

PRESS RELEASE

Deutsche Beteiligungs AG: Negative impact from capital markets development

- **Net asset value of Private Equity Investments declines by five per cent in the first half of the financial year, to 641.8 million euros**
- **Positive value contribution from portfolio's operating performance**
- **Net income from Fund Investment Services of 5.8 million euros after negative one-off effect**
- **New forecast confirmed – Dividend policy unchanged**

Frankfurt/Main, 12 May 2022. The war in Ukraine and the related uncertainty, as well as expectations of interest rate hikes in the wake of rising inflation, have led to overall lower valuations on the capital markets. The downgrading of valuations was particularly pronounced in the IT services and software sector, with US technology shares trading significantly lower since the beginning of the year. This development has had a strong impact on the net asset value of the private equity investments held by Deutsche Beteiligungs AG (DBAG), which ended the first six months of the current financial year five per cent lower at 641.8 million euros. Although energy and raw material price hikes and supply chain disruptions present a particularly heavy burden for certain industrial companies in DBAG's portfolio, overall the 36 portfolio companies have delivered positive value contributions from their operating performance – which, however, was far from offsetting the negative capital market effects. As a result, earnings before taxes in the Private Equity Investments segment amounted to -41.5 million euros (previous year: 64.7 million euros). The Fund Investment Services segment benefited from the recent expansion of DBAG's team: earnings before taxes totalled 5.8 million euros (previous year: 9.1 million euros). It was burdened by higher consultancy expenses and one-off expenses related to the departure of a member of the Board of Management. DBAG finishes the first half of 2021/2022 with a consolidated net income of -35.8 million euros (previous year: 73.1 million euros).

Given the capital market developments and burdens on the real economy, DBAG prepared a new forecast for the financial year 2021/2022 in April, which is confirmed by the half-yearly financial report published today. It also incorporates earnings contributions from divestments in the months ahead, for which DBAG sees good opportunities despite the more difficult environment. Accordingly, DBAG expects a better performance for the second half of the financial year, with an expected net income for the full year of between -15 and -25 million euros. This forecast is based on the valuation levels on the capital

markets as at the reporting date, i.e. 31 March 2022. The dividend policy remains unchanged: DBAG continues to anticipate the dividend for the current year to remain at the level of the last financial year, i.e. 1.60 euros per share.

The half-yearly financial report emphasises the intensive development of DBAG's portfolio. Since the start of the financial year, four management buyouts have been added, including two companies in the IT services and software sector. The proportion of such investments almost quadrupled from five to 19 per cent over the last two years. This includes the most recently agreed investments in akquinet and datahub, which had not yet been closed as at the reporting date. The portfolio companies completed four company acquisitions, with another three having been agreed upon. In addition, DBAG continued expanding its investment team.

“The diversification of the portfolio, which we started ten years ago, is now paying off,” said Torsten Grede, Spokesman of the Board of Management, in view of the investments in the IT services and software, the broadband telecommunications and healthcare sectors. For these companies, negative impacts from higher energy and raw material prices and disrupted supply chains are limited. “Our portfolio is more balanced now, and we can look forward to the coming months despite the challenging environment,” Grede continued, adding: “We are confident that we are well positioned to capitalise on the opportunities that present themselves: our Fund Investment Services business generates stable, very predictable income, while DBAG maintains a strong balance sheet with a high equity ratio.”

Deutsche Beteiligungs AG, a listed private equity company, initiates closed-end private equity funds, and itself invests alongside the DBAG funds predominantly in well-positioned mid-market companies with development potential. For many years, DBAG's focus has been on industrial sectors. A growing portion of DBAG's equity investments is deployed in the growth sectors of broadband/telecommunications, IT services and software or healthcare. Its long-term, value-enhancing entrepreneurial investment approach makes DBAG a sought-after investment partner in the German-speaking world. DBAG Group's assets under management or advisory amount to 2.5 billion euros.

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