Combined Management Report

of Deutsche Beteiligungs AG
and the
Deutsche Beteiligungs AG Group
for financial year 2021/2022

COMBINED MANAGEMENT REPORT

BUSINESS OVERVIEW

Not even well-established private equity companies with decades of a successful history can escape external, unexpected events as the 2021/2022 financial year served to demonstrate. Up until mid-February the economic sentiment was upbeat, with businesses expecting demand to continue to grow as consumers "caught-up" on spending following the pandemic, and supply chain bottlenecks to subside. The war in Ukraine and the resulting sanctions against Russia led to a sharp increase in energy prices, especially in Germany. This significantly exacerbated the inflationary trend, which was already emerging before. Central banks responded by raising reference interest rates, thus accepting a deteriorating economic outlook. This burdened earnings at some of our portfolio companies. Capital markets reacted with declining multiples that weighed heavily on the valuations of our portfolio companies. Value contribution from multiples amounted to -150.8 million euros (see the section on "Financial performance"). These developments led us to adjust our original forecast several times.

The net asset value of the Group's Private Equity Investments fell by 104.8 million euros. Taking into account the dividends distributed (30.1 million euros) and the deferred management fees received for DBAG Fund VII (27.8 million euros), this represents a 15.1 per cent decline over the value for the previous year, largely due to the negative change in the value of the portfolio. Eight companies were newly included in the portfolio during the 2021/2022 financial year, two investments were partially sold, while another one was refinanced. The portfolio consists of 39 equity investments as at the reporting date, plus one investment in an international buyout fund managed by third parties.

The Private Equity Investments segment closed the year with a loss of -111.3 million euros and was thus markedly below the previous year. Earnings from Fund Investment Services totalled 15.4 million euros, compared to 18.0 million euros in the previous year. As expected, the costs associated with the expansion of the team have increased.. Net income was -97.6 million euros, primarily driven by Private Equity Investments.

All in all, the results of the reporting period were unsatisfactory. In the short term, key figures can also show declining values if external factors change significantly at short notice, as happened in the year under review (see the section "Target system comprising financial and non-financial objectives"). However, the evaluation of DBAG's success requires a long-term observation period, as is common in the private equity sector.

At 0.7 million euros, the net income generated by the Group's parent company was lower than in the financial year 2020/2021, when it amounted to 64.6 million euros. The main reason for this decline were net gains and losses on measurement and disposal, which were down year-on-year. Here too, the result is not satisfactory overall, as the expectations were clearly not met. Again, however, given our business model, the limited informational value of a single annual result must be taken into account in the evaluation.

Following numerous profitable disposals in previous financial years, the parent company now reports a slight decrease in its net retained profit to 224.6 million euros; 0.80 euros per share is to be distributed to shareholders, i.e. a total of 15.0 million euros.

FUNDAMENTAL INFORMATION ABOUT THE GROUP

Structure and business activity

Deutsche Beteiligungs AG (hereinafter also referred to as "DBAG") is a publicly-listed private equity company with its roots dating back to 1965. It initiates and structures closed-end private equity funds ("DBAG funds") for investment in equity or equity-like instruments predominantly of unlisted companies, and provides advice for these funds. It enters into investments, also employing its own assets, as a co-investor alongside DBAG funds ("co-investments") and also independently of these funds exclusively using its own financial resources ("Long-Term Investments").

DBAG traditionally focuses on mid-market companies. On a regional level, most of the portfolio companies have their registered office or main business focus in the Germany, Austria and Switzerland region. DBAG has also been investing in Italian companies since 2020. Going forward, up to a quarter of a fund's volume will be invested in this country. In individual cases, DBAG also invests in companies elsewhere in Europe.

All of the Company's business processes and management are bundled at DBAG's registered office in Frankfurt/Main, Germany. The Company also has its own office in Milan, Italy, with a team responsible for identifying and structuring investment opportunities for DBAG funds and supporting the portfolio companies in their further development. The two DBAG offices engage in close dialogue.

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

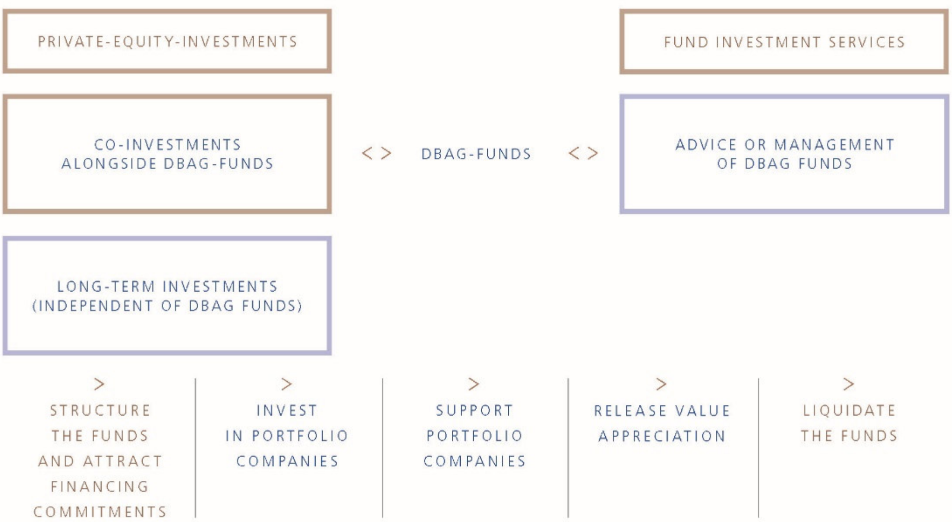
DBAG's shares have been listed on the Frankfurt Stock Exchange since 1985. They are traded in the market segment with the highest transparency requirements, the Prime Standard.

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

DBAG's integrated business model

DBAG's business model, which is geared towards increasing value for its shareholders, rests on two pillars – Private Equity Investments and Fund Investment Services. These segments are strongly interlinked through the DBAG funds. Because the DBAG funds are at its core, we refer to our business model as being integrated. The chart below illustrates DBAG's remit in respect of the DBAG funds – from fund structuring and raising capital to liquidation. DBAG uses its own assets to co-invest alongside the DBAG funds, as well as investing exclusively from its own assets in Long-Term Investments. These Long-Term Investments are described in the section entitled "Long-Term Investments that exceed the terms of standard private equity funds".

DBAG'S INTEGRATED BUSINESS MODEL



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

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

Five DBAG funds at different stages of their life cycle

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

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

1 DBAG Fund VI, DBAG Fund VII, DBAG Fund VIII: each excluding investments made by experienced members of the investment advisory team and selected members of DBAG's senior management.
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.

- DBAG Fund V is currently in liquidation. DBAG Fund VI and DBAG Fund VII are in the disinvestment phase. DBAG Fund VI still holds investments in seven out of a previous total of eleven MBOs, of which two are already partly sold. The investment period of DBAG Fund VII ended in July 2022. The fund structured eleven MBOs. In addition, in the case of one company, a sub-segment was spun off and subsequently developed as an independent investment of the fund. One portfolio company was partly sold. Around 96 per cent of the fund had been invested by the reporting date. The fund can use those financial resources that are not yet invested to support the further development of its portfolio companies, for example with add-ons.

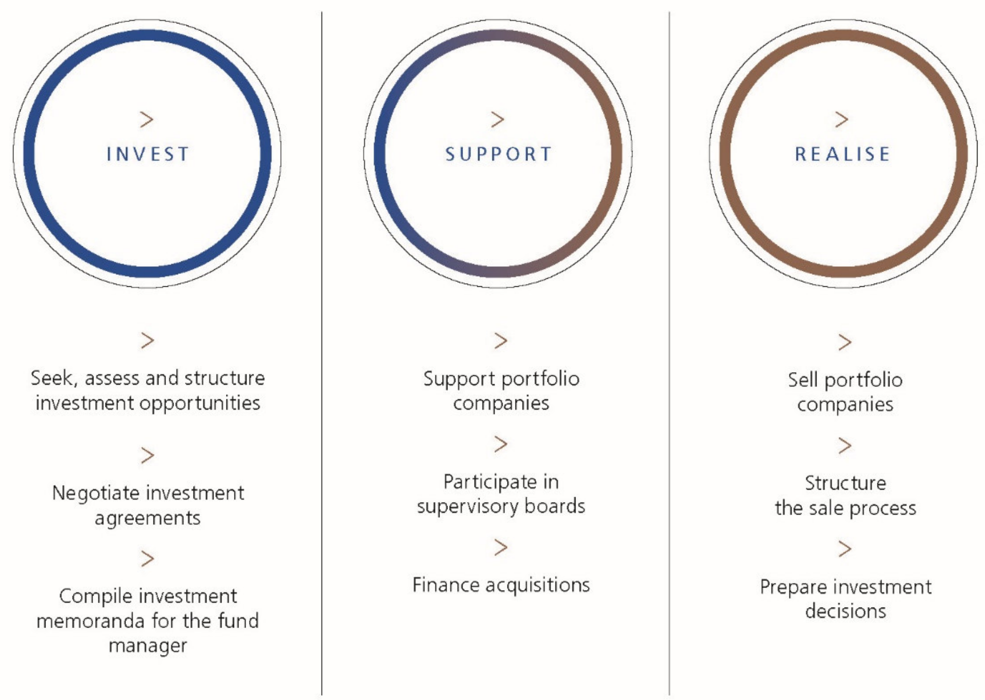
- The DBAG ECF funds have also completed their investment periods. DBAG ECF I ended its original investment period in May 2017. It made growth financing available to eight companies and entered into one MBO. Five of these investments have since been sold. The second investment period began in June 2017, followed by the third in June 2018, ending in December 2020. DBAG ECF II and DBAG ECF III each participated in three MBOs. Two companies merged with each other.

- DBAG Fund VIII was initiated in 2019. The fund investment period spans six years and started in August 2020. As at the reporting date, DBAG had structured seven MBOs for the fund. The investments agreed to represent around 49 per cent of the fund's capital commitments.

DBAG's wide range of services for the DBAG funds

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

INVESTMENT SERVICES BUSINESS SEGMENT



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

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

Private Equity Investments business segment

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

Co-investments alongside DBAG funds

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

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

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

DBAG makes Long-Term Investments exclusively funded by its own assets. This enables us to support companies' value appreciation strategies that span a longer time horizon, while at the same time pursuing the same disciplined and professional investment strategy for value creation that we apply to co-investments alongside DBAG funds. The approach also means that, in principle, other investment scenarios that are not consistent with the investment strategies pursued by the existing DBAG funds may become feasible.

We structure Long-Term Investments as minority investments with a non-controlling interest and invest predominantly in family businesses, for example when they find themselves in need of capital to finance growth. We also offer majority investments in exceptional cases.

Limitation of the volume of individual investments

DBAG aims to limit the importance of individual risks in its investment portfolio. This is why DBAG Fund VIII, which is currently in its investment phase, largely provides for equity investments in individual MBOs of between 40 and 100 million euros. When it comes to structuring larger transactions with equity investments of up to 220 million euros, the top-up fund is included. For DBAG, this equates to equity investments of between approximately nine and 23 million euros, and for transactions involving the top-up fund, equity investments of up to 50 million euros in principle. Long-Term Investments are set to amount to between 15 and 35 million euros; larger investments may be entered into with co-investors.

Investments in attractive mid-market companies

We invest in established, well-positioned companies with a proven and scalable business model and potential for development. The latter can come about from companies strengthening their strategic positioning – for example, by introducing a broader product range or by expanding regionally. Add-ons that accelerate the strategic development of companies or drive consolidation in an industry are often part of companies' development strategies. These strategies almost invariably involve improving operational processes and adapting them to reflect changes in the overall conditions, in particular. In this current phase of con-siderable geopolitical change, this strategic component has recently become especially important.

Moreover, we attach importance to an entrepreneurial mindset in our management teams and for these teams to be able to realise the agreed objectives and to react efficiently to new developments – for example due to lasting changes in supply chains or because a new generation of employees is looking for companies to offer them different perks and pro-spects. 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 products with good prospects. The business models of these companies are also aimed at reaping the benefits from the key structural trends in their respective sectors. Germany is home to many such mid-market companies.

Broadly diversified sector spectrum

For many years, DBAG's investment focus lied in manufacturing companies and their service providers, which form the basis of the excellent global reputation of Germany's Mittelstand. In the meantime, this market segment also includes, above all, IndustryTech companies – i.e. compa-nies whose products provide the foundation for automation, robotics and digitalisation.

For almost a decade, we have also been investing in companies from the broad-band/telecommunications, IT services & software and healthcare sectors. This means that a significant part of our portfolio focuses on business models that stand to gain particularly from the rapidly accelerating digitalisation of modern societies. These growth sectors are less exposed to cyclical influences than business models linked to the manufacturing industry.

Companies that contribute to more sustainable lifestyles and business practices are also more resilient in the face of economic fluctuations. Our portfolio includes, for example, companies whose business is reaping the benefits of more stringent regulations for more efficient energy use, or which operate in the circular economy.

SECTOR STRUCTURE BY ACQUISITION COSTS
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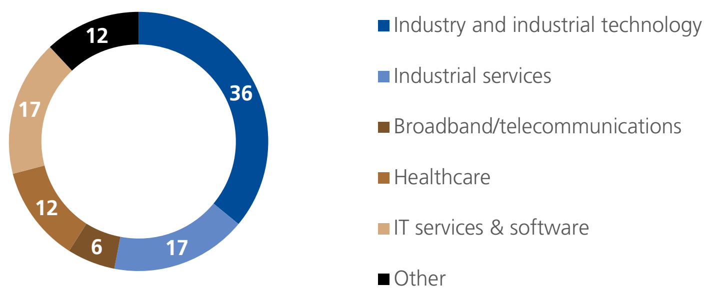


We also aim to achieve a diversified portfolio within individual sectors. For investments in several companies in the same sector, we make sure that they serve different niche markets, have their own regional sales markets, operate in different geographical areas and pursue different business models.

Expansion of the portfolio's geographical focus

Most of our portfolio companies operate internationally. This applies to the markets they serve, but also to their production sites in part. In geographical terms, the majority of the portfolio companies have their registered office or main business focus in the German-speaking region of Europe. Since 2020, we have also invested in Italy, one of the most important industrialised economies in the European Union with a high proportion of family-owned companies. Going forward, up to a quarter of any given fund's volume will be invested in this country. For the first time, this applies to DBAG Fund VIII.

In exceptional cases, we also invest in companies that operate outside of German-speaking countries and Italy, focusing on sectors in which we have a lot of experience. As at 30 September 2022, companies domiciled in the Germany, Austria and Switzerland region accounted for 80.5 per cent of the value of our equity investments (30 September 2021: 90.3 per cent), including 5.5 per cent that were domiciled in Switzerland (30 September 2021: 4.4 per cent). Companies domiciled in Italy accounted for 9.5 per cent (30 September 2021: 3.1 per cent).

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

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

The private equity business requires DBAG to always have sufficient financial resources available to allow it to exploit investment opportunities whenever they arise and to comply with its co-investment agreements. On the other hand, too high a level of financial resources dilutes returns. Considerable uncertainty regarding planning is the other side of the coin and is due to the nature of private equity business: investments and realisations depend on market conditions; some years are dominated by investments and others by realisations. This results in considerable fluctuation in cash flow from investment activity. As regular income from Fund Investment Services can only mitigate this effect to a very limited extent, DBAG is using two revolving credit lines in an aggregate amount of 106.7 million euros to provide any funds required to finance investments until it receives funds from realisations. Please refer to the chapter "Financial position – assets" for details on changes in credit lines and their drawdowns during the reporting period.

Fund Investment Services business segment

Advisory services provided to, and the management of, DBAG funds are aligned in the Fund Investment Services business segment, based on task-sharing. DBAG receives fees for its advisory services to the DBAG funds that are calculated predominantly based on the size of the funds it advises; they constitute a continuous and readily forecastable source of income and make a key contribution to financing our business operations.

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 I and, for DBAG ECF II and DBAG ECF III, additional one-off transaction-related fees. The fact that the fees after the end of the investment period are based on the capital invested means that fee income falls every time an investment from a fund's portfolio is sold. In principle, considerable increases can only be achieved when a new fund is launched.

Implementing a structured investment process

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

Invest

IDENTIFYING INVESTMENT OPPORTUNITIES

We use several channels to identify investment opportunities. The most important of these come from the existing relationships that we have built up over several decades of market presence. These include relationships with both potential sellers and M&A advisors. We also actively generate investment opportunities by engaging with prominent entrepreneurs offering long-standing industry experience, i.e. our Executive Circle (see the section entitled "investment advisory team supported by strong network"), through targeted marketing and by attending industry events, as well as through our own research capacities. We often gain access to companies at an early stage of the sales process by way of these channels. This increases the chances of successfully closing the transaction.

ALLOCATION OF INVESTMENTS

An Allocation Committee determines whether an investment opportunity will be proposed for DBAG Fund VIII, or whether it will be classified as a potential Long-Term Investment. The decision-making process is fully documented and substantiated for each individual case so as to avoid any potential conflict of interest.

DUE DILIGENCE

If the initial assessment is positive, the next step is to conduct a detailed assessment of the potential portfolio company using a comprehensive process. This is to ensure that we concentrate our resources on the most attractive investment opportunities and examine all key issues in detail.

Support

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

During the investment period, a member of DBAG's project team typically takes a seat on the advisory board or supervisory board of the respective portfolio company. Additionally, experienced entrepreneurs – usually from DBAG's Executive Circle – who have experience relevant to the portfolio company in question, are appointed to sit on these boards. They also usually hold (indirect) stakes in the company. The investment advisory team and the members of DBAG's Executive Circle are not involved in the operational management of portfolio companies.

Realise

We do not trade in investments but instead support our portfolio companies as an equity investor over several years. However, due to the limited term of the DBAG funds, all investments of a DBAG fund must be completely settled during its term. Our experience suggests that it usually takes four to seven years before the further development of a portfolio company leads to a significant increase in its profitability and, as a result, to an increase in the value of the company that can be realised by selling it. In principle, we use the following methods in the disposal of a portfolio company, depending on whether we are selling to: a strategic or financial investor, or via the stock market, for example by placing shares. In the case of non-controlling interests, there may also be the option of selling to the main shareholder.

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

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

Experienced and highly motivated investment advisory team

The DBAG investment advisory team, including the three members of the Board of Management, consists of 37 (previous year: 28) investment professionals, of which 14 are senior members, and has been constantly expanded in recent years. The senior members have been with DBAG for an average of 18 years. The investment advisory team has a broad skill set combined with multifaceted experience in the investment business. It is supplemented by four employees in Research and Business Development, one debt financing specialist and three lawyers.

Alignment of interest and incentives for the investment advisory team

A key element of our strategy is to align the interests of DBAG and its shareholders, our investment advisory team and investors in the DBAG funds. Therefore those members of the investment advisory team with greater experience in investing, the three Board of Management members and additional staff members (21 in total) 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. The total amount of these personal co-investments stood at 24.6 million euros as at 30 September 2022.

The eligible members of the investment advisory team have an incentive for generating the best possible financial performance for a fund: They also disproportionately participate in a fund's performance ("carried interest") in return for the contribution they make as shareholders after the fund investors and DBAG have realised their invested capital plus a preferred return.

Investment advisory team supported by strong network

The investment advisory team can draw on a strong external network, the nucleus of which is an "Executive Circle" consisting of 82 people as at 30 September 2022. Its members support the team in identifying and initiating investment opportunities, assessing specific sectors or, prior to making an investment, providing support during the due diligence of a target company. The Executive Circle comprises experienced entrepreneurs, including partners of earlier investment transactions. The members have industry experience that is relevant to DBAG.

Strong brand opens up attractive investment opportunities

DBAG structured its very first MBO back in 1997. Since then, a total of 65 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 Long-Term Investments since the 2019/2020 financial year. DBAG currently holds four Long-Term Investments.

To date, the value of the equity invested since 1997 has been increased to 1.8 times (MBOs) and 2.6 times (growth financing/Long-Term Investments) the original amount. 36 MBOs and 16 growth financing arrangements had been realised completely, or for the most part, by the end of the reporting period. Fully realised disposals generated multiples of 2.7 (MBOs) and 2.9 (growth financing) times the invested capital.

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

Tried-and-tested business processes

Each of the key elements of the investment process – see also the section entitled "Implementing a structured investment process" – is carried out internally by DBAG using its own resources based on tried-and-tested business processes. This also applies to the corporate functions that support the investment advisory team. DBAG has put an internal control system in place to minimise the risks inherent in its corporate processes. The principles, procedures and measures aimed at the organisational implementation of management decisions are documented in a manual that is enhanced as part of an ongoing process.

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

31 of the 65 MBOs that DBAG has financed since 1997 involved companies that were previously family-owned. We see this high proportion as one of our unique selling points. Between 2011 and 2021, 57 per cent of the MBOs structured by DBAG involved this type of company, compared to 46 per cent in the overall market during the same period (sources: FINANCE Magazine, Buy-out Statistics 2021; DBAG). The foundations of this success lie in a comprehensive understanding of the specifics of the mid-market sector and the industries in which we invest. This also includes our focus on value creation by enhancing business models and thus offering our portfolio companies more than purely financial support.

Comprehensive equity platform for mid-market companies

With its advisory and financing offering for MBOs and Long-Term Investments alike, DBAG sees itself as a provider of full-service equity capital solutions for mid-market companies. These solutions open up access to family businesses for whom financing with a rather shorter investment time horizon is difficult to secure. The DBAG funds we advise also benefit from this broad market access.

Target system comprising financial and non-financial objectives

Core business objective: Sustainable increase in the Company's value

We enhanced our target system in the reporting year. The changes will apply as of the beginning of the 2022/2023 financial year, and the forecasts in accordance with the enhanced system are explained in the section of "Expected business development". The previous target system and the upcoming changes are explained below.

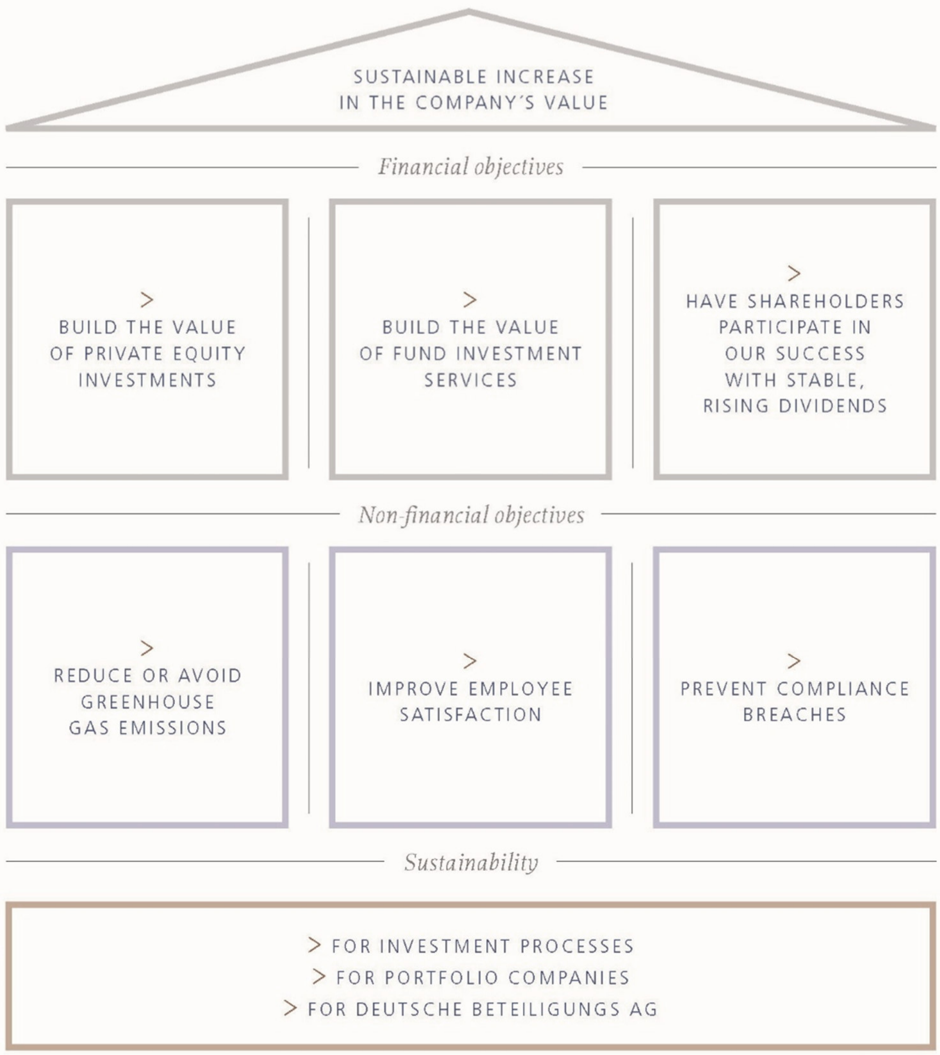
The core business objective of Deutsche Beteiligungs AG's activity remains unchanged: we aim to increase the value of DBAG in the long term.

This objective is to be achieved by increasing earnings in the two business segments, Private Equity Investments and Fund Investment Services, while taking ESG aspects into account –

i.e. environmental and social aspects of our business activities, as well as the principles of good corporate governance. It is consistent with the long-term nature of our business that we take responsibility for the impact that our decisions have on others, both now and in the future.

We measure and manage value appreciation using one financial indicator for each of the two business segments. When it comes to achieving a sustainable increase in DBAG's value, ESG aspects will be given even greater attention. Starting in the 2022/2023 financial year, they are reflected in our target system via the three non-financial indicators.

SUSTAINABILITY ENSHRINED IN OUR TARGET SYSTEM



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

Key indicators can also be headed on a downward trajectory in the short term. This is partly a typical feature of the business because, for example, income from Fund Services falls after investments are disposed of. This can also be attributable to external factors that can change significantly at short notice. This is the case, for example, with the valuation levels of listed peer group companies when we measure the fair value of our equity investments on a quarterly basis.

Financial objectives

Financial objective: Build the value of the Private Equity Investments business segment

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 higher the increases in value that can be realised with the investments we have made, and the more pronounced the gross portfolio value increases as a result, the greater the increase in the value of the business segment.

Financial objective: Build the value of the Fund Investment Services business segment

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 higher the growth in fee income from Fund Investment Services, which tends to be volume-based, and the extent to which it exceeds the corresponding expenses, the greater the long-term increase in the value of the business segment.

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

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

Non-financial objectives

We enhanced our non-financial objectives in the year under review. Previously, our target system included the non-financial objective "Garner esteem as a financial investor in the mid-market segment", which involved reporting the key performance indicator "Number of investment opportunities that we address each year". In the current environment dominated by fundamental macroeconomic changes, however, the quality of investment opportunities is becoming even more important than it was in the past and is now more of a priority than the number of opportunities pursued. Since, however, assessing the factors that determine the quality of an investment opportunity is a complex matter, it is not possible to summarise and report them in a single indicator.

Our target system has also included the non-financial objective "Garner esteem as an advisor of private equity funds" in the past. The key performance indicator used for this objective to date has been "Share of capital commitments of returning investors". We can only, however, update this figure in a year in which a new DBAG fund has been launched. What is more, there are several reasons why it might change. While in general, a high proportion of returning investors signals that we are held in high esteem, there are some funds where a relatively low proportion can signify that DBAG has been successful in addressing new investors, a success story for its placement power.

At the same time, non-financial objectives relating to ESG aspects are evidently becoming increasingly important on the capital market and among the public at large. DBAG has been committed to the principles of sustainable corporate conduct for many years out of conviction. Aside from voluntary commitments entered into by the business world, which are considered to be very important in social dialogue, these calls are now also increasingly finding their way into statutory and regulatory requirements. This is why the Board of Management is convinced that ESG aspects have become extremely important when it comes to achieving the core business objective for DBAG's business activities, namely achieving a sustainable increase in the Company's value.

This has prompted us to remove the two previous non-financial objectives "Garner esteem as a financial investor in mid-sized companies" and "Garner esteem as an advisor of private equity funds" from our target system starting in the 2022/2023 financial year and replace them with non-financial objectives relating to ESG aspects.

Within this context, we have defined those ESG action areas that are of particular importance to DBAG and its portfolio companies. We consider greenhouse gases, employee satisfaction and compliance to be essential for DBAG's business success. Taking this as a basis, we have defined the following three non-financial objectives:

Non-financial objective: Reduce or avoid greenhouse gas emissions

Business travel and company cars account for a major part of DBAG's carbon footprint. To prevent the generation of climate-damaging greenhouse gas emissions through travel, we encourage our staff to use the train as an alternative to short-haul flights and use video conferencing wherever possible and sensible to avoid travel. There will be no new company cars added to our fleet as from the 2022/2023 financial year and lease contracts of company cars currently in use will not be renewed. Instead we will be offering our employees a transit card starting 1 January 2023, making it easier for them to increase use of public transport and reduce private car trips.

Non-financial objective: Improve employee satisfaction

Our success is virtually impossible without the professional and personal skills of our people, their experience and commitment. Whereas our previous non-financial objective was to retain experienced and motivated employees, our focus from the 2022/2023 financial year onwards will be on boosting employee satisfaction. The more satisfied our employees are, the more we can assume that they will want to continue their professional development at DBAG.

In particular, we promote a project organisation based on teamwork and a system that ensures that responsibility is transferred swiftly in all areas of DBAG. Measures to promote employee health are just as much a part of the benefits we offer our employees as options to work remotely are. We cultivate a culture of respect, openness and flat hierarchies – just as we promote professionalism and stable processes. Our remuneration and incentive system is geared towards encouraging achievement and offering a motivating work environment.

Non-financial objective: Prevent compliance breaches

We are strictly against all forms of corruption or other unethical business practices. In order to meet these high compliance standards both within DBAG and in our dealings with portfolio companies, we have introduced a comprehensive compliance system that documents and regulates our obligations. Our Code of Conduct sets out our central values and guiding principles. Our Compliance Guideline sets out detailed regulations and information on implementation, for example with regard to dealing with gifts and invitations or the cooperation with sales partners.

Steering and control

Key performance indicators

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

We had not previously defined a separate indicator for the achievement of our core business objective, but had rather reported on the development of our six financial and non-financial objectives, which influenced the core business objective both directly and indirectly.

As of the 2022/2023 financial year, we will be using net asset value as the key performance indicator for the sustainable increase in DBAG's value. It is calculated as total assets minus total liabilities. This value is directly influenced by our financial objectives.

The main asset item is financial assets. These mainly include the gross portfolio value, reduced by carried interest entitlements resulting from shareholder contributions made by members of the investment advisory 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 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.

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

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

In the past we have used the net asset value of Private Equity Investments to measure and manage our previous financial objective of "building the value of Private Equity Investments". We used the following definition: financial assets, other financial instruments and financial resources, with credit lines being deducted to the extent that they had been drawn.

Going forward, we will focus on the development of earnings in this business segment, as with the key performance indicator for Fund Investment Services. Earnings before taxes in Private Equity Investments is largely determined by the increase in the value of our portfolio companies. We calculate their fair values on a quarterly basis using valuation multiples of listed peer group companies. The fact that the resulting values can fluctuate considerably, depending on the valuation multiples that apply on a given date, lies in the very nature of our business. This is why an appropriately long period of time is required to evaluate DBAG's success.

Key performance indicator for the financial objective "Build the value of the Fund Investment Services" business segment

In order for the Fund Investment Services business segment to be successful, there have to be substantial assets under management or advisory that increase in the medium term; the volume of these assets determines the income from Fund Services. In addition to income from

Fund Services, which is determined by the volume of assets under management or advisory, earnings before taxes generated by Fund Investment Services are significantly influenced by the cost of identifying investment opportunities, of supporting the portfolio companies, and of their ultimate disinvestment. We measure whether we have achieved the financial objective "Build the value of Fund Investment Services" by looking at the long-term development of earnings from Fund Investment Services.

Earnings from Fund Investment Services 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 which rise whenever possible"

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

Key performance indicator for the non-financial objective "Reduce or avoid greenhouse gas emissions"

By cutting emissions from operations per employee (FTE), we intend to do our part. We measure our progress regarding the reduction of emissions based on the total scope 1, scope 2 and scope 3 emissions from our business activities, which we calculate in accordance with the Greenhouse Gas Protocol. When looking at scope 3, we currently take into account emissions from business travel and commuting; these are emissions we can influence. Further emissions from operations are those stemming from advisory services we purchase. Most advisers however do not (yet) provide evidence of their carbon footprint, which prevents us from aligning our purchasing decisions with our ambition to reduce emissions.

Key performance indicator for the non-financial objective "Improve employee satisfaction"

In the past, we measured whether we had succeeded in retaining experienced employees on the basis of the average length of service. We monitor the employee satisfaction trend on an ongoing basis with the help of the digital tool TeamEcho, which gives us feedback on issues relating to organisational culture, leadership at DBAG, working conditions and other aspects. The tool also calculates the employee satisfaction index as the arithmetic mean of all surveys conducted in a given financial year. We will use this index as a key performance indicator starting in the 2022/2023 financial year.

Key performance indicator for the non-financial objective "Prevent compliance breaches"

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

BUSINESS REVIEW OF THE GROUP

Comparison between actual business developments and the forecast

		Actual 2020/2021 and 30 Sep 2021	Original forecast November 2021	New forecast July 2022	Actual 2021/2022 and 30 Sep 2022	Degree of fulfillment forecast November 2021	Degree of fulfillment forecast July 2022
Financial performance indicators							
Private Equity Investments							
Net asset value (reporting date)	€mn	678.5	680.0 to 755.0	570.0 to 630.0	573.7	Expectation not met	Expectation met
Net income from investment activity	€mn	178.4	60.0 to 75.0		(98.9)	Expectation not met	
Cash flow from investment activity	€mn	28.2	50.0 to 65.0		(131.6)	Expectation not met	
Fund Investment Services							
Income from Fund Services	€mn	43.4	41.0 to 44.0		44.3	Expectation exceeded	
Earnings from Fund Investment Services[1]	€mn	18.0	11.0 to 12.0	14.0 to 16.0	15.4	Expectation exceeded	Expectation met
Assets under management or advisory (reporting date)	€mn	2,473.2	2,475.0 to 2,605.0		2,504.3	Expectation met	
Shareholders							
Dividend per share	€	1.60	1.60		0.80	Expectation not met	
Non-financial performance indicators							
Private Equity Investments							
Investment opportunities		306	266 to 294		246	Expectation not met	
Fund Investment Services							
Share of capital commitments of returning investors[2]	%	86	at least 75		86	Expectation met	
Employees							
Average length of company service	Years	7.4	unchanged		6.6	Expectation not met	
Other indicators							
Net income in accordance with IFRS	€mn	185.1	60.0 to 75.0	(70) to (85.0)	(97.6)	Expectation not met	Expectation not met
Net income in accordance with the HGB	€mn	64.5	70,0 to 80,0		0.7	Expectation not met	

1 Also used as a key performance indicator for the core business objective

Negative developments throughout the 2021/2022 business year on the capital markets with falling multiples impacting heavily on the valuations of our portfolio companies, coupled with changes to the macroeconomic environment which burdened earnings at some of our portfolio companies, caused us to downgrade our forecasts for the key performance indicators relevant to DBAG several times. In the course of our most recent forecast adjustment, we reduced assumptions for net income. The original guidance was not met for most key performance indicators, but the most recent forecast was achieved.

The net asset value and net income from investment activity were largely defined by the performance of the portfolio companies; net income from investment activity was clearly lower than the original expectations, driven in particular by the negative performance of the portfolio companies.

Cash flow from investment activity was clearly negative during the year under review, marked in particular by six acquisitions, offset by two partial disposals and a refinancing. The volatility of the cash flow from investment activity is due to reporting-date factors and also due to cash flows being concentrated on a few – yet sizeable – amounts in the transaction business, which is typical for Deutsche Beteiligungs AG’s business model.

Income from Fund Services reached the target, supported by DBAG Fund VIII and DBAG Fund VII, which accounted for the majority of income as anticipated. Earnings from Fund Investment Services exceeded original expectations and achieved the increased range. The assets under management or advisory decreased slightly during the period under review instead of modestly increasing as forecasted. Because of the weakened M&A market, we were able to examine fewer investment opportunities than originally assumed. As no new funds were raised in the period under review, the share of capital commitments of returning investors was not applicable in this period.

The dividend proposed for the year under review is below the previous year's figure and does not meet the forecast. The proposed dividend reflects the considerable influence that the combination of inflation, supply chain disruptions and recession forecasts has had on our business. The average length of service of employees of Deutsche Beteiligungs AG declined due to new employee hires and the departure of employees. Net income did not meet our original expectations for the same reasons as net asset value of Private Equity Investments and net income from investment activity. Net income in accordance with the HGB fell below the expected forecast range, primarily because net gains and losses on measurement and disposal were lower than expected due to unrealised disposals as well as write-downs on financial assets as a result of the changed macroeconomic and geopolitical environment.

Macroeconomic and sector-specific environment

Real economy: The war in Ukraine sets off global economic downturn

The global macroeconomic environment was on a path to recovery before the war of aggression against Ukraine broke out in February 2022. Immediately thereafter, severe uncertainty set in. Adding to this, energy prices skyrocketed in the wake of economic sanctions against Russia.

In Germany, the ifo business climate index plummeted by more than 8 points to 90.7 in March. Expectations declined more dramatically by 14 points to 84.6[1]. The war also left a clear mark on consumer confidence. According to GfK, consumers' economic and income expectations collapsed in March and nearly reached some of the record lows seen during the financial markets crisis in 2009[2].

ifo's business forecasts continued to fall over the course of the year and, by September 2022, had reached the floor established when the pandemic broke out in early 2020[3]. A similar picture developed for consumer confidence. In light of widespread concerns about a recession and very high inflation, expectations of future income in particular declined to a record low[4].

[1] ifo Business Climate Index March 2022
[2] GfK Consumer Climate Study for March 2022
[3] ifo Business Climate Index September 2022
[4] GfK Consumer Climate Study for September 2022

The rate of inflation in Germany (consumer prices) was 10.0 per cent in September 2022 – its highest level since reunification. The key drivers of inflation are energy (+43.9 per cent) and food prices (+18.7 per cent)[5].

The same trends can be seen around the world: on a broad front, the global economy is experiencing a downturn, with a slight decrease in global economic output in the second quarter of 2022 according to the International Monetary Fund (IMF). Meanwhile inflation rates, driven largely by energy and food prices, have been increasing dramatically. In the eurozone, inflation reached the double-digit mark for the first time in September at 10.0 per cent. The US was technically experiencing a recession in the first half of 2022, with real GDP again declining in the second quarter. However, the robust jobs market there fuelled private consumption despite dramatic increases in inflation[6]. The Chinese economy continued to suffer under the government's very restrictive zero-Covid policy. In particular, this negatively impacted performance in the second quarter, with economic output again receding. The property/construction sector, which accounts for a fifth of economic output, represents another fundamental risk for the Chinese economy[7].

DBAG’s portfolio companies also feel the deteriorated operating conditions, even though their exposure to Russia, Belarus and Ukraine is very limited, with these three countries accounting only for about one per cent of the revenues all the portfolio companies are expected to have generated in 2022. Despite high orders on the books, a wide range of supply bottlenecks for components, sharp upticks in raw materials and energy costs and freight rates continue to have a negative effect on the overall situation. By expanding its investment strategy to sectors outside of the manufacturing industry, DBAG was able to reduce the risks arising from economic and structural changes for the entire portfolio in the previous years. Broadband telecommunications investments, for example, continued to benefit from the trend towards nationwide coverage with high-performance gigabyte networks. The digitalisation trend is also supporting the demand for services and products of the investments in the IT services & software sector.

Financial markets: Controlling inflation is a top priority

In response to the sharp rise in inflation, most central banks have instituted restrictive interest rate and monetary policies. As a result, short-term interest rates were hiked across the board, sometimes considerably, with the US Federal Reserve being the first to do so, and bond buy-back programmes were terminated. Nominal interest rates are generally again at higher levels than before the Covid-19 pandemic broke out. The Federal Reserve has clearly signalled that fighting inflation is a priority and is prepared to significantly increase interest rates again to achieve its target of 2 per cent for inflation[8]. Due to the Federal Reserve's trend-setting role, the value of the US dollar rallied against other currencies.

In the eurozone, by contrast, the key interest rates were not raised until July 2022: the main refinancing rate was lifted from its floor of zero per cent (since March 2016) to 2.00 per cent, the marginal lending facility rate that had been 0.25 per cent since March 2016 was increased to 2.25 per cent and the deposit rate, which had been -0.5 per cent since September 2019 was raised to 1.50 per cent[9]. There was once again interest on commercial bank deposits held with the ECB.

Demand for corporate loans continued to rise in Germany in the first six months of 2022, before declining sharply in the third quarter, yet remained positive on balance, thanks to the high demand for short-term funding of inventories and current assets. At the same time, banks

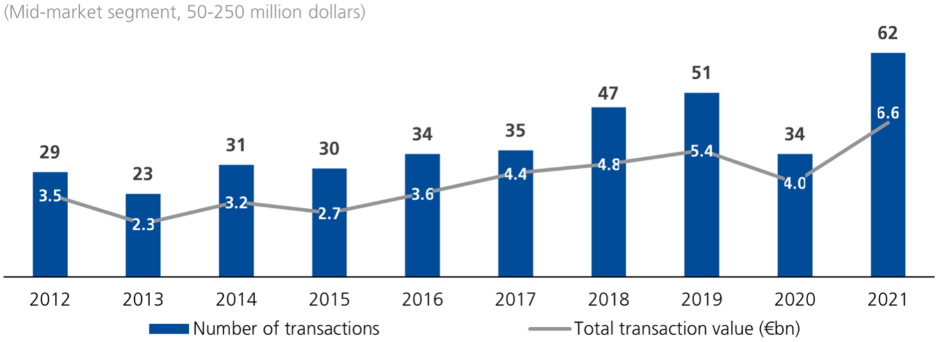
[5] Federal Statistical Office, press release no. 438 from 13 October 2022
[6] US Bureau of Economic Analysis; 29 September 2022
[7] International Monetary Fund, World Economic Outlook October 2022
[8] Federal Reserve Issues, FOMC Statement 21 September 2022
[9] European Central Bank, press release from 27 October 2022

started to be more restrictive on loan terms.[10] The overall picture shows that financing conditions have deteriorated for companies in Germany. Where DBAG's portfolio companies have been hit harder than others by the challenging environment, we committed additional equity to support individual companies in adapting their financing structure. This applied to nine investments, for which a total volume of 13.9 million euros was made available.

The important supply of acquisition financing remained good through the end of 2021, supported above all by the offerings from private debt funds that accounted for over 63 per cent of all financings in the German market in calendar year 2021, according to the most recent figures provided by Houlihan Lokey. Indeed, the number of debt-financed transactions rose dramatically to a record high in 2021 after 2020 had been shaped by the Covid-19 pandemic. The most recent volume of 161 transactions showed a nearly six-fold increase in the decade from 2012 to 2021[11]. Since the beginning of 2022, however, we have seen a significant decline in offerings from private debt funds, and other debtors have become more selective, too, leading to rising loan prices.

Private equity market 2021: New records – pandemic slump overcome

NUMBER OF MBOS AND TRANSACTION VOLUME
(Mid-market segment, 50-250 million dollars)



Due to the limited size and varied structure of the private equity market, comparisons over short periods of time continue to offer only low informational value. Furthermore, transparency is limited, since for every transaction on which a value is published, there are several transactions on which no quantitative information is released. As a result, the statistical information available from various sources does not provide a true picture of market activity. We therefore perform our own market analysis once a year, together with the industry magazine FINANCE, to examine the market segment which DBAG addresses.

According to the most recent analysis available, in 2021, i.e. before Russia's invasion of Ukraine, financial investors structured a record number of 62 management buyouts (MBOs) in German mid-sized companies – 80 per cent more than the historical average of the previous ten years. The dip of 34 transactions brought on by the pandemic the year before was overcome, and the previous high of 51 transactions that was registered in 2019 markedly exceeded. The same holds true for the company assets involved in these transactions, which posted a 1.2 billion euro increase from the pre-pandemic levels of 2019, to reach 6.6 billion euros. Over the past five years, the market has grown by around 13 per cent per annum on average.

In more than half of these cases – 33 out of 62 deals – it was founders or family owners selling their companies. This often also involved handing over company management to successors.

[10] European Central Bank, Bank Lending Survey, third quarter of 2022
[11] Houlihan Lokey: "MidCapMonitor Q4 2021"

Up to the middle of the last decade, transactions of this kind were more of an exception than the norm. 13 MBOs were transactions between financial investors, pushing the share of secondary buyouts to a record low. The remaining buyouts involved groups spinning off non-core activities by selling them to a financial investor. The sector breakdown of *Mittelstand* MBOs has continued to shift towards the healthcare and IT services & software sectors; investments in industry and industrial technology play a lesser role.

DBAG contributes to the two dominant market trends. Among DBAG's MBOs agreed and completed in the year under review, four out of five related to IT services & software companies. As part of the investments, DBAG also structured succession arrangements for the founder-managed or family-owned businesses. Over the past ten years, roughly 60 per cent of DBAG's transactions involved family-owned companies. Only 40 per cent of the 376 *Mittelstand* buyouts fell into this category between 2012 and 2021.

Competition on the private equity market remains intense. During 2021, more than 40 financial investors were involved in the 62 transactions in German mid-market companies. Over half these transactions were structured by German private equity firms (32 out of 62 MBOs). The share of multinational, pan-European private equity funds declined year-on-year (48 per cent after 56 per cent). One private equity company structured five MBOs; DBAG and three other firms structured three transactions each. Over the past ten years, DBAG has achieved the highest market share with 25 out of 376 MBOs (seven per cent). The runner-up in this market segment has 19 transactions, while three competitors have 16 MBOs each. Besides DBAG, the statistics show that only six private equity houses have structured more than ten mid-market buyouts since 2012[12].

This information, however, refers to the time before the war in Ukraine, as pointed out earlier. A survey conducted by the industry magazine FINANCE in the second half of May 2022 – i.e. after Russia attacked Ukraine – among investment managers working for mid-market private equity companies (i.e. the same market segment as described above) revealed that only six per cent of the surveyed managers reported difficulties buying or selling companies. On a scale from 1 to 10, the investment managers rated their deal flow at 5.65, with 10 being a strong deal flow. Compared to the multiple-year average value of 5.47, this year's result is thus above average; compared to the last two surveys in summer and winter 2021 however the result is weaker. In summer 2021, private equity investors rated the deal flow at 6.07, in winter 2021 even at 6.43, marking an all-time high. Catch-up effects, which were felt on the M&A market especially in the second half of 2021, should have largely petered out since the beginning of this year.

At the end of the 2021/2022 financial year, DBAG assessed the risk that the general economy and economic cycles could have a negative impact on the financial position and financial performance of the portfolio companies as "very high". This also includes the risk of extended holding periods of investments, resulting in the gains on disposal being postponed or reduced.

[12]Transactions where financial investors have acquired a majority stake in a German company 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.

Review of key events and transactions

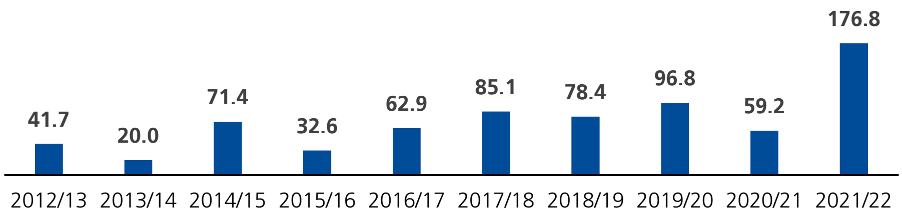
Private Equity Investments: Focusing on expanding the portfolio to include attractive new investments and add-ons

Long-Term Investments make up a growing share of the overall investments

Following the 2020/2021 financial year, which focused on disposals of mature equity investments and the development of recently acquired investments, the focus shifted in the 2021/2022 financial year to expanding the portfolio with new equity investments and add-ons to existing portfolio companies. Where companies have been hit harder than others by the challenging environment, such as the steep hike in commodities prices or supply chain disruptions, we committed additional equity to support individual companies in adapting their financing structure. This applied to nine investments, for which a total volume of 13.9 million euros was made available.

DBAG invested 176.8 million euros from its balance sheet in 2021/2022 (previous year: 59.2 million euros); this sum not only comprises new investments, but also increases in existing investments that were completed in the year under review. Of this amount, 39.1 million euros was accounted for by two new investments completed in the year under review that had been agreed in the year prior. 109.8 million euros (previous year: 57.6 million euros) of the investment decisions transacted in the year under review were attributable to the co-investments made by DBAG (largely) alongside DBAG Fund VII and DBAG VIII. A further 53.2 million euros (previous year: 16.0 million euros) were accounted for by Long-Term Investments, with the volume of investing in this new offering introduced two years ago more than doubling year-on-year. The investment decisions made as advisers and/or managers of DBAG funds not only related to the new MBOs, but 45.5 million euros (thereof DBAG: 11.3 million euros) were also attributable to the financing of add-ons by the portfolio companies.

INVESTMENT IN THE PORTFOLIO
€mn



Expanding the portfolio to include attractive new investments, dynamic development of the existing portfolio, successful partial disposals and refinancing

The period under review saw a high level of investment activity involving both new management buyouts (MBOs) and Long-Term Investments as well as add-ons. We were again able to explore a wide range of new investment opportunities and provide support for eight new equity investments completed in the year under review, two of which had been agreed upon in the previous year but were not completed until the year under review. The following transactions were made in the year under review:

- six new MBOs (Dantherm, freiheit.com, in-tech, Itelyum, akquinet and MTWH) and two new Long-Term Investments (Green Datahub, vhf) completed; two of the six new MBOs had already been agreed in the year prior (Dantherm, Itelyum);

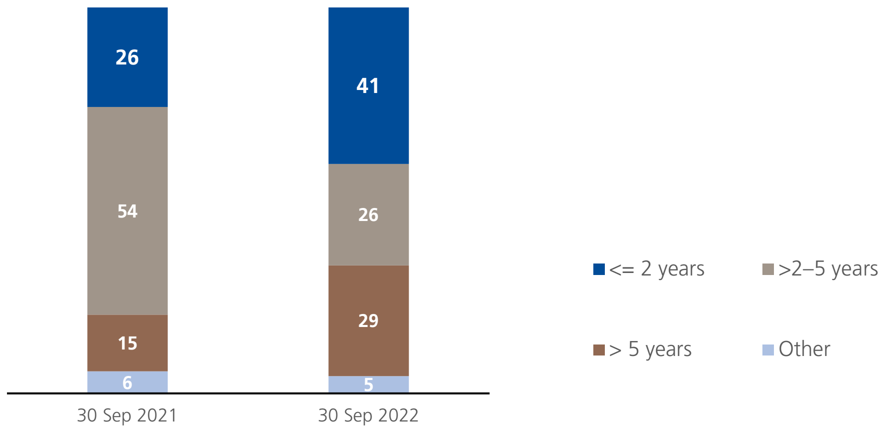
- 28 add-ons of existing portfolio companies, of which 26 completed and two were agreed;
- partial disposals of two portfolio companies (Telio, GMM Pfaudler), disposal of one portfolio company (Sjoelund);
- refinancing of one portfolio company (von Poll Immobilien).

freiheit.com was one of the four new MBOs agreed and completed in the year under review. The company specialises in developing large-scale software systems using internet technology. in-tech offers global technological and process consulting, engineering services and software development. akquinet specialises in rolling out EPR systems (SAP and Microsoft) and the customised development of software solutions. MTWH designs and produces high-quality metal accessories for luxury fashion brands. MTWH represents the third equity investment in Italy.

The new equity investments were offset by two partial disposals completed in the year under review. This compares with four disposals in the 2020/2021 financial year, two of which were partial disposals. The two completed partial disposals related to: GMM Pfaudler, a firm specialising in mechanical engineering solutions for the chemical and pharmaceutical industries, and Telio, a provider of communications and media systems for correctional facilities. The investment in Sjoelund, a manufacturer of bent aluminium and steel components, was disposed of for the symbolic price of one Danish krone; its disposal translated into a very small negative earnings contribution in the year under review.

At the end of the financial year 2021/2022, DBAG’s investment portfolio therefore consisted of 39 companies (previous year: 32), including the three partially disposed equity investments evidia, GMM Pfaudler and Telio. Added to this are the investments which are no longer expected to deliver any appreciable value contributions, including the investment in an externally managed foreign buyout fund, and companies through which warranties on disposals are settled.

STRUCTURE OF THE PORTFOLIO ON BASIS OF ACQUISITION COSTS
%



Holding period of the portfolio companies

The share of investments in the portfolio for up to two years was 41 per cent on the reporting date on the basis of the acquisition costs (previous year: 26 per cent). Investments that we have already been supporting for more than two to five years account for around 26 per cent (previous year: 54 per cent). This is typically the period during which the implementation of the agreed measures for realising the development potential gain momentum. The negative economic influences experienced in manufacturing industry since 2019, the pandemic, the growing upward pressure on energy and raw material prices, interest rates and recession forecasts since the war in Ukraine started coupled with supply chain disruptions could delay the companies' development and lead to a longer holding period. The share of companies that have been in the portfolio for more than five years rose in the period under review accordingly to 29 per cent on the reporting date on the basis of the acquisition costs (previous year: 15 per cent).

Long-Term Investments: Acquisition of Green Datahub and vhf Group

Completed in July 2022, Green Datahub marks DBAG's third Long-Term Investment. DBAG invested around 25 million euros, thereby strengthening the company's equity base. Green Datahub operates two co-location data centres, which are used by multiple customers to run their own servers in a suitable, secure environment.

The investment in vhf Group is DBAG's fourth Long-Term Investment. It was completed in July 2022, with DBAG investing 25 million euros. vhf develops and produces computer-controlled milling machines that are predominantly used by commercial dental laboratories – as well as dentists in their own laboratories – for making dental prostheses.

As at 30 September 2022, DBAG's portfolio comprised 39 portfolio companies and one investment in an externally managed foreign buy-out fund.[13]

DBAG Fund VIII

Name, event, registered office	Description of company activities	Date of agreement or closing	Employees, revenues (€mn, rounded)	Equity contribution from DBAG (€mn, rounded)
Dantherm MBO, Denmark Add-on: Trotec, Germany	Industry and industrial technology Heating, cooling, drying, ventilation and air cleaning technology	11/2021 (closing Dantherm) 5/2022 (closing Trotec)	822, 336 (forecast 2021 resp. 2022)	22
Fire Add-on: ABBS Group, Belgium	Industrial services Fire protection systems	10/2021 (closing)	250, 70 (2020)	-
freiheit.com MBO, Germany	IT services & software Software Engineering	1/2022 (closing)	150, 30 (forecast 2021)	21
in-tech MBO, Germany Add-on: Ruetz, Germany	IT services & software Provider for technological and organisational advisory and engineering services	3/2022 (closing in-tech) 5/2022 (closing Ruetz)	1.581, 132 (prelim. figures 2021 resp. budget 2022)	17
MTWH MBO, Italy	Industry and industrial technology Manufacturer of metal applications for the luxury goods industry	6/2022 (closing)	ca. 250, 64 (budget 2022)	15

DBAG Fund VII

Name, event, registered office	Description of company activities	Date of agreement or closing	Employees, revenues (€mn, rounded)	Equity contribution from DBAG (€mn, rounded)
akquinet MBO, Germany	IT services & software Implementation of ERP systems (SAP and Microsoft) and customised development of software solutions	6/2022 (closing)	751, 135 (budget 2022)	up to 5
Cloudflight Add-ons: Cognostics, Germany Macio, Germany Divante, Poland mogree, Austria	IT services & software Beratung, Software-Entwicklung und Cloud-Betrieb	11/2021 (closing Cognostics, Macio) 1/2022 (closing Divante) 8/2022 (closing mogree)	total >470, 34 (prelim. figures 2021 resp. 2022)	-
Itelyum MBO (minority investment), Italy	Industrial services Recycling of complex industrial waste	10/2021 (closing)	>800, 353 (budget 2021)	n/a
operasan Add-ons: MVZ Herne, Germany NZ Kamen, Germany NZ Leipzig, Germany NZ St. Wendel, Germany	Healthcare Nephrology	2/2022 (closing MVZ Herne) 7/2022 (closing NZ Leipzig) 8/2022 (agreement NZ Kamen, NZ St. Wendel)	190, 25 (prelim. figures 2021 resp. budget 2022)	7
Sero Add-on: Syncron EMS, USA	Industrial services Development and manufacturing service provider for electronic components	1/2022 (closing)	70, 12 (prelim. figures 2021)	-

[13] For acquisitions, the figures in the tables relate to the companies acquired.

DBAG Fund VI

Name, event, registered office	Description of company activities	Date of agreement or closing	Employees, revenues (€mn, rounded)	Equity contribution from DBAG (€mn, rounded)
Dieter Braun Add-on: Assmann, Germany	Industry and industrial technology Cable systems and interior lighting	7/2022 (closing)	80, 22 (2021)	-
GMM Pfaudler Partial disposal, Germany	Industry and industrial technology Corrosion-resistant technologies, systems, and services for the chemical, pharmaceutical, food and energy industry	8/2022 (agreement)	989, 216 US$mn (2020/2021)	-
Silbitz Add-on: Eisengießerei Torgelow, Germany	Industry and industrial technology Hand-moulded and automated machine-moulded castings on steel and iron basis	11/2021 (closing)	>320, 6 (prelim. figures 2021)	1
Telio Partial disposal, Germany	Other Communications and media systems for correctional facilities	12/2021 (closing)	294, 83 (2020)	-

DBAG ECF

Name, event, registered office	Description of company activities	Date of agreement or closing	Employees, revenues (€mn, rounded)	Equity contribution from DBAG (€mn, rounded)
BTV Multimedia Add-on: STW, Austria	Broadband/telecommunications Equipment and service for broadband communications	8/2022 (closing)	10, 40 (budget 2022)	2
netzkontor Add-ons: MFB-Com, Germany MMD, Germany KaDu, Germany KLU, Germany S&P, Germany SAS, Germany	Broadband/telecommunications Services for the telecommunications sector	11/2021 (closing MFB-Com) 12/2021 (closing MMD) 8/2022 (closing KaDu, KLU) 9/2022 (closing S&P, SAS)	289, 42 (2020 resp. prelim. figu-res 2021)	-
Solvares Add-ons: FLS UK, UK mobileX, Germany Opheo Solutions, Germany	IT services & software Resource scheduling and route optimisation software	11/2021 (closing FLS UK) 12/2021 (closing Opheo Solutions) 7/2022 (closing mobileX)	126, 14 (prelim. figures 2020 resp. 2021 resp. budget 2022)	4
vitronet Add-ons: Alexander Pitzen Tief- und Straßenbau, Germany, Horstmann Fernmeldebau, Germany Diroba, Germany Kabel- und Tiefbau, Germany	Broadband/telecommunications Fibre optic and energy infrastructure in Germany	11/2021 (closing Alexander Pitzen Tief- und Straßenbau) 12/2021 (closing Horstmann Fernmeldebau, Closing Diroba) 2/2022 (closing Kabel- und Tief-bau)	186, 42 (forecast 2021)	-
von Poll Immobilien Re-financing	Other Premium real estate agency with some 380 offices across Germany, Austria and Switzerland	12/2021 (closing)	Approx. 1.500 including estate agents, 144 (2021)	-

Long-Term Investments

Name, event, registered office	Description of company activities	Date of agreement or closing	Employees, revenues (€mn, rounded)	Equity contribution from DBAG (€mn, rounded)
Green Datahub MBO, Germany	IT services & software Data centre	6/2022 (closing)	n.m., 10 (budget 2022)	In total up to 25
Hausheld Follow-on investment	Industrial services Development of smart metering solutions for electricity networks	3/2022 (closing)	34, 1 (2021)	3
vhf Minority investment, Germany	Healthcare CNC milling machines and tools for the dental, industrial and sign making sectors	8/2022 (closing)	Approx. 350, 56 (budget 2022)	25

Fund Investment Services

As planned, no new investment periods began for DBAG funds in the period under review. For DBAG Fund VIII, the investment period began in August 2020, and solid investment progress was made during the year under review. The callable capital commitments, and therefore the assets under management or advisory, have increased significantly to around 2.5 billion euros with DBAG Fund VIII, positively influencing income from Fund Services.

Developing activities in Italy

DBAG continued to develop its activities in Italy in the year under review. Staffing levels at the Milan office that was opened in the 2020/2021 financial year were increased to service the Italian market even better. The investment advisory team based at the DBAG Italia s.r.l. subsidiary office in Milan that identifies and structures investment opportunities for the DBAG funds and supports the portfolio companies in their further development was increased to four members. Following the investment in Pmflex in the previous year, another two larger investments in Italian companies were completed during the year under review, namely Itelyum and MTWH. On the reporting date, roughly one year after the Milan office opened, three of DBAG's 39 portfolio companies were Italian. In future, up to 25 per cent of any given fund's volume may be invested in Italy.

Financial performance

Overall assessment: Net income down significantly on the previous year

At -97.6 million euros, DBAG’s net income for the financial year 2021/2022 is significantly below the previous year. It is defined in particular by lower valuation multiples of peer group companies, which we use to value our portfolio companies. In addition, the significant changes to the macroeconomic environment which emerged during the year under review burdened earnings at some of our portfolio companies. Last year, net income was still influenced by the positive development of the results of our portfolio companies, the post-pandemic capital market performance and disposals, and was therefore very positive.

In the Private Equity Investments segment, net income from investment activity fell from 178.4 million euros in the previous year to -98.9 million euros in the financial year under review. The negative contribution was especially due to changes in multiples. As we communicated in our ad-hoc disclosures in March, April, July and October 2022, the negative development of the peer group companies on the capital market had an adverse impact on net measurement gains and losses. Many central banks have reverted to a more restrictive interest rate and monetary policy in response to the sharp increase in inflation. The outbreak of war in Ukraine in the second quarter of 2021/2022 impacted significantly on energy prices and is driving up inflation. It has become clear that rising energy and raw material prices along with supply chain disruptions have a stronger influence on some DBAG portfolio companies, making it unlikely that these companies will reach their earnings targets.

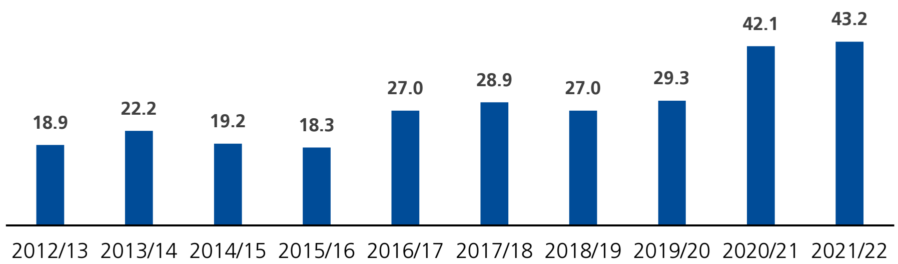
In the Fund Investment Services segment, at 43.2 million euros, income from Fund Services was slightly higher than in the previous year (42.1 million euros). Net expenses under “other income/expense items” in the condensed consolidated statement of comprehensive income increased, especially due to the expansion of DBAG’s team and higher advisory expenses, plus one-off expenses related to a member of the Board of Management stepping down.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		
€'000	**2021/2022**	2020/2021
Net income from investment activity	(98,883)	178,378
Income from Fund Services	43,156	42,083
Income from Fund Services and investment activity	**(55,726)**	**220,461**
Personnel expenses	(24,550)	(23,101)
Other operating income	3,739	3,623
Other operating expenses	(18,274)	(14,546)
Net interest income	(1,107)	(718)
Other income/expense items	**(40,192)**	**(34,741)**
Earnings before taxes	**(95,918)**	**185,720**
Income taxes	(1,639)	(577)
Earnings after taxes	**(97,557)**	**185,143**
Net income attributable to other shareholders	(7)	(9)
Net income	**(97,564)**	**185,134**
Other comprehensive income	8,624	2,199
Total comprehensive income	**(88,939)**	**187,333**

Overview: Negative capital market development adversely impacts investment activity

INCOME FROM FUND SERVICES AND INVESTMENT ACTIVITY declined considerably compared with the previous year. This was as a result of lower net income from investment activity that mainly determines this item, both in terms of amount and volatility (for details, please refer to the information under "Net income from investment activity"). Income from Fund Services was slightly above the previous year's level, as had been expected. In the year under review, we received fees of 19.1 million euros from DBAG Fund VIII, compared to 18.7 million euros in the previous year. Fees from DBAG Fund VII also increased slightly to 16.2 million euros (previous year: 14.5 million euros). As expected, income from DBAG ECF and DBAG Fund VI fell slightly (for details on the development of fees, please refer to the information under "Fund Investment Services segment").

INCOME FROM FUND SERVICES
€mn



Other income/expense items: Increase in net expenses

The rise in net expenses in **OTHER INCOME/EXPENSE ITEMS**, i.e. the net amount of personnel expenses, other operating income and expenses, as well as net interest income, resulted primarily from higher other operating expenses and, to a lesser extent, from higher personnel expenses.

PERSONNEL EXPENSES (see note 11 to the consolidated financial statements) increased by 1.4 million euros. This was partly attributable to higher expenses for fixed salaries because the number of employees averaged 85 in the financial year under review, compared to 77 for the previous year. On the other hand, provisions for performance-related remuneration declined by a total of 1.6 million euros, of which 0.5 million euros is attributable to provisions for the members of the Board of Management. One-off expenses related to a member of the Board of Management leaving the Company increased personnel expenses in the year under review. For more information on Board of Management remuneration, please refer to the remuneration report available on our website[14].

OTHER OPERATING INCOME increased compared to the previous year (see note 12 to the consolidated financial statements). This item is largely made up of income from consultancy expenses that can be passed through, which was down slightly from the previous year's figure (2.9 million euros). In addition, the item "Other" declined to 0.3 million euros (previous year: 0.4 million euros), while at 0.6 million euros, income from the reversal of provisions was higher (previous year: 0.2 million euros).

Income from consultancy expenses that can be passed through is offset by corresponding expense items of 2.8 million euros (previous year: 3.0 million euros), which are reported under **OTHER OPERATING EXPENSES** (for more information, please refer to note 13 to the consolidated financial statements). The latter increased in the year under review. Consulting expenses associated with identifying and developing new investment opportunities fell to 0.6 million euros (previous year: 2.0 million euros) as a result of the lower number of potential investments the investment advisory team was able to explore. In addition, maintenance and license costs for hardware and software increased to 1.1 million euros as part of the continuous expansion of our digital networks and security enhancements (previous year: 0.9 million euros). Travel and hospitality expenses of 0.9 million euros (previous year: 0.3 million euros) rose from the previous year's very low level due to the pandemic, and premises expenses were up slightly to 0.4 million euros (previous year: 0.3 million euros). Expenses for external staff and other personnel costs rose to 1.4 million euros (previous year: 0.5 million euros), and depreciation and amortisation to 1.5 million euros (previous year: 1.2 million euros).

NET INTEREST INCOME (see notes 14 and 15 to the consolidated financial statements) deteriorated overall, especially due to lower interest income of 0.0 million euros (previous year: 0.8 million euros) following the reclassification of interest income received from other financial instruments in net income from investment activity. Interest expenses declined in the year under review, to 1.1 million euros after 1.5 million euros in the previous year.

Other comprehensive income: Positive impact from increased discount rate

OTHER COMPREHENSIVE INCOME increased in the year under review. This is mainly due to higher actuarial gains on measurement of pension obligations (see note 26 to the consolidated financial statements "Gains (+) / losses (-) on remeasurement of the net defined benefit liability (asset)"). The underlying discount rate for pension provisions increased significantly by 2.86 percentage points to 3.74 per cent.

Net income from investment activity: Heavily burdened by developments on the capital markets

The change in **NET INCOME FROM INVESTMENT ACTIVITY** from 178.4 million euros in the previous year to -98.9 million euros in the 2021/2022 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 DISPOSAL**. This means that the net gains depend not

[14] See https://www.dbag.com/investor-relations/corporate-governance

only on the earnings outlook of the portfolio companies, but also – due to their valuation based on multiples of listed reference companies (peer groups) – on capital market developments. Net income from investment activity also includes current portfolio income and the net amount of expenses and income of the investment entity subsidiaries.

NET INCOME ATTRIBUTABLE TO OTHER SHAREHOLDERS OF INVESTMENT ENTITY SUBSIDIARIES corresponds to gross gains and losses on measurement and disposal. Specifically, this relates to carried interest entitlements resulting from private investments made by members of the investment advisory 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 carried interest changes, depending on the further performance of the fund investments 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 advisory team who co-invested alongside the funds.

Lower entitlements for DBAG ECF and DBAG Fund VI needed to be accounted for during the year under review; entitlements for DBAG Fund V and DBAG Fund VII were also lower. DBAG Fund VIII only commenced investments in August 2020. No carried interest has been recognised for this fund to date. In the previous year, higher entitlements especially for DBAG ECF and DBAG Fund VI had to be taken into account.

NET INCOME FROM INVESTMENT ACTIVITY

€'000	2021/2022	2020/2021
Gross gains and losses on measurement and disposal portfolio	(130,033)	202,722
Net income attributable to other shareholders of investment entity subsidiaries	28,263	(32,780)
Net gains and losses on measurement and disposal portfolio	**(101,771)**	**169,942**
Current portfolio income	14,587	14,809
Net portfolio income	**(87,184)**	**184,752**
Net gains and losses from other assets and liabilities of investment entity subsidiaries	(13,191)	(6,690)
Net gains and losses from other financial assets and other financial instruments	1,492	316
Net income from investment activity	**(98,883)**	**178,378**

CURRENT PORTFOLIO INCOME mainly relates to interest payments on shareholder loans, and exceeded the previous year's figure which had been mainly driven by the disposals of investments in DNS:Net and Rheinhold & Mahla closed in the previous year. In accordance with contractual agreements concluded in connection with these investments, DBAG was able to recognise interest. In the period under review, income largely related to one DBAG Fund VII company. The year-on-year increase in the amount of loans granted to existing and new portfolio companies also had an effect.

Changes to **NET GAINS AND LOSSES FROM OTHER ASSETS AND LIABILITIES OF INVESTMENT ENTITY SUBSIDIARIES** are mainly a result of remuneration for the respective managers of DBAG Fund VI, DBAG Fund VII and DBAG Fund VIII, based on the capital invested/committed by DBAG, plus incidental transaction costs for Long-Term Investments. **INCOME FROM OTHER FINANCIAL ASSETS** were lower in the year under review, in particular due to measurement effects through other financial assets.

Analysis of gross gains and losses on measurement and disposal

SOURCE ANALYSIS 1: As at the 30 September 2022 reporting date, we determined the fair value of 29 portfolio companies (previous year: 26) using the multiples method. We based this calculation (largely) on the expected result for 2022 and the company debt levels expected at the end of the year, as well as on capital market valuations and exchange rates at the reporting date. When Russian troops invaded Ukraine on 24 February 2022, negative news about the economy increased and reduced the willingness of consumers to spend and of companies to invest. In response to higher energy and raw material prices, as well as disruptions to supply chains and their negative impact on some of our portfolio companies, we used a sustainable result from today's perspective to value some of the portfolio companies. Eight portfolio companies (previous year: three) are still carried at their original transaction price because they have been held for less than twelve months. They account for 25.6 per cent of the portfolio value (previous year: 7.5 per cent). Our valuation of the externally-managed foreign buyout fund was based on the valuation of the fund manager. The valuation of the shares in GMM Pfaudler Ltd., which is listed on the stock market in India, is based on the closing price of the shares on the reporting date, to which we have applied a discount.

In the financial year 2021/2022, the contribution from the companies' **CHANGES IN EARNINGS** was positive, at 80.7 million euros. 19 companies (previous year: 16) made a positive contribution, whilst five companies (previous year: six) made a negative contribution. For several companies, improved earnings were the result of add-ons, which were accompanied by an increase in debt. Positive earnings contributions were mainly delivered by companies from the IT services & software and industry and industrial technology sectors, largely attributable to add-on acquisitions. Negative earnings contributions were attributable to rising input costs, among other things, which led to reduced earnings assumptions among some portfolio companies.

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

€'000	**2021/2022**	2020/2021
Fair value of unlisted investments		
Change in earnings	80,667	148,021
Change in debt	(78,612)	(73,748)
Change in multiples	(150,797)	85,581
Change in exchange rates	2,014	(247)
Change – other	2,293	1,415
Other	(519)	423
Subtotal	(144,954)	161,445
Net gains and losses on disposal	14,921	41,277
	(130,033)	**202,722**

As a general rule, we do not receive any current distributions from portfolio companies during the holding period. The portfolio companies therefore mostly use surpluses to reduce their **DEBT** and occasionally also for distributions in conjunction with refinancings. At the same time, growth through add-ons is a core element of the corporate strategy of many of our portfolio companies, designed to accelerate the expansion of their market presence. This applies in particular to our investments in broadband/telecommunications, IT services & software and healthcare, where our portfolio companies rely heavily on buy-and-build strategies to accelerate the expansion of their market presence. The resulting higher debt levels are offset by positive earnings contributions from the add-ons. Supply chain bottlenecks also led some of the portfolio companies to increase their funding requirements.

During the financial year 2021/2022, our portfolio companies' increased borrowings provided a higher net negative value contribution than in the previous year. 16 companies provided a negative value contribution from debt, while ten portfolio companies made a positive contribution from debt amounting to 23.4 million euros.

The change in **MULTIPLES** includes two effects. Firstly, we report the earnings contribution from changes to valuation multiples of listed peer group companies, which we use for the valuation of portfolio companies. Secondly, we take into consideration the findings derived from transaction processes. The earnings multiples of listed peer group companies on the reporting date of the financial year were largely lower than those on the reporting date of the previous year. In the year under review, the change in multiples led to a negative effect on earnings, primarily among investments in broadband/telecommunications and industrial services, whereas net contributions from this earnings component had been noticeably positive in the year before.

Changes in **EXCHANGE RATES** impacted in particular on the value of the investments in duagon (Swiss francs) and congatec (US dollar). As in the previous year, **CHANGES IN THE OTHER** item only had a minor impact on net gains and losses on measurement and disposal.

NET GAINS AND LOSSES ON DISPOSAL largely arose in the first three months of the period under review. This includes the value contributions from the partial sale of the investment in Telio and from the refinancing of von Poll Immobilien. In the previous year, net gains and losses on disposal largely arose from the disposals of evidia (formerly blikk), DNS:Net and Rheinhold & Mahla, a refinancing of netzkontor and the partial disposal of the investment in GMM Pfaudler.

The contributions to net measurement gains and losses shown in the **OTHER** item largely relate to the valuation of the shares in GMM Pfaudler Ltd., which is listed on the stock market in India. Discounting effects relating to residual items also played a role.

SOURCE ANALYSIS 2: Twelve portfolio companies (previous year: 18 portfolio companies) made a positive contribution to the development of net gains and losses on measurement and disposal in the year under review. Of these, two companies are valued at their disposal price.

20 (previous year: eleven) equity investments made a negative contribution to net gains and losses on measurement and disposal of the 2021/2022 financial year. A negative valuation effect also occurred for the remaining stake in an externally-managed foreign buyout fund.

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

€'000	**2021/2022**	2020/2021
Positive movements	42,702	216,725
Negative movements	(172,735)	(14,003)
	(130,033)	**202,722**

SOURCE ANALYSIS 3: Net gains and losses on measurement and disposal in the 2021/2022 financial year mainly reflect the overall negative development of multiples of the listed peer group companies. Furthermore, fewer disposals were possible, which – had they been realised – could have resulted in higher net gains and losses on disposal. For information on net gains and losses on disposal, we refer to source analysis 1.

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

€'000	**2021/2022**	2020/2021
Net measurement gains and losses	(144,954)	161,099
Unrealised disposal gains on imminent sales basis	0	346
Net gains and losses on disposal	14,921	41,277
	(130,033)	**202,722**

TEN-YEAR SUMMARY OF EARNINGS

	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	**2021/2022**
			11 months							
Net income from investment activity[1]	41.0	50.7	29.2	59.4	85.8	31.1	49.6	(16.9)	178.4	(98.9)
Income from Fund Services		22.2	19.2	18.3	27.0	28.9	27.0	29.3	42.1	43.2
Other income/expense items[2]	(7.3)	(24.5)	(21.3)	(28.4)	(30.9)	(30.2)	(31.5)	(28.2)	(34.7)	(40.2)
EBT	33.8	48.4	27.1	49.3	82.0	29.7	45.1	(15.8)	185.7	(95.9)
Net income	32.3	48.0	27.0	49.5	82.0	29.7	45.9	(16.8)	185.1	(97.6)
Other comprehensive income[3]	(3.7)	(6.4)	0.4	(6.5)	2.9	(1.2)	(7.7)	2.7	2.2	8.6
Total comprehensive income	28.6	41.6	27.4	43.0	84.9	28.5	38.2	(14.1)	187.3	(88.9)
Return on equity per share (%)[4]	11.5	15.9	9.6	14.9	24.1	6.9	9.1	(3.2)	44.2	(12.7)

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

Financial position – liquidity

Overall assessment: Financial resources defined by the cash flow from investment activity

As at 30 September 2022, DBAG's financial resources totalling 19.2 million euros comprised cash and cash equivalents. The investment entity subsidiaries hold additional financial resources – exclusively cash and cash equivalents – amounting to 11.4 million euros. 41.0 million euros of credit lines totalling 106.7 million euros were drawn as at the reporting date (for the financing strategy and credit lines, please refer to the information under "Long-term financing of DBAG's co-investments and Long-Term Investments via the equity market").

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

INFLOWS (+)/OUTFLOWS (-)

€'000	**2021/2022**	2020/2021
Net income	(97,564)	185,134
Measurement gains (-)/losses (+) and gains (-)/losses (+) on disposal of financial assets	101,751	(177,135)
Other non-cash changes	25,350	(15,637)
Cash flow from operating activities	**29,538**	**(7,638)**
Proceeds from disposals of financial assets and other financial instruments	122,111	138,631
Payments for investments in financial assets and other financial instruments	(253,727)	(110,439)
Cash flow from investment activity	(131,617)	28,192
Proceeds from (+)/payments for (-) investments in securities	74,802	(75,112)
Other cash inflows and outflows	(861)	(75)
Cash flow from investing activities	**(57,675)**	**(46,996)**
Proceeds from capital increases	(280)	99,933
Payments for lease liabilities	(1,073)	(795)
Proceeds from drawdowns of credit facilities	41,000	60,500
Payments for redemption of credit lines	0	(73,600)
Payments to shareholders (dividends)	(30,088)	(12,035)
Cash flow from financing activities	**9,559**	**74,003**
Net change in cash and cash equivalents	**(18,579)**	**19,370**
Cash and cash equivalents at start of reporting period	37,737	18,367
Cash and cash equivalents at end of reporting period	**19,158**	**37,737**

CASH AND CASH EQUIVALENTS in accordance with IFRSs decreased in the 2021/2022 financial year. In spite of the Group's highly negative net income, the balance of **CASH FLOW FROM OPERATING ACTIVITIES** was positive and significantly exceeded the previous year's figure. This is mainly attributable to the fact that net income is largely based on the change in value in connection with the valuation of the portfolio at fair value, not on realised proceeds from disposals. A material impact during the period under review came from the receipt of advisory fees for DBAG Fund VII (deferred since July 2019) in the amount of 27.8 million euros. This amount was received in October 2021.

The negative balance of **CASH FLOW FROM INVESTING ACTIVITIES** increased in the year under review. It is characterised mainly by the cash flow from investment activity and is also influenced by the change in securities holdings, in which surplus funds are temporarily invested until they are needed for investments. In the financial year 2021/2022, money market fund units in the amount of 74.8 million euros were sold.

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

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

Proceeds from disposals of financial assets and other financial instruments mainly related to the inflow of funds from the refinancing of von Poll Immobilien and the partial disposals of Telio and GMM Pfaudler (see the chapter "Review of key events and transactions"). Payments for investments in financial assets and other financial instruments resulted from capital calls made by investment entity subsidiaries for the follow-on investments made by DBAG ECF, DBAG Fund VI, DBAG Fund VII and DBAG VIII or the Long-Term Investments, as described in the chapter mentioned.

CASH FLOW FROM FINANCING ACTIVITIES was largely driven by drawdowns of credit lines. In addition, the dividend was paid out to DBAG's shareholders following the Annual General Meeting on 17 February 2022.

TEN-YEAR SUMMARY OF CASH POSITION

€'000	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/2021	**2021/2022**
			11 months							
Cash flow from operating activiies	(12.0)	0.0	7.1	(0.6)	(0.5)	9.9	(12.3)	(6.7)	(7.6)	29.5
Cash flow from investing activities	18.7	67.9	20.1	1.9	95.1	(93.2)	54.5	(8.4)	(47.0)	(57.7)
Cash flow from financing activities	(16.4)	(16.4)	(27.4)	23.5	(18.1)	(21.1)	(21.8)	(10.5)	74.0	9.6
Net change in financial resources[1]	(9.8)	51.5	(0.1)	24.8	76.6	(104.4)	20.4	(25.6)	19.4	(18.6)

1 Financial resources: cash and cash equivalents along with securities, excluding financial resources of investment entity subsidiaries

Financial position – assets

Overall assessment: Solid statement of financial position with high equity ratio

DBAG's financial position is defined by its predominantly equity-financed financial assets. The equity ratio amounts to 89.6 per cent of total assets (previous year: 95.1 per cent) despite the negative net income reported. Equity still covers non-current assets in full and current assets at 22.7 per cent (previous year: 65.9 per cent).

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€'000	**30 Sep 2022**	30 Sep 2021
Financial assets	553,323	545,339
Long-term securities	0	75,059
Other non-current assets	3,317	5,306
Deferred tax assets	3,190	3,170
Non-current assets	**559,831**	**628,874**
Other financial instruments	42,225	20,332
Receivables and other assets	23,137	45,962
Cash and cash equivalents	19,158	37,737
Other current assets	2,056	2,049
Current assets	**86,576**	**106,079**
Total assets	**646,407**	**734,953**
Equity	579,455	698,762
Non-current liabilities	5,840	18,409
Current liabilities	61,112	17,782
Total equity and liabilities	**646,407**	**734,953**

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

Total assets as at the reporting date of 30 September 2022 stood at 646.4 million euros – down by 88.5 million euros compared to the end of the 2020/2021 financial year. The main factors reducing total assets on the assets side were the payment of the dividend (-30.1 million euros), which reduced cash and cash equivalents, and net losses from investment activity (-98.9 million euros), which are largely a consequence of the lower valuation multiples of peer group companies on the capital markets, thus reducing financial assets. On the capital side, both effects reduced DBAG's equity.

The main factors expanding total assets on the assets side were the drawdown of credit lines and acquisition of investments leading to an increase in financial assets. On the capital side, this effect led to an increase in current liabilities.

The **ASSET STRUCTURE** has shifted slightly, in favour of non-current assets; this is mainly due to reduced total assets. Non-current assets now account for 86.6 per cent of total assets (previous year: 85.6 per cent). Of the total assets, 85.6 per cent (previous year: 74.2 per cent) are accounted for by financial assets. Cash and cash equivalents account for 3.0 per cent (previous year: 15.3 per cent) of total assets.

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

EQUITY stood at 579.5 million euros – a decline of 119.3 million euros compared to the figure as at 30 September 2021, which mainly reflected lower net income and the dividend distribution for the previous period. Equity per share thus fell from 37.16 euros at the beginning of the reporting period to 30.81 euros at the end of the period. Based on equity per share (reduced by the dividend payment) at the beginning of the financial year, this corresponds to a return on equity of -12.7 per cent; a return on equity of 44.2 per cent was achieved in the previous year.

NON-CURRENT LIABILITIES declined in particular as a result of lower provisions for pension obligations, reflecting increased interest rate levels. The increase in **CURRENT LIABILITIES** largely resulted from drawdowns on the credit lines.

Financial assets: Portfolio value almost unchanged

Financial assets are largely determined by the **VALUE OF THE PORTFOLIO** which, excluding interests of non-controlling shareholders in investment entity subsidiaries (largely carried interest), amounted to 567.3 million euros as at 30 September 2022, compared to 569.9 million euros at the end of the previous financial year. During the reporting period, additions from ongoing investing activities were offset by disposals following two partial sales and a refinancing plus negative changes in the value of the portfolio companies (see the comments on the portfolio value below).

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

OTHER ASSETS AND LIABILITIES OF THE INVESTMENT ENTITY SUBSIDIARIES include cash and cash equivalents of 11.4 million euros, receivables vis-à-vis investments from loans and interest in the amount of 33.7 million euros and other financial assets and assets of 10.2 million euros. This is offset by liabilities from other financial instruments and unpaid advisory fees of 45.9 million euros.

FINANCIAL ASSETS

€'000	**30 Sep 2022**	30 Sep 2021
Portfolio value		
gross	567,280	569,875
Interests of other shareholders in investment entity subsidiaries	(23,462)	(53,318)
net	543,818	516,557
Other assets and liabilities of investment entity subsidiaries	9,371	28,675
Other financial assets	135	107
Financial assets	**553,323**	**545,339**

Portfolio and portfolio value

As at 30 September 2022, DBAG's total investment portfolio consisted of 39 equity investments, including the three partially sold equity investments evidia, GMM Pfaudler and Telio. In addition, there is one investment in an externally-managed foreign private equity fund, which is of minor significance, and investments in companies through which representations and warranties on previous disposals are settled, and which are no longer expected to deliver any appreciable value contributions ("Other" investments).

As at 30 September 2022, the value of the 39 equity investments, including loans and receivables extended to them and excluding short-term bridge financing, amounted to 565.1 million euros (previous year: 564.5 million euros). These are attributable to 29 management buyouts, three growth financings and four Long-Term Investments – two majority and two non-controlling interests each – and the three aforementioned partially sold equity investments; in addition, other investments totalled 2.4 million euros (previous year: 5.4 million euros). This brought the portfolio value to a total of 567.3 million euros (previous year: 569.9 million euros).

The portfolio's growth during the course of the financial year 2021/2022 was attributable to negative changes in value of 145.0 million euros, additions of eight new equity investments amounting to 172.9 million euros and disposals of 30.6 million euros. With regard to the number of portfolio companies that contributed to the net amount of positive and negative changes in value respectively, and the reasons for this development, we draw attention to source analysis 1 and 2, respectively (please refer to the information under "Financial performance").

The additions mainly relate to the new investments vhf, Green Datahub, Dantherm, freiheit.com, Itelyum and in-tech. We also supported add-ons by portfolio companies with additional equity: operasan, Solvares and BTV Multimedia accounted for the highest individual amounts in this respect. Disposals mainly relate to the partial sale of Telio and the reduction in acquisition costs relating to a refinancing at von Poll Immobilien.

The changes in capital market multiples for peer group companies continued to affect our industry and industrial technology investments in the year under review. Nonetheless, some companies succeeded in achieving positive value contributions from improved earnings compared with the previous year's figures, some of which had been very low. As a result, their valuation only increased to 0.96 times acquisition cost as at the reporting date, compared to 0.92 times in the previous year. On balance, the valuation of investments in the broadband/telecommunications, IT services & software and healthcare sectors deteriorated to 1.33 times (previous year: 2.80 times), due to the marked declined in the capital market multiples for peer group companies. In addition, the significant changes to the macroeconomic environment which emerged during the year under review burdened earnings at some of our portfolio companies.

The share of companies with leverage (net debt/EBITDA) of 3.0 or more increased again in the year under review, to 69 per cent. As at the previous year's reporting date, this figure had fallen to 63 per cent due to post-pandemic recovery effects and the portfolio composition. For information on the development of the portfolio companies' debt, please refer to source analysis 1 (see the section on "Financial performance").

Our portfolio companies are measured at fair value, which corresponds to the acquisition cost in the first twelve months after the investment was made, unless we see indications for a change in value. The bulk of the expected increase in value is often generated in the second to fifth year after entering into the investment. Therefore, in absolute terms, the largest share of the increase in value of our portfolio is accounted for by investments with this holding period. The smaller number of companies that we have held in the investment portfolio for five years or longer saw their valuation deteriorate to 1.07 times their original acquisition cost (previous year: 1.57 times) as at the reporting date – albeit over a longer period of time than the group of companies mentioned above.

As at 30 September 2022, the 15 largest investments accounted for 67 per cent of the portfolio value (30 September 2021: 82 per cent). The table below shows these 15 companies sorted by their portfolio value. They are split into three groups of five companies each, and are listed alphabetically within their group. The first group consists of the five companies with the highest portfolio value, followed by the next five, which includes the sixth- to tenth-largest, and the last group with the eleventh- to fifteenth-largest companies (in each case by their value in the portfolio).

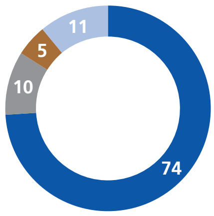
The following information on the structure of the portfolio is based on the valuations and resulting portfolio value of the 39 equity investments as at the reporting date. The information on leverage (net debt, EBITDA) relates largely to the (updated) expectations of the portfolio companies for the 2022 financial year.

PORTFOLIO STRUCTURE (15 LARGEST INVESTMENTS IN TERMS OF PORTFOLIO VALUE AS AT 30 SEPTEMBER 2022)

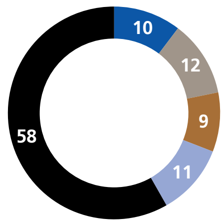
Company	Acquisition cost	Equity share DBAG	Investment type	Sector	Group share of the portfolio
	€mn	%			%
Cartonplast	25.3	16.4	MBO	Industrial services	
Cloudflight	9.1	15.8	MBO	IT services & software	
duagon	26.8	21.4	MBO	Industry and IndustryTech	
GMM Pfaudler	1.2	17.3	partially disposed	Industry and IndustryTech	
vitronet	14.7	41.6	MBO	Broadband/telecommunications	30.6
congatec	23.4	21.2	MBO	Industry and IndustryTech	
Dantherm	22.4	13.3	MBO	Industry and IndustryTech	
Green Datahub	25.0	100.0	Long-Term Investments	IT services & software	
Pmflex	11.2	12.5	MBO	Industry and IndustryTech	
vhf	25.0	21.3	Long-Term Investments	Healthcare	20.6
evidia	16.3	2.3	partially disposed	Healthcare	
freiheit.com	20.8	12.0	MBO	IT services & software	
Itelyum	Not published	Not published	MBO	Industrial services	
Karl Eugen Fischer	22.6	20.9	MBO	Industry and IndustryTech	
Oechsler	11.2	8.4	Growth	Industry and IndustryTech	15.3

Portfolio structure[1]

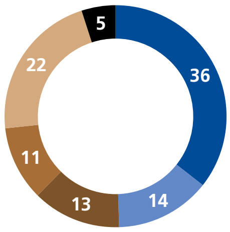
PORTFOLIO VALUE BY TYPE OF INVESTMENT
%



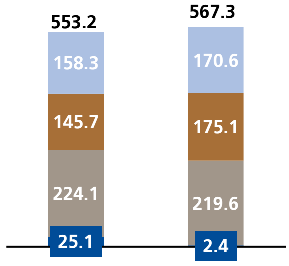
PORTFOLIO VALUE BY NET DEBT/EBITDA
%



PORTFOLIO VALUE BY SECTORS
%



PORTFOLIO VALUE BY AGE STRUCTURE
€mn at 30 September 2022



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

TEN-YEAR SUMMARY OF THE STATEMENT OF FINANCIAL POSITION

	31 Oct 2013	31 Oct 2014	30 Sep 2015	30 Sep 2016	30 Sep 2017	30 Sep 2018	30 Sep 2019	30 Sep 2020	30 Sep 2021	**30 Sep 2022**
				adjusted[1]	adjusted[2]	adjusted[2]				
Financial assets[3]	166.8	163.4	247.7	316.3	254.2	318.9	385.7	390.7	545.3	553.3
Securities/cash and cash equivalents	98.3	140.7	58.3	72.6	161.6	119.0	69.4	18.4	112.8	19.2
Other assets	45.6	28.5	21.2	15.2	48.2	43.4	36.5	65.5	76.8	73.9
Equity	278.4	303.0	303.1	369.6	436.4	443.8	460.2	423.5	698.8	579.5
Liabilities	32.3	29.6	24.1	34.5	27.5	37.5	31.5	51.1	36.2	67.0
Total assets	310.7	332.6	327.2	404.2	464.0	481.3	491.6	474.6	735.0	646.4

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

Business performance by segment

Private Equity Investments segment

SEGMENT EARNINGS STATEMENT – PRIVATE EQUITY INVESTMENTS

€'000	2021/2022	2020/2021
Net income from investment activity	(98,883)	178,378
Other income/expense items	(12,413)	(10,670)
Earnings before taxes	**(111,296)**	**167,708**

EARNINGS BEFORE TAXES in the Private Equity Investments segment were lower than the previous year's noticeably positive figure. This is due to the decline in **NET INCOME FROM INVESTMENT ACTIVITY.** Please refer to the explanations on this item in the section on "Financial performance". The negative balance of **OTHER INCOME/EXPENSE ITEMS** (the sum of internal management fees, personnel expenses, other operating income and expenses, as well as net interest income) exceeded the previous year's figure, mainly reflecting higher severance payments related to a member of the Board of Management stepping down and lower variable remuneration (please also refer to the explanations in the section on "Financial performance"). This item also comprises internal management fees of 1.1 million euros (previous year: 1.3 million euros) for the Fund Investment Services segment which today only concern DBAG ECF. These internal management fees are recognised as expenses in the Private Equity Investments segment and as income in the Fund Investment Services segment.

NET ASSET VALUE AND AVAILABLE LIQUIDITY

€'000	30 Sep 2022	30 Sep 2021
Financial assets	553,323	545,339
Other financial instruments	42,225	20,332
Financial resources	19,158	112,796
Credit liabilities	(41,000)	0
Net asset value	**573,707**	**678,466**
Financial resources	19,158	112,796
Credit lines	65,660	106,660
Available liquidity	**84,818**	**219,456**
Co-investment commitments alongside DBAG funds	**199,267**	**273,401**

The **NET ASSET VALUE** decreased during the year under review, falling below the previous year's figure. Significantly negative net measurement gains and losses reported in financial assets through portfolio value were the main driver. All in all, financial assets rose in the year under review, as investments in new companies more than offset these charges.

Key factors for the net change in financial resources were payments for investments and for dividends to our shareholders, along with the receipt of the deferred management fee for DBAG Fund VII. Please refer to the "Financial position – assets" and "Financial position – liquidity" sections for information on the changes to financial assets and financial resources as at the reporting date.

Available liquidity declined significantly in the year under review. Cash flow from investment activity of -131.6 million euros contributed in particular to the decline in financial resources, which include only cash and cash equivalents (please refer to the information under "Financial position – liquidity").

With a view to the co-investment commitments and the funds required for Long-Term Investments, DBAG has two credit lines at its disposal, with which we aim to compensate for the irregular cash flows typical of our business: one credit line totalling 66.7 million euros and one credit line totalling 40 million euros, both expiring in May 2025. As at the balance sheet date, a total of 41 million euros was drawn down on the lines.

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

Due to the stronger decline in available liquidity compared to the decrease in co-investment commitments, the latter were covered by available liquidity to a significantly lower extent on 30 September 2022 (42.6 per cent) compared to 80.3 per cent in the previous year. DBAG's Long-Term Investments also reduced available liquidity. The surplus of co-investment commitments relative to financial assets rose to 20.7 per cent, compared to 9.9 per cent on 30 September 2021.

Fund Investment Services segment

SEGMENT EARNINGS STATEMENT – FUND INVESTMENT SERVICES

€'000	2021/2022	2020/2021
Income from Fund Services	44,279	43,408
Other income/expense items	(28,902)	(25,397)
Earnings before taxes	**15,377**	**18,012**

The Fund Investment Services segment ended the financial year with lower **EARNINGS BEFORE TAXES** compared to the previous year, as expected. **INCOME FROM FUND SERVICES** increased in a year-on-year comparison. At 19.1 million euros, income from DBAG Fund VIII exceeded the previous year's result of 18.7 million euros.

Income from DBAG ECF and DBAG Fund VI declined as expected, to 1.4 million euros (previous year: 1.7 million euros) and 6.4 million euros (previous year: 7.2 million euros) respectively, as the income from these funds is now calculated on the basis of capital invested and no longer on the basis of the committed funds. However, two factors had an offsetting effect on DBAG Fund VII: the fact that a new investment (akquinet) was structured, and existing portfolio companies executing add-ons. Fees are no longer paid for DBAG Fund V, as agreed. The segment information also takes internal income from the Private Equity Investments segment in the amount of 1.1 million euros (previous year: 1.3 million euros) into account.

The negative balance of **OTHER INCOME/EXPENSE ITEMS** was higher year-on-year, due in particular to the expansion of DBAG's team and higher advisory expenses, as well as one-off expenses related to a member of the Board of Management leaving the Company[15] (see the explanations in the notes to the consolidated financial statements).

[15] Pro-rata recognition in the Fund Investment Services segment, with the remainder recognised in the Private Equity Investments segment

ASSETS UNDER MANAGEMENT OR ADVISORY

€'000	**30 Sep 2022**	30 Sep 2021
Funds invested in portfolio companies	1,810,313	1,375,459
Funds called but not yet invested	2,017	0
Short-term bridge financing for new investments	182,833	106,882
Outstanding capital commitments of third-party investors	489,997	878,099
Financial resources (of DBAG)	19,158	112,796
Assets under management or advisory	**2,504,318**	**2,473,235**

ASSETS UNDER MANAGEMENT OR ADVISORY are above the levels seen at the end of the financial year 2020/2021. Pending capital commitments by fund investors declined by a total of 388 million euros, reflecting investing activities. This was offset by a 512 million euro increase in funds invested in or called for portfolio companies or bridge financings. DBAG's financial resources have fallen particularly in connection with the structuring of additional investments in the period under review. In addition, the dividend was paid out to the Company's shareholders at the end of February 2022. Please refer to the "Financial position – liquidity" section for information on changes in DBAG's financial resources.

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

The management report on Deutsche Beteiligungs AG and the Group management report for the financial year 2021/2022 are presented combined, in conformity with section 315 (5) in conjunction with section 298 (2) sentence 1 HGB. The presentation of DBAG's economic position is based on a condensed statement of financial position and a condensed profit and loss account derived from the statement of financial position and profit and loss account as prescribed by HGB. The complete annual financial statements of DBAG based on HGB are published in the Federal Gazette, together with the consolidated financial statements.

Comparison between actual business developments and the forecast

		Actual 2020/2021	Expectations 2021/2022	**Actual 2021/2022**	
Net income	€mn	64.5	70,0 to 80,0	0.7	Expectation not met
Dividend	€	1.60	1,00 to 1,20	0.80	Expectation exceeded

Net income for the year under review came in significantly below the expected forecast range, mainly because net gains and losses on measurement and disposal were lower than expected and turned red in the review period after being positive in the previous year. This was due to lower realised disposals and write-downs of financial assets due to shifts in the macroeconomic and geopolitical environment. The dividend of 0.80 euros per share proposed for the year under review is below the previous year's figure and does not meet the forecast. The proposed dividend reflects the considerable influence that the combination of inflation, supply chain disruptions and recession forecasts has had on our business.

Financial performance

Overall assessment: Net income significantly lower year-on-year

Net income for 2021/2022 remained significantly below the previous year's figure, mainly because gains from disposal of investments were realised to a significantly lesser extent and write-downs of financial assets were higher in the year under review than in the previous year. This burdened net gains and losses on measurement and disposal. Current income from investments and from Fund Services, on the other hand, exceeded their respective figures for the previous year. The negative balance of other income components remained at the previous year's level.

Income from Fund Services and investment activity: Significantly below the previous year's levels

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

Current **NET GAINS AND LOSSES ON MEASUREMENT AND DISPOSAL** are largely influenced by higher write-downs of financial assets due to negative changes in the value of several portfolio companies and by the sale of the investment in Telio in the year under review. The previous year's net gains and losses on measurement and disposal were significantly influenced by the disposal of investments in DNS:Net, evidia, GMM Pfaudler and Rheinhold & Mahla, as well as the partial disposal of netzkontor following refinancing.

One significant component of **CURRENT INCOME FROM INVESTMENTS** are profit allocations and distributions from portfolio companies. In the year under review, profit allocations from nine affiliated companies accounted for 14.1 million euros (previous year: 13.4 million euros from six affiliated companies).

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

€'000	**1 Oct 2021 to 30 Sep 2022**	1 Oct 2020 to 30 Sep 2021
Net gains and losses on measurement and disposal[1]	(16,159)	54,263
Current income from investments	14,924	13,770
Income from Fund Services	40,392	35,687
Total income from Fund Services and investment activity	**39,158**	**103,720**
Personnel expenses	(24,135)	(22,436)
Other operating income (excluding write-ups)	1,587	1,099
Other operating expenses	(12,687)	(13,973)
Depreciation and amortisation on intangible fixed assets and property, plant and equipment	(402)	(249)
Income from other securities, or loans and advances held as financial assets	35	1
Other interest and similar income	1,360	779
Interest and similar expenses	(3,643)	(3,458)
Total other income/expense items	**(37,885)**	**(38,239)**
Earnings before taxes	**1,274**	**65,481**
Income taxes	(524)	(925)
Other taxes	(5)	(6)
Net income	**744**	**64,550**

1 Net gains and losses on measurement and disposal comprise the income statement items "Income from disposal of investments" of 9.9 million euros (previous year: 56.3 million euros), and "Write-downs of financial assets" in the aggregate of 26.0 million euros (previous year: 2.0 million euros).

INCOME FROM FUND SERVICES exceeded the previous year's figure. While the gross income from Fund Investment Services is taken into account in the consolidated financial statements, this item in the financial statements in accordance with HGB includes net income less the expenses of the subsidiaries involved in fund advisory and management services.

Other income/expenses: Balance essentially at the previous year's level

The (negative) balance of other income/expense items remained at the previous year's level. Personnel expenses were higher than in the previous year, primarily because the average number of employees increased to 82 compared to 77 in the previous year, and because of one-off expenses related to a member of the Board of Management leaving the Company. Other operating income increased mainly due to higher income from costs that can be passed on. Other operating expenses decreased compared to the previous year. This item did not comprise any expenses related to the capital increase, which amounted to 5.6 million euros in the previous year. However, other consultancy expenses, IT infrastructure maintenance costs, recruitment and training costs as well as costs for interim management, freelance fees and travel expenses were all higher. The item "Miscellaneous" also increased significantly, and primarily comprised expenses for motor vehicles, insurance and office material.

The **FINANCIAL RESULT** improved, due mainly to the positive effect of higher interest income from short-term loans to investment entity subsidiaries.

Net income for the year: 0.7 million euros

Deutsche Beteiligungs AG generated net income of 0.7 million euros for the financial year 2021/2022. Taking into account profit carried forward from the previous year and the dividend distribution, net retained profit amounted to 224.6 million euros.

Financial position – assets

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

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

€'000	30 Sep 2022	30 Sep 2021
Interests in affiliated companies	518,691	411,181
Loans to affiliated companies	1,000	1,000
Investments	3,349	3,349
Securities held as non-current assets	0	75,112
Other non-current assets	854	720
Non-current assets	**523,893**	**491,362**
Receivables and other assets	94,649	86,606
Cash and cash equivalents	7,838	33,240
Current assets	**102,487**	**119,847**
Prepaid expenses	**807**	**626**
Total assets	**627,187**	**611,835**
Subscribed capital	66,733	66,733
Capital reserve	267,344	267,344
Retained earnings	403	403
Net retained profit	224,622	253,966
Equity	**559,102**	**588,446**
Provisions	**26,085**	**22,690**
Liabilities	**41,999**	**700**
Total equity and liabilities	**627,187**	**611,835**

Assets: Increase due to new investments and investment of cash and cash equivalents

EQUITY SHARES IN ASSOCIATES represent the largest item in DBAG's non-current assets. Associates are companies through which DBAG makes its investments. The co-investments in the investments made by the individual DBAG funds are bundled in these investment entity subsidiaries. DBAG also enters into Long-Term Investments via one investment entity subsidiary in each case. The increase in the item during the financial year 2021/2022 resulted from additions totalling 151.3 million euros, primarily consisting of new investments and funds to support add-ons made by DBAG's portfolio companies. This was offset by disposals of 17.8 million euros, mainly involving disposals which generated returns from investment entity subsidiaries. In addition, write-downs amounted to 26.1 million euros net.

The item "Loans to affiliated companies" relates to our subsidiary in Italy. The item "Investments" relates to an older directly held investment. Money market fund units, which were still held at the previous year's reporting date, were sold during the course of the year under review and the proceeds reinvested. Therefore, unlike the previous year, no investment securities were being held as fixed assets at the reporting date.

Current assets: Significant changes in composition

There have been significant changes in the composition of current assets in the year under review: cash and cash equivalents decreased during the course of our investing activities, while receivables from affiliated companies, which refer to short-term loans in particular, increased.

Higher provisions for pension obligations

The increase in provisions compared to the previous year's reporting date resulted essentially from the change in capital market interest rates, which resulted in an increase in the valuation of these obligations. The pension obligations are discounted using the average matched-maturity (market) interest rate of the past ten financial years as calculated and published by Deutsche Bundesbank on a monthly basis pursuant to the Regulation on the Discounting of Provisions. The rate came to 1.78 per cent as against 1.98 per cent in the previous year.

Liabilities: Credit line drawn as at the reporting date

To manage its short-term financing requirements, DBAG uses two revolving credit lines in an aggregate amount of 106.7 million euros. These remained undrawn at the previous year's reporting date, but 41.0 million euros had been utilised as at the reporting date. This is the main reason behind the year-on-year differences in liabilities.

Financial position – liquidity

Financial resources were always sufficient during the course of the year under review to fulfil co-investment agreements, and to finance the Company’s operations.

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

At the end of the year under review, DBAG had financial resources of 7.8 million euros (previous year: 108.4 million euros). In addition, it can continue to draw on the aforementioned credit lines at any time. We assume that we will be able to cover the anticipated need for the planned investments in the new financial year and the two years that follow with financial resources, returns form disposals and credit lines.

Capital structure: Equity ratio remains at a high level

DBAG funded its activities in the financial year 2021/2022 temporarily by drawing on some of its credit lines, using existing financial resources and its own cash flow. The equity ratio fell to 89.1 per cent as at the reporting date, compared to 96.2 per cent at the end of financial year 2020/2021. This resulted primarily from the increase in total assets during the course of our investing activities and from the dividend distribution of 30.1 million euros.

OPPORTUNITIES AND RISKS

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

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

As a private equity company, we consider risk management to be one of our core competencies. In our more than 50-year history, we have proven our ability to successfully balance the risks and rewards of our business. We want to exploit our opportunities and moderately take on the exposure to the risks involved. Taking risks that could jeopardise the Group's continued existence is not acceptable.

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

Risk management system

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

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

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

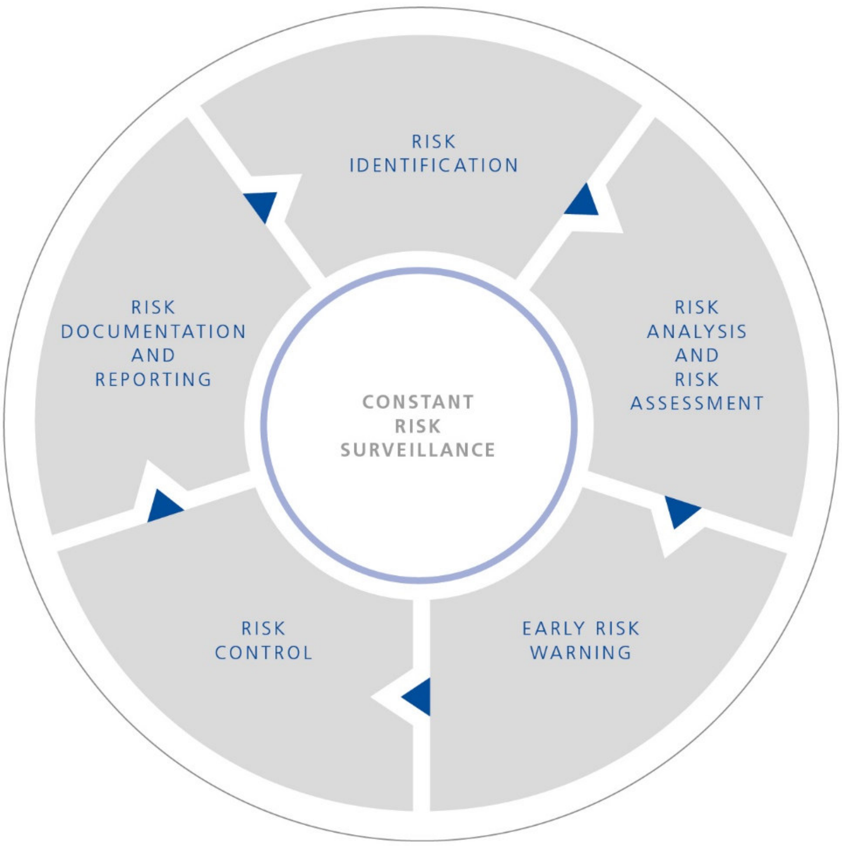
Structures: Decentralised organisation of risk management

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

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

The Risk Manager develops the risk management system on an ongoing and systematic basis. The risk management system underwent further development in response to the new requirements of section 91 (3) of the German Stock Corporation Act (Aktiengesetz – AktG). For example, a quarterly calculation of risk-bearing capacity was incorporated into the risk assessment process, and the objectives of the risk management system were operationalised further with regard to risk avoidance, risk reduction, risk sharing and risk transfer, and risk acceptance. Additional improvements were also made to the risk culture and to the objectives of the risk management system. The objective of our risk management system is to inform the Board of Management and the Supervisory Board about the risks involving high and very high expected values ("significant risks"; expected value is a combination of probability of occurrence and extent of impact). The risk assessment criteria are aligned with the Board of Management's risk strategy. Risks are recorded, monitored and managed on an ongoing basis.

Processes: Risk identification in individual corporate departments



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

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

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

EXPECTED VALUE (COMBINATION OF PROBABILITY AND IMPACT)

PROBABILITY							
> 70%	**likely**	**4**	moderate	high	very high	very high
> 50–70%	**possible**	**3**	very low	moderate	high	very high
20–50%	**seldom**	**2**	very low	moderate	high	high
< 20%	**unlikely**	**1**	very low	very low	moderate	high

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

IMPACT

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

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

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

Instruments: Risk register with 59 individual risks

The risk management system is based on the risk management manual and the risk register. The risk management manual contains company-specific principles on the methodology of risk management and describes the risk management instruments and their mode of operation. The risk register is updated on a quarterly basis; at the period ending 30 September 2022, it outlined and evaluated 59 individual risks (previous year: 56). The significant risks, their causes and effects, as well as the actions required to manage these risks, are also documented on a quarterly basis in a risk report addressed to DBAG's Board of Management.

The following table outlines the significant risks as at the reporting date. One risk was classified as having a "very high" expected value.

RISK FACTORS WITH A HIGH AND VERY HIGH EXPECTED VALUE

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

Material changes compared with the preceding year

DBAG encountered no new significant risks during the reporting year, nor did any cease to exist. For the risk "Negative impact of general economy and economic cycles on the financial position and financial performance of portfolio companies", the expected value has increased from "high" to "very high" in the 2021/2022 financial year, as we now consider the probability of occurrence of this risk as "probable", whereas on the reporting date of the 2020/2021 financial year, we had still considered it as "possible".

For the other material risks, the expected values remain "high". However, as at the reporting date, we assessed the probability of occurrence for the risk "Inability to cover the personnel requirement" as "possible", whereas at the end of the previous year we still considered it as "low". Meanwhile, the probability of occurrence for the risk "Insufficient access to new and attractive investment opportunities" was reduced from "possible" to "low".

The table below summarises the changes to individual risks during the reporting period. Three new risks were added in total.

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

	Q1 2021/2022	Q2 2021/2022	Q3 2021/2022	Q4 2021/2022
Changes in risk exposure	**6**	**6**	**2**	**2**
of which: material risks	**2**	**1**	**0**	**0**
Increase in probability of occurrence/ extent of losses	1	1	0	0
Decrease in probability of occurrence/ extent of losses	1	0	0	0
of which: other risks	**4**	**5**	**2**	**2**
Increase in probability of occurrence/ extent of losses	2	2.5	2	2
Decrease in probability of occurrence/ extent of losses	2	2.5	0	0
New risks	**2**	**0**	**1**	**0**

Explanation of individual risk factors

We subsequently outline those risks (out of the total of 59 individual risks in our risk register) with a "high" or "very high" expected value based on our definition. We allocate operational risks to the business segment that is most strongly affected by the respective risk. However, over the long term, the consequences of risks allocated to the Fund Investment Services segment would also affect the Private Equity Investments segment and vice versa.

Risks of the Fund Investment Services segment

Inability to cover the personnel requirement

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

We conduct recurring surveys several times a year to check employee satisfaction levels. We use the feedback to improve work processes with the objective of increasing employee satisfaction. In the year under review, the number of employees increased by twelve to 89 as at 30 September 2022. In view of the Company's current position, we do not expect bottlenecks to occur over the short or medium term.

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

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

We address this risk, among other things, by a regular dialogue with existing and potential investors in DBAG funds. In selecting investors, we place special emphasis on their ability to possibly also invest in follow-on funds. Additionally, we regularly review our investment strategy. ESG aspects were included in our target system in the year under review and will take effect from financial year 2022/2023.

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

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

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

Risks of the Private Equity Investments segment

Investment strategy proves to be unattractive or its implementation is inadequate

A key prerequisite for our performance is an attractive investment strategy. Without successful investing activity, we would be unable to realise the targeted value appreciation, investors would withdraw their committed capital, and new commitments to funds could not be raised.

In order to mitigate this risk, the Board of Management and the investment advisory team examine on a regular basis the extent to which our sector focus, our geographical emphasis and the equity solutions we offer for the mid-market segment provide an adequate deal flow and a sufficient number of promising investment opportunities. For example, our successful entry into the Italian market contributes to risk reduction.

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

Insufficient access to new, attractive investment opportunities

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

We have no influence on developments in the private equity market. With a view to the low interest rate environment of recent years and the abundant supply of capital associated with it, we are now not only competing with strategic investors and other private equity companies, but also with foundations and family offices seeking more profitable investment opportunities. It remains to be seen whether and how quickly these capital providers will pull back again following the interest rate reversal in the year under review and switch their attention to other investments. By contrast, the maintenance of our network and our marketing efforts are aspects that we can influence ourselves.

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

Transaction opportunities are not transformed into investments

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

External risks

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

The development of our portfolio companies is influenced by market factors such as geographical and sector-related economic cycles, political and financial changes, energy and commodity prices along with supply chain disruptions and exchange rate changes. These market factors, in turn, are subject to a variety of influences themselves.

While the overall development of the economy at the beginning of the reporting year continued to suffer from the effects of the pandemic – in particular, disrupted supply chains and resulting huge price increases, especially in raw materials, intermediate products and logistics services – there were also significant increases in energy costs even before Russia’s war of aggression against Ukraine began. The outbreak of the war further exacerbated all of these factors. Central banks also reacted to the persistent upward shift in inflation by ending their low interest rate policies. Looking beyond the economic key data, we can now assume that there will be lasting geopolitical shifts. Technological changes can also have a negative impact on individual companies, or on those companies operating in a certain sector.

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

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

Lower valuation levels on the capital markets

Valuation levels on the capital markets are reflected in the measurement of the fair value of our portfolio companies and, thereby, the portfolio value. A lower valuation level, expressed in lower valuation multiples of listed peer group companies, generally results in a lower portfolio value Valuation levels on the capital markets have already declined during the financial year under review, due to the aforementioned changes in the macroeconomic and geopolitical landscape. Still, there is potential for a further decline in valuations – especially if interest rates continue to rise, which many experts anticipate will happen.

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

Threat to DBAG’s independence

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

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

Operational risks

Insufficient protection of confidential data against unauthorised access

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

DBAG has its own qualified IT specialists; they are supported by external consultants, if needed. DBAG responds to the continually growing IT risk by, among other things, conducting regular internal and external reviews. We have considerably stepped up the efforts made to protect our systems and data in recent years – with regard to both staff and technical resources. In addition, we have continuously increased staff training with regard to IT risks. Last but not least, we perform recurring security audits for the DBAG systems that can be accessed from the internet, for the configuration of our office communication software and for the website, implementing the insights gained from these audits in a timely manner.

Description of opportunities

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

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

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

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

2021 and now have four investment professionals helping us to serve the Italian market directly.

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

Competition for attractive investment opportunities remains intense. A factor that is sometimes crucial in the competitive field is the ability to come to an agreement with the vendor within a tight time frame. Among other things, this means that due diligence has to be performed, acquisition financing structured and management participation programmes have to be agreed in a short space of time. The size of its investment advisory team, which continuously welcomed more new members over the past years, and its entire workflow can open up opportunities for DBAG. After all, the Company is in a position to execute transactions, and sometimes several transactions at once, within a short period of time. As at the reporting date of 30 September 2022, we have expanded our investment advisory team to 34 employees – an increase of nine compared to the reporting date of 30 September 2021.

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

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

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

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

External changes: Positive effect from higher interest rates

Interest rate increases are associated with risks, as described above. At the same time, however, higher interest rate levels would allow us to reverse an additional part of our pension provisions in the consolidated financial statements; this would increase the equity per share by way of an increase in other comprehensive income.

General statement on opportunities and risks

In the financial year 2021/2022, we seized numerous opportunities by investing in attractive new companies and supporting our portfolio companies in realising their development potential. There has been no fundamental change in the opportunity and risk situation compared to the previous year, although we consider the outbreak of Russia's war against Ukraine (and any further economic and political changes that may result) to be significant. Going forward, this will require companies to demonstrate a high degree of adaptability, but we believe that they are very well placed to do so. Based on the information at our disposal today, there are currently still no recognisable individual or cumulative risks that would endanger the continued existence of DBAG or the Group as a going concern. This estimation is based on an analysis and assessment of the previously mentioned significant individual risks to which the Company is exposed, as well as on the risk management system in place. We do not perceive any extraordinary opportunities either.

Key features of the accounting-related internal control and risk management system[16]

The Internal Control System (ICS) is based on the internationally recognised framework document for internal control systems issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The scope and the design of an appropriate and effective ICS are within the discretion and responsibility of the Board of Management. The effectiveness of the ICS is overseen by the Audit Committee of DBAG's Supervisory Board.

DBAG's ICS describes measures and controls to minimise the risks inherent in the corporate processes of the Company's different areas, and thus to ensure DBAG's core business objective. It incorporates the principles, procedures and measures (provisions) aimed at the organisational implementation of management decisions introduced by the management of the Company, which serve to ensure:

- the effectiveness and profitability of business activities (including the protection of assets, including the prevention and detection of asset misappropriation);
- the proper functioning and reliability of internal and external accounting (bookkeeping, financial statements and management report); and
- compliance with relevant statutory and legal requirements applicable to the Company.

The extent and design of the internal control and risk management system are aligned with the special requirements of the Fund Investment Services and investment activity. The task of Internal Audit – which has been delegated to an external service provider – is to monitor the functioning and effectiveness of the ICS independently of processes in a multi-year examination scheme at Group level and at Deutsche Beteiligungs AG, and to thereby promote ongoing improvements to business processes.

Risk management is an ongoing process that is firmly integrated into DBAG's workflows. Please refer to the chapter "Risk management system" for details on the key features.

During the current financial year, the Board of Management did not receive any information that would suggest material inefficiencies in the effectiveness or inadequacy of the ICS. As a matter of principle, it should be noted that an internal control system, irrespective of its design, cannot provide absolute certainty of detecting flaws in our business processes.

[16] Does not form part of the audited combined management report

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

The accounting-related part of the ICS is a component of the annual audit within the scope of a risk-oriented audit approach. After all, the Supervisory Board's Audit Committee oversees the ICS, as required by section 107 (3) AktG.

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

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

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

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

REPORT ON EXPECTED DEVELOPMENTS

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

Medium- to long-term planning and forecast horizons characterise our business. This applies equally to co-investments, to Long-Term Investments and to Fund Investment Services.

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

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

As a result, we will be forecasting key figures not only for the current, new financial year 2022/2023. We will also use these forecasts as a basis for setting financial year 2024/2025 targets.

The forecast is based on our medium-term planning for 2025, which consists of a projected profit and loss statement, a projected statement of financial position, and a projected statement of cash flows. For the Private Equity Investments segment, it is based on detailed assumptions concerning future co-investments alongside the DBAG funds and on Long-Term Investments, as well as on the holding period and the expected capital multiple for each individual portfolio company. We use this information to predict the development of the acquisition cost and fair values of the portfolio and, based on these figures, net gains and losses on measurement and disposal based on the IFRSs, the net gains or losses from disposal based on the German Commercial Code and – at the level of the individual DBAG fund via which the Company made investments in the companies – the development of carried interest. We do not assume a linear increase in the value of the individual portfolio companies over the holding period. Rather, we apply a standardised value appreciation trend that includes smaller increases in value at the start of the holding period and larger ones towards the end.

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

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

Various types of forecast for different key performance indicators

For the key performance indicator (KPI) of our core business objective "Sustainable increase in DBAG's value" and the KPIs for our financial targets, with the exception of the dividend, we forecast ranges between two numerical values between which the respective performance indicators are expected to lie in the forecast period. The interval ranges for the indicators included in the forecast are based on the varying degrees to which they can be planned: income from Fund Investment Services is largely pre-determined for the forecast period, making it easy to plan. As a result, we are forecasting this indicator using a narrower range than, for example, the development in net asset value. For our dividend and the non-financial KPIs we use point forecasts.

Expected development of underlying conditions

M&A market: Gradual improvement in demand expected

In terms of the investment opportunities we were able to review in the financial year 2021/2022, M&A activities have continuously slowed. We reviewed 246 opportunities over the entire reporting year, whereas the previous year had seen us examine 306 potential investments; a similar comparison applies to the fourth quarters, with 65 (2020/2021) versus 44 reviews (2021/2022). Whilst we believe that the market has (all but) bottomed out, timing and intensity of market recovery are going to be heavily dependent upon how interest rate expectations stabilise. This in turn is based on how efficiently monetary policy combats inflation.

Borrowings: Interest from financing partners to recover from 2023 onwards

In light of the war in Ukraine, rising inflation, the turnaround in interest rates and the associated weaker macroeconomic outlook, lenders have been following a more selective approach and interest margins have been on the rise. Market participants looking to finance new acquisitions via debt capital may have to search longer and will probably have to accept higher lending costs. Cyclical sectors may also face a lack of new financings on the market. Nevertheless, banks and debt funds are still open to renewing existing financings or increasing lending volumes, for example for acquisition financing. Whilst it is likely that activities will trend downwards somewhat more than in recent years during the final quarter of the calendar year, we anticipate financiers to lose some of their reticence in 2023.

Private equity firmly rooted as an asset class worldwide

Private equity is firmly rooted as an asset class worldwide. As an integral part of many institutional investors' investment strategy, it offers access to the development potential offered by the SME sector. That was true in the past and continues to hold true. What has changed, however, is the economic and political environment which has become persistently more challenging and could turn out to be more volatile. As a result, the relative attractiveness of different asset classes is bound to change more frequently than in the recent past, with market participants' expectations as to the interest rate environment and future movements being the main drivers. Generally, rising interest rates mean that asset classes competing with private equity become more attractive, which could significantly hamper growth of the private equity asset class.

However, we wish to point out again that in our experience the attractiveness of DBAG funds is not only dependent on investors' general view of the market, but also on their sentiment toward specific sub-markets (Europe, Germany, manufacturing industry, services, etc.) – and in particular on the investment performance DBAG funds have delivered so far. On the one hand, we are aware of the hit that the relative attractiveness of the German market has taken and of the risk that the challenging macroeconomic environment might impact DBAG fund performances – at least temporarily.

On the other hand, successful fundraising for DBAG Fund VIII supports our view that, given its investment history, DBAG can assume that it will succeed in launching successor funds in due time before the end of the investment period of the currently-investing fund, with sufficient capital commitments solicited, even in the current market environment. We continue to assume that the probability of the risk of not being able to raise capital is "low" and are convinced that we can successfully address this risk with our management measures.

Macroeconomic environment: Risk of global recession

Russia's war of aggression against Ukraine and reduced gas deliveries have exacerbated inflation, especially in Germany. Central banks have reacted by (severely) tightening monetary and interest rate policies over the course of the year, which had already become more restrictive during the second half of 2021. The US Federal Reserve has shown the strongest response: its sixth interest rate increase at the beginning of November saw the Federal Funds rate rise to a target range of between 3.75 and 4.00 per cent, making this the fourth consecutive three-quarter point interest rate hike year-to-date[17]. The Fed also made it quite clear that it was strongly committed to its inflation target of two per cent and would align any further interest rate decisions with this objective. In terms of the consumer price index, inflation in the US reached an annual rate of 8.2 per cent in September[18].

In view of the ongoing global inflationary pressure, other central banks are also likely to adhere to their restrictive stance. The IMF[19] sees persistent inflation pressures, along with strained supply chains as a result of the war in Ukraine and the slowdown of China's economic momentum, as the main challenges for global economic development, expecting more than one-third of the global economy to contract this year or next, while the United States, China and the EU should stall. For Germany's real GDP, the IMF anticipates a decrease of 0.3 per cent in 2023. The German federal government is more pessimistic and has set out a GDP decrease of 0.4 per cent for 2023 in its autumn projection[20]. The main driver for this downward correction compared to the spring projection is curtailed Russian gas deliveries. Despite the power and gas price caps stipulated in the Emergency Relief Act for Gas and Heating (Erdgas-Wärme-Soforthilfegesetz[21]), the government is expecting only a modest decline in inflation, from eight to seven per cent, in 2023.

Even though a potential global recession would impact the corporate world as a whole and hamper corporate development, we note that our portfolio companies operate in numerous markets and regions. Since we expanded our sector spectrum and increased the share of companies from the IT services & software sector contributing to the portfolio value, this holds all the more true. These companies are less exposed to cyclical influences than industrial business models, for example. Individual assessments are particularly important; that applies to the economic environment for the different business models and to the development potential of the companies in 2023 that form the basis of our forecasts. Given the variety of

[17] FOMC statement, 2 November 2022; New York Times, 2 November 2022, "Fed Makes Fourth Jumbo Rate Increase and Signals More to Come"
[18] U.S. Bureau of Labor Statistics, 13 October 2022, Consumer Price Index Summary
[19] International Monetary Fund, "World Economic Outlook Report October 2022", pages XIII, 9
[20] German federal government announces autumn projections, 12 October 2022
[21] German government passes gas and heating emergency relief for December, 2 November 2022

business models in our portfolio, we expect these different factors to offset each other, at least in part.

Expected business development

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

		2021/2022 and 30 Sep 2022	Expectations 2022/2023	Expectations 2024/2025
Financial performance indicators				
Net asset value (reporting date)[1]	€mn	579.5	605.0 to 675.0	790.0 to 875.0
Earnings from investment activity	€mn	(111.3)	60.0 to 70.0	120.0 to 140.0
Earnings from Fund Investment Services	€mn	15.4	13.0 to 15.0	9.0 to 11.0
Dividend per share		0.80	1.60	1.60
Non-financial performance indicators				
CO2 Footprint (scope 1-3)[2]	t CO_2/MA	2.5	2.4	2.2
Employee satisfaction	%	62	63	65
Payments from compliance breaches	€	0.0	0.0	0.0
Other indicators				
Net income in accordance with IFRS	€mn	(97.6)	70.0 to 80.0	130.0 to 145.0

1 Defined as assets less all liabilities
2 Scope 3 currently comprises business travel and commuting

We concluded the reporting year with results significantly below the expectations we had at the start of the financial year 2021/2022. Key to this development were lower capital markets multiples of peer group companies, which significantly impacted valuations at our portfolio companies. In addition, the abrupt changes to the macroeconomic environment which emerged during the year under review burdened earnings at some of our portfolio companies. We updated our forecasts for the relevant KPIs several times. In light of the outlined challenging macroeconomic developments expected and having weighed up the risks and opportunities, we expect write-ups to portfolio value to initially remain muted in 2022/2023, especially concerning the industrial portfolio.

Taking into account the distribution to be made after the 2023 Annual General Meeting – 15.0 million euros is the proposed figure – the **NET ASSET VALUE** as at the reporting date of 30 September 2023 is expected in a range between 605 and 675 million euros. Adjusted for the proposed distribution, this equates to an increase in value of between seven and 19 per cent.

We then expect to see this value increase further in the following two years, meaning that by the end of the 2024/2025 financial year, i.e. by the end of our planning horizon, the net asset value is projected to amount to between 790 and 875 million euros. Adjusted for the anticipated dividend distribution, these projections point towards an average annual increase in the net asset value of between 14 and 18 per cent.

Net income from investment activity is the item that has the greatest impact on the portfolio value and, consequently, on the net asset value. At the same time, net income from investment activity is also the item with the greatest budgetary and forecast uncertainty. It is determined to a considerable degree by net gains and losses on measurement and disposal;

current income from financial assets and loans and receivables, on the other hand, is less relevant.

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

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

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

Based on our assumptions, we expect to see **EARNINGS BEFORE TAXES IN THE PRIVATE EQUITY INVESTMENTS SEGMENT** ranging from 60 to 70 million euros in the current financial year 2022/2023. We anticipate an increase for the 2024/2025 financial year and expect net income in a range between 120 and 140 million euros.

EARNINGS FROM FUND INVESTMENT SERVICES are expected in a range of 13 to 15 million euros in 2022/2023 and thus on the levels seen in 2021/2022, as we anticipate largely unchanged income and expenses. Turning to the last year of the planning period, earnings from Fund Investment Services are expected to be between 9 and 11 million euros. This decline is not unusual; it assumes that the launch of the investment phase of a planned successor fund, and thus the earnings inflow for advisory services rendered, will only occur at some point in time during the financial year 2024/2025, whilst expenses are incurred for the entire financial year.

Following a dividend of 1.60 euros per share last year, we are proposing a **DIVIDEND** of 0.80 euros per share for the financial year 2021/2022. The proposed dividend reflects the considerable influence that the combination of inflation, supply chain disruptions and recession forecasts have had on our business. We have assumed dividends for the two subsequent planning years to return to the level seen in the 2020/2021 financial year, that is, a dividend of 1.60 euros per share, in line with our unchanged dividend policy.

We intend to systematically reduce our **CARBON FOOTPRINT**, aiming to cut carbon emissions per employee (scope 1 to 3; scope 3 currently comprises business travel and commuting) to 2.4 tonnes in the financial year 2022/2023 and to 2.2 tonnes by the financial year 2024/2025, following 2.5 tonnes in the year under review. In pursuit of this goal, we encourage our staff to use the train as an alternative to short-haul flights and use video conferencing wherever possible and sensible to avoid travel. There will be no new company cars added to our fleet as from the 2022/2023 financial year and lease contracts of company cars currently in use will not be renewed. Instead we will be offering our employees a transit card starting

1 January 2023, making it easier for them to increase use of public transport and reduce private car trips.

We make sure to include the feedback we receive from our surveys on **EMPLOYEE SATISFACTION** in our business processes, refining the processes accordingly. Our aim is to increase employee satisfaction and raise the arithmetic mean of all the survey values during a financial year from 62 per cent in the financial year 2021/2022 to 63 per cent in 2022/2023 and to 65 per cent towards the end of our medium-term planning period.

Our zero tolerance policy for any form of corruption and other unethical business practices remains fully and firmly in place and we continue to adhere to our goal of 0 euros in **PAYMENTS FOR COMPLIANCE VIOLATIONS** in any given financial year.

General forecast

Performance expected to normalise after exceptional year

The forecasting framework for the current financial year 2022/2023 paints a mixed picture. Whilst we expect demand on the M&A market to improve vis-à-vis the year under review and assume that financing partners will lose some of their reticence in the new financial year 2022/2023, the economic environment is likely to remain challenging, and GDP in Germany might decline, meaning that we can expect the economy's business processes to remain under pressure. We therefore expect a continuously challenging environment.

We believe that Deutsche Beteiligungs AG's performance should normalise in the current financial year, and we now anticipate net asset value to rise year-on-year from the lower comparison base. Earnings from Fund Investment Services are likely to show stable development vis-à-vis the previous financial year 2020/2021, in line with the life cycle of the funds and in view of cost developments. **NET INCOME FOR 2022/2023** is expected in a range of 70 million to 80 million euros. This would make the 2022/2023 financial year an above-average year when measured against a ten-year period.

Frankfurt/Main, 24 November 2022