

# Report of the Supervisory Board for financial year 2018

In the past financial 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 intensively supported the management of the business by the Management Board in fulfilling its advisory and supervisory function. The Supervisory Board was directly involved in all decisions of fundamental importance to the company. The Management Board informed the Supervisory Board in writing and orally about the business situation and development, the current earnings situation, the risk situation, risk management, short- and long-term planning as well as investments and organisational measures. The Chairmen of the Supervisory Board during the reporting period were all in close contact with the Management Board and were informed regularly about the development of the business situation and key business transactions.

After careful examination and consultation, the Supervisory Board voted on the decisions or measures of the Management Board that require the approval of the Management Board by law, the Articles of Association or the rules of procedure, as well as 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 2018, the Management Board and Supervisory Board cooperated constructively and thus continued the company's ongoing growth course.

## Composition and changes in the Supervisory Board

From 01 January to 09 April 2018, the Supervisory Board consisted of the following persons:

- Kristian Schmidt-Garve (Chairman of the Supervisory Board),  
Member of the Management Board of MIG Verwaltungs AG;
- Ann-Kathrin Müller (Deputy Chairman of the Supervisory Board),  
Member of the Supervisory Board of ASC Technologies AG;
- Dr. Hendrik Brandis, Managing Director of Earlybird Verwaltungs GmbH;
- Rainer Koppitz, Chairman of the Management Board of KATEK SE Group, Munich;
- Elmar Meid, Managing Director of Bayern LB Capital Partner GmbH;
- Günther Müller, Managing Director of Milestone Venture Capital GmbH.

The Annual General Meeting held on 09 April 2018 reduced the size of the Supervisory Board from six to four members by amending the Articles of Association. This amendment to the Articles of Association was entered in the Commercial Register on 23 April 2018.

As of 09 April 2018, the Supervisory Board consists of the following persons elected at the company's Annual General Meeting on 09 April 2018:

- Rainer Koppitz (Chairman of the Supervisory Board),  
Chairman of the Management Board of the KATEK SE Group, Munich;
- Dr. Rupert Doehner (Deputy Chairman of the Supervisory Board), Attorney-at-law;
- Angélique Werner, Senior Director Customer Success at Salesforce.com Germany GmbH;
- Ralf Grüßhaber, Managing Director and CFO of think project! GmbH.



Rainer Christian Koppitz,  
Chairman



Angelique Werner,  
Member of the Supervisory Board

## The Supervisory Board



Ralf Gruesshaber,  
Member of the Supervisory Board



Rupert Doehner, Deputy Chairman  
of the Supervisory Board

## Meetings of the Supervisory Board and main areas of discussion

In financial year 2018, the Supervisory Board held six ordinary meetings and, due to the IPO, two extraordinary meetings. In addition, it passed 18 circular resolutions. The Supervisory Board did not form any committees.

The meetings of the Supervisory Board in financial year 2018 focused in particular on the following topics:

- Preparation of the Annual General Meeting on 22 February 2018 to increase the share capital from company funds;
- Approval of the half-year financial statements as of 30 June 2016, which were subsequently audited with a view to the IPO;
- Extension of the appointment of Management Board members Hans Szymanski and Jan-Peter Koopmann in the run-up to the IPO until 30 April 2021 and adjustment of Management Board remuneration as of 01 September 2019;
- Adoption and approval of the audited Annual Financial Statements and the Consolidated Financial Statements including the company's Management Report for financial year 2017;
- Preparation of the Annual General Meeting on 09 April 2018 (new version of the capital market-oriented Articles of Association, authorisation to buy back shares and issue convertible bonds, new Supervisory Board);
- Following the downsizing of and new appointments to the Supervisory Board, Rainer Koppitz, Chairman of the Supervisory Board, and Dr. Rupert Doehner, Deputy Chairman, were elected;

- Accompaniment of the IPO (including approval of the price range for the book building, conclusion of a cost sharing agreement with the existing shareholders, conclusion of an insurance policy with regard to the risks arising from prospectus liability, resolutions on the implementation and volume of the capital increase from authorised capital);
- New development of the company's core product, the Cloud telephone system Cloudya;
- Issue of stock options to executives in the NFON Group in accordance with the authorisation granted by the Annual General Meeting on 09 April 2018;
- Investment of the company's cash and cash equivalents and granting of a credit line;
- Development of the company's acquisition strategy;
- Implementation of the necessary organic investments for future growth in Germany and abroad
- Suitable means to retain and recruit key personnel in an extremely tight labour market for specialists and executives in a cloud environment;
- Determination of the budget of the NFON AG Group for 2019 and through 2021.

The Management Board regularly informed the Supervisory Board about the net assets, financial position and results of operations of NFON AG and its subsidiaries and associated companies.

The Supervisory Board examined and approved the budget planning prepared by the Management Board for financial year 2019. It discussed and reviewed the strategic orientation of the company and the Group on the basis of medium- 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, particularly in connection with the IPO, by way of circular resolutions.

## Annual and Consolidated Financial Statements and Management Reports

The Annual General Meeting of the company on 09 April 2018 appointed KPMG AG Wirtschaftsprüfungsgesellschaft, Munich (hereinafter "**KPMG**") as auditors of NFON AG for financial year 2018. The Supervisory Board subsequently commissioned KPMG to audit the company's Annual Financial Statements and Consolidated Financial Statements for financial year 2018.

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) of the German Commercial Code (HGB) in accordance with International Financial Reporting Standards (IFRS). KPMG has audited the Annual Financial Statements and the Consolidated Financial Statements, including the related Management Reports, 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 balance sheet meeting on 10 April 2019. In preparation for this meeting, all members of the Supervisory Board dealt in detail with the aforementioned documents. At the balance sheet 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 related Combined Group Management Report for their legality, regularity, appropriateness and cost-effectiveness. KPMG's responsible partner and the audit manager also attended the balance sheet meeting on 10 April 2019. 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 detailed examination of the Annual Financial Statements and the Consolidated Financial Statements as well as the related Combined Group Management Report for financial year 2018, the Supervisory Board raised no 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 employees for their great commitment and achievements in financial year 2018.

Munich, April 2019



For the Supervisory Board

Rainer Koppitz  
Chairman of the Supervisory Board