Deutsche Beteiligungs AG

IDENTIFYING OPPORTUNITIES. DRIVING DEVELOPMENTS.

Creating value through diligence and foresight

ANNUAL REPORT

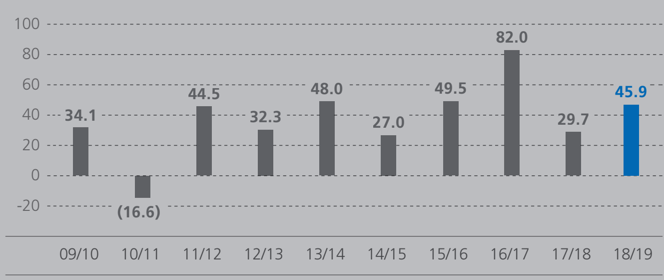
2018/2019

CONTENTS
ANNUAL REPORT 2018/2019

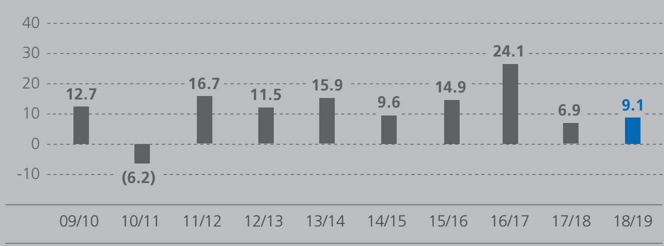
This symbol refers to a term that is defined in the glossary on page 210 f.

LONG-TERM PERFORMANCE

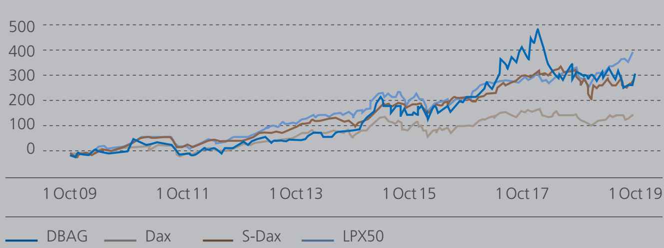
NET INCOME *(€mn)*



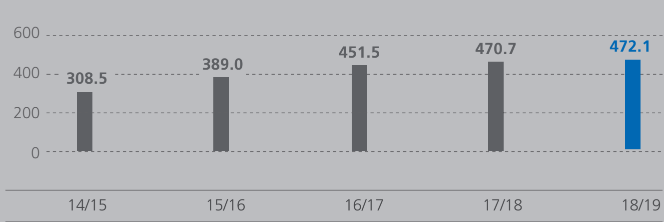
RETURN ON EQUITY PER SHARE *(%)*



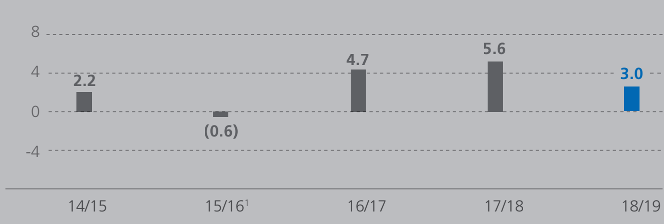
PERFORMANCE OF DBAG AND BENCHMARK INDICES
(1 October 2009 to 30 September 2019, indexed 1 October 2009 = 100)



NET ASSET VALUE *(€mn)*



NET INCOME FROM FUND INVESTMENT SERVICES *(€mn)*



1 Restated

ANNUAL REPORT 2018/2019

NET INCOME

45.9

MILLION EUROS

RETURN
on equity per share

9.1

PER CENT

PERFORMANCE
for shareholders

2.0

PER CENT

NET ASSET VALUE

472.1

MILLION EUROS

NET INCOME FROM FUND INVESTMENT SERVICES

3.0

MILLION EUROS

NET INCOME Thanks to – in some cases extraordinarily – successful disposals and the strong performance of investments in the new focus sectors, net income exceeded expectations, surpassing the previous year's figure by more than half as much again. Once again, net income was burdened by negative capital market developments.

NET INCOME

45.9

MILLION EUROS

RETURN With a return on equity per share of 9.1 per cent, we once again easily earned our cost of equity in 2018/2019, thus enhancing the company value of Deutsche Beteiligungs AG. In a long-term comparison, however, the financial year fell short of our ten-year average for return on equity after taxes of 11.5 per cent.

RETURN
on equity per share

9.1

PER CENT

PERFORMANCE Our share price development was very volatile throughout the 2018/2019 financial year. Overall, the share price developed slightly better than the Dax and clearly outperformed the S-Dax index. Our shareholders benefited from an increase in value by 2.0 per cent. The longer-term development is of more importance: over a period of three, five and ten years, DBAG shares have outperformed their benchmark indices – strongly in most cases.

PERFORMANCE
for shareholders

2.0

PER CENT

NET ASSET VALUE Net asset value increased only marginally. After adjusting for distributions, year-on-year growth amounts to 23.2 million euros, an increase of 5.2 per cent.

NET ASSET VALUE

472.1

MILLION EUROS

NET INCOME FROM FUND INVESTMENT SERVICES The results of the Fund Investment Services segment did not meet our expectations. In contrast to expectations, segment income failed to rise – in fact it decreased (mainly due to various disposals). The segment result – and thus the contribution to the Company's value growth – fell short of the previous year's figure as well.

NET INCOME FROM
FUND INVESTMENT SERVICES

3.0

MILLION EUROS

For further information on the DBAG share please refer to pages 32 ff.

THE FOCUS OF THE ANNUAL REPORT 2018/2019

Based on more than 50 years of comprehensive investment experience in our core sectors, we have systematically broadened our investment universe in recent years – reflecting a strategic choice of attractive industries and the expansion of know-how.

Thus, today we benefit twice – from the opportunities of new business models in our core sectors, as well as from investments in fast-growing companies in our new focus sectors. In this way, we enhance our outstanding reputation amongst potential future portfolio companies, our shareholders, and investors in our funds.

Identifying opportunities.

DIVERSIFYING OUR INVESTMENT UNIVERSE

OUR CORE SECTORS

OUR NEW FOCUS SECTORS

BOARD OF MANAGEMENT

Dr Rolf Scheffels Susanne Zeidler Torsten Grede

Frankfurt/Main, 10 December 2019

Dear shareholders,

“Identifying opportunities. Driving developments.“ In 2018/2019, we followed this motto with particular fervour, adding five new companies to our portfolio and working on additional promising investment projects. In all of these cases, family shareholders and founders have chosen us as a partner to further develop their companies. We also generated gross revenue of around 100 million euros from three successful disposals in recent months. Such was the performance of the portfolio companies that we were able to realise premiums, in some cases quite attractive ones.

A couple of weeks ago, the first round of subscriptions for another DBAG fund, DBAG Fund VIII, closed not far from our target figure of 1.1 billion euros. Experienced investors are confident in our ability to continue to seek out attractive investment opportunities in the coming years, thus supporting good companies in becoming even better. Some of these investors have been with us since DBAG Fund IV was launched back in 2002; others are subscribing to their second or third DBAG fund. This reflects a particularly high degree of trust.

This is the same level of trust that you, dear shareholders, also place in Deutsche Beteiligungs AG. With an (adjusted) increase of around five per cent in net asset value and net income of 45.9 million euros, we exceeded our forecast for the financial year under review. This is a very encouraging result.

We therefore assess the financial year under review as a success, not only on the basis of the result but for various other reasons too. First of all, expansion of the investment strategy bore fruit in the 2018/2019 financial year. In 2013 we started to target investments outside of our core sectors. This is because the market volume in these sectors is limited: if we want to invest more in order to grow, we need to focus on a broader universe. The resulting diversification of our portfolio adds to risk mitigation and offers new opportunities. The companies from the telecommunications sector with a focus on high-speed internet, for example, have performed well, making a significant contribution to the net result of valuation. In another example, disposal of the investment in inexio, the provider of fibre optics-based high-speed internet connections, is one of the most successful in DBAG's long history.

Second, we have achieved rapid investment progress for the funds we advise. This allowed us to initiate DBAG Fund VIII, a successor fund to DBAG Fund VII after three and a half years – and to achieve a first close of subscriptions, with investors committing more than 794 million euros. DBAG itself will co-invest alongside the fund. Furthermore, it will raise its co-investment in DBAG Fund VII by 55 million euros to 255 million euros. This growth forms the basis for a further increase in the net asset value of the Private Equity Investments, and hence in DBAG's enterprise value. The start of the investment period of DBAG Fund VIII will then significantly increase the fee income from services rendered to DBAG funds – and hence, the net result of DBAG's funds business.

Expanding our offering to mid-market enterprises will also contribute to this increase – this is the third reason for our positive assessment of the financial year. We have created the prerequisites for DBAG to invest in the future, exclusively deploying its own financial resources. This relates to investment opportunities that do not fit the investment strategy that we apply to the funds we advise: for the most part, these are scenarios that arise in family-owned businesses in which long-term equity is required – beyond even the usual term of a private equity fund – to finance a variety of financing situations from ambitious growth projects to the acquisition of interests from co-shareholders. It became evident during the financial year under review just how attractive such non-controlling shareholdings in family-owned enterprises can be, with the successful sales of Novopress and inexio.

Unlike DBAG ECF – the vehicle we have used to date to structure such investments – our balance sheet does not have a limited term. Rather than managing DBAG ECF further, we will structure attractive smaller management buyouts (involving equity investments between 20 and 40 million euros – DBAG ECF's second product) through DBAG Fund VIII.

Last year we added two companies with digital business models to the portfolio: established software and IT service companies offer considerable potential for growth and value appreciation. We have worked intensively to access this focus sector in recent years, with our efforts including the development of a high-performance network in this sector. In the meantime we have added three focus sectors to our proven core sectors; you will be able to read more about the expansion of our investment strategy in the following pages of this annual report. It should be made clear here that we have sharpened our focus once again, especially with regard to the investments in what are allegedly less attractive sectors, such as automotive supply or mechanical engineering. We are confident in our ability to analyse future-oriented business models in our core sectors and identify attractive investment opportunities, even in times of serious structural changes.

Adjustments to our target system, about which we also inform you in this report, also serve to provide better analysis. These adjustments are designed to make it easier for the capital markets to appropriately evaluate DBAG.

Dear shareholders, one of our financial targets is – as always – to allow you to participate in the financial performance of DBAG. Our dividend proposal provides for distributions to increase for a third successive time. This, in turn, offers you a current yield of around four per cent on your investment in Deutsche Beteiligungs AG, based on the prevailing share price, alongside the appreciation gained through the share price development. It was a low two per cent last year, as measured by the long-term average. Nonetheless, appreciation of the DBAG share exceeded that of the German benchmark indices; this also applies to medium- to long-term periods in the past.

We are cautious vis-à-vis 2019/2020. Particularly for the industrial companies in our portfolio, we expect a rather muted development. They feel the uncertainty – especially from structural changes in the automotive industry, but also from international trade conflicts – weighing on their order books, forcing them to take adjustment measures. A financial investor's investment usually involves change processes being made to the strategic repositioning. Given the economic circumstances, the successes resulting from these changes – and hence the increased value of our shareholdings – will not materialise until later than initially planned. In addition, experience shows that the willingness to offer attractive company valuations to strategic buyers in times of recession is lower than usual. Companies will therefore tend to remain in our portfolio for longer, while disposal proceeds and the related cash inflow will be achieved at a later stage.

While all of this may well be unusual after the longest recovery in recent economic history, it represents part of our business as an equity investor. Performance can occasionally be volatile; investments and disposals are seldom made in unison. It is therefore very difficult to compare individual financial years: private equity is an asset class whose success cannot be reasonably measured at yearly intervals. DBAG funds have a minimum term of ten years.

In this letter, we have reported about changes – about the expansion of the investment strategy and the restructuring of our offers directed at mid-market enterprises, as well as about the adjustments made to our target system. We are now better positioned than before, which allows us to concentrate on supporting the portfolio companies in what is a challenging environment. Our experience shows that even under more difficult conditions a whole range of market opportunities present themselves – and we intend to exploit these for new, promising investments.

Torsten Grede Dr Rolf Scheffels Susanne Zeidler

BOARD OF MANAGEMENT

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

SUSANNE ZEIDLER
Chief Financial Officer

Born in 1961. Member of the Board of Management since November 2012; appointed until October 2020.

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

DR ROLF SCHEFFELS

Born in 1966. Member of the Board of Management since January 2004; appointed until February 2021.

Investment Business, Investment Team Development, Investor Relations (funds)

Closely associated with the Schirn Kunsthalle art gallery in Frankfurt/Main: Deutsche Beteiligungs AG has supported the Verein der Freunde der Schirn Kunsthalle e. V. (Friends of the Schirn) since 2002. They play an integral part in making the many different projects on offer at the Frankfurt exhibition venue possible. There are many things that cannot be financed by public funds alone. By providing donations, DBAG helps to ensure that exhibitions, accompanying programmes, publications as well as workshops for children and young people can be offered. We would like to thank the Schirn Kunsthalle for their hospitality during our photo shoots.

CHAPTER 1

> "We are in an ideal situation to analyse pioneering business models in our core sectors, and to identify attractive companies even during times of change."

Torsten Grede,
Spokesman of the Board of Management
of Deutsche Beteiligungs AG

THE AUTOMOTIVE SUPPLY INDUSTRY AS WELL AS MECHANICAL AND PLANT ENGINEERING REMAIN IMPORTANT SECTORS

The pressure on automotive suppliers to change is particularly evident. This also has an impact on the buyout market. In contrast to the years preceding the financial crisis, smaller companies are now looking to tap new potential with private equity. The average volume of transactions in mechanical and plant engineering has hardly changed over the last 15 years, with numbers remaining low of late. Both sectors make up a significant part of the German buyout market. Their potential, however, is limited and the choice between business models is more important than ever.

35 COMPANIES from these sectors, with a total value of 3.5 billion euros, have changed ownership in the last five years.

TRANSFORMATION IN TRADITIONAL INDUSTRIES

Investment strategy: Our core sectors

DBAG's experience extends back more than 50 years

A corporate history comprising more than five decades – this represents more than 300 private equity investments in German mid-sized enterprises for Deutsche Beteiligungs AG. A large number of these transactions concerned the four sectors in which the German economy demonstrates particular strength: mechanical and plant engineering, automotive suppliers, industrial services and industrial components. It therefore goes without saying that these are our core sectors. We are active here in the DACH region (Germany, Austria and Switzerland) and occasionally in other European countries too, such as in France, Denmark and Italy.

Digitalisation opens up opportunities for our core sectors

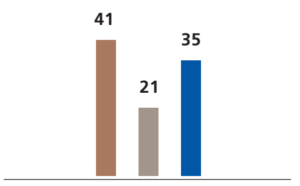
Triggered by digitalisation as well as structural change, our core sectors have undergone a fundamental change process in recent years. In an era of cloud-based IT solutions, globalisation has reached entirely new dimensions and is setting new challenges for German medium-sized enterprises that have always been oriented upon the global markets. Business models are breaking up, and new opportunities are being created – even in sectors that are currently regarded as less attractive. We are determined to support agile and innovative companies in implementing their visions.

Initiate change processes – support growth opportunities

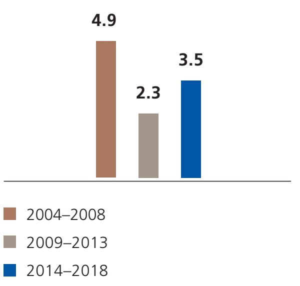
With our extensive knowledge and a deeply-rooted network in our core sectors, we comprehensively support our portfolio companies with capital for financing growth – but especially with our long-standing experience in the successful implementation of change processes. This support can, for example, comprise operational improvements, the development of additional business segments or tapping new markets. Acquisitions are often a focal point, too. We also introduce companies to seasoned industry experts, who occasionally assume managerial responsibility in the companies. The members of our investment team support portfolio companies as Advisory Board members.

MANAGEMENT BUYOUTS
in our automotive suppliers and mechanical and plant engineering core sectors

TRANSACTIONS
number



TRANSACTION VOLUME
€bn



Source: FINANCE research for Deutsche Beteiligungs AG

LEADING-EDGE TECHNOLOGIES:
THE KEY TO TOMORROW'S MOBILITY REQUIREMENTS

Opportunities in the automotive supply industry

Due to the current challenges in the sector, it seems somewhat bold to talk about “opportunities in the automotive supply industry”. Obviously, drive-train technology will be transformed, and mobility requirements will change. But in the future, there will be more cars on the streets – not less.

Germany is Europe's leading automotive market

Globally, the German automotive industry is known for its quality, innovation, reliability, longevity, safety, efficiency and design. Germany’s first-class R&D infrastructure, the full integration of the value creation chain as well as the qualified workforce contribute to an environment which is competitive on an international level. These are good conditions for companies in order to develop leading-edge technologies that will meet tomorrow’s mobility requirements.

Higher R&D requirements provide opportunities for private equity

Currently, the automotive value-added chain is changing fundamentally. This is due to topics such as electric mobility (whilst vehicles powered by fossil fuels continue to exist), autonomous driving, setting up production facilities around the globe, as well as the growing diversity of vehicle models. This is the reason why the R&D tasks in the automotive industry have become increasingly demanding for quite some time. OEMs and large suppliers pass on some of the resulting pressure to their own suppliers – by expecting that they handle a great part of the development effort or co-finance it. Even ’healthy‘ family companies therefore are asking themselves how they can improve their capitalisation – an opportunity for private equity.

Business models which are not related to the drivetrain

The challenge now is to filter out those business models that offer considerable developmental potential independently from traditional drivetrain technology. We have a high-performance network in this sector. Already now, you can find suppliers in our portfolio that offer useful technical input like connectivity blocks or that may benefit from the trends towards more sophisticated interiors.

CONNECTIVITY AND DIGITALISATION are turning the automotive industry upside down. According to a survey amongst executives in the automotive and technology industries as well as consumers around the globe conducted by advisory company KPMG, connectivity and digitalisation is the industry's key trend. Respondents saw a competitive edge for those who successfully connect auto and digitalisation.

Source: KPMG, Global Automotive Executive Survey 2019, January 2019

NEW BUSINESS MODELS

Today’s automotive supply means much more than wings, air-conditioners and sliding roofs. New business models of the sector envisage for example how to experience brands in an electronic showroom, or how to organise different mobility models. In other words: software along with hardware.

70 PER CENT of the value in the German automotive industry is created by mainly mid-sized suppliers.

Source: German Association of the Automotive Industry (Verband der Automobilindustrie – VDA), www.vda.de

On the following pages we outline how we implement our investment strategy in the automotive industry, taking our two portfolio companies **DIETER BRAUN** *and* **SERO** *as examples.*

DEMAND GROWING
BY EIGHT PER CENT PER ANNUM

Networking intelligent components in state-of-the-art vehicles

Dieter Braun benefits from the current transition in the automotive industry: for the networking of intelligent components, an increasing amount of cables is built into state-of-the-art vehicles. Likewise, the increasing electric mobility supports the company's growth: this requires additional high-voltage networks with particular safety needs and regulations.

Two of the company's future growth factors are the increasing use of driver assistance systems and the trend toward autonomous driving. Vehicles equipped in this manner require a wide variety of sensors which are connected together with cables.

Acquisitions can also support future developments, especially when enhanced by additional engineering performance – for instance, to expand Dieter Braun's offer along the value-creation chain. This includes, for example, processes in which the finished cables are being additionally embedded in a plastic matrix so that they can fit in properly in a defined installation space.

Furthermore, efficiency improvements through continuous automation represent a key issue. The recently completed new corporate headquarters and logistics centre at Dieter Braun's registered office in Bayreuth, Germany, are set to contribute to enhanced efficiency in the company's internal processes, allowing the current team to realise higher business volume.

If the market opportunities are suitable, the regional expansion will once again come to the fore. Dieter Braun has already successfully built up an international presence in close proximity to its customers. We can encourage the company to use its gained experience for further development. Dieter Braun can tap these potentials thanks to its strong internally generated cash flow.

DIETER BRAUN

CABLE SYSTEMS AND
INTERIOR VEHICLE LIGHTING,
BAYREUTH, GERMANY

DIETER BRAUN is a specialist for cable systems and vehicle interior lighting. The company is valued by its customers for being able to deliver efficient solutions of above-average complexity, even for small- to medium-sized quantities and with variable lead times. Dieter Braun benefits from the increasing share of electric and electronic components in vehicles. In addition, the company has ensured its position in the future field of electric mobility. Dieter Braun's significance for its customers in the automotive supply industry has become correspondingly high. The company has operations in its customers' major production locations: in addition to its head office in Bayreuth, it has factories in the Czech Republic, the Ukraine, Mexico and China.

REVENUES OF 87 MILLION EUROS
1,620 EMPLOYEES

"We design the electronics manufacturing system of tomorrow – with around 300 employees providing ideas."

Dr Bernd Welzel,
Managing Director of Sero GmbH

Sero was founded in 1992 as an engineering office for electronic testing methods. Today, the company is a sought-after service provider in terms of electronic testing and production modules or systems, primarily for the automotive industry. Thus, the company operates in the highly attractive market for electronic components – a sub-market of this industry, with long-term above-average growth potential.

The proportion of electronics in motor vehicles is predicted to increase from about 35 per cent at present to around 50 per cent by 2030, driven by the trend towards higher comfort in the vehicle interior amongst other factors. This equates to a growth rate of 8 per cent a year.

In the first year since the start of our investment, Sero's management team has already triggered various change processes, including the restructuring of the sales organisation as well as the expansion of its presence at industry trade fairs. Opportunities in the international markets such as Mexico and North America are set to be exploited in the future. Company acquisitions are also conceivable. Moreover, Sero intends to further expand its business with industrial customers. A newly installed Advisory Board, comprising members from DBAG's network, is going to contribute the experience of its experts, who not only command strong process knowledge but have already successfully supported implementation.

SERO

DEVELOPMENT AND MANUFACTURING SERVICE PROVIDER FOR ELECTRIC COMPONENTS, ROHRBACH, GERMANY

Alongside the automotive industry, customers from other industries are also attracted by the outstanding competence of the development and manufacturing service provider **SERO**. For instance, the circuit boards assembled by the company as well as the electronic components are not only being installed in brake lights and engine sensors, but also in high-performance microphones, heat meters as well as in other industrial measurement products. Customers attach importance to cost efficiency and top quality. At Sero, they find industrialisation expertise and a high degree of automation, thanks to a machine park that enables innovative production processes. Sero distinguishes itself from its competitors through its capacity to combine standard production lines with self-developed test and production modules.

REVENUES OF 86 MILLION EUROS
270 EMPLOYEES

STRUCTURALLY AND SUSTAINABLY GROWING MARKET

Automation in the production of electronic components

DIVERSITY
AS A MAJOR BENEFIT

Industrial components – a heterogeneous market

Germany possesses a strong industrial basis – German companies enjoy a globally leading position in many sectors. We have rich experience through diverse investments in companies which manufacture industrial components.

Advantage Germany

Germany is the biggest economy in Europe. In 2017, industrial manufacturing accounted for nearly one-third of German GDP, which is a considerably larger part compared to France (20 per cent), Italy (24 per cent) or the European Union as a whole (25 per cent). Germany's leading global position in different manufacturing industries such as mechanical engineering, electrical engineering, automotive, medical products, or aeronautics is based on the comprehensive national coverage of different value creation stages. With numerous research institutions as well as customers and suppliers in close proximity, Germany provides an excellent setting for developing fresh B2B products. .

Often very small markets

One of our core sectors is that of industrial component manufacturers. In the past, we invested in companies which – typically for this sector – mostly serve very small markets. Industrial components comprise a variety of different materials such as metals, plastics, electronics or innovative lightweight engineered materials as well as a broad range of products such as semi-finished or finished articles, components, modules, systems or turnkey solutions. These may be targeting highly productive mass production or small niche segments.

Broad range of development approaches

During our decades of commitment to this sector, we have accompanied very diverse business models and approaches to develop these models. Very often, investments are entered into for expanding the geographical footprint, or for broadening the product range. The focus is also frequently on efficiency enhancements – for example, through better processes or reduced scrap.

INDUSTRY 4.0
Whenever machines ask for maintenance themselves as required, or re-order material; whenever humans, machines and industrial products form intelligent networks – then we are talking about Industry 4.0. The fourth industrial revolution, along with smart factories, follows on from disruptive developments such as the steam engine, the assembly line or the computer. Examples for companies that take a leading role in this area are also found in our portfolio.

TOP RANK for Germany – this is how the World Economic Forum judges Germany's innovative power. For the second time in a row, Germany has achieved this top position in international comparison, this time ahead of competitors such as the United States or Switzerland.

Source: World Economic Forum, Global Competitiveness Report 2019, October 2019

On the following pages we outline how we implement our investment strategy in the market for industrial components, taking our two portfolio companies **KRAFT & BAUER** *and* **DUAGON/MEN** *as examples.*

PRODUCTS CRITICAL TO SUCCESS AND SAFETY

Leading position in a niche market

Kraft & Bauer wants to strongly expand – but not only by installing new fire extinguishing systems on new machine tools or by retrofitting existing systems. It is also the services business that provides strong growth potential. To date, Kraft & Bauer only provides maintenance for 50-70 % of the relevant installed base.

By now, most of the leading international machine tool manufacturers are customers of Kraft & Bauer. This means that the company's fire extinguishing systems will be installed on these manufacturers' new product lines – so Kraft & Bauer does not have to serve end-customers directly. This success is also supported by the lasting trend towards miniaturisation: oil cooling and oil lubrication in machine tools of the high performance sector are on the rise, yet the use of oil increases fire hazard. The second important part of the Kraft & Bauer business is machine retrofitting. Demand is driven by growing machine automation as well as the companies' sense of responsibility and security awareness. Companies also use automatic fire extinguishing systems even if not required to do so by regulation.

The sales activities of Kraft & Bauer are currently concentrated on the still-unexploited potential in the DACH region (Germany, Austria and Switzerland) and Italy. Over the medium term, especially the market development in China and the United States offers great additional opportunities as many customers of Kraft & Bauer are present there. DBAG's widely-branched network and great experience in processes of globalisation in mid-sized companies is set to support the management team within converting opportunities into sales.

KRAFT & BAUER

FIRE EXTINGUISHING SYSTEMS FOR TOOLING MACHINES, HOLZGERLINGEN, GERMANY

KRAFT & BAUER Kraft & Bauer develops and produces fire extinguishing systems, installing them in around 800 different types of machine tools. The focus here is on extinguishing systems controlled by microprocessors that detect fires and initiate the extinguishing process using sensors. In addition to its headquarters in Holzgerlingen (Baden-Württemberg, Germany), Kraft & Bauer operates a site in Bannwil (Switzerland) and 13 other service locations in Germany, Switzerland and Italy. Kraft & Bauer's systems are used in very high-speed and high-precision machines and are thus exposed to an increased fire hazard. The outlook for Kraft & Bauer is favourable, as the demand for these high performance machines is increasing. In addition, Kraft & Bauer benefits from a steadily growing services business – with a broad installed base of more than 30,000 systems in Germany alone – as the fire extinguishing systems must be regularly inspected and maintained.

REVENUES OF 26 MILLION EUROS
80 EMPLOYEES

"duagon has further strengthened its already strong competitive position due to the merger with MEN – an ideal situation for sustainable above-average growth."

Dr Rolf Scheffels, member of DBAG's Board of Management, with many years of experience in private equity investments in German mid-sized companies.

MEGA TRENDS:
TRANSPORT AND AUTOMATION

Full-service provider of communication solutions in rail vehicles

duagon/MEN hold an excellent position in China, the world's largest market for rail vehicles – a market characterised by huge investment projects as the growing prosperity in broad sections of the population goes hand in hand with the growing desire for mobility. Not only does China automate existing systems, but the country has also successfully tested autonomous high-speed trains in the last year. In this attractive environment, the group will be able to profit from several growth drivers.

New opportunities are being created for duagon/MEN – for example, by tapping unexploited customer potential: duagon has a strong presence in China and India, while MEN has successfully expanded in the US and Russia. By combining duagon's primarily software-driven components with MEN's rather hardware-oriented solutions, valuable synergies can be realised. Key topics are automatic security systems and innovative technology trends, such as autonomous driving. MEN's hardware systems can be equipped with additional software components from duagon. Examples include cyber security features or selected digital solutions such as automatic status monitoring of machines and systems.

The group wins orders both in connection with newly-acquired rail vehicles and with the retrofitting of older rolling stock, with the latter being modernised by customers in predictable cycles. Harnessing the distribution power of the combined group allows duagon/MEN to adopt a targeted position for such cycles in the future.

Last but not least, over the next 10 to 15 years, duagon/MEN is going to benefit from the trend towards technological development of ethernet-based solutions, especially in the field of retrofitting. Whilst ethernet-based technology is much more powerful than existing protocols – in terms of data transfer rates, bandwidth and flexibility – it is also significantly more complex. Recognising the importance of integrated communications solutions for rail vehicles, and communications between different protocols and standards, duagon has positioned itself accordingly at a very early stage – gathering substantial experience which the company can now leverage for business with other customers. duagon ensures that the systems meet rigorous regulatory requirements, remaining fail-safe and durable even in challenging conditions.

DUAGON

NETWORK COMPONENTS
FOR RAILWAY VEHICLES,
DIETIKON, SWITZERLAND

DUAGON, which has its registered office in the Swiss city of Dietikon, was established in 1995 and has since become a leading independent provider of network components for data communication in rail vehicles. The company's products allow individual railway vehicle systems, such as doors, brakes, air conditioning systems and the primary control computer, to communicate via what is known as the TCN ("train communication network"). This makes it easier to integrate these systems into the train manufacturers' networks and limits sources of errors in the process. This allows suppliers to concentrate on their core competencies, namely the development of the individual railway vehicle components. duagon's products are used by virtually all train manufacturers and system suppliers. The company has developed long-standing customer relationships and broad-based technological expertise in its niche market.

REVENUES OF 103 MILLION CHF
400 EMPLOYEES

CHAPTER 2

"We see a growing number of transactions involving digital business models. We believe we have what it takes to recognise the potential of such enterprises, and to support management teams in realising that potential."

Torsten Grede,
Spokesman of the Board of Management
of Deutsche Beteiligungs AG

MARKET VOLUME IS GROWING RAPIDLY

Both the number and volume of transactions in our new focus sectors have grown strongly in the last 15 years. While the market focused initially on healthcare companies in particular, a growing number of management buyouts from the IT services/software sector has been observed over the last five years. The transaction size in this sector has also grown rapidly, now averaging more than 100 million euros, which is the usual transaction size for our business, taken as a whole.

37 COMPANIES companies from these sectors, with a total value of 3.8 billion euros, have changed ownership in the last five years.

YOUNG, FAST-GROWING COMPANIES

Investment strategy: Our new focus sectors

Strategic sector selection

Current changes in the established economies are opening up opportunities for us to support business models outside our four core sectors. We are seizing these opportunities, concentrating on fast-growing enterprises that are often still young but which have already established themselves in their respective markets. We have invested in a total of 33 enterprises since 2013. Three new focus sectors have emerged from our activities: broadband/telecommunications, IT services/software and healthcare. There is a sufficient number of enterprises in these sectors that suit our approach and match our business model in terms of size, maturity and developmental potential.

Targeted development of know-how

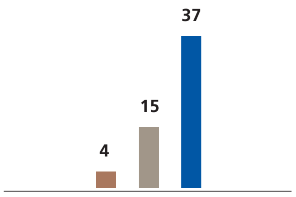
In our new focus sectors, we have built up a network of industrial partners and our Executive Circle; this network has become quite extensive, providing entrepreneurial advice to our portfolio companies on a wide range of different situations. In addition, we have excellent access to transaction opportunities not readily available to other market participants, which has enabled us to explore attractive investment opportunities.

Win-win situation for all parties involved

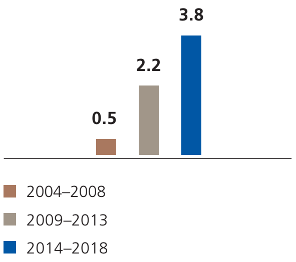
Most of the markets in our new focus sectors are highly fragmented. Private equity investments can help companies to grow quickly and establish themselves as market leaders. In their endeavours to reach this goal, they create new jobs – often in more rural areas, whose attractiveness is enhanced as a result. Not least, they strengthen Germany's economic location and its competitive edge with new, innovative solutions. Moreover, market leaders are valued with much higher multiples than smaller niche providers. Our fund investors and shareholders benefit from this above-average value appreciation potential.

MANAGEMENT BUYOUTS
in our focus sectors IT services/software and healthcare

TRANSACTIONS
number



TRANSACTION VOLUME
€bn



Source: FINANCE research for Deutsche Beteiligungs AG

APPLYING EXPERIENCE
FROM TRADITIONAL INDUSTRIES

IT services/ software – a growing market

Germany, with a quarter of the market volume, represents the largest software market in Europe. It grows, like the market for IT services, notably stronger – and its development during difficult economic periods is more stable than in other sectors.

Digitalising established business models

Due to innovations and technical advances, IT has become one of the greatest drivers for all industry sectors – including sectors in which we have acquired expertise over decades. Medium-sized companies dominate Germany's economic and industrial landscape, be it the mechanical and plant engineering industry, the automotive supply industry and – in general – manufacturing industry as a whole. Many of these companies are highly specialised and occupy a top position in their (often global) niche markets. They have to adapt their business models in connection with the digital transformation, thus representing an important client base to software companies and IT service providers. The greatest market potential awaits competent providers of sector-specific software products and services.

Focus on products and services critical to success

We focus on software companies and IT services providers offering products and services that are crucially important for their clients' success – in industries where we are especially well placed to assess business models. The market structure is advantageous for us. Besides the well-known so-called big players, there are numerous medium-sized software companies and IT service providers. They are often owner-managed, with the founder still present in the company.

Investment in, and experience with, growth processes

In recent years, we have observed more and more entrepreneurs with new business models in promising sectors looking for new shareholders. They have good products, and the market is attractive. The potential is not being exploited, due a lack of financial resources or M&A experience. We are used to this kind of situation. And clients place trust in us. It is this market we address in our focus sector IT Services/Software.

DIGITALISATION

or digital transformation, is the continuous change process towards digital processes, based on a modern IT infrastructure, digital applications and ideally linked systems and data. In this context, existing business models are represented in digital form and/or new digital products are created. Information, communications, processes and services are linked by digital platforms.

6.3 PER CENT is the growth rate for the software industry in Germany in 2019, compared with the previous year.

Source: Bitkom – ITK market figures, July 2019

On the following pages we outline how we implement our investment strategy in the market for IT services/software, taking our two portfolio companies **FLS** *and* **CLOUDFLIGHT** *as examples.*

HIGH-END CLOUD-BASED SAAS SOFTWARE

Solutions for business-critical planning tasks

Customers' expectations of the reliability and accuracy of ordering and delivery processes are constantly increasing. For businesses, schedule and route planning are a business-critical process that needs to consider manifold influencing factors and realtime data – especially when dealing with large teams of field-service staff or a sizeable fleet of delivery vehicles. This is the basis for FLS's business.

In its software solutions, FLS relies on a proprietary heuristic algorithm which provides proposals based on empirical values in a fast way – even when not all of the information ideally required is available. What distinguishes FLS from its competitors is that it offers additional functions tailored to the needs of individual customers, seamlessly integrated in the customer's existing software environment.

Product enhancements like accounting functions or applications for mobile phones are planned for the future. By offering this wide range of solutions, FLS wants to expand mainly in the DACH region, and globally at a later stage. First steps have been taken in this respect, initiating the set-up of a partner network and strengthening existing cooperations in the United Kingdom and Scandinavia.

On this basis and on the basis of a highly scalable business model, FLS intends to grow rapidly. To this end, the entire corporate organisation will be professionalised; in addition, internal processes will be standardised.

FLS

REAL TIME SCHEDULING AND ROUTE OPTIMISATION SOFTWARE, HEIKENDORF, GERMANY

FLS develops and sells software that enables energy suppliers, industrial companies, financial services providers, retail and real-estate companies to coordinate and optimise their schedule and route planning for field service employees and delivery vehicles. The products of FLS are based on a heuristic algorithm that works using real-time data, making it possible to find solutions to planning tasks while taking into account a large number of influential factors. The market for optimisation software in such application environments is expanding at double-digit rates, substantially driven also by the growth in e-commerce. FLS stands out due to the services it offers, which are customised to the needs of its customers – enabling them to benefit from the competitive advantages of maximum resource utilisation, cost savings and notably superior service quality.

REVENUES OF 10 MILLION EUROS
70 EMPLOYEES

EUROPEAN
GROWTH PROSPECTS

Integrated digital and cloud service provider

New perspectives for the Crisp founders and Cloudflight management through the merger

More than 350 software developers, cloud architects and strategy consultants, covering of the whole value-added chain, 17 sites – including an innovation lab and two central sites for the running of cloud workflows, more than 600 successful software projects since 2005, a strong, visionary management, Catalysts revenues growing in excess of 30 per cent annually in recent years: all these are the convincing key parameters of Cloudflight.

> "We have largely initiated the emergence of Cloudflight. Right from the start, we discussed with the founders – transparently and in detail – the plan to integrate Catalysts and Crisp Research under one roof."
>
> Lucas Herbert, Managing Director at DBAG who oversees the Cloudflight investment

CLOUDFLIGHT

ADVISORY SERVICES SOFTWARE DEVELOPMENT AND CLOUD OPERATIONS, MUNICH, GERMANY

Today, digital transformation represents one of the key tasks for companies. This is not only a view held by just a few visionary managers – nowadays this is a widely-accepted conviction, especially in the executive suites of traditional industry sectors. Digitalisation has thus reached business-critical processes: for companies to be successful in the digital economy, merely implementing a new software solution will no longer suffice. Rather, a cultural change towards agility and automation is necessary. In this field, there are significant and sustainable growth opportunities for Cloudflight, with its extensive experience as well as consulting skills and solutions.

Cloudflight's particular strength lies in the processing of large quantities of data. This includes, for example, the optimal integration of satellite data or inspection and mesh processing of 3D point clouds – also using artificial intelligence. In this way, insurers can better assess potential damages. Another specific application is the development of a justice portal for the Austrian Federal Ministry of Justice, which will accompany users through all stages of legal proceedings. Existing solutions were integrated, new functionalities added and the entire suite was equipped with a uniform customer interface. Cloudflight has an extensive list of renowned clients, extended in recent years by winning global players such as Bayer, Bosch and Siemens.

Cloudflight is receptive for acquisitions. Growth potential for the expansion of the value-added chain concerns for example the ongoing operation of solutions, namely the hosting and the monitoring of digital processes. Moreover, the company intends to pursue growth opportunities in Europe, to tap additional client potential and also being able to offer its employees attractive working locations. Cloudflight is already especially innovative and successful in its recruitment: some 8,000 developers from all over Europe take part in its annual programming contest.

The combination of software specialist Catalysts with Crisp Research – an IT research and consultancy firm specialised in cloud computing – has created CLOUDFLIGHT, a provider of digital and cloud services with a truly special profile. The company leverages the skills and experience of approximately 350 cloud computing experts to provide a comprehensive service to its clients – encompassing strategic advice on all things digital, platform and architecture design, software development, as well as 24/7 cloud operations. The company supports SMEs, corporate groups and public-sector clients with the implementation and acceleration of their digital transformation. Catalysts contributes its software development expertise to the new Group, whilst Crisp's team of experienced digital strategists and cloud computing architects will be advising clients – independent of which technology they are using. Both companies benefit from longstanding client relationships in their respective fields of activity, as well as possessing extensive expertise in "hot spots" such as cloud computing, Internet of Things, and artificial intelligence. "What convinced us was, above all, the team's entrepreneurial vision, together with strong growth momentum in the markets served by Cloudflight."

REVENUES OF 34 MILLION EUROS
350 EMPLOYEES

GERMANY'S UNDISPUTED PENT-UP DEMAND

Existing potential in broadband telecommunications

The demand for fast data transmission continues to grow. This applies both to applications in the private sector and in particular to professional solutions. Germany is taking measures: between now and 2021, the federal government will provide 12 billion euros towards expansion of the telecommunication networks.

Extensive needs and high demand – good conditions for growth

In our lives, almost everything is affected by the digital transformation. But without the corresponding high-performance infrastructure, we cannot exploit the opportunities of digitalisation. In European comparison, Germany lags significantly, especially when it comes to providing fast fibre-optic internet connections. Accordingly, there are now various subsidy programmes in place to accelerate the nationwide broadband expansion.

Attractive investment opportunities: regional, mid-sized companies

Growing demand for fast internet connections and – not least – the subsidies for broadband expansion offer companies with products or services in this area good conditions for growth. Apart from large network operators, medium-sized companies are involved in the broadband expansion process – especially in less densely populated areas and with a regional focus. By providing financial resources for required investments and, in particular, their expertise, Private Equity entities can support these companies in fully exploiting their market potential .

Involvement in different stages of the value chain

Companies in the DBAG portfolio offer fast internet connections, provide services around the expansion of fibre-optic networks, and deliver the required equipment. Thanks to our industry knowledge, we are familiar with the growth drivers of the market. Through numerous bolt-on acquisitions, our investments are contributing to the consolidation of this highly fragmented market and form high-performance suppliers. We profit from regionally oriented companies becoming national market leaders, as such companies are more highly valued.

OBSTRUCTIONS TO PROGRESS

One in three of Germany's 60,000 industrial zones does not even have a connection to broadband internet with at least 50 Mbit/s – this was the response of the federal government to a June 2019 parliamentary question put forward by the Liberals (FDP) parliamentary group in the German Bundestag.

Source: German Bundestag, printed matter no. 19/11357

THE DIGITAL GAP GROWS

Fast connections get even faster, but at the lower end there is only slow progress. The fastest connections in Germany (95th percentile) have become three times faster between 2013 and 2019, while the speed of the slowest (5th percentile) has only increased by a quarter.

Source: Speedcheck database, July 2019

1.3 PER CENT of German citizens profit from a high-performance broadband connection to a fibre-optic cable. In Denmark this number is 10 times higher; in Sweden it's 20 times higher and in South Korea it's 25 times higher.

Source: OECD Broadband Statistics, December 2018

On the following pages we outline how we implement our investment strategy in the broadband communications sector, taking our two portfolio companies **NETZKONTOR NORD** *and* **INEXIO** *as examples.*

HIGH-END
PROJECT MANAGEMENT

Becoming one of the leading German providers for broadband infrastructure projects

netzkontor nord wants to become one of the largest project managers for the deployment of fibre-optic networks. Two years ago, when the company shared this vision with DBAG, the deciding factor for this step was our comprehensive understanding of the sector. We support the company in implementing its buy-and-build strategy.

The management of netzkontor nord was able to realise strong growth rates and earnings increases within a short period of time. Since the company has been part of DBAG's investment portfolio, two acquisitions have been completed and another agreed. With this, netzkontor nord not only increased their human resources and regional coverage, but also broadened their strategic focus.

With the acquisition of BIB TECH, for the first time netzkontor nord now has access to large, nationwide telecommunications providers who strongly invest in the expansion of their fibre-optic networks; the result is larger project volumes and thus faster growth. Furthermore, by launching specific projects with these customers, netzkontor nord aims to gain access to nationwide projects – a milestone in the implementation of their corporate vision.

With BFE Nachrichtentechnik, the second acquired company, netzkontor nord has explored a new business segment: BFE is one of the largest German service providers for constructing and operating overground telecommunications services, also working on projects in the highly attractive and pioneering Fibre-to-the-Home segment, for both business and private customers.

NETZKONTOR NORD

SERVICE FOR THE TELECOMMUNICATIONS SECTOR, FLENSBURG, GERMANY

NETZKONTOR NORD, established in 2008, operates in two different business segments with around 280 employees. Under the brand name "netzkontor", the company provides planning and monitoring services related to the deployment of fibre-optic networks. Its subsidiary OpenXS handles network management for operators of fibre-optic networks. The former regional focus on the German federal state of Schleswig-Holstein has been expanded to Mecklenburg-Western Pomerania, Saxony-Anhalt and North Rhine-Westphalia.

REVENUES OF 30 MILLION EUROS
280 EMPLOYEES

BLUEPRINT FOR A SUCCESSFUL INVESTMENT

One of the leading independent providers of fibre-optic connections in Germany

For DBAG, inexio has been a prime example of a successful private equity investment, where we support a talented management team, promoting a very promising business model. Back in 2013, when we acquired a minority stake in the previously family-owned business during the course of a capital increase, providing additional profit-participation capital, broadband communications was still the domain of pioneers – covering a segment with strong growth potential.

"Looking for capital, we quickly realised that DBAG is an investor that really understands the success factors of family-owned businesses – moreover, an investor not looking for a short-term bet, but looking to provide long-term support, aiming to create value. This has worked out very well here."

David Zimmer, founder and Managing Partner of inexio, recalls the very beginning of the company's cooperation with DBAG

We closely supported inexio over a six-year period – providing additional capital as well as know-how. Especially in such a fast-growing business, the management team keeps facing new challenges: with an experienced partner at their side, they can tackle such situations in a more targeted manner, and with less risks involved.

Between 2013 and 2015, DBAG co-invested with the DBAG ECF fund, acquiring further shares in inexio from co-shareholders. And when financial investor Warburg Pincus supported a management buyout in 2016, DBAG and DBAG ECF did not sell their stakes – instead, they participated in the capital increase conducted upon the entry of the new majority shareholder, thus investing further funds. What convinced us, time and again, was the clear focus and determination of the management team as they worked on developing the business, taking the right strategic decisions at every development stage. Today, founders David Zimmer and Christoph Staudt and their team can boast a flawless track record: they have successfully implemented their business concept both through organic growth as well as through acquisitions.

Launched as a start-up just over a decade ago, nowadays inexio is one of the fast-growing, leading independent providers of fibre-optic connections in Germany. Together with its private equity investors, the company has established a fibre-optic network in rural and suburban areas across southern Germany, thus significantly contributing to the build-up of local infrastructure there – allowing businesses to stay in their home region, creating local jobs.

In this way, inexio has attracted the interest of large infrastructure investment funds. The sector is about to embark upon a fundamental change: while the company has so far pushed the fiber optic expansion into the villages and the last mile into the households, realised with VDSL technology via the copper cables of Deutsche Telekom, fiber optic connections are now being laid directly into the buildings. However, this expanded infrastructure requires around three times the investment volume. inexio will realise this new development phase in its corporate history together with the EQT Infrastructure IV fund.

INEXIO

TELECOMMUNICATIONS AND IT SERVICES, SAARLOUIS, GERMANY

INEXIO is investing in building and expanding high-performance telecommunications infrastructure in several German federal states, focusing on the Saarland and Rhineland-Palatinate, plus Bavaria, Baden-Württemberg, Lower Saxony and the East German states. inexio runs its own, constantly growing fiber optic and municipal network, currently covering more than 9,900 kilometres, as well as six company-owned data centres. The company offers the full spectrum of telecommunications and IT services, from pure carrier services right up to complete telecommunications, IT and data centre services. Although the company's original focus was on business customers, revenues from high-speed internet connections for private customers are now growing at double-digit annual rates, faster than those for business customers.

REVENUES OF 68 MILLION EUROS
320 EMPLOYEES

OUR MISSION STATEMENT

Stock exchange-listed Deutsche Beteiligungs AG invests in well-positioned mid-sized companies with potential for growth.

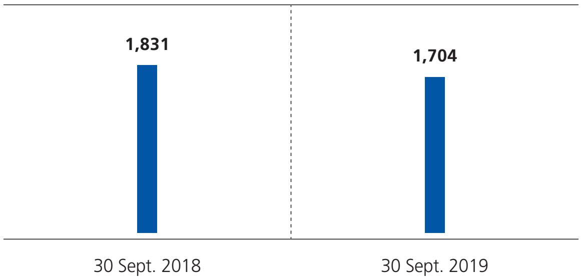
For many years, we have focused on industrial business models in selected sectors. With our experience, expertise and equity, we support our portfolio companies in implementing their sustainable, value-creating corporate strategies.

Our entrepreneurial approach to investing has made us a sought-after investment partner in the German-speaking world. We have achieved superior performance over many years – for our portfolio companies as well as for our shareholders and investors.

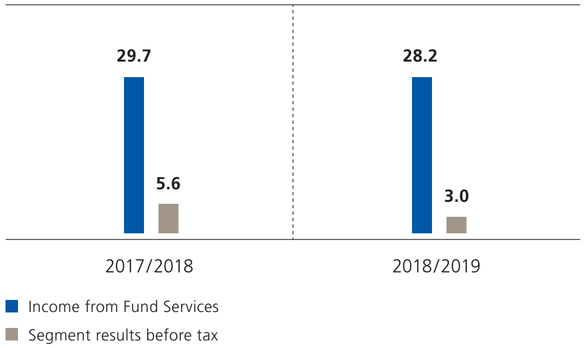
FUND INVESTMENT SERVICES

The advisory services provided to the DBAG funds by Deutsche Beteiligungs AG's investment team are bundled in the Fund Investment Services business segment. DBAG is paid a volume-based fee for these services, so that projections can be made rather easily. The earnings base is reduced by disposals during a fund's disinvestment phase; it grows when a new fund is initiated and capital can be successfully raised. DBAG receives additional one-off fees based on individual transactions for providing advice to DBAG ECF.

ASSETS UNDER MANAGEMENT OR ADVISORY
€mn



INCOME AND RESULTS FROM FUND SERVICES
€mn



DEVELOPMENTS IN 2018/2019

- Assets under management or advisory declined as scheduled, due to several disposals from the portfolios of DBAG Fund VI and DBAG ECF.
- Following another period of intense investment activity in the 2018/2019 financial year, callable capital commitments declined, as did the pending co-investment commitments and the financial resources of DBAG.
- The callable capital commitments will increase with the start of DBAG Fund VIII's investment period; they are generally reduced not only through investments but also due to advisory and administrative expenses.

PERSPECTIVE

We reached the first close of subscriptions for DBAG Fund VIII in November 2019; investors committed 794 million euros to the successor fund to DBAG Fund VII, which will also be providing capital of between 20 and 40 million euros for management buyouts with equity investments, which had been structured up to now through DBAG ECF. On top of this, there are additional co-investment commitments from DBAG amounting to over 255 million euros. The assets under management and advisory will therefore increase initially by more than 20 per cent, before declining again in the financial years ahead on the back of further disposals.

DEVELOPMENTS IN 2018/2019

- Income from Fund Services fell due to lower fees received from DBAG Fund VI (8.6 million euros compared to 9.7 million euros in the previous year), DBAG Fund V (0.2 million euros compared to 0.7 million euros in the previous year) and DBAG ECF (1.6 million euros compared with 1.9 million euros in the previous year).
- Transaction-based fees in DBAG ECF were considerably lower, due to the fact that only one transaction was agreed in this fund in 2018/2019.
- Net expenses under other income/expense items increased by 1.2 million euros year-on-year.

PERSPECTIVE

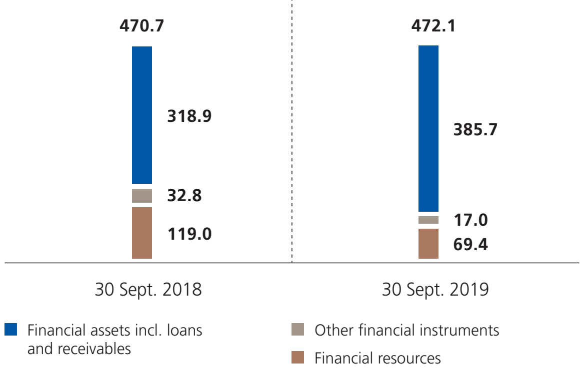
Thanks to the investment progress achieved for DBAG Fund VII and DBAG ECF, we expect the investment period of DBAG Fund VIII, the successor fund to these two funds, to start in 2019/2020. Accordingly, we expect income from Fund Services to significantly exceed the previous year's level. By the end of 2021/2022, we anticipate a further slight increase over the 2019/2020 level. In line with our planning, we expect to see a year-on-year increase in the segment's income in this year and the two following financial years, thus contributing to the increase in the Company's enterprise value.

PRIVATE EQUITY INVESTMENTS

The Private Equity Investments business line comprises the investments in mid-market companies undertaken by Deutsche Beteiligungs AG alongside the DBAG funds. Following an extension to DBAG's strategy, investments that are financed solely from DBAG’s balance sheet will also be included. This Principal Investments business line will dominate DBAG’s enterprise value. Net gain or loss from investment activity maps the change in the net asset value, and is the key factor influencing DBAG’s net income; it is determined by the development of the portfolio and gains from the disposal of investments.

NET ASSET VALUE

€mn



VALUE APPRECIATION POTENTIAL OF THE PORTFOLIO

We valued the portfolio of 27 investments in mid-market companies at 409 million euros as at the reporting date. This equates to 1.4 times the acquisition costs. With past disposals, we achieved 2.7 times costs (management buyouts, gross proceeds of disposals 1998–2019) or 3.3 times (growth financing, gross proceeds of disposals 1999–2019). With every disposal, we have realised at least the most recent valuation, except for one case.

LATEST VALUATION: 7.8 TIMES EBITDA

Our portfolio is valued at 7.8 times expected EBITDA for the current year. The average covers 21 out of 27 portfolio companies – new investments, as well as those disposed of, were not included.

DEVELOPMENT 2018/2019

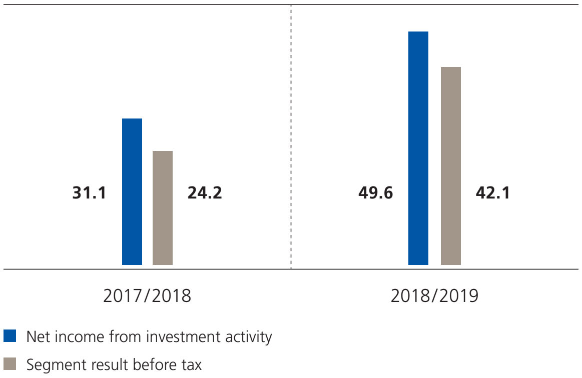
- Net asset value increased by 1.4 million euros; taking into account the dividends of 21.8 million euros distributed to our shareholders, this represents a 5.2 per cent increase in the net asset value over the adjusted value of the previous year.
- The changes in value of the current portfolio of 49.3 million euros contributed to this increase.
- Financial resources declined by 42 per cent in the course of the investment activity; this decline was more than offset by the increase in the portfolio value.

PERSPECTIVE

In light of economic developments and having weighed up the opportunities and risks, we anticipate a below-average increase in the portfolio value in 2019/2020. Taking into account the distribution in February 2020 – 22.6 million euros are proposed – the net asset value as at the reporting date will be down slightly on recent levels. Given the overall quality of the portfolio and the planned investments, we expect this value to rise again in the two following years. We have taken our dividend policy and the corresponding cash outflows into consideration for this estimate. A drastic slump in portfolio valuation parameters – driven, for example, by a corresponding change in the valuation levels on the capital market – could have an adverse effect on net asset value.

PRIVATE-EQUITY-INVESTMENTS

NET INCOME AND NET GAIN OR LOSS FROM PRIVATE EQUITY INVESTMENTS
€mn



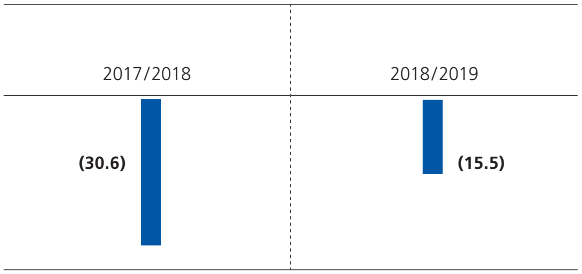
DEVELOPMENT 2018/2019

- Net income from investment activity and results in the Private Equity Investments segment were higher year-on-year and also exceeded expectations, thanks to several successful disposals.
- This means that, all in all, the value contribution made by the operating performance of the portfolio companies – changes in earnings and debt – was more than twice that of last year. The operating performance of twelve investments made a positive value contribution, while ten made a negative contribution.
- Unlike the previous financial year, developments on the capital market reduced (rather than increased) the overall value of the portfolio companies.
- Carried interest claims of the investment team, mainly from investments made by DBAG Fund VI and DBAG ECF, resulted in a 12.4 million euros charge on net income from investment activity.

PERSPECTIVE

As is typical for the business, net income from investment activity may fluctuate strongly from year to year. Over the last five years, this has amounted to values of between 29.2 and 85.8 million euros, averaging 51.9 million euros. In the current financial year 2019/2020, we expect significantly lower net income from investment activity than the stated average value. In line with our planning, earnings before tax in 2019/2020 will also be considerably lower than the five-year average. However, they will rise sharply in the two following years above the level forecast for the current financial year. Our planning is generally based on the assumption of stable capital market conditions.

CASHFLOW FROM INVESTMENT ACTIVITY
€mn



DEVELOPMENT 2018/2019

- In the year under review, we invested more than we raised from disposals – the cash flow from investment activity was thus negative.
- Cash outflows of 15.5 million euros resulted from total proceeds and payments relating to financial assets, and loans and receivables in a net amount of -31.2 million euros, and of total proceeds and payments relating to other financial instruments in a net amount of 15.8 million euros.
- At 93.4 million euros, payments for investments in financial assets and loans and receivables significantly exceeded the previous year's level (63.8 million euros).
- The volatility of the cash flows relating to investment activity is due in part to reporting-date factors and also due to cash flows being concentrated on a few – yet sizeable – amounts in the transaction business. This is typical for our business model.

PERSPECTIVE

On the basis of the co-investment agreements with DBAG funds and our latest strategic developments to include Principal Investments, we are planning investments for 2019/2020 slightly above the previous year. At the same time, we expect inflows from disposals, recapitalisations and dividend distributions from portfolio companies to be down moderately (in other words between 10 and 20 per cent) on recent levels. Even though disposal gains may be substantial, we generally do not plan for such gains, but assume a sale at fair value. On balance, these expected changes will result in a considerably lower (negative) cash flow from investing activities for 2019/2020.

THE CURRENT
DBAG PORTFOLIO

PORTFOLIO GROWTH HAS ALSO BROADENED THE RANGE OF SECTORS COVERED

REVENUE GROWTH:
7.4 PER CENT

The 22 companies which we held in our portfolio at the beginning of the financial year under review, and which were not sold, have posted strong revenue growth – driven by acquisitions in particular. Organic growth was 2.6 per cent.

EBITDA GROWTH:
3.4 PER CENT

The 22 companies which we held in our portfolio at the beginning of the financial year under review, and which were not sold, have achieved only moderate EBITDA growth. Without the contribution from acquisitions, growth would have been even lower.

DEBT:
3.2 TIMES EBITDA

Our portfolio companies have a viable capital structure which is based on their cash flow profile. On average, their debt levels equate to 3.2 times current EBITDA. This calculation does not take into account three investments, either because they do not retain their value or because they are not indebted.

PORTFOLIO COMPANIES
START OF INVESTMENT:

2012

Heytex

2013

DNS:Net

2014

Pfaudler

2015

Gienanth
JCK*
Oechsler
Silbitz

2016

Frimo
mageba
Polytech
Rheinhold & Mahla
Telio

2017

Dieter Braun
duagon
More than Meals
vitronet

2018

BTV Multimedia
FLS
Karl Eugen Fischer
Kraft & Bauer
netzkontor nord
Sero
Sjølund
von Poll Immobilien

2019

blikk
Cloudflight
–
Cartonplast
STG

27

PORTFOLIO COMPANIES CREATE THE BASIS FOR FUTURE VALUE APPRECIATION

> INVEST

INVESTMENT VOLUMES SINCE THE START OF INVESTMENT

DBAG FUNDS

1,271

MILLION EUROS

OF WHICH: INVESTMENTS BY DBAG

312

MILLION EUROS

* We significantly increased a stake in JCK Holding GmbH Textil KG (originally entered into in 1992) in 2015.

The information on investments and sales proceeds on the following page only takes into account the transactions completed during the financial year; the MBOs of Cartonplast and STG and the sale of inexio are therefore not included.

CHANGES IN DBAG'S PORTFOLIO DURING THE YEAR UNDER REVIEW

> INVEST

blikk
Cloudflight
FLS
Kraft & Bauer
Sero
–
Cartonplast
STG

> DEVELOP

BTV Multimedia
duagon
Gienanth
Karl Eugen Fischer
netzkontor nord
Pfaudler
Polytech
Silbitz
Sjølund
Telio
vitronet
von Poll Immobilien

> REALISE

Infiana
novopress
PSS
–
inexio

FOUR NEW INVESTMENTS AGREED UPON DURING THE YEAR UNDER REVIEW

Throughout the 2018/2019 financial year, our investment team once again screened more than 250 investment opportunities, selecting four which are particularly promising.

Two of these transactions became effective during the financial year, the two remaining ones after the reporting date. Specifically, we were able to structure two MBOs in our core sectors of automotive suppliers and industrial components, plus two additional MBOs in our new focus sectors: broadband telecommunications and IT services/software.

Our decisions during the financial year triggered new investments of around 265 million euros for DBAG and its funds.

The MBOs of blikk, FLS and Kraft & Bauer had been agreed upon in the 2017/2018 financial year, and were closed during the financial year under review.

ACQUISITIONS AS A CATALYST FOR FURTHER DEVELOPMENT

A number of portfolio companies were compromised in their development during 2018/2019, given abating economic momentum. Despite an economic environment which was challenging at times, the portfolio companies refined their strategic repositioning – through acquisitions, for example. Seven portfolio companies were thus able to further expand their geographical footprint, supplement their product range, or actively pursue consolidation in their sector. While these activities are the foundation for value appreciation for these companies, they also ensure that the companies are well-positioned beyond the duration of our investment.

Portfolio companies executed a total of eleven acquisitions, of which six were financed using said companies' own funds. The remaining five transactions were facilitated by equity contributions by the funds, as well as DBAG.

VALUE APPRECIATION REALISED THROUGH DISPOSALS

DBAG and the DBAG funds are partners for a certain period of time. Once change processes have been completed and their positive impact has become visible, we will sell the investment.

We structured four exits during the 2018/2019 financial year, and closed one exit agreed upon in the previous year (Cleanpart). We held the companies in our portfolio for between four and seven years; one initial investment (novopress) had been entered into as early as 1990.

The sale of our shareholding in inexio was only closed after the reporting date. Another investment ended after the company in question had to file for insolvency (Unser Heimatbäcker).

> INVEST

INVESTMENTS DURING THE YEAR UNDER REVIEW

DBAG FUNDS
253
MILLION EUROS

DBAG'S SHARE
57
MILLION EUROS

> DEVELOP

INVESTMENTS DURING THE YEAR UNDER REVIEW

DBAG FUNDS
35
MILLION EUROS

DBAG'S SHARE
15
MILLION EUROS

> REALISE

DISPOSAL PROCEEDS DURING THE YEAR UNDER REVIEW

DBAG FUNDS
245
MILLION EUROS

DBAG'S SHARE
64
MILLION EUROS

THE SECTOR STRUCTURE
OF OUR PORTFOLIO

THE GROWING IMPORTANCE OF FOCUS SECTORS

We are continuously developing the investment strategy we apply to our the funds we advise: we started investing in new sectors outside our core sectors back in 2013. Two years later, we extended our geographical footprint to the DACH region (Germany, Austria and Switzerland) and, for the core sectors, into the neighbouring European countries. 2017 saw the launch of the Digital Business Models initiative, and in the course of 2019 we defined three new focus sectors.

SYSTEMATIC DEVELOPMENT OF EXPERTISE OUTSIDE THE CORE SECTORS

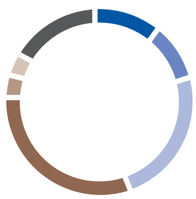
Investment in new sectors requires careful, thorough planning. This is why we have been heavily involved in the development of these sectors and analysed the deal flow there long before we added the first companies outside our core sectors into our portfolio. The most demanding test of our expertise is subsequently provided by the entrepreneurs, who often are entrusting us with their life's work. It is only when we have convinced them that DBAG offers more than capital and that it can steer their company towards a successful future that we are able to realise investments with attractive valuations.

CLEAR DEFINITION OF THE MOST ATTRACTIVE BUSINESS MODELS

We know our core and new focus sectors inside out. As in all other industries, though, we only ever invest in clearly defined, forward-looking business models. In the case of automotive suppliers, for example, these are no longer companies that offer products related conventional powertrains; instead, they are companies that benefit from ongoing structural changes. We are also looking at the type of companies in this sector that offer services, or that are less heavily influenced by the development of vehicle manufacturers' sales volumes. In terms of the healthcare sector, we are focused more on medical technology and service providers than on research-based pharmaceutical companies. However, the following always applies: it is the business model that is the decisive factor, not the sector affiliation.

PORTFOLIO VALUE BY SECTOR

% at 30 September 2019



Automotive suppliers	10
Mechanical and plant engineering	10
Industrial components	24
Broadband/ telecommunications	31
IT services/software	4
Healthcare	4
Other	17

STRUCTURE OF OUR PORTFOLIO

In 2013, our core sectors accounted for just under 80 per cent of our portfolio value. Over the past financial year, this figure was just over 40 per cent. Of the new sectors, broadband/ telecommunications currently accounts for a particularly high share. Shortly before the end of the financial year, we sold our stake in inexio – a very successful transaction; however, this transaction had not yet been fully consummated at the reporting date and is therefore included in the folio split.

VALUE APPRECIATION APPROACHES
OF OUR PORTFOLIO COMPANIES

WIDE RANGE OF DEVELOPMENT OPPORTUNITIES

We invest in companies with a value between 50 and 250 million euros. As partners, thinking and acting like entrepreneurs, we want to support them in their development. On the basis of a detailed understanding of the industries and the individual business models in which the companies operate, we identify development opportunities in close cooperation with the management and lay the foundations for successful future development. The strategic orientation of a company is the most important valuation lever when it comes to successful investment support.

WELL-ESTABLISHED COMPANIES IN OUR CORE SECTORS

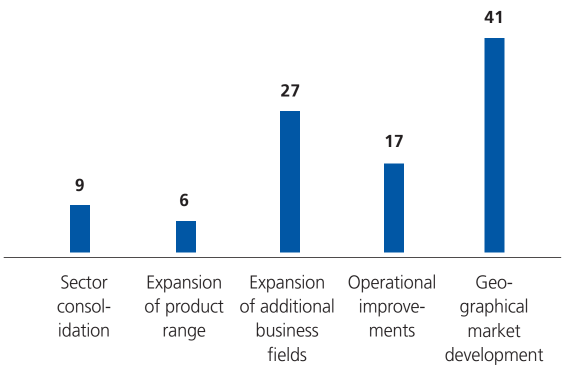
The companies within our core sectors are generally well established. Nevertheless, the support provided by a private equity company opens up additional development potential for them, not least because changes in their markets offer considerable new opportunities for the development of additional business areas – or because they want to expand their geographical focus rapidly. Sometimes increasingly intense competition also requires extensive changes in operational processes, which then go hand in hand with additional investment requirements. We help such companies to make rapid changes within a short period of time, faster than would be possible with their own internal resources, thus enabling them to strengthen their market position. At the same time, the companies become more valuable and attractive for future owners.

RAPID-GROWTH COMPANIES ARE INCLUDED IN OUR NEW FOCUS SECTORS

The companies in our new focus sectors are often younger than those in our core sectors. They are active in markets characterised by strong structural growth, which their organisation is not yet geared up for. In addition to capital, we offer them in particular a wealth of experience in creating the organisational prerequisites to cope with growth, and in doing so provide them with a sound foundation for their sustainable success. Within the software industry, we are currently focusing on companies that offer digital solutions for "old economy" products. These companies are attracted, for example, by our in-depth understanding of their industrial sales markets – and also by the fact that our strong network often includes their own potential customers. This allows us to successfully apply our experience to sectors that are still relatively new to us.

PORTFOLIO VALUE BY VALUE APPRECIATION METHOD

% at 30 September 2019



STRUCTURE OF OUR PORTFOLIO

In line with the increasing complexities of the economy and the objective of our companies to expand rapidly, most of them adopt two parallel approaches to value enhancement. This is reflected in the chart above. Essentially, the appreciation of DBAG's portfolio is driven by three factors: the expansion of additional business lines and exploration of new geographical markets are often supported by acquisitions, which we support through additional funds if appropriate.

THE DBAG SHARE

AN EXCEPTIONAL BUSINESS MODEL – AN EXCEPTIONAL SHARE

Private equity is a highly attractive asset class in its own right. Funds are predominantly invested in closed-end funds, which are usually not directly accessible to private investors. 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. This ensures that the interests of our shareholders, our investment team and our fund investors are always equally represented, since Deutsche Beteiligungs AG invests alongside the DBAG funds and members of the investment team engage in these investments by investing their personal funds.

BUSINESS MODEL AND EQUITY STORY

By investing in the DBAG share, you can benefit from the dynamic German mid-market sector

DBAG's business model is exceptional: we generate continuous earnings contributions from advisory services and private equity funds. At the same time, our shareholders participate in the performance of a portfolio of powerful midsized companies, which are not listed. Private equity creates potential for these companies: we support our portfolio companies in a phase of strategic development, enabling them to rapidly expand their market position and thus create value. Continuity combined with above-average value appreciation potential – this is what makes the DBAG share such an attractive choice on the capital market.

DBAG is a member of DAI, BVK, DIRK and Listed Private Capital (LPeC).

The DBAG share combines the advantages of an investment in German mid-sized businesses with value levers that private equity investors can apply. With the expertise and know-how that we offer to our portfolio companies, they have the opportunity to implement their resources in a more targeted way – in order to realise their corporate visions. They can also use the capital we provide to finance their activities. Not only do we strengthen our investments by doing this, we also create value for our own shareholders. Four divestments in the past financial year underline the success of Deutsche Beteiligungs AG in a period during which the German economy's growth curve flattened out.

The investment strategy is geared towards new opportunities

Relatively small mid-sized companies often feel the effects of changes to the economic climate quite quickly. This means that they need to be even better prepared than larger companies to counter economic headwinds or negative market developments. We were able to see how important this is for some of our investments over the past financial year. Although these kinds of situations are challenging, they can also offer opportunities. The wealth of experience that DBAG has gained over the decades helps the teams managing these investments to identify such opportunities, and exploit them to create value.

Smaller and more agile companies benefit more when markets change fundamentally or when entirely new markets emerge. This applies, for example, to DBAG's core sectors in which new and attractive business models are emerging, especially due to digitalisation. And at the same time, other sectors in Germany have been given a significant boost. DBAG shareholders are benefiting from this development because the Company was quick to reflect these economic changes in our portfolio.

New focus sectors account for a quarter of investments

As well as its established core sectors, DBAG is now active in three new focus sectors of broadband/telecommunications, IT services/software and healthcare. Companies from these sectors already account for 23 per cent of the acquisition cost of DBAG's investment portfolio – that is, our resources invested specifically in single industries. At 13 per cent, broadband/telecommunications accounts for the largest portion of any single industry in the portfolio. We acquired a stake in inexio back in 2013, at a time when private equity investments in the broadband sector were considered groundbreaking. In the past financial year, we were able to dispose of this investment extremely successfully.

DIVIDEND POLICY

The dividend policy as defined in summer 2016 will be maintained

Shareholder participation in DBAG's success is one of our three financial objectives. In the summer of 2016, we set out our dividend policy, and this still applies. For the 2015/2016 financial year, distribution of the dividend was determined for the first time on the basis of the (then-new) policy.

Notwithstanding the very volatile results compared to the previous year, we want to pay a stable dividend that increases whenever possible. At the same time, we aim to provide our shareholders with an attractive dividend yield. It means that when we propose a dividend to the Annual General Meeting, we are also taking the capital market environment into account. When deciding on the dividend amount, cash inflows from our two business segments, future funding requirements for (co-)investments, and the ability to pay a sustainable dividend also have to be considered. Special gains from the sale of individual investments are not taken into account, and therefore have no influence on market expectations regarding the DBAG dividend.

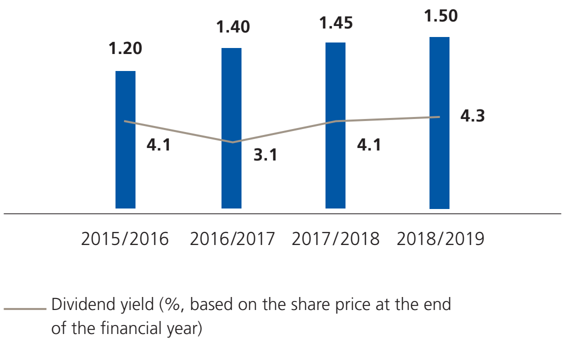
Over the past four years, through dividends alone, we have been able to provide our shareholders with an annual return of at least three per cent, and on several occasions more than four per cent. Added to this is the positive share price development.

We are again proposing a dividend increase for 2018/2019

We will also propose to the Annual General Meeting that the dividend for the past financial year be increased to 1.50 euros per share. This corresponds to a dividend yield of 4.3 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 22.6 million euros. The distributable net retained profit (Bilanzgewinn) of Deutsche Beteiligungs AG amounted to 178 million euros at the end of the financial year.

DIVIDEND PER SHARE

€



CAPITAL MARKETS COMMUNICATIONS

Active exchange with the capital markets

Deutsche Beteiligungs AG is synonymous with maintaining close, transparent communications with the capital market; that is, with shareholders, financial analysts and journalists. We employ a variety of communication channels and offer 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 market partners. During the last financial year, we put on 13 days of road shows and held around 60 meetings in four European countries. This is a decline compared to the previous year; we think that it is due to changes in the relationship between companies and the financial community resulting from the Markets in Financial Instruments Directive (MiFID II). To counteract this, we have mandated a bank to support us in providing contacts.

We regularly talk to our partners about what makes our business model so attractive, how we can develop our portfolio companies, and what Deutsche Beteiligungs AG is doing in terms of its strategic development. In the past financial year, the main topics also included the impact on results from the highly volatile capital market multiples seen through the year and from the slowdown in economic growth. Beyond the financial data, the so-called soft factors that make a company successful in the first place increasingly become the focus. These are reflected in the non-financial corporate objectives. Susanne Zeidler, DBAG's Chief Financial Officer, explains recent changes in the target system on page 37.

Capital Markets Day held for the first time receives a great response

A new platform for discussing these topics is our Capital Markets Day, which was held for the first time in May 2019. The three members of DBAG's Board of Management, alongside members of the investment team, offered detailed insights into DBAG's investment process, investment strategy, and the resulting impact on the Company's capital market valuation. Practical examples were provided by the managing directors of three

We regularly update analysts' valuations that we receive on our website under Investor Relations/DBAG Shares/Analyst Ratings.

portfolio companies , who gave in insight into their companies and their development. The Capital Markets Day was met with great interest and was attended by around 20 guests. The feedback was so positive that we will stick to this format.

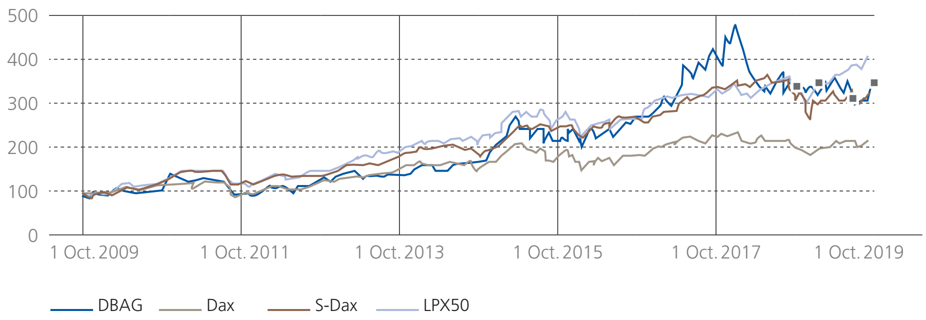
We also attach great importance to meaningful and high-quality communication media in terms of content and design – be it our presentations, our internet presence or our financial reports. Our huge commitment to investor relations work continues to be perceived positively by the market. We regularly take the top spot in various studies and competitions.

DBAG is a member of DAI, BVK, DIRK and LPeC.

SHARE PERFORMANCE

PERFORMANCE OF DBAG SHARES AND BENCHMARK INDICES

(1 October 2009 – 30 September 2019, indexed to: 1 October 2009 = 100)



1 Oct. 2018: €35.45
at the beginning of the financial year

24 April 2019: €37.35
Financial year high

7 Aug. 2019: €30.05
Financial year low

30 Sep. 2019: €34.70
at the end of the financial year

Strong capital markets volatility during the past financial year

Our share price performance in the past financial year – as well as that of its most important benchmark indices – was marked by high volatility. This was due in part to market uncertainty caused by the lack of clarity regarding the political framework, and the absence of any significant action on the part of key political figures. Key issues such as international commercial disputes, fears of recession and Brexit negotiations must be mentioned here.

Such influences have a two-fold effect on the price of the DBAG share: firstly, movements in the market as a whole inevitably have an effect on individual securities. Secondly, changes in capital market multiples lead to valuation adjustments in our investment portfolio and have a direct impact on income. Meanwhile, burdens on the economy are no longer feared; in fact, stagnation has already become visible in many indicators.

As a result, during the past financial year we have had to communicate our quarterly figures provisionally in the form of ad-hoc announcements: firstly because fluctuations in capital market multiples have led to considerable positive or negative effects on results, and secondly because some of our portfolio companies fell short of expectations in the third quarter.

Encouraging share price performance – especially over longer observation periods

In spite of the challenging capital market environment, our share price significantly outperformed its benchmark indices in the period to May 2019. In the following months, the share price lagged behind the Dax and LPX50, but caught up significantly following the successful sale of the inexio stake. The result was a somewhat stronger increase in the share price over the entire financial year than that of the Dax – and significantly stronger than that of the S-Dax.

We continue to stress that short-term considerations are only of limited value, 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. In a three-, five- and ten-year comparison, it not only outperformed its benchmark indices, but mostly did so quite strongly.

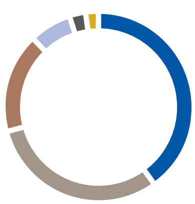
PERFORMANCE[1] (P.A. IN %) OVER

		The DBAG share	Dax	S-Dax	LPX50[2]
1 year	(financial year 2018/2019)	2.0	0.7	(7.8)	12.0
3 years	(financial years 2016/2017 to 2018/2019)	8.3	5.6	5.7	14.7
5 years	(financial years 2014/2015 to 2018/2019)	14.2	5.8	10.1	13.3
10 years	(financial years 2009/2010 to 2018/2019)	13.3	8.4	12.3	15.3

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 PROFILE

SHAREHOLDER PROFILE (AT 30 SEPTEMBER 2019)
in %



Private shareholders	40
Family offices	31
Institutional Investors Germany	17
Institutional Investors Europe	8
Institutional Investors USA	3
Institutional Investors rest of world	1

Key data and ratios for the DBAG share and its liquidity can be found on our website, under Investor Relations/DBAG Shares

Growing share of institutional investors and family offices

As at 30 September 2019, 40 per cent of our shares were held by 15,601 private individuals and joint shareholders. Thus, the proportion of this investor group is about 4 per cent lower than last year. The proportion attributable to Family Offices, on the other hand, has increased from 23 per cent to 31 per cent. Among them there are two shareholders which hold more than five per cent of the shares: Rossmann Beteiligungs GmbH announced in January 2019 that it holds 20.03 per cent in DBAG. According to a notification dated December 2017, Mr Ricardo Portabella holds a stake of 6.65 per cent in DBAG via Taiko SA, an investment vehicle associated with him. These two positions reduce the proportion of shares in free float. According to the voting right notifications that are available to us, the free float was at 73.3 per cent, calculated in accordance with Deutsche Börse's definition.

INTERVIEW

Ms Zeidler, what is the rationale behind DBAG changing their target system and performance indicators?

With this annual report, the weightings of some performance indicators have changed, and it is clear that DBAG has re-worked its targets and management approach. An interview with Chief Financial Officer Susanne Zeidler on the rationale behind this decision.

What is the reason for the changes?

We want to make it easier for readers to identify the value of Deutsche Beteiligungs AG. The first step in this direction was the introduction of segment reporting at the beginning of the 2014/2015 financial year. Now we are ready to take the next step: the value of the company is determined by the value of the two business segments, Private Equity Investments and Fund Investment Services, with all financial and non-financial targets contributing. The development in value of Private Equity Investments is calculated on the basis of the net asset value, the change in value of Fund Investment Services is derived from the long-term development of net income from advising funds.

So you no longer want net income to be used as a benchmark?

Net income remains an important indicator. It is, after all, determined by the change in net asset value and the income from Fund Services. However, what we would rather focus on are the long-term drivers of DBAG's value. Net income is much more volatile than the other two indicators and a high level of volatility makes it difficult, in particular for external parties, to assess what is really going on inside the Company.

What benefits do you see in this approach?

Our intention is to move more in line with the reporting methods of other listed private equity companies. This may help us to gain greater interest from investors seeking exposure to such types of shares.

Have there been any other changes?

During the financial year under review, we revised our target system with regard to non-financial targets, in order to bring them and the respective management indicators closer together. As part of this process, we also reviewed the management indicators across the board and adjusted them in some areas.

As a result, the "Retention of experienced and motivated staff" has been added as a non-financial objective. Our staff are key to the progress of our investment activities. It is therefore vital to DBAG's business success that we continually invest in the expertise, motivation and loyalty of our staff, and monitor these activities closely. To see whether our efforts bear fruit and whether we have achieved this non-financial objective, it is enough to look at the average length of service.

Will DBAG's core corporate objective remain the same?

Yes, it will. The core business objective of our activities has always been to increase the long-term value of DBAG. We want our shareholders to benefit from this – through attractive dividends and a fair market valuation of the DBAG share.

A HOLISTIC APPROACH TO RESPONSIBILITY INCLUDES INVESTMENTS

Deutsche Beteiligungs AG is committed to the principles of sustainable corporate behaviour. Taking responsibility for the impact that our decisions have on others, both now and in the future, is consistent with the long-term nature of our business. This includes the decisions we make in the investment process, in the development and subsequent disposal of our portfolio companies, and in managing our company. Our focus is on the criteria of corporate governance, business ethics, employment matters, as well as social affairs and the environment.

CORPORATE GOVERNANCE	BUSINESS ETHICS	EMPLOYMENT & SOCIAL AFFAIRS	ENVIRONMENT

CORPORATE GOVERNANCE

Voluntary commitment: sustainability policy and German corporate governance code

Development can only be deemed sustainable when it meets the needs of the present while ensuring that the needs of future generations are also met. With this in mind, we developed an ESG Policy (Environment – Social – Governance) to lay down our sustainability principles. Our ESG Policy addresses both the integration of the Principles for Responsible Investment in our investment process as well as corporate governance issues. It also bans us from investing in certain sectors and companies, in particular, weapons manufacturers. We do not engage in hostile takeovers either.

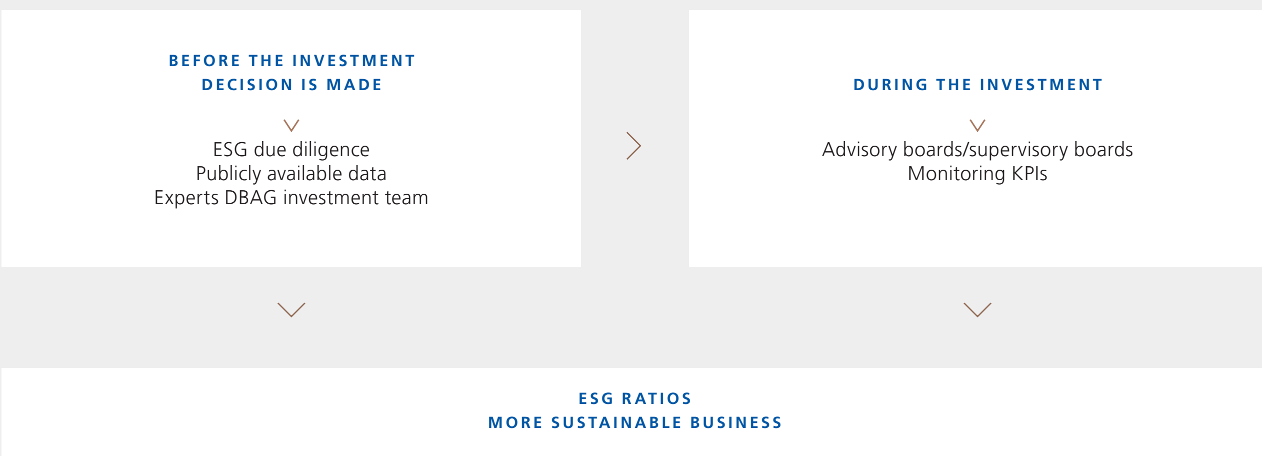
In addition, we have consistently followed nearly all of the recommendations and suggestions of the German Corporate Governance Code since its introduction.

Conviction and values that go beyond our company

As a company with firmly established ethical, social and ecological principles, we attach a great deal of importance to ensuring that our portfolio companies also meet our high standards. In order to ensure that they do, we have established an ESG review process; before any investment decision is taken, we examine whether our ESG criteria are met as we perform due diligence.

To gain as comprehensive a picture as possible, we observe as many ESG criteria as possible along the value chain focusing not only on risks, but especially on opportunities. An example for such an opportunity is the reduction of energy consumption in energy-intensive production; this will considerably increase a company's result and thus its value. The same applies if occupational safety can be increased or the loyalty of experienced employees strengthened.

THE ESG REVIEW PROCESS



For this examination, we do not solely rely on our own expertise (acquired through numerous investments in mid-market enterprises), but also on that of seasoned, specialised advisors. During the investment period, we exert an indirect influence by taking offices on advisory councils and supervisory boards. The advisory councils and supervisory boards of our portfolio companies address sustainability issues at least once a year. Furthermore, a direct exchange on related topics takes place with the management team. Ultimately, the idea behind the review process is to enable our portfolio companies to define and report ESG indicators, and to use these indicators for specific measures that will make their business operations even more sustainable.

The portfolio companies report on their general business performance on a quarterly basis; this also includes improvements in ESG issues as well as climate-related aspects such as energy consumption.

The funds managed or advised by DBAG have a contractual obligation to introduce an ESG Policy, which includes regular reporting to the fund investors. This also allows the DBAG funds to take account of the increased demands placed on them by their investors, in terms of the sustainability of their investments.

Sustainable financing strategy as the basis for long-term success

Our business activities are geared towards the overarching objective of increasing DBAG's enterprise value over the long term. The biggest value contribution comes from the Private Equity Investments segment, i. e. from investments in mid-market companies with growth potential that we make alongside the DBAG funds. Our sustainable financing strategy allows us to ensure that DBAG always has sufficient funds available to make these co-investments – using its own resources. DBAG finances its activities in the long term by way of the capital markets, and reinvests funds resulting from the disposal of its investments. Other than a credit line in place to temporarily offset irregular cash flows, the strategy does not involve taking any bank debt. This is reflected in our solid consolidated statement of financial position, with an equity ratio in excess of 90 per cent.

BUSINESS ETHICS

Extensive compliance system: 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. This is an area in which we pursue a 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, hospitality, dealing with gifts and invitations, employee transactions, equal treatment and IT. There are also precise requirements governing the organisation and monitoring of the compliance system – including its enhancement, and regular training sessions for employees.

Our objective as a private equity company is not only to ensure that our own employees adhere to defined compliance standards. Rather, compliance regulations are also taken into account in the due diligence process when evaluating new investments. We have set out clear guidelines on what we expect from the compliance systems established at portfolio companies, and do everything in our power to check that these standards are met. In order to ensure uniform standards, we always work with the same experienced compliance experts from a renowned consultancy when carrying out assessments.

And last but not least, we also use our offices on advisory boards and supervisory boards to support our portfolio companies in promoting the establishment and enhancement of compliance systems within these companies.

THE DBAG COMPLIANCE SYSTEM

COMPLIANCE IN TRANSACTION PROCESS

COMPLIANCE WITHIN DBAG

"100% COMPLIANCE"

EQUAL TREATMENT
IT/DATA SECURITY
EMPLOYEE TRANSACTIONS
GIFTS/PERQUISITES
BUSINESS TRIPS
HOSPITALITY

ORGANISATION
CONTROL
FURTHER DEVELOPMENT
EMPLOYEE INFORMATION

COMPLIANCE IN PORTFOLIO COMPANIES

EMPLOYMENT & SOCIAL AFFAIRS

Employees: the best possible working environment for all staff

Acknowledging that our employees are our most important resource, we want to offer all DBAG employees the best possible working environment. This includes health-promoting measures as well as well-equipped workstations. We promote a culture of respect, openness and flat hierarchies – just as we promote professionalism, stable processes and ongoing professional development. Our remuneration system ensures that all employees participate in the Company's success.

In relation to the size of the Company, DBAG invests an above-average amount in training. We had five apprentices working for us at the most recent reporting date; this corresponds to around seven per cent of our workforce.

DBAG Foundation: social and cultural commitment

Gemeinnützige Stiftung der Deutschen Beteiligungs AG

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 previous portfolio companies and their relatives in times of need. These are, for example, situations in which the standard social security systems cannot grant benefits. The DBAG foundation also promotes the arts and cultural projects in the greater Frankfurt area, for example a short film festival or the "Luminale", a festival of lighting culture.

DBAG takes part in the Malteser Social Day – a charitable event organised by the local chapter of the Order of Malta – every two years. 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.

THE ENVIRONMENT

Carbon Disclosure Project: ongoing reduction in greenhouse gas emissions

DBAG has been involved in the Carbon Disclosure Project (CDP) surveys since 2011. The CDP is a global non-profit organisation that represents major institutional investors. It collects data on company greenhouse gas emissions, among other things, on behalf of institutional investors – i. e. also for our Company's shareholders. Participating in the CDP allows us to meet the transparency demands of investors and the general public. The annual survey provides us with a good pool of data to facilitate continuous improvements in our level of carbon emissions.

Our business model means that our carbon footprint is relatively small. It is influenced primarily by the operation of our business premises, as well as by the use of company vehicles and by the business trips that our employees make. Our regulation on travel expenses stipulates that they should take the train, whenever possible as well as economically efficient and viable in terms of timing.

COMBINED MANAGEMENT REPORT

ON DEUTSCHE BETEILIGUNGS AG
AND THE DEUTSCHE BETEILIGUNGS AG GROUP
FOR FINANCIAL YEAR 2018/2019

COMBINED MANAGEMENT REPORT

BUSINESS OVERVIEW

Deutsche Beteiligungs AG has reached the end of a financial year in which it outstripped its original earnings forecast, largely thanks to several, in some cases very successful, disposals. While the investment progress made by the DBAG funds was once again encouraging, the value appreciation of the portfolio lagged behind our expectations overall. This can be traced back to negative economic factors that had a particular impact on portfolio companies with industrial business models, as well as to lower valuations on the capital market and delays in the implementation of necessary changes at some portfolio companies.

As a result, the Group's net asset value only improved by 1.4 million euros. Taking into account the dividend distributed (21.8 million euros), the net asset value was up by 5.2 per cent as against the adjusted value for the previous year. Earnings generated by Fund Investment Services came to 3.0 million euros as against 5.6 million euros a year earlier. Net income came to 45.9 million euros. Total comprehensive income was hit by higher allocations to pension provisions due to much lower interest rates, and amounted to 38.2 million euros. Earnings per share of 3.05 euros correspond to a return on equity per share of 9.1 per cent, significantly higher than the cost of equity.

Five new companies were added to the portfolio in the financial year 2018/2019 and the same number of investments were ended, largely very successfully. The portfolio continues to consist of 27 equity investments, plus two investments in international buyout funds managed by third parties.

The Private Equity Investments segment reported earnings before tax of 42.1 million euros in 2018/2019, which was around 75 per cent higher than in the previous financial year. The earnings before tax reported by the Fund Investment Services segment was down year-on-year, due to the smaller calculation basis for the income generated by this segment.

At 29.1 million euros, the Group's parent company also posted higher net income than in the previous year. Even after the dividend payment, it can report a net retained profit of 178.1 million euros thanks to numerous successful disposals in previous financial years; 1.50 euros per share is to be distributed to the shareholders, i.e. a total of 22.6 million euros.

FUNDAMENTAL INFORMATION ABOUT THE GROUP

Structure and business activity

Positioning: Listed private equity company

Deutsche Beteiligungs AG (DBAG) is a publicly-listed private equity company. It initiates closed-end private equity funds ("DBAG funds") for investment in equity or equity-like instruments predominantly in unlisted companies, and provides advice regarding these funds. Employing its own assets, it mainly enters into investments as a co-investor alongside the DBAG funds. Where investments do not match the investment strategies of DBAG funds, DBAG also invests independently of the funds ("Principal Investments"). The investment focus, as an investor and fund advisor, is on mid-market German companies.

Strategic development page 50

We support our portfolio companies, for a period of usually four to seven years, as a financial investor in a focused-partnership role with the objective of appreciating their value. The companies subsequently continue their development under a different constellation; for example, alongside a strategic partner, a new financial investor, or as a listed company.

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. A subsidiary, 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 the German funds. Another subsidiary is registered in Guernsey as a KVG, from where it manages the funds based in Luxembourg and Guernsey.

Integrated business model: Two business segments that are closely tied to DBAG funds

The roots of Deutsche Beteiligungs AG reach 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. Today, DBAG funds bundle the assets of German and international investors.

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

- Shareholders participate in the fee income earned for advising DBAG funds ("Fund Investment Services"). The funds' assets create a substantially larger capital base, which enables investing in larger companies without reducing the diversity of the portfolio. Moreover, as a special investment company, DBAG is only permitted to take majority positions within strict limits; structuring management buyouts (MBOs) together with the DBAG funds is, however, possible without restrictions.
- The fund investors can, in turn, be assured that their advisor, in its role as a co-investor, pursues the same interests.

The two funds that are currently investing, DBAG Fund VII and DBAG Expansion Capital Fund (ECF), cover a wide section of the German private equity market with equity investments of between 10 and 100 million euros (up to 200 million euros in exceptional cases) for management buyouts and growth financing. Currently, there is a total of five DBAG funds that are in different phases of their life cycles:

- The DBAG Fund IV buyout fund has sold all of its portfolio companies and is currently in liquidation.
- Its two follow-on funds are in the disinvestment phase. Of the erstwhile eleven portfolio companies, DBAG Fund V had sold ten by the reporting date of 30 September 2019. DBAG Fund VI still holds investment in seven out of a previous total of eleven MBOs.
- DBAG ECF ended its original investment period in May 2017. It made growth financing available for eight companies and entered into one MBO. June 2017 saw the start of the first, and July 2018 the start of the second new investment period (DBAG ECF I/DBAG ECF II), which will run until the end of 2020 at the latest. 43 per cent of the fund was invested at the 30 September 2019 reporting date and a further 25 per cent was allocated to another investment that had already been agreed, but had not yet been completed, by that date.
- DBAG initiated the DBAG Fund VII in 2016. The fund's investment period started in December 2016; between then and the reporting date, the fund structured eight MBOs, seven of which were completed by the reporting date. Taking into account transactions that have been agreed but not yet completed, around 67 per cent of the fund has been called.[1]

Performance of DBAG Fund VI page 73f.

Performance of DBAG ECF page 72f.

Performance of DBAG Fund VII page 70f.

1 *Principal fund; top-up fund: 32 per cent*

Given the advanced level of investment of the two funds that are currently investing, we started preparing for a new DBAG fund during the financial year.

Fund		**Target**	**Start of investment period**	**End of investment period**	Size	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 (at the latest)	€97mn	€40mn	41%
DBAG Fund VI	Advised by DBG Advising	Buyouts	February 2013	December 2016	€700mn[1]	€133mn	19%
DBAG Fund VII	Advised by DBG Advising	Buyouts	December 2016	December 2022 (at the latest)	€1.010mn[2]	€200mn[3]	20%[4]

1 Without the co-investment of 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), without the co-investment of members of the investment team of DBAG; the top-up fund invests exclusively in transactions with an equity capital investment that 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 proportion of co-investments for the principal fund amounts to 20 per cent and the proportion of co-investments for the top-up fund amounts to eight per cent

Fund Investment Services business segment

Advisory services provided to DBAG funds are bundled in the Fund Investment Services business segment.

INVESTMENT SERVICES BUSINESS SEGMENT

INVEST	DEVELOP	REALISE
Seek, assess and structure investment opportunities	Support portfolio companies	Sell portfolio companies
Negotiate investment agreements	Participate in supervisory boards	Structure the sale process
Compile investment memoranda for the fund manager	Finance acquisitions	Prepare investment decisions

Advisory services by the investment team

The advisory services provided to the funds can be split into three material processes: first, we identify and assess transaction opportunities ("invest"); second, we support the portfolio companies' development process ("develop"), before thirdly, we realise the value appreciation ("realise") upon a portfolio company's well-timed and well-structured disinvestment.

We manage these processes with our own resources in tried-and-tested workflows; responsibility for this lies primarily with the investment team. It consists of 21 investment managers, with two Board of Management members assuming responsibility for the team, whilst also being part of it. The team has a broad skill set combined with multifaceted experience in the investment business. It is supplemented by three employees in Research and Business Development. The auxiliary functions for the investment process and the administrative activities, which are collectively referred to as the "corporate functions", all report to the Chief Financial Officer, whose responsibilities also include portfolio valuation and risk management.

A project team of two to four individuals is generally responsible for each transaction. One of the two members of the Board of Management is assigned to each project team. One member of the project team will typically take a seat on the respective portfolio company's advisory board or supervisory board in order to support their management.

Fees resulting from services for DBAG funds as a source of income

DBAG receives volume-related fees for its investment services, which constitute a continual and readily forecastable source of income. For DBAG Fund VI and DBAG Fund VII, fees during the investment period are based on the committed capital (only DBAG Fund VII in the past financial year[2]). After that, they are measured by the invested capital (only DBAG Fund VI in the past financial year). The fees for DBAG ECF are based on the invested capital and we can also receive one-off fees based on individual transactions. As agreed, fees are no longer paid in DBAG Fund V more than two years after the end of the customary disinvestment phase.

Income from Fund Services page 76

2 *Fees for the top-up fund are also measured by the invested capital during the investment phase.*

It follows from this fee methodology that fee income from fund advisory services will decline with every disposal from a fund's portfolio. In principle, considerable increases can only be achieved when a new fund is launched. Smaller increases are achieved every time DBAG ECF enters into a new investment, because the services in connection with this fund are paid based on the invested capital.

Alignment of interest and incentives for the investment team

The members of the investment team with greater experience in investing (13 out of 19), and the two Board of Management members responsible for the investment team, personally co-invest their own money alongside the DBAG funds, generally investing around one per cent (as is common in the industry) of the capital raised by the fund investors and DBAG. This meets the expectations of fund investors who, for reasons of identity of interest, expect such a private investment. The co-investing members of the investment team receive an incentive for generating the best possible financial performance for the funds. They receive a profit share that is disproportionate to their capital commitment ("carried interest") after the fund investors and DBAG have realised their invested capital plus a preferred return.

Investment team supported by strong network

The investment team can rely on a strong network, the nucleus of which is an "Executive Circle" consisting of 64 people. The members of the Executive Circle support us in identifying and initiating investment opportunities, assist us in assessing certain industries or back us prior to making an investment in the particularly comprehensive target company due diligence process. 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.

Private Equity Investments business line

Value creation on investments as a source of income

The Private Equity Investments business segment largely encompasses investments which are held through investment entity subsidiaries. DBAG co-invests via these companies on the same terms, in the same companies and in the same instruments as the DBAG funds. To that end, DBAG has concluded co-investment agreements with the DBAG funds that provide for a fixed investment ratio for the lifetime of a fund. These agreed ratios also apply upon an investment's disposal. Income is generated from the value appreciation and sale of these investments.

Investment ratios of DBAG to DBAG funds page 46

In addition, DBAG decided in the last financial year to include investments purely from its own balance sheet (in other words, not alongside the funds) as an additional investment programme ("Principal Investments"). These will include investments that are not consistent with the investment strategies of the existing DBAG funds; this applies, for example, to longer-dated minority investments.

The modes and specific structuring of an investment are geared to the individual financing situation. These could be:

Investment criteria pages 50ff.

- a succession solution in a family-owned business,
- split-offs of peripheral activities from large corporations,
- a sale from the portfolio of another financial investor,
- a capital requirement to fund a company's growth.

Correspondingly, an investment can involve equity or equity-like instruments, taking either majority or minority positions. The first three financing situations mentioned above will usually be structured as majority acquisitions. Growth financing, on the other hand, is made by way of a minority interest or by providing equity-like funding.

Portfolio profile: Predominantly MBOs

Our statement of financial position confirms the success of our investment activity. Since 1997, DBAG has financed a total of 53 MBOs together with DBG Fund III, DBAG Fund IV, DBAG Fund V, DBAG Fund VI and DBAG Fund VII, as well as DBAG ECF since June 2017. To date, we have increased the value of the invested equity to 2.0 times[3] the original amount. 32 of these investments had been realised completely or for the most part by the end of the previous financial year. The disposals generated a multiple of 2.7 times the invested capital.

Details on the portfolio pages 88ff.

3 *This takes into consideration all buyouts structured up to 30 September 2019; it does not take into consideration agreed but not yet completed transactions.*

Growth financing investments are also attractive. Like Principal Investments, these investments differ from MBOs in that, among other things, the companies' debt levels are mostly lower and the holding periods are usually longer. The expected rate of return is therefore lower than the rate of return for MBOs, while earnings are comparable in absolute terms.

Long-term financing of co-investments via the stock market

DBAG finances the co-investments alongside DBAG funds in the long term exclusively through the stock market. The structure of its statement of financial position attests to the special nature of the private equity business, with investments and realisations that cannot be scheduled. The Company maintains sufficient financial resources in order to take advantage of investment opportunities and to meet co-investment agreements at any time. Loans are only used in exceptional cases and only to serve short-term liquidity requirements. For longer planning horizons, we manage the amount of equity capital via distributions, share repurchases (as in 2005, 2006 and 2007) and capital increases (2004, 2016).

Risks arising from co-investment agreements page 104f.

Strategy

Investments in mid-market German companies with potential for development

Clear investment criteria

DBAG invests in established companies with a proven business model. This approach excludes investments in early-stage companies, or companies requiring considerable restructuring. Moreover, we attach a great deal of importance to seasoned and dedicated management teams who are able to realise the objectives agreed with them.

In the year under review, we expanded our investment strategy and, as a result, our product range for the mid-market segment: in addition to the co-investments alongside the DBAG funds, we now offer equity investments that are financed exclusively from the Deutsche Beteiligungs AG balance sheet. These are investments that are not consistent with the investment strategies of the existing DBAG funds. As a result, these Principal Investments differ from the co-investments made alongside the funds first of all in terms of the intended term of the investment: our offering is aimed at family businesses to whom we can offer equity capital from our balance sheet, enabling holding periods that are longer than the usual term of a closed-end private equity fund.

We look for companies with development potential to add to our portfolio. By way of example, measures to strengthen a company's strategic positioning – e.g. by expanding its product range or covering a larger geographical market – can unleash potential for value appreciation. Potential for earnings improvements that have not yet been realised can be exploited by improving operational processes, for example with the aim of making production more efficient. In some cases, there is also the option for particularly strong companies to press ahead with consolidation in the industry.

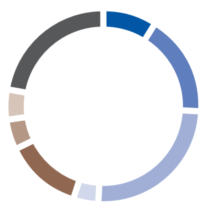
Companies that fit the range of investments we cover are also characterised by leadership positions in a (possibly small) market, entrepreneurially-driven management, strong innovative capacity and future-proof products. The business models of these companies are also aimed at reaping the benefits from the megatrends in their respective sectors. Many such mid-market companies can be found in Germany, for example, in mechanical and plant engineering, in the automotive supply industry and among industrial support services providers, as well as among industrial component manufacturers.

The DBAG investment team has traditionally focused on these industries and industry-related services and has a particular wealth of experience and expertise in this area. We are capable of structuring even complex transactions in these core sectors, such as the acquisition of companies from conglomerates or companies facing operational challenges. In addition to the investments in our core sectors, we have increasingly turned to portfolio companies in other new focus sectors in recent years and these now account for a considerable proportion of the portfolio.

Transactions in our core sectors, however, account for a limited share of the private equity market that has been declining in general of late. These sectors are also more exposed to cyclical influences than others. As a result, and also in the interests of further diversifying the risk in our portfolio, we have continuously broadened the range of industries we cover to include segments outside of our core sectors in recent years. Examples of transactions from these new focus sectors involve companies whose business is related to the expansion of digital infrastructure in Germany. Companies with mature and attractive business models are increasingly being found in the software industry, too. The healthcare sector has also opened up to financial investors

SECTOR BREAKDOWN OF THE PORTFOLIO

Costs of purchase (€bn)



Automotive supplier	9
Mechanical and plant engineering	17
Industrial components	25
Industrial services	4
Broadband/ telecommunications	13
IT services/software	5
Healthcare	5
Other	22

over the last few years.

Overall, we have made significant changes to the industry structure of our portfolio in recent year. While the investments made in the period between 2007 and 2012 came exclusively from our traditional core sectors, this has no longer been the case since 2013. Transactions conducted outside of the core sectors have increased consistently since then.

Geographically, we concentrate on companies domiciled – or whose business is centred – in

German-speaking regions. We limit any investments outside of this region to our core sectors.

Irrespective of the type of investment, the DBAG funds provide for equity investments in a single transaction of between 10 and 100 million euros. When it comes to structuring larger transactions with equity investments of up to 200 million euros, we include the top-up fund of DBAG Fund VII. For DBAG, this equates to equity investments of between 5 and 20 million euros, and for transactions involving the top-up fund, equity investments of up to 34 million euros in principle. DBAG's Principal Investments are designed to achieve a comparable level of equity investment; where appropriate, we enter into larger equity investments hand-in-hand with co-investors.

DBAG co-investment ratio with the DBAG funds page 46

Depending on the business model of the future portfolio company, the equity invested corresponds to an enterprise value of between 20 and 400 million euros. Furthermore, the focus is on investments in companies with an enterprise value of between 50 and 250 million, i.e. companies at the upper end of the mid-market segment. This segment comprises almost 9,000 companies in Germany.

We endeavour to achieve a diversified portfolio. For investments in several companies operating in the same industry, we take care to ensure that they serve different niche markets, operate in different geographical regions or have different business models. Most of our portfolio companies operate internationally. This applies to the markets they serve, but also to their production sites.

Some of our portfolio companies produce capital goods. The demand for these products is generally 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. Investments in companies whose performance is more strongly linked to consumer demand mitigate the effects of business cycles on the value of the portfolio. This applies, in particular, to the investments in the new focus sectors of broadband/telecommunications and IT services/software.

Investment performance as a prerequisite for growth in both business lines

In our business segment of Fund Investment Services, our aim is to achieve long-term growth in the volume of assets under management or advisory. This is achieved by ensuring that a successor fund exceeds the size of its predecessor, or by launching further DBAG funds with new investment strategies that we have not pursued to date. The distribution of a higher fund volume among DBAG and the other investors determines the change in the basis for the fee income from investment services to funds, but first and foremost, it determines the growth opportunities open to the business segment of Private Equity Investments.

Capital commitments to a (successor) fund are significantly influenced by the performance of a current fund. Thus, a prerequisite for increasing managed and advised assets is, among other things, an excellent track record. Investors also value DBAG's access to the mid-market segment, the long-term stability of our investment team, and our strong roots in the German economy.

Objectives

Core objective: Long-term increase in the Company's value

The core **BUSINESS OBJECTIVE** of our activity is to sustainably increase the value of Deutsche Beteiligungs AG. We achieve this aim by increasing the value of our two business segments, Private Equity Investments and Fund Investment Services.

As is common in the private equity sector, a long period of time is required before we can be judged on our success. The income from investment activity is influenced to a significant degree by the appreciation in value of our portfolio companies. Exploiting development potential requires patience; on average, we support the companies over a period of four to seven years. Income from Fund Services is largely influenced by the launch of new funds, something that happens every four to five years or so, while the lifetime of a fund generally extends to ten years and extensions of up to two years are common. Key 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. In part, however, it is also attributable to external factors that can fluctuate considerably in the short term, such as the valuation levels of listed peer group companies in the context of the portfolio valuation process. This means that a single quarter and even an entire financial year say very little about the success of our business activities. It is only when viewed over a sufficiently long period of time that it is possible to assess whether we have reached the core objective of our business activity.

Enhancement of the target system

We enhanced our target system in the financial year under review. As in the past, it consists of three financial and three non-financial objectives which make indirect and direct contributions to achieving the core business objective.

We have renamed the financial objective "Build the value of portfolio companies" "Build the value of Private Equity Investments". This editorial adjustment was made in view of the fact that the value of the portfolio companies does not fully reflect the value of the business segment. For example, the previous name of the objective does not cover the financial resources, which form part of the net asset value.

We have also made an editorial adjustment to the name of another objective: "Generate value contribution from Fund Investment Services" is now called "Build the value of Fund Investment Services". This is designed to make it clear that this value contribution is also to be increased in the long term.

The non-financial objective "Attract and retain experienced and motivated employees" is a new addition. Employees are the key to success, especially in the investment and fund business. This is evident, for example, from the fact that investors in private equity funds tend to regard selected members of the investment team as "key persons" for the success of a fund, and ensure that they are granted certain rights in the event that these individuals no longer belong to the investment team. This is why keeping an eye on motivation levels and the loyalty of its employees to the company is a top priority for DBAG.

The former non-financial objective "Maintain and build on our reputation in the private equity market" has been combined with the objective "Support promising mid-market business models" and is now referred to as "Garner esteem as a financial investor in the mid-market segment". This allows us to create closer links between the financial and non-financial objectives for our two business segments.

The enhanced target system will apply from the beginning of the 2019/2020 financial year. The previous target system consisting of the following objectives will continue to determine whether the objectives set were achieved during the reporting period:

- Financial objectives
  - Generate value contribution from Fund Investment Services
  - Build the value of portfolio companies
  - Have shareholders participate in the company's success
- Non-financial objectives
  - Support promising mid-market business models
  - Maintain and build on our reputation in private equity market
  - Garner esteem as an advisor of private equity funds

We refer to pages 35 to 37 of the 2017/2018 Annual Report for detailed information on the previous objectives.

Target system comprising financial and non-financial objectives (from the 2019/2020 financial year onwards)

In order to achieve the core business objective, DBAG continues to pursue three financial and three non-financial objectives.

Two out of the three financial objectives, namely "Build the value of Private Equity Investments" and "Build the value of Fund Investment Services" make a direct contribution to achieving the core business objective. The third financial objective, "Have shareholders participate in the company's success through dividends that are stable and which rise whenever possible", would appear to contradict this: every euro that is distributed is a euro that cannot be invested in value-enhancing investments in mid-market companies; it reduces the financial resources and, as a result, the value of the business segment. This is a contradiction that we are prepared to accept. It is important to us that our shareholders participate in our success in the form of distributions that – unlike our share price performance – we can influence directly.

The non-financial objectives, on the other hand, make an indirect contribution to the achievement of the financial objectives and, as a result, to the core business objective. The satisfaction, loyalty and respect of the most important stakeholder groups for the investment and fund business, namely mid-market entrepreneurs, institutional fund investors and our employees, are the most important foundations for the success of our business.

OBJECTIVES OF DEUTSCHE BETEILIGUNGS AG

Financial objectives

> BUILD THE VALUE OF PRIVATE EQUITY INVESTMENTS

> BUILD THE VALUE OF FUND INVESTMENT SERVICES

> HAVE SHAREHOLDERS PARTICIPATE IN OUR SUCCESS WITH STABLE, RISING DIVIDENDS

CORE BUSINESS OBJECTIVE
SUSTAINABLY INCREASE THE VALUE OF DBAG

> GARNER ESTEEM AS A FINANCIAL INVESTOR IN THE MID-MARKET SEGMENT

> GARNER ESTEEM AS AN ADVISOR OF PRIVATE EQUITY FUNDS

> RETAIN EXPERIENCED AND MOTIVATED EMPLOYEES

Non-financial objectives

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. This means that the equity investments are allocated to this business segment, namely those which DBAG enters into as a co-investor alongside the DBAG funds, but in future also those equity investments that DBAG makes exclusively using funds from its own balance sheet (Principal Investments). Financial resources and other asset and liability items that are directly related to private equity investments are also allocated to this business segment. In the Fund Investment Services segment, DBAG assumes the functions of an external advisor that receives an advisory fee (either a real or synthetic fee, depending on the fund) for these activities, as is standard practice in the sector. The costs of the stock exchange listing are also allocated to this business segment.

Financial and non-financial management indicators pages 60ff.

Building the value of Private Equity Investments in the long run first of all requires investments to be made in promising mid-market business models. To grow the value of the equity investments, DBAG supports the portfolio companies during a phase of strategic development in its role as a financial investor, usually over a period of four to seven years. The increase in value is realised by way of ongoing distributions, recapitalisation measures and the disposal of the investment. The higher the increases in value that can be realised with the investments made, and the higher the proportion of these increases in value 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

The Fund Investment Services business segment is structured like a manager or advisor of closed-end private equity funds. Managers or advisors of private equity funds tend to be teams of investment managers that are organised as partnerships and are not listed on the stock exchange. Things are different at DBAG: the members of the investment team are salaried employees of the listed company Deutsche Beteiligungs AG. Accordingly, this business segment comprises the employees that make up the investment team and the Group functions, unless they are involved in the duties associated with the stock exchange listing or capital market activities.

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 sustainable growth in fee income from Fund Services, which tends to be volume-based, and the extent to which it exceeds the corresponding expenses. The value of the Fund Services segment can be determined using the DCF method or by applying a multiple based on a peer group or market transactions. The value of the business segment increases if (based on a given multiple) the excess of income over expenses increases.

Financial objective: Have shareholders participate in our success with stable, rising dividends

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. We also view an attractive dividend yield as a significant element of our shareholders' participation in DBAG's success.

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

We want to invest the funds that shareholders and fund investors entrust to us. In order to achieve this, we not only need to identify and analyse a sufficient number of investment opportunities in our target market – companies in the German mid-market segment. In a highly competitive environment, it is also about setting ourselves apart from our peers. When company founders or family shareholders sell their companies or let DBAG in as a minority shareholder, esteem and trust are key factors in that decision, making them an important basis for our success.

Esteem and trust are nurtured by our long-standing market presence in the mid-market segment, in which we have proven time and again that we are not only able to preserve the life's work of founders or families, but also to secure their successful future. We have helped peripheral businesses of large corporations that have slipped out of focus on the path to successful development as independent entities. Our fundamental approach also helps to foster our good reputation among other stakeholders, including banks as financing partners or the workforces and representative bodies of the companies in which we invest. The transparency associated with our stock exchange listing and our focus on sustainability also help to build trust – both in the management of our Company and in the selection of, and support for, portfolio companies. If we have become the new owners of a company due to the trust placed in us, we aim to give our portfolio companies the leeway they need to successfully pursue their strategic development – with our equity, for example, to extend their market position through acquisitions – as well as with our experience, wealth of knowledge and network.

Sustainability reporting pages 38ff.

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

The assets of the DBAG funds constitute a substantial part of DBAG's investment base. The funds are organised as closed-end funds; regularly raising successor funds is therefore a requirement. This is why it is important for investors in this asset class to value us as an advisor and, for example, invest on a recurring basis. Furthermore, our funds should be sufficiently successful that we can maintain and expand our flexibility as regards fund volume and conditions. 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, responsible interaction with the 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. We therefore pay particular importance to nurturing a corporate culture which promotes loyalty to the Company and strengthens ties to DBAG. Performance orientation and a team-based work environment are key characteristics of our corporate culture. We base our success on a culture of professionalism and mutual respect. We attach great importance to treating each other and our business partners with respect.

The private equity business requires a great amount of resilience from employees. The commitment required in this business calls for strong identification with the role. We promote this sense of identification 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. The compensation and incentive system at Deutsche Beteiligungs AG is geared towards encouraging achievement and offering not only a motivating work environment, but also a financial incentive to retain key staff in the long run, driving DBAG's performance at the same time.

Steering and control

Enhancement of management indicators

In this Management Report, reporting on the past financial year, such as the information on the business review of the Group and the comparison between actual business developments and the forecast, largely refers to the previous performance indicators. We had forecast their development for the 2018/2019 financial year, and it was these performance indicators that were also largely used for steering purposes in the year under review.

As mentioned earlier, we have enhanced our target system. This also involved adjusting the performance indicators and developing additional performance indicators. While the new performance indicators were already relevant, they will play a more important role in our management processes in the future.

The information set out below takes into account the further development seen in recent months. As a result, we have presented the expected development for the new management indicators in the forecast report.

Key management indicator

The key management indicator is the result of the interaction of a wide range of initiatives and business processes that are aligned with our financial and non-financial objectives. In order to bring the core business objective more closely into line with the other financial and non-financial objectives than it was in the past, we have also adjusted the key management indicator; it also takes account of special features of the valuation of private equity companies that are standard in the sector.

Previous key management indicator: Return on capital employed

To date, the financial performance indicator used to steer and control the core business objective has been the return on capital employed. The Company's value was understood to have increased in the long term when, over an average of ten years, the return on the capital employed per share exceeded the cost of equity. We calculated it based on the equity per share at the end of the financial year and the equity, less dividends, at the start of the financial year.

By the nature of our business model, investments may predominate in some years, and disinvestments in others. This and the influence of external factors on value growth lead to marked fluctuations in performance from year to year. As a result, we have expressed an individual year's performance contribution by comparing it to a ten-year average to date.

We derived the cost of equity once a year on the reporting date, based on the capital asset pricing model (CAPM) from a risk-free base rate and a risk premium for the entrepreneurial risk. The risk premium was determined by also considering a risk premium for the stock market as well as DBAG's individual risk, expressed in the beta factor.

	30 Sep 2019	30 Sep 2018
Risk-free base rate *(%)*	0.1	1.1
Market risk premium *(%)*	7.0	7.0
Beta Factor	0.8	0.7
Cost of equity *(%)*	**5.7**	**6.0**

Up until only recently, the cost of equity calculated in this manner was heavily influenced by the unusually low interest rate level and DBAG's relatively modest risk position in view of its capital structure. In order to reduce the impact of the interest rate level regarding the reporting date, we applied the average cost of equity calculated from the previous ten reporting dates as a measure of our long-term success. This figure came to 6.3 per cent for the financial years from 2009/2010 to 2018/2019; over the previous ten-year period, the cost of equity had averaged 6.5 per cent.

New management indicator for the core business objective: Value of DBAG

We aim to increase the value of DBAG in the long term. We will achieve this by increasing the value of our two business segments, Private Equity Investments and Fund Investment Services. All financial and non-financial objectives will contribute to this. The value of DBAG is calculated by adding up the values of the two business segments. We are aware that every valuation is of a subjective nature. This is why we do not carry out our own valuation of DBAG. By offering the greatest possible degree of transparency, however, we aim to ensure that market participants can carry out their valuation on the most objective basis possible.

Management indicators for the other financial and non-financial objectives (from the 2019/2020 financial year onwards)

Management 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. Comparable business models are usually valued at net asset value.

We calculate and report the net asset value on a quarterly basis. It mainly consists of the gross portfolio value and short-term loans to investment entity subsidiaries for the pre-financing of acquisitions, as well as the financial resources. It is reduced by carried interest entitlements resulting from private investments made by members of the investment team in the DBAG funds.

The net asset value does not change as a result of investments and disposals; these merely produce a shift between the portfolio value and the financial resources (the loans granted for prefinancing purposes are a hybrid of the two). It changes primarily as a result of changes in the value of the portfolio. It is reduced by the distribution of the dividend, the costs associated with the stock exchange listing (including the fee for listing the shares on the Frankfurt Stock Exchange, expenses for investor relations, etc.) and the costs of portfolio management (real and synthetic fee paid to the Fund Investment Services segment). 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.

While the dividend allows our shareholders to participate in our success, the distribution reduces our financial resources and, as a result, the asset value. In order to make the increase in the net asset value visible in a given financial year, the opening balance of the net asset value is therefore adjusted to reflect the distribution made in that financial year.

The gross portfolio value corresponds to the market value of the portfolio companies on the relevant reporting date, which we calculate on a quarterly basis 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 capital market.

Management indicator 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 fee income from Fund Services generated by the fund investors and the Private Equity Investments business segment. In addition to this fee income, earnings before tax generated by Fund Investment Services is significantly influenced by the cost of identifying investment opportunities, of supporting the portfolio companies, and of their ultimate disinvestment. These costs include the personnel expenses for our investment team and the Group functions, as well as the expenses for our Executive Circle and for legal and other advisors.

We measure whether we have achieved the financial objective "Build the value of Fund Investment Services" by looking at the long-term development of the earnings generated by Fund Investment Services.

The earnings generated by Fund Investment Services can fall in individual periods. This is due, for one, to the fact that the calculation basis for advisory fees depends on the portfolio volume; in the disinvestment phase of a fund, for example, it decreases every time a portfolio investment is sold. It only rises again when a new fund is launched. 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 management indicator, too.

Management 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 absolute 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. Our shareholders should also expect to achieve an attractive dividend yield. This means that we also take the capital markets environment into consideration when determining the dividend proposal at the Annual Meeting.

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

We are particularly successful as an investment partner to mid-market family-owned businesses. The proportion of MBOs that involve company founders or family shareholders on the seller side is particularly high at DBAG. We aim to continue to generate a large proportion of our transactions from this environment. This is based on a market presence that generates a high-quality selection of investment opportunities in both quantitative and qualitative terms. In addition to our market presence spanning decades, our reputation and our roots in Germany, an Executive Circle and a variety of other activities help us to achieve this. We measure the achievement of this objective in particular based on the number and quality of investment opportunities that we can address each year.

Management 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.

Management indicator for the non-financial objective “Retain experienced and motivated employees”

We measure whether we have succeeded in retaining experienced and motivated 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 the performance of the DBAG funds (carried interest), as well as providing the sort of incentive system that is customary in the industry, which we also review on a regular basis to check that it can be considered appropriate.

Regular assessment of equity investments

Because of the particularities of our activity, we do not steer our business by traditional annual indicators such as operating margins or EBIT. Instead, the key management indicators at Group level are – as described above – the parameters that we can influence and that determine the value of our two business segments, Private Equity Investments and Fund Investment Services. These are the net asset value and the earnings generated by Fund Investment Services.

At the portfolio company level, traditional indicators, on the other hand, play a direct role: when making our decision to invest, we clearly define performance targets based on the business plans developed by the portfolio companies’ managements – such as for revenues, profitability and debt. During the time of our investment, we conduct a valuation of our portfolio companies at quarterly intervals, using their current financial metrics (profitability indicators such as EBITDA, and net debt). On that basis, we closely follow their progress in a year-over-year and current budget comparison. We also consider other indicators, such as order intake and orders on hand.

Ensuring performance: Board of Management members involved in relevant operating processes

As mentioned, members of the Board of Management are also involved in the core processes of DBAG’s business (i.e. investment, development, realisation). They are involved, in particular, in generating investment opportunities (deal flow) as well as in due diligence and negotiating acquisitions and disinvestments. Additionally, they discuss new investment opportunities and key new developments within the portfolio companies at weekly meetings with those members of the investment team who are involved in transactions or in supporting the portfolio companies.

A key instrument in ensuring performance is the investment controlling system which, by way of example, identifies deviations from the originally agreed development steps or provides information that may be useful for managing an investment portfolio, e.g. pointing to the potential negative impact that economic developments could have on the portfolio companies.

BUSINESS REVIEW OF THE GROUP

Comparison between actual business developments and the forecast

	Actual 2017/2018[1]	**Reference point of the forecast**[2]	**Expectations 2018/2019**	**Actual 2018/2019**	
Financial performance indicators[3]					
PRIVATE EQUITY INVESTMENTS SEGMENT					
Net income from investment activity	€31.1mn	€51.9mn	20% to 40 % lower	€49.6mn	Expectation exceeded
Earnings before tax	€24.2mn	€44.5mn	20% to 40 % lower	€42.1mn	Expectation exceeded
Cash flow from investing activities (excluding securities)	€(30.6)mn	€(30.6)mn	More than 20 % lower	€(15.5)mn	Expectation met
of which: investments (excluding securities)	€(63.8)mn	€(63.8)mn	More than 20% higher	€(93.4)mn	Expectation met
Net asset value (reporting date)	€470.7mn	€475.1mn	Up to 10% higher	€472.1mn	Expectation not met
of which: financial resources (reporting date)	€119.0mn	€119.0mn	More than 20% lower	€69.4mn	Expectation met
Number of investments (reporting date)	29	29	Up to 10% higher	29	Expectation not met
FUND INVESTMENT SERVICES SEGMENT					
Income from fund services	€29.7mn	€29.4mn	Up to 10% higher	€28.2mn	Expectation not met
Earnings before tax	€5.6mn	€6.0mn	Up to 10% lower	€3.0mn	Expectation not met
Assets under management or advisory (reporting date)	€1,831.4mn	€1,831.4mn	10% to 20% lower	€1,704.0mn	Expectation met
GROUP					
Net income	€29.7mn	€48.0mn	20% to 40% lower	€45.9mn	Expectation exceeded
Equity (reporting date)	€443.8mn	€447.8mn	Up to 10% higher	€460.2mn	Expectation met
Earnings per share	€1.97	€3.29	20% to 40% lower	€3.05	Expectation exceeded
Equity per share	€29.50	€29.76	Up to 10% higher	€30.59	Expectation met
Return on equity per share	6.9%	14.6%	20% to 40% lower	9.1%	Expectation met
Non-financial performance indicators					
Number or employees (reporting date, including vocational trainees)		71	Unchanged	75	Expectation not met
Investment opportunities		262	Unchanged	258	Expectation not met

1 Restated in accordance with IAS 8
2 Reference point for the forecast was not adjusted for the purposes of projected/actual comparison
3 For previous indicators, refer to page 20 and to the Annual Report 2017/2018

Net gains from investment activity and hence DBAG's net income for the 2018/2019 financial year were better than expected, thanks in part to above-average success achieved on disposals. They also exceed the respective prior-year figures by more than half. Income from Fund Services declined; we had expected to receive additional transaction-based fees from DBAG ECF. The segment result was influenced by the unexpected low fee income, so that it also failed to reach the planned level.

Macroeconomic and sector-related underlying conditions

Real economy: Trade conflicts are depressing global growth – Germany in industrial recession

The macroeconomic environment has changed significantly since the beginning of the financial year. Over the course of several years, our business and that of our portfolio companies have been built on a robustly expanding global economy. In 2018/2019, however, the pace of global economic growth has slowed due to perceived risks: the exchange of goods between the US and China has fallen drastically, and intra-European trade is suffering from the turmoil surrounding the UK's withdrawal from the European Union. All in all, global trade in goods has been on a downward trend since autumn 2018. Trade conflicts are also dampening companies' willingness to invest: production levels in the manufacturing sector have been stagnating since the beginning of 2019. and for some advanced economies it has even fallen. In the German manufacturing sector, value added declined for four consecutive quarters. The industrial recession in Germany is gradually spreading to company-related service providers as well. From a global perspective, however, services continue to expand significantly in many places, largely due to robust consumer demand. Against this background, the International Monetary Fund (IMF) has repeatedly lowered its forecasts for global economic growth. It still expects an increase of only 3.0 per cent in economic output (World Economic Output)[4], the lowest rate since the 2008/2009 financial crisis. The IMF anticipates growth of 3.4 per cent for 2020. Comparing this with the growth rates forecast six months earlier for the same periods – 3.3 per cent for 2019 and 3.6 per cent for 2020[5] – shows how much momentum has softened.

This also applies to Germany in particular. The IMF states that, apart from Italy, Germany will be the industrialised country with the lowest growth rate in 2019. German economic forecasters share the same view. The six economic research institutes tasked by the German federal government to prepare a joint report estimate that economic output in Germany has shrunk in the second and third quarters of 2019.[6] Since the start of the downswing at the turn of the year 2018/2019, the previously quite significant over-utilisation of production capacity has been reduced to a large extent. The reasons for the economic slowdown are largely industry-related. The slowdown has been particularly noticeable in the automotive industry, where production has fallen by more than 20 per cent since mid-2018.[7] Besides cyclical factors, another contributing factor is likely to be the significant technological changes occurring on the global automotive market. For 2019, the economic research institutes tasked recently forecast an increase of

4 *"Global Manufacturing Downturn, Rising Trade Barriers – World Economic Outlook", International Monetary Fund, October 2019*

5 *World Economic Outlook, IMF, April 2019: Growth Slowdown, Precarious Recovery.*

6 *Joint Economic Forecast 2/19, September 2019: Industry in Recession – Forces Driving Growth Wane.*

7 *"Industry in Recession – Growth Forces Diminish", Joint Economic Forecast 2/19, September 2019, page 10*

0.5 per cent in gross domestic product of 0.5 per cent, 0.3 percentage points less than the figure posted in spring 2019. For 2020, they estimate growth to be weaker again at 1.1 per cent, compared with 1.8 per cent in spring.

Our portfolio comprises companies that are affected in varying degrees by the developments described above. In broadening our investment strategy in recent years, we have been able to reduce our risk exposure to economic and structural changes. In addition, although most of the automotive suppliers in our portfolio are not affected by the transition to new drivetrain technologies, they are nonetheless feeling the effects of the declining volumes procured by their customers because fewer vehicles are being manufactured overall. The consumer-oriented companies in our portfolio are benefiting from strong domestic demand in Germany. Although broadband telecommunications operators are benefiting from government support to expand the digital infrastructure, some of the benefits cannot be fully realised due to a shortage of skilled labour.

However, the underlying conditions for our portfolio companies were less favourable overall in the past financial year than in previous periods. Several companies are facing challenges in their respective markets, such as the automotive and wind energy industries; these are reflected, for example, in lower order intake, delays in announced projects and more demanding payment terms. While the possible withdrawal of the UK from the European Union has not had any significant impact on them yet, trade restrictions and, particularly, the reluctance to invest in equipment have been noticeably felt.

Financial markets: Financing conditions remain positive

Central banks have responded to the economic slowdown. The US Federal Reserve, for example, cut its key interest rate – the Fed Funds target range – twice in 2019, first in July and more recently in September. It was generally expected back in autumn 2018 that the European Central Bank would raise its key interest rate for the first time in the second half of 2019. In the meantime, however, the opposite has happened: the ECB has once again loosened its monetary policy and tightened penalty interest rates for banks. It has also resumed bond purchases. The ECB lowered its key interest rate in March 2019 to a record low of zero per cent, where it has remained ever since.

The prospect that the low interest rate period will continue has once again boosted equity markets, having first seen price drops and significantly declining valuations in the fourth quarter of 2018. There was a slightly negative change in valuations on the major stock markets year-on-year. The companies represented in the DAX index were valued on the reporting date at 8.7 times (median) the profit (EBITDA) expected for the current year. This multiple had been 9.2 one year earlier. MSCI World constituents were valued at 11.3 (median, 30 September 2019) and 11.4 (median, 30 September 2018).

The financing situation for the German corporate sector is particularly positive, with just under nine per cent of companies reporting difficulties in accessing credit – compared with 61 per cent which find it "easy". A year ago, these figures were around 13 and 54 per cent, respectively. Never before have fewer companies described their access to loans as more "difficult". In addition to strong internal financing capabilities, this situation has been helped along by low interest rates, the easing of lending standards of banks and positive business development.[8] The total volume of loans extended by banks in Germany (excluding housing loans and financing institutions) in the second quarter of 2019 was 5.4 per cent higher than in the same quarter of the previous year.[9]

The overall conditions for the financing of our portfolio companies therefore remained positive. The supply of acquisition finance, which is key to our business, also remained strong over the past financial year. Private debt funds, which extended the banks' traditional offering and meanwhile command a market share of 50 per cent, also contributed to this.[10] However, the financing institutions meanwhile appear very reticent as regards lending to industrial enterprises.

8 *"Financing climate defies economic development" and "Credit market sentiment remains strong", KfW business surveys from July 2019 and July 2018*

9 *"The situation in corporate financing" Association of German Banks (Bundesverband deutscher Banken), September 2019*

10 *"MidCap Monitor Q2 2019", GCA Altium, July 2019*

Currencies: Impact on portfolio value low, near-neutral in this financial year

The direct impact of exchange rate fluctuations on the value of our portfolio continues to be negligible, as we only make investments in non-euro currencies in exceptional cases. At present, our investments in four portfolio companies (duagon, mageba, Pfaudler and Sjølund) as well as those in the externally-managed foreign buyout fund Harvest Partners are exposed to currency risks. The Swiss franc and the US dollar have appreciated against the euro, while the British pound remained virtually unchanged compared to the previous reporting date. The Danish krone is pegged to the euro, and its value also remained fairly stable. The parities changed by 4.0 and 6.0 per cent and therefore at a higher rate than in the previous financial year: compared to the reporting date of 30 September 2018, the price gains led to a gross value appreciation of 3.6 million euros. This compares with the 2017/2018 financial year, when changes in exchange rates led to a gross value appreciation of 0.3 million euros.

Analysis of earnings sources pages 78ff.

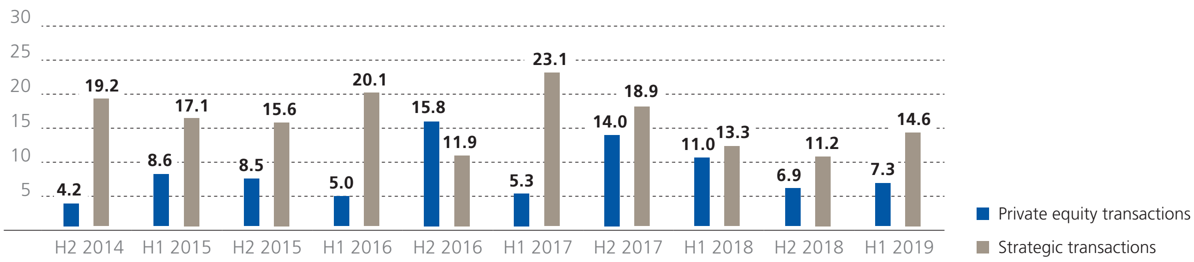
Beyond that, exchange rate fluctuations also have a direct influence on the business activities of our portfolio companies in their respective international markets. This is partly compensated for by the fact that the companies have manufacturing operations in various currency areas.

Private equity market: Number and volume of transactions stable at a high level

Due to the size and structure of the private equity market, comparisons based on short periods are only of limited informative value and at best allow us to identify trends. Transparency is limited: for every transaction for which a value is published, there is more than one for which there is none – or only unreliable, quantitative information. Market studies and other statistical information are often driven by different interests and therefore do not provide a truly representative picture of the market.

M&A-MARKET GERMANY – TRANSACTION VALUE

€bn



Having said that, the investment dynamics of the private equity market in Germany remained virtually unchanged in 2018/2019. We can see from the number of transactions executed during the twelve-month period ending on 30 June 2019 that 230 transactions involving financial investors were registered in Germany. This is only twelve fewer than in the previous twelve-month period and eight more than the year prior to that. In view of the statistical uncertainty, these differences are irrelevant. Nor did the share of the total M&A market (number of transactions) change significantly. The development of the transaction volume is exaggerated because it is defined to a greater or lesser extent in individual periods by a few, particularly large transactions.[11]

However, the change in registered disposals indicated a shift in sentiment. Out of the portfolios of financial investors, only 44 German companies were sold in the first half of 2019. This represents a sharp decline compared with 64 exits in the second half of 2018 and is also well below the average of the last ten years (51 exits). Sales to strategic investors are clearly stagnating, with the decline attributable exclusively to such transactions. Financial investors seem to be delaying selling: the average holding period – in other words, the holding period for investments sold by financial investors within a given six-month period – has extended significantly, and rose from 57 to 67 months in the first half of 2019.

Buyouts dominate private equity business in Germany. In 2018, 6.7 billion euros or around 70 per cent of all funds invested in Germany were invested in this type of majority acquisition; practically nothing has changed in this respect over the past eight years. Growth financing accounts for a good 15 per cent of investments; this share has also remained constant over the years – albeit with fluctuations.[12]

DBAG focuses largely on the mid-market segment in German-speaking regions, namely on transactions with an (enterprise) value of 50 to 250 million euros. There has been a significant increase in buyout activity in this specific sub-market. At 47 transactions, financial investors in German SMEs structured 12 MBOs more in 2018 than in 2017. This represents a new record for this segment since the beginning of analysis in 2002. Transaction volume amounted to 4.8 billion euros, compared with 4.4 billion euros in 2017. The increase went hand in hand with a structural

11 *"German Private Equity Deal Survey 2019HY1 – Activities in Germany at a glance", EY 2019, and "Private Equity – The Transaction Market in Germany, H1 2019", EY 2019*

12 *"BVK Statistics 2018", German Private Equity and Venture Capital Association, February 2019 ("Market statistics, investments by financing situation")* market change. Among the sellers of companies to financial investors, company founders and families accounted for around 40 per cent, the highest rate ever recorded, and a new record level. In 2018, 19 of the 47 MBOs in our market segment were succession solutions. This is a further increase over the two previous years which had already recorded an above-average number of buyouts from family ownership. In previous years, only one in ten transactions had a family connection. Younger company founders in particular are becoming increasingly aware of the contribution financial investors can make to further developing their companies.[13]

13 This information is based on a survey conducted by the industry magazine FINANCE on behalf of DBAG. This includes majority takeovers in the context of MBOs, MBIs and secondary/tertiary buyouts of German companies involving a financial investor and a transaction volume of between 50 and 250 million euros.

It is still the case that conditions in our market segment are changing slowly at most. Competition for attractive equity investments remains high and is determined above all by the high availability of capital seeking investment. Strategic buyers are competing with financial investors and other bidders with medium to long-term investment objectives, such as foundations and family offices. Furthermore, a substantial volume of acquisition financing is still available at attractive conditions. This applies all the more because, for some years now, financing has also been provided by private debt funds in addition to conventional banks. While there is a large supply of funds ready for investment, there is a limited supply of investment opportunities. For quite some time now, this has tended to lead to more demanding valuations, that is, higher purchase prices. This trend remains intact despite the overall easing of economic momentum. We are registering changes in the market structure, despite the high numbers and total volume of private equity transactions recorded in 2018. The economic slowdown, particularly in the industrial sector, is reflected in this latest development: companies from this sector of the economy currently play little or no role in private equity transactions. The willingness of the banks to finance transactions in mechanical and plant engineering or in the automotive supply industry is also currently lower than before.

The regular survey of market participants for the German Private Equity Barometer reveals that there is a continued high level of dissatisfaction, especially among buyout investors, with the entry valuations for new transactions. Of the nine climate indicators collected on a quarterly basis, only the entry-level prices are valued as significantly negative. In the latest four surveys, the business climate in the private equity market that is relevant for DBAG has continued to deteriorate overall, even though expectations have improved again recently as regards future developments.[14]

14 "German Private Equity Barometer: Q2 2019", KfW Research and BVK, September 2019

Business and portfolio review

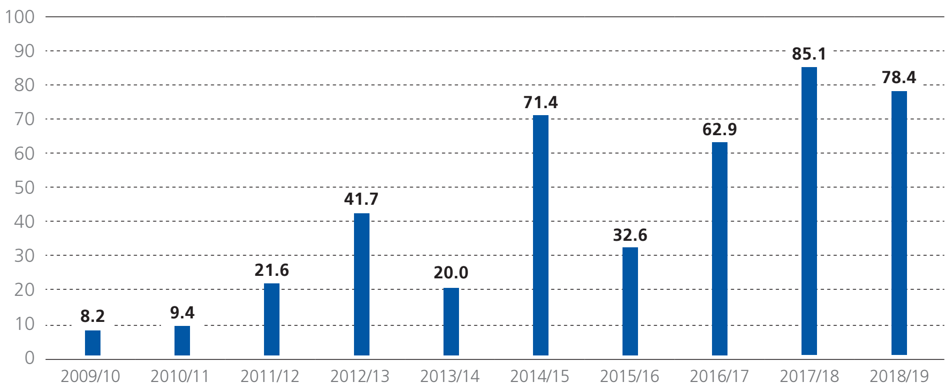
Private Equity Investments: Strong momentum at portfolio level and attractive new investment opportunities

Investment decisions in the amount of 379 million euros implemented

After DBAG's portfolio gained record new equity investments in the 2017/2018 financial year, the focus over the past financial year was on developing these recently acquired investments. We have therefore supported many acquisitions that have enabled companies to implement and accelerate their strategic development. We have also frequently provided additional funds alongside DBAG Fund VI, DBAG Fund VII or DBAG ECF.

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 MBOs. Of these MBOs, Cartonplast is the largest single investment that DBAG has ever undertaken together with one of its funds. We structured this large volume using DBAG Fund VII's top-up fund; the transaction was completed at the start of the new financial year. Cloudflight reinforces our exposure to the area of digital business models, where we can often provide support to businesses growing at a particular fast pace. The same applies to STG, another service provider for the telecommunications sector with a focus on the construction of fibre-optic networks. Sero is one of the new companies in our core automotive supplier sector. As a development and manufacturing service provider for electronic components, the company is focused in particular on a market defined by structural growth.

New equity investments were offset by four disposals agreed in the year under review. DBAG's investment portfolio at the end of the financial year thus comprises 27 companies and two meanwhile very small investments in externally-managed foreign buyout funds. The portfolio consisted of 29 investments at the end of the previous year.

DBAG invested 78.4 million euros from its balance sheet in 2018/2019 (previous year: 85.1 million euros): this sum includes not only new investments, but also increases in existing investments.

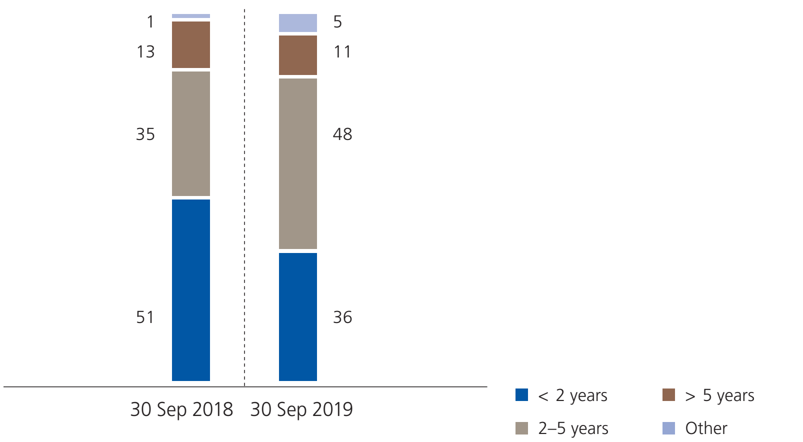
In its role as a fund manager and advisor, DBAG initiated investment decisions on equity investments in the financial year 2018/2019 of around 379 million euros (previous year: 307 million euros.) The investment decisions not only related to the new MBOs; 108 million euros was also attributable to acquisition financing by the portfolio companies and, to a lesser extent (6 million euros), to capital invested in existing portfolio companies. 86.2 million euros (previous year: 85.3 million euros) of the investment decisions was attributable to the co-investments made by DBAG (largely) alongside DBAG Fund VII and DBAG ECF.

Portfolio companies largely in the development phase

The share of investments in the portfolio for less than two years is 36 per cent on the basis of the acquisition costs (previous year: 51 per cent). Investments that we are already supporting for two to five years account for around 48 per cent (previous year: 35 per cent). This is the typical period in which the implementation of the agreed corporate strategy gains the most momentum; however economic influences, such as those that are evident in the industry for more than a year now, can lead to delays. A further 11 per cent (previous year: 13 per cent) relates to portfolio companies which we have held in our portfolio for more than five years.

STRUCTURE OF THE PORTFOLIO ON BASIS OF ACQUISITION COSTS

%



DBAG Fund VII: Several transactions completed, two new investments and two acquisitions – 67 per cent of the funds allocated

DBAG Fund VII has been investing in mid-sized companies since December 2016. The portfolio has meanwhile grown to include eight investments, including three for which the top-up fund has also been used. As at the reporting date, some 67 per cent of the funds are already called or committed to investments. Three transactions were agreed in the year under review, of which two were also completed before the reporting date; in addition, a further two transactions that had been agreed in previous financial years were completed.

The investment in **KRAFT & BAUER HOLDING GMBH** was completed at the start of the year under review, in November 2018. Kraft & Bauer develops, produces and installs fire protection systems for around 800 kinds of machine tools in the high-performance sector. It focuses on microprocessor-controlled extinguishing systems that detect fires using sensors and then initiate the extinguishing process. Kraft & Bauer not only benefits from the growing demand for new machines – and hence fire protection systems – but also from a stable service business thanks to a broad basis of more than 30,000 systems installed in Germany alone. The planned development steps include geographical expansion beyond the markets in which it is currently active. As part of the MBO, DBAG invested around 14 million euros, which means that 18 per cent of the shares in Kraft & Bauer are now attributable to DBAG.

Also in November 2018, DBAG Fund VII acquired the majority of the shares in **SERO GMBH**, a development and manufacturing service provider for electronic components especially for the automotive industry, from the founding family. Sero assembles printed circuit boards and produces electronic components for brake lights and motor sensors, as well as for high-performance microphones, heat meters and other industrial measurement products. As part of the MBO, DBAG invested around 11 million euros, which means that it now holds 21 per cent of the shares in Sero.

In May 2019, having met the legal requirements, DBAG Fund VII completed the majority investment in a radiology group that now operates as **BLIKK HOLDING GMBH.** Two radiology professional associations form the nucleus of the group. Their acquisition was already agreed in March 2017 and their medical care centres were founded by a company providing paramedical dialysis case. blikk is expected to grow through further practice acquisitions. DBAG Fund VII (principal fund and top-up fund) alongside DBAG already provided funds in this context in the course of the previous financial year to acquire two radiology practices – also through the aforementioned founding company. In the course of these acquisitions and closing of the underlying transaction in the third quarter, DBAG has invested a total of 16.5 million euros in blikk to date. In addition, the acquisition of a highly-specialised regional hospital in Berlin was agreed in September 2019; a major proportion of this hospital's revenue is generated from outpatient examinations or treatments focused on radiological services. The funds for this acquisition will be made available in the new financial year.

CLOUDFLIGHT HOLDING GMBH, an IT service provider focusing on digitalisation and cloud transformation, has been part of the DBAG Fund VII portfolio since June 2019. As part of a management buyout, the fund acquired majority stakes in Austrian firm Catalysts GmbH and Crisp Research AG. These two companies trade as Cloudflight, which will support SMEs, public-sector authorities and corporate groups in implementing and accelerating their digital transformation. DBAG co-invested around 8 million euros, which means that around 13 per cent of the shares in Cloudflight Holding GmbH are attributable to DBAG on a look-through basis.

DBAG alongside DBAG Fund VII agreed the investment in **CARTONPLAST HOLDINGS GMBH**[15] in the fourth quarter of the year under review. When the transaction is completed at the start of the new financial year, DBAG Fund VII will acquire the majority of the company's shares as part of an MBO. DBAG will invest some 26 million euros and hold around 17 per cent of the shares in Cartonplast in the future. Cartonplast primarily operates a pool of reusable and recyclable plastic layer pads on a rental basis for the transport of bottles or glass containers for drinks and other foodstuffs to the manufacturers of these bottles and containers. To this end, the company has established a closed logistics cycle within its customers' value-creation chain. Cartonplast has established itself as a European leader in a market with solid growth rates. The company benefits from the increasing trend towards outsourcing and from sustainability efforts, as well as from the growing importance of the closed cycle principle. By further internationalising its business, Cartonplast is expected to continue on its dynamic growth trajectory in the years ahead. There are also plans to expand the product range, for example, by hiring out additional plastic pallets and caps.

15 *Company name subject to being entered in the Commercial Register*

DUAGON AG, headquartered in Dietikon, Switzerland, is a leading independent supplier of network components for data communication in rail vehicles. The company's products enable communication between the individual systems of railway vehicles such as doors, brakes, air conditioning systems and the primary host computer. After merging with MEN Mikro Elektronik GmbH in May 2018, duagon acquired OEM Technology Solutions, an Australian provider of control and automation solutions for the global railway industry during the financial year under review.

The group is set to benefit from a complementary product offering, enhanced software and electronics capabilities and a global sales organisation. duagon financed the transaction using its own funds.

DBAG ECF: Diverse investments at portfolio company level – 68 per cent of the funds committed as at the reporting date

The DBAG ECF portfolio companies expedited the strategies agreed to strengthen their respective market positions in the financial year under review, in particular through various acquisitions. In some cases, they financed these from their own resources. DBAG ECF alongside DBAG financed some of the acquisitions with additional funds. Furthermore, DBAG ECF structured its seventh MBO with the investment in STG Group; 68 per cent of DBAG ECF's funds have now been committed ("Second Investment Period").

BTV MULTIMEDIA GMBH is a retail and service company that develops, produces and sells components for the construction of cable and fibre-optic networks. As one of the few full-service providers in this area, BTV Multimedia provides everything needed to set up, upgrade and operate broadband infrastructure. It pursues a buy-and-build strategy in order to consolidate its market, in the course of which it acquired three companies in the financial year under review, including its main competitor in the German market, Anedis Management GmbH (revenue: 19 million euros). DBAG has invested a further 2.2 million euros in BTV Multimedia in the course of this transaction. BTV Multimedia also acquired Holm (revenue: 9 million euros), a wholesaler of network components, and DKT (revenue: 19 million euros), a Danish manufacturer of broadband network equipment, with a market presence in Denmark and the adjacent European markets. BTV Multimedia financed these two transaction from its own resources.

The investment in **FLS GMBH**, which was already agreed in the 2017/2018 financial year, was completed in the first quarter of the year under review. The company provides software for real-time scheduling and route optimisation in service and logistics. Energy suppliers, industrial enterprises, financial service providers as well as trading and property companies can use this software for planning and optimising their field staff's and delivery vehicles' schedules and routes, in order to respond better to the customers' growing expectations of ordering and delivery processes.

DNS:NET SERVICE GMBH offers telecommunications and internet services for private and business customers using proprietary and leased fibre-optic network infrastructures. The data processing facilities for corporate customers are based on the company's own as well as on leased infrastructure in high-security locations at major internet hubs. The company is gaining new customers at rapid pace and is investing in its sales activities and the further expansion of its fibre-optic network. In order to finance further growth, DBAG invested five million euros in DNS:Net in the year under review.

NETZKONTOR NORD GMBH offers services relating to the planning and supervision of fibre-optic network construction. It also handles the network management for operators of these networks. To date, the company has focused its activities regionally in the German state of

Schleswig-Holstein. It plans to broaden this focus in the future and diversify its customer base. Having made various acquisitions in the 2017/2018 financial year, netzkontor nord concluded the takeover of BFE Nachrichtentechnik (revenue: 10.0 million euros) during the year under review. DBAG supported the acquisition with a follow-on investment of 2.6 million euros.

The MBO of **STG GROUP** is DBAG's sixth broadband communications investment since 2013: it was agreed during the financial year but has yet to be completed. As a service provider for the telecommunications sector, STG (based in Bochum, Germany) focuses on the construction of fibre-optic networks. Going forward, it is not only looking to benefit from strong market growth organically, but also through a buy-and-build strategy, via acquisitions. This will be complemented by the expansion of the business as an operator of fibre-optic networks for large telecommunications companies and the housing industry. It is envisaged that DBAG alongside DBAG ECF will invest around nine million euros, with around 36 per cent of the shares in STG attributable to it.

Agreement was reached in the fourth quarter to sell the stake in **NOVOPRESS KG**. Deutsche Beteiligungsgesellschaft mbH Fonds I KG, formerly managed by DBAG, already acquired a minority interest in Novopress back in 1990. This investment culminated in an – as yet minority – investment by DBAG ECF in 2015, through which DBAG has been invested in Novopress since then. With the disposal of its minority investment, DBAG realised a double-digit multiple on the 2.3 million euro investment made in 2015, taking into account distributions received.

In January 2019, DBAG ECF sold its investment in **PLANT SYSTEMS & SERVICES PSS GMBH** (PSS) to the majority shareholder. This was the Fund's first investment – and also its smallest, at cost of 2.3 million euros. The transaction only had a minor impact on income in the period under review; further payments and potential contributions to income may occur after a subsequent sale by the new sole shareholder.

DBAG Fund VI: Acquisitions of portfolio companies and disposals of investments

DBAG Fund VI has concluded its investment period. The focus is therefore now on supporting the development of the portfolio companies, for which the fund alongside DBAG provides additional resources where it is necessary and makes sense. Furthermore, investments are gradually being disposed of.

TELIO MANAGEMENT GMBH develops, installs and operates communications and media systems for law enforcement; these include phones in prisons and the related systems that allow prisoners to make phone calls in a controlled environment. In addition to the corresponding installations (cables, terminal devices), Telio offers software for controlling and invoicing calls, making it easier for the law enforcement officials to run the facilities. Telio acquired the French company KEAS during the second quarter of the past financial year. KEAS (2018 revenues: 11.0 million euros) develops systems that detect and jam mobile communication – for example in correctional facilities; the technical solutions that go with them represent a promising expansion of Telio's product range. DBAG supported the transaction with a follow-on investment of 0.9 million euros.

In January 2019, **UNSER HEIMATBÄCKER GMBH** filed for insolvency under self-administration. The bakery chain operates in a challenging and highly competitive market environment. DBAG Fund VI and DBAG had previously supported extensive restructuring efforts, which included not only management changes, but also additional capital investment. The insolvency proceedings have largely been concluded. No further proceeds are expected.

The sale of the investment in **CLEANPART GROUP GMBH**, which was already agreed in the 2017/2018 financial year, was completed in October 2018; the agreed purchase price was already included in the valuation of the investment as at 30 September 2018.

We were able to agree the disposal of **INFIANA GROUP GMBH** in the fourth quarter of the financial year under review. We were successful in sustainably strengthening the company's position – through organic growth following capacity expansion, broadening the product range as well as focusing its business activity following the sale of subsidiaries. The company attracted the interest of Pamplona Capital Management, a financial investor. After a holding period of a good four and a half years, DBAG managed to realise more than twice the original invested capital of 12.6 million euros.

International fund investments: Disposal of a portfolio company

The two externally-managed international buyout funds, DBG Eastern Europe and Harvest Partners IV, are meanwhile of minor importance to DBAG's portfolio: DBG Eastern Europe is still invested and we expect a closing distribution from the Harvest Partners IV fund after the last investment has been disposed of.

Fund Investment Services: Fundraising for successor funds

The second new investment period of DBAG ECF ("DBAG ECF II") started in June 2018, with the agreement on the MBO of BTV Multimedia. The fund's first new investment period (DBAG ECF I) ended prematurely after twelve months. For DBAG ECF II, investors committed funds totalling 97.0 million euros, of which a total of 39.7 million euros was attributable to DBAG's co-investment commitments. The second new investment period is expected to run until 31 December 2020 at the latest. We receive a regular fee of 1.75 per cent of the invested capital for our advisory services and a one-time fee of two per cent of the invested capital for concluding a new investment.

With nearly 70 per cent of DBAG Fund VII and DBAG ECF resources called or committed to investments, we initially prepared a successor fund for DBAG Fund VII in 2018/2019, for which we started a fundraising process. We will not continue to operate DBAG ECF after the end of the current investment period.

On changes to our offer page 50

Comparability of the previous year's figures

The figures as at 30 September 2018 (2017/2018 financial year) in this annual report can only be compared with the figures published in the 2017/2018 annual report to a limited extent.

The corrections in accordance with IAS 8 relate – as we have reported since the first quarter of 2018 – to the measurement of irrecoverable interest receivable from portfolio companies, and the amount of income from advising funds. As a result, net income for the 2017/2018 financial year was 3.9 million euros lower than originally reported. On balance, equity reported in the financial statements as at 30 September 2018 was burdened by 4.0 million euros (not already accounted for), bringing the adjusted figure to 443.8 million euros (previously: 447.8 million euros). As part of these restatements, feedback effects on earnings-related variable remuneration components of the Board of Management and the corresponding repayments were also taken into consideration. Please refer to Note 4 to the consolidated financial statements for further details.

Earnings position

Overall assessment: Net income up significantly on the previous year

At 45.9 million euros, DBAG's net income for the 2018/2019 financial year exceeded the previous year's earnings by more than half, thanks in part to above-average success achieved on disposals. Net gains from investment activity of 49.6 million euros were significantly above the previous year and therefore exceeded our original expectations. Income from Fund Services declined slightly due to a number of disposals, combined with lower than expected transaction-based fees. Net (negative) expenses ("Other income/expenses" in the condensed consolidated statement of comprehensive income) increased slightly to 31.5 million euros, largely as a result of higher personnel expenses.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€'000	**2018/2019**	2017/2018 Restated[1]
Net income from investment activity	49,629	31,098
Income from fund services	26,970	28,855
Income from fund services and investment activity	**76,599**	**59,953**
Personnel expenses	(21,042)	(18,005)
Other operating income	5,767	3,697
Other operating expenses	(16,413)	(15,557)
Net interest income	172	(357)
Other income/expense items	**(31,515)**	**(30,222)**
Earnings before tax	**45,083**	**29,731**
Income taxes	659	(18)
Earnings after taxes	**45,742**	**29,714**
Net income attributable to other shareholders	114	(25)
Net income	**45,856**	**29,688**
Other comprehensive income	(7,690)	(1,203)
Total comprehensive income	**38,181**	**28,486**

1 Restated in accordance with IAS 8

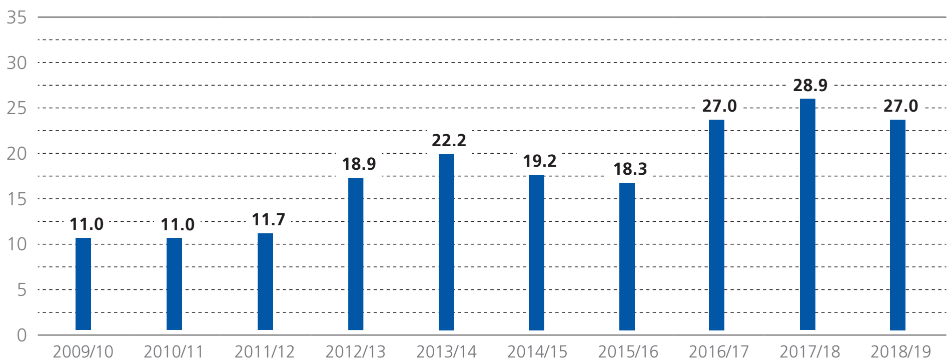
Overview: Significantly higher income from investment activity, slight decrease in income from advising funds

NET GAINS OR LOSSES FROM FUND SERVICES AND INVESTMENT ACTIVITY reached 76.6 million euros, and were therefore significantly higher than the previous year (60.0 million euros). The increase was a result of the performance of *net gains from investment activity* that mainly determine this item, both in terms of amount and volatility (for details, please refer to the information under "Net gains or losses from investment activity").

At 27.0 million euros, *income from Fund Services* was slightly lower than in the previous year (28.9 million euros). The reduction was largely due to lower income from DBAG Fund VI (8.6 million euros, after 9.7 million euros) and from DBAG Fund V (0.2 million euros, after 0.7 million euros). Investments in the DBAG Fund VI portfolio were sold, thus reducing the basis for calculating the fee. As agreed, fees are no longer paid by DBAG Fund V more than two years after the end of the customary disinvestment phase. DBAG ECF generated higher transaction-related fees during the financial year under review, as a result of several new investments.

INCOME FROM FUND SERVICES

€mn



Other income/expenses: Higher net expenses ratio

Net (negative) expenses under **OTHER INCOME/EXPENSE ITEMS** (the net amount of personnel expenses, other operating income and expenses, as well as net interest) increased slightly by 1.3 million euros year-on-year. After two years of falling cost/income ratios, this indicator was significantly higher in the 2018/2019 financial year compared to the previous year. Net management expenses (the net amount of income from Fund Services and personnel costs, net consultancy expenses and other expenses) amounted to 10.0 million euros, corresponding to 2.2 per cent of the average equity available in the financial year 2018/2019. This figure was 1.5 per cent in the previous year, on net management expenses of 6.5 million euros.

Personnel expenses were considerably higher, essentially for three reasons: firstly, a higher volume of variable remuneration of 7.2 million euros was envisaged than in the previous year (6.2 million euros). Variable remuneration is based, among other things, on the number of new investments, the development of existing investments, and the number and performance of disposed investments, as well as on net income and the related return on equity; we had also planned remuneration for successful fundraising in the previous financial year. Secondly, we track the increase in personnel expenses in general and in our sector in particular. Finally, we employed more staff, also due to a temporary duplication of functions.

The performance of *other operating income* provided relief for the balance of other income/expense items initially. They were 2.1 million euros higher, as we were able to pass on a higher share of the costs from our investment activity to the DBAG funds (4.9 million euros after 2.9 million euros in the previous year).

Higher income from the reimbursement of transaction-related advisory expenses equates to a comparable increase in this item under *other operating expenses* (6.1 million euros after 4.2 million euros). Other operating expenses totalled 16.4 million euros and were therefore only slightly higher than the previous year (15.6 million euros). Costs incurred in relation to an enforcement procedure as well as other expenses relating to another period (1.4 million euros in total) were taken into account in the previous year; other expenses were due to the subsequent adjustment of remuneration which DBAG had received for the work performed by members of the investment team on supervisory bodies of the DBAG Fund V portfolio companies since the start of the investment period.

Other comprehensive income deteriorated significantly year-on-year, by 6.5 million euros. This was due to actuarial losses from the measurement of pension obligations. The underlying assumed rate of interest declined drastically, namely from 1.54 to 0.47 per cent.

Net gains or losses from investment activity impacted by the capital market

Net gains from investment activity primarily reflect the performance of investments in the portfolio companies, which are held – with one exception (JCK) – via investment entity subsidiaries. This means that it depends not only on the earnings outlook of the portfolio companies, but also – due to their valuation based on multiples of listed reference companies (peer groups) – on developments on the capital markets. The net result also includes current income from the portfolio and the net amount of expenses and income of the investment entity subsidiaries. It also includes the profit-sharing entitlements attributable to minority partners in investment entity subsidiaries.

NET INCOME FROM INVESTMENT ACTIVITY

€'000	2018/2019	2017/2018 Restated[1]
Result of valuation and disposal	62,653	33,100
Net gain or loss attributable to other shareholders of investment entity subsidiaries	(12,414)	(7,756)
Net result of valuation and disposal	**50,238**	**25,345**
Current portfolio income	13,505	13,004
Net portfolio income	**63,743**	**38,349**
Net gains or losses from other assets and liabilities of investment entity subsidiaries	(14,114)	(7,146)
Income from other financial assets	0	(105)
Net income from investment activity	**49,629**	**31,098**

1 Restated in accordance with IAS 8

NET GAIN OR LOSS ATTRIBUTABLE TO OTHER SHAREHOLDERS OF INVESTMENT ENTITY SUBSIDIARIES

€'000	2018/2019	2017/2018 Restated[1]
Carried interest	12,289	7,573
Other comprehensive income	125	183
	12,414	**7,756**

1 Restated in accordance with IAS 8

The portfolio's **RESULT OF VALUATION AND DISPOSAL** was almost twice as high in the year under review compared with the previous year. The increase was due in part to above-average success achieved on disposals of the investments in inexio, Infiana and Novopress. These three transactions accounted for 53.4 million euros of the result of valuation and disposal. Unlike the previous financial year, developments on the capital markets did not benefit the value of the portfolio companies overall. In fact, they reduced their value by around 23.0 million euros.

SOURCE ANALYSIS 1: As at the 30 September 2019 reporting date, we determined the fair value of 22 portfolio companies (previous year: 19) using the multiples method. We based this calculation (largely) on the expected result for 2019 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. We applied haircuts to the results expected for some companies in 2019. Three companies were recognised at the original transaction price. We valued one company that is demonstrating particularly strong growth using the DCF method. Our valuations of the foreign buyout funds were based on the valuation of the fund managers. The investment in inexio was accounted for at the disposal price that was agreed as at the reporting date but not yet realised.

RESULT OF VALUATION AND DISPOSAL BY SOURCES: SOURCE ANALYSIS 1

€'000	**2018/2019**	2017/2018
Fair value of unlisted investments		
Change in earnings	46,493	38,361
Change in debt	(12,703)	(22,271)
Change in multiples	18,321	3,609
Change in exchange rates	3,640	275
Change – other	(4,463)	10,872
	51,288	30,846
Net result of disposal	13,331	4,578
Acquisition cost	0	0
Other	(1,966)	(2,323)
	62,653	**33,100**

The contribution from the change in earnings and debt can be viewed as recognition of the operational improvements or strategic development of the portfolio companies. On balance, the value contribution from the operating performance of the portfolio companies – change in earnings and debt – of 33.8 million euros is now twice that of the previous year (16.1 million euros). Twelve investments generated a positive value contribution from their operating performance. However, ten delivered a negative value contribution.

The ratio between companies with positive and those with negative value contributions from the operating performance is on par with the previous year. Nonetheless, the value contribution from the operating performance falls short of our expectations. Individual companies made a lower value contribution than planned. The budget deviations are due for one to change processes in these companies that are slower than planned, while the impact of the poor macroeconomic environment is meanwhile clearly evident in several portfolio companies on the other. This applies, for example, to investments linked to the automotive sector. Economic momentum has eased, in part because of simmering global trade conflicts, with customers deferring or cancelling orders on a large scale. Two portfolio companies are feeling the effects of considerably lower demand for wind turbines. Unexpectedly high commodity prices are having negative consequences in one instance. All of these factors have reduced earnings and impacted upon the appreciation in the value of several portfolio companies. These factors are generally expected as a result of the change processes for realising the development potential after the participation of DBAG funds.

The economic slowdown in various industries and the resulting lower earnings or earnings forecasts of some portfolio companies are offset by positive developments among portfolio companies from other sectors. The investments, for example in the telecommunications sector with a focus on investments on broadband networks and high-speed internet, have developed very favourably recently.

The change in value in multiples includes two effects: on the one hand, we report the earnings contribution from changes to valuation multiples of listed peer group companies here, which we use for the valuation of portfolio companies. Furthermore, in this item we account for appreciation in value resulting from implied multiples which, in the case of disposals agreed upon, but not yet completed, we derive from agreed disposal prices. This led to a positive contribution of 39.7 million euros.

These investments developed differently in the course of the financial year. The multiples we use (EBITDA and EBITA) for valuing the peer group of listed automotive companies as at the reporting date of 30 September 2019, for example, is higher than one year ago. One or both multiples in other peer groups, such as mechanical and plant engineering companies, have fallen year-on-year. All in all, the change in the multiples resulted in a net negative impact of 22.7 million euros on income. The capital market developments have impacted negatively in particular on the valuation of companies from the mechanical and plant engineering sector, and on manufacturers of industrial components.

Even though value contributions from disposal processes and capital market developments cannot be planned, they can significantly influence our results. The resulting volatility in results is typical for this type of business.

Changes in exchange rates impacted on the values of the investments in duagon and mageba (Swiss francs), More than Meals (British pound), Pfaudler (US dollar) and Sjølund (Danish krone). These currency fluctutations had a positive impact in 2018/2019; they accounted for around five per cent of the net result of valuation and disposal.

We value one company using the DCF method; the resulting change in valuation is taken into account under *Change – other.* The negative value contribution of another investment is also included there: following a compliance breach at the portfolio company concerned, we applied a risk discount to that company's valuation and wrote down this investment in full as at the reporting date.

The net result of disposal, in the amount of 13.3 million euros mainly included value appreciation compared with the start of the financial year, which were realised with the disposals of Infinia and Novopress. In the previous year, this item only included proceeds from the disposal of remaining investments in international buyout funds managed by third parties and subsequent proceeds from retentions relating to investments disposed of in previous years.

The contributions to the net valuation result included in the item *Other* are attributable mainly to the insolvency of the bakery chain "Unser Heimatbäcker" in January 2019.

SOURCE ANALYSIS 2: The positive changes in value are attributable to 14 active portfolio companies (previous year: 12) and one investment (previous year: one) in an externally-managed international buyout fund. These also include five out of the six investments that were recognised at fair value for the first time on this and on the two previous reporting dates. Three investments (previous year: four) are carried at their transaction price because they have been held for less than twelve months. Ten equity investments (eleven) were valued lower than a year ago; in six cases, the valuation was negatively affected by the lower multiples of listed peer-group companies. The value contribution in one of these six cases would have been positive had the capital markets influence been neutral.

RESULT OF VALUATION AND DISPOSAL BY SOURCES: SOURCE ANALYSIS 2

€'000	**2018/2019**	2017/2018
Positive movements	103,879	66,344
Negative movements	(41,226)	(33,244)
	62,653	**33,100**

If the negative performance is not solely attributable to capital market developments, reasons specific to the company in question must be cited in each case. If the development potential is realised more slowly, the original investment approach may also be adjusted in individual cases.

SOURCE ANALYSIS 3: DBAG Group's net result of valuation and disposal was primarily impacted in the 2018/2019 financial year by the disposals that were concluded (Infiana, Novopress) and those that were agreed but not yet realised (inexio). The net disposal result also include contributions from the release of amounts retained for investments already sold in previous years and from a distribution made from the externally-managed DBG Eastern Europe buyout fund. It disposed of one of the two remaining investments and subsequently made a distribution.

RESULT OF VALUATION AND DISPOSAL BY SOURCES: SOURCE ANALYSIS 3

€'000	**2018/2019**	2017/2018
Net valuation result	9,662	20,677
Unrealised result of disposal	39,660	7,845
Net result of disposal	13,331	4,578
	62,653	**33,100**

NET GAIN OR LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS OF INVESTMENT ENTITY SUBSIDIARIES reduced net gain or loss from investment activity for 2018/2019 by 12.4 million euros (previous year: 7.8 million euros). This relates to carried interest entitlements of those active and former members of the DBAG investment team who have co-invested alongside the relevant funds.

These entitlements essentially reflect the balance of realised and unrealised value gains of the investments in the DBAG funds in the year under review. 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. Carried interest payments will extend over a number of years depending on the degree to which the individual investments appreciate in value.

For the purpose of these financial statements, carried-interest entitlements relate to DBAG Fund V, DBAG Fund VI and DBAG ECF. DBAG Fund VII first started investing in April 2017. There was no carried interest to be taken into account for this fund at the reporting date, and no carried-interest entitlements were paid out in the 2018/2019 financial year.

CURRENT PORTFOLIO income mainly relates to interest payments on shareholder loans and profit distributions we received from two portfolio companies.

NET GAINS OR LOSSES FROM OTHER ASSETS AND LIABILITIES of investment entity subsidiaries amounted to -14.1 million euros (previous year: -7.1 million euros). This item includes the fees payable to the manager of DBAG Fund VI and DBAG Fund VII based on DBAG's invested/committed capital (5.3 million euros). A negative amount of 4.9 million euros is attributable to taxes payable on capital gains at the level of the investment entity subsidiaries.

TEN-YEAR SUMMARY OF EARNINGS

€mn	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	**2018/2019**
						11 months	Restated[1]	Restated[2]	Restated[2]	
Net income from investment activity	53.2	(4.5)	51.3	41.0	50.7	29.2	59.4	85.8	31.1	49.6
Income from fund services	–	–	–	–	22.2	19.2	18.3	27.0	28.9	27.0
Other income/expense items[4]	(15.5)	(15.4)	(4.0)	(7.3)	(24.5)	(21.3)	(28.4)	(30.9)	(30.2)	(31.5)
EBT	37.6	(19.9)	47.0	33.8	48.4	27.1	49.3	82.0	29.7	45.1
Net income	34.1	(16.6)	44.5	32.3	48.0	27.0	49.5	82.0	29.7	45.9
Other comprehensive income[5]	(3.3)	0.7	(6.2)	(3.7)	(6.4)	0.4	(6.5)	2.9	(1.2)	(7.7)
Total comprehensive income	30.8	(15.9)	38.3	28.6	41.6	27.4	43.0	84.9	28.5	38.2
Return on equity per share *(%)*	12.7	(6.2)	16.7	11.5	15.9	9.6	14.9	24.1	6.9	9.1

1 Restated 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 Net result of valuation and disposal as well as current income from financial assets
4 Net amount of other income and expense items; up to and including FY 2012/2013, including income from fund investment services
5 Actuarial gains/losses on plan assets are recognised directly in equity, through other comprehensive income.

Liquidity position

Overall assessment: Funding of investment projects secured for the 2019/2020 financial year

In addition to cash and cash equivalents of 43.9 million euros, DBAG's financial resources of 69.4 million euros also consist of units in fixed-income and money market funds amounting to 25.5 million euros. These funds are available for investment. The investment entity subsidiaries hold additional financial resources – exclusively cash and cash equivalents – amounting to 6.0 million euros.

In line with our financing strategy, we maintain liquid funds at approximately the equivalent of an average one-year investment programme. DBAG finances its activities over the long term through the capital market and not by way of bank debt. The Company aims to be able to fulfil its co-investment agreements with the DBAG funds at all times and to take advantage of attractive investment opportunities. Pending commitments for co-investments alongside DBAG Fund VII and DBAG ECF amounted to approximately 130 million euros as at 30 September 2019. Based on the investment progress projected for the new financial year and the following two years, the average annual liquidity requirement for investments is around 90 million euros; actual requirements can fluctuate considerably.

The following statement of cash flows based on the IFRS shows the changes in cash and cash equivalents.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

INFLOWS (+)/OUTFLOWS (-)

€'000	**2018/2019**	2017/2018 Restated[1]
Net income	45,856	29,688
Valuation gains (-)/losses (+) and gains (-)/losses (+) on disposal of financial assets, as well as loans and receivables	(43,825)	(22,888)
Other non-cash changes	(14,330	3,058
Cash flow from operating activities	**(12,298)**	**9,858**
Proceeds from disposals of financial assets and loans and receivables	62,183	30,302
Payments for investments in financial assets and loans and receivables	(93,412)	(63,826)
Proceeds from disposal of other financial instruments	53,544	36,546
Payments for investments in other financial instruments	(37,779)	(33,644)
Cash flow from investing activities	(15,465)	(30,641)
Proceeds from (+)/payments for (-) investments in securities	70,113	(62,434)
Other cash inflows and outflows	(173)	(125)
Cash flow from investing activities	**54,475**	**(93,200)**
Payments to shareholders (dividends)	(21,814)	(21,062)
Cash flow from financing activities	**(21,814)**	**(21,062)**
Net change in cash and cash equivalents	20,363	(104,404)
Cash and cash equivalents at beginning of period	23,571	127,976
Cash and cash equivalents at end of period	**43,934**	**23,571**

1 Restated in accordance with IAS 8

FINANCIAL RESOURCES in accordance with IFRS, which exclusively comprise cash and cash equivalents, increased in the 2018/2019 financial year by 20.4 million euros to 43.9 million euros (reporting date 30 September 2018: 23.6 million euros). In the course of the financial year, we received proceeds from three disposals; we also disposed of some securities.

The negative **CASH FLOWS FROM OPERATING ACTIVITIES** can mainly be attributable to two factors. The biggest impact came from changes relating to the collection of fees for advisory services to DBAG Fund VII: unlike in the current period, the previous year already included fees of 4.1 million euros for advisory services to the fund prior to the reporting date, which related to the first quarter of the new 2018/2019 financial year. This revenue was therefore absent from the year under review. In addition, the fees for advising the fund for the fourth quarter of 2018/2019 have not yet been drawn on (3.3 million euros), with the result that the inflow of funds from advising the fund in 2018/2019 was significantly lower than was recognised in income for the financial year. Furthermore, income taxes of 5.5 million euros were withheld in the 2018/2019 financial year, which will only be refunded in subsequent years.

CASH FLOW FROM INVESTING ACTIVITY was negative in the reporting period. Cash outflows of 15.5 million euros consisted of total proceeds and payments for financial assets, and loans and receivables of -31.2 million euros, and total proceeds and payments for other financial instruments in the amount of 15.8 million euros. In the previous financial year, investment activity generated cash outflows of 30.6 million euros. This volatility is due in part to reporting date factors and is also the result of cash flows being concentrated on fewer, yet sizeable amounts of transaction business, which is typical of our business model.

Proceeds from the disposal of financial assets and loans and receivables are mainly attributable to four transactions: the investment entity subsidiaries for DBAG Fund VI distributed the proceeds from the disposal of the investments in Cleanpart and Infiana, while those for DBAG ECF distributed the proceeds from the disposal of the investment in Novopress. In addition, a further investment entity subsidiary distributed excess liquidity from realised profits and disposals of securities.

Payments for investments in financial assets and loans and receivables related to capital calls made by investment entity subsidiaries for new investments made by DBAG Fund VII (blikk, Cloudflight, Karl Eugen Fischer, Sero) and DBAG ECF (FLS) as well as for follow-on investments in DBAG ECF portfolio companies (DNS:Net, netzkontor nord, Rheinhold & Mahla, BTV Multimedia) and DBAG Fund VI (Telio). DBAG's investment in duagon (DBAG Fund VII) in the course of the final structuring of the investment financing is also recognised as a cash outflow.

The repayment of the short-term loans granted by DBAG as part of the follow-on investment in duagon and for the investments in Karl Eugen Fischer, Kraft & Bauer and Sero is recognised as a cash inflow from the disposal of other financial instruments.

DBAG once again granted short-term loans in connection with the structuring of its investments in blikk, Cloudflight, Kraft & Bauer and Sero, all of which were completed in the course of the financial year. The resulting cash outflows are recognised as payments for investments in other financial instruments.

During the past financial year, we used funds previously held in securities and bond and money market funds to finance investments, and disposed of these securities accordingly. This resulted in a cash inflow of 70.1 million euros.

A dividend payment at the end of February 2019 (21.8 million euros) led to a reduction in financial resources.

TEN-YEAR SUMMARY OF CASH POSITION

€mn	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	**2018/2019**
						11 months	Restated[1]	Restated[2]	Restated[2]	
Cash flows from operating activities	(12.8)	0.9	(9.6)	(12.0)	0.0	7.1	(0.6)	(0.5)	9.9	(12.3)
Cash flows from investing activities	(44.4)	33.1	(18.2)	18.7	67.9	20.1	1.9	95.1	(93.2)	54.5
Cash flows from financing activities	(13.7)	(19.1)	(10.9)	(16.4)	(16.4)	(27.4)	23.5	(18.1)	(21.1)	(21.8)
Net change in financial resources[3]	(70.9)	14.9	(38.8)	(9.8)	50.9	(0.1)	24.8	76.6	(104.4)	20.4

1 Restated 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 Financial resources: cash and cash equivalents and long-term securities, excluding financial resources of investment entity subsidiaries

Asset position

Overall assessment: Increase in assets based on portfolio performance, with intensive investment activity

Total assets at 30 September 2019 were 10.3 million euros higher than at the start of the financial year, mainly due to the increase in financial assets and equity. In 2018/2019, too, investing in new investments clearly outweighed the proceeds from the sale of existing portfolio companies. Added to this was the performance of investments still under management. Financial resources declined further, following the investments made in the previous financial year, but still account for around 14 per cent of the Group's assets, which otherwise largely consist of the investment portfolio.

CONDENSED STATEMENT OF FINANCIAL POSITION

€'000	30 Sep 2019	30 Sep 2018
		Restated[1]
Financial assets including loans and receivables	385,693	318,931
Long-term securities	0	55,458
Other non-current assets	883	1,277
Deferred tax assets	658	0
Non-current assets	**387,233**	**375,666**
Other financial instruments	17,002	32,766
Receivables and other assets	7,398	1,475
Short-term securities	25,498	40,000
Cash and cash equivalents	43,934	23,571
Other current assets	10,550	7,840
Current assets	**104,382**	**105,653**
Total assets	**491,615**	**481,319**
Equity	460,152	443,790
Non-current liabilities	19,677	12,389
Current liabilities	11,787	25,140
Total equity and liabilities	**491,615**	**481,319**

1 Restated in accordance with IAS 8

Asset and capital structure: Financial assets are dominant in terms of asset type, capital structure largely unchanged

In total, the value of investments increased in the 2018/2019 financial year. Four (completed) disposals (Cleanpart, PSS, Infiana, Novopress) and one disposal as a result of insolvency (Unser Heimatbäcker) were offset by five – some of them major – new (completed) equity investments (FLS, Kraft & Bauer, Sero, blikk, Cloudflight). This resulted not only in an extension of the balance sheet but also in a change in the asset structure. Financial assets increased significantly, while financial resources (cash and cash equivalents and short-term securities) declined. As at 30 September 2019, 79 per cent of all assets were invested in financial assets (previous year: 66 per cent). Around 14 per cent of assets (previous year: 25 per cent) are attributable to funds earmarked for future investments. Short-term loans granted by DBAG to investment entity subsidiaries as part of the structuring of its investment in new portfolio companies, amounting to 17.0 million euros as at the reporting date, are recognised as other financial instruments and included under current assets. The increase in receivables and other assets is mainly attributable to the deferral of payment of fees from DBAG Fund VII and the outstanding fees from another DBAG fund. The change in other current assets is due to higher refund claims from capital gains tax already paid.

The most recent, dramatic fall in interest rates required additions to provisions for pension liabilities in the amount of 6.5 million euros; accordingly, non-current liabilities are markedly higher than in the previous year.[16]

Current liabilities mainly include provisions for performance-related remuneration. In the previous year, this item included a liability from a capital call not yet served and fees already received from a DBAG fund relating to a subsequent period.

The ratio of financial assets to financial resources continued to move in the desired direction. As at the reporting date of 30 September 2019, the ratio stood at 5.6 : 1 (30 September 2018: 2.7 : 1).

Equity increased by 16.4 million euros to 460.2 million euros compared with the reporting date of 30 September 2018, reflecting the higher net income. Equity per share increased from 29.50 euros to 30.59 euros. Based on equity per share (reduced by the dividend payment) at the beginning of the financial year, this corresponds to an increase of 9.1 per cent; the previous year a return on equity of 6.9 per cent (restated) was achieved.

The **CAPITAL STRUCTURE** once again remained largely unchanged compared to the end of the previous financial year; the equity ratio rose from 92.2 to 93.6 per cent. Equity covers non-current assets in full (as it did on the three previous reporting dates), and current assets at 70 per cent (previous year: 65 per cent). Part of the liquidity was invested in fixed-income and money market funds.

The 50 million euro **CREDIT LINE** in place since the beginning of 2016 was not drawn down during the course of the past financial year, nor at the reporting date. This credit line runs until 2023.

16 Discount rate based on interest rates of 0.47 per cent (previous year: 1.54 per cent) using the iBoxx corporate AA10+ benchmark index. This change is due to the change in interest rates on corporate bonds. In contrast to this, German Commercial Code (HGB) financial statements are based on an interest rate of 2.82 per cent (2017/2018): 3.34 per cent); these interest rates were fixed by Deutsche Bundesbank.

Financial assets and loans and receivables: Significant increase in portfolio value following investments

Financial assets, including loans and receivables, are largely determined by the **VALUE OF THE PORTFOLIO**. The main reasons behind the increase as at 30 September 2019 include portfolio additions and an increase in the value of existing investments.

Change in portfolio value page 88f.

FINANCIAL ASSETS INCLUDING LOANS AND RECEIVABLES

€'000	**30 Sep 2019**	30 Sep 2018 Restated[1]
Portfolio value (including loans and receivables)		
gross	422,109	348,650
Interests of other shareholders in investment entity subsidiaries	(39,850)	(27,344)
(net)	382,260	321,306
Other assets and liabilities of investment entity subsidiaries	3,359	(2,450)
Other non-current assets	74	75
Financial assets including loans and receivables	**385,693**	**318,931**

1 Restated in accordance with IAS 8

THE SHARE OF NON-CONTROLLING INTERESTS IN INVESTMENT ENTITY SUBSIDIARIES increased by 12.5 million euros compared with the start of the financial year. The change in value takes into account the increase in performance-related profit shares from private equity investments of members of the investment team on account of the increase in value of the DBAG Fund VI and DBAG ECF portfolios.

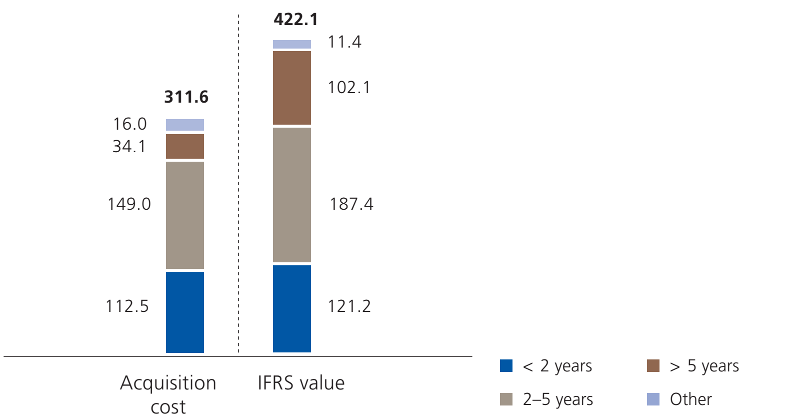
The **OTHER ASSETS/LIABILITIES OF THE INVESTMENT ENTITY SUBSIDIARIES** include cash and cash equivalents of 6.0 million euros and receivables from investments in loans and interest in the amount of 12.8 million euros, offset by liabilities from other financial instruments and unpaid advisory fees of 15.4 million euros.

Portfolio and portfolio value

At 30 September 2019, the DBAG **PORTFOLIO** consisted of 27 equity investments along with two investments in international private equity funds managed by third parties that we entered into in 2000 and 2002, respectively. All but one of the investments are held indirectly via investment entity subsidiaries – with one exception (JCK). The portfolio contains 21 MBOs and six investments with the purpose of financing growth. One of the two international private equity funds now holds only one portfolio company, the other has sold all of its investments and is about to be liquidated; its share of the portfolio value is still 0.4 per cent (previous year: 0.6 per cent).

PORTFOLIO VALUE BY AGE STRUCTURE

€mn at 30 September 2019



As at 30 September 2019, the value of the 27 investments, including the loans and receivables extended to the portfolio companies and excluding short-term interim financing, amounted to 409.0 million euros (30 September 2018: 339.4 million euros). In addition, there were entities with a value of 13.1 million euros through which representations and warranties on previous disposals are (largely) settled ("Other investments"), and which are no longer expected to deliver any appreciable value contributions (30 September 2018: 9.3 million euros). These also include the two international private equity funds managed by third parties. This brought the portfolio value to a total of 422.1 million euros (30 September 2018: 348.7 million euros). The value of the 27 investments, including loans to and receivables from portfolio companies, and excluding short-term bridge financing, amounted to (as in the previous year) 1.4 times the original cost.

During the course of the financial year, the portfolio value increased in gross terms by 73.5 million euros. The additions amounting to a total of 78.4 million euros due to the new investments alongside DBAG Fund VII (Kraft & Bauer, Sero, blikk and Cloudflight) and DBAG ECF (FLS), the conversion of the short-term loans for the bridge financing of the investments in Karl Eugen Fischer and duagon, and follow-up investments in existing portfolio companies, as well as the changes in the value of 49.3 million euros, are offset by disposals totalling 54.3 million euros. The disposals mainly relate to the disposal of investments in Cleanpart, Infiana and Novopress.

The 15 largest investments accounted for around 79 per cent of the portfolio value as of 30 September 30 2019 (30 September 2018: 77 per cent). The table shows these 15 investments in alphabetical order.

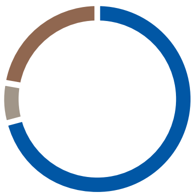
PORTFOLIO STRUCTURE (15 LARGEST INVESTMENTS)

Company	Cost	Equity share DBAG	Investment type	Sector
	€mn	%		
blikk Holding GmbH	15.0	12.1	MBO	Healthcare
DNS:Net GmbH	11.4	15.7	Expansion capital	Broadband/telecommunications
duagon AG	23.8	21.3	MBO	Industrial components
Gienanth GmbH	3.9	11.4	MBO	Industrial components
inexio KGaA	7.5	6.9	Expansion capital	Broadband/telecommunications
JCK KG	8.8	9.5	Expansion capital	Consumer goods
Karl Eugen Fischer GmbH	22.6	21.0	MBO	Mechanical and plant engineering
Kraft & Bauer GmbH	14.1	17.9	MBO	Industrial components
netzkontor nord GmbH	9.1	35.9	MBO	Broadband/telecommunications
Oechsler AG	11.2	8.4	Expansion capital	Automotive suppliers
Pfaudler Group	13.3	17.8	MBO	Mechanical and plant engineering
Polytech Health & Aesthetics GmbH	13.3	15.0	MBO	Industrial components
Telio GmbH	14.3	15.6	MBO	Other
vitronet GmbH	4.5	41.3	MBO	Broadband/telecommunications
von Poll Immobilien GmbH	11.7	30.1	MBO	Services

The following information on the structure of the portfolio is based on the valuation and resulting portfolio value as at the reporting date of 30 September 2019. The investments in international buyout funds and in companies through which retentions for representations and warranties from exited investments are held, are recognised under “Other”. The debt (net debt, EBITDA) relates to the expected debt at the end of the financial year 2019 and the EBITDA of the portfolio companies that is expected for this year, or for 2018/2019 if the reporting date falls during the year.

PORTFOLIO VALUE BY VALUATION METHOD

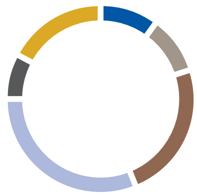
%



Multiples method	71
Transaction price	7
Other (incl. DCF)	22

PORTFOLIO VALUE BY SECTORS

%



Mechanical and plant engineering	10
Automotive suppliers	10
Industrial components	24
Broadband/ telecommunications	31
Other focus sectors	8
Other	17

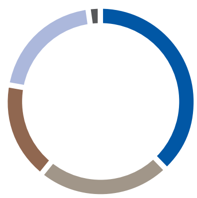
PORTFOLIO VALUE BY NET DEBT/EBITDA OF PORTFOLIO COMPANIES

%

< 1.0	10
1.0 to < 2.0	8
2.0 to < 3.0	27
3.0 to < 4.0	18
> 4.0	21
Other	16

CONCENTRATION OF PORTFOLIO VALUE

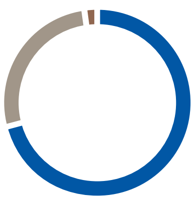
Size categories %



Top 1–5	38
Top 6–10	23
Top 11–15	17
Top 16–27	20
Other (incl. externally managed international buyout funds)	2

PORTFOLIO VALUE BY TYPE OF INVESTMENT

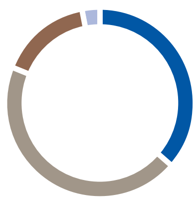
%



Management buyouts	71
Growth financing	27
Other (incl. externally managed international buyout funds)	2

PORTFOLIO VALUE BY AGE

Categories %



< 2 years	36
2–5 years	45
> 5 years	16
Other (incl. externally managed international buyout funds)	3

TEN-YEAR SUMMARY OF THE STATEMENT OF FINANCIAL POSITION

€mn	31 Oct 2010	31 Oct 2011	31 Oct 2012	31 Oct 2013	31 Oct 2014	30 Sep 2015	30 Sep 2016	30 Sep 2017	30 Sep 2018	30 Sep 2019
							Restated[1]	Restated[2]	Restated[2]	
Financial assets including loans and receivables	129.9	93.5	150.7	166.8	163.4	247.7	316.3	254.2	318.9	385.7
Securities/cash and cash equivalents	140.7	155.6	105.8	98.3	140.7	58.3	72.6	161.6	119.0	69.4
Other assets	45.5	30.8	42.5	45.6	28.5	21.2	15.2	48.2	43.4	36.5
Equity	273.9	238.9	266.2	278.4	303.0	303.1	369.6	436.4	443.8	460.2
Liabilities	42.2	41.0	32.8	32.3	29.6	24.1	34.5	27.5	37.5	31.5
Total assets	316.1	279.9	299.0	310.7	332.6	327.2	404.2	464.0	481.3	491.6

1 Restated 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

Business performance by segment

Private Equity Investments segment: Net result significantly above the previous year

SEGMENT EARNINGS STATEMENT – PRIVATE EQUITY INVESTMENTS

€'000	2018/2019	2017/2018
		Restated[1]
Net income from investment activity	49,629	31,098
Other income/expense items	(7,578)	(6,936)
Earnings before tax	**42,050**	**24,163**

1 Restated in accordance with IAS 8

Earnings before tax in the Private Equity Investments segment amounted to 42.1 million euros, 17.9 million euros more than in the previous year. The reason for this was the significantly higher income from investment activity, which in the previous year was more heavily burdened than in the reporting year by lower capital market multiples across the portfolio as a whole. Please refer to the notes on this item in the section on “Earnings position”.

Net expenses from other income/expenses (net amount of internal management fees, personnel expenses, other operating income and expenses and net interest expense) deteriorated by 0.7 million euros compared with the same period last year, due in part to higher personnel expenses. The figure includes internal management fees of 1.2 million euros for the Fund Investment Services segment.

Net asset value increased slightly year-on-year. For an explanation of the changes to financial assets, please refer to the section on net assets and financial position.

NET ASSET VALUE AND AVAILABLE LIQUIDITY

€'000	30 Sep 2019	30 Sep 2018 Restated[1]
Financial assets including loans and receivables	385,693	318,931
Other financial instruments	17,002	32,766
Financial resources	69,432	119,029
Net asset value	**472,126**	**470,727**
Financial resources	69,432	119,029
Credit line	50,000	50,000
Available liquidity	**119,432**	**169,029**
Co-investment commitments alongside DBAG funds	**129,733**	**198,477**

1 Restated in accordance with IAS 8

Around 53 per cent (previous year: 60 per cent) of the commitments are covered by existing financial resources (cash and cash equivalents including short-term securities). A 50 million euro credit line is available to compensate for the irregular cash flows resulting from our business model. It is provided by a consortium of two banks and runs until 2023.

The surplus of co-investment commitments over the available funds amounts to three per cent of financial assets; as at 30 September 2018, this figure was nine per cent. We expect to be able to cover this surplus with further disposals over the next few years.

Fund Investment Services segment: Lower results following disposals

The Fund Investment Services segment closed the year with earnings before tax of 3.0 million euros, compared to 5.6 million euros in the previous year. Income from Fund Services fell by 1.5 million euros compared with the previous year. As expected, lower fees were generated from DBAG Fund VI, DBAG Fund V and DBAG ECF. In particular, transaction-related fees for DBAG ECF were significantly lower (0.3 million euros compared to 1.1 million euros previously) because only one transaction was agreed for this fund in 2018/2019. The segment information also takes into account internal income from the Private Equity Investments segment, in the amount of 1.2 million euros (previous year: 0.9 million euros).

SEGMENT EARNINGS STATEMENT – FUND INVESTMENT SERVICES

€'000	2018/2019	2017/2018
		Restated[1]
Income from fund services	28,181	29,707
Other income/expense items	(25,148)	(24,138)
Earnings before tax	**3,033**	**5,568**

1 Restated in accordance with IAS 8

Net expenses for other income/expenses deteriorated by 1.0 million euros compared with the previous year, predominantly due to higher personnel expenses (+2.9 million euros) as a result of higher variable remuneration, duplicated functions and general salary developments. By contrast, a one-off effect amounting to 0.9 million euros had a negative impact on the segment result for the previous year. This was due to the subsequent adjustment of remuneration which DBAG received for the work performed by members of the investment team serving on the supervisory boards of DBAG Fund V portfolio companies.

ASSETS UNDER MANAGEMENT OR ADVISORY

€'000	30 Sep 2019	30 Sep 2018
Funds invested in portfolio companies	1,088,298	862,076
Funds drawn but not yet invested	0	23,387
Short-term bridge financing for new investments	94,492	145,086
Outstanding capital commitments of third-party investors	452,212	681,799
Financial resources (of DBAG)	69,432	119,029
Assets under management or advisory	**1,704,434**	**1,831,378**

1 Restated in accordance with IAS 8

The amount of assets under management and under advice declined slightly in the course of the financial year as a result of several disposals, the dividend payment and the net operating expenses of DBAG; no new investment commitments had been made by the reporting date. Please refer to the "Financial position" section for information on changes to DBAG's financial resources.

BUSINESS REVIEW OF DEUTSCHE BETEILIGUNGS AG (NOTES ACCORDING TO THE HGB)

The management report on Deutsche Beteiligungs AG and the Group management report for the 2018/2019 financial year are presented combined, in conformity with section 315 (5) in conjunction with section 298 (2) sentence 2 of the HGB. The presentation of the economic position of DBAG 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 the HGB. The complete annual financial statements of DBAG based on HGB are published in the online version of the Federal Gazette, together with the consolidated financial statements.

The annual financial statements are available at www.dbag.com/investor-relations/publications and can be requested from DBAG.

Comparison of actual and forecast business performance

	Actual 2017/2018[1]	Basis for the forecast	Expectations 2018/2019	**Actual 2018/2019**	
Net income	€9.9mn	€9.9mn	More than 20% higher	€29.1mn	Expectation exceeded
Dividend	€1.45	€1.45	Unchanged	€1.50	Expectation exceeded

Earnings position

Overall assessment: Net gains for the year significantly higher than the previous year due to satisfactory disposals results

At 29.1 million euros, net income for 2018/2019 significantly exceeded the previous year's net income. While there were no disposals completed in 2017/2018, five investments were completed in the past financial year – in particular the disposals of Cleanpart, Novopress and Infiana contributed to the satisfactory results. Fluctuations like these are typical for the private equity business. The balance of the other income/expense items fell because, inter alia, personnel expenses significantly exceeded the previous year's figure.

Net result from fund services and investment activity: Significantly above previous year's level

The net result 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 lowest of cost or market principle and the applicable procedure for the reversal of impairment losses according to HGB.

The current *net result of valuation and disposal* mainly includes profit contributions from the disposal of the investments in Cleanpart and Infiana (DBAG Fund VI) and Novopress (DBAG ECF); these three transactions accounted for 35.8 million euros. A write-down of 9.5 million euros on an affiliated company, which had distributed 8.5 million euros to the parent company for liquidity management reasons, had the opposite effect. There had been no material disposals of companies in the previous year; the net result of disposal had largely comprised the results of a disposal from Harvest Partners IV, an international buyout fund managed by a third party, plus follow-on results from earlier disposals.

Significant components of *current income from financial assets* are the aforementioned dividend distribution by the subsidiary Deutsche Beteiligungs GmbH as well as profit distributions (in particular from DBAG ECF) and interest from portfolio companies. The subsidiary also paid a comparably high dividend the previous year following a cash inflow from a disposal.

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

€'000	**2019/2018**	2017/2018
Net result of valuation and disposal[1]	25,487	1,340
Current income from investments	11,053	11,067
Income from fund services	24,628	26,096
Total income from fund services and investment activity	**61,168**	**38,504**
Personnel expenses		
Other operating income (excluding write-ups)	(21,713)	(17,953)
Other operating expenses	1,174	2,277
Depreciation and amortisation on intangible fixed assets and property, plant and equipment	(8,907)	(9,755)
Income from other securities, or loans and advances held as financial assets	(582)	(682)
Other interest and similar income	138	507
Interest and similar expenses	541	344
Total other income/expense items	(2,684)	(3,295)
Total other income/expense items	**(32,032)**	**(28,556)**
Earnings before tax	**29,135**	**9,948**
Income taxes	0	(17)
Other taxes	(8)	(7)
Net income for the year	**29,128**	**9,924**

1 The net result of valuation and disposal comprises the income statement items „Income from disposal of investments of 36.1 million euros (previous year: 1.9 million euros), offset by the two items „Losses from disposal of investments" and „Write-downs of financial assets" in the aggregate amount of 10.6 million euros (previous year: 0.6 million euros.

Income from Fund Services did not match the previous year's levels. The assessment basis for calculating fees has fallen following the disposal of certain companies. Because DBAG ECF 2018/2019 structured fewer transactions, fee income from agreed transactions was also lower than previously. While the gross income from Fund Investment Services is taken into account in the consolidated financial statements, this item includes net income less the expenses of the subsidiaries involved in management and fund advisory services.

Income from Fund Services page 76

Other income/expenses: Balance slightly higher due to higher personnel expenses

The (negative) balance of other income/expenses deteriorated by 3.5 million euros compared with the previous year. Personnel costs, other operating income excluding write-ups and other operating expenses were largely influenced by the same factors as in the Group. Personnel expenses were higher – irrespective of the overall increase in wages and salaries – because more staff were employed and, in the course of the financial year, some positions were temporarily filled twice as a result of changes. In addition, higher provisions were made for variable remuneration of the staff and the Board of Management. In contrast to the consolidated financial statements, the additional expense for pension allocations is recognised under personnel expenses, due to the lower interest rate level[17]; pension expenses therefore increased by 0.9 million euros to 1.4 million euros.

Earnings position pages 75ff.

17 *Basis for discount rate were 2017/2018 interest rates of 3.34 per cent, 2018/2019 interest rates of 2.82 per cent (ten years). Interest rates are fixed by the Deutsche Bundesbank. In contrast, the discount rate of 0.47 per cent (previous year: 1.54 per cent) used for the consolidated financial statements is based on the iBoxx corporate AA10+ benchmark index. This is due to the change in interest rates on corporate bonds.*

The change in other operating income is almost entirely attributable to the reversal of provisions for performance-related employee remuneration established in previous years: At 1.2 million euros in 2017/2018, this reversal was significantly higher than the 0.1 million euros in the reporting year. Other operating expenses declined, reflecting markedly lower expenses for the audit of the financial statements, advice related to the audit, and tax advice (0.6 million euros, down from 1.0 million euros in the previous year – that figure reflected expenses for support provided in connection with the enforcement procedure). Overall consulting expenses in 2018/2019 were also lower than before (0.9 million euros compared to 1.1 million euros).

The **FINANCIAL RESULT** improved from -2.4 million euros to -2.0 million euros, mainly due to the change in the fair value of plan assets used to finance the pension obligations. Other interest income includes income from interim financing of capital calls for co-investments alongside DBAG Fund VII.

Net income for the year: 29.1 million euros

Deutsche Beteiligungs AG generated net income of 29.1 million euros for the 2018/2019 financial year. Including the profit carried forward from the previous year and the dividend payment, the retained profit amounted to 178.1 million euros, of which 3.8 million euros are barred from distribution on account of statutory requirements.

Asset position

Total assets of DBAG largely consist of the investment portfolio as well as securities and cash and cash equivalents. Assets increased only slightly in 2018/2019, by 0.1 million euros, compared with the previous reporting date. The Company distributed 21.8 million euros to shareholders in February 2019.

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

€'000	**30 Sep 2019**	30 Sep 2018
Equity shares in associates	309,406	253,132
Investments	3,413	3,414
Investment securities	0	55,559
Other non-current assets	883	1,277
Non-current assets	**313,702**	**313,383**
Receivables and other assets	46,918	63,659
Securities held as current assets	25,335	40,002
Cash and cash equivalents	38,918	7,668
Current assets	**111,171**	**111,329**
Prepaid expenses	**492**	**566**
Total assets	**425,366**	**425,278**
Subscribed capital	53,387	53,387
Capital reserves	175,177	175,177
Revenue reserves	403	403
Retained profit	178,080	170,766
Equity	**407,046**	**399,732**
Provisions	**17,737**	**13,986**
Liabilities	**582**	**11,560**
Total equity and liabilities	**425,366**	**425,278**

Assets: Marked increase following brisk investment activity

INTERESTS IN ASSOCIATES represent the largest item in DBAG's non-current assets. Associates are, for example, the entities through which DBAG co-invests; the co-investments alongside the respective DBAG funds are bundled in these co-investment vehicles. Other major non-current asset items are **DIRECTLY HELD INVESTMENTS** that are shown in "Investments" as well as **SHORT-TERM SECURITIES**, which constitute key components of DBAG's financial resources.

The increase in interests in associates during the 2018/2019 financial year was mainly attributable to five new investments totalling 84.8 million euros. This was offset by disposals which led to returns from investment entity subsidiaries in the amount of 18.1 million euros.

Investment securities were partly sold during the year under review, and reclassified to short-term securities, given that cash and cash equivalents invested in these securities were required to finance investments.

Current assets: Significant change in structure following investment of cash funds

The structure of current assets has changed considerably. In the previous year, cash and cash equivalents accounted for only seven per cent of current assets. Due to high cash inflows following disposals, cash and cash equivalents accounted for around 35 per cent of current assets as of 30 September 2019. Further components of current assets were receivables from a loan to a DBAG Fund VII company for the interim financing of capital calls, through which the fund intends to ultimately finance its investments in blikk, Cloudflight, Kraft & Bauer and Sero, as well as receivables from advisory and management companies for DBAG funds.

Higher provisions for pension liabilities

The increase in provisions compared with the last reporting date reflects two developments. The provisions to cover pension obligations were much higher. Compared with 4.6 million euros previously, they now amount to 7.2 million euros as at the reporting date; thus, the present value of the pension obligations exceeds the plan assets. The majority of the other provisions are associated with performance-related remuneration with regard to personnel. At 7.2 million euros, these were slightly above the figure at the start of the financial year (6.6 million euros).

Liabilities: Unusually high the previous year, due to the reporting date

The difference in the disclosure of liabilities is due to a reporting date impact from the previous year: In 2017/2018, an addition to investments had already been recognised, but the capital call associated with it had not yet been served because the transaction took place right on the reporting date.

Liquidity position

Financial resources were always more than adequate and sufficiently high to fulfil co-investment agreements and to finance the Company's operations.

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

The financial resources of 64.3 million euros reported at the end of the financial year (securities held as current assets amounting to 25.3 million euros and cash and cash equivalents of 38.9 million euros) may be used to meet investment commitments. Based on the investments planned for the new financial year and the two following years, DBAG will have an annual average liquidity requirement for investments of around 90 million euros; the actual requirement may fluctuate strongly.

Capital structure: No liabilities to banks

DBAG funded its activities in the 2018/2019 financial year using existing financial resources or its own cash flow. In order to be able to take advantage of investment opportunities at any time, there is also a 50 million euro credit line in place. It ensures DBAG's ability to co-invest alongside the DBAG funds at all times, in addition to creating greater efficiency of the statement of financial position. The credit line had not been draw down during the financial year, nor at the reporting date. The increase in shareholders' equity to 407.0 million euros as of 30 September 2019 is attributable to the inflow of funds following successful disposals, which exceeded the dividend payout. As of 30 September 2018, equity amounted to 399.7 million euros, of which 21.8 million euros were distributed to shareholders as dividends in February 2019. At 95.7 per cent (previous year: 94.0 per cent), the **EQUITY RATIO** remained very high at the reporting date.

OPPORTUNITIES AND RISKS

Objective: Contribution to value creation by balancing opportunities and risks

Deutsche Beteiligungs AG is exposed to multiple risks through its Fund Investment Services and Private Equity Investments business segments. These are founded, among other things, on the expected returns that are customary in the private equity business, on our geographical focus, our sector focus and on the new investment volume targeted annually. In its more than 50-year history, DBAG has proven its ability to successfully balance the risks and rewards of its business. We want to exploit our opportunities and moderately take on the exposure to the risk involved. Risk that endangers the continuity of the Company must basically be avoided.

DBAG's risk profile is influenced by our risk propensity. We steer it using the risk management activities that are set out in this report; they are meant to contribute to value creation by specifically balancing opportunities and risks. As a private equity company, we consider risk management to be one of our core competencies. Our risk propensity derives from our objective of augmenting the value of DBAG; as described, we measure our performance by the long-term increase in the value of the Company. To that end, we pursue a conservative approach, which, among other things, is mirrored in DBAG's statement of financial position structure by its high equity ratio. DBAG's activities are financed in the long term by equity; bank liabilities are only entered into in the short term to bridge discrepancies between cash inflows and outflows.

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. 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 described of contributing to value creation by balancing rewards and risks. This will be achieved when our risk management ensures a comprehensive overview of the Group's risk profile. Particularly events 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 constituent, 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. It 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.

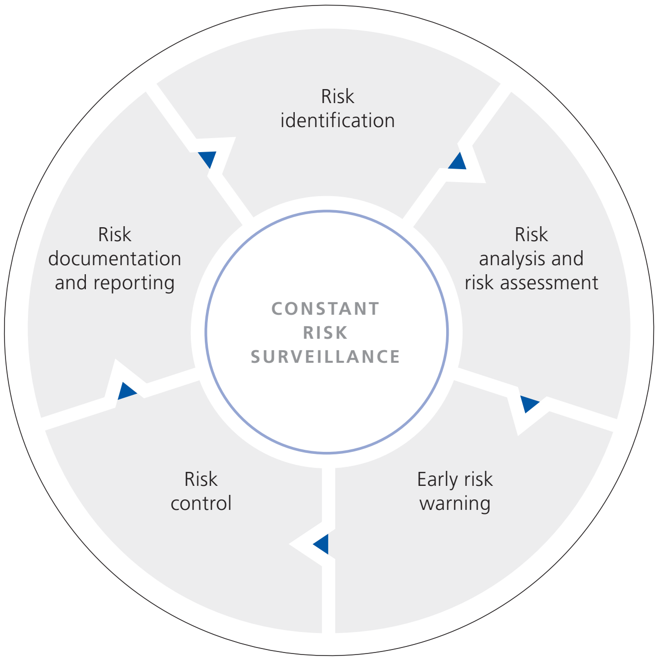
The Risk Manager develops the risk management system on an ongoing and systematic basis. The manual was most recently checked to ensure that it was up to date in July 2018, and adjusted, for example, to include the changes to our organisational structure. The objective of our risk management system is 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. The aim is to avoid, mitigate or transfer the negative effects of risks.

Instruments: Risk register with 45 risk factors

The basis of the risk management system is 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 presents and analyses all the risks that we consider significant. It is updated on a quarterly basis; at the period ending 30 September 2019, it contained 45 individual risks (previous year: 42). The significant risks, their causes and effects, as well as the specified actions required to control and monitor these risks, are also documented in a risk report addressed to the corporate bodies of DBAG.

Processes: Risk identification in individual corporate departments

Risk management is an ongoing process that is firmly integrated into our workflows. The risk management process has been devised to ensure that risks are identified early on and risk management instruments are used appropriately; it 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 asset, financial and earnings position of DBAG. To that end, appropriate early warning indicators are employed – measures, in other words, that are either themselves indicators of changes in 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. The probability of occurrence is designated as "unlikely" (less than 20 per cent), "low" (20 to 50 per cent), "possible" (50 to 70 per cent) or "likely" (greater than 70 per cent). In addition, the impact is classified according to the severity of financial consequences, reputational consequences, regulatory consequences or management action required; the potential impact is assessed subsequent to the action taken to avoid or mitigate the risk.

EXPECTED VALUE (COMBINATION OF PROBABILITY AND IMPACT)

PROBABILITY							
> 70%	**Likely**	**4**	Moderate	High	Very high	Very high
50 to 70%	**Possible**	**3**	Very low	Moderate	High	Very high
20 to 50%	**Seldom**	**2**	Very low	Moderate	High	High
< 20%	**Unlikely**	**1**	Very low	Very low	Moderate	High

IMPACT	**1** **Low**	**2** **Moderate**	**3** **High**	**4** **Very high**
Financial consequences	< €10mn	€10–50mn	€50–100mn	> €100mn
Reputational consequences	Isolated negative media coverage	Broader negative media coverage	Extensive negative media coverage and temporary loss of confidence by investors	Extensive negative media coverage and long-term loss of confidence by investors
Regulatory consequences	Conditional caution	Reorganisation	Reorientation of business activity	Suspension of business activity
Management action required	Event covered by normal routine	Critical event addressed with existing resources	Critical event requiring more extensive management action	Disaster requiring significant management action

The Risk Manager subsequently examines the individual risks and the actions adopted to diversify the risks to ascertain their completeness and effectiveness. The implementation of this action as well as its management and monitoring is the responsibility of the Risk Administrators in the respective corporate units.

Risk control basically pursues the objective of keeping the overall risk at acceptable and manageable levels for DBAG. The objective of risk control is therefore not to completely preclude risk, but rather to ensure that a targeted risk level is not exceeded. Suitable action to control risk may avoid, reduce or transfer risks.

Risk avoidance means completely precluding risk. Since complete avoidance of risk generally also means precluding opportunities for reward, this form of risk intervention cannot be applied across the board, but only to risks for which security takes priority over other corporate objectives. Measures taken to *reduce risk* are meant to decrease the probability of the 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 complete 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 are 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.

Explanation of individual risk factors

The table on page 103 describes all risks with a "high" expected value, based on our definition, which is determined by the probability of occurrence and extent of impact; the risks with a high expected value are the same as those reported at the reporting date for the financial year 2017/2018. In our estimation and assessment, there are still no risks with a "very high" expected value.

We have allocated operational risks to the business segment that is most strongly affected by the 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. In addition to the risk factors described, there are further risks that we regularly monitor and control. These risks have an influence on whether and to what extent we achieve our financial and non-financial objectives.

Risks of the Fund Investment Services segment

Inability to cover the personnel requirement

Performance in 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 address the risk of possible staff turnover by systematically developing the skills and knowledge of our people, as well as using a competitive remuneration scheme that fits to standard practice in the industry and allowing members of the investment team 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 regularly measure employee satisfaction in a survey. 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 funds

We will be able to pursue our strategy in its present form in the long term only if we succeed in soliciting capital commitments to DBAG funds. This requires that the Company or its investment team establishes a proven track record of successful investment activity yielding attractive returns, which depends on the solid performance of the investments and on the investment progress of a fund. Further influencing factors are the macroeconomic environment, the sentiment in the stock markets and general readiness of private equity investors to make new capital commitments. Fundamental 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 we need 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 of one or several DBAG funds or extraordinary liquidation of a fund

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. The reasons that could cause them to initiate such a resolution include 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 wishes of fund investors serve to mitigate this risk. Above all, however, our sustained 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, it would not be possible to generate the targeted returns on equity, 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 and geographical emphasis 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 with consultants and service providers gleaned from due diligence processes on a regular basis in order to avoid incorrect due diligence results. The standardisation of internal processes and the accelerated transfer of knowledge within the investment team also help us to achieve this.

Insufficient access to new, attractive investment opportunities

Access to new investment opportunities is crucial for our operations. If we did not make new investments, the structure of our statement of financial position would change. 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 would increase – both would come at the expense of the return on equity. In the medium term, the performance of the Fund Investment Services segment would also be adversely affected: the investors in the funds expect investment progress that is commensurate with the committed fund size. If this progress was not achieved, our chances of raising 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 phase and the abundant stream of capital associated with it, we are competing not only with strategic investors, 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 risks arising from a decline in the number of potential transactions is very limited. If we invest less, the potential for value growth in the segment of Private Equity Investments 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 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 – because we react too slowly due to insufficient processes or are unable to arrange the acquisition financing. To avoid the consequences arising from this risk – inadequate investment progress, negative effects for future DBAG funds – 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 the general economy and economic cycles in individual sectors on 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. Cyclical impacts in the wake of political instability or limited capability of the banking system can also affect the portfolio companies' earnings, financial and asset position. Technological changes can also have a negative impact on individual companies or on the companies operating in a certain sector. This 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. Short-term results, however, are not decisive for success in 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.

Information on the holding periods of current investments page 70

The notably lower growth momentum we are seeing for now in most of the important economic areas leads us to assume that the probability of this risk occurring is no longer "low" (as before) but now "possible". If appropriate – as was sometimes the case over the last financial year – we adapt our value development approach to an individual investment. This requires closely monitoring the portfolio companies' progress. The portfolio's diversification basically already counters the risk arising from cyclical trends in individual sectors.

Lower valuation level on the capital markets

Valuation ratios 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 multipliers, generally results in a lower portfolio value. They can be a burden on the prices at which we are able to divest companies and thus impair our profitability.

We cannot avert the risk arising from the capital markets. We can, however, mitigate that risk by avoiding high 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 in the equity market, diversifying the portfolio also counters exposure to this risk.

Access to stock and credit markets is not ensured

DBAG finances its activities in the long term by way of the stock market; over the short term, a credit facility may be used to cover temporal discrepancies between expected cash inflows and outflows. The capital increase and agreement on a credit line in the financial year 2015/2016 also have to be viewed within this context. Corporate action can only succeed if DBAG is considered an attractive investment opportunity. Rising market prices for and sufficient liquidity in our shares – both requirements for the membership of DBAG shares in the S-DAX – facilitate future corporate actions. Additionally, without adequate access to the financial, credit and stock markets, DBAG's autonomy would be jeopardised in the long run.

We therefore foster an intensive dialogue with current and potential investors. In addition to ongoing investor relations work – the dividend policy, for example, which has stable, rising dividends as its goal, preferably on an upward trajectory, also aims to make shares in DBAG more attractive.

Endangerment of DBAG's independence

A sub-par valuation of DBAG shares could enable the entry of a principal shareholder and result in them exerting control in 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 neither commit to new DBAG funds – on the contrary, they could terminate existing advisory agreements –, nor would another capital increase be possible on 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 investors we also 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, the management authority of DBAG can be revoked for the Group company charged with providing advisory and management services to DBAG funds.

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 the economic data of DBAG. 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.

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. In an additional security audit in September 2018, consultants verified that, in their opinion, DBAG's network was sufficiently protected against cyberattacks. We encrypt our communication channels through state-of-the-art technologies and use the latest virus protection software and security technology.

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 to buyout funds	Unchanged	Unlikely	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	Unchanged	Low	High
Insufficient access to new, attractive investment opportunities	Unchanged	Low	High
Transaction opportunities not tranformed into investments	Unchanged	Low	High
External risks			
Negative impact of general economy and economic cycles in certain sectors on earnings, financial and asset position of portfolio companies	Higher	Possible	High
Lower valuation level on the capital markets	Unchanged	Possible	High
Access to stock and credit markets is not ensured	Unchanged	Low	High
Threat to DBAG's independence	Unchanged	Unlikely	Very high
Operational risks			
Insufficient protection of confidential data against unauthorised access	Unchanged	Possible	High

Material changes compared with the preceding year

Compared with the end of the financial year 2017/2018, we now see a greater likelihood that the risk of a "negative impact of the general economy and economic cycles in individual sectors on portfolio companies" will materialise. The expected value of this external risk – which is beyond our control – therefore remains "high".

Description of opportunities

Opportunity management is an integral constituent of our operating business. Value creation largely occurs in our core activities of investing, developing and realising our investments. We therefore place special emphasis on continually improving our business 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 advancement with investments deploying only our own financial resources (Principal Investments)

In the past financial year, we decided to envisage investments deploying only our own financial resources, i.e. not alongside any funds, as an additional investment programme. These investments will typically be longer-term minority shareholdings that do not fit the DBAG funds' investment strategy. The programme was designed with family-owned businesses in mind that require equity investments of between 20 and 150 million euros; such businesses would primarily be positioned in the upper Mittelstand, generating annual revenues upwards of 100 million euros. With this new proposition, DBAG has broadened its range of services and opened the door for new investment opportunities.

Details concerning our investment strategy pages 50ff.

Competition for attractive investment opportunities has become more intense in recent years. 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. Rapid availability of the required funding can shorten the acquisition process. In that respect, opportunities could arise from DBAG's solid financial resources, which enable the Company to make financing commitments under its own steam.

Fund Investment Services: possibility of higher fee income from successor fund

Income from investment services to funds is readily forecastable, because fee agreements are largely fixed for a fund's term. After the start of the investment period of DBAG Fund VII in December 2016, 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, however, arise from positive investment performance. We remain committed to making continuous improvements to our business processes and strengthening the performance of our investment team. This will make us more competitive, in a market where those players able to assess business models and exploit transaction opportunities quickly have the edge. This benefits our investment progress. Less than four years into the investment period, around 68 per cent of the fund has been allocated. If we manage to launch a successor fund with a similar (or larger) volume earlier than prior to the end of the initial investment period of six years, DBAG will receive higher fee income from advisory services provided to this successor fund earlier as well.

Opportunities are also arising from our new programme for investments made from our own resources. For larger investments, co-investors are set to be included, who would then pay advisory or structuring fees.

External changes: Increase in value thanks to higher capital market multiples; positive effect from higher interest rates

The value of our portfolio companies at a specific reporting date is significantly influenced by stock market conditions. This was again evidenced in the past financial year. The result of valuation and disposal was hit by lower capital market multiples in an approximate amount of 23 million euros. Multiples are subject to constant change. If the assessment of the companies' outlook were to improve again, this would augment valuation multiples – which, in turn, have an influence on our valuations.

A higher interest rate level would allow us to reverse an additional part of our pension provisions; this would increase the equity per share by way of an increase in other comprehensive income.

General statement on opportunities and risks

In 2018/2019, DBAG's business model, which is geared towards a long-term view, has proved its worth once again. There was no material change in the exposure to risks and opportunities compared with the preceding year. In our estimation, there are currently no recognisable individual or cumulative risks that would endanger the continuity of DBAG or the Group as a going concern. This estimation is based on an analysis and assessment of the material individual risks to which the Company is exposed, as well as on the risk management system in place. We do not currently perceive any extraordinary opportunities.

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

The internal control system (ICS) is an integral constituent of the risk management system at Deutsche Beteiligungs AG. It is oriented around 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 duty of the 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 within the Group 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) of the 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. New accounting rules are regularly reviewed to ascertain the implications for DBAG and its subsidiaries, and if necessary, the accounting guidelines are adapted.

Moreover, DBAG possesses clearly defined organisational, control and surveillance structures. Explicit assignments 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 permissions. 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 further education programmes and professional training sessions on tax- and accounting-related topics. Additionally, advice from external experts is solicited on specific accounting issues.

Material accounting-related processes are regularly examined analytically in respect of the availability and operability of the installed internal controls. The completeness and validity of accounting data are regularly reviewed manually, based on random samples and plausibility checks. For processes that are particularly relevant in accounting, the principle of dual control is consistently employed.

The internal controls are designed to ensure that the external financial reporting by DBAG and the Group is reliable and in conformity with the valid accounting rules. The aim is to minimise the risk of possible misstatements on the actual asset, financial and earnings position. We also gain important insight into the quality and operability of accounting-related internal controls through the annual audit of the separate and consolidated financial statements, as well as a 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 both to the co-investment activity 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. These include realisations that, at times, achieve prices clearly in excess of their most recent valuation, as well as unexpected developments in portfolio companies' consumer markets or in the stock market.

DBAG funds have a term of ten years. With the exception of DBAG ECF, the fees we receive for management or advisory services are methodically fixed over that term. That is why fee income is readily projectable over the short term, 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 former fund's investment performance, meaning that the income potential can only be judged conclusively at the end of the 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 2019/2020. We will also take this forecast as a basis in order to set out our expectations regarding further development over the next two financial years.

The forecast is based on our medium-term planning for 2022, 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 own balance-sheet investments, as well as on the holding period and the expected capital multiplier 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, the net result of valuation and disposal based on the IFRS, the net result of 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 fee income from Fund Services and other income/expense items, i.e. mainly personnel expenses, variable remuneration and advisory expenses, as well as expenses for fundraising 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.

Irrespective of our dividend policy, we are not planning to make any changes to the dividend for the time being. All plan assumptions that have an impact on cash are included in the projection of cash and cash equivalents.

Type of forecast: qualified and comparative based on individual points of reference

The change in net asset value is determined to a considerable degree by the net gain or loss from investment activity, which can fluctuate considerably from year to year. Over the last five years, this has amounted to values of between 29.2 million euros and 85.8 million euros. As we expect net income to continue to show marked volatility over the current medium-term planning period, neither an interval forecast nor a point forecast of these indicators is feasible. As a result, we have limited ourselves – as before – to making a qualified comparative forecast[18] on expected developments.

18 German Accounting Standard No. 20 (GAS 20) provides for three types of forecasts: the disclosure of a numerical value ("point forecast"), a range between two numerical values ("interval forecast") and a change in relation to the actual value of the reporting period stating the direction and intensity of that change ("qualified comparative forecast").

As far as net gain or loss from investment activity and net income are concerned, a qualitative and comparative forecast based on the values for the previous year does not make sense, due to the very volatile nature of our results. Thus, the respective average value of the last five years is used as a reference for the forecast of those indicators mentioned. We use the prior-year values based on the carried portfolio for the other financial and non-financial key indicators, making adjustments for factors that would not recur on a regular basis.

In line with this approach, in this forecast we also classify changes in net gain or loss from investment activity and net income differently from the other key performance indicators for this forecast, as in the previous year. We use the following system for these very volatile indicators. We describe changes of up to 20 per cent as "slight", changes of more than 20 per cent but less than 40 per cent are "moderate", and changes of 40 per cent and more as "significant".

Changes in the other key indicators are still evaluated within a narrower range. Deviations of up to ten per cent are considered "slight", and changes of more than ten per cent but less than 20 per cent are termed "moderate". Changes of 20 per cent and more are "significant".

Expected development of underlying conditions

Market: No change in a competitive environment that remains intense

Based on the dynamic of the investment opportunities we have learned of during the past twelve months, we expect to see constant demand – in terms of number and volume – in our market, as far as the current financial year 2019/2020 and the next two financial years are concerned.

Borrowings: Constant supply based on unchanged conditions

The debt market for acquisition finance is diverse. Debt funds have increased the supply; they offer financing through unitranches or mezzanine. The gap created by the withdrawal of some banks following the financial crisis has now been closed. The business in leveraged finance for transactions in the private equity field is attractive. As a result, we expect to see a sufficient supply of this sort of financing over our forecast horizon; as far as the 2019/2020 financial year is concerned, we generally expect to see a constant supply at conditions that are largely unchanged. We cannot, however, rule out that bank willingness to finance transactions in mechanical and plant engineering or in the automotive supply industry will continue to be challenging, hampering transactions in these sectors.

Asset class of private equity: No radical changes in the short term

Private equity is firmly rooted as an asset class worldwide. It is an integral part of the investment strategy of many institutional investors. The proportion of private equity in the dissemination of assets is not constant and may even decrease. Recent surveys amongst investors (June 2019) suggest that close to 50 per cent plan on allocating equivalent funds to private equity investments as in the previous year; 40 per cent even more.[19] With a view to the persistent low interest rate policy in the US and Europe, we 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 investment commitments for private equity funds.

19 *Preqin Investor Update: Alternative Assets H2 2019, August 2019*

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, industrial, services, etc.) – and in particular on the investment performance DBAG funds have delivered so far. Feedback from the ongoing fundraising for the DBAG Fund VII and DBAG ECF successor funds supports our view: given its investment history and 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, with sufficient capital commitments solicited.

Macroeconomic environment: "Industry in recession, growth drivers abating"

The underlying macroeconomic conditions have worsened during the past twelve months, with many economies in which our portfolio companies produce or sell their products encumbered by dwindling global growth, trade conflicts, Brexit and uncertainties in foreign economics.[20]

20 *"Global Manufacturing Downturn, Rising Trade Barriers – World Economic Outlook", International Monetary Fund, October 2019*

In Germany, economic development is torn in two: while the global industrial and investment weakness in particular has been weighing on German industry exports and the German industry has dipped into recession, the domestic economy remains intact, employment and income are on the rise, and the construction sector is booming. In spite of the outlook being muted, an economic crisis is not on the horizon.[21]

21 "Industry in recession, growth drivers abating", Gemeinschaftsdiagnose project group 2/19, September 2019

Our portfolio companies operate in numerous markets and geographical regions. This holds all the more true following expansion of our sector spectrum to include new focus sectors over recent years. This means that our investments are subject to very different cyclical influences: for companies such as JCK or More than Meals, domestic demand in Germany is of much greater influence than for Gienanth, Pfaudler or Silbitz, which offer their goods and services on a global scale. Some are strongly affected by developments in certain commodity prices. Our investments that are involved in the expansion of the fibre-optic network in Germany, on the other hand, are subject to entirely different influences. The level of economic growth is unlikely to determine their success to any considerable extent, at least in the short term, but the availability of labour will. We have not included the impact of changes in commodity prices or exchange rates in our forecast.

Compared with the end of the financial year 2017/2018, we are now faced with a macroeconomic environment characterised by significantly greater uncertainty. Some risks that we considered a possible threat six or twelve months ago have materialised: in particular concerning investments with a direct or indirect link to the automotive industry, but also concerning the two foundries and other industrial companies in our portfolio. In a best-case scenario, we expect business for companies with a cyclical business model and automotive-related investments to stagnate. The remaining portfolio companies should enjoy generally favourable framework conditions during the new financial year 2019/2020. However, it remains impossible to assess whether the recovery tendencies that various players have referred to, and the corresponding growth drivers, will materialise; the same applies to the impact of Brexit and the future course of international trade conflicts.

Information on economic risks pages 107f.

Expected business development

The point of reference used for the forecast in the table below corresponds – in line with the comments on the type of forecast – either to the actual value for 2018/2019 or to the average value over the last five years for the performance indicator in question.

Our forecasts are based on the expectations regarding developments on the private equity market, the capital markets and developments within the economy as described above. A scenario in which the circumstances described in the risks mentioned would materialise to a greater degree is not reflected in our planning. If trade disputes between major economies are exacerbated further, if a chaotic Brexit becomes a reality, and valuations on the capital markets decrease significantly, we will not be able to achieve our forecasts. This scenario could result not only in a lower net gain or loss from investment activity, but also delays in investment progress and the disposal of mature portfolio companies.

FORECAST FOR FURTHER BUSINESS DEVELOPMENT

	Actual 2018/2019	Reference point for the forecast	**Expectations for 2019/2020**	**Ambitions until 2021/2022 vs. 2019/2020**
Financial performance indicators				
PRIVATE EQUITY INVESTMENTS				
Net asset value[1] (reporting date)	€472.1mn	€472.1mn	Up to 10% lower	More than 20% higher
Net income from investment activity[2]	€49.6mn	€51.0mn	More than 40% lower	More than 40% higher
Cash flow from investing activities	€(15.5)mn	€(15.5)mn	More than 20% lower	More than 20% higher
FUND INVESTMENT SERVICES				
Income from fund services	€28.2mn	€28.2mn	More than 20% higher	More than 10% higher
Net income from Fund Investment Services[1]	€3.0mn	€3.0mn	More than 20% higher	More than 10% higher
Assets under management or advisory (reporting date)	€1,704.0mn	€1,704.4mn	More than 20% higher	More than 10% lower
SHAREHOLDERS				
Dividend per share	€1.50	€1.50	Unchanged	Unchanged
Non-financial performance indicators				
PRIVATE EQUITY INVESTMENTS				
Investment opportunities	258	258	Unchanged	Unchanged
FUND INVESTMENT SERVICES				
Share of capital commitments of returning investors	75%	75%	Unchanged	Unchanged
EMPLOYEES				
Average length of company service	7.6 years	7.6 years	Unchanged	Unchanged
Other indicators				
Net income in accordance with IFRS[2]	€45.9mn	€46.8mn	20 than 40% lower	More than 40% higher
Net income in accordance with the HGB	€29.1mn	€29.1mn	More than 10% higher	

1 Also used as a management indicator for the core business objective
2 The forecast is based on the average value of the previous five financial years.

In light of economic developments and having weighed up the opportunities and risks, we anticipate a below-average increase in the portfolio value in 2019/2020. Against this background and taking into account the distribution in February 2020 – 22.6 million euros are proposed – the **NET ASSET VALUE** as at the reporting date 30 September 2020 will be down slightly on recent levels. Due to the quality of the overall portfolio and planned investments, we then expect to see this value increase in the following two years, meaning that by the end of the financial year 2021/2022, net asset value should have significantly surpassed the number as at the end of the ongoing new financial year. **CASH AND CASH EQUIVALENTS**, which form part of net asset value, will drop significantly in 2019/2020, due mainly to planned investments and distribution being higher than the returns from planned divestments.

NET GAIN OR LOSS FROM INVESTMENT ACTIVITY is the item that has the greatest impact on the Private Equity Investments segment. Net asset value – adjusted for the dividend distribution of any given year – can only increase if the net income exceeds the amount earmarked for distribution. At the same time, net gain or loss from investment activity is the item with the greatest budgetary and forecast uncertainty. It is determined to a considerable degree by the net result of valuation and disposal; current income from financial assets and loans and receivables is of lesser significance.

Projections of the earnings contribution for the portfolio are based on current assumptions regarding the holding period and, as explained above, on a standardised annual increase in the value of the investments during this holding period. Here, we take into account deviations from the initial premises with regard to the temporal course and the absolute value contribution of the change measures initiated in the portfolio companies.

The net valuation result represents the net amount of positive and negative value movements of the portfolio companies. These value movements derive from the change in the fair value of an investment in comparison to the preceding reporting date. In the past, there were instances when sizeable capital gains were realised on 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. 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 net gain or loss from investment activity to be considerably, i.e. more than 40 per cent, lower than the forecast. In the next two years (2020/2021 and 2021/2022), we then expect to see values that are significantly higher than the values expected in the coming financial year.

On the basis of the co-investment agreements with DBAG funds and our latest strategic developments to include Principal Investments, we are planning investments for 2019/2020 to be slightly higher than the previous year. At the same time, we expect the decline in inflows from disposals, recapitalisations and dividend distributions from portfolio companies to be down moderately on recent levels (in other words between 10 and 20 per cent); we do not predict any gains on disposals as a general rule, but rather assume that investments will be sold at their fair value. This will produce another negative **CASH FLOW FROM INVESTMENT ACTIVITY** in 2019/2020; the consumption of funds will be significantly higher than in 2018/2019.

INCOME FROM FUND SERVICES is substantially 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. Thanks to the investment progress achieved for DBAG Fund VII and DBAG ECF, we expect a successor fund to be closed in 2019/2020 and the investment period for this fund to start in the new financial year. Accordingly, we expect 2019/2020 income from Fund Services to significantly exceed 2018/2019's level. Furthermore, by the end of 2021/2022, we anticipate a further moderate increase over the 2019/2020 level. We expect to see a significantly higher result in the Fund Investment Services segment in 2019/2020. Earnings will initially continue to rise significantly, and in the last year of the forecast period they will approximately reach the level of the current, new financial year. **ASSETS UNDER MANAGEMENT OR ADVISORY** will, first of all, significantly increase in the current financial year, assuming a successful fundraising for the DBAG Fund VII and DBAG ECF successor fund. It will then decline due to further disposals from the portfolio. For the 30 September 2022 reporting date we expect assets under management and advisory to be moderately lower than for the coming reporting date.

General forecast

Net asset value slightly lower, significantly higher earnings from Fund Investment Services, net income moderately lower than the point of reference used for the forecast

The forecast for the new, current financial year is, however, subject to significantly greater uncertainty than in previous years due to the overall environment. Taking this into account, we expect a negative contribution to enterprise value made by the change in net asset value. However, income from the Fund Services (which determines the value of Fund Investment Services) is expected to be significantly higher. Net income 2019/2020 is expected to be moderate, i.e. between 20 and 40 per cent, lower than forecast. This means that the financial year 2019/2020 will be more of an average year, measured against a ten-year average. Looking ahead to the 2020/2021 and 2021/2022 financial years, we anticipate results which will be significantly higher – that is, more than 40 per cent above the level for the current financial year.

Profit for 2019/2020 according to the German Commercial Code up moderately year-on-year

Deutsche Beteiligungs AG is reporting a net retained profit in accordance with the German Commercial Code of 178.1 million euros at 30 September 2019. 22.6 million euros of this amount is to be distributed in February 2020. Our dividend policy provides for a dividend that remains stable and increases whenever this is possible Over the medium-term planning period, we expect the dividend to be constant to start off with. We expect that our retained profit for the coming year and the next two years will allow us to make distributions in the planned amounts.

Frankfurt/Main, 3 December 2019

The Board of Management

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 October 2018 to 30 September 2019

€'000	Notes	1 Oct 2018 to 30 Sep 2019	1 Oct 2017 to 30 Sep 2018
			Restated[1]
Net gain or loss from investment activities	10	49,629	31,098
Income from Fund Services	11	26,970	28,855
Income from Fund Services and investment activities		**76,599**	**59,953**
Personnel expenses	12	(21,042)	(18,005)
Other operating income	13	5,767	3,697
Other operating expenses	14	(16,413)	(15,557)
Interest income	15	955	344
Interest expenses	16	(783)	(702)
Other income/expense items		**(31,515)**	**(30,222)**
Earnings before taxes		**45,083**	**29,731**
Income taxes	17	659	(18)
Earnings after taxes		**45,742**	**29,714**
Net gain or loss attributable to non-controlling interests	27	114	(25)
Net income		**45,856**	**29,688**
a) Items that will not be reclassified subsequently to profit or loss			
Gains (+)/losses (-) on remeasurements of the net defined benefit liability (asset)	29	(7,690)	(1,155)
b) Items that will be reclassified subsequently to profit or loss			
Unrealised gains (+)/losses (-) on available-for-sale securities		0	(47)
Changes in the fair value of financial assets measured at fair value through other comprehensive income	22	15	0
Other comprehensive income		**(7,675)**	**(1,203)**
Total comprehensive income		**38,181**	**28,486**
Earnings per share in euros (diluted and basic)[2]	36	3.05	1.97

1 Restated in accordance with IAS 8 (see Note 4 of the notes to the consolidated financial statements)

2 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.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period from 1 October 2018 to 30 September 2019

INFLOWS (+)/OUTFLOWS (-)

€'000	Notes	1 Oct 2018 to 30 Sep 2019	1 Oct 2017 to 30 Sep 2018
			Restated[1]
Net income		45,856	29,688
Measurement gains (-)/losses (+) on financial assets and loans and receivables, amortisation of intangible assets and depreciation of property, plant and equipment, gains (-)/losses (+) on securities	10, 18, 19, 20, 22	(43,107)	(20,438)
Gains (-)/losses (+) from disposals of non-current assets	10, 18	(75)	(1,133)
Increase (-)/decrease (+) in income tax assets	24	(5,487)	78
Increase (-)/decrease (+) in other assets (net)	21, 23, 24, 25	(4,272)	2,719
Increase (+)/decrease (-) in pension provisions	29	7,384	887
Increase (+)/decrease (-) in income tax liabilities	24	0	17
Increase (+)/decrease (-) in other provisions	28	1,328	(5,608)
Increase (+)/decrease (-) in other liabilities (net)	24, 27, 30	(13,924)	3,647
Cash flows from operating activities[2]		**(12,298)**	**9,858**
Proceeds from disposals of financial assets and loans and receivables	10, 19, 20	62,183	30,302
Payments for investments in financial assets and loans and receivables	10, 19, 20	(93,412)	(63,826)
Proceeds from disposals of other financial instruments	23	53,544	36,546
Payments for investments in other financial instruments	23	(37,779)	(33,664)
Cash flow from investing activities	32	(15,465)	(30,641)
Proceeds from disposals of property, plant and equipment and intangible assets	18	79	177
Payments for investments in property, plant and equipment and intangible assets	18	(252)	(303)
Proceeds from disposals of securities	22, 32	70,328	41,384
Payments for investments in securities	22, 32	(215)	(103,818)
Cash flow from investing activities		**54,475**	**(93,200)**
Payments to shareholders (dividends)	26	(21,814)	(21,062)
Cash flow from financing activities		**(21,814)**	**(21,06)**
Net change in cash and cash equivalents	32	20,363	(104,404)
Cash and cash equivalents at beginning of period	32	23,571	127,976
Cash and cash equivalents at end of period		**43,934**	**23,571**

1 Restated in accordance with IAS 8 (see Note 4 of the notes to the consolidated financial statements)

2 This includes income taxes received and paid in the amount of -5,462,000 euros (previous year: 107,000 euros) as well as interest received and paid in the amount of of 770,000 euros (previous year: 172,000 euros) and dividends in the amount of 9,267,000 euros (previous year: 5,980,000 euros).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2019

€'000	Notes	30 Sep 2019	30 Sep 2018 Restated[1]	1 Oct 2017 Restated[1]
ASSETS				
Non-current assets				
Intangible assets	18	301	438	693
Property, plant and equipment	18	582	839	1,129
Financial assets	19	385,693	318,931	243,055
Long-term securities	22	0	55,458	33,659
Deferred tax assets	24	658	0	0
Total non-current assets		**387,233**	**375,666**	**279,873**
Current assets				
Receivables	21	1,565	1,130	3,657
Short-term securities	22	25,498	40,000	0
Other financial instruments	23	17,002	32,766	35,649
Income tax assets	24	5,833	345	423
Cash and cash equivalents		43,934	23,571	127,976
Other current assets	25	10,550	7,840	6,715
Total current assets		**104,382**	**105,653**	**174,419**
Total Assets		**491,615**	**481,319**	**454,293**
EQUITY AND LIABILITIES				
Equity	26			
Subscribed capital		53,387	53,387	53,387
Capital reserve		173,762	173,762	173,762
Retained earnings and other reserves		(14,028)	(6,331)	(5,129)
Consolidated retained profit		247,031	222,973	205,909
Total equity		**460,152**	**443,790**	**427,929**
Debt				
Non-current liabilities				
Liabilities to non-controlling interests	27	55	180	148
Provisions for pension obligations	29	19,593	12,209	11,323
Other provisions	28	28	0	0
Total non-current liabilities		**19,677**	**12,389**	**11,471**
Current liabilities				
Other current liabilities	30	1,260	15,913	1,321
Income taxes payable	24	17	17	0
Other provisions	28	10,509	9,209	13,573
Total current liabilities		**11,787**	**25,140**	**14,893**
Total liabilities		**31,463**	**37,529**	**26,364**
Total equity and liabilities		**491,615**	**481,319**	**454,293**

1 Restated in accordance with IAS 8 (see Note 4 of the notes to the consolidated financial statements)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from 1 October 2018 to 30 September 2019

€'000	Notes	1 Oct 2018 to 30 Sep 2019	1 Oct 2017 to 30 Sep 2018 Restated[1]
Subscribed capital			
At start and end of reporting period	26	**53,387**	**53,387**
Capital reserve			
At start and end of reporting period	26	**173,762**	**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 of reporting period		0	0
Effects from reclassification in accordance with IFRS 9	3	(36)	0
Measurement effects in accordance with IFRS 9	3	(74)	0
At start (restated)[2] and end of reporting period	3	(109)	0
Reserve for gains/losses on remeasurements of the net defined benefit liability (asset)			
At start of reporting period	29	(22,760)	(21,605)
Change in reporting period	29	(7,690)	(1,155)
At end of reporting period	29	(30,450)	(22,760)
Change in unrealised gains/losses on available-for-sale securities			
At start of reporting period	3	(102)	(55)
Effects from reclassification in accordance with IFRS 9	3	102	0
At start of reporting period (restated)[2]		0	(55)
Changes recognised directly in equity during the reporting period		0	(47)
At end of reporting period		0	(102)
Reserves for financial assets measured at fair value through other comprehensive income			
At start of reporting period		0	0
Effects from reclassification in accordance with IFRS 9	3	(67)	0
Measurement effects in accordance with IFRS 9	3	52	0
At start of reporting period (restated)[2]	3	(15)	0
Changes recognised in income during the reporting period	3	15	0
At end of reporting period		0	0
At end of reporting period		**(14,028)**	**(6,331)**
Consolidated retained profit			
At start of reporting period		222,973	214,346
Dividend	26	(21,814)	(21,062)
Net income		45,856	29,688
At end of reporting period		**247,031**	**222,973**
Total		**460,152**	**443,790**

1 Restated in accordance with IAS 8 (see Note 4 of the notes to the consolidated financial statements)
2 Restated as part of the transition to IFRS 9 (see Note 3 of the notes to the consolidated financial statements)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR FROM
1 OCTOBER 2018 TO 30 SEPTEMBER 2019

GENERAL INFORMATION

1. Principal activity of the Group

Deutsche Beteiligungs AG (DBAG) is a publicly-listed private equity company. It initiates closed-end private equity funds ("DBAG funds") for investment in equity or equity-like instruments predominantly in unlisted companies, and provides advice regarding these funds. Employing its own assets, it enters into investments as a co-investor, predominantly alongside the DBAG funds. Its investment focus, as a co-investor and fund advisor, is on mid-market German companies. It receives income as a co-investor through the increase in value of the company 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 2019 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 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, six (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 three (previous year: three) 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 financial statements of the companies included in the consolidated financial statements are prepared in accordance with local financial reporting principles and reconciled to IFRS 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 IFRS rules require changes to be made (see Note 3) or the changes result in more reliable and relevant information. To enhance clarity and transparency, we renamed selected line items in the reporting period, as follows:

- "Net gain or loss from investment activities" (previous year: "Net gain or loss from investment activity"),
- "Income from Fund Services" (previous year: "Fee income from fund management and advisory services"),
- "Net gain or loss attributable to non-controlling interests" (previous year: "Profit (-)/loss (+) attributable to non-controlling interests"),
- "Liabilities to non-controlling interests" (previous year: "Liabilities to non-controlling interests").

Only current key management personnel is considered to be related persons (see Note 39).

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 gain or loss from investment activities" 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.

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). To improve transparency of cash flows from investing activities, the subtotal "Cash flows from investing activities" was added in the reporting period. Cash flows from investing activities also include the proceeds and payments resulting from changes in the securities held.

Presentation of the consolidated statement of financial position differentiates between non-current and current assets and liabilities. Assets and liabilities are classified as current when they are realised or are due within twelve months after the reporting date, otherwise as non-current.

For the sake of clarity of presentation, various items of the consolidated statement of comprehensive income and the consolidated statement of financial position were combined. These items are broken down and discussed in the notes to the consolidated financial statements.

The consolidated financial statements were prepared ineuros. 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 4 December 2019, the Board of Management of DBAG will authorise the consolidated financial statements and the combined management report for submission to the Supervisory Board. On 9 December 2019, the Supervisory Board will pass a vote 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 2019

In the financial year 2018/2019, the new standard IFRS 9 "Financial Instruments" has to be applied for the first time. The standard replaces the previous standard IAS 39 "Financial Instruments: Recognition and Measurement" and, like IAS 39, comprises the issues of classification and measurement, impairment as well as hedging transactions. As a result of the effects on the consolidated financial statements, which overall are not material, DBAG decided to make use of the election provided by IFRS 9 not to adjust comparative information for previous periods. The effects from initial application were accordingly recognised directly in equity on a cumulative basis as at 1 October 2018 (date of transition).

The first-time application of IFRS 9 had the following effects on the presentation of the consolidated financial statements:

Classification and measurement

The new standard IFRS 9 brings fundamental changes to the classification and measurement of financial assets.

IFRS 9 introduces a uniform concept for classifying financial assets. From now on, 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.

IFRS 9 provides for the following three categories of financial assets:

- "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 pursuant to IFRS 9.

- 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.

In the future, the measurement method results directly from this classification. The following overview shows the measurement methods and carrying amounts in accordance with IAS 39 (up to and including 30 September 2018) as well as the categories, the resulting measurement methods and carrying amounts in accordance with IFRS 9 (since 1 October 2018):

RECONCILIATION OF CARRYING AMOUNTS FROM IAS 39 TO IFRS 9

€'000	Measurement method in accordance with IAS 39	Category and measurement method in accordance with IFRS 9	Carrying amounts in accordance with IAS 39 as at 30 Sep 2018	**Carrying amounts in accordance with IFRS 9 as at 1 Oct 2018**
			Restated[1]	
Financial assets				
Financial assets	Measured at fair value through profit or loss	Measured at fair value through profit or loss	318,931	318,931
Securities				
Fixed-rate securities	Measured at fair value through other comprehensive income	Measured at fair value through other comprehensive income	33,122	33,400
Mutual funds	Measured at fair value through other comprehensive income	Measured at fair value through profit or loss	62,336	62,336
Receivables	Measured at amortised cost	Measured at amortised cost	1,130	1,130
Other financial instruments	Measured at amortised cost	Measured at fair value through profit or loss	32,766	32,766
Cash and cash equivalents	Measured at amortised cost	Measured at amortised cost	23,571	23,571
Other current assets[2]				
Trade receivables	Measured at amortised cost	Measured at amortised cost	264	260
Receivables from DBAG funds	Measured at amortised cost	Measured at amortised cost	4,806	4,805
Receivables from employees	Measured at amortised cost	Measured at amortised cost	140	140
Rental deposit	Measured at amortised cost	Measured at amortised cost	405	404
Interest receivables on securities	Measured at amortised cost	Measured at fair value through other comprehensive income	278	0
Purchase price retention	Measured at amortised cost	Measured at amortised cost	1,534	1,519
			479,284	**479,262**

1 Restatements refer to financial assets, receivables and other current assets in accordance with IAS 8 (see Note 4)
2 Excluding deferred items, value-added tax and other items in the amount of 413,000 euros.

In summary, the following changes result from the application of IFRS 9 at 1 October 2018:

- Changes in the fair value of shares in retail funds (62,336,000 euros, unchanged from 30 September 2018 in accordance with IAS 39) are no longer recognised in other comprehensive income due to the cash flow criterion, but through profit or loss in net income. Changes in value recognised in equity until the first-time application of IFRS 9 (-36,000 euros) are reclassified within equity as at the date of transition.
- Other financial instruments consist of loans to co-investment vehicles; they were previously measured at amortised

cost and will be measured at fair value through profit or loss according to their classification (business model criterion) in the future. This means that changes in value are recognised through profit or loss. As the other financial instruments have a term of less than one year, their fair value corresponds to their acquisition price (32,766,000 euros).

- Interest receivables on securities in the amount of 278,000 euros result from fixed-rate securities, which were reclassified upon the transition to IFRS 9 from the item "Other current assets" to the item "Securities".

The effects are not material for DBAG.

Impairment

IFRS 9 introduces a new impairment concept for financial instruments that are structured as debt instruments Whereas only incurred losses were recognised under IAS 39, IFRS 9 also requires the recognition of expected losses. Since the beginning of the current financial year, DBAG has established a loss allowance for potential future impairment losses on financial assets upon initial recognition of the asset. A loss allowance amounting to the expected losses over the remaining lifetime (simplified impairment model) will be recognised for receivables from co-investment vehicles, receivables from DBAG funds and trade receivables, regardless of their credit quality. First-time application effects from this amendment were recognised in equity in line with the transitional provisions. If expectations of the amount and/or accrual of recognised potential impairment losses should change, the changes are recognised in accordance with the measurement category for the financial instrument (at amortised cost or at fair value through other comprehensive income). Overall, IFRS 9 will therefore lead to the earlier recognition of impairment losses and an increase in impairment amounts. Over time, this recognition of impairment losses will reverse until the principal and interest payable on a financial instrument has been repaid in full.

In aggregate, the transitional effects from the introduction of the new impairment concept amounted to -74,000 euros; the net change in equity was -22,000 euros. The following table shows the effects from the reconciliation of the allowance for credit losses in accordance with IAS 39 (as at 30 September 2018) to the loss allowance in accordance with IFRS 9 (as at 1 October 2018):

RECONCILIATION OF THE ALLOWANCE FOR CREDIT LOSSES IN ACCORDANCE WITH IAS 39 TO THE LOSS ALLOWANCE IN ACCORDANCE WITH IFRS 9

€'000	Allowance for credit losses in accordance with IAS 39	Transitional effects	**Loss allowance in accordance with IFRS 9**
Financial assets at fair value through other comprehensive income			
Securities			
Fixed-rate securities	0	52	52
Total	**0**	**52**	52
Financial assets measured at amortised cost			
Receivables	0	0	0
Cash and cash equivalents	0	0	0
Other current assets			
Trade receivables	41	4	45
Receivables from DBAG funds	0	1	1
Receivables from employees	0	1	1
Rental deposit	0	1	1
Purchase price retention	0	15	15
Total	**41**	**22**	**65**
	41	**74**	**117**

As at 30 September 2018, one receivable in the amount of 41,000 euros was subject to full impairment. As at 1 October 2018, loss allowances increased by 74,000 euros, of which 52,000 euros was attributable to the fixed-rate securities sold in the first half of 2018/2019. Another 15,000 euros referred to a purchase price receivable with what we considered to be heightened credit risk.

Effects from the first-time application of IFRS 9 on Group equity are shown in the following table:

EFFECTS FROM THE FIRST-TIME APPLICATION OF IFRS 9 ON GROUP EQUITY

€'000	
Reserve for changes in accounting methods	
As at 30 September 2018 in accordance with IAS 39	0
Reclassification from change in unrealised gains/losses on available-for-sale securities	(36)
Additions to loss allowances for expected impairment	(74)
As at 1 October 2018 in accordance with IFRS 9	**(109)**
Change in unrealised gains/losses on available-for-sale securities	
As at 30 September 2018 in accordance with IAS 39	(102)
Reclassification to reserves for changes in accounting methods	36
Reclassification to reserves for financial assets measured at fair value through other comprehensive income	67
As at 1 October 2018 in accordance with IFRS 9	**0**
Reserves for financial assets measured at fair value through other comprehensive income	
As at 30 September 2018 in accordance with IAS 39	0
Reclassification from change in unrealised gains/losses on available-for-sale securities	(67)
Change in loss allowances for expected impairment	52
As at 1 October 2018 in accordance with IFRS 9	**(15)**

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 2019

In the consolidated financial statements as at 30 September 2019, the following new standards and interpretations or amendments to standards and interpretations are required to be applied for the first time:

- Amendments to IAS 40 "Investment Property"
- Annual Improvements to IFRS Standards 2014-2016 Cycle
  - IAS 28 "Investments in Associates and Joint Ventures",
  - IFRS 1 "First-time Adoption of IFRS",
- Amendments to IFRS 2 "Share-based Payment",
- Amendments to IFRS 4 "Insurance Contracts",
- IFRS 15 "Revenue from Contracts with Customers",
- Amendments to IFRS 15 "Revenue from Contracts with Customers",
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration".

These amendments do not have an effect on the consolidated financial statements of DBAG.

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 or the IFRIC, respectively, 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 19 "Employee Benefits" (1 January 2019)

The amendments to IAS 19 specify the IFRS requirements as regards the treatment of amendments, curtailments or settlements of defined benefit plans. In addition, a clarification was introduced as to how a plan amendment, curtailment or settlement affects the requirements regarding the asset ceiling. DBAG currently is not planning any plan amendments, curtailments or settlements. Therefore, these amendments do not have an effect on the consolidated financial statements of DBAG.

Amendments to IAS 28 "Investments in Associates and Joint Ventures" (1 January 2019)

The amendments to IAS 28 clarify that a company is obliged to apply IFRS 9, including its impairment rules, to long-term interest in associates or joint ventures that, in substance, form part of the company's net investment in the associate or joint venture, rather than using the equity method. The consolidated financial statements of DBAG do not include any investments in associates or joint ventures. Therefore, these amendments do not have an effect on the consolidated financial statements of DBAG.

Amendments to IFRS 9 "Financial instruments" (1 January 2019)

The amendments to IFRS 9 clarify how to account for prepayment features with negative compensation in the classification of financial assets. The amendments do not have an effect on the consolidated financial statements of DBAG.

IFRS 16 "Leases" (1 January 2019)

The new standard IFRS 16 replaces the previous standard IAS 17 Leases, as well as any related interpretations. The major changes refer to lessee accounting. The previous classification of leases into operating and finance leases by the lessee is abolished by IFRS 16. Instead, the new standard introduces a single accounting model pursuant to which lessees are obliged to recognise, for all leases, a right-of-use asset as well as a corresponding lease liability for the outstanding lease payments. Recognition exemptions are granted for leases of low-value assets as well as for short-term leases.

The initial measurement of a lease liability is based on the present value of the lease payments required to be made, less any prepayments already made. For subsequent measurement, the carrying amount of the lease liability is increased to reflect interest on the lease liability – and reduced to reflect the lease payments made.

The corresponding right-of-use asset is recognised at cost less any accumulated depreciation and any necessary impairment losses. The cost of the right-of-use asset equals the present value of any future lease payments plus any lease payments made at or before the commencement of the lease term as well as of any initial direct costs and the expected costs incurred in dismantling and removing the leased asset. Any lease incentives received are deducted.

The transition to IFRS 16 can either be made using the fully retrospective method or the modified retrospective method. As a result of the small number of leases and the overall immaterial effects, DBAG decided to apply the modified retrospective method. In addition, DBAG makes use of the election to recognise the right-of-use asset in the amount of the lease liability as at the date of transition. Further exemptions are not expected to be used.

At DBAG, it is mainly the rental agreement on the business premises at Börsenstrasse 1, Frankfurt/Main, the vehicles and the copiers of the Company, as well as the rental agreement on the business premises of DBG Management GP (Guernsey) Limited, that fall within the scope of IFRS 16. Due to the short remaining term of these agreements, the amount of the right-of-use assets and lease liabilities to be initially recognised will only be marginally different from the sum total of the permanent debt obligations disclosed in Note 31.

IFRIC 23 "Uncertainty over Income Tax Treatments" (1 January 2019)

IFRIC 23 clarifies how income tax risks have to be accounted for in the financial statements. The interpretation has to be applied to taxable profit (tax losses), tax bases, unused tax losses and credits as well as tax rates when there is uncertainty over income tax treatments in accordance with IAS 12. We currently do not expect any effects arising from the application of IFRIC 23 on DBAG's consolidated financial statements.

Annual Improvements to IFRS Standards 2015-2017 Cycle (1 January 2019)

The annual improvements refer to the following financial reporting standards

- IAS 12 "Income Taxes",
- IAS 23 "Borrowing Costs",
- IFRS 3 "Business Combinations" and IFRS 11 "Joint Arrangements".

The amendments to IAS 12 specify the income tax treatment of dividends. The amendments to IAS 23 clarify how entities have to cease capitalisation of borrowing costs when a qualifying asset has been prepared for its intended use or sale. The amendments to IFRS 3 and IFRS 11 refer to clarifications regarding measurement in the case of a transfer of control in relation to interests in a company previously held as a joint operation. The amendments to these standards do not have an effect on the consolidated financial statements of DBAG.

b) Not endorsed by the European Union

Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"

The amendments to IAS 1 and IAS 8 aim to introduce a stricter definition of the vague legal term "material". We are currently analysing the effects of the amendments to these standards on DBAG's consolidated financial statements of DVB. A final assessment of the effects is not possible at the moment.

Amendments to IFRS 3 "Business combinations"

The amendments to IFRS 3 refer to the definition of a business, and are aimed at solving problems that arise in distinguishing between the purchase of a business ("share deal") and the purchase of a group of assets ("asset deal"). The amendments are not relevant for DBAG.

Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures"

Amendments to IFRS 9, IAS 39 and IFRS 7 are the result of the so-called "IBOR reform"; they relate to the presentation of hedging relationships. The amendments are not relevant for DBAG.

Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Long-term Interests in Associates and Joint Ventures"

The amendments to IFRS 10 and IAS 28 concern the disposal of assets and the contribution of assets to an associate or a joint venture. The endorsement of these amendments into European law has been postponed for an indefinite period. The amendments will not have an effect on the consolidated financial statements of DBAG.

IFRS 14 "Regulatory Deferral Accounts"

The standard refers to first-time adopters of IFRS, and is not relevant for DBAG.

IFRS 17 "Insurance Contracts"

The standard concerns the recognition of insurance contracts, which DBAG does not issue. Therefore, the standard is not relevant for DBAG.

Amendments to references to the IFRS Framework

These amendments involve editorial changes to references to the IFRS Framework in various IFRSs. We currently do not expect any effects arising from these amendments on DBAG's consolidated financial statements.

4. Restatements in accordance with IAS 8

Nature of the error

In the first quarter of 2018/2019, we identified an error regarding interest receivables reported in the 2017/2018 consolidated financial statements in the two co-investment vehicles of DBAG Fund VI and DBAG Fund VII that were no longer recoverable, but which continued to be reported. The impairment is partially attributable to events that occurred in the financial year 2016/2017. As a consequence, the carrying amounts of the net asset values of these co-investment vehicles were reported too high in the opening statement of financial position as at 1 October 2017 and in the consolidated statement of financial position as at 30 September 2018.

This correction was taken as an opportunity to make further adjustments. On the one hand, fee income from Fund Services has to be increased due to a clarification of contractual provisions. On the other hand, reversals of personnel provisions that were not recorded in the financial year 2016/2017 and were subsequently recognised in the financial year 2017/2018 were reflected on an accrual basis. As part of these restatements, feedback effects on earnings-related variable remuneration components pertaining to the Board of Management were also taken into consideration.

These corrections of errors were made retrospectively in accordance with IAS 8. In this context, the restatements for the financial year 2016/2017 were reflected in the opening statement of financial position as at 1 October 2017. The resulting restatement of financial assets amounts to -1,338,000 euros as at 1 October 2017 and to -4,373,000 euros as at 30 September 2018. In addition, in the opening statement of financial position as at 1 October 2017, an amount of 8,438,000 euros resulting from a previous change in method was corrected (further information can be found in the 2017/2018 Annual Report on pages 114 et seqq.).

Adjustments to comparative figures

Restatements of the comparative figures in the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity and the consolidated statement of financial position as well as the changes in earnings per share are shown in the following tables:

ADJUSTMENT OF THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN ACCORDANCE WITH IAS 8

for the period from 1 October 2017 to 30 September 2018

€'000	1 Oct 2017 to 30 Sep 2018		**1 Oct 2017 to 30 Sep 2018**
	As reported	IAS 8 – restatement	Restated
Net gain or loss from investment activities[1]	34,133	(3,035)	31,098
Income from Fund Services[2]	28,536	319	28,855
Income from Fund Services and investment activities[3]	**62,669**	**(2,716)**	**59,953**
Personnel expenses	(16,812)	(1,193)	(18,005)
Other operating income	3,697	0	3,697
Other operating expenses	(15,557)	0	(15,557)
Interest income	344	0	344
Interest expenses	(702)	0	(702)
Other income/expense items	**(29,029)**	**(1,193)**	**(30,222)**
Earnings before tax	**33,640**	**(3,909)**	**29,731**
Income taxes	(18)	0	(18)
Earnings after tax	**33,622**	**(3,909)**	**29,714**
Net gain or loss attributable to non-controlling interests[4]	(25)	0	(25)
Net income	**33,597**	**(3,909)**	**29,688**
a) Items that will not be reclassified subsequently to profit or loss			
Gains (+)/losses (-) on remeasurements of the net defined benefit liability (asset)	(1,155)	0	(1,155)
b) Items that will be reclassified subsequently to profit or loss			
Unrealised gains (+)/losses (-) on available-for-sale securities	(47)	0	(47)
Other comprehensive income	**(1,203)**	**0**	**(1,203)**
Total comprehensive income	**32,394**	**(3,909)**	**28,486**
Earnings per share in euros (diluted and basic)[5]	2.23	(0.26)	1.97

1 Previous year: "Net gain or loss from investment activity"
2 Previous year: "Fee income from fund management and advisory services"
3 Previous year: "Net result of fund services and investment activity"
4 Previous year: "Profit (-)/loss (+) attributable to non-controlling interests"
5 The earnings per share calculated in accordance with IAS 33 are based on net income divided by the average number of DBAG shares outstanding during the reporting period.

ADJUSTMENT OF THE CONSOLIDATED STATEMENT OF CASH FLOWS IN ACCORDANCE WITH IAS 8

for the period from 1 October 2017 to 30 September 2018

INFLOWS (+)/OUTFLOWS (-)

€'000	1 Oct 2017 to 30 Sep 2018		**1 Oct 2017 to 30 Sep 2018**
	As reported	IAS 8 – restatement	Restated
Net income	33,597	(3,909)	29,688
Measurement gains (-)/losses (+) on financial assets and loans and receivables, amortisation of intangible assets and depreciation of property, plant and equipment, gains (-)/losses (+) on securities	(24,718)	4,280	(20,438)
Gains (-)/losses (+) from the disposal of non-current assets	(1,133)	0	(1,133)
Increase (-)/decrease (+) in income tax assets	78	0	78
Increase (-)/decrease (+) in other assets (netted)	3,091	(372)	2,719
Increase (+)/decrease (-) in pension provisions	887	0	887
Increase (+)/decrease (-) in income tax liabilities[1]	17	0	17
Increase (+)/decrease (-) in other provisions	(5,556)	(52)	(5,608)
Increase (+)/decrease (-) in other liabilities (netted)	3,595	53	3,647
Cash flows from operating activities	**9,858**	**0**	**9,858**
Proceeds from disposals of financial assets and loans and receivables	30,302	0	30,302
Purchase of investments in financial assets and loans and receivables	(63,826)	0	(63,826)
Proceeds from disposals of other financial instruments	36,546	0	36,546
Payments for investments in other financial instruments	(33,664)	0	(33,664)
Cash flow from investing activities	(30,641)	0	(30,641)
Proceeds from disposals of property, plant and equipment and intangible assets	177	0	177
Payments for investments in property, plant and equipment and intangible assets	(303)	0	(303)
Proceeds from disposals of securities	41,384	0	41,384
Payments for investments in securities	(103,818)	0	(103,818)
Cash flow from investing activities[2]	**(93,200)**	**0**	**(93,200)**
Proceeds from capital increases	0	0	0
Payments to shareholders (dividends)	(21,062)	0	(21,062)
Cash flow from financing activities	**(21,062)**	**0**	**(21,062)**
Net change in cash and cash equivalents	(104,404)	0	(104,404)
Cash and cash equivalents at beginning of period	127,976	0	127,976
Cash and cash equivalents at end of period	**23,571**	**0**	**23,571**

1 Previous year: "Increase (+)/decrease (-) in provisions for taxes"
2 Taking into account the new structure (see Note 2 and Note 32)

ADJUSTMENT OF THE CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN ACCORDANCE WITH IAS 8

for the period from 1 October 2017 to 30 September 2018

€'000	1 Oct 2017 to 30 Sep 2018		**1 Oct 2017 to 30 Sep 2018**
	As reported	IAS 8 – restatement	Restated
Subscribed capital			
At start and end of reporting period	**53,387**	**0**	**53,387**
Capital reserve			
At start and end of reporting period	**173,762**	**0**	**173,762**
Retained earnings and other reserves			
Legal reserve			
At start and end of reporting period	403	0	403
First-time adoption of IFRS			
At start and end of reporting period	16,129	0	16,129
Reserve for gains/losses on remeasurements of the net defined benefit liability (asset)			
At start of reporting period	(21,605)	0	(21,605)
Change in reporting period	(1,155)	0	(1,155)
At end of reporting period	(22,760)	0	(22,760)
Change in unrealised gains/losses on available-for-sale securities			
At start of reporting period	(55)	0	(55)
Changes recognised directly in equity during the period	(47)	0	(47
At end of reporting period	(102)	0	(102
At end of reporting period	**(6,331)**	**0**	**(6,331)**
Consolidated retained profit			
At start of reporting period	214,427	(81)	214,346
Dividend	(21,062)	0	(21,062)
Net income	33,597	(3,909)	29,688
At end of reporting period	**226,962**	**(3,989)**	**222,973**
Total	**447,779**	**(3,989)**	**443,790**

RESTATEMENT OF THE OPENING STATEMENT OF FINANCIAL POSITION IN ACCORDANCE WITH IAS 8

as at 30 September 2018

€'000	30 Sep 2018 As reported	IAS 8 – restatement	30 Sep 2018 Restated
ASSETS			
Non-current assets			
Intangible assets	438	0	438
Property, plant and equipment	839	0	839
Financial assets	323,304	(4,373)	318,931
Long-term securities	55,458	0	55,458
Other non-current assets	0	0	0
Deferred tax assets	0	0	0
Total non-current assets	**380,039**	**(4,373)**	**375,666**
Current assets			
Receivables	1,091	40	1,130
Short-term securities	40,000	0	40,000
Other financial instruments	32,766	0	32,766
Income tax assets	345	0	345
Cash and cash equivalents	23,571	0	23,571
Other current assets	7,408	432	7,840
Total current assets	**105,181**	**472**	**105,653**
Total assets	**485,220**	**(3,901)**	**481,319**
EQUITY AND LIABILITIES			
Equity			
Subscribed capital	53,387	0	53,387
Capital reserve	173,762	0	173,762
Retained earnings and other reserves	(6,331)	0	(6,331)
Consolidated retained profit	226,962	(3,989)	222,973
Total equity	**447,779**	**(3,989)**	**443,790**
Debt			
Non-current liabilities			
Liabilities to non-controlling interests[1]	180	0	180
Provisions for pension obligations	12,209	0	12,209
Total non-current liabilities	**12,389**	**0**	**12,389**
Current liabilities			
Other current liabilities	15,773	141	15,913
Income taxes payable[2]	17	0	17
Other provisions	9,262	(52)	9,209
Total current liabilities	**25,052**	**88**	**25,140**
Total liabilities	**37,441**	**88**	**37,529**
Total equity and liabilities	**485,220**	**(3,901)**	**481,319**

1 Previous year: "Minority interests"
2 Previous year: "Tax provisions"

RESTATEMENT OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN ACCORDANCE WITH IAS 8

as at 1 October 2017

€'000	1 Oct 2017		**1 Oct 2017**
	As reported	IAS 8 – restatement	Restated
ASSETS			
Non-current assets			
Intangible assets	693	0	693
Property, plant and equipment	1,129	0	1,129
Financial assets	252,830	(9,775)	243,055
Loans and receivables	1,338	0	1,338
Long-term securities	33,659	0	33,659
Total non-current assets	**289,648**	**(9,775)**	**279,873**
Current assets			
Receivables	3,649	8	3,657
Short-term securities	0	0	0
Other financial instruments	35,649	0	35,649
Income tax assets	423	0	423
Cash and cash equivalents	127,976	0	127,976
Other current assets	6,624	91	6,715
Total current assets	**174,320**	**100**	**174,419**
Total assets	**463,968**	**(9,675)**	**454,293**
EQUITY AND LIABILITIES			
Equity			
Subscribed capital	53,387	0	53,387
Capital reserve	173,762	0	173,762
Retained earnings and other reserves	(5,129)	0	(5,129)
Consolidated retained profit	214,427	(8,518)	205,909
Total equity	**436,447**	**(8,518)**	**427,929**
Debt			
Non-current liabilities			
Liabilities to non-controlling interests[1]	148	0	148
Provisions for pension obligations	11,323	0	11,323
Total non-current liabilities	**11,471**	**0**	**11,471**
Current liabilities			
Other current liabilities	1,233	88	1,321
Other provisions	14,818	(1,245)	13,573
Total current liabilities	**16,050**	**(1,157)**	**14,893**
Total liabilities	**27,521**	**(1,157)**	**26,364**
Total equity and liabilities	**463,968**	**(9,675)**	**454,293**

1 Previous year: "Minority interests"

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

5.1 Status of DBAG as an investment entity as defined in IFRS 10

DBAG initiates closed-end private equity funds ("DBAG 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 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 as a co-investor alongside the DBAG funds. 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. All typical characteristics of an investment entity are therefore met.

5.2 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 continue to be included in the consolidated financial statements at 30 September 2019:

Name	Registered office	Equity interest %	If different, voting interest %
AIFM-DBG Fund VII Management (Guernsey) LP	St. Peter Port, Guernsey	0.00	
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, Luxembourg	100.00	
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	

These subsidiaries provide the management and advisory services for DBAG funds. The range of Fund Investment Services comprises the identication, 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.

In the case of DBG Fund VII GP S.à 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.

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 Management GP (Guernsey) Ltd., DBG Managing Partner GmbH & Co. KG and European PE Opportunity Manager LP. However, in the six 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.

5.3 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. The subsidiary Deutsche Beteiligungsgesellschaft mbH (DBG) meets the criteria for classification as an investment entity and additionally provides investment-related services. The co-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 7 under the heading "Fair value measurement of financial assets through profit or loss").

Name	Registered office	Equity/voting interest %
DBG Fourth Equity Team GmbH & Co. KGaA i. L.	Frankfurt/Main, Germany	100,00
DBAG Fund V Konzern GmbH & Co. KG	Frankfurt/Main, Germany	99,00
DBAG Expansion Capital Fund Konzern GmbH & Co. KG[1]	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
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.

Before the introduction of the co-investments alongside the DBAG funds, DBAG invested in individual portfolio companies and international funds via DBG. Distributions from this company are expected only after the disposal of a remaining investment.

The investments 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 2019	Callable capital commitments as at 30 Sep 2019
DBG Fourth Equity Team GmbH & Co. KGaA i. L.	93,737	91,108	0
DBAG Fund V Konzern GmbH & Co. KG	103,950	102,578	1,372
DBAG ECF Konzern GmbH & Co. KG Original Investment Period (DBAG ECF)	100,000	78,044	22,208
DBAG ECF Konzern GmbH & Co. KG First New Investment Period (DBAG ECF I)	34,751	25,525	9,314
DBAG ECF Konzern GmbH & Co. KG Second New Investment Period (DBAG ECF II)	39,715	16,970	22,745
DBAG Fund VI Konzern (Guernsey) L. P.	133,000	134,885	1,743
DBAG Fund VII Konzern SCSp	183,000	122,147	60,853
DBAG Fund VII B Konzern SCSp	17,000	5,503	11,497
	705,153	**576,760**	**129,733**

€'000 Name	Capital commitment	Accumulated capital calls as at 30 Sep 2018	Callable capital commitments as at 30 Sep 2018
DBG Fourth Equity Team GmbH & Co. KGaA i. L.	93,737	91,108	0
DBAG Fund V Konzern GmbH & Co. KG	103,950	102,578	1,372
DBAG ECF Konzern GmbH & Co. KG Original Investment Period (DBAG ECF)	100,000	69,696	30,408
DBAG ECF Konzern GmbH & Co. KG First New Investment Period (DBAG ECF I)	34,751	23,240	11,511
DBAG ECF Konzern GmbH & Co. KG Second New Investment Period (DBAG ECF II)	39,715	14,658	25,057
DBAG Fund VI Konzern (Guernsey) L. P.	133,000	132,987	4,475
DBAG Fund VII Konzern SCSp	183,000	71,996	111,004
DBAG Fund VII B Konzern SCSp	17,000	2,350	14,650
	705,153	**508,613**	**198,477**

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 recallable distributions. The partnership agreements for the DBAG funds allow up to 20 per cent of distributions to be recalled 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 DBAG ECF's co-investment vehicle and DBAG Fund VI Konzern (Guernsey) L.P. included recallable 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	2018/2019	
Name	Disbursements	Investments
DBG Fourth Equity Team GmbH & Co. KGaA i.L.	0	0
DBAG Fund V Konzern GmbH & Co. KG	0	0
DBAG ECF Konzern GmbH & Co. KG Original Investment Period (DBAG ECF)	19,355	8,349
DBAG ECF Konzern GmbH & Co. KG First New Investment Period (DBAG ECF I)	89	2,285
DBAG ECF Konzern GmbH & Co. KG Second New Investment Period (DBAG ECF II)	0	11,988
DBAG Fund VI Konzern (Guernsey) L.P.	32,358	2,732
DBAG Fund VII Konzern SCSp	0	50,151
DBAG Fund VII B Konzern SCSp	0	3,153
	51,802	**78,657**

€'000	2017/2018	
Name	Disbursements	Investments
DBG Fourth Equity Team GmbH & Co. KGaA i.L.	0	0
DBAG Fund V Konzern GmbH & Co. KG	5,211	0
DBAG ECF Konzern GmbH & Co. KG Original Investment Period (DBAG ECF)	10,996	1,462
DBAG ECF Konzern GmbH & Co. KG First New Investment Period (DBAG ECF I)	0	23,240
DBAG ECF Konzern GmbH & Co. KG Second New Investment Period (DBAG ECF II)	0	4,982
DBAG Fund VI Konzern (Guernsey) L.P.	10,235	4,484
DBAG Fund VII Konzern SCSp	0	71,996
DBAG Fund VII B Konzern SCSp	0	2,350
	26,441	**108,514**

The disbursements of DBAG ECF's co-investment vehicle in the amount of 19,355,000 euros are largely attributable to a distribution following disposal of a shareholding, and realised income from portfolio companies. Investments in the amount of 8,349,000 euros relate to follow-on investments in two portfolio companies.

The co-investment vehicle of DBAG ECF I executed a follow-on investment in the amount of 2,285,000 euros for an existing shareholding.

The co-investment vehicle of DBAG ECF II invested in a new portfolio company as well as in a follow-on investment for an existing shareholding, in an aggregate amount of 11,988,000 euros.

DBAG Fund VI Konzern (Guernsey) L.P. disbursed 32,358,000 euros following the disposal of two investments. The company executed follow-on investments in the amount of 2,732,000 euros for two existing portfolio companies.

DBAG Fund VII Konzern SCSp invested in four new portfolio companies, with DBAG Fund VII B Konzern SCSp (Top-Up Fund) co-investing in two of these.

5.4 Interests in portfolio companies and international funds

DBAG holds direct interests in one portfolio company and one international fund.

Name	Registered Office	Equity interest %	If different, voting interest %
JCK Holding GmbH Textil KG	Quakenbrück, Germany	3.60	0.00
Harvest Partners IV GmbH & Co KG	Munich, Germany	9.86	0.00

DBAG does not have a significant influence on the portfolio company or the international fund. Since both entities are allocated to the investment business, they are recognised at fair value through profit or loss and presented under financial assets (see also the comments in Note 7 under the heading "Fair value measurement of financial assets through profit or loss").

5.5 Unconsolidated subsidiaries

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

Name	Registered office	Equity/voting interest %
Bowa Geschäftsführungs GmbH i. L.	Frankfurt/Main, Germany	100.00
DBG Advising Verwaltungs GmbH	Frankfurt/Main, Germany	20.00
DBG Managing Partner Verwaltungs GmbH	Frankfurt/Main, Germany	20.00
DBG Fund VIII GP (Guernsey) L.P.	St. Peter Port, Guernsey	0.00
DBG Fund VIII GP (Guernsey) Limited	St. Peter Port, Guernsey	0.00
RQPO Beteiligungs GmbH	Frankfurt/Main, Germany	77.54
RQPO Beteiligungs GmbH & Co. Papier KG	Frankfurt/Main, Germany	90.00

Bowa Geschäftsführungs GmbH i. L. is not included in the consolidated financial statements due to immateriality.

DBG Advising Verwaltungs GmbH, DBG Managing Partner Verwaltungs GmbH, RQPO Beteiligungs GmbH and RQPO Beteiligungs GmbH & Co. Papier KG do not provide investment-related services and are therefore not consolidated, but instead accounted for at fair value through profit or loss.

DBG Fund VIII GP (Guernsey) L.P. and DBG Fund VIII GP (Guernsey) Limited, which were founded in the reporting year, will provide administration services for DBAG Fund VIII in future. Since they have not conducted any business activities to date, they were not consolidated in the financial year 2018/2019 due to immateriality.

Please refer to Note 39 for further details concerning the "Relationships in connection with DBG Managing Partner GmbH & Co. KG and DBG Advising GmbH & Co. KG".

5.6 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 commencement of the respective investment period. As in the previous year, no costs were prepaid or reimbursed.

The following companies that DBAG initiated within the scope of its business activity described above are structured entities that were neither consolidated nor recognised at fair value through profit or loss as at 30 September 2019:

Name	Registered office	Equity/voting interest %
DBAG Fund IV International GmbH & Co. KG i. L.	Frankfurt/Main, Germany	0.00
DBAG Fund IV 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 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 VI (Guernsey) L.P.	St. Peter Port, Guernsey	0.00
DBG Fund HoldCo GmbH & Co. KG	Frankfurt/Main, Germany	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 B Feeder GmbH & Co. KG	Frankfurt/Main, Germany	0.00
DBAG Fund VII Feeder GmbH & Co. KG	Frankfurt/Main, Germany	0.00
European Private Equity Opportunities I LP	St. Peter Port, Guernsey	0.00

The companies listed are the investment vehicles for the German and international investors in the DBAG funds.

The DBAG Group does not have contractual or economic commitments to these unconsolidated structured entities to provide financing or assets. Exposure to economic risk relates exclusively to the advisory and management activity for the DBAG funds. Group companies receive fees based on contractual agreements for the services provided to DBAG funds (see Note 5.2 and Note 39).

Exposure to losses from these structured entities result only for receivables arising from income from fund services.

€'000	30 Sep 2019	30 Sep 2018
Name	Maximum loss exposure	Maximum loss exposure
		Restated[1]
DBAG Fund IV GmbH & Co. KG i. L.	0	0
DBAG Fund IV International GmbH & Co. KG i. L.	0	0
DBAG Fund V GmbH & Co. KG	0	45
DBAG Fund V International GmbH & Co. KG	0	104
DBAG Fund V Co-Investor GmbH & Co. KG	0	0
DBAG Expansion Capital Fund GmbH & Co. KG Original Investment Period (DBAG ECF)	295	148
DBAG Expansion Capital Fund GmbH & Co. KG First New Investment Period (DBAG ECF I)	124	39
DBAG Expansion Capital Fund International GmbH & Co. KG Original Investment Period (DBAG ECF)	182	90
DBAG Expansion Capital Fund International GmbH & Co. KG First New Investment Period (DBAG ECF I)	399	151
DBAG Expansion Capital Fund International GmbH & Co. KG Second New Investment Period (DBAG ECF II)	397	137
DBAG Fund VI (Guernsey) L.P.	1,690	1,964
DBAG Fund VII SCSp	3,415	701
DBAG Fund VII B SCSp	143	434
	6,645	**3,814**

1 Restated in accordance with IAS 8 (see Note 4)

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 out-flow of funding, or involve an exposure to losses for the DBAG Group.

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

The disclosures on the list of shareholdings pursuant to § 313 (2) of the German Commercial Code (Handelsgesetzbuch – HGB) can be found in Note 44 of these notes to the consolidated financial statements.

6. 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. No goodwill required to be capitalised has arisen.

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.

7. Accounting policies

Recognition of assets and liabilities

Non-financial assets are recognised in the consolidated statement of financial position if it is probable that the 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.

Classes of financial instruments

In the DBAG Group, the measurement categories pursuant to IFRS 9 are defined as the classes of financial instruments in accordance with IFRS 7 (see Note 3). For the purpose of IFRS 13, level 3 financial instruments are further subdivided into

- interests in investment entity subsidiaries,
- interests in portfolio companies,
- international fund investments; as well as
- Other.

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 5.3),
- interests in one portfolio company (interests in portfolio companies with a share in the voting rights of less than 20 per cent, see Note 5.4),
- one international fund investment (see Note 5.4).

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 two 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 Guidelines (IPEVG), as amended in December 2018, insofar as these are consistent with IFRS. DBAG's valuation guidelines specify the application of IPEVG provisions, 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 IPEVG 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 IPEVG.

The valuation is performed at the relevant quarterly and annual reporting dates (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 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 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 can be based on relevant comparative amounts of recent transactions in the capital of the portfolio company (financing rounds) or based on relevant comparative prices of recent transactions that have 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 procedures 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 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 profit share 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 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.

Portfolio companies are measured either using the multiples or the DCF method (see below). Whilst the multiples method is applied to established portfolio companies, high-growth portfolio companies and international fund investments are measured using the DCF method.

In case of the multiples method, the total enterprise value is determined by applying a multiple for one key financial indicator of the company to be valued. Valuations are generally performed on the basis of earnings before interest, tax, depreciation and amortisation (EBITDA) and earnings before interest, tax and amortisation (EBITA). The total enterprise value is generally measured as a mean on the basis of EBITDA and EBITA, in exceptional cases solely on the basis of EBITDA. Median EBITDA is defined as the leading multiple when deriving multiples from peer group companies.

The indicator derives 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 made on the applied indicators 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.

If such comparative figures are not available, the multiple is determined based on the market capitalisation of a peer group consisting of listed companies. Companies are selected for the peer group that are largely comparable with the investee business to be valued as regards their business model, the geographical focus of their operations as well as their size. If the portfolio company to be valued differs in certain aspects from the respective features of peer group companies, discounts or premiums are applied to the relevant multiple of the peer group company. As long as these differences between the portfolio company to be valued and the peer group companies exist, these discounts or premiums are applied consistently.

If no listed peers that are comparable with the company to be valued (especially in terms of size, growth rates and margins) are known, the multiple is 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.

In the DCF method, the fair value is determined by discounting expected future cash flows. The portfolio company's mid-term planning is used as the basis for projecting future cash flows. This is adjusted, if appropriate, in order to better reflect the assessment of the future company development. The perpetual annuity is calculated on the basis of the earnings situation of the last planning year, which is adjusted by an appropriate growth rate to be determined by the Valuation Committee. We derive the discount rate using the WACC model (WACC = weighted average cost of capital) from the weighted cost of equity and debt. In discounting equity, we derive the rate from a risk-free base rate and a risk premium to capture the business risk involved. The discount rate for debt corresponds to the refinancing rate for the portfolio company to be valued.

For the valuations of international fund investments using the DCF method, expected proceeds from the sale of portfolio companies are discounted to the valuation date by applying a discount rate.

Fair values determined on the basis of the DCF method are reviewed as to their marketability every two years using a multiple valuation.

Revenue recognition

Due to the particularities arising from the operating activities of the DBAG Group as a financial investor, "Net gains or losses from investment activities" as well as "Income from Fund Services" are presented instead of revenues. Net gain or loss from investment activities comprises the net result of valuation and disposal as well as current income from financial assets net of carried interest.

The net result of valuation comprises 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 result of disposal contains gains realised upon the derecognition of financial assets. For regular-way sales, disposals are recognised at the settlement date. The gains achieved on the sale are therefore recorded at that date as net result of 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, 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 consists of distributions from the investment entity subsidiaries, dividends and interest payments from directly held portfolio companies and distributions from international investment funds:

- Distributions from co-investment vehicles primarily consist of disposals of portfolio companies, 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 DBG are recognised on the day the distribution is resolved.
- Dividends of directly held portfolio companies are recognised on the day the distribution or dividend is resolved, while interest is recognised pro rata temporis.
- Distributions from international fund investments are triggered by the manager of the relevant international fund investment, and are also recognised as incurred.

Income from fund services are 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. The amount of the loss allowance is determined on the basis of a three-stage impairment model:

- Stage 1:
  Upon initial recognition, all instruments are generally allocated to Stage 1. The loss allowance for such instruments has to reflect the present value of the expected credit losses that result from potential events of default occurring within the next twelve months after the reporting date. Interest is recognised based on the gross carrying amount.
- Stage 2:
  Stage 2 includes all instruments exhibiting a significant increase in credit risk as at the reporting date in comparison to the date of initial recognition. In addition, Stage 2 comprises receivables from co-investment vehicles, receivables from DBAG funds and trade receivables that are allocated to Stage 2 upon initial recognition regardless of their credit quality (simplified impairment model). The loss allowance has to reflect the present value of all losses expected to occur over the remaining term of the financial instrument (lifetime expected credit losses). Interest is recognised as in Stage 1.

  The determination whether a financial asset is subject to a significant increase in credit risk is based on an assessment of the default probabilities that take into account both external rating information and internal information on the credit quality of the financial asset (e.g. past due payment claims). An assessment as to whether the credit risk has increased significantly is not made for instruments accounted for using the simplified approach.
- Stage 3:
  If, apart from a significant increase in credit risk as at the reporting date, there is objective evidence of impairment, the loss allowance continues to be measured on the basis of the present value of the lifetime expected credit losses. However, interest is recognised based on the net carrying amount (gross carrying amount less any loss allowance recognised).

  Objective evidence of impairment includes, amongst others:

  - significant financial difficulty of the issuer or obligor,
  - a breach of contract (such as a default or delinquency in interest or principal payments),
  - the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider,
  - an increased probability that the borrower will enter bankruptcy or other financial reorganisation,
  - the disappearance of an active market for the financial asset due to financial difficulties.

If, as at the reporting date, there is no longer a significant increase in credit risk, the instrument is transferred from Stage 2 to Stage 1; if there is no longer objective evidence of impairment, the instrument is transferred from Stage 3 to Stage 2 or 1.

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 measured at amortised cost.

Intangible assets are acquired for a consideration. Their useful lives are determinable and range from two to five years. The useful life for property, plant and equipment ranges from three to 13 years. Intangible assets and property, plant and equipment are amortised or depreciated on a straight-line basis over their useful lives. Additions are amortised or depreciated pro rata temporis, starting in the month of acquisition.

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

The item "Securities" includes mutual funds. They are measured at fair value based on the fact that the instruments do not meet the cash flow criterion (see Note 3). Upon initial recognition, they are measured at fair value as at the transaction date, which corresponds to the cost of acquisition. On subsequent reporting dates, the fair values are derived from securities account statements based on price information systems.

Changes in the fair value as well as gains and losses from derecognition are reported in the statements of comprehensive income in the line items "Interest income" and "Interest expenses".

Other assets

Other assets comprise receivables from DBAG funds, 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, these relate to financial assets as defined in IAS 32.

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" in the consolidated statement of comprehensive income.

Receivables

The line item "Receivables" contains receivables from co-investment vehicles. They 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 allocated to our investment business. Upon initial recognition, they are measured at fair value as at the transaction date, which corresponds to the cost of acquisition. Since their term is less than one year, their fair value corresponds to the acquisition price as at the subsequent reporting dates. Interest is recognised in the item "Interest income" using the effective interest method..

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, bank balances, term deposits or overnight deposits. They are allocated to the measurement category "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 income tax rate of DBAG 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 it is probable that taxable profit will be available for offsetting.

Liabilities to non-controlling interests

The item "liabilities to non-controlling interests" comprises interest held by non-controlling 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 are carried as financial liabilities within the meaning of IAS 32, and are recognised in line with the pro-rata share in the company's share capital.

Pension obligations and plan assets

Pension obligations arising from defined benefit plans exist at two Group companies. 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 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 expenses on 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.

Other liabilities

Liabilities of the Group are shown under "Other liabilities". They are initially recognised at cost. Discounted loans are measured subsequently at amortised cost, using the effective-interest method.

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.

Existing obligations arising from rental and lease agreements are disclosed as permanent debt obligations outside the statement of financial position. 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-controlling interests are not allocated a share in other comprehensive income.

Leasing

Only operating lease commitments exist. The lease instalments are recognised as an expense.

Currency translation

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

8. 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 financial statements.

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

Please refer to Note 5 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 5 to 7.

9. 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 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 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.

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 within the next financial year. We judge the materiality, inter alia, by means of the effects on Group equity. We deem as material an adjustment of the carrying amount by three per cent of Group equity. Moreover, we consider the effects on the overall presentation of the asset, financial and earnings position as well as qualitative aspects.

In particular, our financial assets are subject to estimation uncertainties and the corresponding risk, 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 7).

Fair values of level 3 are contained in "Financial assets" in the amount of 385,693,000 euros (previous year restated: 318,931,000 euros) (see Note 34.1). They largely concern those financial assets that are valued using the sum-of-the-parts procedure. The investments included therein are largely valued using the multiples method. The extent of possible effects 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 recognised in the consolidated financial statements of +/-24,976,000 euros (previous year restated: 20,842,000 euros). This equates to five per cent of Group equity (previous year: five per cent).

NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

10. Net gain or loss from investment activities

€'000	**2018/2019**	2017/2018 Restated[1]
Interests in investment entity subsidiaries	47,894	28,204
Interests in portfolio companies	1,632	609
International fund investments	104	2,386
Other financial assets	(1)	(100)
	49,629	**31,098**

1 Restated in accordance with IAS 8 (see Note 4)

The investment entity subsidiaries comprise the subsidiaries of DBAG through which DBAG co-invests in DBAG funds (see Note 5.3) as well as DBG. These subsidiaries may not be consolidated based on IFRS 10; instead, they have to be recognised at fair value through profit or loss. The significant assets of these investment entity subsidiaries are interests in and receivables from portfolio companies.

The net gain or loss from interests in investment entity subsidiaries includes the change in the fair values of interests in portfolio companies held via these vehicles, after deduction of carried interest in the case of the co-investment vehicles of DBAG Fund V, DBAG ECF, DBAG ECF and DBAG Fund VI. In addition, this item includes the net returns from the disposal or partial disposal and the recapitalisation of portfolio companies, as well as interest income and dividend income from investments.

Directly held interests in portfolio companies encompass DBAG investments entered into prior to the launch of DBAG Fund V. The net gain or loss is based on the net result of valuation and disposal and the current income from distributions and interest on loans and variable capital accounts.

The international fund investment was entered into in April 2001 to achieve a stronger geographical diversification of financial assets. The related fund is not managed by DBAG.

Other financial assets include subsidiaries that do not provide investment-related services (see Note 5.5).

Further information on net income from Investment Activity can be found in the combined management report under the heading "Income from Investment Activity burdened by capital market developments".

11. Income from Fund Services

€'000	2018/2019	2017/2018 Restated[1]
DBAG Fund V	189	662
DBAG ECF	1,640	1,914
DBAG Fund VI	8,556	9,669
DBAG Fund VII	16,535	16,557
Other	51	53
	26,970	**28,855**

1 Restated in accordance with IAS 8 (see Note 4)

Income from Fund Services results from management and advisory services for the DBAG funds (see Note 1 and Note 39).

Income from DBAG Fund V declined after the end of the fund term. Remuneration has no longer been earned since 15 February 2019.

Income from DBAG ECF includes less transaction-related remuneration for investments carried out than in the previous year.

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

12. Personnel expenses

€'000	2018/2019	2017/2018 Restated[1]
Wages and salaries		
Fixed salary and fringe benefits	12,262	10,314
Variable remuneration, performance-related	6,836	5,605
Variable remuneration, transaction-related	346	618
	19,444	**16,537**
Social contributions and expenses for pension plans	**1,598**	**1,468**
thereof for state pension plan	456	624
	21,042	**18,005**

1 Restated in accordance with IAS 8 (see Note 4)

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 an integral part of the 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 profitable divestments. For the other members of the investment team and employees in corporate functions, the system is based on company and personal performance. In addition, a bonus for the successful raising of successor funds was taken into account.

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) was as follows:

	30 Sep 2019	30 Sep 2018
Employees (full-time)	57	56
Employees (part-time)	13	9
Trainees	5	6

As at the end of the financial year 2018/2019, the Board of Management consisted of three (previous year: three) members.

In the financial year 2018/2019, an average of 70 (previous year: 63) employees and five (previous year: five) trainees were employed at DBAG.

13. Other operating income

€'000	2018/2019	2017/2018
Income from consultancy expenses that can be passed through	4,862	2,914
Income from the disposal of securities	272	17
Income from exchange rate differences	93	133
Income from the reversal of provisions	109	123
Other	432	511
	5,767	**3,697**

Consultancy expenses that can be passed through refer to advances on behalf of DBAG funds and/or portfolio companies. The increase of income from consultancy expenses that can be passed through corresponds to the increase of the consultancy expenses that can be passed through (see Note 14).

Income from exchange rate differences result from a purchase price receivable held in US dollars. The receivables relate to an investment disposed in the financial year 2015/2016.

Income from positions held on supervisory boards and advisory councils relates to income from activities of DBAG employees on the supervisory boards of DBAG portfolio companies or external companies. Remuneration for work on the boards of portfolio companies held via the DBAG funds has been presented under income from Fund Services since financial year 2017/2018.

14. Other operating expenses

€'000	**2018/2019**	2017/2018
Consultancy expenses that can be passed through	4,822	2,949
Other consultancy expenses	937	1,154
Consultancy expenses for deal sourcing	1,074	1,032
Audit and tax consultancy expenses	663	1,070
Total consultancy expenses	7,496	6,206
Value-added tax	923	967
Travel and hospitality expenses	1,035	1,028
Premises expenses	1,131	1,166
Maintenance and license costs for hardware and software	539	530
External employees and other personnel expenses	893	849
Corporate communications, investor relations, media relations	529	507
Depreciation and amortisation of property, plant and equipment and intangible assets	582	683
Annual report and general meeting	567	653
Supervisory Board remuneration	397	400
Expenses resulting from the repayment of Advisory Board remuneration to funds	0	932
Other	2,321	1,638
	16,413	**15,557**

The increase of the consultancy expenses that can be passed through corresponds to the increase in income from consultancy expenses that can be passed through (see Note 13).

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

The expenses for external employees and other personnel expenses comprise costs for temporary staff to cover employees on sick leave or parental leave, recruiting expenses and staff training.

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

15. Interest income

€'000	**2018/2019**	2017/2018
Other financial instruments	535	313
Securities	319	0
Tax authorities	0	29
Other	101	3
	955	**344**

Interest income from other financial Instruments relates to bridge financings granted to co-investment vehicles (see Note 23).

Interest income from securities primarily refers to the retail funds.

The item "Other" mainly comprises income from the interest cost on jubilee payment obligations.

16. Interest expense

€'000	**2018/2019**	2017/2018
Interest expenses for pension provisions	541	540
Expected interest income from plan assets	(369)	(380)
Net interest on net defined benefit liability	172	160
Securities	122	18
Credit facility	406	513
Others	84	11
	783	**702**

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 29 for information on the parameters for the two components of the net interest on net defined benefit liability.

Interest expenses for the credit line in the amount of 406,000 euros (previous year: 513 ,000 euros) relate to the annual commitment fee for the credit line in the amount of 50 million euros.

17. Income taxes

€'000	2018/2019	2017/2018
Current taxes	(1)	18
Deferred taxes	(658)	0
	(659)	**18**

Current taxes result from an income tax refund paid to a fully-consolidated subsidiary for the previous year.

Deferred tax assets relate to a subsidiary. As at 30 September 2019, the subsidiary accumulated trade tax loss carryforwards in the amount of 4,087,000 euros that are expected to be utilised in the coming years since a positive taxable income is expected due to increasing income from Fund Services. There are no taxable tempo-rary differences for the subsidiary.

During the observation period of the last three years, DBAG was subject to accumulated tax losses so that the Company had corporation tax loss carryforwards as at the reporting date in the amount of 94,728,000 euros (previous year: 89,663,000 euros) for which no deferred tax assets are recognised. Deferred tax liabilities on temporary differences exist in the amount of 749,000 euros (previous year: 614,000 euros) for financial assets and securities which were offset against deferred tax assets on temporary differences in the same amount. These deferred tax assets on temporary differences are mainly due to pension obligations, provisions for jubilee pay obligations and partial retirement as well as a provision for expenses. Based on the available Group medi-um-term planning, DBAG expects to generate moderate taxable profits in future. Since achieving the goals of the planning also depends on external factors, largely market influences that affect the performance or the disposal of investments, we did not recognise deferred tax assets.

None of the other fully-consolidated Group companies had temporary differences between IFRS measurement and the tax base in the financial year under review. In the case of one of these subsidiaries, there is an excess of deferred tax assets which was caused by trade tax loss carryforwards in the amount of 14,037,000 euros (previous year: 13,674,000 euros) Based on the conducted business activities and the tax treatment, it is not probable that, in future, there will be sufficient taxable profits to utilise the tax benefit. Therefore, we did not recognise deferred tax assets at this Group company.

As at 30 September 2019 – as in the previous year – there were neither deferred income tax assets nor deferred income tax liabilities that were directly offset against equity. By analogy, no income taxes are allocated to components of other comprehensive income.

The reconciliation of a corporation's tax charge that can be expected in theoretical terms to the amount actually recognised in DBAG's consolidated financial statements is as follows:

The reconciliation of a corporation's tax charge that can be expected in theoretical terms to the amount actually recognised in DBAG's consolidated financial statements is as follows:

€'000		2018/2019	2017/2018
			Restated[1]
Earnings before taxes		45,083	29,731
Applicable tax rate for corporations	%	31.925	31.925
Theoretical tax income/expenses		**14,393**	**9,492**
Change in theoretical tax income/expenses:			
Tax-exempt gain on valuation and disposal		(4,929)	(7,630)
Tax-exempt loss on valuation and disposal		5,246	3,432
Current income from financial assets		(9,974)	(3,629)
Non-deductible operating expenses		33	29
Effect from trade tax exemption		(7,652)	(2,513)
Effect from the utilisation of loss carry-forwards not recognised		0	(294)
Effect from unrecognised losses in the reporting year		860	0
Unrecognised deferred tax assets on tax loss carryforwards		935	914
Other effects		214	217
Income taxes		**(659)**	**18**
Tax rate	%	(1.46)	0.06

1 Restated in accordance with IAS 8 (see Note 4)

The expected tax rate for corporations is composed of corporation tax and a solidarity surcharge (15.825 per cent) as well as municipal trade tax (16.10 per cent) (also see explanations in Note 7 under the heading "Deferred taxes"). DBAG's tax rate remains unchanged at 15.825 per cent. As a special investment company, DBAG is exempt from municipal trade tax.

A main pillar of DBAG's business is the acquisition and disposal of investments alongside the DBAG funds. The investments largely are corporations. The tax effect in accordance with § 8b German Corporation Tax Act (Körperschaftsteuergesetz – KStG) amounts to 4.714,000 euros (previous year, restated: 7.630,000 euros).

Other effects comprise effects from tax rate differences of 36,000 euros (previous year: 217,000 euros).

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

18. Intangible assets/property, plant and equipment

	Acquisition cost			
€'000	1 Oct 2018	Additions	Disposals	**30 Sep 2019**
Intangible assets	1,636	158	0	1,794
Property, plant and equipment	2,789	94	260	2,623
	4,425	**252**	**260**	**4,417**

	Depreciation, amortisation and impairment				Carrying amounts	
€'000	1 Oct 2018	Additions	Disposals	**30 Sep 2019**	**30 Sep 2019**	30 Sep 2018
Intangible assets	1,198	296	0	1,494	301	438
Property, plant and equipment	1,950	286	195	2,041	582	839
	3,148	**582**	**195**	**3,535**	**883**	**1,277**

	Acquisition cost			
€'000	1 Oct 2017	Additions	Disposals	30 Sep 2018
Intangible assets	1,601	35	0	1,636
Property, plant and equipment	3,194	268	673	2,789
	4,795	**303**	**673**	**4,425**

	Depreciation, amortisation and impairment				Carrying amounts	
€'000	1 Oct 2017	Zugänge	Abgänge	30 Sep 2018	30 Sep 2018	30 Sep 2017
Intangible assets	909	289	0	1,198	438	693
Property, plant and equipment	2,065	394	508	1,950	839	1,129
	2,974	**683**	**508**	**3,148**	**1,277**	**1,822**

Intangible assets were exclusively acquired against payment.

Depreciation, amortisation and impairment for the financial year exclusively comprised scheduled depreciation/amortisation. These were reported in the item "Other operating expenses" (see Note 14).

19. Financial assets

€'000	**30 Sep 2019**	30 Sept. 2018
		Restated[1]
Interests in investment entity subsidiaries	380,275	313,726
Interests in portfolio companies	4,937	4,828
International fund investments	406	303
Other financial assets	74	75
	385,693	**318,931**

1 Restated in accordance with IAS 8 (see Note 4)

Financial assets are measured at fair value through profit or loss (see Note 7).

This item exhibited the following movements in the reporting period:

€'000	1 Oct 2018	Additions	Disposals	Changes in value	**30 Sep 2019**
Interests in investment entity subsidiaries	313,726	84,862	28,588	10,275	380,275
Interests in portfolio companies	4,828	0	272	382	4,937
International fund investments	303	0	0	104	406
Other financial assets	75	0	0	0	74
	318,931	**84,862**	**28,860**	**10,760**	**385,693**

€'000	1 Oct 2017	Additions	Disposals	Changes in value	30 Sep 2018
	Restated[1]			Restated[1]	Restated[1]
Interests in investment entity subsidiaries	245,142	73,502	23,230	18,313	313,726
Interests in portfolio companies	5,301	21	352	(141)	4,828
International fund investments	974	0	895	225	303
Other financial assets	77	0	0	(2)	75
	251,492	**73,523**	**24,478**	**18,394**	**318,931**

1 Restated in accordance with IAS 8 (see Note 4)

Additions of interests in investment entity subsidiaries refer to capital calls for investments in equity interests and for management fees.

Disposals of interests in investment entity subsidiaries result from distributions due to the divestment of portfolio companies as well as the repayment of shareholder loans or short-term bridge financings granted to portfolio companies.

The disposals of interests in portfolio companies refer to an investment that was liquidated.

The changes in fair value are recorded under the item "Net gain or loss from investment activities" in the consolidated statement of comprehensive income (see Note 10).

For further information on financial assets, we refer to the management report under the heading "Business and portfolio review".

20. Loans and receivables

€'000	**2018/2019**	2017/2018
At start of financial year	0	1,338
Additions	0	0
Derecognition	0	0
Reclassification	0	(1,443)
Change in value	0	105
At end of financial year	**0**	**0**

The receivables were reclassified because the residual term of the remaining balance of the purchase price receivable in connection with the sale of the investment in Clyde Bergemann GmbH fell below one year.

21. Loans and advances

€'000	**30 Sep 2019**	30 Sept. 2018
		Restated[1]
Receivables from co-investment vehicles	1,565	1,130
	1,565	**1,130**

1 Restated in accordance with IAS 8 (see Note 4)

Receivables from co-investment vehicles mainly consist of receivables from management fees (DBAG Fund VI and DBAG Fund VII) and from costs passed through (DBAG Fund VII).

22. Securities

Securities held as at 30 September 2019 had been exclusively acquired as investments of cash and cash equivalents not immediately required.

Classification of securities by term:

€'000	**30 Sep 2019**	30 Sep 2018
Long-term securities	0	55,458
Short-term securities	25,498	40,000
	25,498	**95,458**

Classification of securities by type:

€'000	30 Sep 2019	30 Sep 2018
Money-market funds	13,947	34,234
Fixed-income funds	11,551	28,102
Fixed-rate securities	0	33,122
	25,498	**95,458**

Money-market and fixed-income funds (collectively referred to as "retail funds") have been allocated to the category "Measured at fair value through profit or loss" since the beginning of the financial year (see Note 3 and Note 7).

Fixed-rate securities have been allocated to the category "Measured at fair value through other comprehensive income" since the beginning of the financial year (see Note 3 and Note 7).

The change compared to 30 September 2018 is largely due to the disposal of fixed-rate securities to finance capital calls.

The fixed-income funds include corporate bonds with issuer ratings that are predominantly investment grade. Due to the considerable diversification of the bonds and the credit rating of the issuers, the credit risk associated with the fund units is low.

The change in the fair value of the retail funds in the amount of 197,000 euros as at 30 September 2019 (previous year: in other comprehensive income: -36,000 euros) has been recognised in the consolidated statement of comprehensive income in net interest income since the beginning of the financial year.

23. Other financial instruments

€'000	30 Sep 2019	30 Sep 2018
Loans to co-investment vehicles	17,002	32,766
	17,002	**32,766**

Loans granted to co-investment vehicles refer to short-term loans to the DBAG Fund VII Group companies that were granted by DBAG as part of the structuring of the investment in new portfolio companies.

24. Tax assets and income tax liabilities

€'000	30 Sep 2019	30 Sep 2018
Tax assets		
Deferred tax assets	658	0
Claims on income tax refunds	5,833	345
Income tax liabilities	17	17

Income tax assets contain applicable taxes for the financial year 2018/2019 and the previous year.

Income tax liabilities relate to corporation tax and solidarity surcharge for the previous year since a positive taxable profit was determined which led to a tax burden after application of the minimum tax rule, despite the existing tax loss carryforwards.

Tax loss carryforwards were recognised in deferred taxes as follows:

€'000	30 Sep 2019	30 Sep 2018
Tax loss carryforwards for corporation tax	94,728	89,663
thereof usable	0	0
Tax loss carryforwards for trade tax	18,124	13,674
thereof usable	4,087	0

The usable trade tax loss carryforwards relate to a subsidiary for which deferred tax assets of 658,000 euros were recognised in the financial year 2018/2019.

No deferred taxes were recognised in relation to the remaining loss carryforwards; the same applies to deductible temporary differences in the amount of 20,791,000 euros (previous year: 14,884,000 euros).

25. Other current assets

€'000	30 Sep 2019	30 Sep 2018 Restated[1]
Receivables from Fund Services	6,368	3,817
Receivables from expenses that can be passed through	831	1,253
Receivables from DBAG funds	7,199	5,070
Purchase price receivable	1,666	1,534
Deposit on leaseholds	405	405
Interest receivables on securities	0	278
Value-added tax	1,161	346
Other loans and advances	119	208
	10,550	**7,840**

1 Restated in accordance with IAS 8 (see Note 4)

The receivables from Fund Services are mainly due from DBAG Fund VI and DBAG Fund VII.

The receivables from expenses that can be passed through are mainly due from DBAG ECF and DBAG Fund VII.

The purchase price receivable refers to the residual purchase price receivable from the sale of the investment in Clyde Bergemann GmbH.

Value-added tax pertains to outstanding refunds of input tax credits.

Other receivables mainly contain prepaid expenses.

26. Equity

Share capital/number of shares

€'000	**2018/2019**	2017/2018
At start of financial year	53,387	53,387
Additions	0	0
Stand zum Geschäftsjahresende	**53,387**	**53,387**

All DBAG shares in the financial year 2018/2019 are no-par value registered shares. 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.

The subscribed capital (share capital) is divided into 15,043,994 no-par-value shares. The notional interest in the share capital amounts to approximately 3.55 euros per share.

Authorised capital

On 22 February 2017, the Annual General Meeting 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). As a prerequisite, the number of shares has to increase by the same ratio as the share capital. In the financial year 2018/2019, the Board of Management did not make use of this authorisation.

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 10% of the existing share capital in the amount of 53,386,664.43 euros at the time when the Annual General Meeting is held or – if this value is lower – of the share capital existing at the time of exercising this authorisation. In the financial year 2018/2019, 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 financial year 2018/2019, the Board of Management did not make use of this authorisation.

Capital reserves

€'000	**2018/2019**	2017/2018
At start of financial year	173,762	173,762
Additions	0	0
At end of financial year	**173.762**	**173,762**

As before, the capital reserve comprises amounts received in the issuance of shares in excess of nominal value

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 defined benefit pension plans/plan assets (see Note 29) as well as
- effects from the first-time application of IFRS 9 (see Note 3).

Consolidated retained profit

The Annual General Meeting on 21 February 2019 resolved to use the net retained profit (Bilanzgewinn) for the financial year 2017/2018 of 170,766,135.32 euros to pay a dividend of 1.45 euro per no-par value share on the 15,043,994 shares with dividend entitlement. The remainder of the retained profit (148,952,344.02 euros) was carried forward to new account.

€'000	**2018/2019**	2017/2018
Total distribution	21,813,791.30	21,061,591.60

The net retained profit of DBAG as reported in the separate financial statements as at 30 September 2019 in accordance with HGB amounts to 178,080,010.68 euros (previous year: 170,766,135.32 euros).

At the Annual General Meeting, the Board of Management and the Supervisory Board will propose to pay a dividend of 1.50 euros per share for the financial year 2018/2019.

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 15 per cent). 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.

27. Liabilities to non-controlling interests

€'000	**2018/2019**	2017/2018
At start of financial year	180	148
Additions	0	22
Derecognition	11	16
Share of earnings	(114)	26
At end of financial year	**55**	**180**

Liabilities to non-controlling interests include interests in capital and earnings attributable to non-controlling interests. 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 Management GP (Guernsey) Ltd., DBG Managing Partner GmbH & Co. KG and European PE Opportunity Manager LP (see Note 5.2).

28. Other provisions

€'000	1 Oct 2018	Utilisation	Reversals	Additions	**30 Sep 2019**
Personnel-related obligations	8,010	7,078	56	8,353	9,230
Expert opinions and other advisory services	114	61	53	212	212
Auditing fees	358	315	23	155	175
Costs for annual report and general meeting	390	365	25	399	399
Tax advisory expenses	100	64	3	136	168
Other	237	246	4	366	354
	9,209	**8,129**	**164**	**9,621**	**10,538**

The provisions for personnel-related obligations mainly contain variable remuneration in the amount of 7,232,000 euros (previous year, restated: 6,521,000 euros). Of that amount, 6,591,000 euros (previous year, restated: 5,608,000 euros) are attributable to performance-related remuneration for the past financial year; an additional amount of 641,000 euros (previous year: 912,000 euros) refers to transaction-related remuneration (see Note 12). Corresponding provisions have been recognised for transaction-related remuneration since the financial year 2005/2006. In the reporting year, 618,000 euros were paid out of that amount.

The provisions for expert opinions and other advisory services result from advisory expenses due to regulatory requirements.

The item "Other" mainly includes provisions for external staff, process optimisation, IT projects and events.

As at 30 September 2019, there was a non-current provision for personnel-related obligations in the amount of 28,000 euros (previous year: nil euros) in connection with a partial retirement agreement. There were no other non-current provisions.

29. Pension obligations and plan assets

The measurement in the statement of financial position has been derived as follows:

€'000	30 Sep 2019	30 Sept. 2018
Present value of pension obligations	44,210	36,171
Fair value of plan assets	(24,617)	(23,962)
Provisions for pension obligations	**19,593**	**12,209**

The present value of the pension obligations changed as follows:

€'000	2018/2019	2017/2018
Present value of pension obligations at start of financial year	36,171	35,831
Interest expense	541	540
Service cost	420	439
Benefits paid	(898)	(868)
Actuarial gains (-) / losses (+)	7,976	229
Present value of pension obligations at end of financial year	**44,210**	**36,171**

An amount of 6,508,000 euros (previous year: 51,000 euros) of the loss of 7,976,000 euros (previous year: loss of 229,000 euros) is attributable to the significant decline of the discount rate. The discount rate amounted to 0.47 per cent as at the reporting date, compared to 1.54 per cent in the previous year. Further effects resulted from experience adjustment in the amount of 1,126,000 euros (previous year: 178,000 euros) as well as from changes in demographic assumptions in the amount of 342,000 euros (previous year: nil 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 2019	30 Sept. 2018
Discount rate (%)	%	0.47	1.54
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	2005G
Increase in income threshold for state pension plan	%	2.00	2.00

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.

As of 30 September 2019, DBAG applied the new mortality tables issued by Prof Dr Heubeck (RT 2018G) for the first time. The company-specific modification of the mortality tables introduced in October 2013 continues to be used 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. The effect resulting from the application of the new mortality tables amounts to 342,000 euros.

As at 30 September 2019, the weighted average term of defined benefit obligations was 15.6 years (previous year: 14.4 years).

Plan assets developed as follows during the past financial year:

€'000	2018/2019	2017/2018
Fair value of plan assets at start of financial year	23,962	24,508
Expected interest income	369	380
Gains (+)/losses (-) from the difference between actual and expected return on plan assets	286	-927
Fair value of plan assets at end of financial year	**24,617**	**23,962**

The gain of 286,000 euros in the financial year 2018/2019 (previous year: loss of 927,000 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	2018/2019	2017/2018
Service cost	420	439
Interest expense	541	540
Expected interest income from plan assets	(369)	(380)
	591	**599**

The service cost is shown under personnel expenses.

The net amount from interest expense and expected interest income from plan assets is reported in the item "interest cost".

Gains (+)/losses (-) on remeasurements of the net defined benefit liability (asset) – reported in other comprehensive income – developed as follows in the financial year 2018/2019:

€'000	2018/2019	2017/2018
Actuarial gains (+)/losses (-) at start of financial year	(22.760)	(21.605)
Gains (+)/losses (-) from the difference between actual and expected return on plan assets	286	(927)
Actuarial gains (+)/losses (-) from changes in the present value of pension obligations	(7.976)	(229)
Actuarial gains (+)/losses (-) at end of financial year	**(30.450)**	**(22.760)**

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 2019	30 Sep 2018
Discount rate		
Increase by 50 bps	(3,250)	2,710
Decrease by 50 bps	3,682	(2,417)
Average life expectancy		
Increase by 1 year	(1,668)	(1,210)
Decrease by 1 year	1,714	1,234

The sensitivity analysis shown above is based on a change in one parameter, while all 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).

As for the past three previous years, current budget planning for the financial year 2018/2019 does not provide for allocations to plan assets.

30. Other current liabilities

€'000	30 Sep 2019	30 Sep 2018
		Restated[1]
Liabilities to co-investment vehicles	46	9,712
Advance management fees	0	4.099
Trade payables	358	1.003
Liabilities to investments	0	93
Other liabilities	857	1.008
	1,260	**15,913**

1 Restated in accordance with IAS 8 (see Note 4)

In the previous year, the liabilities to co-investment vehicles related to a capital call of DBAG ECF II for a new investment paid at the beginning of the financial year 2018/2019.

Other current liabilities largely relate to liabilities for wage taxes.

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 2019	30 Sep 2018
Call commitments	965	1,169
Permanent debt obligations	2,065	2,974
	3,030	**4,143**

Possible call commitments relate to the international fund that may draw down additional funding for investments and costs.

The maturities of the permanent debt obligations as at 30 September 2019 are shown in the following table:

€'000	< 1 year	1–5 years	> 5 years	**Total**
Permanent debt obligations	1,251	814	0	**2,065**
thereof rental contracts	803	602	0	**1,406**

There were no contingent liabilities as at 30 September 2019.

Trust assets amounted to 4,916,000 euros as at the reporting date (previous year: 12,340,000 euros). Of that amount, 4,912,000 euros (previous year: 6,096,000 euros) were attributable to the management of trust accounts for purchase price settlements. Trust liabilities existed 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. Cash flows from investing activities are determined using the direct method.

Proceeds and payments relating to financial assets and to loans and receivables 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. For this purpose, the line item "Cash flow from Investment Activity" has been presented as a subtotal since the financial year 2018/2019.

Proceeds and payments arising on interest are presented in the cash flow from operating activities.

There were no cash flows to be reported based on changes in the group of consolidated companies.

Cash and cash equivalents at the start and end of the period existed in the form of bank balances.

Since the financial year 2007/2008, a part of the financial resources not needed in the near term has been invested in securities (bonds and retail 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 do not constitute cash and cash equivalents since the maturity of the bonds so far has always been longer than three months from the date of acquisition and the retail funds had an indefinite life. Pursuant to IAS 7, the purchase and the sale of these securities have to be presented as cash flows from investing activities.

OTHER DISCLOSURES

33. Financial risks

The DBAG Group is exposed to financial risks that arise from its investment activities in portfolio companies and from other financial instruments. As a result of these financial risks, the value of assets and/or profits may decline and/or profits may be reduced. These risks are not hedged by DBAG. Consequently, the provisions for hedge accounting are not applied.

The following section describes the financial risks, as well as objectives and methods of DBAG's risk management. There have been no changes compared to the previous year.

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 these portfolio companies. Moreover, the changes in exchange rates have an influence on the operations and competitiveness of these portfolio companies. The extent of that impact depends in particular on individual portfolio companies' individual value-creation structure and degree of internationalisation.

Extent of currency risk and exchange rate sensitivity

Financial assets are exposed to US dollar exchange rate risk in the amount of 21,850,000 euros (previous year: 22,067,000 euros), to Swiss franc exchange rate risk of 33,633,000 euros (previous year: 35,564,000 euros), to an exchange rate risk against British pound sterling of 6,945,000 euros (previous year: 5,997,000 euros) and to Danish krone exchange rate risk of 1,655,000 euros (previous year: 3,860,000 euros). The effect on profit or loss resulting from taking into account changes in the fair value of financial assets amounts to 1,294,000 euros (previous year: 814,000 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 6,408,000 euros (previous year: 6,749,000 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 (sum total of cash and cash and cash equivalents and securities) as well as the fair values of the portfolio companies and international fund investments measured using the DCF method. 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 (cash and cash equivalents including securities) amount to 69,432,000 euros (previous year: 119,029,000 euros). There was no (previous year: no) interest income from investment. This credit line was not drawn upon during the year under review. An amount of 17,434,000 euros (previous year: 30,240,000 euros) of the financial assets was attributable to investments measured using the DCF method.

In relation to the portfolio companies and international fund investments 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 579,000 euros (previous year: 853,000 euros).

Interest rate risk management

Financial resources are generally invested with a short-term horizon. Interest rate derivatives to hedge a certain interest rate level are not used since the amount of the financial resources may be subject to strong fluctuations and cannot be reasonably forecast. The interest rate for the agreed credit line is 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 are 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 result of valuation amounts to 9,662,000 euros (previous year, restated: 20,677,000 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 +/- 0.1, the fair value of the Level 3 financial instruments, ceteris paribus, would have to be adjusted by 2,498,000 euros (previous year, restated: 2,084,000 euros) (see Note 34.2 and Note 9, based on a change by +/- 1).

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 43,934,000 euros (previous year: 23,571,000 euros). Including securities in the amount of 25,498,000 euros (previous year: 95,458,000 euros) and an existing credit line of 50,000,000 euros (previous year: 50,000,000 euros), DBAG has financial resources of 119,432,000 euros (previous year: 169,029,000 euros). As a result of the very strong credit rating of the issuers and the short duration, it is assumed for the securities that they can be sold at short notice if required.

Other current liabilities in the amount of 1,260,000 euros (previous year, restated: 15,913,000 euros) are due within one year. The co-investment agreements alongside the DBAG funds amount to 129,733,000 euros (previous year: 198,477,000 euros).

DBAG expects that it will be able to cover the shortfall of 9,040,000 euros (previous year: 13,534,000 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 2019	30 Sep 2018 Restated[1]
Financial assets	385,693	318,931
thereof primary financial instruments	385,693	318,931
Loans and advances	1,565	1,130
Securities	25,498	95,458
Cash and cash equivalents	43,934	23,571
Other financial instruments	17,002	32,766
Other current assets[2]	9,410	7,427
	483,101	**479,284**

1 Restated in accordance with IAS 8 (see Note 4)
2 Excluding deferred items, value-added tax and other items in the amount of 1,141,000 euros (previous year, restated: 413,000 euros).

Management of default risk

Financial assets and other financial instruments: the management of default risk is described in the combined management report under "External risks".

Receivables: debtors are current or former portfolio companies; DBAG seeks to obtain regular and timely information about such companies' business development. If there are indications that debtors may fail to meet their obligations, the relevant debtor is requested to propose and implement measures on a timely basis that enable him to meet his obligations.

Securities: this item includes shares in mutual funds (money market and fixed income funds) with the highest credit ratings. It is assumed that these securities are subject to only a very low credit risk.

Cash and cash equivalents: cash and cash equivalents of DBAG are deposits held at German credit institutions and are part of the respective institutions' protection systems.

Other current assets: debtors mainly are the DBAG funds. Their payment obligations may be fulfilled by capital calls from their investors.

34. Financial instruments

CARRYING AMOUNT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (IFRS 9)

€'000	Carrying amont 30 Sep 2019	Fair value 30 Sep 2019
Financial assets measured at fair value through profit or loss		
Financial assets	385,693	385,693
thereof primary financial instruments	385,693	385,693
Other financial instruments	17,002	17,002
Securities		
Money-market funds	13,947	13,947
Fixed-income funds	11,551	11,551
	428,192	**428,192**
Financial assets at amortised cost		
Receivables	1,565	1,565
Cash and cash equivalents	43,934	43,934
Other current assets[1]	9,410	9,410
	54,909	**54,909**
Other financial liabilities		
Liabilities to non-controlling interests	55	55

1 Excluding deferred items, value-added tax and other items in the amount of 1,141,000 euros.

CARRYING AMOUNT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (IFRS 9)

€'000	Carrying amont 30 Sep 2019	Fair value 30 Sep 2019
	Restated[1]	Restated[1]
Financial assets measured at fair value through profit or loss		
Financial assets	318,931	318,931
thereof primary financial instruments	318,931	318,931
	318,931	**318,931**
Available-for-sale financial assets		
Long-term securities	55,458	55,458
Short-term securities	40,000	40,000
	95,458	**95,458**
Loans and receivables		
Receivables	1,130	1,130
Other financial instruments	32,766	32,766
Cash and cash equivalents	23,571	23,571
Other current assets[2]	7,427	7,427
	64,895	**64,895**
Other financial liabilities		
Liabilities to non-controlling interests	180	180

1 Restated in accordance with IAS 8 (see Note 4)
2 Excluding deferred items, value-added tax and other items in the amount of 413,000 euros.

Financial assets that are measured at fair value through profit or loss comprise financial instruments that were allocated to the investment business upon the transition to IFRS 9, as well as those whose cash flows do not solely consist of payment of principal and interest.

There were no financial assets measured at fair value through other comprehensive income.

The financial assets measured at amortised cost mainly include receivables from the DBAG funds as well as a purchase price receivable. Save for one receivable, they are all of good credit quality and are largely unsecured.

Until 30 September 2018, impairments were only recognised when there was objective evidence that the obligors would not be able to meet their future payment obligations. Accordingly, only one receivable in the amount of 41,000 euros was fully impaired in the financial year 2017/2018.

Since 1 October 2018, loss allowance for potential future impairments is already recorded upon the addition of an asset. As at the reporting date, the loss allowance for financial assets measured at amortised cost amounted to 58,000 euros (1 October 2018: 63,000 euros, see Note 3).

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 inputs). 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 (IFRS 9)

€'000	Fair value 30 Sep 2019	Level 1	Level 2	Level 3
Financial assets measured at fair value through profit or loss				
Financial assets	385,693	0	0	385,693
Other financial instruments	17,002	0	0	17,002
Securities				
Money-market funds	13,947	0	13,947	0
Fixed-income funds	11,551	0	11,551	0
	428,192	**0**	**25,498**	**402,694**

MEASUREMENT HIERARCHY FOR FINANCIAL ASSETS MEASURED AT FAIR VALUE (IAS 39)

€'000	Fair value 30 Sep 2018	Level 1	Level 2	Level 3
	Restated[1]			
Financial assets measured at fair value through profit or loss				
Financial assets	**318,931**	**0**	**0**	**318,931**
Available-for-sale financial assets				
Long-term securities	55,458	0	55,458	0
Short-term securities	40,000	0	40,000	0
	95,458	**0**	**95,458**	**0**
	414,389	**0**	**95,458**	**318,931**

1 Restated in accordance with IAS 8 (see Note 4)

Level 2 securities relate to fund assets with the highest credit ratings, the liquidity of which is limited due to their trading in the secondary market. Bonds of domestic issuers still held as at 30 September 2018 were sold in the year under review.

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	International fund investments	Other	Total
30 Sep 2019					
Financial assets	380,275	4,937	406	74	**385,693**
Other financial instruments	17,002	0	0	0	**17,002**
	397,276	4,937	406	74	**402,694**
30 Sep 2018 Restated[1]					
Financial assets	**313,726**	**4,828**	**303**	**75**	**318,931**

1 Restated in accordance with IAS 8 (see Note 4)

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 2018	Additions	Disposals	Changes in value	30 Sep 2019
Financial assets					
Interests in investment entity subsidiaries	313,726	84,862	18,110	(202)	380,275
Interests in portfolio companies	4,828	0	272	382	4,937
International fund investments	303	0	0	104	406
Others	75	0	0	1	74
	318,931	**84,862**	**18,384**	**284**	**385,693**

CHANGES IN LEVEL 3 FINANCIAL INSTRUMENTS

€'000	1 Oct 2017	Additions	Disposals	Changes in value	30 Sep 2018
	Restated[1]			Restated[1]	Restated[1]
Financial assets					
Interests in investment entity subsidiaries	245,142	73,502	23,230	18,313	313,726
Interests in portfolio companies	4,948	21	0	(141)	4,828
International fund investments	974	0	895	225	303
Others	77	0	0	(2)	75
	251,140	**73,523**	**24,126**	**18,394**	**318,931**

1 Restated in accordance with IAS 8 (see Note 4)

The profit in the amount of 10,760,000 euros (previous year restated: 18,394,000 euros) is recognised in the net gain or loss from investment activities.

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 2019**	Valuation method	Unobservable input	Range
Financial assets				
Interests in investment entity subsidiaries	380,275	Net asset value[1]	Average EBITDA/EBITA margin	2% to 43%
			Net debt[2] to EBITDA	(1,3) to 6,6
			Multiples discount	0% to 20%
Interests in portfolio companies	4,937	Multiples method	Average EBITDA/EBITA margin	7%
			Net debt[2] to EBITDA	1.6
			Multiples discount	0%
International fund investments	406	DCF	n/a	n/a
Other	74	Net asset value	n/a	n/a
	385,693			

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 inputs are used as those for calculating the fair value of interests in portfolio companies (see Note 7).
2 Net debt of portfolio company

RANGES FOR UNOBSERVABLE INPUTS

€'000	Fair value 30 Sep 2018 Restated[3]	Valuation method	Unobservable input	Range
Financial assets				
Interests in investment entity subsidiaries	313,726	Net asset value[1]	Average EBITDA/EBITA margin	2% to 35%
			Net debt[2] to EBITDA	(3,4) to 6
			Multiples discount	0% to 20%
Interests in portfolio companies	4,828	Multiples method	Average EBITDA/EBITA margin	7%
			Net debt[2] to EBITDA	2.5
			Multiples discount	0%
International fund investments	303	DCF	n/a	n/a
Other	75	Net asset value	n/a	n/a
	318,931			

1 See footnote 1 in the preceding table
2 See footnote 2 in the preceding table
3 Restated in accordance with IAS 8 (see Note 4)

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 OF UNOBSERVABLE INPUTS

€'000	**Fair value 30 Sep 2019**	Change in unobservable inputs		Change in fair value
Financial assets[1]				
Interests in investment entity subsidiaries	380,275	EBITDA and EBITA	+/- 10%	32,742
		Net debt	+/- 10%	11,334
		Multiples discount	+/- 5 percentage points	3,175
Interests in portfolio companies	4,937	EBITDA and EBITA	+/- 10%	1,811
		Net debt	+/- 10%	482
		Multiples discount	+/- 5 percentage points	0
International fund investments	406		n/a	n/a
Other	74		n/a	n/a
	385,693			

1 In the case of recent newly-acquired investments, a change in the unobservable inputs has no effect on the fair value.

RANGES FOR UNOBSERVABLE INPUTS

€'000	Fair value 30 Sep 2018	Change in unobservable inputs		Change in fair value
	Restated[1]			
Financial assets[2]				
Interests in investment entity subsidiaries	313,726	EBITDA and EBITA	+/- 10%	22,450
		Net debt	+/- 10%	5,566
		Multiples discount	+/- 5 percentage points	1,145
Interests in portfolio companies	4,828	EBITDA and EBITA	+/- 10%	1,978
		Net debt	+/- 10%	777
		Multiples discount	+/- 5 percentage points	0
International fund investments	303		n/a	n/a
Other	75		n/a	n/a
	318,931			

1 Restated in accordance with IAS 8 (see Note 4)
2 See footnote 1 in the preceding table

The key factors influencing income have an effect on both unobservable inputs; 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 inputs, with all other inputs remaining constant.

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 comprise fair value changes recognised through profit or loss, realised gains or losses from the disposal of financial instruments, 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	2018/2019	Level 1	Level 2	Level 3	2017/2018 Restated[1]	Level 1	Level 2	Level 3
Net gain or loss from investment activities	49,629	0	0	49,629	31,098	0	0	31,098
Other operating income	319	0	0	319	0	0	0	0
Other operating expenses	0	0	0	0	0	0	0	0
Interest income	535	0	0	535	313	0	0	313
	50,482	**0**	**0**	**50,482**	**31,411**	**0**	**0**	**31,411**

1 Restated in accordance with IAS 8 (see Note 4)

NET GAIN OR LOSS FROM FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME[1]

€'000	2018/2019	Level 1	Level 2	Level 3	2017/2018	Level 1	Level 2	Level 3
Other operating income	272	0	272	0	17	0	17	0
Other operating expenses	(193)	0	(193)	0	(79)	0	(79)	0
Other income/expense items	**79**	**0**	**79**	**0**	**(62)**	**0**	**(62)**	**0**
Unrealised gains (+)/losses (-) on available-for-sale securities	0	0	0	0	(47)	0	(47)	0
Net result of valuation and disposal	0	0	0	0	(47)	0	(47)	0
Interest income	**197**	**0**	**197**	**0**	**(18)**	**0**	**(18)**	**0**

1 Previous year: Net gain or loss from available-for-sale financial assets

All securities measured at fair value through other comprehensive income were sold in the year under review. Overall, this resulted in a realised net loss of 19,000 euros.

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 reimbursable costs as well as interest.

NET GAIN OR LOSS ON FINANCIAL INSTRUMENTS CARRIED AT AMORTISED COST

€'000	2018/2019	Level 1	Level 2	Level 3	2017/2018 Restated[1]	Level 1	Level 2	Level 3
Net gain or loss from investment activities	0	0	0	0	0	0	0	0
Income from Fund Services	26,970	0	0	26,970	28,855	0	0	28,855
Income from Fund Services and investment activities	**26,970**	**0**	**0**	**26,970**	**28,855**	**0**	**0**	**28,855**
Other operating income	4,862	0	0	4,862	2,914	0	0	2,914
Other operating expenses	(6,102)	0	0	(6,102)	(4,215)	0	0	(4,215)
Net interest income	552	0	0	552	305	0	0	305
Total other income/expense items	**(688)**	**0**	**0**	**(688)**	**(997)**	**0**	**0**	**(997)**

1 Restated in accordance with IAS 8 (see Note 4)

35. Capital management

The objective of DBAG's capital management is to ensure the availability of the Group's long-term capital requirement, and to increase the equity per share by a rate that at least exceeds the cost of equity on a long-term average.

The amount of equity is managed on a long-term basis by distributions and share repurchases and, if appropriate, by capital increases.

Overall, the capital of DBAG consists of the following components:

€'000	30 Sep 2019	30 Sep 2018
		Restated[1]
Liabilities		
Liabilities to non-controlling interests	55	180
Provisions	30,131	21,419
Other liabilities	1,277	15,930
	31,463	**37,529**
Equity		
Subscribed capital	53,387	53,387
Reserves	159,734	167,431
Consolidated retained profit	247,031	222,973
	460,152	**443,790**
Equity as a proportion of total capital %	93.60	92.20

1 Restated in accordance with IAS 8 (see Note 4)

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

		2018/2019	2017/2018
			Restated[1]
Net income	€'000	45,856	29,688
Number of shares at the reporting date 30 September		15,043,994	15,043,994
Number of shares outstanding at the reporting date 30 September		15,043,994	15,043,994
Average number of shares outstanding		15,043,994	15,043,994
Basic and diluted earnings per share	€	3.05	1.97

1 Restated in accordance with IAS 8 (see Note 4)

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 portfolio companies, in conjunction with sustainable income from Fund Services. The investments are mainly entered into as co-investor alongside DBAG 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 result). For that reason, the business lines "Private Equity Investments" and "Fund Investment Services" are presented as reportable segments.

SEGMENT REPORTING FROM 1 OCTOBER 2018 TO 30 SEPTEMBER 2019

€'000	Private Equity Investments	Fund Investment Services	Group reconciliation1[1]	Group 2018/2019
Net gain or loss from investment activities	49,629	0	0	49,629
Income from Fund Services	0	28,181	(1,211)	26,970
Income from Fund Services and investment activities	**49,629**	**28,181**	**(1,211)**	**76,599**
Other income/expense items	(7,578)	(25,148)	1,211	(31,515)
Earnings before tax (segment result)	**42,050**	**3,033**	**0**	**45,083**
Income taxes				659
Earnings after taxes				**45,742**
Net gain or loss attributable to non-controlling interests				114
Net income				**45,856**
Financial assets and loans and receivables	385,693			
Other financial instruments	17,002			
Financial resources[2]	69,432			
Net asset value	**472,126**			
Assets under management or advisory[3]		**1,704,434**		

1 A synthetic internal administration fee is calculated for the Investment segment and taken into account when determining segment result. The fee is based on DBAG's co-investment interest.
2 The financial resources are used by DBAG for investments in financial assets. They contain the line items "Cash and cash equivalents", "Long-term securities" and "Short-term securities".
3 Assets under management or advisory comprise financial assets, loans and receivables, the financial resources of DBAG, as well as the investments and callable capital commitments to DBAG-managed private equity funds. The investments and loans and receivables are recognised at cost.

SEGMENT REPORTING FROM 1 OCTOBER 2017 TO 30 SEPTEMBER 2018

€'000	Private Equity Investments	Fund Investment Services	Group reconciliation1[1]	Group 2017/2018
				Restated[4]
Net gain or loss from investment activities	31,098	0	0	31,098
Income from Fund Services	0	29,707	(852)	28,855
Income from Fund Services and investment activities	**31,098**	**29,707**	**(852)**	**59,953**
Other income/expense items	(6,936)	(24,138)	852	(30,222)
Earnings before tax (segment result)	**24,163**	**5,568**	**0**	**29,731**
Income taxes				(18)
Earnings after tax				**29,714**
Net gain or loss attributable to non-controlling interests				(25)
Net income				**29,688**
Financial assets and loans and receivables	318,931			
Other financial instruments	32,766			
Financial resources[2]	119,029			
Net asset value	**470,727**			
Assets under management or advisory[3]		**1,831,378**		

1 See footnote 1 in the preceding table
2 See footnote 2 in the preceding table
3 See footnote 3 in the preceding table
4 Restated in accordance with IAS 8 (see Note 4)

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 (MBO). Growth financing is made by way of a minority investment, for example via a capital increase. Within the scope of its investment activities, DBAG achieved a net result of valuation and disposal as well as current income from financial assets and loans and receivables totalling 49,629,000 euros (previous year, restated: 31,098,000 euros). Income from Fund Services amounted to 26,970,000 euros in the reporting year (previous year, restated: 28,855,000 euros).

Geographical activities and sector focus

Geographically, we concentrate our co-investments primarily on companies domiciled in German-speaking regions. Of the net income from investment activities, 53,293,000 euros (previous year, restated: 28,608,000 euros) are attributable to companies domiciled in German-speaking countries, and -3,664,000 euros (previous year, restated: 2,490,000 euros) to companies located in the rest of the world.

DBAG co-invests alongside the DBAG funds primarily in companies operating in the sectors of automotive sup-pliers, industrial services, industrial components as well as machine and plant engineering (DBAG's core sec-tors). It also co-invests in the sectors of broadband telecommunications, software and IT services, and healthcare (focus sectors) as well as in other sectors such as services and consumer goods. Further information on the focus sectors can be found in the management report under the heading "Investments in mid-market German companies with potential for development". Net result of valuation and disposal as well as current income from financial assets are presented separately by industries of the core sectors; focus sectors and other industries are combined in the following table:

€'000	Automotive suppliers	Industrial services	Industrial components	Machine and plant engineering	Other	**Total**
30 Sep 2019						
Interests in investment entity subsidiaries	111	(7,263)	(3,866)	(8,984)	67,896	47,894
Interests in portfolio companies	0	0	0	0	1,632	1,632
International fund investments	0	0	0	0	104	104
Other	0	0	0	0	(1)	(1)
	111	**(7,263)**	**(3,866)**	**(8,984)**	**69,631**	**49,629**
30 Sep 2018 Restated[1]						
Interests in investment entity subsidiaries	(2,989)	5,305	12,429	4,710	8,748	28,204
Interests in portfolio companies	0	0	0	0	609	609
International fund investments	0	0	0	0	2,386	2,386
Other	0	0	0	0	(100)	(100)
	(2,989)	**5,305**	**12,429**	**4,710**	**11,643**	**31,098**

1 Restated in accordance with IAS 8 (see Note 4)

For more information on the composition of the portfolio and its development, we refer to the management report, chapters "Business and portfolio review" and "Portfolio and portfolio value".

Significant customers

DBAG's customers are the investors in DBAG funds. The funds raised by DBAG bundle the assets committed by German and international institutional investors, especially by pension funds, funds of funds, banks, foundations, insurance companies or family offices.

DBAG generates its Fund Services income 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 § 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[1].

39. Disclosures on related parties

Related companies within the meaning of IAS 24 are: (i) investment entity subsidiaries (see Note 5.3) and the indirectly held investments according to the list of subsidiaries and associates in Note 44, (ii) other unconsolidated subsidiaries of DBAG (see Note 5.5) and (iii) unconsolidated structured entities of DBAG (see Note 5.6).

Related persons, within the meaning of IAS 24, are key management personnel. At DBAG, these include all current members of the Board of Management, senior executives and the members of DBAG's Supervisory Board.

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 reponsible for asset management: AIFM-DBG Fund VII (Guernsey) L.P., DBG Fund VI GP (Guernsey) LP, DBG Fund VII GP S.à r.l., DBG Management GmbH & Co. KG, 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 Fund IV, 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, DBG Fund VII GP S.à r.l, and to AIFM DBG Fund VII (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 the committed capital (during a fund's investment period), or of the invested capital (during the disinvestment phase), respectively.

The management companies receive advisory services from DBG Advising GmbH & Co. KG, and pay an advisory fee for these services.

The fees received from these activities – including amounts received from DBAG fund investors – are recognised in the item "Income from Fund Services" (see Note 11). In the year under review, income from Fund Services consisted of income from co-investment vehicles in the amount of 5,306,000 euros (previous year: 5,513,000 euros) and income from the DBAG funds in the amount of 21,434,000 euros (previous year: 23,155,000 euros). Fees paid by DBAG are also recognised in the „Net gain or loss from investment activities" items, reducing value (see Note 10).

As at the reporting date, receivables from management fees against DBAG funds amounted to 6,368,000 euros (previous year: 3,817,000 euros, see Note 21), while receivables from management fees against investment entity subsidiaries amounted to 1,565,000 euros (previous year: 1,091,000 euros, see Note 21). As at the reporting date, no advance management fees were paid by DBAG funds or co-investment vehicles (previous year: 3,176,000 euros or 923,000 euros, respectively; see Note 30).

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 (previous year: 80 per cent) is held by the two Board of Management members who are part of the investment team, and by two senior executives. Income from the interest on their capital accounts amounts to 236 euros per year. 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. The remaining 80 per cent (previous year: 80 per cent) is held by the two Board of Management members who are part of the investment team, and by two senior executives. Income from the interest on their capital accounts amounts to 113 euros (previous year: 101 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.

1 https://www.dbag.de/investor-relations/corporate-governance/declarations-of-conformity

For more information on the interests held by the two members of the Board of Management and the two senior executives, we refer to Note 27.

Relationships to co-investment vehicles

Within the scope of structuring the investments in new portfolio companies, short-term loans are granted to the co-investment vehicles. These are reported in the item "Other financial instruments" (see Note 23); any resulting interest income is recognised in net interest income (see Note 15). There were no liabilities to co-investment vehicles as at the reporting date (previous year: 9,680,000 euros from a capital call).

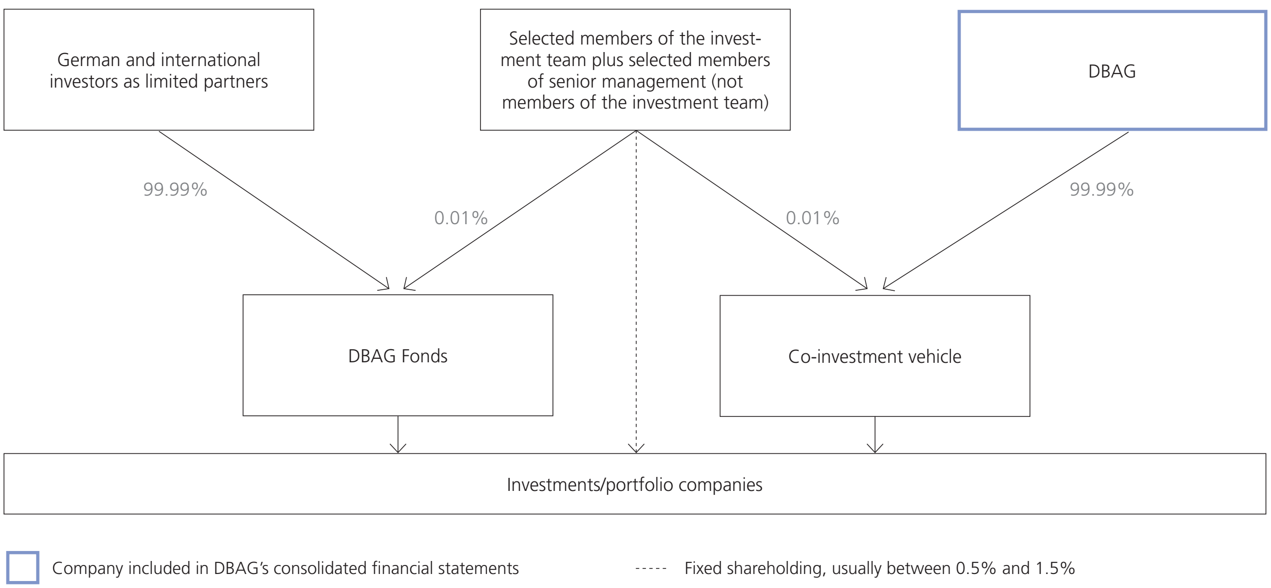
Co-investments and carried interest

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 profit share 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 repayment"). Carried interest of not more than 20 per cent[2] is paid out once proceeds on disposal are generated and full repayment has been achieved; the remaining 80 per cent[3] (net sales proceeds) is paid to the investors in the relevant DBAG fund and to DBAG. The structure of the carried interest schemes, their implementation and performance conditions, 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 staff initiative and 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 INVESTMENTS STRUCTURE

The percentages relate to the equity share.



2 The maximum disproportionate profit share for the DBAG Fund VII B [Konzern] SCSp amounts to 10 per cent.
3 The share of investors and DBAG for the DBAG Fund VII B [Konzern] SCSp totals 90 per cent.

The two 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 2018/2019 and received the following repayments from the DBAG funds and the co-investment vehicles:

€'000	Investments during the financial year: Key management personnel	Investments during the financial year: of which: Board of Management	Cumulative investments as at the reporting date: Key management personnel	Cumulative investments as at the reporting date: of which: Board of Management	Repayments during the financial year: Key management personnel	Repayments during the financial year: of which: Board of Management
1 Oct 2018–30 Sep 2019						
DBAG Fund IV	0	0	1,032	420	899	423
DBAG Fund V	0	0	4,381	1,732	0	0
DBAG ECF	117	13	1,604	182	371	42
DBAG ECF I	95	51	674	400	0	0
DBAG ECF II	324	54	447	177	0	0
DBAG Fund VI	182	53	7,071	2,646	0	0
DBAG Fund VII	2,084	1,145	5,006	2,670	0	0
Total 2018/2019	**2,802**	**1,316**	**20,216**	**8,226**	**1,271**	**465**

€'000	Investments during the financial year: Key management personnel	Investments during the financial year: of which: Board of Management	Cumulative investments as at the reporting date: Key management personnel	Cumulative investments as at the reporting date: of which: Board of Management	Repayments during the financial year: Key managesment personnel	Repayments during the financial year: of which: Board of Management
1 Oct 2017–30 Sep 2018						
DBAG Fund IV	0	0	1,032	420	274	108
DBAG Fund V	25	9	4,381	1,732	2,388	926
DBAG ECF	62	7	1,487	168	207	23
DBAG ECF I	579	350	579	350	0	0
DBAG ECF II	123	123	123	123	0	0
DBAG Fund VI	276	89	6,889	2,593	811	291
DBAG Fund VII	980	513	2,922	1,524	0	0
Total 2017/2018	**2,045**	**1,090**	**17,414**	**6,909**	**3,681**	**1,348**

The following table outlines carried interest claims from the co-investment vehicles and DBAG funds for the two Board of Management members and the members of senior management entitled to carried interest. For information on the portion of the co-investment vehicles, we refer to the management report under the heading "Integrated business model: two business segments that are closely tied to DBAG funds".

€'000	1 Oct 2018 Key management personnel	1 Oct 2018 of which: Board of Management	Reduction due to disbursement Key management personnel	Reduction due to disbursement of which: Board of Management	Addition (+)/ reversal (-) Key management personnel	Addition (+)/ reversal (-) of which: Board of Management	30 Sep 2019 Key management personnel	30 Sep 2019 of which: Board of Management
DBAG Fund V	12,571	4,880	0	0	515	200	13,086	5,080
DBAG ECF	22,485	2,546	0	0	16,546	1,873	39,032	4,419
DBAG ECF I	0	0	0	0	4,439	1,267	4,439	1,267
DBAG Fund VI	50,013	17,952	0	0	6,135	2,202	56,147	20,154
	85,069	**25,378**	**0**	**0**	**27,634**	**5,542**	**112,703**	**30,920**

€'000	1 Oct 2017 Key management personnel	1 Oct 2017 of which: Board of Management	Reduction due to disbursement Key management personnel	Reduction due to disbursement of which: Board of Management	Addition (+)/ reversal (-) Key management personnel	Addition (+)/ reversal (-) of which: Board of Management	30 Sep 2018 Key management personnel	30 Sep 2018 of which: Board of Management
DBAG Fund V	17,993	6,985	(2,674)	(1,038)	(2,748)	(1,067)	12,571	4,880
DBAG ECF	14,756	1,671	0	0	7,729	875	22,485	2,546
DBAG Fund VI	36,278	13,022	0	0	13,734	4,930	50,013	17,952
	69,027	**21,677**	**(2,674)**	**(1,038)**	**18,715**	**4,738**	**85,069**	**25,378**

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 the respective fund ("net asset value"). For the purpose of fair value measurement, the total liquidation of a fund's portfolio as at the reporting date is assumed (see Note 7, 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 and DBAG Fund VI are reduced by carried interest claims of key management personnel, by a total amount of 37,540,000 euros (previous year, restated: 25,251,000 euros). Net gain or loss from investment activities, and hence net income, are reduced by 12,289,000 euros (previous year, restated: 7,573,000 euros). The carried interest for DBAG ECF II and DBAG Fund VII 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 company law are met.

Remuneration based on employment or service contracts

Total remuneration for members of the Board of Management amount to 3,682,000 euros (previous year, restated: 3,274,000 euros). This includes long-term benefits of 45,000 euros (previous year: 185,000 euros) and current service cost of 199,000 euros (previous year: 118,000 euros). An amount of 4,545,000 euros (previous year: 3,468,000 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 7,591,000 euros (previous year: 6,497,000 euros). This includes long-term benefits of 31,000 euros (previous year: 164,000 euros), current service cost of 300,000 euros (previous year: 229,000 euros) and termination benefits of 620,000 euros (previous year: 450,000 euros). An amount of 8,578,000 euros (previous year: 5,706,000 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 398,000 euros (previous year: 503,000 euros). Of this amount, 370,000 euros (previous year: 388,000 euros) referred to Supervisory Board activities and 28,000 euros (previous year: 115,000 euros) to one long-term benefit for one member of the Supervisory Board. In addition to his remuneration for Supervisory Board membership, this Supervisory Board member also receives a pension payment from his previous membership in DBAG's Board of Management, in the amount of 186,000 euros (previous year: 185,000 euros). An amount of 6,417,000 euros (previous year: 5,549,000 euros) of the provisions for pension obligations was attributable to this Supervisory Board member.

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 § 314 (1) no. 6 HGB.

Other transactions with key management personnel

Senior executives acquired 1,260 (previous year: 988) shares of DBAG at preferential terms. The resulting pecuniary advantage amounted to 11,000 euros (previous year: 11,000 euros), and is recognised under personnel expenses.

DBAG granted loans to senior executives in the amount of 95,000 euros at standard market conditions (previous year: 95,000 euros). Interest income amounts to 2,000 euros (previous year: 2,000 euros).

There are no contingent liabilities for key management personnel.

40. Risk management

For information on risk management objectives and methods, please refer to Note 33 and to the discussion in the combined management report.

41. Events after the reporting date

DBAG alongside DBAG Fund VII agreed the investment in Cartonplast Holdings GmbH in the fourth quarter of the year under review. The transaction was completed at the start of the new financial year. DGAB Fund VII has acquired the majority of the company's shares as part of an MBO. DBAG has invested 26,047,000 euros and will hold around 17 per cent of the shares in Cartonplast in the future.

The acquisition of STG Group was also signed in the fourth quarter of 2018/2019. The MBO of STG Group is DBAG's sixth broadband communication investment since 2013. The transaction was completed in October 2019. DBAG invested 9,564,000 euros alongside DBAG ECF, which means that 36 per cent of the shares in the group are now attributable to DBAG.

At the end of November 2019, the sale of the investment in inexio Beteiligungs GmbH & Co. KGaA was com-pleted; the deal was agreed at the end of September 2019, shortly before the reporting date. DBAG had held 6.9 per cent of the shares in the company from the portfolio of DBAG.

At the beginning of the new financial year, DBAG Fund VIII was initiated successfully as a successor fund for DBAG Fund VII. In the first round of subscriptions in November 2019, investors made investment commitments in the amount of almost 800 million euros; DBAG entered into a co-investment agreement for DBAG Fund VIII in the amount of more than 255 million euros.

42. Fees for the auditor

Total fees paid to the auditor BDO (previous year: KPMG) are composed of as follows:

	2018/2019			2017/2018		
€'000	**Parent company**	**Subsidiary**	**Total**	Parent company	Subsidiary	Total
Audit of consolidated/separate financial statements	362	0	362	455	37	492
Tax advisory services	0	0	0	39	27	66
Other consultancy services (not reimbursable)	0	0	0	7	13	20
	362	**0**	**362**	**501**	**77**	**578**
Other consultancy services (reimbursable)	0	0	0	0	0	0
	362	**0**	**362**	**501**	**77**	**578**

The services associated with auditing the consolidated and annual financial statements also include activities concerning the review of the half-yearly financial statements as at 31 March 2019, as well as audit activities relating to the audit of the annual financial statements as at 30 September 2018 that were conducted early.

The reduction in fees paid to auditors is related to lower expenses in connection with the enforcement procedures concerning the consolidated financial statements as at 30 September 2015, which were concluded in July 2018.

43. Members of the Supervisory Board and the Board of Management

Supervisory Board*

ANDREW RICHARDS

Bad Homburg v. d. Höhe, Germany
(Chairman until his departure on 13 October 2018)

Consultant

No statutory offices or comparable offices in Germany and abroad

GERHARD ROGGEMANN

Hanover, Germany
(Deputy Chairman until 13 October 2018 – Chairman) since 14 October 2018

Consultant

Statutory offices
- Bremer AG, Paderborn, Germany (Vice-Chairman)
- GP Günter Papenburg AG, Schwarmstedt, Germany (Chairman)
- WAVE Management AG, Hanover, Germany (Vice-Chairman)

DR HENDRIK OTTO

Dusseldorf , Germany
(Deputy Chairman since 14 October 2018)

Member of the Board of Management of WEPA Industrieholding SE, Arnsberg, Germany

No statutory offices or comparable offices in Germany and abroad

SONJA EDELER

Hanover, Germany

Managing Director, Finance & Accounting and Internal Audit, Dirk Rossmann GmbH, Burgwedel, Germany

No statutory offices or comparable offices in Germany and abroad

WILKEN FREIHERR VON HODENBERG

Hamburg, Germany

Lawyer

Statutory offices
- Schloss Vaux AG, Eltville, Germany
- SLOMAN NEPTUN Schiffahrts-AG, Bremen, Germany
- WEPA Instrustrieholding SE, Arnsberg, Germany

Comparable offices in Germany and abroad
- NB Private Equity Partners Ltd., St. Peter Port, Guernsey (since 21 March 2019)

PHILIPP MÖLLER

Hamburg, Germany

Managing Partner of Möller & Förster GmbH & Co. KG, Hamburg, Germany

No statutory offices or comparable offices in Germany and abroad

DR MAXIMILIAN ZIMMERER

Munich, Germany (since 21 February 2019)

Supervisory Board Member

Statutory offices
- Investmentaktiengesellschaft für langfristige Investoren TGV, Bonn, Germany (Chairman)
- Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft, Munich, Germany

Comparable offices in Germany and abroad
- Möller & Förster GmbH & Co. KG, Hamburg, Germany (Chairman)

* Statutory offices: 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, as at 30 September 2019

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

DR ROLF SCHEFFELS

Frankfurt/Main, Germany

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

Comparable offices in Germany and abroad

- DBG Fifth Equity Team GmbH & Co. KGaA i.L., Frankfurt/Main, Germany (Vice-Chairwoman)
- DWS Investment GmbH (since 10 September 2019)

* Statutory offices: 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, as at 30 September 2019

44. List of subsidiaries and associates pursuant to § 313 (2) HGB

Name	Registered office	Equity interest %
FULLY-CONSOLIDATED AND UNCONSOLIDATED SUBSIDIARIES		
AIFM-DBG Fund VII Management (Guernsey) LP	St. Peter Port, Guernsey	0.00
Bowa Geschäftsführungsgesellschaft mbH i. L.[1]	Frankfurt/Main, Germany	100.00
DBG Advising GmbH & Co. KG	Frankfurt/Main, Germany	20.00
DBG Advising Verwaltungs GmbH [1]	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	100.00
DBG Fund VIII GP (Guernsey) L.P. [1]	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 Managing Partner GmbH & Co. KG	Frankfurt/Main, Germany	20.00
DBG Managing Partner Verwaltungs GmbH [1]	Frankfurt/Main, Germany	20.00
DBG Management GP (Guernsey) Ltd.	St. Peter Port, Guernsey	3.00
DBG New Fund Management GmbH & Co. KG	Frankfurt/Main, Germany	100.00
European PE Opportunity Manager LP	St. Peter Port, Guernsey	0.00
RQPO Beteiligungs GmbH[1,3]	Frankfurt/Main, Germany	77.54
RQPO Beteiligungs GmbH & Co. Papier KG[1]	Frankfurt/Main, Germany	90.00
UNCONSOLIDATED INVESTMENT ENTITY SUBSIDIARIES		
DBAG Expansion Capital Fund Konzern GmbH & Co. KG	Frankfurt/Main, Germany	99.00
BTV Multimedia GmbH	Hannover, Germany	32.20
DBAG ECF Fonds I Beteiligungs GmbH	Frankfurt/Main, Germany	47.54
Rana Beteiligungsgesellschaft mbH	Frankfurt/Main, Germany	47.54
Tridecima Grundstücksverwaltungsgesellschaft mbH [2]	Neubiberg, Germany	30.08
DBAG ECF Pontis GmbH & Co. KG	Frankfurt/Main, Germany	25.00
DBAG ECF Pontis Verwaltungs GmbH	Frankfurt/Main, Germany	47.54
DBAG ECF Präzisionstechnik Beteiligungs GmbH	Frankfurt/Main, Germany	41.78
ECF Breitbandholding GmbH	Frankfurt/Main, Germany	41.78
ECF Broadband Holding GmbH	Frankfurt/Main, Germany	41.78
Netzkontor Gruppe GmbH	Flensburg, Germany	34.00
Vitronet GmbH	Essen, Germany	41.25
von Poll Immobilien GmbH	Frankfurt/Main, Germany	30.05
Rheinhold & Mahla GmbH	Wismar, Germany	45.63

Name	Registered office	Equity interest %
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 B Konzern SCSp	Luxembourg-Findel, Luxemburg	99.99
DBAG Fund VII Konzern SCSp	Luxembourg-Findel, Luxemburg	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	33.33
DBG Fifth Equity Team GmbH & Co. KGaA i. L.	Frankfurt/Main, Germany	33.33
DBG Alpha 5 GmbH	Frankfurt/Main, Germany	100.00
DBG Asset Management, Ltd.	Jersey	50.00
DBG Beteiligungsgesellschaft mbH	Frankfurt/Main, Germany	100.00
DBG Epsilon GmbH	Frankfurt/Main, Germany	100.00
DBG Fourth Equity International GmbH	Frankfurt/Main, Germany	100.00
DBV Drehbogen GmbH	Frankfurt/Main, Germany	100.00

1 Unconsolidated subsidiaries – see Note 5.5
2 Share in the capital, including a direct stake of 10.40%
3 Share in the capital, including an indirect stake of 28.54% held via Deutsche Beteiligungsgesellschaft mbH

OTHER COMPANIES

Based on its investments, DBAG holds more than five per cent of the voting rights in the following companies:

Heytex Bramsche GmbH	Bramsche, Germany
Mageba Holding AG	Bülach, Germany
Oechsler AG	Ansbach, Germany
SERO GmbH	Rohrbach, Germany

Frankfurt/Main, 3 December 2019

The Board of Management

Torsten Grede Dr Rolf Scheffels Susanne Zeidler

INDEPENDENT AUDITOR'S REPORT

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 2019, and comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 October 2018 to 30 September 2019, 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 2018 to 30 September 2019. 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 § [Article] 315e Abs. [paragraph] 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 2019, and of its financial performance for the financial year from 1 October 2018 to 30 September 2019, 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

Pursuant to § 322 Abs. 3 Satz [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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

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 2018 to 30 September 2019. 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 385.7 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 loss. The fair value is determined according to IFRS 13 considering the International Private Equity and Venture Capital Valuation Guidelines (IPEVG) effective 2018.

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 primarily uses the multiples method to determine the fair values of the portfolio companies based on financial results (market approach). In some cases, an income approach is applied. 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 7). We refer to future-oriented assumptions and other significant sources of estimation uncertainties (note 9), disclosures on the financial assets (note 19), on the net result of investment activity (note 10), notes on financial instruments (note 33), 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 initially valued using the multiples approach, 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. 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 earnings 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. With respect to the income-based approach, we involved our valuation experts to evaluate the appropriateness of the capitalization interest rate used, by comparing the underlying assumptions (the risk-free rate and the market risk premium in particular) to publicly available 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 are responsible for the other information. The other information comprises:

- the statement on corporate governance included in section "other statutory disclosures and explanatory information" of the combined management report and
- the remaining parts of the annual 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 are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 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 Abs. 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

Further information pursuant to article 10 of the audit regulation

We were elected as group auditor by the annual general meeting on February 21, 2019. We were engaged by the audit committee on February 21, 2019.

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).

German public auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Dr Jens Freiberg.

Frankfurt/Main, 4 December 2019

BDO AG
Wirtschaftsprüfungsgesellschaft

Dr Freiberg	Gebhardt
German Public Auditor	German Public Auditor

RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge, and in accordance with the applicable accounting principles, that the consolidated half-yearly financial statements give a true and fair view of the asset, financial and earnings position of the Group, and that the condensed management report presents a true and fair view of the business development (including business results) 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, 3 December 2019

The Board of Management

Torsten Grede Dr Rolf Scheffels Susanne Zeidler

CORPORATE GOVERNANCE

REPORT OF THE SUPERVISORY BOARD

For many years, Deutsche Beteiligungs AG has made a name for itself as an investor that enjoys a high degree of confidence amongst mid-sized companies in a highly competitive market. The expanded sector focus in prior financial years has made an important contribution to the positive development seen in 2018/2019.

Gerhard Roggemann
Chairman of
the Supervisory Board

In the 2018/2019 financial year (1 October 2018 to 30 September 2019), we carefully considered the state of the Company and its 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 asset, financial and earnings position, the outlook, risk management and compliance at DBAG, both in writing and orally. We deliberated on these issues extensively. The Board of Management commented on and explained any deviations from planned business development. It also informed us of all strategic and major operational decisions, as well as its future business policy.

Supervisory Board meetings during the year under review

In the 2018/2019 financial year, eight Supervisory Board meetings were convened, one of which was a conference call. The sole subject of this conference call was the resolution regarding the amount of variable remuneration for the Board of Management and the follow-on remuneration for its former members. The Supervisory Board also met in the absence of the Board of Management.

In-depth reporting on the situation of individual portfolio companies was a regular component of meetings attended in-person. We received detailed written quarterly reports for this purpose from the Board of Management. The Board of Management informed us comprehensively and without delay of investments that were not performing according to plan.

Discussing the strategic development of Deutsche Beteiligungs AG was the focus of the meeting held on **19 OCTOBER 2018**. We agreed to the proposal that DBAG in future be able to enter into investments without drawing on DBAG Funds, i.e. by exclusively using DBAG's own financial resources (Principal Investments). On this issue, we decided that the Supervisory Board's approval will be required for any individual investment above 35 million euros.

At our first scheduled meeting on **14 NOVEMBER 2018**, we examined the preliminary results of DBAG and the DBAG Group for the 2017/2018 financial year. We decided to amend provisions of the Board of Management members' service agreements governing the maximum level of fringe benefits. In addition, we examined the Supervisory Board's report of the previous financial year's activities.

After the auditors first reported on the outcome of the audit of the financial statements and the consolidated financial statements for the year ending 30 September 2018 at the meeting of the Audit Committee – at which members of the Supervisory Board who were not members of the committee regularly attended as guests – we confirmed the financial statements and approved the consolidated financial statements for the 2017/2018 financial year at the regular scheduled meeting on **29 NOVEMBER 2018**. We then approved the agenda for the 2019 Annual Meeting and discussed the Nomination Committee's proposed resolution for the election of a Supervisory Board member; we passed the resolution. We received detailed information about the market and the competitive environment for DBAG. In addition, we deliberated on various models for structuring performance-related remuneration for potential future investments acquired exclusively using DBAG's financial resources.

The focus of our meeting following the Annual Meeting on **21 FEBRUARY 2019** was information about the state of preparations for the successor fund to DBAG Fund VII.

In a meeting on **5 MARCH 2019**, we analysed the structure and details of different incentive systems for listed private equity companies at length. The background includes current initiatives governing management board remuneration, including the Act Implementing the Shareholders' Rights Directive and the revision of the German Corporate Governance Code. We also discussed issues relating to the acceptability of the planned legal structure of the successor fund to DBAG Fund VII under German company law. We decided to provide for additional contractual provisions, to further protect DBAG's interests in the event of a disagreement between fund investors and the fund's management company. Finally, we continued the discussion on the structure of performance-related remuneration related to Principal Investments for the members of the Board of Management responsible for the Private Equity Investments business.

On **13 MAY 2019**, we issued approvals in connection with the commencement of fundraising for DBAG Fund VIII, the successor fund to DBAG Fund VII. This also concerned DBAG's co-investment in the DBAG Fund VII for both sub-funds, in line with the structure of DBAG Fund VII; we approved the provisions relating to carried interest for DBAG's co-investment. We amended the requirements governing the consent of the Supervisory Board for entering into investments. The Board of Management informed us of the progress of the request for information from the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin) relating to compliance with reporting and disclosure requirements. We also addressed Board of Management matters.

At the meeting on **12 SEPTEMBER 2019**, the Board of Management informed us about the earnings forecast for the current 2018/2019 financial year. We discussed the dividend proposal for the 2018/2019 financial year extensively. We approved the Board of Management's conclusions regarding the amount of the dividend proposal, which were based on the dividend policy that had been in place for three years. In this meeting, as in nearly all meetings, we also were informed of current investment plans and the performance of individual portfolio companies. In addition, we discussed the budget for the 2019/2020 financial year. We were presented with preliminary medium-term planning related to that year and the two following financial years. The Board of Management commented on the state of preparations for a successor fund to DBAG Fund VII. We also contributed to the Corporate Governance Statement and issued the Declaration of Compliance and the joint report of the Board of Management and Supervisory Board on DBAG's Corporate Governance. We approved provisions governing performance-related remuneration for the Board of Management members responsible for the investment business for potential future investments acquired exclusively using DBAG's financial resources.

The Spokesman of the Board of Management informed the Chairman of the Supervisory Board immediately about important business transactions outside of meetings as well; the information was then shared with the entire Supervisory Board thereafter. We were involved in all major decisions.

We followed the proposed resolutions of the Board of Management mentioned regarding the structure of DBAG Fund VIII, including the top-up fund, and the co-investment agreements with the fund. We further agreed to the addition of a new business segment (Principal Investments), comprising investments made exclusively using DBAG's financial resources. There was no other business requiring approval in the 2018/2019 financial year.

The Supervisory Board convened five meetings during the financial year under review. All committee members attended the meetings of the Audit Committee, the Executive Committee and the Nomination Committee during the period under review.

Corporate Governance

We subject our work on the Supervisory Board to regular efficiency testing. We also monitor the development of Corporate Governance practices in Germany on an ongoing basis and take advantage of opportunities to help shape opinions in institutions and organisations concerned with Corporate Governance matters. Together with the Supervisory Board, the Board of Management reports on the Company's Corporate Governance; we publish the report in the annual report (pages 202 to 205) and make it available to the public along with the Corporate Governance Statement on the Company’s website. The Board of Management and the Supervisory Board issued their annual Declaration of Compliance in September 2019 on the basis of the German Corporate Governance Code as amended on 7 February 2017 (section 161 of the German Stock Corporation Act (Aktiengesetz – AktG)) 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 Supervisory Board as recommended in the Code. In the previous financial year, no conflicts of interests were disclosed.

To enhance the efficiency of its work and distribute responsibilities, the Supervisory Board has established an Executive Committee, which also performs the functions of a Nomination Committee, and an Audit Committee. The Chairmen of the committees regularly reported on the work of their committees to the Supervisory Board during the financial year under review.

Work of the Executive Committee (also Nomination Committee)

The Executive Committee met twice in its named capacity during the financial year under review: in a conference call on 17 October 2018, it determined the short-term performance-related and long-term components of the remuneration of the members of the Board of Management for the 2017/2018 financial year. The Supervisory Board approved this recommendation in a conference call on 18 October 2018, after careful deliberation. In a further conference call on 28 November, the Executive Committee – in its capacity as the Nomination Committee – discussed various proposals for the nomination of a member of the Supervisory Board for election at the 2019 Annual Meeting. This election was necessary because the previous Supervisory Board member, Andrew Richards, resigned his post with effect from 13 October 2018. We nominated Dr Maximilian Zimmerer, who was elected by the Annual Meeting on 21 February 2019.

Work of the Audit Committee

The Audit Committee convened six meetings during the financial year under review. The focus was nearly entirely on the financial statements and consolidated financial statements, the half-yearly financial report and the quarterly reports, which we discussed with the Board of Management prior to each publication. In four meetings, we approved the external auditors' non-audit services as presented.

In the meeting on **14 NOVEMBER 2018**, we were presented with the preliminary results of the 2017/2018 financial year. The external auditors reported on the status and initial results of the audit of the financial statements. In this meeting, we also discussed drafts of the financial statements and the consolidated financial statements for the year ending 30 September 2018 and the audit reports for both before we recommended that the Supervisory Board sign off on the financial statements and confirm the consolidated financial statements on **29 NOVEMBER 2018**. In its report on the financial year under review, the Board of Management explained the current portfolio valuation process. It also addressed a methodological change to account for the anticipated performance of individual portfolio companies in medium-term planning. Lastly, two auditors from KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG) reported on the results of the audit of the financial statements and consolidated financial statements as at the conclusion of the previous financial year.

On **6 FEBRUARY 2019**, we considered the interim financial statements dated 31 December 2018 and discussed the quarterly statement.

On **13 MAY 2019**, BDO, the external auditors elected by the Annual Meeting on 21 February 2019, reported the results of the audit review of the interim financial statements dated 31 March 2019, which we also discussed with the Board of Management during the same meeting.

The interim financial statements dated 30 June 2019 were the focus of the meeting on **7 AUGUST 2019**. We discussed the Board of Management's report and reviewed the quarterly report for that reporting date. We also took note of the Board of Management's risk report. In this meeting, we reviewed and discussed the report and internal audit of DBAG that addressed the treatment of remuneration for advisory committee activities for members of the investment team.

On **12 SEPTEMBER 2019**, the external auditors explained their plans for their 30 September 2019 audit and the focal points of the audit, which was to be conducted by BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, for the first time.

Over the course of the year under review, we 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 into the necessary independence of the external auditors and the additional (non-audit) services performed by the external auditors. We also advised on setting the focal points of the audit, as well as on the auditors' fees.

We meet the requirements of sections 100 (5) and 107 (4) of the AktG, pursuant to which one member of the Supervisory Board and the Executive Committee must have sufficient expertise in the area of accounting or auditing, in multiple respects: Mr Roggemann, who was the Chairman of the Audit Committee and the deputy Chairman of the Supervisory Board, and an independent Supervisory Board member pursuant to the German Corporate Governance Code until 13 October 2018, has particular expertise and experience in the application of accounting principles and internal auditing procedures; the same applies for Dr Otto, who assumed the Chair of the Audit Committee with effect from 14 October 2018.

Financial statements and consolidated financial statements without objections

Before the Supervisory Board put forward BDO AG Wirtschaftsprüfungsgesellschaft (BDO), Hamburg, to be the external auditors for the 2018/2019 financial year at the Annual Meeting, it received a Statement of Independence from BDO. Following the 2019 Annual 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 related to our work. The external auditors laid out their audit plans in the meeting of the Audit Committee on 12 September 2019.

BDO audited the financial statements of Deutsche Beteiligungs AG for the 2018/2019 financial year and the condensed 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 2018/2019 consolidated financial statements. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The auditors confirmed that the consolidated financial statements complied with IFRS, as applicable in the European

Union, and the applicable supplementary regulations pursuant to section 315a (1) of the German Commercial Code (Handelsgesetzbuch – HGB) that the consolidated financial statements as a whole accurately presented 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 financial statements of Deutsche Beteiligungs AG for the financial year ending 30 September 2019 and the condensed Management Report of Deutsche Beteiligungs AG, taking into account the report of the Chairman of the Audit Committee and the external auditors, examined them itself and discussed the documents individually with the Board of Management in the presence of the auditors. This also applies for the consolidated financial statements and the profit appropriation proposal.

At our meeting on 19 November 2019, the external auditors set out the information they had gathered during the preliminary review. At the meeting on 9 December 2019, 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 the audit services. The external auditors provided detailed answers to our questions. There were also no objections raised after the Supervisory Board conducted its own detailed examination of all the documentation. We concurred with the results of the audit put forward by the external auditors. On 9 December 2019, we confirmed the consolidated financial statements and financial statements of Deutsche Beteiligungs AG as recommended by the Audit Committee. The financial statements are thus confirmed.

The Supervisory Board examined the Board of Management's proposal for the appropriation of net retained profit (Bilanzgewinn). Following this examination, the Supervisory Board approved the proposal of the Board of Management to distribute 22.6 million euros, and to carry forward the remaining net retained profit of 155.5 million euros.

DBAG entered into five new investments during the financial year under review. This demonstrates the Company's good market position and its ability to find and evaluate attractive opportunities and realise investments in a highly competitive environment. Four in many respects extremely successful disposals document DBAG's success in developing mid-sized companies. The Supervisory Board wishes to recognise and extend special thanks to the Board of Management, and the employees that have contributed to this success with their high degree of dedication over the past year.

Frankfurt/Main, 9 December 2019

Gerhard Roggemann
Chairman of the Supervisory Board

CORPORATE GOVERNANCE REPORT

Corporate governance refers to the way a company is responsibly managed and overseen. The Board of Management and the Supervisory Board of Deutsche Beteiligungs AG acknowledge and endorse these principles. Therefore we have created a Code of Conduct that contains our Company's key values and principles of conduct. Our aim is to provide a set of guidelines for employees, and to communicate to our business partners and investors that our actions are firmly rooted in ethical principles – and that we will always interact fairly in good partnership. Furthermore, our principles of conduct encompass avoiding conflicts of interest and acknowledging our social responsibility. We act politically neutral, but support social projects and commit to fair competition. We are also committed to sustainable corporate governance and comply with high ESG standards.

Our Corporate Governance Statement sets out the basic principles behind our business conduct; it is published online and accessible on our website, together with this report. We discuss the topic of sustainability in our Annual Report; we are not required to publish a comprehensive sustainability report ("Non-financial statement") pursuant to section 289b of the German Commercial Code (Handelsgesetzbuch – HGB).

Consistent with the recommendation of the German Corporate Governance Code, as amended on 7 February 2017 (the "German Corporate Governance Code"), the following is a combined report by the Board of Management and the Supervisory Board on the corporate governance practised at Deutsche Beteiligungs AG. The Corporate Governance Statement and the Report of the Supervisory Board contain more information on the subject; the information therein is part of our corporate governance reporting. We will refer to other sections of this Annual Report for the individual aspects.

Compliance: employees, transaction process, portfolio companies

Compliance with all legal provisions applicable to Deutsche Beteiligungs AG and its subsidiaries, as well as adherence to all internal rules by management and employees have been Company goals and core elements of our corporate culture for a long time now. However, as a private equity company, this commitment does not only refer to our Company: it also includes current and future portfolio companies, where we endorse the establishment and development of compliance systems. DBAG's compliance system therefore consists of three components:

- compliance by DBAG staff,
- compliance in the transaction process and
- compliance at portfolio companies.

A Compliance Officer oversees adherence by **EMPLOYEES** to the rules established in the Code of Conduct and in the Compliance Policy. Within this function, the Compliance Officer is independent, reporting directly to the Spokesman of the Board of Management. Four times a year, the Compliance Manager submits a report to the entire Board of Management. The Compliance Policy establishes, for example, the rules for accepting and offering gifts, for entertainment and invitations to events.

As requested by the German Corporate Governance Code, we have appointed an ombudsman, commissioning a lawyer from a specialised law firm for this task. DBAG employees may approach the ombudsman with confidential information on actual or suspected unlawful activity, especially regarding insider trading and money laundering legislation, but also with evidence of compliance violations, criminal offences or irregularities regarding DBAG. In the past financial year, no such reports were made to the ombudsman.

DBAG acts as a responsible investor, and thus we also consider compliance aspects within **TRANSACTION PROCESSES**, specifically in the due diligence process and in purchase agreements. Investigating compliance issues is an integral part of every due diligence process, typically carried out with a team of specialised compliance lawyers. To minimise the liability risk for DBAG in connection with compliance violations, warranty clauses to that effect are set to be included in every purchase agreement for a portfolio company.

DBAG employees holding office in a **PORTFOLIO COMPANY'S** supervisory board or advisory board, or acting as representatives for a portfolio company shareholder, are asked to endorse the introduction and development of a compliance system within the portfolio company. The DBAG Compliance Standard for Portfolio Companies serves as a guideline. All portfolio companies have introduced a compliance system, or are currently in the process of developing and launching such a system.

Composition of the Supervisory Board: operability is key

The German Corporate Governance Code recommends that the Supervisory Board has specific targets for its composition, develops a skills profile for the entire corporate body and reports on the status quo of target achievement.

The skills profile summarises the skills and requirements regarded as necessary by the Supervisory Board for the composition of the entire corporate body. Specifically, this includes the following areas of expertise and knowledge: industry knowledge, M&A processes, business strategy and planning, capital and financial markets, corporate governance, accounting/financial reporting and auditing financial statements, (regulatory) legislation, compliance and risk management, as well as IT and digitalisation. On top of these professional requirements, the following personal requirements apply: independence, availability, age, job tenure, and management experience. In addition, members may not be exposed to any conflicts of interest and should speak the Company language (German) as well as English.

DBAG's Supervisory Board consists of six members, elected by shareholders at the Annual Meeting. The key objective for its composition and guiding principle for the skills profile is the Supervisory Board's operability, which is best addressed when members are independent to a great extent and not exposed to conflicts of interest, when they are broadly experienced in the multifaceted operations of DBAG and have expert knowledge of applicable accounting principles. The Supervisory Board is of the opinion that the majority – i.e. at least four – of its members should be independent, the Chairperson of the Supervisory Board being one of them.

The current structure of the Supervisory Board fulfils this objective. None of the Supervisory Board members has a business or personal relationship with the Company or its bodies, or with a controlling shareholder or an entity affiliated with the controlling shareholder, which may cause a substantial and not merely temporary conflict of interest. Therefore, the Supervisory Board deems all current members to be independent in terms of section 5.4.2 of the German Corporate Governance Code: Gerhard Roggemann (Chairman), Sonja Edeler, Wilken Freiherr von Hodenberg, Philipp Möller, Dr Hendrik Otto and

Dr Maximilian Zimmerer. With Mr von Hodenberg, a former member of the Board of Management joined the Supervisory Board. Should, contrary to expectations, conflicts of interest arise in individual instances, they will be disclosed and the Supervisory Board will deal with them. The Supervisory Board members have a great variety of professional and personal experience, including management positions abroad or with international companies in Germany. The Supervisory Board members fulfil the skills profile requirements and are, in their entirety, familiar with the sector DBAG operates in.

The specified age limit of 72 means that, on the one hand, the Company can benefit from their knowledge as long as possible, whilst the age limit is conducive to introducing the desired changes in the Board's composition on the other. The limited job tenure for Supervisory Board members of three full terms maximum, plus a potential partial term of office, insofar as that a Supervisory Board member was not elected at a regular election, also induces change. We have achieved the target specified in the Corporate Governance Statement of "at least one woman" on the Supervisory Board. Within the context of preparing for the most recent by-election of one Supervisory Board member at the Annual Meeting (February 2019), the Supervisory Board ensured that the candidate was in a position to devote the required amount of time to his prospective office.

Independence of bodies: no conflicts of interest

No conflicts of interest on the part of Board of Management and Supervisory Board members requiring immediate disclosure to the Supervisory Board came to our attention in the year under review.

Principle of equal treatment: provision of timely information to all interested parties

We attach great importance to the principle of informing all interested parties about an event promptly and simultaneously, publishing all material reports, announcements and presentations online as soon as an event takes place. The key presentations we prepare for meetings with investors are also available on our website, as are the dates and locations of road shows and investors' conferences. We also make recordings of our oral presentations during analysts' conference calls available on our website.

Our Annual Meeting is usually webcast on the internet. Shareholders can also exercise their voting rights via a proxy of their own choice, or via a proxy appointed by the Company and bound to vote in accordance with their instructions. Casting a vote per post is also possible. All documents and information on the Annual Meeting are accessible on our website in German and in English.

Board of Management remuneration: based on corporate performance

The remuneration paid to the Board of Management is composed of fixed and performance-related components, the latter of which take effect mainly in the long term. We disclose Board of Management remuneration individually. At the 2011 Annual Meeting, the remuneration scheme was approved with an affirmative vote of approximately 92 per cent.

Supervisory Board remuneration is exclusively fixed.

For details on the Board of Management and Supervisory Board remuneration, please refer to the Remuneration Report (see pages 206 to 210).

Strict rules on share ownership

Apart from participating in the annual employee share ownership plan, employees and members of the bodies may only purchase DBAG shares within a limited timeframe. Shares may only be purchased or sold during specific periods of time and exclusively after receiving approval for each transaction. Trading periods begin on the day after publication of (if applicable, also preliminary) quarterly or annual financial reports, and end at the following quarterly reporting date. In the event that these trading periods overlap with the statutory trading prohibition of managers' transactions, the trading period for DBAG employees is also curtailed.

Based on the nature of our business operations, further rules apply to stock trading by DBAG staff. Irrespective of the trading restrictions for DBAG shares, employees are not permitted to trade shares of companies in which the DBAG-advised funds are invested, are reviewing an investment, or shares of companies whose portfolios contain companies in which an investment is being considered.

Reportable securities transactions (managers' transactions)

Pursuant to Article 19 of the EU Market Abuse Regulation, DBAG's Board of Management and Supervisory Board members as well as related parties are required to report managers' transactions in DBAG shares, debt instruments and derivatives or other financial instruments linked thereto.

Individual subject to the reporting requirement	Body	Transaction date	Transaction	No. of shares	Share price (€)
Susanne Zeidler	Board of Management	12 August 2019	Purchase	1,000	30.59 (aggregated)

As at 30 September 2019, the members of the Board of Management held a total of 40,613 no-par value shares, and the Supervisory Board members a total of 2,000 no-par value shares, and thus less than one per cent of Deutsche Beteiligungs AG's share capital.

Declaration of Compliance pursuant to section 161 of the AktG

The Board of Management and the Supervisory Board declare that Deutsche Beteiligungs AG (DBAG) has complied with the recommendations of the German Corporate Governance Code (the "Code"), as amended on 7 February 2017, with one exception: in the contracts with the Board of Management members, variable remuneration components with a multi-year assessment basis are not essentially forward-looking in their characteristics (section 4.2.3 of the Code).

The remuneration system meets the currently applicable statutory criteria for participation in sustainable corporate success. The financial performance of a single DBAG financial year depends to a large extent on a small number of transactions executed by DBAG funds. Within this context, postponing transactions to a subsequent period can make sense if better conditions are anticipated for the future. If the Board of Management's variable remuneration were to be based on the planned measures, its members could be incentivised to make decisions that would ultimately prove less than ideal. The Supervisory Board is convinced that the existing variable remuneration concept is best suited to provide incentives for the Company's long-term positive development. Apart from this one exception, we will continue to comply with all of the Code's recommendations.

Moreover, we have followed all of the Code's suggestions since issuance of the last Declaration of Compliance, and will continue to do so.

Frankfurt/Main, September 2019

Deutsche Beteiligungs AG

The Board of Management 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. The remuneration report is an integral constituent of the combined management report.

Management remuneration: geared to assignment, personal and company performance

The remuneration framework for the members of the Board of Management depicted in the following was approved by shareholders at the 2011 Annual Meeting. Since then it has fundamentally remained the same. However, at the start of the 2018/2019 financial year, adjustments took effect relating to the amount of fixed remuneration, the maximum amount of variable remuneration and its distribution between the one-year and multi-year components; a further adjustment will take effect at the start of the 2019/2020 financial year.

Remuneration system for financial year 2018/2019

Total remuneration for the members of the Board of Management consists of

- a fixed base salary,
- one-year variable remuneration,
- multi-year variable remuneration,
- follow-on remuneration from completed remuneration models
- fringe benefits, and
- where applicable, pension benefits.

Criteria for the appropriateness of 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.

Insofar as the members of the Board of Management receive remuneration for offices held in other 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. A severance pay cap is provided for in the service contracts of all Board of Management members. The D&O (directors' and officers') liability insurance that the Company has taken out contains a deductible for the Board of Management members. No advances or loans have been granted to them.

NON-PERFORMANCE-LINKED REMUNERATION consists of a fixed monthly salary and fringe benefits. Fringe benefits mainly consist of the taxable amounts for the use of a company car; these are limited to 50 per cent (previously: 100 per cent) of the fixed salary.

THE ONE-YEAR VARIABLE REMUNERATION depends on individual performance during the past financial year and may now be as high as 40 per cent (previously: 50 per cent) of the fixed salary. Personal performance is determined by the Supervisory Board at its equitable discretion.

MULTI-YEAR VARIABLE REMUNERATION is based on the Group's performance over the reference period. It comprises the reporting year and the two prior financial years. The Supervisory Board determines the Company's performance based on the return on equity. The remuneration is granted if the return on equity is at least equal to the three-year average cost of equity; the maximum amount of remuneration – 80 per cent (previously 50 per cent) of the fixed salary – is achieved with a return on equity of 20 per cent.

The amount of the two variable remuneration components for the 2018/2019 financial year was discussed by the Executive Committee of the Supervisory Board on 28 October 2019 and proposed to the Supervisory Board. The Supervisory Board approved the proposal and set the variable remuneration for the Board of Management at a total of 1,569,000 euros. Of that amount, 732,000 euros are attributable to one-year variable remuneration and this represents the maximum amount possible for each Board of Management member. The multi-year variable remuneration was fixed uniformly at approximately 57 per cent of the maximum amount possible and totals 837,000 euros. At the start of 2019, the members of the Board of Management had repaid a performance-related remuneration of 104,000 euros for the two previous financial years, after the consolidated net income for the 2016/2017 and 2017/2018 financial years had been adjusted.

Follow-up variable remuneration from old remuneration models

In the financial year 2018/2019, the two Board of Management members who are members of the investment team also received follow-up variable remuneration components from one of the two 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 the return on equity of DBAG. Profit-sharing awards are only granted if the return on equity for the reporting year exceeds the mark of 15 per cent before taxes and bonuses. The computation base of equity relates exclusively to these investments. The remuneration for 2018/2019 is based on the profit distribution of the investment in JCK Holding.
- 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. They 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. 2018/2019, remuneration was received on the basis of income from one of the two third-party managed international buyout funds.

The subsequent variable remuneration components from the two old remuneration models are each limited to 65 per cent (previously: 150 per cent) of the fixed salary per year.

Profit-sharing awards from personal co-investments in the DBAG funds

Since the start of the investment period of DBAG Fund V at the start 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 under company law using their own money. The purpose of taking a personal investment risk is to promote the initiative and commitment of the members of the Board of Management 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 received from such private investments in DBAG funds are included in the disclosures in Note 39 of the Notes to the Consolidated Financial Statements ("Related party disclosures, carried-interest participations of key management personnel and former key management personnel").

Adjustments to take effect at the start of the new financial year

At the start of the 2019/2020 financial year, a new element was added to the remuneration of Torsten Grede and Dr Rolf Scheffels, the two members of the Board of Management who belong to the investment team. In future, as part of their performance-related remuneration, they are entitled to receive a bonus for the performance of DBAG's investments entered into exclusively from the Company's own funds (Principal Investments bonus). The remuneration takes into account the performance of Principal Investments from two successive financial years (investment period). For the first investment period, an entitlement to a Principal Investments bonus may only arise from Principal Investments made from 1 October 2019 onwards during the active term of office of the relevant member of the Board of Management. Any entitlement to remuneration arising in this way shall continue to exist after any termination of the Board of Management member's contract. The entitlement to remuneration arises only if DBAG has realised its invested capital plus a minimum return of eight per cent per annum (internal rate of return). In this case, a certain percentage of the total performance achieved in the respective investment period is paid out to the members of the Board of Management entitled to bonuses; for the first investment period, this is 6.5 per cent. Payments will only be made once DBAG has received the returns. The remuneration from the Principal Investments bonus is limited to 65 per cent of the fixed annual salary.

Pension commitments under two models

Pension commitments to Board of Management members are based on two models. Members of the Board of Management appointed for the first time up to 1 January 2001 received a pension commitment; members appointed after this date participate in what is known as the contribution plan. This plan is also extended to other staff of Deutsche Beteiligungs AG; however, it has been closed to those employees and board members not covered by collective agreements since the beginning of the financial year 2004/2005. Members of the Board of Management appointed for the first time since then do not receive defined pension benefits; this applies to Susanne Zeidler.

Pension arrangements for Torsten Grede provide for defined annual pension benefits; they amount to 87,000 euros. The present value of this pension obligation was 1,560,000 euros as at 30 September 2019 (previous year: 1,299,000 euros). Dr Rolf Scheffels participates in the contribution plan: 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. At 30 September 2019, the cap did not have an effect. The present value of the retirement benefit commitment to Dr Scheffels was 1,427,000 euros as at 30 September 2019 (previous year: 1,225,000 euros).

Benefits granted

The remuneration granted to Board of Management members in the 2018/2019 financial year totalled 3,682,000 euros (previous year: 3,274,000 euros); of that amount, 199,000 euros are attributable to pension expenses (previous year: 118,000 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	2017/ 2018	2018/2019			2017/ 2018	2018/2019			2017/ 2018	2018/2019		
			min.	max.			min.	max.			min.	max.
Fixed salary (not linked to performance)	560	640	640	640	560	640	640	640	450	550	550	550
Fringe benefits	12	12	12	12	10	10	10	10	19	18	18	18
Total	**572**	**652**	**652**	**652**	**570**	**650**	**650**	**650**	**469**	**568**	**568**	**568**
Performance-linked component (one-year variable remuneration)	280	256	0	256	280	256	0	256	225	220	0	220
Component with long-term incentive effects (multi-year variable remuneration)												
Bonus for Company's long-term performance	205	293	0	512	205	293	0	512	165	251	0	440
Profit-sharing up to 2000	6	6	0	416	6	6	0	416	0	0	0	0
Profit-sharing 2001 to 2006	108	20	0	416	65	12	0	416	0	0	0	0
Total	**1,171**	**1,227**	**652**	**2,252**	**1,126**	**1,217**	**650**	**2,250**	**859**	**1,039**	**568**	**1,228**
Pension service costs	70	94	94	94	48	105	105	105	0	0	0	0
Total remuneration	**1,241**	**1,321**	**746**	**2,346**	**1,174**	**1,322**	**755**	**2,355**	**859**	**1,039**	**568**	**1,228**

Remuneration paid

The information in the following table also takes into account the aforementioned repayment of part of the performance-related remuneration for the financial years 2016/2017 and 2017/2018. In 2018/2019, the members of the Board of Management received inflows:

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	2018/ 2019	2017/ 2018	2018/ 2019	2017/ 2018	2018/ 2019	2017/ 2018
Fixed salary (not linked to performance)						
Fringe benefits	12	12	10	10	18	19
Total	**652**	**572**	**650**	**570**	**568**	**469**
Performance-linked component (one-year variable remuneration)	256	280	256	280	220	225
Component with long-term incentive effects (multi-year variable remuneration)						
Bonus for Company's long-term performance	293	205	293	205	251	165
Profit-sharing up to 2000	6	397	6	397	0	0
Profit-sharing 2001 to 2006	108	51	65	31	0	0
Other[1]	(37)	0	(37)	0	(30)	0
Total	**1,277**	**1,505**	**1,232**	**1,483**	**1,009**	**859**
Pension service costs	94	70	105	48	0	0
Total remuneration	**1,371**	**1,575**	**1,337**	**1,531**	**1,009**	**859**

Other: bonus repayments for the 2016/2017 and 2017/2018 financial years due to figures being restated in accordance with IAS 8

Former Board of Management members or their surviving dependants received total payments of 1,074,000 euros (previous year: 1,497,000 euros) in the financial year under review. This also includes 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). These payments amounted to 115,000 euros for the financial year under review (previous year: 558,000 euros). The present value of pension obligations for former Board of Management members and their surviving dependants amounted to 25,170,000 euros at the reporting date (previous year: 22,516,000 euros). Amounts received by former Board of Management members from private equity investments in DBAG funds are included in the disclosures in Note 39 to the consolidated financial statements ("Information on related parties, carried interest investments by current and former key management staff").

Supervisory Board compensation

The remuneration for members of the Supervisory Board is geared to the resolution passed at the Annual Meeting on 26 March 2013. It consists of two components: an annual fixed fee of 50,000 euros (base remuneration) and 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. Members of the Executive and Nomination Committee receive a quarter of this amount.

Remuneration of the members of the Supervisory Board amounted to 370,000 euros for the 2018/2019 financial year (previous year: 388,000 euros).

€'000	Fixed fee	Bonus	Total
Andrew Richards Chairman until 13 October 2018	2	1	3
Sonja Edeler	50	–	50
Wilken Freiherr von Hodenberg	50	–	50
Philipp Möller	50	13	63
Dr Hendrik Otto Deputy Chairman since 14 October 2018	50	24	74
Gerhard Roggemann Deputy Chairman until 13 October 2018, Chairman since 14 October 2018	50	49	99
Dr Maximilian Zimmerer since 21 February 2019	30	–	30
Total	**282**	**88**	**370**

In the financial year 2018/2019, 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 2019, the share capital of Deutsche Beteiligungs AG amounted to 53,386,664.43 euros. It is divided into 15,043,994 no-par value registered shares with an imputed nominal value of 3.55 euros (rounded). There is only one class of shares. All shares carry the same rights and obligations. In accordance with section 67 (2) of the German Stock Corporation Act (Aktiengesetz – AktG), only shareholders who are listed in the share register are considered shareholders of the Company. 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 June 2019, the Company was last notified in accordance with section 33 of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) that 20.03 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 until the end of the 2018 Annual Meeting; the agreement is extended automatically and can now be terminated annually with effect from the end of the next Annual Meeting. According to the agreement, for resolutions concerning the election or dismissal of Supervisory Board members, Rossmann Beteiligungs GmbH undertakes to exercise 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 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 (3) and (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 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 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 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 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 is, however, authorised to exclude shareholders' subscription rights in certain instances and within a certain capital range. In the past financial year, the Board of Management did not make use of this authorisation.

In conjunction with the authorisation adopted at the Annual 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 3,760,998 new no-par 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 Meetings mentioned above. Details on Authorised and Conditional Capital, and on the acquisition of treasury shares, are also provided in the 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 GERMAN COMMERCIAL CODE (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 (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.

GLOSSARY

B

Buyout fund A private equity fund focused on > MBOs.

C

Capital management company (Kapitalverwaltungsgesellschaft – KVG) Company with its registered office and headquarters in Germany whose business operations are aimed at managing domestic investment assets, EU investment assets or foreign alternative investment funds. Only one capital management company can be responsible for each investment fund category, which is also answerable for compliance with the rules of the German Capital Investment Code (KAGB). DBAG is a registered capital management company under the KAGB.

Carbon Disclosure Project (CDP) Non-profit organisation whose objective is worldwide transparency regarding environmental data. Within the scope of the CDP, DBAG issues detailed annual reports on its greenhouse gas emissions.

Carried Interest: A share of the profits of a private equity fund that is paid to the investment managers regardless of the amount they originally contributed to the fund, provided that a predefined hurdle rate (> preferred return) has been cleared. It provides an incentive to investment managers and creates an alignment of interest between them and the fund investors.

Co-investment DBAG invests in portfolio companies alongside the DBAG funds. The ratio of DBAG's co-investment and the other investors in a fund is fixed for the fund's entire term; DBAG holds a minority interest in the respective investment.

Co-investment vehicle Companies via which DBAG has structured its co-investments alongside the DBAG funds.

Corporate functions The auxiliary functions for the investment process and administrative tasks. These responsibilities also include portfolio valuation and risk management.

Cost of equity Calculatory return on the equity employed. Similar to providers of borrowings, equity providers (shareholders) expect a return on their invested capital. This is usually achieved through share price increases and distributions. The cost of equity can be determined by various models and generally exceeds that for borrowings, since equity capital entails greater risk. DBAG uses the capital asset pricing model (CAPM) to determine the cost of equity. For this method, a company-specific risk premium calculated using a mathematical formula is added to a risk-free interest rate.

D

Deal flow Investment opportunities available to an investment company such as DBAG.

Deal sourcing The process of seeking and selecting potential portfolio companies.

Discounted cash flow method (DCF) Procedure used to measure the value of an enterprise, determined by the sum of discounted cash flows expected in the future. Discounting is performed using an interest rate for a long-term risk-free investment plus a risk premium.

Due Diligence Systematic and detailed collection, investigation and analysis of data on a target company preceding a commitment to invest. The purpose is to determine the strengths and weaknesses of that company as well as the risks involved.

E

ESG Short for "Environmental, Social and Governance". DBAG regularly reports on these aspects.

Executive Circle The core of DBAG's network, comprising around 60 experts from different industries who, in the course of their career, have mostly held management positions and now share their knowledge and experience with DBAG's investment team. Members of the Executive Circle are contractually bound to DBAG, some of them even exclusively.

F

Fair value The current amount for which an investment could be exchanged between knowledgeable, willing and independent parties. According to > IFRS accounting rules, financial assets such as corporate investments are to be valued based on this concept.

G

German Corporate Governance Code Lists key statutory rules and regulations on the management and oversight of German listed companies and contains internationally and nationally recognised standards of good responsible corporate governance by way of recommendations and suggestions.

German Capital Investment Code (Kapitalanlagegesetzbuch – KAGB) Legal framework for managers of open and closed-end funds.

German Special Investment Company Act (Gesetz über Unternehmensbeteiligungsgesellschaften – UBGG) In 1985, Deutsche Beteiligungs AG was the first firm to be recognised as a special investment company. This law, for example, exempts companies – subject to certain conditions – from municipal trade tax and is aimed at creating indirect access to the capital market for mid-sized companies.

Growth financing Minority stake in a company – the majority remains with the past owner. Both early-stage and established companies may seek expansion capital to finance their next phase of growth. More information: http://www.dbag.de/our-business/investment-philosophy.

I

IFRIC Abbreviation for "International Financial Reporting Interpretations Committee". Committee of the International Accounting Standards Committee Foundation (IASCF). It publishes guidance on IFRS and IAS accounting standards which have varying or incorrect interpretations, as well as on new scenarios that were not given sufficient consideration in the current standards.

IFRS Short for "International Financial Reporting Standards" (formerly IAS). Accounting rules that have been obligatory for the consolidated accounting of listed companies in the European Union since 2005.

Investment entity subsidiaries Umbrella term for the co-investment vehicles and DBG.

IRR Short for "Internal Rate of Return". Financial mathematic method of determining the return on an investment.

M

M&A Short for "mergers and acquisitions". General term for such transactions in the corporate sector.

Management buyout (MBO) The takeover of a company by its management with the support of one or more financial investors who largely finance the transaction and assume the majority of the voting rights or share capital.

Mezzanine Hybrid capital ranking between voting capital and first lien debt.

Mid-market segment The market for investment transactions is divided into three segments: transactions with a value of less than 50 million euros are considered "small"; the mid-market segment comprises transactions valued from 50 to 300 million euros; transactions with a value of more than 300 million euros form the upper market segment.

Multiples method Procedure used to value an enterprise. Expressed as the product of an indicator (e.g. earnings) and a multiple derived from current market prices. That multiple is based on the quotient of the market prices for a group of similar companies and their respective performance indicators.

N

Net asset value Sum of the portfolio's fair value at the valuation date, less minority interest in the investment entity subsidiaries (primarily carried interest), other assets/liabilities of these subsidiaries (such as capital drawn down, but not yet invested), other non-current assets and financial resources, less (any) bank liabilities.

New focus sectors Alongside investments in DBAG's key sectors (automotive suppliers, mechanical and plant engineering, industrial components and industrial services), companies from focus sectors such as broadband telecommunications, IT services/software and healthcare have been added to the portfolio.

O

Other financial instruments Loans extended by DBAG to investment entity subsidiaries for the temporary financing of new portfolio companies (also >short-term bridge financing)

P

Peer group A group of companies similar in terms of industry, structure, products and revenues, used for comparison purposes.

Portfolio All of the investments of DBAG.

Preferred return Ensures that fund investors receive base remuneration before the carried interest of the management company/its management team (in DBAG's case: the members of the investment team) takes effect; the base remuneration comprises the repayment of the paid-in capital, plus interest on this capital corresponding to eight percent per annum, with compound interest calculated annually.

Principal Investments Equity participations in mid-sized companies that are being financed solely from DBAG's balance sheet.

Private Debt Funds Loans granted by funds as opposed to by conventional banks

R

Recapitalisation Replaces part of the relatively expensive equity tied in a company by lower-cost debt. The aim is to optimise the capital structure. The free funds are then distributed to the shareowners.

Refinancing For transactions in the corporate sector, an existing loan is substituted for a new loan. For example, in an acquisition a shareholder loan can be replaced – or refinanced – by acquisition financing.

Return on equity per share Key target and performance indicator of DBAG. The closing return on equity per share at the end of the financial year is set against the opening equity per share at the beginning of the financial year, less the dividend paid in the course of that year.

S

Secondary/tertiary buyout An investment that is sold by a financial investor to another financial investor.

Short-term interim financing Occasionally, DBAG initially uses proprietary capital when making an acquisition to bridge the time until the acquisition financing can be secured. When this is arranged after completion of a transaction, it replaces part of the capital employed, which is then returned to the investors.

Structured entity Term used in the IFRS. An entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity.

T

Top-up fund Will invest together with the principal fund DBAG Fund VII in larger transactions (investment amounts that exceed 10 percent of the assets of DBAG Fund VII).

U

Unitranche A type of credit facility in which first-lien and second-lien components are combined in one tranche.

INFORMATION FOR SHAREHOLDERS

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FORWARD-LOOKING STATEMENTS

This Annual 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 vary materially. Although we believe these forward-looking statements to be realistic, there can be no guarantee.

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As at 9 December 2019

DISCLAIMER

The amounts in this Annual 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 Annual Report is published in German and in English. The German version of this report is authoritative.

TEN-YEAR SUMMARY

€mn	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	**2018/2019**
				Restated[1]		11 months	Restated[2]	Restated[3]	Restated[3]	
Core business objective: increase the Company's value										
Net asset value (reporting date)					304.2	313.0	389.0	451.5	470.7	472.1
Net income from Fund Investment Services					8.0	2.2	(3.0)	4.7	5.6	3.0
Financial objective: increase the value of Private Equity Investments										
Net income from investment activity					50.7	29.2	59.4	85.8	31.1	49.6
Earnings before tax					40.4	24.9	52.3	77.3	24.2	42.1
Cash flow from investing activities					37.5	(72.7)	(6.0)	108.9	(30.6)	(15.5)
Net asset value (reporting date)					304.2	313.0	389.0	451.5	470.7	472.1
Financial assets					163.4	256.3	316.3	254.2	318.9	385.7
Other financial instruments					–	–	–	35.6	32.8	17.0
Financial resources[4]					140.7	56.7	72.6	161.6	119.0	69.4
Ratio of invested to non-invested funds					1.16 times	4.52 times	4.35 times	1.79 times	2.95 times	5.80 times
Available liquidity					140.7	56.7	122.6	211.6	169.0	119.4
Financial resources[4]					140.7	56.7	72.6	161.6	119.0	69.4
Credit line					–	–	50.0	50.0	50.0	50.0
Co-investment commitments alongside DBAG funds					–	110.7	278.2	253.7	198.5	130.0
Surplus of co-investment commitments over available liquidity					(140.7)	54.0	155.6	42.1	29.4	10.6
Financial objective: increase the value of Fund Investment Services										
Income from fund services					24.5	20.5	19.5	28.1	29.7	28.2
Earnings before tax					8.0	2.2	(3.0)	4.7	5.6	3.0
Assets under management or advisory (reporting date)					–	1,073.7	1,775.9	1,805.9	1,831.4	1,704.4
Financial objective: ensure that shareholders participate in performance										
Dividend per share (2018/2019 proposal; €)	1.40	0.80	1.20	1.20	2.00	1.00	1.20	1.40	1.45	1.50
Dividend yield[5] (%)	7.9	4.2	7.2	6.2	9.5	3.6	4.4	3.9	3.5	4.4
Total distribution[6] (2018/2019: proposal)	19.1	10.9	16.4	16.4	27.4	13.7	18.1	21.1	21.8	22.6
Non-financial objective: garner esteem as a financial investor in mid-sized companies										
Number of investment opportunities	236	260	284	316	299	253	221	321	261	258
Number of portfolio investments	17	16	18	20	19	24	25	24	29	29
Non-financial objective: garner esteem as a fund advisor										
Number of capital commitments of returning investors (most recent DBAG fund, %)					> 50	> 50	> 75	> 75	> 75	> 75
Non-financial objective: retain experienced and motivated employees										
Number of employees	51	53	54	55	56	62	63	67	71	75
Average length of company service (*years*)	8.6	7.8	7.4	7.0	6.8	7.3	8.0	7.5	7.7	7.6
Other indicators										
Net income (IFRS)	34.1	(16.6	44.5	32.3	48.0	27.0	49.5	82.0	29.7	45.9
Net income (HGB)					65.4	2.3	2.2	144.3	9.9	29.1
Information on DBAG shares										
Number of shares at the beginning of the financial year	13,676,359	13,676,359	13,676,359	13,676,359	13,676,359	13,676,359	15,043,994	15,043,994	15,043,994	15,043,994
Share price at the end of the financial year (€)	20.79	15.50	19.49	19.36	21.83	24.90	29.57	45.51	35.40	34.70
Market capitalisation at the end of the financial year	284.3	212.0	266.6	264.8	298.6	340.5	444.9	684.7	528.8	522.0

The table contains data as originally reported in the respective consolidated financial statements.
1 Data restated to the previous year's figure, based on changes in accounting (IFRS 10)
2 Restated in accordance with IFRS 10
3 Restated in accordance with IAS 8
4 Cash and cash equivalents plus short-term and long-term securities
5 Based on the average Xetra closing price during the financial year
6 Relates to the respective financial year

TEN-YEAR SUMMARY

€mn
Core business objective: increase the Company's value
Net asset value (reporting date)
Net income from Fund Investment Services
Financial objective: increase the value of Private Equity Investments
Net income from investment activity
Earnings before tax
Cash flow from investing activities
Net asset value (reporting date)
Financial assets
Other financial instruments
Financial resources[4]
Ratio of invested to non-invested funds
Available liquidity
Financial resources[4]
Credit line
Co-investment commitments alongside DBAG funds
Surplus of co-investment commitments over available liquidity
Financial objective: increase the value of Fund Investment Services
Income from fund services
Earnings before tax
Assets under management or advisory (reporting date)
Financial objective: ensure that shareholders participate in performance
Dividend per share (2018/2019 proposal; €)
Dividend yield[5] (%)
Total distribution[6] (2018/2019: proposal)
Non-financial objective: garner esteem as a financial investor in mid-sized compa
Number of investment opportunities
Number of portfolio investments
Non-financial objective: garner esteem as a fund advisor
Number of capital commitments of returning investors (most recent DBAG fund, %)
Non-financial objective: retain experienced and motivated employees
Number of employees
Average length of company service (*years*)
Other indicators
Net income (IFRS)
Net income (HGB)
Information on DBAG shares
Number of shares at the beginning of the financial year
Share price at the end of the financial year (€)
Market capitalisation at the end of the financial year

The table contains data as originally reported in the respective consolidated financial state
1 Data restated to the previous year's figure, based on changes in accounting (IFRS 10)
2 Restated in accordance with IFRS 10
3 Restated in accordance with IAS 8
4 Cash and cash equivalents plus short-term and long-term securities
5 Based on the average Xetra closing price during the financial year
6 Relates to the respective financial year

FINANCIAL CALENDAR

10 DECEMBER 2019
Publication of 2018/2019 consolidated financial statements, Press and analysts' conference, Frankfurt/Main, Germany

18 DECEMBER 2019
Road show Zurich, Switzerland

9/10 JANUARY 2020
Oddo BHF Forum, Lyon, France

15 JANUARY 2020
Road show London, United Kingdom

23 JANUARY 2020
Road show Dublin, Ireland

10 FEBRUARY 2020
Publication of the quarterly statement on the first quarter 2019/2020, Analysts' conference call

20 FEBRUARY 2020
Annual Meeting, Frankfurt/Main, Germany

25 FEBRUARY 2020
Dividend payment

24–26 MARCH 2020
Bankhaus Lampe Capital Markets Conference (Germany Conference), Baden-Baden, Germany

13 MAY 2019
Publication of the half-yearly financial report 2019/2020, Analysts' conference call

9/10 JUNE 2020
Road show Warsaw, Poland

22 JUNE 2020
Capital Markets Day, Frankfurt/Main, Germany

6 AUGUST 2020
Publication of the quarterly statement on the third quarter 2019/2020, Analysts' conference call

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