

NFON **GROUP** | QUARTERLY STATEMENT **Q3/2024**

Transformation. Integration. Implementation.

NFON

Quarterly statement

Q3/2024

Who **we** are

Headquartered in Munich, **NFON** is a leading European provider of integrated cloud business communications. With eight branches and over 3,000 partners in 18 European countries, the listed company (Frankfurt Stock Exchange, Prime Standard) 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 NFON's cloud services are operated in certified data centres in Germany, with 100% of their energy needs covered by renewable sources. NFON accompanies companies into the future of business communication by offering intuitive communication solutions.

[CORPORATE.NFON.COM/DE](https://corporate.nfon.com/de)

NAVIGATION

- Page forward
- Page back
- Contents
- More information

Quick links

- 01** Company
- 02** Interim Group
management report
- 03** Interim consolidated
financial statements
- 04** Further information

Key figures Q3/2024

In EUR million	9M 2024	9M 2023	Change
Total revenue	64.3	61.7	4.2%
Recurring revenue	60.6	57.8	4.9%
Share of recurring revenue	94.3%	93.6%	–
Non-recurring revenue	3.7	3.9	–6.8%
Share of non-recurring revenue	5.7%	6.4%	–
Blended ARPU (in EUR)	9.88	9.73	1.5%
Number of seats (total)	665,730	645,707	3.1%
Adjusted EBITDA*	9.1	6.0	50.9%

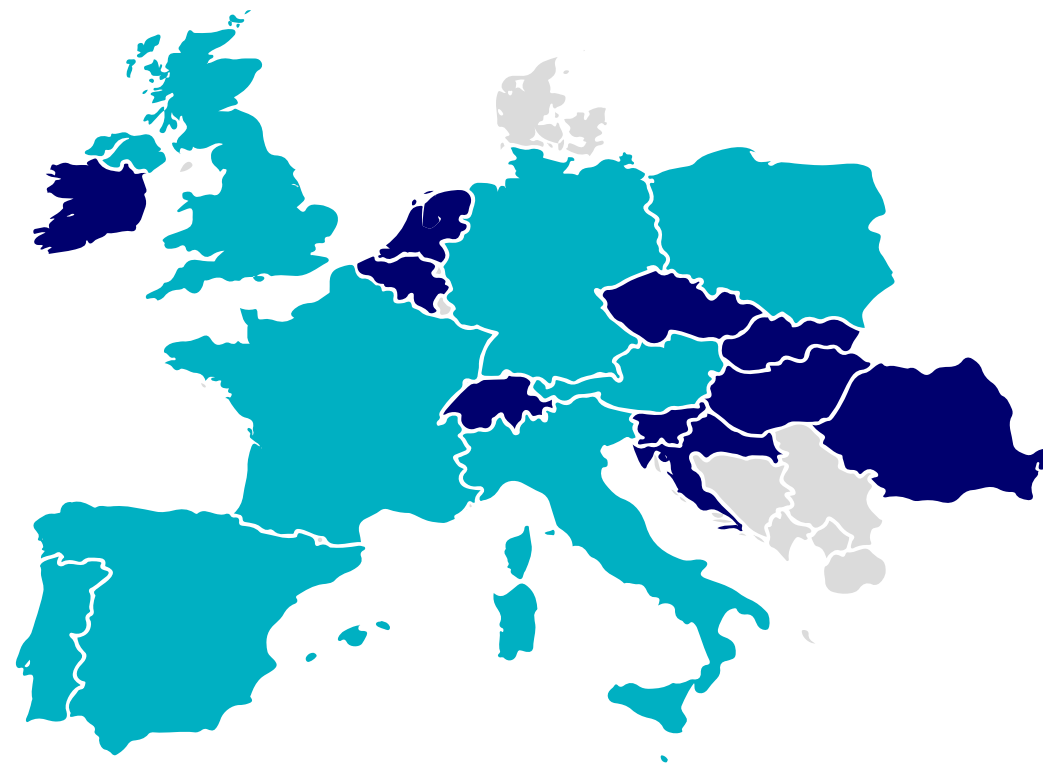
* Reconciliation of EBITDA to adjusted EBITDA see section "EBITDA, EBIT, net income".

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.

- NFON activities with a local presence
- NFON activities without a local presence



Interim Group management report

Revenue performance

Total revenue recorded a positive year-on-year trend, thanks mainly to growth in recurring revenue. NFON grew its revenue in the first nine months of 2024 by acquiring new customers, by activating additional seats with existing customers and by 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	9M 2024	9M 2023	Change
Revenue	64.3	61.7	4.2%
Cost of materials	9.7	9.8	-0.7%
Gross profit	54.5	51.9	5.1%
Other operating income	0.4	0.6	-29.2%
Staff costs	25.6	26.3	-2.7%
Other operating expenses	21.1	21.4	-1.5%
EBITDA	8.2	4.7	73.8%
Adjusted EBITDA*	9.1	6.0	50.9%
Depreciation, amortisation and write-downs	5.9	5.3	10.4%
EBIT	2.3	-0.6	-
Net interest expense	0.2	0.1	-
Net tax expense	0.8	0.1	-
Consolidated result	1.3	-0.8	-

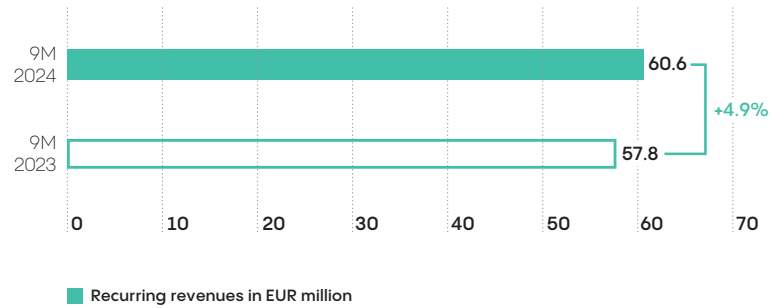
* Reconciliation of EBITDA to adjusted EBITDA see section "EBITDA, EBIT, net income".

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 income from the sale of devices (telephones and soft clients for PCs and smartphones) as well as one-time activation fees per seat at the time of initial connection.

The cumulative effect of the revenue trend over the course of the year, particularly in relation to seats still to be gained over the course of the year, is reflected in the growth in recurring revenue in the individual quarters. During the first three quarters of 2024, such recurring revenue grew by 4.9% year-on-year. Recurring revenue expressed as a percentage of total revenue reached 94.3% (prior-year period: 93.6%) and is thereby in line with the published guidance for 2024 (at least 90%).

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

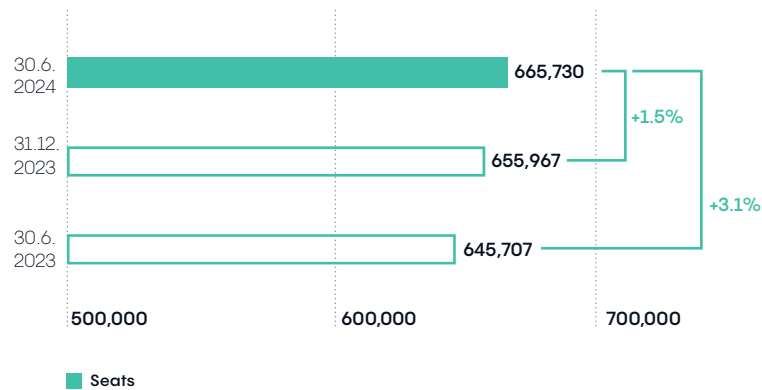
High share of recurring revenues



Seat development

The trend in seats 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 both products and services, and ensures stable recurring income.

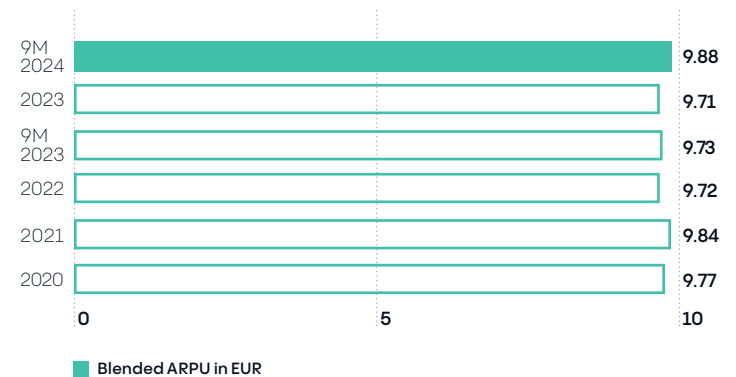
Growth in total seat numbers



Development of average revenue per user

To measure operating performance per seat, NFON records the average recurring revenue across all services, sales channels and countries per user (seat), reflecting the so-called blended average revenue per user (ARPU). The average use of voice minutes per seat, which in the first three quarters of 2024 decreased slightly year-on-year, forms a key factor influencing blended ARPU. Despite this reduction, blended ARPU remains stable thanks to measures such as price increases. In the first quarter of 2024, price adjustments were implemented for selected products and customer cohorts. These price adjustments have been effective since the second quarter of 2024. ARPU is also being boosted by the increasing sale 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 corresponding prior-year period. Thanks to the revenue growth during the first three quarters of 2024, the cost of materials ratio decreased slightly to 15.12% (prior-year period: 15.86%), although this change lies within the normal range of fluctuation. This positive trend reflects both realised economies of scale as well as the higher proportion of recurring revenue, which generates a significantly higher margin than non-recurring revenue.

Staff costs

Staff costs were down by EUR 0.7 million year-on-year in the first three quarters of 2024. The average number of employees (individuals) decreased to 414 in this period (prior-year period: 454). Where necessary, staff costs are adjusted for one-off effects. In the 2024 reporting period, such adjustments related to EUR 0.2 million of expenses from the stock option programme and for the merger. In the previous year, an adjustment of EUR 1.1 million was realised for the reorganisation of the senior management team, and for the focus on core sales markets. Adjusted staff costs in the first three quarters of 2024 amounted to EUR 25.8 million (prior-year period: EUR 25.3 million) and were thereby up by 2.1% year-on-year. The adjusted staff cost ratio decreased to 39.6% compared to 41.0% in the same period of the previous financial year 2023. Staff costs in 2024 are thereby higher than in 2023 despite a lower number of employees. This is due to a lower level of capitalisation of staff costs for software development (Q1–Q3 2023 EUR 3.0 million compared with Q1–Q3 2024 EUR 1.9 million), which more than offsets the effective savings deriving from the lower number of employees.

Other operating expenses

In the 2024 reporting period, other operating expenses decreased by EUR 0.3 million year-on-year, due primarily to lower marketing expenses. The adjusted cost ratio of other operating expenses (in relation to revenue) fell during the first three quarters of 2024, from 34.4% in the prior-year period to 31.8% in the current-year period. In the 2024 reporting period, adjustments of EUR 0.7 million were realised for acquisition activities and the merger of NFON AG with its subsidiary Deutsche Telefon Standard. In contrast, in the comparative period of 2023, an adjustment of EUR 0.2 million was realised for administrative and relocation expenses.

The 14.0% ratio of selling expenses in relation to revenue in the nine-month reporting period of 2024 remained almost unchanged compared to the same period of the previous year (14.1%).

EBITDA, EBIT, consolidated profit/loss

Revenue growth as well as the lower level of staff and operating costs (OpEx) in the first nine months of 2024 led to a year-on-year improvement in EBITDA of EUR 3.5 million.

EBITDA, adjusted EBITDA, EBIT, consolidated result

In EUR million	9M 2024	9M 2023
EBITDA	8.2	4.7
Adjustments in staff costs:		
Focus on Group-wide activities	0.0	0.1
Stock options/ESOPS	0.1	0.0
Merger and integration of Deutsche Telefon Standard GmbH (100% subsidiary)	0.1	0.0
Reorganisation of top management	0.0	0.9
Adjustments to other operating expenses:		
Expenses for M&A	0.5	0.0
Integration of Deutsche Telefon Standard GmbH (100% subsidiary)	0.1	
Administrative expenses	0.0	0.2
Total non-recurring effects	0.8	1.2
Adjusted EBITDA	9.1	6.0
EBIT	2.3	-0.6
Consolidated result	1.3	-0.8
Adjusted consolidated result	2.1	0.5

Financial position

Operating cash flow amounted to EUR 5.1 million in the first three quarters of 2024, slightly below the level of EUR 5.4 million in the prior-year comparable period. Earnings after taxes improved from EUR –0.8 million to EUR 1.4 million. However, the higher level of trade receivables, the reduction in trade payables and the decrease in other provisions as well as tax payments during the first nine months of 2024 exerted a negative effect on cash flow as of the reporting date.

Cash flow from investing activities was particularly affected by payments of EUR –9.9 million for the acquisition of shares in botario GmbH. Investments in customising as well as capitalised development costs remained below the previous year's level. Overall, the cash outflow from investing activities expanded by EUR –7.7 million to reach an amount of EUR –12.3 million.

Cash flow from financing activities increased by EUR 6.4 million to EUR 4.8 million due to the EUR 5.0 million bank loan financing of the acquisition of botario GmbH, and the utilisation of EUR 1.0 million from the overdraft facility.

The overall cash and cash equivalents position reduced from EUR 12.3 million to EUR 9.9 million.

Acquisition of subsidiaries

NFON AG acquired a 100% interest in botario GmbH, Bremen, with legal effect from 22 August 2024. The total purchase price amounts to EUR 18.1 million and comprises a purchase price payment of EUR 10.9 million as of the closing date of 22 August 2024, as well as future earn-out payments depending on the achievement of EBITDA targets in the financial years 2024 to 2026. Given 100% target achievement, the cumulative undiscounted earn-out payments would amount to EUR 7.2 million. The purchase agreement contains provisions that can lead to lower or no earn-out payments if targets are not reached, as well as to a maximum of 150% earn-out payments if targets are exceeded. All purchase price payments are or will be rendered in cash.

The purchase price payment as of the closing was financed partly by a EUR 5.0 million bank loan, which has a six-year term and carries a fixed interest rate of 6.62% until 30 September 2027. In addition, the existing EUR 1.0 million overdraft facility, which carries interest at a variable rate of EURIBOR + 2.75%, was utilised.

As part of the preliminary purchase price allocation, EUR 2.2 million was recognised for the customer base and EUR 1.6 million for the acquired technology. Deferred tax liabilities of EUR 1.2 million were recognised in relation to the disclosed hidden reserves. The remaining amount of EUR 14.4 million was recognised as goodwill.

Since its inclusion in the consolidated financial statements of NFON AG, botario GmbH has contributed EUR 0.2 million to consolidated revenue and EUR 19 thousand to consolidated EBITDA. If botario had already been consolidated since 1 January 2024, it would have increased consolidated revenue by EUR 1.7 million and consolidated EBITDA by EUR 0.4 million.

Acquisition of subsidiaries	In EUR thousand
Intangible assets	5
Identifiable intangible assets	3,845
Property, plant and equipment	33
Trade receivables	370
Other assets	12
Cash and cash equivalents	969
Current income tax liabilities	-222
Current provisions	-34
Trade payables	-11
Other liabilities	-132
Deferred income	-446
Deferred tax liabilities	-1,227
Total identifiable assets acquired and liabilities assumed	3,161
Goodwill	14,440
Total consideration	17,601
Satisfied by:	
Payment upon transfer of shares	-10,878
Contingent consideration agreement (earn-out)	-6,723
Total consideration transferred	-17,601
Net cash outflow arising on acquisition:	
Cash consideration	-10,878
Less: cash and cash equivalent balances acquired	969
	-9,909

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

Supplementary report

No matters have arisen after 30 September 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 remains committed to the growth targets it forecast in the 2023 consolidated financial statements. This planning is based on the information available as of 20 November 2024 and takes into consideration the opportunities and risks pertaining to the NFON Group as presented. In this context, please refer to the detailed remarks in the report on risks and opportunities as well as in the forecast report in the [Annual Report](#) for the financial year ending 31 December 2023, which remain valid as of 30 September 2024.

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 about the forward-looking statements can also be found in the section "About this report" in the [Annual Report 2023](#).

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

Interim consolidated financial statements

Consolidated statement of financial position

as at 30 September 2024

In EUR thousand	30.09.2024	31.12.2023
Non-current assets		
Property, plant and equipment	10,204	11,630
Intangible assets	51,993	35,433
Investments in associates	680	680
Deferred tax assets	826	823
Other non-current, non-financial assets	738	691
Total non-current assets	64,441	49,257
Current assets		
Inventories	134	114
Trade receivables	10,936	8,966
Current other financial assets	724	724
Current other non-financial assets	2,240	2,564
Cash and cash equivalents	9,858	12,281
Total current assets	23,892	24,650
Total assets	88,333	73,907

In EUR thousand	30.09.2024	31.12.2023
Equity		
Issued capital	16,561	16,561
Capital reserves	109,245	109,153
Loss carryforward	-77,869	-79,206
Currency translation reserve	914	647
Total equity	48,851	47,155
Non-current liabilities		
Non-current financial liabilities	12,497	8,483
Other non-current, non-financial liabilities	5,818	563
Deferred tax liabilities	3,387	2,176
Total non-current liabilities	21,703	11,222
Current liabilities		
Trade payables	4,083	4,963
Current provisions	2,818	3,118
Current income tax liabilities	1,200	812
Current financial liabilities	2,662	1,418
Current other non-financial liabilities	7,017	5,219
Total current liabilities	17,780	15,530
Total equity and liabilities	88,333	73,907

Consolidated statement of income and consolidated statement of comprehensive income

for the period from 1 January to 30 September 2024

In EUR thousand	9M 2024	9M 2023
Revenue	64,269	61,700
Other operating income	411	583
Cost of materials	-9,720	-9,785
Staff costs	-25,640	-26,347
Depreciation, amortisation and impairments	-5,916	-5,310
Other operating expenses	-21,100	-21,422
Impairment losses on trade and other receivables	48	22
Other tax expense	-49	-9
Income from continuing operations before net interest income and income taxes	2,304	-567
Interest and similar income	190	104
Interest and similar expenses	-367	-191
Net interest income	-177	-87
Earnings before income taxes	2,127	-654
Income taxes	-812	-174
Deferred tax expense	22	31
Consolidated result	1,337	-797

In EUR thousand	9M 2024	9M 2023
Attributable to:		
Shareholders of the parent company	1,337	-797
Non-controlling interests	0	0
Other comprehensive income (will be reclassified to profit or loss)	267	167
Taxes on other comprehensive income (will be reclassified to profit or loss)	0	0
Other comprehensive income after taxes	267	167
Total comprehensive income	1,603	-630
Attributable to:		
Shareholders of the parent company	1,603	-630
Non-controlling interests	0	0
Net income per share, basic (in EUR) (py. net loss)	0.08	-0.05
Net income per share, diluted (in EUR) (py. net loss)	0.08	-0.05

Consolidated statement of cash flow

for the period from 1 January to 30 September 2024

In EUR thousand	9M 2024	9M 2023
1. Cash flow from operating activities		
Profit/loss after taxes	1,337	-797
Adjustments to reconcile profit (loss) to cash provided		
Income taxes	790	142
Interest expenses, net	177	87
Amortisation of intangible assets and depreciation of property, plant and equipment	5,916	5,310
Impairment losses on trade and other receivables	-48	-22
Equity-settled share-based payment transactions	92	19
Other non-cash income and expenses	-30	12
Changes in:		
Inventories	-19	-27
Trade and other receivables*	-1,275	-84
Trade payables and other liabilities*	-1,148	211
Provisions and employee benefits	-333	486
Income (expenses) from sales of fixed assets	5	0
Interest paid	87	44
Income taxes received/paid, net	-727	-124
Effects of changes in foreign exchange rates	267	167
Cash flow from operating activities	5,090	5,424

In EUR thousand	9M 2024	9M 2023
2. Cash flow from investing activities		
Proceeds from the disposal of property, plant and equipment and intangible assets	6	-1
Payments for investments in property, plant and equipment	-360	-450
Acquisition of subsidiaries (net of cash acquired)	-9,909	-
Payments for investments in intangible assets	-2,084	-4,206
Cash flow from investing activities	-12,347	-4,657
3. Cash flow from financing activities		
Proceeds from loans and borrowings	6,000	0
Repayment of lease liabilities	-1,289	-1,584
Other proceeds/payments	89	21
Cash flow from financing activities	4,800	-1,563
Change in cash and cash equivalents	-2,457	-796
Effects of changes in exchange rates on cash held	34	20
Cash and cash equivalents at the beginning of the period	12,281	13,218
Cash and cash equivalents at the end of the period	9,858	12,442

* The previous year's figure has been adjusted.

Consolidated statement of changes in equity

as at 30 September 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	1,337	1,337	0	1,337
Other comprehensive income for the period	0	0	267	0	267	0	267
Total comprehensive income for the period	0	0	267	1,337	1,603	0	1,603
Transactions with owners of the company							
Equity-settled share-based payment transactions	0	92	0	0	92	0	92
Total transactions with owners of the company	0	92	0	0	92	0	92
As at 30.09.2024	16,561	109,245	914	-77,869	48,851	0	48,851

Consolidated statement of changes in equity

as at 30 September 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	-797	-797	0	-797
Other comprehensive income for the period	0	0	167	0	167	0	167
Total comprehensive income for the period	0	0	167	-797	-630	0	-630
Transactions with owners of the company							
Equity-settled share-based payment transactions	0	19	0	0	19	0	19
Total transactions with owners of the company	0	19	0	0	19	0	19
As at 30.09.2023	16,561	109,105	725	-79,201	47,190	0	47,190

Financial calendar

2024/2025

21 November 2024

Quarterly statement January – September 2024

27 February 2025

Preliminary financial results for the financial year 2024

17 April 2025

Financial results for the financial year 2024

22 May 2025

Quarterly statement January – March 2025

26 June 2025

Annual General Meeting

21 August 2025

Half-year financial report 2025

20 November 2025

Quarterly statement January – September 2025

Additional information can be found in the [financial calendar 2024/2025](#).

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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.

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