

**Buy** (old: Buy)

20.02.2024

**EUR 11.70** (old: EUR 11.70)

### Recent weakness should be a clear BUYing opp.

In our view, the recent share price weakness (-23% YTD) is highly unjustified and should rather offer an attractive entry point as we advise investors to **BUY the dip**. Here is why:

**Operational turnaround in full swing.** As outlined in our recently published long-note ([click here](#)), things took a turn for NFON in 2023, as efficiency measures, such as reduced marketing spend (9M '23: -51% yoy) and workforce adjustments (-12% yoy) started to gain traction. Combined with an improved gross margin (+2.1pp yoy) this enabled the company to expand its adjusted EBITDA significantly to € 6.0m (9M '22: € -0.8m).

**Structural growth drivers.** NFON finds itself amid a structurally growing and historically underpenetrated market. Especially the company's core business multi-tenant cloud-PBX is seen to deliver compelling growth rates (13% CAGR '22- '26e). The final fading out of ISDN by telecom carriers (end of 2022) the latest should serve as an inflection point, forcing businesses to switch to VoIP based solutions such as NFON's Cloudya. Against this backdrop, penetration rates are seen on the rise, particularly in Germany (H1 '23: 14% penetration; 2027e: 43%; 76% of NFON sales), where the market has been historically underpenetrated. As market leader, NFON should be a clear beneficiary of this development.

**Strong FY figures expected.** NFON will release preliminary FY figures on March 7th which look set to come in ahead of street's expectations on the bottom-line. In detail: **FY '23e sales are seen at € 82.4m** (eCons: € 84.0m) as **ARR should amount to € 73.6m**, thus reaching the guidance on both ARR growth (+4.4% vs 3-9%) and ARR ratio (91.1% vs ≥ 88%). More importantly however, profitability is expected to outperform expectations, as **adj. EBITDA is expected to come in at € 8.0m** (eCons: € 7.6m), thus meeting the guidance of € 7.8-8.3m, which has already been upgraded twice during 2023 (initial guidance > € 4m).

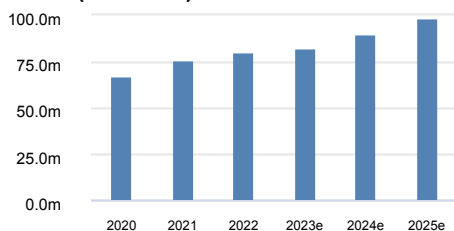
Trading at only 1.0x EV/Sales '23e, the stock is too cheap to ignore in our view, especially as this is below the levels we have seen prior to the turnaround (1.3x in 02/23).

**Strong BUY with an unchanged PT of € 11.70** based on DCF.

Y/E 31.12 (EUR m)	2020	2021	2022	2023e	2024e	2025e
Sales	67.6	75.9	80.8	82.4	89.8	98.8
Sales growth	18.4%	12.3%	6.5%	2.0%	9.0%	10.0%
Adj. EBITDA	1.2	-2.7	-9.5	8.0	10.7	14.2
Net debt (if net cash=0)	-7.8	-22.6	-7.4	-6.5	-7.5	-10.8
FCF	-6.5	-9.7	-12.4	-0.9	1.0	3.4
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0
EPS pro forma	-0.15	-0.54	-0.94	-0.03	0.16	0.32
Adj. EBITDA margin	1.7%	-3.6%	-11.8%	9.8%	11.9%	14.4%
ROCE	-3.2%	-12.5%	-19.8%	-0.4%	5.9%	11.5%
EV/sales	2.8	3.5	1.0	1.0	0.9	0.8
EV/adj. EBITDA	164.3	-98.9	-8.4	10.1	7.5	5.4
PER	-35.6	-9.8	-5.6	-154.2	32.1	16.4
Adjusted FCF yield	0.4%	-1.6%	-9.2%	5.6%	9.5%	12.5%

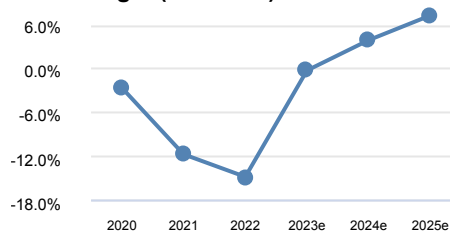
Source: Company data, NuWays, Close price as of 16.02.2024

#### Sales (2020-25e)



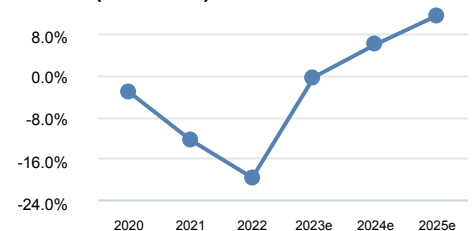
Source: NuWays Research

#### EBIT margin (2020-25e)



Source: NuWays Research

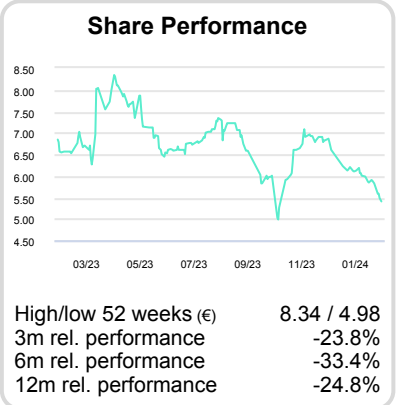
#### ROCE (2020-25e)



Source: NuWays Research

#### Company description

NFON is the German market leader for integrated business communication. NFON offers an easy-to-use, independent and reliable solution for advanced cloud business communications. Further premium and industry solutions complete the portfolio in the field of cloud communications.



#### Market data

Share price (in €)	5.40
Market cap (in € m)	87.4
Number of shares (in m pcs)	16.6
Enterprise value (in € m)	79.9
Ø trading volume (6 months)	3,049

#### Identifier

Bloomberg	NFN GR
Reuters	NFN
WKN	A0N4N5
ISIN	DE000A0N4N52

#### Key shareholders

Milestone Venture Capital	32.1%
AOC	25.6%
Universal	8.3%
Teslin	7.0%
Morgan Stanley	6.0%
Free Float	21.0%

#### Estimates changes

	2023e	2024e	2025e
Sales	0%	0%	0%
EBIT	0%	0%	0%
EPS	0%	0%	0%

#### Comment on changes

#### Guidance

- ARR: 3-9% yoy growth
- ARR ratio: ≥ 88%
- Adj. EBITDA: € 7.8-8.3m

## Financials

Profit and loss (EUR m)	2020	2021	2022	2023e	2024e	2025e
<b>Net sales</b>	<b>67.6</b>	<b>75.9</b>	<b>80.8</b>	<b>82.4</b>	<b>89.8</b>	<b>98.8</b>
<i>Sales growth</i>	18.4%	12.3%	6.5%	2.0%	9.0%	10.0%
Increase/decrease in finished goods and work-in-process	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total sales</b>	<b>67.6</b>	<b>75.9</b>	<b>80.8</b>	<b>82.4</b>	<b>89.8</b>	<b>98.8</b>
Other operating income	1.0	0.6	1.1	0.8	0.9	1.0
Material expenses	14.0	14.5	14.4	13.1	14.4	15.3
Personnel expenses	28.5	31.7	37.4	34.6	35.0	37.0
Other operating expenses	23.7	32.3	35.3	28.8	31.0	33.6
<b>EBITDA</b>	<b>2.3</b>	<b>-2.0</b>	<b>-5.3</b>	<b>6.7</b>	<b>10.3</b>	<b>13.8</b>
Adjustments	-1.2	-0.7	-4.3	1.3	0.4	0.4
<b>Adj. EBITDA</b>	<b>1.2</b>	<b>-2.7</b>	<b>-9.5</b>	<b>8.0</b>	<b>10.7</b>	<b>14.2</b>
Depreciation	2.7	3.2	3.4	3.3	2.9	2.6
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	1.5	3.7	3.3	3.7	3.9	4.1
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT (inc revaluation net)</b>	<b>-1.8</b>	<b>-9.0</b>	<b>-12.0</b>	<b>-0.2</b>	<b>3.5</b>	<b>7.2</b>
Interest income	0.0	0.0	0.0	0.0	0.0	0.0
Interest expenses	0.5	0.3	0.2	0.3	0.4	0.5
Investment income	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-0.5	-0.3	-0.2	-0.3	-0.4	-0.5
<b>Recurring pretax income from continuing operations</b>	<b>-2.3</b>	<b>-9.2</b>	<b>-12.2</b>	<b>-0.5</b>	<b>3.0</b>	<b>6.7</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>-2.3</b>	<b>-9.2</b>	<b>-12.2</b>	<b>-0.5</b>	<b>3.0</b>	<b>6.7</b>
Income tax expense	0.1	0.4	0.1	0.0	0.3	1.3
<b>Net income from continuing operations</b>	<b>-2.2</b>	<b>-8.9</b>	<b>-15.6</b>	<b>-0.6</b>	<b>2.7</b>	<b>5.3</b>
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>-2.2</b>	<b>-8.9</b>	<b>-15.6</b>	<b>-0.6</b>	<b>2.7</b>	<b>5.3</b>
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net profit (reported)</b>	<b>-2.2</b>	<b>-8.9</b>	<b>-15.6</b>	<b>-0.6</b>	<b>2.7</b>	<b>5.3</b>
Average number of shares	15.1	16.6	16.6	16.6	16.6	16.6
<b>EPS reported</b>	<b>-0.15</b>	<b>-0.54</b>	<b>-0.94</b>	<b>-0.03</b>	<b>0.16</b>	<b>0.32</b>

Profit and loss (common size)	2020	2021	2022	2023e	2024e	2025e
<b>Net sales</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<i>Sales growth</i>	18.4%	12.3%	6.5%	2.0%	9.0%	10.0%
Increase/decrease in finished goods and work-in-process	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total sales</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Other operating income	1.4%	0.7%	1.3%	1.0%	1.0%	1.0%
Material expenses	20.7%	19.0%	17.8%	15.9%	16.0%	15.5%
Personnel expenses	42.2%	41.8%	46.3%	42.0%	39.0%	37.5%
Other operating expenses	35.1%	42.6%	43.7%	34.9%	34.5%	34.0%
<b>EBITDA</b>	<b>3.5%</b>	<b>-2.6%</b>	<b>-6.5%</b>	<b>8.2%</b>	<b>11.5%</b>	<b>14.0%</b>
Adjustments	-1.7%	-0.9%	-5.3%	1.6%	0.4%	0.4%
<b>Adj. EBITDA</b>	<b>1.7%</b>	<b>-3.6%</b>	<b>-11.8%</b>	<b>9.8%</b>	<b>11.9%</b>	<b>14.4%</b>
Depreciation	4.0%	4.2%	4.3%	4.0%	3.3%	2.6%
Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	2.1%	4.9%	4.1%	4.4%	4.4%	4.1%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>EBIT (inc revaluation net)</b>	<b>-2.7%</b>	<b>-11.8%</b>	<b>-14.9%</b>	<b>-0.3%</b>	<b>3.9%</b>	<b>7.3%</b>
Interest income	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%
Interest expenses	0.8%	0.4%	0.2%	0.4%	0.5%	0.5%
Investment income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Financial result	neg.	neg.	neg.	neg.	neg.	neg.
<b>Recurring pretax income from continuing operations</b>	<b>-3.4%</b>	<b>-12.1%</b>	<b>-15.1%</b>	<b>-0.6%</b>	<b>3.4%</b>	<b>6.8%</b>
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Earnings before taxes</b>	<b>-3.4%</b>	<b>-12.1%</b>	<b>-15.1%</b>	<b>-0.6%</b>	<b>3.4%</b>	<b>6.8%</b>
Tax rate	3.1%	3.4%	-1.1%	-7.0%	10.0%	20.0%
<b>Net income from continuing operations</b>	<b>-3.3%</b>	<b>-11.7%</b>	<b>-19.3%</b>	<b>-0.7%</b>	<b>3.0%</b>	<b>5.4%</b>
Income from discontinued operations (net of tax)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Net income</b>	<b>-3.3%</b>	<b>-11.7%</b>	<b>-19.3%</b>	<b>-0.7%</b>	<b>3.0%</b>	<b>5.4%</b>
Minority interest	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Net profit (reported)</b>	<b>-3.3%</b>	<b>-11.7%</b>	<b>-19.3%</b>	<b>-0.7%</b>	<b>3.0%</b>	<b>5.4%</b>

Source: Company data, NuWays

Balance sheet (EUR m)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	27.1	30.0	34.0	37.0	39.8	42.6
Property, plant and equipment	9.5	8.2	8.7	7.7	7.1	6.8
Financial assets	0.0	0.6	0.7	0.7	0.7	0.7
<b>FIXED ASSETS</b>	<b>36.6</b>	<b>38.8</b>	<b>43.5</b>	<b>45.4</b>	<b>47.6</b>	<b>50.1</b>
Inventories	0.1	0.2	0.1	0.1	0.1	0.1
Accounts receivable	10.0	10.9	9.3	9.5	10.3	11.4
Other assets and short-term financial assets	3.0	3.6	3.1	3.1	3.1	3.1
Liquid assets	23.0	27.7	13.2	12.3	13.4	16.7
Deferred taxes	1.1	2.4	0.3	0.3	0.3	0.3
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT ASSETS</b>	<b>37.2</b>	<b>44.7</b>	<b>26.0</b>	<b>25.3</b>	<b>27.2</b>	<b>31.6</b>
<b>TOTAL ASSETS</b>	<b>73.8</b>	<b>83.5</b>	<b>69.4</b>	<b>70.7</b>	<b>74.8</b>	<b>81.6</b>

<b>SHAREHOLDERS EQUITY</b>	<b>45.6</b>	<b>63.2</b>	<b>47.8</b>	<b>48.7</b>	<b>52.5</b>	<b>58.8</b>
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	1.9	2.2	0.0	0.0	0.0	0.0
Other provisions and accrued liabilities	2.6	2.8	2.3	2.3	2.3	2.3
Short-term liabilities to banks	10.7	1.7	1.8	1.8	1.8	1.8
Accounts payable	4.9	6.1	4.2	4.5	4.9	5.4
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	2.7	2.8	6.5	6.5	6.5	6.5
Deferred taxes	0.8	1.3	2.5	2.5	2.5	2.5
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT LIABILITIES</b>	<b>7.7</b>	<b>8.9</b>	<b>10.7</b>	<b>11.0</b>	<b>11.4</b>	<b>11.9</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>73.8</b>	<b>83.5</b>	<b>69.4</b>	<b>70.7</b>	<b>74.8</b>	<b>81.6</b>

Balance sheet (common size)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	36.7%	35.9%	49.0%	52.3%	53.2%	52.2%
Property, plant and equipment	12.9%	9.8%	12.6%	11.0%	9.6%	8.3%
Financial assets	0.0%	0.8%	1.0%	1.0%	0.9%	0.8%
<b>FIXED ASSETS</b>	<b>49.6%</b>	<b>46.5%</b>	<b>62.6%</b>	<b>64.2%</b>	<b>63.7%</b>	<b>61.3%</b>
Inventories	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%
Accounts receivable	13.5%	13.1%	13.4%	13.4%	13.8%	13.9%
Other assets and short-term financial assets	4.0%	4.3%	4.5%	4.4%	4.2%	3.8%
Liquid assets	31.2%	33.1%	19.0%	17.4%	17.9%	20.5%
Deferred taxes	1.5%	2.9%	0.4%	0.4%	0.4%	0.3%
Deferred charges and prepaid expenses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>CURRENT ASSETS</b>	<b>50.4%</b>	<b>53.5%</b>	<b>37.4%</b>	<b>35.8%</b>	<b>36.3%</b>	<b>38.7%</b>
<b>TOTAL ASSETS</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

<b>SHAREHOLDERS EQUITY</b>	<b>61.8%</b>	<b>75.7%</b>	<b>68.9%</b>	<b>69.0%</b>	<b>70.1%</b>	<b>72.0%</b>
MINORITY INTEREST	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Provisions for pensions and similar obligations	2.5%	2.6%	0.0%	0.0%	0.0%	0.0%
Other provisions and accrued liabilities	3.5%	3.4%	3.3%	3.3%	3.1%	2.8%
Short-term liabilities to banks	14.5%	2.0%	2.6%	2.6%	2.4%	2.2%
Accounts payable	6.7%	7.3%	6.1%	6.4%	6.6%	6.6%
Advance payments received on orders	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other liabilities (incl. from lease and rental contracts)	3.7%	3.4%	9.4%	9.2%	8.7%	8.0%
Deferred taxes	1.1%	1.6%	3.6%	3.5%	3.3%	3.0%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>CURRENT LIABILITIES</b>	<b>10.4%</b>	<b>10.7%</b>	<b>15.4%</b>	<b>15.6%</b>	<b>15.3%</b>	<b>14.6%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Company data, NuWays

Cash flow statement (EUR m)	2020	2021	2022	2023e	2024e	2025e
Net profit/loss	-2.2	-8.9	-15.6	-0.6	2.7	5.3
Depreciation of fixed assets (incl. leases)	2.7	3.2	3.4	3.3	2.9	2.6
Amortisation of goodwill & intangible assets	1.5	3.7	3.3	3.7	3.9	4.1
Others	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from operating activities	-0.3	-3.5	-5.8	4.3	6.6	8.5
Increase/decrease in inventory	0.1	-0.3	0.1	-0.0	0.0	-0.0
Increase/decrease in accounts receivable	-2.4	-0.9	2.1	-0.2	-0.9	-1.0
Increase/decrease in accounts payable	-0.2	1.2	-0.8	0.3	0.4	0.5
Increase/decrease in other working capital positions	0.0	0.0	0.1	0.0	0.0	0.0
Increase/decrease in working capital	-2.6	-0.1	1.5	0.1	-0.4	-0.6
<b>Cash flow from operating activities</b>	<b>1.1</b>	<b>-1.8</b>	<b>-3.9</b>	<b>6.5</b>	<b>9.1</b>	<b>11.5</b>
CAPEX	7.6	7.9	8.5	7.4	8.1	8.1
Payments for acquisitions	0.2	0.6	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.1	0.0	0.1	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-7.7</b>	<b>-8.5</b>	<b>-8.4</b>	<b>-7.4</b>	<b>-8.1</b>	<b>-8.1</b>
Cash flow before financing	-6.5	-10.2	-12.3	-0.9	1.0	3.4
Increase/decrease in debt position	-6.8	-11.0	-2.1	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	25.8	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	-0.0	0.0	-0.1	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-6.8</b>	<b>14.8</b>	<b>-2.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Increase/decrease in liquid assets	-13.4	4.6	-14.5	-0.9	1.0	3.4
<b>Liquid assets at end of period</b>	<b>23.0</b>	<b>27.7</b>	<b>13.2</b>	<b>12.3</b>	<b>13.4</b>	<b>16.7</b>

Key ratios (EUR m)	2020	2021	2022	2023e	2024e	2025e
<b>P&amp;L growth analysis</b>						
Sales growth	18.4%	12.3%	6.5%	2.0%	9.0%	10.0%
EBITDA growth	-133.5%	-186.0%	161.9%	-227.9%	53.3%	33.9%
EBIT growth	-81.9%	394.5%	34.4%	-98.0%	-1549.2%	106.2%
EPS growth	-80.7%	261.6%	75.6%	-96.4%	-580.5%	96.0%
<b>Efficiency</b>						
Sales per employee	242.8	238.7	226.4	215.3	459.7	481.6
EBITDA per employee	8.4	-6.3	-14.8	17.6	52.9	67.4
No. employees (average)	278	318	357	383	195	205
<b>Balance sheet analysis</b>						
Avg. working capital / sales	6.8%	7.0%	5.3%	6.1%	2.5%	2.5%
Inventory turnover (sales/inventory)	453.7	489.6	928.6	928.6	928.6	928.6
Accounts receivable turnover	53.8	52.4	41.9	42.0	42.0	42.0
Accounts payable turnover	26.6	29.3	19.0	20.0	20.0	20.0
<b>Cash flow analysis</b>						
Free cash flow	-6.5	-9.7	-12.4	-0.9	1.0	3.4
Free cash flow/sales	-9.5%	-12.7%	-15.4%	-1.1%	1.2%	3.4%
FCF / net profit	288.6%	108.6%	79.5%	159.3%	38.4%	62.7%
Capex / sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Solvency</b>						
Net debt	-7.8	-22.6	-7.4	-6.5	-7.5	-10.8
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest paid / avg. debt	6.6%	2.3%	1.8%	6.1%	7.7%	8.4%
<b>Returns</b>						
ROCE	-3.2%	-12.5%	-19.8%	-0.4%	5.9%	11.5%
ROE	-4.9%	-14.1%	-32.7%	-1.2%	5.2%	9.1%
Adjusted FCF yield	0.4%	-1.6%	-9.2%	5.6%	9.5%	12.5%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
DPS	0.0	0.0	0.0	0.0	0.0	0.0
EPS reported	-0.15	-0.54	-0.94	-0.03	0.16	0.32
Average number of shares	15.1	16.6	16.6	16.6	16.6	16.6
<b>Valuation ratios</b>						
P/BV	1.7	1.4	1.8	1.8	1.7	1.5
EV/sales	2.8	3.5	1.0	1.0	0.9	0.8
EV/EBITDA	81.4	-133.4	-15.2	12.0	7.7	5.5
EV/EBIT	-105.2	-30.0	-6.7	-337.7	23.0	10.7

Source: Company data, NuWays

## Disclosures

Disclosures regarding research publications of NuWays AG pursuant to section 85 of the German Securities Trading Act (WpHG)

### Indication of conflict of interest

It is essential that any research recommendation is fairly presented and discloses interests of indicates relevant conflicts of interest. Pursuant to section 85 of the German Securities Trading Act (WpHG) a research report has to point out possible conflicts of interest in connection with the analysed company. A conflict of interest is presumed to exist in particular if NuWays AG

- (1) or any other person belonging to the same group with it was part of a consortium within the past twelve months that issued the financial instruments of the analysed company by way of a public offer.
- (2) or any other person belonging to the same group with it has entered into an agreement on the production of the research report with the analysed company.
- (3) or any other person belonging to the same group with it has been party to an agreement on the provision of investment banking services with the analysed company or have received services or a promise of services under the term of such an agreement within the past twelve month.
- (4) The analysed company holds 5% or more of the share capital of NuWays AG.
- (5) holds (a) a net short position or (b) a net long position of 0.5% of the outstanding share capital of the analysed company.
- (6) or any other person belonging to the same group with it is a market maker or liquidity provider in the financial instruments of the issuer.
- (7) or the analyst has any other significant financial interests relating to the analysed company such as, for example, exercising mandates in the interest of the analysed company.
- (8) The research report has been made available to the analysed company prior to its publication. Thereafter, only factual changes have been made to the report.

**Conflicts of interest that existed at the time when this research report was published:**

Company	Disclosures
NFON AG	2

### Historical target price and rating changes for NFON AG

Company	Date	Analyst	Rating	Target Price	Close
NFON AG	18.01.2024	Sennewald, Philipp	n.a.	EUR 11.70	EUR 6.10
	23.11.2023	Sennewald, Philipp	n.a.	EUR 11.30	EUR 7.08
	27.04.2023	Sennewald, Philipp	n.a.	EUR 10.50	EUR 8.20
	09.03.2023	Sennewald, Philipp	n.a.	EUR 9.50	EUR 6.52

## 1. General Information/Liabilities

This research report has been produced for the information purposes of institutional investors only, and is not in any way a personal recommendation, offer or solicitation to buy or sell the financial instruments mentioned herein. The document is confidential and is made available by NuWays AG exclusively to selected recipients in the European Union (EU) or, in individual cases, also in other countries. It is not allowed to pass the research report on to persons other than the intended recipient without the permission of NuWays AG. Reproduction of this document, in whole or in part, is not permitted without prior permission NuWays AG. All rights reserved.

Under no circumstances shall NuWays AG, any of its employees involved in the preparation, have any liability for possible errors or incompleteness of the information included in this research report – neither in relation to indirect or direct nor consequential damages. Liability for damages arising either directly or as a consequence of the use of information, opinions and estimates is also excluded. Past performance of a financial instrument is not necessarily indicative of future performance.

## 2. Responsibilities

This research report was prepared by the research analyst named on the front page (the "Producer"). The Producer is solely responsible for the views and estimates expressed in this report. The report has been prepared independently. The content of the research report was not influenced by the issuer of the analysed financial instrument at any time. It may be possible that parts of the research report were handed out to the issuer for information purposes prior to the publication without any major amendments being made thereafter.

## 3. Organisational Requirements

NuWays AG took internal organisational and regulative precautions to avoid or accordingly disclose possible conflicts of interest in connection with the preparation and distribution of the research report. All members of NuWays AG involved in the preparation of the research report are subject to internal compliance regulations. No part of the Producer's compensation is directly or indirectly related to the preparation of this financial analysis. In case a research analyst or a closely related person is confronted with a conflict of interest, the research analyst is restricted from covering this company.

## 4. Information Concerning the Methods of Valuation/Update

The determination of the fair value per share, i.e. the price target, and the relevant rating is done on the basis of the adjusted free cash flow (adj. FCF) method and on the basis of the discounted cash flow – DCF model. Furthermore, a peer group comparison is made.

The adj. FCF method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow return after taxes on this investment exceeds their opportunity costs in the form of a hurdle rate of 7.5%. The operating cash flow is calculated as EBITDA less maintenance capex and taxes.

Within the framework of the DCF approach, the future free cash flows are calculated initially on the basis of a fictitious capital structure of 100% equity, i.e. interest and repayments on debt capital are not factored in initially. The adjust-

ment towards the actual capital structure is done by discounting the calculated free cash flows with the weighted average cost of capital (WACC), which takes into account both the cost of equity capital and the cost of debt. After discounting, the calculated total enterprise value is reduced by the interest-bearing debt capital in order to arrive at the equity value.

NuWays AG uses the following three-step rating system for the analysed companies:

**Buy:** Sustainable upside potential of more than 20% within 12 months

**Sell:** Sustainable downside potential of more than 20% within 12 months.

**Hold:** Upside/downside potential is limited. No immediate catalyst visible.

The decision on the choice of the financial instruments analysed in this document was solely made by NuWays AG. The opinions and estimates in this research report are subject to change without notice. It is within the discretion of NuWays AG whether and when it publishes an update to this research report, but in general updates are created on a regular basis, after 6 months at the latest. A sensitivity analysis is included and published in company's initial studies.

## 5. Major Sources of Information

Part of the information required for this research report was made available by the issuer of the financial instrument. Furthermore, this report is based on publicly available sources (such as, for example, Bloomberg, Reuters, VWD-Trader and the relevant daily press) believed to be reliable. NuWays AG has checked the information for plausibility but not for accuracy or completeness.

## 6. Competent Supervisory Authority

NuWays AG is an affiliated company of Hauck Aufhäuser Lampe Privatbank AG which is under supervision of the BaFin – German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), Graurheindorfer Straße 108, 53117 Bonn and Marie-Curie-Straße 24 – 28, 60439 Frankfurt a.M.

## 7. Specific Comments for Recipients Outside of Germany

This research report is subject to the law of the Federal Republic of Germany and the European Union (EU). The distribution of this information to other states in particular to the USA, Canada, Australia and Japan may be restricted or prohibited by the laws applicable within this state. If this communication is distributed in the United Kingdom it is solely directed at (i) investment professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "FPO") or (ii) high net-worth entities as defined in article 49 of the FPO. This document should not be distributed or forwarded, either directly or indirectly, to any other individuals.

## 8. Miscellaneous

According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published under: [www.nuways-ag.com](http://www.nuways-ag.com)

Date of publication creation: 20/02/2024 07:56 AM

Date of publication dissemination: 20/02/2024 07:56 AM

## Contacts

### NuWays AG

Mittelweg 16-17  
20148 Hamburg  
Germany

+49 170 119 8648  
info@nuways-ag.com  
www.nuways-ag.com



**Christian Sandherr**

Co-CEO/Analyst

christian.sandherr@nuways-ag.com



**Frederik Jarchow**

Co-CEO/Analyst

frederik.jarchow@nuways-ag.com



**Philipp Sennewald**

Analyst

philipp.sennewald@nuways-ag.com



**Henry Wendisch**

Analyst

henry.wendisch@nuways-ag.com



**Mark Schüssler**

Analyst

mark-hendrik.schuessler@nuways-ag.com



**Konstantin Völk**

Analyst

konstantin.voelk@nuways-ag.com

### Find us on Social Media

[Instagram](#)



[Twitter/X](#)



[LinkedIn](#)

