

QUARTERLY as at 31 December 2020 STATEMENT

FIRST QUARTER 2020/2021

CONSOLIDATED KEY FIGURES

		Q1 2020/2021	Q1 2019/2020
Core business objective: long-term increase in the Company's value			
Net asset value (reporting date)	€mn	437.3	422.0
Net income from Fund Investment Services	€mn	4.8	1.7
Private Equity Investments segment			
Net income from investment activity	€mn	23.7	0.1
Earnings before taxes	€mn	20.1	(1.9)
Cash flow from investment activity	€mn	(17.6)	(43.8)
Net asset value (reporting date)	€mn	437.3	422.0
Fund Investment Services segment			
Income from Fund Services	€mn	11.1	7.4
Earnings before taxes	€mn	4.8	1.7
Assets under management or advisory (reporting date)	€mn	2,533.3	2,582.6
Other indicators			
Net income	€mn	24.9	(0.2)
Equity (reporting date)	€mn	448.7	423.5
Earnings per share ¹	€	1.65	(0.01)
Number of employees (reporting date, including apprentices) ²		79	81

¹ Based on the weighted average number of shares in the respective period

² 31 December 2020: two positions temporarily duplicated

AT A GLANCE

Exchange-listed Deutsche Beteiligungs AG (“DBAG”) invests in well-positioned mid-sized companies with potential for growth. Manufacturing businesses and related service providers, which are the foundation for the excellent reputation that Germany’s Mittelstand enjoys around the world, have been a focal part of our investments for many years. A growing portion of our portfolio is deployed in the growth sectors of broadband/telecommunications, IT services/software and healthcare. Our long-term, value-enhancing entrepreneurial investment approach makes DBAG a sought-after investment partner in the German-speaking world. We have consistently delivered above-average performance over a number of years – benefiting our portfolio companies and shareholders alike, including investors in our DBAG-managed private equity funds.

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HIGHLIGHTS

A MAJORITY
OF PORTFOLIO
COMPANIES EXPECT
HIGHER REVENUES
AND EARNINGS
IN 2021

NET MEASUREMENT
GAINS AND LOSSES
CLEARLY EXCEED THE
FIRST QUARTER OF
THE PREVIOUS YEAR

NET ASSET VALUE
ROSE BY 3.6 PER CENT TO

437.3

MILLION EUROS

EARNINGS BEFORE TAXES
FROM FUND
INVESTMENT SERVICES OF

4.8

MILLION EUROS

ONE NEW MBO
PLUS

6

ACQUISITIONS

LETTER TO OUR SHAREHOLDERS

Dear Shareholders,

One new management buyout, six companies added to the portfolio – our investment team has continued to maintain its high rate of investment activity. Despite the ongoing pandemic and its negative effects on parts of the economy, the M&A market remains intact. Our team was able to explore 74 investment opportunities between October and December – 20 more than in the same period of 2019. However, this is not only due to market conditions: we have expanded our team over the past year and also broadened our range of investments in mid-sized companies to include Long-Term Investments.

We are delighted with the response to our latest service: private equity can help strengthen an equity base weakened by the consequences of the pandemic, for example. Where banks take a more reticent stance, we remain committed to financing long-term business growth.

It takes time for new investments and acquisitions to show their true potential. What does the portfolio look like at the moment? It comes as no surprise that some of the companies are still suffering from the effects of the pandemic. On a positive note, most of our investments expect higher revenues and earnings in 2021, duly reflected in corresponding value appreciation. Companies that offer broadband telecommunication services are the main contributing factor to this rise. Our portfolio contains a number of companies that we have been supporting over a longer period of time now; in some cases, change processes are now at a very advanced stage – which is why we continue to work on disposals this year.

The impact that the largely positive operating performance had on net measurement gains and losses was offset to some extent by capital market effects. We already pointed out last year that valuation multiples of some sectors were very high historically, implying that there was potential for a setback. This has now been confirmed. Despite this, the net asset value of Private Equity Investments increased by 3.6 per cent in the first quarter. Fund Investment Services recorded earnings before taxes of 4.8 million euros – a marked increase on the first quarter of the previous financial year. Here, we saw a significant increase in assets under management or advisory as a result of the start of the investment period of DBAG Fund VIII.

Whilst our business does not permit quarterly results to be extrapolated in a linear manner, our first-quarter results are within our projected range for 2020/2021.

The Board of Management

Deutsche Beteiligungs AG



Torsten Grede



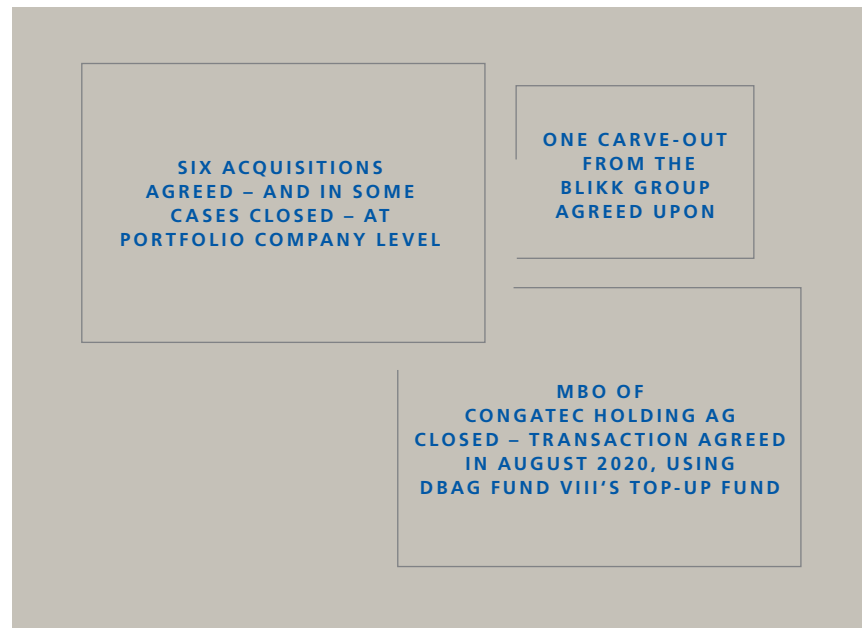
Dr Rolf Scheffels



Susanne Zeidler

REVIEW OF KEY EVENTS AND TRANSACTIONS

Reporting on significant changes in co-investments alongside DBAG funds, and on Long-Term Investments, and in Fund Investment Services:



DBAG Fund VIII

MULTIMON AG (Multimon) – leading provider of fire protection systems – future prospects: organic and inorganic growth

Agreement reached in December 2020 on the acquisition of TBS Brandschutzanlagen GmbH (TBS)

Registered office: Altomünster (Bavaria); total output in 2020: just under 40 million euros (predominantly in Germany); employees in 2020: approximately 300

TBS's client base lies in complementary sectors, enabling Multimon to broaden its market reach. Multimon acquired TBS from the company's founder as part of a succession solution and financed the transaction without any additional equity financing.

DBAG Fund VII

BLIKK GROUP (blikk) – radiology group – future prospects: organic and inorganic growth

December 2020: spin-off of the nephrology division (renal medicine and dialysis) under the management of operasan GmbH

Registered office: Büren (North Rhine-Westphalia); planned revenues in 2021: around 13 million euros, providing routine care for approximately 300 patients

Representing the fund's tenth investment, the plan is to develop operasan as a standalone healthcare platform investment, using a buy-and-build strategy. Having already acquired a third dialysis centre in January 2020, operasan will acquire another nephrology centre as part of the spin-off.

DBAG is investing around 3.2 million euros alongside DBAG Fund VII (including the top-up fund); the funds go directly to the blick Group, and have helped improve its financing structure. DBAG Fund VII holds around 71 per cent of operasan; approximately 13 percentage points of this total is attributable to DBAG. Other shareholders include the company's management and a digital transformation consultancy firm.

DBAG Fund VI

GIENANTH GMBH (Gienanth) – foundry group – future prospects: organic and inorganic growth

Acquisition of Zaigler Maschinenbau GmbH (Zaigler) in December 2020

Registered office: Kulmbach (Bavaria); total output in 2020: around nine million euros; employees in 2020: approximately 100

Gienanth is expanding its product range through Zaigler by machining its own castings inhouse, thus strengthening its competitive position; it now offers ready-to-install cylinder crankcases for large engines from its own factory, which helps to ensure greater delivery reliability. Gienanth has worked with Zaigler before: Zaigler is regarded as one of Central Europe's leaders when it comes to quality processing of large and complex castings. Zaigler was acquired as part of a succession solution and the transaction was financed without external equity financing.

DBAG ECF

DING GROUP – construction of fibre-optic networks and related infrastructure services – future prospects: buy-and-build strategy

In December 2020, agreement reached on two acquisitions, which will be financed without external equity financing:

- › TriOpt Group (TriOpt)
Registered office: Moers (North Rhine-Westphalia); revenues in 2020: around 26 million euros; employees in 2020: 175

By providing mobile and fixed-network services, especially in Germany's western regions, TriOpt complements DING Group's regional market coverage and its service portfolio, whilst broadening its customer base in the process. The company is one of just a few providers that specialises in the planning, execution, documentation and maintenance of radio masts for mobile data networks.

- › Bergert Group GmbH (Bergert)
Registered office: Wechselburg (Saxony); revenues in 2020: around 27 million euros; employees in 2020: 230

Bergert, a family-owned company, gives DING Group a foothold in the eastern regions of Germany. The company operates across Germany, with a particular focus in the eastern regions of Germany and Rhineland-Palatinate. Bergert is a market-leading infrastructure service provider for fibre-optic, road and pipe construction: it offers highly specialised milling and microtrenching capabilities.

DING Group's growth strategy is in line with its customers' requirements: for their increasingly large-volume projects, customers are looking for a one-stop shop for as many services as possible and – increasingly – a very broad regional coverage. As the company grows in size, access to subcontractors, who often provide essential service packages, will also improve.

VITRONET GMBH (vitronet) – construction of fibre-optic networks – future prospects: buy-and-build strategy

Acquisition of KronoBau GmbH (KronoBau) in December 2020

Registered office: Großaitingen (Bavaria); revenues in 2020: around 13 million euros; employees in 2020: just under 50

Through its acquisition of KronoBau, a full-service provider focusing on the expansion of fibre-optic networks, vitronet expects to achieve a wide range of synergies, including knowledge transfer and new customer access. The acquisition was financed without any additional equity.

This acquisition will enhance vitronet's range of services and its regional presence.

NETZKONTOR NORD GMBH (netzkontor) – services for the telecommunications sector – future prospects: buy-and-build strategy

Acquisition of Elektronik Hammer GmbH (Hammer) agreed in December 2020

Registered office: Grimma (Saxony); revenues in 2020: around five million euros; employees in 2020: approximately 70

Hammer offers installation and services for cable network operators, and thus has a comparable range of services to a previously acquired company in the netzkontor group. The company is active mainly in Saxony, northern Bavaria and Schleswig-Holstein. netzkontor is financing the acquisition without any additional equity.

The investment period of DBAG ECF II ended on 31 December 2020 (please refer to the Group Financial Report 2019/2020, p. 11). The remaining, recently increased investment commitments (see the report on material events after the reporting date) are now available for company acquisitions of the three MBOs financed with this tranche of the fund and, if required, for follow-up financing. The earnings base and the volume of assets under management or advisory have remained the same after the end of the investment period.

For the congatec investment, DBAG Fund VIII also drew down funds from the top-up fund. As a result, the base for calculating the fees for DBAG's advisory services to this fund has broadened, with a corresponding increase in income from Fund Investment Services (see Group Financial Report 2019/2020, p. 13).

FINANCIAL PERFORMANCE

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€'000	Q1 2020/2021	Q1 2019/2020
Net income from investment activity	23,744	59
Income from Fund Services	10,776	7,097
Income from Fund Services and investment activity	34,520	7,156
Personnel expenses	(6,849)	(4,794)
Other operating income	1,325	853
Other operating expenses	(4,033)	(3,266)
Net interest income	(70)	(134)
Other income/expense items	(9,627)	(7,342)
Earnings before taxes	24,893	(186)
Income taxes	0	0
Earnings after taxes	24,892	(186)
Net income attributable to other shareholders	(3)	(2)
Net income	24,890	(188)
Other comprehensive income	230	(94)
Consolidated comprehensive income	25,120	(282)

INCOME FROM FUNDS SERVICES AND INVESTMENT ACTIVITY:

Driven to a considerable degree by net income from investment activity (cf. "Net income from investment activity").

Net expenditure from OTHER INCOME/EXPENSE ITEMS:

Year-on-year increase largely due to higher personnel expenses – reflecting the expansion of the investment team, and of other corporate functions in 2020, bringing the number of employees to 79 as at the reporting date, eight more than in the previous year.

In contrast to the previous year's quarter, which closed with a virtual break-even result, provisions have now been made for variable remuneration linked to the Company's performance.

Higher expenses incurred for transaction-related advisory services were offset by a similar increase in income resulting from passing on these expenses to the DBAG funds.

Due to there currently being almost no business travel on account of the pandemic, other operating expenses have fallen by more than 0.1 million euros compared to the previous year, whilst costs for audit services and the preparation of the financial statements were higher.

Net income from investment activity

€'000	Q1 2020/2021	Q1 2019/2020
Gross gains and losses on portfolio measurement and derecognition	36,784	38
Net income attributable to other shareholders of investment entity subsidiaries	(13,934)	50
Net gains and losses on portfolio measurement and derecognition	22,850	88
Current portfolio income	3,725	1,902
Net portfolio income	26,575	1,990
Net gains and losses from other assets and liabilities of investment entity subsidiaries	(2,831)	(1,931)
Net income from investment activity	23,744	59

GROSS GAINS AND LOSSES ON MEASUREMENT AND DERECOGNITION resulted from the higher fair value measurement of portfolio companies.

INTERESTS OF OTHER SHAREHOLDERS IN INVESTMENT ENTITY SUBSIDIARIES:

An increase in the value of a portfolio is usually accompanied by an increase in carried interest (please refer to the Group Financial Report 2019/2020, pp. 13, 20 and 43 for an explanation of carried interest). The corresponding deductible has markedly increased, in line with gross gains and losses on measurement and derecognition.

CURRENT PORTFOLIO INCOME:

This item relates to interest from shareholder loans; the marked increase was due to a higher loan balance.

NET GAINS AND LOSSES FROM OTHER ASSETS AND LIABILITIES OF INVESTMENT ENTITY SUBSIDIARIES:

The item mainly includes remuneration for the manager of DBAG Fund VI, DBAG Fund VII and DBAG Fund VIII, based on the capital invested/committed by DBAG.

Gross gains and losses on portfolio measurement and derecognition

NET GAINS AND LOSSES ON PORTFOLIO MEASUREMENT AND DERECOGNITION BY SOURCES. SOURCE ANALYSIS 1

€'000	Q1 2020/2021	Q1 2019/2020
Fair value of unlisted investments		
Change in earnings	54,899	(4,879)
Change in debt	5,845	(1,545)
Change in multiples	(28,818)	5,072
Change in exchange rates	(63)	95
Change – other	3,670	(287)
	35,533	(1,544)
Net gains and losses on derecognition	878	274
Other	373	1,309
	36,784	38

FAIR VALUE OF UNLISTED INVESTMENTS:

Net measurement gains and losses were largely influenced by **CHANGES IN THE FAIR VALUE OF UNLISTED INVESTMENTS** measured using the multiples method; see the left-hand column for details.

NET GAINS AND LOSSES ON DERECOGNITION:

Net gains and losses on derecognition largely comprise reversal of a warranty retention recognised as part of a disposal.

Value contributions from the partial disposal of the stake in Pfaudler as well as subsequent revenues from the disposal of a stake in the remaining externally-managed foreign buyout fund are also included here.

OTHER:

This reflects changes in the fair value of an investment measured using the DCF method.

CHANGES IN THE FAIR VALUE OF UNLISTED INVESTMENTS:

We usually adapt our valuations as at 31 December to the budgets of the portfolio companies for the forthcoming year.

- › As in the previous year, budgets for 2021 were adjusted in some cases for non-sustainable effects, with uncertainty haircuts applied in some instances (also reflecting historical reliability of forecasts).
- › Earnings multiples of listed peer-group companies were derived using reporting-date prices and earnings estimates for 2021.

Net gains and losses on measurement and derecognition were predominantly due to changes in the valuation of investments in the broadband telecommunications and IT services/software growth sectors, where the good operating performance (improved earnings and lower debt levels) has been underpinned by higher multiples in some cases (broadband telecommunications). Investments linked to manufacturing businesses and related service providers also reported overall increases in earnings and reductions in debt – yet their valuations were negatively impacted by lower multiples. As a result, these investments made only a minor value contribution overall.

Change in DEBT:

The change in debt of portfolio companies only significantly affected the change in value in a few individual cases, in part because portfolio companies financed acquisitions with debt.

MULTIPLES used to value portfolio companies:

Overall, the multiples were lower than on 30 September 2020: analysts' expectations concerning corporate earnings in 2021 have risen more strongly than the share prices of peer-group companies. This applies in particular to multiples we use to value investments linked to manufacturing businesses and related service providers: the reference multiple (EBITDA to enterprise value) for automotive suppliers declined by more than two points, while that for mechanical engineering companies fell by just under two points. Note that we pointed out in the Group Financial Report that these multiples in particular were rather high in a long-term comparison, implying that there was already a certain potential for setback.

NET GAINS AND LOSSES ON MEASUREMENT AND DERECOGNITION PORTFOLIO BY SOURCES. SOURCE ANALYSIS 2

€'000	Q1 2020/2021	Q1 2019/2020
Positive movements	49,449	17,796
Negative movements	(12,664)	(17,758)
	36,784	38

SOURCE ANALYSIS 2:

- › Positive net gains and losses on measurement and derecognition: 15 (previous year: 12) companies and the remaining externally-managed foreign buyout fund, including four from the broadband/telecommunications growth sector and – albeit with smaller value contributions in terms of amount – five investments linked to manufacturing businesses and related service providers
- › Negative net gains and losses on measurement and derecognition: 12 companies (previous year: 12 plus the externally-managed foreign buyout fund) – for eight of them, this was exclusively due to a negative multiples effect
- › Neutral net gains and losses on measurement and derecognition: 5 investments (previous year: 3), measured at their original transaction price due to a holding period of less than one year; these investments account for twelve per cent of the portfolio value. As in the previous year, one company showed no change in value.

NET GAINS AND LOSSES ON MEASUREMENT AND DERECOGNITION PORTFOLIO BY SOURCES. SOURCE ANALYSIS 3

€'000	Q1 2020/2021	Q1 2019/2020
Net measurement gains and losses	35,967	(236)
Unrealised net gains and losses on derecognition	(60)	0
Net gains and losses on derecognition	878	274
	36,784	38

SOURCE ANALYSIS 3:

- › Net measurement gains and losses reflect the overall positive operating performance of the portfolio companies (cf. source analysis 1).
- › Unrealised net gains and losses on derecognition comprise value contributions from transactions agreed upon, but not yet closed as at the reporting date.
- › Please refer to source analysis 1 for details on net gains and losses on derecognition.

FINANCIAL POSITION – LIQUIDITY

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

INFLOWS (+)/OUTFLOWS (-)

€'000	Q1 2020/2021	Q1 2019/2020
Net income	24,890	(188)
Measurement gains (-)/losses (+) and gains (-)/losses (+) on derecognition of financial assets, as well as loans and receivables	(23,570)	(63)
Other non-cash changes	(9,292)	(6,381)
Cash flow from operating activities	(7,972)	(6,632)
Proceeds from disposals of financial assets and loans and receivables	11,590	3,174
Payments for investments in financial assets and loans and receivables	(1,552)	(35,493)
Proceeds from disposals of other financial instruments	0	14,518
Payments for investments in other financial instruments	(27,601)	(26,047)
Cash flow from investment activity	(17,562)	(43,848)
Proceeds from (+)/payments for (-) investments in securities	0	19,857
Other cash inflows and outflows	(40)	(80)
Cash flow from investing activities	(17,603)	(24,072)
Payments for lease liabilities	(255)	(242)
Proceeds from new borrowings	23,800	0
Cash flow from financing activities	23,545	(242)
Net change in cash and cash equivalents	(2,030)	(30,945)
Cash and cash equivalents at start of period	18,367	43,934
Cash and cash equivalents at end of period	16,338	12,989

FINANCIAL RESOURCES:

DBAG's financial resources comprise exclusively cash and cash equivalents resulting entirely from drawdowns on credit lines amounting to 23.8 million euros in the quarter under review, totalling 36.9 million euros as at the reporting date. The investment entity subsidiaries hold additional financial resources – also exclusively cash and cash equivalents – amounting to 5.1 million euros.

CASH FLOW FROM OPERATING ACTIVITIES:

- › As is usual in the first quarter, cash flow from operating activities was influenced by the variable remuneration paid to the Board of Management and staff for the previous financial year (-5.1 million euros).
- › The advisory fee for DBAG Fund VIII in the first quarter of 2020 (4.3 million euros) had already been drawn on and received prior to the last reporting date (see Group Financial Report, page 45); as a result, there were no proceeds in the reporting quarter.
- › The advisory fee for DBAG Fund VII continues to be deferred. The amount deferred since July 2019 increased by a further 3.6 million euros, for a total of 19.2 million euros. Drawing on the advisory fee would have had a corresponding positive impact on cash flow from operating activities at the time of collection.
- › Fluctuations also depend on the timing of drawings

CASH FLOW FROM INVESTING ACTIVITIES:

This figure is now almost entirely dominated by cash flow from investment activity – and the related volatility, which is typical for the Company's business.

Proceeds from disposals of financial assets and loans and receivables were influenced, in particular, by funds generated upon the placement of a portion of the shares of a listed Indian subsidiary of Pfaudler Group, GMM Pfaudler Ltd; the shares were sold in the last quarter of the previous financial year.

Payments for investments in financial assets and loans and receivables were mainly the result of a capital call relating to an investment entity subsidiary of DBAG ECF. Investments in other financial instruments were shaped by capital calls for DBAG Fund VII (operasan, PM Plastic Materials, Cloudflight) and DBAG Fund VIII (congatec).

CASH FLOW FROM FINANCING ACTIVITIES

This reflected the drawdown of the credit line, as mentioned above.

FINANCIAL POSITION – ASSETS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€'000	31 Dec 2020	30 Sep 2020
Financial assets including loans and receivables	404,273	390,741
Other non-current assets	6,098	6,250
Deferred tax assets	214	214
Non-current assets	410,584	397,204
Other financial instruments	53,589	25,988
Receivables and other assets	11,711	10,595
Cash and cash equivalents	16,338	18,367
Other current assets	25,069	22,432
Current assets	106,707	77,382
Assets	517,291	474,587
Equity	448,651	423,531
Non-current liabilities	21,457	21,305
Current liabilities	47,183	29,751
Equity and liabilities	517,291	474,587

STRUCTURE OF ASSETS: Slight shift towards current assets.

NON-CURRENT ASSETS increased due to the value appreciation of financial assets and investments, whilst their share in total assets was slightly lower, at around 79 per cent (30 September 2020: 84 per cent).

CURRENT ASSETS increased significantly, due to higher other financial instruments. This concerns short-term loans, largely to finance the most recent investments (PM Plastic Materials, Deutsche Giga Access, Multimon, and congatec). Around three per cent (30 September 2020: just under four per cent) of total assets were accounted for by financial resources (please refer to “Financial position – liquidity” for details). Other current assets rose due to further accrued receivables from one particular DBAG fund for advisory fees that have not yet been drawn on.

CAPITAL STRUCTURE: The capital structure has hardly changed.

The equity ratio stands at around 87 per cent (30 September 2020: 89 per cent). Equity covers non-current assets in full, and current assets at 36 per cent (30 September 2020: 34 per cent). Non-current liabilities were hardly changed. The increase in current liabilities was due in particular to further drawdowns of the credit line (totalling 36.9 million euros as at the reporting date).

Financial assets including loans and receivables

€'000	31 Dec 2020	30 Sep 2020
Portfolio value (including loans and receivables)		
gross	477,987	428,475
Interests of other shareholders in investment entity subsidiaries	(46,639)	(32,871)
net	431,348	395,604
Other assets and liabilities of investment entity subsidiaries	(27,130)	(4,917)
Other financial assets	55	55
Financial assets including loans and receivables	404,273	390,741

GROSS PORTFOLIO VALUE:

Please refer to the explanations below, under "Portfolio and portfolio value".

INTERESTS OF OTHER SHAREHOLDERS IN INVESTMENT ENTITY SUBSIDIARIES

relate primarily to carried interest; the increase during the reporting period resulted almost exclusively from changes in the value of the DBAG ECF and DBAG Fund VI portfolios. The current fair value of the DBAG Fund VII and DBAG Fund VIII portfolios does not yet require carried interest to be recognised.

The increase in the negative balance of **OTHER ASSETS / LIABILITIES OF INVESTMENT ENTITY SUBSIDIARIES** was due primarily to the increase in other financial instruments. In line with the increase in other financial instruments, liabilities of investment entity subsidiaries vis-à-vis DBAG – which have increased significantly following recent investments – were taken into account accordingly.

Portfolio structure

15 LARGEST INVESTMENTS IN TERMS OF PORTFOLIO VALUE ON 31 DECEMBER 2020

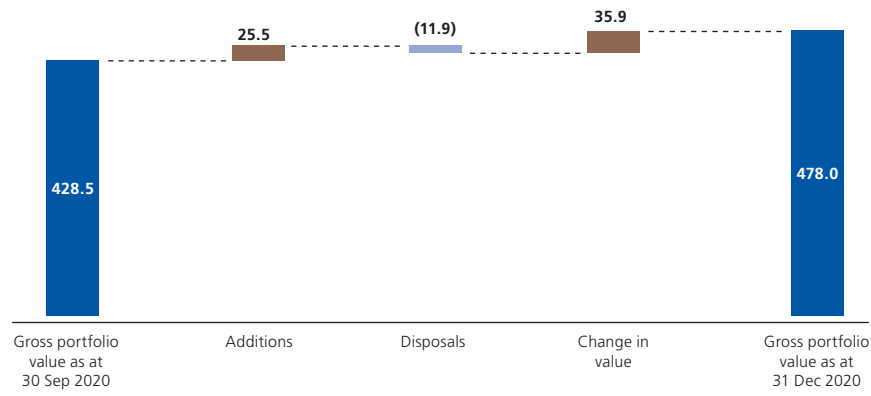
Company	Cost	Equity share DBAG	Investment type	Sector	Group share of the portfolio	
	€mn	in %			%	
DNS:Net GmbH		25.8	15.7	Growth	Broadband/telecommunications	
duagon AG		23.8	21.4	MBO	Industrial components	
Pfandler Group		2.1	17.4	MBO	Mechanical and plant engineering	
vitronet GmbH		4.5	41.3	MBO	Broadband/telecommunications	
von Poll Immobilien GmbH		11.7	30.1	MBO	Other	38.1 %
Cartonplast Holding GmbH		25.3	16.4	MBO	Industrial services	
congatec Holding AG		23.8	22.6	MBO	IT services/software	
DING Group		9.6	35.1	MBO	Broadband/telecommunications	
Oechsler AG		11.2	8.4	Growth	Automotive suppliers	
Telio Management GmbH		14.3	15.8	MBO	Other	24.2 %
BTV Multimedia GmbH		8.9	33.6	MBO	Broadband/telecommunications	
Cloudflight Holding GmbH		10.0	16.8	MBO	IT services/software	
netzkontor nord GmbH		5.0	35.9	MBO	Broadband/telecommunications	
PM Plastic Materials S.r.l.		11.2	12.6	MBO	Industrial components	
Polytech Health & Aesthetics GmbH		14.6	15.2	MBO	Healthcare	14.0 %

At 31 December 2020, the 15 most valuable investments accounted for around 76 per cent of the portfolio value (30 September 2020: 76 per cent). The table above shows these 15 companies sorted by their portfolio value. They are split into three groups of five companies each, and are listed alphabetically within their group. The first group consists of the five companies

with the highest portfolio value, followed by the next five, which includes the sixth- to tenth-largest and the last group with the eleventh- to fifteenth-largest companies (in each case by their value in the portfolio).

Portfolio and portfolio value

Portfolio value development in €mn



PORTFOLIO COMPOSITION AS AT 31 DECEMBER 2020:

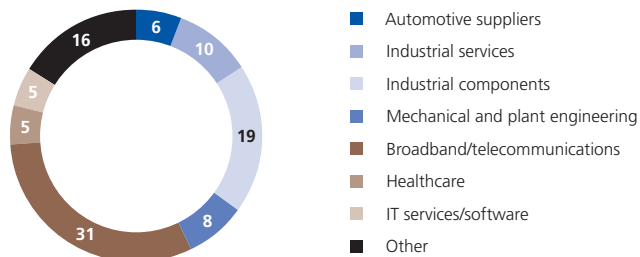
33 equity investments accounted for an aggregate value (including loans and receivables, and excluding short-term bridge financings) of 470.3 million euros (30 September 2020: 421.0 million euros).

“Other” investments comprised the investment in a foreign private equity fund as well as entities through which (predominantly) representations and warranties from previous disposals are settled, with a value of 7.7 million euros (30 September 2020: 7.5 million euros).

- › The gross portfolio value of 478.0 million euros equals 1.2 times the original cost (30 September 2020: 428.5 million euros, 1.1 times).
- › Additions were predominantly attributable to congatec Holding AG (23.8 million euros).
- › Disposals were predominantly due to Pfaudler Group (11.8 million euros).
- › The change in value was due primarily to the operational performance of the portfolio companies, despite negative multiples effects (please refer to net income from investment activity, p. 10).

PORTFOLIO VALUE BY SECTOR^{1,2}

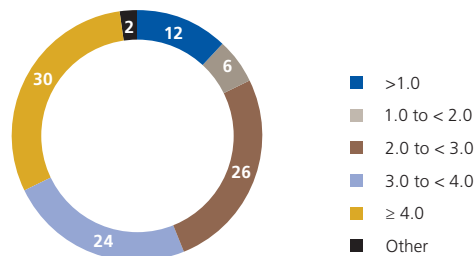
%



¹The investment in Polytech Health & Aesthetics GmbH, which manufactures high-quality silicone implants for medical use, has been reclassified under "Healthcare" (previously: "Industrial components").

PORTFOLIO VALUE BY LEVERAGE

%



²Based on the portfolio value as at the reporting date. Leverage (net debt to EBITDA) is largely based on the expectations of the portfolio companies for the 2021 financial year.

PORTFOLIO VALUE BY SECTOR:

Business models linked to manufacturing businesses and related service providers are currently valued slightly below acquisition cost (0.9x), largely reflecting the impact of the COVID-19 pandemic but also structural changes in the automotive industry.

At 43 per cent, their share in the portfolio value is currently lower than one year ago (50 per cent) and at the reporting date of 30 September 2020 (48 per cent); the portfolio value as at different reporting dates may relate to a different underlying universe, due to investments and disposals.

Six out of 33 portfolio companies are active in broadband telecommunications; they were valued at 2.5 times acquisition cost, accounting for 31 per cent of portfolio value (31 December 2019: 22 per cent; 30 September 2020: 27 per cent).

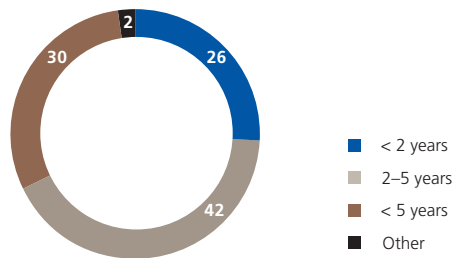
PORTFOLIO VALUE BY LEVERAGE:

The percentage of the portfolio value accounted for by companies with a leverage (ratio of net debt to EBITDA) of 3.0 or more has fallen from 71 per cent as at 30 September 2020 to 54 per cent, largely as a result of companies' higher earnings expectations for 2021.

The change in leverage was not only influenced by economic development, but also through financings of acquisitions of portfolio companies, for example.

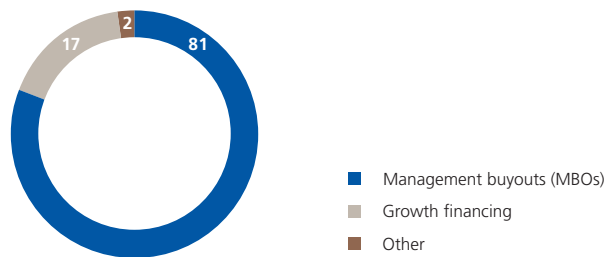
PORTFOLIO VALUE BY TERM OF INVESTMENT

%



PORTFOLIO VALUE BY TYPE OF INVESTMENT

%



BUSINESS PERFORMANCE BY SEGMENT

Private Equity Investments segment

SEGMENT EARNINGS STATEMENT – PRIVATE EQUITY INVESTMENTS

€'000	Q1 2020/2021	Q1 2019/2020
Net income from investment activity	23,744	59
Other income/expense items	(3,683)	(1,957)
Earnings before taxes (segment result)	20,061	(1,898)

NET ASSET VALUE AND AVAILABLE LIQUIDITY

€'000	31 Dec 2020	30 Sep 2020
Financial assets including loans and receivables	404,273	390,741
Other financial instruments	53,589	25,988
Financial resources	16,338	18,367
Credit liabilities	(36,900)	(13,100)
Net asset value	437,299	421,997
Financial resources	16,338	18,367
Remaining credit line	53,100	76,900
Available liquidity	69,438	95,267
Co-investment commitments alongside DBAG funds	283,141	311,324

EARNINGS BEFORE TAXES:

Marked increase, due to the significantly higher value contribution from the portfolio companies' operational performance and a corresponding increase in net income from investment activity (cf. „Financial performance“).

Negative balance of OTHER INCOME/EXPENSE ITEMS¹:

Markedly exceeding the previous year's figure, due to higher costs which cannot be passed on, and to higher personnel expenses. The figure includes internal management fees paid to the Fund Investment Services segment, which now only relate to DBAG ECF, in the amount of 0.3 million euros (unchanged from the previous year).

NET ASSET VALUE:

Please refer to "Financial position – assets" and "Financial position – liquidity" for details regarding changes in financial assets, other financial instruments, and financial resources.

Pending **CO-INVESTMENT COMMITMENTS** alongside DBAG funds:

This figure was lower since capital calls were serviced. Coverage of co-investment commitments through available financial resources amounted to 25 per cent (30 September 2020: 31 per cent); Long-Term Investments require additional funding.

Irregular cash flows, which are typical for our business model, are offset via credit lines in the amount of 90 million euros. These are provided by a consortium of three banks, and run until May 2023. Further options for debt and equity financing continue to be analysed.

Fund Investment Services segment

SEGMENT EARNINGS STATEMENT – FUND INVESTMENT SERVICES

€'000	Q1 2020/2021	Q1 2019/2020
Income from Fund Services	11,117	7,422
Other income/expense items	(6,285)	(5,710)
Earnings before taxes	4,832	1,712

ASSETS UNDER MANAGEMENT OR ADVISORY

€'000	31 Dec 2020	30 Sep 2020
Funds invested in portfolio companies	1,329,816	1,403,316
Short-term bridge financing for new investments	260,898	135,856
Outstanding capital commitments of third-party investors	926,285	1,025,023
Financial resources (of DBAG)	16,338	18,367
Assets under management or advisory	2,533,336	2,582,562

EARNINGS BEFORE TAXES: Significant increase compared to the previous year, thanks to a marked rise in the calculation basis for **INCOME FROM FUND SERVICES**, following the start of the investment period of DBAG Fund VIII.

- › Income from DBAG Fund VIII (4.6 million euros; nil in the same quarter of the previous year)
- › Income from DBAG Fund VII down by 0.9 million euros, reflecting the change in the calculation basis for the main fund (invested capital, instead of investment commitments previously) – offset by income from the top-up fund, following a new investment.
- › Income from DBAG Fund VI and DBAG ECF was unchanged overall. Segment reporting includes internal income from the Private Equity Investments segment which remains unchanged, at 0.3 million euros.

OTHER INCOME/EXPENSE ITEMS:

The negative net figure was higher than in the previous year (cf. “Financial performance”).

ASSETS UNDER MANAGEMENT OR ADVISORY:

- › Declined slightly, due to the partial disposal of an investment during the reporting period.
- › Pending capital commitments from fund investors declined as investment activity increased. This contrasts with an increase in the amount of funds invested in or drawn down for portfolio companies or bridge financing.
- › DBAG’s financial resources decreased negligibly in the first quarter (cf. “Financial position – liquidity”).

REPORT ON MATERIAL EVENTS AFTER THE REPORTING DATE

DBAG Fund VIII

MULTIMON AG completed the acquisition of TBS Brandschutzanlagen GmbH in January 2021.

DBAG Fund VII

The nephrology division spin-off from the blick Group, under the management of operasan GmbH, and acquisition of a medical service centre by operasan GmbH were completed at the beginning of January 2021.

DBAG ECF

Investment commitments for the second investment period of DBAG ECF („DBAG ECF II“) were raised by 8.8 million euros; 3.6 million euros of which is attributable to Deutsche Beteiligungs AG. The funds will be used to finance further company acquisitions of the three MBOs (BTV Multimedia, FLS, DING Group).

NETZKONTOR NORD GMBH completed the acquisition of Elektronik Hammer GmbH in January 2021.

One of the fund's investments completed two acquisitions; DBAG invested around 4 million euros in this respect during the current quarter.

OPPORTUNITIES AND RISKS

The statements on opportunities and risks made in the Combined Management Report as at 30 September 2020 continue to apply in principle (please refer to the Group Financial Report 2019/2020, pages 65 et seqq.).

In our view, the probability of occurrence for the risk factor “Inability to raise capital commitments from external investors to DBAG funds”, which is assigned a ‘high expected value’ in the report, has increased from ‘unlikely’ to ‘low’.

FORECAST

Our portfolio companies have performed in line with our expectations, resulting in an increase in the value of our investments.

The portfolio companies implement the changes and performance targets agreed upon at the start of the investment. We maintain our forecast published on 30 November 2020 (see Group Financial Report, pages 78 et seqq.).

Since quarterly results, in line with our business model, are influenced by individual events and developments on the capital markets, it is not possible to draw conclusions about the results of an entire financial year from a single quarter.

Our dividend policy remains generally unchanged (see Group Financial Report, pages 19 and 80).

OTHER DISCLOSURES

This document is a quarterly statement pursuant to section 53 of the Stock Exchange Rules and Regulations (Börsenordnung) of the Frankfurt Stock Exchange in the version dated 23 November 2020. The consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity were prepared in accordance with International Financial Reporting Standards (IFRS). The accounting, valuation and consolidation methods used are the same as those used in the previous consolidated financial statements at 30 September 2020.

ANNEX TO THE QUARTERLY STATEMENT

Consolidated statement of comprehensive income

for the period from 1 October 2020 to 31 December 2020

€'000	1 Oct 020 to 31 Dec 2020	1 Oct 2019 to 31 Dec 2019
Net income from investment activity	23,744	59
Income from Fund Services	10,776	7,097
Income from Fund Services and investment activity	34,520	7,156
Personnel expenses	(6,849)	(4,794)
Other operating income	1,325	853
Other operating expenses	(4,033)	(3,266)
Interest income	203	178
Interest expenses	(273)	(312)
Other income/expense items	(9,627)	(7,342)
Earnings before taxes	24,893	(186)
Income taxes	0	0
Earnings after taxes	24,892	(186)
Net income attributable to other shareholders	(3)	(2)
Net income	24,890	(188)
a) Items that will not be reclassified subsequently to profit or loss		
Gains (+)/losses (-) on remeasurements of the net defined benefit liability (asset)	230	(94)
b) Items that will be reclassified subsequently to profit or loss		
Changes in the fair value of financial assets measured at fair value	0	0
Other comprehensive income	230	(94)
Consolidated comprehensive income	25,120	(282)
Earnings per share in euros (diluted and basic) ¹	1.65	(0.01)

¹ The earnings per share calculated in accordance with IAS 33 are based on net income divided by the average number of DBAG shares outstanding during the reporting period.

Consolidated statement of cash flows

for the period from 1 October 2020 to 31 December 2020

INFLOWS (+)/OUTFLOWS (-) €'000	1 Oct 020 to 31 Dec 2020	1 Oct 2019 to 31 Dec 2019
Net income	24,890	(188)
Measurement gains (-)/losses (+) on financial assets and loans and receivables, depreciation/amortisation/impairment of property, plant and equipment and intangible assets, gains (-)/losses (+) on securities	(23,253)	180
Gains (-)/losses (+) from disposals of non-current assets	0	(4)
Increase (-)/decrease (+) in income tax assets	0	2
Increase (-)/decrease (+) in other assets (net)	(3,786)	(4,459)
Increase (+)/decrease (-) in pension provisions	(313)	(56)
Increase (+)/decrease (-) in income tax liabilities	0	0
Increase (+)/decrease (-) in other provisions	(2,373)	(5,235)
Increase (+)/decrease (-) in other liabilities (net)	(3,138)	3,128
Cash flow from operating activities	(7,972)	(6,632)
Proceeds from disposals of financial assets and loans and receivables	11,590	3,174
Payments for investments in financial assets and loans and receivables	(1,552)	(35,493)
Proceeds from disposals of other financial instruments	0	14,518
Payments for investments in other financial instruments	(27,601)	(26,047)
Cash flow from investment activity	(17,562)	(43,848)
Proceeds from disposals of property, plant and equipment and intangible assets	0	32
Payments for investments in property, plant and equipment and intangible assets	(40)	(113)
Proceeds from disposals of securities	0	19,857
Payments for investments in securities	0	0
Cash flow from investing activities	(17,603)	(24,072)
Payments for lease liabilities	(255)	(242)
Proceeds from new borrowings	23,800	0
Cash flow from financing activities	23,545	(242)
Net change in cash and cash equivalents	(2,030)	(30,945)
Cash and cash equivalents at start of period	18,367	43,934
Cash and cash equivalents at end of period	16,338	12,989

Consolidated statement of financial position

as at 31 December 2020

€'000	31 Dec 2020	30 Sep 2020
ASSETS		
Non-current assets		
Intangible assets	500	490
Property, plant and equipment	4,957	5,144
Financial assets	408,273	390,741
Other non-current assets	642	616
Deferred tax assets	214	214
Total non-current assets	410,584	397,204
Current assets		
Receivables	6,187	5,071
Other financial instruments	53,589	25,988
Income tax assets	5,524	5,524
Cash and cash equivalents	16,338	18,367
Other current assets	25,069	22,432
Total current assets	106,707	77,382
Total assets	517,291	474,587

€'000	31 Dec 2020	30 Sep 2020
EQUITY AND LIABILITIES		
Equity		
Subscribed capital	53,387	53,387
Capital reserve	173,762	173,762
Retained earnings and other reserves	(11,096)	(11,326)
Consolidated retained profit	232,598	207,708
Total equity	448,651	423,531
Liabilities		
Non-current liabilities		
Liabilities under interests held by other shareholders	57	57
Provisions for pensions obligations	16,136	16,449
Other provisions	1,450	846
Other non-current liabilities	3,814	3,953
Total non-current liabilities	21,457	21,305
Current liabilities		
Credit liabilities	36,900	13,100
Other current liabilities	4,713	8,104
Income taxes payable	526	526
Other provisions	5,044	8,021
Total current liabilities	47,183	29,751
Total liabilities	68,640	51,056
Total equity and liabilities	517,291	474,587

Consolidated statement of changes in equity

for the period from 1 October 2020 to 31 December 2020

€'000	1 Oct 2020 to 31 Dec 2020	1 Oct 2019 to 31 Dec 2019
Subscribed capital		
At start and end of reporting period	53,387	53,387
Capital reserve		
At start and end of reporting period	173,762	173,762
Retained earnings and other reserves		
Legal reserve		
At start and end of reporting period	403	403
First-time adoption of IFRS		
At start and end of reporting period	16,129	16,129
Reserve for changes in accounting methods		
At start and end of reporting period	(109)	(109)
Reserve for gains/losses on remeasurement of the net defined benefit liability (asset)		
At start of reporting period	(27,748)	(30,450)
Change during the reporting period	230	(94)
At end of reporting period	(27,518)	(30,545)
At end of reporting period	(11,096)	(14,122)
Consolidated retained profit		
At start of reporting period	207,708	247,031
Net income	24,890	(188)
At end of reporting period	232,598	246,843
Total	448,651	459,869

Disclosures on segment reporting

for the period from 1 October 2020 to 31 December 2020

SEGMENT REPORTING FOR THE FIRST QUARTER OF 2020/2021

€'000	Private Equity Investments	Fund Investment Services	Reconciliation group	Group Q1 2020/2021
Net income from investment activity	23,744	0	0	23,744
Income from Fund Services ¹	0	11,117	(341)	10,776
Income from Fund Services and investment activity	23,744	11,117	(341)	34,520
Other income/expense items	(3,683)	(6,285)	341	(9,627)
Earnings before taxes (segment result)	20,061	4,832	0	24,893
Income taxes				0
Earnings after taxes				24,892
Net income attributable to other shareholders				(3)
Net income				24,890
Financial assets and loans and receivables	404,273			
Other financial instruments	53,589			
Financial resources ²	16,338			
Credit liabilities	(36,900)			
Net asset value	437,299			
Assets under management or advisory³		2,533,336		

¹ A synthetic internal administration fee is calculated for the Private Equity Investments segment and taken into account when determining segment results. The fee is based on DBAG's co-investment interest.

² The financial resources are used by DBAG for investments in financial assets. They contain the line items "Cash and cash equivalents", "Long-term securities" and "Short-term securities".

³ Assets under management or advisory comprise financial assets, loans and receivables, the financial resources of DBAG, as well as the investments and callable capital commitments to DBAG-managed private equity funds. The investments and loans and receivables are recognised at cost.

SEGMENT REPORTING FOR THE FIRST QUARTER OF 2019/2020 AND AS AT 30 SEPTEMBER 2020

€'000	Private Equity Investments	Fund Investment Services	Reconciliation group	Group Q1 2019/2020
Net income from investment activity	59	0	0	59
Income from Fund Services ¹	0	7,422	(325)	7,097
Income from Fund Services and investment activity	59	7,422	(325)	7,156
Other income/expense items	(1,957)	(5,710)	325	(7,342)
Earnings before taxes (segment result)	(1,898)	1,712	0	(186)
Income taxes				0
Earnings after taxes				(186)
Net income attributable to other shareholders				(2)
Net income				(188)
Financial assets and loans and receivables	390,741			
Other financial instruments	25,988			
Financial resources ²	18,367			
Credit liabilities	(13,100)			
Net asset value	421,997			
Assets under management or advisory³		2,582,562		

¹ See footnote in preceding table, explanation in footnote 1

² See footnote in preceding table, explanation in footnote 2

³ See footnote in preceding table, explanation in footnote 3

OTHER INFORMATION

Forward-looking statements bear risks

This quarterly statement contains statements on the future development of Deutsche Beteiligungs AG. It reflects the current views of the management of Deutsche Beteiligungs AG and is based on relevant plans, estimates and expectations. Please note that the statements include certain risks and uncertainty factors which may mean that the actual results vary materially. Although we believe these forward-looking statements to be realistic, there can be no guarantees.

Disclaimer

The figures in this quarterly statement are generally presented in thousands or millions of euros. Rounding differences may occur between the amounts presented and their actual value, but these are of an insignificant nature.

The quarterly statement is published in English and German. The German version of this report shall be authoritative.

Updated: 6 February 2021

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Registered office: Frankfurt/Main – entered in the commercial register of the Frankfurt/Main Local Court under commercial register number B 52 491

FINANCIAL CALENDAR

25 FEBRUARY 2021

Annual Meeting 2021 (online)

31 MARCH 2021

Jefferies Pan-European Mid-Cap
Virtual Conference

12 MAY 2021

Publication of the 2020/2021 half-yearly financial report,
Analysts' conference call

6 AUGUST 2021

Publication of the quarterly statement for the third
quarter of 2020/2021,
Analysts' conference call

8 SEPTEMBER 2021

SRC-Forum, Frankfurt/Main

22 SEPTEMBER 2021

Baader Investment Conference, Munich

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DBAN (Bloomberg)