

NFON AG | QUARTERLY STATEMENT FOR Q1/2024

Transformation. Integration. Implementation.

NFON AG

Quarterly statement for Q1/2024

Who **we** are

Headquartered in Munich, **NFON AG** is a leading European provider of integrated cloud business communications. The listed company (Frankfurt Stock Exchange, Prime Standard) with more than 3,000 partners in 18 European countries and eight branches counts more than 55,000 companies among its customers.

The NFON portfolio comprises four areas: Business Communications, Integration, Customer Contact and Enablement. With its core product, Cloudya, the smart cloud communications platform, NFON offers hassle-free voice calls, simple video conferencing and seamless integration of CRM and collaboration tools for small and medium-sized companies.

All of NFON's cloud services are operated in certified data centres in Germany, with 100% of their energy needs covered by renewable sources. NFON escorts companies into the future of business communication by offering intuitive communication solutions.

[CORPORATE.NFON.COM/EN](https://corporate.nfon.com/en)

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Key figures Q1/2024

In EUR million	3M 2024	3M 2023	Change
Total revenue	21.2	20.8	2.2%
Recurring revenue	19.9	19.3	2.8%
Share of recurring revenue	93.6%	93.1%	–
Non-recurring revenue	1.4	1.4	–6.1%
Share of non-recurring revenue	6.4%	6.9%	–
Blended ARPU (in EUR)	9.82	9.80	0.2%
Number of seats (total)	658,544	645,582	2.0%
Adjusted EBITDA*	2.8	2,0	40.0%

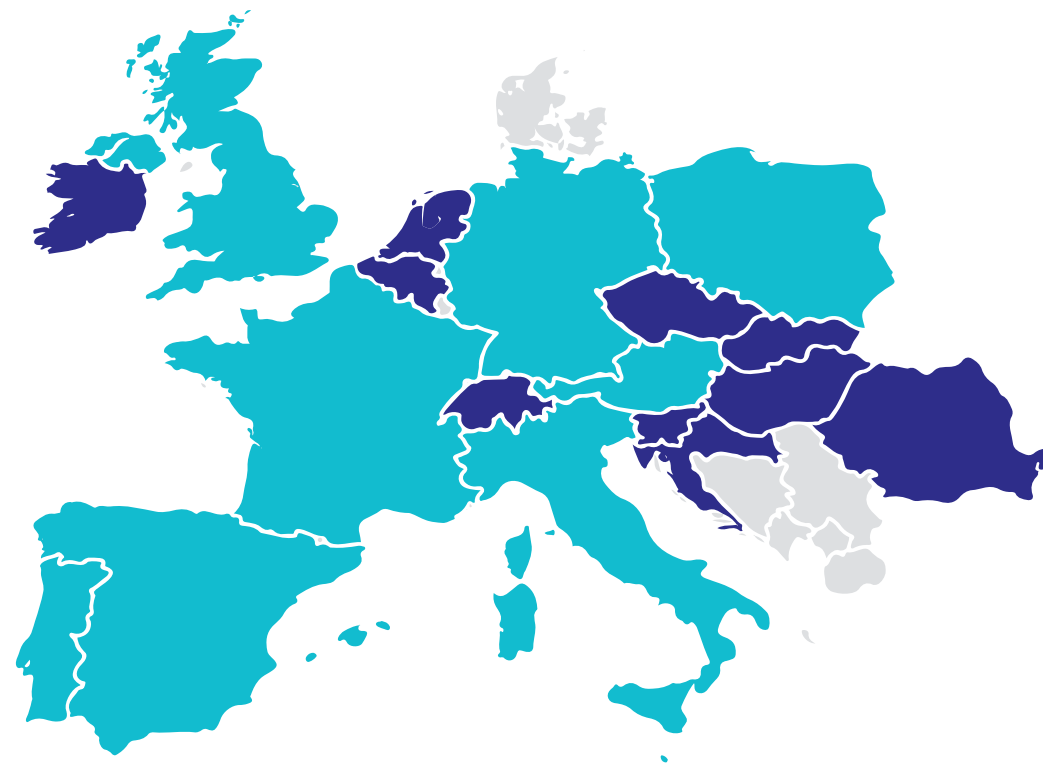
* Reconciliation of EBITDA to adjusted EBITDA see section "EBITDA, EBIT, net income".

This is where **we** are

Every day, we provide companies in Europe with intuitive communication solutions to improve their business operations.

The Group operates as a telecommunications company in 18 European countries and is represented by its own companies in Germany, Austria, the UK, Spain, Italy, France, Poland and Portugal.

- NFO activities with a local presence
- NFO activities without a local presence



Interim Group management report

Revenue performance

Overall, revenue followed a positive year-on-year trend as a result of the increase in recurring revenue. NFON succeeded in increasing revenue in the first three months of 2024 by acquiring new customers, activating additional seats within the existing customer base and offering expanded products (premium solutions) to both new and existing customers.

Development of key items of the consolidated statement of comprehensive income

In EUR million	3M 2024	3M 2023	Change
Revenue	21.2	20.8	2.2%
Cost of materials	3.4	3.4	0.5%
Gross profit	17.9	17.4	2.5%
Other operating income	0.2	0.2	0.0%
Staff costs	8.6	8.8	-2.5%
Other operating expenses	6.7	6.9	-2.4%
EBITDA	2.7	1.9	-
Adjusted EBITDA*	2.8	2.0	-
Depreciation, amortisation and write-downs	2.0	1.7	13.3%
EBIT	0.7	0.1	-
Net interest expense	0.0	0.1	-100.0%
Net tax expense	0.2	0.1	-100.0%
Consolidated result	0.5	0.0	-

NFON distinguishes between recurring and non-recurring revenue. Recurring revenue essentially comprises monthly payments of a fixed licence fee per seat plus a fixed or volume-based fee for usage of voice minutes per seat or SIP trunk. Non-recurring revenue includes revenue from sales of devices (telephones, soft clients for PCs and smartphones) and the one-time activation fee per seat when it is first connected.

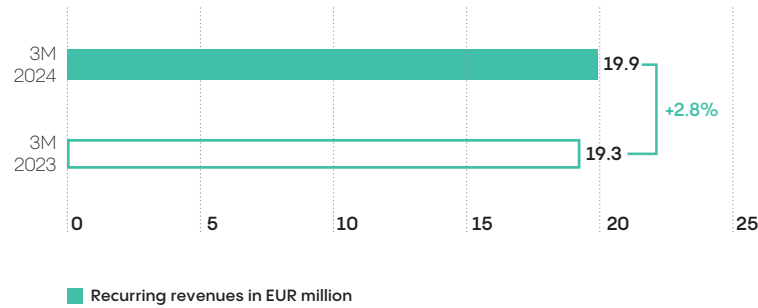
The cumulative effect typical for revenue performance, in relation to seats still to be gained over the year, is evident from the trend in the recurring revenue generated in the individual quarters. Recurring revenue increased by 2.8% year on year in the first quarter of 2024.

Accounting for 93.6% of total revenue (previous year: 93.1%), the share of recurring revenue is within the range of the forecast published for 2024 as a whole (minimum of 90%).

⊕ Additional information can be found in the [Annual Report 2023](#).

* Reconciliation of EBITDA to adjusted EBITDA see section "EBITDA, EBIT, net income".

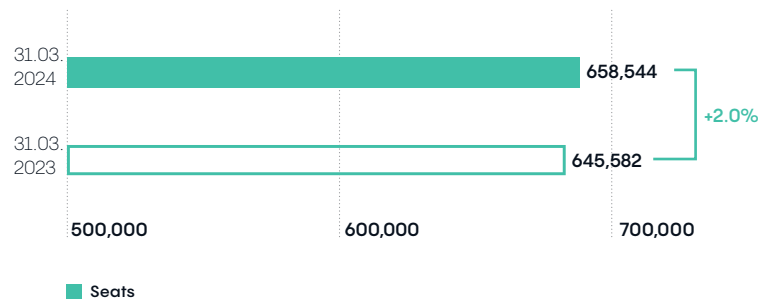
High share of recurring revenues



Seat development

Seat development is positive, underlining the high level of satisfaction among NFON's customers. The consistently low churn rate of around 0.5% per month reflects the quality of the products and services and guarantees continuous recurring income.

Growth in total seat numbers



Development of average revenue per user

NFON uses the average recurring revenue across all services, sales channels and countries per user or seat, referred to as blended average revenue per user (ARPU), to measure operating performance per seat. The average voice minutes sold per seat have a significant influence on blended ARPU. These have fallen slightly compared to the years during the Covid-19 pandemic. Voice minutes also trended slightly downwards year on year in the first quarter of 2024. Thanks to measures such as price increases, blended ARPU remained stable despite the effect of the trend in voice minutes. To further stabilise blended ARPU, we announced price increases for selected products and customer cohorts in the first quarter of 2024 that will come into effect from the second quarter onwards. We are generating additional ARPU contributions through the increase in sales of premium solutions.

Stable blended ARPU



Cost of materials

The cost of materials in the reporting period remained at the same level as in the comparable period of the previous year. As a result of the year-on-year increase in revenue in the first quarter of 2024, the cost of materials ratio fell slightly, to 15.92% (previous year: 16.19%). The change here is within the regular range of fluctuation. The positive performance is the result, on the one hand, of economies of scale that are realised and, on the other, the increase in the share of recurring revenue, which generates a significantly higher margin than the non-recurring revenue.

Staff costs

Staff costs fell by EUR 0.2 million year on year in the first quarter of 2024. The average number of employees (individuals) fell year on year to 419 in the reporting period (previous year: 481.7). If necessary, staff costs are adjusted for non-recurring effects. EUR 0.1 million had to be adjusted in the reporting period for expenses arising from the stock option programme and the merger. Staff costs were adjusted by EUR 0.1 million in the previous year on account of the focus on our core sales markets.

Other operating expenses

Other operating expenses were slightly down in the reporting period from the previous year's level. The decline in other operating expenses in the first quarter of 2024 compared with the first quarter of 2023 is partly the result of lower consulting expenses. In 2023, for example, costs of EUR 0.2 million were incurred for a one-off enforcement consultation. Overall, the cost-to-income ratio of the adjusted other operating expenses (measured by revenue) decreased from 33.1% in the first quarter of 2023 to 31.3% in the first quarter of 2024.

At 13.7%, selling expenses as a percentage of revenue were lower in the 2024 quarterly reporting period than the ratio of 14.2% in the same period in the previous year. Despite the increase in revenue, the costs for the selling expenses remained at the same level as the previous year as a result of this reduction.

EBITDA, EBIT, consolidated profit/loss

Increases in revenue and lower costs in the areas of staff and operating expenses (OpEx) are leading, in the first quarter of 2024, to an EUR 0.8 million year-on-year improvement in EBITDA.

EBITDA, adjusted EBITDA, EBIT, consolidated result

In EUR million	3M 2024	3M 2023
EBITDA	2.7	1.9
Staff costs		
Focus on core markets	0.0	0.1
Stock options	0.1	0.0
Total non-recurring effects	0.1	0.1
Adjusted EBITDA	2.8	2.0
EBIT	0.7	0.1
Consolidated result	0.5	0.0
Adjusted consolidated result	0.6	0.2

Financial position

At EUR 0.9 million, operating cash flow was down in the first quarter of 2024 from the same period in the previous year (EUR 1.6 million). Although earnings after tax improved from EUR 0.0 million to EUR 0.5 million, the decline in trade payables and the other provisions as well as tax payments nevertheless had a negative impact on the cash and cash equivalents. In the cash flow from investing activities, reduced investments in customising and a decrease in capitalised development costs resulted in lower cash outflows totalling EUR 0.7 million (previous year: EUR 1.8 million).

The capitalised development costs relate to new products and new features in existing products.

Overall, cash and cash equivalents experienced a slight reduction, from EUR 12.3 million to EUR 12.1 million.

Supplementary report

No matters have arisen after 31 March 2024 that could have a material impact on the assets and liabilities, financial position and results of operations.

Forecast

Outlook 2024

Growth rate recurring revenues	In the mid to upper single-digit percentage range
Share of recurring revenue	At least 90%
Adjusted EBITDA	EUR 10–12 million

NFON confirms the growth targets forecast as part of the 2023 consolidated financial statements. The planning is based on the information available as at 22 May 2023 and takes the opportunities and risks of the NFON Group as presented into account. Please refer in this context to the comments in the report on risks and opportunities in the [Annual Report](#) as at 31 December 2023. These applied unchanged as at 31 March 2024.

⊕ Additional information can be found in the [Annual Report 2023](#).

Forward-looking statements and forecasts

This quarterly statement contains forward-looking statements that are based on the current expectations, assumptions and forecasts of the Management Board of NFON AG and the information that is available to it at present.

The forward-looking statements are subject to a variety of risks and uncertainties and are based on expectations, assumptions and forecasts that might turn out to be incorrect in the future.

NFON AG offers no guarantee that the forward-looking statements will prove to be correct and is under no obligation and also does not intend to adjust or update the forward-looking statements made in this quarterly statement. Additional information on the forward-looking statements can also be found in the section "About this report" in the [Annual Report 2023](#).

Interim consolidated financial statements

Consolidated statement of financial position

as at 31 March 2024

In EUR thousand	31.03.2024	31.12.2023
Non-current assets		
Property, plant and equipment	11,101	11,630
Intangible assets	34,707	35,433
Investments in associates	680	680
Deferred tax assets	826	823
Other non-current, non-financial assets	686	691
Total non-current assets	48,000	49,257
Current assets		
Inventories	140	114
Trade receivables	9,886	8,966
Current other financial assets	725	725
Current other non-financial assets	2,836	2,564
Cash and cash equivalents	12,111	12,281
Total current assets	25,698	24,650
Total assets	73,698	73,907

In EUR thousand	31.03.2024	31.12.2023
Equity		
Issued capital	16,561	16,561
Capital reserves	109,203	109,153
Loss carryforward	-78,664	-79,206
Currency translation reserve	754	647
Total equity	47,854	47,155
Non-current liabilities		
Non-current financial liabilities	8,177	8,483
Other non-current, non-financial liabilities	448	563
Deferred tax liabilities	2,176	2,176
Total non-current liabilities	10,801	11,222
Current liabilities		
Trade payables	4,802	4,963
Current provisions	2,814	3,118
Current income tax liabilities	511	812
Current financial liabilities	1,551	1,418
Current other non-financial liabilities	5,365	5,219
Total current liabilities	15,043	15,530
Total equity and liabilities	73,698	73,907

Consolidated statement of income and consolidated statement of comprehensive income

for the period from 1 January to 31 March 2024

In EUR thousand	3M 2024	3M 2023
Revenue	21,245	20,786
Other operating income	215	172
Cost of materials	-3,382	-3,366
Staff costs	-8,601	-8,824
Depreciation, amortisation and impairments	-1,980	-1,748
Other operating expenses	-6,724	-6,890
Impairment losses on trade and other receivables	19	-23
Other tax expense	-42	-3
Income from continuing operations before net interest income and income taxes	750	104
Interest and similar income	70	6
Interest and similar expenses	-110	-58
Net interest income	-40	-52
Earnings before income taxes	710	53
Income taxes	-175	-24
Deferred tax income (py: tax expenses)	7	0
Consolidated result	542	28

In EUR thousand	3M 2024	3M 2023
Attributable to:		
Shareholders of the parent company	542	28
Non-controlling interests	0	0
Other comprehensive income (will be reclassified to profit or loss)	107	47
Taxes on other comprehensive income (will be reclassified to profit or loss)	0	0
Other comprehensive income after taxes	107	47
Total comprehensive income	649	75
Attributable to:		
Shareholders of the parent company	649	75
Non-controlling interests	0	0
Net earnings per share, basic (in EUR)	0.03	0.00
Net earnings per share, diluted (in EUR)	0.03	0.00

Consolidated statement of cash flow

for the period from 1 January to 31 March 2024

In EUR thousand	3M 2024	3M 2023
1. Cash flow from operating activities		
Profit/loss after taxes	542	28
Adjustments to reconcile profit (loss) to cash provided		
Income taxes	169	24
Interest income (interest expenses), net	40	52
Amortisation of intangible assets and depreciation of property, plant and equipment	1,980	1,748
Impairment losses on trade and other receivables	-19	23
Equity-settled share-based payment transactions	50	6
Other non-cash income and expenses	52	14
Changes in:		
Inventories	-26	-20
Trade and other receivables	-1,154	-1,116
Trade payables and other liabilities	-130	625
Provisions and employee benefits	-304	154
Interest paid	-9	-14
Income taxes received/paid, net	-425	-26
Effects of changes in foreign exchange rates	107	47
Cash flow from operating activities	873	1,546

In EUR thousand	3M 2024	3M 2023
2. Cash flow from investing activities		
Proceeds from the disposal of property, plant and equipment and intangible assets	6	0
Payments for investments in property, plant and equipment	-173	-111
Payments for investments in intangible assets	-532	-1,710
Cash flow from investing activities	-698	-1,821
3. Cash flow from financing activities		
Proceeds from capital increases	0	0
Payments in connection with leases	-363	-491
Other proceeds/payments	0	-1
Cash flow from financing activities	-363	-492
Change in cash and cash equivalents	-188	-768
Effects of changes in exchange rates on cash held	18	7
Cash and cash equivalents at the beginning of the period	12,281	13,218
Cash and cash equivalents at the end of the period	12,111	12,457

Consolidated statement of changes in equity

as at 31 March 2024

Attributable to owners of the company

In EUR thousand	Issued capital	Capital reserves	Currency translation reserve	Loss carryforward	Total equity	Non-controlling interests	Total
As at 01.01.2024	16,561	109,153	647	-79,206	47,155	0	47,155
Total comprehensive income for the period							
Profit (loss) in the period	0	0	0	542	542	0	542
Other comprehensive income for the period		0	107	0	107	0	107
Total comprehensive income for the period	0	0	107	542	649	0	649
Transactions with owners of the company							
Equity-settled share-based payment transactions	0	50	0	0	50	0	50
Total transactions with owners of the company	0	50	0	0	50	0	50
As at 31.03.2024	16,561	109,203	754	-78,664	47,854	0	47,854

Consolidated statement of changes in equity

as at 31 March 2023

Attributable to owners of the company

In EUR thousand	Issued capital	Capital reserves	Currency translation reserve	Loss carryforward	Total equity	Non-controlling interests	Total
As at 01.01.2023	16,561	109,086	558	-78,404	47,801	0	47,801
Total comprehensive income for the period							
Profit (loss) in the period	0	0	0	28	28	0	28
Other comprehensive income for the period	0	0	47	0	47	0	47
Total comprehensive income for the period	0	0	47	28	75	0	75
Transactions with owners of the company							
Equity-settled share-based payment transactions	0	6	0	0	6	0	6
Total transactions with owners of the company	0	6	0	0	6	0	6
As at 31.03.2023	16,561	109,092	604	-78,376	47,882	0	47,882

Financial calendar **2024**

28 June 2024

Annual Shareholder Meeting of NFON AG

22 August 2024

Half-yearly financial report 2024

21 November 2024

Quarterly statement January – September 2024

Additional information can be found in the [Financial calendar 2024](#)

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The NFON Group maintains an extensive presence on various social media channels: Facebook, LinkedIn, YouTube and X (formerly Twitter). Our company blog blog.nfon.com also provides valuable insights, specialist articles and all the latest news.

Imprint

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Concept and design

SPARKS CONSULTING GmbH, Munich, Germany
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