



**Invitation to the Annual General Meeting of
NFON AG, registered offices in Munich
WKN A0N4N5 ISIN DE000A0N4N52**

Munich, in May 2020

Dear Shareholders,

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

28 May 2020 at 10:00 a.m. (CEST)

As, at the time of this year's Annual General Meeting being convened, the current COVID-19 pandemic makes it impossible to know whether an Annual General Meeting with shareholders and all other stakeholders in attendance will be permissible, and in order 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, and streamed on the Internet in real time for registered shareholders. 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 at 31 December 2019, 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(1), 315a(1) of the *Handelsgesetzbuch* (HGB – German Commercial Code) and the Supervisory Board report for the 2019 financial year

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 consolidated financial statements. In accordance with statutory regulations, no resolution will therefore be passed regarding this agenda item.

Item 2

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

The Supervisory Board and the Management Board propose that the actions of the members of the Management Board in the 2019 financial year be approved for this period.

Item 3

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

The Supervisory Board and the Management Board propose that the actions of the members of the Supervisory Board in the 2019 financial year be approved for this period.

Item 4

Resolution on appointing the auditor for the 2020 financial year

The Supervisory Board proposes that KPMG AG Wirtschaftsprüfungsgesellschaft, Munich, be appointed as the auditor and Group auditor for the 2020 financial year.

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 audit firm to conduct the audit of the financial statements.

Item 5

Amendments to the Articles of Association

5.1 Revision of Article 21 of the Articles of Association

In order to prevent the Articles of Association from deviating from the future intended provisions of the *Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie* (ARUG II – German Act Implementing the Second Shareholders' Rights Directive) on supervisory board remuneration, Article 21 of the Articles of Association is to be amended for consistency with the statutory regulation.

The Supervisory Board and the Management Board therefore propose that the following resolutions be adopted:

Article 21 of the Articles of Association will be revised as follows:

“Article 21 Remuneration of the Supervisory Board

- (1) The Annual General Meeting resolves the payment of any remuneration to members of the Supervisory Board and its amount in accordance with the statutory provisions.
- (2) The members of the Supervisory Board are included in a financial loss liability insurance policy taken out by the company for the members of the Management Board and the Supervisory Board at standard market conditions.
- (3) Each member of the Supervisory Board is reimbursed for expenses incurred in the performance of his duties. Furthermore, the members of the Supervisory Board will be reimbursed for any VAT payable on the reimbursement of expenses or Supervisory Board remuneration resolved by the Annual General Meeting, provided that they are entitled to bill the company for VAT separately and exercise this right.”

5.2 Revision of Article 24 of the Articles of Association

The requirements for participating in the Annual General Meeting and exercising voting rights were changed by the German Act Implementing the Second Shareholders' Rights Directive. In future, for bearer shares of listed companies, under the amended wording of section 123(4) sentence 1 of the *Aktiengesetz* (AktG – German Stock Corporation Act), participation in the Annual General Meeting and the exercise of voting rights will be based on the evidence of the last intermediary in accordance with the newly added section 67 c(3) AktG. In accordance with Article 24(3) of the company's Articles of Association, under the previously applicable version of section 123(4) sentence 1 AktG, participation in the Annual General Meeting and the exercise of voting rights require evidence of shareholdings in written or electronic form, in German or English, issued by the custodian bank. The German Act Implementing the Second Shareholders' Rights Directive became effective as at 1 January 2020. The amendments under section 123(4) sentence 1 AktG and section 67c AktG do not apply until 3 September 2020, and thus to annual general meetings convened after this date.

In order to prevent the regulations in the Articles of Association on evidence of shareholdings for participation in the Annual General Meeting of the company for annual general meetings convened after 3 September 2020 from deviating from the law, the amendment of the Articles of Association is to be resolved now. At the same time, this is to be taken as an opportunity to simplify the language of the regulation.

By timing its registration with the commercial register, the Management Board will ensure that the amendment to the Articles of Association does not become effective until after 3 September 2020.

The Supervisory Board and the Management Board therefore propose that the following resolutions be adopted:

Article 24 of the Articles of Association will be revised as follows:

“Article 24 Attendance at the Annual General Meeting

Shareholders who have registered with the company at the address stated in the invitation, together with evidence of their shareholdings, are entitled to attend the Annual General Meeting and exercise their voting rights.

Evidence of shareholdings provided by the last intermediary in accordance with section 67 c(3) AktG is sufficient for this purpose. Evidence of shareholdings must refer to the start of the 21st day before the Annual General Meeting. Registration for the Annual General Meeting and evidence of shareholdings must be received by the company at the address provided for this purpose in the invitation at least six days before the Annual General Meeting, not including the date of receipt. The Management Board is entitled to shorten this period of six days in the invitation to the Annual General Meeting.”

The Management Board is instructed to apply for the above amendment to the Articles of Association not to be entered in the commercial register until after 3 September 2020.

Information on conducting the virtual Annual General Meeting

The German Act Concerning Measures Under the Law of Companies, Cooperative Societies, Associations, Foundations and Commonhold Property to Combat the Effects of the COVID-19 Pandemic (the German COVID-19 Act) became effective under Article 2 of the German Act to Mitigate the Consequences of the COVID-19 Pandemic in Civil, Insolvency and Criminal Procedural Law.

In order to provide the best possible protection for shareholders and all other persons otherwise involved in the Annual General Meeting as regards the COVID-19 pandemic, and to allow an Annual General Meeting to be held at all under these circumstances, with the approval of the Supervisory Board, the Management Board has resolved to hold the Annual General Meeting in the form of a virtual Annual General Meeting without shareholders or their proxies attending in person as referred to in the German COVID-19 Act.

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

Video and sound of the Annual General Meeting on 28 May 2020 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 in English or German using the address, fax number or e-mail address given below and provide evidence of their shareholdings issued by their custodian bank in English or German to this address, fax number or e-mail address:

NFON AG
c/o UBJ. GmbH
Kapstadtring 10
22297 Hamburg
Fax: +49 (0) 40-6378-5423
e-mail: hv@ubj.de

In accordance with section 1(3) of the German COVID-19 Act, evidence of shareholdings must relate to the start of the 12th day before the Annual General Meeting, i.e. 0.00h on 16 May 2020 (CEST) (referred to as the record date) and must be in written or electronic form (section 126 b of the *Bürgerliches Gesetzbuch* (BGB – German Civil Code)). In accordance with section 1(3) of the German COVID-19 Act in conjunction with Article 24(2) of the Articles of Association, the company must receive the evidence of shareholdings and the registration no later than 24.00h on 24 May 2020 (CEST).

Following receipt of registration and evidence of shareholdings, the shareholders entitled to attend are sent tickets for the virtual Annual General Meeting, bearing a ticket number and a PIN, by the registration office. Using these 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 shareholdings 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 at the record date will be considered shareholders for the purposes of attending the Annual General Meeting and exercising voting rights. Changes to holdings 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 at the record date and who acquired their shares only after the record date are not entitled to attend or vote, unless they have been appointed as 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 to the dividend entitlement. 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. credit institutions), shareholder associations or other equivalent institutions, entities or persons in accordance with section 135 AktG and other parties authorised by shareholders can also vote by postal vote. The requirement for this is in each case is registration with evidence of the shareholders' shareholding in due time.

Written votes can be submitted by 24.00h on 27 May 2020 (CEST) using the voting form sent with the tickets

- by post to: NFON AG, c/o UBJ. GmbH, Kapstadtring 10, 22297 Hamburg, or
- by e-mail sent to: hv@ubj.de.

Written votes can also be submitted electronically via the shareholder portal, using your 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 you decide to send your votes by post, please also remember that postal delivery may take longer due to the COVID-19 pandemic.

Proxy voting

Shareholders can also exercise their voting 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 credit institution) nor a shareholder association nor any other equivalent person in accordance with section 135 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. Using 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 sent to the following address:

NFON AG
Investor Relations – Annual General Meeting 2020
Machtlfinger Strasse 7
81379 Munich
or by fax: +49 (0) 89 45300 33134
or by e-mail: sabina.prueser@nfon.com

If you decide to send your votes by post, please also remember that postal delivery may take longer due to the COVID-19 pandemic.

Intermediaries (e.g. credit institutions) 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 permitted to contain declarations relating to exercising the voting rights. If you wish to appoint an intermediary (e.g. a credit institution), a shareholder association or other equivalent institution, entity or person as a proxy in accordance with section 135 AktG, please therefore 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 credit institution) nor a shareholder association nor any other equivalent person in accordance with section 135 AktG is authorised, and instead another third party is to exercise the voting right on your behalf, you must ensure that you give this person the access data for the shareholder portal (ticket number and PIN) or the voting form sent with the ticket.

If you declare your proxy when registering, we will send the ticket and the PIN directly to the proxy. In such event, you no longer need to forward your access data for the shareholder portal or the voting form.

Our company would like to simplify the proxy voting procedure for your 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 therefore 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. Please 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 using the proxy and instruction form for the company's voting representatives sent with the tickets by 24.00h on May 27, 2020 (CEST)

- in written or electronic form to: NFON AG, c/o UBJ. GmbH, Kapstadtring 10, 22297 Hamburg, or
- by fax sent to +49 (0) 40-6378-5423 or
- by e-mail: 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 24.00h on 27 May 2020 (CEST).

Proxies and instructions for voting representatives of the company can also be submitted, amended or revoked electronically via the shareholder portal, using your 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 power of 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 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 you decide to send your votes by post, please also remember that postal delivery may take longer due to the COVID-19 pandemic.

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

Shareholder rights

Requests for additions to the agenda in accordance with section 122(2) 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) can request that items be included on the agenda and published in accordance with section 122(2) AktG. Each new item must be accompanied by grounds or a draft proposal. The request must be made in writing (section 126 BGB) and addressed to the Management Board of the company and must be received by the company in accordance with section 1(3) of the German COVID-19 Act no later than fourteen days before the Annual General Meeting, i.e. no later than 24.00h on 13 May 2020 (CEST). Any 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 Strasse 7
81379 Munich

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

Counter-motions and nominations by shareholders in accordance with sections 126(1) and 127 AktG

Shareholders are entitled to submit counter-motions against Management Board or Supervisory Board proposals on certain agenda items and nominations. Shareholder motions, including the name of the shareholder, the grounds for filing the motion and any statements by the Management Board or the Supervisory Board, are to be made accessible to those entitled in accordance with section 125(1) to (3) AktG, subject to the requirements listed there (this includes shareholders who request access), provided that the shareholder has sent a counter-motion against a Management Board or Supervisory Board proposal on a certain agenda item, specifying the grounds for doing so, to the address, fax number or e-mail address given below at least 14 days before the company's Annual General Meeting, not including the date of receipt. The latest permissible date of receipt is therefore 24.00h on 13 May 2020 (CEST). There is no requirement to publish a counter-motion if one of the grounds for exclusion under section 126(2) AktG is met. If several shareholders file counter-motions against the same resolution, the Management Board can combine the counter-motions and the grounds given for issuing the counter-motions.

It is not necessary to provide grounds for shareholder nominations in accordance with section 127 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 AktG in conjunction with section 126(2) AktG 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, 24.00h on 13 May 2020 (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 AktG prior to the Annual General Meeting and other enquiries from shareholders regarding the Annual General Meeting are to be addressed exclusively to:

NFON AG
Investor Relations – Annual General Meeting 2020
Machtlfinger Strasse 7
81379 Munich
or by fax: +49 (0) 89 45300 33134
or by e-mail: sabina.prueser@nfon.com

Counter-motions and nominations from shareholders that are to be made accessible (including the name of the shareholder and, in the case of counter-motions, the grounds for the counter-motion) are 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 are also published on this page.

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 two days before the Annual General Meeting, i.e. by 24.00h on 26 May 2020 (CEST). Questions can be submitted by shareholders or their proxies via the shareholder portal at:

<https://nfon.hvanmeldung.de>

or sent to the following e-mail address:

e-mail: sabina.prueser@nfon.com

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

Objections

Also via the shareholder portal at

<https://nfon.hvanmeldung.de>

shareholders or their proxies who have exercised their voting rights can file objections, which will be entered in the minutes, to resolutions by the Annual General Meeting from the start of the virtual Annual General Meeting until the end of the virtual Annual General Meeting.

Online publications

Further details on the shareholder rights described above, the invitation to the Annual General Meeting, the documents to be made accessible and further information in accordance with section 124 a 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 counter-motions, nominations or amendment requests to the agenda received by the company that are subject to publication requirements are also published on the website given above.

Shareholder hotline

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

+49 (0) 89 45300 134

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

Publication in the Federal Gazette

The invitation to the Annual General Meeting will be published in the Federal Gazette dated 4 May 2020 and has also been distributed for publication to media outlets of which it can be assumed that they will disseminate the information across the entire European Union.

Total number of shares and voting rights

At the time of the 2020 Annual General Meeting being convened, NFON AG had issued a total of 15,055,569 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 are 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