

NFON Earnings Call

H1 Results 2023 – August 24, 2023

Agenda for today

01

Highlights

100 days Patrik Heider

02

Financial Figures

H1 2023

03

Outlook

2023

04

Q&A Session

Highlights

100 days Patrik Heider

NFON 2023 - Strategy for continuous and sustainable profitable growth

OUR OBJECTIVE:
Sustainably profitable corporate development



Innovative product
development



Best-in-Class
channel

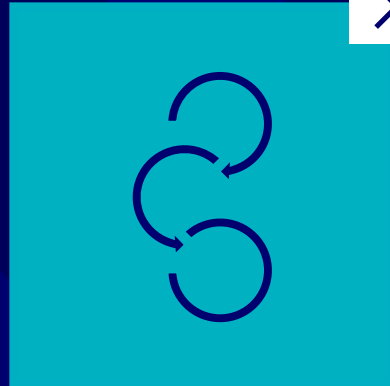


Strategic partnerships
and alliances

THE FOUNDATION:
Operational excellence

Operational excellence

Focus on three core areas: Organization and employees, business processes and internal system landscape



1

Organization & employees:

Organizational clarity, new organizational chart, and clearer strategic focus

2

Business processes:

Lean processes with the claim of best-in-class customer orientation

3

Internal system landscape:

Data-based system environment

Setting the course for future profitable growth

1

Organization & employees:

Organizational clarity, new organizational chart, and clearer strategic focus.

Expanded and new management team to serve, customer needs more efficiently and better meet our high standards of customer centricity

- Position of **Chief Technology Officer (CTO)** on the Executive Board will be newly appointed
 - Deniz Beskök took over CTO duties on an interim basis
- Management team is expanded
 - Markus Krammer – **Chief Product Officer (CPO)**
 - Gernot Hofstetter – **Chief Commercial Officer (CCO)**
 - Heinke Bock – **Chief People & Culture Officer (CPCO)**
 - Merano Mettbach – **Chief Sales Officer (Germany) (CSO)**
with effect of September 1, 2023

Our ambition at NFON

PROFITABLE, HEALTHY GROWTH OF OUR ORGANISATION!

REGAIN OUR ROLE AS INNOVATOR IN THE INDUSTRY!

BECOME A TRUE PAN-EUROPEAN MARKET LEADER!

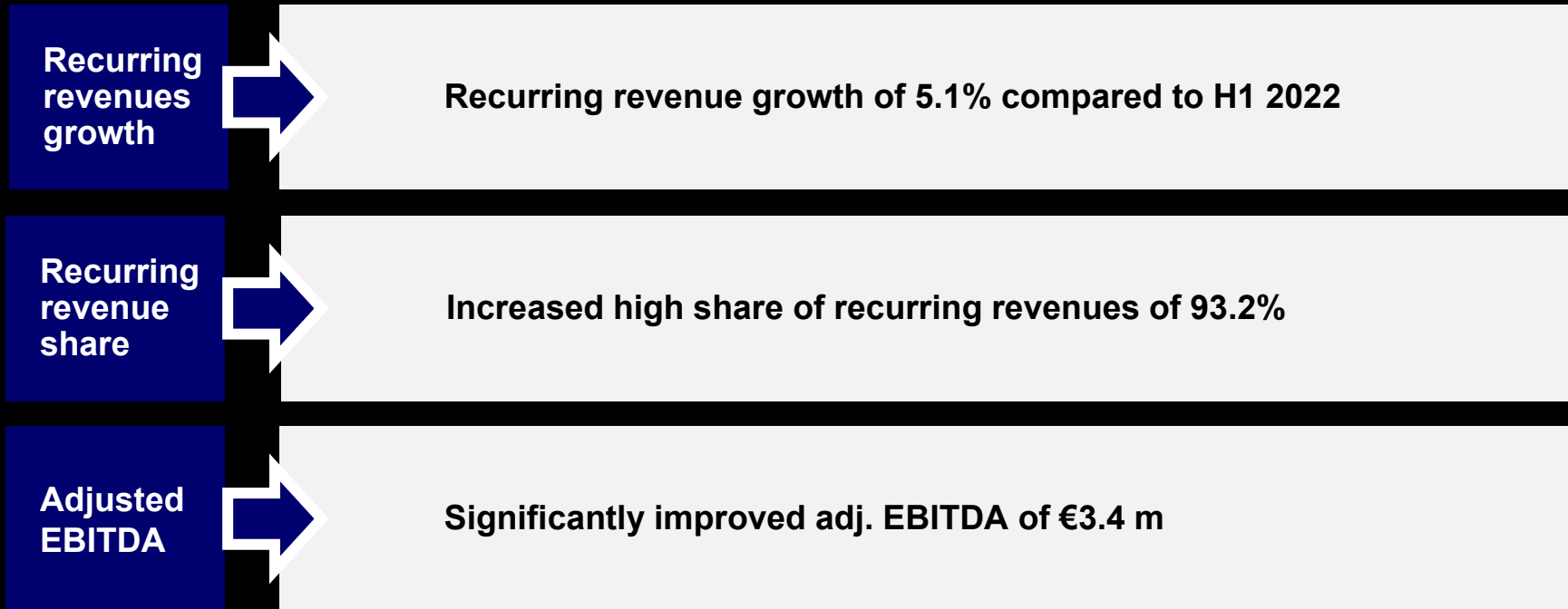
ONE WINNING TEAM - WE WIN TOGETHER AS A TEAM!

BECOME FASTER AND MORE AGILE AS A COMPANY!

Financial Figures

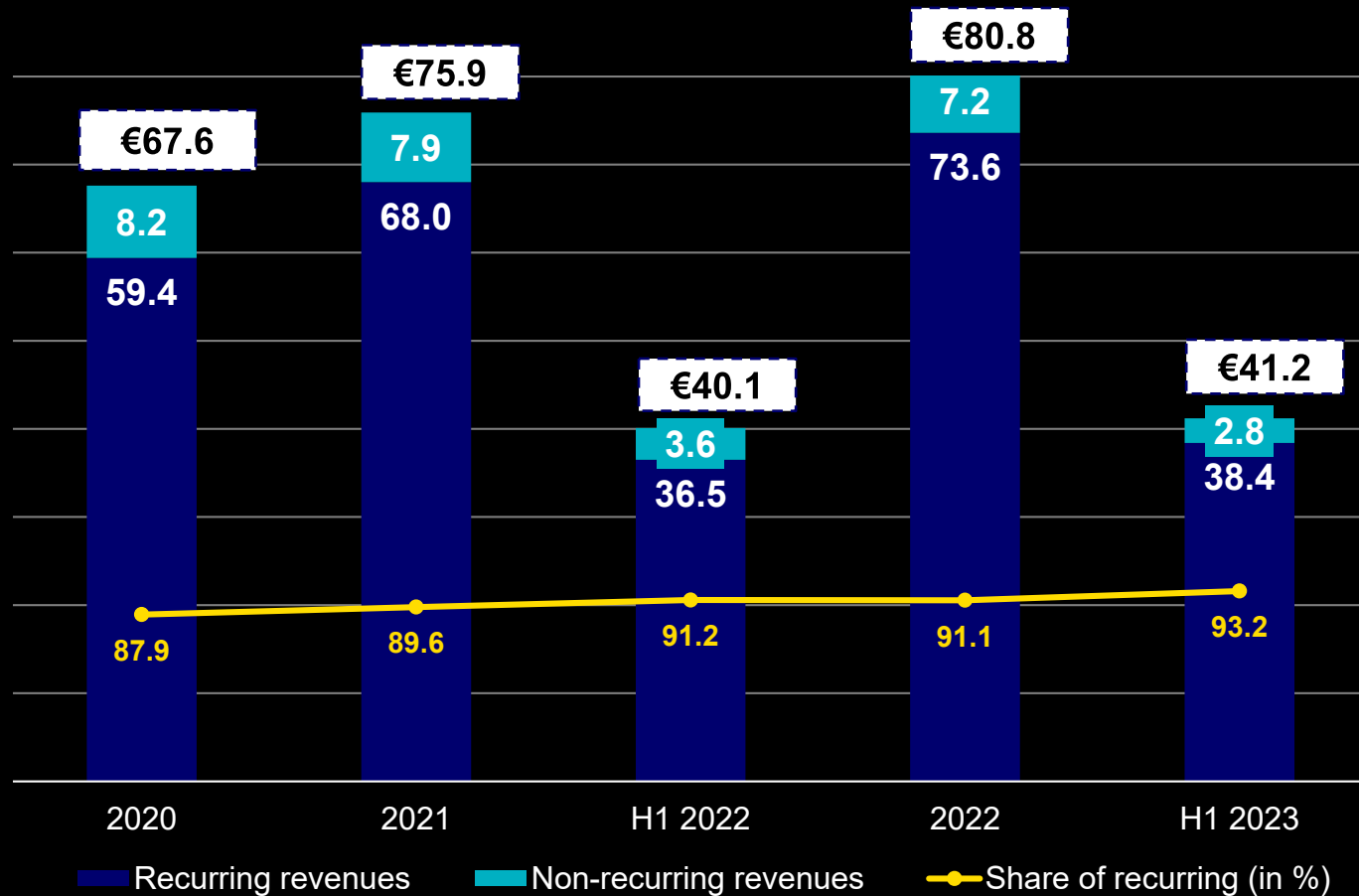
H1 2023

H1 2023 Results at a Glance



Continuously growing share of recurring revenues

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

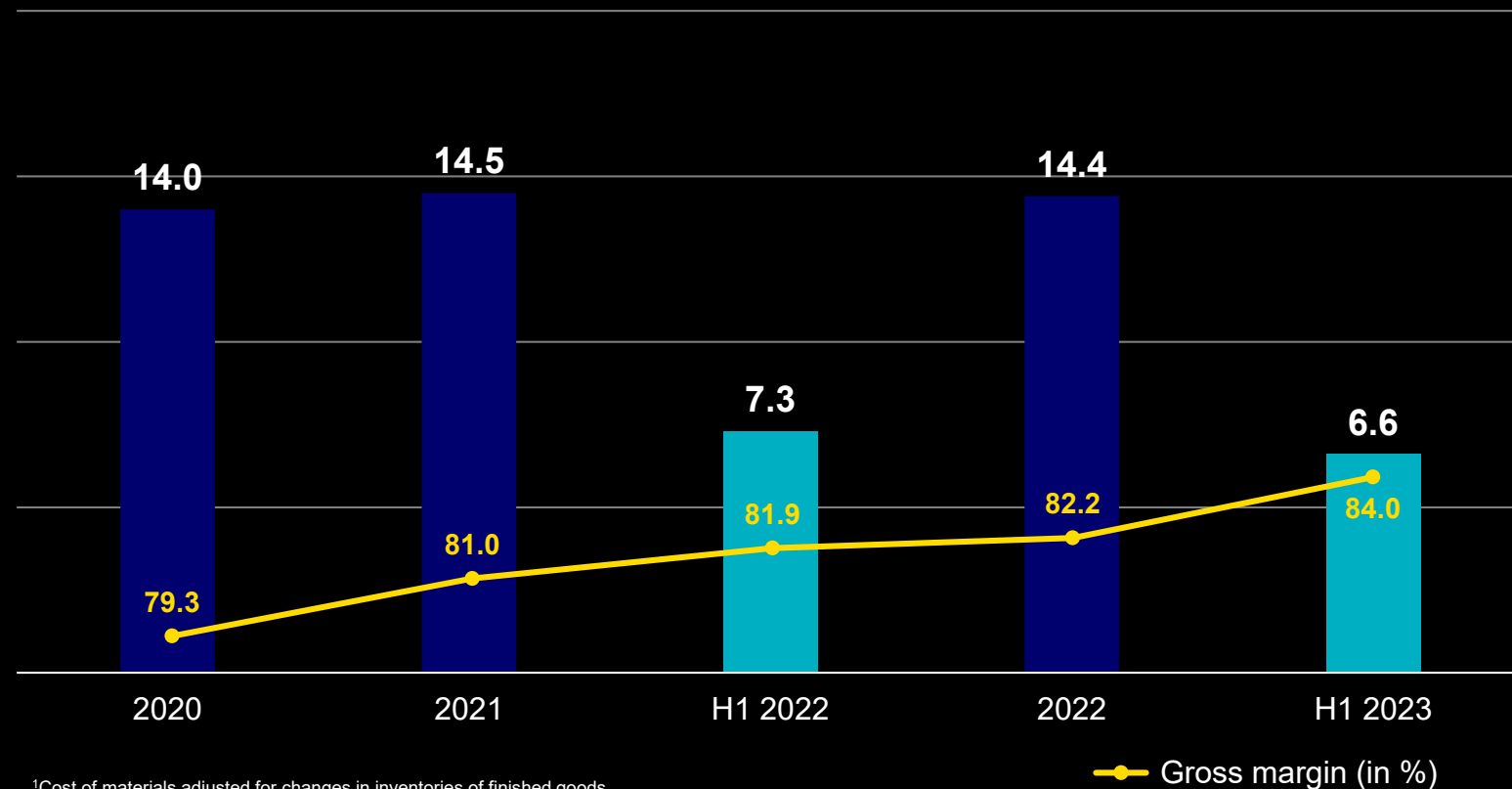


COMMENTS

- Recurring revenues grew by 5.1% compared to H1 2022
 - acquisition of new customers
 - increase in installed extensions (seats) within the existing customer base
- Total revenue growth of 2.7 % in comparison to H1 2022 due to decrease of non-recurring by 21.6 % compared to previous half-year
- High share of recurring revenue in total revenues of 93.2% provides predictable revenue streams

Further reliable high gross margin with increasingly positive development

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



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

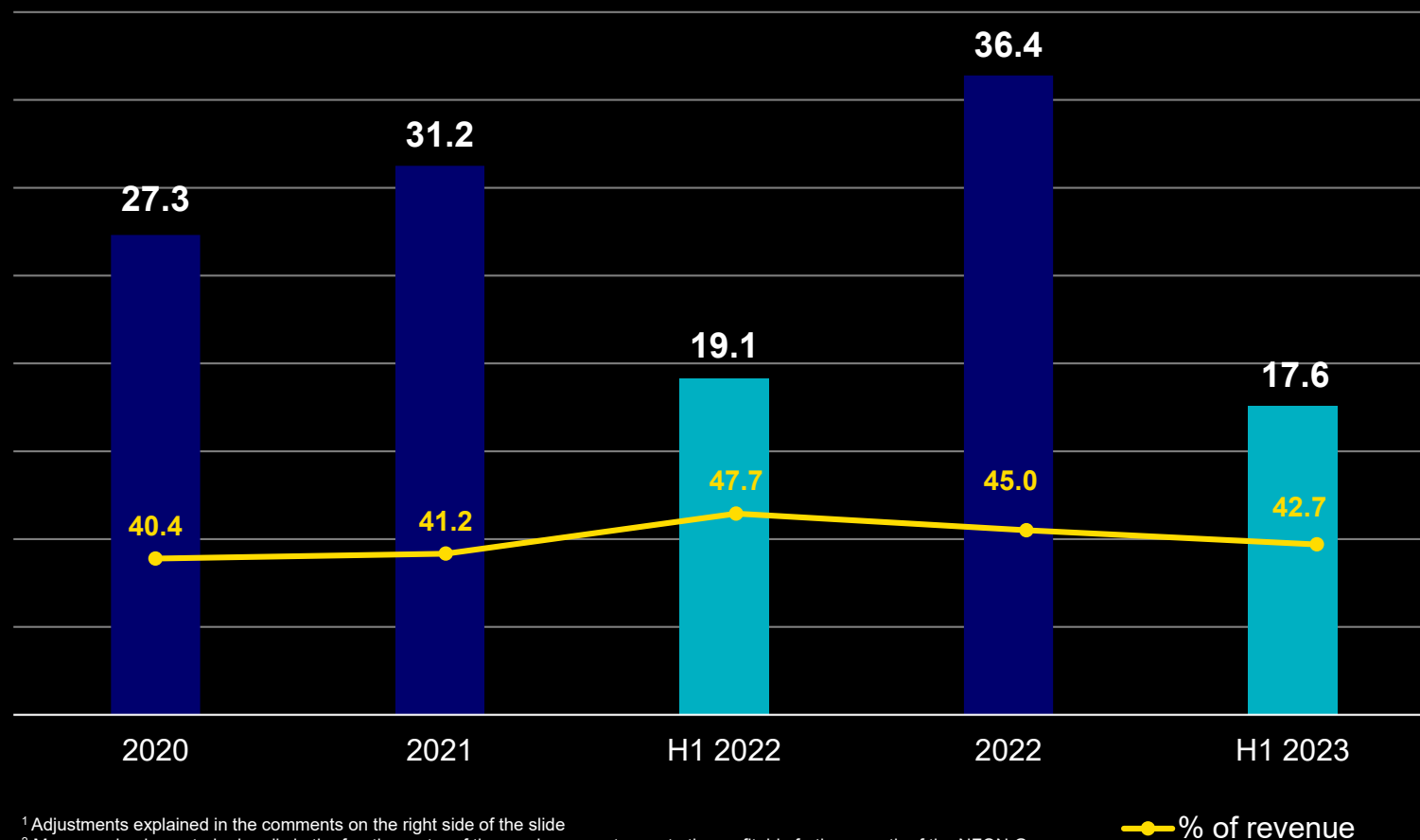
²Gross margin defined as (revenue - adj. cost of materials) / revenue

COMMENTS

- Improved gross margin compared to the same period last year due to successfully growing share of higher-margin sales
- 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
- Despite an increase in sales, the cost of materials fell by 9.0% in the reporting period (H1 2023 €6.6m; H1 2022 €7.3m)
- This results in a further low material cost ratio of 16.0% compared to the same period of the previous year (H1 2022: 18.1%)

Reduced personnel expenses in line with strategic focus

Adj. personnel expenses in € million



¹ Adjustments explained in the comments on the right side of the slide

² Measures implemented primarily in the fourth quarter of the previous year to create the profitable further growth of the NFON Group

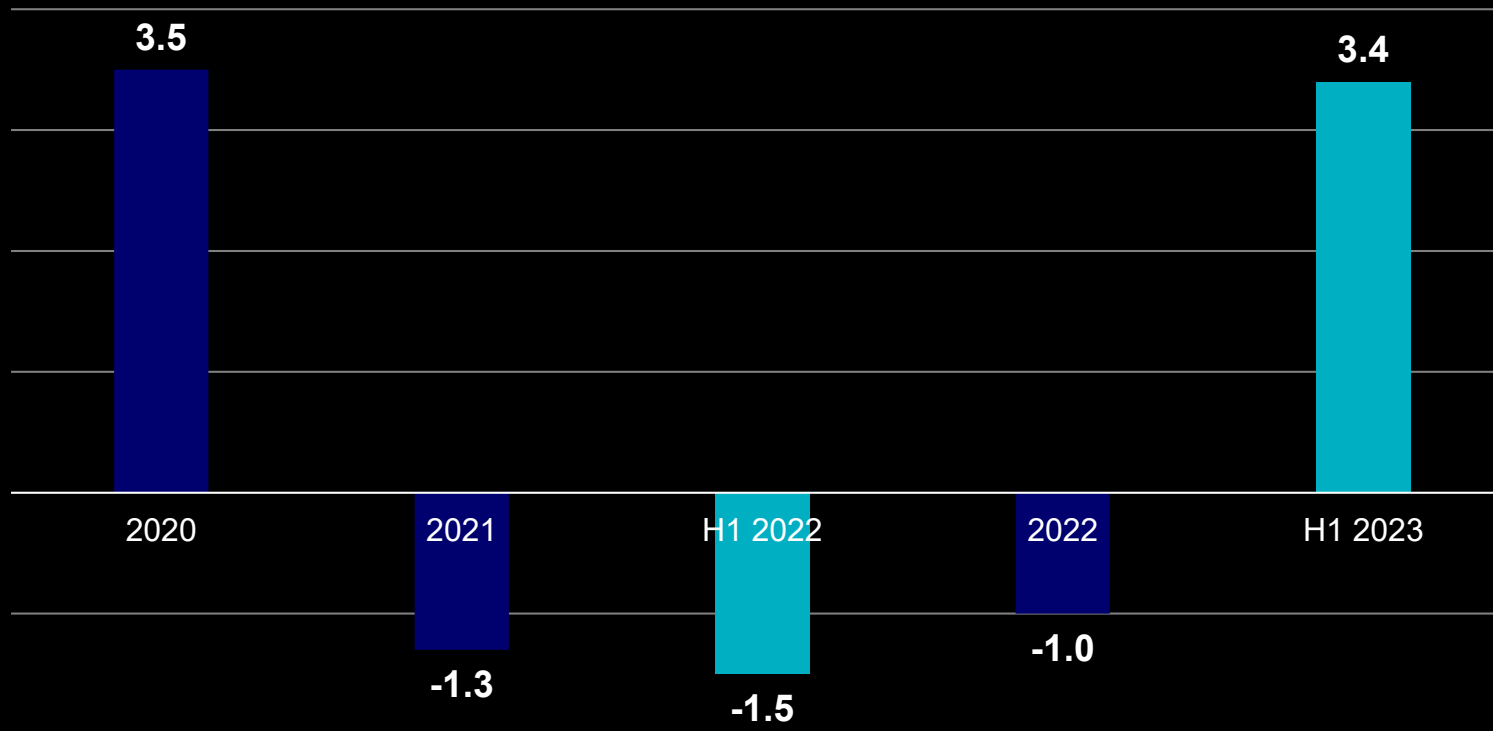
—●— % of revenue

COMMENTS

- Average number² of employees decreased from Ø 504 to Ø 451 (minus 10,5%)
- Personnel expenses as reported amount to €18.3m (H1 2022: €19.7m)
- Adjustments:
 - €0.0m for stock options (H1 2022: €0.3m)
 - €0.2m re-focusing group-wide activities (H1 2022: €0.3m).
 - €0.6m incurred in connection with the reorganization of top management (H1 2022: €0.0m).
- Adj. personnel expenses amount to €17.6m (H1 2022: €19.1m)
- Adj. personnel expense ratio of 42.7% (H1 2022: 47.7%) expected to decrease further in the course of 2023 due to scaling effects.

Adj. EBITDA improvement reflects focus on profitability

Adj. EBITDA¹ in € million



COMMENTS

- Significant improvement in adj. EBITDA of €3.4m is the result of the strategic management decision to focus on profitability
- Adj. EBITDA margin in H1 2023 stood at 8.2%

¹ Adjustments see next slide


Outlook

2023

Guidance for continuous sustainable profitable growth

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	> € 4m	We expect adjusted EBITDA to be in the range of € 6-7m

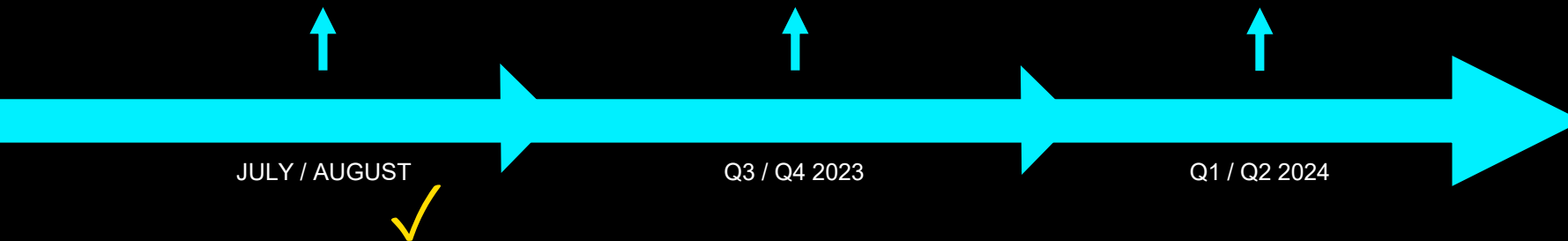


Raised guidance:

- positive business development to date
- continuing positive outlook for Q3 & Q4

What's next?

- Setup of **new Management** structure
- **New leadership team** started their work
- Aligning and fine-tune on **business unit level**
- Setting up and launching the **transition path**
- Defining and initiating **targets and measures**
- Presenting the **new roadmap** for NFON
- Implementing **initial measures**
- **First results** of the changed structure



TOGETHER
SUSTAINABLY
PROFITABLE



Q&A Session

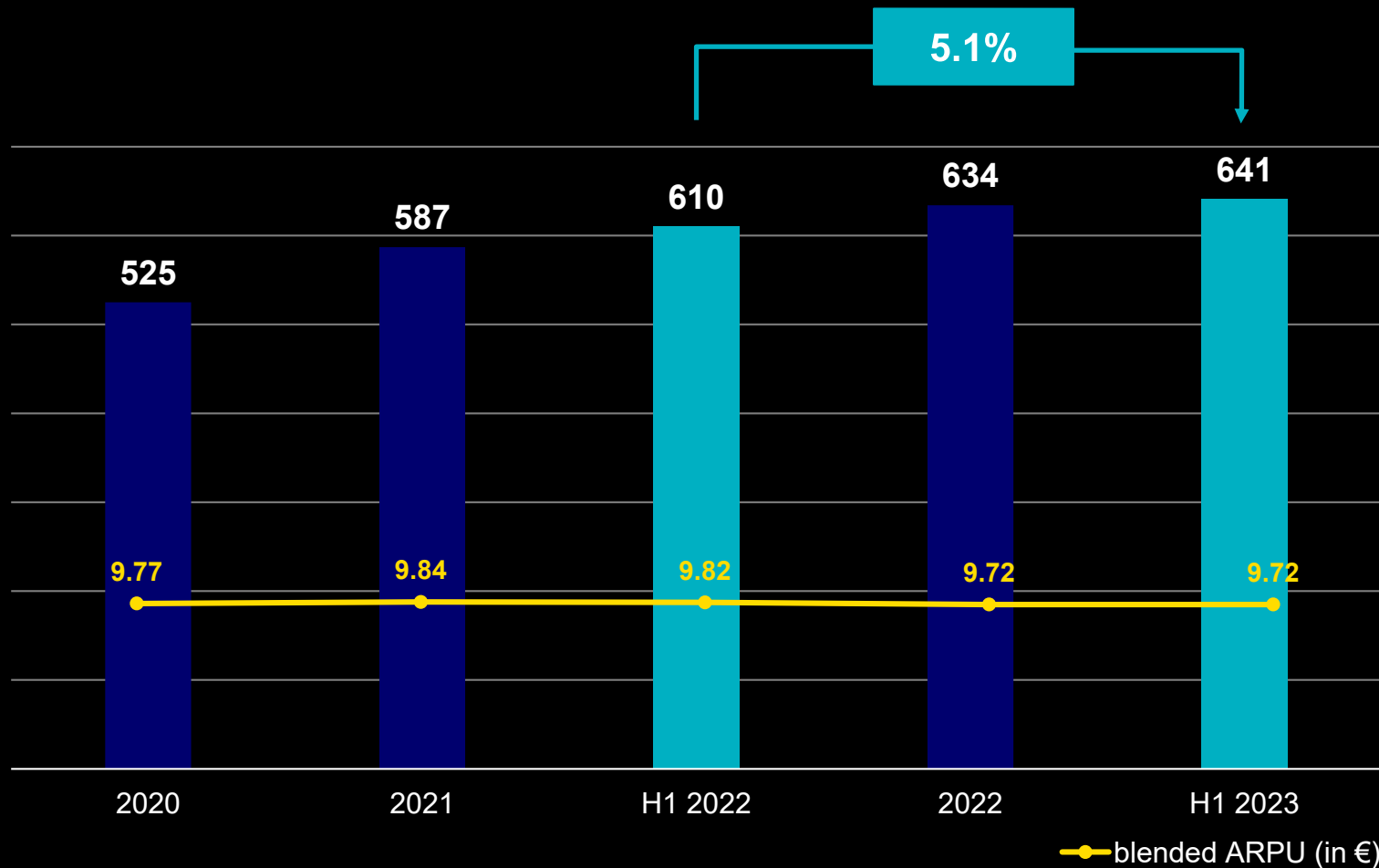
NFON AG

Appendix

H1 2023

Seat growth in line with strategic focus

Development number of seats ('000) and ARPU

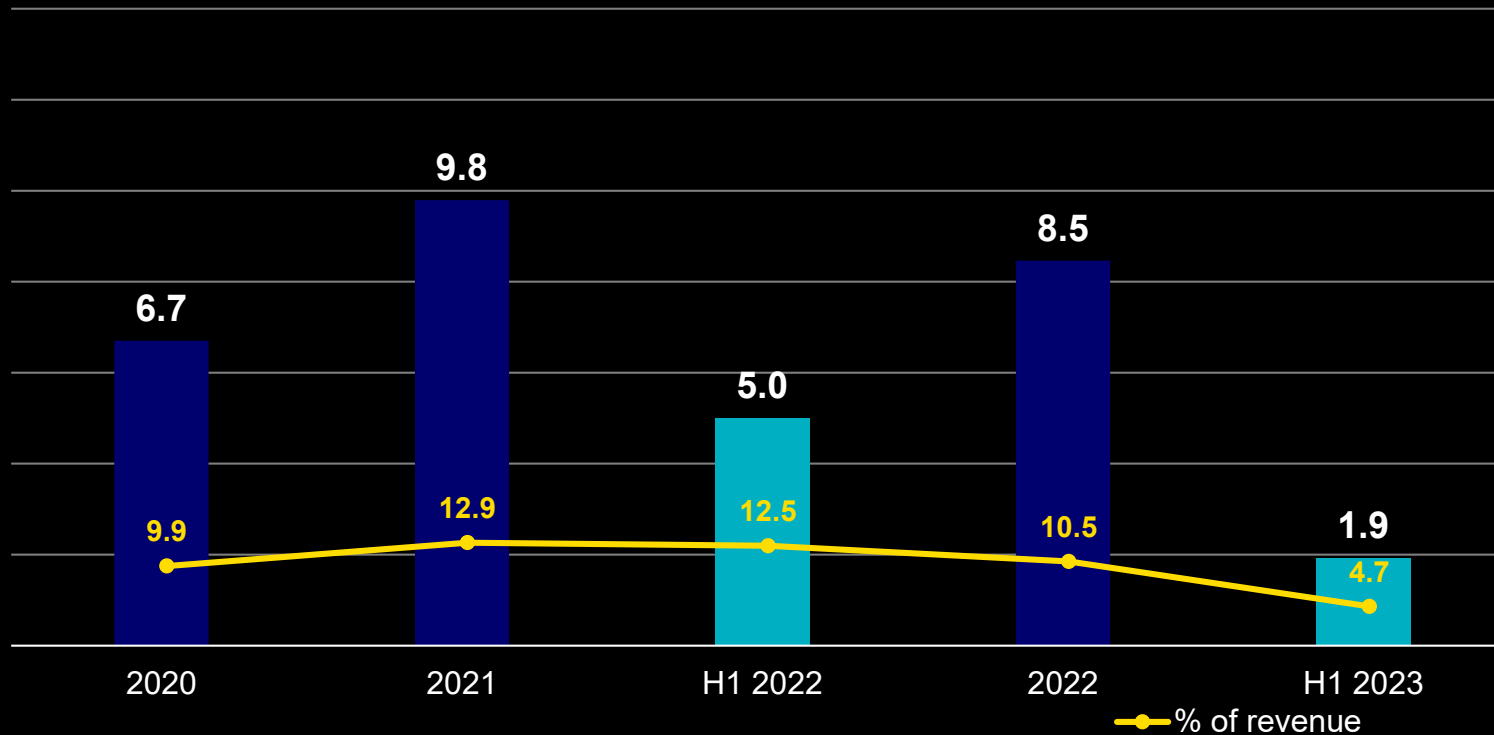


COMMENTS

- Increase of total number of seats by 5.1%
- ARPU development: H1 2023 stable on year's end level. Slight decline versus H1 2022
- Continuously low gross churn rate of ~0.7% per month underlines quality of product and service and guarantees continuous recurring revenues
 - Slight increase in the rate compared with the prior-year period as a result of a planned post-contract churn of a major customer
- Our innovative, automated, and user-friendly omnichannel solution Contact Center Hub has been developing positively since its launch at the beginning of 2023.

Decrease of marketing expenses as planned

Marketing expenses in € million

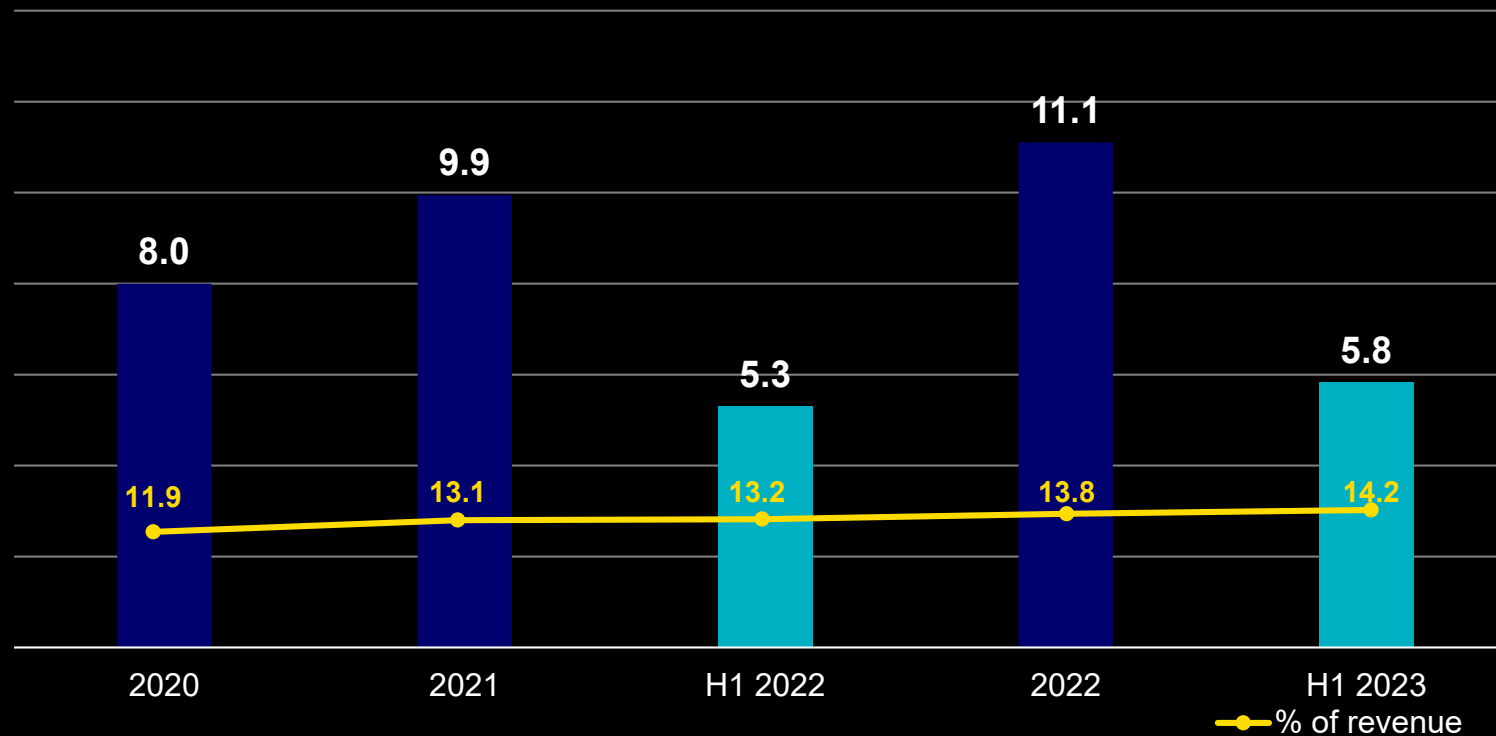


COMMENTS

- Marketing expenses decreased by 61.5% yoy
- Focused and efficient marketing where we see market potential. Channel marketing moves to the forefront.

Selling cost slightly higher compared to H1 2022

Selling expenses in € million



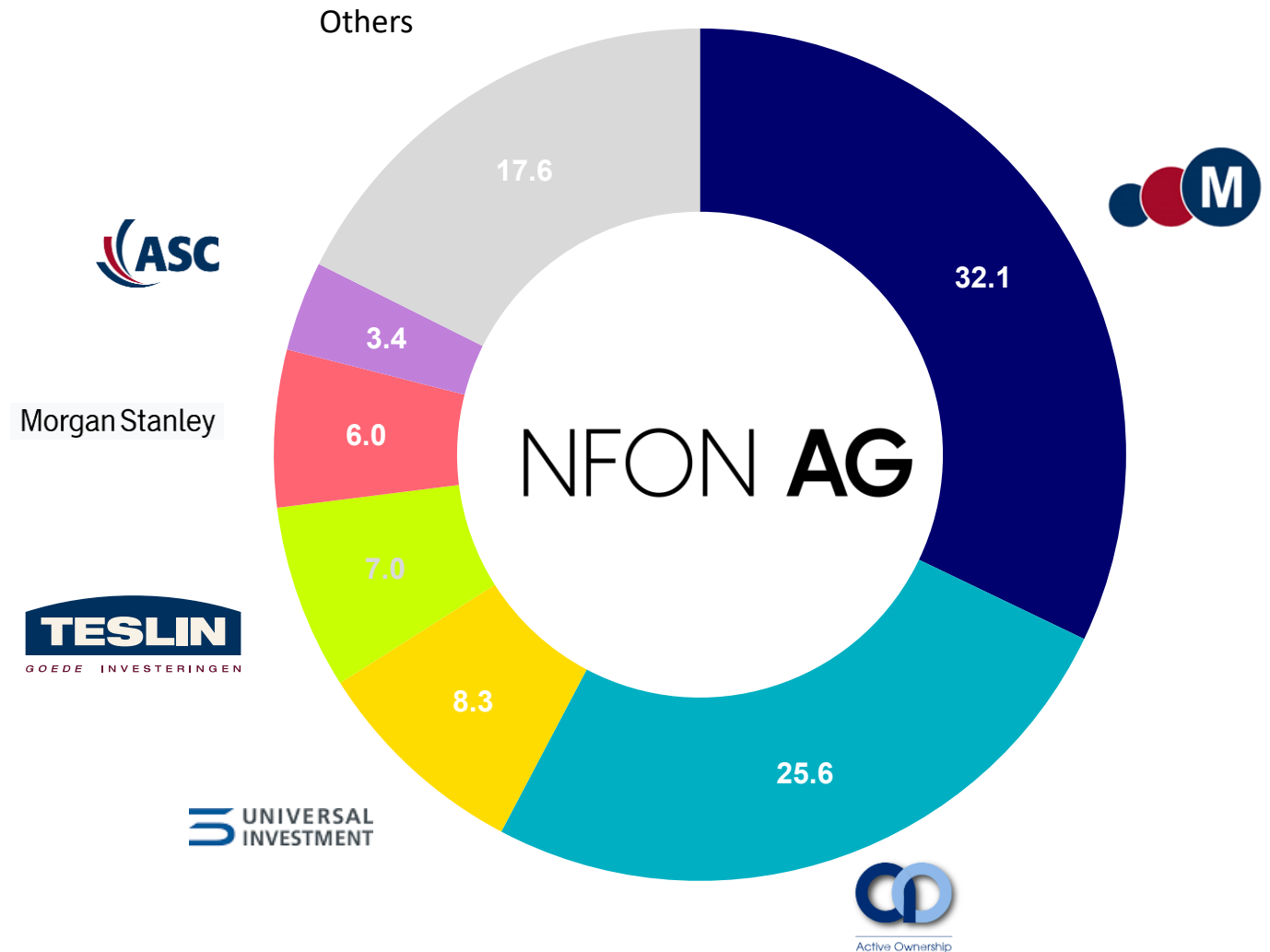
COMMENTS

- 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 12.6% compared to previous year
- Overall selling costs might continue to raise slowly mainly as a result of a channel shift from direct business into the commission-based partner channels
- No further significant changes expected

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	May 11, 2018
Coverage	Berenberg Bank, Baader Bank, Hauck & Aufhäuser, ODDO

Shareholder structure
in %, as of August 07, 2023



C-Level Team



Patrik Heider
CEO /CFO

- With NFON since 2023
- ~20 years of C-Level experience and in the IT industry
- Previous experience includes
 - Nemetschek SE
 - Thinkproject
 - riskmethods



Gernot Hofstetter
CCO

- With NFON since 2018
- Previous position:
 - MD Austria and Central and Eastern Europe (CEE)
- > 20 years of experience, working as MD and Sales Manager for several telecom companies in Austria.



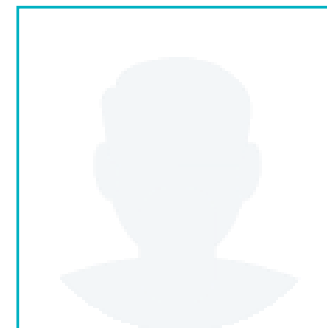
Heinke Bock
CPCO

- With NFON since 2018
- Previous position:
 - VP HR
- >20 years experience in leading positions within the areas of HR and Legal Counseling



Markus Krammer
CPO

- With NFON since 2015
- Previous position:
 - Managing Director for NFON Developments Lda.
- > 20 years of experience in senior executive positions within the Telco industry



Deniz Beskök
CTO (interim)

- With NFON since 2019
- Previous position:
 - VP Engineering and Agile Transition
- > 20 years of experience within the IT /Telco industry and holds various key positions



Merano Mettbach
CSO (Germany)

- With effect of September 1, 2023
- ...

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



Contact

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