

Report of the Supervisory Board for fiscal 2020

In the past fiscal year, the Supervisory Board of NFON AG (hereinafter also referred to as “the company”) performed the duties incumbent upon it under the law, the Articles of Association and the Rules of Procedure and, by fulfilling its advisory and regulatory function, actively supported the Management Board in managing the business. The Supervisory Board was directly involved in all decisions of fundamental importance to the company. The Management Board reported to the Supervisory Board in writing and orally on the business situation and development, the current earnings situation, the risk situation, risk management, short-term and long-term planning, investments and organisational measures. The Chairman of the Supervisory Board was in close contact with the Management Board at all times and was regularly informed about the development of the business situation and material transactions.

After careful examination and consultation, the Supervisory Board voted on the decisions or measures of the Management Board that require its approval according to the law, the Articles of Association or the Rules of Procedure for the Management Board, and on other decisions of fundamental importance. The decisions were mainly based on the reports and resolution proposals of the Management Board, which were examined in detail by the Supervisory Board. In 2020, the Management Board and Supervisory Board cooperated constructively and thus continued the company’s ongoing growth.

Composition of and changes in the Supervisory Board

The following persons were members of the Supervisory Board throughout 2020:

- Rainer Koppitz (Chairman of the Supervisory Board), CEO of the KATEK SE Group, Munich
- Günter Müller (Deputy Chairman of the Supervisory Board), Managing Director of Milestone Venture Capital GmbH and Executive Chairman of ASC Technologies AG, Hösbach
- Dr Rupert Doehner (member of the Supervisory Board), lawyer, Munich
- Florian Schuhbauer (member of the Supervisory Board), founding partner and Managing Director of Active Ownership Advisors GmbH, Frankfurt/Main, and of Active Ownership Capital S.à.r.l. and Active Ownership Corporation S.à.r.l., both based in Grevenmacher, Luxembourg



Rainer Christian Koppitz,
Chairman of the Supervisory Board

Meetings of the Supervisory Board and main areas of discussion

In fiscal 2020, the Supervisory Board held five ordinary meetings and one extraordinary meeting. With the exception of the meeting on 18 September 2020, which the Chairman of the Supervisory Board was unable to attend, all members of the Supervisory Board took part in all meetings. It also adopted eleven circular resolutions. The Supervisory Board did not form any committees. At each ordinary meeting, the Supervisory Board also held a closed session at times.

The meetings of the Supervisory Board in fiscal 2020 focused in particular on the following topics:

- Discussion of a potential take-over project of NFON AG (public take-over)
- Formation of a near-shoring location in Lisbon
- Adoption and approval of the audited annual financial statements and the consolidated financial statements, including the combined Group management report, for fiscal 2019
- Preparations for the Annual General Meeting on 28 May 2020
- Report on the risk situation and on risk and compliance management, plus resolutions and the German Corporate Governance Code declaration
- Variable remuneration of the members of the Management Board for 2019
- Development status of the Cloudya product
- Approval to open new offices of Group companies in Lisbon, Mannheim, Munich and Manchester
- Selection and appointment of a new CEO and entry into cancellation agreements with two members of the Management Board in compliance with the requirements of capital market law
- Discussion of the NFON Group's product roadmap and strategy
- Approval of related party transactions, hiring of employees in management and the appointment and dismissal of managing directors and officers at Group companies
- Discussion and review of the NFON Group's budget for 2021 to 2023
- Discussion of the status and resolution on strategic partnerships and various M&A activities

The Management Board regularly informed the Supervisory Board of the financial position and financial performance of NFON AG and its subsidiaries and investees.

The Supervisory Board examined and approved the budget planning prepared by the Management Board for fiscal 2021. It discussed and reviewed the strategic orientation of the company and the Group on the basis of medium-term and long-term corporate planning. The Supervisory Board analysed and reviewed the information received from the Management Board in detail. It paid particular attention to the risk situation and risk management.

In its circular resolutions, the Supervisory Board mainly gave its approval to transactions which, although not of strategic significance, require approval in accordance with the Rules of Procedure of the Management Board. The Supervisory Board also made time-critical decisions, in particular in connection with the change in the line-up of the Management Board, by way of circular resolutions.

Annual and consolidated financial statements and management reports

The Annual General Meeting of the company on 28 May 2020 appointed KPMG AG Wirtschaftsprüfungsgesellschaft, Munich, (hereinafter: KPMG) as NFON AG's auditor for fiscal 2020. The Supervisory Board subsequently engaged KPMG to audit the company's annual financial statements and consolidated financial statements for fiscal 2020.

The Management Board prepared the annual financial statements in accordance with the provisions of German commercial and stock corporation law relating to accounting and the consolidated financial statements in accordance with Section 315a(3) HGB in accordance with International Financial Reporting Standards (IFRS). KPMG has audited the annual financial statements and the consolidated financial statements, including the combined Group management report, together with the underlying accounting records of the company. The audit was conducted in accordance with the provisions of the German Commercial Code and the generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). The audit of the auditor and the audit by the Supervisory Board did not lead to any reservations or objections. The auditor issued the unqualified audit opinions required by law.

All members of the Supervisory Board received the special documentation relevant to the financial statements, in particular the annual financial statements and consolidated financial statements, the combined Group management report and the related audit reports from KPMG, in good time before the Supervisory Board's accounts meeting on 14 April 2021. In preparation for this meeting, all members of the Supervisory Board dealt with the above documents in detail. At the accounts meeting, the annual financial statements, the consolidated financial statements and combined Group management report were discussed in detail with the Management Board. The Supervisory Board independently examined the annual financial statements prepared by the Management Board, the consolidated financial statements and the combined Group management report for their legality, regularity, appropriateness and cost-effectiveness. The representative for KPMG and the head of audit also attended the accounts meeting on 14 April 2021. They reported on the audit, commented on the focal points of the audit and were available to the Supervisory Board for further questions and information.

After a detailed examination of the annual and consolidated financial statements and the combined Group management report for fiscal 2020, the Supervisory Board did not raise any objections. The Supervisory Board concurred with KPMG's audit findings and approved the annual financial statements and consolidated financial statements of NFON AG. The annual financial statements of NFON AG are thus adopted.

The Supervisory Board would like to thank the members of the Management Board and all the employees for their great commitment and performance in fiscal 2020. The Supervisory Board particularly wishes to thank the departing members of the Management Board, Hans Szymanski and César Flores Rodríguez, for the excellent working relationship, especially in the weeks before the successful IPO and the pioneering two and a half years that followed.

Munich, April 2021

For the Supervisory Board

Rainer Koppitz
Chairman of the Supervisory Board