

**Summary of the business plan of NIOL, the online newspaper and
recruiting company for people with disabilities**

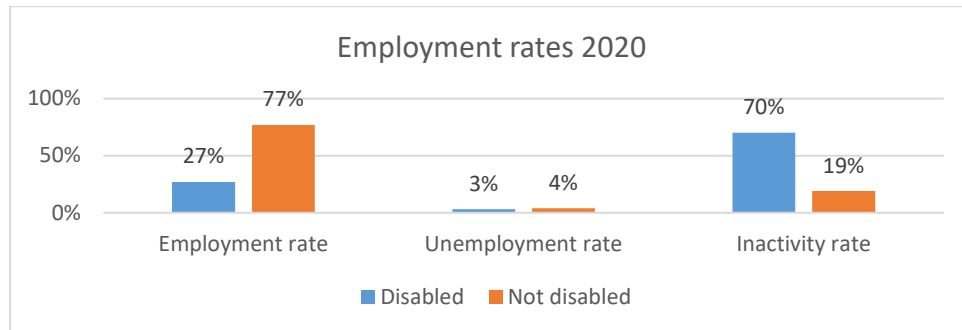


Problem

In Hungary, the employment rate is one of the lowest in the EU among people with altered workforce. KSH, Hungarian Central Statistical Office disclosed the rates of 2020 that is the latest data from the Office to this day.

Hungary is still behind the UK, where the average employment rate is around 50% compared to the 27% Hungarian rate. (House of Commons Library, 2021)

Chart 1 shows the unemployment, employment, and inactivity rates for both people with (blue) and without (yellow) disabilities.



KSH, 2021

The total population of people with disabilities is 458.684, only 126.106 have a job.

The differences are significant as the result of the high inactive rate in this group. The high gap is being elaborated below by detailing the term, inactive.

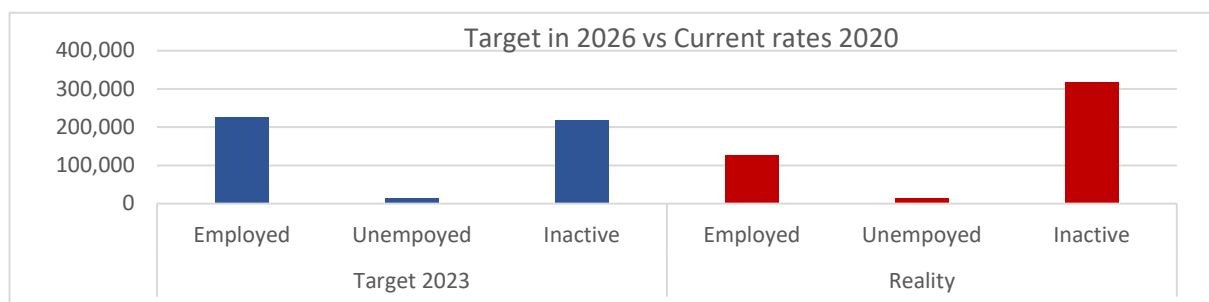
What does inactive mean?

People with disabilities are put into b1, b2, c, d, e categories (Rehabportal, 2020). Government allocates disability benefits to group E and D to compensate their inability to work. However, it does not correspond to reality as many of them are able and do work actively.

NIOL aims to help rehabilitate them. There are more, than 458,684 people whose workforce is altered and 318,800 of them are considered inactive. This 70% inactivity rate is outstanding compared to Western European countries.

If we consider the UK inactivity rate as our target rate for Hungary, the employment, unemployment, and inactivity rate would represent much favourable values, as shown on the Chart 2.

Chart 2.



KSH, 2021

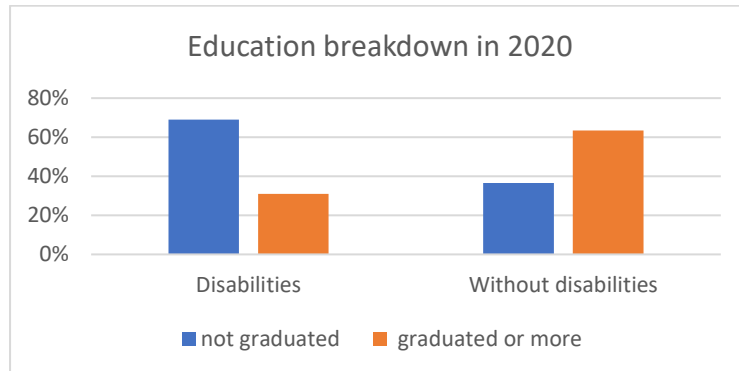
Employment rate would be 50%, 226.000 people would be able to work in the Target dimension compared to 126.000 people reported in 2020 in the Current (red) side.

Breaking down working status

This part details the current employment, unemployment and inactivity rate in Hungary dividing the people into 2 groups, “not graduated” and “graduated or more”.

I observe the data in the population of people with altered workforce and the people without disabilities to highlight the inequality.

Chart 3.



KSH, 2021

The main difference is in the “graduated or more” group, only 31% of people with altered workforce (blue) pursued higher education compared to the 69% in the without disability group. The reasons behind this small percentage can be various:

- The event due to which people fall into the “people with altered workforce” group happens along their way to higher education (e.g., an accident happens when they are teenager) making them unable to get enrolled to an institution.
- The financial well being of the altered workforce people is less advanced.
- The higher education institutions do not adjust their resources to the needs of these people

Opportunity

1. Table 1. from KSH 2015 and 2020 data with the calculated estimation for 2026.

Working status	21% employment rate 2015			27% employment rate 2020			50% employment rate Target of 2026			Δ in numb. of employed ppl 2020-2026
	Emp	Unemp	Inactive	Emp	Unemp	Inactive	Emp	Unemp	Inactive	
Not graduated	87,974	24,247	379,160	76,468	10,049	232,051	135,974	9,049	159,282	59,506
Graduated or more	53,813	6,815	128,705	50,628	3,641	86,837	90,025	4,641	59,065	39,397
TOTAL	141,787	31,062	507,865	127,096	13,690	318,888	225,999	13,690	218,347	98,903

KSH 2021

By 2026, the number of employed people will reach 226,000 and the number of inactive people will shrink to 218,000. Our company can rehabilitate 39,397 people from our target group, “graduated or more”. According to our plan, by 2026, we will be able to provide job for 18,800 people.

- As of January 1, 2021, an amendment to the law came into force, which abolished the provision on the restriction of earnings of people receiving benefits due to their altered working capacity. (Kormányhivatal, 2020)
- Employers are not obligated to pay the social contribution for the disabled employees.

Solution

NIOL- Neked is osztottak lapot, the recruitment company changes the way people think about their peers from marginalized groups as workforce. It aims to show companies the social and financial perks of hiring these people. It mainly focus on the educated people helping them getting a job and helping the companies diverse their employee base.

1. People looking for job: NIOL assesses their skills, the validity of their handicapped card during the registration. They can also disclose how they were supported by their former employers (e.g., with special software designated for visually impaired people.) that can be helpful for the potential employers.

2. Companies looking for employees: NIOL gest to know the business, understand the skills the company needs and the type of people it wants to hire.

The software then connects the company to a range of screened candidates who are ready to go, so the employer can quickly hire the person. It offers professional recruitment, advice on diversity and inclusion in the workplace. The company is dedicated to give back to the society by introducing volunteering projects, programs helping companies, universities adjust their resources so people with disabilities will have no barrier to pursue a career.

Financial Plan

Valuation method

The revenue stems from the job posting coming from the employers.

Cost of equity is calculated to obtain the return as the company will not engage into any loan or debt. When valuating NIOL, we use Damodaran database for the unlevered beta of the advertising industry. Given the assume Beta=0.84, the assume Risk Free Rate = 3.1% and the assume Stock Market Return = 8.5%, our cost of equity will be 7.6

Using DCF valuation method, with Long Term Growth of 2%, the terminal value will be EUR 1,877,194 with an NPV of EUR 1,315,487. Our free cash flow estimation:

2022	2023	2024	2025	2026
-53,544	-32,212	13,705	14,652	103,724

Investment request

The company starts the first financial year with a EUR 120.000 fund raised from angel investors followed by the second investment load gathered in the third financial year, EUR 130.000 for 25% of the ownership. The IRR of the ownership with the terminal value of EUR 1,877,194 is 23% by the end of the fifth financial year.

2022	2023	2024	2025	2026	IRR
-120,000	0	-130,000	0	1,877,194	86%
Investor IRR					
-120,000	0	-130,000	0	469,299	23%

Income statement

Revenue	34,310	53,688	146,691	327,625	787,120
EBITDA	-34,490	-29,712	12,990	31,725	123,000

The breakeven point happens in 2024, where we realize EUR 12,912 EBITDA. EBITDA is the grey line, blue represents the revenue. By 2024, 592 companies will post on our website creating more than 2000 positions. Marketing, outsourcing expenses will be kept at a 15% level while the payroll will be at a stable 35% by the end of the 5. financial year.

References

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