

PRESS RELEASE

Deutsche Beteiligungs AG invests in Cloudflight

- **Comprehensive portfolio of services, comprising digitalisation, advisory services, software development and cloud operations**
- **Seventh management buyout of DBAG Fund VII – re-investment by founders**
- **Accelerating the growth of an innovative IT services provider in digital transformation**

Frankfurt am Main, 02 May 2019 – Deutsche Beteiligungs AG (“DBAG”) invests in Cloudflight, an IT services provider focusing on digitisation and cloud-based transformation. For this purpose, DBAG Fund VII (advised by DBAG), will acquire majority stakes in Austria’s Catalysts GmbH and in Crisp Research AG, within the scope of a management buyout. Going forward, these two companies will be operating as Cloudflight – a group of companies which will support SMEs, public-sector authorities and corporate groups in implementing and accelerating their digital transformation. As existing shareholders, the two founders of Catalysts and Crisp Research will each retain a significant stake in the business. DBAG will co-invest around 8 million euros from its own funds, which means that around twelve per cent of the shares in future Cloudflight Holding GmbH will be attributable to DBAG on a look-through basis. Further acquisitions are planned, within the framework of a growth strategy. Consummation of the purchase agreement is subject to approval by the competent anti-trust authorities; closing is expected for June 2019. The parties have agreed not to disclose the terms of the sale.

DBAG Fund VII has been investing in medium-sized enterprises – predominantly in German-speaking countries – since December 2016. With this most recent transaction, 60 per cent of the Fund’s investment commitments have now been allocated, in seven portfolio companies. Once again, DBAG has structured an MBO where the founders have sought support from a financial investor to significantly develop their businesses.

Future Cloudflight Holding GmbH (www.cloudflight.io) sees itself as a new kind of digital service provider: the company is looking to support SMEs, corporate groups and public-sector clients with the implementation and acceleration of their digital transformation. For instance, this involves processing large amounts of data – as generated when analysing satellite data for mapping uncharted terrain. Another use case involves automated capturing of invoices, as

required by private health insurance providers, for example. Likewise, software can raise the efficiency of running more than 10,000 luggage carts at an airport.

The transaction will bring together software specialist Catalysts (www.catalysts.cc) with Crisp Research (www.crisp-research.com) – an IT research and consultancy firm specialised on cloud computing, creating a provider of digital and cloud services with a truly special profile, in a fragmented market. Going forward, Cloudflight will leverage the skills and experience of approximately 350 cloud computing experts to provide a comprehensive service to clients – encompassing strategic advice on all things digital, platform and architecture design, software development, as well as 24/7 cloud operations.

Catalysts GmbH will contribute its software development expertise to the new Group, whilst Crisp Research AG's team of experienced digital strategists and cloud computing architects will be advising clients – independent of which technology they are using. Both companies benefit from long-standing client relationships in their respective fields of activity and extensive expertise in digital 'hot spots' such as cloud computing, Internet of Things, and artificial intelligence. Based in Linz, Austria, Catalysts also has branch offices in Austria, Germany, and Romania. Crisp Research is based in Kassel, Germany. Both companies enjoyed strong growth over recent years – Catalysts has recorded annual growth rates in excess of 30 per cent.

Following the MBO of FLS GmbH, a developer of real-time scheduling and route optimisation software, in September 2018, DBAG's engagement in Cloudflight represents the second investment in a digital business model. “Our success over the past fifteen years has increased the size of funds we advise. Yet the market for corporate investments has not grown to the same extent”, said Torsten Grede, Spokesman of DBAG's Board of Management, explaining the extension of the Company's investment strategy. “This is why we have been targeting business models outside industrial manufacturing for quite some time. Established providers of software and IT services offer significant potential for growth and value appreciation.” Grede commented on Cloudflight: “What convinced us was, above all, the team's entrepreneurial vision, together with strong growth momentum in the market environment Cloudflight is operating in.”

Thomas Stoek, who will be leading Cloudflight as Group CEO, added: “The service Cloudflight will be providing to clients will not just cover the technologically demanding aspects of digitalisation, such as building and operating digital platforms and transforming existing corporate IT environments to make them 'cloud-ready'. For clients, partnering with Cloudflight will also bring about a cultural change towards agility and automation – two of the key success factors in a digital economy.” Mr Stoek will also invest in the new group, and will be

contributing his business experience in the information technology sector to the development of DBAG's new portfolio company.

Christian Federspiel, one of the co-founders and Managing Partner of Catalysts, sees opportunities for clients and employees through the combination and the investment: “We are now in a position to pursue a European growth strategy, which will be offering a holistic portfolio of services to our clients, as well as exciting areas of activity and attractive locations to our software developers.” The plan is for Cloudflight to develop further, gaining strength through strategic acquisitions. Dr Carlo Velten, Chairman of the Management Board of Crisp Research, pointed towards a change process clients are exposed to – which Cloudflight will be picking up: “Many companies are past the 'trial-and-error' phase of their digital transformation. This means that development of new digital platforms and global cloud-based operations are no longer niche topics. These are mission-critical aspects now.”

Deutsche Beteiligungs AG, a listed private equity company, initiates closed-end private equity funds, and itself invests alongside those funds in well-positioned mid-market companies with growth potential. DBAG focuses on those industry sectors where Germany's 'Mittelstand' is particularly strong in international comparison. With its experience, expertise and equity, DBAG supports the portfolio companies in implementing long-term and value-enhancing corporate strategy. Its entrepreneurial investment approach makes DBAG a sought-after investment partner in the German-speaking world. DBAG manages and advises capital amounting to around 1.7 billion euros.

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