May 27, 2024

Brockhaus Technologies – High-tech instead of old tomes

High-growth technology and innovation leaders from the German Mittelstand

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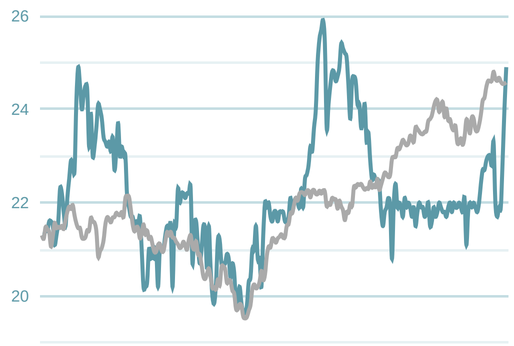
Rating	**Buy**
Price target	**71.00 EUR**
Potential	**185%**

Share data	
Share price	24.90
Number of shares (in m)	10.4
Market cap. (in EUR m)	260.1
Trading volume (Ø 3 months; in K)	5.2
Enterprise Value (in EUR m)	291.7
Ticker	BKHT

Guidance 2024	
Sales (in EUR m)	220.0 to 240.0
EBIT (in EUR m)	80.0 to 90.0

Share price (EUR)



Source: Capital IQ

Shareholder	
Freefloat	34.2%
Marco Brockhaus	21.3%
Other insider	9.0%
Investors >3%	30.9%
Treasury shares	4.6%

Termine	
AGM	June 20, 2024
Q2 results	August 14, 2024
Q3 results	November 14, 2024

Prognoseanpassung	2024e	2025e	2026e
Sales (old)	232.0	298.1	359.9
Δ	-	-	-
EBIT (old)	65.8	91.9	114.8
Δ	-	-	-
EPS (old)	1.09	2.03	2.87
Δ	-	-	-

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A company which easily beats the Rule of 40 and is valued at 5.8 times EBITDA of the current year? This is just too good to be true. That said, Brockhaus Technologies currently offers this unique opportunity on the German stock market. The company went public in 2020 in the form of an IPO and is managed by founder and CEO Marco Brockhaus, who has more than 25 years of private equity experience, established two own PE funds boasting high double-digit returns and advised another one. The CEO now pursues the same strategy with Brockhaus Technologies – but with a permanent capital base and without exit pressure.

Brockhaus is exclusively focused on the acquisition of **technology and innovation leaders** with **scalable B2B** business models, which have **sustainable competitive advantages** and a clear **USP** as well as **strong revenue growth (ideally >20% p.a.)** and **high EBITDA margins (ideally >30%)**.

Brockhaus currently holds Bikeleasing and IHSE, two high-growth and high-margin technology companies, with the former contributing the majority of group EBITDA. As Germany's second largest provider of company bike leasing, Bikeleasing is convincing not only because of its strong value proposition but also its economics. In 2023, the subsidiary generated an **EBITDA margin of 43.2% with revenue growth in excess of 37%**. As such, it clearly exceeds the Rule of 40. One-time effect? - Certainly not. We anticipate growth of 29.2% and an EBITDA margin of 43.7% in 2024. In addition to high potential in Germany and Austria, there are two major opportunities for Bikeleasing: Expansion into other European countries and broadening of the product range by adding other benefits. The latter should already be implemented in H2/24 due to acquisition of multi-benefit provider Probonio, which was completed in April 2024. The roll-out of additional benefits to over 3.4m existing Bikeleasing customers should is seen to result in significant revenue synergies.

The second investment, IHSE, is a globally leading manufacturer of high-end KVM technology (keyboard, video, mouse). This technology is primarily used in mission-critical situations and allows high-security, encoded communication without signal delay (latency) between user and server across geographic distances of up to 160 kilometers. As a technology leader in an oligopolistic market driven by digitalization, automation and cyber security, IHSE has maintained double-digit growth rates (CAGR 2009-2023: 13.2%) for more than a decade at a current gross margin of c. 75% and an EBITDA margin of 27%. According to our information, IHSE has the broadest and deepest product portfolio in the market and is only the second Western manufacturer to comply with the highest security requirements in the USA and the EU. This should enable IHSE to break up a current monopoly and realize significant sales potential in the highly profitable government & defense sector.

BKHT has reduced its debt almost entirely over the last 18 months and therefore has significant financing capacities (MONe: EUR 150m) which can be used for further acquisitions. Driven by the subsidiaries' dynamic development alone we expect annual double-digit earnings growth in the midterm. We take up coverage of the stock with a price target of EUR 71.00 and a buy recommendation.

FYend: 31.12.	2022	2023	2024e	2025e	2026e
Sales	142.7	186.6	232.0	298.1	359.9
Growth yoy	136.6%	30.8%	24.3%	28.5%	20.7%
EBITDA	46.7	57.9	89.5	116.2	138.0
EBIT	29.3	37.6	65.8	91.9	114.8
Net income	1.0	-3.3	11.4	21.3	30.0
Gross profit margin	64.3%	63.4%	65.8%	62.0%	59.0%
EBITDA margin	32.7%	31.0%	38.6%	39.0%	38.3%
EBIT margin	20.5%	20.2%	28.4%	30.8%	31.9%
Net Debt	20.2	31.9	-7.5	-62.5	-135.2
Net Debt/EBITDA	0.4	0.6	-0.1	-0.5	-1.0
ROCE	8.4%	11.3%	20.1%	28.5%	36.3%
EPS	0.10	-0.32	1.09	2.03	2.87
FCF per share	2.92	2.75	3.99	5.57	7.36
Dividend	0.00	0.22	0.30	0.40	0.50
Dividend yield	0.0%	0.9%	1.2%	1.6%	2.0%
EV/Sales	2.0	1.6	1.3	1.0	0.8
EV/EBITDA	6.2	5.0	3.3	2.5	2.1
EV/EBIT	10.0	7.8	4.4	3.2	2.5
PER	249.0	n.m.	22.8	12.3	8.7
P/B	1.0	1.0	0.9	0.8	0.6

Source: Company data, Montega, CapitalIQ — Figures in EUR m, EPS in EUR, Price: 24.90 EUR

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Investment Case

Brockhaus Technologies (BKHT) is a German technology group which, following the example of US-American Roper Technologies, is specialized in the acquisition and further development of **scalable B2B technology and innovation champions** with sustainable **competitive advantages, strong margins and high growth potential**.

This overarching strategy and investment focus deviates significantly from the approach of all other listed investment companies in Germany. These companies are mostly specialized in industrials growing at single-digit rates, with single-digit EBIT margins or turnaround situations.

For this reason, the Brockhaus case should be assessed on two levels:

- The potential of the two existing portfolio companies. (1)
- The potential arising from the disciplined and value-adding M&A strategy. (2)

(1) BKHT currently has two investments, Bikeleasing und IHSE, with outstanding economics as we see it. **IHSE** (acquired in late 2019) develops, produces and distributes keyboard, mouse and video technology for high-security and performant data transmission in mission-critical applications (e.g. military, air traffic safety, control centers). The company is active an an attractive oligopolistic market and achieved an average adj. EBITDA margin of 30.5% between 2017 and 2023. In 2023, IHSE generated c. 22% of consolidated revenue and 18% of consolidated EBITDA.

Bikeleasing (acquired in late 2021) is the second largest company bike leasing provider in Germany and is active in an extremely fast-growing market. At the end of Q1/24, 3.4m employees and thus c. 7.2% of the entire workforce in Germany were connected to the highly automated, digital B2B platform, which we consider an enormous asset. Bikeleasing earns commission with every bike it brokers, which arise in connection with the bike itself and the mandatory sale of insurances. Fast forfeiting of lease receivables to various financial investors ensures to avoid high capital intensity despite an own leasing company. Revenue more than doubled from EUR 66.3m to EUR 146.2m between 2021 and 2023, whilst the company also generated a continuous positive free cash flow. In view of an average adj. EBITDA margin of 45% (2021 until 2023) Bikeleasing is highly profitable. In April 2024, Brockhaus made an acquisition which we consider groundbreaking. The company purchased a provider of roughly one dozen other employee benefits at favorable conditions with a good technological basis but without large customer base. Thanks to the expected roll-out to the 3.4m employees connected to the platform, Bikeleasing is seen to become a digital one-stop shop for employee benefits in 2024.

(2) Alongside the existing investments, the M&A strategy offers significant further upside. Brockhaus has reduced its debt almost entirely in the last years (MONe: 0.5x ND/EBITDA) and is seen to have a high financing capacity of c. EUR 150m given the self-imposed maximum financial leverage of 2.5x net debt/EBITDA. Overall, the Brockhaus management does not only seem to have a clear **focus on capital allocation**, but also the necessary expertise and a sophisticated strategy, which builds the basis for further value-adding M&A transactions.

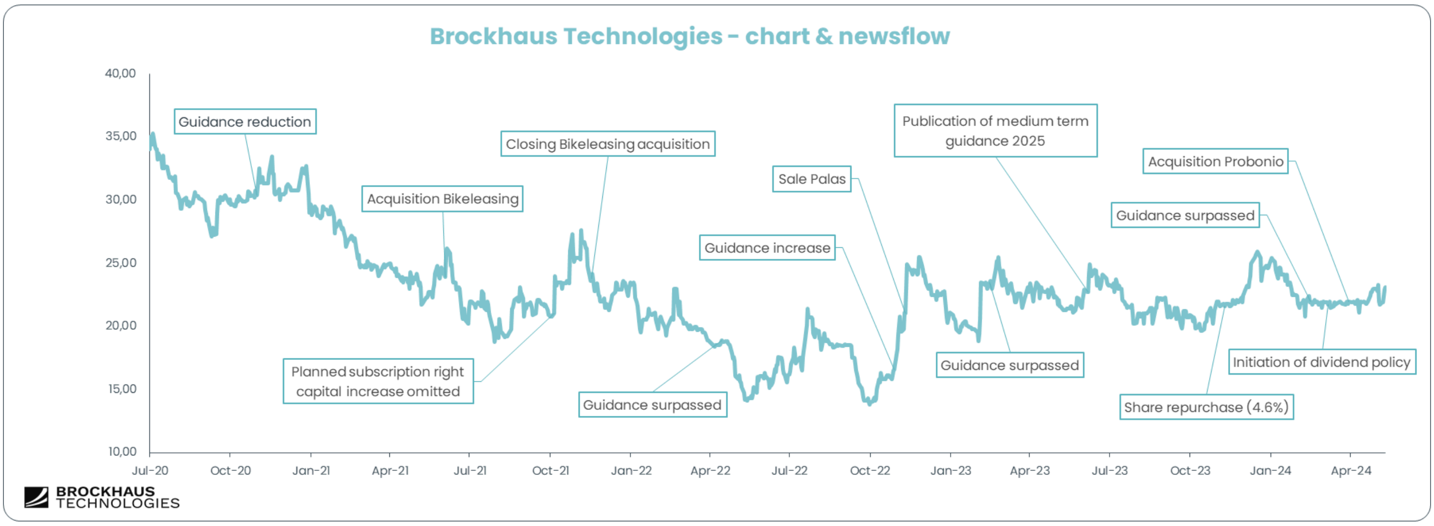
Company History

Brockhaus Technologies AG (previously Brockhaus Capital Management AG) has been established in 2017 with the aim to set up a diversified technology group with a long-term orientation. The company went public in 2020 in the form of an IPO. CEO Marco Brockhaus previously had issued to own PE funds and advised another PE fund since 2000. These funds have a total volume of c. EUR 300m. The last PE fund was closed in 2023 after the last exit. Both the current COO Dr. Marcel Wilhelm (joined in 2006; member of the management from 2012) and the current CFO Harald Henning (joined in 2014) have joined the private equity company of Marco Brockhaus at an early stage and contributed significantly to the success of the PE funds.

Although the funds reached high double-digit returns and Brockhaus could certainly have advised other fund generations, the CEO decided to create a vehicle (Brockhaus Technologies AG) with a **permanent capital base and without exit pressure**. As such, BKHT is not obliged to sell companies after only a few years or at the end of the fund's life but can sell them on the basis of pure economic considerations and hold them as long as desired. In the context of the IPO, roughly 3.6m new shares were placed at a price of EUR 32.00 (gross proceeds EUR 115m), whilst the existing shareholders did not surrender shares. The funds raised were used for M&A purposes given that the existing company group including its two investments IHSE and Palas (exit in 2022) worked profitably.

Decoupling from share price and operational development

In the following paragraph we have outlined the price development since the IPO. It can clearly be seen that the **acquisition of Bikeleasing had a negative impact** in the capital market and prices declined although the company abandoned its original plan of a rights issue. We have looked into this transaction on Page 11 **and see a clear market inefficiency here**. After the prices marked new lows two times in 2022, the exit of the investment in Palas at the end of 2022, which we consider highly value-creating, was honored at least in the short term. Despite consistently positive news flow since the end of 2022, **considerable improvements in EPS and the group's significant debt reduction**, prices have moved sideways for almost 18 months. Ironically, today's price level is almost in line with the level at the time of the announcement as well as the closing of the Bikeleasing acquisition. In view of the strong development of all financial ratios, we view this as a clear decoupling from share prices and operational development, which is not justified in our view.



Source: CapitalIQ

Single-digit EV/EBITDA multiple and double-digit growth in EBITDA and EPS illustrate significant undervaluation of BKHT stock

When taking a look at the company's net debt development since the IPO and eventually the enterprise value, the valuation is even more attractive. This is because the sales proceeds of former subsidiary Palas (EUR 56m net) were primarily used to repay high-interest loans. Despite share buyback, further acquisitions and slightly negative working capital movements, Brockhaus has loans in the amount of only EUR 85.5m at the end of 2023 which are offset by liquid funds of EUR 53.7m. Of the acquisition loans totaling EUR 78.1m that have been taken out since the acquisition of Bikeleasing a total of EUR 51.7m was repaid within two years. Only EUR 26.4m were still outstanding at the end of 2023, which Brockhaus is expected to repay as soon as possible. The acquisition loans for IHSE are also repaid on a regular basis. The slight increase in debt of Brockhaus in 2023 can exclusively be put down to the issue of a EUR 25m debt security of subsidiary Bikeleasing, which was used to refinance a part of the expensive loans.

Having in mind the high minorities, we believe it is very important for the investment case and the appropriate valuation to calculate the net debt and cash flows **attributable to Brockhaus**. For this reason, we have taken into account Bikeleasing's loans and liquidity on a proportional basis. Overall, the net debt from loans attributable to BKHT amounts to EUR 24.7m (EUR 2.36 per share) at the end of 2023. In line with this, our DCF model does not include the free cash flows attributable to minorities, but only the free cash flows attributable to Brockhaus. Correspondingly, we only add an earn-out-like "success fee" to the debt from loans for the co-investor of Bikeleasing who brokered the transaction and holds c. 8% of the shares as well as non-current provisions, which altogether leads to an increase by EUR 6.9m to EUR 31.6m (EUR 3.02 per share).

A comparison: Based on our calculations, the net debt attributable to BKHT was c. EUR 100.6m or EUR 9.64 per share after closing of the Bikeleasing acquisition at the end of 2021 (almost equal share price level). This implies that the shares have become even cheaper on the basis of the enterprise value despite the strong earnings growth.

In the table below we have listed all components of the debt position and the enterprise value. We prefer to exclude leases in our calculation of the EV, since the debt situation can be distorted depending on the remaining lease term. Lease payments are therefore accounted for in CAPEX. That said, lease expenses are of minor importance for Brockhaus. The BKHT share shown in the table refers to the liquid funds and debt attributable to Brockhaus Technologies according to the respective shareholding. The debt situation has not changed materially in Q1/24.

Debt Brockhaus Technologies AG (2021-2023 in EUR m)

	2023		2022		2021	
EV component	**Total**	**BKHT share**	**Gesamt**	**BKHT share**	**Gesamt**	**BKHT share**
Acquisition loan Bikeleasing (94.87% share BKHT)	26.4	25.0	38.9	36.9	34.6	32.8
Acquisition loan IHSE	23.5	23.5	27.3	27.3	36.3	36.3
Acquisition loan Palas					12.8	12.8
Acquistion/operating loan Bikeleasing (52.09% share BKHT)	35.1	18.3	19.2	10.0	39.0	20.3
Other loans	0.5	0.5	5.5	5.5	21.3	21.3
Success fee Bikeleasing (100% share BKHT)	6.8	6.8	3.7	3.7	1.4	1.4
Accrued profits minority shareholders Bikeleasing	6.6	6.6	9.8	9.8		
Long-term provisions	0.1	0.1	0.1	0.1	4.8	4.8
Cash BL (52.09% share BKHT)	23.1	12.0	23.7	12.4	9.6	5.0
Cash IHSE	5.4	5.4	3.9	3.9	9.3	9.3
Cash Holding	25.2	25.2	43.2	43.2	7.3	7.3
Consolidation			-5.5	-5.5	6.2	6.2
NCI Put Palas					1.6	1.6
Cash Palas (70% share BKHT)					4.1	2.9
Loan - Cash	31.8	24.7	20.1	20.3	107.5	92.9
EV transition	**45.3**	**38.2**	**28.2**	**28.4**	**115.2**	**100.6**
Leasing payables	10.7	8.0	4.2	3.1	2.4	2.1
EV transition including leasing	**56.1**	**46.2**	**32.4**	**31.6**	**117.5**	**102.7**

Source: Company, Montega

Based on the above EV calculation, generated EBITDA and average market capitalization, the table below shows the development of the EV/EBITDA multiple which we believe to be correct. The 2022 figures include only the activities from continued business segments and exclude Palas which is consistent in our view because sales proceeds are taken into account in the EV. Some of the figures only refer to pro-forma figures and thus suggest that the acquired targets have been consolidated since the beginning of the year, which we also believe to be consistent as the cash outflow for the purchase prices was accounted for in the EV. As explained above, we prefer to take account of the lease payments in CAPEX instead of EV. Given that lease payments amount to EUR 1.0–2.0m across the group, multiples do not change when EBITDA is reduced by lease payments which is why we haven't adjusted the financial figures.

EV/EBITDA valuation Brockhaus Technologies AG (in EUR m)

	2024e		2023		2022		2021	
adj. EBITDA	**Total**	**BKHT share**	**Total**	**BKHT share**	**Total**	**BKHT share**	**Total**	**BKHT share**
Bikeleasing (52.09% share BKHT)	82.8	43.1	63.1	32.9	46.5	24.2	39.8	20.7
IHSE	12.7	12.7	11.1	11.1	8.6	8.6	8.3	8.3
Holding	-5.7	-5.7	-7.2	-7.2	-5.3	-5.3	-7.2	-7.2
adj. EBITDA	**89.8**	**50.1**	**67.0**	**36.8**	**49.9**	**27.6**	**40.9**	**21.8**
Market capitalization (average share price)	228.8		240.5		206.7		250.5	
EV transition	45.3	38.2	45.3	38.2	28.2	28.4	115.2	100.6
EV (excluding leasing)	274.1	267.0	285.9	278.7	234.9	235.1	365.7	351.1
EV/EBITDA	**3.1**	**5.3**	**4.3**	**7.6**	**4.7**	**8.5**	**9.0**	**16.1**

Source: Company, Montega

A look at the EBITDA attributable to Brockhaus does not only reveal the massive bottom-line increase of the last years but also the decrease in valuation of the last years. When applying our expected EV/EBITDA multiple of 5.8, Brockhaus is seen to have reached a valuation level which is extremely attractive and offers a high margin of safety. The increases in earnings expected by us lead to even more attractive EV/EBITDA multiples of 4.5 in 2025 and 3.8 in 2026.

Possible reasons for an undervaluation

In the following paragraph, we have summarized a couple of possible reasons for a possible undervaluation of the Brockhaus shares.

- Newcomer to the stock exchange with a perceived short track record: Brockhaus went public in 2020 in the form of an IPO. At that time, the group consisted of the investments Palas and IHSE, which in turn had only been part of the company since 2018 respectively 2019. As a result, the track record is short in a double sense (both for the group and the subsidiaries). As a matter of fact, the CEO and two other members of the Executive Committee have issued/advised several PE funds together with high double-digit IRR for years and even decades. At the level of the subsidiaries, the composition of the group has changed fundamentally since the IPO due to the sale of Palas and the acquisition of Bikeleasing. Given that detailed financial information is available for IHSE from 2017 until 2023 (in some cases even further back in the past) and a history of two years for Bikeleasing (2022 and 2023) as well as further information on FY 2021, the capital market should have access to sufficient information to assess Brockhaus Technologies.

- Handicap "investment company": As a listed investment company which has portfolio companies without synergy effects, Brockhaus is likely to trade at a discount to its intrinsic value in terms of valuation. Based on the high organic growth and the management's capital allocation, which is very skilled and prudent in our view, we believe that the current discount is not justified. Additionally, Brockhaus can be assessed rather easily with only two investments. Due to the recent share buyback and the initiated dividend policy Brockhaus has also started to return significant funds to its shareholders.

- Reporting requires deep dive: PPA amortization, minorities & individual lease items: The M&A-based business model leads to significant PPA amortization which "artificially" forces down all financial KPI below the EBITDA. Additionally, the 52% stake in Bikeleasing leads to high minorities in the accounts of Brockhaus. The leasing business model of Bikeleasing inflates the balance sheet although most of the lease receivables are forfeited. However, we believe it is possible to derive all necessary information from the disclosures in the annual and quarterly reports to properly assess the business development.

- High indebtedness of Brockhaus (by mistake): Brockhaus' level of debt is significantly overstated across all financial data bases known to us which is due to minorities (only 52% of Bikeleasing's net debt is attributable to BKHT) as well as the leasing business model which leads to lease liabilities that have to be allocated at an operational level. Even the net debt reported by BKHT is higher than the net financial debt calculated by us.

- No listed peers & vague similar transactions: As we are not aware of a listed competitor of Bikeleasing, the most important investment, it is not possible to draw a quick conclusion on the valuation of similar companies. Furthermore, there are no sufficient financial details available regarding the recent acquisitions of Bikeleasing competitors. We believe that the current valuation multiples are clear evidence of the stock's undervaluation. The DCF model also leads to a significantly higher enterprise value even with conservative inputs and a high hurdle rate.

- Low free float and low trading volume: According to our calculations, the free flow (excl. insider) is c. 34% which results in a free float market capitalization of c. EUR 80m. The average 12-month trading volume is EUR 52k (XETRA) and EUR 16k at tradegate.

- (Overestimated) regulatory risk at Bikeleasing: The business model of Bikeleasing, the most important subsidiary, benefits from the positive 0.25% tax regime (following the 1% regulation of company cars). This has made company bike leasing in Germany even more affordable in comparison to a traditional cash purchase since January 2020. The tax regulation is applicable at least until the end of 2030. If it will not be extended, company bikes are likely to fall under the 1% regulation in a worst case. This would mean that only roughly one third of savings are lost compared to a cash purchase and that company bike leasing still is the most favorable sales approach. The trend towards e-bikes, which made up the majority of units sold for the first time in 2023, also necessitated a form of financing since cash payments of EUR 500 for a bike had been possible in the past whereas EUR 5,000 for an e-bike usually cannot be paid in cash today. Furthermore, an increase in the attractiveness of the bike is politically motivated and contributes to reduce CO2 emissions. As the significance of climate change is expected to pick up considerably again until 2031 and Germany already lags behind its climate targets today, we consider an end of the tax advantage as unrealistic. If the tax regime will indeed be abolished in Germany from 2031, **the 52% stake in Bikeleasing would already have contributed more than the entire market capitalization of today according to our calculations.** Additionally, the risk will significantly decline further with the transformation of Bikeleasing to a full-service provider of employee benefits initiated in 2024 and an expected internationalization which is soon to come.

Successful BKHT transactions and private equity track record underline high M&A expertise

As the **successful implementation of the M&A strategy is of key importance** for Brockhaus as an investment company, we have analyzed all transactions of Brockhaus Technologies and of the PE funds below. Given that not only CEO Marco Brockhaus but also COO Dr. Marcel Wilhelm and the current CFO Harald Henning were members of the private equity team, we regard the **private equity history as sound evidence of the M&A expertise** of the management team.

The table below shows all transactions of the three PE funds including their type and IRR. We believe the IRR of 23%, 26% and 33% are proof of the management's high M&A expertise. It also sheds a light on the development of the investment philosophy towards today's form. For instance, only the first fund was associated with risky VC investments. When adjusting the returns for VC investments or transactions such as debt buybacks, which Brockhaus Technologies does not make, the track record is even better.

Brockhaus Private Equity Track Record 2000 - 2023

BPE I 2000-2015

Investment	Type	First Invest	Gross Multiple	IRR
Cyberchart GmbH	VC	Jan 01	0.1x	n/a
Flash Photoservice GmbH	VC	Mar 04	0.0x	n/a
Armatix GmbH	VC	Apr 05	0.7x	n/a
moreTV Broadcasting GmbH	VC	Apr 05	0.0x	n/a
4G Systems GmbH	VC	Jan 06	0.0x	n/a
SimonsVoss GmbH	G	May 02	1.7x	10%
ebs Holding GmbH / Wirecard AG	G	Oct 02	6.0x	59%
ITM Technology AG	G	Oct 03	0.3x	n/a
Digital Identification Solutions AG	G	Jun 04	3.9x	51%
getmobile AG	G	Jan 05	2.6x	405%
DMS Holding GmbH	B	Jul 03	5.22x	88%
recop Holding GmbH	B	Apr 06	0.2x	n/a
Total			**1.5x**	**23%**
VC-adjusted			**2.6x**	**53%**

VC=Venture Capital, G=Growth, B=Buyout, DB= Debt Buyback, M= Minority

BPE II 2006-2019

Investment	Type	First Invest	Gross Multiple	IRR
CM Beteiligungs GmbH (ATT)	B	Aug 07	1.2x	3%
Par Sieben GmbH	DB	Feb 11	1.2x	6%
cdv Software Entertainment AG	PIPE	Sep 07	0.0x	n/a
Biopharm Gmbh (Resorba)	B	Jul 09	2.7x	51%
360 Treasury Systems AG	M	Oct 09	6.3x	105%
360T Beteiligungs mbH	M	Oct 09	4.3x	49%
eyevis Holding GmbH	B	Nov 12	0.0x	n/a
Total			**2.1x**	**26%**

BPE III 2013-2023

Investment	Type	First Invest	Gross Multiple	IRR
J&S Holding	B	Aug 14	2.3x	31%
Tx Beteiligungs GmbH	M	Mar 15	1.2x	8%
IHSE Holding	B	Apr 16	5.5x	60%
Peakwork AG	G	May 17	n/a	n/a
Auvesy Holding GmbH	B	Sep 17	3.5x	43%
Total			**2.7x**	**33%**

Source: Company

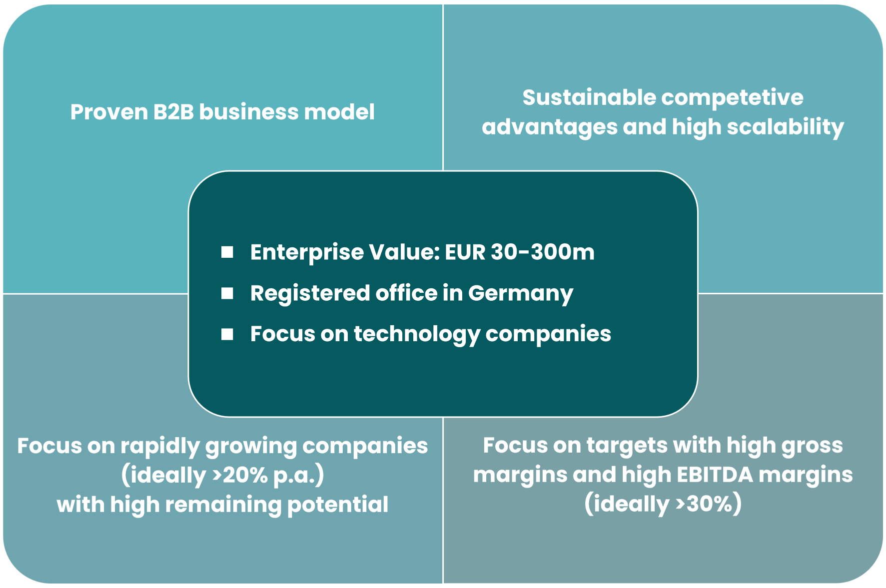
Since its foundation, Brockhaus Technologies has conducted three larger acquisitions, one exit and six add-on acquisitions. Before dealing with the individual transactions in detail, we outline the basic M&A strategy of Brockhaus below.

It is clearly focused on **rapidly growing, highly profitable technology** companies with a **proven B2B business model**, which has a **clear USP and sustainable competitive advantages**. The targets must fulfil the **Rule of 50** according to which revenue growth plus EBITDA margin must be greater than 50. In view of these strict acquisition criteria and the relevant focus on extremely high-quality companies it is surprising that Brockhaus has implemented all of these acquisition at an EV/EBITDA in the high single digits.

One of the key factors of success is the three-part sourcing approach in our view:

- Proactive sourcing with systematic screening, trade fair visits
- Own expert network that has grown over decades and high reputation
- Participation in structured M&A processes and large M&A network

Proactive sourcing enables Brockhaus to speak with potential targets at an early stage and to start an acquisition process before there are concrete plans to sell it. In doing so, Brockhaus avoids the traditional calls for tender and can acquire targets at lower multiples. For instance, the sourcing of three of the five acquisitions of the BPE-III funds was made without the involvement of M&A advisors and through the own, continuously growing network of investors, entrepreneurs and industry experts. Bikeleasing and Probonio were also introduced to Brockhaus by a contact from its own network even before the actual intention to sell or the initiation of a structured sales process.



Source: Company, Montega

What we particularly like about Brockhaus, alongside the underlying M&A strategy and its implementation, is the strictness and discipline of the management in relation to purchase price and business quality. To this effect, overpay risks can be largely excluded in our view. During our talks with the company's management, we have also noticed the high quality and meticulousness of the due dilligence processes.

Acquisition and exit of Palas

Acquired in December 2018, Palas was the first investment of Brockhaus Technologies in the context of a succession plan. The company is a leading developer and manufacturer of high-precision instruments for the measurement, characterization and generation of particles in air. Prior to its acquisition, Palas generated extremely dynamic revenues (2018: +26.3% yoy) while it still slightly expanded the EBITDA margin (2017: 27.7% to 31.8% in 2018) and therefore should have been a highly contested target. The total purchase price was EUR 35.1m (9.4x EBITDA), which we consider attractive, and also included a stock component (100,000 shares at EUR 30.00 per share) as well as an option for the acquisition of all shares (30%) which led to a high alignment of interest. During its **four years in the group** Palas has almost **doubled** both **revenue and EBITDA** with a vast number of strategic and operational measures. This includes the accelerated internationalization with the opening several branches (Shanghai, Hong Kong), the successful further development of the product portfolio and the development of new customer segments amongst others. At the beginning of the Covid crisis, for instance, Palas developed instruments which measured the quality of masks within just a few weeks, which were sold very successfully. Other measures which we believe have also significantly contributed to the success of Palas were the further development of internal company structures to cope with the strong growth, i.e. a broadening of management with a CFO and a CSO being added, and the establishment of an advisory board composed of industry experts. Even though Brockhaus' strategy does not involve regular exits, the sale underlines the focus on generating attractive returns. Because revenue and earnings had slightly declined based on the figures from January until November 2022 (exit year) which should have been due to the missing Covid business. Although the decline is assumed to have been a one-time effect and Palas may well have generated new record sales and earnings by now, the offer was even more attractive in our view given the very high multiples.

Acquisition Palas	Acquisition 2018	Multiple paid	Exit 2022	Multiple Exit
Implied EV	**35.1**	**-**	**100**	**-**
Revenue 2018 / 2021*	11.7	3.0x	21.8	4.6x
EBITDA 2018 / 2021*	**3.7**	**9.4x**	**7.3**	**13.7x**

Source: Company, Montega *no FY-Data for 2022 available because of intra-year decosolidation

Based on the clever arrangements of the acquisition, BKHT acquired the majority of Palas with an **equity investment** (cash and equity component at an attractive price) **of c. EUR 18m**, whilst the remaining sum was financed by loans and/or was payable in the medium term. When the company was sold only four years later, Brockhaus received direct net proceeds of **c. EUR 56m**. Furthermore, an earn-out agreement was signed which is based on the adjusted EBIT in 2023 and 2024 and may lead to another EUR 16.7m. Although the target figure for 2023 should not have been reached, conditions may still materialize in 2024. The earn-out was valued at EUR 8.9m in the balance sheet at the end of 2023. **In conclusion we see Palas as a blueprint for the value-creating M&A strategy of BKHT.** The healthy use of debt capital to increase the return on equity should also be mentioned as a positive in the context of the transaction. It resulted in a **triplication of own capital employed within four years** (without consideration of the remaining potential earn-outs).

Acquisition of IHSE

Acquired in December 2019, IHSE was the second acquisition of BKHT. The transaction was special in that IHSE has already been taken over by the third Brockhaus PE fund in April 2016 together with the remaining managing director, Dr. Littman, as part of a succession plan. Consequently, the management team of Brockhaus Technologies had detailed know-how in relation to technology, competitive position and market potential. As a result, Brockhaus had an advantage over 100 other potential buyers in a structured sales process conducted by Lincoln International.

Acquisition IHSE 2019	In EUR m	Multiple paid
Implied Equity Value	110.2	-
Implied Enterprise Value	**~135**	**-**
Revenue 2019	40.3	3.3x
EBITDA 2019	**14.1**	**9.6x**
Profit 2019 (adj. for regular goodwill D&A in accordance with german accounting)	8.2	13.5x

Sourde: Company, Montega

The purchase price paid results in an EV/EBITDA multiple of 9.6x and a PE multiple of 13.5x when adjusted for the respective goodwill amortization.

In view of the strong and intact revenue growth (5-year CAGR 2014-2019: 16.3%) and the constant high margins (adj. EBITDA margin 2023: 27.9%), we regard the **acquisition as attractive** despite an initial return in the high single-digit percentage range.

We also welcome that **the management board members Michael Spatny and Dr. Enno Littmann have remained with the company** and are still managing directors of IHSE today. Given that part of the purchase price was paid with shares in Brockhaus Technologies (613,274 shares at EUR 32.00 per share), there should be a **good alignment of interest** on the part of Dr. Littmann, not only based on the direct development of IHSE but also on the c. 200,000 shares from BKHT. Mr. Spatny also has a stake in BKHT.

Acquisition of Bikeleasing

Following the successful IPO in mid-2020, Brockhaus invested its proceeds in Bikeleasing, the strongly growing and highly profitable provider of company bikes. Brockhaus acquired c. 52% of the shares, whilst the two existing shareholders acquired 40% in return. The existing shareholders as well as managing directors Bastian Krause and Paul Sinizin retained their positions after the acquisition and received c. 561,000 BKHT shares at EUR 23.19 per share in the context of the acquisition. As such they are not only incentivized at the level of the subsidiary but also at group level. In addition to the share component, BKHT took out different loans totaling EUR 78m to finance the acquisition and paid a high double-digit million amount in cash.

Based on the implied EV of EUR 300m we arrive at an EV/EBITDA multiple of 8.9x, which we believe was very favorable for this rapidly growing and high-quality asset with outstanding perspectives. **A look at the results generated in 2023 shows just how attractive high growth is for such a transaction.** Overall, Bikeleasing has almost doubled in terms of revenue and adj. EBITDA in only two years so that the **purchase price at that time equals a 2023 EBITDA multiple of only 5.1x**.

Acquisition Bikeleasing 2021	In EUR m	Multiple paid	KPIs 2023	Multiple today
Implied EV	**300**	**-**	**-**	**-**
Revenue 2021 / 2023	66.3	4.5x	146.2	2.1x
Adj. EBITDA 2021 / 2023	**33.6**	**8.9x**	**58.3**	**5.1x**

Source: Company, Montega

Our estimates for the current year result in a further significant improvement of the EV/EBITDA multiple (3.6x). It must be considered though that part of the further earnings growth was driven by the add-on acquisition of four sales agencies, which we have analyzed below.

Acquisition of the external sales agencies of Bikeleasing

With the acquisition of four sales agencies, Brockhaus internalized one of the last parts of Bikeleasing's value chain and has a well-established sales team to address existing and new customers in a selective and data-supported way. The acquisitions will again significantly improve the price-volume relationship of Bikeleasing since the sales agencies received a percentage commission for every bike brokered which will cease to exist. According to the company, commission expenses increase on a pro rata basis with the bikes brokered so that the commissions of EUR 10.9m paid in 2022 (EUR 92.60 per bike) would have increased to c. EUR 14.0m in 2023 because of the growth. As they are distributed among a total of five sales agencies and no agreement was reached with one company concerning the acquisition, the contract was cancelled at the end of Q3/23. Based on the distribution of the bikes brokered in 2023 and the statement that the respective agency received commissions of EUR 3.0m in 9M/23, this figure should have amounted to some EUR 3.5m in the FY. Consequently, the four acquired sales agencies should account for EUR 10.5m of the commissions. Even though these savings in commission expenses are still offset by personnel and other expenses because of the takeover of c. 25 sales representatives (MONe: EUR 2.5m), the EBITDA contribution of the companies would have amounted to EUR 8.0m in 2023. Taking the purchase price of EUR 19.5m as a basis, this **equals an EBITDA multiple of only 2.4x and thus is extremely value-creating**. Based on our expectations that Bikeleasing is to grow at a double-digit rate in 2024, the EBITDA multiple related to the EBITDA contribution in 2024 will already improve to just under 2.

Acquisition sales agencies 2023	In EUR m	Multiple Paid
Implied EV	**19.5**	**-**
EBITDA contribution 2023 (MONe)	**8.0**	**2.4x**

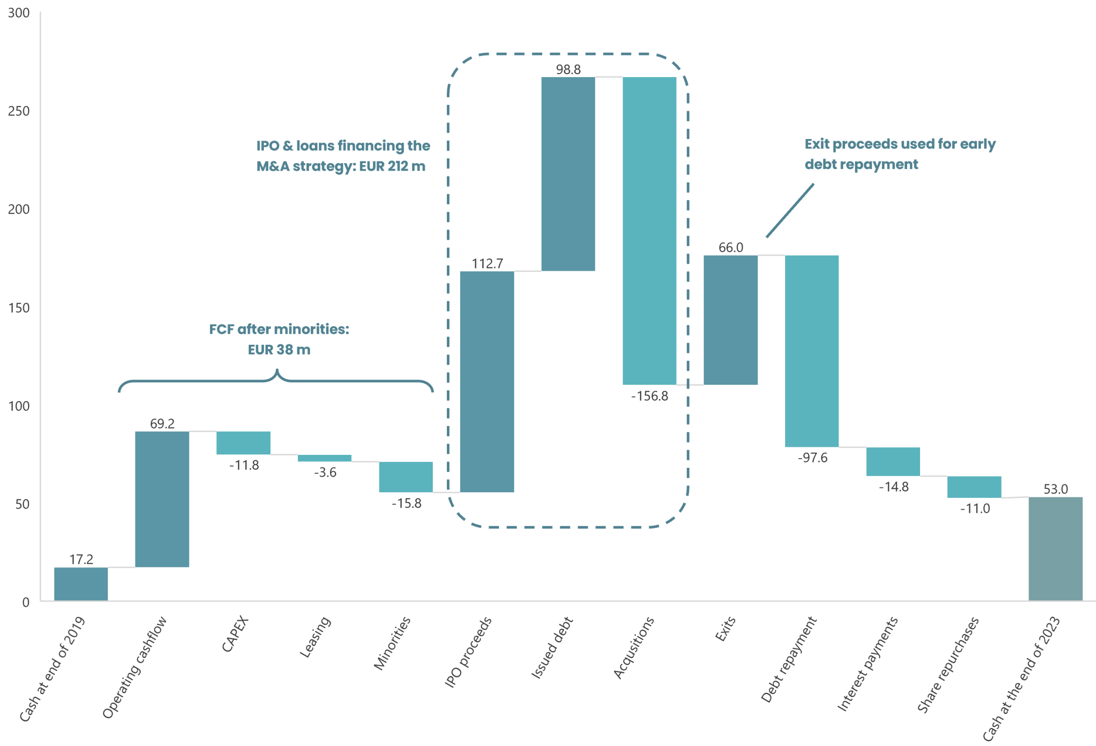
Source: Company, Montega

Capital allocation since the IPO

Last but not least, we have outlined the capital allocation since the IPO below. It can be seen that the IPO proceeds and the loans taken out (EUR 212m) were primarily used for the acquisitions. The company then has repaid the (acquisition) loans of almost EUR 100m prematurely, which had been possible from the exit proceeds and the generated free cash flow. We welcome this strategy as the fast repayment has created financing capacities for new acquisitions. As we believe that the company will have repaid all acquisition loans attributable to Bikeleasing at the end of 2024 or mid-2025 at the latest, Brockhaus will generate substantial free resources over the next few years, which should no longer be used for repayments but primarily for further M&A transactions. **Given that the internal financing capability has multiplied since the IPO, Brockhaus is unlikely to carry out a capital increase for acquisitions going forward** but can easily stem acquisitions with a mix of cash, debt capital or by issuing the shares it has bought back.

Furthermore, BKHT will return free resources to its shareholders. However, as the initial dividend only requires a payout of EUR 2.3m in total and the share price has not increased since the last share buyback, it may well be possible that Brockhaus buys back up to 5.4% of the share capital (~600,000 shares) in the short term and would thus hold a treasury stock of 10%. Assuming a price of EUR 22.00 per share, this would cost c. EUR 13m and can be done easily with the free cash flow generated in 2024 even at a premium to the current price (e.g. EUR 26.00/share: EUR 15.5m).

Capital allocation 2020-2023
(in EUR m)



Source: Company

Bikeleasing business model: A strong value proposition

Bikeleasing is a **broker of employee benefits and has a commission-based business model**. Bikeleasing currently still focuses on company bike leasing as a benefit but will offer roughly one dozen other employee benefits in H2/2024 (more on page 33ff.). The business model is extremely scalable, as Bikeleasing's digital platform, which is the key element, is highly automated and allows high gross margins. Furthermore, the business model is not capital-intensive which also allows for internal financing in a high growth scenario and at the same time leads to significant free cash flows.

Compulsorily insured employees can obtain a company bike from Bikeleasing under a salary conversion model (and a transfer agreement), which they can also use privately without any constraints, and which is paid off over 36 months (Austria: 48 months). In accordance with the 1% regulation for cars, Germany has adopted the advantageous 0.25% regulation for company bikes in 2019. The 0.25% regulation will be in force until end-2030 and, combined with the savings from the salary conversion, means that employees usually **save between 30% and 40% compared to the traditional purchase of a bike** and can spread the purchase price over a period of 36 months. It is also possible for the employer to assume all the costs so that the company bike is exempt from taxation and charges for the employee. Bikeleasing is free of charge for the companies, payments only include the leasing installments by which the gross salary of the employees is reduced.

We believe that company bike leasing is very comfortable from a customer point of view (companies with their respective employees). All interactions are processed through Bikeleasing's digital platform. Following the company's initial registration with Bikeleasing, which can be done quickly, the employees can order their bike as well as accessories online or at over 7,400 specialist retailers and "pay" through Bikeleasing. Bikeleasing is also free of charge for the online and specialist retailers (contrary to JobRad and many other providers which charge a fee). The standard purchase price is directly paid to the retailer which means that Bikeleasing is an equivalent and high-quality sales channel in comparison to a cash purchase. The leasing installments are directly discharged by the companies with the salary being reduced accordingly. Additionally, the company bike is always insured against theft and damages. It also includes a contingency insurance for the employer as a second compulsory insurance which fully protects the employer against potential risks of non-payment. As an option, companies can conclude an inspection package, an insurance against wear or a liability insurance. If any maintenance or repair tasks have to be carried out during the contract term, this can also be administered through the Bikeleasing platform and carried out by associated bike retailers. The employer always has the possibility to buy the bike at the end of their lease term at conditions which we believe to be very favorable (18% of the initial purchase price). As the leased bikes (80% are high-priced e-bikes) should have a higher value than 18% of the initial purchase price, 96% (2022: 91%) of the customers bought their bike at the end of the term, either to continue to use it or to sell it at a higher price.

Conclusion: The value proposition of Bikeleasing is extremely attractive from an employer's and employee's but also from an (online) bike retailer's point of view.

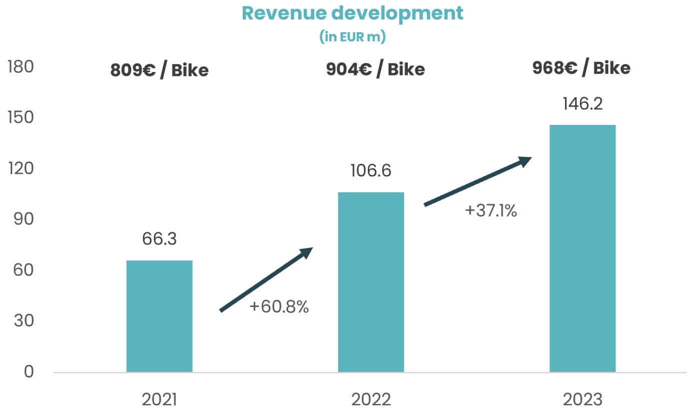
Because the **employer increases their attractiveness** and thus has better possibilities to hold or recruit highly qualified employees in times of skills shortage: On top, **no costs are incurred**, and the employer is insured against any losses of the employee (and hence ultimately the leasing installments). **Administrative expenses** are also **extremely low** for the employer - e.g. JobRad owners recently have reported publicly that Deutsche Bahn **has employed only two people for the administration of over 50,000 company bikes**. This means that expenses for Bikeleasing's average customers (c. 50 employees) should be virtually zero.

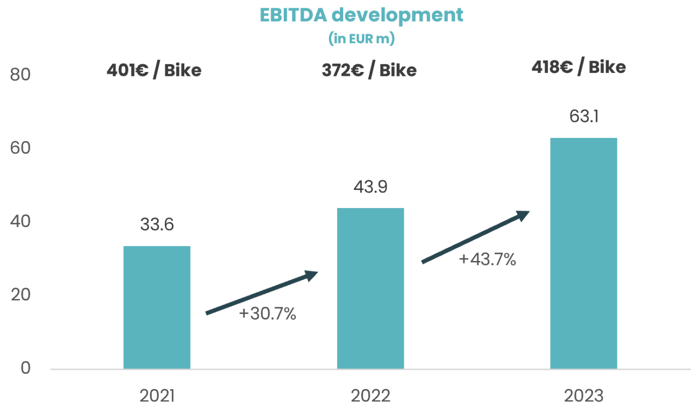
From the perspective of the **employee** company bike leasing is the **most affordable way to purchase a bike**. As the majority of the German specialist retailers are associated to Bikeleasing, employees can purchase their bike at a retailer nearby and have a greater chance of getting the bike of their dreams. At the same time, they benefit from the **financing function**, which is ever more relevant for the much more expensive e-bikes that have a purchase price of several thousand euros. Given the high value of the bikes, the insurance against theft or damages should also be appreciated.

From an online and specialist retailer's point of view a connection to the leading provider of company bike leasing has almost become a necessity in our view due to the significant sales share in the total market. We believe that Bikeleasing is the best company bike leasing partner, as it does not only have a significant business volume as the second largest provider in Germany but is also fully free of charge for all "offline" retailers and does not charge commission. As Bikeleasing mainly brokers e-bikes (80%) and these bikes are sold at an average price of EUR 4,100, retailers should generate attractive profits through Bikeleasing. Additionally, Bikeleasing has launched a partner program where retailers are awarded a premium for attracting new corporate customers which lease bikes.

The most important KPI of Bikeleasing & historical development

Bikeleasing has seen an extremely successful development in the last few years and generated enormous growth rates. Since the acquisition of the majority share (11/2021), revenue increased by 120.5% from EUR 66.3m to EUR 146.2m between 2021 and 2023. Despite this massive growth, the company maintained the high double-digit EBITDA margins at an almost constant level. Accordingly, EBITDA has grown by 87.7% from EUR 33.6m to EUR 63.1m over the same period.

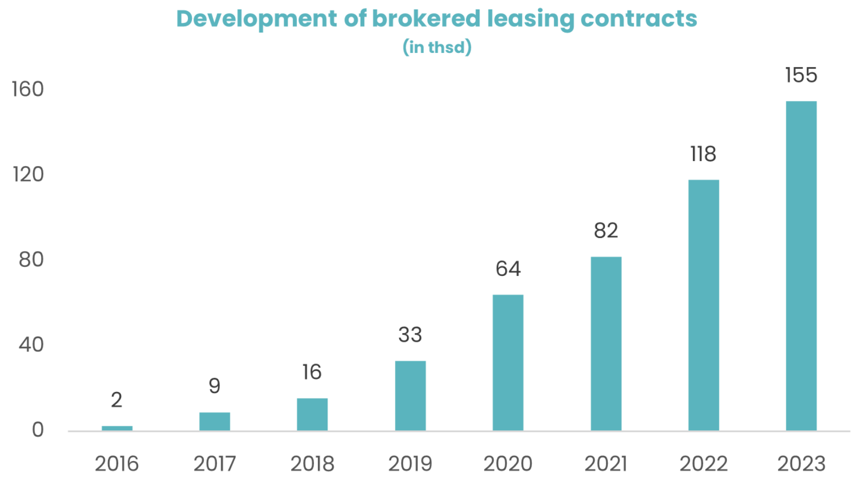




Source: Company

In view of Bikeleasing's business model and the associated particularities in accounting, proper assessment of the business performance requires further operating figures in addition to the typical financial KPI such as revenue, gross margin and EBITDA. This mainly includes the development of the brokered leasing contracts and the development of the onboarded companies and employees.

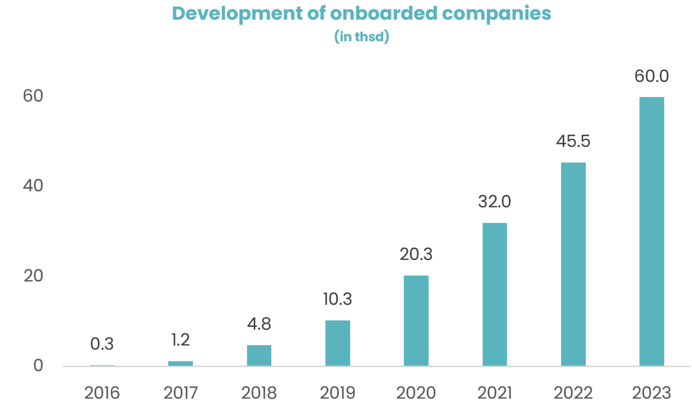
Because the number of brokered leasing contracts (or bikes) is the most direct approach to evaluate the success of Bikeleasing in our view. The development since 2016 is shown below.

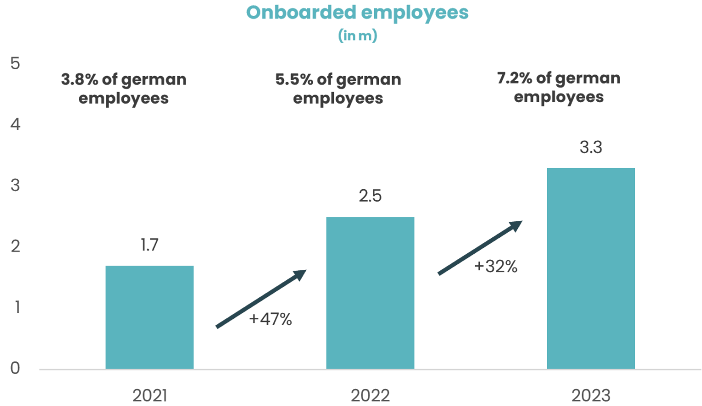


Source: Company

In the company's first years, in particular, growth was almost entirely driven by new customers, whilst the importance of existing customers for the brokered leasing contracts has increased in line with the growing customer volume.

The scale of the customer base which Bikeleasing has set up in the last years becomes visible when looking at the development of the onboarded companies and employees. The number of employees likewise has doubled since the acquisition from 1.7m to 3.4m in Q1/24. Putting this in relation to the total number of employees in Germany, Bikeleasing has **onboarded c. 3.8% of all employees already in 2021**. Thanks to this growth the rate was expanded to 5.5% in one year and **then raised by another 1.7pp to 7.2% in 2023. We regard the customer base as one of the essential assets of Bikeleasing**, which does not only provide the basis for upselling (e.g. further employee benefits), but which should also have a high strategic value from the point of view of many potential buyers.





Source: Company

In Q1 2024, in which the rate of new customers traditionally is disproportionately low, Bikeleasing has already onboarded c. 2,500 new corporate customers and more than 100,000 associated employees (Q1/23: 1,500 new companies).

In terms of customers, Bikeleasing deliberately focuses on mid-market enterprises. The onboarded companies have 55 employees on average. This may appear low at first sight, but it is one of the key factors of Bikeleasing's high margins. This is due to the fact that large companies usually organize tenders which have a high sales potential, but margins are substantially lower. Bikeleasing regularly participates in the respective tenders but does not pursue a sales-first strategy at the expense of profitability. Another disadvantage is that customers can only be acquired for a few years, as tenders take place on a regular basis, which is seen to further decrease their attractiveness.

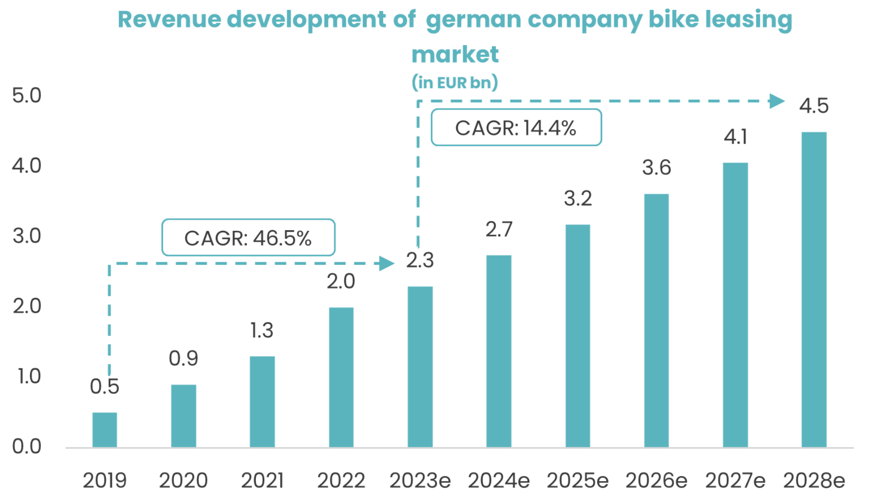
On the customer's side, employees and civil-service officials also take a special role. With 5.2m employees and an employment share of c. 11%, the public sector is an essential sub-market for Bikeleasing. Thanks to the respective decisions, almost all officials of the German states, which account for c. 50%, have the possibility to lease company bikes. Analog to big corporations, however, the states issue tenders in regular intervals, which results in price competitions among the providers. The progress of the tenders currently varies depending on the state, but we assume that the decisions will have been made by the end of the year. It is difficult to estimate to what extent Bikeleasing will be awarded a contract. However, we do not expect a significant volume to come from this sector.

It is much more interesting, in our view, to look at the local officials, as they account for some 33% of the officials but are divided in significantly smaller units, do not issue tenders and thus are more profitable and loyal. Bikeleasing therefore has served municipalities for many years.

Market for company bike leasing likely to double again by 2028

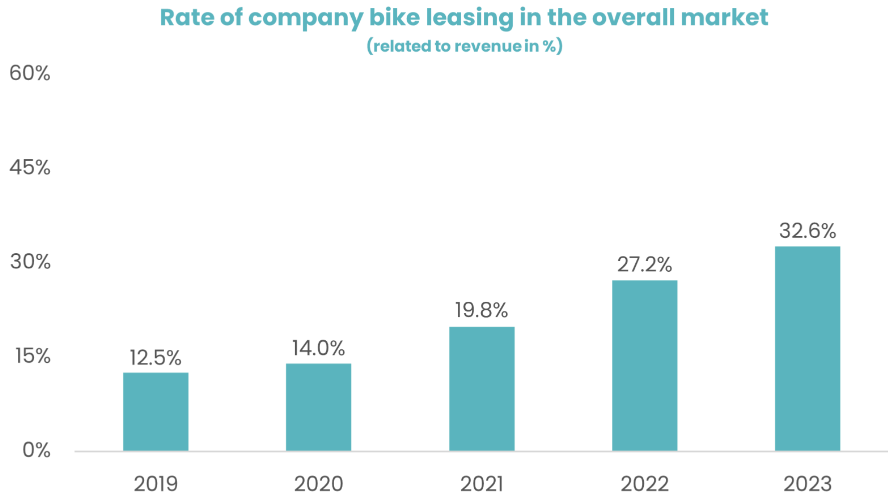
Bikeleasing is active in one of the **fastest growing segments** of the Germany bicycle market. As some 98% of FY 2023 revenue was generated in Germany (rest in Austria), we focus on the market potential in Germany below.

Between 2019 and 2023, the rather young company bike leasing industry grew at an impressive rate of **46.5% p.a**. to a volume of EUR 2.3bn. Growth was additionally boosted by the 0.25% regulations which entered into force in 2020 and made company bike leasing even more favorable. The market is expected to double again to EUR 4.5bn by 2028, which corresponds to a CAGR of 14.4%. Bikeleasing should be able to defend its current market share of c. 25% or even expand it and therefore continue to generate double-digit growth rates over the next few years. We believe the reasons for this are the above-average product quality, the effective, sophisticated sales approach and the company's high brand awareness. What we view as evidence of the superior strategy and high operating excellence of Bikeleasing is that, although many competitors were established earlier, Bikeleasing has gained massive market share and expanded it to c. 25%.



Source: EY-Parthenon

Overall, the company bike leasing market should be the most dynamic segment of the entire bicycle market and is growing at disproportionate rates. For instance, the **rate of company bike leasing in the overall market** (related to revenue, not units) has grown **from c. 12.5% to 32.6% between 2019 and 2023 on the basis of EY and ZIV studies**. We are convinced that the rate will continue to grow in the next years as **company bike leasing is the most affordable way to buy a bike because of the tax advantages** and it can also be implemented conveniently. This is why this segment may also continue to grow in a declining overall market.



Source: EY-Parthenon, ZIV

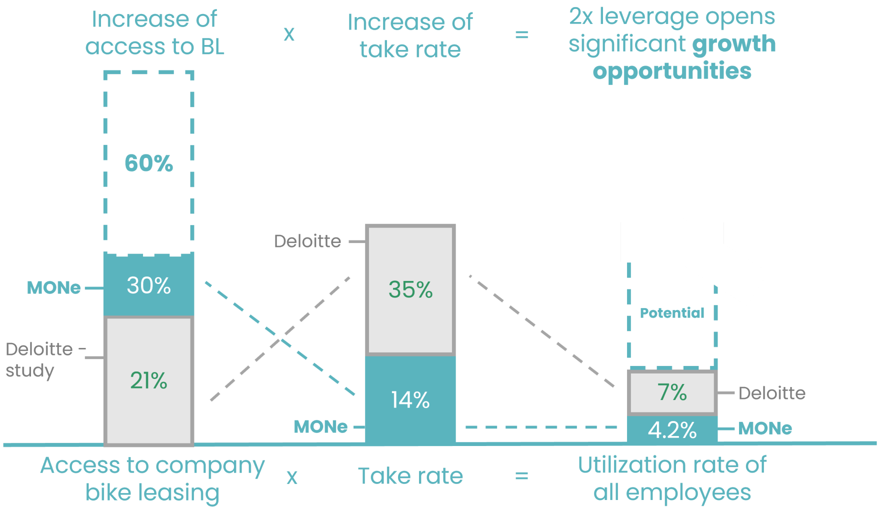
A more direct approach to assess the further growth potential of company bike leasing is to look at the percentage of companies and employees which already have access to this product offering. According to a study by Deloitte from 2022 (n=585), 21% of the employees already have access to company bike leasing. We assume that this figure has grown to c. 30% by the end of 2023. Bikeleasing alone has already connected 7.2% of all employees in Germany to its platform. As being connected to the platform of a company bike leasing provider is not only free for the employers but can also be done quickly, the proportion of employees with access to a company bike offering should continue to grow strongly. We assume that company bike leasing is used least by microenterprises with up to 10 employees, which employed roughly 20% of all employees in Germany in 2021. Moreover, there will still be a significant proportion of companies that do not offer company bike leasing in the future for several reasons (MONe: another 20% of employees). This means that **c. 60% of all employees may have access to company bike leasing in the medium term**. Based on our estimates of a current integration rate of 30% this would correspond to another doubling.

In addition to an increase in onboarded employees, the **increase in the take rate is the second important growth driver**. According to the Deloitte study mentioned above, one third of the employees with access to a company bike actually use the respective offer. **Based on our calculations, however, the actual take rate should be much lower**. Bikeleasing has brokered 475,000 leasing contracts from the time of its foundation until the end of 2023 and has a customer base of 3.3m employees.

Assuming that no employee has leased a second bike, the long-term take rate would be 14.5%. A look at the individual years from 2021 until 2023 reveals a very stable take rate of 4.7–4.8%, which implies a utilization rate (active users in % of integrated customers) of c. 14% for a three-year period. However, as many employees lease several bikes, the rate should actually be lower in our view.

On the one hand, we believe that a significant number of customers which has access to company bike leasing but does not use it yet can be convinced of the product in the future. On the other hand, many users which currently lease a company bike are expected to buy their bike at end of the term and continue to use it without entering into a new leasing contract. **It is quite difficult to assess to what extent a kind of "permanent leasing" will establish, analog to company cars, for lack of empirical value.** This will have to be monitored over the next one to two years, when a significant number of leasing contracts will expire throughout the industry. A growing focus on existing customers speaks for an increase in the take rate. According to the company, sales and marketing has been focused on the acquisition of new customers in the past and less on the support of existing customers. After sales operations were internalized in 2023 the company has established a dedicated team to address customers whose activity is below average and hence to fully focus on increasing the take rate.

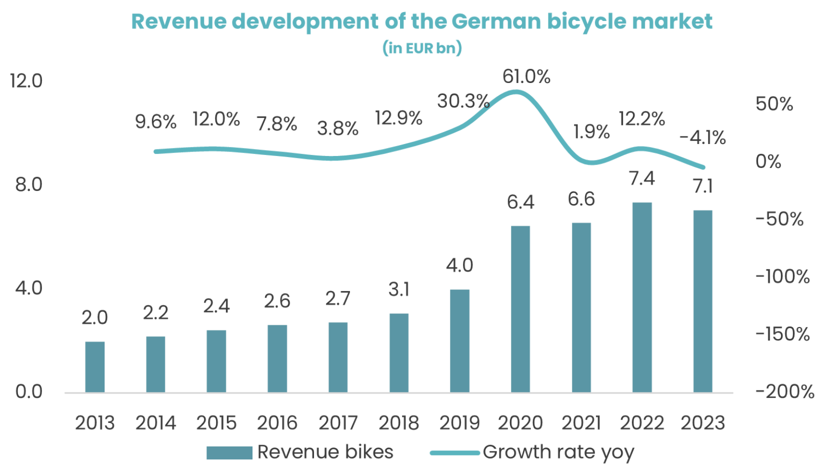
Despite these recent measures, we currently consider an increase in integrated companies as primary growth driver in the medium term.



Source: Deloitte, Montega

The bigger picture – Popularity of expensive e-bikes leads to sales records in bicycle market

In the first Covid year 2020, the bicycle industry was thriving and increased by 61.0% yoy. Demand was predominantly driven by the growing popularity of the much more expensive e-bikes as well as restrictions in leisure activities and prohibition of contact during the pandemic. Given that bicycle stores, which are still the most important sales channel, were almost always open thanks to a derogation, sales grew significantly, especially in 2020.



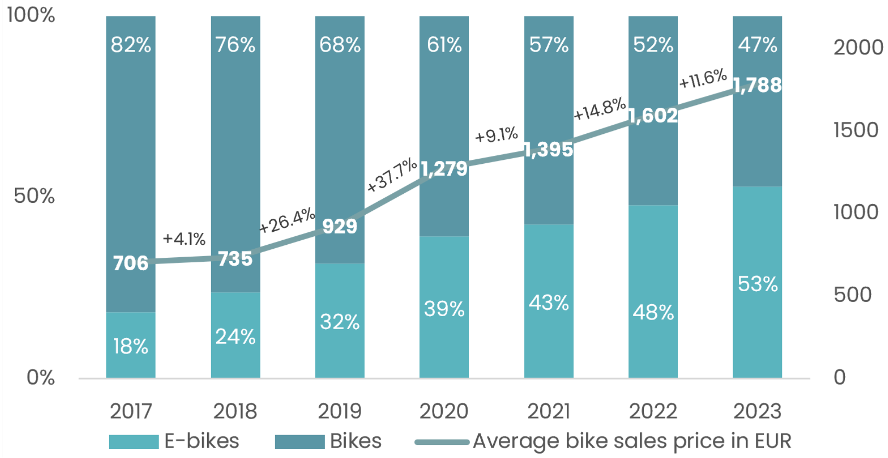
Source: ZIV

The CAGR of the German bicycle market was 12.3% between 2013 and 2019 so that the market volume doubled from EUR 2.0bn to EUR 4.0bn in the same period. In the first Covid year 2020, revenue was up 61.0% to EUR 6.4bn and it rose to a record level of EUR 7.4bn by 2022. The market volume remained at this high level even after the end of the prohibition of contact and the Covid restrictions and dropped by only 4.1% yoy to EUR 7.1bn in 2023. Accordingly, the CAGR 2013-2023 was 13.5%.

A look at the volume and price effects reveals that the growing market volume was primarily driven by **an increase in the average sales price in the context of the e-bike boom**. For the first time, more e-bikes (sales share: 53%) than regular bikes were sold in 2023, whilst the e-bike rate still stood at 18.4% in 2017. As a result of this trend, the average sales price grew from EUR 706 to EUR 1,788 (+153.3%) in Germany between 2017–2023. At an average price of EUR 2,950, an e-bike is c. 6.3x as expensive as an average regular bike.

E-bike share & average sales price

(in %; in EUR)

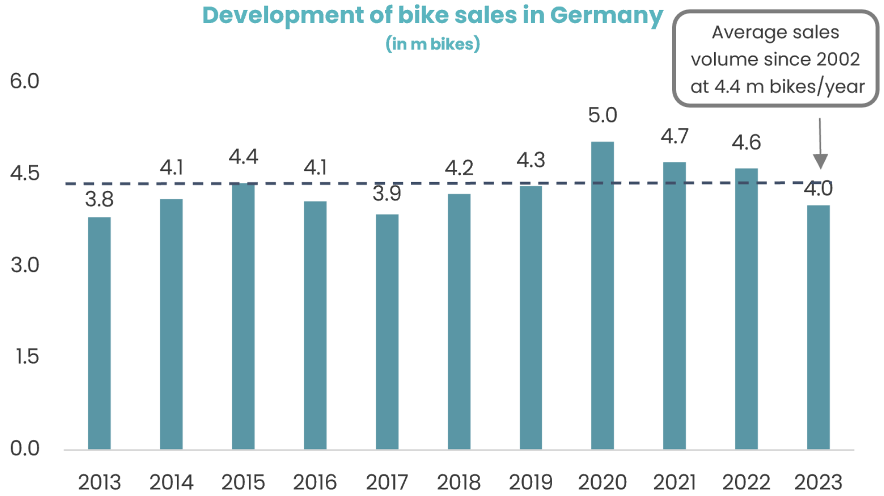


Source: ZIV

The sales figures show a different picture though and reflect the market's high degree of maturity in the long term. Although the sales figures also saw a short-term boom in 2020 (+16.9% yoy) in the context of Covid-19 and hit a 20-year-high, they declined again in the three subsequent years and, at 4.0m bikes sold in 2023, fell below the average of 4.4m units (period: 2000-2023). We expect sales figures to stabilize at between 3.8m and 4.4m units p.a. over the next few years.

Development of bike sales in Germany

(in m bikes)



Source: ZIV

Conclusion: The German bike market is saturated in terms of sales figures but has seen significant growth because of the e-bike boom and the resultant strong increase in average prices. We believe that the company bike leasing market is by far the most attractive sub-market, which has revolutionized and/or disrupted the whole industry within just a few years. It meanwhile accounts for one third of turnover of the total market. **As company bike leasing is the far superior sales approach, in our view, the market share should grow further, which is the primary growth driver. For this reason, we believe that total market growth plays only a secondary role and is expected to be positive in the next years because of growing average prices and a higher proportion of e-bikes.**

Bikeleasing is no. 2 in an attractive growth market

The German market for company bike leasing is dominated by two companies: JobRad (MONe: 50% market share) and Bikeleasing (MONe: 25% market share). Additionally, there are some 10 smaller providers which account for the remaining 25% of the market. Pioneer JobRad was founded in 2008 and has contributed considerably to the creation of the necessary legal and fiscal framework for company bike leasing. The company is virtually wholly owned by the founder, generated revenue of over EUR 1bn in 2022 according to its own reports and brokered slightly more than 300k bikes. Importantly, the company's accounts are drawn up pursuant to the German Commercial Code according to which the sales price of the bikes must be reported in revenue. As this differs from IFRS reporting, revenue generated by Bikeleasing is much lower, whereas margins are significantly higher. To provide the necessary comparability, we have calculated the total sales price of Bikeleasing using the average sales price and the number of brokered bikes, which we then put into relation to the volume of the company bike leasing market, as calculated by EY, to quantify the market share.

Market share company bike leasing	2020	2021	2022	2023
Market size	**~0.9**	**~1.3**	**~2.0**	**2.3 (e)**
JobRad	0.6	0.72	>1.0	n.a.
Market share JobRad	***~67%***	***~55%***	***>50%***	*n.a.*
Bikeleasing	n.a.	0.30	0.46	0.62
Market share Bikeleasing	***n.a.***	***~23%***	***~23%***	***~27%***
Others (implied)	n.a.	~0.3	~0.5	n.a.

Source: EY-Parthenon, Company, Bundesanzeiger, Montega

Based on the calculations above, the market share of pioneer JobRad has gradually declined in the last years. However, we believe this is also due to an extraordinarily high market growth and the associated capacity bottlenecks of JobRad.

Homogeneous pricing of competitors perceptible

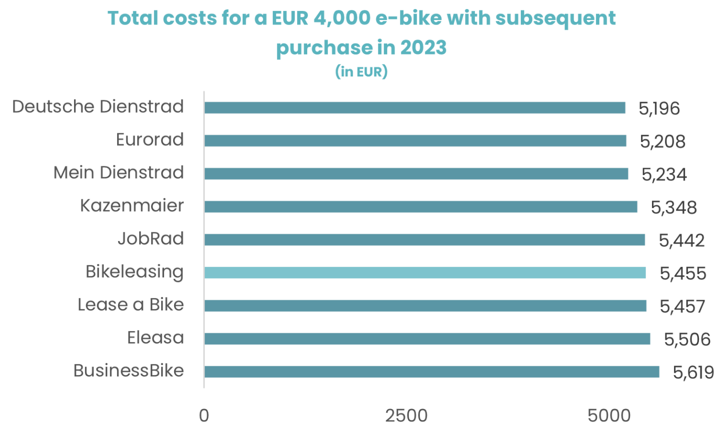
In the table below, we have drawn up an overview of those competitors, which we consider as relevant, and the most important information such as owner and target group. We have also included the results of the current ranking of all established providers of company bikes that was done by expert magazine SAZbike. Some 500 specialist retailers were surveyed in the test. Since the first survey in 2020, Bikeleasing has always ranked second, JobRad always first, and BusinessBike always third.

Competitors	Owner	Market entry	Target group	SAZbike ranking & grade	
JobRad	Founder	2008	no restriction	**1.**	**2.19**
Bikeleasing	BKHT (majority), founder	2014	no restriction	**2.**	**2.24**
BusinessBike	Pon Holding (entry VW-group)	2014	no restriction	**3.**	**2.44**
Eleasa	Founding family	2012	250 employees +	**4.**	**2.59**
Deutsche Dienstrad	Fam. Diem-Puello	2020	no restriction	**5.**	**2.74**
Lease a Bike	Pon Holding (entry VW-group)	2015	no restriction	**6.**	**2.86**
Kazenmaier	Family Kazenmaier	2018	no restriction	**7.**	**2.87**
Mein Dienstrad	Rivean Capital (PE)	2012	10 - 10,000 employees	**8.**	**2.9**
Rad im Dienst	Founder	2021	Only officials, very small	**9.**	**3.07**
Company-Bike	Rivean Capital (PE)	2012	500 employees +	**10.**	**3.38**
Eurorad	ZEG / Bencis (majority)	n.a.	no restriction	**11.**	**3.53**
Radelnde Mitarbeiter	Wertgarantie Group	2014	no restriction	**n.a.**	**n.a.**
Beovoelo	Founder	n.a.	no restriction	**n.a.**	**n.a.**

Source: Montega, Company Data; SAZbike; *status 2023

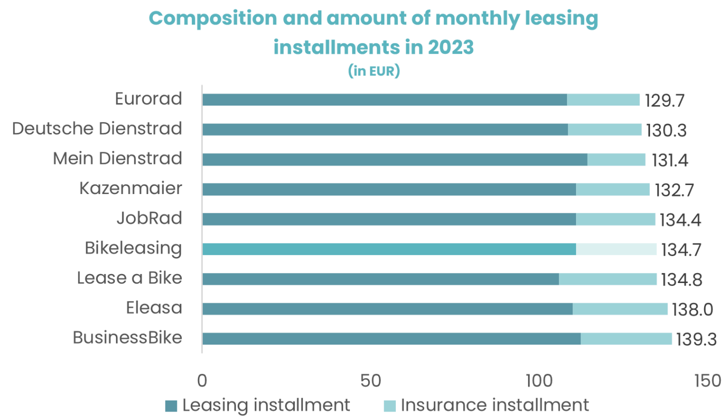
The survey of SAZbike includes nine different valuation categories. Bikeleasing has always performed as one the three best providers. Alongside financial conditions, brand awareness, brand attractiveness and the B2B portal, the valuation also included processing speed and expenses for damage as well as insurance services. SAZbike also assessed the range of information regarding product offering and innovations as well as the residual value calculation and handling after the end of the leasing period. The survey thus covers all essential price-performance factors, in our view, and attests to the good competitive position of Bikeleasing.

Online platform Velomotion collected the prices of nine providers in 2023. The illustration below shows the respective costs for the leasing of a EUR 4,000 e-bike and the subsequent purchase. They arrive at the conclusion that the competitors' prices are largely homogeneous. JobRad and Bikeleasing charge virtually the same exact price and do not belong to the price-aggressive competitors.



Source: velomotion

We have also listed the monthly leasing installments of the different providers for the same case study, which are made up of an insurance and a bike portion. The portion of the two components in the total rate are almost identical among all providers. At the level of the monthly rates, the price difference is even smaller.



Source: velomotion

We recently have checked the price positioning of Bikeleasing, JobRad, Business Bike and of price leader Eurorad and did not find any significant changes.

Dynamic competitive environment is roughed up by private equity

A look at the ownership structures reveals that three providers (four incl. Bikeleasing) are majority-owned by financial or PE investors. Alongside Brockhaus, which acquired the majority stake in Bikeleasing in November 2021, Deutsche Private Equity (DPE) acquired provider Company Bike in 2021 and added competitor Mein Dienstrad in 2022. In mid-2023, DPE already sold almost all of the shares to Netherland-based PE investor Rivean Capital (europ. mid-market with 5bn AuM), which pursues a buy-and-build strategy, according to several media articles, and strives for an (in)organic expansion into other European countries. Few details are known about this transaction. The target is said to have generated revenue (MONe: German Commercial Code) of EUR 140m with c. 200 employees in 2022 and the valuation to have stood at c. EUR 250m. Assuming that the company has grown in line with the market (+15% yoy), revenue would have been EUR 161m in 2023, which would correspond to a paid sales multiple of almost 1.6x for the current year. Assuming revenue growth of 25%, the sales multiple would be 1.4x. Since the figure above is based on revenue under the German Commercial Code and Bikeleasing is assumed to have generated revenue of c. EUR 700m in 2023 on a converted basis (from IFRS), **this valuation would turn Bikeleasing into a Unicorn on the basis of the 2023 figures.** Consequently, **Brockhaus' current market capitalization and the enterprise value of just under EUR 300m would be less than half as high as the valuation of the 52% stake in Bikeleasing (as implied by the PE deal).**

Another German provider of company bike leasing, EuroRad, has changed hands at the end of 2023. PE investor Bencis acquired the company from Zweirad-Einkaufs-Gemeinschaft eG (ZEG), Europe's largest association of bicycle retailers with over 1,000 enterprises. According to the company, EuroRad generated revenue of EUR 116m in 2023. We are ambivalent about this acquisition: This is because the competitive advantage on the selling side of having a direct access to part of the bike retailers, which participate in the profits of ZEG and thus also of EuroRad, may disappear or decline through the sale. On the other hand, Bencis is likely to step up the pace due to its expertise in the operational and strategic development of companies as well as its M&A know-how.

In addition to the companies managed by PE and financial investors, "top dog" JobRad and **most of the other smaller competitors are owned by the founder and/or founder families**.

Lease a Bike and BusinessBike represent a third category in our view. Like Belgian pioneer B2Bike, they belong to PON holding. PON is a Netherlands billion euro group, which is considered one of the largest bike manufacturers worldwide, which offers diverse mobility concepts. PON wants to strongly expand the bike leasing business in the next few years and has divested 49% of the shares in the VW group in 2023. There have been links between the two companies for almost 80 years, as PON has started his career as a Netherlands importer of the VW group in 1947. VW Financial Services, a subsidiary of the VW group, will be in charge of financing all leasing bikes in the future and has already made public that it aims to become the European #2 in the market by 2030. VW foresees a European market potential of EUR 10bn by 2028, which is more than four times the market volume of the German market in 2023. According to company information, PON is currently active in six countries (Germany, Netherlands, Belgium, Austria, Sweden and USA as of late) in the area of company bike leasing.

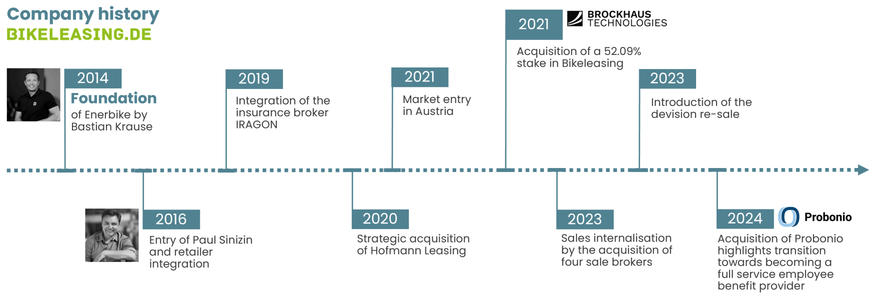
Although PON & VW have much greater financial resources than Bikeleasing and JobRad and may deliberately cross-subsidize company bike leasing (which we regard as improbable), bike leasing is only a peripheral business activity of the groups. We therefore doubt whether pure financial power will be sufficient to significantly accelerate the acquisition of new customers and market share.

We do not expect the German market structure to change significantly in the next few years and rather foresee a **higher-level stabilization of market share. It cannot be excluded though that the recent consolidation among smaller providers continues** in view of the M&A oriented PE investors which are active in the company bike market. This process may then even produce a third larger competitor.

We do not expect Brockhaus to participate in a potential consolidation in Germany due to the current prices, as it can be assumed that EuroRad, Mein Dienstrad and Company Bike, the companies acquired by PE investors, have also been offered to Brockhaus. **Such a transaction would be tantamount to a pure purchase of customers in our view**, as Bikeleasing already has a best-in-class platform as well as the other parts of the value chain. With this in mind, **the purchase prices asked for are unlikely to have complied with the return-on-investment requirements of Brockhaus.** When looking at the recent transactions, we see no indications for a drop in purchase prices. **However, we consider a short to mid-term (in)organic entry into other European markets to be entirely probable.** To this end, Brockhaus is expected to closely evaluate the make-or-buy decision as an organic market entry may also be possible.

This is why the business model of Bikeleasing is so strong

Today's Bikeleasing was founded back in 2014 by the current Managing Director Bastian Krause, which has been supported by Paul Sinizin as the company's co-Managing Director since 2016. The high quality of the two entrepreneurs and managers is clearly reflected in the company's success in our view. We have outlined some of the major decisions and success factors below and have assessed the business model using Porters 5 Forces.



Source: Company

The company's key factors of success are the early involvement of specialist retailers (since 2016) and the partnership philosophy towards them, which distinguishes Bikeleasing from its competitors. The company has not charged commission since the very beginning and has always regarded retailers as one of the key multipliers and sales partners. We believe that this is a factor that should not be underestimated because of the direct customer access, the personal relationship and the local proximity. To use this sales channel to an even stronger extent, Bikeleasing has started a partner program in 2023, which rewards the retailer with a cash bonus for the acquisition of a new corporate customer who leases several bikes. Thanks to the combination of the partner program and the zero commission policy, Bikeleasing should be the partner of choice for the retailers which they also recommend to customers.

Thanks to the early acquisition of an insurance broker (company of Paul Sinizin) and the internal processing and administration of various processes related to insurance services, Bikeleasing has made itself more independent of insurance partners and thus has created the opportunity to change the partner in the event of a deterioration of conditions or other factors. As the insurances sold through Bikeleasing are also highly attractive from the perspective of the partner, and the risks should be manageable and calculable, there are likely various other insurers which would take on the business at conditions that are attractive for Bikeleasing.

We believe the acquisition of a leasing company was even more important as it has significantly reduced the bargaining power of suppliers. Because without an own leasing company, Bikeleasing would have been dependent on an external leasing company for every bike brokered. The leasing company is not only involved in various administrative processes at the time contracts are concluded and shortly thereafter, but also refinances the transaction.

In addition to a higher bargaining power, Bikeleasing has opened up additional business potential with the acquisition of a leasing company. Previously, it could only attend to those customers which met the credit rating criteria of the external leasing companies. Bikeleasing now can choose the customers itself using it own rating system. Furthermore, the internal leasing company allows classical forfeiting, securitization and a loan-based refinancing and with it provides further financing options and, ultimately, higher flexibility. Bikeleasing still collaborates with several external leasing companies today (MONe: ~20% of business) but can always negotiate attractive conditions because of its own leasing company.

Overall, we consider the bargaining power of the suppliers (financing and insurance partners, bike retailers) **to be low** which has significantly been supported by the measures and acquisition above. This guarantees high returns for Bikeleasing. With the partnership philosophy towards specialist retailers, Bikeleasing secures itself the recommendation of what we believe is the most important multiplier in the industry.

In a broader sense, the five external sales agencies which were in charge of marketing in the initial phase without capital requirements and fixed costs can also be classified as suppliers. After the majority takeover of Bikeleasing by Brockhaus, four of the five external sales agencies were purchased in 2023 and the contract of the fifth terminated at the end of October 2023. This leads to significant savings of sales commission, which the external agencies received for every bike brokered by Bikeleasing.

Bikeleasing also has an excellent position **vis-à-vis its customers** given that even the largest customer only has a very little share in business volume. An agreement on multi-year leasing contracts is likely to make a potential cancellation more complicated as several active contracts would be affected, which would significantly increase the workload of HR.

As the services of Bikeleasing are free and are not rendered to the company itself but to its employees, price increases and the like would not arise for the company. An onboarded company's willingness to cancel a contract should rather be low even in case of price increases, better offers from competitors or a deterioration of the price-performance ratio since the company itself is not the customer. But as it is the company which chooses the company bike partner, Bikeleasing is in a very advantageous position. **This intermediary position of the company between Bikeleasing and the employees and the resultant separation of the decision-making power massively strengthens the business model of Bikeleasing. We believe it will also be one of the main reasons for high returns and very low churn rates in the long term.**

Substitutes of company bike leasing

We believe that, in the narrow sense, only a traditional cash purchase, rent or credit financing of a bike classifies as a substitute for company bike leasing, which we explicitly regard as a sales approach. As a cash purchase is not only more expensive but also increasingly more difficult to implement for liquidity reasons given the growing popularity of higher-priced e-bikes, we consider company bike leasing to be far superior.

Renting a bike does indeed solve the liquidity problem but is much more expensive for lack of fiscal circumstances and thus is inferior to company bike leasing in our view. Credit financing also involves higher costs and often cannot be implemented conveniently in our view. None of the substitutes include a standard insurance against theft or damages, which we believe would be reasonable for a bike worth several thousand euros. This requires additional efforts from a customer, who must compare price and performance and enter into another contract. **Consequently, company bike leasing is superior to all direct substitutes in terms of price and convenience.**

In the broader sense, we could classify other forms of mobility such as car, roller and public transport as substitutes. However, we believe it is secondary to Bikeleasing, how many people change the form of mobility and decide for a bike. The key question rather is what percentage of revenue, which is generated with more than four million bikes sold each year in Germany on average, accounts for company bike leasing as a sales approach. As the assumed superior sales approach, the percentage share is expected to grow further going forward.

Competitive situation within the industry

There is an intense competition **within the industry**. However, this only applies to new customers. Existing customers are seen as "lost". We are not aware of any bonus offers to change the provider and the like. In the last few years, many best practices or innovations of individual market participants were copied by most of the competitors so that the price-performance ratio currently is rather homogeneous. A price war can only be perceived in certain market segments. Whilst there are no major discount campaigns or price reductions in general, there is strong competition when it comes to calls for tender by large corporations or state officials.

Barriers to market entry for new competitors

We believe barriers to entry become increasingly higher for new competitors. The rapid growth of the last years towards a multi-billion market has led to the emergence of a couple of new competitors so there is quite some competition. Whilst we believe that the incremental barriers to entry are not extremely high for the business model as it neither requires large financial or personnel resources nor special know-how (as evidenced by Bikeleasing and JobRad), the real difficulty is a successful scaling of the business. Consequently, the market entry of new competitors appears to be realistic at first sight, but they are unlikely to win significant market share in our view. The major hurdles, which should not be underestimated, are as follows:

- **B2B products without churn:** As the price comparison above shows, the prices offered by the providers are mostly homogeneous so there are few incentives for a change if customers are satisfied in general. There has also been an increasing convergence of contract performance. The high returns of the leading players generally allow for a more price aggressive but still profitable strategy. However, since it is a B2B product which the employer negotiates for all employees and the employer is usually less price-sensitive than the consumer, it might not be easy for new competitors to build significant market share.

Additionally, mid-market companies which do not issue tenders and where it is no longer the owner, but the staff which makes the decision have a typical principal-agent problem. This means they do not always choose the best provider or possibly even accept additional expenses when changing the provider.

- **Probably one third of the market already taken:** Last year, the existing providers gradually opened up the market that had still been undistributed. We believe that almost one third of the market should have been occupied by now. As we do not assume (and do not observe either) that companies are tied to several leasing providers in parallel, a significant part and especially the low hanging fruits are already lost for new providers.
- **Bicycle retailers (main sales channel) will not be connected to 30 leasing providers:** One major requirement for scaling is a nationwide cooperation with the specialist retailers which stand for some 70% of all bicycle sales. Pure online retailers must also be onboarded. We do not assume that specialist retailers keep onboarding new leasing providers, which do not have a significant sales volume, as the retailers are required to understand and operate their platforms and billing systems as well.
- **Lack of references, USP and economies of scale:** A lack of references and the guarantee to be on the market over the entire performance period of three years should also make it difficult for new competitors to gain significant market share. We have analyzed some of the new competitors and were unable to identify a USP which speaks for winning significant market share or for a competitive advantage. On top, they usually have onboarded less specialist and online retailers. New competitors are also likely to get poorer conditions from insurance partners because of the lower business volume. As for refinancing, providers are believed to start without an own leasing company, receive poorer conditions and usually are in a position of complete dependence, which can be diversified but cannot be eliminated. All of this results in cost disadvantages which would only allow for a limited potential price aggressiveness.

Five Forces

Supplier (low)
- Various financing partners without significant negotiating powe
- Exclusive insurance partner; requirements for potential switch to another provider are met

Substitution (low)
- A cash purchase is usually more expensive & requires high liquidity
- Rental is more expensive & less convenient; no purchase possible at end
- Indirect substit. cars, scooters & public transp. only have a secondary impact

Rivalry (high)
- High level of rivalry for new customers, esp. in tenders; existing customers of other providers are considered "lost"
- Copycat behaviour
- The price-performance ratios of the providers have been harmonized

Buyer (low)
- No customer concentration
- Large number of ongoing multi-year contracts make termination difficult
- Company selects service provider, but is not a direct customer -> price increases etc. can be easily implement.

New Entrants (low)
- Very low churn makes customer acquisition more difficult
- One third of the market distributed
- Missing USP, references, scale advant.
- Dealers will only connect a limited number of leasing providers

Source:: Montega

Deep Dive: Cash flows of Bikeleasing

Bikeleasing has a mostly **commission-based business model with transaction-based income** (commission per brokered bike), which requires little capital and generates high margins.

After a customer has chosen a bike and signed a leasing contract, Bikeleasing transfers the entire purchase price to the online or specialist retailer. This initially leads to high capital requirements as the company does not generate an equivalent amount of income at first. To finance the purchase price, Bikeleasing has created several refinancing options. Bikeleasing can sell the transaction

1. to an external leasing company and receive a payment that exceeds the bike's purchase price.
2. settle it via its own leasing company and sell it to financial investors such as banks, insurances, etc. for a payment that exceeds the price of the bike.
3. settle it via its own leasing company, take out a loan which roughly equals the purchase price and keep the contract until the term ends.

The first two cases are quite comparable and do not only yield the purchase price paid to the retailer within a few days or weeks, but also a percentage premium of the bicycle price for Bikeleasing.

As an example: A customer leases a bike with a purchase price of EUR 4,000, whose monthly installments add up to EUR 5,000. Bikeleasing sells the receivable to financial investors as well as to an external leasing company with a discount to the nominal value.

The level of this discount will mainly depend on the interest rate level and the risk profile, with the first factor being the dominant one. We assume that the credit spread amounts to c. 200bp which means an interest rate level of 4% would result in an expected return of 6%. In this case, Bikeleasing may directly sell the contract at a price of c. EUR 4,450 which leaves a premium of EUR 450 after deduction of the bicycle price.

As already mentioned, this process is usually accomplished in just a few days or weeks so that Bikeleasing collects the whole profits from the contract almost immediately. Additionally, the insurance partner also pays a commission shortly after conclusion of the leasing contract for the two mandatory insurances and, if applicable, for further optional insurances. Insurance commissions account for a high double-digit increase in the total profit of a contract.

Furthermore, lease receivables are also removed from the balance sheet when sold to third parties. This makes it easier to analyze the balance sheet and it significantly reduces the balance sheet total.

The situation is different if Bikeleasing does not sell its lease receivables but keeps them in its own books and finances them on the basis of loans or cash. Although the company should realize a slightly larger profit per contract here, it aims to resell as many contracts as possible and keep as little as possible in the own balance sheet.

The rationale is not only to avoid a more complicated and inflated balance sheet but mainly an appropriation of profits and/or cash flows that is spread over 36 months. However, as Brockhaus can use the profits to generate returns on capital in excess of the cost of capital, the company (and so do we) prefers the direct sale and thus the direct realization of profits to use the cash in the near term rather than in a couple of years. In practical terms, Bikeleasing receives monthly lease payments and insurance premiums over a period of 36 months if kept in the balance sheet and, at the same time, services the debt on a regular basis. This means that Bikeleasing continuously records small excess cash flows.

Bikeleasing keeps only those contracts in the balance sheet which either cannot be sold or only at unfavorable conditions for various reasons. This can be due to differing credit ratings of the company associated with the lease receivables (e.g. loss-making companies). The current default rates of lease receivables that are not immediately sold are almost zero.

In addition to the payment transactions above, there is another much more important business transaction at the end of the three-year term **independent of the type of refinancing: the sale or recovery of the company bike**. At first, Bikeleasing repurchases the bike at 10% of the initial purchase price.

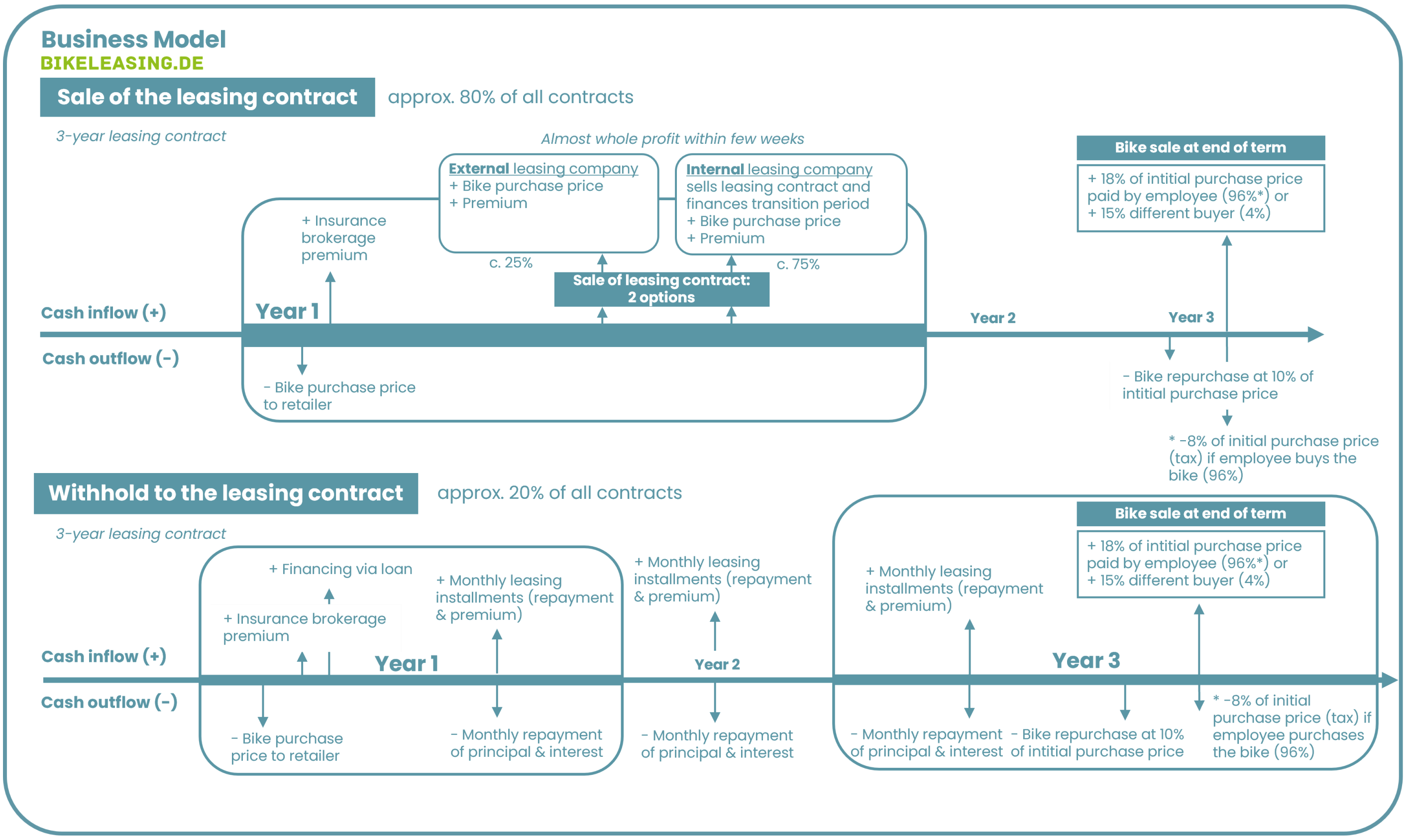
Now there are **two options for the final sale of the bike**:

- **In 96% of the cases (as of**: 2023) the **employee buys the bike** and pays 18% of the initial purchase price to Bikeleasing. However, as the bike has a higher residual value after three years of use pursuant to tax legislation, taxes must be paid on the tax advantage. The tax payment amount to c. 8% of the initial purchase price and is always paid by Bikeleasing for convenience reasons. This means that cash outflows and inflows almost neutralize each other and Bikeleasing only receives a **marginal return (~ +18%-10%-8%).**

- **In 4% of the cases (as of: 2023), Bikeleasing sells the bike to online or specialist retailers** for 15% of the initial purchase price. As this is a B2B business, no taxes have to be paid. Accordingly, Bikeleasing can again book 5% of the purchase price as gross profit. However, this leads to a certain working capital requirement for Bikeleasing for the period between purchase at 10% and sale at 15%. Additionally, Bikeleasing has has a certain price and purchasing risk.

In summary, there are three different refinancing options, with the immediate sale of the leasing contract to an external leasing company or financial investors such as banks or insurance companies being preferred. This business (as the insurance commission received) has a provision-like character, **is highly profitable, can be scaled very easily and is not capital-intense.**

The final sale of the leasing bike at the end of the contract term must be separated from this. In general, the employee buys the bike which leads to less administrative work for Bikeleasing and almost profitless turnover given that material expenses have approximately the same level. This is not a negative, in our view, but only leads to a certain dilution of the high margins of the brokerage business at the beginning of the contract term. For instance, the gross margin in the resale business was 7.7% in 2023, whilst the gross margin of the brokerage business was 83%. We expect it to grow to over 90% due to the acquisition of the sales agencies. If the employee does not buy the bike, Bikeleasing resells it to the retailer at a gross margin of ~33% which can be seen as short-term funded interim storage for the bikes. Even though this scenario applied to only ~4% of the leasing business in 2023, it accounts for as much as c. 2,500 bikes that have to be recovered, which involves a certain administrative effort and should be regarded as an "own" business at Bikeleasing in our view. For instance, we assume that "leasing returns" will establish as an own market category in the next few year, similar to the car market. Despite a gross margin of c. 33%, this business also has a dilutive effect on the margins. However, as this is only a "cosmetic" effect and Bikeleasing also generates profits here, the recovery business at the end of the contract term should not be viewed as negative, but only less attractive.



Source: Montega, Company

Bikeleasing expected to grow significantly in the medium term

In the following paragraph, we present our forecasts as well as the identified value drivers of Bikeleasing. Analog to the business processes above, we believe it would be appropriate to divide Bikeleasing's business model in the initial "brokerage business" with high gross margins in excess of 90% and the "recovery business", which yields gross margins in the high single-digit percentage range and refers to the sale of the bikes at the end of their contract term. Given that revenue from recovery is realized at the end of the leasing term, i.e. three years after the intial commission was received, there is a gradual shift in revenue in favor of comparatively low-margin revenue since the growth rates of the brokered company bikes level off. It is difficult or not possible at all to account for this momentum without a division into two parts.

What's it all about: Growth of brokered leasing contracts

The number of brokered leasing contracts is the starting basis for the future sales and earnings development of Bikeleasing. This in turn is driven by the number of onboarded employees and the utilization rate. The absolute number of onboarded corporate customers and employees has expanded at an ever-increasing rate in the last years which led to several new customer records. In 2023, the company acquired 14,500 companies with over 800,000 employees. The number of employees per onboarded company has hardly changed in the last two years and stood at c. 55 employees. Whilst we forecast a new customer record of 15,000 new corporate customers in 2024, we expect the number of new customers to decline in the medium term given that c. 30% of the employees in Germany should already be onboarded by a company bike provider. 2,500 new companies were already acquired in Q1/24 (Q1/23: 1,500), with the summer quarter usually accounting for a disproportionate rate. We assume that Bikeleasing will have almost doubled its number of customers by 2027, which means an incorporation of c. 13.3% of all employees in Germany. If Bikeleasing holds a market share of c. 25%, this would imply that some 50% of all employees have access to company bike leasing. The utilization rate of brokered leasing contracts per company per year has been relatively stable in the last few years (c. 2.5). We have assumed a stable utilization rate in our forecasts.

Development of brokered leasing contracts

KPIs customer development & brokered contracts	2021	2022	2023	2024e	2025e	2026e	2027e
Number of onboarded companies (in thsd)	**32**	**45.5**	**60**	**75**	**89**	**101**	**110**
Growth yoy	*57.6%*	*42.2%*	*31.9%*	*25.0%*	*18.7%*	*13.5%*	*8.9%*
Number of new onboarded companies (in thsd)	11.7	13.5	14.5	15.0	14.0	12.0	9.0
Onboarded customers (in m)	**1.7**	**2.5**	**3.3**	**4.1**	**4.9**	**5.6**	**6.1**
Employees/Company	53.1	54.9	55.0	55.0	55.0	55.0	55.0
New leasing contracts (in thsd)	**82.0**	**118.0**	**151.0**	**187.5**	**222.5**	**252.5**	**275.0**
Growth yoy	*28.1%*	*43.9%*	*28.0%*	*24.2%*	*18.7%*	*13.5%*	*8.9%*
Leasing contracts per company	2.56	2.59	2.52	2.50	2.50	2.50	2.50
Share of BL-customers among all employees in GER	**3.8%**	**5.5%**	**7.2%**	**9.0%**	**10.7%**	**12.1%**	**13.2%**

Source: Company, Montega

Based on the customer development and a stable utilization rate, the number of brokered leasing contracts is expected to almost double by 2027.

Commission revenue expected to grow significantly

Taking the number of brokered leasing contracts as a basis, the development of the average bike price must be determined - because Bikeleasing earns percentage commission which is measured by the sales price of the bike. In view of current discount battles and, to some extent, high inventories we expect average prices to be 4.0% lower in 2024 as a precaution and assume inflation-related price increases of 2.0% p.a. thereafter. The "brokered sales volume" can be calculated with the help of the bike price and the number of brokered bikes. The figure is necessary to quantify the market share of Bikeleasing in the German bike market from a sales perspective.

The "sales ratio" is another key value driver, which indicates the percentage of commission received by Bikeleasing in relation to the sales price of the bike. As described above, commission income is composed of the insurance premium and the "commission" for the brokerage of the leasing contract. While the former is expected to remain constant, the interest rate sensitivity of the business model recently has been reflected in a declining percentage commission for the brokerage of the leasing contract. This is due to the fact that the purchasers of the leasing contracts and/or receivables require a return which we assume to be c. 200bp above the respective money market interest rate. A rise in interest rates requires the purchasers to adjust their purchase price downwards as they must generate a higher return on the acquired leasing receivables. Bikeleasing, in turn, could not increase the prices as the "framework contracts" that were signed with the companies usually provided for fixed prices (or so-called leasing factors).

As a result, commission income per brokered bike declined as employees were able to sign the contracts on equal terms whereas Bikeleasing received lower prices for forfeiting of lease receivables. Last year, more than 80% of the contracts were changed to variable "prices" (leasing factors) which are based on the interest rate environment.

This means that the **interest sensitivity of the business model was almost completely eliminated**, which we consider an **enormous operational improvement which removes one of Bikeleasing's core risks**. For clarification: According to our calculations, the **negative earnings effect of a yield requirement that is 100bp higher amounts to c. EUR 10.4m on the basis of the business volume brokered by Bikeleasing in 2023.**

In the current year, Bikeleasing will change more remaining contracts to flexible prices (MONe: at the latest when an employee of the company wants to lease a new bike) so that the level of the commission and thus the "sales ratio" is expected to increase. After 16.4% in 2023 and 17.3% in 2022, we expect a constant sales ratio of 17.0% in the future.

The sales development of the brokerage business can now be determined using the value drivers above. As mentioned, there are hardly any direct costs here. Additionally, the gross margin should again significantly improve as the company does no longer pay commission to the external sales agencies so that the gross margin is expected to be 92.5% in 2024 after 83.0% in 2023 (Q1/24: 89.1%; Q1/23: 84.7%). The improvement projected by us is almost entirely attributable to the acquisition of the external sales agencies and the commission thus saved. We do not forecast another scaling of the gross margin.

Forecast brokerage business

KPIs brokerage business	2021	2022	2023	2024e	2025e	2026e	2027e
Average bike price (in EUR)	**3,672**	**3,900**	**4,081**	**3,918**	**3,996**	**4,076**	**4,158**
Bike price growth yoy		6.2%	4.6%	-4.0%	2.0%	2.0%	2.0%
Brokered sales volume (in EUR m)	301.1	460.2	616.2	734.6	889.1	1,029.2	1,143.3
Sales ratio (sales/brokered sales volume)		**17.3%**	**16.4%**	**17.0%**	**17.0%**	**17.0%**	**17.0%**
Revenue brokerage business		**79.7**	**101.2**	**124.9**	**151.2**	**175**	**194.4**
Revenue/bike		675.4	670.4	666.0	679.3	692.9	706.8
Revenue growth yoy			*27.0%*	*23.4%*	*21.0%*	*15.8%*	*11.1%*
Gross margin		78.9%	83.0%	92.5%	92.5%	92.5%	92.5%
Gross profit brokerage business		**62.9**	**84.0**	**115.5**	**139.8**	**161.8**	**179.8**
Implied material expenses		16.8	17.2	9.4	11.3	13.1	14.6

Source: Company, Montega

Revenue from recovery expected to grow at disproportionate rates

Now that we have outlined the methodology behind our projections of sales and gross profits from the brokerage business, the paragraph below explains our forecasts for the recovery business. This may appear less attractive and dilutes the margins, but Bikeleasing generates positive earnings contributions here.

Company bikes are usually bought back after the three-year leasing period and resold thereafter. The price paid by Bikeleasing for the buyback is 10% of the initial sales price. If the employee buys the bike, which held true in 96% of the cases in 2023, Bikeleasing receives 18% of the initial purchase price. If the employee does not buy the bike (2023: 4% of the cases), it is sold to a specialist or online retailer for 15% of the purchase price. Hence, sales prices as well as purchase prices are known. The sales figures and average prices of the bikes brokered three years ago are also known. This means we only have to project the proportion of bikes bought by the employees.

It is also important to note that the sale to a lessee leads to a tax advantage which is subject to taxation. According to tax legislation, a bike's value is only 40% of the initial purchase price after a useful life of three years. However, as the lessee can buy the bike at 18%, the difference of 22% is subject to a flat tax rate of 30%. Bikeleasing pays the flat rate for the lessee, and this is recognized in material expenses, as is the purchase price of the bike. If the bike is bought by the employee, Bikeleasing is assumed to generate a gross margin of ~8.4% while it is c. 33% when sold to retailers. In addition to "regular" returns at the end of the term, there is also a small number of "special returns", which Bikeleasing must buy back in certain cases before the end of the three-year leasing term, and which are then sold to the retailers.

We believe that the purchase prices are often significantly higher than 10% of the initial purchase price. Last year, Bikeleasing has recognized D&A of EUR 6.2m on leasing returns, which was mainly attributable to these special returns in our view. Our forecasts include an increase of these sales revenues in the next years in line with the rest of the business development.

As can be seen in the illustration below, the return business is expected to increase significantly in the next years and account for a sales volume of as much as EUR 156.2m in 2027. We assume that most of the employees will continue to buy their company bike in the future, either to sell it at a higher price or to use it. In view of the challenging market situation, we anticipate a gross margin of 6.5%. Going forward, we expect special returns to have a slightly negative earnings effect so that we assume a long-term gross margin of 8.0% in the return business.

Forecast recovery business

KPIs recovery business	2021	2022	2023	2024e	2025e	2026e	2027e
Revenue bike recovery		**26.9**	**45**	**64**	**97.9**	**131.1**	**156.2**
Growth yoy			*67.0%*	*42.4%*	*52.8%*	*33.9%*	*19.2%*
Recovery revenue regular returns		**19.9**	**38.9**	**53.8**	**82.3**	**110.2**	**131.3**
Growth yoy			*95.6%*	*38.4%*	*52.8%*	*33.9%*	*19.2%*
Recovery revenue special returns		**7**	**6.1**	**10.2**	**15.6**	**20.9**	**24.9**
Share of bikes rebought by employee (at 18%)		91.0%	96.0%	96.0%	96.0%	96.0%	96.0%
Share of bikes resold to retailer (at 15%)		9.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Available bikes from regular returns (in thsd)		2,970	2,560	3,280	4,720	6,040	7,500
Gross margin			7.7%	6.5%	8.0%	8.0%	8.0%
Gross profit recovery business			**3.5**	**4.2**	**7.8**	**10.5**	**12.5**

Source: Company, Montega

Finally, we have taken all input factors to model the "operating costs" between gross margin and EBITDA. Based on the strong growth, Bikeleasing has increased its staff by over 100 employees p.a. over the last few years. We expect a similar development in the future but forecast a slight scaling of the personnel cost ratio. As a result of the dynamic growth, other expenses are expected to increase as well, but grow at a slightly lower rate than gross profit and revenue. Bad debt losses are seen to increase in line with the business development and thus remain at a low level. Other operating income also includes income relating to other periods, which is due to special features in Bikeleasing's accounting.

Forecast Bikeleasing

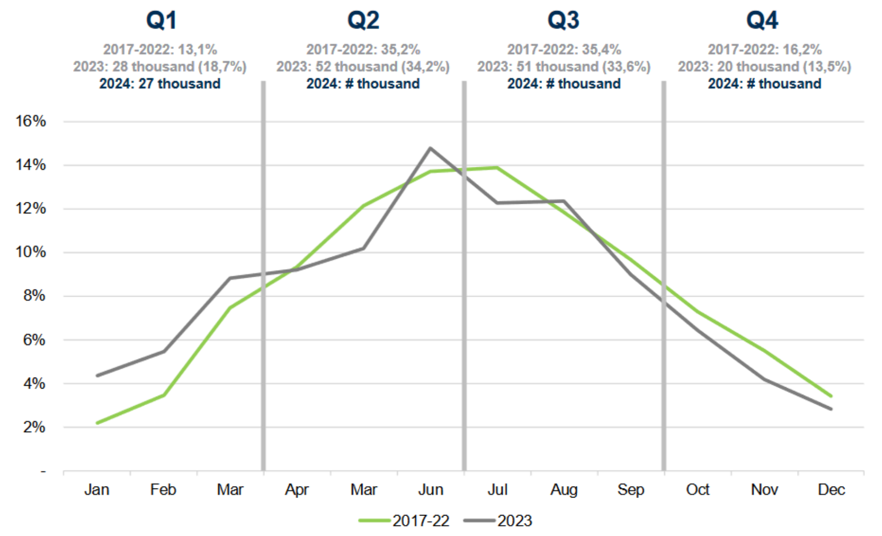
KPIs Bikeleasing	2021	2022	2023	2024e	2025e	2026e	2027e
Total revenue Bikeleasing	**66.3**	**106.6**	**146.2**	**188.9**	**249**	**306**	**350.6**
Revenue growth yoy		*60.8%*	*37.1%*	*29.2%*	*31.8%*	*22.9%*	*14.6%*
Revenue share recovery business		*25.3%*	*30.8%*	*33.9%*	*39.3%*	*42.8%*	*44.6%*
Own work capitalized				0.3	0.3	0.3	0.3
Total revenue				189.2	249.3	306.3	350.8
Material expenses				69.5	101.6	133.9	158.6
Gross profit		**65.1**	**93.1**	**119.7**	**147.6**	**172.3**	**192.3**
Growth yoy			*43.0%*	*28.5%*	*23.4%*	*16.7%*	*11.6%*
Gross margin		63.3%	63.3%	63.3%	59.3%	56.3%	54.8%
Personal expenses				20.0	23.5	26.5	28.2
in % of gross profit				16.7%	15.9%	15.4%	14.7%
Other operating expenses				19.0	20.0	21.0	22.5
in % of gross profit				15.9%	13.5%	12.2%	11.7%
Other operating income				3.0	3.6	3.8	4.3
in % of gross profit				2.5%	2.4%	2.2%	2.2%
Operating cost factor (% of gross profit)		**32.5%**	**32.3%**	**30.1%**	**27.0%**	**25.4%**	**24.1%**
Other (bad-debt loss)		-0.3	-0.9	-1.2	-1.5	-1.9	-2.2
EBITDA	**33.6**	**43.9**	**63.1**	**82.5**	**106.2**	**126.7**	**143.7**
Growth yoy		*30.8%*	*43.6%*	*30.8%*	*28.7%*	*19.3%*	*13.4%*
EBITDA margin	*50.7%*	*41.2%*	*43.1%*	*43.7%*	*42.7%*	*41.4%*	*41.0%*
EBITDA/bike	**409.8**	**372.4**	**417.8**	**440.1**	**477.4**	**501.9**	**522.6**

Source: Company, Montega

We expect the revenue and EBITDA development to remain dynamic in the next few years. EBITDA per bike will continue to grow in the medium term. In 2024, the eliminated commission expenses make a major contribution here.

Q1/24 - No end to growth but return to normal seasonality

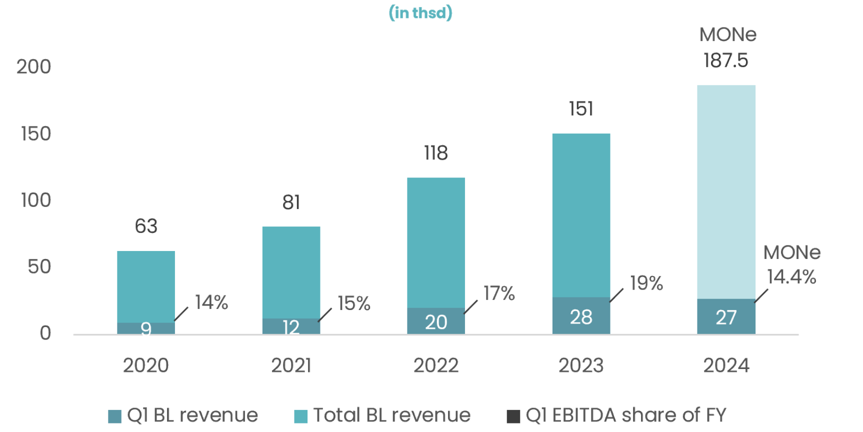
In the first quarter of 2024, the number of brokered bikes dropped slightly from 28,000 to 27,000 (-4.0% yoy). When assessing the business performance of Bikeleasing during the year, we must specifically take account of the strong seasonality. 2023 was strongly characterized by a low availability of bikes and long delivery times so that many Bikeleasing customers have ordered earlier than planned. A a consequence, the traditionally weak Q1/23 accounted for c. 19% of the brokered bikes and was almost 50% stronger than the seven-year average of c. 13% and also higher than the level in 2022 (c. 17%). As the chart shows, April made up for ~9% of the bikes brokered in the fiscal year both in 2023 and in the long term. On release of the Q1 results Brockhaus announced **that the number of bikes was up 30.0% yoy in April 2024 compared to the previous month.** As the previous month was in line with the seven-year average, a **distortion caused by a lower prior-year basis can be excluded.** A **special effect due to extraordinarily good weather** can also be **excluded** in our view, as there were neither far more hours of sunshine than average nor a lower amount of rainfall than usual, but only a higher-than-usual average temperature. Based on this data, 9.0% of the 151k units booked in the total year were brokered in April 2023 (equals 13.6k in April) so that the number of bikes brokered in April 2024 amounts to 17.7k (c. 66% of Q1) at a communicated growth rate of 30.0% yoy. This implies that almost 24% of the units that we had projected for the total year have already been brokered in the first four months of 2024 and thus prior to the actual start of the bike season. We expect the growth rates seen in April to continue in the next few quarters. In this respect, Bikeleasing should also benefit from the recent growth in new customers.



Source: Company

In our view, the comparatively low sales number in Q1 therefore is **no indication of a flattening of growth in the long term but a return to normal seasonality, which is underlined by the strong April and the high new customer growth**.

Development of brokered bikes in Q1 and in the FY
(in thsd)



Source: Company, Montega

Sales and earnings drivers of Bikeleasing

Last but not least, we describe the most important sales and margin drivers.

Top line drivers:

- Acquisition of additional new customers (company and respective employees)
- Increase in utilization rate
- Increase in commission per contract (increase in sales ratio)
- Increase in average bike price results in more revenue per bike
- Increase in average sales price for sale of returned bike to retailer

Bottom line drivers:

- Missing commission due to acquisition of sales agencies leads to increase in gross margin (MONe: c. EUR 90–100 per bike)
- Introduction of a variable leasing factor dependent on interest rate level (80% of all contracts already changed in end-2023)
- Improved financing conditions thanks to higher business volume
- Scaling of personnel and other costs
- Increase in percentage of bikes not bought by the employee

Bikeleasing option no. 1: International expansion in Europe

Brockhaus pursues three clear strategic targets for its subsidiary Bikeleasing with the following prioritization:

1. **Acquisition of as many new customers as possible**
2. **Increase in utilization rate of existing customers**
3. **International expansion and incorporation of further employee benefits**

International expansion and incorporation of further employee benefits are two significant opportunities for further growth which we will quantify in more detail below. According to the management, the possibilities of a further geographic expansion are thoroughly examined at present. **According to our calculations, the countries in Western Europe that have not been developed so far provide 1.5x the potential of Germany.**

Bikeleasings's business model significantly benefits from the regulatory framework in Germany and Austria, which enables company bike leasing and makes it an inexpensive way to buy a bike. It can be observed that extremely positive political momentum as well as subsidy and benefit packages have emerged in many other countries of the EU for a couple of years but quite often there is still no (tax-related) legal basis for a preferential treatment of company bikes that can be compared to the current situation in Germany or Austria. As soon as this basis will come into force, we expect Bikeleasing to enter the respective market.

It should be highlighted that Germany as the most populous European country and bike nation represents the largest European market by far and is even one of the top markets worldwide.

We have analyzed the respective potential of all western European markets including the Scandinavian countries and determined the number of bikes sold, the population and the number of people in employment as well as the proportion of e-bikes sold. The latter is decisive for the total market volume as e-bikes are many times more expensive than regular bikes and thus offer far greater sales and profit potential. At the same time, the lower proportion of e-bikes provides insight into the market's maturity and leaves some scope for a multiplication of the current market volume.

Beside Austria and Germany, we have **identified Belgium, the Netherlands, the UK, Sweden and Finland as countries with similar tax regimes,** which would allow a market entry. However, numerous competitors are already active mainly in Belgium, the Netherlands and the UK and we consider the bulk of the market to be developed. An organic market entry of Bikeleasing would be unlikely in view of the existing barriers to market entry as explained above. An inorganic entry would only be dependent on the purchase price.

A couple of providers are already active **in Sweden and Finland,** but the market seems to be comparatively young and undeveloped which would seem to make a market entry more attractive. Both countries are small in terms of population and sales figures and each stand for ~7% of the German market as measured by sales. Additionally, the proportion of e-bikes of 21.7% respectively 23.0%, which is important for Bikeleasing since commission depends on the bike's sales price, is much smaller than in Germany (53%). The market volume of the countries therefore is even lower and has a combined share of c. **10% of the German market** according to the data of Statista Market Insights.

We see the greatest business potential in the populous countries of France, Italy and Spain, where there are no comparable tax or legal bases for company bike leasing yet. On the basis of bikes sold, France is slightly more than half the size of Germany, while Italy accounts for almost 40% of the size of Germany. We consider the French market to be more attractive because of the higher e-bike rate of 34% compared to Italy (15%). On the assumption that the e-bike sales rates of the two countries align themselves to Germany, the **market potential** of these two countries together would **roughly be the same as in Germany**. Without a significant increase in average prices, the potential of the two countries is 75% of the German market. At 1.4m bikes sold, Spain also belongs to the most attractive markets (30% of GER) but the proportion of e-bike sold of only 17% is currently still too low. We estimate a short-term market potential of c. 25% of the German market. Going forward, we expect the e-bike sales figures of the three markets to develop disproportionately which would imply higher market potential.

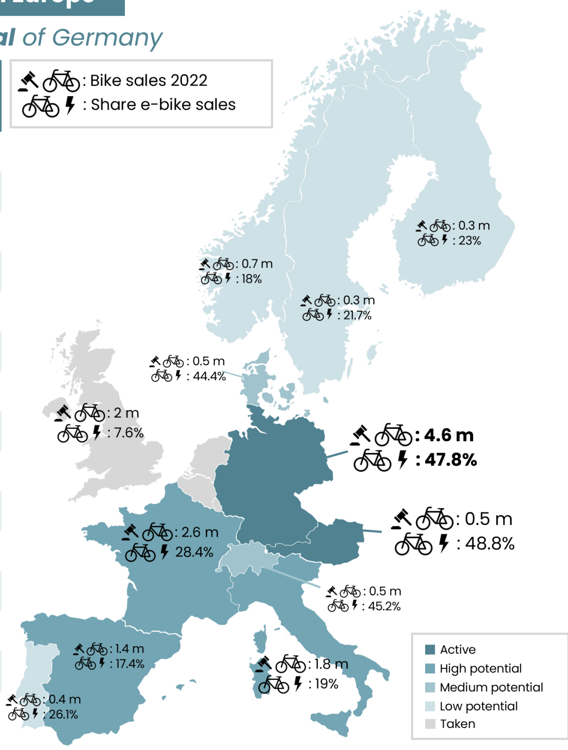
Despite their low volume, **Denmark and Switzerland belong to the category of countries with medium potential** and have a potential that is similar to Austria, where Bikeleasing has been active since 2021 and is market leader. At 0.5m bikes sold respectively, the sales figures are comparatively low but average prices are very high because of the high proportion of e-bikes and the national prosperity. Both are relatively well-developed markets and are likely to **each provide ~10% of the market potential of Germany.**

We also see a comparatively **low potential in Norway and Portugal**. A market entry in Norway may result in additional challenges as it is not a member of the EU (but EEA). Average prices in Portugal are at a much lower level since the proportion of e-bikes is only half as large, which means that the market potential is only roughly 5% of Germany based on the low sales figures.

International expansion in Europe

*Europe provides **1.5x** the **potential** of Germany*

Country	Residents	Number of bikes	Bike sales 2022	Share e-bike sales	Potential compared to Germany
Germany	83.2	82.8	4.6	47.8%	**n.a.**
France	67.8	31.8	2.6	28.4%	**40%**
UK	67.7	n.a.	2.0	7.6%	**20%**
Italy	59.1	29	1.8	19.0%	**35%**
Spain	48.1	n.a.	1.4	17.4%	**25%**
Netherlands	17.5	23.9	0.9	57.0%	**20%**
Norway	5.4	3	0.7	18.0%	**10%**
Belgium	11.6	5.5	0.7	47.8%	**15%**
Austria	9.0	6.5	0.5	48.8%	**10%**
Denmark	5.9	5.3	0.5	44.4%	**10%**
Switzerland	9.0	n.a.	0.5	45.2%	**10%**
Portugal	10.3	n.a.	0.4	26.1%	**5%**
Sweden	10.4	6	0.3	21.7%	**6%**
Finland	5.5	n.a.	0.3	23.0%	**4%**



Source: Statista Market Insights, Statistisches Bundesamt, ZIV, Montega

In summary, there should be significant business potential for Bikeleasing in the rest of Europe given the company's proven sales concept and its highly automated and customer-friendly platform. This potential can be realized depending on the legal conditions. The respective tax regime is currently still missing in the three most important foreign markets: France, Spain and Italy. The short-term market potential in the countries still untapped by Bikeleasing, but which we consider to be relevant, equals roughly 1.5x the potential of Germany. However, if a comparable tax basis will be introduced, we anticipate an increase in the proportion of e-bikes and average prices so that the respective market potential may significantly increase further in dependence of the initial price level and proportion of e-bikes.

Finally, we would like to point out that our forecasts do not include revenue from a progressing geographic expansion because a market entry would be uncertain.

Bikeleasing option no. 2: Roll-out of other employee benefits

In addition to internationalization, an expansion of the product portfolio by additional employee benefits also has great potential for growth.

Following the acquisition of the young multi-benefit provider Probonio by Brockhaus subsidiary Bikeleasing in April 2024, **the option of a roll-out of other benefits is seen to materialize already in the second half of 2024.**

50% of the purchase price was paid in cash (EUR 2.1m) and 50% with shares in Bikeleasing with an assigned value of EUR 2.0m (0.26% of Bikeleasing). **The implied valuation of Bikeleasing thus is EUR 796.5m so that the share value of BKHT totals EUR 413.8m or EUR 39.61 per share**. The partial payment with own shares and the earn-out agreement, which is measured using the number of new customers activated on the Probonio platform in 2025, 2026 and 2027, again underlines that Brockhaus places great emphasis on financial incentives and direct business profit sharing in the context of acquisitions. We believe that intelligent, appropriate incentives are one of the key factors for sustainable business success and consider this move to be a positive one.

Software company Probonio was founded in 2022 and pursues a SaaS business model with recurring revenues for the most part. Depending on the benefit, companies pay a monthly fee of EUR 1.60–4.80 per employee. If required, an individual benefit package can be prepared which should come with an attractive discount in our view. The all-in-one package of EUR 9.00/month/user should also be attractive for many customers. The initial set-up is completely free and will continue to be free in our view. No basic fee is charged which is not expected to change either.

In return, Probonio relieves its corporate customers of almost all administrative activities around the topic of employee benefits, provides legal security at all times in relation to tax regulations, has interfaces to all common payroll accounting systems and provides an appealing, performant digital platform including app, which is the company's centerpiece. All employee benefits offered can be centrally administered in this app. The platform's front-end is state-of-the-art in our understanding and we could even imagine that Bikeleasing will be connected to Probonio's front-end. The relevant functionalities for an integration of Bikeleasing are already available since Probonio also covers the benefit of company bike leasing.

We have drawn up an overview below showing the benefits offered including prices and relevance. The major difference between the "new" benefits and company bike leasing is that costs arise for the **employer**. However, as Bikeleasing is consistently approached by customers asking for further benefits and has carried out customer surveys in advance, it can be assumed that a significant part of the onboarded corporate customers is prepared to pay for further benefits.

Benefit	Price/month/user	Employee benefit	Employer cost	Relevance
Non-cash benefit	€ 2.40	up to 50€ monthly	Costs	★★★
Lunch allowance	€ 4.80	up to 108.45€ monthly	Costs	★★★
Mobility budget	from € 2.40	varies	Costs	★★
Internet lump sum	€ 1.60	up to 50€ monthly	Costs	★★
Company bike leasing	€ 1.80	varies	No costs	★★★
Company pension plan	free	varies	n.a.	★☆
All-in-one package	€ 7.00	varies	Costs	★★★

Source: Company, Montega

Benefits in kind and lunch allowances are the most popular benefits in our view. They should be attractive for virtually all employees. The former can be implemented easily given that far more than 100 different vouchers (e.g. Rewe, Aral, IKEA, H&M etc.) are available in the Probonio app, which also cover basic needs such as food and do not only have to be used for additional consumer spending. Consequently, there should be an appropriate voucher for every employee which only has to be selected and activated in the app. As an alternative to a voucher, it is also possible to decide for the payment of up to EUR 50.00 per month for a fitness club membership. To this end, the company cooperates with Urban Sports Club.

Lunch allowances can also be used comfortably in everyday life. The employee scans the receipt in the app, an AI identifies the amount invoiced and deducts up to EUR 7.23. Taking a meal for EUR 10.00 as an example, the employee receives a tax-free amount of EUR 7.23 with their pay slip at the end of the month and only pays the remaining EUR 2.77.

We believe that the mobility budget (e.g. monthly ticket for public transport) is already offered by many companies which is why we see a medium relevance here.

A lump sum for internet is rather unknown as a benefit in our view but can also be implemented easily. Having in mind that regulations for remote work are a standard today it also appears quite reasonable and argumentatively well-founded. In practical terms, internet costs of up to EUR 50 per month can be subsidized tax-free and without social security contributions.

To this end, people only have to upload an invoice in the Probonio app once a year. Remuneration is connected to monthly salary payments.

We have drawn up a scenario invoice based on the pricing, which outlines the short to medium-term earnings potential of Probonio with the roll-out to the existing customer base. We have applied different usage rates of the customers between 1% and 20% as well as different EBITDA margins. Below please find an overview of our other assumptions:

- **A customer pays EUR 4.00 per month on average** (minimum price for cheapest benefit: EUR 1.60, maximum price for complete package: EUR 9.00, most popular benefits: benefit in kind (EUR 2.40) and lunch allowance (EUR 4.80)
- **The EBITDA margin is 85%, 70% and 55%**
- **The cash conversion (in relation to EBITDA) is 65% in the long term** (30% tax, 5% CAPEX)

In the following chart we have calculated the respective sales and EBITDA potential. We have also depicted EBITDA and corresponding cash earnings attributable to Brockhaus Technologies. To keep it simple we have ignored working capital movements as the intensity is assumed to be low.

Probonio revenue & profit potential

Average price/month/user: 4€ | Customer base: 3,300,000 | Cash conversion: 65%

EBITDA margin: 85%

Usage rate	Revenue	EBITDA	BKHT-EBITDA	BKHT cash-earnings
1%	1.6	1.3	0.7	0.5
5%	7.9	6.7	3.5	2.3
10%	15.8	13.5	7.0	4.5
20%	31.7	26.9	14.0	9.1

EBITDA margin: 70%

Usage rate	Revenue	EBITDA	BKHT-EBITDA	BKHT cash-earnings
1%	1.6	1.1	0.6	0.4
5%	7.9	5.5	2.9	1.9
10%	15.8	11.1	5.8	3.7
20%	31.7	22.2	11.5	7.5

EBITDA margin: 55%

Usage rate	Revenue	EBITDA	BKHT-EBITDA	BKHT cash-earnings
1%	1.6	0.9	0.5	0.3
5%	7.9	4.4	2.3	1.5
10%	15.8	8.7	4.5	2.9
20%	31.7	17.4	9.1	5.9

Source: Montega

Based on our calculations, Probonio may already generate an EBITDA contribution of EUR 4.5–6.9m with a 5% usage rate depending on the EBITDA margin generated. This corresponds to roughly 5.3–8.1% of Bikeleasing's EBITDA which we have projected for 2024. This would imply additional EUR 1.5–2.3m p.a. in cash earnings attributable to Brockhaus Technologies. Consequently, the free cash flow yield on the basis of today's EV would increase by 0.5–0.8pp. We consider a usage rate of 10–20% as realistic in the medium to long term. At the same time, we assume that Probonio can generate a gross margin in excess of 90%. As the relevant customer base is already available, activities in the initial phase should mainly include the management of incoming requests from Bikeleasing's customers followed by systematic and active upselling. The initial onboarding is expected to require more personnel than usual. However, we assume costs and effort for supervision to drop significantly thereafter. The churn should be low, as companies which initially introduce lunch allowances or benefits in kind are unlikely to cancel it within a few months or after a year.

We therefore believe that the "normalized" EBITDA margin is in the upper corridor of 55–85% but will probably be lower in the scaling phase. **It should be noted though that we expect Bikeleasing's customer base to increase consistently which also increases the potential for Probonio.** Furthermore, the product can also be sold independent of Bikeleasing. **It should also be mentioned that our forecasts do not include revenue from Probonio.** For instance, the final pricing may be adjusted contrary to our expectations. This means that Probonio is an "optionality".

Why Probonio has a perfect strategic fit

Taking a look at the strategic priorities of Bikeleasing we can conclude that the acquisition of Probonio does **not only have a positive impact on the strategic goal of integrating further benefits** but also **on all the other goal**s.

1. **Acquisition of as many new customers as possible:** In line with the transformation to a multi-benefit provider, Bikeleasing has an **essential USP and an even better value proposition** in comparison to all other competitors according to our information. As such, the company is likely to increasingly score points with major customers and win tenders at attractive conditions. It is true that industry leader JobRad has acquired a comparable company, Lofino, already in mid-2022, but so far it has not been integrated consistently in our view. Nor has the company changed its strategic competitive positioning to become a one-stop shop for employee benefits or has initiated a roll-out to the existing customer base. We therefore believe that the management continues to focus on company bike leasing. In our view, it really becomes evident here that Brockhaus Technologies adds value subsidiaries with its M&A and integration expertise. As mentioned above, we assume that Probonio is being integrated on all corporate levels at full speed and that it is intended to achieve a broader positioning as a one-stop shop and/or multi-benefit provider. This would lead to an essential USP and competitive advantage (at least temporarily) over JoRad from a customer's point of view.
2. **Increase in utilization rate of existing customers:** At present, Bikeleasing cannot directly approach the majority of the 3.4m onboarded employees (i.e. all employees which have not yet leased a bike). Bikeleasing rather depends on the responsible company representatives which announce and promote company bike leasing through various channels within the company. Having acquired Probonio and the corresponding benefit app, Bikeleasing now has a direct communication channel that can be used to directly promote company bike leasing. In this respect, Bikeleasing significantly benefits from Probonio's high take rate (regularly >90% of all employees) so that virtually all employees of the companies using Probonio can be directly addressed. The high take rate of over 90% within a company should also be reached in the future because of the high relevance of the benefits (primarily: lunch allowance, benefits in kind) and the direct savings for the employees. Probonio massively improves the targeting possibilities of employees who are working for the onboarded companies but do not have a company bike yet, which is likely to increase the rate of company bike users among existing customers.
3. **International expansion and incorporation of further employee benefits:** The acquisition could be a "go ahead" for an internationalization, as a couple of the benefits offered by Probonio are available in many other European countries. Consequently, Bikeleasing may start to onboard corporate customers in countries such as France, Spain or Italy and offer selected benefits that are admissible there. This is already very attractive on its own as it significantly broadens the TAM and generates high-margin recurring revenues. Going one step further, however, it can be assumed that other European countries will create similar tax regimes for company bike leasing which would put Bikeleasing in the pole position. The company would not only draw on local teams but also on a suitable customer base for an easy roll-out without classical customer acquisition costs.

The acquisition of Probonio proves that BKHT is not only able to acquire outstanding new technology companies but also to inorganically develop new and synergetic growth areas within the existing subsidiaries.

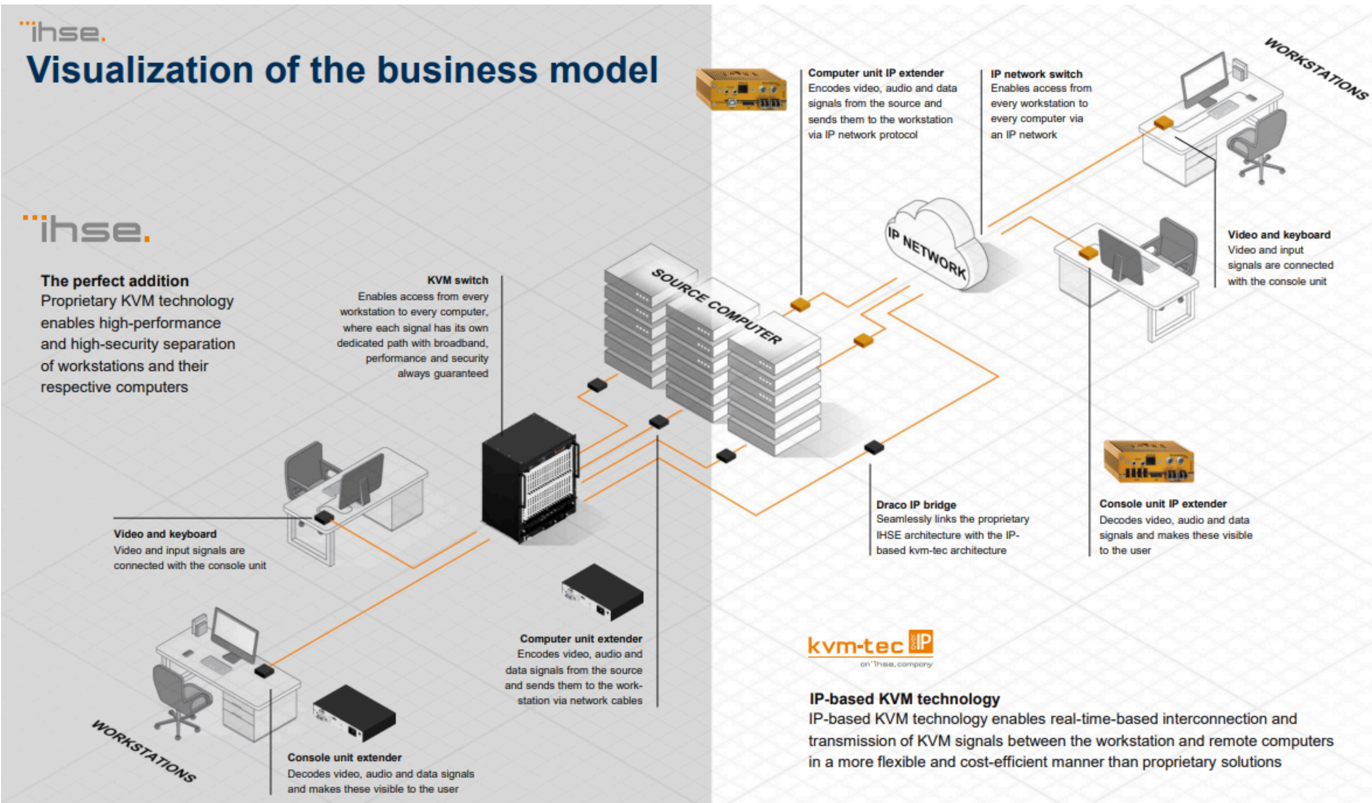
IHSE - Ideal hidden champion from the German mid-market

IHSE is a globally leading technology company specialized in KVM technology (KVM: keyboard, mouse, video). Basically, this is the transmission of audio or video data and other signals between servers and users. IHSE's products mainly provide for:

- High-security and encoded transfer of data and signals
- Bridging distances of up to 160 kilometers between servers and users while they reduce latency (period of delay between when a signal enters a system and when it emerges, e.g. keyboard input or mouse movements/clicks which usually begins after a few meters and is perceivable)
- Control of several computers from one workstation or control of a computer from several workstations

IHSE is positioned in the absolute **high-end segment of the KVM market**. The products therefore have a much higher performance, load capacity and security than standard products which are produced by dozens of providers. As IHSE products are often used in mission-critical situations, in which the safety of human life or large amounts of money is at stake, the company has to deal with the highest possible requirements from customers on a regular basis. A system failure during years of continuous operations, security gaps, latency or signal losses are no option for IHSE's customers which is why they are prepared to pay greater amounts of money. The company benefits from the fact that even high-end KVM technology only accounts for a small portion of a customer's total budget. For instance, the biggest individual order in the company's history (won in 2023) had a volume of ~EUR 7m and included the retrofit of an entire foreign aviation safety authority with over 1,500 workstations at 21 locations. This order also serves to demonstrate the benefit of a product: Going forward, air traffic controllers will be able to control 74% more airplanes simultaneously, while ensuring maximum security and performance, which leads to significant efficiency gains.

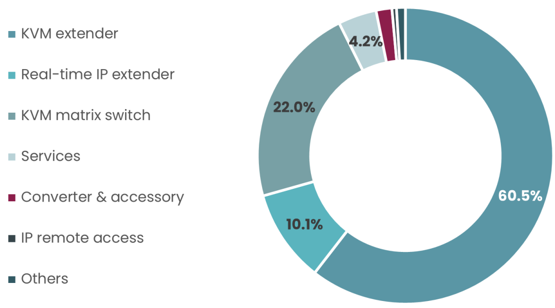
There are generally two different "types of KVM". The usual variant provides for data transmission via separated proprietary networks, while KVM-over-IP is based on the use of the IP network (Internet Protocol). Advantages vary depending on the type of application, with proprietary KVM technology mainly being used in typical mission-critical situation in any type of control center. KVM-over-IP solutions, in turn, are used by industrial customers or in broadcasting where implementation speed, flexibility and low costs are appreciated. The illustration below shows the two "types of KVM" (dark color left: proprietary; white color right: KVM-over-IP) and the necessary individual products (extender & switch). IHSE offers both technologies and recently has also developed hybrid KVM products which combine both types of KVM.



Source: Company

IHSE essentially sells two kinds of products: extenders (70.6% sales share in 2023) and switches (22.0% sales share in 2023). As the names imply, extenders are used at workstations or servers to encode or extend signals and data over distances of up to 160 kilometers, whereas physical or digital switches allow the control of several computers from one workstation and vice versa.

IHSE product mix 2023



Source: Company

IHSE attends to more than one dozen end markets and, in our view, has a much deeper market penetration than its closest peers, some of which are only focused on certain key industries. We have listed all end markets, including examples of applications and reference customers below.

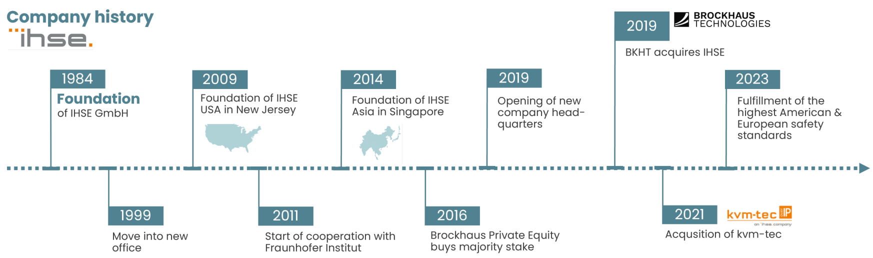
IHSE technology: high-performance, fast, trouble-free, highly safe

Vertical	Application	Reference
Film & television	Fast and high-resolution display and editing of video material.	HBO, ZDF, Sky Radio
Air traffic control / airports	Rapid data analysis, processing, and coordination for ground and taxiway traffic management.	Fraport, Jersey Airport
Government agencies	Error-free, secure, and fast data transmission during events, coordinated operations, and in cases of disasters or threats.	NATO command center, Antwerpen command vehicle
Industry	Immediate response to unexpected events, adaptation to complex environments, and prevention of data misuse.	Airport Frankfurt, NATO Air Operations Center
Maritime	System adaptation to complex requirements at sea.	Royal Caribbean Cruise Lines
Educational institutions	Fast data transmission and exchange capability across different devices.	EU-parliament Brussels, Royal Academy of Music
Culture / events	Integration of guests via personal devices.	The Crystal (London)
Banking	Access to a wide range of outsourced computers.	
Hospitals	Access to complex medical data and procedural applications.	St. George's Hospital, Children's hospital Wisconsin
Utilities and transportation	Processing, accessing, and monitoring large amounts of security-relevant data.	Sydney Trains Rail, Eiffage Energy
E-sports / gaming	Live presentations and broadcasting of various video and audio signals.	live-legends Berlin, Singapur Star Pac
Autonomous driving	Control, monitoring, and management of urban passenger transport networks.	Federal ministry of transport and technology

Source: Company, Montega

Development towards a sought-after innovation leader

Based in Oberteuringen in Baden-Wuerttemberg, the company produces and develops its products at its headquarters in Germany and is represented in eight other locations on three continents. At the end of 2023, the company had 152 employees, two third of which were in Oberteuringen.



Source: Company, Montega

Since its foundation in 1984, IHSE has been regarded as an innovation leader in the industry and has started a comprehensive internationalization strategy with the foundation of the US subsidiary as a JV. After the third Brockhaus PE fund invested in the company in 2016, IHSE acquired the remaining 50% of the shares in the US joint venture, pushed ahead the expansion in Asia and continued to develop the sales strategy.

At the same time, the management team was significantly expanded. The company also built and moved into new, much larger company headquarters with the aim to expand production capacities. After the majority acquisition by Brockhaus Technologies at the end of 2019, the important add-on acquisition of Austrian competitor kvm-tec was accomplished in 2021. Since its foundation in 2006, kvm-tec has exclusively been specialized in high-security, flexible IP-based KVM technology. **As IHSE traditionally comes from the area of proprietary KVM technology**, kvm-tec was an excellent fit in terms of technology and product. Additionally, IHSE gained access to the broad and partially complementary customers base of kvm-tec. At the time of acquisition (purchase price: EUR 10.2m) the company had 28 employees, generated revenue of EUR 4.1m, an almost double-digit EBITDA margin and a gross margin of c. 50% in 2021. We regard the transaction as a strategic make-or-buy decision and not as an acquisition that is exclusively motivated by financial purposes, as IHSE would otherwise have developed KVM-over-IP solutions itself over several years to be able to offer a seamless KVM product portfolio. kvm-tec has been almost fully integrated since the acquisition and has launched numerous product innovations (e.g. dovetailing the two types of technologies, so-called hybrid KVM solutions).

Alongside the acquisition of kvm-tec, compliance with the highest EU and US security standards (NIAP PP 4.0 & EAL4+) since end-2022 marks another milestone in the company's history. It opens significant business potential for IHSE in the highly profitable area of government & defense. Small sub-segments of the two sectors have already been addressed before, but critical infrastructure and certain areas in defense were excluded. In view of the current "defense boom" and the fact that apart from IHSE only one US manufacturer complies with the respective safety requirements, a monopoly should have been broken up here with IHSE becoming an appointed supplier for KVM technology as a German company in the EU.

High-end KVM market benefits from digitalization and cyber crime

As a global innovation leader in the high-end segment, IHSE has benefited from several megatrends for decades. This does not only include the progressing digitalization, which is used in more and more new areas of application in the industry, but also an ever-growing volume of data which must be coded, transferred and uncoded at high speed. The constant increase in cyber-crimes also leads to a growing need for high-security KVM systems among the customers of IHSE.

It is difficult to identify reliable market data as current market studies estimate the global market volume at between several hundred million USD and several billion USD depending on the source. Expected growth also varies strongly between low single-digit and double-digit growth rates. Brockhaus assumes that the total KVM market has a volume ranging from high triple-digit to almost four-digit million USD amounts. According to the company, the high-end segment which is relevant for IHSE accounts for only 25-33% of the total market and thus for up to EUR 200–250m.

In terms of competition, the market for standard KVM products is addressed by significantly more players than in the high-end area. We have identified only three major competitors in the latter, which Brockhaus also rates as relevant. These peers are: German-based Guntermann & Drunck, Adder Technology (UK) and Thinklogical (US). We have compiled the most important information about each of these competitors:

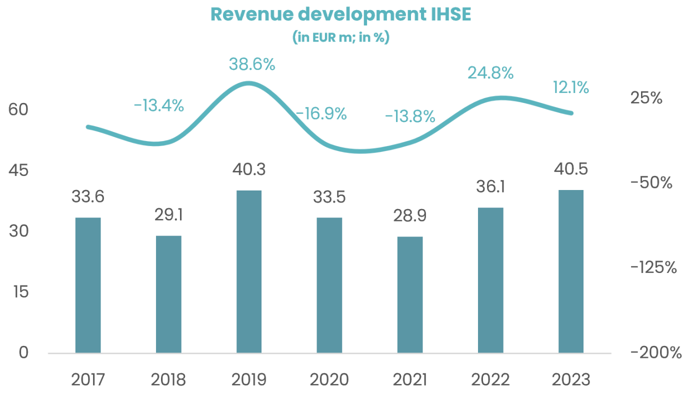
- **Guntermann & Drunck (G&D):** Founded in 1985, the company is one of the pioneers of KVM technology and offers proprietary and IP-based KVM products according to its own statements. G&D is also active in European countries outside Germany as well as in North America, where the company has a subsidiary. G&D was acquired by PE investor Borromin in July 2016, who sold the company some four years later, in December 2020, to French PE investor Naxicap (AuM: EUR 6.7bn). Naxicap has not carried out any larger acquisitions since then but only added a small provider of multi display managers in the medical area. An active M&A strategy is probably only applicable in related business areas because of the oligopolistic market structure. In addition, the company may expand its addressable industries since the last annual accounts of G&D had shown only four end market: **air-traffic control, maritime, broadcast and industrials**. According to the website, however, the company also addresses the oil & gas and defense industries. The CEO of more than ten years, who had already been Director Sales & Marketing since 2008, left the company in H2/23. An external CEO and G&D employee of many years has been appointed to the management board to build the new management team together with the current CFO.

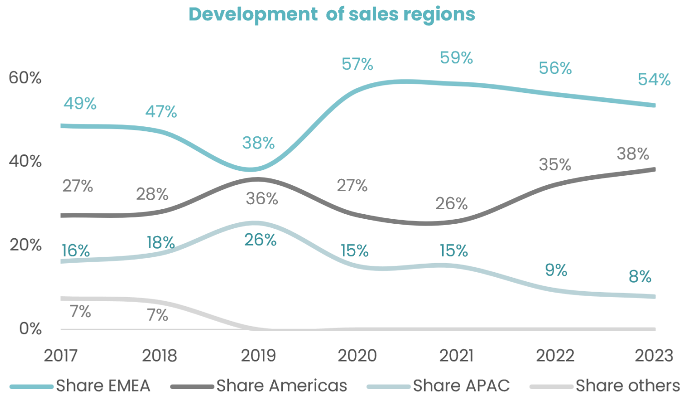
- **Thinklogical**: The company has been part of the listed US-American billion-dollar group Belden Inc since 2017 and accounts for an extremely small part of the group with revenue expected to be in the medium double-digit million range. The current annual report does not provide information on subsidiary Thinklogical or KVM technology in general. Unlike IHSE, Thinklogical is **focused on proprietary KVM technology and exclusively supports the verticals government & defense, media & entertainment and critical infrastructure**. As mentioned above, Thinklogical was a monopolist until end 2022 in relation to many government & defense as well as infrastructure projects. We consider these markets to be extremely profitable and highly attractive. Even though no current financial figures are available for Thinklogical, basic data of fiscal year 2016 was made available in the context of the acquisition by Belden, which paid some USD 160m for 100% of the shares to PE investor Riverside Capital at the beginning of 2017. In 2016, Thinklogical generated revenue of USD 51m, EBITDA of USD 17m and net profit of USD 12m. Based on these figures, the purchase price multiples of the Thinklogical (EV/EBITDA: 9.4x) and IHSE transactions (EV/EBITDA: 9.6X) are almost identical.
- **Adder Technology**: The British company is focused **exclusively on IP-based KVM technology** and is globally represented with ten offices. Similar to IHSE, Adder also addresses many different industries including air-traffic control, government & defense, industrial, media, transport, health care and energy. According to own statements, the company has its own product line for the government & defense market. The company is managed by the founder.

In conclusion, Thinklogical and Adder are focused on only one type of technology and thus have a much more restricted product portfolio. Thinklogical is the most specialized competitor with a high industry focus. Conversely, G&D offers both types of KVM but only addresses selected end markets, in our view, and does not have the important security certifications to participate in corresponding tenders. We therefore believe that IHSE has the broadest product portfolio on the market and a very high market penetration.

Done with Covid: Sustainable growth expected at record levels

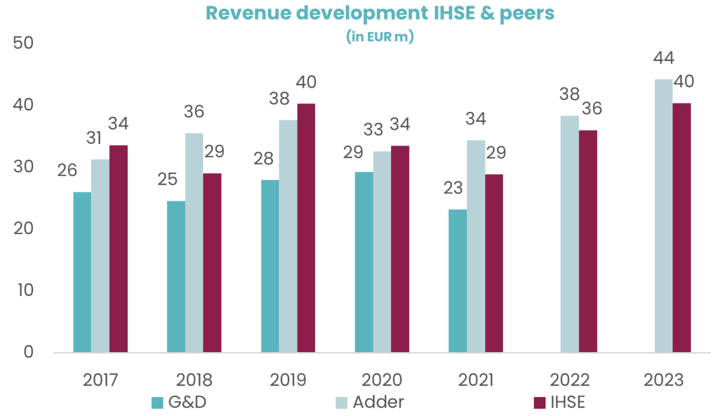
IHSE's revenue has grown by an average of 13.2% p.a. between 2009 and 2023. Growth has never been linear because of the strong project character of the customer orders but has always fluctuated - but with a clear upward trend. As the chart below shows, the company has grown significantly in the years before Covid-19 but suffered from sales losses thereafter in consequence of the Covid crisis. This was aggravated by decoupling tendencies of the Chinese customers, as a result of which virtually the whole China business was lost, which should have accounted for roughly 10–20% of revenue. After two declining years during Covid-19, IHSE boosted sales organically and with the acquisition of kvm-tec (revenue in FY 2021: EUR ~4.1m). Taking a look at the sales regions we can observe a decreasing significance of the Asian regions and a very positive business development in the USA which is likely to be accelerated in the medium term in the wake of new business opportunities in government & defense.





Source: Company

When comparing the sales development of IHSE with that of its major peers, we can see a slightly lower volatility but also a strong decline during the Covid-19 pandemic. G&D has already developed less dynamically before 2020, while Adder which is specialized in KVM-over-IP solutions is expected to also have benefited from the trend towards IP-based solutions and has increased revenue even stronger than IHSE. Detailed financial data are not available for Thinklogical. Measured by revenue in 2016 (USD 51m) the company held the largest market share even after currency conversion.

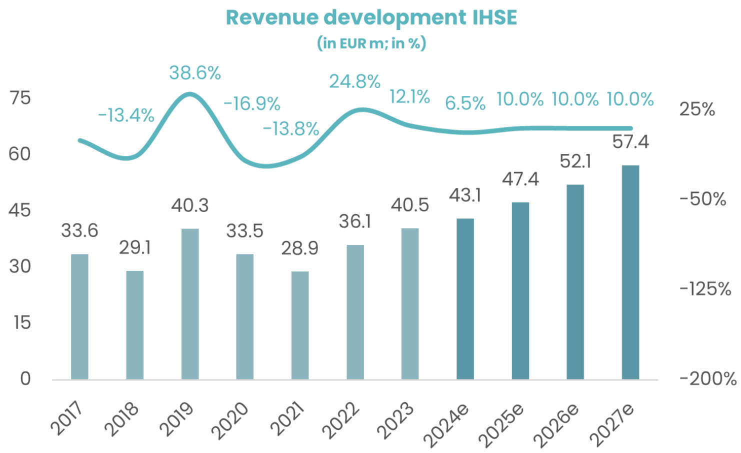


Source: Company, CapitalIQ, Bundesanzeiger

We expect the current growth trends to continue in the next few years with revenue expected to decline in individual years. As the order backlog usually covers three months or less, there is only little visibility on the short-term revenue development. In 2024, we anticipate revenue of 6.5% yoy and an average CAGR of 10% in the subsequent years. This assumption is mainly based on the following aspects:

- Development of government & defense verticals on grounds of the security certifications the company has received. Management estimated a market volume of c. USD 55m. We assume that IHSE can gain a market share of at least 20–30% in the next years, which would lead to additional annual sales potential of c. USD 10–15m. In this respect, the dual source approach should also help. It is pursued by default for risk reasons but could not be implemented historically due to a lack of providers.
- **Progressing automation** across all industries and the **growing connectivity** in private and public areas (e.g. smart cities) will require much more control rooms in the future, in which IHSE is present with its products and fulfils the constantly growing security **requirements**. Whilst historically control rooms were widespread in air-traffic control or broadcasting, we also find them in the fabs of semiconductor producers today. Developments such as autonomous driving, where IHSE is already represented today, also require high-end KVM products.
- Tapping additional markets, especially in the Asian (ex China) and Middle East growth regions.

Accordingly, IHSE is likely to reach a sales volume of EUR 57.4m by 2027, corresponding to an increase of EUR 16.9m compared to 2023. Thanks to the larger new headquarters which have been home to the company since 2019, IHSE **has substantial unused production capacities, which we believe allows a sales volume of at least EUR 60–70m without major CAPEX**. What is more, the recent automation measures in production do not only have a positive impact on production costs but also on the maximum production capacity. As part of the scheduled two-week production stop, revenue dropped by 12.5% yoy to EUR 7.3m in Q1/24, with the prior year being positively impacted by a large-scale order. As the business is highly volatile, one quarter cannot be treated as a run rate for the whole year. The order backlog of IHSE was EUR 5.1m at the end of March 2024 and rose to EUR 8.2m by the end of April. Having obtained certification, the company received additional orders from customers and institutions with the highest security levels, which confirms our estimation above.

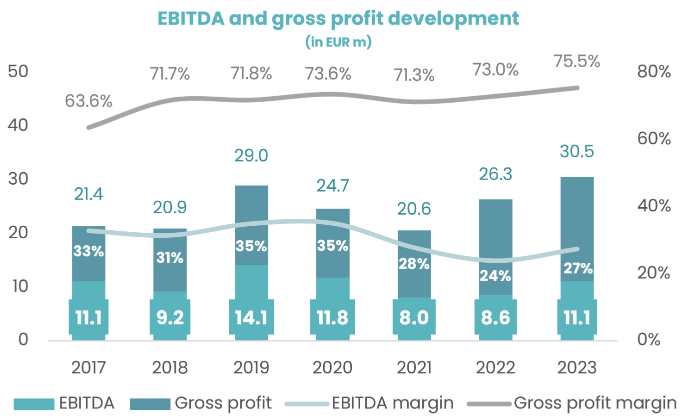


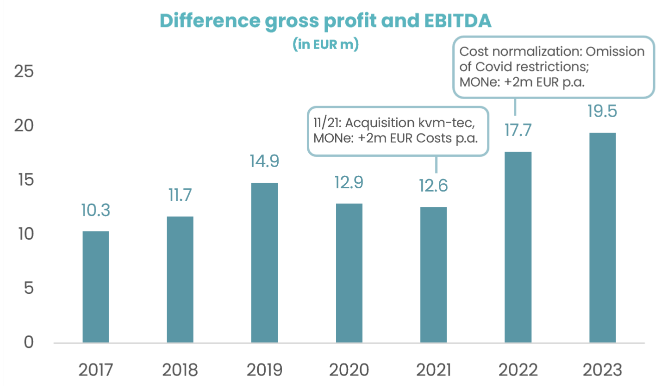
Source: Company, Montega

High gross margins and cost discipline enable return to historical EBITDA margins

IHSE generated high EBITDA margins of up to 35% in the past thanks to its excellent position in an attractive market niche. A high gross margin is the origin here, which has consistently been above 70% since 2018 and recently increased to 75.5%. We view this as evidence for our assumption of a high existing pricing power and the high product and management quality. Sourcing and components used are optimized on an ongoing basis which positively contributes to the gross margin.

The charts below show IHSE's gross profit and EBITDA contributions incl. margins. On the right side, we have also depicted the development of the "operating costs" below the gross profit, which represent the total personnel expenses and OOE minus OOI.





Source: Company, Montega

As can be seen in the left chart, IHSE generated EBITDA margins in excess of 30% in the FY from 2017 until 2019 and prepared the company for the next growth level with a relocation to new, much larger headquarter and an increase in headcount by c. 25%. Instead of growth IHSE was hit by Covid-19 in 2020, which adversely affected the order book despite a diversified end customer structure. Management strategically decided against personnel cutbacks and continued to invest in process improvements, certifications and R&D to further expand business with a powerful team and cutting-edge products during the economic upswing.

Although savings were made this initially led to losses in margin (of 35% in 2020 to 28% in 2021 and 24% in 2022), which had been even higher because of the acquisition of kvm-tec given that the company generated lower gross and EBITDA margins than IHSE. In line with a growing sales volume in 2023 the margin recently climbed to 27%.

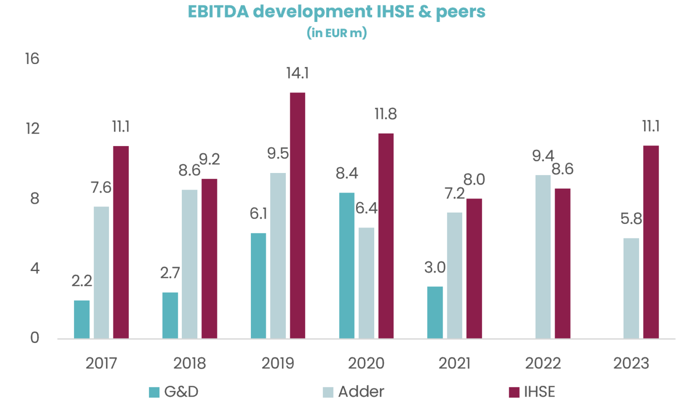
As can be seen in the upper-right chart, the operating expenses grew only slightly between 2017 and 2021 which should be attributable to the higher headcount. The increase to EUR 17.7m in 2022 was mainly driven by the acquisition of kvm-tec which accounts for costs of at least EUR 2m in our view. Additionally, travel and trade fair activities have returned to normal after elimination of Covid-19 restriction which should also have increased other expenses.

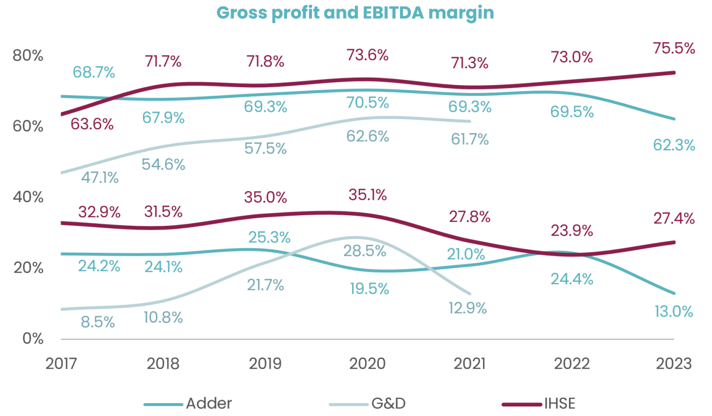
Personnel expenses account for the largest cost item in operating costs. The high research and development intensity of the business also has an impact here, as almost one fourth (34 of 152 employees) of the staff was employed in R&E in 2023. In the last years, IHSE has significantly expanded its R&D activities and has more than doubled the number of R&D employees since 2020 both organically and through the acquisition of kvm-tec (from 14 to 34).

In total numbers, IHSE has increased its headcount by roughly one fourth between 2017 and 2020 from 100 to 125 employees. On an organic basis, the number of employees has been constant since 2020 (c. 125) and only the kvm-tec employees were added, of which a significant part is active in development.

We assume that IHSE will recruit a couple of new employees in the medium term, especially in sales and marketing and with the opening of new local teams. However, this should be done in line with the business development and thus lead to an almost constant personnel expense rate. Other expenses, which include travel and trade fair costs, should remain almost constant in relation to revenue.

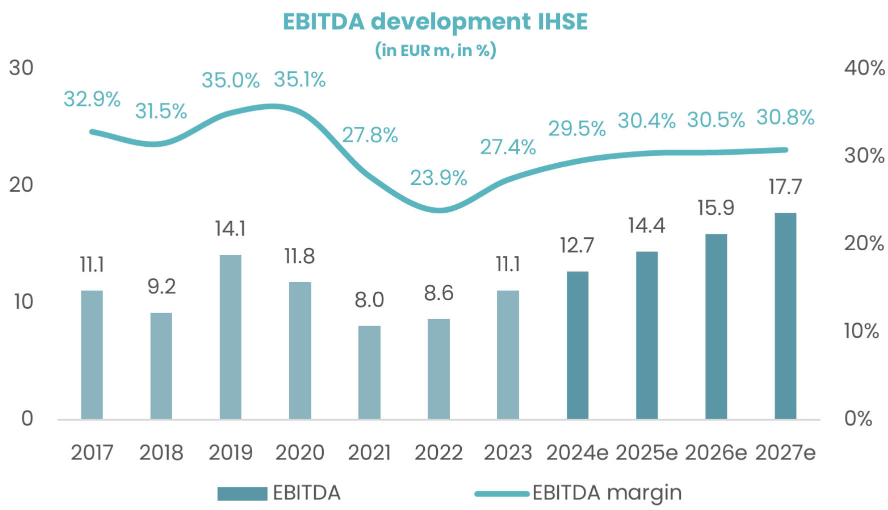
When comparing the margin profiles of IHSE with those of the relevant peers it becomes clear that **IHSE has enjoyed best-in-class margins since at least 2017**. Competitors usually do not reach constant gross margins in excess of 70% nor EBITDA margins in excess of 25%. G&D has the lowest margins but has seen a continuous increase until 2020. The figures of competitor Adder Technology suggest strong discounting recently, which points at revenue to the detriment of profit in our view. Our view is based on the strong revenue growth from EUR 38m to EUR 44m whilst the gross margin has dropped from 69.5% to 62.3%. However, this may also be due to a significantly deteriorated product mix. US competitor Thinklogical generated an EBITDA margin of ~33% in 2016, which is hardly surprising in view of extremely profitable end markets and the character of a monopoly.





Source: Company, CapitalIQ, Bundesanzeiger

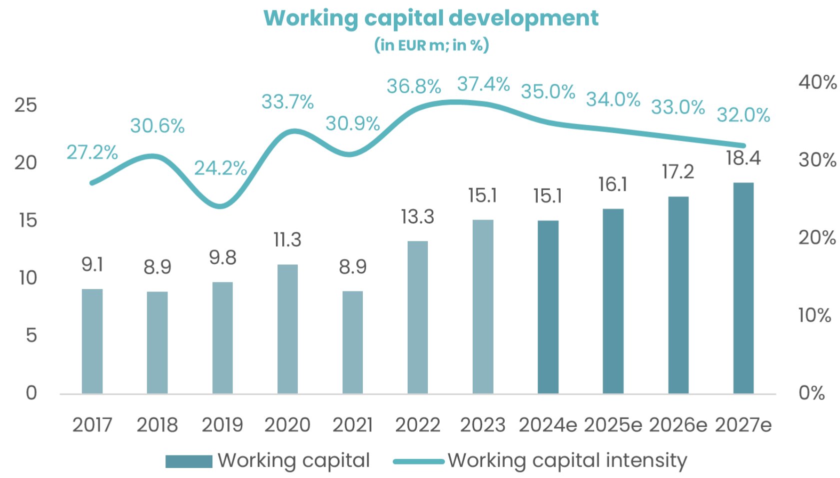
Based on the cost and revenue development above we expect the following earnings development. We would like to point out once more that we work with through-the-cycle revenue and margins because of the low visibility and high volatility. As a consequence, IHSE's top and bottom lines will be above or below our estimates in individual years. This means that we expect IHSE to regularly generate the historic record margins of 35% but also achieve margins of below 30%.



Source: Company, Montega

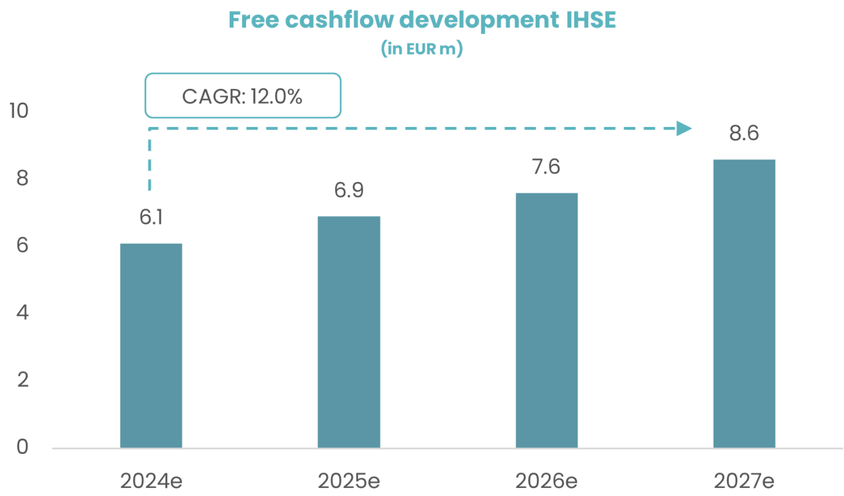
Lower CAPEX and normalized working capital intensity lead to high free cash flows

As IHSE has a sufficient level of production capacities also in the medium term thanks to its new headquarters since 2019 and the business model requires only low investments given that R&E costs run through the P/L, we do not expect significant CAPEX (MONe: 2.9% of revenue) in the medium term either. The working capital intensity of IHSE, which can strongly fluctuate due to the project business, currently has reached a peak of 37.4% and is likely to gradually reach its historical average level (c. 30%). The recent increase in the working capital rate should mainly be attributable to a comparatively high inventory of consumables, supplies and goods.



Source: Company, Montega

Assuming a 30% tax rate and applying our estimates of CAPEX, EBITDA and working capital development, we arrive at the following free cash flow in the next few years. The compound annual FCF growth rate is 12.0%.



Source: Montega

Balance sheet characterized by M&A strategy and leasing business model

In the first instance, the balance sheet structure of Brockhaus Technologies AG reflects the M&A strategy and the leasing business model of subsidiary Bikeleasing. At second glance, it reveals the non-capital-intensive nature of the business model.

The asset side is mainly characterized by high intangible assets (EUR 356.6m, 53.5%), over 60% of which are goodwill resulting from the company's acquisitions. The remaining intangible assets are almost completely related to PPA assets such as customer relations, brands, distribution rights and basic technology (EUR 130.5m) which are written off with various maturities and also resulted from acquisitions.

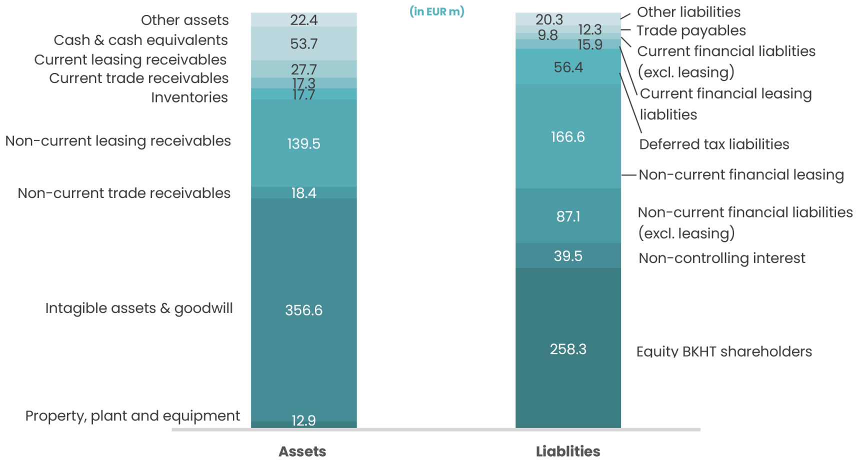
Current and non-current lease receivables (EUR 167.2m, 25.1%) make up the second largest item. They are attributable to subsidiary Bikeleasing and arise when contracts are not sold to third parties but, for instance, refinanced through loans. The latter are recognized on the liabilities side as financial liabilities from lease refinancing and amount to EUR 176.2m (26.5%).

Property, plant and equipment of EUR 12.9m account for only 1.9% of the balance sheet total, of which right-of-use assets for buildings, machinery and operating and office equipment make up roughly two third.

Most of the current trade receivables (EUR 17.3m) and all non-current receivables (EUR 18.4m) are related to Bikeleasing and include insurance premiums which are received monthly over the leasing term. Inventories account for EUR 17.7m or 2.7% of the balance sheet total with leasing returns making up EUR 6.8m and raw materials & consumables EUR 8.8m (MONe: IHSE). EUR 2.2m are attributable to (un)finished goods. The other assets to the tune of EUR 22.4m mainly include the earn-out from the sale of Palas (EUR 8.9m).

The liabilities side of the consolidated balance sheet is mainly characterized by equity (equity rate: 44.7%) and the non-controlling interests included therein (EUR 39.5m). Non-current and current loans of EUR 103.0m (15.5%), which also include acquisition loans of Bikeleasing and IHSE, are another major balance sheet item. Deferred taxes of EUR 56.4m are related to M&A transactions and will reverse over the next few years. Furthermore, there are trade payables of EUR 12.3m, most of which relate to Bikeleasing, as well as other liabilities of EUR 20.3m.

Balance sheet structure 31.12.2023

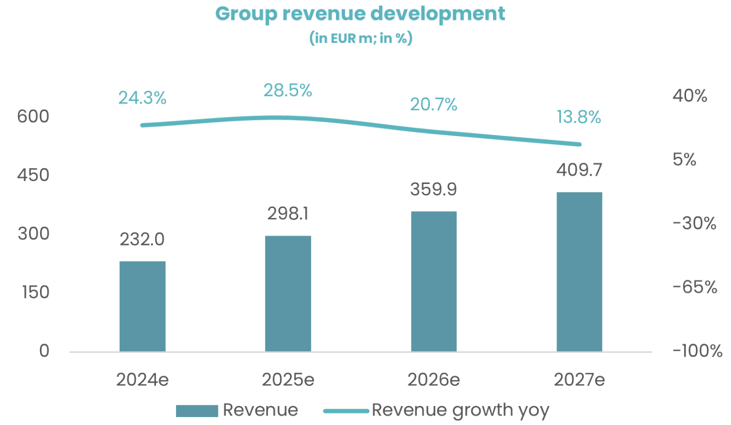


Source: Company

Considerable increase in consolidated income and scaling of holding costs expected

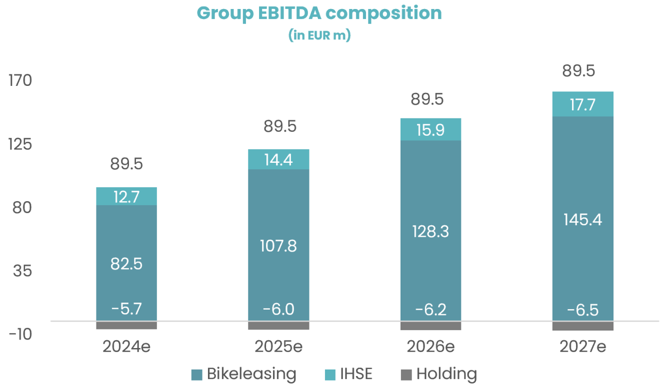
After we have dealt with our expectations of the operating development of the two subsidiaries, we only need to forecast the future holding costs. The holding has consistently employed only 10 or 11 people since its IPO (two of which management) and personnel expenses remained nearly constant at EUR 3.6–4.0m. In the past, other expenses accrued for rents, preparation of financial statements, consulting and similar services in the amount of EUR 1.1–3.4m. We do not expect the company to significantly increase personnel in the future and assume an inflation-based increase in salary of 5.0% p.a. Based on the other costs we assume that normalized expenses (ex M&A related costs) should currently amount to EUR 1.5m. Since we do not model any M&A transaction, we expect costs to increase by 3.0% p.a. starting from EUR 1.5m.

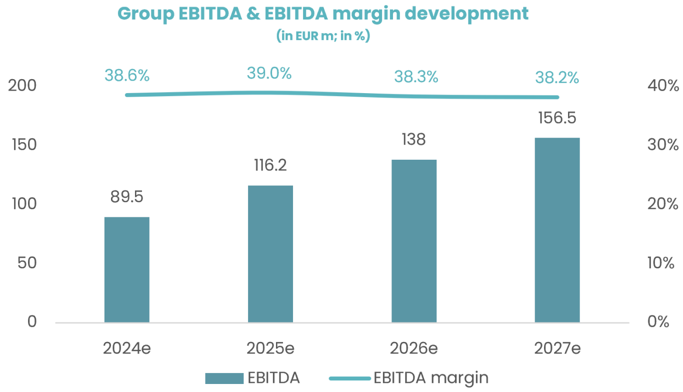
Based on the sales and earnings development of the two subsidiaries outlined above, we expect the group's top line to develop as follows in the next years:



Source: Montega

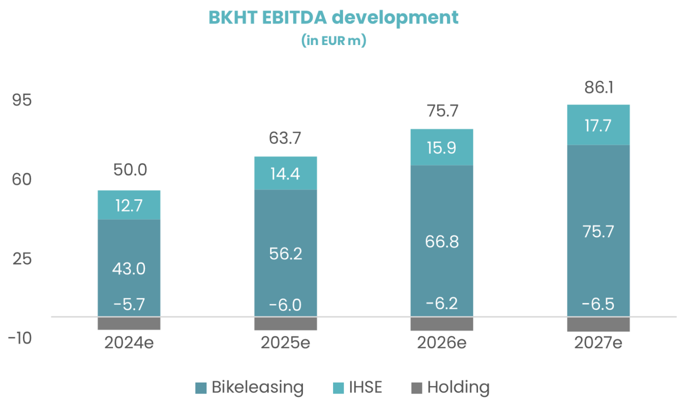
We also expect EBITDA to increase substantially in the next few years, mainly driven by Bikeleasing. The EBITDA margin is seen to slightly drop in the medium term because of the disproportionate increase in revenue from recovery at Bikeleasing, which has a comparatively low gross margin.





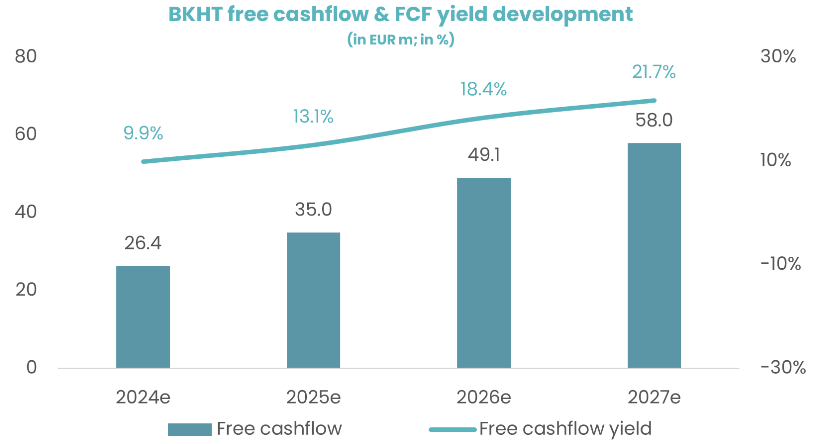
Source: Montega

As a result, **EBITDA attributable to BKHT** will also increase substantially.



Source: Montega

At the level of free cash flows, we assume an annual full distribution of the minorities, as anticipated, in subsidiary Bikeleasing. We expect the free cash flow attributable to Brockhaus Technologies to grow significantly in the next few years, despite high CAPEX in 2024 and 2025 for a software project and the construction of a new building for Bikeleasing as well as an increase in working capital. The current free cash flow yield on the basis of our calculations of the EV is 9.1% and is expected to grow to 19.7% by 2027.

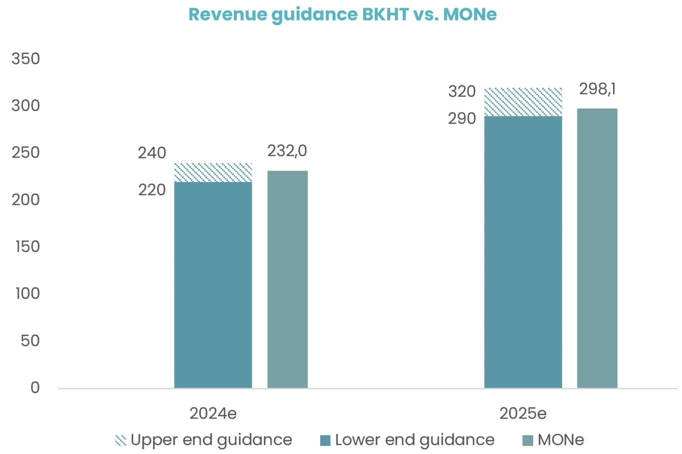


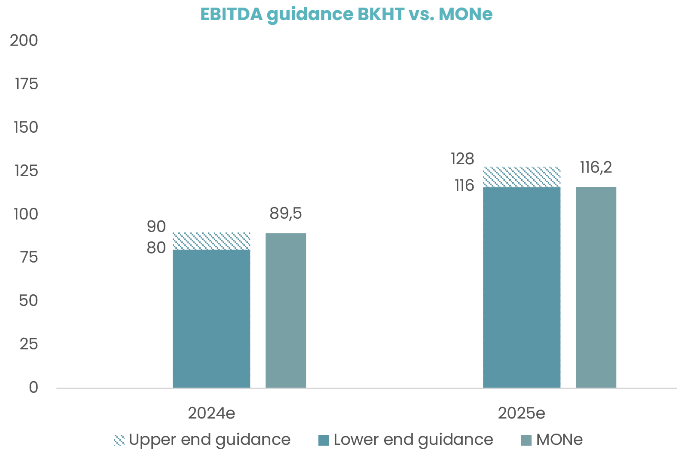
Source: Montega

2024 guidance & mid-term forecast of Brockhaus Technologies

The company's current guidance for 2024 includes an increase in revenue by 18–29% yoy to EUR 220–240m and adjusted EBITDA of EUR 80–90m. This means that BKHT expects EBITDA to increase disproportionately by 29–45% yoy. This range implies an EBITDA margin of 33.3–40.9%. We anticipate 2024 consolidated revenue of EUR 232.0m and EBITDA of EUR 89.5m and thus expect the company to reach the upper half respectively upper end of the guidance. In mid-2023, Brockhaus has also published a 2025 mid-term guidance. Accordingly, revenue is expected to grow to EUR 290–320m at an adjusted EBITDA margin of 40%. In line with that, the adjusted group EBITDA should be EUR 116–128m.

We expect **Brockhaus Technologies to deliver** on its mid-term guidance both in terms of top and bottom line and **without acquisitions, an entry into additional countries by Bikeleasing and without contributions from Probonio**. The factors above therefore provide further upside.





Source: Company, Montega

Conclusion

Brockhaus Technologies currently offers the unique opportunity to acquire a highly profitable company with an expected annual earnings growth at double-digit rates at a single-digit EV/EBITDA multiple and an almost double-digit free cash flow yield for the current year. The two subsidiaries are active in attractive growth markets and have a promising competitive situation. The management holds c. 30% of the shares and thus is incentivized in the long term and in line with the shareholders. Furthermore, Brockhaus pursues a proven, disciplined M&A strategy and has had a good PE track record for decades.

SWOT

The future business success of Brockhaus Technologies primarily depends on the M&A strategy and the operating development of Bikeleasing. This is why these factors represent both the greatest opportunities as well as the greatest risks. We see the greatest strengths of Brockhaus in the high business quality of the two subsidiaries and the high M&A expertise of the management. The greatest weaknesses are seen to be the company's complex accounting and the high volatility in sales and earnings of subsidiary IHSE.

Strengths

- High M&A expertise of the management
- High business quality of the two subsidiaries
- Bikeleasing: No churn and therefore high customer lifetime value
- Common interest of shareholders and management due to insider ownership of c. 30%

Weaknesses

- Low market capitalization and low trading volume
- Complex accounting due to leasing business and high level of minorities
- IHSE: Business performance characterized by low visibility and high volatility

Opportunities

- Implementation of further value-adding acquisition
- Bikeleasing: Internationalization potential due to entry into further European markets
- Bikeleasing: Roll-out of other employee benefits to existing customer base
- IHSE: Breaking up of an existing monopoly in government & defense

Risks

- Implementation risks associated with M&A strategy (overpay risk, DD risk amongst others)
- Bikeleasing: End of 0.25% tax regulation at the end of 2030
- Bikeleasing: Increasingly fierce price wars by other competitors

Valuation

We have valued Brockhaus Technologies AG with the help of a DCF model, whose assumptions are shown below. To this end, we have produced detailed forecasts of the two subsidiaries because of their heterogeneous business models and estimated the holding costs which are included in the model. We have looked at similar transactions to verify the plausibility.

DCF model

The DCF model reflects the positive medium-term top line development of the group, which should be driven by both subsidiaries. We consider revenue growth in the double-digit percentage range to be feasible in the medium term given the strong underlying trend. Bikeleasing is expected to grow disproportionately. To determine the terminal value, we have used a long-term growth rate of 2.0%.

Despite the clearly defined and elemental M&A strategy our planning only takes account of the organic growth potential of Brockhaus. However, we assume that the company will continue to acquire companies which will contribute to a scaling of the holding costs and a further diversification of the technology group.

On the bottom line, we expect a clear improvement in 2024 owing to the acquisition of the sales agencies in 2023 as well as an increase in the number of brokered bikes. We expect the company to deliver double-digit earnings growth in medium term as well. This will be driven by IHSE, on the one hand, which is increasing EBITDA to historic levels of more than 30% as revenues rise. On the other hand, the growing business volume of Bikeleasing should lead to significant increases in earnings despite slight changes in the revenue mix. These are due to a mid-term disproportionate increase in revenue from recovery, which should result in a certain dilution of the EBITDA margins. Furthermore, the full repayment of the remaining acquisition loan of Bikeleasing (interest in 2023: EUR 4.4m) and the continuous scaling of the holding costs will have a positive impact on the earnings development of Brockhaus.

We expect the working capital rate to decline slightly which leads to a build-up of working capital of c. EUR 10m p.a. in view of the forecast growth. Given that IHSE and Bikeleasing both have very low CAPEX requirements for their further growth (c. 1–3% of consolidated revenue) and that lease payments are also very low (<EUR 2m p.a.), Brockhaus has an attractive free cash flow conversion despite its strong growth and will generate significant free cash flows in the next few years. These are expected to be used for further acquisitions as well as for opportunistic share buybacks and continuous dividend payments. The fact that we have assumed a full distribution of the Bikeleasing profits attributable to the minority shareholders is very important for the fair value determined by the DCF valuation. This means that our DCF model only includes the free cash flows attributable to Brockhaus Technologies which reflects the economic reality.

The beta of 1.4 reflects the company's holding character, the low liquidity of the shares as well as the operating and strategic implementation risks. We assume a risk-free yield of 2.5% on the basis of long-term fixed-rate securities. The market yield is assumed to be 9.0%, which results in a market risk premium of 6.5%. The assumption of a long-term debt ratio of 25% (without taking account of IFRS 16 liabilities) and cost of debt of 6.5% leads to WACC of 9.92%.

The DCF model results in a fair value per share of EUR 70.98 for Brockhaus Technologies AG.

DCF Model

Figures in EUR m	2024e	2025e	2026e	2027e	2028e	2029e	2030e	Terminal Value
Sales	**232.0**	**298.1**	**359.9**	**409.7**	**466.4**	**531.6**	**590.2**	**602.0**
Change yoy	24.3%	28.5%	20.7%	13.8%	13.8%	14.0%	11.0%	2.0%
EBIT	**65.8**	**91.9**	**114.8**	**136.1**	**155.3**	**176.2**	**194.9**	**180.6**
EBIT margin	28.4%	30.8%	31.9%	33.2%	33.3%	33.1%	33.0%	30.0%
NOPAT	**46.1**	**64.3**	**80.4**	**95.3**	**108.7**	**123.3**	**136.4**	**126.4**
Depreciation	**23.7**	**24.3**	**23.2**	**20.4**	**18.1**	**18.1**	**18.7**	**7.2**
in % of Sales	10.2%	8.2%	6.4%	5.0%	3.9%	3.4%	3.2%	1.2%
Change in Liquidity from								
- Working Capital	**-7.6**	**-11.7**	**-10.9**	**-8.9**	**-11.2**	**-12.2**	**-10.8**	**-2.3**
- Capex	**-11.1**	**-9.3**	**-4.9**	**-5.2**	**-5.6**	**-6.4**	**-7.1**	**-7.2**
Capex in % of Sales	4.8%	3.1%	1.3%	1.3%	1.2%	1.2%	1.2%	1.2%
Other	**-24.7**	**-32.8**	**-38.7**	**-43.5**	**-48.3**	**-53.1**	**-57.5**	**-50.7**
Free Cash Flow (WACC model)	**28.4**	**37.0**	**51.1**	**60.0**	**63.6**	**71.8**	**81.8**	**75.4**
WACC	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%
Present value	28.0	33.1	41.7	44.6	43.1	44.2	45.9	478.2
Total present value	**28.0**	**61.1**	**102.8**	**147.4**	**190.5**	**234.7**	**280.6**	**758.7**

Valuation	
Total present value (Tpv)	758.7
Terminal Value	478.2
Share of TV on Tpv	63%
Liabilities	74.1
Liquidity	42.6
Equity value	**727.2**

Number of shares (mln)	10.4
Value per share (EUR)	**70.8**
+Upside / -Downside	**185%**
Share price	**24.90**

Model parameter	
Debt ratio	25.0%
Costs of Debt	6.5%
Market return	9.0%
Risk free rate	2.5%

Beta	1.4
WACC	9.8%
Terminal Growth	2.0%

Growth: sales and margin		
Short term sales growth	2024-2027	20.8%
Mid term sales growth	2024-2030	16.8%
Long term sales growth	from 2031	2.0%
Short term EBIT margin	2024-2027	31.1%
Mid term EBIT margin	2024-2030	32.0%
Long term EBIT margin	from 2031	30.0%

Sensitivity Value per Share (EUR) **Terminal Growth**

WACC	1.25%	1.75%	**2.00%**	2.25%	2.75%
10.34%	62.67	64.95	66.20	67.52	70.43
10.09%	64.64	67.10	68.45	69.88	73.03
9.84%	66.74	69.39	**70.85**	72.40	75.82
9.59%	68.97	71.83	73.41	75.09	78.82
9.34%	71.33	74.44	76.15	77.98	82.05

Sensitivity Value per Share (EUR) **EBIT-margin from 2031e**

WACC	29.50%	29.75%	**30.00%**	30.25%	30.50%
10.34%	63.87	64.46	65.06	65.66	66.26
10.09%	66.01	66.63	67.26	67.89	68.51
9.84%	68.29	68.94	**69.60**	70.26	70.91
9.59%	70.72	71.41	72.10	72.79	73.48
9.34%	73.32	74.04	74.77	75.49	76.22

Source: Montega

Similar Transactions

Alongside the DCF model, comparable transactions can also be used for the determination of the fair price. We have conducted an analysis to verify the plausibility.

Similar transactions Bikeleasing

Although several acquisitions have been made in the competitive environment of Bikeleasing in the last years, purchase price and financial figures are only known for one PE deal. The Netherlands PE investor Rivean Capital (europ. mid-market with 5bn AuM) acquired the holding of Company Bike and Mein Dienstrad, the two company bike leasing providers, in mid-2023. According to several media articles citing people familiar with the deal, the valuation was c. EUR 250m which leads to a sales multiple of 1.8x. The holding was sold by Deutsche Private Equity. The target was said to have generated revenue of EUR 140m in 2022 with c. 200 employees. This should have been based on revenue under the German Commercial Code, which also includes the sales prices of the brokered bikes. As the sales prices of the brokered bikes are not recognized in revenue under IFRS accounting, we have to estimate revenues under the German Commercial Code for Bikeleasing to translate the valuation multiple. Based on the financial statements of JobRad we determine that bike prices account for some 90% of total revenue. As the number of brokered bikes and the average prices of Bikeleasing are known, we can calculate the total price of the brokered bikes. It was EUR 616.2m in 2023. When assuming that the total price of the brokered bikes also accounts for 90% of revenue, analog to competitor JobRad, the approximate revenue under German Commercial Code is EUR 685m. Applying the same sales multiple of 1.8x would result in a value of EUR 1.2bn for Bikeleasing, so that the 52% stake of Brockhaus would have a value of EUR 642m.

Similar transactions IHSE

Thinklogical, the direct US-American peer, was sold by PE investor Riverside Capital to Belgium-based corporation Belden for a price of c. USD 160m at the beginning of 2017. In 2016, Thinklogical generated revenue of USD 51m, EBITDA of USD 17m and net profit of USD 12m. Based on these figures, the purchase price multiple of 9.4x EV/EBITDA is almost identical to the multiple paid by Brockhaus Technologies for IHSE (EV/EBITDA: 9.6x). Based on our EBITDA expectation for 2024 of EUR 12.7m, IHSE would be valued at c. EUR 119.3m. It is not known whether the purchase price paid for Thinklogical has been the enterprise value or the equity value. If it has been related to the enterprise value, we would have to deduct IHSE's net debt from the determined value. We believe it was c. EUR 20m at the end of 2023, which implies an equity value of c. EUR 100m.

Company Background

Brockhaus Technologies (BKHT) is a German technology group which, following the example of US-American Roper Technologies, is specialized in the acquisition and further development of scalable B2B technology and innovation champions with sustainable competitive advantages, strong margins and high growth potential. CEO, founder and major shareholder Marco Brockhaus has successfully pursued this M&A strategy for over 20 years in the context of private equity funds (two issued and one advised by him) with a total volume of c. EUR 300m. These funds generated IRR in the high double-digits of 23%, 26% and 33% and were getting better with every fund generation. Today's COO Dr. Marcel Wilhelm and the current CFO Harald Henning had already partnered with Marko Brockhaus in the context of the PE funds and also played a decisive role in the success of the funds. Today's Brockhaus Technologies was established to create a vehicle with a **permanent capital base and without exit pressure**. As such, the management is not obliged to sell companies after only a few years or at the end of the fund's life but can sell them on the basis of pure economic considerations and hold them as long as desired.

The M&A strategy outlined above and the investment focus fundamentally deviate from the approach of all of the other listed investment companies in Germany. These companies are mostly specialized in industrials growing at single-digit rates, with single-digit EBIT margins or turnaround situations.

For this reason, the Brockhaus case should be assessed on two levels:

The potential of the two existing portfolio companies, Bikeleasing and IHSE

The potential arising from the disciplinary, proven and value-adding M&A strategy

Brockhaus has reduced its debts almost entirely in the last years and is seen to have a financing power of c. EUR 150m given the self-imposed maximum financial leverage of 2.5x net debt/EBITDA. Overall, the Brockhaus management does not only seem to have a clear focus on capital allocation, but also the necessary expertise and a sophisticated strategy, which builds the basis for further value-adding M&A transactions.

Segment overview

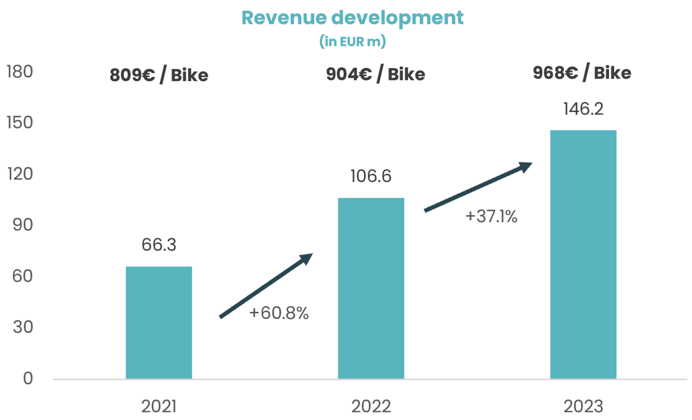
Financial Technologies segment (sales share in 2023: 78%)

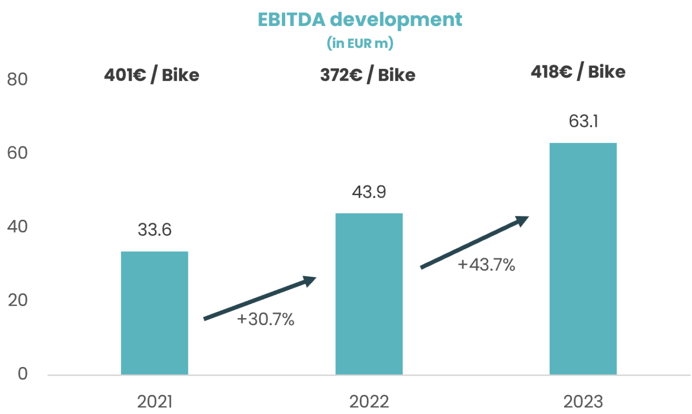
Bikeleasing (acquisition end-2021) is a **broker of employee benefits and has a predominantly commission-based business model**. Bikeleasing is currently still focused on company bike leasing (second largest provider in GER with a market share of ~25%) but is expected to offer roughly one dozen other benefits from H2/2024. The young company bike leasing market is characterized by strong momentum and high double-digit growth rates. The business model is extremely scalable thanks Bikeleasing's highly automated digital platform, which generates high gross margins and is the key element. Furthermore, the business model is not capital-intensive and hardly requires any investments, which also allows for internal financing in a high growth scenario and at the same time leads to significant free cash flows.

What is company bike leasing? Compulsorily insured employees can obtain a company bike from Bikeleasing under a salary conversion model (and a transfer agreement), which they can also use privately without any constraints, and which is paid off over 36 months (Austria: 48 months. In accordance with the 1% regulation for cars, Germany has adopted the advantageous 0.25% regulation for company bikes in 2019. This regulation will be in force until the end of 2030 and means that employees usually **save between 30% and 40% compared to the traditional purchase of a bike** and can spread the purchase price over a period of 36 months. It is also possible for the employer to assume all the costs so that the company bike is exempt from taxation and charges for the employee. Bikeleasing is free for the company itself (unless the company wants to pay for the company bikes in part or in full). Bikeleasing only discharges the agreed leasing and insurance installments with the gross salary of the employee being reduced accordingly. No charges arise for the company.

At the end of Q1/24, 3.4m employees and thus c. 7.2% of the entire workforce in Germany were connected to the highly automated, digital B2B platform, which we consider an enormous asset. Bikeleasing earns commission with every brokered bike which are due for the bike itself and for the mandatory sale of insurances. Fast forfeiting of lease receivables to various financial investors ensures to avoid high capital intensity (working capital ratio in 2023: ~18%).

Revenue more than doubled from EUR 66.3m to EUR 146.2m between 2021 and 2023, whilst the company also generated a continuous positive free cash flow. At an average adj. EBITDA margin of 45% (2021 until 2023) Bikeleasing is highly profitable and has almost doubled EBITDA from EUR 33.6m to 63.1m in only two years.

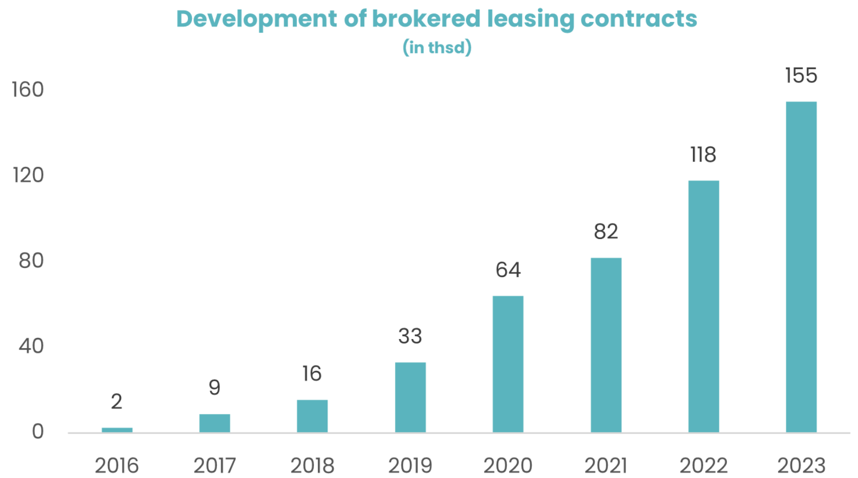




Source: Company

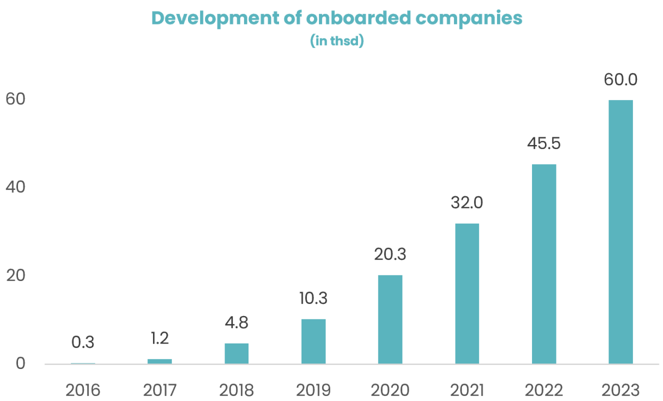
In view of Bikeleasing's business model and the associated particularities in accounting, proper assessment of the business performance requires further operating figures in addition to the typical financial ratios gross margin and EBITDA. This mainly includes the **development of the brokered leasing contracts and the development of the onboarded companies and employees.**

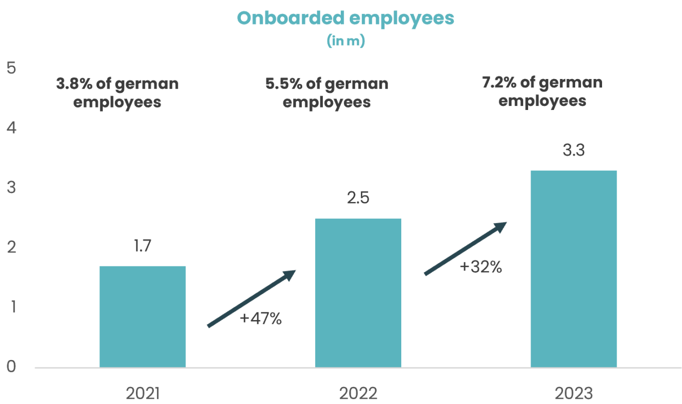
This is because the number of brokered leasing contracts (or bikes) is the most direct approach to evaluate the success of Bikeleasing in our view. The development since 2016 is shown below



Source: Company

In the company's first years, in particular, growth was almost entirely driven by new customers, whilst the importance of existing customers for the brokered leasing contracts has increased in line with the growing customer volume.





Source: Company

Security Technologies segment (sales share in 2023: 22%)

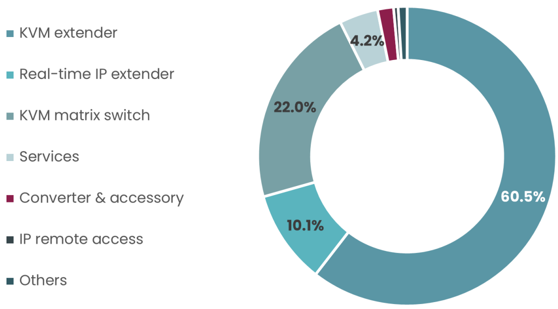
IHSE is a globally leading technology company specialized in KVM technology (KVM: keyboard, mouse, video). Basically, this is the transmission of audio or video data and other signals between servers and users. IHSE's products mainly provide for:

- High-security and encoded transfer of data and signals
- Bridging distances of up to 160 kilometers between servers and users while they reduce latency (period of delay between when a signal enters a system and when it emerges, e.g. keyboard input or mouse movements/clicks which usually begins after a few meters and is perceivable)
- Control of several computers from one workstation or control of a computer from several workstations

IHSE is positioned in the absolute **high-end segment of the KVM market** and competes with only three other providers. The high-end products have a much higher performance, load capacity and security than standard products which are produced by dozens of providers. As IHSE's technology is often used in mission-critical situations, in which the safety of human life or large amounts of money is at stake, the company has to deal with the highest requirements from customers on a regular basis. A system failure during years of continuous operations, security gaps, latency or signal losses are no option for IHSE's customers which is why they are prepared to pay greater amounts of money. The company benefits from the fact that even high-end KVM technology only accounts for a small portion of a customer's total budget.

IHSE essentially sells two kinds of products: extenders (70.6% sales share in 2023) and switches (22.0% sales share in 2023). As the names imply, extenders are used at workstations or servers to encode or extend signals and data over distances of up to 160 kilometers, whereas physical or digital switches allow to control several computers from one workstation and vice versa.

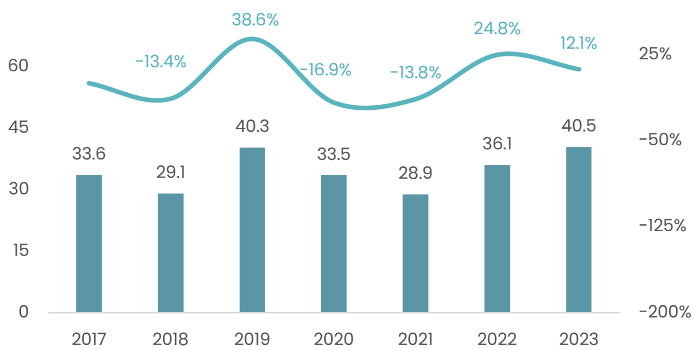
IHSE product mix 2023



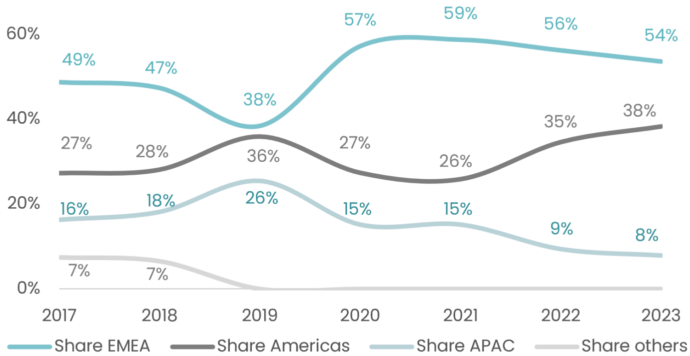
Source: Company

IHSE's revenue has grown by an average of 13.2% p.a. between 2009 and 2023. Growth has never been linear because of the strong project character of the customer orders but has always fluctuated - with a clear upward trend. Prior to Covid-19, IHSE generated substantial growth but then suffered losses in revenue in the wake of the Covid pandemic. This was aggravated by decoupling tendencies of the Chinese customers, as a result of which virtually the whole China business was lost, which previously should have accounted for c. 10% of revenue. After two declining years during Covid-19, IHSE boosted sales organically and with the acquisition of kvm-tec (revenue in FY 2021: EUR ~4.1m). Taking a look at the sales regions we can observe a decreasing significance of the Asian regions and a very positive business development in the USA. This is likely to be accelerated in the medium term due to compliance with the highest security standards in the USA (as well as EU and GER) since end-2022 and the resultant business opportunities in government & defense.

Revenue development IHSE
(in EUR m; in %)

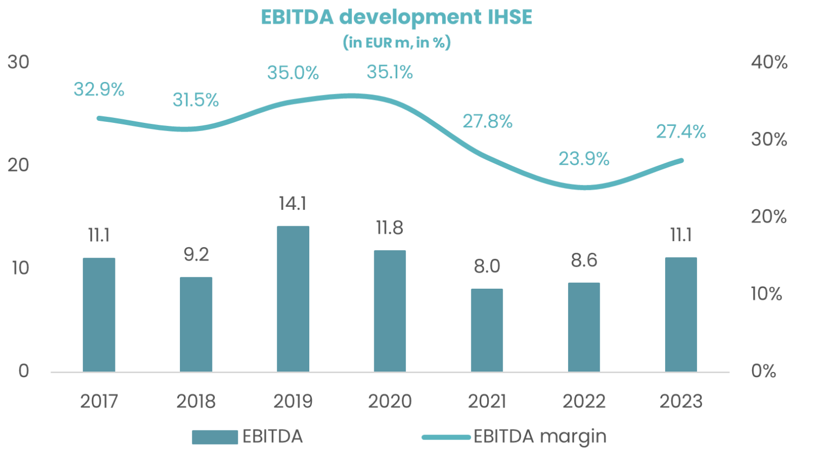


Development of sales regions



Source: Company

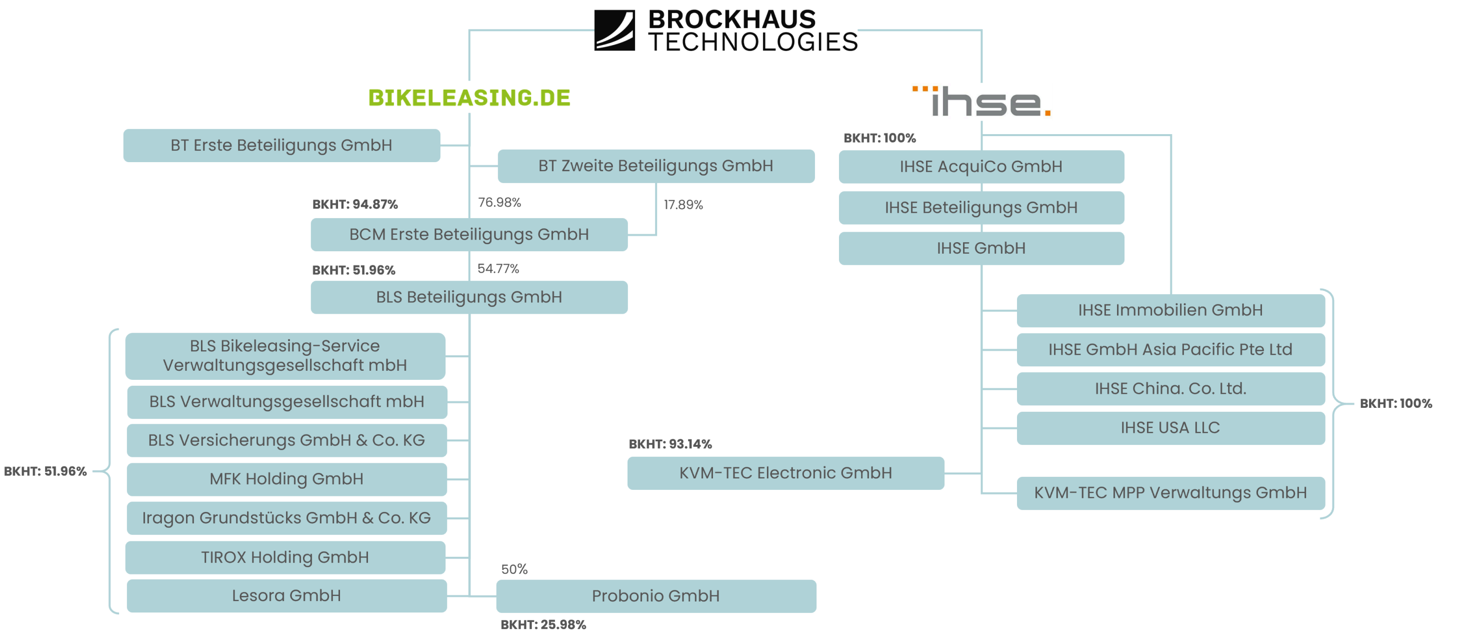
In terms of profitability, IHSE generated high EBITDA margins of up to 35% in the past thanks to its excellent competitive position in an attractive market niche. Accordingly, the company has exceeded the profitability levels of direct peers for years both in terms of gross margin and EBITDA margin. In the context of Covid-19, IHSE suffered from a decreased profitability as a result of lower turnover which was aggravated by decoupling tendencies of China and the resultant loss of most of the China business. The China business accounted for c. 19% of revenue before Covid-19. This negative effect conceals part of the recent strong recovery of business performance. IHSE is expected to return to its historic margin level in the next few years along with high revenue growth.



Source: Company

Organizational structure of Brockhaus Technologies AG

Brockhaus Technologies AG plays the key role as subordinate holding in the company's organizational structure. This includes non-operating companies which manage the investments in IHSE and Bikeleasing. A typical ring-fencing is visible due to the complex transaction arrangement of Bikeleasing. The operating companies are allocated to BLS Beteiligungs GmbH. A similar structure can be seen at IHSE, which holds different foreign companies.



Source: Company; Montega

Major events in the company's history

Brockhaus Technologies AG (previously Brockhaus Capital Management AG) emerged in its current form in 2017. The company's target is to build up a diversified technology group with a long-term orientation. Following two financing rounds prior to the IPO, the company went public in 2020. Prior to this, CEO Marco Brockhaus had already issued and/or advised three PE funds with a total volume of c. EUR 300m since 2000. Both the current COO Dr. Marcel Wilhelm (joined in 2006; part of the management from 2012) and the current CFO Harald Henning (joined in 2014) have joined Brockhaus Private Equity at an early stage and contributed significantly to the success of the PE funds.

Although the funds reached high double-digit returns and Brockhaus could certainly have issued other fund generations, the CEO decided to create a vehicle with Brockhaus Technologies with a **permanent capital base and without exit pressure**. As such, BKHT is not obliged to sell companies after only a few years or at the end of the fund's life but can sell them on the basis of pure economic considerations and hold them as long as desired. As part of the IPO, roughly 3.6m new shares were placed at a price of EUR 32 (gross proceeds EUR 115m), whilst the existing shareholders did not surrender shares. The funds raised were used for M&A purposes since the existing company group with its two investments IHSE and Palas (exist in 2022) worked profitably.

2000	Foundation of today's Brockhaus Technologies under "Eagle Fonds Verwaltungs- und Treuhand-GmbH" (in the context of the first PE fund)
2017	Change of name to Brockhaus Capital Management AG and change of business purpose as the first PE fund BPE I was closed
2017	First financing round (EUR 45m)
2018	Acquisition of Palas GmbH
2019	Second financing round (~EUR 80m) to finance the subsequent acquisition of IHSE
2019	Acquisition of the IHSE companies
2020	IPO (gross proceeds of EUR 115m) at the Frankfurt stock exchange
2021	Change of name to Brockhaus Technologies AG
2022	Successful sale of Palas
2022	IHSE is the second Western manufacturer to fulfil the highest security requirements in Europe & USA
2023	Sale of IHSE property (proceeds: EUR 10m)
2023	Bikeleasing internalizes sales by acquiring four sales agencies
2023	Brockhaus buys back 4.6% of its shares through a tender offer at EUR 22.00 per share
2024	Brockhaus resolves upon dividend strategy and proposes dividend of EUR 0.22
2024	Bikeleasing finalizes add-on acquisition of Probonio and conversion to one-stop shop for a dozen employee benefits

Management

Brockhaus Technologies currently is managed by a two-person management team. It is supported by three other managers which together with the Management Board make up the Executive Committee.

Marco Brockhaus (CEO) founded Brockhaus Technologies AG and has been Chief Executive Officer since 2017. After completing his degree in Business Administration at the Julius Maximilian University of Würzburg he started his career as an analyst at Rothschild in 1995 and worked for the British VC and PE investment company 3i for several years. He went on to found Brockhaus Private Equity GmbH in 2000, where he advised three private equity funds with a volume of c. EUR 300m. Furthermore, he held various supervisory and advisory board positions in different industries and was a member of the German Private Equity and Venture Capital Association (BVK), where he was responsible for the mid-market division.

Dr. Marcel Wilhelm (COO) has also been a member of the Management Board of Brockhaus Technologies AG since 2017 and is responsible for Legal and Administration. He holds a doctor of law degree and had already worked for Brockhaus Private Equity before. He was appointed Managing Director in 2012. Dr. Wilhelm is specialized in corporate and fiscal law and previously headed the international clients team at Rödl & Partner.

Shareholder Structure

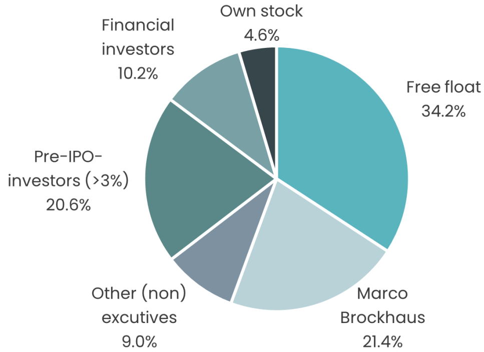
The shares of Brockhaus Technologies AG have been listed in the Prime Standard of the Frankfurt stock exchange since 2020. The company issued 10,947,637 shares, 499,971 of which (4.6%) were bought back at a price of EUR 22.00 per share in December 2023.

According to the company, the five members of the Executive Committee hold c. 23% of the shares. Founder & CEO Marco Brockhaus is the largest individual shareholder of BKHT with a stake of 21.4%. Another ~7% of the shares are held by the management of the two subsidiaries. Bikeleasing founder and Managing Director Bastian Krause accounts for 3.9% of the stake.

The following five family offices hold a cumulated share of 20.6%. We believe that their stake has remained almost unchanged also after the IPO. One of the pre-IPO investors is the family-managed Hanseatic investment company of Dr. Cornelius Liedtke, which holds 3.3% of the shares. ABACON Invest GmbH, the family office of the Büll family, holds 5.7% of the shares and is historically associated with the Liedtke family, having established the Büll & Liedtke real estate company. Investment company Vesta GmbH holds 3.3% of the shares, which we believe can be allocated to the Fissler-Pechtl entrepreneurial family. SFCMG Beteiligungs-GmbH & Co. KGaA (4.8%; attributable to Andreas Peiker) and ORGENTEC Holding GmbH (3.7%; attributable to the family of Dr. Wigbert Berg) are two other family offices with a long-term investment horizon.

In terms of financial investors, both DWS (6.9%) and Paladin Asset Management (3.3%) are above the reporting threshold. The remaining shares (34.2%) are free float.

Shareholder structure



Source: Company, Montega

DCF Model

Figures in EUR m	2024e	2025e	2026e	2027e	2028e	2029e	2030e	Terminal Value
Sales	**232.0**	**298.1**	**359.9**	**409.7**	**466.4**	**531.6**	**590.2**	**602.0**
Change yoy	24.3%	28.5%	20.7%	13.8%	13.8%	14.0%	11.0%	2.0%
EBIT	**65.8**	**91.9**	**114.8**	**136.1**	**155.3**	**176.2**	**194.9**	**180.6**
EBIT margin	28.4%	30.8%	31.9%	33.2%	33.3%	33.1%	33.0%	30.0%
NOPAT	**46.1**	**64.3**	**80.4**	**95.3**	**108.7**	**123.3**	**136.4**	**126.4**
Depreciation	**23.7**	**24.3**	**23.2**	**20.4**	**18.1**	**18.1**	**18.7**	**7.2**
in % of Sales	10.2%	8.2%	6.4%	5.0%	3.9%	3.4%	3.2%	1.2%
Change in Liquidity from								
- Working Capital	**-7.6**	**-11.7**	**-10.9**	**-8.9**	**-11.2**	**-12.2**	**-10.8**	**-2.3**
- Capex	**-11.1**	**-9.3**	**-4.9**	**-5.2**	**-5.6**	**-6.4**	**-7.1**	**-7.2**
Capex in % of Sales	4.8%	3.1%	1.3%	1.3%	1.2%	1.2%	1.2%	1.2%
Other	**-24.7**	**-32.8**	**-38.7**	**-43.5**	**-48.3**	**-53.1**	**-57.5**	**-50.7**
Free Cash Flow (WACC model)	**28.4**	**37.0**	**51.1**	**60.0**	**63.6**	**71.8**	**81.8**	**75.4**
WACC	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%
Present value	28.0	33.1	41.7	44.6	43.1	44.2	45.9	478.2
Total present value	**28.0**	**61.1**	**102.8**	**147.4**	**190.5**	**234.7**	**280.6**	**758.7**

Valuation	
Total present value (Tpv)	758.7
Terminal Value	478.2
Share of TV on Tpv	63%
Liabilities	74.1
Liquidity	42.6
Equity value	**727.2**

Number of shares (mln)	10.4
Value per share (EUR)	**70.8**
+Upside / -Downside	**185%**
Share price	**24.90**

Model parameter	
Debt ratio	25.0%
Costs of Debt	6.5%
Market return	9.0%
Risk free rate	2.5%

Beta	1.4
WACC	9.8%
Terminal Growth	2.0%

Growth: sales and margin		
Short term sales growth	2024-2027	20.8%
Mid term sales growth	2024-2030	16.8%
Long term sales growth	from 2031	2.0%
Short term EBIT margin	2024-2027	31.1%
Mid term EBIT margin	2024-2030	32.0%
Long term EBIT margin	from 2031	30.0%

Sensitivity Value per Share (EUR) **Terminal Growth**

WACC	1.25%	1.75%	**2.00%**	2.25%	2.75%
10.34%	62.67	64.95	66.20	67.52	70.43
10.09%	64.64	67.10	68.45	69.88	73.03
9.84%	66.74	69.39	**70.85**	72.40	75.82
9.59%	68.97	71.83	73.41	75.09	78.82
9.34%	71.33	74.44	76.15	77.98	82.05

Sensitivity Value per Share (EUR) **EBIT-margin from 2031e**

WACC	29.50%	29.75%	**30.00%**	30.25%	30.50%
10.34%	63.87	64.46	65.06	65.66	66.26
10.09%	66.01	66.63	67.26	67.89	68.51
9.84%	68.29	68.94	**69.60**	70.26	70.91
9.59%	70.72	71.41	72.10	72.79	73.48
9.34%	73.32	74.04	74.77	75.49	76.22

Source: Montega

P&L (in Euro m) Brockhaus Technologies AG	**2021**	**2022**	**2023**	**2024e**	**2025e**	**2026e**
Sales	**60.3**	**142.7**	**186.6**	**232.0**	**298.1**	**359.9**
Increase / decrease in inventory	-0.2	-0.2	0.1	0.0	0.0	0.0
Own work capitalised	1.4	1.0	1.0	1.0	1.0	1.0
Total sales	**61.5**	**143.5**	**187.7**	**233.0**	**299.1**	**360.9**
Material Expenses	14.2	51.7	69.3	80.5	114.4	148.4
Gross profit	**47.3**	**91.7**	**118.4**	**152.6**	**184.8**	**212.5**
Personnel expenses	21.8	26.6	33.1	40.0	43.5	47.7
Other operating expenses	26.9	19.5	30.6	25.3	27.5	29.2
Other operating income	2.0	1.5	4.1	3.4	4.0	4.3
EBITDA	**0.4**	**46.7**	**57.9**	**89.5**	**116.2**	**138.0**
Depreciation on fixed assets	2.1	2.2	3.2	3.6	4.0	4.1
EBITA	**-1.7**	**44.5**	**54.7**	**85.9**	**112.3**	**134.0**
Amortisation of intangible assets	7.6	15.2	17.0	20.1	20.4	19.1
Impairment charges and Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	**-9.3**	**29.3**	**37.6**	**65.8**	**91.9**	**114.8**
Financial result	-6.1	-10.0	-19.2	-14.2	-14.7	-16.7
Result from ordinary operations	**-15.4**	**19.3**	**18.4**	**51.6**	**77.2**	**98.1**
Extraordinary result						
EBT	**-15.4**	**19.3**	**18.4**	**51.6**	**77.2**	**98.1**
Taxes	3.4	8.9	9.1	15.5	23.2	29.4
Net Profit of continued operations	**-18.8**	**10.5**	**9.3**	**36.1**	**54.0**	**68.7**
Net Profit of discontinued operations	0.0	0.0	0.0	0.0	0.0	0.0
Net profit before minorities	**-18.8**	**10.5**	**9.3**	**36.1**	**54.0**	**68.7**
Minority interests	-2.9	9.4	12.7	24.7	32.8	38.7
Net profit	**-15.9**	**1.0**	**-3.3**	**11.4**	**21.3**	**30.0**

Source: Company (reported results), Montega (forecast)

P&L (in % of Sales) Brockhaus Technologies AG	**2021**	**2022**	**2023**	**2024e**	**2025e**	**2026e**
Sales	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Increase / decrease in inventory	-0.3%	-0.2%	0.0%	0.0%	0.0%	0.0%
Own work capitalised	2.3%	0.7%	0.5%	0.4%	0.3%	0.3%
Total sales	**102.0%**	**100.5%**	**100.6%**	**100.4%**	**100.3%**	**100.3%**
Material Expenses	23.6%	36.3%	37.1%	34.7%	38.4%	41.2%
Gross profit	**78.4%**	**64.3%**	**63.4%**	**65.8%**	**62.0%**	**59.0%**
Personnel expenses	36.1%	18.7%	17.7%	17.2%	14.6%	13.2%
Other operating expenses	44.6%	13.7%	16.4%	10.9%	9.2%	8.1%
Other operating income	3.2%	1.0%	2.2%	1.5%	1.3%	1.2%
EBITDA	**0.7%**	**32.7%**	**31.0%**	**38.6%**	**39.0%**	**38.3%**
Depreciation on fixed assets	3.5%	1.6%	1.7%	1.6%	1.3%	1.1%
EBITA	**-2.8%**	**31.2%**	**29.3%**	**37.0%**	**37.7%**	**37.2%**
Amortisation of intangible assets	12.6%	10.6%	9.1%	8.7%	6.8%	5.3%
Impairment charges and Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT	**-15.4%**	**20.5%**	**20.2%**	**28.4%**	**30.8%**	**31.9%**
Financial result	-10.1%	-7.0%	-10.3%	-6.1%	-4.9%	-4.6%
Result from ordinary operations	**-25.5%**	**13.5%**	**9.9%**	**22.3%**	**25.9%**	**27.3%**
Extraordinary result	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBT	**-25.5%**	**13.5%**	**9.9%**	**22.3%**	**25.9%**	**27.3%**
Taxes	5.6%	6.2%	4.9%	6.7%	7.8%	8.2%
Net Profit of continued operations	**-31.1%**	**7.3%**	**5.0%**	**15.6%**	**18.1%**	**19.1%**
Net Profit of discontinued operations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net profit before minorities	**-31.1%**	**7.3%**	**5.0%**	**15.6%**	**18.1%**	**19.1%**
Minority interests	-4.8%	6.6%	6.8%	10.7%	11.0%	10.7%
Net profit	**-26.3%**	**0.7%**	**-1.8%**	**4.9%**	**7.1%**	**8.3%**

Source: Company (reported results), Montega (forecast)

Balance sheet (in Euro m) Brockhaus Technologies AG	**2021**	**2022**	**2023**	**2024e**	**2025e**	**2026e**
ASSETS						
Intangible assets	398.9	356.9	356.6	342.7	324.2	306.6
Property, plant & equipment	16.2	7.6	12.9	14.2	17.5	16.8
Non-current leasing receivables	82.1	130.9	139.5	124.9	134.9	155.9
Fixed assets	**497.2**	**495.5**	**509.0**	**481.7**	**476.6**	**479.3**
Inventories	12.6	10.9	17.7	20.6	26.7	32.8
Accounts receivable	20.0	29.3	35.7	43.4	53.1	61.6
Liquid assets	30.3	70.8	53.7	72.5	123.0	191.2
Other assets	54.4	49.0	50.1	60.2	69.4	77.6
Current assets	**117.3**	**160.1**	**157.2**	**196.7**	**272.3**	**363.1**
Total assets	**614.5**	**655.5**	**666.2**	**678.4**	**748.9**	**842.5**
LIABILITIES AND SHAREHOLDERS' EQUITY						
Shareholders' equity	**222.0**	**272.7**	**258.3**	**292.1**	**343.1**	**407.6**
Minority Interest	**32.9**	**42.6**	**39.5**	**39.5**	**39.5**	**39.5**
Provisions	10.4	5.9	4.1	4.1	4.1	4.1
Financial liabilities	135.6	90.9	85.5	65.0	60.4	55.9
Accounts payable	11.3	14.1	12.3	15.3	19.5	23.1
Other liabilities	202.2	229.3	266.5	262.4	282.4	312.3
Liabilities	**359.6**	**340.2**	**368.3**	**346.7**	**366.4**	**395.4**
Total liabilities and shareholders' equity	**614.5**	**655.5**	**666.2**	**678.4**	**748.9**	**842.5**

Source: Company (reported results), Montega (forecast)

Balance sheet (in %) Brockhaus Technologies AG	**2021**	**2022**	**2023**	**2024e**	**2025e**	**2026e**
ASSETS						
Intangible assets	64.9%	54.5%	53.5%	50.5%	43.3%	36.4%
Property, plant & equipment	2.6%	1.2%	1.9%	2.1%	2.3%	2.0%
Non-current leasing receivables	13.4%	20.0%	20.9%	18.4%	18.0%	18.5%
Fixed assets	**80.9%**	**75.6%**	**76.4%**	**71.0%**	**63.6%**	**56.9%**
Inventories	2.0%	1.7%	2.7%	3.0%	3.6%	3.9%
Accounts receivable	3.3%	4.5%	5.4%	6.4%	7.1%	7.3%
Liquid assets	4.9%	10.8%	8.1%	10.7%	16.4%	22.7%
Other assets	8.9%	7.5%	7.5%	8.9%	9.3%	9.2%
Current assets	**19.1%**	**24.4%**	**23.6%**	**29.0%**	**36.4%**	**43.1%**
Total Assets	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
LIABILITIES AND SHAREHOLDERS' EQUITY						
Shareholders' equity	**36.1%**	**41.6%**	**38.8%**	**43.1%**	**45.8%**	**48.4%**
Minority Interest	**5.4%**	**6.5%**	**5.9%**	**5.8%**	**5.3%**	**4.7%**
Provisions	1.7%	0.9%	0.6%	0.6%	0.5%	0.5%
Financial liabilities	22.1%	13.9%	12.8%	9.6%	8.1%	6.6%
Accounts payable	1.8%	2.1%	1.8%	2.3%	2.6%	2.7%
Other liabilities	32.9%	35.0%	40.0%	38.7%	37.7%	37.1%
Total Liabilities	**58.5%**	**51.9%**	**55.3%**	**51.1%**	**48.9%**	**46.9%**
Total Liabilites and Shareholders' Equity	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: Company (reported results), Montega (forecast)

Statement of cash flows (in Euro m) **Brockhaus Technologies AG**	**2021**	**2022**	**2023**	**2024e**	**2025e**	**2026e**
Net income	-18.8	10.5	9.3	36.1	54.0	68.7
Depreciation of fixed assets	2.1	2.2	3.2	3.6	4.0	4.1
Amortisation of intangible assets	7.6	15.2	17.0	20.1	20.4	19.1
Increase/decrease in long-term provisions	1.9	0.1	0.0	0.0	0.0	0.0
Other non-cash related payments	2.7	9.3	26.0	0.7	0.7	0.8
Cash flow	**-4.5**	**37.2**	**55.6**	**60.5**	**79.1**	**92.6**
Increase / decrease in working capital	-24.3	23.1	8.0	-7.8	-11.7	-10.9
Cash flow from operating activities	**-6.2**	**34.9**	**34.8**	**52.7**	**67.4**	**81.7**
CAPEX	-3.0	-4.4	-6.0	-11.1	-9.3	-4.9
Other	-141.5	56.2	-5.1	0.0	0.0	0.0
Cash flow from investing activities	**-144.5**	**51.8**	**-11.2**	**-11.1**	**-9.3**	**-4.9**
Dividends paid	0.0	0.0	0.0	-2.3	-3.1	-4.2
Change in financial liabilities	58.0	-41.2	-8.0	-20.5	-4.6	-4.5
Other	-1.8	-4.3	-33.3	0.0	0.0	0.0
Cash flow from financing activities	**56.2**	**-45.4**	**-41.3**	**-22.8**	**-7.7**	**-8.7**
Effects of exchange rate changes on cash	1.3	0.2	0.6	0.0	0.0	0.0
Change in liquid funds	**-94.5**	**41.2**	**-17.7**	**18.9**	**50.5**	**68.2**
Liquid assets at end of period	**30.3**	**71.8**	**53.7**	**72.5**	**123.0**	**191.2**

Source: Company (reported results), Montega (forecast)

Key figures Brockhaus Technologies AG	**2021**	**2022**	**2023**	**2024e**	**2025e**	**2026e**
Earnings margins						
Gross margin (%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Gross margin (%)	78.4%	64.3%	63.4%	65.8%	62.0%	59.0%
EBITDA margin (%)	0.7%	32.7%	31.0%	38.6%	39.0%	38.3%
EBIT margin (%)	-15.4%	20.5%	20.2%	28.4%	30.8%	31.9%
EBT margin (%)	-25.5%	13.5%	9.9%	22.3%	25.9%	27.3%
Net income margin (%)	**-31.1%**	**7.3%**	**5.0%**	**15.6%**	**18.1%**	**19.1%**
Return on capital						
ROCE (%)	-3.2%	8.4%	11.3%	20.1%	28.5%	36.3%
ROE (%)	-7.1%	0.4%	-1.1%	3.8%	6.4%	7.8%
ROA (%)	**-2.6%**	**0.2%**	**-0.5%**	**1.7%**	**2.8%**	**3.6%**
Solvency						
YE net debt (in EUR)	105.3	20.2	31.9	-7.5	-62.5	-135.2
Net debt / EBITDA	250.7	0.4	0.6	-0.1	-0.5	-1.0
Net gearing (Net debt/equity)	**0.4**	**0.1**	**0.1**	**0.0**	**-0.2**	**-0.3**
Cash Flow						
Free cash flow (EUR m)	-9.2	30.5	28.7	41.7	58.2	76.9
Capex / sales (%)	5.0%	3.1%	3.2%	4.8%	3.1%	1.3%
Working capital / sales (%)	**-**	**16.6%**	**18.0%**	**19.4%**	**18.3%**	**18.3%**
Valuation						
EV/Sales	4.8	2.0	1.6	1.3	1.0	0.8
EV/EBITDA	694.6	6.2	5.0	3.3	2.5	2.1
EV/EBIT	-	10.0	7.8	4.4	3.2	2.5
EV/FCF	-	9.6	10.1	7.0	5.0	3.8
PE	-	249.0	-	22.8	12.3	8.7
KBV	1.2	1.0	1.0	0.9	0.8	0.6

Dividend yield

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Company	Disclosure (as of 27.05.2024)
Brockhaus Technologies AG	1, 8, 9

Price history

Recommendation	Date	Price (EUR)	Price target (EUR)	Potential
Buy (Initiation)	27.05.2024	24.90	71.00	+185%