

# THE NAGA GROUP AG

Financial Services - Germany



**Hold** (old: Under Review)

17.11.2023

**EUR 1.30**

## FY22 out // Short-term remains clouded; Restart with HOLD

Recently, NAGA finally reported its audited FY22 figures, which reflect a particularly challenging year for the company. In detail:

- **Sales stand at € 57.6m** (+9% yoy), above our estimates of € 50.1m, as we have not considered NGC trading revenues of € 6.8m. While trading activity should have declined from 520 to 434 trades per active customer and the overall number of trades to 8.1m (-19% yoy), number of active customers should have remained largely stable (-3% yoy; 18.7k at YE). An increased avg. revenue per trade of € 7.10 (+34% yoy) compensated for the weaker customer activity resulting in a stable top line.
- **EBITDA came in strongly negative at € -13.9m** (eNuW: € -10.6m), heavily burdened by marketing expenses of € 28.3m that were necessary to keep top line stable throughout a weak year in the overall brokerage space. Further, personnel expenses, R&D costs and other operating expenses (i.e. depreciations of NGC and receivables of € 4.9m), drove EBITDA into negative terrain. € 23m of D&A (€ 15.3m from devalued crypto assets on the balance sheet) **burdened the group's EBIT further, which came in at € -36.9m**

In a nutshell, 2022 was terrible year for NAGA and all other players in the brokerage space as customer activity fell off the cliff and cryptos across the board faced sharp corrections.

Looking forward, 2023 can be seen as a transition year for the company and NAGA should return to annual top line and bottom-line growth from FY24e onwards due to the **strategic shift towards global growth across so far under-penetrated regions** (sales split as of 9M'23: Europe: 90%; Other: 10%), new acquisitions, expansion of the license base paired with ongoing cost discipline, leaner operations and increasing efficiency (i.e. marketing).

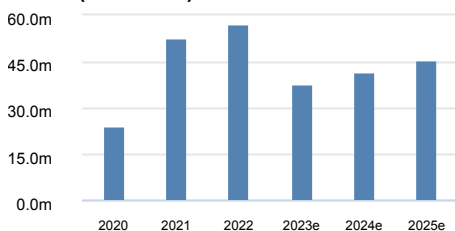
While we see the potential of such a business model, the market environment is currently not favourable for CFD brokers: Trading activity stabilize on low levels and regulatory requirements are tightening, especially in Europe.

We remain cautious, **yet restarting coverage with HOLD** and a new **PT of € 1.30** based on DCF. Once the strategic initiatives result in profitable topline growth, we can return to a more favourable vote.

Y/E 31.12 (EUR m)	2020	2021	2022	2023e	2024e	2025e
Sales	24.4	52.9	57.6	38.1	41.8	45.8
Sales growth	291.3%	117.1%	8.9%	-33.9%	9.7%	9.6%
EBITDA	4.5	-4.2	-13.7	4.3	8.0	9.7
Net debt (if net cash=0)	-4.0	-7.6	-2.7	2.2	1.9	5.6
FCF	-3.6	-27.3	-32.6	-7.2	0.3	-3.6
Net Debt/EBITDA	0.0	0.0	0.0	0.5	0.2	0.6
EPS pro forma	-0.01	-0.20	-0.69	-0.09	-0.02	-0.00
EBITDA margin	18.5%	-7.9%	-23.8%	11.4%	19.1%	21.2%
ROCE	0.8%	-7.0%	-29.8%	-1.4%	0.8%	1.6%
EV/sales	2.0	1.0	1.0	1.7	1.5	1.5
EV/EBITDA	10.9	-12.7	-4.3	14.6	7.9	6.9
PER	-80.1	-5.6	-1.6	-12.9	-58.5	-290.4
Adjusted FCF yield	0.1%	-15.8%	-63.1%	-3.2%	1.6%	3.1%

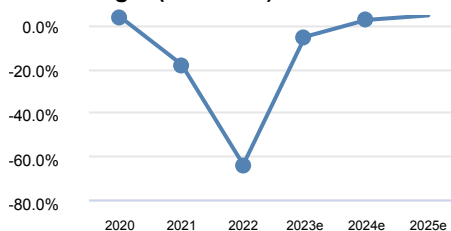
Source: Company data, NuWays, Close price as of 13.11.2023

### Sales (2020-25e)



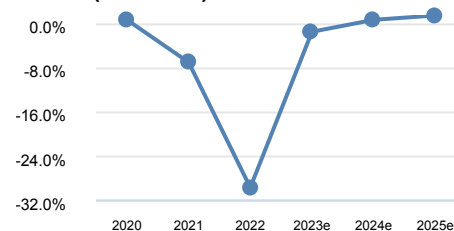
Source: NuWays Research

### EBIT margin (2020-25e)



Source: NuWays Research

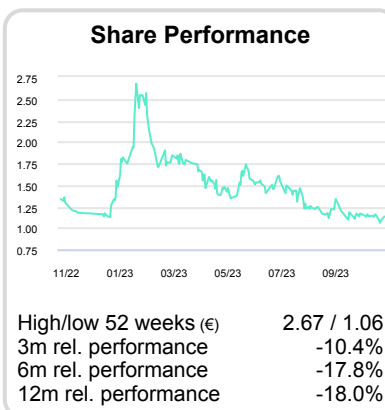
### ROCE (2020-25e)



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.



### Market data

Share price (in €)	1.13
Market cap (in € m)	61.1
Number of shares (in m pcs)	54.0
Enterprise value (in € m)	63.3
Ø trading volume (6 months)	27

### Identifier

Bloomberg	N4G GR
Reuters	N4G
WKN	A161NR
ISIN	DE000A161NR7

### Key shareholders

Fosun Fintech Holdings	33.9%
Apeiron	12.3%
Management	12.2%
Other	43.2%

### Estimates changes

	2023e	2024e	2025e
Sales	1%	1%	1%
EBIT	9%	3%	4%
EPS	-32%	-410%	-118%

- ### Comment on changes
- Factual changes to reflect FY22 final figures
  - Adjusting DCF parameters (i.e. risk free rate)

### Guidance

## Financials

Profit and loss (EUR m)	2020	2021	2022	2023e	2024e	2025e
<b>Sales</b>	<b>24.4</b>	<b>52.9</b>	<b>57.6</b>	<b>38.1</b>	<b>41.8</b>	<b>45.8</b>
Sales growth	291.3%	117.1%	8.9%	-33.9%	9.7%	9.6%
Cost of sales	3.5	8.5	15.0	15.2	16.3	17.4
<b>Gross profit</b>	<b>20.9</b>	<b>44.4</b>	<b>42.6</b>	<b>22.9</b>	<b>25.5</b>	<b>28.4</b>
Sales and marketing	8.7	32.5	28.3	5.0	5.4	5.8
General and administration	4.1	8.0	10.7	7.9	7.6	8.0
Research and development	2.5	3.5	6.7	4.6	3.3	3.6
Other operating income	3.5	3.8	6.1	3.9	4.0	4.2
Other operating expenses	4.5	8.5	16.7	5.0	5.2	5.4
<b>Total operating expenses</b>	<b>16.4</b>	<b>48.6</b>	<b>56.3</b>	<b>18.5</b>	<b>17.5</b>	<b>18.7</b>
Unusual or infrequent items	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>4.5</b>	<b>-4.2</b>	<b>-13.7</b>	<b>4.3</b>	<b>8.0</b>	<b>9.7</b>
Depreciation	3.4	5.3	23.1	6.4	7.0	7.7
<b>EBITA</b>	<b>1.1</b>	<b>-9.5</b>	<b>-36.9</b>	<b>-2.0</b>	<b>1.0</b>	<b>2.0</b>
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.2	0.0	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>0.9</b>	<b>-9.5</b>	<b>-36.9</b>	<b>-2.0</b>	<b>1.0</b>	<b>2.0</b>
Interest income	0.0	0.0	0.1	0.0	0.0	0.0
Interest expenses	0.7	1.7	0.4	2.7	2.1	2.3
Investment income	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-0.7	-1.7	-0.3	-2.7	-2.0	-2.2
<b>Recurring pretax income from continuing operations</b>	<b>0.3</b>	<b>-11.2</b>	<b>-37.2</b>	<b>-4.7</b>	<b>-1.0</b>	<b>-0.2</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>0.3</b>	<b>-11.2</b>	<b>-37.2</b>	<b>-4.7</b>	<b>-1.0</b>	<b>-0.2</b>
Income tax expense	0.1	-0.5	-0.1	0.0	0.0	0.0
<b>Net income from continuing operations</b>	<b>0.2</b>	<b>-10.8</b>	<b>-37.0</b>	<b>-4.7</b>	<b>-1.0</b>	<b>-0.2</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>0.2</b>	<b>-10.8</b>	<b>-37.0</b>	<b>-4.7</b>	<b>-1.0</b>	<b>-0.2</b>
Minority interest	0.8	-0.7	-0.0	-0.0	-0.0	-0.0
<b>Net profit (reported)</b>	<b>-0.6</b>	<b>-10.1</b>	<b>-37.0</b>	<b>-4.7</b>	<b>-1.0</b>	<b>-0.2</b>
Average number of shares	42.0	44.2	54.0	54.0	54.0	54.0
<b>EPS reported</b>	<b>-0.01</b>	<b>-0.23</b>	<b>-0.69</b>	<b>-0.09</b>	<b>-0.02</b>	<b>-0.00</b>

Profit and loss (common size)	2020	2021	2022	2023e	2024e	2025e
<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	14.3%	16.0%	26.1%	40.0%	39.0%	38.0%
<b>Gross profit</b>	<b>85.7%</b>	<b>84.0%</b>	<b>73.9%</b>	<b>60.0%</b>	<b>61.0%</b>	<b>62.0%</b>
Sales and marketing	35.7%	61.4%	49.2%	13.0%	12.9%	12.7%
General and administration	16.9%	15.1%	18.6%	20.8%	18.3%	17.5%
Research and development	10.3%	6.6%	11.6%	12.0%	8.0%	7.9%
Other operating income	14.2%	7.1%	10.7%	10.1%	9.6%	9.1%
Other operating expenses	18.5%	16.0%	29.0%	13.0%	12.4%	11.7%
<b>Total operating expenses</b>	<b>67.3%</b>	<b>92.0%</b>	<b>97.8%</b>	<b>48.6%</b>	<b>41.9%</b>	<b>40.7%</b>
<b>EBITDA</b>	<b>18.5%</b>	<b>-7.9%</b>	<b>-23.8%</b>	<b>11.4%</b>	<b>19.1%</b>	<b>21.2%</b>
Depreciation	13.8%	10.1%	40.2%	16.7%	16.7%	16.8%
<b>EBITA</b>	<b>4.6%</b>	<b>-18.1%</b>	<b>-64.0%</b>	<b>-5.3%</b>	<b>2.4%</b>	<b>4.4%</b>
Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	0.8%	0.0%	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>3.9%</b>	<b>-18.1%</b>	<b>-64.0%</b>	<b>-5.3%</b>	<b>2.4%</b>	<b>4.4%</b>
Interest income	0.1%	0.0%	0.1%	0.1%	0.1%	0.1%
Interest expenses	2.8%	3.2%	0.7%	7.2%	5.0%	5.0%
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>1.2%</b>	<b>-21.2%</b>	<b>-64.5%</b>	<b>-12.4%</b>	<b>-2.5%</b>	<b>-0.5%</b>
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Earnings before taxes</b>	<b>1.2%</b>	<b>-21.2%</b>	<b>-64.5%</b>	<b>-12.4%</b>	<b>-2.5%</b>	<b>-0.5%</b>
Tax rate	39.6%	4.1%	0.0%	0.0%	0.0%	0.0%
<b>Net income from continuing operations</b>	<b>0.7%</b>	<b>-20.3%</b>	<b>-64.3%</b>	<b>-12.4%</b>	<b>-2.5%</b>	<b>-0.5%</b>
<b>Net income</b>	<b>0.7%</b>	<b>-20.3%</b>	<b>-64.3%</b>	<b>-12.4%</b>	<b>-2.5%</b>	<b>-0.5%</b>
Minority interest	3.1%	-1.2%	-0.0%	-0.0%	-0.0%	-0.0%
<b>Net profit (reported)</b>	<b>-2.4%</b>	<b>-19.1%</b>	<b>-64.3%</b>	<b>-12.4%</b>	<b>-2.5%</b>	<b>-0.5%</b>

Source: Company data, NuWays

Balance sheet (EUR m)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	110.4	119.6	114.2	114.2	114.2	114.2
Property, plant and equipment	0.6	0.6	0.6	0.6	0.6	0.6
Financial assets	0.1	0.2	0.2	0.2	0.2	0.2
<b>FIXED ASSETS</b>	<b>111.1</b>	<b>120.3</b>	<b>115.0</b>	<b>115.0</b>	<b>115.0</b>	<b>115.0</b>
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	1.5	1.6	0.2	0.1	0.1	0.1
Other assets and short-term financial assets	9.5	46.8	28.6	25.8	23.2	25.5
Liquid assets	5.2	8.6	3.1	3.1	3.4	-0.2
Deferred taxes	0.6	0.0	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>16.9</b>	<b>57.0</b>	<b>31.9</b>	<b>29.0</b>	<b>26.7</b>	<b>25.4</b>
<b>TOTAL ASSETS</b>	<b>128.0</b>	<b>177.4</b>	<b>146.9</b>	<b>144.0</b>	<b>141.7</b>	<b>140.4</b>
<b>SHAREHOLDERS EQUITY</b>	<b>115.9</b>	<b>164.1</b>	<b>127.1</b>	<b>122.4</b>	<b>121.3</b>	<b>121.1</b>
MINORITY INTEREST	-5.9	-1.0	-1.0	-1.0	-1.0	-1.0
Provisions for pensions and similar obligations	5.6	0.0	0.0	0.0	0.0	0.0
Other provisions and accrued liabilities	0.9	0.4	2.1	2.1	2.1	2.1
Short-term liabilities to banks	1.2	1.0	0.4	5.3	5.3	5.3
Accounts payable	1.0	4.2	3.2	1.7	1.8	1.9
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	8.2	8.4	15.1	13.6	12.2	11.0
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT LIABILITIES</b>	<b>9.2</b>	<b>12.6</b>	<b>18.3</b>	<b>15.2</b>	<b>14.0</b>	<b>12.9</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>128.0</b>	<b>177.4</b>	<b>146.9</b>	<b>144.0</b>	<b>141.7</b>	<b>140.4</b>
<b>Balance sheet (common size)</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023e</b>	<b>2024e</b>	<b>2025e</b>
Intangible assets	86.3%	67.4%	77.8%	79.3%	80.6%	81.4%
Property, plant and equipment	0.4%	0.3%	0.4%	0.4%	0.4%	0.4%
Financial assets	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
<b>FIXED ASSETS</b>	<b>86.8%</b>	<b>67.8%</b>	<b>78.3%</b>	<b>79.8%</b>	<b>81.1%</b>	<b>81.9%</b>
Inventories	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts receivable	1.2%	0.9%	0.1%	0.1%	0.1%	0.1%
Other assets and short-term financial assets	7.4%	26.4%	19.5%	17.9%	16.4%	18.2%
Liquid assets	4.1%	4.8%	2.1%	2.2%	2.4%	-0.2%
Deferred taxes	0.5%	0.0%	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>13.2%</b>	<b>32.2%</b>	<b>21.7%</b>	<b>20.2%</b>	<b>18.9%</b>	<b>18.1%</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>90.5%</b>	<b>92.5%</b>	<b>86.5%</b>	<b>85.0%</b>	<b>85.6%</b>	<b>86.3%</b>
MINORITY INTEREST	-4.6%	-0.6%	-0.7%	-0.7%	-0.7%	-0.7%
Provisions for pensions and similar obligations	4.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Other provisions and accrued liabilities	0.7%	0.2%	1.4%	1.4%	1.5%	1.5%
Short-term liabilities to banks	0.9%	0.6%	0.3%	3.7%	3.7%	3.8%
Accounts payable	0.8%	2.4%	2.2%	1.2%	1.3%	1.4%
Advance payments received on orders	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other liabilities (incl. from lease and rental contracts)	6.4%	4.7%	10.3%	9.4%	8.6%	7.8%
Deferred taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>CURRENT LIABILITIES</b>	<b>7.2%</b>	<b>7.1%</b>	<b>12.5%</b>	<b>10.6%</b>	<b>9.9%</b>	<b>9.2%</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)	2020	2021	2022	2023e	2024e	2025e
Net profit/loss	0.2	-10.8	-37.2	-4.7	-1.0	-0.2
Depreciation of fixed assets (incl. leases)	3.4	5.3	23.1	6.4	7.0	7.7
Amortisation of goodwill & intangible assets	0.2	0.0	0.0	0.0	0.0	0.0
Others	-0.5	-0.7	-0.0	0.0	0.0	0.0
Cash flow from operating activities	-2.0	-18.2	-37.6	-7.2	0.3	-3.6
Increase/decrease in inventory	-0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in accounts receivable	-0.1	-0.5	-0.1	0.1	-0.0	-0.0
Increase/decrease in accounts payable	2.2	2.6	5.1	-1.6	0.1	0.1
Increase/decrease in other working capital positions	0.3	1.7	5.0	0.0	0.0	0.0
Increase/decrease in working capital	2.4	3.8	10.0	-1.5	0.1	0.1
<b>Cash flow from operating activities</b>	<b>1.6</b>	<b>-12.9</b>	<b>-14.5</b>	<b>-0.9</b>	<b>7.3</b>	<b>4.1</b>
CAPEX	5.1	14.4	18.1	6.4	7.0	7.7
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.1	27.1	-27.1	-5.0	0.0	0.0
Income from asset disposals	0.1	0.0	0.1	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-5.2</b>	<b>-41.6</b>	<b>9.2</b>	<b>-1.4</b>	<b>-7.0</b>	<b>-7.7</b>
Cash flow before financing	-3.6	-54.5	-5.4	-2.2	0.3	-3.6
Increase/decrease in debt position	1.9	4.4	-0.1	2.3	0.0	0.0
Purchase of own shares	0.0	-0.6	0.0	0.0	0.0	0.0
Capital measures	4.3	53.6	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	-0.5	-0.7	-0.0	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>5.7</b>	<b>57.8</b>	<b>-0.1</b>	<b>2.3</b>	<b>0.0</b>	<b>0.0</b>
Increase/decrease in liquid assets	2.1	3.4	-5.5	0.1	0.3	-3.6
<b>Liquid assets at end of period</b>	<b>5.2</b>	<b>8.6</b>	<b>3.1</b>	<b>3.1</b>	<b>3.4</b>	<b>-0.2</b>

Key ratios (EUR m)	2020	2021	2022	2023e	2024e	2025e
<b>P&amp;L growth analysis</b>						
Sales growth	291.3%	117.1%	8.9%	-33.9%	9.7%	9.6%
EBITDA growth	1559.4%	-54.2%	-405.3%	-203.0%	-158.2%	124.8%
EBIT growth	-119.5%	-21.6%	-4021.0%	-78.7%	-102.7%	-199.9%
EPS growth	-87.2%	-23.4%	4760.3%	-61.8%	-97.2%	-95.5%
<b>Efficiency</b>						
Sales per employee	267.6	455.8	412.9	283.3	299.5	391.5
EBITDA per employee	49.4	-36.2	-98.4	32.2	57.3	83.1
No. employees (average)	91	116	140	134	140	117
<b>Balance sheet analysis</b>						
Avg. working capital / sales	4.6%	-1.9%	-2.2%	-5.5%	-5.6%	-3.6%
Inventory turnover (sales/inventory)	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable turnover	23.0	10.7	1.2	1.2	1.2	1.2
Accounts payable turnover	209.3	209.3	209.3	40.0	40.0	40.0
<b>Cash flow analysis</b>						
Free cash flow	-3.6	-27.3	-32.6	-7.2	0.3	-3.6
Free cash flow/sales	-14.6%	-51.7%	-56.6%	-19.0%	0.7%	-7.9%
FCF / net profit	neg.	254.3%	87.7%	153.1%	neg.	1706.7%
Capex / sales	21.7%	78.6%	-15.7%	3.6%	16.7%	16.8%
<b>Solvency</b>						
Net debt	-4.0	-7.6	-2.7	2.2	1.9	5.6
Net Debt/EBITDA	0.0	0.0	0.0	0.5	0.2	0.6
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest paid / avg. debt	56.8%	171.3%	47.8%	86.5%	72.5%	43.0%
<b>Returns</b>						
ROCE	0.8%	-7.0%	-29.8%	-1.4%	0.8%	1.6%
ROE	-0.5%	-6.2%	-29.2%	-3.9%	-0.9%	-0.2%
Adjusted FCF yield	0.1%	-15.8%	-63.1%	-3.2%	1.6%	3.1%
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	-0.01	-0.23	-0.69	-0.09	-0.02	-0.00
Average number of shares	42.0	44.2	54.0	54.0	54.0	54.0
<b>Valuation ratios</b>						
P/BV	0.4	0.3	0.5	0.5	0.5	0.5
EV/sales	2.0	1.0	1.0	1.7	1.5	1.5
EV/EBITDA	10.9	-12.7	-4.3	14.6	7.9	6.9
EV/EBIT	52.2	-5.6	-1.6	-31.1	63.0	32.8

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	13.07.2023	Jarchow, Frederik	Under Review	EUR 1.60	EUR 1.45
	31.03.2023	Jarchow, Frederik	Hold	EUR 1.80	EUR 1.74
	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 relevant 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 adjust-

ment 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. If this communication is distributed in the United Kingdom it is solely directed at (i) investment professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "FPO") or (ii) high net-worth entities as defined in article 49 of the FPO. This document should not be distributed or forwarded, either directly or indirectly, to any other individuals.

## 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: [www.nuways-ag.com](http://www.nuways-ag.com)

Date of publication creation: 17/11/2023 07:58 AM

Date of publication dissemination: 17/11/2023 07:58 AM

## Contacts

### NuWays AG

Mittelweg 16-17  
20148 Hamburg  
Germany

+49 170 119 8648  
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



**Henry Wendisch**

Analyst

henry.wendisch@nuways-ag.com



**Mark Schüssler**

Analyst

mark-hendrik.schuessler@nuways-ag.com



**Konstantin Völk**

Analyst

konstantin.voelk@nuways-ag.com

## Find us on Social Media

[Instagram](#)



[Twitter/X](#)



[LinkedIn](#)

