



## Corporate News

### **NFON AG: Accelerated growth in 2019 thanks to consistent execution of the strategy**

- Revenue increases significantly overall by 32.7% to EUR 57.1 million
- Recurring revenues increase by 38.9% and account for an 84.1% share of revenues
- Seats expanded by 40.2% to around 450,000
- Major strategic milestones in the growth strategy achieved

**Munich, March 3, 2020** – NFON AG (together with its subsidiaries “NFON” or the “Company”), the only pan-European cloud PBX provider, significantly increased its growth rate in financial year 2019 based on preliminary figures. NFON is benefiting from the consistent execution of its growth strategy, which is based on the four areas development of its customer base, expansion of the UCaaS product portfolio (*“Unified communications as a service”*), internationalization and M&A activities. For example, NFON successfully acquired Deutsche Telefon Standard at the beginning of the year and is successfully continuing its integration into the NFON Group. In addition, new subsidiaries in Italy and France were founded and sales activities were initiated there. The new products NCTI Pro and Nvoice for Microsoft Teams were launched in October. Last, but not least, NFON expanded its own R&D capacities with a full-stack development team in the areas of mobile, web front and backend as well as client/server by acquiring Onwerk GmbH at the end of the year.

Hans Szymanski, CEO & CFO of NFON AG: *“In 2019, we further accelerated our overall growth compared to the previous year. At the same time, we reached important milestones in the executing our growth strategy and laid the foundation for NFON’s continued successful operational development. We will continue on this path in 2020.”*

Based on preliminary figures, NFON AG increased its revenue in financial year 2019 by 32.7% to EUR 57.1 million (previous year: EUR 43.0 million). Recurring revenues increased by 38.9% to EUR 48.1 million from EUR 34.5 million the previous year. Recurring revenues accounted for 84.1% of total revenues (previous year: 80.4%) and underscored the strength of NFON AG’s business model. The number of customer-operated extensions (“seats”) increased by 40.2% to 449,711 (previous year: 320,728). The continuously expanding number of seats forms an excellent basis for further growth in revenues in the future. NFON achieved the upper end of all of the adjusted targets it had set for the full year 2019.

Hans Szymanski explains: *“In view of the general shortage of resources on the labor market in the area of software development and, in particular, the macroeconomic development in 2019 throughout Europe, we saw a need to adjust our ambitious plans for the development of the newly acquired seats and the associated development of non-recurring revenues during the year. However, we are not struggling with this situation, but are sending a clear growth signal for the future with the introduction of NCTI Pro and Nvoice for Microsoft teams and by taking on the Onwerk development team.”* Hans Szymanski is correspondingly optimistic for the future: *“Our strength is the very high proportion of recurring revenues, which account for*



*over 80% of our total revenues. With each additional seat, we increase the basis for our future, plannable revenues. This is a true asset, especially against the backdrop of the ongoing macroeconomic uncertainties, which can lead to fluctuations in non-recurring revenues for NFON as well. We have therefore adjusted our key performance indicators and are forecasting the growth rate of recurring revenues starting this financial year.”*

With regard to recurring revenues, NFON plans to achieve a growth rate of between 22% and 26% for 2020 compared to the previous year. This means that NFON will maintain the high organic growth rate of previous years with steadily increasing revenue volumes. This does not take into account additional growth impulses from possible M&A activities. As in the previous financial year 2019, NFON plans to achieve a share of recurring revenue of between 80% and 85% of total revenue. With regard to customer-operated seats, NFON AG is planning growth of between 20% and 24% for the full year 2020. All forecasts do not take into account any further company acquisitions.

But NFON is not only confident for 2020. In line with its vision of becoming the no. 1 in the European market for cloud telephony, the NFON Group is also investing heavily in the future to gain 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.

The fully audited report for financial year 2019 will be available for download on Tuesday, March 31, 2020, on the website of NFON AG in the Investor Relations section and be presented in a web conference call on April 1, 2020.

#### Overview of the preliminary results for financial year 2019:

EUR million	2019e*	2018		Q4 2019e*	Q4 2018	
<b>Total revenue</b>	57.1	43.0	32.7%	15.7	11.8	32.9%
<b>Recurring revenues</b>	48.1	34.5	38.9%	13.0	9.3	39.7%
<b>Share of recurring revenues in total revenue</b>	84.1%	80.4%		83.1	79.0%	
<b>Non-recurring revenues</b>	9.1	8.4	7.3%	2.6	2.5	6.9%
<b>Share of non-recurring revenues in total revenue</b>	16.0%	19.6%		16.9%	21.0%	
<b>ARPU blended (EUR)</b>	9.64	9.92	-2.8%			
<b>Seats (number)</b>	449,711	320,728	40.2%	449,711	320,728	40.2%
<b>EBITDA</b>	-7.0	-7.8	n/a	-1.4	-1.2	n/a
<b>Adjusted EBITDA</b>	-5.1	-1.2	n/a	-0.9	-1.2	n/a

\* Figures for the financial year are preliminary and rounded.



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### **About NFON AG**

Headquartered in Munich, NFON AG is the only pan-European cloud PBX provider – counting more than 40,000 companies across 15 European countries as its 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. <https://corporate.nfon.com/de/>

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