



September 4, 2019

EXXE GROUP INC.

(OTC – AXXA)

Industry: Diversified Growth

Price Target: \$0.40



EXXE GROUP INC.

Exxe Group’s Stock and Assets Poised to Enjoy Exponential Growth

Rob Goldman
rob@goldmanresearch.com

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COMPANY SNAPSHOT

Exxe Group is a diversified corporation focusing on acquisitions in the following sectors: real estate, technology, media, and financial services. Exxe Group is an acquisition-driven company. The Company strategy is to acquire controlling equity interests in undervalued companies and undertake an active role in improving their performance - accelerating their growth by providing both access to capital and management expertise.

KEY STATISTICS

Price as of 9/3/19	\$0.0164
52 Week High – Low	\$0.0374- \$0.0021
Est. Shares Outstanding	428.4M
Market Capitalization	\$7.0M
Average Volume	1,466,970
Exchange	OTC

COMPANY INFORMATION

Exxe Group Inc.
 14 Penn Plaza, 9th Floor
 New York NY 10122

Web: www.ExxeGroup.com
 Email: info@exxegroup.com
 Phone : 855.285.2285

INVESTMENT HIGHLIGHTS

An aggressive serial acquirer with forward-thinking leadership, AXXA is poised to enjoy one of the swiftest gains in company value in recent memory. In our view, the current market cap is absurdly low and even the carrying value of some of AXXA’s holdings is too low. Upcoming corporate, financial, and business development-centric catalytic events should drive these shares higher.

With a series of M&A deals on the horizon, AXXA is primed to emerge as a conglomerate serving as a proxy for the overall economy and representing the fastest growing and most important industries and geographies.

Management is committed to increasing shareholder value through organic and inorganic growth. As controlling interests in new businesses occur, some holdings could be sold, merged, or spun-off to shareholders.

We believe that AXXA’s current book value is \$100.9M, many times higher than its current, paltry \$7.0M market cap. Taking in to account recent LOIs, we project book value of over \$168M in the next 12 months, and this figure could be conservative. If new deals are closed this year, the total value could reach \$250M.

Based on future operating performance and asset growth, our 12-month price target is \$0.40. By utilizing traditional growth company operating valuation metrics, we believe the floor for the stock should be \$0.19, and that the stock could trade in a \$0.40 - \$0.19 range in 2020.

COMPANY OVERVIEW

New York-based **Exxe Group Inc. (OTC – AXXA)** is a synergistic, diversified growth company with holdings and operations in real estate, mortgages, agribusiness, sustainable technology, digital communities and other sectors. An aggressive serial acquirer with forward-thinking leadership, AXXA is poised to enjoy one of the swiftest gains in company value in recent memory. In our view, this overlooked company has been misunderstood by investors due to its out-of-the-box business model and vision. With a series of catalysts ahead, we believe that the Company's current, absurdly low valuation will enjoy swift gains at an exponential rate, going forward.

The AXXA Approach

AXXA's mission is to grow by 3-5x by blending the leverage of its asset-based businesses with its highly functioning operations in some of the world's fastest growing industries and geographies. AXXA plans to achieve this goal via its enviable management consulting and leadership. Management seeks to improve lives and foster sustainable development by building a large, integrated company through the aggressive acquisition of *undervalued* or *underutilized* assets in core categories:

- Real Estate Development/Mortgages
- Sustainable Technology
- Media and Communities
- Diversified Businesses

To date, the Company directly or indirectly owns controlling stakes in businesses and mortgages across the aforementioned categories and as of June 2019, AXXA's shareholder's equity, or book value, is \$80.3 million. In our view, the carrying value of some of AXXA's holdings is too low. Thus, we believe that the current estimated value of the combined holdings is \$100.9M. With new deals in the pipeline, we anticipate this figure will rise to \$168.8M next year. These figures exclude other prospective transactions currently in varying stages of negotiation that have not yet been announced by management.

It should be noted stocks that have considerable assets often trade below their book value. This spread between book value and market value dramatically narrows over time, based on our experience, and this typically occurs during catalytic events. These catalysts include recently audited financials, development or operational milestones, LOIs and deal closings, and realized value in key assets. Moreover, as asset-centric companies evolve to major revenue and profit producers, valuation methodologies shift to operating metrics versus asset-based metrics. These shifts routinely result in substantially higher valuations.

The AXXA Business Model

Exxe Group seeks to foster swift asset growth creation and revenue generation in sustainable businesses through the use of funding through third party partners, its own financial services reach and the aid of its communities. This approach seeks to limit financial exposure while obtaining significant assets and enables management to initiate a streamlined, efficacious in-house process per transaction. The process begins with

asset identification whereby the asset must be undervalued or underutilized and can produce asset and revenue gains through aid from the AXXA network and in-house expertise.

Once an asset or business is on-boarded, management immediately works to automate, scale, and innovate through capital introductions along with human and technical automation and management consulting. Thus, each asset can increase performance in its own vertical as well as via in-house cross-sale opportunities. Through this approach, Exxe Group can quickly scale, monetize, and capitalize through the leverage imbued in the sales/distribution network and the overall firm's disparate, yet related capabilities.

Future Catalysts

At present, the Company has roughly two dozen holdings, including asset, financial, and operating-based. While management is serving in advisory capacities to ensure development, holding-specific growth and leverage through unit and leadership integration, it is charging full speed ahead on new M&A initiatives. These initiatives are in key residential, commercial, and leisure real estate projects and developments around the world, along with high growth segments such as agribusiness, sustainable technologies, entertainment, health care, and alternative investments. Initiatives turn into LOIs, LOIs to closed deals, closed deals to integration and growth, leading to strong revenue and profit results, given the short timeframe.

A series of corporate-specific catalysts to drive the shares higher are around the corner, in conjunction with the recent commencement of auditing financials for the holding and the corporate entity. These include new M&A, new development commencement, holding-specific business development, and revenue/profit gains. Plus, some of the holdings could be sold, merged, or be spun-off to shareholders, thereby substantially increasing value even further. These events could occur as early as 12-18 months from now, depending upon company-specific milestones. In the meantime, we believe that with new transactions in the offing, a \$250M asset value is possible by year-end 2020. AXXA, as a corporate entity, will emerge as its own conglomerate, representing key growth industries.

The Valuation

AXXA currently generates much of its revenue from real estate and mortgage holdings, along with agribusiness and niche storage and automotive product businesses abroad. Beginning in 2020, revenue growth will be driven by full year recording of businesses acquired in 2019, along with sales generated from new residential and commercial development. Plus, we anticipate meaningful growth from existing operating companies as integration and cross-sale/distribution drive sales and innovation. As such, we estimate revenue will reach \$9.2M this year with \$670,000 in EBITDA and \$33.4M in revenue and \$8.4M in EBITDA in 2020. Note these figures do not include contribution from new businesses that may yet be acquired and would have a positive impact on our projections.

Our 12-month target price of \$0.40 is based upon our 1-year book value estimate divided by shares outstanding. It is possible that this figure may not be achieved until results are audited and milestones achieved. Still, it is clear that the spread between the current share price and our target should narrow as the current market cap does not make sense. Thus, it offers a tremendous entry point for opportunistic investors seeking to invest in a company that is essentially, in itself, a proxy for the world's most important industries.

While on the surface it may appear that a move from \$0.015 to \$0.40 is highly optimistic, we believe that this target is sound and *appears* optimistic because the current price too low. In fact, we believe that the **proper floor for the stock is \$0.19**, which represents 10x our 2020 EBITDA estimate, and a reasonable valuation for a growth company. Thus, once the stock is properly re-valued, we envision it would trade between the \$0.19 - \$0.40 levels next year.

EXXE GROUP: THE PORTFOLIO

As noted above, it is our thesis that the sum of the parts is much greater than the total book value (assets minus liabilities) of the Company, as cited on its unaudited balance sheet, and MUCH greater than its current market cap. Thus, these figures are not fully reflective of the Company's prospects. Moreover, since the future value of pending deals (LOIs converted into closed transactions) cannot be provided a value on its books at this time, we have taken the opportunity to highlight the potential value of these prospective deals as well.

To confirm our assessment, we have broken down what we believe is the present value of each holding to the Company, and the value a year from now. In some cases, our valuation assessments (as of June 2019) may be higher or lower than those assigned by AXXA. Still, it is our contention that these seemingly disparate holdings are actually synergistic and will provide enviable operating results for AXXA, beginning in 2020.

Since there are a number of holdings in various categories and geographies, we have developed four industry categories for valuation assessment, and provide valuations for each holding in its corresponding category, and then a valuation for the LOIs. We then combined all of these groups to derive a present-day and 1-year proposed valuations and utilize a variety of valuation metrics, related to their respective industries. Finally, readers should note that in each category we have selected a "spotlight" company, which accounts for the largest valuation, and a "sleeper" holding that may offer the greatest growth. As such, this section features a few words on each holding, with greater focus on the spotlight and sleeper holdings.

Real Estate



As illustrated in Table I, five holdings are represented in this segment, which is also the largest in terms of overall valuation. This segment contains high-end condos, residential and commercial mortgages, a major high-end project under development in Rhode Island, and a high-end, exclusive project in Germany.

Real Estate Spotlight: Trump World Tower

This holding represents four prime luxury condominiums at the prestigious Trump World Tower, adjacent to the United Nations. Each condo is 2000-3000 square feet and due to its locale and amenities they are highly sought after and enjoy consistent, above-market average asset growth. Case in point: the average sales price in recent months is nearly 20% higher than what these properties are carried on AXXA's books as assets. By utilizing the average sales prices for the condos in late spring/early summer, and subtracting the estimated debt associated with the properties, **we assess a value of \$14.1M to AXXA.**

Amazingly, the current AXXA market cap is less than half the value of just this asset alone---a situation we believe will begun to right itself in the near term. Separately, management estimates \$700,000 in annual interest and fee revenue from this holding, thus making it a valuable, profitable, high profile asset. Investors will note that our future growth value estimates are very conservative, as evidenced by sales just in recent months.

The 1200-square foot **Z Ocean Crowne Plaza** penthouse in the heart of Miami’s South Beach generates \$100,000 in annual revenue and based on recent sales, **is estimated to be worth \$1M to AXXA**. Although a small asset, much like Trump World Tower, its high-profile status ensures value and income growth.

An asset we casually refer to as the “**Chicago Mortgages**” could prove to be an interesting and replicable model for the Company—as well as extremely profitable. **At present, this small mortgage portfolio represents \$5M** in 2 residential and commercial properties worth a combined \$11M and pays 12% (\$600,000) in annual interest income. Once the mortgages are paid off in the next 18-24 months, AXXA can re-purpose the funds for other mortgages, or acquire properties/businesses in other markets.

All told, these three holdings generate \$1.4M in annual revenue, with little cost associated with this revenue generation.

Table I: Exxe Group, Inc.				
<i>Residential Real Estate/Mortgages</i>				
Holding	Description	Valuation Method	Est. Curr Value/AXXA	Est.1-Year Val/AXXA
Trump World Tower	4 Luxury Condos in Trump World Tower, New York	Est. Net Book Value	\$14,100,000	\$15,087,000
Z Ocean Crowne Plaza	1 Penthouse Luxury Condo in Miami/South Beach	Est. Net Book Value	\$1,000,000	\$1,070,000
Chicago Mortgages	2 Commercial and 2 residential mortgages	Est. Net Book Value	\$5,000,000	\$5,000,000
Hesse Residences	New, high-end, sustainable development	.75x 2020 Est. Sales	\$9,800,000	\$11,760,000
Rhode Island Dev	RI Marina & Condo	Purchase Price	\$13,000,000	\$22,750,000
TOTAL			\$42,900,000	\$55,667,000
Sources: Exxe Group, Inc., Company websites, Goldman Small Cap Research				

Hesse Residences, a new residential development in the Rhein Main Area, the fastest growing part of Germany, may not be the biggest sleeper but it could be a model for other communities throughout Western Europe. This 60-unit sustainable and cost-efficient residential complex in the city-center of Schlüchtern, Hesse will have a large planted courtyard, underground carpark and spacious communal areas. It slated to break ground this quarter and generate total estimated sales volume of 12 million Euros, or \$13M. The complex property alone has considerable value of which we are not assessing a valuation at this time, in an effort to

provide additional upside as we gather updated land values in the region. At present, **we assess a \$9.8M value of this asset based on .75x 2020 sales of the residential units.** (Analyst Note: It should be noted that this holding, along with the Swiss holdings in the next category are carried on AXXA's books at cost, or roughly \$15M. We assess a combined value on Hesse and the Swiss holdings of \$19.8M.)

Real Estate Sleeper: Rhode Island Development

Considering the early stage, we had a great deal of difficulty assessing a value to this project, currently in the design and development phase, and **ultimately elected to value it at cost, or \$13M, matching the valuation on AXXA's books.** However, of all the Company's holdings across the varying categories, this holding could be the largest gainer in terms of growth, value, and profit. To that end, we believe that some of these proposed gains could be recorded as early as next year.

In the coming quarters, ground will be broken on the **Rhode Island Marina Hotel and Condominium Complex**, which sits on 38 acres of prime waterfront property in Newport. This sustainable facility will be completing construction in 2022. The property will feature a nationally flagged hotel, vacation homes, condos, and a newly dredged marina with dozens of slips. The complex will be powered by solar panels and wind turbines to generate most of the power and attain a minimum carbon footprint on the development while the wetlands and marina will be preserved. Once completed, this property could emerge as the crown jewel of the Company's holdings in the Northeast.

The reason why this holding is a sleeper is due to the fact that environmental issues exist on the property making it difficult to develop. However, due to technology and capabilities of another holding, Shoreline Development, AXXA is the best-positioned company to execute this project. Considering that this prime beachfront property would cater to the wealthy and uber-wealthy in the region, once developed, sold, and in full operation, it could be ultimately worth hundreds of millions.

Note: This may be the best example of how seemingly disparate assets are actually quite synergistic.

Diversified

We titled this group "Diversified" since it truly represents a variety of business lines.

Diversified Spotlight:

A holding we privately refer to as "Swiss Mix", represents a handful of interests in Switzerland and is the largest single holding for the Company. In Switzerland, the Company owns a large plot of land with an industrial building that is currently a large Self – Storage Facility that will double in size to 9500 square meters. Once completed, it will also host High Tech Data Storage Center, a regional hub of new USB (Universal Storage Box Solution) for Physical and Digital Assets, offices, apartments and other sustainable amenities. Renovation completion should occur sometime in 2020 and at that point **management believes the overall value of the property could reach an estimated \$8M.** We elected to affirm this figure by comparing Data Storage and Self-Storage REIT holdings which have enjoyed favor for both private and public investors as the mix-storage usage represents one of the fastest growing segments of the commercial real estate market. Although the European market is different, we believe that this figure is sound.

Separately, the Company has a small residential mortgage portfolio on properties near Zurich and plans to also take over the properties once the mortgages are paid. **While over \$150,000 in interest income is generated annually, the property values are estimated to be around \$2M. Thus, the combined estimated value for Swiss Mix is \$10M.**

Table II Exxe Group, Inc.				
<i>Diversified Businesses</i>				
Holding	Description	Valuation Method	Est. Curr Value/AXXA	Est. 1-Year Val/AXXA
DHE	Industrial, storage, mixed use, car parts	2x Est Revenue	\$6,000,000	\$9,000,000
FCTC	Hemp Grow, Trading	Purchase Price	\$8,000,000	\$10,800,000
Swiss Enterprises	Data Storage, Self Storage, Mixed use, Mortgages	Est. Net Book Value	\$10,000,000	\$15,000,000
Exxe Corporate	Exxe Corporate Assets	GSCR Estimate	\$2,000,000	\$5,000,000
TOTAL			\$26,000,000	\$34,800,000
Sources: Exxe Group, Inc., Company websites, Goldman Small Cap Research				

A major sleeper candidate is the recently acquired **DHE Group**. Leveraging the USB potential in Switzerland, and expanding its footprint in this category, Exxe Group just closed a unique, diversified deal in Eastern Europe. DHE Group's key assets include industrial, storage and mixed-use space currently generating \$1 million in rental income with potential considerable upside as it has not yet reached peak utilization. The primary operating unit on the property is an industrial motor vehicle parts manufacturer generating \$2 million in revenue and has an estimated \$1 million in inventory.



The firm is currently biggest custom entity of its kind in the region and represents a new vertical generating hundreds of millions in revenue annually in Europe. The Company has a controlling interest in this \$10 million deal and management plans to position DHE as a the first of several regional hubs of this type which would ensure cross-sale and cross-investment. Our valuation of \$6M is based on 2x estimated 2019 revenue, a figure we believe will grow dramatically, beginning next year, and is reflected in our future valuation estimate.

Exxe Group Inc., the parent company, also has assets, which we determine is \$2M. It is possible this figure may be a bit high but not materially so that it would affect the overall valuation.

Diversified Sleeper: Flying Creek Trading

The **Flying Creek Trading Group of Companies** acts as the broker in the exchange and consults on processing and logistics of niche commodities to fulfill successful trades for both sides. Business also provides custom harvesting and processing of specialty crops, including custom harvest services to industrial hemp industry in the US. Currently, there are over 3,000 hectares contracted with the ability to harvest 200 acres per day for processing at their sites in US and Canada. FCTC has just started to supply plastics and construction industries in 2019. **Valued at the purchase price of \$8 million, with \$2 million in estimated annual revenue, sales growth is expected to be very brisk over the next few years, aided in part by CBD demand and the use of hemp in place of concrete.** This segment is one of the fastest and most high profile in the US and could enjoy outsized returns for the Company via multiple deals in the US.

Sustainable Technology

Sustainable Technology: Spotlight

Lucent Technology, a full-service green energy solutions provider, specializes in LED lighting. The LED market in the US in 2018 was valued at \$8.82 billion, with an expected CAGR of 12.6% over 2019-2024. LED lighting is increasingly being incorporated by all tiers of commercial and government enterprises. Revenue is expected to reach \$4M this year and while it will probably enjoy 40-50% top-line growth next year, we elected



to take a conservative 25% growth approach to our projection. **Our valuation of \$8M reflects 2x 2019 estimated sales** and as higher growth is recorded, the valuation should rise as well, driving the value higher.

Neccentric is a digital management consultancy, whose services include app development, CRM, ERP, front & back-end development, as well as brand & marketing development. One of the company's key applications is its B2B Lending Systems platform where lenders meet borrowers—a tremendous in-house advantage for Exxe Group companies.

Table III: Exxe Group, Inc.				
<i>Sustainable Technology</i>				
Holding	Description	Valuation Method	Est. Curr Value/AXXA	Est. 1-Year Val/AXXA
Neccentric	Digital Mgmt Consultancy	Disc. to Mean Series A Industry Val	\$5,500,000	\$6,875,000
Clever Guides	AI-based lead generation	Disc. To Mean Series A Industry Val	\$4,000,000	\$5,000,000
Lucent	LED lighting	2x2019E Revs	\$8,000,000	\$10,000,000
Shoreline Redev.	Shoreline initiative	NPV of Future Project	\$4,000,000	\$12,000,000
TOTAL			\$21,500,000	\$33,875,000
Sources: Exxe Group, Inc., Company websites, Goldman Small Cap Research				

Clever Guides AI is a B2B lead generation platform which uses proprietary algorithmic models to seek out and engage potential new customers, then targets these new customer leads with customized corporate products and service bundles. Exxe Group sees opportunity to address needs of modern businesses which could lead to a revenue share of acquired new customers' top line. Clever Guides is an AI advisor system for *Pepper*, the world's first social humanoid robot able to recognize faces and basic human emotions. *Pepper* was optimized for human interaction and is able to engage with people through conversation and his touch screen.

Based on both of these firms' current status in their respective evolutions, we elected to assign them a valuation that represents a discount to the typical pre-money valuations (\$7M) afforded private, Angel-stage technology companies. Due to Neccentric's value directly in terms of synergy and revenue generation to the AXXA parent and its sister companies, we assigned a small amount higher to this holding than CG. **Thus, we assess a \$5.5M value on Neccentric and \$4M on CG, at this time**, with major growth as certain development and revenue milestones are reached down the road.

Sustainable Technology: Sleeper

We cited the Rhode Island development earlier and The **Shoreline Redevelopment International Initiative** is a great example of the synergy and leverage within the Exxe family. The group is licensed to use a high-tech dredging machine which is able to scoop enormous amounts of dredging for land and shoreline conservation while being placed both in/or out of water. The entity and its capabilities are a game changer in coastal rehabilitation and can be used in the Company's Rhode Island project along with other projects in coastlines around the world that would enhance environmental features in developments of all shapes and sizes. Admittedly, it is difficult to assess a value on this technology; thus, **we elected to use the value on the books of \$4M**. However, once this machine is in use, we foresee a great deal of business derived from this capability, with some of these new deals to be negotiated beginning in 2020, where real value can begin to be realized.

Media & Communications

Media & Comm Spotlight:

While in the formative stages, the VIP and Alternative segments are disruptive approaches that could result in the creation of self-sustaining financial ecosystems as they evolve individually and collectively and are fully integrated into the AXXA family. Clearly, 2020 will bring clarity and business generation due to this segment.

The **VIP International Digital Media Platform and Community** delivers and markets exclusive VIP concierge services and events to an elite, wealthy community via a premier software booking app. Based in the US, it currently operates in more than 40 cities worldwide. We believe that great potential for development through synergies with other division of EXXE Group, including Real Estate, Technology and Financial Services. Although this holding has intangible value, this value could be a major difference maker for AXXA. Not only could these members be a source of investment, funding and expertise for varying deals, but members could also be a source of deal flow as well. **We value the Company at \$4M**, which is the current carrying value. Clearly, the underlying synergy could prompt an exponential rise in value over time.

Table IV: Exxe Group Inc.				
Media & Communications				
Holding	Description	Valuation Method	Est. Curr Value/AXXA	Est. 1-Year Val/AXXA
VIP Community	VIP Digital Platform & Community	Est. Net Book Value	\$4,000,000	\$4,600,000
China Film	China Festivals, Live Events, Community	Multiple of Revs	\$2,500,000	\$3,500,000
Alt Inv	Alternative Investment Community	Est. Net Book Value	\$4,000,000	\$5,400,000
TOTAL			\$10,500,000	\$13,500,000
Sources: Exxe Group, Inc., Company websites, Goldman Small Cap Research				

Festivals and Live Events Holding (with its main subsidiary **China Mainland Film Festival company**, is the marketer and operator of the European Union Film Festival in China represents our first footprint in the large, lucrative market in Hong Kong and mainland China. Revenue is generated via ticket sales, events, digital assets monetization, along with advertising and sponsorship activity. Significant additional cross-sale revenue is in the cards over the next few years with the aid of the VIP platform and real estate ventures. **The asset is cautiously valued at \$2.5 million** given its core business; however, given the current political saber rattling between the US and China, we are not focused on this segment at present.

Media & Comm: Sleeper

Much like the VIP Community above, the **Private Investor Club** is a private, alternative investor community/club, with physical hubs in Europe and Asia that is highly synergistic with the two communities above as well as real estate and financial services. All of the same attributes apply here except this category may take a bit more time to develop. This group has a good deal of deal flow and actively seeks new opportunities and is **currently valued at the carrying value of \$4 million.**

LOIs

The Company is currently in the LOI stage for two projects in Germany; one senior living and a boutique hotel. The first project includes the construction of a 5-Star, large-scale senior residential community with a hotel, full-time 24-hour skilled nursing facility, restaurant, outdoor facilities, library, cinema, event hall, and shopping facilities. The property will feature 200 buildings and 70 apartments. Construction is slated to begin in 1Q20 with an estimated sales volume €59.5 million. A second LOI is for a portfolio of 3 boutique hotels, QLH. This deal would occur in stages and could lead to acquisition of more than 10 hotels across Europe. The total cost of the deal is an estimated €11.7 million, with annual projected revenue of €4.6 million and over €1 million in EBITDA. Timing of the first hotel closing is 2H19, at an estimated €2.8 million-euro price.

<i>LOIs: Potential Valuations</i>				
Holding	Description	Valuation Method	Est. Value to AXXA	Est. 1-Year Val/AXXA
Senior Living	Large-scale development	1x 2020 Sales	\$17,800,000	\$27,000,000
QLH	Boutique Hotels	10x Est EBITDA	\$11,000,000	\$12,100,000
TOTAL			\$28,800,000	\$39,100,000
Sources: Exxe Group, Inc., Company websites, Goldman Small Cap Research				

We have assigned a current valuation of \$17.8M for the senior living project based on the net value of the unit sales. Our \$11M estimated value for QLH Hotels is based on roughly 10x forecasted 2020 EBITDA.

The Bottom Line

The current value of AXXA's holdings are roughly 25% greater than on the Company's current books and we believe that considerable value will be expanded and realized over the next year, based in large part on development and operational milestones. Intangible drivers such as the management team, distribution, cross-sale and cross-development opportunities, access to capital and deal flow, ability to close and integrate multiple deals also play a significant role. Based on our estimates, the book value of the Company will rise for

roughly \$80M today to \$137.8M a year from now. Plus, with the addition of just the two LOIs, that figure should reach \$168.8M---and that figure is conservative, in our view.

Table V: Exxe Group, Inc.		
<i>Valuation by Category</i>		
Category	Est. Curr Value/AXXA	Est. 1-Year Val/AXXA
Real Estate	\$42,900,000	\$55,667,000
Diversified	\$26,000,000	\$34,800,000
Sustainable Tech	\$21,500,000	\$33,875,000
Media & Comm	\$10,500,000	\$13,500,000
TOTAL	\$100,900,000	\$137,842,000
Sources: Exxe Group, Inc., Company websites, Goldman Small Cap Research		

Table VI: Exxe Group, Inc.		
<i>Total + Selected LOIs</i>		
Category	Est. Curr Value/AXXA	Est. 1-Year Val/AXXA
Real Estate	\$42,900,000	\$55,667,000
Diversified	\$26,000,000	\$34,800,000
Sustainable Tech	\$21,500,000	\$33,875,000
Media & Comm	\$4,000,000	\$5,400,000
LOIs	\$28,800,000	\$39,100,000
TOTAL	\$123,200,000	\$168,842,000
Sources: Exxe Group, Inc., Company websites, Goldman Small Cap Research		

THE EXXE GROUP LEADERSHIP TEAM

The Exxe Group executive leadership team has deep experience in key segments of finance, real estate, and operations, which serve to ensure management is able to execute on its ambitious model and strategy.

Dr. Eduard Nazmiev, PHD, CEO, Head of European Division

Dr. Nazmiev currently holds positions of Associate Professor and Head of Economics Laboratory and Management of Academy of Sciences as well as Deputy Chief Editor of the Scientific Journal for Regional Economics. Dr. Nazmiev's expertise includes development of socio-economic programs, development of investment programs and intellectual property, and has organized management structures, manufacturing and operational systems.

Darla Gullons, Managing Director

Darla founded and has been President of her investment firm, Gullons Investments Ltd., since 1994. Previously, she spent over 15 years as an Executive Administrator working with Managing Directors and Presidents at Marsh & McClennan Insurance Brokers, Price Waterhouse Coopers and Sprung Structures International.

Boris Matsokhin, Chief Administrative Officer

Boris serves as Chief Administrative Officer for the Company and to leverage his years of expertise and experience as a senior executive in multiple industries and as a serial entrepreneur, Boris also performs the role of Managing Director, Strategy. Boris has over 20 years of experience in the business world with positions with Goldman Sachs and Bloomberg, along with broad expertise, in health care, technology, and real estate. In addition, he has worked with prominent names in music as well as in fashion abroad. which suits him well as he is responsible for much of the corporate strategy.

Anna Ivanchenko, Chief Marketing Officer

Ms. Ivanchenko has 20+ years of international marketing experience in Global, European and Russian market senior leadership roles in largest CPG companies like MARS & DIAGEO with proven track of records across developed and emerging markets. Anna brings significant expertise in marketing strategy, consumer and customer marketing, business & organizational transformations, development and coaching of high-profile teams for overall leadership and marketing functional capabilities. Anna's track of record includes being a Board member of Global and European Marketing leadership teams for both MARS and DIAGEO. For almost 10 years Anna is the member of Leadership Teams/Management teams heading the Marketing Function. Anna earned Bachelor and a master's degree in Economics from one of top European Universities, and later advanced her education with number of leadership and senior leadership programs in CCL (Center of Creative Leadership) in Colorado Springs.

Duane Phillippi, Managing Director, Agriculture, Renewable Energy

Duane is currently the operator of Exxe Group's flagship hemp operations, Flying Creek Trading. Duane's great specialty is renewable energy and has extensive experience in farming and agriculture. His main focus with this regard so far has been sales and education. He managed the residential and commercial energy savings programs for SaskPower, which encompassed design, sale, implementation, reporting, and auditing for programs saving over 26 GWh of electricity and reduced 8 MW of demand from 490,000 SaskPower customers.

Andrew Dickenson, Managing Director, Sales

Andrew has 10+ years in the retail automotive sector. Andrew has had key involvement in every aspect of retail automotive having spent years as the platform director of Cox Automotive and most recently an executive in the Williams Automotive Group. Andrew also brings a wealth of knowledge in the start-up sector having started and sold multiple small businesses. The knowledge gained has allowed him to leverage working as a consultant and allow him to currently sit on the board of multiple start-ups including New Town Connections. Andrew earned a Bachelor of Arts in Economics from the University of Michigan.

Dr. Joana Filipowski, Managing Director, Communications, HealthCare

Joanna holds a PhD in medical sciences obtained from the medical school in Krakow, Poland. She has a solid research background and has a meaningful publication record in biology and biotechnology. For Exxe Group Inc., Joanna coordinates internal communication, helps with paperwork & assists the management with biopharma-related projects, according to her scientific knowledge & experience. Joanna is currently engaged in due diligence and research for the Company's health care and biopharma initiatives.

Joseph Cohen, Chief Systems Architect

Joseph has more than 20 years' experience in system architecture design and management. Leading product development for Privatis, Joseph directs a team of software/mobile developers. Accomplished for his in- depth knowledge of the core programming languages required to build IT systems and platforms Joseph co-authored The Web Programmer's Desk Reference (2005). A graduate of California State University, Northridge, Joseph holds a Bachelor of Science in Business Administration and Finance.

Martin Seegert, Managing Director, International Business Development

Martin has 10 years of senior experience in financial related sales and projects. He boasts a great and lengthy track record in restructuring processes and corporate financing and in distressed companies' projects of major sizes. Mr. Seegert has executed these complex transactions for corporations in a variety of industries. He is based out of Germany and Switzerland.

Board of Advisors

Samuel Serge Abicassis, Member

Mr. Abicassis is one of the founders of Mac1 USA, Inc., and has been engaged in international business with senior roles for more than 20 years. From 1984 to 2007, he was the owner and CEO of Technology Services. He also served as Head of Production and VP of marketing for Summit Technologies in El Paso, Texas, where he was responsible for \$800 million in production each year from factories throughout the world. He earned his business degree from Rutgers University and is widely regarded as a visionary entrepreneur and leader. Mr. Abicassis and his associate supervised financing and development support throughout his career in the electronics industry, yielding a roster of global contacts that provides valuable introductions to international markets.

Peter Francis Field Alexander, Member

A noted landscape architectural designer and planner in dozens of countries, Mr. Alexander boasts over four decades of planning, oversight, and execution in the environmental, architecture and energy arenas. Delineating oil from water with constant different temperatures became his signature inventive improvement. Mr. Alexander has led planning and design of projects of all sizes including high-profile, major resorts such as the Olympic Training Center in Lake Placid, New York. He will help lead the Company's efforts in the Rhode Island project.

Peter Sallade, Member

Mr. Sallade is currently the Chief Consultant for the European Union Film Festival in China. He held the position of Project Director for the past six years of the Festival, 2013 - 2018. Previously, he served as a consultant to the Beijing International Film Festival in 2012 and 2011. A He has used his knowledge and experience to find foreign movies for Chinese distribution channels, and to send Chinese movies to suitable foreign film festivals. Mr. Sallade holds an undergraduate degree in Sociology from Brandeis University, and a master's degree in Interactive Telecommunications from New York University.

Tiberius Vidan, Member

A Harvard graduate, Mr. Vidan has over 20 years as a senior executive specializing in Mergers, Acquisitions, Divestitures, and cross-functional transformation. In the current role as Executive and partner in IBM's Global Enterprise Transformation, guides IBM and Fortune Global Top 50 executives on setting strategy, identifying & prioritizing transformation opportunities, determining value and identifying targets, performing due diligence and assessing risks, executing transactions, and integrating operations. Has delivered results in over 250 deals ranging in valuation size from \$ 100 M to \$ 250 B with significant financial impact, including in Eastern Europe.

FINANCIALS

The Latest Quarter

For the quarter ending June 30, 2019, the results were spectacular, as compared with the corresponding period in 2018. Revenue grew by over 245% to \$1.2 million as compared with \$348,439 for the same period last year. The growth in revenue was diverse and across multiple holdings, led by sales and income generated by its new real estate, mortgage, industrial and agriculture holdings. Given the strength across the spectrum, management is very encouraged regarding future revenue growth performance in the second half of the year. Moreover, investors will be pleased that the integration of the recently closed transactions should begin to drive our cross-holding growth.

Shareholder's equity rose to \$80.3 million versus \$37.8 million in the corresponding quarter in 2019, an impressive 110% increase. This figure is a key measure that demonstrates that the company's aggressive, targeted acquisition and operations strategy is succeeding. As discussed earlier in this report, investors should expect a series of new LOIs to be announced prior to the end of the current quarter. Once closed, these transactions will further increase the Company's overall reach and financial performance.

Our Operating Forecasts

Given that a number of the operating components of the M&A strategy occurred mid-year, revenue growth will largely be back-end loaded for the second half of this year. The financial snapshot in the figure below illustrates our overall revenue estimate of \$9.2M with EBITDA (Earnings before interest, taxes, depreciation, amortization) of \$670,000. We prefer to use the EBITDA metric as it is the best measure of a company's operating performance. Revenue growth from current operating businesses will likely be dominated by the Sustainable Technology segment, notably the DHE acquisition, along with the real estate/mortgage segments. However, as illustrated in the snapshot, revenue is likely to be quite diverse. We note that these figures are subject to change based upon the closing of transactions along with the execution of the M&A integration process.

Looking Ahead

Our 2020 projections only include the announced deals and the LOIs cited in the previous section of this report. These figures could prove to be conservative, given additional 2020/2021 M&A transactions that are in varying stages of negotiation, along with cross-sale of products along the various current Exxe business line, and overall execution of the varying units. Plus, 2020 should witness the first audited results for holdings and the corporate entity. Thus, our preliminary 2020 forecast include \$33.4M in top-line and \$8.4M in EBITDA could be viewed as a lower-end baseline. We plan to review these estimates as we get closer to year-end. In any event, we again anticipate broadly diverse sources of revenue (which we view as a major positive), with the Diversified section and the LOIs accounting for about 45% of revenue.

Drivers: Real Estate

- Growth will be driven by full year contribution from real estate and mortgage interest. The biggest single driver is the sale of units in the Hesse residential project.

Drivers: Diversified

- This segment will have top-line growth across the board, from all business lines. Still, we believe that the Swiss operations could prove to be the biggest top-line gainer.

Drivers: Sustainable Tech

- If Shoreline is able to move forward in RI or other markets, it will drive revenue here. Otherwise, Lucent could enjoy major increases in sales.

Drivers: LOIs

- If either of the deals move forward, AXXA will benefit. However, if the hotel deal closes, AXXA could be sitting in the catbird seat.

We spent a considerable amount of space in this report regarding the Company's balance sheet. As noted earlier, based on the most recent quarter, AXXA's book value is roughly \$80.3M—a figure we believe will prove to be low as revenue and profits, along with asset growth, are realized in the form of milestone/development achievement, asset sales, comparable asset increases, operations commencements, etc. At present, we value AXXA's current assets at \$100.9M. However, when taking into account the two LOIs, we forecast book value of \$168.8M by year-end 2020.

We caution investors to shy away from evaluating the Company's performance on a quarterly basis and instead look at the firm on a big picture, or annual basis. This is due to the seasonality caused by certain business lines and delays that may occur in the migration from signing LOIs to closing the actual transactions. However, we believe that with each new transaction, some of the "lumpiness" of quarterly recorded revenue and EBITDA will be smoothed out.

RISK FACTORS

In our view, AXXA's biggest risks relate to the timing and the order of magnitude of its M&A transactions, along with the integration of closed deals into Exxe "proper". Separately, other related risks include deployment/implementation/cross-sale execution in its current and future target markets. Given the potential of global or regional economic slowdowns, real estate, asset and business growth, along with currency values could subside, negatively impacting the Company. Moreover, the introduction of new or competing approaches, businesses, technologies could also adversely affect the value of the Company's assets, IP and hinder its business model efforts. Still, these risks are typical future concerns and are also consistent with firms of AXXA's size and standing. We should note that we believe one of the Company's key strengths should insulate it from global economic slowdowns. AXXA is diverse both in industry and geography. Thus, it can likely weather economic storms better than most companies. Moreover, with access to capital through its network, if needed, AXXA has a major advantage over comparable companies.

Volatility and liquidity are typical concerns for microcap stocks that trade on the stock market, especially those that are in the early stages of new business implementation. Finally, the shares outstanding of this stock could increase due to potential capital needs or to execute future acquisitions, given the Company's M&A model. However, since the proceeds of any future funding would be used in large part to advance exploration and development efforts, we believe that any dilutive effect from such a funding would be more than offset by related increases in market value. Importantly, management has already demonstrated it is adept and prudent with respect to such transactions and that these deals have not negatively impacted its financial statements. In fact, the clever use of leverage and partnership with the seller principals, enhance growth in assets and revenue as future growth is attained.

CONCLUSION

An aggressive serial acquirer with forward-thinking leadership, AXXA is poised to enjoy one of the swiftest gains in company value in recent memory. In our view, the current market cap is absurdly low and even the carrying value of some of AXXA's holdings is too low. Upcoming corporate, financial, and business development-centric catalytic events should drive these shares higher.

With a series of M&A deals on the horizon, AXXA is primed to emerge as a conglomerate serving as a proxy for the overall economy and representing the fastest growing and most important industries and geographies. Management is committed to increasing shareholder value through organic and inorganic growth. As controlling interests in new businesses occur, some holdings could be sold, merged, or spun-off to shareholders.

We believe that AXXA's current book value is \$100.9M, many times higher than its current, paltry \$7.0M market cap. Taking in to account recent LOIs, we project book value of over \$168M in the next 12 months, and this figure could be conservative. If new deals are closed this year, the total value could reach \$250M. Based on future operating performance and asset growth, our 12-month price target is \$0.40. By utilizing traditional growth company operating valuation metrics, we believe the floor for the stock should be \$0.19, and that the stock could trade in a \$0.40 - \$0.19 range in 2020.

RECENT TRADING HISTORY FOR EXXE GROUP INC.

(Source: www.StockCharts.com)



SENIOR ANALYST: ROBERT GOLDMAN

Rob Goldman founded Goldman Small Cap Research in 2009 and has over 20 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

ANALYST CERTIFICATION

I, Robert Goldman, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report.

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