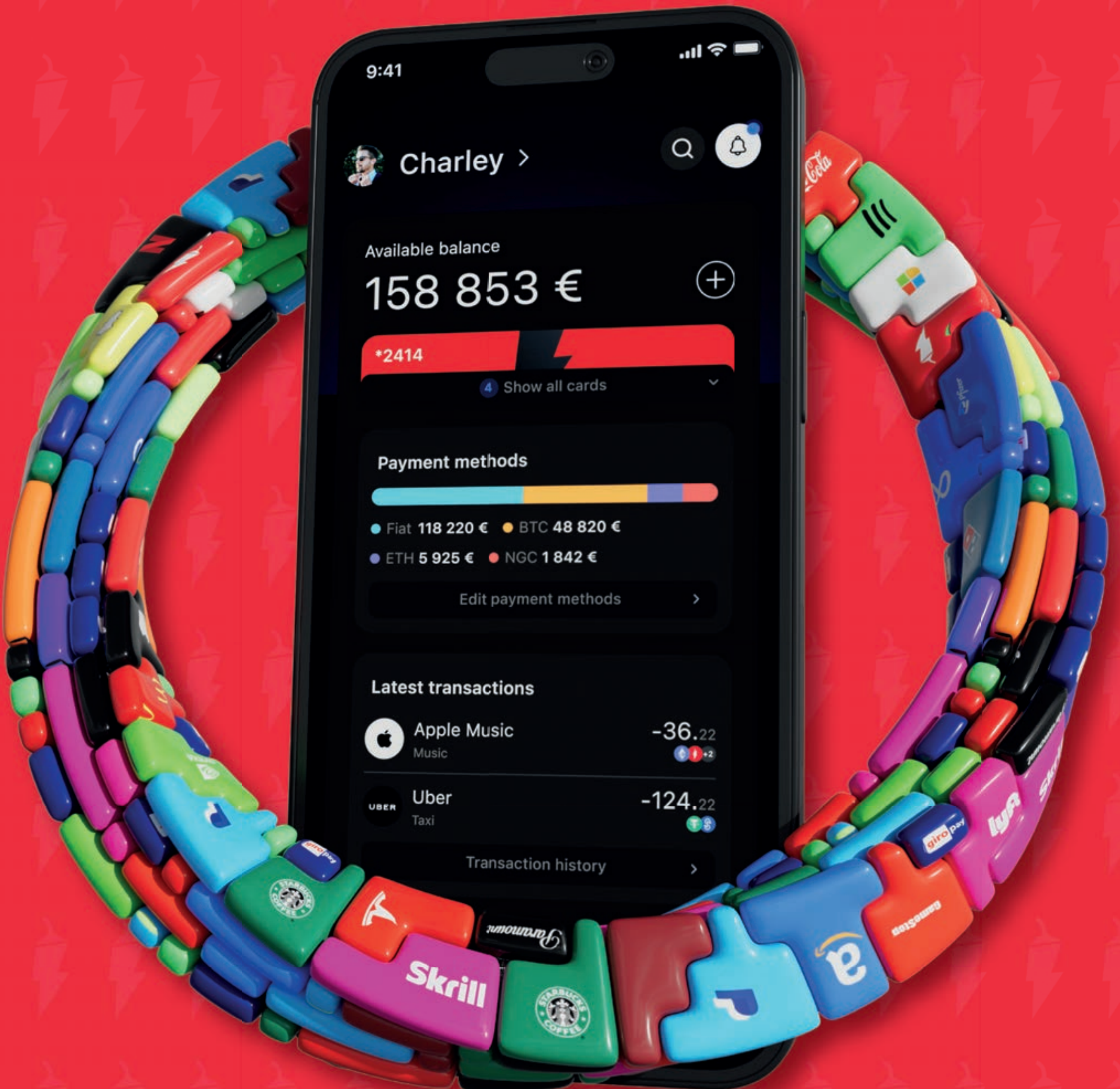
ANNUAL REPORT 2022



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Letter to the Shareholders

Dear Shareholders,
dear friends and supporters of NAGA,

In the 2022 financial year, The NAGA Group AG increased its consolidated revenue by almost 9 % to EUR 57.6 million (previous year: EUR 52.9 million), but generated a decline in consolidated EBITDA to EUR -13.7 million (previous year: EUR 4.2 million) and a decrease in consolidated net income to EUR -37.0 million (previous year: EUR -10.8 million).

In addition to increased operating costs (programming costs and higher headcount, attributable to geographical diversification with customers in over 100 countries and the expanded product range), the reasons for the strongly negative earnings trend are high extraordinary depreciation and amortization. Depreciation and amortization of EUR 7.8 million (previous year: EUR 5.4 million) related to the further capitalization of development costs and increasing capitalized customer acquisition costs. In addition, impairment losses on crypto inventories amounting to EUR 18.6 million had to be recognized as at the balance sheet date.

Our 2022 consolidated financial statements therefore do not yet reflect the successes of the complete change in strategy initiated in 2022. As 2022 was a while ago in light of our delayed publication of the financial statements, we would like to take this opportunity to briefly review the key events: 2022 was a very turbulent year. The drastic change in sentiment on the international capital markets, triggered by the Russia-Ukraine war and the changed interest rate environment, led to a sharp decline in customer activity, and not just for us. At the same time, customer acquisition costs rose disproportionately. Investments in NAGA's crypto segment and trading results for crypto assets also fell well short of expectations and were in some cases written off completely. Due to the changed market conditions, we immediately initiated a complete change in strategy and a systematic restructuring. The core tasks of the restructuring were to concentrate fully on the trading business and to reduce acquisition costs while maintaining the same customer value. On this basis, NAGA was able to significantly reduce key operating costs in the 2022 financial year. For example, we succeeded in reducing net acquisition costs per new account from EUR 1,678 at the peak of the year to EUR 331 at the end of 2022. For further details on business development in 2022, please refer to the disclosures in the Group management report.

We would like to take this opportunity to apologize to our shareholders for the renewed delay in the preparation and publication of the annual financial statements, which also affects the outstanding half-year report 2023. This is due to the inclusion of new business activities and the inclusion of new subsidiaries in the consolidated financial statements, for which there were no well-established processes for preparing and auditing the financial statements. In addition, there were technical problems with the accounting recording of business transactions with cryptocurrencies. All reasons for delays are of a one-off nature, i.e. they will not occur again in future financial statement processes.

2023: Focus on significant improvement in earnings and global expansion

In the current financial year 2023, our restructuring measures have already been reflected in a significant reduction in marketing and sales costs of EUR 22 million compared to the same period of the previous year and a visible improvement in earnings. In the first three quarters of 2023, we achieved a significant increase in Group EBITDA from the brokerage business to EUR 4.2 million (previous year: EUR -4.2 million) on trading revenue of EUR 28.4 million (previous year: EUR 46.7 million). The average net acquisition costs per new account are now only EUR 181. At the same time, all core KPIs improved in the first three quarters of 2023:

- Active accounts: New record of 20,400 (previous year: 17,700)
- Traded volume: +12 % to EUR 110 bn (previous year: EUR 98 bn)
- Number of transactions: +18 % to EUR 7.3 million (previous year: EUR 6.2 million)
- New deposits from new customers: +44% to EUR 8.9 million (previous year: EUR 6.2 million) - corresponds to a value of EUR 913 per new account (+105%)
- Average monthly churn rate: improvement of 3.1 % to 5.3 %

As you can see from the preliminary Group sales for the first three quarters of 2023, our focus is no longer on aggressive sales growth. We are also planning for a significantly lower level of Group sales for 2023 as a whole compared to 2022. However, the decline in Group sales will be more than offset by the savings in marketing expenses. In conjunction with the elimination of negative one-off effects from the 2022 annual financial statements, the ongoing cost reduction, our completed technology and positive effects from the development of new growth markets such as the Middle East, South America and South East Asia, we will report a sharp increase and positive Group EBITDA for 2023.

On the financing side, we repaid the majority of the convertible bond issued this spring in the amount of USD 6 million at the end of October 2023. The remaining amount of around USD 2.7 million plus accrued interest will be repaid on January 30, 2024. The holder of the convertible bond will not exercise his conversion right, so there will be no dilution for the shareholders. For the partial repayment, we have taken out a loan without conversion rights with an institutional investor with a term of 12 months.

In order to accelerate and finance our global growth objectives, we are in discussions regarding a potential strategic transaction with a multinational brokerage company, possibly in the form of a merger of the two companies. NAGA will retain its current stock exchange listing following the completion of such a transaction. The transaction is subject to due diligence and will be finalized subject to customary conditions precedent and regulatory approvals and is expected to close in the fourth quarter of 2023. Further details will be announced in due course.

Thank you for your patience

We would like to take this opportunity to thank our shareholders for their patience with NAGA. We have now done our homework – NAGA is solidly positioned in terms of costs and operations for the planned global growth. We are continuously working on solutions on the financing side and would like to ask for your approval for the necessary anticipatory resolutions for future capital measures at the upcoming Annual General Meeting on December 29, 2023. Our internal processes are now also so well established that we will be able to publish our financial statements on time in future.

Yours sincerely

The Board of Directors

Andreas Luecke

Michalis Mylonas


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Report of the Supervisory Board

Dear Shareholders,

In the 2022 financial year, the Supervisory Board of The NAGA Group AG again fulfilled all the duties incumbent upon it under the law, the Articles of Association and the Rules of Procedure. The Supervisory Board advised the Management Board on the management of the company and monitored its actions with great care. The Executive Board informed the Supervisory Board verbally and in writing about all material aspects of the overall Group's business development and planning, including financial and liquidity development and progress in NAGA's global expansion, market development, as well as the risk situation and risk management, strategy, and key business events. In fiscal year 2022, the Ukraine war significantly changed market conditions, to which the Executive Board responded with a complete change in strategy and rigorous restructuring. With extensive measures, the Executive Board successfully brought NAGA back on the growth path and at the same time laid the foundation stones for the return to profitability. On the basis of regular reporting by the Executive Board, the Supervisory Board was always promptly informed about important news and could discuss them. Where required by law, the Articles of Association and / or the Rules of Procedure, the Supervisory Board passed corresponding resolutions with approval (based on the resolutions proposed by the Executive Board) (see below under Meetings and Resolutions of the Supervisory Board).

Unfortunately, the Supervisory Board was not able to focus solely on operational issues and NAGA's strong global growth in the reporting year. The lengthy audit of the consolidated and annual financial statements for fiscal year 2021, largely caused by the complexity of the audits, adjustments and resource bottlenecks on the audit side, resulted in a high and intensive need for coordination in the reporting year into the fall. Accordingly, the preparation and publication of the 2022 half-year financial statements was also delayed. To avoid such annoying delays in the future, NAGA's financial statements have now been audited for the first time by MSW GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Berlin. The Supervisory Board was able to satisfy itself that the audit process and procedure were flawless and will again propose the election of MSW GmbH as auditor of the financial statements and consolidated financial statements at the upcoming Annual General Meeting. Despite all precautions, technical problems in the accounting recording of transactions with cryptocurrencies took significantly more time than expected and thus led to considerable delays in the preparation of the 2022 consolidated and annual financial statements and the 2023 half-year financial statements. As a result, the balance sheet meeting for fiscal year 2022 could not take place until November 03, 2023. The aforementioned technical difficulties were mainly related to the setup of software for the accounting recording of transactions in cryptocurrencies. Since the software setup was completed as part of the work on the annual financial statements for 2022, the Management Board and Supervisory Board expect that there will be no delays in the accounting recording of business transactions in cryptocurrencies in the future.

Meetings and resolutions of the Supervisory Board
In fiscal year 2022, four ordinary Supervisory Board meetings were held on March 14, April 25, October 13, and November 3, 2022, all of which were held as telephone/video conferences against the backdrop of the ongoing COVID 19 pandemic. At all meetings, the Supervisory Board had a quorum and at least one member of the Board of Management attended the meetings. In addition, a representative of the auditors Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, was present as a guest on October 13, 2022.

In addition to the aforementioned issues, the Supervisory Board dealt with the following matters at its joint meetings with the Executive Board, or passed the following resolutions by written procedure:

- On January 11, 2022, the Supervisory Board passed a resolution by circular resolution on the basis of the conditional increase in share capital resolved by the Annual General Meeting on May 24, 2017 and the subscription shares issued in 2021 with a nominal value of EUR 3,569,781.00 to amend the Articles of Association accordingly (regarding Section 7 (1) and (2), Share Capital and Division, and in (5), Conditional Capital 2017 II). Since then, NAGA's share capital amounts to EUR 54,047,924.00.

- In its first meeting of the reporting year on March 14, 2022, the Executive Board reported on the current business development of the NAGA Group and NAGA's recently expanded product offering through the launch of NAGA X.

- On April 25, 2022, the second meeting of the reporting year also focused on the Executive Board report on the current business development of the NAGA Group and an outlook for the fiscal year 2022, including the liquidity development and a cash forecast. In this context, the Executive Board mainly addressed NAGA's global expansion including (potential) investments and the status of licensing, the corporate strategy as well as the impact of the Ukraine war on the business and the development of the NAGA share price. Against the backdrop of the changed market conditions caused by the war, the NAGA Executive Board initiated a complete change in strategy and consistent restructuring and informed the Supervisory Board about measures already taken as well as further planned steps. In addition, the Executive Board and Supervisory Board discussed topics for the 2022 Annual General Meeting.

- Against the background of the resignation of his Supervisory Board mandate by Mr. Christian Angermayer and the expiry of the term of office of the Supervisory Board mandate of Mr. Robert Sprogies (see below under Appointments to the Supervisory Board and Executive Board), the Supervisory Board, which at that time consisted of three members, reconstituted itself at its meeting on October 13, 2022 (with validity until the upcoming Annual General Meeting). The Supervisory Board elected Mr. Harald Patt as Chairman and Mr. Qiang Liu as his Deputy. Together with a representative of the auditor Ernst & Young GmbH, the available consolidated financial statement documents for the financial year 2021 were discussed, here in particular the focal points of the audit (capitalized expenses for customer acquisition, valuation of cryptocurrencies held) as well as the reasons for the delayed audit. As the auditor informed that the audit opinion for the consolidated financial statements would not be available until the following day, the Supervisory Board had to postpone the approval of the consolidated financial statements 2021 accordingly.

- On the following day, October 14, 2022, following the presentation of the auditor's report, the Supervisory Board approved the consolidated financial statements for fiscal year 2021, including the notes to the consolidated financial statements, the Group management report and the auditor's report, by way of a circular resolution.

- At its last Supervisory Board meeting of the reporting year on November 3, 2022, the agenda included the report of the Executive Board on the current business development of all NAGA Group companies, including the status of the strategy change and its effects on business success as well as the outlook for the 2023 financial year, and the approval and adoption of the 2021 annual financial statements of The NAGA Group AG. In addition, the Supervisory Board discussed and adopted the agenda for the Annual General Meeting on December 16, 2022.

- On December 8, 2022, the Supervisory Board approved the conclusion of a loan agreement with the shareholder Fosun Fintech Holdings (HK) Limited in the volume of EUR 5 million.

Committees

The Supervisory Board continues to refrain from forming committees, also due to the reduction from five to three members in the reporting year. All issues are dealt with efficiently by the full Supervisory Board.

Composition of the Supervisory Board and Executive Board

The Supervisory Board member Mr. Christian Angermayer resigned his Supervisory Board mandate with effect from August 4, 2022. The Supervisory Board mandate of Mr. Robert Sprogies ended upon expiry of the term of office on August 31, 2022.
The shareholder Fosun Fintech Holdings (HK) Limited has appointed Mr. Qiang Liu to the Supervisory Board with effect from September 1, 2022.
Against the background of the departing members, the Supervisory Board reconstituted itself at its meeting on October 13, 2022 (with validity until the upcoming Annual General Meeting) and elected Mr. Harald Patt as Chairman and Mr. Qiang Liu as his Deputy.
The term of office of Supervisory Board members Harald Patt and Hans-Jochen Lorenzen ended at the close of the Annual General Meeting on December 16, 2022, at which the shareholders approved a reduction in the size of the Supervisory Board from five to three members and elected Mr. Harald Patt, resident in Friedrichsdorf, Managing Director of Börse Stuttgart Digital Exchange GmbH; and Mr. Richard Byworth, resident in Zurich, Switzerland, Managing Partner of Syz Capital AG, Switzerland; to the Supervisory Board. On March 22, 2023, the Supervisory Board reconstituted itself and elected Mr. Harald Patt as its Chairman and Mr. Qiang Liu as its Deputy Chairman.
There were no personnel changes on the Management Board of The NAGA Group AG in the reporting year. It continued to consist of Benjamin Bilski (NAGA founder & CEO), Andreas Luecke and Michalis Mylonas. The following personnel changes occurred after the balance sheet date of December 31, 2022: Mr. Benjamin Bilski moved from the Executive Board to the management team of NAGA as CIO (Chief Information Officer) with effect from June 01, 2023 by mutual agreement, Mr. Mylonas took over the position of CEO.

Audit of annual and consolidated financial statements

The auditor of the financial statements and consolidated financial statements for the financial year 2022, MSW GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Berlin, which was elected at the Annual General Meeting, has audited the consolidated financial statements and the Group management report of The NAGA Group AG for the financial year 2022, which were prepared by the Executive Board in accordance with IFRS, and has issued an unqualified audit opinion.

As a result of the delays in preparing the financial statements explained above, all Supervisory Board members did not have access to the aforementioned financial statement documents, including the auditors' reports, until October 31, 2023. These documents were the subject of intensive discussions at the Supervisory Board meeting on November 03, 2023. The representatives of the auditors attended the Supervisory Board meeting on the financial statements, reported on the timing, scope, focus and main results of their audit and were available to answer questions from Supervisory Board members. In particular, they addressed the audit matters of particular importance described in the audit report , the delay in preparing the financial statements and the audit procedures performed, as well as the findings on the internal control and risk management system in relation to the accounting process. The risk management system set up by the Board of Management is suitable for the early identification of developments that could jeopardize the continued existence of the Company. The auditors did not identify any significant weaknesses in the internal control system at Group level, the risk management system or the accounting process.
Following the final results of its own review, the Supervisory Board has no objections to raise. The Supervisory Board concurs with the results of the audit

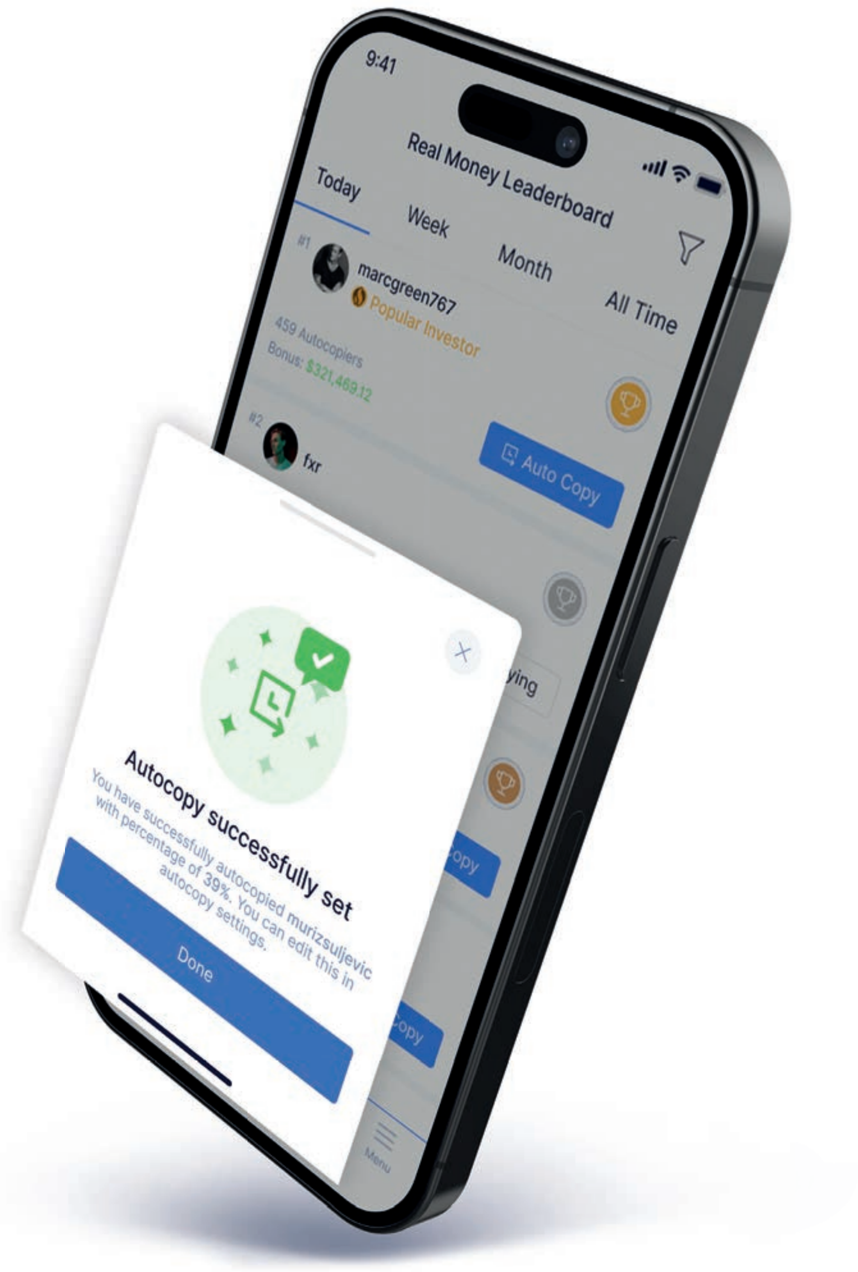
by the auditor and has approved the annual financial statements and the consolidated financial statements for 2022. The 2022 annual financial statements of The NAGA Group AG are thus adopted in accordance with Section 172 of the German Stock Corporation Act (AktG).

At the meeting on November 3, 2023, the Supervisory Board also discussed and approved this report. The Supervisory Board also examined the report of the Executive Board on relations with affiliated companies (dependent company report) and approved it without objections. In addition, the Executive Board and Supervisory Board discussed the 2022 Annual General Meeting on December 21, 2023.

Thanks to
The Supervisory Board would like to thank all NAGA employees and the Executive Board for their strong personal commitment in the challenging fiscal year 2022. It is only thanks to their high level of commitment that NAGA can grow strongly globally and develop into a profitable company.

Hamburg, November 3, 2023
The Supervisory Board

Harald Patt
Chairman of the Supervisory Board



Group Management Report

Group Management Report

BASICS OF THE REPRESENTATION

This group management report of The Naga Group AG (hereinafter referred to as either „NAGA" or the „Group") has been prepared in accordance with Sections 315 and 315e of the German Commercial Code („HGB") and German Accounting Standard („GAS") 20. All report contents and disclosures relate to the reporting date of December 31, 2022, or the fiscal year ending on that date.

FORWARD-LOOKING STATEMENTS

This Group management report may contain forward-looking statements and information that can be identified by formulations such as „expect", „want", „anticipate", „intend", „plan", „believe", „aim", „estimate", „will" or similar terms. Such forward-looking statements are based on the expectations and certain assumptions prevailing at the time of preparation, which may involve a number of risks and uncertainties. Actual results achieved by NAGA may differ materially from the statements made in the forward-looking statements. NAGA assumes no obligation to update these forward-looking statements or to revise them in the event of developments that differ from those anticipated.

1. FUNDAMENTALS OF THE GROUP

1.1. Business model of the Group

NAGA is a German fintech company based in Hamburg and listed on the Regulated Unofficial Market of Deutsche Börse AG. The core business of the Group is online brokerage. In addition to traditional trading, NAGA also offers its own social trading platform „Naga Trader". Through the investments in the subsidiaries, further business models arise at the level of the Group, which are based on the development of innovative financial technology („Fintech") and blockchain technology.

NAGA aims to create and offer easy access to financial markets and trading in contracts for difference, securities and cryptocurrencies for everyone.

The scope of consolidation of the Group as of December 31, 2022 includes the following companies:

Company	Shareholdings 31.12.2022	Shareholdings 31.12.2021
The Naga Group AG, Hamburg (parent company)	-	-
NAGA Markets Europe Ltd., Limassol, Cyprus	100 %	100 %
Naga Technology GmbH, Hamburg	100 %	100 %
Naga Virtual GmbH, Hamburg	100 %	100 %
Hanseatic Brokerhouse Securities AG (HBS), Hamburg	72.16 %	72.16 %
Naga Global LLC, Saint Vincent & Grenadines	100 %	100 %
NAGA GLOBAL (CY) LTD., Limassol, Cyprus	100 %	100 %
NAGA Global West Africa LTD., Lagos, Nigeria	99 %	99 %
NAGA FINTECH CO., LTD., Bangkok, Thailand	100 %	100 %
Naga Pay GmbH, Hamburg	100 %	100 %
NAGA Markets Australia PTY Ltd, Eastwood, Australia	100 %	100 %
NAGA Pay UK LTD., London, Great Britain	100 %	100 %
NAGA Pay (CY) LTD., Limassol, Cyprus (since February 21, 2022)	100 %	-
NAGA Markets UK LTD., London, United Kingdom (until May 17, 2022)	-	100%
NAGA X LTD., Limassol, Cyprus	100 %	100 %
NAGA X Europe OÜ, Tallinn, Estonia (since March 23, 2022)	100 %	-
NAGA Capital Ltd., Mahe, Seychelles (since October 06, 2022)	100 %	-

The operating subsidiaries of The Naga Group AG are as follows:

- NAGA Markets Europe Ltd („Naga Markets") is based in Limassol, Cyprus and is a securities trading bank authorized and regulated by the Cyprus Securities and Exchange Commission („CySEC"). Naga Markets is responsible for the brokerage area and provides trading platforms for CFDs, Forex, ETFs and stock indices for its clients.

- Naga Technology GmbH, Hamburg, consists of the former companies SwipeStox GmbH, Swipy Technology GmbH, p2pfx GmbH, Zack Beteiligungs GmbH and Naga Blockchain GmbH. Naga Technology GmbH operates Naga Trader and holds a 100% stake in Naga Markets. Naga Trader is available for iOS, Android and as a web trader with several thousand active users. The innovative social network provides easy and fast access to trading Forex, CFDs, ETFs, stocks and cryptocurrencies.

- Naga Virtual GmbH, Hamburg, has been operating the world's first independent, transparent and legal marketplace for virtual goods such as in-games items since 2018. In the course of the restructuring and focus on the core product Naga Trader initiated in 2019, the further development and marketing of the platform has been put on hold until further notice and has been in maintenance mode since then.

- Hanseatic Brokerhouse Securities AG („HBS") is a stock corporation founded in 1999 and active in the field of online brokerage. HBS initially held 100% of Naga Brokers GmbH in fiscal 2020, but the latter was merged into HBS retroactively as of January 1, 2020. The activity of HBS consists of managing the customer base built up by Naga Brokers GmbH for Naga Markets Europe Ltd.

- Naga Pay GmbH, Hamburg, developed and launched the neo-banking app NAGA Pay in 2020. In the fourth quarter of 2021, the app NAGA Pay was released again (relaunch) after a previously extensive revision. NAGA Pay combines an IBAN account, a VISA debit card, a share deposit account, copy trading and, after appropriate licensing, physical crypto wallets. Naga Pay GmbH holds a 100% stake in both Naga Pay UK Ltd. and Naga Pay (CY) Ltd.

- Naga Pay UK Ltd, London, United Kingdom, was established upon registration on February 27, 2021. It has the same business purpose as Naga Pay GmbH and serves Naga Pay customers who have their bank account in the UK.

- Naga Pay (CY) Ltd, Limassol, Cyprus, was established upon registration on February 21, 2022. It provides internal services in connection with the Naga Pay product to other Group companies.

- NAGA Markets Australia PTY Ltd, Eastwood, Australia, was established with registration on August 19, 2020. The commencement of Australian operations was planned for 2021. However, after the granting of the securities trading license applied for was delayed indefinitely by the Australian financial supervisory authority (ASIC), the application was not pursued further and the liquidation of the company was resolved at the end of 2022.

- Naga Global LLC. („Naga Global") operates online brokerage for clients outside the EU and provides trading platforms for CFDs, Forex, ETFs and equities to its clients.

- The companies NAGA GLOBAL (CY) Ltd, NAGA FIINTECH CO Ltd. and NAGA Global West Africa Ltd (formerly: NAGA Global (NG) LTD.), serve as subsidiaries of Naga Global LLC. and support its business activities in the area of customer acquisition and through internal services and the establishment/ operation of training centers.

- Due to the withdrawal from the UK market, NAGA MARKETS UK LTD was inactive as of the previous year's balance sheet date December 31, 2021 and was liquidated as of May 17, 2022.

- Naga X LTD, Limassol Cyprus, was incorporated with registration on August 17, 2021. The Company is seeking to obtain a Crypto Asset Service Provider (CASP) permit from CySec to trade and hold cryptocurrencies.

- The shares in NAGA X Europe OÜ (formerly LTC Pipe OÜ), Tallinn, Estonia, were acquired on March 23, 2022, by board member Benjamin Bilski in trust for The Naga Group AG. The company operates the Web3 crypto social trading platform for cryptocurrencies and NFTs launched in March 2022.

- The shares in NAGA Capital Ltd. (formerly: FT Invest Ltd.), Mahe, Seychelles, were acquired on October 06, 2022. With the securities trading license in Seychelles granted to the company in 2021, NAGA can grow stronger outside Europe and offer multiple payment processors with increasing B2B business, which are essential in many markets such as Latin America or Southeast Asia. NAGA has already been able to build a lot of customer interest there, which can be monetized thanks to the license and the newly available methods.

In addition to the above-mentioned affiliated companies, Naga AG holds a 20.0% share in Horizons Holding Ltd, Grand Cayman, CYM, a joint venture to develop the Chinese market. The investment amounting to EUR 186k was fully impaired as of December 31, 2020 due to the discontinuation of the cooperation.

Business activities of the Group

The Group's main business to date has been brokerage, with direct B2C contact. Brokerage is handled by the subsidiaries Naga Markets and Naga Global. As pure online brokers, the companies do not maintain branches, but provide a trading platform on the Internet for CFDs, Forex, ETFs, stock indices and stocks. Through the direct connection of Naga Trader, the group offers both a classic and a „social trading" service. In addition to brokerage, the development of blockchain-based technology will play an increasingly significant role at NAGA in the future. This is intended, among other things, to realize the Group's goal of global financial inclusion across all assets, products and continents. Further information on revenue recognition can be found in section 7.p) of the notes to the consolidated financial statements.

Depending on the further development of the crypto markets, the Group will therefore turn its focus to the crypto division in addition to the brokerage business and expects this to be another source of revenue in the coming years. To fully license its cryptocurrency division and expand its crypto products, NAGA has hired a team of specialists consisting of a management team as well as technology team.

Naga Markets and Naga Global stand out from most competitors with their discount pricing model, making them an alternative to branch or direct banks for average investors as well as very active traders.

Until the launch of Platform NAGAX, Naga Wallet and Naga Exchange were operated as additional business lines with the cooperation partner Naga Development Association Ltd. of Belize City/Belize („NDAL"). During FY2022, NAGA acquired NDAL's customer base using the aforementioned products and migrated the customers to Platform NAGAX.

NAGA operates three fully developed product areas with NAGA Trader, NAGAX and NAGA Pay. With NAGA Pay and NAGAX, NAGA offers a complete neobanking platform and crypto ecosystem.

The neo-banking app NAGA Pay combines an IBAN account (fully digital account opening process, optionally as a standard or premium solution), a VISA debit card, a share deposit account, copy trading and physical crypto wallets, the latter requiring licensing. The NAGA Pay app is operated with partner Contis Group Ltd („Contis", now part of the Solaris group of companies), one of Europe's leading providers of payment solutions for FinTechs and financial institutions. Thanks to Contis, NAGA customers get access to payments in the EU and the UK, as well as a globally recognized VISA debit card accepted by over 140 million merchants worldwide. Users can make bank transfers and send funds to friends for free in the NAGA Pay app. In addition, NAGA Pay is integrated with NAGA's overall trading infrastructure. In the future, the offering will be expanded to include wealth management, savings plans, and loyalty incentives for active customers. During 2022, Contis and NAGA Pay launched a VISA-approved card program that allows users to spend both fiat and cryptocurrency in real time at the point of sale. The NAGA Pay app unlocked the „Pay with Crypto" feature for all customers in early September 2022. Users can set which currency – euros or cryptocurrencies – they want to pay with at checkout or online at any time. Over 50 cryptocurrencies are supported and can be deposited and withdrawn directly in the NAGA Pay app via the blockchain. Contis' Buffer solution also offers the feature that in the event a user does not have enough money in their account to make a payment, they can balance it with cryptocurrencies in real time. In the future, ETF savings plans will be added to the offering. Likewise, NAGA Pay is working hard to expand its loyalty program, which is already offered, as seen here (https://pay.naga.com/de/our-partners?lang=de). In Q1 2023, Bitcoin Cash Back (up to 3%) was also launched, as well as Apple Pay in Q3 2023 and Google Pay in Q4 2023.

Launched on March 7, 2022, the social trading platform focused on cryptocurrencies NAGAX came with a cryptowallet as well as a crypto exchange with more than 50 assets. The platform allows any user to automatically convert a contribution on the platform into an NFT (Non-Fungible Token), which can be monetized. NAGAX traders are offered the opportunity to copy influencers' crypto trades for more than 700 assets via the social feed. NAGAX's offering is complemented by other virtual currency and commodity products. NAGAX also automatically executes the entire transaction in real time in the background via the „Pay with Crypto" feature introduced at NAGA Pay.

A Software-as-a-Service (SaaS) model launched in 2021 for accelerated global expansion will offer a white-label software product to select partner companies around the world in exchange for license payments. With approximately 5,000 technologically compatible financial services companies worldwide, this strategic move enables NAGA to expand with partner companies, increasing the user base of the entire community, leading to even stronger viral growth and thus reduced customer acquisition costs, for partners using the white-label model. As a result of this new offering, NAGA is able to enter and operate in new and existing markets faster and more efficiently, benefiting from local expertise on a global scale. White label partners can provide their user base with access to the content and trading information of the ever-growing community without giving up control over their own customer base and trading flow, while NAGA participates in the partners' success through license payments.

The NAGA Pro growth project, launched in 2020, was further developed into the Popular Investors program in 2021. The program included, among other things, an innovative copy trading dashboard with analytics tools and a career program for aspiring investors who want to monetize their own trades and their content. A new crypto wallet and additional social feed features were also released.

In early 2023, NAGA launched the Institutional Desk for volume traders, allowing NAGA to offer other brokers, high-frequency desks, as well as prop trading. First partners were acquired during the second quarter of 2023.

a) Locations

The company's headquarters are in Hamburg. In addition, there are the locations:

- Limassol and Nicosia, Cyprus
- London, Great Britain
- Mahe, Seychelles
- Tallinn, Estonia
- Sales and training locations in Bangkok, Thailand, and Lagos, Nigeria

As part of the liquidations of Naga Markets UK Ltd. and NAGA X Europe OÜ, the London, UK location was closed in May 2022 and the Tallinn, Estonia location in June 2023.

b) Products, services, platforms and business processes in the NAGA Group combine the topics of stock exchange (securities) and blockchain (cryptocurrencies) and payments (payment services). Derivatives, shares, commodities, foreign exchange and cryptocurrencies can be traded from a computer or mobile via iOS and Android using the Group's own Naga Trader platform. The customer has the option of compiling their own portfolios, sharing their own trades with the community and being copied by other customers or copying successful traders in turn. Furthermore, it is possible to develop your own trading strategy with a trading robot. The Naga Pay and NAGAX platforms complement the product range in the areas of payment services and cryptocurrencies.

c) Sales markets, customers and distribution policy
NAGA sells its products and services worldwide, primarily targeting the global markets for trading financial instruments. With regard to distribution policy, the Group focuses on online marketing, affiliate marketing, sales partners and fully automated customer acquisition processes. International expansion is also to be accelerated via the Saas model (software-as-a-service model -s.o.-) launched in 2021. The Company expects to be able to report its first revenues from this business model towards the end of the 2023 financial year.

d) General conditions
NAGA's business model is particularly dependent on the development of the capital and financial markets and on the overall European economic situation. High volatility on the financial markets is attractive for many actively risk-oriented trading customers and thus leads to a high number of transactions and sales.

1.2. Goals and strategies

The Group aims to become a leading provider of innovative technologies in sub-segments of the financial sector and to integrate asset management and social media. The focus is on sustained growth in the number of active customers and the global expansion of product sales, with the aim of significantly increasing EBITDA (earnings before interest, taxes, depreciation, and amortization) from year to year.

Financial targets of the Group

Taking into account the reporting date of December 31, 2022, the targets for the future include a profitable further development of the brokerage business, increasing revenues from the crypto and neo-banking business and the achievement of a positive EBITDA. Furthermore, a stable development of cash and cash equivalents as well as equity is to be maintained.

Strategies for achieving the goals

The main strategies for achieving the targets at Group level are presented below:

- Focus on core competencies: The Group's core business is based on the online brokerage of Naga Markets and Naga Global. This business segment is being steadily expanded and improved. Strong growth in trading revenue is expected from the development of markets outside the EU.

- The entire customer support will be expanded and improved so that customer satisfaction can be increased and more customers can also be acquired.

- The aim is to maintain the high level of innovation in IT activities and to further develop the business model through new products and product applications. The aim is to set new standards in the area of financial market technologies by acting in a customer-oriented manner and to provide technological support for other companies in their ideas.

- NAGAX was developed from the end of 2021 to the beginning of Q2 2022 and includes a spot exchange, a derivatives trading platform, staking, an NFT platform, and a social crypto feed.The plan for 2023 is to expand the user base and generate revenue from the exchange, staking markups, as well as trading activities.

- NAGA will also increasingly pursue global M&A activities and enter into partnerships to achieve leaps in growth beyond organic development.

NAGA is meeting the overall economic challenges primarily through organic growth thanks to its high willingness to innovate, although it is also observing opportunities for inorganic growth as they arise.

1.3. Value-oriented management and controlling system

In order to achieve the overall corporate goals listed in the previous section, the implementation of the strategy formulated by the Board of Management is to be supported by a management and controlling system that is to be continuously further developed.

The Group's internal management is based on EBITDA as the financial target figure, as this is a highly regarded metric for further measures and a key performance indicator for investors and analysts.

The central management tool of Group controlling is monthly reporting. In this reporting, all key financial and operating figures of the companies belonging to the Group are recorded and analyzed every month. Plausibility checks are carried out to identify any anomalies at an early stage so that countermeasures can be initiated in good time.

Corporate planning is carried out at the level of the Group as a whole and is based on the planning at the level of the subsidiaries. Business planning is continuously adjusted to the market environment, new product developments and structural changes.

At Group level, planning is finalized by the Executive Board. Newly added business areas are integrated into the planning process.

1.4. Development activities

Development activities have a high priority at NAGA and are directly controlled and monitored by the Executive Board. The majority of development activities are commissioned by us and carried out in close cooperation with business partners. The Executive Board controls development and ensures the integration of new products and applications into the NAGA ecosystem.

The total amount of development expenses in the Group amounted to EUR 6,688 thousand in the reporting period (prior year: EUR 3,484 thousand). This corresponds to approximately 11.6% (previous year: 6.6%) of sales. Capitalized additions to intangible assets amounted to EUR 5,883 thousand (PY: EUR 2,785 thousand). The development activities mainly resulted in the expansion of functionalities as well as the increase of stability of the

Naga Trader App and the corresponding web application, respectively. In addition, costs for the development of the NEO banking app NAGA Pay in the amount of EUR 546 thousand (previous year: EUR 344 thousand) and for the Naga X platform in the amount of EUR 3,259 thousand were capitalized. The financial significance of these development results for the Group is assessed by the Executive Board as very high.

With a programming company from Sarajevo/Serbia, NAGA has a strong partner at its side who carries out the essential developments and maintenance. Due to the flexible and solution-oriented cooperation, NAGA is very well positioned for further technical challenges. The daily communication and the team responsible for NAGA make it possible to quickly make improvements to the software.

2. ECONOMIC REPORT

2.1. Macroeconomic and industry-specific conditions

Macroeconomic environment

The year 2022 was also characterized by ongoing crises, Russia's war of aggression on Ukraine, global supply difficulties, high inflation and the rise in key interest rates. The International Monetary Fund (IMF) certifies global economic growth of 3.4%, a decline of 1.7% from the previous year. The development here follows on from the fourth quarter of 2021.

In 2022, German economic output grew by 1.9% across almost all sectors of the economy. As in a global comparison, the continuing consequences of the war in Ukraine, supply bottlenecks, and also sharp increases in energy and food prices continued to slow growth. In the other services sector, gross value added increased by 6.3% thanks to the resurgence in the cultural sector, while the combined trade, transport and hospitality sector also recorded significant growth (+4.0%). The more difficult conditions in the construction industry (shortage of skilled workers, high construction costs, more difficult financing conditions), led to a 2.3% decline in gross value added. Government consumer spending expanded moderately overall by 1.1%, with private consumer spending approaching its pre-crisis level again at +4.6% and becoming a pillar of growth. Strong growth in imports (+6.7%) was offset by lower exports (-3.2%). The German labor market reached a record level of 45.6 million people in employment, with an increase in employment subject to social security contributions in particular.

Capital Markets

2022 was a sobering year on the international financial markets. A record start was followed by a downward trend with Russia's attack on Ukraine and the associated energy crisis, which lasted until the end of the year. Over the course of the year, the DAX fell by 12.3% from an initial 16,272 points to below 14,000 points. Hopes of an early end to the pandemic were replaced in the first half of 2022 by concerns about energy shortages and rising prices across all sectors. Accordingly, 76 of the total 123 leading indices worldwide lost value. While the Nasdaq slumped by almost a third, the Dow Jones lost 9% and fell to its lowest level since 2008. The biggest gainers of the year included Venezuela, up 254%, Turkey, up +204%, and in Europe Montenegro, up +43.3%, and Cyprus, up +32.5%.

Due to persistently high inflation, the European Central Bank considered intervention unavoidable and raised the key interest rate sharply and significantly to 2.5%. In the USA, the key interest rate was even raised to 4.4%. A development that led to uncertainty and concern among many investors and made share transactions less attractive. In this difficult environment, the DAX fell to a low of 11,976 points at the end of September, but recovered slightly by the end of the year, although it was unable to reach the psychologically important 14,000 point mark.

Against the backdrop of the energy crisis, shares from the renewable energy sector in particular gained, while oil and gas prices experienced constant ups and downs. The cautious attitude of investors was particularly evident in tech stocks and online brokers. Young customers, who had started investing during upswings in previous years, were cautious against the backdrop of continuing uncertainty.

In the foreign exchange markets, the EUR and the USD reached parity for the first time in 20 years. The adjusted interest rate policy of the ECC was primarily responsible for this. However, despite high energy prices and inflation, the EUR closed at USD 1.07 with only a slight disadvantage.

The crypto market experienced the supposed collapse in 2022. The collapse of Terra (LUNA) and the bankruptcies of the crypto hedge fund Three Arrows Capital (3AC), the crypto lending provider Celsius, the insolvency of the Canadian crypto exchange Voyager, the German crypto bank Nuri, were first followed by the insolvency of the crypto exchange FTX, which in turn led to the collapse of the two cryptocurrencies Bitcoin (-63%) and Ethereum (-66%).
The crypto market was more volatile than before at the end of the year due to the loss of confidence of many investors. Investor skepticism was also observed on regulated exchanges, with trading volumes on the Stuttgart Stock Exchange plummeting by almost 60% to EUR 3.3 billion.

The inflation rate was very high in 2022: Consumer prices in Germany rose by an average of 7.9% year-on-year in 2022. This was mainly due to significant price increases for energy products (+34.7%), while food prices rose by 13.4%.

The following commentary on the Group's business performance and position relates to the slightly retrospectively adjusted amounts for fiscal year 2021. We refer to section 3. of the notes.

2.2. Business performance and position of the Group

After NAGA had initially made a successful start to 2022, the rapid crypto slump had a major impact on the overall Group performance across all divisions in the area of trading activities. As previously outlined, the war between Ukraine and Russia deeply depressed financial market sentiment, but also investor sentiment in particular, which was reflected in declining interest in the equity market. At NAGA, the cost per new customer skyrocketed and trading activity reached new lows, especially in April as well as May 2022 – interest in the trading platform declined.

NAGA's management reacted immediately and initiated a complete change of strategy and consistent restructuring in response to the changed market conditions. The core tasks of the restructuring represented the full concentration on the trading business and the reduction of acquisition costs while maintaining customer value. On this basis, NAGA was able to significantly reduce operating costs in fiscal 2022. Thus, the costs per acquisition have decreased from EUR 1,678 at the peak of the year to EUR 331 at year-end 2022. The focus here is on the scientific evaluation of the customer structure data. The resulting improved conversion rates lead to lower costs per acquisition with the same lead base.

On this basis, NAGA generated consolidated EBITDA of EUR -13,732 thousand (previous year: EUR -4,209 thousand) on consolidated revenues of EUR 57,597 thousand (previous year: EUR 52,877 thousand), whereby consolidated EBITDA was negatively impacted by the impairment of Naga Coins held for trading and a trade receivable totaling EUR 4,694 thousand. Depreciation and amortization of EUR 7,802 thousand (previous year: EUR 5,346 thousand) was incurred in fiscal year 2022. The increase is due in particular to the further capitalization of development costs and the rising capitalized customer acquisition costs. In addition, an impairment loss of EUR 15,324k had to be recognized in the financial year on NGC held for investment. As a result of these negative special items, the consolidated net result for the year amounted to EUR -37,049k, after a consolidated net result of EUR -10,754k was reported in the previous year.

On the revenue side, the increase in sales per customer was achieved through geographical diversification with customers in over 100 countries. Germany is currently the main sales market for NAGA. Outside Europe, the broker license granted in the Seychelles in the second half of 2022 is expected to drive NAGA's growth. This will enable NAGA to establish new banking and payment relationships and significantly accelerate growth in the B2B segment. In addition, non-EU customers will be better protected in the future.

The measures implemented have also had a visibly positive impact on transaction and user KPIs. The fourth quarter of 2022, for example, even shows new records for the number of new depositors: Average monthly FTDs (first-time deposits) have increased from 1,235 in Q1 2022 to 2,070 in Q4 2022.

Supervisory Board member Christian Angermayer has resigned from the Supervisory Board with effect from August 4, 2022.

The shareholder Fosun Fintech Holdings (HK) Limited has reappointed Mr. Qiang Liu to the Supervisory Board with effect from September 1, 2022.

The term of office of Supervisory Board member Robert Sprogies ended on August 31, 2022, and that of Supervisory Board members Harald Patt and Hans-Jochen Lorenzen ended at the close of the Annual General Meeting on December 16, 2022. At this meeting, the shareholders approved a reduction in the size of the Supervisory Board from five to three members and elected Mr. Harald Patt, resident in Friedrichsdorf, Managing Director of Börse Stuttgart Digital Exchange GmbH; and Mr. Richard Byworth, resident in Zug Switzerland, Managing Partner of Syz Capital AG, Switzerland, to the Supervisory Board. Following the Annual General Meeting, the Supervisory Board reconstituted itself and elected Mr. Harald Patt as its Chairman and Mr. Qiang Liu as its Deputy Chairman.

Results of operations Group

Sales development

NAGA generated revenues from brokerage business and trading of Naga Coins (NGC) („Trading Revenues"). These are mainly generated in the European and non-European regions. In fiscal year 2022, the brokerage business was expanded in contrast to previous years, particularly in the European region - especially in Germany. In addition, trading or market making for the NGC, which began in the fourth quarter of 2021, was continued in the first half of 2022. These activities were largely discontinued in the second half of the year.

Trading revenues increased moderately by EUR 4,720 thousand or 9% year-on-year to EUR 57,597 thousand, driven by both brokerage (EUR 2,020 thousand) and NGC trading (EUR 2,700 thousand). This positive development is due to the expansion of the customer base as well as extensive marketing activities in 2022.

The Group was able to achieve a trading volume of approximately EUR 138 billion in 2022 (previous year: EUR 288 billion).

Capitalized programming services

The capitalized programming services of EUR 5,883 thousand (PY: EUR 2,785 thousand) in 2022 relate to EUR 1,961 thousand (PY: EUR 2,312 thousand) for Naga Trader and EUR 3,259 thousand (PY: EUR 129 thousand) for the NAGAX platform. The capitalization rate for development costs in 2022 is 88% (previous year: 80%).

Other operating income

Other operating income decreased by EUR 739 thousand to EUR 252 thousand (previous year: EUR 991 thousand). In the previous year, this item mainly included the revival of a receivable from NDAL in the amount of EUR 580 thousand that had already been written off.

Personnel expenses

Personnel expenses increased significantly by EUR 2,699 thousand to EUR 10,697 thousand (previous year: EUR 7,998 thousand). The increase is mainly related to the increase in the number of employees, whose activities are primarily focused on the expansion and diversification of business activities.

Marketing expenses
Marketing and advertising expenses of EUR 28,345 thousand (previous year: EUR 30,971 thousand) were slightly lower than in the previous year because, among other things, the company's commitment as the main sponsor of Sevilla FC ended in the financial year 2022. The cost-cutting measures adopted and implemented by the Management Board also had an impact.

Impairment of current assets
In fiscal year 2022, a trade receivable from NDAL in the amount of EUR 1,446 thousand was written down. In addition, developments on the crypto market necessitated a complete write-down of the NGC held for trading purposes. This resulted in a write-down of EUR 3,248 k. Already in the previous year, a receivable from NDAL in the amount of EUR 440 k had to be written down.

Other operating expenses
Other operating expenses increased from EUR 8,012k in 2021 to EUR 12,028k in the reporting year. They mainly include legal and consulting costs of EUR 3,846 thousand (previous year: EUR 2,847 thousand), the increase in which is also the main reason for the increase in other operating expenses. Travel expenses, expenses for licenses and concessions, and expenses for web services also increased.

EBITDA development
EBITDA remained negative in the past financial year 2022 at EUR -13,732 thousand (previous year: EUR -4,201 thousand). The decline in EBITDA is mainly due to the write-down of the receivable from NDAL and the NGC held for trading. In addition, the increase in direct expenses for trading revenues, personnel expenses and other operating expenses more than offset the increase in trading revenues.

Depreciation, amortization and write-downs
Depreciation and amortization for 2022 totaled EUR 7,802 thousand (previous year: EUR 5,346 thousand). Of this amount, EUR 1,269 thousand (previous year: EUR 1,269 thousand) relates to the scheduled depreciation of Swipy technology. Furthermore, the Naga Trader was subject to scheduled amortization of EUR 2,117 thousand (PY: EUR 1,600 thousand). In addition, there is the amortization of the customer base of the HBS Group in the amount of EUR 524 thousand (previous year: EUR 524 thousand). Also taken into account is the amortization of acquired customer relationships in the amount of EUR 2,665 thousand (PY: EUR 1,514 thousand).

As a result of the turmoil on the crypto market in the course of fiscal year 2022, the prices of crypto assets – and also of NGC – plummeted. Against this backdrop, NGC held with investment intent was fully impaired. This led to an extraordinary burden on the consolidated result in the amount of EUR 15,324 thousand.

Financial result
The financial result amounted to EUR -310 thousand in the financial year 2022 (previous year: EUR -1,668 thousand). Financial expenses in the Group amounted to EUR 390 thousand in the financial year 2022 (previous year: EUR 1,682 thousand) and were attributable in particular in the amount of EUR 286 thousand to losses in connection with the disinvestment of the money market fund. In the previous year, financial expenses mainly included interest on the shareholder loan in the amount of EUR 398k and the convertible loan 2020/2022. In addition, financial expenses of EUR 1,199k were incurred in the previous year in connection with the convertible bond 2021/2022.

Income taxes and deferred taxes
The income from income taxes of EUR 119 thousand (previous year: EUR 462 thousand) results from the reduction in deferred tax liabilities, as intangible assets were amortized on a scheduled basis. In the previous year, deferred tax assets from tax loss carryforwards arising in the financial year 2021 were also offset against taxable temporary differences. In addition, deferred tax expenses arose in fiscal year 2021 from the derecognition of deferred taxes on loss carryforwards of HBS AG.

Result for the period
The result for the period decreased significantly in fiscal year 2022 compared to the previous year by EUR 26,295 thousand from EUR -10,754 thousand to EUR -37,049 thousand. The main reason is impairment losses on NGC held for trading and investment.

Inflation and exchange rate effects did not have a significant impact on earnings in fiscal 2022.

Financial position Group

Ensuring a liquidity cushion and the operational management of financial flows have top priority in financial management. Inflation and exchange rate effects did not have a significant impact on the financial position in fiscal 2022.

The capital structure of the Group is as follows:

in %	31.12. 2022	31.12. 2021	Change
Equity ratio	85.8	92.0	-6.2
Debt ratio	14.2	8.0	6.2
Leverage ratio	16.5	8.7	7.8

As a result of the negative result for the period, the equity ratio fell by 6.2 percentage points to 85.8%, with total assets down by EUR 30,446 thousand. No capital measures were carried out in the financial year 2022.

In contrast to the previous year, a negative cash flow of EUR -5,496 thousand (previous year: EUR 3,350 thousand) was generated in the financial year 2022.

in kEUR	2022	2021
Cash flow from operating activities	-14,518	-12,900
Cash flow from investing activities	9,162	-41,576
Cash flow from financing activities	-141	57,826
Cash and cash equivalents at the beginning of the period	8,583	5,233
Cash and cash equivalents at the end of the period	**3,087**	**8,583**

Cash flow from operating activities remained strongly negative at EUR -14,518 thousand (previous year: EUR -12,900 thousand), due in particular to the high personnel expenses and other operating expenses, which could not be offset by the increase in sales revenues. In addition, cash and cash equivalents in the amount of EUR 4,678 thousand in open derivatives were tied up in the short term.

Investments in intangible assets amounting to EUR 17,768 k (prior year: EUR 14,271 k) relate in particular to capitalized development costs of EUR 5,883 k (prior year: EUR 2,785 k) and the further purchase of NGC held for investment purposes in the first half of 2022 amounting to EUR 8,216 k. The use of the short-term investment of cash and cash equivalents in the prior year amounting to EUR 27,118 k refinances these investments, resulting in a positive cash flow from financing activities of EUR 9,162 k (prior year: EUR -41,576 k).

In contrast to the previous year, the Group did not carry out any capital measures or take on any liabilities for financing purposes in the financial year 2022, so that the cash flow from financing activities of EUR -141 thousand (previous year: EUR 57,826 thousand) plays a subordinate role.

Cash and cash equivalents at the balance sheet date developed as follows:

in kEUR	31.12. 2022	31.12. 2021	Change
Cash and cash equivalents	3,087	8,583	-5,496
less current liabilities	20,825	14,086	6,739
Subtotal	-17,738	-5,503	-12,235
plus current assets	28,819	48,447	-19,628
Surplus / shortfall	**11,081**	**42,944**	**-31,863**

As of the balance sheet date, the Company had an excess of current liabilities over current assets and cash and cash equivalents of EUR 11,081 thousand (previous year: EUR 42,944 thousand). The decrease in excess cover is due to the use of the short-term cash investment in the amount of EUR 27,118 thousand, without any financing measures having been implemented in fiscal year 2022.

The following table shows the coverage ratio of medium- and long-term assets to medium- and long-term capital:

in kEUR	31.12. 2022	31.12. 2021	Change
Equity	126,063	163,099	-37,036
Plus medium- and long-term liabilities	14	183	-169
less medium- and long-term tied assets	114,997	120,339	-36,867
Surplus / shortfall	**11,080**	**42,943**	**-338**

Medium- and long-term assets are covered by equity to the extent of 110% (previous year: 136%).

Net assets Group

NAGA's net assets developed as follows in fiscal year 2022:

in kEUR	31.12. 2022	31.12. 2021	Change
Assets	**146,903**	**177,369**	**-30,466**
Non-current assets	114,997	120,339	-5,342
Current assets	31,906	57,030	-25,124
Equity and liabilities	**146,903**	**177,369**	**-30,466**
Equity	126,063	163,099	-37,036
Non-current liabilities	14	183	-169
Current liabilities	20,825	14,086	6,739

The decrease in non-current assets by EUR 5,342 thousand is mainly due to the impairment of NGC held for investment and the scheduled amortization of capitalized development costs.

Current assets as of December 31, 2022 decreased by EUR 25,124 thousand due to the utilization of the short-term cash investment in the amount of EUR 27,118 thousand and the devaluation of the NGC held for trading. In addition, the value of the receivable from NDAL of EUR 1,446k recognized in the previous year was reduced. In particular, they include receivables from derivatives amounting to EUR 14,057 k (prior year: EUR 9,379 k) and customer deposits amounting to EUR 8,045 k (prior year: EUR 2,460 k).

As in the previous year, non-current liabilities amounting to EUR 14 thousand (previous year: EUR 183 thousand) exclusively comprise deferred tax liabilities.

2.3. Overall statement on the business performance and position of the Group

For the fiscal year 2022, the Executive Board of NAGA had originally expected a strong increase in consolidated revenues as well as a moderate increase and still negative consolidated EBITDA.

With consolidated sales of EUR 57,597 thousand (previous year: EUR 52,877 thousand) and an increase of EUR 4,720 thousand or 9%, NAGA did not fully achieve its sales forecast. In addition, the EBITDA forecast was significantly undercut at EUR -13,732 thousand (previous year: EUR -4,201 thousand). In addition to the high devaluations of NGC, this was due to the extensive investments in personnel, which form the basis for NAGA's further dynamic growth.

3. SUPPLEMENTARY REPORT

Events after the balance sheet date are explained in Note 13 to the consolidated financial statements.

4. FORECAST, OPPORTUNITY AND RISK REPORT

4.1. Forecast report of the Group

Macroeconomic forecast

A recovery of the global economy will continue to be held back in 2023. After the crisis year of 2022, high inflation, tighter financial conditions and the effects or consequences of the Russian war of aggression on Ukraine are making growth decisively more difficult. The latest forecasts from the International Monetary Fund (IMF) and the Kiel Institute for the World Economy (IfW Kiel) suggest an extremely muted return to pre-crisis mode. According to the IMF, the global economy is expected to grow by 3.0% in 2023, but by only 2.9% in 2024. The absence of an energy crisis in the winter half of 2022/23 will have a stabilizing effect. According to its fall forecast from September 2023, IfW Kiel even expects global economic growth rates of only +3.0% in 2023 and +1.4% in 2024.

In the euro zone, the recession forecast by Kiel Institute for the World Economy in 2022 will not materialize in 2023; the mild winter, the lower rise in energy prices and the slow decline in inflation will also ensure slight growth here. IfW Kiel predicts that GDP in the euro zone will increase by 0.6% in 2023 and by 1.7% in 2024. High inflation (especially the energy price shock) with a corresponding reduction in the purchasing power of companies and private households as well as supply-side shortages (shortage of skilled workers and materials) are likely to keep overall economic output growth subdued. Meanwhile, unemployment in the euro zone remains at its lowest level since monetary union was established and, according to IfW Kiel, will remain at the current low level until 2024. According to the EU Commission, the economy in the European Union will grow more slowly this year than recently expected. It expects GDP to increase by only 0.8% in the 20 euro countries this year, according to the 2023 summer forecast.
The European Central Bank initially hesitated for a long time with interest rate policy measures in 2022, but then raised the key interest rate from 0% to 0.5% for the first time in July 2022. The ECB continued on this course in the first quarters of 2023, gradually raising the key rate to 4.5% in September 2023. The ECB expects HICP inflation (harmonized consumer price index) to weaken from an average of 5.6% in 2023 to 3.2% in 2024 and 2.1% in 2025. In the medium term, the ECB is targeting an inflation rate of 2%. Many economists assume that the interest rate peak was reached with the last increase in September 2023 and that the ECB will keep the key rate at this level for a longer period of time. While the IMF forecasts greater growth for most emerging and developing countries, the industrialized countries are slow to follow suit. According to this forecast, German economic output will actually decline by 0.5% in 2023. In the coming year, however, the German economy is expected to grow again by 0.9%. For the Kiel Institute for the World Economy, the outlook for the German economy has stabilized since the spring forecast. According to the fall forecast, German GDP is expected to contract by 0.5% in 2023 and grow by 1.3% in the following year. High energy prices and location factors such as skilled labor potential, infrastructure and the tax burden are weighing on exports and investment activity, while high inflation with a corresponding reduction in the purchasing power of private households is also slowing down the German economy.
After the worrying downturn in the final quarter of 2022, which saw the German share index (DAX) close just above the psychologically important 14,000 point mark, the strong economic start to 2023 led to a stabilization of the leading index. A sharp short-term drop in the share price in March 2023, triggered by the banking crisis (bankruptcies of Silicon Valley Bank and Signature Bank in the USA), where the DAX lost 6% of its value within just two weeks, was followed by a continuation of the previous rally. Despite renewed interest rate hikes, the DAX was able to climb to new record levels several times in June 2023 and at its peak to a new best of 16,427 points. Gold and cryptocurrencies also posted strong price and value gains, respectively. The upward trend ended at the end of the month of July 2023; in the traditionally weak stock market month of August, the DAX lost significantly more than 9% in value. The increasingly uncertain geopolitical situation is keeping the capital markets in its grip in fall 2023. At the end of September, the German benchmark index closed at 15,386 points. The Dow Jones (September 29, 2023: 33,507 points) also recorded a similar price performance, while the technology-heavy Nasdaq 100 gained 25% in value from the start of 2023 to the end of the third quarter of 2023.
Contrary to previous predictions of a difficult year for the crypto markets, they posted a strong first quarter of 2023. Trading volumes in the first three months of the current year already returned to pre-FTX collapse levels. In the second quarter of 2023, cryptocurrency prices continued to rise, and institutional investor interest also grew – but momentum lagged behind the strong first quarter of 2023. Demand for risky assets like cryptocurrencies is suffering from growing macroeconomic uncertainty. In September 2023, spot trading volumes on centralized trading platforms (CEX) fell 19% to their lowest level in three years, but this may also be partly due to the ongoing legal battle between Binance and the US Securities and Exchange Commission (SEC).

For the fiscal year 2023, the Executive Board is planning for declining Group sales, which will be more than compensated for by improved efficiency in marketing and sales. The focus will no longer be on aggressive sales growth, but on generating stable and reliable profits. Under the premise of significant cost reductions, the earnings figures are to be visibly improved.

The license granted in 2022 in the Seychelles for NAGA Capital enables NAGA to grow 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 be monetized thanks to the license and the newly available methods. The business outside Europe offers strong growth opportunities, as acquisition costs are lower and profitability per customer is significantly higher compared to Europe.
In the first half of 2023, NAGA had increased its focus on developing the Group's infrastructure to provide a framework for success in emerging markets. A focus on acquisition, payment methods, and local regulation will provide the foundation for continued success in the second half of 2023. The presence in Asia, the Middle East, Africa and Latin America will be expanded by leveraging NAGA's strategic partnerships with proven market leaders in these regions and opening new local offices.

Based on preliminary figures, NAGA generated EBITDA from brokerage business of EUR 4.2 million on trading revenues of EUR 28.4 million in the period from January to September 2023. In the first three quarters of 2023, the restructuring measures have already been reflected in a significant reduction of marketing and sales costs compared to the same period of the previous year. Accordingly, average net acquisition costs per new account decreased from EUR 1,269 in the first nine months of 2022 to an average of EUR 181 in the same period of 2023.

All core KPIs were improved at the same time. Client assets under management grew by 44% to EUR 34 million compared to the last reported level of around EUR 24 million as of September 2022.

Improving core acquisition metrics will be driven by a focus on marketing efficiency and AI-driven marketing intelligence, combined with a completely restructured marketing strategy.

The neo-banking app, NAGA Pay, is planned to break even as a standalone project in the fourth quarter.

In order to push and finance its global growth targets, NAGA is on the one hand in talks about a possible strategic transaction with a multinational brokerage company, possibly in the form of a merger of the two companies. NAGA will retain its current stock exchange listing following the completion of such a transaction. The transaction is subject to due diligence and will be completed subject to customary conditions precedent and regulatory approvals and is expected to close in the fourth quarter of 2023.
Secondly, in April 2023, the Executive Board and Supervisory Board of NAGA resolved to issue and issue a convertible bond excluding the statutory subscription right for shareholders with a total nominal amount of USD 8,200,000.00, which was subscribed by a major investor. The issue amount corresponded to 100% of the nominal amount. The convertible bond has a coupon of 11% and a maturity of 6 months, from April 28, 2023 to October 30, 2023. The conversion price is USD 1.97. Conversion is possible at any time during the term. Upon full conversion, the share capital would increase by EUR 4,162,436, which corresponds to approximately 7.7% of the current share capital.

Forecast of significant financial performance indicators

Brokerage

After a record half-year in the first half of fiscal year 2022 (around EUR 35 million), NAGA was unable to follow up in the area of sales in the second half of the year (around EUR 16 million). Already in June and July, respectively, the stock market slumped further and interest from new customers reached a low point. Trading activity has corrected sharply downwards, so that especially Q4 2022 with an EBITDA of more than EUR -7 million has weighed heavily on the full year. Positive was the general base of active customers, as well as the strong increase in deposits, but customers acted cautiously/waited, so that there were few opportunities for revenue generation.
However, the company sees great potential for a positive development in 2023, as customer first time deposits increased by 44% year-on-year in the first 9 months, which are the cornerstone for further customer activity. In addition, NAGA plans to further expand its global business, which will bring higher gross margins and accelerate a turnaround in EBITDA.

Crypto and Payments

NAGA PAY and NAGAX went live in 2022. NAGA Pay performed well and was able to acquire around 2,000 active card users by the end of the year. NAGAX, on the other hand, has suffered setbacks due to the severely depressed crypto market. User interest was very positive at launch, but was severely negatively impacted by the crash in stable-coin provider Luna and the drop in Bitcoin prices. As a result, NAGAX budgets were cut and the team was downsized, as well as further development was scaled down. However, NAGA has developed a competitive crypto platform with the „pay by crypto" feature in NAGA Pay and the full integration of NAGAX into NAGA Pay, which can be directly scaled in the future once the market recovers.
In 2023, revenue in the Payments and Crypto segments is expected to increase, as a recovery in the crypto market is anticipated.

Group sales

Overall, significantly lower sales are expected in fiscal 2023 than in the previous year, but also with far lower marketing expenses, with the reduction in sales being more than offset by the savings in marketing expenses.

EBITDA

As a result of ongoing cost reductions, completed technology and effects from the development of new growth markets, the Executive Board expects Group EBITDA to rise sharply and to be positive in fiscal 2023.

Forecast for the significant non-financial performance indicators

Due to the withdrawal from the UK market at the end of 2021, a relevant market for the company has disappeared. As a result, core KPIs such as transactions, volume, active customers, and registrations in fiscal year 2022 declined slightly compared with the prior-year period. However, these KPIs have increased strongly in other target markets, resulting in, among other things, higher profitability per transaction. The Company has taken various measures to drive its global growth. Increasing customer deposits, improved efficiency in customer acquisition, cost reductions and the development of new markets such as the Middle East, South America and Southeast Asia provide a solid foundation for further profitable growth in 2023.

4.2. Risk Report

NAGA's business model is influenced by many factors, including legal and macroeconomic conditions, the maintenance of permits and licenses, as well as cooperation with our business partners and other contractual relationships. On this basis, we make assumptions about our development and profitability, transaction volumes and revenue, cost items, staffing, financing, and significant balance sheet items that may prove to be inaccurate or incomplete. In particular, our continued growth depends on whether and to what extent we will be able to attract new customers who will take advantage of Naga's offer to expand our existing offerings and establish new distribution channels.

In the worst case, the business model could prove to be unprofitable or no longer feasible. This could require impairment losses, particularly on capitalized non-current assets, and have further material adverse effects on NAGA's net assets, financial position and results of operations.

In addition to the individual risks described below, the effects of the war in Ukraine and the war in Israel, as well as the changed interest rate environment on overall economic development and the international financial markets, are also to be classified as risks for the NAGA Group. As previously described, the war between Ukraine and Russia had deeply depressed the mood on the financial markets, but also above all the mood of investors, which was reflected in a sharp drop in interest on the stock market in the reporting year, with the Dax losing value for months. Record inflation prompted the central banks to end their many years of monetary easing, and key interest rates were raised quickly and significantly. The ECB continued to raise the key rate in 2023, increasing it by 0.5 percentage points in both February and March 2023 to 3.5%, and most recently by another 0.25% in September 2023 to 4.5% . Although the Israel War has so far not had such a strong negative impact on international financial markets (with the exception of stock exchanges in the Middle East), which reacted to the outbreak of the war with only slight losses, investors are seeking security in these times of increasing geopolitical instability. Riskier asset classes such as equities and cryptocurrencies are coming under pressure. Bitcoin, as the most important cryptocurrency, gained a little over 63% in 2023 by the end of the third quarter in what should be an unfavorable environment for cryptocurrencies. Cryptocurrencies could gain further momentum and interest from institutional investors if the U.S. Securities and Exchange Commission (SEC) approves a Bitcoin spot ETF. In contrast to the year under review, demand on the stock markets was high in the first half of 2023 despite numerous risk areas and the DAX was able to climb to constantly new highs, as previously shown. In the second half of 2023, investors began to price in the risk factors during the seasonally weak stock market months of August and September, dampened by the lack of hoped-for signals of an economic recovery.

NAGA's immediate response to the changed market conditions in this gloomy macroeconomic environment and the weakening stock market development was reflected not only in improved sales and earnings figures, but also in an improvement in all core KPIs. (see above under 4.1 Outlook). The current market development therefore does not currently have any negative impact on the business success and the earnings, net assets and financial position of the NAGA Group. NAGA was and is also only marginally affected by the sharp rise in inflation and the increase in interest rates. The cost-cutting measures implemented have greatly reduced the monthly cost base and had a positive impact on the Group's earnings power. Due to the low level of external debt, the increased interest rate level only has a minor effect in the form of higher interest rates in the case of refinancing.

Due to the commencement of proprietary trading in crypto assets in fiscal year 2021, NAGA is subject to risks arising from fluctuations in the value of crypto assets held for proprietary trading. These had a negative impact on the results of operations, net assets and financial position of the NAGA Group in fiscal year 2022.

a) Features of the risk management system

NAGA operates in a regulated market with the Naga Trader application in the CFD, Forex, ETF and equity markets. In addition to the constant changes in the company's economic environment, changes in the legal or regulatory framework are therefore also essential for the company's success. Current developments are permanently monitored and carefully analyzed. In April 2023, the EU finalized the MiCA (Markets in Crypto-Assets) regulation. This regulation introduces uniform regulations for certain cryptocurrencies within the EU in order to improve legal certainty and investor protection. Companies affected by MiCa will have to apply the regulation on a mandatory basis from 2025. Among the obligations is a white paper to be developed and submitted to regulators. For NAGA's business success, no risks result from the new regulations. As NAGA already holds two licenses (in Estonia and Cyprus) for business with cryptocurrencies, the company rather expects a competitive advantage compared to companies that have been operating these businesses without regulatory permission so far.

The Executive Board incorporates emerging opportunities and potential risks into its business and risk strategy and adjusts it accordingly as required. At NAGA, monitoring and controlling risks are a central component of the company's management tools.

A pronounced risk awareness in all relevant business processes and the Group's high ethical standards are observed by management and employees. Furthermore, limiting risks is one of the key objectives for all NAGA managers within their respective areas of responsibility. In this context, each manager develops effective task-specific control processes and ensures their ongoing application.

For the overall and comprehensive assessment, limitation and management of risks, NAGA has also established a staff unit that has assumed the Group-wide tasks of the risk controlling function in accordance with the Minimum Requirements for Risk Management (MaRisk) AT 4.4.1 of BaFin. This employee is responsible for the Group-wide identification, assessment, management, monitoring and communication of risks. For this purpose, this unit has free access to all risk-relevant information and data of the Group.

The head of the Risk Management Department is involved in all important risk policy decisions made by the Executive Board. The Supervisory Board is informed immediately in the event of a change in the management of NAGA's Risk Management Department.

b) Risk identification and risk assessment

NAGA has a risk inventory, which is also updated on an ad hoc basis as required. This enables NAGA to divide risks, including risks from the use of financial instruments, to which it is exposed in the course of its operating activities into the following categories:

- Market risks
- Address default risks
- operational risks
- Liquidity risks
- other risks (country risks)

The risk assessment is carried out taking into account risk-reducing measures taken and the given equity situation.

c) Monitoring and communication of risks

The management is informed by monthly reports about the current risk situation, important key figures and the earnings situation of NAGA. In addition, an overview is available to the Executive Board in which selected key figures (such as e.g. EBITDA or the revenues of the three divisions Brokerage, Crypto and Payment) of NAGA are presented.

In our own assessment, the measures taken to analyze and monitor NAGA's risk situation are appropriate. The risk-bearing capacity was given at all times during the reporting period. At the time of preparing this risk report, no immediate risks that could jeopardize the continued existence of the company, also with regard to possible concentration risks, have been identified.

The main risks to which NAGA is exposed in the course of its operating activities are described in more detail below. The following tabular evaluation methodology is used to assess the probability of occurrence and the extent of the risk:

Probability of entry	Description
< 5 %	very low
5 - 25 %	low
> 25 - 50 %	medium
> 50 %	high

Extent of risk	Impact on business activities net assets, financial position, results of operations and reputation
low	limited impact < kEUR 50 EBITDA individual risk
medium	some impact > kEUR 50 EBITDA individual risk
high	significant impact > kEUR 200 EBITDA individual risk
very high	damaging impact > EUR 1 million EBITDA individual risk

d) Management and limitation of market price risks

NAGA defines market price risks as loss risks due to changes in market prices (share prices, exchange rates, precious metal/commodity prices, interest rates, cryptocurrency prices) and price-influencing parameters (e.g. volatilities).

At NAGA, market price risks arise in Naga Markets' brokerage trading book. Naga Markets generally acts as a counterparty to its customers in the trading of various financial products. A corresponding specialist department handles the resulting risks in real time in accordance with internal guidelines.

To limit the resulting market price risks, NAGA has a multi-level limit system that is adapted to the legal equirements, the Company's equity and its risk profile. Compliance with these limits is monitored on a daily basis. If these limits are exceeded, appropriate countermeasures are initiated immediately.

In addition, market price risks arise from the acquisition of crypto assets, as the holdings built up in these assets are to be written down in the event of negative price development. Due to the negative development of the crypto markets in the course of 2022, the build-up of holdings of crypto assets was stopped at the end of the 1st half of 2022. The risks from the devaluation of the crypto assets built up to this point in time were realized on the reporting date of December 31, 2022 through a corresponding write-down to the closing rate.

NAGA assesses the remaining market price risks and their probability of occurrence as low.

In addition to the comprehensive measures regarding the monitoring of the Group's market risks, appropriate measures are also taken to manage the other risk categories to which NAGA is exposed as part of its operating business. The adequacy of these measures is monitored on an ongoing basis. Changes in the assessment of the underlying risks and necessary adjustments to their management are reflected in regular updates of NAGA's risk inventory. This is also available as a basis for risk-oriented audit planning by Naga Markets Internal Audit.

The additional risk arising for financial instruments from changing exchange rates (currency risk) is not to be considered significant at NAGA, as trading is predominantly in euros. The resulting risks are also considered to be low with a very low probability of occurrence.

Turbulence on the national and international securities markets, a prolonged sideways trend with low turnover, and other market risks may lead to a decline in interest among investors. The trading activity of the Group companies' customers depends on general stock market turnover and market volatility.

e) Management and limitation of counterparty risks

NAGA defines counterparty risk as the risk of losses or lost profits due to unexpected defaults or unforeseeable deteriorations in the creditworthiness of business partners.

Counterparty risks in NAGA result primarily from business and settlement partners in brokerage and services.

NAGA's business partners are screened on the basis of firmly defined criteria, which are adapted to current circumstances as required and are based on specific characteristics of the business partners. In addition, creditworthiness is checked on an ongoing basis using publicly available data. NAGA estimates the extent of the resulting risks as very high, but the associated probability of occurrence as very low.

f) Operational risks

1) Dependence on software and IT risks

For NAGA, the operational risk exists in particular due to the dependence of operations on the IT infrastructure and the associated services. This also includes dependence on the faultless provision of services by service providers outside the Group („outsourcing"). Operational risks in IT can be divided into hardware, software and process risks. Extensive IT and internet systems are used throughout the Group and are essential for the proper conduct of business. The Group is particularly dependent on the trouble-free functioning of these systems. Despite comprehensive measures to back up data and bridge system disruptions, disruptions and/or complete failures of the IT and Internet systems cannot be ruled out. Also, deficiencies in data availability, errors or functional problems in the software used and/or server failures caused by hardware or software errors, accidents, sabotage, phishing or for other reasons could lead to considerable image and market disadvantages as well as possible compensation payments for the Group.

There is also a risk of malfunctions and/or failures in the software developed in-house. However, we see only a very low risk here, as we should be warned in good time by our control systems.

Significant investments are being made in IT equipment throughout the Group in order to ensure that the significantly increased volume of business can be handled appropriately and that adequate protection against failures is guaranteed. The probability of occurrence of the event resulting from the dependency on software and IT risks is assessed as low, and the potential extent of damage as medium.

In 2020, NAGA responded early to the COVID-19 pandemic and the turmoil caused in the international financial markets. NAGA established a full remote working environment while ensuring that the platform would function without interruptions. On the technology side, NAGA increased system capacity. This allowed them to easily meet increasing customer demands and transaction volumes. In this way, the trading servers were and are available at all times.

2) Personnel risks

NAGA uses the monitoring and communication processes that have been set up to limit these risks, which are particularly personnel-related. Nevertheless, individual errors by individual employees can never be completely ruled out. We estimate the probability of occurrence of the event from personnel risks as very low, and a possible extent of damage as low.

3) Legal risks

As a regulated provider of financial services, NAGA operates in an environment with a rapidly changing legal framework. Legal violations can result in fines or litigation risks. NAGA counters these legal risks by constantly monitoring the legal environment, maintaining internal legal know-how and, if necessary, by drawing on external legal expertise. We estimate the probability of occurrence of the event from legal risks as low, the extent of the risk as medium.

In particular, there is the risk of a fine being imposed by the German Federal Financial Supervisory Authority („BaFin"). At the current time, two proceedings, both of which were initiated by BaFin several years ago, have not yet been formally concluded. However, the Company does not expect BaFin to continue either process.

4) Litigation risks

As of the balance sheet date, there were two open legal disputes, one concerning a service fee for an amount in dispute of EUR 25k and another concerning the recovery of a Bitcoin payment of EUR 86k. The proceedings concerning a service fee were concluded in March 2023. The payment obligations resulting from the judgment were accrued in the financial statements as of December 31, 2022. The proceedings concerning the recovery of a bitcoin payment have not yet been concluded.

g) Management and limitation of liquidity risks

NAGA defines liquidity risk as the risk that it will not be able to meet its current or future payment obligations in full and on time from available financial resources.

In view of the sufficient liquidity resources and the risk-limiting measures taken, NAGA classifies the probability of occurrence of its remaining liquidity risks (in the narrower sense) as very low and also assesses the associated extent of damage as low.

General business risks due to dependence on technical developments and customer behavior

For NAGA, general business risks refer to those risks that arise as a result of changes in general conditions. These include, for example, the market environment, customer behavior and technical progress.

Technical innovations as well as changing customer behavior can have a significant impact on conditions in the markets for financial services. This can open up opportunities for the products and services offered by NAGA, but conversely can also have a negative impact on demand for the products and reduce the Group's financial success.

NAGA constantly monitors changes in the legal and regulatory environment as well as in the areas of customer behavior and technical progress with particular attention and continuously examines the resulting strategic implications. We estimate the probability of occurrence of events due to dependencies on technical developments and customer behavior as low, and the possible extent of damage as medium.

NAGA has increased its focus on customer support and platform quality improvement since 2020. To date, NAGA has registered a significant improvement in customer satisfaction, team structure and product innovation. Branding initiatives are working well. As awareness and brand power grow, NAGA is well on its way to sustainably consolidating its market position.

User feedback on NAGA's unique platforms is incorporated into product updates. In this way, NAGA ensures that it always recognizes changes in customer behavior in good time and reacts to them appropriately by means of product updates.

h) Reputational risks

For NAGA, reputational risk is the risk of negative economic effects resulting from damage to the company's reputation.

In principle, the Group companies strive to achieve a high level of customer loyalty through a strong reputation in order to gain a competitive advantage over competitors. In addition to their direct financial impact, many of the above-mentioned risks pose the risk of damage to the Group's reputation and lead to adverse financial consequences for the Group as a result of reduced customer loyalty.

NAGA takes general business risks and reputational risks into account, in particular by including them in its strategic guidelines and using its risk management processes to monitor the relevant environment on an ongoing basis. Associated risk assessments are carried out as part of the assessments of the Group's operational risks, which are conservatively assigned a medium probability of occurrence and, taking into account the principle of prudence, a high degree of risk until the ongoing Group restructuring is completed.

i) Country risks

NAGA is increasingly growing globally. In addition to the branches in Cyprus (Limassol and Nicosia), Great Britain, Estonia and the Seychelles, there are sales and training locations in Bangkok, Thailand and Nigeria. Expansion into new markets entails economic and political risks, resulting among other things from different legal systems, regulations, social and political stability, and the state of the infrastructure. In Nigeria, for example, risks exist in corruption and in difficult market development. NAGA always develops new local markets with selected partners who are familiar with local conditions and bring with them an excellent network of contacts.

4.3. Opportunities Report

In 2023, NAGA plans to achieve visible improvements in earnings. The focus is no longer on aggressive sales growth, but on generating stable and reliable profits. As shown in section 4.1, while NAGA's annual revenue will decrease year-on-year with improvements in marketing and sales efficiency, costs will be reduced much more significantly compared to 2022.

As also outlined under 4.1, the license granted in 2022 in the Seychelles is the main growth project for NAGA Capital Ltd. in 2023, which is expected to make significant contributions to sales and earnings in the business outside Europe.

In addition, NAGA is in discussions regarding a possible strategic transaction with a multinational brokerage firm, possibly in the form of a merger of the two companies. Naga will maintain its current listing following the completion of such transaction. This transaction is subject to due diligence and will be subject to customary conditions precedent and regulatory approvals and is expected to be completed in the fourth quarter of 2023.

In order to finance the growth targets, the Executive Board and Supervisory Board of NAGA also resolved in April 2023 to issue a convertible bond with a total nominal amount of USD 8,200,000.00, excluding the statutory subscription rights for shareholders. This was subscribed in full by a major investor (for more details see section 4.1).

So far in fiscal year 2023, NAGA has not only recorded improvements in consolidated revenues and EBITDA due to the strong cost reductions, but also in all key KPIs (see previously under 4.1. Forecast Report). In particular, customer deposits, increased trading volumes and transactions as well as strongly improved acquisition costs are positive for the Company.

Assessment by the Board of Management of the overall risk and opportunity situation

We understand the assessment of the overall risk situation as a cumulative consideration of all significant risk categories and individual risks. NAGA is convinced that neither one of the individual risks mentioned nor the risks in the group pose a threat to the company as a going concern as of the reporting date and up to the date of preparation of the consolidated financial statements.

NAGA is convinced that it can continue to exploit opportunities as they arise in the future without exposing itself to disproportionately high risks. Overall, the aim is to achieve a balanced relationship between opportunities and risks.

5. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM RELATED TO THE CONSOLIDATED FINANCIAL REPORTING PROCESS

The Supervisory Board of NAGA generally monitors the effectiveness of the internal control and risk management system („ICS“ and „RMS“) in accordance with Section 107 (3) Sentence 2 of the German Stock Corporation Act (AktG). The scope and design of the ICS are at the discretion of the Executive Board. The functionality and effectiveness of the ICS in the Group and in the individual companies are regularly reviewed by the Board of Management.

The accounting-related ICS comprises the principles, procedures and measures to ensure the correctness of accounting. It is continuously developed and aims to achieve the following:

The present NAGA consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards („IFRS“), as applicable in the European Union, as well as in accordance with the supplementary provisions of German commercial law pursuant to Section 315e (1) of the German Commercial Code (HGB). In addition, the accounting-related ICS also pursues the goal of ensuring that the annual financial statements of The NAGA Group AG are prepared in accordance with the provisions of commercial law.

The basic rule for any ICS is that, regardless of how it is specifically designed, there is no absolute certainty that it will achieve its objectives, as IT-related failures or human error or misconduct can influence the achievement of objectives. With regard to the accounting-related ICS, there can therefore only be relative, but no absolute certainty that material misstatements in the financial statements will be avoided or detected.

The Financial Accounting and Controlling departments manage the processes for Group accounting and for preparing the management report. Laws, accounting standards and other pronouncements are continuously analyzed to determine whether and to what extent they are relevant and how they affect accounting. Standardized reporting formats, IT systems and IT-supported reporting and consolidation processes provide support in achieving uniform and proper Group accounting.

If necessary, NAGA uses external service providers in the form of experts. The employees involved in the accounting process receive regular training. They ensure that their accounting-related processes and systems run properly and on time.

Internal controls and consideration of risk aspects are implemented in the processes in the form of preventive and detective controls. These include, for example:

- IT-supported and manual reconciliations
- Separation of functions, in particular of external and internal accounting
- four-eyes-principle
- regularly monitored access system of the IT systems.

6. OTHER INFORMATION

Responsibility statement by the legal representatives (balance sheet oath)

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Hamburg, October 31, 2023

The NAGA Group AG
Board of Directors

A. Luecke M. Mylonas


9:41
Markets
Favorite
Popular
Forex
Cryptocurrenc
Favourites
NAS100 (Nasdaq)
+0.14%
12804.5
12801.4
NZD/USD
+0.31%
0.79632
0.79648
USD/TRY
+4.56%
8.68661
8.65637
Crypto
Bitcoin/USD
+4.56%
32320.65
32137.63
Equities DE
NAGA Group AG (N4G)
+4.56%
CFD
32320.65
32137.63
Balance
$1,244.33
Invested
$640.00
P&L
+$3155.33
Skrill

Consolidated Financial Statements

Consolidated balance sheet

as of December 31, 2022

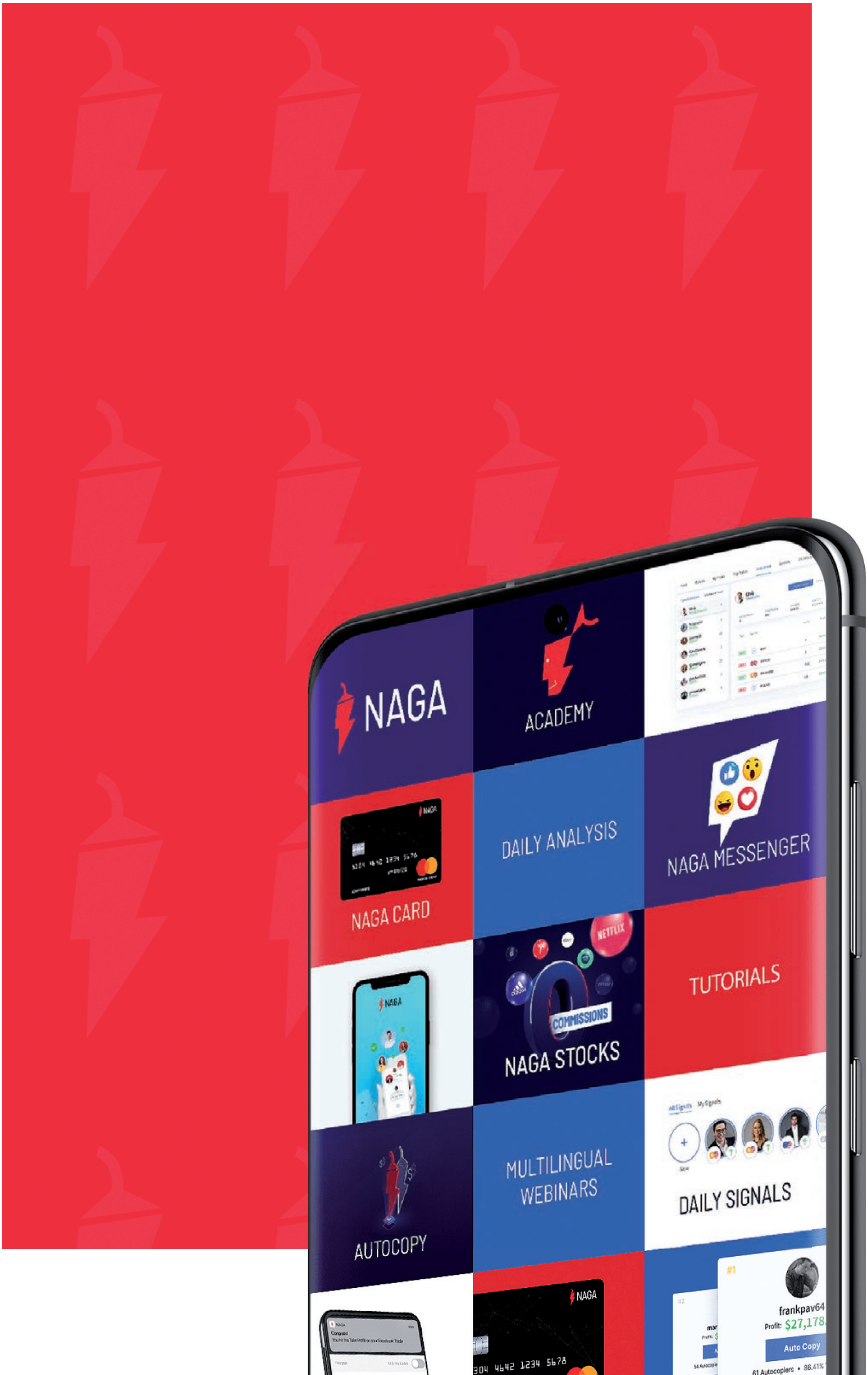
	Notes	31.12.2022 kEUR	31.12.2021 kEUR
ASSETS			
Non-current assets			
Intangible assets	7.a)	114,212	119,594
Property, plant and equipment	7.b)	564	550
Rights of use	7.c)	40	38
Financial investments and other assets	7.d)	180	157
Total non-current assets		**114,997**	**120,339**
Current assets			
Crypto Assets	7.e)	0	3,333
Trade receivables	7.e)	184	1,557
Other current assets	7.d)	14,579	34,127
Tax receivables	7.f)	0	50
Receivables from derivatives	7.g)	14,057	9,379
Cash and cash equivalents	7.h)	3,087	8,583
Total current assets		**31,906**	**57,029**
Total assets		**146,903**	**177,369**

	Notes	31.12.2022 kEUR	31.12.2021 kEUR
LIABILITIES			
Subscribed capital		54,048	54,048
Capital reserve		151,943	151,943
Balance sheet result		-78,910	-41,877
Currency translation reserve		5	-7
Equity attributable to shareholders of the parent company		**127,086**	**164,106**
Non-controlling interests		-1,024	-1,006
Total equity	**10.**	**126,063**	**163,100**
Non-current liabilities			
Deferred tax liabilities	7.i)	14	183
Total non-current liabilities		**14**	**183**
Current liabilities			
Trade accounts payable		3,241	4,236
Liabilities to shareholders		0	48
Other current liabilities	7.j)	15,079	8,411
Lease liabilities	7.k)	40	0
Liabilities from derivatives		390	982
Other accrued liabilities	7.l)	2,076	408
Total current liabilities		**20,825**	**14,086**
Total liabilities		**20,839**	**14,269**
Total equity and liabilities		**146,903**	**177,369**

Consolidated statement of comprehensive income

from January 1 to December 31, 2022

	Notes	01.01. - 31.12.2022 kEUR	01.01. - 31.12.2021 adapted section 3 kEUR
Trading revenues	7.m)	57,597	52,877
Revenues		**57,597**	**52,877**
Capitalized programming services	7.n)	5,883	2,785
Total output		**63,480**	**55,661**
Direct expenses of trading revenues	7.q)	14,372	8,761
Trading costs	7.r)	639	1,188
Gross profit		**48,469**	**45,713**
Other operating income	7.o)	252	991
Development expenses	7.p)	6,688	3,484
Personnel expenses	7.s)	10,697	7,998
Marketing and advertising expenses	7.t)	28,345	30,971
Devaluation of current Assets	7.u)	4,694	440
Other operating expenses	7.t)	12,028	8,012
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**-13,732**	**-4,201**
Depreciation	7.a) & b)	7,802	5,346
Amortization of non-current crypto assets	7.a)	15,324	0
Operating result (EBIT)		**-36,858**	**-9,548**
Financial income	7.v)	80	14
Financial expenses	7.v)	390	1,682
Earnings before taxes (EBT)		**-37,168**	**-11,216**
Income taxes (expense (+) / income (-))	7.w)	-119	-462
Result for the period		**-37,049**	**-10,754**
Equity difference from currency translation		13	-7
Overall result		**-37,036**	**-10,761**
Of the net profit for the period, the following are attributable to			
Shareholders of the parent company		-37,033	-10,103
non-controlling interests		-16	-651
Of the total result, the following are attributable to			
Shareholders of the parent company		-37,020	-10,111
non-controlling interests		-16	-651
Earnings per share in EUR	**8.**		
Undiluted		-0.69	-0.23
Diluted		-0.69	-0.23


NAGA
ACADEMY
NAGA CARD
DAILY ANALYSIS
NAGA MESSENGER
NAGA STOCKS
COMMISSIONS
NETFLIX
TUTORIALS
AUTOCOPY
MULTILINGUAL WEBINARS
DAILY SIGNALS
frankpav64
Profit: $27,178
Auto Copy

Consolidated statement of changes in equity

from January 1 to December 31, 2022

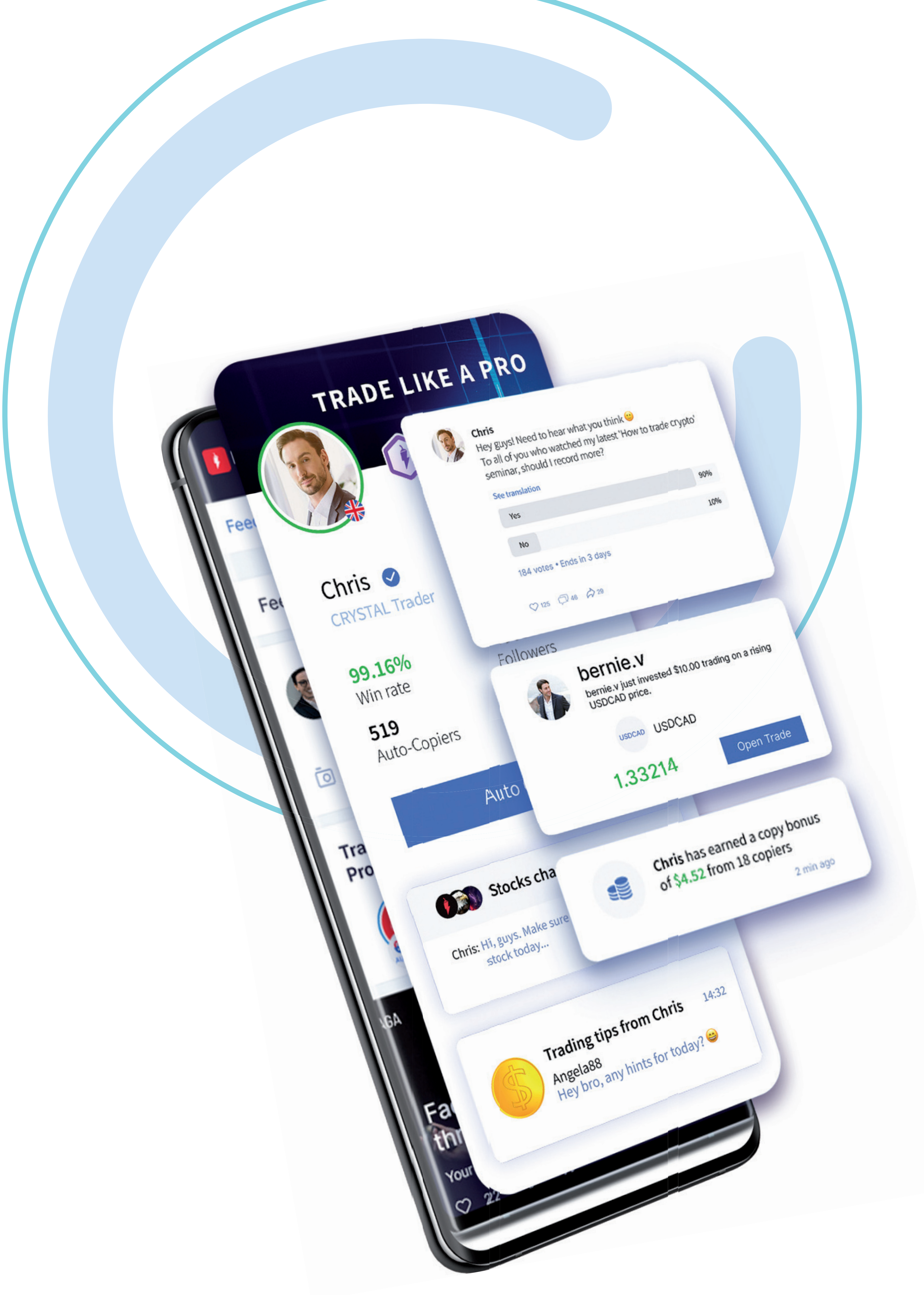
	Subscribed capital kEUR	Capital reserve kEUR	Balance sheet result kEUR
As of 31.12.2020 (adjusted)	**42,050**	**100,632**	**-26,821**
Cash capital increase	8,428	48,065	
Costs of the capital increase		-2,926	
Conversion of convertible bonds	3,570	6,172	
Reduction in equity from sale of treasury shares			-4,927
Disposal of treasury shares from sale			
Net profit/loss for the period/ overall result for the period 01.01.2021 - 31.12.2021			-10,130
As of 31.12.2021	**54,048**	**151,943**	**-41,877**
Cash capital increase			
Costs of the capital increase			
Conversion of convertible bonds			
Reduction in equity from sale of treasury shares			
Disposal of treasury shares from sale			
Net profit/loss for the period/overall result for the period 01.01.2022 - 31.12.2022			-37,033
As of 31.12.2022	**54,048**	**151,943**	**-78,910**

Currency translation reserve kEUR	Equity attributable to shareholders of the parent company kEUR	Shares of non non-controlling shareholders kEUR	Own shares kEUR	Total kEUR
0	**115,862**	**-382**	**-5,525**	**109,952**
	56,493			56,493
	-2,926			-2,926
	9,742			9,742
	-4,927			-4,927
	0		5,525	5,527
-7	-10,137	-624		-10,761
-7	**164,106**	**-1,007**	**0**	**163,099**
	0			0
	0			0
	0			0
	0			0
	0			0
13	-37,020	-16		-37,036
6	**127,086**	**-1,024**	**0**	**126,063**

Consolidated cash flow statement

from January 1 to December 31, 2022

	Notes	01.01.-31.12.2022 kEUR	01.01.-31.12.2021 kEUR
Cash flow from operating activities			
Earnings before income taxes		**-37,168**	**-11,216**
Depreciation, amortization and impairment of non-current assets	7.a)&b)	23,126	5,346
Financial income and financial expenses	7.v)	310	1,668
Income from disposals		0	0
Other non-cash income and expenses	7.u)	4,694	440
		-9,037	**-3,761**
Cash flow before changes in net working capital			
Increase (+) / decrease (-) in provisions		1,668	-451
Increase (-) / decrease (+) in trade accounts receivable		-72	-462
Increase (-) / decrease (+) in other assets		-12,162	-10,886
Increase (+) / decrease (-) in trade accounts payable and other liabilities		5,086	2,640
Income taxes received / paid		0	20
Operating cash flow		**-14,518**	**-12,900**
Cash flow from investing activities			
Payments for investments in intangible assets	7.a)	-17,768	-14,271
Payments for investments in money market funds	7.d)	0	-27,118
Proceeds from money market funds	7.d)	27,118	0
Cash outflows for investments in financial assets	7.d)	-24	-11
Payments for investments in property, plant and equipment	7.b)	-305	-176
Proceeds from disposals of property, plant and equipment	7.b)	142	0
Investing cash flow		**9,162**	**-41,576**
Cash flow from financing activities			
Repayment of financial liabilities		-48	-3,087
Repayment of lease liabilities		-80	-118
Cash inflow from the raising of loans/convertible bonds		0	7,600
Capital increase		0	53,567
Sale of treasury shares		0	600
Interest paid		-13	-736
Financing cash flow		**-141**	**57,826**
Net increase in cash and cash equivalents		**-5,496**	**3,350**
Cash and cash equivalents	7.h)	8,583	5,233
Cash and cash equivalents at the end of the period	**7.h)**	**3,087**	**8,583**


TRADE LIKE A PRO
Chris
CRYSTAL Trader
99.16%
Win rate
519
Auto-Copiers
Chris
Hey guys! Need to hear what you think
To all of you who watched my latest 'How to trade crypto' seminar, should I record more?
See translation
Yes
90%
No
10%
184 votes • Ends in 3 days
Followers
bernie.v
bernie.v just invested $10.00 trading on a rising USDCAD price.
USDCAD
1.33214
Open Trade
Chris has earned a copy bonus of $4.52 from 18 copiers
2 min ago
Stocks cha
Chris: Hi, guys. Make sure
stock today...
Trading tips from Chris
14:32
Angela88
Hey bro, any hints for today?

Notes to the consolidated financial statements

Notes to the consolidated financial statements

1. COMPANY DETAILS

These consolidated financial statements are the consolidated financial statements of The Naga Group AG („Naga AG“) and its subsidiaries (together: the „Group“ or „NAGA“). Naga AG has its registered office in Hamburg, Hohe Bleichen 12, Germany (Hamburg Local Court, HRB 136811). As of December 31, 2022, the shares of Naga AG are listed on the Frankfurt Stock Exchange in the over-the-counter market in the „Basic Board“ segment.

The Group‘s business activities include brokerage of contracts for differences („CFD“) and equities, development of technology for the financial sector, and use of blockchain technology.

The consolidated financial statements were submitted to the Supervisory Board for publication on October 31, 2023.

2. BASICS OF THE LINEUP

NAGA is currently not required to prepare IFRS consolidated financial statements, as it is traded in the over-the-counter market (Basic Board segment). However, NAGA has made use of the option under Section 315e (3) of the German Commercial Code (HGB) and voluntarily prepares consolidated financial statements in accordance with IFRS.

The consolidated financial statements have been prepared in accordance with Section 315e of the German Commercial Code (HGB) and comply with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

The requirements of the standards applied have been met, so that a true and fair view of the net assets, financial position and results of operations is presented. The consolidated financial statements of NAGA have been prepared on a going concern basis. Valuation is based on historical cost with the exception of derivatives.

The financial statements of the subsidiaries have been prepared using uniform accounting policies. The nature of expense method has been used for the consolidated statement of comprehensive income.
The consolidated financial statements are presented in EUR, the functional currency of the Group. Unless otherwise stated, the financial information is rounded to the nearest thousand (EUR thousand), which may result in rounding differences.

3. RECLASSIFICATION

In the financial year 2022, expenses resulting from payments to „Leader“ in the amount of EUR 1,904 thousand were recognized within direct trading costs for the first time. This change in presentation was also implemented in the previous year, with the result that marketing and advertising expenses decreased by EUR 1,498 thousand and the direct expenses of trading revenues increased accordingly.

4. SCOPE OF CONSOLIDATION

The consolidated financial statements include the financial statements of The Naga Group AG and its subsidiaries as of December 31, 2022.

The scope of consolidation has changed compared to fiscal 2021 in that Naga Pay (CY) Ltd. Limassol, Cyprus has been added to the scope of consolidation from February 21, 2022, Naga X Europe OÜ (formerly LTC Pipe OÜ), Tallinn, Estonia, from March 23, 2022, and NAGA Capital Ltd. (formerly FT Invest Ltd,), Mahe, Seychelles, from October 06, 2022.

The aforementioned companies were either founded or acquired by NAGA in fiscal year 2022 without any business operations having been taken over.

Due to the withdrawal from the UK market, NAGA MARKETS UK LTD was inactive as of the previous year‘s balance sheet date of December 31, 2021, and was liquidated as of May 17, 2022, with no material impact on the Group‘s net assets, financial position and results of operations.

Overview of the scope of consolidation of NAGA as of December 31, 2022

Corporation	Main business activity	Shareholdings 31.12. 2022	31.12. 2021
The Naga Group AG, Hamburg (holding company)	Holding of participations	-	-
NAGA Markets Ltd., Limassol, Cyprus	Securities trading	100 %	100 %
Naga Technology GmbH, Hamburg	Software development	100 %	100 %
Naga Virtual GmbH, Hamburg	Software development	100 %	100 %
Hanseatic Brokerhouse Securities AG (HBS), Hamburg	Holding of participations	72.16 %	72.16 %

Corporation	Main business activity	Shareholdings 31.12. 2022	31.12. 2021
Naga Global LTD., Saint Vincent & Grenadines	Securities trading	100%	100%
NAGA GLOBAL (CY) LTD., Limassol, Cyprus	Internal services	100 %	100 %
NAGA Global West Africa LTD., Lagos, Nigeria	Sales company	99%	99%
NAGA FINTECH CO., LTD., Bangkok, Thailand	Sales company	100%	100%
Naga Pay GmbH, Hamburg	Mobile Bank	100%	100%
NAGA Markets Australia PTY Ltd, Eastwood, Australia	Sales company	100%	100%
NAGA Pay UK LTD., London, Great Britain	Sales company	100%	100%
NAGA Pay UK (CY) LTD, Limassol, Cyprus	Internal services	100%	-
NAGA Markets UK LTD., London, Great Britain	Sales company	-	100%
NAGA X LTD., Limassol, Cyprus	Crypto-currency trading	100%	100%
NAGA X Europe OÜ, Tallin, Estonia	Crypto-currency trading	100%	-
NAGA Capital LTD., Mahe, Seychelles	Securities trading	100%	-

As in the previous year, there were no joint arrangements or associated companies as of December 31, 2022.

Apart from NAGA Pay UK LTD., NAGA Markets Australia PTY Ltd. and NAGA FINTECH Co., LTD. the functional currency of the subsidiaries is EUR. The functional currency of NAGA Pay UK LTD. is GBP, of NAGA Markets Australia PTX Ltd. AUD and of NAGA FINTECH Co., LTD THB. Due to the minor significance of the three companies, no further disclosures on currencies are made.

The shareholding corresponds to the voting rights.

5. ESTIMATES AND ASSUMPTIONS AS WELL AS ACCOUNTING AND VALUATION METHODS

In preparing consolidated financial statements in accordance with IFRS, the Management Board uses assumptions and estimates. These assumptions and estimates are made to the best of our knowledge in order to provide a true and fair view of the net assets, financial position and results of operations of the Group. Actual results and developments may differ from these estimates and assumptions.
Estimation uncertainties and accounting policies relating to the individual balance sheet items are presented in Note 6 for the respective balance sheet item and in Note 9 for financial management.

With regard to the business model, the following accounting policies in particular are significantly affected by estimates and judgments:

a) Impairments

At each reporting date, property, plant and equipment and intangible assets are tested for indications of impairment by comparing the recoverable amount and carrying amount. Examples include a changed regulatory environment or insufficient customer acceptance. If the recoverable amount cannot be determined at the level of the individual asset, it is determined at the level of the cash-generating unit („CGU“) to which the respective asset is allocated. The allocation is made on an appropriate and consistent basis to the individual CGUs or to the smallest group of CGUs. As of the reporting date December 31, 2022 and December 31, 2021, one CGU, the brokerage business, was identified. The brokerage business includes all activities related to CFD and equity brokerage and related services. The goodwill acquired in fiscal year 2018 was fully allocated to the Brokerage CGU.

Intangible assets with indefinite useful lives or intangible assets not yet in use are tested for impairment at least annually and additionally if there are indications of impairment („triggering event“). With the exception of NGC held for investment (reference is made to Note 7.a)) and NGC held for trading (reference is made to Note 7.e), as in the previous year there was no indication of impairment in the financial year 2022.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group‘s share of the net assets of the acquired company at the date of a cquisition. Goodwill arising on acquisition is classified as an intangible asset. Capitalized goodwill is not amortized but tested for impairment at least once a year based on the CGU to which it is allocated as well as on an ad hoc basis. The impairment tests are performed to determine whether the recoverable amount exceeds the carrying amount of the tested units including the goodwill allocated to them. As of December 31, 2022 and December 31, 2021, there is goodwill at the Brokerage CGU.

The impairment test for the goodwill of the Brokerage CGU is based on the fair values less costs to sell. This is determined on the basis of a discounted cash flow (DCF) method by discounting the forecast cash flows, derived from the multi-year plan approved by management, using a determined cost of capital rate. The planning covers the subsequent years for a period of four years. This is followed by the perpetual annuity. The valuation method used to determine the fair values is allocated to level 3 of the fair value hierarchy.

Basic assumptions for the calculation of fair value and sensitivity analysis of assumptions made

The main assumptions made in this context for the detailed planning period take into account, in particular, the estimate of the future development of trading revenues and costs, as well as the resulting derivation of earnings before interest and taxes (EBIT) and the assumed cost of capital (WACC).

The data used by management is based on empirical values from previous financial years, as well as on internal analyses and forecasts. Management bases its planning on its own estimates, as NAGA is active in a new FinTech segment, „social trading" or „social investing". No external sources could be used for the planning, as such sources do not exist or existing sources refer to non-comparable business areas and companies.

NAGA expects its business to grow strongly in the detailed planning period. Growth in new target markets outside the EU (in particular Southeast Asia, Latin America and the Middle East) is of particular importance. In these target markets, the Company expects growth rates to be significantly higher than in the EU markets, in which the Company has been primarily active to date, due to the local market conditions.

The key planning parameters underlying trading revenues for ZGE Brokerage are as follows:

- Number of active customers,
- Average net deposits,
- Acquisition costs per customer, and
- Discount rates.

No change in any of these parameters considered realistic by the Executive Board led to a possible impairment of goodwill in the context of sensitivity analyses. The sensitivity analyses consider changes in parameters separately. For the number of active customers and average net deposits, a reduction of 10% per year was assumed in each case. With regard to acquisition costs per customer, an increase of 10% was assumed for the sensitivity analyses. There is also no impairment if the discount rate is increased by 1 percentage point.

Discount rates and perpetuity

The discount rates represent current market assessments of the specific risks, taking into account the time value of money and the risks specific to the asset for which the estimated future cash flows have not been adjusted. The calculation of the discount rate takes into account the specific circumstances of the Group and its business segment and is based on its weighted average cost of capital (WACC). The weighted average cost of capital considers both debt and equity. The cost of equity is derived from the expected return on equity of the Group's equity investors. The cost of debt is based on the interest-bearing debt on which the Group has to service.

Segment-specific risk is included by applying individual beta factors. The beta factors are determined annually on the basis of publicly available market data.

In the perpetual annuity, management assumes moderate growth overall. A capitalization interest rate with a growth discount of 0.5% (previous year: 0.5%) per year was applied in each case. The calculation of cash flows was based on past experience and takes future developments into account. Risk-oriented, market-based interest rates were used to determine the fair value less costs to sell. The after-tax discount rate (WACC) is 7.46%. (previous year: 6.19%).

With regard to the Brokerage CGU with attributable goodwill of EUR 94.9 million (previous year: EUR 94.9 million), unforeseeable changes in key planning assumptions that go beyond the changes described above in the context of the sensitivity analyses could lead to a material impairment of goodwill. This relates in particular to the assumptions made with regard to revenues in connection with the necessary marketing expenses, the key planning parameters described in more detail above, and the estimate of the respective cost of capital (WACC), provided that the other parameters of the impairment test are assumed to be constant.

b) Development costs

The Group capitalizes the costs of software development. The initial capitalization of the costs is based on management's assessment that the technical and economic feasibility has been demonstrated. As the development costs are mainly attributable to the NAGA Trader trading platform, which has already been on the market since June 2016, management considers this condition to be met.

For the purpose of determining the amounts to be capitalized, the amounts attributable to development work were determined from the submitted activity statements of the contracted development companies. The carrying amount of capitalized development costs amounted to EUR 7,809 thousand as of December 31, 2022 (previous year: EUR 4,821 thousand).

c) Customer acquisition costs

The Group capitalizes customer acquisition costs incurred in connection with affiliate marketing as intangible assets. The capitalization is based on the fact that these costs are directly attributable to the new customers and on management's assessment that the new customers will generate revenues at least in the amount of the customer acquisition costs.

Based on historical data, it was derived that these new customers execute trades on the NAGA platforms for an average of 36 months. Accordingly, the amortization period for customer acquisition costs was set at 36 months.

d) Crypto Assets

Crypto assets held by NAGA are intangible assets, i.e. identifiable non-monetary assets without physical substance. Management treats crypto assets as current assets when they are held for market-making. They are recognized as intangible assets if they have been acquired with the intention of generating medium- to long-term price increases.

The crypto assets are listed on a public market. The price quoted on the public market is used for the impairment test in accordance with IAS 36.

e) Taxes

Significant assumptions and estimates are necessary to determine the income tax liabilities, as the final income tax charge is uncertain for a number of transactions and calculations. Where the final tax charge differs from the recognized liability, these differences affect current and deferred income taxes. The Group uses external service providers to determine its income tax expense.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required in determining the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income and future tax planning strategies.

The Group has corporate income tax and trade tax loss carryforwards totaling EUR 93,906 thousand (previous year: EUR 21,913 thousand). These exist at Naga AG and at subsidiaries with a history of losses. The loss carryforwards do not expire and cannot be offset against taxable income of other group companies. Both Naga AG and Naga Pay have taxable temporary differences, some of which may result in the recognition of deferred tax assets. Deferred tax assets of EUR 2,208 thousand (previous year: EUR 1,338 thousand) were recognized at Naga AG due to tax loss carryforwards and EUR 312 thousand (previous year: EUR 217 thousand) at Naga Pay due to sufficient existing taxable temporary differences, which were netted against the deferred tax liabilities in each case.

f) Financial instruments

Financial assets and liabilities are recognized when the Group has a contractual right to receive cash or another financial asset from another party or has a contractual obligation to transfer financial assets to another party. Financial assets and financial liabilities are recognized from the date on which the Group becomes a party to the contractual provisions of the financial instrument. Financial assets that are acquired or sold on an arm‘s length basis are generally recognized on the trade date.

In addition to trade receivables and trade payables, NAGA mainly reports derivative financial instruments and loan liabilities. For further details, please refer to Note 9.

6. CHANGES IN ACCOUNTING POLICIES - AMENDED STANDARDS AND INTERPRETATIONS

The following amendments to standards or interpretations are mandatory for the first time in fiscal year 2022.

Amendments to standards

Annual Improvements 2018 – 2020

Amendment IFRS 16:
Coronavirus pandemic related lease concessions beyond June 30, 2021

Amendment to IAS 16
Revenue before Intended Use

Amendment IFRS 3
Reference to the Framework

Amendment to IAS 37
Onerous contracts – costs of fulfilling a contract

The changes had no material impact on the accounting policies.

New or amended standards and interpretations not yet applied

Future innovations and changes in accounting

New standards	Date of first application EU
IFRS 17: Insurance contracts	01.01.2023

Amendments to standards	Date of first application EU
Amendment to IAS 8: Definition of accounting estimate	01.01.2023
Amendment Ito AS 12: Deferred Taxes Relating to Assets and Liabilities Arising from a Single Transaction	01.01.2023
Amendment to IAS 1 and IFRS Practice Statement 2: Disclosures on Accounting Policies in the Notes	01.01.2023
Amendment to IAS 12: International Tax Reform - Pillar 2 Model Rules	01.01.2023
Amendment to IAS 1: Classification of liabilities as current or non-current	01.01.2024
Amendment to IAS 7 und IFRS 7: Supplier Financing Arrangements	01.01.2024

Amendment to IFRS 16 Lease liability in a sale an leaseback transaction	01.01.2024
Amendment to IAS 21: Lack of Exchangeability	01.01.2025

NAGA does not expect any effects from the future innovations and amendments to the above-mentioned standards. Furthermore, NAGA will only implement the amendments upon mandatory first-time application.

7. NOTES TO INDIVIDUAL ITEMS IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED BALANCE SHEET

a) Intangible assets

Purchased software, licenses and industrial property rights are carried at cost and amortized on a straight-line basis over their expected useful lives of three to five years. The amortization period for intangible assets with finite useful lives is reviewed at least at the end of each financial year. Goodwill, intangible assets and intangible assets not yet available for use are subject to an annual impairment test. If an asset does not generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets, the impairment test is not performed at the level of an individual asset, but at the level of the cash-generating unit. For the purpose of impairment testing, fair values less costs to sell are determined using the discounted cash flow method. The calculation is based on current business plans, a long-term growth rate of 0.5% and a discount rate (after tax) of 7.46%. There was no impairment of goodwill or of the intangible assets presented in the financial year under review.

In fiscal year 2021 (EUR 7,108 thousand) and in the first half of 2022 (EUR 8,216 thousand), NAGA acquired NAGA Coin (NGC) to a significant extent. These are crypto assets that are recognized as intangible assets at amortized cost if the NGC are acquired with investment intent with a medium to long holding period. The NGC are not subject to amortization as a useful life cannot be determined. An impairment test is therefore performed when impairment indicators are present, but at least annually, by comparing the carrying amount with the ascertainable price. Due to developments on the crypto market, NGC held with investment intent had to be fully impaired. Therefore, impairment losses of EUR 15,324 thousand (previous year: EUR 0 thousand) were recognized in fiscal year 2022.

Intangible assets are as follows in fiscal 2022 and in the previous year:

31.12.2022

in kEUR	AC/MC as to 01.01.2022	Additions	Additions company acquisition	Disposals	AC/MC as to 31.12.2022
Goodwill	94,863	0	0	0	94,863
Customer base and customer acquisition costs	9,124	3,459	0	0	12,583
Software (incl. technology)	21,656	39	0	292	21,403
Crypto assets	7,108	8,216	0	0	15,324
Capitalized development costs	10,181	5,882	0	0	16,063
- thereof completed	10,127	5,882	0	0	16,009
- thereof in development	54	0	0	0	54
Licenses/domain	782	173	0	0	955
Intangible assets	**143,714**	**17,769**	**0**	**292**	**161,191**

in kEUR	Accumulated depreciation as of 31.12.2022	Carrying amount as of 31.12.2022	Depreciation and amortization in fiscal year 2022
Goodwill	0	94,863	
Customer base and customer acquisition costs	7,095	5,489	3,189
Software (incl. technology)	16,172	5,231	1,321
Crypto assets	15,324	0	15,324
Capitalized development costs	8,254	7,809	2,894
- thereof completed	8,201	7,808	2,894
- thereof in development	53	1	
Licenses/domain	131	824	130
Intangible assets	**46,977**	**114,213**	**22,859**

31.12.2021

in kEUR	AC/MC as to 01.01.2021	Additions	Additions company acquisition	Disposals	AC/MC as to 31.12.2021
Goodwill	94,863	0	0	0	94,863
Customer base and customer acquisition costs	5,197	3,927	0	0	9,124
Software (incl. technology)	21,204	452	0	0	21,656
Crypto assets	0	7,108	0	0	7,108
Capitalized development costs	7,396	2,785	0	0	10,181
- thereof completed	7,342	2,785	0	0	10,127
- thereof in development	54	0	0	0	54
Licenses/domain	782	0	0	0	782
Intangible assets	**129,442**	**14,272**	**0**	**0**	**143,714**

in kEUR	Accumulated depreciation as of 31.12.2021	Carrying amount as of 31.12.2021	Depreciation and amortization in fiscal year 2021
Goodwill	0	94,863	0
Customer base and customer acquisition costs	3,906	5,217	2,039
Software (incl. technology)	14,851	6,805	1,432
Crypto assets	0	7,108	0
Capitalized development costsn	5,360	4,821	1,623
- thereof completed	5,307	4,820	1,623
- thereof in development	53	1	0
Licenses/domain	1	781	0
Intangible assets	**24,118**	**119,594**	**5,094**

Goodwill

As of January 31, 2018, Naga AG had acquired 60% of the shares in HBS AG and thus goodwill of EUR 94.7 million. The goodwill is subject to an annual impairment test. The method and assumptions are explained under note 4a).

Customer base and customer acquisition costs

With the acquisition of HBS AG, a customer base was acquired which will be amortized over a period of 5 years. The remaining useful life is one month as of December 31, 2022 (previous year: one year). The carrying amount as of December 31, 2022 is EUR 44 thousand (previous year: EUR 567 thousand).

In addition, expenses for the acquisition of new customers amounting to EUR 3,459 thousand (previous year: EUR 3,927 thousand) were capitalized in fiscal year 2022. The expenses can only be capitalized if they can be directly allocated to a new customer, which is possible due to the „affiliate marketing“ started in 2020. Traditional advertising and marketing campaigns continue to be expensed. Customer acquisition costs are amortized over a period of 36 months. The average remaining useful life as of December 31, 2022 is 14 months (previous year: 26 months).

Software

Software relates to new applications and significant enhancements or improvements to existing applications. Development costs are capitalized under the following conditions:

- the product is technically and economically feasible;
- the future economic benefit is probable;
- the attributable expenses can be reliably determined and
- the Group has sufficient resources to complete the development project.

Future economic benefits are likely if the technical innovations can generate additional sales revenue.

If a development project has not yet been completed, it is tested for impairment annually. Otherwise, a possible impairment requirement is only reviewed if impairment indicators exist.

Swipy technology

Swipy technology is designed to create a cohesive trading environment so that any broker can join this platform. The software has a „self-learning algorithm“ and was built in different modules with the focus for mobile application. Swipy technology is the basic technology with the software code, design and various modules. This software code is used for the Naga Trader app and can be used for other software applications.

The technology is also allocated to the cash-generating unit, the brokerage business. It has a remaining useful life of four years (previous year: five years).

Naga Trader

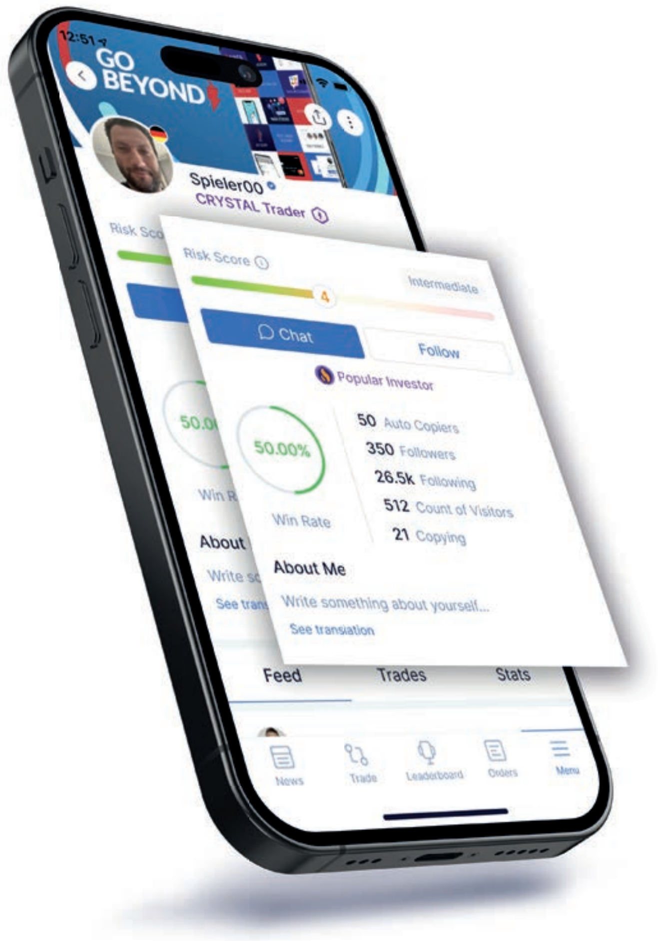
Naga Trader is an app built on Swipy technology. The app serves as a user interface for the trading transactions („trades“) of clients of Naga Markets Ltd. and Naga Global Ltd. Through the app‘s „autocopy“ function, clients can select trades of other clients and copy selected trades or their trading behavior altogether. At the same time, the app serves as a social network where customers can share investment trends, strategies and the like.

Naga Pay

The Neo-Banking app NAGA Pay combines the offer of a prepaid credit card, a European IBAN bank account with limits of up to EUR 200,000 per year and complete banking functions, such as SEPA transfers, real-time money transfers and money management. Furthermore, NAGA customers can trade over 400 equity securities from nine global stock exchanges free of charge using Naga Pay.

NAGAX

Launched on March 7, 2022, the social trading platform focused on cryptocurrencies NAGAX came with a crypto-wallet as well as a crypto exchange with more than 50 assets. The platform allows any user to automatically convert a contribution on the platform into an NFT (Non-Fungible Token), which can be monetized. NAGAX also automatically executes the entire transaction in real time in the background via the „Pay with Crypto“ feature introduced at NAGA Pay.



Capitalized development costs:

In fiscal year 2022, development costs are attributable to the following projects:

in kEUR	Development costs	Capitalized programming costs	Carrying amount	Remaining useful life
Naga Trader	2,181	1,961	3,863	24 months
NAGAX	3,451	3,376	2,979	51 months
Naga Pay	696	546	966	46 months
Other	360	0	0	
Total	**6,688**	**5,883**	**7,808**	

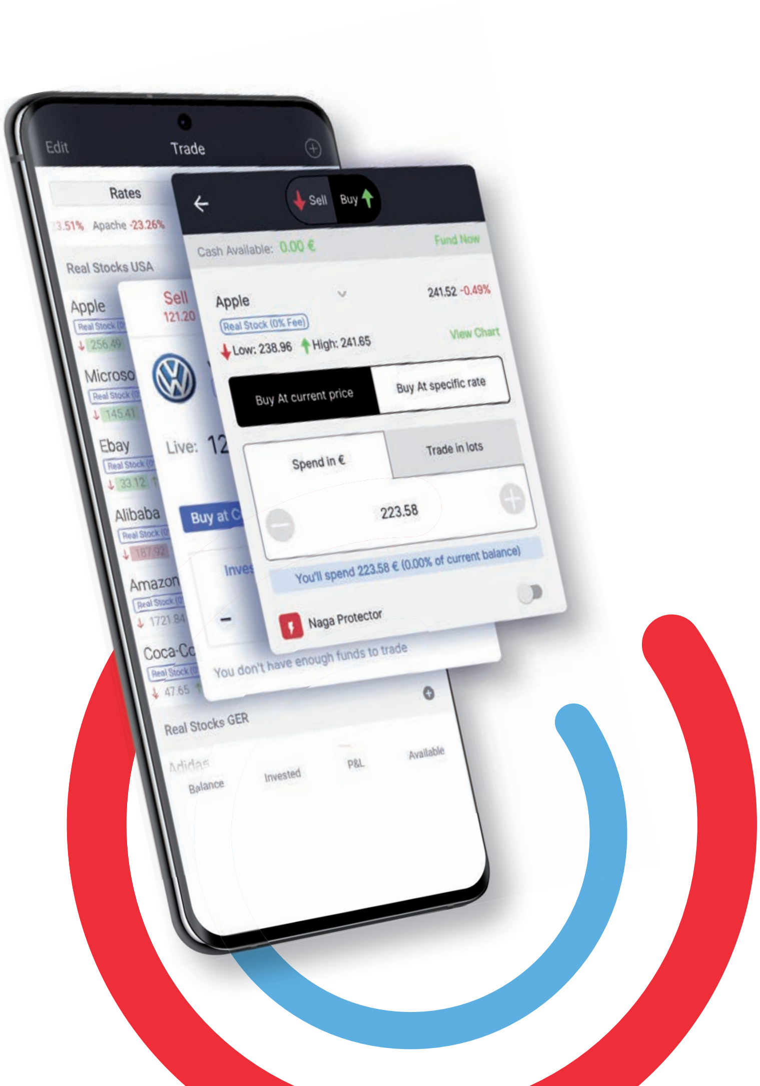
In the previous year, development costs were attributable to the following projects:

in kEUR	Development costs	Capitalized programming costs	Carrying amount	Remaining useful life
Naga Trader	2,602	2,312	4,018	36 months
NAGAX	129	129	129	not defined
Naga Pay	469	344	673	58 months
Other	284	0	0	
Total	**3,484**	**2,785**	**4,820**	**0**

Development expenses of EUR 806 thousand (previous year: EUR 699 thousand) remain in the statement of comprehensive income. The capitalization rate for development costs in 2022 is 88% (previous year: 80%). The classification of whether an activity is to be regarded as development or maintenance/bugfixing is made by the Executive Board on the basis of submitted activity reports from the external service providers.

b) Property, plant and equipment

Property, plant and equipment used for more than one year and subject to wear and tear are measured at amortized cost. Property, plant and equipment are depreciated on a straight-line basis over their useful lives of three to five years. Maintenance and repair costs are expensed as incurred. A write-down to the recoverable amount is made if there are indications of impairment and the recoverable amount is below the amortized cost. As in the previous year, such indicators did not exist in fiscal 2022.



Property, plant and equipment includes office and business equipment.

31.12.2022

in kEUR	AC as of 01.01.2022	Additions	Disposals	AC as of 31.12.2022
Other equipment, factory and office equipment	1,065	305	142	1,228
Tangible assets	**1,065**	**305**	**142**	**1,228**

in kEUR	Accumulated depreciation as of 31.12.2022	Carrying amount as of 31.12.2022	Depreciation and amortization in fiscal year 2022
Other equipment, factory and office equipment	666	563	150
Tangible assets	**666**	**563**	**150**

31.12.2021

in kEUR	AC as of 01.01.2021	Additions	Disposals	AC as of 31.12.2021
Other equipment, factory and office equipment	889	176	0	1,065
Tangible assets	**889**	**176**	**0**	**1,065**

in kEUR	Accumulated depreciation as of 31.12.2021	Carrying amount as of 31.12.2021	Depreciation and amortization in fiscal year 2021
Other equipment, factory and office equipment	516	550	136
Tangible assets	**516**	**550**	**136**

c) Rights of use

The Group recognizes rights of use at the date of provision. Rights-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses, adjusted for any revaluation of the lease liability. The cost of rights-of-use assets includes the lease liability recognized (see Note 7.k), initial direct costs incurred, and lease payments made at or before the date of deployment, less any lease incentives received. Rights-of-use assets are amortized on a straight-line basis over their expected useful lives. For the Group, the following recognition arises for the past fiscal year for the use of an office building in Cyprus provided on May 1, 2019 with an original term of two years, which was extended by one year at the beginning of 2021 and 2022 respectively:

Initial valuation	**246**
Depreciation 2019	-84
Balance sheet amount 31.12.2019	**163**
Depreciation 2020	-123
Carrying amount 12/31/2020	**41**
Additions	114
Depreciation 2021	-118
Balance sheet amount 31.12.2021	**38**
Additions	120
Depreciation 2022	-118
Balance sheet amount 31.12.2022	**40**

d) Financial assets and other assets and current assets

Financial assets and other non-current and current assets relate to the following items:

Financial investments and other assets

in kEUR	31.12.2022	31.12.2021
Compensation fund for investors	115	114
Deposits	65	40
Other	0	2
Long-term	**180**	**157**
Short term investment	0	27,118
Crypto assets	2,320	599
Receivables from customers	8,045	2,460
Deferred expenses	359	913
Overpayment	1,138	1,054
Sales tax receivable	940	495
Merchandise	319	316
PayPal, Kraken account and credit card balances	54	57
Short-term loans	20	25
Deposit		0
Other	1,384	1,090
Short term	**14,579**	**34,127**
Total	**14,759**	**34,284**

The obligation to deposit funds with the Investor Compensation Fund arises from regulatory requirements of the Cyprus Securities and Exchange Commission („CySEC"). The non-current assets are subject to restraints on disposal.

In the previous year, NAGA had invested cash and cash equivalents not yet invested in the amount of EUR 27,118 thousand in short-term cash investments consisting of variable-interest, listed securities (money market funds). These funds were fully utilized in fiscal year 2022.

Receivables from customers amounting to EUR 8,045 thousand (previous year: EUR 2,460 thousand) represent the balance of gains and losses from trading transactions with customers as well as receivables and liabilities based on transfers from/to liquidity providers.

Overpayments and other include a receivable of EUR 1,662 thousand from an electronic money institution regulated in the United Kingdom that discontinued its services to the Company and its customers in January 2021. The total receivable consists of:

- EUR 998 thousand in overpayments to the debtor
- EUR 144 thousand in existing balances in the Company's electronic purse („Wallet") at the time of the debtor's interruption of service
- EUR 520 thousand in amounts that the Company refunded to its customers due to the interruption of service by the debtor in order to avoid damage to its image.

After the debtor did not respond and delayed the settlement of the receivable, the Company has initiated legal proceedings in the United Kingdom and is very confident that NAGA will win the legal dispute. According to management's assessment, the allowance of EUR 100k for expected credit losses has not changed compared to the previous year.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor past due but not impaired can be assessed using external information such as credit ratings or empirical values on default risks. In cases where no rating is available, the Company makes an assessment of future risks based on historical experience with the counterparty and known circumstances.

e) Trade receivables, contract assets and crypto assets

Trade receivables

Trade receivables are generally recognized at nominal value and amount to EUR 184 k (prior year: EUR 1,557 k) as of the reporting date. Thereof, trade receivables from Naga Development Association Ltd., Belize City/Belize („NDAL") amount to EUR 0 thousand (prior year: EUR 1,446 thousand). In cooperation with NDAL, NAGA conducted an initial token sale („ITS") in 2017. In this context, NDAL had accessed various consulting services of NAGA as well as trademark rights „NAGA", „SwipeStox" and „Switex", which resulted in the receivables.

The receivables from NDAL were impaired in the amount of EUR -1,409 thousand in 2019. In 2021, Naga AG, has advanced listing fees for the NGC for NDAL in the amount of EUR 440 thousand. The resulting receivable was fully impaired in the year under review. In 2022, further valuation allowances of EUR 1,446 thousand were ecognized for the receivable from NDAL.

Crypto Assets

In addition to NGC held with investment intent (in this regard, reference is made to Note 7.a)), NAGA also holds NGC with trading intent. These NGC are used for market making and generating liquidity on the market. They are acquired and sold at very short notice. The NGC have a quoted price in the market.

These NGC are measured at the lower of cost and net realizable value. As of December 31, 2022, the acquisition costs amounted to EUR 3,248 thousand (previous year: EUR 3,333 thousand). The NGC held for trading had to be written down in full, resulting in an impairment loss of EUR 3,248k.

f) Tax receivables

The tax receivables of EUR 0 thousand (previous year: EUR 50 thousand) mainly related to HBS AG and were derecognized in full in fiscal year 2022.

g) Receivables from derivatives

The derivative assets correspond to open positions in contracts for differences (CFDs) held mainly in a number of currency pairs with the customer. In this context, NAGA acts as a counterparty from open positions held with the settlement partner („liquidity provider"). In this way, NAGA partially hedges against financial risks from its open customer transactions („hedging").

h) Cash and cash equivalents

Cash and cash equivalents consist exclusively of short-term bank deposits of EUR 3,087 thousand (previous year: EUR 8,583 thousand).

The amounts of cash and cash equivalents included in the statement of cash flows correspond to the corresponding item in the statement of financial position.

EUR 2,168 k (prior year: EUR 4,410 k) are deposited with liquidity providers.

In contrast to customer funds held in trust, which are not reported as cash and cash equivalents, the reported position is own funds that serve the liquidity providers to hedge losses of NAGA customers from trading transactions that have been outsourced to liquidity providers.

The other non-cash expenses of EUR 4,694 thousand presented in the cash flow statement relate to the write-downs of NGC held for trading and the receivable from NDAL (reference is made to Note 7.u)).

i) Deferred tax assets and liabilities

In fiscal year 2022, there are temporary differences in the following balance sheet items that result in the recognized deferred tax liabilities:

in kEUR	31.12.2022	31.12.2021
Deferred taxes on loss carryforwards	2,520	1,555
Total deferred tax assets	**2,520**	**1,555**
Offsetting in accordance with IAS 12.74	-2,520	-1,555
Deferred tax assets according to balance sheet	**0**	**0**

in kEUR	31.12.2022	31.12.2021
Intangible assets	2,534	1,738
Total deferred tax liabilities	**2,534**	**1,738**
Offsetting in accordance with IAS 12.74	-2,520	-1,555
Deferred tax liabilities according to balance sheet	**14**	**183**

In fiscal year 2022, corporate tax losses of EUR 22,143 thousand (previous year: EUR 4,555 thousand) and trade tax losses of EUR 22,143 thousand (previous year: EUR 4,793 thousand) were generated, for which no deferred tax assets were recognized. Furthermore, at the level of Naga AG and Naga Pay GmbH, deferred tax assets were recognized for corporate tax loss carryforwards of EUR 2,988 thousand (previous year: EUR 3,798 thousand) and trade tax loss carryforwards of EUR 2,988 thousand (previous year: EUR 3,798 thousand), which are recoverable due to sufficient taxable temporary differences.

Deferred tax liabilities result from the customer base of HBS Group identified and valued as part of the acquisition in 2018 and capitalized development costs for Naga Trader software at Naga Technology GmbH and Naga Pay app at Naga Pay GmbH.

j) Other current liabilities

Other current liabilities, partly of a financial nature, are composed as follows:

in kEUR	31.12.2022	31.12.2021
Customer deposits	10,631	5,216
Short-term loans from shareholders	1,503	0
Short-term loans from the Board of Management	500	0
Sales tax	755	52
Liabilities from wages and salaries	278	337
Credit card	164	245
OTC trade	0	1,673
Other	1,248	888
Total current	**15,079**	**8,411**

The item customer deposits shows the balance of gains and losses on trading transactions with customers and of receivables and liabilities based on transfers from/to liquidity provider(s).

Under an agreement dated December 9, 2022, Fosun International Limited granted a loan of EUR 1,500 thousand, which was repayable within three months and bore interest at 8% p.a. The loan was repayable within three months.

Liabilities from wages and salaries still mainly relate to outstanding wage tax and social security contributions.

Liquidity risk is explained in Note 10.

k) Leasing liabilities

At the commitment date, the Group recognizes the lease liability at the present value of the lease payments (rental payments) to be made over the term of the lease (for related rights of use, see Note 7c). Lease payments include fixed payments less any lease incentives to be received, variable lease payments linked to an index or (interest) rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of the lease payments, the Group uses its incremental borrowing rate at the commitment date because the interest rate implicit in the lease cannot be readily determined. After the commitment date, the amount of the lease liability is increased to reflect the higher interest expense and decreased to reflect the lease payments made.

Furthermore, the Group also makes use of the exemption for short-term leases (whose term does not exceed twelve months from the date of provision). In addition, the exemption for leases based on an asset of low value is applied. Lease payments for short-term leases and for leases based on an asset of low value are expensed on a straight-line basis over the term of the lease.

NAGA has a lease agreement (rental agreement) for office premises in Cyprus, which must be taken into account in accordance with IFRS 16. This relates to the subsidiary Naga Markets and has a term of two years and an extension option for a further two years, which has since been exercised. The provision date was May 1, 2019 and the marginal borrowing rate is 3.23%. Rent is paid in advance for one year at a time. The following table shows the development of the lease liability:

in kEUR	Office space	Thereof short-term	Thereof non-current
Lease liability as of 31.12.2020	**4**	**4**	**0**
Additions	113		
Rental payments	-118		
Discounting 3.23%	1		
Lease liability as of 31.12.2021	**0**	**0**	**0**
Additions	120		
Rental payments	-80		
Discounting 3.23%	0		
Lease liability as of 31.12.2022	**40**	**0**	**0**

The calculated interest expense from the lease liability was taken into account in the consolidated statement of income and is reported under financial expenses.

In addition, NAGA still has leases that are not recognized in the balance sheet because they have a term of up to twelve months or are of low value. These rental expenses were recognized in other operating expenses.

Short-term leases of up to one year and leases based on an asset of low value	31.12.2022 kEUR	31.12.2021 kEUR
Office space	88	117
Office and business equipment	217	74

In the financial year, cash outflows for leases amounted to EUR 385 thousand (previous year: EUR 309 thousand).

l) Other provisions

The recognition of provisions as liabilities requires an estimate of the amount and probability of cash outflows. Any differences between the original estimate and the actual outcome may have an effect on the net assets, financial position and results of operations of the Group in the respective period. For all provisions, an outflow of resources is generally expected within the following twelve months.

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions developed as follows in fiscal year 2022:

in kEUR	01.01.2022	Additions	Consumption	Dissolution	31.12.2022
Vacation accruals	24	12	21	3	12
Annual financial statements, audit costs	287	341	281	6	341
Other accruals	97	1,723	97	0	1,723
Total	**408**	**2,076**	**399**	**9**	**2,076**

in kEUR	01.01.2021	Additions	Consumption	Dissolution	31.12.2021
Vacation accruals	27	24	27	0	24
Annual financial statements, audit costs	284	287	280	4	287
Other accruals	549	97	549	0	97
Total	**860**	**408**	**856**	**4**	**408**

Other accruals mainly relate to accruals for outstanding invoices.

Reimbursements for the aforementioned provisions are not expected.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

m) Revenue recognition

NAGA currently generates revenues from its brokerage business („trading revenues") and from consulting services („service revenues"). In the past fiscal year, approx. 90% (prior year: approx. 54%) of these revenues were generated from customers in the EU and approx. 10% (prior year: approx. 46%) from customers outside the EU. Of the aforementioned sales, approximately 43% (2007: approximately 20%) are attributable to customers in Germany. Trading revenues may show a negative balance if individual transactions result in losses. In addition, since 2022, trading revenues include revenues from the sale of NGC held for trading purposes. In the financial year 2022, trading revenues break down as follows:

in kEUR	2022	2021
Brokerage Business	50,840	48,820
NGC trading	6,757	4,057
Trading revenue	**57,597**	**52,877**

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and sales taxes, and is recognized as a trade receivable in the ordinary course of the Company's activities.

Revenue is recognized as soon as the consideration can be reliably measured and there are no significant obligations to the customer and collection of the receivable is considered probable. This assessment represents a judgment in which NAGA relies, among other things, on empirical values of the senior executives with regard to the respective collection and the amount of revenue. In doing so, they rely on trading statistics from the company's own database, taking into account the specifications of the risk management department. The increase in data material resulting from the longer history and expansion of sales leads to a constant improvement in the estimates.

The following criteria apply to the realization of the respective transaction type:

Trading revenues – brokerage business

Trading revenues from the brokerage business result from customers' trading in CFDs. Here, NAGA acts as counterparty for the trades executed by customers. To minimize risks, some trading contracts are passed on to third parties (so-called liquidity providers).

The Group generates revenues primarily from flow management, commissions and swap interest income arising in connection with the Group acting as a market maker for trading CFDs. Trading revenues are comprised of the following:

a) Trading in the aforementioned financial instruments and
b) commissions charged for CFDs.

Gains and losses from the measurement of open and closed positions as of the reporting date are recognized as trading revenue.

In the case of open positions, the profit or loss may differ significantly from the amount reported as of the reporting date, as the underlying asset underlying the trading contracts fluctuates over time and can significantly change the success of a trading contract. For closed positions, the profit or loss – with the exception of credit risks – is largely fixed as a result of the risk minimization strategy.

Trading revenues – NGC trading

Trading revenues from NGC trading result from the sale of NGC held for short-term trading purposes (market-making). They include the realized sales prices.

The acquisition costs for NGC that have already been resold and any impairment losses are reported as direct expenses of trading revenues.

n) Capitalized programming services

The capitalized programming services of EUR 5,883 thousand (previous year: EUR 2,785 thousand) relate to the capitalizable programming services of external service providers. In the course of programming, NAGA bears the economic risk of unsuccessful implementation of the project. It also controls the progress of the project, which is why the capitalized programming services are reported separately from the expenses recognized in development expenses.

o) Other operating income

Other operating income of EUR 252 thousand (previous year: EUR 991 thousand) is recognized on an accrual basis in accordance with the provisions of the underlying contracts. In the previous year, other operating income mainly included income relating to other periods from the repayment of a previously impaired receivable from NDAL in the amount of EUR 580 thousand.

p) Development expenditure

In the financial year 2022, development expenses totaled EUR 6,688 thousand (previous year: EUR 3,484 thousand). Of these, EUR 2,180 thousand (previous year: EUR 2,731 thousand) mainly related to the Naga Trader application. Of the total development costs, EUR 5,883 thousand (PY: EUR 2,785 thousand) were recognized as capitalized programming expenses, leaving development expenses of EUR 806 thousand (PY: EUR 699 thousand) in the statement of comprehensive income.

q) Direct expenses of trading revenues

The direct expenses of EUR 14,372 thousand (previous year: EUR 8,761 thousand) for trading revenues include transaction costs and costs for trading platforms.

r) Trading costs

Trading costs of EUR 639 thousand (previous year: EUR 1,188 thousand) relate to expenses and income incurred in connection with the hedging of high-risk trades.

s) Personnel expenses

The average number of employees in full-time equivalents for the 2022 financial year is 173 (previous year: 147).

	2022	2021
Board of Directors	3	3
Accounting	6	8
Customer Support	94	88
Administration	20	11
Marketing & Training	17	8
Human Resources	5	4
Compliance	16	9
Dealing & Trading	12	16
	173	**147**

Personnel expenses are as follows:

in kEUR	2022	2021
Wages and salaries	9,394	7,045
Retirement benefits	322	42
Social security contributions	980	834
Other	2	77
Total	**10,697**	**7,998**

In the financial year 2022, contributions of EUR 322 thousand (previous year: EUR 42 thousand) were paid into defined contribution plans. These were contributions to the statutory pension scheme. As in the previous year, no bonus payments were made in the past financial year.

t) Marketing and advertising expenses and other operating expenses

NAGA's business model is designed for broad-based growth and requires a high level of marketing and advertising expenditure to attract customers on a sustained basis.

Marketing and advertising expenses totaled EUR 28,345 thousand (previous year: EUR 30,971 thousand).

Other operating expenses include the following items:

in kEUR	2022	2021
Legal and consulting fees	3,846	2,847
Web services	1,537	793
Expenses for licenses and concessions	1,286	451
Third-party services	935	408
Travel expenses	605	288
Accounting and financial statement costs	439	458
Expenses relating to other periods	372	15
Rental expenses	305	191
IT costs	247	157
Ancillary costs of monetary transactions	183	91
Other	2,273	2,313
Total	**12,028**	**8,012**

Other operating expenses increased by EUR 4,016 thousand compared with the previous year, due in particular to higher legal and consulting costs and expenses for web services.

u) Impairment of current assets

In fiscal year 2022, a receivable from NDAL in the amount of EUR 1,446 thousand was impaired (reference is made to Note 7.e)). No further impairment losses on receivables were recognized in fiscal year 2022.

The change in the allowance for expected credit losses on trade receivables is shown below:

in kEUR	2022	2021
Balance as of January 1	3,652	3,212
Allowance for expected credit losses	1,446	440
Balance at December 31	**5,098**	**3,652**

In addition, the NGC held for trading were fully impaired. This resulted in an impairment loss of EUR 3,248 thousand (previous year: EUR 0 thousand).

v) Financial result

Interest is recognized on an accrual basis using the effective interest method.

The financial result includes financial expenses of EUR 390 thousand (previous year: EUR 1,682 thousand) and financial income of EUR 80 thousand (previous year: EUR 14 thousand). The discounting of leases in accordance with IFRS 16 is also taken into account here.

w) Taxes on income and earnings

Taxes are generally recognized in profit or loss. Current taxes are calculated on the basis of the profit or loss for the financial year calculated in accordance with the applicable tax regulations.

Deferred taxes are recognized for temporary differences between the carrying amounts of existing assets and liabilities in the consolidated financial statements and the amounts used for tax purposes.

Taxes on income in the financial year 2022 comprise deferred taxes on the one hand and the derecognition of a tax receivable of HBS AG in the amount of EUR 50 thousand on the other hand, as the Group no longer expects a refund. The disclosures on the measurement of deferred taxes can be found in section 4 c).

Proof of recoverability is considered to be provided by reference to the loss carryforwards that can be carried forward in Germany without restriction, taking into account the minimum taxation, to the extent that the deferred tax assets are offset by deferred tax liabilities in the same taxable entity.

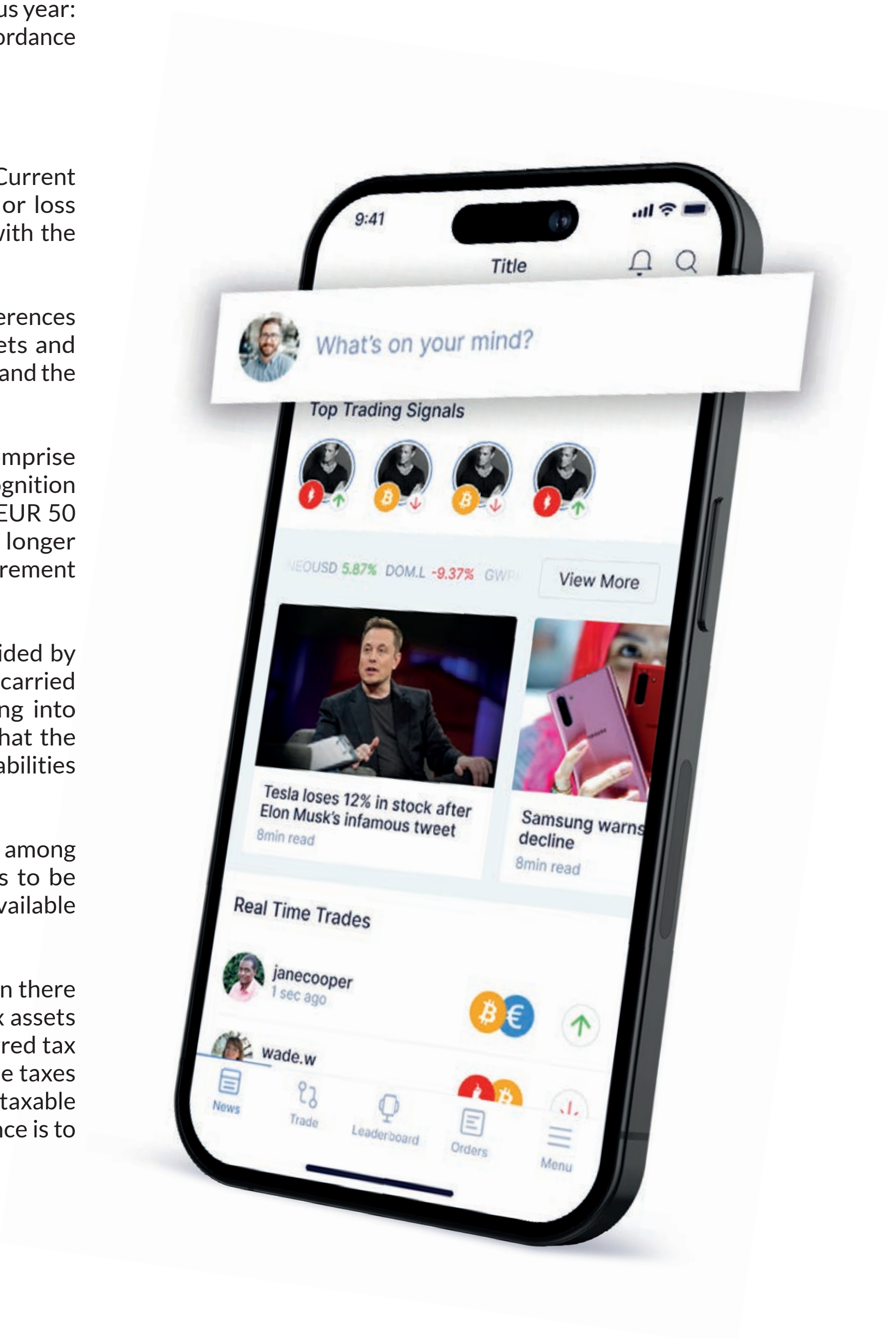
Otherwise, this requires management to assess, among other things, the recoverability of tax benefits to be recognized based on future taxable income and available tax strategies.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or on different taxable entities, if the balance is to be settled on a net basis.

Tax expense in fiscal 2022 is comprised of the following:

in kEUR	2022	2021
Current income taxes	50	-18
Income from deferred taxes	-169	-974
Expenses from deferred taxes	0	530
Income taxes according to the statement of comprehensive income	**-119**	**-462**

In Germany, as in the previous year, current taxes are calculated on the basis of a corporate income tax rate of 15% and a solidarity surcharge of 5.5%. In addition, as in the previous year, trade tax is levied on profits generated in Germany in accordance with the Hamburg assessment rate of currently 470%. As in the previous year, the trade tax assessment amount is not apportioned as there is no other permanent establishment. As in the previous year, the total tax rate applied is 32.275%.



The following table shows the reconciliation of the expected income tax expense based on earnings before taxes to the recognized income taxes.

in kEUR	2022	2021
Earnings before taxes	**-37,168**	**-11,216**
1. Expected income tax income (previous year -expense) (32.275 %)	-11,996	-3,620
2. Non-deductible operating expenses	1,494	1,369
3. Tax-exempt income	-2,375	-1,393
4. Temporary differences on which no deferred taxes have been recognized	410	410
5. Periods of third party taxes	50	-18
6. Other permanent differences	0	-1,103
7. Current losses on which no deferred taxes have been recognized	7,617	1,972
8. Effects from tax rate differences	3,949	1,316
9. Capitalized deferred taxes on losses carried forward from previous years	0	0
10. Write-down of deferred tax assets on loss carry forwards from previous years	0	530
11. Utilization of non-capitalized loss carry forwards	801	-6
12. Other	-69	81
Total income taxes	**-119**	**-462**

The temporary differences on which no deferred taxes were recognized mainly comprise the amortization of Swipy technology.

The current losses on which no deferred taxes were recognized relate in particular to Naga AG.The effects from tax rate differences mainly relate to NAGA Markets and Naga Global.

8. EARNINGS PER SHARE

As of December 31, 2022, the shares of Naga AG are listed on the open market of the Frankfurt Stock Exchange. As this is not an organized market within the meaning of Section 2 (5) of the German Securities Trading Act (WpHG), earnings per share are not mandatory. In order to present NAGA's earnings power transparently, earnings are calculated voluntarily in accordance with IAS 33.

Basic earnings per share are calculated by dividing the net profit for the period attributable to ordinary shareholders of Naga AG by the average number of shares. The basic earnings per share for the financial year 2022 are EUR -0.69 (previous year: EUR -0.23).

	2022	2021
Profit for the period attributable to shareholders of Naga AG (in kEUR)	-37,033	-10,103
Weighted average number of shares issued (in units)	54,047,924	43,703,853
Basic earnings per share (in EUR)	**-0.69**	**-0.23**

In the calculation of dilutive earnings, potentially dilutive shares, for example from convertible instruments, are taken into account if they have a dilutive effect. This is not the case in the event of a net loss. There were no potentially dilutive shares in the fiscal year.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

a) Financial instruments

Since January 1, 2019, the Group classifies financial assets into the following measurement categories:

- those to be measured at amortized cost.
- those measured at fair value (either through OCI or by profit or loss) are to be valued

Classification

The Group's financial instruments are classified into the following measurement categories as of December 31, 2022 in accordance with the classification in IFRS 9:

- Amortized cost
- Assets measured at fair value through other comprehensive income with reclassification (FVOCI)
- Financial assets at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVOCI)

The classification and subsequent measurement of financial assets depends on: (a) the entity's business model for managing the related portfolio assets and (b) the cash flow characteristics of the asset. At initial recognition, NAGA may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise occur.

All other financial assets are classified as measured at FVTPL.
Gains and losses on assets measured at fair value are recognized either in profit or loss or directly in equity.

Financial assets – recognition and derecognition

All purchases and sales of financial assets that are required to be made by regulation or market convention are recognized as of the trade date. This is the date on which NAGA commits to deliver a financial instrument. All other purchases and sales are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and Naga has transferred substantially all risks and rewards of ownership.

Financial assets – valuation

Upon initial recognition, NAGA measures a financial asset at fair value plus transaction costs. Transaction costs of financial assets recognized at FVTPL are recognized in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is recognized only if there is a difference between the fair value and the transaction price that can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose input includes only data from observable markets.

Financial assets with embedded derivatives are considered in their entirety when it is determined that their cash flows are solely payments of principal and interest.

Debt securities

The subsequent measurement of debt instruments held depends on NAGA's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which NAGA classifies its debt instruments:

1. amortized cost:
Assets held for the collection of contractual cash flows and where these cash flows are solely principal and interest payments are measured at amortized cost. Interest income from these financial assets is included in financial income. Any gain or loss on derecognition is recognized directly in profit or loss and reported in other operating income/expenses together with foreign exchange gains and losses. Impairment losses are presented in the statement of comprehensive income as a separate item or in other operating expenses (see notes 7.e). and 7.u)).

Financial assets measured at amortized cost include: Cash and cash equivalents, bank balances with an original maturity of more than 3 months, trade receivables and financial assets at amortized cost.

2. FVOCI:
Assets held to collect contractual cash flows and held for sale financial assets whose cash flows represent solely payments of principal and interest are measured using FVOCI. Changes in the carrying amount are recognized in other comprehensive income (OCI), except for the recognition of impairment losses, interest income and foreign currency income and expense, which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in finance costs or finance income. Interest income from these financial assets is included in financial income. Foreign currency gains and losses are reported under financial income or expense, and impairment losses are reported as a separate item in the statement of comprehensive income.

3. FVTPL:
Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL, i.e. fair value through profit or loss. A gain or loss on a debt security that is subsequently measured at FVTPL is recognized in profit or loss and reported net within „Other operating income / expenses" in the period in which it occurs, unless it is revenue.

Financial assets – Impairment – Allowance for expected credit loss (ECL)

NAGA measures „expected credit loss" (ECL) in accordance with IFRS 9 for financial assets (including loans) measured at amortized cost and FVOCI, and the risk arising from loan commitments and financial guarantees. NAGA measures ECL and records the allowance for loan losses at each balance sheet date. The measurement of ECL reflects (a) an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, (b) the time value of money, and (c) all reasonable and supportable information available without undue cost or effort at the end of each reporting period about past events, current conditions, and projections of future conditions.

The carrying amount of financial assets is reduced using an allowance account.

Debt instruments measured at amortized cost are presented in the balance sheet net of the allowance for ECL.

For debt instruments at FVOCI, an allowance for ECL is recognized in profit or loss and affects the gains or losses recognized in OCI rather than the carrying amount of these instruments.

Expected losses are recognized and measured using one of the two following approaches: general approach or simplified approach.

For trade and other receivables, NAGA applies the simplified approach permitted by IFRS 9, under which the expected losses are to be recognized in relation to the total term from the initial recognition of the financial assets.

For all other financial assets subject to impairment under IFRS 9, Naga applies the general approach – a three-step impairment model.

Stage 1:
A financial instrument that is not creditworthy at initial recognition is classified in Level 1. For financial assets in Level 1, the ECL is measured at an amount equal to the portion of the lifetime ECL arising from default events that occur within the next 12 months or until the contractual maturity date, whichever is shorter („12-month ECL").

Stage 2:
If NAGA identifies a significant increase in credit risk („SICR") since initial recognition, the asset is moved to Level 2 and its ECL is assessed based on the total life of the instrument, – to contractual maturity, taking into account expected prepayments – if any („Lifetime ECL").

Stage 3:
If NAGA determines that a financial asset is no longer creditworthy, the asset is transferred to Level 3 and its ECL is assessed as lifetime ECL. NAGA's definition of credit-impaired assets and the definition of default are explained in Financial Risk Management.

Financial assets – reclassification

Financial instruments are only reclassified if the business model for managing these assets changes. The reclassification is prospective and takes place from the beginning of the first reporting period after the change.

Financial assets – amortization

Financial assets are written off in full or in part when NAGA has exhausted all practical remediation efforts and has concluded that there is no reasonable prospect of recovery. The write-off is a derecognition event. NAGA may write off financial assets that are still subject to foreclosure activities if the Company wishes to collect amounts contractually due but there is no reasonable expectation of collection.

Financial assets – modification

NAGA sometimes renegotiates or otherwise changes the contractual terms of financial assets. The Group assesses whether the change in contractual cash flows is material, taking into account, among other factors, the following: new contractual provisions that significantly affect the risk profile of the asset (e.g., profit sharing or equity-based return), material change in interest rate , change in currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of credit when the borrower is not in financial difficulty.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash at banks and cash held with liquidity providers. Cash and cash equivalents are carried at amortized cost because: (a) they are held to collect contractual cash flows and these cash flows represent SPPI, and (b) they are not designated at FVTPL.

Financial assets at amortized cost

These are held for the purpose of collecting NAGA's contractual cash flows and their cash flows represent payments of principal and interest only. Accordingly, they are measured at amortized cost using the effective interest method less impairment losses. Financial assets measured at amortized cost are classified as current assets if they are due within one year or less (or if they have a longer maturity, in the normal operating cycle). If not, they are recognized as non-current assets.

Financial liabilities – measurement categories

Financial liabilities are initially measured at fair value and classified as at amortized cost, except for (a) financial liabilities at FVTPL. This classification relates to derivatives as well as financial liabilities held for trading (e.g. short positions in securities) and potential consideration by an acquirer in a business combination and other financial liabilities designated as such upon initial recognition, and (b) financial guarantee contracts and loan commitments.

Trade accounts payable and other liabilities

Trade accounts payable and other liabilities are measured initially at fair value and subsequently at amortized cost using the effective interest method.

Customer funds

Customer funds are not recognized as assets because they are not resources controlled by the Company and the significant risks and rewards of ownership of these funds remain with the customer.

The following table shows the carrying amounts and fair values by measurement category of financial instruments as of December 31, 2022 and December 31, 2021

in kEUR	Book value 31.12.2022	Fair value 31.12.2022	Book value 31.12.2021	Fair value 31.12.2021
Financial assets measured at amortized cost	13,912	13,912	41,944	41,944
Financial assets at fair value through profit or loss (derivatives)	14,057	14,057	9,379	9,379
Financial liabilities at fair value through profit or loss (derivatives and other)	390	390	982	982
Financial liabilities measured at amortized cost	6,695	6,695	5,469	5,469

Financial assets measured at amortized cost:
This item includes cash and cash equivalents, trade receivables and other financial assets. They are measured at amortized cost using the effective interest method. Interest amounting to EUR 0 thousand (previous year: EUR 0 thousand) is recognized in the financial result. Any impairment losses are recognized in profit or loss.

In this context, the debtor's financial difficulties, the likelihood that the debtor will file for insolvency or undergo a restructuring, and default or payment delays are taken into account as an indicator of the existence of impairment.

Financial assets/liabilities at fair value through profit or loss
These two items include derivative assets and liabilities. Any gains or losses arising from these items are recognized as revenue (see Note 7.m)).

Financial liabilities measured at amortized cost:
This category includes trade accounts payable and other financial liabilities. They are measured at amortized cost using the effective interest method.

Fiduciary business

NAGA manages liquid funds of customers in its own name and for the account of third parties in separately managed bank accounts for the purpose of processing customer orders. NAGA acts as a trustee and the liquid funds are not part of the Group's assets or liabilities.

To date, NAGA provides these services through its Cypriot subsidiary Naga Markets and is in this respect subject to the regulatory requirements of the Cypriot banking supervisory authority („CySEC"). Accordingly, an auditor must report annually to the Cypriot banking supervisory authority on whether the measures put in place to protect customer funds are appropriate and are being complied with.

The assets held in trust by NAGA as of December 31, 2022 amount to EUR 31,224 thousand (previous year: EUR 31,841 thousand).

b) Financial Risk Management

The Group's business activities involve significant risk and are also subject to regulatory requirements. Consequently, NAGA has implemented a risk management system.

The Group's risk management focuses on the unpredictability of financial markets and aims to minimize potential adverse effects on the Group's financial performance.

In Brokerage, the Board establishes written policies for overall risk management as well as for specific areas such as foreign exchange risk, interest rate risk, credit risk, price risk, the use of derivative and non-derivative financial instruments, and the investment of excess liquidity. Risk management is carried out under the supervision of the Naga Markets Risk Management Committee, which acts in accordance with policies approved by the Board of Directors. The Risk Management Committee of Naga Markets Ltd. is independent, subject to oversight by CySEC, and is charged with the oversight of the following functions:

a) Adequacy and effectiveness of the Company's risk management policies and procedures;
b) compliance by the Group and the relevant personnel with the regulations, processes and mechanisms specified in the risk management policy;
c) Adequacy and effectiveness of measures applied to eliminate deficiencies in processes and systems;
d) Identifying, assessing and managing financial risks in close cooperation with the company's operating units.

Financial risk factors

The Group is exposed to the following financial risks as a result of its business activities:

a) Market risks (including price risks, currency risks, fair value interest rate risks and cash flow interest rate risks);
b) Counterparty risks;
c) Credit risks and
d) Liquidity risks.

Market risks (including price risks, currency risks, fair value interest rate risks, and cash flow interest rate risks)

Price risks

NAGA is mainly exposed to market price risk from fluctuations in foreign currencies, commodities and equity instruments due to open positions in CFDs held by Naga Markets as a counterparty with its customers, which are classified as derivative financial instruments in the statement of financial position. NAGA itself does not take proprietary positions based on the expectation of market movements, but takes positions with liquidity providers to financially hedge a portion of its open client contracts on a trade-by-trade basis.

To manage price risk, the Group has a formal risk policy set by the management of Naga Markets Ltd (hereinafter „NM Management"), which includes limits or a method for setting limits for each individual financial market in which the Company trades, as well as for specific market groups and markets, and for groups of financial instruments that NM Management considers to be correlated. NM management continuously monitors the Company's exposure to these limits.

NAGA benefits from a number of factors that also reduce the volatility of its revenues and protect it from market shocks, such as the diversification of its client base and product range, as NAGA acts as a market maker in a number of trading instruments (mainly CFDs on foreign currency pairs, equities, commodities and indices). This diversification of the product offering tends to result in reduced concentration risk within the market risk portfolio. During the year ended December 31, 2022, the Group traded with a large number of customers from various countries. This large international client base has a number of different trading strategies that result in the Corporation enjoying a hidden level of natural hedging between clients. This „portfolio net effect" leads to a significant reduction in the Group's net market risk.

Another factor that is continuously considered and monitored in connection with the risk limits is the own funds that NAGA must maintain in accordance with the requirements of the local regulatory authorities. This relates to the subsidiary Naga Markets and CySEC.

NAGA's price risk is primarily dependent on short-term market conditions and customer activity during the trading day, and therefore the exposure at each balance sheet date may not be representative of the price risk the Company faces over the year.

Foreign currency risks

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future transactions and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the U.S. dollar. The Company's management continuously monitors exchange rate fluctuations and acts accordingly. The Company is mainly exposed to foreign currency risk due to its foreign currency CFD positions.

Possible changes in exchange rates do not have a material impact on the Group's results of operations and financial position.

The impact of changes in foreign exchange rates on the Group's CFDs is part of price risk as it relates directly to the Group's operations.

The Executive Board does not consider the currency risk to be significant for the Group.

Fair value interest rate risks and cash flow interest rate risks

The Group's interest rate risk arises from interest-bearing assets and non-current liabilities. Due to the current low risk exposure, no sensitivity analysis is provided.

Counterparty default risks

NAGA defines counterparty risk as the risk of losses or lost profits due to unexpected defaults or unforeseeable deteriorations in the creditworthiness of business partners.

Counterparty risks in NAGA result primarily from business and settlement partners in brokerage.

NAGA's business partners are screened on the basis of firmly defined criteria, which are adapted to current circumstances as required and are based on specific characteristics of the business partners. In addition, creditworthiness is checked on an ongoing basis using publicly available data.

Credit risks

Credit risk arises from deposits with banks and financial institutions, and from loans to customers, including outstanding receivables.

Banks and financial institutions are only accepted as counterparties after a thorough review. In addition to an independent rating, Naga Markets' risk committee takes past experience and other factors into consideration when reviewing creditworthiness. Transactions with customers are also handled with the help of banks or financial institutions that specialize in online brokerage and banking.

A credit risk affecting customers always arises when losses from loss-making trading positions exceed the minimum capital to be held by the customer, i.e., a customer is in danger of losing more money in a position than he has previously deposited.

The Company protects itself against this risk in the normal course of business by monitoring all trading positions both on the system side and by traders. Customer positions are closed by the system in an automatic process as soon as the account balances held to cover losses fall below a defined minimum value.

If a situation nevertheless arises, for example due to large unforeseeable price jumps, in which the losses incurred exceed a customer's deposit, a so-called „negative balance protection policy" applies, according to which NAGA waives all claims in excess of the deposit for private customers.

However, due to its predominant activity as a market maker, the Group is not exposed to any significant risk from the negative balance protection policy. The background to this is that NAGA currently passes on only an insignificant proportion of trading contracts to external liquidity providers. NAGA acts as counterparty for a large proportion of the trading contracts. In this case, the waiver of settlement of loss-making customer positions only leads to an imputed loss, as realized profit is waived to this extent. Only in the case of direct on-lending does the risk of a liability to the liquidity provider arise, with a simultaneous loss of receivables from the customer.

Contracts with a threatened margin call with simultaneous forwarding to a liquidity provider are therefore subject to a separate internal control associated with the stress tests. To minimize risk, NAGA can reopen the position to prevent a liquidity loss in excess of the customer's deposit.

As of December 31, 2022, the Group is exposed to the following credit risks, broken down by category:

in kEUR	31.12.2022	31.12.2021
Trade receivables	184	1,557
Other current assets	24,698	41,183
- thereof derivatives	14,057	9,379
- thereof of a financial nature	10,641	31,804
Cash and cash equivalents	3,087	8,583
Total	**27,968**	**51,323**

In fiscal year 2022, a specific valuation allowance of EUR 1,446 thousand was recognized on a trade receivable. Please refer to notes 7.e) and 7.u).

Liquidity risk
Liquidity risk arises when the maturities of assets and liabilities do not match. A mismatched position increases profitability, but may also increase the risk of loss. The Group has implemented measures to minimize losses and to maintain sufficient cash and other highly liquid current assets.

Ongoing and forward-looking policies and procedures are implemented for the assessment and management of the Group's net financial position in order to reduce liquidity risk.

The following table shows the Group's financial liabilities in relevant maturity groupings based on the remaining terms to maturity – starting from the balance sheet date. The amounts shown in the table correspond to the contractual, undiscounted cash outflows. Where the liability is due within twelve months, the carrying amount corresponds to the cash outflows, as discounting has no material effect. Where the liabilities are interest-bearing, no discounting is applied.

31.12.2022

in kEUR	Less than 1 year	between 1 and 2 years	between 2 and 5 years	more than 5 years
Liabilities to shareholders	0	0	0	0
Other liabilities (financial)	3,691	0	0	0
Leasing liabilities	40	0	0	0
Trade accounts payable	3,241	0	0	0
Total	**6,971**	**0**	**0**	**0**

31.12.2021

in kEUR	Less than 1 year	between 1 and 2 years	between 2 and 5 years	more than 5 years
Liabilities to shareholders	48	0	0	0
Other liabilities (financial)	1,185	0	0	0
Leasing liabilities	0	0	0	0
Trade accounts payable	4,236	0	0	0
Total	**5,469**	**0**	**0**	**0**

The changes in liabilities from financing activities are as follows:

in kEUR	01.01.2022	Change from capital flows	New leasing relationships	Other	31.12.2022
Liabilities to shareholders and members of the Board of Management	48	-48	0	0	0
Current lease liabilities	0	-80	120	0	40
Total	**48**	**-128**	**120**	**0**	**40**

in kEUR	01.01.2021	Change from capital flows	New leasing relationships	Other	31.12.2021
Liabilities to shareholders and members of the Board of Management	3,629	-3,629	0	48	48
Liabilities from convertible loans	0	7,593	0	-7,593	0
Liabilities from convertible loans to shareholders	1,933	0	0	-1,933	0
Current lease liabilities	4	-118	113	1	0
Total	**5,566**	**3,846**	**113**	**-9,477**	**48**

The cash-effective changes are taken into account accordingly in the cash flow statement as part of the cash flow from financing activities. Changes in cash and cash equivalents also include interest payments. In the financial year 2021, other changes mainly related to the conversion of convertible loans.

Capital Management

NAGA is in a growth and development phase. Capital management is therefore focused on financing further expansion through equity and debt instruments. In addition to securing sufficient financing for planned sales activities, this includes further investment in software developments.
On March 8, 2021, NAGA entered into a master agreement with Yorkville Advisors Global LP, New Jersey, USA, for the issuance of (non-interest-bearing) convertible bonds with a total nominal value of up to EUR 25 million within a time frame of three years. Under the agreement, Yorkville undertakes to subscribe to the convertible bonds issued by The NAGA Group AG under certain conditions. The issuance of the first tranche of convertible bonds (hereinafter: „Convertible Bond 2021/2022") on the issue date March 15, 2021 comprised a total nominal value of EUR 8 million. The framework agreement allows for further issuances of tranches in the amount of EUR 17 million.

In addition, the Cypriot banking regulator CySEC requires a minimum equity ratio for the Cypriot subsidiary Naga Markets. Compared to last year, the approach has changed, which was calculated as the ratio of own funds to total risk exposures and requires a minimum of 8% plus a capital conservation buffer of 2.50% and a variable percentage for an institution-specific countercyclical capital buffer. Now, own funds must be available in accordance with certain limits, comprising the sum of Common Equity Tier 1 capital, Additional Tier 2 capital and Tier 2 capital. The calculation method is based on the international Basel II and Basel III capital requirements. The adequacy of the Group's capital ratio is continuously monitored and reported to the regulators on a quarterly basis.

Estimation of the fair value

The following table shows the financial instruments measured at fair value according to the valuation method applied. The various input factors have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets available to the entity at the balance sheet date for identical assets or liabilities;
- Level 2: Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3: Inputs that are unobservable for the asset or liability.

The following items measured at fair value are reported in the consolidated statement of financial position:

	31.12.2022			31.12.2021		
in kEUR	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Derivative financial instruments	14,057	0	0	9,379	0	0
Liabilities						
Derivative financial instruments	390	0	0	982	0	0

10. EQUITY/DIVIDENDS

a) Equity

As of December 31, 2022, the subscribed capital („share capital“) amounts to EUR 54,047,924 and is divided into 54,047,924 no-par value registered shares. There are no separate preferential rights for certain shares, nor are there any restrictions on trading the shares (Section 68 AktG).

The subscribed capital developed as follows:

Subscribed capital as of 30.06.2016		**50,001**
Changes in the second short financial year 2016		0
Subscribed capital as of 31.12.2016		**50,001**
Changes in the financial year from	Cash contribution	12,413
Changes in the financial year from	Company funds	17,975,232
Changes in the financial year from	Convertible bond	1,970,402
Changes in the fiscal year from	IPO (initial public offering)	1,000,000
Subscribed capital as of 31.12.2017		**21,008,048**
Changes in the financial year from	Contribution in kind	19,195,534
Subscribed capital as of 31.12.2018		**40,203,582**
Changes in the financial year from		0
Subscribed capital as of 31.12.2019		**40,203,582**
Changes in the financial year from	Cash contribution	1,846,321
Subscribed capital as of 31.12.2020		**42,049,903**
Change in the financial year from	Convertible bond	2,000,000
Change in fiscal year from	Convertible bond	1,569,781
Change in fiscal year from	Cash contribution	8,428,240
Subscribed capital as of 31.12.2021		**54,047,924**
Change in the financial year from		0
Subscribed capital as of as of 30.12.2022		**54,047,924**

Own shares

In the previous year, HBS AG held 1,137,139 shares in Naga AG. In fiscal year 2021, 1,137,139 shares in Naga AG previously held by HBS AG were sold at the price on the day the contract was concluded for a total of EUR 600 thousand, thus derecognizing treasury shares with a carrying amount of EUR 5,526 thousand. Accordingly, the balance sheet result was reduced by the difference of EUR 4,927k with no effect on profit or loss. As of December 31, 2022, the Group no longer holds any treasury shares.

Authorized capital

By resolution of the Annual General Meeting of December 16, 2022, the Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital of Naga AG in the period up to December 15, 2027, once or several times by a total of up to EUR 27,023,962.00 by issuing up to 27,023,962 new registered no-par value shares against cash contributions and/or contributions in kind, whereby subscription rights may be excluded (Authorized Capital 2021).

As of December 31, 2022, Naga AG has not utilized the authorized capital.

Conditional capital

By resolution of the Annual General Meeting of May 24, 2017, the share capital of Naga AG is conditionally increased by up to EUR 8,634,164.00 for the purpose of implementing convertible bonds and / or bonds with warrants issued on the basis of the authorization resolution of the Annual General Meeting of the same date by issuing up to 8,634,164 no-par value registered shares (Conditional Capital 2017 II).

As of December 31, 2022, Naga AG has utilized the conditional capital in the amount of EUR 3,569,781.00 has been utilized.

The share capital of Naga AG is further conditionally increased by resolution of the Annual General Meeting of October 11, 2021 by up to EUR 12,390,817 ,00 for the purpose of implementing convertible bonds and / or bonds with warrants issued on the basis of the authorization resolution of the Annual General Meeting of the same date by issuing up to 12,390,817 no-par value registered shares (Conditional Capital 2021).

b) Dividends

As in the previous year, no dividend payment will be resolved or made to shareholders for fiscal 2022.

11. AUDITOR'S FEES

The following fees have been recognized for the services rendered by the auditor of the consolidated financial statements:

in kEUR	2022	2021
Annual and consolidated financial statements	157	195

12. RELATED PARTY DISCLOSURES

Balances and transactions between Naga AG and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in these notes. The details of business transactions between the Group and other related parties are given below.

Related parties are the members of the Management Board and Supervisory Board of Naga AG and their close family members. In addition, companies over which related parties have a controlling influence are classified as related parties.

Board members and persons closely associated with them:

- Benjamin Bilski, Limassol (Cyprus), Business Administration (M. Sc.), (Chairman) and family until June 1, 2023
- Andreas Luecke, Hamburg, Lawyer, Tax Consultant and Family
- Michalis Mylonas, Nicosia (Cyprus), Managing Director, and family

Supervisory Board members and persons closely associated with hem:

- Mr. Harald Patt, Friedrichsdorf, Managing Director (Chairman) and family
- Mr. Qiang Liu, Shanghai (China), Managing Director (Vice Chairman) and family
- Mr. Richard Byworth, Zug (Switzerland), Managing Partner (since December 16, 2022) and family
- Mr. Hans-Jochen Lorenzen, Hamburg, Certified Public Accountant/Tax Advisor and Family (until December 16, 2022)
- Mr. Robert Sprogies, Vaterstetten, Managing Director (Vice Chairman) and family (until August 31, 2022)
- Mr. Christian Angermayer, London (United Kingdom), Managing Director and family (until August 4, 2022)

As of December 31, 2022, to the Company's knowledge, Mr. Bilski or his related parties hold 2,945,441 shares, Mr. Luecke or his related parties hold 573,181 shares, Mr. Mylonas holds 3,050,570 shares, Mr. Patt holds 100,000 shares, Mr. Liu holds 147,787 shares, and Mr. Angermayer or his related parties hold 800,000 shares in Naga AG.

Mr. Luecke is a member of the Management Board of Hanseatic Brokerhouse Securities AG.

Mr. Benjamin Bilski is Chairman of the Supervisory Board of Hanseatic Brokerhouse Securities AG.

Furthermore, Fosun Fintech Holdings (HK) Ltd. , Hong Kong, China, and its related shareholders, which were able to exercise a controlling influence over Naga AG until December 31, 2022, due to their equity interest of 34% (PY: 49%), a voting agreement and their representation on the Supervisory Board, are considered related parties of Naga AG. Since January 1, 2023, the Company has exercised significant influence over Naga AG. The Company is included in the consolidated financial statements of FOSUN International Ltd, Hong Kong, China, which are available on the Company's website (https://ir.fosun.com/corporate-reports). The ultimate controlling shareholder is Mr. Guo Guangchang.

Compensation of members of the Board of Management

The members of the Executive Board of NAGA received the following short-term remuneration in fiscal year 2022 and 2021, respectively:

in kEUR	2022	2021
Mr. Bilski		
fixed	120	120
variable	0	0
Mr. Luecke		
fixed	200	200
variable	0	0
Mr. Mylonas		
fixed	120	120
variable	0	0
Total	**440**	**440**

There were neither share-based payments nor entitlements from pension plans.

Yasin Qureshi, the Executive Board member who left the company on April 30, 2019, has claims to severance pay and compensation for waiting periods totaling EUR 360 thousand (previous year: EUR 410 thousand) on the basis of the termination agreement concluded between him and the company on the occasion of his departure, which were settled in spring 2021. A partial payment of EUR 50 thousand was made in the 2020 financial year.

In addition to reimbursement of their expenses, the members of the Supervisory Board received remuneration totaling EUR 41 thousand (previous year: EUR 58 thousand) for their activities in fiscal year 2022.

The following table compares the relationships with related parties in accordance with the provisions of IAS 24:

Products and services in EUR	**Received 31.12.2022**	**Paid 31.12.2022**	**Received 31.12.2021**	**Paid 31.12.2021**
Board of Management	1,593,198	0	994,633	0

Liabilities and receivables in EUR	**Debt/Loan 31.12.2022**	**Receivables 31.12.2022**	**Debt/Loan 31.12.2021**	**Receivables 31.12.2021**
Management Board	544,575	0	0	0
Fosun Fintech Holdings (HK) Ltd.	0	0	47,609	0
Fosun International Ltd.	1,503,000	0	0	0

Interest in EUR	**Received 31.12.2022**	**Due 31.12.2022**	**Received 31.12.2021**	**Due 31.12.2021**
Shareholder	0	0	397,609	47,609
Board of Directors	1,082	0	0	0
Fosun International Ltd.	3,000	0	0	0

The above figures are derived from loan and service agreements between Group companies and related parties or companies in which the latter hold a majority interest. All contracts were concluded at arm‘s length (reference is made to Note 7.j)).

The former Executive Board member Mr. Bilski and the Executive Board member Mr. Mylonas acquired the 1,137,139 shares in Naga AG formerly held by HBS AG in fiscal year 2021. The purchase price amounted to EUR 600 k.

13. EVENTS AFTER THE BALANCE SHEET DATE

On April 15, 2023, the Management Board resolved to issue a convertible bond with an aggregate nominal amount of USD 8,200 thousand excluding the statutory subscription right for shareholders. The issue amount corresponds to 100% of the nominal amount. The convertible bond has a coupon of 11% and a maturity of 6 months, from April 28, 2023 to October 30, 2023. The conversion price is USD 1.97. Conversion is possible at any time during the term. On October 24, 2023, an adjustment of the bond terms was agreed with the holder. The adjusted bond terms provide for the partial repayment of USD 6,000,000 at maturity on October 30, 2023, and the repayment of the remaining amount of approximately USD 2.7 million plus accrued interest on January 30, 2024. The holder of the convertible bond will not exercise his conversion right, so that there will be no dilution for the shareholders in this respect.

For the partial repayment, the Company has taken out a loan without conversion rights from an institutional investor with a term of 12 months.

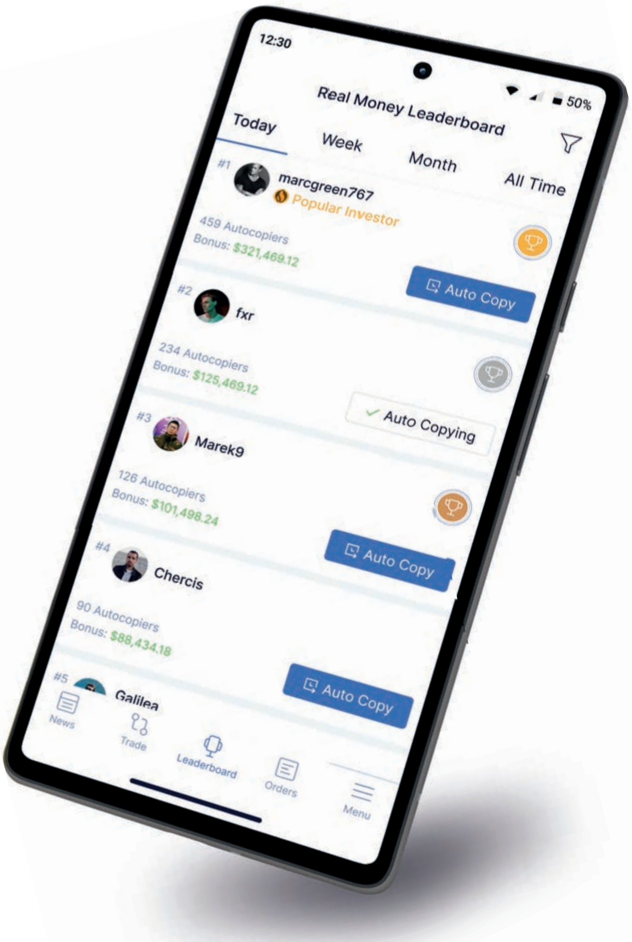
Effective June 1, 2023, Mr. Bilski has resigned from the Management Board of Naga AG. However, he continues to work for the Group in an executive position.

There were no other significant events after the balance sheet date

Hamburg, October 31, 2023

The Naga Group AG
Board of Directors

A. Luecke M. Mylonas




NAGA Exchange
Exchange
NGC/USD
0.0100USD
1d Change
0.0000USD 0.00%
Connection Status
Bid 0.0100
Ask 0.0100
Price Chart
Market Depth
0.0300
0.0250
0.0223
Sell NGC
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Independent auditor‘s opinion

Independent auditor's opinion

Audit assessments

We have audited the consolidated financial statements of The Naga Group AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2022, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from January 1, 2022 to December 31, 2022, and notes to the consolidated financial statements, including the presentation of the recognition and measurement policies.In addition, we have audited the group management report of The Naga Group AG for the financial year from January 1, 2022 to December 31, 2022. In accordance with the German legal requirements, we have not audited the content of the responsibility statement contained in section 6 of the group management report.

In our opinion, based on the findings of our audit

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at December 31, 2022 and of its financial performance for the financial year from January 1, 2022 to December 31, 2022, and

- the accompanying Group management report as a whole provides a suitable view of the Group's position.In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the above-mentioned responsibility statement.

Pursuant to § 322 Abs. 3 Satz 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the „Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the Group companies in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Other information

The legal representatives are responsible for the other information. The other information comprises the following non-audited components of the annual report:

- the assurance of the legal representatives (Section 297 (2) sentence 4 HGB, Section 315 (1) sentence 5 HGB),

- the report of the Supervisory Board and

- the letter from the Management Board to the shareholders.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information referred to above and, in doing so, consider whether the other information

- are materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or

- otherwise appear to be materially misstated.

Responsibility of the legal representatives and the Supervisory Board for the consolidated financial statements and the Group management report

Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from

material misstatement, whether due to fraud or error.
In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. Furthermore, they are responsible for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there are factual or legal circumstances to the contrary.

Furthermore, management is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development is presented. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and the Group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and the group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. In addition

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement is higher for fraud than for error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of accounting estimates and related disclosures made by the executive directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. We draw our conclusions on the basis of the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We bear sole responsibility for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the legal representatives in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the forward-looking statements or on the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Berlin, October 31, 2023

MSW GmbH
Auditing company Tax consulting company

Mantay Certified Public Accountant	Dr. Thiere Certified Public Accountant

Imprint
The Naga Group AG
Hohe Bleichen 12
20354 Hamburg
Deutschland

Phone: +49 40 524 7791 53
e-mail: ir@naga.com
www.naga.com

Layout
www.betriebsart.de

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