

Buy (old: Buy)

24.06.2025

EUR 78.00 (old: EUR 78.00)

Strong start into FY25 // Guidance upgrade; chg

Netfunds reported promising Q1 figures indicating that the company is well on track to achieve its FY25 guidance. In detail:

Gross sales came in at € 64.5m (+15% yoy), above our estimate of € 62,9m. Key driver was again the AuA growth that stood at € 28.5bn after Q1 (vs € 28.3bn in FY24) in line with our estimates (eNuW: € 28.5bn). Thanks to scale effects, material expenses should have declined relatively to sales to 81.4% (vs 83.1% in Q1'24) resulting in **net sales of € 12.0m** (26% yoy vs eNuW: € 11.6m).

EBITDA stood at € 2.8m (211% yoy), above our estimates of € 2.4m, mainly driven by the sound topline development. OPEX should have come in as expected (eNuW: € 6.0m personnel expenses and € 3.2m other OPEX. EBT came in at € 1.4m (vs € -0.4 in Q1'24y vs eNuW: € 1.1m) as a result of stable D&A (eNuW: € 1.0m) and a financial result that is burdened by the interest for the bond (eNuW: € -0.4m).

Overall, Q1 figures mark a strong start into the year. On the back of € 28.5bn AuA in Q1'24, topline should continue to grow in Q2 as AuA growth usually materializes with a delay of one quarter. Even better, Netfonds announced that **AuA reached a new record level of € 29.3bn**, which gives us already visibility into Q3. As we expect the more profitable AuM to grow more dynamically, this alone should expand EBITDA margins.

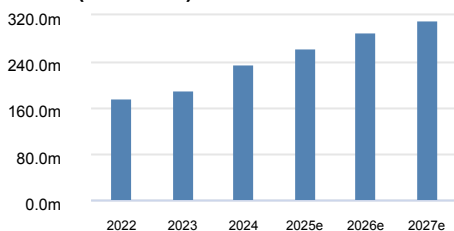
As the anticipated growth should be strongly supported by Netfonds proprietary 360° finfire platform, Netfonds should enjoy the typical scale effects of a growing platform business. Moreover, finfire is seen to fuel the consolidation of the insurance broker market that is, in contrary to the investment adviser market, still highly fragmented. Consequently, we continue to consider **finfire to remain the Groups key mid-to long-term growth and scalability driver.**

For FY25 we still expect € 263m gross sales, € 54.7m net sales and an EBITDA of € 16.2m. While the **renewed topline guidance of € 260-270m gross sales and € 52.5-54m net sales** is broadly in line we consider the **EBITDA guidance of € 12-13.5m** that is not meeting our expectation, as rather conservative with room for an update until eoy.

BUY with an unchanged **PT of € 78.00**, based on DCF.

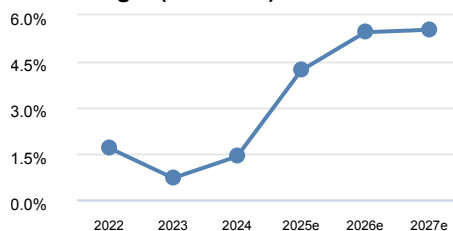
Y/E 31.12 (EUR m)	2022	2023	2024	2025e	2026e	2027e
Sales	176.4	192.9	237.1	263.2	290.5	311.8
Sales growth	-8.7%	9.3%	23.0%	11.0%	10.4%	7.3%
EBITDA	6.5	4.9	8.1	16.2	21.5	23.3
Net debt (if net cash=0)	2.7	6.2	23.4	11.6	2.0	-9.3
FCF	1.2	-1.1	-7.2	12.7	10.5	11.8
Net Debt/EBITDA	0.4	1.3	2.9	0.7	0.1	0.0
EPS pro forma	0.39	-0.26	1.47	3.51	4.58	5.00
EBITDA margin	3.7%	2.5%	3.4%	6.2%	7.4%	7.5%
ROCE	7.4%	4.0%	7.4%	23.8%	25.4%	25.1%
EV/sales	0.6	0.6	0.5	0.4	0.4	0.3
EV/EBITDA	15.2	21.7	15.4	6.9	4.8	3.9
PER	111.1	-163.8	29.4	12.3	9.4	8.6
Adjusted FCF yield	2.2%	0.7%	1.3%	6.8%	12.0%	14.8%

Source: Company data, NuWays, Close price as of 19.06.2025

Sales (2022-27e)

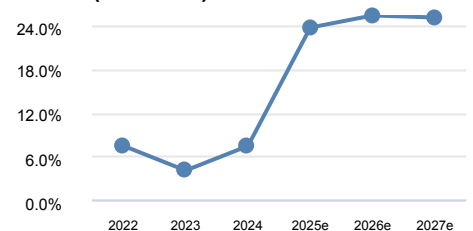
Source: NuWays Research

EBIT margin (2022-27e)



Source: NuWays Research

ROCE (2022-27e)



Source: NuWays Research

Share Performance



High/low 52 weeks (€)	45.40 / 38.00
3m rel. performance	-4.1%
6m rel. performance	-16.9%
12m rel. performance	-16.3%

Market data

Share price (in €)	43.20
Market cap (in € m)	100.6
Number of shares (in m pcs)	2.3
Enterprise value (in € m)	112.4
Ø trading volume (6 months)	342

Identifier

Bloomberg	NF4 GR
Reuters	NF4
WKN	A1MME7
ISIN	DE000A1MME74

Key shareholders

Management, (incl. Supervisory Board and families)	54.0%
Freefloat	46.0%

Estimates changes

	<u>2025e</u>	<u>2026e</u>	<u>2027e</u>
Sales	0%	0%	0%
EBIT	0%	0%	0%
EPS	12%	0%	0%

Comment on changes

Company description

Netfonds is the largest bank-independent provider of liability umbrellas in Germany and one of the market leaders among broker pools offering an one-stop shop for advisors, consultants, brokers, banks, asset managers and insurance companies

Guidance

- FY25: € 52.5-54m net sales
- FY25: € 12-13.5m EBITDA

Financials

Profit and loss (EUR m)	2022	2023	2024	2025e	2026e	2027e
Net sales	176.4	192.9	237.1	263.2	290.5	311.8
Sales growth	-8.7%	9.3%	23.0%	11.0%	10.4%	7.3%
Increase/decrease in finished goods and work-in-process	0.0	0.0	0.0	0.0	0.0	0.0
Total sales	176.4	192.9	237.1	263.2	290.5	311.8
Other operating income	2.4	2.7	3.2	3.4	3.7	4.0
Material expenses	142.8	156.2	191.5	211.9	232.4	249.4
Personnel expenses	19.4	20.9	24.7	25.0	26.1	27.9
Other operating expenses	10.1	13.6	16.1	13.7	14.4	15.2
Total operating expenses	170.0	188.0	229.1	247.2	269.2	288.6
EBITDA	6.5	4.9	8.1	16.2	21.5	23.3
Depreciation	3.5	3.6	4.7	5.1	5.7	6.1
EBITA	3.0	1.4	3.3	11.1	15.8	17.3
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	3.0	1.4	3.3	11.1	15.8	17.3
Interest income	0.3	0.6	1.2	0.8	0.9	1.0
Interest expenses	0.5	0.6	0.9	1.3	1.5	1.6
Investment income	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-0.1	0.1	0.3	-0.6	-0.6	-0.6
Recurring pretax income from continuing operations	2.8	1.4	3.6	10.5	15.2	16.6
Extraordinary income/loss	-0.8	-0.7	0.0	0.0	0.0	0.0
Earnings before taxes	2.0	0.7	3.6	10.5	15.2	16.6
Income tax expense	1.1	1.0	1.0	3.2	4.6	5.0
Net income from continuing operations	0.9	-0.3	2.6	7.4	10.7	11.6
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	0.9	-0.3	2.6	7.4	10.7	11.6
Minority interest	-0.0	-0.3	0.8	0.8	0.0	0.0
Net profit (reported)	0.9	-0.6	3.4	8.2	10.7	11.6
Average number of shares	2.2	2.3	2.3	2.3	2.3	2.3
EPS reported	0.39	-0.26	1.47	3.51	4.58	5.00

Profit and loss (common size)	2022	2023	2024	2025e	2026e	2027e
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sales growth	-8.7%	9.3%	23.0%	11.0%	10.4%	7.3%
Increase/decrease in finished goods and work-in-process	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Other operating income	1.3%	1.4%	1.3%	1.3%	1.3%	1.3%
Material expenses	80.9%	81.0%	80.8%	80.5%	80.0%	80.0%
Personnel expenses	11.0%	10.8%	10.4%	9.5%	9.0%	9.0%
Other operating expenses	5.7%	7.0%	6.8%	5.2%	4.9%	4.9%
Total operating expenses	96.3%	97.5%	96.6%	93.9%	92.7%	92.6%
EBITDA	3.7%	2.5%	3.4%	6.2%	7.4%	7.5%
Depreciation	2.0%	1.8%	2.0%	2.0%	2.0%	1.9%
EBITA	1.7%	0.7%	1.4%	4.2%	5.5%	5.5%
Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (inc revaluation net)	1.7%	0.7%	1.4%	4.2%	5.5%	5.5%
Interest income	0.2%	0.3%	0.5%	0.3%	0.3%	0.3%
Interest expenses	0.3%	0.3%	0.4%	0.5%	0.5%	0.5%
Investment income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Financial result	neg.	0.0%	0.1%	neg.	neg.	neg.
Recurring pretax income from continuing operations	1.6%	0.7%	1.5%	4.0%	5.2%	5.3%
Extraordinary income/loss	-0.5%	-0.4%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	1.1%	0.4%	1.5%	4.0%	5.2%	5.3%
Tax rate	55.7%	137.0%	28.6%	30.0%	30.0%	30.0%
Net income from continuing operations	0.5%	-0.1%	1.1%	2.8%	3.7%	3.7%
Income from discontinued operations (net of tax)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net income	0.5%	-0.1%	1.1%	2.8%	3.7%	3.7%
Minority interest	-0.0%	-0.2%	0.3%	0.3%	0.0%	0.0%
Net profit (reported)	0.5%	-0.3%	1.4%	3.1%	3.7%	3.7%

Source: Company data, NuWays

Balance sheet (EUR m)	2022	2023	2024	2025e	2026e	2027e
Intangible assets	11.9	10.9	27.9	27.9	27.9	27.9
Property, plant and equipment	0.4	0.6	0.5	0.5	0.5	0.5
Financial assets	11.2	12.1	7.8	7.8	7.8	7.8
FIXED ASSETS	23.6	23.5	36.2	36.2	36.2	36.2
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	31.3	38.9	51.6	46.7	51.5	55.3
Other assets and short-term financial assets	2.1	5.1	17.1	16.3	15.4	14.7
Liquid assets	6.4	4.2	4.0	15.7	25.4	36.6
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.2	0.4	0.2	0.2	0.2	0.2
CURRENT ASSETS	40.0	48.8	73.0	78.9	92.6	106.8
TOTAL ASSETS	63.7	72.3	109.2	115.1	128.8	143.0

SHAREHOLDERS EQUITY	22.1	20.7	22.6	25.3	32.7	42.6
MINORITY INTEREST	0.3	0.8	3.5	3.5	3.5	3.5
Long-term liabilities to banks	3.9	5.8	7.6	7.6	7.6	7.6
Bonds (long-term)	5.2	4.6	19.8	19.8	19.8	19.8
other interest-bearing liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	0.0	0.0	0.2	0.2	0.2	0.2
Other provisions and accrued liabilities	1.1	1.2	2.7	2.7	2.7	2.7
NON-CURRENT LIABILITIES	10.2	11.7	30.2	30.2	30.2	30.2
Short-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	29.1	36.1	47.2	50.2	56.6	60.7
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Accrued taxes	0.2	0.1	0.9	0.9	0.9	0.9
Other liabilities (incl. from lease and rental contracts)	1.1	1.9	3.3	3.4	3.4	3.6
Deferred taxes	0.6	0.9	1.3	1.3	1.3	1.3
Deferred income	0.0	0.0	0.2	0.2	0.2	0.2
CURRENT LIABILITIES	31.1	39.2	52.9	56.0	62.3	66.7
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	63.7	72.3	109.2	115.1	128.8	143.0

Balance sheet (common size)	2022	2023	2024	2025e	2026e	2027e
Intangible assets	18.8%	15.0%	25.5%	24.2%	21.6%	19.5%
Property, plant and equipment	0.7%	0.8%	0.4%	0.4%	0.4%	0.3%
Financial assets	17.7%	16.7%	7.2%	6.8%	6.1%	5.5%
FIXED ASSETS	37.1%	32.5%	33.2%	31.5%	28.1%	25.3%
Inventories	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts receivable	49.1%	53.9%	47.3%	40.5%	40.0%	38.7%
Other assets and short-term financial assets	3.3%	7.1%	15.7%	14.1%	12.0%	10.3%
Liquid assets	10.1%	5.9%	3.6%	13.7%	19.7%	25.6%
Deferred taxes	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%
Deferred charges and prepaid expenses	0.3%	0.6%	0.2%	0.2%	0.2%	0.2%
CURRENT ASSETS	62.9%	67.5%	66.8%	68.5%	71.9%	74.7%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

SHAREHOLDERS EQUITY	34.8%	28.6%	20.7%	22.0%	25.4%	29.8%
MINORITY INTEREST	0.5%	1.1%	3.2%	3.0%	2.7%	2.4%
Long-term liabilities to banks	6.1%	8.1%	7.0%	6.6%	5.9%	5.3%
Bonds (long-term)	8.2%	6.3%	18.1%	17.2%	15.3%	13.8%
other interest-bearing liabilities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Provisions for pensions and similar obligations	0.0%	0.0%	0.2%	0.2%	0.1%	0.1%
Other provisions and accrued liabilities	1.7%	1.7%	2.5%	2.3%	2.1%	1.9%
NON-CURRENT LIABILITIES	16.0%	16.1%	27.7%	26.3%	23.5%	21.1%
Short-term liabilities to banks	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts payable	45.7%	50.0%	43.2%	43.7%	43.9%	42.5%
Advance payments received on orders	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accrued taxes	0.4%	0.2%	0.9%	0.8%	0.7%	0.7%
Other liabilities (incl. from lease and rental contracts)	1.8%	2.7%	3.0%	2.9%	2.6%	2.5%
Deferred taxes	0.9%	1.3%	1.2%	1.1%	1.0%	0.9%
Deferred income	0.0%	0.0%	0.2%	0.1%	0.1%	0.1%
CURRENT LIABILITIES	48.8%	54.2%	48.4%	48.7%	48.4%	46.6%
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)	2022	2023	2024	2025e	2026e	2027e
Net profit/loss	0.9	-0.3	3.7	7.4	10.7	11.6
Depreciation of fixed assets (incl. leases)	3.5	3.6	4.7	5.1	5.7	6.1
Amortisation of goodwill & intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Other costs affecting income / expenses	0.0	1.0	-2.5	-1.2	-0.1	-0.2
Cash flow from operating activities	-0.4	-2.1	-8.9	12.7	10.5	11.8
Increase/decrease in inventory	1.1	0.1	0.0	0.0	0.0	0.0
Increase/decrease in accounts receivable	6.8	-11.3	-18.3	5.0	-4.8	-3.8
Increase/decrease in accounts payable	-4.1	9.9	5.9	3.1	6.3	4.1
Increase/decrease in other working capital positions	-0.0	-0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	3.9	-1.3	-12.4	8.1	1.5	0.4
Cash flow from operating activities	3.1	1.5	-4.2	17.8	16.2	17.9
CAPEX	1.9	2.6	3.0	5.1	5.7	6.1
Payments for acquisitions	0.0	0.0	10.1	0.0	0.0	0.0
Financial investments	1.3	1.2	0.3	0.0	0.0	0.0
Income from asset disposals	0.5	0.2	0.1	0.0	0.0	0.0
Cash flow from investing activities	-2.6	-3.6	-13.3	-5.1	-5.7	-6.1
Cash flow before financing	-0.2	-2.8	-18.2	11.9	9.7	11.0
Increase/decrease in debt position	2.2	1.1	18.2	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.7	0.0	0.0	0.0
Dividends paid	0.6	0.6	0.7	0.8	0.8	0.8
Others	-0.5	-0.5	-0.9	0.1	0.0	0.2
Effects of exchange rate changes on cash	0.0	0.0	-0.2	0.0	0.0	0.0
Cash flow from financing activities	1.1	-0.1	17.3	-0.7	-0.8	-0.6
Increase/decrease in liquid assets	1.5	-2.2	-0.4	12.0	9.7	11.2
Liquid assets at end of period	6.3	4.1	3.8	15.7	25.4	36.6

Key ratios (EUR m)	2022	2023	2024	2025e	2026e	2027e
P&L growth analysis						
Sales growth	-8.7%	9.3%	23.0%	11.0%	10.4%	7.3%
EBITDA growth	55.3%	-68.6%	24.5%	229.7%	166.7%	43.9%
EBIT growth	64.1%	-88.4%	12.3%	720.4%	375.5%	55.8%
EPS growth	-5628.8%	-106.9%	278.5%	-1433.0%	211.3%	42.1%
Efficiency						
Sales per employee	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA per employee	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
No. employees (average)	0	0	0	0	0	0
Balance sheet analysis						
Avg. working capital / sales	6.1%	2.6%	1.4%	-0.1%	-0.1%	-1.4%
Inventory turnover (sales/inventory)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Accounts receivable turnover	64.7	64.7	64.7	64.7	64.7	64.7
Accounts payable turnover	60.2	63.2	66.4	69.7	71.1	71.1
Cash flow analysis						
Free cash flow	1.2	-1.1	-7.2	12.7	10.5	11.8
Free cash flow/sales	0.7%	-0.6%	-3.0%	4.8%	3.6%	3.8%
FCF / net profit	137.2%	417.2%	neg.	172.5%	98.4%	101.6%
Capex / sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Solvency						
Net debt	2.7	6.2	23.4	11.6	2.0	-9.3
Net Debt/EBITDA	0.4	1.3	2.9	0.7	0.1	0.0
Dividend payout ratio	64.3%	0.0%	23.8%	10.0%	7.6%	7.0%
Interest paid / avg. debt	2.7%	6.6%	5.0%	7.1%	5.4%	5.8%
Returns						
ROCE	7.4%	4.0%	7.4%	23.8%	25.4%	25.1%
ROE	3.9%	-3.0%	15.2%	32.3%	32.6%	27.3%
Adjusted FCF yield	2.2%	0.7%	1.3%	6.8%	12.0%	14.8%
Dividend yield	0.6%	0.0%	0.8%	0.8%	0.8%	0.8%
DPS	0.2	0.0	0.4	0.4	0.4	0.4
EPS reported	0.39	-0.26	1.47	3.51	4.58	5.00
Average number of shares	2.2	2.3	2.3	2.3	2.3	2.3
Valuation ratios						
P/BV	4.3	4.9	4.5	4.0	3.1	2.4
EV/sales	0.6	0.6	0.5	0.4	0.4	0.3
EV/EBITDA	15.2	21.7	15.4	6.9	4.8	3.9
EV/EBIT	33.1	79.1	37.3	10.1	6.5	5.3

Source: Company data, NuWays

Disclosures

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

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Company	Disclosures
Netfonds AG	2

Historical target price and rating changes for Netfonds AG

Company	Date	Analyst	Rating	Target Price	Close
Netfonds AG	14.01.2025	Jarchow, Frederik	Buy	EUR 78.00	EUR 42.60
	21.11.2024	Jarchow, Frederik	Buy	EUR 76.00	EUR 38.60
	09.07.2024	Jarchow, Frederik	Buy	EUR 74.00	EUR 45.40

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The adj. FCF method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow return after taxes on this investment exceeds their opportunity costs in the form of a hurdle rate of 7.5%. The operating cash flow is calculated as EBITDA less maintenance capex and taxes.

Within the framework of the DCF approach, the future free cash flows are calculated initially on the basis of a fictitious capital structure of 100% equity, i.e. interest and repayments on debt capital are not factored in initially. The adjustment

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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

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