



## JFAX.COM Reports Record Fourth-Quarter and Year-End Results

Revenues Increase 107 Percent Over the Prior Year Quarter, 35 Percent over the

Third Quarter of 1999, and 117 percent for the Fiscal Year

LOS ANGELES, Jan. 31 /PRNewswire/ -- JFAX.COM, Inc. (Nasdaq: JFAX), an Internet-based messaging and communications services provider to individuals and businesses throughout the world, today announced record revenues, gross margin and net subscriber gains for the fourth quarter and year ended December 31, 1999. JFAX.COM generated quarterly revenues of \$2.6 million, a 107 percent increase over last year's fourth quarter performance and a 35 percent increase over the third quarter of 1999. In addition, the Company's fourth-quarter gross margin grew seven-fold to 52.9% from 7.6% for the same period in 1998, and rose 12.7 percentage points over the third quarter of 1999.

The company reported a net loss for the quarter of \$4.4 million, or \$0.13 per share. On a comparable basis, the Company reported a net loss of \$5.2 million or \$0.22 per share during the same period in 1998, excluding the effects of a \$3.4 million non-cash warrant valuation charge.

Excluding the effects of an extraordinary charge of \$4.4 million related to the early extinguishment of debt and preferred stock charges of \$1.6 million, the company reported a net loss for the year of \$13.0 million, or \$0.46 per share. On a comparable basis, the Company reported a net loss of \$12.0 million or \$0.54 per share for the year ended 1998, excluding the effects of preferred stock charges and non-cash warrant valuation charges.

As of December 31, 1999, JFAX.COM's total subscriber base increased to more than 400,000, of which 56,000 were paid.

"By nearly every measure, the fourth quarter and year-end results were the most successful in JFAX.COM's history," Richard Ressler, chairman, said. "Our outstanding quarterly results reflect strong gains in a number of key metrics in our business: namely, revenue, gross margin, and net gain in subscribers. That performance reflects JFAX.COM's leadership position within the burgeoning internet communication and messaging market, and the strength of our business model."

Regarding JFAX.COM's recent management announcements, Jaye Muller, co-chairman, said, "As I see it, the appointment of Steve Hamerslag as CEO and president of JFAX is the most exciting step the company has taken in its development. Steve is a winner. He has experience successfully running a public company. He understands what it is all about. Plus he's bringing a really sharp team on board with him."

JFAX.COM is an Internet-based messaging and communications services provider to individuals and businesses throughout the world. JFAX.COM's services enable the user's e-mail box to function as a single repository for all e-mail, fax and voice mail and permit convenient e-mail and voice mail retrieval through e-mail or by phone. JFAX.COM<sup>®</sup> is a registered trademark of JFAX.COM, Inc.

Certain statements in this news release constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from projected results. Forward-looking statements include statements about efforts to attract or prospects for additional subscribers for our services and other statements of a non-historical nature. Actual results may differ from projected results due to various risk factors including our limited operating history, our use of third parties to market our services, competition including competition from companies offering free services, risks associated with technological change, uncertainties regarding the protection of proprietary technology and other factors set forth in our registration statement (no. 333-76477) on file with the Securities and Exchange Commission. See "Risk Factors" in such registration statement.

JFAX.COM, INC.  
Condensed Consolidated Balance Sheets  
(Unaudited)  
(in thousands)

ASSETS	December 31, 1999	December 31, 1998
Cash and cash equivalents	\$12,256	\$7,279

Short-term investments	23,511	--
Accounts receivable	370	241
Prepaid expenses and other current assets	4,111	1,131
Total current assets	40,248	8,651
Furniture, fixtures and equipment, net	3,344	1,778
Long-term investments	13,559	--
Investment in joint venture	418	--
Other assets	1,057	84
Total assets	\$58,626	\$10,513
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)		
Accounts payable and accrued expenses	\$1,781	\$1,101
Deferred revenue	439	329
Current portion of capital lease payable	176	90
Current portion of long-term debt	1,240	317
Customer deposits	57	79
Total current liabilities	3,693	1,916
Capital lease obligations	186	142
Long-term debt	1,537	6,137
Put warrants	--	6,318
Total liabilities	5,416	14,513
Redeemable common stock	7,820	5,246
Common stock subject to put option	998	--
Mandatory redeemable series A preferred stock	--	4,071
Total stockholders' equity (deficiency)	44,392	(13,317)
Total liabilities and stockholders' equity (deficiency)	\$58,626	\$10,513

JFAX.COM, INC.  
Condensed Consolidated Statements of Operations  
(Unaudited)  
(in thousands, except per share amounts)

	Three months ended December 31,		Twelve months ended December 31,	
	1999	1998	1999	1998
Revenues	\$2,633	\$1,270	\$7,643	\$3,520
Cost of revenue	1,240	1,173	4,641	3,398

Gross profit	1,393	97	3,002	122
Operating expenses:				
Sales and marketing	3,109	2,814	6,355	4,990
Research and development	531	347	1,829	1,226
General and administrative	2,779	1,684	7,978	4,948
Total operating expenses	6,419	4,845	16,162	11,164
Operating Loss	(5,026)	(4,748)	(13,160)	(11,042)
Other income (expense), net	612	(501)	148	(934)
Increase in market value of put warrants	--	3,393	--	5,256
Net loss before extraordinary item	(4,414)	(8,642)	(13,012)	(17,232)
Extraordinary item-Loss on extinguishment of debt	--	--	4,428	--
Net Loss	(4,414)	(8,642)	(17,440)	(17,232)
Premiums on preferred stock	--	--	(878)	--
Dividends and accretion on preferred stock	--	(251)	(694)	(495)
Net loss attributable to common stockholders	\$(4,414)	\$(8,893)	\$(19,012)	\$(17,727)
Basic and diluted net loss per common share:				
Loss before extraordinary item and preferred stock and put warrant charges	\$(0.13)	\$(0.22)	\$(0.46)	\$(0.54)
Extraordinary Item	--	--	(0.16)	--
Preferred stock charges	--	(0.01)	(0.06)	(0.02)
Put warrant charges	--	(0.14)	--	(0.24)

Net Loss Per Share	\$ (0.13)	\$ (0.37)	\$ (0.68)	\$ (0.80)
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Weighted average shares outstanding	32,855,314	24,290,211	28,098,994	22,181,960
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SOURCE JFAX.COM, Inc.

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"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: Statements in this press release regarding j2 Global Communications's business which are not historical facts are "forward-looking statements" that involve risks and uncertainties. For a discussion of such risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see "Risk Factors" in the Company's Annual Report or Form 10-K for the most recently ended fiscal year.