

NFON AG forges ahead with realignment as a provider of integrated business communications in the third quarter of 2022

- Foundation laid for long-term positive corporate development with repositioning as a provider of integrated business communications
- Growth in seats of 8.7% to around 623,000 compared to the same period of last year
- Recurring revenue shows an increase of 8.7% to EUR 55.0 million
- Very high share of 91% of recurring revenue in total revenues
- NFON to focus on profitable growth

Munich, 17 November 2022 – NFON, a European provider of integrated business communication from the cloud, continued to expand its business activities in the first three quarters of 2022 and achieved key strategic milestones. In doing so, the company laid the foundation for further growth as a provider of integrated business communications in the years ahead.

Nevertheless, the operating development over the last few months also reflects the generally prevailing economic uncertainty. In this macroeconomic environment, a clear reluctance to invest on the part of companies in the markets relevant to NFON and the resulting prolonged sales cycles can be seen.

The number of customer installed extensions (seats) increased from 573,069 as of 30 September 2021 to 622,785 as of 30 September 2022. This represents seat growth of 8.7%. Recurring revenue is generated from the continuously growing seat base, which increased by 8.7% compared to the previous year to EUR 55.0 million (9M 2021: EUR 50.6 million). With total revenues of EUR 60.4 million, this corresponds to a continued very high share of total revenues of 90.9 %. Average revenue per user (blended ARPU) amounted to EUR 9.76 in the first nine months of 2022 (9M 2021: EUR 9.91).

Considering the business development described above and the further outlook for the fourth quarter, the Management Board has adjusted the forecast for the full year 2022 and now expects growth in seats of between 7% and 8% and growth in recurring revenue of between 8% and 9%. In addition, the share of recurring revenue in total revenues has been adjusted to at least 90%.

“The cloud communications market is on the move. Company managers are increasingly implementing holistic, enterprise-wide cloud strategies that result in high demand for integrated business communications. We were quick to recognize these changing market requirements and have pushed ahead with corresponding measures in the past quarters. We have successfully expanded our development teams, the future product roadmap has been clearly defined accordingly and the rebranding clarifies the repositioning of the NFON brand externally. Our focus is now on profitable growth,” said Dr Klaus von Rottkay, CEO of NFON.

The introduction of sustainable measures to increase profitability resulted in positive adjusted earnings before interest, taxes, depreciation and amortisation (EBITDA) of EUR 0.7 million for the quarter. In the first nine months of 2022, the adjusted EBITDA amounted to EUR -0.8 million (9M 2021: EUR 2.8 million).

The investments in growth made so far have laid the foundation for positioning NFON as a leading provider in the European market. NFON will continue to drive forward the opportunities presented by this promising business model. The company will grow profitably in the future both through the verticalisation of the customer base and through up-selling and cross-selling activities based on more than 3,000 partners and over 50,000 customers.

The quarterly report is available for download starting today on the NFON AG website in the Investor Relations section.

Result for the first three quarters of 2022 at a glance:

| Euro million | 9M 2022 | 9M 2021 | Change |
|---|----------------|----------------|---------------|
| Total revenues | 60.4 | 56.6 | 6.9% |
| Recurring revenue | 55.0 | 50.6 | 8.7% |
| Share of recurring revenue in total revenues | 90.9% | 89.5% | n/a |
| Non-recurring revenue | 5.5 | 5.9 | - 8.0% |
| Share of non-recurring revenue in total revenues | 9.1% | 10.5% | n/a |
| ARPU blended ¹ | EUR 9.76 | EUR 9.91 | -1.5% |
| Seatbase (30 September) | 622,785 | 573,069 | 8.7% |
| EBITDA | -4.7 | 2.0 | n/a |
| Adjusted EBITDA ² | -0.8 | 2.8 | n/a |

¹ Based on the average number of seats per month in each year.

² Adjusted for stock options, acquisition expenses, rebranding, etc.

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About NFON

NFON AG, headquartered in Munich, is a European provider of integrated business communications from the cloud. The listed company (Frankfurt Stock Exchange, Prime Standard) includes over 3,000 partners in 15 European countries, seven subsidiaries and counts more than 50,000 companies as its customers. With the core product Cloudya, the smart cloud communications platform, NFON offers simplified voice calling, easy video conferencing, and seamless integrations for CRM and collaboration tools for small and medium sized companies. The NFON portfolio consists of four segments: Business Communications with Cloudya, Customer Contact, Integration and Enablement. All of NFON's cloud services are operated in certified data centres in Germany, whose energy requirements are covered 100% by renewable energies. NFON guides companies into the future of business communication with intuitive communication solutions. <http://www.corporate.nfon.com/en>

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