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Financial Results Q1 2020

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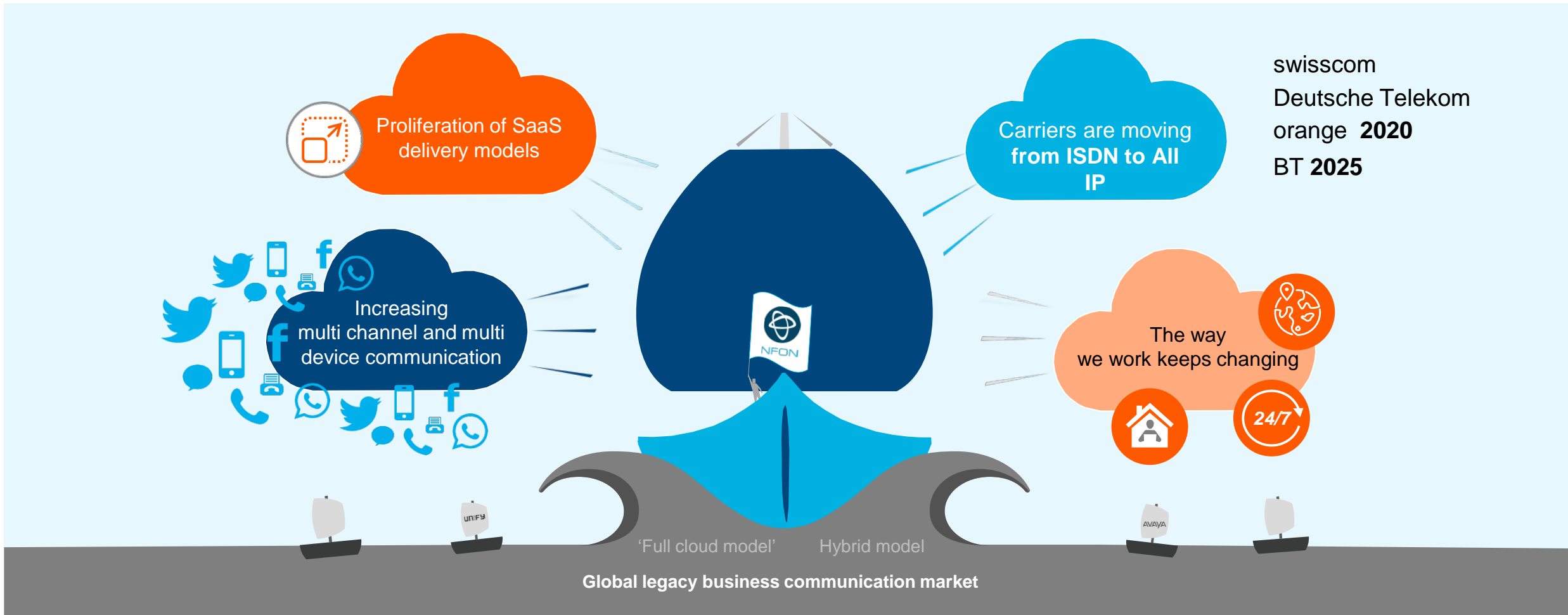
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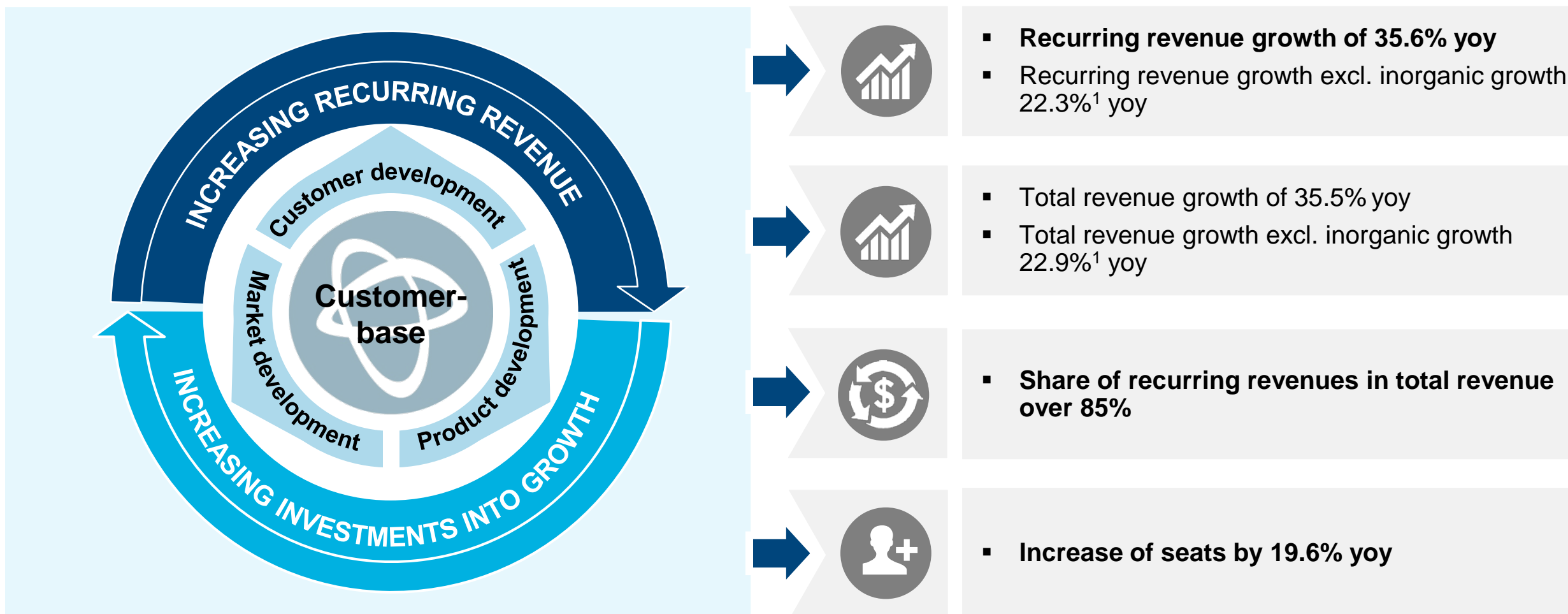
We want to dominate the European Cloud telephony market by delivering freedom of business communication.



Assessments confirmed - Corona speeds up development

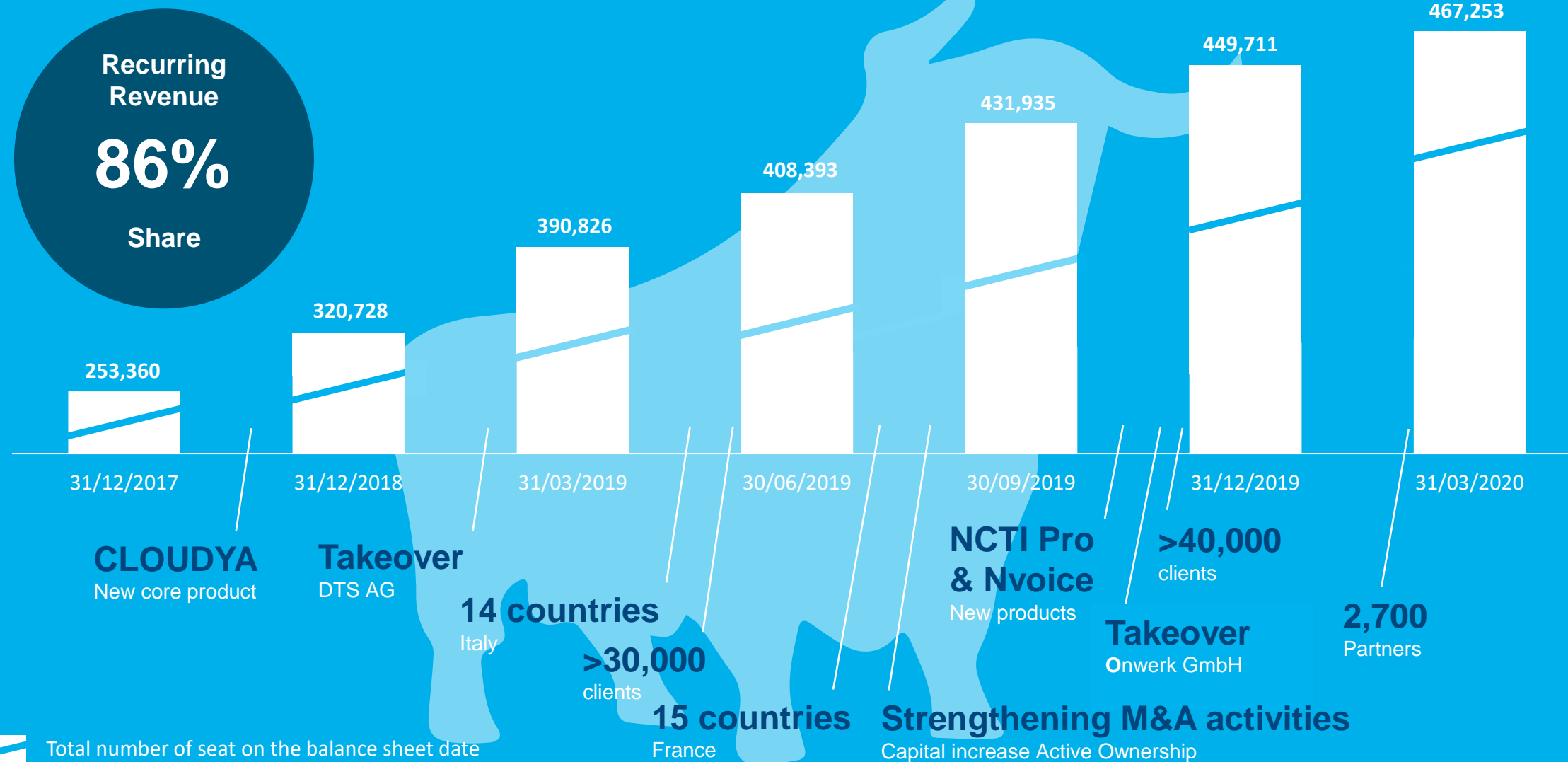


Very successful start in a challenging environment



¹ The sales of DTS were not consolidated in the Nfon Group in January and February 2019. To show the organic growth on a comparable basis, the Group's revenue figures in the first two months of 2020 are therefore reduced by the amount generated by DTS in the same month of 2019.

Milestones Completed





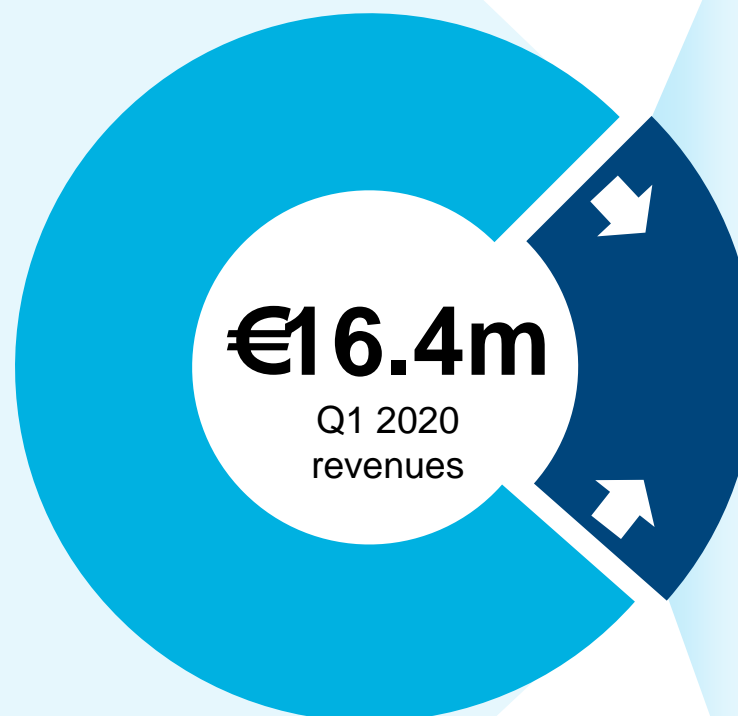
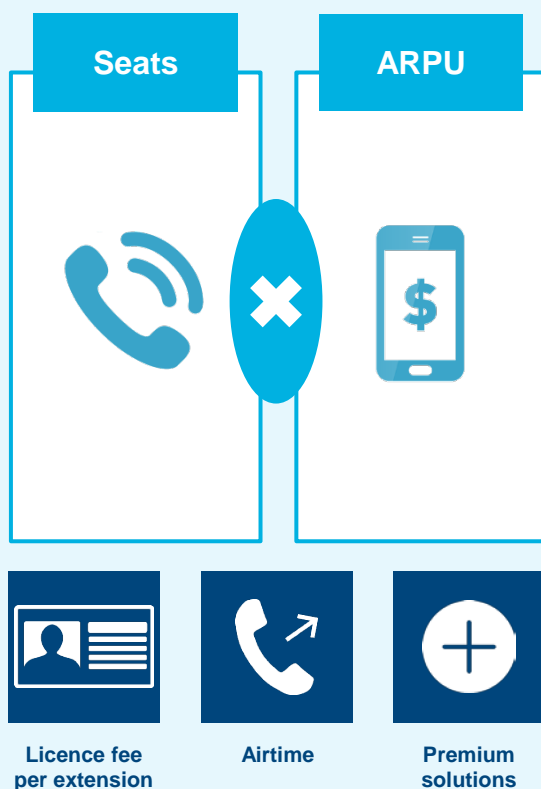
Financial Results

First Quarter 2020

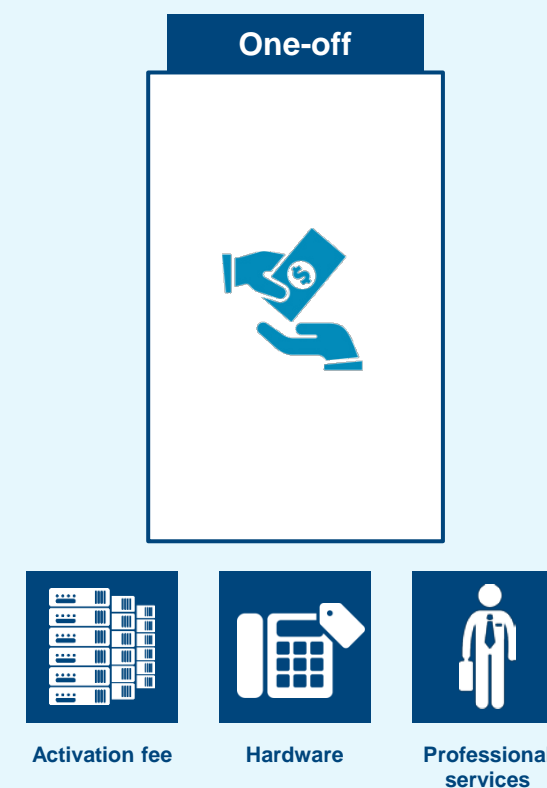


Strong business model resulting in unique combination of massive growth and sustainable recurring revenue

Recurring revenues 86%



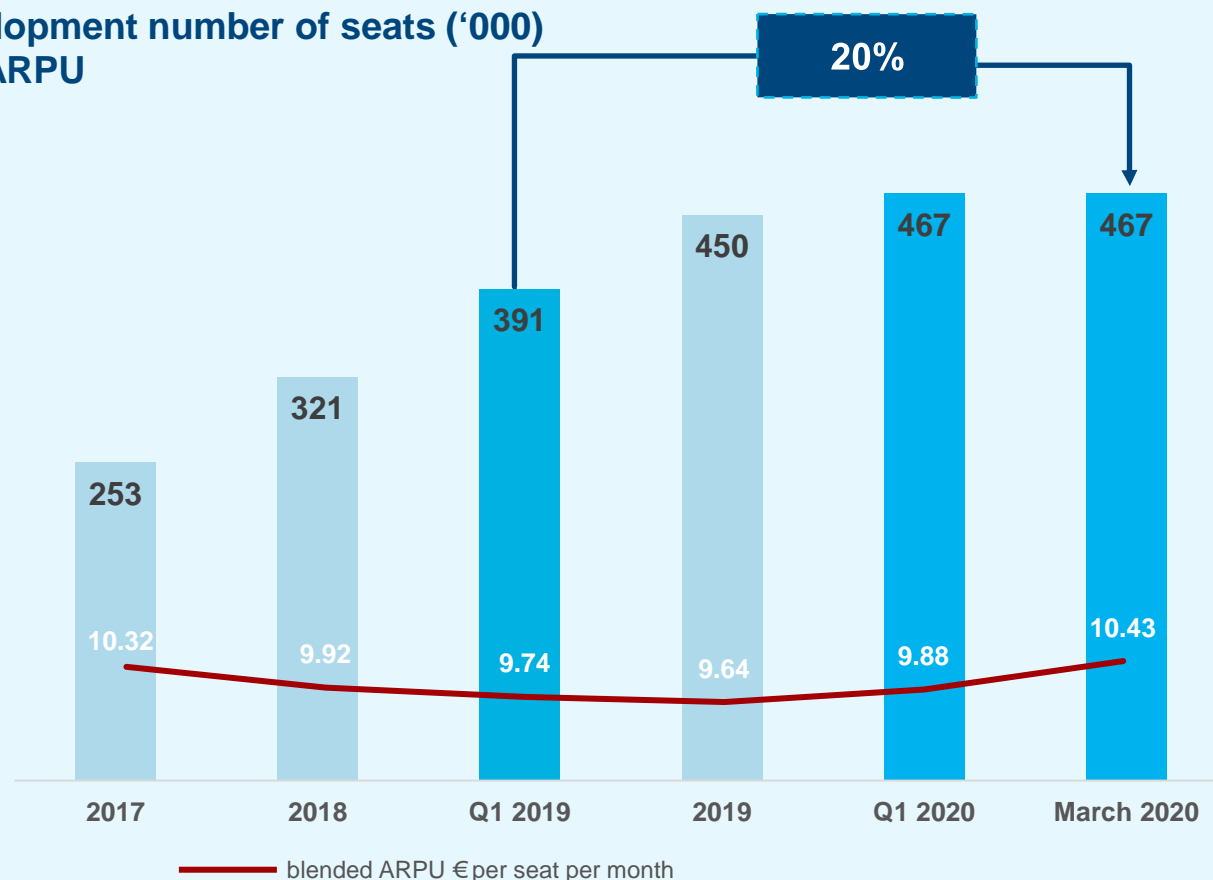
Non-recurring revenues 14%



Continuing growth of seat base



Development number of seats ('000)
and ARPU



Comments

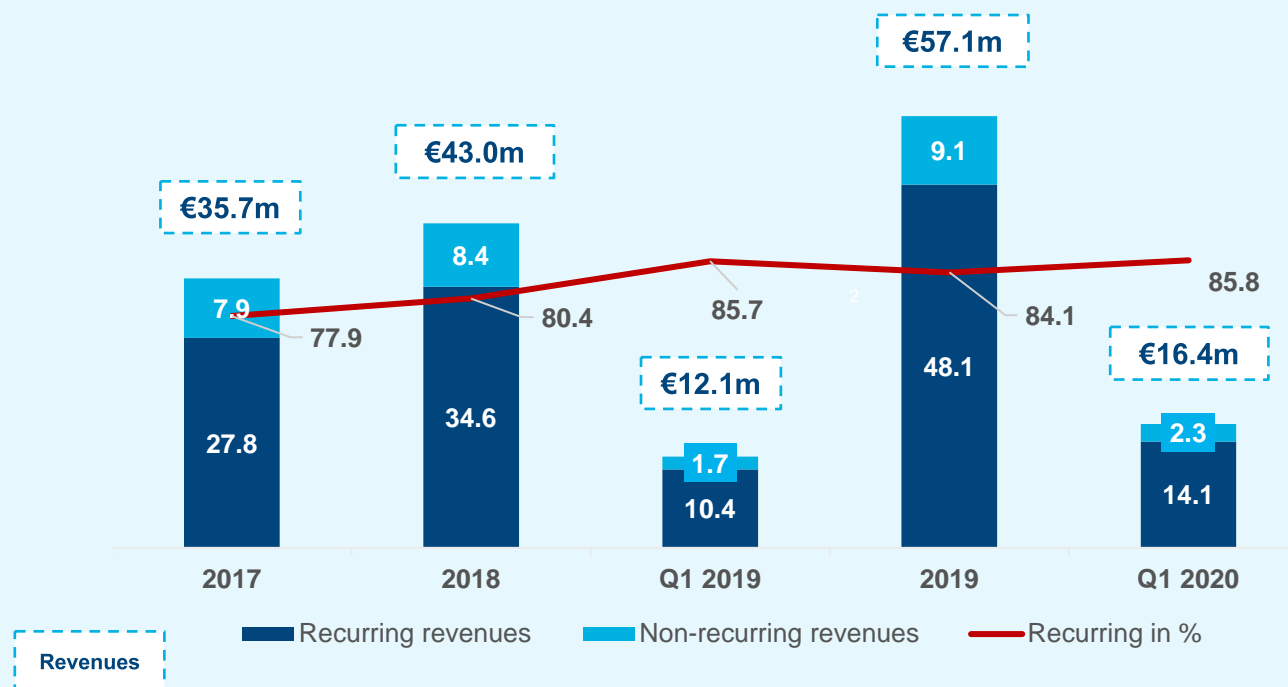
- > Increase of total number of seats by 20%
- > Influencing factors for ARPU development
 - > Huge increase of air time volume in March 2020 due to lockdown and move to home offices
 - > Very successful development of business with wholesale partners selling their own airtime
- > Very low gross churn rate of <0.5% per month underlines quality of product and service and guarantees continuous recurring revenues
- > Additional premium solutions represent upside potential for ARPU development in the medium term

Significant increase of recurring revenues



Development total recurring vs. non-recurring revenues

€ million



Comments

- Recurring revenues grow by 35.6% compared to first quarter 2019
- Recurring revenues excluding inorganic growth (DTS)¹ grow by 22.3% means €12.7m (Q1 2020) compared to €10.4m (Q1 2019)
- Non-recurring revenues grow by 35.0% compared to previous year
- Total revenue grow by 35.5% or excluding inorganic growth by 22.9%
- Cumulative effect quarter by quarter as expected due to steadily growing total number of seats
- High share of recurring revenue (85.8%) due to strong and sustainable growing customer base

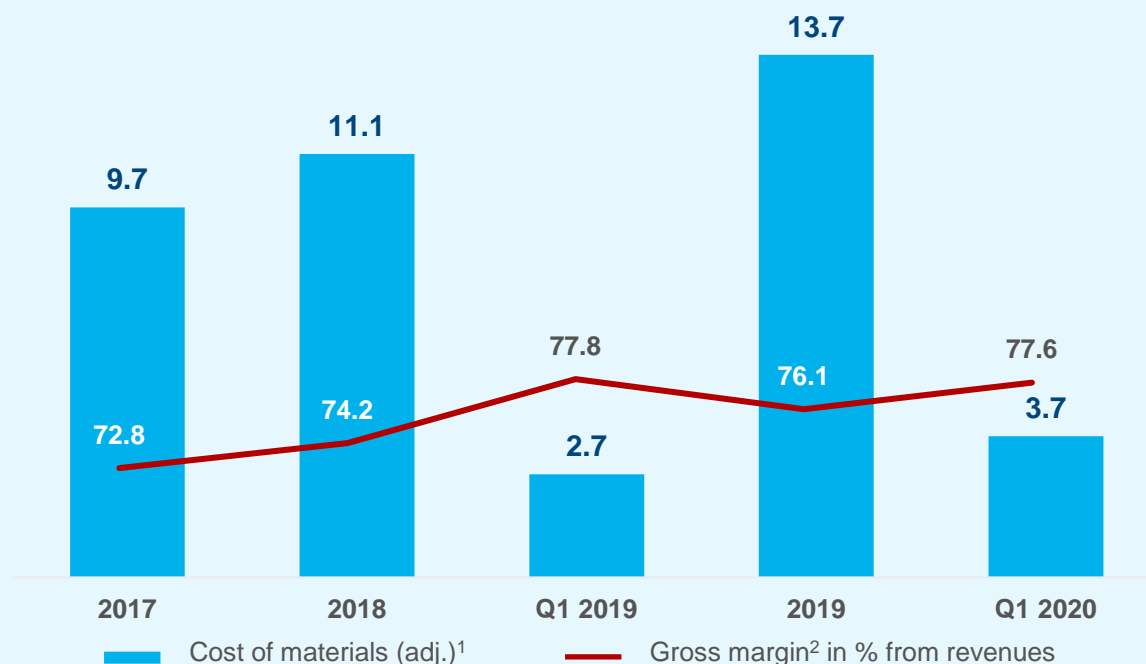
¹ Revenues of DTS were not consolidated in the NFON Group in January and February 2019. To show the organic growth on a comparable basis, the Group's revenue figures in the first two months of 2020 are therefore reduced by the amount generated by DTS in the same month of 2019.

Consistently high gross margin



Cost of materials (adj.) and gross margin development

€ million



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
- Cost of materials grow by 36.8% in proportion to revenues with a material cost ratio of 22.4%
- High gross margin continues to show a constantly positive development

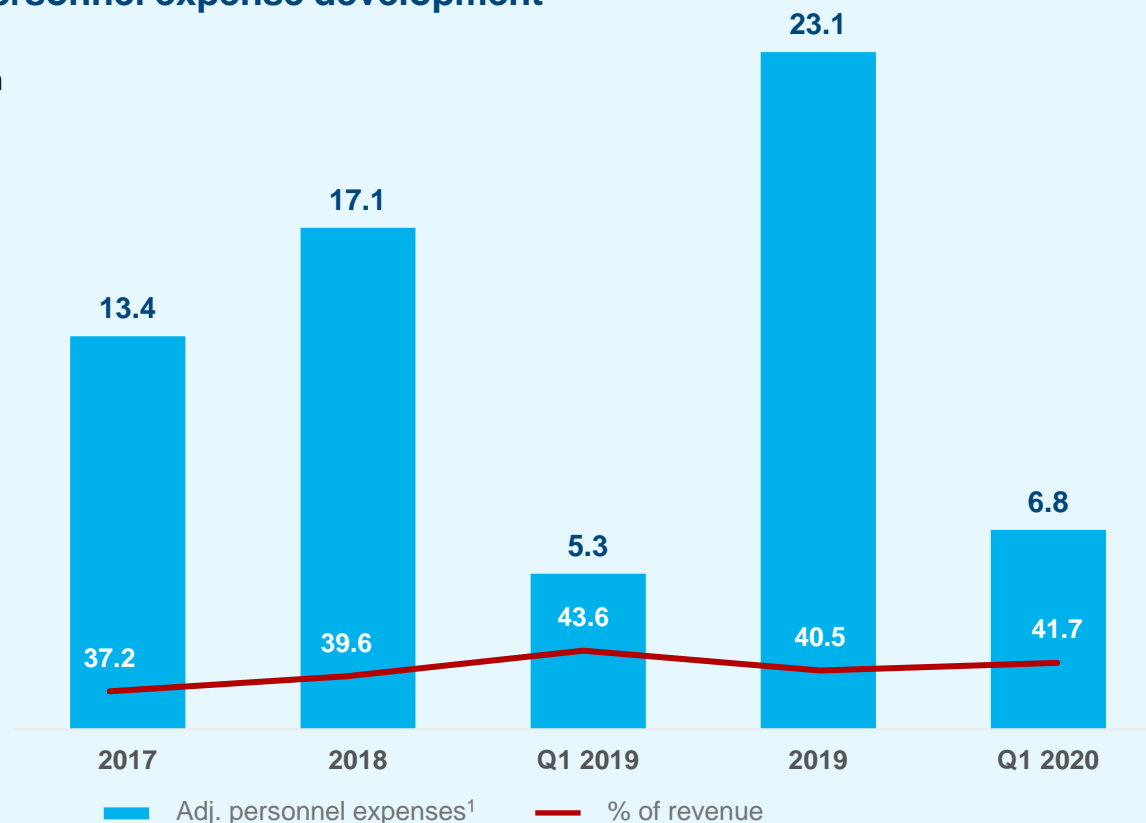
¹cost of materials adjusted for changes in inventories of finished goods ²gross margin defined as (revenue - adj. cost of materials)/ revenue

A strong employee base is the future of NFON



Adj. personnel expense development

€ million



Comments

- Personnel expenses as reported amount to €7.2m (Q1 2019: €5.6m)
 - Adjustments of €0.3m for retention bonus and stock options
- Increase of adj. personnel expenses by 29.7% including DTS effect
- Adj. personnel expenses amount to €6.8m due to increase in workforce by 38.8%
 - Q1 2019: Ø 286 employees
 - Q1 2020: Ø 397 employees

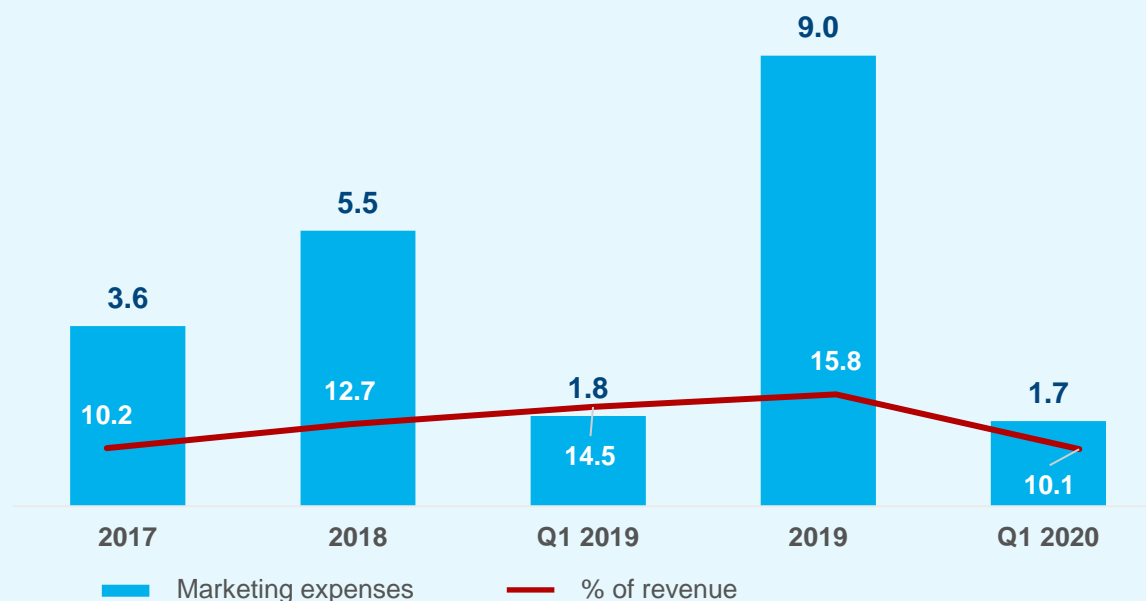
¹ Personnel expenses adjusted for Stock Option Plan, Retention Bonus

A strong brand and a broad partner network is key for success



Marketing expense development

€ million



Comments

Marketing expense (in €) on previous year's level with clear improvement of ratio

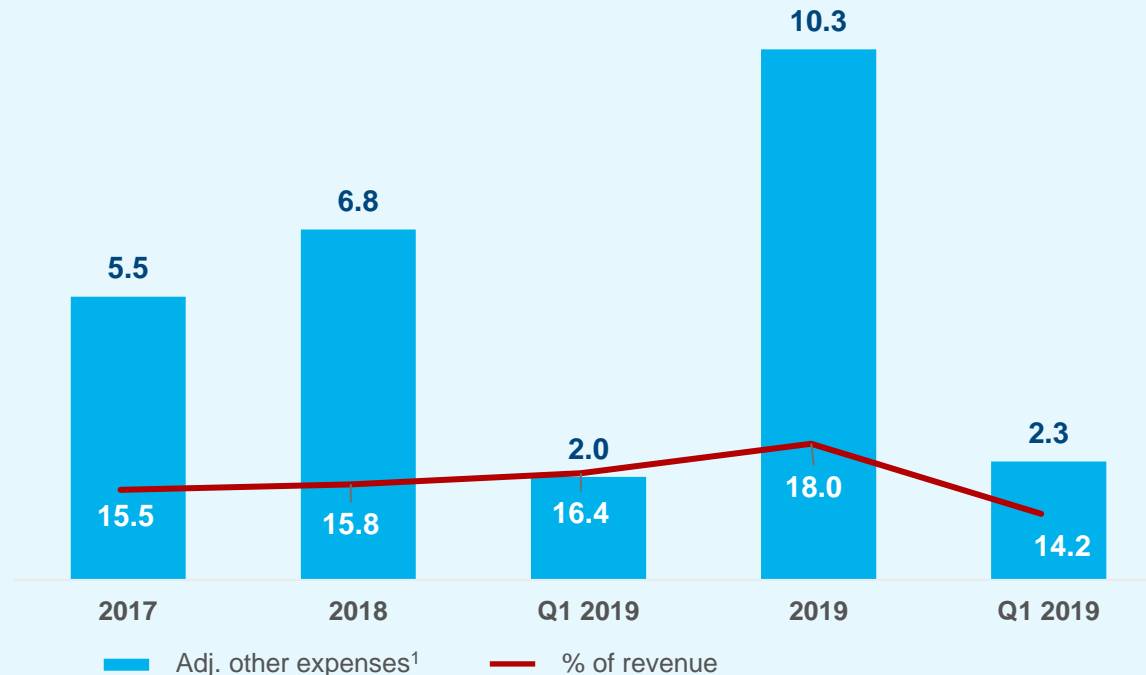
- > Clear separation of central marketing and local market activities
- > Focus on brand awareness
- > High attention on onboarding of new partners especially in markets like Spain, France and Italy
- > 2,700 partners across Europe sell successfully NFON products and services to customers



Development of adj. other operating expenses shows scalability of business

Adj. other expenses development without marketing expenses and sales commissions

€ million



Comments

- > In general, other expenses comprise of sales commissions, supporting cost, general administration expenses and consulting fees amongst others and amount to €6.0m in total as reported (Q1 2019: €5.6m)
- > NFON adjusts other expenses by marketing cost and sales commissions
 - > Sales commissions stable in relation to revenue:
Q1 2020: €2.0m
Q1 2019: €1.4m
- > Slight increase of adj. other operating expenses from €2.0m to €2.3m (17.1%) due to DTS, but significantly improved ratio

¹ 2017, 2018, 2019 und Q1 2019 adjusted by one-off effects like IPO-costs, acquisition costs

Positive adj. EBITDA reflects strong Q1 2020 development



Detailed reconciliation of one-off items

Reconciliation from EBITDA to adjusted EBITDA	Q1 2020	Q1 2019
€m		
EBITDA	-0.1	-1.7
Retention bonus	0.1	0.1
Stock Options	0.2	0.2
Expenses related to DTS acquisition	0.0	0.5
Total EBITDA adjustments	0.3	0.8
Adjusted EBITDA	0.2	-0.9

Comments

- > Strong development of Q1 2020 leads to an positive development of EBITDA as reported of €-0.1m
- > Smaller adjustments for retention bonus and stock options of €0.3m
- > **Adjusted EBITDA of €0.2m**

NFON expressly confirms guidance - taking Corona effects into account



		2018	2019	2020
	Number of seats	27%	40%*	We expect a significant growth of our customer base between 20% and 24%
	Recurring revenues growth	25%	39%*	We expect the revenue growth rate for 2020 between 22% and 26% not taking into account any further acquisitions
	Recurring revenues share	80%	84%*	We expect the resulting recurring revenue in 2020 to be between 80% and 85%
	In line with our vision of becoming the no. 1 in the European market for cloud telephony, we will continue to invest significantly in gaining market share. Therefore, assuming a stable overall economic development and a cloud communications market in Europe that is expanding rapidly as expected, NFON expects a continuation of its dynamic revenue growth with possible additional impulses from further M&A activities. The EBITDA breakeven point could be reached in the medium term if the current investment intensity is maintained. This does not include investments to take advantage of additional growth opportunities that arise in the short term.			

* Including M&A effects due to the acquisition of DTS



Key investment highlights



- 1** Huge addressable business communication market being disrupted by structural shift to Cloud PBX solutions
- 2** Only true Pan-European Cloud PBX company best positioned to become the dominant European player
- 3** Strong business model resulting in unique combination of massive growth and sustainable recurring revenue
- 4** State-of-the-art “German Engineering” Cloud PBX solution tailored to European customer needs
- 5** Proven track record of scalable growth
- 6** Proven growth strategy leveraging multi dimensional layers of growth



♥ Thanks

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#cloud #telephony #allip



Appendix

Further information about NFON

Management Board



Hans Szymanski
CEO/CFO

- >20 years of C-Level experience
- Previous experience includes
 - CEO/CFO Francotyp-Postalia
 - President Jenoptik LOS
 - Klöckner & Co



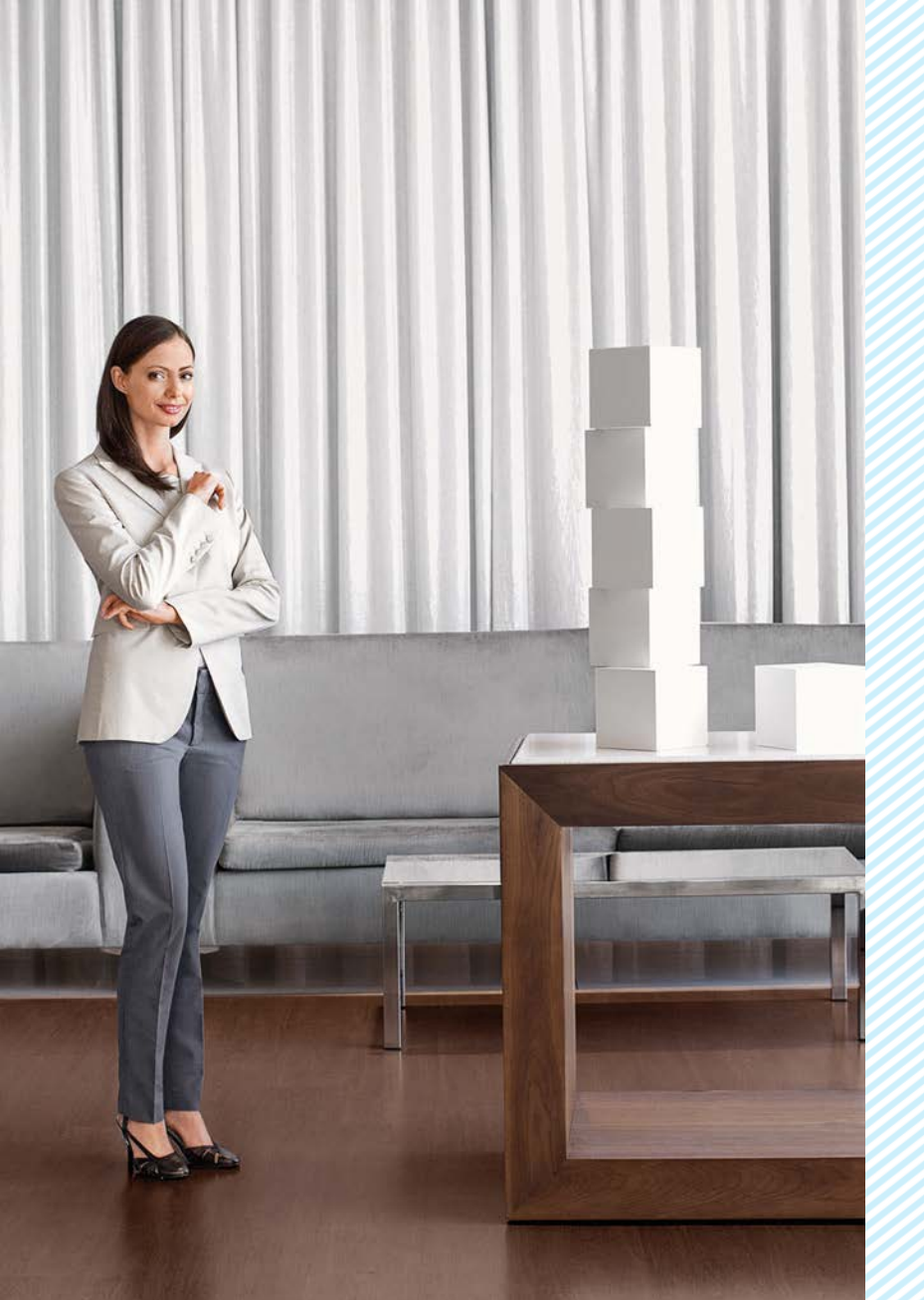
Jan-Peter Koopmann
CTO

- >20 years of experience in the IT/Telco industry
- Previous experience includes
 - Founder Seceidos
 - Tiscali
 - Telenor Group



César Flores Rodríguez
CSO

- >10 years of C-Level experience
- Previous experience includes
 - Aconex
 - Co-founder conject Group
 - Mercer Management Consulting



Financial calendar



Date	Event
18 May 2020	> Interim Report 1st Quarter 2020
Web- and Telephone Conference	
19 May 2020	> Berenberg Conference USA 2020 Tarrytown
Virtual Meetings	
28 May 2020	> Annual General Meeting
Online Meeting	
10/16 June 2020	> Roadshow Days with Baader/ Berenberg
Virtual Meeting	
18 June 2020	> Quirin Champions Conference
Virtual Meetings	
20 Aug 2020	> Presentation Half-year Financial Report 2020
Web- and Telephone Conference	

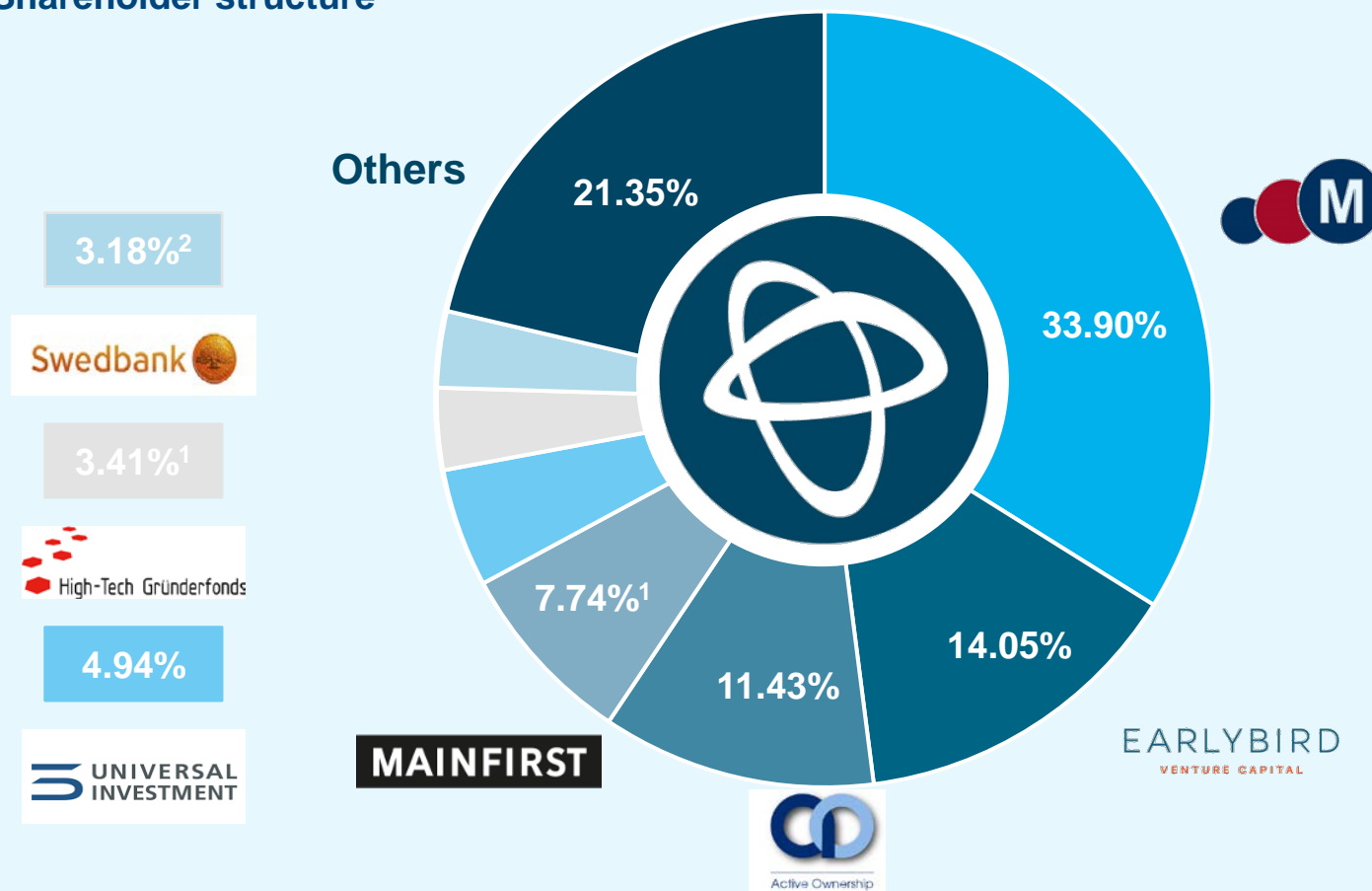
Share at a glance



Facts

ISIN	DE000A0N4N52
Segment	Prime Standard/ Telecommunication
Shares	15.1 million (21 October 2019)
Designated sponsor	Baader Bank ODDO Seydler
First day of trading	11 May 2018
Coverage	Berenberg Bank, Baader Bank, Hauck & Aufhäuser, Mainfirst

Shareholder structure



¹ voting rights based on 13.8 million shares ² voting rights based on 14.1 million shares

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