March 10, 2025

Turning two into three

NAGA aims for profitable growth following transformative merger

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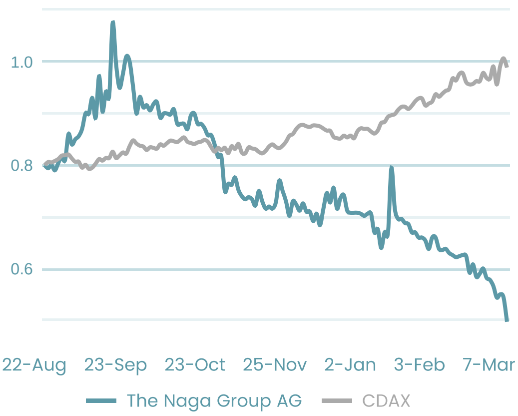
Summary

- Globally active FinTech with a focus on CFD brokerage, including social trading, crypto trading and payment services
- Transformative merger with Key Way Group is expected to be the foundation for strong growth and margin expansion
- CEO of Key Way Group is the new CEO and largest shareholder of the merged company
- Structurally growing market provides NAGA with organic growth opportunities
- High competitive intensity with numerous established providers. Public peers have been operating for decades and are highly profitable
- High cost synergies and complementary geographic presence expected

Share data

Share price	0.50
Number of shares (in m)	232.8
Market cap. (in EUR m)	115.7
Trading volume (ø 3 months; in K)	68.1
Enterprise Value (in EUR m)	109.5
Ticker	XTRA:N4G

Share price (EUR)



Source: Capital IQ

Shareholder

Free float	45.8%
NAGA Management	41.6%
Fosun Fintech Holdings	7.9%
Apeiron Investments	4.8%
-	

Termine

AR 2024	June 2025
AGM	August 2025
H1 results	October 2025

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Investment Note: Turning two into three - NAGA aims for profitable growth following transformative merger

The NAGA Group AG, an internationally active FinTech company based in Hamburg, serves customers in over 180 countries in the field of online brokerage and neo-banking. A central component of the business model is the proprietary social trading platform for CFD trading. Stock and ETF trading, cryptocurrencies, and payment functions complete the offering. NAGA is particularly aimed at active traders who conduct several hundred transactions per year. The company's goal for the current year is the further development of NAGA Pay into a "super app" that will encompass the areas of trading, investing, cryptocurrencies, and neo-banking as a holistic financial ecosystem. Following the transformative merger with CFD broker CAPEX.com (Key Way Group), the group holds nine licenses across four continents and has branches in 12 countries.

Extensive product portfolio with a focus on CFDs

The NAGA Group AG offers a versatile platform for brokerage and banking services, accessible via both web browser and the two apps NAGA Trader and NAGA Pay. Additionally, customers can trade through third-party applications like MetaTrader or the Telegram messenger.

In the trading field, NAGA allows its customers to trade over 4,000 financial instruments such as CFDs on currencies, cryptocurrencies, indices, stocks, commodities, futures, and ETFs as well as "real" stocks and cryptocurrencies on more than ten exchanges. For most CFDs, only indirect fees through spreads apply. Exceptions are CFDs on stocks with a fee of EUR 2.50/trade and CFDs on ETFs with a fee of 0.1% of the transaction volume. For trading stocks, three units of the respective local currency of the underlying are charged.

Product	Number of instruments	Fees
CFDs on forex	49	only indirect (spread)
CFDs on crypto	75	only indirect (spread)
CFDs on indices	14	only indirect (spread)
CFDs on stocks	2,179	2.50 EUR
CFDs on commodities	7	only indirect (spread)
CFDs on futures	32	only indirect (spread)
CFDs on ETFs	72	0.1% of transaction volume
Stocks	2,588	3 units of the local currency
Cryptocurrencies	47	depending on currency and payment method

Source: Company, Montega

The traditional trading functions are complemented by social trading aspects such as automatically copying other traders (copy trading) and interacting with other users through the integrated social network with a news feed. To find the most successful traders, there are a variety of rankings that identify profitable users who have achieved the highest profits in a specific period or with a specific asset. Additionally, there are leaderboards for traders who have provided the highest profit to their copiers or have the most "followers." For each trader, a "success rate," i.e., the proportion of trades closed with a profit, is displayed. A current overview of open trades, which do not factor into the success rate, is also available. Furthermore, copiers can add their own stop-loss or take-profit orders and modify the strategy of the copied trader. The fee for copy trades, which the copied trader partially receives, consists of a fixed amount of EUR 0.99 and a variable share of 0–15% of the profit.

With NAGA Pay, traditional banking services are combined with cryptocurrencies and trading. Customers can choose between three subscription levels, which determine, among other things, the amount of cashback and the fees for crypto trading. Regardless of this, the offer includes a free IBAN account and physical/virtual Visa debit card, as well as a crypto wallet, enabling payments in fiat and cryptocurrencies. Additionally, users can access a stock portfolio with copy trading functionality.

The following are the three available subscription levels including their benefits.

NAGA Pay Subscriptions	Basic	Premium	Elite
Cost per Month (monthly payment)	free	EUR 5.99	EUR 14.99
Cost per Month (annual payment)	free	EUR 5.00	EUR 12.50
Bitcoin-Cashback	0.5% (on up to EUR 200/month spend)	1.5% (on up to EUR 1,000/month spend)	3,0% (on up to EUR 2,000/month spend)
Free ATM withdrawals per month	1	3	5
Crypto-Trading-Fee	3.49% (min. EUR 0.99)	2.99% (min. EUR 0.49)	2.49% (no min. fee)
Card-Delivery-Fee	EUR 9.99	free	free

Source: Company, Montega

In 2017, two years after being founded, the company went public and issued the NAGA Coin (NGC), which was intended to serve as a means of payment within the NAGA ecosystem. Originally, the company consisted of the following three areas:

- **Trading platform for CFDs, Forex, ETFs, and stock indices:** Hanseatic Brokerhouse Global Markets Ltd. (later: Naga Markets)
- **Social network with integrated trading platform:** SwipeStox GmbH (later: NAGA TRADER); Swipy Technology GmbH
- **Marketplace for in-game items:** Switex GmbH (later: NAGA VIRTUAL)

In 2019, a restructuring program was initiated to increase the group's profitability and the discontinuation of the in-game marketplace NAGA VIRTUAL was decided to focus more on the core business. At the same time, the consolidation of all functions and platforms was initiated, leading to the launch of NAGA.com.

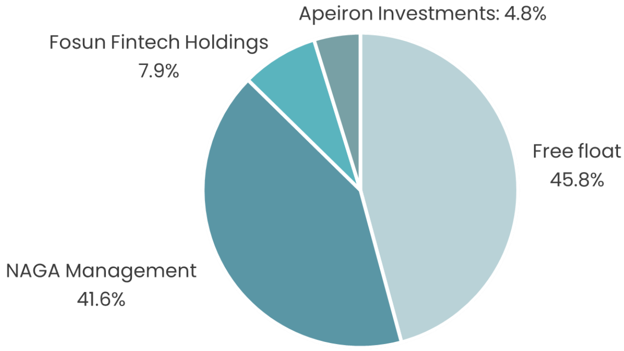
After the restructuring year 2019, the focus in the following years returned to growth. Accordingly, marketing and advertising expenses increased from EUR 2.5m in 2019 to over EUR 8.7m in 2020 and subsequently to EUR 31.0m in 2021 and EUR 28.3m in 2022. Although the number of active users was significantly increased (end of 2022: 18.7k compared to 5.1k in 2019), new customer acquisition occurred at increasingly higher acquisition costs per user, which peaked at EUR 1,678 per customer (ø 2022: EUR 1,510). Additionally, due to the collapse in the crypto market and the Russia-Ukraine war, NAGA observed a decrease in customer interest, which was reflected in significantly lower trading volume, the most important factor for the top line (-45.2% from EUR 250bn in 2021 to EUR 137bn in 2022). NAGA responded in 2023 with a cost-cutting program and over 80% reduction in the marketing budget. Consequently, the number of employees was reduced from 173 to 100. At the same time, the number of active users in 2023 increased from 18.7k to over 21.0k, while acquisition costs were significantly lower at EUR 380 per customer.

Simultaneously, the platform's functionality was continuously expanded. In 2020, the NAGA Pay app was launched for the first time, before being re-released a year later with a VISA debit card and enhanced functionality through a partnership with Contis. With the relaunch, the foundation was also laid for the later introduced "Pay with Crypto" feature. The transactions related to this are carried out by NAGAX, a platform for cryptocurrencies and NFTs including an exchange and wallet, launched in 2022.

Transformative merger of NAGA and Key Way Group completed

In 2024, NAGA merged with the significantly higher-valued Key Way Group, which also operates as a CFD broker under the name CAPEX.com. The new group continues to operate under the NAGA brand and has since been led by Key Way founder and CEO Constantin-Octavian Patrascu, who was previously instrumental in the development of two CFD brokers. Initially, he served as Head of Business Development at markets.com, which was sold for over USD 500m four years after he joined. He then moved to TRADE.com in a leadership role as Managing Director, which he left after three years to establish the Key Way Group as his own company. Since the merger, Patrascu has become the largest shareholder of the NAGA Group and invested an additional EUR 8.1m in early 2024 through the subscription of a convertible bond, which has already been fully converted at a price of EUR 1.00 per share.

Shareholder structure
(as of 02/2025)



Source: Company

The merger creates a globally active broker with higher geographical diversification, more effective marketing, a broader product portfolio, and the necessary critical size. Initially, the management targeted **significant cost synergies** of EUR 9.0m per year, which corresponds to nearly 20% of operating expenses. Recently, the expectation for realizable cost synergies was even increased to EUR 11.0m per year. The company is on track with cost savings of EUR 5.0m in 2024, reaching the level of the initial plan. In addition to realizing cost synergies, revenue synergies by rolling out previously unavailable features and products to the respective other customer base were also decisive for the merger. For example, customers of the Key Way Group now also have access to the social trading feature, which should increase the trading activity and thus the revenue of the group. Furthermore, the new management continues to pursue the goal of uniting all functionalities of the NAGA ecosystem in a super app "NAGA One". To achieve this, the management plans to pool the IT resources of both companies and focus on the development or rather completion of the super app NAGA One by shutting down the Key Way Group platform.

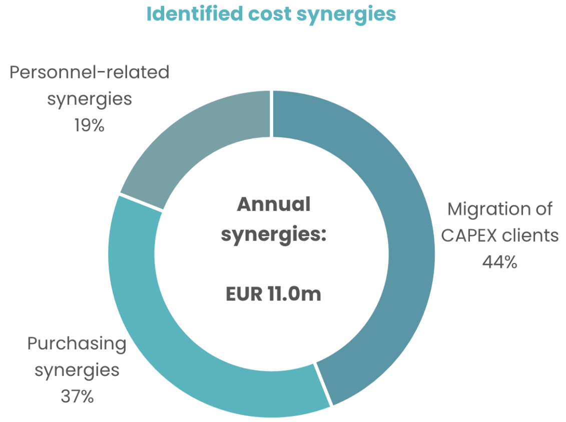
Realization of significant cost synergies is progressing

Online brokerage is a highly scalable business model with gross margins of over 80% and a significant portion of fixed costs. In the course of the merger, numerous duplicate functions can be eliminated, and contracts with partners can be renegotiated due to the doubled company size.

The management has divided the identified synergy potentials into three parts. Over 40% of the savings, or approximately EUR 4.0m per year, are to be achieved through the migration of the former CAPEX clients to the NAGA technology and the subsequent shutdown of the CAPEX platform.

Through the merger of the two CFD brokers, duplicate functions at the personnel level (including in the areas of HR, compliance, other administrative functions, marketing, etc.) can also be eliminated, representing nearly 20% of the synergy potential and leading to annual savings of over EUR 2.0m. In the context of the publication of the preliminary figures for 2024, the management announced that the number of employees had already been reduced by 24%, resulting in future annualized savings of EUR 3.2m.

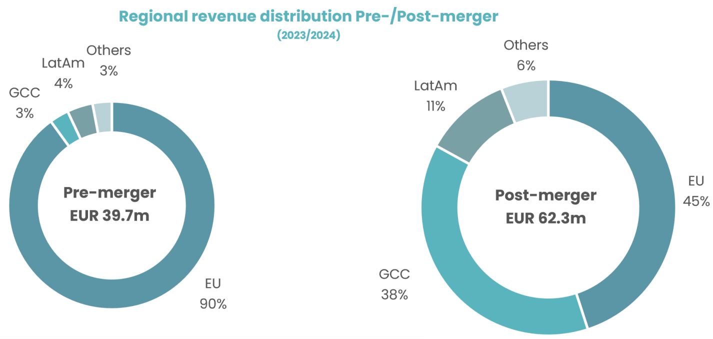
The remaining nearly 40% of cost synergies are expected to be realized through optimization or standardization in purchasing given the doubled company size. Successful renegotiations have already been conducted with cloud, IT, and liquidity providers, which, according to NAGA, will lead to savings of EUR 5.2m per year.



Source: Company, Montega

Complementary business regions create global presence

Another advantage of the merger is the complementary regional positioning of the two CFD brokers. While the "old" NAGA is predominantly active in the European Union (90% of revenue), the Key Way Group also has a strong presence in the Middle East and North Africa (50% of revenue) as well as in Latin America and the EU (18% of revenue each). NAGA benefits from the **complementary licenses** (including Abu Dhabi, Mauritius, South Africa) and the **existing infrastructure** as well as the accumulated **local know-how**. This includes, among other things, data and experiences regarding the success of individual products, customer behavior, or the success of locally tailored advertising measures. Since the served markets differ significantly in all the above points and regulatory frameworks, we consider the complementary expertise of the teams as another key advantage of the merger.

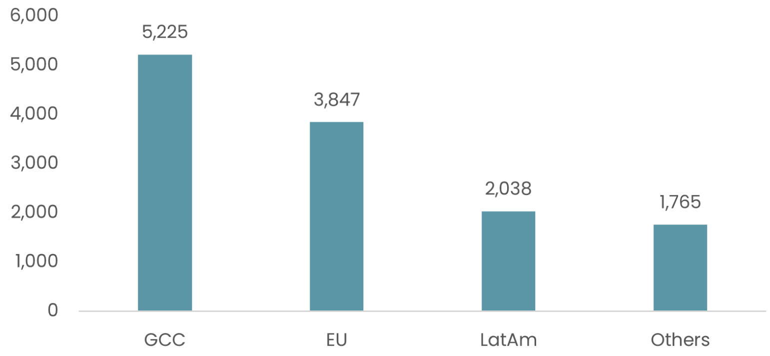


Source: Company

The newly formed group is thereby already significantly more diversified and is characterized by the two core regions EU and GCC (Gulf Cooperation Council states or Middle East). In the future, the business is expected to expand primarily in Latin America to account for approximately 20% of revenue, in order to make the company even more resilient.

The EU is a fundamentally attractive market due to the existing prosperity of the population. However, trading activity is hindered by existing regulations and a relatively low cultural risk appetite, so NAGA observed a trading volume three times higher with non-EU customers. In the Gulf Cooperation States, the higher trading activity meets a high GDP per capita, resulting in the highest customer value (revenue per new customer in the first year) here. We have illustrated the differences between the regions, measured by Customer Lifetime Value, below.

Customer Lifetime Value / Region
(in EUR)



Source: Company

Historically, the Key Way Group focused on the most profitable users and was willing to pay higher acquisition costs for them, while NAGA targeted a broader user base at lower costs. In 2024, CAPEX marketing was reduced due to the discontinuation of the brand, and the heavily reduced marketing of NAGA from 2023 was resumed, particularly involving the introduction of the brand in regions with high CLV, such as the Gulf States.

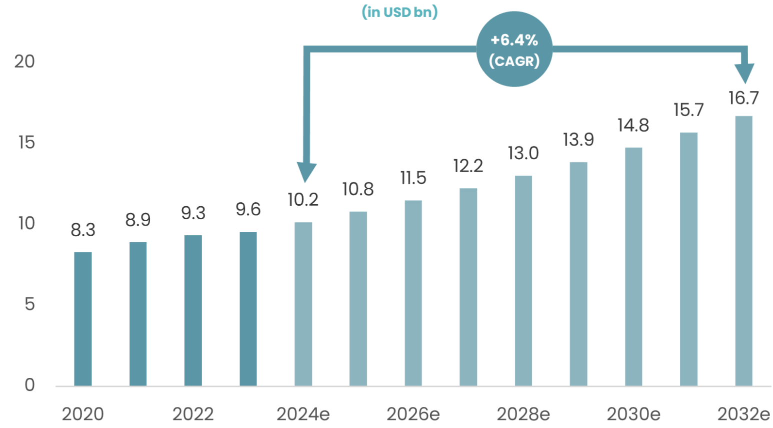
Merger of functions and platforms announced

As part of the merger, management decided to continue using the NAGA brand and technology platform and to migrate the CAPEX customers to it. Through the migration of CAPEX.com customers, they can, for the first time, access NAGA's more comprehensive functionality in the areas of online brokerage, neo-banking, and cryptocurrencies. The roll-out of the social trading function to CAPEX customers is expected to lead to revenue synergies. Pre-merger NAGA observed that social trading users (58% of customers) have a 24% higher trading volume. At the same time, the Key Way Group brought, in addition to customers, licenses, and local know-how, further elements such as a better onboarding and monitoring tool for more efficient management of marketing.

Continued structural growth in online brokerage expected

As a provider of trading services via web and app, The NAGA Group AG is active in the global market for online trading platforms.

Development of the Online Trading Platform Market
(in USD bn)

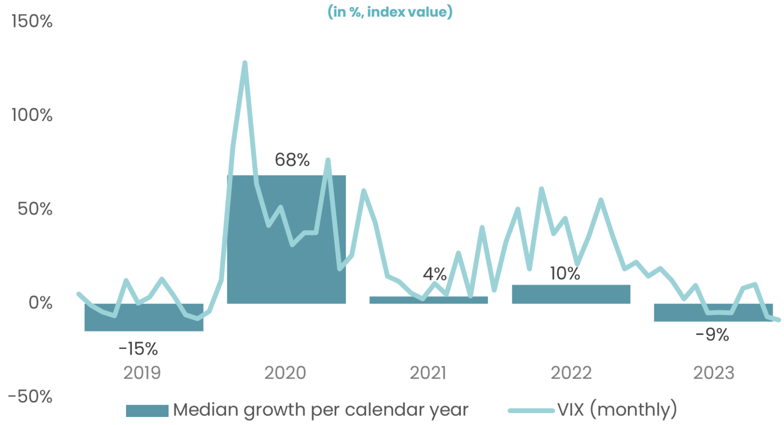


Source: Fortune Business Insights, Allied Market Research, Montega

For the industry, steady growth has been observed. Increased trading volumes during the COVID-19 pandemic led to stronger gains, with growth rates subsequently flattening to 4.7% in 2022 and 2.5% in 2023. According to the market research institute Fortune Business Insights, an acceleration of growth is expected again in 2024, with an increase of 6.3% yoy. The market research institute forecasts medium-term growth of an average of 6.4% per year until the year 2032.

For NAGA, CFD brokerage for retail customers represents the core business. This sub-market is subject to higher fluctuations than the entire industry, as the trading activity of institutional investors is likely to be more constant, while additionally the interest of private investors in derivatives should be less stable than the typical and relatively long-term oriented stock or bond trading. In the following figure, we have depicted the development of the VIX volatility index as well as the growth dynamics of the five publicly traded brokerage companies IG Group, CMC Markets, Plus500, XTB, and Swissquote.

Revenue Development of CFD Brokers
(in %, index value)



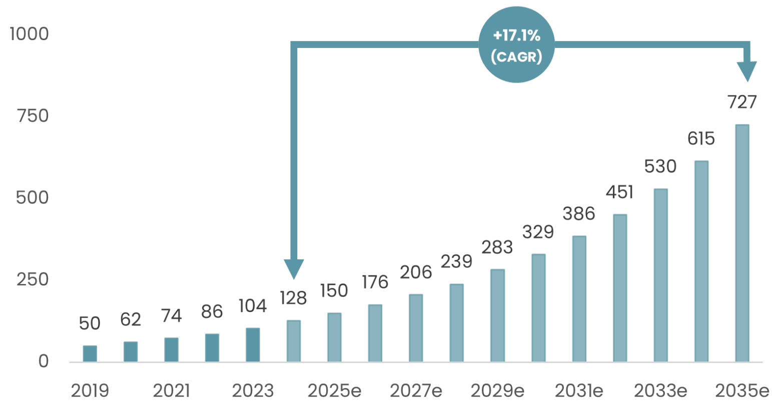
Source, Company,, Capital IQ, Montega

For the CFD brokers also industrywide declines in revenue are observable. There is a noticeable correlation between operational development and volatility in the financial markets as in general the trading activity increases with rising volatility.

From the volatility of the financial markets arise market phases with varying demand. In more volatile times with stronger demand, there are a greater number of potential new customers, increasing transactions per customer, and higher trading volumes. In these phases, CFD brokers are likely to acquire new customers on a large scale at attractive conditions through performance marketing. The companies themselves have little influence on the overarching market development and must respond to the cycles by adjusting their marketing strategy, marketing budgets, and potentially the entire cost structure. As we will elaborate further in the competition section, it should be noted that the global online trading platform market is a polypolistic market, which in our opinion does not exhibit a "the-winner-takes-it-all" characteristic. Rather, the figures of major competitors demonstrate that the market allows for high profit margins and returns on capital in the long term despite high competitive intensity.

With the neo-banking offering through NAGA Pay, the company additionally addresses the significantly larger digital payment market. The market is characterized by high historical growth (CAGR 2019-2023: 20.0%), which according to market analyses is expected to continue with double-digit increases per year in the medium and long term.

Development of the Digital Payment Market
(in USD bn)



Source: Roots Analysis, Montega

Even though the high demand for payment services is likely already met by numerous large players and pure payment providers, the payment functions remain relevant for the majority of potential brokerage customers and could thus provide NAGA with advantages in customer acquisition and retention.

For the future development of the markets relevant to NAGA, we consider the following growth factors to be particularly decisive:

- **Increasing wealth (especially in emerging markets)** leads to both a higher trading budget per customer and new potential customers who for the first time have the necessary excess capital.
- **Development of neo-brokers and -banks** provides access to financial markets, lowers costs, and simplifies the opening and management of accounts via smartphones.
- **Wealth transfer to younger generations** leads to significant wealth growth within NAGA's target group. Self-directed private investors tend to be younger in age - the majority are likely under 45 years old. This group particularly benefits from the impending wealth transfer, where globally USD 18tn is expected to be inherited by 2030.
- **Better availability of data and analysis** has proven to be a significant growth driver for retail trading.
- **Growing acceptance and popularity of cryptocurrencies** increases applications as a tradable financial instrument and as a means of payment.

By developing an all-in-one super app, NAGA links the areas of brokerage and payment and can accordingly benefit from the growth of both markets. This connection simplifies the management of their finances for customers and allows, for example, financial instruments from portfolios or crypto wallets to be used directly for payment. Still, CFD brokerage is likely to remain at the core of the product offering. From the structural trend towards passive investing, which is noticeable with traditional stock brokers, NAGA is not significantly negatively affected. Rather, NAGA serves investors who have a significantly higher return requirement and therefore do not rely on or only supplement with passive products such as ETFs.

High global competitive intensity among established and emerging brokers

NAGA competes as a global online broker with a variety of local and international providers that offer a similar range of products and comparable pricing. The overall competitive environment can be divided into two groups:

1. **Trading-oriented** online brokers focusing on CFDs and other derivatives
2. **Investing-oriented** online brokers focusing on traditional stock, ETF, and bond trading

NAGA can clearly be categorized as part of the first group, although the company also offers suitable products for long-term oriented buy-and-hold customers or ETF savers. This hybrid approach, advancing as a CFD broker also into the related investing area, can also be observed with many other competitors (e.g., eToro). Overall, CFD brokerage continues to dominate both at NAGA and among the competitors we analyzed, even after several years.

In the following illustration, we have contrasted the different characteristics of the two competitive groups that we have identified.

KPI	Investing-oriented	Trading-oriented
Annual trades per customer	<50 transactions	>100 transactions
Annual revenue per customer	<EUR 300 p.a.	>EUR 300 p.a.
Acquisition costs per customer	<EUR 150	>EUR 150
Churn-rate	<3% p.a.	>50% p.a.
Average portfolio size	>EUR 10k	<EUR 10k

Source: Montega

The customers of the trading-oriented brokers are significantly more active and typically generate annual revenues in the mid-triple-digit EUR range. As a result, the payback period of customer acquisition costs is considerably shorter overall, which is essential because churn rates are many times higher than those of "classic" online brokers. However, the achievable margins and cost structure of the two groups are overall comparable in our opinion. The very high gross profit margins of >80% give the business model a high scalability. Personnel costs also show scalability, as the majority of the workforce usually handles SG&A tasks such as controlling, regulatory & compliance, or marketing and IT development activities, which do not grow proportionally with revenue. Accordingly, many companies in the industry have been showing excellent margins for years and operate highly profitably.

In the following table, we depicted the most important listed competitors of NAGA and also divided them into the aforementioned groups. Among the closest trading-oriented competitors is the UK-based and globally established IG Group, which is the largest competitor in terms of market capitalization. In addition, the brokers XTB, Plus500, and CMC Markets are also listed. The Israeli broker eToro, which has developed into one of the top players in recent years, is aiming for an IPO in 2025 after several financing rounds, with the valuation expected to be around USD 5bn.

KPI	Focus	Headquarters	Number of customers	Focus regions	Market cap (EUR m)	Revenue last FY (EUR m)	EBITDA margin FY 2023
CMC Markets	Trading	UK	210k	Global	**875**	**345**	**28%**
IG Group	Trading	UK	180k	Global	**4,400**	**1165**	**47%**
Plus500	Trading	Israel	210k	Global	**2,500**	**665**	**47%**
XTB	Trading	Poland	475k	Global	**2,000**	**350**	**57%**
eToro	Trading	Israel	3.2m	Global	**-**	**ca. 600**	**>16%**
Robinhood	Trading	USA	24.8m	USA	**40,000**	**1724**	**-23%**
flatexDegiro	Investing	Germany	3.1m	Western EU	**1,750**	**380**	**36%**
Interactive Brokers	Investing	USA	3.1m	Global	**20,000**	**3070**	**71% EBT**
Directa.SIM	Investing	Italy	105k	Italy	**75**	**34**	**40% EBT**
Smartbroker	Investing	Germany	180k	Germany	**160**	**49**	**3%**
Bourse Direct	Investing	France	330k	France	**250**	**66**	**37% EBT**
Swissquote	Trading/Investing	Switzerland	610k	Swiss, Western EU	**5,800**	**568**	**48% EBT**

Source: Montega, CIQ

Below we have written a brief overview including some key characteristics of the four most important peers.

XTB is one of the largest CFD and Forex brokers in Europe, with its own branches in over a dozen countries. The company, headquartered in Warsaw, was founded in 2002 and recently generated nearly two-thirds of its revenues in Central and Eastern Europe. The second most important sales market is Western Europe. XTB also serves the regions of Latin America and the Middle East, although these play a subordinate role with 7% and 9% of revenue, respectively. In addition to CFD and Forex brokerage, the company also offers services for institutional clients (~5% of revenue). In recent years, the product range has been significantly expanded and includes innovations such as commission-free trading of classic stocks and ETP (<1% of revenue) or trading of fractional shares. In addition, a social trading feature and the implementation of digital wallets including cards have been announced.

Plus500 was founded in 2008 in Israel and is one of the leading international online CFD brokers. The company holds 13 different licenses (including UK, Cyprus, Australia, USA, UAE, Japan) and operates in over 60 countries. Regionally, the EU nations represent the most important market with 43% of revenues. 9% and 6% of revenues are generated in the UK and Australia, respectively, while 42% are attributed to the remaining markets, resulting in strong geographical diversification. In terms of profitability, Plus500 is the most profitable of the four close peers measured by EBITDA margin and has achieved an average EBITDA margin of 56% over the past six years with overall constant revenues. Plus500 is also likely to benefit from its, in our opinion, above-average loyal customer base (thus less marketing needed for the same revenue), as in 2022, 2023, and in H1/24, 87% and 88% of revenues were generated from customers who have been active for over a year. Plus500 currently does not have a social trading feature or payment solution comparable to NAGA.

IG Group claims to be the world's largest CFD broker by revenue and was founded in 1974. The group's focus is on trading OTC derivatives such as CFDs, which recently accounted for about 80% of revenues. Approximately 15-17% of revenues come from trading exchange-traded derivatives, while the business of trading stocks and other "classic" financial instruments contributes less than 5%. The company's geographical focus is on its home market UK and Ireland (~30% of revenues) and the Middle East/APAC, which also contribute nearly 30% of the group's revenue.

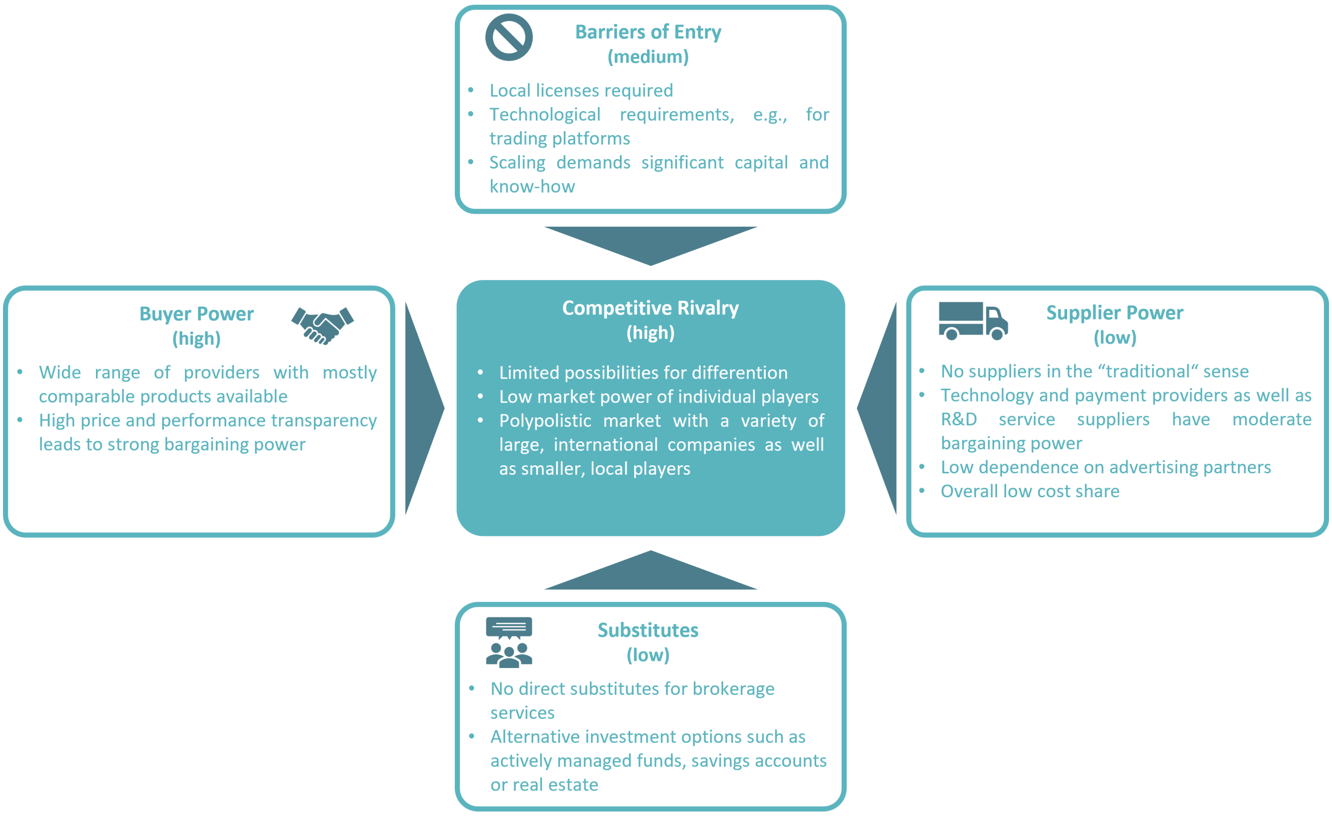
CMC Markets is a UK-based and globally active CFD broker with over 200,000 clients. The company has been in the market for over 35 years. Similar to the competition, CMC also generates the majority of its revenues in the trading area (FY2024: 88%), while traditional trading of stocks and bonds recently accounted for only 12% of revenues. Although the company has significantly expanded its product range in recent years, for example by adding cryptocurrencies, CMC currently does not have a social trading feature. At the margin level, the company operated below the levels of the three competitors mentioned above and achieved an EBITDA margin of 28% in 2023.

In the framework of the Porter's 5 Forces analysis, we classify the competitive position of the NAGA Group overall as solid. Following the merger, the company was able to successfully renegotiate terms with suppliers such as liquidity providers due to the increase in size.

Within the industry, NAGA competes with several large providers that also have modern trading platforms and a wide range of tradable instruments. However, the industry is not dominated by a single large player; instead, it is a polypolistic market where a multitude of companies achieve high profit margins.

Even though product innovations can be replicated relatively promptly due to the existing development capacities, NAGA can differentiate itself to some extent through its social trading functionality and the already highly developed super app (NAGA Pay already includes a stock portfolio). In the area of social trading, network effects could also form. With a focus on app usage, the company positions itself with young and future generations for whom "Mobile First" has become a given.

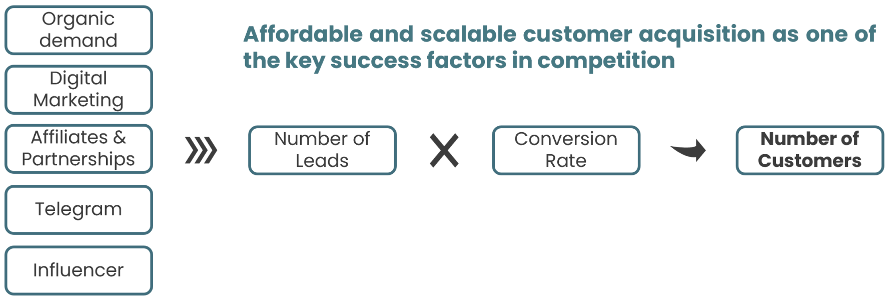
Competitive Position of The NAGA Group AG



Historically strong growth to be fueled by merger

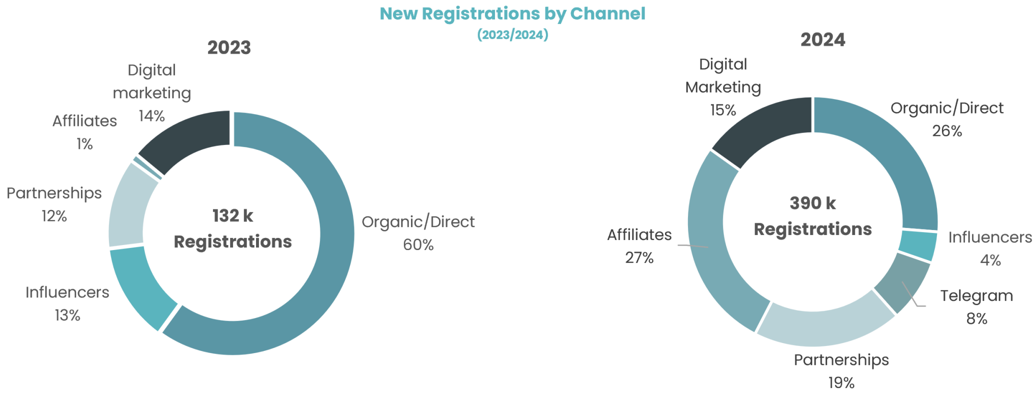
The current NAGA Group AG consists of the "old" NAGA before the merger and the Key Way Group, which became part of the group as part of the merger. While NAGA is the acquiring company from a legal perspective, the Key Way Group, which was valued significantly higher during the merger, is considered the acquirer from an accounting perspective, which is why the historical balance sheet items published from 2024 onwards correspond to those of the Key Way Group. Below, we have outlined the historical financials of both companies. In early February 2025, the "new" NAGA has already presented the first preliminary figures for 2024. For the previously unlisted Key Way Group, essentially only the figures from 2020 to 2022 are available, which mainly derive from a PwC valuation report published in relation to the merger.

Fundamentally, NAGA's top line is primarily determined by trading volume, as NAGA, in our view, primarily earns on the spreads in CFD trading. Accordingly, in addition to the average trading volume, the number of transactions is also of high importance, which in turn depends on the trading frequency as well as the number of customers served. Customer acquisition at CFD brokers often takes place through a multi-stage model. Initially, focused performance marketing is deployed as precisely as possible to the target audience, which is complemented by targeted brand marketing measures such as sponsorships. Interested customers often register in an initial step for a free demo account and test the platform. Finally, a portion of these demo users decide to trade with real money. NAGA acquires new customers through over half a dozen different channels, with the significance of these changing noticeably as a result of the merger.



Source: Company, Montega

While in the year before the merger, the majority of customers were acquired organically (through word of mouth, brand awareness, internet research, etc.), with an additional 12-14% coming from digital marketing, partners, or influencers, the number of new customers in 2024 almost tripled, which in our opinion underscores the scalability of the channels.

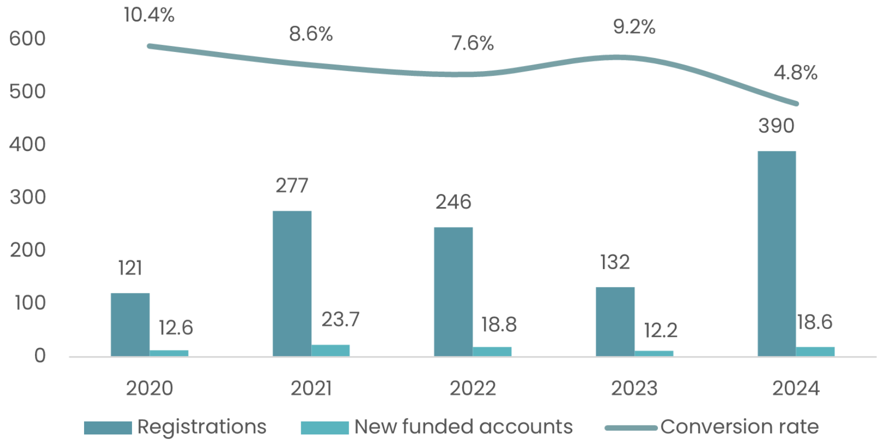


Source: Company, Montega

The biggest changes resulted from the launch of the Telegram "Trading function" and the significant expansion of affiliate marketing from 1% to 27%. Despite the relatively decreased share, the number of organically acquired customers, for which no direct costs are incurred, also developed positively (101k vs. 79k in the previous year). Overall, we like the diversified structure of the group's marketing channels and the strategy to primarily focus on performance-oriented or success-based concepts. The complementary campaigns to increase the awareness of the relatively young broker with Mike Tyson and Borussia Dortmund are likely to have positive effects, also in view of the quality of the chosen partners.

In the past, NAGA was able to convert nearly 10% of registered users into paying customers. The following illustration shows both the development of this conversion rate and the development of the absolute number of registrations and new funded real-money accounts. As a result of the merger, the number of new customers in 2024 could be significantly increased in which was probably a moderate market environment, despite a lower conversion rate. The resumption of the substantially reduced marketing in 2023 is intended to further establish the NAGA brand and lead to higher conversion rates in the future.

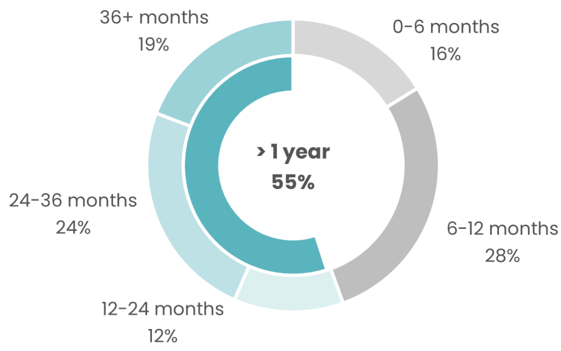
Development of registrations and new funded accounts
(in k; in %)



Source: Company, Montega

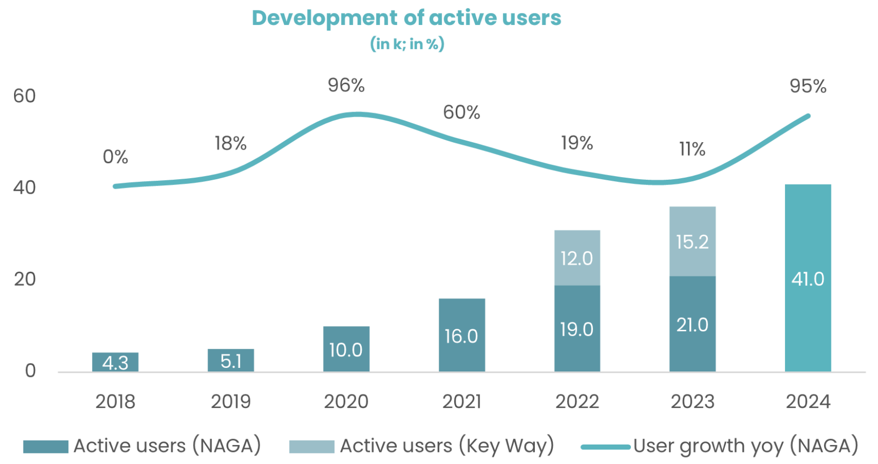
In addition to efficient customer acquisition, customer retention is a particularly important factor, as the value of customers increases significantly with the duration of their activity. In contrast to traditional brokers, who have a churn rate of only 2-5% per annum, CFD brokers typically lose a large portion of new customers within the first or second year after registration. At the same time, however, the payback period is only a few months, so CFD brokers can achieve mid-double-digit EBITDA margins despite the comparatively high churn rates. At NAGA, 55% of customers have been active for at least one year, 43% for over two years, and 19% for more than three years.

Length of customer relationsips
(in % of total customers)



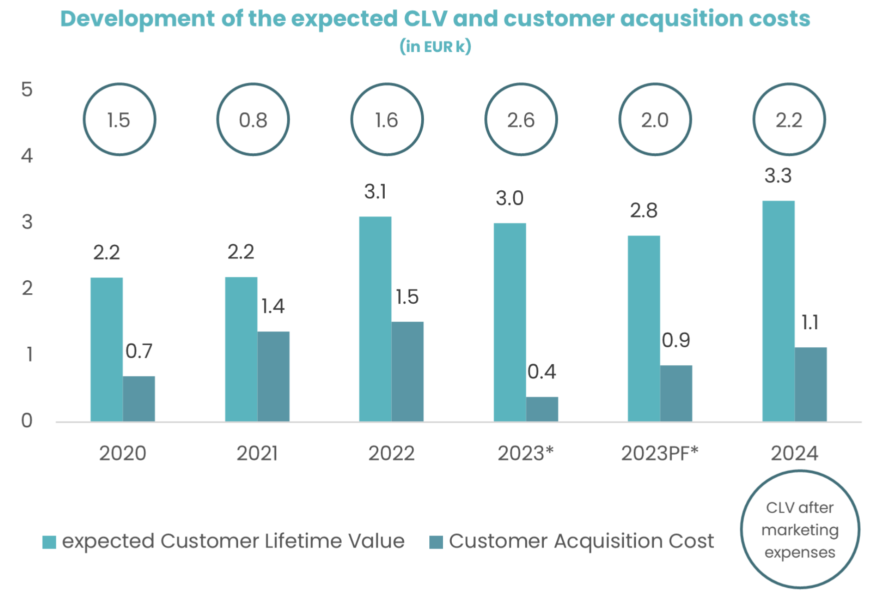
Source: Company

To reduce the churn rate, NAGA prioritizes the continuous development of the platform with a modern and appealing user interface. By further expanding social trading, customers are expected to stay longer with the company and can be supported by the community during difficult times. Thanks to the wide product portfolio, users who are temporarily not actively trading can still use the payment functions, hold cryptocurrencies, or make long-term investments in stocks or ETFs.



Source: Company, Montega

In recent years, NAGA has been able to continuously increase the number of active users and thus overcompensate the churn rate. The number of active users increased by 6k and 3k respectively with around 20k new customers in 2021 and 2022. Last year, the number of users increased significantly again as a result of the merger, with the effect additionally influenced by a redefinition according to which active users have traded in the last 12 months (previously: last 6 months). According to this definition, NAGA would have already had 27k active users in 2023.



Source: Company | * actual 2023 results of NAGA and pro forma consolidated figures

The value per customer is calculated by NAGA based on the expected revenue within the first 12 months, which in our opinion should also reflect the majority of the revenues from the acquired new customers.

Due to the short sales cycle and the predominant realization of new customer revenue within a few months, the top-line development of a CFD broker can be influenced with exceptionally low time delay by the level of marketing expenses. The efficiency of customer acquisition is reflected in our opinion in the Customer Lifetime Value after deducting the incurred marketing costs. Thus, it can be profitable to incur higher marketing expenses per customer in attractive regions such as the Middle East. In the three years from 2020 to 2022, the CLV after marketing costs was comparatively low at EUR 800 to EUR 1.6m per customer before the efficiency of marketing measures and the quality of customers increased significantly in 2023 and 2024, and a contribution margin of over EUR 2,000 per customer could be achieved.

Apart from the number of active customers, NAGA's revenue development is determined by three other key drivers. These include the number of transactions per customer as well as the average trading volume per trade, as NAGA collects a percentual "fee" of the trading volume (spread). The amount of this spread represents the third crucial factor influencing the top line.

Main drivers and influencing factors

- Amount of marketing budget
- Effectiveness of marketing
- Strength/recognition of the brand
- Churn rate

- Volatility, market situation and mood
- Product range (e.g. social trading)
- Quality of customers

- Client account size
- Available leverage of CFDs

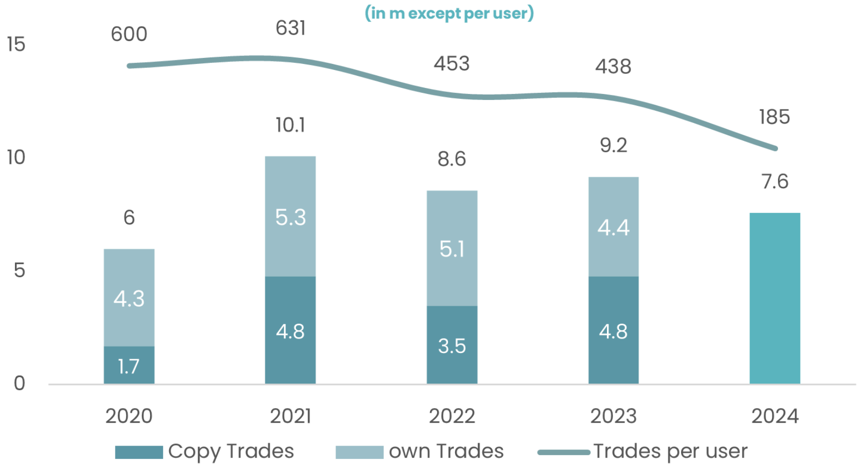
- Price positioning
- Product mix
- Region

Other revenue sources:
- Neobanking
- Transaction-dependent revenues (fixed fees)
- Interest income

Source: Montega

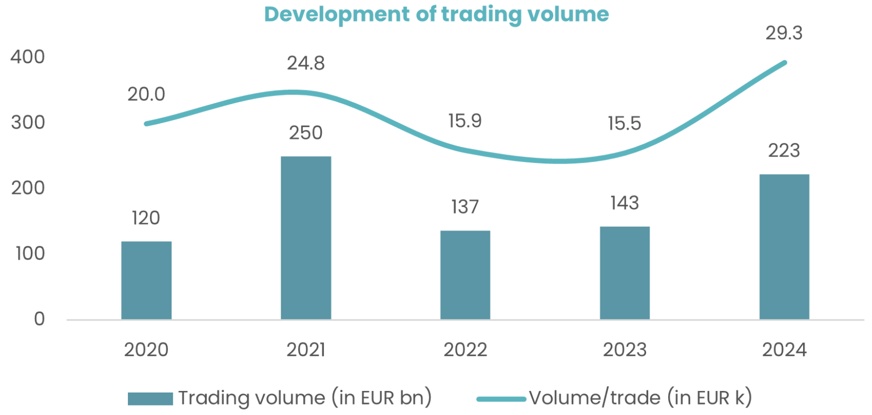
For the development of trades, the company is dependent on external factors such as the general market sentiment, which in turn depends on the volatility of the financial markets. On the other hand, NAGA benefits from the social trading functions and the wide range of tradable instruments, which is likely to lead to an increasing trading frequency. The fundamental quality of the acquired customers is also crucial for the trading activity.

Development of trades
(in m except per user)



Source: Company, Montega

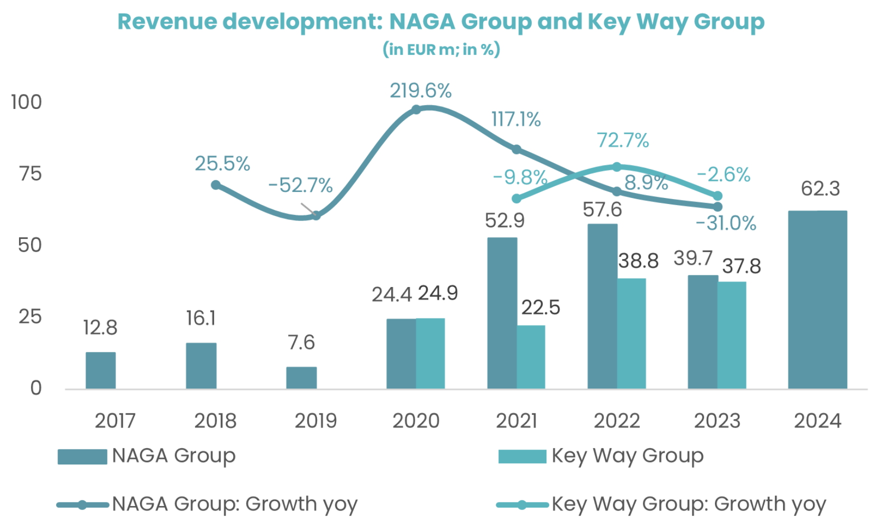
The above graphic shows the high importance of copy trades, which accounted for more than half of all trades in 2023. In addition to the copy trading function, social trading also consists of a feed that allows for member exchanges and can further increase activity. Nonetheless, the average trades per user declined over time, which could be attributed to the expansion of the service offering to include payments and traditional ETF and stock trading. This made NAGA accessible to a broader customer base and was no longer exclusively targeted at frequent CFD traders. In 2024, the partial cessation of NAGA's marketing activities affected trading activity. Additionally, trades per user were influenced by the incorporation of former CAPEX customers, who trade less frequently but in higher volumes compared to NAGA users. Since the company uses closed trades as a KPI, the number can also be influenced by users' confidence in their positions and the corresponding holding period.



Source: Company, Montega

In contrast to the relatively constant number of trades, the trading volume and thus the average trade size fluctuate significantly more. As key influencing factors for the volume per trade, we see the average account size of customers and the available leverage. In 2024, deposits per new customer averaged around EUR 5,000, while customer assets, also merger-related, increased by 65% yoy and exceeded the EUR 100m mark. The tradable leverage depends on the respective regional regulations. Due to the new CAPEX customers in regions outside the EU with lower regulatory hurdles, the volume per trade increased significantly in 2024.

Based on the trading volume, transaction-based revenue is derived from the spread levied on the total trading volume. In the past, this was generally constant at around 25bp. There are likely to be product-related and regional differences.

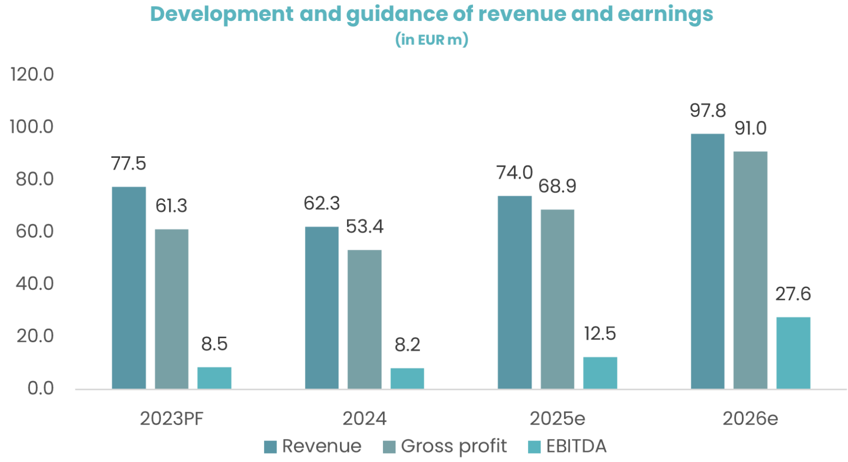


Source: Company

As can be seen in the years 2019 and 2023, there have been significant revenue declines in the past, associated with a reduction in marketing and/or market-related declines. It is noteworthy that in the two years in question, other CFD brokers also experienced declines. Overall, the revenues of the "old" NAGA have increased significantly since the IPO in 2017 and have more than tripled between 2017 and 2023 (+209% from EUR 12.8m in 2017 to EUR 39.7m in 2023). The revenues are almost entirely attributable to the brokerage business, as the second segment (Neo-Banking) accounted for only EUR 0.1m in 2023. In the Neo-Banking segment, revenues from NAGA Pay-subscriptions, cash withdrawal and card fees, as well as other payment-related fees, are included.

Analogous to the "old" NAGA, the Key Way Group also shows high growth dynamics. After a revenue decline of 10% was recorded in 2021, revenues increased by 73% in 2022. In the 2023 financial year, the revenue of both companies was at almost the same level with approximately EUR 40m.

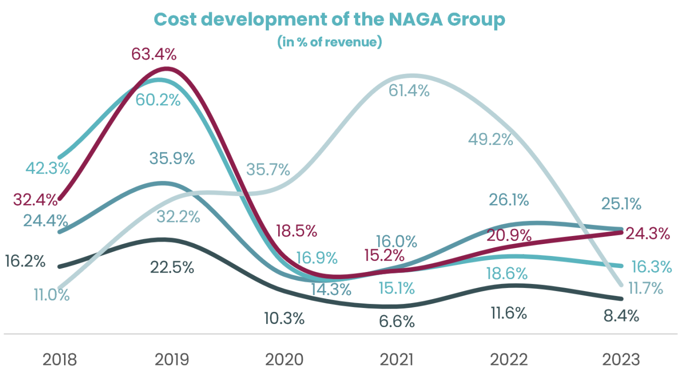
For the next few years, the company's current mid-term guidance envisions a continuation of the growth path with double-digit increases per year alongside an increase in profitability. The growth is expected to be driven primarily by efficient and locally tailored marketing measures.

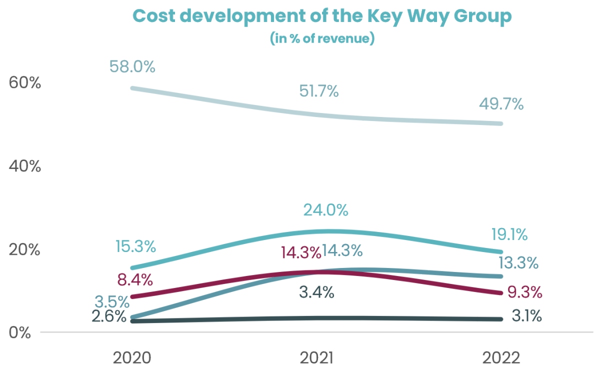


Source: Company

Significant profitability increase through scaling and realization of cost synergies envisaged

NAGA's cost structure shows only low variable material costs and thus high gross margins. Depending on growth ambitions, marketing costs represent the highest cost position. Additionally, the business of CFD brokers is mainly characterized by high personnel expenses.





Source: Company, Montega

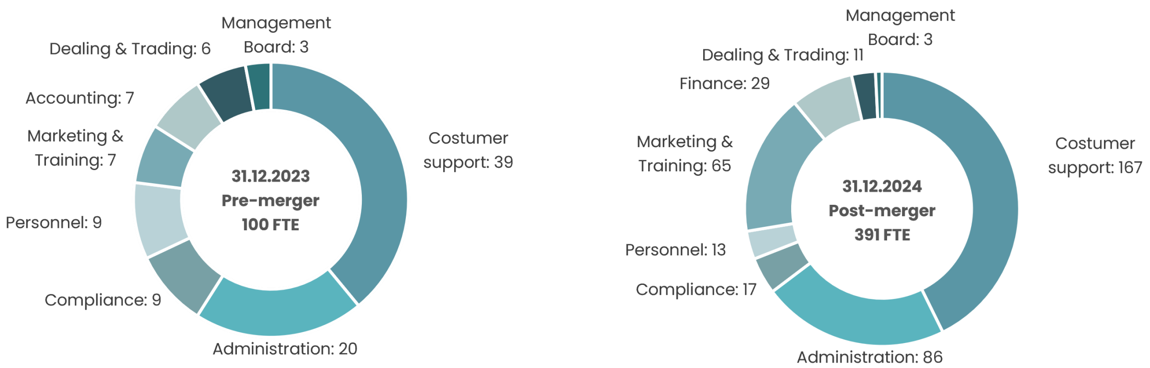
Material Costs: These primarily include costs for the execution and hedging of transactions, expenses related to trading platforms, and liquidity management. NAGA's material cost ratio was 25.1% in 2023, slightly above the average of 23.6% for the years 2018-2023. In addition, technology costs and payment processing fees arise.

Through the doubling of sales as part of the merger, management aims to renegotiate contracts with key partners. Due to the higher volume, NAGA could obtain better terms, although the savings potential is limited given the comparatively low total material costs of approximately EUR 10m to EUR 12m.

Personnel Costs: The development of personnel costs reflects the strong growth of the company as well as the management's quick response to changing market conditions. Thus, the absolute personnel expenses could be reduced from 2018 to 2020 from EUR 6.8m to EUR 4.1m despite strong sales growth, resulting in the personnel expense ratio dropping to 16.9%. In the course of further growth, the workforce was subsequently expanded again, so that personnel costs doubled to EUR 8.0m in 2021 and rose to EUR 10.7m in 2022. Due to strong sales growth, the expense ratio remained stable at approximately 17%. In 2023, the management responded to the subdued market environment by reducing the workforce (173 to 100), which reduced personnel expenses to EUR 6.5m.

Through the merger completed in 2024, NAGA expected considerable synergies at the personnel cost level as there were duplicate structures in many areas. Even though significant efficiences have already been realized by reducing the combined workforce by 24%, the headcount nearly quadrupled in comparison to the "old" NAGA. Especially affected has been the personnel responsible for the customer experience and journey (+128 employees) as well as the areas administration (+66 employees) and Marketing/Training (+58 employees). The distribution of employees before and after the merger presented itself as follows:

Distribution of NAGA employees
(2023/2024)



Source: Company, Montega

Compared to other listed online brokers with a focus on CFDs, NAGA has had a below-average personnel expense ratio for years, which was only slightly affected by the drastic raise in the number of employees (2024: 17.4% vs. 16.3% in 2023). Specifically, the expense ratio of competitors CMC Markets, IG Group, Plus500, and XTB averaged 21% of revenue from 2018 to 2023, with Plus500 currently having the leanest structure at 13%.

Research and Development Costs: In recent years, NAGA invested approximately 10% of its revenues in further developing its platform. The company also categorizes its R&D costs according to application. After a record sum of EUR 6.7m was invested in 2022 to develop, among other things, the crypto platform NAGAX launched in the same year, R&D costs fell back to the average level of EUR 3.4m for the years 2018-2023 in 2023. Although the merger significantly increased the company's size, R&D expenses only rose moderately to EUR 3.8m. The focus stayed on further developing Naga Trader, the company's most important module.

NAGA development costs
(in EUR m)

Source: Company, Montega

At Key Way Group, IT expenses include the costs for IT service providers as well as expenses for technology and license fees. The expense ratio averaged 3.1% during the period from 2020 to 2022.

In the future, the R&D teams of the two merged companies are expected to further work together on developing the NAGA technology plattform as well as the internal tools the Key Way Group brought into the company. The higher combined capacities should achieve either cost-side synergies or a significant increase in development speed and scope.

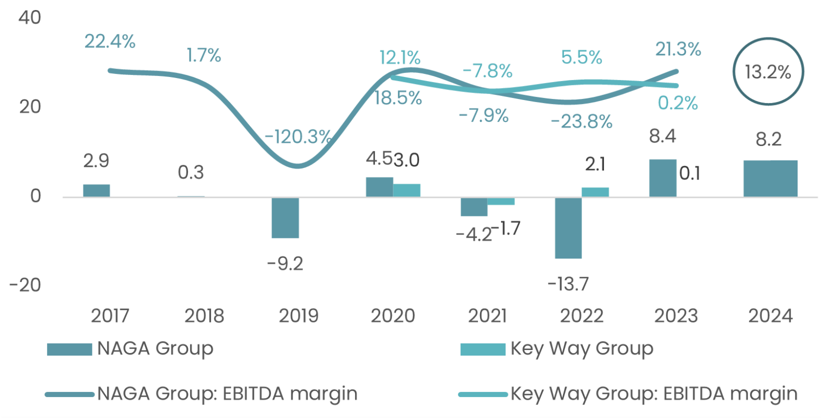
Marketing costs: Marketing expenses for customer acquisition are a central component of the business model and a dominant cost factor in the income statement. NAGA's focus is on classic online-based performance marketing as well as selected partnerships. The latter includes, for example, sponsoring the football club Borussia Dortmund. Due to the relatively high churn rate of over 50% in connection with the short payback period of less than a year, the short-term top-line development can be controlled by the level of marketing expenses.

At NAGA Group, marketing and advertising expenses were the largest cost item from 2020 to 2022 and were accompanied by increasing acquisition costs per customer before being reduced to EUR 4.6m in 2023 in a more challenging market environment (previous year: EUR 28.3m; -83.6% yoy) to shift the focus from aggressive growth to profitability.

At Key Way, marketing expenses always represented the largest cost factor. In 2022, the expense increased by 65.8% from EUR 11.6m to EUR 19.3m, but in relation to revenue, marketing expenses decreased due to even higher revenue growth of 72.7% from 51.7% in 2021 to 49.7% in 2022, thus reaching a similar level as NAGA in 2022 (49.2%).

Other operating expenses: Other operating expenses represent a significant cost position at NAGA. The ratio recently increased in 2023 as a result of the revenue decline, despite a decline in absolute expenses, to 24.3% (+3.4pp). The main items are legal and consulting costs (20.5% of other operating expenses in 2023), expenses for licenses and concessions (14.1%), web services (13.6%), and external services (10.7%). The other operating expense ratio was always lower at Key Way Group than at NAGA and was 9.3% in 2022. Several expenses are likely to occur at both companies, allowing for synergies. For example, license expenses can be optimized since only one license per region is needed. Additional savings potential may exist in consulting and accounting costs, among others. Additionally, the reduction in the number of employees could potentially lead to a reduction in related expenses for office rents and equipment.

EBITDA development: NAGA Group and Key Way Group
(in EUR m; in % of revenue)



Source: Company, Montega

The EBITDA development was characterized by high volatility at both NAGA and the Key Way Group. In 2023, the new focus on profitability paid off, resulting in significant savings across all cost positions, achieving a record EBITDA of EUR 8.4m despite the decline in revenue. The merged company generated an EBITDA of EUR 8.2m in 2024 with an EBITDA margin of 13.2% (pro forma EBITDA margin 2023: 11.0%). In our opinion, the business model supports significantly higher margins in the long term. Competitors such as CMC Markets, IG Group, Plus500, and XTB achieved average EBITDA margins of 45%. Even in cooling market phases in the CFD sector, such as in 2019 and 2023, the margin level could be maintained. NAGA targets a significantly increasing EBITDA margin over the next two years, starting at 17% in 2025 and rising to 28% in 2026. This is to be achieved through economies of scale, efficient marketing, and cost synergies.

NAGA strives for substantial rise in net income

Below the EBITDA, only moderate depreciation, low interest expenses, and taxes are incurred. Because of the business model, depreciation only occurs to a small extent on tangible assets such as operating and business equipment, so the majority of the total depreciation relates to intangible assets. Thus, in the years 2021 to 2023, approximately 95% of the depreciation related to customer bases (EUR 2.0m - 3.3m depreciation p.a.), capitalized own work (EUR 1.6m - 4.0m p.a.), and software and technology (EUR 1.3m - 1.4m p.a.). In addition, one-time impairments occurred in 2022 and 2023. These related in 2022 to digital NAGA-Coins held as a financial investment (book value: EUR 15.3m), which were completely written off. In 2023, goodwill was impaired by EUR 57.0m, which was related to the acquisition of the online broker Hanseatic Brokerhouse Securities AG in 2018. The reason for the impairment was, among other things, the significant increase in the discount rate from 7.46% to 12.55% and the unspecified adjustment of other valuation factors such as the number of active users, average deposits, and customer acquisition costs.

At the financial result level, NAGA has repaid all outstanding financial liabilities in 2024, so a roughly neutral financial result should be expected in the future. Since the company already generated a slightly positive free cash flow in 2024 and will additionally benefit from higher cost synergies in 2025, further financing of growth should be possible in our opinion without raising external funds. New interest-bearing liabilities in significant amounts should therefore only be taken on by NAGA in connection with further acquisitions.

For tax purposes, a tax rate of 17.2% for the NAGA Group and 12.7% for the Key Way Group was determined in the PwC valuation report for the at this point separate companies, based on the respective countries of the subsidiaries. Accordingly, a comparatively low tax rate of around 15% could be realistic in the future.

The net profit is expected to rise from EUR -5.5m to EUR 11.7m in the period 2024-2026. The large difference to EBITDA is mainly due to non-cash-effective depreciation, amortization and impairments of EUR 10.8m in 2024, which are expected to increase to EUR 11.8m and EUR 13.1m in 2025 and 2026, respectively. The increase is likely related, among other things, to rising marketing expenses, which are capitalized if they can be directly attributed to a new customer and are then amortized on a scheduled basis over three years. The tax and financial result reduced the net income for 2024 by EUR 2.9m, and a negative contribution of EUR 1.4m and EUR 2.8m is forecasted for 2025 and 2026, respectively.

Net cash position and high intangible assets dominate the balance sheet

The balance sheet structure of the NAGA Group reflects the non-capital-intensive business model of the company both before and after the merger. As a result, the asset side is particularly characterized by high intangible assets (EUR 74.6m post-merger; 73.2%). Before the merger, these mainly consisted of goodwill in the amount of EUR 37.9m (73.0% of intangible assets as of 31.12.2023), capitalized in-house developments (EUR 5.9m; 11.4%), software/technology (EUR 3.9m; 7.6%), and capitalized customer bases (EUR 3.4m; 6.6%).

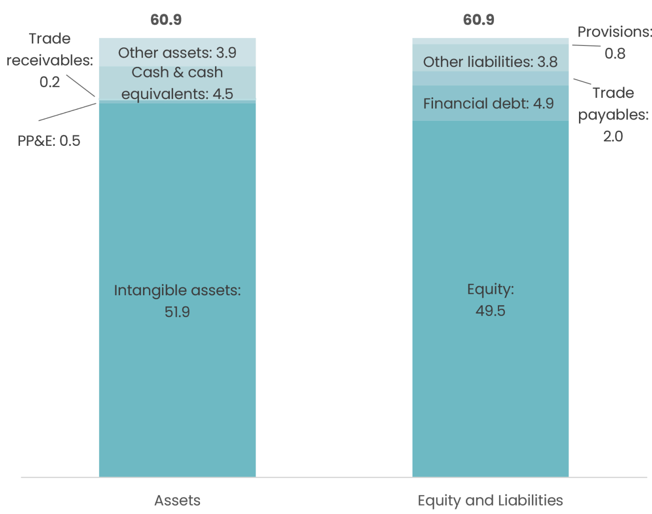
In the course of the merger, the "old" NAGA Group was incorporated with an assigned value of EUR 55.7m, resulting in an additional goodwill of EUR 6.3m, considering the equity (31.12.2023: EUR 49.5m). The Key Way Group itself had only low intangible assets amounting to EUR 2.9m in 2023, which increased by a goodwill of EUR 17.1m in H1/2024 due to the acquisition of Neotrades. Thus, the balance sheet of the "new" NAGA Group is likely to consist of about 60% goodwill on the asset side.

In addition to the group of intangible assets, cash and cash equivalents amounting to EUR 12.3m (12.1% of the balance sheet total) form the second largest item, followed by other current assets and receivables from affiliated companies (EUR 5.7m; 5.5%) and trade receivables (EUR 4.0m, 3.9%). Furthermore, there are no other significant assets since NAGA has no substantial property, plant, and equipment (EUR 0.5m) or leased right-of-use assets (EUR 0.9m) and only minor financial investments amounting to EUR 0.5m.

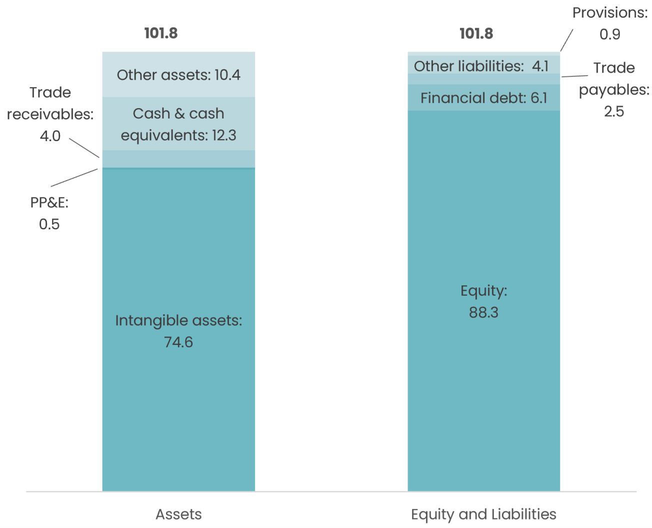
The liability side of the group's balance sheet is particularly characterized by the high equity ratio of 86.7%. It should be noted that this equity, as mentioned at the beginning, is primarily based on the goodwill, which was already significantly impaired by EUR 57.0m in the previous year.

The financial liabilities as of the reporting date mainly consisted of a loan from shareholder Apeiron amounting to EUR 5.0m, which was assigned to the holding company of CEO Octavian Patrascu in September 2024 and has since been repaid. The convertible bond mentioned at the beginning of the investment note, which was subscribed by the CEO, is accounted for in equity due to the partial conversion in June 2024 and the existing obligation. As of now, the convertible bond has been fully converted. Additionally, Mr. Patrascu provides a credit facility of up to USD 10.0m. With EUR 2.5m or 2.4% of the balance sheet total, liabilities from trade payables and lease liabilities (EUR 0.9m, 0.9%) represent comparatively lower items. Furthermore, there are other current liabilities (EUR 3.1m; 3.1%) as well as minor tax provisions (EUR 0.1m) and other provisions (EUR 0.7m).

"Pre-merger" - Balance sheet structure
(as of 31.12.2023; in EUR m)



"Post-merger" - Balance sheet structure
(as of 30.06.2024; in EUR m)

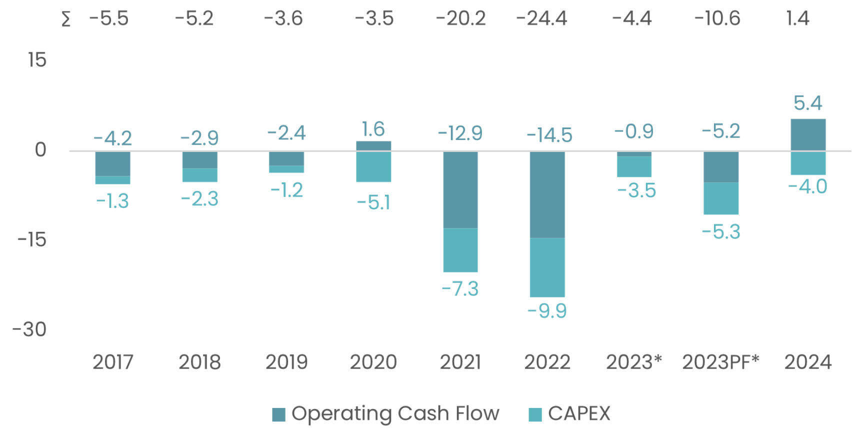


Source: Company, Montega

Significantly improved cash flow generation observable

At the cash flow level, NAGA reported predominantly negative operational cash flow in recent years due to continuous reinvestment and negative working capital movements as part of the growth strategy. The required CAPEX, due to the non-capital-intensive and low-investment business model, generally ranged between EUR 1.0m and EUR 5.0m per year. Specifically, this is almost entirely allocated to capitalized own work and capitalized customer acquisition costs. After the merger, NAGA was able to report a significantly positive operational cash flow in 2024. We have depicted this development below and provided the cash flow for 2023 both on a pro forma basis and for the pre-merger NAGA. This shows that the Key Way Group, for which few financial data from the 2023 fiscal year are known, also generated a slightly negative cash flow.

Cashflow-Development of NAGA
(in EUR m)



Source: Company, Montega | * actual 2023 results of NAGA and pro forma consolidated figures

For 2025 and 2026, the management plans a remarkable improvement not only at the earnings level but also at the cash flow level. This is likely to be fueled by the only disproportionately increasing CAPEX requirements. The current mid-term guidance foresees a significantly increasing free cash flow to EUR 6.1m in 2025 and EUR 20.0m in 2026.

Conclusion

NAGA Group is strategically positioned to capitalize on the global growth of the CFD brokerage, crypto and payment markets. After a turbulent history, NAGA successfully merged with the Key Way Group in 2024. Following the transformative merger, NAGA already realized a large portion of the identified cost synergies, further increased the initial expectations for additional savings potential and showed significant progress in terms of both profitability and cash flow. The merger not only expanded NAGA's market reach and licensing portfolio but has also provided access to proprietary marketing tools of the Key Way Group that drive the efficiency and scale of advertising.

With the development of its all-in-one super app nearing completion in the current year, NAGA is set to expand the competitive advantage of its social trading functions. As integration with Key Way Group advances, 2025 marks a pivotal year for accelerating marketing efforts and targeting profitable growth with a substantial margin expansion. The sustainable EBITDA margins in the mid double-digit range, which NAGA strives to achieve, are supported by the business model as demonstrated by leading peers like IG Group and XTB.

Peer Group Analysis

In the online brokerage sector, as initially stated, several companies are publicly listed, which, in our opinion, offer good comparability to the business model of the NAGA Group. We have included both trading and investment-oriented brokers in the peer group analysis. The future expectations correspond to the respective current analyst consensus.

Peergroup The NAGA Group AG

	Price	MC / Sales				Growth yoy			
Company	(LC)	**2024**	**2025e**	**2026e**	**2027e**	**2024**	**2025e**	**2026e**	**2027e**
CMC Markets Plc	2.18	1.8	1.8	1.8	1.7	15.4%	2.0%	0.9%	4.8%
IG Group Holdings plc	9.37	3.9	3.2	3.0	2.9	-10.3%	21.8%	4.9%	4.5%
XTB S.A.	64.98	4.1	3.8	3.5	3.5	18.0%	8.4%	8.0%	0.5%
Robinhood Markets, Inc.	44.42	13.3	10.6	9.7	8.3	58.2%	26.1%	9.2%	16.3%
Swissquote Group Holding Ltd	377.00	8.7	8.4	7.7	6.8	21.1%	3.3%	9.9%	12.7%
flatexDEGIRO AG	19.88	4.5	4.4	4.0	3.6	22.9%	1.9%	8.6%	12.5%
Interactive Brokers Group, Inc.	192.17	4.0	3.8	3.6	3.3	20.4%	5.0%	6.7%	9.2%
Directa Sim S.p.A.	4.19	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Smartbroker Holding AG	10.30	3.3	3.1	2.7	2.3	11.8%	6.3%	17.2%	17.1%
Bourse Direct SA	4.58	3.1	3.1	3.1	n.a.	11.5%	1.2%	-2.7%	n.a.
Median		**4.0**	**3.8**	**3.5**	**3.4**	**18.0%**	**5.0%**	**8.0%**	**10.9%**
The NAGA Group AG	**0.50**	**1.9**	**1.6**	**1.2**	**0.9**	**56.8%**	**18.1%**	**25.8%**	**31.6%**
Potential/Difference		114%	139%	179%	254%	38.9 PP	13.1 PP	17.8 PP	20.8 PP
Fair value per share		**1.07**	**1.19**	**1.39**	**1.76**				

	MC	MC/EBT				EBT margin			
Company	(LC m)	**2024**	**2025e**	**2026e**	**2027e**	**2024**	**2025e**	**2026e**	**2027e**
CMC Markets Plc	606	8.3	5.6	5.7	5.2	22.1%	32.0%	31.2%	32.5%
IG Group Holdings plc	3,290	7.1	6.0	5.8	5.6	55.2%	53.2%	52.9%	52.3%
XTB S.A.	7,640	31.3	36.4	39.6	52.3	13.0%	10.3%	8.8%	6.6%
Robinhood Markets, Inc.	39,332	40.0	25.8	24.1	17.8	33.3%	40.9%	40.1%	46.8%
Swissquote Group Holding Ltd	5,601	15.6	14.3	13.1	12.1	55.7%	58.8%	58.3%	56.3%
flatexDEGIRO AG	2,147	13.1	12.2	10.2	8.3	34.0%	35.9%	39.7%	43.1%
Interactive Brokers Group, Inc.	20,933	6.1	5.5	5.5	6.1	65.0%	69.4%	64.4%	53.3%
Directa Sim S.p.A.	79	5.1	5.0	4.8	n.a.	n.a.	n.a.	n.a.	n.a.
Smartbroker Holding AG	173	neg.	neg.	neg.	n.a.	-2.9%	-12.9%	-3.7%	n.a.
Bourse Direct SA	236	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Median		**10.7**	**9.1**	**8.0**	**8.3**	**33.7%**	**38.4%**	**39.9%**	**46.8%**
The NAGA Group AG	**116**	**neg.**	**82.6**	**12.8**	**6.1**	**-5.0%**	**1.9%**	**9.8%**	**15.5%**
Potential/Difference		n.m.	-89%	-37%	36%	-38.7 PP	-36.5 PP	-30.1 PP	-31.3 PP
Fair value per share		**n.m.**	**0.05**	**0.31**	**0.67**				

	MC	PE				FCF yield			
Company	(LC m)	**2024**	**2025e**	**2026e**	**2027e**	**2024**	**2025e**	**2026e**	**2027e**
CMC Markets Plc	606	13.0	9.2	9.6	9.0	12.0%	11.3%	9.8%	10.1%
IG Group Holdings plc	3,290	10.4	9.0	8.5	8.0	11.5%	12.6%	12.0%	12.4%
XTB S.A.	7,640	n.a.	10.7	11.6	15.5	n.a.	7.8%	6.7%	4.6%
Robinhood Markets, Inc.	39,332	28.5	31.0	29.5	24.3	n.a.	3.8%	4.0%	4.2%
Swissquote Group Holding Ltd	5,601	19.3	18.2	16.4	15.1	5.5%	5.7%	5.6%	5.4%
flatexDEGIRO AG	2,147	20.3	17.1	14.9	11.7	5.5%	5.8%	6.8%	8.6%
Interactive Brokers Group, Inc.	20,933	27.3	25.8	24.4	24.0	n.a.	n.a.	n.a.	n.a.
Directa Sim S.p.A.	79	7.5	7.4	7.1	n.a.	n.a.	n.a.	n.a.	n.a.
Smartbroker Holding AG	173	neg.	neg.	neg.	n.a.	2.0%	-0.6%	1.2%	1.4%
Bourse Direct SA	236	12.1	12.1	12.2	n.a.	7.5%	8.3%	8.2%	n.a.
Median		**16.2**	**12.1**	**12.2**	**15.1**	**6.5%**	**6.8%**	**6.8%**	**5.4%**
The NAGA Group AG	**116**	**neg.**	**neg.**	**14.2**	**7.1**	**-3.5%**	**1.4%**	**8.9%**	**17.5%**
Potential/Difference		n.a.	n.m.	-14%	113%				
Fair value per share		**n.m.**	**n.m.**	**0.43**	**1.06**				

Source: Capital IQ

Currently, NAGA is trading at 1.6 times the expected revenue in 2025, while the peer group is valued more than twice as high. With the forecasted double-digit revenue growth for NAGA, the revenue multiple will decrease to 0.9 in 2027. The noticeable discount to the peer group is, in our opinion, attributable to the significantly lower margin level. The current transformation of NAGA is visible in terms of results, which is already generating a positive EBITDA, but is not profitable after depreciation. In contrast, the peer group generates median EBT margins of 30-40%. For NAGA's pre-tax profit, analysts expect a slightly positive value of EUR 1.4m from 2025 onwards. The associated multiples are, in our opinion, not very meaningful. A lower EBT multiple compared to peers only results in relation to the 2027 forecasts due to high profit growth. The margin consensus in 2027 still remains significantly below the level of the peer group (NAGA: 15.5% EBT margin vs. 46.8% for peers).

SWOT

The NAGA Group AG is characterized by its broad FinTech offering and the super app strategy. Challenges arise mainly from strong competition and high customer churn.

Strengths

- **Broad range of services:** NAGA includes a social trading platform for various instruments with a social media feed and copy trading, a cryptocurrency exchange, and payment options via fiat and cryptocurrencies.
- **Super app functionality:** The NAGA Pay app already combines payment solutions with a stock account and copy trading. The entire range of services of NAGA is expected to be concentrated into one app as a one-stop shop within the current year.
- **Agility of a medium-sized company and skin-in-the-game:** Thanks to lean structures and short decision-making paths, NAGA can quickly respond to market changes and close unprofitable business areas at short notice. Decisions are probably made in the interest of the shareholders as the incentives of CEO Octavian Patrascu as the largest shareholder are likely to be aligned with those of the minority shareholders. Since the merger, he has provided up to EUR 18m to the company via convertible bond and credit facility.

Weaknesses

- **High churn rate:** As is common in the industry, the customer churn rate is high, requiring continuous high marketing expenses to acquire new customers.
- **High competition:** NAGA is in competition with significantly larger companies that offer similar functionality and have comparable super app ambitions.
- **Brand recognition still expandable:** Compared to the major competitors, the brand is still in development due to the relatively late founding. In important regions where the Key Way Group was active with the CAPEX brand, the NAGA brand was even introduced for the first time at the end of 2024.

Opportunities

- **Scalable business model:** As a brokerage and payment provider, NAGA has a fundamentally scalable business model where high margins can be achieved once a certain critical size is reached.
- **Network effects:** Both the social feed and the copy trading option could benefit from network effects, as traders have incentives to be copied by as many users as possible, while copiers benefit from a larger selection.

Risks

- **Regulation:** Since the majority of retail customers lose money with CFD brokers (including NAGA), more regulations could come to the industry in the future. For example, EU customers trade significantly less due to strong regulations regarding tradable instruments.
- **Inefficient Marketing:** It is conceivable that costly lead generation results in only a small number of new funded accounts. In addition, after customer acquisition, the market environment may change, causing new customers to be less active and profitable than originally anticipated.

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