

THE NAGA GROUP AG

Financial Services - Germany



Buy (old: Buy)

19.09.2024

EUR 1.20 (old: EUR 1.20)

Partnership with BVB to increase reach

Topic: NAGA recently entered into a sponsoring partnership with Borussia Dortmund for the current and upcoming Bundesliga season. In detail:

Having entered into this cooperation, **NAGA is now one of the official partner of BVB**. With that, NAGA received exclusive rights to use the team's BVB partner logo on multiple markets, and the rights to use club players' image in branding materials. Additionally, NAGA's brand will be present on the LED advertising boards at home matches on Borussia's stadium Signal Iduna Park. With that, **NAGA intends to power-up its brand awareness in Germany**, which is its most important core market and attract new target groups. As BVB is also playing Champions League, the cooperation should additionally increase brand awareness in other important global regions.

In our view, this is a sensible sponsoring partnership as BVB has not only a huge global fan community but is also enjoying high sympathy ratings from fans of other clubs. The price per year is expected to be rather moderate with below € 1m (eNuW) and should be already considered in the marketing budget for this and next year.

In a bigger picture, the cooperation with BVB is just another piece that is paving the way towards the vision for 2026 of **USD 250m in sales and 40% EBITDA**. While we consider this vision as rather optimistic, the past has already shown that an incremental positive change in the sentiment could have an enormous effect on the P&L of NAGA. The leverage of the joint Group could even scale this effect. Still, in our base case scenario we conservatively only anticipate **€ 90m in sales and an EBITDA of € 19m** (22% EBITDA margin), leaving room for positive surprises. Looking into 2024, estimated 15.9m transactions on the back of a slowly revitalizing retail brokerage space should lift sales to € 71.8m, assuming an avg revenue per trade of € 5.0. Synergy effects and ongoing disciplined spending are expected to additionally drive EBITDA that we see at € 11.5m.

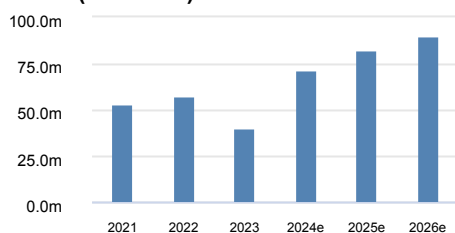
Overall, the revitalization of customer activity in the brokerage space, paired with cross-selling and synergy effects arising from the merger should fuel NAGA's growth. Details on the growth plan will be presented during our roundtable, **today at 10am CEST**.

BUY with an unchanged **PT of € 1.20** based on DCF.

Y/E 31.12 (EUR m)	2021	2022	2023	2024e	2025e	2026e
Sales	52.9	57.6	39.7	71.8	82.2	90.1
Sales growth	117.1%	8.9%	-31.0%	80.8%	14.4%	9.6%
EBITDA	-4.2	-13.7	8.4	11.5	15.5	19.4
Net debt (if net cash=0)	-7.6	-3.1	-1.1	-2.1	-0.8	-2.2
FCF	-27.3	-32.6	-4.2	-6.7	-1.3	1.4
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0
EPS pro forma	-0.20	-0.82	-1.13	-0.01	-0.00	0.01
EBITDA margin	-7.9%	-23.8%	21.3%	16.0%	18.8%	21.5%
ROCE	-7.0%	-31.9%	-52.7%	0.9%	3.3%	3.3%
EV/sales	0.8	0.8	1.3	2.9	2.6	2.3
EV/EBITDA	-10.3	-3.5	5.9	18.4	13.7	10.9
PER	-4.7	-1.2	-0.8	-80.6	-1245.6	87.9
Adjusted FCF yield	-19.5%	-77.1%	-115.9%	0.8%	2.2%	3.7%

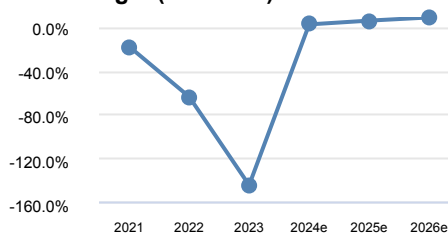
Source: Company data, NuWays, Close price as of 17.09.2024

Sales (2021-26e)



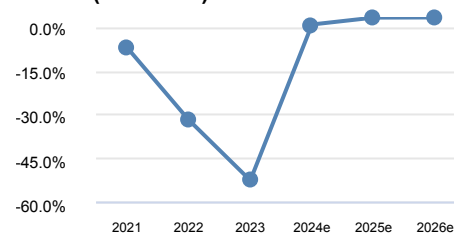
Source: NuWays Research

EBIT margin (2021-26e)



Source: NuWays Research

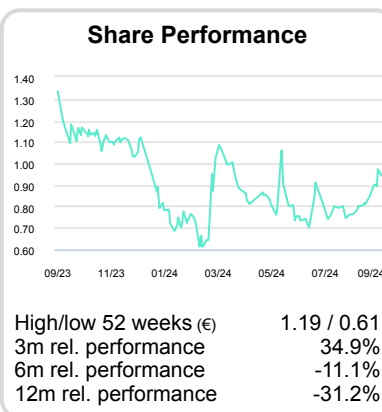
ROCE (2021-26e)



Source: NuWays Research

Company description

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



Market data

Share price (in €)	0.94
Market cap (in € m)	213.4
Number of shares (in m pcs)	226.5
Enterprise value (in € m)	211.3
Ø trading volume (6 months)	27,497

Identifier

Bloomberg	N4G GR
Reuters	N4G
WKN	A161NR
ISIN	DE000A161NR7

Key shareholders

Fosun Fintech Holdings	7.9%
Apeiron	5.2%
Management	47.3%
Other	43.2%

Estimates changes

	2024e	2025e	2026e
Sales	0%	0%	0%
EBIT	0%	0%	0%
EPS	0%	0%	0%

Comment on changes

Guidance

Financials

Profit and loss (EUR m)	2021	2022	2023	2024e	2025e	2026e
Sales	52.9	57.6	39.7	71.8	82.2	90.1
Sales growth	117.1%	8.9%	-31.0%	80.8%	14.4%	9.6%
Cost of sales	8.5	15.0	10.0	19.4	21.6	23.1
Gross profit	44.4	42.6	29.8	52.4	60.6	67.0
Sales and marketing	32.5	28.3	4.6	20.1	22.4	24.0
General and administration	8.0	10.7	6.5	11.9	12.9	13.4
Research and development	3.5	6.7	3.4	5.4	5.9	6.1
Other operating income	3.8	6.1	2.9	5.7	6.2	6.5
Other operating expenses	8.5	16.7	9.8	9.3	10.2	10.6
Total operating expenses	48.6	56.3	21.3	40.9	45.1	47.6
Unusual or infrequent items	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	-4.2	-13.7	8.4	11.5	15.5	19.4
Depreciation	5.3	7.8	9.0	9.9	10.8	11.7
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	15.3	57.0	0.0	0.0	0.0
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	-9.5	-36.9	-57.6	1.6	4.6	7.7
Interest income	0.0	0.1	0.3	0.1	0.1	0.1
Interest expenses	1.7	7.5	3.6	4.3	4.9	5.4
Investment income	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-1.7	-7.4	-3.4	-4.2	-4.9	-5.3
Recurring pretax income from continuing operations	-11.2	-44.3	-61.0	-2.7	-0.2	2.4
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	-11.2	-44.3	-61.0	-2.7	-0.2	2.4
Income tax expense	-0.5	-0.1	0.0	0.0	0.0	0.0
Net income from continuing operations	-10.8	-44.1	-61.0	-2.7	-0.2	2.4
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	-10.8	-44.1	-61.0	-2.7	-0.2	2.4
Minority interest	-0.7	-0.0	-0.0	-0.0	-0.0	-0.0
Net profit (reported)	-10.1	-44.1	-60.9	-2.6	-0.2	2.4
Average number of shares	44.2	54.0	54.0	226.5	226.5	226.5
EPS reported	-0.23	-0.82	-1.13	-0.01	-0.00	0.01

Profit and loss (common size)	2021	2022	2023	2024e	2025e	2026e
Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales	16.0%	26.1%	25.1%	27.0%	26.3%	25.7%
Gross profit	84.0%	73.9%	74.9%	73.0%	73.7%	74.3%
Sales and marketing	61.4%	49.2%	11.7%	28.0%	27.3%	26.6%
General and administration	15.1%	18.6%	16.3%	16.5%	15.7%	14.9%
Research and development	6.6%	11.6%	8.4%	7.5%	7.1%	6.8%
Other operating income	7.1%	10.7%	7.4%	8.0%	7.6%	7.2%
Other operating expenses	16.0%	29.0%	24.7%	13.0%	12.4%	11.7%
Total operating expenses	92.0%	97.8%	53.6%	57.0%	54.9%	52.8%
Unusual or infrequent items	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBITDA	-7.9%	-23.8%	21.3%	16.0%	18.8%	21.5%
Depreciation	10.1%	13.5%	22.7%	13.8%	13.2%	13.0%
Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	0.0%	26.6%	143.5%	0.0%	0.0%	0.0%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (inc revaluation net)	-18.1%	-64.0%	-145.0%	2.2%	5.7%	8.6%
Interest income	0.0%	0.1%	0.7%	0.1%	0.1%	0.1%
Interest expenses	3.2%	13.0%	9.1%	6.0%	6.0%	6.0%
Investment income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Financial result	neg.	neg.	neg.	neg.	neg.	neg.
Recurring pretax income from continuing operations	-21.2%	-76.8%	-153.4%	-3.7%	-0.2%	2.7%
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	-21.2%	-76.8%	-153.4%	-3.7%	-0.2%	2.7%
Tax rate	4.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Net income from continuing operations	-20.3%	-76.6%	-153.5%	-3.7%	-0.2%	2.7%
Net income	-20.3%	-76.6%	-153.5%	-3.7%	-0.2%	2.7%
Minority interest	-1.2%	-0.0%	-0.1%	-0.0%	-0.0%	-0.0%
Net profit (reported)	-19.1%	-76.6%	-153.4%	-3.7%	-0.2%	2.7%

Source: Company data, NuWays

Balance sheet (EUR m)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	119.6	114.2	51.9	215.2	215.2	215.2
Property, plant and equipment	0.6	0.6	0.6	1.1	1.1	1.1
Financial assets	0.2	0.2	0.1	0.1	0.1	0.1
FIXED ASSETS	120.3	115.0	52.6	216.4	216.4	216.4
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	1.6	0.5	0.2	5.1	5.9	6.4
Other assets and short-term financial assets	46.8	6.5	3.6	3.3	3.6	4.0
Liquid assets	8.6	3.1	4.5	12.0	10.7	12.1
Deferred taxes	0.0	0.0	0.0	1.7	1.7	1.7
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	57.0	10.2	8.3	22.1	21.9	24.2
TOTAL ASSETS	177.4	125.1	60.9	238.5	238.3	240.5
SHAREHOLDERS EQUITY	164.1	111.5	50.9	220.8	220.6	223.1
MINORITY INTEREST	-1.0	-1.0	-1.5	-1.5	-1.5	-1.5
Long-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0
Bonds (long-term)	0.0	0.0	0.0	0.0	0.0	0.0
other interest-bearing liabilities	0.0	0.0	3.4	3.4	3.4	3.4
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions and accrued liabilities	0.4	2.1	0.8	0.8	0.8	0.8
NON-CURRENT LIABILITIES	0.0	0.0	0.0	0.0	0.0	0.0
Short-term liabilities to banks	1.0	0.0	0.0	6.5	6.5	6.5
Accounts payable	4.2	6.0	2.0	3.7	4.2	4.4
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Accrued taxes	0.2	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	8.4	6.6	5.2	4.7	4.2	3.8
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT LIABILITIES	13.8	12.6	7.2	14.9	14.9	14.8
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	177.4	125.1	60.9	238.5	238.3	240.5
Balance sheet (common size)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	67.4%	91.3%	85.2%	90.2%	90.3%	89.4%
Property, plant and equipment	0.3%	0.5%	0.9%	0.4%	0.4%	0.4%
Financial assets	0.1%	0.1%	0.2%	0.1%	0.1%	0.1%
FIXED ASSETS	67.8%	91.9%	86.4%	90.7%	90.8%	90.0%
Inventories	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts receivable	0.9%	0.4%	0.3%	2.1%	2.5%	2.7%
Other assets and short-term financial assets	26.4%	5.2%	6.0%	1.4%	1.5%	1.7%
Liquid assets	4.8%	2.5%	7.4%	5.0%	4.5%	5.0%
Deferred taxes	0.0%	0.0%	0.0%	0.7%	0.7%	0.7%
Deferred charges and prepaid expenses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT ASSETS	32.2%	8.1%	13.6%	9.3%	9.2%	10.0%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
SHAREHOLDERS EQUITY	92.5%	89.1%	83.7%	92.6%	92.6%	92.7%
MINORITY INTEREST	-0.6%	-0.8%	-2.4%	-0.6%	-0.6%	-0.6%
Long-term liabilities to banks	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Bonds (long-term)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
other interest-bearing liabilities	0.0%	0.0%	5.6%	1.4%	1.4%	1.4%
Provisions for pensions and similar obligations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other provisions and accrued liabilities	0.2%	1.7%	1.4%	0.3%	0.3%	0.3%
NON-CURRENT LIABILITIES	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Short-term liabilities to banks	0.6%	0.0%	0.0%	2.7%	2.7%	2.7%
Accounts payable	2.4%	4.8%	3.2%	1.6%	1.7%	1.8%
Advance payments received on orders	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accrued taxes	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Other liabilities (incl. from lease and rental contracts)	4.7%	5.3%	8.6%	2.0%	1.8%	1.6%
Deferred taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT LIABILITIES	7.8%	10.1%	11.8%	6.3%	6.3%	6.1%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Company data, NuWays

Cash flow statement (EUR m)	2021	2022	2023	2024e	2025e	2026e
Net profit/loss	-10.8	-37.2	-61.0	-2.7	-0.2	2.4
Depreciation of fixed assets (incl. leases)	5.3	7.8	9.0	9.9	10.8	11.7
Amortisation of goodwill & intangible assets	0.0	15.3	57.0	0.0	0.0	0.0
Other costs affecting income / expenses	-10.9	-12.2	3.0	-0.8	-0.8	-0.8
Cash flow from operating activities	-18.2	-37.6	-66.9	-6.7	-1.3	1.4
Increase/decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in accounts receivable	-0.5	-0.1	0.2	-5.0	-0.7	-0.6
Increase/decrease in accounts payable	2.6	5.1	-11.4	1.7	0.4	0.3
Increase/decrease in other working capital positions	1.7	5.0	3.4	0.0	0.0	0.0
Increase/decrease in working capital	3.8	10.0	-7.8	-3.2	-0.3	-0.3
Cash flow from operating activities	-12.9	-14.5	-0.9	3.2	9.6	13.1
CAPEX	14.4	18.1	3.3	9.9	10.8	11.7
Payments for acquisitions	0.0	0.0	0.0	0.5	0.0	0.0
Financial investments	27.1	-27.1	0.1	0.0	0.0	0.0
Income from asset disposals	0.0	0.1	-0.0	0.0	0.0	0.0
Cash flow from investing activities	-41.6	9.2	-3.4	-10.4	-10.8	-11.7
Cash flow before financing	-54.5	-5.4	-4.3	-7.2	-1.3	1.4
Increase/decrease in debt position	4.4	-0.1	6.5	6.5	0.0	0.0
Purchase of own shares	-0.6	0.0	0.0	0.0	0.0	0.0
Capital measures	53.6	0.0	0.0	8.2	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	-0.7	-0.0	-0.7	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	57.8	-0.1	5.8	14.7	0.0	0.0
Increase/decrease in liquid assets	3.4	-5.5	1.4	7.5	-1.3	1.4
Liquid assets at end of period	8.6	3.1	4.5	12.0	10.7	12.1

Key ratios (EUR m)	2021	2022	2023	2024e	2025e	2026e
P&L growth analysis						
Sales growth	117.1%	8.9%	-31.0%	80.8%	14.4%	9.6%
EBITDA growth	-54.2%	-405.3%	-301.0%	-183.7%	83.2%	68.9%
EBIT growth	-21.6%	-4021.0%	503.2%	-104.2%	-108.1%	394.8%
EPS growth	-23.4%	5689.9%	392.8%	-98.6%	-99.9%	-191.7%
Efficiency						
Sales per employee	455.8	412.9	295.4	515.0	702.6	787.2
EBITDA per employee	-36.2	-98.4	62.8	82.4	132.3	169.6
No. employees (average)	116	140	134	140	117	114
Balance sheet analysis						
Avg. working capital / sales	-1.9%	-4.3%	-5.7%	-2.8%	-0.1%	1.9%
Inventory turnover (sales/inventory)	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable turnover	10.7	3.3	3.3	26.0	26.0	26.0
Accounts payable turnover	209.3	209.3	40.0	70.0	70.0	70.0
Cash flow analysis						
Free cash flow	-27.3	-32.6	-4.2	-6.7	-1.3	1.4
Free cash flow/sales	-51.7%	-56.6%	-10.6%	-9.4%	-1.6%	1.5%
FCF / net profit	254.3%	87.7%	6.9%	250.9%	622.3%	57.0%
Capex / sales	78.6%	-15.7%	8.5%	13.8%	13.2%	13.0%
Solvency						
Net debt	-7.6	-3.1	-1.1	-2.1	-0.8	-2.2
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest paid / avg. debt	171.3%	1243.9%	166.2%	43.6%	74.3%	54.7%
Returns						
ROCE	-7.0%	-31.9%	-52.7%	0.9%	3.3%	3.3%
ROE	-6.2%	-39.6%	-119.6%	-1.2%	-0.1%	1.1%
Adjusted FCF yield	-19.5%	-77.1%	-115.9%	0.8%	2.2%	3.7%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
DPS	0.0	0.0	0.0	0.0	0.0	0.0
EPS reported	-0.23	-0.82	-1.13	-0.01	-0.00	0.01
Average number of shares	44.2	54.0	54.0	226.5	226.5	226.5
Valuation ratios						
P/BV	0.3	0.5	1.0	1.0	1.0	1.0
EV/sales	0.8	0.8	1.3	2.9	2.6	2.3
EV/EBITDA	-10.3	-3.5	5.9	18.4	13.7	10.9
EV/EBIT	-4.5	-1.3	-0.9	135.6	45.8	27.4

Source: Company data, NuWays

Disclosures

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

Indication of conflict of interest

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Company	Disclosures
THE NAGA GROUP AG	2

Historical target price and rating changes for THE NAGA GROUP AG

Company	Date	Analyst	Rating	Target Price	Close
THE NAGA GROUP AG	27.05.2024	Jarchow, Frederik	Buy	EUR 1.20	EUR 0.78
	16.01.2024	Jarchow, Frederik	Hold	EUR 1.30	EUR 0.81
	17.11.2023	Jarchow, Frederik	Hold	EUR 1.30	EUR 1.13
	16.11.2023	Jarchow, Frederik	Hold	EUR 1.20	EUR 1.13

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

Date of publication creation: 19/09/2024 07:28 AM

Date of publication dissemination: 19/09/2024 07:28 AM

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