Annex to item 5
Remuneration system of NFON AG for Management Board members

I. Principles

In the context of its corporate strategy, NFON AG pursues the goal of consolidating and further expanding its position as the leading pan-European provider of voice-centric business communication solutions in the cloud with ambitious growth targets long-term. The company's strategic focus is therefore concentrated primarily on growth. In this connection, the NFON Group targets its actions on long-term, sustainable corporate success and has a holistic appreciation of its entrepreneurial responsibility.

In line with these objectives, the remuneration system for the Management Board is based on three key guidelines: firstly, a strong emphasis on performance and significant performance differentiation through ambitious internal and external objectives concentrate the focus on the company's above-average growth. Secondly, components of a long-term nature ensure that there is no incentive to take disproportionate risks. Thirdly the remuneration system targets a strong shareholder culture and accordingly helps align the interests of shareholders, management and other stakeholders. In particular, individual targets are set in such a way that they provide particular incentives to act sustainably within the meaning of ESG criteria.

The current Management Board contracts already comply with the remuneration system.

In the light of the legal requirements, especially in Sections 87, 87a and 120a AktG and the German Corporate Governance Code (GCGC), the following remuneration system will be introduced:

II. Fixed and variable compensation components and their respective relative share of the remuneration

Management Board members' total remuneration is performance-based and consists of various components. Individually, these are a performance-unrelated annual fixed remuneration (basic salary), a performance-related variable remuneration consisting of a short-term incentive programme (STI) and a long-term incentive programme (LTI) plus fringe benefits.

The annual maximum remuneration amounts to EUR 1.5 million in the case of the Chairman of the Management Board and EUR 0.75 million in the case of an ordinary Management Board member.

1. The target corridors for total annual compensation are defined as: Fixed salary 30 - 50%, STI 10 - 25% and LTI 40 - 50%.Basic salary

The basic salary is paid monthly in twelve equal instalments.

2. Financial and non-financial performance criteria for granting variable compensation components

The performance-related variable compensation components granted to the Management Board member, but in particular the LTI, are to be predominantly invested in the company's shares by him or granted as a share-based payment.

The performance-related variable compensation consists of two components:

the STI and the LTI.

a. STI

For each member of the Management Board, the Supervisory Board will determine an individual STI and its weighting for the imminent financial year (or if appointed to the Management Board during the year on the date of joining). STIs may also be determined jointly for all Management Board members. STIs are expected – in addition to operational objectives – to contribute to the implementation of corporate strategy and to the NFON Group's long-term, sustainable development. STIs must be demanding and ambitious. They must be sufficiently specific to ensure that the degree to which targets have been achieved can be measured. Specific KPIs or expectations concerning the achievement of targets will be set for this purpose. The Supervisory Board is to determine the extent to which the individual Management Board members' targets or targets for all Management Board members are decisive. The performance criteria to be used by the Supervisory Board as part of the annual agreement of targets may be both financial and non-financial in nature and must include at least one ESG-related performance criterion (economic, society and governance) each year unless the Supervisory Board dispenses with this on a case-by-case basis because of particular circumstances. ESG criteria may be exemplary.

- Customer satisfaction
- Employee satisfaction
- Diversity
- Risk management
- Compliance
- Corporate governance
- Corporate social responsibility
- Limitation of CO2 emissions/ sustainable use of resources
- Reporting and communication
- Succession planning

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

The target figure for the STI is based on the planning for the respective financial year. Following the end of the respective remuneration year, the Supervisory Board will assess the extent to which each Management Board member has achieved his targets. Achievement of targets must be verifiable in terms of both justification and amount. To give the Supervisory Board the option of taking sufficient account of extraordinary developments, the amount paid under the STI will range between 0% and 150% of the target amount. 150% of the target amount will be paid if the budgeted figure is exceeded by 50% or more. If the degree to which targets are achieved falls between the minimum and maximum figures, a corresponding amount within the range will be paid. The variable compensation may therefore be retained in justified cases.

The target parameters defined by the Supervisory Board for the STI for the imminent financial year may not be amended retrospectively.

The STI will be paid in each subsequent year after completion of the annual financial statements and confirmation thereof by the Supervisory Board.

These target parameters, supplemented by individual targets are also applied to majority of senior employees to ensure that the target system is uniform and consistent throughout the Group in this respect.

Since the STIs tie in with the trend in revenue and earnings, they play a crucial role in supporting the short and medium-term growth strategy both with regard to the target growth in size and earnings. The STIs therefore make a material contribution to implementing corporate strategy by ensuring that the interests of Management Board members run parallel with the company's short and medium-term strategy.

b. LTIs

Management Board remuneration also contains an LTI component to focus the Management Board remuneration structure more closely on long-term, sustainable corporate development. The LTI consists of share options from the company's share option programme 2018 (SOP 2018) or the share option programme 2021 (SOP 2021) presented to the Annual General Meeting for resolution. SOPSOP 2018 and SOP2021 include the following key parameters:

- Vesting period for options from the programme: four years

- Term from allocation: ten years

- Exercise price: the arithmetic mean of closing prices for the company's shares in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange in the last ten trading days before the day on which the respective share options are allocated.

- Achievement of the performance target (SOP 2018): growth in revenue according to the consolidated financial statements in the financial year the share options were allocated of 20% compared with revenue in the financial year prior to allocation.

  - Achievement of the performance target (SOP 2021): For each quarter of the stock options granted to a beneficiary, a separate performance target applies, which is linked to revenue growth in the year in which the stock options are issued or in the three subsequent years. Accordingly, in order to achieve the performance target for one quarter of the stock options, the organic growth in recurring revenues according to the consolidated financial statements in the year in which the stock options are granted or in the three subsequent years must be at least 20% in each case compared with the previous year. If the stock options are granted in 2021, growth in recurring revenue according to the consolidated financial statements of at least 15% in 2021 compared to 2020 is sufficient for the performance target of the first quarter of the stock options.

Ordinary members of the Management Board receive share options for up to 0.5% of the respective share capital. The CEO is allocated share options for up to 1.25% of the respective share capital.

The exercise gain is limited in the context of the LTI. It is capped at 1.5 times the respective annual basic salary achieved by the Management Board member or, if the Management Board member has resigned, at the simulated annual basic salary he last achieved. All basic salaries received or simulated are aggregated to calculate the cap.

Achievement of the LTI is linked to achievement of the performance targets specified in the SOP 2018 and the SOP 2021, which were or are themselves the subject of resolutions by the Annual General Meeting. The Supervisory Board had proposed the performance target to the Annual General Meeting 2018 since, the revenue growth figure seemed the most appropriate for a rapidly expanding, recently listed company. The capital markets, in particular, rate an expanding company primarily by its revenue growth and only secondly by variables such as EBITDA, ROCE or similar. The 2021 SOP will again be based on revenue development, but in terms of recurring revenue.

The LTI also makes a significant contribution to promoting the company's strategy.

c. Fringe benefits or other compensation components

In addition to the basic salary, Management Board members receive fringe benefits in the form of non-cash benefits; these mainly consist of subsidies for statutory or private pension or medical insurance and use of a company car for business and private purposes.

In exceptional cases, the Supervisory Board may decide, at its discretion, to grant a special bonus for outstanding performance or outstanding commitment or if and in so far as the Management Board member achieved a particular advantage for the company through his work. Management Board members have no entitlement to the grant of this special bonus.

In addition to the emoluments, there is a financial loss liability insurance policy (known as a D&O policy) plus a D&O legal insurance policy whereby an excess of 10% of the loss or of one and a half times the fixed annual remuneration is agreed in the context of the D&O policy.

3. Company's options for reclaiming variable compensation components

The remuneration system does not provide for the option of reclaiming variable compensation components, as this does not seem expedient or justifiable in view of the absolute level of Management Board remuneration.

The total remuneration is capped in compliance with the recommendation of the German Corporate Governance Code (GCGC). By determining a cap for the STI and LTI, the amount of both variable compensation components is limited.

4. Terms and the preconditions for terminating the Management Board contracts of employment including the respective notice periods and possible commitments from severance payments

In principle, Management Board contracts run for three years. They provide for a compensation payment in the event of members' work for the Management Board being terminated prematurely at the request of the company without good cause. This is limited to a maximum of one year's fixed salary including fringe benefits (severance cap) and will not cover more than the remaining term of the contract of employment.

In the event of a Management Board contract being ended, outstanding variable compensation components attributable to the period up to the contract being terminated will be paid in accordance with the originally agreed targets (assuming 100% target achievement) and comparison parameters and according to the due dates or holding periods specified in the contract.

In the event of a change of control at the company, the Management Board contracts for both contracting parties may provide for the right to terminate the contract of employment subject to compliance with a notice period. A change of control would exist if at least 50.1% of the share capital is combined under the control of one shareholder. The Management Board contracts can provide for a severance payment in this case which must, however, be limited to the total remuneration including fringe benefits owed for the remaining term.

The Management Board contracts may also provide for the fact that a possible compensation payment will be taken into account if the Management Board member has made use of his right to give notice in the event of a change of control.

5. Taking account of employees' remuneration and employment conditions when determining the remuneration system

For the development of the Management Board's remuneration, the Supervisory Board takes the internal comparison of the remuneration and employment conditions of the top management tier, the CxO and Vice Presidents, and the total work force employed by the NFON Group in Germany into consideration (vertical comparison). This involves comparing the Management Board's remuneration with the remuneration plus fringe benefits of the groups of people mentioned. The Management Board's remuneration is also compared with the total work force including comparable companies if the information is available.

In the event of significant shifts in the relationships between the remuneration paid to the Management Board and the peer groups, the Supervisory Board will examine the causes and, if there are not any objective reasons for these shifts, will adjust the Management Board's remuneration if necessary.

6. Procedures for determining, implementing and reviewing the remuneration system

The amount of the Management Board's remuneration and the key elements of their contracts of employment will be decided by the Supervisory Board of NFON AG and reviewed at regular intervals. Their remuneration should be attractive compared with the company's competitors and therefore provide the opportunity to attract highly qualified Management Board members and ensure that they remain with the company long-term.

The Supervisory Board carries out a comprehensive review of the remuneration system for the Management Board based on all relevant information and with the particular aim of determining whether the total remuneration paid to Management Board members is appropriate to the tasks of the respective Management Board member, his personal performance and the economic situation and performance of the company – taking account of the peer group – and is not higher than the customary remuneration unless there are exceptional reasons for this (horizontal comparison).

Remuneration must be such that it is competitive in national and European terms and therefore provides an incentive for committed and successful work. The Supervisory Board reviews the appropriateness of the Management Board's remuneration at regular intervals and may make use of an external remuneration expert who is independent of the Management Board and Supervisory

Board for this purpose. The next scheduled review will take place in 2023. The peer group is selected in such a way that, if available, the Management Board remuneration of largely comparable, listed German companies in the IT/telecommunications sector is used. If and as soon as the extension of a Management Board member's contract of employment is imminent or a new or additional Management Board member is to be appointed, the Supervisory Board will also check whether it is feasible to obtain a comparative study of remuneration and to use this in negotiating the Management Board's remuneration and conditions of employment. If conflicts of interest should emerge when employing Management Board members or negotiating Management Board contracts, the person in whom the conflict occurs is obliged – as in other cases of conflict – to reveal this conflict. The negotiating parties will subsequently be concerned to exclude the person in question from this process or ask him to abstain.

In the event a remuneration system reviewed in accordance with Section 120a(3) AktG being proposed, this will include an explanation of all key amendments and an overview of the extent to which voting and comments by the shareholders in relation to the remuneration system and the remuneration reports were taken into consideration.

7. Secondary employment of Management Board members

Management Board members are expected to accept seats on management boards or supervisory boards and/or other administrative or honorary functions outside the company only to a very limited extent. To take up secondary employment, they also need the approval of the Supervisory Board, which will ensure, when giving its approval, that neither the time involved nor the remuneration granted will lead to a conflict with his tasks for the company. In principle, Management Board members are not entitled to separate remuneration for accepting seats on the boards of Group companies. If membership of executive bodies outside the Group or seats on supervisory boards are accepted, the Supervisory Board will decide whether and the extent to which any remuneration will be taken into account.

8. Temporary deviations

The Supervisory Board may deviate temporarily from the remuneration system in accordance with Section 87a(2) sentence 2 AktG if this is necessary in the interests of the company's long-term well-being. This includes, for example, aligning the remuneration system in the event of significant changes to corporate strategy to ensure that Management Board members are sufficiently incentivised or in the event of a severe economic crisis. The extraordinary circumstances on which a deviation is based and which necessitate it must be determined by a resolution by the Supervisory Board. The components of the remuneration system, which may be deviated from, are the process, the regulations on the structure and amount of remuneration and the individual remuneration components. However, any deviation from the maximum remuneration set is precluded.

The Supervisory Board is also entitled to grant new members of the Management Board special payments to offset any loss of salary from a previous employment relationship or to cover costs arising from relocation.