

NFON Earnings Call

9M Results 2022 – 17 November 2022

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

Base for future profitable growth has been established



Key Figures

- **Recurring revenue growth of 8.7% yoy**
- **High share of recurring revenues of 90.9%**
- **Seat growth of 8.7%**
- **Adjusted guidance due to macro-economic burdens**

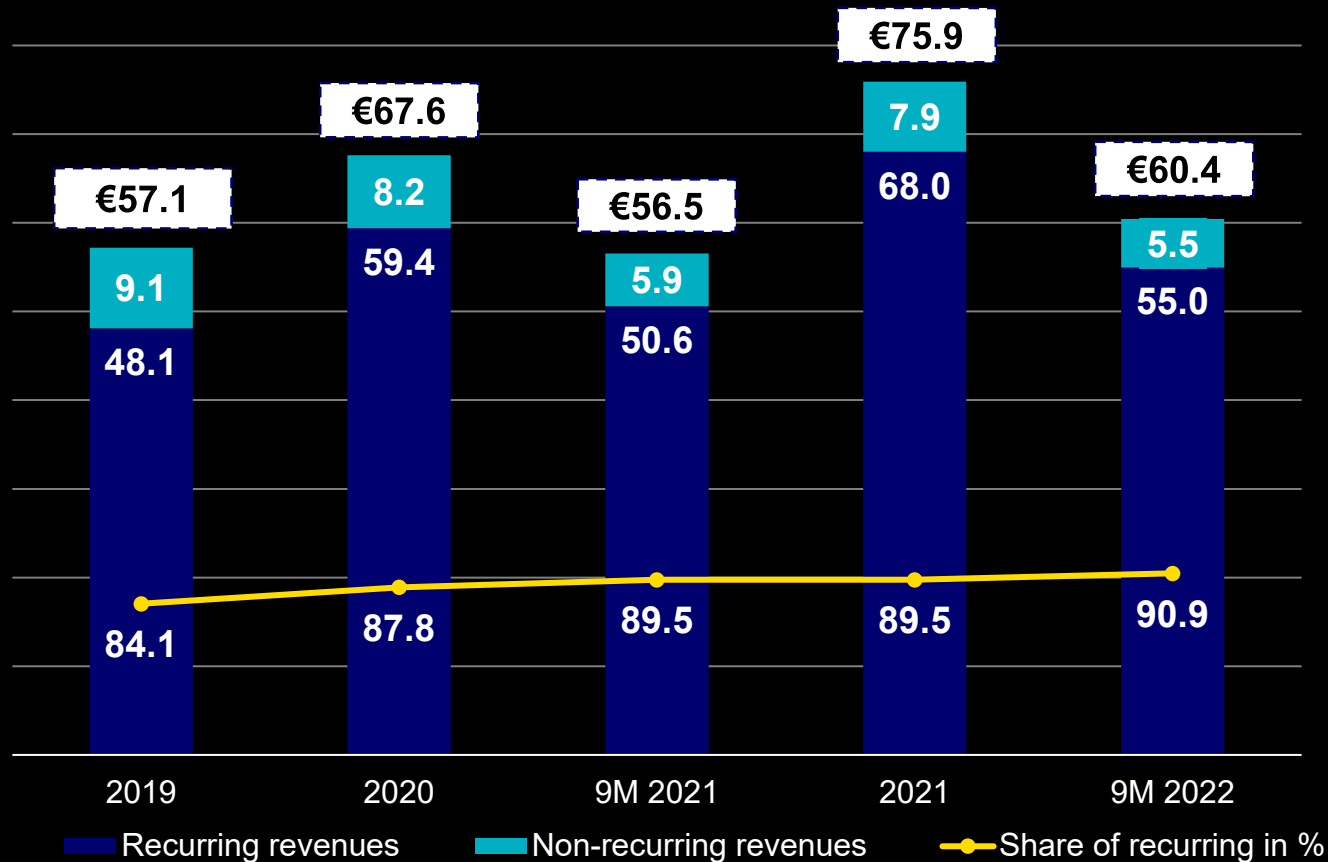
Repositioning as a provider of integrated business communication with long-term vision

- Overall, there is a lot of uncertainty among ICT buyers causing globally lengthened sales cycles as businesses evaluate market conditions, UCaaS solutions and provider capabilities (viability, GDPR compliance, data center locations, etc.)
- Where previously individual outdated products and technologies were merely replaced by state-of-the-art products and technologies (on-premise to cloud PBX), we see the tendency to introduce more holistic integrated communication solutions
- This market environment offers great opportunities for providers with an advanced integrated business communications offering – because they either have a dominant collaboration platform, e.g. Microsoft Teams, or can integrate with these platforms, e.g. NFON for MS Teams
- The relevant factors for customers are voice enablement (SIP trunk), cloud PBX, UC and integration into business processes
- Against this backdrop, NFON focuses on profitable growth aiming to be the leading provider of integrated business communication in Europe

Financial Results 9M 2022

Growing share of recurring revenues

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

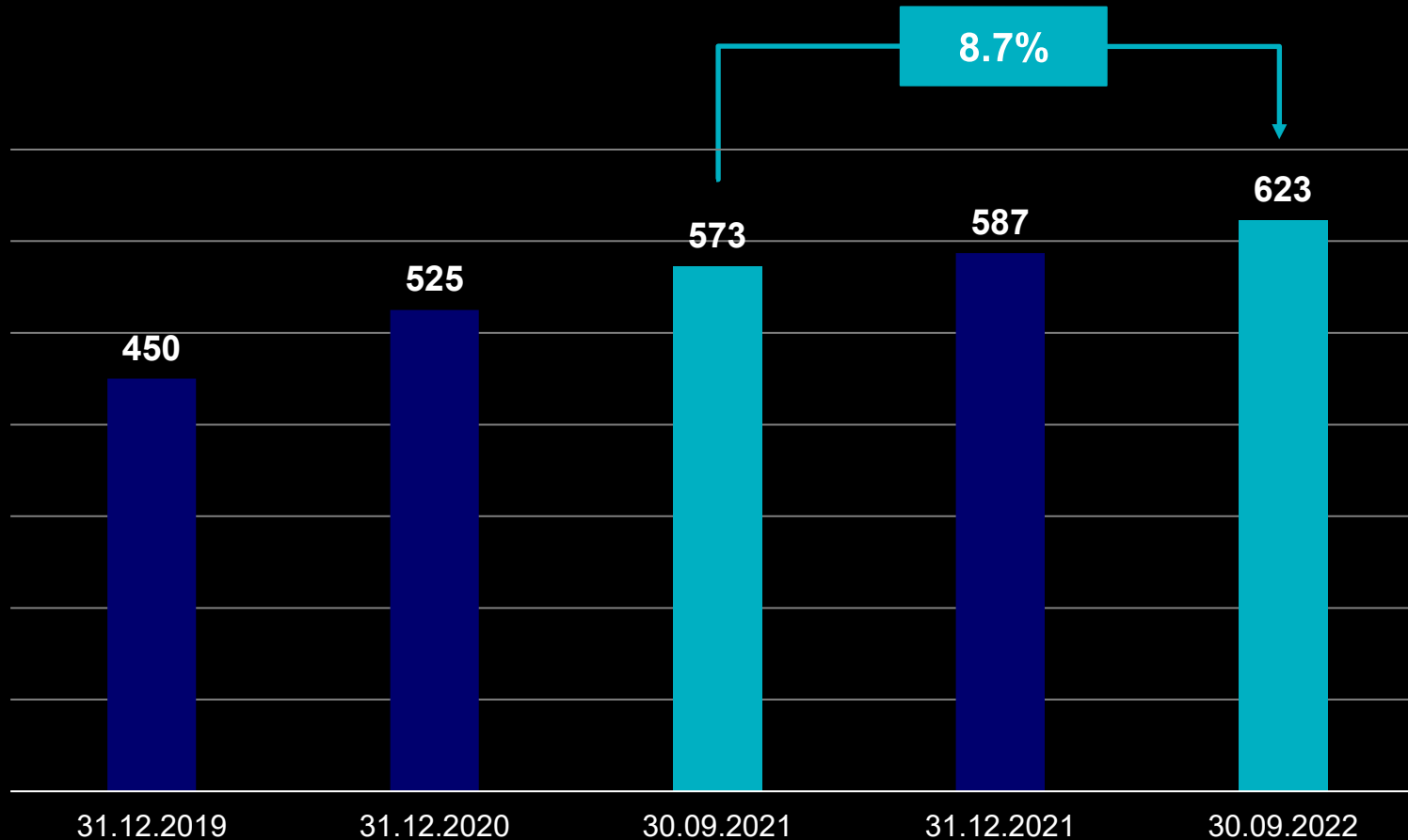


COMMENTS

- Recurring revenues grew by 8.7% compared to 9M 2021
- Decrease of non-recurring by 8.0% compared to previous year
- Total revenue growth of 6.9% in comparison to 9M 2021
- High share of recurring vs. total revenues of 90.9%

Seat growth mirrors development in UC market

Development number of seats ('000)

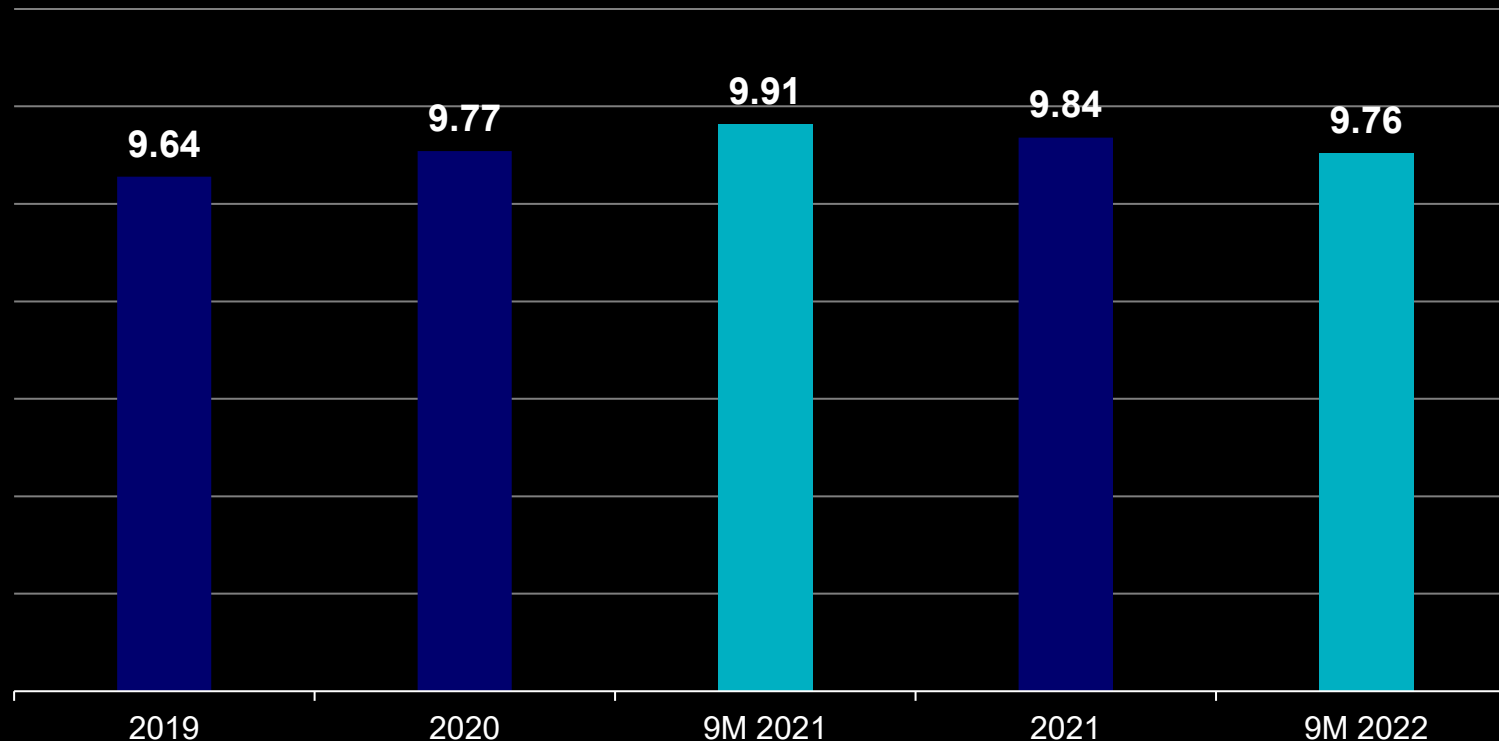


COMMENTS

- Increase of total number of seats by 8.7%
 - 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 number of seats ('000) and ARPU

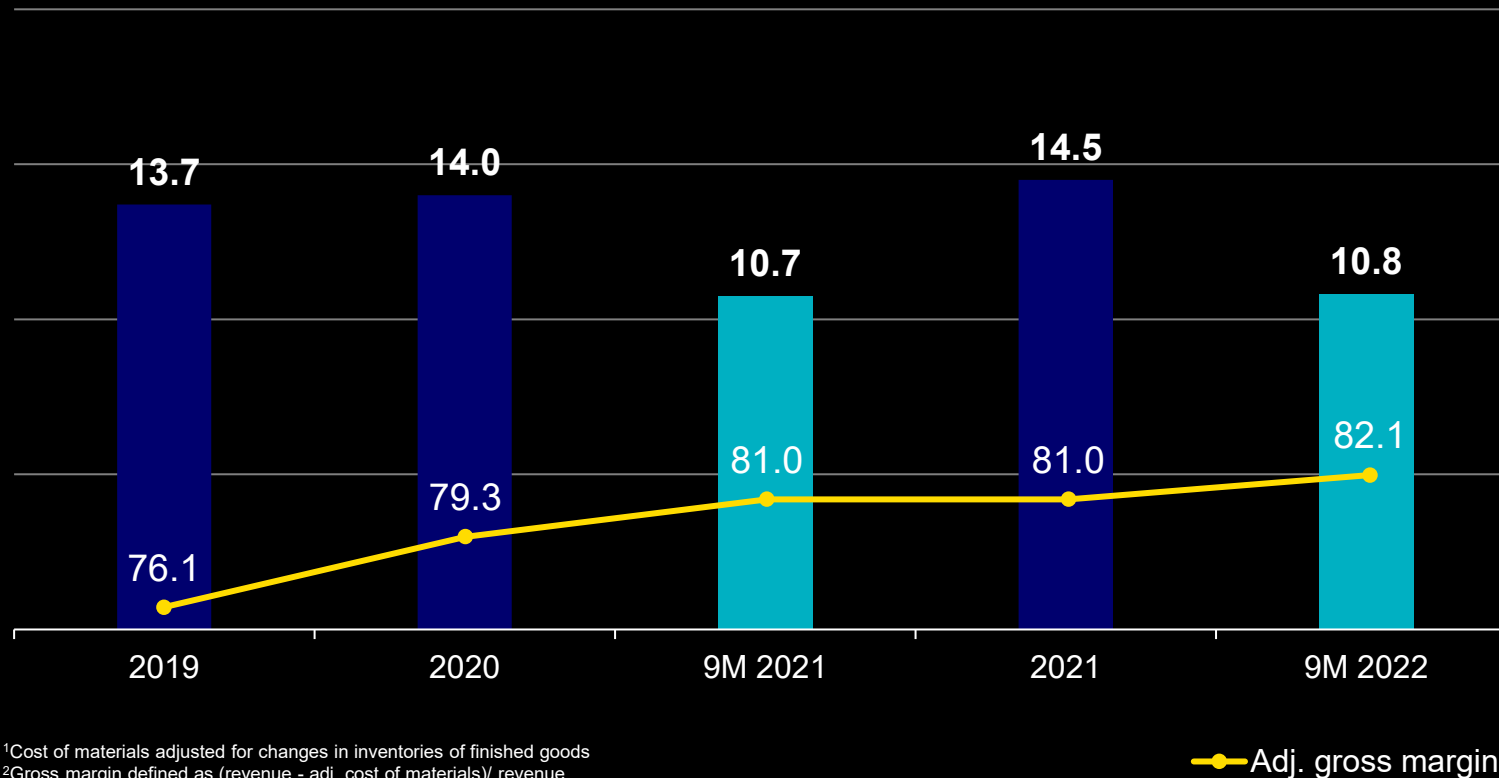


COMMENTS

- ARPU development: 9M 2022 stable on year's end level.
- 2021 positively effected by switch to remote working
- Factors influencing ARPU:
 - Business with wholesale partners
 - Voice minutes usage
 - Premium solutions
 - Price adjustments

Further increase of 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

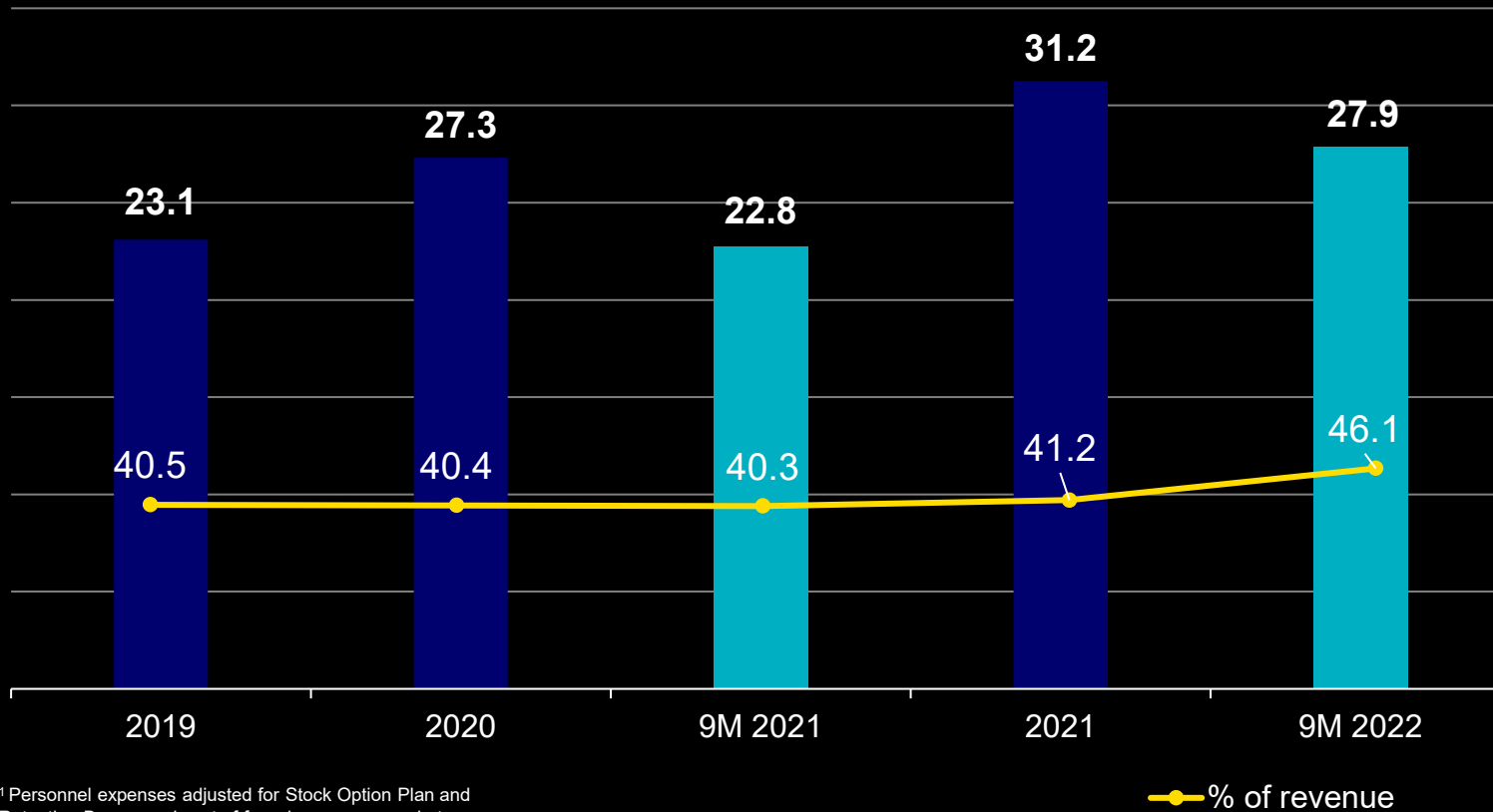
²Gross margin defined as (revenue - adj. cost of materials) / revenue

COMMENTS

- 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
- High gross margin continues to show a constantly positive development
- Cost of materials on previous year's level. This results in a further low material cost ratio of 17.9% compared to the same period of the previous year (9M 2021: 19.0%)

Strategic increase of resources completed

Adj. personnel expenses¹ in € million



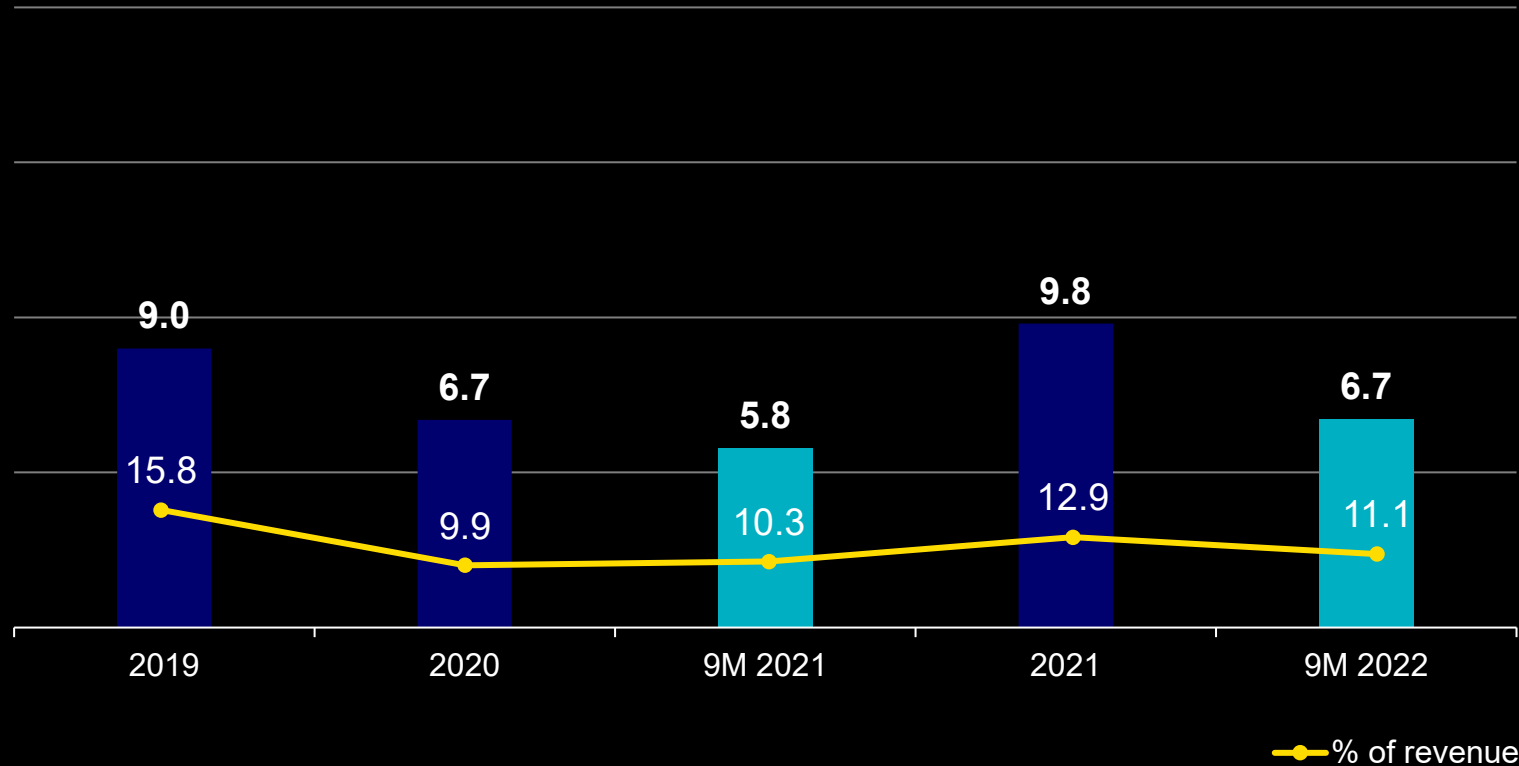
¹ Personnel expenses adjusted for Stock Option Plan and Retention Bonus, and cost of focusing on core markets

COMMENTS

- Personnel expenses as reported amount to €28.7m (9M 2021: €23.3m)
- Adjustments of €0.8m (9M 2021: €0.6m)
 - Stock options
 - Focusing on core markets
- Adj. personnel expenses amount to €27.9m (9M 2021: €22.8m)
 - 9M 2022: Ø 506 employees
 - 9M 2021: Ø 462 employees
- Adj. personnel expense ratio of 46.1% compared to 40.3% for 9M 2021 expected to decrease going forward due to scaling effects

Pace of marketing expenses adapted

Marketing expenses in € million

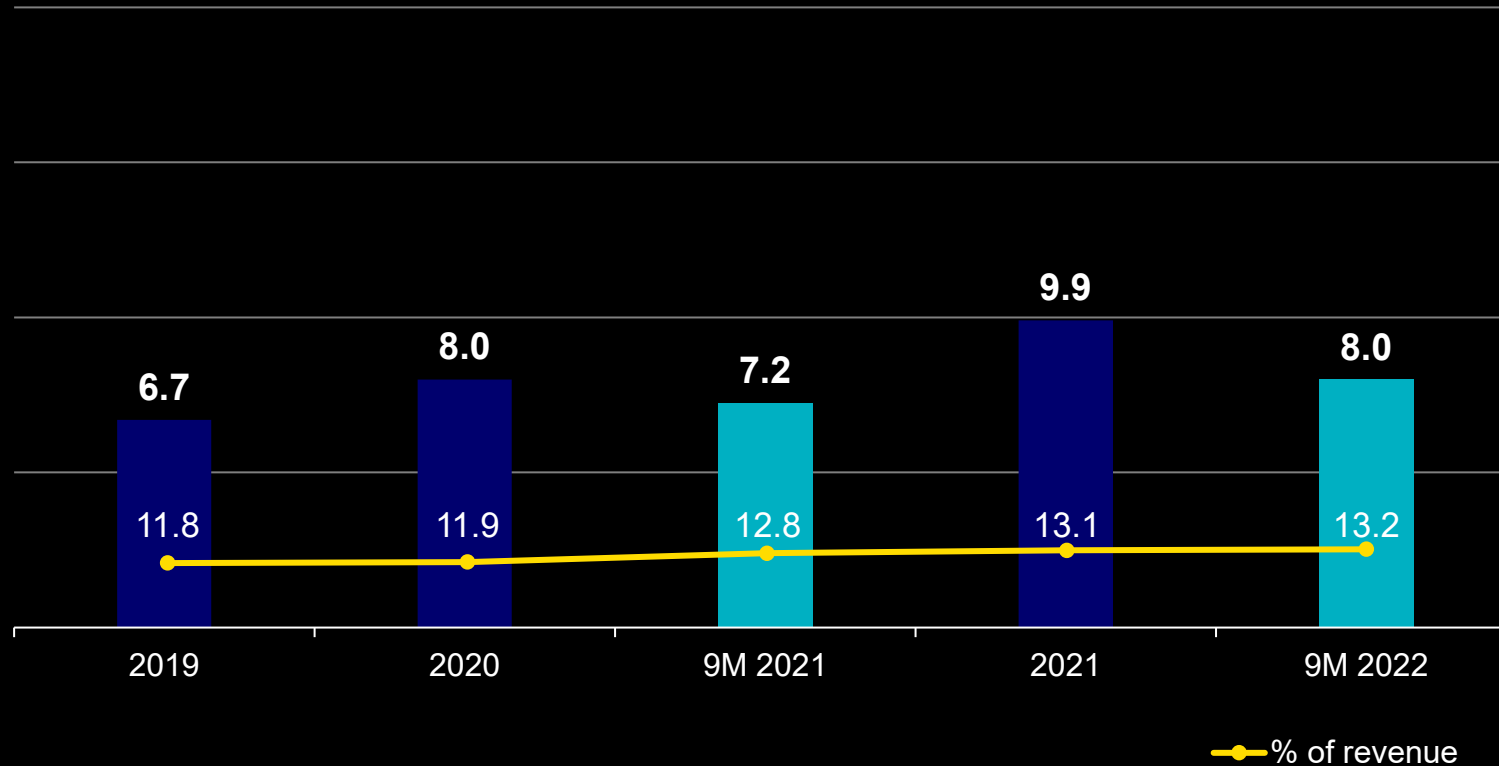


COMMENTS

- Marketing expenses increased by 15.7% yoy
- Investments in roll-out of new partner program & platform and repositioning of NFON brand
- Q3 Marketing spending reduced in line with deteriorating economic environment
 - Significant improvement of marketing expense ratio Q3 2022 8.3% compared to Q3 2021 11.8%
- 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 10.4% compared to previous year

EBITDA




- High expenditures in headcounts and marketing are levelling out in the second half of the year
- Measures to increase profitability led to adj. EBITDA of €0.7m in Q3 2022

Detailed reconciliation of one-off items

Reconciliation from EBITDA to adjusted EBITDA	9M 2022	9M 2021
€ million		
EBITDA	-4.7	2.0
Stock options	0.5	0.6
Retention bonus (2021)		
Focusing on core markets	0.2	n/a
M&A activities	1.3	0.2
Licence payments for previous years	0.9	0
Rebranding	0.9	0
Total EBITDA adjustments	3.9	0.8
Adjusted EBITDA	-0.8	2.8

Rounding differences are possible

Guidance for 2022 adjusted

	2021	2022
Recurring revenues growth	14%	 We expect growth of recurring revenue between 8% and 9%
Recurring revenues share	90%	 We expect the resulting recurring revenue ratio of at least 90%
Number of seats	12%	 We expect growth of number of seats between 7% and 8%

Key Investment Highlights



Questions & Answers

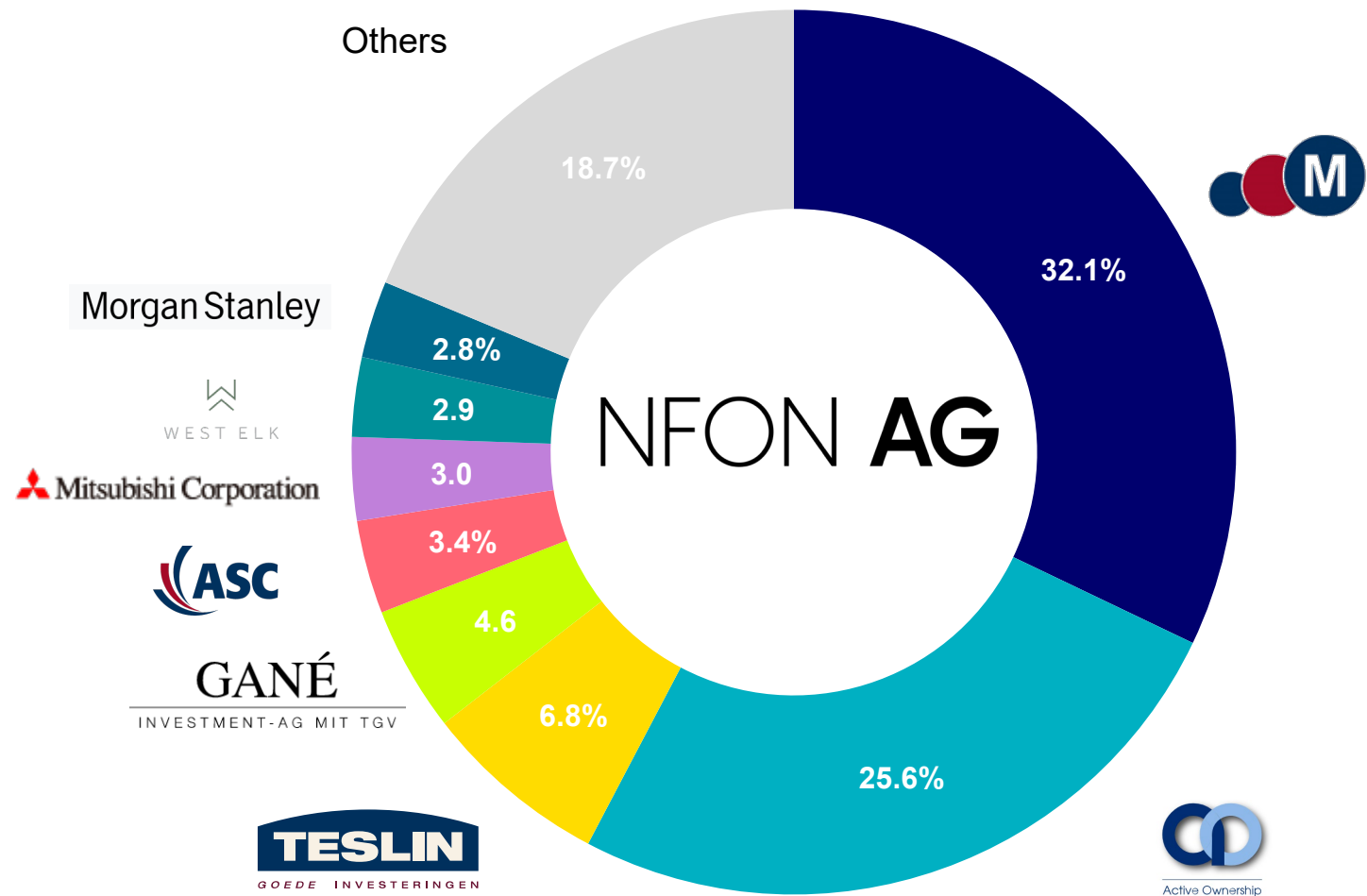
NFON AG

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

Shareholder structure (30 September 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
22/23

17.11.

- **Financial Results 9M 2022**
- Web Conference

27.04.

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

18.05

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

24.08.

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



Investor Relations
Contact

BLOG

<https://www.nfon.com/blog/de/>



<https://facebook.com/NFONcom>



<https://twitter.com/NFONcom>

SABINA PRÜSER

Head of Corporate Communications & Sustainability

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

Disclaimer

This publication contains forward-looking statements regarding NFON AG („NFON“) or the NFON Group and its subsidiaries, including assessments, estimates and forecasts regarding the financial position, business strategy, plans and objectives of management and future operations of NFON and the NFON Group. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the results of operations, profitability, performance or results of NFON or the NFON Group to differ materially from those expressed or implied by such forwardlooking statements. These forward-looking statements are made as of the date of this press release and are based on numerous assumptions that may prove to be incorrect.

NFON makes no representations and assumes no liability with regard to the proper presentation, completeness, correctness, appropriateness or accuracy of the information and assessments contained herein. The information contained in this press release is subject to change without notice. They may be incomplete or abbreviated and may not contain all material information relating to NFON or the NFON Group. NFON assumes no obligation to publicly update or revise any forward-looking statements or other information contained herein, whether as a result of new information, future events or otherwise. This press release is not an offer to buy or subscribe for securities and should not be construed as a basis for investment decisions in NFON or the NFON Group, in whole or in part.

NFON **AG**