NAGA

CORPORATE NEWS

Hamburg – Monday, 28th of October 2019

> ***NAGA completes its restructuring and sees an uptick in transactions, volumes and new client's deposits.***
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> *- Announced restructuring completed*
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> *- Expansion into South-East-Asia shows first results*
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> *- Significant increases of transactions, volumes and new client's deposits*

The NAGA Group has successfully completed its restructuring which was announced in April. Due to the poor market environment and restructuring overheads, the first half of the year was an extreme challenge for NAGA. With significantly lower sales figures, high one-off costs were generated through severance payments and reversals, which had impacted earnings as expected.

However, in the course of the reorganization the operative costs could be lowered considerably. While offices in Spain have been completely closed and heavily downsized in Germany, NAGA has concentrated its operational activities in Cyprus and successfully recruited and trained new talent. With the focus on the NAGA.com core platform, customer satisfaction, customer support and platform quality have also increased significantly.

"NAGA has in fact re-launched thanks to the Fosun investment. Internally we already call this the "NAGA 2.0 Project". For the first 3 years, NAGA has grown very fast in all directions, but there was no clear strategy. The technology was innovative but not thought through, marketing was never properly launched and running costs were too high. In addition, our vision was not reflected in the company structure. The restructuring process has cost us a lot of focus and energy, as you can see from the weak sales figures in the first half of the year. However, this process was essential to get the company on the right track. After centralizing the product offering, we were able to significantly increase product quality and thus customer satisfaction.

We are particularly pleased that in this turbulent time we have accelerated the expansion into Southeast Asia and see the first promising results of our new product and business strategy," summarizes founder and CEO Benjamin Bilski.

NAGA's flagship is now the auto-copy feature. Meanwhile, 72% of the trading volume is handled through the service, which allows users to click to copy the strategies of the most successful traders on the platform. The focus on platform quality and customer satisfaction has also been reflected in transaction volume in recent months. The average monthly new deposits have risen to over EUR 3.5 million, 50% higher than the monthly average throughout 2019. The number of executed orders increased by more than 65% to 388,000. Trading volumes also reached a new high of more than EUR 4.5 billion.

After months of preparation, NAGA has also been able to tap into the markets in Thailand, Indonesia and Vietnam, which are already making an essential contribution to the business. "For the most part, this success is due to our unprecedented start in Asia through our recent learning from Europe. The platform runs smoothly, and customers are amazed to find that NAGA is the only offer in the market that has made the most of social networking with investing across asset classes, "notes Bilski.

In terms of technology development, NAGA continued to make strong progress despite the cost reductions and downsizing of the teams. In September, the in-house chat "NAGA Messenger" was released, which enables customers to trade and chat simultaneously, and "Naga-Signals", a service that allows selected top traders to prominently publish their own trading ideas. Also, the NAGA Card, which offers European customers their own IBAN bank account and a Mastercard together with the trading account at NAGA, has been greatly improved, which has again led to a surge of new applications for the card offer. The final milestone for NAGA will be reached this year: Physical stock trading. After more than 1.5 years of development, "NAGA Stocks" will be rolled allowing European clients to trade physical stocks. Customers can thus choose to trade either the underlying asset or the CFD without having to switch accounts.

"Our goal now is to reduce customer acquisition costs and increase customer loyalty through our technology and unique offering that combines personal banking, asset management and equities, as well as cryptocurrency trading. Our existing customers are highly satisfied and now it is all about acquiring new customers and controlling the platform development so that the quality remains high without introducing too many new products.

The platform is now almost at 100% when it comes to the product vision we had back in 2015. It has come a long way, but we are convinced that our customers will now be more convinced about our product offering, and this will be reflected in our bottom line, especially in 2020. In terms of our company performance, we are aware that the turnaround must happen as quickly as possible and that some investors have concerns. However, in our view, it is only a matter of time, because NAGA is set for growth and we want to measured after posting the 2020 results."

THE NAGA GROUP AG:

THE NAGA GROUP AG was founded in August 2015. The publicly listed company offers a platform that combines personal banking, equities and CFD trading as well as a social network. With services such as the Crypto-Currency Wallet, the NAGA Card, and the auto-copy function of leading stock traders on the platform, NAGA allows investors to invest across all asset classes. The word "NAGA" is Sanskrit and means "Cobra Snake". It is also the name of the world's hottest chili variety.