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**123**  
FAHRSCHULE



# Annual Report

123fahrschule SE

# 2022

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# Foreword by the Board of Management

## Dear Shareholders,

The Management Board of 123fahrschule SE looks back on a successful year despite various challenging exogenous factors such as the Ukraine crisis, high inflation, purchasing restraint and volatile stock markets. Even though some acquisitions could not be realized in H2 2022 due to the current market conditions and thus the growth potential could not be fully exploited, the second half of H2 2022 was concluded with a substantial growth in earnings and sales compared to the first half of the year and the previous year. Also, looking at the full year of 2022, a significant increase in sales and an improvement in EBITDA (earnings before interest, taxes, depreciation and amortization) were achieved.

In addition to the improvement in EBITDA, 123fahrschule was able to further extend its technological lead in the market significantly. The company has proven that it adapts quickly to changing circumstances, invests sustainably in automation of processes and successfully develops its operations on an ongoing basis. Among other investments, a mid-six-figure amount was invested in 2022 in advocacy and information work towards politics and associations in order to actively shape the future and legislative situation for the digitization of the industry.

The stock markets have been turbulent for technology companies in particular in recent months. Contrary to this trend, 123fahrschule

was able to successfully increase all relevant key figures in the fiscal year 2022:

- Sales increased to EUR 16,668 K, up 114.8 % on the previous year
- EBITDA improved significantly year-on-year basis by 29.8 % to EUR -2,663 K
- The number of driving instructors as of 31.12.22 is 151, an increase of 58.9 % over the previous year
- Registrations increased by 43.8 % year-on-year to 9.2 K
- The number of stores increased by 10 to 60
- The NPS is 62
- With 162,391 driving hours, the previous year's figure was exceeded by 55.8 %

Nevertheless, as expected, the 123fahrschule SE share price also fell in line with the relevant market for technology companies.

## Growth/Business Development

After a successfully implemented smaller capital increase in Q2 with a placement of 150,000 shares, a further planned capital increase for further growth and strategic investments was implemented in the second half of the year. Despite the continuing negative trend on the stock markets, 538,048 shares were placed. However, as not all of the planned shares could be placed as intended. With further financing not being certain either in this environment, some planned acquisitions were not realized in H2. Nevertheless, the inflow of capital from the incapital

creases ensured good growth in the second half of the year. In the year as a whole, 10 driving school locations and one driving instructor training center were acquired and successfully migrated into the processes and systems of 123fahrschule. The focus of the acquisitions was on the further expansion of existing regions with the aim of gaining additional market share. In addition to the acquisitions, investments were made in the strategic further development of the application landscape and the further automation of processes.

The company also continued to grow organically in the locations already in existence at the end of the year 2021 by successively recruiting new driving instructors and successfully implementing price increases in 2022.

Overall, the regional subsidiaries of 123fahrschule, which operate local driving schools, made a positive contribution to earnings for the fiscal year 2022. Including the centers for driving instructor training, the operating companies reported cumulative earnings before interest, taxes, depreciation and amortization (EBITDA) of EUR 824 K (previous year: EUR -352 K) in 2022. This clearly shows that, despite the complexity and fragmented nature of the market, the 123fahrschule business model in the driving school market can not only be operated profitably, but can also generate attractive margins in the future.

However, the profitability of the operating companies of the driving school business was used up in 2022 by necessary investments to ensure continued scalability. These included investments in the driving education sector for professionals and publicly funded students, improving processes and structures, and IT development and advocacy.

### **Corona and online theory**

In 2022, there were no more negative effects such as training bans that had a lasting negative impact on training operations. The only indication that COVID19 continues to be an issue is the increased sickness rate, although this only has a minor negative impact on driving school operations. A complete return to pre-Corona levels (including the number of examinations) is expected in the course of 2023.

With the expiration of the temporary (Covid-19 induced) permission to conduct online theory lessons in the middle of the year, 123fahrschule also had to switch back to face-to-face instruction in all its school locations. This deprives 123fahrschule SE of a key strategic advantage and results in lower revenue potential for driving instructors (due to increased hours spent on face-to-face instruction at the locations compared with centralized online theory instruction). Also, this results in higher expenses for opening the classrooms including higher personnel costs and increased energy costs. Nevertheless, we firmly expect that in the medium term the pending decisions will be made at the political level on the permanent (re-)introduction of online theory instruction and that the 123fahrschule will be able to further exploit its considerable competitive advantage in this respect. We are proactively supporting this process at many decision-making levels. 123fahrschule invested a six-figure sum in 2022 to drive the digitalization of the driving school industry in Germany through advocacy for the matter.

### **Digitization**

Our strong focus on digitizing the training process for a unique customer experience sets us apart from most of our competitors. By consistently putting customer needs first, we are

confident that we can build the strongest brands in the industry and further extend our competitive advantage. The achievement of this goal is significantly influenced by the fact that both our digital offerings, which are geared to the target group, and the digitization and simplification of administrative processes are constantly being improved, further developed, and supplemented with new features. A second development team of IT specialists was commissioned in Q2 in order to further expand additional developments and innovations as well as to secure the clear lead over the competition.

#### **Development education carrier**

In order to gain further market share in the market segment of training providers for professional drivers, a specialized sales team was recruited in Q1 and entrusted with the task of further developing the training offering, certifying additional locations as training providers and acquiring customers (professional truck, bus and service drivers) nationwide. This also includes the acquisition of trainees for the driving instructor profession for our driving instructor training centers (FahrerWerk GmbH). In addition to the expansion of regions in which 123fahrschule already operates as a training provider for professional drivers, the focus here was on the introduction of the offering in regions in which this type of training was not previously offered. The focus here is on North Rhine-Westphalia, Berlin, and Leipzig.

The first successes of this strategic expansion of offerings are visible in the successful certifications of new locations and the acquisition of key account customers. In addition, due to the new regulation of the "Bürgergeld", combined with the situation of shortage of professional drivers, we believe we can achieve a significant

uplift through the allocation of education vouchers of the "Arbeitsagentur" (public employment agencies). One outstanding reason for this assumption is the abolition of placement priority, which means that funding for re-training can also be provided before placement in a learned profession.

Following the strategically important acquisition of FahrerWerk GmbH at the beginning of 2022, the Berlin driving instructor training center was successfully migrated from 123fahrschule Hauptstadt GmbH to FahrerWerk GmbH. To date, a total of 78 trainees have begun their training as driving instructors at FahrerWerk GmbH. In 2023, 65 of them are expected to have successfully completed their training and will be available to the market as qualified driving instructors.

#### **Outlook 2023**

The clear focus for the financial year 2023 is on optimizing operational excellence to achieve sustainable profitability at group level and realizing a positive cash flow. The Management Board considers these overriding goals to be realistically achievable in 2023.

Strategically, in addition to organic growth to increase market share in the existing driving school locations and the expansion of the sector "professional driver education", the company is also focusing on the development of a franchise offering. In order to initially fully focus on sustainably achieving profitability and enforcing a permanent permission for online theory lessons, the Management Board is refraining from further acquisitions in 2023 until these goals are achieved.

In addition, optimization on the cost side is necessary in order to achieve the targets. This is achieved, among other things, by implementing restructuring measures. In customer service in

particular, there will be a shift away from a centralized approach to a more decentralized approach in which responsibility for all key customer service tasks will lie with the individual operating regions. Changes will also be made with regards to the allocation of responsibilities at Board of Management level. The Chairman of the Board of Management will be responsible for all operational activities in the driving schools, customer service and marketing. The aim here is to align digitization efforts and developments by the IT department, more closely with customer needs and thus with customer support and marketing.

A particular focus for further revenue growth and scaling in 2023 is the development of the professional training business, i.e. the implementation and further expansion of professional driver and driving instructor training. The main focus here is on cooperation with employment agencies (“Arbeitsagentur”) and the associated customer acquisition by means of education vouchers.

Our company has all the relevant prerequisites to add another pillar to its existing strategy. To this end, 123fahrschule is planning to set up and roll-out a franchise system. The proof to date of a functioning business model and business practice lays the foundation for this. Furthermore, 123fahrschule already has important organizational, process and system structures

in place to operate a successful franchise system. As the largest driving school chain in the German market, our brand awareness and efficient and effective marketing for customer acquisition promote the chance of attracting potential franchisees. No other driving school would currently be in a position to take this step, especially on the system side. In 2023, the company is planning its first pilot projects in this direction. Management Board member Timo Beyer will be responsible for managing and developing this new line of business.

Assuming that the market environment remains stable or does not develop negatively, particularly in terms of purchasing power, the Management Board expects the positive development to continue in 2023.

#### **Many thanks**

In addition, as the Management Board, we would like to express our sincere thanks to our shareholders and our Supervisory Board for their continuous support and trust. Special thanks go to our colleagues for their tireless efforts to contribute to the success of our company. The entire team works extremely efficiently and with motivation to develop our company into a profitable market leader.

Boris Polenske  
CEO

Timo Beyer  
Management Board



# Report of the Supervisory Board

## Dear Shareholders,

the work of the Supervisory Board in the fiscal year 2022 was shaped mainly by the growth of 123fahrschule SE in a challenging market environment as a result of the ongoing coronavirus pandemic and the Ukraine war.

## Supervisory Board activities in the financial year

The Supervisory Board of 123fahrschule SE performed the duties incumbent upon it under the law, the articles of association, and the rules of procedure with the utmost care. In particular, the members of the Supervisory Board advised the Management Board on the management of the company and on relevant corporate decisions and monitored its activities. The Board of Management regularly informed the Supervisory Board in writing and orally about the development of business and the risk situation, the current earnings situation, corporate planning and strategic development. In addition, investments and organizational measures were discussed. The Supervisory Board was involved in all important decisions and adopted the necessary resolutions after thorough examination on the basis of the reports and draft resolutions submitted by the Executive Board.

In particular, the coordination between the Chairman of the Supervisory Board and the Executive Board, which, if necessary, also took place in addition to the regular meetings of the Supervisory Board, is of particular importance. Supervisory Board meetings were intensive and solution-oriented. The Chairman regularly

informed the other members of the Supervisory Board about significant findings and information from these discussions.

## New member of the Supervisory Board

By resolution of the Annual General Meeting on June 27, 2022, Dr. Heinrich Zetlmayer was admitted to the Supervisory Board as an additional member and the Board was expanded to 4 members. The other members are unchanged Stefan Petter (Chairman), Rudolf Rizzolli (Deputy Chairman) and Dr. Bert Brinkhaus.

## Change in the Board of Management resorts

By resolution dated December 14, 2022, the Supervisory Board amended the Executive Board's schedule of responsibilities. As part of this resolution, the CEO was assigned the resorts Operations (including Customer Service), Sales and Marketing, and Finance, and the second Executive Board member was assigned the resorts Strategy, Legal / Compliance / Data Protection, and Special Tasks.

## Focus of the Supervisory Board's deliberations

The intensive support provided to the Management Board by the Supervisory Board is reflected in the high number of 13 Supervisory Board meetings held in the reporting year. Key topics at the meetings were the growth and expansion of 123fahrschule SE. This included both the examination of possible investments in new and existing business areas and the preparation of capital increases for the purpose of raising capital and involving additional investors. All meetings of the Supervisory Board took place in

the form of video conferences or hybrid meetings due to the threat posed by the COVID 19 pandemic.

In the 6 meetings held in the 1st half of the year, the Supervisory Board was mainly informed about the corporate planning, the business development with the existing challenges of the coronavirus pandemic and the Ukraine war, the upcoming capital measures and the planned investments. In addition, there was a discussion of the organizational measures planned in connection with the investments and the appointment of a further member of the Supervisory Board. In addition, a draft resolution for a new stock option program was prepared and submitted to the Annual General Meeting. At the Supervisory Board meeting in February 2022, the separate and consolidated financial statements of 123fahrschule SE were adopted.

During the 7 meetings held in the 2nd half of the year, there was also a regular exchange of information on the course of business, particularly against the background of the continuing restrictions and challenges posed by the coronavirus pandemic and the Ukraine war, and on the development of the earnings and financial situation. In addition, a capital increase was resolved and implemented to finance the growth of the Company and to acquire further driving schools and driving instructor training centers. In the 4th quarter, the Executive Board discussed changes and optimization of organizational structures and decided on appropriate measures. As part of this decision, the Executive Board resorts were also restructured.

### **Unqualified confirmation of the Annual financial statements**

By resolution of the Annual General Meeting on June 27, 2022, MORISON Köln AG Wirtschaftsprüfungsgesellschaft und Steuerberatungsgesellschaft, Cologne, (MORISON) was elected as auditor of the annual financial statements and consolidated financial statements for the financial year 2022 and the corresponding audit engagement was granted by resolution of the Supervisory Board on December 15, 2022. The consolidated financial statements prepared by the Executive Board, including the management report as of December 31, 2022, were audited by MORISON and issued with an unqualified audit opinion. The relevant documents relating to the annual financial statements, including the management report and the audit report, were sent to each member of the Supervisory Board. The audit report was discussed in detail at the Supervisory Board meeting on February 22, 2023. At this meeting the auditors presented the main results of their audit and answered the Supervisory Board's questions in detail. The possible effects of the coronavirus pandemic and the Ukraine war and their economic consequences for the net assets, financial position and results of operations of the Company and the financial statements as of December 31, 2022 were also discussed. The need for adjustments due to developments after the balance sheet date was negated. The Supervisory Board's independent review of the annual financial statements and management report based on the auditor's report gave no cause for objection, so no objections were raised. The Supervisory Board noted with approval the financial statements and the report on the audit by the auditor. The consolidated financial statements of 123fahrschule SE as of December 31, 2022, prepared by the



Executive Board were therefore approved by the Supervisory Board with the unanimous resolution of February 22, 2023, and are thus adopted in accordance with Section 172 sentence 1 AktG.

The auditors issued a declaration of independence to the Supervisory Board and disclosed the audit fee to the Supervisory Board. In addition, the auditors provided further services for the Group in the fiscal year, which were also disclosed to the Supervisory Board.

The Supervisory Board would like to thank the Executive Board and the employees of the Company for their work in the past fiscal year and the shareholders for the trust they have placed in the Company.

### **Cologne, February 2023**

Stefan Petter

Chairman of the  
Supervisory Board



# Group Management Report for the Fiscal year 2022

## I. General information

123fahrschule SE, with its registered office in Frankfurt am Main - hereinafter referred to as "123fahrschule" or the "Group" - is a European public limited company (international: Societas Europaea, or SE for short) listed on the Düsseldorf Stock Exchange (primary market). Previously, the SE operated under the name Livonia SE and was renamed 123fahrschule SE on December 16, 2020.

On October 26, 2020, 123fahrschule Holding GmbH was contributed to Livonia SE as part of a capital increase through contributions in kind, thereby establishing the Group for which these consolidated financial statements were prepared. As of December 31, 2022, the share capital of the Group amounts to EUR 3,107,354.00, divided into 3,107,354 no-par value shares. At the end of the financial year, the Company was headed by Mr. Boris Polenske and Mr. Timo Beyer as members of the Management Board.

The object of the company is the management of companies and the administration of shareholdings as well as the maintenance and protection of trademarks and other industrial property rights. The company's activities include the acquisition, holding, administration and sale of equity interests in domestic and foreign companies - particularly in the training and further education sector - whose business purpose is related to the operation and administration of driving schools, as well as the granting of

licenses in respect of trademarks and other industrial property rights. In particular, 123fahrschule will be operating its business with driving schools in North Rhine-Westphalia, Berlin, Hamburg, Munich and Leipzig as of December 31, 2022. The Management Board plans to expand the operating business throughout Germany by acquiring and establishing further driving school locations and driving instructor training centers. The Group offers its customers modern, digitally-supported driver's license training and is constantly optimizing its operations thanks to standardized and automated processes. In doing so, the company relies on proprietary software solutions.

123fahrschule Holding GmbH acts as a strategic management holding company that performs Group-wide tasks. In addition to strategic management, these include the assumption of cross-divisional functions such as financing, group controlling and accounting, taxes, legal, human resources, purchasing and IT, as well as marketing, investor relations, corporate development and innovation management.

In addition to 123fahrschule Holding GmbH as the parent company, 123invest eins GmbH as the shelf company for investment activities, FahrerWerk GmbH as the company for driving instructor training, and 123fahrschule Bildung GmbH to represent the business with education vouchers for professional driver education and similar forms of training, the operating business

of the 123fahrschule group is handled by the 12 regional operating companies of the driving schools - 123fahrschule Rheinland GmbH, 123fahrschule Ruhrgebiet-Nord GmbH, 123fahrschule Ruhrgebiet-Süd GmbH, 123fahrschule Niederrhein GmbH, 123fahrschule Hauptstadt GmbH, 123fahrschule NRW GmbH, 123fahrschule Hamburg GmbH, 123fahrschule München GmbH, 123fahrschule Rhein-Sieg GmbH, 123fahrschule Sachsen GmbH, 123fahrschule West GmbH (formerly 123fahrschule Sachsen-Ost GmbH), 123fahrschule Sachsen GmbH, 123fahrschule Sachsen GmbH, 123fahrschule Sachsen GmbH, 123fahrschule Sachsen GmbH, 123fahrschule Sachsen GmbH, 123fahrschule Sachsen GmbH and 123fahrschule Sachsen GmbH. 123fahrschule Sachsen-Ost GmbH), Fahrschule und Fahrlehrerfachschole Horst Fornefeld GmbH - are shown. As of December 31, 2022, these companies operate more than 60 driving school locations in North Rhine-Westphalia, Berlin, Hamburg, Munich, and Leipzig.

The consolidated balance sheet total of 123fahrschule amounts to EUR 24,766 K as of December 31, 2022. The consolidated net loss for the year in 2022 is EUR -4,380 K and revenues amount to EUR 16,668 K.

The consolidated income statement has been prepared for the financial year 2022. The comparative figures are presented in line with the prior-year period.

## II. Business and General Conditions

According to the press release issued by the Federal Statistical Office (DeStatis) on January 13, 2023, the price-adjusted gross domestic product (GDP) in 2022 was 1.9% higher than in 2021.<sup>1</sup> Dr. Ruth Brand, the new President of the Federal Statistical Office, made the following statement at the press conference "Gross Domestic Product 2022" in Berlin: "In 2022, the overall economic situation in Germany was characterized by the consequences of the war in Ukraine such as the extreme energy price increases. Added to this were exacerbated material and supply bottlenecks, massively rising prices for food, for example, as well as the shortage of skilled workers and the ongoing Corona pandemic, although this eased over the course of the year. Despite these still difficult conditions, the German economy held up well overall in 2022." Compared to 2019, the last full year before the Covid19 pandemic, GDP in 2022 was 0.7 % higher, according to DeStatis.<sup>1</sup>

The German driving school industry has largely recovered from the effects of the Corona pandemic. According to Dr. Joachim Bühler, managing director of the TÜV Association, the number of driving tests is approaching the level of the record year 2019 again. According to figures from the German Federal Motor Transport Authority (KBA), the number of driving tests grew by 16 % from 2014 to 2019 to a peak of 1.74 million tests. In the first three quarters of 2022, 1.31 million tests were taken in Germany, according to the ADAC.<sup>2</sup>

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<sup>1</sup> Source: Pressemitteilung Nr. 020, Statistisches Bundesamt (Destatis), 2023, in [https://www.destatis.de/DE/Presse/Pressemitteilungen/2023/01/PD23\\_020\\_811.html](https://www.destatis.de/DE/Presse/Pressemitteilungen/2023/01/PD23_020_811.html)

<sup>2</sup> Source: Führerschein: Mehr Fahrprüfungen in Deutschland, ADAC, 2023, in <https://www.adac.de/news/fuehrerschein-fahrpruefungen-deutschland/>

According to figures from the Moving (International Road Safety Association e.V.) Branchenreport 2021 (industry report) the industry turnover of driving schools grew by EUR 352 million from EUR 1.9 billion in 2015 to EUR 2.3 billion in 2018. This corresponds to an increase of 18.3 %.<sup>3</sup> However, according to sales tax statistics, the number of taxable driving schools is continuously decreasing. In 2018, there were 10,884 driving schools, 4.6% fewer than in 2015.<sup>3</sup>

The industry is characterized by very small to medium-sized companies. Only about 60 % of the companies generate annual net sales of more than EUR 100,000. These account for around 12% of total industry sales.<sup>3</sup> The sector can therefore be described as highly fragmented. The majority of driving schools (85 %) operate as sole proprietorships. The turnover per taxable driving school company increased by 24.0 % - from an average of EUR 168,785 to EUR 209,216 - in the period from 2015 to 2018.<sup>3</sup> The analysis of the sales tax statistics at the level of the German federal states reveals some significant regional differences. The average cost of a Class B driver's license, including all applicable fees, is EUR 2,182 in Germany.<sup>3</sup>

In addition to Covid-19, the driving instructor shortage has been cited as the biggest challenge facing the industry in recent years.<sup>3</sup> The shortage of skilled workers has led to branch closures and an increase in the average wage as well as the cost of driving licenses. With the new version of the Driving Instructor Act in place since 2018, measures have been introduced to

facilitate access to the driving instructor training profession and counteract the shortage of skilled workers. As a result, it is expected that more young driving instructors will enter the profession in the coming years.

### III. Business performance and situation of the Group

123fahrschule can look back on a successful fiscal year 2022, despite various exogenous factors that lead to uncertainty (Ukraine crisis, increased inflation, buying restraint, volatile stock markets) and a therefore difficult overall economic situation in Germany. With a more than doubling of sales and a significant improvement in earnings before interest, taxes, depreciation and amortization (EBITDA), the company achieved its growth targets in the fiscal year 2022.

In addition to the successful migration of ten acquired driving school locations, good organic growth was also achieved in the existing companies thanks to growth in the number of driving instructors and a significant price increase implemented throughout 123fahrschule operations across Germany. The regional subsidiaries of 123fahrschule, which operate the local driving schools, and the driving instructor training centers made a clearly positive contribution to earnings in the financial year 2022; earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 824 K.

In addition, a central sales team has been established in Berlin within the 123fahrschule Bildung GmbH in the second quarter of 2022 to

<sup>3</sup> Source: MOVING Branchenreport 2021, MOVING International Road Safety Association, 2022, in <https://www.moving-roadsafety.com/veroeffentlichungen/branchenreport/>

push sales for the professional driver training and driving instructor training courses. This strategically important business unit ensures the expansion of the operating activities in the regional operating companies of 123fahrschule and will contribute to success in this high-margin business sector in the fiscal year 2023. In addition to providing driving education, 123fahrschule has successfully begun training the next generation of driving instructors at three in-house driving instructor training centers in North Rhine-Westphalia and Berlin. So far, a total of 78 trainees have started their training as driving instructors at FahrerWerk GmbH. As early as 2023, 65 of them are expected to have successfully completed their training and will be available to the market as qualified driving instructors. With its in-house training of driving instructors, 123fahrschule ensures future growth and also guarantees that young driving instructors internalize and live the digital model of 123fahrschule. In addition, FahrerWerk GmbH made a significant contribution to earnings with earnings before interest, taxes, depreciation and amortization (EBITDA) of EUR 646 K.

Politically, in 2022 123fahrschule has continued to push for permanent permission to hold online theory lessons and a general opening for further digitization of driving education processes. This remains an important strategic goal and would significantly improve 123fahrschule's competitive edge with customers as well as the company's personnel cost ratio.

As 123fahrschule is a young, dynamic start-up/scale-up company, its business performance is subject to greater fluctuation than that of established and settled companies. In

addition, the overall economic situation in Germany, which is characterized by the Ukraine crisis, increased inflation, and volatile stock markets, increases the planning uncertainty. Nevertheless, the management expects significant growth in fiscal 2023.

#### **a) Earnings**

Revenues in the fiscal year totaled EUR 16,668 K (PY: EUR 7,759 K), of which EUR 13,477 K (PY: TEUR 7,668) was generated from revenues by driving education for private customers, EUR 978 K (PY: EUR 91K) from revenues by driving education for professional drivers, and EUR 2,213 K (PY: EUR 0.00 K) from driving instructor training.

Personnel expenses totaled EUR 12,138 K (previous year: EUR 6,246 K). With an average number of employees of 235, the expenses amount to EUR 52 K per employee (extrapolated for the entire year).

Depreciation and amortization of EUR 2,970 K (previous year: EUR 1,943 K) includes scheduled amortization of intangible assets and depreciation of office furniture and equipment, vehicles and low-value assets amounting to EUR 1,243 K, amortization of goodwill arising on consolidation amounting to EUR 361 K and EUR 1,193 K of goodwill arising on the initial consolidation of the 123fahrschule Holding subgroup, which is being amortized over 7 years. The reduced amortization period was chosen due to the fact that driving education is a rather short-term and one-time consumed product and therefore the customer base changes quickly. In addition, an impairment test resulted in a write-down of the goodwill of Fahrschule und Fahrlehrerfachschule Horst Fornefeld GmbH in the amount of EUR 173 K.

Other operating expenses amounted to EUR 8,393 K (previous year: EUR 5,644 K). These include in particular expenses for vehicle operating costs and leasing, capital procurement costs, rents and leases, legal and consulting costs, and marketing.

The operating result (items 1 to 7 of the income statement) amounts to EUR -5,642 K (previous year: EUR -5,736 K).

The interest expense results mainly from a short-term business loan and from loans to be included due to the expansion of the scope of consolidation.

For the trade and corporation tax losses of 123fahrschule Holding GmbH and its subsidiaries accrued in 2022, including loss carryforwards and own work capitalized, taxable income of EUR 1,363 K (previous year: EUR 1,302 K) was recognized on a net basis for deferred tax assets. Provisions of EUR 6 K have been recognized for the tax payments of 123fahrschule Hauptstadt GmbH (formerly Glowalla GmbH) and EUR 19 K for Fahrschule und Fahrlehrerfachschule Horst Fornefeld GmbH.

The consolidated net loss for the year amounted to EUR 4,380 K (previous year: EUR 4,482 K).

#### **b) Financial position**

At the end of 2022, cash and cash equivalents amounted to EUR 335 K (previous year: EUR 3,161 K). The liquidity of the Group was secured at all times due to equity measures. The Company was financed on an ongoing basis through capital increases.

In the year under review, sufficient cash inflows from operating activities were available throughout to finance the business. Current liquidity is secured by special monitoring by the management and by borrowing on the capital market.

Capital increases from authorized capital were resolved on May 12, 2022, and September 23, 2022.

#### **c) Net assets**

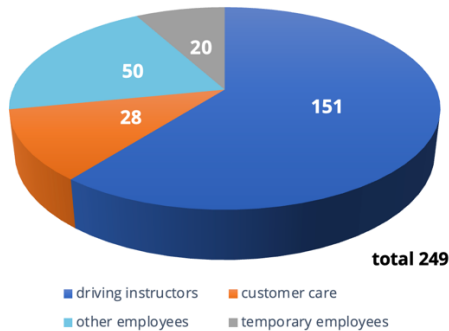
As of December 31, 2022, total assets amount to EUR 24,766 K. Non-current assets amount to EUR 15,441 K, current assets amount to EUR 6,156 K, prepaid expenses amount to EUR 169 K, and deferred tax assets amount to EUR 3,000 K.

Intangible assets amounting to EUR 10,927 K are reported under non-current assets, most of which are amortized over 7 years.

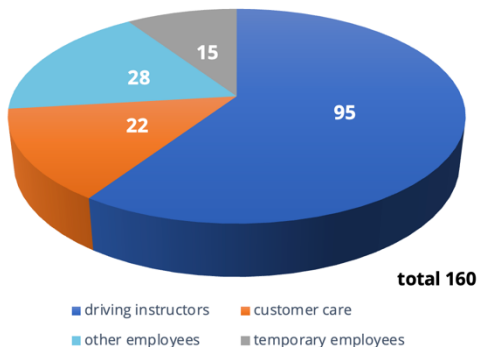
Current assets consist mainly of current receivables. The development of equity is presented in Annex 5.

**d) Personnel**

Number of employees 12/2022



Number of employees 12/2021



A decisive element in the Group's entrepreneurial success is committed, creative, responsible employees who act independently and are suitably motivated. Developing the professional and personal skills of our employees is therefore a particular priority. In particular, growth in sales is achieved primarily by recruiting additional driving instructors. 123fahrschule provides its employees with state-of-the-art working materials, creates space for creative work, enables digital scheduling and course planning, and attaches great importance to loyalty and collegiality.

The number of employees increased from 160 to 249 within the fiscal year 2022. The additional employees are partly from acquired driving schools and partly from organic and structural growth. Particular attention is naturally paid to

the number of driving instructors. This has increased by 56 employees from 95 to 151. In addition, important key positions among other employees were (re)filled to put the Group in a position to continue to grow sustainably in the coming years.

Through the digitization and automation of processes, by means of the proprietary software solutions, 123fahrschule was able to deploy its personnel - especially in customer support - even more efficiently in 2022. In the future, 123fahrschule will continue to focus on achieving efficiency gains through software solutions.

**e) Registration figures**

Compared to 2021, 123fahrschule was able to increase student registrations from 6.4 K to 9.2 K in 2022, despite the start of the year still being considered a pandemic situation. For better comparability with the previous year, the registration figures refer only to the private customer business (classes A, B, BE).

The 123fahrschule app is perceived as a USP by students. In 2022, the quality of training, the digital training offering, and the online management of training were improved even further. In addition, students were recruited much more cost-efficiently than in the previous year.

**f) Security**

The topics of occupational safety and data security are taken seriously at 123fahrschule. Processes are regularly scrutinized, applicable law is complied with and employees are trained internally on these topics. In particular, data processing and the protection of personal customer data is of utmost importance to 123fahrschule. The occupational safety

specialist and the data protection officer were appointed externally.

#### **g) Research and development**

For the further development and expansion of 123fahrschule, the expansion of the proprietary technology stack is one of the most important success factors. The focus in software development is on fully digitizing all possible training and administrative processes in the driving school. Compared to normal driving schools, the company expects a significant positive effect on earnings in the medium term and a significant simplification and improvement of the training process for the student. With the accompanying increase in customer satisfaction, the company assumes that this will significantly increase its market share and that 123fahrschule will be perceived as a strong brand throughout Germany.

### **IV. Risk and opportunity report**

#### **a) Market and competition-related risks & opportunities**

A potential reluctance by customers to consume as a result of the current economically strained situation has a disproportionate impact on the sales potential of driving schools. Obtaining driving education is an expensive investment for the young target group. However, since many young people are still dependent on a driver's license for work or due to family changes, sales can rather be assumed to be delayed rather than missed entirely. In 2022, there were still waiting lists in driving schools, some of which were long, which meant that a full agenda of driving instructors in the industry

was not at risk. The extent to which the effects will impact the net assets, financial position and results of operations of 123fahrschule in the long term can only be estimated at this point in time and is heavily dependent on further developments in the markets and especially in Ukraine. However, it can already be stated that the longer the conflict in Ukraine continues, with all the indirect consequential costs for Europe, the greater the risks to the company's economic performance will be.

With the discontinuation of the exemptive temporary permission for online theory instruction in mid-2022, an important competitive advantage of the 123fahrschule has temporarily receded into the background. However, it is expected that in the medium term there will be a permanent nationwide hybrid solution and thus (partial) permanent permission for online theory lessons. Thanks to its digital DNA and its own software solutions, 123fahrschule will then be optimally positioned to clearly set itself apart from the competition in terms of customer perception, as it did during the exemptions. In addition, 123fahrschule would then again be able to save noticeably on costs for premises and personnel and focus fully on the digital customer approach. 123fahrschule is actively campaigning politically for this goal to be achieved as soon as possible.

The profession of driving instructor is one of the shortage professions in Germany. At 53.8 years<sup>4</sup>, the average age of driving instructors in the market is very high. Since an increase in revenue for driving schools - in addition to price

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<sup>4</sup> Source: MOVING Branchenreport 2021, MOVING International Road Safety Association, 2022, in <https://www.moving-roadsafety.com/veroeffentlichungen/branchenreport/>



increases - is primarily achieved by hiring more driving instructors, the competition for driving instructors is very competitive. On the one hand, this results in rising wages, but on the other hand it also allows significant price increases due to the mismatch between supply and demand for driving lessons. The sales risks for the Group can therefore be classified as low. Nevertheless, the shortage of driving instructors remains a risk to the further growth of 123fahrschule. To actively counteract the shortage of driving instructors, 123fahrschule trains driving instructors in its subsidiary FahrerWerk GmbH at its own driving instructor training centers in NRW and Berlin. However, also thanks to the relaxation of the entry requirements for driving instructor training from 2018, it is expected that more young driving instructors will join in the following years and that the shortage of specialists will be reduced.

#### **b) Technical default risk**

The 123fahrschule business model is strongly tailored to digital processes and training offerings. The Group uses - mostly proprietary - software solutions as part of its overall business operations. The business activities of 123fahrschule could also be significantly impaired by failures or disruptions of the IT systems and networks as a result of hardware destruction, system crashes, software problems, virus attacks, intrusion into the system by unauthorized persons (hackers), or comparable disruptions. In order to avoid significant costs of such incidences, IT risks are actively monitored internally and preventive measures are taken, e.g. through back-ups, automated tests and other (security) technical measures. If 123fahrschule cannot adequately guarantee the reliability, security, and availability of its IT infrastructure, this could have a negative

impact on the net assets, financial position, and results of operations of 123fahrschule.

#### **c) Organizational and Corporate risks**

The implementation of the business strategy and corporate objectives, and thus the development of the 123fahrschule, is based in particular on the knowledge, skills and experience of the current executives (Executive Board and other executives below the Executive Board). There is a risk that the Group will not succeed in retaining the executives in the company or, if necessary, in recruiting new executives. If one or more executives leave the company, there is a risk that valuable knowledge, skills, and experience for the 123fahrschule will be lost and/or made available to competitors.

Furthermore, there is a risk that difficulties in finding suitable new executives could have an impact on the competitiveness of the Company and thus have a negative impact on the financial development of the Group.

In addition to the potential loss of managers without an equal replacement, a net loss of driving instructors would also have a negative impact on the growth and opportunities of 123fahrschule and thus on its net assets, financial position, and results of operations. The Management Board ensures adequate incentives for employees - both monetary and non-monetary - and strives to maintain a good working atmosphere in order to keep the probability of these risks occurring low.

In addition to the shortage of driving instructors, procurement risks arise from the need to procure a sufficient number of vehicles. Potential supply bottlenecks on the part of vehicle

manufacturers could lead to a loss of sales. This risk is kept as low as possible by appropriate long-term planning and maintaining relationships with suppliers. Thanks to its access to and relationship with many manufacturers, 123fahrschule can often substitute bottlenecks at one manufacturer with deliveries from other companies. Thanks to the high purchase quantities and the good business relations, 123fahrschule buys cars at significantly better conditions than most competitors, despite current supply bottlenecks.

Operating costs, especially fuel costs, also increased significantly last year. The Ukraine crisis and the tense political situation are partial reasons for this. Price increases are sufficiently factored into 123fahrschule's business planning and are therefore relevant but not considered a threat.

#### **d) Acquisition opportunities & risks**

The high average age of driving instructors means that interesting acquisition targets are constantly arising for 123fahrschule. If entrepreneurs are unable to find a successor, 123fahrschule can take over smaller companies at attractive multiples and continue to grow nationwide.

The integration of acquired individual operating companies involves both the technical and organizational conversion of the acquired companies and their integration into the overall structure of the 123fahrschule Group. In particular, the employees, especially the driving instructors and managers, of the acquired companies must be retained in order to ensure the desired sales effect. This is done through intensive training and integration measures as well as the general measures mentioned under Human

Resources (item III d of this report), which contribute to employee satisfaction. If the existing personnel of the acquired companies cannot be retained, this will have a negative impact on the net assets, financial position, and results of operations of the 123fahrschule Group.

#### **e) Economic and financial Opportunities & Risks**

The continuous securing of financing for further growth is essential for the success of 123fahrschule. Through the two capital increases in 2022, important acquisitions and investments in the proprietary software solutions of 123fahrschule could be financed. However, it remains the main task of the management to ensure sufficient financing with foresight at all times and to efficiently pursue further organic growth of the Group. In this context, compliance with budgets and investment plans is closely monitored and controlled.

Liquidity is managed centrally within the Group as closely as possible by means of proactive and predictive liquidity management in order to ensure that the Group companies are always supplied with sufficient liquidity.

The Group's operating activities are conducted in Germany. Therefore, there are no transactions in foreign currencies and no currency risks.

The development of prices for the procurement and operating costs of vehicles (leasing costs, fuel, etc.) is of particular importance for the Group. As for any large driving school vehicle costs account for a significant proportion of the Group's total costs. A significant increase in these costs could have a negative impact on the net assets, financial position and results of

operations of 123fahrschule. Favorable procurement prices of vehicles and other goods are a great opportunity for above average margins for 123fahrschule. Due to its size, the Group can negotiate very good conditions and thus reduce costs compared with the sector as a whole.

#### **V. Forecast report**

##### **a) Overall economic development**

At present, the Ukraine crisis and higher inflation are dampening the upturn in the German economy. The overall economic situation, consumer sentiment, and the stock markets can be described as tense. It remains to be seen whether and to what extent this will be reflected in a reluctance to spend in the fiscal 2023. However, the discontinuation of mandates to wear masks other measures to combat the Covid19 pandemic can be seen as good indicators for a successful fiscal 2023. However, the greatest uncertainty factor for a forecast of the overall economic development is the Ukraine crisis with all its direct as well as indirect economic and political consequences. The duration and escalation of the situation will have a major impact on the sales & earnings potential of German companies.

##### **b) Industry development**

The Management Board of 123fahrschule continues to expect a slow consolidation of the German driving school market in the coming years. This development will be favored by the very high average age of the business owners and the currently still prevailing shortage of skilled workers in the industry. The high number of driving license examinations in 2022 indicates that demand in the sector remains very high. Overall, the industry has recovered well from the Covid-19 training restrictions. However, it

remains to be seen whether high inflation and the geopolitical conflict in Ukraine will lead to consumer restraint.

In the medium term, the Executive Board anticipates a political opening towards online theory instruction and further digitization steps in driver's license training.

##### **c) Outlook**

The focus in fiscal 2023 will be on achieving sustainable profitability at Group level and realizing a positive cash flow. To achieve these goals, the Management Board is focusing on optimizing the cost side through restructuring measures. The Management Board considers the targets to be realistic and achievable in the first half of 2023.

However, the company will not be able to avoid a further capital increase to reach positive cash flow. Thereafter the Group will be able to finance acquisitions with less equity capital in conjunction with debt capital (banks).

A particular focus for further revenue growth and scaling in 2023 is the development of the sector professional driving education, i.e. the implementation and further expansion of professional driver and driving instructor training.

In addition, 123fahrschule is planning to set up and expand a franchise system. In 2023, the company plans to implement its first pilot projects.

In 2023, 123fahrschule will continue to actively lobby the federal and state governments for further legal openness with regard to digital forms of training and will participate in reaching consensus. The main focus will be on the permanent approval of online theory lessons.

Assuming that the market environment remains stable or does not develop negatively, particularly in terms of purchasing power, the Management Board sees a continuation of the clearly positive development in 2023.

### Cologne, February 22, 2023

Boris Polenske

gez. Board of Management

Timo Beyer

gez. Board of Management

#### d) Explanation of the sales segments for the financial year 2022

The operational business of 123fahrschule consists of three main pillars: a) the nationwide driving instruction of private customers, primarily in driving license classes A, B & BE b) the training of professional drivers and customers whose professional training and further education is supported by the employment agency with education vouchers c) the training of driving instructors (primarily to ensure the growth of 123fahrschule).

Due to the growth of recent years, more and more of the regional operating limited liability companies of the 123fahrschul Group offer services from two or more of the above-mentioned segments. To nevertheless ensure transparent reporting that neatly presents the status and development of the individual components of the operating business, 123fahrschule SE will publish a breakdown of revenue by segment from the 2022 annual report.

Revenues	2022 in K EUR	2022 in %
a) Private driver's education (classes A, B, BE)	13,477	80.8
b) Professional driver's ed. & publicly funded driver's ed. vouchers	978	5.9
c) Driving instructor training centers	2,213	13.3
<b>Total</b>	<b>16,668</b>	<b>100</b>

Starting with the 2023 annual report, a comparison with the previous year will be drawn in each case in addition to the current performance in order to highlight the development of the individual areas.

# Attachments

# Annex 1 - Balance sheet

123fahrschule SE (formerly Livonia SE), Frankfurt a. M. - Consolidated balance sheet as of December 31, 2022

Assets	December 31, 2022		December 31, 2021	
	EUR	EUR	EUR	EUR
<b>A. Fixed assets</b>				
I. Intangible assets				
1) Concessions, industrial property rights and similar rights and assets, and licenses in such rights and assets	1.714.496,35		1.039.133,55	
2) Goodwill	9.212.255,93		8.176.885,45	
3) Advance payments made	0,00	10.926.752,28	25.000,00	9.241.019,00
II. property, plant and equipment				
1) Technical equipment and machinery	1.431,00		377,00	
2) Other equipment, factory and office equipment	4.455.253,78		1.545.742,69	
3) Advance payments and assets under construction	56.900,00	4.513.584,78	0,00	1.546.119,69
III. financial assets				
1) Securities held as fixed assets	250,00	250,00	0,00	0,0
		<b>15.440.587,06</b>		<b>10.787.138,69</b>
<b>B. Current assets</b>				
I. Receivables and other Assets				
1) Trade receivables and services	3.530.650,91		529.927,94	
- Allowance for doubtful accounts	-17.218,62		-8.920,62	
2) Other assets	2.308.304,68	5.821.736,97	1.762.446,07	2.283.453,39
- thereof with a remaining term of more than one year EUR 2,029,093.01 (prior year EUR 906,793.63)				
II. Cash on hand, Bundesbank balances, bank balances and checks		334.619,13		3.161.326,58
		<b>6.156.356,10</b>		<b>5.444.779,97</b>
<b>C. Prepaid expenses</b>		168.730,99		43.287,12
<b>D. Deferred tax assets</b>		2.999.830,59		1.637.229,80
<b>Total assets</b>		<b>24.765.504,74</b>		<b>17.912.435,58</b>

Liabilities	December 31, 2022	December 31, 2021
	EUR	EUR
<b>A. Equity</b>		
<b>I. Subscribed capital</b>	3.107.354,00	2.419.306,00
<b>II. capital reserve</b>	23.787.292,00	19.059.004,00
<b>III. profit/loss carried forward</b>	-5.676.162,18	-1.193.793,09
<b>IV. Net loss for the year</b>	-4.379.920,57	-4.482.369,09
	<b>16.838.563,25</b>	<b>15.802.147,82</b>
<b>B. Provisions</b>		
I. Tax provisions	24.966,78	6.451,36
II. Other accrued liabilities	443.241,66	296.698,11
	<b>468.208,44</b>	<b>303.149,47</b>
<b>C. Liabilities</b>		
1) Liabilities to banks	2.164.796,13	65.926,27
2) Advance payments received on orders	1.283.211,38	983.378,76
3) Trade accounts payable and other liabilities Services	1.119.534,89	141.915,67
4) Other liabilities	1.990.110,23	615.917,59
-of which due to shareholders EUR 875,460.00 (previous year EUR 0.00)		
-of which from taxes EUR 628,228.50 (prior year EUR 472,689.08)		
-of which within the scope of social Security EUR 3,568.87 (prior year EUR 36,319.93)		
-of which with a remaining term of more than than one year EUR 85,365.69 (prior year EUR 16,496.29)		
	<b>6.557.652,63</b>	<b>1.807.138,29</b>
<b>D. Prepaid expenses</b>	901.080,42	0,00
<b>Total liabilities and shareholders' equity</b>	<b>24.765.504,74</b>	<b>17.912.435,58</b>

# Appendix 2 P&L

123fahrschule SE (formerly Livonia SE),  
Frankfurt a. M. - Consolidated income  
statement for the period from  
January 1 to December 31, 2022

	P&L		P&L
	EUR	2022 EUR	2021 EUR
1) Sales revenue		16.668.342,63	7.759.225,67
2) Other own work capitalized		143.699,00	0,00
3) Other operating income		1.077.094,59	338.838,30
4) Cost of materials			
a) Cost of purchased services		-29.052,34	0,00
5) Personnel expenses			
a) Wages and salaries	-10.078.956,26		-5.229.117,51
b) Social security contributions and expenses for pensions and other benefits	-2.059.465,66	-12.138.421,92	-1.016.901,85
6) Depreciation			
a) on intangible assets Fixed assets and property, plant and equipment and capitalized expenses for the start-up and expansion of business operations	-2.970.263,67		-1.798.194,64
b) on current assets, insofar as these assets, to the extent that these exceed the usual depreciation in the corporation. exceed the depreciation customary in a corporation	0,00	-2.970.263,67	-145.161,21
7) Other operating expenses		-8.393.192,84	-5.644.390,85



	P&L 2022		P&L 2021
	EUR	EUR	EUR
8) Other interest and similar income		53,17	1,76
9) Interest and similar expenses - thereof to shareholders EUR 0.00 (previous year EUR 9,932.85)		-28.555,35	-10.123,91
10) Taxes on income and From yield		1.356.574,41	1.290.184,78
11) Earnings after taxes		-4.313.722,32	-4.455.639,46
12) Other taxes		-66.198,25	-26.729,63
13) Net loss for the year		-4.379.920,57	-4.482.369,09

# Enclosure 3

Notes to the consolidated financial statements 123fahrschule SE, Frankfurt a. M.

December 31, 2022

## 1. general information about the Consolidated Financial Statements

### 1.1. General data

The commercial register number is HRB 117584 at Frankfurt am Main Local Court, and the business address is Klopstockstr. 1, 50968 Cologne.

The object of the company is the management of companies and the administration of shareholdings as well as the maintenance and protection of trademarks and other industrial property rights. The company's activities include the acquisition, holding and administration as well as the sale of shareholdings in domestic and foreign companies, in particular in the education and training sector, whose business purpose is related to the operation and administration of driving schools, as well as the granting of licenses concerning trademarks and other industrial property rights.

The Articles of Association were first adopted on July 3, 2019 and last amended during the financial year by resolution of the Annual General Meeting on June 27, 2022, registered on September 30, 2022, with regard to the amount and division of the share capital, the authorization to issue stock options to members of the Company's Board of Management and managing directors of the Company's direct and indirect subsidiaries, the authorization to issue bonds with warrants and/or convertible bonds, and the creation of Conditional Capital 2022/I and II.

In accordance with its Articles of Association, 123fahrschule is required to prepare separate

financial statements. In addition, as the parent company, the Company has prepared voluntary consolidated financial statements.

As a result of the contribution in kind of the 123fahrschule Holding GmbH subgroup to 123fahrschule SE as of October 26, 2020, the current group was established.

The consolidated financial statements have been prepared on the basis of the going concern principle (Section 252 (1) No. 2 HGB). Some of the companies in the Group are over-indebted. The going concern assumption is made because the Group companies are provided with sufficient liquidity and equity by the shareholders.

The consolidated income statement was prepared in the reporting year using the nature of expense method.

The fiscal year of the consolidated financial statements and the consolidated companies corresponds to the calendar year. The consolidated financial statements are prepared in euros.

### 1.2. scope of consolidation

In addition to 123fahrschule SE as the parent company, the following companies were also included in the consolidated group:

List of shareholdings pursuant to Section 313 (2) HGB

As of December 31, 2022

Fully consolidated Subsidiaries	Seat	Share-ownership in %
123fahrschule Holding GmbH	Co-logne	100,00
123fahrschule Rhineland GmbH	Co-logne	100,00
123fahrschule Ruhr Area North GmbH	Co-logne	100,00
123fahrschule Ruhr area-South GmbH	Co-logne	100,00
123fahrschule Lower Rhine GmbH	Co-logne	100,00
123fahrschule NRW GmbH	Co-logne	100,00
DriverWork Ltd.	Co-logne	100,00
123fahrschule Hamburg GmbH	Co-logne	100,00
123fahrschule Munich GmbH	Co-logne	100,00
123fahrschule Hauptstadt GmbH (formerly Fahrschule Glowalla GmbH)	Berlin	100,00
123invest one ltd.	Co-logne	100,00
123fahrschule Bildung GmbH (formerly 123fahrschule Operations-Ost GmbH)	Berlin	100,00
123fahrschule Rhein-Sieg GmbH	Co-logne	100,00
123fahrschule West GmbH (formerly 123fahrschule Sachsen-Ost GmbH)	Co-logne	100,00
123fahrschule Saxony GmbH	Co-logne	100,00
Driving school and driving instructor school Horst Fornefeld GmbH	Wesel	100,00

### 1.3 Consolidation of capital

Capital consolidation was performed using the revaluation method in accordance with Section 301 (1) HGB. Under this method, any hidden reserves and hidden liabilities of the subsidiaries are disclosed before the difference arising from capital consolidation is calculated, and the revalued equity determined in this way is compared with the cost of acquisition.

Any excess of cost of acquisition over the fair value of net assets acquired is recognized as goodwill.

### 1.4 Debt consolidation

Pursuant to Section 303 (1) HGB, debt consolidation is performed by eliminating receivables with the corresponding liabilities between the companies fully included in the consolidated financial statements.

### 1.5 intercompany profit elimination

There were no intercompany profit eliminations in the past fiscal year.

### 1.6 Expense and Income consolidation

In accordance with Section 305 (1) HGB, expenses and income are consolidated by offsetting the sales revenues and other income between the Group companies against the related expenses. Interest income and similar income have also been offset against the corresponding expenses.

### 1.7 Deferred tax

Where consolidation measures have resulted in significant changes in the Group's net income compared with the total of the individual results of the companies included in the consolidated

financial statements, deferred taxes are recognized in accordance with Section 306 HGB. No deferred taxes arose from consolidation measures.

### **1.8 Currency information**

In the consolidated financial statements, the balance sheets of the companies included are presented in euros.

## **2. accounting and Valuation principles**

In the consolidated financial statements, the accounting and valuation methods previously applied in the parent company have essentially been adopted. Acquired intangible assets are generally valued at acquisition cost less scheduled amortization.

The reported goodwill resulting from the initial consolidation was capitalized and amortized over a period of 7 years. The shortened amortization period corresponds to the product-related short-term change in the customer base.

Under internally generated intangible assets, personnel costs for two employees are capitalized for the first time and amortized on a scheduled basis over eight years. This corresponds to the internal programming work in the internally created and continuously expanded operational ERP system "123Charger".

Vehicles under residual value leases are capitalized at their discounted present value and depreciated over five years, and the corresponding lease liabilities are recognized as liabilities.

Intangible assets and property, plant and equipment are carried at cost less scheduled depreciation. In the year of acquisition, low-value

assets up to a value of EUR 250 per asset are fully depreciated. For low-value assets of more than EUR 250 and up to EUR 1,000, a collective item is set up in accordance with Section 6 (2a) of the German Income Tax Act (EStG), which is depreciated on a straight-line basis over a period of 5 years.

Receivables, other assets and cash and cash equivalents are generally carried at cost (nominal amounts). In the case of trade accounts receivable, identifiable risks are taken into account by means of a general bad debt allowance of 2% on the net amount of receivables.

Other accruals are recognized at the settlement amounts which, according to reasonable commercial judgment, were necessary to cover uncertain liabilities or uncertain risks.

In measuring other provisions, appropriate and sufficient account is taken of all identifiable risks.

Liabilities are recognized at their settlement amount. The option to capitalize deferred taxes pursuant to Sec. 274 (1) Sentence 2 HGB has been exercised.

### **3. disclosures on items of the Consolidated balance sheet**

The development of the individual items of the Group's fixed assets is attached as Annex 3A. Other receivables and other assets include EUR 3,419,041.20 with a remaining term of more than one year.

Deferred tax assets were recognized on trade tax and corporate income tax loss carryforwards as shown below. As of December 31, 2022, losses of 123fahrschule Holding GmbH

and its subsidiaries amounting to EUR 9,240,986.62 can probably be fully utilized for tax purposes in the following five years. The loss carryforwards of 123fahrschule Holding GmbH are only to be taken into account for tax purposes after the contribution of the shares of the company to 123fahrschule SE. Deferred tax assets of EUR 3,047,215.34 were recognized on this amount at the Group tax rate of 32.975%.

In addition, deferred tax liabilities of EUR 24,644.38 for trade tax and EUR 22,740.37 for corporate income tax were recognized on own work capitalized.

As of the balance sheet date, there is a surplus of deferred tax assets amounting to EUR 2,999,830.59 (previous year: EUR 1,637,229.80).

According to the resolution of the Annual General Meeting on June 30, 2022, the Executive Board is authorized, with the approval of the Supervisory Board, to increase the Company's share capital on one or more occasions on or before June 26, 2027, by up to a total of EUR 1,284,653.00 by issuing new no-par value bearer shares against cash and/or non-cash contributions, in whole or in partial amounts (Authorized Capital 2022).

Furthermore, the Articles of Association were amended as follows: The share capital is conditionally increased by up to EUR 1,027,723.00 by issuing up to 1,027,723 no-par value bearer shares (Conditional Capital 2022/II). The conditional capital increase will only be carried out to the extent that the holders or creditors of option or conversion rights or those obligated to convert or exercise options from issued bonds with warrants or convertible bonds issued by the Company or a third party on the basis of the

authorization resolved by the Annual General Meeting on June 27, 2022 until June 26, 2027 are able to exercise their conversion or option rights. The Executive Board is authorized, subject to the approval of the Supervisory Board, to exercise the option or conversion rights or, insofar as they are obliged to convert, to fulfill their obligation to convert, or insofar as the Company exercises an option to grant shares in the Company in whole or in part instead of payment of the cash amount due, unless cash compensation is granted in each case or treasury shares or shares in another listed company are used to service the option or conversion rights.

The Annual General Meeting on June 27, 2022 also resolved the following amendment to the Articles of Association: The share capital is conditionally increased by up to EUR 75,482.00 by issuing up to 75,482 no-par value bearer shares (Conditional Capital 2022/I). The conditional capital increase serves exclusively to grant rights to the holders of stock option rights from the Stock Option Program 2022, which the Management Board or, in the case of an option issue to members of the Management Board, the Supervisory Board was authorized to issue in the period up to June 26, 2027 (inclusive) by resolution of the Annual General Meeting on June 27, 2022.

The Company's share capital was increased by the contribution in kind of 123fahrschule Holding GmbH, Cologne, from originally EUR 250,000.00 on October 26, 2020 to EUR 1,264,480.00 by issuing 1,014,480 new shares with a nominal value of EUR 1.00 each. Further capital increases took place in fiscal year 2021. By December 31, 2022, the share capital had been adjusted by the following capital increases:

Under the authorization granted by the Annual General Meeting on June 27, 2021, the capital stock was increased by EUR 150,000.00 on May 17, 2022. By resolution of the Supervisory Board dated May 12, 2022, Section 5 of the Articles of Association (share capital) was amended. As part of the capital increase, 150,000 new shares with a proportionate amount of the share capital of EUR 1.00 each were issued at a subscription price of EUR 11.00 per share.

The Annual General Meeting of 123fahrschule SE resolved on June 27, 2022 to increase the Company's share capital by a total of up to EUR 800,000.00 by issuing up to 800,000 new no-par value bearer shares against cash contributions. On September 05, 2022, the Executive Board resolved, with the approval of the Supervisory Board on the same day, to increase the share capital of the Company in the amount of EUR 2,569,306.00 by up to EUR 700,719.00 to up to EUR 3,270,025.00 by issuing up to 700,719 new no-par value bearer shares carrying dividend rights from January 1, 2022 and representing a notional share in the share capital of EUR 1.00 each at an issue price of EUR 1.00 per share to be issued. The subscription price is EUR 7.00. On September 23, 2022, the Executive Board resolved the final scope of the capital increase with the approval of the Supervisory Board. The resolution includes an increase of the share capital by EUR 538,048.00 by issuing 538,048 new shares.

As of December 31, 2022, the Company's share capital thus amounts to EUR 3,107,354.00, divided into 3,107,354.00 no-par value shares at EUR 1.00 each.

The development of the Group's equity is presented in Annex 5.

Tax provisions of EUR 6 K were recognized for 123fahrschule Hauptstadt GmbH (formerly Glowalla GmbH) and EUR 19 K for Fahrschule und Fahrlehrerfachschule Horst Fornefeld GmbH. Other accruals include accruals for personnel costs as well as preparation and audit costs.

In the consolidated statement of changes in liabilities presented as Annex 3B, all liabilities are broken down by residual term and collateralization.

#### **4. disclosures on items of the Profit and loss account**

The income statement is considered for the period Jan. 1 to Dec. 31, 2022. The sales revenues were generated in Germany.

Revenues in the financial year totaled EUR 16,668 K (2007: EUR 7,759 K), of which EUR 13,477 K (2007: EUR 7,668 K) was generated mainly from income from driving schools, EUR 978 K (2007: EUR 91 K) from income from the education provider business, and EUR 2,213 K (2007: EUR 0.00) from driving instructor training.

In addition to scheduled amortization, impairment losses of EUR 173 K were recognized on the goodwill of Fahrschule und Fahrlehrerfachschule Horst Fornefeld GmbH (Section 298 (1) in conjunction with Section 253 (3) sentence 3 HGB).

In 2022, income relating to other periods amounts to EUR 17 K. Expenses relating to other periods amount to EUR 127 K.

**5. other data**Other financial obligations

As of the balance sheet date, there were other financial obligations for rentals, leasing and installment purchases amounting to EUR 3,441 K (previous year: EUR 3,380 K).

Shareholdings

As of the balance sheet date, there are shares in affiliated companies within the meaning of Section 285 No. 11 of the German Commercial Code (HGB) in the following company - the respective surplus or deficit quantifies the unconsolidated value at individual financial statement level:

**123fahrschule Holding GmbH, Cologne**

100 % Share of nominal capital of	€	253.620,00
Equity at Dec. 31, 2022:	€	9.645.970,81
Deficit Dec. 31, 2022:	€	-3.453.415,57

**123fahrschule Rheinland GmbH, Cologne**

100 % Share in Nominal capital of	€	25.000,00
Equity at Dec. 31, 2022:	€	-606.654,29
Deficit Dec. 31, 2022:	€	-123.178,67

**123fahrschule Ruhrgebiet-Nord GmbH, Cologne**

100 % Share in Nominal capital of	€	25.000,00
Equity at Dec. 31, 2022:	€	-88.341,22
Surplus Dec. 31, 2022:	€	348.761,53

**123fahrschule Ruhrgebiet-Süd GmbH, Cologne**

100 % Share in Nominal capital of	€	12.500,00
Equity at Dec. 31, 2022:	€	6.634,45
Deficit Dec. 31, 2022:	€	-5.865,55

**123fahrschule Niederrhein GmbH, Cologne**

100 % Share in Nominal capital of	€	25.000,00
Equity at Dec. 31, 2022:	€	-174.319,58
Surplus Dec. 31, 2022:	€	79.415,68

**123fahrschule Hauptstadt GmbH, Berlin (formerly 123fahrschule Glowalla GmbH)**

100 % Share in Nominal capital of	€	51.129,19
Equity at Dec. 31, 2022:	€	172.869,23
Surplus Dec. 31, 2022:	€	227.554,92

**123fahrschule NRW GmbH, Cologne**

100 % Share in Nominal capital of	€	25.000,00
Equity at Dec. 31, 2022:	€	-407.731,82
Deficit Dec. 31, 2022:	€	-209.080,20

**123fahrschule Hamburg GmbH, Cologne**

100 % Share in Nominal capital of	€	25.000,00
Equity at Dec. 31, 2022:	€	40.689,69
Surplus Dec. 31, 2022:	€	52.618,77

**123fahrschule Bildung GmbH, Cologne  
(formerly 123fahrschule Operations-  
Ost GmbH)**

100 % Share in Nominal capital of	€	25.000,00
Equity at Dec. 31, 2022:	€	-570.815,46
Deficit Dec. 31, 2022:	€	-513.010,02

**123fahrschule München GmbH, Co-  
logne**

100 % Share in Nominal capital of	€	25.000,00
Equity at Dec. 31, 2022:	€	-33.361,54
Deficit Dec. 31, 2022:	€	-50.901,99

**123fahrschule Rhein-Sieg GmbH, Co-  
logne**

100 % Share in Nominal capital of	€	25.000,00
Equity at Dec. 31, 2022:	€	-107.275,31
Deficit Dec. 31, 2022:	€	-124.655,10

**123fahrschule Sachsen GmbH, Co-  
logne**

100 % Share in Nominal capital of	€	25.000,00
Equity at Dec. 31, 2022:	€	43.398,56
Surplus Dec. 31, 2022:	€	19.672,21

**123fahrschule West GmbH, Cologne  
(formerly 123fahrschule Sachsen-Ost  
GmbH)**

100 % Share in Nominal capital of	€	12.500,00
Equity at Dec. 31, 2022:	€	-64.205,04
Deficit Dec. 31, 2022:	€	-76.705,04

**invest eins GmbH, Cologne**

100 % Share in Nominal capital of	€	12.500,00
Equity at Dec. 31, 2022:	€	-19.813,76
Deficit Dec. 31, 2022:	€	-32.313,76

**FahrerWerk GmbH, Cologne**

100 % Share in Nominal capital of	€	134.647,00
Equity at Dec. 31, 2022:	€	645.569,44
Surplus Dec. 31, 2022:	€	513.402,57

**Driving school and driving instructor  
school Horst Fornefeld GmbH, Wesel**

100 % Share in Nominal capital of	€	25.000,00
Equity at Dec. 31, 2022:	€	-182.620,60
Deficit Dec. 31, 2022:	€	-84.592,43

Supplementary report

The war in Ukraine and the associated implications, such as a sharp rise in energy costs and high inflation, may have a negative impact on the development of the net assets, financial position and results of operations in 2023. In this regard, we refer to the comments in the



management report, which are presented in the report on expected developments and the report on opportunities and risks.

### Employees

The average number of employees for the Group in 2022 is as follows:

Employees	217
Temps	18
	235

### Total fee auditor

The total fees charged by the auditor for the past financial year amounted to EUR 84 K, of which EUR 21 K was for audit services, EUR 14 K for other assurance services and EUR 49 K for due diligence audits.

### Related party disclosures

There were no disclosable transactions with related parties of the Company and its subsidiaries in fiscal year 2022 that were not concluded at arm's length.

### Group affiliation

The annual financial statements of 123fahrschule SE, Frankfurt am Main, are included in the consolidated financial statements of 123fahrschule SE, Frankfurt am Main. As the parent company, it prepares the consolidated financial statements for the smallest and at the same time largest group of companies.

### Company bodies

Board of Management of the Company in fiscal year 2022 were:

Board of Management Boris Polenske, Cologne, since December 16, 2020.

Board member Timo Beyer, Pulheim, since April 01, 2021.

In accordance with Section 286 (4) of the German Commercial Code (HGB), the total compensation of the Board of Management is not disclosed.

### Supervisory Board

The Supervisory Board of the Company has existed since December 16, 2020 and since January 06, 2021 in the following functions:

Chairman of the Supervisory Board Stefan Petter, Cologne,

Deputy Chairman of the Supervisory Board Rudolf Rizzolli, Munich, Member of the Supervisory Board Dr. Bert Brinkhaus, Cologne, since June 27, 2022 Member of the Supervisory Board Dr. Heinrich Zetlmayer, Rüschtikon/Switzerland.

### **Cologne, February 22, 2023**

gez. Boris Polenske

Board of Directors

gez. Timo Beyer

Board of Directors

# Attachment 3A

123fahrschule SE (formerly Livonia SE), Frankfurt a.M.  
Development of Group fixed assets in fiscal 2022

## Acquisition and production costs

	Carry forward 01.01.2022	Change in the scope of con- solidation	Additions	Disposals	Trans- fer	Booth 31.12.2022
	EUR	EUR	EUR	EUR	EUR	EUR
<b>I. Intangible assets</b>						
1. Concessions, industrial property rights and similar rights and assets, and licenses in such rights and values	1.362.328,04	46.981,98	906.917,14	0,00	0,00	2.316.227,16
2. Goodwill	9.980.091,03	1.643.493,59	1.188.930,97	0,00	0,00	12.812.515,59
3. Prepayments made	25.000,00	0,00	0,00	-25.000,00	0,00	0,00
	<b>11.367.419,07</b>	<b>1.690.475,57</b>	<b>2.095.848,11</b>	<b>-25.000,00</b>	<b>0,00</b>	<b>15.128.742,75</b>
<b>II. property, plant and equipment</b>						
1. Land, leasehold rights and buildings, including buildings on land owned by others	0,00	0,00	0,00	0,00	0,00	0,00
2. Technical equipment and machinery	415,00	0,00	1.260,50	0,00	0,00	1.675,50
3. Other equipment, operating and Business equipment	2.280.954,70	933.851,18	3.339.779,39	-198.353,51	0,00	6.356.231,76
4. Advance payments and assets under construction	0,00	0,00	56.900,00	0,00	0,00	56.900,00
	<b>2.281.369,70</b>	<b>933.851,18</b>	<b>3.397.939,89</b>	<b>-198.353,51</b>	<b>0,00</b>	<b>6.414.807,26</b>
<b>III. financial assets</b>						
1. Shares in affiliated companies	0,00	0,00	0,00	0,00	0,00	0,00
2. Securities held as fixed assets	0,00	250,00	0,00	0,00	0,00	0,00
	<b>0,00</b>	<b>250,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
	<b>13.648.788,77</b>	<b>2.624.576,75</b>	<b>5.493.788,00</b>	<b>-223.353,51</b>	<b>0,00</b>	<b>21.543.800,01</b>

## Depreciation

	Carry forward 01.01.2022 EUR	Change in the scope of con- solidation EUR	Additions EUR	Disposals EUR	Booth 31.12.2022 EUR
<b>I. Intangible assets</b>					
1. Concessions, industrial property rights and similar rights and assets, and licenses in such rights and values	323.194,49	6.181,53	272.354,79	0,00	601.730,81
2. Goodwill	1.803.205,58	61.263,00	1.735.791,08	0,00	3.600.259,66
3. Prepayments made	0,00	0,00	0,00	0,00	0,00
	<b>2.126.400,07</b>	<b>67.444,53</b>	<b>2.008.145,87</b>	<b>0,00</b>	<b>4.201.990,47</b>
<b>II. property, plant and equipment</b>					
1. Land, land rights and buildings, including buildings on land and buildings on land Buildings on land owned by others	0,00	0,00	0,00	0,00	0,00
2. Technical equipment and machinery	38,00	0,00	206,50	0,00	244,50
3. Other equipment, operating and Business equipment	735.212,01	280.757,18	961.911,30	-76.903,51	1.900.977,98
4. Advance payments and assets under con- struction	0,00	0,00	0,00	0,00	0,00
	<b>735.251,01</b>	<b>280.757,18</b>	<b>962.117,80</b>	<b>-76.903,51</b>	<b>1.901.222,48</b>
<b>III. financial assets</b>					
1. Shares in affiliated companies	0,00	0,00	0,00	0,00	0,00
2. Shareholdings	0,00	0,00	0,00	0,00	0,00
	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
	<b>2.861.650,08</b>	<b>348.201,71</b>	<b>2.970.263,67</b>	<b>-76.903,51</b>	<b>6.103.212,95</b>

## Carrying amounts

	31.12.2022 EUR	31.12.2021 EUR
<b>I. Intangible assets</b>		
1. Concessions, industrial property rights and similar rights and assets, and licenses in such rights and values	1.714.496,35	1.039.133,55
2. Goodwill	9.212.255,93	8.176.885,45
3. Prepayments made	0,00	25.000,00
	<b>10.926.752,28</b>	<b>9.241.019,00</b>
<b>II. property, plant and equipment</b>		
1. Land, land rights and buildings rights and buildings including the Buildings on land owned by others	0,00	0,00
2. Technical equipment and machinery	1.431,00	377,00
3. Other equipment, operating and Business equipment	4.455.253,78	1.545.742,69
4. Advance payments and assets under construction	56.900,00	0,00
	<b>4.513.584,78</b>	<b>1.546.119,69</b>
<b>III. financial assets</b>		
1. Shares in affiliated companies	0,00	0,00
2. Shareholdings	250,00	0,00
	<b>250,00</b>	<b>0,00</b>
	<b>15.440.587,06</b>	<b>10.787.138,69</b>

# Attachment 3B

Group liabilities mirror 123fahrschule SE (formerly Livonia SE), Frankfurt a. M. Dec. 31, 2022

Type of liability	Duration			total	Type of collateraliza- tion of the liabilities
	up to 1 year	1 to 5 years	> 5 years		
Liabilities to Credit institutions	1.910.680,23	254.115,90	0,00	2.164.796,13	none
Advance payment received on orders	1.283.211,38	0,00	0,00	1.283.211,38	none
Trade accounts payable	1.119.534,89	0,00	0,00	1.119.534,89	none
other liabilities	1.029.284,54	960.825,69	0,00	1.114.650,23	none
	<b>5.342.711,04</b>	<b>1.214.941,59</b>	<b>0,00</b>	<b>6.557.652,63</b>	

# Enclosure 4

## 123fahrschule SE (formerly Livonia SE), Frankfurt a. M. Consolidated cash flow statement for 2022

	2022	2021
	EUR	EUR
<b>1. Cash flow from operating activities</b>		
Result for the period	-4.379.920,57	-4.482.369,09
Depreciation of property, plant and equipment	2.970.263,67	1.798.194,64
Non-cash change in deferred taxes	-1.362.600,79	-1.302.239,78
+Loss/gain on disposals of fixed assets	-52.094,56	76.667,92
Change in trade receivables		
Services and other assets	-3.663.727,45	-1.270.270,75
Changes in current provisions	165.058,97	-85.417,32
Change in liabilities		
Trade accounts payable and other liabilities	3.552.724,90	-1.764.784,66
<b>Cash flow from operating activities</b>	<b>-2.770.295,83</b>	<b>-7.030.219,04</b>
<b>2. Cash flow from investing activities</b>		
Proceeds from disposals of non-current assets	198.545,56	0,00
Non-cash change due to change in scope of consolidation	-2.276.375,04	-166.966,58
Cash outflows for investments in fixed assets	-5.493.788,00	-2.167.039,61
<b>Cash flow from investing activities</b>	<b>-7.571.617,48</b>	<b>-2.334.006,19</b>
<b>3. Cash flow from financing activities</b>		
+Deposits/repayments of bank liabilities	2.098.869,86	65.624,99
Deposit from capital increase	5.416.336,00	12.425.999,00
<b>Cash flow from financing activities</b>	<b>7.515.205,86</b>	<b>12.491.623,99</b>
<b>4. Cash and cash equivalents at the end of the period</b>		
Cash-effective change in cash and cash equivalents (Subtotal 1-3)	-2.826.707,45	3.127.398,76
Cash and cash equivalents at the beginning of the period	3.161.326,58	33.927,82
<b>Cash and cash equivalents at the end of the period</b>	<b>334.619,13</b>	<b>3.161.326,58</b>
<b>5. Composition of cash and cash equivalents</b>		
<b>Cash and cash equivalents</b>	<b>334.619,13</b>	<b>3.161.326,58</b>

# Enclosure 5

123fahrschule SE (formerly Livonia SE), Frankfurt a. M.

Consolidated statement of changes in equity Dec. 31, 2022

	Drawn. Capital EUR	Capital- reserve EUR	Profit- reserve EUR	Profit- lecture EUR	Annual- result EUR	Total EUR
<b>31.12.2018</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
Appropriation of earnings	0,00	0,00	0,00	0,00	0,00	0,00
Foundation	250.000,00	0,00	0,00	0,00	0,00	250.000,00
Net loss 2019	0,00	0,00	0,00	0,00	-815,40	-815,40
<b>31.12.2019</b>	<b>250.000,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>-815,40</b>	<b>249.184,60</b>
Appropriation of earnings	0,00	0,00	0,00	-815,40	815,40	0,00
Contribution 123fahrschule	1.014.480,00	7.787.831,00	0,00	0,00	0,00	8.802.311,00
Net loss 2020	0,00	0,00	0,00	0,00	-1.192.977,69	-1.192.977,69
<b>31.12.2020</b>	<b>1.264.480,00</b>	<b>7.787.831,00</b>	<b>0,00</b>	<b>-815,40</b>	<b>-1.192.977,69</b>	<b>7.858.517,91</b>
Appropriation of earnings	0,00	0,00	0,00	-1.192.977,69	1.192.977,69	0,00
Capital increase	1.154.826,00	11.271.173,00	0,00	0,00	0,00	12.425.999,00
Net loss 2021	0,00	0,00	0,00	0,00	-4.482.369,09	-4.482.369,09
<b>31.12.2021</b>	<b>2.419.306,00</b>	<b>19.059.004,00</b>	<b>0,00</b>	<b>-1.193.793,09</b>	<b>-4.482.369,09</b>	<b>15.802.147,82</b>
Appropriation of earnings	0,00	0,00	0,00	-4.482.369,09	4.482.369,09	0,00
Capital increase	688.048,00	4.728.288,00	0,00	0,00	0,00	5.416.336,00
Net loss 2021	0,00	0,00	0,00	0,00	-4.379.920,57	-4.379.920,57
<b>31.12.2022</b>	<b>3.107.354,00</b>	<b>23.787.292,00</b>	<b>0,00</b>	<b>-5.676.162,18</b>	<b>-4.379.920,57</b>	<b>16.838.563,25</b>

# Independent Auditor's Report

To 123fahrschule SE

## Audit Opinions

We have audited the consolidated financial statements prepared by 123fahrschule SE, Cologne, comprising the consolidated statement of financial position, the consolidated statement of income, the consolidated notes to the consolidated financial statements, the consolidated statement of cash flows and the consolidated statement of changes in equity, together with the group management report for the business year from January 1 to December 31, 2022.

In our opinion, based on the findings of our audit, the consolidated financial statements are as follows

- the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and of its financial performance for the fiscal year from January 1 to December 31, 2022, in accordance with German principles of proper accounting.
- and the accompanying Group management report as a whole provides a suitable view of the Company's position. In all material respects, this Group management report is consistent with the consolidated financial statements, complies with German legal requirements and presents fairly, in all material respects, the opportunities and risks of future development.

development of the Group's business. Our audit opinion on the group management report does not cover the content of the aforementioned corporate governance statement.

In accordance with Section 322 (3) sentence 1 of the German Commercial Code (HGB), we declare that our audit has not led to any reservations concerning the correctness of the consolidated financial statements and the Group management report.

## Basis for the audit judgments

We conducted our audit of the consolidated financial statements and the group management report in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibility under those provisions and standards is further described in the section "Auditor's Responsibility for the Audit of the Consolidated Financial Statements and the Group Management Report" of our auditor's report. We are independent of the Company in accordance with German commercial law and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and the group management report.



#### **Responsibility of the legal representatives and the Supervisory Board for the consolidated financial statements and the Group management report**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with German principles of proper accounting and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They are also responsible for disclosing, as applicable, matters related to going concern.

In addition, they are responsible for preparing the financial statements on the basis of the going concern principle, unless factual or legal circumstances prevent this.

Furthermore, management is responsible for the preparation of the group management report, which as a whole provides a suitable view of the Company's position and is consistent in all material respects with the consolidated financial statements, complies with German legal requirements, and suitably presents the opportunities and risks of future development. Furthermore, management is responsible for the arrangements and measures (systems) that it determines are necessary to enable the preparation of a group management report in accordance with the applicable German legal

requirements and to provide sufficient appropriate evidence for the statements made in the group management report.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the consolidated financial statements and the Group management report.

#### **Auditor's Responsibility for the Audit of the Consolidated Financial Statements and the Group Management Report**

Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides a suitable view of the Company's position and is consistent, in all material respects, with the consolidated financial statements and the audit findings, complies with German legal requirements, and suitably presents the opportunities and risks of future development, and to issue an auditor's report that includes our audit opinion on the consolidated financial statements and the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and the group management report.

During the audit, we exercise professional judgment and maintain a critical attitude. Furthermore

- Identify and assess the risks of material misstatement of the consolidated financial statements and the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting material misstatements is higher in the case of noncompliance than in the case of inaccuracy, as noncompliance may involve fraud, forgery, intentional omissions, misleading representations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and the arrangements and actions relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those entities' systems.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the going concern basis of accounting used by management and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the

Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. We draw our conclusions based on the audit evidence obtained up to the date of our audit opinion. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- we assess the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in such a way that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting.
- We assess the consistency of the group management report with the consolidated financial statements, its compliance with the law and the view it conveys of the Company's position.
- We perform audit procedures on the forward-looking statements made by management in the Group management report. In particular, based on sufficient appropriate audit evidence, we reproduce the significant assumptions made by management regarding the forward-looking statements

and evaluate the appropriateness of the information derived from these assumptions. We do not express an independent opinion on the forward-looking statements or on the underlying assumptions. There is a significant unavoidable risk that future events may differ materially from the forward-looking statements.

We discuss with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any deficiencies in internal control that we identify during our audit.

**Cologne, February 28, 2023**

MORISON Cologne AG  
Auditing firm  
Tax consulting company

.....  
**Gert Nacken Martin Kowol**  
Certified Public Accountant   Certified Public  
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Further information about the company can be found on our website:

[www.123fahrschule.de](http://www.123fahrschule.de)

The online version of the Annual Report can be found at:

[company.123fahrschule.de](http://company.123fahrschule.de)

This annual report was published on February 28, 2023 and is available for download on the internet.

# Disclaimer

This Annual Report and in particular the Outlook contain forward-looking statements based on the current assessment of the Executive Board regarding the future development of the market environment and the Group. This assessment was made on the basis of all information available at the time of completion of this annual report. Forward-looking statements are subject to uncertainties - as described in the risks and opportunities section of our management report - that are beyond the Group's control. This applies both to the possible effects of the Ukraine crisis and after-effects of the Covid 19 pandemic, as well as to their further course and macroeconomic impact. If the assumptions underlying the forecast are not accurate or the risks or opportunities described materialize, the actual results may differ significantly from the statements made in the outlook. If the information basis changes to the effect that a significant deviation from the forecast becomes predominantly likely, 123fahrschule SE will disclose this in accordance with the statutory disclosure requirements.