Combined Management Report

of Deutsche Beteiligungs AG
and the Deutsche Beteiligungs AG
Group for financial year 2023/2024

"By adding private debt to our range of financing services, we have opened up access to a large number of mid-sized enterprises that we have not yet been able to reach to date."

Tom Alzin, Spokesman of the Board of Management

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 roots dating back to 1965. The Company has been listed on the Frankfurt Stock Exchange since 1985 and its shares are traded in the market segment with the highest transparency requirements, the Prime Standard. DBAG is an SDAX member.

While DBAG has focused on providing equity to mid-sized companies in the past, it acquired a majority stake in ELF Capital Advisory GmbH ("ELF Capital") in November 2023. ELF Capital initiates and advises closed-end private debt funds. This acquisition has allowed DBAG to expand its range of services to include private debt.

The Company's business model is based on two segments:

- In its Fund Investment Services segment, DBAG provides advisory services to the closed-end private equity funds which are initiated and structured by DBAG itself ("DBAG funds"). DBAG also holds a stake in ELF Capital. The company initiates and advises private debt funds ("ELF funds").

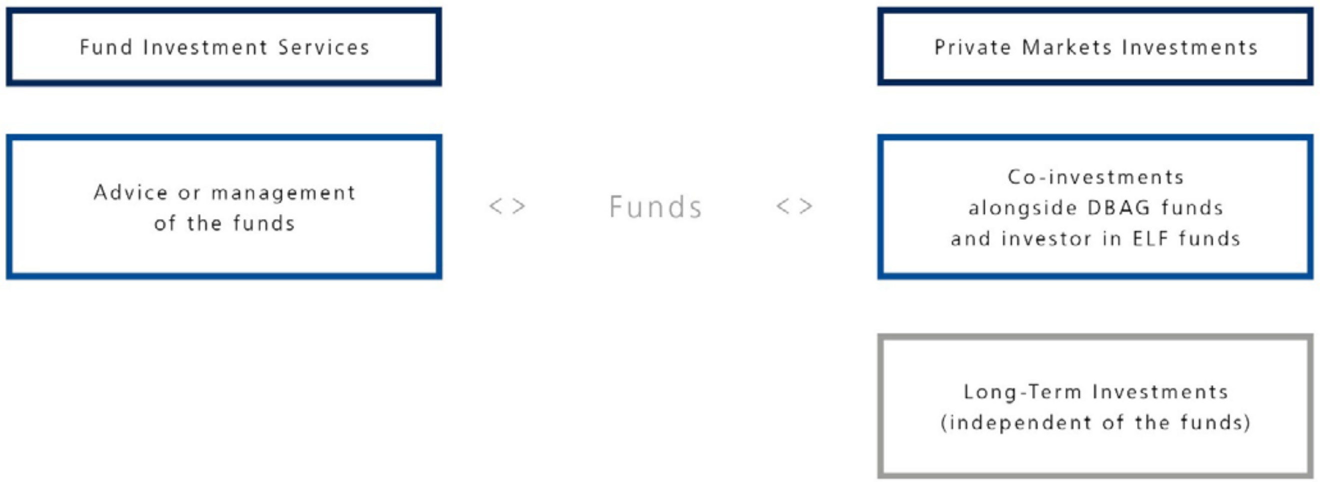
- In its Private Markets Investments segment, DBAG uses its own assets to provide private equity or private debt to companies in which it has invested.

The Company's management and business processes are conducted at DBAG's registered office in Frankfurt/Main. While DBAG has always focused its investments on mid-market companies in Germany, Austria and Switzerland (the "DACH" region), the Company opened a local office in Milan in 2021 and has also stepped up its general investment activity in Italy alongside the DBAG funds. Equity investments in other European countries are made on a more selective basis. The ELF funds invest in the DACH region and in Northwest Europe. DBAG's office in Luxembourg, which was opened in 2023, provides the DBAG funds' companies there with management and investment-related services.

DBAG has been recognised as a special investment company, as defined by German statutory legislation on special investment companies (Gesetz über Unternehmensbeteiligungsgesellschaften – UBGG) since 1987. However, the Annual General Meeting resolved to renounce this status on 2 November 2023. 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 managing 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 DBAG funds based in Luxembourg and Guernsey.

Integrated business model

Integrated business model



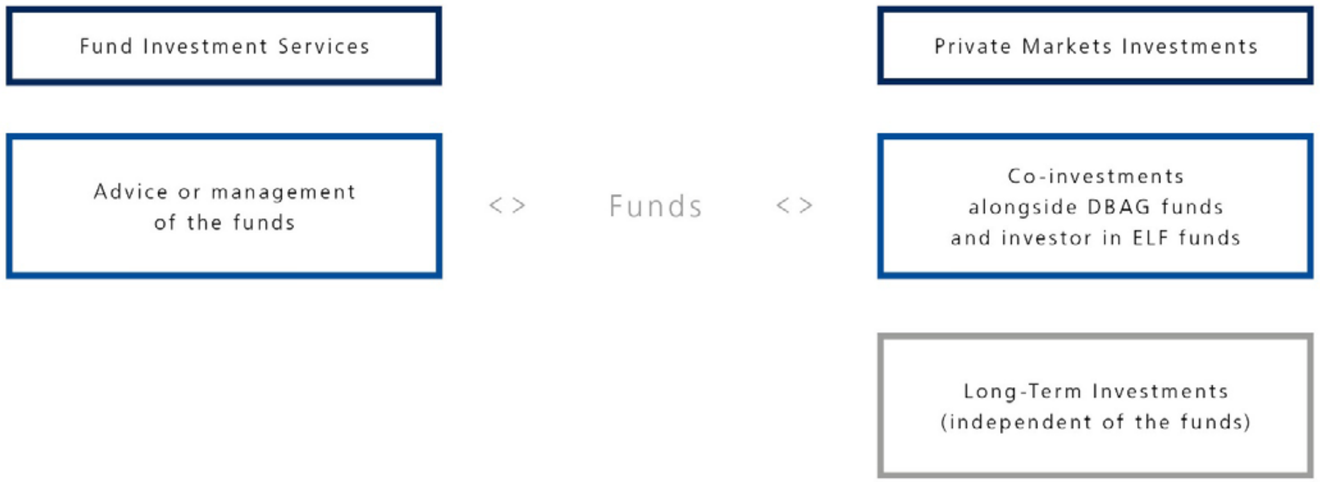
Fundamental information about the Group

DBAG's business model, which is geared towards increasing value for its shareholders, is based on two pillars: the Fund Investment Services segment and the Private Markets Investments segment. The DBAG funds and the ELF funds link the two segments, with DBAG providing advisory services to the DBAG funds and ELF Capital to the ELF funds. DBAG also uses its own assets to co-invest alongside the DBAG Funds as well as investing in the ELF funds. Since 2020, DBAG has also been purchasing equity investments exclusively using its own financial resources, i.e. without a fund, in what we refer to as Long-Term Investments.

Raising capital for DBAG funds and ELF funds benefits both DBAG and its shareholders, as well as the investors in the funds.

- DBAG's shareholders participate in the fee income earned for advising DBAG funds and ELF funds ("Fund Investment Services"). As well as this, they participate in the value appreciation and income realised via the co-investments into which DBAG enters alongside the DBAG funds and via the ELF fund investments (together with DBAG's Long-Term Investments entered into without the DBAG funds, i.e. "Private Markets Investments").
- The assets from the DBAG funds and ELF funds create a substantially larger capital base, enabling DBAG to invest in larger companies while ensuring that the investments are well diversified.
- Because DBAG invests in the DBAG funds and the ELF funds itself, fund investors can rest assured that their advisor is pursuing the same interests as they are.

Integrated business model



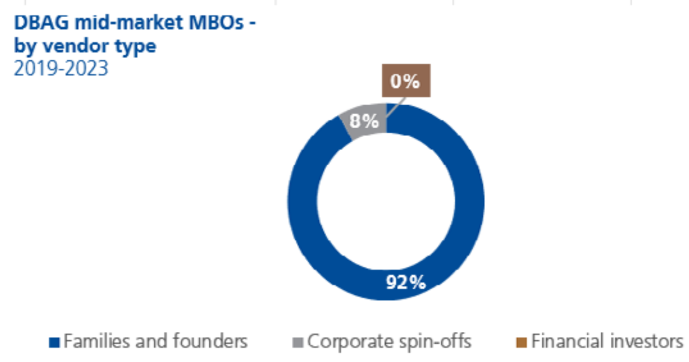
Fundamental information about the Group

Strong brand opens up attractive investment opportunities

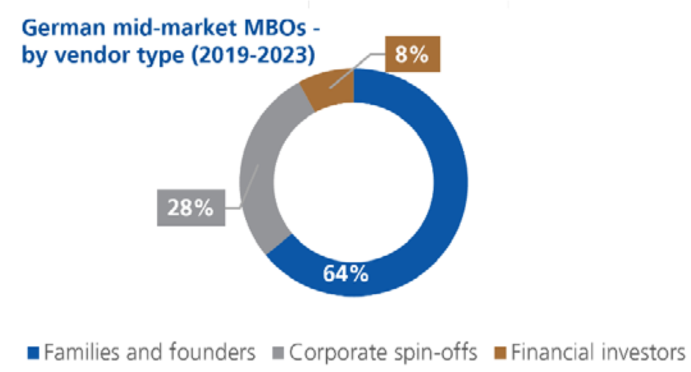
We have every confidence that we have built a strong brand and network that regularly give us direct access to investment opportunities beyond competitive auctions. This can be seen from our extensive track record as outlined below.

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

We see our market-leading access to family-owned businesses as one of our unique selling points. This success is rooted in a comprehensive understanding of the specifics of the mid-market sector and the industries in which we invest



According to research conducted by the FINANCE trade magazine, approximately 92 per cent of the MBOs structured by DBAG between 2013 and 2023 involved this type of company, compared with 64 per cent in the overall market during the same period.



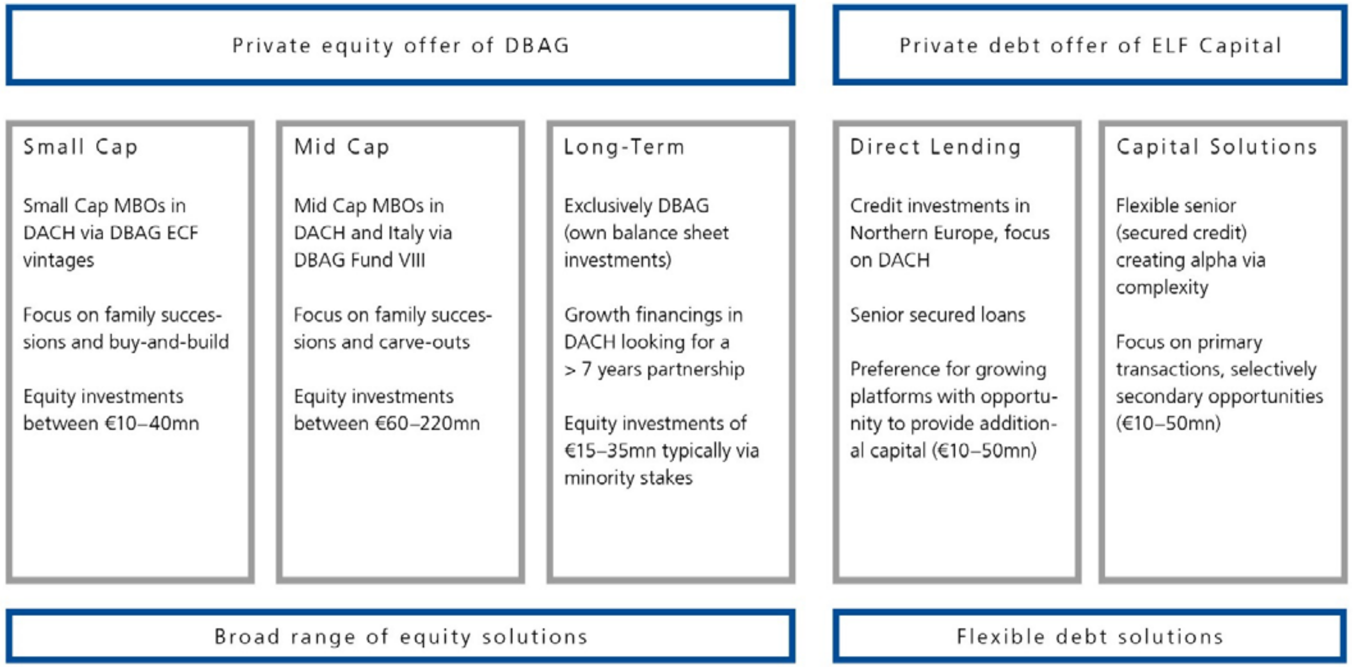
Broad financing portfolio for mid-market companies

We have expanded our financing portfolio for the mid-market sector beyond MBOs to include Long-Term Investments and private debt financing. This allows us to offer mid-sized companies a broad range of services tailored to their financing needs.

We are able to provide customers with equity financing solutions that fit their exact needs in terms of length or scope. We finance MBOs of various sizes. Minority investments structured as Long-Term Investments also open up access to family businesses, which tend to give a wide berth to equity financing with a shorter investment horizon. And we are at hand to assist our portfolio companies as they implement their growth strategies, providing additional capital during the term of our investment.

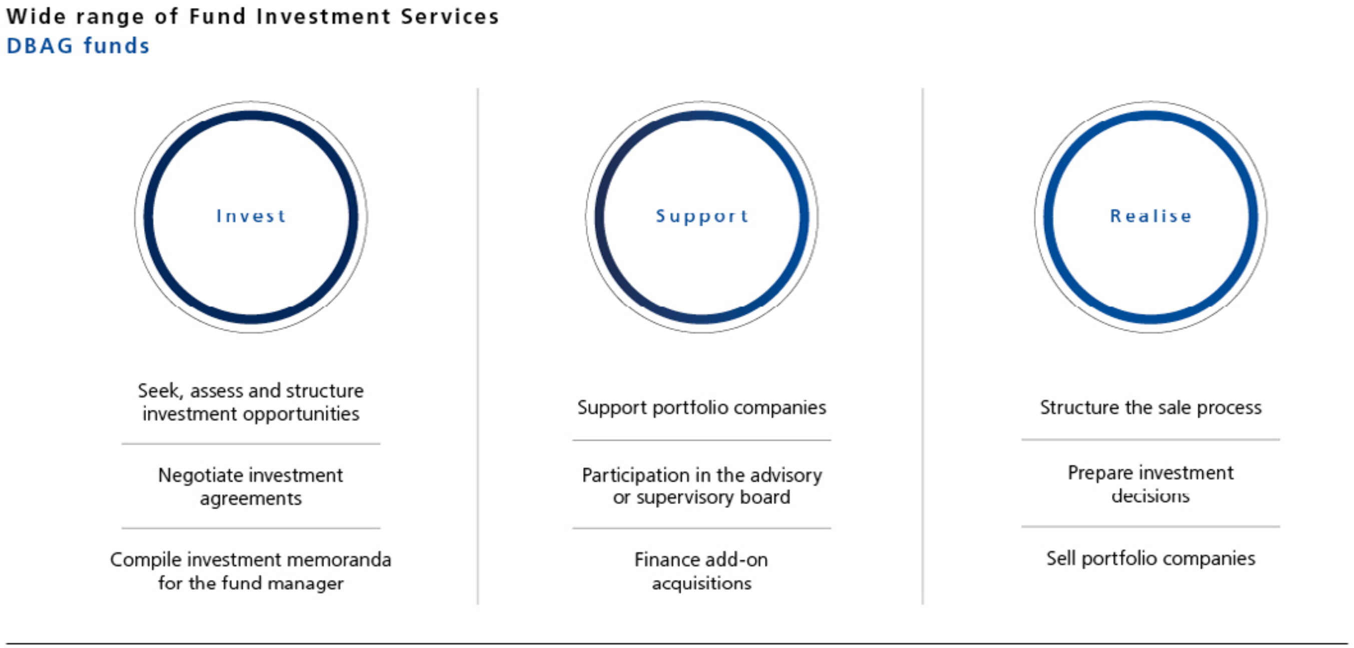
Our debt financing arrangements include direct loans and other structures (please refer to the “Private debt investments” section for more information). As with private equity financing, growth companies are our preferred investment targets. We provide them with additional debt capital when they are implementing their expansion strategies.

Fundamental information about the Group



Fundamental information about the Group

Fund Investment Services segment



The Fund Investment Services segment comprises advisory services to the DBAG funds and – via the majority stake in ELF Capital – to the ELF funds. We measure our segment's success based on the long-term development of earnings from Fund Investment Services (see the "Financial objectives" section).

DBAG and ELF Capital receive fees for the advisory services they provide over the term of a fund. The launch of successor funds to existing ones and of new funds is a key driver for the continuity and growth of income from Fund Investment Services. While the usual lifetime of a private equity fund is ten years, with the successor fund generally launched four to five years after the predecessor fund, this tends to be only eight to ten years in the case of private debt funds.

Fundamental information about the Group

Wide range of Fund Investment Services
ELF funds

A wide range of services for the DBAG and ELF funds

DBAG's primary task with regard to its funds is to initiate and structure new funds. The charts opposite summarise the advisory services that are provided for the DBAG funds and the ELF funds during their respective terms.

As an advisor for the DBAG funds, DBAG prepares recommendations for the fund manager's investment decisions. The fund manager makes all of the decisions that typically fall to a shareholder, for example electing and appointing members of administrative bodies or approving distributions and capital increases. In order to be absolutely certain that the fund manager and their 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. The ELF funds are structured similarly. Fund managers are advised by ELF Capital and their rights are stipulated in the credit agreement. As a rule, partner rights are not exercised.

DBAG enters into co-investments alongside the DBAG funds based on co-investment agreements that provide for a fixed investment ratio for the lifetime of a fund. This means that DBAG always invests in the same companies and instruments as the funds, and on the same terms. For the buyout funds (currently DBAG Fund VI, DBAG Fund VII, DBAG Fund VIII and DBAG ECF IV), fees during the investment period are based on the committed capital. After that, they are measured according to 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 additional one-off transaction-related fees for DBAG ECF II and DBAG ECF III.

The terms and conditions applicable to investments in the ELF funds are the same for DBAG and the debt investors. ELF Capital receives fees for the advisory services it provides to the ELF funds (currently ELF I, ELF II

Fundamental information about the Group

and ELF CS – and ELF CS – see details on the individual funds in the "Private debt investments" section).

The DBAG and ELF investment advisory teams: Interests and incentives

A key element of our strategy is to align the interests of DBAG and its shareholders and of our investment advisory team and investors in the DBAG funds. The members of the DBAG investment advisory team who have greater experience in investing (including the two Board of Management members responsible for investment activities) co-invest alongside the DBAG funds. As is common practice in the industry, the team members co-invest their own money, contributing between around one and two per cent of the capital raised by the fund investors and DBAG. In return for their intangible shareholder contribution to the respective fund, these DBAG investment advisory team members participate disproportionately in the fund's performance ("carried interest") after the fund investors and DBAG have recovered their invested capital plus a preferred return.

The incentives granted to the ELF investment advisory team are similar to those of the DBAG investment advisory team. Here, personal investments from their own private funds are coupled with profit-sharing awards, ensuring that the ELF fund investors' interests are aligned with those of the ELF investment advisory team. DBAG and ELF Capital also foster their interaction by including each other in their respective carried interest models.

Supported by a strong network

The DBAG investment advisory team can draw on a strong network of experienced entrepreneurs. The core of this network is an Executive Circle, whose members help the team in identifying and initiating investment opportunities, assessing specific sectors or, prior to making an investment, help to assess the due diligence of a target company. The ELF investment advisory team now also has access to the Executive Circle's knowledge and experience.

Private Markets Investments segment

In its Private Markets Investments segment, DBAG provides equity and debt financing to mid-market companies. We measure the success of private markets investments based on the increase in net asset value (NAV) and on NAV per share (see the "Financial objectives" section).

DBAG invests equity either alongside the DBAG funds (co-investments) or without a fund, using exclusively its own financial resources (Long-Term Investments). Together, the co-investments and Long-Term Investments are DBAG's "private equity investments" or its "portfolio". Debt capital is provided via the ELF funds, which in turn are advised by ELF Capital. The ELF fund investments attributable to DBAG are referred to as DBAG's "private debt investments". Private equity investments income is generated via the value appreciation achieved when investments are sold. Income also comes from private equity investments and especially private debt investments, mainly from interest payments and other capital gains during the term of the investment.

Private equity investments

Investment strategy

Our private equity investments are in established, well-positioned companies with a proven and scalable business model and potential for development. We support these companies by providing them with capital, expert advice and the benefit of our experience. This helps them to develop their business (potential) faster than they could on their own.

Strategies can include strengthening the companies' strategic positioning, for example by introducing a broader product range or by expanding regionally. These strategies almost invariably involve add-on acquisitions and improving operational processes or adapting them to changing conditions. We also help our portfolio companies to develop and implement their individual sustainability strategies, and to seize the opportunities that arise during the transformation of our economy and society.

As well as this, we attach importance to entrepreneurially-minded management teams that are able to bring about the agreed objectives and respond efficiently to new developments. The companies that are a good fit for our investment universe are also leaders in their (possibly small) markets, and have strong innovative capacity and products with good prospects.

Sector structure

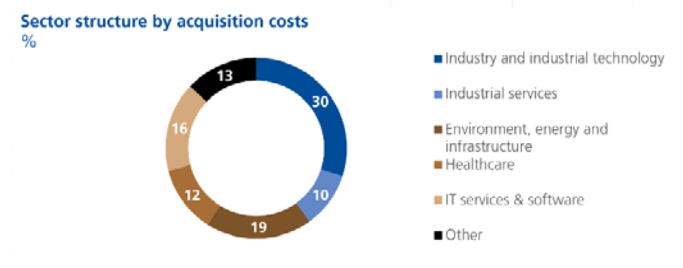
DBAG's investment focus traditionally has been on manufacturing companies and their service providers, both of which are at the core of Germany's Mittelstand and the excellent reputation it enjoys around the world. This focus applies to the Germany, Austria and Switzerland ("DACH") region and to Italy, both of which have a similar economic structure, i.e. a large number of family-owned mid-market companies.

DBAG's sector focus is on manufacturers, industrial service providers and industrial technology enterprises – businesses whose products facilitate automation, robotics and digitalisation – as well as on companies from the environment, energy and infrastructure, IT services & software, and healthcare sectors.

This means that a significant part of our portfolio focuses on business models that stand to gain from the rapidly accelerating digitalisation of modern societies. These growth sectors are also less exposed to cyclical influences.

The decarbonisation of our way of life also brings about extensive changes, which in turn open up new attractive investment opportunities. This means that companies that contribute to more sustainable lifestyles and business practices are gaining importance in our portfolio.

Fundamental information about the Group



Geographical focus

Most of our portfolio companies operate internationally. This applies to the markets they serve but in some cases to their production sites as well. In geographical terms, the majority of the portfolio companies have their registered office or main business focus in the German-speaking region of Europe. We have also been investing in Italy since 2020. Up to a quarter of DBAG Fund VIII's volume can be invested there. In exceptional cases, we also invest in companies that mainly operate outside of German-speaking countries and Italy, primarily in sectors in which we have a lot of experience.

As at 30 September 2024, companies domiciled in the Germany, Austria and Switzerland region accounted for 85 per cent of DBAG's portfolio value (30 September 2023: 84 per cent), including 10 per cent in Switzerland (30 September 2023: 6 per cent). Companies domiciled in Italy accounted for 10 per cent (30 September 2023: 7 per cent).

Fundamental information about the Group

Overview of the DBAG funds

The following table summarises key information about current DBAG funds:

Fund	Target	Start of investment period	End of investment period	Size[1]	thereof DBAG	Share of DBAG's co-investment
DBAG Fund V (in liquidation	Buyouts	February 2007	February 2013	€539mn	€105mn	19%
DBAG ECF I: DBAG Expansion Capital Fund	Growth financing	May 2011	May 2017	€201mn	€94mn	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	41%
DBAG ECF IV: DBAG Expansion Capital Fund IV	Small buyouts	December 2022	December 2028 at the latest	€249mn	€100mn	40%
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 at the latest	€1,109mn[5]	€255mn[6]	23%

1 As of 21 November 2024. DBAG Fund VI, DBAG Fund VII, DBAG Fund VIII: in each case excluding investments made by experienced members of the DBAG investment advisory team and selected members of DBAG's senior management.
2 DBAG has committed 183 million euros to the principal fund and 17 million euros to the top-up fund.
3 The proportion of co-investments is 23 per cent for the principal fund and 8 per cent for the top-up fund.
4 DBAG Fund VIII consists of two sub-funds: a principal fund (910 million euros) and a top-up fund (199 million euros).
5 DBAG has committed 210 million euros to the principal fund and 45 million euros to the top-up fund.

Fundamental information about the Group

Privat debt investments

ELF Capital also prefers family-owned market leaders with solid, profitable business models and sound growth prospects for the private debt investments realised by the ELF funds – currently European Lending Fund I ("ELF I"), European Lending Fund II ("ELF II") and ELF Capital Solutions Fund I ("ELF CS"). The ELF funds also provide financing to companies in special situations and assist with buyout transactions.

Unlike the banking market, the ELF funds offer tailor-made and flexible private debt solutions. The new ELF CS fund is set to step up this approach and will be used to increase the enterprise value in more complex situations.

ELF Capital focuses more on value-based investment, aiming to maintain an adequate safety margin in every investment. This margin is achieved by selecting investments with a high probability of fulfilling the originally agreed repayments, including interest, even under worst-case scenarios. The collateral package may encompass assets, company shares, etc.

The following table summarises key information about current ELF funds:

Fund	Target	Start of investment period	End of investment period	Size	thereof DBAG	Share of DBAG's co-investment
ELF European Lending Fund I	Senior debt	April 2019	December 2023	€201mn	€0mn	0[1]
ELF European Lending Fund II	Senior debt	July 2024	July 2028	€50mn	€25mn	50%
ELF Capital Solutions Fund I	Credit opportunities	July 2024	July 2028	€76mn	€75mn	99%

1 DBAG has not invested in ELF European Lending Fund I.

The stock market: DBAG's main long-term financing option

DBAG finances the bulk of its private market investments over the long term and via the stock market. We manage the amount of DBAG's equity capital via share buybacks (most recently in 2024) and capital increases (most recently in 2021). Dividend distributions also have an impact on the amount of equity capital.

DBAG uses two revolving credit lines in an aggregate amount of 120.2 million euros to provide any funds required to finance investments until it receives funds from realisations. Please refer to the chapter "Financial position – equity and liabilities" for details on the drawdown of credit lines during the reporting period.

DBAG continued to diversify its debt financing structure and enhanced its matched-maturity profile during the reporting period. To this end, DBAG had convertible bonds due 2030 outstanding with a total nominal value of 100 million euros and promissory note loans with remaining terms between three and seven years in the amount of 20 million euros as at the reporting date.

Target system comprising financial and non-financial objectives

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

While we made no changes to our target system in the year under review, we adjusted our key performance indicators. We continue to aim to increase our Company's value in the long term and have defined financial and non-financial objectives to achieve this. The latter comprise ESG aspects, 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.

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 we see the term "sustainable" as meaning first and foremost "in the long term". Key indicators can also be headed on a downward trajectory in the short term. To a certain extent, this is a typical feature of the business because, for example, income from Fund Services falls after investments are disposed of. This can also be attributed to external factors that can change significantly at short notice. For instance, this is the case with the valuation levels of listed peer group companies when we measure the fair value of our private equity investments on a quarterly basis.

Fundamental information about the Group

Financial objectives

Objective definitions and key fields of action	Steering and control: Key performance indicators
Financial objective: Increase net asset value	
Building net asset value in the long run requires investments to be made in promising mid-market business models. The higher the increases in value that can be realised with the investments we have made – and the more the gross portfolio value rises increases as a result – the greater the increase in the value of the segment.	The net asset value is the key performance indicator for any increase in DBAG's value. It is determined by subtracting total liabilities from total assets. (For more information, please refer to the "Business performance by segment" section, subsection "Private Markets Investments segment".) The net asset value does not change directly as a result of investments and disposals; to begin with, these merely produce a shift between financial assets 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 its success, the distribution reduces the financial resources and, as a result, the net asset value. In order to make the increase in the net asset value visible in a given financial year, the opening balance of the net asset value is adjusted to reflect the distribution made in that financial year and, where appropriate, the inflow from a capital increase. We also resolved to launch a share buyback programme in the reporting year and will therefore report not only net asset value in absolute terms but also net asset value per share ("NAV per share") going forward. The figure will be based on shares outstanding, i.e. the total number of shares issued minus treasury shares held as at the reporting date.
Financial objective: Build the value of the Fund Investment Services segment	
An increase in the value of the Fund Investment Services segment requires substantial assets under management or advisory that increase in the medium term. The higher the growth of income from Fund Services, which tends to be volume-based, and the higher the extent to which it exceeds the corresponding expenses, the greater the long-term increase in the value of the segment.	We have been measuring target achievement based on the development of earnings before taxes from Fund Investment Services up until now. We do not carry out our own valuation for this segment. Instead, by offering the greatest possible degree of transparency, we aim to ensure that market participants can carry out their valuation on the most objective basis possible. Following the majority investment in ELF Capital, earnings from Fund Investment Services include scheduled amortisation of client relationships capitalised as part of the purchase price allocation. (The client relationships refer to income from existing capital commitments and income from expected capital commitments made by existing investors in ELF funds.) As such, we will measure target achievement for this financial objective based on earnings before interest, taxes and amortisation of intangible (EBITA) assets going forward.

Fundamental information about the Group

Non-financial objectives

Greenhouse gas emissions, employee satisfaction and compliance remain essential factors for DBAG's business success. Please see below for the three non-financial objectives derived from these concepts and for more information about the key performance indicators we use to control and steer target achievement:

Objective definitions and key fields of action	Steering and control: Key performance indicators
Non-financial objective: Reduce or avoid greenhouse gas emissions	
We intend to play our part by cutting emissions from operations per employee (FTE). Business travel and company cars account for a major part of DBAG's carbon footprint. To avoid generating climate-damaging greenhouse gas emissions through travel, we encourage our staff to use trains as an alternative to short-haul flights and to use video conferencing to avoid travel wherever possible and wherever it makes sense to do so. Since the financial year 2022/2023, we have not added any new company cars to our fleet and current lease contracts for company cars will not be renewed. Instead, we have been offering employees a transit card since 1 January 2023, making it easier for them to use public transport instead of travelling by private car.	Progress is currently measured based on total scope 1, scope 2 and scope 3 emissions from business activities at our Frankfurt/Main offices, calculated in compliance with the Greenhouse Gas Protocol. Our scope 3 emissions currently include those from business travel and commuting as we are in a position to influence these. Further emissions from operations are those stemming from advisory services we purchase. However, as most advisors do not yet provide evidence of their carbon footprint, we are not in a position to align our purchasing decisions with our commitment to reducing emissions.
Non-financial objective: Improve employee satisfaction	
Our success is virtually impossible without the professional and personal skills of our people, their experience and commitment. Accordingly, improving employee satisfaction is a top priority for us. In particular, we are promoting a project organisation based on teamwork and a system that ensures that responsibility is transferred swiftly across all areas of DBAG. The benefits we offer our employees include measures for promoting employee health and options for working remotely. We cultivate a culture of respect, openness and flat hierarchies – just as we set great store by professionalism and stable processes. Our remuneration and incentive system is geared towards encouraging achievement and offering a motivating work environment.	We use software to monitor employee satisfaction, asking our staff for feedback on issues relating to organisational culture, leadership at DBAG, working conditions and other aspects. The software also calculates the employee satisfaction index as the arithmetic mean of all surveys conducted in a given financial year. We use this index as a key performance indicator.
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 includes detailed regulations and information on implementation, for example with regard to gifts and invitations or working together with sales partners.	The target value for fines, penalties or similar expenses imposed for compliance or transparency violations at DBAG amounts to zero euros.

Fundamental information about the Group

ESG aspects in budget planning for DBAG's portfolio companies

DBAG not only assumes responsibility for how its own business activities impact the environment and society but also the business activities of its portfolio companies. That is why ESG aspects form part of the due diligence we undertake prior to any investment decision. During the investment term, we help our portfolio companies to expand their sustainability strategy and to establish a management system based on non-financial indicators. In addition to DBAG's three ESG-related fields of action presented above, occupational health and safety and gender parity are relevant fields of action for the portfolio companies.

Business review of the Group

Comparison between actual business developments and forecast

		Actual 2022/2023 and 30 Sep 2023	Original forecast Nov 2023	Concrete forecast July 2024[1]	Actual 2023/2024 and 30 Sep 2024	Degree of fulfillment forecast Nov 2023	Degree of fulfillment forecast July 2024
Financial performance indicators							
Net asset value[2] (reporting date)	€mn	669.4	675.0 to 790.0	675.0 to 710.0	688.4	Expectation met	Expectation met
Earnings before taxes Fund Investment Services	€mn	14.0	9.0 to 13.9	-	12.8	Expectation met	-
Non-financial performance indicators							
Carbon footprint (scope 1-3)[3]	t CO_2/employee	2.9	2.8	-	2.8	Expectation met	-
Employee satisfaction	%	65.0	66.0	-	69.0	Expectations exceeded	-
Payments from compliance breaches	€	0.0	0.0	-	0.0	Expectation met	-

1 DBAG specified the previous forecast range for net asset value on 17 July 2024.
2 Defined as total assets minus total liabilities including provisions
3 Scope 3 currently comprises business travel and commuting.

We have met the forecasts regarding our financial targets for the financial year 2023/2024.

The earnings performance of individual portfolio companies in the third quarter of the year under review yielded a significantly lower value contribution compared with the same quarter of the previous year. That led us to specify our forecast range for net asset value on 17 July 2024. The net asset value was within this specified range as at the reporting date, confirming our original forecast from November 2023.

Earnings before taxes from Fund Investment Services were also entirely in line with expectations. Turning to our non-financial objectives, our carbon footprint was as forecast.

Employee satisfaction increased more strongly than anticipated. We have also been able to respond to employee feedback and incorporate it into decision-making in order to increase satisfaction.

As expected, there were once again no payments from compliance breaches in the financial year 2023/2024.

Macroeconomic and sector-specific environment

Overall economic outlook: Economic development risks trending upwards again

As an export nation, Germany is particularly affected by the muted global economic growth perspectives in the calendar year 2024. In its most recent World Economic Outlook[1], the International Monetary Fund (IMF) stated that “while the global decline in inflation is a major milestone” for economic development, persistent structural pressures such as an ageing population and weak productivity are putting a brake on potential growth in many economies. The IMF also pointed to increasing downside risks that dominate the outlook, including “an escalation in regional conflicts, monetary policy remaining tight for too long, a possible resurgence of financial market volatility with adverse effects on sovereign debt markets [...], a deeper growth slowdown in China, and the continued ratcheting up of protectionist policies.”

The IMF expects Germany to be the only major euro area country with a stagnating gross national product in the calendar year 2024 (following a decrease of 0.3 per cent in 2023). This is because of “persistent weakness in manufacturing”, fiscal consolidation and declining real estate prices.

Economic growth is anticipated to recover slightly to 1.8 per cent across industrialised countries (2023: +1.7 per cent) in 2024. The figure for the euro area could double from 0.4 per cent to 0.8 per cent. Within the large European nations, this will be driven above all by a significant recovery in the Netherlands and Spain. Growth in the United States is expected to ease from 2.9 per cent to 2.8 per cent.

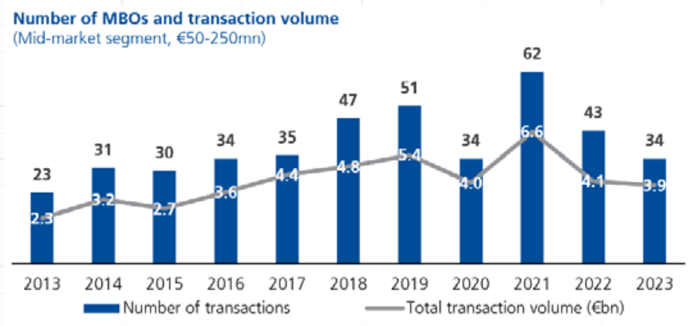
[1] International Monetary Fund, World Economic Outlook October 2024

Business review of the Group

While growth in China could slow down from 5.2 per cent in 2023 to 4.8 per cent in 2024, the ongoing weakness in the real estate market and continually low consumer confidence are projected to be partially offset by strong export growth. The IMF expects global economic growth to edge down to 3.2 per cent in 2024 from 3.3 per cent in the previous calendar year.

DBAG's portfolio companies are by no means immune to the challenging macroeconomic environment. Frequent influencing factors are slow demand, a shortage of skilled labour, still-high input costs and demanding supply chain management. By expanding its investment strategy to include sectors outside of the manufacturing industry in recent years, DBAG has been able to reduce the risks arising from economic and structural changes for the entire portfolio.

Private equity market 2023: Number of transactions lower but above long-term average



Due to the limited size and varied structure of the private equity market, comparisons over short periods of time offer only low informational value. Furthermore, transparency is limited – because for every transaction for which a value is published, there are several others where no quantitative information is released. We therefore regularly perform our own market analyses, together with the industry magazine FINANCE, in order to examine the market segment which DBAG addresses[2].

According to the latest figures available to FINANCE magazine, market activity in small- and mid-cap buyouts was strong in the calendar year 2023, in spite of the challenging environment. Financial investors structured a total of 34 transactions in 2023, down from 43 in the previous year. Nonetheless, the total number of transactions in 2023 exceeded the average since records began (33).

The long-term trend towards dominating primary transactions – i.e. transactions that are not executed between financial investors – continues unabated. While primaries accounted for a smaller percentage of deals in 2023 than in 2022 (56 per cent versus 67.4 per cent), they still represented the majority on the market. DBAG was also very active here, realising a total of six disposals, most of which were agreed upon with strategic buyers.

The sector focus was yet another striking aspect observed on the market in 2023. With more than 26 per cent of transactions, the IT services and software sector was one of the main areas of focus in the mid-sized MBO market.

In the financial year under review, DBAG invested in ProMik, a company that develops software-driven solu-tions for the mobility sector. DBAG ECF IV acquired UNITY in the re-porting year, underpinning our strategy of investing (alongside the funds we advise) in business models that benefit from the economy's digital transition.

Succession arrangements were once again one of the main reasons for transactions. A total of eight succession transactions took place in the mid-sized MBO market in 2023 (compared to seven in 2022), DBAG accounting for half of these. This development underscores our exceptional expertise when it comes to generational transitions in family-owned and founder-managed companies. The ProMik and UNITY investments also belong to this category.

Price developments: As disinflation continues, ECB continues to cut key interest rates

The IMF[3] believes that the sharp increase in global inflation over the past years was the result of multiple economic shocks (in particular supply chain disrup-tions combined with strong demand pressure and increasing raw mate-rial prices) triggered by the pandemic and Russia's invasion of Ukraine.

According to the IMF, these shocks have since dissipated – not least due to disinflation. However, it also states that monetary policy played an important role by avoiding deleterious wage-price spirals. As such, the IMF expects an average global inflation rate of 5.8 per cent for the ongoing calendar year (2023: 6.7 per cent). Disinflation in the developed countries is expected to progress faster than elsewhere. While inflation in the euro area is expected to decrease from an average of 5.4 per cent to 2.4 per cent, forecasts suggest that inflation rates will fall from 6.0 per cent to 2.4 per cent in Germany and from 5.9 per cent to 1.3 per cent in Italy.

These developments allowed major central banks to loosen their restrictive monetary policy and lower interest rates again. For example, The European Central Bank (ECB) decided to lower its three key interest rates by 25 basis points each on 17 October 2024 – this means that the interest rate on the deposit facility, which is used by the ECB to steer its monetary policy, is now 3.25 per cent. This rate had peaked at 4.0 per cent in September 2023 following the end of the ECB's zero-interest rate policy in September 2022.

[2] 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 DBAG's own estimates and research in cooperation with the German industry magazine FINANCE.

[3] International Monetary Fund, World Economic Outlook October 2024

Business review of the Group

Financial markets: Demand increases while supply improves

After around two years of net negative demand for company loans in the euro area, demand has improved recently due to interest rates decreasing. In the third calendar quarter of 2024, demand was positive among mid-market companies and neutral among large companies, while banks' financing conditions remained unchanged in the same period – for the first time after two years of constantly tightening restrictions.[4]

Drawing on our decades of experience, we help the companies in which we invest to adapt their financing structures to changing frame-work conditions and to optimise their position in the respective environment.

The supply of acquisition finance, which is key to our business, remained intact in the first half of 2024. According to data provided by global investment bank Houlihan Lokey in its most recent MidCapMonitor, a moderate first quarter was followed by a strong recovery in the second quarter, with transactions increasing from 21 to 37 per quarter.[5] Of these 58 deals, 31 were financed by private debt funds and 27 by banks, i.e. private debt funds once again accounted for more than 50 pr cent of transactions.

Houlihan Lokey believes that the players on the M&A market for German mid-cap deals have grown accustomed to the higher interest rate levels. Even though private debt funds and banks have adopted a more conservative approach to leverage due to the increased EURIBOR rates, they are generally open to transactions and provide extensive support to high-quality assets.

[4] ECB - Euro area bank lending survey, third quarter 2024

[5] Houlihan Lokey MidCapMonitor Q2 2024

Business review of the Group

Review of key events and transactions

Private equity investments: Successful realisations and new equity investments

DBAG succeeded in realising numerous disposals and one partial disposal over the financial year 2023/2024, investing a total of 72.5 million euros from its own balance sheet (previous year: 63.6 million euros). Of this amount, 40.8 million euros (previous year: 28.8 million euros) were new investments completed in the year under review and 9.4 million euros (previous year: 13.6 million euros) was attributable to financing provided by DBAG alongside DBAG Fund VII and DBAG ECF IV for add-ons made by portfolio companies. Increases in existing investments totalled 22.3 million euros (previous year: 21.2 million euros).

DBAG completed the acquisition of an investment (MBO) in ProMik in the year under review. The company is a leading systems provider of programming and testing solutions for series production in the electronics industry. Its broad range of services is geared towards sectors such as mobility, consumer goods and industrial applications. DBAG's acquisition of a stake (MBO) in UNITY was agreed in the financial year 2023/2024 but has not yet been completed. UNITY is a leading management consultancy with an international profile for technology advice and digital transformation processes. Both transactions underpin our strategy of investing (alongside the funds we advise) in business models that benefit from the economy's digital transition.

In the reporting year, DBAG also completed the acquisition of a minority investment in NOKERA (Long-Term Investment), a producer of buildings in serial construction. Itsstrong commitment to sustainability was recently rewarded with the German Sustainability Award 2025.

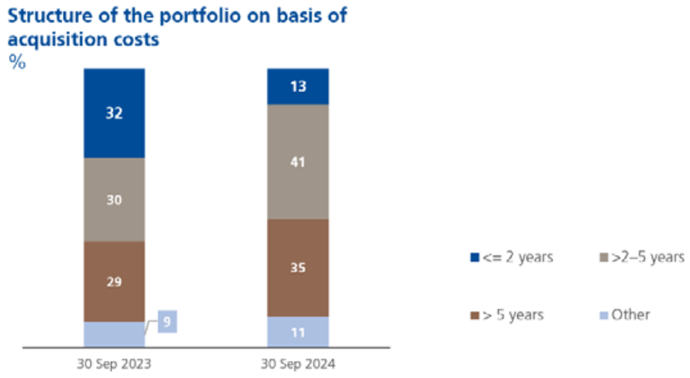
The new equity investments were offset by four completed disposals and the derecognition of a portfolio company.

The four completed disposals are: R+S, a provider of technical building services; GMM Pfaudler, a firm specialising in mechanical engineering solutions for the chemical and pharmaceutical industries; in-tech, a tech company focused on software development, testing and validation; and Abbelen, a market-leading meatball producer. Following this sale from the More than Meals group, the remaining stake in the group was allocated to the residual items.

DBAG also agreed on the partial disposal of Solvares to Five Arrows in the reporting year. Solvares develops and distributes software that enables companies to plan, control and optimise their transport logistics and field service, maintenance and distribution.

As the negative performance of the investment in foundry group Gienanth had already been taken into consideration as at previous reporting dates, the derecognition following the company's insolvency did not result in a value contribution in the current financial year. Another portfolio company is involved in difficult restructuring negotiations and its negative performance has already been fully factored into the portfolio valuation as at 30 September 2024.

Holding period of the portfolio companies



Around 11 per cent (previous year: 9 per cent) of our portfolio's acquisition costs are attributable to investments that we have already been supporting for two to five years. This is typically the period during which the implementation of the agreed measures for realising the development potential gains momentum. However, the currently challenging macroeconomic environment could delay the companies' performance and lead to a longer holding period.

Business review of the Group

DBAG's portfolio consisted of 35 portfolio companies as at 30 September 2024, plus one investment in an externally-managed foreign buyout fund which is currently in liquidation. The table below provides an overview of key transactions executed dur-ing the reporting period.

Name, event, registered office	DBAG fund	Description of company activities	Date	Revenues (€mn, rounded)	Equity contribution from DBAG (€mn, rounded)
in-tech Germany, disposal	DBAG Fund VIII	**IT services and software** Engineering services and software	7/2024 (closing)	169.2 (2023)	/
MTWH Italy, acquisition of Florenradica	DBAG Fund VIII	**Industry and industrial technology** Manufacturer of metal applications for the luxury goods industry	10/2023 (closing)	158.0 (2023) – MTWH total	/
Abbelen Germany, sale from the More than Meals group	DBAG Fund VII	**Other** Chilled ready meals and snacks	7/2024 (closing)	219.8 (2023)	/
akquinet Germany Acquisition of MSC, Switzerland Acquisition of C3 Consulting, Poland	DBAG Fund VII	**IT services and software** IT services	10/2023 (MSC closing) 6/2024 (C3 Consulting closing)	129.5 (2023) – akquinet total	4.3
operasan Germany Acquisition of renal centre in Roth, Germany Acquisition of renal centre in Moers, Germany Acquisition of renal centre in Warendorf, Germany	DBAG Fund VII	**Healthcare** Nephrology and dialysis	5/2024 (NZ Roth closing) 5/2024 (NZ Moers agreement) 6/2024 (NZ Warendorf agreement)	36.9 (2023) – operasan total	1.0 (NZ Roth) 0.6 (NZ Moers) 0.2 (NZ Warendorf – agreed, but not completed)
Sero Germany, acquisition (name of acquired company not yet disclosed)	DBAG Fund VII	**Industrial services** Development and manufacturing services provider for electronic components	8/2024 (agreement)	205.4 (2023) – Sero total	3.1 (agreed, but not completed)
Gienanth Germany, disposal	DBAG Fund VI	**Industry and industrial technology** Machine- and hand-moulded castings for the automotive supply industry	11/2023	324,7 (2022)	/
GMM Pfaudler India, disposal	DBAG Fund VI	**Industry and industrial technology** Corrosion-resistant technologies, systems and services for the chemical, pharmaceutical, food and energy industries	12/2023 (closing)	327.0 (2021/2022)	/
Solvares Germany, disposal of a minority stake	DBAG ECF III	**IT services and software** Real-time scheduling and route optimisation software	3/2024 (agreement)	43.9 (2023)	/
AOE Germany Acquisition of F&E, Germany Acquisition of ITM Research, Germany	DBAG ECF IV	**IT services and software** Agile software development	5/2024 (F&E closing) 5/2024 (ITM Research closing)	19.0 (2023) – AOE total	/
Avrio Energie Germany, acquisition of Nohra	DBAG ECF IV	**Environment, energy and infrastructure** Biogas platform	2/2024 (closing)	10.4 (2023) – Avrio Energie total	3.5
ProMik Germany, platform investment	DBAG ECF IV	**Industry and industrial technology** Programming and testing solutions for the electronics manufacturing industry	10/2023 (closing)	13.1 (2023)	15.0
UNITY Germany, platform investment	DBAG ECF IV	**Industrial services** Management consultancy for innovation and transformation	8/2024 (closing)	72.2 (2023)	6.6
NOKERA Switzerland, minority investment	Long-Term Investment	**Environment, energy and infrastructure** Construction supplier & industry	12/2023 (closing)	77.9 (2023)	25.8
R+S Germany, disposal	Long-Term Investment	**Industrial services** Technical building equipment	12/2023 (closing)	303.7 (2022)	/

Business review of the Group

Private debt investments

Deutsche Beteiligungs AG closed the majority stake acquisition of ELF Capital Group in the year under review, expanding its range of flexible financing solutions for mid-market companies to include private debt. (Please refer to the chapter “Fundamental information about the Group”). The first financing transaction structured under the DBAG banner in the reporting year was for a healthcare company based in Ireland.

Fund Investment Services

Assets under management or advisory amounted to approximately 2.7 billion euros (+8.2 per cent year on year).

Business review of the Group

Financial performance

Overall assessment: Financial performance impacted by economic headwinds and expenses for DBAG's strategic development

In the financial year under review, DBAG realised successful disposals and partial disposals, assisted portfolio companies in implementing their value creation strategies and entered into new investments in attractive companies with promising business models that are fit for the future.

Nevertheless, net income for the financial year was significantly below the previous year. This was mainly due to our portfolio companies' valuations and the resulting lower net income from investment activity. On the whole, our investments are affected by the economic weakness in many regions, and the muted economic climate is also leading capital markets valuation multiples to show less of an increase than in the previous year.

In addition, we have also consistently seized opportunities that arose to drive DBAG's strategic development. One example is the majority stake in ELF Capital that we acquired in the year under review. This allows us to offer mid-sized companies a broad range of services for all their financing needs, including private debt solutions.

Our Fund Investment Services segment is also going from strength to strength. DBAG ECF IV and our subsidiary DBAG Luxembourg are now generating visible returns for their advisory services.

Our strategy consciously involved incurring run-up costs for these activities and initiatives, leading to a materially higher negative balance for other income/expense items. We have every confidence that these investments will pay off in the future.

Condensed consolidated statement of comprehensive income

€'000	2023/2024	2022/2023
Net income from investment activity	61,138	109,577
Income from Fund Services	47,543	45,859
Income from Fund Services and investment activity	**108,681**	**155,435**
Personnel expenses	(31,617)	(27,088)
Other operating income	4,893	4,748
Other operating expenses	(26,792)	(22,320)
Net interest income	(5,198)	(2,191)
Other income/expense items	**(58,714)**	**(46,851)**
Earnings before taxes	**49,966**	**108,585**
Income taxes	(2,449)	(2,799)
Earnings after taxes	**47,518**	**105,786**
Net income attributable to other shareholders	(4)	(6)
Net income	**47,514**	**105,780**
Other comprehensive income	(518)	(753)
Total comprehensive income	**46,996**	**105,026**

Other income/expense items: Increase in net expenses

The rise in net expenses in other income/expense items resulted primarily from higher personnel expenses, higher other operating expenses and a higher negative net interest income.

We are hiring new staff because we are expanding our business. The number of employees averaged 109 in the financial year under review, compared with 91 for the previous year. This, together with higher salaries for existing employees, pushed up expenses for wages and salaries and, in turn, personnel expenses.

Other operating income is regularly affected by increasing or decreasing income from consultancy expenses that can be passed through, which itself is offset by corresponding expense items. The year-on-year increase in other operating expenses was mainly due to effects resulting from the first-time consolidation of ELF Capital. Other operating expenses comprise both scheduled amortisation of client relationships capitalised as part of the purchase price allocation (these refer to income from existing capital commitments and income from expected capital commitments made by existing investors in ELF funds) and the regular adjustment of the carried fair value of the existing option for the purchase of the remaining 49 per cent stake in ELF Capital.

While travel expenses relating to our business development also increased, we were able to reduce costs for interim management and freelance fees along with hiring expenses.

Net interest income – negative on balance as in the previous year – was mainly driven by a year-on-year increase in credit line drawdowns during the year, a general rise in capital market interest rates (including a rise in the EURIBOR, which is relevant for our credit lines) and the first-time inclusion of interest rates for the new convertible bonds and promissory note loans we issued in the reporting year.

Net income from investment activity: Markedly below the previous year's level

The change in net income from investment activity is due primarily to the performance of our investments in the portfolio companies that is reflected in gross gains and losses on measurement and disposal portfolio. This means that the net gains not only depend on the earnings outlook of the portfolio companies but – because they are valued based on multiples of listed reference companies (peer groups) – also on capital market developments. To mitigate this effect, DBAG introduced a private market factor (PMF) in the financial year under review. The PMF is derived from the correlation between the Cambridge Associates Europe Developed PE Index and the STOXX Europe 600; it takes account of the fact that valuations of private companies fluctuate less than equity markets.

Net income from investment activity also reflects income from our private debt investments.

Business review of the Group

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 DBAG investment advisory team and the ELF investment advisory team in the DBAG funds' and ELF funds' investment entity subsidiaries. The carried interest entitlements essentially reflect the net performance of the funds' investments. While entitlements for DBAG Fund VIII were higher in the year under review, entitlements for DBAG ECF I in particular were lower.

Net income from investment activity

€'000	2023/2024	2022/2023
Gross gains and losses on measurement and disposal portfolio	67,657	114,643
Net income attributable to other shareholders of investment entity subsidiaries	(5,619)	(10,508)
Net gains and losses on measurement and disposal portfolio	**62,038**	**104,134**
Current portfolio income	18,475	17,179
Net portfolio income	**80,513**	**121,313**
Net gains and losses from other assets and liabilities of investment entity subsidiaries	(19,926)	(13,032)
Net gains and losses from other financial assets and other financial instruments	551	1,295
Net income from investment activity	**61,138**	**109,577**

Analysis of gross gains and losses on measurement and disposal

Source analysis. We determined the fair value of 31 portfolio companies (previous year: 33) as at the 30 September 2024 reporting date, using the multiples method To derive the multiple, we incorporated two additional factors for the first time. On the one hand, we factored in the private market factor (PMF) mentioned above; it aligns the multiple more closely with the development of the private equity sector. On the other hand, the portfolio companies' maturity is reflected based on criteria and measures from the value creation plan. Maturity developments are taken into account by applying a premium/discount to the extrapolated starting multiple.

The cumulative effect from this change (and from other far less significant changes) on total comprehensive income and Group equity amounted to -21,320,000 euros in the reporting period. The PMF had a material impact on this figure.

We based the portfolio company valuation largely on the expected result for 2024 and the company debt levels anticipated at the end of the year, as well as on capital market valuations and exchange rates as at the reporting date. Two investments were measured using exit multiples. Three companies (previous year: three) are still carried at their original transaction price because they have been held for less than twelve months. These account for 6.8 per cent of the portfolio value (previous year: 4.6 per cent). Our valuation of the externally-managed foreign buyout fund, which is currently in liquidation, was based on the fund manager's valuation.

The contribution from the companies' change in earnings was negative in the year under review, with 15 investments (previous year: 19) making a positive and 12 investments (previous year: 10) a negative contribution.

All in all, the economic weakness in many regions is not going unnoticed among our portfolio companies. For several of these, improved earnings were the result of company acquisitions which were accompanied by an increase in debt.

Positive earnings contributions came mainly from individual investments in the industry and industrial technology sector and the IT services and software sector. Positive developments at some investments in the environment, energy and infrastructure sector were offset by negative effects at other companies induced by market changes, which dampened customer spending.

We are reporting on the environment, energy and infrastructure sector for the first time as at the current reporting date (see the "Private equity investmets: Portfolio and portfolio value" section) to account for the increasing relevance of this sector in today's society and economy and, in turn, for DBAG's investing activities as well. This new sector covers the investments previously allocated to broadband/telecommunications along with further portfolio companies from other sectors.

Gross gains and losses on measurement and disposal portfolio by sources: source analysis

€'000	2023/2024	2022/2023
Fair value of unlisted investments		
Change in earnings	(17,486)	39,354
Change in debt	(21,880)	(59,420)
Change in multiples	70,303	121,003
Change in exchange rates	(2,084)	(6,638)
Change – other	487	(41,852)
Other	3,092	(814)
Subtotal	32,432	51,633
Net gains and losses on disposal	35,226	63,009
	67,657	**114,643**

As a general rule, we do not receive any current distributions from portfolio companies during the holding period. At the same time, growth through acquisition 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 especially to our investments in the environment, energy and infrastructure, IT services & software and healthcare sectors. The resulting higher debt levels are offset by positive earnings contributions from the acquisitions.

The change in multiples includes two effects. Firstly, we report on the earnings contribution from changes to valuation multiples of listed peer group companies, which we use for the valuation of portfolio companies. As mentioned, the valuation included a PMF for the first time in this

Business review of the Group

reporting year. Secondly, the changes in multiples are influenced by findings derived from transaction processes. On balance, the earnings multiples of listed peer group companies as at the reporting date were higher than in the previous year in all our sectors. However, the year-on-year increase was less pronounced than it had been in the financial year 2022/2023, leading to a lower contribution to earnings from changes in multiples than in the previous year.

Changes in exchange rates impacted in particular on the value of the investments in duagon (Swiss francs) and congatec (US dollars). Unlike in the previous year, changes in the other item had no material impact on net gains and losses on measurement and disposal.

Net gains and losses on disposal were driven above all by value contributions from the disposal of R+S and in-tech.

Private equity investments: Portfolio and portfolio value

DBAG's total investment portfolio consisted of 35 equity investments as at 30 September 2024 (previous year: 38), of which three were partially sold (Cloudflight, evidia and Telio). In addition, there is one investment of minor significance in an externally-managed foreign buyout fund, which is currently in liquidation, and investments in companies through which predominantly representations and warranties on previous disposals are settled, and which are no longer expected to deliver any appreciable value contributions ("Other" investments).

The value of the 35 equity investments, including loans and receivables extended to them and excluding short-term bridge financing, amounted to 629.9 million euros as at the reporting date (previous year: 625.8 million euros). The investments are attributable to 28 management buyouts (including the three partially disposed equity investments, three growth financings and four Long-Term Investments, one of which is a majority investment and three of which are minority investments); in addition, other investments totalled 8.3 million euros (previous year: 5.9 million euros). This brought the portfolio value to a total of 638.2 million euros (previous year: 631.9 million euros).

The portfolio's growth during the course of the financial year 2023/2024 was attributable to positive net changes in the amount of 32.4 million euros, additions of 72.5 million euros and disposals of 98.1 million euros. Additions refer mainly to the investments in NOKERA and ProMik, while disposals refer mainly to R+S and in-tech.

The following section outlines the valuation performance of our investments compared with the previous year, broken down by sectors. This is generally impacted by the change in our portfolio composition. As previously mentioned, we are reporting on the environment, energy and infrastructure sector for the first time this year, which entails a new sector allocation for some of our portfolio companies and limits comparability. However, as also indicated above, the 2023/2024 change in valuation multiples had a positive impact in all our sectors.

On balance, investments allocated to the environment, energy and infrastructure sector were valued at 1.10 times acquisition cost as at the reporting date. The total valuation of our industry/industrial technology portfolio companies increased to 1.19 times acquisition cost as at the reporting date, compared with 1.14 times in the previous year. Lastly, the valuation of our investments in the healthcare and IT services & software sectors also improved overall – to 1.25 times acquisition cost, compared to 1.17 times acquisition cost at the end of the financial year 2022/2023.

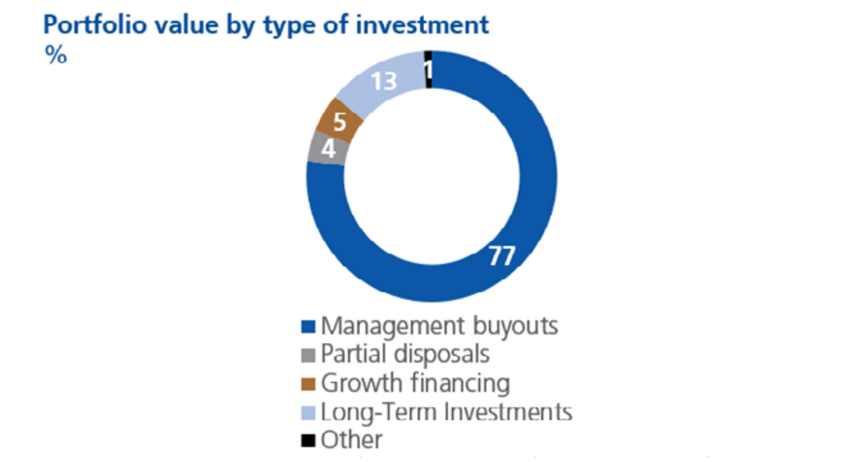
The share of portfolio companies with leverage (net debt/EBITDA) of 3.0 or more improved in the year under review, decreasing from 74 per cent as at the previous year's reporting date to 58 per cent. The reason for this positive development was that EBITDA generated at these companies increased more strongly than debt levels, leading to an improved leverage. Changes to the structure of our portfolio between the previous year's and this year's reporting date also contributed to the change of this indicator. For further details on the development of the portfolio companies' debt, please refer to the source analysis.

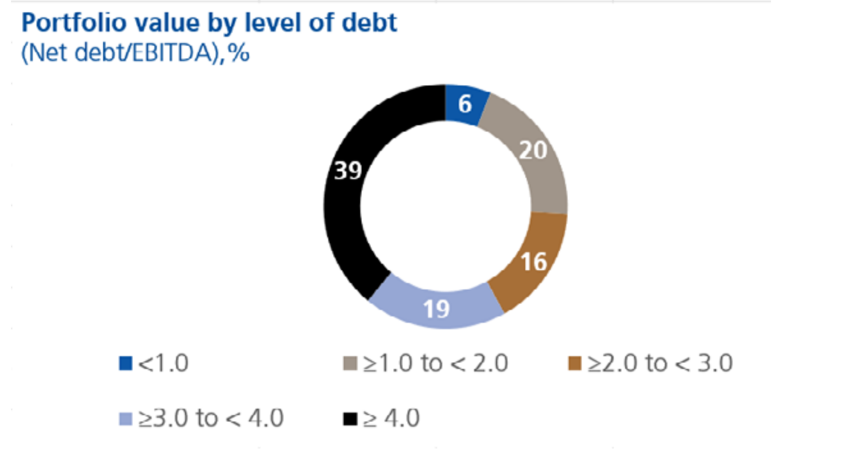
Our portfolio companies are measured at fair value, which corresponds to the acquisition cost in the first twelve months after the investment was made, unless we see indications for a change in value. The bulk of the expected increase in value is often generated in the second to fifth year after entering into the investment. This means that, in absolute terms, the largest share of our portfolio's increase in value is accounted for by investments with this holding period. The valuation of the group of companies that we have held in the investment portfolio for more than five years amounted to 1.15 times their original acquisition cost as at the reporting date (previous year: 1.19 times).

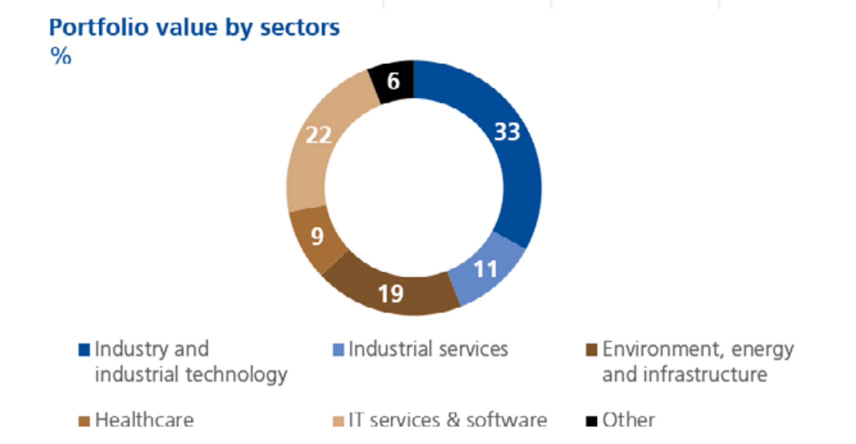
The following information on the portfolio structure is based on the valuations and resulting portfolio value of the 36 equity investments as at the reporting date. The information on leverage (net debt/EBITDA) is based largely on the (updated) expectations of the portfolio companies for the financial year 2024.

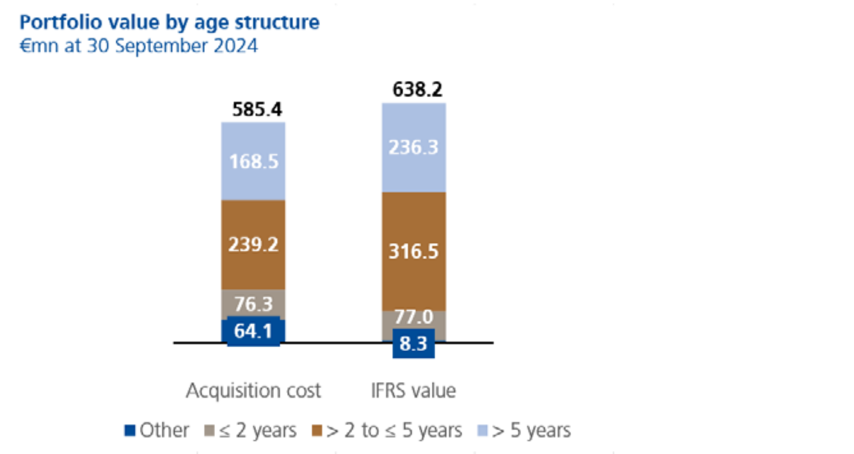
Business review of the Group

Portfolio structure[1]









[1] Portfolio value by net debt/EBITDA does not include any partial disposals or residual items

Business review of the Group

Business performance by segment

Private Markets Investments segment

Segment earnings statement – Private Markets Investments

€'000	2023/2024	2022/2023
Net income from investment activity	61,138	109,577
Other income/expense items (excl. net interest income and amortisation of intangible assets)	(15,825)	(10,541)
Earnings before interest, taxes and amortisation of intangible assets	**45,312**	**99,035**
Net interest income and amortisation of intangible assets	(5,231)	(2,213)
Earnings before taxes	**40,081**	**96,823**

Earnings before interest, taxes and amortisation of intangible assets (EBITA) generated in the Private Markets Investments segment was lower than in the previous year mainly because net income from in-vestment activity decreased. 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 personnel expenses, other operating income and expenses and internal management fees for the Fund Investment Services segment – which today only concern DBAG ECF – excluding net interest income and amortisation of intangible assets) was affected by the increase in personnel expenses and higher other operating expenses (see section on "Financial performance"). It should be noted that expenses for various advisory services, including those related to the convertible bond and promissory note loan issu-ance, are allocated entirely to the Private Markets Investments segment.

Negative net interest income and amortisation of intangible assets also increased in the reporting year due to the reasons mentioned in the section on "Financial performance". On balance, earnings before taxes was well below the previous year's figure.

Net asset value and available liquidity

€'000	30 Sep 2024	30 Sep 2023
Non-current assets	745,316	651,973
Current assets	168,370	56,296
Non-current liabilities	(188,880)	(16,813)
Current liabilities	(36,445)	(22,077)
Net asset value	**688,361**	**669,379**
Financial resources	23,966	20,018
Securities	126,400	0
Credit lines	120,160	106,660
Available liquidity	**270,526**	**126,678**
Co-investment commitments	**358,150**	**244,038**

The net asset value exceeded the previous year's figure as at the report-ing date, driven by positive net measurement gains and losses reported in financial assets (and therefore in non-current assets) through portfo-lio value, and by the first-time consolidation of ELF Capital.

The increase in current assets was primarily due to DBAG investing financial resources in securities. These securities investments were main-ly based on funds received from the first-time issuance of convertible bonds and promissory note loans. This led to non-current liabilities increasing by the nominal amounts of these funding instruments, re-ducing net asset value. The contingent purchase price obligation for ELF Capital also pushed up non-current liabilities. Please refer to the "Financial position – assets" and "Financial position – liquidity" sections for information on the changes in financial assets and financial resources.

Available liquidity increased significantly in the year under review, primarily because we issued the new funding instruments and success-fully sold portfolio companies (see the section on "Financial position – liquidity"). Part of available liquidity is invested in short-term securities or, more specifically, in money market funds.

We also have the option of drawing on two credit lines to compensate for the irregular cash flows typical of our business. Neither credit line was drawn down as at the reporting date.

The amount of outstanding co-investment commitments for investments alongside the DBAG funds and the ELF funds was above the previous year's level as at the reporting date, mainly because of the investment commitments for the ELF funds and an increased level of commitments for DBAG ECF IV. Thanks to its significant increase in the reporting year, available liquidity covered a high 75.5 per cent (previous year: 51.9 per cent) of co-investment commitments as at 30 September 2024.

Fund Investment Services segment

Segment earnings statement – Fund Investment Services

€'000	2023/2024	2022/2023
Income from Fund Services	48,404	46,931
Other income/expense items (excl. net interest income and amortisation of intangible assets)	(32,236)	(32,831)
Earnings before interest, taxes and amortisation of intangible assets	**16,168**	**14,101**
Net interest income and amortisation of intangible assets	(3,322)	(54)
Earnings before taxes	**12,846**	**14,046**

The Fund Investment Services segment ended the year with higher income from Fund Services, (improved EBITA) and lower earnings before taxes compared with the previous year.

Income realised with the new DBAG ECF IV fund went up from 2.4 million euros in the financial year 2022/2023 to 4.1 million euros in the financial year 2023/2024. DBAG also generated 2.5 million euros from advisory services rendered by DBAG Luxembourg and 2.1 million euros from advisory services rendered by the ELF funds for the first time. Income from DBAG Fund VII (17.1 million euros in 2023/2024 compared to 17.5 million euros in 2022/2023), DBAG Fund VIII (unchanged at

Business review of the Group

19.2 million euros) and DBAG ECF I to III (1.0 million euros in 2023/2024 compared to 1.2 million euros in 2022/2023) remained largely on a par with the previous year's level, whereas income from DBAG Fund VI, which had ended its investment period in December 2016 and is currently in its disinvestment phase, was significantly lower. This development had been expected.

Net interest income and amortisation of assets mainly consist of the first-time consideration of the amortisation of client relationships capitalised as part of the ELF Capital purchase price allocation. (The client relationships refer to income from existing capital commitments and income from expected capital commitments made by existing investors in ELF funds.)

We successfully raised new funds for the DBAG ECF IV, ELF II and ELF CS funds, which resulted in higher capital commitments of third-party investors. This in turn led to assets under management or advisory soaring compared with the previous year. DBAG's financial resources also grew following the first-time placement of convertible bonds and promissory note loans. Please refer to the "Financial position – liquidity" section for information on changes in DBAG's financial resources.

Assets under management or advisory

€'000	30 Sep 2024	30 Sep 2023
Funds invested in portfolio companies	2,001,633	1,947,318
Funds called but not yet invested	0	4,486
Short-term bridge financing for new investments	20,030	75,288
Outstanding capital commitments of third-party investors	532,354	452,375
Financial resources (of DBAG)	150,366	20,018
Assets under management or advisory	**2,704,383**	**2,499,484**

Financial position – liquidity

Overall assessment: High cash inflows generated in the reporting year

As at 30 September 2024, DBAG's financial resources totalled 150.0 million euros and comprised cash and cash equivalents as well as short-term securities. The investment entity subsidiaries held additional financial resources – exclusively cash and cash equivalents – amounting to 7.2 million euros. The credit lines totalling 120.2 million euros were undrawn as at the reporting date.

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

Condensed consolidated statement of cash flows

Inflows (+)/outflows (-)

€'000	2023/2024	2022/2023
Net income	47,514	105,780
Measurement gains (-)/losses (+) and gains (-)/losses (+) on disposal of financial assets	(57,923)	(107,235)
Other non-cash changes	23,454	10,802
Cash flow from operating activities	**13,045**	**9,347**
Proceeds from disposals of financial assets and other financial instruments	136,638	162,963
Payments for investments in financial assets and other financial instruments	(107,930)	(113,575)
Cash flow from investment activity	**28,708**	**49,388**
Payments for investments in short-term securities	(126,400)	0
Cash flows from changes in the scope of consolidation	(6,042)	0
Other cash inflows and outflows	(714)	(719)
Cash flow from investing activities	**(104,448)**	**48,669**
Proceeds from capital increases	0	(42)
Proceeds from the sale of treasury shares	392	0
Payments for the acquisition of treasury shares	(12,922)	0
Payments to shareholders (dividends)	(18,803)	(15,044)
Proceeds from borrowings	210,000	15,000
Payments for the redemption of loan liabilities	(81,750)	(56,000)
Payments for lease liabilities	(1,565)	(1,072)
Cash flow from financing activities	**95,352**	**(57,157)**
Net change in cash and cash equivalents	**3,948**	**860**
Cash and cash equivalents at start of reporting period	20,018	19,158
Cash and cash equivalents at end of reporting period	**23,966**	**20,018**

Business review of the Group

The balance of cash flow from operating activities was positive and above the previous year's figure. Net income is largely based on the change in value in connection with the fair-value measurement of the portfolio. Realised proceeds from disposals are shown in cash flow from investing activities.

The balance of cash flow from investing activities was negative in the year under review, the main factor being payments for investments in a short-term securities portfolio that is used to temporarily invest surplus financial resources until they are required for investments. No such investments had been made in the previous financial year.

Investment activity resulted in a lower inflow of funds compared with the previous year. The volatility of cash flow from investment activity is attributable to cash flows being concentrated on a smaller number of (albeit large) amounts in the transaction business.

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 invesments in financial assets and other financial instruments"), which are subsequently refinanced ("Proceeds from disposals of financial assets and other financial instruments").

Proceeds from disposals of financial assets and other financial instruments were related to the transactions outlined in the "Review of key events and transactions" section. Payments for investments in financial assets and other financial instruments resulted from capital calls made by investment entity subsidiaries for the investments and follow-on investments described in this section.

Cash flow from financing activities was largely driven by proceeds from the issuance of convertible bonds and promissory note loans and the redemption of the credit line that had been drawn in the previous year. In addition, the dividend was paid out to DBAG's shareholders following the Annual General Meeting on 22 February 2024 and payments were made for the acquisition of treasury shares.

Financial position – assets

Overall assessment: DBAG diversifies its funding approach and focuses on matched-maturity profile

While in the past we financed our investments mainly via equity instruments, we decided to diversify our funding approach in the year under review to generate additional funds with which to enter into attractive invest-ments. Following up on the decision, we successfully placed convertible bonds and promissory note loans on the market. We also made sure to use matched maturities for the additional funding liabilities, which in turn allowed us to continue mitigating risks in our balance sheet.

Our updated funding strategy also led to the equity ratio decreasing from 94.5 per cent as at the end of the previous financial year to 75.3 per cent as at the current reporting date. As in the financial year 2022/2023, equity and non-current credit liabilities covered all non-current assets plus 40.6 per cent of current assets (previous year: 30.9 per cent).

Condensed consolidated statement of financial position

€'000	30 Sep 2024	30 Sep 2023
Financial assets	678,728	635,404
Other non-current assets	66,246	14,779
Deferred tax assets	343	1,790
Non-current assets	**745,316**	**651,973**
Other financial instruments	3,880	17,990
Receivables and other assets	11,117	16,584
Short-term securities	126,400	0
Cash and cash equivalents	23,966	20,018
Other current assets	3,006	1,705
Current assets	**168,370**	**56,296**
Total assets	**913,687**	**708,269**
Equity	688,361	669,379
Non-current liabilities	188,880	16,813
Current liabilities	36,445	22,077
Total equity and liabilities	**913,687**	**708,269**

Asset and capital structure: Increase in financial assets and short-term securities

Total assets as at the reporting date were significantly above the levels seen at the end of the financial year 2022/2023. On the assets side, factors increasing total assets included above all the higher valuation of financial assets. On the capital side, this effect led to an increase in equity. In addition, the first-time consolidation of ELF Capital resulted in an increase in non-current assets and, on the other side of the balance sheet, mostly in an increase in non-current liabilities. Lastly, total assets also increased due to the successful placement of convertible bonds and promissory note loans. The proceeds from these were temporarily invested in short-term securities.

Business review of the Group

DBAG invested most of the proceeds from the successful disposal of portfolio companies and from the first-time placement of debt instruments in short-term securities, which are the main reason for the increase in non-current liabilities.

The main factor reducing total assets on the assets side was a decline in other financial instruments, while dividend payments and share buybacks reduced equity on the capital side.

The transactions described above are responsible for the asset structure shifting in favour of current assets, which accounted for 18.4 per cent of total assets as at the reporting date (30 September 2023: 7.9 per cent). Financial assets made up 74.2 per cent of total assets (30 September 2023: 89.7 per cent), while cash and cash equivalents and securities accounted for 16.4 per cent (30 September 2023: 2.8 per cent). As mentioned above, DBAG's capital structure has shifted to the detriment of equity compared with the end of the last financial year.

Net asset value per outstanding share increased from 35.59 euros at the beginning of the reporting period to 37.59 euros at the end of the period. This is equivalent to a return on equity of 8.7 per cent (previous year: 18.1 per cent) in terms of net asset value per outstanding share at the beginning of the reporting period (reduced by the dividend distribution). The previous year's figure had been marked by transaction-based effects and the very positive change in multiples). Please refer to the notes to the consolidated financial statements (note 23) regarding purchases of treasury shares.

Financial assets: Portfolio value increased significantly

Financial assets are largely determined by the value of the portfolio. For more information, please refer to the explanations on the portfolio value above.

Interests of other shareholders in investment entity subsidiaries have increased in absolute terms compared with the levels seen at the beginning of the year under review. This is largely due to the fact that performance-based profit shares from private investments made by members of the DBAG investment advisory team for DBAG Fund VIII increased while entitlements for DBAG ECF I in particular were reduced (please refer to the information under "Net income from investment activity").

Other assets and liabilities of investment entity subsidiaries make up the balance of the investment entity subsidiaries' various line items, largely comprising receivables vis-à-vis investments from loans and interest in addition to liabilities vis-à-vis DBAG for the pre-financing of investments. The investment entities had financial resources amounting to 7.2 million euros at their disposal as at the reporting date, all of which were held as cash and cash equivalents.

Financial assets

€'000	**30 Sep 2024**	30 Sep 2023
Value of investments		
gross	652,723	631,917
Interests of other shareholders in investment entity subsidiaries	(36,599)	(31,029)
net	616,124	600,887
Other assets and liabilities of investment entity subsidiaries	62,146	34,322
Other financial assets	458	195
Financial assets	**678,728**	**635,404**

Financial review of Deutsche Beteiligungs AG (commentary based on the German Commercial Code – HGB)

The management report and the Group management report of Deutsche Beteiligungs AG for the financial year 2023/2024 are pre-sented combined, in conformity with section 315 (5) in conjunction with section 298 (2) sentence 1 of the HGB.

The presentation of DBAG's economic position is based on a con-densed statement of financial position and a condensed profit and loss account derived from the statement of financial position and profit and loss account as prescribed by the HGB. The complete annual financial statements of DBAG based on the HGB are published in the German Company Register (Unternehmensregister), together with the consoli-dated financial statements.

Financial performance

Overall assessment: Net income decreases year-on-year

Net income for 2023/2024 remained below the previous year's level, mainly because gains from disposal of investments realised in the year under review were lower. While this had a negative impact on net gains and losses on measurement and disposal, the development was offset by the significantly positive figure for net income from investments which had been negative in the previous year.

Income from Fund Services and investment activity: Slightly below prior-year figure

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 in accordance with the moderate lower of cost or market principle and the applicable procedure for reversing impairment losses in accordance with the HGB.

The sale of in-tech, R+S, Abbelen, GMM Pfaudler– combined with write-downs on financial assets (in particular relating to DBAG Fund VI and a Long-Term Investment) – made a strong impact on this year's net gains and losses on measurement and disposal. The drivers for last year's net gains and losses on measurement and disposal had included the disposal of BTV Multimedia and Pmflex, the partial disposal of Cloudflight and write-downs on financial assets that were mainly relat-ed to DBAG Fund VI.

Net income from investments is mainly attributable to profit allocations from affiliated companies in the amount of 15.1 million euros net. This exceeds the previous year's figure, which had been reduced by loss allocations. No distributions were made in the year under review.

Income from Fund Services fell short of the previous year's figure. While the gross income from Fund Investment Services is taken into account in the consolidated financial statements, the same item in the financial statements in accordance with the HGB includes net income less the expenses of the subsidiaries involved in management and fund advisory services.

Condensed profit and loss statement of Deutsche Beteiligungs ag (based on the HGB)

€'000	1 Oct 2023 to 30 Sep 2024	1 Oct 2022 to 30 Sep 2023
Net gains and losses on measurement and disposal[1]	36,070	63,728
Result from investments	16,588	(6,898)
Income from Fund Services	37,592	39,286
Total income from Fund Services and investment activity	**90,250**	**96,117**
Personnel expenses	(26,586)	(27,764)
Other operating income (excluding write-ups)	5,109	1,112
Other operating expenses	(15,930)	(14,087)
Depreciation and amortisation on intangible fixed assets and property, plant and equipment	(370)	(330)
Income from other securities, or loans and advances held as financial assets	84	48
Other interest and similar income	1,522	916
Interest and similar expenses	(4,621)	(1,730)
Total other income/expense items	**-40,792**	**-41,834**
Earnings before taxes	**49,458**	**54,283**
Income taxes	(2,126)	305
Other taxes	(2)	(2)
Net income	**47,330**	**54,587**

1 Net gains and losses on measurement and disposal comprise the profit and loss account items "Gains from disposal of investments" of 53.8 million euros (previous year: 83.8 million euros), "Write-downs on financial assets" of -28.5 million euros (previous year: -20.1 million euros) and "Write-ups of financial assets" of 10.8 million euros (previous year: 0.0 million euros).

Other income/expense items: Slightly lower negative balance than in the previous year

The negative balance of other income/expense items was slightly below the previous year's level. Increased expenses were mainly due to other operating expenses, which included higher expenses for office rents

Financial review of Deutsche Beteiligungs AG (commentary based on the German Commercial Code – HGB)

following the move to our new premises and the one-off costs related to the convertible bond issuance. Interest and similar expenses also rose, mainly as a result of a year-on-year increase in credit line draw-downs during the year, a general rise in capital market interest rates – including a rise in the EURIBOR, which is relevant for our credit lines – and the first-time inclusion of interest rates for the convertible bonds and promissory note loans.

However, these increases were more than offset overall by the slight decrease in personnel expenses resulting from lower performance-related remuneration and lower cost of retirement benefits and also by an increase in other operating income. The latter was mainly due to the reversal of a pension provision regarding a former Board of Management member and to higher other interest and similar income.

Financial position – assets

Interests in affiliated companies are the largest item in DBAG's non-current assets. These investment entity subsidiaries bundle the co-investments in the investments made by the individual DBAG funds and those made in the ELF funds. DBAG also enters into Long-Term Investments via one investment entity subsidiary in each case. The majority stake in ELF Capital is also bundled in a dedicated investment entity subsidiary.

The increase in the item during the reporting year resulted from additions totalling 121.3 million euros. These consisted primarily of the purchase price for the majority stake in ELF Capital, new DBAG investments and investments to support acquisitions made by DBAG's portfolio companies. Disposals have an offsetting effect; this mainly involves disposals that generated returns from investment entity subsidiaries. As at 30 September 2024, write-downs in the amount of 28.5 million euros were recognised on shares in three affiliated companies because the fair value is expected to be permanently below the acquisition costs.

Condensed statement of financial position of Deutsche Beteiligungs AG (based on the HGB)

€'000	30-Sep-24	30-Sep-23
Interests in affiliated companies	612,331	560,260
Other non-current assets	6,996	6,345
Non-current assets	**619,327**	**566,605**
Receivables and other assets	21,023	52,835
Securities held as current assets	126,400	0
Cash and cash equivalents	8,022	7,358
Current assets	**155,445**	**60,192**
Prepaid expenses	**4,723**	**1,024**
Total assets	**779,496**	**627,822**
Subscribed capital	64,977	66,725
Capital reserve	270,956	267,282
Retained earnings	403	403
Net retained profit	281,616	264,165
Equity	**617,952**	**598,574**
Provisions	**27,945**	**28,903**
Liabilities	**133,598**	**345**
Total equity and liabilities	**779,496**	**627,822**

Current assets saw a significant decrease in receivables from affiliated companies on the back of lower receivables from loans and profit allocations.

To meet its goal of diversifying the funding mix while maintaining a matched-maturity profile, DBAG issued its first convertible bond and promissory note loans in the reporting year. Issuance volumes amounted to a total of 120 million euros as at the reporting date. This is the main reason for the year-on-year increase in liabilities.

Financial position – liquidity

Financial resources were high enough at all times during the financial year to fulfil co-investment commitments and to finance the Company's operations.

DBAG's cash and cash equivalents amounted to 8.0 million euros (previous year: 7.4 million euros) as at the reporting date. 126.4 million euros were invested in short-term securities, an item that had not exist-ed in the previous financial year. While the Company can also draw on two revolving credit lines amounting to a total of 120.2 million euros at any time, they had not been tapped as at the reporting date.

We assume that we will be able to cover the anticipated funding needs for the planned investments in the new financial year and the two subsequent years with our financial resources and via returns from disposals and credit lines.

DBAG funded most of its activities in the financial year using its own cash flow. Its equity ratio decreased due to the first-time issue of convertible bond and the issue of promissory note loans and was 79.3 per cent as at the reporting date, compared with 95.4 per cent at the end of the financial year 2022/2023.

Opportunities and Risks

Objective: To contribute to value creation by consciously balancing opportunities and risks

DBAG is exposed to multiple risks through its business activities. 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 annual investment volume target. DBAG's risk profile is influenced by our risk propensity. We steer this risk profile through our risk management activities. 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. Taking risks that could jeopardise the Group's continued existence is not acceptable.

Risk management system

We consider risk management to be a proactive and preventive process. In our opinion, risk refers to potentially negative events that ensue from possible hazards. Hazards are either non-predictable events or essentially predictable events that are nevertheless subject to chance.

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 serves the objective of contributing to value creation by weighing risks. To achieve this, our risk management system 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 we can avoid, mitigate, pass on or control them.

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 external service provider.

The Risk Committee plays a key role. It 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 of risk officers at the level below the Board of Management. The Managing Directors in charge of the individual corporate departments provide assistance to the Risk Manager in identifying and assessing risks.

The Risk Manager develops the risk management system on an ongoing and systematic basis. Most recently, this has been mainly in response to the requirements stipulated in the Auditing Standard IDW 340 as published by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer, IDW). The changes to the risk management system were documented in the risk management manual and concerned, among other things, the definition and identification of risks that jeopardise the Group's continued existence, the description of the method for determining the risk-bearing capacity, the definition of measures for monitoring and improving operative risk management and the definition and description of threshold values for the ad-hoc reporting process. In addition to this, risk assessment, risk aggregation and identification of interdependencies were fine-tuned and ELF Capital was incorporated into DBAG Group's risk management process.

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 ("material risks", where the 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.

Opportunities and Risks

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 and also to risks that are of major significance to the financial position and financial performance of DBAG. To that end, appropriate early warning indicators are employed – i.e. measures that are either themselves indicators of changes to a risk or suitable as measurement tools for identifying changes in risk-driving factors.

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 risk matrix. First, the risks are categorised on a four-point scale according to the probability of their occurrence. In addition, their extent of impact is evaluated based on four criteria, while potential extent of impact is assessed subsequent to the action taken to avoid or mitigate the risk. The following chart outlines the details of this risk matrix.

After this, the Risk Manager examines the individual risks and the actions adopted for completeness. Implementing, managing and monitoring these actions 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. Measures taken to reduce risk are meant to decrease the probability of the risk occurring and/or to limit the extent of impact. The residual risk is consciously accepted or transferred to third parties.

Opportunities and Risks

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 or directly to the Board of Management, depending on how significant they are. This ensures a comprehensive and up-to-date analysis of risk exposure at all times. Once every financial year, the Board of Management informs the Audit Committee in detail 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.

Probability				Expected value (Combination of probability and impact)			
> 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	**2**	**3**	**4**
				low	**moderate**	**high**	**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			

Opportunities and Risks

Instruments: Risk register with 59 individual risks

DBAG's 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 2024, it outlined and evaluated 59 individual risks (previous year: 61). The material 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 for DBAG's Board of Management.

The following table outlines the material risks as at the reporting date.

Risk factors with a high and a 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 funds to the extent required	higher	possible	very high
Extraordinary termination of investment period or extraordinary liquidation of one or more DBAG funds	unchanged	unlikely	very high
Risks of the Private Markets Investments segment			
Investment strategy proves to be unattractive or its implementation is inadequate	unchanged	low	high
Insufficient access to new, attractive investment/financing opportunities	unchanged	low	high
Investment/financing opportunities are not carried out	unchanged	low	high
External risks			
Negative impact of general economy and cyclical development on financial position and financial performance of portfolio companies	unchanged	possible	high
Lower valuation levels on the capital markets	unchanged	possible	high
Negative interest rate development	new risk	low	high
Threat to DBAG's independence	unchanged	unlikely	very high
Operational risks			
Insufficient protection of confidential data against unauthorised access	unchanged	possible	high

Opportunities and Risks

Material changes compared with the preceding year

During the reporting year, the "negative interest rate development" risk was added to the material risks. We assess its probability of occurrence to be "possible" and adjust its potential damage from "moderate" to "high", which results in a high expected value.

The probability of occurrence of the "Inability to raise capital commitments from external investors for DBAG Fund IX to the extent required" risk has increased from "low" to "possible". Accordingly, the expected value has increased from "high" to "very high".

In addition, five risks were eliminated, all of which had been classified with a "moderate" expected value. Three risks with a "very low" or "moderate" expected value were added to the risk register.

Explanation of individual risks

The following section outlines the material risks as at the reporting date. We allocate operational risks to the business segment that is most strongly affected by the risk in question. However, the consequences of risks allocated to the Fund Investment Services segment would also affect the Private Markets Investments segment in the long term and vice versa.

Risks of the Fund Investment Services segment

Inability to cover the personnel requirement

Performance in the private markets business is closely linked to the people working in the field. Dissatisfied employees or a high staff fluctuation rate can lead to greater workloads for other employees; if DBAG were to acquire a negative reputation as an employer, this would make it more difficult for the Company to recruit new personnel. That is why employee satisfaction is one of our non-financial key performance indicators. In view of the Company's current position, we do not envisage staff shortages over the short or medium term. We actively limit the risk of possible staff turnover, for example by means of a competitive remuneration scheme that conforms to standard industry practice. We regularly offer individualised training programmes and personality-based training activities are included in all career plans. We also believe that it is important for our employees to have a healthy balance between family and working life.

Inability to raise capital commitments from external investors for DBAG funds to the extent required

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. Failure to meet the required or planned scope or timeline constitutes a risk.

For this, DBAG and its investment advisory team must establish a proven track record over many years of successful investing activity, yielding attractive returns. In this context, ESG aspects in a company's business activities are becoming increasingly important.

Further influencing factors are the general readiness of private equity investors to make new capital commitments, sentiment on the capital markets and the macroeconomic environment. The latter is currently proving to be far more challenging than in previous years. The turnaround in interest rates has also led to liquid investments gaining traction. In this phase of general economic change and uncertainty, investors are more cautious and provide less funds compared with the high level of prior years. As a consequence, we are already seeing some market players withdrawing.

Changes to tax legislation that would lead to taxes being imposed on foreign partners of German fund entities would have serious disadvantages for DBAG.

Given the changed global framework conditions, we currently assess the probability of this occurring to be "possible", compared with "low" at the end of the financial year 2022/2023.

We actively address the risk of insufficient capital commitments, for example by engaging in a regular dialogue with existing and potential investors in DBAG funds. We are continually expanding this dialogue with regard to both the frequency and intensity of contacts. We have also strengthened our general market coverage, for example by making structural changes to our sales team with the aim of raising DBAG's profile on the market. When selecting investors, we place special emphasis on their ability to potentially invest in follow-on funds as well. Finally, we review our investment strategy on a regular basis.

Extraordinary termination of investment period or extraordinary liquidation of one or more 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. Under different circumstances – for example in the case of unsatisfactory performance of the fund's investments, insufficient investment progress or a fundamental lack of confidence – fund investors have the right (typically with a 75 per cent majority) to end the investment period of that respective fund. In cases involving serious contractual breaches, investors have the right to replace the fund management company or liquidate the fund.

These situations would lead to a reduction or a loss of earnings from advisory services to that fund. 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, 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 Markets Investments segment

Investment strategy proves to be unattractive or its implementation is inadequate

Opportunities and Risks

A key prerequisite for our performance is an attractive investment strategy. Without successful investing activity, we would be unable to realise our targets for value appreciation or expected returns. In such a case, investors would also withdraw their committed capital and it would not be possible to raise new commitments to funds. In order to mitigate these risks, the Board of Management and the DBAG and ELF investment advisory teams examine the extent to which our sector focus, our geographical emphasis and the financing solutions we offer for the mid-market segment provide a sufficient number of promising investment opportunities. For example, our successful entry into the Italian market and the expansion of our range of services to include private debt financing both contribute to reducing these risks.

In addition, we regularly review our investment strategy and monitor the market. The investment advisory teams discuss 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 two investment advisory teams also help us to achieve this. This does not apply for ongoing transactions, for which Chinese walls have been established between the two investment advisory teams.

Insufficient access to new, attractive investment/financing opportunities

Access to new investment opportunities is crucial for our operations. We need these opportunities to be able to actually achieve an increase in net asset value, at least in the long term. In the medium term, the performance of the Fund Investment Services segment would also be adversely affected: the investors in the DBAG and ELF funds expect investment progress that is commensurate with the committed fund size.

We have no influence on developments in the private equity or private debt markets or on their overall competitive situation. By contrast, we can influence the way we cultivate our network and carry out our marketing activities. Our ability to mitigate the risk of the number of potential transactions declining is very limited. We address this risk for example by originating investment and financing opportunities that are not broadly available on the market. The various investments agreed or concluded in the reporting year demonstrate that we are able to successfully tap into new investment opportunities even in challenging times.

Investment/financing opportunities are not carried out

Even if there is a sufficient supply of attractive investment opportunities, there is a risk of these not culminating in concrete investments or financing options. One reason for this may be a lack of competitiveness on our part. For example, this might be because we react too slowly due to inadequate processes, offer too low a price, are unable to arrange the acquisition financing or demand too high an interest rate for financings. 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 changing competitive environment.

External risks

Negative impact of general economy and economic cycles on the financial position and financial performance of our investments

The performance of our investments is influenced by market factors such as geographical and sector-related economic cycles, political and financial changes, energy and commodity prices, bottlenecks along the supply chain and exchange rate changes. Fundamental technological changes can also have a negative impact on individual companies, or on companies operating in a certain sector.

These factors – either individually or as a whole – could extend the holding periods of private equity investments and result in postponed or reduced gains on disposal In the private debt business, the yield on debt of the companies we have financed could decrease. There could be a default on interest payments or a need for follow-on financings which, in a worst-case scenario, might 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 respond to this is limited.

In general, short-term results are not decisive for success in the private markets business. If appropriate, the value development approach to an individual investment has to be adapted by the management of the portfolio company. In the case of private debt business, the financing structure of an investment has to be modified together with its management. This requires us to monitor the performance of our investments closely. The risks arising from cyclical trends in individual sectors are essentially already countered by the diversification of our investments, which we have continually expanded in recent years.

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, in turn, the portfolio value. A lower valuation level generally results in a lower portfolio value. Even though valuation levels on the capital markets have increased in the year under review, a decline in valuations is possible going forward.

We cannot avert the risk arising from developments on the capital markets. However, we can mitigate that risk by avoiding excessive entry prices. A higher multiple would be justified if the portfolio companies achieved an improved strategic position. Since it is rare that sectors are all equally affected by changes on the capital markets, diversifying the portfolio also counters exposure to this risk.

Negative interest rate development

The increase in the expected value of this risk is driven by the incorporation of ELF Capital into DBAG Group's risk management process. The risk of changed interest rate levels affects our business in various ways.

Falling interest rates are the biggest risk for our private debt business. In the case of ELF Capital, for example, this is because they increase

Opportunities and Risks

pressure on margins and lead to stronger competition from traditional banks.

In contrast, our private equity business benefits from interest rate cuts as they reduce the financing costs of DBAG and its acquisitions and improve the cash flow buffer for servicing debt. Lower interest rates also increase valuation leeway in the capital markets, often leading to rising capital market multiples. Correspondingly, interest rate hikes have the opposite risk impact on the private debt and private equity business.

The development of interest rate levels is beyond our control. Because of this, we monitor the capital market development closely through regular discussions with banks and carefully examine other possible courses of action. Most importantly, we also keep a close eye on the changing investment and financing opportunities, regularly adjusting our positioning in the market to preserve or even improve our standing.

Threat to DBAG's independence

A sub-par valuation of DBAG shares could enable a major shareholder to come on board and exert control over the Company. However, since the investors in DBAG funds expect our DBAG's investment advisory teams to provide their advisory services free from the influence of third parties, this loss of independence would essentially jeopardise DBAG's business model. In such a case, it is possible that investors would not commit to new DBAG funds – on the contrary, they could terminate existing advisory agreements or end the funds' investment period – and that future capital increases would not be possible at attractive terms.

We mitigate this risk through extensive contact with current and potential equity investors. 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 or 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 access by authorised persons at any time. In this context, data backup and protection against unauthorised access are of the utmost importance to us. We review and update our security measures on an ongoing basis to counter the threat of unauthorised access through cyberattacks, weak spots in our network or, for example, through undesirable software installed by our staff.

DBAG has its own qualified IT specialists who are regularly assisted by external consultants. DBAG responds to the ever-growing IT risk by, for example, conducting regular internal and external reviews. We have considerably stepped up the efforts made to protect our systems and data in recent years. In addition, we have continually increased staff training on IT risks. Finally, we conduct recurring security audits for the DBAG systems that can be accessed from the internet, for the software configuration and for our website, implementing any insights gained from these audits without delay.

Description of opportunities

Opportunity management is a key part of our operating business and we improve its processes on an ongoing basis. However, we do not actively pursue opportunity management outside of ordinary business operations, such as optimising investments of cash and cash equivalents.

Fund Investment Services: Higher fees from the DBAG and ELF funds

In the Fund Investment Services segment, fee agreements are largely fixed for a fund's term. Nevertheless, opportunities may arise from the use of the top-up fund of DBAG Fund VIII: the fee for this sub-fund is based not on the amount of funds committed, but rather on either the amount of funds committed or invested, whichever is lower. If we are successful in structuring transactions using the top-up fund, DBAG generates correspondingly higher income from Fund Investment Services. In addition, the DBAG Expansion Capital Fund IV is currently raising funds. The more successful this fundraising is, the higher future fee income from Fund Investment Services can be expected to be.

DBAG Luxembourg, which provides the Luxembourg-based companies of the DBAG funds with management and investment-related services, had a successful business launch. We aim to continue expanding it in the future.

We expect higher fees from the ongoing expansion of our financing portfolio which, in collaboration with ELF Capital, aims to meet the full spectrum of financing needs for mid-market companies. Following the acquisition of a majority stake in ELF Capital in November 2023, we are only beginning to tap into new market opportunities together.

If the addition of Long-Term Investments to the investment strategy continues as successfully, we could also launch a fund specifically for this investment strategy. Expanding our regional investment focus to include Italy also offers us the opportunity to generate additional advisory fee income. This is 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.

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 to the platform we use to provide equity solutions to the mid-market segment, which have been very well received on the market.

The expansion of our geographical focus to include investments in Italy has opened the door to new investment opportunities. The prospects for further MBOs in Italy are favourable: the number of private equity

Opportunities and Risks

companies on the Italian market is lower than on the German market, and with its strong focus on companies with industrial business models, coupled with its excellent access to family-owned and founder-managed companies, DBAG stands out in Italy. With our office in Milan, we have a local presence and can serve the Italian market directly and personally.

Private equity investments: Strengthening our competitive edge with the large and experienced DBAG investment advisory team

Competition for attractive investment opportunities remains intense. The ability to come to an agreement with the vendor within a tight time frame is sometimes a crucial competitive advantage. The size of DBAG's investment advisory team, which added more and more new members over the past years, and its entire workflow can open up new opportunities for the Company. After all, the Company is in a position to execute transactions – in some cases several transactions at once – within a short period of time.

Aside from its speed and capacity to act during the investment phase, a large and experienced investment advisory team offers attractive perspectives to future portfolio companies when it comes to helping to implement value creation strategies.

Private debt investments: Strategic advances thanks to DBAG's broader financing portfolio that now includes private debt solutions

DBAG has held a majority stake in ELF Capital since November 2023. This has allowed the Company to expand its range of flexible financing solutions to include private debt. Debt funds are playing an increasingly important role in financing mid-market enterprises because they are gradually taking over market share from traditional bank lenders. DBAG and ELF Capital jointly offer a broad financing portfolio for the needs of mid-market companies. Both parties contribute attractive, complementary networks and will benefit from economies of scale with regard to financing solutions for mid-market companies and additional investment opportunities for fund investors. DBAG shareholders in turn will benefit from the new investment because income from Fund Investment Services is set to show stronger growth in the medium term and because DBAG will further diversify its range of investments.

General statement on opportunities and risks

In the financial year 2023/2024, we seized numerous opportunities by providing funds for mid-market companies and helping our portfolio companies to realise their development potential. There has been no fundamental change in the opportunity and risk situation compared with the previous year, although we consider the macroeconomic changes and the resulting increased challenges in raising capital commitments from external investors to be significant. However, based on the information at our disposal today, there are still no recognisable individual or cumulative risks that would endanger the continued existence of DBAG or the Group as a going concern. We do not perceive any extraordinary opportunities either.

Key features of the accounting-related internal control and risk management system[6]

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 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, ensuring that DBAG achieves its core business objective. It incorporates the principles, procedures and measures (provisions) aimed at the organisational implementation of management decisions introduced by the Company's management. These serve to ensure:

- The effectiveness and profitability of business activities (including the protection of assets and the prevention and detection of asset misappropriation)
- The proper functioning and reliability of internal and external accounting (bookkeeping, financial statements and management report)
- 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 financing 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 at Group level and at Deutsche Beteiligungs AG and, in this way, to bring about ongoing improvements to business processes.

Risk management is an ongoing process that is firmly integrated into DBAG's workflows. Please refer to the "Risk management system" section for details on the key features. We are continually developing the ICS in all of DBAG's departments, implementing improvements and documenting new processes. In the year under review, this concerned above all corporate functions. In addition, an internal control matrix was established in the year under review to map the most significant process risks and associated control strategies and objectives in accordance with the German Law on Control and Transparency in Business (Gesetz zur Kontrolle und Transparenz im Unternehmensbereich – KonTraG).

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

Opportunities and Risks

During the financial year 2023/2024, the Board of Management did not receive any information that would suggest material inefficiencies in the effectiveness or inadequacy of the ICS. However, it should be noted that an internal control system, irrespective of its design, cannot provide absolute certainty of detecting flaws in our business processes.

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

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

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

DBAG also has 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. The latter are regularly reviewed and any findings are implemented without delay. 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 to determine the availability and operability of the installed internal controls. Here, we focus on different aspects each time and implement any findings without delay. The completeness and validity of accounting data are regularly reviewed manually, based on random samples and plausibility checks. We always employ the principle of dual control for processes that are particularly relevant to accounting.

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.

Report on expected developments

Period covered by this report

Our business operates on a medium- to long-term forecast horizon, as the success of private equity investments, private debt investments and our Fund Investment Services business can only be assessed over multi-year periods. For this reason, we not only project key performance indicators for the new financial year but also for the year ahead.

With the transition to a calendar year-based financial cycle effective 1 January 2025, the period from 1 October to 31 December 2024 is an abridged financial year. Below we present our forecasts for both this abridged financial year and the full 12-month financial year 2025. The forecast for 2025 may be revised after the abridged financial year has ended. Consistent with the long-term nature of our business, we also provide our customary outlook for 2027. This forecast is based on our detailed medium-term planning and liquidity planning up until the end of 2027.

The business performance of Deutsche Beteiligungs AG is generally subject to the same key performance indicators as the DBAG Group. As a result, the statements made for the DBAG Group above also apply to Deutsche Beteiligungs AG.

We provide projected ranges for the key performance indicators linked to our financial objectives. Here, the breadth of each range reflects the predictability of the indicator in question. By contrast, we use point forecasts for our non-financial KPIs.

Expected development of underlying conditions

Macroeconomic environment: Global economy demonstrating unexpected resilience

In its World Economic Outlook from October 2024, the IMF expects Germany's gross national product to stabilise in the calendar year 2024 after contracting by 0.3 per cent in the previous year. For developed countries, the IMF anticipates a modest uptick in growth to 1.8 per cent from 1.7 per cent, with growth in the euro area expected to double from 0.4 per cent to 0.8 per cent. At the same time, growth in the US is projected to ease slightly from 2.9 per cent to 2.8 per cent, while China's growth rate slows from 5.2 per cent to 4.8 per cent. Overall, the IMF expects the global economy to hold steady at 3.2 per cent, following 3.3 per cent in 2023. The IMF notes that the global economy has remained unusually resilient through the disinflationary process, probably avoiding a global recession.

Global economic imbalances have diminished since the start of 2024, leading to a closer alignment of economic activity with potential output in major economies. This development has contributed to inflation rates converging, with the global average projected to decrease overall, from 6.7 per cent in 2023 to 5.8 per cent in 2024. Inflation is expected to drop more sharply in the euro area, from an average of 5.4 per cent to 2.4 per cent. Forecasts also suggest that inflation rates will fall from 6.0 per cent to 2.4 per cent in Germany and from 5.9 per cent to 1.3 per cent in Italy. Disinflation is also expected to help ease the pressure on interest rates.

Our portfolio companies operate in numerous markets and regions. 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 2024 that form the basis of our forecasts. Given the variety of business models in our portfolio, we expect these different factors to offset each other, at least in part.

M&A market: Marked increase in activity

Based on the private equity investment opportunities we were able to review in the financial year 2023/2024, M&A activity has increased steadily in the year under review. During this period, we investigated 328 opportunities, which was up significantly from the 241 reviewed in the previous year.

We observed a steady increase into the third quarter of the reporting year, where we reviewed the highest number of investment opportunities in ten quarters. While the number dipped slightly in the fourth quarter, it remained well above the levels seen in the first and second quarter.

In any event, it is also not only the absolute number of opportunities that matters, but first and foremost their quality. We believe that we are still well positioned in this respect – primarily due to our excellent access to family businesses and what are often bilateral negotiation situations generated through our network.

Borrowings: Financing partners likely to remain selective in their lending approach

In the first half of the calendar year 2024, we observed further movement towards normalisation in the debt financing market. However, banks and private debt funds still remained selective in extending loans, in particular to small and medium-sized companies. Given the ongoing geopolitical risks and the weak macroeconomic environment, we do not anticipate a fundamental shift before the end of 2025. However, further interest rate cuts by the ECB in particular are expected to have a positive impact on both corporate debt-servicing capacity and on lenders' readiness to extend loans.

While defensive companies that are not being hit as hard by the current risk factors will probably be able to obtain financing at attractive conditions, the financing market will remain much tighter for companies that are exposed to greater macroeconomic risks, as well as for those whose corporate strategy is more difficult to communicate.

In line with the current situation, we expect financiers to remain open to increasing existing credit lines in a buy-and-build context, as well as to follow-on financing and loan renewals. On the other hand, if geopolitical risks start to subside and macroeconomic expectations stabilise or even improve, we expect to see a rapid increase in risk appetite again, particularly among banks.

Report on expected developments

Expected business development

		2023/2024 or 30 Sep 2024	Expectations for abridged FY or 31 Dec 2024	Expectations for 2025 or 31 Dec 2025	Expectations for 2027 or 31 Dec 2027
Financial performance indicators					
Net asset value (reporting date)[1]	€mn	688.4	645 to 755	665 to 780	815 to 955
NAV per share (based on the number of shares outstanding)	€	38	35 to 42	36 to 43	44 to 53
EBITA Fund Investment Services	€mn	16	2 to 4	8 to 13	12 to 18
Non-financial performance indicators					
Carbon footprint (scope 1-3)[2]	t CO_2/employee	2.8	2.8	2.8	2.8
Employee satisfaction	%	69	70	70	70
Payments from compliance breaches	€	0	0	0	0

1 Defined as total assets minus total liabilities

2 Scope 3 currently comprises business travel and commuting

Our net asset value forecast is based on the assumption that distribution policy remains unchanged. We aim to maintain a cash dividend of 1 euro per share for each 12-month financial year.

For the abridged financial year, this translates to 0.25 euros per share, reflecting one quarter of the annual amount. This approach is in line with our dividend policy, which stipulates a minimum distribution of 1 euro per share for a full financial year, proportionally adjusted to three months. On 19 November 2024, the Board of Management resolved to propose to the Annual General Meeting a dividend of 1 euro per share for the financial year 2023/2024.

We have also assumed that the share buyback programme resolved by the Board of Management will be completed. During the abridged financial year, the commissioned credit institution is expected to repurchase shares in a volume similar to that of the corresponding quarters of the financial year under review, with the remaining buyback volume to be utilised in the financial year 2025.

The forecast for the net asset value per share is based on these assumptions and those relating to the development of our net asset value in absolute terms presented below.

In light of the macroeconomic developments, which are likely to remain challenging, and having weighed up the risks and opportunities, we expect the future development of our portfolio value to remain muted in the abridged financial year 2024 and the financial year 2025, especially in our industrial portfolio.

Net asset value is expected to amount to between 645 and 755 million euros in the abridged financial year 2024 and to between 665 and 780 million euros in the financial year 2025. Net asset value per share is projected to be between 35 and 42 euros at the end of the abridged financial year and between 36 and 43 euros at the end of the financial year 2025.

We then expect to see this value increase further in the following two years. This means that the net asset value is projected to amount to between 815 and 955 million euros by the end of the financial year 2027. On a per-share basis, this means a range of between 44 and 53 euros.

Net income from investment activity is the item that has the greatest impact on the portfolio value and, in turn, 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 gross gains and losses on measurement and disposal portfolio.

Report on expected developments

Projections of the earnings contribution for the private equity portfolio are based on current assumptions regarding the holding period and on a standardised annual increase in the value of the investments. 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. The value contribution generated from their actual development during a planning period can be either positive, as in the recently concluded financial year, or negative. Net income from investment activity also reflects expected income from our private debt investments.

Based on our assumptions, we expect EBITA from Fund Investment Services to amount to between 2 and 4 million euros in the abridged financial year 2024 and to between 8 and 13 million euros in the full financial year 2025. This is below the levels seen in the financial year under review, as we expect lower income and a moderate increase in expenses.

This decline is not unusual and reflects the fact that DBAG Fund VIII has slowed its investment pace in the current economic environment. It also means that successor funds will start investing later than originally planned. Consequently, the inflow of income for advisory services rendered will also be delayed, while expenses naturally continue to accrue. Turning to the last year of the planning period, earnings from Fund Investment Services are expected to be between 12 and 18 million euros.

While we remain committed to generally reducing our carbon footprint, we have reached a point where any further significant reductions now depend on our advisors providing evidence of their own carbon footprints. This information will allow us to factor their emissions into our calculations and adjust our procurement behaviour accordingly. Until we receive this data, we are assuming that our carbon footprint will remain stable.

We make sure to include the feedback we receive from our surveys on employee satisfaction in our business processes, refining the processes in line with the results. Our goal is to increase employee satisfaction to 70 per cent in the abridged financial year 2024. As this key performance indicator will also reach a point where it will be difficult for us to improve further, our goal for the following years will be to maintain this high level of employee satisfaction.

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 from compliance breaches in any given financial year.

General forecast

Performance expected to normalise after exceptional year

The forecasting framework for the abridged financial year 2024 and the financial year 2025 is a subdued one. We therefore expect a continuously challenging environment. Given the increasing number of investment opportunities, we remain optimistic about the M&A market.

As outlined above, we expect our net asset value to show subdued growth to begin with. Earnings from Fund Investment Services are likely to drop, in line with the life cycle of the funds and as a result of cost developments.

We believe that the current weakness in our key financial performance indicators is temporary and that DBAG is better placed than ever to seize the opportunities that may present themselves if the macroeconomic environment proves to be better than currently expected – especially in light of the strategic decisions that were implemented during the financial year under review.

Frankfurt/Main, 21 November 2024

Takeover-related disclosures

At 30 September 2024, the share capital of Deutsche Beteiligungs AG amounted to 66,733,328.76 euros. It is divided into 18,804,992 no-par value registered ordinary shares (no-par value shares) with a notional interest in the share capital of 3.55 euros (rounded). There is only one class of shares. All shares carry the same rights and obligations. Pursuant to section 67 (2) of the AktG, the rights and obligations arising from shareholdership in relation to the Company exist only for and against the person registered in the share ledger. Each no-par value share shall carry one vote. The Company has no voting rights from treasury shares. The voting right does not commence until the contribution has been made in full. Rights and obligations attached to the shares ensue from statutory provisions, in particular sections 12, 53a et seqq., 118 et seqq., and 186 of the AktG.

In June 2024, the Company was last notified in accordance with section 33 of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) that 28.61 per cent of the voting rights were held directly by Rossmann Beteiligungs GmbH, Burgwedel, Germany. An agreement for the relinquishing of control has existed between DBAG and this company since March 2013. The agreement initially had a term of five years or until the end of the 2018 ordinary Annual General Meeting; the agreement is extended automatically until the end of the subsequent ordinary Annual General Meeting, unless due notice to terminate is given. According to the agreement, Rossmann Beteiligungs GmbH undertakes to exercise, for resolutions concerning the election or dismissal of Supervisory Board members, the voting rights attached to shares in DBAG attributable to the Rossmann Group as a whole, now and in the future, within a scope of no more than 45 per cent of the voting capital present at an Annual General Meeting. The Board of Management is not aware of any other restrictions relating to voting rights or the transfer of shares.

In accordance with DBAG's Articles of Association, the Board of Management consists of at least two individuals. The appointment of these members to the Board of Management requires a simple majority of the votes cast by the Supervisory Board members. In the event of a tie, the Chairman has the casting vote (Article 11 (4) of the Articles of Association). The Supervisory Board may exempt all or individual members of the Board of Management, in general or in individual cases, from the restrictions in section 181 of the German Civil Code (Bürgerliches Gesetzbuch – BGB). So far it has not made use of this option.

Amendments to the Articles of Association may be adopted pursuant to the provisions of sections 179, 133 of the AktG and pursuant to Article 17 of the Articles of Association. Where amendments to the Articles of Association relate merely to wording, the Supervisory Board is authorised to adopt these amendments. The Articles of Association provide that resolutions at the Annual General Meeting shall be generally adopted with a simple majority of the votes, or, insofar as a majority of the share capital is required, by a simple majority of the share capital, except where the law or the Articles of Association demand otherwise.

By virtue of a resolution adopted by the ordinary Annual General Meeting on 22 February 2024, the Board of Management is – with the agreement of the Supervisory Board – authorised to increase, on one or more occasions, the share capital by up to a total amount of 13,346,664.34 euros during the period up to 21 February 2029 in exchange for cash and/or non-cash contributions, whereby shareholders' subscription rights may be excluded under the conditions specified in the authorisation (Authorised Capital 2024). While shareholders are generally entitled to subscription rights, the Board of Management is nonetheless authorised to exclude shareholders' statutory subscription rights in the circumstances set out in the authorising resolution, subject to approval by the Supervisory Board. The Board of Management did not make use of this authorisation in the reporting year.

By way of a resolution passed by the ordinary Annual General Meeting held on 28 February 2023, the Board of Management is authorised up to 27 February 2028, subject to the consent of the Supervisory Board, to acquire treasury shares for purposes other than trading in treasury shares up to a maximum volume of ten per cent of the existing share capital at the time when the Annual General Meeting was held (66,733,328.76 euros) or – if this value is lower – of the share capital existing at the time of exercising this authorisation.

On 22 February 2024, the Board of Management resolved, with the agreement of the Supervisory Board, to launch a share buyback programme with a total volume of up to 20 million euros. 506,708 shares were bought under this share buyback programme as at the reporting date, for a total purchase price of 13,215,938.25 euros.

By way of a resolution passed by the ordinary Annual General Meeting held on 22 February 2024, the share capital has been conditionally increased by up to 13,346,664.34 euros by issuing up to 3,760,998 new no-par value registered shares (Conditional Capital 2024/I). This is on condition that the number of shares increases by the same ratio as the share capital. The conditional capital increase serves the purpose of granting new no-par value registered shares to the holders or creditors of bonds cum warrants and/or convertible bonds (collectively referred to as the "Bonds") – in each case with the respective option or conversion rights or option or conversion obligations – that will be issued by 21 February 2029 pursuant to the authorisation resolved upon by the Annual General Meeting on 22 February 2024.

On 28 June 2024, the Board of Management resolved, with the approval of the Supervisory Board, to place a convertible bond issue with a total nominal value of 100 million euros on the market. The Conditional Capital 2024/I will be used for this convertible bond insofar as conversion rights will be exercised for the delivery of shares instead of being fulfilled in another way.

The existing authorisations are detailed in the respective resolutions passed at the Annual General Meetings mentioned above. The members of the Board of Management do not have a special right to terminate their service contracts in the event of a change of control at Deutsche Beteiligungs AG. In this event, they are also not entitled to severance payments based on compensation agreements.

Corporate Governance Statement (sections 289f and 315d of the HGB)

The Corporate Governance Statement pursuant to sections 289f and 315d of the HGB is permanently available in the Investor Relations section of our website under Corporate Governance (https://www.dbag.com/investor-relations/corporate-governance/management-declaration). It includes the Declaration of Compliance with the German Corporate Governance Code, pursuant to section 161 of the AktG, information on corporate governance practices and a description of how the Board of Management and the Supervisory Board work, as well as information on targets for the share of female members on the Supervisory Board, the Board of Management and the management level below the Board of Management.