



NFON
Cloud Telephone System

Berlin, Munich, Mainz | 20 August 2020

Financial Results HY 2020

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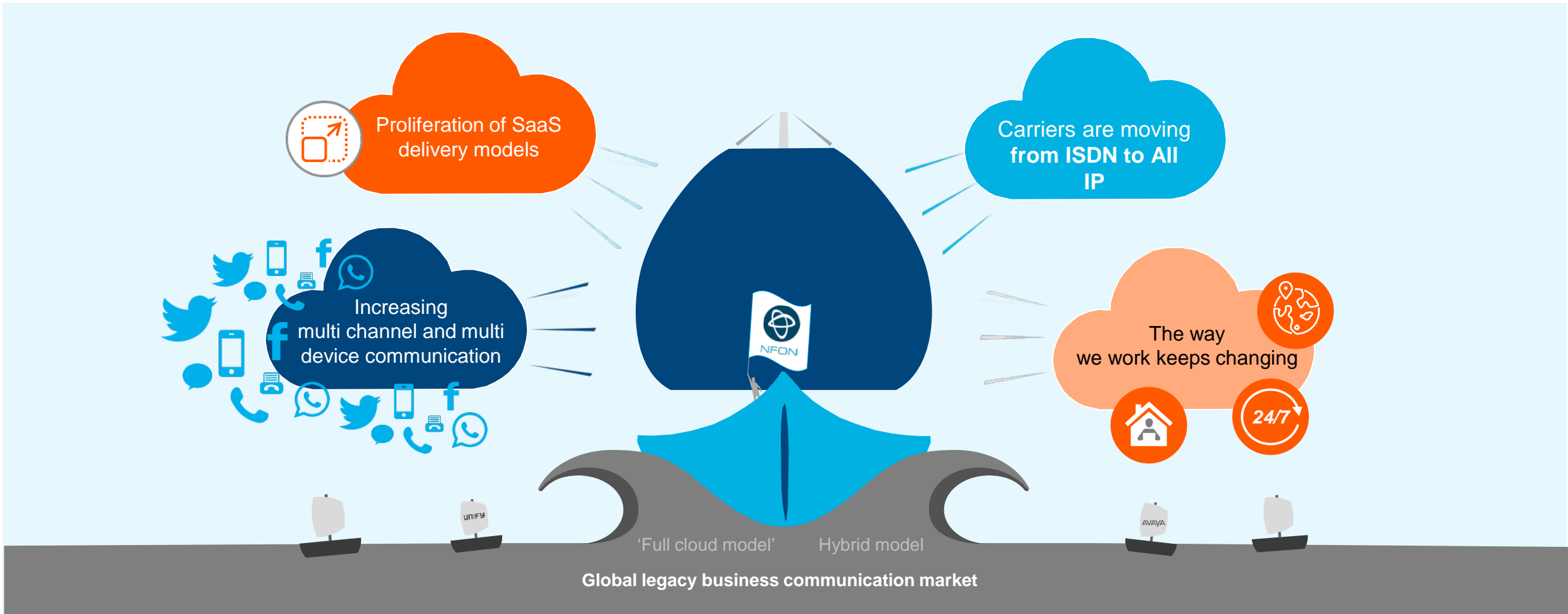
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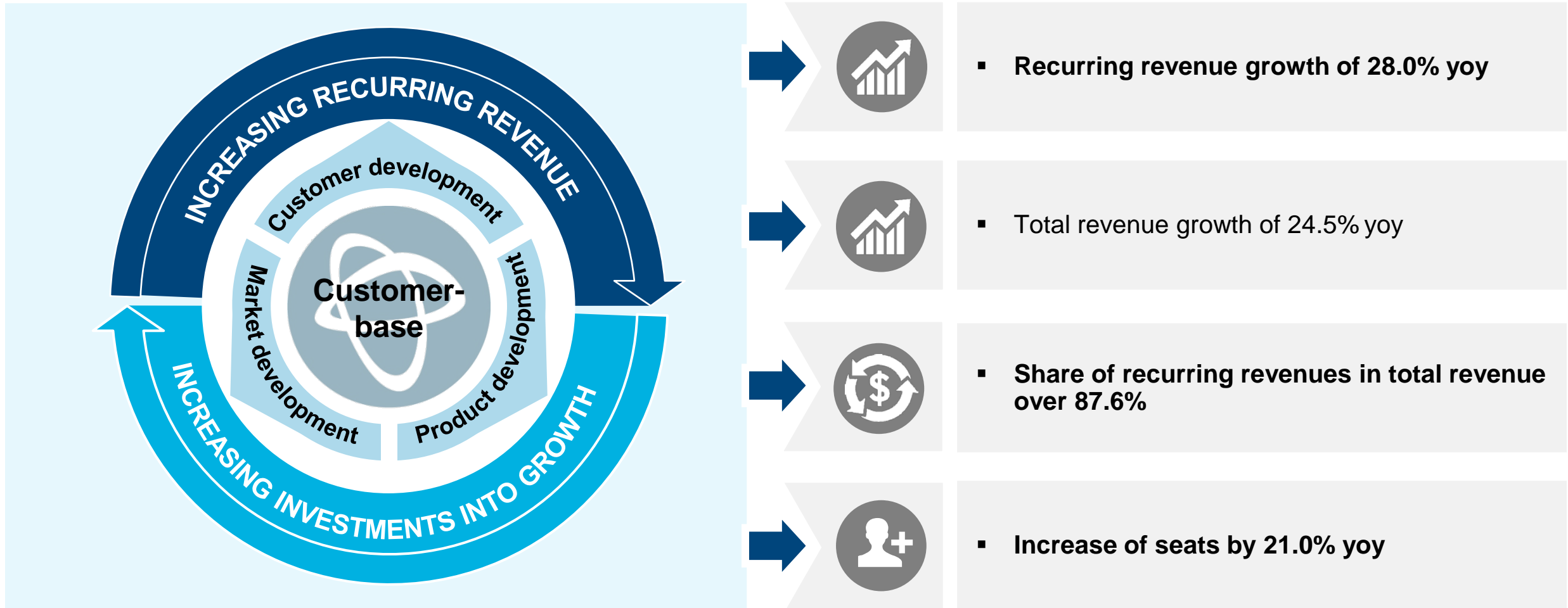
We want to dominate the European Cloud telephony market by delivering freedom of business communication.



A market full of opportunities for NFON



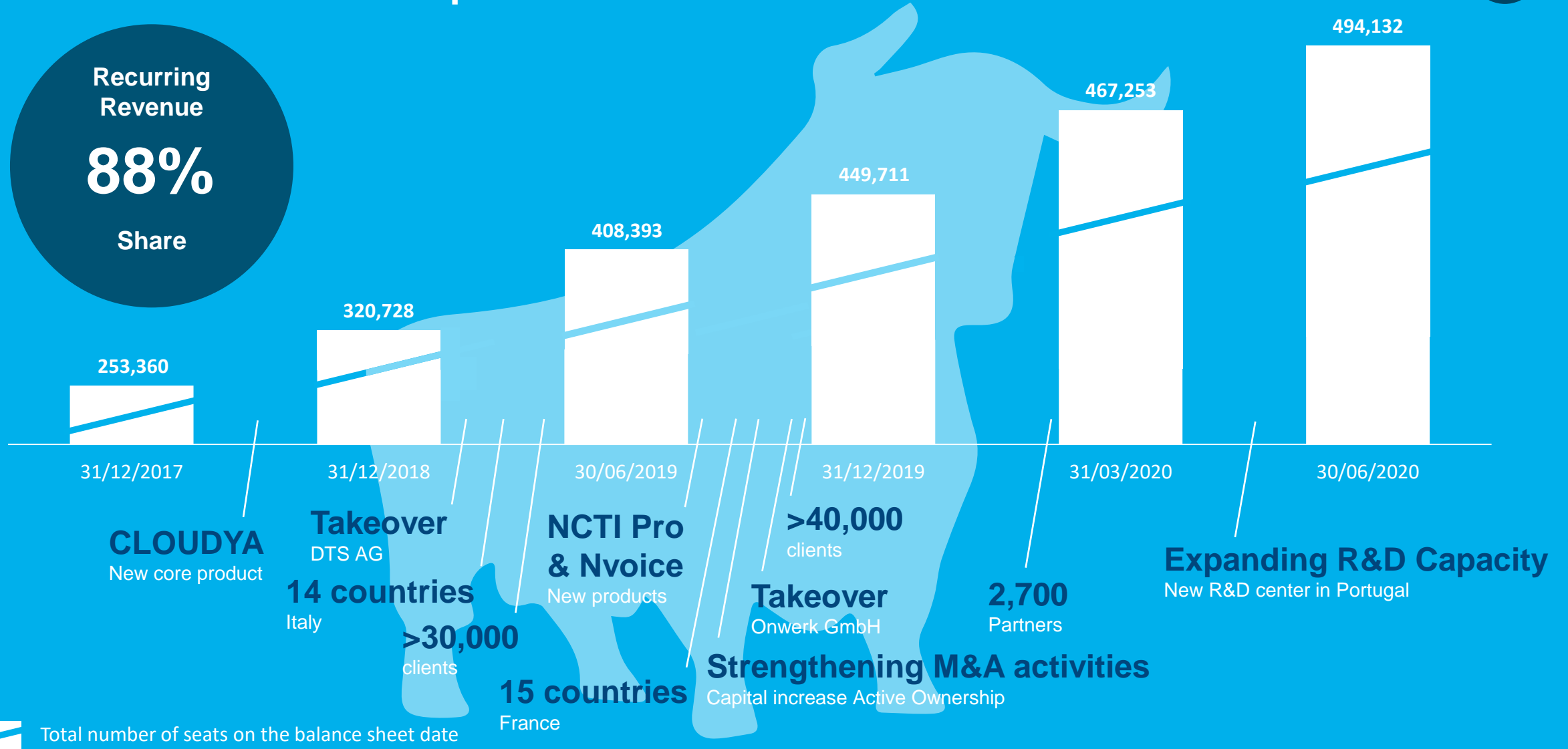
Seizing opportunities for growth in a challenging environment



Milestones completed



Recurring Revenue
88%
Share



Total number of seats on the balance sheet date



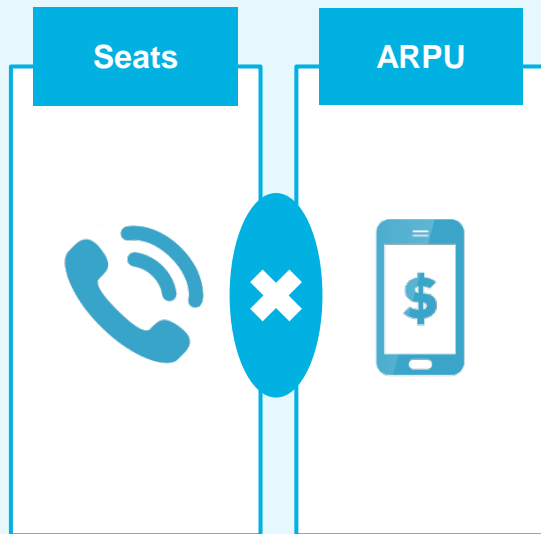
Financial Results




Half-year 2020

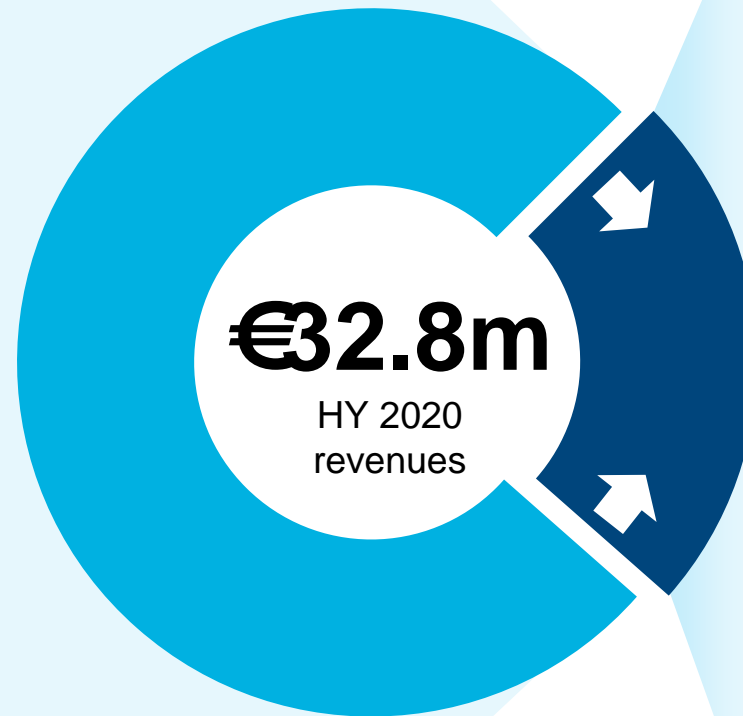


Strong business model resulting in unique combination of massive growth and sustainable recurring revenue

Recurring revenues 88%



-  Licence fee per extension
-  Airtime
-  Premium solutions



Non-recurring revenues 12%

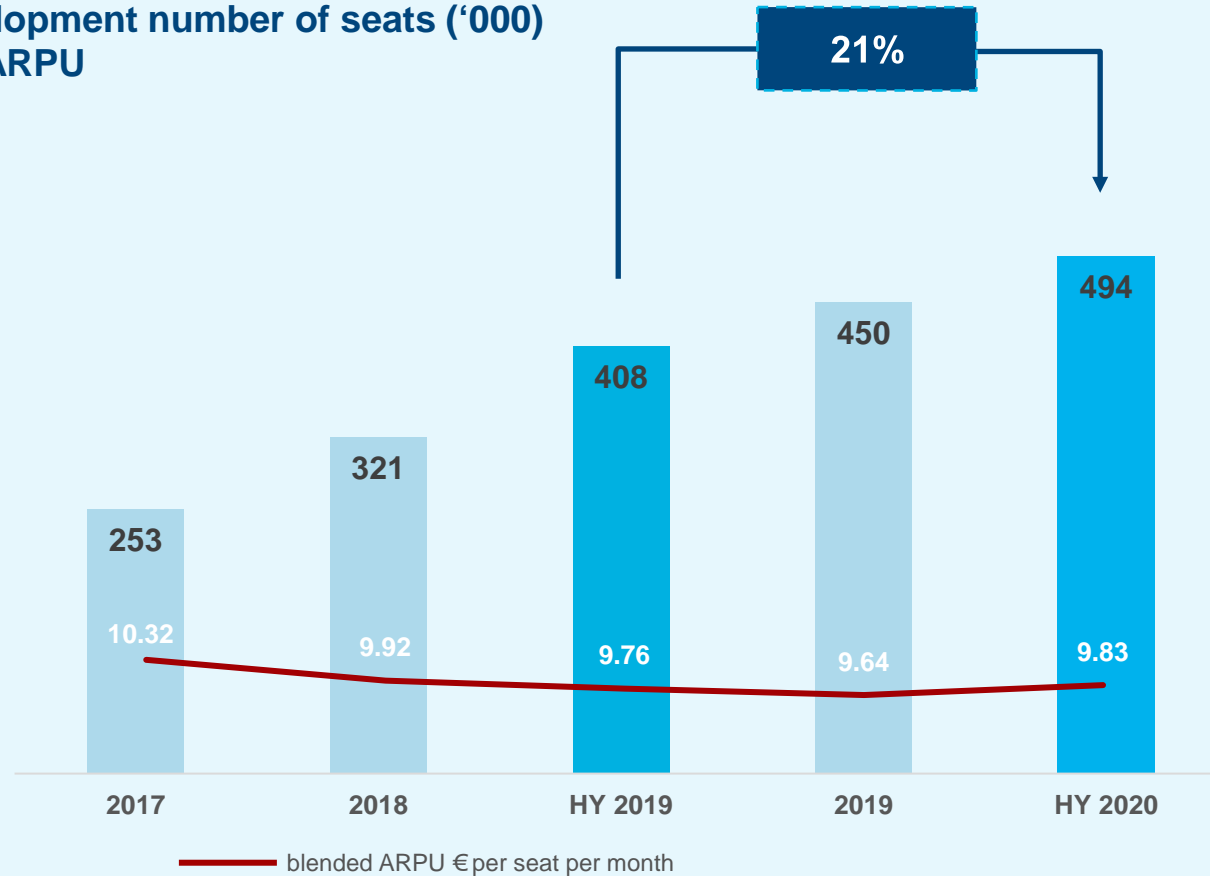


-  Activation fee
-  Hardware
-  Professional services

Seat growth in line expectations



Development number of seats ('000) and ARPU



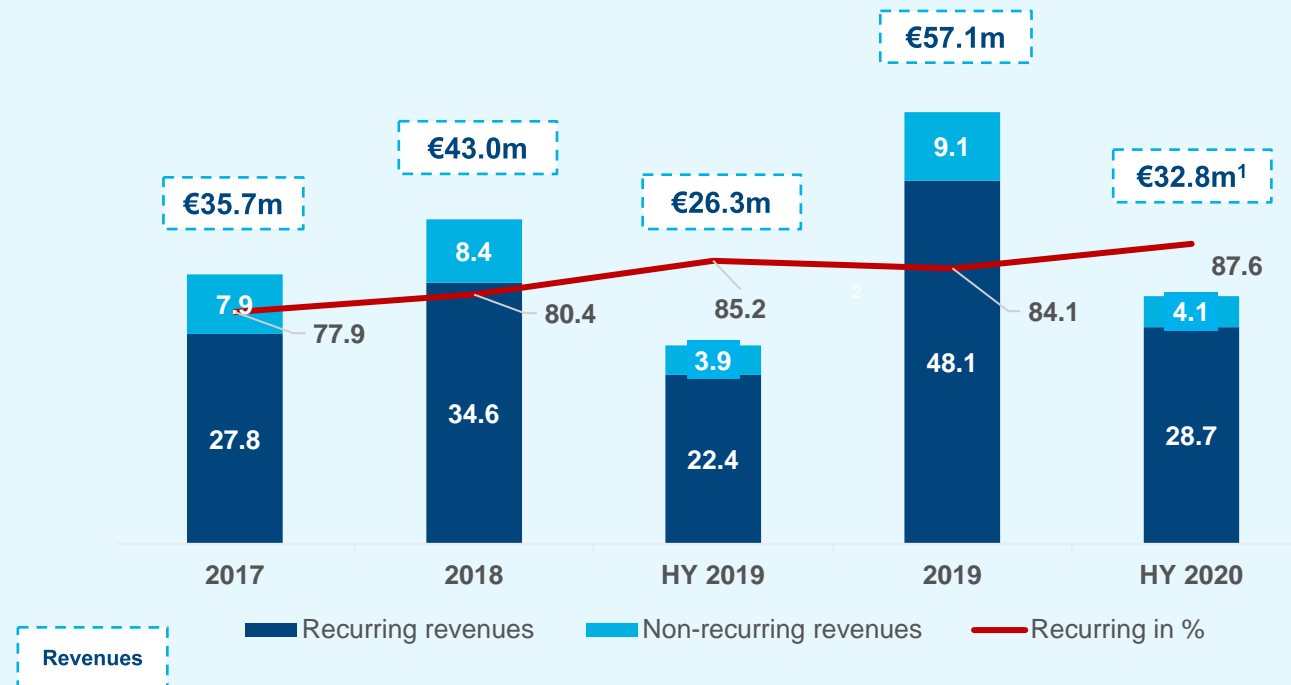
Comments

- > Increase of total number of seats by 21% in comparison to HY 2019
- > Increase of total number of seats by 9.9% in comparison to year-end 2019
- > Influencing factors for ARPU development
 - + Huge increase of air time volume in March 2020 due to lockdown and move to home offices
 - Very successful development of business with wholesale partners selling their own airtime
- > Very low gross churn rate of <0.5% per month underlines quality of product and service and guarantees continuous recurring revenues
- > Additional premium solutions represent upside potential for ARPU development in the medium term

Outstanding performance realising momentum in first Half-year

Development total recurring vs. non-recurring revenues

€ million



Comments

- > Recurring revenues Half-year 2020 grow by 28.0% compared to Half-year 2019
- > Non-recurring revenues grow by 4.3% compared to previous year
- > Cumulative effect quarter by quarter as expected due to steadily growing total number of seats
 - > Gaining new big customers and projects in HY 2020, e.g. big insurance company
- > High share of recurring revenues (87.6%) due to strong and sustainable growing customer base

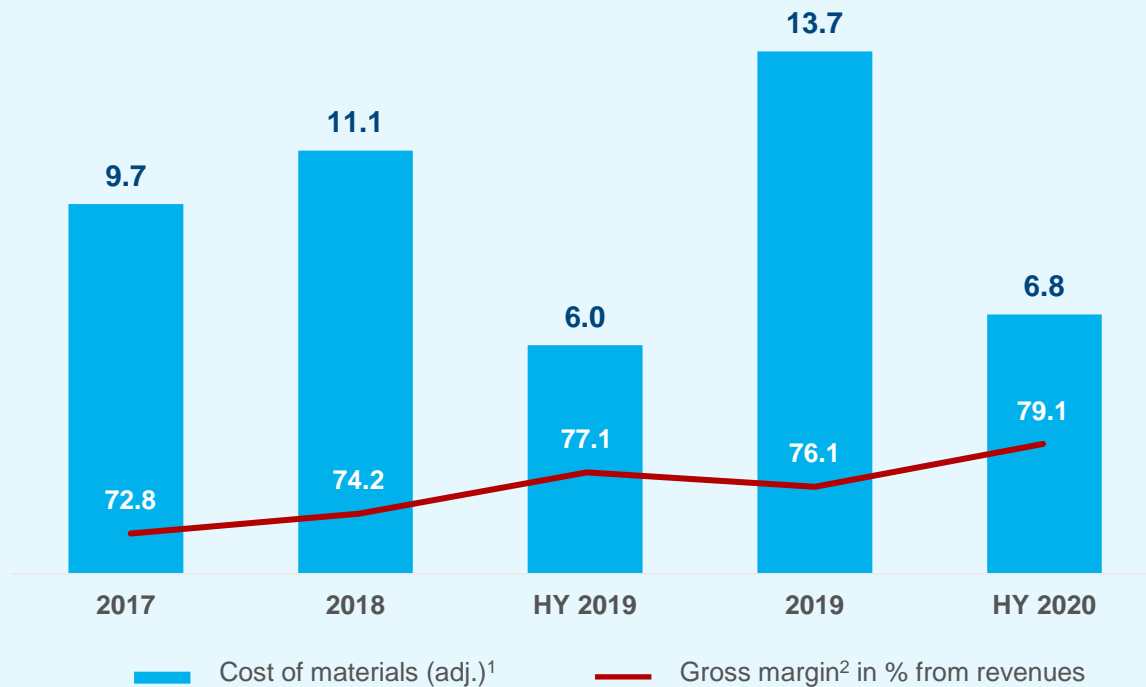
¹ Revenues of DTS were not consolidated in the NFO Group in January and February 2019.



Increasing gross margin proves potential for sustainable profitability

Cost of materials (adj.) and gross margin development

€ million



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 grow by 12.8% in proportion to revenues with a material cost ratio of 20.8%
- > High gross margin continues to show a constantly positive development also driven by a high proportion of recurring revenues

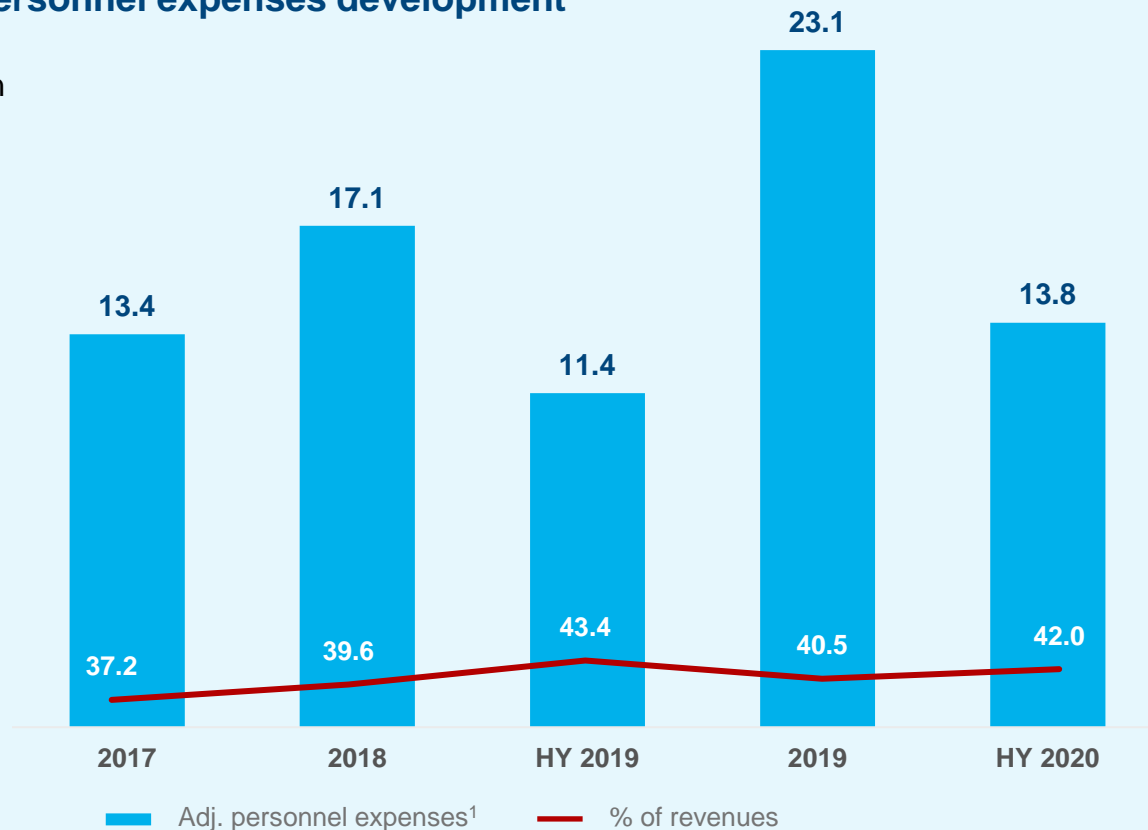
¹Cost of materials adjusted for changes in inventories of finished goods ²gross margin defined as (revenue - adj. cost of materials)/ revenue

Highly professional and committed employees are the basis for further growth



Adj. personnel expenses development

€ million



Comments

- > Personnel expenses as reported amount to €14.3m (HY 2019: €12.0m)
 - > Adjustments of €0.5m for retention bonus and stock options
- > Increase of adj. personnel expenses by 20.4% including DTS effect
- > Adj. personnel expenses amount to €13.8m due to increase in workforce by 14.4%
 - > HY 2019: Ø 348 employees
 - > HY 2020: Ø 398 employees

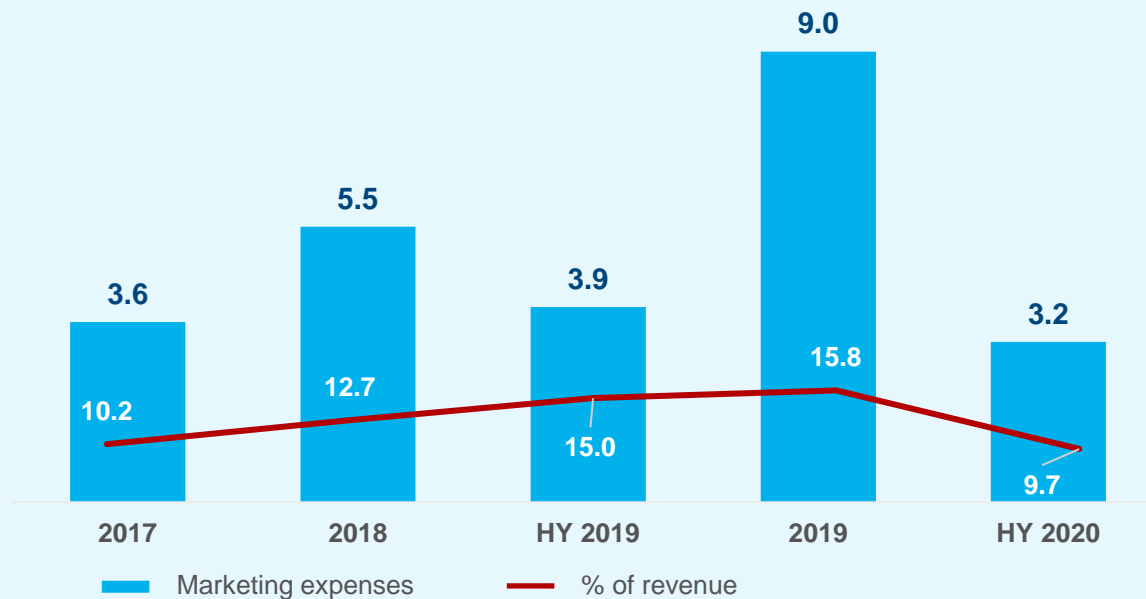
¹ Personnel expenses adjusted for Stock Option Plan, Retention Bonus

Marketing activities will be increased to use opportunities



Marketing expenses development

€ million



Comments

Marketing expenses of €3.2m significantly below prior-year costs (-19.0%) mainly due to COVID-19 lockdown effects.

In general marketing activities are focused on

- > Change from direct to indirect marketing with focus towards channel activities
- > Focus on performance channels in direct communication
- > Product marketing builds on lifecycle communication and increase up- and cross-selling to customer base
- > Focus on partner activations in all markets, especially in younger markets

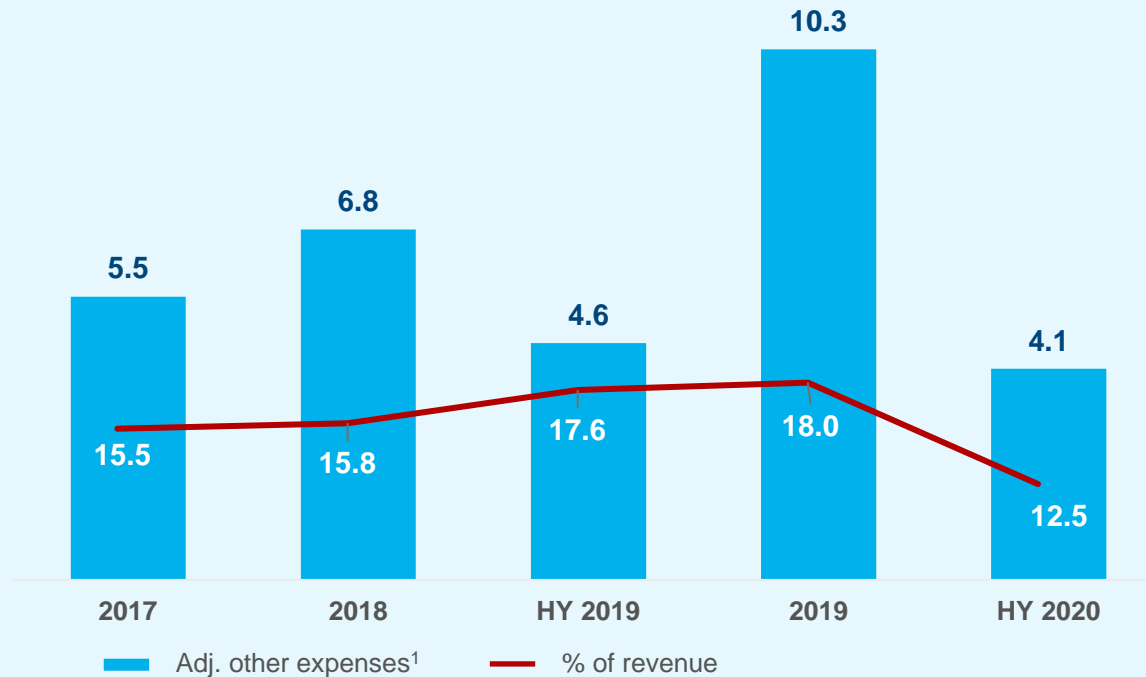
We expect marketing expenses for the full year 2020 on the same level as 2019 (approx. €9m)



Development of adj. other operating expenses shows scalability of business

Adj. other operating expenses development without marketing expenses and sales commissions

€ million



Comments

- > In general, other expenses comprise of sales commissions, supporting cost, general administration expenses and consulting fees amongst others and amount to €11.3m in total as reported (HY 2019: €12.2m)
- > NFON adjusts other expenses by marketing cost and sales commissions
 - > Sales commissions increased in relation to revenue:
HY 2020: €4.0m
HY 2019: €3.0m
- > Less costs, e.g. travelling costs, additionally push the scalability of the NFON business

¹ 2017, 2018, 2019 und HY 2019 and HY 2020 adjusted by one-off effects like IPO-costs and acquisition costs



Strong improvement in adj. EBITDA reflects outstanding performance of recurring revenues

Detailed reconciliation of one-off items

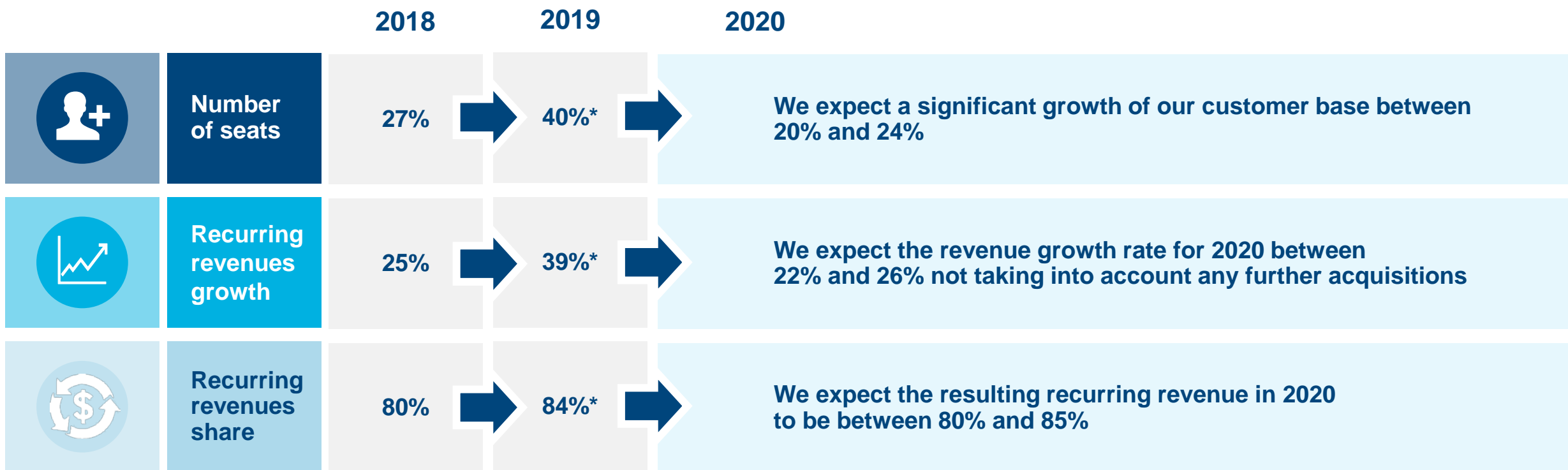
| Reconciliation from EBITDA to adjusted EBITDA | HY 2020 | HY 2019 |
|---|------------|-------------|
| €m | | |
| EBITDA | 0.8 | -3.8 |
| Retention bonus | 0.2 | 0.2 |
| Stock Options | 0.4 | 0.3 |
| Expenses related to DTS acquisition | 0.0 | 0.6 |
| Total EBITDA adjustments | 0.5 | 1.2 |
| Adjusted EBITDA¹ | 1.4 | -2.7 |

Comments

- > Described positive development:
 - > Seat growth and recurring revenues, e.g. gaining new big customers
 - > Lower personnel expenses
 - > Lower other operating expenses, e.g. marketing expenses
- > leads to a positive development of reported EBITDA of €0.8m in HY 2020
- > Smaller adjustments for retention bonus and stock options of €0.5m
- > **Adjusted EBITDA of €1.4m**

¹Rounding differences may occur in the tables

NFON confirms positive guidance - taking Corona effects into account



In line with our vision of becoming the no. 1 in 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 business communication market being disrupted by structural shift to Cloud PBX solutions
- 2** Only true Pan-European Cloud PBX company best positioned to become the dominant European player
- 3** Strong business model resulting in unique combination of massive growth and sustainable recurring revenue
- 4** State-of-the-art “German Engineering” Cloud PBX solution tailored to European customer needs
- 5** Proven track record of scalable growth
- 6** Proven growth strategy leveraging multi dimensional layers of growth



♥ Thanks

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#cloud #telephony #allip



Appendix

Further information about NFON

Management Board



Hans Szymanski
CEO/CFO

- >20 years of C-Level experience
- Previous experience includes
 - CEO/CFO Francotyp-Postalia
 - President Jenoptik LOS
 - Klöckner & Co



Jan-Peter Koopmann
CTO

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



César Flores Rodríguez
CSO

- >10 years of C-Level experience
- Previous experience includes
 - Aconex
 - Co-founder conject Group
 - Mercer Management Consulting



Financial calendar



| Date | Event |
|--------------------|---|
| 20 Aug 2020 | > Presentation Half-year Financial Report 2020 |
| | Web- and Telephone Conference |
| 21 Sep 2020 | > 9th German Corporate Conference Berenberg/Goldman sachs |
| | Virtual Meeting |
| 22 Sep 2020 | > Baader Corporate Conference |
| | Munich |
| Sep 2020 | > Roadshow USA |
| | Virtual Meetings |
| Nov 2020 | > Presentation Financial Results 3rd Quarter 2020 |
| | Web- and Telephone Conference |
| 16 Nov 2020 | > Equity Forum Frankfurt |
| | Virtual Meetings |

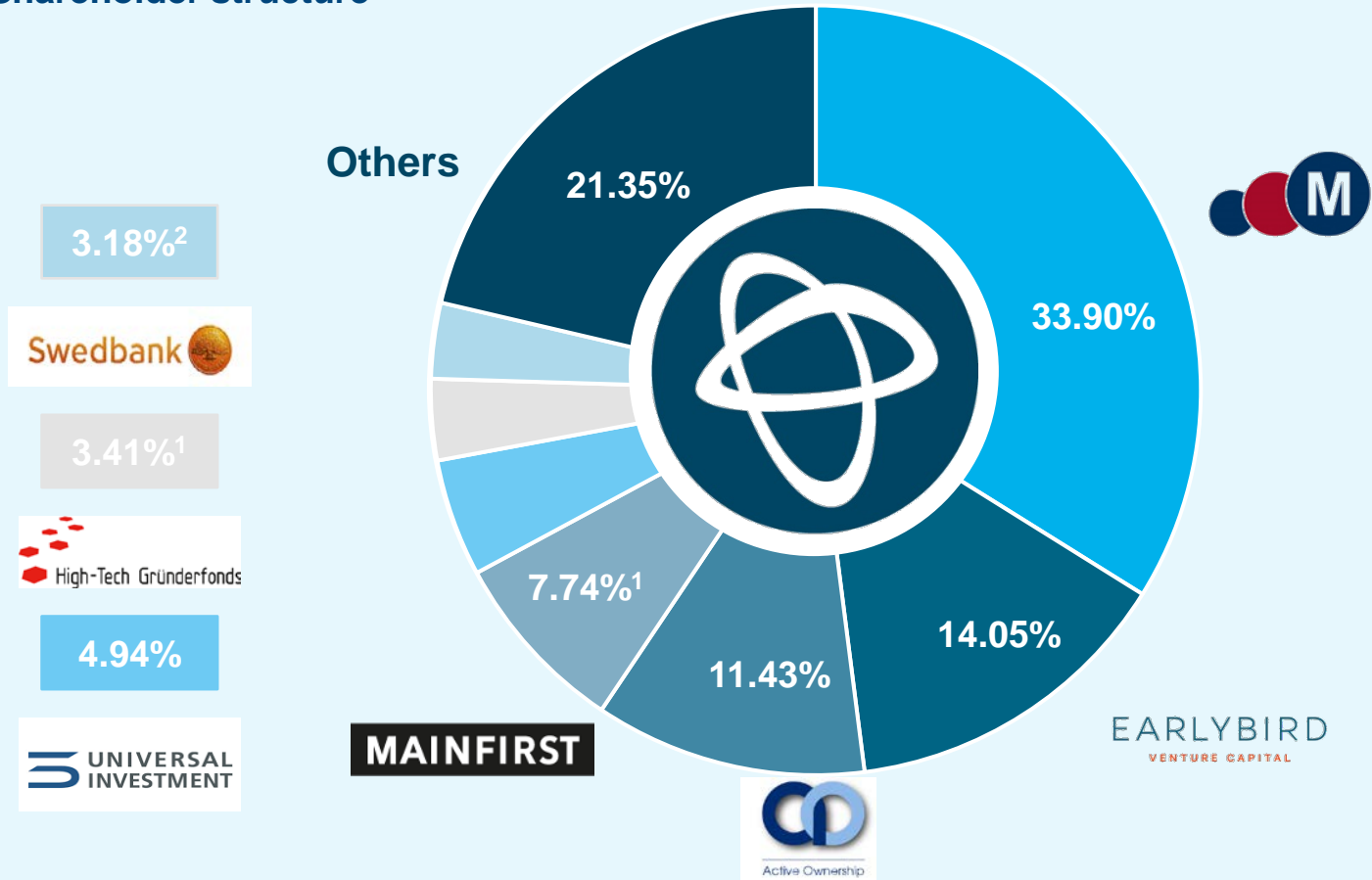
Share at a glance



Facts

| | |
|-------------------------------|--|
| ISIN | DE000A0N4N52 |
| Segment | Prime Standard/ Telecommunication |
| Shares | 15.1 million (21 October 2019) |
| Designated sponsor | Baader Bank ODDO Seydler |
| First day of trading | 11 May 2018 |
| Coverage | Berenberg Bank, Baader Bank, Hauck & Aufhäuser, Mainfirst |
| Freefloat | 46.9% |
| (according to Deutsche Börse) | |

Shareholder structure



¹ voting rights based on 13.8 million shares ² voting rights based on 14.1 million shares

Contact



Sabina Prüser

Head of Investor Relations

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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