HALF-YEARLY FINANCIAL REPORT

AS AT 31 MARCH 2020

FIRST HALF-YEAR AND SECOND QUARTER
OF THE 2019/2020 FINANCIAL YEAR

AT A GLANCE

Exchange-listed Deutsche Beteiligungs AG (“DBAG“) invests in well-positioned mid-sized companies with potential for growth. For many years, we have focused on those industry sectors where Germany’s ‘Mittelstand’ is particularly strong in international comparison. A growing portion of DBAG’s equity investments is deployed in its new focus sectors of broadband/telecommunications, IT services/software and healthcare. Our long-term, value-enhancing entrepreneurial investment approach makes DBAG a sought-after invest-ment 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.

CONSOLIDATED KEY FIGURES

CONSOLIDATED KEY FIGURES

		1st half-year 2019/2020 / 31 Mar 2020	1st half-year 2018/2019 / 30 Sep 2019	2nd quarter 2019/2020	2nd quarter 2018/2019
Core business objective: increase the Company's value					
Net asset value (reporting date)	€mn	359.0	472.1		
Net income from Fund Investment Services	€mn	3.5	1.8	1.8	0.4
Private Equity Investments segment					
Net income from investment activity	€mn	(76.2)	9.5	(76.3)	30.6
Earnings before taxes	€mn	(80.2)	5.8	(78.3)	28.7
Cash flow from investment activity	€mn	(10.2)	(25.1)	33.6	(7.6)
Net asset value (reporting date)	€mn	359.0	472.1		
Fund Investment Services segment					
Income from Fund Services	€mn	14.3	14.3	6.9	6.7
Earnings before taxes	€mn	3.5	1.8	1.8	0.4
Assets under management or advisory (reporting date)	€mn	1,690.7	1,704.4		
Other indicators					
Net income	€mn	(76.7)	7.6	(76.5)	29.0
Equity (reporting date)	€mn	360.1	460.2		
Earnings per share[1]	€	(5.10)	0.51	(5.09)	1.93
Number of employees (reporting date, including apprentices)[2]		73	75		

1 Based on the weighted average number of shares in the respective period
2 31 March 2020: two positions temporarily duplicated

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HALF-YEARLY FINANCIAL REPORT
AS AT 31 MARCH 2020

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FOR THE CURRENT FINANCIAL YEAR

LETTER TO OUR SHAREHOLDERS

Frankfurt/Main, 13 May 2020

Dear Shareholders,

The second quarter of our financial year has been marked by very different events. On the one hand, we successfully advanced the placement of the new DBAG Fund VIII, which allowed us to close the fund shortly before the publication of this report. This secures our financial capacity to act and lays the foundation for the continuous development of our business in the coming years.

On the other hand, the economy is going through the worst crisis in German post-war history. The reason: corona, creating significant challenges for us and our portfolio companies.

However, we can now reap the fruit of our portfolio diversification activities of the past years, and benefit from the substantial size our portfolio has reached. The corona crisis has impacted our 28 portfolio companies to differing extents: industrial companies currently tend to be under stronger pressure, in some cases even very strong pressure; other companies, such as broadband telecommunications, are hardly affected or not affected at all. Looking at DBAG's portfolio as a whole, it is fair to describe the situation as manageable.

On 20 March 2020, we withdrew our forecast for the current financial year presented in the 2018/2019 Annual Report. Having performed in-depth analyses of the corona-induced impact on individual portfolio companies, we have now formulated a new forecast which we will present in detail in this half-yearly financial report.

We are convinced that our Company is well-positioned for the time during and after the crisis. Thanks to successful digitalisation activities in the past years, our business processes are still running smoothly in the current remote-working mode. And whilst the environment for new investments is unfavourable in the short term, our improved offering with long-term equity capital provides additional opportunities. Based on our decades of experience, we are committed to consistently exploiting the opportunities arising from the corona crisis.

The Board of Management
of Deutsche Beteiligungs AG

Torsten Grede   Dr Rolf Scheffels   Susanne Zeidler

THE DBAG SHARE

Access to the attractive private equity asset class

An exceptional business model – an exceptional share

DBAG shares allow investors to participate in a unique integrated business model: they are given access to continuous earnings contributions made by the advisory services provided to private equity funds and, at the same time, the opportunity to participate in the performance of a portfolio of top-performing mid-sized companies that are not themselves listed. Private equity opens up additional potential to such companies – this benefits both the companies themselves and DBAG's shareholders. DBAG offers access to the private equity asset class for the price of one share – tradeable on a daily basis, and with the maximum transparency that only a listed company can offer.

Investor Relations: focus on proactive communications

We have traditionally sought to maintain intensive dialogue with investors and financial analysts. In the current financial year, we are once again using a range of communication channels in order to achieve this – in particular, face-to-face meetings, analyst conferences and selected capital market conferences. In the first half of the year, we spoke to 17 investors in three European countries over a period of six days to present our share: we informed investors on business development, and we also explained our further strategic development.

Prior to the coronavirus outbreak, four conferences and roadshows had been planned for the second half of the year. As of today, we do not know whether they can all take place – and whether we will be meeting in person or digitally. In any case, we will continue to use all available channels for entering into close dialogue with our partners, and we are ready to meet them in person as soon as possible.

On 27 March 2020, our share was included in the DivMSDAX – this index from the Deutsche Börse Group DAX family comprises the 15 highest dividend-yielding shares within the joint index portfolio of MDAX and SDAX. We want to use this membership to attract more attention for our shares.

Share price performance and analyst assessments

Corona pandemic: DBAG's share performance develops in line with the market

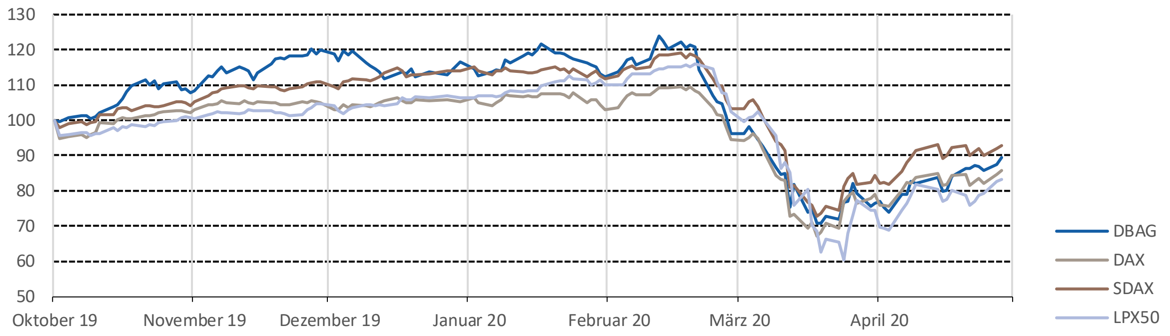
The DBAG share performed very positively – and significantly better than the benchmark indices – for most of the first half-year. Following a continuous upward trend since the beginning of the financial year, the share price rose by approximately 20 per cent until end of November, maintaining this level – with ups and downs – until mid-February. Whilst the SDAX gradually caught up with the DBAG share, the LPX50, sector index for international listed private equity companies, and (especially) the DAX, both remained far behind. As of mid-February, the DBAG share and its relevant benchmark indices reacted to an increase in news of the spreading coronavirus outbreak by falling sharply. On balance therefore, the share price change was actually within a narrow corridor over the half-year.

During this period, Deutsche Börse's volatility index (VDAX-NEW) soared to nearly 90 points, having hardly ever exceeded 20 index points in the previous three years. At the end of the reporting period it was still unusually high, relative to historical levels, at 51.9 points. The DBAG share, on the other hand, was significantly less volatile; with a level of 21.9 per cent at the end of the first half of the year.

Our share price finished the first half-year at 25.90 euros. Taking into account the dividend of 1.50 euros per share distributed during the period, this results in a negative share price performance of 19.1 per cent for the first half-year.

The benchmark indices lost 21.1 per cent (DAX), 15.7 per cent (SDAX) and 25.6 per cent (LPX50). Considering the highly volatile market environment, these are comparable levels. At the beginning of the second half of the year, the DBAG share and its benchmark indices continued to recover, and remained within a narrow range.

Following the Annual General Meeting held at the end of February, the three members of DBAG's Board of Management each purchased a significant amount of Company shares (in total: 11,810 shares), to emphasise their belief in DBAG's sound future.



Liquidity: trading volume lower year-on-year – despite tremendous changes

The equity market distortions produced some notable rises in trading volumes, both generally and for the DBAG share. In the second quarter of 2019/2020, average daily turnover for DBAG shares on German stock exchanges doubled the average volumes in the first quarter.

However, it is worth noting that trading activity during the first three months of the current financial year was unusually low, and that the DBAG share has traditionally shown higher turnover in terms of shares traded during the second quarter of a financial year, i.e. the quarter in which the dividend is distributed. Taken together however, significantly fewer shares were traded in the reporting period (2.9 million, compared to 3.6 million shares in the first half of 2018/2019). Since the share price in the first quarter of the reporting period was above the price seen in the previous year's first quarter, trading activity in terms of the value of traded shares in euro declined to a lesser extent. The trading volume (in euros) of German shares in the CDAX was comparable to that of the DBAG share, although in the first months of the 2019/2020 financial year the decline was less pronounced than for the DBAG share and was thus, as regards volume, higher year-on-year (on a six-month basis).

Within the course of the individual months, volumes diverged significantly on different trading venues as regards trading in the DBAG share in interbank trading and on electronic trading platforms. Year-on-year, the significance of the Xetra trading platform – previously showing a continuous long-term downward trend – remained stable during the reporting period: 45 per cent of all shares were traded on Xetra in the first half of the year (unchanged). Interbank trading, on the other hand, which had previously shown a stable long-term upward trend, declined from 44 per cent in the first half of the 2018/2019 financial year to around 37 per cent in the first half of the 2019/2020 financial year, with a daily average volume of approximately 14,000 shares traded.

DBAG SHARE TRADING DATA

		1st half-year 2019/2020	1st half-year 2018/2019	1st half-year 2017/2018	1st half-year 2016/2017	1st half-year 2015/2016
Closing price at the beginning of the half-year	€	33.85	35.45	45.98	30.38	24.95
Closing price at the end of the half-year	€	25.90	33.10	39.35	31.95	26.95
High (closing price)	€	41.95	36.90	52.10	36.40	29.76
Low (closing price)	€	23.95	31.00	39.35	29.59	23.53
Market capitalisation – total[1]	€mn	360.3	498.0	601.0	480.7	368.6
Average turnover per trading day[2]	Shares	22,955	28,525	44,017	31,061	32,425
Average turnover per trading day[2]	€mn	0.809	0.971	2.031	1.022	0.875

1 End of the half-year period
2 Exchange trading

Research: analysts give DBAG's business model a positive rating

Four banks continue to publish regular analyses of the DBAG share. In addition, analysts at two independent research houses continue to produce assessments on our share, which Deutsche Beteiligungs AG currently publishes on its website. Since the coronavirus outbreak, only a few analysts have expressed their view on the impact of the crisis on DBAG and its shares.

Previous studies highlighted DBAG's attractive business model, pointing to the favourable combination of regular income from Fund Services and the opportunity to realise significant value enhancements due to the broad portfolio. Analysts further appreciate the investment team's extensive experience and the share's defensive nature. While research points out that investments in industrial companies will limit the share's potential for value appreciation this year, the portfolio's continuous sector diversification of the past years is seen as a positive. Last but not least, the successful placement of the DBAG Fund VIII and the corresponding expected increase in income from Fund Services are additional favourable factors.

Dividend

We intend to have our shareholders participate in financial gains by paying stable dividends that will thrive as much as possible. We also view an attractive dividend yield – in relation to the capital markets environment – as a significant element of our shareholders' participation in DBAG's success. In fact, this is one of our financial objectives. At the end of February, we distributed the dividend for the 2018/2019 financial year; there were 15,043,994 shares with a dividend entitlement. Out of the net retained profit totalling 178.1 million euros, a distribution of 1.50 euros per share was made (a total of 22.6 million euros), i.e. five cents more than in the previous year. This corresponds to a dividend yield of 4.3 per cent, based on the share price at the end of the previous financial year.

As far as the current year and the next two years are concerned, we had announced a stable dividend with the publication of the forecast for 2019/2020. That forecast has been withdrawn.

Shareholder structure

The shares in Deutsche Beteiligungs AG are traded as registered shares. This gives us a certain degree of transparency regarding our shareholder structure. As at 31 March 2020, approximately 38 per cent of the shares were held by 15,016 private individual investors (individuals and joint shareholders), i.e. around 2 percentage points less than at the end of the previous financial year ending 30 September 2019, when we had 15,601 registered private individual investors.

Two shareholders hold more than five per cent of the shares: Rossmann Beteiligungs GmbH announced in November 2019 that it had exceeded the 25 per cent threshold and held 25.01 per cent in DBAG at that time. According to a notification dated December 2017, Mr Ricardo Portabella holds a stake of 6.65 per cent in DBAG via Taiko, a vehicle associated with Mr Portabella. These two positions reduce the proportion of shares in free float. 68.3 per cent of DBAG shares were in free float (as defined by Deutsche Börse) at the reporting date.

BASIC DATA

ISIN	DE000A1TNUT7
Ticker symbol	DBANn (Reuters) / DBAN (Bloomberg)
Listings	Frankfurt (Xetra and trading floor), Berlin-Bremen, Dusseldorf, Hamburg, Hanover, Munich, Stuttgart
Stock market segment	Regulated Market (Prime Standard)
Index affiliation (selection)	S-Dax, Classic All Share, C-Dax, Prime All Share, DivMSDAX, DAXsector All Financial Services, DAXsubsector Private Equity & Venture Capita, LPX Buyout, LPX Europe, LPX50
Designated sponsors	Bankhaus Lampe KG, M.M.Warburg & Co. KGaA, Oddo Seydler Bank AG
Share capital	53,386,664.43 euros
Number of shares issued	15,043,994
thereof outstanding	15,043,994
First listing	19 December 1985

INTERIM MANAGEMENT REPORT

ON THE FIRST-HALF YEAR
AND THE SECOND QUARTER OF THE
2019/2020 FINANCIAL YEAR

Fundamental information about the Group

Structure and business activity

Positioning: Listed private equity company

Deutsche Beteiligungs AG (hereinafter also referred to as "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. Since the financial year 2018/2019, DBAG has also been able to invest independently of the funds where investments do not match the investment strategies of DBAG. The investment focus, as an investor and fund advisor, is on mid-market German companies.

DBAG supports its portfolio companies in a phase of their strategic development usually spanning several 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, with 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, where it manages the funds based in Luxembourg and Guernsey.

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.

DBAG advises these funds via Group companies and co-invests in the DBAG funds using funds from its own balance sheet. Raising capital for DBAG funds is advantageous for DBAG and its shareholders, as well as for the investors in the funds.

- Shareholders participate in the fee income earned for advising DBAG funds ("Fund Investment Services") and in the value appreciation from the co-investments ("Private Equity Investments").
- The funds' assets create a substantially larger capital base, which enables investing in larger companies without reducing the diversity of the portfolio.
- 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 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), can use equity investments of between ten and 100 million euros (and up to 200 million euros in exceptional cases) to invest in companies in a whole range of size categories by way of management buyouts and investments aimed at 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. DBAG Fund V has sold ten of its eleven original portfolio companies. 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 to eight companies and entered into one MBO. Two of these investments have since been sold. 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. At the reporting date, the level of investment of the three ECF funds ranges from 68 to 81 per cent.

› DBAG initiated the DBAG Fund VII in 2016. The fund's investment period started in December 2016; since then, the fund has structured eight MBOs. Around 79 per cent of the fund has been called.[1]

Given the advanced level of investment of the two funds that are currently investing, another fund was launched back in 2019 and its placement was completed after the end of the quarter under review: investors have now committed 1.1 billion euros for DBAG Fund VIII, 255 million euros of which are attributable to co-investments made by Deutsche Beteiligungs AG.

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)	€96mn	€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.

[1] Principal fund; top-up fund: 63 per cent

Fund Investment Services segment

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

Advisory services by the investment team

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

These processes are managed with DBAG's own resources in tried-and-tested workflows; responsibility for this lies primarily with the investment team. It consists of 23 investment managers, including two Board of Management members. The two Board of Management members assume responsibility for the team. It has a broad skill set combined with multifaceted experience in the investment business. It is supplemented by three employees in Research and Business Development and two lawyers specialising in M&A law to provide support with contractual negotiations and legal structuring. 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 who are part of the investment team 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 advisory services, which constitute a continual and readily forecastable source of income. For the buyout funds (currently DBAG Fund VI and DBAG Fund VII[2]), fees during the investment period are based on the committed capital. After that, they are measured by the invested capital. The fees for DBAG ECF are based on the invested capital, and DBAG can also receive one-off fees based on individual transactions.

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 (16 out of 23) – including the two Board of Management members responsible for the investment team – personally co-invest their own money alongside the DBAG funds, investing around one per cent of the capital raised by the fund investors and DBAG, as is common practice in the industry. This meets the expectations of fund investors who, for reasons of identity of interest, expect such a private investment. This approach also benefits DBAG's shareholders. The total amount of these personal co-investments made by all team members stands at 25.9 million euros as at 31 March 2020. 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 on their personal co-investment that is disproportionate to their capital commitment ("carried interest") after the fund investors and DBAG have realised their invested capital plus a preferred return.

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 72 people. The members of the Executive Circle support the team in identifying and initiating investment opportunities, assist in assessing certain industries or back the team 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

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

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 segment

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.

DBAG has also expanded its range of equity solutions for the mid-market segment, allowing it to also exploit investment opportunities that exceed the terms of standard private equity funds. DBAG will be making these investments on its own steam in the future, i.e. not as a co-investor alongside one of the DBAG funds, which is its usual strategy. This means that DBAG can now offer long-term equity capital. The approach also means that other investment scenarios that are not consistent with the investment strategies pursued by the existing DBAG funds enter the realms of possibility.

As a result, DBAG offers what is now a very broad range of financing instruments for the entire mid-market segment.

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

- 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

DBAG's track record confirms the success of its investment activity: since 1997, a total of 55 MBOs have been financed together with DBG Fund III, DBAG Fund IV, DBAG Fund V, DBAG Fund VI and DBAG Fund VII, as well as with DBAG ECF since June 2017.

To date, the value of the invested equity has been increased to 1.8 times the original amount. 32 of these investments had been realised completely or for the most part by the end of the reporting period. The disposals generated a multiple of 2.7 times the invested capital.

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. DBAG 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, the amount of equity capital is managed via distributions, share repurchases (as in 2005, 2006 and 2007) and capital increases (2004, 2016).

Strategy

Investments in German 'Mittelstand' companies with potential for development

Clear investment criteria

We invest 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.

We seek out companies that offer development potential. Potential for value appreciation can be exploited, by way of example, by strengthening their strategic positioning – for example by introducing a wider range of products – or improving operating processes. In some cases, particularly strong companies can even drive the process of consolidation within the industry.

The companies that are a good fit for our investment universe are also characterised by leadership positions in their (possibly small) markets, entrepreneurially-driven management, strong innovative capacity and future-viable 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. Transactions in these sectors, which we consider 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 in the interests of further diversifying the risk in our portfolio, we have been continuously broadening the range of industries outside of our core sectors that we cover since 2013. Examples include companies with business activities that are linked to the expansion of Germany's digital infrastructure. 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 over the last few years.

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, our funds provide for equity investments in a single transaction of between ten 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 us, this equates to equity investments of between five and 20 million euros, and for transactions involving the top-up fund, equity investments of up to 34 million euros in general. Our offer for long-term equity capital is designed to achieve a comparable level of investment; where appropriate, we enter into larger equity investments hand-in-hand with co-investors.

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 ensure that they serve different niche markets, have different regional sales markets or operate in different geographical regions. 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 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 Deutsche Beteiligungs AG's activity is to sustainably increase the Company's value. This objective is to be achieved by increasing the value of the two business segments, Private Equity Investments and Fund Investment Services.

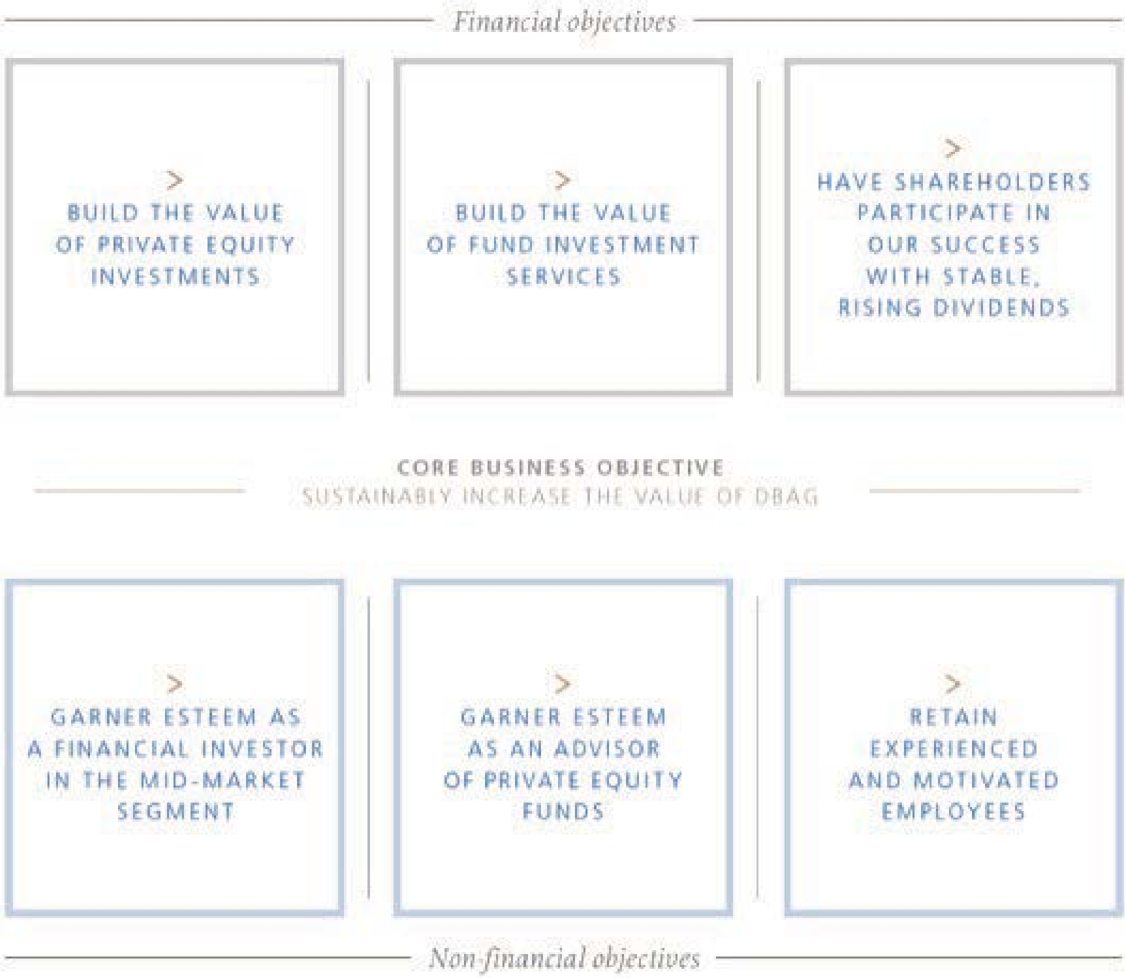
As is common in the private equity sector, a long period of time is required before DBAG can be judged on its success. The income from investment activity is influenced to a significant degree by the appreciation in value of our portfolio companies. Exploiting development potential requires patience; on average, DBAG supports the companies over a period of four to seven years. Income from Fund Services is significantly influenced by the initiation of new funds, which occurs approximately every four to five years, while the usual lifetime of a fund is ten years.

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. It is also, however, partly attributable to external factors that can fluctuate considerably in the short term, such as the valuation levels of listed peer group companies. This means that a single quarter and even an entire financial year say very little about DBAG's success. It is only when viewed over a sufficiently long period of time that it is possible to assess whether the core objective of DBAG's business activity has been reached.

Target system comprising financial and non-financial objectives

DBAG pursues three financial and three non-financial objectives which make indirect and direct contributions to achieving the core business objective.

OBJECTIVES OF DEUTSCHE BETEILIGUNGS AG



Financial objective: Build the value of Private Equity Investments

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 spanning several 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 the returns from earlier investments that is reinvested in new investments, the greater the increase in the value of the business segment.

Financial objective: Build the value of Fund Investment Services

An increase in the value of the Fund Investment Services business segment requires substantial assets under management or advisory that increase in the medium term. The value of the business segment is measured by the 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. DBAG also views an attractive dividend yield – in relation to the capital markets environment – as a significant element of shareholders' participation in the Company's success.

Non-financial objective: Garner esteem as a financial investor in the mid-market segment
We want to invest the funds that shareholders and fund investors entrust to us. In order to achieve this, we not only need to identify and analyse investment opportunities in our target market. In a highly competitive environment, it is also about setting ourselves apart from our peers. Esteem and trust are key factors in the decision-making process, making them an important basis for our success.

Esteem and trust are nurtured by our market presence in the mid-market segment spanning several decades, in which we have proven time and again that we are able not only 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 success is measured in terms of the value appreciation of our portfolio companies, i.e. the return that we generate on our invested capital. It is at least just as important, however, for our investments to continue to grow, expand their market position or boost their earnings power after they are sold.

Non-financial objective: Garner esteem as an advisor of private equity funds
The assets of the DBAG funds constitute a substantial part of our investment base. The funds are organised as closed-end funds; regularly raising successor funds is therefore a requirement.

This is why it is important for investors 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. The private equity business requires a great amount of resilience from employees. As a result, the sort of commitment required in this business calls for a high degree of 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. Our compensation and incentive system is geared towards encouraging achievement and offering not only a motivating work environment, but also a financial incentive to retain our employees in the long run, driving our performance at the same time.

Steering and control

Management indicators

Management indicator for the core business objective of achieving a "long-term increase in DBAG's value"
The aim is to increase the value of DBAG in the long term by increasing the value of the two business segments, Private Equity Investments and Fund Investment Services. All financial and non-financial objectives contribute to this objective. The value of DBAG is calculated by adding up the values of the two business segments. Every valuation, however, 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, the aim is to ensure that market participants can carry out their valuation on the most objective basis possible.

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.

The net asset value consists of the financial assets, the short-term loans to investment entity subsidiaries for the pre-financing of acquisitions, reported under "Other financial instruments", as well as the financial resources. Financial assets largely include the gross portfolio value, reduced by carried interest entitlements resulting from private investments made by members of the investment team in the DBAG funds. The gross portfolio value corresponds to the market value of the portfolio companies on the relevant reporting date, which is calculated using the recognised valuation methods that are applied as standard in the industry. It is entirely possible for the gross portfolio value to fall in some years because it is also subject to influences that DBAG cannot control, such as developments on the capital market.

The net asset value of the private equity investments does not change as a result of investments and disposals; these merely produce a shift between the portfolio value and the financial resources. It changes primarily as a result of changes in the value of the portfolio.

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

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. 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.

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 to the fact that the calculation basis for advisory fee income depends on the portfolio volume. Even if advisory fees remain constant for a longer period of time, as is generally the case during a fund's investment phase, higher costs can send results on a downward trajectory. This explains why a longer observation period is important for this 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 dividend per share and the dividend yield. As already explained, we aim for a stable distribution per share in euros that ideally increases 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"

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. 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 the private equity business, DBAG does not steer its business using traditional annual indicators such as operating margins or EBIT. Instead, the key management indicators at Group level are – as described above – the parameters that DBAG can influence and that determine the value of the two business segments, Private Equity Investments and Fund Investment Services. These are the net asset value of the private equity investments and the earnings generated by Fund Investment Services.

At the portfolio company level, traditional indicators, on the other hand, play a key role: when making the decision to invest, DBAG clearly defines performance targets based on the business plans developed by the portfolio companies' management teams – such as for revenues, profitability and debt. During the period of investment, the companies are valued at quarterly intervals based on their current financial metrics (profitability indicators such as EBITDA and net debt), allowing their progress to be closely followed in a year-over-year and current budget comparison. Other indicators, such as order intake and orders on hand, are also considered.

Ensuring performance: Board of Management members directly 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 particularly involved 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

Macroeconomic and sector-specific environment

Real economy: Coronavirus crisis shatters hopes of economic recovery following global slowdown in 2019

The global economy cooled down significantly across the board in the course of 2019, both in the world's industrialised economies, including the eurozone, and in the developing regions: real economic growth fell to only 2.9 per cent as against 3.6 per cent in the previous year. At this lower level, the economy was initially starting to show signs of stabilisation, based on some leading indicators, in the closing quarter of 2019 and in the first weeks of the new year, nurturing hopes of a somewhat steeper growth trajectory in 2020. In January, the International Monetary Fund (IMF), too, was still predicting, albeit subject to considerable risks, that real global growth would tick up to 3.3 per cent.[3]

The IMF expected growth rates in Europe to vary, but to remain at low levels overall. Germany (1.1 per cent in 2020 as against 0.5 per cent in 2019), Italy (0.5 per cent as against 0.2 per cent) and the United Kingdom (1.4 per cent as against 1.3 per cent) were tipped to see a slight increase in growth, whereas French economic growth was expected to remain on a par with the previous year at 1.3 per cent. In Spain, on the other hand, growth was expected to slow (1.6 per cent as against 2.0 per cent).

The German government's assessment of the German economy at the beginning of 2020 was that it had not yet overcome its period of weakness, and nor had it resolved the dichotomy between weak industrial activity and robust domestic demand. While the industrial sector was struggling in an environment of sluggish global trade, the majority of the country's service sectors continued to prosper, as did the booming construction sector.[4]

This overall global economic picture painted at the beginning of 2020 has now been completely wiped out due to the coronavirus crisis. Given the considerable uncertainty surrounding its further development, both the supply and demand sides of the economy have been hit by limited mobility, disrupted supply chains, more difficult access to capital, and investment and purchasing restraint across the globe.

The first few concrete implications of the crisis started to emerge in March 2020: passenger car sales in March, for example, had been slashed in half in a year-on-year comparison in Europe (EU27 & EFTA & UK), China and India, with the US and Brazil also reporting a drop running well into the double digits.[5] Manufacturers reached to this trend by taking sometimes far-reaching measures to halt production. International air traffic came to a standstill as a result of numerous border closures, and bans on gatherings and enforced closures paralysed public life in a very large number of countries. The stock markets reacted with very substantial downward valuation adjustments. At least for the first half of 2020, a drastic global economic slump would appear to be inevitable. The social and economic impact of the crisis is so severe and it is affecting all sectors so consistently that macroeconomic development is currently not only overshadowing, but rather dominating, developments in individual sectors. As a result, the section below focuses on the current action being taken by central banks and governments, and addresses potential economic development scenarios.

In order to prop up the economy, governments in many countries have reacted promptly by launching large-scale support programmes, encompassing measures ranging all the way to guarantees to safeguard companies' survival – the latter being introduced in Germany, aimed primarily at the self-employed and at smaller and medium-sized businesses. In order to implement this programme, the German parliament (Bundestag) has even suspended the debt ceiling set out in the German constitution, the Basic Law. Central banks, too, are taking action to provide support, particularly by cutting interest rates and launching programmes to boost liquidity resources at banks and in the corporate sector.

The aim is not only to take extensive health policy measures to protect the population, but also to cushion the blow of the expected economic downturn. Governments are keen to ensure that the coronavirus crisis does not evolve into a financial crisis, and in turn into another government debt crisis, as a result of a wave of corporate insolvencies and consumer

[3] "Tentative Stabilization, Sluggish Recovery?" World Economic Outlook Update, International Monetary Fund, January 2020

[4] "Die wirtschaftliche Lage in Deutschland im Januar 2020" (The economic situation in Germany in January 2020), German Federal Ministry for Economic Affairs and Energy, January 2020

[5] www.vda.de/de/presse/Pressemeldungen/200417-Coronakrise-laesst-internationale-Automobilmaerkte-im-Maerz-einbrechen

bankruptcies. This would be the worst-case scenario, and one that governments are doing everything in their power to avert. The eurozone is faced with a particular risk in this respect, as it is precisely those countries with more vulnerable economies, such as Italy, that have been hit by a particularly high number of infections and are expected to suffer a correspondingly hefty blow to their GDP. In its April update, for example, the IMF expects economic output in the euro area to drop by 7.5 per cent in 2020, with Italy expected to see 9.1 per cent shaved off its economic output.[6]

Economic forecasters are currently developing trend models in an attempt to define best and worst-case scenarios. One of the key influencing factors will be how the infection figures develop. The fact that the number of infections is now on the decline in many countries comes as good news. This opens up the possibility of gradually relaxing the quarantine measures, also boosting the chances of an economic recovery from the second half of 2020 onwards, largely supported by a return to normal consumption.[7] The gradual ramp-up of production capacity in China provides a glimmer of hope, despite the need for caution regarding further developments.

All of these scenarios, however, are subject to very considerable uncertainty given that it is absolutely impossible to predict the path that the crisis will take. This is due not only to the novel nature of this coronavirus, which creates significant challenges for medical professionals, but also to the lack of experience that our societies and economies have in containing a wave of infection on the current scale.

As a result, the overall conditions for DBAG's portfolio companies have deteriorated significantly, at least temporarily, in line with the economy as a whole since the beginning of 2020. Whereas consumer-related companies have so far benefited from what remains solid domestic demand in Germany, the uncertainty among consumers is now also starting to take its toll here, especially as far as larger purchases are concerned. This applies, in particular, to companies that supply the automotive industry, but also large parts of the rest of the industrial sector. By contrast, companies from the IT services, software and broadband telecommunications sectors are showing relatively stable development.

Financial markets: Financing conditions suffering as a result of the coronavirus crisis

The financial markets were unable to escape the slowdown in economic momentum in 2019 entirely unscathed. The US Federal Reserve, for example, initially left key interest rates unchanged at the beginning of 2019, after implementing four rate hikes in 2018, before cutting them several times in the second half of the year.[8] The European Central Bank, too, recently increased its asset purchases again winding them down temporarily, also cutting the interest rates that it charges banks for keeping excess liquidity with it more deeply into negative territory.[9] International central bank policy, which was clearly moving towards an expansionary course again in the course of 2019, was stimulating the financial markets until only recently, sending numerous stock exchanges, especially in the US, soaring to new highs. [10] It was not until the outbreak of the coronavirus crisis in the first quarter of 2020 that we witnessed very pronounced slumps, some of which saw a temporary return to price levels last seen four years ago – for example on the Dax.

By contrast, companies in Germany were generally benefiting from a positive financing situation until recently, thanks to the low interest rates and the generous supply of liquidity from the ECB.[11] The coronavirus crisis could, however, prompt banks to take a more restrictive approach to lending, especially if companies run into liquidity bottlenecks due to lost revenue. As a result, the German government has launched a very extensive financial aid programme for companies that are running into difficulties as a result of the coronavirus crisis. The program mainly comprises assistance to secure liquidity, for example by granting allowances for short-time working (the German version of furlough pay) and tax deferral options quickly and with minimal red tape. The German government has also introduced new guarantee schemes to stabilise the domestic commercial credit insurance market that have now also been approved by the European Commission. Even the prospect of the state temporarily taking a stake in ailing companies has not been ruled out.[12]

[6] World Economic Outlook Update, International Monetary Fund, April 2020
[7] "The Economic Outlook in the Coronavirus Pandemic", Special Report of the German Council of Economic Experts assessing macroeconomic developments, March 2020
[8] "Monetary Policy Report", Board of Governors of the Federal Reserve System, February 2020
[9] February 2020 Monthly Report, page 26, 43 ff; Deutsche Bundesbank
[10] ibid., page 42
[11] ibid., page 29 ff.
[12] "Corona Schutzschild" (coronavirus shield), Federal Ministry of Finance, www.bundesfinanzministerium.de/Web/DE/Themen/Schlaglichter/Corona/corona

The overall conditions for the financing of DBAG's portfolio companies were favourable up until the outbreak of the coronavirus crisis. The supply of acquisition financing, which is key to our business, also remained good over the last six months and was not a bottleneck factor. There is, however, considerable uncertainty over how things will develop, and the debt financing markets are basically closed at the moment. This means that in the near future, companies will be clearly focusing on safeguarding their liquidity and, where necessary and appropriate, on taking advantage of state support.

Currencies: Impact on portfolio value low

The direct impact of exchange rate fluctuations on the value of DBAG's portfolio continues to be negligible, as investments are only made in non-euro currencies in exceptional cases. At present, investments in four portfolio companies (duagon, mageba, Pfaudler and Sjølund) are exposed to currency risks. The Swiss franc has appreciated slightly against the euro since the beginning of the financial year, while the Danish krone is pegged to the euro, leaving this parity almost constant. The changes in exchange rates ranging from -2.7 per cent to 0.2 per cent were minor overall; compared to the reporting date of 30 September 2019, changes in exchange rates resulted in gross value appreciation of 0.9 million euros.

Beyond that, exchange rate fluctuations influence the business activities of DBAG's 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: Recent increase in number and total volume of transactions, average company values virtually unchanged

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

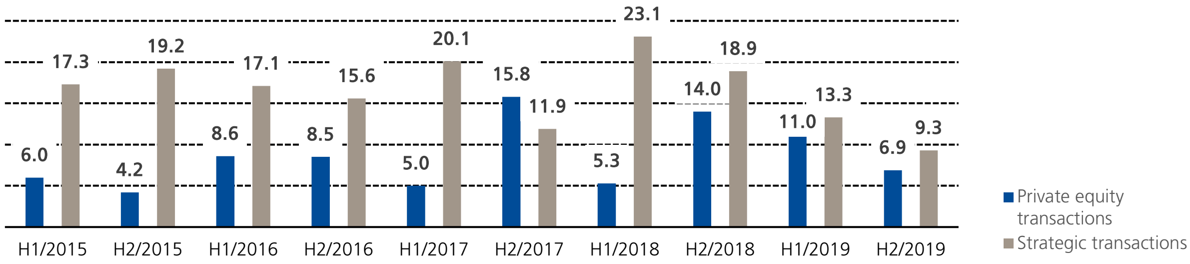
What is more, any statements made regarding trends on the basis of recent transactions are no longer of any informational value since the outbreak of the coronavirus crisis. M&A activity has largely come to a standstill at the moment. It is currently impossible for the private equity market, like the economy as a whole, to predict when the recovery will begin. We nevertheless expect that, when the market starts to bounce back, the long-term market trends that characterise our business, as described below, will go back to being as significant as they have been in the past.

All in all, 2019 once again saw increasing acceptance of private equity in the mid-market segment – DBAG's main target group. Markedly more than every second management buyout (MBO) which took place in the mid-market segment of the German buyout market in 2019 involved the sale of a mid-sized company by private (family) owners to a financial investor. The average figure for the last ten years comes to around 20 per cent. By contrast, "secondaries", i.e. transactions involving financial investors on both sides, are becoming less significant in general. Last year saw financial investors structure a total of 51 transactions in German medium-sized companies, four MBOs more than in 2018. This also marks a new record level for this market segment since DBAG started compiling data in 2002.

The analysis covered exclusively transactions where financial investors acquired a majority stake in companies alongside the management team, and which had a transaction value of between 50 and 250 million euros for the debt-free company. The information was compiled from publicly-available sources, alongside estimates and DBAG research in

M&A market Germany – transaction value

€bn



cooperation with FINANCE magazine.[13] Private equity companies financed buyouts of German mid-market companies with an aggregate volume of approximately 5.4 billion euros in 2019, as against 4.8 billion euros a year earlier. At 106 million euros, the average company value was virtually unchanged from the previous year. Competition is generally becoming more intense. 27 private equity firms were involved in the 51 transactions observed last year. Around 60 per cent of the transactions (31 out of 51) were structured by multinational, pan-European private equity funds (previous year: 22 out of 47, just under 50 per cent).

Over the past ten years, DBAG achieved the highest share in this fragmented market (23 out of 335 MBOs, equivalent to 7 per cent). The next position in the market segment analysed is held by a competitor having structured 17 transactions; all other market participants achieved markedly lower readings. DBAG accounted for one MBO in the buyout list for 2019 (previous year: three out of 47 MBOs). It also structured three additional MBOs: in one case, the transaction value exceeded 250 million euros, while another MBO involved an Austrian company.

The sector structure of the buyout market has changed dramatically over recent years: companies from the healthcare and IT services/software sectors accounted for around one-third (16 out of 51) transactions in 2019. Their average share for the last ten years was less than half this level. In contrast, pure industrial companies appear less frequently on the list of 2019 MBOs than in previous years, although they remain an important source for MBOs with a share of just under 25 per cent.

Review of key events and transactions

In this chapter, we explain the key changes in the investment portfolio of each fund that DBAG invests alongside and also provide information on the current status of the new DBAG Fund VIII, which was launched back in 2019. Changes in a fund's investment portfolio include agreements on, and the conclusion of, transactions both at the level of the fund and at the level of the portfolio companies. The impact of the coronavirus crisis on companies' business activities are presented in the chapter entitled "Financial performance".

The first half of the 2019/2020 financial year saw Deutsche Beteiligungs AG support a whole number of acquisitions at the level of the portfolio companies of two DBAG funds that were completed/agreed during the six months under review.

In addition, a number of transactions at fund level that had already been agreed in the fourth quarter of the previous financial year were closed. These included the sale of the minority interest in inexio Beteiligungs GmbH & Co. KGaA, which DBAG had held alongside DBAG ECF. The MBO of Cartonplast Holdings GmbH, in which DBAG had invested together with DBAG Fund VII in the fourth quarter of 2018/2019, was also completed. The same applies to the MBO of STG Group, in which DBAG holds an interest together with DBAG ECF.

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

Placement of DBAG Fund VIII completed with a volume of 1.1 billion euros

We launched DBAG Fund VIII, a new private equity fund with a volume of 1.1 billion euros, back in 2019. The completion of the placement process after the end of the quarter under review increases the outstanding capital commitments and, as a result, the assets under management or advisory, considerably to around 2.5 billion euros.

Like its predecessor, DBAG Fund VII, this fund also consists of two sub-funds: a principal fund and a top-up fund. The principal fund will predominantly structure equity investments between 40 and 100 million euros. Including the top-up fund, up to around 220 million euros can be invested per transaction, putting larger companies on our radar as well. In total, we expect this fund to make between 12 and 14 investments.

DBAG Fund VII: Cartonplast MBO completed, blikk uses acquisitions to strengthen its position, duagon expands in Spain

The Cartonplast MBO – agreed in the fourth quarter of the 2018/2019 financial year – was completed during the period under review. This investment from our core industrial services sector was one of the largest single investments in DBAG's history: 25.7 million euros were invested alongside DBAG Fund VII using the top-up fund. Cartonplast primarily rents plastic layer pads for the transport of glass containers for foodstuffs. Within its customer value chain, the company has established a closed logistics cycle for this purpose. It is reaping the benefits from the increasing trend towards outsourcing and from the mounting importance of sustainability efforts. By further internationalising its business and expanding its offering, Cartonplast is expected to grow in the years ahead.

The radiology group blikk, which belongs to the DBAG Fund VII portfolio, is experiencing rapid growth thanks to acquisitions. During the six months under review, agreements were reached on the takeover of an additional dialysis practice and a highly specialised regional hospital (Klinik Helle Mitte) in Berlin. Since a major proportion of this hospital's revenue is generated from outpatient examinations or treatments focused on radiological services, it is an excellent strategic fit for blikk. The acquisition of the hospital, Klinik Helle Mitte, will increase the number of the group's doctors by around one fifth. Going forward, the hospital will act as the nucleus of blikk's further buy-and-build strategy. DBAG Fund VII and Deutsche Beteiligungs AG made equity available for this transaction.

duagon AG completed another acquisition. The company, which is based in Switzerland, is a leading independent supplier of network components for data communication in rail vehicles. In the second quarter of the current financial year it took over MNI Technology on Rails S.L. in Madrid. The company offers development services for both hardware-based data communication, also for signalling systems, and for software-based solutions. It will become the duagon Group's global competence centre for these two areas and will head up its activities on the Iberian and South American markets. TechOnRails will add another 150 highly skilled specialists to duagon's workforce of 250 specialised developers. The company operates across the globe, having completed projects in 20 countries and on four continents.

DBAG ECF: STG MBO and three acquisitions already completed, netzkontor nord and vitronet also experiencing further acquisition-driven growth

The MBO of STG Group was agreed in the past financial year alongside DBAG ECF, and was completed in the six months under review. The Group has since been renamed "Deutsche Infrastruktur - und Netzgesellschaft mbH" (DING Group).

The 'buy-and-build' approach is consistent with the strategic rationale for this investment, DBAG's sixth investment in the broadband/telecommunications focus sector: the purpose is to combine a portfolio of regional businesses, in order to enhance customer service and to realise synergies within the scope of a larger structure. The company focuses on the construction of fibre optic networks. As well as expanding its regional presence, the company also aims to expand its future service offering as an operator of fibre-optic networks for large telecommunications companies and the housing industry.

In the first half of the current financial year, three acquisitions were already made with the takeover of Leinberger-Bau GmbH and three other subsidiaries belonging to the Leinberger Group, the takeover of ISKA Schön GmbH and the takeover of IMD Group: Leinberger Bau (2019 revenues: approximately 22 million euros) is a full-service provider of supply and communication networks focusing on the German federal state of Hesse. ISKA Schön (2019 revenues: approximately 35 million euros) is a provider of specialist subterranean construction and maintenance services, especially in telecommunications and trenching, with a focus on Bavaria.

IMD Group, which consists of three companies (2019 revenues: almost 25 million euros), will strengthen the presence of DING Group in north-western Germany and expand the customer portfolio of regional and municipal utilities companies. In addition to its conventional business in the construction of fibre-optic networks, IMD will also be able to open doors to the area of electrical networks in the future. This area is tipped to offer highly attractive market potential going forward, as the expansion of e-mobility, as well as the replacement of oil heating systems due to more stringent environmental legislation, will significantly increase the demands on electrical networks in private households. DING Group executed all three acquisitions without the commitment of further equity by DBAG.

netzkontor nord is another portfolio company held by DBAG ECF alongside DBAG that operates in the broadband communications segment and successfully completed the two acquisitions of Voss Telecom Services GmbH and SSF Telekommunikations Management GmbH in the first half of the new financial year.

The business models of Voss and netzkontor nord complement each other extremely well, with both companies providing planning, consultancy and project management services for the expansion of fibre-optic networks. Voss also operates in North Rhine-Westphalia, Baden-Württemberg and Hesse and will provide the platform for future growth in western Germany for netzkontor nord, whose regional focus has been on northern Germany to date.

vitronet, another portfolio company in the broadband communications segment held by DBAG alongside DBAG ECF, is also exploiting potential for growth through acquisitions, reaching agreements on two acquisitions, Horstmann GmbH, Mülheim a. d. Ruhr, and Telewenz GmbH, Bochum, in the second quarter of the reporting year. Both companies are located close to vitronet's headquarters in Essen, enhancing vitronet's presence in the Ruhr region. They also expand the company's expertise to include the attractive service of interference suppression for Deutsche Telekom AG's large copper network, helping to further diversify its customer portfolio. Horstmann GmbH will also complement vitronet's capacities in the area of civil engineering for utilities companies. The two acquisitions will allow vitronet to increase its revenues considerably. Work was under way on another acquisition that was agreed shortly after the end of the reporting period.

Financial performance

Overview

Earnings before tax for the first half of the 2019/2020 financial year came to -76.7 million euros. This figure was impacted to a considerable degree by the outbreak of the coronavirus crisis in the second quarter. In the first quarter, earnings had still been sitting at -0.2 million euros. During this period, positive effects resulting from changes in the multiples we use to value our portfolio companies, among other things, had counteracted negative effects related to the operating performance of the portfolio companies.[14]

In the quarter under review, the outbreak of the crisis resulted in a marked drop in multiples. In addition, and in light of the negative impact of current economic developments in general and in some sectors in particular, we have adjusted results to reflect the lower long-term earnings expectations from today's perspective where required. All in all, net income from investment activity in the six-month period under review fell from 9.5 million euros in the previous year to -76.2 million euros in the current financial year.

As was to be expected, income from Fund Services was on a par with the previous year at 13.7 million euros (previous year: 13.8 million euros). Net expenses under other income/expense items improved to 14.1 million euros as against 15.7 million euros in the previous year, in particular because personnel expenses fell. In the previous financial year, net income for the first half-year amounted to 7.7 million euros. Back then, the contribution to earnings made by the operating performance of our portfolio companies was positive at 22.3 million euros, exceeding the negative impact resulting from multiples by just under 10 million euros.

[14] Figures for the second quarter not reviewed by external auditors.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€'000	1st half-year 2019/2020	1st half-year 2018/2019	2nd quarter 2019/2020	2nd quarter 2018/2019
Net income from investment activity	(76,239)	9,539	(76,298)	30,645
Income from Fund Services	13,676	13,791	6,579	6,386
Income from Fund Services and investment activity	**(62,563)**	**23,330**	**(69,719)**	**37,031**
Personnel expenses	(8,299)	(10,004)	(3,504)	(5,151)
Other operating income	1,736	3,141	883	1,287
Other operating expenses	(7,380)	(9,057)	(4,113)	(4,480)
Net interest income	(203)	200	(69)	340
Other income/expenses	**(14,145)**	**(15,720)**	**(6,804)**	**(8,004)**
Earnings before taxes	**(76,709)**	**7,609**	**(76,523)**	**29,027**
Income taxes	17	0	17	0
Earnings after taxes	**(76,692)**	**7,609**	**(76,506)**	**29,027**
Net income attributable to other shareholders	(5)	(5)	(2)	(1)
Net income	**(76,696)**	**7,604**	**(76,508)**	**29,026**
Other comprehensive income	(747)	63	(653)	365
Total comprehensive income	**(77,443)**	**7,682**	**(77,161)**	**29,430**

Figures for the second quarter were not reviewed by external auditors.

INCOME FROM FUND SERVICES AND INVESTMENT ACTIVITY came to -62.6 million euros in the first six months of the current financial year, compared with 23.3 million euros in the previous year. The figure continues to be driven to a considerable degree by net income from investment activity, both in terms of absolute amount and volatility (for details, please refer to the information under "Net income from investment activity").

Income from Fund Services was on a par with the previous year for the reasons set out below: As agreed, fees are no longer paid on DBAG Fund V, while the fees for DBAG Fund VI and DBAG ECF declined as expected. By contrast, income from DBAG Fund VII was up in a year-on-year comparison, as the two investments in blikk and Cartonplast mean that two further – i.e. a total of three – transactions were structured using the top-up fund.

At 14.1 million euros, net expenses under OTHER INCOME/EXPENSE ITEMS (i.e. the net amount of personnel expenses, other operating income and expenses as well as net interest income) were lower than in the same period of the previous year (15.7 million euros). This was due primarily to personnel expenses, which were down by 1.7 million euros year-on-year. There are several reasons behind this development: the provisions set up for variable remuneration were higher in the prior-year period than they were in the reporting period. Last year's figure also included expenses for severance pay. What is more, we have since reduced temporarily duplicated functions in some positions.

While other operating income fell considerably to 1.7 million euros in the first six months of the current financial year, compared with 3.1 million euros in the previous year, this was offset by a slightly more pronounced drop in other operating expenses. Both changes can be traced back mainly to developments in consultancy expenses that can be passed through, which dropped by almost the same amount on both the income and the expenditure side. This reflects the lower number of investment opportunities that we explored in the first half of 2019/2020. This decline can be traced back, in particular, to the fact that the transaction market came to a virtual standstill in March as a result of the coronavirus crisis.

Aside from these transaction-related factors, components of other operating expenses such as travel and hospitality expenses, for example, were lower than in the previous year due to the coronavirus. The first-time application of IFRS 16 also resulted in less pressure on other operating expenses, as short-term payment obligations under rental agreements are now recognized as a liability with a corresponding right-of-use asset in the statement of financial position. As this right-of-use asset is, in turn, subject to depreciation, the item including depreciation and amortisation of property, plant and equipment and intangible assets was significantly higher than in the previous year.

Net income from investment activity

The change in NET INCOME FROM INVESTMENT ACTIVITY from 9.5 million euros in the previous year to -76.2 million euros in the first six months of 2019/2020 financial year was due primarily to the performance of the investments in the portfolio companies, which – with one exception (JCK) – are held via investment entity subsidiaries, as reflected in GROSS GAINS AND LOSSES ON MEASUREMENT AND DERECOGNITION. The marked drop in this figure was only partly offset by an improvement in net income attributable to other shareholders and in net gains or losses from other assets and liabilities of these investment entity subsidiaries.

NET INCOME FROM INVESTMENT ACTIVITY

€'000	1st half-year 2019/2020	1st half-year 2018/2019	2nd quarter 2019/2020	2nd quarter 2018/2019
Gross gains and losses on measurement and derecognition portfolio	(93,203)	10,947	(93,241)	34,809
Net income attributable to other shareholders of investment entity subsidiaries	15,140	(1,198)	15,089	(4,831)
Net gains and losses on measurement and derecognition portfolio	**(78,064)**	**9,749**	**(78,152)**	**29,978**
Current portfolio income	2,001	3,637	99	2,613
Net portfolio income	**(76,063)**	**13,386**	**(78,052)**	**32,591**
Net gains and losses from other assets and liabilities of investment entity subsidiaries	(178)	(3,849)	1,753	(1,952)
Income from other financial assets	1	2	1	6
Net income from investment activity	**(76,239)**	**9,539**	**(76,298)**	**30,645**

Figures for the second quarter were not reviewed by external auditors.

SOURCE ANALYSIS 1: After the first quarter, we had reported that a number of our portfolio companies had made a subdued start to the new year. particularly in the industrial sector. By contrast, our investments in the broadband telecommunications sector continued to show positive development. All in all, earnings at our portfolio companies made a contribution of -4.9 million euros.[15]

In the second quarter of our financial year, the coronavirus crisis led to a serious disruption of macroeconomic processes. Since then, investments in the industrial sector, in particular, have been hit by a significant drop in demand, with companies implementing short-time working arrangements (the German version of furlough) in response to this development. The impact on companies in the IT services, software and broadband telecommunications sectors is comparatively minor, if the crisis has affected them at all. Three of our portfolio companies were even able to forge ahead with their value appreciation strategy in the second quarter and reach agreements on/conclude promising acquisitions.

We usually adapt our valuations as at 31 December to the budgets of the portfolio companies for the forthcoming year. Depending on the planning certainty in the respective case, our expected values take into account that the achievability of projections this early on in the financial year is much more uncertain than in the second half of the year. For this reason, we apply haircuts to projected earnings accordingly in individual cases – as we did as at 31 December 2019. On the subsequent reporting dates – in isolated cases as early on as at 31 March, but usually not until 30 June – updated projected values are included in the valuations using actual earnings achieved as well as the companies' continuous earnings projections. If no updated figures are available, we make discretionary adjustments to the projected values as part of the portfolio valuation process to reflect current information from the portfolio companies.

The information available from the companies as at 31 March 2020 confirms, particularly as far as industrial portfolio companies are concerned, that the coronavirus crisis has destroyed hopes of an economic recovery after the slowdown in 2019, and that the negative impact resulting from the structural changes in the automotive industry will last longer than we assumed only three months ago. We have therefore adjusted results to reflect the lower long-term earnings expectations from today's perspective where required. We have not, however, used earnings discounts to reflect what we expect to be temporary effects

[15] Figures for the second quarter not reviewed by external auditors.

of the coronavirus crisis. Rather, we believe that these effects are reflected in the multiples of the listed peer group companies that we use for valuation purposes.

All in all, the contribution from the companies' CHANGE IN EARNINGS was negative in the second quarter, at -27.2 million euros (previous year: -8.4 million euros).[16] Earnings development at the portfolio companies made a negative contribution of -38.3 million euros to net gains or losses from measurement in the first half of 2019/2020 – compared with a positive contribution of 22.4 million euros in the same period of the previous year. 15 companies (previous year: four) made a negative contribution, with six companies (previous year: 14) making a positive contribution. Companies from the broadband telecommunications focus sector, in particular, made a positive earnings contribution in the first half of 2019/2020. This contribution is partly due to acquisitions.

NET GAINS AND LOSSES ON MEASUREMENT AND DERECOGNITION PORTFOLIO BY SOURCES: SOURCE ANALYSIS 1

€'000	1st half-year 2019/2020	1st half-year 2018/2019	2nd quarter 2019/2020	2nd quarter 2018/2019
Fair value of unlisted investments				
Change in earnings	(38,323)	22,394	(27,160)	(8,420)
Change in debt	(10,432)	(141)	(10,235)	2,512
Change in multiples	(47,272)	(12,868)	(57,582)	34,207
Change in exchange rates	923	1,843	1,238	2,022
Change – other	441	804	617	3,975
	(94,663)	12,032	(93,122)	34,296
Net gains and losses on derecognition	1,127	557	247	242
Other	334	(1,641)	(366)	271
	(93,203)	**10,947**	**(93,241)**	**34,809**

Figures for the second quarter were not reviewed by external auditors.

As a general rule, we do not receive any current distributions during the holding period of an investment. The portfolio companies can therefore use surpluses to reduce their DEBT. Whilst this usually first increases the value of our investments, In the first half of the year, however, the external financing of acquisitions at two portfolio companies pushed the debt level up; this is responsible for a negative value contribution of -8.2 million euros from debt. Individual portfolio companies have additional financing requirements as a result of the coronavirus crisis. This results in a negative value contribution from debt totalling -8.0 million euros. These two effects outweighed the overall positive effect of the deleveraging undertaken by the remaining portfolio companies (5.8 million euros). In the previous financial year, a deterioration in operating results at two investments had led to a markedly higher level of debt. These investments had accounted for a negative value contribution from debt of -7.8 million euros, which outweighed the positive effects from the deleveraging undertaken by the remaining portfolio companies (7.7 million euros).

With one exception, the MULTIPLES that we used in the valuation of the portfolio companies as at the reporting date of 31 March 2020 were much lower than those used as at 30 September 2019. There was only one case in which the multiple was slightly higher. The extent of the decline varied considerably among the different peer groups, but was well above one in most cases. The drop in multiples exclusively reflects the lower share prices of peer group companies as a result of the coronavirus crisis. We had to exclude a small number of companies for which analysts had already made downward adjustments to their earnings estimates from the peer groups as at 31 March 2020 in the interests of ensuring a consistent valuation system: since the long-term results of our portfolio companies do not include effects relating to the coronavirus, the valuation had to be based on multiples in which the coronavirus effect was only reflected in the numerator (share price) and not in the denominator (earnings figure).

[16] Figures for the second quarter not reviewed by external auditors.

In the second quarter of the 2019/2020 financial year, the coronavirus crisis translated into a negative earnings contribution from multiples of -57.6 million euros. This blow dealt to earnings, just like the lowered expectations regarding long-term earnings, was not to be expected when we issued our forecast for the current financial year back in December 2019. When the trend became apparent, we used an ad hoc disclosure on 20 March 2020 to announce that it was no longer feasible to maintain the annual forecast for the current 2019/2020 financial year.

Changes in EXCHANGE RATES had a positive impact, as they did in the same period of the previous year, albeit to a lesser extent. The Swiss franc has made slight gains in value over the euro since the start of the financial year. The value of four investments is now influenced by exchange rate fluctuations.

Other valuation effects shown under CHANGE – OTHER reflected the lower capitalisation rate and the resulting slightly higher valuation of a portfolio company that is valued using the DCF method; this portfolio company is reporting double-digit growth and encouraging operating performance. In the previous year, the positive contribution totalling 6.7 million euros made by what were still two investments valued using the DCF method at that time had been largely neutralised by the negative value contribution made by another investment: following a compliance breach at the portfolio company concerned, we had applied a risk discount to that company's valuation and had written down the investment in full as at the reporting date.

The NET GAINS AND LOSSES ON DERECOGNITION of 1.1 million euros is largely due to the sale of the remaining shares in Romaco Group and to a technical effect relating to the disposal of inexio, a transaction that was agreed just before the end of the 2018/2019 financial year, which had already arisen in the first quarter. In the previous year, net gains and losses from derecognition of 0.6 million euros were due largely to the realisation of amounts retained for an investment sold in previous years.

The contributions to the net valuation result included in the "OTHER" item can be attributed largely to slight changes in the valuation of purchase price retentions and discounting effects relating to residual items.

SOURCE ANALYSIS 2: The positive changes in value during the first six months are attributable to six active portfolio companies (previous year: 13 portfolio companies and two externally-managed foreign buyout funds), with four companies from the focus sector of broadband telecommunications and two companies from the core sector of industrial components. Three (previous year: five) investments are recognised at their transaction price because they have been held for less than twelve months; these account for 14 per cent of portfolio value (previous year: 13 per cent). 19 (previous year: nine) equity investments and the two investments in externally-managed foreign buyout funds made a negative contribution to net gains and losses on measurement and derecognition in the first half of the year. In 18 cases, the valuation was also hit by the lower multiples of listed peer group companies. Where the negative performance is not solely attributable to changes on the capital markets, it can be traced back to reasons specific to the company in question, as well as to our adjusted expectations regarding economic development.

NET GAINS AND LOSSES ON MEASUREMENT AND DERECOGNITION PORTFOLIO BY SOURCES:
SOURCE ANALYSIS 2

€'000	1st half-year 2019/2020	1st half-year 2018/2019	2nd quarter 2019/2020	2nd quarter 2018/2019
Positive movements	6,385	40,503	1,042	38,852
Negative movements	(99,588)	(29,556)	(94,283)	(4,043)
	(93,203)	**10,947**	**(93,241)**	**34,809**

Figures for the second quarter were not reviewed by external auditors.

SOURCE ANALYSIS 3: Net gains and losses on measurement and derecognition after the first six months of the 2019/2020 financial year are primarily shaped by the changes in the portfolio valuation. The net gains and losses on derecognition are mainly attributable to the sale of the remaining shares in Romaco Group and to a technical effect relating to the disposal of inexio, a transaction that was agreed just before the end of the 2018/2019 financial year, which had already arisen in the first quarter.

NET GAINS AND LOSSES ON MEASUREMENT AND DERECOGNITION PORTFOLIO BY SOURCES:
SOURCE ANALYSIS 3

€'000	1st half-year 2019/2020	1st half-year 2018/2019	2nd quarter 2019/2020	2nd quarter 2018/2019
Net measurement gains and losses	(94,330)	10,390	(93,488)	34,566
Net gains and losses on derecognition	1,127	557	247	242
	(93,203)	**10,947**	**(93,241)**	**34,809**

Figures for the second quarter were not reviewed by external auditors.

NET INCOME ATTRIBUTABLE TO OTHER SHAREHOLDERS OF INVESTMENT ENTITY SUBSIDIARIES was clearly in positive territory in the first half of 2019/2020 at 15.1 million euros (previous year: -1.2 million euros) and partly offset the drastic drop in gross gains and losses on measurement and derecognition. This largely reflected performance-related profit shares from personal investments in investment entity subsidiaries of the DBAG funds (carried interest), namely DBAG Fund V and DBAG ECF (in the previous year also DBAG Fund VI). These account for those active and former members of the DBAG investment team who co-invested alongside the funds.

The carried interest entitlements recognised in these financial statements primarily mirror the net performance of the investments of the DBAG funds. This means that the carried interest changes depending on the further performance of the investments of the funds and in the course of distributions following disposals from a fund's portfolio, provided that the contractual conditions are met. DBAG Fund VII only commenced investments in April 2016. No carried interest has had to be recognised for this fund to date. In the six months under review, carried interest for DBAG Fund VI that had previously been taken into account was reversed in full, as the performance of this fund's investments means that the prerequisites for recognising carried interest are no longer fulfilled.

CURRENT PORTFOLIO INCOME mainly relates to interest payments on shareholder loans.

NET GAINS AND LOSSES FROM OTHER ASSETS AND LIABILITIES of investment entity subsidiaries amounted to -0.2 million euros for the first six months of the financial year (previous year: -3.8 million euros). The item mainly includes the remuneration for the manager of DBAG Fund VI and DBAG Fund VII, based on the capital invested/committed by DBAG.

Financial position – liquidity

DBAG's financial resources consist of cash and cash equivalents of 12.4 million euros and units in fixed-income and money market funds in the amount of 10.0 million euros. The investment entity subsidiaries have further financial resources in the amount of 18.5 million euros, solely in cash and cash equivalents, some of which are to be distributed to DBAG in the future. These funds are available for investment. The following condensed statement of cash flows based on the IFRS shows the changes in DBAG's cash and cash equivalents.

During the first six months of the 2019/2020 financial year, FINANCIAL RESOURCES in accordance with IFRS dropped by 31.5 million euros to 12.4 million euros (reporting date of 30 September 2019: 43.9 million euros).

The negative balance of CASH FLOW FROM OPERATING ACTIVITIES came to 13.5 million euros as against 7.7 million euros in the previous year. It was influenced primarily by other non-cash changes. This reflects the irregular timing for the recognition of income from Fund Services, which is customary for this business: the corresponding fees are usually charged to fund investors concurrently with calls for new investments, or set off against repayments following disposals.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

INFLOWS (+)/OUTFLOWS (-)

€'000	1st half-year 2019/2020	1st half-year 2018/2019	2nd quarter 2019/2020	2nd quarter 2018/2019
Net income	(76,696)	7,604	(76,508)	29,026
Measurement gains (-)/losses (+) and gains (-)/losses (+) on disposal of financial assets and loans and receivables	76,428	(9,284)	76,491	(30,377)
Other non-cash changes	(13,228)	(6,051)	(6,848)	3,175
Cash flow from operating activities	**(13,497)**	**(7,731)**	**(6,865)**	**1,824**
Proceeds from disposals of financial assets and loans and receivables	43,882	28,103	40,708	334
Payments for investments in financial assets and loans and receivables	(42,595)	(63,697)	(7,102)	(29,126)
Proceeds from disposal of other financial instruments	14,518	32,915	0	22,822
Payments for investments in other financial instruments	(26,047)	(22,424)	0	(1,647)
Cash flow from investment activity	(10,242)	(25,103)	33,606	(7,617)
Proceeds from (+)/payments for (-) investments in securities	15,488	48,085	(4,509)	25,798
Other cash inflows and outflows	(188)	(69)	(108)	(81)
Cash flow from investing activities	**5,057**	**22,913**	**28,989**	**18,100**
Payments for lease liabilities	(489)	0	(247)	0
Payments to shareholders (dividends)	(22,566)	(21,814)	(22,566)	(21,814)
Cash flow from financing activities	**(23,054)**	**(21,814)**	**(22,813)**	**(21,814)**
Net change in cash and cash equivalents	**(31,494)**	**(6,632)**	**(689)**	**(1,890)**
Cash and cash equivalents at beginning of period	43,934	23,571	12,989	18,829
Cash and cash equivalents at end of period	**12,440**	**16,939**	**12,300**	**16,939**

Figures for the second quarter were not reviewed by external auditors.

CASH FLOW FROM INVESTMENT ACTIVITY amounted to -10.2 million euros in the reporting period as against -25.1 million euros in the same period of the previous year. The volatility of the cash flows relating to investment activity is due to reporting-date factors and also due to cash flows being concentrated on a few – yet sizeable – amounts in the transaction business, which is typical for our business model.

Proceeds and payments resulting from changes in financial assets and loans and receivables largely offset each other in the reporting period. Proceeds related mainly to two transactions: following the sale of inexio realised by DBAG ECF after the end of the 2018/2019 financial year, the fund distributed the first tranche of the disposal proceeds in the reporting period. We also received a distribution from DBAG Fund V relating to the sale of Romaco Group. Payments for investments in financial assets and loans and receivables resulted from capital calls made by investment entity subsidiaries for the new investments and from follow-on investments made by DBAG Fund VII and DBAG ECF., as described in the chapter entitled "Review of significant events and transactions". DBAG regularly grants its portfolio companies short-term loans for follow-on investments. These are recognised as payments for investments in other financial instruments.

The sale of units in fixed-income and money market funds resulted in a cash inflow of 15.5 million euros. This brought the total cash flow from investing activities to 5.1 million euros. The CASH FLOW FROM FINANCING ACTIVITIES was dominated by the distribution of the dividend to the Company's shareholders following the Annual Meeting held on 20 February 2020. It amounted to -23.1 million euros.

Financial position – assets

Asset and capital structure

Total assets as at the reporting date of 31 March 2020 stood at 388.4 million euros, down by 103.2 million euros on the end of the 2019/2020 financial year. The drop is due primarily to the considerably lower portfolio value. For more information, please refer to the information in the chapter entitled "Financial assets and loans and receivables".

The ASSET STRUCTURE, however, is more or less unchanged: the proportion of total assets attributable to non-current assets came to 80.0 per cent as at the current reporting date (30 September 2019: 78.8 per cent (adjusted)).

This is due to the drop in current assets, too, as at 31 March 2020. All in all, they were down by 26.8 million euros as against six months ago. This was due, first, to an increase in other financial instruments relating to short-term loans granted by DBAG in connection with the structuring of new investments. Second, short-term securities and cash and cash equivalents came to 22.4 million euros compared with 69.4 million euros at the end of the last financial year. Almost half of this decline was due to the distribution of the dividend to the shareholders.

The changes that had an impact on the development of financial resources in the reporting period are explained in detail in the previous chapter "Financial position - liquidity". All in all, the figure of 22.4 million euros as at 31 March 2020 is of limited informational value. For example, the funds from the sale of inexio, which has already been realised, had not been received by the Company in full by the reporting date. In addition, income from Fund Services – as explained in the information on cash flows from operating activities – is collected erratically and is often also combined with calls for new investments, or set off against repayments following disposals.

As at 31 March 2020, 79 per cent of total assets were invested in financial assets, unchanged as against 30 September of the previous year. Six per cent of total assets were attributable to DBAG's financial resources, consisting of cash and cash equivalents and short-term securities. This share had still amounted to 14 per cent at the end of the last financial year.

Equity came to 360.1 million euros, down by 100.1 million euros on the figure as at 30 September 2019 due to the negative net income and the distribution for the previous year. Equity per share thus declined from 30.59 euros to 23.94 euros.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€'000	31 Mar 2020	30 Sep 2019
Financial assets including loans and receivables	307,964	385,693
Other non-current assets	2,220	883
Deferred tax assets	658	658
Non-current assets	**310,842**	**387,233**
Other financial instruments	28,531	17,002
Receivables and other assets	9,257	7,398
Short-term securities	10,036	25,498
Cash and cash equivalents	12,440	43,934
Other current assets	17,302	10,550
Current assets	**77,567**	**104,382**
Total assets	**388,408**	**491,615**
Equity	360,142	460,152
Non-current liabilities	20,180	19,677
Current liabilities	7,715	11,787
Total equity and liabilities	**388,408**	**491,615**

The CAPITAL STRUCTURE was virtually unchanged as against the end of the last financial year; the equity ratio came to 93 per cent as against 94 per cent. Equity covers non-current assets in full, and current assets at 64 per cent (30 September 2019: 70 per cent). Non-current liabilities remained virtually unchanged on the reporting date as against 30 September 2019. Current liabilities as at the current reporting date were 4.1 million euros lower than on 30 September 2019. This was due primarily to lower personnel-related provisions.

The CREDIT LINE of 50 million euros was not drawn down during the first three months, nor at the reporting date.

Financial assets and loans and receivables

Financial assets, including loans and receivables, are largely determined by the VALUE OF THE PORTFOLIO: excluding non-controlling interests in investment entity subsidiaries (largely carried interest), the figure as at 31 March 2020 was 307.8 million euros, compared with 422.1 million euros at the end of the last financial year. During the reporting period, additions from the ongoing investment activity of the DBAG funds were offset by higher portfolio reductions after disposals, as well as by substantial negative changes in value, largely due to the coronavirus crisis (see comments on the value of the portfolio below).

FINANCIAL ASSETS INCLUDING LOANS AND RECEIVABLES

€'000	31 Mar 2020	30 Sep 2019
Portfolio value (including loans and receivables)		
gross	307,786	422,109
Interests of other shareholders in investment entity subsidiaries	(22,863)	(39,850)
net	284,924	382,260
Other assets and liabilities of investment entity subsidiaries	22,965	3,359
Other financial assets	75	74
Financial assets including loans and receivables	**307,964**	**385,693**

The INTERESTS OF OTHER SHAREHOLDERS IN INVESTMENT ENTITY SUBSIDIARIES fell by 17.0 million euros compared with the end of the last financial year. This includes changes in the measurement of the portfolios of DBAG Fund VI, DBAG ECF and DBAG Fund V. The current fair value of the DBAG Fund VII portfolio does not yet require carried interest to be recognised.

The increase in the OTHER ASSETS AND LIABILITIES OF INVESTMENT ENTITY SUBSIDIARIES was mainly due to the sale of inexio just before the end of the last financial year. While the company's valuation is no longer included in the portfolio value as at the reporting date, some of the proceeds are still with the investment entity subsidiary. This had an impact on other financial assets and the assets, as well as the cash and cash equivalents, of this Group company. On the other hand, there was a marked increase in liabilities resulting from the structuring of new investments.

Portfolio and portfolio value

DBAG's portfolio consisted of 28 equity investments on 31 March 2020. There are also two investments in externally-managed foreign private equity funds, although these were of minor significance. DBAG's investments are held indirectly via investment entity subsidiaries, with only one exception (JCK). The portfolio contains 23 management buyouts and five investments aimed at growth financing.

As at 31 March 2020, the value of the 28 investments, including the loans and receivables extended to the portfolio companies and excluding short-term interim financing, amounted to 299.4 million euros (30 September 2019: 409.0 million euros). In addition, there were entities with a value of 8.3 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 2019: 13.1 million euros). This brought the portfolio value to a total of 307.8 million euros (30 September 2019: 422.1 million euros).

The portfolio value has fallen dramatically, by 114.3 million euros, since the beginning of the financial year. The additions amounting to a total of 45.6 million euros – mainly due to the new investments in Cartonplast and DING Group – were offset by disposals of 65.6 million euros, which related primarily to the sale of the investment in inexio and the remaining investment in Romaco Group. There were also negative changes in value of 94.3 million euros due primarily to the negative impact of multiples on the capital markets as a result of the coronavirus crisis and the adjustments made to the long-term earnings expectations of individual portfolio companies, particularly industrial portfolio companies and automotive suppliers.

These effects of the coronavirus crisis play a key role in explaining why the proportion of the portfolio value attributable to portfolio companies in DBAG's core sectors, mechanical and plant engineering, industrial components and automotive suppliers, only amounted to 39 per cent of the portfolio value on the reporting date, as against 44 per cent at the beginning of the quarter. The five percentage point drop was offset by a six percentage point increase in the proportion of portfolio companies in the DBAG focus sector broadband/telecommunications. The proportion of portfolio companies with a leverage ratio (net debt/EBITDA) of between 3.0 and ≥ 4.0 also increased significantly in the second quarter. Whereas 39 per cent of the portfolio value was attributable to companies with a leverage ratio within this range at the start of the quarter, this figure had risen to 57 per cent by the reporting date. This trend was due primarily to the successful conclusion of a larger acquisition by one of the portfolio companies. This increased the leverage ratio, meaning that the company is now at the lower end of the range referred to above. Two other companies were at the lower edge of the range on the reporting date because, in one case, debt had increased as against the start of the quarter while, in the other, the company's EBITDA had dropped; a fourth company was able to reduce its debt level as against 31 December 2019, meaning that its leverage ratio had fallen to less than 3.0 on the reporting date. [17]

The 15 largest investments accounted for around 83 per cent of the portfolio value at 31 March 2019 (30 September 2019: 79 per cent). The following table lists these 15 investments in alphabetical order. A full list of the portfolio companies can be found on the DBAG website and at the end of this half-yearly financial report.

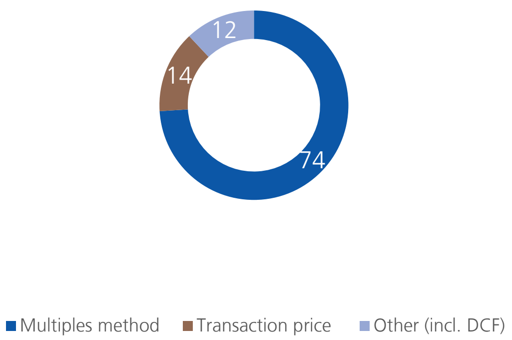
The following portfolio information is based on the valuation and resulting portfolio value at the reporting date of 31 March 2020. The investments in companies through which retentions for representations and warranties from exited investments are held are recognised under "Other". The information on debt (net debt, EBITDA) relates to the expectations of the portfolio companies for the 2020 financial year.

Company	Cost €mn	Equity share DBAG %	Investment type	Sector
blikk Holding GmbH	19.0	11.0	MBO	Healthcare
Cartonplast Holding GmbH	24.9	16.4	MBO	Industrial services
Cloudflight GmbH	8.2	13.5	MBO	Software
Deutsche Infrastruktur- und Netzgesellschaft mbH (DING-Gruppe)	9.6	36.0	MBO	Broadband/telecommunications
DNS:Net GmbH	16.1	15.7	Expansion capital	Broadband/telecommunications
duagon AG	23.8	21.2	MBO	Industrial components
JCK KG	8.8	9.5	Expansion capital	Consumer goods
Kraft & Bauer GmbH	14.1	17.9	MBO	Industrial components
netzkontor nord GmbH	5.0	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 and 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

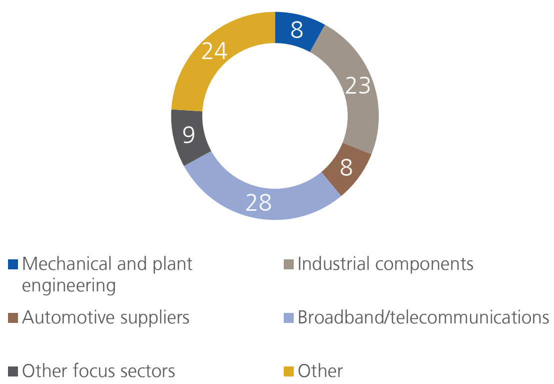
[17] Figures for the second quarter not reviewed by external auditors.

Portfolio structure

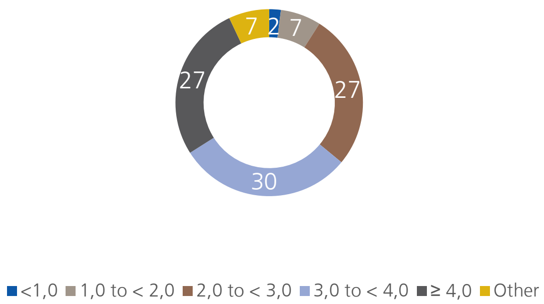
PORTFOLIO VALUE BY VALUATION METHOD
%



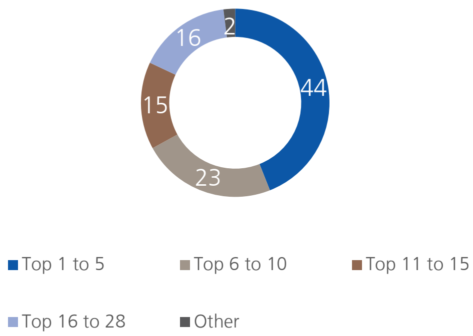
PORTFOLIO VALUE BY SECTOR
%



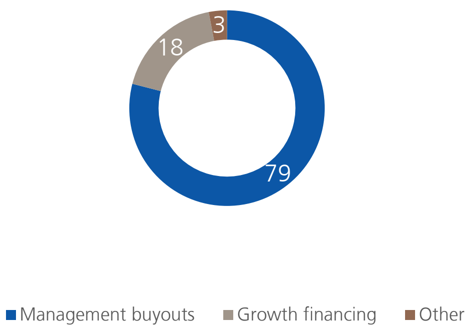
PORTFOLIO VALUE BY PORTFOLIO COMPANY NET DEBT / EBITDA
%



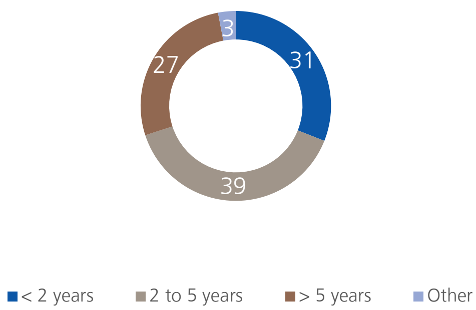
CONCENTRATION OF PORTFOLIO VALUE
Size categories in %



PORTFOLIO VALUE BY TYPE OF INVESTMENT
%



PORTFOLIO VALUE BY AGE
Classes in %



Business performance by segment

Private Equity Investments segment

SEGMENT EARNINGS STATEMENT – PRIVATE EQUITY INVESTMENTS

€'000	1st half-year 2019/2020	1st half-year 2018/2019	2nd quarter 2019/2020	2nd quarter 2018/2019
Net income from investment activity	(76,239)	9,539	(76,298)	30,645
Other income/expense items	(3,968)	(3,750)	(2,011)	(1,985)
Earnings before taxes	**(80,207)**	**5,788**	**(78,309)**	**28,660**

Figures for the second quarter were not reviewed by external auditors.

EARNINGS BEFORE TAXES in the Private Equity Investments segment amounted to -80.2 million euros after the first half of 2019/2020, as against 5.8 million euros in the prior-year period. This is due to significantly lower NET INCOME FROM INVESTMENT ACTIVITY. Please refer to the notes on this item in the section on “Financial performance”. Net expenses under OTHER INCOME/EXPENSE ITEMS (the net amount of internal management fees, personnel expenses, other operating income and expenses, as well as net interest income) was largely unchanged year-on-year. The figure includes internal management fees paid to the Fund Investment Services segment, which now only relate to DBAG ECF, in the amount of 0.6 million euros (previous year: 0.5 million euros).

NET ASSET VALUE AND AVAILABLE LIQUIDITY

€'000	31 Mar 2020	30 Sep 2019
Financial assets including loans and receivables	307,964	385,693
Other financial instruments	28,531	17,002
Financial resources	22,476	69,432
Net asset value	**358,971**	**472,126**
Financial resources	22,476	69,432
Credit line	50,000	50,000
Available liquidity	**72,476**	**119,432**
Co-investment commitments alongside DBAG funds	**86,218**	**129,733**

The NET ASSET VALUE is lower than at the end of the previous financial year, having declined by 113.2 million euros to 359.0 million euros. Financial assets and financial resources declined by a total of 47.0 million euros since 30 September 2019. Please refer to the “Asset position” and “Financial position” sections for information on the changes to financial assets and financial resources.

Pending CO-INVESTMENT COMMITMENTS ALONGSIDE DBAG FUNDS decreased by 43.5 million euros overall. Capital calls were made for new investments and acquisitions by portfolio company. As is always the case when a new fund is launched, the
co-investment commitments increased upon the conclusion of the placement of DBAG Fund VIII. The co-investment commitments for this fund amounted to 255 million euros.

At 31 March 2020, 26 per cent of the co-investment commitments were covered by the available financial resources (cash and cash equivalents including securities; 30 September 2019: around 53 per cent). A credit line of 50 million euros 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 available funds amounts to around four per cent of financial assets, compared with three per cent at 30 September 2019. We expect to be able to cover this surplus with disposals from the portfolio.

Fund Investment Services segment

SEGMENT EARNINGS STATEMENT – FUND INVESTMENT SERVICES

€'000	1st half-year 2019/2020	1st half-year 2018/2019	2nd quarter 2019/2020	2nd quarter 2018/2019
Income from Fund Services	14,315	14,324	6,893	6,716
Other income/expense items	(10,817)	(12,503)	(5,107)	(6,349)
Earnings before taxes	**3,498**	**1,821**	**1,786**	**367**

Figures for the second quarter were not reviewed by external auditors.

The Fund Investment Services segment closed the quarter with EARNINGS BEFORE TAXES of 3.5 million euros, compared to 1.8 million euros in the same period of the previous year. INCOME FROM FUND SERVICES was largely unchanged in a year-on-year comparison. Income from DBAG Fund VII was up in a year-on-year comparison, as the two investments in blikk and Cartonplast mean that two further transactions were structured using the top-up fund. The fees for DBAG Fund VI and DBAG ECF were lower, as was to be expected. Fees are no longer paid for DBAG Fund V as agreed. The segment information also takes into account internal income from the Private Equity Investments segment in the amount of 0.6 million euros (previous year: 0.5 million euros).

The negative balance of OTHER INCOME/EXPENSES was down significantly year-on-year. This was due mainly to lower provisions for variable remuneration in this reporting period and to expenses for severance pay in the previous year that were not repeated in the reporting period. What is more, we have since reduced temporarily duplicated functions in some positions.

ASSETS UNDER MANAGEMENT OR ADVISORY

€'000	31 Mar 2020	30 Sep 2019
Funds invested in portfolio companies	1,191,676	1,088,298
Short-term bridge financing for new investments	167,626	94,492
Outstanding capital commitments of third-party investors	308,872	452,212
Financial resources (of DBAG)	22,476	69,432
Assets under management or advisory	**1,690,650**	**1,704,434**

The amount of ASSETS UNDER MANAGEMENT OR ADVISORY has fallen slightly since the start of the financial year. Pending capital commitments by fund investors declined by a total of 143 million euros, reflecting investing activities – this was offset by a 177 million euro increase in total funds invested in (or called for) portfolio companies or bridge loans. The negative balance of these two items was attributable to the distribution of part of the proceeds from the sale of inexio to fund investors and DBAG, following the disposal of this investment. DBAG's financial resources fell in the first six months of the year, particularly in connection with the structuring of additional investments. In addition, the dividend was paid out to the Company's shareholders at the end of February 2020. Please refer to the "Financial position – liquidity" section for information on changes in DBAG's financial resources.

Financial and non-financial performance indicators

Build the value of Private Equity Investments

At the beginning of the current financial year, the net asset value amounted to 472.1 million euros. Less the total distribution of 22.6 million euros, the adjusted opening balance comes to 449.5 million euros. At the end of the reporting period, the net asset value was 359.0 million euros. The drop of 90.5 million euros is due, in particular, to losses on measurement resulting primarily from the marked drop in multiples on the capital markets in connection with the coronavirus crisis and the reduction in the long-term earnings expectations of individual portfolio companies.

Build the value of Fund Investment Services

Net income from Fund Investment Services rose considerably in the six-month period under review. With income from Fund Services largely unchanged, this is due to lower personnel expenses in particular. This is because the provisions set up for variable remuneration in the reporting period were lower than in the previous year, when expenses had also been incurred for severance pay. What is more, we have since reduced temporarily duplicated functions in some positions.

Shareholder participation

Following the Annual Meeting held on 20 February 2020, we distributed a dividend of 1.50 euros per share for the 2018/2019 financial year, five cents more than in the previous year. The total amount distributed came to 22.6 million euros. This corresponds to a dividend yield of 4.3 per cent based on the price of DBAG’s shares at the end of the last financial year.

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

We dealt with 84 investment opportunities in the first half-year in what was still a highly competitive environment (comparable period of the previous year: 116 people). The marked year-on-year decline can be traced back in particular to the coronavirus crisis: the crisis had already started to leave its mark by the end of the February, with the transaction business coming to a virtual standstill in March.

Garner esteem as an advisor of private equity funds

We completed the placement of the new DBAG Fund VIII with a volume of 1.1 billion euros after the end of the reporting period. The percentage of capital commitments made by investors in previous DBAG funds comes to 86.1 per cent. This high proportion of investors who had already invested in DBAG funds in the past is testimony to their high regard for our performance. This is all the more of an achievement in times of crisis like these.

Retain experienced and motivated employees

Our employees are our most important resource. Accordingly, we pay particular attention to our corporate culture and to other factors that have a bearing on employee satisfaction. We report once a year on the corresponding indicators and on our remuneration system.

Opportunities and risks

For information on opportunities and risks, we refer to the statements made in the combined management report at 30 September 2019. They continue to apply in principle.[18]

With regard to four risks with a “high” expected value, however, the values have since increased to “very high” due to the massive economic impact of the coronavirus crisis, as we now assume that these risks are more likely to materialise.

We now consider it “likely” that access to the stock and credit markets is not currently ensured. We had previously assessed the probability of this risk occurring as “low”. We have reflected this change in our current corporate management measures and we are also preparing to make another adjustment as soon as the overall situation eases again.

In addition, we had previously assumed that the materialisation of the following risks was “possible”, whereas we now assume that it is “likely”:

[18] cf. 2018/2019 Annual Report, page 104 ff.

- Insufficient access to new, attractive investment opportunities (deal sourcing). As a result, we are focusing more on our ability to offer companies long-term equity capital. Especially in times like the present, this offering is likely to meet with considerable interest.

- Negative impact of the general economy and economic cycles on portfolio companies' earnings, financial and asset position. One of the ways in which we are managing this risk is by providing our portfolio companies with particularly close support with regard to the measures to be taken in the near future to safeguard their earnings and liquidity.

- Lower valuation level on the capital markets. We are committed to making the impact of the capital markets on our management indicators transparent and, at the same time, raising awareness of the fact that DBAG's long-term success does not depend on short-term fluctuations on the capital markets, but rather rests on the entrepreneurial success of our portfolio companies.

Forecast

As the outbreak of the coronavirus crisis in the second quarter of this financial year is having a significant impact on our portfolio companies, we had to withdraw our previous forecast for the current financial year on 20 March 2020. The implications for the individual portfolio companies have since been analysed and the following new forecast prepared on the basis of this analysis. As it remains virtually impossible to predict how the coronavirus crisis will develop in the future, the new forecast that we have presented below is associated with even greater uncertainty than is normally the case. As things stand at the moment, we believe that the risks outweigh the opportunities.

As in the past, we have drawn up a QUALIFIED COMPARATIVE FORECAST on expected developments. As we have not prepared completely new projections now that the financial year is already under way, we have released new projections for the key financial management indicators, the net asset value of the Private Equity Investments segment and the net income from Fund Investment Services, as well as net income.

In some cases, we have used different values as a BASIS FOR THE FORECAST than we have in the past. As far as net asset value and net income are concerned, it no longer makes sense to prepare a qualitative and comparative forecast based on the values as at 30 September 2019/the average value for the last five years due to the dramatic impact of the coronavirus crisis in the first six months of this financial year. As a result, we have taken the values achieved after the first half of the year as a basis when forecasting these figures: the net asset value as at 31 March 2020 and the net income for the first six months. The previous year's figure continues to form the basis for the new forecast for net income from Fund Investment Services.

We have applied our previous FORECAST CATEGORIES unchanged.

- We have used the following system for the net asset value of Private Equity Investments and the net income from Fund Investment Services: we describe changes of up to ten per cent as "slight", changes of more than ten per cent but less than 20 per cent as "moderate", and changes of 20 per cent and more as "significant".

- As in the past, we are evaluating the change in the very volatile net income within a wider range: deviations of up to 20 per cent are considered "slight", and changes of more than 20 per cent but less than 40 per cent are termed "moderate". Changes of 40 per cent and more are "significant".

Net income from investment activity is of key significance to the development in DBAG's net asset value and net income. It can be heavily defined by individual events or developments that are not predictable at the time the forecast is prepared. These include, in particular, the share prices of listed peer group companies on our reporting dates, which have an impact on net income/the net asset value in DBAG's Private Equity Investments segment via the valuation of our portfolio companies using methods that are applied as standard in the industry. As always, the forecast is subject to the proviso that valuation levels on the capital markets will not have changed considerably by the end of a financial year, compared to those levels on which the reference points were based.

Provided that this is the case, we expect the net asset value as at 30 September 2020 to be down slightly on the value as at 31 March 2020 at 359.0 million euros.

Earnings from Fund Investment Services are substantially determined by the volume of funds. As the M&A market has largely come to a standstill, we currently no longer expect DBAG Fund VIII to start investing before this financial year is out and us to start generating corresponding fee income for advisory services to that fund. Expenses for Fund Investment Services will be lower than most recently expected, mainly due to lower variable remuneration. All in all, we continue to expect Fund Investment Services to achieve a result that is up considerably, i.e. by more than 20 per cent, on the prior-year level of 3.0 million euros. From today's perspective, this figure may rise by as much as 100 per cent year-on-year.

The factors influencing net asset value, as described above, tend to have the same impact on net income. We expect to see negative net income for the year as a whole that is up slightly on the negative result of -76.7 million euros reported after the first six months.

From today's perspective, our dividend policy remains unchanged in general. It provides for a dividend that remains stable and increases whenever this is possible. Previously, we were forecasting a dividend that was to remain stable during the planning period leading up to 2022. Given the impact of the coronavirus crisis, we are withdrawing this forecast. We are not currently able to release any new forecast regarding the dividend for the current financial year.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 MARCH 2020

Consolidated statement of comprehensive income

for the period from 1 October 2019 to 31 March 2020

€'000	1 Oct 2019 to 31 Mar 2020	1 Oct 2018 to 31 Mar 2019
Net income from investment activity	(76,239)	9,539
Income from Fund Services	13,676	13,791
Income from Fund Services and investment activity	**(62,563)**	**23,330**
Personnel expenses	(8,299)	(10,004)
Other operating income	1,736	3,141
Other operating expenses	(7,380)	(9,057)
Interest income	296	533
Interest expense	(499)	(333)
Other income/expense items	**(14,145)**	**(15,720)**
Earnings before taxes	**(76,709)**	**7,609**
Income taxes	17	0
Earnings after taxes	**(76,692)**	**7,609**
Net income attributable to other shareholders	(5)	(5)
Net income	**(76,696)**	**7,604**
a) Items that will not be reclassified subsequently to profit or loss		
gains (+)/ losses (-) on remeasurement of the net defined benefit liability (asset)	(747)	63
b) Items that will be reclassified subsequently to profit or loss		
Changes in the fair value of financial assets measured at fair value through other comprehensive income	0	15
Other comprehensive income	**(747)**	**78**
Total comprehensive income	**(77,443)**	**7,682**
Earnings per share in euros (diluted and basic)[1]	(5.10)	0.51

1 The earnings per share calculated in accordance with IAS 33 are based on net income divided by the average number of DBAG shares outstanding in the reporting period.

Consolidated statement of cash flows

for the period from 1 October 2019 to 31 March 2020

INFLOWS (+) / OUTFLOWS (-)

€'000	1 Oct 2019 to 31 Mar 2020	1 Oct 2018 to 31 Mar 2019
Net income	(76,696)	7,604
Valuation gains (-)/losses (+) on financial assets and loans and receivables, depreciation/amortisation/impairmant of property, plant and equipment and intangible assets, gains (-)/losses (+) on long- and short-term securities	76,990	(8,753)
Gains (-)/losses (+) from disposal of non-current assets	(14)	(80)
increase (+)/decrease (-) in income tax assets	(5)	(1,996)
increase (+)/decrease (-) in other assets (net)	(8,460)	894
increase (+)/decrease (-) in pension provisions	503	(209)
Increase (+)/decrease (-) in other provisions	(5,680)	(3,343)
Increase (+)/decrease (-) in other liabilities (net)	(120)	(1,849)
Cash flow from operating activities[1]	**(13,497)**	**(7,731)**
Proceeds from disposals of financial assets and loans and receivables	43,882	28,103
Payments for investments in financial assets and loans and receivables	(42,595)	(63,697)
proceeds from disposals of other financial instruments	14,518	32,915
Payments for investments in other financial instruments	(26,047)	(22,424)
Cash flow from investment activity	(10,242)	(25,103)
proceeds from disposals of property, plant and equipment and intangible assets	68	57
Payments for investments in property, plant and equipment and intangible assets	(256)	(126)
Proceeds from disposals of securities	25,473	48,270
Payments for investments in securities	(9,986)	(185)
Cash flow from investing activities	**5,057**	**22,913**
Payments for lease liabilities	-489	0
Payments to shareholders (dividends)	(22,566)	(21,814)
Cash flow from financing activities	**(23,054)**	**(21,814)**
Net change in cash and cash equivalents	(31,494)	(6,632)
Cash and cash equivalents at start of period	43,934	23,571
Cash and cash equivalents at end of period	**12,440**	**16,939**

1 This includes income taxes received or paid in the amount of 0 euros (previous year: -1,942,000 euros) as well as interest received or paid in the amount of -197,000 euros (previous year: 669,000 euros).

Consolidated statement of financial position

as at 31 March 2020

€'000	31 Mar 2020	30 Sep 2019
ASSETS		
Non-current assets		
Intangible assets	377	301
Property, plant and equipment	1,843	582
Financial assets	307,964	385,693
Deferred tax assets	658	658
Total non-current assets	**310,842**	**387,233**
Current assets		
Receivables	3,420	1,565
Short-term securities	10,036	25,498
Other financial instruments	28,531	17,002
Income tax assets	5,837	5,833
Cash and cash equivalents	12,440	43,934
Other current assets	17,302	10,550
Total current assets	**77,567**	**104,382**
Total assets	**388,408**	**491,615**
EQUITY AND LIABILITIES		
Equity		
Subscribed capital	53,387	53,387
Capital reserve	173,762	173,762
Retained earnings and other reserves	(14,775)	(14,028)
Consolidated retained profit	147,769	247,031
Total equity	**360,142**	**460,152**
Liabilities		
Non-current liabilities		
Liabilities under interests held by other shareholders	56	55
Provisions for pensions obligations	20,096	19,593
Other provisions	28	28
Other non-current liabilities	370	0
Total non-current liabilities	**20,551**	**19,677**
Current liabilities		
Other current liabilities	2,886	1,260
Income taxes payable	0	17
Other provisions	4,829	10,509
Total current liabilities	**7,715**	**11,787**
Total liabilities	**28,266**	**31,463**
Total equity and liabilities	**388,408**	**491,615**

Consolidated statement of changes in equity

for the period from 1 October 2019 to 31 March 2020

€'000	1 Oct 2019 to 31 Mar 2020	1 Oct 2018 to 31 Mar 2019
Subscribed capital		
At start and end of reporting period	53,387	53,387
Capital reserve		
At start and end of reporting period	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	(109)	0
Effects from reclassification in accordance with IFRS 9	0	(36)
Measurement effects in accordance with IFRS 9	0	(74)
At start (restated)[1] and end of reporting period	(109)	(109)
Reserve for gains/losses on remeasurement of the net defined benefit liability (asset)		
At start of reporting period	(30,450)	(22,760)
change during the reporting period	(747)	63
At end of reporting period	(31,197)	(22,698)
Change in unrealised gains/losses on available-for-sale securities		
At start of reporting period	0	(102)
Effects from reclassification in accordance with IFRS 9	0	102
At start (restated)[1] and end of reporting period	0	0
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	0	(67)
Measurement effects in accordance with IFRS 9	0	52
At start of reporting period (restated)[1]	0	(15)
Change in reporting period through profit or loss	0	15
At end of reporting period	0	0
At end of reporting period	(14,775)	(6,276)
Consolidated retained profit		
At start of reporting period	247,031	222,973
Dividend	(22,566)	(21,814)
Net income	(76,696)	7,604
At end of reporting period	147,769	208,763
Total	360,142	429,636

1 Restated as part of the transition to IFRS 9 (see the 2018/2019 Annual Report, pages 127 to 130)

Condensed notes to the interim consolidated financial statements for the first six months of the financial year 2019/2020

General information

1. Basis of preparation of the interim consolidated financial statements

The interim consolidated financial statements of Deutsche Beteiligungs AG (DBAG) as at 31 March 2020 were prepared in accordance with section 115 (3) of the German Securities Trading Act (Wertpapierhandelsgesetz – "WpHG") as well as in conformity with the provisions set out in International Accounting Standard 34 (IAS 34). They are consistent with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Commis-sion for use in the European Union. The mandatory interpretations of the IFRS Interpretations Committee (IFRIC) relevant for interim financial reporting were also applied.

The interim 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 condensed notes to the interim consolidated financial statements ("selected explanatory notes").

DBAG has made use of the simplification provided by section 53 of the Exchange Rules and Regulations (Börsenordnung) of the Frankfurt Stock Exchange and issued a quarterly statement instead of a quarterly financial report. Therefore, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity contained in the interim consolidated financial statements as at 31 March 2020 do not present quarterly data.

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

2. 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 current reporting period

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. 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. 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 16 not to adjust comparative information for previous periods.

The carrying amount of lease liabilities upon initial measurement is determined on the basis of the present value of the lease payments required to be made. At DBAG, the present value is determined using the incremental borrowing rate that is applicable when the leased asset is made available for use. This corresponds to the interest rate which DBAG would have to pay for borrowings for the same term, with the same collateral and to an extent that would apply for the acquisition of an asset of the same value as the leased asset in the same economic environment. For subsequent measurement, the carrying amount of the lease liability is increased by the same interest rate and reduced to reflect the lease payments made.

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

Right-of-use assets are reported by DBAG under property, plant and equipment and are depreciated, with the corresponding depreciation amounts being recorded in other operating expenses. Lease liabilities are recognised in other non-current liabilities or other current liabilities, respectively; interest on the lease liabilities is recorded as interest expense. Both the principal portion and the interest portion of a lease payment are presented within cash flow from financing activities.

DBAG makes use of the election to recognise right-of-use assets generally in the amount of the lease liabilities as at the transition date. Within the context of the transition, right-of-use assets are recognised in the amount of 1,774,000 euros and lease liabilities are recorded in the amount of 1,766,000 euros. The difference of 8,000 euros results from a prepayment of a lease payment made in September 2019.

Based on an undiscounted balance of financial obligations from permanent debt obligations as at 30 September 2019, the reconciliation to the opening balance of the lease liabilities as at 1 October 2019 is as follows:

RECONCILIATION OF LEASE LIABILITIES

€'000	
Financial obligations from permanent debt obligations as at 30 September 2019	2,065
Permanent debt obligations outside the scope of IFRS 16 and other adjustments	(291)
Minimum lease payments from operating leases as at 30 September 2019	1,774
Discounting effect	(8)
Lease liabilities as at 1 October 2019	**1,766**

The weighted average incremental borrowing rate for the lease agreements existing as at 1 October 2019 was 0.33 per cent.

New standards and interpretations as well as amendments to standards and interpretations applicable for the first time that have no impact on the current reporting period

In the financial year 2019/2020, the following new standards and interpretations or amendments to standards and interpretations are required to be applied for the first time (see 2018/2019 Annual Report, pages 131 to 133):

- Amendments to IAS 19 "Employee Benefits",
- Amendments to IAS 28 "Investments in Associates and Joint Ventures",
- Amendments to IFRS 9 "Financial Instruments",
- IFRIC 23 "Uncertainty over Income Tax Treatments",
- Annual Improvements to IFRS Standards 2015–2017 Cycle:
  - IAS 12 "Income Taxes",
  - IAS 23 "Borrowing Costs",
  - IFRS 3 "Business Combinations" and IFRS 11 "Joint Arrangements".

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

Standards and interpretations endorsed by the European Union for mandatory application in a future period

- The following standards and interpretations were issued by the IASB or the IFRS Interpretations Committee, 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 standards and interpretations:
- Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" (1 January 2020),
- Amendments to IFRS 3 "Business Combinations" (1 January 2020),
- Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures"

- Amendments to References to the Conceptual Framework in IFRS Standards (1 January 2020).

DBAG analyses the impact of the introduction of new standards on the presentation of the consolidated financial statements on an ongoing basis, also evaluating the most recent assessments. As at 31 March 2020, no new findings were available regarding the impact of the listed changes on the consolidated financial statements. We refer to pages 127 to 133 of the 2018/2019 Annual Report for further details.

3. Group of consolidated companies and consolidation methods, interests in other entities

The group of consolidated companies and interests in other entities as well as the consolidation methods and accounting policies applied are detailed on pages 139 to 144 of the 2018/2019 Annual Report. The following explanations only refer to changes made compared to the last reporting date.

In connection with the initiation of DBAG Fund VIII (see the 2018/2019 Annual Report, page 181), DBAG newly established six companies in the first half of 2019/2020:

Name	Registered office	Equity interest %
DBAG Fund VIII A Konzern (Guernsey) L.P.	St. Peter Port, Guernsey	99.99
DBAG Fund VIII B Konzern (Guernsey) L.P.	St. Peter Port, Guernsey	99.99
DBAG Fund VIII A (Guernsey) L.P.	St. Peter Port, Guernsey	0.00
DBAG Fund VIII B (Guernsey) L.P.	St. Peter Port, Guernsey	0.00
DBAG Fund VIII Feeder GmbH & Co. KG	Frankfurt/Main	0.00
European Private Equity Opportunities II L.P.	St. Peter Port, Guernsey	0.00

DBAG Fund VIII A Konzern (Guernsey) L.P. and DBAG Fund VIII B Konzern (Guernsey) L.P. are co-investment vehicles of DBAG and are not consolidated, but recognised at fair value through profit or loss and reported under financial assets (see Note 4). DBAG's co-investment volume alongside DBAG Fund VIII amounts to 255 million euros. The investment period of DBAG Fund VIII is set to start after the close of subscriptions.

DBAG Fund VIII A (Guernsey) L.P., DBAG Fund VIII B (Guernsey) L.P., DBAG Fund VIII Feeder GmbH & Co. KG and European Private Equity Opportunities II L.P. are companies structured by DBAG that are neither consolidated nor measured at fair value (see 2018/2019 Annual Report, pages 143 et seq.). In the first half of 2019/2020, costs in the amount of 2,547,000 euros (previous year: nil) were prepaid by the managing subsidiary of DBAG due to the establishment of DBAG Fund VIII. The costs will be reimbursed upon the first capital call by the investors of DBAG Fund VIII.

4. Accounting policies

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 2018/2019 Annual Report, pages 140 to 142),
- Interests in one portfolio company with a share in the voting rights of less than 20 per cent (see 2018/2019 Annual Report, page 142),
- one directly held international fund investment (see 2018/2019 Annual Report, page 142).

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 (IPEV) Guidelines as amended in December 2018, insofar as these are consistent with IFRS. DBAG’s valuation guidelines specify the application of the IPEV Guidelines, insofar as the latter are vague or compliance with IFRS so requires, in order to allow them to be applied in inter-subjectively clear terms to DBAG. The IPEV Guidelines do not have to be applied mandatorily; rather, they summarise standard valuation practices in the private equity industry.

Furthermore, the valuation as at 31 March 2020 takes into account the Special Valuation Guidance as regards the effects of the corona pandemic issued by the IPEV Board on 31 March 2020. This resulted in two changes compared to the valuation as at the preceding reporting date:

- In connection with the uncertainty in view of the effects of the corona pandemic on the two components of the multipliers (numerator and denominator), discretionary judgements had to be made for deriving these multipliers as at 31 March 2020 in order to enable the comparability between the multipliers and the valuation parameters of the portfolio companies.

- In the case of two companies whose valuation was derived on the basis of multipliers from recent transactions until the last reporting date, multipliers were used as at 31 March 2020 which were derived from a group of listed peer-group companies since these recent transactions do not reflect the lower price level as a result of the corona shock.

Fair value measurement methods on hierarchy level 3

Financial instruments measured at fair value are allocated to three levels in accordance with IFRS 13. For details, please refer to our explanations in the 2018/2019 Annual Report, pages 168 to 172.

The following valuation methods are used to measure level 3 financial instruments:

- the sum of-the-parts procedure to calculate the net asset value of unconsolidated subsidiaries, in particular the investment entity subsidiaries (co-investment vehicles and DBG mbH),

- the multiples method for established portfolio companies, and

- the discounted cash flow (DCF) method for one fast-growing portfolio company and for one international fund investment.

We refer to pages 145 to 147 of the 2018/2019 Annual Report for a detailed description of the general principles for fair value measurement.

Other accounting policies

We refer to pages 144 to 151 of the 2018/2019 Annual Report for a detailed description of the accounting policies.

5. Significant events and transactions

In the first half of 2019/2020, DBAG made investments in two new portfolio companies. DBAG invested 26,047,000 euros alongside DBAG Fund VII in Cartonplast, and 9,564,000 euros alongside DBAG ECF in the STG Group.

In the first half of 2019/2020, the sale of interests in two portfolio companies – inexio and Romaco Group – was completed (remaining shares). The sale of the interests in inexio from the DBAG ECF portfolio had been agreed already in the previous year and the disposal price was taken into account in the measurement of the investment as at the last reporting date, meaning that there was no value contribution for the current financial year. After the disposal of approximately three quarters of its interests in the 2016/2017 financial year, DBAG now has also sold the remaining interests in the Romaco Group from the portfolio of DBAG Fund V to the buyer. The disposal price had already been determined back in May 2017 and had been reflected accordingly in the valuation, meaning that this transaction did not deliver any value contribution for the current financial year.

In 2019, DBAG initiated DBAG Fund VIII, a successor fund for DBAG Fund VII. Until the first close of subscriptions in November 2019, investors made capital commitments in the amount of almost 800 million euros; DBAG entered into a co-investment agreement for the fund in the amount of 255 million euros. In the second quarter of the current financial year, additional capital commitments were solicited and the fund’s target size of 1.1 billion euros was achieved almost entirely.

A major event in the first half of 2019/2020 was the corona pandemic that has been spreading since March. Given the considerable uncertainty surrounding the further development of the pandemic, both the supply and demand sides of the economy have been hit by limited mobility, disrupted supply chains, more difficult access to capital, and investment and purchasing restraint across the globe. The resulting high valuation discounts on the equity markets affected the valuation of our portfolio companies as at 31 March 2020 and had a major impact on this half-yearly financial report.

6. 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 amounts recognised in the financial statements are primarily influenced by the fact that, as the parent company, DBAG is deemed to have the status of an investment entity pursuant to IFRS 10.

For details, please refer to the 2018/2019 Annual Report, page 139. 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 fair value of the investment entity subsidiaries is, in turn, significantly determined by the fair value of the portfolio companies, which were accounted for at fair value in the consolidated financial statements even before the application of IFRS 10.

The consolidation methods and accounting policies applied that were based on the other judgements are detailed in the 2018/2019 Annual Report (pages 139 to 151).

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

Preparation of these interim consolidated financial statements report 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 therefore differ from the assumptions and estimations underlying these interim 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 as at the following reporting date. We judge the materiality, inter alia, by means of the effects on Group equity. We consider an adjustment to the carrying amount in the range of three per cent of Group equity as being material. Moreover, we consider the effects on the overall presentation of the financial position and performance as well as qualitative aspects.

In particular, the financial assets are subject to estimation uncertainties and a 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 15.1).

Fair values at level 3 are contained in "Financial assets" in the amount of 307,964,000 euros (30 September 2019: 385,693,000 euros) (see Note 15.1). They 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 by +/-20,652,000 euros (30 September 2019: 24,976,000 euros). This equates to six per cent of Group equity (30 September 2019: five per cent).

Notes to the consolidated statement of comprehensive income and the consolidated statement of financial position

8. Net income from investment activity

€'000	1st half-year 2019/2020	1st half-year 2018/2019
Interests in investment entity subsidiaries	(75,834)	8,851
Interests in portfolio companies	(388)	543
International fund investments	(19)	143
Other financial assets	1	2
	(76,239)	9,539

The investment entity subsidiaries constitute subsidiaries of DBAG through which DBAG co-invests alongside the DBAG funds (see 2018/2019 Annual Report, pages 140 to 142) as well as DBG mbH. These subsidiaries are 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 and loss from interests in investment entity subsidiaries includes the change in the fair values of the interests in portfolio companies held via these vehicles in the amount of -97,909,000 euros (previous year: -12,638,000 euros). Carried interest was deducted in the case of the co-investment vehicle of DBAG Fund V and of DBAG ECF; carried interest no longer has to be deducted in the case of DBAG Fund VI due to the negative performance in the first half of 2019/2020. 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 in the amount of 22,075,000 euros (previous year: 21,489,000 euros).

Directly held interests in portfolio companies encompass DBAG investments entered into prior to the launch of DBAG Fund V. The net gain and loss is based on the net gain and loss on measurement and on derecognition and the current income for distributions, as well as interest on loans and from 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 unconsolidated subsidiaries that do not provide investment-related services (see 2018/2019 Annual Report, page 143).

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

9. Income from Fund Services

€'000	1st half-year 2019/2020	1st half-year 2018/2019
DBAG Fund V	0	152
DBAG ECF	944	902
DBAG Fund VI	3,919	4,462
DBAG Fund VII	8,743	8,212
Other	69	64
	13,676	13,791

Income from Fund Services results from management and advisory services for the DBAG funds (see 2018/2019 Annual Report, page 126 and pages 177 to 181).

No fees have been earned from DBAG Fund V since the end of the fund term (15 February 2019).

Income from DBAG ECF includes transaction-related remuneration for investments carried out.

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

Higher income was achieved from DBAG Fund VII since the calculation basis for the fee from the top-up fund has increased after investments.

10. Financial assets

€'000	31 Mar 2020	30 Sep 2019
Interests in investment entity subsidiaries	302,951	380,275
Interests in portfolio companies	4,550	4,937
International fund investment	387	406
Other financial assets	75	74
	307,964	**385,693**

Financial assets are measured at fair value through profit or loss (see 2018/2019 Annual Report, pages 144 to 151).

This item exhibited the following movements in the reporting period:

€'000	1 Oct 2019	Additions	Disposals	Change in value	31 Mar 2020
Interests in investment entity subsidiaries	380,275	42,595	22,009	(97,909)	302,951
Interests in portfolio companies	4,937	0	0	(388)	4,550
International fund investments	406	0	0	(19)	387
Other financial assets	74	0	0	1	75
	385,693	**42,595**	**22,009**	**(98,315)**	**307,964**

€'000	1 Oct 2018	Additions	Disposals	Change in value	30 Sep 2019
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
Other financial assets	75	0	0	1	74
	318,931	**84,862**	**18,384**	**284**	**385,693**

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 changes in fair value are recorded under the item "Net income from investment activity" in the consolidated statement of comprehensive income.

For further information on financial assets, we refer to the interim management report under the heading "Financial assets and loans and receivables".

11. Securities

Securities held as at 31 March 2020 were exclusively acquired as investments of cash and cash equivalents not immediately required. The securities are held for a short term.

Classification of securities by type:

€'000	31 Mar 2020	30 Sep 2019
Money market funds	10,025	13,947
Fixed-income funds	12	11,551
	10,036	**25,498**

The change compared to 30 September 2019 is largely due to the disposal of fixed-income funds to finance capital calls. Money-market funds comprise a diversified, high-quality portfolio of money-market instruments. 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 money-market and fixed-income funds in the amount of 164,000 euros as at 31 March 2020 (30 September 2019: 197,000 euros) is recognised in the consolidated statement of profit or loss in net interest income.

12. Other financial instruments

€'000	31 Mar 2020	30 Sep 2019
Loans to co-investment vehicles	28,531	17,002
	28,531	**17,002**

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.

13. Leases

As at 31 March 2020, property, plant and equipment includes, for the first time, right-of-use assets in the amount of 1,368,000 euros.

The other non-current liabilities exclusively contain lease liabilities in the amount of 370,000 euros. The other current liabilities include for the first time lease liabilities in the amount of 999,000 euros.

14. Other financial commitments, contingent liabilities and trusteeships

Other financial commitments consist of call commitments and permanent debt obligations in the following nominal amounts:

€'000	31 Mar 2020	30 Sep 2019
Call commitments	962	965
Permanent debt obligations	306	2,065
	1,268	**3,030**

Possible call commitments relate to the international fund that may draw down additional funding for investments and costs, as well as contractually agreed potential investments in a portfolio company of DBAG ECF.

There were no contingent liabilities as at 31 March 2020.

Trust assets amounted to 6,964,000 euros as at the reporting date (30 September 2019: 4,916,000 euros). Of that amount, 6,960,000 euros (30 September 2019: 4,912,000 euros) were attributable to the management of trust accounts for purchase price settlements. Trust assets increased due to the disposal of a remaining interest in one portfolio company. Trust liabilities existed in the same amount. DBAG does not generate any income from trustee activities.

Other disclosures

15. Financial instruments

The key items in the statement of financial position of DBAG containing financial instruments (financial assets, short-term securities and other financial instruments) are carried completely at fair value. Financial assets carried at amortised cost (receivables, cash and cash equivalents and other current assets) are fully recognised in current assets. Their term is less than one year. Save for one receivable, they are all of good credit quality and are largely unsecured. For these instruments, we assume that the carrying amount reflects their fair value. Other financial liabilities are measured at amortised cost. These assets and liabilities are limited partner contributions and lease liabilities. For these instruments, we also assume that the carrying amount reflects their fair value.

CARRYING AMOUNT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

€'000	Carrying amount 31 Mar 2020	Fair value 31 Mar 2020
Financial assets measured at fair value through profit or loss		
Financial assets	307,964	307,964
thereof primary financial instruments	307,964	307,964
Other financial instruments	28,531	28,531
Securities		
Money market funds	10,025	10,025
Fixed income funds	12	12
	346,531	346,531
Financial assets at amortised cost		
Receivables	3,420	3,420
Cash and cash equivalents	12,440	12,440
Other current assets[1]	16,155	16,155
	32,015	32,015
Other financial liabilities		
Liabilities under interests held by other shareholders	56	56
Lease liabilities	1,370	1,370
	1,425	1,425

1 Excluding deferred items, value-added tax and other items in the amount of 1,147,000 euros.

CARRYING AMOUNT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

€'000	Carrying amount 30 Sep 2019	Fair value 30 Sep 2019
Financial assets measured at fair value through profit or loss		
thereof hybrid financial instruments	385,693	385,693
thereof primary financial instruments	0	0
Other financial instruments	385,693	385,693
Securities	17,002	17,002
Money-market funds		
Fixed-income funds	13,947	13,947
thereof hybrid financial instruments	11,551	11,551
	428,192	**428,192**
Financial assets at amortised cost		
Loans and receivables	0	0
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.

15.1 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

€'000	Fair value 31 Mar 2020	Level 1	Level 2	Level 3
Financial assets measured at fair value through profit or loss				
Financial assets	307,964	0	0	307,964
Other financial instruments	28,531	0	0	28,531
Securities				
Money market funds	10,025	0	10,025	0
Fixed-income funds	12	0	12	0
	346,531	**0**	**10,036**	**336,495**

MEASUREMENT HIERARCHY FOR FINANCIAL ASSETS MEASURED AT FAIR VALUE

€'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**

Level 2 securities relate to fund assets with the highest credit ratings (see Note 11).

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
31 Mar 2020					
Financial assets	380,220	5,036	446	76	355,514
Other financial instruments	17,002	0	0	0	22,275
	397,221	**5,036**	**446**	**76**	**377,789**
30 Sep 2019					
Financial assets	313,726	4,828	303	75	318,931
Other financial assets	0	0	0	0	318,579
	313,726	**4,828**	**303**	**75**	**318,931**

The following tables show the changes in Level 3 financial instruments in the first half of 2019/2020 and in the previous year, respectively:

CHANGES IN LEVEL 3 FINANCIAL INSTRUMENTS

€'000	1 Oct 2019	Additions	Disposals	Changes in value	31 Mar 2020
Financial assets					
Interests in investment entity subsidiaries	380,275	42,595	22,009	(97,909)	302,951
Interests in portfolio companies	4,937	0	0	(388)	4,550
International fund investments	406	0	0	(19)	387
Other	74	0	0	1	75
	385,693	**42,595**	**22,009**	**(98,315)**	**307,964**

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
Other	75	0	0	1	74
	318,931	**84,862**	**18,384**	**284**	**385,693**

The loss in the amount of 98,315,000 euros (30 September 2019: gain in the amount of 284,000 euros) is recognised in the net gain or loss from investment activities.

In both the first half of 2019/2020 and in 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 31 Mar 2020	Valuation method	Unobservable parameter	Range
Financial assets				
Interests in investment entity subsidiaries	302,951	Net asset value[1]	Average EBITDA/EBITA margin	1% to 48%
			Net debt[2] to EBITDA	(1.0) to 12.0
			Multiples discount	0% to 20%
Interests in portfolio companies	4,550	Multiples method	Average EBITDA/EBITA margin	7%
			Net debt[2] to EBITDA	2.4
			Multiples discount	0%
International fund investments	387	DCF	n/a	n/a
Other	75	Net asset value	n/a	n/a
	307,964			

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 comments in the 2018/2019 Annual Report, pages 146 et seq.).
2 Net debt of portfolio company

RANGES FOR UNOBSERVABLE INPUTS

€'000	Fair value 30 Sep 2019	Valuation method	Unobservable parameter	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 See footnote 1 in the preceding table
2 See footnote 2 in the preceding table

In our view, the change in unobservable inputs used for calculating the fair value of Level 3 financial instruments has the following effects on measurement amounts:

RANGES OF UNOBSERVABLE INPUTS

€'000	Fair value 31 Mar 2020	Change in unobservable inputs		Change in fair value
Financial assets[1]				
Interests in investment entity subsidiaries	302,951	EBITDA and EBITA	+/- 10%	32,742
		Net debt	+/- 10%	11,334
		Multiples discount	+/- 5 percentage points	3,175
Interests in portfolio companies	4,550	EBITDA and EBITA	+/- 10%	1,811
		Net debt	+/- 10%	482
		Multiples discount	+/- 5 percentage points	0
International fund investments	387		n/a	n/a
Other	75		n/a	n/a
	307,964			

1 In the case of recent newly-acquired investments, a change in the unobservable inputs has no effect on the fair value.

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%	22,450
		Net debt	+/- 10%	5,566
		Multiples discount	+/- 5 percentage points	1,145
Interests in portfolio companies	4,937	EBITDA and EBITA	+/- 10%	1,978
		Net debt	+/- 10%	777
		Multiples discount	+/- 5 percentage points	0
International fund investments	406		n/a	n/a
Other	74		n/a	n/a
	385,693			

1 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.

15.2 Net gain and loss on financial instruments measured at fair value

The net gain and loss on financial instruments measured at fair value comprise fair value changes recognised through profit or loss, realised gains and losses from the disposal of financial instruments, as well as exchange rate changes.

The following net gains and losses on financial assets recognised at fair value are included in the consolidated statement of comprehensive income:

NET GAIN AND LOSS FROM FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

€'000	1st half-year 2019/2020	Level 1	Level 2	Level 3	1st half-year 2018/2019	Level 1	Level 2	Level 3
Net income from investment activity	(76,239)	0	0	(76,239)	9,539	0	0	9,539
Other operating income	86	0	0	86	243	0	0	243
Other operating expenses	0	0	0	0	0	0	0	0
Interest income	208	0	0	208	286	0	0	286
	(75,946)	0	0	(75,946)	10,067	0	0	10,067

There are still no financial assets measured at fair value through other comprehensive income.

16. 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 2019 TO 31 MARCH 2020

€'000	Private Equity Investments	Fund Investment Services	Group reconciliation[1]	Group 1st half-year 2019/2020
Net income from investment activity	(76,239)	0	0	(76,239)
Income from Fund Services	0	14,315	(639)	13,676
Income from Fund Services and investment activity	**(76,239)**	**14,315**	**(639)**	**(62,563)**
Other income/expense items	(3,968)	(10,817)	639	(14,145)
Earnings before taxes (segment result)	**(80,207)**	**3,498**	**0**	**(76,709)**
Income taxes				17
Earnings after taxes				**(76,692)**
Net income attributable to other shareholders				(5)
Net income/loss				**(76,696)**
Financial assets and loans and receivables	307,964			
Other financial instruments	28,531			
Financial resources[2]	22,476			
Net asset value	**358,971**			
Assets under management or advisory[3]		**1,690,650**		

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 2019 TO 31 MARCH 2020 AND AS AT 30 SEPTEMBER 2019

€'000	Private Equity Investments	Fund Investment Services	Group reconciliation[1]	Group 1st half-year 2018/2019
Net income from investment activity	9,539	0	0	9,539
Income from Fund Services	0	14,324	(533)	13,791
Income from Fund Services and investment activity	**9,539**	**14,324**	**(533)**	**23,330**
Other income/expense items	(3,750)	(12,503)	533	(15,720)
Earnings before taxes (segment result)	**5,788**	**1,821**	**0**	**7,609**
Income taxes				0
Earnings after taxes				**7,609**
Net income attributable to other shareholders				(5)
Net income/loss				**7,604**
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]	**453,338**	**1,704,434**		

1 See footnote 1 in the preceding table
2 See footnote 2 in the preceding table
3 See footnote 3 in the preceding table

17. Disclosures on related parties

Related companies within the meaning of IAS 24 are: investment entity subsidiaries (see 2018/2019 Annual Report, pages 140 to 142 and Note 3 of these condensed notes to the financial statements) and the indirectly held investments according to the list of subsidiaries and associates (see 2018/2019 Annual Report, pages 185 et seq.) as well as the new investment in the STG Group (see Note 5), the unconsolidated subsidiaries of DBAG (see 2018/2019 Annual Report, page 143) as well as the unconsolidated structured entities (see 2018/2019 Annual Report, pages 143 et seq. and Note 3 of these condensed notes to the financial statements).

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 responsible 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. DBG Fund VIII GP (Guernsey) L.P. does not yet receive any management fees since the investment period of DBAG Fund VIII has not started.

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 10). In the first half of 2019/2020, income from Fund Services consisted of income from co-investment vehicles in the amount of 2,520,000 euros (previous year: 2,680,000 euros) and income from the DBAG funds in the amount of 10,082,000 euros (previous year: 9,953,000 euros). Fees paid by DBAG are also recognised in the "Net gain or loss from investment activities" items, reducing value (see Note 9).

As at 31 March 2020, receivables from management fees against DBAG funds amounted to 8,595,000 euros (30 September 2019: 6,368,000 euros), while receivables from management fees against investment entity subsidiaries amounted to 3,420,000 euros (30 September 2019: 1,565,000 euros).

In addition, as at 31 March 2020, there were receivables from prepaid costs due to the establishment of DBAG Fund VIII in the amount of 2,547,000 euros (30 September 2019: 0 euros). For more information on these costs, we refer to Note 3.

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 12) Interest income from these loans, which amounted to 208,000 euros in the first half of 2019/2020 (previous year: 286,000 euros), is recorded in net interest income.

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[19] is paid out once proceeds on disposal are generated and full repayment has been achieved; the remaining 80 per cent[20] (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.

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 first half of 2019/2020 and received the following repayments from the DBAG funds and the co-investment vehicles:

	Investments during the financial year		Cumulative investments as at reporting date		Repayments during the financial year	
€'000	Key management personnel	of which: Board of Management	Key management personnel	of which: Board of Management	Key management personnel	of which: Board of Management
1 Oct 2019 – 31 Mar 2020						
DBAG Fund IV	0	0	1,032	420	0	0
DBAG Fund V	19	7	4,400	1,739	604	237
DBAG ECF	210	26	1,815	207	610	69
DBAG ECF I	4	0	678	400	0	0
DBAG ECF II	3	0	450	177	0	0
DBAG Fund VI	100	16	7,171	2,662	935	331
DBAG Fund VII	1,190	620	6,196	3,289	0	0
Total 1st half-year 2019/2020	**1,525**	**669**	**21,742**	**8,895**	**2,149**	**637**

[19] The maximum disproportionate profit share for the DBAG Fund VII B [Konzern] SCSp amounts to 10 per cent.
[20] The share of investors and DBAG for the DBAG Fund VII B [Konzern] SCSp totals 90 per cent.

€'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 2018 – 31 Mar 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 1st half-year 2018/2019	**2,802**	**1,316**	**20,216**	**8,226**	**1,271**	**465**

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. The carried interest is based on the entire fund volume. For information on the attributable portion of the co-investment vehicles, we refer to the interim management report under the heading "Business model: two business segments that are closely tied to DBAG funds".

€'000	1 Oct 2019: Key management personnel	1 Oct 2019: 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	**31 Mar 2020**: Key management personnel	**31 Mar 2020**: of which: Board of Management
DBAG Fund V	13,086	5,080	(5,684)	(2,206)	(1,292)	(501)	6,110	2,372
DBAG ECF	39,032	4,419	0	0	(2,783)	(316)	36,248	4,103
DBAG ECF I	4,439	1,267	0	0	(2,577)	(731)	1,862	536
DBAG Fund VI	56,147	20,154	0	0	(56,147)	(20,154)	0	0
	112,703	**30,920**	**(5,684)**	**(2,206)**	**(62,799)**	**(21,703)**	**44,220**	**7,011**

	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**

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 2018/2019 Annual Report, pages 146 et seq.). In the first half of 2019/2020, the net asset values of the co-investment vehicles DBAG Fund V, DBAG ECF and DBAG ECF I were reduced by carried interest claims of key management personnel, by a total amount of 20,673,000 euros (30 September 2019: 37,540,000 euros). Due to the measurement losses of the co-investment vehicles, carried interest in the amount of 15,275,000 euros was reversed; this reversal results in an increase in the net gains or losses from investment activities and hence in net income (previous year: reduction by 12,289,000 euros). The calculated carried interest for DBAG Fund VI is nil euros. As before, there are no carried interest claims for DBAG ECF II and DBAG Fund VII.

The 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.

Please refer to the 2018/2019 Annual Report on pages 177 to 181 for a more detailed presentation of the related party transactions.

18. Events after the reporting date

One portfolio company of DBAG ECF (vitronet) completed two company acquisitions in April. The company financed the acquisition without any further equity investment by DBAG ECF or DBAG. Another acquisition was agreed in April; an equity investment by DBAG ECF and DBAG is also not planned in this transaction.

The last close of subscriptions of DBAG Fund VIII was made immediately before completion of this half-yearly financial report. The fund consist of two sub-funds: the main fund has a volume of 910.1 million euros, of which 210 million euros are attributable to co-investments of DBAG. This is supplemented by a top-up fund in the amount of 198.7 million euros; DBAG's share in that amount is 45 million euros. Assets under management and under advice increases to approximately 2.5 billion euros due to DBAG Fund VIII.

ADDITIONAL INFORMATION

Responsibility statement

We confirm to the best of our knowledge, and in accordance with the applicable reporting principles for half-yearly financial reporting, 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 interim Group management report presents a true and fair view of the business development and the position of the Group, together with a description of the material risks and opportunities associated with the expected development of the Group for the remaining months of the financial year.

Frankfurt/Main, 12 May 2020

The Board of Management

Torsten Grede Dr Rolf Scheffels Susanne Zeidler

Review certificate

We have reviewed the condensed interim consolidated financial statements of Deutsche Beteiligungs AG, Frankfurt/Main – comprising the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the condensed notes – together with the interim management report for the period from 1 October 2019 to 31 March 2020 that are part of the half-yearly financial report in accordance with section 115 of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG). Information contained in the interim management report which refers to other periods than the period from 1 October 2019 to 31 March 2020 or corresponding comparative figures (quarterly results) were outside the scope of our review, and have been highlighted accordingly in the half-yearly financial report.

The preparation of the condensed interim consolidated financial statements in accordance with IFRS applicable for interim financial reporting, as adopted by the EU, and of the interim management report in accordance with the requirements of the WpHG applicable to interim management reports is the responsibility of the Company's legal representatives. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer, IDW). Those standards require that we plan and perform the review so that we can preclude, through critical evaluation, with a certain level of assurance, that the interim condensed consolidated financial statements have not been prepared, in all material respects, in accordance with IFRS applicable to interim financial reporting, as adopted by the EU, and that the interim management report has not been prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in an audit of financial statements. Since, in accordance with our engagement, we have not performed an audit of financial statements, we cannot issue an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in all material respects, in accordance with IFRS applicable to interim financial reporting, as adopted by the EU, or that the interim management report has not been prepared, in all material respects, in accordance with the requirements of the WpHG applicable to interim management reports. Our opinion does not extend to quarterly information provided in the interim management report.

Frankfurt/Main, 12 May 2020

BDO AG
Wirtschaftsprüfungsgesellschaft

Dr Freiberg	Gebhardt
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Portfolio Companies

Company	Revenues 2019[1] (€mn)	Employees	Core business
blikk Holding GmbH Unna, Germany	93	632	Radiology services and treatment
BTV Multimedia GmbH Hannover, Germany	67	131	Equipment and services for broadband communications
Cartonplast Holding GmbH Dietzenbach, Germany	83	822	Pool system for reusable layer pads
cloudflight GmbH Munich, Germany	33	348	Advisory services, software development and cloud operations
Dieter Braun GmbH Bayreuth, Germany	81	1,653	Cable systems and interior vehicle lighting
DING Group Bochum, Germany	18	90	Services for the telecommunications sector
DNS:Net Internet Service GmbH Berlin, Germany	20	147	Telecommunications and IT services
duagon Holding AG Dietikon, Switzerland[2]	113	449	Network components for rail vehicles
FLS GmbH Heikendorf, Germany	11	84	Real-time scheduling and route optimisation software
Frimo Group GmbH Lotte, Germany	203	1,321	Tools and plants for the automotive industry
Gienanth Group GmbH Eisenberg, Germany	196	1,111	Machine- and hand-moulded castings for the automotive supply industry, production of large engine blocks
Heytex Bramsche GmbH Bramsche, Germany	101	391	Manufacturer of technical textiles
JCK Holding GmbH Textil KG Quakenbrück, Germany	818	1,644	Marketer of textiles and seller of merchandise
Karl Eugen Fischer GmbH Burgkunstadt, Germany	51	550	Mechanical engineering for the tyre industry
Kraft & Bauer Holding GmbH Holzgerlingen, Germany	27	84	Fire extinguishing systems for tooling machines
mageba AG Bülach, Switzerland	103	1,040	Products and services for the infrastructure and building construction sectors
More than Meals Europe S.à r.l. Luxembourg	539	3,250	Chilled ready meals and snacks
netzkontor nord GmbH Flensburg, Germany	28	304	Services for the telecommunications sector
Oechsler AG Ansbach, Germany	502	3,555	Plastics engineering for industries of the future
Pfaudler International S.à r.l. Luxembourg[3]	280	1,523	Mechanical engineering for the processing industry
Polytech Health & Aesthetics GmbH Dieburg, Germany	50	273	High-quality silicon implants
Rheinhold & Mahla GmbH Hamburg, Germany	148	526	Interior outfitting for ships and marine installations
Sero GmbH Rohrbach, Germany	90	229	Development and manufacturing service provider for electronic components
Silbitz Group GmbH Silbitz, Germany	151	905	Hand-moulded and automated moulded castings with a steel and iron basis

Sjølund A/S Sjølund, Denmark[4]	259	227	Bent aluminium and steel components
Telio Management GmbH Hamburg, Germany	53	201	Communications and media systems for correctional facilities
vitronet GmbH Essen, Germany	85	250	Construction of fibre-optic networks
von Poll Immobilien GmbH Frankfurt/Main, Germany	104	150	Estate agency

1 Some companies have a financial year that deviates from the calendar year
2 duagon Holding AG, mageba AG: figures in CHF
3 Pfaudler International S.à r.l.: figures in USD
4 Sjølund A/S: figures in DKK

Forward-looking statements

This half-yearly financial report contains statements related to the future prospects and progress of Deutsche Beteiligungs AG. These statements reflect the current views of the management of Deutsche Beteiligungs AG, and are based on relevant plans, estimates and expectations. Please note that the statements are subject to certain risks and uncertainty factors which may mean that the actual results vary materially. Although we believe these forward-looking statements to be realistic, there can be no guarantees that the contents of these statements will come to fruition.

Disclaimer

The figures in this half-yearly financial statement are generally presented in thousands or millions of euros. Rounding differences may occur between the amounts presented and their actual value, but these are of an insignificant nature.

The half-yearly financial statement is published in English and German. The German version of this report shall be authorative.

Version dated: 12 May 2020

Registered office: Frankfurt/Main

Entered in the commercial register of the Frankfurt/Main Local Court, under commercial register number B 52 491

Financial calendar

13 MAY 2020
Publication of the 2019/2020 half-yearly financial report, Analysts' conference call

1O JUNE 2020
Roadshow, Warsaw

18 JUNE 2020
Roadshow, Vienna

22 JUNE 2020
Capital Markets Day, Frankfurt/Main

6 AUGUST 2020
Publication of the quarterly statement on the third quarter of 2019/2020, Analysts' conference call

Information for Shareholders

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DBAN (Bloomberg)