

NFON Earnings Call

Q1 Results 2022 - 19 May 2022

Presentation Chapters

01

Mission – Markets – Strategy

02

Q1 2022 Highlights

03

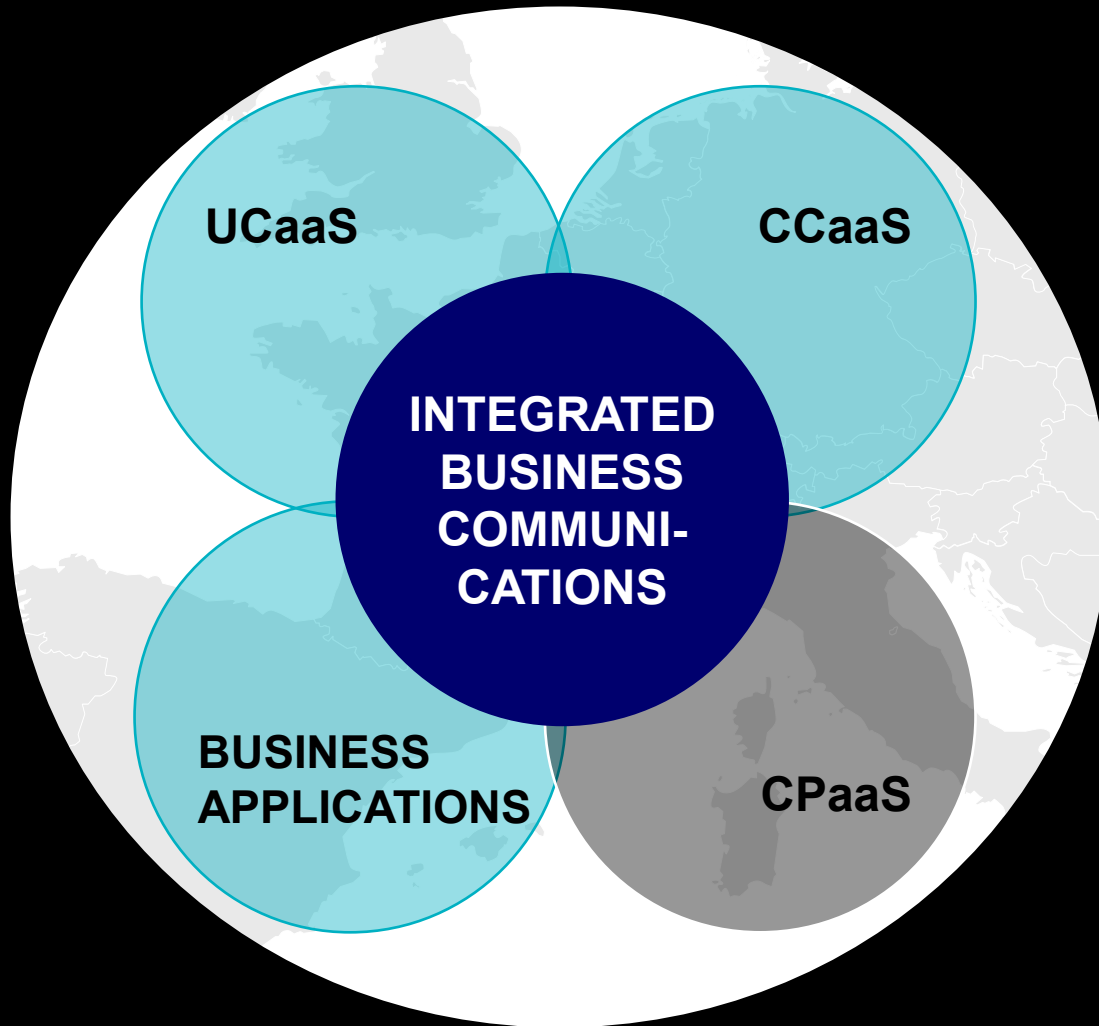
Overview Financial Figures Q1 2022

04

Outlook – Key Investment Highlights

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

From Cloud PBX to UCaaS and CCaaS to integrated Business Communications



Major market-shaping trends



SaaS and cloud-based applications



Hybrid Office



Sustainability



Accelerated digital transformation



Explosion of data



Applications for everything



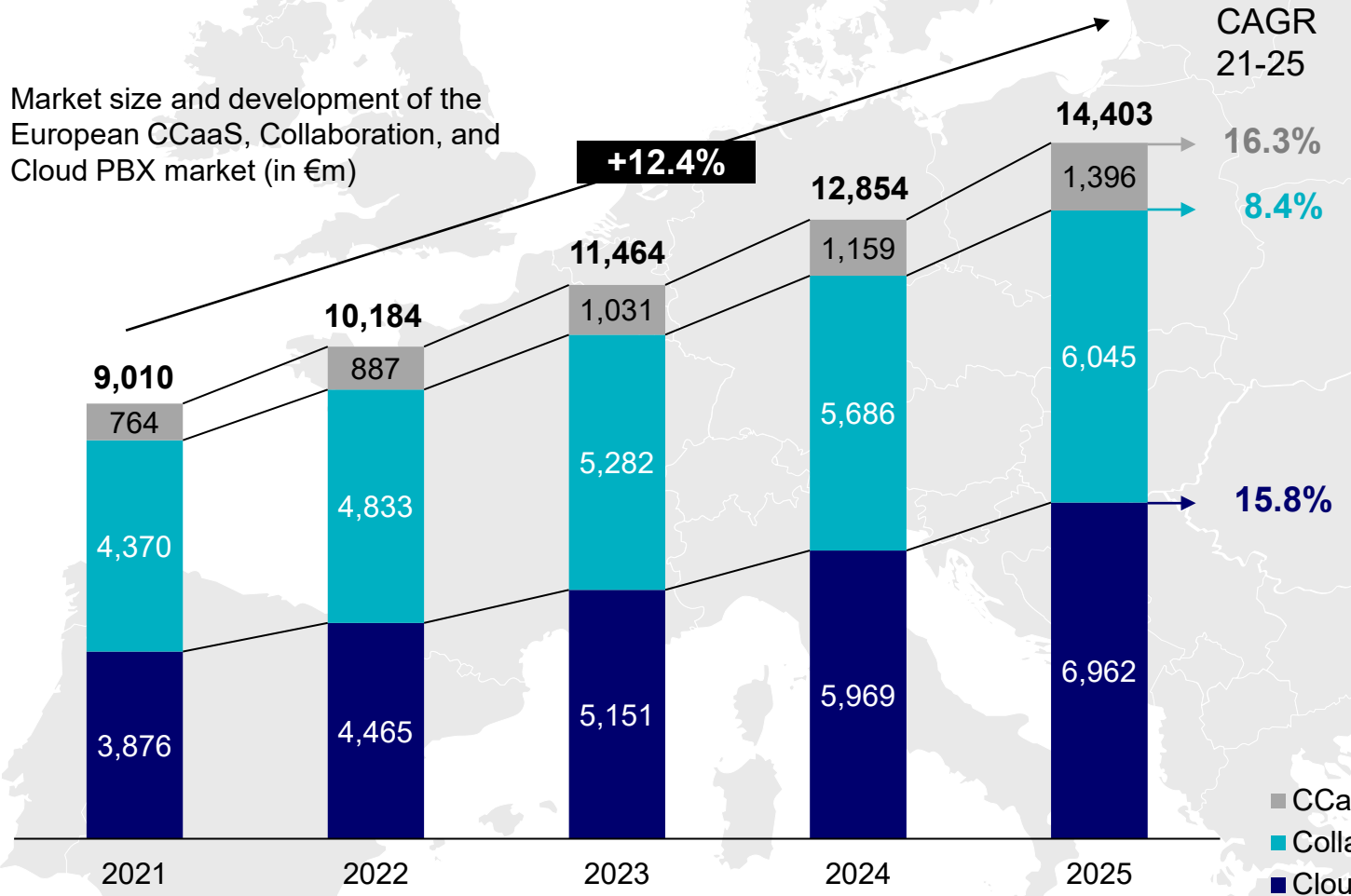
Regulations & Security



Local vs Global

The rapidly expanding market for integrated Business Communications ...

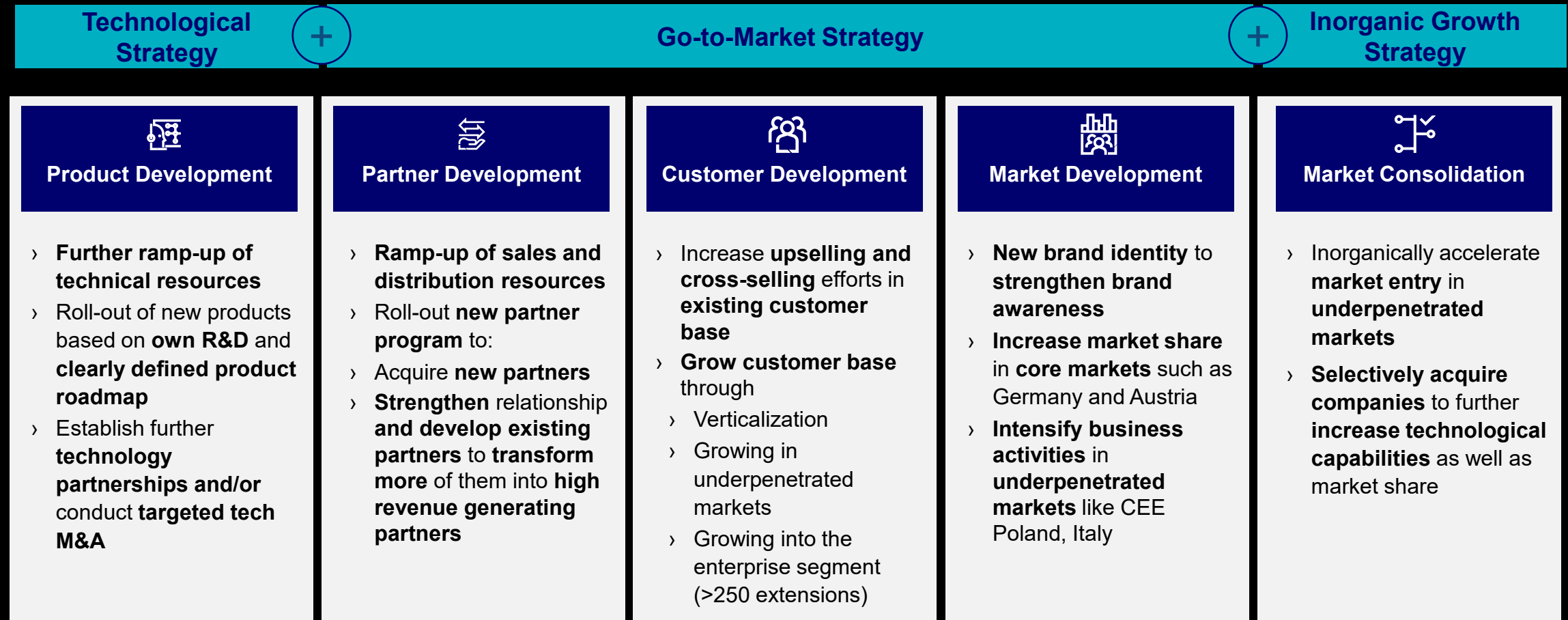
Market size and development of the European CCaaS, Collaboration, and Cloud PBX market (in €m)



... creates strong market and growth opportunities

Source: Company information based on Cavell, MZA, IDC, Fortune Business Insight

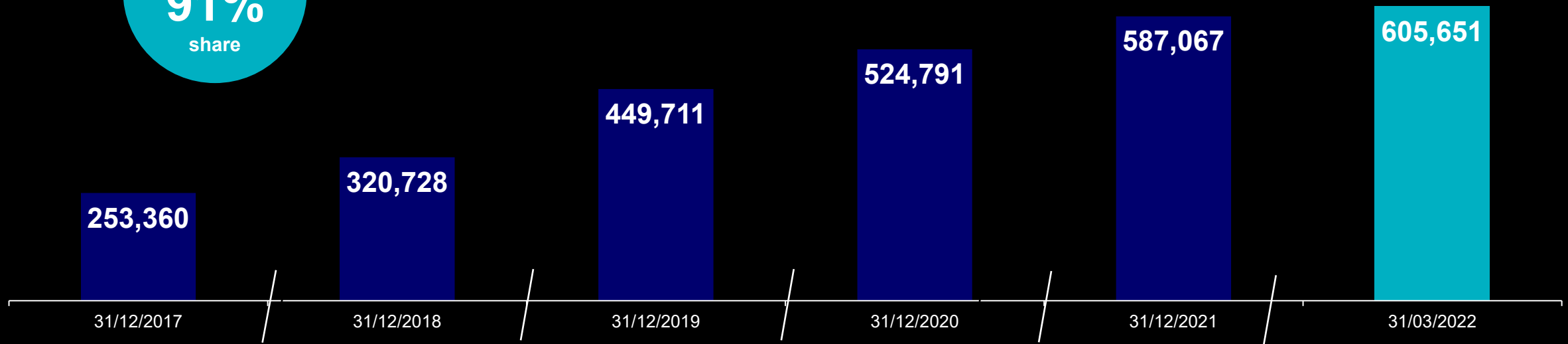
Next steps to drive further top-line acceleration



On the way to reach our mission

Total number of seats on the balance sheet

Recurring Revenue
91%
share



Partner/
Countries

>40,000
Clients in 15 countries

2,700
Partners

>3,000
Partners

>50,000
Clients

NGAGE
New partner programmes

**New big
Wholesale partner**

Products

New core product
CLOUDYA
100% renewable energy
used in our data centers

New products
NCTI Pro & Nvoice

Expanding R&D
Capacity (Portugal)

New products:
**CRM connect
centrex 3**

**Meet & Share
Contact Center Hub**

M&A

Takeover
DTS AG

Takeover
Onwerk GmbH

Partnership
Meetecho S.r.l.

Partnership
Daktela

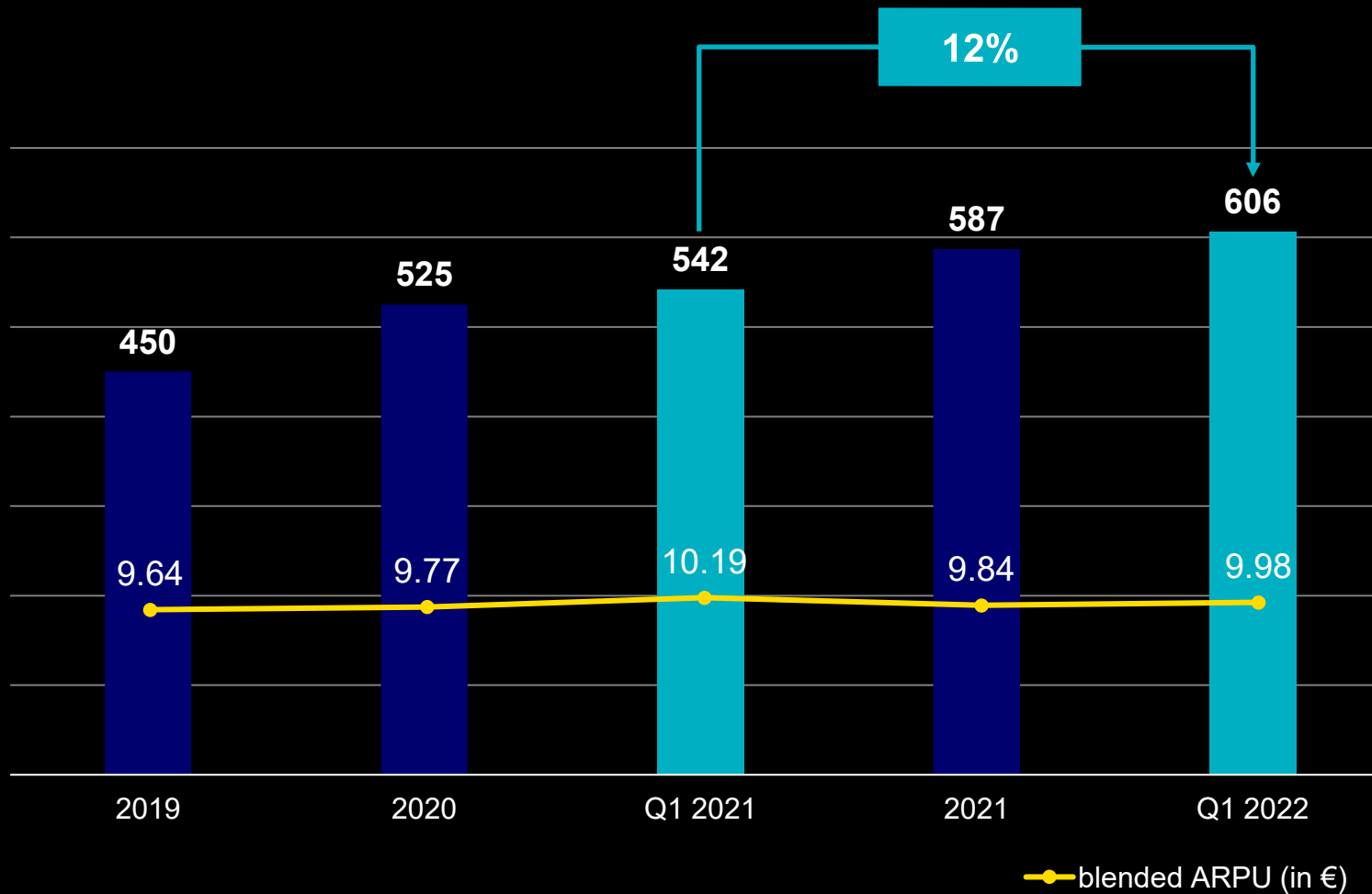
Key figures Q1



- **Recurring revenue growth of 9.2% yoy**
- **High share of recurring revenues of 90.7%**
- **Seat growth of 11.7% compared to 31.03.2021**

Seat growth at guidance

Development number of seats ('000) and ARPU

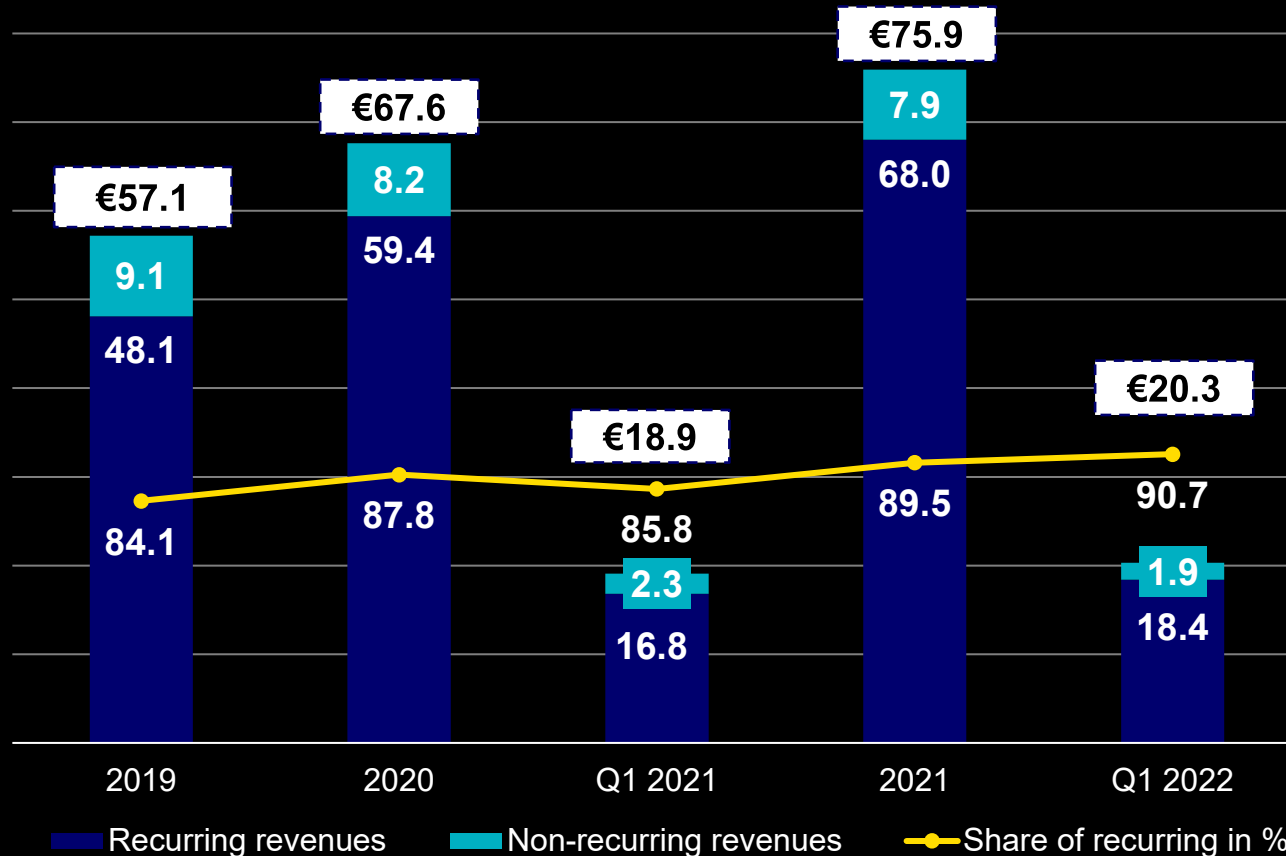


COMMENTS

- Increase of total number of seats by 11.7%
- Still high usage of airtime leads to stable development of ARPU
- 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 in € million

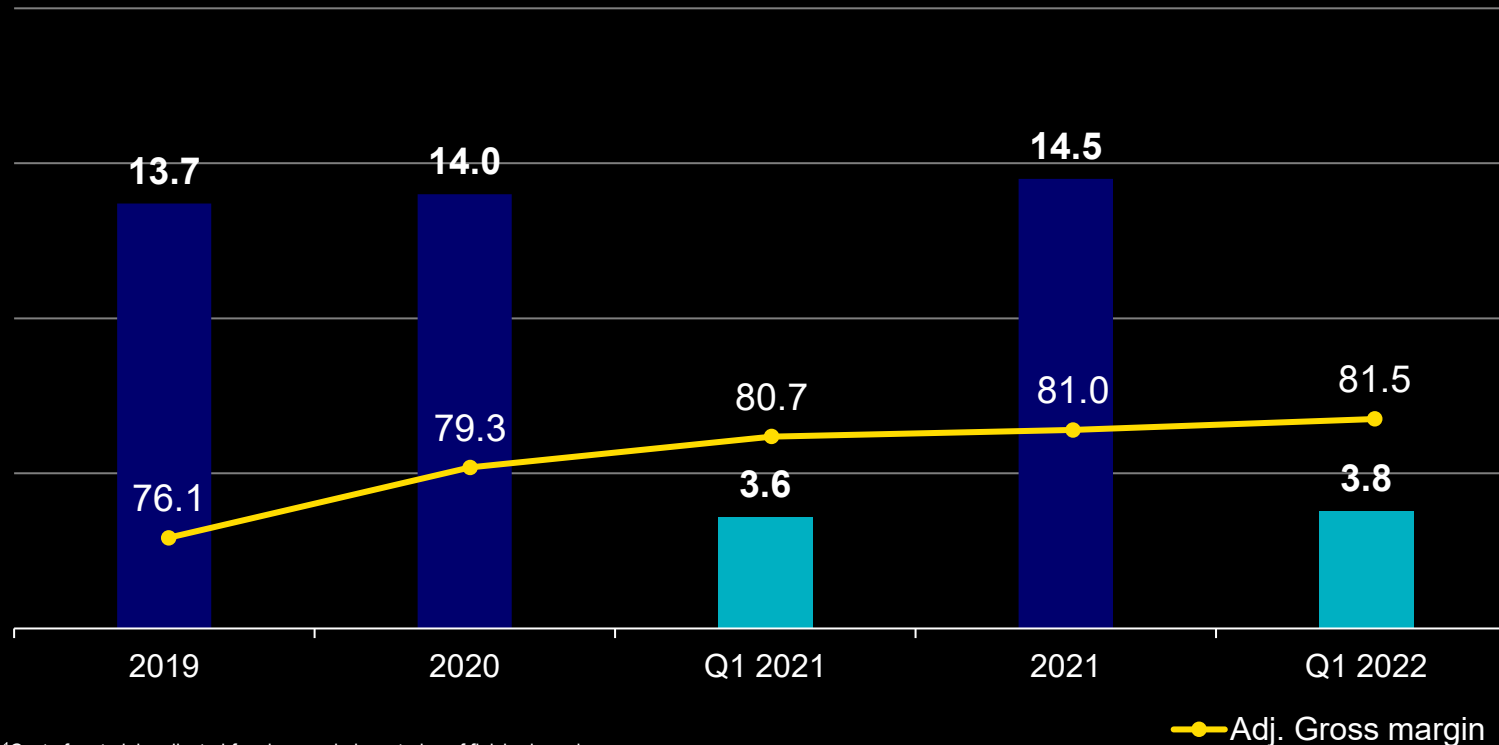


COMMENTS

- Total revenue growth of 7.3% in comparison to Q1 2021
- Recurring revenues grew by 9.2% compared to Q1 2021
 - Partner program starting
 - Cumulative effect
- Decrease of non-recurring by 8.2% compared to previous quarter
- High share of recurring revenue in total revenues of 90.7%

Further improved gross margin due to increased share of higher margin revenues

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



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

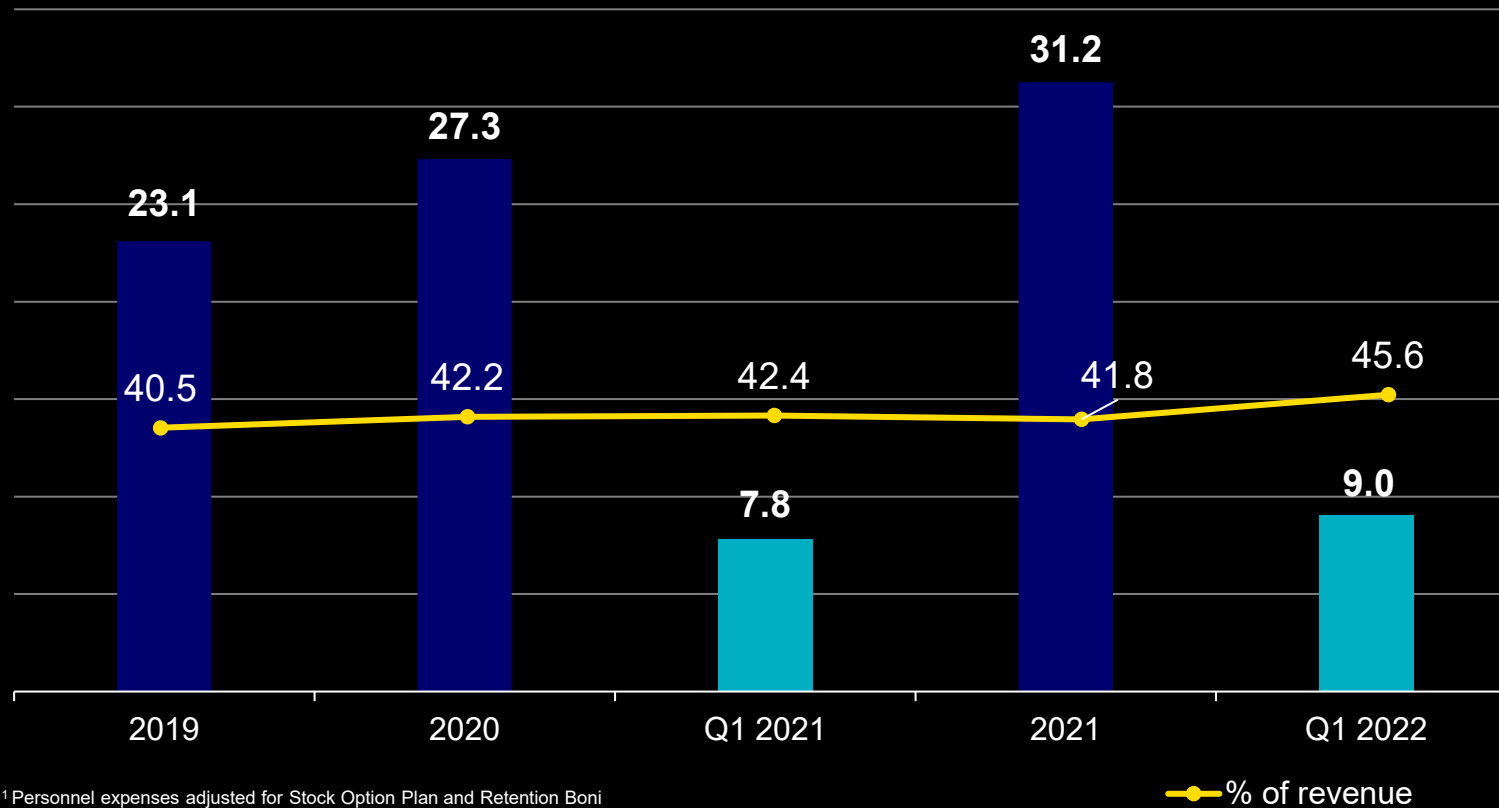
²Gross margin defined as (revenue - adj. cost of materials) / revenue

COMMENTS

- High gross margin (adj.) continues to show a constantly positive development
- Cost of materials on previous year's level. This results in a further lower rate (18.5%) compared to the same period of the previous year (Q1 2021: 19.3%)
- 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

Development of personnel expenses

Adj. personnel expenses¹ in € million



¹ Personnel expenses adjusted for Stock Option Plan and Retention Boni

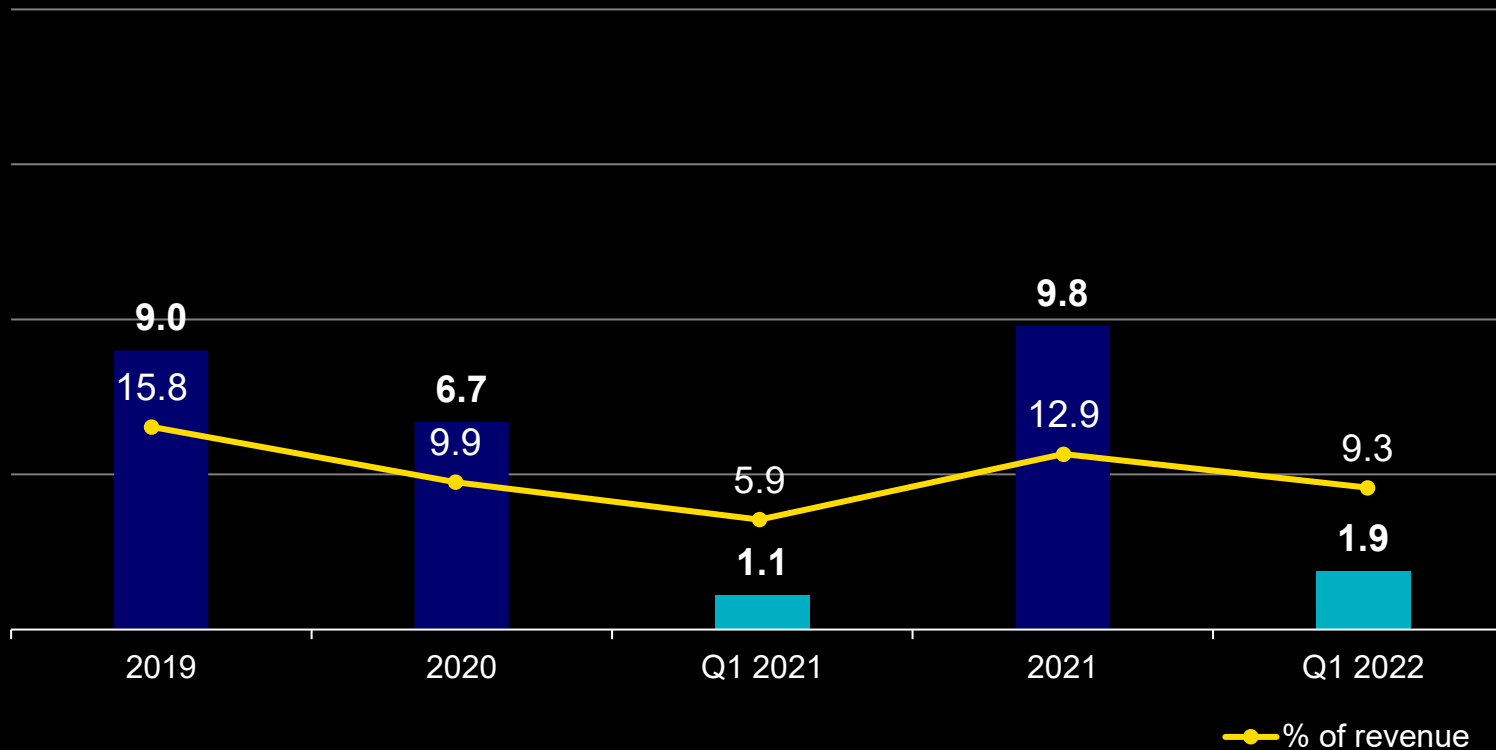
—● % of revenue

COMMENTS

- Personnel expenses as reported amount to €9.2m (Q1 2021: €8.0m)
- Adjustments of €0.2m for stock options and retention bonus (Q1 2021: €0.2m)
- Adj. personnel expenses amount to €9.0m (Q1 2021: €7.8mm) due to increase in workforce by 15.7%
 - Q1 2022: Ø 503 employees
 - Q1 2021: Ø 435 employees

Increase of marketing expenses as planned

Marketing expenses in € million

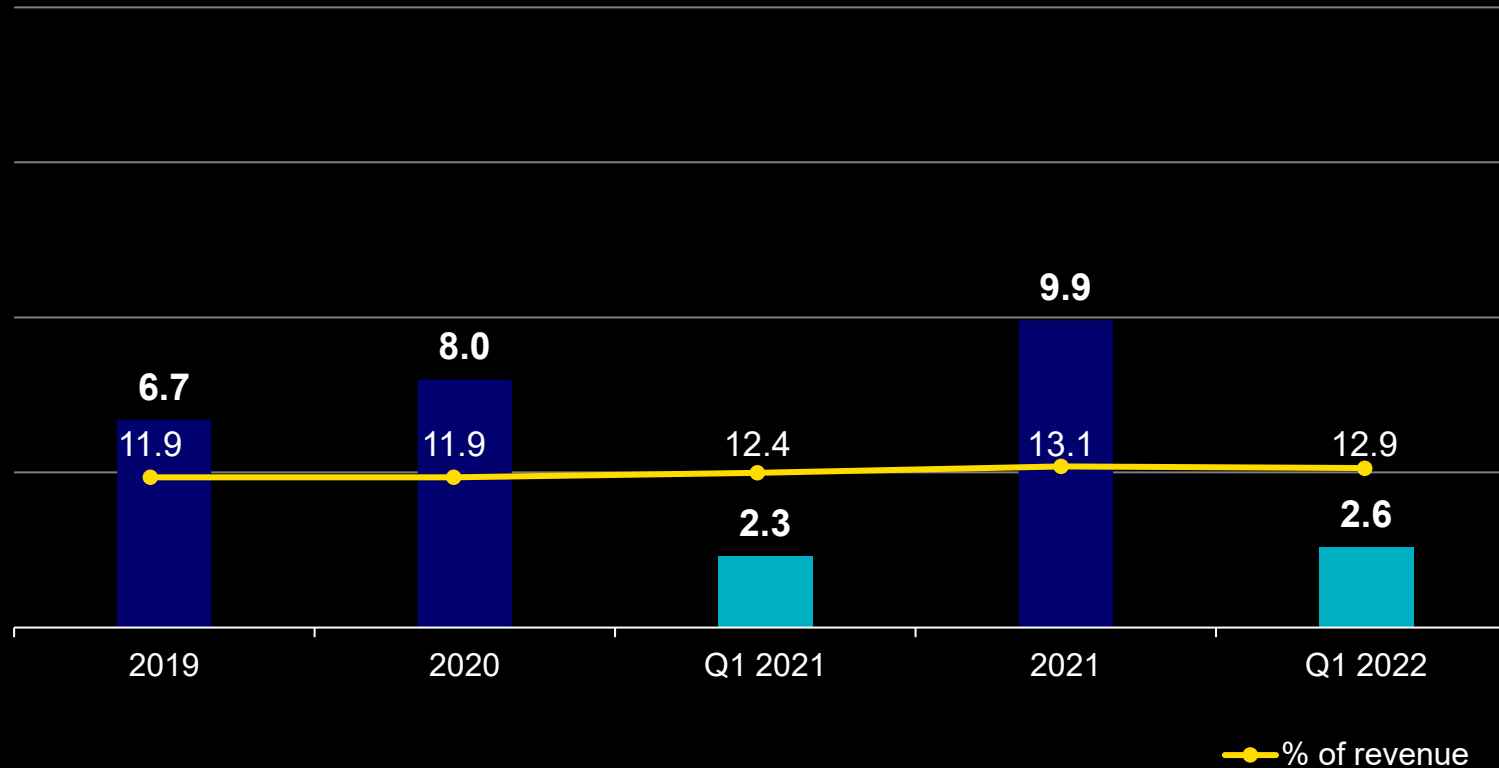


COMMENTS

- Marketing expenses increased by 67.7% yoy
- Increased investments will mostly impact second half of 2022 onwards
- Focus on channel marketing

Selling Costs in line with 2021 ratio

Selling expenses in € million



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
- Slight increase of sales commissions by 11.6% compared to previous year

EBITDA




- NFON still aims to increase the investment ratio again in 2022
- High expenditures in headcounts and marketing

Detailed reconciliation of one-off items

Reconciliation from EBITDA to adjusted EBITDA	Q1 2022	Q1 2021
€ million		
EBITDA	-0.4	1.6
Retention bonus/ Stock options	0.2	0.2
Consulting expenses	0.6	0.1
Total EBITDA adjustments	0.9	0.3
Adjusted EBITDA	0.5	1.8

Rounding differences are possible

NFON Guidance 2022

	2021	2022
Number of seats	12%	 We expect to grow our customer base between 10% and 12%
Recurring revenues growth	14%	 We expect to grow the recurring revenue between 10% and 12%
Recurring revenues share	90%	 We expect the resulting recurring revenue ratio at least 88%

Key Investment Highlights



Questions & Answers

NFON AG

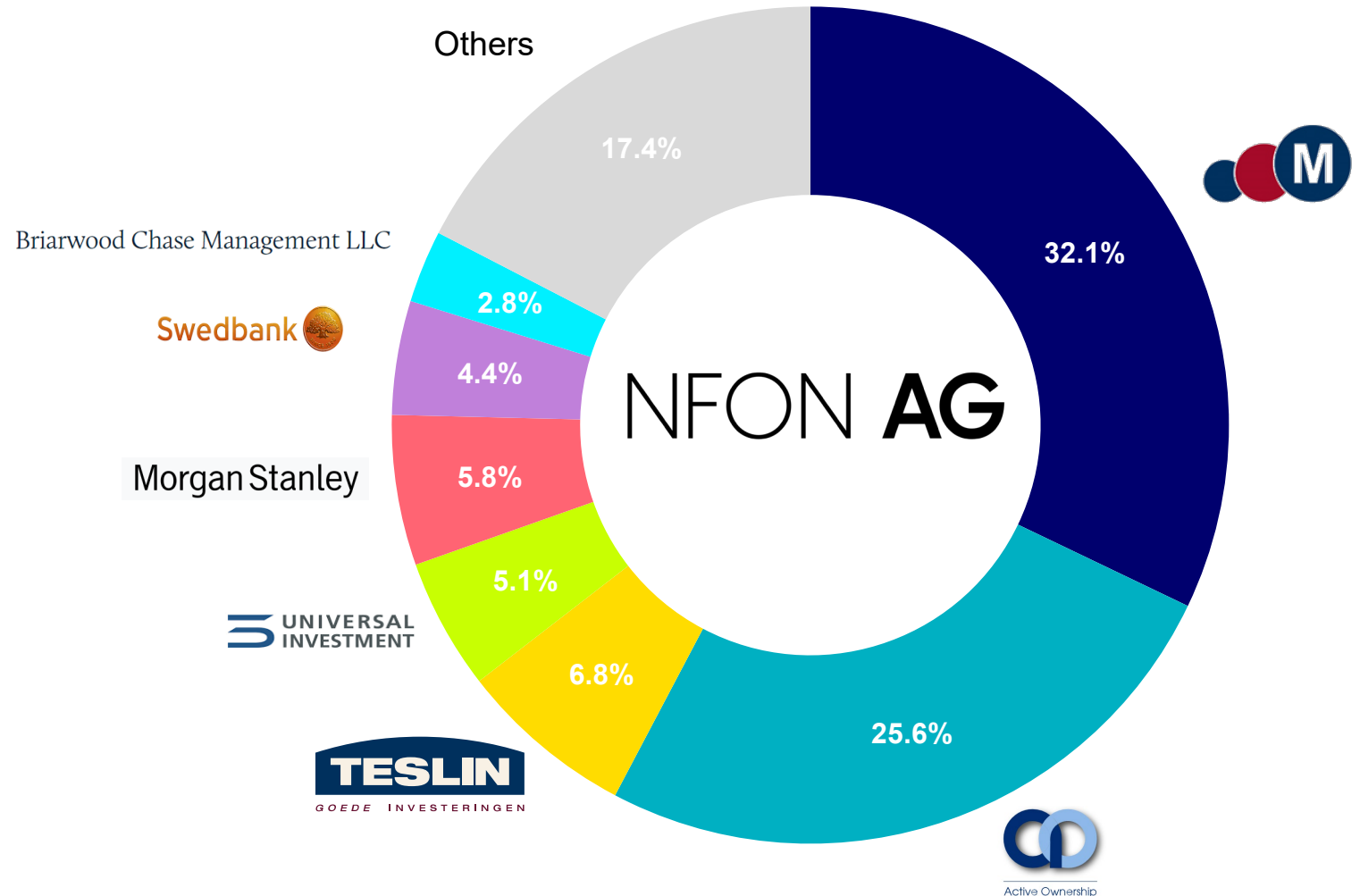
Appendix

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 Bryan Garnier Barclays

NFON AG

Shareholder structure (31 March 2022)



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 22

19.05.

Financial Results Q1 2022

Web Conference

18.08.

Half-year Results 2022

Web Conference

Aug.

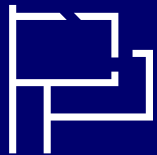
Annual General Meeting

Location will be published in due time

17.11.

Financial Results Q3 2022

Web Conference



Investor Relations
Contact



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