



NFON
Cloud Telephone System

Munich | 20 May 2020

Financial Results Q1 2021

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Our Mission

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

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.

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 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



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)



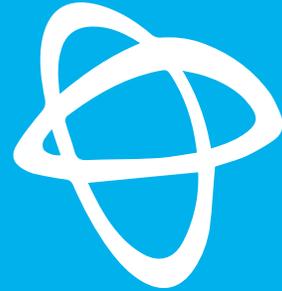
Growing into Enterprise (250 – 5,000 extensions)



Intensified activities in CEE region



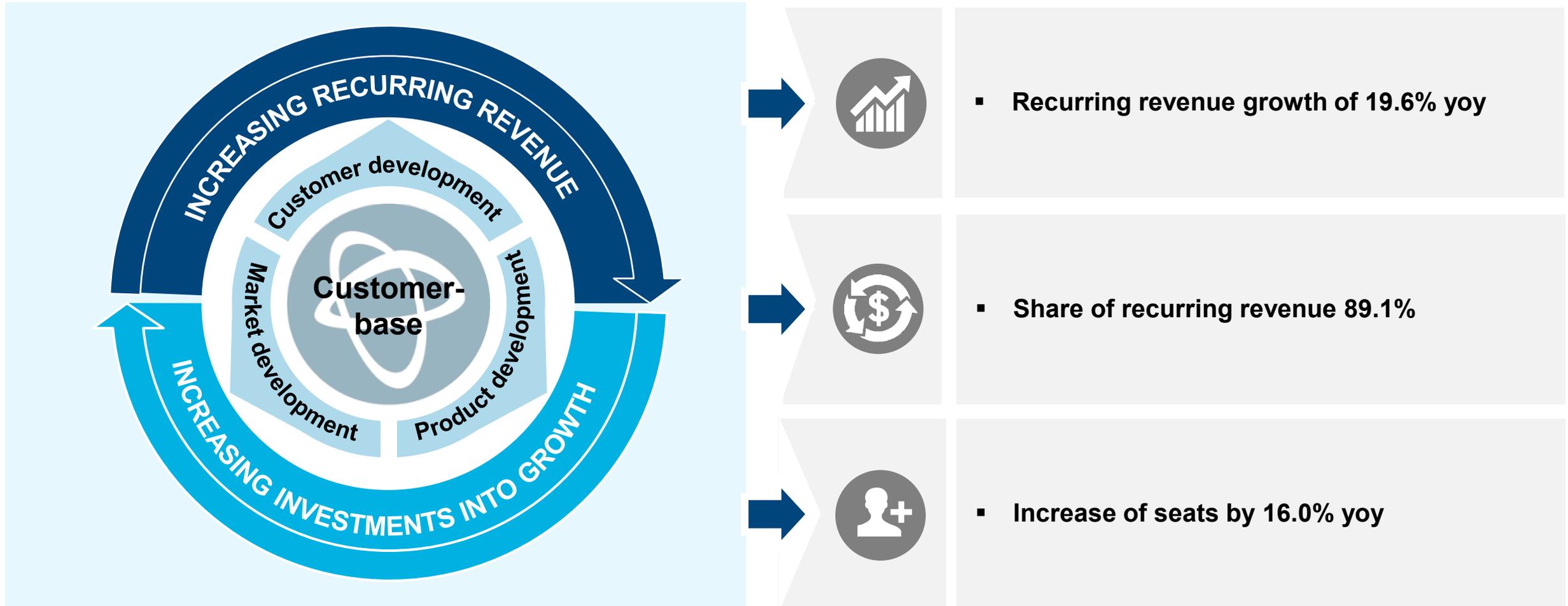
Technology Partnerships



Financial Results

First Quarter 2021

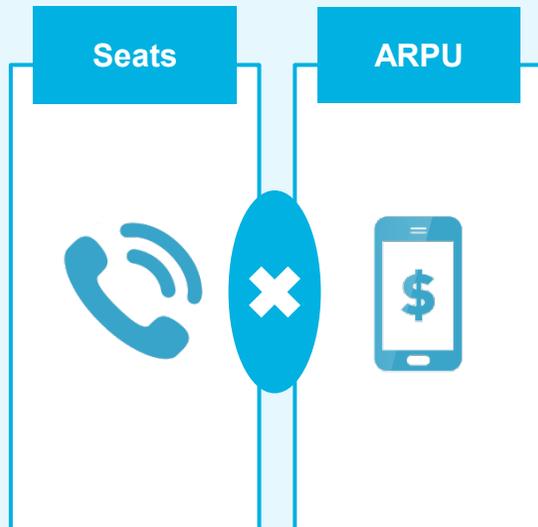
First quarter development in line with expectations





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

Recurring revenues 89%



Licence fee per extension



Airtime



Premium solutions



Non-recurring revenues 11%



Activation fee



Hardware

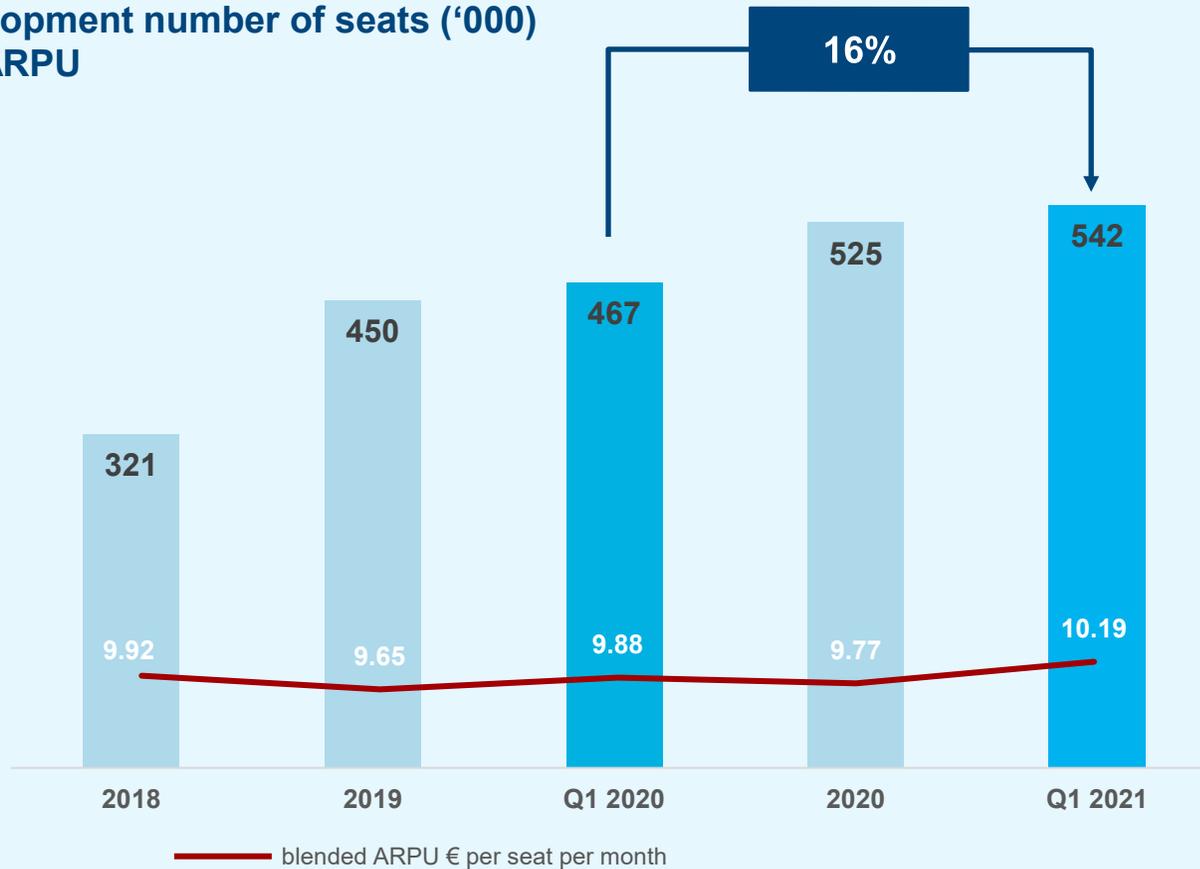


Professional services

Continuing growth of seat base



Development number of seats ('000) and ARPU



Comments

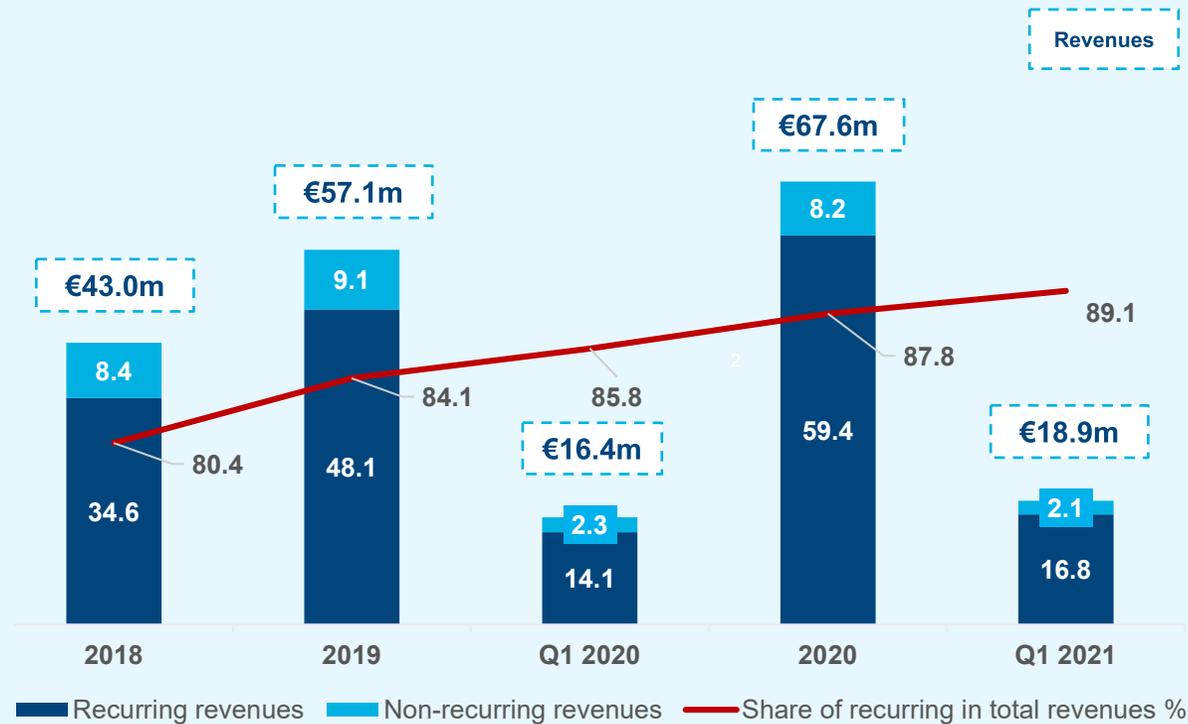
- > Increase of total number of seats by 16%
- > Various influencing factors for ARPU development
 - > Still high usage of air time
 - > Positive development of DTS
 - > At the same time increasing development of business with wholesale partners selling their own airtime
- > Low gross churn rate of ~0.5% per month underlines quality of product and service and guarantees continuous recurring revenues

Sustained growth in recurring revenues



Development total recurring vs. non-recurring revenues

€ million



Comments

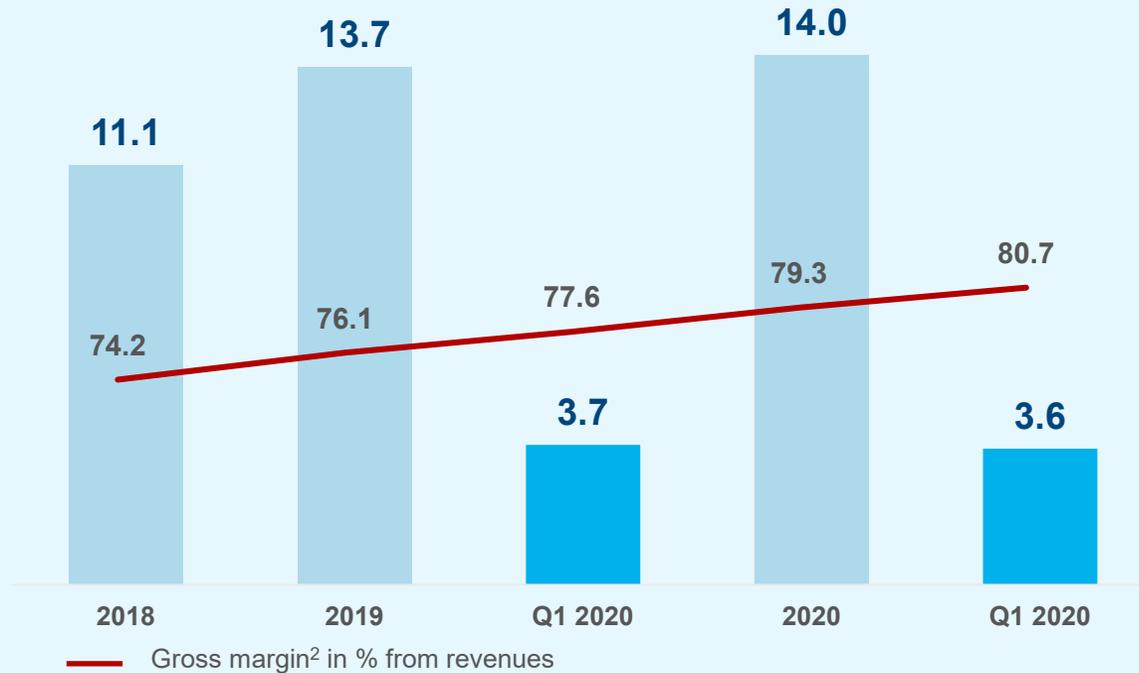
- > Total revenue growth of 15.2% in comparison to Q1 2020
- > Recurring revenue grows by 19.6% compared to first quarter 2020 due to high usage of airtime and positive seat growth
- > Non-recurring revenues on previous year's level
- > Steadily increasing share of recurring revenue in total revenue (89.1%)

Consistently high and increasing gross margin



Cost of materials (adj.)¹ and gross margin development

€ million



Comments

- > High gross margin (adj.) continues to show a constantly positive development
- > Cost of materials on previous year's level. This results in a lower cost of materials ratio of 19.3% in the 3-month reporting period compared to the same period of the previous year (Q1 2020: 22.4%)
- > 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

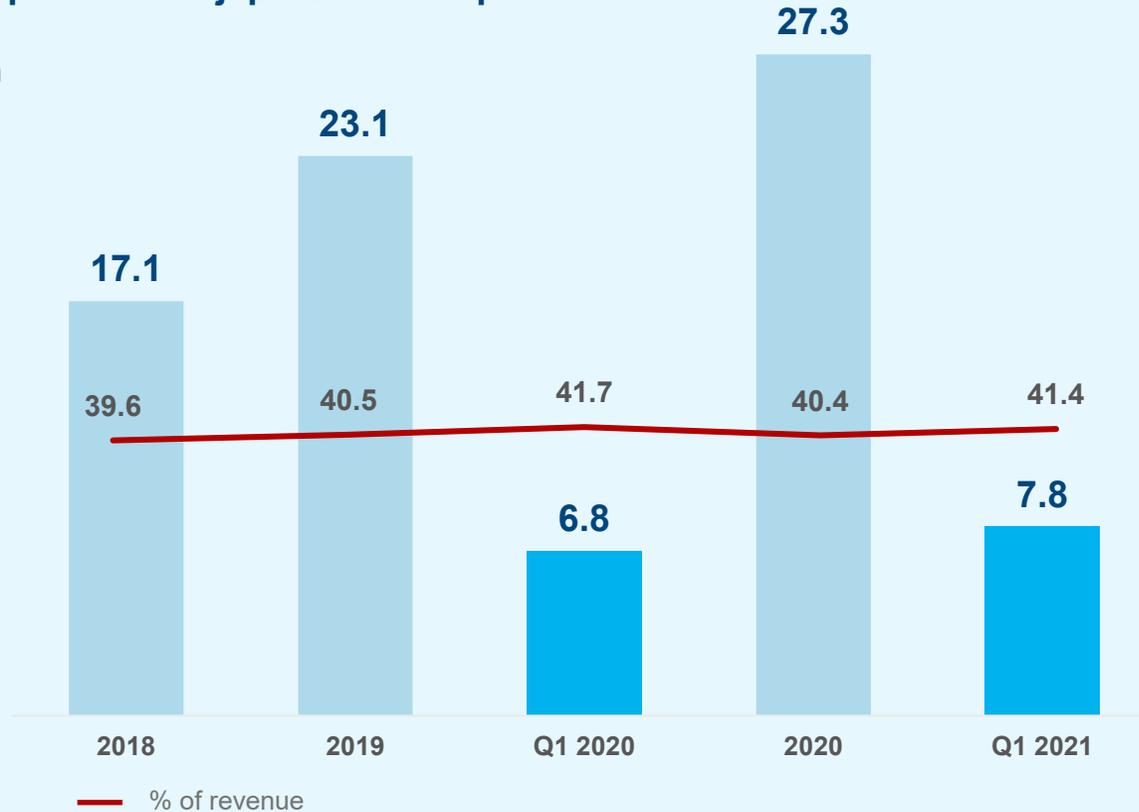
¹cost of materials adjusted for changes in inventories of finished goods ²gross margin defined as (revenue - adj. cost of materials)/ revenue

NFON further invest in staff



Development of adj. personnel expense¹

€ million



Comments

- > Personnel expenses as reported amount to €8.0m (Q1 2020: €7.2m)
 - > Adjustments of €0.2m for retention bonus and stock options
- > Adj. personnel expenses amount to €7.8m (Q1 2020: €6.8m) due to increase in workforce by 11.5%
 - > Q1 2021: Ø 435 employees
 - > Q1 2020: Ø 390 employees
- > NFON plans a significant ramp-up of technical resources (FTE>50%yoy) until end of 2021

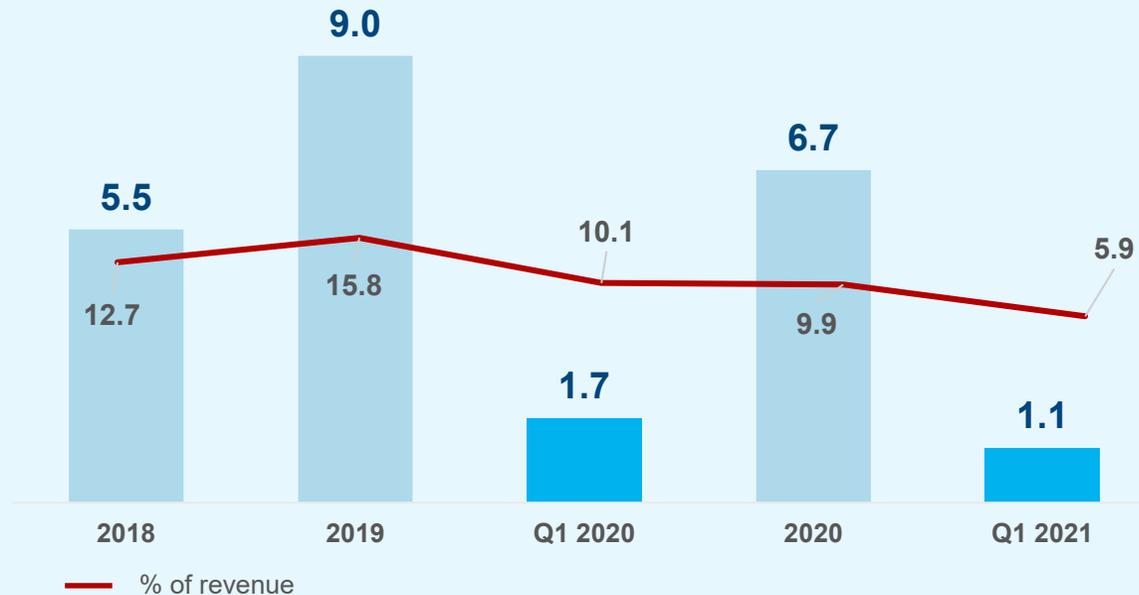
¹ Personnel expenses adjusted for Stock Option Plan, Retention Bonus



Marketing expenses will rise again in 2021

Development marketing expense

€ million



Comments

- > Marketing expenses of €1.1m were still below prior-year costs (-32.1%)
- > With a focus on channel marketing NFON intends to increase marketing invests by more than >50%yoy
- > 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 more than 2,700 partners including wholesale partners
- > Selling expenses mainly include sales commissions to dealers and distributors (excl. wholesale partners)
- > Dealers and distributors receive a percentage share of revenues per seat provided the customer is still a customer and the partner is still a partner of NFON
- > Increase of sales commissions by 18.3%

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



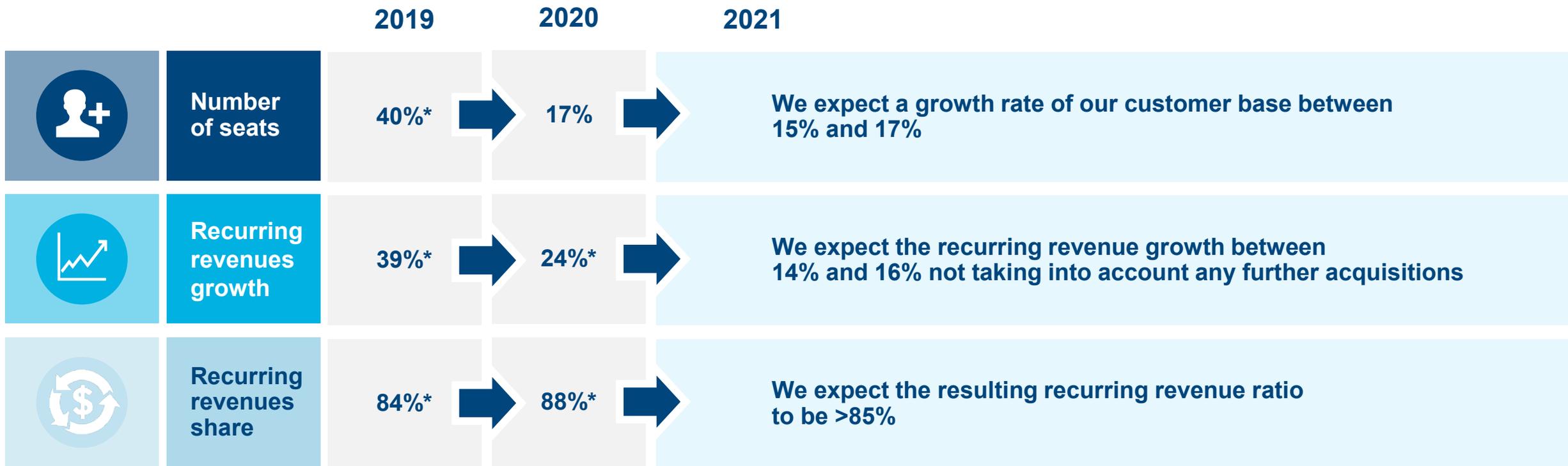
Detailed reconciliation of one-off items

Reconciliation from EBITDA to adjusted EBITDA	Q1 2021	Q1 2020
€m		
EBITDA	1.6	-0.1
Stock Options/ESOP/ Retention bonus/ M&A	0.2	0.1
Total EBITDA adjustments	0.2	0.3
Adjusted EBITDA	1.8	0.2

Comments

- > EBITDA of €1.6m reflects still lower investments
- > Adjustments leads to further improvements of EBITDA
- > **Adjusted EBITDA of €1.8m**
- > This development has a temporary character
- > NFON aims to significantly increase the investment ratio again in 2021.

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.

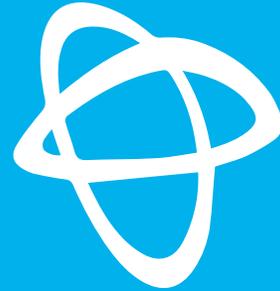
* Including M&A effects due to the acquisition of DTS



Key investment highlights

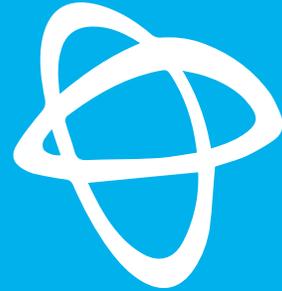


- 1** Huge addressable market being disrupted by structural shift to cloud integrated business communications
- 2** Strong business model resulting in attractive combination of massive growth, low churn rate and sustainable recurring revenue
- 3** State-of-the-art “German Engineering“ business communications solution on own tech stack tailored to European customer needs
- 4** Proven growth strategy leveraging multi-dimensional layers of growth
- 5** Leading European channel partner network as basis for scalable growth



♥ **Thanks**

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Appendix

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
24 June	Annual Shareholder Meeting
Virtual Meeting	
19 Aug	Half-year Financial Results 2021
Web- and Telephone Conference	
18 Nov	Financial Results Nine Months 2021
Web- and Telephone Conference	

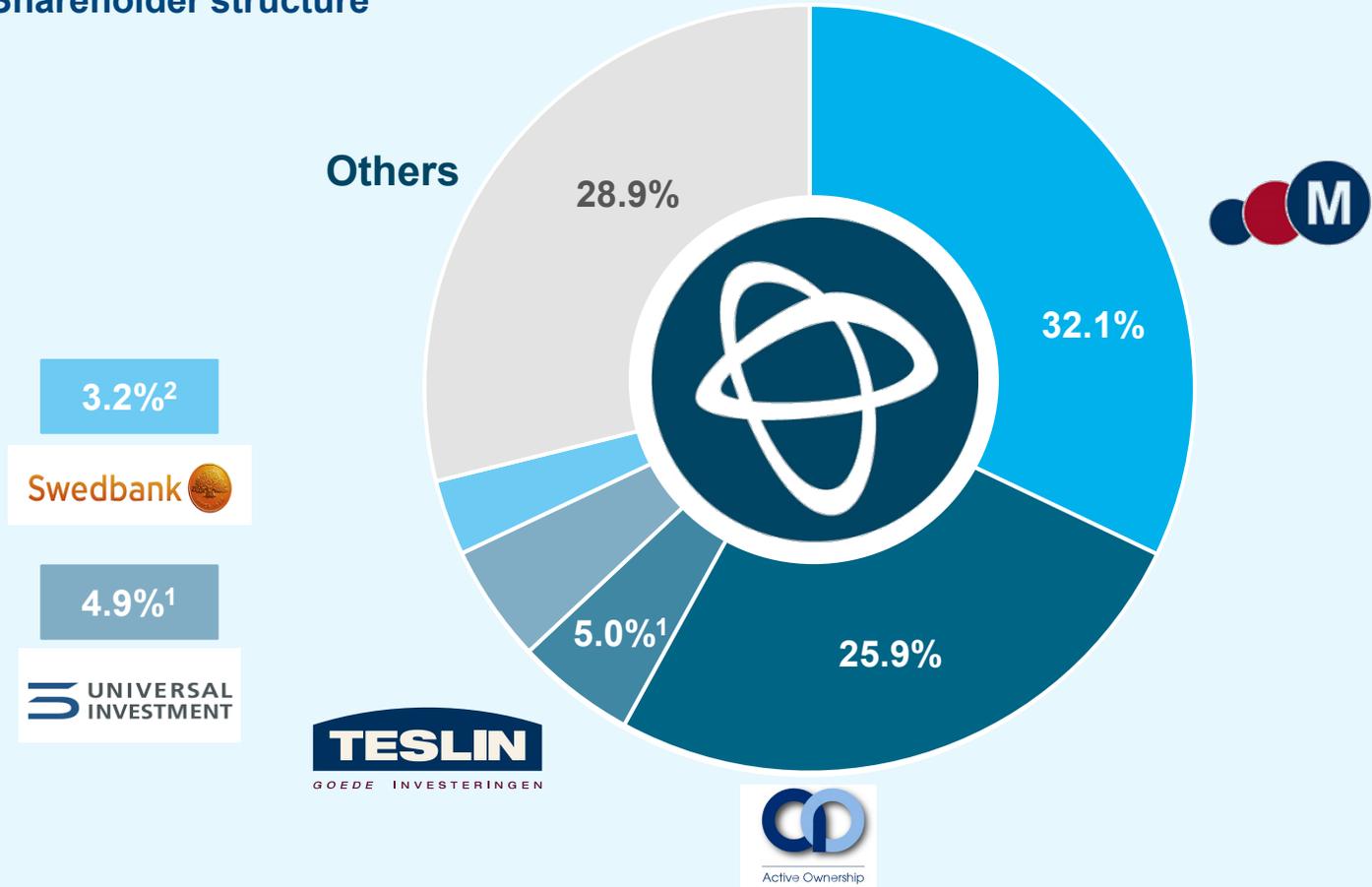
Share at a glance



Facts

ISIN	DE000A0N4N52 DE000A2TSA41
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, Stifel

Shareholder structure



¹voting rights bases on 15.6 million shares ²voting rights based on 14.1 million shares

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