

Buy EUR 11.00 Price EUR 8.70 Upside 26.4 %	Value Indicators: EUR DCF: 11.02	Warburg Risk Score: 2.8 Balance Sheet Score: 5.0 Market Liquidity Score: 0.5	Description: Provider of innovative digital payment and communication solutions
	Market Snapshot: EUR m Market cap: 18.65 No. of shares (m): 2.14 EV: 18.05 Freefloat MC: 4.10 Ø Trad. Vol. (30d): 20.94 th	Shareholders: Freefloat 22.00 % Management 16.00 % Internolix 62.00 %	Key Figures (WRe): 2025e Beta: 2.0 Price / Book: 10.1 x Equity Ratio: 24 %

Rare chance to get in early; Initiation with Buy

net digital AG is a trusted partner to numerous medium-sized and large companies in the telecommunications, media, and entertainment sectors. Through its proprietary technology platform, the company develops global, customized digital payment solutions with a focus on digital content distribution. In addition to its core focus on payment solutions, net digital also provides complementary services in subscription and customer management, as well as content distribution, particularly in the areas of entertainment, music, and video. The company serves around 300 international clients, including major telecommunications and media corporations, internet companies, and public transport operators. Its platform reaches more than 100 million mobile phone consumers worldwide.

Since September 2021, net digital AG has held a payment license from BaFin. This license enables the company to expand its offerings beyond digital products to include physical goods and services, thus addressing a broader market. Starting in summer 2025, its subsidiary, mobile business engine GmbH (mbe GmbH), will be authorized to operate as a Payment Facilitator (PayFac), enabling other net digital clients to accept credit card payments without the need for their own merchant account with a credit card company. Together, this unlocks significant growth potential for additional services.

A key milestone was the comprehensive framework agreement signed in August 2023 between MBE GmbH and 1&1 Mobilfunk GmbH for Direct Carrier Billing (DCB). Under this agreement, 1&1 will enable its currently six million active mobile users—and ultimately all of its approximately 12 million mobile customers—to conveniently pay for digital products and services over their mobile phone bill. To support this, MBE developed its own carrier-grade platform—a system integrated directly into the 1&1 mobile network—and serves as its operator. This arrangement highlights a fundamental aspect of net digital's contract structure in general: estimated (WRe), only around 10% of group revenues stem from one-time setup fees, 5% from fixed monthly fees, and a substantial 85% from transaction-based revenues (WRe 2025e).

The early rollout of services and the positive development of 1&1's mobile customer base have likely played a major role in the company's recent upward revision of its financial guidance—driven by increasingly attractive, transaction-based revenue streams. The company now expects full-year revenue between EUR 18 and 20m, up from the previously forecasted EUR 14 to 15.5m. The EBITDA forecast has also been raised to EUR 1.2 to 1.6m, compared to the earlier estimate of EUR 0.7 to 1.0m. With regards to transaction-based revenues, this could only be the beginning.

The share is rated as a Buy in this initial assessment, with a price target of EUR 11.

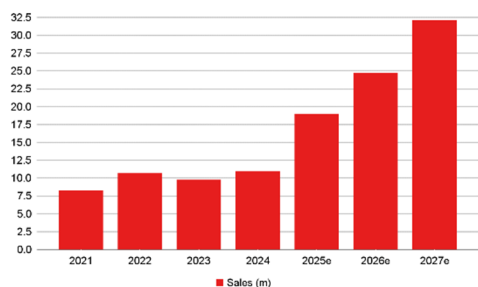


Rel. Performance vs Scale All Share	
1 month:	39.7 %
6 months:	192.9 %
Year to date:	193.2 %
Trailing 12 months:	156.9 %

Company events:

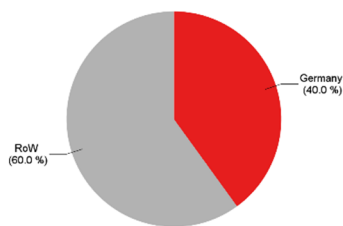
FY End: 31.12. in EUR m	CAGR (24-27e)	2021	2022	2023	2024	2025e	2026e	2027e
Sales	43.1 %	8.28	10.70	9.80	10.96	19.00	24.70	32.11
Change Sales yoy		34400.0 %	29.3 %	-8.4 %	11.8 %	73.4 %	30.0 %	30.0 %
Gross profit margin		50.4 %	46.9 %	48.4 %	42.5 %	47.0 %	47.0 %	47.0 %
EBITDA	289.9 %	0.72	0.87	0.23	0.09	1.52	3.46	5.14
Margin		8.7 %	8.2 %	2.4 %	0.8 %	8.0 %	14.0 %	16.0 %
EBIT	-	-0.12	-0.05	-0.78	-1.21	0.57	2.22	3.53
Margin		-1.4 %	-0.5 %	-7.9 %	-11.0 %	3.0 %	9.0 %	11.0 %
Net income	-	-0.44	-0.41	-1.08	-1.98	0.37	1.44	2.30
EPS	-	-0.31	-0.29	-0.75	-0.93	0.17	0.67	1.07
EPS adj.	-	-0.31	-0.29	-0.75	-0.93	0.17	0.67	1.07
DPS	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend Yield		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FCFPS		-0.23	0.05	-0.21	-0.48	-0.50	0.96	1.49
FCF / Market cap		-2.3 %	0.8 %	-4.4 %	-14.3 %	-5.7 %	11.1 %	17.1 %
EV / Sales		1.4 x	0.7 x	0.5 x	0.5 x	0.9 x	0.6 x	0.4 x
EV / EBITDA		16.5 x	8.5 x	21.6 x	57.8 x	11.9 x	4.6 x	2.5 x
EV / EBIT		n.a.	n.a.	n.a.	n.a.	31.7 x	7.2 x	3.6 x
P / E		n.a.	n.a.	n.a.	n.a.	51.2 x	13.0 x	8.1 x
P / E adj.		n.a.	n.a.	n.a.	n.a.	51.2 x	13.0 x	8.1 x
FCF Potential Yield		3.4 %	7.0 %	-1.3 %	-13.8 %	7.3 %	16.8 %	30.5 %
Net Debt		-1.98	-1.97	-1.67	-2.15	-0.60	-2.67	-5.85
ROCE (NOPAT)		n.a.	n.a.	n.a.	n.a.	69.0 %	154.7 %	n.a.
Guidance:		Sales EUR 18-20m, EBITDA EUR 1.2-1.6m						

Sales development in EUR m



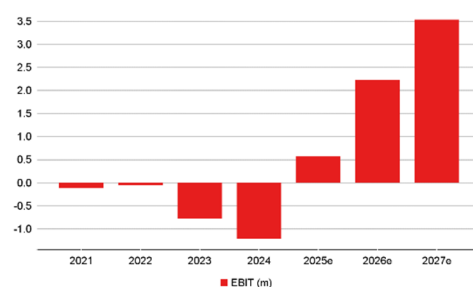
Source: Warburg Research

Sales by regions 2025e; in %



Source: Warburg Research

EBIT development in EUR m



Source: Warburg Research

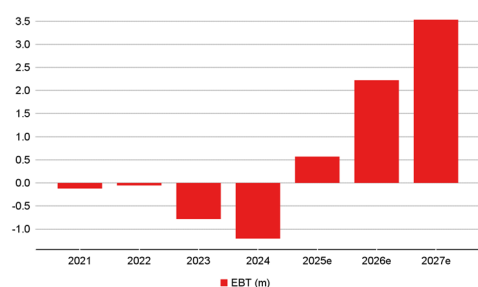
Company Background

- net digital AG was founded in 2016 in Düsseldorf (originally Black Pearl Digital AG, blockchain industry).
- In 2020, it rebranded to net digital AG with a new management and a focus on payment solutions and content distribution.
- The company is serving over 250 international clients in the telecommunications, media, and entertainment sectors.

Competitive Quality

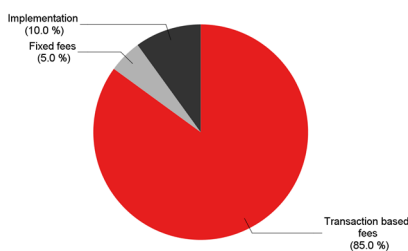
- The management team led by Theodor Niehues has decades of experience in the telecommunications industry.
- Direct access to billing systems of major mobile operators shows the deep trust this very small company enjoys in the industry.
- The company's highly creative approach to new topics, for example in the area of artificial intelligence, further sets it apart from the competition.
- The diverse positioning of the small subsidiaries offers the opportunity to develop new topics from the ground up to achieve strong growth.

EBT development in EUR m



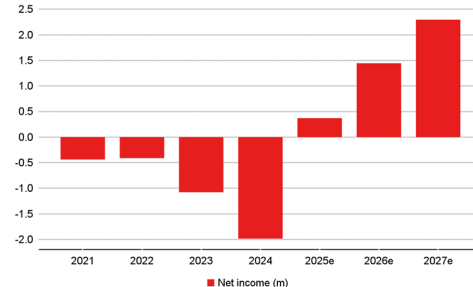
Source: Warburg Research

Sales by segments 2025e; in %



Source: Warburg Research

Net income development in EUR m



Source: Warburg Research

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Summary of Investment Case

Investment triggers

- The small company is completely unknown to the wider investor community. From a current level of virtually zero awareness at the capital markets, this can only change for the better.
- The collaboration with 1&1 will gain further importance in the context of network expansion. This should have a positive impact on both awareness and revenue.

Valuation

- The company has only recently become profitable. The current price does not yet reflect the achievement of long-term profitability.
- The DCF model indicates a significant valuation reserve.
- Compared to other companies in the industry, the company is significantly undervalued.

Growth

- After several years of sideways movement, largely due to a structural problem (acquiring bank partner announced the discontinuation of the ePayment Partners division at short notice), the company is now back on track for growth.
- Growth should be driven by collaborations (far-reaching framework agreement as a platform operator for direct carrier billing) and technological advancements (subsidiary becomes a licensed payment facilitator).
- The largest part of the company's revenues are transaction-based fees (WRe 85%). As many of its partners show potential for growth, this implies potential earnings upside.

Competitive quality

- The management team boasts decades of experience in the telecommunications industry.
- The company enjoys an excellent reputation despite its small size. This is demonstrated, for example, by the company's ability to process bookings in the 1&1 network's payment system.
- The small company is very imaginative and agile when it comes to new solutions. This could play a significant role, especially with regard to artificial intelligence in telecommunications networks.

Company Overview

Market Position	Net Digital AG holds a solid position in the German-speaking market for digital transaction services and is expanding but currently more than 50% of sales originate outside Germany.																					
Segments	Net Digital AG operates through three segments: Payment Services, Mobile & Carrier Services and AI Solutions & Services. These divisions are built on a unified digital infrastructure, enabling scalable, secure and modular solutions across the digital transaction value chain.																					
Sales by Segment	<div><div><table><tr><th>Segment</th><th>Share</th></tr><tr><td>AI-Products</td><td>1.1%</td></tr><tr><td>Digital Enabling</td><td>16.6%</td></tr><tr><td>Payment services</td><td>82.3%</td></tr></table></div><div><table><tr><th>Region</th><th>Share</th></tr><tr><td>Germany</td><td>40.0%</td></tr><tr><td>RoW</td><td>60.0%</td></tr></table></div></div>		Segment	Share	AI-Products	1.1%	Digital Enabling	16.6%	Payment services	82.3%	Region	Share	Germany	40.0%	RoW	60.0%						
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Payment services	82.3%																					
Region	Share																					
Germany	40.0%																					
RoW	60.0%																					
Sales & EBITDA 2024	<div><div><p>Sales EUR m</p><table><tr><th>Year</th><th>2021</th><th>2022</th><th>2023</th><th>2024</th></tr><tr><td>Sales EUR m</td><td>8.3</td><td>10.7</td><td>9.8</td><td>11.0</td></tr></table></div><div><p>EBITDA EUR m</p><table><tr><th>Year</th><th>2021</th><th>2022</th><th>2023</th><th>2024</th></tr><tr><td>EBITDA EUR m</td><td>0.72</td><td>0.87</td><td>0.23</td><td>0.09</td></tr></table></div></div>		Year	2021	2022	2023	2024	Sales EUR m	8.3	10.7	9.8	11.0	Year	2021	2022	2023	2024	EBITDA EUR m	0.72	0.87	0.23	0.09
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Growth Market	<p>Digital Payment - Germany Outlook</p>																					
Partners & Customers	The company collaborates with key industry partners such as Deutsche Telekom, 1&1 and Vodafone to integrate its services directly into their networks. These partnerships enhance the reach, scalability and technical reliability of its platform.																					
Location & Sales Partner	<div><div><p>Office</p></div><div><p>Telco Partner</p></div></div>																					
Shareholder Structure	<table><tr><th>Shareholder</th><th>Share</th></tr><tr><td>Internolix AG</td><td>62.0%</td></tr><tr><td>Management and supervisory board</td><td>22.0%</td></tr><tr><td>Freefloat</td><td>16.0%</td></tr></table>		Shareholder	Share	Internolix AG	62.0%	Management and supervisory board	22.0%	Freefloat	16.0%												
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Source: Warburg Research

Competitive Quality

- The company's management team has decades of experience in key strategic areas (payment, digital enabling).
- The company possesses essential licenses (i.e. "Bafin") and structural capabilities (i.e. "PayFac", "DCB").
- A central cooperation with 1&1 underlines the competence of the group and is economically attractive.
- AI competence rounds up the picture

Management experience

The management of net digital AG has decades of experience in the mobile and payment sector. This forms a key aspect of the company's ability to generate top-level agreements with important clients (e.g. 1&1) despite the small size of the company.

The CEO, Theodor Niehues was appointed to the Management Board of net digital AG (formerly Black Pearl Digital AG) in 2020. Theodor Niehues holds a degree in Business Mathematics from the University of Trier. Prior to his current role, he held various executive positions in technology companies, including net mobile AG (now DOCOMO Digital). At net mobile AG, he served as CEO, where he managed to quadruple the annual turnover of the publicly listed company over eight years to reach EUR 130m ending up selling it to DOCOMO. In his role at net digital AG, Mr. Niehues is responsible for marketing, sales, brand management, finance, and strategy.

Impressive management

Dieter Plassmann – CTO – joined the Management Board as Chief Technology Officer (CTO) at the end of 2020. Dieter Plassmann holds a degree in Electrical Engineering from RWTH Aachen University. He began his career at E-Plus, leading projects in WAP and multi-access portals, and later served as Managing Director of First Telecom, as well as CTO of net mobile AG. Mr. Plassmann is recognized as an innovator who has driven the development of the mobile industry throughout Europe.

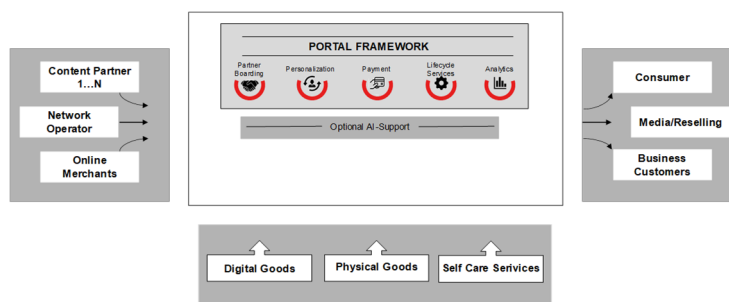
Together, Mr. Niehues and Mr. Plassmann bring decades of leadership and technical expertise to net digital AG, positioning the company for continued growth and innovation.

Innovative platform

The foundation of net digital AG's services is its modular platform. This platform is designed to enable both digital and analog services to be billed efficiently. It offers optional modules ranging from content enabling, payment processing, and risk management to campaign and sales management. The platform is fully open and flexible, allowing customers to choose and use individual components as needed.

Flexile modular platform approach

Planet Platform



Source: Warburg Research

The software platform stands out in its unique combination of high scalability, true multi-tenant architecture, and seamless support across any screen — from desktop to mobile. It enables businesses to grow without limits, serve multiple clients securely in one environment, and provide a consistent user experience. Integrated AI-powered products bring smart automation and actionable insights directly into daily workflows, helping users work faster and make better decisions. Key components of the platform are:

State-of-the-art payment solution

Payment Services

The service portfolio offers a comprehensive and future-ready service portfolio tailored for modern payment processing and merchant management. Key components include:

- **Global Acquiring via One API:** Seamless access to an international acquiring network through a single, unified API — enabling fast and efficient credit card processing across 10+ global acquirers.
- **KYC & Compliance Assurance:** Fully integrated Know Your Customer (KYC) processes and regulatory compliance frameworks ensure secure and legally compliant onboarding.
- **Risk & Fraud Management:** Advanced tools for blacklisting, transaction monitoring, and real-time risk evaluation help protect merchants and consumers alike.
- **Smart Gateway Services:** Efficient transaction routing through intelligent cascading and fallback mechanisms for maximum approval rates and uptime.
- **Dispute Management:** Official reseller of **Verifi** and **Ethoca**: tools, offering direct access to the industry's leading solutions for chargeback prevention and dispute resolution.
- **AI-Powered Tools:** Cutting-edge AI solutions for content monitoring and merchant identification ensure transparency, reduce risk, and support regulatory oversight.
- **Comprehensive Payment Methods:** In addition to credit card processing, the platform supports alternative payment methods such as Google Pay, Apple Pay, SEPA, and Direct Carrier Billing.
- **Regulatory Certification:** Fully licensed by **BaFin**, ensuring trusted, secure, and legally compliant payment services across Europe.

AI empowered

Mobile & Fixed Carrier Services

With access to over **100 million consumers**, net digital offers a powerful ecosystem of mobile and carrier services tailored to the needs of telecom operators, service providers, and digital content platforms. The network of trusted customers and partners leverages the solutions to deliver seamless, scalable, and secure user experiences. The offering includes:

- **Content Enablement:** Delivery and management of digital content across mobile networks, optimized for high engagement and monetization.
- **Communication Services:** Carrier-grade messaging, notifications, and interaction tools that support scalable and personalized user communication.
- **5G-Ready Infrastructure:** Future-proof architecture that supports next-generation services and enhanced connectivity.
- **Carrier Billing & Payment Solutions:** Frictionless mobile payments through **Direct Carrier Billing** and integrations with leading payment methods — all secured by built-in compliance and risk controls.
- **Risk Management:** Real-time fraud detection, user verification, and transaction monitoring ensure the integrity of all services.
- **Sales & Lifecycle Management:** End-to-end tools to support customer acquisition, engagement, and retention across the entire mobile service lifecycle.

100m customers can be reached

- **AI-Supported Products:** Intelligent features powered by AI — including content recognition, user behavior analysis, and automated decision-making — to increase efficiency and boost ROI.

With this comprehensive portfolio, net digital empowers partners to innovate and scale in a rapidly evolving digital landscape.

AI Solutions and Services

These services are rounded up by a robust **in-house development strategy** (subsidiary airis:net) for AI technologies, ensuring full control, flexibility, and security. By building own **high-performance AI framework**, net digital delivers scalable, regulation-ready solutions that meet the growing demands of complex digital ecosystems.

In-house AI solutions development

As regulatory pressure increases — through frameworks such as the **Mastercard regulations** and the **Digital Services Act** — the market potential for trusted, AI-driven solutions is rapidly expanding. The technology is built to address this evolving landscape. The core capabilities here are:

- **Computer Vision:** Advanced AI for real-time image, video, and text analysis to support compliance, safety, and content management. Instant processing of multimedia data streams to detect patterns, anomalies, and threats at scale (Real-Time Analytics).
- **Data Protection:** All solutions are developed with privacy and security at the forefront, ensuring full adherence to data protection laws.

The key markets & applications in the AI field are:

- **Payment Services:** AI-supported fraud detection, compliance checks, and transaction monitoring.
- **Youth Protection:** Automated recognition and filtering of age-inappropriate content.
- **Identity Management:** AI-based verification and biometric solutions for secure access and onboarding.
- **SmartCity AI:** Real-time data insights to optimize urban mobility, safety, and resource management.
- **Critical Infrastructure:** AI-enhanced monitoring and decision-making tools for high-security environments.

This AI strategy aims to position net digital as a trusted technology partner for regulated industries, enabling innovation while ensuring compliance and security.

The deal is the proof

The partnership with 1&1 impressively proves the capabilities of net digital. The announcement (03.08.2023) that net digital AG's wholly owned subsidiary, Mobile Business Engine GmbH (MBE), signed a comprehensive framework agreement with 1&1 Mobilfunk GmbH to operate its Direct Carrier Billing (DCB) platform marks a significant validation of the company's technological strength and market credibility.

Through this deal, MBE becomes the platform operator for billing digital services directly over mobile invoices for 1&1's 12m mobile customers of which 6m can already use the services — a clear testament to net digital's ability to scale secure, regulatory-compliant payment infrastructures. Notably, MBE developed and now operates a carrier-grade platform tailored to 1&1's new Open-RAN mobile network, showcasing its in-house development capabilities and innovation leadership.

As a BaFin-regulated payment service provider with over a decade of experience, MBE offers a proven track record and a strong compliance foundation. The deal structure —

Credibility for the small net digital AG

Deepened value chain

involving fixed monthly fees and variable transaction-based income — enhances revenue visibility while aligning growth with 1&1's expanding mobile customer base.

Moreover, this partnership significantly deepens net digital's value chain and opens up cross-selling potential across its core verticals, including premium content, ticketing, subscriptions, and mobility services. It also strengthens its position as a leading aggregator, helping third-party merchants reach mobile customers through a single point of integration.

In the context of increasing regulatory demands (e.g., Mastercard regulations, Digital Services Act), this agreement further demonstrates net digital's ability to deliver scalable, secure, and regulation-ready platforms — making the company a strategic enabler for telecoms and digital service providers.

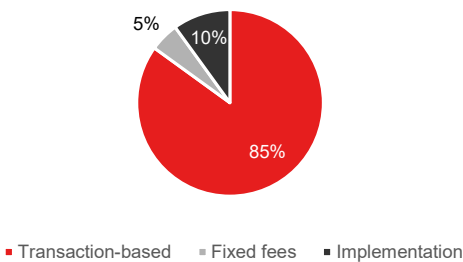
This partnership reinforces net digital AG's position as a key player in the European DCB ecosystem, underpins its technology leadership – despite its small size - and supports long-term revenue growth through recurring platform fees and transaction-based monetization.

Transaction-based business

Payment-related services are typically characterized by clients looking to launch new offerings. For these clients, the primary focus is on delivering their own physical or digital services, while payment processing—although essential—must be efficient and low-cost. In this context, payment becomes a necessary but secondary element. This is especially true during the implementation phase, where high upfront costs or fixed monthly fees are often seen as barriers.

However, once a service proves successful and operational, clients are generally willing to share a portion of the resulting revenue. As a result, transaction-based pricing has become central to net digital's project planning and client negotiations. While the company does aim to secure itself to some extent through implementation fees or fixed-rate agreements, the real potential lies in clients' willingness to share revenue when a product is performing well. In such cases, agreeing to a transaction-based fee with net digital is rarely a major obstacle during negotiations.

Transaction-based revenues



Source: Warburg Research estimate

This is why transaction-based revenues are at the heart of net digital's business model, accounting for an estimated 85% of total revenue (see chart). Clients appreciate this entrepreneurial and partnership-driven approach. By sharing the risk with clients, net digital sets itself apart from competitors—especially large corporations, which often avoid transaction-based models in line with internal risk-management policies. This flexibility gives net digital a distinct competitive advantage.

Sharing risks with the client is seen as a consequent competitive advantage

Business highlights 2024

In 2024, net digital AG achieved several strategic milestones that reinforced its position as a leading digital payment and identity solution provider:

Success goes on

- **Global expansion with acquiring banks:** net digital successfully onboarded five additional international acquiring banks, significantly expanding its global payment infrastructure and increasing transaction reliability for international clients.
- **Advanced dispute management with Visa and Mastercard:** The company established comprehensive dispute management services in collaboration with Visa and Mastercard, enhancing customer trust and enabling more efficient resolution of payment conflicts.
- **Strong growth in direct carrier billing (DCB):** net digital recorded a 50% increase in mobile operator business, driven by the growing adoption of direct carrier billing (DCB) across entertainment and digital service platforms. Supported by the mentioned cooperation with 1&1.
- **Launch of AI-powered identity product IRISNET:IDENT:** A major innovation highlight was the successful launch of IRISNET:IDENT, an AI-based identity verification solution designed to enhance digital onboarding and compliance processes for businesses and institutions.
- **Introduction of rich communication services (RCS):** By integrating rich communication services (RCS) into the German market in cooperation with mobile operators and Google, net digital unlocked new growth potential in mobile messaging and customer engagement technologies.
- **Strategic merger with Net Service AG:** The merger of net digital AG and Net Service AG (100% subsidiary) brings significant cost synergies, streamlines operations, and strengthens the company's integrated service portfolio.

Competitive positioning of net digital

Why net digital? - In the European market, there are several providers offering payment processing services comparable to those of net digital. These include, for example, Stripe Payments Europe, Limited (SPEL), Mollie B.V., Adyen N.V., and others that provide parts of similar service offerings. The key question for further differentiation is: what competitive advantages make a practical difference for the customer?

One particularly important factor is the extensive experience of net digital's management team. Additionally, net digital stands out for its strong customer-centric approach. This means that initial setup costs are relatively low, while the company typically shares more in the customer's long-term success. This model lowers the entry barriers for potential clients.

Another differentiating factor is net digital's flexible onboarding process for new customers. The company has successfully positioned itself to serve startups, new services, international clients, and their specific challenges.

Furthermore, net digital has a particular focus on supporting foreign providers of products and services who establish subsidiaries in Europe. In this area, the company brings exceptional expertise in payment orchestration, particularly in integrating up to 240 billing partners — fully compliant with relevant regulations.

In the field of Direct Carrier Billing — the technical capability to charge purchases directly to mobile phone bills — net digital holds a unique position through its cooperation with 1&1. Acting as an internal service provider, net digital AG has developed and implemented key mobile billing services specifically for 1&1, creating a unique relationship that cannot be replicated by third parties.

Taken together, despite the intense competitive landscape, net digital demonstrates a credible and defensible market position, even compared to larger competitors.

Strong growth ahead

- The past was a story of recurring setbacks
- Finalization of transaction-based projects will kick in as soon as in 2025
- Long-term growth path expected

The past: A story of recurring setbacks

net digital AG was listed on the stock exchange in 2019 in a reverse IPO. Since then, Theodor Niehues has served as the company's CEO. The revenue level achieved in 2020 - approximately EUR 9m – did not significantly increase in the following years. Despite the company's ongoing expansion of its content-related competence and the acquisition of necessary licenses, earnings initially remained stagnant.

Loss of ePayment partner in 2023 led to problems

In 2023, there was a significant decline in earnings due to a critical development: the company was informed by a German acquiring bank - also a key partner - that it would be shutting down its "ePayment Partners" division at short notice. The Management Board of net digital AG expected official termination of the contractual relationship to follow within days. As a result, the company anticipated monthly revenue losses in the high five-digit euro range within its payment division. While the board believed that the revenue impact would be largely limited to the 2023 financial year, the full implications of this unexpected contract termination were substantial. The loss of this acquiring bank partner led to a revenue decline to EUR 4.3m in the second half of 2023 and resulted in an EBIT loss of EUR 0.8m for the full year.

However, momentum began to return in the second half of 2023. net digital AG successfully overcame this temporary growth setback and reported a strong and stable performance in the first half of 2024. This recovery was driven by positive developments in the payment sector - now supported by a broader partner base - as well as dynamic expansion in carrier billing services.

In 2024, the company's operational performance improved across all segments. Particularly noteworthy were the expansion of the international acquiring partner network and rising revenues from telecom and mobile operators. Additionally, net digital AG significantly extended its offerings in the area of artificial intelligence (AI).

In 2025, this is expected to result in positive net earnings for the company for the first time in its history, driven by the first significant revenues from the cooperation with 1&1 and other partners generating transaction-based income (see below).

Transaction-based revenues drive the earnings

2025: First year of real earnings

In 2025, everything is finally aligning for net digital AG. After successfully completing numerous projects in previous periods, the company is now poised to benefit significantly from transaction-based revenue streams. Once a project is implemented, in addition to minor ongoing revenues, the company primarily generates income based on the actual usage and success of its solutions by clients. These transaction-based revenues are a central component of net digital AG's business model, highlighting the importance of project deployment to achieve its earnings targets.

Another key advantage of these revenue streams lies in their quality and stability: clients typically do not consider switching service providers like net digital, as their focus is primarily on the development and integration of backend services. The technical execution – for which net digital is compensated – is often of secondary importance in clients'

business considerations. Ultimately, net digital's services provide a technical solution to a highly complex issue in payment processing.

The successful implementation of key projects has prompted net digital to raise its guidance for the 2025 financial year. On 14 May 2025, the Management Board of net digital AG raised its full-year forecast after analyzing the company's financial performance during the first months of 2025. Driven by strong developments, particularly in the areas of communication and service aggregation, the company now expects full-year revenues to range between EUR 18 - 20m, up from the previously forecasted EUR 14 - 15.5m. The EBITDA forecast has also been increased to between EUR 1.2 - 1.6 m, compared to the prior estimate of EUR 0.7 - 1.0 m. The upward revision of both revenue and EBITDA guidance for 2025 reflects the company's successful growth trajectory.

Revenue expectations

The nature of transaction-based revenues at net digital: As previously outlined, net digital's business model is centered around sharing the risks of launching new services with its clients and places a strong emphasis on transaction volumes and the success of the services themselves. Implementation costs and fixed fees are deliberately kept low to reduce entry barriers for customers.

Based on this model and the company's existing client base, the following revenue development is anticipated. A key driver of the 2025/26 outlook is the scheduled go-live of multiple services with clients in 2025, particularly the ongoing collaboration with 1&1. Currently, approximately six million of 1&1's mobile customers are active on the network; the mid-term goal is to reach the full customer base of around 12 million. This expansion is expected to be a major contributor to transaction-based revenues.

Revenue expectations

in EUR m	2025e	2026e	2027e
Revenues (total)	19,00	24,70	32,11
<i>Thereof:</i>			
Transaction based	16,15	21,49	28,58
<i>% of total</i>	<i>85%</i>	<i>87%</i>	<i>89%</i>
Fixed fees	1,90	1,98	2,25
<i>% of total</i>	<i>10%</i>	<i>8%</i>	<i>7%</i>
Implementation	0,95	1,24	1,28
<i>% of total</i>	<i>5%</i>	<i>5%</i>	<i>4%</i>

Source: Warburg Research estimate

Development of costs

Driven by the high share of transaction-based revenues, the following cost developments are expected:

- **Cost of materials:** A stable ratio is anticipated, as these costs are also largely transaction-based.
- **Personnel expenses:** A significant scaling effect is expected, particularly in administrative areas.
- **Other operating income:** Expected to remain stable.

6 to 12m clients from 1&1?

Strong scaling expected

- **Other operating expenses:** Significant scaling is expected, as this item includes administrative costs as well as expenses related to the stock-market listing, licenses (e.g., BaFin license) and infrastructure (connections to payment partners, mobile operators).
- **Taxes:** The mid-term expectation includes a tax rate of 35%. The planning has not yet taken medium-term activation or use of the existing tax loss carryforwards (approx. EUR 3m) into account.

Based on these assumptions, the following P&L is expected:

P&L (WRe)							
in EUR m							
	2021	2022	2023	2024	2025e	2026e	2027e
Sales	8.3	10.7	9.8	11.0	19.0	24.7	32.1
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	0.3	0.4	0.2	0.4	0.2	0.2	0.3
Total sales	8.6	11.1	10.0	11.3	19.2	24.9	32.4
Material Expenses	4.4	6.1	5.3	6.7	10.3	13.3	17.3
Gross profit	4.2	5.0	4.7	4.7	8.9	11.6	15.1
Personnel expenses	2.7	3.0	3.2	3.4	4.9	5.4	6.7
Other operating income	0.5	0.4	0.5	0.7	0.4	0.5	0.6
Other operating expenses	1.3	1.6	1.8	1.9	2.9	3.2	3.9
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	0.7	0.9	0.2	0.1	1.5	3.5	5.1
Depreciation of fixed assets	0.8	0.9	1.0	1.3	1.0	1.2	1.6
EBITA	-0.1	-0.1	-0.8	-1.2	0.6	2.2	3.5
Amortisation of intangible fixed assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Impairment charges and amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	-0.1	-0.1	-0.8	-1.2	0.6	2.2	3.5
Interest income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Recurring pretax income from cont. operations	-0.1	-0.1	-0.8	-1.2	0.6	2.2	3.5
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	-0.1	-0.1	-0.8	-1.2	0.6	2.2	3.5
Taxes total	0.3	0.4	0.3	0.8	0.2	0.8	1.2
Net income from continuing operations	-0.4	-0.4	-1.1	-2.0	0.4	1.4	2.3
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income before minorities	-0.4	-0.4	-1.1	-2.0	0.4	1.4	2.3
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	-0.4	-0.4	-1.1	-2.0	0.4	1.4	2.3

Source: Warburg Research

Valuation

- Achievement of profitability not priced so far
- DCF indicates significant upside potential
- Peer group not meaningful

Key models: DCF and peer group

The valuation of net digital AG is based on a DCF model, which points to a clear undervaluation. While the peer group offers limited informative value, it also shows significantly lower multiples for net digital within the comparison set. Overall, the potential to achieve substantial profitability does not appear to be priced in.

DCF model

The DCF model is based on the following assumptions:

Revenue growth from 2024 to 2027 is projected at a CAGR of 43%, driven by:

- **Increasing user numbers** within the 1&1 network and the expansion of services offered there
- **Launch and scaling of completed client projects** with high transaction-based revenues
- **New projects**

Given the significant scalability of key cost components, a substantial increase in margins is expected.

The core assumptions of our DCF model include a **risk-free interest rate of 2.75%**, a **market risk premium of 5.5%**, and a **beta of 2.00** — a notably high value reflecting the historically high volatility of the company's stock performance.

Table see next page.

Profitability not priced yet

DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	2036e	2037e	
Sales	19.00	24.70	32.11	35.32	38.85	41.77	44.90	47.14	49.50	51.98	54.58	57.30	58.74	2.5 %
Sales change	73.4 %	30.0 %	30.0 %	10.0 %	10.0 %	7.5 %	7.5 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	2.5 %	
EBIT	0.57	2.22	3.53	3.53	3.89	4.18	4.49	4.71	4.95	5.20	5.46	5.73	5.87	10.0 %
EBIT-margin	3.0 %	9.0 %	11.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	
Tax rate (EBT)	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	10.0 %
NOPAT	0.37	1.44	2.30	2.30	2.53	2.71	2.92	3.06	3.22	3.38	3.55	3.72	3.82	
Depreciation	0.95	1.24	1.61	0.35	0.39	0.42	0.45	0.47	0.50	0.52	0.55	0.57	0.59	1.0 %
in % of Sales	5.0 %	5.0 %	5.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	
Changes in provisions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0 %
Change in Liquidity from														
- Working Capital	2.37	0.60	0.70	0.33	0.35	0.29	0.31	0.22	0.24	0.25	0.26	0.27	0.14	0.5 %
- Capex	0.02	0.02	0.02	0.18	0.19	0.21	0.22	0.24	0.25	0.26	0.27	0.29	0.29	
Capex in % of Sales	0.1 %	0.1 %	0.1 %	0.5 %	0.5 %	0.5 %	0.5 %	0.5 %	0.5 %	0.5 %	0.5 %	0.5 %	0.5 %	0.0 %
- Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Free Cash Flow (WACC Model)	-1.06	2.06	3.18	2.14	2.37	2.63	2.83	3.08	3.23	3.39	3.56	3.74	3.97	4
PV of FCF	-1.01	1.72	2.33	1.38	1.34	1.31	1.24	1.18	1.09	1.01	0.93	0.86	0.80	7
share of PVs	14.17 %			51.85 %										33.99 %

Model parameter

Derivation of WACC:

Debt ratio	0.00 %
Cost of debt (after tax)	4.2 %
Market return	8.25 %
Risk free rate	2.75 %

WACC 13.75 %

Derivation of Beta:

Financial Strength	2.00
Liquidity (share)	2.00
Cyclicality	2.00
Transparency	2.00
Others	2.00

Beta 2.00**Valuation (m)**

Present values 2037e

14

Terminal Value

7

Financial liabilities

0

Pension liabilities

0

Hybrid capital

0

Minority interest

0

Market val. of investments

0

Liquidity

2

No. of shares (m)

2.1

Equity Value

24

Value per share (EUR)**11.02****Sensitivity Value per Share (EUR)**

		Terminal Growth									Delta EBIT-margin						
Beta	WACC	1.75 %	2.00 %	2.25 %	2.50 %	2.75 %	3.00 %	3.25 %	Beta	WACC	-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
2.18	14.8 %	9.90	9.96	10.01	10.07	10.12	10.19	10.25	2.18	14.8 %	8.64	9.11	9.59	10.07	10.54	11.02	11.50
2.09	14.3 %	10.34	10.40	10.46	10.52	10.59	10.66	10.73	2.09	14.3 %	9.03	9.53	10.02	10.52	11.02	11.52	12.02
2.05	14.0 %	10.57	10.63	10.70	10.77	10.84	10.91	10.99	2.05	14.0 %	9.24	9.75	10.26	10.77	11.28	11.79	12.30
2.00	13.8 %	10.81	10.88	10.95	11.02	11.10	11.18	11.27	2.00	13.8 %	9.45	9.98	10.50	11.02	11.54	12.07	12.59
1.95	13.5 %	11.06	11.13	11.21	11.29	11.37	11.46	11.55	1.95	13.5 %	9.68	10.22	10.75	11.29	11.83	12.36	12.90
1.91	13.3 %	11.32	11.40	11.48	11.57	11.66	11.75	11.85	1.91	13.3 %	9.92	10.47	11.02	11.57	12.12	12.67	13.22
1.82	12.8 %	11.89	11.98	12.07	12.17	12.28	12.39	12.50	1.82	12.8 %	10.44	11.01	11.59	12.17	12.75	13.33	13.91

- Solid growth and scaling expected
- Transaction based revenues are driving the margin

**Informative value of this peer group
is significantly limited**

Peer group

The peer group includes companies operating in the payment field (description see below). The following table shows expected revenues and earnings for these companies. The following companies were taken into consideration:

Adyen NV:

Number of employees: 4,345

Adyen is Dutch payment company with the status of an acquiring bank that allows businesses to accept e-commerce, mobile, and point-of-sale payments. It is listed on the stock exchange Euronext Amsterdam.

Adyen offers merchants online services to accept electronic payments using payment methods including credit cards, debit cards, wire transfers, and real-time bank transfers based on online banking. It connects merchants to different payment methods, including international credit cards, local cash-based methods, and mobile payment methods. The technology platform acts as a payment gateway and a payment service provider.

The company was founded in 2006 and its headquarters are in Amsterdam, Netherlands.

Shift4 Payments Inc.:

Number of employees: approx. 4,000

Shift4 Payments, Inc. is an American payment processing company. The company, founded by the then 16-year-old Jared Isaacman, processes payments for over 200,000 businesses in the retail, hospitality, leisure, and restaurant industries. Shift4 specializes in commerce technology such as mobile payment software and hardware. The company was publicly listed on the New York Stock Exchange in 2020.

The company was founded in 1999 and its headquarters are in Allentown, Pennsylvania, USA.

PayPal Holdings:

Number of employees: 24,400

PayPal Holdings, Inc. is an American multinational financial technology company operating an online payments system in the majority of countries that support online money transfers; it serves as an electronic alternative to traditional paper methods such as checks and money orders. The company operates as a payment processor for online vendors, auction sites and many other commercial and company users, for which it charges a fee.

Established in 1998 as Confinity, PayPal's IPO took place in 2002. It became a wholly owned subsidiary of eBay later that year, valued at USD 1.5 billion. In 2015 eBay spun off PayPal to its shareholders, and PayPal became an independent company again. The company was ranked 143rd on the 2022 Fortune 500 of the largest United States corporations by revenue.

The company was founded 1998 and its headquarters are in San Jose, California, USA.

Ryvyi Inc.:

Number of employees: 95

RYVYL Inc. is a financial technology company that develops, commercialises and distributes blockchain-based payment solutions. Its primary focus is the development and monetisation of breakthrough blockchain-based applications integrated into an end-to-end suite of financial products that can support a variety of industries. The company's blockchain-based systems are designed to enable, capture and store a virtually unlimited

volume of tokenised assets, representing cash or data, on a secure, immutable blockchain-based ledger.

The company was founded in 1998 and its headquarters are in San Diego, California, USA

The informative value of this peer group is significantly limited due to substantial differences, particularly in terms of size and business focus:

Peer group - Estimates

Company	LC	Price in LC	MC in LC m	EV in LC m	25e	EPS 26e	27e	25e	Sales 26e	27e	25e	EBITDA 26e	27e	25e	EBIT 26e	27e
Adyen NV	EUR	1,558.40	49,080.6	38,961.1	35.77	45.05	57.65	2,448.0	3,040.5	3,786.0	1,284.0	1,684.0	2,225.8	1,157.4	1,537.0	2,053.2
Shift4 Payments, Inc. Class A	USD	99.11	6,820.6	10,770.1	5.37	6.27	6.90	1,696.5	2,007.4	2,258.0	851.2	1,014.5	1,184.4	333.1	514.5	655.7
PayPal Holdings, Inc.	USD	74.32	72,278.7	76,410.7	5.09	5.67	6.41	32,632.9	34,621.2	37,170.0	7,146.0	7,577.3	8,229.0	6,214.5	6,705.5	7,262.3
Ryvyl Inc.	USD	0.85	13.5	-47.3	-1.12	n.a.	n.a.	69.9	n.a.	n.a.	n.a.	n.a.	n.a.	-8.6	n.a.	n.a.
net digital AG	EUR	7.20	15.4	14.8	0.17	0.67	1.07	19.0	24.7	32.1	1.5	3.5	5.1	0.6	2.2	3.5

Source: Warburg Research, FactSet (as of 01.07.2025)

These estimates derive the following multiples:

Peer group - Multiples

Company	LC	Price in LC	MC in LC m	EV in LC m	25e	P / E 26e	27e	25e	EV / Sales 26e	27e	25e	EV / EBITDA 26e	27e	25e	EV / EBIT 26e	27e
Adyen NV	EUR	1,558.40	49,080.6	38,961.1	43.1 x	34.2 x	26.7 x	15.9 x	12.8 x	10.3 x	30.3 x	23.1 x	17.5 x	33.7 x	25.3 x	19.0 x
Shift4 Payments, Inc. Class A	USD	99.11	6,820.6	10,770.1	18.5 x	15.8 x	14.4 x	6.3 x	5.4 x	4.8 x	12.7 x	10.6 x	9.1 x	32.3 x	20.9 x	16.4 x
PayPal Holdings, Inc.	USD	74.32	72,278.7	76,410.7	14.6 x	13.1 x	11.6 x	2.3 x	2.2 x	2.1 x	10.7 x	10.1 x	9.3 x	12.3 x	11.4 x	10.5 x
Ryvyl Inc.	USD	0.85	13.5	-47.3	n.a.	n.a.	n.a.	-0.7 x	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Average					25.4 x	21.0 x	17.6 x	6.0 x	6.8 x	5.7 x	17.9 x	14.6 x	12.0 x	26.1 x	19.2 x	15.3 x
Median					18.5 x	15.8 x	14.4 x	4.3 x	5.4 x	4.8 x	12.7 x	10.6 x	9.3 x	32.3 x	20.9 x	16.4 x
net digital AG	EUR	7.20	15.4	14.8	42.4 x	10.7 x	6.7 x	0.8 x	0.6 x	0.5 x	9.8 x	4.3 x	2.9 x	26.0 x	6.7 x	4.2 x
Valuation difference to Median					-56%	47%	113%	457%	793%	933%	30%	147%	222%	24%	214%	291%
Fair value per share based on Median					3.14	10.60	15.37	38.79	62.09	71.72	9.25	17.40	22.53	8.88	21.99	27.34

Source: Warburg Research, FactSet (as of 01.07.2025)

The peer group comprises structurally diverse companies, all of which are directly or indirectly active in the payments sector. Given the considerable differences in size and business focus, there is a wide range of valuation multiples. However, regardless of which earnings multiple is applied, net digital AG appears to be significantly undervalued. Single digit earnings multiples for successful payment companies will probably not be seen in the case of net digital AG. That said, this should be understood as an indicative assessment only.

Company & Products

With integrated digital infrastructure for payments, mobile services and AI innovation, net digital AG structures its operations across three synergistically connected segments: Payment Services, Mobile & Carrier Services, and AI Solutions & Services. All offerings are built on a shared technological core – the Planet Platform – which enables seamless integration of services, modules and interfaces. This architecture allows for scalable and compliant digital solutions across various industries, including telecommunications, e-commerce, and digital media.

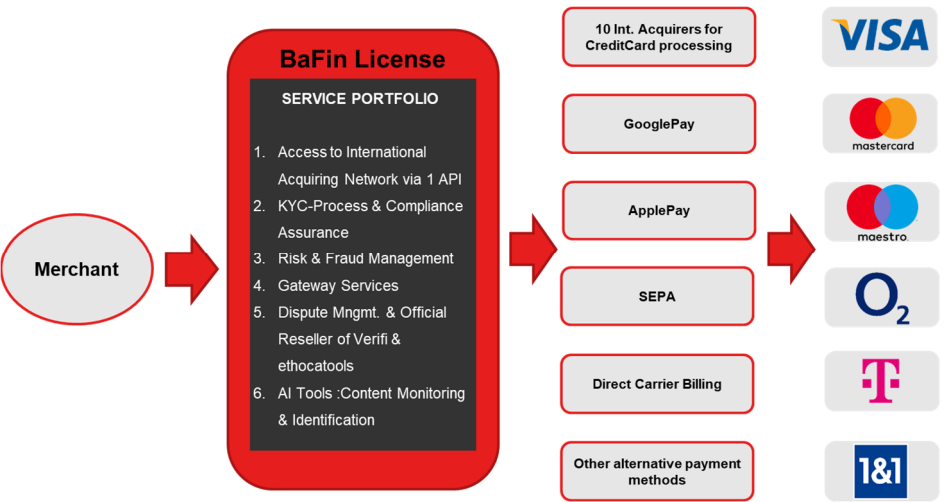
Payment services are the core

Payment Services

As the core of its business model, Payment Services focuses on digital and increasingly physical payment transactions. Central to this offering is direct carrier billing (DCB), which enables users to purchase digital goods – such as streaming subscriptions, games or apps – directly over their mobile phone bill. In addition, the company offers conventional payment methods such as credit card and SEPA direct debit, supporting both one-off transactions and recurring billing. The platform is BaFin-licensed and capable of handling payments for physical goods (e.g. public transport tickets). A proprietary, modular payment gateway ensures real-time transaction validation, risk and fraud management, and multichannel compatibility.

Global & mobile payment

Framework around BaFin license

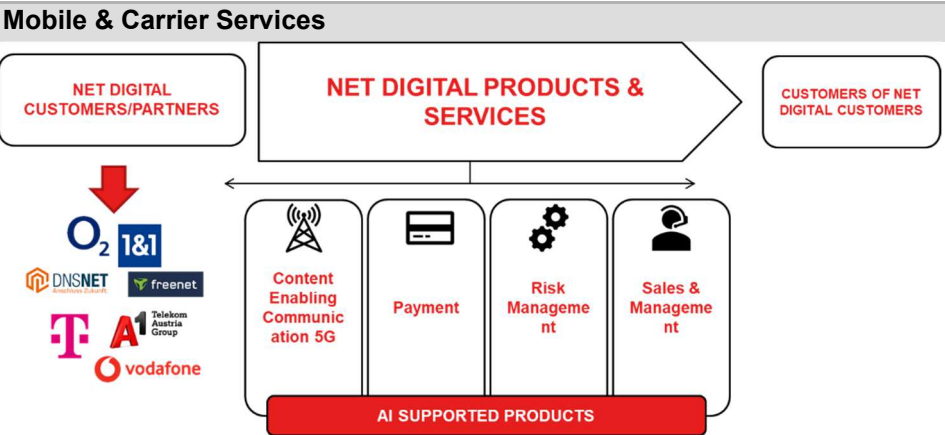


Source: Net-Digital AG, Warburg Research

Mobile & Carrier Services

This segment targets telecom operators, media houses and digital platforms with a comprehensive white-label infrastructure. The Planet Platform enables partners to manage subscriptions, develop apps and websites, and analyze customer usage in real time. The modular backend supports rapid deployment and monetization of content services via telecom networks. These include entertainment, specialized information, and news services. By enabling a smooth interface between content providers, telecom infrastructure and end-users, the platform offers a robust go-to-market system for value-added digital services.

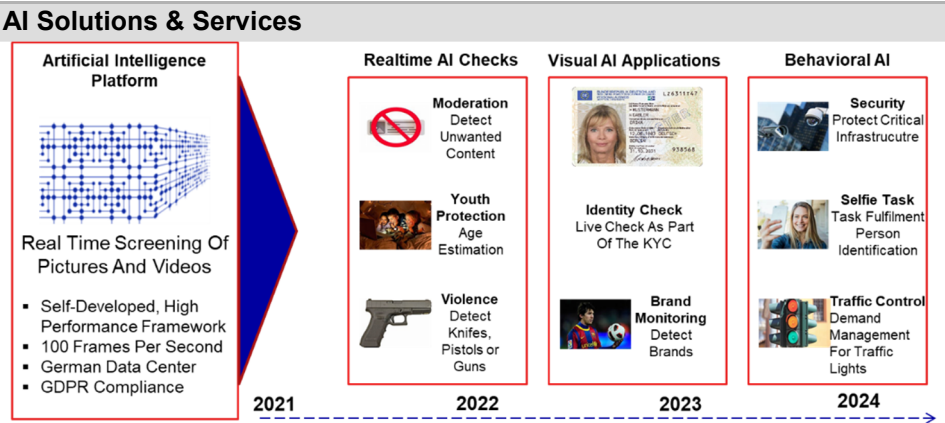
White-label is key



Source: Net-Digital AG, Warburg Research

AI Solutions & Services

Representing the most dynamic growth segment, net digital AI division is led by its subsidiary irisnet GmbH. Key offerings include IRISNET:IDENT - an AI-based identity verification tool combining facial recognition, liveness detection and age verification. This product is used in age restricted online content, payment authentication and government ID verification. The company also offers AI-driven content moderation solutions, which automatically detect nudity, violence and hate speech in images and videos. These are used across media platforms, gaming environments and social networks. Further applications include brand protection, copyright enforcement, and automated visual quality checks - e.g. for packaging or e-commerce assets.



Source: Net-Digital AG, Warburg Research

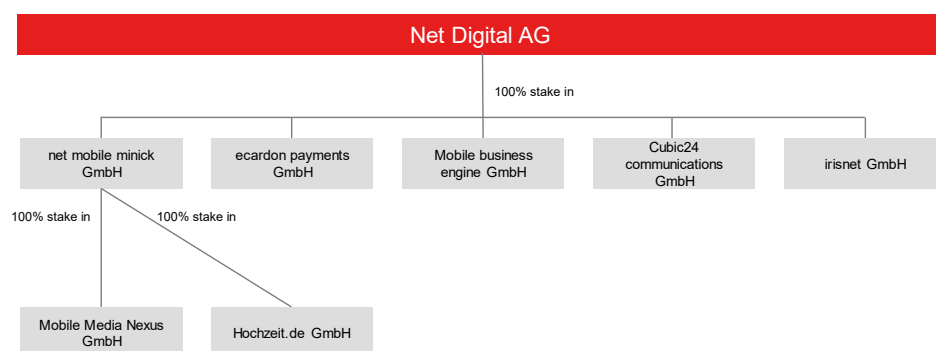
Company background

Founded in 2016, net digital AG has established itself as a leading provider of platform based digital transaction solutions. The company offers a comprehensive range of products and services that cover all stages of the digital value chain - from payment authorization and content distribution to AI based identity verification and real-time content moderation. This portfolio includes modular gateway technologies and proprietary AI applications that support scalable integration across various industries and platforms. net digital focuses primarily on its core market in the German-speaking region. In addition, the company targets selected international markets to leverage additional growth potential, particularly in the telecommunications, media, and e-commerce sectors. The company is headquartered in Düsseldorf, Germany. The group is organized into three specialized business segments - Payment Services, Mobile & Carrier Services, and AI Solutions & Services. Each of these segments is independently managed by dedicated teams to ensure operational efficiency and customer proximity. By consolidating its technological and commercial expertise within this structure, net digital is able to deliver highly integrated, secure and future-oriented digital solutions.

Own AI competence

Headquartered in Düsseldorf

Company structure



Source: Net-Digital AG, Warburg Research

Management Board

Theodor Nihues – Chief Executive Officer

Theodor Nihues is the founder and CEO of net digital AG. With decades of entrepreneurial experience, he stands for sustainable, innovation-driven success and has consistently championed products and solutions that make everyday life more secure, efficient, and user-friendly. Holding a master's degree in Mathematical Economics, he combines strong analytical expertise with a strategic mindset. As CEO, he is responsible for Marketing, Sales, Corporate Communications, M&A, Finance, Strategy, Investor Relations and Branding, thereby shaping both the operational focus and the long-term positioning of the company.

Dieter Plassmann – Chief Technology Officer

Dieter Plassmann serves as Chief Technology Officer of net digital AG and brings over two decades of leadership experience in the European mobile communications sector. He holds a master's degree in Electrical Engineering from RWTH Aachen and combines deep technical expertise with a strong focus on user-centric innovation. His work is characterized by a commitment to aligning technology with human communication needs. As CTO, he oversees Technology, Product Management and Development, Innovation, Operations, Commercialization and Performance Marketing, ensuring that net digital's platform and services remain at the forefront of digital transformation.

Decades of experience

Management Board



Theodor Nihues - CEO



Dieter Plassmann - CTO

Source: Net-Digital AG, Warburg Research

Supervisory Board

The Supervisory Board of net digital AG comprises experienced professionals with complementary backgrounds in finance, governance and technology. Alexander Steinhoff, appointed Chairman in December 2020, brings long-standing expertise in corporate

Skilled supervisory board

oversight and entrepreneurship. His background enables him to support the company's strategic direction and ensure effective collaboration between the Supervisory and Executive Boards. Brigitte Leipold, who also joined the board in December 2020, serves as Deputy Chairwoman. She contributes deep knowledge in regulatory frameworks and human capital management, strengthening the board's capabilities in the areas of governance and organizational development. Hans-Peter Simon, also appointed in 2020, adds technical and operational expertise gained from his professional experience in quality management and industrial process planning. Together, the Supervisory Board members provide well-rounded oversight to support the sustainable growth and technological advancement of net digital AG.

DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	2036e	2037e	
Sales	19.00	24.70	32.11	35.32	38.85	41.77	44.90	47.14	49.50	51.98	54.58	57.30	58.74	2.5 %
Sales change	73.4 %	30.0 %	30.0 %	10.0 %	10.0 %	7.5 %	7.5 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	2.5 %	
EBIT	0.57	2.22	3.53	3.53	3.89	4.18	4.49	4.71	4.95	5.20	5.46	5.73	5.87	10.0 %
EBIT-margin	3.0 %	9.0 %	11.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	
Tax rate (EBT)	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	10.0 %
NOPAT	0.37	1.44	2.30	2.30	2.53	2.71	2.92	3.06	3.22	3.38	3.55	3.72	3.82	
Depreciation	0.95	1.24	1.61	0.35	0.39	0.42	0.45	0.47	0.50	0.52	0.55	0.57	0.59	1.0 %
in % of Sales	5.0 %	5.0 %	5.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	
Changes in provisions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0 %
Change in Liquidity from														
- Working Capital	2.37	0.60	0.70	0.33	0.35	0.29	0.31	0.22	0.24	0.25	0.26	0.27	0.14	0.5 %
- Capex	0.02	0.02	0.02	0.18	0.19	0.21	0.22	0.24	0.25	0.26	0.27	0.29	0.29	
Capex in % of Sales	0.1 %	0.1 %	0.1 %	0.5 %	0.5 %	0.5 %	0.5 %	0.5 %	0.5 %	0.5 %	0.5 %	0.5 %	0.5 %	0.0 %
- Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Free Cash Flow (WACC Model)	-1.06	2.06	3.18	2.14	2.37	2.63	2.83	3.08	3.23	3.39	3.56	3.74	3.97	4
PV of FCF	-1.01	1.72	2.33	1.38	1.34	1.31	1.24	1.18	1.09	1.01	0.93	0.86	0.80	7
share of PVs	14.17 %			51.85 %										33.99 %

Model parameter

Derivation of WACC:

Debt ratio	0.00 %
Cost of debt (after tax)	4.2 %
Market return	8.25 %
Risk free rate	2.75 %

WACC 13.75 %

Derivation of Beta:

Financial Strength	2.00
Liquidity (share)	2.00
Cyclicality	2.00
Transparency	2.00
Others	2.00

Beta 2.00**Valuation (m)**

Present values 2037e

14

Terminal Value

7

Financial liabilities

0

Pension liabilities

0

Hybrid capital

0

Minority interest

0

Market val. of investments

0

Liquidity

2

No. of shares (m)

2.1

Equity Value

24

Value per share (EUR)**11.02****Sensitivity Value per Share (EUR)**

		Terminal Growth									Delta EBIT-margin						
Beta	WACC	1.75 %	2.00 %	2.25 %	2.50 %	2.75 %	3.00 %	3.25 %	Beta	WACC	-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
2.18	14.8 %	9.90	9.96	10.01	10.07	10.12	10.19	10.25	2.18	14.8 %	8.64	9.11	9.59	10.07	10.54	11.02	11.50
2.09	14.3 %	10.34	10.40	10.46	10.52	10.59	10.66	10.73	2.09	14.3 %	9.03	9.53	10.02	10.52	11.02	11.52	12.02
2.05	14.0 %	10.57	10.63	10.70	10.77	10.84	10.91	10.99	2.05	14.0 %	9.24	9.75	10.26	10.77	11.28	11.79	12.30
2.00	13.8 %	10.81	10.88	10.95	11.02	11.10	11.18	11.27	2.00	13.8 %	9.45	9.98	10.50	11.02	11.54	12.07	12.59
1.95	13.5 %	11.06	11.13	11.21	11.29	11.37	11.46	11.55	1.95	13.5 %	9.68	10.22	10.75	11.29	11.83	12.36	12.90
1.91	13.3 %	11.32	11.40	11.48	11.57	11.66	11.75	11.85	1.91	13.3 %	9.92	10.47	11.02	11.57	12.12	12.67	13.22
1.82	12.8 %	11.89	11.98	12.07	12.17	12.28	12.39	12.50	1.82	12.8 %	10.44	11.01	11.59	12.17	12.75	13.33	13.91

- Solid growth and scaling expected
- Transaction based revenues are driving the margin

Valuation	2021	2022	2023	2024	2025e	2026e	2027e
Price / Book	3.5 x	2.7 x	2.7 x	3.6 x	10.1 x	5.7 x	3.4 x
Book value per share ex intangibles	1.15	0.96	0.37	0.38	0.32	0.99	2.02
EV / Sales	1.4 x	0.7 x	0.5 x	0.5 x	0.9 x	0.6 x	0.4 x
EV / EBITDA	16.5 x	8.5 x	21.6 x	57.8 x	11.9 x	4.6 x	2.5 x
EV / EBIT	n.a.	n.a.	n.a.	n.a.	31.7 x	7.2 x	3.6 x
EV / EBIT adj.*	n.a.	n.a.	n.a.	n.a.	31.7 x	7.2 x	3.6 x
P / FCF	n.a.	120.6 x	n.a.	n.a.	n.a.	9.0 x	5.9 x
P / E	n.a.	n.a.	n.a.	n.a.	51.2 x	13.0 x	8.1 x
P / E adj.*	n.a.	n.a.	n.a.	n.a.	51.2 x	13.0 x	8.1 x
Dividend Yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FCF Potential Yield (on market EV)	3.4 %	7.0 %	-1.3 %	-13.8 %	7.3 %	16.8 %	30.5 %
*Adjustments made for: -							

Consolidated profit & loss

In EUR m	2021	2022	2023	2024	2025e	2026e	2027e
Sales	8.28	10.70	9.80	10.96	19.00	24.70	32.11
Change Sales yoy	34400.0 %	29.3 %	-8.4 %	11.8 %	73.4 %	30.0 %	30.0 %
Increase / decrease in inventory	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Own work capitalised	0.28	0.42	0.24	0.37	0.19	0.25	0.32
Total Sales	8.56	11.13	10.04	11.33	19.19	24.95	32.43
Material expenses	4.38	6.10	5.30	6.67	10.26	13.34	17.34
Gross profit	4.18	5.03	4.74	4.66	8.93	11.61	15.09
<i>Gross profit margin</i>	<i>50.4 %</i>	<i>46.9 %</i>	<i>48.4 %</i>	<i>42.5 %</i>	<i>47.0 %</i>	<i>47.0 %</i>	<i>47.0 %</i>
Personnel expenses	2.70	2.95	3.16	3.41	4.94	5.43	6.74
Other operating income	0.49	0.43	0.50	0.73	0.38	0.49	0.64
Other operating expenses	1.25	1.63	1.85	1.90	2.85	3.21	3.85
Unfrequent items	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EBITDA	0.72	0.87	0.23	0.09	1.52	3.46	5.14
<i>Margin</i>	<i>8.7 %</i>	<i>8.2 %</i>	<i>2.4 %</i>	<i>0.8 %</i>	<i>8.0 %</i>	<i>14.0 %</i>	<i>16.0 %</i>
Depreciation of fixed assets	0.83	0.93	1.01	1.29	0.95	1.24	1.61
EBITA	-0.12	-0.05	-0.78	-1.21	0.57	2.22	3.53
Amortisation of intangible assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Goodwill amortisation	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EBIT	-0.12	-0.05	-0.78	-1.21	0.57	2.22	3.53
<i>Margin</i>	<i>-1.4 %</i>	<i>-0.5 %</i>	<i>-7.9 %</i>	<i>-11.0 %</i>	<i>3.0 %</i>	<i>9.0 %</i>	<i>11.0 %</i>
EBIT adj.	-0.12	-0.05	-0.78	-1.21	0.57	2.22	3.53
Interest income	0.00	0.00	0.00	0.01	0.00	0.00	0.00
Interest expenses	0.01	0.00	0.01	0.00	0.00	0.00	0.00
Other financial income (loss)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EBT	-0.12	-0.05	-0.78	-1.20	0.57	2.22	3.53
<i>Margin</i>	<i>-1.5 %</i>	<i>-0.5 %</i>	<i>-8.0 %</i>	<i>-11.0 %</i>	<i>3.0 %</i>	<i>9.0 %</i>	<i>11.0 %</i>
Total taxes	0.32	0.36	0.30	0.78	0.20	0.78	1.24
Net income from continuing operations	-0.44	-0.41	-1.08	-1.98	0.37	1.44	2.30
Income from discontinued operations (net of tax)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income before minorities	-0.44	-0.41	-1.08	-1.98	0.37	1.44	2.30
Minority interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income	-0.44	-0.41	-1.08	-1.98	0.37	1.44	2.30
<i>Margin</i>	<i>-5.3 %</i>	<i>-3.8 %</i>	<i>-11.0 %</i>	<i>-18.1 %</i>	<i>1.9 %</i>	<i>5.9 %</i>	<i>7.2 %</i>
Number of shares, average	1.43	1.43	1.43	2.14	2.14	2.14	2.14
EPS	-0.31	-0.29	-0.75	-0.93	0.17	0.67	1.07
EPS adj.	-0.31	-0.29	-0.75	-0.93	0.17	0.67	1.07

*Adjustments made for:

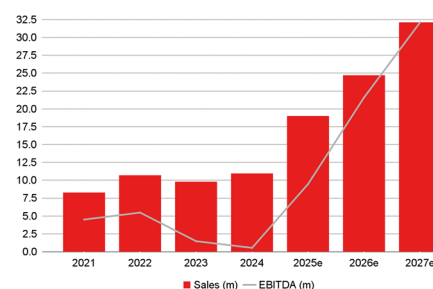
Guidance: Sales EUR 18-20m, EBITDA EUR 1.2-1.6m

Financial Ratios

	2021	2022	2023	2024	2025e	2026e	2027e
Total Operating Costs / Sales	94.7 %	95.8 %	100.1 %	102.6 %	93.0 %	87.0 %	85.0 %
Operating Leverage	0.0 x	-1.9 x	-168.6 x	4.7 x	n.a.	9.7 x	2.0 x
EBITDA / Interest expenses	102.7 x	218.5 x	33.3 x	35.2 x	n.a.	n.a.	n.a.
Tax rate (EBT)	-259.0 %	-647.3 %	-37.9 %	-64.7 %	35.0 %	35.0 %	35.0 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Sales per Employee	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

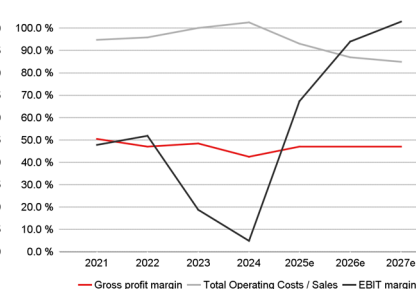
Sales, EBITDA

in EUR m

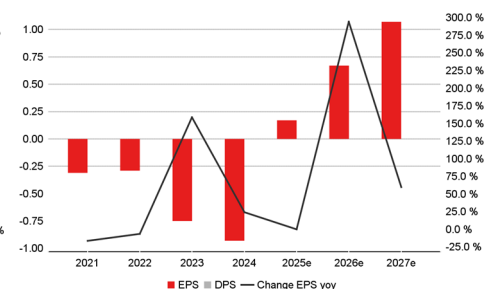


Operating Performance

in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

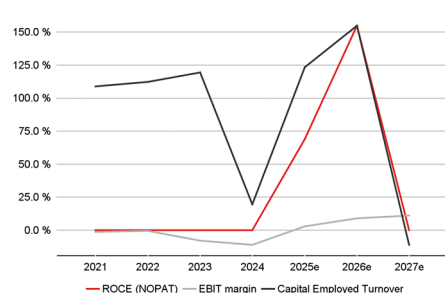
Consolidated balance sheet

In EUR m	2021	2022	2023	2024	2025e	2026e	2027e
Assets							
Goodwill and other intangible assets	2.79	2.58	1.93	1.16	1.16	1.16	1.16
thereof other intangible assets	0.99	1.28	1.26	0.69	0.69	0.69	0.69
thereof Goodwill	1.80	1.29	0.67	0.04	0.04	0.04	0.04
Property, plant and equipment	0.10	0.05	0.03	0.02	-0.92	-2.13	-3.72
Financial assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other long-term assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fixed assets	2.88	2.63	1.95	1.18	0.25	-0.97	-2.56
Inventories	0.00	0.00	0.00	0.00	2.70	3.50	4.60
Accounts receivable	2.11	2.41	1.79	2.00	3.50	4.50	5.80
Liquid assets	1.98	1.97	1.67	2.15	0.60	2.67	5.85
Other short-term assets	0.38	0.56	0.39	0.55	0.55	0.55	0.55
Current assets	4.47	4.93	3.84	4.69	7.36	11.22	16.80
Total Assets	7.40	7.60	5.80	5.90	7.60	10.30	14.20
Liabilities and shareholders' equity							
Subscribed capital	1.43	1.43	1.43	2.14	2.14	2.14	2.14
Capital reserve	3.85	3.85	3.85	4.64	4.64	4.64	4.64
Retained earnings	0.00	0.03	0.03	0.00	0.37	1.82	4.11
Other equity components	-1.35	-1.78	-2.86	-4.81	-5.31	-5.31	-5.41
Shareholders' equity	3.94	3.54	2.46	1.98	1.85	3.29	5.49
Minority interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total equity	3.94	3.54	2.46	1.98	1.85	3.29	5.49
Provisions	0.78	1.01	0.63	0.52	0.52	0.52	0.52
thereof provisions for pensions and similar obligations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial liabilities (total)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Short-term financial liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounts payable	2.16	2.50	2.36	2.46	4.30	5.50	7.20
Other liabilities	0.53	0.54	0.40	0.97	0.97	0.97	0.97
Liabilities	3.47	4.05	3.38	3.95	5.79	6.99	8.69
Total liabilities and shareholders' equity	7.40	7.60	5.80	5.90	7.60	10.30	14.20

Financial Ratios

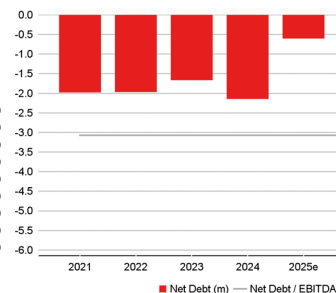
	2021	2022	2023	2024	2025e	2026e	2027e
Efficiency of Capital Employment							
Operating Assets Turnover	180.0 x	-305.8 x	-18.1 x	-24.5 x	19.3 x	67.3 x	-61.5 x
Capital Employed Turnover	4.2 x	6.8 x	12.4 x	-64.7 x	15.3 x	39.5 x	-88.3 x
ROA	-15.2 %	-15.6 %	-55.2 %	-167.9 %	148.7 %	-149.1 %	-89.8 %
Return on Capital							
ROCE (NOPAT)	n.a.	n.a.	n.a.	n.a.	69.0 %	154.7 %	n.a.
ROE	-10.5 %	-11.0 %	-36.0 %	-89.5 %	19.4 %	56.2 %	52.3 %
Adj. ROE	-10.5 %	-11.0 %	-36.0 %	-89.5 %	19.4 %	56.2 %	52.3 %
Balance sheet quality							
Net Debt	-1.98	-1.97	-1.67	-2.15	-0.60	-2.67	-5.85
Net Financial Debt	-1.98	-1.97	-1.67	-2.15	-0.60	-2.67	-5.85
Net Gearing	-50.3 %	-55.7 %	-67.8 %	-108.6 %	-32.7 %	-81.0 %	-106.6 %
Net Fin. Debt / EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Book Value / Share	3.9	3.5	1.7	0.9	0.9	1.5	2.6
Book value per share ex intangibles	1.1	1.0	0.4	0.4	0.3	1.0	2.0

ROCE Development



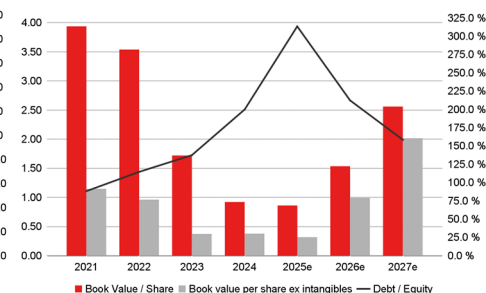
Source: Warburg Research

Net debt in EUR m



Source: Warburg Research

Book Value per Share in EUR



Source: Warburg Research

Consolidated cash flow statement

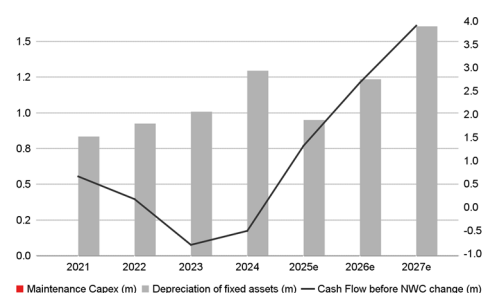
In EUR m	2021	2022	2023	2024	2025e	2026e	2027e
Net income	-0.44	-0.41	-1.08	-1.98	0.37	1.44	2.30
Depreciation of fixed assets	0.83	0.93	1.01	1.29	0.95	1.24	1.61
Amortisation of goodwill	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Amortisation of intangible assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Increase/decrease in long-term provisions	0.27	0.23	0.10	-0.11	0.00	0.00	0.00
Other non-cash income and expenses	-0.01	-0.57	-0.84	0.29	0.00	0.00	0.00
Cash Flow before NWC change	0.66	0.17	-0.81	-0.51	1.32	2.68	3.90
Increase / decrease in inventory	0.43	-0.48	0.79	-0.41	-2.70	-0.80	-1.10
Increase / decrease in accounts receivable	0.00	0.00	0.00	0.00	-1.50	-1.00	-1.30
Increase / decrease in accounts payable	-1.28	0.55	-0.19	0.04	1.84	1.20	1.70
Increase / decrease in other working capital positions	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Increase / decrease in working capital (total)	-0.85	0.07	0.60	-0.37	-2.37	-0.60	-0.70
Net cash provided by operating activities [1]	-0.19	0.25	-0.21	-0.88	-1.05	2.08	3.20
Investments in intangible assets	-0.11	-0.15	-0.07	-0.13	0.00	0.00	0.00
Investments in property, plant and equipment	-0.02	-0.02	-0.02	-0.02	-0.02	-0.02	-0.02
Payments for acquisitions	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income from asset disposals	0.00	0.00	0.00	0.01	0.00	0.00	0.00
Net cash provided by investing activities [2]	-0.13	-0.17	-0.09	-0.14	-0.02	-0.02	-0.02
Change in financial liabilities	-0.01	0.00	0.00	0.00	0.00	0.00	0.00
Dividends paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Purchase of own shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital measures	-0.40	0.00	0.00	1.50	0.00	0.00	0.00
Other	0.00	0.00	-0.01	0.00	0.00	0.00	0.00
Net cash provided by financing activities [3]	-0.41	0.00	-0.01	1.50	0.00	0.00	0.00
Change in liquid funds [1]+[2]+[3]	-0.73	0.07	-0.30	0.48	-1.06	2.06	3.18
Effects of exchange-rate changes on cash	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash and cash equivalent at end of period	1.98	2.05	1.67	2.15	0.60	2.67	5.85

Financial Ratios

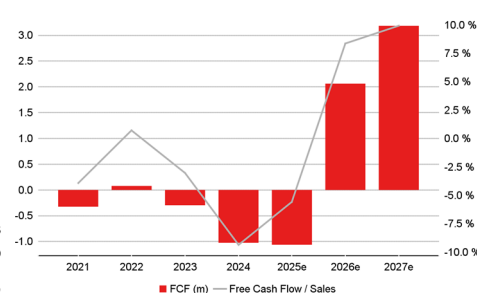
	2021	2022	2023	2024	2025e	2026e	2027e
Cash Flow							
FCF	-0.32	0.08	-0.30	-1.02	-1.06	2.06	3.18
Free Cash Flow / Sales	-3.9 %	0.7 %	-3.0 %	-9.3 %	-5.6 %	8.4 %	9.9 %
Free Cash Flow Potential	0.40	0.52	-0.06	-0.69	1.32	2.68	3.90
Free Cash Flow / Net Profit	74.0 %	-19.0 %	27.6 %	51.6 %	-286.8 %	142.8 %	138.7 %
Interest Received / Avg. Cash	0.0 %	0.0 %	0.0 %	0.3 %	0.0 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Management of Funds							
Investment ratio	1.6 %	1.6 %	0.9 %	1.4 %	0.1 %	0.1 %	0.1 %
Maint. Capex / Sales	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Capex / Dep	15.8 %	18.2 %	8.9 %	11.4 %	1.8 %	1.4 %	1.1 %
Avg. Working Capital / Sales	-0.6 %	-0.6 %	-3.4 %	-4.7 %	3.8 %	8.9 %	8.9 %
Trade Debtors / Trade Creditors	97.7 %	96.4 %	75.8 %	81.1 %	81.4 %	81.8 %	80.6 %
Inventory Turnover	n.a.	n.a.	n.a.	n.a.	3.8 x	3.8 x	3.8 x
Receivables collection period (days)	93	82	67	66	67	66	66
Payables payment period (days)	180	149	162	135	153	151	152
Cash conversion cycle (Days)	n.a.	n.a.	n.a.	n.a.	10	12	11

CAPEX and Cash Flow

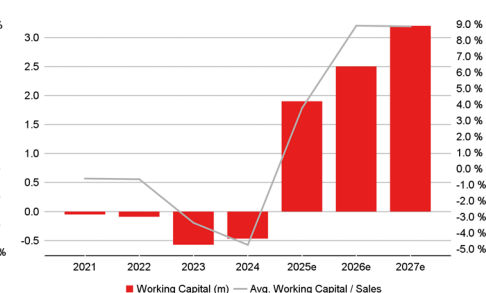
in EUR m



Free Cash Flow Generation



Working Capital



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

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-S-	Sell:	The price of the analysed financial instrument is expected to fall over the next 12 months.
“-“	Rating suspended:	The available information currently does not permit an evaluation of the company.

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Rating	Number of stocks	% of Universe
Buy	143	70
Hold	49	24
Sell	6	3
Rating suspended	5	2
Total	203	100

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING ...

... taking into account only those companies which were provided with major investment services in the last twelve months.

Rating	Number of stocks	% of Universe
Buy	38	73
Hold	10	19
Sell	1	2
Rating suspended	3	6
Total	52	100

PRICE AND RATING HISTORY NET DIGITAL AG AS OF 03.07.2025



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