

NFON Earnings Call

Q1 Results 2023 – 25 May 2023

Patrik Heider joining the NFON team as new CEO



Patrik Heider CEO

- Patrik Heider (49) has joined NFON in his role as CEO on May 15, 2023
- He is a highly experienced and international manager with exceptional leadership qualities and excellent capital market experience
- He was responsible for the successful development of Nemetschek SE as Spokesman of the Board and CFOO
 - Accelerated organic revenue growth from 7% to 15% per annum while driving profitability even stronger
 - Executed six group level and ten brand level acquisitions that have driven product and technology enhancement, international market expansion, and revenue growth acceleration (overall acquisition target portfolio growth 20%)
 - Substantially increased the visibility and profile of Nemetschek in the German and global public equity capital markets (market cap CAGR of 72% per annum to €8 billion at exit date)
 - Expanded the universe of equity research firms covering the stock and led the company into MDax (from Prime Standard)
- Prior joining NFON he was CEO of the software companies Thinkproject and riskmethods

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

NFON 2023 strategy for profitable and sustainable growth

NFON Group Targets

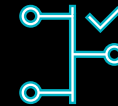
- Components of growth: Products, Channel, Partnerships
- Components of profitability: Operational Excellence
 - Sustainability as part of our strategy



Product Growth



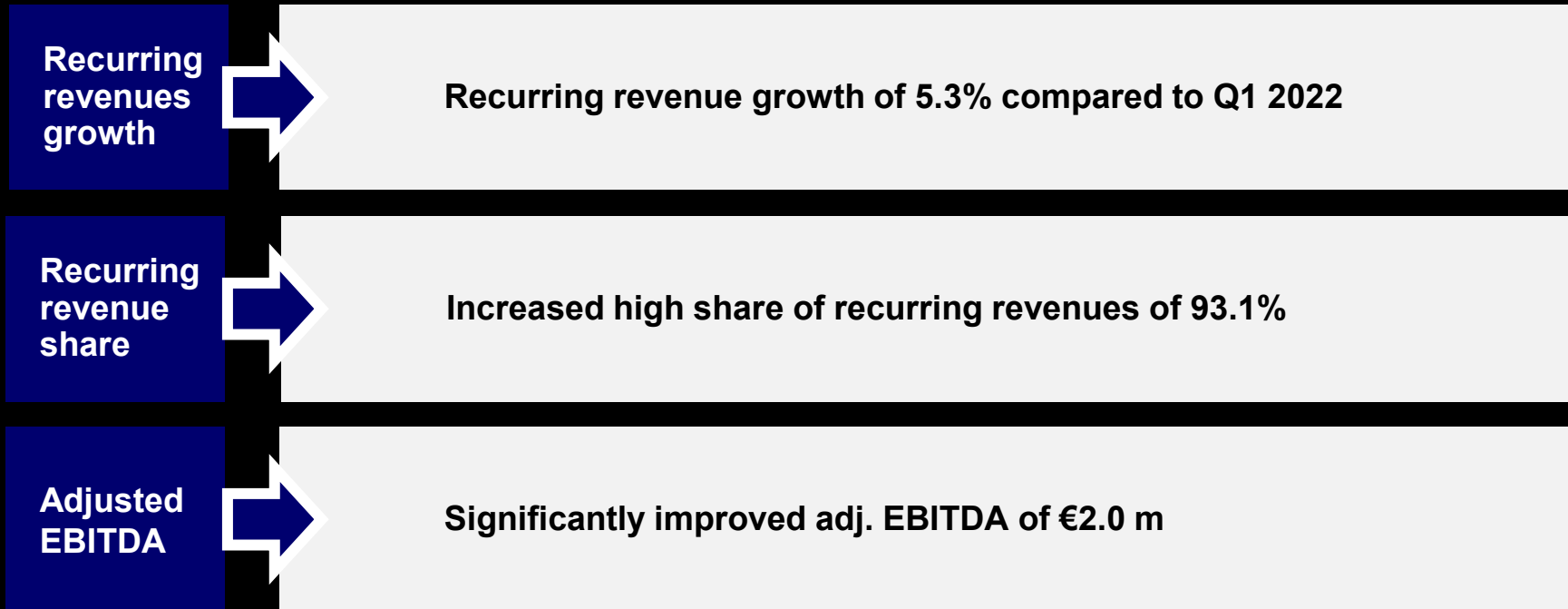
Create Best-in-Class Channel



Accelerate Growth with
Strategic Partnerships &
Alliances

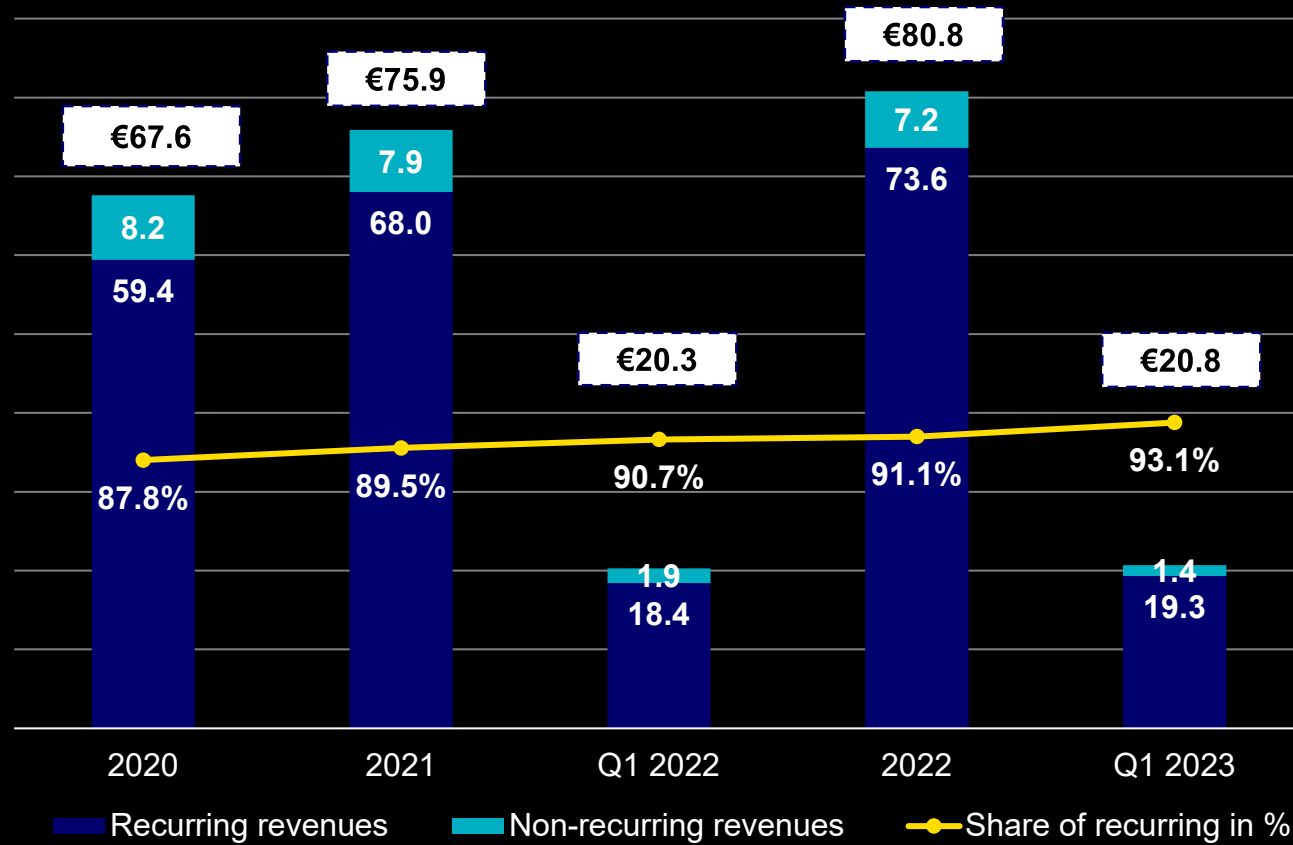
Q1 Results 2023

Q1 2023 Results at a Glance



Continuously growing share of recurring revenues

Development total recurring vs. non-recurring revenues

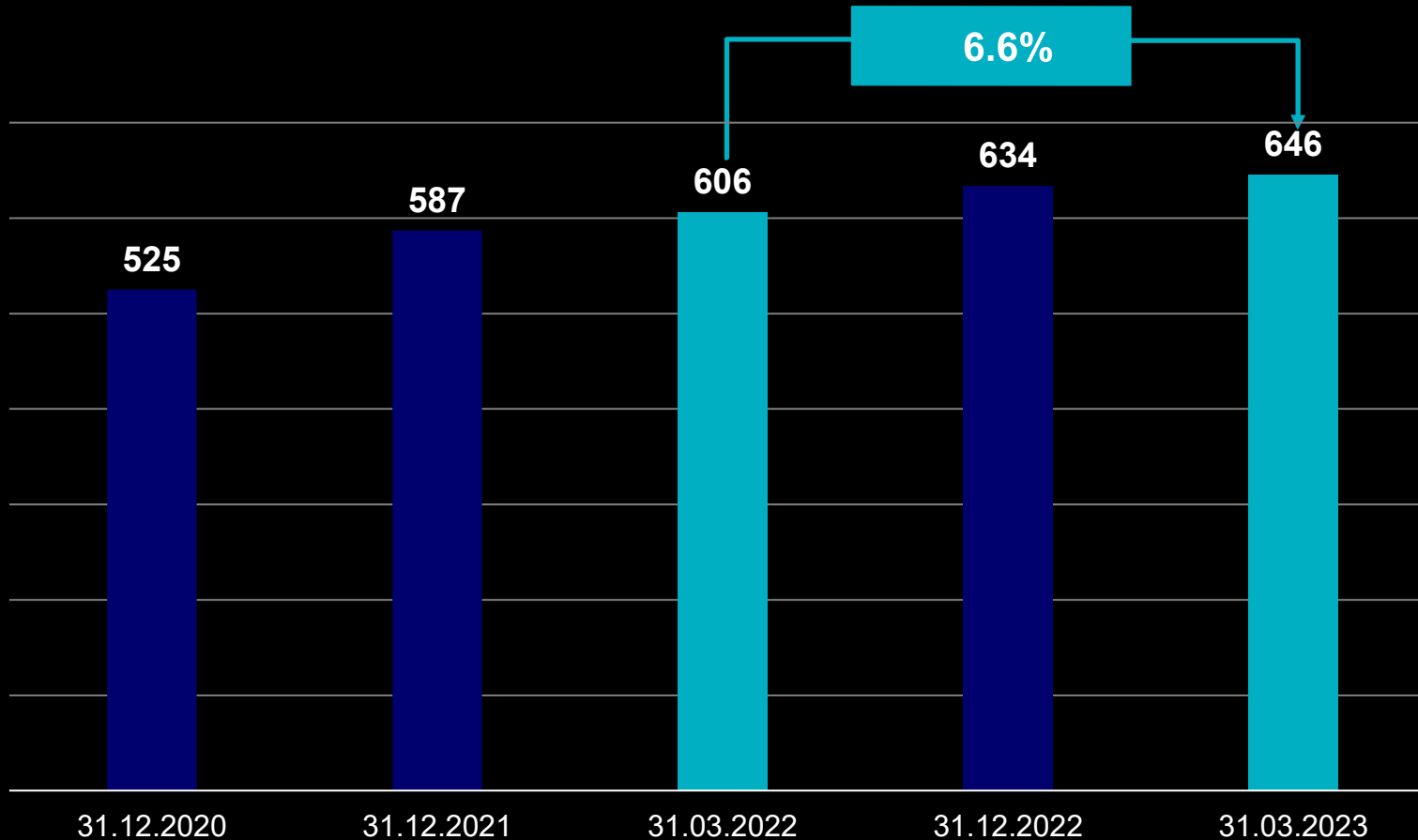


COMMENTS

- Recurring revenues grew by 5.3%
- Total revenue growth of 2.6% compared to Q1 2022 due to decrease of non-recurring revenues (-23.6%) compared to previous quarter
- High share of recurring revenues of 93.1% provides predictable revenue streams

Continued seat growth

Development number of seats ('000)



COMMENTS

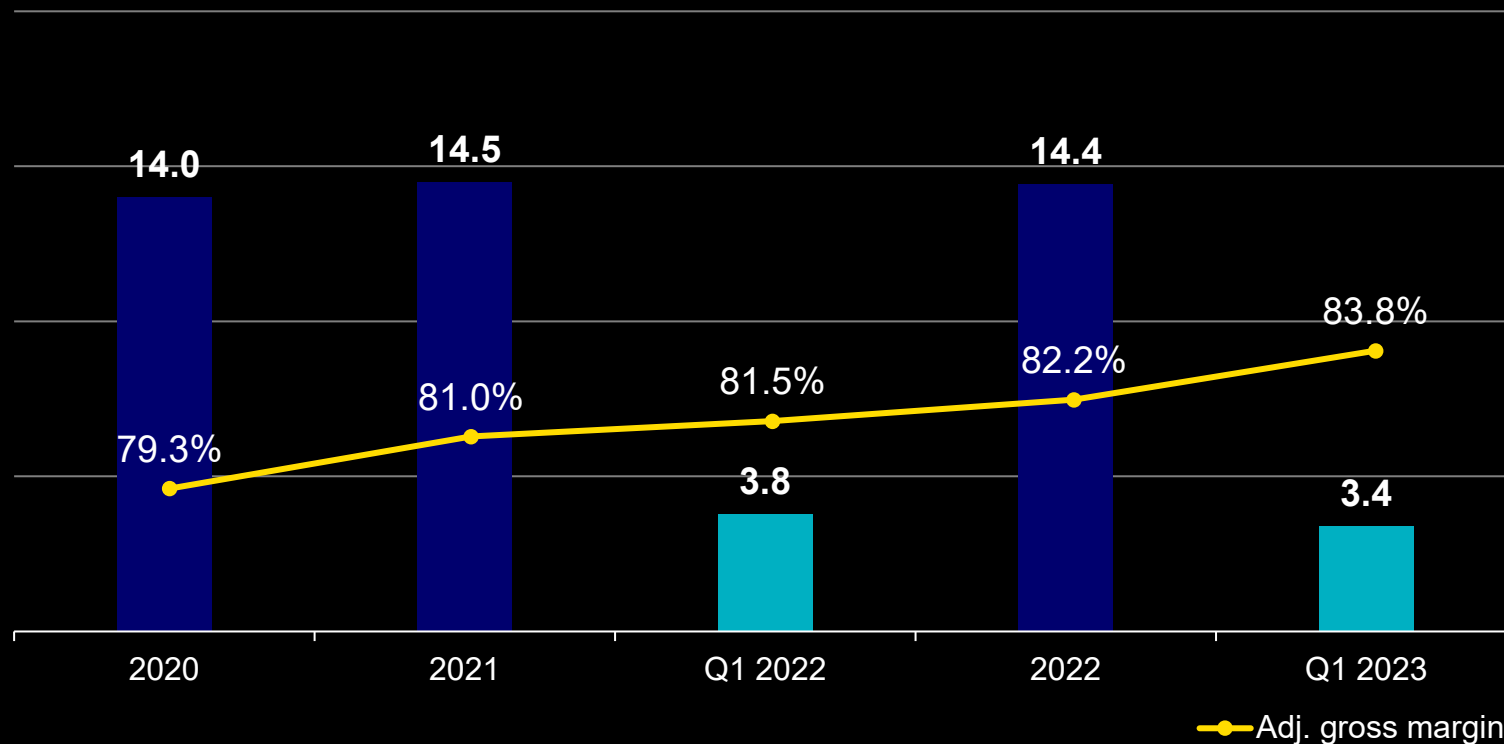
- In line with the strategic focus on profitability, seat growth is no longer a key performance indicator of NFON
- Increase of total number of seats by 6.6%*
 - Latent demand for cloud telephone systems
 - High level of customer satisfaction
- Continuously low gross churn rate of ~0.5% per month underlines quality of product and service and guarantees continuous recurring revenues

Gross margin at a high level with increasingly positive development

COGS (adj.)¹ and gross margin² development in € million

COMMENTS

Improved gross margin compared to the same period last year due to successfully growing share of higher-margin sales

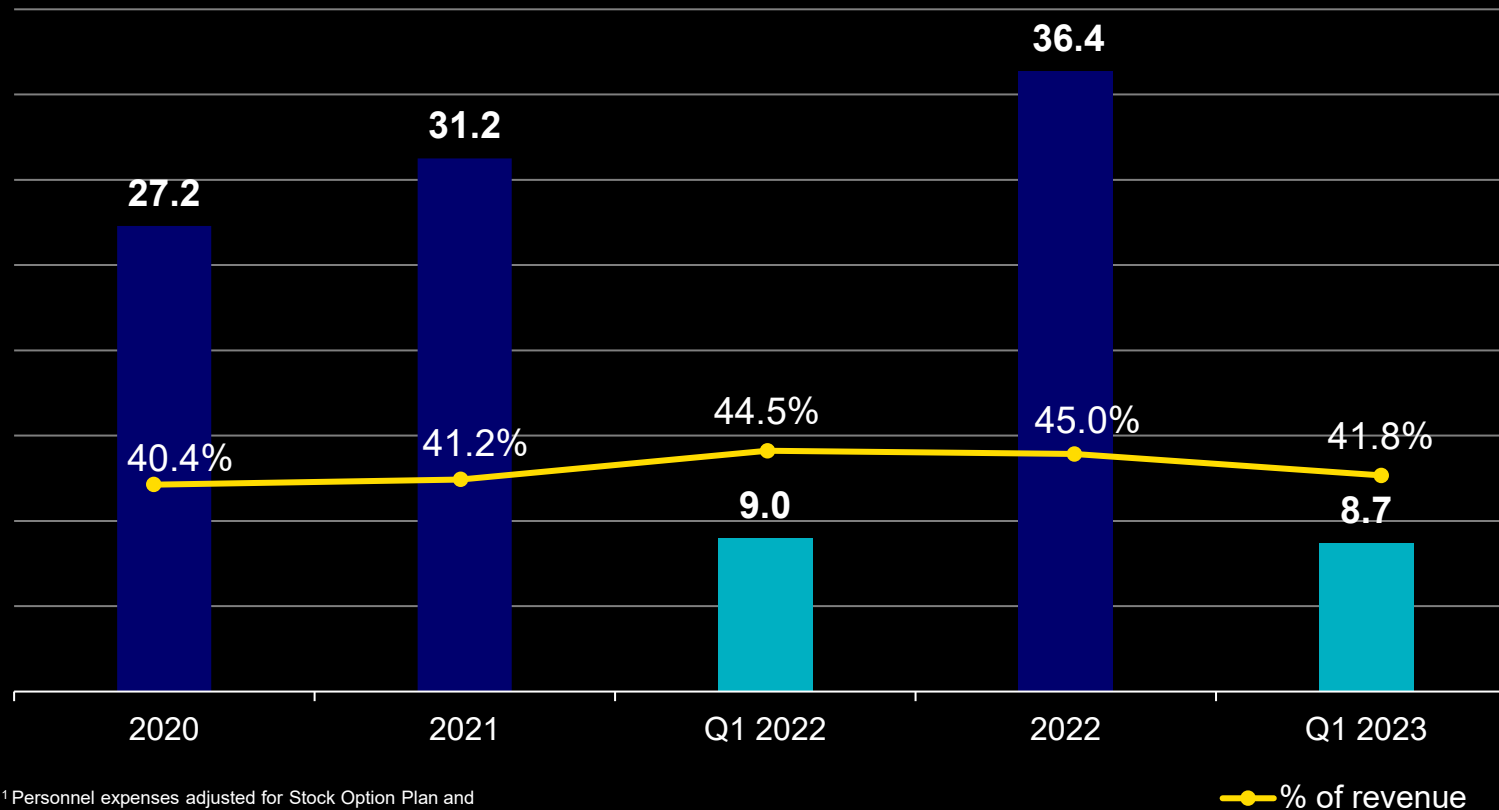


¹Cost of materials adjusted for changes in inventories of finished goods

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

Reduced personnel expenses within the scope of the profitability-oriented strategy

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 decreased from 503 to 468 (minus 7.5%)
 - Measures implemented primarily in the fourth quarter of the previous year to create the profitable further growth of the NFON Group
- Adj. personnel expenses amount to €8.7m (Q1 2022: €9.0m) minus 3.9%
- Adj. personnel expense ratio of 41.8% (Q1 2022: 44.5%) expected to decrease further in the course of 2023 due to scaling effects and reduction of staff

Adj. EBITDA improvement reflects focus on profitability

Adj. EBITDA¹ in € million



COMMENTS

- Significant improvement in adj. EBITDA of €1.5m is the result of the strategic management decision to focus on profitability
- Adj. EBITDA margin in Q1 2023 stood at 9.6%
- Higher marketing expenses will again be incurred in the following quarters as planned

¹ Adjustments see next slide

EBITDA

- Measures to increase profitability show effect
- Significant reduction in marketing and headcount expenses

Detailed reconciliation of one-off items

Reconciliation from EBITDA to adjusted EBITDA	Q1 2023	Q1 2022
€ million		
EBITDA	1.9	-0.4
Stock options	0	0.2
Focusing on core markets	0.1	0
M&A activities	0	0.6
Total EBITDA adjustments	0.1	0.9
Adjusted EBITDA	2.0	0.5

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

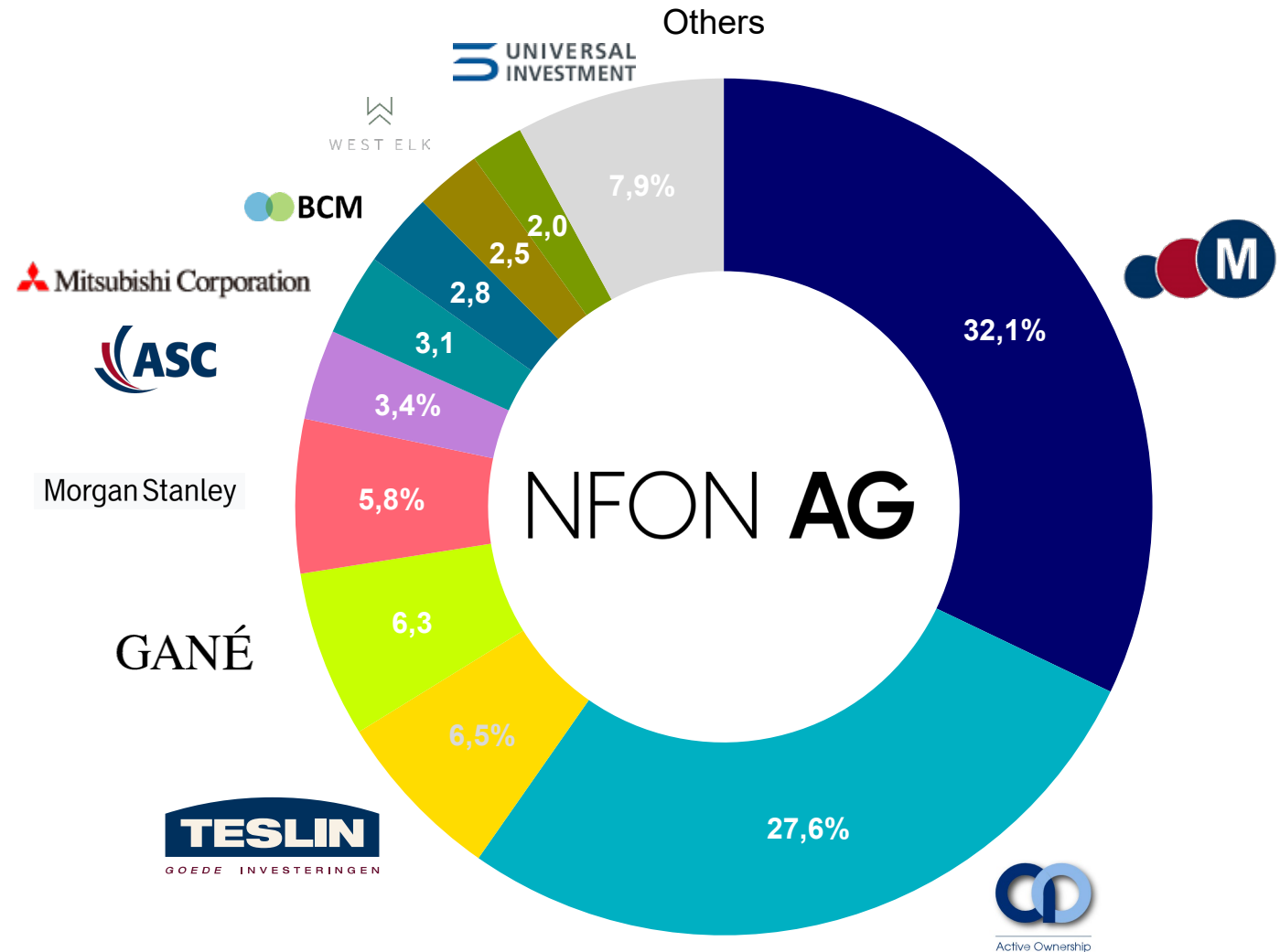
NFON AG

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

25.05.

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

30.06.

- **Annual General Meeting 2023**
Munich

24.08.

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

23.11.

- **Financial Results Q3 2023**
- Web Conference



Investor Relations
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