

# NFON AG

**Invitation to the Annual General Meeting of  
NFON AG with its registered office in Munich**

**WKN A0N4N5 ISIN DE000A0N4N52**

Munich, in July 2022

Dear Shareholders,

We would like to invite you to the Annual General Meeting of NFON AG, Munich, on

**24 August 2022 at 10:00 a.m. (CEST)**

Unfortunately, we are still unable to welcome you in person this year because of the COVID-19 pandemic. In order to prevent the coronavirus from spreading further and to protect our shareholders and all other stakeholders, this year's Annual General Meeting will be held as a virtual Annual General Meeting without shareholders or their proxies (with the exception of the company's voting representatives) attending in person. The Annual General Meeting will be held at the company's premises at Machtlfinger Str. 7, 81379 Munich, Germany, and be streamed on the Internet in real time for registered shareholders or their proxies at our password-protected shareholder portal at

<https://nfon.hvanmeldung.de>

Shareholders can exercise their voting rights themselves by postal or electronic vote, or have them exercised by the voting representatives appointed by the company or other proxies. Details on how to stream the Annual General Meeting on the Internet and exercise your voting rights can be found below.

The agenda of the Annual General Meeting is as follows:

**Item 1**

**Presentation of NFON AG's adopted Annual Financial Statements and the approved Consolidated Financial Statements as of 31 December 2021, the combined Management Report for NFON AG and the Group, including the Management Board's explanatory report on the disclosures in accordance with Sections 289a and 315a of the German Commercial Code (Handelsgesetzbuch), and the Supervisory Board's report for financial year 2021**

These documents can be viewed on the Internet at <https://corporate.nfon.com/en/investor-relations/annual-general-meeting>. The Supervisory Board has already approved the annual and the

Consolidated Financial Statements. Therefore, in accordance with statutory regulations, no resolution will be passed on this agenda item.

#### **Item 2**

##### **Resolution on formally approving the actions of the members of the Management Board**

The Supervisory Board and Management Board propose that the actions of the members of the Management Board in financial year 2021 be approved for this period.

#### **Item 3**

##### **Resolution on formally approving the actions of the members of the Supervisory Board**

The Supervisory Board and Management Board propose that the actions of the members of the Supervisory Board in financial year 2021 be approved for this period.

#### **Item 4**

##### **Resolution on appointing the auditor for financial year 2022**

The Supervisory Board proposes that KPMG AG Wirtschaftsprüfungsgesellschaft, Munich, be appointed auditor and Group auditor for financial year 2022.

The Supervisory Board's proposal is not affected by any undue influence from third parties. There were no regulations in place that would have limited the choice to a particular auditor or to a particular auditing firm to conduct the audit of the financial statements.

#### **Item 5**

##### **Resolution on approving the Remuneration Report for financial year 2021**

The Act Implementing the Second Shareholders' Rights Directive (ARUG II) stipulates that the Supervisory Board and Management Board of listed companies must prepare a Remuneration Report in accordance with Section 162 of the German Stock Corporation Act (AktG). In accordance with Section 120a (4) sentence 1 AktG, the Annual General Meeting of the listed stock corporation adopts a resolution on approving the Remuneration Report prepared and audited in accordance with Section 162 AktG for the preceding financial year.

The Remuneration Report for financial year 2021 and the report on its audit by the auditor are reproduced at the end of this agenda as an appendix to agenda item 5.

The Supervisory Board and Management Board propose that the Remuneration Report for financial year 2021, prepared and audited in accordance with Section 162 of the German Stock Corporation Act (AktG), be approved.

#### **Item 6**

##### **Approval of the profit and loss transfer agreement between the company and Deutsche Telefon Standard GmbH**

NFON AG and Deutsche Telefon Standard GmbH concluded the profit and loss transfer agreement printed below on 11 July 2022.

The Supervisory Board and Management Board propose to approve the profit and loss transfer agreement between NFON AG and Deutsche Telefon Standard GmbH dated 11 July 2022.

## **Profit and loss transfer agreement**

between

### **NFON AG**

with its registered office in Munich,  
registered in the Commercial Register of the Local Court of Munich under HRB 168022  
(hereinafter referred to as "NFON")

and

### **Deutsche Telefon Standard GmbH**

with its registered office in Mainz  
registered in the Commercial Register of the Local Court of Mainz under HRB 48904  
(hereinafter "DTS")

#### **Preamble:**

NFON is the sole shareholder of DTS.

#### **§ 1 Profit transfer**

1. DTS undertakes to transfer its entire profit to NFON in accordance with the provisions of Section 301 of the German Stock Corporation Act (AktG) as amended.
2. DTS may, with the consent of NFON, allocate amounts from the net profit for the year to other revenue reserves in accordance with Section 272 (3) of the German Commercial Code (HGB) to the extent that this is permissible under commercial law and economically justified on the basis of reasonable commercial considerations. The formation of statutory reserves is permissible.
3. Other revenue reserves formed during the term of this Agreement pursuant to Section 272 (3) of the German Commercial Code (HGB) shall be released and transferred as profit at the request of NFON. The transfer of pre-contractual capital and revenue reserves is excluded.
4. At the request of NFON, an advance transfer of profits shall be made during the year if and to the extent that this is legally permissible.
5. Insofar as the contract does not end before the end of DTS's financial year, the claim to the transfer of profits shall arise at the end of DTS's financial year. It is due with effect on the value on this date.
6. The obligation to transfer profits shall apply retroactively from the beginning of the financial year of DTS in which this agreement becomes effective in accordance with Section 3 (1).

#### **§ 2 Loss transfer**

1. NFON is obliged to assume the losses of DTS in accordance with the provisions of Section 302 of the German Stock Corporation Act (all paragraphs of this provision) as amended.
2. Insofar as the agreement does not end before the end of DTS's financial year, the claim to the assumption of losses shall arise at the end of DTS's financial year. It is due with effect on the value on this date.
3. The obligation to assume losses shall apply retroactively from the beginning of DTS's financial year in which this agreement becomes effective in accordance with Section 3 (1).

#### **§ 3 Effective date and duration**

1. This agreement requires the approval of the General Meeting of NFON and the Shareholders' Meeting of DTS and shall become effective upon entry in the commercial register of the registered office of DTS.

2. This agreement is concluded for an indefinite period of time. It may be terminated by giving three months' notice to the end of DTS's financial year, but for the first time to the end of DTS's financial year that ends at least five years after the beginning of DTS's financial year in which the agreement became effective.
3. The right to extraordinary termination without notice in the event of good cause shall remain unaffected. Good cause shall be deemed to exist in particular in the event of a merger, demerger or liquidation of NFON or DTS; furthermore in the event of a sale or contribution of the shareholding in DTS by NFON.
4. Termination of this contract shall be declared in writing to the other contracting party.

#### **§ 4 Final provisions**

1. In interpreting individual provisions of this contract, Sections 14 and 17 of the Corporate Tax Law (KStG), as amended, shall be taken into account.
2. Should any provision of this contract be or become invalid or unenforceable in whole or in part, or should the contract contain a loophole, this shall not affect the validity of the rest of the contract. In place of the invalid or unenforceable provision, the contracting parties shall agree on the valid or enforceable provision that comes closest to the economic result of the invalid or unenforceable provision. In the event of a loophole in the contract, the provision shall be agreed that would have been agreed in accordance with the meaning and purpose of the contract if the loophole had been known.
3. Insofar as a declaration is to be made in writing in accordance with this contract, this declaration must be signed in person by the declaring contracting party by means of a signature in its name and be sent to the other contracting party in the original. The above written form cannot be replaced by electronic form.
4. The place of performance and jurisdiction for both contracting parties shall be Munich.
5. The costs required for the conclusion of this contract shall be borne by NFON.

From the time of convening the Annual General Meeting, the following documents are accessible at <https://corporate.nfon.com/en/investor-relations/annual-general-meeting>:

- The profit and loss transfer agreement between the company and Deutsche Telefon Standard GmbH.
- The Annual Financial Statements and Consolidated Financial Statements as well as the combined Management Reports for NFON AG and the Group as of 31 December 2019, 31 December 2020 and 31 December 2021.
- The Annual Financial Statements and Management Reports for Deutsche Telefon Standard GmbH as of 31 December 2019, 31 December 2020 and 31 December 2021.
- The joint report of the Management Board of NFON AG and the management of Deutsche Telefon Standard GmbH prepared in accordance with Section 293 a of the German Stock Corporation Act (AktG).

These documents are also accessible during the Annual General Meeting.

#### **Regarding Item 5**

#### **Remuneration Report 2021 of NFON AG in accordance with Section 162 of the German Stock Corporation Act (AktG)**

In light of the legal requirements, particularly in Sections 87, 87a and 120a of the German Stock Corporation Act (AktG) and the German Corporate Governance Code (DCGK), the Management Board and Supervisory Board report on the remuneration of the members of the Management Board and Supervisory Board of NFON AG for financial year 2021 in accordance with the requirements of Section 162 of the German Stock Corporation Act (AktG) and the recommendations and suggestions of the German Corporate Governance Code (GCGC). The remuneration granted and owed as well as the benefits promised are stated individually for the members of the executive bodies.

The currently valid remuneration system, which was approved by the Annual General Meeting on 24 June 2021 with a 99.99% approval rate, is available under "Annual General Meeting" on the website

www.corporate.nfon.com. To allow for better readability of this Remuneration Report and to avoid repetitions, reference is made to the remuneration system.

The remuneration system applies for the first time to remuneration components that are resolved by the Supervisory Board or agreed with the members of the Management Board from the date of the resolution of the NFON AG Annual General Meeting on 24 June 2021.

## **I. The Management Board**

As part of its company strategy, NFON AG is pursuing the goal of consolidating and further expanding its position as a leading provider of integrated business communications solutions with ambitious growth targets in the long term. The company's strategic focus is therefore primarily on growth. The NFON Group's actions are geared towards the long-term and sustainable success of the company and it takes a holistic approach to its corporate responsibility.

In line with these goals, the remuneration system for the Management Board is based on three main guidelines: firstly, a pronounced performance orientation and high performance differentiation through ambitious internal and external targets place the focus on the above-average growth of the company. Secondly, long-term components avoid incentives to take disproportionate risks. Thirdly, the remuneration system is aimed at a strong equity culture and thus contributes to aligning the interests of shareholders, the management and other stakeholders. In particular, the design of individual targets also provides special incentives to act sustainably in terms of ESG criteria.

### *Procedure for the review of remuneration*

It is important that the remuneration structure as well as its level be customary and competitive in the market. This is ensured by conducting regular remuneration comparisons with peer groups that are relevant for NFON AG. Furthermore, an appropriate relationship is ensured between the remuneration of the Management Board and the remuneration of executives as well as employees. External as well as internal appropriateness is reviewed at regular intervals.

### *Remuneration structure*

The remuneration of NFON's Management Board members consists of fixed and variable components.

The total remuneration of the members of the Management Board is performance-oriented and is made up of various components. Specifically, these are a non-performance-related fixed annual remuneration component (a fixed salary), a performance-related variable remuneration component consisting of a short-term incentive programme (STI) and a long-term incentive programme (LTI), as well as fringe benefits.

According to the remuneration system, the maximum annual remuneration is a total of EUR 1.5 million for the Chief Executive Officer (Chairman of the Management Board) and a total of EUR 0.75 million for an ordinary member of the Management Board. Therefore, in deviation from the remuneration system, the regulation on maximum remuneration has not been included in the Management Board employment contracts.

The target corridors of the total annual remuneration are defined as follows: Fixed salary: 30 - 50%, STI: 10 - 25% and LTI: 40 - 50%.

#### **1. Fixed annual remuneration**

The fixed remuneration is paid in twelve equal monthly instalments.

#### **2. Variable remuneration components**

The performance-related variable remuneration comprises two components: the STI and the LTI.

The performance-related variable remuneration amounts granted to the Management Board member, but in particular the LTI, are to be invested by the Management Board member predominantly in shares of the company or be granted accordingly on a share-based basis.

a. STI

For each member of the Management Board, the Supervisory Board has defined individual STIs and their weighting for the upcoming financial year. The STIs contribute – in addition to operational targets – to the implementation of the company strategy and to the long-term and sustainable development of the NFON Group. The STIs are ambitious and demanding. They are sufficiently specific to enable the measurability of target achievement. For this purpose, concrete key figures or expectations for the achievement of targets have been specified in each case. The performance criteria to be used by the Supervisory Board as part of the annual target agreement were both financial and non-financial in nature and included a performance criterion from the area of ESG (Economic, Social and Governance). Examples of ESG criteria include:

- Customer satisfaction
- Employee satisfaction
- Diversity
- Risk management
- Compliance
- Corporate Governance
- Corporate Social Responsibility
- Limitation of CO<sub>2</sub> emissions/Economical use of resources
- Reporting and communication
- Succession planning

Key performance indicators (KPIs) relevant to all stakeholders, such as Group earnings before interest, taxes, depreciation and amortisation (EBITDA) or Group revenue, are currently applied as the criterion for setting the STI financial performance criteria in a company at the maturity and development stage of the NFON Group.

The target value for the STI is based on the planning for the respective financial year. After the end of the respective remuneration year, the Supervisory Board assessed the target achievement for each Management Board member. In order to allow the Supervisory Board to take extraordinary developments into account to an appropriate extent, the amount paid out under the STI ranges from 0% to 150% of the target amount. 150% of the target amount is paid out if the target value is exceeded by 50% or more. In the case of intermediate values in target achievement, a corresponding value within the range is paid out.

The target parameters set by the Supervisory Board for the STI for the upcoming financial year cannot be changed retrospectively.

The STI were paid out in the following year after completion of the annual financial statements and adoption of the same by the Supervisory Board.

These target parameters, supplemented by individual targets, were also applied to the majority of senior executives in order to ensure the uniformity and consistency of the target system throughout the Group.

As the STI are linked to the development of revenue and results, they significantly support the short- and medium-term growth strategy with regard to the targeted growth in terms of both size and results. The STI thus make a significant contribution to the implementation of the company strategy because they ensure that the interests of the Management Board members are aligned with the short- and medium-term company strategy.

In the structure of the remuneration system, the STI of the Management Board members Dr Klaus von Rottkay and Jan-Peter Koopmann is 55% dependent on the revenue of the NFON Group, 35% on EBITDA of the NFON Group and 10% on the achievement of the sustainability target. The STI is capped at a target achievement of 150% for each of the Management Board members. No STI was owed in financial year 2021 if the target was achieved by less than 80%. The short-term variable salary component amounts to between 5.9% and 32.8% of the fixed basic salary, depending on the Management Board member. According to the Management Board service agreement, the Supervisory Board may also grant a discretionary bonus of a maximum of one fixed annual basic salary in deviation from the remuneration system, this was not done in financial year 2021, however.

In detail, the following STI were granted to the Management Board members active in financial year 2021 for the financial year:

Weighting	Description	Target	Target achievement	Target achievement in %	STI amount von Rottkay	STI amount Koopmann
55%	NFON Group revenue in 2020	EUR 78.3 million	EUR 75.9 million	96.93	EUR 146,607	EUR 40,873
35%	EBITDA of NFON Group in 2020	EUR -7.6 million	EUR -2.0 million	150% (capped)	EUR 144,375	EUR 40,250
10%	Successful implementation of a project to increase the sustainability (ESG) of the NFON Group		fulfilled	100%	EUR 27,500	EUR 7,667
100%					EUR 318,482	EUR 88,790

b. LTI

In order to align the Management Board remuneration structure more strongly with the company's long-term and sustainable development, an LTI is also a component of the Management Board remuneration. The LTI consists of share options from the company's 2018 Stock Option Programme (SOP 2018) or the 2021 Stock Option Programme (SOP 2021) submitted to the Annual General Meeting for approval.

The LTI also makes a significant contribution to advancing the company's strategy, as both the 2018 SOP and the 2021 SOP call for the achievement of a certain level of revenue growth as a hurdle to success. Furthermore, the rise in the share price and the stock market value of the company is incentivised, which is in the interest of all stakeholders associated with the company.

NFON AG has granted the Management Board member Dr. Klaus von Rottkay 180,000 stock options from the 2021 Stock Option Plan for Management Board members as long-term variable remuneration with a total fair value of EUR 561 thousand, a fair value of EUR 6.23 per option and the following key parameters:

- Exercise price: EUR 15.58
- Waiting period: 4 years
- Personal exercise requirements:
  - o The achievement of the performance targets is to be assessed separately for each quarter of the stock options granted to a beneficiary. For the first quarter of the share options granted to a beneficiary, the performance target is achieved if the relevant revenue in the year in which the stock options are granted has increased by at least the relevant rate of increase for the year of grant ("relevant rate of increase") compared to the previous year. If stock options are granted in 2021, the relevant rate of increase for the year of grant is 15%. If stock options are granted in 2022 or later, the relevant rate of increase for the year of granting is 20%. For the second quarter of the stock options granted to a beneficiary, the performance target is achieved if the relevant revenue in the first year after the year in which the stock options are granted has increased by at least 20% compared to the previous year. For the third quarter of the stock options granted to a beneficiary, the performance target is achieved if the relevant revenue in the second year after the year in which the stock options are granted has increased by at least 20% compared to the previous year. For the fourth quarter of the stock options granted to a beneficiary, the performance target is achieved if the relevant revenue in the third year after the year in which the stock options were granted has increased by at least 20% compared to the previous year. Relevant revenue is the recurring revenue in a financial year included in the company's Consolidated Financial Statements, whereby revenue based on inorganic growth, i.e. an acquisition of a company, part of a company or an interest in a company, is considered irrelevant for the calculation of the increase in the relevant revenue in the year of the acquisition in kind (closing).

- Capping limit: Total of the basic salaries of the Management Board (fixed salary) at the company up until the exercise of the options, multiplied by the factor 1.5.

These share options were allocated to Management Board member Dr Klaus von Rottkay in financial year 2021 and entitle the Management Board member to purchase 180,000 shares in the company, subject to the achievement of the exercise requirements. The performance target for the first quarter was not achieved in financial year 2021.

c. Fringe benefits or other remuneration components

Besides the fixed salary, the members of the Management Board receive fringe benefits in the form of benefits in kind; these can essentially consist of contributions to statutory or private pension or health insurance plans or the use of a company car for business and private purposes.

Besides the remuneration, there is a pecuniary loss liability insurance policy (so-called D&O insurance) and a D&O legal protection insurance policy, whereby a deductible of 10% of the damage or one and a half times the fixed annual remuneration is agreed as part of the D&O insurance policy.

The remuneration granted and owed to the Management Board members and former members active in financial year 2021 is shown individually in the following table. Since the remuneration granted and owed is not always accompanied by a payment in the respective financial year, the following table shows the amount of remuneration granted to the Management Board members for financial year 2021. The following table shows the non-performance-related remuneration components that were both granted and received in financial year 2021. The STI 2021 is shown because the underlying activity was fully carried out in 2021. The share-based remuneration granted in financial year 2021 is shown with an arithmetical value from the number of options issued multiplied by the fair value at the time of granting.

Remuneration	Dr. von Rottkay, Klaus, CEO <sup>1</sup>			
	2021		2020	
	in EUR thousand	in %	in EUR thousand	in %
Basic remuneration	375	29.9	31	57.4
+ Fringe benefits	0	0	0	0
= Total fixed remuneration	375	29.9	31	57.4
+ Short-term variable remuneration	318	25.4	23	42.6
+ Long-term variable remuneration	561	44.7	0	0
= Total remuneration	1,254	100.0	54	100.0
Remuneration	Koopmann, Jan-Peter, CTO			
	2021		2020	
	in EUR thousand	in %	in EUR thousand	in %
Basic remuneration	270	72.0	250	69.3
+ Fringe benefits	16	4.3	18	5.0
= Total fixed remuneration	286	76.3	268	74.2
+ Short-term variable remuneration	89	23.7	93	25.8
+ Long-term variable remuneration	0	0	0	0
= Total remuneration	375	100	361	100.0
Remuneration	Szymanski, Hans, CEO <sup>2</sup>			
	2021		2020	
	in EUR thousand	in %	in EUR thousand	in %
Basic remuneration	0	0	321	54.6
+ Fringe benefits	0	0	0	
= Total fixed remuneration	0	0	321	54.6
+ Short-term variable remuneration	0	0	80	13.6
+ Long-term variable remuneration	0	0	0	0
+ other <sup>4</sup>	0	0	187	31.8

= Total remuneration	0	0	588	100.0
Remuneration	Flores Rodríguez, César, CSO <sup>3</sup>			
	2021		2020	
	in EUR thousand	in %	in EUR thousand	in %
Basic remuneration	0	0	210	62.5
+ Fringe benefits	0	0	0	0
= Total fixed remuneration	0	0	210	62.5
+ Short-term variable remuneration	0	0	53	15.8
+ Long-term variable remuneration	0	0	0	0
+ other <sup>4</sup>	0	0	73	21.7
= Total remuneration	0	0	336	100.0

1 Entry of Management Board member Dr. Klaus von Rottkay: 1 December 2020

2 Departure of Management Board member Hans Szymanski: 31 December 2020

3 Departure of Management Board member César Flores Rodríguez: 31 December 2020

4 Severance payment

The remuneration granted and owed as described above is in line with the remuneration system for the Management Board adopted by the 2021 Annual General Meeting. It was not necessary to adjust the Management Board service contracts to the resolved remuneration system, as the basic features of the resolved remuneration system were already known at the time the Management Board service contracts were concluded. The remuneration system promotes the long-term development of the company, as stock options were granted to a large extent, which can only be exercised after the legally prescribed waiting period of four years and, in addition, have a performance hurdle which is linked to recurring revenue. In addition to a performance criterion from the ESG area, the STI are measured against the benchmarks of revenue and EBITDA. Both benchmarks are common and appropriate for companies of NFON's size and stage of development. They primarily incentivize the growth of the company and thus promote its long-term development.

Comparative presentation of the annual change in the remuneration granted and owed to active and former members of the Management Board and Supervisory Board as well as the remuneration of employees with the development of the company's earnings:

	2020	2021	Change from the previous year
Earnings development (net loss for the year according to HGB)	EUR -8.7 million	EUR -17.4 million	-100%
Average remuneration of employees			-1.8%
Development of Management Board remuneration			
Remuneration Dr. Klaus von Rottkay	EUR 54 thousand	EUR 1,254 thousand	+94% <sup>1</sup>
Remuneration Jan-Peter Koopmann	EUR 367 thousand	EUR 673 thousand	+83%
Remuneration Hans Szymanski	EUR 587 thousand	EUR 0	-100% <sup>2</sup>
Remuneration César Flores Rodríguez	EUR 327 thousand	EUR 0	-100% <sup>2</sup>
Development of Supervisory Board remuneration			
Remuneration Rainer Koppitz	EUR 44 thousand	EUR 64 thousand	+45%
Remuneration Günter Müller	EUR 30 thousand	EUR 49 thousand	+63%
Remuneration Florian Schuhbauer	EUR 30 thousand	EUR 39 thousand	+30%
Remuneration Dr. Rupert Doehner	EUR 30 thousand	EUR 39 thousand	+30%

1 Dr Klaus von Rottkay joins the Management Board: 1 December 2020; shown on a notional full-year basis; compared to actual remuneration paid in 2020 (December only): +2.222%

2 Resignation of Management Board members Hans Szymanski and César Flores Rodríguez: 31 December 2020

Average employee remuneration refers to gross personnel costs (which are the costs excluding the employer's share in social security) less Management Board salaries and employee bonuses divided by average full-time equivalents (FTE) per year multiplied by average head counts (HC) per year (to reach FTE). All permanent employees of NFON AG were included.

The Supervisory Board has refrained from reserving the right to reclaim variable remuneration components.

No member of the Management Board was promised benefits by a third party with regard to his activity as a member of the Management Board or granted benefits in the financial year.

#### Benefits after termination of employment

In the event of premature revocation of the appointment as a Management Board member without good cause pursuant to Section 626 of the German Civil Code (BGB) and for termination of the service contract without notice, the Management Board member shall receive a severance payment in the amount of one year's fixed salary, limited to the total remuneration owed for the remaining term. In the event of a change of control, the company and the Management Board member each have the right to terminate the service contract once by giving two months' notice to the end of the month and to dismiss the Management Board member on the same date.

This special right of termination shall only exist within one month from the time at which the change of control that has actually taken place has become known. For the special right of termination of the company, the knowledge of the Chairman of the Supervisory Board is decisive, for the special right of termination of the member of the Management Board, the knowledge of the latter. Upon the occurrence of a change of control, the right of termination pursuant to Section 2, paragraph 2, sentence 3 (termination with severance pay of one year's fixed salary) shall be suspended for a period of 12 months.

A change of control is deemed to have occurred if at least 50.1% of the share capital is united under the control of one shareholder.

In this case, the Management Board member receives a severance payment of two years' fixed salary, limited to the total remuneration owed for the remaining term including fringe benefits.

The entitlement to a severance payment shall lapse or the severance payment already received must be repaid if the company effectively terminates the employment contract extraordinarily for good cause pursuant to Section 626 of the German Civil Code (BGB) or if it becomes apparent within the six months following the end of this employment contract that good cause for extraordinary termination existed and the company demands repayment in writing.

A severance payment from this Section 2 paragraph 2 shall only be credited against any waiting allowance pursuant to Section 10 of this contract if the Management Board member has exercised his right of termination within the meaning of this paragraph.

A post-contractual non-competition clause has been agreed with the Management Board members in their Management Board service contracts, as a result of which the respective Management Board member would be entitled to compensation of 50% of the last contractually agreed remuneration for a period of one year upon leaving the company.

The Management Board service contracts with Management Board members Hans Szymanski and César Flores Rodríguez were terminated as of 31 December 2020. The company paid Mr. Szymanski his monthly remuneration plus the employer's contributions to the statutory social security until the termination of the employment contract. The variable remuneration for 2020 was set in accordance with the target agreement dated 11 March 2020 on the basis of a target achievement of 116.64% in the total gross amount of EUR 87,480.00. In total, the settlement amount was EUR 150,312.99 and consisted of EUR 116,666.67 monthly remuneration for four months, EUR 4,486.32 employer contributions to statutory social security for four months and EUR 29,160.00 pro rata variable remuneration for 2021 (January to April) based on the 2020 target achievement.

Mr. Flores Rodríguez was paid his monthly remuneration of EUR 17,000.00 gross plus the car allowance, mobile phone costs and employer contributions to statutory social security (employer contributions to pension insurance, health insurance and long-term care insurance) by the company until the termination of his employment. The variable remuneration for 2020 was set in accordance with the target agreement dated 11 March 2020 on the basis of a target achievement of 116.64% in the total gross amount of EUR 58,320.00. In total, the settlement amount was EUR 48,962.33 and consisted of EUR 34,000.00 monthly remuneration for two months, EUR 2,243.16 employer's contributions to statutory social insurance (employer's contributions to pension insurance, health

insurance and long-term care insurance) for two months, EUR 3,000.00 car allowance for two months as well as EUR 9,719.17 pro rata variable remuneration for 2021 (January and February) based on the target achievement for 2020.

## II. Supervisory Board

By resolution of the Annual General Meeting of 9 April 2018, the members of the Supervisory Board of NFON AG receive – in addition to the reimbursement of expenses in accordance with the Articles of Association of NFON AG – the following cash remuneration:

a) basic remuneration payable after the end of the financial year of EUR 40,000.00 for the Chairman of the Supervisory Board and of EUR 25,000.00 for the other members of the Supervisory Board, in each case plus any VAT incurred;

b) for each meeting of the Supervisory Board (plenum) in which they have fully participated, an additional attendance fee of EUR 1,000.00 plus any value added tax payable after the end of the financial year.

This remuneration also covers memberships and chairmanships of committees. Members of the Supervisory Board who are members of the Supervisory Board or chair the Supervisory Board for only part of the financial year shall receive the remuneration set out in lit. a) on a pro rata temporis basis. The number of months is to be rounded up to full months.

The members of the Supervisory Board shall also receive the remuneration pursuant to lit. a) and b) above in the following financial years, unless the Annual General Meeting resolves otherwise.

By resolution of the Annual General Meeting of 21 June 2021, the members of the Supervisory Board of NFON AG shall receive – in addition to the reimbursement of expenses in accordance with the Articles of Association of NFON AG – the following cash remuneration as of 1 July 2021:

a) basic remuneration payable after the end of the financial year of EUR 40,000.00 for the Chairman of the Supervisory Board and of EUR 25,000.00 for the other members of the Supervisory Board, in each case plus any value added tax incurred;

b) for each meeting of the Supervisory Board (plenary session) in which they participated in full, an additional attendance fee of EUR 1,000.00 plus any value added tax payable after the end of the financial year.

The following table shows the remuneration granted and owed to the members of the Supervisory Board in financial year 2021, including their relative share in accordance with Section 162 of the German Stock Corporation Act (AktG). Since the remuneration granted and owed is not always accompanied by a payment in the respective financial year, the following table shows the amount of remuneration granted to the members of the Supervisory Board for financial year 2021.

in EUR	Fixed remuneration in 2021	Share of total remuneration	Fixed remuneration in 2020	Share of total remuneration	Board meeting fees in 2021	Share of total remuneration	Board meeting fees in 2020	Share of total remuneration	Total remuneration in 2021	Total remuneration in 2020
Koppitz, Rainer	57,500	90.6%	40,000	90.9%	6,000	9.4%	4,000	9.1%	63,500	44,000
Müller, Günter	42,500	87.6%	25,000	83.3%	6,000	12.4%	5,000	16.7%	48,500	30,000
Schuhbauer, Florian	32,500	84.4%	25,000	83.3%	6,000	15.6%	5,000	16.7%	38,500	30,000
Dr. Doehner, Rupert	32,500	84.4%	25,000	83.3%	6,000	15.6%	5,000	16.7%	38,500	30,000

Munich, 8 July 2022

The Management Board

The Supervisory Board

## **Report of the independent auditor on the audit of the Remuneration Report pursuant to Section 162 (3) of the German Stock Corporation Act (AktG)**

To NFON AG, Munich

### **Audit opinion**

We have formally audited the Remuneration Report of NFON AG, Munich, for the financial year from 1 January to 31 December 2021 to determine whether the disclosures pursuant to Section 162 (1) and (2) of the German Stock Corporation Act (AktG) have been made in the Remuneration Report. In accordance with Section 162 (3) AktG, we have not audited the content of the Remuneration Report. In our opinion, the information required by Section 162 (1) and (2) of the German Stock Corporation Act (AktG) has been disclosed in all material respects in the accompanying Remuneration Report. Our audit opinion does not cover the content of the Remuneration Report.

### **Basis for the audit opinion**

We conducted our audit of the Remuneration Report in accordance with Section 162 (3) of the German Stock Corporation Act (AktG) and the IDW Auditing Standard: The audit of the Remuneration Report in accordance with Section 162 (3) AktG (IDW PS 870 (08.2021)). Our responsibility under that provision and standard is further described in the Auditor's Responsibility section of our auditor's report. As an audit firm, we have complied with the requirements of the IDW Quality Assurance Standard: Requirements for Quality Assurance applicable to German Auditing Practices (IDW Qualitätssicherungsstandard – IDW QS 1). We have complied with the professional duties pursuant to the Professional Code for German Public Auditors and German Chartered Auditors (Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer) including the requirements for independence.

### **Responsibility of the Management Board and the Supervisory Board**

The Management Board and the Supervisory Board are responsible for the preparation of the Remuneration Report, including the related disclosures, that complies with the requirements of Section 162 of the German Stock Corporation Act (AktG). They are also responsible for such internal control as they determine necessary to enable the preparation of the Remuneration Report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibilities**

Our objective is to obtain reasonable assurance as to whether the information required by Section 162 (1) and (2) of the German Stock Corporation Act (AktG) has been disclosed in all material respects in the Remuneration Report and to express an opinion thereon in an auditor's report.

We planned and performed our audit to obtain, through comparison of the disclosures made in the Remuneration Report with the disclosures required by Section 162 (1) and (2) of the German Stock Corporation Act (AktG), the formal completeness of the Remuneration Report. In accordance with Section 162 (3) of the German Stock Corporation Act (AktG), we have not audited the accuracy of the disclosures, the completeness of the content of the individual disclosures or the appropriate presentation of the Remuneration Report.

### **Dealing with any misleading representations**

In connection with our audit, we have a responsibility to read the Remuneration Report, taking into account the knowledge obtained in the audit of the financial statements, and to remain alert for indications of whether the Remuneration Report contains misleading representations as to the

accuracy of the content of the disclosures, the completeness of the content of the individual disclosures or the appropriate presentation of the Remuneration Report.

If, based on our work, we conclude that such misleading presentation exists, we are required to report that fact. We have nothing to report in this regard.

Munich, 8 July 2022  
KPMG AG  
Wirtschaftsprüfungsgesellschaft

Koeplin  
German Public Auditor

Rothfelder  
German Public Auditor

### **Information on conducting the virtual Annual General Meeting**

In order to provide the best possible protection for shareholders and all other persons otherwise involved in the Annual General Meeting with regard to the ongoing COVID-19 pandemic, the Management Board has decided, with the approval of the Supervisory Board, on the basis of Section 1 (2) (6) of the Act on Measures in Corporate, Cooperative, Association, Foundation, and Residential Property Law to Combat the Effects of the COVID-19 Pandemic (Gesetz über Maßnahmen im Gesellschafts-, Genossenschafts-, Vereins-, Stiftungs- und Wohneigentumsrecht zur Bekämpfung der Auswirkungen der COVID-19 Pandemie) in the version of 27 March 2020, which was last amended by Article 15 of the Reconstruction Assistance Act of 10 September 2021 (hereinafter referred to as the "COVID-19 Act" in its current version), to hold the Annual General Meeting in the form of a virtual general meeting again this year without the shareholders and their proxies physically present within the meaning of the COVID-19 Act. The execution of the Annual General Meeting as a virtual Annual General Meeting will lead to some modifications in the course of the meeting and the exercise of shareholder rights. We therefore ask that special attention be paid to the following information, especially on exercising voting rights and making use of the opportunities to ask questions and raise objections. Shareholders and their proxies have an opportunity to follow the entire Annual General Meeting in real time by means of video and sound streaming. Real time streaming in video and sound will, however, not allow participation in the Annual General Meeting within the meaning of Section 118(1) sentence 2 of the German Stock Corporation Act (AktG).

### **Requirements for streaming the virtual Annual General Meeting on the Internet and exercising voting rights**

Video and sound of the Annual General Meeting on 24 August 2022 will be streamed in real time on our shareholder portal at

<https://nfon.hvanmeldung.de>

The stream will begin before the start of the Annual General Meeting, namely from 9:45 a.m. (CEST). Shareholders and their proxies (with the exception of the voting representatives of the company) will not be allowed to attend in person. Voting rights can therefore only be exercised by postal vote or by granting power of attorney to the voting representatives appointed by the company or other proxies.

Shareholders are entitled to stream the virtual Annual General Meeting and to exercise their voting rights if they register with the company using the address, fax number or e-mail address found below and provide evidence of their shareholdings to this address, fax number or e-mail address:

NFON AG  
c/o UBJ. GmbH

Kapstadtring 10  
22297 Hamburg  
Germany  
Fax: +49 (0) 40-6378-5423  
e-mail: [hv@ubj.de](mailto:hv@ubj.de)

For evidence of a shareholding, evidence of ownership by the ultimate intermediary pursuant to Section 67 c (3) of the German Stock Corporation Act (AktG) shall be sufficient for this purpose. Evidence of the shareholding must relate to the beginning of the day 3 August 2022 (midnight CEST) (the so-called record date) and be in text form (Section 126 b of the German Civil Code (Bürgerliches Gesetzbuch – BGB)). The company must receive the evidence of a shareholding and the registration no later than at the end of 17 August 2022 (midnight CEST).

Following receipt of registration and evidence of a shareholding, the shareholders entitled to attend will be sent tickets to the virtual Annual General Meeting that bear a ticket number and a PIN by the registration office. With this access data to the shareholder portal, shareholders or their proxies can also stream the Annual General Meeting on the Internet and exercise their rights online. It will also be possible to view the list of attendees on the shareholder portal during the Annual General Meeting. We ask that shareholders submit their registration and evidence of a shareholding to the company as soon as possible so that the tickets are received on time.

### **Significance of the record date**

The record date determines the exercising of participation rights and the scope of voting rights at the Annual General Meeting. Only those company shareholders who have provided evidence of their shareholdings as of the record date will be considered shareholders for the purposes of attending the Annual General Meeting and exercising voting rights. Changes to shareholdings after the record date do not affect the right to attend or the extent of voting rights. This means that persons who did not hold any shares as of the record date and acquired their shares only after the record date are not entitled to attend or vote, unless they have been appointed a proxy or are authorised to exercise such rights. Shareholders who properly registered and provided evidence of shareholdings remain entitled to attend and vote to the extent allowed by their shareholdings even if they sell their shares in full or in part after the record date. The record date is not relevant for the entitlement to receive a dividend. Shareholders also remain free to dispose of their shares after the record date and after having registered.

### **Postal or e-mail voting**

Shareholders can exercise their voting rights by postal vote or e-mail voting. Authorised intermediaries (e.g. banks), shareholder associations or other equivalent institutions, entities or persons in accordance with Section 135 of the German Stock Corporation Act (AktG) and other parties authorised by shareholders can also vote by postal vote. The requirement for this is in each case registration with evidence of the shareholders' shareholding in due time.

Written votes can be submitted by midnight on 23 August 2022 (midnight, CEST) using the voting form sent with the tickets

- by post to: NFON AG, c/o UBJ. GmbH, Kapstadtring 10, 22297 Hamburg, Germany, or
- by e-mail to: [hv@ubj.de](mailto:hv@ubj.de).

Written votes can also be submitted electronically via the shareholder portal, using the shareholder's ticket number and PIN at

<https://nfon.hvanmeldung.de>

by the end of the voting period determined by the Chairman of the virtual Annual General Meeting.

In all cases, written votes must be received at the above addresses or via the shareholder portal in order to be counted. If multiple declarations are received, the last declaration received takes

precedence. If a shareholder decides to send his or her votes by post, they should please also remember that postal delivery may take longer due to the COVID-19 pandemic.

### **Third party authorization / Proxy voting**

Shareholders can also exercise their voting rights and other rights by way of a proxy, e.g. a bank or shareholder association. These proxies (with the exception of the voting representatives of the company) will also not be allowed to attend the Annual General Meeting in person. Even when authorising another party, registration must still be completed on time and evidence of shareholdings submitted in accordance with the above terms. If neither an intermediary (e.g. a bank) nor a shareholder association nor any other equivalent person in accordance with Section 135 of the German Stock Corporation Act (AktG) is authorised, written or text form is required to declare to the company that a proxy has been granted or revoked and to provide evidence of this (Section 126 b BGB).

Shareholders will receive further information on the proxy and a proxy form with their tickets. The use of the proxy form is not mandatory. Shareholders may choose to issue a proxy in text form (Section 126 b BGB) in another manner.

Declarations to the company that a proxy has been granted or revoked, and evidence of a proxy, can be submitted via

the shareholder portal at:

<https://nfon.hvanmeldung.de>

or be sent to the following address:

NFON AG  
Investor Relations – Hauptversammlung 2022  
Machtlfinger Str. 7  
81379 Munich  
Germany  
or by fax: +49 (0) 89 45300 33194  
or e-mail: [hauptversammlung@nfon.com](mailto:hauptversammlung@nfon.com)

If the shareholder decides to send his or her votes by post, they should please also remember that postal delivery may take longer due to the COVID-19 pandemic.

Intermediaries (e.g. banks) and equivalent persons or institutions can request that proxies take a specific form as they are required to keep a record of the proxy so that it can be verified. In addition, the proxy declaration must be complete and is only allowed to contain declarations relating to exercising the voting rights. If the shareholder wishes to appoint an intermediary (e.g. a bank), a shareholder association or other equivalent institution, entity or person as a proxy in accordance with Section 135 of the German Stock Corporation Act (AktG), they should please consult the person or entity to be appointed as proxy as to what form the proxy is to take.

If neither an intermediary (e.g. a bank) nor a shareholder association nor any other equivalent person in accordance with Section 135 of the German Stock Corporation Act (AktG) is authorised, and instead another third party is to exercise the voting right and other rights on the shareholder's behalf, he or she must ensure that they give this person the access data for the shareholder portal (ticket number and PIN) or the voting form sent with the ticket.

If the shareholder declares a proxy when registering, we will send the ticket and the PIN directly to the proxy. In such case, it will no longer be necessary to forward their access data for the shareholder portal or the voting form.

Our company would like to simplify the proxy voting procedure for its shareholders. The Management Board has thus appointed two NFON AG employees as representatives to exercise shareholder voting rights in accordance with shareholder instructions. All shareholders who do not wish to appoint their custodian bank or another third party to exercise their voting rights are entitled to make use of this option. Voting representatives must vote as instructed. If no instructions are issued, the entire proxy is

invalid. If no instructions are issued regarding one agenda item, the proxy for this agenda item is not valid. In this case, the voting representative will abstain from voting entirely or abstain from voting on the agenda item for which no instructions were issued. In the event of an individual vote on an agenda item, the instructions issued for this item apply accordingly to each sub-item. Shareholders must take note that voting representatives cannot accept orders to file objections against Annual General Meeting resolutions, ask questions or put forward motions. Proxies and instructions for the voting representatives appointed by the company can be submitted by using the proxy and instruction form for the company's voting representatives sent with the tickets by midnight on 23 August 2022 (CEST)

- in written or electronic form to: NFON AG, c/o UBJ. GmbH, Kapstadtring 10, 22297 Hamburg, Germany, or
- by fax to +49 (0) 40-6378-5423 or
- by e-mail: [hv@ubj.de](mailto:hv@ubj.de).

Proxies and instructions issued to voting representatives can also be changed or revoked in written or electronic form at these addresses by midnight on 23 August 2022 (CEST).

Proxies and instructions for voting representatives of the company can also be submitted, amended or revoked electronically via the shareholder portal, using that shareholder's ticket number and PIN at

<https://nfon.hvanmeldung.de>

by the start of the voting period determined by the Chairman of the virtual Annual General Meeting. If multiple declarations are received, the last declaration received takes precedence.

Shareholders who wish to assign proxy to the voting representatives appointed by the company require a ticket for the Annual General Meeting. Registration must therefore be received on time and evidence of shareholdings must be submitted in accordance with the terms above even if power of proxy is given to the voting representatives appointed by the company. The notice of participation should be sent to the registration address, fax number or e-mail address listed above as soon as possible so as to ensure that tickets and additional documents relating to the authorisation of the voting representatives are received on time. If the shareholder decides to send his or her votes by post, they should also remember that postal delivery can take longer due to the COVID-19 pandemic.

If the shareholder grants proxy to more than one person, the company can reject one or more of these persons.

## Shareholder rights

### Requests for supplements to the agenda in accordance with Section 122 (2) of the German Stock Corporation Act (AktG)

Shareholders whose combined shares constitute one twentieth of the share capital or the pro rata amount of EUR 500,000 (currently corresponds to 500,000 shares) may request that items be included on the agenda and be published in accordance with Section 122(2) of the German Stock Corporation Act (AktG). Each new item must be accompanied by grounds or a draft proposal. The request must be made in writing (Section 126 BGB) and be addressed to the Management Board of the company and be received by the company no later than thirty days before the Annual General Meeting, i.e. no later than 24 July 2022, midnight CEST. Requests for supplements submitted after this time will not be considered. All requests for supplements should be sent to the following address:

NFON AG  
– Management Board –  
Machtlfinger Str. 7  
81379 Munich  
Germany

Applicants must provide evidence that they have held the minimum number of shares for at least 90 days before the day their request is received and that they will hold these shares until the Management Board issues its decision on the request. Section 121(7) of the German Stock

Corporation Act (AktG) applies when calculating the deadline. Confirmation from the custodian bank constitutes sufficient evidence.

### **Countermotions and nominations by shareholders in accordance with Sections 126(1) and 127 of the German Stock Corporation Act (AktG)**

Shareholders are entitled to submit countermotions against Management Board or Supervisory Board proposals on certain agenda items and nominations. Shareholder motions, including the name of the shareholder, the reasons for filing the motion and any statements by the Management Board or the Supervisory Board, are to be made accessible to the beneficiaries set out in Section 125(1) to (3) of the German Stock Corporation Act (AktG), subject to the requirements listed there (this includes shareholders who request access), provided that the shareholder has sent a countermotion against a Management Board or Supervisory Board proposal on a certain agenda item, specifying the reasons for doing so, to the address, fax number or e-mail address listed below at least 14 days before the company's Annual General Meeting. The date of receipt shall not be taken into account. The latest permissible date of receipt is therefore midnight on 9 August 2022 (CEST). There is no requirement to publish a countermotion if one of the grounds for exclusion under Section 126(2) of the German Stock Corporation Act (AktG) is met. If several shareholders file countermotions against the same resolution, the Management Board can combine the countermotions and the grounds cited for issuing the countermotions.

It is not necessary to provide grounds for shareholder nominations in accordance with Section 127 of the German Stock Corporation Act (AktG). Nominations are made accessible only if they include the name, profession and domicile of the proposed person and, in the case of elections to the Supervisory Board, details on their seats on other statutory supervisory boards. Section 127 sentence 1 of the German Stock Corporation Act (AktG) in conjunction with Section 126 (2) specifies other conditions under which nominations need not be made accessible online. The requirements and regulations for the publication of motions also apply accordingly, in particular, midnight on 9 August 2022 (CEST), is the last possible time by which time nominations must have been received at the following address in order to be published. All motions (including grounds) and nominations from shareholders in accordance with Section 126(1) and Section 127 of the German Stock Corporation Act (AktG) prior to the Annual General Meeting and other inquiries from shareholders regarding the Annual General Meeting are to be addressed solely to:

NFON AG  
Investor Relations – Hauptversammlung 2022  
Machtfinger Str. 7  
81379 Munich  
Germany  
or by fax: +49 (0) 89 45300 33194  
or e-mail: [hauptversammlung@nfon.com](mailto:hauptversammlung@nfon.com)

Countermotions and nominations from shareholders that are to be made accessible (including the name of the shareholder and, in the case of countermotions, the grounds for the countermotion) will be published online at <https://corporate.nfon.com/en/investor-relations/annual-general-meeting/> after being received. Any statements by the Management Board or the Supervisory Board will also be published on this page.

Countermotions and election proposals duly received by midnight on 9 August 2022 (CEST), shall be deemed to have been submitted at the Annual General Meeting if the shareholder making the motion or election proposal has duly proven his shareholding and has duly registered for the Annual General Meeting.

### **Opportunity for shareholders and their proxies to ask questions**

In accordance with Section 1(2) of the German COVID-19 Act, the Management Board has decided, with the approval of the Supervisory Board, that questions from shareholders or their proxies must be submitted electronically no later than one day before the Annual General Meeting, i.e. by midnight on 23 August 2022, 10 am (CEST). Questions can be submitted by shareholders or their proxies via the shareholder portal at

<https://nfon.hvanmeldung.de>

or be sent to the following e-mail address:

e-mail: [hauptversammlung@nfon.com](mailto:hauptversammlung@nfon.com)

In accordance with Section 1(2) of the German COVID-19 Act, the Management Board will decide at its due discretion how questions will be answered. Shareholders do not have a right to information as referred to by Section 131 (1) of the German Stock Corporation Act (AktG) at the virtual Annual General Meeting.

### **Objections**

Shareholders or their proxies who have exercised their voting rights can file objections to resolutions by the Annual General Meeting, which will be entered in the minutes, from the start of the virtual Annual General Meeting until the end of the virtual Annual General Meeting via the shareholder portal as well at

<https://nfon.hvanmeldung.de>

### **Publication on the website**

Further explanations on the aforementioned shareholder rights, the invitation to the Annual General Meeting, the documents relating to Item 5 and Item 6, the documents to be made accessible, and further information in accordance with Section 124 a of the German Stock Corporation Act (AktG) can be found at <https://corporate.nfon.com/de/investor-relations/hauptversammlung/>. The results of voting will also be published here after the Annual General Meeting.

Any countermotions, nominations or amendment requests to the agenda received by the company that are subject to publication requirements will also be published on the website mentioned above.

### **Shareholder hotline**

Shareholders and their representatives or intermediaries can ask NFON AG any questions about its virtual Annual General Meeting by phone by dialing:

+49 (0) 89 45300 134

Shareholders should also call this number if they do not receive their tickets.

### **Total number of shares and voting rights**

At the time of the 2021 Annual General Meeting being convened, NFON AG had issued a total of 16,561,124 no-par value shares, each entitling its holder to one vote.

### **Data protection notice**

If you register for the Annual General Meeting or issue a voting proxy, we will collect personal data on you or your proxy. This is done so that shareholders can exercise their rights at the Annual General Meeting.

NFON AG processes your data as a Controller in accordance with the provisions of the European General Data Protection Regulation (GDPR) and all other relevant laws. Details on how your personal data is handled and your rights under the GDPR can be found online at: <https://corporate.nfon.com/de/investor-relations/hauptversammlung/>.

**NFON AG**  
**The Management Board**

non-binding courtesy translation