (Guernsey) Limited[1]	St. Peter Port, Guernsey	0.00
DBG Fund VI GP (Guernsey) LP	St. Peter Port, Guernsey	0.00
DBG Fund VII GP S.à r.l.	Luxembourg-Findel, Luxembourg	100.00
DBG Fund VIII GP (Guernsey) L.P.	St. Peter Port, Guernsey	0.00
DBG Fund VIII GP (Guernsey) Limited[1]	St. Peter Port, Guernsey	0.00
DBG Management GmbH & Co. KG	Frankfurt/Main, Germany	100.00
DBG Management GP (Guernsey) Ltd.	St. Peter Port, Guernsey	15.00
DBG Managing Partner GmbH & Co. KG	Frankfurt/Main, Germany	20.00
DBG Managing Partner Verwaltungs GmbH[1]	Frankfurt/Main, Germany	100.00
DBG New Fund Management GmbH & Co. KG	Frankfurt/Main, Germany	100.00
DBG Service Provider Verwaltungs GmbH[1]	Frankfurt/Main, Germany	0.00
European PE Opportunity Manager LP	St. Peter Port, Guernsey	0.00
RQPO Beteiligungs GmbH[1]	Frankfurt/Main, Germany	49.00
RQPO Beteiligungs GmbH & Co. Papier KG[1]	Frankfurt/Main, Germany	90.00
Unconsolidated investment entity subsidiaries		
DBAG Bilanzinvest I (Smart Metering) GmbH & Co. KG	Frankfurt/Main, Germany	100.00
DBAG Bilanzinvest II (TGA) GmbH & Co. KG	Frankfurt/Main, Germany	100.00
DBAG Co-Invest (TGA) GmbH & Co. KG	Frankfurt/Main, Germany	0.00
DBAG Co-Invest (TGA) Verwaltungs GmbH	Frankfurt/Main, Germany	0.00
R+S Holding GmbH	Frankfurt/Main, Germany	0.00
R+S Beteiligungs GmbH[2]	Fulda	0.00
DBAG Bilanzinvest III GmbH & Co. KG	Frankfurt/Main, Germany	100.00
DBAG Expansion Capital Fund Konzern GmbH & Co. KG	Frankfurt/Main, Germany	99.00
DBAG Fund V Konzern GmbH & Co. KG	Frankfurt/Main, Germany	99.00
DBAG Fund VI Konzern (Guernsey) L.P.	St. Peter Port, Guernsey	99.99
DBAG Fund VII Konzern SCSp	Luxembourg-Findel, Luxembourg	99.99
DBAG Fund VII B Konzern SCSp	Luxembourg-Findel, Luxembourg	99.99
DBAG Fund VIII A Konzern (Guernsey) L.P.	St. Peter Port, Guernsey	99.99
DBAG Fund VIII B Konzern (Guernsey) L.P.	St. Peter Port, Guernsey	99.99
DBG Fourth Equity Team GmbH & Co. KGaA i. L.	Frankfurt/Main, Germany	100.00
Deutsche Beteiligungsgesellschaft mbH	Königstein/Taunus, Germany	100.00
DBG Advisors Kommanditaktionär GmbH & Co. KG	Frankfurt/Main, Germany	0.00
DBG Fifth Equity Team GmbH & Co. KGaA i. L.	Frankfurt/Main, Germany	0.00
DBG Alpha 5 GmbH	Frankfurt/Main, Germany	0.00
DBG Asset Management Limited	St. Helier, Jersey	0.00
DBG Epsilon GmbH	Frankfurt/Main, Germany	0.00
DBG Fourth Equity International GmbH	Frankfurt/Main, Germany	0.00
DBV Drehbogen GmbH	Frankfurt/Main, Germany	0.00

1 Unconsolidated subsidiaries – see Note 4.5
2 R+S Beteiligungs GmbH holds interests in subsidiaries both directly and indirectly. Due to their minor importance, no information is provided on these subsidiaries.

INDEPENDENT AUDITOR'S REPORT

To the Deutsche Beteiligungs AG, Frankfurt/Main

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

Opinions

We have audited the consolidated financial statements of Deutsche Beteiligungs AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 September 2021, and comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 October 2020 to 30 September 2021, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In addition, we have audited the combined management report of Deutsche Beteiligungs AG for the financial year from 1 October 2020 to 30 September 2021.

In accordance with the German legal requirements, we have not audited the content of those parts of the combined management report listed in the chapter "other information".

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 IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 30 September 2021, and of its financial performance for the financial year from 1 October 2020 to 30 September 2021, and

› the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Our opinion on the combined management report does not cover the content of those parts of the combined management report listed in the chapter "other information".

Pursuant to § 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report.

We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements.

In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 October 2020 to 30 September 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

We identified the following matters as key audit matters:

Valuation of financial assets

The financial statement position "Financial assets" amounts to 545.3 million euro and mainly consists of DBAG's share in investment entity subsidiaries that are not consolidated in the Company's consolidated financial statement according to IFRS 10.31 sentence 1. Per IFRS 10.31 sentence 2 in connection with IFRS 9, investments are valued at their fair value through profit and losses. The fair value is determined according to IFRS 13 considering the International Private Equity and Venture Capital Valuation Guidelines (IPEVG) effective 2018 and the Corona Pandemic Supplements from March 2021.

The fair value of the investment entity subsidiaries corresponds to the Company's share of the sum of the fair values of each portfolio company (sum-of-the-parts-methodology). The valuation at the fair value assumes the sale of all shares of portfolio Company's at the balance sheet date. Individual contractual agreements are included in the valuation, in particular agreements with members of the investment team regarding their profit participation of DBAG Funds, so-called Carried Interest.

The Company has implemented a process to determine the fair values of the portfolio companies that considers the fact that market prices cannot be observed. The Company uses the multiples method to determine the fair values of the portfolio companies based on financial results (market approach). The main non-observable assumptions used in the valuation are the sustainable earnings derived from the projections of each portfolio Company and the expected cashflows, respectively, as well as the net debt. Regardless of the valuation approach, the fair values determined are considered level 3 according to the fair value hierarchy due to unobservable input factors used in the calculation.

The necessary valuation assumptions are discretionary, as they cannot be observed on the market. In addition, there are complex contractual provisions in place regarding the calculation of carried interest for the investment entity subsidiaries. These need to be given appropriate consideration when measuring the fair values of the interest in the investment entity subsidiaries.

With respect to the consolidated financial statements, there is a risk that the fair values of the portfolio companies used in the valuation of financial assets do not meet the requirements of IFRS 13, resulting in an inappropriate valuation. There is an additional risk attached to the consideration of contractual agreements of carried interest. Finally, there is a risk that the disclosures in the notes to the consolidated financial statements according to IFRS 7 and IFRS 13 in particular are not appropriate.

We refer to the notes to the consolidated financial statements regarding the Company's accounting and valuation methods (note 6). We refer to future-oriented assumptions and other significant sources of estimation uncertainties (note 8), disclosures on the financial assets (note 18), on the net result of investment activity (note 9), notes on financial instruments (note 34), disclosures regarding related party transactions (note 39), as well as to the statements in the combined management report regarding the Company's operations.

Our audit approach

First, we obtained an understanding of the Company's process to determine the fair values as part of the valuation of the shares in investment entity subsidiaries and assessed whether the valuation guidelines implemented by the Company are deemed appropriate to meet the requirements of IFRS 13. In order to gain an understanding of the organizational structure of the valuation process, we inquired with responsible employees, and obtained process descriptions, status reports, valuation documentation as well as minutes of board meetings. Based on the evidence obtained, we assessed the appropriateness of the controls implemented, particularly regarding the valuation proposals made by the Valuation Committee.

Our substantive audit procedures included reviewing the documentation of the calculations of the fair values of the portfolio companies and the assessment whether these calculations were consistent with the valuation process implemented and whether the valuation methodologies applied were deemed appropriate. In case of five Companies that were valued using the multiples approach for the first time, we assessed the appropriateness of with the valuation approach used considering observable input factors. We further assessed the calculation of the fair values and the observable inputs. For all portfolio companies, we reassessed the calculations of the fair values and the observable inputs. We audited unobservable assumptions based on a sample selected using a risk-oriented approach.

For selected estimates of sustainable earnings and the net debt of portfolio companies, we reassessed the deviation from the budgets prepared by their management, and we obtained the approval of the respective supervisory board. In addition, we conducted interviews with members of the investment team on business development, target achievement and individual issues for a risk-oriented conscious selection of portfolio companies. For adjustments of assumptions made by the valuation committee of the Deutsche Beteiligungs AG, we discussed the respective documentation with members of the valuation committee, to conclude on the reasonableness of such adjustments. We further assessed the appropriateness of selected assumptions used in the portfolio managements' projections (EBITDA margins in particular) through comparison with ranges derived from external market data for the respective performance indicators.

Regarding the multiples used in the multiple's method, we involved our valuation specialists to assess the proper deviation of peer group companies and the resulting multiples based on the companies and capital market data.

We also performed substantive audit procedures regarding the consideration of carried interest in the calculation of the fair value of the shares attributable to DBAG. We evaluated the identification of carried interest entitlement and the respective valuation Finally, we assessed whether the disclosures on the valuation of financial assets according to IFRS 7 and IFRS 13, in particular, were appropriate.

OTHER INFORMATION

The executive directors respectively the supervisory board are responsible for the other information. The other information comprises:

- the statement on corporate governance included in section "Declaration on Corporate Governance" of the combined management report and
- the remaining parts of the annual financial report, with the exception of the audited consolidated financial statements and combined management report and our auditor's report.

Our opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

The executive directors board are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal controls as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are 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.

Furthermore, the executive directors are responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of 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 opinions. 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 controls.

- Obtain an understanding of internal controls relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) 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 executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' 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 a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's 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 assets, liabilities, financial position 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 § 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors 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 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 controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Assurance in Accordance with § 317 (3A) HGB on the Electronic Reproduction of the Annual Financial Statements and the Management Report Prepared for Publication Purposes

Reasonable Assurance Opinion

We have performed assurance work in accordance with § 317 (3a) HGB to obtain reasonable assurance about whether the reproduction of the annual financial statements and the management report (hereinafter the "ESEF documents") contained in the attached electronic file "DBAG_KA_2021.zip" (SHA256-Hash value: 223ea02cca55134a6eba887 b34ea937f6692306fe0324b83d32cb92ce815117b) and prepared for publication purposes complies in all material respects with the requirements of § 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the annual financial statements and the management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the annual financial statements and the management report contained in the above-mentioned electronic file and prepared for publication purposes complies in all material respects with the requirements of § 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned file beyond this reasonable assurance opinion and our audit opinion on the accompanying annual financial statements and the accompanying management report for the financial year from 1 October 2020 to 30 September 2021 contained in the „AUDITOR'S REPORT ON THE ANNUAL FINANCIAL STATEMENTS AND ON THE COMBINED MANAGEMENT REPORT" above.

Basis for the Reasonable Assurance Opinion

We conducted our assurance work on the reproduction of the annual financial statements and the management report contained in the above-mentioned electronic file in accordance with § 317 (3a) HGB and the Exposure Draft of IDW Assurance Standard: Assurance in Accordance with § 317 (3a) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410). Accordingly, our responsibilities are further described below in the "AUDITOR'S RESPONSIBILITIES FOR THE ASSURANCE WORK ON THE ESEF DOCUMENTS" section. Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the annual financial statements and the combined management report in accordance with § 328 (1) sentence 4 no. 1 HGB and for the markup of the consolidated financial statement in accordance with § 328 (1) sentence 4 no. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have determined necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of § 328 (1) HGB for the electronic reporting format.

The supervisory board is responsible for overseeing the preparation of ESEF documents as part of the financial reporting process.

Auditor's Responsibilities for the Assurance Work on the ESEF documents

Our objective is to obtain reasonable assurance that the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of § 328 (1) HGB. We exercise professional judgment and maintain professional scepticism throughout the assurance work. We also:

› Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of § 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinions.

› Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e. whether the electronic file containing the ESEF documentation meets the require-ments of the Delegated Regulation (EU) 2019/815 on the technical specification for this electronic file applicable at the reporting date.

- Evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited annual financial statements and to the audited management report.

- Evaluate whether the markup of the ESEF documents with inline XBRL technology (iXBRL) in accordance with Articles 4 and 6 of Delegated Regulation (EU) 2019/815, as applicable on the reporting date, provides an adequate and complete machine-readable XBRL copy of the XHTML rendering.

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as group auditor by the annual general meeting on February 25, 2021. We were engaged by the audit committee on February 25, 2021.

We have been the group auditor of the Deutsche Beteiligungs AG since the financial year 2018/2019.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

OTHER MATTERS – USE OF THE AUDITOR'S REPORT

Our audit opinion should always be read in conjunction with the audited consolidated financial statements and the combined management report as well as the audited ESEF documents. The consolidated financial statements and combined management report converted to ESEF format - including the versions to be published in the Federal Gazette - are merely electronic reproductions of the audited consolidated financial statements and combined management report and do not replace them. In particular, the ESEF opinion and our audit opinion contained therein can only be used in conjunction with the audited ESEF documents provided in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Dr Jens Freiberg.

Frankfurt/Main, 30 November 2021

BDO AG
Wirtschaftsprüfungsgesellschaft

Dr Freiberg
German Public Auditor

Gebhardt
German Public Auditor

RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge, and in accordance with the applicable accounting principles, that the consolidated financial statements give a true and fair view of the financial position and financial performance of the Group, and that the combined management report presents a true and fair view of the business development and performance of the business and the position of the Group, together with a description of the material risks and opportunities associated with the expected development of the Group.

Frankfurt/Main, 29 November 2021

The Board of Management

Torsten Grede	Tom Alzin	Jannick Hunecke	Susanne Zeidler

Corporate Governance

REPORT OF THE SUPERVISORY BOARD

Deutsche Beteiligungs AG surpassed expectations considerably in the financial year 2020/2021 (1 October 2020 to 30 September 2021): this was attributable to the increase in the net asset value of Private Equity Investments, earnings from Fund Investment Services, and the Group's net income, all of which reached encouragingly high levels, thus confirming the Company’s positive development over recent years.

In the reporting year, we paid close attention to the Company’s situation and performance. We consistently and conscientiously performed the supervisory and advisory duties incumbent upon us by law, the Articles of Association and internal regulations. The Supervisory Board was updated regularly, in detail and without delay by the Board of Management about business development, the financial position, financial performance, the competitive environment, the outlook, risk management and compliance at DBAG, both in writing and orally. The Board of Management also informed us of all strategic and major operational decisions, as well as its future business policy.

Changes to the Board of Management

The Annual General Meeting held during the past financial year represented a generational shift in the management of Deutsche Beteiligungs AG. Dr Rolf Scheffels stepped down from DBAG’s Board of Management on 25 February 2021, having served on the Board since January 2004. We are delighted in that he remains closely connected to the Company as an Investment Advisory Committee member of the most recently launched DBAG fund, DBAG Fund VIII. Dr Scheffels joined DBAG at the beginning of 1997; his work is not only linked to a number of transactions that achieved considerable investment success, but also to the continuous development of processes and structures within the investment team. The Supervisory Board, representing shareholders, would like to extend its thanks to him for his work and his lasting contribution to Deutsche Beteiligungs AG.

Tom Alzin and Jannick Hunecke were appointed as new members of the Board of Management. They have been influential members of the investment team for a number of years now, and have a long-standing track record in management roles. Both also have an established track record covering a series of successful transactions. The Supervisory Board is delighted that by rejuvenating the Board of Management through the appointment of these two colleagues, continuity in DBAG's management can be ensured.

Supervisory Board meetings during the year under review

Seven Supervisory Board meetings were held in the 2020/2021 financial year, of which only one was held as an in-person meeting and six as conference calls or video conferences, due to the pandemic. There was one case where a resolution of the Supervisory Board was passed in writing outside of a meeting. The Supervisory Board also met on a regular basis without the Board of Management to discuss items on the agenda relating to the Board of Management itself or internal Supervisory Board affairs. Examples in the period under review were the presentation of and discussion about the results of the review of the appropriateness of the Board of Management remuneration and the self-assessment of the Supervisory Board’s work.

Reports on the situation of individual portfolio companies constituted an integral part of the meetings, for which we received detailed quarterly written reports from the Board of Management.

The subject of one Supervisory Board meeting held as a conference call on **27 OCTOBER 2020** was the resolution regarding the amount of variable remuneration for the Board of Management for the 2019/2020 financial year.

In the meeting held via video conference on **26 NOVEMBER 2020**, we examined the financial statements and consolidated financial statements and the combined management report and Group management report as at 30 September 2020, the proposal for the appropriation of net retained profit for the 2019/2020 financial year, the agenda for the ordinary Annual General Meeting on 25 February 2021, and the portfolio development. At this meeting, the Supervisory Board approved the proposal of the Board of Management to hold the 2021 Annual General Meeting without the physical presence of shareholders, in line with the requirements of the COVID-19 Infection Protection Act. In addition, we examined the Supervisory Board’s report on the previous financial year's activities.

The meeting of 26 November 2020 saw the appointment of Messrs Tom Alzin and Jannick Hunecke as members of the Board of Management, the conclusion of the corresponding service contracts, as well as determination of targets and target achievement levels for the purposes of multi-year variable remuneration under the new remuneration system for the Board of Management.

In an extraordinary conference call on **30 NOVEMBER 2020**, following the supplementary audit by BDO, extended versions of the annual financial statements and the consolidated financial statements as at 30 September 2020 were approved and the extended annual financial statements thus confirmed. The additions had become necessary due to a technical transmission error in the versions previously approved on 26 November 2020.

The Annual General meeting on **25 FEBRUARY 2021** re-elected three members – Dr Hendrik Otto, Philipp Möller and Sonja Edeler – to the Supervisory Board. In its meeting, which was held via video conference following the Annual General Meeting, the Supervisory Board elected Dr Hendrik Otto as Chairman of the Supervisory Board and Philipp Möller as Deputy Chairman. Dr Otto and Ms Edeler were re-elected as members of the Audit Committee, and Ms Edeler was confirmed as Deputy Chairman of the Audit Committee. The Supervisory Board was also briefed on the performance of the portfolio.

Through a resolution dated 7 April 2021, which was passed by way of votes cast in writing, the Supervisory Board appointed a Transaction Committee in conjunction with a planned capital increase. In particular, it transferred to said Committee the role and authority to pass, on behalf of the entire Supervisory Board, the approving resolutions of the Supervisory Board for the utilisation of Authorised Capital 2017, and determining further details of the rights issue and its execution. The Transaction Committee comprises Dr Otto as Chairman, Ms Edeler and Dr Wulfken; it passed its approving resolutions on the capital increase in meetings held via video conference on 12 April 2021 and 28 April 2021.

In the meeting held via video conference on **11 MAY 2021**, we were informed about the portfolio performance and the progress of market exploration in Italy. The Board of Management also informed the Supervisory Board about the successfully concluded capital increase. Furthermore, Ernst & Young GmbH was appointed in this meeting as an independent remuneration advisor to prepare a statement on the appropriateness of remuneration for the Board of Management.

In an extraordinary meeting held via video conference on **22 JUNE 2021**, the Supervisory Board approved an investment decision to acquire a majority stake using the Company's balance sheet; this investment was not executed after all.

In the in-person meeting held on **15 SEPTEMBER 2021**, the Board of Management informed us about the budget for the 2021/2022 financial year and the planning for 2021/2022 to 2023/2024. In this meeting, we also were informed of current investment plans and the performance of individual portfolio companies. We worked on the Corporate Governance Statement and issued the Declaration of Compliance on the German Corporate Governance Code. We were also presented with concrete proposals for training and continuous professional developmental measures in our duties as Supervisory Board members. Within the scope of the meeting, Ernst & Young reported on the review of the appropriateness of the Board of Management remuneration; the results were discussed among the Supervisory Board members. The results of the self-assessment of the Supervisory Board's work and its committees, conducted on the basis of a questionnaire, were also discussed.

The Spokesman of the Board of Management always informed the Chairman of the Supervisory Board without delay about important business transactions throughout the reporting period; the information was shared accordingly with the entire Supervisory Board thereafter. We were involved in all major decisions.

Corporate Governance

We continuously monitor the development of corporate governance practices in Germany. During the financial year 2020/2021, we focused on the principles, recommendations and suggestions of the German Corporate Governance Code (GCGC). The Board of Management, together with the Supervisory Board, gives a detailed report about the Company's corporate governance in the Corporate Governance Statement. The Corporate Governance Statement is made available on the Company's website. The Board of Management and the Supervisory Board recently issued their annual Declaration of Compliance (pursuant to section 161 of the AktG) in September 2021, on the basis of the GCGC as amended on 16 December 2019, and made this Declaration permanently available to the public on the Company's website.

Every member of the Supervisory Board discloses any potential conflicts of interest that may arise to the Chairman of the Supervisory Board, as recommended in the GCGC. There was no evidence of any conflicts of interest in the financial year under review.

Supervisory Board Committees

To be able to carry out its work more efficiently, the Supervisory Board has followed the recommendations of the AktG and the GCGC and established an Executive Committee (which also performs the functions of a Nomination Committee), and an Audit Committee.

Work of the Executive Committee (also Nomination Committee)

The Executive Committee met three times in this function during the financial year under review: in a conference call held on **26 OCTOBER 2020**, it set out proposals for the one-year and multi-year variable remuneration of the Board of Management members for the financial year 2019/2020. The Supervisory Board approved the proposals on 27 October 2020.

In a video conference held on **15 NOVEMBER 2020**, the Executive Committee (in its function as Nomination Committee) discussed the proposal to be submitted to the Annual General Meeting 2021 for elections to the Supervisory Board. With the termination of the terms of office of Sonja Edeler, Philipp Möller and Dr Hendrik Otto, three candidates were proposed for election to the Supervisory Board to the Annual General Meeting as at 25 February 2021. We nominated Sonja Edeler, Philipp Möller and Dr Hendrik Otto for re-election. All three were re-elected to the Supervisory Board by the Annual General Meeting.

In a conference call held on **18 NOVEMBER 2020**, the Executive Committee discussed the appointment of Messrs Tom Alzin and Jannick Hunecke to the Management Board, the employment contracts of Tom Alzin and Jannick Hunecke, as well adjustments to the service contracts of Torsten Grede and Susanne Zeidler in line with the new remuneration system for the Board of Management. The Supervisory Board approved the proposals of the Executive Committee in its meeting on 26 November 2020.

Work of the Audit Committee

The Audit Committee convened six times during the financial year under review. The meetings focused mainly on the annual financial statements and consolidated financial statements, the half-yearly financial report and the quarterly statements, which were discussed in the committee meetings with the Board of Management prior to their publication.

The meeting on **11 NOVEMBER 2020** focused on the preliminary results of the 2019/2020 financial year. The external auditors reported on the status and initial results of the audit. On **26 NOVEMBER 2020**, we discussed the financial statements and consolidated financial statements for the year ending 30 September 2020 and the audit reports for both, before recommending that the Supervisory Board sign off on the financial statements and confirm the consolidated financial statements. The quality of the audit was also evaluated at this meeting. The Audit Committee also proposed to the Supervisory Board that the Frankfurt/Main office of Hamburg-based BDO AG Wirtschaftsprüfungsgesellschaft ("BDO") be elected as the auditors for the financial year 2020/2021, and to review the condensed financial statements and interim management report as at 31 March 2021, at the Annual General Meeting. This was approved by the Annual General Meeting on 25 February 2021.

On **9 FEBRUARY 2021**, we considered the interim financial statements as at 31 December 2020 and discussed the quarterly statement.

On **11 MAY 2021**, BDO, the external auditors elected by the Annual Meeting on 25 February 2021, reported on the results of their review of the interim financial statements as of 31 March 2021, which we also discussed with the Board of Management during the same meeting.

In July 2021, implementing the new legal framework enshrined by the Financial Market Integrity Strengthening Act (Finanzmarktintegritätsstärkungsgesetz – FISG) which came into force in the summer of 2021, the Head of the Audit Committee held discussions with the heads of those of the Company's divisions whose tasks are relevant to the Audit Committee.

The interim financial statements dated 30 June 2021 were the focus of the meeting on **5 AUGUST 2021**. We discussed the Board of Management's report and the quarterly statement for that reporting date. We also took note of the Board of Management's risk report. In this meeting, we also reviewed and discussed the report provided by DBAG's Internal Audit. The quality of the audit was also evaluated in this meeting, taking into account the audit review of the financial statements and interim management report as at 31 March 2021.

On **15 SEPTEMBER 2021**, representatives of the external auditors, BDO, explained their planning for the audit as at 30 September 2021 and the focus of their audit. The auditors also reported in detail about current regulatory developments with a focus on the FISG that came into force in summer 2021. In the same meeting, the Board of Management reported on the measures taken by the Company to implement the new regulatory requirements.

During the course of the financial year under review, the Audit Committee monitored the accounting process and the effectiveness of the internal control and auditing system, as well as the risk management system. We had no objections relating to the Company's practices. We looked at the independence of the auditors and the additional (non-audit) services performed by the external auditors. In the reporting year, these non-audit services consisted mainly of the preparation of a letter of comfort, the audit of the 2020/2021 earnings forecast and the review of the quarterly financial statements as at 31 December 2020 in connection with the capital increase, which required the publication of a prospectus. We also discussed the auditors' fees as well as setting the focal points of the audit.

Meeting attendance

All members of the Supervisory Board attended all meetings of the Supervisory Board during the reporting period, with the following two exceptions: Dr Otto and Dr Zimmerer were each unable to attend one of the extraordinary meetings. However, their voting rights were represented by proxy for the relevant votes.

All committee members attended all the meetings of the Audit Committee, the Executive Committee and the Nomination Committee during the period under review.

Continuous professional development

The members of the Supervisory Board are responsible for organising their own training and continuous professional development, and the Company supports them in this.

During the period under review, the members of the Supervisory Board participated in various internal and external events, in order to maintain and expand their expertise. Several members participated in a virtual event with the DBAG funds' investors; the event was recorded and the recordings subsequently made available to all members of the Supervisory Board. At one of its meetings, the Supervisory Board addressed the current regulatory developments in detail, with regard to auditing and accounting, and discussed these with the external auditor. The Supervisory Board members took part in external events individually. These included the events of the Audit Committee Institute and an event held by a renowned law firm on Supervisory Board work in the 'new normal'.

Annual financial statements and consolidated financial statements without objections

Prior to submitting its proposal to the Annual General Meeting to elect the Frankfurt/Main office of Hamburg-based BDO AG Wirtschaftsprüfungsgesellschaft ("BDO") as external auditors for the financial year 2020/2021, the Supervisory Board received a statement of independence from BDO. After the 2021 Annual General Meeting, where our proposal was accepted, the Chairman of the Supervisory Board instructed BDO to carry out the audit. The instructions included that we be informed immediately of any major findings and issues arising in the course of the audit that are relevant to our work. The external auditors laid out their audit plans in the meeting of the Audit Committee on 15 September 2021. BDO acted as auditors for DBAG for the first time for financial year 2018/2019, with Dr Freiberg as lead auditor.

In October and November 2021, we discussed the valuation of individual DBAG portfolio companies with the Board of Management in great detail. Specifically, this related to determining the fair value of DBAG's investments in portfolio for the purpose of financial reporting, pursuant to the measurement policies developed by DBAG in accordance with IFRS.

BDO audited the annual financial statements of Deutsche Beteiligungs AG for the 2020/2021 financial year and the combined management report of Deutsche Beteiligungs AG and the Group, including the underlying accounts, and returned an unqualified auditor's opinion. The same applies for the consolidated financial statements 2020/2021. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The auditors confirmed that the consolidated financial statements complied with IFRSs, as applicable in the European Union, and the applicable supplementary regulations pursuant to section 315e (1) of the German Commercial Code (Handelsgesetzbuch -– HGB), and that the consolidated financial statements as a whole accurately present the position of the Group, as well as the opportunities and risks associated with its future performance.

The Supervisory Board received the audited and verified annual financial statements of Deutsche Beteiligungs AG as at 30 September 2021 and the combined management report of Deutsche Beteiligungs AG and of the Group in good time, taking into account the report of the Chairman of the Audit Committee and the external auditors, examined them for itself, and discussed the documents in detail with the Board of Management and the external auditors. This also applies to the consolidated financial statements and the profit appropriation proposal.

The auditors explained the preliminary audit findings during the Audit Committee meeting on 18 November 2021. At our meeting on 1 December 2021 and at the Audit Committee meeting held on the same day, they presented the results of their audit. There were no objections. They also reported on the services they performed in addition to audit services. The auditors provided detailed answers to our questions. There were also no objections raised after the Supervisory Board conducted its own detailed examination of the annual and consolidated financial statements and the combined management report of Deutsche Beteiligungs AG and of the Group as at 30 September 2021, BDO’s report on the outcome of the audit, and the report of the Board of Management for the financial year 2020/2021. We concurred with the results of the audit put forward by the external auditors. On 1 December 2021 we confirmed the consolidated financial statements and annual financial statements of Deutsche Beteiligungs AG as recommended by the Audit Committee. The annual financial statements are thus confirmed.

The Board of Management's dividend proposals were discussed at the meeting of the Audit Committee on 18 November 2021. On the same day, after this meeting, the Board of Management resolved its proposal for the appropriation of net retained profit, and the Supervisory Board, by resolution of 1 December 2021, approved the Board of Management's proposal to distribute 30,087,987.20 euros by paying a dividend of 1.60 euros per share with dividend entitlement and to carry forward the remaining net retained profit of 223,877,521.83 euros.

Over the course of the past financial year, DBAG has made some key strategic decisions with the opening of an office in Milan, the expansion of its investment team, the capital increase and, last but not least, the changes to the Board of Management. We are confident that the Company is well-positioned to continue achieving very good results in the future. The Supervisory Board wishes to recognise and extend a special thanks to the Board of Management and all the employees who, over the past year, have contributed so much to the Company's further development.

Frankfurt/Main, 1 December 2021

Hendrik Otto

Dr Hendrik Otto

Chairman of the Supervisory Board

OTHER STATUTORY DISCLOSURES AND EXPLANATORY INFORMATION

Remuneration report

The remuneration report summarises the principles applied in fixing the remuneration for the members of the Board of Management and the Supervisory Board of Deutsche Beteiligungs AG. It presents the structure and amount of remuneration paid to the members of the Board of Management and the Supervisory Board.

DBAG voluntarily uses the tables pursuant to the German Corporate Governance Code (GCGC) in its version amended on 7 February 2017 for remuneration granted and apportioned to the Board of Management. The remuneration report is an integral constituent of the combined management report. Deutsche Beteiligungs AG will publish a remuneration report for the current financial year 2020/2021 in line with German company law, pursuant to the provisions of the German Act Implementing the Second Shareholder Rights Directive ("ARUG II") and in line with the transitional ARUG II provisions, for the first time.

Preliminary remarks

At its meeting held on 11 September 2020, the Supervisory Board adopted a new remuneration system for the members of the Board of Management that takes account of the changes in the statutory requirements that apply to Board of Management remuneration under ARUG II. The remuneration system was presented to, and approved by, the Annual General Meeting held on 25 February 2021 in accordance with section 120a (1) of the German Public Limited Companies Act (Aktiengesetz – AktG).

Torsten Grede and Susanne Zeidler received remuneration according to the new remuneration system outlined below in the reporting year, whereas the new remuneration provisions have applied to Tom Alzin and Jannick Hunecke since 1 March 2021. The previously applicable remuneration system (most recently presented in the remuneration report for the financial year 2019/2020) applied only to the Board of Management service contract of Dr Rolf Scheffels, which expired as at 28 February 2021.

Basic principles of the remuneration system in the financial year 2020/2021

Total remuneration for the members of the Board of Management consists of

- a fixed salary;
- one-year variable remuneration;
- multi-year variable remuneration;
- a Long-Term Investments bonus, if applicable;

- pension commitments, if applicable; as well as
- fringe benefits.

Torsten Grede and Jannick Hunecke also receive benefits from follow-on remuneration from completed remuneration models (and the same applied to Dr Rolf Scheffels for the period until his retirement).

Criteria for the appropriateness of total remuneration levels are, in particular, the responsibilities of the respective Board of Management member, their personal performance, and the economic position, performance and prospects of DBAG. To that end, the structure and level of remuneration schemes common to the private equity industry, which are required to attract and retain qualified key personnel, are considered on the one hand. On the other hand, the structure and level of remuneration schemes of comparable listed SDAX companies and an individual peer group are also taken into account. To ensure the appropriateness of remuneration, the Supervisory Board regularly carries out both a horizontal and a vertical remuneration comparison.

The Supervisory Board may factor in extraordinary developments, as appropriate, when granting and disbursing variable remuneration components. The target values or comparison parameters for the variable compensation will not be changed subsequently.

The remuneration paid for any single financial year, which is made up of the fixed salary, the one-year variable remuneration, the multi-year variable remuneration and, if applicable, the pension commitment and any fringe benefits, is capped at a maximum amount of 1,888,000 euros gross per each member of the Board of Management. The calculation assigns any payment of the variable remuneration to the financial year preceding the year in which the payment is made (however, any follow-on variable remuneration payments under remuneration models completed in the past are not taken into account). The determination of the amount of the pension commitment is based on the pension expenses of the respective financial year, both for fixing the target total remuneration and the maximum remuneration.

If a member of the Board of Management commits a serious breach of duty, the Supervisory Board is entitled to demand a full or partial repayment or reduction (clawback) of the variable remuneration pursuant to the service contracts.

The members of the Board of Management are obliged to invest at least 35 per cent of the net amount of the multi-year variable remuneration they are paid in any given year in shares of Deutsche Beteiligungs AG. The Board of Management members are obliged to hold the shares so acquired for a minimum period of four years, no longer, however, than their membership on the Board of Management.

Board of Management service contracts are usually entered into for a term of three to five years. The Supervisory Board may depart from this approach, if warranted, in individual cases. Where a Board of Management service contract is terminated early, any payments to the relevant Board of Management member is contractually limited to twice the annual remuneration (including fringe benefits) and must not exceed the remuneration for the residual term of the service contract that would have been owed had the contract not been terminated early. The payment of outstanding variable remuneration components, which are attributable to the period until contract termination, is based on the originally agreed targets and comparison parameters, also in the case of early termination, and takes place at the agreed due dates.

To the extent that members of the Board of Management receive remuneration for offices held in portfolio companies, this is transferred to DBAG. Remuneration for executive functions in other companies or institutions subject to approval by the Supervisory Board remains with the respective member of the Board of Management. The Company’s D&O

(directors' and officers') liability insurance scheme contains a deductible for the Board of Management members that meets the requirements of section 93 (2) sentence 3 of the AktG.

NON-PERFORMANCE-LINKED REMUNERATION consists of a fixed monthly salary and fringe benefits.

75 per cent of the **ONE-YEAR VARIABLE REMUNERATION** is based on the Board of Management's overall performance and 25 per cent is based on the individual performance of the respective Board of Management member during the financial year under review. This may amount to up to 40 per cent of the fixed salary of the respective member of the Board of Management.

After the end of the respective financial year, the Supervisory Board ascertains the overall performance of the Board of Management at its reasonable discretion, taking into consideration the following performance criteria:

- implementation of corporate strategy;
- short-term development of net asset value and earnings from Fund Investment Services;
- implementation and ongoing development of the compliance system and the ESG system;
- development of capital market positioning; and
- personnel development.

After the end of the respective financial year, the Supervisory Board ascertains the performance of individual members of the Board of Management at its reasonable discretion, using the performance of the business unit, for which the respective member is responsible, as a benchmark.

The Supervisory Board takes any compliance breaches or other breaches of duty on the part of the respective member of the Board of Management into consideration at its reasonable discretion; this may result in the one-year variable remuneration being reduced or, in the case of serious breaches, not being paid at all.

If the Supervisory Board gives the performance of a Board of Management member a 100 per cent rating, the relevant member receives 80 per cent of the maximum one-year variable remuneration possible. A performance rating of up to 120 per cent may be assigned, resulting in the payment of the maximum one-year variable remuneration possible. Where the performance rating is 80 per cent, the Board of Management member receives 60 per cent of the maximum one-year variable remuneration possible. If the performance rating is between 80 per cent and 100 per cent, or between 100 per cent and 120 per cent, the amount of the one-year variable remuneration to be paid must be ascertained in a linear manner. No one-year variable remuneration will be paid for a performance rating of less than 80 per cent.

The one-year variable remuneration is paid once a year in December.

The **MULTI-YEAR VARIABLE REMUNERATION** is based on the following two criteria: average development of the net asset value (NAV) of the Private Equity Investments segment, plus dividends distributed, adjusted in the event of capital measures such as capital increases or share buybacks (hereinafter referred to as the "NAV growth rate") and earnings before taxes of the Fund Investment Services business segment (hereinafter "earnings from Fund Investment Services"). A three-year reference period, comprising the three subsequent financial years, forms the basis for the assessment of these criteria. The decisive factor is the extent to which the targets for both criteria, which were determined by the Supervisory Board at the beginning of each three-year period, have been met. 75 per cent of the multi-year variable remuneration is based on the NAV growth rate criterion and 25 per cent is based on the earnings from Fund Investment Services criterion. The multi-year variable remuneration may amount to up to 80 per cent of the fixed salary of the respective member of the Board of Management.

Whether or not the NAV growth rate criterion has been met, and the resulting multi-year variable remuneration for the 2020/2021 financial year, were ascertained based on the following targets and target achievement levels, determined by the Supervisory Board at the beginning of the financial year:

CAGR NAV (3-year average)	Multiplier for 75% of the maximum amount of the multi-year variable remuneration	Target achievement rate
5.9% or lower	0.0	0
6.0-6.9%	0.1	75%
7.0-7.9%	0.2	80%
8.0-8.9%	0.3	85%
9.0-9.9%	0.4	90%
10.0-10.9%	0.5	95%
11.0-11.9%	0.6	100%
12.0-12.9%	0.7	105%
13.0-13.9%	0.8	110%
14.0-14.9%	0.9	115%
15.0% or higher	1.0	120%

Whether or not the earnings from Fund Investment Services criterion has been met, and the resulting multi-year variable remuneration for the 2020/2021 financial year, were ascertained based on the following targets and target achievement levels, determined by the Supervisory Board at the beginning of the financial year:

Earnings from Fund Investment Services €mn (3-year average)	Multiplier for 25% of the maximum amount of the multi-year variable remuneration	Target achievement rate
5.9 or lower	0.0	0
6.0-6.9	0.1	75%
7.0-7.9	0.2	80%
8.0-8.9	0.3	85%
9.0-9.9	0.4	90%
10.0-10.9	0.5	95%
11.0-11.9	0.6	100%
12.0-12.9	0.7	105%
13.0-13.9	0.8	110%
14.0-14.9	0.9	115%
15.0 or higher	1.0	120%

The values resulting from the two criteria are added together to arrive at the multi-year variable remuneration.

The Supervisory Board takes any compliance breaches or other breaches of duty on the part of the respective member of the Board of Management into consideration at its reasonable discretion; this may result in the multi-year variable remuneration being reduced or, in the case of serious breaches, not being paid at all.

The multi-year variable remuneration is paid once a year in December. If a Board of Management service contract commences during the course of the year, the relevant member of the Board of Management will be paid the multi-year variable remuneration for the respective financial year *pro rata temporis*. No multi-year variable remuneration will be paid for the year during which the relevant member leaves the Company.

The following special provision applies to the first two years of the new system of the multi-year variable remuneration that is applicable as from 1 October 2020. Hence, the following applies to the 2020/2021 financial year:

- Members of the Board of Management who were already in office at the time when the new system of multi-year variable remuneration entered into force on 1 October 2020 will receive a multi-year variable remuneration for the 2020/2021 financial year in an amount resulting from the application of (i) the multi-year variable remuneration system in force until 30 September 2020 or (ii) the new multi-year variable remuneration system based on the target achievement in the 2020/2021 financial year, whichever amount is lower. Since multi-year variable remuneration determined by the new system of multi-year variable remuneration for the reference period from 2018/2019 to 2020/2021 is lower, this amount will be disbursed.

- Members of the Board of Management who were not yet in office at the time when the new system of multi-year variable remuneration entered into force on 1 October 2020 will receive a multi-year variable remuneration for the financial year during which they become a member of the Board of Management, which will be ascertained at a flat rate based on the key performance indicators ("KPIs") or similar criteria that applied to them before they joined the Board of Management.

The members of the Board of Management who are also members of the investment team may also receive a **BONUS FOR THE SUCCESS OF THE LONG-TERM INVESTMENTS** of Deutsche Beteiligungs AG, funded exclusively from the Company's resources. This bonus takes into account the performance of Long-Term Investments from two successive financial years ("investment period"). The entitlement to this bonus arises only if Deutsche Beteiligungs AG has realised its invested capital plus a minimum return of 8 per cent per annum ("internal rate of return"). If this requirement is met, 15 per cent of the total performance achieved in the investment period concerned is paid out to members of the investment team. Those Board of Management members who are also members of the investment team will receive a specific portion of this amount. Payment will only be made once the capital inflows have been received by Deutsche Beteiligungs AG.

The remuneration paid from the Long-Term Investments bonus is capped at 65 per cent of the annual fixed salary of the Board of Management member. If this threshold is exceeded, the excess amount is not paid out until the next financial year. This 'carry-over' arrangement can only be applied once for each entitlement. Payments made from the Long-Term Investments bonus can also be paid after the Board of Management member's service contract has been terminated, although they remain subject to the cap limiting them to 65 per cent of the member's (last) fixed salary.

Follow-up variable remuneration from legacy remuneration models

In the financial year 2020/2021, Torsten Grede, Jannick Hunecke and Dr Rolf Scheffels also received follow-up variable remuneration components from old remuneration models for members of the investment team. Both models had a particularly long-term measurement of investment success in common; the models are now only relevant for the few investments in the portfolio that were entered into prior to 2007.

- The profit-sharing scheme for investments entered into up to 31 December 2000 is geared to DBAG's return on equity. Profit-sharing awards are only granted if the return on equity for the reporting year has reached a level of 15 per cent before taxes and bonuses. The computation base of equity relates exclusively to these investments.

- For investments that were made between 2001 and 2006, profit-sharing starts from a minimum return on investment of eight per cent per year after imputed costs of two per cent. These profit shares are exclusively paid from realised profits. Two-thirds of these entitlements are paid after the close of the respective financial year. Entitlement to the remaining one-third is subject to a final review after the disinvestment phase of all investments involved has been completed, and is paid out in the amount of the remaining final entitlement. A distribution of the investment in the externally-managed foreign buyout fund DBG Eastern Europe resulted in remuneration payouts in the 2020/2021 financial year.

The subsequent variable remuneration components from the two legacy remuneration models are each limited to 65 per cent of the fixed salary per year.

Profit-sharing awards from personal co-investments in DBAG funds

Since the start of the investment period of DBAG Fund V at the beginning of 2007, Board of Management members who are also members of the investment team have had to support DBAG's investments by acquiring a stake in the DBAG funds using their own money. The purpose of taking a personal investment risk is to promote the initiative and commitment of the Board of Management members within the investment team vis-à-vis the success of DBAG funds' investments. If the funds are successful, these Board of Management members receive a profit share that is disproportionate to their capital commitment, subject to certain conditions (carried interest), as is common worldwide in the private equity sector. Investments and amounts paid to the members of the Board of Management from such private investments in DBAG funds are included in the disclosures in Note [39] of the notes to the consolidated financial statements ("Disclosures on related parties, carried interest investments by current and former key management staff").

Pension commitments

The pension schemes initially offered by Deutsche Beteiligungs AG have been closed to new members since 2 January 2001 (pension commitment) and since the beginning of the 2004/2005 financial year (contribution plan). To the extent that a Board of Management member has received pension commitments from Deutsche Beteiligungs AG before they became part of the Board of Management, whether in the form of an undertaking for a specific annual pension or in the form of annual contributions to a pension scheme, these will be continued.

Susanne Zeidler and Tom Alzin do not receive pension commitments. Torsten Grede, as a member of the Board of Management appointed for the first time as at 1 January 2001, receives a pension commitment that provides for a defined annual pension of 87,000 euros. The present value of this pension obligation was 2,088,000 euros as at 30 September 2021 (previous year: 1,811,000 euros). Jannick Hunecke's service contract stipulates that the pension commitments granted by the Company in form of a defined direct commitment before his appointment to the Board of Management remain valid; however, they are fixed in the amount realised when Mr Hunecke commenced his Board of Management activity. No additional contributions to pension commitments and/or increases in Jannick Hunecke's benefit entitlements will occur. The present value of this pension obligation was 973,000 euros as at 30 September 2021.

In the year under review, Dr Rolf Scheffels continued to participate in what is known as the contribution plan until his departure: for each year of service, a one-time pension contribution is paid that is measured by a percentage of the fixed salary for the year in question. The annual retirement benefit component amounts to 0.75 per cent of this remuneration, and six per cent of those parts of the remuneration exceeding the income threshold set by the state pension plan, each multiplied by an age factor that decreases with increasing age. The accrued pension capital for Dr Scheffels is capped at a contribution that corresponds to an annual pension entitlement of 87,000 euros. The cap did not have an effect at the time of

Dr Scheffels' departure. The present value of the retirement benefit commitment to Dr Scheffels was 1,596,000 euros as at 30 September 2021 (previous year: 1,470,000 euros).

Fringe benefits

Members of the Board of Management may receive the following fringe benefits:

- company car, which may also be used for private purposes;
- smartphone, which may also be used for private purposes;
- accident insurance cover;
- term life insurance cover;
- statutory or private health insurance premiums;
- private pension insurance scheme contributions in line with the contributions that would be payable to a statutory pension plan if the respective member of the Board of Management was subject to an insurance obligation under statutory pension plans;
- payment for the costs of one comprehensive health check per year; and
- payment for the costs of participating in corporate talks and similar networking and business development initiatives.

The fringe benefits granted essentially consist of private pension insurance scheme contributions in line with the contributions that would be payable to a statutory pension plan if the respective member of the Board of Management was subject to an insurance obligation under statutory pension plans, statutory or private health insurance premiums, and the use of a company car. The aggregate value of fringe benefits per financial year is limited to a maximum of ten per cent of the fixed salary of the particular member of the Board of Management.

Benefits granted

Total benefits granted to members of the Board of Management in the 2020/2021 financial year amounted to 3,944,000 euros (previous year: 2,609,000 euros); of that amount, 160,000 euros are attributable to pension expenses (previous year: 146,000 euros).

Remuneration disbursed	Torsten Grede Spokesman of the Board of Management				Dr. Rolf Scheffels Member of the Board of Management				Susanne Zeidler Chief Financial Officer			
€'000	2019/ 2020	2020/2021			2019/ 2020	2020/2021			2019/ 2020	2020/2021		
			min.	max.			min.	max.			min.	max.
Fixed salary (not linked to performance)	640	640	640	640	640	267	267	267	550	550	550	550
Fringe benefits	14	38	38	38	12	15	15	15	13	32	32	32
Total	**654**	**678**	**678**	**678**	**652**	**282**	**282**	**282**	**563**	**582**	**582**	**582**
Performance-linked component (one-year variable remuneration)	192	230	0	256	192	96	0	107	165	198	0	220
Component with long-term incentive effects (multi-year variable remuneration)	0	0	0	0	0	0	0	0	0	0	0	0
Bonus for Company's long-term performance	0	256	0	512	0	168	0	213	0	220	0	440
Profit-sharing up to 2000	6	0	0	416	6	0	0	173	0	0	0	0
Profit-sharing 2001 to 2006	21	4	0	416	13	3	0	173	0	0	0	0
Total	**873**	**1,168**	**678**	**2,278**	**863**	**549**	**282**	**948**	**728**	**1,000**	**582**	**1,242**
Pension service costs	91	85	85	85	55	0	0	0	0	0	0	0
Total remuneration	**964**	**1,253**	**763**	**2,363**	**917**	**549**	**282**	**948**	**728**	**1,000**	**582**	**1,242**

Remuneration disbursed	Tom Alzin Member of the Board of Management				Jannick Hunecke Member of the Board of Management			
€'000	2019/ 2020	2020/2021			2019/ 2020	2020/2021		
			min.	max.			min.	max.
Fixed salary (not linked to performance)	0	292	292	292	0	292	292	292
Fringe benefits	0	19	19	19	0	20	20	20
Total	**0**	**311**	**311**	**311**	**0**	**312**	**312**	**312**
Performance-linked component (one-year variable remuneration)	0	105	0	117	0	105	0	117
Component with long-term incentive effects (multi-year variable remuneration)	0	0	0	0	0	0	0	0
Bonus for Company's long-term performance	0	117	0	233	0	117	0	233
Profit-sharing up to 2000	0	0	0	190	0	0	0	190
Profit-sharing 2001 to 2006	0	0	0	190	0	0	0	190
Total	**0**	**533**	**311**	**1,041**	**0**	**534**	**312**	**1,042**
Pension service costs	0	0	0	0	0	75	75	75
Total remuneration	**0**	**533**	**311**	**1,041**	**0**	**609**	**387**	**1,117**

Remuneration paid

In 2020/2021, the members of the Board of Management received inflows as follows:

Remuneration disbursed	Torsten Grede Spokesman of the Board of Management		Dr Rolf Scheffels Member of the Board of Management		Susanne Zeidler Chief Financial Officer	
€'000	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020
Fixed salary (not linked to performance)	640	640	267	640	550	550
Fringe benefits	38	14	15	12	32	13
Total	**678**	**654**	**282**	**652**	**582**	**563**
Performance-linked component (one-year variable remuneration)	230	192	96	192	198	165
Component with long-term incentive effects (multi-year variable remuneration)	0	0	0	0	0	0
Bonus for Company's long-term performance	256	0	168	0	220	0
Profit-sharing up to 2000	0	6	0	6	0	0
Profit-sharing 2001 to 2006	4	20	3	12	0	0
Other[1]	0	0	0	0	0	0
Total	**1,168**	**872**	**549**	**862**	**1,000**	**728**
Pension service costs	85	91	0	55	0	0
Total remuneration	**1,253**	**963**	**549**	**917**	**1,000**	**728**

Remuneration disbursed	Tom Alzin Member of the Board of Management		Jannick Hunecke Member of the Board of Management	
€'000	2020/2021	2019/2020	2020/2021	2019/2020
Fixed salary (not linked to performance)	292	0	292	0
Fringe benefits	19	0	20	0
Total	**311**	**0**	**312**	**0**
Performance-linked component (one-year variable remuneration)	105	0	105	0
Component with long-term incentive effects (multi-year variable remuneration)	0	0	0	0
Bonus for Company's long-term performance	117	0	117	0
Profit-sharing up to 2000	0	0	0	0
Profit-sharing 2001 to 2006	0	0	0	0
Other[1]	0	0	0	0
Total	**533**	**0**	**534**	**0**
Pension service costs	0	0	75	0
Total remuneration	**533**	**0**	**609**	**0**

Former Board of Management members or their surviving dependants received total payments of 1,151,000 euros (previous year: 1,132,000 euros) in the financial year under review. This also includes 7,000 euros (previous year: 28,000 euros) in follow-on payments to former members of the Board of Management from older investments (investments committed up to 31 December 2000 or entered into between 2001 and 2006). The present value of pension obligations for former Board of Management members and their surviving dependants amounted to 20,312,000 euros at the reporting date (previous year: 18,824,000 euros). Amounts received by former Board of Management members from private investments in DBAG funds are included in the disclosures in Note 39 of the notes to the consolidated financial statements ("Disclosures on related parties, carried interest investments by current and former key management staff").

Review of the remuneration system and amount of remuneration

During the 2020/2021 financial year, the Supervisory Board conducted a review of the remuneration system adopted on 11 September 2020 as to whether it is in line with applicable market standards, and called upon external remuneration advisors Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft („Ernst & Young") to evaluate the appropriateness of the remuneration. In the course of this review, Ernst & Young evaluated the appropriateness of specific total remuneration granted to Board of Management members (remuneration packages for the 2019/2020 and 2020/2021 financial years) compared with other companies, using a suitable peer group of other companies.

Ernst & Young conducted the evaluation of the remuneration system and appropriateness of the remuneration as independent external remuneration expert, and issued a corresponding statement of independence. Ernst & Young found that DBAG's current Board of Management remuneration system meets the regulatory requirements, and that the amount and structure of the Board of Management remuneration is standard and appropriate. SDAX companies and an individual peer group were used for the peer group comparison. The individual peer group comprised Bellevue Group AG, BrookfieldAsset Management Inc., DeACapital S.p.A., eQ Oyj, Eurazeo SE, INDUS Holding AG, IP Group plc, LiontrustAsset Management PLC, Lloyd Fonds AG, MBB SE, Onex Corporation, Partners Group Holding AG, RECORD PLC, Sanne Group plc, TamburiInvestment Partners S.p.A. and UBM Development AG. The Supervisory Board discussed the results of the review conducted by Ernst & Young, involving the responsible partner, in its meeting on 15 September 2021. The Board of Management did not participate in the meeting for the discussion of this agenda item.

The appropriateness of Board of Management remuneration, taking the Company's internal remuneration structure into account, was evaluated at the Supervisory Board meeting on the resolution of variable Board of Management remuneration for 2020/2021 held on 28 October 2021.

Supervisory Board remuneration

The current remuneration of the Supervisory Board members has been determined by the resolution adopted by the Annual General Meeting on 20 February 2020 and confirmed by the resolution adopted by the Annual General Meeting on 25 February 2021. The remuneration paid consists of two components: an annual fixed fee of 60,000 euros (base remuneration) and fixed bonuses for the Chair, Vice Chair and committee membership (additional remuneration). The Chairman of the Supervisory Board receives a maximum of twice the base remuneration, irrespective of their membership on various committees. The Vice Chairman of the Supervisory Board and the Chairman of the Audit Committee receive a maximum of one and a half times the base remuneration. Membership of the Executive Committee and the Audit Committee carries remuneration corresponding to one-quarter of this amount, with the Chair of the Audit Committee receiving half the base remuneration.

Said remuneration shall be paid at the end of the respective financial year. Supervisory Board members who only belong to the Supervisory Board or a committee during a part of the financial year, or who are Chairman or Deputy Chairman of the Supervisory Board or Chairman of the Audit Committee during a part of the financial year, shall receive a lower fee, proportional to the time spent in office.

Remuneration of the members of the Supervisory Board amounted to 495,000 euros for the 2020/2021 financial year (previous year: 495,000 euros).

€'000	Fixed fee	Bonus	**Total**
Dr Hendrik Otto (Chairman)	60	60	120
Philipp Möller (Vice Chairman)	60	30	90
Sonja Edeler	60	15	75
Axel Holtrup	60	0	60
Dr Jörg Wulfken	60	30	90
Dr Maximilian Zimmerer	60	0	60
Total	**360**	**135**	**495**

In the financial year 2020/2021, members of the Supervisory Board did not receive any fees for consultancy services.

TAKEOVER-RELATED DISCLOSURES (SECTIONS 289A (1) AND 315A (1) OF THE HGB)

At 30 September 2021, the share capital of Deutsche Beteiligungs AG amounted to 66,733,328.76 euros. It is divided into 18,804,992 no-par value registered ordinary shares (no-par value shares) with a notional interest in the share capital of 3.55 euros (rounded). There is only one class of shares. All shares carry the same rights and obligations. Pursuant to section 67 (2) of the AktG, the rights and obligations arising from shareholdership in relation to the Company exist only for and against the person registered in the share ledger. With the exception of any treasury shares over which the Company is not entitled to exercise rights, each no-par value share carries one vote. The voting right does not begin until the contribution has been made in full. Rights and obligations attached to the shares ensue from the statutory provisions, in particular sections 12, 53a et seqq., 118 et seqq., and 186 of the AktG.

In November 2019, the Company was last notified in accordance with section 33 of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) that 25.01 per cent of the voting rights were held directly by Rossmann Beteiligungs GmbH, Burgwedel, Germany. An agreement for the relinquishing of control has existed between DBAG and this company since March 2013. The agreement initially had a term of five years or until the end of the 2018 Annual General Meeting; the agreement is extended automatically until the end of the subsequent Annual General Meeting, unless due notice to terminate is given. According to the agreement, Rossmann Beteiligungs GmbH undertakes to exercise, for resolutions concerning the election or dismissal of Supervisory Board members, the voting rights attached to shares in DBAG attributable to the Rossmann Group as a whole, now and in the future, within a scope of no more than 45 per cent of the voting capital present at an Annual General Meeting. The Board of Management is not aware of any other restrictions relating to voting rights or the transfer of shares.

In accordance with the Articles of Association of DBAG, the Board of Management consists of at least two individuals. The appointment of these members to the Board of Management requires a simple majority of the votes cast by the Supervisory Board members. In the event of a tie, the Chairman has the casting vote (Article 11 (4) of the Articles of Association). The Supervisory Board may exempt all or individual members of the Board of Management, in general or in individual cases, from the restrictions in section 181 of the German Civil Code (Bürgerliches Gesetzbuch – BGB). So far it has not made use of this option.

Amendments to the Articles of Association may be adopted pursuant to the provisions of sections 179, 133 of the AktG and pursuant to Article 5 (4) and Article 17 of the Articles of Association. The Supervisory Board may adopt amendments to the Articles of Association that relate merely to wording. The Articles of Association provide that resolutions at the Annual General Meeting shall be generally adopted with a simple majority of the votes, or, insofar as a majority of the share capital is required, by a simple majority of the share capital, except where the law or the Articles of Association demand otherwise.

At the Annual General Meeting on 21 February 2018, the Board of Management was authorised, in accordance with section 71 (1) no. 8 of the AktG, to purchase own shares of up to ten per cent of the share capital existing at the time of the Annual General Meeting (53,386,664.43 euros) up to and including 20 February 2023. The Board of Management may choose to acquire shares via the stock exchange or via a public tender to all shareholders or an invitation to submit such a tender. The Board of Management is authorised, subject to the consent of the Supervisory Board, to resell its own shares, for example, as consideration in conjunction with corporate acquisitions or mergers, or acquisitions of investments in enterprises under exclusion of shareholders' subscription rights in other ways than via the stock exchange or by public offer to all shareholders. In the past financial year, the Board of Management did not make use of these authorisations.

On 22 February 2017, the Annual General Meeting passed a resolution authorising the Board of Management to increase the share capital, with the consent of the Supervisory Board, until 21 February 2022 by up to a total of 13,346,664.33 euros through one or more issues of new no-par value registered shares in exchange for cash or non-cash contributions (Authorised Capital 2017). Shareholders are generally to be granted subscription rights in such cases. The Board of Management was, however, authorised to exclude shareholders' subscription rights in certain instances and within a certain capital range. In April 2021, this authorisation was fully exhausted via a capital increase through the issuance of 3,760,998 new no-par value shares from the Authorised Capital 2017 against cash contributions, granting indirect subscription rights to shareholders and excluding fractional amounts. The Company's share capital was increased by 13,346,664.33 euros to 66,733,328.76 euros. Following full drawdown, there was no Authorised Capital left as at 30 September 2021.

In conjunction with the authorisation adopted at the Annual General Meeting on 22 February 2017 concerning the issuance of warrant-linked bonds and/or convertible bonds for a total of up to 140,000,000.00 euros until 21 February 2022, with the option of excluding shareholders' subscription rights in certain instances and within a certain capital range, the share capital of the Company will be conditionally raised by up to 13,346,664.33 euros through the issuance of up to 3,760,998 new no-par value registered shares (Conditional Capital 2017/I). The conditional capital increase will only be executed insofar as holders or creditors of warrant-linked bonds and/or convertible bonds exercise their option or conversion rights or fulfil their option/conversion obligation, or to the extent that the Company or the Group company issuing the debt security exercises an option to service the entitlements by delivering shares in the Company instead of a cash settlement (in whole or in part), and insofar as, in each case, cash compensation is not granted and treasury shares or shares from authorised capital or shares of another listed company are not used for servicing. In the past financial year, the Board of Management did not make use of this authorisation.

The existing authorisations are detailed in the respective resolutions passed at the Annual General Meetings mentioned above. Details on Authorised and Conditional Capital, and on the acquisition of treasury shares, are also provided in DBAG's notes to the consolidated financial statements (under "Notes to the consolidated statement of financial position"), and in the consolidated financial statements. The members of the Board of Management do not have a special right to terminate their service contracts in the event of a change of control at Deutsche Beteiligungs AG. In this event, they are also not entitled to severance payments based on compensation agreements.

CORPORATE GOVERNANCE STATEMENT (SECTIONS 289F AND 315D OF THE HGB)

The Corporate Governance Statement pursuant to sections 289f and 315d of the HGB is permanently available in the Investor Relations section of our website under Corporate Governance (https://www.dbag.com/investor-relations/corporate-governance/management-declaration). It includes the Declaration of Compliance with the German Corporate Governance Code, pursuant to section 161 of the AktG, information on corporate governance practices and a description of how the Board of Management and the Supervisory Board work, as well as information on targets for the share of female members on the Supervisory Board, the Board of Management and the management level below the Board of Management.

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FORWARD-LOOKING STATEMENTS

This Report contains forward-looking statements related to the prospects and progress of Deutsche Beteiligungs AG. These statements reflect the current views of the management of Deutsche Beteiligungs AG and are based on projections, estimates and expectations. Our assumptions are subject to risks and uncertainties, and actual results may var materially. Although we believe these forward-looking statements to be realistic, there can be no guarantee.

IMPRINT

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As at 1 December 2021

DISCLAIMER

The amounts in this Report are generally presented in thousands and millions of euros. Rounding differences can occur between the amounts presented and their exact value; these, of course, are not of a significant nature.

The Report is published in German and in English. The German version of this report is authoritative.

€mn	2020/2021	2019/2020	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014	2012/2013	2011/2012
				adjusted[1]	adjusted[1]	adjusted[2]	11 months		adjusted[3]	
Core business objective: increase the Company's value										
Net asset value (reporting date)	678.5	422.0	472.1	470.7	451.5	389.0	313.0	304.2		
Net income from Fund Investment Services	18.0	9.5	3.0	5.6	4.7	(3.0)	2.2	8.0		
Financial objective: increase the value of Private Equity Investments										
Net income from investment activity	178.4	(16.9)	49.6	31.1	85.8	59.4	29.2	50.7		
Earnings before taxes	167.7	(25.2)	42.1	24.2	77.3	52.3	24.9	40.4		
Cash flow from investing activities	28.2	(33.5)	(15.5)	(30.6)	108.9	(6.0)	(72.7)	37.5		
Net asset value (reporting date)	678.5	422.0	472.1	470.7	451.5	389.0	313.0	306.4		
Financial assets[4]	545.3	390.7	385.7	318.9	254.2	316.3	256.3	163.4		
Other financial instruments	20.3	26.0	17.0	32.8	35.6	–	–	2.2		
Financial resources[5]	112.8	18.4	69.4	119.0	161.6	72.6	56.7	140.7		
Ratio of invested to non-invested funds	5.02 times	22.69 times	5.80 times	2.95 times	1.79 times	4.35 times	4.52 times	1.18 times		
Available liquidity	219.5	95.3	119.4	169.0	211.6	122.6	56.7	140.7		
Financial resources[5]	112.8	18.4	69.4	119.0	161.6	72.6	56.7	140.7		
Credit line	106.7	90.0	50.0	50.0	50.0	50.0	–	–		
Co-investment commitments alongside DBAG funds	273.4	311.3	129.7	198.5	253.7	278.2	110.7			
Surplus of co-investment commitments over available liquidity	53.9	216.1	10.3	29.4	42.1	155.6	54.0			
Financial objective: increase the value of Fund Investment Services										
Income from fund services	43.4	30.6	28.2	29.7	28.1	19.5	20.5	24.5		
Earnings before taxes	18.0	9.5	3.0	5.6	4.7	(3.0)	2.2	8.0		
Volume of assets under management or advisory (reporting date)	2,473.2	2,582.6	1,704.4	1,831.4	1,805.9	1,775.9	1,073.7			
Financial objective: ensure that shareholders participate in performance										
Dividend per share (2020/2021: proposal; €)	1.60	0.80	1.50	1.45	1.40	1.20	1.00	2.00	1.20	1.20
Dividend yield[6] (%)	4.5	2.4	4.4	3.5	3.9	4.4	3.6	9.5	6.2	7.2
Dividend yield[7] (2020/2021: proposal)	30.1	12.0	22.6	21.8	21.1	18.1	13.7	27.4	16.4	16.4
Non-financial objective: garner esteem as a financial investor in mid-sized companies										
Number of investment opportunities	306	193	258	261	321	221	253	299	316	284
Number of portfolio investments	33	33	29	29	24	25	24	19	20	18
Non-financial objective: garner esteem as a fund advisor										
Number of capital commitments of returning investors (most recent DBAG fund, %)	> 86	> 86	> 75	> 75	> 75	> 50	> 50	> 50		
Non-financial objective: retain experienced and motivated employees										
Number of employees	79	81	75	71	67	63	62	56	55	54
Average length of company service (*years*)	7.4	7.9	7.6	7.7	7.5	8.0	7.3	6.8	7.0	7.4
Other indicators										
Net income (IFRS)	185.1	(16.8)	45.9	29.7	82.0	49.5	27.0	48.0	32.3	44.5
Net income (HGB)	64.5	45.9	29.1	9.9	144.3	2.2	2.2	65.4	35.6	7.5
Information on DBAG shares										
Number of shares at the end of the financial year	18,804,992	15,043,994	15,043,994	15,043,994	15,043,994	15,043,994	13,676,359	13,676,359	13,676,359	13,676,359
Share price at the end of the financial year (€)	35.85	31.00	34.70	35.40	45.51	29.57	24.90	21.83	19.36	19.49
Market capitalisation at the end of the financial year	674.2	466.4	522.0	532.6	684.7	444.9	340.5	298.6	264.8	266.6

The table contains data as originally reported in the respective consolidated financial statements.
[1] Adjusted in accordance with IAS 8
[2] Adjusted in accordance with IFRS 10
[3] Data adjusted to the previous year's figure, based on changes in accounting (IFRS 10)
[4] Until 2018/2019: including loans and receivables
[5] Cash and cash equivalents plus short-term and long-term securities
[6] Based on the average Xetra closing price during the financial year
[7] Relates to the respective financial year

FINANCIAL CALENDAR

2 DECEMBER 2021
Publication of 2020/2021 consolidated financial statements, Analysts' conference (online)

17–19 JANUARY 2022
GCC Kepler Cheuvreux (online)

10 FEBRUARY 2022
Publication of the quarterly statement on the first quarter 2021/2022, Analysts' conference call

15 FEBRUARY 2022
M.M. Warburg Investors' Conference, Frankfurt/Main, Germany

17 FEBRUARY 2022
General Annual Meeting 2022

29–31 MARCH 2022
Jefferies Pan-European Mid-Cap Conference

12 MAY 2022
Publication of the half-yearly financial report 2021/2022, Analysts' conference call

11 AUGUST 2022
Publication of the quarterly statement on the third quarter 2021/2022, Analysts' conference call

13 SEPTEMBER 2022
SRC Forum, Frankfurt/Main, Germany

19–23 SEPTEMBER 2022
Baader Investment Conference, Munich, Germany