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Research comment

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The NAGA Group AG

Dynamic customer acquisition and significant margin improvement

Rating: Buy (unchanged) | **Price:** 0.624 € | **Price target:** 1.60 € (prev.: 1.70 €)

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Current development



Basic data

Based in:	Hamburg
Sector:	Fin Tech
Headcount:	259
Accounting:	IFRS
Ticker:	N4G:GR
ISIN:	DE000A161NR7
Price:	0.624 Euro
Market segment:	Scale
Number of shares:	232.8 m
Market Cap:	145.3 m Euro
Enterprise Value:	138.3 m Euro
Free Float:	9.4 %
Price high/low (12 M):	1.13 / 0.30 Euro
Øturnover (12 M Xetra):	28,100 Euro

FY ends: 31.12.	2024	2025e	2026e
Sales (m Euro)	63.2	69.8	88.2
EBITDA (m Euro)	8.3	8.9	18.2
Net profit (m Euro)	-6.6	0.5	8.9
EpS (Euro)	-0.03	0.00	0.04
Dividend per share	0.00	0.00	0.00
Sales growth	59.0%	10.5%	26.4%
Profit growth	-	-	1.691
PSR	2.30	2.08	1.65
PER	-	290.9	16.2
PCR	55.5	21.0	10.3
EV / EBITDA	16.6	15.5	7.6
Dividendenrendite	0.0%	0.0%	0.0%

Customer acquisition very dynamic

Following the merger of NAGA and CAPEX last year and the subsequent integration of the activities, marketing is currently being expanded again – with visible success. Around 134,000 registered users were gained for the platform in the second quarter, an increase of 81 percent compared to the first three months. The number of new accounts to which deposits have already been made has also risen sharply in a comparison of the two periods, by 55 percent to 9,400. This has temporarily led to slightly higher customer acquisition costs – peaking at EUR 1,307 in April – but in June, at EUR 1,199, these were again below the average level of the first three months (EUR 1,204).

Trading volume increases by 15 percent

This is not yet fully reflected in trading results because it can take some time to properly activate the new customers. Despite this, the trading volume of EUR 76.7 billion in Q2 was 15 percent higher than in Q1. The number of trades copied nevertheless declined (-4 percent to 902,600), as the regulatory framework for this area has changed, which had a negative impact. At EUR 15.8 m, NAGA's revenue in the second quarter was even slightly below the level of the first three months (EUR 16.4 m), which is attributable to the decline in copied trades and special customer acquisition campaigns (e.g. commission fee-free trading).

Margin significantly higher

It is therefore all the more remarkable that the company was able to generate EBITDA of EUR 2 m in the second quarter, twice as high as in the first three months, despite rising marketing expenses and slightly lower revenue. This clearly shows the efficiency improvements achieved. The EBITDA margin was thus 12.7 percent in the period from April to June, compared to 6 percent in the first three months.

Forecast confirmed

In light of the half-year figures and the progress made with the KPIs, the company has reaffirmed its target of returning to the pro forma revenue level of 2023, i.e. around EUR 74 m, and an EBITDA margin in the mid double-digit range for the full year. Viewed separately, the margin level in the second quarter was not far off the target level for this year. NAGA must now succeed in accelerating sales without diluting margins. The company is confident of achieving this due to the already very successful customer acquisition and increasing efficiency, especially in marketing.

Estimates somewhat more cautious

We had hitherto assumed that the company would be able to achieve revenue of EUR 72 m and an EBITDA margin of 14.7 percent in the current year. We continue to believe that this is possible, depending on the development of the market environment (volatility). However, the June figures were below average in a fairly quiet market, which has prompted us to formulate our estimates somewhat more conservatively. We now expect revenue of EUR 69.8 m and EBITDA of EUR 8.9 m, equivalent to an operating margin of 12.8 percent – the figure that NAGA already achieved in

Q2. For the second half of the year, this nevertheless assumes sales growth of 17 percent to EUR 37.6 m (compared to H1), with an EBITDA margin of 15.7 percent. For 2026, we are calculating somewhat more cautiously than before as well and now expect revenue of EUR 88.2 m and a margin of 20.7 percent (previously: EUR 92.5 m, 23.3 percent). Nevertheless, we believe that the company's promising global growth strategy with one super app for the most important financial transactions, which is currently under development, will lead to dynamic growth with rising margins. The table below shows the development of the most important cash flow data resulting from our assumptions in the detailed forecast period. Further details on the estimated balance sheet, income statement and cash flow statement are provided in the Annex.

New price target: EUR 1.60

The basic parameters of our model are unchanged. We continue to use a discount rate (WACC) of 8.4 percent and a safety discount of 30 percent on the target margin in conjunction with a “perpetual” growth rate of 1 percent to determine the terminal value. The model results in a new fair value of EUR 367.2 m or EUR 1.58 per share, from which we derive the new

m Euro	12 2025	12 2026	12 2027	12 2028	12 2029	12 2030	12 2031	12 2032
Sales	69.8	88.2	111.9	139.0	166.3	190.4	219.8	247.2
Sales growth		26.4%	26.8%	24.3%	19.6%	14.5%	15.4%	12.5%
EBITDA	8.9	18.2	26.4	37.2	47.4	54.6	63.2	75.2
EBIT	0.9	10.3	19.1	31.2	40.4	46.5	55.1	67.2
Tax rate	5.0%	10.0%	20.0%	25.0%	30.0%	30.0%	30.0%	30.0%
Adjusted tax payments	0.0	1.0	3.8	7.8	12.1	14.0	16.5	20.1
NOPAT	0.9	9.2	15.3	23.4	28.2	32.6	38.6	47.0
+ 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	8.9	17.2	22.6	29.4	35.3	40.6	46.6	55.0
- Increase Net Working Capital	-1.6	-2.8	-3.9	-2.3	-1.1	-1.2	-1.3	-1.5
- Investments in fixed assets	-4.8	-5.0	-5.5	-6.1	-6.8	-7.8	-9.0	-10.4
Free cash flow	2.5	9.4	13.2	21.1	27.4	31.6	36.3	43.2

SMC estimation model

price target of EUR 1.60 (a sensitivity analysis for determining the price target can be found in the Annex). The slight reduction in the price target (previously: EUR 1.70) is due to the somewhat more cautious sales and margin estimates. We continue to rate the forecast risk of our estimates as slightly above average at four points on a scale of 1 (low) to 6 (high) as the volatile capital market trend has a substantial impact on NAGA's business results.

Conclusion

NAGA has ramped up its marketing expenditure again following the completed integration of CAPEX.com – and this is impressively reflected in customer acquisition. In the second quarter, the number of newly registered users on the platform increased by 81 percent to 134,000 compared to the first three months, and the number of new accounts to which deposits have already been made rose by 55 percent to 9,400.

This is partly due to special promotions (e.g. commission fee-free trading), meaning that it has not yet been adequately reflected in revenue, which at EUR 15.8 m in Q2 was slightly below the Q1 figure. But with the

strong expansion of the customer base, the foundation is being laid for a significant acceleration in revenue momentum. The company is therefore sticking to its sales target of around EUR 74 m for the full year. The EBITDA margin is then to be in the mid double-digit range – after 9.3 percent in the first half of the year. With an increase from 6.1 percent (Q1) to 12.7 percent, the second quarter clearly shows that NAGA is heading in the right direction.

We are nevertheless a little more cautious in our calculations than the management, but still expect further very significant improvements, which are reflected in an updated price target of EUR 1.60 (previously: EUR 1.70).

The share has not yet responded adequately to this growth and margin potential, which is probably also due to the seemingly unfavourable price level. This shortcoming will be remedied in September with a 10:1 reverse split, which was approved by the Annual General Meeting.

Overall, we see good opportunities for NAGA to combine dynamic growth with rising margins and reiterate our “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.

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.

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.

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	67.4	68.3	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	1.5	1.8
II. Total current assets	17.3	22.7	36.8	56.1	81.9	113.5	138.6	157.4	175.4
LIABILITIES									
I. Equity	85.1	85.6	94.5	109.7	133.5	162.4	184.4	200.8	217.4
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	8.8	11.0	13.3	15.4	17.9	20.7	24.0	27.7
TOTAL	93.1	95.4	106.5	124.0	149.8	181.2	206.1	225.7	246.1

P&L estimation

m Euro	2024 act.	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e
Sales	63.2	69.8	88.2	111.9	139.0	166.3	190.4	219.8	247.2
Total output	64.6	71.6	90.4	114.7	142.5	170.4	195.2	225.3	253.4
Gross profit	55.1	63.9	80.7	102.4	127.2	152.1	174.3	201.1	226.2
EBITDA	8.3	8.9	18.2	26.4	37.2	47.4	54.6	63.2	75.2
EBIT	-3.7	0.9	10.3	19.1	31.2	40.4	46.5	55.1	67.2
EBT	-6.8	0.5	9.9	19.0	31.6	41.3	48.0	57.0	69.4
EAT (before minorities)	-6.6	0.5	8.9	15.2	23.7	28.9	33.6	39.9	48.5
EAT	-6.6	0.5	8.9	15.2	23.7	28.9	33.6	39.9	48.5
EPS	-0.03	0.00	0.04	0.07	0.10	0.12	0.14	0.17	0.21

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	6.9	14.2	18.6	27.5	34.9	40.5	46.7	55.1
CF from investments	1.2	-4.8	-5.0	-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	-11.3	-23.3	-31.7
Liquidity beginning of year	5.9	9.2	11.9	21.6	35.3	56.9	85.2	106.5	120.8
Liquidity end of year	9.2	11.9	21.6	35.3	56.9	85.2	106.5	120.8	133.9

Key figures

%	2024 act.	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e
Sales growth	59.0%	10.5%	26.4%	26.8%	24.3%	19.6%	14.5%	15.4%	12.5%
EBITDA margin	13.2%	12.8%	20.7%	23.6%	26.8%	28.5%	28.7%	28.7%	30.4%
EBIT margin	-5.9%	1.3%	11.6%	17.1%	22.4%	24.3%	24.4%	25.1%	27.2%
EBT margin	-10.8%	0.8%	11.3%	17.0%	22.8%	24.8%	25.2%	25.9%	28.1%
Net margin	-10.5%	0.7%	10.1%	13.6%	17.1%	17.4%	17.6%	18.1%	19.6%

Annex IV: Sensitivity analysis

WACC	Perpetual cash flows growth				
	2.0%	1.5%	1.0%	0.5%	0.0%
7.4%	2.10	1.97	1.86	1.76	1.68
7.9%	1.91	1.80	1.71	1.63	1.56
8.4%	1.74	1.65	1.58	1.51	1.45
8.9%	1.60	1.53	1.46	1.41	1.36
9.4%	1.48	1.42	1.37	1.32	1.27

Disclaimer

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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 18.08.2025 at 10:35 am and published on 18.08.2025 at 11:45 am.

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Date	Investment recomm.	Target price	Conflict of interests
01.07.2025	Buy	1.70 Euro	1), 3), 4)
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)

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