



NFON  
Cloud Telephone System

Munich | 15 April 2021

# Financial Statements 2020

# Disclaimer



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- *Pandemic affecting project business in most European countries and resulting in too cautious investment approach*
- *New opportunities from IT players entering the communication space*
- *Need for focus on quality of growth / technology*
- *Passionate and motivated team inside NFON*

# Our Mission

**NFON aims to be the leading provider of voice-centric business communications in Europe**

# Our Path to Growth 2024

NFON will enhance its portfolio to serve customers' business communications demands even better and will further grow its partner network in Europe

## Target



Targeting clear differentiators  
NFON will optimize its product portfolio approach and go-to-market accordingly. This model will allow NFON to execute and scale more effectively

## Enhance

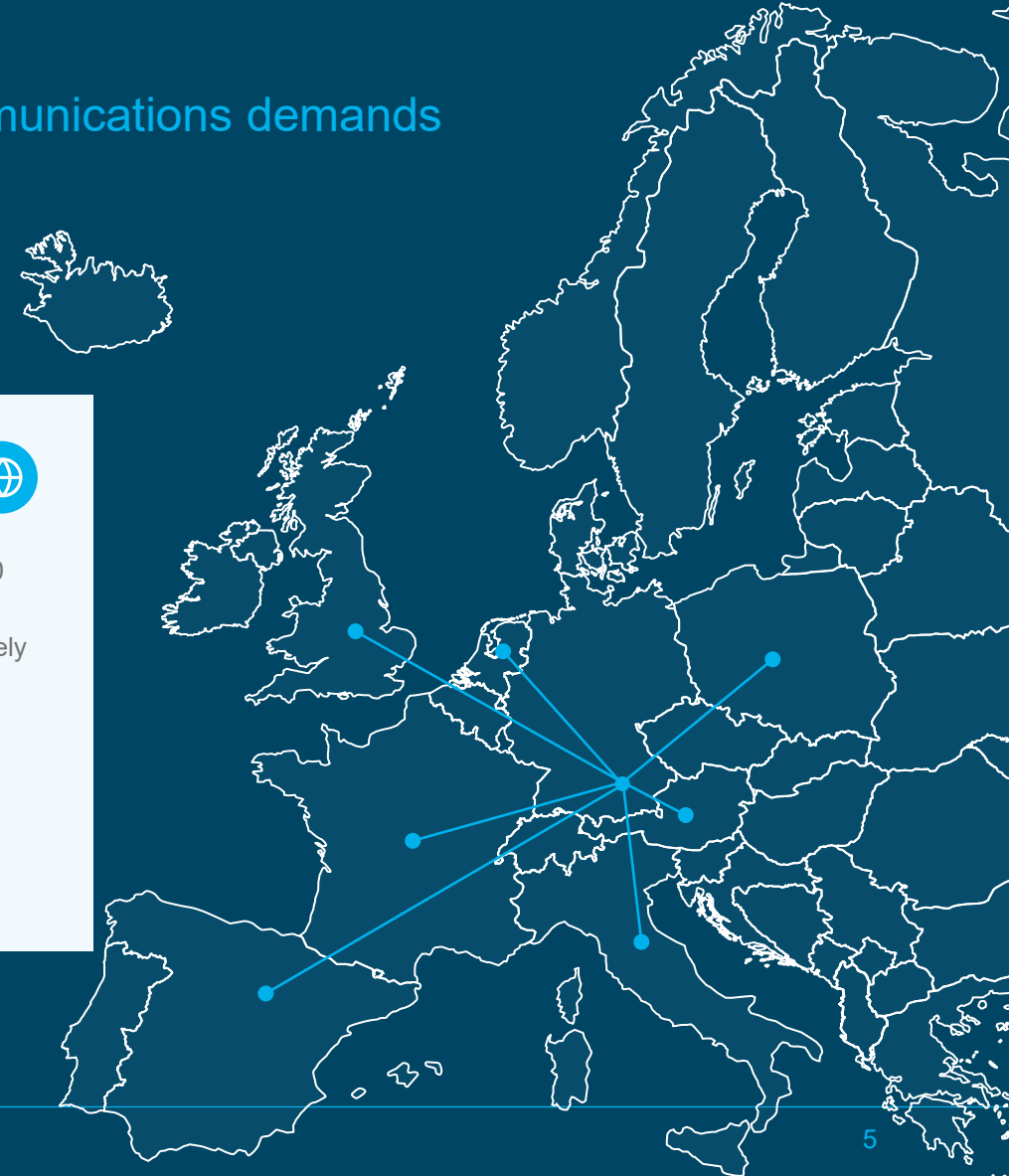


Continue to enhance the NFON offering beyond SIP / PBX business towards "smarter workflow" voice-centric communication with UCaaS, CCaaS, iPaaS as growth drivers

## Scale



Building on more than 2,700 partners in 15 European markets, NFON will massively invest to grow that network with the aim of being THE channel provider for voice-centric business services



# Our Differentiators

Focus on key differentiators to stand out against competition in the market



## Integrated Business Communications (UCaaS and beyond)

NFON will offer a full UCaaS suite (PBX, video, chat, presence) complemented by open APIs and further omni-channel customer engagement/workflow solutions.



## Outstanding UX and UI

NFON will differentiate through an outstanding user experience and app design that simplifies business communications and workflows, with a special focus on mobile/remote/hybrid working and usage scenarios.



## Leading Channel Provider

NFON will continue to expand its strong partner network in Europe. With a best-in-class partner experience / management and the partner at the core of all business processes, NFON targets to be the number one channel provider in Europe.

Target. Enhance. Scale.

# Key Measures



To implement the NFON growth strategy, dedicated key measures will be implemented



**Significant ramp-up of technical resources  
(FTE>50%yoy) until end of 2021**



**Increased marketing invest  
(>50%yoy, focus on channel)**



**Growing into enterprise  
(250 – 5,000 extensions)**

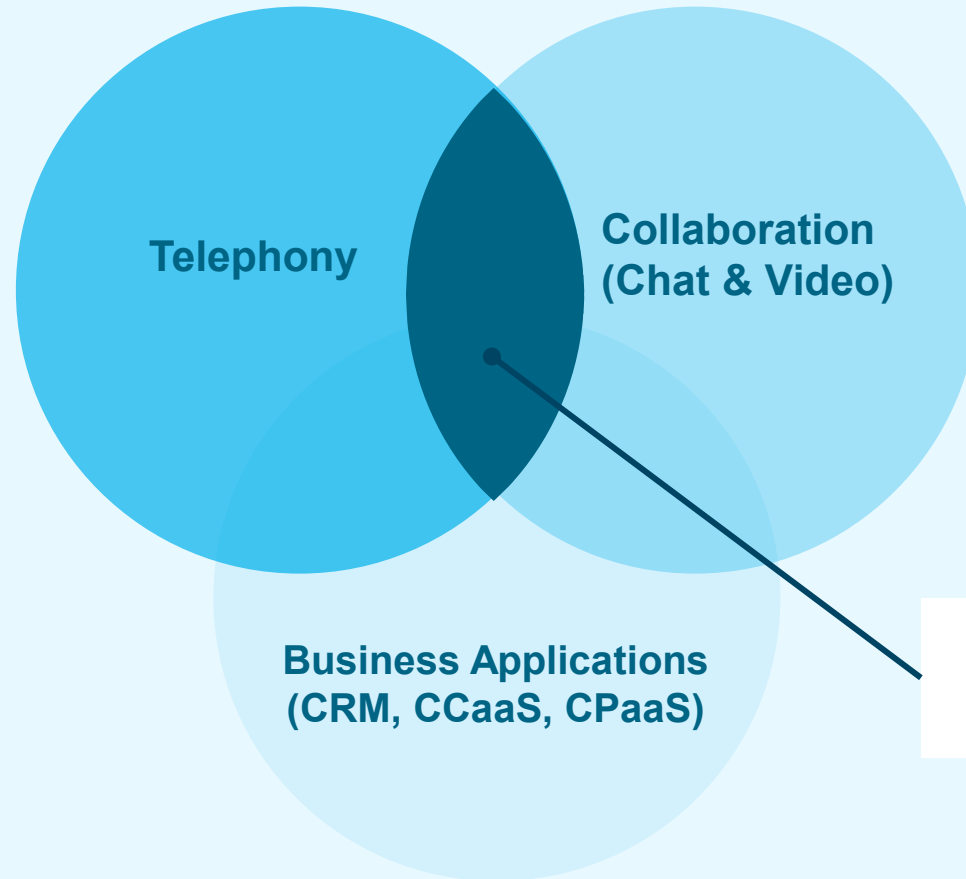


**Intensified activities in CEE region**



**Technology Partnerships**

# Competitive Environment: Business Communications



Competition is addressing customers' business communications needs from various angles

**Integrated Business Communications**





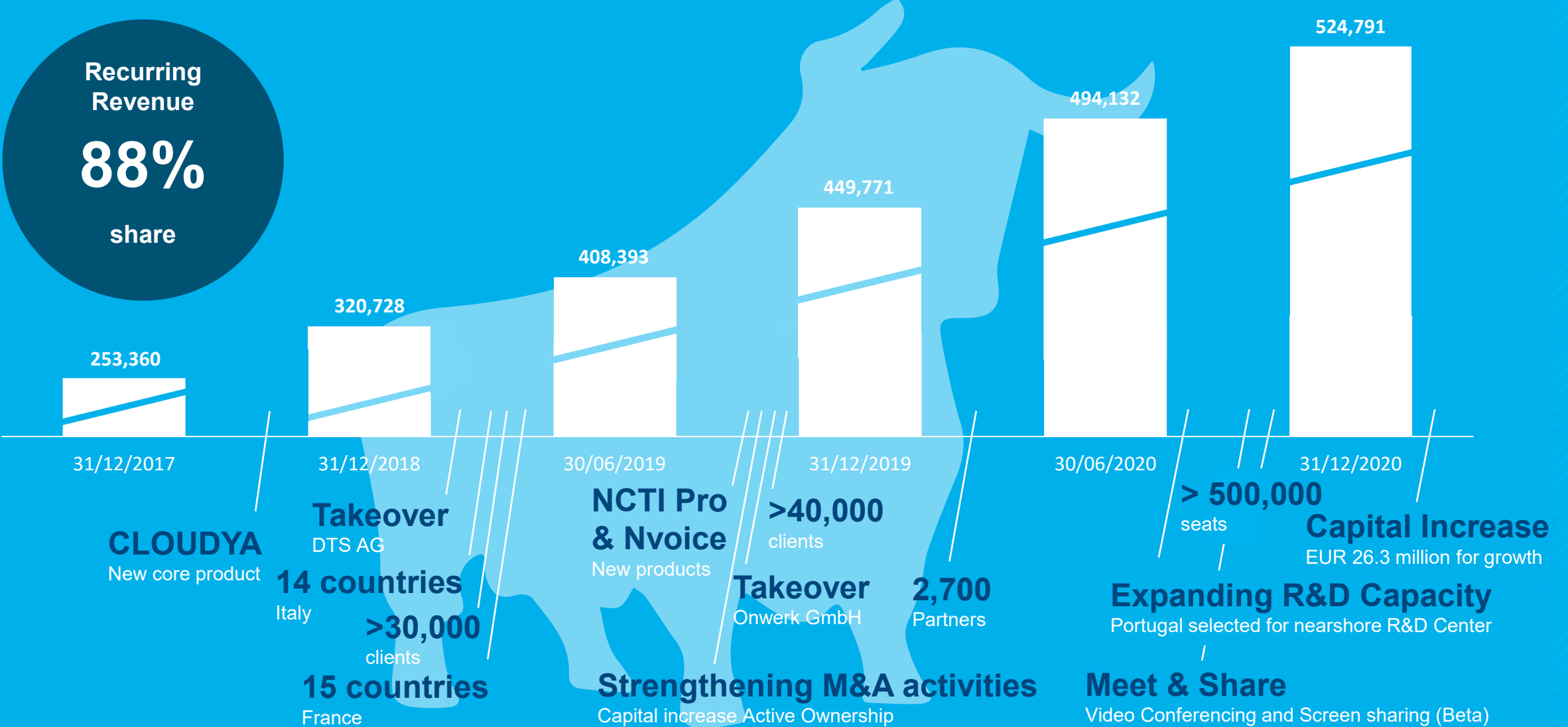
# Business Highlights

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# The base for future growth – Milesstones 2020



Recurring Revenue  
**88%**  
share





# Strong business model leads to further growth

		2019*	2020 Guidance	2020*
	<b>Number of seats</b>	450k 40%	We expected to increase our customer base between 17% and 19%	525k 17%
	<b>Recurring revenue growth</b>	39%	We expected recurring revenue to grow between 22% and 26%	24%
	<b>Recurring revenue share</b>	84%	We expected the resulting recurring revenues between 85% and 90% of total revenues	88%

\* Including M&A effects due to the acquisition of DTS



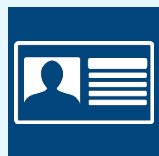
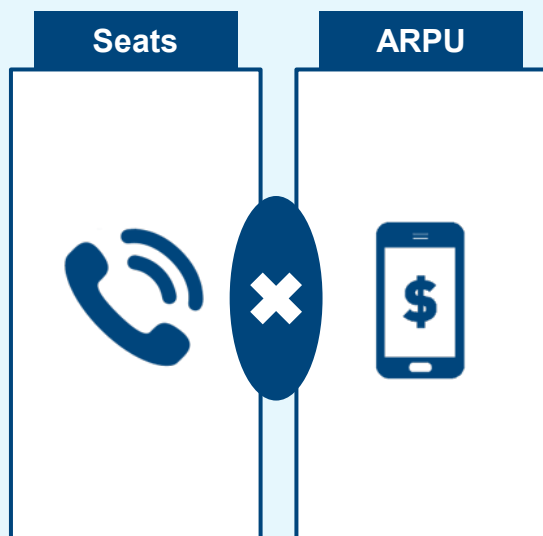
# Financial Statements 2020

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# Strong business model resulting in unique combination of massive growth and sustainable recurring revenue

Recurring revenues 88%



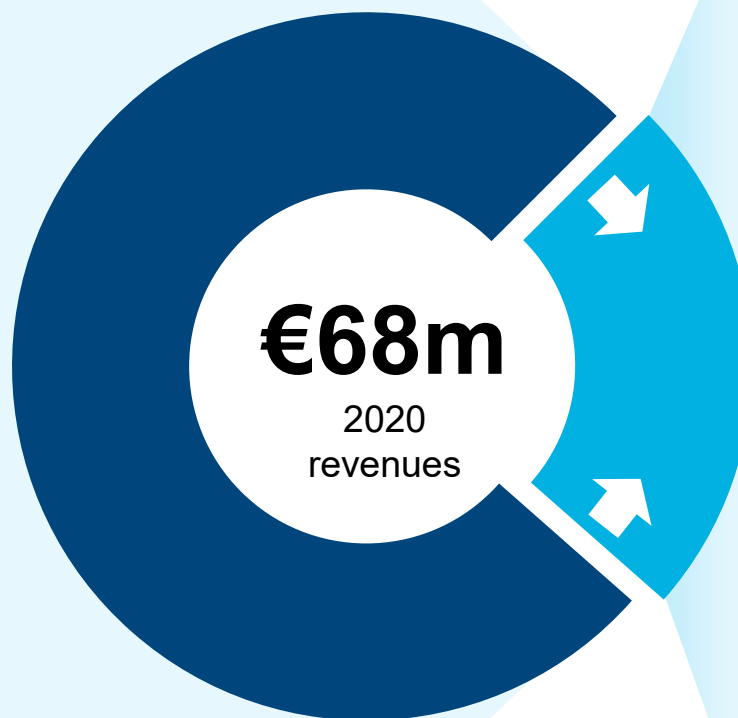
Licence fee per extension



Airtime



Premium solutions



**€68m**  
2020  
revenues

Non-recurring revenues 12%



Activation fee



Hardware

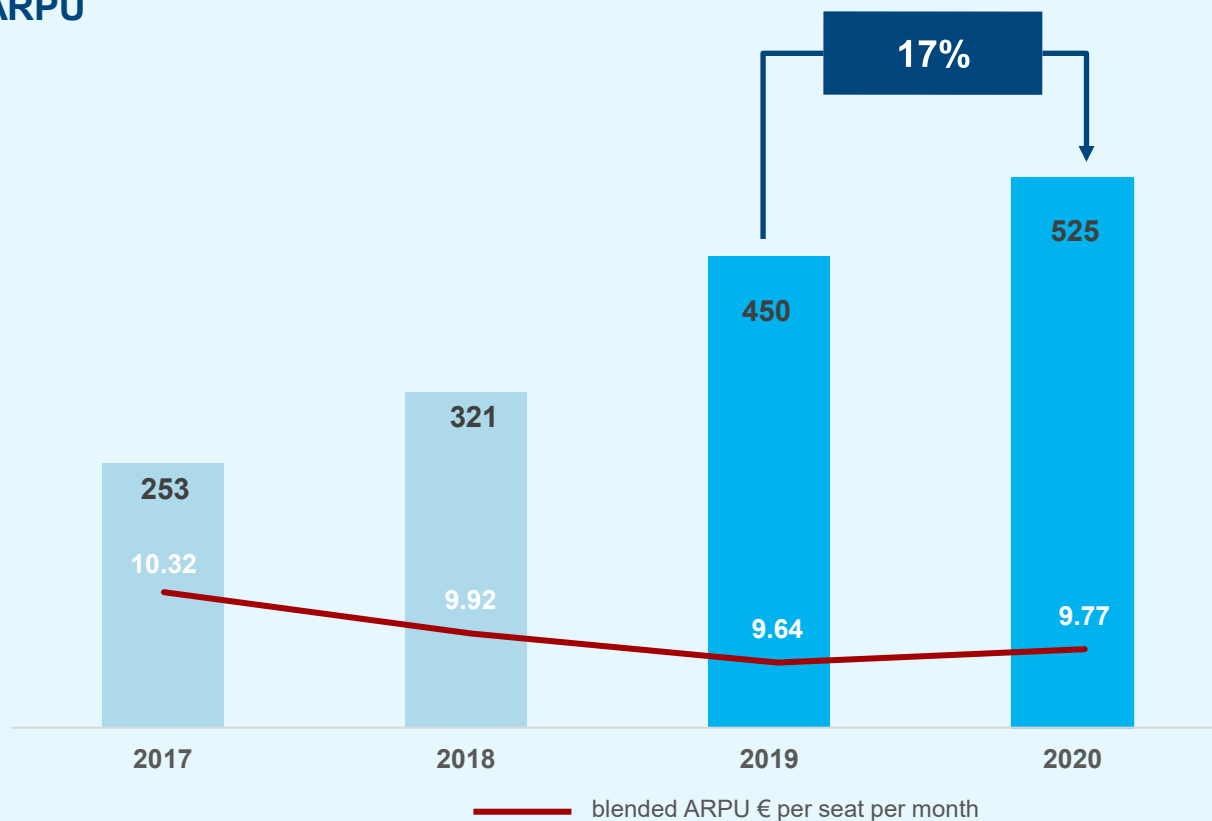


Professional services



# Continuous and sustainable growing seatbase

Development number of seats ('000) and ARPU



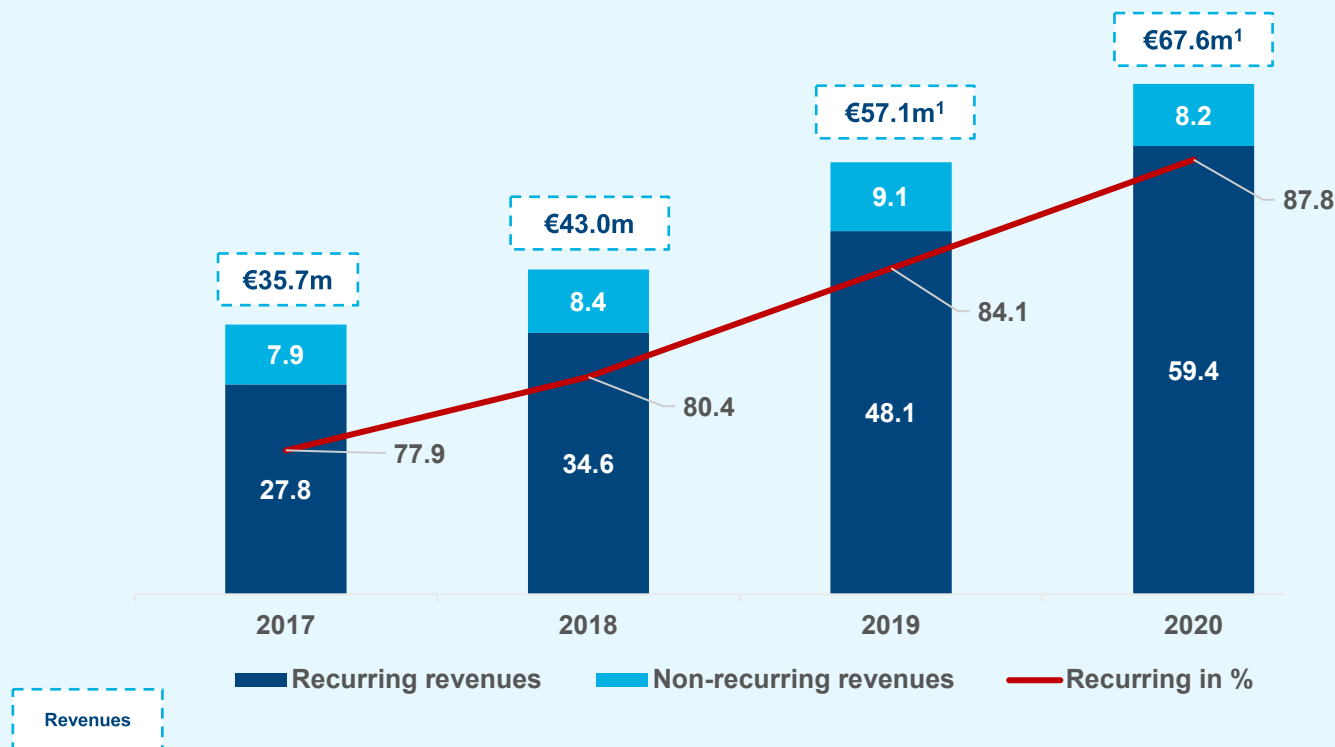
## Comments

- > Increase of total number of seats by 16.7%
- > Milestone of over 500,000 seats was clearly exceeded: 524,791 (plus 75,080 seats)
- > Very low gross churn rate of ~0.5% per month underlines quality of product and service and guarantees continuous recurring revenues
- > General economic uncertainty due to the pandemic crisis in 2020 caused investment restraints; development of seatbase slowed down slightly in the second half of the year
- > Slight increase of blended Average Revenue per User
- > Continuous growing total number of seats is the base for future recurring revenues

# Significant increase of recurring revenues



## Development total recurring/ non-recurring revenues



## Comments

- > Total revenues grow by 18.4% to €67.6m in comparison to €57.1m in 2019
- > Non-recurring revenues 2020 show decrease to €8.2m compared to €9.1m in 2019 (-9.4%) mainly due to seat related less hardware sales
- > Significant increase of recurring revenues by 23.6% in 2020 compared to 2019 incl. 2 month M&A effects
- > High share of recurring revenue (87.8%)

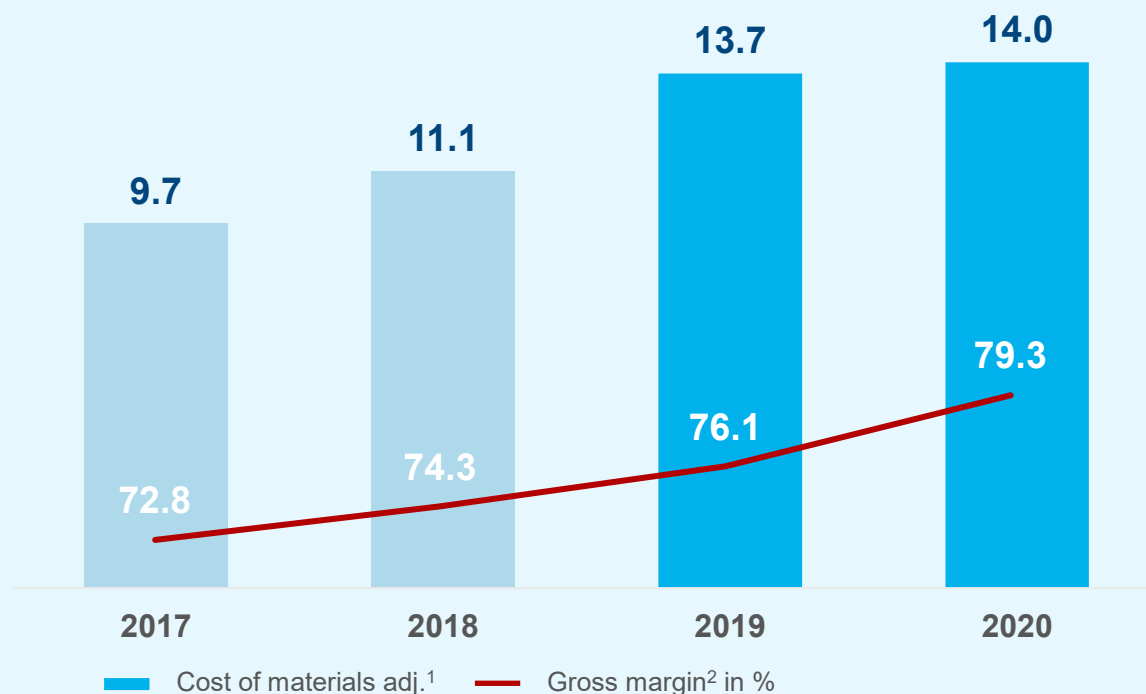
<sup>1</sup>First time consolidation of DTS in March 2019. Effect from anorganic growth in the first two months of 2020

# Further growth proves potential for sustainable profitability



## Cost of materials and gross margin development

€m, % of revenue



## Comments

- > Cost of materials are largely variable in nature and mainly comprise of costs for hardware sold, costs for airtime sold and data centre housing costs
- > Cost of materials rose disproportionately low in relation to revenue by 2.8% in 2020 yoy with a lower ratio at 20.7% (2019: 23.9%) mainly due to lower hardware sales
- > Gross profit grew by €10.1m from €43.5m to €53.6m (+23,2%)
- > High gross margin continues to show a constantly positive development also driven by a high proportion of recurring revenues

<sup>1</sup>Cost of materials adjusted for changes in inventories of finished goods. <sup>2</sup>Gross margin defined as (revenue - adj. cost of materials)/ revenue

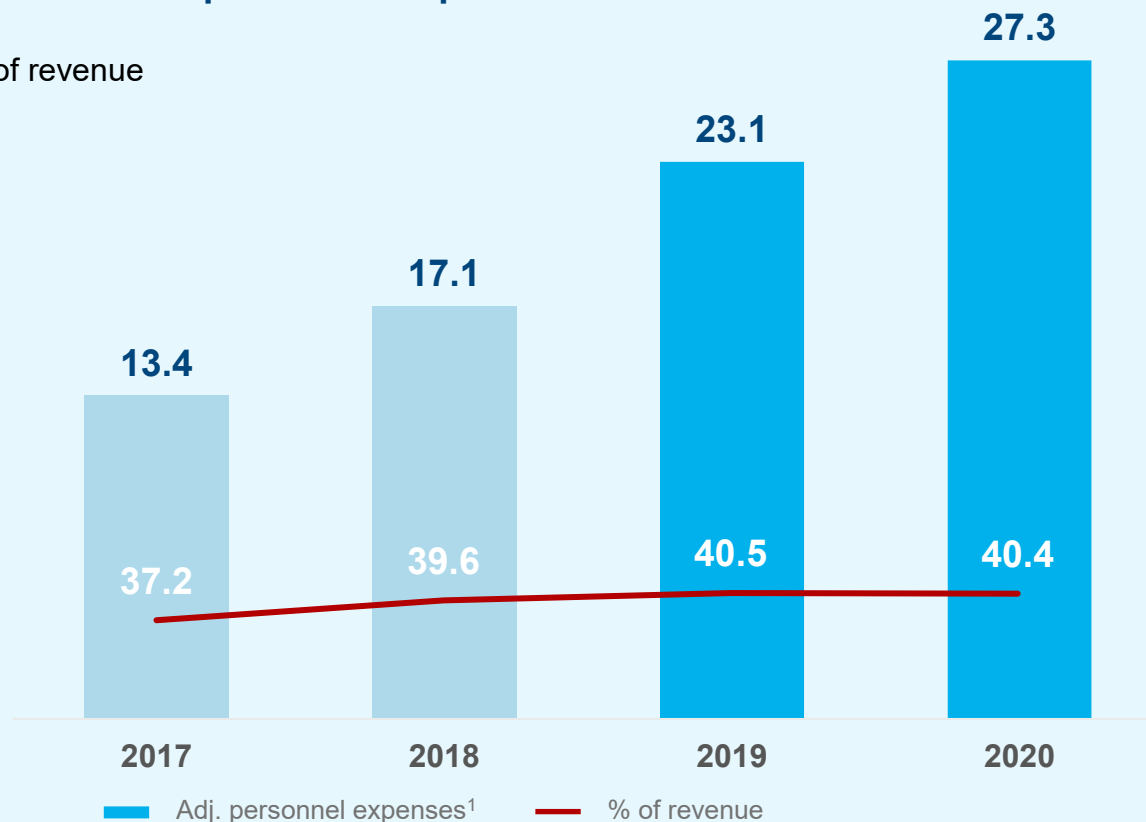


# NFON further invest in staff



## Adj. personnel expense development

€m, % of revenue



## Comments

- > Personnel expenses as reported amount to €28.5m (2019: €24.2m)
  - > Adjustments of €1.2m (2019:€1.1m) for retention bonus and stock options
- > Increase of adj. personnel expenses by 18.2% including DTS effect
  - > 2020: Ø 406 employees
  - > 2019: Ø 360 employees
- > Capitalisation of personnel costs for the development of products (IAS38) in the amount of €3.0m (2019: €2.2m)
- > Personnel cost ratio of 40.4% on the same level as previous year

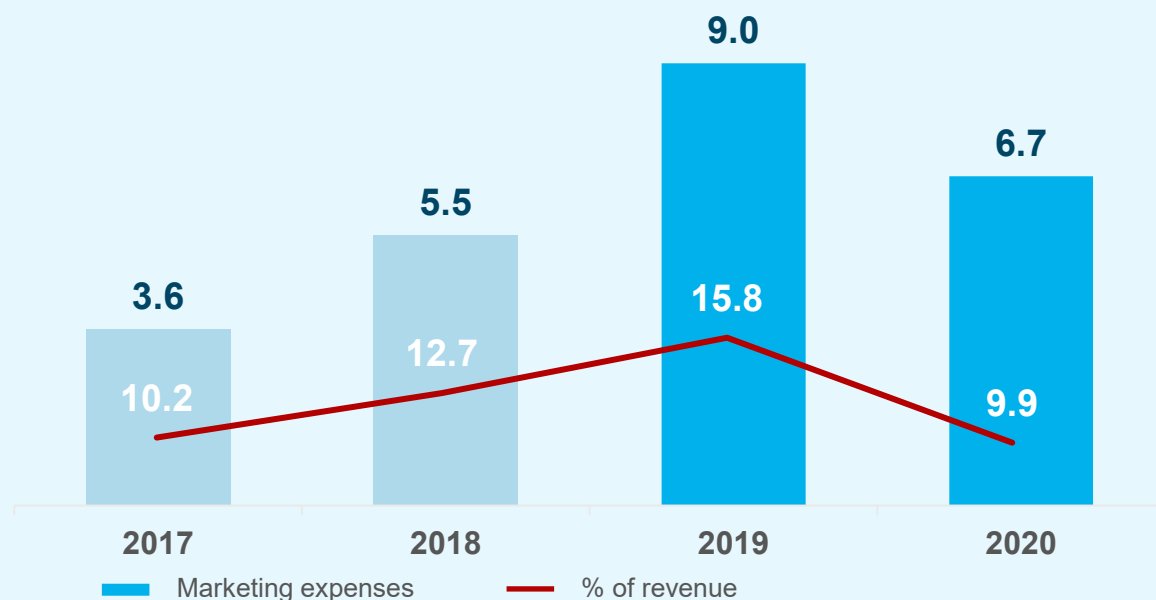
<sup>1</sup> Personnel expenses adjusted for et.al. Stock Option Plan, Retention Bonus, Share-Base Payments, Exit Bonus



# Marketing expenses will rise again in 2021

## Marketing expense development

€m, % of revenue



## Comments

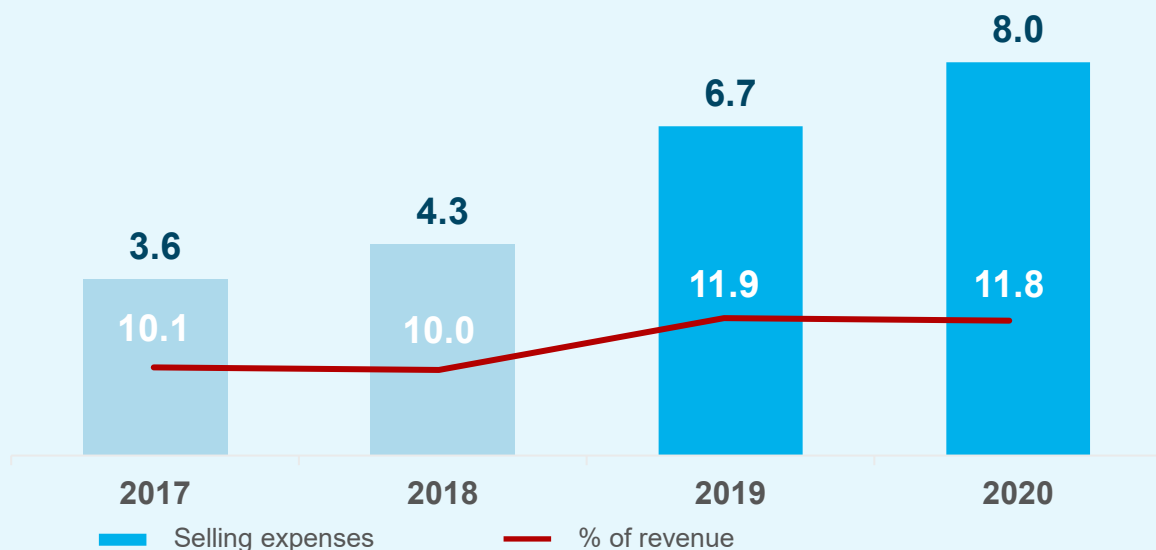
- > Marketing expenses of €6.7m significantly below prior-year costs (-25.7%) mainly due to COVID-19 lockdown effects
- > For the current business year, we plan to significantly increase marketing costs again
- > Focus on partner activations in all markets, especially in younger markets and gaining new partners
- > Product marketing builds on lifecycle communication and increase up- and cross-selling to customer base

# Development of sales commission



## Selling expenses development

€m, % of revenue



## Comments

- > NFON has a partner network of over 2,700 partners
- > Dealers and distributors receive a percentage share of the revenues
- > Selling expenses mainly include sales commissions to Dealers and Distributors
- > Increase of sales commissions by 19.3%



# Strong improvement in EBITDA demonstrates that NFON can be profitable in the short term

## Detailed reconciliation of one-off items

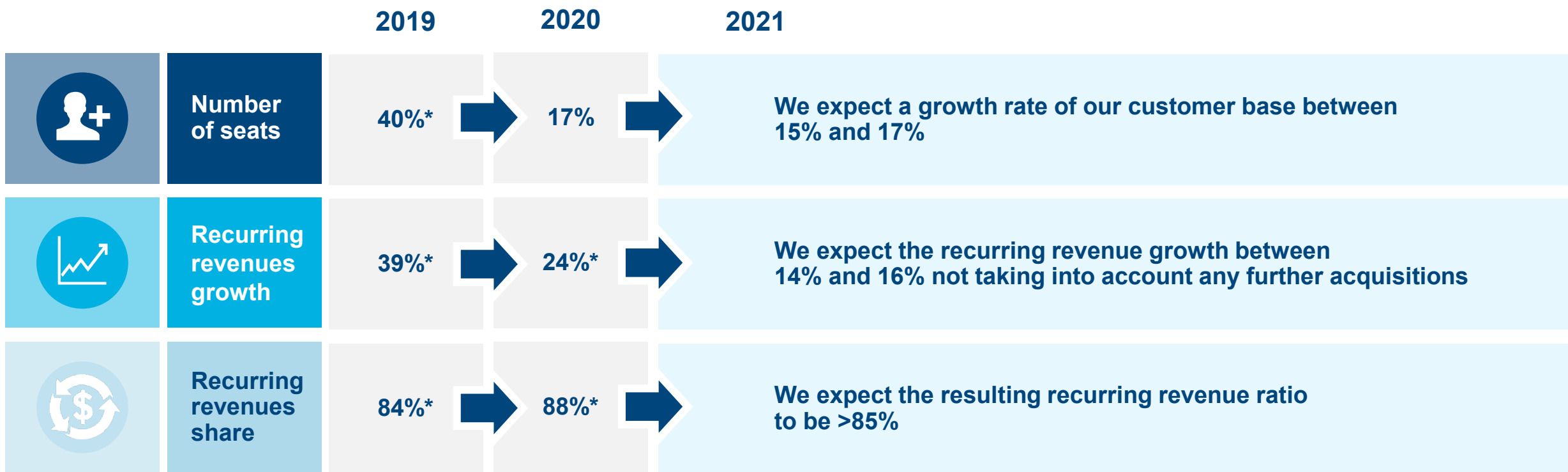
Reconciliation from EBITDA to adjusted EBITDA	2020	2019
€m		
<b>EBITDA</b>	<b>2.3</b>	<b>-7.0</b>
Stock Options/ESOP	0.9	0.6
Retention bonus	0.2	0.5
Expenses related to DTS acquisition/ Other one-off expenses <sup>1</sup>	0	0.7
<b>Total EBITDA adjustments</b>	<b>1.2</b>	<b>1.9</b>
<b>Adjusted EBITDA</b>	<b>3.5</b>	<b>-5.1</b>

## Comments

- > EBITDA of €2.3m in 2020 compared to €-7.0m in 2019 means an improvement of €9.3m
- > Main factors for positive development
  - > Lower other operating expenses, e.g. marketing expenses
  - > Slightly increasing ARPU
- > Adjustments for retention bonus and stock options of €1.2m
- > **Adjusted EBITDA of €3.5m**

<sup>1</sup>Expenses related to tax and social security matters)

# NFON guidance takes Corona effects into account



In line with our mission to lead the European market for cloud telephony, we will continue to invest significantly in gaining market share. Therefore, assuming a stable overall economic development and a cloud communications market in Europe that is expanding rapidly as expected, NFON expects a continuation of its dynamic revenue growth with possible additional impulses from further M&A activities. The EBITDA breakeven point could be reached in the medium term if the current investment intensity is maintained. This does not include investments to take advantage of additional growth opportunities that arise in the short term.

\* Including M&A effects due to the acquisition of DTS



# Appendix

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Further information about NFON

# Management Board



**Klaus von Rottkay**  
CEO

- > >10 years of C-Level experience in the IT industry
- > Previous experience includes
  - McKinsey & Company
  - Microsoft
  - Planet Home



**Jan-Peter Koopmann**  
CTO

- > >10 years of C-Level experience in the IT/Telco industry
- > Previous experience includes
  - Founder Seceidos
  - Tiscali
  - Telenor Group



# Financial calendar 2021



Date	Event
<b>15 April</b>	<b>Group Financial Results 2020/ Capital Market Day 2021</b>
	Web- and Telephone Conference/ Virtual Meetings
<b>20 May</b>	<b>Financial Results First Quarter 2021</b>
	Web- and Telephone Conference
<b>24 June</b>	<b>Annual Shareholder Meeting</b>
	Virtual Meeting
<b>19 Aug</b>	<b>Half-year Financial Results 2021</b>
	Web- and Telephone Conference
<b>18 Nov</b>	<b>Financial Results Nine Months 2021</b>
	Web- and Telephone Conference



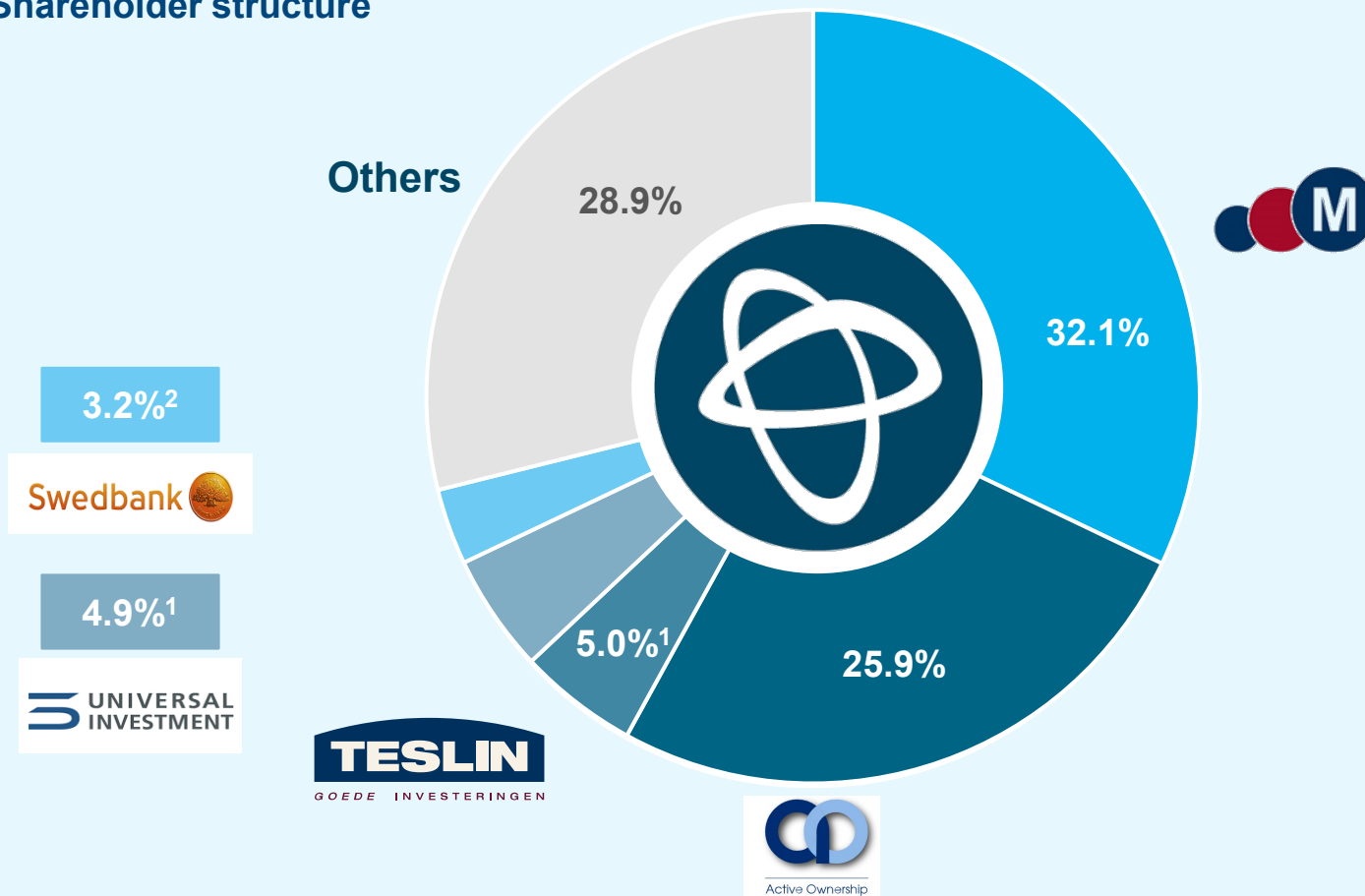
# Share at a glance



## Facts

ISIN	DE000A0N4N52 DE000A2TSA41
Segment	Prime Standard/ Telecommunication
Shares	<b>16.6 million</b> (29 March 2021)
Designated sponsor	Baader Bank ODDO Seydler
First day of trading	11 May 2018
Coverage	Berenberg Bank, Baader Bank, Hauck & Aufhäuser, Stifel
Freefloat: (according to Frankfurt Stock Exchange)	<b>43%</b>

## Shareholder structure



<sup>1</sup>voting rights bases on 15.6 million shares <sup>2</sup>voting rights based on 14.1 million shares

# A market full of opportunities for NFON



Flexible working is seen as the new normality

**75%**

of employees worldwide consider flexible working to be normal<sup>4</sup>



Proliferation of SaaS delivery models

Increase in mobile work and remote work

**54%**



of companies in Germany want to implement remote working on a permanent basis<sup>2</sup>

**4%**

of respondents employees want to go back<sup>3</sup>

Telephony is still the most frequently used communication channel

**84%**

of medium size companies use telephony to contact their customers<sup>1</sup>



The importance of communication and collaboration tools

**70%**



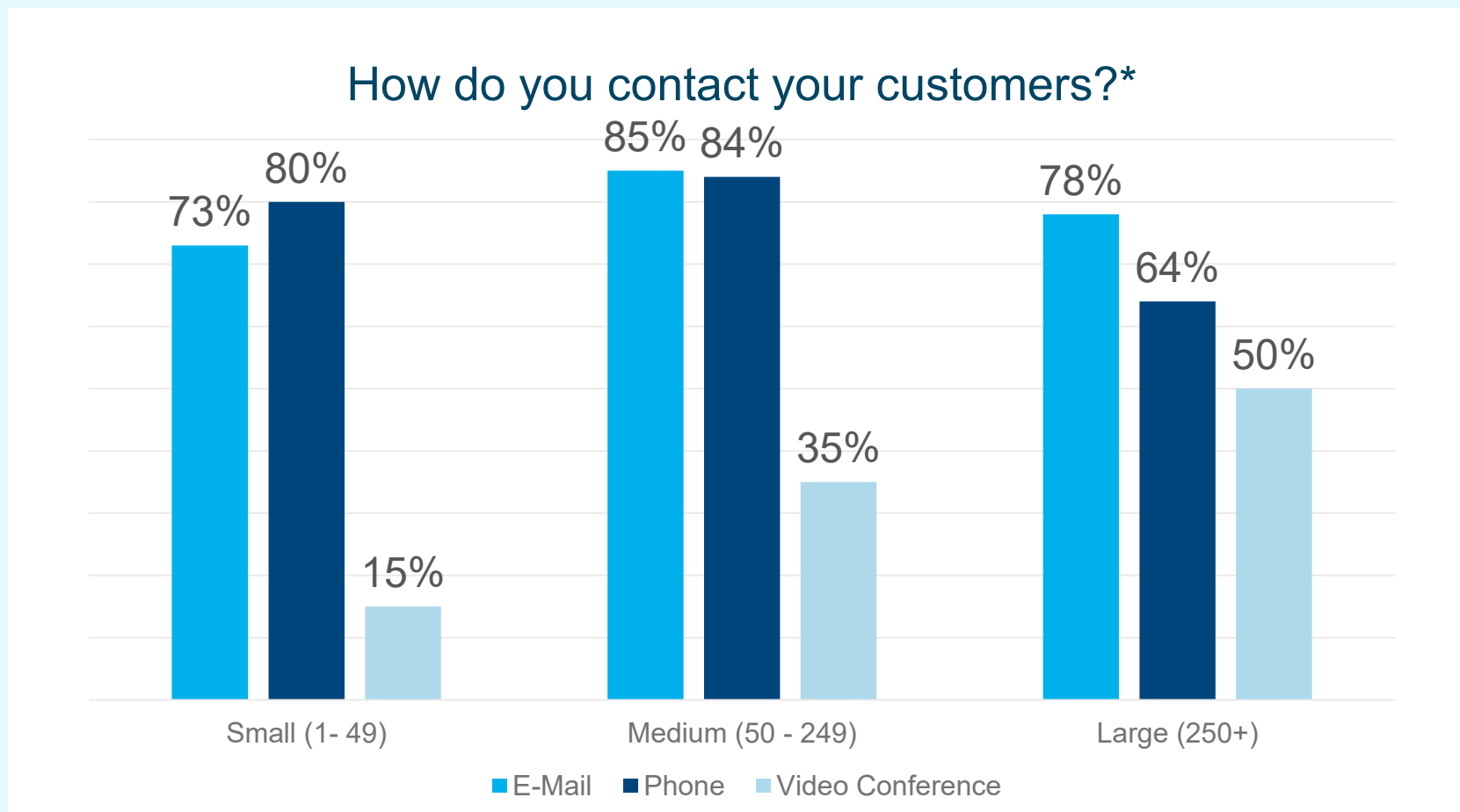
of large organisations use advanced collaboration and UC, e.g. document sharing, audio conferencing, team collaboration, but smaller ones are even less likely to use these methods internally than with customers<sup>5</sup>

The way we work keeps changing

Carriers are moving from ISDN to All IP

References can be found in appendix

# E-Mail and telephony are still the main contact points



\* Source: Cavell Group

# Studies used for market trends



1 [Cavell Group: Enterprise Insight Report DE 2019](#)

2 <https://www.ifo.de/node/56686>

3. <https://blog.perceptyx.com/employees-become-more-productive-working-from-home>

4 <https://de.statista.com/statistik/daten/studie/1067502/umfrage/umfrage-zur-flexibilitaet-im-arbeitsleben-in-ausgewaehlten-laendern-weltweit/>

5 [Cavell Group: Enterprise Insight Report DE 2019](#)



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♥ **Thanks**

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