Deutsche Beteiligungs AG

HALF-YEARLY FINANCIAL REPORT

AS AT 31 MARCH 2021

FIRST HALF AND SECOND QUARTER
OF THE 2020/2021 FINANCIAL YEAR

AT A GLANCE

Exchange-listed Deutsche Beteiligungs AG ("DBAG") invests in well-positioned mid-sized companies with potential for growth. Manufacturing businesses and related service providers, which are the foundation for the excellent reputation that Germany's *Mittelstand* enjoys around the world, have been a focal part of our investments for many years. A growing portion of our portfolio is deployed in the sectors of broadband/telecommunications, IT services/software and healthcare. Our long-term, value-enhancing entrepreneurial investment approach makes DBAG a sought-after investment partner in the German-speaking world. We have consistently delivered above-average performance over a number of years – benefiting our portfolio companies and shareholders alike, including investors in our DBAG-managed private equity funds.

CONSOLIDATED KEY FIGURES

CONSOLIDATED KEY FIGURES

		1st half-year 2020/2021 or 31 Mar 2021	1st half-year 2019/2020 or 30 Sep 2020	**2nd quarter 2020/2021**	2nd quarter 2019/2020
Core business objective: increase in the Company's value					
Net asset value (reporting date)	€mn	464.8	422.0		
Earnings from Fund Investment Services	€mn	9.1	3.5	4.3	1.8
Private Equity Investments segment					
Net income from investment activity	€mn	70.7	(76.2)	46.9	(76.3)
Earnings before taxes	€mn	64.7	(80.2)	44.7	(78.3)
Cash flow from investment activity	€mn	(21.0)	(10.2)	(3.4)	33.6
Net asset value (reporting date)	€mn	464.8	422.0		
Fund Investment Services segment					
Income from Fund Services	€mn	21.8	14.3	10.7	6.9
Earnings before taxes	€mn	9.1	3.5	4.3	1.8
Assets under management or advisory (reporting date)	€mn	2,511.7	2,582.6		
Other indicators					
Net income	€mn	73.1	(76.7)	48.3	(76.5)
Equity (reporting date)	€mn	484.9	423.5		
Earnings per share[1]	€	4.86	(5.10)	3.21	(5.09)
Number of employees (reporting date, including vocational trainees)[2]		80	81		

1 Based on the weighted average number of shares in the respective period
2 31 March 2021: Two positions duplicated

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

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REACH 9.1 MILLION EUROS

NEW FORECAST FOR THE FINANCIAL YEAR 2020/2021 AFFIRMED

LETTER TO OUR SHAREHOLDERS

Frankfurt/Main, 11 May 2021

Dear Shareholders,

This half-yearly financial report is published just a few days after we were able to place a capital increase worth more than 100 million euros. We would like to thank you for the trust you have shown in us, and for your support!

The successful rights issue shows just how attractive Deutsche Beteiligungs AG's business model is. Buying a DBAG share gives you access to a portfolio of 33 German mid-sized companies offering significant development potential, as well as to income from our Fund Investment Services, which has markedly increased.

Leveraging our equity, and the know-how of our experienced investment team, we trigger developments that drive value increases: over a period of some 25 years, we have at least doubled the capital you have provided to us, through majority investments held over five years on average. Through minority stakes invested in growth financing, we even managed to more than triple the capital invested, albeit over a holding period of close to seven years. We plan to invest an average of 120 million euros per annum during the current and the two subsequent financial years. This translates into an increase of around 40 per cent compared to the three previous financial years – a prospect which has convinced numerous shareholders and new investors.

The manifold changes to our portfolio during the first half of 2020/2021 not only underline the swiftness with which we are exploiting market opportunities – they also showcase the full spectrum of opportunities on our radar. We entered into a new investment, successfully agreed a disposal at the end of the reporting period, and supported various add-on acquisitions by portfolio companies. For one of them, we also supported the spin-off of a business unit into a separate entity. Not least, one portfolio company was able to achieve a major leap in growth through a merger with two additional enterprises.

Overall, we are witnessing improved earnings developments of our portfolio companies. Beyond ongoing strategic developments, the impact of improved macro-economic conditions has now become visible across the entire portfolio. We therefore affirm our forecast for the current financial year, which we raised significantly at the end of March.

The Board of Management

of Deutsche Beteiligungs AG

Torsten Grede | Tom Alzin | Jannick Hunecke | Susanne Zeidler

THE DBAG SHARE

The DBAG share: Access to an attractive asset class

An exceptional business model – an exceptional share

DBAG shares allow investors to gain exposure to the private equity asset class – and to invest in a unique business model: they are given the opportunity to participate in the performance of a portfolio of top-performing mid-sized companies that are not themselves listed. At the same time, investors can gain access to continuous earnings contributions from advisory services provided to private equity funds. Private equity opens up additional potential to 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 active 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 representatives of 34 investors on 17 days. All the meetings were held online or by phone. At the meetings, we presented our share, informed investors of the impact the pandemic had on our portfolio companies and explained in particular DBAG's strategic outlook. After the end of the reporting period, these activities were once again expanded significantly, in the course of the capital increase announced on 12 April 2021.

Share price performance and analyst assessments

Share price performed largely in line with the market in the first half year

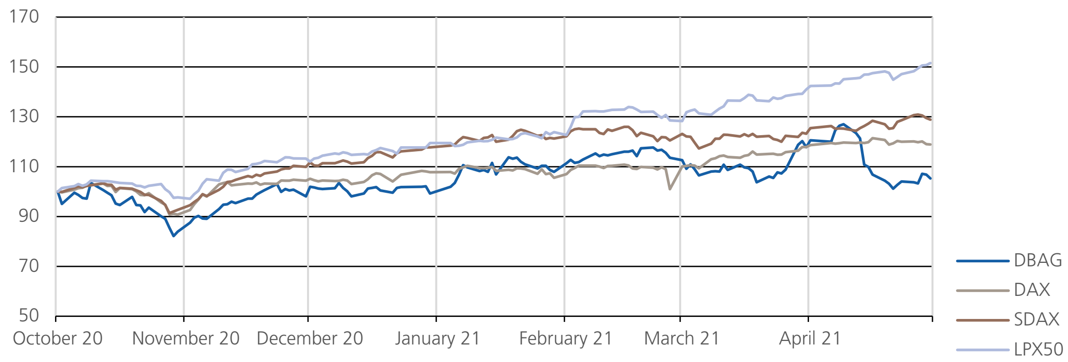
Over the first six months of the current financial year, after a market-induced setback at the end of October, the DBAG share price moved steadily upwards from the beginning of November to the end of February – with some moderate fluctuations.

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

However, the DBAG share price recovered again during the month of March. On 22 March 2021, it reached its preliminary high of 39.25 euros, thus exceeding the price at the beginning of the financial year by almost 20 per cent.

It received a major boost from the increase in our forecast for the current financial year, announced on 26 March 2021. At a price of 38.50 euros, the DBAG share concluded the half-year almost at its high. Taking into account the dividend of 0.80 euros per share distributed during the period, this results in a positive total return of 17.9 per cent for the first half-year. Its performance was therefore in line with the Dax, albeit slightly weaker than the S-Dax (23.2 per cent), and markedly below the LPX50 (38.4 per cent), which benefited from a catch-up effect.

The positive development continued into the first weeks of the second half of the financial year: the share price climbed to a closing level of 41.60 euros on 9 April 2021. The announcement of the capital increase initially triggered a share price decline, which is a usual occurrence for such transactions. The share was traded 'ex-subscription rights' on 14 April. However, the share price resumed its upward trend during the subscription period for the new shares, reaching a closing price of 34.55 euros on 30 April.



Research – Analysts assess DBAG's business model and strategy as positive, and refer to valuation potential

Five banks continue to publish regular analyses of the DBAG share. In addition, analysts at two independent research houses prepare research; which Deutsche Beteiligungs AG currently publishes on its website.

In the first half of our current financial year, the performance of DBAG and its share was closely tracked by research houses. They largely made buy or accumulate recommendations. The analysts repeatedly emphasised DBAG's good track record and the quality of its corporate governance. This forms the basis for DBAG to benefit from the increased activity in the M&A market and to seize the various opportunities with a team that has meanwhile increased in size.

The analysts therefore anticipate positive news on portfolio performance to continue going forward, in terms of both new investments and successful disposals. According to the analysts, the successful sector diversification over recent years, which has led to an increase in the share of high-growth sectors such as IT services/software, broadband telecommunications and healthcare in the DBAG portfolio, is also expected to contribute. Furthermore, analysts also see potential for higher valuation multiples due to companies' improved earnings prospects in the anticipated economic upswing. Finally, higher earnings prospects for Fund Investment Services have positively influenced analysts' valuation models for our shares.

Dividends

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.

The Board of Management and the Supervisory Board had proposed to this year's Annual General Meeting to distribute 0.80 euros per share for the past financial year. This compares with the distribution of 1.50 euros per share in the previous year. The lower payout compared to the previous year does not constitute any change in our dividend policy: it is a suspension of our policy due to the pandemic.

The Annual General Meeting on 25 February 2021 approved our proposal; 15,043,994 shares were entitled to dividends. We therefore distributed 12.0 million euros from net retained profit (in accordance with the German Commercial Code) of 201.5 million euros for the 2019/2020 financial year. The distribution translates into a dividend yield of 2.4 per cent in relation to the average share price for the year.

We expect that, once the pandemic curve flattens, we can return to a level of between 1.00 and 1.20 euros per share this year, and thus to resume our policy of stable dividends that increase whenever this is possible. We have also incorporated the continuation of our dividend policy into our medium-term planning.

Shareholder structure

DBAG has always enjoyed a great deal of trust among private individual investors, family offices and foundations – investors from these three groups hold more than three quarters of DBAG's shares. This basic structure has remained unchanged during the first half of the current financial year. In addition to German, European and American small-cap funds, among the institutional investors who hold our shares are those who focus on investments in listed private equity companies. We assume that the shareholder structure has changed during the course of the capital increase in April 2021, with a higher share of institutional investors.

As at 31 March 2021, 37.2 per cent of our shares were held by around 15,100 private individuals and joint shareholders. The share attributable to this group of investors was thus 0.2 percentage points higher than at the previous record date of 30 September 2020.

Likewise, the proportion attributable to family offices has increased once again, from 35.5 per cent to 36.6 per cent. This includes the two shareholders who hold more than five per cent of the shares: Rossmann Beteiligungs GmbH announced in November 2019 that it holds a 25.01 per cent investment in the Company. According to a notification dated December 2017, Mr Ricardo Portabella holds a stake of 6.65 per cent in DBAG via Taiko SA, an investment vehicle associated with him. These two positions reduce the proportion of shares in free float. According to the voting rights notifications that are available to us, the free float was at 68.4 per cent at the record date (unchanged from 30 September 2020), calculated in accordance with Deutsche Börse's definition.

Capital increase

After the end of the reporting period, DBAG's Board of Management with the approval of the Supervisory Board resolved on 12 April 2021 to conduct a rights issue against cash contributions at a ratio of 4:1. This means that shareholders were able to purchase one new share, at the subscription price, for every four shares held. The publication of the measure also communicated that key DBAG shareholders had expressed their support for the capital increase. The subscription period ran from 14 April 2021 up to and including 27 April 2021.

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

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

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

We had announced that the issue proceeds would be used to finance ongoing investments which were agreed upon but not yet been completed as at the date of the prospectus approval, as well as to finance future co-investments alongside private equity funds managed or advised by DBAG – notably, the most recently launched DBAG Fund VIII – as well as for Long-Term Investments and for general corporate purposes. In view of the opportunities arising for DBAG from the growing activity in the M&A market and the transactions recently agreed upon or completed by DBAG, we were able to convince investors of the prospects associated with this capital increase. We were thus able to place all of the new shares with investors.

Key data on the DBAG share can be found via the following link to our website: https://www.dbag.com/investor-relations/shares/share-data

INTERIM MANAGEMENT REPORT

ON THE THE FIRST HALF AND SECOND QUARTER OF THE 2020/2021 FINANCIAL YEAR

FUNDAMENTAL INFORMATION ABOUT THE GROUP

Structure and business activity

Positioning: Listed private equity company

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

As an investor and fund advisor, Deutsche Beteiligungs AG’s investment focus is on mid-market German companies. DBAG supports its portfolio companies in a phase of strategic development usually spanning several years as a financial investor in a focused-partnership role with the objective of appreciating their value. The duration of time required to successfully complete these phases is a decisive factor in deciding whether an investment should be made through a DBAG fund or independently of a fund. The nature of private equity fund structures requires that the holding period be limited to an average of five years ("fund investments"). The new offering was developed to target investments with a longer expected holding period of seven years ("Long-Term Investments").

Once the planned development phase has been completed, the companies continue to grow and develop under a different arrangement: with a strategic partner, a new financial investor, or as a listed company, for example. It is at this point that the increase in value achieved is realised.

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

Deutsche Beteiligungs AG is recognised as a special investment company, as defined by German statutory legislation on special investment companies (*Gesetz über Unternehmensbeteiligungsgesellschaften* – UBGG), and is therefore exempt from municipal trade tax. 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; it can, however, structure management buyouts (MBOs) together with the DBAG funds.
- The fund investors can be assured that their advisor, in its role as a co-investor, pursues the same interests.

Currently, there is a total of six DBAG funds that are in different phases of their life cycles:

- DBAG Fund IV has sold all of its portfolio companies. It is in liquidation. The final distribution was paid out to investors as at 31 December 2019 and the entry in the commercial register will be deleted after the final tax notices are submitted.
- Its two follow-on funds are in the disinvestment phase. DBAG Fund V has sold ten of its eleven original portfolio companies. DBAG Fund VI still holds investments in seven out of a previous total of eleven MBOs, of which one is already partly sold.
- DBAG ECF ended its original investment period in May 2017. It made growth financing available to eight companies and entered into one MBO. Three 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, three MBOs), which closed at the end of 2020. At the reporting date, DBAG ECF II was approximately 83 per cent invested. There are no plans for another investment period (vintage). Long-term growth financing is now provided exclusively using DBAG's own financial resources ("Long-Term Investments").
- DBAG initiated DBAG Fund VII in 2016. The fund's investment period started in December 2016; since then, the fund has structured nine MBOs. In the case of one company, a business segment was spun off and is now being developed independently as the fund's tenth investment. Around 79 per cent of the fund has been invested. The fund can make further investments and its investment period lasts at the most until July 2022.

› DBAG Fund VIII was initiated in 2019; its placement was concluded in May 2020. The fund's investment period started in August 2020. DBAG structured three MBOs for the fund by the reporting date; the investments amount to approximately 14 per cent of the capital commitments.

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

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

Fund Investment Services business segment

Advisory services by the investment team

Advisory services provided to DBAG funds are bundled in the Fund Investment Services business segment. The advisory services provided to the funds and the investment entity subsidiaries can be split into three material processes: first, DBAG identifies, assesses and structures 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 27 investment managers, including three Board of Management members, nine of whom are deal captains. Team resources are allocated to co-investments alongside DBAG funds and to Long-Term Investments.

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

Alignment of interest and incentives for the investment team

The members of the investment team with greater experience in investing, three Board of Management members responsible for the investment team, and additional staff members (18 individuals in total) personally co-invest their own money alongside the DBAG funds, investing between around one and two per cent of the capital raised by the fund investors and DBAG, as is common practice in the industry. 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 stood at 22.9 million euros as at 31 March 2021. 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. Members of the investment team participate in the success of Long-Term Investments via a specific variable fee system for this investment strategy.

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 84 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 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 comprises equity investments. Income is generated from the value appreciation achieved when investments are sold and, in the case of Long-Term Investments, also from profit distributions during the term of the investment.

DBAG enters into co-investments alongside the DBAG funds based on co-investment agreements with the DBAG funds that provide for a fixed investment ratio for the lifetime of a fund. These agreed ratios also apply upon an investment's disposal. This means that DBAG co-invests in these companies on the same terms, in the same companies and in the same instruments as the funds.

In addition, DBAG uses investment opportunities that exceed the terms of standard private equity funds. DBAG enters into these Long-Term Investments on its own. The approach also generally opens up the scope for other investment scenarios that are not consistent with the investment strategies pursued by the existing DBAG funds.

The modes and specific structuring of an investment are geared to the individual financing situation. For example, management buyouts might be considered as part of

› succession arrangements or reorganisation of the shareholder structure in a family-owned business,
› split-offs of peripheral activities from large corporations
› the sale from the portfolio of another financial investor.

MBOs generally involve majority stakes. We structure Long-Term Investments as minority interests, for example if capital is required to fund a company's growth or – as majority interests – if capital is required in connection with special situations, due to a company's poor performance, for example, in connection with the COVID-19 pandemic.

Allocation of investments

As part of the investment process, an Allocation Committee determines as to which of the various DBAG funds an investment opportunity will be proposed or whether it will be classified as a potential Long Term Investment. This decision is based on a set of guidelines. There is also a structured process for cases in which an investment opportunity is being considered for more than one fund or as a Long-Term Involvement. The decision-making process is fully documented and substantiated for each individual case so as to manage and avoid any potential conflict of interest.

Portfolio profile: predominantly MBOs

DBAG's track record confirms the success of its investment activity: since 1997, a total of 60 MBOs have been financed together with DBAG Fund III, DBAG Fund IV, DBAG Fund V, DBAG Fund VI, DBAG Fund VII and DBAG Fund VIII, as well as with DBAG ECF since June 2017. In addition, 19 minority investments have been structured with the aim of driving corporate growth with DBG Fund III and DBAG ECF ("growth financing"), plus two Long-Term Investments.

To date, the value of the invested equity has been increased to 1.9 times (MBOs) and 2.6 times (growth financing/Long-Term Investments) the original amount. 32 MBOs and 14 growth financing arrangements had been realised completely, or for the most part, by the end of the reporting period. Disposals generated multiples of 2.7 (MBOs) and 3.4 (growth financing) times the invested capital.

Long-term financing of equity investments via the stock market

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

The private equity business requires DBAG, as an investor, to always have sufficient financial resources available to allow it to exploit investment opportunities whenever they arise and to comply with its co-investment agreements. On the other hand, too high a level of financial resources dilutes the return. Considerable uncertainty regarding planning is the other side of the coin. Investments and realisations depend on market conditions and can only be planned to a certain extent; some years are dominated by investments and others by realisations. This results in considerable fluctuation in cash flow from investment activity. While regular income from Fund Investment Services cannot mitigate this effect, it makes, however, a key financial contribution to financing ongoing business expenses and securing the dividend payment. This is why DBAG is using two revolving credit lines in an aggregate amount of 106.7 million euros to manage its financial resources in the short term, and to provide the funds required to finance investments until it receives funds from realisations. Please refer to the chapter "Financial position – assets" for details on changes in credit lines during the reporting period.

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. We seek out companies that offer development potential, such as those where potential for value appreciation can be realised by strengthening their strategic positioning (by introducing a wider range of products, or through regional expansion). Alternatively, we look for companies that have the potential to use acquisitions to drive the process of consolidation in their sector. The improvement of operational processes is almost always incorporated in the development plans of our portfolio companies.

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

Germany is home to many such mid-market companies. Deutsche Beteiligungs AG has always had investments in the mechanical and plant engineering sector, in the automotive supply industry, in industrial service providers, as well as in industrial component manufacturers, a segment that has also included IndustryTech companies for some time now – i.e. companies whose products provide the basis for automation, robotics and digitalisation. In addition, we have been investing in companies with activities in broadband telecommunications for several years. The healthcare sector also offers an increasing number of companies with mature and attractive business models that match our investment criteria. This also applies to the software industry, where we focus on providers that support industry-related companies in the digital transformation of their business models.

These growth sectors are less exposed to cyclical influences than industrial business models. This explains why we have also been investing increasingly in companies from these sectors since 2013 in the interests of further diversifying the risk in our portfolio. We also aim to achieve a diversified portfolio within individual sectors. For investments in several companies in the same sector, we make sure that they serve different niche markets, have their own regional sales markets, operate in different geographical areas and pursue different business models. Most of our portfolio companies operate internationally. This applies to the markets they serve, but also to their production sites in part.

On a regional level, the majority of our portfolio companies have their registered office or main business focus in the German-speaking region of Europe ("DACH region"). We predominantly enter into investments outside this region in sectors where we have many years of investment experience. Our primary focus is on Italy, the second-largest industrialised nation in the European Union.

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

Our 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 alone. We structure investments with an enterprise value of up to 400 million euros using one of the two top-up funds.

Some of our portfolio companies produce capital goods or offer services for industrial companies. The demand for these goods and services is subject to stronger cyclical swings than the demand for consumer goods. This means that we pay particular attention to an appropriate financing structure for these companies. Investments in companies whose performance is more strongly linked to consumer demand mitigate the effects of business cycles on the value of the portfolio.

Investment performance is a prerequisite for growth in both business lines

In our Fund Investment Services segment, our aim is to achieve long-term growth in the 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 assets under management or advisory is, among other things, an excellent track record. Investors also value the access to the mid-market segment, the stability of our investment team, and our roots in the German economy.

Objectives

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

Deutsche Beteiligungs AG has always been committed to the principles of sustainable corporate conduct. Taking responsibility for the impact that our decisions have, both now and in the future, is consistent with the long-term nature of our business. This includes the decisions we make in the investment process, in the development and subsequent disposal of our portfolio companies, and in managing our Company.

In the future, we will also be making this aspiration clear in our core corporate objective: “We aim to sustainably increase the value of Deutsche Beteiligungs AG”. By this, we mean achieving a long-term increase in DBAG's value, taking economic, social and governance aspects into account. In order to achieve this, we are developing our target system further.

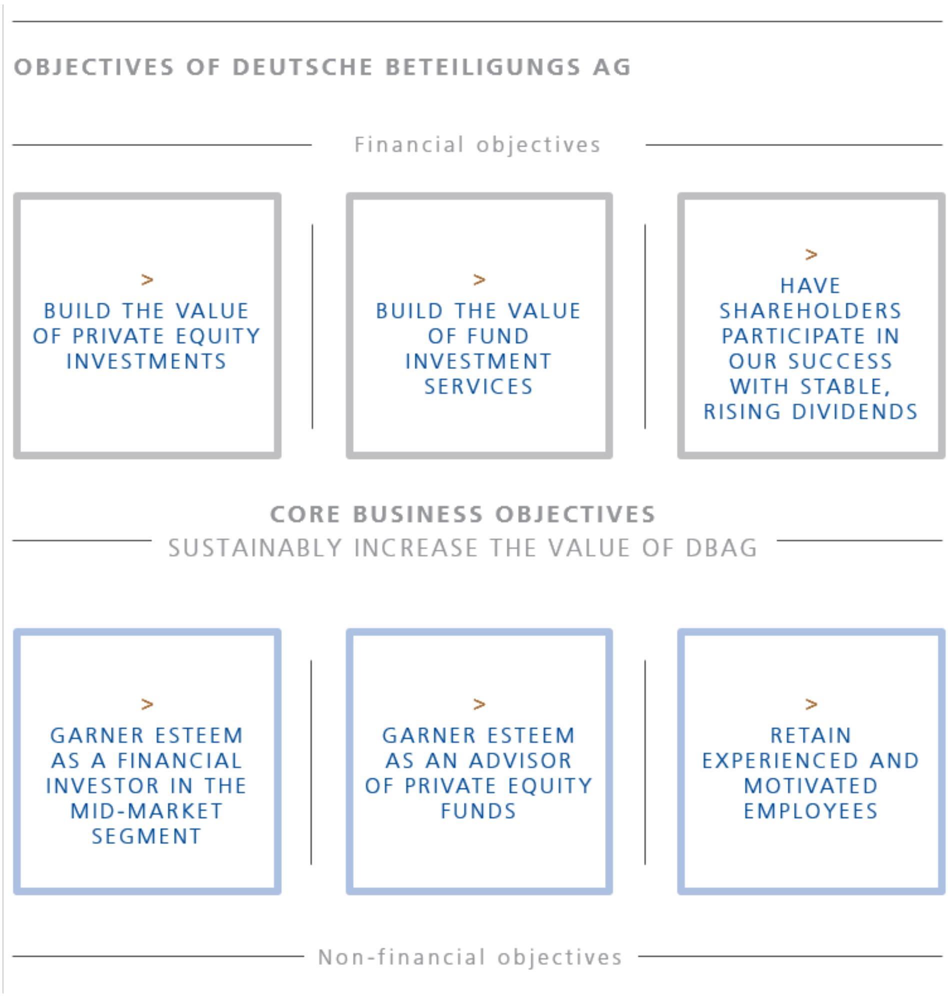
The core business objective of Deutsche Beteiligungs AG’s activity is the long-term increase of the Company’s value. This objective is to be achieved by increasing the value of the two business segments, Private Equity Investments and Fund Investment Services.

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 five (management buyouts) to at least seven (Long-Term Investments) 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 performance indicators can also be headed on a downward trajectory in the short term. This is partly a typical feature of the business because, for example, income from Fund Services falls after investments are disposed of. However, it can also be attributable to external factors that can change significantly at short notice. This is the case, for example, with the valuation multiples of listed peer group companies when we measure the fair value of our equity investments on a quarterly basis. This means that a single quarter and even an entire financial year say very little about DBAG's success. It is only when viewed over a sufficiently long period of time that it is possible to assess whether the core objective of DBAG's business activity has been reached.

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.



Financial objective: Build the value of Private Equity Investments

Building the value of Private Equity Investments in the long run requires investments to be made in promising mid-market business models. To grow the value of 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 long-term growth in 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 business 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 the excess of income over expenses increases.

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

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

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

We want to invest the funds 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 many years. 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. They should be sufficiently successful so that we can maintain and expand our flexibility as regards fund volume and conditions.

Regularly raising successor funds is a requirement. This is why it is important for investors to value us as an advisor and ideally to invest on a recurring basis This will only succeed if investors in current funds achieve commensurate returns, and if we are perceived to be solid and trustworthy. We therefore attach great importance to open, 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. At the same time, the investment activity requires tremendous commitment and a great amount of resilience from employees, which in turn calls for strong identification with the role. We promote this sense of identification in various ways. We foster a culture of direct communication, team-based project organisation and delegating responsibility early on, in all areas of the Company. 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

Key performance indicators

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

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

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

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

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

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

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

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

In order for the Fund Investment Services business segment to be successful, there have to be substantial assets under management or advisory that increase in the medium term; the volume of these assets determines the income from Fund Services. In addition to this fee income, earnings before tax generated by Fund Investment Services is significantly influenced by the expenses 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 from Fund Investment Services.

The earnings from 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 key performance indicator, too.

Key performance indicator for the financial objective "Have shareholders participate in the Company's success through dividends that are stable and 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 previously stated, 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.

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

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

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

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

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

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

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 performance 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 and the from 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); this allows their progress to be 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: Highly heterogeneous impact of coronavirus on major economic regions

After the sharp slump in the world economy during the first half of 2020, global recovery trends continued into the current calendar year, largely supported by record-high levels of government financing programmes, albeit to a quite different extent in the various major economic regions.

For example, following the drastic lockdown measures introduced at the beginning of the year to prevent the spread of the pandemic, China's economy started to re-gain growth in the second quarter of 2020, culminating in a record 18.3 per cent increase in gross domestic product (GDP) in the first quarter of the current calendar year. In addition to higher exports and large-scale public infrastructure programmes, this growth was due in particular to a boom in domestic demand – with retail sales rising by more than a third compared to the same quarter of the previous year[1]. The US is also showing signs of a strong domestic recovery, with retail sales in the first quarter of 2021 increasing by over 14 per cent compared with the same quarter of the previous year. In March alone, car sales rose by more than 71 per cent compared with the same month of the previous year, and restaurants – many of which had reopened – recorded 36 per cent higher revenues[2].

Among European countries, the picture is somewhat different and much more uneven. Already in the title of their Joint Economic Forecast for Germany (spring 2021 edition), the leading German economic research institutes conclude that the pandemic is delaying the economic recovery[3]. The institutes state that whilst parts of the European economy are again paralysed by infection containment measures in the wake of the third wave of the coronavirus pandemic, outside Europe the economy is on the upswing. The effects of the pandemic continue to cause the euro area and the UK to lag further behind, with production in these areas expected to fall significantly in the first quarter. They do not expect the European economy to gain momentum until the beginning of the second half of the year, and they anticipate this to happen more quickly in the UK than in the EU. Overall, the institutes point to the pandemic as the main downside risk for the entire global economy.

Germany's initial strong recovery came to a standstill during the last half of 2020 in the wake of the second wave of infection, with the economic trend split between manufacturing industry and the services sector. Industrial activity continued to trend upwards until recently, mainly thanks to an increase in international business. In contrast, activity in the consumer services sectors fell sharply again as the second shutdown phase began in November 2020. On balance, economic output only increased marginally (0.3 per cent) in the final quarter, which will

[1] "China's Q1 GDP grows at record pace as recovery speeds up" – Reuters, 16 April 2021
[2] "Advance Monthly Sales for Retail and Food Services, March 2021" – US Department of Commerce, 15 April 2021
[3] "Joint Economic Forecast #1-2021", 15 April 2021

probably be followed by a substantial decline in the first quarter, estimated by the institutes at -1.8 per cent.

Despite the extended second shutdown, there have been significant improvements to various indicators of late. This is particularly evident from the ifo business surveys for the trade and services sector, both of which showed strong growth. Manufacturing sentiment also continued to improve[4], with expectations reaching levels of optimism not seen since November 2010. This most likely reflects the expectations that increasing immunisation coverage of the population will make infection containment measures unnecessary in the foreseeable future, and that the massive global government programmes for stimulating the economy will have the desired effect, especially for the German export economy.

According to the economic research institutes' spring forecast for 2021, the global economy will grow by 6.3 per cent in real terms, following a decline of 3.6 per cent in the previous year. According to this forecast, the US will grow at an above-average rate of 6.9 per cent and China at 9.5 per cent. The EU27, on the other hand, will only grow by 4.2 per cent and the euro area only marginally more at 4.3 per cent. Among the euro area countries, Germany falls noticeably short of the average with an expected GDP increase of 3.7 per cent, while countries such as France, Spain, Belgium and Austria are expected to grow at an above-average rate. These differences are likely to be largely due to the much stronger slumps in these countries last year compared to Germany. Overall, the institutes' forecasts largely correspond to those of the International Monetary Fund[5].

DBAG's portfolio companies have been affected by the economic impact of the pandemic to varying degrees. Some companies with links to manufacturing industry were particularly hard hit by the economic downturn. And yet it is precisely these companies that will benefit most strongly from an economic upswing – driven primarily by exports. However, DBAG's portfolio also includes a high proportion of companies whose business was not – or only slightly – affected by the pandemic. These include investments in broadband telecommunications and providers of software and IT services. IndustryTech companies – providers whose products provide the very foundation for automation, robotics and digitalisation – also belong into this bracket.

Not only did these companies continue to perform well over the course of the pandemic; according to market observers, the pandemic accelerated the shift toward a digital economy, resulting in a greater demand in these areas in the long term.

Financial markets: Financing conditions benefit from extensive monetary policy easing

Following extensive monetary policy easing in March and September 2020, the European Central Bank (ECB) decided to adopt additional comprehensive measures in December 2020. The third series of targeted longer-term refinancing operations (TLTRO-III) was announced with three additional tranches due to be allotted in June, September and December 2021; moreover, the period over which the considerably more favourable terms will apply was extended by twelve months to June 2022. In addition, to hedge against liquidity shortages, four further pandemic emergency longer-term financing operations (PELTROs) were introduced, and will be offered quarterly (starting in March 2021). Each operation will have a tenor of one year. The framework of the pandemic emergency purchase programme (PEPP) launched in March 2020 was expanded by another 500 billion euros to 1,850 billion euros; the period of net purchases was extended until at least March 2022 and the reinvestment of redemption amounts was fixed until at least the end of 2023. An announcement was made in March that bond purchases under the PEPP would be carried out in the coming months at significantly

[4] "ifo Business Climate Index rises significantly" – ifo Institute, 26 March 2021
[5] "World Economic Outlook / Managing Divergent Recoveries" – International Monetary Fund, April 2021

higher volumes than recently in order to maintain favourable financing conditions in the euro area.

According to the economic research institutes, the ECB's monetary policy course thus continues to provide favourable financing conditions, particularly since market rates for three-month interbank funds are at the lower limit of the ECB's key interest rate corridor, and the yields for government bonds remain at an extremely low level. Since the beginning of the pandemic in spring 2020, yields on non-investment-grade bonds have fallen from 1.9 to 0.5 per cent most recently (investment-grade: from 0.7 to 0.1 per cent) and now stand at historic lows. Corporate lending rates have remained low during the crisis (1.4 per cent in January 2020). Favourable refinancing opportunities for banks offered by the ECB continue to support lending to companies and private households.

The ECB's Bank Lending Survey[6]for the fourth quarter of 2020 suggests that the slowdown in corporate demand for credit that has been observed in the meantime may be due to liquidity buffers that have been built up over the past few quarters. The ECB continues to base any interest rate hike on whether the inflation outlook robustly converges to a level sufficiently close to, but below two per cent, and such convergence is consistently reflected in underlying inflation dynamics. Even more so, as the ECB emphasises that overshooting the inflation target in the short term does not necessarily trigger an immediate monetary policy reaction. The economic research institutes expect financing conditions to remain favourable overall in 2021. The institutes also expect fiscal policy in the euro area countries to remain flexible and to continue to be able to respond to the demands of the pandemic beyond the previous extensive fiscal policy measures and support for companies and private individuals alike.

Most of DBAG’s portfolio companies have solid, or even very good, levels of financing. However, increasing numbers of companies found that bank lending behaviour was "restrictive" during 2020. This was in part a result of KfW's and other subsidised loans placing enormous strain on the financial sector's resources. Companies with a private equity partner to support them often have an advantage in this kind of market phase when it comes to financing acquisitions or making other strategic decisions.

The supply of acquisition finance, which is key to our business, also remained strong over the past financial year. Private debt funds, which expand the traditional offering of banks, have again contributed to this. In view of historically low interest rates, they represent an attractive alternative for capital seeking investment and have firmly established themselves on the market. Often they can also be more flexible than banks and thus make companies more attractive financing offers.

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, six portfolio companies (congatec, duagon, mageba, More than Meals, Pfaudler and Sjølund) are exposed to exchange rate risks affecting the value of DBAG’s investment. Whilst the Swiss franc gained 2.5 per cent between the start of the financial year and the reporting date, pound sterling lost 6.6 per cent, and the US dollar remained virtually unchanged. The same applies to the Danish krone, which is linked to the euro anyway. On balance, compared to the reporting date of 30 September 2020, changes in exchange rates had a negative impact of 0.7 million euros on gross gains and losses on measurement and derecognition.

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

[6] “Bank Lending Survey” European Central Bank, January 2021

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: in fact, not all transactions are even made public, nor is there any quantitative data on those transactions that are known to exist, calculated on the basis of comparable criteria. As a result, the statistical information available from various sources does not provide a true picture of market activity. Frequently, data is revised at a later date because some information is not immediately accessible.

In addition, any trend forecasts made on the basis of the most recent transactions have limited informational value following the outbreak of the coronavirus pandemic. With the coronavirus having brought the market more or less to a standstill in the spring of 2020, M&A activity has started to pick up again. We do, however, expect that as the recovery progresses, the long-term market trends which shape our business will regain their previous significance; these are outlined below.

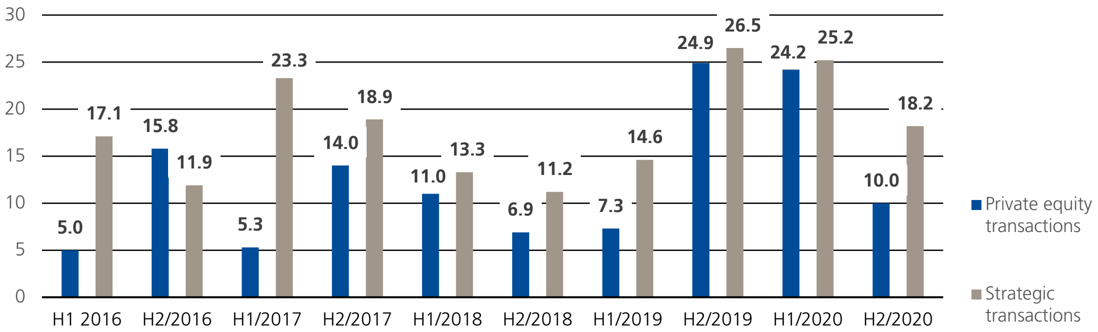
In 2020, as in the preceding five years, the MBO market was largely driven by disposals by company founders and family shareholders. In DBAG's view, this demonstrates just how attractive Germany is for the private equity sector. In contrast, spin-offs from group portfolios are now only accounting for a minor part of MBOs in the market segment that DBAG covers.

With 34 transactions, financial investors in German mid-sized companies structured 17 MBOs less in 2020 than the year before – whilst this was in line with the ten-year average, it was still significantly higher than the number for 2009 – the year shaped by the financial crisis – when only twelve MBOs took place. Founders or family owners sold to financial investors in 18 out of the 34 transactions. This often also involved handing over company management to successors. Five buyouts involved groups spinning off non-core activities by selling them to a financial investor; the remaining eleven MBOs were agreed upon between financial investors.

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. This information was compiled from publicly available sources, together with estimates and research by DBAG in cooperation with the German industry magazine FINANCE.[7]

[7] 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.

M&A-MARKET GERMANY - TRANSACTION VALUE
€bn



Private equity firms financed buyouts of German mid-market companies with an aggregate volume of approximately 4.0 billion euros in 2020 – 1.4 billion euros less than in the previous year, yet still above the annual average for the past decade. The average company value increased slightly, to 118 million euros (2019: 106 million euros). Just under half of the transactions (16 out of 34) were in the lower part of the segment (company value: 50 million euros to 100 million euros); this proportion was higher in the previous year.

The sector structure of the buyout market has changed dramatically over recent years: Companies from the healthcare and IT services/software sectors accounted for 15 of the 34 transactions – almost 45 per cent (2019: 30 per cent). This proportion is in line with the preferences of most private equity investors; in fact, DBAG also counts healthcare and IT services/software amongst its preferred sectors. For DBAG, however, industry remains at the heart of the German "Mittelstand" and therefore continues to be very attractive for private equity. Even though their share of the buy-out market has been declining, the number of transactions remains stable – the exception being 2020, when manufacturing-related business models were particularly hard to assess.

Competition has remained intense over the past year. The total number of transactions in 2020 was spread amongst an even higher number of financial investors than in the past: 25 private equity firms were involved in the 34 transactions observed last year. Around 56 per cent of the transactions (19 out of 34; 2019: 31 out of 51, approximately 60 per cent) were structured by multinational, pan-European private equity funds.

Deutsche Beteiligungs AG accounted for two MBOs in the buyout list for 2020 (previous year: one out of 51 MBOs). We structured two further MBOs in 2020, which were not reflected in the analysis: in one case, the transaction value was below 50 million euros, while another MBO involved an Italian company. Over the past ten years, DBAG has achieved the highest share in this fragmented market (25 out of 345 MBOs, equivalent to 7 per cent). The next position in the market segment analysed is held by two competitors having structured 17 transactions each; furthermore, only five PE houses besides DBAG are shown to have closed more than ten transactions since 2011.

Review of key events and transactions

In this chapter, we explain the key changes in the investment portfolio of each DBAG fund that DBAG invests alongside. We also present the changes in Long-Term Investments, in which we invest independently of the funds. Unless expressly stated below, DBAG contributed no additional capital in these transactions.

DBAG Fund VIII: congatec MBO completed, Multimon holding company closes an add-on acquisition

In August 2020, the DBAG-advised DBAG Fund VIII agreed to acquire the majority of the shares in congatec Holding AG (congatec) from the founding shareholders. This MBO, which was structured using DBAG Fund VIII's top-up fund, was closed during the reporting period. DBAG invested around 24 million euros alongside the fund, for which it received around 20 per cent of the shares. The fast-growing technology company supplies the necessary computer components required for the Internet of Things and Industry 4.0. It is active in the area of embedded computing with a focus on high-performance computer-on-modules and industrial single-board computer. congatec generated (preliminary) sales revenues of just under 130 million US dollars across a wide range of applications, enabling the company to balance out the fluctuations in individual sales markets. congatec reports in US dollar, as the majority of revenue is invoiced in US dollar, as is common practice in the industry.

Multimon AG, a leading provider of fire protection systems, agreed its first add-on acquisition in December 2020 and closed it in January 2021. With total revenues of just under 40 million euros, the acquired company's customer base lies in complementary sectors, for the most part in Germany, enabling Multimon to broaden its market reach.

DBAG Fund VII: Spin-off of operasan followed by two subsequent add-on acquisitions; blikk is also expanding its market position.

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

Within the scope of this transaction, DBAG is investing around 3.2 million euros alongside DBAG Fund VII (including the top-up fund); the funds have been received by blikk Group to improve its funding structure and clearly focusing the business on radiology. DBAG Fund VII holds around 71 per cent of operasan, of which approximately 13 per cent is attributable to DBAG. Other shareholders include the company's management and a digital transformation consultancy firm, particularly focused on the healthcare sector.

operasan had previously acquired three dialysis centres, with a further centre added shortly after the spin-off. 300 patients are regularly cared for in these four centres. The acquisition of a fifth centre (170 patients) was agreed in March 2021. DBAG Fund VII alongside DBAG will provide the transaction with additional equity. It is expected to be completed in the second half of our financial year.

blikk Group completed the acquisition of the Bochum-based Angio-Radiologisches Institut (ARI) in January 2021, thus further improving its market position. Having initially established a state-of-the-art outpatient practice in Bochum, it now plans to establish a cooperation with the Augusta hospital that is located close to the practice. ARI uses premises within the hospital and offers radiological services for both inpatients and outpatients, with a focus on interventional radiology (IR). IR is a sub-area of diagnostic radiology that is becoming increasingly important. Using imaging techniques (incl. MRI, CT and X-ray examinations), patients' illnesses are diagnosed and treated very gently with minimally invasive procedures.

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

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

The foundry group Gienanth Group GmbH (Gienanth) continued to grow inorganically in the first half of 2020/2021, during which it agreed and closed two add-on acquisitions. The group's revenues have thus increased by around 65 million euros (preliminary revenues for 2020: 162 million euros). With Zaigler Maschinenbau GmbH, Gienanth is expanding its product range through machining its own castings in-house, thus strengthening its competitive position; it now offers ready-to-install cylinder crankcases for large engines from a single source, which helps to ensure greater delivery reliability. The acquisition of Trompetter Guss Chemnitz GmbH, a previously owner-operated foundry, completes the product range with the addition of larger casting components weighing up to 100 kilos. This will make Gienanth a leading provider for brake components in Europe.

DBAG ECF: Disposal of Rheinhold & Mahla completed, disposal of DNS:Net agreed, merger of FLS, acquisition of investments in broadband technology

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

Moreover, the disposal of our investment in DNS:Net Internet Service GmbH (DNS:Net) was agreed at the end of the reporting period. As part of the transaction, the UK's 3i Infrastructure plc will acquire the non-controlling interests held by DBAG Expansion Capital Fund (DBAG ECF), including the shares held by DBAG. The transaction is expected to be closed in the third quarter of 2020/ 2021.

DNS:Net is a very good example of the long-term support DBAG provides to a company founder in developing his enterprise. In 2013, we initially co-invested alongside DBAG ECF during the course of a capital increase, taking a minority stake in the company, and providing additional capital thereafter. We invested a total of 6.4 million euros for a 15.7 per cent stake in the company's capital (on a look-through basis) over the 8-year holding period, plus an additional 19.4 million euros for interest-bearing instruments, bringing the total investment to 25.8 million euros. During this period, DNS:Net has become the second-largest provider of VDSL connections in the German federal state of Brandenburg, and is now a leader in connecting newly-built residential properties in Berlin to its proprietary fibre-optic network. Alongside the recently launched expansion of fibre-to-the-home (FttH) connectivity in the areas surrounding Berlin and in Saxony-Anhalt, DNS:Net is in a position to provide internet, telephone and TV services to more than 160,000 households at present – and the number is rising weekly.

FLS GmbH (FLS) has merged with the Austrian company impactit GmbH (impactit) and with Städtler Logistik GmbH & Co. KG (Städtler Logistik). The three entities will now form the Solvares Group. All three companies distribute software products enabling their customers to enhance efficiency, with a focus on software to optimise the tours and route planning for vehicle fleets and field staff, as well as logistics processes. The companies thus operate in a market featuring double-digit growth rates annually DBAG and DBAG ECF (advised by DBAG) supported the business combination with a capital increase of 9.3 million euros; 3.8 million euros of this is attributable to DBAG, which has now invested a total of 14.3 million euros in this investment and holds just under 28 per cent of the Group's shares. The companies in the group generated combined (pro forma) revenues of 21.2 million euros in 2020. They currently employ 179 people at seven locations in four countries. In the first step of this transaction, FLS agreed the merger with impactit in September 2020. Städtler Logistik joined the group in the current financial year. The overall transaction was closed in January 2021.

Three portfolio companies operating in broadband telecommunication continued their buy-to-build strategy in the reporting period. Their growth strategy is aimed at rapidly expanding their market presence throughout Germany, providing as many services as possible from a single source for increasingly large-volume projects and systemically extending their customer portfolio. As the business grows in size, access to subcontractors, who often provide essential service packages, will also improve. This made it possible for **DING Group**, an investment alongside DBAG ECF II, to agree and close two add-on acquisitions (TriOpt Group and Bergert Group GmbH), which together generated just under 52 million euros in 2020 revenues. **netzkontor nord GmbH**, an investment alongside DBAG ECF I, agreed and closed the acquisition of Elektronik Hammer GmbH, which generated revenues of around five million euros in 2020. **vitronet GmbH**, an investment alongside DBAG ECF, also agreed and closed the acquisition of two companies: KronoBau GmbH and H-J Tief- und Rohrleitungsbau GmbH generated combined revenues of 20 million euros in 2020.

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

Long-Term Investments: Acquisition of R+S Group

With R+S Group AG (**R+S**), Deutsche Beteiligungs AG agreed its second Long-Term Investment in March 2021, investing around 15 million euros. The transaction was closed after the end of the reporting period in early May 2021. R+S is a leading provider of technical building services. Current high-profile projects that the company is involved in include the construction of the new Terminal 3 at Frankfurt Airport and expansion of the University Hospital in Frankfurt. Technical building services account for slightly more than 50 per cent of revenues. The company's range of services is complemented by two organisationally independent business divisions – personnel services and a high-performance electrical wholesale operation. In 2020, R+S generated revenues of around 360 million euros. The company employs some 3,000 staff members at 30 locations in Germany; 500 employees work at the headquarters in Fulda (Hesse). By investing in R+S, DGAB has acquired a stake in a company that occupies an attractive market position, which has created an excellent platform for successful further development over the past two years.

Financial performance

Overview

Net income for the first half of the 2020/2021 financial year totalled 73.1 million euros, after -76.7 million euros in the previous year. After net income for the first quarter of the year under review already significantly exceeded the previous year's figure, in the second quarter it was also markedly higher year-on-year, as communicated in an ad-hoc disclosure at the end of March 2021, mainly thanks to the positive performance of our portfolio companies.

The increase was largely due to the significant change in aggregate earnings of our portfolio companies – partly attributable to acquisitions, for which some companies increased their debt. This development was carried by a large number of our portfolio companies:

19 active portfolio companies as well as the investment in the externally-managed international buyout fund posted positive changes in net gains and losses on measurement and derecognition. We are now seeing an improved performance of the 33 companies in our portfolio. Changes in multiples also provided a positive contribution. In the previous year, which was shaped by the coronavirus pandemic, contributions from all sources of earnings had been negative.

During the first six months of the current financial year, the disposal of two portfolio companies closed (or agreed upon) during the period under review also had a positive effect. All in all, net income from investment activity in the six-month period under review totalled 70.7 million euros, after -76.2 million euros in the previous year.

Income from Fund Services rose to 21.1 million euros, up from 13.7 million euros in the previous year. The increase reflects the fact that, following the start of the investment period of DBAG Fund VIII in August 2020, we now receive fees from this fund. Net expenses under other income/expense items increased to 17.9 million euros, after 14.1 million euros in the previous year, mainly due to higher personnel expenses. This resulted in net income of 73.1 million euros for the first half of the financial year, after -76.7 million euros in the previous year.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€'000 €	**1st half-year 2020/2021**	1st half-year 2019/2020	**2nd quarter 2020/2021**	2nd quarter 2019/2020
Net income from investment activity	70,656	(76,239)	46,912	(76,298)
Income from Fund Services	21,147	13,676	10,371	6,579
Income from Fund Services and investment activity	**91,803**	**(62,563)**	**57,283**	**(69,719)**
Personnel expenses	(12,097)	(8,299)	(5,248)	(3,504)
Other operating income	1,897	1,736	573	883
Other operating expenses	(7,581)	(7,380)	(3,548)	(4,113)
Net interest income	(145)	(203)	(76)	(69)
Other income/expense items	**(17,926)**	**(14,145)**	**(8,299)**	**(6,804)**
Earnings before taxes	**73,877**	**(76,709)**	**48,984**	**(76,523)**
Income taxes	(731)	17	(730)	17
Earnings after taxes	**73,146**	**(76,692)**	**48,254**	**(76,506)**
Net income attributable to other shareholders	(5)	(5)	(2)	(2)
Net income	**73,141**	**(76,696)**	**48,252**	**(76,508)**
Other comprehensive income	265	(747)	35	(653)
Total comprehensive income	**73,406**	**(77,443)**	**48,286**	**(77,161)**

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

INCOME FROM FUND SERVICES AND INVESTMENT ACTIVITY came to 91.8 million euros in the six months under review, compared with -62.6 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 significantly exceeded the previous year's figure, reflecting the fact that DBAG Fund VIII commenced its investment period in August 2020; in contrast to the previous year, we are now earning fees from this fund. As expected, income from the DBAG Fund VII, DBAG Fund VI and DBAG ECF declined. For further details on the development of income from Fund Services, please refer to the section "Business performance by segment"

Personnel expenses rose to 12.1 million euros, after 8.3 million euros the year before. Given the positive development of our investment portfolio, higher provisions for performance-related remuneration needed to be recognised. In addition, we increased the number of staff, from 73 in the previous year to 80 as at the reporting date, with two positions being duplicated. Accordingly, total fixed salaries also increased.

OTHER OPERATING INCOME rose to 1.9 million euros, compared with 1.7 million euros in the previous year. The increase was largely attributable to higher consultancy expenses that can be passed through, offset by a corresponding other operating expenses item. In contrast to the previous year, however, no income was generated from the disposal of securities.

OTHER OPERATING EXPENSES rose to a total of 7.6 million euros, compared with 7.4 million euros in the previous year. The increase reflected consultancy expenses that can be passed on, as mentioned above; consultancy expenses for deal sourcing also increased due to the markedly stronger market activity, compared to the previous year. Higher expenses were also incurred for IT infrastructure and the continuous expansion of related security standards. Audit costs and the costs for preparing the financial statements were also up year-on-year, whereas relief on other operating expenses was available, in particular, from lower travel and representation expenses as a direct consequence of the persistent pandemic.

Net income from investment activity

The change in NET INCOME FROM INVESTMENT ACTIVITY from -76.2 million euros in the previous year to 70.7 million euros in the first six months of the 2020/2021 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.

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

Higher entitlements for DBAG ECF and DBAG Fund VI needed to be accounted for during the period under review, whilst entitlements for DBAG Fund V were slightly lower. DBAG Fund VII has been investing since December 2016, while DBAG Fund VIII has only been investing since August 2020. No carried interest has had to be recognised for these funds to date. In the six-month period of the previous year, carried interest entitlements had to be reversed for DBAG Fund VI, due to the fund's performance.

NET INCOME FROM INVESTMENT ACTIVITY

€'000 €	1st half-year 2020/2021	1st half-year 2019/2020	2nd quarter 2020/2021	2nd quarter 2019/2020
Gross gains and losses on measurement and derecognition portfolio	84,323	(93,203)	47,539	(93,241)
Net income attributable to other shareholders of investment entity subsidiaries	(18,367)	15,140	(4,433)	15,089
Net gains and losses on measurement and derecognition – portfolio	**65,956**	**(78,064)**	**43,106**	**(78,152)**
Current portfolio income	11,612	2,001	7,886	99
Net portfolio income	**77,568**	**(76,063)**	**50,992**	**(78,052)**
Net gains and losses from other assets and liabilities of investment entity subsidiaries	(6,910)	(178)	(4,079)	1,753
Income from other financial assets	(2)	1	(2)	1
Net income from investment activity	**70,656**	**(76,239)**	**46,912**	**(76,298)**

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

CURRENT PORTFOLIO INCOME mainly relates to interest payments on shareholder loans; at 11.6 million euros, these significantly exceeded the previous year's figure of 2.0 million euros. This was mainly driven by the disposals of investments in Rheinhold & Mala and DNS:Net, which were closed or agreed upon during the reporting period. In accordance with contractual agreements concluded in connection with these investments, DBAG was now able to recognise interest. The year-on-year increase in the amount of loans granted also had an effect.

NET GAINS OR LOSSES FROM OTHER ASSETS AND LIABILITIES OF INVESTMENT ENTITY SUBSIDIARIES amounted to -6.9 million euros for the first six months of the financial year (previous year: -0.2 million euros). The change was mainly due to the remuneration for the manager of DBAG Fund VII, which is determined on the basis of capital commitments.

Analysis of gross gains and losses on measurement and derecognition

SOURCE ANALYSIS 1: The budgets of our portfolio companies, which formed the basis for valuations as at 31 December 2020, reflect these companies' expectations at the beginning of the year; accordingly, these were still largely influenced by caution regarding the further development of the pandemic. In the meantime, positive economic news have been increasing and the willingness of consumers to spend (and of enterprises to invest) is growing, reflecting rising hopes for the effectiveness of global vaccination programmes. This is also evident in the recent reports of our portfolio companies, which we received at the end of March.

The CHANGE IN EARNINGS of portfolio companies improved to 103.6 million euros in the first half of 2020/2021 (previous year: -38.3 million euros). 17 companies (previous year: six) made a positive contribution, with four companies (previous year: 15) making a negative contribution. Companies from the broadband telecommunications sector in particular made a positive earnings contribution, largely attributable to add-on acquisitions. Companies with links to manufacturing industry also predominantly showed a positive performance. Moreover, the impact of regulatory changes on the business of one portfolio company turned out to be less pronounced than originally assumed. Negative earnings contributions were largely attributable to two companies.

As a general rule, we do not receive any current distributions from portfolio companies during the holding period. They can therefore use surpluses to reduce their DEBT. At the same time, acquisition-driven growth is a core element of corporate strategy for many of our portfolio companies – this applies in particular to our investments in the broadband telecommunications sector, where our portfolio companies use buy-and-build strategies to a large extent, in order to accelerate the expansion of their market presence. The resulting higher debt levels are offset by higher earnings contributions from the acquisitions.

During the first half of the financial year, our portfolio companies' increased borrowings provided a net value contribution from debt of -45.1 million euros, compared to -10.4 million in the previous year. Ten companies raised their debt by an aggregate amount of 58.9 million euros. This was largely due to financing add-on acquisitions for one company with particularly strong growth momentum, in conjunction with the closing of acquisitions. Transaction-driven effects also had an impact. At the same time, 13 companies reduced their debt levels by an aggregate amount of 13.8 million euros. In the previous financial year, acquisitions by two portfolio companies led to value contribution from debt of -8.2 million euros; additional finance requirements in the wake of the pandemic resulted in a value contribution of -8.0 million euros. These two effects outweighed the overall positive effect of debt levels at the remaining portfolio companies (5.8 million euros).

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

€'000 €	**1st half-year 2020/2021**	1st half-year 2019/2020	**2nd quarter 2020/2021**	2nd quarter 2019/2020
Fair value of unlisted investments				
Change in earnings	103,562	(38,323)	51,425	(27,160)
Change in debt	(45,142)	(10,432)	(31,012)	(10,235)
Change in multiples	7,909	(47,272)	13,925	(57,582)
Change in exchange rates	(712)	923	(656)	1,238
Change – other	14,282	441	10,623	617
Subtotal	79,899	(94,663)	44,305	(93,122)
Net gains and losses on disposal	4,225	1,127	3,407	247
Other	200	334	(174)	(366)
	84,323	**(93,203)**	**47,539**	**(93,241)**

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

Changes in MULTIPLES which we used for the valuation of portfolio companies as at the 31 March 2021 record date contributed a total of 7.9 million euros to net gains and losses on measurement and derecognition for the first half of the financial year. In the previous year – at a time when the spread of the pandemic had become evident for the first time, towards the end of the reporting period – the contribution from changes in multiples amounted to -47.3 million euros.

Following burdens in the first quarter of the current financial year, changes in multiples provided a positive contribution overall in the second quarter, with improvements affecting numerous peer groups of our portfolio companies. The changes were particularly pronounced for companies from other sectors, where different – and in some cases opposite – effects as well as transaction-driven effects were seen.

As in the previous year, CHANGES IN EXCHANGE RATES only had a minor impact on net gains and losses on measurement and derecognition. The CHANGE – OTHER item mainly reflects the disposal of DNS:Net, which was agreed upon during the reporting period.

NET GAINS AND LOSSES ON DISPOSAL was particularly influenced by the disposal of Rheinhold & Mahla, which was closed during the reporting period. Value contributions from the partial disposal of the stake in Pfaudler Group as well as subsequent revenues from the disposal of a stake in the remaining externally-managed foreign buyout fund are also included here.

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

SOURCE ANALYSIS 2: The positive changes in value during the first six months are attributable to 19 active portfolio companies (previous year: six portfolio companies) and the investment in the externally-managed foreign buyout fund – and thus to most of our portfolio companies; an effect from the completed disposal of our investment in Rheinhold & Mahla is also included. Six (previous year: three) investments are recognised at their transaction price because they have been held for less than twelve months; these account for 12 per cent of portfolio value (previous year: 14 per cent). As in the previous year, one company showed no change in value. Seven equity investments (previous year: 19 equity investments and 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 three cases, valuation was mainly hit by the lower multiples of listed peer group companies. As regards the remaining portfolio companies, the negative performance can be traced back to reasons specific to the companies in question; at one company, for example, it was down to free ue to upfront investments within the scope of implementing the growth strategy.

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

€'000 €	**1st half-year 2020/2021**	1st half-year 2019/2020	**2nd quarter 2020/2021**	2nd quarter 2019/2020
Positive movements	90,823	6,385	56,545	1,042
Negative movements	(6,500)	(99,588)	(9,006)	(94,283)
	84,323	**(93,203)**	**47,539**	**(93,241)**

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 2020/2021 financial year reflect the overall positive operating performance of the portfolio companies. Unrealised net gains and losses on derecognition relate to the disposal of DNS:Net; net gains and losses on derecognition reflect the disposal of Rheinhold & Mahla.

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

€'000 €	**1st half-year 2020/2021**	1st half-year 2019/2020	**2nd quarter 2020/2021**	2nd quarter 2019/2020
Net measurement gains and losses	66,585	(94,330)	34,373	(93,488)
Unrealised net gains and losses on derecognition	13,513	0	9,760	0
Net gains and losses on disposal	4,225	1,127	3,407	247
	84,323	**(93,203)**	**47,539**	**(93,241)**

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

Financial position

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
INFLOWS (+) / OUTFLOWS (-)

€'000 €	**1st half-year 2020/2021**	1st half-year 2019/2020	**2nd quarter 2020/2021**	2nd quarter 2019/2020
Net income	73,141	(76,696)	48,252	(76,508)
Measurement gains (-) / losses (+) and gains (-) / losses (+) on disposal of financial assets, as well as loans and receivables	(70,657)	76,428	(47,088)	76,491
Other non-cash changes	(17,737)	(13,228)	(8,445)	(6,848)
Cash flow from operating activities	**(15,253)**	**(13,497)**	**(7,281)**	**(6,865)**
Proceeds from disposals of financial assets and loans and receivables	17,415	43,882	5,825	40,708
Payments for investments in financial assets and loans and receivables	(11,268)	(42,595)	(9,717)	(7,102)
Proceeds from disposals of other financial instruments	449	14,518	449	0
Payments for investments in other financial instruments	(27,601)	(26,047)	0	0
Cash flow from investment activity	(21,006)	(10,242)	(3,443)	33,606
Proceeds from (+) / payments for (-) investments in securities	0	15,488	0	(4,509)
Other cash inflows and outflows	(63)	(188)	(22)	(108)
Cash flow from investing activities	**(21,068)**	**5,057**	**(3,466)**	**28,989**
Payments for lease liabilities	(509)	(489)	(254)	(247)
Proceeds from drawdowns of credit facilities	43,300	0	19,500	0
Payments to shareholders (dividends)	(12,035)	(22,566)	(12,035)	(22,566)
Cash flow from financing activities	**30,756**	**(23,054)**	**7,210**	**(22,813)**
Net change in cash and cash equivalents	**(5,566)**	**(31,494)**	**(3,536)**	**(689)**
Cash and cash equivalents at start of reporting period	18,367	43,934	16,338	12,989
Cash and cash equivalents at end of reporting period	**12,801**	**12,440**	**12,801**	**12,300**

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

DBAG's financial resources are made up of cash and cash equivalents amounting to 12.8 million euros. They fully result from drawdowns of credit lines, which increased by 43.3 million euros in the first half of 2020/2021; as at the reporting date, credit lines had been drawn at an aggregate amount of 56.4 million euros. The investment entity subsidiaries hold further financial resources in the amount of 7.6 million euros, including cash and cash equivalents available for investments.

The condensed statement of cash flows based on IFRS shows the changes in DBAG's cash and cash equivalents. During the first six months of the 2020/2021 financial year, FINANCIAL RESOURCES in accordance with IFRS dropped by 5.6 million euros to 12.8 million euros (reporting date of 30 September 2020: 18.4 million euros).

The negative balance of CASH FLOWS FROM OPERATING ACTIVITIES came to 15.3 million euros as against 13.5 million euros in the previous year. As usual, variable remuneration for the previous financial year amounting to 5.1 million euros was paid out to the Board of Management and staff members in the first quarter. [8]

In addition, the cash flow is influenced by other non-cash changes. This reflects the irregular timing for the recognition of income from Fund Services, which is customary for this business:

[8] Figures for the first quarter were not reviewed by external auditors.

the corresponding fees are usually charged to fund investors concurrently with calls for new investments, or set off against repayments following disposals. The advisory fee for DBAG Fund VII has been deferred since the fourth quarter of 2018/2019, incurring a total burden on operating cash flow since the beginning of the deferral of 22.0 million euros. Furthermore, remuneration for advisory services to DBAG Fund VIII in the first quarter of the current financial year of 4.3 million euros had already been called and received prior to the last reporting date.

CASH FLOW FROM INVESTING ACTIVITIES amounted to -21.1 million euros in the reporting period as against 5.1 million euros in the same period of the previous year. It is dominated by cash flow from investment activity. In the previous year, the cash flow was positively influenced by the disposal of shares in fixed income and money market funds of 15.5 million euros. The securities held as at the previous financial year's reporting date were sold by the end of the 2019/2020 financial year.

Cash flow from investment activity amounted to -21.0 million euros in the first six months of the current financial year, compared with -10.2 million euros in the previous year. The volatility of the cash flows relating to investment activities is due to reporting-date factors and also due to cash flows being concentrated on a few – yet sizeable – amounts in the transaction business, which is typical for our business model. All in all, proceeds and payments resulting from changes in financial assets and loans and receivables were positive in the reporting period; this was mainly due to the Pfaudler transaction, more specifically to funds from the placement of shares and from the partial disposal (cf. the chapter “Review of key events and transactions”). Payments for investments in financial assets and loans and receivables resulted from capital calls made by investment entity subsidiaries for the follow-on investments made by DBAG ECF, DBAG Fund VI and DBAG VII, as described in the mentioned chapter. DBAG regularly grants short-term loans to its investment entity subsidiaries, the former of which are subsequently refinanced. These are recognised as payments for investments in other financial instruments. Payments for our two Long-Term Investments are also included here.

The CASH FLOW FROM FINANCING ACTIVITIES amounted to 30.8 million euros, following -23.1 million euros in the previous year; the result was largely driven by further drawings upon credit lines, as mentioned above. In addition, the dividend was paid out to the Company’s shareholders following the Annual General Meeting on 25 February 2021.

Financial position – assets

Asset and capital structure

Total assets as at the reporting date of 31 March 2021 stood at 572.0 million euros – an increase of 97.4 million euros from the end of the 2019/2020 financial year, of which 64.5 million was attributable to financial assets including loans and receivables. For more information, please refer to the information in the section entitled “Financial assets and loans and receivables”.

The ASSET STRUCTURE has shifted towards current assets, which rose by a net 33.4 million euros as at 31 March 2021. This was mainly due to two changes: firstly, other financial instruments (short-term loans granted by DBAG to investment entity subsidiaries in connection with the structuring of new investments) increased significantly. Secondly, other current assets also increased, reflecting the continued accrual of receivables from advisory fees that have not been called. Both effects have been partly offset by a decrease in financial resources. For details, please refer to the explanations in the chapter “Financial position”.

The share of non-current assets in total assets declined to 80.6 per cent as at the current reporting date (30 September 2020: 83.7 per cent).

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€'000 €	31 Mar 2021	30 Sep 2020
Financial assets including loans and receivables	455,251	390,741
Other non-current assets	5,881	6,250
Deferred tax assets	0	214
Non-current assets	**461,133**	**397,204**
Other financial instruments	53,140	25,988
Receivables and other assets	13,704	10,595
Cash and cash equivalents	12,801	18,367
Other current assets	31,176	22,432
Current assets	**110,822**	**77,382**
Total assets	**571,954**	**474,587**
Equity	484,902	423,531
Non-current liabilities	21,146	21,305
Current liabilities	65,906	29,751
Equity and liabilities	**571,954**	**474,587**

Equity stood at 484.9 million euros – an increase by 61.4 million euros compared to the figure as at 30 September 2020 which mainly reflected the higher net income less distributions for the previous period. Equity per share thus increased from 28.15 euros at the beginning of the reporting period to 32.23 euros at the end of the period.

The CAPITAL STRUCTURE reflects the marked increase in total assets. The equity ratio declined to 84.8 per cent, as against 89.2 per cent in the previous year. Equity covers non-current assets in full, and current assets at 21.4 per cent (30 September 2020: 34.0 per cent). Non-current liabilities remained virtually unchanged on the reporting date as against 30 September 2020, whilst current liabilities rose by 36.2 million euros since the beginning of the financial year. The increase was largely due to higher drawdowns of CREDIT LINES. DBAG is using two revolving credit lines to manage its financial resources in the short term, and to provide the funds required to finance investments until it receives funds from realisations. One credit line totalling 50 million euros to date was increased to 66.7 million euros in the quarter under review and extended until May 2025. There is also a second line of 40 million euros with the same final term. At the reporting date, both lines were drawn in an aggregate amount of 56.4 million euros.

As shown in the report on events after the reporting date, DBAG has resolved and successfully placed a capital increase after the reporting date for six-month financial statements; net issue proceeds amounted to approximately 100 million euros. The structure of assets and capital has changed significantly as a result.

Financial assets including loans and receivables

Financial assets, including loans and receivables, are largely determined by the VALUE OF THE PORTFOLIO: excluding interests of other shareholders in investment entity subsidiaries (largely carried interest), this amounted to 532.5 million euros as at 31 March 2021, compared to 428.5 million euros at the end of the previous financial year. During the reporting period, additions from ongoing investment activity and positive changes in the value of portfolio companies were offset by disposals, which had a markedly lower volume in comparison (see the comments on the portfolio value below).

FINANCIAL ASSETS INCLUDING LOANS AND RECEIVABLES		
€'000 €	**31 Mar 2021**	30 Sep 2020
Portfolio value (including loans and receivables)		
gross	532,477	428,475
Interests of other shareholders in investment entity subsidiaries	(51,071)	(32,871)
net	481,406	395,604
Other assets and liabilities of investment entity subsidiaries	(26,236)	(4,917)
Other financial assets	80	55
Financial assets including loans and receivables	**455,251**	**390,741**

The INTERESTS OF OTHER SHAREHOLDERS IN INVESTMENT ENTITY SUBSIDIARIES increased by net 18.2 million euros compared with the end of the last financial year. This includes changes in the portfolio values of DBAG ECF, DBAG Fund VI and DBAG Fund V. The current fair portfolio values of DBAG Fund VII and DBAG Fund VIII did not yet require carried interest to be recognised.

The decrease in OTHER ASSETS AND LIABILITIES OF INVESTMENT ENTITY SUBSIDIARIES was primarily due to higher debt. Short-term loans granted by DBAG to its investment entity subsidiaries for the interim financing of capital calls for follow-up investments – and which have increased due to the recent marked expansion in investment activity – represent debt for these entities.

Portfolio and portfolio value

DBAG's portfolio consisted of 33 equity investments on 31 March 2021, plus one investments in an externally-managed foreign private equity fund, although this holding is of minor significance. DBAG's investments are held indirectly via investment entity subsidiaries, with only one exception (JCK). The portfolio contains 28 management buyouts, for investments aimed at growth financing, and one Long-Term Investment.

As at 31 March 2021, the value of the 33 investments, including the loans and receivables extended to portfolio companies and excluding short-term interim financing, amounted to 514.4 million euros (30 September 2019: 421.0 million euros), plus a total of 18.1 million euros for the Rheinhold & Mahla investment (DBAG has not yet received the purchase price for the disposal), the investment in the externally managed international buyout fund, and the entities through which representations and warranties on previous disposals are (largely) settled, and which are no longer expected to deliver any appreciable value contributions (30 September 2020: 7.5 million euros). This brought the portfolio value to a total of 532.5 million euros (30 September 2020: 428.5 million euros), 1.3 times the original cost (30 September 2020: 1.1x).

The increase in the portfolio value since the beginning of the financial year has been predominantly attributable to the positive operating performance of portfolio companies; changes in capital markets multiples also provided a positive contribution. Please refer to our comments in the chapter "Net income from investment activity". Furthermore, additions contributed 37.5 million euros to the increase in portfolio value; the majority of 23.8 million euros was attributable to congatec. This was offset by disposals of 16.9 million, almost exclusively due to the partial disposal of Pfaudler.

The following portfolio information is based on the valuation and resulting portfolio value at the reporting date of 31 March 2021. The investments in Rheinhold & Mahla, as indicated above, in companies through which retentions for representations and warranties from exited investments are held, and the investment in the externally managed international buyout fund are recognised under "Other".

The share in the portfolio value that is attributable to business models linked to manufacturing businesses and related service providers declined from 48 per cent at the beginning of the reporting period to 37 per cent at the end. This reflects the economic impact of the pandemic on businesses, but also the effects of structural changes in the automotive industry. In addition, one investment was reclassified from the industrial components sector to the healthcare sector, whilst the disposal of Rheinhold & Mahla also contributed to this decrease. At present, these companies are valued slightly below their cost, at a multiple of 0.9x, unchanged from 30 September 2020.

Six of the 33 portfolio companies are engaged in broadband telecommunications. At the reporting date, they are valued at 2.9 times cost (30 September 2020: 2.0x). Their share in the portfolio value increased from 27 per cent to 33 per cent during the reporting period.

The information shown below on leverage (net debt to EBITDA) is based on the expectations of portfolio companies for the 2021 financial year. Since the beginning of the current financial year, the percentage of the portfolio value accounted for by companies with a leverage of 3.0x (ratio of net debt to EBITDA) or higher has fallen from 72 per cent to 48 per cent, largely as a result of companies' higher earnings expectations for 2021. Moreover, 13 of the 33 companies have reduced their debt since the beginning of the year. Only two companies reported a marked increase in debt levels: one of them – an enterprise with particularly strong growth – had concluded several acquisitions which were completed. Since these acquisitions increase EBITDA at the same time, the company's leverage merely increased from just under 5x to just over 5x. Transaction effects had to be taken into account for another company.

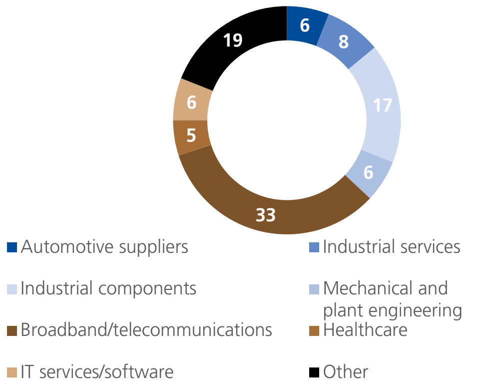
As at 31 March 2021, the 15 most valuable investments accounted for 75 per cent of the portfolio value (30 September 2020: 76 per cent). The table below shows these 15 companies sorted by their portfolio value. They are split into three groups of five companies each, and are listed alphabetically within their group. The first group consists of the five companies with the highest portfolio value, followed by the next five, which includes the sixth- to tenth-largest and the last group with the eleventh- to fifteenth-largest companies (in each case by their value in the portfolio).

PORTFOLIO STRUCTURE (15 LARGEST INVESTMENTS IN TERMS OF PORTFOLIO VALUE AS AT 31 MARCH 2021)

Company	Cost	Equity share DBAG	Investment type	Sector	Group share of the portfolio value
	€mn	%			%
DING Group	9.6	34.6	MBO	Broadband telecommunications	
DNS:Net GmbH	25.8	15.7	Growth	Broadband telecommunications	
duagon AG	24.6	21.4	MBO	Industrial components	
vitronet GmbH	4.5	41.3	MBO	Broadband telecommunications	
von Poll Immobilien GmbH	11.7	30.1	MBO	Other	38.2
Cartonplast Holding GmbH	25.3	16.4	MBO	Industrial services	
congatec Group GmbH	23.8	21.2	MBO	Industrial components	
Oechsler AG	11.2	8.4	Growth	Automotive suppliers	
Pfaudler Group	1.2	17.4	MBO	Mechanical and plant engineering	
Telio Management GmbH	14.3	15.8	MBO	Other	22.6
Cloudflight GmbH	10.3	17.1	MBO	IT services/software	
JCK KG	8.8	9.5	Growth	Consumer goods	
netzkontor nord GmbH	5.0	35.9	MBO	Broadband telecommunications	
Polytech Health & Aesthetics GmbH	14.6	15.2	MBO	Healthcare	
Solvares Group	14.3	16.4	MBO	IT services/software	14.5

PORTFOLIO VALUE BY SECTORS

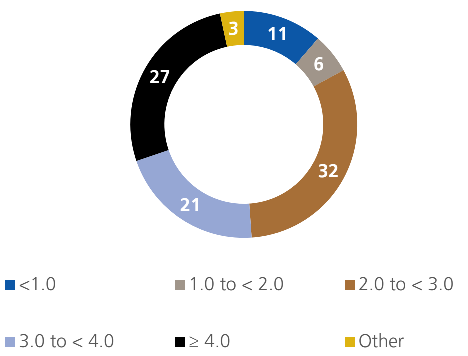
%



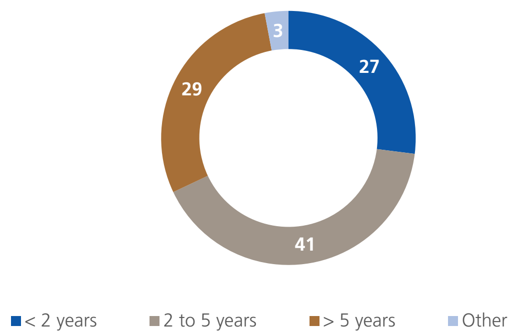
The investment in Polytech Health & Aesthetics GmbH, which manufactures high-quality silicone implants for medical use, has been reclassified under "Healthcare" (previously: "Industrial components").

PORTFOLIO VALUE BY NET DEBT/EBITDA OF PORTFOLIO COMPANIES

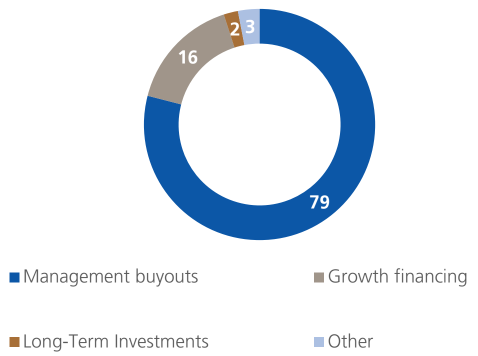
%



PORTFOLIO VALUE BY HOLDING PERIOD
%



PORTFOLIO VALUE BY TYPE OF INVESTMENT
%



Business performance by segment

Private Equity Investments segment

SEGMENT EARNINGS STATEMENT – PRIVATE EQUITY INVESTMENTS

€'000 €	**1st half-year 2020/2021**	1st half-year 2019/2020	**2nd quarter 2020/2021**	2nd quarter 2019/2020
Net income from investment activity	70,656	(76,239)	46,912	(76,298)
Other income/expense items	(5,919)	(3,968)	(2,236)	(2,011)
Earnings before taxes	**64,737**	**(80,207)**	**44,676**	**(78,309)**

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

EARNINGS BEFORE TAXES in the Private Equity Investments segment rose in the first half of 2020/2021, to 64.7 million euros (after -80.2 million euros in the previous year), driven predominantly by the development of NET INCOME FROM INVESTMENT ACTIVITY. Please refer to our explanations in the section on "Financial performance". Net expenses under OTHER INCOME/EXPENSE ITEMS (the sum of internal management fees, personnel expenses, other operating income and expenses, as well as net interest income) exceeded the previous year's figure, mainly due to higher personnel expenses; please also refer to the explanations in the section on "Financial performance". The figure includes internal management fees paid to the Fund Investment Services segment, which now only relate to DBAG ECF, in the amount of 0.7 million euros (previous year: 0.6 million euros).

NET ASSET VALUE AND AVAILABLE LIQUIDITY

€'000 €	**31 Mar 2021**	30 Sep 2020
Financial assets including loans and receivables	455,251	390,741
Other financial instruments	53,140	25,988
Financial resources	12,801	18,367
Credit liabilities	(56,400)	(13,100)
Net asset value	**464,792**	**421,997**
Financial resources	12,801	18,367
Credit lines	50,260	76,900
Available liquidity	**63,061**	**95,267**
Co-investment commitments alongside DBAG funds	**274,582**	**311,324**

The NET ASSET VALUE increased by 42.8 million euros since the end of the previous financial year, to 464.8 million euros. This reflected an increase in financial assets and other financial instruments by 91.7 million euros, whilst a decline in financial resources and an increase in credit liabilities totalling 48.9 million euros reduced value. Please refer to the "Financial position – assets" and "Financial position – liquidity" sections for information on the changes to financial assets and financial resources.

Pending CO-INVESTMENT COMMITMENTS ALONGSIDE DBAG FUNDS decreased by 36.7 million euros overall. Capital calls were made for new investments and acquisitions by portfolio company.

At 31 March 2021, 23 per cent of the co-investment commitments were covered by the available financial resources (cash and cash equivalents including securities; 30 September 2020: 31 per cent). The surplus of co-investment commitments over available funds amounts to 46 per cent of financial assets, compared with 55 per cent at 30 September 2020. This indicator has changed significantly after the end of the reporting period, reflecting the capital increase mentioned above.

We expect being able to cover the remainder of co-investment commitments through portfolio disposals and the undrawn portion of credit lines.

Fund Investment Services segment

SEGMENT EARNINGS STATEMENT – FUND INVESTMENT SERVICES

€'000 €	**1st half-year 2020/2021**	1st half-year 2019/2020	**2nd quarter 2020/2021**	2nd quarter 2019/2020
Income from Fund Services	21,809	14,315	10,692	6,893
Other income/expense items	(12,669)	(10,817)	(6,384)	(5,107)
Earnings before taxes	**9,140**	**3,498**	**4,308**	**1,786**

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

EARNINGS BEFORE TAXES in the Fund Investment Services segment increased to 9.1 million euros in the reporting period, after 3.5 million euros in the same period of the previous year. This was attributable to markedly higher INCOME FROM FUND SERVICES, related to DBAG Fund VIII whose investment period commenced in August 2020. No remuneration was generated from this fund during the same period of the previous year. As expected, income from the DBAG Fund VII, DBAG Fund VI and DBAG ECF declined. The change in the assessment basis for remuneration from DBAG Fund VII, from committed to invested capital, contributed to this decline in income. The spin-off of operasan from the blikk Group, which was structured using the top-up fund, had an opposite effect. The segment information also takes into consideration internal income from the Private Equity Investments segment, in the amount of 0.7 million euros (previous year: 0.6 million euros).

The negative balance of OTHER INCOME/EXPENSE ITEMS was higher year-on-year, largely due to higher personnel expenses. Please refer to the explanations in the chapter on "Financial performance".

ASSETS UNDER MANAGEMENT OR ADVISORY

€'000 €	**31 Mar 2021**	30 Sep 2020
Funds invested in portfolio companies	1,335,792	1,403,316
Short-term bridge financing for new investments	258,917	135,856
Outstanding capital commitments of third-party investors	904,158	1,025,023
Financial resources (of DBAG)	12,801	18,367
Assets under management or advisory	**2,511,668**	**2,582,562**

ASSETS UNDER MANAGEMENT OR ADVISORY are below the level at the end of the financial year 2019/2020. Pending capital commitments by fund investors declined by a total of 121 million euros, reflecting investing activities. This was offset by a 56 million euro increase in total funds invested in (or called for) portfolio companies or bridge loans – despite the closing of the partial disposal of Pfaudler Group during the reporting period. DBAG's financial resources declined slightly in the first six months of the financial 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 2021. Please refer to the "Financial position – liquidity" section for information on changes in DBAG's financial resources during the reporting period. The capital increase mentioned earlier led to a significant change in financial resources after the end of the reporting period.

OPPORTUNITIES AND RISKS

For information on opportunities and risks, we refer to the statements made in the combined management report at 30 September 2020. They continue to apply in principle.[9]

In our view, the probability of occurrence for the risk factor "Inability to raise capital commitments from external investors to DBAG funds", which is assigned a 'high expected value' in the report, has now increased from 'unlikely' to 'low'. Our assessment regarding the other risks with a high expected value has not changed.

We have added six new risks to the risk register, which comprised a total of 49 individual risks as at 30 September 2020. All of the new risks have been assigned a moderate expected value.

[9] cf. Group Financial Report 2019/2020, pages 65 et seqq.

FORECAST

The 33 companies in DBAG's portfolio have shown a better overall performance during the first half of the current financial year than expected at the beginning of the year. In addition, material effects have occurred with respect to individual portfolio companies, which give rise to expectations for a significantly higher value contribution by these companies in the financial year 2020/2021 than assumed at the time of publishing our annual forecast in the Group Financial Report 2019/2020. Specifically, these effects include, positive earnings contributions from add-on acquisitions of individual investments, as well as a less serious impact of regulatory changes upon one company's business.

The better-than-expected development has caused us to publish a new forecast for the current financial year on 26 March 2021. We now expect net income for 2020/2021 to be in a range of 70 to 80 million euros, having previously forecast a range of 40 to 45 million euros. Net income for the first half of 2020/2021 amounted to 73.1 million euros.

The anticipated earnings improvement is based on significantly higher net income from investment activity, which is now forecast in a range of 65 to 75 million euros, up from the previously forecast range of 30 to 35 million euros. Net income from investment activity totalled 70.7 million euros in the reporting period. The overall improvement in portfolio companies' earnings has been included in the significantly raised forecast published at the end of March.

Accordingly, net asset value of Private Equity Investments as at 30 September 2021 – excluding the net proceeds from the capital increase (of approximately 100 million euros), which we announced and completed after the end of the reporting period – is forecast in a range of 450 to 505 million euros. The previously forecast range was between 415 and 460 million euros. Net asset value was 464.8 million euros on the reporting date.

Net income from investment activity is of key significance to the development in DBAG's net asset value and net income. We reiterate that the figure 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 may have a significant impact on net income/the net asset value in DBAG's Private Equity Investments segment via the portfolio valuation using the multiples method. As always, the forecast is therefore subject to the proviso of earnings multipliers for listed peer-group companies remaining unchanged.

The forecast for income and earnings from Fund Investment Services is still in line with the figures published in the Group Financial Report 2019/2020: income is forecast in a range of 42 to 44 million euros. The figure for the first six months of the financial year is 21.8 million euros; overall, developments in the second half are likely to be in line with the first half. Earnings from Fund Investment Services are forecast in a range of 15 to 16 million euros. Based on earnings of 9.1 million euros for the first half, we anticipate a lower result for the second half of the financial year. Specifically, we expect rising personnel expenses, especially given the further expansion of our investment team.

Our dividend policy, which provides for a dividend that remains stable and increases whenever possible, remained unchanged. We continue to anticipate dividends between 1.00 euros and 1.20 euros per share for the current financial year.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 MARCH 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 October 2020 to 31 March 2021

€'000	**1 Oct 2020 to 31 Mar 2021**	1 Oct 2019 to 31 Mar 2020
Net income from investment activity	70,656	(76,239)
Income from Fund Services	21,147	13,676
Income from Fund Services and investment activity	**91,803**	**(62,563)**
Personnel expenses	(12,097)	(8,299)
Other operating income	1,897	1,736
Other operating expenses	(7,581)	(7,380)
Interest income	439	296
Interest expenses	(584)	(499)
Other income/expense items	**(17,926)**	**(14,145)**
Earnings before taxes	**73,877**	**(76,709)**
Income taxes	(731)	17
Earnings after taxes	**73,146**	**(76,692)**
Net income attributable to other shareholders	(5)	(5)
Net income	**73,141**	**(76,696)**
Items that will not be reclassified subsequently to profit or loss		
Gains (+)/losses (-) on remeasurement of the net defined benefit liability (asset)	265	(747)
Other comprehensive income	**265**	**(747)**
Total comprehensive income	**73,406**	**(77,443)**
Earnings per share in € (diluted and basic)[1]	4.86	(5.10)

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 2020 to 31 March 2021

INFLOWS (+)/OUTFLOWS (-)

€'000	1 Oct 2020 to 31 Mar 2021	1 Oct 2019 to 31 Mar 2020
Net income	73,141	(76,696)
Measurement gains (-)/losses (+) on financial assets and loans and receivables, depreciation/amortisation/impairment of property, plant and equipment and intangible assets, gains (-)/losses (+) on long- and short-term securities	(70,030)	76,990
Gains (-)/losses (+) from disposals of assets	(1)	(14)
Increase (+)/decrease (-) in income tax assets	0	(5)
Increase (+)/decrease (-) in other assets (net)	(11,677)	(8,460)
Increase (+)/decrease (-) in pension provisions	(432)	503
Increase (+)/decrease (-) in income taxes payable	517	(17)
Increase (+)/decrease (-) in other provisions	(960)	(5,680)
Increase (+)/decrease (-) in other liabilities (net)	(5,811)	(120)
Cash flow from operating activities[1]	**(15,253)**	**(13,497)**
Proceeds from disposals of financial assets and loans and receivables	17,415	43,882
Payments for investments in financial assets and loans and receivables	(11,268)	(42,595)
Proceeds from disposals of other financial instruments	449	14,518
Payments for investments in other financial instruments	(27,601)	(26,047)
Cash flow from investment activity	(21,006)	(10,242)
Proceeds from disposals of property, plant and equipment and intangible assets	14	68
Payments for investments in property, plant and equipment and intangible assets	(77)	(256)
Proceeds from disposals of securities	0	25,473
Payments for investments in securities	0	(9,986)
Cash flow from investing activities	**(21,068)**	**5,057**
Payments for lease liabilities	(509)	(489)
Proceeds from drawdowns of credit facilities	43,300	0
Payments to shareholders (dividends)	(12,035)	(22,566)
Cash flow from financing activities	**30,756**	**(23,054)**
Net change in cash and cash equivalents	(5,566)	(31,494)
Cash and cash equivalents at start of reporting period	18,367	43,934
Cash and cash equivalents at end of reporting period	**12,801**	**12,440**

1 This includes interest received and interest paid in the amount of -364,000 euros (previous year: -197,000 euros).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2021

€'000	31 Mar 2021	30 Sep 2020
ASSETS		
Non-current assets		
Intangible assets	495	490
Property, plant and equipment	4,745	5,144
Financial assets	455,251	390,741
Other non-current assets	642	616
Deferred tax assets	0	214
Total non-current assets	**461,133**	**397,204**
Current assets		
Receivables	8,179	5,071
Other financial instruments	53,140	25,988
Income tax assets	5,525	5,524
Cash and cash equivalents	12,801	18,367
Other current assets	31,176	22,432
Total current assets	**110,822**	**77,382**
Total assets	**571,954**	**474,587**
EQUITY AND LIABILITIES		
Equity		
Subscribed capital	53,387	53,387
Capital reserve	173,762	173,762
Retained earnings and other reserves	(11,061)	(11,326)
Consolidated retained profit	268,814	207,708
Total equity	**484,902**	**423,531**
Liabilities		
Non-current liabilities		
Liabilities under interests held by other shareholders	57	57
Provisions for pension obligations	16,017	16,449
Other provisions	1,450	846
Other non-current liabilities	3,622	3,953
Total non-current liabilities	**21,146**	**21,305**
Current liabilities		
Credit liabilities	56,400	13,100
Other current liabilities	2,006	8,104
Income taxes payable	1,043	526
Other provisions	6,457	8,021
Total current liabilities	**65,906**	**29,751**
Total liabilities	**87,052**	**51,056**
Total equity and liabilities	**571,954**	**474,587**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from 1 October 2020 to 31 March 2021

€'000	**1 Oct 2020 to 31 Mar 2021**	1 Oct 2019 to 31 Mar 2020
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 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	(27,748)	(30,450)
Change in reporting period	265	(747)
At end of reporting period	(27,483)	(31,197)
At end of reporting period	**(11,061)**	**(14,775)**
Consolidated retained profit		
At start of reporting period	207,708	247,031
Dividend	(12,035)	(22,566)
Net income	73,141	(76,696)
At end of reporting period	**268,814**	**147,769**
Total	**484,902**	**360,142**

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST SIX MONTHS OF THE FINANCIAL YEAR 2020/2021

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 2021 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 Commission 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 for the first quarter 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 2021 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

In the financial year 2020/2021, there are no new standards and interpretations or amendments to standards and interpretations required to be applied for the first time which have an effect on the current reporting period.

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 2020/2021, the following amendments to standards are required to be applied for the first time (see 2019/2020 Group Financial Report, pages 88 to 89):

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

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

Standards and interpretations and amendments to standards and interpretations that have not yet been applied

The following standards 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.

- Amendments to IFRS 9 "Financial instruments", IAS 39 "Financial Instruments: Recognition and Measurement", IFRS 7 "Financial Instruments: Disclosures", IFRS 4 "Insurance Contracts" and IFRS 16 "Leases" within the context of the "Interest Rate Benchmark Reform" (1 January 2021),
- Amendments to IFRS 4 "Insurance Contracts" (1 January 2021).

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 amendments to standards.

The impact of the amendments resulting from the Interest Rate Benchmark Reform on DBAG's consolidated financial statements is currently being analysed. A final assessment of the effects is not possible at the moment. IFRS 4 is not relevant for DBAG.

The standards and interpretations that have already been issued by the IASB, but have not yet been endorsed by the European Commission for application in the European Union, are presented on pages 89 and 90 in the 2019/2020 Group Financial Report. In addition, in

March 2021, the IASB issued amendments to IFRS 16 "Leases", which also have yet to be endorsed for application in the European Union. The amendments are not relevant for DBAG.

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 applied are detailed on pages 90 to 98 of the 2019/2020 Group Financial Report. The following explanations only refer to changes made compared to the most recent reporting date.

Unconsolidated investment entity subsidiaries

DBAG Bilanzinvest II (TGA) GmbH & Co. KG, Frankfurt/Main, was established in the reporting period. The share in capital and voting rights amounts to 100 per cent. The majority shareholding in R+S, as agreed upon on 29 March 2021, is held via this company.

The company is not consolidated due to its status as an on-balance sheet-investment vehicle of DBAG, but is instead measured at fair value through profit or loss and presented in the item "Unconsolidated investment entity subsidiaries" under financial assets.

Unconsolidated subsidiaries

DBAG Bilanzinvest II (TGA) Verwaltungs GmbH, Frankfurt/Main, is the general partner of the new on-balance sheet-investment vehicle. The share in capital and voting rights amounts to 100 per cent. The company does not provide any investment-related services and is therefore not consolidated, but instead it is also measured at fair value through profit or loss and presented in the item "Other financial assets" under financial assets.

The shares held in Bowa Geschäftsführungsgesellschaft mbH i. L., Frankfurt/Main, were disposed upon the deletion of the company from the commercial register in the first half of 2020/2021.

4. Accounting policies

The accounting policies applied in the previous financial year (see 2019/2020 Group Financial Report, pages 99 to 106) continued to be used unchanged for these interim financial statements.

Financial assets and fair value measurement of financial assets through profit or loss

Financial assets are classified into three categories based on two criteria: the business model and the cash flow characteristics. Measurement follows from the classification (for more information, please refer to the 2019/2020 Group Financial Report, page 99).

As a result of the allocation to the investment business, financial assets are measured at fair value through profit or loss; they mainly comprise

- interests in investment entity subsidiaries (see 2019/2020 Group Financial Report, pages 91 to 95) and
- interests in portfolio companies (see 2019/2020 Group Financial Report, page 95).

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

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

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 2019/2020 Group Financial Report, pages 132 to 136.

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, on-balance sheet investment vehicles and Deutsche Beteiligungsgesellschaft mbH),
- the multiples method for established portfolio companies, and
- the discounted cash flow (DCF) method for one indirectly held international fund investment.

We refer to page 100 of the 2019/2020 Group Financial Report for a detailed description of the general principles for fair value measurement.

5. Significant events and transactions

Changes in the Board of Management

On 26 November 2020, the Supervisory Board of DBAG appointed Messrs Tom Alzin and Jannick Hunecke to the Board of Management. Both took up their new roles on 1 March 2021. Dr Rolf Scheffels stepped down from the Board, at his own request, when his contract expired at the end of February 2021.

Transactions of investment entity subsidiaries

In the first half of 2020/2021, DBAG ECF agreed to dispose of the shares in DNS:Net; the disposal of the shares in R&M has been completed. The price for the disposal of DNS:Net exceeds the fair value of the investment as measured as at the most recent reporting date; this resulted in a positive value contribution in the first half of 2020/2021. The sale of R&M had already been agreed upon in the previous year. The agreed disposal price was subject to a discount as regards the measurement of the co-investment vehicle of DBAG ECF due to existing uncertainties, so that the closing resulted in a positive value contribution in the first half of 2020/2021.

At the end of March 2021, vitronet (DBAG ECF) and the DING Group (DBAG ECF II) agreed on their merger to establish the future vitronet Group. The transaction will be executed without any additional equity investment by DBAG ECF, DBAG ECF II and DBAG and was already taken into account in the measurement of the co-investment vehicles as at 31 March

2021. DBAG expects to hold an interest of a total of around 39 per cent in the newly established vitronet Group.

Also in the first half of 2020/2021, the agreed investment commitments for DBAG ECF II were increased by 8.8 million euros; 3.6 million euros of which is attributable to DBAG. The funds will be used to finance further company acquisitions of the three MBOs (BTV Multimedia, DING Group, FLS). One of these portfolio companies (FLS) has completed two company acquisitions since then; in future, the three entities will form the Solvares Group. DBAG invested 4.8 million euros and holds around 28 per cent of the shares in the Solvares Group.

As far as DBAG Fund VI is concerned, the partial disposal of the core business of the Pfaudler Group was completed. In the previous year, GMM Pfaudler Ltd. (GMM), the group's listed Indian subsidiary, and GMM's second-largest shareholder, had acquired 80 per cent of Pfaudler's European and American core business. For the time being, DBAG and DBAG Fund VI retain a 20 per cent stake in Pfaudler Group's core business and also hold just over 50 per cent of GMM indirectly. In November 2020, the disposal of around 18 per cent of the GMM shares, which had already been agreed in the previous year, was completed. As the disposal price was taken into account in the measurement of the co-investment vehicle of DBAG Fund VI as at the most recent reporting date, there was no value contribution for the current financial year. The partial disposal of the core business and the disposal of shares has so far resulted in an inflow from distributions at DBAG in a total amount of 17,078,000 euros.

As regards DBAG Fund VII, a spin-off of operasan GmbH from the blikk Group was executed; DBAG invested an amount of 3,179,000 euros. operasan GmbH also completed the acquisition of a medical service centre.

DBAG Fund VIII acquired the majority of the shares in congatec as part of an MBO. DBAG invested 23,769,000 euros and holds around 23 per cent of the shares in the company via a co-investment vehicle. This transaction had already been agreed in the previous year.

In the first half of 2020/2021, DBAG agreed the acquisition of a majority shareholding in R+S. This constitutes the second Long-Term Investment. DBAG will invest up to 17.2 million euros and holds around 75.1 per cent of the shares in the company, before management participations.

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

For details, please refer to the 2019/2020 Group Financial Report (page 90). Due to the status of DBAG as an investment entity, the investment entity subsidiaries continue to be not included in the consolidated financial statements as fully consolidated companies, but are instead recognised at fair value.

The consolidation methods and accounting policies applied that were based on other judgements are detailed in the 2019/2020 Group Financial Report (pages 90 to 106).

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

Preparation of the interim financial statements requires the use of future-oriented assumptions and estimations. These can have a material impact on the carrying amounts of consolidated statement of financial position items as well as the level of income and expenses. What future-oriented assumptions and estimations have in common is the uncertainty about the outcomes. The Board of Management makes decisions on assumptions and estimations after careful consideration of the most recently available reliable information as well as from past experience. Assumptions and estimations also relate to issues over which the Board of Management has no influence, for instance, economic or financial market conditions. The actual outcomes can therefore differ from the assumptions and estimations underlying these 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.

The risk of a subsequent adjustment of carrying amounts exists particularly as far as financial assets are concerned, to the extent that their fair values were determined using inputs that were not mainly based on observable market data (fair value hierarchy Level 3, see Note 14.1).

Fair values at hierarchy level 3 are contained in "Financial assets" in the amount of 455,251,000 euros (30 September 2020: 390,741,000 euros) (see Note 14.1). They largely concern those financial assets that are measured at fair value using the multiples method. The extent of possible effects on these fair values in the event of an adjustment of assumptions and estimations cannot be quantified. However, should the underlying multiples change by +/-1, this would result in an adjustment in the fair values – all other factors unchanged – by +/-28,206,000 euros (30 September 2020: 18,871,000 euros). This equates to six per cent of Group equity (30 September 2020: four per cent).

In the first half of 2020/2021, our estimate of the multiples changed in relation to four portfolio companies. In the case of two of these portfolio companies (DING Group/vitronet), the multiple was derived from a similar recent transaction as a result of the merger of both companies (see Note 5). A changeover to a sector peer group was carried out in the case of two other companies as the previous company-specific peer groups were no longer deemed appropriate. The cumulative effect amounts to -1,770,000 euros.

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 **2020/2021**	1st half-year 2019/2020
Interests in investment entity subsidiaries	70,220	(75,834)
Interests in portfolio companies	438	(388)
International fund investments	0	(19)
Other financial assets	(2)	1
	70,656	**(76,239)**

The investment entity subsidiaries are subsidiaries of DBAG through which DBAG makes its equity investments, i.e. both its co-investments alongside DBAG funds and its Long-Term Investments which DBAG makes independently from DBAG funds (see 2019/2020 Group Financial Report, pages 91 to 95). The significant assets of these investment entity subsidiaries are interests in and receivables from portfolio companies. Interests in investment entity subsidiaries are recognised at fair value through profit or loss.

The item includes the gross change in the fair values of the interests in portfolio companies held via the investment entity subsidiaries in the amount of 65,240,000 euros (previous year: -97,909,000 euros). In addition, this item includes the net returns from the disposal or partial disposal and the recapitalisation of portfolio companies, as well as current income (interest income and distributions) in the amount of 4,980,000 euros (previous year: 22,075,000 euros). The gross change is reduced by the increase of the imputed carried interest (17,999,000 euros; previous year: reversal in the amount of 16,534,000 euros).

Directly held interests in portfolio companies relate to one DBAG investment entered into prior to the launch of DBAG Fund V (see 2019/2020 Group Financial Report, page 95). The net income results from the change in the fair value of the interests.

The **international fund investment** in an externally-managed international fund was derecognised in the financial year 2019/2020 after the disposal of the last portfolio company.

9. Income from Fund Services

€'000	1st half-year **2020/2021**	1st half-year 2019/2020
DBAG ECF	906	944
DBAG Fund VI	3,758	3,919
DBAG Fund VII	7,186	8,743
DBAG Fund VIII	9,228	0
Other	70	69
	21,147	**13,676**

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

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

Income from DBAG Fund VIII has been earned since 1 August 2020. The calculation is based on capital commitments.

10. Financial assets

€'000	**31 Mar 2021**	30 Sep 2020
Interests in investment entity subsidiaries	450,581	386,535
Interests in portfolio companies	4,590	4,152
Other financial assets	81	55
	455,251	**390,741**

Financial assets are measured at fair value through profit or loss.

This item exhibited the following movements during the reporting period:

€'000	1 Oct 2020	Additions	Disposals	Changes in value	**31 Mar 2021**
Interests in investment entity subsidiaries	386,535	11,241	12,435	65,240	450,581
Interests in portfolio companies	4,152	0	0	438	4,590
Other financial assets	55	27	0	(2)	81
	390,741	**11,268**	**12,435**	**65,677**	**455,251**

€'000	1 Oct 2019	Additions	Disposals	Changes in value	30 Sep 2020
Interests in investment entity subsidiaries	380,275	92,938	22,873	(63,805)	386,535
Interests in portfolio companies	4,937	0	0	(786)	4,152
International fund investments	406	0	406	0	0
Other financial assets	74	27	42	(4)	55
	385,693	**92,965**	**23,321**	**(64,595)**	**390,741**

Additions to interests in investment entity subsidiaries refer to capital calls for investments in equity interests. In the comparable period of the previous financial year, the item also included the acquisition cost of a first Long-Term Investment.

During the reporting period, disposals or partial disposals of interests in investment entity subsidiaries resulted from distributions due to the divestment of portfolio companies. In addition, this item also includes repayments of shareholder loans or short-term bridge financings granted to portfolio companies.

The changes in fair value, together with the net returns, are recorded under the item “Net income from investment activity” in the consolidated statement of comprehensive income.

11. Other financial instruments

Other financial instruments exclusively comprise loans to co-investment vehicles in the amount of 53,140,000 euros (30 September 2020: 25,988,000 euros). They refer to short-term loans to the co-investment vehicles of DBAG Fund VII in the amount of 16,226,000 euros (30 September 2020: 12,843,000 euros) and to the co-investment vehicles of DBAG VIII Fund in the amount of 36,915,000 euros (30 September 2020: 13,146,000 euros). The loans are granted by DBAG for the pre-financing of investments in new portfolio companies with a term of up to 270 days.

12. Leases

As at 31 March 2021, property, plant and equipment includes right-of-use assets from leases in the amount of 4,414,000 euros (30 September 2020: 4,735,000 euros).

The corresponding lease liabilities are included in other non-current liabilities (3,622,000 euros; 30 September 2020: 3,953,000 euros) and in other current liabilities (764,000 euros; 30 September 2020: 769,000 euros). The interest cost on lease liabilities is recorded as interest expenses.

13. 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 2021**	30 Sep 2020
Call commitments	4	4
Permanent debt obligations	874	534
	879	**538**

The maturities of the permanent debt obligations as at 31 March 2021 are shown in the following table:

€’000	< 1 year	1-5 years	> 5 years	**Total**
Permanent debt obligations	562	312	0	**874**

There were no contingent liabilities as at 31 March 2021 and as at 30 September 2020.

Trust assets amounted to 6,938,000 euros as at the reporting date (30 September 2020: 6,953,000 euros). Of that amount, 6,934,000 euros (30 September 2020: 6,949,000 euros) was attributable to balances held on trust accounts for purchase price settlements. Trust liabilities exist in the same amount. DBAG does not generate any income from trustee activities.

OTHER DISCLOSURES

14. Financial instruments

The key items in the statement of financial position of DBAG containing financial assets (items "Financial assets" and "Other financial instruments") are carried completely at fair value. Financial assets carried at amortised cost (receivables, cash and cash equivalents and other assets) are largely recognised in current assets. For these instruments, we assume that the carrying amount reflects their fair value. Financial liabilities are measured at amortised cost. They mainly comprise loan 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 2021	Fair value 31 Mar 2021	Carrying amount 30 Sep 2020	Fair value 30 Sep 2020
Financial assets measured at fair value through profit or loss				
Financial assets	455,251	455,251	390,741	390,741
Other financial instruments	53,140	53,140	25,988	25,988
	508,391	**508,391**	**416,730**	**416,730**
Financial assets at amortised cost				
Receivables	8,179	8,179	5,071	5,071
Cash and cash equivalents	12,801	12,801	18,367	18,367
Other assets[1]	30,348	30,348	21,459	21,459
	51,328	**51,328**	**44,897**	**44,897**
Financial liabilities at amortised cost				
Liabilities under interests held by other shareholders	57	57	57	57
Credit liabilities	56,400	56,400	13,100	13,100
Other liabilities[2]	850	850	6,971	6,971
	57,307	**57,307**	**20,128**	**20,128**

1 Excluding deferred items, value-added tax and other items in the amount of 1,471,000 euros (30 September 2020: 1,589,000 euros).
2 Excluding lease liabilities and tax liabilities in the amount of 4,777,000 euros (30 September 2020: 4,723,000 euros).

14.1.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). We assess the materiality of these inputs on the basis of their influence on fair value measurement.

The financial instruments measured at fair value as at the reporting date continue to be allocated to Level 3:

MEASUREMENT HIERARCHY FOR FINANCIAL ASSETS MEASURED AT FAIR VALUE

€'000	Fair value 31 Mar 2021	Level 1	Level 2	Level 3
Financial assets measured at fair value through profit or loss				
Financial assets	455,251	0	0	455,251
Other financial instruments	53,140	0	0	53,140
	508,391	**0**	**0**	**508,391**

MEASUREMENT HIERARCHY FOR FINANCIAL ASSETS MEASURED AT FAIR VALUE

€'000	Fair value 30 Sep 2020	Level 1	Level 2	Level 3
Financial assets measured at fair value through profit or loss				
Financial assets	390,741	0	0	390,741
Other financial instruments	25,988	0	0	25,988
	416,730	**0**	**0**	**416,730**

There are no assets or liabilities that were not measured at fair value on a recurring basis.

The valuation categories in accordance with IFRS 9 have been defined as classes in accordance with IFRS 13 for Level 1 and 2 financial instruments. Level 3 financial instruments are allocated to the following classes:

CLASSIFICATION OF LEVEL 3 FINANCIAL INSTRUMENTS

€'000	Interests in investment entity subsidiaries	Interests in portfolio companies	Other	Total
31 Mar 2021				
Financial assets	450,581	4,590	81	455,251
Other financial instruments	53,140	0	0	53,140
	503,721	**4,590**	**81**	**508,391**
30 Sep 2020				
Financial assets	386,535	4,152	55	390,741
Other financial instruments	25,988	0	0	25,988
	412,523	**4,152**	**55**	**416,730**

The following tables show the changes in Level 3 financial instruments in the first half of 2020/2021 and in the financial year 2019/2020, respectively:

CHANGES IN LEVEL 3 FINANCIAL INSTRUMENTS

€'000	1 Oct 2020	Additions	Disposals	Changes in value	31 Mar 2021
Financial assets					
Interests in investment entity subsidiaries	386,535	11,241	12,435	65,240	450,581
Interests in portfolio companies	4,152	0	0	438	4,590
Other	55	27	0	(2)	81
	390,741	**11,268**	**12,435**	**65,677**	**455,251**

CHANGES IN LEVEL 3 FINANCIAL INSTRUMENTS

€'000	1 Oct 2019	Additions	Disposals	Changes in value	30 Sep 2020
Financial assets					
Interests in investment entity subsidiaries	380,275	92,938	22,873	(63,805)	386,535
Interests in portfolio companies	4,937	0	0	(786)	4,152
International fund investments	406	0	406	0	0
Other	74	27	42	(4)	55
	385,693	**92,965**	**23,321**	**(64,595)**	**390,741**

The changes in fair value in the amount of 65,677,000 euros (2019/2020 financial year: -64,595,000 euros) is recognised in net income from investment activity.

In the first half of 2020/2021 and the previous year, there were no transfers between levels.

The possible ranges for unobservable inputs regarding Level 3 financial instruments are as follows:

RANGES FOR UNOBSERVABLE INPUTS

€'000	Fair value 31 Mar 2021	Valuation method	Unobservable input	Range
Financial assets				
Interests in investment entity subsidiaries	450,581	Net asset value[1]	Average EBITDA/EBITA margin	-1 to 48%
			Net debt[2] to EBITDA	0.2 to 11.5
			Multiples discount	0 to 20%
Interests in portfolio companies	4,590	Multiples method	Average EBITDA/EBITA margin	7%
			Net debt[2] to EBITDA	2.4
			Multiples discount	20%
Other	81	Net asset value	n/a	n/a
	455,251			

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 2019/2020 Group Financial Report, pages 101 et seq.).
2 Net debt of portfolio company

RANGES FOR UNOBSERVABLE INPUTS

€'000	Fair value 30 Sep 2020	Valuation method	Unobservable input	Range
Financial assets				
Interests in investment entity subsidiaries	386,535	Net asset value[1]	Average EBITDA/EBITA margin	3 to 45%
			Net debt[2] to EBITDA	-3.9 to 20.5
			Multiples discount	0 to 20%
Interests in portfolio companies	4,152	Multiples method	Average EBITDA/EBITA margin	7%
			Net debt[2] to EBITDA	3.4
			Multiples discount	0%
Other	55	Net asset value	n/a	n/a
	390,741			

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

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

RANGES FOR UNOBSERVABLE INPUTS

€'000	Fair value 31 Mar 2021	Change in unobservable inputs		Change in fair value
Financial assets[1]				
Interests in investment entity subsidiaries	450,581	EBITDA and EBITA	+/- 10%	58,681
		Net debt	+/- 10%	26,815
		Multiples discount	+/- 5 percentage points	1,846
Interests in portfolio companies	4,590	EBITDA and EBITA	+/- 10%	732
		Net debt	+/- 10%	274
		Multiples discount	+/- 5 percentage points	399
Other	81		n/a	n/a
	455,251			

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

RANGES FOR UNOBSERVABLE INPUTS

€'000	Fair value 30 Sep 2020	Change in unobservable inputs		Change in fair value
Financial assets[1]				
Interests in investment entity subsidiaries	386,535	EBITDA and EBITA	+/- 10%	42,472
		Net debt	+/- 10%	18,685
		Multiples discount	+/- 5 percentage points	1,928
Interests in portfolio companies	4,152	EBITDA and EBITA	+/- 10%	1,978
		Net debt	+/- 10%	888
		Multiples discount	+/- 5 percentage points	0
Other	55		n/a	n/a
	390,741			

1 See footnote 1 in the preceding table

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.

14.2.Net gain or loss on financial instruments measured at fair value

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

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

NET GAIN OR LOSS ON FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

€'000	1st half-year 2020/2021	Level 1	Level 2	Level 3	1st half-year 2019/2020	Level 1	Level 2	Level 3
Net income from investment activity	70,656	0	0	70,656	(76,239)	0	0	(76,239)
Other operating income	0	0	0	0	86	0	0	86
Interest income	435	0	0	435	208	0	0	208
Total	**71,092**	**0**	**0**	**71,092**	**(75,946)**	**0**	**0**	**(75,946)**

15. Disclosures on segment reporting

DBAG's business policy is geared towards augmenting the Company's value over the long term through successful investments in equity investments, in conjunction with sustainable income from Fund Services. The investments are mainly entered into as co-investor of DBAG funds, but also independently from the DBAG funds outside the scope of their investment strategies: 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 FOR THE FIRST HALF OF 2020/2021

€'000	Private Equity Investments	Fund Investment Services	Group reconciliation[1]	Group 1st half-year 2020/2021
Net income from investment activity	70,656	0	0	70,656
Income from Fund Services	0	21,809	(662)	21,147
Income from Fund Services and investment activity	**70,656**	**21,809**	**(662)**	**91,803**
Other income/expense items	(5,919)	(12,669)	662	(17,926)
Earnings before taxes (segment result)	**64,737**	**9,140**	**0**	**73,877**
Income taxes				(731)
Earnings after taxes				**73,146**
Net income attributable to other shareholders				(5)
Net income				**73,141**
Financial assets and loans and receivables	455,251			
Other financial instruments	53,140			
Financial resources[2]	12,801			
Credit liabilities	(56,400)			
Net asset value	**464,792**			
Assets under management or advisory[3]		**2,511,668**		

1 A synthetic internal administration fee for the DBAG ECF is calculated for the Private Equity Investments segment and taken into account when determining segment results. The fee is based on DBAG's co-investment interest.
2 The financial resources are used by DBAG for investments in equity or equity-like instruments. They contain the line items "Cash and cash equivalents" and, if applicable, "Long-term securities" and "Short-term securities".
3 Assets under management or advisory comprises the funds invested in portfolio companies, other financial instruments and the financial resources of DBAG as well as the funds invested in portfolio companies and the callable capital commitments of the funds managed or advised by DBAG.

SEGMENT REPORTING FOR THE FIRST HALF OF 2019/2020 AND AS AT 30 SEPTEMBER 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				**(76,696)**
Financial assets and loans and receivables	390,741			
Other financial instruments	25,988			
Financial resources[2]	18,367			
Credit liabilities	(13,100)			
Net asset value	**421,997**			
Assets under management or advisory[3]		**2,582,562**		

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

16. Disclosures on related parties

Related companies within the meaning of IAS 24 are: investment entity subsidiaries (see 2019/2020 Group Financial Report, pages 94 to 97, and DBAG Bilanzinvest II (TGA) GmbH & Co. KG, which was established after 30 September 2020) and the companies indirectly held via the investment entity subsidiaries, provided DBAG holds at least 20 per cent of the relevant company's shares (primarily holding companies in DBAG ECF, subsidiaries of Deutsche Beteiligungsgesellschaft mbH and of DBAG Bilanzinvest II (TGA) GmbH & Co. KG), the unconsolidated subsidiaries of DBAG (see Note 4 as well as the Group Financial Report, page 95 et seq.) as well as the unconsolidated structured companies (see Group Financial Report, pages 96 to 98).

Related persons, within the meaning of IAS 24, are key management personnel. At DBAG, these include all 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) LP, DBG Fund VI GP (Guernsey) LP, DBG Fund VII GP S.à r.l., DBG Fund VIII GP (Guernsey) L.P., DBG Management GmbH & Co. KG, DBG Management GP (Guernsey) Limited, DBG Managing Partner GmbH & Co. KG and DBG New Fund Management GmbH & Co. KG. DBAG pays no fees for the management of the co-investment vehicles of DBAG ECF and DBAG Fund V. Since the launch of DBAG Fund VI, DBAG has paid a volume-based fee for the management of its co-investments to DBG Fund VI GP (Guernsey) LP, to DBG Fund VII GP S.à r.l., and to AIFM DBG Fund VII (Guernsey) L.P. as well as to DBG Fund VIII GP (Guernsey) L.P. Based on the same principles and terms and conditions as for the investors in DBAG funds, this fee is determined by reference to a fixed percentage of a fund's committed or invested capital.

The management companies receive advisory services from DBG Advising GmbH & Co. KG, and pay an advisory fee for these services.

The fees from these activities – including amounts received from DBAG fund investors –are recognised in the item "Income from Fund Services" (see Note 9). In the first half of 2020/2021, income from Fund Services consisted of income from co-investment vehicles in the amount of 4,281,000 euros (previous year: 2,520,000 euros) and income from the DBAG funds in the amount of 16,623,000 euros (previous year: 10,082,000 euros). Fees paid by DBAG are also recognised as an expenses in the "Net income from investment activities" item (see Note 8).

As at 31 March 2021, receivables from management fees against DBAG funds amounted to 27,780,000 euros (30 September 2020: 18,205,000 euros), while receivables from management fees against investment entity subsidiaries amounted to 8,179,000 euros (30 September 2020: 5,071,000 euros).

Relationships to co-investment vehicles

The co-investment vehicles of DBAG Fund VII and DBAG Fund VIII are granted short-term loans as pre-financing of investments in new portfolio companies. These are reported in the item "Other financial instruments" (see Note 11); any resulting interest income is recognised in net interest income.

As at 31 March 2021, there were no liabilities to co-investment vehicles. As at 30 September 2020, liabilities to the co-investment vehicles of DBAG Fund VI and DBAG Fund VIII amounted to 1,361,000 euros, mainly referring to management fees received in advance.

Private co-investments of team members and carried interest

Selected members of the investment team as well as selected members of senior management who are not members of the investment team have committed to take an interest in DBAG funds. For those participating – in addition to the returns from the partnership – this can result in a 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[10] is paid out once proceeds on disposal are generated and full repayment has been achieved; the remaining 80 per cent[11] (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 their initiative and their dedication to the success of the investment.

The Board of Management members who are part of the investment team as well as the senior executives entitled to carried interest made the following investments in the first half

[10] The maximum disproportionate profit share for DBAG Fund VII B [Konzern] SCSp and DBAG Fund VIII B [Konzern] (Guernsey) L.P. amounts to 10 per cent.
[11] The share of the investors and DBAG for DBAG Fund VII B [Konzern] SCSp and DBAG Fund VIII B [Konzern] (Guernsey) L.P. amounts to a total 90 per cent.

of 2020/2021 and received the following repayments from the DBAG funds and the co-investment vehicles:

€'000	Investments in the reporting period: Key management personnel	Investments in the reporting period: of which: Board of Management	Repayments in the reporting period: Key management personnel	Repayments in the reporting period: of which: Board of Management
1 Oct 2020 – 31 Mar 2021				
DBAG Fund IV	0	0	146	146
DBAG ECF	22	5	3	1
DBAG ECF II	116	39	0	0
DBAG Fund VI	16	9	980	565
DBAG Fund VII	294	210	0	0
DBAG Fund VIII	1,281	991	0	0
Total	**1,730**	**1,254**	**1,129**	**712**

€'000	Investments in the reporting period: Key management personnel	Investments in the reporting period: of which: Board of Management	Repayments in the reporting period: Key management personnel	Repayments in the reporting period: of which: Board of Management
1 Oct 2019 – 30 Sep 2020				
DBAG Fund V	17	7	5,605	2,426
DBAG ECF	217	39	634	127
DBAG ECF I	30	13	98	68
DBAG ECF II	275	110	0	0
DBAG Fund VI	223	64	964	341
DBAG Fund VII	1,734	898	0	0
DBAG Fund VIII	946	520	0	0
Total	**3,443**	**1,651**	**7,302**	**2,963**

The following table outlines carried interest entitlements from the co-investment vehicles and DBAG funds for the members of the Board of Management who belong to the investment team and the members of senior management entitled to carried interest. We refer to pages 10 et seq. of the 2019/2020 Group Financial Report for information on the interest of the co-investment vehicles.

€'000	1 Oct 2020[1]		Reduction due to disbursement		Addition (+) / reversal (-)		**31 Mar 2021**	
	Key management personnel	of which: Board of Management	Key management personnel	of which: Board of Management	Key management personnel	of which: Board of Management	Key management personnel	of which: Board of Management
DBAG Fund V	4,518	3,196	0	0	191	135	4,709	3,331
DBAG ECF	22,556	6,228	0	0	8,904	2,458	31,460	8,687
DBAG ECF I	8,184	2,730	0	0	8,147	2,718	16,332	5,447
DBAG ECF II	0	0	0	0	8,599	2,629	8,599	2,629
DBAG Fund VI	10,478	5,965	0	0	4,813	2,740	15,291	8,705
	45,737	**18,120**	**0**	**0**	**30,655**	**10,680**	**76,392**	**28,799**

1 Carried interest entitlements at the start and end of the reporting period relate to key management personnel during the reporting period. Changes compared to 30 September 2020 may be due – inter alia – to key management personnel joining or leaving the Company.

€'000	1 Oct 2019		Reduction due to disbursement		Addition (+) / reversal (-)		**30 Sep 2020**	
	Key management personnel	of which: Board of Management	Key management personnel	of which: Board of Management	Key management personnel	of which: Board of Management	Key management personnel	of which: Board of Management
DBAG Fund V	11,747	5,080	(5,112)	(2,211)	(533)	(231)	6,101	2,638
DBAG ECF	22,495	4,419	0	0	2,474	494	24,969	4,913
DBAG ECF I	4,006	1,267	0	0	4,010	1,268	8,016	2,535
DBAG Fund VI	56,627	20,154	0	0	(45,758)	(16,425)	10,869	3,729
	94,875	**30,920**	**(5,112)**	**(2,211)**	**(39,807)**	**(14,893)**	**49,956**	**13,815**

In the consolidated financial statements, carried interest is taken into account in the fair value measurement of the shares of DBAG in the co-investment vehicles of a fund ("net asset value"). In this context, the total liquidation of the fund portfolio as at the reporting date is assumed (see 2019/2020 Group Financial Report, pages 101 et seq.). As at 31 March 2021, the net asset values of the co-investment vehicles DBAG Fund V, DBAG ECF, DBAG ECF I, DBAG ECF II and DBAG Fund VI are reduced by carried interest entitlement, by a total amount of 48,998,000 euros (30 September 2020: 31,000,000 euros), of which 29,238,000 euros (30 September 2020: 18,461,000 euros) are attributable to key management personnel. The carried interest for DBAG Fund VII and DBAG Fund VIII remains unchanged at nil euros.

This carried interest, which is taken into account upon measurement, may increase or decrease in value in the future, and is not disbursed until the requirements under company law are met.

Please refer to the 2019/2020 Group Financial Report on pages 141 to 147 for a more detailed presentation of the related relationships.

17. Events after the reporting date

Rights issue

On 12 April 2021, the Board of Management, with the approval of the Transaction Committee of the Supervisory Board issued on the same date, resolved to utilise Authorised Capital 2017 (section 5 (3) of the Articles of Association) and to increase the Company's share capital through the issuance of up to 3,760,998 new registered no-par value shares against cash contributions. The new shares were offered to the Company’s existing shareholders in the period from 14 April 2021 to 27 April 2021 at a subscription ratio of one new share for every four existing shares by way of an indirect subscription right, at a subscription price of 28.00 euros for each new share.

Within the context of the subscription offer, 3,725,104 shares from the rights issue were subscribed by the Company’s shareholders at a price of 28.00 euros. The remaining unsubscribed 35,894 shares from the rights issue were placed in the market by the underwriting banks at a price of 33.75 euros. Upon the registration of the capital increase in the commercial register on 29 April 2021, the Company’s share capital was increased from previously 53,386,664.43 euros by 13,346,664.33 euros to 66,733,328.76 euros following the issue of 3,760,998 new registered no-par value shares.

The gross issue proceeds from the capital increase amount to approximately 106 million euros. The capital reserve increased from 173,761,896.85 euros by 92,167,670.17 euros to 265,929,567.02 euros. The transaction costs directly related to the capital increase are expected to amount to 5,600,000 euros and are deducted from the capital reserve.

Transactions

In April, another distribution in the amount of 12,609,000 euros was made from DBAG Fund VI as a result of the disposal of Infiana. The fund made follow-on investments in a portfolio company to support an additional bank financing totalling 3,456,000 euros; of that amount 657,000 euros are attributable to DBAG.

One portfolio company of DBAG Fund VII (Sero) agreed to carry out another acquisition. In this context, DBAG Fund VII will make a contribution of further equity in the amount of 16,000,000 euros; of that amount, 3,589,000 euros are attributable to DBAG.

Early in May, the purchase of the investment in R+S, agreed in the first half of 2020/2021, was completed.

Frankfurt/Main, 7 May 2021

The Board of Management

Torsten Grede	Tom Alzin	Jannick Hunecke	Susanne Zeidler

RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge, and in accordance with the applicable accounting principles for half-yearly financial reporting, that the consolidated half-yearly financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and that the interim management report presents a true and fair view of the business development and performance of the business and the position of the Group, together with a description of the material risks and opportunities associated with the expected development of the Group.

Frankfurt/Main, 7 May 2021

The Board of Management

Torsten Grede Tom Alzin Jannick Hunecke Susanne Zeidler

REVIEW REPORT

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 2020 to 31 March 2021 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 2020 to 31 March 2021 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, 7 May 2021

BDO AG
Wirtschaftsprüfungsgesellschaft

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

Forward-looking statements

This half-yearly financial report contains statements related to the future prospects and progress of Deutsche Beteiligungs AG. It reflects the current views of the management of Deutsche Beteiligungs AG and is 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 authoritative.

Updated: 11 May 2021

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

FINANCIAL CALENDAR

12 MAY 2021

Publication of the 2020/2021 half-yearly financial report, Analysts' conference call

10 JUNE 2021

18th Dr Kalliwoda Capital Markets Conference-Warsaw digital

6 AUGUST 2021

Publication of the Quarterly Statement for the third quarter of 2020/2021, Analysts' conference call

8 SEPTEMBER 2021

SRC Forum, Frankfurt/Main

20-24 SEPTEMBER 2021

Baader Investment Conference, Munich