



## **Research Report (Initial Coverage)**

**MEXEDIA S.p.A. – Società Benefit**



**MEXEDIA**

**From Telecom to Tech - Driving Innovation with  
Customer eXperience Platform as a Service (CXPaaS)**

-

**Significant boost in sales and profits anticipated**

**Target price: 46.50 €**

**Rating: BUY**

**IMPORTANT NOTE:**

Please note the disclaimer/risk warning  
as well as the disclosure of possible conflicts of interest in accordance with § 85 WpHG and Art. 20 MAR from page 35

Note in accordance with MiFID II regulation for research "Minor non-monetary benefits": The research in question meets the requirements for classification as "Minor non-monetary benefits". For further information, please refer to the disclosure under "I. Research under MiFID II".

Date and time of completion of the research report: 10.05.2023 (14:15)

Date and time of the first disclosure of the research report: 11.05.2023 (10:00)

Validity of the target price: until max. 31.12.2023

## MEXEDIA S.p.A. – Società Benefit\*5a,6a,11

**Rating: BUY**  
**Target price: € 46.50**

Current price: € 34.80  
08.05.23 14:47  
Euronext Growth Paris

### Data overview:

ISIN: IT0005450819  
WKN: A3C33K  
Stock exchange symbol: 41R  
Number of shares<sup>3</sup>: 5.70  
Marketcap<sup>3</sup>: 198.36  
EnterpriseValue<sup>3</sup>: 225.06  
<sup>3</sup> in m / in EUR m

Free float: 8.1%

Market segment:  
Euronext Growth (Paris)

Accounting standard:  
IFRS

Liquidity provider:  
Portzampac, BNP Paribas

Financial year: 31.12.

### Analysts:

Matthias Greiffenberger  
greiffenberger@gbc-ag.de

Marcel Schaffer  
schaffer@gbc-ag.de

\* Catalog of possible conflicts  
of interest on page 36

### Company profile

Industry: Technology & Telecommunications

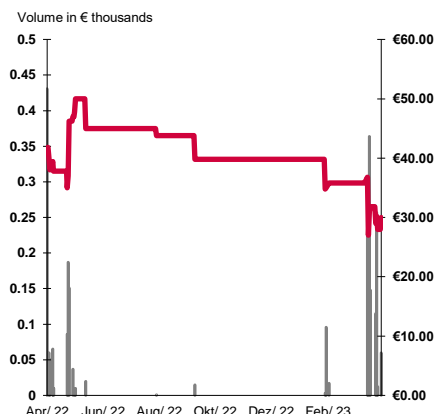
Focus: TLC Business & Customer-Engagement Business  
Services

Employees: 39 as of 08.05.2023

Established: 2017

Headquarters: Rome, Italy

Management: Orlando Taddeo (CEO), Paolo Bona (Chief  
Business Officer), Fabio Focarelli (CFO), Giovanni Man-  
narino (Sales & Operation Director)



Mexedia is a technology company in the areas customer-management and telecom. Initially focused on international sales of electronic service termination activities (voice and SMS), Mexedia has now evolved into a tech company with a strategic vision to offer advanced technological services and a complete customer experience to its clients. To achieve this objective, Mexedia has developed a Customer eXperience Platform as a Service (CXPaaS) that provides cloud-based services and APIs to companies. The organization is structured vertically and offers a wide range of innovative technologies and tools that are integrated into a technological ecosystem, facilitating all consumer-oriented communications. Mexedia's business model is based on two highly synergistic and complementary business units: namely, the provision of voice and SMS termination services using advanced and innovative technological tools in a consolidated market, and the delivery of new-generation, multi-channel technological services. The integration of these two units creates a powerful cross-selling potential among the services offered.

P&L in EURm \ FY-end	30.09.2021	30.09.2022	30.09.2023e	30.09.2024e
Sales	131.80	140.90	324.11	361.22
EBITDA	7.05	8.37	16.10	22.15
EBIT	6.89	8.36	13.90	21.15
Net income	2.96	4.43	5.53	10.48

Key figures	30.09.2021	30.09.2022	30.09.2023e	30.09.2024e
NAV	0.52	0.78	0.97	1.84
Employees	0.00	0.00	0.00	0.00

Key figures	30.09.2021	30.09.2022	30.09.2023e	30.09.2024e
EV/sales	1.71	1.60	0.69	0.62
EV/EBITDA	31.92	26.89	13.98	10.16
EV/EBIT	32.66	26.92	16.19	10.64
KGV	67.06	44.76	35.87	18.93
KBV		3.17		

### Financial Calendar

October 2023: H1 Report

### \*\*last research from GBC:

Date: Publication / Target price in EUR / Rating

\*\* Research studies listed above can be viewed at [www.gbc-ag.de](http://www.gbc-ag.de) or requested from GBC AG, Halderstr. 27, D86150 Augsburg, Germany.

## EXECUTIVE SUMMARY

- Mexedia S.p.A. – Società Benefit (Mexedia) is a technology company that started in the telecom business. Mexedia serves as an intermediary for wholesale SMS and Voice traffic, facilitating interconnections between carriers. In the telecommunications industry, international phone calls and SMS messages are treated as tradeable commodities that are exchanged wholesale between telcos. Voice traffic pertains to international calls while A2P SMS traffic refers to messages received through apps. Mexedia also offers fixed and cost-effective real-time liquidity to its partners for voice and SMS services trading. This liquidity is secured against the receivables of insured debtors of its partners. To accomplish this, Mexedia conducts auctions of insured receivables from debtors to investors in asset-backed securities and liquidity providers through Mexedia Exchange. This activity generates an arbitrage margin for Mexedia by capitalizing on the spread gained from advancing money in real-time against the auction of its receivables.
- Mexedia's telecom business has exhibited strong growth and profitability, and is currently in the process of transitioning into a tech company with a focus on offering advanced technological services and a complete customer experience to its clients. To achieve this, Mexedia has developed a Customer eXperience Platform as a Service (CXPaaS) that provides cloud-based services and APIs to companies. Mexedia has a vertical structure and offers a range of innovative technologies and tools that are integrated into a technological ecosystem, facilitating all consumer-oriented communications.
- In 2022, the company experienced a 6.9% increase in revenue, reaching € 140.9m (PY: € 131.8m) due to new and better deals in voice and SMS traffic. The majority of revenue was generated by the Irish subsidiary using a classic business model. Despite an increase in expenses, the EBITDA showed a significant improvement with an 18.7% increase to € 8.37m (€ 7.05m). The net result increased by 49.8% to € 4.43m (PY: € 2.96m).
- An important cornerstone of the growth strategy will be the new Mexedia ON platform, which is the Customer Experience Platform as a Service (CXPaaS) designed for businesses, especially those in the Telephone industry, to improve customer engagement and provide a seamless and consistent experience. The platform offers various features, including virtual agents and assistants, omnichannel communication, automation, data analysis, and innovative channels like Metaverse and Smart Voice Assistance. It also includes an open app store that allows developers and market players to create and sell a wide range of applications for Mexedia ON, such as Sentiment Analysis, Voice Biometrics, Speech Analytics, RPA, VR & AR Experience, Voice Smart Assistants, OTP & 2FA Authentication, and more. The app store also offers services for SMS marketing, lead generation, content marketing, and number masking, among others. Mexedia ON aims to be the most varied and powerful ecosystem of CXPaaS solutions for brands.
- We expect Mexedia to generate € 324.11m revenue in 2023, increasing to € 361.22m in 2024 and € 397.29m in 2025. The company has expanded to the USA, strengthened its position in existing markets, and diversified its client base. It recently acquired Matchcom Telecommunications Inc. and Phonetime Inc. in the US, which are alone expected to bring in an additional € 190m in revenue and € 6m in EBITDA in 2023.
- We expect that Mexedia Ltd, the Irish subsidiary, will remain the key earnings driver for the company, with an estimated EBITDA of € 6.3m in 2023. This figure is projected to increase to € 8m by 2025, reflecting a strong and sustained growth trajectory. We forecast the net result to be € 5.53m in 2023, € 10.48m in 2024, and € 14.49m in 2025.
- **Based on our DCF-model we have determined a target price of € 46.50 and due to the high upside potential, we issue a Buy rating.**

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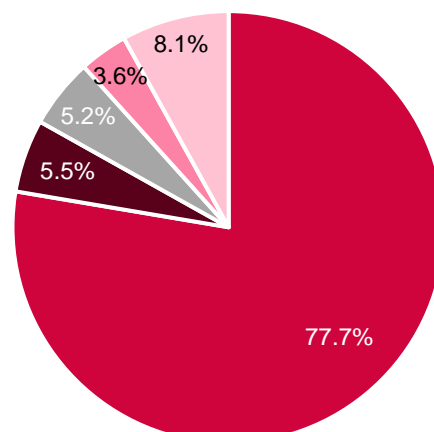
## COMPANY

### Shareholder structure

Shareholders	Share
Heritage Ventures Ltd	77.7%
Bimatics EOOD	5.5%
Orlando Taddeo	5.2%
Renzo Menarini	3.6%
Other shareholders	8.1%

Sources: MEXEDIA S.P.A.; GBC AG

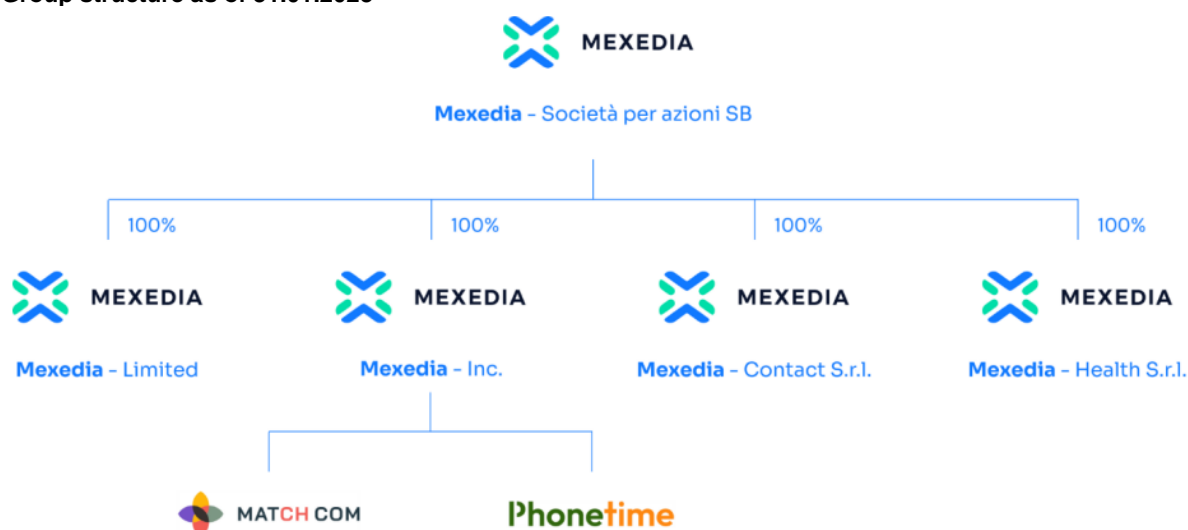
- Heritage Ventures Ltd
- Bimatics EOOD
- Orlando Taddeo
- Renzo Menarini
- Other shareholders



### Business activity

Mexedia is a technology company in the areas customer-management and telecom. Initially focused on international sales of electronic service termination activities (voice and SMS), Mexedia has now evolved into a tech company with a strategic vision of offering advanced technological services and a complete customer experience to its clients. To achieve this objective, Mexedia has developed a Customer eXperience Platform as a Service (CXPaaS) that provides cloud-based services and APIs to companies. The organization is structured vertically and offers a wide range of innovative technologies and tools that are integrated into a technological ecosystem, facilitating all consumer-oriented communications. Mexedia's business model is based on two highly synergistic and complementary business units, namely, the provision of voice and SMS termination services using advanced and innovative technological tools in a consolidated market, and the delivery of new-generation, multi-channel technological services. The integration of these two units creates a powerful cross-selling potential among the services offered.

### Group structure as of 31.01.2023



Sources: MEXEDIA S.P.A. SOCIETÀ BENEFIT; Mexedia Inc., a subsidiary company of Mexedia S.p.A., successfully acquired Phonetime Inc. and Matchcom Telecommunications Inc., both US companies, in January 2023.

### TLC Business

TLC Business offers carrier-to-carrier wholesale intermediation of voice and SMS traffic, enabling telecommunication operators to trade efficiently. As a value-added service, TLC also provides toll-free and premium numbers, satellite connectivity, and mobile numbering (MVNO) services. Additionally, Mexedia provides partners with instant fixed and low-cost

liquidity, which guarantees payment and credit settlement for voice and SMS services through the Mexedia Exchange proprietary technology.

**Customer-Engagement Business Services**

Mexedia ON is a first-of-its-kind SuperApp for customer engagement, functioning as a Customer Experience Platform as a Service (CXPaaS). With Mexedia ON, businesses can manage interactions with their end-customers through every channel and device, leveraging automation, AI, and specialized contact centers. Mexedia ON provides services both in the Cloud and through an Application Programming Interface (API), with construction currently nearing completion. Early services are already available, and the AppStore should be fully operational by the end of 2024.

## Management team



**Orlando Taddeo (CEO & Member of the board)** Serial entrepreneur, with a clear vision. Extensive experience in the TLC and innovation market, he is inspiring and driving the change at Mexedia.



**Paolo Bona (Chief Business Officer & Member of the board)** Reliable top executive, with in-depth experience across several sectors and countries, with an obsession for delivery.



**Fabio Focarelli (Chief Financial Officer)** Knowledgeable professional, as former CFO and Board Member of several large groups, both in Italy and internationally.



**Giovanni Mannarino (Sales & Operation Director)** Expert in CRM, skilled in SaaS Sales and Innovation Management. Boasting a long-standing international career.

## Board of Directors



**Elio Cosimo Catania (Chairman)** Engineer, with a master's degree from the Sloan School of Management at MIT in Boston. Former CEO of IBM in Italy, President of IBM Southern Europe & LatAm, President of Italian Railways, Board Director of Intesa SanPaolo and Telecom Italia. Inestimable contribution in terms of experience in the management of technological change.



**Orlando Taddeo (CEO & Member of the board)** Serial entrepreneur, with a clear vision. With a 30-year track record in the TLC and innovation market, he joined the B20 Trade & Investment task force in 2021. Inspiring and driving the change at Mexedia.



**Paolo Bona (Chief Business Officer & Member of the board)** Degree in foreign languages. Executive with extensive experience across several sectors and countries. As Chief Business Officer of Mexedia, he brings issues from the leaders' battlefield to the Board table and vice versa.



**Letizia Macri (Board Member)** Law degree. Experience in the legal affairs departments of several listed Italian companies. Presently Corporate and Compliance Manager at Avio. Recognized expertise in corporate governance and compliance issues.



**Antonio Pisanelli (Board Member)** Law degree and master's degree in business management. Executive with 30 years' experience in several leading Italian companies. Former legal counsel at Lottomatica SpA, he advises corporations on restructuring and developing projects.



## Business activity

### Company history at a glance

Date	Development
04.2017	On April 4, 2017, Airtime Ireland was incorporated in Ireland by Heritage Ventures as the sole shareholder. It was established as a private limited company under the name Rubelite Investments Limited.
04.2018	Airtime Ireland received authorization to provide electronic communication services (telecommunication license) from the Irish Commission for Communications Regulation (Commreg) on April 26, 2018.
05.2018	On June 5, 2018, the shareholder's meeting of Airtime Ireland approved a special resolution to change the company's name from Rubelite Investments Limited to Rubelite Technologies Limited.
01.2020	On January 6, 2020, Orlando Taddeo, Federico Germondani, David De Filippis, and Paolo Bona became shareholders of Airtime Ireland following a share subscription agreement.
04.2020	Airtime Ireland acquired 99% of the share capital of Prime Exchange S.r.l. (now Airtime Technologies S.r.l.), a Romanian company, from Heritage Ventures through a share sale-purchase agreement on April 27, 2020.
05.2020	On May 5, 2020, Airtime Ireland changed its name from Rubelite Technologies Limited to Airtime Technologies Limited to reflect the company's rebranding strategy to make it identifiable under the "Airtime" brand.
05.2020	On May 11, 2020, Airtime Ireland acquired 100% of the share capital of Airtime Sp. Zo.o., a Polish company, from Heritage Ventures through a share sale and purchase agreement.
06.2020	On July 7, 2020, Airtime Ireland acquired 51% of the share capital of E-Newcarrier.com Chile S.p.A. (now Airtime Technologies S.p.A.), a Chilean company, from Mr. Wilber Javier Bucardo González through a share sale-purchase agreement.
09.2020	Airtime Ireland established Airtime Technologies U.S.A. Inc. in the State of Florida, USA, on September 9, 2020.
10.2020	Opt1mize Holdings became shareholders of Airtime Ireland on October 23, 2020, after signing the license agreement.
01.2021	On January 12, 2021, Heritage Ventures, Federico Germondani, David De Filippis, Paolo Bona, and Opt1mize Holdings established Airtime Partecipazioni S.p.A. in Italy. They contributed their shareholdings in Airtime Ireland to the new company as a contribution in kind. The shareholdings represented the entire share capital of Airtime Ireland and were valued at € 64,000,000.00, divided into 6,400,000 shares.
02.2021	The Board of Directors of Airtime Ireland reduced the value of the contributions in kind constituting the company's share capital from € 64,000,000.00 to € 57,000,000.00 on February 10, 2021, as required by Italian law. The adjustment was made due to significant corporate events, including the assignment of Airtime PL, Airtime RO, and Airtime Chile shareholdings, the distribution of dividends by Airtime Ireland and its subsidiaries, and a potential slight decrease in Airtime Ireland's turnover.
03.2021	On March 16, 2021, the company's extraordinary shareholders' meeting approved the reduction of the share capital from € 64,000,000.00 to € 57,000,000.00. This involved the annulment of 700,000 uncovered shares and a proportional reduction in the individual shareholders' holdings. As of the information document date, the company's share capital is € 57,000,000.00 divided into 5,700,000 shares, which implies a nominal value of € 10.00 per share (calculated by dividing the share capital by the number of shares).
03.2021	In March 2021, Heritage Ventures signed a consulting agreement with Performance S.r.l., an Italian company. The consulting service involved the admission of the company's shares to trading on Euronext Growth and the search for potential investors. As compensation for the service, Heritage Ventures assigned an amount of shares equivalent to 0.53% of the company's corporate capital, worth € 300,000, to Performance S.r.l.
05.2021	Between March and May 2021, Airtime Ireland sold its entire stakes in Airtime PL, Airtime RO, and Airtime Chile at their nominal value. This was part of the Group's subsidiaries' reorganization plan.
06.2021	On June 16, 2021, Heritage Ventures entered into a sale and purchase agreement with Apitrage Ltd. In the agreement, Apitrage Ltd. acquired a shareholding equivalent to 0.87% of the company's corporate capital valued at € 57,000,000. Additionally, Apitrage Ltd. committed to purchasing at least € 100,000 worth of company shares directly on Euronext Growth Paris through an open-market transaction (i.e., a buying order) from the first day of the company's share negotiation on the said market.
09.2021	On September 22, 2021, Airtime Partecipazione S.p.A., the parent company of Airtime, successfully achieved its strategic objective of listing on Euronext Growth Paris.
01.2022	Mexedia Srl was established on 12 January 2022 for the development of services in the IT field. The company was founded with a share capital of EUR 25,000, which is entirely owned by the parent company Mexedia S.p.A. Società Benefit.

05.2022	On 25 May 2022, Mexedia Srl took on the name of Mexedia Health Srl and modified its corporate purpose to undertake the design, development, production, supply, and marketing/distribution of a platform of innovative products and services of high technological value to support both public and private customers active in the health, welfare (lifestyle), pharmaceutical, and social welfare sectors. The new corporate purpose was aimed at supporting and managing the health and well-being of citizens.
02.2022	Mexedia Contact Srl was established on 9 February 2022 for the development of advanced business outsourcing and customer experience services. The share capital of Mexedia Contact Srl was EUR 100,000, which is entirely owned by the parent company Mexedia S.p.A. Benefit Company.
04.2022	In April 2022, the company's Board of Directors approved the "rebranding project" that consisted of launching the new Mexedia brand to open new business channels and project the company into a further and new phase of development. The project aimed to recognize Mexedia as a technology company, not just a holding company.
05.2022	The extraordinary shareholders' meeting of 24 March 2022 changed the company name to Mexedia S.p.A. and integrated and expanded the pre-existing corporate purpose. The shareholders also resolved to transform the company into a benefit company.
06.2022	The ordinary shareholders' meeting on 18 July 2022 authorized the purchase and disposal of treasury shares pursuant to and for the purposes of Articles 2357 and 2357-ter of the Italian Civil Code and its implementing provisions and of the EC Regulation. The meeting authorized the company Portzamparc, with registered office in Paris, to carry out the operations referred to in the "Liquidity Agreement" contract.
09.2022	On 16 September 2022, Mexedia Inc., a company which is, under US law, 100% controlled by the parent company Mexedia S.p.A. SB, completed the acquisition process of the two US companies Phonetime Inc. and Matchcom Telecommunications Inc.
12.2022	The board of directors on 20 December 2022 took note of and shared the guidelines of the 2023-2027 Business Plan outlining the strategies to be implemented in order to achieve the objectives set.
01.2023	Mexedia Inc., subsidiary company of Mexedia S.p.A. SB, completed the acquisition process of Phonetime Inc. and Matchcom Telecommunications Inc. in January 2023.

Sources: MEXEDIA S.P.A. SOCIETÀ BENEFIT; GBC AG

In early 2022, the parent company of the Airtime group underwent a significant rebranding project. As a result, it changed its name from Airtime Partecipazioni S.p.A. to Mexedia S.p.A. Società Benefit. This was accompanied by the addition of the Benefit purpose to the corporate mission, reflecting a broader vision of the company's goals.

The company's new highly technological and sustainable mission is geared towards meeting the urgent and modern demands for long-term environmentally-sustainable and socially-oriented development. This approach aligns with the broader business goals of the company, which aims to embrace sustainable development practices and address the pressing needs of the world today.

The 2016 Stability Law, introduced the concept of "**benefit companies**" into the legal system of Italy. These companies are defined as for-profit entities that pursue one or more common benefit purposes while operating in a responsible, sustainable, and transparent manner towards the environment, communities, people, cultural and social assets, associations, and other stakeholders. In addition to their profit-making activities, benefit companies are obligated, as stated in their articles of association and bylaws, to pursue common benefit objectives by adopting sustainable, responsible, and transparent management towards third parties. Benefit companies represent a hybrid form of business activity, balancing the interests of shareholders and pursuing common-benefit objectives while also meeting the financial expectations of investors. There are several benefits to becoming or establishing a benefit corporation in Italy. Shareholders and stakeholders can be assured of legal protection for directors who balance financial and non-financial interests, as well as the company's continued pursuit of its common-benefit objectives. Benefit companies can attract social impact investments, which can help fund their activities, and they are perceived as more responsible and attractive to consumers, employees, and investors. Additionally, the Italian government has allocated funds and tax credits to encourage the establishment of benefit companies and incentivize public tenders.

## **Business model**

Mexedia is a technology company that started in the telecom business and is now turning into a full-fledged technology business. Mexedia became an active player in the TLC (telecommunications) industry in 2020 and has plans to expand its operations into customer-engagement business services in 2023. We will elaborate further on TLC's business below. Our forecast will also detail the company's growth plans, particularly with regards to its customer-engagement business services.

The Group's primary focus is in the telecommunications sector, which it operates through its subsidiary Mexedia Ltd in Ireland. Mexedia Ltd serves as a wholesale intermediary for voice and SMS traffic with Telco operators. Additionally, it offers fixed and low-cost liquidity to partners to enable them to trade voice and SMS services without being affected by their debtors' credits. One of Mexedia Ltd's unique features is its proprietary financial technology, which enables it to auction insured loans from its debtors to investors and liquidity providers. This innovative financing option allows Mexedia Ltd to provide its partners with the cheapest source of financing.

### ***Voice Traffic and A2P SMS***

As a wholesale intermediary for SMS and Voice traffic Mexedia acts as a trade interconnection of carriers. When it comes to telecommunications, international phone calls made by consumers or SMS messages received through apps are treated as tradable commodities or securities, and are exchanged wholesale between telcos. Voice Traffic refers to international calls, while Application to Person (A2P) SMS traffic refers to such messages.

When someone travels abroad and uses their phone to make a call, their home carrier (the carrier they subscribe to in their home country) needs to buy voice traffic from a foreign carrier in order to connect the call. For example, let's say a customer from Germany travels to Italy and uses their phone to call a friend in Germany. Then the call needs to be routed from the customer's phone to the local carrier's network in Italy, and then to the carrier's network in Germany, before finally reaching the friend's phone. In this scenario, the customer's home carrier in Germany would need to buy voice traffic from a local carrier in Italy in order to connect the call.

To aggregate Voice Traffic and A2P SMS, telcos use specialized switching and routing equipment known as Switches and Message Centers. These Switches and Message Centers interconnect between telcos to facilitate the exchange of Voice Traffic and A2P SMS. Telcos use specialized software to manage the business and operation aspects of Voice Traffic and A2P SMS trading with other telcos, such as provisioning, rating, routing, billing, and monitoring. This setup fosters a dynamic trading environment for telecommunications companies, enabling them to pay their suppliers for Voice Traffic or A2P SMS while also charging their customers for the same services. As long as the cost of the purchased traffic remains lower than the amount customers pay for the service, the telco can earn a profit. Due to the technical nature and large revenues of this industry, telcos often employ large teams of people to manage the technical, sales, and finance departments of such trading activities. Mexedia Ltd. utilizes software licensed from Optimize Technologies Limited for these trading activities. So Mexedia Ltd. operates as a telecom operator in Ireland, facilitating B2B services and serving as a market maker for telecom services.

Interconnection agreements are primarily characterized by their variable consideration, which is determined based on the traffic exchanged between the parties and a global tariff. This means that the cost of services provided or received under these agreements can fluctuate depending on the volume of traffic. The expenses associated with purchased minutes are seen in the costs of sales.

### ***Financing and factoring of Voice Traffic and A2P SMS***

Additionally, Mexedia Ltd. offers fixed and low-cost real-time liquidity to its partners for trading in voice and SMS services. This liquidity is secured against the receivables of its partners' insured debtors.

To achieve this, Mexedia Ltd. conducts auctions of insured receivables from its debtors to investors in asset-backed securities and liquidity providers via Mexedia Exchange. This activity generates an arbitrage margin for Mexedia Ltd. by taking advantage of the spread gained from advancing money in real-time against the auction of its receivables.

Furthermore, this activity enables Mexedia Ltd.'s subsidiaries and other business partners to benefit from a buying power that allows their sales teams to negotiate lower rates for advanced funding in real time to their vendors. In summary, Mexedia Ltd. benefits from the arbitrage on the funding of its partners while these partners trade in telecoms arbitrage.

Mexedia Ltd. has implemented an asset-backed liquidity solution to enable the company to trade in telecom services with major industry players such as T-Mobile, Telecom Italia, and Orange. This combination of technological solutions not only ensures that the funds advanced by partners are always backed by an asset, but also provides real-time visibility of the receivables generated by the partners.

The company has developed an ecosystem that enables its human resources to trade dynamically with customers and vendors through a web-based user interface accessible on any internet-connected device. Mexedia Ltd. has created its own brand of automations and efficiencies, enabling it to reduce costs associated with traditional IT and networking infrastructure for telecom activities. By providing this service to its profitable brands and strategic telco operator acquisitions, the company can extract maximum margins from its telecom divisions and turn them into lean technical operations.

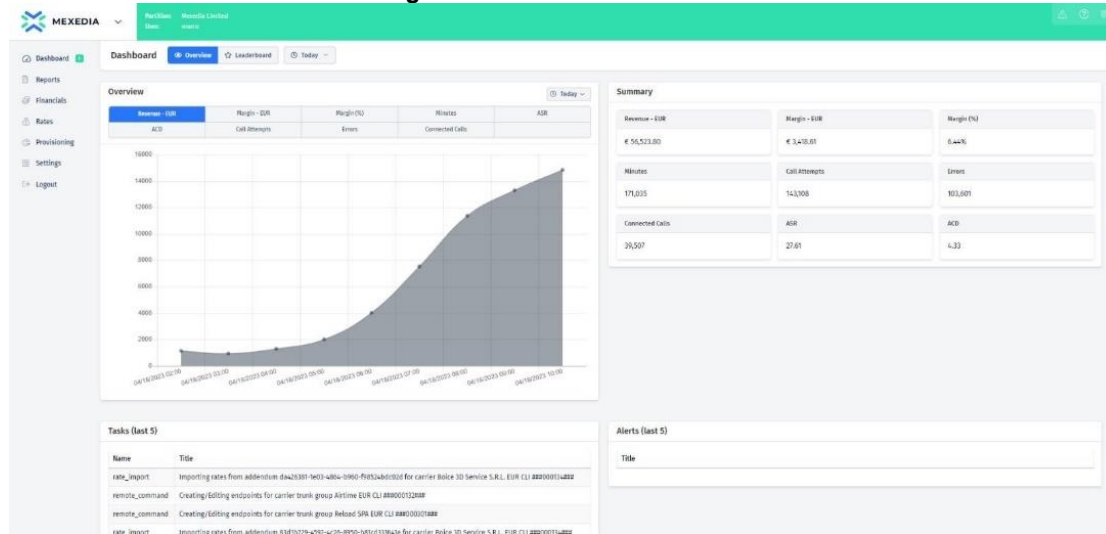
The fintech solution integrated into the platform has been a major factor in attracting telecom operators to trade within the platform. The solution provides instant liquidity, which is delivered to each user/operator's bank account.

### ***Mexedia Exchange***

Mexedia Exchange is a licensed software platform that combines market-making of voice traffic and A2P SMS with financing, providing Telco carriers with a marketplace to trade minutes and texts in real time without credit risk. The platform offers a liquidity pool backed by Mexedia Exchange, making it an "all-in-one" software solution with managed switches and message centers, simplifying the user experience for telecommunications operators and industry professionals. With Mexedia Exchange, one person can trade voice traffic and A2P SMS with thousands of other telecommunication operators, managing technical elements and financial processes seamlessly. The platform delivers many automations, making it easy and accessible for any stakeholder in the telecommunications industry to trade voice traffic and A2P SMS, saving time to focus on revenue-generating activities.

Mexedia Exchange provides a distinct competitive advantage for the Group by scaling ongoing operations and management of its subsidiaries' activities. The platform removes barriers of entry into the marketplace, enabling any entrepreneur to monetize their relationships in the industry. Mexedia Ltd. invites all its suppliers to join the platform, ensuring they receive instant settlement on the supply they provide to the companies of the Group. The platform also ensures the best possible quality product at the lowest price.

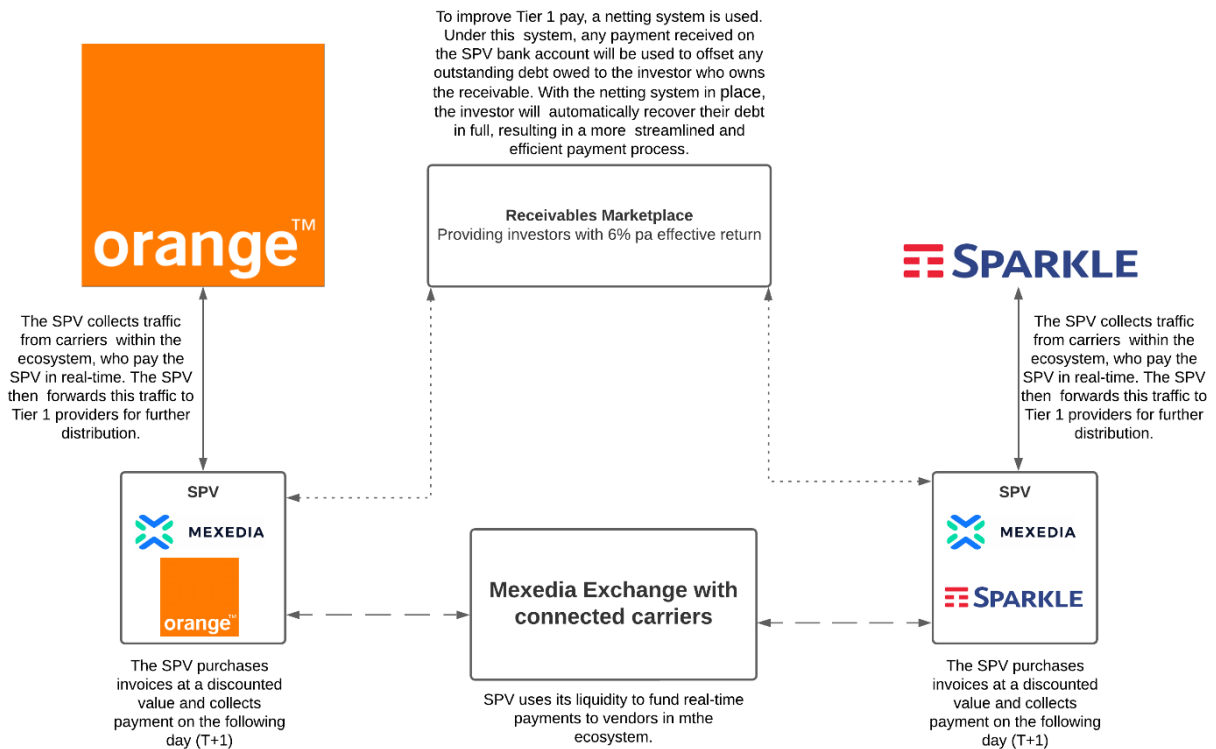
### Screenshot of the Mexedia Exchange



Sources: MEXEDIA S.P.A. SOCIETÀ BENEFIT

With its unique technology, Mexedia Exchange has already attracted a large number of leading companies, and its customer portfolio continues to expand annually. Currently, more than 70 operators have accessed the platform, and their relationship with carriers is managed through a network of SPVs, guaranteeing quick and risk-free business operations.

### The ecosystem of the Mexedia Exchange



Sources: MEXEDIA S.P.A. SOCIETÀ BENEFIT; GBC AG

The above figure illustrates a business transaction involving Mexedia, Orange, and Sparkle. Orange, a prominent telecommunications operator in France, is a crucial partner for Mexedia as it facilitates the reselling of voice and SMS termination services to wholesale and retail customers through real-time settlements. On the other hand, Sparkle, a Tier-1 telecommunications operator in Italy, plays a significant role in the international wholesale telecommunications market and is a vital provider of voice and SMS services for Mexedia. Additionally, Sparkle is an important customer for Mexedia, and the Group's investors are eager to provide funding in connection with the receivables marketplace. Hence, Sparkle is a strategic partner for Mexedia.

## MARKET AND MARKET ENVIRONMENT

### The market for voice and SMS

The market for phone calls and SMS, or Short Message Service, is a significant part of the telecommunications industry. While the growth of messaging apps and other digital communication channels has increased in recent years, phone calls and SMS remain crucial communication channels for individuals and businesses.

The market for phone calls and SMS is highly competitive, with numerous telecommunications companies, including mobile network operators, messaging service providers, and software developers, offering these services. The pricing for these services varies depending on the volume of messages and calls, geographic location, and other factors.

In recent years, the emergence of Voice over Internet Protocol (VoIP) technology has also transformed the phone call market. With VoIP, users can make phone calls over the internet, eliminating the need for traditional phone lines and allowing for cost savings.

In terms of forecasting the market for phone calls and SMS, while messaging apps and other digital communication channels will continue to grow in popularity, phone calls and SMS are still widely used and will continue to be relevant for the foreseeable future. Furthermore, with the increasing need for remote work and virtual communication, the demand for phone calls and SMS may increase.

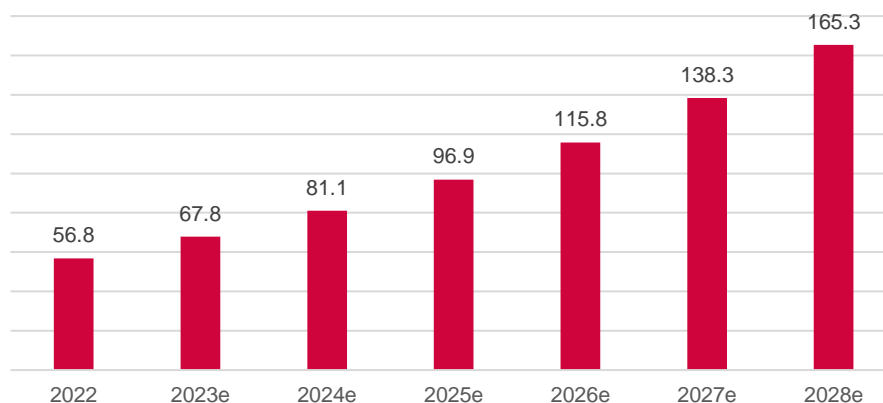
However, competition and new technologies will continue to shape the market. For example, 5G networks offer faster speeds and lower latency, potentially improving the quality of phone calls and SMS delivery. Additionally, advances in artificial intelligence and natural language processing may enable more sophisticated voice communication, such as virtual assistants and chatbots.

Overall, while the market for phone calls and SMS may face challenges in the future, it is likely to remain a crucial part of the telecommunications industry for years to come.

### The VoIP Market

The Voice over Internet Protocol (VoIP) market has been growing rapidly in recent years, and this trend is expected to continue in the coming years. According to a report by Reportlinker, the global VoIP market size is expected to grow from USD 56.8 billion in 2022 to USD 165.3 billion by 2028, at a Compound Annual Growth Rate (CAGR) of 19.5% during the forecast period.

### The Global Mobile VoIP Market (in Bn USD)



Source: Reportlinker

One of the primary drivers of this growth is the cost savings that VoIP technology offers. VoIP allows for cheaper communication compared to traditional phone lines. With VoIP, businesses can make international calls at lower rates, and there are no additional charges for long-distance or local calls. This cost savings can be significant for businesses, especially those that rely heavily on communication.

Another factor driving the growth of the VoIP market is the flexibility that it offers. VoIP provides more flexibility than traditional phone systems, allowing businesses to easily scale their communication needs as they grow. Additionally, VoIP can be accessed from any location with an internet connection, making it a popular choice for remote workers. The ability to easily scale and adapt to changing business needs is becoming increasingly important in today's fast-paced and dynamic business environment.

Advanced features are another driver of the VoIP market. VoIP offers a range of advanced features that are not available with traditional phone systems. These features include video conferencing, voicemail transcription, call recording, and more. These features can significantly enhance communication and collaboration within an organization, leading to increased productivity and efficiency.

Furthermore, VoIP can be integrated with other technologies such as Customer Relationship Management (CRM) systems, making it easier to manage customer communication and data. Integration with other technologies can lead to a more streamlined and efficient communication process, which is becoming increasingly important in today's data-driven business environment.

Finally, the increased adoption of cloud technology is driving the growth of the VoIP market. As more businesses move their operations to the cloud, the adoption of cloud-based VoIP solutions is also increasing. Cloud-based VoIP solutions offer increased reliability, scalability, and security. This increased reliability, scalability, and security can be especially beneficial for businesses that rely heavily on communication.

In conclusion, the VoIP market is expected to continue growing in the coming years due to several drivers, including cost savings, flexibility, advanced features, integration with other technologies, and the increased adoption of cloud technology. As communication continues to play an essential role in the success of businesses, VoIP technology is likely to become even more critical for businesses of all sizes and industries.

### **5G Technology and VoIP**

5G is the fifth generation of wireless communication technology, designed to offer faster internet speeds, greater bandwidth, and lower latency compared to previous generations of wireless technology. It is a significant upgrade from 4G technology, which was introduced in the early 2010s.

5G networks use a combination of new radio frequencies and advanced network technologies to provide faster download and upload speeds, enabling more data to be transmitted in less time. This technology has the potential to revolutionize many industries, including healthcare, transportation, and manufacturing, by enabling new applications and services such as virtual reality, remote surgery, and autonomous vehicles.

The introduction of 5G technology is also expected to have a significant impact on the VoIP market. 5G technology is designed to provide faster internet speeds and lower latency than 4G technology, making it an ideal choice for VoIP communication. With 5G, businesses can expect to experience faster connection speeds and better call quality, which can significantly enhance communication and collaboration.



5G technology is also expected to enable new use cases for VoIP, such as virtual and augmented reality. These technologies require high-speed, low-latency connections, which can be provided by 5G technology. As more businesses adopt these technologies for their operations, the demand for reliable and high-quality communication channels, such as VoIP, is likely to increase.

Another potential benefit of 5G technology for VoIP is its ability to provide greater reliability and scalability. With 5G, businesses can expect to experience improved network coverage and fewer network interruptions, leading to more reliable communication channels. Additionally, 5G technology can support a greater number of connected devices, making it easier for businesses to scale their communication needs as they grow.

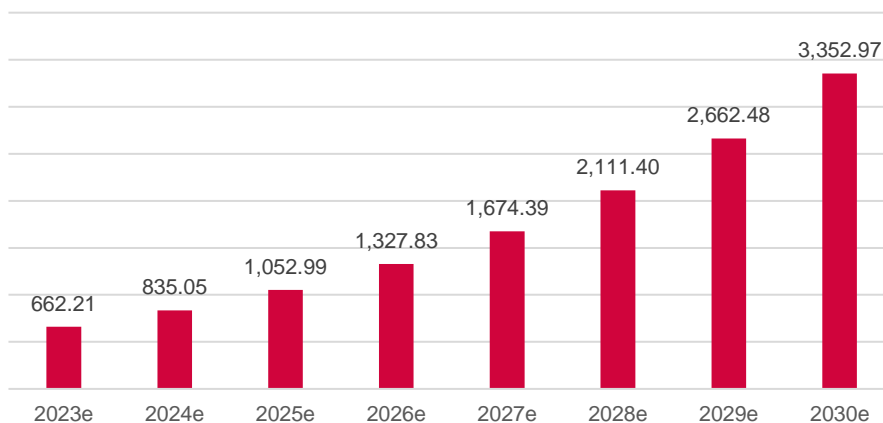
In conclusion, 5G technology is expected to have a significant impact on the VoIP market. Its faster internet speeds, lower latency, and improved reliability and scalability make it an ideal choice for businesses looking to enhance their communication channels. As more businesses adopt 5G technology for their operations, the demand for VoIP is likely to increase, and businesses must adapt to these changes to remain competitive in today's fast-paced business environment.

**The IoT market**

IoT stands for the "Internet of Things." It refers to the interconnected network of physical devices, vehicles, home appliances, and other items that are embedded with sensors, software, and network connectivity, enabling them to collect and exchange data. This network of devices communicates with each other and with other applications and systems over the internet, allowing for remote monitoring and control of these devices. IoT technology is being used in various industries, including healthcare, manufacturing, transportation, and smart homes. It has the potential to improve efficiency, safety, and productivity in many areas of our lives.

The IoT market is a rapidly growing industry with significant potential for future growth. According to market research by Fortune Business Insights, the global IoT market will be valued at \$662.21 billion in 2023 and is expected to reach \$3.35 trillion by 2030, growing at a compound annual growth rate (CAGR) of 26.1% during the forecast period.

**The IoT market**



Source: Fortune Business Insights

The market is being driven by the increasing adoption of connected devices in various industries such as healthcare, manufacturing, transportation, and smart homes. The demand for IoT devices is also being fueled by the increasing need for automation, real-time monitoring, and data analytics.

In terms of revenue, the industrial and manufacturing sectors are expected to account for the largest market share in the IoT market, followed by the healthcare and consumer electronics industries. The Asia-Pacific region is expected to dominate the IoT market in terms of revenue, followed by North America and Europe.

As the world becomes increasingly connected, the IoT market is expected to continue its rapid growth trajectory. The development of 5G technology and the increasing demand for connected devices in emerging economies are also expected to fuel growth in the IoT market. However, concerns about data privacy and security, as well as the lack of interoperability between devices, may pose challenges for the industry.

## ESG ANALYSIS

### ESG / Sustainability Check

The topic of sustainability has taken on immense importance in recent years. The consideration of sustainability is playing an ever greater and more intrinsic role for companies, especially in order to bring sustainable corporate success in line with global energy and climate targets. In this context, investors, rating agencies and regulators are increasingly demanding that companies' ESG capital market communications become more transparent and comprehensive. The trend towards sustainable investments thus initiates a paradigm shift in the financial sector, in that in the future not only fundamental data but also the contribution to a more sustainable circular economy will play an important role and thus sustainable capital flows will be generated.

The legal frameworks such as the EU taxonomy (European Green Deal) or the Disclosure Regulation should be used as a guideline for a sustainable circular economy in order to be able to achieve the globally-targeted sustainability goals (17 UN Sustainable Development Goals). In addition to its regulatory aspect, this topic has another, no less important dimension for CEOs: today, sustainability and transparency play an essential role for the evaluation of a company on the capital market and are thus decisive for the investment decisions of institutional investors - both for shares and bonds.

For this reason, we conducted a standardized sustainability check on **Mexedia** based on our proprietary sustainability survey in order to create a company-specific ESG profile.

### ESG profile

#### Sustainability-oriented business and management activities of the company (based on responses to the proprietary GBC sustainability questionnaire)

#### E - contribution to environmental and climate protection (sustainability management)

- ❖ On 16 February 2023, Mexedia participated in the event "M'illumino di meno", **the national day for energy savings and sustainable lifestyles**, initiated by Rai Radio 2 in cooperation with Caterpillar. This was another important opportunity for Mexedia to renew its commitment to sustainable initiatives, as already demonstrated over the past few years.
- ❖ Application of green IT hardware equipment
- ❖ Promoting e-mobility (green mobility) by steadily increasing the share of electric cars and e-bikes in the company fleet.
- ❖ Improving education, awareness-raising and human and institutional capacity on climate-change mitigation, adaptation, impact reduction and early warning. Specifically, Mexedia provides employee training on environmental protection.
- ❖ Mexedia will include projects in its strategy to ensure a contribution towards reducing climate change.

#### S – measures for a sustainable working environment and HR development

- ❖ Offering health programs such as back training programs or stress seminars for employees
- ❖ Flextime/flexible working hours
- ❖ Home office/remote work

**G – Corporate governance (sustainable corporate governance)**

- ❖ Increasing energy efficiency and reducing CO<sub>2</sub> emissions, thereby improving environmental and climate protection as an important part of corporate strategy
- ❖ Continuous investments in technologies/digitalization and employee development
- ❖ Application of GRI guidelines in connection with sustainability-oriented reporting (Sustainability Reporting)
- ❖ Consideration of sustainability as an integral part of their corporate philosophy and their strategic orientation of business activities (e.g. sustainable production, handling of resources and procurement management)



Mexedia is also committed to strengthening its engagement and dialogue with various stakeholders by stimulating discussions with them on sustainable development issues. The company also applies policies on a daily basis aimed at reducing energy consumption, waste separation and, in general, respecting all environmental and ethical aspects.

**SDG Reference**

**Company-specific contribution to the 17 UN Sustainable Development Goals (extract)**

Mexedia is making a significant contribution to Goals 3, 4, 8, 9, 11, 12, 13 and 17, thereby actively contributing to the achievement of **eight out of 17** UN Sustainable Development Goals. It is thus clear that the consideration of sustainability is an essential part of their corporate strategy and the topic of sustainability is an integral part of Mexedia's business activities.



**IMPACT:** In addition to their innovative electronic service termination activities regarding the telecommunications market (voice and SMS), Mexedia also wants to make a substantial contribution to the fulfillment of global sustainability goals by specifically supporting projects in the area of social projects, climate and environmental protection.

## Examples

### SDG 3: Ensure healthy lives and promote well-being for all at all ages



The company is committed to mental health. Specifically, Mexedia acted as the main sponsor of the "Bulli Stop - Christmas Show" event in Rome. The project took place in collaboration with the National Centre against Bullying, whereby the entire proceeds were donated.

### SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



The further training and development of employees is a high priority. Accordingly, employees are required to participate in a wide range of continuing education measures. In concrete terms, Mexedia offers its employees training measures in the areas of IT and environmental protection.

### SDG 13: Take urgent action to combat climate change and its impact



Mexedia, as a tech company with a strategic vision to offer advanced technological services and a complete customer experience to its clients, pursues activities with a low environmental impact. However, it also implements policies on a daily basis aimed at reducing energy consumption, separating waste and, in general, taking into account all environmental and ethical factors.

### SDG 17: Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development



The company continuously promotes partnerships and joins organizations in the spirit of sustainable development. That is why Mexedia supports environmental protection organizations in a targeted manner and is involved in initiatives such as "M'illumino di meno" in the area of climate protection and sustainability.

## GBC Sustainability Summary

In summary, Mexedia addresses a total of eight of the 17 UNESCO sustainability goals and thus makes an active contribution to their achievement. This ensures an investment in a company that operates in a sustainable manner and is therefore well suited for a sustainability-oriented (ESG-compliant) portfolio.

## CORPORATE DEVELOPMENT

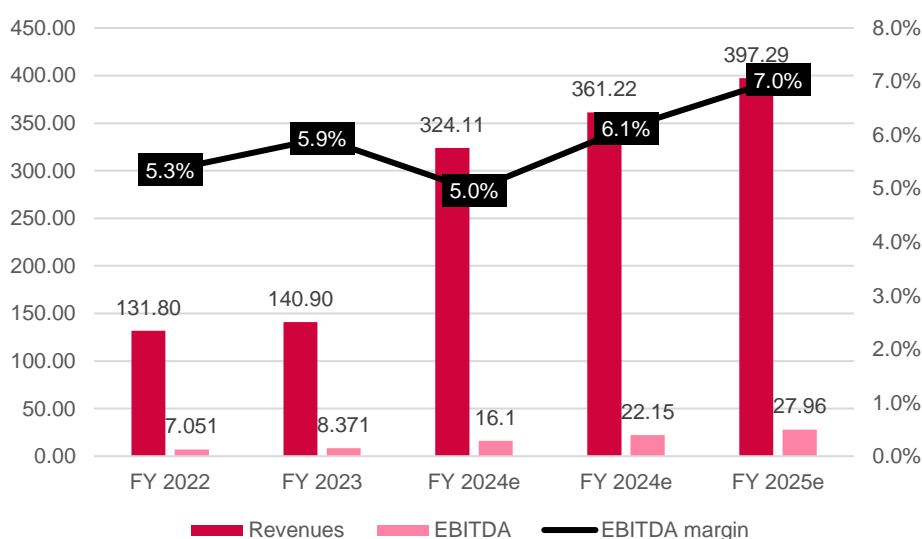
### Key figures at a glance

(in m €)	FY 2022	FY 2023	FY 2024e	FY 2024e	FY 2025e
<b>Revenues</b>	<b>131.80</b>	<b>140.90</b>	<b>324.11</b>	<b>361.22</b>	<b>397.29</b>
Cost of sales	-121.59	-129.05	-298.51	-330.52	-362.33
<b>Gross profit</b>	<b>10.21</b>	<b>11.84</b>	<b>25.60</b>	<b>30.70</b>	<b>34.96</b>
General and administrative expenses	-3.14	-3.39	-9.50	-8.55	-7.00
Other operating costs	-0.02	-0.08	0.00	0.00	0.00
<b>EBITDA</b>	<b>7.05</b>	<b>8.37</b>	<b>16.10</b>	<b>22.15</b>	<b>27.96</b>
Depreciations	-0.16	-0.01	-2.20	-1.00	-0.95
<b>EBIT</b>	<b>6.89</b>	<b>8.36</b>	<b>13.90</b>	<b>21.15</b>	<b>27.01</b>
Financial charges (expenses)	-3.33	-3.08	-6.00	-6.18	-6.30
Other non-operating income	0.01	0.22	0.00	0.00	0.00
Other non-operating costs	-0.12	-0.54	0.00	0.00	0.00
<b>EBT</b>	<b>3.44</b>	<b>4.95</b>	<b>7.90</b>	<b>14.97</b>	<b>20.71</b>
Income taxes	-0.48	-0.52	-2.37	-4.49	-6.21
<b>Net result</b>	<b>2.96</b>	<b>4.43</b>	<b>5.53</b>	<b>10.48</b>	<b>14.49</b>

Revenues	131.80	140.90	324.11	361.22	397.29
EBITDA	7.05	8.37	16.10	22.15	27.96
<i>EBITDA margin</i>	<i>5.3%</i>	<i>5.9%</i>	<i>5.0%</i>	<i>6.1%</i>	<i>7.0%</i>
EBIT	6.89	8.36	13.90	21.15	27.01
<i>EBIT margin</i>	<i>5.2%</i>	<i>5.9%</i>	<i>4.3%</i>	<i>5.9%</i>	<i>6.8%</i>
Net result	2.96	4.43	5.53	10.48	14.49
<i>Net margin</i>	<i>2.2%</i>	<i>3.1%</i>	<i>1.7%</i>	<i>2.9%</i>	<i>3.6%</i>

Sources: GBC AG, MEXEDIA S.P.A. SOCIETÀ BENEFIT

### Development of sales, EBITDA (in m €) and EBITDA margin (in %)



Sources: GBC AG, MEXEDIA S.P.A. SOCIETÀ BENEFIT

## Business development 2022

P&L (in m €)	FY 2021	FY 2022
Revenue	131.80	140.90
EBITDA	7.05	8.37
EBITDA margin	5.3%	5.9%
EBIT	6.89	8.36
EBIT margin	5.2%	5.9%
Net result	2.96	4.43
EPS in €	0.52	0.78

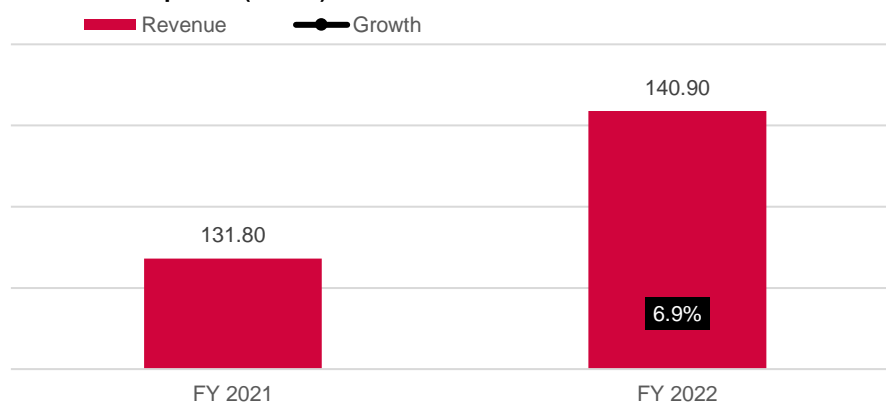
Sources: MEXEDIA S.P.A. SOCIETÀ BENEFIT, GBC AG

**Note:** In 2021, consolidation took place for the first time, so there are no comparable figures for 2020.

### Revenue development

In 2022, the revenue saw an increase of 6.9%, amounting to € 140.9m (PY: € 131.8m). This growth can be attributed to the company's success in securing new and better deals in voice and SMS traffic. The bulk of this revenue is generated by the Irish subsidiary, which operates on a classic business model.

#### Revenue development (in m €)



Sources: MEXEDIA S.P.A. SOCIETÀ BENEFIT, GBC AG

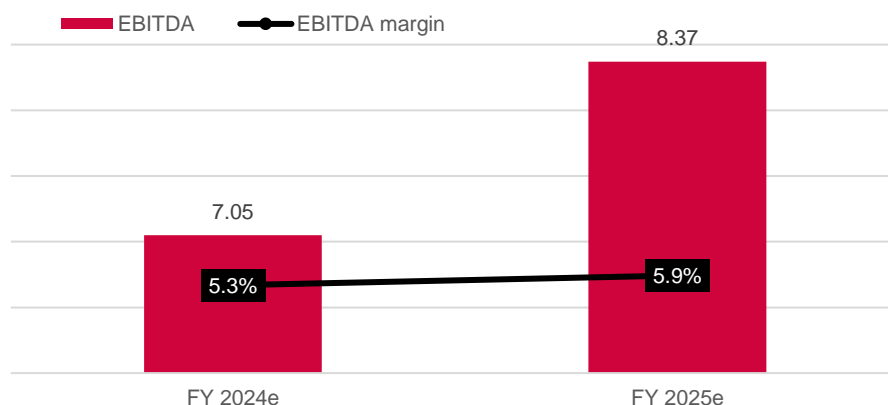
### Earnings development

Improved voice and SMS traffic deals have also resulted in better margins. The company's gross margin has increased to 8.4% (PY: 7.8%), and gross profit has risen to € 11.84m (PY: € 10.21m).

General and administrative expenses increased by 8.1% to € 3.39m compared to the previous year's € 3.14m. The primary reason for this increase is the full impact of costs related to managing the parent company's listing and its corporate bodies, which only partially impacted the financial statements last year due to the parent company's establishment and listing during the second half of 2021.

Despite an increase in general expenses, the EBITDA saw a significant improvement due to the improved gross margin. The EBITDA increased by 18.7% to € 8.37m, compared to the previous year's figure of € 7.05m. The depreciations were negligible at € 0.01m (PY: € 0.16m), and as a result, the EBIT also increased by 21.3% to € 8.36m, compared to the previous year's figure of € 6.89m.

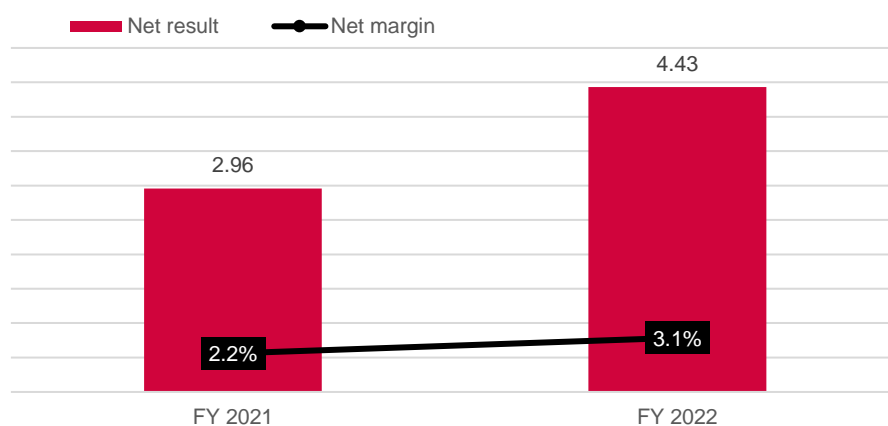
### Development of the EBITDA and the EBITDA margin (in m €)



Sources: MEXEDIA S.P.A. SOCIETÀ BENEFIT, GBC AG

The financial charges (expenses) experienced a decrease of 7.6% to € -3.08m (PV: € -3.33m). This reduction was a result of a significant decrease in charges related to foreign exchange transactions that offset an increase due to higher trade volumes managed by the Irish subsidiary.

### Development of the net result and the net margin (in m €)



Sources: MEXEDIA S.P.A. SOCIETÀ BENEFIT, GBC AG

As a result, the EBT increased by 44.0% to € 4.95m (PY: € 3.44m). Due to the majority of business being conducted in the Irish subsidiary, taxes were relatively low, resulting in an income tax payment of € 0.52m (PY: € 0.48m). This led to a significant increase in net result by 49.8% to € 4.43m (PY: € 2.96m).



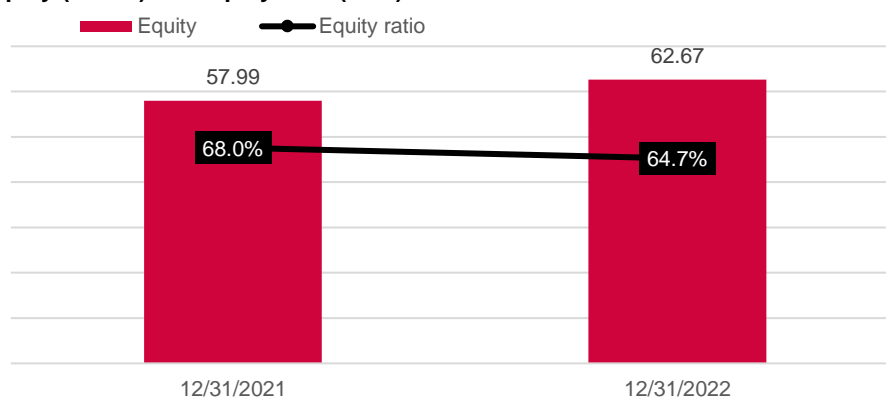
## Balance sheet and financial situation as of Dec. 31, 2022

in m €	31.12.2021	31.12.2022
Equity	57.99	62.67
Equity ratio (in %)	68.0%	64.7%
Operating fixed assets	0.08	0.22
Working capital	13.02	24.24
Cash	5.63	2.67
Net debt	18.40	26.38

Sources: MEXEDIA S.P.A. SOCIETÀ BENEFIT; GBC AG

The company's financial position is robust, with a consolidated shareholders' equity of € 62.67m as of 31st December 2022, representing an increase from € 57.99m in the previous year. The positive net result for the year primarily contributed to this growth in equity. Additionally, the company boasts a solid equity ratio of 64.7% as of 31st December 2021, which increased from 68.0% at the end of 2022.

### Equity (in m €) and equity ratio (in %)



Sources: MEXEDIA S.P.A. SOCIETÀ BENEFIT; GBC AG

As of December 31, 2022, the net debt of the company was € 26.38m, which represents an increase from the previous year's net debt of €18.4m. This increase in net debt is primarily due to the financing transactions with revolving instruments that were used to support working capital.

The company had cash and cash equivalents of € 2.67m in 2022, down from € 5.63m in the previous year. Meanwhile, the financial liabilities of the company increased from € 24.02m in the previous year to € 29.048m in 2022. This increase is linked to the higher use of credit facilities to support the increase in turnover.

Despite the increase in financial liabilities, the company is in a good position with regard to liquidity, as it plans to generate a positive free cash flow. In summary, the company's increased debt can be attributed to its financing activities, while its cash position is stable.

## SWOT analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Competent strong leadership team and board of directors.</li> <li>• A robust and dependable telecommunications business with a strong track record of profitability.</li> <li>• Web-based application that is scalable.</li> <li>• Telecommunications partnerships with significant local operators across multiple countries, enabling expansion through interconnecting different routes.</li> <li>• Ambitious expansion strategies.</li> <li>• Operating with a lean and efficient workforce, consisting of a limited number of highly skilled employees.</li> <li>• Strong customer relationship in the telecommunications industry.</li> <li>• The Società Benefit company status has the potential to generate additional business relationships.</li> </ul>	<ul style="list-style-type: none"> <li>• Risk of key person dependency in management</li> <li>• Limited available shares and low trading volume</li> <li>• The company has no established history in the CXPaaS industry.</li> <li>• Operating in various countries comes with, among other things, the risks of currency fluctuations, different legal and regulatory requirements, and cultural differences.</li> <li>• Dependency on third-party software for the Mexedia exchange platform</li> </ul>
Opportunities	Risks
<ul style="list-style-type: none"> <li>• The company is strategically positioned in high-growth markets, including data analytics, 5G, IoT, and automation, allowing them to capitalize on emerging trends and deliver innovative solutions that drive business success.</li> <li>• There is a significant potential for cross-selling the CXPaaS platform to existing customers in the telecommunications industry.</li> <li>• The App Store enables developers to create applications that cater to a wide range of customer needs, ensuring that users have access to a diverse selection of apps.</li> <li>• The existence of in-store competition fosters a competitive environment, which leads to a higher quality-to-price ratio of services offered.</li> </ul>	<ul style="list-style-type: none"> <li>• Risks regarding the implementing of the Group's business plan, particularly with respect to achieving ambitious growth targets.</li> <li>• Risks related to launching and operating the platform, including potential technical challenges and operational difficulties.</li> <li>• Risks associated with trading on a multilateral trading facility, including market liquidity and volatility, as well as potential price fluctuations of the Issuer's financial instruments.</li> <li>• Foreign exchange risks, which may impact the Group's financial performance due to currency fluctuations.</li> <li>• IT security risks, which may expose the Group to potential cybersecurity threats and data breaches.</li> </ul>

## FORECAST & VALUATION

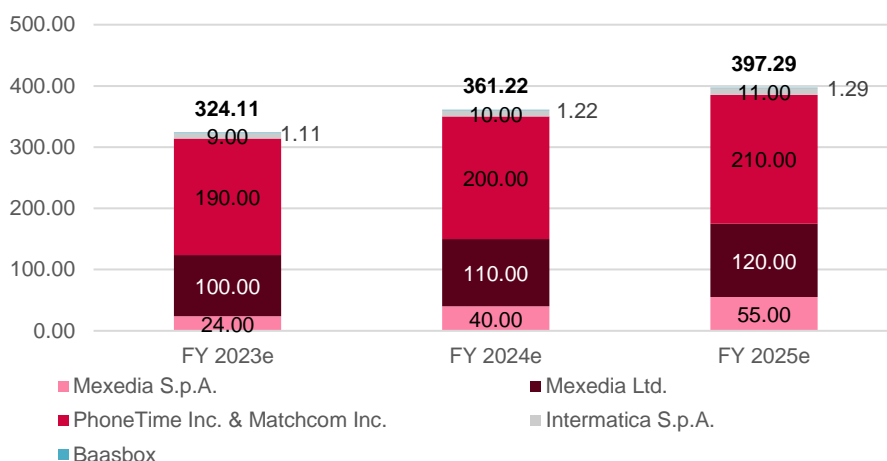
P&L (in m €)	FY 2022	FY 2023e	FY 2024e	FY 2025e
Revenue	140.90	317.02	367.10	403.81
EBITDA	8.37	15.83	21.90	26.14
EBITDA margin	5.9%	5.0%	6.0%	6.5%
EBIT	8.36	13.63	20.90	25.19
EBIT margin	5.9%	4.3%	5.7%	6.2%
Net result	4.43	5.34	10.31	13.22
EPS in €	0.78	0.94	1.81	2.32

Source: GBC AG

### Revenue forecast

Mexedia is a highly accomplished tech company with a proven track record in the TLC industry. With years of experience and expertise, the company has developed a robust technology platform, called Mexedia ON, that now serves as the foundation for its innovative business services. These services from the Mexedia ON platform are designed to help brands unlock new value for their customers by leveraging the power of the omnichannel experience. This will turn the company into a comprehensive technology business.

### Development of revenue (in m €) by company



Source: GBC AG

Looking ahead, the market forecasts for the telecom business are positive, as the demand for communication services continues to increase due to the rise of remote work, e-commerce, and the internet of things. As a result, businesses in the telecom industry are investing heavily in new technologies such as 5G networks, artificial intelligence, and cloud computing to enhance their services and stay competitive. Mexedia has successfully established a highly valuable structure for its proprietary termination systems through the strategic acquisition of both cutting-edge technologies and companies with proprietary business intelligence systems.

Leveraging its well-established global presence, the company has successfully entered the Telco SMS market and expanded its reach even further by acquiring global numbering solutions. By utilizing its consolidated global reach, the company has strategically positioned itself for growth and expansion in the telecommunications industry. In a strategic move, Mexedia Ltd., based in Ireland, has transferred its SMS business to the parent company, Mexedia S.p.A. This decision was made in order to streamline operations and consolidate resources within the parent company, allowing for greater efficiency and synergy across all areas of the business.

The SMS business of Irish Mexedia LTD will be transferred to its Italian parent company, Mexedia S.p.A., which is expected to generate around € 24m in revenue and € 2.5m in EBITDA. Given the thriving nature of the SMS business, we anticipate significant revenue growth, with projected revenues of approximately € 40m in 2024 and € 55m in 2025. In 2023, we anticipate an EBITDA of € 2.5m, followed by a considerable increase in margin, from approximately 10.4% to 14.5% in 2025, resulting in an EBITDA of € 8.14m in that year.

For Irish Mexedia Ltd., we estimate a consistent revenue growth of around 10%, beginning with revenues of € 100m in 2023 and an EBITDA of about € 6.3m. By 2025, we project revenues of € 120m and an EBITDA of € 8.4m.

The Group is also committed to pursuing a growth strategy centered on international expansion into new markets, bolstering its position in strategic markets where the company already operates, and diversifying its client base. In early 2023, the company acquired Matchcom Telecommunications Inc. and Phonetime Inc., two firms that specialize in the voice and SMS business in the United States. The acquisitions are expected to generate an additional € 190m in revenue and € 6m in EBITDA in the year 2023. We anticipate that both companies will experience steady growth of approximately 5%, with slight improvements in their EBITDA margins from 3.2% in 2023 to around 3.8% in 2025. Phonetime provides an opportunity for consistent growth in wholesale volumes by extending Mexedia's territorial reach into North America, while Matchcom offers the potential for volume growth by extending Mexedia's territorial reach into South America. Both acquisitions provide multiple strategic benefits, including increased economic turnover, expanded territorial reach, and enhanced competitiveness.

Moreover, Phonetime's recent launch of its SMS business unit makes it a strategic competence center for Mexedia to develop its messaging (SMS) area. Additionally, the acquisitions enable Mexedia to increase its marginality value by directly managing a series of intercompany deals from a centralized perspective. Overall, these acquisitions represent a significant opportunity for Mexedia to strengthen its position in the international wholesale market and capitalize on the growing demand for voice, SMS, and other telecommunications services in the Americas and beyond.

The acquisition of Intermatica S.p.A. is a strategic multivalue transaction that provides significant benefits to Mexedia Ltd, a European telecommunications provider. Intermatica is an Italian telecommunications operator that operates in the international deregulated market, offering not only classic wholesale services that will flow into Mexedia's European concentrator, but also satellite telecommunications, telephone numbering, VAS, and Premium services related to the content provider chain. These additional services are a core asset that will extend the functionality of the Mexedia ON platform, including numbering, VAS, and premium services.

Moreover, Intermatica's specific services in SAT and related devices for the large and small enterprises market are an excellent starting point for developing future IoT projects. Mexedia will be able to leverage Intermatica's business relationships, partnerships, technologies, and skills to enrich the value cycle and create new corporate entities that will specialize in the design and delivery of evolved value services of connectivity, functional to the interoperability of territorially-distributed IoT systems.

Overall, the acquisition of Intermatica represents a significant opportunity for Mexedia to expand its service offerings, strengthen its position in the European market, and capitalize on the growing demand for advanced telecommunications services. We anticipate that Intermatica will generate approximately € 9m in revenue and € 1.1m in EBITDA in 2023. Looking ahead, we project that the company will experience a steady growth rate of around

9% per year. Furthermore, we expect a substantial increase in EBITDA margin, from 11.1% in 2023 to roughly 21.1% in 2025. This projection reflects the benefits of Mexedia's strategic multivalue transaction and Intermatica's core service assets, which will enhance Mexedia's service offerings, strengthen its position in the European market, and contribute to the company's long-term success.

Baasbox is a partner developer of Mexedia, offering an array of customized mobile and web applications, as well as communication solutions that cater to both traditional and innovative channels, including Metaverse, Augmented Reality, and Voice Smart Assistants. Baasbox takes pride in delivering cutting-edge services such as Digital Twins, avatars with advanced conversational AI capabilities, which are integrated into Augmented Reality. Its Augmented Reality Services are classified into three categories: Geolocated Services, In-Store Services, and In-Home Services. Additionally, the company offers Virtual Reality Services that provide immersive and interactive experiences through viewers. Lastly, Baasbox's Voice Smart Assistants enable brands to engage with their customers through voice interaction, bypassing the need for smartphones or computers.

Baasbox is a pivotal developer for the upcoming Mexedia ON app. The company's expertise in customized mobile and web applications, coupled with their proficiency in developing communication solutions, has made them an integral part of the development team.

Although Baasbox will play a critical role in further developing the Mexedia ON app, we anticipate that its sales will be comparatively modest compared to other companies. Our revenue projections are € 1.11m for 2023, € 1.22m for 2024, and € 1.29m for 2025. Despite the relatively low sales, we expect a high EBITDA margin of 18.0% in 2023, increasing to 23.2% in 2024. However, due to the limited revenue, our EBITDA is estimated to be € 0.20m in 2023, increasing to € 0.30m in 2025.

Overall, we expect the Mexedia S.p.A. group to generate € 324.11m in revenue in 2023, which we project to increase to € 361.22m in 2024 and € 397.29m in 2025.

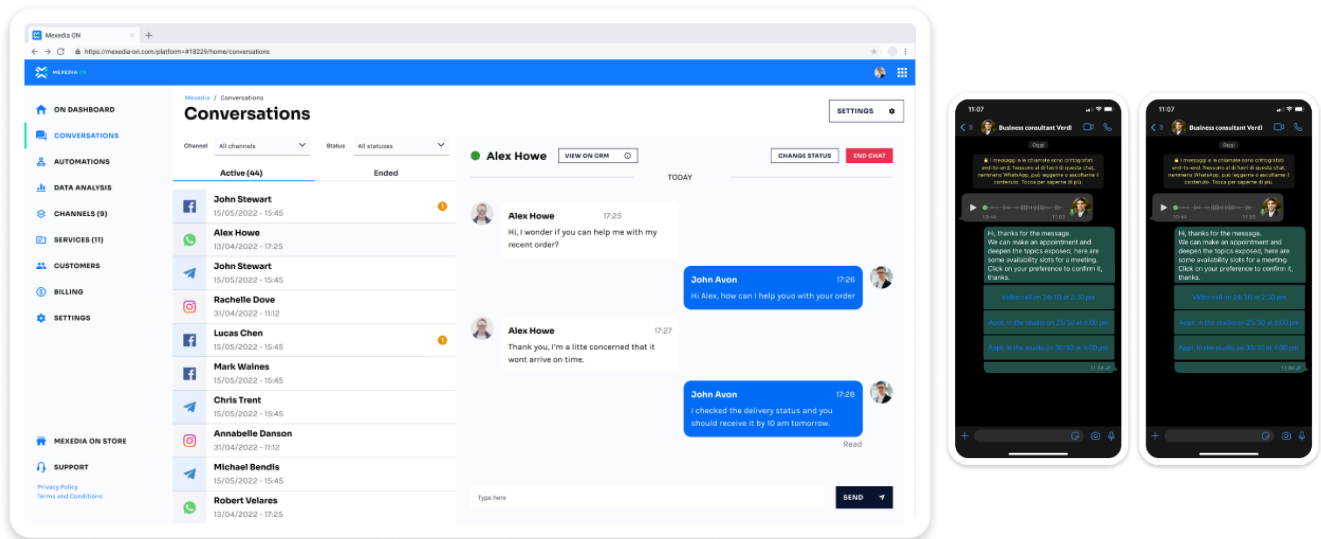
### ***Mexedia ON***

Mexedia ON will be a crucial component of Mexedia S.p.A.'s growth strategy for each of its affiliated companies. The Mexedia ON App is a tool for businesses that want to improve their customer engagement. As a Customer Experience Platform as a Service (CXPaaS), it provides a range of features and tools to help companies manage customer interactions and deliver a seamless and engaging experience. Specifically designed for the Telephone industry, the Mexedia ON App is a valuable asset for businesses that aim to provide world-class customer experience.

The Mexedia ON Platform is an omnichannel platform that allows businesses to reach their customers wherever they are, including in the Metaverse. With Mexedia ON, businesses can connect with customers on their favourite channels and offer them consistent and respectful experiences based on their history. The platform also empowers collaborators to work better with a multisession, all-in-one desktop and mobile experience.

In addition, Mexedia ON provides innovative channels such as Metaverse (VR&AR) and Smart Voice Assistance to create immersive and amazing experiences for customers. The platform also features Virtual Agents and Virtual Assistants that automate routine and low-value tasks by providing real-time responses to customers with Chatbots. This gives customers instant access to the right content, informative articles, and frequently asked questions.

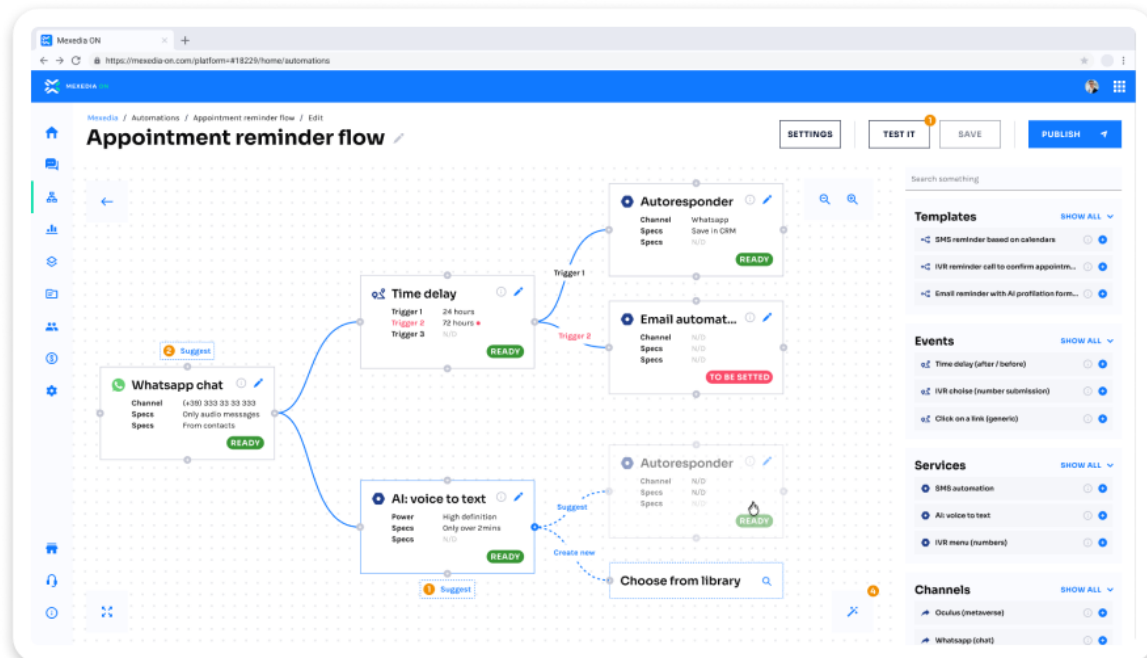
**Mexedia ON – an omnichannel platform, with virtual agents and virtual assistants**



Source: Mexedia S.p.A.

Mexedia ON also features a Flow Builder that allows businesses to create their own automations and eliminate manual processes. The platform can quickly integrate with a business's existing technology ecosystem and allows the use of their own CRM or one offered by Mexedia ON. Additionally, Mexedia ON provides a centralized information system that enables businesses to monitor the success of their operations and improve the customer experience.

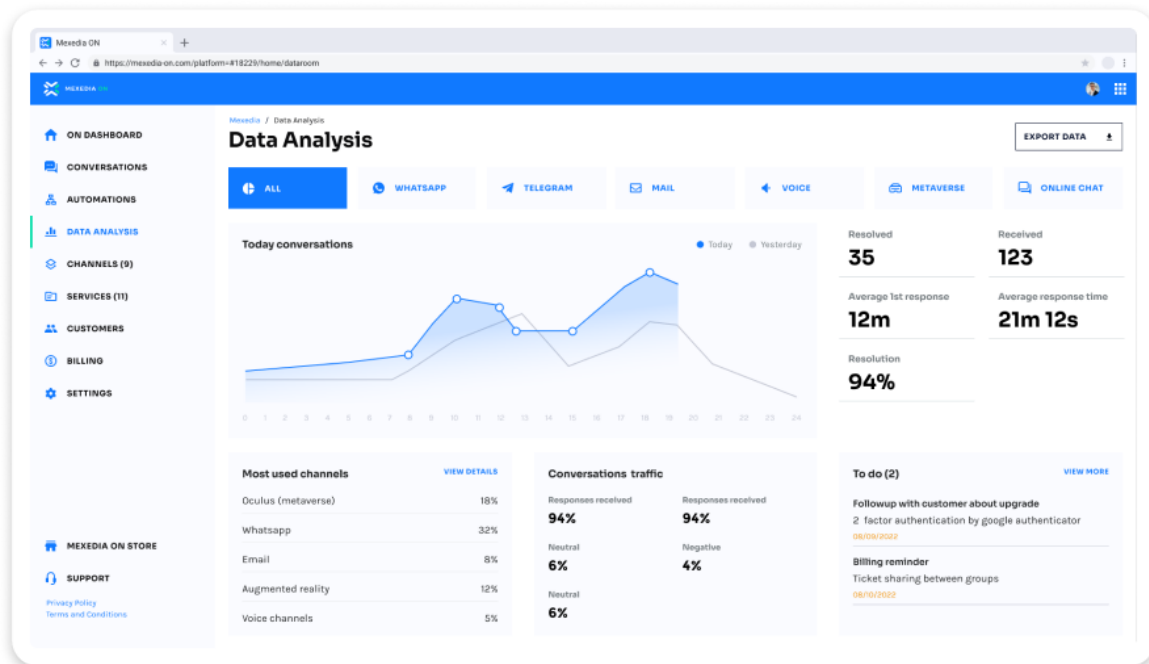
**Mexedia ON – Flow Builder**



Source: Mexedia S.p.A.

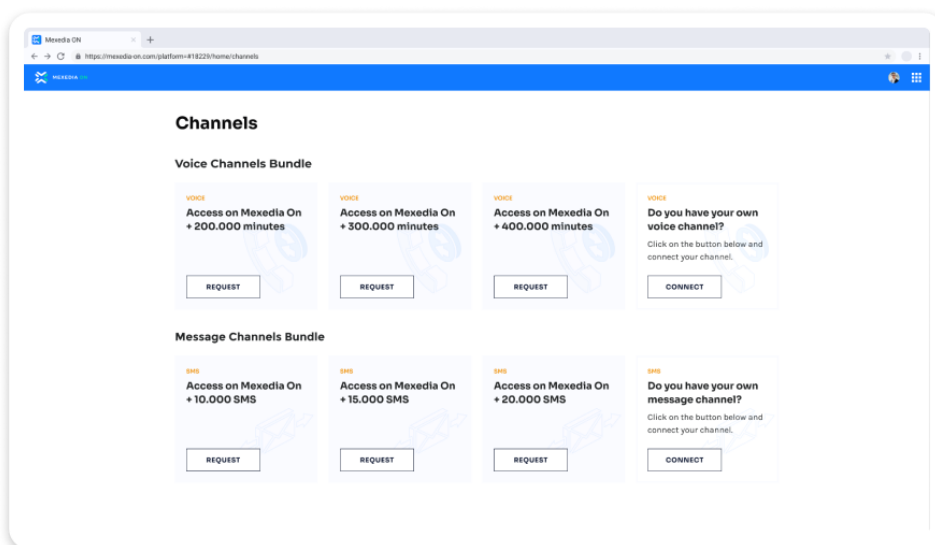
The Data Analysis feature of Mexedia ON allows businesses to analyze performance trends with detailed information on each stage of the customer journey. All Mexedia ON solutions can be managed through a single dashboard, giving businesses full control over their operations.

## Mexedia ON – Data analysis



Source: Mexedia S.p.A.

Also, Mexedia ON offers a Channels Bundle that allows businesses to connect or activate the channels they need, including Voice, SMS, or satellite communication. These bundles are included in the subscription, making it easier for businesses to use Mexedia ON to its full potential. Mexedia ON offers a user-friendly interface and a variety of communication channels to enhance customer engagement, including popular channels like SMS and WhatsApp, as well as cutting-edge channels like Alexa Skills and Google Home. Additionally, Mexedia ON enables businesses to explore completely unique channels, such as the Metaverse, to provide clients with innovative and immersive experiences.



Source: Mexedia S.p.A.

The open app store for the platform is a crucial competitive advantage. The Mexedia ON App Store is an open platform that enables developers and market players to create and sell a wide range of applications for Mexedia ON. By integrating with the best market players, the platform offers an extensive solution set that includes Sentiment Analysis, Voice

Biometrics, Speech Analytics, RPA, VR & AR Experience, Voice Smart Assistants, OTP & 2FA Authentication, Transactional SMS, Appointment Management, and more.

The Mexedia ON App Store features a selection of services that have been evaluated and approved by Mexedia ON analysts before being sold in the store. These services include Sentiment Analysis, which identifies, extracts, and quantifies data as positive, negative, or neutral, and Voice Smart Assistant Recurring Payments, which enables users to set up an easy recurring payment system managed through voice confirmation within Alexa or Google Home Skills.

Other services available in the Mexedia ON App Store include Voice Biometrics, which provides a reliable biometric authentication method that works remotely and with any kind of phone or audio equipment, and Speech Analytics, which allows users to monitor all customer conversations in voice and text across multiple channels.

The Meta-Center services in the app store offer augmented and virtual reality experiences, with Meta-Center AR Experience making physical elements capable of interacting with people through augmented reality, and Meta-Center VR Experience providing customers with fully immersive and connected virtual spaces.

The app store also features SMS Marketing, Smart Lead Generation SAAS, Smart Voice Assistant Content Marketing, Number Masking, OTP & 2FA Authentication, and OTT Multitasking. Each of these services offers unique capabilities, including marketing via SMS, creating purchasing groups in SAAS mode, and providing content directly to people's homes through Alexa and Google Home.

Thanks to the synergies between Mexedia Technical Department and the development community, the Mexedia ON App Store might become the richest, most varied, and powerful ecosystem of CXPaaS solutions for brands.

### ***Mexedia Health***

Mexedia Health Srl is a company that specializes in designing, developing, producing, supplying, and marketing/distributing a platform of innovative products and services with high technological value. These products and services are aimed at supporting both public and private customers in the health, welfare (lifestyle), pharmaceutical, and social welfare sectors, and are intended to help manage the health and well-being of citizens.

While we believe that this field has the potential to yield profitable projects, we do not have a current forecast for this project. However, it is worth noting that this company represents a hidden upside that may not be directly relevant to our current projections.

### **Earnings forecast**

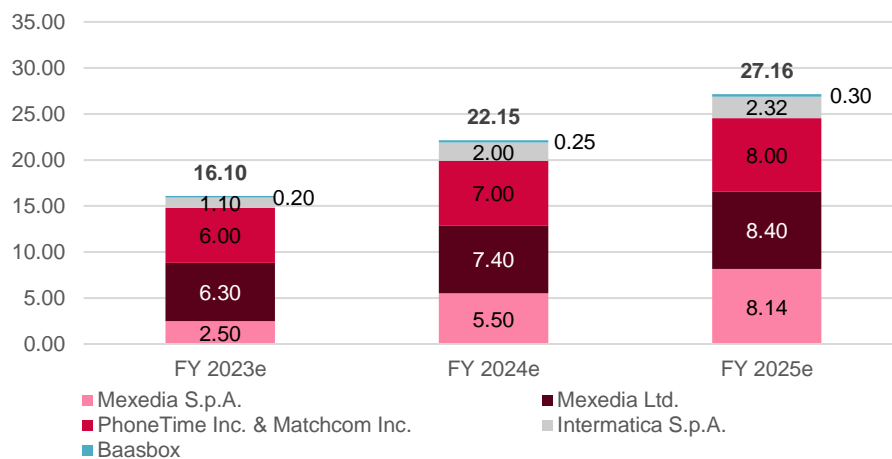
We expect that Mexedia Ltd, the Irish subsidiary, will remain the key earnings driver for the company, with an estimated EBITDA of € 6.3m in 2023. This figure is projected to increase to € 8m by 2025, reflecting a strong and sustained growth trajectory. Similarly, PhoneTime & Matchcom in the USA are expected to generate an EBITBA of € 6m in 2023, with a projected increase to € 8m by 2025.

For the parent company, we anticipate that their SMS business will generate an EBITDA of € 2.5m in 2023, which is projected to grow to € 8.14m by 2025. In addition, we forecast that Intermatica will have an EBITDA of € 1.1m in 2023, growing to € 2.32m in 2025.



Finally, we expect that Bassbox will generate an EBITDA of € 0.2m in 2023, increasing to € 0.3m in 2025.

#### EBITDA forecast (in m €)



Source: GBC AG

Taken together, our projections indicate a steady growth trajectory for Mexedia, with an estimated EBITDA of € 16.1m in 2023, followed by € 22.15m in 2024 and € 27.16m in 2025.

As the business volume continues to grow, we anticipate that the financial charges (expenses) will increase to € 6m, with a slight upward trend in the coming years, reaching € 6.3m by 2025. Based on this projection, we estimate that the earnings before taxes (EBT) will be € 7.9m in 2023, € 14.97m in 2024, and € 20.71m in 2025.

However, we anticipate a higher tax rate of approximately 30% (compared to the 10% rate we experienced in 2022). This will impact the net results, which we forecast to be € 5.53m in 2023, € 10.48m in 2024, and € 14.49m in 2025.

## Valuation

### ***Model assumptions***

We valued MEXEDIA S.p.A. – Società Benefit using a three-stage DCF model. Starting with the concrete estimates for the years 2023 to 2025 in phase 1, the forecast is made from 2026 to 2030 in the second phase by applying value drivers. We expect revenue to increase by 10.0%. We have assumed a target EBITDA margin of 8.0%. We have taken the tax rate into account at 30.0% in phase 2. In the third phase, a residual value is also determined after the end of the forecast horizon using the perpetual annuity. In the terminal value, we assume a growth rate of 2.5%.

### ***Determination of the cost of capital***

The weighted average cost of capital (WACC) of MEXEDIA S.p.A. – Società Benefit is calculated from the cost of equity and the cost of debt. To determine the cost of equity, the fair market premium, the company-specific beta and the risk-free interest rate must be determined.

The risk-free interest rate is derived from current yield curves for risk-free bonds in accordance with the recommendations of the Fachausschuss für Unternehmensbewertungen und Betriebswirtschaft (FAUB) of the IDW. This is based on the zero bond interest rates published by the Deutsche Bundesbank using the Svensson method.

**The currently used value of the risk-free interest rate is 2.0%.**

We use the historical market premium of 5.5% as a reasonable expectation of a market premium. This is supported by historical analyses of equity market returns. The market premium reflects the percentage by which the equity market is expected to yield better than low-risk government bonds.

According to the GBC estimation method, a beta of 1.50 is currently determined.

Using the assumptions made, we calculate a cost of equity of 10.25% (beta multiplied by risk premium plus risk-free interest rate). Since we assume a sustainable weighting of 100% for the cost of equity, the weighted average cost of capital (WACC) is 10.25%.

### ***Valuation result***

Within the framework of our DCF valuation model, we have determined a target price of € 46.50 and due to the high upside, we assign the rating Buy.

## DCF model

### Mexedia S.p.A. - Discounted Cashflow (DCF)

Value drivers of the DCF model after the estimate phase:

consistency - Phase		final - Phase	
Sales growth	10.0%	perpetual sales growth	2.5%
EBITDA margin	8.0%	perpetual EBITA margin	7.8%
AFA to operating assets	1.6%	effective tax rate in terminal value	30.0%
Working capital to sales	7.0%		

#### three-stage DCF - model:

Phase	estimate		consistency						final terminal value
	FY 23e	FY 24e	FY 25e	FY 26e	FY 27e	FY 28e	FY 29e	FY 30e	
in million EUR									
Sales	324.11	361.22	397.29	437.02	480.72	528.79	581.67	639.84	
Sales Change	130.0%	11.5%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	2.5%
Sales to operating assets	5.87	6.54	6.52	6.52	6.52	6.52	6.52	6.52	
EBITDA	16.10	22.15	27.96	34.96	38.46	42.30	46.53	51.19	
EBITDA margin	5.0%	6.1%	7.0%	8.0%	8.0%	8.0%	8.0%	8.0%	
EBITA	13.90	21.15	27.01	33.99	37.39	41.13	45.25	49.77	
EBITA margin	4.3%	5.9%	6.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%
Taxes on EBITA	-4.17	-6.34	-8.10	-10.20	-11.22	-12.34	-13.57	-14.93	
to EBITA	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
EBI (NOPLAT)	9.73	14.81	18.91	23.80	26.17	28.79	31.67	34.84	
Return on capital	12.2%	21.1%	25.1%	27.7%	26.8%	26.8%	26.8%	26.8%	25.0%
Working capital (WC)	15.00	20.00	25.00	30.59	33.65	37.02	40.72	44.79	
WC to sales	4.6%	5.5%	6.3%	7.0%	7.0%	7.0%	7.0%	7.0%	
Investments in WC	9.55	-5.00	-5.00	-5.59	-3.06	-3.37	-3.70	-4.07	
Operating assets (OAV)	55.24	55.27	60.89	66.98	73.68	81.04	89.15	98.06	
AFA to OAV	-2.20	-1.00	-0.95	-0.97	-1.06	-1.17	-1.29	-1.42	
AFA to OAV	4.0%	1.8%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	
Investments in OAV	-2.22	-1.03	-6.57	-7.06	-7.76	-8.54	-9.39	-10.33	
Invested capital	70.24	75.27	85.89	97.57	107.33	118.06	129.87	142.85	
EBITDA	16.10	22.15	27.96	34.96	38.46	42.30	46.53	51.19	
Taxes on EBITA	-4.17	-6.34	-8.10	-10.20	-11.22	-12.34	-13.57	-14.93	
Total investments	7.33	-6.03	-11.57	-12.65	-10.82	-11.90	-13.09	-14.40	
Capital expenditures in OAV	-2.22	-1.03	-6.57	-7.06	-7.76	-8.54	-9.39	-10.33	
Investments in WC	9.55	-5.00	-5.00	-5.59	-3.06	-3.37	-3.70	-4.07	
Investments in goodwill	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Free cash flows	19.26	9.78	8.29	12.11	16.42	18.06	19.87	21.85	414.69

Value of operating business (reporting date)	278.47	297.24
Present value of explicit FCFs	69.02	66.32
Present value of continuing value	209.45	230.91
Net debt	13.43	9.84
Value of equity	265.04	287.40
Minority interests	0.00	0.00
Value of share capital	265.04	287.40
Shares outstanding in million	5.70	5.70
Fair value of the share in EUR	<b>46.50</b>	50.42

#### Cost of Capital Determination:

risk-free return	2.0%
Market risk premium	5.5%
Beta	1.50
Cost of equity	10.3%
Target weighting	100.0%
Cost of debt	6.0%
Target weighting	0.0%
Taxshield	20.8%
<b>WACC</b>	<b>10.3%</b>

Return on capital	WACC				
	8.3%	9.3%	10.3%	11.3%	12.3%
23.0%	61.05	50.72	43.23	37.59	33.22
24.0%	63.55	52.72	44.86	38.95	34.36
25.0%	66.05	54.72	<b>46.50</b>	40.30	35.51
26.0%	68.55	56.72	48.13	41.66	36.65
27.0%	71.05	58.72	49.76	43.02	37.80

## APPENDIX

### I.

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The analysts responsible for this analysis are

**Matthias Greiffenberger, M.Sc., M.A., Financial Analyst**

**Marcel Schaffer, B.A., Financial Analyst**

Other people involved in the report:

**Manuel Hölzle, Dipl. Kaufmann, Chief Analyst**

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GBC AG

Halderstrasse 27

D 86150 Augsburg

Phone: 0821/24 11 33-0

Fax: 0821/24 11 33-30

Internet: <http://www.gbc-ag.de>

Email: [compliance@gbc-ag.de](mailto:compliance@gbc-ag.de)



**GBC AG<sup>®</sup>**  
**- RESEARCH & INVESTMENT ANALYSEN -**

GBC AG  
Halderstrasse 27  
86150 Augsburg  
Internet: <http://www.gbc-ag.de>  
Fax: ++49 (0)821/241133-30  
Tel.: ++49 (0)821/241133-0  
Email: [office@gbc-ag.de](mailto:office@gbc-ag.de)