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Press Release

CAPEX.com announces merger with NAGA Group

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CAPEX.com is to merge with NAGA Group. The combined group will have 1.5 million users, $90 million in revenue, and immediate cost synergies of more than $10 million annually.

Bucharest, Romania, Dec. 19, 2023 (GLOBE NEWSWIRE) -- December 19th, 2023 -- CAPEX.com is pleased to announce that it has agreed terms to merge with The NAGA GROUP (XETRA: N4G, ISIN: DE000A161NR7), provider of the All-in-One Financial Super App, NAGA, by way of a non-cash capital increase.

CAPEX.com is a globally regulated, fast-growing (80% CAGR over the past three years) FinTech platform with licenses in Europe and Abu Dhabi. CAPEX.com nurtures a user base of more than 60 thousand users who have been active in 2023 alone and grows by more than 15,000 signups monthly on average. The company has raised USD 31 million in equity financing thus far, and its revenues have developed rapidly in the past three years from USD 26 million revenue in 2021 to an estimated USD 40 million in 2023, despite a very challenging market environment.

CAPEX.com operates with more than five licenses, including the prestigious ADGM license in Abu-Dhabi. The company is led by Founder and CEO Octavian Patrascu, a former Key shareholder who was leading the growth of CFD broker markets.com (2010-2015) and brings invaluable experience from his tenure that culminated in the company's USD 550 million sale to Playtech.

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Strong synergy effects driving 40% EBITDA in short term

The joint entities will operate 8 licenses globally, and this year are estimated to generate USD 90 million in joint revenue with an EBITDA of USD 6.5 million. The joint annual trading volume in 2023 will stand around USD 300 billion dollars and the combined platforms will be home to 1.5 million users from more than 100 countries expecting to reach 5 million users by 2025. With its joint licenses, NAGA and CAPEX can operate in more than 50 countries, including the fast-growing MENA region where NAGA will be able to roll-out its innovative social trading at scale.

NAGA's proprietary technology will leverage CAPEX.com's existing client base with the offering of social trading, payment services as well as spot Crypto, thereby increasing lifetime value of the clients of the platform and therefore yielding additional profits. Overall, it is expected that the business combination will be able to save up to USD 10 million in annual operating expenses, such as regulatory overheads, headcount, technology and costs of goods sold (COGS). Joint marketing efforts will lead to higher bidding power on paid traffic and higher domain and platform authority expected to improve client acquisition cost significantly as well as its brand reputation.

CAPEX.com and its shareholders to invest a total of USD 15 million in equity into business combination.

The transaction secures extension of the repayment of NAGA's current USD 5 million loan to the end of 2025, further improves liquidity for the immediate term for growth and is supported by NAGA's largest shareholders.

In a combination of direct cash injections and the contribution of 100% of CAPEX.com shares to NAGA, the new investor will become the majority shareholder in the combined entity, which will retain the brand name NAGA. Octavian Patrascu, an experienced and prominent entrepreneur with an impressive track record in the Fintech and neo-brokerage industry, is set to become the new group CEO following this cash injection. Patrascu, the Founder of CAPEX.com, is to personally inject $9 million USD into the company via a convertible bond.

Octavian Patrascu, the incoming Group CEO of the combined entities, commented, "I am truly excited about this union as in today's market, consolidation can help accelerate our roadmap, objectives and give us the dimension needed for true innovation. NAGA and CAPEX.com have a multitude of synergies and that is why I am confidently investing my own money in this transaction. I believe we can reach our targets and am ready to embrace this new challenge to set a new benchmark in the industry."

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Michael Milonas, the CEO of NAGA, added, "I am particularly pleased with this development as it unlocks value under the leadership of Octavian and becomes the cornerstone of NAGA's future success, based on three pillars. In terms of cost and revenue synergies, which will lead to a positive EBITDA impact immediately. In terms of strategic synergies, the combined entity will have a much bigger footprint regarding users, licenses, and technology, which will lead to scaling the business in the medium term as well as the long term. And lastly, joint leadership is convinced about a strong cultural integration. This is the foundation of a perfect match, and I am excited about what the future holds for NAGA."

New financial projections and research coverage for the joint group will be published in due course. The merger is expected to be completed in Q2 2024 and is subject to regulatory approvals and customary closing conditions, primarily regulatory change of control which is envisioned within a time frame of 3 to 6 months. The parties are committed to pursue an uplisting to NASDAQ as reported to the market in late 2021, which has been halted due to unfavorable market conditions. Potential interest by underwriters is to be assessed in the months following closing.

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