

## Reports from the Management Board:

The following Management Board reports relating to items 7 and 9 can be viewed at NFON AG's offices at Machtfinger Strasse 7, 81379 Munich, and online at <https://corporate.nfon.com/en/investor-relations/annual-general-meeting/>.

### Regarding item 9 Management Board report to the General Meeting

The Supervisory Board and Management Board are convinced that a share option programme should be a material component of a remuneration concept that combines the interests of the management, employees and shareholders.

Since the previous share option plan introduced in 2018 in the amount of EUR 708,229.00 has already been exhausted, the Contingent Capital II in Article 4(5) of the Articles of Association is to be adjusted accordingly and the Articles of Association amended. A new share option plan 2021 and a new Contingent Capital 2021/II of EUR 947,883.00 is also to be created.

Once again, the beneficiaries of the new share option plan are to be the managers and employees that play a key role in shaping and implementing corporate strategy, both at NFON AG and at affiliated companies. As a result, members of the management and employees that are especially responsible for increasing the value of the company will participate to a greater degree in the company's success. This will create an incentive for especially qualified employees, which is expected to lead to the company being able to retain or attract them. This incentive is in both the interests of the company and the shareholders.

The plan provides for a maximum of 33% of options being given to the company's Management Board, 10% to members of the management of affiliated companies, 41% to employees of the company and 16% to employees of affiliated companies.

The minimum vesting period of four years from allocation and the ten-year term of the options will incentivise beneficiaries long term.

The achievement of the performance targets is based on the achievement of revenue targets in the Group for the year in which the stock options are issued and the three subsequent years. Only recurring revenues or their growth are taken into account. Inorganic growth, e.g. through acquisitions, is not taken into account in the year of acquisition when determining the relevant growth.

In order to take into account the growth of recurring revenues in the Group over several years, the growth rate of Group recurring revenues in a year, starting with the year in which the stock options are issued, is used as a basis for each quarter of the individually granted stock options. This provides an incentive for the Management Board and senior management to achieve long-term growth.

The performance targets require annual growth in Group recurring revenues of 20%. For the issue year 2021, the growth target is 15% of recurring revenues in the Group.

This exercise target is demanding and is a good incentive for beneficiaries. The company and shareholders can benefit equally from this.

To ensure our company retains complete flexibility, options can also be satisfied with treasury shares, if the Annual General Meeting allows permits acquisition thereof, or with a cash payment.

Overall, the Management Board is convinced that the NFON AG share option plan 2021 is a very good instrument for boosting motivation among the NFON Group's managers and is therefore in the interests of the company and shareholders.