

## CORPORATE NEWS

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### NAGA grows amid difficult market environment: restructuring and strategy implementation bear fruit

- In the first half of 2022, NAGA significantly increased consolidated sales by 51% to EUR 35.0 million - earnings figures still affected by short-term negative effects
- Extensive cost reductions in the second half of 2022
- 2023: Full focus on improving earnings indicators
- Focus on NAGA Capital Seychelles and the launch of the NAGA Institutional Desk for volume traders

Hamburg, December 30, 2022 - NAGA Group AG (XETRA: N4G, ISIN: DE000A161NR7), operator of the neo-broker NAGA, the cryptocurrency platform NAGAX and the neo-banking app NAGA Pay, has strengthened its position in a very difficult market for neo-brokers in 2022 via extensive structuring measures and a targeted strategy shift and plans to return to profitability in the first half of 2023.

#### **Strong sales growth in the first half of 2022 - positive earnings effects from restructuring and strategy shift will not be felt until the end of the year**

While NAGA closed the first half of 2022 stronger than ever in terms of revenue - consolidated revenues expanded by 51% to EUR 35.0 million (H1 21: EUR 23.2 million) - this growth proved ineffective amid a rapidly deteriorating overall environment. After a successful start to the year for NAGA in 2022, the war between Ukraine and Russia significantly worsened market conditions and deeply depressed investor sentiment. The significant decline in interest in the equity market was reflected in trading activity at NAGA, particularly in April and May 2022, which was at an all-time low, as well as rising new costs per client. NAGA's management reacted immediately with a complete change of strategy and initiated a consistent restructuring. The core tasks of this restructuring represent the full focus on the trading business and the reduction of acquisition costs while maintaining the same lifetime value. In this respect, the first half of H1 2022 was still characterized by short-term negative effects on the earnings side - also due to necessary impairments on long-term crypto assets - and Group EBITDA decreased to EUR -2.7 million (H1 21: EUR -0.2 million).



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Based on extensive cost reductions, NAGA was able to reduce its cost base from EUR 20 million in the first quarter of 2022 to EUR 12 million in the fourth quarter. At the same time, the cost per acquisition was reduced from EUR 1,609 at the peak of the year to EUR 613. These successes were achieved through significantly reduced marketing costs, a 20% reduction in headcount across the Group, and the completion of NAGA's product range and thus the considerable reduction in research and development costs for NAGAX and NAGA Pay, while at the same time significantly reducing operating costs.

"Looking at the transaction and user KPIs confirm that the measures we have implemented are correct," says Benjamin Bilski, CEO and founder of NAGA Group AG, and continues, "In the second half of 2022, customer acquisition costs in particular have fallen by over 60% compared to the first half, and new customer growth is at its best level since NAGA was founded."

### **NAGA focuses on improving earnings ratios in 2023**

For 2023, the NAGA Management Board is confident that it will be able to achieve visible improvements in earnings in the near future in view of the growth projects and the first full-year effects from the strategy change and the restructuring. "Very specifically, we want to bring NAGA into the profit zone by the second quarter of 2023," Bilski explains the 2023 targets. "We want to achieve this by no longer focusing on aggressive sales growth, but on generating stable and reliable profits. We want to further reduce costs compared to 2022."

The recently granted license in the Seychelles enables NAGA to grow even more outside Europe. With increasing B2B business, NAGA can now offer multiple payment processors, which are essential in many markets such as Latin America or Southeast Asia. NAGA has already been able to build up a lot of customer interest there, which can now be monetized with the license and the newly available payment methods. The business outside Europe offers strong growth opportunities with the comparatively lower acquisition costs here and the increased profitability per customer.

In addition, NAGA will introduce the NAGA Institutional Desk for volume traders at the beginning of 2023. Thus, the product range will be supplemented by additional brokers, high-frequency desks and prop trading. This will enable NAGA to generate stable volume-based revenues in the future.

"Based on a well improved cost base, our now fully developed technology platform and a healthy growing customer base, we are confident of delivering a profitable first half of 2023," Bilski concludes.

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## CORPORATE NEWS

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### Monthly trading updates start from January 2023

NAGA further announces that monthly trading updates will be held via Zoom, presented by CEO Bilski, starting in January 2023. Interested parties can register at any time for the webinars, which will also be recorded and made available on the NAGA Group website.

The half-year report 2022 can be downloaded from the website of The NAGA Group AG in German and English at <https://group.naga.com/investor-relations/financial-reports>.

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### About NAGA

NAGA is an innovative fintech company that seamlessly connects personal finance transactions and investments through its social trading platform. The company's proprietary platform offers a range of products from stock trading, investments and cryptocurrencies to a physical VISA card. Additionally, the platform allows for exchanges with other traders, provides relevant information in the feed, and autocopy features for successful members' trades. NAGA is a synergistic total solution that is easily accessible and inclusive. It provides an improved foundation to trade, invest, network, earn and pay. This applies to both fiat and crypto products.

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