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Research update

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The NAGA Group AG

Positive development of Q2 KPIs supports forecast

Rating: Buy (unchanged) | **Price:** 0.67 € | **Price target:** 1.70 € (prev.: 1.60 €)

Analyst: Dipl.-Kfm. Holger Steffen
sc-consult GmbH, Alter Steinweg 46, 48143 Münster

Phone: +49 (0) 251-13476-93
Fax: +49 (0) 251-13476-92
E-Mail: kontakt@sc-consult.com
Internet: www.sc-consult.com

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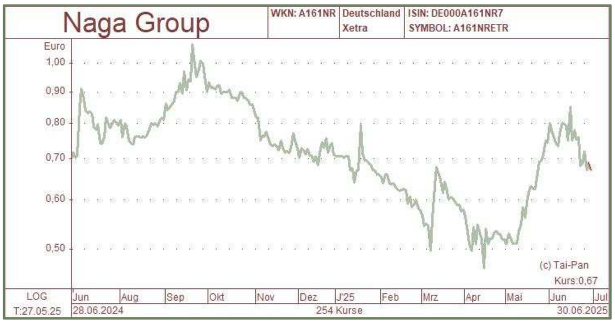
Current development



Basic data

Based in:	Hamburg
Sector:	Fin Tech
Headcount:	259
Accounting:	IFRS
Ticker:	N4G:GR
ISIN:	DE000A161NR7
Price:	0.67 Euro
Market segment:	Open Market
Number of shares:	232.8 m
Market Cap:	156.0 m Euro
Enterprise Value:	149.0 m Euro
Free Float:	9.4 %
Price high/low (12 M):	1.13 / 0.30 Euro
Øturnover (12 M Xetra):	30,700 Euro

Revenue reflects optimisation process

According to the recently published final figures for 2024, NAGA generated revenue of EUR 63.2 m in the last financial year, which was slightly above the preliminary reported figure (EUR 62.3 m). After the merger of NAGA and Capex.com, the sales focus was still in the EU at 45 percent, but a further 38 percent came from the GCC countries. Latin America accounted for around 11 percent and the rest of the world for 6 percent. Revenue was 15 percent below the pro forma figure for both companies for 2023, reflecting the optimisation measures implemented which led to the discontinuation of unprofitable activities.

Margin improved

Dispensing with such activities has enabled disproportionately high savings to be made on key cost items. Execution and liquidity expenses (from EUR 8.9 m to EUR 6.0 m), personnel expenses (from EUR 13.6 m to EUR 9.3 m) and other operating expenses (from EUR 8.2 m to EUR 5.5 m) each fell by around a third compared to the respective pro forma figures. By contrast, expenditure on technology and infrastructure

FY ends: 31.12.	2023	2024	2025e	2026e	2027e	2028e
Sales (m Euro)	39.7	63.2	72.1	92.5	116.9	143.8
EBITDA (m Euro)	8.4	9.0	10.6	21.6	30.4	41.0
Net profit (m Euro)	-61.0	-6.6	2.1	12.0	18.4	26.7
EpS (Euro)	-1.13	-0.03	0.01	0.05	0.08	0.11
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
Sales growth	-31.0%	59.0%	14.0%	28.4%	26.4%	23.0%
Profit growth	-	-	-	470.3%	54.0%	44.8%
PSR	3.93	2.47	2.16	1.69	1.33	1.08
PER	-	-	74.3	13.0	8.5	5.8
PCR	-	59.6	18.4	9.1	7.2	5.1
EV / EBITDA	17.6	17.9	14.1	6.9	4.9	3.6
FY ends: 31.12.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**2023 only NAGA, from 2024 with Key Way Group/CAPEX.com*

(-9 percent to EUR 6.1 m) and marketing expenses, which at EUR 23.8 m were only slightly below the previous year's level and therefore remained by far the largest cost item, were only reduced to a disproportionately lesser extent. Nevertheless, overall costs fell more strongly (by 17 percent) than revenue, which enabled EBITDA to increase from EUR 8.5 m to EUR 9.0 m. This means that the EBITDA margin has improved from 11.5 percent to 14.3 percent compared to the pro forma level from 2023.

Business figures	2023	2024	*Change*
Revenue	73.9*	63.2	*-15%*
EBITDA	8.5*	9.0	*+6%*
EBITDA margin	*11.5%**	*14.3%*	*+2.8pp.*
EBIT	-57.6**	-3.7	-
Net profit	-61.0**	-6.6	-

*In m Euro and percent; *pro forma, **NAGA stand-alone before merger; source: Company*

Net result negative

EBIT was nevertheless negative at EUR -3.7 m due to high depreciation and amortisation (EUR 12.1 m), mainly on intangible assets (in particular software, technology and capitalised development costs). Taking into account the negative financial result of EUR -3.1 m, which was primarily shaped by financing expenses, and other minor items (including tax income of EUR 0.1 m), the consolidated net loss for the year was EUR -6.6 m. Pro forma figures for EBIT and net income for the previous year have not been published, but the individual figures are available: In 2023, Capex.com generated EBIT of EUR -1.6 m and a net loss for the year of EUR -3.1 m, while NAGA reported EUR -57.6 m and EUR -61.0 m due to high extraordinary depreciation of goodwill.

Significant progress in cash flow

The progress made is particularly evident in cash flow. While the cash flow from operating activities was EUR -1.3 m (pro forma) in the previous year, a surplus of EUR +5.2 m was generated in 2024. After deducting payments for investments (EUR -3.2 m, previous year pro forma: EUR -5.3 m), this results in a free cash flow of EUR 2.0 m. These figures were adjusted by the company for payments totalling EUR -1.1 m that were made in anticipation of the current financial year. However, even taking this amount into account, a positive free cash flow was generated. The company used these funds and the proceeds from a convertible bond placed in 2024 (which has since been fully converted) to make a substantial net repayment of liabilities. On balance, cash and cash equivalents at the end of the year totalled EUR 12.0 m, slightly below the pro forma figure at the end of 2023.

Equity ratio at 91 percent

As a result of the net repayment, especially the current liabilities fell sharply from EUR 14.7 m (pro forma) to EUR 7.7 m, but non-current liabilities were also reduced to just EUR 0.3 m (2023 pro forma: EUR 0.8 m). The equity and liabilities side of the balance sheet is therefore dominated by equity, which now amounts to EUR 85.1 m, equivalent to a very high equity ratio of 91.4 percent. On the assets side, there are mainly intangible assets totalling EUR 72.3 m, which have increased by EUR 17.5 m compared to the pro forma value from the previous year and consist of 86 percent goodwill.

Return to growth path

Following the implementation of the efficiency enhancement and optimisation measures, NAGA is now ramping up marketing again. In the first quarter of 2025, the corresponding expenses were EUR 1.6 m higher than in the previous year. This promises positive impetus especially for the following quarters, but the first effects were also already evident in the first three months. The number of daily trades per user increased by 10.5 percent to 2.3 and the number of trades copied even rose by 13.4 percent to 945,000. This was a key factor in the 7 percent growth in quarterly revenue to EUR 16.4 m. EBITDA nevertheless halved year-on-year to EUR 1.0 m, which is attributable to additional marketing expenditure and the expansion of the management team. As a result, the EBITDA margin fell from 13.1 percent to 6.1 percent within a year.

Ambitious goals reaffirmed

However, this should remain only a snapshot, as the company has reaffirmed its ambitious targets for the full year, which not only envisage sales growth of 19 percent to EUR 74 m, but also an improvement in the EBITDA margin from 13 to 17 percent. This is to be made possible by accelerated expansion in regions that already have a high customer lifetime value. At the same time, efficiency should continue to increase following the migration of CAPEX customers to NAGA, which was completed in February, and the focussing on just one brand (NAGA). The management still sees considerable potential for optimisation and also expects the acceleration in growth to lead to economies of scale in overhead costs. Although an increase in marketing expenditure to around EUR 33 m is planned at the same time, all of these effects together should make it possible to achieve the margin targets.

Increasing momentum in Q2

The recently published KPIs for April and May support these targets. In these two months alone, 96,000 new registered users were gained, more than in the entire first quarter (73,000). The number of new accounts to which payments have already been made is also likely to increase significantly in Q2 (around 5,000 in April/May vs. around 6,000 in Q1). At the same time, customers' trading activities have increased. The daily number of trades per client, which averaged 2.3 in the first quarter, was 3.2 in April and 2.6 in May. This had a positive impact on the trading volume, which totalled EUR 45.3 billion in the first two months of the second quarter, compared with EUR 47.3 billion in the entire Q1.

Focus on innovation

Dynamic growth with increasing margins is to be continued in subsequent periods and innovation is an important pillar of the strategy. In particular, the merger of the trading and payment solution into the superapp “NAGA One” is to be completed in the next twelve months. NAGA management sees such a uniform solution for all central financial areas – trading, investments, crypto and payments – as a major competitive advantage and expects it to provide a tailwind in marketing. Other focus areas of the innovation process are automation and AI tools, which are intended to expand the range of services and improve the efficiency of internal processes.

Clear growth agenda

In addition to optimisation measures and product innovations, the focus at the moment is on international expansion. NAGA is currently focussing on expanding its position in regions where the company is already well represented, i.e. Europe, the GCC region and Latin America. Asia is to follow in 2026, for which the necessary regulatory preparations and the adaptation of products to local markets will be implemented in the current year. The expansion will continue to be accompanied by acquisitions. The takeover of Trade Capital UK (TCUK) Ltd. marks the company's recent re-entry into the UK market, subject to pending approval by the regulatory authorities. The management considers companies with a larger customer base and/or significant assets under management to be particularly interesting, as cross-selling potential can be realised here with the use of NAGA technology. The main shareholder has provided a credit line of USD 10 m for acquisitions, and external financing is also to be utilised for the development of new markets if necessary. Ongoing business, on the other hand, is to be sustainably cash-flow positive and finance its own expansion.

Good chances of success

Based on the innovative platform, the broad international positioning and the well-thought-out strategy for exploiting market opportunities, we believe that NAGA has a good chance of successfully realising its growth agenda. We have modelled this growth scenario in our valuation model but have applied in some cases significant discounts compared to the company's own target figures as part of a conservative approach. The annual report for 2024 and the published KPIs for April and May have resulted in changes to some items in our model, but the most important key figures remain unchanged. Accordingly, we continue to assume that NAGA will increase sales to EUR 72.1 m (+14 percent) in the current year and generate

EBITDA of EUR 10.6 m, which equates to an operating margin of 14.7 percent.

Acceleration from 2026 likely

Development is likely to accelerate further next year, as the planned launch of the super app will strengthen the company's market presence and further increase its cross-selling potential. We assume that this will enable NAGA to make further substantial gains in market share. The process will be accompanied by further internationalisation, particularly in Asia, which is already being prepared in 2025. As a result, we expect sales to increase by 28 percent to EUR 92.5 m and the EBITDA margin to improve to 23.3 percent. As stated, this is below the outlook communicated by management in February, which envisages sales of EUR 97.8 m and an EBITDA margin of 28 percent for 2026. In our model, this revenue level will not be exceeded until 2027. We expect an average growth rate of 18 percent (CAGR 26/32) until the end of the detailed forecast period, resulting in sales of EUR 253 m in 2032. Our estimated EBITDA margin is then 31.5 percent. The table below contains the key cash flow figures derived from our estimates up to 2032. Further details can be found in the Annex.

Basic parameters updated

The discount rate has remained unchanged and continues to be based on a CAPM cost of equity of 10.9 percent (with: safe interest rate 2.5 percent, beta 1.5, market risk premium 5.6 percent), an interest rate on borrowed capital of 6.5 percent, a target capital structure with 40 percent debt and a tax rate for the tax shield of 30 percent. This results in a weighted average cost of capital (WACC) of 8.4 percent. However, we have updated the parameters for determining the terminal value. With the roll-over of our model to the new base year 2025, the forward projection of the positive trends we expect and the recalculation of depreciation and amortisation, the EBIT target margin has increased significantly from 25.2 to 28.4 percent. As part of a cautious approach, we are cushioning this by increasing the security discount from 20 to 30 percent (in relation to the target yield) for the determination of the terminal value, so that the assumed margin remains largely unchanged. The rate for perpetual growth remains unchanged at 1 percent.

New price target: EUR 1.70

Following the model update, the fair value we have calculated is now EUR 394.5 m or EUR 1.69 per

m Euro	12 2025	12 2026	12 2027	12 2028	12 2029	12 2030	12 2031	12 2032
Sales	72.1	92.5	116.9	143.8	171.1	195.4	225.1	252.9
Sales growth		28.4%	26.4%	23.0%	19.0%	14.2%	15.2%	12.4%
EBITDA	**10.6**	**21.6**	**30.4**	**41.0**	**51.2**	**58.6**	**67.4**	**79.8**
EBIT	2.6	13.6	23.1	35.0	44.2	50.5	59.3	71.7
Tax rate	5.0%	10.0%	20.0%	25.0%	30.0%	30.0%	30.0%	30.0%
Adjusted tax payments	0.1	1.4	4.6	8.7	13.3	15.1	17.8	21.5
NOPAT	**2.5**	**12.2**	**18.5**	**26.2**	**30.9**	**35.3**	**41.5**	**50.2**
+ Depreciation & Amortisation	8.0	8.0	7.3	6.1	7.0	8.1	8.1	8.0
+ Increase long-term accruals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+ Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross operating cash flows	10.5	20.2	25.8	32.3	38.0	43.4	49.6	58.3
- Increase Net Working Capital	-1.6	-2.9	-4.1	-2.4	-1.1	-1.2	-1.3	-1.5
- Investments in fixed assets	-4.8	-5.1	-5.5	-6.1	-6.8	-7.8	-9.0	-10.4
Free cash flow	**4.0**	**12.3**	**16.2**	**23.8**	**30.1**	**34.4**	**39.3**	**46.4**

SMC estimation model

share, from which we derive a new price target of EUR1.70. The slight increase compared to our last estimate (EUR 1.60) is due to the roll-over of the model to the new base year 2025 and high free cash flow surpluses at the end of the detailed forecast period, although the effect was dampened by a slightly higher safety margin as part of the terminal value calculation. On a scale of 1 (low) to 6 (high), we continue to rate the forecast risk of our estimates as slightly above average at four points due to the influence of volatile capital market developments on the business figures.

Conclusion

NAGA completed a major merger last year. The structures were then optimised and the range of services streamlined, which has already had a positive impact on the annual figures for 2024. Although revenue declined significantly due to the discontinuation of unprofitable activities, the EBITDA margin improved from 11.5 percent (pro forma in 2023) to 14.3 percent. In addition, the free cash flow has turned positive.

The first quarter of this year also saw a return to growth in terms of revenue. Moreover, the first KPIs for Q2 are signalling an upturn in momentum. This underpins the management's ambitious targets aiming to increase this year's revenue by 19 percent to EUR 74 m and to improve the EBITDA margin from 13 to 17 percent.

Further innovations – including the merging of the two most important platforms in a super app and AI-supported trading –, accelerated international expansion and additional optimisation measures are expected to provide a further boost to a revenue of EUR 97.8 m and an EBITDA margin of 28 percent in 2026.

Overall, we believe that NAGA has a good chance of success. Although we are taking a cautious approach and are still working with some significant safety discounts compared to the management's target figures, our valuation model signals a fair value of EUR 1.70 and thus great potential for the NAGA share. On this basis, we confirm the “Buy” rating.

Annex I: SWOT analysis

Strengths

- Experienced management team with high competence in FinTech and brokerage. The merger with the Key Way Group has further strengthened the team and expanded the organisational structure. Among other things, NAGA has gained a CEO with a strong track record in Octavian Patrascu.
- Comprehensive and well-engineered finance platform with excellent scalability thanks to extensive automation.
- With its solutions, the company is well positioned in three very large markets – trading, payment and crypto.
- A very high equity ratio of 91 percent.
- The CEO has provided NAGA with a credit facility of USD 10 m for acquisitions, thereby underpinning his strong commitment.

Weaknesses

- Despite a distinctly positive EBITDA, the net result was still clearly negative last year due to high scheduled depreciation on investments.
- Revenue and profitability depend heavily on trading activities, which in turn are determined by capital market developments, and the company has only limited influence on this.
- Very high proportion of intangible assets in the balance sheet (78 percent as at 31.12.24).
- Complex regulatory environment.
- The history of figures for the newly formed group is naturally still very limited.
- A relatively high churn rate in the CFD business requires ongoing high marketing expenditure.

Opportunities

- NAGA is accelerating its international expansion with a new marketing mix and higher expenditure. This is expected to lead to growth of 19 and 32 percent this year and the next respectively.
- The essential elements of the technology have been developed by now, so the costs of product development should only increase at a disproportionately low rate in the future.
- The strong growth will also bring considerable economies of scale in personnel and other operating expenses, meaning that the EBITDA margin is expected to rise to 17 percent in 2025 and 28 percent in 2026.
- The solutions for brokerage, social trading, crypto and payment are currently being merged into a super app, which should stimulate further marketing.
- The emerging markets in particular still offer attractive potential for expansion.

Threats

- The effectiveness of the marketing measures to achieve the growth targets has yet to be proven.
- The margin targets for 2025 and 2026 are ambitious and could be missed.
- The intensity of competition in the brokerage market is high and it is not certain that the company will succeed in gaining the targeted market share in competition with, in some cases, significantly larger providers.
- Simultaneous expansion in several foreign markets creates increased complexity and numerous country-specific risks.
- If the brokerage business does not develop as planned, it can lead to considerable goodwill write-offs.

Annex II: Balance sheet and P&L estimation

Balance sheet estimation

m Euro	2024 act.	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e
ASSETS									
I. Total non-current	75.9	72.6	69.7	67.9	67.9	67.7	67.5	68.4	70.7
1. Intangible assets	72.3	69.0	65.9	64.0	63.8	63.4	63.0	63.6	65.7
2. Tangible assets	0.4	0.5	0.6	0.7	0.9	1.1	1.3	1.6	1.9
II. Total current assets	17.3	24.4	41.6	64.2	93.0	127.5	154.6	174.5	193.5
LIABILITIES									
I. Equity	85.1	87.2	99.2	117.6	144.3	176.0	199.9	217.4	234.9
II. Accruals	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
III. Liabilities									
1. Long-term liabilities	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
2. Short-term liabilities	7.1	8.9	11.2	13.5	15.7	18.3	21.2	24.6	28.4
TOTAL	**93.1**	**97.0**	**111.3**	**132.1**	**160.9**	**195.2**	**222.0**	**242.9**	**264.2**

P&L estimation

m Euro	2024 act.	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e
Sales	63.2	72.1	92.5	116.9	143.8	171.1	195.4	225.1	252.9
Total output	64.6	73.9	94.8	119.8	147.4	175.4	200.3	230.7	259.3
Gross profit	55.1	65.9	84.6	107.0	131.6	156.6	178.8	206.0	231.4
EBITDA	9.0	10.6	21.6	30.4	41.0	51.2	58.6	67.4	79.8
EBIT	-3.7	2.6	13.6	23.1	35.0	44.2	50.5	59.3	71.7
EBT	-6.8	2.2	13.3	23.0	35.6	45.3	52.2	61.5	74.3
EAT (before minorities)	-6.6	2.1	12.0	18.4	26.7	31.7	36.6	43.1	52.0
EAT	-6.6	2.1	12.0	18.4	26.7	31.7	36.6	43.1	52.0
EPS	-0.03	0.01	0.05	0.08	0.11	0.14	0.16	0.19	0.22

Annex III: Cash flows estimation and key figures

Cash flows estimation

m Euro	2024 act.	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e
CF operating	2.6	8.5	17.1	21.7	30.4	37.7	43.4	49.8	58.5
CF from investments	1.2	-4.8	-5.1	-5.5	-6.1	-6.8	-7.8	-9.0	-10.4
CF financing	-0.6	0.6	0.6	0.6	0.2	0.2	-12.5	-25.4	-34.2
Liquidity beginning of year	5.9	9.2	13.5	26.1	42.8	67.3	98.4	121.5	137.0
Liquidity end of year	9.2	13.5	26.1	42.8	67.3	98.4	121.5	137.0	150.9

Key figures

%	2024 act.	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e
Sales growth	59.0%	14.0%	28.4%	26.4%	23.0%	19.0%	14.2%	15.2%	12.4%
EBITDA margin	13.2%	14.7%	23.3%	26.0%	28.5%	29.9%	30.0%	30.0%	31.5%
EBIT margin	-5.9%	3.6%	14.7%	19.7%	24.3%	25.8%	25.8%	26.4%	28.4%
EBT margin	-10.8%	3.1%	14.4%	19.7%	24.7%	26.5%	26.7%	27.3%	29.4%
Net margin	-10.5%	2.9%	12.9%	15.8%	18.6%	18.5%	18.7%	19.1%	20.6%

Annex IV: Sensitivity analysis

	Perpetual cash flows growth				
WACC	**2.0%**	**1.5%**	**1.0%**	**0.5%**	**0.0%**
7.4%	2.25	2.11	1.99	1.89	1.80
7.9%	2.04	1.93	1.83	1.75	1.67
8.4%	1.87	1.78	**1.69**	1.62	1.56
8.9%	1.72	1.64	1.57	1.51	1.46
9.4%	1.59	1.53	1.47	1.42	1.37

Disclaimer

Editor
sc-consult GmbH
Alter Steinweg 46
48143 Münster
Internet: www.sc-consult.com

Phone: +49 (0) 251-13476-94
Telefax: +49 (0) 251-13476-92
E-Mail: kontakt@sc-consult.com

Responsible analyst
Dipl.-Kfm. Holger Steffen

Charts
The charts were made with Tai-Pan (www.lp-software.de).

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II) Preparation and updating

The present financial analysis was prepared by: Dipl.-Kfm. Holger Steffen

Participants in the preparation of the present financial analysis: –

The present analysis was finished on 01.07.2025 at 7:00 am and published on 01.07.2025 at 8:15 am.

For the preparation of its financial analyses, the sc-consult GmbH uses a five-tier rating scheme with regard to price expectation in the next twelve months. Additionally, estimation risk is quantified on a scale from 1 (low) to 6 (high). The ratings are as follows:

Strong Buy	We expect an increase in price for the analysed financial instrument by at least 10 percent. We assess the estimation risk as below average (1 to 2 points).
Buy	We expect an increase in price for the analysed financial instrument by at least 10 percent. We assess the estimation risk as average (3 to 4 points).
Speculative Buy	We expect an increase in price for the analysed financial instrument by at least 10 percent. We assess the estimation risk as above average (5 to 6 points).
Hold	We expect that the price of the analysed financial instrument will remain stable (between -10 and +10 percent). The forecast risk (1 to 6 points) has no further impact on the rating. The rating "hold" is also used in cases where we perceive a price potential of more

	than 10 percent, but explicitly mentioned temporary factors prevent a short-term realization of the price potential.
Sell	We expect that the price of the analysed financial instrument will drop by at least 10 percent. The forecast risk (1 to 6 points) has no further impact on the rating.

The expected change in price refers to the current share price of the analysed company. This price and any other share prices used in this analysis are XETRA closing prices as of the last trading day before publication. If the share is not traded on XETRA, the closing price of another public stock exchange is used with a separate note to that effect.

The price targets published within the assessment are calculated with common methods of financial mathematics, especially with the DCF (discounted cash flow) method, the sum of the parts valuation and a peer group analysis. The valuation methods are affected by economic framework conditions, especially by the development of the interest rates.

The rating resulting from these methods reflects current expectations and can change anytime subject to company-specific or economic changes.

More detailed explanations of the models used by SMC Research can be found at:
http://www.smc-research.com/impressum/modellerlaeuterungen

An overview of the recommendations prepared and distributed by SMC Research in the last 12 months can be found at: http://www.smc-research.com/publikationsuebersicht

In the past 24 months, sc-consult GmbH has published the following financial analyses for the company:

Date	Investment recomm.	Target price	Conflict of interests
27.05.2025	Buy	1.60 Euro	1), 3), 4)
17.02.2025	Buy	1.70 Euro	1), 3), 4)
13.11.2024	Buy	1.70 Euro	1), 3)
30.09.2024	Buy	1.60 Euro	1), 3), 4)
22.07.2024	Buy	1.60 Euro	1), 3), 4)
29.04.2024	Speculative Buy	1.40 Euro	1), 3)
05.03.2024	Speculative Buy	1.40 Euro	1), 3), 4)
13.11.2023	Hold	2.80 Euro	1), 3)

In the course of the next twelve months, sc-consult GmbH will presumably prepare the following financial analyses for the company: one report, two updates and two comments.

The publishing dates for the financial analyses are not yet fixed at the present moment.

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