

# THE NAGA GROUP AG

Financial Services - Germany



**Hold** (old: Under Review)

11.04.2023

**EUR 1.80** (old: EUR 2.50)

## Taking a fresh look; re-instating coverage with HOLD; chg

**Topic:** After having the stock under review for some time (following the delay of the audited FY21 figures, several revisions of FY21 prelims and limited visibility regarding NAGA's crypto holdings), we decided to become more constructive on the case again as audited FY21 figures have been published.

**Final FY21 figures unveil a significantly elevated cost base:** Since cost of sales (€ 8.5m; 16% of sales vs eNuW: € 6.4m, 12% of sales) and marketing spendings (€ 44.4m; 84% of sales vs eNuW: € 20.1m; 36% of sales) are significantly higher than suggested, profitability came in far lower than anticipated.

**H1'22 figures mark a new low point in terms of EBIT:** Massive marketing spending (€ 31.1m vs € 20.3m in H1'21), devaluation of crypto investments (€ 14m), a ramped-up personnel (€ 5.5m, +64% yoy), R&D (€ 4.5m, +292% yoy), and other operating expenses (€ 5.4m, 86% yoy), lead to an **EBIT of € -18.6m**.

**For the FY22, we expect NAGA to even extend its losses** due to 1) the very weak topline development (eNuW: € 15m in H2; -50% yoy) as the result of the challenging macro environment and the "clean-up" of NAGA Global (European customers opened accounts offshore; 90% of sales now in Europe) and 2) high marketing expenses (eNuW: € 12m in H2). Furthermore, the roll-out of NAGAX (2% of sales) and NAGA PAY (1% of sales) is off the table as part of the started restructuring and cost-cutting process.

Positively, the Q1'23 perlims, published last week, came in stronger than expected with **€ 11.6m sales** (-36% yoy) and **€ 1.7m EBITDA**. Sales were driven by an uptick in transactions (2.9m; +46% yoy) that compensated for lower revenues per transaction (€ 4.0; -56% yoy). Against the sentiment, number of active customers increased by 30% yoy to 21.25k and AuC to € 35m (from € 24m in H1 22; € 1,600 AuC per active customer).

Despite the promising start into the year, **we remain cautious for the FY23, only expecting € 40m sales** (eNuW: -20% yoy) and **€ -1.6m EBIT** (vs FY22e: € -29.8m), as Q1 has been the seasonally strongest quarter and the sentiment is still weak. Positive newsflow could come from **re-entering the UK market** (€ 17m sales in FY21) and **several product launches** (i.e. NAGA Capital and NAGA Institutional).

Playing it conservative and reflecting the current negative sentiment in the brokerage space, we re-instate the coverage with **HOLD** and a new **PT of € 1.80**, based on DCF.

### Share Performance



High/low 52 weeks (€)	5.24 / 1.06
3m rel. performance	55.0%
6m rel. performance	28.8%
12m rel. performance	-57.1%

### Market data

Share price (in €)	1.79
Market cap (in € m)	93.8
Number of shares (in m pcs)	54.0
Enterprise value (in € m)	87.5
Ø trading volume (6 months)	27

### Identifier

Bloomberg	N4G GR
Reuters	N4G
WKN	A161NR
ISIN	DE000A161NR7

### Key shareholders

Fosun Fintech Holdings	36.5%
Apeiron	13.5%
Management	12.2%
Other	43.2%

### Estimates changes

	2022e	2023e	2024e
Sales	-26%	-46%	-47%
EBIT	-4476%	-131%	-70%
EPS	-55631%	-164%	-73%

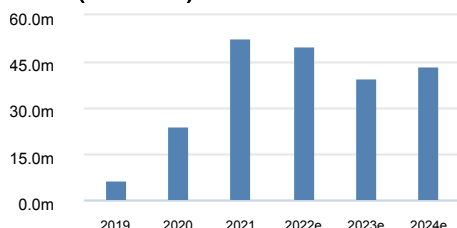
### Comment on changes

- We overhaul the model as re-instate coverage

Y/E 31.12 (EUR m)	2019	2020	2021	2022e	2023e	2024e
Sales	6.2	24.4	52.9	50.1	40.0	43.9
Sales growth	-61.4%	291.3%	117.1%	-5.2%	-20.2%	9.7%
EBITDA	-9.2	4.5	-4.2	-10.6	3.7	6.5
Net debt (if net cash=0)	-3.2	-4.0	-7.6	-5.2	-6.3	-5.4
FCF	-3.5	-3.6	-27.3	-29.4	-3.8	-1.0
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0
EPS pro forma	-0.30	-0.01	-0.20	-0.57	-0.04	0.02
EBITDA margin	-147.3%	18.5%	-7.9%	-21.1%	9.2%	14.8%
ROCE	-10.6%	0.8%	-7.0%	-23.6%	-1.1%	1.3%
EV/sales	11.3	3.1	1.6	1.8	2.2	2.0
EV/EBITDA	-7.7	16.6	-20.5	-8.4	23.7	13.6
PER	-5.8	-123.1	-8.7	-3.1	-43.0	91.6
Adjusted FCF yield	-15.6%	0.1%	-9.8%	-33.0%	-1.1%	2.7%

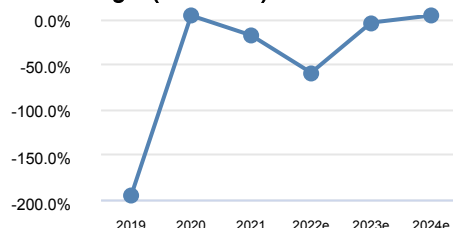
Source: Company data, NuWays, Close price as of 06.04.2023

### Sales (2019-24e)



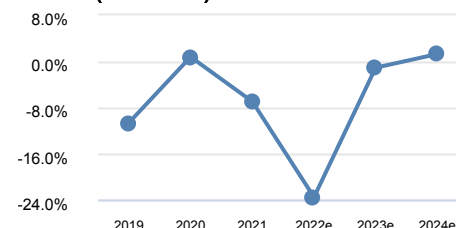
Source: NuWays Research

### EBIT margin (2019-24e)



Source: NuWays Research

### ROCE (2019-24e)



Source: NuWays Research

### Company description

The NAGA Group AG is a financial technology and services company that develops and markets disruptive online brokerage applications. The company's proprietary platform offers a range of products, from stock trading to investing and cryptocurrencies to a physical VISA debit card.

### Guidance

## Financials

Profit and loss (EUR m)	2019	2020	2021	2022e	2023e	2024e
<b>Sales</b>	<b>6.2</b>	<b>24.4</b>	<b>52.9</b>	<b>50.1</b>	<b>40.0</b>	<b>43.9</b>
Sales growth	-61.4%	291.3%	117.1%	-5.2%	-20.2%	9.7%
Cost of sales	1.3	3.5	8.5	6.5	5.1	5.4
<b>Gross profit</b>	<b>4.9</b>	<b>20.9</b>	<b>44.4</b>	<b>43.6</b>	<b>34.9</b>	<b>38.4</b>
Sales and marketing	2.5	8.7	32.5	32.6	15.6	16.9
General and administration	4.6	4.1	8.0	10.3	8.2	8.0
Research and development	1.7	2.5	3.5	6.3	4.0	3.5
Other operating income	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other operating expenses	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Total operating expenses</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>
Unusual or infrequent items	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>-9.2</b>	<b>4.5</b>	<b>-4.2</b>	<b>-10.6</b>	<b>3.7</b>	<b>6.5</b>
Depreciation	2.7	3.4	5.3	19.2	5.3	4.8
<b>EBITA</b>	<b>-11.9</b>	<b>1.1</b>	<b>-9.5</b>	<b>-29.8</b>	<b>-1.6</b>	<b>1.7</b>
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.3	0.2	0.0	0.0	0.0	0.0
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT (Inc revaluation net)</b>	<b>-12.2</b>	<b>0.9</b>	<b>-9.5</b>	<b>-29.8</b>	<b>-1.6</b>	<b>1.7</b>
Interest income	0.0	0.0	0.0	0.1	0.0	0.0
Interest expenses	0.1	0.7	1.7	1.6	1.3	1.4
Investment income	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-0.1	-0.7	-1.7	-1.5	-1.2	-1.4
<b>Recurring pretax income from continuing operations</b>	<b>-12.3</b>	<b>0.3</b>	<b>-11.2</b>	<b>-31.4</b>	<b>-2.8</b>	<b>0.4</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>-12.3</b>	<b>0.3</b>	<b>-11.2</b>	<b>-31.4</b>	<b>-2.8</b>	<b>0.4</b>
Income tax expense	0.2	0.1	-0.5	0.0	0.0	0.0
<b>Net income from continuing operations</b>	<b>-13.4</b>	<b>0.2</b>	<b>-10.8</b>	<b>-31.4</b>	<b>-2.8</b>	<b>0.4</b>
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>-13.4</b>	<b>0.2</b>	<b>-10.8</b>	<b>-31.4</b>	<b>-2.8</b>	<b>0.4</b>
Minority interest	-1.4	0.8	-0.7	-0.7	-0.7	-0.7
<b>Net profit (reported)</b>	<b>-12.0</b>	<b>-0.6</b>	<b>-10.1</b>	<b>-30.7</b>	<b>-2.2</b>	<b>1.0</b>
Average number of shares	40.2	42.0	44.2	54.0	54.0	54.0
<b>EPS reported</b>	<b>-0.30</b>	<b>-0.01</b>	<b>-0.23</b>	<b>-0.57</b>	<b>-0.04</b>	<b>0.02</b>

Profit and loss (common size)	2019	2020	2021	2022e	2023e	2024e
<b>Sales</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Cost of sales	21.5%	14.3%	16.0%	13.0%	12.7%	12.4%
<b>Gross profit</b>	<b>78.5%</b>	<b>85.7%</b>	<b>84.0%</b>	<b>87.0%</b>	<b>87.3%</b>	<b>87.6%</b>
Sales and marketing	39.5%	35.7%	61.4%	65.0%	39.0%	38.6%
General and administration	73.7%	16.9%	15.1%	20.6%	20.6%	18.2%
Research and development	27.6%	10.3%	6.6%	12.5%	10.0%	8.0%
Other operating income	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other operating expenses	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Total operating expenses</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>
<b>EBITDA</b>	<b>-147.3%</b>	<b>18.5%</b>	<b>-7.9%</b>	<b>-21.1%</b>	<b>9.2%</b>	<b>14.8%</b>
Depreciation	44.1%	13.8%	10.1%	38.4%	13.2%	10.9%
<b>EBITA</b>	<b>-191.5%</b>	<b>4.6%</b>	<b>-18.1%</b>	<b>-59.4%</b>	<b>-4.0%</b>	<b>3.9%</b>
Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	4.3%	0.8%	0.0%	0.0%	0.0%	0.0%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>EBIT (Inc revaluation net)</b>	<b>-195.8%</b>	<b>3.9%</b>	<b>-18.1%</b>	<b>-59.4%</b>	<b>-4.0%</b>	<b>3.9%</b>
Interest income	0.1%	0.1%	0.0%	0.1%	0.1%	0.1%
Interest expenses	2.1%	2.8%	3.2%	3.2%	3.2%	3.2%
Investment income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Financial result	neg.	neg.	neg.	neg.	neg.	neg.
<b>Recurring pretax income from continuing operations</b>	<b>-197.8%</b>	<b>1.2%</b>	<b>-21.2%</b>	<b>-62.5%</b>	<b>-7.1%</b>	<b>0.9%</b>
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Earnings before taxes</b>	<b>-197.8%</b>	<b>1.2%</b>	<b>-21.2%</b>	<b>-62.5%</b>	<b>-7.1%</b>	<b>0.9%</b>
Income tax expense	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Net income from continuing operations</b>	<b>-215.0%</b>	<b>0.7%</b>	<b>-20.3%</b>	<b>-62.5%</b>	<b>-7.1%</b>	<b>0.9%</b>
<b>Net income</b>	<b>-215.0%</b>	<b>0.7%</b>	<b>-20.3%</b>	<b>-62.5%</b>	<b>-7.1%</b>	<b>0.9%</b>
Minority interest	-22.1%	3.1%	-1.2%	-1.3%	-1.6%	-1.5%
<b>Net profit (reported)</b>	<b>-192.9%</b>	<b>-2.4%</b>	<b>-19.1%</b>	<b>-61.2%</b>	<b>-5.4%</b>	<b>2.3%</b>

Source: Company data, NuWays

Balance sheet (EUR m)	2019	2020	2021	2022e	2023e	2024e
<b>Intangible assets</b>	<b>108.8</b>	<b>110.4</b>	<b>119.6</b>	<b>117.7</b>	<b>117.7</b>	<b>117.7</b>
Property, plant and equipment	0.4	0.6	0.6	0.8	0.8	0.8
Financial assets	0.2	0.1	0.2	0.3	0.3	0.3
<b>FIXED ASSETS</b>	<b>109.4</b>	<b>111.1</b>	<b>120.3</b>	<b>118.8</b>	<b>118.8</b>	<b>118.8</b>
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	1.5	1.5	1.6	1.6	1.3	1.4
Other assets and short-term financial assets	4.8	9.5	46.8	18.7	14.1	15.5
Liquid assets	3.2	5.2	8.6	6.1	7.3	6.4
Deferred taxes	0.1	0.6	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT ASSETS</b>	<b>9.6</b>	<b>16.9</b>	<b>57.0</b>	<b>26.6</b>	<b>22.7</b>	<b>23.3</b>
<b>TOTAL ASSETS</b>	<b>119.0</b>	<b>128.0</b>	<b>177.4</b>	<b>145.4</b>	<b>141.5</b>	<b>142.1</b>

<b>SHAREHOLDERS EQUITY</b>	<b>112.0</b>	<b>115.9</b>	<b>164.1</b>	<b>133.4</b>	<b>131.2</b>	<b>132.3</b>
MINORITY INTEREST	-6.7	-5.9	-1.0	-1.0	-1.0	-1.0
Provisions for pensions and similar obligations	3.6	5.6	0.0	0.0	0.0	0.0
Other provisions and accrued liabilities	0.0	0.9	0.4	0.4	0.4	0.4
short-term liabilities to banks	0.0	1.2	1.0	1.0	1.0	1.0
Accounts payable	0.9	1.0	4.2	3.7	2.9	3.1
Accounts receivable	1.5	1.5	1.6	1.6	1.3	1.4
Other liabilities (incl. from lease and rental contracts)	7.5	8.2	8.4	7.6	6.8	6.1
Deferred taxes	0.7	0.0	0.0	0.0	0.0	0.0
Deferred income	0.4	0.0	0.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>8.4</b>	<b>9.2</b>	<b>12.6</b>	<b>11.3</b>	<b>9.7</b>	<b>9.2</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>119.0</b>	<b>128.0</b>	<b>177.4</b>	<b>145.3</b>	<b>141.6</b>	<b>142.1</b>

Balance sheet (common size)	2019	2020	2021	2022e	2023e	2024e
<b>Intangible assets</b>	<b>91.5%</b>	<b>86.3%</b>	<b>67.4%</b>	<b>81.0%</b>	<b>83.2%</b>	<b>82.8%</b>
Property, plant and equipment	0.3%	0.4%	0.3%	0.5%	0.5%	0.5%
Financial assets	0.2%	0.1%	0.1%	0.2%	0.2%	0.2%
<b>FIXED ASSETS</b>	<b>92.0%</b>	<b>86.8%</b>	<b>67.8%</b>	<b>81.7%</b>	<b>84.0%</b>	<b>83.6%</b>
Inventories	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts receivable	1.2%	1.2%	0.9%	1.1%	0.9%	1.0%
Other assets and short-term financial assets	4.0%	7.4%	26.4%	12.9%	9.9%	10.9%
Liquid assets	2.6%	4.1%	4.8%	4.2%	5.2%	4.5%
Deferred taxes	0.1%	0.5%	0.0%	0.0%	0.0%	0.0%
Deferred charges and prepaid expenses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>CURRENT ASSETS</b>	<b>8.0%</b>	<b>13.2%</b>	<b>32.2%</b>	<b>18.3%</b>	<b>16.0%</b>	<b>16.4%</b>
<b>TOTAL ASSETS</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

<b>SHAREHOLDERS EQUITY</b>	<b>94.1%</b>	<b>90.5%</b>	<b>92.5%</b>	<b>91.8%</b>	<b>92.7%</b>	<b>93.1%</b>
MINORITY INTEREST	-5.6%	-4.6%	-0.6%	-0.7%	-0.7%	-0.7%
Provisions for pensions and similar obligations	3.1%	4.3%	0.0%	0.0%	0.0%	0.0%
Other provisions and accrued liabilities	0.0%	0.7%	0.2%	0.3%	0.3%	0.3%
short-term liabilities to banks	0.0%	0.9%	0.6%	0.7%	0.7%	0.7%
Accounts payable	0.7%	0.8%	2.4%	2.6%	2.1%	2.2%
Accounts receivable	1.2%	1.2%	0.9%	1.1%	0.9%	1.0%
Other liabilities (incl. from lease and rental contracts)	6.3%	6.4%	4.7%	5.2%	4.8%	4.3%
Deferred taxes	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%
Deferred income	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Current liabilities</b>	<b>7.0%</b>	<b>7.2%</b>	<b>7.1%</b>	<b>7.8%</b>	<b>6.9%</b>	<b>6.5%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Company data, NuWays

Cash flow statement (EUR m)	2019	2020	2021	2022e	2023e	2024e
Net profit/loss	-13.4	0.2	-10.8	-31.4	-2.8	0.4
Depreciation of fixed assets (incl. leases)	2.7	3.4	5.3	19.2	5.3	4.8
Amortisation of goodwill & intangible assets	0.3	0.2	0.0	0.0	0.0	0.0
Others	-0.1	-0.5	-0.7	0.0	0.0	0.0
Cash flow from operating activities	-5.4	-2.0	-18.2	-29.4	-3.8	-1.0
Increase/decrease in inventory	0.0	-0.0	0.0	0.0	0.0	0.0
Increase/decrease in accounts receivable	6.8	-0.1	-0.5	-0.1	0.3	-0.1
Increase/decrease in accounts payable	0.2	2.2	2.6	-0.5	-0.8	0.2
Increase/decrease in other working capital positions	1.0	0.3	1.7	0.0	0.0	0.0
Increase/decrease in working capital	8.0	2.4	3.8	-0.6	-0.5	0.1
<b>Cash flow from operating activities</b>	<b>-2.4</b>	<b>1.6</b>	<b>-12.9</b>	<b>-10.2</b>	<b>1.5</b>	<b>3.8</b>
CAPEX	1.1	5.1	14.4	19.2	5.3	4.8
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	-0.1	0.1	27.1	-27.0	-5.0	0.0
Income from asset disposals	0.0	0.1	0.0	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-1.0</b>	<b>-5.2</b>	<b>-41.6</b>	<b>7.8</b>	<b>-0.3</b>	<b>-4.8</b>
Cash flow before financing	-3.4	-3.6	-54.5	-2.4	1.2	-1.0
Increase/decrease in debt position	3.0	1.9	4.4	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	-0.6	0.0	0.0	0.0
Capital measures	0.0	4.3	53.6	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	-0.1	-0.5	-0.7	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>2.9</b>	<b>5.7</b>	<b>57.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Increase/decrease in liquid assets	-0.5	2.1	3.4	-2.4	1.2	-1.0
<b>Liquid assets at end of period</b>	<b>3.2</b>	<b>5.2</b>	<b>8.6</b>	<b>6.1</b>	<b>7.3</b>	<b>6.4</b>

Key ratios (EUR m)	2019	2020	2021	2022e	2023e	2024e
<b>P&amp;L growth analysis</b>						
Sales growth	-61.4%	291.3%	117.1%	-5.2%	-20.2%	9.7%
EBITDA growth	-3483.4%	1559.4%	-54.2%	-334.9%	-187.9%	-161.4%
EBIT growth	153.0%	-119.5%	-21.6%	-3271.3%	-83.3%	-105.8%
EPS growth	171.9%	-87.2%	-23.4%	3928.4%	-82.4%	-103.3%
<b>Efficiency</b>						
Sales per employee	83.5	267.6	455.8	359.5	292.0	308.9
EBITDA per employee	-123.1	49.4	-36.2	-75.7	27.0	45.7
No. employees (average)	74	91	116	140	137	142
<b>Balance sheet analysis</b>						
Avg. working capital / sales	19.1%	4.6%	-1.9%	-1.6%	-5.4%	-4.3%
Inventory turnover (sales/inventory)	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable turnover	87.0	23.0	10.7	11.8	11.8	11.8
Accounts payable turnover	232.5	209.3	209.3	209.3	209.3	209.3
<b>Cash flow analysis</b>						
Free cash flow	-3.5	-3.6	-27.3	-29.4	-3.8	-1.0
Free cash flow/sales	-56.0%	-14.6%	-51.7%	-58.7%	-9.6%	-2.2%
FCF / net profit	26.0%	neg.	254.3%	93.8%	135.4%	neg.
Capex / sales	16.3%	21.7%	78.6%	-15.5%	0.7%	10.9%
<b>Solvency</b>						
Net debt	-3.2	-4.0	-7.6	-5.2	-6.3	-5.4
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest paid / avg. debt	n.a.	56.8%	171.3%	146.1%	129.6%	142.1%
<b>Returns</b>						
ROCE	-10.6%	0.8%	-7.0%	-23.6%	-1.1%	1.3%
ROE	-10.7%	-0.5%	-6.2%	-23.0%	-1.7%	0.8%
Adjusted FCF yield	-15.6%	0.1%	-9.8%	-33.0%	-1.1%	2.7%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
DPS	0.0	0.0	0.0	0.0	0.0	0.0
EPS reported	-0.30	-0.01	-0.23	-0.57	-0.04	0.02
Average number of shares	40.2	42.0	44.2	54.0	54.0	54.0
<b>Valuation ratios</b>						
P/BV	0.6	0.6	0.5	0.7	0.7	0.7
EV/sales	11.3	3.1	1.6	1.8	2.2	2.0
EV/EBITDA	-7.7	16.6	-20.5	-8.4	23.7	13.6
EV/EBIT	-5.8	79.3	-9.0	-3.0	-54.8	51.3

Source: Company data, NuWays

## Disclosures

Disclosures regarding research publications of NuWays AG pursuant to section 85 of the German Securities Trading Act (WpHG)

### Indication of conflict of interest

It is essential that any research recommendation is fairly presented and discloses interests of indicates relevant conflicts of interest. Pursuant to section 85 of the German Securities Trading Act (WpHG) a research report has to point out possible conflicts of interest in connection with the analysed company. A conflict of interest is presumed to exist in particular if NuWays AG

- (1) or any other person belonging to the same group with it was part of a consortium within the past twelve months that issued the financial instruments of the analysed company by way of a public offer.
- (2) or any other person belonging to the same group with it has entered into an agreement on the production of the research report with the analysed company.
- (3) or any other person belonging to the same group with it has been party to an agreement on the provision of investment banking services with the analysed company or have received services or a promise of services under the term of such an agreement within the past twelve month.
- (4) The analysed company holds 5% or more of the share capital of NuWays AG.
- (5) holds (a) a net short position or (b) a net long position of 0.5% of the outstanding share capital of the analysed company.
- (6) or any other person belonging to the same group with it is a market maker or liquidity provider in the financial instruments of the issuer.
- (7) or the analyst has any other significant financial interests relating to the analysed company such as, for example, exercising mandates in the interest of the analysed company.
- (8) The research report has been made available to the analysed company prior to its publication. Thereafter, only factual changes have been made to the report.

Conflicts of interest that existed at the time when this research report was published:

Company	Disclosures
THE NAGA GROUP AG	2

### Historical target price and rating changes for THE NAGA GROUP AG

Company	Date	Analyst	Rating	Target Price	Close
THE NAGA GROUP AG	04.12.2022	Jarchow, Frederik	Under Review	EUR 2.50	EUR 1.20

## 1. General Information/Liabilities

This research report has been produced for the information purposes of institutional investors only, and is not in any way a personal recommendation, offer or solicitation to buy or sell the financial instruments mentioned herein. The document is confidential and is made available by NuWays AG exclusively to selected recipients in the European Union (EU) or, in individual cases, also in other countries. It is not allowed to pass the research report on to persons other than the intended recipient without the permission of NuWays AG. Reproduction of this document, in whole or in part, is not permitted without prior permission NuWays AG. All rights reserved.

Under no circumstances shall NuWays AG, any of its employees involved in the preparation, have any liability for possible errors or incompleteness of the information included in this research report – neither in relation to indirect or direct nor consequential damages. Liability for damages arising either directly or as a consequence of the use of information, opinions and estimates is also excluded. Past performance of a financial instrument is not necessarily indicative of future performance.

## 2. Responsibilities

This research report was prepared by the research analyst named on the front page (the "Producer"). The Producer is solely responsible for the views and estimates expressed in this report. The report has been prepared independently. The content of the research report was not influenced by the issuer of the analysed financial instrument at any time. It may be possible that parts of the research report were handed out to the issuer for information purposes prior to the publication without any major amendments being made thereafter.

## 3. Organisational Requirements

NuWays AG took internal organisational and regulative precautions to avoid or accordingly disclose possible conflicts of interest in connection with the preparation and distribution of the research report. All members of NuWays AG involved in the preparation of the research report are subject to internal compliance regulations. No part of the Producer's compensation is directly or indirectly related to the preparation of this financial analysis. In case a research analyst or a closely related person is confronted with a conflict of interest, the research analyst is restricted from covering this company.

## 4. Information Concerning the Methods of Valuation/Update

The determination of the fair value per share, i.e. the price target, and the resultant rating is done on the basis of the adjusted free cash flow (adj. FCF) method and on the basis of the discounted cash flow – DCF model. Furthermore, a peer group comparison is made.

The adj. FCF method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow return after taxes on this investment exceeds their opportunity costs in the form of a hurdle rate of 7.5%. The operating cash flow is calculated as EBITDA less maintenance capex and taxes.

Within the framework of the DCF approach, the future free cash flows are calculated initially on the basis of a fictitious capital structure of 100% equity, i.e. interest and repayments on debt capital are not factored in initially. The adjustment towards the actual capital structure is done by discounting the calculated free cash flows with the weighted average cost of capital (WACC), which takes into account both the cost of equity capital and the cost of debt. After discounting, the calculated total enterprise value is reduced by the interest-bearing debt capital in order to arrive at the equity value.

NuWays AG uses the following three-step rating system for the analysed companies:

**Buy:** Sustainable upside potential of more than 20% within 12 months

**Sell:** Sustainable downside potential of more than 20% within 12 months.

**Hold:** Upside/downside potential is limited. No immediate catalyst visible.

The decision on the choice of the financial instruments analysed in this document was solely made by NuWays AG. The opinions and estimates in this research report are subject to change without notice. It is within the discretion of NuWays AG whether and when it publishes an update to this research report, but in general updates are created on a regular basis, after 6 months at the latest. A sensitivity analysis is included and published in company's initial studies.

## 5. Major Sources of Information

Part of the information required for this research report was made available by the issuer of the financial instrument. Furthermore, this report is based on publicly available sources (such as, for example, Bloomberg, Reuters, VWD-Trader and the relevant daily press) believed to be reliable. NuWays AG has checked the information for plausibility but not for accuracy or completeness.

## 6. Competent Supervisory Authority

NuWays AG is an affiliated company of Hauck Aufhäuser Lampe Privatbank AG which is under supervision of the BaFin – German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), Graurheindorfer Straße 108, 53117 Bonn and Marie-Curie-Straße 24 – 28, 60439 Frankfurt a.M.

## 7. Specific Comments for Recipients Outside of Germany

This research report is subject to the law of the Federal Republic of Germany and the European Union (EU). The distribution of this information to other states in particular to the USA, Canada, Australia and Japan may be restricted or prohibited by the laws applicable within this state.

## 8. Miscellaneous

According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published under:

Date of publication creation: 11/04/2023 08:07 AM

Date of publication dissemination: 11/04/2023 08:07 AM

## Contacts

### NuWays AG

Mittelweg 16-17  
20148 Hamburg  
Germany

info@nuways-ag.com  
www.nuways-ag.com



**Christian Sandherr**

Co-CEO/Analyst

christian.sandherr@nuways-ag.com



**Frederik Jarchow**

Co-CEO/Analyst

frederik.jarchow@nuways-ag.com



**Philipp Sennewald**

Analyst

philipp.sennewald@nuways-ag.com



**Vaishnavi Khare**

Analyst

vaishnavi.khare@nuways-ag.com



**Henry Wendisch**

Analyst

henry.wendisch@nuways-ag.com

## Find us on Social Media

Instagram



Twitter



LinkedIn

