

NFON Earnings Call

H1 Results 2022 – 18 August 2022

Agenda for today

1.

Market Considerations & Highlights H1 2022

2.

Financial Figures H1 2022

3.

Outlook and Key Investment Highlights

4.

Appendix

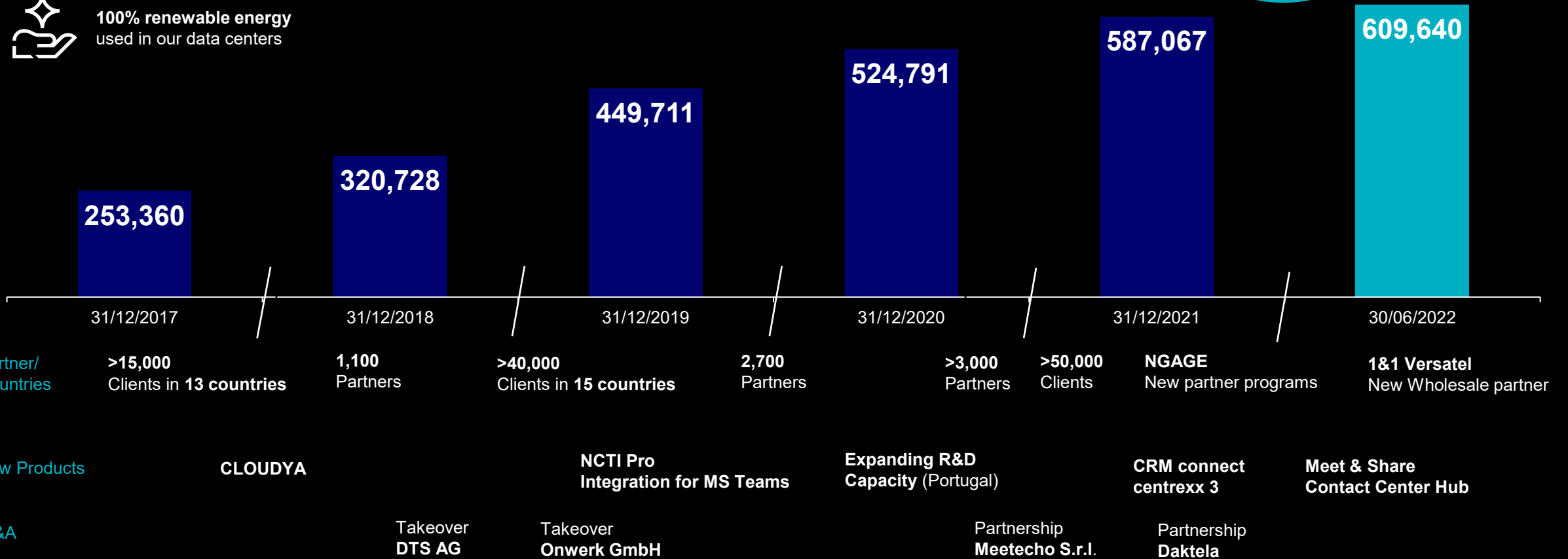
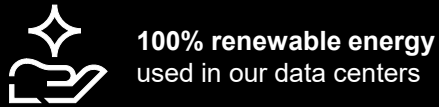
Highlights H1 2022

**NFON aims to be the leading
provider of **integrated business
communication** in Europe**

On the way to reach our mission

Total number of seats on the balance sheet

Threshold of
600,000
seats exceeded

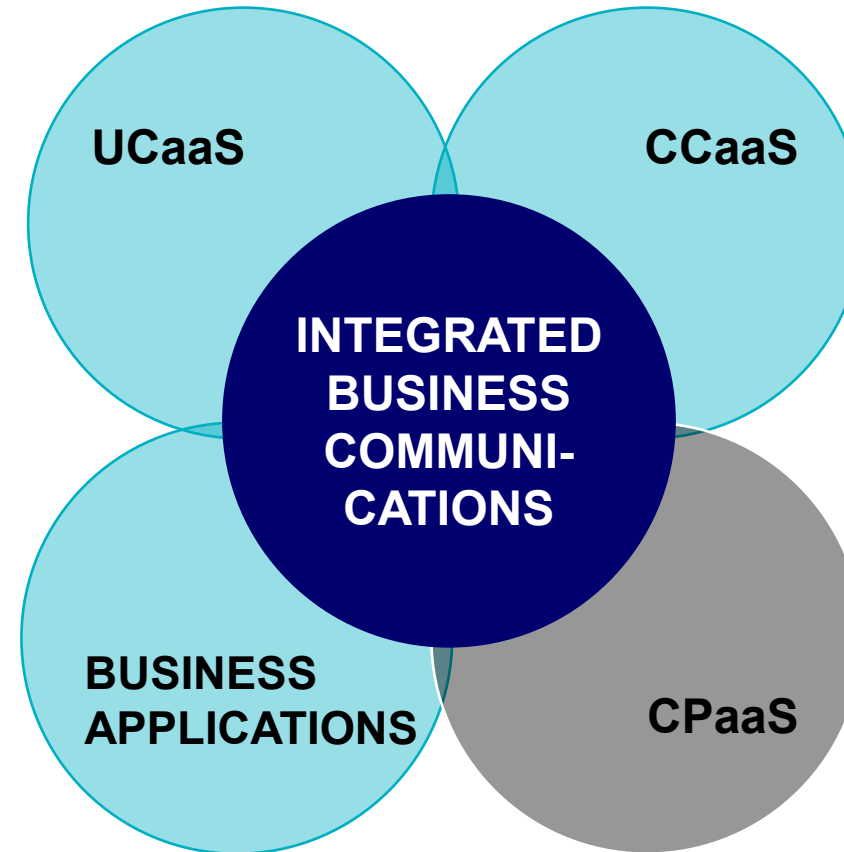


Rethink Cloud-strategies

Trend from individual cloud investments
to enterprise-wide cloud strategies

- More agility and greater innovation power
- Digitization of internal processes, e.g. automation of workflows
- Establishment of platforms for flexible cooperation with third parties

From Cloud PBX to integrated Business Communications



General considerations on NFON's pace of development

Progress in product roadmap & development according to NFON's mission

General economic sentiment results in slower market growth

Profitability is a clear priority

Entering enterprise segment & increasing partner and customer base

Longer sales cycles

Peak of planned investment wave has been reached

Product Development

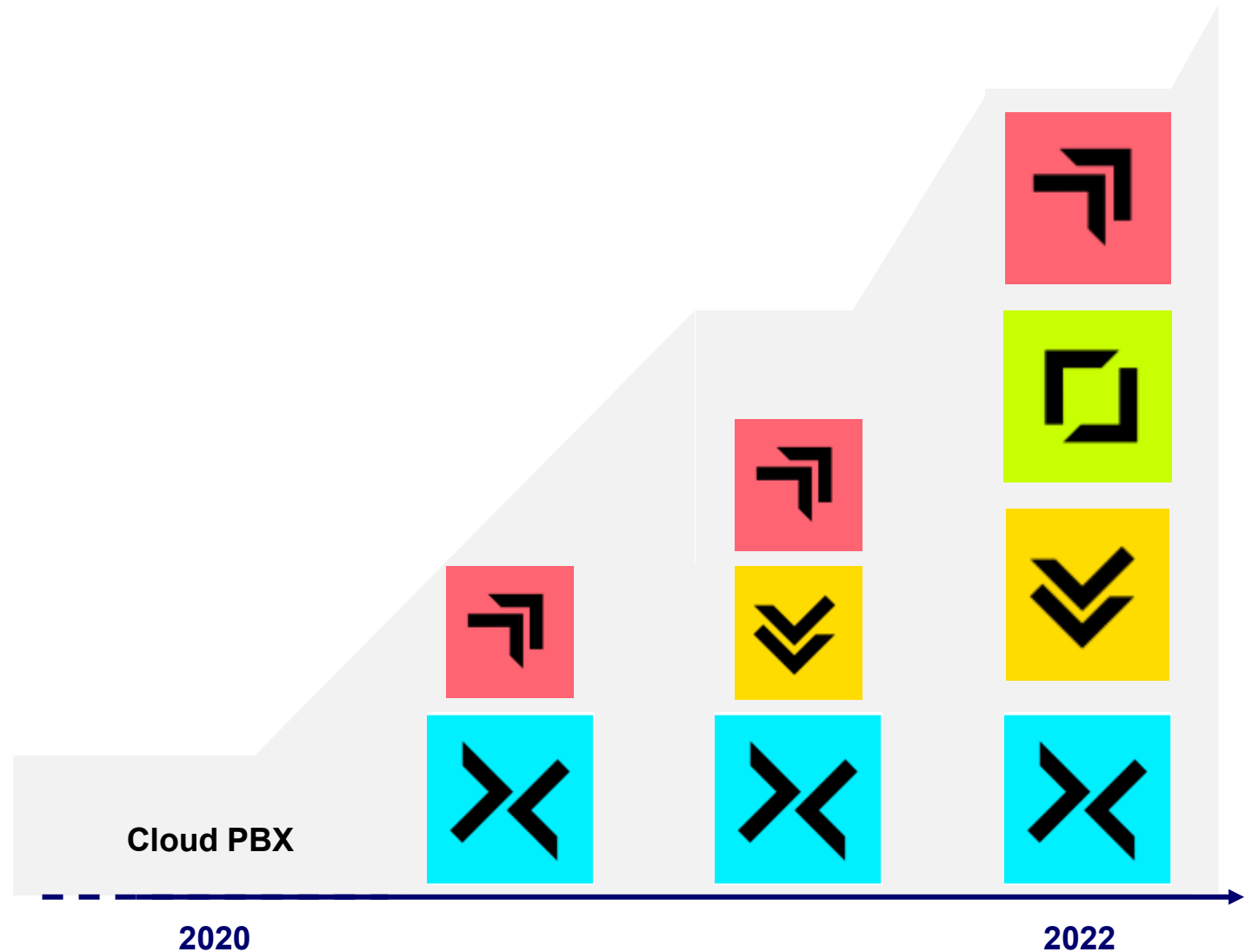
- › Completing ramp-up of technical resources
- › Roll-out of new products based on own R&D and clearly defined product roadmap

 Business Communication with Cloudya

 Integration

 Customer Contact

 Enablement

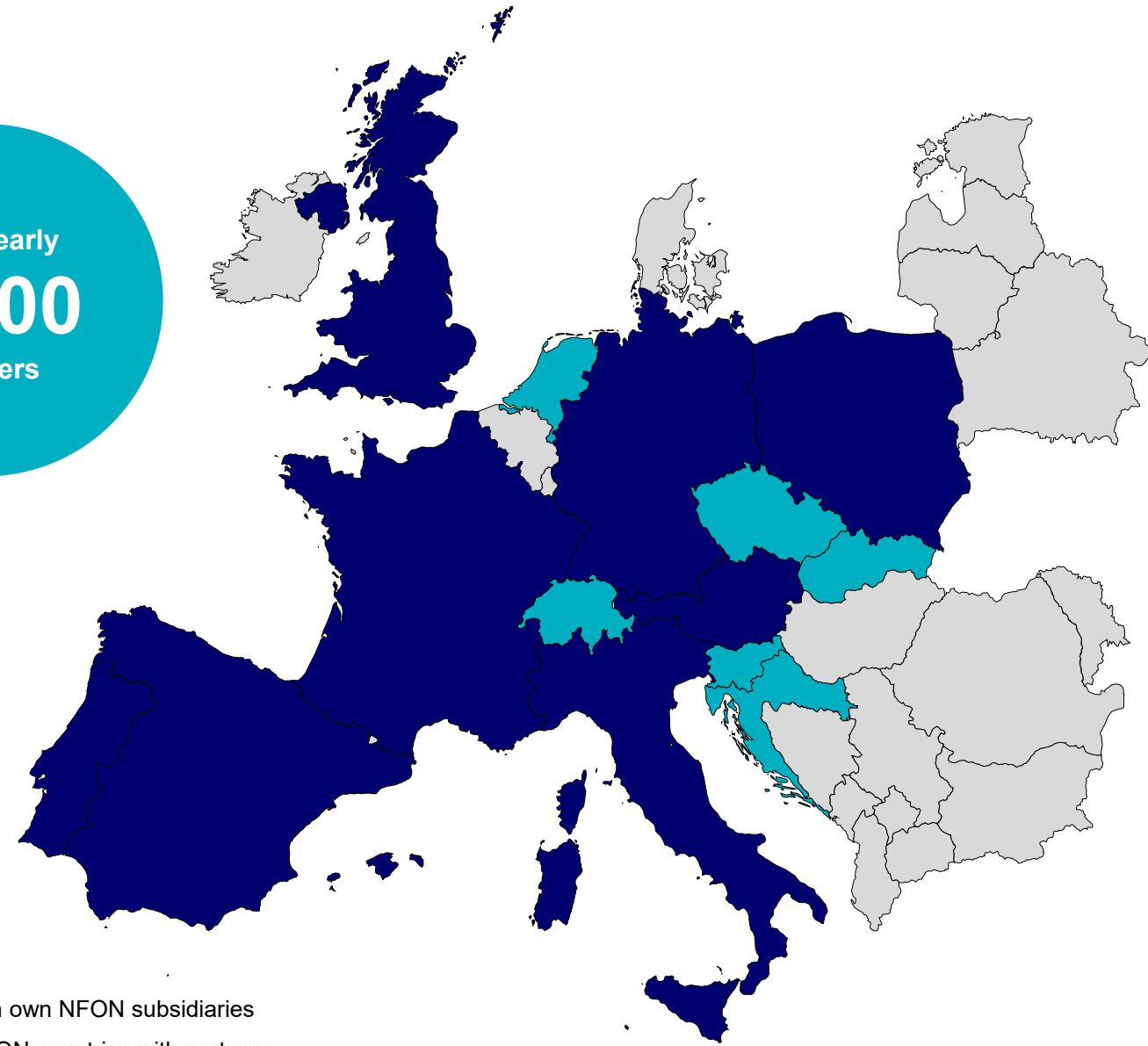


Partner Development

› Roll-out new partner program to:

- Acquire new partners
- Strengthen relationship and develop existing partners to transform more of them into high revenue generating partners

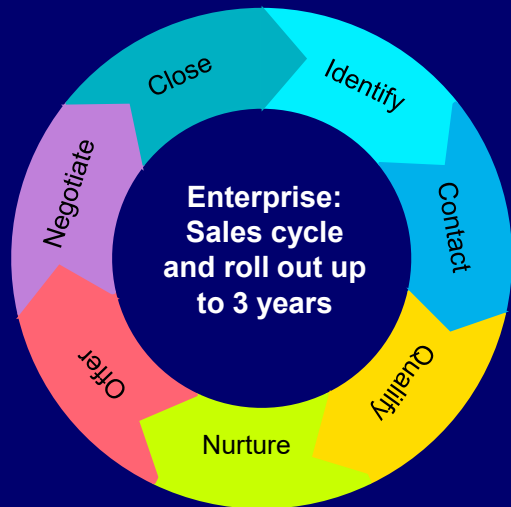
Now nearly
3,500
partners



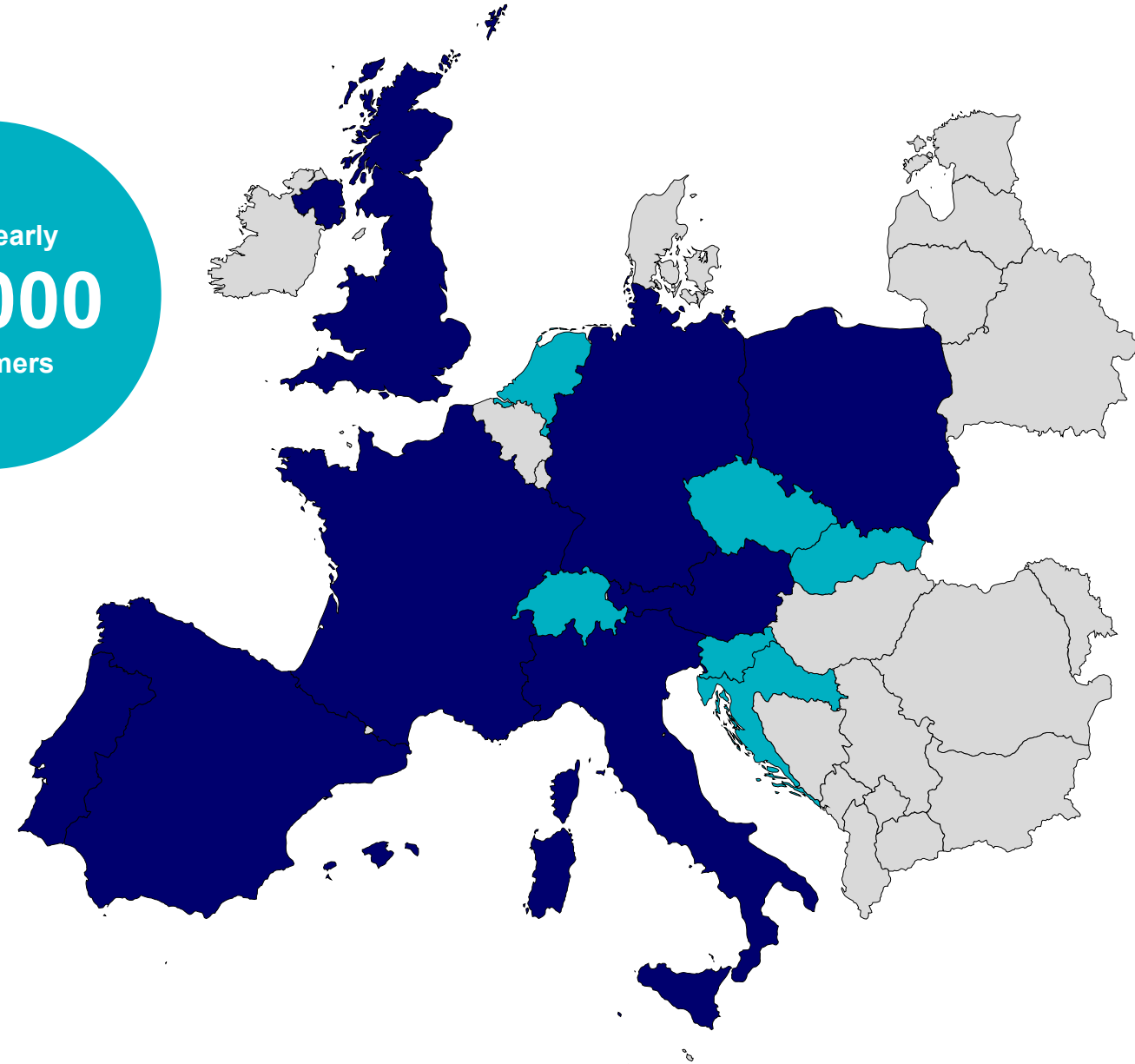
- Countries with own NFON subsidiaries
- Additional NFON countries with partners

Customer Development

- › Increase **upselling and cross-selling** efforts in **existing customer base**
- › **Grow customer base** through
- › Strategy of focusing on **Enterprise segment** is starting to pay off.



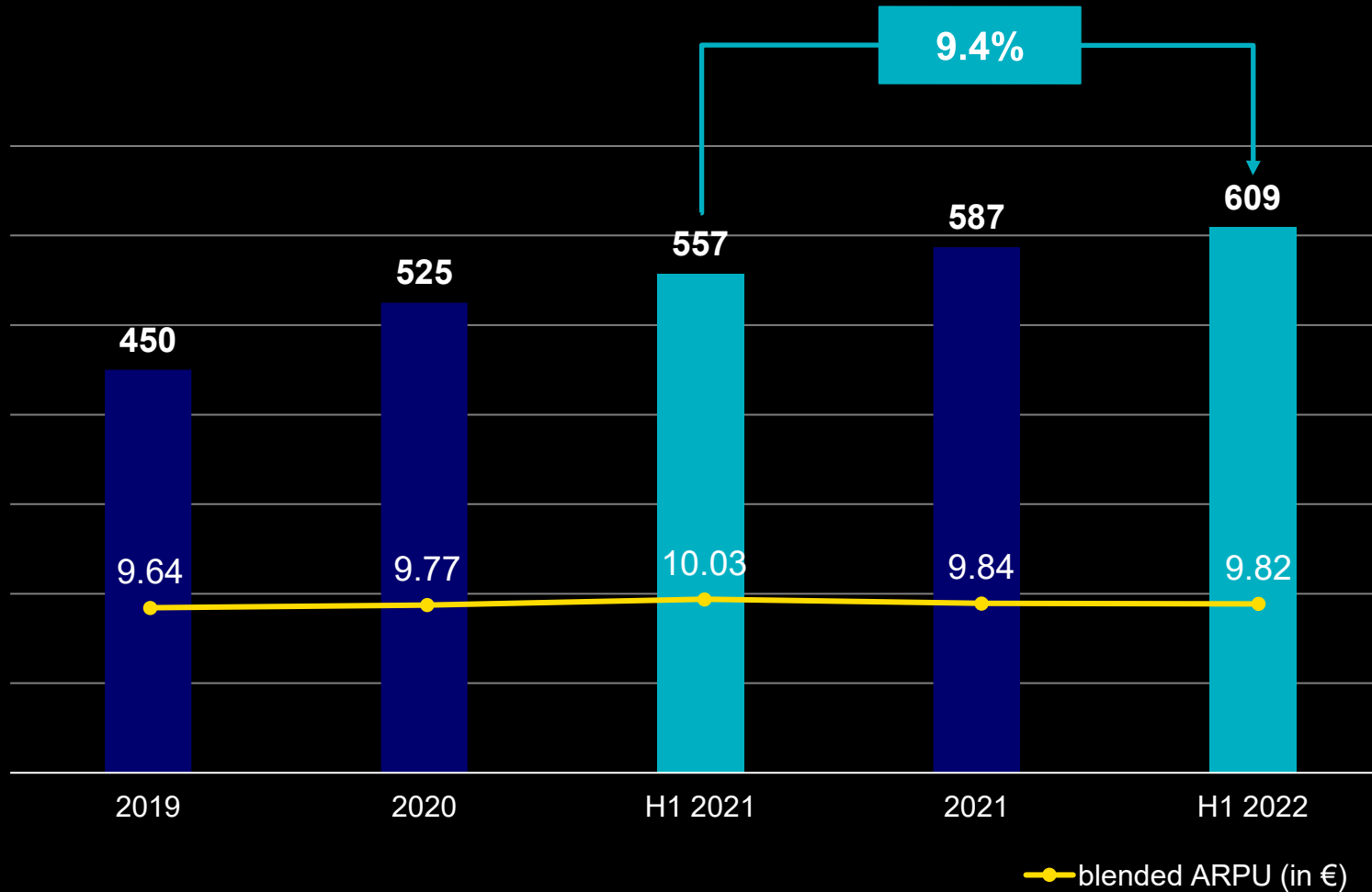
Now nearly
55,000
customers



Financial Results H1 2022

Seat growth at guidance

Development number of seats ('000) and ARPU

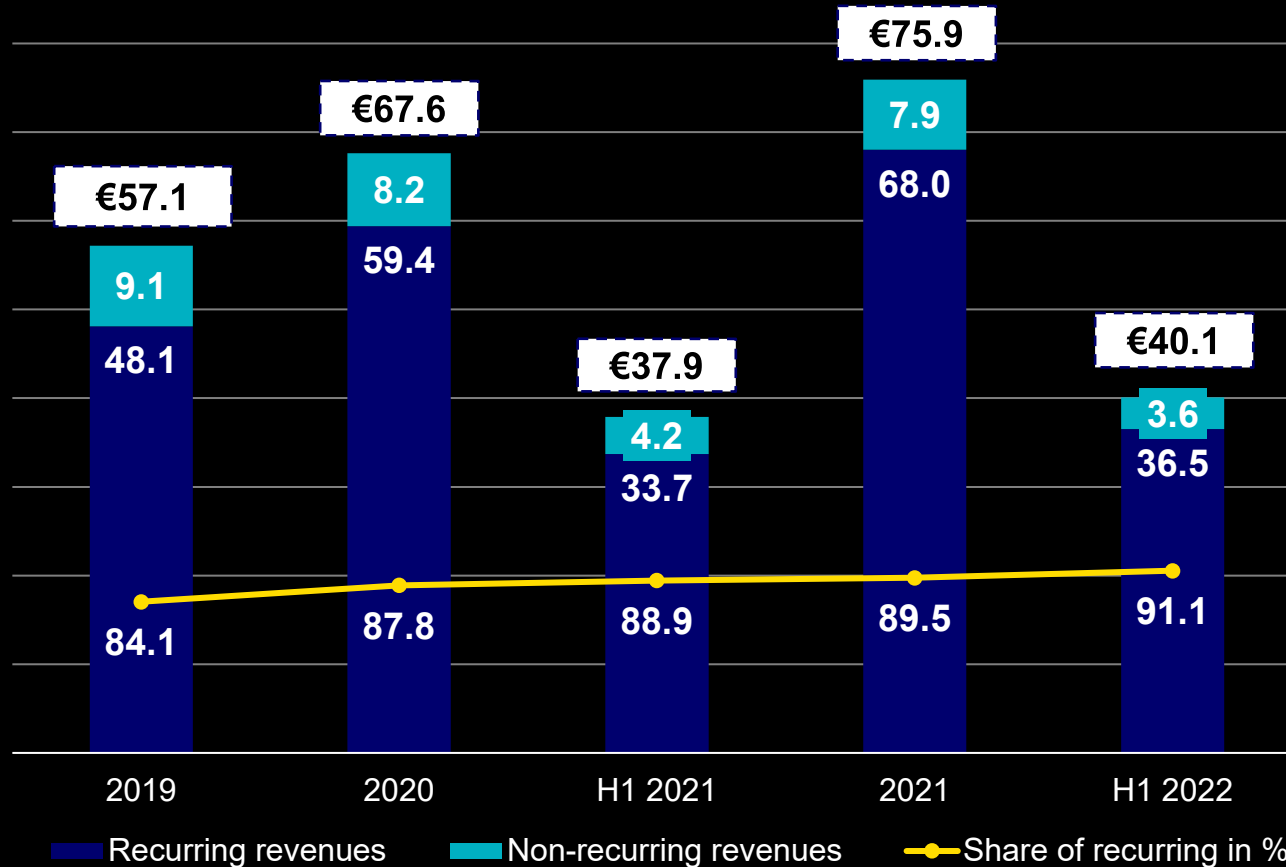


COMMENTS

- Increase of total number of seats by 9.4%
- ARPU development: H1 2022 stable on year's end level. H1 2021 positively effected by switch to remote working
- Continuously low gross churn rate of ~0.5% per month underlines quality of product and service and guarantees continuous recurring revenues

Growing share of recurring revenues

Development total recurring vs. non-recurring revenues in € million

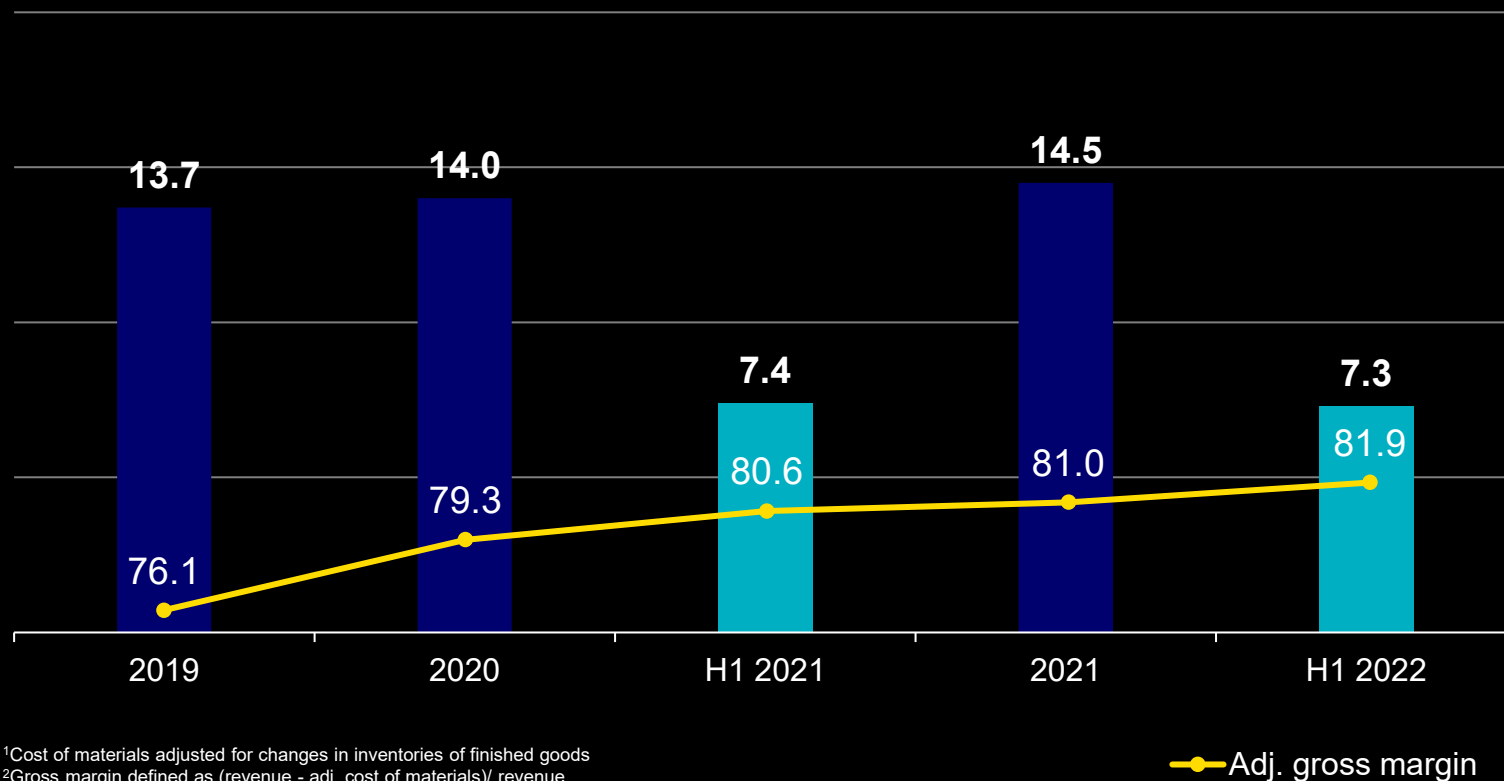


COMMENTS

- Recurring revenues grew by 8.6% compared to H1 2021
 - Positive one-off effect in voice minutes in Q2 2021
- Decrease of non-recurring by 15.9% compared to previous half-year
- Total revenue growth of 5.8% in comparison to H1 2021
- High share of recurring revenue in total revenues of 91.1%

Further reliable increase of gross margin due to increased share of higher margin revenues

Cost of materials (adj.)¹ and gross margin² development in € million



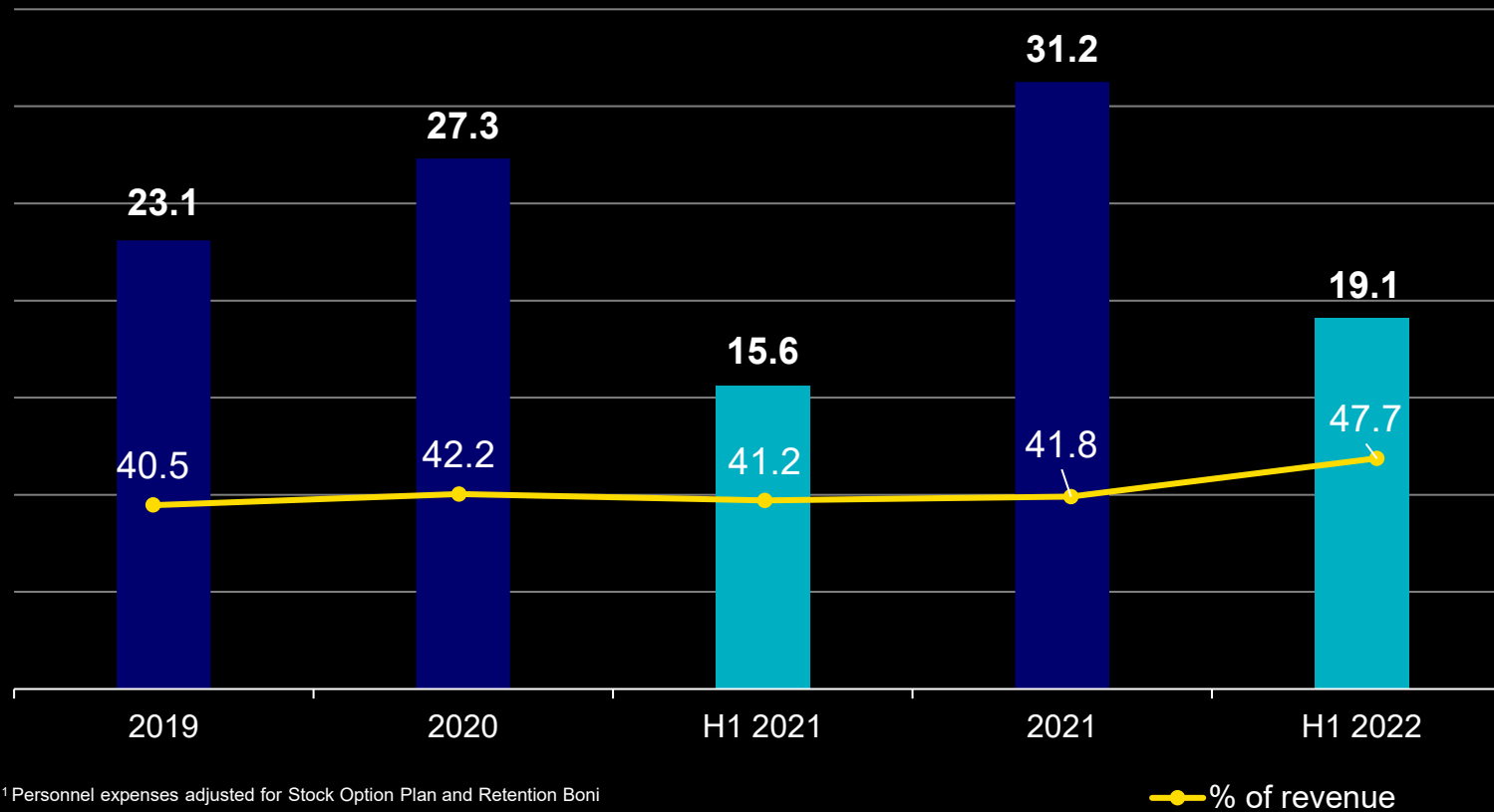
¹Cost of materials adjusted for changes in inventories of finished goods
²Gross margin defined as (revenue - adj. cost of materials) / revenue

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
- High gross margin (adj.) continues to show a constantly positive development
- Cost of materials on previous year's level. This results in a further low material cost ratio of 18.1% compared to the same period of the previous year (H1 2021: 19.4%)

Development of personnel expenses

Adj. personnel expenses¹ in € million



¹ Personnel expenses adjusted for Stock Option Plan and Retention Boni

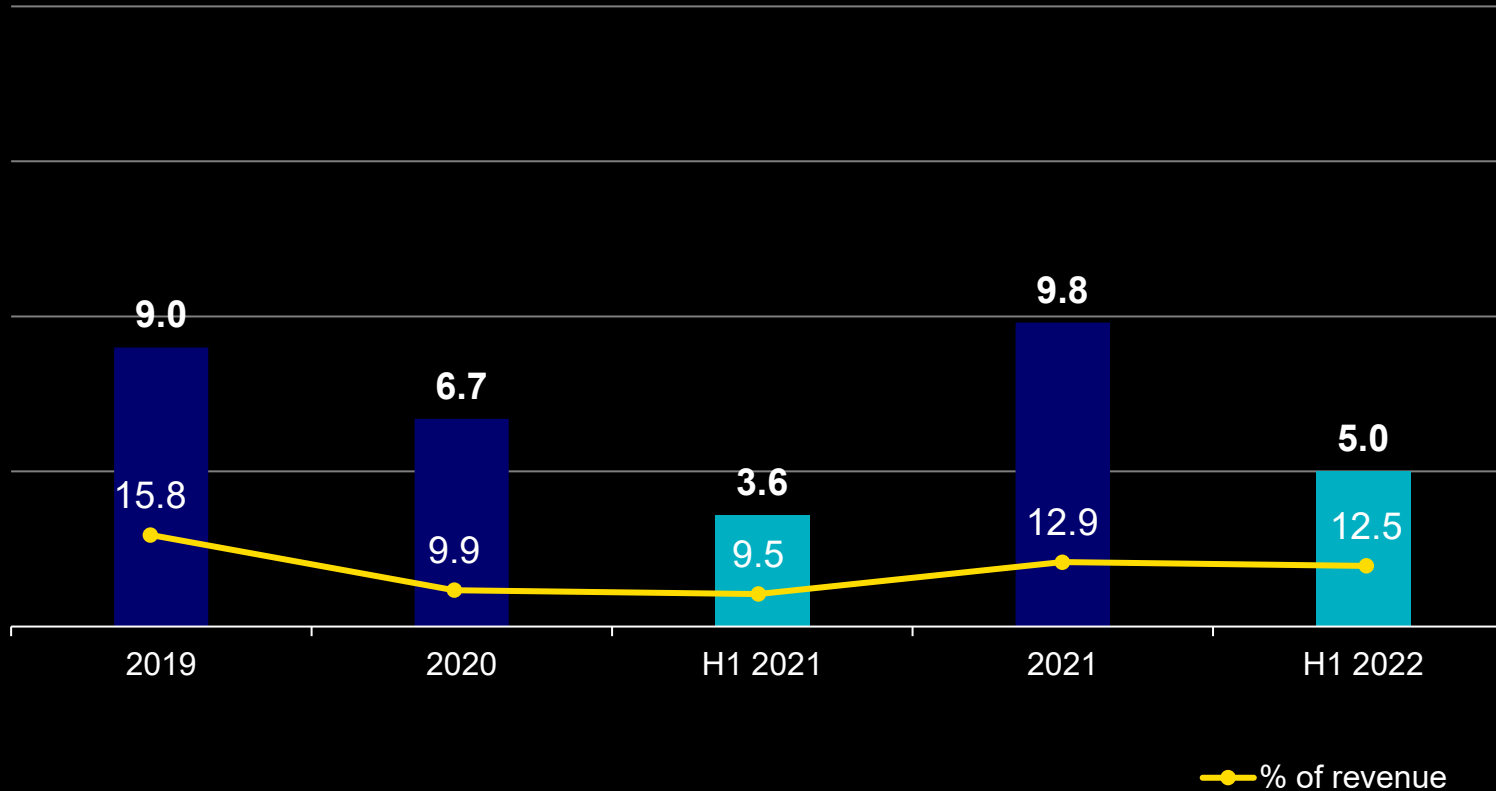
—● % of revenue

COMMENTS

- Personnel expenses as reported amount to €19.7m (H1 2021: €16.0m)
- Adjustments of €0.6m for stock options and re-focusing sales activities (H1 2021: €0.3m)
- Adj. personnel expenses amount to €19.1m (H1 2021: €15.6m)
 - H1 2022: Ø 504 employees
 - H1 2021: Ø 450 employees
- Adj. personnel expense ratio of 47.7%
 - In line with expectations and resulting from strategic increase of resources
 - Mainly full year effect from head counts increase in 2021

Increase of marketing expenses as planned

Marketing expenses in € million

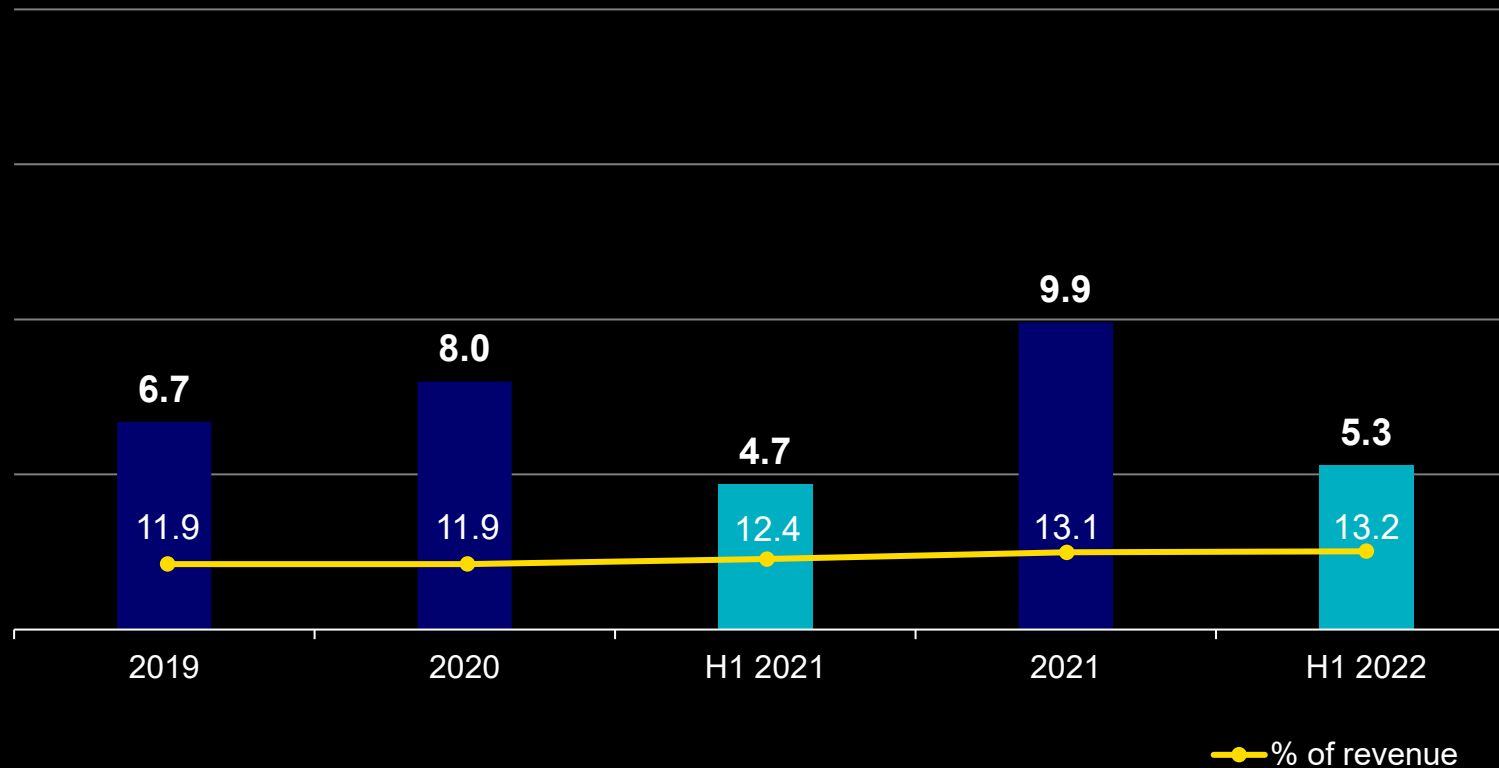


COMMENTS

- Marketing expenses increased by 39.4% yoy
 - Investment phase started Q3 2021 and will slow down in the second half of 2022
 - Investments in roll-out of new partner program & platform and repositioning of NFON brand
- Focus on channel marketing

Selling Costs in line with FY 2021 ratio

Selling expenses in € million



COMMENTS

- Selling expenses mainly include sales commissions to dealers and distributors (excl. wholesale partners)
- Dealers and distributors only receive a percentage share of revenues per seat
- Increase of sales commissions by 12.6% compared to previous year

EBITDA




- High expenditures in headcounts and marketing will level out in the second half of the year
- **Clear focus on profitability**

Detailed reconciliation of one-off items

Reconciliation from EBITDA to adjusted EBITDA	H1 2022	H1 2021
€ million		
EBITDA	-4.1	1.8
Stock options/Refocussing	0.6	0.3
M&A activities	1.2	0.2
Rebranding	0.8	0
Total EBITDA adjustments	2.7	0.5
Adjusted EBITDA	-1.5	2.3

Rounding differences are possible

NFON Guidance 2022

	2021	2022
Number of seats	12%	 We expect to grow our customer base between 10% and 12% at the lower end
Recurring revenues growth	14%	 We expect to grow the recurring revenue between 10% and 12% at the lower end
Recurring revenues share	90%	 We expect the resulting recurring revenue ratio at least 88%

Key Investment Highlights



Questions & Answers

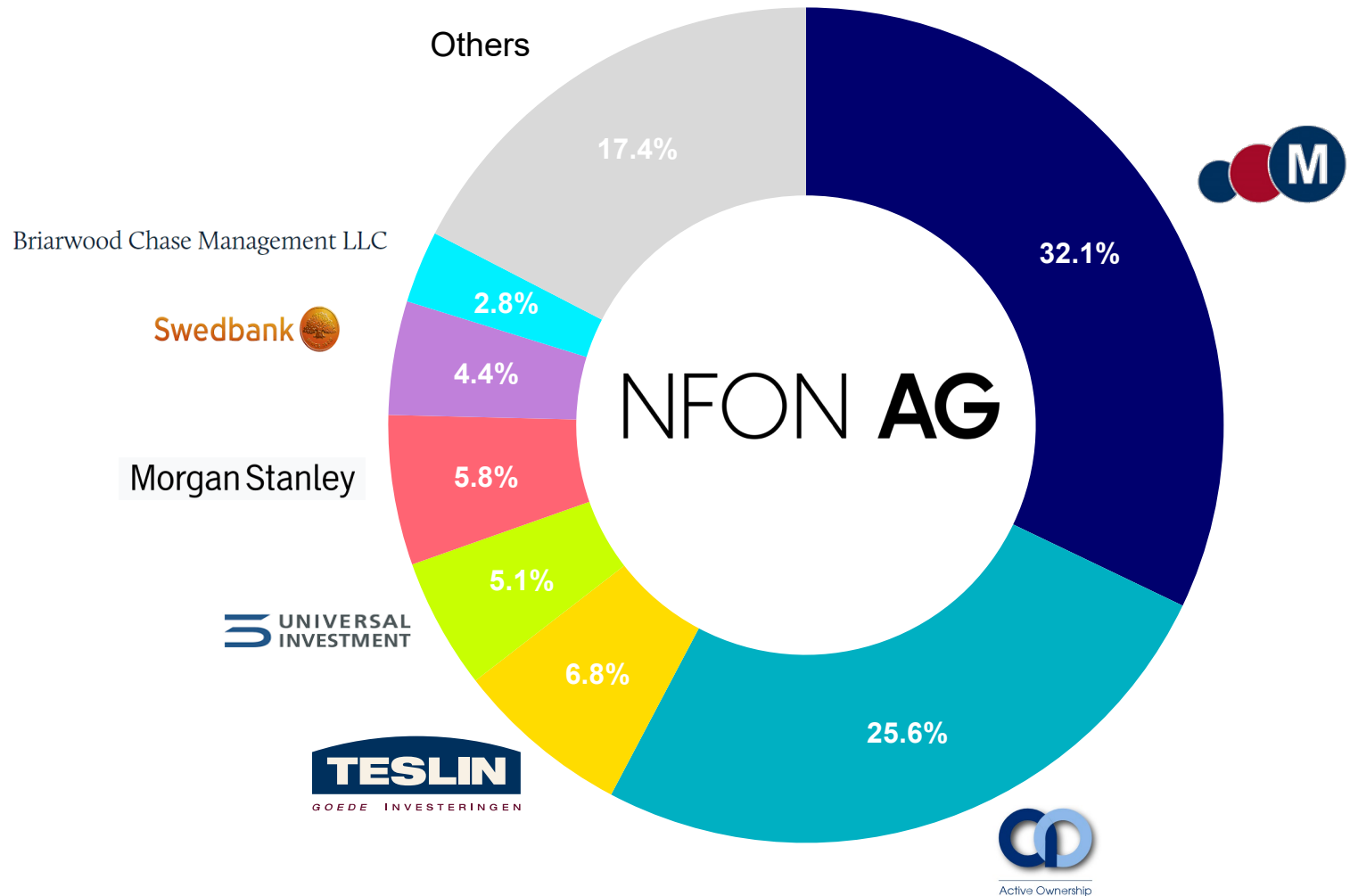
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Appendix

Share at a glance

ISIN	DE000A0N4N52
Segment	Prime Standard/ Telecommunication
Shares	16.6 million (29 March 2021)
Designated sponsor	Baader Bank ODDO Seydler
First day of trading	11 May 2018
Coverage	Berenberg Bank, Baader Bank, Hauck & Aufhäuser, ODDO Bryan Garnier Barclays

Shareholder structure (31 March 2022)



C-Level Team



Dr. Klaus Von Rottkay
CEO

- >20 years of C-Level experience in the IT industry
- Previous experience includes
 - > McKinsey & Company
 - > Microsoft
 - > Planet Home



Jan-Peter Koopmann
CTO

- >20 years of C-Level experience in the IT/Telco industry
- Previous experience includes
 - > Founder Seceidos
 - > Tiscali
 - > Telenor Group



Petra Boss
CFO

- With NFON since 2016
- >18 years of experience in the finance sector (various industries)



Jan Forster
CMO

- With NFON since 2014
- >18 years of experience in B2B and B2C marketing (various brands)

Financial Calendar

20 22

18.08

- **Half-year Results 2022**
- Web Conference

24.08.

- **Annual General Meeting**
- Web Conference

17.11.

- **Financial Results Q3 2022**
- Web Conference

Sep

- **Investor's Conferences**
- Berenberg Goldman Sachs & Baader



Investor Relations
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SABINA PRÜSER

Head of Corporate Communications & Sustainability

NFON AG

Machtlfinger Straße 7
81379 Munich, Germany

TELEPHONE

Fon +49 (0) 89 453 00 134
Fax +49 (0) 89 453 00 33 134
sabina.prueser@nfon.com

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