

Information Memorandum

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Successful turnaround: Strong and profitable growth delivered after company re-structuring - 2021/22's focus is on scalability and sustainable growth -

Following a major restructuring (including the sale of non-profitable stakes like KeyIdentity in 2019 and GFN AG in 2020), MAX21 AG has implemented a new clear strategy and now focuses exclusively on the fast growing sector of software and services for business outbound communication. While operations are run by its wholly owned subsidiary Binect GmbH, MAX 21 acts as a service holding (administration, capital procurement, strategy, etc.).

Digital business outbound communication in the German and DACH markets is - albeit technically possible and economically as well as ecologically meaningful - not widely prevalent. Up to date, Germany and the EU have not established a common and market-wide platform for trusted digital communication that crosses the roadblocks on the regulation and acceptance side. Companies (esp. German Mittelstand) strive for software and services that help to „digitalize“ outbound communication. Hybrid post, i.e. digital processing and physical shipping is considered as a transitional solution paving the way to full digitalization. Binect is **one of Germany's hybrid post solution pioneers** that has extended its offering into the large SME segment and is growing strongly with the increasing demand.

Binect's offering portfolio is based on two pillars that are combined in a unique way: 1. software that helps companies manage their business outbound communication and 2. fulfilment services that allow them to fully outsource their (physical) communication processes such as printing, enveloping, franking and delivery of outbound documents. The latter will be consequently expanded into the management and delivery of end-to-end digital communication (such as upcoming new platforms in the health sector).

The strong growth with new attractive products addressing micro-, small- and mid-sized companies as well as the health and public sector has led to a technical base that today consists of many different platforms and modules. To seize momentum and to create sustainable growth over the next years, Binect needs to **optimize and to streamline** its technological platform. Hence, scalability is key for further growth.

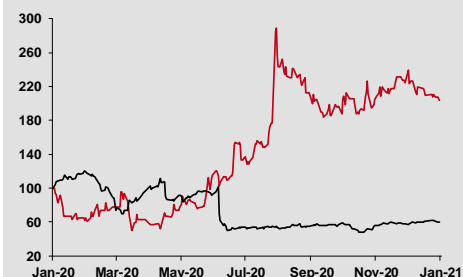
Binect started its „Binect ONE“ program in 2020. The strategic goal is to harmonize the different platforms by consolidating the existing product range into a **unified platform with modular and configurable elements** on a SaaS/Cloud basis. The key advantage is not only **more scalable business mechanics**; moreover, ONE will offer more options to integrate into third party business solutions and will reduce operation and support cost.

Key Figures (in €m)

Year	Sales	"Strategic" Sales	EBITDA	EBT	Liquid Funds	# of transactions (in Mill.)
2017a	4.4	0.6	-0.8	-1.5	0.3	97.2
2018a	6.2	1.6	0.4	-0.2	0.1	107.5
2019a	7.0	2.7	0.6	0.0	0.8	110.7
2020e*	9.0	4.4	0.7	0.2	1.0	112.0

Source: MAX21 AG ; *first indicative company estimates

Sector	IT Services
WKN	A3H213
ISIN	DE000A3H2135
Bloomberg/Reuters	MA10 GY / MA10k.DE
Accounting Standard	HGB
Financial Year	December 31
Report FY 2020	March/April, 2021
Market Segment	Open Market
Transparency Standard	Basic Board
Number of Shares Outs. (in '000)	2.573
MarketCap / EV (in €mln)	7,98 / 7,81
Free Float (in %)	ca. 92
Ø Daily Trading Vol. (3M, in €)	6,910
12 months high/low (in €; XETRA-close)	4.39 / 0.76
Price January 12, 2021 (in €; close)	3.10
Performance	1M 6M 12M
absolute (in %)	-9.1 53.4 99.0
relative (in %)	-12.9 36.2 226.5
Benchmark Index	DAXSubsector IT Services Performance Index



MAX21 AG (red/grey), Performance 1y vs. DAXSubsector IT Services Performance Index (black)

Source: Bloomberg

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Business Model

Binect has structured its business into three different business areas:

1. Standard offers (business communication software & fulfilment services) targeted at SME companies as well as health and public sector.

This strategically most important offering keeps growing very fast, as Binect is well recognised for delivering of SME-focused, easy-to-implement solutions offering the appropriate features. Revenues and profits are based on service and transaction fees.

2. Individual output management software solutions for large clients, capitalizing on licence and support fees as well as on time and material based software adaptations.
3. OEM offers, basically capitalizing on click charges per transaction (E-POST BUSINESS BOX by Deutsche Post AG; WebBrief24 by Francotyp-Postalia).

Binect's strategic approach is to drive growth over all business areas but setting the standard offers first and keep the very high growth rates in this area (as of today +65%). Binect's clear focus is to technically integrate all business areas on the new „Binect ONE“-platform.

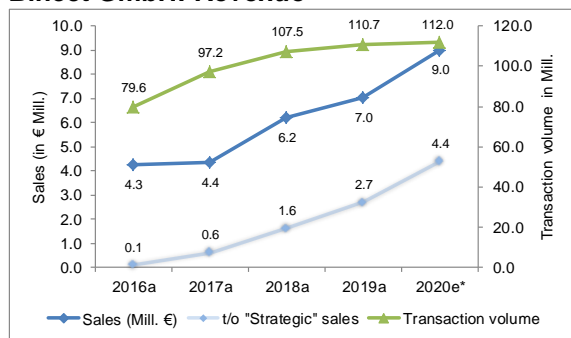
Recent developments and perspective

Stabilized upward trend in top and bottom line

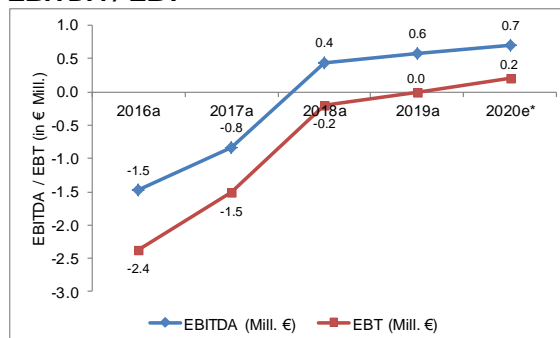
After the re-structuring, MAX 21 AG's business is exclusively based on Binect. The new focus on business communication solutions is based on a portfolio decision that shifts the company's resources to a strongly and profitably growing company that holds a strong position in a steadily growing market. Binect's overall revenue increased from €4.2 Mill. in 2016 to €7.0 Mill. in 2019 accompanied by EBITDA growth of €2.1 Mill. In FY 2019, the total volume of shipments realized via the Binect platform increased to over 110 million transactions (physical, hybrid and digital mails). The clear marketing and sales focus on specific and highly attractive market segments such as health, utilities, housing sector, public institutions and „Mittelstand“ contributed to the positive overall development.

While overall revenue in 2019 increased by approx. 13%, a roughly 25% growth is guided for FY 2020. Strategic sales (SME standard offers) rose remarkably by 69% in 2019 and contributed to 38% of total revenue (2018: 26%); in 2020, again, a growth rate of approx. 65% is estimated with an overall revenue share of nearly 50%. Substantial growth (+25%) in 2020 will come from the business area of individual output management solutions based on long-term contracts with key accounts. Click charge revenues in the OEM business area are estimated to deliver a stable revenue contribution in 2020.

Binect GmbH: Revenue



EBITDA / EBT



Source: MAX21 AG, BankM Research (illustration); *first indicative company estimates

In September 2020, the Management and Supervisory Board of MAX21 AG resolved to propose to the Annual General Meeting on 29 October 2020 an ordinary capital reduction in the ratio of 7:1 by combining shares followed by an increase in share capital from cash contributions with subscription rights for shareholders.

Capital reduction and subsequent increase

The consolidation of shares, which fully serves to offset losses and to stabilize the balance sheet, already took place in December 2020 and 643 ths. new shares are now being offered at a price of €2.40. In light of the current share price of €3.10 (XETRA close, January 12), the offering price corresponds to a 22.6% discount. Full placement provided, this will result in gross proceeds of €1.54 Mill. The capital increase is earmarked to finance the fast optimization of the software and platform architecture. The fresh capital shall enable the company to achieve a higher degree of scalability in a rather short period of time and thus to seize the momentum of the growing demand in digital solutions of outbound communication. In our view, this effort justifies a near-term raise of equity, which is scheduled for January 14 until 29.

Rights issue with significant discount

SWOT Analysis

Strengths

- Successful restructuring underlines management quality and expertise.
- Strong client base with Deutsche Post AG, AOK Niedersachsen, company health insurance funds and clinics, amongst others entails a stable revenue base.
- Binect is positioned as a pioneer in digital and hybrid postal solutions and services which catalyzes marketing efforts.
- Stable revenue stream through focussing on license fees and recurring revenues.

Weaknesses

- The current liquidity is not sufficient to support the envisaged growth; this has to be supported by additional capital.
- In light of the numerous corporate actions in the company's history, investors might be hesitant towards an additional one.
- In a fast growing market, business growth periodically requires substantial capital expenditure. It is not yet foreseeable whether and when Binect will be able to grow by internal funds.

Opportunities

- Overall trend to outsource outbound communication
- Less than 50% of German „Mittelstand“ currently uses a hybrid post solution or is actually outsourcing postal outbound communication
- The current pandemic condition may fuel the demand for digitalized business processes in general and for output management in particular

Threats

- The business largely depends on the continuity of the general trend and acceptance of digitalized processes in outbound communication.
- Reservation against security of digital outbound business communication vs. Classical procedures
- A large part of revenues still depends on two very big clients, Deutsche Post AG and AOK Niedersachsen. Termination of contracts may impede business development.

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2. Summary of the valuation principles and methods used to prepare this document: A financial analysis has not been performed for this Information Memorandum.

3. Date of first publication of this document:

January 14, 2021

4. Date and time of prices of the instruments quoted in this document:

Closing prices of January 12, 2021

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