NFON AG

Q2/H1 2026 results Earnings Call

20 August 2026; 10.00 am, online

Management Board Speech

The spoken word shall prevail.

Earnings Call, 20 August 2026, online

H1 2026 results

WHO YOU HAVE ON THE CALL TODAY

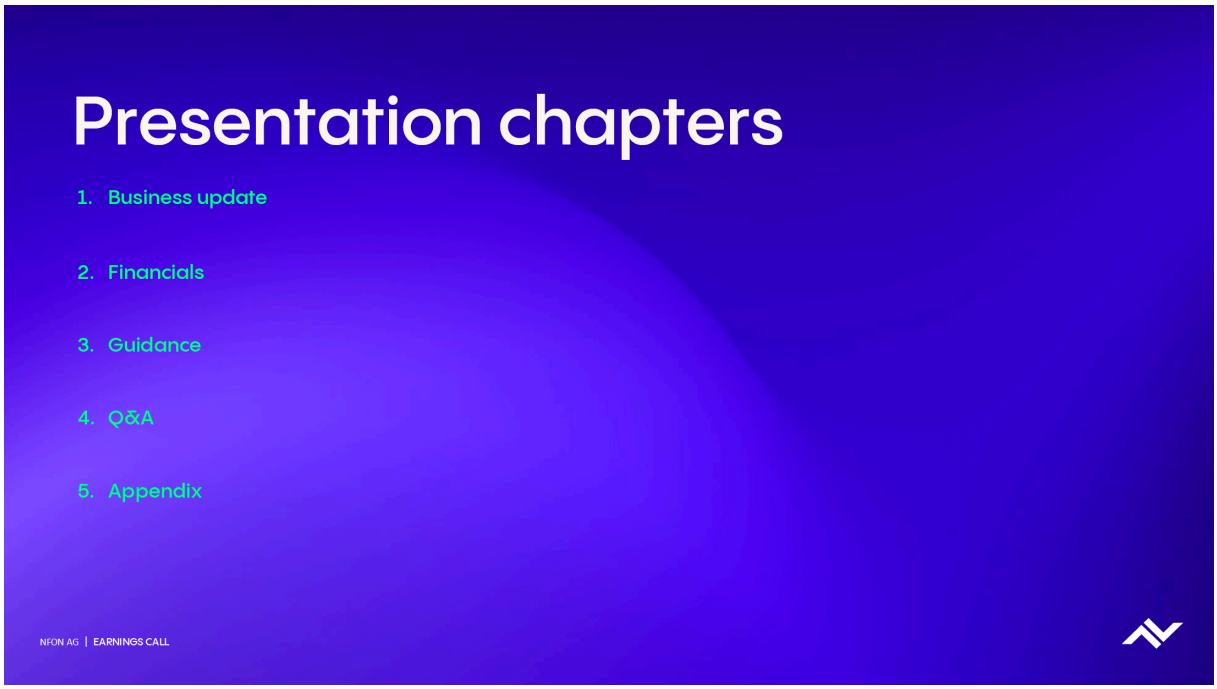
Presenting today's speakers

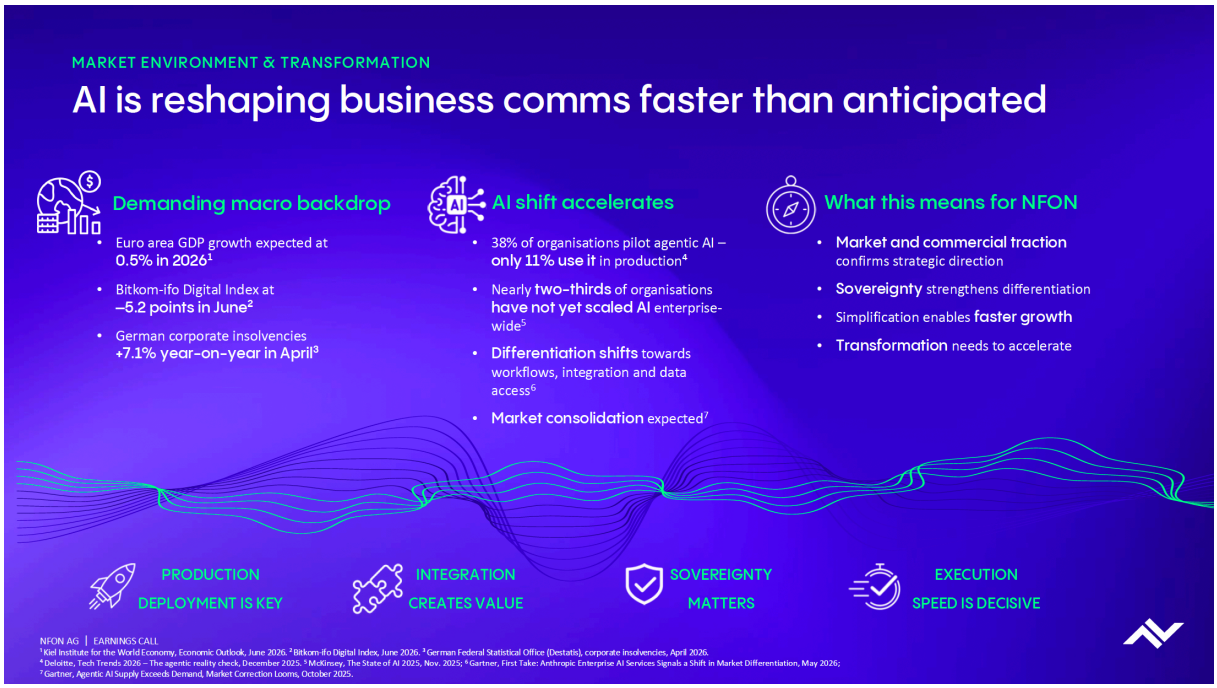


Andreas Wesselmann
CEO



Alexander Beck
CFO





Thank you, Friederike, and also from my side, hello everyone. Thank you for joining us today.

When we spoke in May, I outlined the market environment we were operating in: a challenging macroeconomic environment and a much more fundamental structural transformation driven by AI, especially agentic AI, and digital sovereignty.

Over the past few months, both have become more visible. Yes, the economic environment remains demanding. But the more important development for us is that the structural shift we anticipated is accelerating.

Euro area growth remains weak, business sentiment in the German digital sector is subdued, and corporate insolvencies remain elevated. We see the effect in longer decision cycles and more scrutiny around larger investment decisions.

AI is fundamentally changing business communications, from simply connecting people into an intelligent, action-driven layer of business processes. AI innovation is moving at extraordinary speed, and the number of solutions entering the market is growing rapidly. But technological availability does not automatically translate into productive adoption.

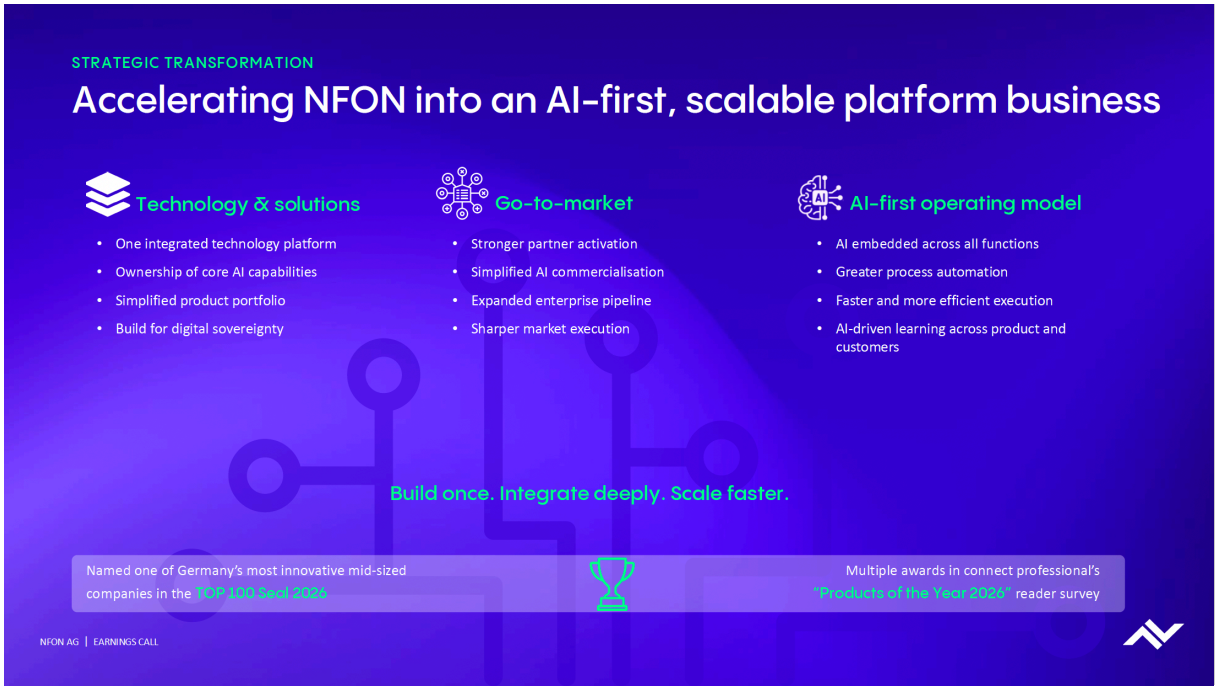
Many solutions still address isolated use cases rather than being deeply embedded in existing communication and business processes. A voice agent, for example, creates significantly more value when it connects directly to telephony and business systems and can seamlessly hand over from AI to a human.

While 38 per cent of organisations are piloting agentic AI solutions, only 11 per cent are already using them in production. This shows that the ability to move AI from experimentation into productive deployment is becoming a key differentiator. Customers increasingly expect measurable operational value, reliable integration and a clear path to scalable use before committing to larger investments. This is contributing to longer decision cycles, despite the underlying strong demand for AI.

This gap between experimentation and scalable deployment is beginning to reshape the competitive landscape. As the growing number of new AI offerings increasingly meets the reality of fundamental economics, further consolidation in the agentic AI market is expected. This is likely to favour providers that can combine productive customer adoption with sustainable economics and trust in data handling.

For NFON, what we are seeing confirms the direction we have taken. We have built our strategy around AI embedded in real business processes, productive customer use and European sovereignty. The positive development of recurring revenue in Intelligent Assistant and Customer Engagement provides early commercial evidence that we are on the right path.

But the pace of change also raises the bar for us. We need to respond with the same speed and accelerate our own transformation. This also means further simplifying our portfolio and reducing complexity, so that we can move faster and make better use of the growth opportunities ahead.



In the last couple of months, we therefore accelerated our transformation across three areas: our technology and solution portfolio, our go-to-market model and the way we use AI within NFON itself.

A major step was the completion of the legal integration of botario. We are now bringing its technology and AI capabilities deeper into our portfolio, connecting omnichannel conversational AI, telephony, customer interaction and workflow automation in an integrated technology stack. This enables intelligent functionality to be seamlessly integrated into the existing communication environment. This means enabling AI assistants to handle calls, trigger follow-up actions and seamlessly hand over interactions within existing customer workflows.

Just as importantly, we are making the value of these solutions increasingly measurable, giving customers greater transparency into usage, productivity and efficiency gains. This is critical for both adoption and monetisation.

In parallel, we continue to expand our own core AI technology. This includes speech-to-text, text-to-speech and sovereign AI components. One concrete example is our own text-to-speech technology launched earlier this year, combining high voice quality with flexible deployment options and EU-based data handling. Owning more of the underlying technology gives us greater independence, shortens development cycles and improves economic scalability. It also strengthens our position as demand for sovereign European solutions continues to grow.

This also means making clear choices in the existing portfolio. We have further streamlined Business Telephony, consolidated products and systems, and completed the DTS migration. In hardware, we are transferring parts of the standard business to an external partner. These steps reduce operational complexity and allow us to concentrate resources on areas with greater future value creation potential.

The technology is only one part of the equation. We have also further developed how we bring these solutions to market.

This is why we have refined our go-to-market approach. NEXUS, our new partner programme, creates a clear framework for activating, enabling and growing our European partner ecosystem.

Our modular licensing model makes it easier to commercialise AI use cases and creates additional opportunities for cross-selling and upselling. We are also expanding dedicated AI sales capabilities and simplifying the way existing customers can add new solutions to the NFON environment they already use. This also includes developing a scalable digital sales and self-service channel, to simplify the customer journey from quoting to ordering our AI-powered solutions.

We have also sharpened our approach in individual markets. In the United Kingdom, we realigned the sales organisation in response to weaker first-half performance, placing greater emphasis on commercial execution and partner-led growth.

At the same time, we are allocating more resources to larger enterprise opportunities. These larger opportunities increasingly involve more than traditional seat-based telephony. Larger customers are increasingly focused on AI-driven use cases that combine communications, customer interaction and workflow automation to deliver measurable business value and ROI. This increases the commercial potential per customer, while larger projects typically involve longer sales and implementation cycles.

We are already seeing clear commercial traction, with significant recent wins across the trade fair, higher education and professional services sectors. Our pipeline includes further sizeable enterprise opportunities across a broad range of industries. But we remain disciplined in how we assess the timing of their conversion.

Lastly, our transformation also extends to how we operate NFON. We are applying the same AI-first mindset across our own organisation. This means systematically embedding AI across R&D, sales and marketing, service and support. This also gives us first-hand insights into how AI reshapes workflows in practice – insights that directly impact our products and how we support customers.

Our progress has also received external recognition, including the TOP 100 innovation award and several distinctions in connect professional's Products of the Year 2026 reader survey.

But ultimately, the commercial outcome is what matters. Recurring revenue in Intelligent Assistant and Customer Engagement developed strongly positive in the first half, providing early evidence that the investments we are making are beginning to translate into additional recurring revenues.



Let me now turn to our business performance. The first half-year fell short of our expectations. Against this backdrop, we reviewed our assumptions for the remainder of the year and adjusted our guidance for 2026.

The challenging market conditions I described earlier translated into more cautious customer activity and slower conversion, particularly around larger projects.

At the same time, our Business Telephony business remained under pressure. The deliberate streamlining and simplification of the portfolio created short-term effects on the customer base, which could not yet be fully offset by new customer wins and additional licences. This was compounded by weaker development in the United Kingdom, where we have taken measures to strengthen commercial execution.

In addition, project business was lower than in the prior-year period, reflecting lower volumes and timing shifts in individual customer projects. At the same time, there are positive proof points. Recurring revenues in Intelligent Assistant and Customer Engagement developed positively, and higher-value solutions continue to support a broadly stable blended ARPU. The strategic growth areas are gaining commercial traction, but from a still significantly smaller revenue base than our Business Telephony business. As a result, their contribution is not yet sufficient to offset the decline in the core business, while the conversion of larger opportunities into revenue is taking longer than originally expected.

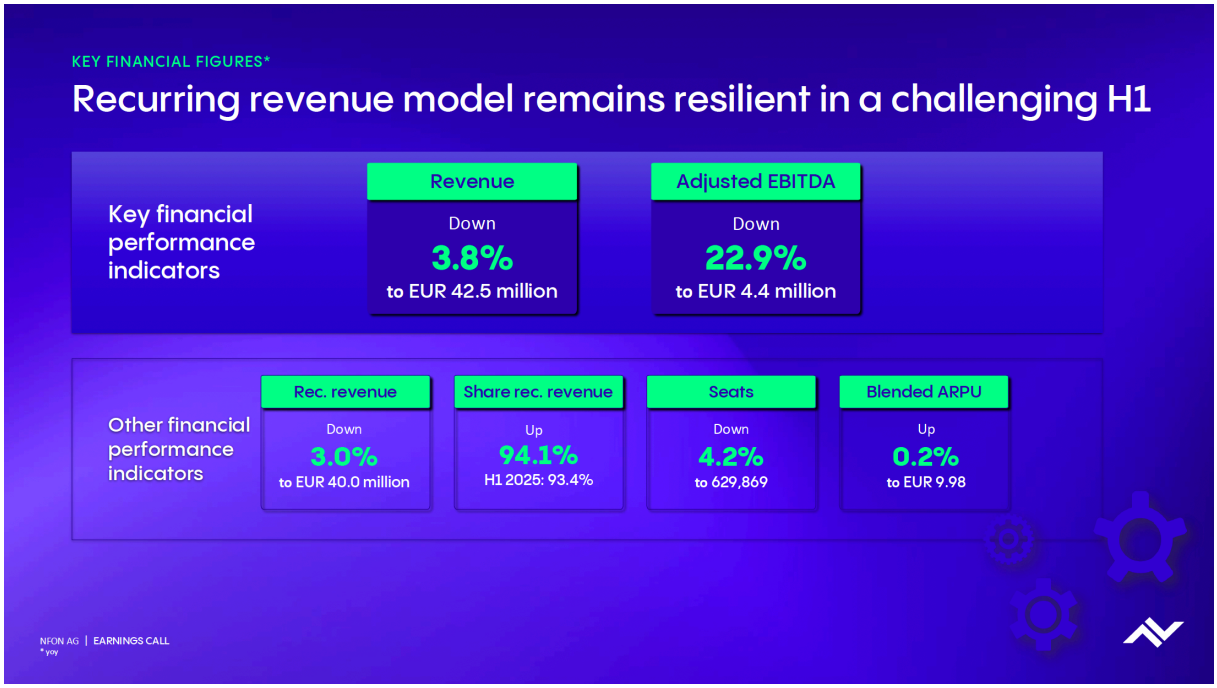
The first half of 2026 has not changed our view of the strategic opportunity. What it has changed is our assessment of the time required to translate that opportunity – and the progress we are making – into financial performance. Given the continued challenging market environment, we expect the measures we have implemented to support a gradual improvement rather than an immediate return to growth. Our near-term focus is on stabilising the core business while further increasing the contribution from higher-value recurring solutions.

Our priorities are clear: continuous product innovation, disciplined execution and the conversion of commercial opportunities into sustainable growth.

We have established the technology and strategic foundations. The next step is to accelerate execution and convert this position into stronger commercial momentum and financial results.

With that, let me hand over to Alexander, who will take you through the financial results and our updated guidance in detail.





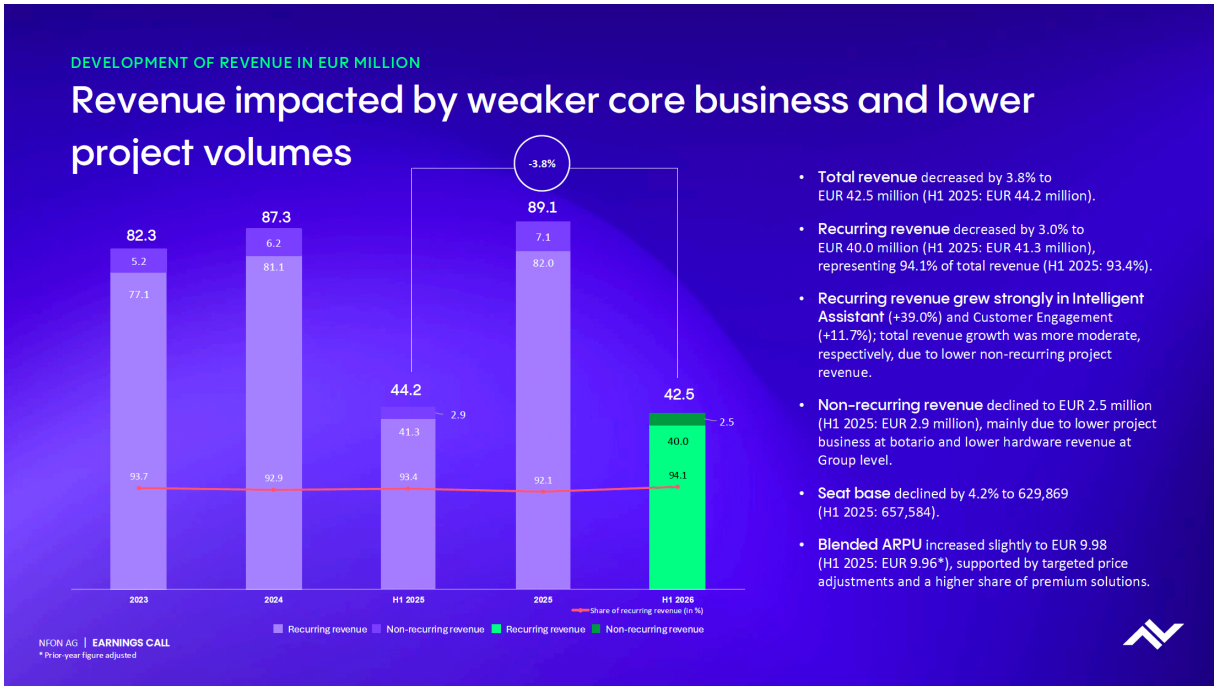
Thank you, Andreas. Good morning, everyone.

I will take you through the financial performance for the first half-year, starting with the key figures and then moving through revenue, costs, profitability and cash flow, before concluding with the updated outlook.

Group revenue amounted to EUR 42.5 million, down 3.8 per cent year-on-year. Recurring revenue declined by 3.0 per cent to EUR 40.0 million, but its share of total revenue increased to 94.1 per cent from 93.4 per cent in the prior-year period.

Adjusted EBITDA amounted to EUR 4.4 million, compared with EUR 5.7 million in H1 2025. The seat base declined by 4.2 per cent to 629,869 seats, while blended ARPU remained broadly stable at EUR 9.98.

The high recurring revenue share continues to provide stability to the business model. At the same time, the lower revenue and gross profit base had a clear impact on profitability in the first half-year.



Looking at revenue in more detail, total revenue declined by EUR 1.7 million to EUR 42.5 million.

The main pressure came from Business Telephony, where recurring revenue declined by 4.5 per cent. This was mainly driven by the decline in seats, primarily in connection with the ongoing streamlining and simplification of the product and solution portfolio, as well as a weaker development in the United Kingdom, which had a noticeable impact on the overall Group performance.

Against this, our strategic growth areas Intelligent Assistant and Customer Engagement developed positively in terms of recurring revenue. On a total revenue basis, however,

growth was more moderate due to lower non-recurring revenue, particularly in project business.

Non-recurring revenue declined by 14.3 per cent to EUR 2.5 million. This reflected lower volumes and timing shifts in project business, as well as lower hardware revenue at Group level. As Andreas explained, we are also changing the way parts of our standard hardware business are handled by transferring them to an external partner. This simplifies the operating model, while the hardware offering for customers remains available.

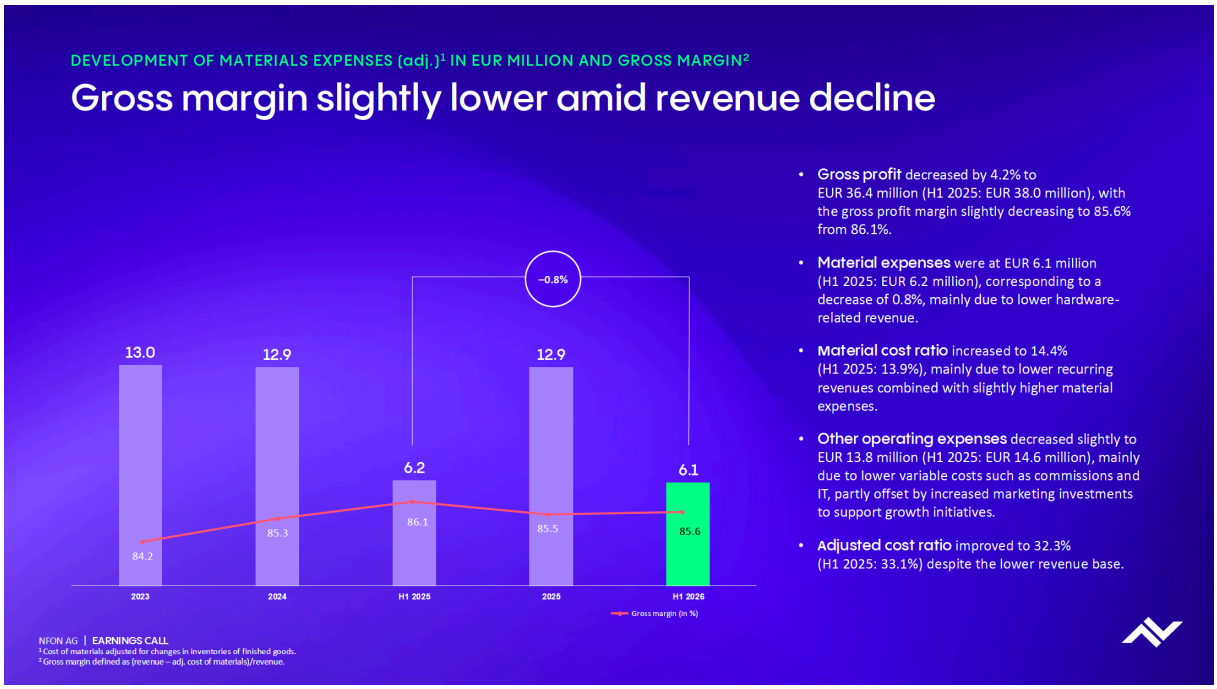
As a result, the recurring revenue share increased to 94.1 per cent. The revenue base also remained more stable than the seat base, supported by a broadly stable blended ARPU and the contribution from higher-value solutions.

The total number of seats declined by about 28,000 compared with the end of June 2025, to 629,869.

The main driver was the streamlining and simplification of the product and solution portfolio. The challenging market environment and cautious customer investment also affected the development of the seat base. Regionally, Austria and Italy increased their seat bases, while the United Kingdom recorded a material decline.

Blended ARPU remained broadly stable at EUR 9.98, compared with the adjusted prior-year figure of EUR 9.96.

This stability reflects price adjustments implemented in prior periods and a higher share of higher-value solutions, which offset the lower seat base and reduced usage-based voice revenue.

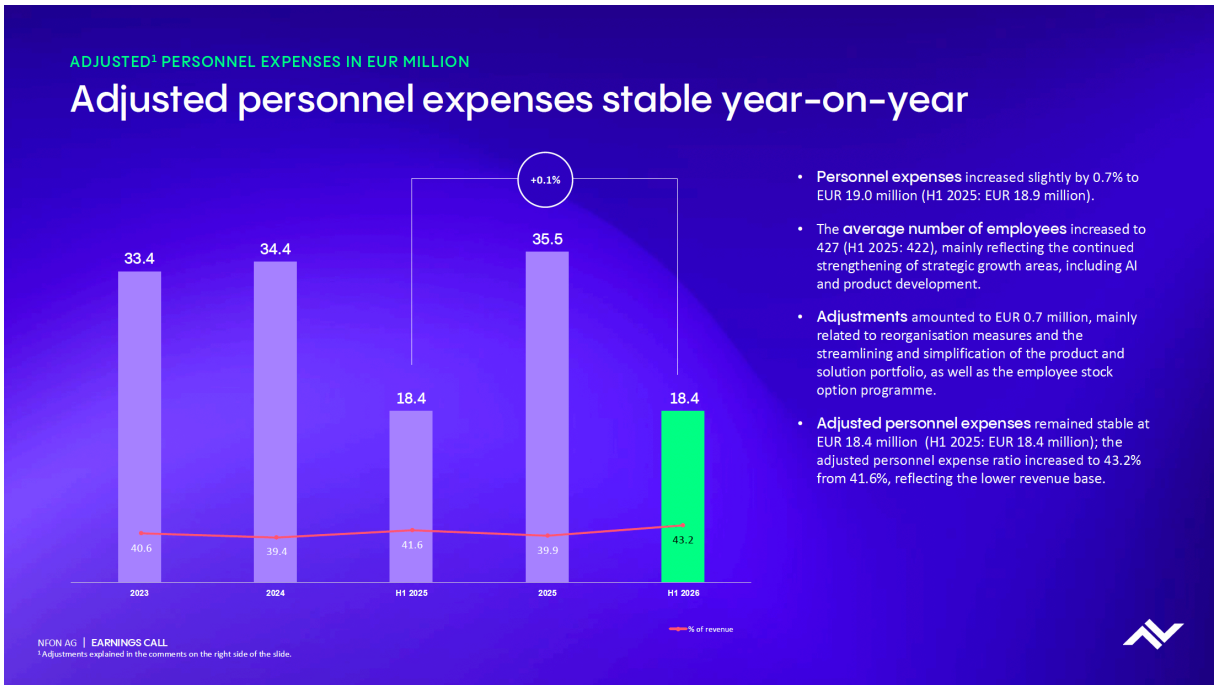


Gross profit declined by 4.2 per cent to EUR 36.4 million, while gross margin remained broadly stable at 85.6 per cent, compared with 86.1 per cent one year earlier.

Material expenses decreased slightly to EUR 6.1 million. As revenue declined somewhat faster, the material cost ratio increased from 13.9 per cent to 14.4 per cent.

Other operating expenses decreased by 5.3% to EUR 13.8 million, mainly reflecting lower distribution and sales commissions as well as lower IT expenses, partly offset by higher marketing expenses related to our AI solutions and partner business. Adjusted for special effects, other operating expenses amounted to EUR 13.7 million, resulting in an improved adjusted cost ratio of 32.3% compared with 33.1% in the prior-year period.

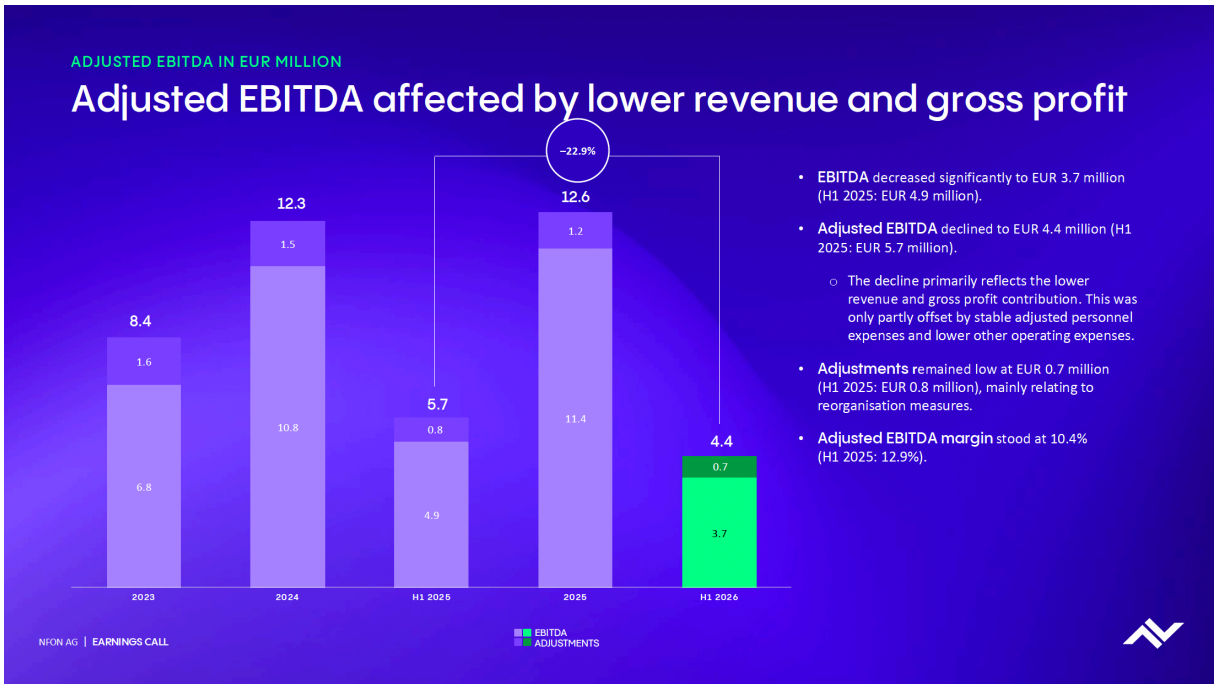
This a positive development, particularly against the lower revenue base in the first half-year. It shows that our cost discipline is taking effect and that we are managing operating expenses efficiently while continuing to invest selectively in strategic priorities.



Personnel expenses amounted to EUR 19.0 million, compared with EUR 18.9 million in the prior-year period. The average number of employees increased moderately from 422 to 427.

Reported personnel expenses included EUR 0.5 million for reorganisation measures and around EUR 0.1 million each for the streamlining and simplification of the product and solution portfolio and share-based compensation.

Adjusted personnel expenses were stable year-on-year at EUR 18.4 million. The adjusted personnel expense ratio increased from 41.6 per cent to 43.2 per cent, primarily because of the lower revenue base.

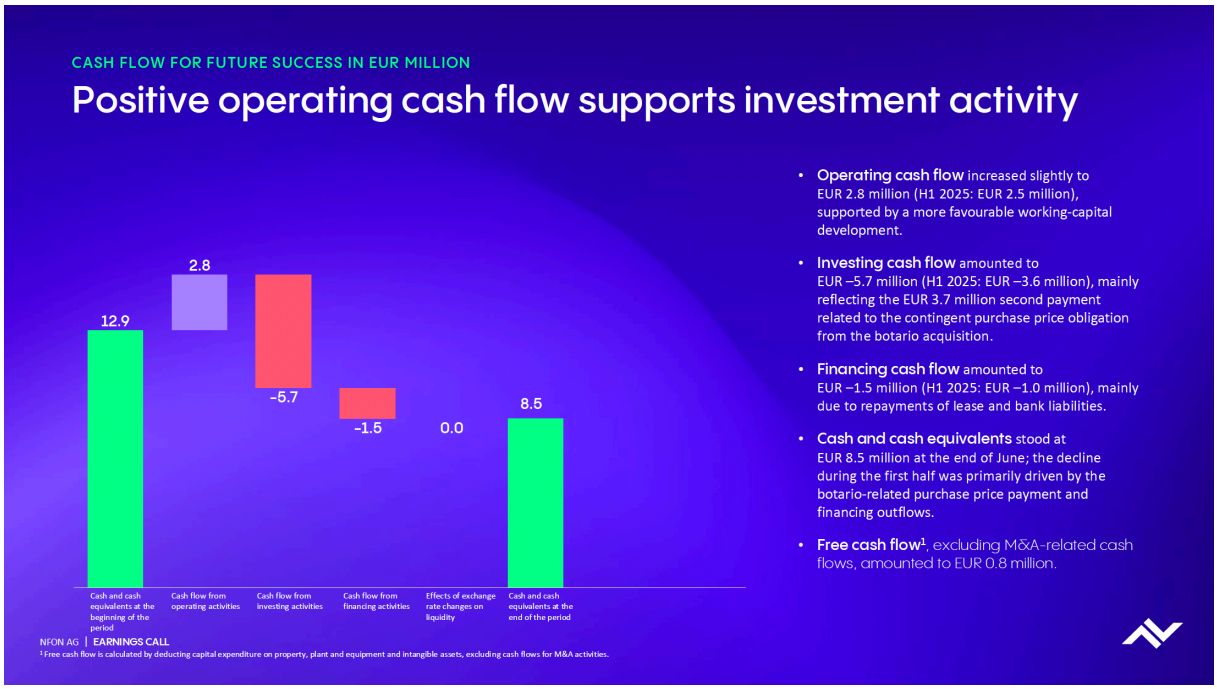


EBITDA amounted to EUR 3.7 million, compared with EUR 4.9 million in the first half of 2025. Adjusted EBITDA declined to EUR 4.4 million from EUR 5.7 million.

The adjustments totalled EUR 0.7 million, with reorganisation measures representing the largest component.

The adjusted EBITDA margin declined from 12.9 per cent to 10.4 per cent. The decrease mainly reflects the lower revenue and gross profit contribution. At the same time, adjusted personnel expenses remained stable and other operating expenses declined, demonstrating continued discipline in managing our operating cost base.

However, these cost effects were not sufficient to offset the impact of the lower revenue level.



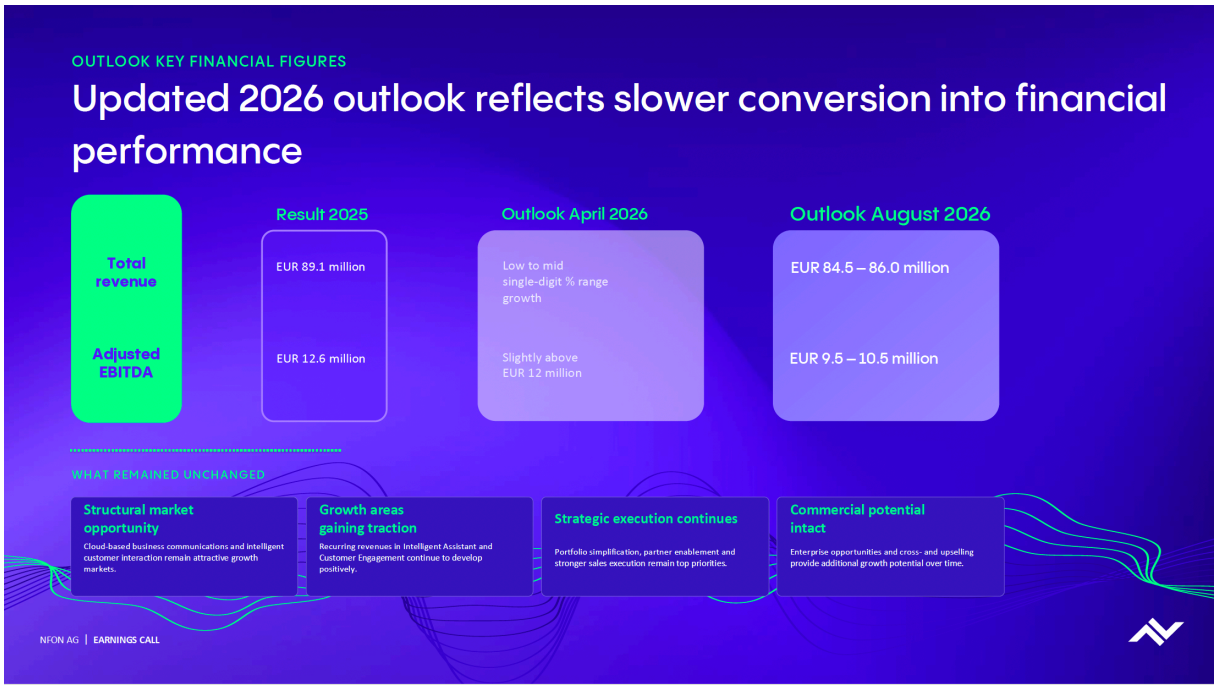
Operating cash flow increased slightly to EUR 2.8 million from EUR 2.5 million, supported by a more favourable working-capital development that more than offset the lower result before taxes.

Cash flow from investing activities amounted to minus EUR 5.7 million, compared with minus EUR 3.6 million in the prior-year period. The higher cash outflow was mainly driven by the second payment of EUR 3.7 million related to the contingent purchase price obligation from the botario acquisition. In addition, we invested around EUR 1.5 million in intangible assets and EUR 0.5 million in property, plant and equipment.

Cash flow from financing activities amounted to minus EUR 1.5 million, reflecting repayments of lease liabilities and bank debt. Cash and cash equivalents stood at EUR 8.5 million at the end of June. Importantly, the reduction during the first half-year was primarily driven by the botario-related purchase price payment and financing outflows, while operating cash flow remained positive and slightly above the prior-year level.

Free cash flow, excluding M&A-related cash flow was approximately EUR 0.8 million.





Let me now turn to the outlook for the full year.

Based on the first-half performance and our updated assessment of the remainder of the year, we have adjusted our guidance for 2026.

We now expect total revenue at EUR 84.5 million to EUR 86 million, corresponding to a change of –5.1 to –3.4 per cent compared to the financial year 2025. For adjusted EBITDA, we now expect a range of EUR 9.5 million to EUR 10.5 million. Our previous guidance had

called for low- to mid-single-digit revenue growth and adjusted EBITDA of slightly above EUR 12 million.

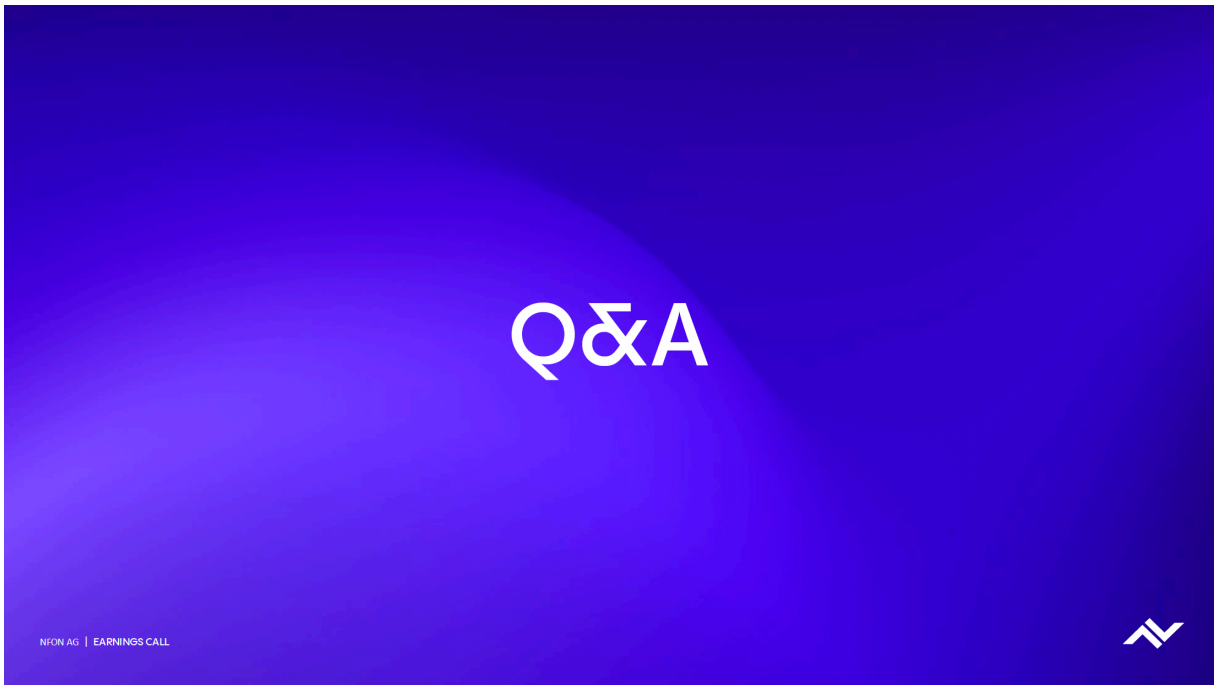
The adjustment reflects the same factors that Andreas outlined: the weaker development in Business Telephony, including the United Kingdom, longer decision cycles and timing shifts in larger customer projects, as well as continued cautious investment behaviour among many enterprise customers.

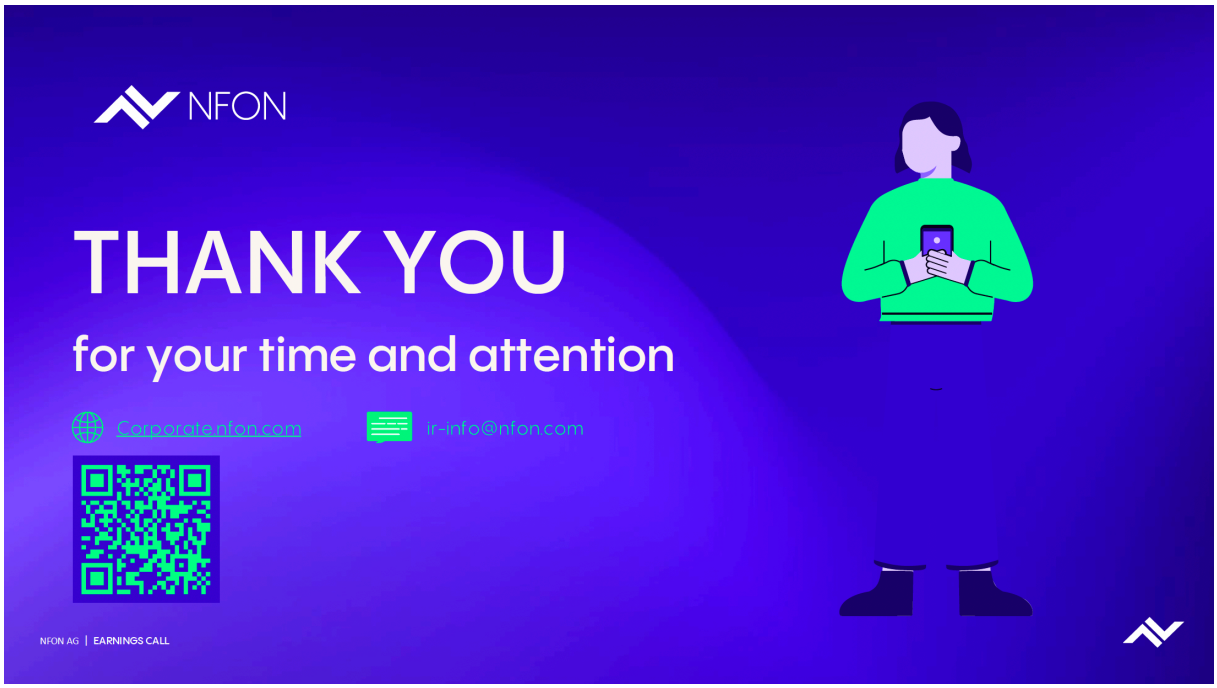
For the remainder of the year, we continue to expect positive contributions from Intelligent Assistant and Customer Engagement, the further development of the partner business and the changes we have made to our sales structures.

However, based on the information available today, we no longer expect these contributions to be sufficient to offset the weaker development in Business Telephony and the timing shifts in project revenue at full-year level.

From a financial perspective, our priorities are clear: stabilising the revenue base, converting the existing project pipeline and maintaining cost discipline.

That concludes my comments on the financial performance and the updated outlook. Let me now hand back to Friederike for the Q&A.

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