

NFON Earnings Call

Full Year Results 2022 – 27 April 2023

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

NFON 2023 strategy for profitable and sustainable growth

NFON Group Targets

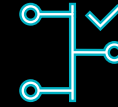
- Components of growth: Products, Channel, Partnerships
- Components of profitability: Operational Excellence
 - Sustainability as part of our strategy



Product Growth



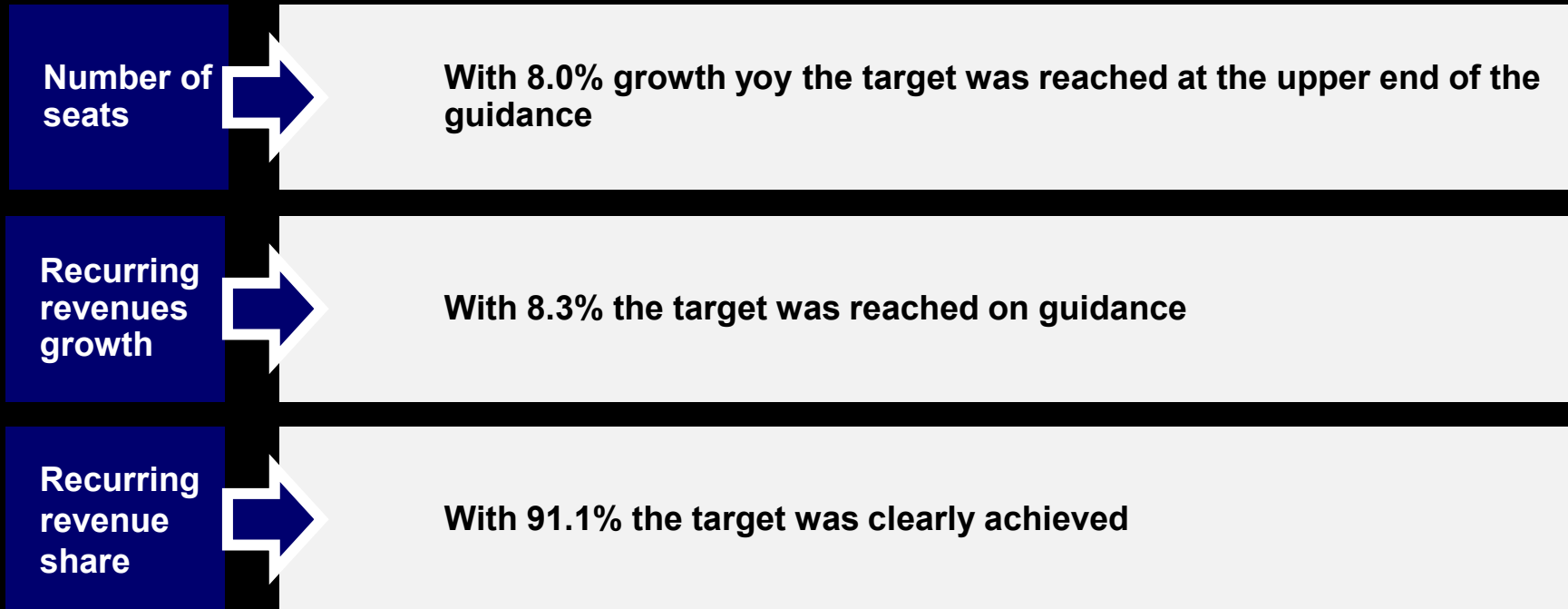
Create Best-in-Class Channel



Accelerate Growth with
Strategic Partnerships &
Alliances

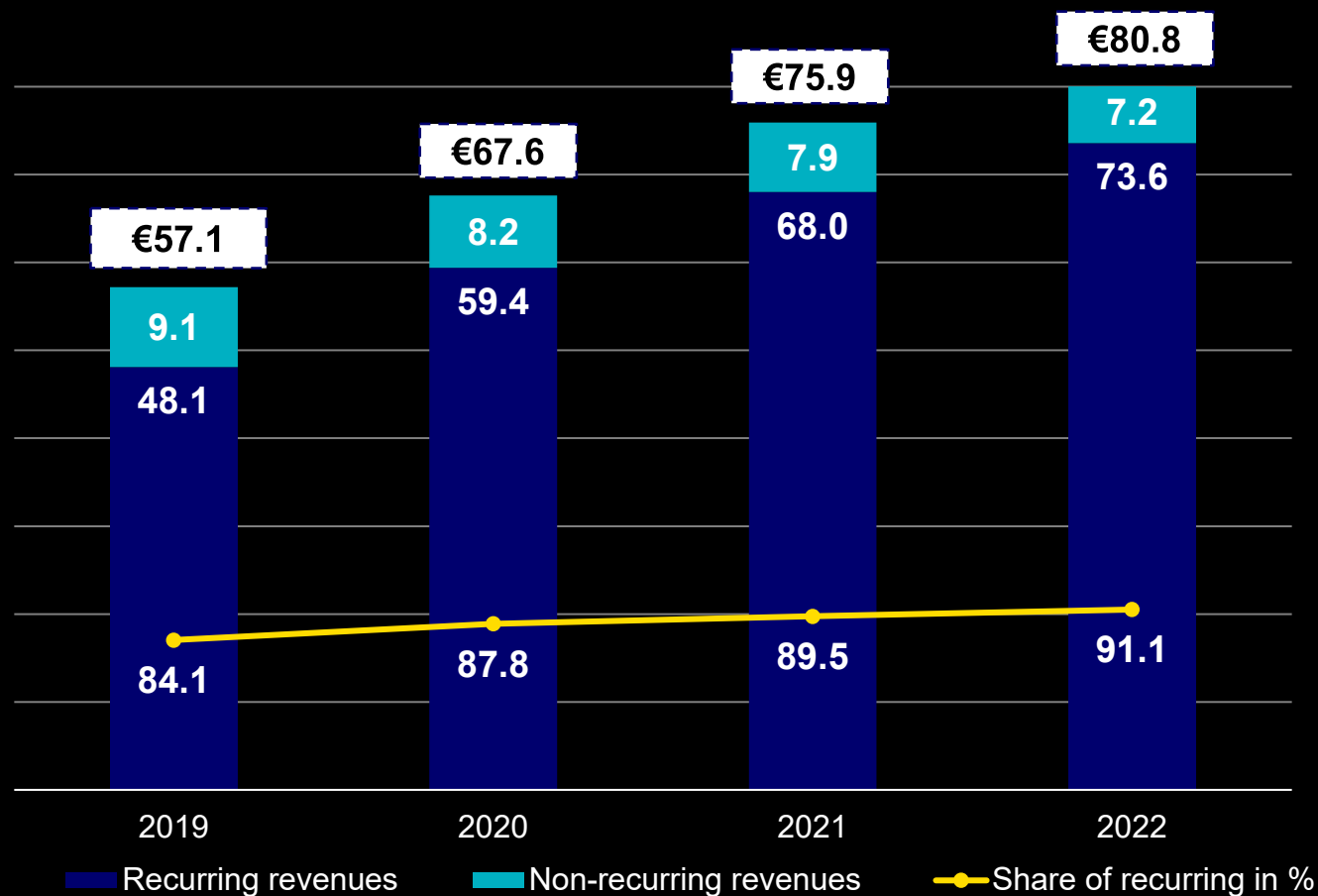
Full Year Results 2022

Financial Results 2022 at a Glance



Recurring revenues strong base for profitable growth

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

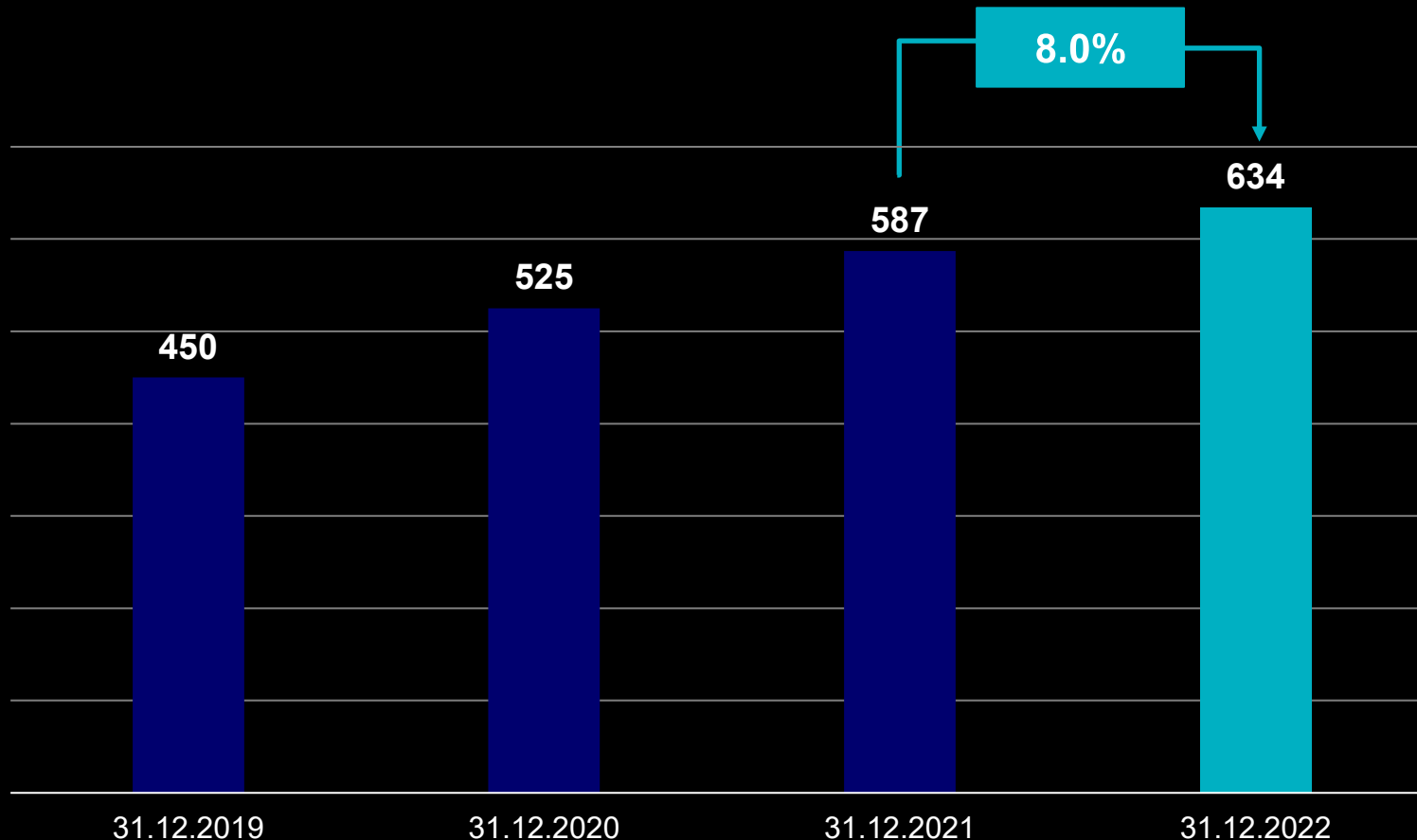


COMMENTS

- Recurring revenues grew by 8.3% compared to 2021
- Decrease of non-recurring by 9.0% compared to previous year
- Total revenue growth of 6.5% in comparison to 2021
- High share of recurring vs. total revenues of 91.1%

Seat growth mirrors development in UC market

Development number of seats ('000)

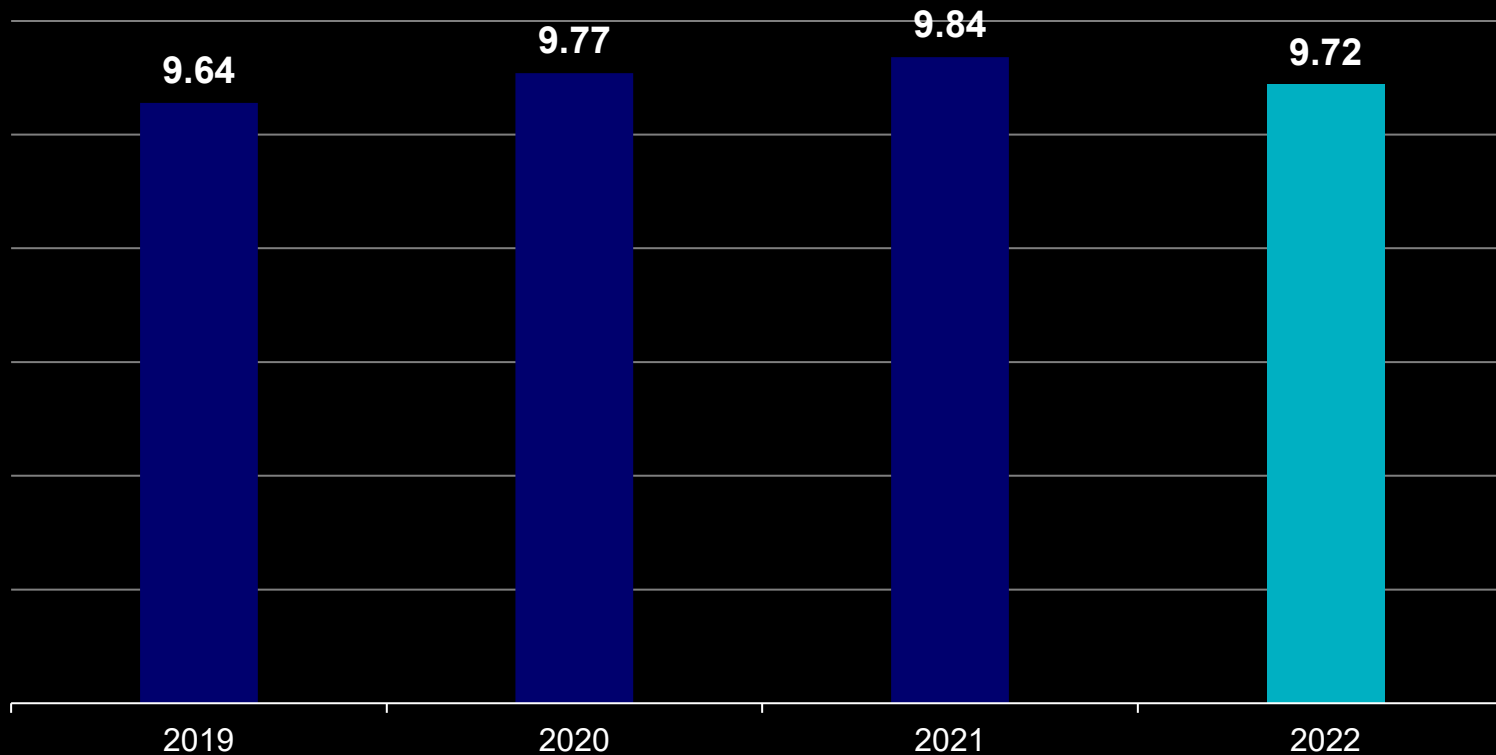


COMMENTS

- Increase of total number of seats by 8.0%
 - Globally lengthened sales cycles
 - Increasing market maturity affecting UCaaS growth rates
- Continuously low gross churn rate of ~0.5% per month underlines quality of product and service and guarantees continuous recurring revenues

ARPU development on pre-pandemic level

Development ARPU in Euro

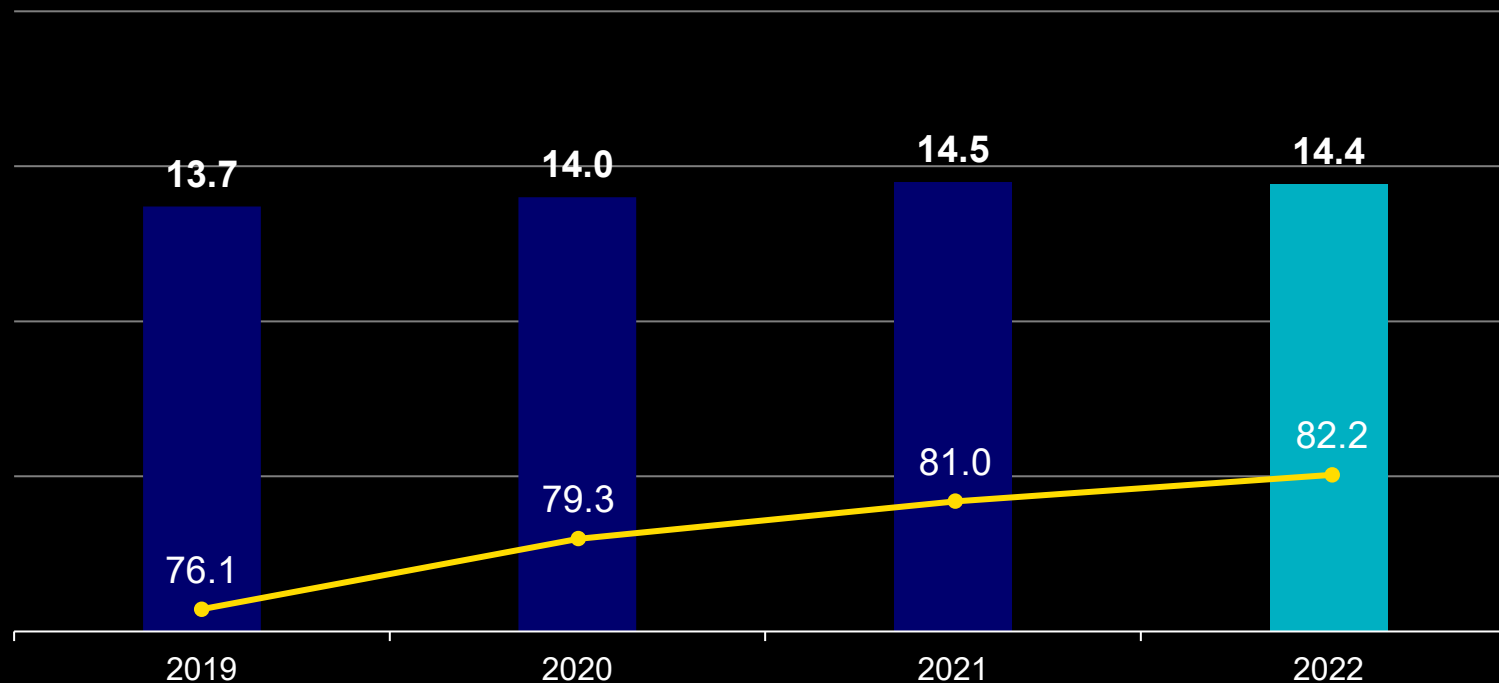


COMMENTS

- 2021 positively effected by switch to remote working
- Factors influencing ARPU:
 - Business with wholesale partners
 - Voice minutes usage
 - Premium solutions
 - Price adjustments

High gross margin continues to show a constantly positive development

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



COMMENTS

- Cost of materials on previous year's level
- Further low material cost ratio of 17.8% compared to the same period of the previous year (2021: 19.0%)
- Increase in share of high-margin recurring revenues

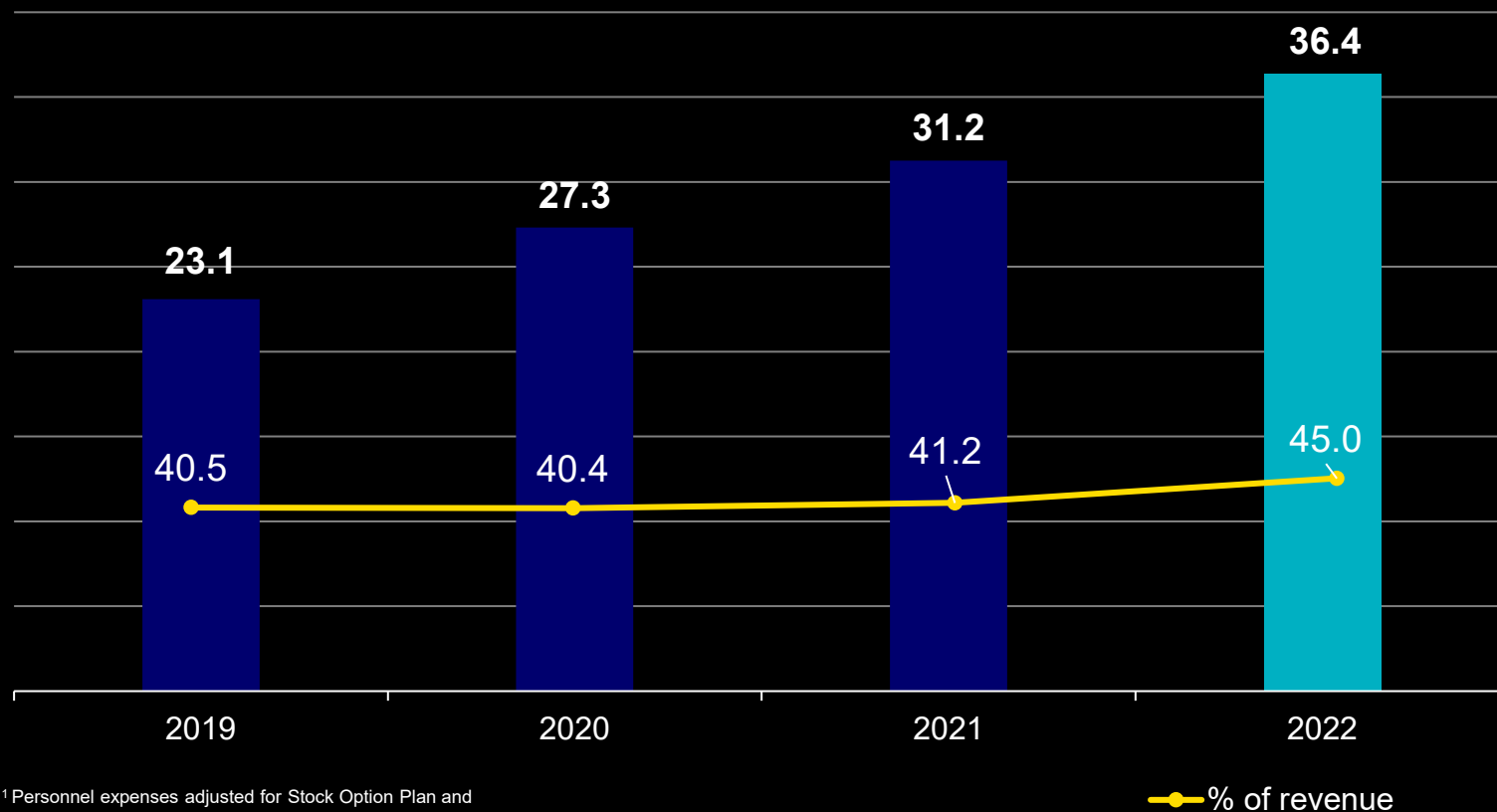
¹Cost of materials adjusted for changes in inventories of finished goods

²Gross margin defined as (revenue - adj. cost of materials) / revenue

—●— Adj. gross margin

Scaling effects will become evident in 2023

Adj. personnel expenses¹ in € million



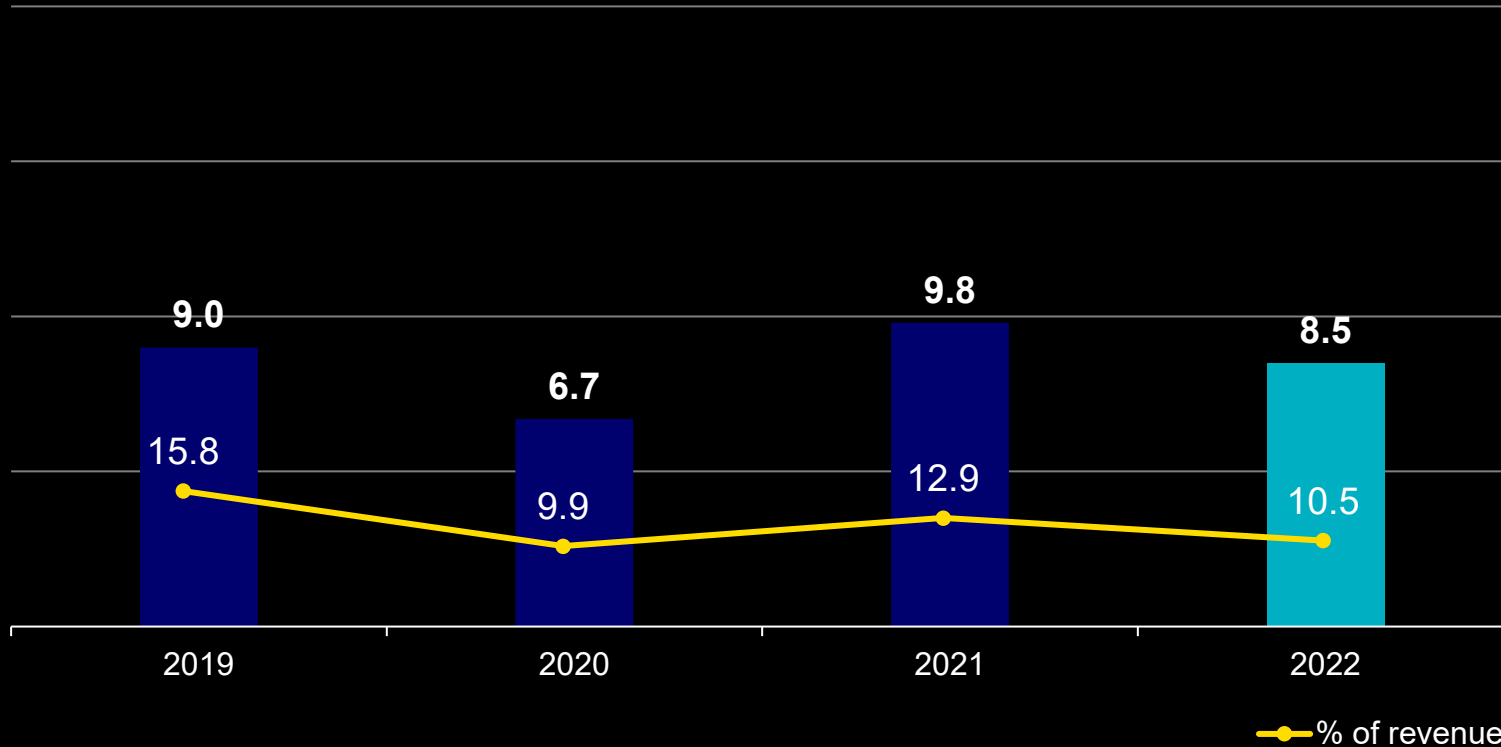
¹ Personnel expenses adjusted for Stock Option Plan and Retention Bonus, and cost of focusing on core markets

COMMENTS

- Average number of employees rose from 466 to 526 (plus 12.9%)
 - Especially in the sales and technical areas
- Personnel expenses as reported amount to €37.4m (2021: €31.7m), plus 18.1%
- Adjustments of €1.0m (2021: €0.4m)
 - Stock options
 - Focusing on core markets
- Adj. personnel expenses amount to €36.4m (2021: €31.2m) plus 16.5%
- Adj. personnel expense ratio of 45.0% (previous year: 41.2%) expected to decrease in 2023 due to scaling effects and reduction of staff

Pace of marketing expenses adapted

Marketing expenses in € million

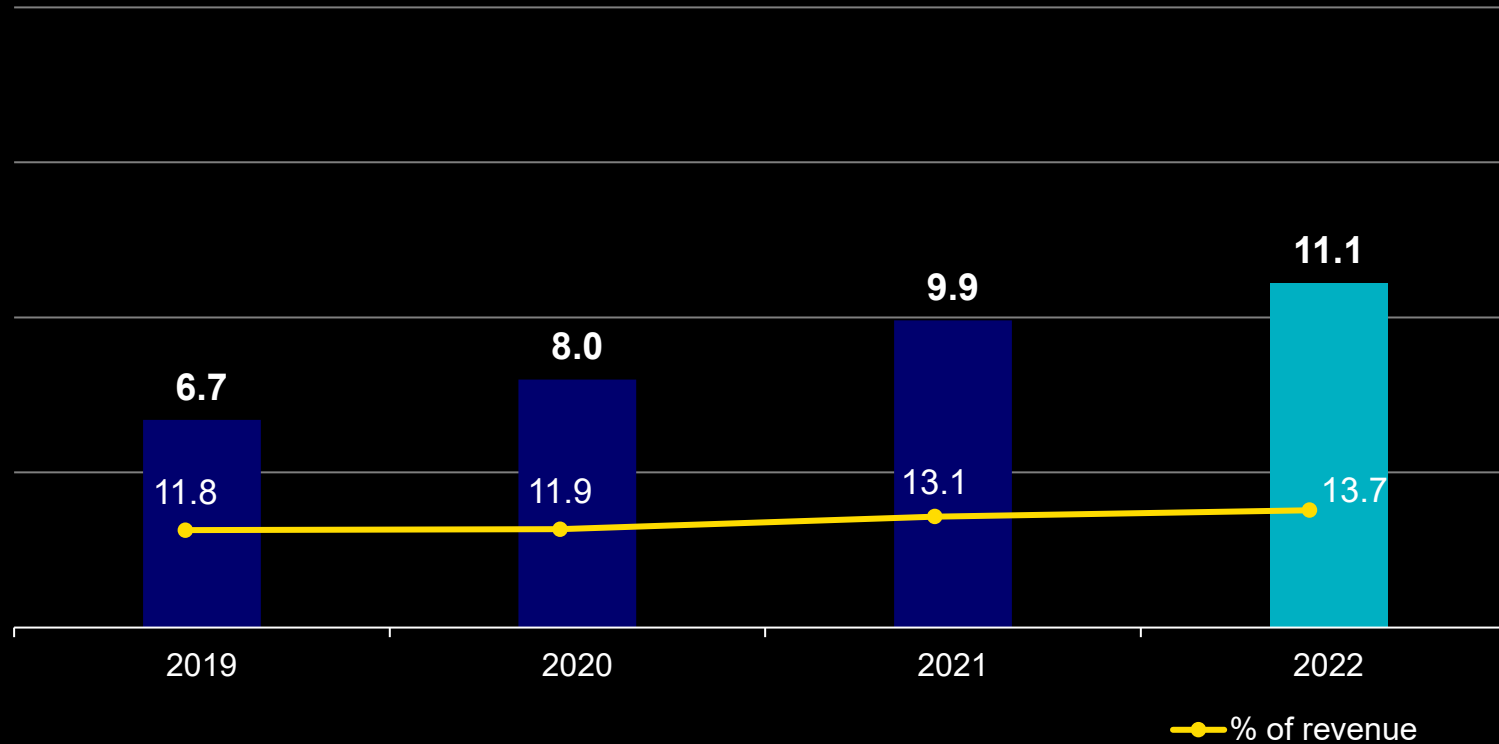


COMMENTS

- Marketing expenses reduced by 13.6% yoy
 - Investments in roll-out of new partner program & platform and repositioning of N FON brand finalized in first half 2022
- Significant improvement of marketing expense ratio of 10.5% in 2022 compared to 12.9% in 2021
- 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 11.7% compared to previous year
- Slight increase in selling costs ratio resulted mainly from partner commissions paid out for special campaigns

EBITDA

- High expenditures in headcounts and marketing leveled out in the second half of 2022

Reconciliation from EBITDA to adjusted EBITDA	2022	2021
€ million		
EBITDA	-5.3	-2.0
Stock options Retention bonus (2021)	0.5	0.5
Focusing on core markets	0.5	n/a
M&A activities	1.4	0.3
License payments for previous years	0.9	0.0
Rebranding	0.9	0.0
Total EBITDA adjustments	4.3	0.7
Adjusted EBITDA	-1.0	-1.3

Rounding differences are possible

Outlook 2023

Guidance for profitable and sustainable growth 2023

2023

**Recurring
revenues
growth**

We expect recurring revenue growth in the mid to upper single-digit percentage range

**Recurring
revenues
share**

We expect the resulting recurring revenue ratio >88%

**adjusted
EBITDA**

We expect adjusted EBITDA to be >€4mio

Key Investment Highlights



Questions & Answers

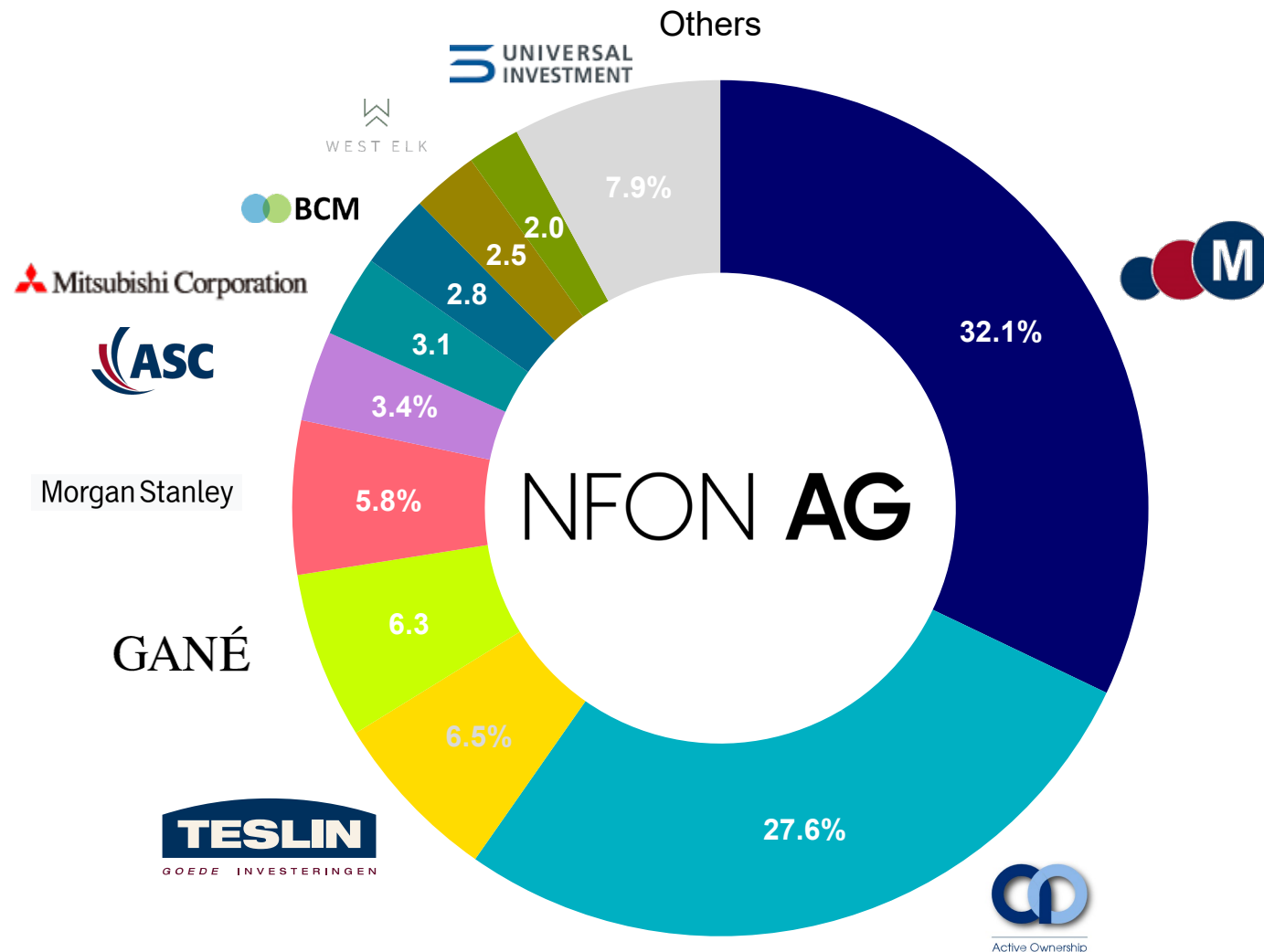
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Appendix

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

Shareholder structure (11 April 2023)



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
23

27.04.

- **Group Financial Results 2022**
- Web Conference

18.05.

- **Financial Results Q1 2023**
- Web Conference

30.06.

- **Annual General Meeting 2023**
Munich

24.08.

- **Financial Results Half-Year 2023**
Web Conference



Investor Relations
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