

## Information Analysis

### Analyst

Dr. Roger Becker, CEFA  
+49 69 71 91 838-46  
roger.becker@bankm.de

### Evaluation result

**N.A.**

(previous: BUY)

### Fair value

**N.A.**

(previous: €1.79)

Find BankM Research on Bloomberg, CapitalIQ, Factset, ResearchPool, Thomson Reuters, vwd and www.BankM.de

## FY 2018: Binect performs well, KeyIdentity still a “problem child”

On April 30, the company published its fiscal year report. During FY 2018, consolidated revenues increased by 27% (yoy) to €7.57 mln. and exceeded our forecast by 6.6%. Albeit still negative, EBITDA improved from €-4.30 mln. to €-1.10 mln. and, here again, exceeded our forecast by 15.4%. These improvements are attributable to the positive operating result of Binect as well as to cost savings in personnel and other operating expenses.

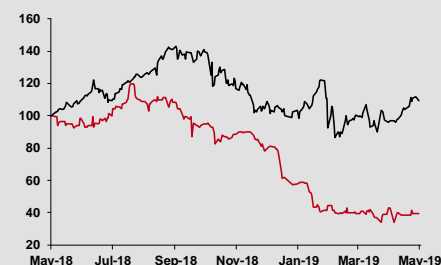
In the context of the declared aim to reduce costs at holding level, the company has decided to streamline regulatory reporting processes by switching the stock exchange transparency level from “Scale” to “Basic Board”. This change allows the report to be prepared exclusively in accordance with German GAAP (HGB) and makes consolidated financial statements according to IFRS obsolete.

**Binect** significantly increased its strategically relevant revenues and sustainably confirmed operating break-even on the full fiscal year level. Total mail volume increased to 107.5 mln. (+10.6%) which was 4% lower than our previous estimate of approx. 112 mln. Strategic revenue, i.e. the mailings via Binect’s proprietary systems increased by almost 160% and accounted for 26% of sales revenues in this segment. Still, the major part of mailings is being processed via E-POST BUSINESS BOX (operated by Deutsche Post) with a solid growth of approximately 10%. In our view, Binect’s hybrid/digital mail processing has evolved into a sustainable business and will continue to positively contribute to top line and profitability of the group.

**KeyIdentity (KI)**, while still not profitable, increased its strategic revenues with LinOTP by 31% to €1.1 mln. This figure translates into monthly recurring revenues of €93 ths. which approaches the €100+ ths. targeted by the company (KI no longer reports the cumulative Life Time Value of its contracts with clients). The overall decline in revenues by 13% owes to the fact that both, the consulting business (penetration testing) and the sale of hardware [tokens], has been discontinued. Currently, management – in accordance with the supervisory board – considers the option of a sale of KI.

**With this research update we drop our coverage due to termination of the contract. Our estimates, previous price target as well as our latest rating are not valid anymore.**

Sector	IT services
WKN	A0D88T
ISIN	DE000A0D88T9
Bloomberg/Reuters	MA1 GY / MA1G.DE
Accounting Standard	IFRS
Financial Year	December 31
Q1 Report	May 13, 2019
Market Segment	Open Market
Transparency Standard	Basic Board
Number of Shares Outs. (in '000)	18,008
MarketCap / EV (in € mln)	19.14 / 16.83
Free Float (in %)	74.6
Ø Daily Trading Vol. (3M, in €)	3,486
12 months high/low (in €; XETRA-close)	1.59 / 0.45
Price May 2, 2019 (in €; close)	0.53
Performance	1M 6M 12M
absolute (in %)	-7.9 -55.5 -59.3
relative (in %)	-19.3 -52.5 -62.9
Benchmark Index	DAXSubsector IT Services Performance Index



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

Source: Bloomberg

PLEASE CONSIDER IMPORTANT INFORMATION, DISCLOSURES AND THE DISCLAIMER AT THE END OF THIS DOCUMENT!

**Note regarding MiFID II:** This research report has been prepared by order of the issuer based on a contractual agreement and is being compensated for by the issuer. The research report has simultaneously been made publicly available to all interested persons. Hence, the receipt of this research report is to be regarded as a permitted insignificant non-monetary benefit according to § 64 para 7 sentence 2 No. 1 and 2 of the German Securities Trading Act (WpHG). This document has been prepared due to a service agreement with the respective issuer. BankM – Repräsentanz der flatex Bank AG is the designated sponsor of the company’s stock and in this function regularly holds a trading stock or long or short positions in the company’s stock. Equity investments generally involve high risks. Potential investors should take into account that share prices may fall and rise and that income from an investment may fluctuate considerably. Investors may lose some or all of the money invested. Investors make their decisions at their own risk. flatex Bank AG, Frankfurt, is responsible for the preparation of this document.

## Important information, disclosures and disclaimer

**Note regarding MiFID II:** This research report has been prepared by order of the issuer based on a contractual agreement and is being compensated for by the issuer. The research report has simultaneously been made publicly available to all interested persons. Hence, the receipt of this research report is to be regarded as a permitted insignificant non-monetary benefit according to § 64 para 7 sentence 2 No. 1 and 2 of the German Securities Trading Act (WpHG).

### A. Important information

Equity investments generally involve high risks. Investors may lose some or all of the money invested. Potential investors should take into account that share prices may fall and rise and that income from an investment may fluctuate considerably. Past performance is no guarantee for future results. Investors make their decisions at their own risk.

### B. Disclosures according to § 85 WpHG and Regulation (EU) No. 596/2014 (MAR) and the Commission Delegated Regulation (EU) No. 958/2016 and the Commission Delegated Regulation (EU) No. 565/2017:

I. Information about author, company held accountable, regulatory authority:

**Responsible for the content of this document: flatex Bank AG (flatex), Frankfurt, Germany.**

**Author: Dr. Roger Becker, CEFA.**

Regulatory authority for flatex is the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), Graurheindorfer Straße 108, 53117 Bonn, Germany and Lurgiallee 12, 60439 Frankfurt am Main, Germany.

Issuer of the analyzed instruments is Max21 Management und Beteiligungen AG

**Notice regarding previous publications regarding the issuer within the last 12 months:**

Analysts	Date	Evaluation Result	Fair Value
Dr. Roger Becker, CEFA	May 11, 2018	Buy	€1.98
Dr. Roger Becker, CEFA	May 14, 2018	Buy	€1.98
Dr. Roger Becker, CEFA	November 22, 2018	Buy	€1.79
Dr. Roger Becker, CEFA	November 29, 2018	Buy	€1.79

II. Additional Information:

1. Sources of information:

Main sources of information for the compilation of this document are publications in national and international media and information services (e.g. Reuters, VWD, Bloomberg, dpa-AFX, ACMR-IBIS World and others), financial newspapers and magazines (e.g. Börsenzeitung, Handelsblatt, Frankfurter Allgemeine Zeitung, Economist and others), specialist media, published statistics, rating agencies as well as publications by peer group companies and the company itself. Furthermore talks with the management of the issuer have been held. This document was made available to the issuer before publication to ensure the accuracy of the information provided. This resulted in no textual changes.

2. Summary of the valuation principles and methods used to prepare this document:

BankM – Repräsentanz der flatex Bank AG (BankM) uses a 3-tier absolute rating model. The ratings are the evaluation results and refer to a fair value pricing reflecting a time-horizon of up to 12 months.

BUY: The calculated fair value of the company's stock is at least 15 % higher than the current market price at the time of the compilation of this document.

HOLD: The calculated fair value of the company's stock lies between –15% and +15 % of the current market price at the time of the compilation of this document.

SELL: The calculated fair value of the company's stock is at least 15 % lower than the current market price at the time of the compilation of this document.

The following valuation methods are being used: Multiple-based models (Price/Earnings, Price/Cash-flow, Price/Book value, EV/Sales, EV/EBIT, EV/EBITA, EV/EBITDA), peer-group comparisons, historical valuation approaches, discount models (DCF, DDM), break-up value and sum-of-the-parts-approaches, asset-based evaluation methods or a combination of the above. The used valuation models depend on macroeconomic factors, such as interest rates, exchange rates, raw materials and on basic assumptions about the economy. Additionally, market sentiment affects the valuation of companies. The valuation is also based on expectations that might change rapidly and without notice, depending on developments specific to individual industries. Rendered evaluation results and fair values derived from the models might therefore change respectively. The evaluation results in general relate to a 12-month horizon. However, evaluation results are subject to changing market conditions and represent only the situation at a given point of time. The evaluation results and fair value prices may in fact be achieved more quickly or slowly than expected by the analysts. Also, the evaluation results and fair value prices might need to be revised upward or downward.

3. Date of first publication of this document:

May 3, 2019

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

Closing prices of May 2, 2019

5. Updates:

A specific date or time for an update of this document has not been set. The information given in this document reflects the author's judgement on the date of this publication and is subject to change without notice; it may be incomplete or condensed and it may not contain all material information concerning the company covered. It is in the sole responsibility of BankM to decide on a potential update of this document.

III. Disclosures about potential conflicts of interest:

1. BankM's business model is based on economic relationships with issuers and equity transactions to be performed relating to the issuer's stock. BankM has entered into an agreement about the preparation of this document with the issuer that is, or whose financial instruments are, the subject of this document.

PLEASE CONSIDER IMPORTANT INFORMATION, DISCLOSURES AND THE DISCLAIMER AT THE END OF THIS DOCUMENT!

**BankM (incl. subsidiaries and affiliates), the authors of this document as well as other persons that were involved in the compilation of this document or affiliated parties:**

- do not have a major shareholding (shareholding exceeding 5%) of the share capital of the issuer
- have, within the past twelve months, not participated in leading a consortium for the issue via public offer of the financial instruments that are, or whose issuers are, the subject of this document,
- have, within the past twelve months, been party to an agreement on the provision of investment banking services with the issuer, that is, or whose financial instruments are, subject of this document and have received or will receive a compensation under the terms of this agreement during the same period,
- have no other significant economic interests relating to the issuer that is, or whose financial instruments are, the subject of this analysis.

**2. In the function as a designated sponsor, BankM manages the financial instruments that are, or whose issuers are, the subject of the financial analysis on a market by placing buy or sell orders and will regularly hold a trading stock or long or short positions in the issuer's stock.**

3. BankM's internal organisation is aligned with the prevention of conflict of interests in producing and distributing research reports. Possible conflicts of interests will be treated adequately. In particular, physical and non-physical boundaries were installed to keep analysts from gaining access to information that possibly could constitute a conflict of interest for the bank. Insiders' dealings according to Art. 14 Regulation (EU) 596/2014 categorically are prohibited. All staff members of flatex and BankM that have access to inside information categorically have to disclose all dealings in financial instruments to the internal compliance department. The compliance of legal requirements and supervisory regulations is subject to continuous supervision and control of the compliance department of flatex. In this regard, the right to restrict employees' dealings in financial instruments is reserved.

4. The remuneration of the analysts mentioned above is not dependent on any investment banking transactions of BankM or its affiliates. The analysts that compiled this document did not receive or acquire shares in the issuer that is, or whose financial instruments are, the subject of this document at any time. The analysts mentioned above hereby certify that all of the views expressed accurately reflect their personal views about the issuer and that no part of their compensation was, is or will be, directly or indirectly, related to the specific evaluation result or views expressed by the analyst in this document.

**5. Updated information according to Commission Delegated Regulation (EU No. 958/2016 Art. 6 sec. 3 is available at: [http://www.bankm.de/webdyn/138\\_cs\\_Gesetzliche+Angaben.html](http://www.bankm.de/webdyn/138_cs_Gesetzliche+Angaben.html).**

### **C. Disclaimer:**

This document was compiled by BankM solely for informational purposes and for the personal use by persons in Germany that are interested in the company and who purchase or sell transferable securities for their own account or the account of others in the context of their trade, profession or occupation. This document neither constitutes a contract nor any kind of obligation.

This document and its content, in whole or in part, may not be reproduced, distributed, published or passed on to any other person without the prior written consent of BankM.

This publication is for distribution in or from the United Kingdom only with the prior written consent of BankM and only to persons who are authorised persons or exempted persons within the meaning of the Financial Services and Markets Act 2000 of the United Kingdom or any order made there under or to investment professionals as defined in Section 19(5) of the Financial Services and Markets Act 2000 (financial promotion) order 2005 (the order) respectively in the version as amended from time to time and is not intended to be distributed or passed on, directly or indirectly, to any other class of persons.

Neither this document nor any copy of it may be taken or transmitted into the United States of America, Canada, Japan or Australia or distributed, directly or indirectly, in the United States of America, Canada, Japan or Australia or to any resident thereof.

The distribution of this document in other jurisdictions may be restricted by law, and persons who are in possession of this document have to inform themselves about any such restrictions and observe any such restrictions.

This document is not intended to be an offer, or the solicitation of any offer to buy or sell the securities referred to herein. This document is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor. Potential investors should seek professional and individual advice before making their investment decisions. Investment decisions must not be based on this document

The information within this document has been obtained from sources believed by BankM to be reliable, but BankM does not examine the information to be accurate and complete, nor guarantees its accuracy and completeness. Although due care has been taken in compiling this document, it cannot be excluded that the information given is incomplete or the document contains errors. The liability of BankM shall be restricted to gross negligence and willful misconduct. All opinions expressed in this document are those of BankM respectively the authors and subject to change without notice. Possible errors or incompleteness of this document may be corrected by BankM and do not constitute grounds for liability, neither with regard to indirect nor to direct or consequential damages. Only in case of failure in essential tasks, BankM is liable for simple negligence. In addition BankM does not accept any liability or responsibility for any loss arising from any use of this publication or its contents or otherwise arising in connection herewith. In any case, the liability of BankM is limited to typical, foreseeable damages and the liability for any indirect damages is excluded.

By accepting this document, the reader/user of this document agrees to be bound by all of the foregoing provisions and this disclaimer. Moreover, the user agrees not to distribute this document to unauthorized persons. The user of this document shall indemnify BankM for any damages, claims, losses, and detriments resulting from or in connection with the unauthorized use of this document.

This document is subject to the laws of the Federal Republic of Germany. Place of jurisdiction is Frankfurt am Main, Germany.

Should certain specifications of this disclaimer not be legally binding or become legally non-binding, this will have no impact on the legally binding character of this disclaimer and its other legal specifications.

This document is not intended for use by persons resident in any jurisdiction that regulates access to such documents by applicable laws. Investment decisions must not be based on any statement in this document. Persons in possession of this document should inform themselves about possible legal restrictions and observe them accordingly. In case of uncertainty persons should not access and/or consider the content of this document in any decisions. This document is not intended for use by persons that are classified as US-persons under the United States Securities Act.

© 2019 BankM - Repräsentanz der flatex Bank AG, Mainzer Landstraße 61, D-60329 Frankfurt.

flatex Bank AG, Rotfeder-Ring 7, D-60327 Frankfurt. All rights reserved.