

Supervisory Board Report for the Financial Year 2023

Dear Shareholders,

The year 2023 brought further drastic and far-reaching changes to the geopolitical situation. The war in the Middle East has added another conflict with global consequences. The suffering of the victims of war and violence shakes us all anew every day. Economic conditions have also become even more difficult around the world, in Europe and in Germany.

In this challenging environment, the importance of telecommunications has once again become apparent. For people today, it is part of their basic services. At Telefónica Deutschland, we are democratising access to a sustainable digital future in order to create a better everyday life for everyone. The commitment to environmental, social and governance (ESG) remains an integral part of Telefónica Deutschland's corporate strategy. Particularly in geopolitically and macroeconomically challenging times, the company is demonstrating that sustainability and corporate success are not mutually exclusive, but on the contrary complement and drive each other forward.

In a challenging economic environment, Telefónica Deutschland continued its growth trajectory in the financial year 2023. The company made gains in all key operating and financial indicators. The company overachieved its ambitious forecast for the financial year. Telefónica Deutschland's very good network has sustainably established itself on a par with the competition. The service also received awards from various sources in 2023. In combination with an excellent price-performance ratio, this is winning over new and existing customers.

In the year of the 25th anniversary of the O₂ network, the company continued to make great progress in the rollout of 5G and network densification. A good three years after its launch, 95 per cent of the population can already use Telefónica Deutschland's 5G network. The company is therefore well on track to achieve nationwide 5G coverage by the end of 2025 at the latest. Continuous investment in network quality is not only reflected in low churn rates, but also in consistently high network test ratings. The renowned connect magazine has rated the O₂ network as "very good"* for the fourth time in a row.



Peter Löscher

*Chairman of the Supervisory Board
of Telefónica Deutschland Holding AG*

With its "Accelerated Growth & Efficiency Plan" strategic plan for the years 2024 to 2026, Telefónica Deutschland has a clear plan to grow profitably over the next three years.

In the spirit of good corporate governance, the Supervisory Board collaborated well with the Management Board with regard to all significant topics on the basis of trustful cooperation, advised it in managing the company and fulfilled its controlling responsibilities in the reporting period.

It thus consistently and responsibly performed its duties as set out by law, the Articles of Association and the by-laws.

* Source: connect mobile network and 5G network test, issue 01/2024: Overall rating "very good" (895 points) for O₂; overall, "very good" was awarded twice (926 and 895 points) and "outstanding" was awarded once (967 points)

Composition of the Supervisory Board

The company's **Supervisory Board** consists of 16 members, of which eight are shareholder representatives and eight are employee representatives.

The Supervisory Board consisted of the following members throughout the financial year 2023: Peter Löscher (Chairman), Martin Butz*, Pablo de Carvajal González, María García-Legaz Ponce, Ernesto Gardelliano, Cansever Heil*, Christoph Heil*, Michael Hoffmann, Julio Linares López, Stefanie Oeschger, Thomas Pfeil*, Joachim Rieger*, Jaime Smith Basterra and Dr. Jan-Erik Walter*. Christoph Braun* (Deputy Chairman) and Claudia Weber* were members of the Supervisory Board from the beginning of the financial year until the end of their term of office at the end of the company's Annual General Meeting on 17 May 2023. The other employee representatives were re-elected as members of the Supervisory Board as part of the elections for employee representatives to the Supervisory Board. Yasmin Fahimi and Barbara Rothfuß were newly elected to the Supervisory Board as employee representatives in place of the retiring members with effect from the end of the company's Annual General Meeting on 17 May 2023. Thomas Pfeil was elected Deputy Chairman at a Supervisory Board meeting on the same day. Further information, including curricula vitae of the members of the Supervisory Board, can be found on the Company's website at www.telefonica.de/supervisory-board.

In accordance with the recommendation of C.10 of the German Corporate Governance Code, the member Michael Hoffmann, who is independent of the controlling shareholder as well as of the Company and the Management Board, is the Chairman of the Audit Committee.

In accordance with section 100 para. 5 of the German Stock Corporation Act (AktG), the Supervisory Board included at least one member with expertise in the field of accounting and auditing, Michael Hoffmann, and at least one further member with expertise in the field of accounting and auditing, Ernesto Gardelliano, in the reporting period. In addition, Thomas Pfeil, Stefanie Oeschger and Jaime Smith Basterra also have corresponding expertise. The members of the Supervisory Board as a whole were familiar with the sector in which the Company operates.

Composition of the Management Board

At the beginning of the financial year 2023, the Management Board of Telefónica Deutschland Holding AG consisted of six members: Markus Haas, Chief Executive Officer, Markus Rolle, Chief Financial Officer, Valentina Daiber (Chief Officer Legal and Corporate Affairs), Nicole Gerhardt (Chief Organisational Development & People Officer and Labour Director

("Arbeitsdirektorin")), Alfons Lösing (Chief Partner & Wholesale Officer) and Mallik Rao (Chief Technology & Information Officer). Andreas Laukenmann (Chief Consumer Officer) was appointed to the Management Board with effect from 1 September 2023. He took over the Consumer division from Markus Haas, who had headed it on an interim basis from the beginning of the financial year.

Cooperation between the Management Board and Supervisory Board

The Management Board and Supervisory Board cooperate in a trusting manner in all relevant matters within and outside of Supervisory Board meetings and in the interest of the company.

In the reporting period, the Supervisory Board advised and monitored the Management Board in accordance with legal requirements.

The Management Board involved the Supervisory Board in all material decisions in a timely manner, submitted reports to the Supervisory Board in oral and written form and provided additional information when required, if necessary also by means of an expert opinion from external advisors. In the financial year 2023, this included, for example, developments in the partner business in connection with the contractual relationship with the 1&1 Group. Where approval by the Supervisory Board was required by law, the articles of association or the by-laws, this was given after intensive consultation, evaluation and discussion in the Supervisory Board and – where relevant – in the committees set up by the Supervisory Board for this purpose.

In addition, the Management Board provided the Supervisory Board monthly with a written report, which covered in particular relevant financial key performance indicators (KPIs).

During the reporting period, the Chairman of the Supervisory Board regularly exchanged information with the Management Board, in particular with the CEO. Regular alignment meetings took place between the Chairperson of the Supervisory Board and the CEO. In particular, they discussed the current status and future development of the company, the progress of ongoing important projects, such as on the digital transformation of the IT architecture, strategy, business policy, corporate planning, risks and opportunities and their management, as well as compliance, governance and sustainability (ESG) topics. Furthermore, there is a lively exchange between the Chairperson of the Supervisory Board and the CEO outside of regular meetings. The Chairman of the Supervisory Board informed the other members of the Supervisory Board about important topics discussed.

In addition to the meeting activities, pre-alignment meetings for the respective meetings and other information provided to the Supervisory Board by the Management Board during the

* Employee Representative

year, an annual strategy workshop was again held in which the strategy of the company was analysed in the light of current developments and for each Management Board department and discussed and coordinated in an informal setting. In that context, it was discussed how corporate responsibility and ESG (Environmental, Social, Governance) are included in the Company's operations and strategy and the strategy and its implementation were reflected.

Meetings of the Supervisory Board

In 2023, the Supervisory Board held five regular meetings and three extraordinary meetings. Four meetings were held in person, with the option of virtual participation via video conference. Four meetings (including the extraordinary meetings) were held as virtual meetings via video conference. The Supervisory Board's regular consultations focused in particular on the presentation of the company's current situation, including in the individual business areas, as well as key strategic topics such as regulation, digitalisation and transformation, but also the impact of current geopolitical developments on the company. The Supervisory Board met regularly, at least quarterly, even without the Management Board. These meetings dealt with internal Supervisory Board topics such as the effectiveness survey and further training of the Supervisory Board, the composition and composition of its committees, as well as Executive Board topics and succession planning.

There has been one regular Supervisory Board meeting so far in 2024. The balance sheet meeting for the financial year 2023 took place on 19 February 2024. In addition to financial topics, the balance sheet meeting dealt in particular with preparations for the 2024 Annual General Meeting and the remuneration report for 2023. In the internal part of the meeting, the Supervisory Board's report on the financial year 2023 was one of the topics discussed.

Material topics dealt with by the Supervisory Board

The first regular meeting of the Supervisory Board in the financial year 2023 was the balance sheet meeting for the financial year 2022, which took place on **17 February 2023**. This meeting focussed on the review and approval of the annual and consolidated financial statements and the combined management report for the financial year 2022, as well as the dependency report and the separate non-financial Group report and the proposals for the distribution of profits. In addition to these topics, the Supervisory Board dealt in particular with the strategic priorities for 2023 at this meeting, as well as the agenda for the Annual General Meeting on 17 May 2023. In the internal part of the meeting, the Supervisory Board dealt in particular with the draft version of the remuneration report, further development of the remuneration system and succession

planning for the Management Board. The Supervisory Board also dealt with the Supervisory Board's report on the financial year 2022.

At the Supervisory Board meeting on **4 May 2023**, the meeting focused in particular on business performance in the first quarter, financial topics (in particular the results for Q1, the Annual Financial Statements of the direct subsidiaries and digitalisation in the area of finance), an update on the areas of business partner business, technology & information including the digital transformation and the annual in-depth update on security, internal audit and risk management update including the annual audit plan. The Supervisory Board also dealt with the upcoming 2023 Annual General Meeting, while the **internal part** of the meeting included succession planning and the Supervisory Board's annual training plan.

The regular terms of office of the employee representatives on the Supervisory Board ended at the end of the Annual General Meeting on 17 May 2023. The terms of office of the members of the Supervisory Board elected as part of the elections for employee representatives to the Supervisory Board (see section Composition of the Supervisory Board) began with effect from the end of the company's Annual General Meeting on 17 May 2023, while the terms of office of Claudia Weber and Christoph Braun ended at the same time. A Supervisory Board meeting was held immediately after the Annual General Meeting on **17 May 2023**. At this meeting, Thomas Pfeil was elected Deputy Chairman of the Supervisory Board. The Supervisory Board also elected the employee representatives on the committees after the end of their respective terms of office at the end of the Annual General Meeting.

At the meeting on **20 July 2023**, the Management Board reported on the company's situation in the second quarter, among other things. In addition to financial topics including guidance options, the agenda of the meeting also included a detailed update on current issues and compliance. The Management Board also reported on the ISO 27001 certification as proof of the effectiveness of the information security management system. In the **internal part** of the meeting, the Supervisory Board dealt in particular with remuneration and corporate governance issues, such as the upcoming annual effectiveness survey of the Supervisory Board. Succession planning for the Management Board was also discussed and Andreas Laukenmann was appointed as a member of the Management Board for the Consumer division with effect from 1 September 2023.

At the meeting on **27 October 2023**, the Supervisory Board dealt with the company's situation in the third quarter and the Long Term Business Plan 2024-2026. In addition, the Management Board presented the status and developments of the private customer and partner business in particular, also with regard to the contractual relationship with the l&l Group and gave an update on various Management Board areas. In the **internal part** of the meeting, the main corporate governance topics discussed were the Compliance Declaration 2023 on the recommendations of the German Corporate Governance Code to be published annually, the results of the Supervisory Board's

effectiveness survey and corresponding measures. Succession planning for the Management Board was also discussed.

At the extraordinary Supervisory Board meeting on **9 November 2023**, the Supervisory Board dealt with the announcement of a voluntary public acquisition offer by Telefónica Local Services GmbH on 7 November 2023, a wholly owned subsidiary of Telefónica, S.A. ("Public Acquisition Offer"). The Supervisory Board resolved to establish an Acquisition Offer Committee consisting of three independent shareholder representatives and three employee representatives in order to deal with the tasks of the Supervisory Board in connection with the acquisition offer appropriately and without conflicts of interest, in particular to evaluate the offer and prepare the legally required statement for resolution by the full Supervisory Board.

At the extraordinary meeting on **12 December 2023**, the Supervisory Board with the involvement of legal and financial advisors resolved on the statement prepared by the Acquisition Offer Committee.

At the Supervisory Board meeting on **18 December 2023**, a review of the operationally successful year 2023 for the company, the priorities for 2024 and financial topics were discussed, among other things. The meeting focused on the Long Term Business Plan 2024-2026 and the resolution on the 2024 budget as well as an update from the Management Board departments and the agenda for the 2024 Annual General Meeting.

Where necessary, the Supervisory Board also passed resolutions outside of meetings, in particular by e-mail. For example, the Management Declaration, the final agenda for the 2022 Annual General Meeting and its implementation as a virtual meeting and various Management Board topics were passed in this way after respective pre-dealing in meetings held in person or in virtual meetings and in committees (where relevant).

Committees of the Supervisory Board

As of 31 December 2023, the Supervisory Board has installed five committees: an Audit Committee, a Remuneration Committee, a Nomination Committee, a Related Party Transactions Committee and a Mediation Committee. The Audit Committee, the Remuneration Committee, the Related Party Transactions Committee and the Nomination Committee meet regularly, the Mediation Committee meets only as required and did not meet in the reporting year. In the financial year 2023, a temporary Acquisition Offer Committee was also implemented, which met exclusively in connection with the Supervisory Board's tasks relating to the public acquisition offer.

The **Audit Committee** is inter alia responsible for preparing the resolution of the Supervisory Board regarding the approval of the financial statements and the non-financial group report, discusses the quarterly information and half-year reports with

the Management Board, monitors the accounting processes and the audit of the financial statements, compliance (including data protection and information security) and the effectivity of the internal control system, the risk management system and internal audit systems. It furthermore is responsible for the coordination with and selection of the auditor as well as assessing its independence and evaluation of the quality of the audit work.

During the reporting year, the Audit Committee consisted of the following members:

- Michael Hoffmann (chairman; independent financial expert)
- Martin Butz
- Ernesto Gardelliano (financial expert)
- Thomas Pfeil (financial expert)
- Stefanie Oeschger (independent financial expert) and
- Dr. Jan-Erik Walter.

In 2023, the Audit Committee met four times, on 17 February, 4 May, 20 July and 27 October 2023. Three meetings were held as in-person meetings and one meeting was held as virtual meeting via videoconference. The topics discussed included, among other things, financial and non-financial reporting including sustainability topics (ESG), the financial results, other finance topics, internal audit, risk management, compliance, data protection, cyber security and business continuity management, as well as the assessment of quality of the auditor's work. Furthermore, the Supervisory Board's meeting on financial statements and corresponding recommendations to the full board were prepared.

In 2024, the Audit Committee met once, on 19 February 2024, with the focus on preparing the Supervisory Board's balance sheet meeting and recommending the auditor for resolution by the Annual General Meeting. If necessary, the Audit Committee also took resolutions outside meetings by e-mail during the reporting period.

During the reporting year, the Chairman of the Audit Committee maintained close contact with the auditors and internal (especially finance) departments as well as the Management Board also outside of meetings and informed the other members of the Audit Committee about important topics arising from this exchange. Furthermore, the Chairman of the Audit Committee regularly reports to the Supervisory Board on the activities of the Audit Committee.

During the reporting year, the **Remuneration Committee** consisted of the following members:

- Michael Hoffmann (chairman; independent)
- María García-Legaz Ponce
- Cansever Heil (since 17 May 2023) and
- Dr. Jan-Erik Walter.

Claudia Weber left the Remuneration Committee as of the end of the company's AGM on 17 May 2023.

The **Remuneration Committee** is responsible for the preparation of topics relating to the remuneration of the Management Board and Supervisory Board. Insofar as Supervisory Board compensation is concerned, this applies only to the extent that it falls within the remit of the Supervisory Board, particularly in the context of the "say on pay" requirements. The Remuneration Committee makes recommendations to the full Supervisory Board in this regard.

The Remuneration Committee met five times in 2023, on 31 January, 17 March, 28 March, 3 July and 29 September 2023. All meetings were held as virtual meetings via videoconference. The Remuneration Committee dealt intensively, among other things, with preparations for resolutions of the Supervisory Board on Management Board remuneration issues, the adjustment of the Management Board remuneration system, and the remuneration report. The prepared also related in particular the implementation of the elements of the remuneration systems in remuneration components, including the proposal of concrete targets and review of the respective target achievement.

Furthermore, the Remuneration Committee also passed resolutions by e-mail outside of meetings during the reporting period.

The Chairman of the Remuneration Committee reported regularly on the activities of the Remuneration Committee at the internal part of the meetings of the Supervisory Board.

The **Nomination Committee** proposes suitable candidates to the Supervisory Board for election proposals to the Annual General Meeting. As of 31 December 2023, the Nomination Committee consisted of the following members:

- Peter Löscher (Chairman; independent)
- Pablo de Carvajal González
- Ernesto Gardelliano and
- Jaime Smith Basterra.

The Nomination Committee met twice in the reporting year 2023, on 17 February 2023 and on 18 July 2023 in the form of a virtual meeting via video conference. At this meeting it dealt with succession issues on the Supervisory Board. The composition criteria and requirements for members of the Supervisory Board, also in the context of the term of two members expiring at the end of the AGM 2024 and the thus required election proposal of the Supervisory Board to the AGM were discussed.

The Chairman of the Nomination Committee reports regularly on the activities of the Nomination Committee at the internal meetings of the Supervisory Board.

The **Related Party Transactions Committee** monitors and resolves on certain transactions with affiliated companies, in particular transactions with affiliated companies pursuant to sections 111a, b German Stock Corporation Act (AktG), instead of

the full Supervisory Board. As a rule, the majority of its members have no conflicts of interest with regard to the controlling shareholder.

The Related Party Transactions Committee consists of the following five members:

- Peter Löscher (Chairman)
- Pablo de Carvajal González
- Michael Hoffmann
- Christoph Heil (since 17 May 2023) and
- Barbara Rothfuß (since 17 May 2023).

Christoph Braun and Thomas Pfeil left the Related Party Transactions Committee at the end of the company's AGM on 17 May 2023.

The Related Party Transactions Committee met three times in 2023, on 17 February, 20 July and 27 October 2023. All meetings were held as in person meetings. At these meetings, the Related Party Transactions Committee dealt with the quarterly monitoring of transactions with affiliated companies and dealt with transactions with affiliated companies that did not trigger any disclosure obligations under section 111c of the German Stock Corporation Act (AktG).

The Chairman of the Related Party Transactions Committee reports regularly on the activities of the Related Party Transactions Committee at the meetings of the Supervisory Board.

As of 31 December 2023, the **Mediation Committee** with the responsibilities as defined in section 31 Co-Determination Act (Mitbestimmungsgesetz) consisted of the following members:

- Peter Löscher (Chairman)
- Julio Linares López
- Thomas Pfeil (since 17 May 2023) and
- Barbara Rothfuß (since 17 May 2023).

Christoph Braun and Christoph Heil left the Mediation Committee at the end of the Company's AGM on 17 May 2023.

There was no need for the Mediation Committee to convene in the reported year.

In order to deal with the tasks of the Supervisory Board in connection with the public acquisition offer of Telefónica Local Services GmbH appropriately and without conflicts of interest, the Supervisory Board implemented an additional decision-making committee, the **Acquisition Offer Committee**, on 9 November 2023. In place of the Supervisory Board and within the scope of the authorisation granted, this committee performed the tasks of the Supervisory Board in connection with the public tender offer, in particular the evaluation of the offer and the preparation of the legally required statement for resolution by the full Supervisory Board.

The members of the Acquisition Offer Committee are:

- Peter Löscher (Chairman, independent)
- Martin Butz
- Christoph Heil
- Michael Hoffmann (independent)

- Thomas Pfeil and
- Jaime Smith Basterra (independent).

The Acquisition Offer Committee met four times in the past financial year. As part of its duties, the committee formed a well-founded and reasoned opinion on the acquisition offer and prepared a corresponding statement for resolution by the full Supervisory Board.

Attendance at Meetings

Insofar as members could not attend meetings of the Supervisory Board or relevant committee meetings in isolated cases, they were excused. They participated then in the passing of resolutions by written vote. One exception to this related to the extraordinary Supervisory Board meeting on 12 December 2023 regarding the public acquisition offer of Telefónica Local Services GmbH, in which the members Pablo de Carvajal

González, María García-Legaz Ponce, Ernesto Gardelliano and Julio Linares López declared themselves to be biased with regard to the public acquisition offer and did not participate in the meeting or the resolution.

The individual meeting attendance during the financial year 2023 was as follows:

Member of the Supervisory Board	Number of Meetings*	Attendance	Non-Attendance	Attendance Quota
Peter Löscher	17	17	0	100%
Christoph Braun	3	3	0	100%
Martin Butz	16	16	0	100%
Pablo de Carvajal González	13	9	4	69%
Yasmin Fahimi	6	3	3	50%
María García-Legaz Ponce	13	11	2	85%
Ernesto Gardelliano	14	12	2	86%
Cansever Heil	10	10	0	100%
Christoph Heil	14	14	0	100%
Michael Hoffmann	24	22	2	92%
Julio Linares López	8	6	2	75%
Stefanie Oeschger	12	12	0	100%
Thomas Pfeil	17	17	0	100%
Joachim Rieger	8	7	1	88%
Barbara Rothfuß	8	8	0	100%
Jaime Smith Basterra	14	14	0	100%
Dr. Jan-Erik Walter	17	17	0	100%
Claudia Weber	5	5	0	100%
Total	219	203	16	93%

* This includes the number of Supervisory Board and respective committee meetings. The work of the Supervisory Board which took place outside of meetings, is not reflected herein. Michael Hoffmann only partly participated in the meeting on 27 October 2023.

The meetings of the Supervisory Board and its committees in the reporting year were held either as in-person meetings or as virtual meetings by video conference. Video conferences always included the option of dialling in by telephone. No meeting was held as a telephone conference. In the case of in-person meetings, it was possible to participate via video or telephone dial-in if someone was otherwise unable to attend.

The overview on the individual meeting attendance is also available on the Company's website at www.telefonica.de/supervisory-board/members-attendance-at-meetings.

Corporate Governance

Good corporate governance is essential for corporate success and is therefore in the interest of the company's shareholders. Further details on the corporate governance of Telefónica Deutschland Holding AG can be found in the Management Declaration pursuant to sections 289f, 315d German Commercial Code (HGB) in the Annual Report and on the company's website at <https://www.telefonica.de/investor-relations-en/corporate-governance/declarations-reports-and-articles.html>.

On 25 / 27 October 2023, the Management Board and the Supervisory Board approved a new Compliance Declaration pursuant to section 161 German Stock Corporation Act (AktG). The Compliance Declaration was published on the company's website at <https://www.telefonica.de/investor-relations-en/corporate-governance/declarations-reports-and-articles.html>. Previous versions of the Compliance Declaration can be also found on the website.

Five of the 16 members of the Supervisory Board in the reporting year held positions in the administrative, management or supervisory bodies of the majority shareholder or its affiliated companies. Both the Supervisory Board members and the Management Board members disclose potential conflicts of interest promptly to the Supervisory Board.

The members of the Supervisory Board Pablo de Carvajal González, María García-Legaz Ponce and Ernesto Gardelliano are also active in executive functions of the Bidder Parent Company in connection with the public takeover offer of Telefónica Local Services GmbH. Supervisory Board member Julio Linares López held executive positions at the Bidder Parent and its subsidiaries from 1970 until March 2022, including as Chief Operating Officer and Deputy Chairman of the Board of Directors of the Bidder Parent from 2007 to 2012. Mr Linares López is currently a member of the board of trustees of the Telefónica Foundation (Fundación Telefónica), which is closely linked to the Bidder Parent. These four Supervisory Board members have therefore declared themselves to be biased with regard to the Offer and the submission of the legally required statement. In accordance with their own declarations of bias, these members of the Supervisory Board did not participate in any deliberations or resolutions of the Supervisory Board with regard to the Offer and the Statement adopted in this respect or in discussions with other third parties.

In the reporting period, no conflicts of interest within the meaning of the German Corporate Governance Code arose.

Diversity

As of 31 December 2023, the Supervisory Board comprised five female and eleven male members. Thus, the Supervisory Board continues to fulfil the requirements of section 96 para. 2 German Stock Corporation Act (AktG) which the Supervisory Board also adopted for itself (a gender diversity quota of at least 30 %), which shall be fulfilled separately by shareholder and employee representatives side following a shareholder representative resolution. This quota was fulfilled during the entire financial year with two, respectively three (since 17 May 2023) female members on the employee representative side and two female members on the shareholder representative side.

The minimum gender diversity quota for the Management Board to be fulfilled by 30 June 2022 is 25%. It was met throughout the whole financial year 2023 like in the financial year 2022 (two of seven, at the beginning of the period six members are female). With more than one member, the requirements of Sect. 76 para 3a Stock Corporation Act (AktG) are also met.

Support of Members of the Supervisory Board

The members of the Supervisory Board are adequately supported when taking up their duties. In particular, an introduction to the activities of the Supervisory Board at Telefónica Deutschland takes place upon taking office. As part of this introduction, the Supervisory Board office with legal advisors explain the practical and legal principles and also highlight specific issues relating to stock corporation law. Training and further development requirements of the Supervisory Board are regularly assessed during the course of its work. In the reporting year, general information was presented, in particular on corporate governance issues and new legal framework but also on relevant specific legal topics. In the temporal and thematic context of the strategy workshop, training sessions were organised by the company on new topics related to the company's strategy, in particular on the capital market's view of the company and on new requirements for sustainability in the company and ESG (environmental, social, governance) reporting. The Supervisory Board was also informed about technology trends relevant to the company.

Review of the Financial Statements 2023

Pricewaterhouse Coopers GmbH Wirtschaftsprüfungsgesellschaft audited the annual financial statements and the consolidated financial statements as well as the combined management report of Telefónica Deutschland Holding AG and the Group as of 31 December 2023 and provided each with an unqualified audit opinion. The annual financial statement of Telefónica Deutschland Holding AG and the combined management report for Telefónica Deutschland Holding AG and the Telefónica Deutschland Group were prepared in accordance with German commercial law. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as they are applied in the European Union (EU) and the additional requirements which have to be applied in accordance with section 315e para 1 German Commercial Code (HGB). The auditor carried out the audit in accordance with section 317 German Commercial Code (HGB) considering German principles of proper auditing set by the Institute of Public Auditors in Germany (IDW).

The financial statement documentation of Telefónica Deutschland Holding AG and the Group, the separate non-financial Group report for Telefónica Deutschland Holding AG for the financial year 2023 as well as the respective auditor's reports and the Management Board's proposal for the distribution of profit were submitted to the Supervisory Board prior to the meeting on 19 February 2024 ("Bilanzsitzung"). The Audit Committee and the full Supervisory Board thoroughly reviewed the Annual Financial Statement ("Jahresabschluss"), the Group financial statements, the combined Management Report for Telefónica Deutschland Holding AG and the Group,

the separate non-financial Group report, the respective auditor's reports and the Management Board proposal for the distribution of profit and discussed the documents in detail together with the auditor on 19 February 2024. The auditor also reported on scope, material aspects and results of his audit. There was no report on material weaknesses of the internal control system and the risk management system. Management Board explained in this meeting besides the annual financial statement of Telefónica Deutschland Holding AG and the Group, the combined management report for Telefónica Deutschland Holding AG and the Group and the separate non-financial Group report. The Supervisory Board approved the auditor's findings in the audit reports and had no objections after its own assessment.

At its meeting on 19 February 2024, the Supervisory Board approved the annual financial statements of Telefónica Deutschland Holding AG and the consolidated financial statements together with the combined management report for the financial year 2023; the financial statement of Telefónica Deutschland Holding AG is thereby adopted.

Relations to affiliated companies

The report on relations to affiliated companies (dependency report) as prepared by the Management Board pursuant to section 312 of the German Stock Corporation Act was also audited by the auditor. With respect thereto, the auditor issued the following unqualified opinion ("Uneingeschränkter Bestätigungsvermerk"):

"On the basis of our statutory audit and assessment we confirm that

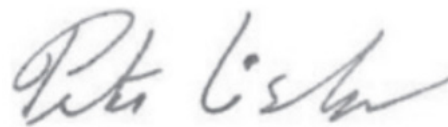
1. the factual disclosures provided in the report are correct,
2. the Company's consideration concerning legal transactions referred to in the report was not unduly high,
3. there are no circumstances indicating a materially different assessment of the measures referred to in the report than the assessment reached by the management board."

The dependency report as prepared by the management board and audited by the auditor as well as the audit report on the dependency report were submitted to the Supervisory Board and discussed in detail in the meeting on 19 February 2024 also with the auditor. Having reviewed the dependency report and the corresponding audit report, the Supervisory Board agreed with the results of the audit of the dependency report and as the result of its own assessment had no objections against the dependency report and the Management Board's declaration contained therein.

The Supervisory Board would like to thank the entire management board for their outstanding performance in the once again challenging 2023 financial year and for their cooperation, which has always been based on trust. We are particularly pleased that we could complete the excellent management team with Andreas Laukenmann. The Supervisory Board would also like to take this opportunity to thank the members who left the Supervisory Board in 2023 for the long and trusted cooperation and their contribution to the company. Furthermore, the Supervisory Board would also like to thank all Telefónica Deutschland employees, who once again showed outstanding commitment during this special period and made a very significant contribution to the success of the company.

Munich, 19 February 2024

On behalf of the Supervisory Board



Peter Löscher

Chairman of the Supervisory Board of
Telefónica Deutschland Holding AG