Speech by
Torsten Grede, Spokesman of the Board of Management
of Deutsche Beteiligungs AG, Frankfurt/Main,
and by **Tom Alzin**, member of the Board of Management
of Deutsche Beteiligungs AG, Frankfurt/Main,
held at the Annual General Meeting on 28 February 2023

Check against delivery.

Dear shareholders,
Ladies and Gentlemen,

Welcome to our 2023 Annual General Meeting!

Today we both have the pleasure of welcoming you. The reason is the generational change in the Board of Management, which you are all aware of.

After 32 years of service at DBAG, and in agreement with the Supervisory Board, I am stepping down from my position at the end of the day.

Two years ago, the Supervisory Board appointed my colleagues of many years, Tom Alzin and Jannick Hunecke, to the Board of Management. I am delighted that the Supervisory Board is now appointing Tom Alzin as Spokesman of the Board of Management. As mentioned by the chair of the meeting, we also have a new member of the Board of Management with us on the stage today. Melanie Wiese joined DBAG as our new Chief Financial Officer on 1 January 2023.

So DBAG's Board of Management has three new members as of the first of March 2023: Tom Alzin, Jannick Hunecke and Melanie Wiese.

We have prepared the generational change within the Board of Management over a long period of time. I am certain that a very good team will successfully lead DBAG into the future.

For me, this is the last Annual General Meeting with me at the helm. I step down with the knowledge that the Company's destiny is in good hands.

Let me first say a few words about the format of our Annual General Meeting.

It is our pleasure to once again welcome you here in Frankfurt personally. The Board of Management considered whether to hold this year's Annual General Meeting in person very carefully. Process security, feasibility and cost were key factors taken into account.

The legislature changed the rules concerning the format of meetings of this type in summer 2022. We are hosting our Annual General Meeting quite early this year, which means that the decision needed to be made in November last year. At that time there were no other companies we could look to as an example. Even though we could have held a virtual one, we opted to convene an in-person Annual General Meeting.

We will continue to consider how we manage AGMs. We would like to be able to respond flexibly and appropriate to the circumstances, which is what the proposed resolution in agenda item no. 8 would allow us to do, for two years initially.

Over the financial year under review, we were confronted with rapid and unforeseen changes in our macroeconomic environment, which in turn affected our financial performance. As you know, our valuations are based heavily on the development of the capital markets. Nonetheless, we are satisfied with what we have achieved.

We were able to successfully implement our investment strategy and reap first rewards.

1. Where were we able to successfully implement our investment strategy?

- DBAG has entered into four Long-Term Investments, two of which were structured during the financial year under review, building a new pillar of support for the Company. The continued diversification of our portfolio is also worth noting: during the financial year under review, we primarily invested in growth sectors such as IT services & software, which are hardly affected by the general economic slowdown. We have made very good progress in expanding our Italian activities.

2. What rewards did we reap?

With three disposals in the first quarter of the current financial year and a fourth this month, we enjoyed a good start to the year, proving that disposals are possible even in the challenging capital markets environment we are currently experiencing.

So what will we be focusing on today?

Firstly, I would like you to join me for a look at the past financial year – including our proposed appropriation of profit. Tom Alzin will then outline how we started into the current financial year.

We will then talk about what the future holds for DBAG, we will be taking turns to comment on this topic, with my colleague Tom Alzin going into detail.

We have structured this into three thematic focal areas:

1. our activities in Italy,
2. our team, and
3. our sustainability strategy.

Tom Alzin will wrap up with an outlook on the current financial year.

Now to the figures for the last financial year, which were, as I have already said, heavily impacted by rapid and unforeseen changes in key areas of our macroeconomic environment.

Falling prices and valuation multiples on the stock markets have a considerable negative effect on the valuation of our portfolio companies.

The effect was felt in our Private Equity Investment segment, where earnings are not satisfactory. The net asset value lost 15.1 per cent in the financial year under review, primarily because of falling valuations. This does not include the dividends distributed to you or the inflow from the DBAG Fund VII deferred management fee.

Our portfolio companies worked extensively on value appreciation, with 28 add-on acquisitions agreed upon or completed during the financial year under review providing clear evidence!

As expected, the Fund Investment Services segment achieved stable earnings. Highly reliable income from Fund Services makes a key contribution to the financing of our business operations and our ability to pay dividends.

Let us turn to the figures of the Private Equity Investments segment.

This segment was managed via the net asset value during the financial year under review. The NAV comprises three components: financial assets, other financial instruments and financial resources.

Financial resources showed a marked decline, reflecting the good investment activity.

However, at around 96 per cent, financial assets make up what is by far the lion's share of our net asset value. These financial assets are, in turn, heavily influenced by the performance of our portfolio companies. Imputed shares attributable to other shareholders – mainly carried interest – are deducted from the portfolio value, the aggregate value of the portfolio companies.

The portfolio value corresponds to the market value of the portfolio companies on the relevant reporting date, which is calculated using the recognised valuation methods that are applied as standard in the industry. Said portfolio value saw a net decline of 3 million euros, to 567 million euros. Whilst changes in value had a negative impact of 145 million euros, the balance of additions in the form of new investments and disposals of existing investments provided a clearly positive contribution of around 142 million euros.

- Our team vetted more than 240 investment opportunities, leading to investments in Dantherm, freiheit.com, in-tech, Green Datahub, Itelyum, akquinet, MTWH and vhf, where we invested a total of around 173 million euros.

- The disposals relate primarily to the sale of Telio, the partial exit from GMM Pfaudler and the partial disposal of von Poll Immobilien in the course of a refinancing exercise.

Carried interest decreased by 30 million euros, in line with portfolio performance, and stood at 23 million euros at the end of the reporting period.

What were the main factors driving the value of the portfolio?

- Changes in companies' earnings provided a positive contribution of 80.7 million euros, whereby 19 companies made a positive contribution, whilst 5 made a negative contribution.

  For several companies, improved earnings were the result of company acquisitions, which were accompanied by an increase in debt.

  Negative earnings contributions were attributable to rising costs, among other things, which led to reduced earnings assumptions among some portfolio companies.

- Our portfolio's leverage can be another factor driving value.

  Why is that? Acquisition-driven growth of our portfolio companies is a core element of our investment strategy. Such acquisitions can often only be financed through debt. If the integration is successful and synergies can be realised, profits will increase. The resulting increase in the company's value then outweighs the negative contribution that results from higher debt. Thus, the equity value increases. Approximately 45 per cent of the increase in debt was attributable to acquisitions.

The development of valuation multiples and the prices realised through disposals represent the third value driver.

As at the most recent reporting date, valuation multiples were mostly lower than the year before. In the year under review, changes in multiples led to a negative effect on earnings, primarily among investments in broadband/telecommunications and industrial services, whereas net contributions from these earnings components had been strongly positive in the year before.

Overall, changes in multiples burdened results by around 151 million euros.

The past three financial years have made it very clear to us that, due to the very nature of our business, earnings in our Private Equity Investment segment can fluctuate heavily from one reporting date to another, depending on the prevailing valuation multiples, which is why we should look at an appropriate period of time to form a suitable picture of DBAG's success.

I have already mentioned earnings from Fund Investment Services, our second segment, these were down year-on-year, as expected, from 18 to 15.4 million euros.

Income from DBAG Fund VII increased, following one new investment and follow-on investments in the existing portfolio. Income from DBAG Fund VIII also increased because the top-up fund acted as a co-investor for new investments in this fund.

Yet expenses also exceeded the previous year's levels, driven predominantly by the expansion of DBAG's team as well as higher consultancy expenses and one-off expenses related to the retirement of a member of the Board of Management.

It is the very nature of our business for investments to prevail in some financial years and disposals to prevail in others. We plan to invest around 96 million euros in the current year and in the next two years to come.

The investments we have planned are firmly covered financially. This is due in part to our financial resources and credit lines, but also to funds realised from successful disposals after the reporting date, which will yield sums in the high double-digit millions in the next few months.

DBAG faced exceptional challenges in the past financial year. Our business environment has changed considerably. Mastering these challenges whilst simultaneously and consistently implementing our strategic initiatives over the past year would not have been possible without the hard work of our staff. Through their strong commitment, they contributed to the Company's ongoing development.

My colleagues on the Board of Management and I would like to thank all of our colleagues for the considerable commitment they have shown.

Let me now turn to our proposed dividend.

You are all familiar with our dividend policy: it is our aim to have you participate in the Company's success through dividends that are stable and increase whenever possible. This is also one of our three financial objectives.

We defined this dividend policy back in 2016. Every year since then, we have been able to offer our shareholders – that is, currently around 16,400 private individuals, numerous family offices and foundations, and many other active and passive institutional investors – an attractive dividend yield.

We are proposing 80 cents per share for the 2021/2022 financial year. Based on the average share price of the financial year, this translates into a dividend yield of 2.5 per cent – exceeding the average for the S-Dax.

The proposal for the dividend incorporates the expected inflow of funds from the two segments, liquidity requirements for investments, securing our ability to distribute dividends for the long run, and the capital markets environment.

As during the pandemic, we are unfortunately again making an exception and diverging from our dividend policy due to the special circumstances. However, we are planning to return to our usual dividend policy this financial year.

That concludes my comments on the past financial year.

Ladies and Gentlemen,

How is the new financial year coming along?

We can report a very good start to the new financial year against the backdrop of a persistently challenging capital markets environment.

Whilst our recent focus has mainly been on expanding our investment portfolio and on add-on acquisitions, the beginning of the new financial year was shaped by 4 disposals:

Firstly, in November 2022 we sold our stake in the software developer Cloudflight. DBAG was able to achieve more than four times the capital invested, after a holding period of just over three years.

Secondly, the disposal of our investment in Heytex, which is a manufacturer of technical textiles, marked the successful conclusion of DBAG Fund V. The fund returned 2.6 times the capital invested, making DBAG Fund V one of the most successful funds of its vintage.

Thirdly, the construction supplier Pmflex represented our first disposal in Italy, which I will discuss in further detail shortly.

Fourthly, in February 2023, we successfully agreed the disposal of BTV Multimedia, a broadband telecommunications equipment and services provider, which will yield roughly three times the capital invested.

Operating performance was positive in our portfolio in the first quarter. The change in earnings was predominantly influenced by the portfolio companies' budgets for 2023. Whilst debt was reduced in many portfolio companies, debt financing for add-on acquisitions increased the levels of debt at others – specifically, this was the case at Dantherm and netzkontor.

Changes in multiples also provided a positive contribution overall, which is surprising at first glance. Shifting earnings forecasts to the relative reporting period for the following year usually means lower multiples, but this year is different because of the way the equities markets have bounced back: higher prices offset this effect. Transaction effects also played a role, with the disposal of BTV Multimedia making an additional unexpected contribution to net income of approximately five million euros in the first quarter of 2022/2023, yielding overall gross gains and losses on measurement and disposal of 42.6 million euros.

Net asset value increased by roughly seven per cent.

As forecast, we generated earnings before tax of 3.5 million euros in our Fund Investment Services segment, which is slightly less than in the first quarter of the previous year. Higher IT expenses were amongst the things noticeable in other operating expenses.

As you know, our business model means that we cannot use the results of individual quarters to project the results of a full financial year. I will discuss the outlook for the remainder of the financial year in a moment.

DBAG's accession the S-Dax – announced by Deutsche Börse in February – confirms our positive performance. It also increases our visibility amongst investors and in the media.

This brings us to DBAG's future development, in three focal areas. Specifically, these are:

1. our activities in Italy,
2. our team, and
3. our sustainability strategy.

Allow me to first **report on the development of our activities in Italy.** On the reporting date of the financial year under review, 3 of the 39 portfolio companies were headquartered in Italy. For two of them, investment could be closed in the year under review.

- It is remarkable just how robust development of the Italian M&A market has been for medium-sized companies with enterprise values between 50 to 300 million euros in 2022. The number of transactions in this segment was unchanged year-on-year, with an increase in smaller transactions. By comparison, the number of transactions in Germany declined slightly year-on-year. You know why:
- the war in Ukraine,
- inflation,
- the new interest rate paradigm, and
- supply chain bottlenecks.

The Italian market is attractive for DBAG in terms of both size and structure. The volume of private equity investments in Italy was equivalent to about 60 per cent of the German market in recent years. Succession solutions for family-owned companies are also a key lever in Italy.

This is an area in which we have a strong track record because more than half of our transactions have always arisen from precisely this sort of situation: company founders and family entrepreneurs entrust their companies to us because they believe that DBAG is the best partner for their further development.

These market conditions are rife with attractive investment opportunities for DBAG.

We were able to agree the first disposal of an Italian portfolio company, Pmflex, in the first quarter of the new financial year. DBAG and DBAG Fund VII acquired a majority stake in Pmflex from the company's founding family in September 2020, making this their first investment in Italy.

DBAG Fund VII's total investment in Pmflex amounted to approximately 73 million euros, of which DBAG contributed around 11 million euros. The company was acquired by Hager Group, a family-owned global leader in the electro-technical installations space. The successful disposal resulted in DBAG realising more than twice the capital invested.

The successful strategic development of Pmflex over the past two years was defined by gains in market share, driven by strong demand from existing and new customers.

The pre-wired conduits sold by Pmflex reduce installations times for electricians substantially, offering a cost benefit for construction and refurbishment projects.

This allowed Pmflex to expand its leading position in numerous European markets.

The success of this transaction confirms our strategic decisions taken in recent years.

Expanding our team has been a crucial factor in our success. After DBAG Italia was founded in autumn 2020 and the first members of staff were hired for the subsidiary, we gradually grew the Milan team by taking on additional investment managers.

As stated, we expect investment activity on the Italian market to increase in future. A large number of attractive, privately held companies are located in the north of Italy in particular, requiring external capital to achieve further growth. We aim to invest up to a quarter of our current fund in this market.

We have not only broadened our investment strategy. We have also continued developing as an organisation over the last several years.

Allow me to now discuss the growth of the DBAG team.

In 2022 our team grew considerably, from 77 to 89 colleagues, with the focus on expanding our Investment Advisory Team, which is key to our success.
It has long since ranked amongst the largest and most experienced specialist teams in our market. On the reporting date, the team numbered 37 members, an increase of nine team members, or nearly a third, from the year before. In light of the tight labour market in our sector, we are more than happy with this.

We are all aware that the success of the operational team depends on the full support of the rest of the organisation, which is why we are also making targeted investments in developing our corporate functions. That area also grew, from 52 employees to 55.

Over the past few years, we continued to professionalise our deal sourcing – by expanding our research team, for example.

We attract both young graduates and experienced private equity professionals to DBAG, thanks in part to our enhanced recruitment processes.
We are committed to advancing additional talented women into leadership positions. By addressing young women in particular at events hosted by universities and other higher educational institutions, we are trying to convince the best students that our sector is attractive.

We are also supporting the Level20 Initiative to promote women in the private equity sector with the aim of increasing the share of women in senior positions. Five women were active in our Investment Advisory Team as at 30 September 2022, which is already a share of 14 per cent.

We have reached a new level of human resources development at DBAG, enabling us to better support individual staff members.
To give you three examples:

Training curriculum: Since the last financial year, all of our employees have been taking part in a training curriculum that provides a structural underpinning to our staff's personal development, with carefully selected trainers and coaches delivering both core content and tailored learning. This ensures high standards of training in both Germany and Italy.

Updating the benefit portfolio: Part of the development of DBAG's benefit portfolio included introducing the "Qualitrain" fitness platform. Offering a job ticket to use public transport free of charge was a second measure.

Return to the office, creating clear rules for mobile working: The past financial year also saw the expiry of state-mandated safety measures against COVID-19. We responded by adjusting the rules that were in place to enable our employees to continue to enjoy mobile working.

All of this fuels DBAG's ability to perform.

Ladies and Gentlemen,

We have discussed our sustainability strategy in previous years. For us, sustainability means achieving a long-term increase in DBAG's value, taking ecological, social and corporate governance criteria into account.

We remain committed to improving sustainability at DBAG, and in the year under review enhanced our target system with regard to ESG criteria. We have added a non-financial objective to each of the three fields of action – specifically:

- the reduction of GHG emissions,
- the continued improvement of employee satisfaction, and
- the prevention of fines for compliance violations.

We have been using ESG key performance indicators – or KPIs – since the beginning of the current financial year to integrate these new objectives into DBAG’s management and budget planning for our portfolio companies.

Additional non-financial objectives for our portfolio companies are occupational health and safety, gender parity as well as other metrics that are specific to each company. Whilst the ESG KPIs defined for these objectives at the portfolio companies echo those at DBAG, they are not the same. Instead, they are defined in a way that caters to the specific business model characteristics of DBAG and the respective portfolio company.

But in every case we determine ESG key performance indicators in line with generally applicable standards and commonly-used definitions for capital markets sustainability reporting.

ESG KPIs have been incorporated into our portfolio companies’ 2023 budget planning for the first time. We will be reporting on insights gained at next year’s AGM.

So, where do we stand at DBAG?

Greenhouse gases
We have set ourselves the target of cutting emissions from operations per employee, based on full-time equivalents. We calculate emissions annually according to the internationally recognised Greenhouse Gas Protocol. To reach our goal, we are championing the use of rail travel and video conferences. In the year under review, carbon emission per employee were 2.5 tonnes, above the 1.7 tonnes of the previous year, which was influenced heavily by the pandemic.

Not factored into our environmental footprint is our involvement in reforestation efforts in the Hesse state forest. We believe in the value of this local project and have decided to take part in planting 6,000 trees, which will store around 45 tonnes of carbon dioxide per year once the trees are around 30 years old.

Employee satisfaction
We continuously endeavour to improve employee satisfaction. As part of our efforts, we use the TeamEcho software to request employee feedback multiple times a year.

The arithmetic mean of all survey answers in the year under review was 62 per cent, a decrease compared to the previous year's result of 68 per cent which might reflect the particular burdens of the past financial year.

Compliance

With zero tolerance for any form of corruption and other unethical business practices, we have set a goal of zero euros in fines for compliance violations in any given financial year. This goal was again met during the financial year under review.

Finally, we are also active through DBAG's charitable foundation, whose mission is to promote charitable causes. We have various projects underway to increase the impact of the DBAG charitable foundation, including "Projekt Arche" in Frankfurt/Main, which is focused on strengthening socially disadvantaged children.

Ladies and Gentlemen,

What expectations do we have for the current financial year and beyond?

The macroeconomic environment continues to be plagued by great uncertainty, the key issues being supply bottlenecks, energy, commodities, inflation and interest rate hikes.

These negative impacts can only be overcome gradually.

Our companies operate in attractive markets and regions, which makes them less susceptible to economic fluctuations. We look at every business model individually and assess the development potential for 2023 carefully. We believe that the diversity of the business models will go some way towards compensating for different influencing factors. Portfolio companies that work in the areas of IT services & software, for example, are less exposed to cyclical influences than business models linked to the manufacturing industry.

We forecast a 13 per cent increase in net asset value as at 30 September 2023.

Over the next three years, our medium-term plan is to make investments alongside DBAG funds and Long-Term Investments of around 96 million euros a year. In total, we are planning to invest 290 million euros in promising mid-market business models that offer potential for value appreciation.

Permit me to take a moment to go into key performance indicators in greater detail.

In the past, we have used the net asset value of Private Equity Investments as a parameter for our financial targets in this business segment.

Beginning with the new 2022/2023 financial year, we will measure how this segment performs using earnings before taxes. These earnings are largely determined by the increase in the value of our portfolio companies which we calculate quarterly using the valuation multiples of listed peer group companies.

Starting this financial year, we are using net asset value as the KPI for the sustainable increase in the Company's value.
This is calculated as total assets minus total liabilities.

Our objectives for increasing net asset value over the three-year period are more ambitious than in the past,

owing in part to the underlying low starting point. In 2015 and 2022, growth was 9 per cent annually. We want to be able to increase the net asset value by an average of between 14 and 18 per cent.

Given the pronounced increase in earnings from Funds Investment Services the previous year, performance moderated in the year under review as expected. The expansion of our team that I have described represents our investment in the future. With income remaining largely stable and a slight increase in costs, earnings from Fund Investment Services will be down slightly year-on-year for the current financial year.

Our assets under management or advisory increase considerably when a new fund investment period starts and then gradually decline due to disposals. The launch of a successor fund then pushes them back up again.

To summarise, despite the numerous uncertainty factors, we remain confident about the Company's medium-term future.

Dear shareholders,

Thank you very much for joining us at our Annual General Meeting. Thank you very much for the trust and confidence you have placed in myself and in my team.

I wish you all the best.