



NFON  
Cloud Telephone System

Munich | 19 August 2021

# Financial Results HY 2021

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# Our Mission

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

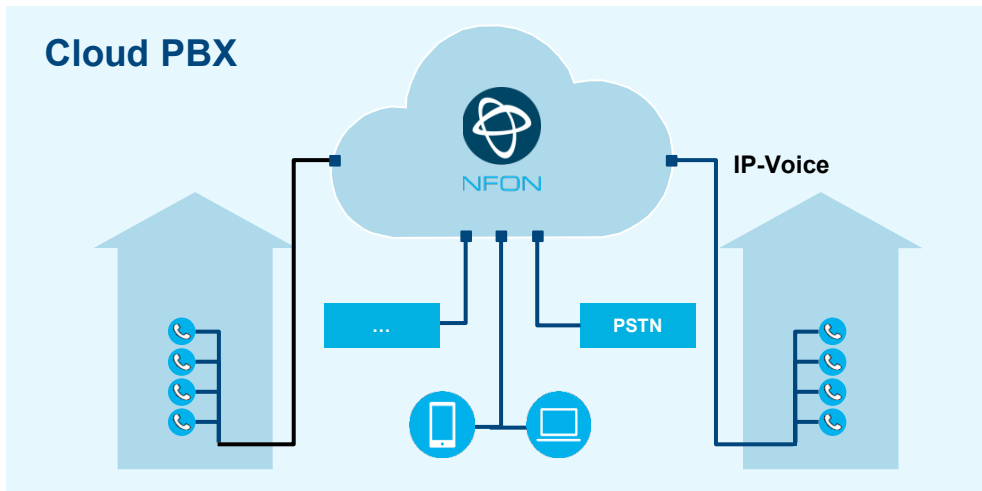


# NFON at a Glance

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The only true pan-european Cloud PBX provider

# Voice centric solutions tailored to the needs of today's business communication



Founded **2007**  
HQ in Munich,  
Germany



Active in  
**15**  
European countries  
with **>3,000**  
partners



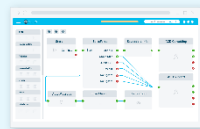
**2018** IPO  
Frankfurt Stock  
Exchange  
Prime Standard



**40,000+**  
business customers



Cloudya



Ncontactcenter



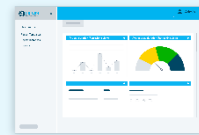
NCTI Pro



Nvoice for MS Teams



Meet & Share



Neorecording



**450+**  
employees



**500,000+**  
seats

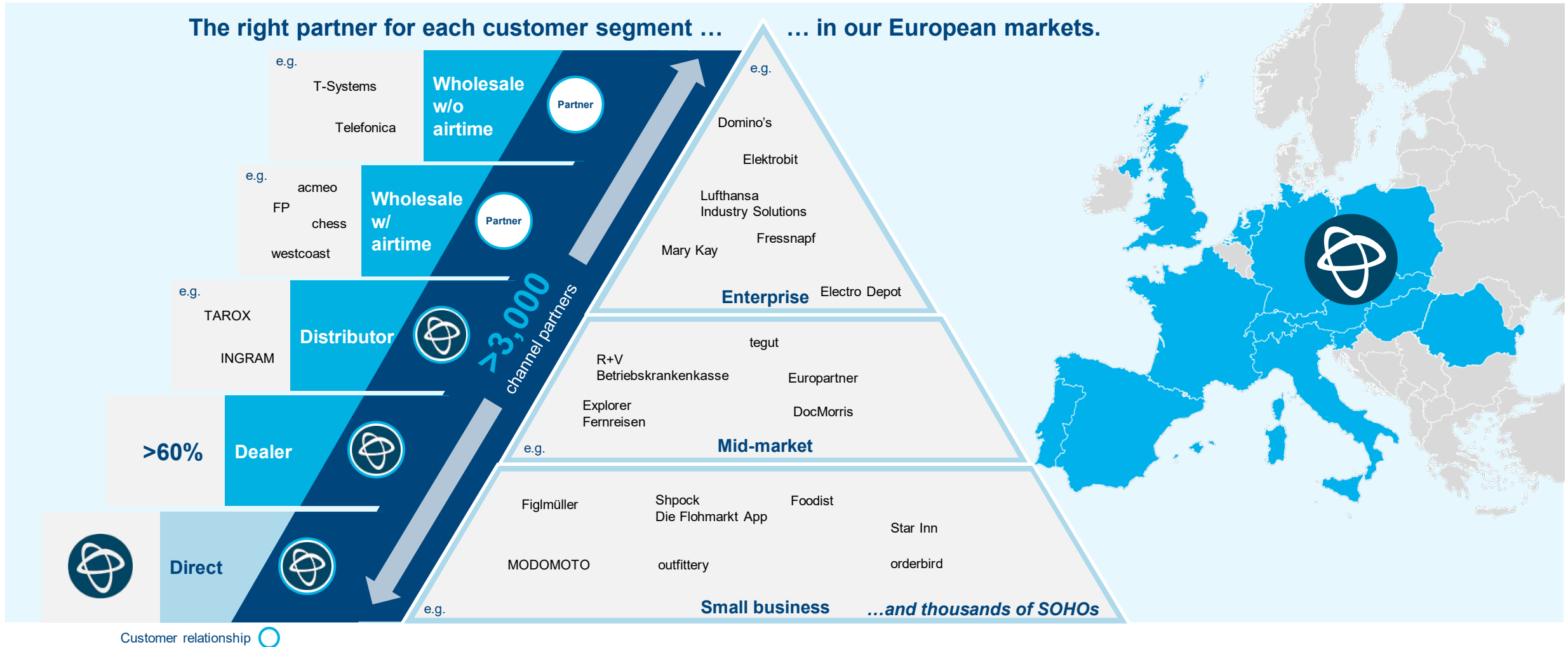
Only true european Cloud PBX provider

# Flexible go-to-market model with over 3,000 partners



The right partner for each customer segment ...

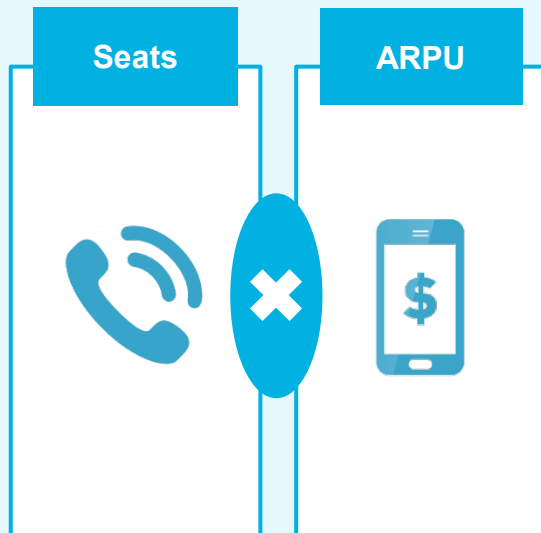
... in our European markets.





# Attractive business model combining strong growth with sustainable recurring revenue

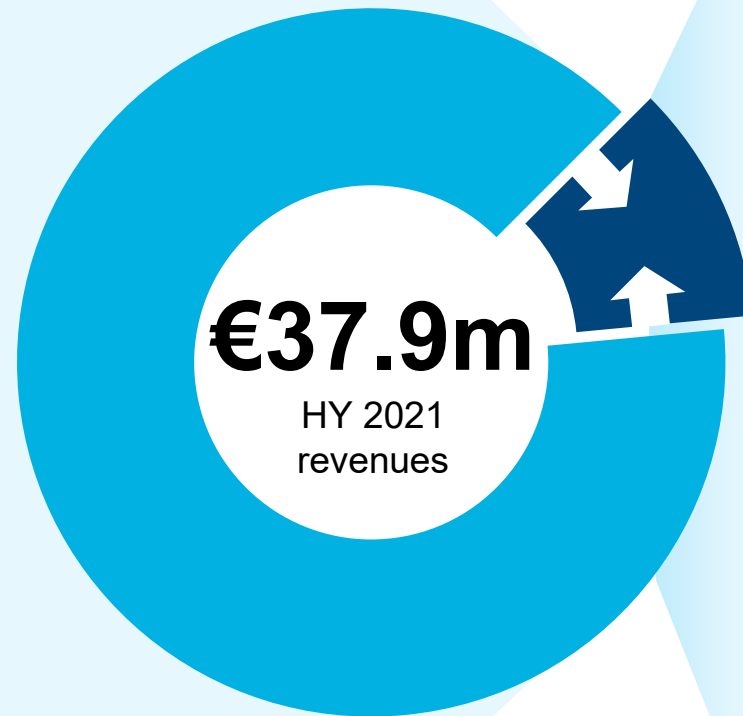
Recurring revenues 89%



Licence fee per extension

Airtime

Premium solutions



Non-recurring revenues 11%



Activation fee



Hardware



Professional services



**The market is**

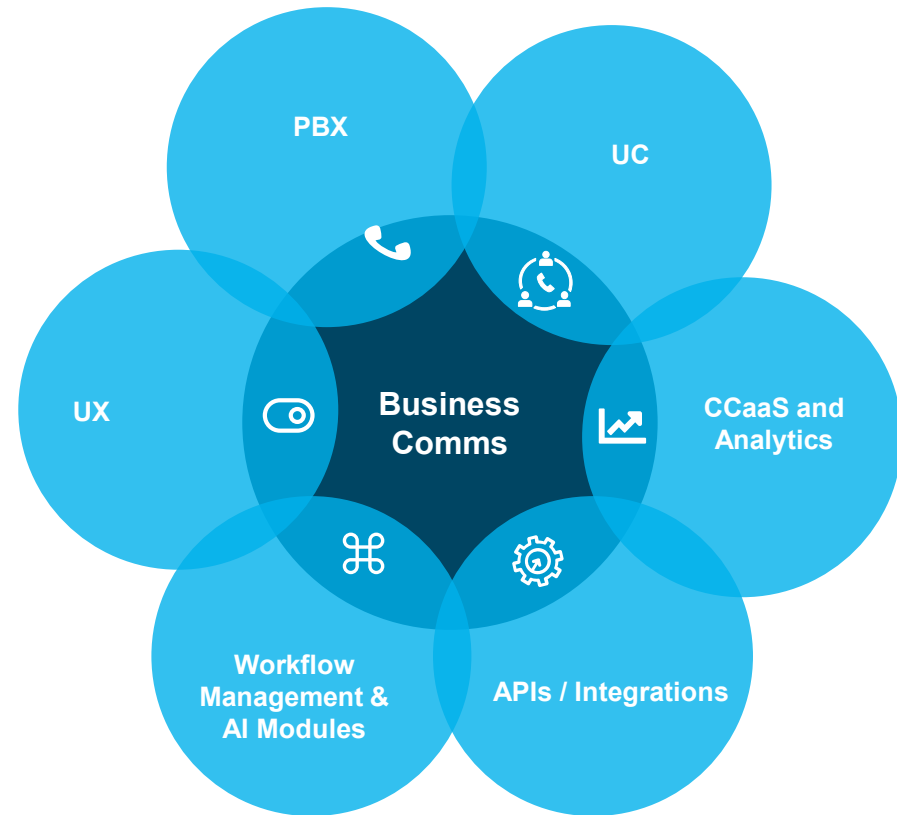
**moving**



# Growing intersection of Business Communications

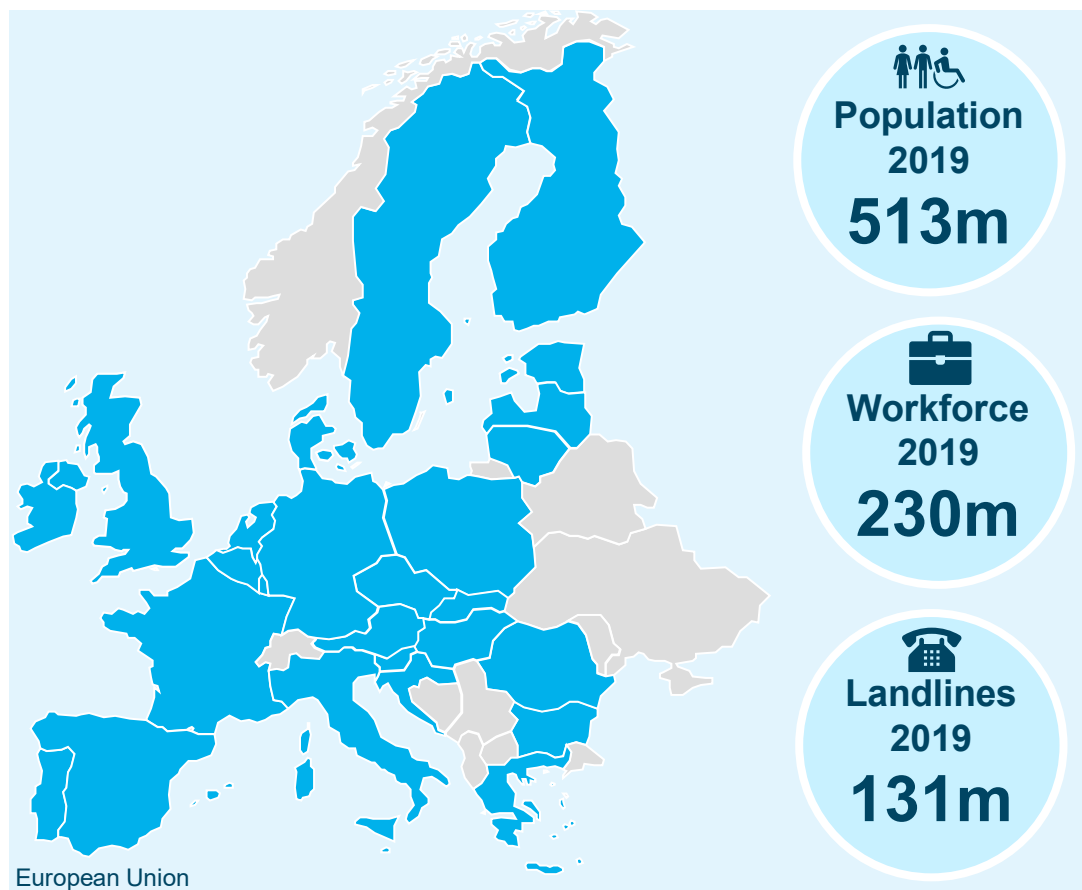


The cloud PBX market is growing together with adjacent markets such as Contact Center and Unified Communications to one large “Business Communications / Workflows” market



- > Prerequisite: an integrated business communication solution combining voice and video (enhanced with Chat & Presence)
- > All players in the market try to close gaps to provide customers with a fully integrated offering
- > Business Communications expands into formerly separate areas such as Contact Center, Analytics and Workflow Management
- > Integration of processes and tools via APIs therefore become more and more important

# Massive addressable market in Europe



Data cover industry, construction, trade, and services, but not enterprises in the primary sector and largely non-market services such as education

	<b>Enterprises 2019 (Thousand)</b>	<b>Persons employed 2019 (million)</b>
<i>Micro (0-9)</i>	23,323 (93.0%)	43.5 (29.7%)
<i>Small (10-49)</i>	1,472 (5.9%)	29.5 (20.1%)
<i>Medium (50-249)</i>	236 (0.9%)	24.7 (16.8%)
<b>SMEs</b>	<b>25,032 (99.8%)</b>	<b>97.7 (66.6%)</b>
<b>Large</b>	<b>47 (0.2%)</b>	<b>49.0 (33.4%)</b>
<b>Total</b>	<b>25,079 (100%)</b>	<b>146.8 (100%)</b>

- Approximately 100 million employees in our NFON sweet spot
- Overall broadband penetration behind leading industrial countries
- Over 350 players competing in the UCaaS market
- Covid-19 accelerated up-take of UCaaS
- European companies seek for European solutions



# NFON Growth Strategy 2024

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The leading provider for voice centric  
business communication 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 3,000 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**



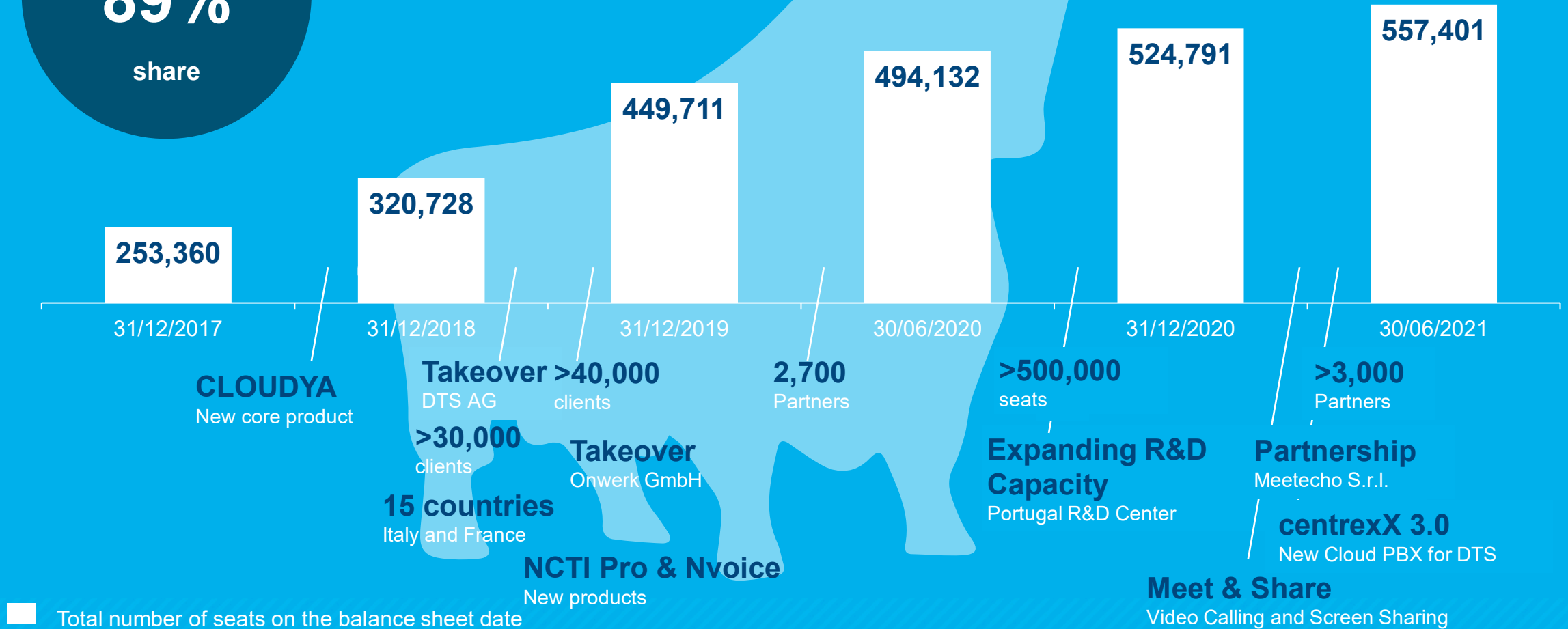
# Business Highlights

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# The base for future growth – Milestones



Recurring Revenue  
**89%**  
share







# Financial Results

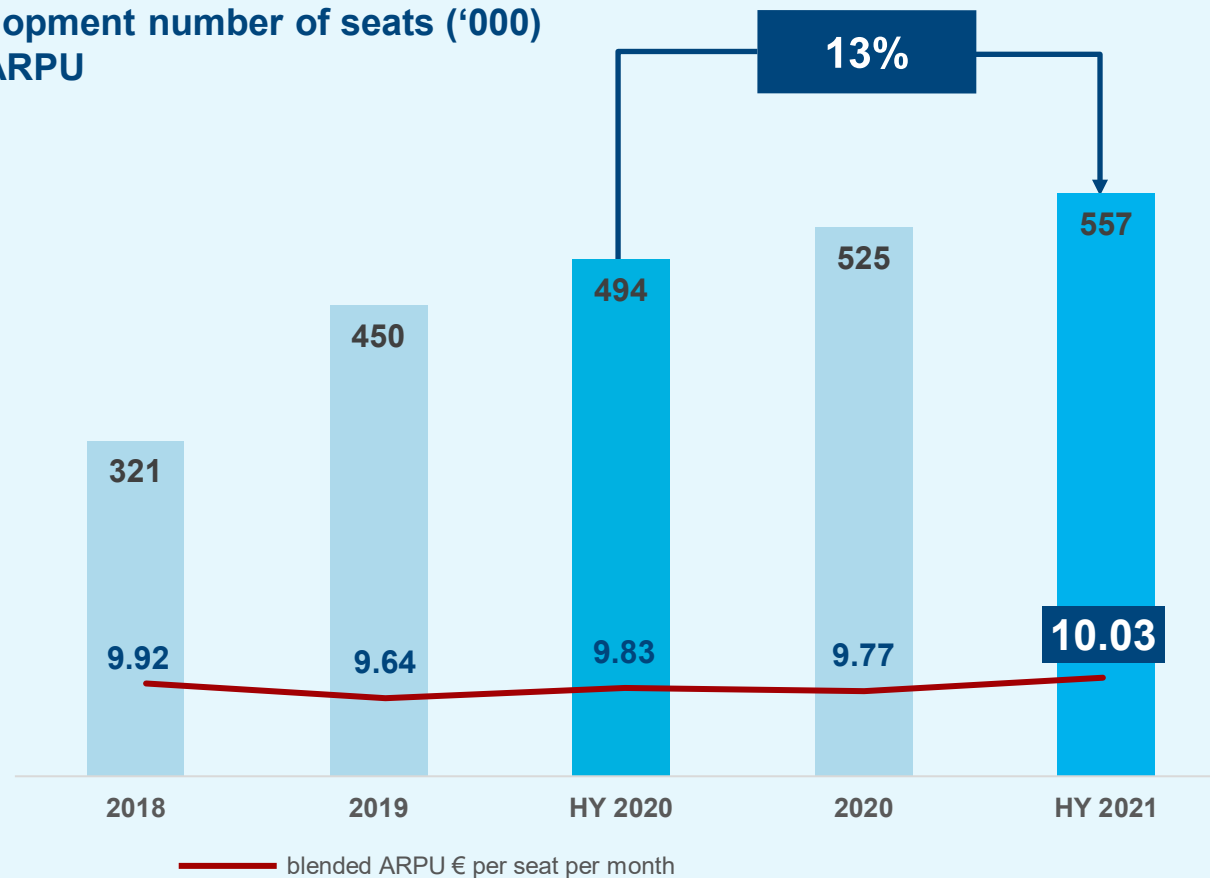
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Half-year 2021

# High usage of airtime while some customers still hesitant



Development number of seats ('000) and ARPU



## Comments

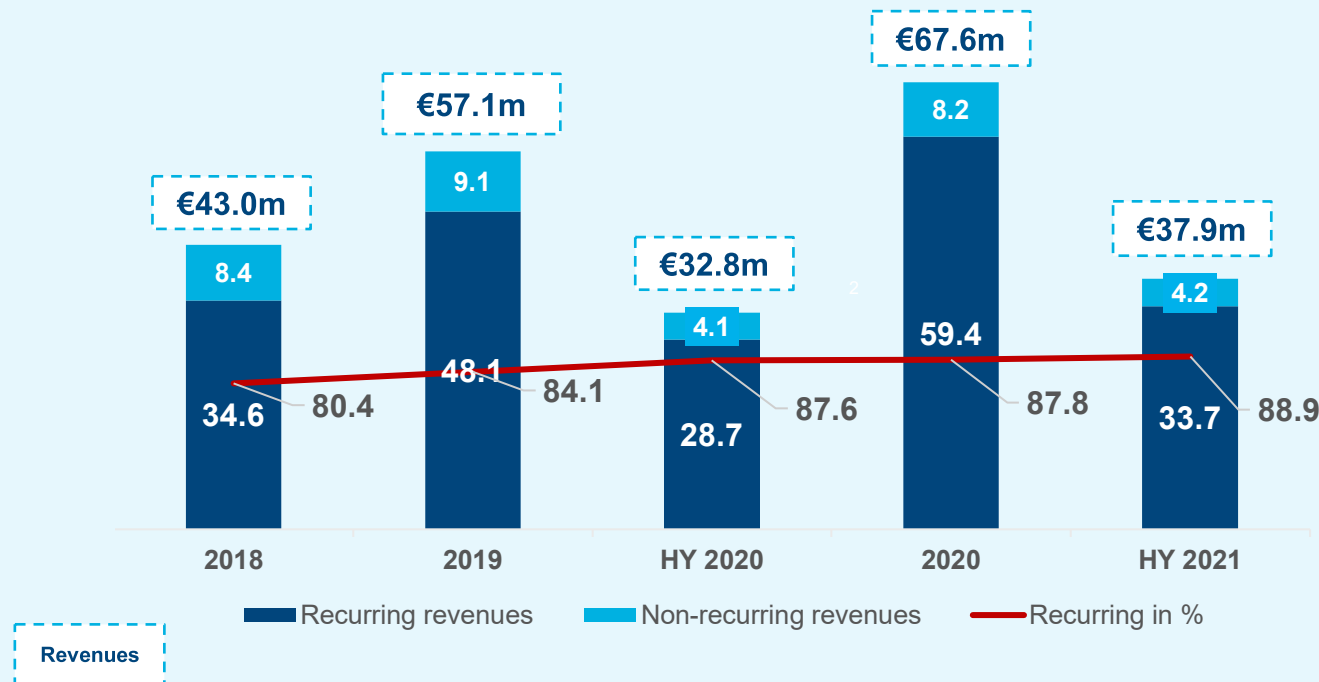
- > Further positive development of ARPU
  - > Still high usage of airtime
  - > Positive development of DTS
- > Increase of total number of seats by 13%. The Corona effects and the associated delay in customer decisions mainly influenced the second half of 2020 and first half of 2021. This effect is evident in the growth of our seat base
- > Continuously 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

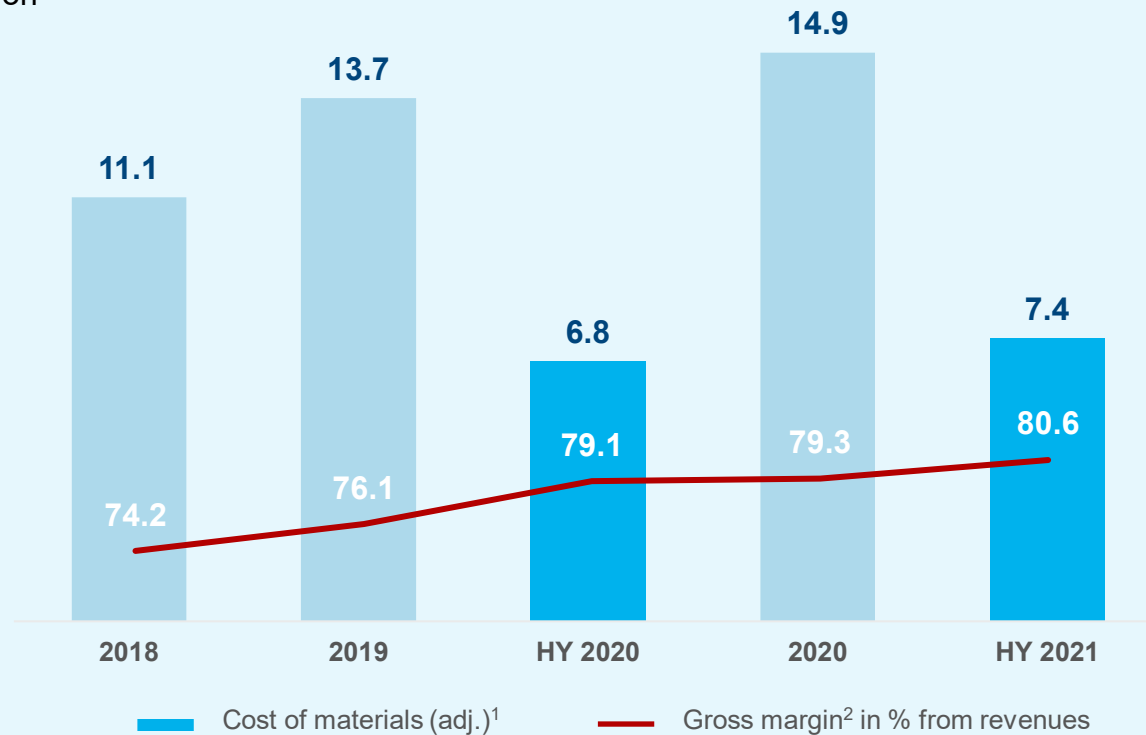
- > Total revenue growth of 15.6% in comparison to HY 2020
- > Recurring revenues grow by 17.3% compared to first half-year 2020 due to high usage of airtime and ongoing seat growth
- > Non-recurring revenues on previous year's level, with a significant increase in Q2 2021 compared to previous year (+24.3%)
- > Steadily increasing share of recurring revenue in total revenue (88.9%)

# Consistently high and increasing gross margin



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

€ million



## Comments

- > High gross margin (adj.) continues to show a constantly positive development in HY 2021
- > Cost of materials slightly higher. This results in a lower cost of materials ratio of 19.4% in the 3-month reporting period compared to the same period of the previous year (HY 2020: 20.9%)
- > 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

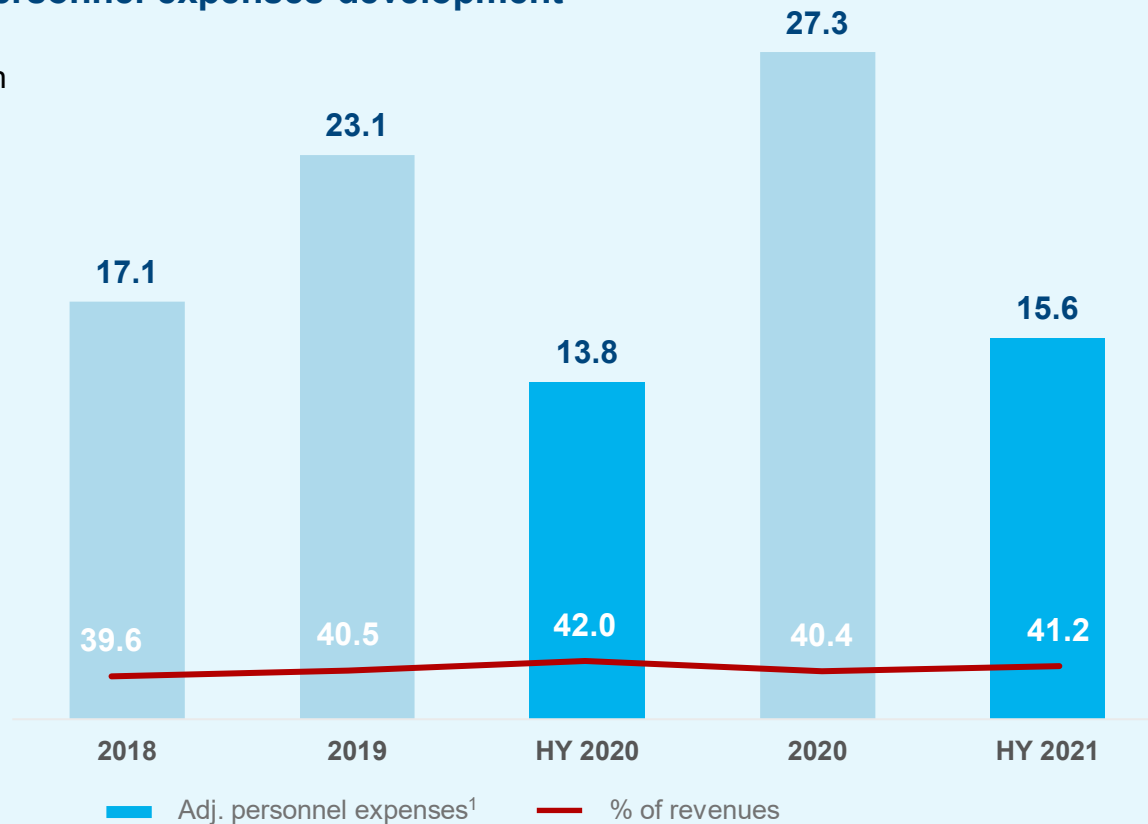
<sup>1</sup>Cost of materials adjusted for changes in inventories of finished goods <sup>2</sup>gross margin defined as (revenue - adj. cost of materials)/ revenue

# NFON further invest in staff



## Adj. personnel expenses development

€ million



## Comments

- > Personnel expenses as reported amount to €16.0m (HY 2020: €14.3m)
  - > Adjustments of €0.3m for stock options
- > Adj. personnel expenses amount to €15.6m (HY 2020: €13.8m) due to increase in workforce by 13.1%
  - > HY 2021: Ø 450 employees
  - > HY 2020: Ø 398 employees
- > NFON plans a significant ramp-up of technical resources (FTE~50%yoy) until end of 2021

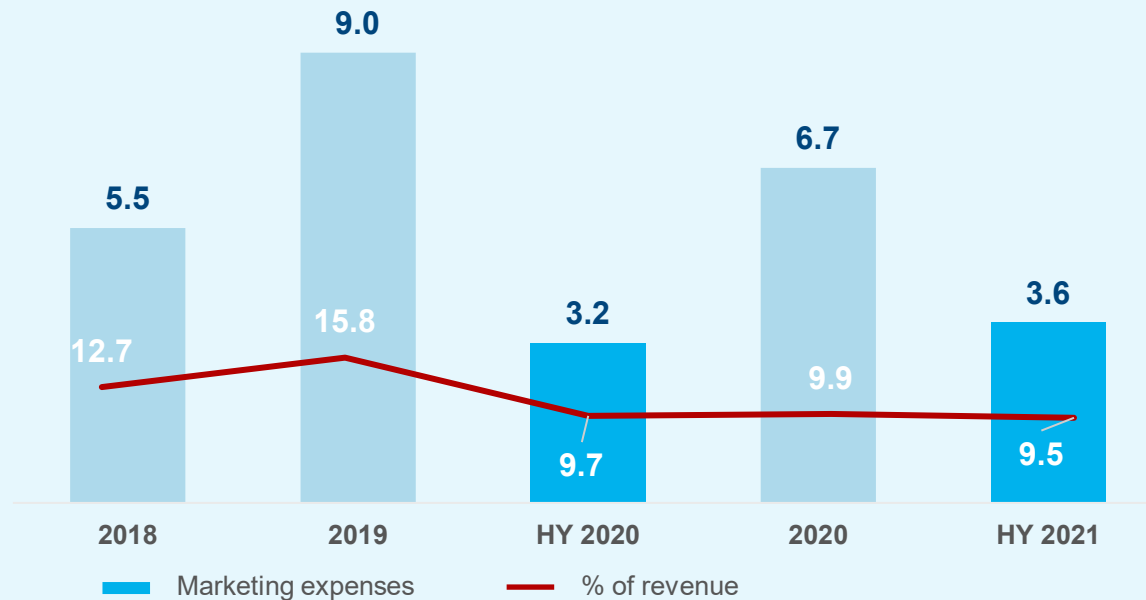
<sup>1</sup> Personnel expenses adjusted for Stock Option Plan, Retention Bonus

# Marketing activities accelerating



## Marketing expenses development

€ million



## Comments

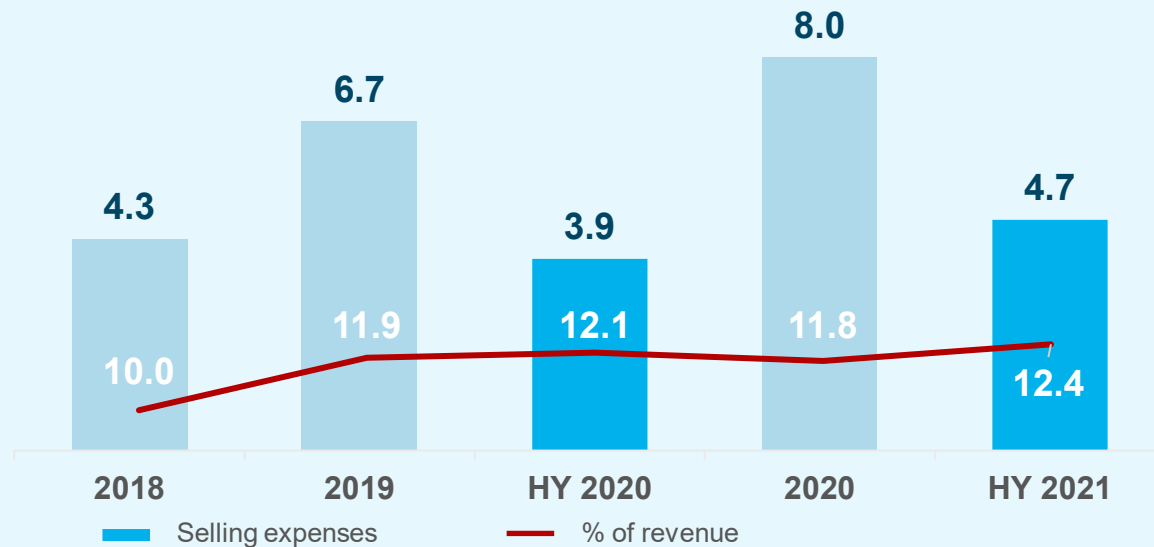
- > Marketing expenses increased by 12.9%
- > With a focus on channel marketing NFON intends to increase marketing invests by more than >50%yoy
- > Focus on partner activations in all markets, especially in younger markets and gaining new partners
  - > Total number of partners increased to >3,000 partners
  - > Start of business in Poland

# Increase in sales commission relates to increase in revenues



## Selling expenses development

€m, % of revenue



## Comments

- > 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 18.6% compared to previous year due to increased volume and higher share of scalable partner business

# Positive adj. EBITDA in H1 but investments accelerating towards H2 2021



## Detailed reconciliation of one-off items

Reconciliation from EBITDA to adjusted EBITDA	HY 2021	HY 2020
€m		
<b>EBITDA</b>	<b>1.8</b>	<b>0.8</b>
Retention bonus	0.0	0.2
Stock Options	0.3	0.4
M&A expenses and others	0.2	-0.1
<b>Total EBITDA adjustments</b>	<b>0.5</b>	<b>0.5</b>
<b>Adjusted EBITDA<sup>1</sup></b>	<b>2.3</b>	<b>1.4</b>

## Comments

- › EBITDA of €1.8m reflects still lower investments
- › Adjustments leads to further improvements of EBITDA
- › Adjusted EBITDA of €2.3m
- › This development has a temporary character
- › **NFON still aims to significantly increase the investment ratio again in 2021**

<sup>1</sup>Rounding differences may occur in the tables



# NFON on guidance 2021



		2019	2020	2021
	<b>Number of seats</b>	40%*	17%	We expect a growth rate of our customer base between 15% and 17%
	<b>Recurring revenues growth</b>	39%*	24%*	We expect the recurring revenue growth between 14% and 16% not taking into account any further acquisitions
	<b>Recurring revenues share</b>	84%*	88%*	We expect the resulting recurring revenue ratio to be >85%
	<p>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&amp;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.</p>			

\* 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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#cloud #telephony #allip



# Appendix

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Further information about NFON

# Management Board



**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

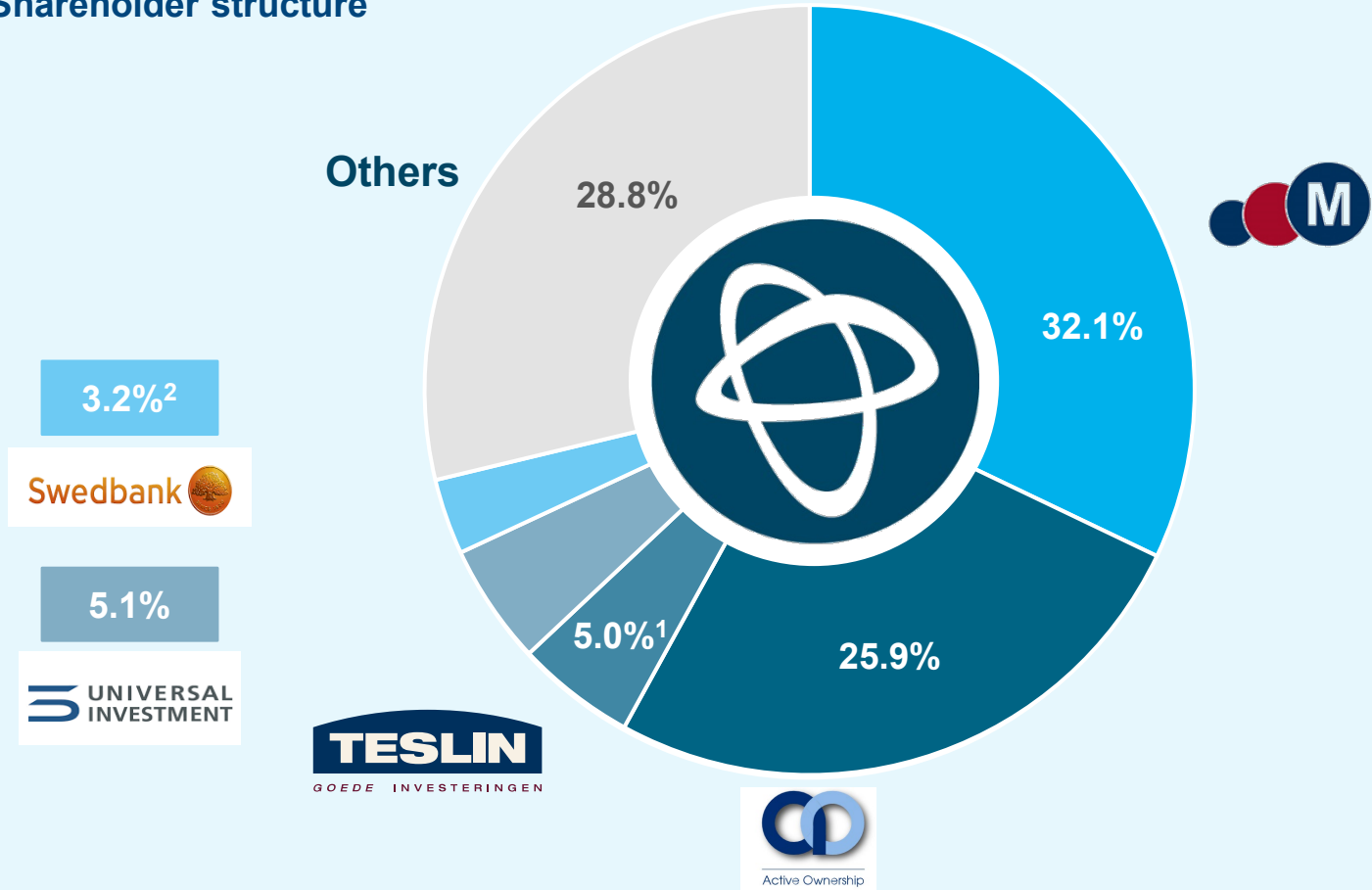
# Share at a glance



## Facts

<b>ISIN</b>	DE000A0N4N52 DE000A2TSA41
<b>Segment</b>	Prime Standard/ Telecommunication
<b>Shares</b>	<b>16.6 million</b> (29 March 2021)
<b>Designated sponsor</b>	Baader Bank ODDO Seydler
<b>First day of trading</b>	11 May 2018
<b>Coverage</b>	Berenberg Bank, Baader Bank, Hauck & Aufhäuser, Stifel Bryan Garnier Barclays

## Shareholder structure



¹voting rights bases on 15.6 million shares ²voting rights based on 14.1 million share. Rounding differences may occurs



# Financial calendar 2021



Date	Event
<b>19 Aug</b>	<b>Half-year Financial Results 2021</b>
	Web- and Telephone Conference
<b>6 September</b>	<b>Equity Forum Herbstkonferenz (Autumn Conference)</b>
	Virtual Meeting
<b>17 September</b>	<b>Citi Global Markets – Virtual Small, Mid-Cap &amp; Growth Conference 2021</b>
	Virtual Meeting
<b>20 September</b>	<b>Baader Investment Conference</b>
	Virtual Meeting
<b>22 September</b>	<b>Sachs Berenberg and Goldman Sachs Tenth German Corporate Conference</b>
	Virtual Meeting
<b>18 Nov</b>	<b>Financial Results Nine Months 2021</b>
	Web- and Telephone Conference

# Contact



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