



# PRESS RELEASE

## NFON AG announces record revenue for 2017 and first-time break-even on Group level

- Total revenue increases to EUR 35.7 Mio. in 2017
- Share of recurring revenue rises to 77.9% from 71.1% in the previous year
- Adjusted EBITDA margin\* 2017 of 0.5% (2016: -1.3%)
- NFON is well positioned to benefit from the ongoing disruption in the European business communications market

**Munich, 04 April 2018** – NFON AG (“NFON” or the “Company”), the only pan-European cloud PBX provider, has announced its financial results. In 2017, the Company recorded continued strong revenue growth and first time break-even on Group level. Over the past three years, total revenue increased at a compound annual growth rate (CAGR) of more than 30%. In Germany, the Company’s home market, growth over the same period was at 25% and it reached 48% in the Company’s international markets.\*\*

Supported by further expansion of the Company’s international business, total revenue grew to EUR 35.7 Mio in 2017 from EUR 30.4 Mio in the previous year, whereas 2016 revenue was boosted by an extraordinary effect from a development project with a wholesale partner amounting to EUR 1.5 Mio. For the first time, NFON surpassed the break-even point in 2017 with an adjusted EBITDA margin\* of 0.5% (2016: -1.3%).

*“NFON had a fantastic 2017. Our record revenue underpins the attractiveness of our product offering and the strength of our business model, which results in a unique combination of massive growth and stable recurring revenue”,* said Hans Szymanski, CEO and CFO of NFON AG. *“Our vision is to deliver the new freedom of business communication. That’s what we are focused on every day, and we are proud of what we have achieved over the past years.”*

Headquartered in Munich, NFON is the only true pan-European service provider of Cloud Telephone Systems offering a solution made in Germany. The Company serves more than 15,000



business customers in 13 European countries. NFON has a market-leading position in the German cloud telephony market, with a current market share of over 25%.<sup>1</sup>

NFON AG's robust top-line growth was supported by a continued increase in the share of recurring revenue, which accounted for 77.9% of total revenue in 2017 (2016: 71.1%), thus underlining the sustainability of its business model. By this the Company's recurring revenue grew by 28.5% from EUR 21.6 Mio. in 2016 to EUR 27.8 Mio in 2017. This ongoing increase, driven by significant customer growth, proves the sustainability of NFON's business model and attractiveness of its product offering.

The market for business communication is undergoing a historic transformation. NFON is benefiting from the structural shift to cloud telephony solutions, which permanently changes the business communication market. The European cloud telephony market alone is expected to grow at a CAGR of 16% between 2017 and 2022, offering a unique opportunity for NFON AG's further development as the only true pan-European cloud PBX provider.

The upcoming EU General Data Protection Regulation (GDPR) provides additional advantages for European cloud communication providers such as NFON AG: By design, US competitors are not able to prevent the exchange of customer data between the European branch and the US headquarters. This has just been exacerbated by the US passing the CLOUD act. GDPR imposes personal liability for customers using such solutions with severely increased penalties.

*"The switch-off of ISDN and the increasing proliferation of cloud delivery models will further accelerate the changes in the market", said Hans Szymanski. "Our longstanding experience and leading market position puts us in an ideal position to leverage these unique opportunities, both through continued investment in our platform and ongoing expansion in Europe."*

*\*Adjusted for one-off costs mainly in connection with the introduction of a transfer pricing model and share based compensation in total amounting to EUR 1.2 Mio.*

*\*\*Growth in German and international markets before reconciliation on Group level.*

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<sup>1</sup> Source: MZA (2017, based on information on the multi-tenant PBX market)



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### **About NFON AG**

Headquartered in Munich, NFON AG is the only pan-European cloud PBX provider – counting more than 15,000 companies across 13 European countries as customers. NFON, the cloud telephone system, offers over 150 functions as well as a seamless integration of premium solutions. With our intuitive communications solutions, we enable European companies to improve their work a little, every single day. NFON is the new freedom of business communication. [www.nfon.com](http://www.nfon.com)

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