



Corporate News

NFON AG to continue positive growth trajectory after first nine months of 2018

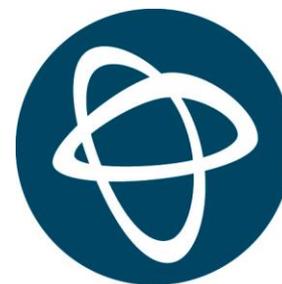
- Revenue rose considerably in the first nine months of 2018 to approx. EUR 31 million
- The share of recurring revenue climbed to approx. 81%
- Number of customer seats exceeded 300,000 for the first time
- New NFON-client "Cloudya" successfully launched onto the market
- Positive outlook for the full year 2018 confirmed

Munich, 22 November 2018 - NFON AG (together with its subsidiaries collectively referred to as "NFON" or "Company"), the only true pan-European cloud PBX provider (cloud telephone system), today releases its statement for the third quarter of 2018. According to the statement, the Company, which is listed on the Frankfurt Stock Exchange (Prime Standard), continued its positive development from the first half of the year and was able to achieve all key performance indicator targets as planned. In addition, the previously announced market launch of the new client "Cloudya" took place in the third quarter.

In the first nine months of 2018, NFON AG saw its revenue rise by 20.2% to EUR 31.2 million (PY: EUR 26.0 million). The strength of NFON AG's business model was also evident in the large share of recurring revenue. Representing 80.9% (PY: 76.0%) of total revenue, the share of recurring revenue is slightly above the range forecast for of the full year 2018 of between 75% and 80%. A major driver of this growth in revenue is the continually growing number of seats (total number of extensions or licences used by customers). The number of seats increased by 28% compared to the prior year to 305,616 (PY: 238,053), exceeding the 300,000 seats mark for the first time. This sustained positive development underlines the sustainability of NFON AG's business model and the attractiveness of its products and services.

As Hans Szymanski, CEO and CFO of NFON AG, explains: *"We are very satisfied with our business performance over the first nine months of 2018. This reflects the fact that our services have been able to capture the essence of the times. As the only pan-European Cloud PBX provider, our goal is to develop the telephony of the future and become the No. 1 for cloud telephony in Europe. Accordingly, we are further pushing our expansion plans and are currently setting up a new company in Italy. Simultaneously, with Cloudya, we have launched a pan-European and homogeneous tariff model – and are thereby sending out a clear message to the European market. The successes realised so far in 2018 show that NFON is on the right track for the future."* Cloudya stands for device-independent and intuitive communication with a particular focus on being as user-friendly as possible – anytime, anywhere and any device. The new NFON client is the basis for future integrated collaboration services and was developed for the digital working world of the future.

In line with expectations, in the first nine months of 2018 NFON AG generated earnings before interest, taxes, depreciation and amortisation (EBITDA) of EUR -6.5 million (PY: EUR -0.5 million). NFON's EBITDA over the nine-month period was characterised by one-off



NFON
Die Cloud-Telefonanlage

effects: first by a one-off effect in the amount of EUR 3.6 million arising from share-based payment plans based on agreements made in prior years for which debt assumption was agreed with the existing shareholders. These payment plans expired fully during the reporting period and therefore will never affect cash flows. In accordance with the provisions of IFRS 2, however, they are recognised in full in the capital reserve. In addition, certain employees and management board members were paid bonuses in the amount of EUR 0.7 million, which relate especially to the IPO, while further expenses of EUR 2.4 million were incurred also in connection with the IPO. Adjusted for these one-off effects (EUR 6.7 million in total), NFON recorded adjusted EBITDA in the amount of EUR 0.1 million (PY adjusted: EUR -0.5 million).

In light of the positive operating performance as well as successes in the operational expansion of the Company, the management board can confirm the outlook for the entire year of 2018. In terms of revenue, the Company projects a growth rate comfortably exceeding the revenue increase of approx. 17% achieved in the prior year. Recurring revenue as a percentage of total revenue for the full year is expected to be between 75% and 80%. Based on the very strong performance in the 2017 financial year, NFON AG is projecting considerable further growth of approx. 30% in the number of customer seats for the whole of 2018.

The quarterly statement can be downloaded from the NFON AG website under Investor Relations: <https://bit.ly/2pb0Wo9>

The results for the first nine months of 2018 will also be presented in an online telephone conference on Thursday 22 November 2018 at 10 am (CET). The dial-in details for the conference can also be found on the NFON website under Investor Relations.

Overview of the first nine months and third quarter of 2018:

EUR million	9 months 2018	9 months 2017		Q3 2018	Q3 2017	
Total revenue	31.2	26.0	20.2 %	10.6	9.0	17.5%
Recurring revenue	25.3	19.8	27.9%	8.8	7.0	26.4
Share of recurring revenue to total revenue	80.9%	76.0%		82.8%	76.9%	
Non-recurring revenue	6.0	6.2	-4.0%	1.8	2.1	-12.3%
Share of non-recurring revenue to total revenue	19.1%	24.0%		17.2%	23.1%	
Blended ARPU (EUR)	9.96	10.17	-2.1%	9.79	10.01	-2.2%
Seats (no.)	305,616	238,053	28.4%			
EBITDA	-6.5	-0.5	n/a	0.0	0.2	n/a
Adj. EBITDA	0.1	-0.5	n/a	0.0	0.3	n/a

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About NFON AG

Headquartered in Munich, NFON AG is the only pan-European cloud PBX provider – counting more than 20,000 companies across 13 European countries as customers. With Cloudya, 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. With our intuitive communications solutions, we enable European companies to improve their work a little, every single day. NFON is the new freedom in business communication. <http://www.nfon.com/>